The Gabelli ABC Fund

Merger Arbitrage – "The Deal Fund"

Shareholder Commentary – March 31, 2018

(Y)our Portfolio Management Team

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Chief Investment Officer

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Ms. Pitaro is a graduate of Columbia Business School, Loyola University of Chicago and Fordham University.

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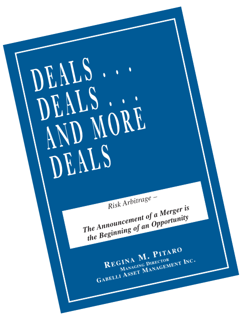
Analyst
Mr. Magrini is a graduate of Fordham University.

Geoffrey P. Astle
Analyst
Mr. Astle is a graduate of Fairfield University.



"Give a man a fish and you feed him for a day.
Teach him how to arbitrage and you feed him forever."
– Warren Buffett

To Our Shareholders,

For the quarter ended March 31, 2018, the net asset value ("NAV") per Class AAA Share of The Gabelli ABC Fund decreased 0.1% compared with a decrease of 0.8% for the Standard & Poor's ("S&P") Long-Only Merger Arbitrage Index. The performance of the ICE Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index for the quarter was 0.4%. Another class of shares is available. See page 2 for performance information for both share classes.

Commentary

Corporations and financial sponsors were busy in the first quarter of 2018 as merger and acquisition (M&A) activity moved at a record setting pace. Global transaction volume totaled $1.2 trillion in the first quarter, representing a 60% year over year increase and the strongest first quarter on record[1]. The surge in global deal activity was driven by larger transactions. There were forty-nine deals announced in the quarter that were valued at more than $5 billion, representing $699.1 billion in total value, three times the 2017 levels. That is the highest number and the largest total value of "mega" deals on record ever announced in a first quarter.

[1]Thomson Reuters Mergers & Acquisitions Review – First Quarter 2018

Average Annual Returns through March 31, 2018 (a) (Unaudited)

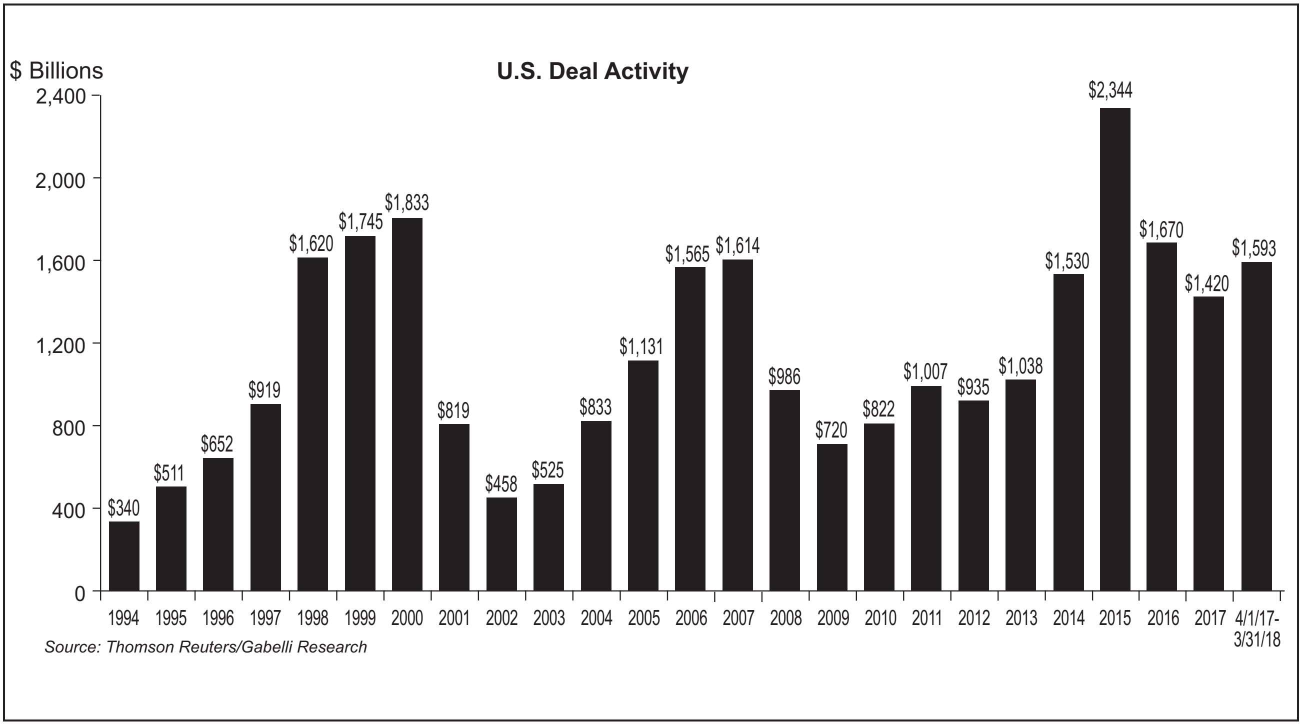
	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (5/14/93)
AAA Shares (GABCX)	(0.10)%	1.51%	2.34%	2.90%	3.87%	5.59%
Advisor Shares (GADVX)	(0.19)	1.22	2.09	2.65	3.68	5.48
S&P Long-Only Merger Arbitrage Index	(0.78)	2.26	3.29	3.57	N/A(b)	N/A(b)
Lipper U.S. Treasury Money Market Fund Average	0.23	0.64	0.15	0.15	0.93	2.14(c)
ICE Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index	0.35	1.11	0.34	0.34	1.28	2.59
S&P 500 Index	(0.76)	13.99	13.31	9.49	10.10	9.61(c)

In the current prospectuses dated April 30, 2018, the expense ratios for the Class AAA and the Advisor Class Shares, are 0.57% and 0.82% respectively. The Fund does not have a sales charge.

(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, 2007. 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 Long-Only Merger Arbitrage Index is comprised of a maximum of 40 large and liquid stocks that are active targets in pending merger deals. The Lipper U.S. Treasury Money Market Fund Average reflects the average performance of mutual funds classified in this particular category. The ICE Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month, that issue is sold and rolled into the outstanding Treasury Bill that matures closest to, but not beyond three months from the rebalancing date. To qualify for selection, an issue must have settled on or before the rebalancing (month end) date. 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. Dividends are considered reinvested except for the Bank of America Merrill Lynch 3 Month U.S. Treasury Bill 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 the Advisor Class Shares on May 1, 2007. The actual performance of the Advisor Class Shares would have been lower due to the additional expenses associated with this class of shares.

(b) S&P Long-Only Merger Arbitrage Index inception date is January 17, 2008.

(c) Lipper U.S. Treasury Money Market Fund Average and the S&P 500 Index since inception performance returns are as of April 30, 1993.


U.S. Deal Activity
$ Billions
2,400
2,000
1,600
1,200
800
400
0
$340
$511
$652
$919
$1,620
$1,745
$1,833
$819
$458
$525
$833
$1,131
$1,565
$1,614
$986
$720
$822
$1,007
$935
$1,038
$1,530
$2,344
$1,670
$1,420
$1,593
1994
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2002
2003
2004
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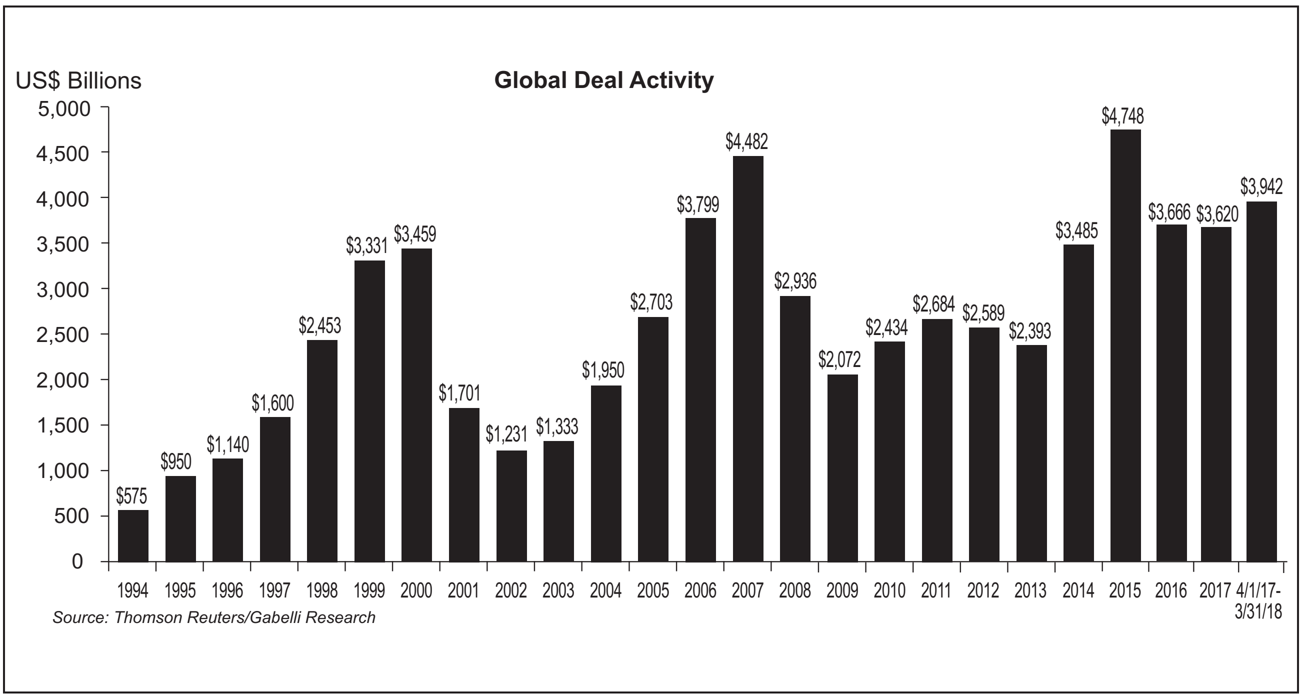
Source: Thomson Reuters/Gabelli Research


Global Deal Activity
US$ Billions
5,000
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
$575
$950
$1,140
$1,600
$2,453
$3,331
$3,459
$1,701
$1,231
$1,333
$1,950
$2,703
$3,799
$4,482
$2,936
$2,072
$2,434
$2,684
$2,589
$2,393
$3,485
$4,748
$3,666
$3,620
$3,942
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
4/1/17-3/31/18
Source: Thomson Reuters/Gabelli Research

It should be noted, that despite the record breaking nature of the quarter, there were weak spots, including an 11% year over year decline in the number of deals announced. But it is evident that the weak spots were few and far between. This was further reinforced by record deal activity for European targets, which totaled $471 billion in the quarter and record cross-border deal activity, which totaled $520.1 billion. Strength in cross-border M&A was underpinned by a wave in outbound European acquisitions, which totaled $314.7 billion in the quarter, more than double 2017 levels. M&A in the United States was not record setting, but the $443.7 billion in announced deals during the quarter represented a 59% year over year increase.

The Energy & Power sector took part in the record breaking frenzy. M&A in the sector totaled $176.8 billion during the quarter, the highest volume for the first time on record. Overall deal activity was also driven by the Industrials and Healthcare sectors, which each contributed 12% to M&A in the quarter.

The Federal Reserve raised its benchmark interest rate by 25 basis points in the first quarter to a target range of 1.50% to 1.75%. As the Federal Reserve continues to raise rates, it is important to recall that historically there has been a positive correlation between interest rates and arbitrage spreads. This is due to the fact that the spread is driven by the risks inherent to a particular deal as well as the risk-free rate. Typically, as the risk-free rate rises, so do annualized spreads. Corporations have had high cash balances and an appetite to grow inorganically since quantitative easing took effect in 2008. These two factors will be magnified as businesses begin to digest the effects of U.S. tax reform. The new tax law will charge a 21% corporate tax rate and one time repatriation charges of 15.5% for cash and 8% for illiquid assets overseas. These lower rates will allow corporations to expand their cash balances and unlock cash overseas. Management teams will deploy the additional excess capital in shareholder friendly ways, and we anticipate that this will continue to drive M&A into the future.

Done Deals

Advanced Accelerator Application SA (AAAP) is a St-Genis-Pouilly, France based pharmaceuticals company focused on nuclear medicine theragnostics. On October 30, 2017, AAAP agreed to be acquired by Novartis AG for $41 cash per ordinary share and $82 cash per ADS, valuing the company's equity at $3.9 billion. Completion of the deal required the tender of at least 80% of AAAP shares and certain regulatory approvals. The deal closed on January 22, 2018 and the Fund earned a 5.97% annualized return.

Amplify Snack Brands Inc. (BETR) is an Austin, Texas based snack company with a portfolio of better-for-you brands that includes SkinnyPop, Oatmega, and Lisa's Chips. On December 18, 2017, BETR agreed to be acquired by The Hershey Company for $12 per share in cash, representing a $1.6 billion total enterprise value. Completion of the deal required the tender of a simple majority of BETR shares outstanding and regulatory approvals. The transaction closed on January 31, 2018 and the Fund earned a 1.81% annualized return.

Bob Evans Farms Inc. (BOBE) is a New Albany, Ohio based food services company. BOBE produces and distributes frozen and refrigerated food items throughout the United States. On September 19, 2017, BOBE agreed to be acquired by Post Holdings Inc. for $77 cash per share. The deal valued Bob Evans at $1.6 billion and required regulatory and shareholder approvals. It closed on January 16, 2018 and the Fund earned a 2.17% annualized return.

Buffalo Wild Wings (BWLD) is a Minneapolis, Minnesota based restaurant owner and franchisor, operating 1,250 Buffalo Wild Wings Restaurants globally. On November 28, 2017, BWLD agreed to be acquired by Arby's Restaurant Group for $157 per share in cash, valuing the company at $2.9 billion. The transaction required regulatory and shareholder approvals and closed on February 6, 2018. The Fund earned a 2.69% annualized return.

Calpine Corporation (CPN) is a Houston, Texas based electric utilities company that owns and operates 80 power plants in North America. On August 18, 2017, CPN agreed to be acquired by Energy Capital Partners and a consortium of investors led by Access Industries and the Canada Pension Plan Investment Board for $15.25 cash per share representing a $5.6 billion equity value. The transaction required shareholder and regulatory approvals and closed on March 8, 2018. The Fund earned a 3.37% annualized return.

Exactech Inc. (EXAC) is a Gainesville, Florida based medical device company that develops orthopedic implant devices and other instruments used in surgery. On October 23, 2017, EXAC agreed to be taken private by TPG Capital for $42 per share in cash which valued the company at $625 million. On December 4, 2017, EXAC entered into an amended merger agreement with TPG Capital which increased the consideration to EXAC shareholders to $49.25 per share in cash, representing a $737 million total enterprise value, after another bidder emerged. The transaction required regulatory and shareholder approvals and closed on February 15, 2018. The Fund earned a 56.18% annualized return.

Key Technology Inc. (KTEC) is a Walla Walla, Washington based automation systems manufacturer of food processing technology. On January 25, 2018, KTEC agreed to be acquired by Duravant LLC for $26.75 per share in cash, representing a transaction value of $175 million. Completion of the deal required the tender of a simple majority of KTEC shares outstanding and regulatory approvals. The transaction closed on March 21, 2018 and the Fund earned a 3.62% annualized return.

Regal Entertainment Group (RGC) is a Knoxville, Tennessee based movie theatre chain that operates one of the largest theater circuits in the United States. On December 5, 2017, RGC agreed to be acquired by Cineworld Group PLC for $23 per share in cash, representing a total transaction value of $5.9 billion. The deal required shareholder and regulatory approvals and closed on March 1, 2018. The Fund earned a 9.99% annualized return.

Snyder's-Lance Inc. (LNCE) is a Charlotte, North Carolina based snack company with a portfolio of salty snack brands, including Snyder's of Hanover, Kettle, and Cape Cod. On December 18, 2017, LNCE agreed to be acquired by Campbell Soup Company for $50 per share in cash, representing a $4.9 billion equity valuation. The deal required shareholder and regulatory approvals, and closed on March 27, 2018. The Fund earned a 4.09% annualized return.

Pipeline

Blue Buffalo Pet Products Inc. (0.2% of net assets as of March 31, 2018) (BUFF – $39.81 – NASDAQ) is a Wilton, Connecticut based pet food company that develops and sells food products under its various BLUE brand lines, including BLUE Life Protection Formula, BLUE Wilderness, BLUE Basics, BLUE Freedom and BLUE Natural Veterinary Diet. On February 23, 2018, BUFF agreed to be acquired by General Mills, Inc. (GIS) for $40 per share in cash, valuing the company at $8 billion. GIS received the necessary shareholder vote from Invus LP and the founding Bishop family, but the transaction still requires regulatory approvals and is expected to close by the end of May 2018.

Callidus Software Inc. (0.3%) (CALD – $35.95 – NASDAQ) is a Dublin, California based enterprise software company that provides cloud based solutions around sales data. On January 29, 2018 CALD agreed to be acquired by SAP SE for $36 per share in cash, representing $2.4 billion total enterprise value. The transaction requires shareholder and regulatory approvals, and is expected to close in the coming weeks.

CSRA Inc. (3.2%) (CSRA – $41.23 – NYSE) is a Falls Church, Virginia based IT company that provides services to enterprises and government agencies, including the NSA. On February 12, 2018, CSRA agreed to be acquired by General Dynamics for $40.75 per share in cash. On March 18, 2018, CACI International offered to acquire CSRA for $15 per share in cash and 0.184 CACI shares, representing a total consideration of $44 per share. In response, General Dynamics increased its all-cash offer to $41.25 per share and, subsequently, CACI dropped out of the bidding war. General Dynamic's new offer requires the tender of a simple majority of CSRA shares outstanding and regulatory approvals. The transaction is expected to close in the coming weeks.

DST Systems Inc. (2.6%) (DST – $83.65 – NYSE) is a Kansas City, Missouri based information processing company that provides data management and other services to the healthcare and financial services sectors. On January 11, 2018, DST agreed to be acquired by SS&C Technologies Holdings Inc. for $84 per share in cash, representing a $5.4 billion total enterprise value. The transaction requires DST shareholder approval and regulatory clearances. The transaction is expected to close in the third quarter of 2018.

Fenner PLC (0.6%) (FENR – $8.54/£6.09 – London Stock Exchange) is a Hessle, England based polymer manufacturer. On March 19, 2018, FENR agreed to be acquired by Michelin for £6.10 per share in cash. The transaction will be implemented by a scheme of arrangement and requires regulatory approvals. It is expected to close in the second quarter of 2018.

General Cable Corp. (0.5%) (BGC – $29.60 – NYSE) is Highland Heights, Kentucky based cable manufacturer that sells fiber optic, copper, and aluminum cables to the telecom, industrial, and construction sectors. On December 4, 2017, BGC agreed to be acquired by Prysmian Group for $30 per share in cash, representing a $3 billion total enterprise value. The transaction requires shareholder and regulatory approvals, and is expected to close in the third quarter of 2018.

MuleSoft Inc. (less than 0.1%) (MULE – $43.98 – NYSE) is a San Francisco, California based software company that developed the Anypoint Platform, which creates a connected network for its customers. On March 20, 2018, MULE agreed to be acquired by Salesforce for $36 in cash and 0.0711 CRM shares, representing a total value $6.5 billion. The deal requires the tender of a simple majority of MULE shares outstanding and regulatory approvals. It is expected to close in the second quarter of 2018.

Orbital ATK Inc. (1.1%) (OA – $132.61 – NYSE) is a Dulles, Virginia based aerospace and defense company. On September 18, 2017, OA agreed to be acquired by Northrop Grumman Corp. for $134.50 per share in cash, representing a $7.8 billion equity valuation. OA shareholders have approved the merger. Regulatory approvals are still pending and the transaction is expected to close in the first half of 2018.

Rockwell Collins Inc. (0.1%) (COL – $134.85 – COL) is a Cedar Rapids, Iowa based aerospace and defense company. On September 4, 2017, COL agreed to be acquired by United Technologies Corp. for $93 per share in cash and $46.67 in UTC stock, representing a $23 billion equity valuation. The deal requires shareholder and regulatory approvals, and is expected to close in the third quarter of 2018.

Validus Holdings Ltd. (0.2%) (VR – $67.45 – NYSE) is a Pembroke, Bermuda based insurance and reinsurance holding company. On January 22, 2018 VR agreed to be acquired by American International Group for $68 per share in cash, representing a $5.56 billion transaction value. The transaction requires shareholder and regulatory approvals, and is expected to close in mid-2018.

XL Group Ltd. (1.5%) (XL – $55.26 – NYSE) is a Hamilton, Bermuda based insurance and reinsurance company. On March 5, 2018, XL agreed to be acquired by AXA for $57.60 per share in cash representing total consideration of $15.3 billion. The deal is subject to shareholder and regulatory approvals, and is expected to close in the second half of 2018.

April 25, 2018

Top Ten Holdings (Percent of Net Assets)
March 31, 2018

Lennar Corp.	3.8%	Parmalat SpA	1.7%
CSRA Inc.	3.2%	XL Group Ltd.	1.5%
DST Systems Inc.	2.6%	Time Warner Inc.	1.3%
BlackHawk Network Holdings Inc.	2.5%	Orbital ATK Inc.	1.1%
Westar Energy Inc.	1.8%	Naturex	1.1%

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

Merger Arbitrage Risk. The principal risk associated with the Fund's investment strategy is that certain of the proposed reorganizations in which the Fund invests may involve a longer time frame than originally contemplated or be renegotiated or terminated, in which case losses may be realized. The Fund invests all or a portion of its assets to seek short term capital appreciation. This can be expected to increase the portfolio turnover rate and cause increased brokerage commission costs.

FOR THE BENEFICIAL OWNERS

The Gabelli ABC Fund remains open to new investors with the following characteristics:

Direct Ownership – Class AAA (GABCX)

- Purchases may be made through G.distributors, LLC or directly through the Fund's Transfer Agent or through brokers that have entered into selling agreements specifically with respect to Class AAA Shares; and
- The minimum *initial* investment is $10,000; and
- The Fund may involuntarily redeem shares through brokers or financial consultants in omnibus and individual accounts where the beneficial owner is not disclosed.

Ownership Through Intermediaries – Advisor Class (GADVX)

- The Advisor Share Class is available through brokers or financial intermediaries that have entered into selling agreements with G.distributors, LLC, specifically with respect to this share class; and
- The minimum *initial* investment is $10,000.

www.gabelli.com

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

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

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

e-delivery

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

Gabelli/GAMCO Funds and Your Personal Privacy

Who are we?

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

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

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

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

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

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

What do we do to protect your personal information?

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

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

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 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.

Ryan N. Kahn, CFA, is an analyst dedicated to the Gabelli merger arbitrage portfolios, specific to our U.S. open and closed end funds. He joined the team in 2013 after working as a generalist in the research department. Mr. Kahn earned a Bachelor of Science in Business Management from Babson College.

Gian Maria Magrini, CFA, is an analyst dedicated to the Gabelli merger arbitrage portfolios specific to our U.S. open and closed end funds. He joined the team in 2013 after serving various roles in the firm's operations and research departments. Mr. Magrini earned a Bachelor of Science in Finance from Fordham University.

Regina M. Pitaro is a Managing Director and Head of Institutional Marketing at GAMCO Investors, Inc. Ms. Pitaro joined the firm in 1984 and coordinates the organization's focus with consultants and plan sponsors. She also serves as a Managing Director and Director of GAMCO Asset Management, Inc. Ms. Pitaro holds an M.B.A. in Finance from the Columbia University Graduate School of Business, a Master's degree in Anthropology from Loyola University of Chicago, and a Bachelor's degree from Fordham University.

Geoffrey P. Astle is involved in the analytics and foreign and domestic trading for the Gabelli merger arbitrage portfolios, specific to our U.S. open and closed end funds. He has been associated in this capacity since 2007. Mr. Astle earned a Bachelor of Science in both Finance and Marketing from Fairfield University.

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

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THE GABELLI ABC FUND

Shareholder Commentary
March 31, 2018