

# The GAMCO Global Growth Fund

Shareholder Commentary – March 31, 2018

(Y)our Portfolio Management Team



**Caesar M. P. Bryan**  
Portfolio Manager



**Howard F. Ward, CFA**  
Portfolio Manager



**Christopher D. Ward, CFA**  
Research Analyst

## To Our Shareholders,

Thank you for your investment in the GAMCO Global Growth Fund.

For the quarter ended March 31, 2018, the net asset value (“NAV”) per Class I Share of The GAMCO Global Growth Fund increased 3.3% compared with a decrease of 1.0% for the Morgan Stanley Capital International (“MSCI”) All Country (“AC”) World Index. Other classes of shares are available. See page 2 for performance information for all classes.

After an unprecedented stretch of investor complacency, the first quarter of 2018 saw volatility return with a vengeance. The Tax Cuts and Jobs Act of 2017 (The Tax Act) fueled optimism to extreme levels entering the year. The American Association of Individual Investors (“AAII”) Bullish sentiment reached its highest reading since 2010. This optimism was reflected in the stock market as the S&P posted a price gain of 5.6%, the best in years. More often than not January sets the tone for how stocks do in the coming year. This phenomenon is known as The January Barometer, devised by Yale Hirsch in 1972 and published by the Stock Traders’ Almanac. Like other indicators, it isn’t perfect, but has been good enough to merit a mention here.

Unfortunately, January’s gains did not hold during February and March. Rising interest rates, fear of an accelerated Federal Reserve tightening pace and growing trade tensions weighed on the macro backdrop. Social media companies faced scrutiny over data sharing practices. Facebook (4.2% of net assets as of March 31, 2018) shares, which we own, stumbled when it was reported that a British political consulting firm, Cambridge Analytica, acquired Facebook user data in violation of Facebook’s policies. Meanwhile, Amazon (2.9%) has been the flavor of the month in the President’s Tweet storm. This confluence of events resulted in a down first quarter for the S&P for the first time since 2009. While the earnings outlook remains positive, we are concerned about the potential for a further derating of market valuation levels such as we saw in the first quarter. Investors are going to be tested this year.

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

	Quarter	1 Year	3 Year	5 Year	10 Year	15 Year	Since Inception (2/7/94)
<b>Class I (GGGIX)</b> . . . . .	3.33%	23.35%	9.86%	11.07%	7.68%	10.76%	9.29%
<b>Class AAA (GICPX)</b> . . . . .	3.17	22.60	9.11	10.44	7.23	10.44	9.09
MSCI AC World Index . . . . .	(1.03)	14.76	8.09	9.19	5.57	9.30	7.32(b)
Lipper Global Large-Cap Growth Fund Classification . . . . .	1.24	19.17	8.86	10.14	6.64	10.49	7.62
<b>Class A (GGGAX)</b> . . . . .	3.17	22.57	9.11	10.44	7.23	10.44	9.10
With sales charge (c) . . . . .	(2.76)	15.52	6.98	9.14	6.60	10.01	8.83
<b>Class C (GGGCX)</b> . . . . .	2.99	21.67	8.29	9.61	6.43	9.62	8.49
With contingent deferred sales charge (d) . . . . .	1.99	20.67	8.29	9.61	6.43	9.62	8.49

**In the current prospectuses dated April 30, 2018, the gross expense ratios for Class AAA, A, C, and I Shares are 1.67%, 1.67%, 2.42%, and 1.42%, respectively, and the net expense ratios for these share classes after contractual reimbursements by Gabelli Funds, LLC, (the "Adviser") are 1.67%, 1.67%, 2.42%, and 1.00%, respectively. Class AAA and Class I Shares do not have a sales charge. The maximum sales charge for Class A Shares and Class C Shares is 5.75% and 1.00%, respectively.**

- (a) *Returns represent past performance and do not guarantee future results. Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit [www.gabelli.com](http://www.gabelli.com) for performance information as of the most recent month end. Returns for Class I Shares would have been lower had the Adviser not reimbursed certain expenses. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at [www.gabelli.com](http://www.gabelli.com). Investing in foreign securities involves risks not ordinarily associated with investments in domestic issues, including currency fluctuation, economic, and political risks. The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class A Shares, Class C Shares, and Class I Shares on March 2, 2000, March 12, 2000, and January 11, 2008, respectively. The actual performance of the Class A and Class C Shares would have been lower due to the additional fees and expenses associated with these classes of shares. The actual performance of Class I Shares would have been higher due to lower expenses related to this class of shares. The MSCI AC World Index is an unmanaged market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI AC World Index consists of 45 country indices comprising 24 developed and 21 emerging market country indices. The Lipper Global Large-Cap Growth Fund Classification reflects the performance of mutual funds classified in this particular category. Dividends are considered reinvested. You cannot invest directly in an index.*
- (b) MSCI AC World Index since inception performance is a blend of Gross Performance excluding applicable taxes and Net Performance. This benchmark's Net Performance began on December 29, 2000.
- (c) Performance results include the effect of the maximum 5.75% sales charge at the beginning of the period.
- (d) Assuming payment of the 1% maximum contingent deferred sales charge imposed on redemptions made within one year of purchase.

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

## **The Economy**

Since our last quarterly commentary at year end, growth expectations have modestly improved. According to the Bloomberg economic survey, real gross domestic product ("GDP") growth is now pegged at 2.8% for this year, compared to expectations of 2.6% three months ago. The first quarter is looking like 2.5% but a seasonal bounce is expected in the second quarter, which may represent peak growth for the year at or around 3.0%. Despite a low 4.1% unemployment rate, which could drop below 4.0% by the time you read this, consumer spending has been disappointing, falling below trend-line in recent months. We still expect capital expenditures to get a boost from corporate tax reform but CEO confidence has rolled over and may slip further in the wake of the ongoing battle over the terms of trade.

Earnings should be a positive influence on stocks this year but may not be positive enough if interest rates waggle their way much higher. S&P operating earnings were about \$132 last year (reported earnings were lower mostly due to taxes required on foreign profits to pave the way for repatriation of overseas cash). Prior to tax reform the estimate for 2018 was about \$145 or a gain of 10%. Tax reform boosted expected earnings by about 7.5%, to \$156, for a gain of 18% for 2018 operating income. While it is a little early to focus on expected earnings in 2019, we must work that number into our thoughts as it is paramount to understanding where the market should be trading at year end. Right now earnings estimates for 2019 look like \$172, for a gain of about 10% from the \$156 expected this year. Let me emphasize that any 2019 estimates are quite tentative at this point. With the Federal Reserve slowly taking away the punch bowl and trade negotiations heating up, we must be cognizant of the potential for some negative earnings estimate revisions.

The Federal Reserve Board began tightening monetary policy in December 2015. The Federal Reserve has raised the Federal Funds rate six times so far, with the latest boost in March. The Federal Reserve has telegraphed at least two more increases this year and it continues to slowly shrink its balance sheet via quantitative tightening ("QT"). While the exact path of interest rates is uncertain, especially for longer dated maturities, we expect a tightening of monetary conditions, expressed primarily via rising rates, to become a headwind for stocks at some point. This happens as rising rates slows economic activity and ultimately makes bonds and/or short-term money instruments more attractive relative to stocks, especially for risk averse investors. We note that the yield on ten year Treasury bonds was 2.0% last September, 2.4% at year end and is currently 2.8%.

## **The Markets**

Volatility will remain elevated as the market adjusts to a tighter monetary background that has already resulted in higher rates across the yield curve spectrum and a softening in global PMIs. Last quarter we warned of an imminent pullback in stocks of at least 5%. The good news is we got a full 10% correction which was a painful but necessary evil. We know from history that price to earnings multiples have contracted eight of the last eight Federal Reserve tightening cycles. So far this year we have lost two multiple points, bringing forward multiples close to historic averages, so it looks like the most recent Federal Reserve tightening cycles are now nine for nine in terms of clipping stock valuations.

Right now we don't believe bond yields are headed materially higher anytime soon. Core inflation readings remain subdued and wage rate gains, which feed core inflation, have yet to spike to levels like 4% which would warrant greater concern. Additionally, long term bond yields are correlated with global economic

growth prospects, which seem to have declined, given three consecutive declines in the Global PMI. It is unlikely the ten year Treasury will reach a yield as much as 3.25% over the balance of this year unless wage rates surge in a manner we have not seen and are not expecting at this time. The last time the ten year yield reached 3.0% was 2013 and stocks sold at 15 times forward earnings, not far from where they are today.

If the market can maintain its current multiple of 16.5 times next 12 months earnings and if 2019 earnings expectations are realized (\$172 per share), this would suggest a year end S&P target of 2838, about 6.5% higher than today's level of 2667. This is a nice rate of return if not heroic. We have been spoiled by the 19% compound growth rate of stock prices since the March, 2009 bottom. That level of return is grossly unsustainable.

There is obviously headline risk, or should we say Tweet risk, associated with the trade war banter flying between Washington and Beijing. We have already experienced that. It is hard to speculate on the final outcome given the posturing and negotiating taking place not just with China but on multiple fronts with multiple trading partners. The stock market is no fan of tariffs and trade wars. The unintended consequences are risky. With trade comprising 60% of global GDP you get a sense of how a trade war could negatively impact global growth. Trade could be a game changer for our relatively constructive view on the economy and stocks. We cannot adequately handicap this ongoing very public drama.

## **Portfolio Observations**

We eliminated six holdings during the quarter and added eight for a net increase of two, resulting in 73 companies in the portfolio. We sold Ecolab after its shares reached a very full valuation. We exited Biogen and Roche given pipeline concerns which raise questions about future growth rates. Bristol-Myers Squibb was sold due to uncertainty over the FDA approval of certain key indications for its Opdivo immunotherapy drug. Siemens was sold due to slowing growth in Germany. Secom, a Japanese company, has been a disappointment and was sold.

New positions were established in health care names Edwards Lifesciences (0.9% of net assets as of March, 31, 2018) (less invasive heart surgery technology) and Illumina (1.0%) (next gen DNA sequencing). In financial services, we acquired new positions in BlackRock (0.4%) (asset management – mutual funds, ETFs & separate accounts) and Blackstone (0.3%) (largest private equity firm). We established a position in Accenture (1.0%) , a leading provider of technology consulting and outsourcing. We added PepsiCo (0.8%) (defensive consumer staples) and Kering (2.1%) (portfolio of luxury brands, notably Gucci). Finally, we started a position in Autodesk (0.4%), the leader in computer aided design software and tools for architectural and mechanical design. We typically start new positions on the small side but anticipate some of these names becoming much larger over time.

We increased a number of positions with the biggest increases in Danone (2.1%), Comcast (0.8%), Palo Alto Networks (0.5%), L'Oreal (3.3%) and Adidas (2.3%). We also reduced a number of positions, including American Tower (1.1%), Boeing (0.6%), Johnson & Johnson (0.8%), Rockwell Automation (0.5%) and Swatch Group (1.3%).

At quarter end we were overweight (relative to MSCI All Country World Index) consumer discretionary, information technology, consumer staples and health care. We were relatively neutral in real estate and underweight financials, industrials, energy, materials, telecommunication services and utilities. We continue to overweight the United States and the Eurozone, while maintaining an underweight in the emerging markets.

## Performance Commentary

Our top contributors to performance last quarter came from some of our largest holdings. Holdings with the most positive impact on performance for the quarter (based upon price change and the size of the holding), were, in order, Adobe (2.9% of net assets as of March 31, 2018), Amazon.com (2.9%), Keyence (3.9%), Adidas (2.3%), Microsoft (3.8%), Alibaba (3.1%), Zoetis (1.9%), Fanuc (3.5%), Mastercard (1.6%) and Netflix (0.5%).

Holdings that hurt performance the most were Facebook (4.2%), Comcast (0.8%), Nestle (1.8%), PepsiCo (0.8%), Rockwell Automation (0.5%), Ulta Beauty\*, Home Depot (1.4%), Disney\*, Danone (2.1%) and Parker-Hannifin (0.4%).

## In Conclusion

This is the most challenging environment we have had as investors since 2008. Expectations for earnings growth are high. Stock valuations are vulnerable to earnings disappointments and macro shocks. Should economic growth surprise to the upside – possible with tax cuts – interest rates may rise faster and farther than we expect, causing more P/E multiple contraction. With the unemployment rate hitting multiyear lows, wage rate gains may surprise to the upside. A trade war could ignite, and slow global growth. The Federal Reserve could over tighten as Federal Reserve Boards often do. Interest rates may surge higher in the second half of the year in response to the scheduled acceleration in both the Federal Reserve's QT and the Treasury's borrowing needs. What about the Mueller investigation? What about the mid-term elections? Will the nuclear deal with Iran be scuttled? Will new NSA head John Bolton be confrontational with Iran and (or) North Korea?

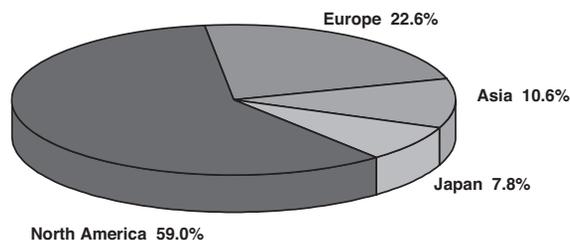
We are not market timers so we will stay the course but continue with a modest defensive tilt. This means we will remain underweighted in cyclical areas like industrials, materials and energy. The economy and stock market are exhibiting late cycle tendencies. At this stage, we prefer companies with less earnings variability and strong secular growth stories. Market timing is difficult and dangerous. We don't recommend it or practice it. For all of our concerns, the economy is doing pretty well and over time we believe stocks will too. That is not to say there won't be bumps along the way. Be prepared.

## Global Allocation

The accompanying chart presents the Fund's holdings by geographic region as of March 31, 2018. The geographic allocation will change based on current global market conditions. Countries and/or regions represented in the chart and discussed in this commentary may or may not be included in the Fund's future portfolio.

\*No longer held as of March 31, 2018

### HOLDINGS BY GEOGRAPHIC REGION



## Let's Talk Stocks

The following are stock specifics on selected holdings of our Fund. Favorable earnings prospects do not necessarily translate into higher stock prices, but they do express a positive trend that we believe will develop over time. Individual securities mentioned are not necessarily representative of the entire portfolio. For the following holdings, the percentage of net assets and their share prices stated in local currency and U.S. dollar equivalent terms are presented as of March 31, 2018.

*Adobe Systems Inc. (2.9% of net assets as of March 31, 2018) (ADBE – \$216.08 – NASDAQ)* is the global leader in digital marketing and digital media solutions. Adobe has the most comprehensive end-to-end solution for digital marketing. Its tools allow customers to create digital content, deploy it across media and devices, and measure and optimize it over time. Adobe has successfully transitioned from a product-based desktop business to a cloud-based subscription business. Over 80% of total revenue is now recurring and that number is poised to climb higher as 7 million customers worldwide are yet to migrate. The demand for design capabilities continues rising at a dramatic pace, as reflected in Adobe's large and growing total addressable market of \$64 billion in 2019.

*Alibaba Group (3.1%) (BABA – \$183.54 – NYSE)* operates the largest global ecommerce system and is a primary beneficiary of the growing, consumer-driven, middle class in China. In addition to the portfolio of ecommerce marketplace portals, Alibaba's ecosystem includes the largest third-party payment service provider in China (Alipay), online marketing technology platforms, and hyperscale public cloud computing similar to Amazon's AWS.

*Alphabet Inc. (3.9%) (GOOG/GOOGL – \$1,031.79/\$1,037.14 – NASDAQ)* is the parent company of Google, the world's leading Internet search engine. The company benefits from a powerful competitive moat in one of the best secular markets, digital advertising, in which Google maintains ~45% market share. The company generates revenue by providing advertisers the opportunity to deliver targeted and measurable advertising. Alphabet's healthy core search business has allowed the company to pursue new market opportunities such as streaming video (YouTube Red), life sciences (Verily), autonomous driving (Waymo) and a variety of other "moonshot" projects.

*Amazon.com Inc. (2.9%) (AMZN – \$1,447.34 – NASDAQ)* launched in 1995 as an online book retailer and has evolved into a dominant e-commerce platform and public cloud provider. Amazon's competitive advantage within e-commerce is Amazon Prime, which benefits from a virtuous cycle as the continuously expanding selection of inventory drives traffic, which attracts more sellers, who add yet more selection. Amazon continues to invest in the Prime value proposition (free and faster shipping, free video and music streaming, libraries of free books and magazines, and a host of other benefits). Prime members spend more than non-Prime customers and their purchasing volume tends to increase over time. In addition to its retailing operations, Amazon pioneered the concept of hyperscale public cloud with its Amazon Web Services (AWS) and continues to be the dominant market share leader within that rapidly growing industry. Amazon is benefitting from the secular trend of e-commerce (still only 13% of U.S. retail ex-gas, food and autos) and the transition from on-premise to public cloud data centers (only 10% of workloads have transition to the cloud).

*Facebook Inc.'s (4.2%) (FB – \$159.79 – NASDAQ)* mission is to give people the power to share and make the world more open and connected. Facebook's unique cache of user profiles creates a powerful targeted advertising platform. Facebook has over 2.1 billion monthly active users (MAUs) worldwide. Facebook continues to grow its worldwide user base largely driven by the proliferation of mobile devices in the emerging markets. Facebook is able to drive pricing power by continuously improving the effectiveness of its ads. Meanwhile, there remains runway to further monetize Facebook properties Instagram, Messenger and WhatsApp.

*FANUC Corp. (3.5%) (6954.T – \$249.71/¥26,570 – Tokyo Stock Exchange)* manufactures factory automation systems, equipment and robots, including robots used in precision assembly and injection molding machines. The company's tools are primarily used in the machine tool and automotive industries, with customers including OEMs GM, Ford and Volkswagen.

*KEYENCE Corp. (3.9%) (6861.T – \$615.57/¥65,500 – Tokyo Stock Exchange)* has steadily grown since 1974 to become an innovative leader in the development and manufacturing of industrial automation and inspection equipment worldwide. Products consist of code readers, laser markers, machine vision systems, measuring systems, microscopes, sensors, and static eliminators. Today, KEYENCE serves over 200,000 customers in 70 countries around the world.

*L'Oreal SA (3.3%) (OR – \$225.86/€183.56 – Euronext Paris)* is the leading premium beauty brand with a strong portfolio that includes Lancôme, Yves Saint Laurent, Giorgio Armani Beauty, Garnier and Kiehl's. The luxury cosmetics market grew approximately 9% in 2017, outpacing the total cosmetics market which itself grew an impressive 4%-5%. The beauty market is positioned for continued growth due to the emergence of new middle and upper classes, urbanization and aging populations. L'Oreal is well positioned in the e-commerce channel and we expect profits to benefit from increased direct-to-consumer sales.

*Microsoft Corp. (3.8%) (MSFT – \$91.27 – NASDAQ)* is the world's largest software company and develops software products for computing devices ranging from PC's to servers to its Xbox game console. Microsoft is transitioning into a subscription business with high recurring revenue. The transition from Office to cloud-based Office 365 is resulting in user base growth and per user pricing lift. Microsoft's Azure is emerging as a rapidly growing public cloud winner behind Amazon's AWS. The recent acquisition of LinkedIn will allow Microsoft to integrate data from LinkedIn's economic graph with Microsoft's professional cloud.

*Tencent Holdings (3.3%) (700HK – \$53.68/HKD 421.29 – Hong Kong Stock Exchange)*, headquartered in Shenzhen, is one of the largest internet companies in the world and the biggest computer game publisher in the world. The company infiltrates every aspect of digital life for the mobile-first Chinese consumer. Its offerings include social network platforms, instant messaging services, e-commerce marketplaces, online video games, mobile payment applications and online advertising. As of December 31, 2017, Tencent's QQ web portal had 783 million monthly active users (MAUs); the Weixin and WeChat apps, combined, had 989 million MAUs; Qzone, its social media network, had 563 MAUs.

April 25, 2018

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

Facebook Inc.	4.2%	L'oreal SA	3.3%
Keyence Corp.	3.9%	Tencent Holdings Ltd.	3.3%
Alphabet Group	3.9%	Alibaba Group	3.1%
Microsoft Corp.	3.8%	Amazon.com Inc.	2.9%
Fanuc Corp.	3.5%	Adobe Systems Inc.	2.9%

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

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

The Fund's minimum initial investment for regular accounts is \$1,000. There are no subsequent investment minimums. No initial minimum is required for those establishing an Automatic Investment Plan. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date of purchase. See the prospectuses for more details.

**[www.gabelli.com](http://www.gabelli.com)**

Please visit us on the Internet. Our homepage at [www.gabelli.com](http://www.gabelli.com) contains information about GAMCO Investors, Inc., the Gabelli/GAMCO Mutual Funds, IRAs, 401(k)s, current and historical quarterly reports, closing prices, and other current news.

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.

We welcome your comments and questions via e-mail at [info@gabelli.com](mailto:info@gabelli.com). You may sign up for our e-mail alerts at [www.gabelli.com](http://www.gabelli.com) and receive early notice of quarterly report availability, news events, media sightings, and mutual fund prices and performance.

**e-delivery**

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

**Multi-Class Shares**

GAMCO Global Series Funds began offering additional classes of Fund shares in March 2000. Class AAA Shares are no-load shares offered directly through selected broker/dealers. Class A and Class C Shares are targeted to the needs of investors who seek advice through financial consultants. Class I Shares are available directly through the Fund's distributor or brokers that have entered into selling agreements specifically with respect to Class I Shares. The Board of Directors determined that expanding the types of Fund shares available through various distribution options would enhance the ability of the Fund to attract additional investors.

## Gabelli/GAMCO Funds and Your Personal Privacy

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### **Who are we?**

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

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

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

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

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

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

### **What do we do to protect your personal information?**

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

**THE GAMCO GLOBAL GROWTH FUND**  
**One Corporate Center**  
**Rye, NY 10580-1422**

**Portfolio Management Team Biographies**

**Caesar M. P. Bryan** joined GAMCO Asset Management in 1994. He is a member of the global investment team of Gabelli Funds, LLC and portfolio manager of several funds within the Gabelli/GAMCO Funds Complex. Prior to joining Gabelli, Mr. Bryan was a portfolio manager at Lexington Management. He began his investment career in 1979 at Samuel Montagu Company, the London based merchant bank. Mr. Bryan graduated from the University of Southampton in England with a Bachelor of Law and is a member of the English Bar.

**Howard F. Ward, CFA**, joined Gabelli Funds in 1995 and currently serves as GAMCO's Chief Investment Officer of Growth Equities as well as a Gabelli Funds, LLC portfolio manager for several funds within the Gabelli/GAMCO Funds Complex. Prior to joining Gabelli, Mr. Ward served as Managing Director and Lead Portfolio Manager for several Scudder mutual funds. He also was the Investment Officer in the Institutional Investment Department with Brown Brothers, Harriman & Co. for four years. Mr. Ward received his BA in Economics from Northwestern University.

**Christopher D. Ward, CFA**, joined the GAMCO Growth Team in 2015 as Vice President and Research Analyst. Prior to joining GAMCO, Mr. Ward spent five years at Morgan Stanley Private Wealth Management where he served as Director of Business Strategy for The Apollo Group. Before joining Morgan Stanley, he was with the GFI Group, Inc., a wholesale institutional brokerage firm. Mr. Ward is a Chartered Financial Analyst and a member of the New York Society of Security Analysts. He graduated from Boston College with a BA in economics.

**GAMCO Global Series Funds, Inc.**  
**THE GAMCO GLOBAL GROWTH FUND**

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Net Asset Value per share available daily  
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preceded or accompanied by an effective prospectus.

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**GABELLI**  
FUNDS

# THE GAMCO GLOBAL GROWTH FUND

*Shareholder Commentary*  
*March 31, 2018*

# The GAMCO Global Growth Fund

## First Quarter Report — March 31, 2018

### (Y)our Portfolio Management Team



**Caesar M. P. Bryan**  
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### To Our Shareholders,

For the quarter ended March 31, 2018, the net asset value (“NAV”) per Class I Share of The GAMCO Global Growth Fund increased 3.3% compared with an decrease of 1.0% for the Morgan Stanley Capital International (“MSCI”) All Country (“AC”) World Index. Other classes of shares are available. See below for performance information for all classes of shares.

Enclosed is the schedule of investments as of March 31, 2018.

### Comparative Results

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

	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (2/7/94)
<b>Class I (GGGIX)</b> . . . . .	3.33%	23.35%	11.07%	7.68%	10.76%	9.29%
<b>Class AAA (GICPX)</b> . . . . .	3.17	22.60	10.44	7.23	10.44	9.09
MSCI AC World Index . . . . .	(1.03)	14.76	9.19	5.57	9.30	7.32(b)
Lipper Global Large-Cap Growth Fund Classification . . . . .	1.24	19.17	10.14	6.64	10.49	7.62
<b>Class A (GGGAX)</b> . . . . .	3.17	22.57	10.44	7.23	10.44	9.10
With sales charge (c) . . . . .	(2.76)	15.52	9.14	6.60	10.01	8.83
<b>Class C (GGGCX)</b> . . . . .	2.99	21.67	9.61	6.43	9.62	8.49
With contingent deferred sales charge (d) . . . . .	1.99	20.67	9.61	6.43	9.62	8.49

*In the current prospectuses dated April 30, 2018, the gross expense ratios for Class AAA, A, C, and I Shares are 1.67%, 1.67%, 2.42%, and 1.42%, respectively, and the net expense ratios for these share classes after contractual reimbursements by Gabelli Funds, LLC, (the “Adviser”) are 1.67%, 1.67%, 2.42%, and 1.00%, respectively. Class AAA and Class I Shares do not have a sales charge. The maximum sales charge for Class A Shares and Class C Shares is 5.75% and 1.00%, respectively.*

(a) Returns represent past performance and do not guarantee future results. Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit [www.gabelli.com](http://www.gabelli.com) for performance information as of the most recent month end. Returns for Class I Shares would have been lower had the Adviser not reimbursed certain expenses. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at [www.gabelli.com](http://www.gabelli.com). Investing in foreign securities involves risks not ordinarily associated with investments in domestic issues, including currency fluctuation, economic, and political risks. The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class A Shares, Class C Shares, and Class I Shares on March 2, 2000, March 12, 2000, and January 11, 2008, respectively. The actual performance of the Class A and Class C Shares would have been lower due to the additional fees and expenses associated with these classes of shares. The actual performance of Class I Shares would have been higher due to lower expenses related to this class of shares. The MSCI AC World Index is an unmanaged market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI AC World Index consists of 45 country indices comprising 24 developed and 21 emerging market country indices. The Lipper Global Large-Cap Growth Fund Classification reflects the performance of mutual funds classified in this particular category. Dividends are considered reinvested. You cannot invest directly in an index.

(b) MSCI AC World Index since inception performance is a blend of Gross Performance excluding applicable taxes and Net Performance. This benchmark’s Net Performance began on December 29, 2000.

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

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

# The GAMCO Global Growth Fund

## Schedule of Investments — March 31, 2018 (Unaudited)

Shares		Market Value	Shares		Market Value
	<b>COMMON STOCKS — 99.8%</b>		20,600	Zoetis Inc. ....	\$ 1,720,306
	<b>INFORMATION TECHNOLOGY — 35.7%</b>				<u>11,605,807</u>
5,800	Accenture plc, Cl. A .....	\$ 890,300			
12,400	Adobe Systems Inc.† .....	2,679,392		<b>CONSUMER STAPLES — 11.1%</b>	
15,400	Alibaba Group Holding Ltd., ADR† .....	2,826,516	2,400	Costco Wholesale Corp. ....	452,232
810	Alphabet Inc., Cl. A† .....	840,083	24,400	Danone SA .....	1,978,410
2,651	Alphabet Inc., Cl. C† .....	2,735,275	80,000	Davide Campari-Milano SpA .....	605,667
10,710	Apple Inc. ....	1,796,924	5,000	Henkel AG & Co. KGaA .....	629,919
7,000	Applied Materials Inc. ....	389,270	13,700	L'Oreal SA .....	3,094,266
3,000	Autodesk Inc.† .....	376,740	20,600	Nestlé SA .....	1,628,256
2,200	Broadcom Ltd. ....	518,430	7,200	PepsiCo Inc. ....	785,880
24,400	Facebook Inc., Cl. A† .....	3,898,876	5,156	Pernod Ricard SA .....	858,517
10,000	Fiserv Inc.† .....	713,100	9,900	Unicharm Corp. ....	285,551
5,800	Keyence Corp. ....	3,623,017			<u>10,318,698</u>
8,600	Mastercard Inc., Cl. A .....	1,506,376		<b>INDUSTRIALS — 8.4%</b>	
38,700	Microsoft Corp. ....	3,532,149	2,500	3M Co. ....	548,800
2,500	NVIDIA Corp. ....	578,975	12,700	FANUC Corp. ....	3,268,385
2,700	Palo Alto Networks Inc.† .....	490,104	2,900	Honeywell International Inc. ....	419,079
6,600	PayPal Holdings Inc.† .....	500,742	27,500	Jardine Matheson Holdings Ltd. ....	1,694,724
57,200	Tencent Holdings Ltd. ....	3,070,471	2,300	Parker-Hannifin Corp. ....	393,369
17,000	Visa Inc., Cl. A .....	<u>2,033,540</u>	2,500	Rockwell Automation Inc. ....	435,500
		<u>33,000,280</u>	1,600	Roper Technologies Inc. ....	449,104
			1,600	The Boeing Co. ....	524,608
	<b>CONSUMER DISCRETIONARY — 21.1%</b>				<u>7,733,569</u>
8,800	adidas AG .....	2,141,020		<b>FINANCIALS — 6.6%</b>	
1,870	Amazon.com Inc.† .....	2,706,526	600	BlackRock Inc. ....	325,032
240	Booking Holdings Inc.† .....	499,294	10,000	First Republic Bank .....	926,100
1,400	Charter Communications Inc., Cl. A† .....	435,708	17,500	HDFC Bank Ltd., ADR .....	1,728,475
2,000	Christian Dior SE .....	790,581	13,300	JPMorgan Chase & Co. ....	1,462,601
22,700	Comcast Corp., Cl. A .....	775,659	19,300	Schroders plc. ....	865,956
3,114	Compagnie Financiere Richemont SA .....	279,830	10,000	The Blackstone Group LP .....	319,500
4,080	Kering SA .....	1,956,840	10,100	The Charles Schwab Corp. ....	527,422
22,500	Luxottica Group SpA .....	1,397,805			<u>6,155,086</u>
8,300	LVMH Moet Hennessy Louis Vuitton SE .....	2,557,840		<b>REAL ESTATE — 2.8%</b>	
1,500	Netflix Inc.† .....	443,025	7,200	American Tower Corp., REIT .....	1,046,448
11,500	NIKE Inc., Cl. B .....	764,060	10,100	Crown Castle International Corp., REIT .....	1,107,061
22,600	Starbucks Corp. ....	1,308,314	2,400	SBA Communications Corp., REIT† .....	410,208
7,300	The Home Depot Inc. ....	1,301,152			<u>2,563,717</u>
14,200	The Swatch Group AG .....	1,190,846		<b>MATERIALS — 1.6%</b>	
9,700	The Walt Disney Co. ....	<u>974,268</u>		The Sherwin-Williams Co. ....	1,439,080
		<u>19,522,768</u>			
	<b>HEALTH CARE — 12.5%</b>		3,670		
9,000	Abbott Laboratories .....	539,280		<b>TOTAL COMMON STOCKS</b> .....	<u>92,339,005</u>
3,500	AbbVie Inc. ....	331,275			
5,400	Becton, Dickinson and Co. ....	1,170,180			
5,900	Danaher Corp. ....	577,669			
6,200	Edwards Lifesciences Corp.† .....	865,024			
6,000	Humana Inc. ....	1,612,980			
3,800	Illumina Inc.† .....	898,396			
5,500	Johnson & Johnson .....	704,825			
3,200	Thermo Fisher Scientific Inc. ....	660,672			
11,800	UnitedHealth Group Inc. ....	2,525,200			

See accompanying notes to schedule of investments.



## The GAMCO Global Growth Fund

### Notes to Schedule of Investments (Unaudited)

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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 schedule of investments. 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 schedule of investments.

**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 Directors (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. Such debt obligations are valued through prices provided by a pricing service approved by the Board. Certain securities are valued principally using dealer quotations.

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

## The GAMCO Global Growth Fund Notes to Schedule of Investments (Unaudited) (Continued)

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

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

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The closing price is adjusted from the local close, therefore, such securities are classified as Level 2 in the fair value hierarchy presented below. The summary of the Fund's investments in securities by inputs used to value the Fund's investments as of March 31, 2018 is as follows:

	Valuation Inputs		Total Market Value at 3/31/18
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	
<b>INVESTMENTS IN SECURITIES:</b>			
<b>ASSETS (Market Value):</b>			
Common Stocks (a)	\$60,421,104	\$31,917,901	\$92,339,005
U.S. Government Obligations	—	212,353	212,353
<b>TOTAL INVESTMENTS IN SECURITIES – ASSETS</b>	<b>\$60,421,104</b>	<b>\$32,130,254</b>	<b>\$92,551,358</b>

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

### Additional Information to Evaluate Qualitative Information.

**General.** The Fund uses recognized industry pricing services – approved by the Board and unaffiliated with the Adviser – to value most of its securities, and uses broker quotes provided by market makers of securities not valued by these and other recognized pricing sources. Several different pricing feeds are received to value domestic equity securities, international equity securities, preferred equity securities, and fixed income securities. The data within these feeds are ultimately sourced from major stock exchanges and trading systems where these securities trade. The prices supplied by external sources are checked by obtaining quotations or actual transaction prices from market participants. If a price obtained from the pricing source is deemed unreliable, prices will be sought from another pricing service or from a broker/dealer that trades that security or similar securities.

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

## The GAMCO Global Growth Fund

### Notes to Schedule of Investments (Unaudited) (Continued)

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

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

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

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

**Tax Information.** 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 GAMCO GLOBAL GROWTH FUND**  
**One Corporate Center**  
**Rye, NY 10580-1422**

**Portfolio Management Team Biographies**

**Caesar M. P. Bryan** joined GAMCO Asset Management in 1994. He is a member of the global investment team of Gabelli Funds, LLC and portfolio manager of several funds within the Gabelli/GAMCO Fund Complex. Prior to joining Gabelli, Mr. Bryan was a portfolio manager at Lexington Management. He began his investment career at Samuel Montagu Company, the London based merchant bank. Mr. Bryan graduated from the University of Southampton in England with a Bachelor of Law and is a member of the English Bar.

**Howard F. Ward, CFA**, joined Gabelli Funds in 1995 and currently serves as GAMCO's Chief Investment Officer of Growth Equities as well as a Gabelli Funds, LLC portfolio manager for several funds within the Gabelli/GAMCO Fund Complex. Prior to joining Gabelli, Mr. Ward served as Managing Director and Lead Portfolio Manager for several Scudder mutual funds. He also was an Investment Officer in the Institutional Investment Department with Brown Brothers, Harriman & Co. Mr. Ward received his BA in Economics from Northwestern University.

**Christopher D. Ward, CFA**, joined the GAMCO Growth Team in 2015 as Vice President and Research Analyst. Prior to joining GAMCO, Mr. Ward spent five years at Morgan Stanley Private Wealth Management where he served as Director of Business Strategy for The Apollo Group. Before joining Morgan Stanley, he was with the GFI Group, Inc., a wholesale institutional brokerage firm. Mr. Ward is a Chartered Financial Analyst and a member of the New York Society of Security Analysts. He graduated from Boston College with a BA in economics.

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

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This report is submitted for the general information of the shareholders of The GAMCO Global Growth 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 GAMCO GLOBAL GROWTH FUND

*First Quarter Report  
March 31, 2018*

