The Gabelli Utilities Fund

Shareholder Commentary
March 31, 2018

To Our Shareholders,

For the quarter ended March 31, 2018, the net asset value ("NAV") per Class AAA Share of The Gabelli Utilities Fund decreased 4.4% compared with a decrease of 3.3% for the Standard & Poor's ("S&P") 500 Utilities Index (SPU). Other classes of shares are available. See page 2 for performance information for all classes.

Utilities in Face of Fear and Volatility

In the first quarter of 2018, the S&P 500 Utilities Index (SPU) declined 4.1% (excluding dividends) compared to a 1.2% (excludes dividends) decline by the S&P 500. The SPU has corrected -11% from its all-time high (287.8) reached on November 14, 2017, while the S&P 500 has corrected 8% since reaching an all-time high on January 25, 2018. We attribute the healthy corrections (in the general market and utility stocks) to strong prior performance, relatively full valuations and concerns over the potential for a higher treasury yield curve. In addition, ongoing geopolitical risk has been amplified by recent "trade war" talk.

On March 21, 2018, the Federal Reserve raised the Federal Funds rate 0.25% to 1.50%-1.75%, marking the sixth rate increase in two-and-a-half years (three times in 2017). The 10 and 30-year U.S. Treasury bonds currently yield 2.8% and 3.0% compared to year-end levels of 2.41% and 2.74%, (2.45% and 3.10% at year-end 2016), respectively. Since the initial December 14, 2015 rate hike, the S&P Utilities Index returned 30.2%, the S&P 500 returned 33.9% and the long end of the yield curve flattened. We continue to emphasize that, while utility stocks are sensitive to interest rates, they are by no means bond proxies. Earnings and dividend growth rates primarily determine long term total returns and mitigate the negative impact of higher interest rates. As such, we consider the correction to be a buying opportunity for utility stocks.

Outlook: Infrastructure Investment Drives Earnings and Dividend Growth

The fundamentals of the utility sector are as strong as ever, including focused strategies, opportunities for infrastructure investment, improved regulatory principles, low natural gas prices, healthy balance sheets and investment grade credit ratings. Electric utility stocks offer a median current return of 3.4% and 5%-6% annual earnings and dividend growth, which is higher than forecast inflation of ~2% and historical 3%-4% growth rates. Further, utilities have no direct exposure to a global trade war, and could experience several near-term positive catalysts, including the potential for more constructive FERC-returns on equity (ROE), enhanced gas storage and pipeline acquisition opportunities, and ongoing improvement in renewable economics. Finally, the electric utility sector stands to benefit over the long term from a growing demand for electric vehicles.

Comparative Results

Average Annual Returns through March 31, 2018 (a)

	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (8/31/99)
Class AAA (GABUX)	(4.35)%	(0.36)%	5.93%	6.48%	9.40%	7.41%
S&P 500 Utilities Index	(3.30)	1.89	9.16	7.07	11.14	6.57
S&P 500 Index	(0.76)	13.99	13.31	9.49	10.10	5.82
Lipper Utility Fund Average	(2.57)	2.64	7.13	6.46	10.56	6.39
Class A (GAUAX)	(4.29)	(0.36)	5.94	6.48	9.40	7.42
With sales charge (b)	(9.79)	(6.09)	4.69	5.85	8.97	7.08
Class C (GAUCX)	(4.59)	(1.12)	4.84	5.68	8.57	6.75
With contingent deferred sales charge (c)	(5.54)	(2.11)	4.84	5.68	8.57	6.75
Class I (GAUIX)	(4.26)	(0.14)	6.19	6.74	9.58	7.55
Class T (GAUTX)	(4.36)	(0.48)	5.90	6.47	9.39	7.40
With sales charge (d)	(6.75)	(2.96)	5.37	6.20	9.21	7.40

In the current prospectuses dated April 30, 2018, the gross expense ratios for Class AAA, A, C, I, and T Shares are 1.37%, 1.37%, 2.12%, 1.12%, and 1.38%, 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, 2002. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at www.gabelli.com. The value of utility stocks generally changes as long term interest rates change. Funds investing in a single sector, such as utilities, may be subject to more volatility than funds that invest more broadly. The utilities industry can be significantly affected by government regulation, financing difficulties, supply or demand of services or fuel, and natural resources conservation.* The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class A Shares and Class C Shares on December 31, 2002, 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. The S&P 500 Utilities Index is an unmanaged market capitalization weighted index of large capitalization stocks that may include facilities generation and transmission or distribution of electricity, gas, or water. The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Lipper Utility Fund Average reflects the average performance of mutual funds classified in this particular category. Dividends are considered reinvested. You cannot invest directly in an index.

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

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

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

Monthly Distributions – $0.07 per share

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

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

Merger and Acquisition Activity Update

In the first quarter of 2018, two deals were announced, including Dominion Energy's (0.9% of net assets as of March 31, 2018) January 3, 2018 agreement to buy SCANA Corp (1.4%) (SCG) and SJW Corp's (0.6%) March 15, 2018 agreement to buy Connecticut Water Service (less than 0.1%). Several other deals closed including Vistra Energy's acquisition of Dynegy, Sempra Energy acquisition of ONCOR Electric Delivery and Energy Capital Partners acquisition of Calpine. Recent consolidation activity is outlined below:

Date	Buyer	Target Entity	Enterprise Value	Premium*
2/15/2018	SJW Corp (0.6%**)	Connecticut Water Svc (0.1%**)	$750 million	18%
1/3/2018	Dominion Energy (0.9%**)	SCANA (1.4%**)	$14.6 billion	31%
7/19/2017	Hydro One	Avista (1.2%**)	$5.3 billion	24%
1/26/17	AltaGas	WGL Resources (0.5%**)	$6.4 billion	12%

Deals Closed in 2016/2017/2018

Date	Buyer	Target Entity	Enterprise Value	Premium*
4/9/2018	Dynegy	Vistra Energy	$11.1 billion	12%
3/9/2018	Sempra Energy	Oncor	$18.8 billion	NA
3/8/2018	Energy Capital	Calpine	$5.6 billion	23%
9/20/2017	Steel River	DeltaGas	$258 million	17%
8/4/2017	First Reserve	Gas Natural	$196 million	39%
1/2/2017	Algonquin PU (0.3%**)	Empire District Electric	$2.4 billion	21%
10/14/16	Fortis (0.5%**)	ITC Holdings	$11.3 billion	14%
10/3/16	Duke Energy (1.8%**)	Piedmont Natural Gas	$6.7 billion	42%
9/16/16	Dominion Res. (0.9%**)	Questar Corp.	$6.0 billion	22%
9/12/16	Spire (0.7%**)	Energy South	$344 million	Private
7/1/16	Emera (0.5%**)	TECO Energy	$10.4 billion	31%
7/1/16	Southern Co. (1.5%**)	AGL Resources	$12 billion	38%
3/30/16	Macquarie (0.3%**)	CLECO	$4.7 billion	15%
3/23/16	Exelon (1.1%**)	Pepco Hldgs.	$11.9 billion	20%
2/12/16	Black Hills (2.0%**)	Source Gas	$1.89 billion	Private

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

** of net assets as of March 31, 2018.

For several decades, utility companies have acquired other utilities and utility assets for the sake of gaining economies of scale and efficiency. Since 1995, the electric utility sector has experienced over 140 acquisition announcements and over 100 completed deals. The electric and gas utility sector remains fragmented, with over 50 electric utilities and 20 gas utilities. The long term consolidation trend has benefited shareholders, as some premiums have been significant. We attribute the recent acceleration of activity to the low interest rate environment, desire for scale in the face of ongoing infrastructure investment, and the emergence of the Canadian utilities.

Our portfolios include small-to-mid-cap utilities with earnings and dividend growth potential that could attract premiums. More significant takeover premiums are normally associated with fundamentally sound, reasonably priced, mid-cap and small-cap utilities. Attractive takeover characteristics include constructive regulatory environments, healthy service areas, transmission growth potential, low carbon footprints, strategic geographies, or a particularly stressful situation. Given the significant long term demand for natural gas, we consider most gas distribution utilities, particularly those with pending pipeline development projects, to be highly coveted.

FERC MLP Ruling Could Result in Storage and Pipeline Asset Sales

On March 15, 2018, FERC issued an order disallowing income tax allowance cost recovery for pipeline MLPs. A significant portion of U.S. oil and gas midstream assets (including storage and pipelines) operate under an MLP. The order led to significant declines for MLPs with exposure and raises the question as to the most economic ownership structure. Utilities are largely insulated from the decision and could benefit from potential assets sales (pipeline and storage) and a flow of funds from MLPs to dividend paying utility stocks.

Earnings and Dividend Growth Driven By Infrastructure Investment

The successful formula driving the strong earnings outlook remains: Investment Opportunities + Constructive Regulation = Earnings Growth. In 2017, electric utilities grew earnings by 3.8% despite mild weather (EIA: 9% decline in cooling degree days), which compares to 6.1% growth in 2016. Consensus estimates call for 5.4% EPS growth in 2018 followed by 5.5% in 2019, which is higher than historical growth of 3%-4%. We expect regulated electric, gas and water utilities to grow 2017-2020 EPS and dividends at the high end of the recent 4%-6% CAGR driven by ongoing infrastructure investment.

Edison Electric Institute (EEI) member utilities expects that sector capital investment totaled $123 billion in 2017, which would mark the fifth consecutive year of record investment. EEI forecasts investment of $114 billion in 2018 and $109 billion in 2019, but we expect higher levels given that individual company forecasts only reflect visible projects.

Tax Reform Benefit Both Utilities and Customers

After digesting recent U.S. tax reform, most utilities view the change as a modest positive. The lower corporate tax rate of 21%, down from 35%, will be passed on to customers through lower rates, which creates

“headroom” for future rate increases to recognize investment and grow earnings. Most utilities plan to request rate recognition of return-earning investments to offset the tax-related rate reduction. In other words, request rate increases for other investments to offset the rate decrease for tax reform, which results in a rate freeze but stronger earnings. According to a March 30, 2018 Regulatory Research Associates (RRA) article, the spring of 2018 represents one of the more active rate case filing seasons in some time.

The tax reform includes a “carve out” for regulated utilities to continue to deduct interest expense as well as state and local taxes and to expense 100% of capital investments, like other sectors. Lower accelerated deprecation leads to stronger rate base growth, but modestly weaker cash flows. For the few utilities with non-regulated businesses (Hawaiian Electric (2.5%), Otter-Tail Power (2.5%), Southwest Gas (4.9%)), the lower tax rate is a direct shareholder benefit.

The Great Power Generation Transformation; Renewable Flood

The North American and global power sector is undergoing an accelerated “greening”, including the rapid development of wind (including offshore wind) and solar generation and the retirement of older coal and nuclear units. In 2017, 36% (33% in 2016) of U.S. generation came from zero carbon emitting nuclear (20%), hydro (7%), and renewables (9%), 32% from low emitting natural gas, and 31% was derived from coal. In 1986, 58% of generation was from coal. In 2016, carbon dioxide was 25% below 2005 levels, sulfur dioxide down 91% and nitric oxide down 82%. There hasn’t been a coal plant built in more than five years, and, absent technological breakthroughs, there may never be another built. The nation’s nuclear plants continue to age, and the low cost of natural gas and renewables challenge the ongoing economics of upgrades.

Over 2018-2021, we expect 75 GWs (60 GWs over 2017-2020) of wind and 21 GWs of solar to be added to the roughly 1,200 GWs of current generating capacity. Cleaner generation is driven by the economics and efficiency of new gas plants and low gas prices, increasing state renewable portfolio standards, federal tax credits, public demands, and technology improvement. Cost declines have made large scale wind and solar farms competitive with new combined cycle gas plants. In addition, several New England states have put out RFPs for large scale offshore wind projects.

Currently 29 states have renewable portfolio standards (RPS), including California (80%) and Hawaii requiring (100%) by 2045. Many utilities and developers are rushing to meet safe harbor provisions of the late 2015 tax credit extensions, which allows the wind production tax credit (PTC) to continue but phase-out through 2020 (2016-100%, 2017-80%, 2018-60%, 2019-40%). Importantly, the safe harbor feature allows a project started in 2016/2017/2018/2019 and finished in 2020/2021/2022/2023 to qualify for 100%/80%/60%/40% PTC. The 30% solar investment tax credit extends through 2019, and will decline to 26% in 2020, 22% in 2021, and then permanently to 10% for commercial and 0% for residential.

Finally, the large commercial and industrial customer base is increasingly seeking to advertise progressive sustainable strategies, including owned or contracted renewable generation. The RE 100 is a collaborative, global initiative uniting more than 100 influential businesses (Apple, ABInBEv, Bank of America, Bloomberg, etc.) committed to 100% renewable electricity.

Battery Storage to ‘Disrupt’ the Power Sector

We believe large scale battery storage has the potential to revolutionize the power sector, driven by the proliferation of intermittent renewable generation and declining costs of both technologies. Storage’s unique beneficial qualities include the ability to absorb excess renewable energy and discharge that same energy when renewable resources are less available. Storage can provide peaking power, frequency and voltage support as well as seasonal load shifting capabilities. The pace of development and deployment is accelerating and lithium ion battery prices have declined significantly over the last several years.

Grid Modernization and Electrification

Electric demand growth has been relatively flat for several years due primarily to conservation and efficiency efforts. However, an increased push for electric vehicles (EVs) could create new demand for electricity, which would lead to strong sales growth as well as require a modernized electric grid. California is on pace to have a total of 2.8-4.2 million light-duty, zero-emission vehicles on the road by 2030 (California Energy Commission’s December 2017 forecast) compared to ~350,000 in use in 2017. Bloomberg Energy Finance forecasts that half of all new vehicles will be electric by 2040. Utilities and customers would experience significant benefits (savings and higher revenues) from large-scale off-peak charging.

Electric and gas distributions systems have aged, and require replacement even before the modernization required for renewable development, reliability concerns, power storage and electric vehicles. Electric, gas and water distribution investment is favored by investors given that most states allow automatic rate adjustments to encourage investment. Distribution investment represents a great source of earnings growth for years to come.

Regulatory Support Translates into EPS Growth

Public and political support of investment, combined with the low cost of natural gas, have allowed for an increasingly constructive regulatory environment. State PUCs’ regulatory principles have evolved to include numerous adjustments and mechanisms to address infrastructure investment, as well as rate design changes to address efficiency and distributed generation. Many state PUCs allow frequent (quarterly, semi-annual, or annual) rate adjustments for environmental, transmission, renewable, and other items, as well as “pass-through” for fuel, healthcare, and pension expenses. Given flattish demand growth and in order to encourage distributed generation and efficiency, many regulators have “decoupled,” or separated revenues from sales. The improved regulatory treatment results in a greater opportunity to earn the ROEs allowed, and results in “stair-step” earnings growth. We expect this level of investment to lead to the high end of 4%-6% annual earnings growth, which is in line with most utility management target growth rates.

Allowed Returns Lower but Favorable Relative to Interest Rates and Cost-of-Capital

Driven by declines in long term interest rate, allowed-ROEs have gradually declined over the past two decades to below 10.0%. In 2017, the average authorized allowed ROE was 9.6%, which is the lowest in 30 years, compared to 9.75% in 2016. Despite the declining ROE, the decreases in utility costs-of-capital have been even greater. The spread between the allowed-ROE and the 10 year U.S. Treasury yield has ranged between 700-850 basis points over the past few years, which is much better than the 400-600 basis points spread experienced in the 1990s.

New FERC Commissioners and Pending FERC Issues FERC

Following an extended period of vacancies at the five member FERC in 2017, we expect the newly appointed FERC commissioners to be more constructive in approving interstate gas and electric transmission development as well as addressing electric transmission ROE complaints. FERC's favorable, incentive oriented regulation make transmission investment one of the more compelling uses of capital for electric utilities. However, complaints for lower ROE have dampened enthusiasm for over the last few years. We consider it likely that the new FERC commissioners will award constructive ROE's as well as implement policy to end the pancaking of complaints, which would be favorable for future utility earnings growth.

Interest Rates, The Federal Reserve and Utility Stocks

Over the past two decades, a declining interest rate environment has aided utility multiple expansion. Electric utilities currently trade at 17.5x 2018 earnings estimates, which is more reasonable than the 21x multiple the group had reached in November 2017. Our fundamental enthusiasm is tempered by macro-concerns, specifically that lower corporate taxes could accelerate economic growth and lead to higher long-term interest rates, which would negatively impact valuation multiples. We take some comfort in the Federal Reserve's ongoing and vigilant fight to balance growth and inflation as well as the low global interest rate environment. The Federal Reserve remains in a tightening mode, which puts downward pressure on the longer end of the yield curve (flattens the curve). Factors that mitigate the negative impact of higher interest rates on utility share prices include:

- **Annual dividend hikes:** Utilities target annual dividend increases, which serve to mitigate the negative impact of higher rates. In 2017, electric utilities increased the annual dividend by a median of 5.9%.
- **ROE is set based on interest rates:** A utility's cost-of-capital, including equity returns (ROEs), is set by state PUCs and increases (decreases) as interest rates rise (fall).
- **Annual riders minimize inflation risk:** State PUCs and FERC regulatory principles have improved to include more frequent rate adjustments, which mitigate inflation risk.
- **Utility stocks pay higher dividends than other sectors:** The present value of a higher near term dividend stream is less impacted by changes in interest rates than a lower near term dividend stream.

The current 3.4% utility dividend return is more than 158% of the 2.8% yield on the 10 year U.S. Treasury bond, which is right at the twenty year median level. Utility dividend yield and ten year U.S. Treasury bond yield are highly correlated, and will likely remain so in the future, but utility stock prices, unlike Treasury bond prices, are likely to rise should earnings and dividends grow over time.

We remain enthused about the outlook for utility stocks. The fundamentals of the utility sector are as strong as ever, including focused strategies, opportunities for infrastructure investment, improved regulatory principles, low natural gas prices, healthy balance sheets and investment grade credit ratings. Electric utility stocks offer a median current return of 3.4% and 5%-6% annual earnings and dividend growth, which is higher than forecast inflation of ~2% and historical 3%-4% growth rates. We believe the recent correction provides a healthy buying opportunity.

Let's Talk Stocks

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

American Electric Power Co. Inc. (3.8% of net assets as of March 31, 2018) (AEP – $68.59 – NYSE) is one of the nation's largest electric utilities. It serves more than 5.4 million retail customers in 11 states (Ohio and Texas are the largest), owns approximately 26 GW of generating capacity, 40,000 miles of transmission lines (the nation's largest), and 223,000 miles of distribution lines. Following recent non-regulated power plant sales, AEP is focused on the regulated utility business with plans to invest $17.7 billion over the 2018-2020 time period in regulated assets, including 74% to retransmission and distribution. Management expects 5%-7% annual earnings growth, driven by capital investment and rate recovery, and sustainable cost controls. AEP Transco, a transmission development subsidiary, expects to grow earnings to $0.86-$0.99 per share by 2020 from $0.62 per AEP share in 2016, driven by an $8.4 billion transmission capital investment plan for 2018-2020. AEP currently pays an annual dividend of $2.48 per share representing a payout ratio of roughly 64% (using $3.85 per share, the midpoint of the 2018 earning guidance of $3.75-$3.95 per share), right at the targeted payout ratio of 60%-70%.

Edison International (3.1%) (EIX – $63.66 – NYSE) (Rosemead, California) EIX primary subsidiary Southern California Edison (SCE) is a regulated electric utility serving 5 million customers in Southern California. The utility is focused on growing its rate base by investing in infrastructure to meet the state's objectives regarding low-carbon, grid modernization, energy storage, and grid electrification. The California Public Utility Commission (CPUC) employs constructive regulatory mechanisms including forward-looking three-year rate plans, decoupled revenues, balancing accounts for sales, fuel and purchased power, energy efficiency and pension. SCE's 2018-2020 GRC request is pending, waiting decision, but the cost of capital proceeding resulted in a 10.3% allowed ROE (48% equity ratio) for 2018-2019. The 2018-2020 capital investment program

totals $13.7 billion and would result in 9.7% CAGR of rate base. EIX shares are depressed given uncertainty associated with potential liabilities from December 2017 wildfires, which caused considerable property damage. Under the state's unique inverse condemnation clause, SCE could be held liable even if SCE was not found negligible or imprudent. The state's utilities are challenging the clause and over the long term, we expect the state to employ a more rational approach.

El Paso Electric Co. (3.3%) (EE – $51.00 – NYSE) is a vertically integrated electric utility serving ~411,000 customers in and around El Paso, Texas and Las Cruces, New Mexico. Roughly 70% of capacity is natural gas and 30% nuclear. We consider El Paso Electric to be a well-managed, low risk, traditional utility investment, with solid earnings growth potential. We expect above average annual customer and sales growth, driven by military base expansion, increased cross border trade, customer additions, as well as an increased use of refrigerated air conditioning. Only 35% of El Paso residences have refrigerated air conditioning, but 99% of new residences install central air conditioning. Shares offer a 2.7% current return on the $1.34 per share annual dividend which we consider secure and growing.

Eversource Energy (3.7%) (ES – $58.92 – NYSE) is New England's largest electric and gas distribution utility and delivery system. ES is the product of a 2012 merger between Northeast Utilities, headquartered in Hartford, Connecticut, and NSTAR, headquartered in Boston, Massachusetts, creating a premier New England distribution utility. ES serves 3.6 million customers in Connecticut, New Hampshire, and Massachusetts. The company targets 5%–7% long term earnings growth driven by transmission investment, cost cutting opportunities, and oil-to-gas heat conversions in the Northeast. In late 2017, ES completed the acquisition of Aquarion Water Company in Connecticut, Massachusetts and New Hampshire for $1.6 billion. The company expects further transmission development as aging nuclear and coal facilities are replaced with renewables, including offshore wind generation. An ES/Orsted joint venture, Bay State Wind (BSW), has proposed a large scale offshore wind project (+/- 2,000 MW's) on 300 square miles south of Martha's Vineyard, Massachusetts. BSW submitted a 400 and 800-MW project into the Massachusetts 1,600 MW RFP (selection 4/23/2018) and will likely submit bids into pending Connecticut and Rhode Island RFPs.

National Fuel Gas Co. (7.8%) (NFG – $51.54 – NYSE) is a diversified natural gas company. NFG owns a regulated gas utility serving the region around Buffalo, New York, gas pipelines that move gas between the Midwest and Canada and from the Marcellus to the Northeast, gathering and processing systems, and an oil and gas exploration and production business. NFG's regulated utility and pipeline businesses, as well as its California oil production business, provide stable earnings and cash flows to support the dividend, while the natural gas production business offers significant upside potential. Natural gas prices have been depressed over the past few years, but NFG's net ownership of 785,000 acres in the Marcellus Shale, holds enormous natural gas reserve potential and the company has proven to be among the lower cost producers. We continue to expect above average long term earnings and cash flow growth from improving gas prices, growing gas production and strategically located pipeline expansion. The company has increased its dividend for 46 consecutive years.

PNM Resources (4.8%) (PNM – $38.25 – NYSE) (Albuquerque, New Mexico) is the holding company for regulated electric utilities Public Service Company of New Mexico (PSNM) and Texas-New Mexico Power Company (TNMP). PSNM serves 520,000 customers in and around Albuquerque, Rio Rancho and Santa Fe and owns 2,800 MWs (15% nuclear) of generation. TNMP is a distribution/transmission company and serves 247,000 customers in three non-contiguous areas of Texas. After considerable deliberation, PSNM finally received an order in its 2018 forward looking test year rate case. The order calls for a $58 million annual rate increase implemented in two phases ($29 million revenue increase in 2018 and an additional $29 million in 2019 based on a 9.575% allowed ROE. Higher rates are necessary to recognize its environmental plan, the addition of Palo Verde 3 at $1,118/kW ($150 million) into rate base, other investments, and declining sales. PNM targets earnings growth of 6% and provides 2018 and 2019 earnings guidance of $1.82-$1.92 per share and $2.04-$2.16 per share, respectively.

Southwest Gas Corp. (4.9%) (SWX – $67.63 – NYSE) is a natural gas distribution utility serving 1.9 million customers in geographically diverse portions of Arizona (~1.0 million, or 53%), Nevada (~700,000, or 37%), and California (~185,000, or 10%). SWX serves one of the faster growing service areas with above-average long term customer growth potential. SWX also owns Centuri Construction Group, a full service underground piping contractor that provides trenching and installation, replacement, and maintenance services for energy distribution systems. The pipeline construction business is growing strongly, given the industry's focus on safety related pipeline replacement programs. We consider SWX to be a high quality gas utility with a focused, low risk strategy and solid earnings outlook, driven by recent and future rate increases, expanded infrastructure tracking mechanisms, customer growth, and cost controls.

Vectren Corp. (2.2%) (VVC – $63.92 – NYSE) Based in Evansville, Indiana, VVC is the holding company for Indiana Gas (590,000 gas customers), Southern Indiana Gas & Electric (144,000 electric; 111,000 gas customers around Evansville), and Vectren Delivery of Ohio (316,000 gas customers) near Dayton, Ohio. The electric utility owns 1,300 MWs of generation, including 1,000 MWs of coal. The Non-Utility group includes Infrastructure Services (called VISCO and includes Miller Pipeline and Minnesota Limited) which performs pipeline replacement and maintenance for utilities and pipelines, and Energy Services (VESCO). VVC's 2018 earnings guidance is $2.80-$2.90 per share, including $2.20-$2.25 per share for the utility and $0.60-$0.65 per share for the non-utility. The company targets 6%-8% consolidated growth, including 5%-7% utility growth. Growth is driven by gas utility infrastructure investment and electric modernization as well as VISCO distribution pipe replacement.

WEC Energy Group Inc. (2.9%) (WEC – $62.70 – NYSE) is based in Milwaukee, Wisconsin. Following Wisconsin Energy Company's mid-2015 acquisition of Integrys Energy Group, the combined company's assets include Wisconsin Electric, the state's largest electric utility, with over 1.1 million electric customers and 1.1 million gas customers in southeastern, east central, and northern Wisconsin, and 400,000 electric customers and 1.7 million gas customers in Illinois, Michigan, Minnesota, and Wisconsin. Management forecasts the combined company growth rate at 5%-7% over the long term. Additionally, WEC has a 60% ownership stake in the American Transmission Corp., which provides another investment opportunity as well as financial engineering optionality.

Westar Energy, Inc. (3.8%) (WR – $52.59 – NYSE) (Topeka, Kansas) is an electric utility serving 700,000 customers in central and northeastern Kansas, including the cities of Topeka, Lawrence, Manhattan, and Hutchinson; and south-central and southeastern Kansas, including the city of Wichita. WR's 6,800 MW generation portfolio includes coal (75% of output), nuclear (13%), natural gas (10%) and wind. On May 31, 2016, WR announced a definitive agreement to be acquired by GXP for an enterprise value of $12.2 billion, or $60 per share. On July 10, 2017, WR and GXP amended the merger agreement where the two companies would combine via a merger of equals (MOE). WR shareholders would receive one share of the new company and GXP shareholders would receive 0.5891 shares. We expect this transaction to be approved, accretive in the first year, produce a higher growth rate, stronger credit profile and result in a higher dividend of $1.84 per share (from $1.60 per share) to WR holders. The companies expect the transaction to close in June of 2018 and be accretive (to respective stand-alone earnings) in the first year after closing and then generate 6%-8% annual earnings growth from 2016-2021, which is higher than the previous transaction projection of 5%-7% and stand-alone 4%-6% projections. GXP expects to have $1.25 billion in cash on its balance sheet which the combined company plans to use to buy back 30 million shares per year over the following two years. We consider the $60 per share price to be fair-to-full value and represents healthy multiples, including 2016 and 2017 P/Es of 24.0x and 23.1x, 2016 and 2017 EV/EBITDA of 11.1x and 10.6x, and price to book of 230% ($23.60 per share). We believe the combination makes great strategic sense since the two companies have contiguous service areas, own and operate the Wolf Creek Nuclear Generating Station, the La Cygne and Jeffrey power plants, and together would own one of the largest portfolios of wind generation in the country. We expect significant synergies and economies of scale.

April 25, 2018

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

Nextera Energy Inc.	7.9%	Westar Energy Inc.	3.8%
National Fuel Gas Co.	7.8%	Eversource Energy	3.7%
Southwest Gas Holdings Inc.	4.9%	El Paso Electric Co.	3.3%
PNM Resources Inc.	4.8%	Edison International	3.1%
American Electric Power Co.	3.8%	WEC Energy Group Inc.	2.9%

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

Minimum Initial Investment – $1,000

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

www.gabelli.com

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

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

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

e-delivery

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

Multi-Class Shares

The Gabelli Utilities Fund began offering additional classes of Fund shares on December 31, 2002. Class AAA Shares are no-load shares offered directly through selected broker/dealers. Class A, 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 that provide investment advisory services for a variety of clients.

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

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

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

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

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

What do we do to protect your personal information?

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

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

Portfolio Manager Biography

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

THE GABELLI UTILITIES FUND
One Corporate Center
Rye, NY 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.

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

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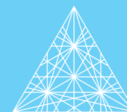

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THE GABELLI UTILITIES FUND

Shareholder Commentary
March 31, 2018