

The Gabelli Asset Fund

Shareholder Commentary – December 31, 2017

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To Our Shareholders,

For the quarter ended December 31, 2017, the net asset value (“NAV”) per Class AAA Share of The Gabelli Asset Fund increased 5.4% compared with an increase of 6.6% for the Standard & Poor’s (“S&P”) 500 Index. See page 2 for additional performance information.

In a year marred by acts of man and acts of nature, the prices for assets, including equities, real estate, art, and cryptocurrencies marched to record highs in 2017. This growth in U.S. equities has been accompanied by surprisingly little drama, and without even a 5% correction, for over 14 months. On the surface, it would appear the world suffers from a severe case of cognitive dissonance. A closer look at the global economic data – low unemployment, improving trade, housing and consumer trends and rising corporate profits – would suggest that optimism is not misplaced, however. Although not always efficient, the market is an effective discounting machine capable of separating meaningful signals from distracting noise. Our job is similar: to identify securities that are improperly reflecting future prospects and trading with a Margin of Safety relative to Private Market Values (PMV).

Absolute returns in (y)our Fund were strong in 2017, and we look forward to an acceleration in earnings growth and deal activity in 2018. Volatility, while present in many industrial stocks but absent in the general market, will at some point return, driven by real or imagined noise. Market corrections and economic recessions are inevitable and indeed necessary for the proper functioning of our capitalist system. We remain alert and prepared for most eventualities, and believe our PMV with a Catalyst™ approach should continue to deliver superior risk-adjusted results over the long term.

Comparative Results

Average Annual Returns through December 31, 2017 (a)

	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (3/3/86)
Class AAA (GABAX)	5.37%	20.16%	11.87%	7.40%	10.42%	11.99%
S&P 500 Index	6.64	21.83	15.79	8.50	9.92	10.55(b)
Dow Jones Industrial Average	10.94	28.07	16.31	9.24	10.24	11.62(b)
Nasdaq Composite Index	6.57	29.80	19.50	11.35	12.81	9.60(b)
Class A (GATAX)	5.37	20.18	11.87	7.40	10.41	11.99
With sales charge (c)	(0.69)	13.27	10.56	6.77	9.98	11.77
Class C (GATCX)	5.18	19.27	11.04	6.61	9.65	11.62
With contingent deferred sales charge (d)	4.18	18.27	11.04	6.61	9.65	11.62
Class I (GABIX)	5.45	20.48	12.15	7.67	10.60	12.08
Class T (GATTX)	4.40	20.21	11.88	7.41	10.42	11.99
With sales charge (e)	2.77	17.20	11.32	7.13	10.23	11.75

In the current prospectuses dated April 28, 2017, the expense ratios for Class AAA, A, C, I, and T Shares are 1.36%, 1.36%, 2.11%, 1.11%, and 1.36%, respectively. Class AAA and Class I Shares do not have a 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 Gabelli Funds, LLC (the "Adviser") not reimbursed certain expenses of the Fund for periods prior to December 31, 1988. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at www.gabelli.com. The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Dow Jones Industrial Average and the Nasdaq Composite Index are unmanaged indicators of stock market performance. Dividends are considered reinvested, except for the Nasdaq Composite Index. You cannot invest directly in an index. The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class A Shares and Class C Shares on December 31, 2003, Class I Shares on January 11, 2008, and Class T Shares on July 5, 2017. The actual performance of the Class A Shares, Class C Shares, and Class T Shares would have been lower due to the additional fees and expenses associated with these classes of shares. The actual performance of the Class I Shares would have been higher due to lower expenses related to this class of shares.
- (b) S&P 500 Index, Dow Jones Industrial Average, and Nasdaq Composite Index since inception performance results are as of February 28, 1986.
- (c) Performance results include the effect of the maximum 5.75% sales charge at the beginning of the period.
- (d) Assuming payment of the 1% maximum contingent deferred sales charge imposed on redemptions made within one year of purchase.
- (e) Performance results include the effect of the maximum 2.50% sales charge at the beginning of the period.

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

The Political Economy of 2017

State of the Consumer

After a sluggish start to the year, the U.S. economy grew at a faster than anticipated 3.1% and 3.3% in the second and third quarters, respectively. At 4.1%, unemployment stands at a ten-year low, while consumer wealth of nearly \$97 trillion is at an all-time high. Housing starts of 1.3 million units continue their steady increase, but remain comfortably below the prior peak of 2.2 million units. The U.S. is in its ninth year of economic expansion, making this the third longest expansion at 101 months, trailing only 1961-1969 and 1991-2001 (those expansions were 106 and 120 months, respectively). Perhaps as important, the global economy is in synchronized expansion. For all of 2017, the eurozone is set to grow 2.2%, its fastest since 2007, while Japan has accelerated to 1.5%; China (by design), is likely to post growth of 6.7%. All of this bodes well for U.S. exporters and their employees.

State of the “Swamp”

Last year we wrote that the “Trump bump” in the market was premised on (a) tax reform (b) deregulation and (c) fiscal stimulus. To date, the Trump administration appears to be delivering on the first two objectives, with an infrastructure bill planned for early 2018. Deregulation in the energy, financial, and media/telecom sectors has already unleashed corporate animal spirits. A change to the existing tax regime – we will resist calling the imperfect bill “reform” – should make U.S. corporate taxes more competitive with other OECD countries. Many individuals will see lower taxes with reduced rates and an increased standard deduction, but higher income households in higher state and local tax (SALT) locations could see an increase. The government has picked a new set of winners and losers (tax lawyers remain winners). The impact this change in taxes could have on the economy is dependent on myriad factors: will the marginal propensity of the “winners” to spend to offset that of the “losers”? How will corporations redeploy increased cash flow? Will lower corporate taxes be competed away, lowering prices to customers but also profits to companies? Will increased government deficits cause interest rates to rise, “crowding out” other investment? For now, we would put these factors in the knowable unknowns category.

All else being equal, corporate earnings would rise in 2018 as a result of lower tax rates. However, the market likely anticipated most of this increase in the 30% rally since the November 2016 election. In addition, all else is never equal and, depending on the answers to the questions posed above, growth could either accelerate or slow. Long term, demographics and productivity growth, which are not necessarily altered by corporate tax regimes, are far more important drivers of GDP. That being said, in the near term, higher profits and a higher market are the base case, and fortunately (y)our portfolio is well positioned to capture the benefits of lower corporate taxes, as it includes a disproportionate weighting of small and mid-sized U.S. firms which are currently paying higher effective rates and whose revenues are centered on domestic operations.

State of the Fed

Notwithstanding excitement about potential tax windfalls, the most powerful market levitating force from Washington over the last decade did not originate from the White House or the Capitol, but from the Eccles Building, home to the Federal Reserve. Through open market activity and three rounds of quantitative easing (QE), the Federal Reserve slashed short-term interest rates from 4.5% before the 2008-2009 financial crisis to nearly zero, lifting asset prices everywhere. The Federal Reserve began tapping the brakes by tapering QE in October 2014, and has now raised rates five times, the latest of which took the Fed Funds rate to a range of 1.25%-1.50% in December 2017. The Federal Reserve started shrinking its balance sheet, with current expectations for three additional increases in each of 2018 and 2019, which would ratchet the Federal Reserve

Funds rate to 3.0%, still well below the prior peak. Newly appointed Fed Chair Jerome H. (“Jay”) Powell, a centrist and former banker, will likely continue this path.

Over the long term, the Federal Reserve’s “normalization” of rates is healthy for the economy, but the timing of this process has been the subject of debate, given a lack of inflation. The last two rate hike cycles ended in market dislocations in 2001 and 2007, but the circumstances in each were very different from today. A future recession may be unavoidable, but it need not be triggered by the Federal Reserve anytime soon. What is unquestionably unavoidable is that monetary policy has gone from being a tailwind to being a headwind for the economy and the market.

Mr. Market

Global Stocks

For 2017 the S&P 500 Index rose 20%. Since the March 9, 2009 low, the U.S. market is up 360%. At approximately 18x forward earnings, the market is not cheap by historical standards. Taken in the context of low interest rates, with the added prospect of lesser-taxed earnings, valuation seems less stretched. Importantly, we are not buying “the market” on your behalf. We pick individual stocks, and we can still uncover bargains, though admittedly with the need to turn over more stones than a few years ago.

Among the areas that worked in (y)our Fund were Industrials, which benefited from some combination of higher capital investment (e.g., water infrastructure company Xylem (1.2% of net assets as of December 31, 2017) and truck maker Navistar (0.6%)) or defense spending (e.g., Aerojet Rocketdyne (0.6%) and Honeywell (1.5%)). Other areas were challenged by changing consumer preferences, including Consumer Staples and Media (although the announced acquisition of Fox (2.6%), discussed below, was an early Christmas gift). We think those companies could be poised to rebound in 2018, especially in the event of consolidation.

In any given year, certain areas are more in favor than others, and 2017 saw the third highest concentration in market movers (after 1999 and 2004) in over two decades. The five stocks of the FAANG – Facebook, Apple (.04%), Amazon, Netflix, and Google (now Alphabet (0.2%)) – comprised an average S&P 500 weighting of 10% and drove nearly five points (25%) of performance. The current period strikes us more akin to the “one decision” stocks of the Nifty Fifty of the late 1960’s than the Internet Bubble of 1999, in that the FAANG as a whole are generating large and accelerating amounts of cash flow and possess deep moats. Apple, Google, and Facebook are merely expensive with no “absurdly” or “outrageously” attached. In our view, the biggest threats to those businesses are the law of large numbers (Google and Facebook already account for 40% of U.S. advertising spend) and regulatory/antitrust pressure. Google and Facebook are under investigation in Europe and facing scrutiny over their roles in the Presidential election in the U.S.; we imagine that Amazon may be on the radar as well. Just as we look for bargains, there are pockets of exuberance in this market that we normally avoid.

A Bit on Bitcoin

Speaking of exuberance, it may be worth mentioning Bitcoin, which over the last year has risen 2,200%. All the bitcoin mined to date would be worth \$295 billion, a large number to be sure, but a mere shade of the \$8 trillion value of all gold mined to date. Bitcoin and other cryptocurrencies are based on the “blockchain,” a secure, distributed method of storing information that could be valuable across many functions. Bitcoin itself may have a place in the future as a store of value in an environment of eroding faith in central banks. Like gold, Bitcoin is in limited supply and is no one else’s liability; it is cheaper to store, transport, and handle than gold, though it lacks a few thousand years of gold’s history. For the moment, however, its usefulness as a

currency or asset class is limited by its extreme volatility and lack of wide acceptance. Bitcoin's explosion in value seems based on a greater fool being willing to pay more for it – almost the very definition of a bubble. Much like the Tulip Mania of 1637 or the Mississippi Bubble of 1720, this bubble will also pop. Unlike those classic bubbles of yore, Bitcoin is a global phenomenon, as accessible as a touch of one's cellphone, which gives it the potential to get much bigger, but perhaps limits the collateral damage to any one economy. Bitcoin and blockchain will be with us in some shape or form for a very long time, and are certainly worth monitoring.

Deals, Deals, Deals

U.S. deal activity has slowed slightly to \$1.1 trillion in the fourth quarter. Nevertheless, as we look into 2018, the underpinnings of “merger mania” – low interest rates, scarce organic growth, and rising corporate confidence – are even more powerful. Uncertainty around tax structures (now resolved) and a challenge to the AT&T/Time Warner (0.03%) merger may have given some pause. Historically, the Department of Justice has been loath to challenge vertical combinations, like distributor AT&T buying supplier Time Warner. The transaction was cruising for approval until Makan Delrahim, President Trump's nominee as Assistant Attorney General for Antitrust who took office in September, rejected proposed behavioral remedies and is suing to block the merger. If the cynics are right and this is motivated by Time Warner-owned CNN's negative coverage of the President, then this may not be worrisome for future mergers (albeit a blow to the rule of law); if the attempted block is a broader populist backlash against big corporations, it may be a problem. Nevertheless, the controversy did not dissuade Disney from attempting a purchase of Fox's assets, a security we own on your behalf. With Disney and AT&T's potentially broader reach and the entry into the entertainment arena by tech companies, including Amazon and Facebook, the need for scale becomes an even stronger impetus for consolidation in media. These same forces are being felt in other industries undergoing change, in particular consumer products. We are well represented in those sectors, and expect to see more deals in the new year.

Conclusion

Surmounting a Wall of Worry

Our process tends to be very respectful of risk – we look down before we look up. A list of things that could go wrong in the larger economy is easy to compose, but, short of a hot war, major terrorist attack, or social unrest, the two biggest risks to the U.S. economy would seem to be an inflationary spike and a Federal Reserve that raises rates too fast because it finds itself behind the curve, and/or a 1930's style trade war. A little inflation might be good for the economy and (y)our Fund, as we tend to own companies with pricing power. The impact of a collapse of NAFTA or an escalation of trade tensions with China and Europe (which are not happy with the new tax plan) is difficult to gauge, and the fallout for most companies would be hard to avoid. One would hope that good sense prevails on the topic.

A different kind of risk is underestimating what could go right. What if deregulation and changes to the tax code really do spur renewed investment, while inflation is kept at bay by technology and globalization (basically the goldilocks scenario of the last year)? Ultimately the health of the U.S. economy is not reliant on who occupies the White House; the stock market is not the President's report card. Growth and markets are driven by the collective efforts of entrepreneurs and hardworking individuals, and we remain as bullish as ever on those factors. We also remain confident that our time-tested investment process and methodology should ensure you share in this prosperity.

Investment Scorecard

Performance in 2017 was led by industrial companies benefiting from some combination of accelerating manufacturing activity, strong aerospace and defense spending, and lower corporate tax rates. These names included Ametek (2.0%, +47%), IDEX (1.1%, +49%), Deere (1.3%, +55%), Honeywell (+35%) and Xylem (1.2%, +40%). Spirits makers had plenty to toast as Brown-Forman (2.6%, +47%), maker of Jack Daniels whiskey, and Diageo (1.5%, +44%), the world's largest distiller, both had strong years, driven by category growth in both developed and emerging markets. Sony Corp. (1.5%, +61%) continued its resurgence under CEO Kaz Hirai with robust PlayStation activity, a rebirth in music sales and a position as a leading supplier of mobile phone camera chips. Finally, long-time holding Twenty-First Century Fox (+25%) surprised many with its deal to sell its entertainment assets to Walt Disney Co.

The largest detractor from performance in 2017 was Edgewell Personal Care (0.8%, -19%), which faced headwinds in its Schick wet shave business resulting from a shift in consumer purchasing habits to online and unusually aggressive promotional activity by its chief branded competitor. DISH Network (0.6%, -18%) declined as a result of concerns over consumer cord-cutting and increased uncertainty regarding the fate of its large spectrum position. Other media companies, including Discovery Communications (0.6%, -21%), CBS Corp. (0.6%, -7%), and Viacom (0.5%, -7%) were also shaken by ratings and cord-cutting fears. Finally, not all industrial companies rose: Flowserve (0.8%, -11%) and Circor (0.2%, -25%) suffered from the overhang of lower oil prices in early 2017.

Let's Talk Stocks

The following are stock specifics on selected holdings of (y)our Fund. Favorable earnings prospects do not necessarily translate into higher stock prices, but they do express a positive trend that we believe will develop over time. Individual securities mentioned are not necessarily representative of the entire portfolio. For the following holdings, the share prices are listed first in United States dollars (USD) and second in the local currency, where applicable, and are presented as of December 31, 2017.

AMETEK (2.0% of net assets as of December 31, 2017) (AME – \$72.47 – NYSE) is a diversified supplier of highly engineered equipment used in a broad array of industrial end markets. The company offers a diverse product portfolio including test and measurement, metrology, and precision motion control equipment in addition to specialty materials and aftermarket services. AMETEK is benefitting from an accelerating global economy as well as the company's strong pricing power and operational excellence initiatives. The company has recently built out its M&A team to include 10 dedicated professionals and has developed a pipeline of smaller (\$50 - \$150 million in revenue) acquisition targets, while management has also indicated a willingness to pursue larger (\$200 - \$300 million in revenue) deals.

Bank of New York Mellon Corp. (1.3%) (BK – \$53.86 – NYSE) is a global leader in providing financial services to institutions and individuals. The company operates in more than 100 markets worldwide and strives to be the global provider of choice for investment management and investment services. As of September 2017, the firm had \$32.2 trillion in assets under custody and \$1.8 trillion in assets under management. Going forward, we expect BK to benefit from rising global incomes and the cross border movement of financial transactions. We believe BK is also well positioned to grow earnings in a rising interest rate environment, given its large customer cash deposits and significant loan book.

Brown-Forman Corp. (2.6%) (BF/A – \$67.24 / BF/B \$68.67 – NYSE) is a leading global distilled spirits producer. Spirits is an advantaged category that enjoys high margins, low capital requirements, strong free cash flow generation and good pricing power. The company's global brands include Jack Daniel's Tennessee whiskey, Finlandia vodka, Woodford Reserve bourbon, and el Jimador and Herradura tequilas. Jack Daniel's is one of the world's most valuable spirits brands, enjoying strong growth both in the U.S. and internationally as consumers increasingly choose to drink American whiskeys. The company has also successfully expanded the brand into the fast growing flavored whiskey category. While Brown-Forman does face some near term headwinds from negative foreign currency exposure, emerging market sales have returned to growth, and the company is positioned to grow revenues and profits substantially over the next several years, and has significant balance sheet flexibility. While the company is family controlled, we believe that if it ever became available for sale it would be highly coveted by other large global spirits players. This was evidenced when the stock rose on news that Constellation Brands made an overture for the company, which was rejected by Brown-Forman's board.

Crane Co. (1.1%) (CR – \$89.22 – NYSE) based in Stamford, Connecticut, is a diversified manufacturer of highly engineered industrial products comprised of four business segments: Fluid handling, Aerospace & Electronics, Engineered Materials, and Payments & Merchandising Systems, with over 11,000 employees across 26 countries. The company recently acquired Crane Currency, a producer of currency products for more than 200 years and is entrusted by more than 50 central banks to play an integral role in the design and manufacture of their nations' banknotes. Crane Currency is the fastest growing fully integrated global currency provider and is an excellent complement to Crane Co.'s expanding presence in the currency and payment markets.

Deere & Co. (1.3%) (DE – \$156.51 – NYSE), headquartered in Moline, Illinois, is a leading global manufacturer of machinery for agricultural, construction, and forestry usage. Its dominant position in North American agricultural equipment markets optimally positions the company for what is expected to be an increase in demand for agricultural equipment both in the near term given cycle dynamics as well as for the long term, as global population and income growth drive crop demand in the coming decades.

Honeywell International Inc. (1.5%) (HON – \$153.36 – NYSE) operates as a diversified technology company with highly engineered products, including turbine propulsion engines, auxiliary power units, turbochargers, brake pads, environmental and combustion controls, sensors, security and life safety products, resins and chemicals, nuclear services, and process technology for the petrochemical and refining industries. One of the key drivers of HON's growth is acquisitions that increase the company's growth profile globally, creating both organic and inorganic opportunities. The company recently announced its plan to spin-off its Homes product portfolio and ADI Global Distribution businesses as well as its Transportation Systems business into two publicly-traded companies.

Kindred Healthcare (0.03%) (KND – \$9.70 – NYSE) is the largest provider of post-acute care in the country, providing home nursing and hospice care as well as rehabilitation services to a largely Medicare-eligible population. In December, the company agreed to be taken private by two private equity firms and the health insurer Humana for \$9 per share, a very modest premium to where the stock was trading. This appeared to value the company at a very low multiple of cash flow and was immediately viewed as too low of a price by investors. One activist investor is publicly opposing the deal and the stock has traded above the deal price consistently since it was announced. We believe the investor group will have to significantly raise their bid if they wish to take Kindred private later this year.

Republic Services Inc. (1.5%) (RSG – \$67.61 – NYSE), based in Phoenix, Arizona, became the second largest solid waste company in North America after its acquisition of Allied Waste Industries in December 2008. Republic provides nonhazardous solid waste collection services for commercial, industrial, municipal, and residential customers in 39 states and Puerto Rico. Republic serves more than 2,800 municipalities and operates 193 landfills, 203 transfer stations, 341 collection operations, and 64 recycling facilities. Since the Allied merger, Republic has benefited from synergies driven by route density, beneficial use of acquired assets, and reduction in redundant corporate overhead. Republic is committed to its core solid waste business. While other providers have strayed into alternative waste resource technologies and strategies, we view Republic's plan to remain steadfast in the traditional solid waste business positively. We expect continued solid waste growth acquisitions, earnings improvement, and incremental route density and internalization growth in already established markets to generate real value in the near to medium term, highlighting the company's potential.

Ryman Hospitality Properties Inc. (0.2%) (RHP – \$69.02 – NYSE) is the owner/operator of four large convention-centric hotels under the Gaylord brand. It also owns the Opryland brand and entertainment complex in Nashville, the city of its origin. As such, it has benefited from the growth in country music and consumer preference for live entertainment. The company's hotels are group-centric, and revenues and bookings have remained strong due to its long and steady economic expansion in the United States. Future growth should come from new hotels (probably established as joint ventures) as well as development of additional live entertainment venues, one of which will open in Times Square in New York City later this year. The company is structured as a REIT (real estate investment trust), providing an extra level of tax efficiency to enhance its investment attraction. Given the low level of interest rates, the company's tax efficient dividend stream provides significant investor protection, as does the consistency of its cash flow

Sony Corp. (1.5%) (SNE – \$44.95 – NYSE) is a diversified electronics and entertainment company based in Tokyo, Japan. The company manufactures image sensors, televisions, PlayStation game consoles, mobile phone handsets, and cameras. It also operates the Columbia film studio and Sony Music entertainment group. We expect growth opportunity in image sensor and the Game business and operational improvements in consumer electronics and entertainment to generate EBITDA growth through 2018. We also think the potential spinoff of the entertainment assets could be a catalyst.

Twenty-First Century Fox Inc. (2.6%) (FOXA – \$34.53 / FOX – \$34.12 – NASDAQ) is a diversified media company with operations in cable network television, television broadcasting, and filmed entertainment. Fox is in the process of selling the company's cable, international and entertainment assets to Disney for \$60 billion or ~\$30 per share. Following the transaction Fox will consist of Fox News and The Fox Broadcasting Company. The company's concentration in live news and sports programming will be a significant advantage as it negotiates with both traditional and entrant distributors. Pro forma for the Disney transaction, Fox is trading at 4.8x EBITDA.

January 26, 2018

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

Twenty-First Century Fox Inc.	2.6%	Genuine Parts Co.	1.5%
Brown – Forman Corp	2.6%	Sony Corp.	1.5%
AMETEK Inc.	2.0%	Diageo Plc.	1.5%
Berkshire Hathaway Inc.	1.6%	Republic Services Inc.	1.5%
Honeywell International Inc.	1.5%	Swedish Match AB	1.4%

Barron's 2018 Roundtable

Mario J. Gabelli, our Chief Investment Officer, has appeared in the prestigious Barron's Roundtable discussion annually since 1980. Many of our readers enjoyed the inclusion of selected and edited comments from Barron's Roundtable in previous reports to shareholders. As is our custom, we are including selected comments of Mario Gabelli from Barron's 2018 Roundtable Part 1 and Part 2, published on January 15 and January 22, 2018, respectively.

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Bright Outlook

A growing economy could produce more gains for stocks, our panelists say. Tech shares could do especially well. But keep an eye on interest rates and inflation.

BARRON'S: *Getting back to the economy, Mario, what are your assumptions for 2018?*

Gabelli: Global GDP will be about \$83 trillion in 2018. The U.S. is about 25% of that, and Europe is about 25%. China and Japan combined are more than 22%. The global economy is growing, but Mario Draghi [president of the European Central Bank] will have to pull back the punch bowl at some point, much as we are doing here [through Fed rate hikes]. At some point, the ECB and the Bank of Japan will do the same.

I am optimistic about the U.S. economy. I expect real GDP [adjusted for inflation] to grow by 3%. Many companies I speak with have been paying an effective cash tax rate of 35%. Lower tax rates will drive growth. The U.S. consumer will have gross assets of about \$117 trillion at year end, and debt of about \$17 trillion, of which two areas are troublesome: car loans and student debt. Outstanding car loans should result in a significant slowdown in the growth of car sales. Student loans are a major social problem.

We talked about rising wages. I see it, too. Also, higher heating bills this winter should have a short-term impact on consumer spending, but could have a bigger psychological impact. We haven't talked yet about the new rules allowing full expensing of certain capital investments, effective on Sept. 27, 2017. In the last week of

December, even used planes were being bought.

Now that the tax bill has passed, is an infrastructure bill next?

Gabelli: It could be announced in the next two weeks. It will be a powerful stimulus to certain sectors of the economy, including inland waterways, the railroad industry, surface transportation, and avionics — even airport construction.

Give us your best ideas for 2018, Mario.

Gabelli: [wheeling a model of a skeleton on a stand to the front of the table]: This is an active manager.

Very funny! But reports of his death are premature.

Gabelli: Last year was the year of As: Alphabet [ticker: GOOGL], Amazon.com [AMZN], Apple [AAPL], Alibaba [BABA]. I am focusing this year on Bs. First, basketball [throws a ball across the room]. Madison Square Garden [MSG] has 23.5 million shares outstanding. The stock trades for \$213, and the equity capitalization is about \$5 billion. The company has about \$1.1 billion of net cash. MSG is a sports and entertainment holding company. It owns the New York Knicks, an exciting basketball team. They beat Dallas last night. Other brands include the Radio City Rockettes, and the New York Rangers ice hockey team. The company owns a variety of live-

entertainment venues, including the Garden and the Beacon Theater in New York, and the Forum in California. Millennials and the Gen Z population love live entertainment.

MSG also owns real estate. One of the hottest places in the U.S. is the Hudson Yards development on the West Side of Manhattan. MSG has air rights above Madison Square Garden. Adding up the value of the company's assets, the stock could be worth \$280 to \$300 a share.

How might MSG achieve that value, or something close to it?

Gabelli: Deal making has been a big part of MSG's history, and that of its CEO, James Dolan. Madison Square Garden was spun out of Cablevision, which was then sold to Altice [ATC. Netherlands], the European telecom company. Several opportunities for deal making exist. You have entertainment and the sports teams.

Next B is baseball [throws a baseball across the room; Gundlach catches it]. Look at that catch! Liberty Braves Group [BATRA] is another media and entertainment company. It is part of John Malone's ecosystem. Liberty Braves is a tracking stock that owns Liberty Media's interest in the Atlanta Braves. Malone is as tax sensitive an investor as Warren Buffett, but he is more visible about it. With Liberty Braves, you're also getting the new SunTrust Park built in Cobb County, an Atlanta suburb.

Attendance has gone from roughly 25,000 to 31,000 per game. The team is improving, too. Plus, the company owns land.

How has the stock performed?

Gabelli: Liberty Braves has about 58.5 million shares outstanding. At \$22 apiece, the market cap is \$1.3 billion. This is a small-cap stock. Based on prices paid for other sports teams, coupled with the stadium and the Battery Atlanta, a mixed-use property, the company could be worth \$35 a share in two years.

My next B is betting. MGM Resorts International [MGM] is based in Las Vegas and owns casinos in the U.S. and Macau. It is run by James Murren, who has done a great job coordinating as CEO. The company has 566 million shares outstanding, and the stock is trading for \$33. The market cap is \$19 billion. MGM put most of its U.S. properties into a REIT [real

estate investment trust], MGM Growth Properties [MGP], in 2016. This is worth about \$10.50 a share at market. If I value the publicly traded Macau properties, or MGM China Holdings [2282. Hong Kong] at \$10.50 and MGM's stake in the REIT at \$10.50, I'm paying only \$12 a share for the U.S. business. Assuming an exChina, ex-MGM enterprise value [market value plus net debt] of \$14 billion, and 2018 EBITDA [earnings before interest, taxes, depreciation, and amortization] of \$1.8 billion, the stock is selling for about eight times EV (Enterprise Value) to EBITDA.

MGM is opening a new casino in Springfield, Mass. Steve Wynn [founder, chairman, and CEO of Wynn Resorts (WYNN)] is opening one in Everett, Mass. Once MGM's new Macau casino and the Springfield property come online, capex [capital expenditures] will be de minimus. Then, it's a question of what Murren will do next.

What is your bet?

Gabelli: The next transformation of Las Vegas will focus on e-sports and e-gaming, and MGM will participate and benefit.

Paul Wick: There has been a lot of insider selling at MGM by the executive management team.

Gabelli: I'm delighted. That increases liquidity.

What was the rationale for the REIT's creation?

Gabelli: About 10-12 years ago, many casino stocks collapsed in price. Wynn did something brilliant. He said, let's arbitrage multiples on a global basis, and took his Macau casino company public in Hong Kong. That jump started the entire process. Sheldon Adelson [chairman and CEO of Las Vegas Sands (LVS)] followed suit with his Macau properties. Returning to MGM, the company spun off some properties into a separate

(2017 Report Card) MARIO GABELLI'S PICKS

Company	Ticker	Price 1/6/17	Price 12/29/17	Price Change	Total Return
Viacom	VIA.B	\$37.79	\$30.81	-18.5%	-16.5%
Herc Holdings	HRI	\$40.00	62.61	56.5	56.5
CNH Industrial	CNHI	\$8.94	13.40	49.9	51.6
National Beverage	FIZZ	\$49.34	97.44	97.5	100.5
Davide Campari-Milano	CPR.Italy	€4.66	€6.45	38.5	39.5
Liberty Braves Group	BATRK	\$20.65	\$22.22	7.6	7.6
Live Nation Entertainment	LYV	\$27.68	42.57	53.8	53.8
Mueller Water Products	MWA	\$13.35	12.53	-6.1	-4.9

Total Return in USD: CPR.IM=58.9%

Source: Bloomberg

subsidiary in April 2016 and allowed outside investors to invest in the real estate. The properties had a capitalization rate [rate of return] of 8%. After creating the REIT and taking it public, MGM's multiple improved dramatically. MGM didn't put the Bellagio or MGM Grand into the REIT, so the company has other assets it can monetize. The Macau asset, MGM China, is undervalued in part because of concerns about what Chinese President Xi Jinping is going to do. Also, gaming company licenses in Macau are up for renewal in 2022. There is some question about the renewal process.

Are rising interest rates a risk to the REIT?

Gabelli: The stock could come down a bit if rates go up, but bear in mind that the new tax law allows for a 20% deduction on income from REITs. That would offset some of the negative hit from higher rates.

My next B involves booze. Beer is more than a \$600 billion business globally. Wine is about \$300 billion, and spirits are about \$475 billion. Demand is increasing, as is the emphasis on premium products. This bottle of Jameson Irish Whiskey [holds up bottle] is about \$18. Newer premium products are around \$30. Booze companies have pricing power. While all are attractive, the stock I'm recommending today is Davide Campari-Milano [CPR.Italy], which I have mentioned before. The

company is based in Milan. It is trading for 6.30 euros (\$7.68), and there are 1.160 billion shares outstanding. We estimate that 2017 revenue totaled €1.8 billion. The company earned 17 euro cents a share two years ago and about 20 euro cents this past year. It could earn maybe 23 euro cents in 2018. Management is excellent. They are buying niche products, most recently Grand Marnier. Other company brands include Campari, Aperol, Wild Turkey, and SKYY Vodka. I like the booze business and, unfortunately, so does the rest of the world.

We can't wait to hear your next B.

Gabelli: Body parts! As the population ages, people are dealing with replacement body parts. It is a \$38 billion business on a global basis. Knee and hip replacements are \$14 billion. Spine parts are \$9 billion. Trauma-related replacements are another \$5.5 billion. My pick is Zimmer Biomet Holdings [ZBH], which makes products for knee replacements, spine surgery, and other uses. The industry is growing by 2%-3% a year. There are 202 million shares outstanding, and the stock trades around \$125. Shares jumped recently when a new CEO came on board from Medtronic [MDT]. Zimmer's market cap is \$25 billion, and the company has about \$10 billion of net debt stemming from its \$14 billion purchase of Biomet in June 2015. We expect that

Zimmer should earn about \$8.50 a share this year, and should do \$9.50 next year and \$14 over the next three or four years.

Moving on, let's talk about another B—building products. GCP Applied Technologies [GCP] was spun out of W.R. Grace in February 2016. It is based in Cambridge, Mass., and run by Gregory Poling, who has been with the company since 1977. GCP makes chemical additives for concrete and cement. It also makes waterproofing products used in construction. Its chief competitor is a Swiss company, Sika [SIK. Switzerland]. GCP has a transit management program called Verifi that allows it to monitor ready-mix trucks and get everything to the right place at the right time. GCP could generate revenue of about \$1.2 billion this year. Earnings could climb in the next three or four years from \$1.10 a share to nearly \$2. The company has about \$195 million in net cash before a year end transaction. Abby talked earlier today about how the tax law will create some background noise in calendar fourth quarter earnings, and that will be the case here.

Meryl Witmer: It's a great company.

Gabelli: You own it?

Witmer: I don't own it now.

Gabelli: CNH Industrial [CNHI], the former Case New Holland, is another construction play. Shares of Caterpillar [CAT] and Deere [DE] have gone up sharply, and

appropriately so. CNH hasn't risen as much. CNH has 1.3 billion shares and is trading for \$13.75. The company is controlled by Exor, the Agnelli family investment company that also controls Fiat Chrysler Automobiles [FCAU]. Both Deere and CNH under produced agricultural equipment to reduce inventory in the system. If demand stays flat, production will be rising. The construction business is turning around, too. The third part of CNH is Iveco, a European truck maker. It has about 6% of the European heavy duty truck market. Paccar [PCAR], based near Seattle, has 16%. It is logical for Paccar and Iveco to merge because of consolidation elsewhere in the European and U.S. markets. Second, Sergio Marchionne [chairman of CNH and CEO of Fiat Chrysler] spun Ferrari [RACE] out of Fiat Chrysler in 2016. The stock came public at \$52, fell sharply, and now trades around \$110. My thinking is that his mind set, before he steps down, is to do a transaction with Iveco. CNH earnings could go from 65 cents a share in 2018 to \$1.25 by 2021-22. The stock could trade for 16 times those earnings, and you make a 50% profit in the next three years.

We'd take it.

Gabelli: Looking at intermodal transportation in the U.S., more than 71% is trucking, 13% is rails, 11% is pipelines, and 6% is inland waterways. There has been a surge in demand for truck components. In December alone, there was a 37%

increase in Class 8 truck orders. Paccar, which makes two truck brands, Kenworth and Peterbilt, participated fully in that. I am recommending Paccar, as well. The stock is selling for \$74. The company has a great balance sheet. It has been around a long time. The size of the Class 8 market in the U.S. could rise dramatically in the next 12 months. Europe will hold its own, and Latin America will do well. Paccar could report earnings of \$4.40 a share for 2017. This year, they could do \$5.10 to \$5.20, and for 2019 our estimate is for \$6.20 per share. I like both stocks as part of an infrastructure play.

My next B is business jets, and the company is Textron [TXT]. It has 263 million shares. Cessna is Textron's business jet brand. It introduced a new plane, the Cessna Citation Latitude, in 2015, and it has been doing extremely

well. Next up is the Cessna Citation Longitude. Textron also owns Bell Helicopter, and makes aircraft parts and industrial products.

The big question I have about Textron is this: Boeing [BA] put an arm around Embraer [ERJ] the other day. [The U.S. and Brazilian aircraft makers are discussing a possible merger.] Textron has put a lot of money into the Scorpion, an ISR/Strike [Intelligence Surveillance Reconnaissance] jet used by the military. It is faster than a turboprop. Embraer makes a turboprop known as the A-29 Super Tucano. The U.S. Air Force seems ready to sign a contract for 300 new planes, and the Scorpion, which costs \$20 million, is efficient and highly desired by the people who fly these things in combat. If Boeing buys Embraer, given its political clout, it is going to try to convince the Air Force to buy the Tucano instead.

MARIO GABELLI'S PICKS

Company	Ticker	Price 1/5/2018
Madison Square Garden	MSG	\$212.87
Liberty Braves Group	BATRA	\$22.27
MGM Resorts International	MGM	\$33.89
Davide Campari-Milano	CPR.Italy	€6.36
Zimmer Biomet Holdings	ZBH	\$125.98
CNH Industrial	CNHI	\$14.05
GCP Applied Technologies	GCP	\$33.60
Paccar	PCAR	\$75.10
Textron	TXT	\$58.50
Energizer Holdings	ENR	\$51.59

Source: Bloomberg

And if Boeing succeeds?

Gabelli: Work in progress. For the data purists among you, there are 21,350 commercial and 36,700 business aircraft in the worldwide fleet. The Chinese own comparatively few. At some point, will the Chinese market open up? Textron, based in Providence, R.I., and run by Scott Donnelly, is an interesting play on global aviation. My last B is Energizer Holdings [ENR], the battery maker that was spun out of Edgewell Personal Care [EPC] in July 2015. Batteries are a \$6 billion business globally. There is no growth. Duracell was bought by Berkshire Hathaway [BRK.A]. Spectrum Brands Holdings [SPB] is looking to sell its Rayovac unit.

[After the Roundtable, Energizer announced its intention to buy Rayovac for \$2 billion.] Meanwhile, the price of zinc, a major ingredient in batteries, has gone from 60 cents a pound to \$1.30 in recent years. Energizer has a terrific management team. Last summer, the CEO of Post Holdings [POST], another company I have sometimes recommended, joined the board.

Energizer generates half its revenue overseas. The euro is strengthening against the dollar, as is the pound. Many companies will get a tailwind from currency translation. The stock is trading for \$50, and earnings should rise sharply in the next three years.

You haven't said much today about media consolidation, one of your specialties. Any thoughts?

Gabelli: Let's look at 21st Century Fox [FOX] and Disney [DIS]. Everyone thinks Rupert Murdoch [executive chairman of Fox and Barron's parent, News Corp (NWS)] will sell much of 21st Century Fox to Disney and become a passive investor. But zebras don't change their stripes. Murdoch and his related interests, which I have followed for 40-odd years, will have about 100 million, or \$11 billion worth, of Disney shares. This is a win-win for Disney and for Rupert.

Thank you, Mario.

Mario J. Gabelli is the Chairman and Chief Investment Officer — Value Portfolios of GAMCO Investors, Inc. and Portfolio Manager of various investment products at the firm. The securities mentioned in the article are not representative of any portfolio, and the views expressed are subject to change at any time. As of December 31, 2017, the Asset Fund owned 1.1% of Madison Square Garden Company, 0.2% of Davide Campari, 0.8% of CNH Industrial, 0.4% of Textron, 0.4 % of Energizer Holdings, 0.6% of Viacom, 0.2 % of Herc Holdings, 0.3% of Live Nation Entertainment, less than 0.1% of Mueller Water Products, 0.5% of MGM Resorts International, 0.2% of Zimmer Biomet Holdings, 0.2% of Paccar, and less than 0.1% of National Beverage.

Investors should carefully consider the investment objectives, risks, sales charges and expense of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing.

For more information, visit our website: www.gabelli.com or call:
800-GABELLI | 800-422-3554 | 914-921-5100 | Fax: 914-921-5118 | info@gabelli.com

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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 Prospectus 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 Asset Fund began offering additional classes of Fund shares on December 31, 2003. Class AAA Shares are no-load shares offered directly through selected broker/dealers. Class A, Class C, and Class T 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 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 ASSET FUND
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Portfolio Management Team Biographies

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

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

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

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

THE GABELLI ASSET FUND

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GABELLI
FUNDS

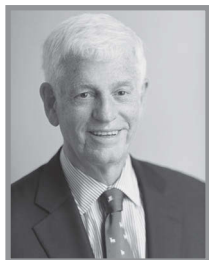
THE GABELLI ASSET FUND

Shareholder Commentary
December 31, 2017

The Gabelli Asset Fund

Annual Report — December 31, 2017

(Y)our Portfolio Management Team



Mario J. Gabelli, CFA
Chief Investment Officer



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



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



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

To Our Shareholders,

For the year ended December 31, 2017, the net asset value (“NAV”) per class AAA Share of The Gabelli Asset Fund increased 20.2% compared with an increase of 21.8% for the Standard & Poor’s (“S&P”) 500 Index. Other classes of shares are available. See page 3 for performance information for all classes of shares.

Enclosed are the financial statements, including the schedule of investments, as of December 31, 2017.

Performance Discussion (Unaudited)

The Fund’s investment objective is to provide growth of capital. The Fund’s secondary goal is to provide current income.

The Fund’s investment strategy is to invest in common and preferred stocks. In making stock selections, the Fund strives to earn a 10% real rate of return. The Fund may also invest in foreign securities. The Fund focuses on companies which appear underpriced relative to their private market value (“PMV”). PMV is the value the Fund’s investment adviser, Gabelli Funds, LLC, believes informed investors would be willing to pay for a company. Under normal market conditions, the Fund invests at least 80% of its assets in stocks that are listed on a recognized securities exchange or similar market. The portfolio managers will invest in companies that, in the public market, are selling at a significant discount to the portfolio managers’ assessment of their PMV. The portfolio managers consider factors such as price, earnings expectations, earnings and price histories, balance sheet characteristics, and perceived management skills. The portfolio managers also consider changes in economic and political outlooks as well as individual corporate developments.

After a sluggish start to the year, the U.S. economy grew at a faster than anticipated 3.1% and 3.3% in the second and third quarters, respectively. At 4.1%, unemployment stands at a ten year low while consumer wealth of nearly \$97 trillion is at an all time high. Housing starts of 1.3 million units continue their steady increase, but remain below the prior peak of 2.2 million units. The U.S. is in its ninth year of economic expansion, making this the third longest expansion at 101 months, trailing only 1961-1969 and 1991-2001 (those expansions were 106 and 120 months, respectively). Perhaps as important, the global economy is in synchronized expansion. For all of 2017, the Eurozone is set to grow 2.2%, its fastest since 2007 while Japan has accelerated to 1.5%; China is likely to post growth of 6.7%. The stock market rose in the latter half of the year, following President

Trump's agenda on tax reform, deregulation, and fiscal stimulus. The Federal Reserve raised the Federal Funds rate for the fifth time since October of 2014, now ranging from 1.25%-1.50%.

Selected holdings that contributed positively to performance in 2017 were: Berkshire Hathaway Inc. (1.6% of net assets as of December 31, 2017) that is leveraged to American growth and benefitted from its infrastructure businesses; Republic Services Inc. (1.5%) whose share buybacks drove the company's earnings up at a faster rate on a per share basis; and The Bank of New York Mellon Corp. (1.3%) which executed on cost cutting and debt reduction initiatives.

Some of our weaker performing stocks during the year were: Telephone and Data Systems (1.0%) whose results were heavily affected by those at U.S. Cellular (0.2%) of which Telephone and Data Systems holds a heavy majority; Flowserve Corp, (0.8%) whose results were impacted by natural disasters, working capital reserves, and bookings headwinds from ongoing delays in customer investment decisions; and Edgewell Personal Care Co. (0.8%) which had pricing pressure on its core shaving brand Schick with competitors advertising a broad range of price cuts.

Thank you for your investment in The Gabelli Asset Fund.

We appreciate your confidence and trust.

Comparative Results

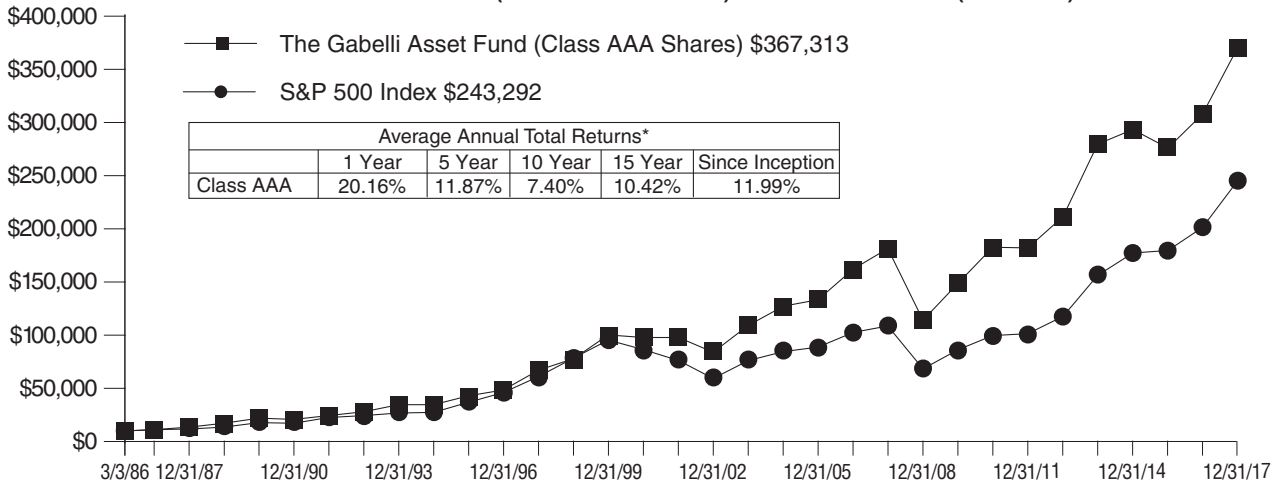
Average Annual Returns through December 31, 2017 (a) (Unaudited)

	1 Year	5 Year	10 Year	15 Year	Since Inception (3/3/86)
Class AAA (GABAX)	20.16%	11.87%	7.40%	10.42%	11.99%
S&P 500 Index	21.83	15.79	8.50	9.92	10.55(b)
Dow Jones Industrial Average	28.07	16.31	9.24	10.24	11.62(b)
Nasdaq Composite Index	29.80	19.50	11.35	12.81	9.60(b)
Class A (GATAX)	20.18	11.87	7.40	10.41	11.99
With sales charge (c)	13.27	10.56	6.77	9.98	11.77
Class C (GATCX)	19.27	11.04	6.61	9.65	11.62
With contingent deferred sales charge (d)	18.27	11.04	6.61	9.65	11.62
Class I (GABIX)	20.48	12.15	7.67	10.60	12.08
Class T (GALTX)	20.21	11.88	7.41	10.42	11.99
With sales charge (e)	17.20	11.32	7.13	10.23	11.75

In the current prospectuses dated April 28, 2017, the expense ratios for Class AAA, A, C, I, and T Shares are 1.36%, 1.36%, 2.11%, 1.11%, and 1.36%, respectively. See page 16 for the expense ratios for the year ended December 31, 2017. Class AAA and Class I Shares do not have a 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 Gabelli Funds, LLC (the "Adviser") not reimbursed certain expenses of the Fund for periods prior to December 31, 1988. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. 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 S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Dow Jones Industrial Average and the Nasdaq Composite Index are unmanaged indicators of stock market performance. Dividends are considered reinvested, except for the Nasdaq Composite Index. You cannot invest directly in an index. The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class A Shares and Class C Shares on December 31, 2003, Class I Shares on January 11, 2008, and Class T Shares on July 5, 2017. The actual performance of the Class A Shares, Class C Shares, and Class T Shares would have been lower due to the additional fees and expenses associated with these classes of shares. The actual performance of the Class I Shares would have been higher due to lower expenses related to this class of shares.
- (b) S&P 500 Index, Dow Jones Industrial Average, and Nasdaq Composite Index since inception performance results are as of February 28, 1986.
- (c) Performance results include the effect of the maximum 5.75% sales charge at the beginning of the period.
- (d) Assuming payment of the 1% maximum contingent deferred sales charge imposed on redemptions made within one year of purchase.
- (e) Performance results include the effect of the maximum 2.50% sales charge at the beginning of the period.

**COMPARISON OF CHANGE IN VALUE OF A \$10,000 INVESTMENT IN
THE GABELLI ASSET FUND (CLASS AAA SHARES) AND S&P 500 INDEX (Unaudited)**



* Past performance is not predictive of future results. The performance tables and graph do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

The Gabelli Asset Fund

Disclosure of Fund Expenses (Unaudited)

For the Six Month Period from July 1, 2017 through December 31, 2017

Expense Table

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

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

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

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

Hypothetical 5% Return: This section provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio. It assumes a hypothetical annualized return of 5% before expenses during the period shown. In this case – because the hypothetical return used is **not**

the Fund's actual return – the results do not apply to your investment and you cannot use the hypothetical account value and expense to estimate the actual ending account balance or expenses you paid for the period. This example is useful in making comparisons of the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs such as sales charges (loads), redemption fees, or exchange fees, if any, which are described in the Prospectus. If these costs were applied to your account, your costs would be higher. Therefore, the 5% hypothetical return is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. The "Annualized Expense Ratio" represents the actual expenses for the last six months and may be different from the expense ratio in the Financial Highlights which is for the year ended December 31, 2017.

	Beginning Account Value 07/01/17	Ending Account Value 12/31/17	Annualized Expense Ratio	Expenses Paid During Period*
<i>The Gabelli Asset Fund</i>				
Actual Fund Return				
Class AAA	\$1,000.00	\$1,098.80	1.34%	\$ 7.09
Class A	\$1,000.00	\$1,098.80	1.34%	\$ 7.09
Class C	\$1,000.00	\$1,094.70	2.09%	\$11.03
Class I	\$1,000.00	\$1,100.20	1.09%	\$ 5.77
Class T**	\$1,000.00	\$1,095.60	1.35%	\$ 6.98
Hypothetical 5% Return				
Class AAA	\$1,000.00	\$1,018.45	1.34%	\$ 6.82
Class A	\$1,000.00	\$1,018.45	1.34%	\$ 6.82
Class C	\$1,000.00	\$1,014.67	2.09%	\$10.61
Class I	\$1,000.00	\$1,019.71	1.09%	\$ 5.55
Class T	\$1,000.00	\$1,018.40	1.35%	\$ 6.87

* 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 (184 days), then divided by 365.

** Class T Shares use a beginning account value date of 07/05/17, and Class T Share expenses are equal to the Fund's annualized expense ratio for the period since inception multiplied by the number of days since inception (180 days), then divided by 365.

Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of net assets as of December 31, 2017:

The Gabelli Asset Fund

Food and Beverage	15.2%	Aerospace	1.5%
Financial Services	11.1%	Computer Software and Services	1.5%
Equipment and Supplies	7.4%	Building and Construction	1.2%
Entertainment	5.7%	Publishing	1.2%
Diversified Industrial	5.3%	Automotive	1.0%
Health Care	4.9%	Aviation: Parts and Services	0.9%
Cable and Satellite	4.5%	Wireless Communications	0.8%
Consumer Products	4.2%	Transportation	0.7%
Machinery	4.2%	Communications Equipment	0.5%
Energy and Utilities	3.4%	Closed-End Funds	0.4%
Automotive: Parts and Accessories	3.3%	Agriculture	0.4%
Business Services	2.8%	Real Estate Investment Trusts	0.4%
Environmental Services	2.8%	Real Estate	0.3%
Electronics	2.5%	Manufactured Housing and Recreational Vehicles	0.2%
Broadcasting	2.3%	Computer Hardware	0.0%*
Retail	2.1%	Airlines	0.0%*
Telecommunications	2.1%	Other Assets and Liabilities (Net)	(2.0)%
Consumer Services	1.9%		<u>100.0%</u>
Metals and Mining	1.9%		
Specialty Chemicals	1.8%		
Hotels and Gaming	1.6%		

* Amount represents less than 0.05%.

The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (the "SEC") for the first and third quarters of each fiscal year on Form N-Q. Shareholders may obtain this information at www.gabelli.com 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 Asset Fund

Schedule of Investments — December 31, 2017

Shares		Cost	Market Value	Shares		Cost	Market Value
	COMMON STOCKS — 101.6%				Broadcasting — 2.3%		
	Aerospace — 1.5%			291,600	CBS Corp., Cl. A, Voting..... \$	3,268,125	\$ 17,303,544
505,000	Aerojet Rocketdyne Holdings Inc.†	\$ 1,502,612	\$ 15,756,000	18,000	Cogeco Inc.....	342,646	1,296,086
5,000	Lockheed Martin Corp.....	147,750	1,605,250	26,666	Corus Entertainment Inc., New York, Cl. B	43,320	245,621
6,000	Northrop Grumman Corp.....	268,238	1,841,460	13,334	Corus Entertainment Inc., Toronto, Cl. B	21,662	124,111
1,716,100	Rolls-Royce Holdings plc	12,698,707	19,624,885	30,000	ITV plc	100,497	67,035
85,840,600	Rolls-Royce Holdings plc, Cl. C†(a)	113,743	115,897	35,250	Liberty Broadband Corp., Cl. A†	62,878	2,998,013
2,500	The Boeing Co.	162,911	737,275	103,682	Liberty Broadband Corp., Cl. C†	1,122,460	8,829,559
		<u>14,893,961</u>	<u>39,680,767</u>	33,000	Liberty Media Corp.- Liberty Formula One, Cl. A†	15,739	1,079,760
	Agriculture — 0.4%			69,000	Liberty Media Corp.- Liberty Formula One, Cl. C†	148,334	2,357,040
220,000	Archer-Daniels-Midland Co.	2,515,131	8,817,600	55,000	Liberty Media Corp.- Liberty SiriusXM, Cl. A†	22,830	2,181,300
2,000	Monsanto Co.	17,790	233,560	190,000	Liberty Media Corp.- Liberty SiriusXM, Cl. C†	89,258	7,535,400
6,500	Potash Corp. of Saskatchewan Inc.	29,744	134,225	330,000	MSG Networks Inc., Cl. A†	210,020	6,682,500
25,000	The Mosaic Co.	438,682	641,500	10,000	Naspers Ltd., Cl. N.....	393,199	2,789,250
		<u>3,001,347</u>	<u>9,826,885</u>	95,000	Pandora Media Inc.†	917,554	457,900
	Airlines — 0.0%			125,000	Sky plc†	1,589,574	1,707,936
100,000	American Airlines Group Inc., Escrow†	1,464	155,000	350,000	Television Broadcasts Ltd.....	1,605,882	1,258,824
	Automotive — 1.0%			40,000	Tokyo Broadcasting System Holdings Inc.	560,409	998,979
5,000	Ferrari NV	201,374	524,200	56,000	Tribune Media Co., Cl. A	2,098,400	2,378,320
25,000	General Motors Co.	792,150	1,024,750			<u>12,612,787</u>	<u>60,291,178</u>
397,000	Navel International Corp.† ..	7,041,148	17,023,360		Building and Construction — 1.2%		
91,500	PACCAR Inc.....	468,321	6,503,820	55,000	Armstrong Flooring Inc.†	978,889	930,600
3,000	Volkswagen AG	119,556	607,242	39,000	Assa Abloy AB, Cl. B	667,259	810,133
		<u>8,622,549</u>	<u>25,683,372</u>	145,000	Fortune Brands Home & Security Inc.	1,923,822	9,923,800
	Automotive: Parts and Accessories — 3.3%			95,000	Herc Holdings Inc.†	3,472,847	5,947,950
140,000	BorgWarner Inc.	593,225	7,152,600	387,000	Johnson Controls International plc	10,788,022	14,748,570
90,000	Brembo SpA	173,237	1,368,185	14,500	Layne Christensen Co.†	148,784	181,975
385,000	Dana Inc.	3,732,936	12,323,850			<u>17,979,623</u>	<u>32,543,028</u>
435,000	Genuine Parts Co.....	10,473,704	41,329,350		Business Services — 2.8%		
70,000	Modine Manufacturing Co.† ..	630,668	1,414,000	15,000	Blucora Inc.†	77,327	331,500
46,000	O'Reilly Automotive Inc.†	1,619,857	11,064,840	225,000	Clear Channel Outdoor Holdings Inc., Cl. A	888,132	1,035,000
30,000	Standard Motor Products Inc..	246,597	1,347,300	31,500	Ecolab Inc.	249,541	4,226,670
70,000	Superior Industries International Inc.	1,092,338	1,039,500	140,000	Fly Leasing Ltd., ADR†	1,860,448	1,807,400
85,000	Tenneco Inc.....	2,519,000	4,975,900	206,000	Gerber Scientific Inc., Escrow†(a)	0	0
45,000	Visteon Corp.†	2,450,885	5,631,300	165,000	Live Nation Entertainment Inc.†	1,663,426	7,024,050
		<u>23,532,447</u>	<u>87,646,825</u>	142,900	Macquarie Infrastructure Corp.	6,290,736	9,174,180
	Aviation: Parts and Services — 0.9%						
5,000	Arconic Inc.	65,322	136,250				
1,790,000	BBA Aviation plc	4,076,238	8,451,422				
53,500	Curtiss-Wright Corp.....	163,845	6,518,975				
112,000	Kaman Corp.	1,635,409	6,590,080				
40,000	KLX Inc.†	1,574,270	2,730,000				
		<u>7,515,084</u>	<u>24,426,727</u>				

See accompanying notes to financial statements.

The Gabelli Asset Fund

Schedule of Investments (Continued) — December 31, 2017

Shares	Cost	Market Value	Shares	Cost	Market Value		
	COMMON STOCKS (Continued)						
	Business Services (Continued)						
170,000	Mastercard Inc., Cl. A	\$ 663,000	\$ 25,731,200	25,000	DST Systems Inc.....	\$ 848,111	\$ 1,551,750
2,000	MSC Industrial Direct Co. Inc., Cl. A	143,139	193,320	160,000	eBay Inc.†	3,271,276	6,038,400
3,458	Novus Holdings Ltd.	1,557	1,649	50,000	Fidelity National Information Services Inc.	941,346	4,704,500
52,000	The Brink's Co.	1,227,229	4,092,400	350,000	Hewlett Packard Enterprise Co.	3,602,326	5,026,000
717,000	The Interpublic Group of Companies Inc.	6,000,300	14,454,720	65,000	Internap Corp.†	1,016,720	1,021,150
24,000	Vectrus Inc.†	116,767	740,400	20,000	Micro Focus International plc, ADR†	367,785	671,800
63,000	Visa Inc., Cl. A	828,654	7,183,260	5,000	Microsoft Corp.	158,896	427,700
		<u>20,010,256</u>	<u>75,995,749</u>	7,992	NetScout Systems Inc.†	29,395	243,356
				55,000	Rockwell Automation Inc.	1,567,537	10,799,250
						<u>17,935,428</u>	<u>39,176,558</u>
	Cable and Satellite — 4.5%			Consumer Products — 4.2%			
143,000	AMC Networks Inc., Cl. A†	69,252	7,733,440	30,000	Brunswick Corp.	735,843	1,656,600
200	Cable One Inc.	50,326	140,670	11,000	Christian Dior SE	307,335	4,019,546
10,000	Charter Communications Inc., Cl. A†	1,078,622	3,359,600	68,000	Church & Dwight Co. Inc.	105,140	3,411,560
456,000	Comcast Corp., Cl. A	3,982,432	18,262,800	339,000	Edgewell Personal Care Co.† ..	13,972,579	20,133,210
325,200	DISH Network Corp., Cl. A† ...	7,505,839	15,528,300	246,000	Engerizer Holdings Inc.	3,494,769	11,803,080
91,000	EchoStar Corp., Cl. A†	2,635,324	5,450,900	10,000	Essity AB, Cl. A†	134,075	282,454
147,900	Liberty Global plc, Cl. A†	525,759	5,300,736	50,000	Essity AB, Cl. B†	696,771	1,420,195
407,000	Liberty Global plc, Cl. C†	4,477,015	13,772,880	3,400	Givaudan SA	1,182,809	7,857,561
20,857	Liberty Global plc LILAC, Cl. A†	77,222	420,269	30,000	Harley-Davidson Inc.	75,562	1,526,400
46,740	Liberty Global plc LILAC, Cl. C†	365,906	929,659	2,000	Hermes International	694,184	1,070,863
580,000	Rogers Communications Inc., New York, Cl. B	2,952,981	29,539,400	5,500	National Presto Industries Inc.	159,792	546,975
50,000	Rogers Communications Inc., Toronto, Cl. B	229,821	2,547,733	44,000	Reckitt Benckiser Group plc ...	1,351,751	4,110,334
135,000	Scripps Networks Interactive Inc., Cl. A	4,168,682	11,526,300	100,000	Sally Beauty Holdings Inc.† ...	800,712	1,876,000
118,000	Shaw Communications Inc., New York, Cl. B	228,530	2,693,940	10,000	Svenska Cellulosa AB, Cl. A ...	35,640	115,810
120,000	Shaw Communications Inc., Toronto, Cl. B	164,952	2,738,902	42,000	Svenska Cellulosa AB, Cl. B ...	117,839	432,897
		<u>28,512,663</u>	<u>119,945,529</u>	941,400	Swedish Match AB	9,714,281	37,090,914
				4,000	The Estee Lauder Companies Inc., Cl. A	180,995	508,960
	Communications Equipment — 0.5%			112,000	The Procter & Gamble Co.	3,707,935	10,290,560
180,000	Corning Inc.	861,906	5,758,200	30,000	Unilever plc, ADR	947,306	1,660,200
50,000	Harris Corp.	3,976,644	7,082,500	35,000	Wolverine World Wide Inc.	162,769	1,115,800
		<u>4,838,550</u>	<u>12,840,700</u>			<u>38,578,087</u>	<u>110,929,919</u>
	Computer Hardware — 0.0%			Consumer Services — 1.9%			
7,000	Apple Inc.	661,508	1,184,610	5,000	Allegion plc	50,325	397,800
	Computer Software and Services — 1.5%			94,000	IAC/InterActiveCorp.†	981,587	11,494,320
5,700	Alphabet Inc., Cl. C†	3,123,555	5,964,480	20,000	Liberty Expedia Holdings Inc., Cl. A†	89,074	886,600
6,400	CommerceHub Inc., Cl. A†	10,400	140,736	435,600	Liberty Interactive Corp. QVC Group, Cl. A†	2,597,883	10,637,352
20,400	CommerceHub Inc., Cl. C†	57,662	420,036	18,000	Liberty TripAdvisor Holdings Inc., Cl. A†	75,083	169,650
67,000	Diebold Nixdorf Inc.	1,771,565	1,095,450	85,000	Liberty Ventures, Cl. A†	1,844,396	4,610,400
55,000	Donnelley Financial Solutions Inc.†	1,168,854	1,071,950	510,000	Rollins Inc.	1,107,711	23,730,300
						<u>6,746,059</u>	<u>51,926,422</u>

See accompanying notes to financial statements.

The Gabelli Asset Fund
Schedule of Investments (Continued) — December 31, 2017

Shares	Cost	Market Value	Shares	Cost	Market Value
COMMON STOCKS (Continued)					
Diversified Industrial — 5.3%					
500			13,000	Marathon Petroleum Corp. \$	625,725 \$ 857,740
5,000	Acuity Brands Inc. \$	5,901 \$ 88,000	243,000	National Fuel Gas Co.	11,907,393 13,343,130
332,700	Anixter International Inc.†	45,044 380,000	56,400	Oceaneering International Inc..	1,485,871 1,192,296
98,000	Crane Co.	5,252,447 29,683,494	5,000	Phillips 66	189,129 505,750
136,000	Eaton Corp. plc	4,394,256 7,742,980	53,000	Southwest Gas Holdings Inc.	914,983 4,265,440
270,000	Greif Inc., Cl. A	3,098,343 8,238,880	95,000	The AES Corp.	263,150 1,028,850
35,000	Honeywell International Inc.	7,617,349 41,407,200	8,000	Wartsila OYJ Abp	406,645 504,895
24,000	HRG Group Inc.†	501,007 593,250	200,000	Weatherford International plc†	660,540 834,000
250,000	Ingersoll-Rand plc	355,983 2,140,560			<u>39,323,676</u> <u>91,200,551</u>
30,000	ITT Inc.	2,196,124 13,342,500	Entertainment — 5.7%		
	Jardine Matheson Holdings Ltd.	1,557,901 1,822,500	195,500	Discovery Communications Inc., Cl. A†	1,037,519 4,375,290
124,000	Jardine Strategic Holdings Ltd.	2,937,194 4,907,920	515,000	Discovery Communications Inc., Cl. C†	2,243,552 10,902,550
250,000	Myers Industries Inc.	1,600,550 4,875,000	670,000	Grupo Televisa SAB, ADR	6,871,075 12,508,900
30,000	Pentair plc	1,039,405 2,118,600	19,000	Liberty Media Corp.- Liberty Braves, Cl. A†	97,219 418,950
11,500	Sulzer AG	1,058,641 1,394,941	113,271	Liberty Media Corp.- Liberty Braves, Cl. C†	1,432,371 2,516,882
185,000	Textron Inc.	2,513,177 10,469,150	60,120	Lions Gate Entertainment Corp., Cl. B†	1,569,132 1,908,209
330,000	Toray Industries Inc.	2,377,515 3,111,826	136,833	The Madison Square Garden Co, Cl. A†	1,162,705 28,851,238
230,000	Trinity Industries Inc.	1,242,169 8,615,800	10,000	Time Warner Inc.	173,599 914,700
4,000	Waters Corp.†	299,744 772,760	2,015,000	Twenty-First Century Fox Inc., Cl. A	12,845,915 69,577,950
		<u>38,092,750</u> <u>141,705,361</u>	35,000	Twenty-First Century Fox Inc., Cl. B	573,688 1,194,200
Electronics — 2.5%					
120,000	Cypress Semiconductor Corp..	1,046,699 1,828,800	421,500	Viacom Inc., Cl. A	12,206,958 14,710,350
1,800	Fortive Corp.	7,618 130,230	65,000	Viacom Inc., Cl. B	2,178,063 2,002,650
8,000	Kyocera Corp., ADR	111,725 524,080	50,000	Vivendi SA	1,170,712 1,345,028
1,500	Mettler-Toledo International Inc.†	212,220 929,280			<u>43,562,508</u> <u>151,226,897</u>
2,200	Samsung Electronics Co. Ltd., GDR	401,884 2,635,600	Environmental Services — 2.8%		
910,000	Sony Corp., ADR	18,049,226 40,904,500	590,000	Republic Services Inc.	7,191,475 39,889,900
40,000	TE Connectivity Ltd.	1,041,037 3,801,600	37,000	Stericycle Inc.†	2,627,309 2,515,630
110,000	Texas Instruments Inc.	2,632,733 11,488,400	87,000	Waste Connections Inc.	3,055,362 6,171,780
25,000	Thermo Fisher Scientific Inc. ...	3,077,409 4,747,000	310,000	Waste Management Inc.	5,176,262 26,753,000
		<u>26,580,551</u> <u>66,989,490</u>			<u>18,050,408</u> <u>75,330,310</u>
Energy and Utilities — 3.4%					
10,000	Anadarko Petroleum Corp.	588,355 536,400	733,000	AMETEK Inc.	1,139,519 53,120,510
115,000	BP plc, ADR	2,904,294 4,833,450	12,000	Amphenol Corp., Cl. A	23,162 1,053,600
105,500	Chevron Corp.	3,455,393 13,207,545	10,000	AZZ Inc.	370,300 511,000
154,000	ConocoPhillips	3,175,028 8,453,060	91,000	CIRCOR International Inc.	853,326 4,429,880
113,000	Devon Energy Corp.	1,571,968 4,678,200	110,000	Crown Holdings Inc.†	495,913 6,187,500
4,000	Edison International	68,000 252,960	159,000	CTS Corp.	917,800 4,094,250
204,000	El Paso Electric Co.	2,524,129 11,291,400	4,670	Danaher Corp.	31,340 433,469
34,500	Enbridge Inc.	793,780 1,349,295	536,900	Donaldson Co. Inc.	969,929 26,281,255
90,000	EOG Resources Inc.	206,089 9,711,900	540,000	Flowserve Corp.	2,395,654 22,750,200
60,000	Exxon Mobil Corp.	872,888 5,018,400	159,000	Graco Inc.	2,667,022 7,189,980
130,000	GenOn Energy Inc., Escrow†(a)	0 0			
167,000	Halliburton Co.	5,447,125 8,161,290			
65,000	Kinder Morgan Inc.	1,263,191 1,174,550			

See accompanying notes to financial statements.

The Gabelli Asset Fund

Schedule of Investments (Continued) — December 31, 2017

Shares	Cost	Market Value	Shares	Cost	Market Value
COMMON STOCKS (Continued)			95,000		The Hartford Financial Services Group Inc. \$ 2,991,847 \$ 5,346,600
Equipment and Supplies (Continued)			134,000		The PNC Financial Services Group Inc. 7,679,889 19,334,860
222,400	IDEX Corp. \$ 814,917 \$ 29,350,128		10,000	Value Line Inc. 137,382 193,500	
50,000	Interpump Group SpA. 196,504 1,572,999		10,000	W. R. Berkley Corp. 361,815 716,500	
16,000	Lawson Products Inc.† 267,152 396,000		138,000	Waddell & Reed Financial Inc., Cl. A 2,713,147 3,082,920	
130,000	Mueller Industries Inc. 3,471,364 4,605,900		495,000	Wells Fargo & Co. 14,675,883 30,031,650	
180,000	Sealed Air Corp. 3,933,222 8,874,000			<u>107,684,730</u> <u>296,217,623</u>	
23,250	The Manitowoc Co. Inc.† 52,334 914,655		Food and Beverage — 15.2%		
50,000	The Timken Co. 1,857,522 2,457,500		919,900	Brown-Forman Corp., Cl. A ... 5,240,951 61,854,076	
20,000	The Toro Co. 345,464 1,304,600		124,000	Brown-Forman Corp., Cl. B ... 889,305 8,515,080	
75,000	The Weir Group plc 315,592 2,149,772		46,000	Campbell Soup Co. 1,336,867 2,213,060	
22,500	Valmont Industries Inc. 180,803 3,731,625		800,000	China Mengniu Dairy Co. Ltd. . 1,191,136 2,380,693	
221,000	Watts Water Technologies Inc., Cl. A 2,509,516 16,784,950		35,000	Chr. Hansen Holding A/S 1,502,296 3,282,995	
			25,000	Coca-Cola European Partners plc 489,113 996,250	
	<u>23,808,355</u> <u>198,193,773</u>		16,500	Coca-Cola HBC AG 231,193 539,114	
Financial Services — 11.1%			355,000	Conagra Brands Inc. 8,856,255 13,372,850	
13,200	Alleghany Corp.† 2,069,636 7,868,388		30,000	Constellation Brands Inc., Cl. A 713,936 6,857,100	
70,000	AllianceBernstein Holding LP .. 807,518 1,753,500		40,000	Crimson Wine Group Ltd.† 315,347 426,800	
365,000	American Express Co. 9,375,690 36,248,150		225,000	Danone SA 10,381,351 18,884,083	
3,400	Ameriprise Financial Inc. 108,683 576,198		846,200	Davide Campari-Milano SpA. . . 2,709,854 6,543,673	
32,000	Argo Group International Holdings Ltd. 833,710 1,972,800		280,000	Diageo plc, ADR 10,134,633 40,888,400	
60,000	Bank of America Corp. 565,016 1,771,200		64,000	Dr Pepper Snapple Group Inc. . 1,227,565 6,211,840	
143	Berkshire Hathaway Inc., Cl. A† 432,611 42,556,801		80,000	Farmer Brothers Co.† 983,002 2,572,000	
5,500	BKF Capital Group Inc.† 142,350 92,125		310,000	Flowers Foods Inc. 544,307 5,986,100	
65,000	Citigroup Inc. 2,290,500 4,836,650		40,000	Fomento Economico Mexicano SAB de CV, ADR 1,367,763 3,756,000	
100,000	GAM Holding AG. 1,269,259 1,616,296		445,000	General Mills Inc. 8,126,686 26,384,050	
176,000	H&R Block Inc. 2,893,545 4,614,720		1,900,000	Grupo Bimbo SAB de CV, Cl. A 789,305 4,210,197	
50,000	Interactive Brokers Group Inc., Cl. A 821,025 2,960,500		10,000	Heineken Holding NV 407,450 989,753	
199,300	JPMorgan Chase & Co. 7,731,109 21,313,142		86,500	Heineken NV 3,933,214 9,022,179	
84,500	Kinnevik AB, Cl. A 1,743,248 2,947,111		20,000	Heineken NV, ADR 481,150 1,042,400	
105,000	Kinnevik AB, Cl. B 2,774,036 3,549,451		2,000	Ingredion Inc. 24,050 279,600	
186,500	KKR & Co. LP 2,700,578 3,927,690		160,000	ITO EN Ltd. 3,457,147 6,304,859	
184,000	Legg Mason Inc. 3,860,138 7,724,320		11,000	John Bean Technologies Corp. 172,494 1,218,800	
3,300	LendingTree Inc.† 26,163 1,123,485		78,000	Kellogg Co. 3,698,832 5,302,440	
35,000	Leucadia National Corp. 324,217 927,150		74,300	Kerry Group plc, Cl. A 971,930 8,340,742	
40,000	Loews Corp. 1,577,090 2,001,200		440,000	Kikkoman Corp. 5,028,091 17,806,967	
39,000	M&T Bank Corp. 2,750,938 6,668,610		135,000	Lamb Weston Holdings Inc. ... 3,022,124 7,620,750	
108,000	Marsh & McLennan Companies Inc. 3,082,858 8,790,120		19,800	LVMH Moët Hennessy Louis Vuitton SE 701,482 5,829,958	
133,000	PayPal Holdings Inc.† 4,316,861 9,791,460		147,000	Maple Leaf Foods Inc. 2,674,189 4,188,974	
28,500	Popular Inc. 548,132 1,011,465		25,000	MEIJI Holdings Co. Ltd. 551,956 2,127,801	
134,200	State Street Corp. 3,337,808 13,099,262		434,000	Mondelēz International Inc., Cl. A 10,085,269 18,575,200	
20,000	SunTrust Banks Inc. 424,879 1,291,800				
48,500	T. Rowe Price Group Inc. 829,332 5,089,105				
671,900	The Bank of New York Mellon Corp. 19,273,559 36,188,534				
55,000	The Blackstone Group LP 640,470 1,761,100				
13,500	The Goldman Sachs Group Inc. 1,573,808 3,439,260				

See accompanying notes to financial statements.

The Gabelli Asset Fund

Schedule of Investments (Continued) — December 31, 2017

Shares	Cost	Market Value	Shares	Cost	Market Value
	COMMON STOCKS (Continued)		90,000	Evole Health Inc., Cl. A†	\$ 1,556,160 \$ 1,107,000
	Food and Beverage (Continued)		42,000	Exactech Inc.†	635,561 2,076,900
49,000	Morinaga Milk Industry Co. Ltd.	\$ 909,693 \$ 2,217,883	10,000	Express Scripts Holding Co.†	636,597 746,400
400	National Beverage Corp.	29,275 38,976	20,000	Gerresheimer AG	1,276,756 1,658,668
63,000	Nestlé SA	3,951,991 5,417,825	50,000	HCA Healthcare Inc.†	3,233,450 4,392,000
150,000	Nissin Foods Holdings Co. Ltd.	5,104,026 10,956,290	61,400	Henry Schein Inc.†	1,201,616 4,290,632
225,000	Parmalat SpA	631,083 836,893	40,000	Indivior plc†	25,984 220,452
86,000	PepsiCo Inc.	2,938,606 10,313,120	15,000	Integer Holdings Corp.†	696,516 679,500
67,000	Pernod Ricard SA	5,953,420 10,607,422	69,500	Johnson & Johnson	4,353,938 9,710,540
131,000	Post Holdings Inc.†	3,344,120 10,379,130	70,000	Kindred Healthcare Inc.	763,987 679,000
93,000	Remy Cointreau SA	5,655,846 12,888,150	8,000	Laboratory Corp. of America Holdings†	1,216,795 1,276,080
110,000	Snyder's-Lance Inc.	2,651,052 5,508,800	15,000	McKesson Corp.	1,345,822 2,339,250
17,000	Suntory Beverage & Food Ltd.	541,830 755,891	25,000	Medtronic plc	1,881,416 2,018,750
13,000	The Kraft Heinz Co.	819,116 1,010,880	124,500	Merck & Co. Inc.	3,499,931 7,005,615
60,000	The Coca-Cola Co.	1,319,146 2,752,800	30,000	Mylan NV†	1,736,680 1,269,300
30,000	The Hain Celestial Group Inc.†	231,652 1,271,700	30,432	Orthofix International NV†	1,015,782 1,664,630
21,000	The J.M. Smucker Co.	729,807 2,609,040	30,000	Owens & Minor Inc.	902,440 566,400
400,000	Tingyi (Cayman Islands) Holding Corp.	947,408 778,205	50,000	Patterson Cos., Inc.	1,641,748 1,806,500
147,559	Tootsie Roll Industries Inc.	1,331,152 5,371,148	44,000	Quidel Corp.†	603,237 1,907,400
5,000	Tyson Foods Inc., Cl. A	39,954 405,350	400	Regeneron Pharmaceuticals Inc.†	43,670 150,384
85,000	United Natural Foods Inc.†	3,211,304 4,187,950	75,000	Roche Holding AG, ADR	1,477,507 2,368,500
162,300	Yakult Honsha Co. Ltd.	3,942,727 12,243,621	13,000	Shire plc, ADR	2,033,769 2,016,560
		<u>136,523,451</u> <u>405,075,858</u>	14,500	Stryker Corp.	718,606 2,245,180
			4,000	The Cooper Companies Inc.	941,320 871,520
			10,000	UnitedHealth Group Inc.	580,641 2,204,600
			20,000	Valeant Pharmaceuticals International Inc.†	289,886 415,600
15,000	Health Care — 4.9%	819,444 856,050	135,000	William Demant Holding A/S†	1,265,291 3,774,961
35,000	Abbott Laboratories	746,679 1,128,050	94,000	Wright Medical Group NV†	1,935,460 2,086,800
8,000	Akorn Inc.†	904,522 956,720	40,000	Zimmer Biomet Holdings Inc.	3,775,284 4,826,800
30,500	Alexion Pharmaceuticals Inc.†	4,525,694 4,989,190	9,000	Zoetis Inc.	396,508 648,360
30,500	Allergan plc	4,525,694 4,315,540			<u>72,009,083</u> <u>130,611,764</u>
47,000	AmerisourceBergen Corp.	3,252,723 5,303,950			
30,500	Amgen Inc.	141,229 249,450			
15,000	AngioDynamics Inc.†	148,953 3,579,246			
55,372	Baxter International Inc.	1,563,995 1,605,450	14,000	Hotels and Gaming — 1.6%	
7,500	Becton, Dickinson and Co.	754,832 3,504,270	56,000	Accor SA	433,947 722,308
11,000	Biogen Inc.†	70,260 1,097,882	6,700	Belmond Ltd., Cl. A†	486,228 686,000
4,600	Bio-Rad Laboratories Inc., Cl. A†	449,240 1,018,500	350,000	Churchill Downs Inc.	233,125 1,559,090
350,000	BioScrip Inc.†	700,000 269,600	36,000	Genting Singapore plc	367,220 342,817
5,000	Bioverativ Inc.†	5,527 1,685,720	88,000	Hyatt Hotels Corp., Cl. A†	1,348,724 2,647,440
68,000	Boston Scientific Corp.†	468,300 1,658,300	50,000	ILG Inc.	559,440 2,506,240
125,000	Bristol-Myers Squibb Co.	3,218,850 7,660,000	4,700,000	Las Vegas Sands Corp.	146,017 3,474,500
70,000	Cardiovascular Systems Inc.†	2,067,316 1,658,300			
53,200	Chemed Corp.	2,681,110 12,928,664			
10,000	Cigna Corp.	511,183 2,030,900			
26,000	CONMED Corp.	523,478 1,325,220	387,000	MGM Resorts International	3,971,351 12,921,930
45,000	DaVita Inc.†	2,661,123 3,251,250	2,000,000	The Hongkong & Shanghai Hotels Ltd.	2,722,562 2,969,467
28,000	Eli Lilly & Co.	985,188 2,364,880	52,000	Universal Entertainment Corp.	323,568 1,915,243
55,000	Endo International plc†	850,777 426,250	8,400	Wyndham Worldwide Corp.	204,783 973,308
40,000	Envision Healthcare Corp.†	2,276,302 1,382,400	14,000	Wynn Resorts Ltd.	1,103,588 2,360,260

See accompanying notes to financial statements.

The Gabelli Asset Fund

Schedule of Investments (Continued) — December 31, 2017

Shares	Cost	Market Value	Shares	Cost	Market Value
COMMON STOCKS (Continued)			Real Estate Investment Trusts — 0.4%		
Machinery — 4.2%			14,422	Host Hotels & Resorts Inc. \$ 290,636	\$ 286,277
121,000	Caterpillar Inc. \$ 796,494	\$ 19,067,180	85,000	Ryman Hospitality Properties Inc.	3,702,677
1,382,000	CNH Industrial NV	18,518,800	100,000	Weyerhaeuser Co.	2,070,571
218,600	CNH Industrial NV, Borsa Italiana	2,929,739			<u>6,063,884</u>
226,000	Deere & Co.	35,371,260			<u>9,678,977</u>
50,000	Mueller Water Products Inc., Cl. A	626,500	Retail — 2.1%		
93,000	Welbilt Inc.†	2,186,430	50,000	Aaron's Inc.	1,992,500
472,000	Xylem Inc.	32,190,400	134,000	AutoNation Inc.†	6,878,220
		<u>110,890,309</u>	59,500	Costco Wholesale Corp.	11,074,140
			170,000	CVS Health Corp.	12,325,000
Manufactured Housing and Recreational Vehicles — 0.2%			40,000	HSN Inc.	1,614,000
31,500	Cavco Industries Inc.†	4,806,900	400,000	Lianhua Supermarket Holdings Ltd., Cl. H†	145,401
20,000	Nobility Homes Inc.	392,500	140,000	Macy's Inc.	3,526,600
32,500	Skyline Corp.†	417,625	50,000	Murphy USA Inc.†	4,018,000
		<u>5,617,025</u>	15,100	Penske Automotive Group Inc.	722,535
Metals and Mining — 1.9%			10,000	Rush Enterprises Inc., Cl. B† ..	482,100
56,000	Agnico Eagle Mines Ltd.	2,586,080	45,000	The Cheesecake Factory Inc. ...	2,168,100
234,000	Barrick Gold Corp.	3,385,980	27,000	The Home Depot Inc.	5,117,310
30,000	Cleveland-Cliffs Inc.†	216,300	127,000	The Kroger Co.	3,486,150
90,000	Franco-Nevada Corp.	7,195,500	35,000	Walgreens Boots Alliance Inc. ...	2,541,700
156,000	Freeport-McMoRan Inc.†	2,957,760			<u>21,375,811</u>
60,000	Kinross Gold Corp.†	259,200			<u>56,091,756</u>
24,000	New Hope Corp. Ltd.	46,815	Specialty Chemicals — 1.8%		
522,000	Newmont Mining Corp.	19,585,440	20,000	Ashland Global Holdings Inc. ...	1,424,000
124,000	Royal Gold Inc.	10,182,880	27,000	DowDuPont Inc.	1,922,940
52,609	TimkenSteel Corp.†	799,131	500,000	Ferro Corp.†	11,795,000
180,000	Turquoise Hill Resources Ltd.†	617,436	138,000	H.B. Fuller Co.	7,434,060
84,000	Wheaton Precious Metals Corp.	1,858,920	100,000	International Flavors & Fragrances Inc.	15,261,000
		<u>49,691,406</u>	360,000	OMNOVA Solutions Inc.†	3,600,000
			9,000	Praxair Inc.	1,392,120
Publishing — 1.2%			63,000	Sensient Technologies Corp. ...	4,608,450
500	Graham Holdings Co., Cl. B ...	279,175	45,000	SGL Carbon SE†	614,981
52,000	Meredith Corp.	3,434,600	51,000	Valvoline Inc.	1,278,060
128,000	News Corp., Cl. A	2,074,880			<u>18,777,928</u>
85,000	News Corp., Cl. B	1,411,000	Telecommunications — 2.1%		
122,000	S&P Global Inc.	20,666,800	87,144	CenturyLink Inc.	1,453,562
215,000	The E.W. Scripps Co., Cl. A† ..	3,360,450	212,000	Cincinnati Bell Inc.†	4,420,200
10,000	The New York Times Co., Cl. A	185,000	160,000	Deutsche Telekom AG, ADR ...	2,825,760
		<u>31,411,905</u>	30,000	Hellenic Telecommunications Organization SA	413,947
Real Estate — 0.3%			25,000	Hellenic Telecommunications Organization SA, ADR	170,375
16,500	Brookfield Asset Management Inc., Cl. A	718,410	71,607	Loral Space & Communications Inc.†	3,154,288
104,000	Griffin Industrial Realty Inc. ...	3,816,800	6,000	Orange SA, ADR	104,400
240,500	The St. Joe Co.†	4,341,025	400,000	Sprint Corp.†	2,356,000
		<u>8,876,235</u>	2,815,600	Telecom Italia SpA†	2,434,056

See accompanying notes to financial statements.

The Gabelli Asset Fund

Schedule of Investments (Continued) — December 31, 2017

Shares		Cost	Market Value	Shares		Cost	Market Value
	COMMON STOCKS (Continued)				PREFERRED STOCKS — 0.0%		
	Telecommunications (Continued)				Health Care — 0.0%		
175,000	Telecom Italia SpA, ADR†	\$ 1,222,253	\$ 1,510,250	31,580	The Phoenix Companies Inc., 7.450%, 01/15/32	\$ 674,937	\$ 577,014
39,981	Telefonica Brasil SA, ADR	373,700	592,918				
245,000	Telefonica SA, ADR	2,812,942	2,371,600				
977,510	Telephone & Data Systems Inc.	19,611,787	27,174,778		RIGHTS — 0.0%		
230,000	Telesites SAB de CV†	154,371	174,525	20,000	Health Care — 0.0%		
145,000	VEON Ltd., ADR	603,407	556,800		American Medical Alert Corp., †(a)	0	200
100,000	Verizon Communications Inc.	3,158,369	5,293,000				
		<u>42,276,486</u>	<u>55,006,459</u>		WARRANTS — 0.0%		
	Transportation — 0.7%			200,000	Hotels and Gaming — 0.0%		
284,000	GATX Corp.	7,354,103	17,653,440		The Indian Hotels Co. Ltd., expire 05/14/18†(b)	329,280	369,000
4,000	Kansas City Southern	7,317	420,880				
		<u>7,361,420</u>	<u>18,074,320</u>				
	Wireless Communications — 0.8%				TOTAL		
40,000	Altice USA Inc., Cl. A†	1,156,925	849,200		INVESTMENTS — 102.0%	<u>\$ 908,959,154</u>	2,717,897,180
115,000	America Movil SAB de CV, Cl. L, ADR	351,470	1,972,250				
14,000	Millicom International Cellular SA	885,695	943,740		Other Assets and Liabilities (Net) — (2.0)%		<u>(52,667,782)</u>
53,000	Millicom International Cellular SA, SDR	3,285,419	3,579,379		NET ASSETS — 100.0%		<u>\$2,665,229,398</u>
208,000	NTT DoCoMo Inc.	2,956,445	4,912,252				
20,000	Tim Participacoes SA, ADR	148,920	386,200				
50,000	T-Mobile US Inc.†	1,496,458	3,175,500				
137,000	United States Cellular Corp.†	6,469,656	5,155,310				
		<u>16,750,988</u>	<u>20,973,831</u>				
	TOTAL COMMON STOCKS	<u>905,005,580</u>	<u>2,707,020,333</u>				
	CLOSED-END FUNDS — 0.4%						
122,000	Altaba Inc.†	1,877,757	8,521,700				
11,417	Royce Global Value Trust Inc.	99,328	123,418				
79,500	Royce Value Trust Inc.	972,272	1,285,515				
		<u>2,949,357</u>	<u>9,930,633</u>				
	TOTAL CLOSED-END FUNDS	<u>2,949,357</u>	<u>9,930,633</u>				

- (a) Security is valued using significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.
- (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 December 31, 2017, the market value of the Rule 144A security amounted to \$369,000 or 0.01% of net assets.

† Non-income producing security.

ADR American Depositary Receipt

GDR Global Depositary Receipt

SDR Swedish Depositary Receipt

See accompanying notes to financial statements.

The Gabelli Asset Fund

Statement of Assets and Liabilities December 31, 2017

Assets:	
Investments, at value (cost \$908,959,154)	\$2,717,897,180
Foreign currency, at value (cost \$149)	149
Cash	9,036
Receivable for Fund shares sold	282,221
Dividends and interest receivable	2,878,161
Prepaid expenses	70,739
Total Assets	<u>2,721,137,486</u>
Liabilities:	
Payable for Fund shares redeemed	20,770,428
Payable for investment advisory fees	2,291,480
Payable for distribution fees	484,695
Payable for accounting fees	3,750
Line of credit payable	31,850,000
Other accrued expenses	507,735
Total Liabilities	<u>55,908,088</u>
Net Assets (applicable to 45,315,338 shares outstanding)	<u>\$2,665,229,398</u>
Net Assets Consist of:	
Paid-in capital	\$ 868,330,318
Distributions in excess of net investment income	(758,546)
Distributions in excess of net realized gain on investments and foreign currency transactions	(11,283,320)
Net unrealized appreciation on investments	1,808,938,026
Net unrealized appreciation on foreign currency translations	2,920
Net Assets	<u>\$2,665,229,398</u>
Shares of Beneficial Interest, each at \$0.01 par value; unlimited number of shares authorized:	
Class AAA:	
Net Asset Value, offering, and redemption price per share (\$1,973,845,419 ÷ 33,470,009 shares outstanding)	<u>\$58.97</u>
Class A:	
Net Asset Value and redemption price per share (\$39,597,818 ÷ 678,467 shares outstanding)	<u>\$58.36</u>
Maximum offering price per share (NAV ÷ 0.9425, based on maximum sales charge of 5.75% of the offering price)	<u>\$61.92</u>
Class C:	
Net Asset Value and offering price per share (\$63,821,413 ÷ 1,175,770 shares outstanding)	<u>\$54.28(a)</u>
Class I:	
Net Asset Value, offering, and redemption price per share (\$587,963,652 ÷ 9,991,073 shares outstanding)	<u>\$58.85</u>
Class T:	
Net Asset Value and redemption price per share (\$1,095.58 ÷ 18.598 shares outstanding)	<u>\$58.91</u>
Maximum offering price per share (NAV ÷ 0.975, based on maximum sales charge of 2.50% of the offering price)	<u>\$60.42</u>

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

See accompanying notes to financial statements.

Statement of Operations For the Year Ended December 31, 2017

Investment Income:	
Dividends (net of foreign withholding taxes of \$991,824)	\$ 39,538,229
Interest	21,859
Other income*	558
Total Income	<u>39,560,646</u>
Expenses:	
Investment advisory fees	26,321,442
Distribution fees - Class AAA	4,924,015
Distribution fees - Class A	112,284
Distribution fees - Class C	684,189
Distribution fees - Class T	1
Shareholder services fees	1,519,058
Custodian fees	275,346
Shareholder communications expenses	219,102
Trustees' fees	189,000
Interest expense	109,279
Registration expenses	94,505
Accounting fees	45,000
Legal and audit fees	36,315
Miscellaneous expenses	156,067
Total Expenses	<u>34,685,603</u>
Less:	
Expenses paid indirectly by broker (See Note 6)	(18,218)
Net Expenses	<u>34,667,385</u>
Net Investment Income	<u>4,893,261</u>
Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency:	
Net realized gain on investments	232,190,493
Net realized loss on foreign currency transactions	(19,972)
Net realized gain on investments and foreign currency transactions	<u>232,170,521</u>
Net change in unrealized appreciation/depreciation: on investments	248,685,226
on foreign currency translations	23,091
Net change in unrealized appreciation/depreciation on investments and foreign currency translations	<u>248,708,317</u>
Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency	<u>480,878,838</u>
Net Increase in Net Assets Resulting from Operations	<u>\$485,772,099</u>

* The Fund received a reimbursement of custody expenses paid in prior years.

The Gabelli Asset Fund

Statement of Changes in Net Assets

	<u>Year Ended</u> <u>December 31, 2017</u>	<u>Year Ended</u> <u>December 31, 2016</u>
Operations:		
Net investment income.....	\$ 4,893,261	\$ 16,355,833
Net realized gain on investments and foreign currency transactions	232,170,521	313,443,085
Net change in unrealized appreciation/depreciation on investments and foreign currency translations.....	<u>248,708,317</u>	<u>(38,555,406)</u>
Net Increase in Net Assets Resulting from Operations.....	<u>485,772,099</u>	<u>291,243,512</u>
Distributions to Shareholders:		
Net investment income		
Class AAA.....	(2,821,975)	(13,748,396)
Class A	(44,974)	(403,693)
Class I	(2,373,743)	(4,748,880)
Class T	<u>(3)</u>	<u>—</u>
	<u>(5,240,695)</u>	<u>(18,900,969)</u>
Net realized gain		
Class AAA.....	(156,792,213)	(219,648,286)
Class A	(3,184,510)	(6,536,093)
Class C	(5,476,594)	(8,707,818)
Class I	(48,070,682)	(55,276,193)
Class T	<u>(86)</u>	<u>—</u>
	<u>(213,524,085)</u>	<u>(290,168,390)</u>
Total Distributions to Shareholders	<u>(218,764,780)</u>	<u>(309,069,359)</u>
Shares of Beneficial Interest Transactions:		
Class AAA.....	(195,754,410)	(182,386,677)
Class A	(22,503,465)	(17,284,229)
Class C	(15,644,906)	(23,178,641)
Class I	41,907,833	19,015,459
Class T	<u>1,089</u>	<u>—</u>
Net Decrease in Net Assets from Shares of Beneficial Interest Transactions	<u>(191,993,859)</u>	<u>(203,834,088)</u>
Redemption Fees	<u>644</u>	<u>4,144</u>
Net Increase/(Decrease) in Net Assets	<u>75,014,104</u>	<u>(221,655,791)</u>
Net Assets:		
Beginning of year	<u>2,590,215,294</u>	<u>2,811,871,085</u>
End of year (including undistributed net investment income of \$0 and \$0, respectively)	<u>\$2,665,229,398</u>	<u>\$2,590,215,294</u>

See accompanying notes to financial statements.

The Gabelli Asset Fund

Financial Highlights

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

Year Ended December 31	Income (Loss) from Investment Operations				Distributions			Ratios to Average Net Assets/ Supplemental Data						
	Net Asset Value, Beginning of Period	Net Investment Income (Loss)(a)	Realized Gain (Loss) on Investments	Unrealized Gain (Loss) on Investments	Total from Investment Operations	Net Investment Income	Net Realized Gain on Investments	Total Distributions	Net Asset Value, End of Period	Total Return†	Net Assets End of Period (in 000's)	Net Investment Income (Loss)	Operating Expenses	Portfolio Turnover Rate
Class AAA														
2017	\$53.33	\$ 0.09	\$10.67	\$10.76	\$10.76	\$(0.09)	\$(5.03)	\$(5.12)	\$59.97	20.2%	\$1,973,845	0.15%	1.35%(c)	2%
2016	54.10	0.33	5.96	6.29	6.29	(0.42)	(6.64)	(7.06)	53.33	11.6	1,966,374	0.59	1.36(c)	3
2015	65.39	0.20	(3.93)	(3.73)	(3.73)	(0.21)	(7.35)	(7.56)	54.10	(5.9)	2,160,274	0.31	1.35(c)	3
2014	65.31	0.19	3.04	3.23	3.23	(0.17)	(2.98)	(3.15)	65.39	4.9	3,011,541	0.28	1.35	5
2013	51.87	0.21	16.42	16.63	16.63	(0.20)	(2.99)	(3.19)	65.31	32.4	3,178,406	0.35	1.35	7
Class A														
2017	\$52.80	\$ 0.09	\$10.57	\$10.66	\$10.66	\$(0.07)	\$(5.03)	\$(5.10)	\$59.36	20.2%	\$ 39,598	0.15%	1.35%(c)	2%
2016	53.62	0.33	5.90	6.23	6.23	(0.41)	(6.64)	(7.05)	52.80	11.6	56,913	0.59	1.36(c)	3
2015	64.88	0.20	(3.91)	(3.71)	(3.71)	(0.20)	(7.35)	(7.55)	53.62	(5.9)	74,447	0.31	1.35(c)	3
2014	64.82	0.19	3.02	3.21	3.21	(0.17)	(2.98)	(3.15)	64.88	4.9	110,428	0.28	1.35	5
2013	51.52	0.20	16.32	16.52	16.52	(0.23)	(2.99)	(3.22)	64.82	32.4	112,707	0.33	1.35	7
Class C														
2017	\$49.72	\$(0.32)	\$ 9.91	\$ 9.59	\$ 9.59	—	\$(5.03)	\$(5.03)	\$54.28	19.3%	\$ 63,821	(0.59)%	2.10%(c)	2%
2016	50.87	(0.08)	5.57	5.49	5.49	—	(6.64)	(6.64)	49.72	10.8	72,850	(0.16)	2.11(c)	3
2015	62.21	(0.27)	(3.72)	(3.99)	(3.99)	—	(7.35)	(7.35)	50.87	(6.6)	96,670	(0.44)	2.10(c)	3
2014	62.58	(0.30)	2.91	2.61	2.61	—	(2.98)	(2.98)	62.21	4.1	125,548	(0.47)	2.10	5
2013	50.01	(0.24)	15.80	15.56	15.56	—	(2.99)	(2.99)	62.58	31.4	104,620	(0.41)	2.10	7
Class I														
2017	\$53.22	\$ 0.23	\$10.68	\$10.91	\$10.91	\$(0.25)	\$(5.03)	\$(5.28)	\$58.85	20.5%	\$ 587,964	0.40%	1.10%(c)	2%
2016	54.01	0.47	5.95	6.42	6.42	(0.57)	(6.64)	(7.21)	53.22	11.8	494,078	0.84	1.11(c)	3
2015	65.33	0.37	(3.94)	(3.57)	(3.57)	(0.40)	(7.35)	(7.75)	54.01	(5.6)	480,480	0.57	1.10(c)	3
2014	65.25	0.35	3.06	3.41	3.41	(0.35)	(2.98)	(3.33)	65.33	5.2	374,638	0.52	1.10	5
2013	51.82	0.36	16.42	16.78	16.78	(0.36)	(2.99)	(3.35)	65.25	32.7	280,250	0.60	1.10	7
Class T(d)														
2017	\$58.51	\$(0.05)	\$ 5.65	\$ 5.60	\$ 5.60	\$(0.17)	\$(5.03)	\$(5.20)	\$58.91	9.6%	\$ 1	(0.15)%(e)	1.35%(e)	2%

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

(a) Per share amounts have been calculated using the average shares outstanding method.

(b) Amount represents less than \$0.005 per share.

(c) The Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. For the years ended December 31, 2017, 2016, and 2015, there was no impact on the expense ratios.

(d) Class T Shares were initially offered on July 5, 2017.

(e) Annualized.

See accompanying notes to financial statements.

The Gabelli Asset Fund

Notes to Financial Statements

1. Organization. The Gabelli Asset Fund was organized on November 25, 1985 as a Massachusetts business trust. On July 5, 2017, the Fund began to offer for sale Class T Shares. The Fund is a diversified open-end management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”). The Fund’s primary objective is growth of capital. The Fund commenced investment operations on March 3, 1986.

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

Security Valuation. Portfolio securities listed or traded on a nationally recognized securities exchange or traded in the U.S. over-the-counter market for which market quotations are readily available are valued at the last quoted sale price or a market’s official closing price as of the close of business on the day the securities are being valued. If there were no sales that day, the security is valued at the average of the closing bid and asked prices or, if there were no asked prices quoted on that day, then the security is valued at the closing bid price on that day. If no bid or asked prices are quoted on such day, the security is valued at the most recently available price or, if the Board of Trustees (the “Board”) so determines, by such other method as the Board shall determine in good faith to reflect its fair market value. Portfolio securities traded on more than one national securities exchange or market are valued according to the broadest and most representative market, as determined by Gabelli Funds, LLC (the “Adviser”).

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market, but prior to the close of business on the day the securities are being valued. Debt obligations for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price, unless the Board determines such amount does not reflect the securities’ fair value, in which case these securities will be fair valued as determined by the Board. Certain securities are valued principally using dealer quotations. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded. OTC futures and options on futures for which market quotations are readily available will be valued by quotations received from a pricing service or, if no quotations are available from a pricing service, by quotations obtained from one or more dealers in the instrument in question by the Adviser.

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

The Gabelli Asset Fund

Notes to Financial Statements (Continued)

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

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

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments in securities by inputs used to value the Fund's investments as of December 31, 2017 is as follows:

	Valuation Inputs			Total Market Value at 12/31/17
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks:				
Aerospace	\$ 39,564,870	—	\$115,897	\$ 39,680,767
Airlines	—	\$ 155,000	—	155,000
Business Services	75,995,749	—	0	75,995,749
Energy and Utilities	91,200,551	—	0	91,200,551
Financial Services	296,125,498	92,125	—	296,217,623
Manufactured Housing and Recreational Vehicles	5,224,525	392,500	—	5,617,025
Other Industries (a)	2,198,153,618	—	—	2,198,153,618
Total Common Stocks	2,706,264,811	639,625	115,897	2,707,020,333
Closed End Funds (a)	9,930,633	—	—	9,930,633
Preferred Stocks (a)	—	577,014	—	577,014
Rights (a)	—	—	200	200
Warrants (a)	369,000	—	—	369,000
TOTAL INVESTMENTS IN SECURITIES – ASSETS	\$2,716,564,444	\$1,216,639	\$116,097	\$2,717,897,180

(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 year ended December 31, 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

The Gabelli Asset Fund

Notes to Financial Statements (Continued)

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

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

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

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

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

Restricted Securities. The Fund may invest up to 10% of its net assets in securities for which the markets are restricted. Restricted securities include securities whose disposition is subject to substantial legal or contractual restrictions. The sale of restricted securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national

The Gabelli Asset Fund

Notes to Financial Statements (Continued)

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. For the restricted securities the Fund held at December 31, 2017, refer to the Schedule of Investments.

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 an accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on the ex-dividend date, except for certain dividends from foreign securities that are recorded as soon after the ex-dividend date as the Fund becomes aware of such dividends.

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

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

Distributions to Shareholders. Distributions to shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under GAAP. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income for federal income tax purposes include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. Permanent differences were primarily due to utilization of tax equalization and prior year long term capital gain reversal on real estate investment trusts. These reclassifications have no impact on the NAV of the Fund. For the year ended December 31, 2017, reclassifications were made to increase distributions in excess of net investment income by \$400,306 and increase distributions in excess of net realized gain on investments and foreign currency transactions by \$16,930,773, with an offsetting adjustment to paid-in capital.

The Gabelli Asset Fund

Notes to Financial Statements (Continued)

The tax character of distributions paid during the years December 31, 2017 and 2016 was as follows:

	<u>Year Ended</u> <u>December 31, 2017</u>	<u>Year Ended</u> <u>December 31, 2016</u>
Distributions paid from:*		
Ordinary income (inclusive of short term capital gains)	\$ 5,513,510	\$ 20,874,585
Net long term capital gains	<u>232,578,711</u>	<u>305,510,473</u>
Total distributions paid	<u>\$238,092,221</u>	<u>\$326,385,058</u>

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

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

As of December 31, 2017, the components of accumulated earnings/losses on a tax basis were as follows:

Net unrealized appreciation on investments and foreign currency translations	\$1,796,899,080
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At December 31, 2017, the differences between book basis and tax basis net unrealized appreciation were primarily due to mark-to-market adjustments on investments considered passive foreign investment companies, deferral of losses from wash sales for tax purposes, and basis adjustments on investments in partnerships.

The following summarizes the tax cost of investments and the related net unrealized appreciation at December 31, 2017:

	<u>Cost</u>	<u>Gross</u> <u>Unrealized</u> <u>Appreciation</u>	<u>Gross</u> <u>Unrealized</u> <u>Depreciation</u>	<u>Net Unrealized</u> <u>Appreciation</u>
Investments	\$921,001,020	\$1,828,127,928	\$(31,231,768)	\$1,796,896,160

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 year ended December 31, 2017, the Fund did not incur any income tax, interest, or penalties. As of December 31, 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 Gabelli Asset Fund

Notes to Financial Statements (Continued)

The Fund pays each Trustee who is not considered an affiliated person an annual retainer of \$18,000 plus \$2,000 for each Board meeting attended. Each Trustee is reimbursed by the Fund for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$500 per meeting attended and the Chairman of the Audit Committee and the Lead Trustee each receives an annual fee of \$2,000. The Chairman of the Proxy Voting Committee and Nominating Committee each receives \$1,000 annually. A Trustee may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. Trustees who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

4. Distribution Plan. The Fund's Board has adopted a distribution plan (the "Plan") for each class of shares, except Class I Shares, pursuant to Rule 12b-1 under the 1940 Act. Under the Class AAA, Class A, Class C, and Class T Share Plans, payments are authorized to G.distributors, LLC (the "Distributor"), an affiliate of the Adviser, at annual rates of 0.25%, 0.25%, 1.00%, and 0.25%, 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 year ended December 31, 2017, other than short term securities and U.S. Government Obligations, aggregated \$54,995,855 and \$445,539,668, respectively.

6. Transactions with Affiliates and Other Arrangements. During the year ended December 31, 2017, the Fund paid \$177,064 in brokerage commissions on security trades to G.research, LLC, an affiliate of the Adviser. Additionally, the Distributor retained a total of \$10,584 from investors representing commissions (sales charges and underwriting fees) on sales and redemptions of Fund shares.

During the year ended December 31, 2017, the Fund engaged in sales transactions with funds that have a common investment adviser. These sales transactions complied with Rule 17a-7 under the Act and amount to \$3,286.

During the year ended December 31, 2017, the Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. The amount of such expenses paid through this directed broker arrangement during this period was \$18,218.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement. During the year ended December 31, 2017, the Fund paid or accrued \$45,000 to the Adviser in connection with the cost of computing the Fund's NAV.

7. Line of Credit. The Fund participates in an unsecured line of credit, which expires on March 8, 2018 and may be renewed annually, of up to \$75,000,000 under which it may borrow up to 10% of its net assets from the custodian for temporary borrowing purposes. Borrowings under this arrangement bear interest at a floating rate equal to the higher of the overnight Federal Funds rate plus 125 basis points or the 30 day LIBOR plus 125 basis points in effect on that day. This amount, if any, would be included in "Interest expense" in the Statement of Operations. At December 31, 2017, there was \$31,850,000 outstanding under the line of credit.

The average daily amount of borrowings outstanding under the line of credit during the year ended December 31, 2017 was \$4,936,981 with a weighted average interest rate of 2.37%. The maximum amount borrowed at any time during the year ended December 31, 2017 was \$47,641,000.

The Gabelli Asset Fund

Notes to Financial Statements (Continued)

8. Shares of Beneficial Interest. The Fund offers five classes of shares – Class AAA Shares, Class A Shares, Class C Shares, Class I Shares, and Class T Shares. Class AAA and Class I Shares are offered without a sales charge. Class A Shares and Class T Shares are subject to a maximum front-end sales charge of 5.75% and 2.50%, respectively. 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 years ended December 31, 2017 and 2016, if any, can be found in the Statement of Changes in Net Assets under Redemption Fees.

Transactions in shares of beneficial interest were as follows:

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Shares	Amount	Shares	Amount
Class AAA				
Shares sold.....	457,799	\$ 26,337,153	727,117	\$ 40,706,434
Shares issued upon reinvestment of distributions.....	2,559,280	151,256,170	4,134,942	221,094,414
Shares redeemed.....	(6,421,901)	(373,347,733)	(7,920,727)	(444,187,525)
Net decrease.....	<u>(3,404,822)</u>	<u>\$(195,754,410)</u>	<u>(3,058,668)</u>	<u>\$(182,386,677)</u>
Class A				
Shares sold.....	61,828	\$ 3,551,182	127,239	\$ 7,060,121
Shares issued upon reinvestment of distributions.....	50,505	2,954,019	111,933	5,925,759
Shares redeemed.....	(511,739)	(29,008,666)	(549,681)	(30,270,109)
Net decrease.....	<u>(399,406)</u>	<u>\$ (22,503,465)</u>	<u>(310,509)</u>	<u>\$ (17,284,229)</u>
Class C				
Shares sold.....	88,247	\$ 4,743,068	110,681	\$ 5,730,572
Shares issued upon reinvestment of distributions.....	88,624	4,822,031	143,563	7,156,612
Shares redeemed.....	(466,453)	(25,210,005)	(689,239)	(36,065,825)
Net decrease.....	<u>(289,582)</u>	<u>\$ (15,644,906)</u>	<u>(434,995)</u>	<u>\$ (23,178,641)</u>
Class I				
Shares sold.....	2,005,140	\$ 116,932,196	1,715,387	\$ 97,316,436
Shares issued upon reinvestment of distributions.....	782,917	46,176,445	1,031,108	55,017,188
Shares redeemed.....	(2,080,694)	(121,200,808)	(2,359,482)	(133,318,165)
Net increase.....	<u>707,363</u>	<u>\$ 41,907,833</u>	<u>387,013</u>	<u>\$ 19,015,459</u>
Class T(a)				
Shares sold.....	17	\$ 1,000	—	—
Shares issued upon reinvestment of distributions.....	2	89	—	—
Net increase.....	<u>19</u>	<u>\$ 1,089</u>	<u>—</u>	<u>—</u>

(a) Class T Shares were initially offered on July 5, 2017.

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

The Gabelli Asset Fund

Notes to Financial Statements (Continued)

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

The Gabelli Asset Fund

Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of
The Gabelli Asset Fund:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of The Gabelli Asset Fund (the “Fund”) as of December 31, 2017, the related statement of operations for the year ended December 31, 2017, the statement of changes in net assets for each of the two years in the period ended December 31, 2017, including the related notes, and the financial highlights for each of the periods indicated therein (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2017, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2017 and the financial highlights for each of the periods indicated therein in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2017 by correspondence with the custodian and transfer agent. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, New York
February 27, 2018

We have served as the auditor of one or more investment companies in Gabelli/GAMCO Fund Complex since 1986.

The Gabelli Asset Fund

Additional Fund Information (Unaudited)

The business and affairs of the Fund are managed under the direction of the Fund's Board of Trustees. Information pertaining to the Trustees and officers of the Fund is set forth below. The Fund's Statement of Additional Information includes additional information about the Fund's Trustees and is available without charge, upon request, by calling 800-GABELLI (800-422-3554) or by writing to The Gabelli Asset Fund at One Corporate Center, Rye, NY 10580-1422.

<u>Name, Position(s) Address¹ and Age</u>	<u>Term of Office and Length of Time Served²</u>	<u>Number of Funds in Fund Complex Overseen by Trustee</u>	<u>Principal Occupation(s) During Past Five Years</u>	<u>Other Directorships Held by Trustee⁴</u>
INTERESTED TRUSTEES³:				
Mario J. Gabelli, CFA Trustee and Chief Investment Officer Age: 75	Since 1986	32	Chairman, Chief Executive Officer, and Chief Investment Officer— Value Portfolios of GAMCO Investors, Inc. and Chief Investment Officer— Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc.; Director/ Trustee or Chief Investment Officer of other registered investment companies within the Gabelli/GAMCO Fund Complex; Chief Executive Officer of GGCP, Inc.; Executive Chairman of Associated Capital Group, Inc.	Director of Morgan Group Holdings, Inc. (holding company); Chairman of the Board and Chief Executive Officer of LICT Corp. (multimedia and communication services company); Director of CIBL, Inc. (broadcasting and wireless communications); Director of ICTC Group Inc. (communications)
John D. Gabelli Trustee Age: 73	Since 1999	10	Senior Vice President of G.research, LLC	—
INDEPENDENT TRUSTEES⁵:				
Anthony J. Colavita Trustee Age: 82	Since 1989	28	President of the law firm of Anthony J. Colavita, P.C.	—
James P. Conn Trustee Age: 79	Since 1992	27	Former Managing Director and Chief Investment Officer of Financial Security Assurance Holdings Ltd. (1992-1998)	—
Kuni Nakamura Trustee Age: 49	Since 2009	33	President of Advanced Polymer, Inc. (chemical manufacturing company); President of KEN Enterprises, Inc. (real estate)	—
Anthony R. Pustorino Trustee Age: 92	Since 1986	10	Certified Public Accountant; Professor Emeritus, Pace University	Director of The LGL Group, Inc. (diversified manufacturing) (2004-2011)
Werner J. Roeder Trustee Age: 77	Since 2001	23	Retired physician; Former Vice President of Medical Affairs (Medical Director) of New York Presbyterian/Lawrence Hospital (1999-2014)	—
Anthonie C. van Ekris Trustee Age: 83	1986-1989 1992-present	22	Chairman and Chief Executive Officer of BALMAC International, Inc. (global import/export company)	—
Salvatore J. Zizza Trustee Age: 72	1986-1996 2000-present	30	President of Zizza & Associates Corp. (private holding company); Chairman of Harbor Diversified, Inc. (pharmaceuticals); Chairman of BAM (semiconductor and aerospace manufacturing); Chairman of Bergen Cove Realty Inc.; Chairman of Metropolitan Paper Recycling Inc. (recycling) (2005-2014)	Director and Vice Chairman of Trans-Lux Corporation (business services); Director and Chairman of Harbor Diversified Inc. (pharmaceuticals)

The Gabelli Asset Fund

Additional Fund Information (Continued) (Unaudited)

<u>Name, Position(s) Address¹ and Age</u>	<u>Term of Office and Length of Time Served²</u>	<u>Principal Occupation(s) During Past Five Years</u>
OFFICERS:		
Bruce N. Alpert President Age: 66	Since 2006	Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988; Officer of registered investment companies within the Gabelli/GAMCO Fund Complex; Senior Vice President of GAMCO Investors, Inc. since 2008
John C. Ball Treasurer Age: 41	Since 2017	Treasurer of all the registered investment companies within the Gabelli/GAMCO Fund Complex since 2017; Vice President and Assistant Treasurer of AMG Funds, 2014-2017; Vice President of State Street Corporation, 2007-2014
Agnes Mullady Vice President Age: 59	Since 2006	Officer of all of the registered investment companies within the Gabelli/GAMCO Fund Complex since 2006; President and Chief Operating Officer of the Fund Division of Gabelli Funds, LLC since 2015; Chief Executive Officer of G.distributors, LLC since 2010; Senior Vice President of GAMCO Investors, Inc. since 2009; Vice President of Gabelli Funds, LLC since 2007; Executive Vice President of Associated Capital Group, Inc. since 2016
Andrea R. Mango Secretary Age: 45	Since 2013	Vice President of GAMCO Investors, Inc. since 2016; Counsel of Gabelli Funds, LLC since 2013; Secretary of all registered investment companies within the Gabelli/GAMCO Fund Complex since 2013; Vice President of all closed-end funds within the Gabelli/GAMCO Fund Complex since 2014; Corporate Vice President within the Corporate Compliance Department of New York Life Insurance Company, 2011-2013
Richard J. Walz Chief Compliance Officer Age: 58	Since 2013	Chief Compliance Officer of all of the registered investment companies within the Gabelli/GAMCO Fund Complex since 2013; Chief Compliance Officer of AEGON USA Investment Management, 2011-2013

¹ Address: One Corporate Center, Rye, NY 10580-1422, unless otherwise noted.

² Each Trustee will hold office for an indefinite term until the earliest of (i) the next meeting of shareholders, if any, called for the purpose of considering the election or re-election of such Trustee and until the election and qualification of his or her successor, if any, elected at such meeting, or (ii) the date a Trustee resigns or retires, or a Trustee is removed by the Board of Trustees or shareholders, in accordance with the Fund's By-Laws and Declaration of Trust. Each officer will hold office for an indefinite term until the date he or she resigns or retires or until his or her successor is elected and qualified.

³ "Interested person" of the Fund as defined in the 1940 Act. Messrs. Mario J. Gabelli and John D. Gabelli, who are brothers, are each considered an "interested person" because of their affiliation with Gabelli Funds, LLC which acts as the Fund's investment adviser.

⁴ This column includes only directorships of companies required to report to the SEC under the Securities Exchange Act of 1934, as amended, i.e., public companies, or other investment companies registered under the 1940 Act.

⁵ Trustees who are not interested persons are considered "Independent" Trustees.

THE GABELLI ASSET FUND

2017 TAX NOTICE TO SHAREHOLDERS (Unaudited)

For the year ended December 31, 2017, the Fund paid to shareholders ordinary income distributions (comprised of net investment income) totaling \$0.091, \$0.071, \$0.249, and \$0.173 per share for Class AAA, Class A, Class I and Class T Shares, respectively, and long term capital gains totaling \$232,578,711, or the maximum allowable. The distribution of long term capital gains has been designated as a capital gain dividend by the Fund's Board of Trustees. For the year ended December 31, 2017, 100% of the ordinary income distribution qualifies for the dividends received deduction available to corporations. The Fund designates 100% of the ordinary income distribution as qualified dividend income pursuant to the Jobs and Growth Tax Relief Reconciliation Act of 2003. The Fund designates 0.02% of the ordinary income distribution as qualified interest income pursuant to the Tax Relief, Unemployment Reauthorization, and Job Creation Act of 2010. The Fund designates 0.00% of the ordinary income distribution as qualified short term gain pursuant to the American Jobs Creation Act of 2004.

U.S. Government Income:

The percentage of the ordinary income distribution paid by the Fund during the year ended December 31, 2017 which was derived from U.S. Treasury securities was 0.00%. Such income is exempt from state and local tax in all states. However, many states, including New York and California, allow a tax exemption for a portion of the income earned only if a mutual fund has invested at least 50% of its assets at the end of each quarter of the Fund's fiscal year in U.S. Government securities. The Gabelli Asset Fund did not meet this strict requirement in 2017. The percentage of U.S. Government securities held as of December 31, 2017 was 0.00%. Due to the diversity in state and local tax law, it is recommended that you consult your personal tax adviser as to the applicability of the information provided to your specific situation.

All designations are based on financial information available as of the date of this annual report and, accordingly, are subject to change. For each item, it is the intention of the Fund to designate the maximum amount permitted under the Internal Revenue Code and the regulations thereunder.

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.

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

Portfolio Management Team Biographies

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

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

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

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

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

THE GABELLI ASSET FUND

One Corporate Center
Rye, New York 10580-1422

t 800-GABELLI (800-422-3554)
f 914-921-5118
e info@gabelli.com
GABELLI.COM

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

BOARD OF TRUSTEES

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

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

James P. Conn
Former Chief Investment
Officer,
Financial Security Assurance
Holdings Ltd.

John D. Gabelli
Senior Vice President,
G.research, LLC

Kuni Nakamura
President,
Advanced Polymer, Inc.

Anthony R. Pustorino
Certified Public Accountant,
Professor Emeritus,
Pace University

Werner J. Roeder
Former Medical Director,
Lawrence Hospital

Anthonie C. van Ekris
Chairman,
BALMAC International, Inc.

Salvatore J. Zizza
Chairman,
Zizza & Associates Corp.

OFFICERS

Bruce N. Alpert
President

John C. Ball
Treasurer

Agnes Mullady
Vice President

Andrea R. Mango
Secretary

Richard J. Walz
Chief Compliance Officer

DISTRIBUTOR

G.distributors, LLC

CUSTODIAN

State Street Bank and Trust
Company

TRANSFER AGENT AND DIVIDEND DISBURSING AGENT

DST Asset Manager
Solutions Inc.

LEGAL COUNSEL

Skadden, Arps, Slate, Meagher &
Flom LLP

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

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GABELLI
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THE GABELLI ASSET FUND

*Annual Report
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