

# The Gabelli Dividend Growth Fund

Annual Report — December 31, 2016



**Barbara G. Marcin, CFA**  
**Portfolio Manager**

## **To Our Shareholders,**

For the year ended December 31, 2016, the net asset value (“NAV”) per Class AAA Share of The Gabelli Dividend Growth Fund increased 11.0% compared with an increase of 12.0% for the Standard & Poor’s (“S&P”) 500 Index. See page 3 for additional performance information.

Enclosed are the financial statements, including the schedule of investments, as of December 31, 2016.

## **Performance Discussion (Unaudited)**

The U.S. economy expanded at an annual rate of 2.9% in the third quarter of 2016. Economists had been expecting a somewhat lower growth rate of 2.5%. This was a pickup from the 1.4% growth pace of the second quarter and marked the strongest quarter of growth in two years. Consumer spending slowed to a 2.1% annual growth rate, while business spending rose for the second consecutive quarter. Soft business investment in recent quarters has been concerning, attributed to some degree by the weakness in the energy sector, which now appears poised to rebound. The housing sector remained soft. The improvement in third quarter GDP growth was narrowly based on two items: a sharp increase in net exports that contributed 0.83% to overall growth, and the reversal of recent inventory de-stocking as inventory accumulation added 0.61% to growth. Data released during the fourth quarter appears to indicate a moderately strong quarter, with consumer confidence picking up. Given that Donald Trump lost the popular vote, you might think that confidence would come down. However, the opposite happened, perhaps because the stock market rallied on the expectation of pro-business policies such as reduced taxes and regulation, and increased government spending. The direction and strength of the stock market is one of the biggest determinants of consumer confidence, with over 50% of U.S. households owning stocks.

We invest in companies to participate in the growth of their earnings and cash flow. We look for those companies that we believe will continue to return cash flow to shareholders through reinvestment in their businesses and higher share price valuation, as well as by growing their dividends. We look to build a steady component of not only current return from dividend yields, but also a rising dividend payout from most of our portfolio to contribute to the performance of the Fund.

Selected holdings that contributed positively to performance in 2016 were: JP Morgan & Chase Co. (3.6% of net assets as of December 31, 2016) has rallied since the presidential election amid expectations for deregulation; Anadarko Petroleum Corp. (2.2%) gained on an asset sale and OPEC’s decision to cut production; Halliburton Co. (1.5%) gained on news for a proposed acquisition of Novomet Oil Services Holding Ltd. and the end of a class action lawsuit by investors; and Xylem Inc. (1.4%) benefitted from the prospect of increased spending globally on water infrastructure.

Some of our weaker performing stocks during the year were: Allergan PLC (2.8%) which was hurt by concerns over the changing regulatory environment and focus on high drug prices and by the termination of its merger with Pfizer; Gilead Sciences Inc. (1.7%) fell on declining hepatitis C treatment sales and unpromising news regarding a few clinical stage drugs; Legg Mason Inc. (1.4%) had a particularly tough year due to outflows and compression of valuation multiples; and Weatherford International PLC (1.0%) suffered from disappointing quarterly results and concerns that it was coming close to breaching its debt covenants.

Thank you for your investment in The Gabelli Dividend Growth Fund.

We appreciate your confidence and trust.

## Comparative Results

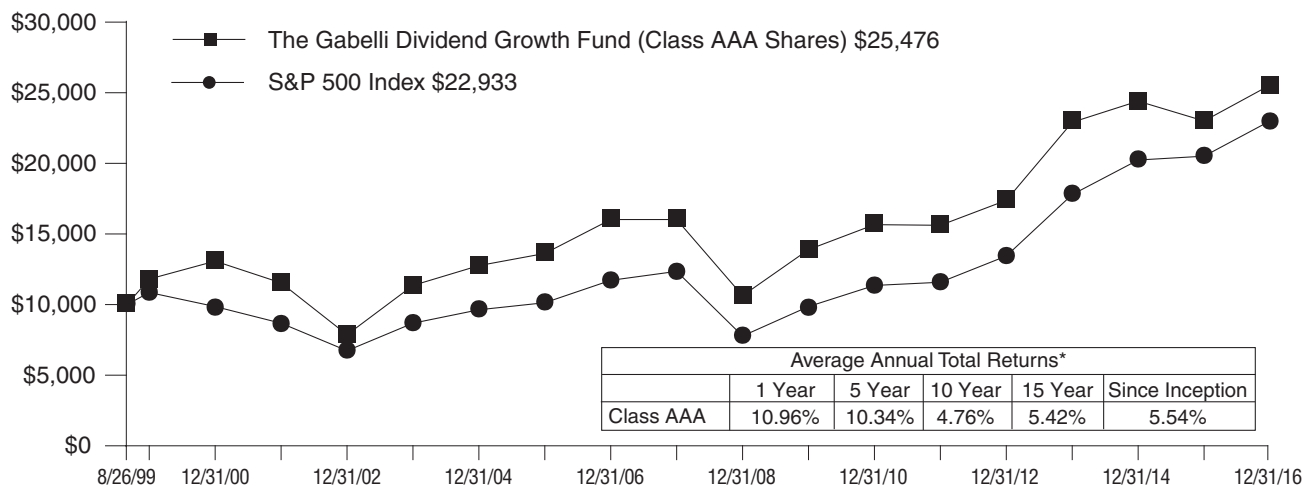
### Average Annual Returns through December 31, 2016 (a) (Unaudited)

	1 Year	5 Year	10 Year	15 Year	Since Inception (8/26/99)
<b>Class AAA (GABBX)</b> .....	10.96%	10.34%	4.76%	5.42%	5.54%
S&P 500 Index .....	11.96	14.66	6.95	6.69	4.90
Lipper Large Cap Value Fund Average .....	16.37	13.95	5.53	6.24	5.03
<b>Class A (GBCAX)</b> .....	10.93	10.35	4.76	5.44	5.56
With sales charge (b) .....	4.55	9.05	4.14	5.03	5.20
<b>Class C (GBCCX)</b> .....	10.09	9.50	3.97	4.74	4.95
With contingent deferred sales charge (c) .....	9.09	9.50	3.97	4.74	4.95
<b>Class I (GBCIX)</b> .....	11.44	10.66	5.04	5.66	5.74

In the current prospectuses dated April 29, 2016, the expense ratios for Class AAA, A, C, and I Shares are 1.91%, 1.91%, 2.66%, and 1.66%, respectively, and effective October 1, 2016 the net expense ratios for these share classes after contractual reimbursements by Gabelli Funds, LLC, (the "Adviser") are 1.91%, 1.91%, 2.66% and 1.00%, respectively. See page 9 for the expense ratios for the year ended December 31, 2016. 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 would have been lower had the Adviser not reimbursed certain expenses of the Fund. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. 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). 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 Large Cap Value 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. The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class A Shares and Class C Shares on December 31, 2003 and the Class I Shares on June 30, 2004. 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 for the Class I Shares would have been higher due to the lower expenses related to this class of shares.
- (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.

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



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

# The Gabelli Dividend Growth Fund

## Disclosure of Fund Expenses (Unaudited)

For the Six Month Period from July 1, 2016 through December 31, 2016

## Expense Table

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

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

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

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

**Hypothetical 5% Return:** This section provides information about hypothetical account values and

hypothetical expenses based on the Fund's actual expense ratio. It assumes a hypothetical annualized return of 5% before expenses during the period shown. In this case – because the hypothetical return used is **not** the Fund's actual return – the results do not apply to your investment and you cannot use the hypothetical account value and expense to estimate the actual ending account balance or expenses you paid for the period. This example is useful in making comparisons of the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs such as sales charges (loads), redemption fees, or exchange fees, if any, which are described in the Prospectus. If these costs were applied to your account, your costs would be higher. Therefore, the 5% hypothetical return is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. The "Annualized Expense Ratio" represents the actual expenses for the last six months and may be different from the expense ratio in the Financial Highlights which is for the year ended December 31, 2016.

	Beginning Account Value 07/01/16	Ending Account Value 12/31/16	Annualized Expense Ratio	Expenses Paid During Period*
<b><i>The Gabelli Dividend Growth Fund</i></b>				
<b>Actual Fund Return</b>				
Class AAA	\$1,000.00	\$1,108.90	2.00%	\$10.60
Class A	\$1,000.00	\$1,108.60	2.00%	\$10.60
Class C	\$1,000.00	\$1,105.00	2.75%	\$14.55
Class I	\$1,000.00	\$1,112.50	1.36%	\$ 7.22
<b>Hypothetical 5% Return</b>				
Class AAA	\$1,000.00	\$1,015.08	2.00%	\$10.13
Class A	\$1,000.00	\$1,015.08	2.00%	\$10.13
Class C	\$1,000.00	\$1,011.31	2.75%	\$13.90
Class I	\$1,000.00	\$1,018.30	1.36%	\$ 6.90

\* Expenses are equal to the Fund's annualized expense ratio for the last six months multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half year (184 days), then divided by 366.

## Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of net assets as of December 31, 2016:

### The Gabelli Dividend Growth Fund

Financial Services . . . . .	23.2%	Metals and Mining . . . . .	2.8%
Health Care . . . . .	15.2%	Energy Services . . . . .	2.5%
Computer Software and Services . . . . .	10.9%	Retail . . . . .	2.4%
U.S. Government Obligations . . . . .	9.2%	Water . . . . .	1.4%
Energy . . . . .	6.9%	Telecommunications . . . . .	1.1%
Entertainment . . . . .	5.7%	Automotive: Parts and Accessories . . . . .	0.9%
Diversified Industrial . . . . .	5.2%	Other Assets and Liabilities (Net) . . . . .	0.8%
Specialty Chemicals . . . . .	4.4%		<u>100.0%</u>
Food and Beverage . . . . .	4.3%		
Paper and Forest Products . . . . .	3.1%		

*The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (the "SEC") for the first and third quarters of each fiscal year on Form N-Q. Shareholders may obtain this information at [www.gabelli.com](http://www.gabelli.com) or by calling the Fund at 800-GABELLI (800-422-3554). The Fund's Form N-Q is available on the SEC's website at [www.sec.gov](http://www.sec.gov) and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.*

### Proxy Voting

The Fund files Form N-PX with its complete proxy voting record for the twelve months ended June 30, no later than August 31 of each year. A description of the Fund's proxy voting policies, procedures, and how the Fund voted proxies relating to portfolio securities is available without charge, upon request, by (i) calling 800-GABELLI (800-422-3554); (ii) writing to The Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; or (iii) visiting the SEC's website at [www.sec.gov](http://www.sec.gov).

# The Gabelli Dividend Growth Fund

## Schedule of Investments — December 31, 2016

Shares	Cost	Market Value	Shares	Cost	Market Value			
<b>COMMON STOCKS — 90.0%</b>			<b>Health Care — 15.2%</b>					
<b>Automotive: Parts and Accessories — 0.9%</b>			<b>Metals and Mining — 2.8%</b>					
4,000	Delphi Automotive plc. ....	\$ 270,008	\$ 269,400	3,800	Allergan plc†	\$ 823,372	\$ 798,038	
<b>Computer Software and Services — 10.9%</b>			5,487	Bristol-Myers Squibb Co. ....	172,421	320,660		
1,300	Alphabet Inc., Cl. C†	705,924	1,003,366	7,000	Gilead Sciences Inc. ....	508,757	501,270	
11,000	Apple Inc. ....	725,113	1,274,020	6,000	Mallinckrodt plc†	386,090	298,920	
14,000	Microsoft Corp. ....	384,073	869,960	12,950	Merck & Co. Inc. ....	480,924	762,366	
		1,815,110	3,147,346	28,575	Pfizer Inc. ....	674,008	928,116	
				14,754	Zoetis Inc. ....	452,850	789,782	
<b>Diversified Industrial — 5.2%</b>					3,498,422	4,399,152		
18,000	General Electric Co. ....	295,270	568,800	<b>Paper and Forest Products — 3.1%</b>				
8,000	Honeywell International Inc. ....	269,810	926,800	17,000	International Paper Co. ....	488,794	902,020	
		565,080	1,495,600	<b>Retail — 2.4%</b>				
<b>Energy — 6.9%</b>			10,000	Best Buy Co. Inc. ....	280,206	426,700		
9,000	Anadarko Petroleum Corp. ....	530,738	627,570	5,000	Starbucks Corp. ....	267,812	277,600	
2,000	Apache Corp. ....	171,419	126,940			548,018	704,300	
5,000	BP plc, ADR	159,315	186,900	<b>Specialty Chemicals — 4.4%</b>				
2,000	Chevron Corp. ....	147,351	235,400	8,000	E. I. du Pont de Nemours and Co. ...	282,061	587,200	
5,350	ConocoPhillips	227,880	268,249	12,000	The Dow Chemical Co. ....	364,201	686,640	
10,000	CONSOL Energy Inc. ....	105,545	182,300			646,262	1,273,840	
4,000	Exxon Mobil Corp. ....	288,442	361,040	<b>Telecommunications — 1.1%</b>				
		1,630,690	1,988,399	5,700	Verizon Communications Inc. ....	265,957	304,266	
<b>Energy Services — 2.5%</b>			<b>Water — 1.4%</b>					
7,800	Halliburton Co. ....	383,950	421,902	8,000	Xylem Inc. ....	215,491	396,160	
60,000	Weatherford International plc†	496,084	299,400	<b>TOTAL COMMON STOCKS</b>				
		880,034	721,302			17,701,003	25,973,506	
<b>Entertainment — 5.7%</b>			<b>Principal Amount</b>					
9,000	The Walt Disney Co. ....	307,957	937,980	\$ 2,653,000	<b>U.S. GOVERNMENT OBLIGATIONS — 9.2%</b>			
25,000	Twenty-First Century Fox Inc., Cl. A	826,187	701,000	U.S. Treasury Bills,				
		1,134,144	1,638,980	0.295% to 0.491%††,				
<b>Financial Services — 23.2%</b>						01/05/17 to 03/23/17		
10,000	American Express Co. ....	560,957	740,800				2,651,709	2,651,719
21,000	American International Group Inc. ...	777,207	1,371,510	<b>TOTAL INVESTMENTS — 99.2%</b>			\$20,352,712	28,625,225
16,000	Citigroup Inc. ....	578,193	950,880	<b>Other Assets and Liabilities (Net) — 0.8%</b>				234,799
5,500	CME Group Inc. ....	275,900	634,425	<b>NET ASSETS — 100.0%</b>				\$28,860,024
12,000	JPMorgan Chase & Co. ....	412,688	1,035,480					
13,600	Legg Mason Inc. ....	552,895	406,776					
17,000	Morgan Stanley	286,632	718,250					
15,000	PayPal Holdings Inc.†	471,542	592,050					
5,000	U.S. Bancorp	166,500	256,850					
		4,082,514	6,707,021					
<b>Food and Beverage — 4.3%</b>								
12,000	Mondelēz International Inc., Cl. A ...	207,371	531,960					
8,000	The Kraft Heinz Co. ....	667,977	698,560					
		875,348	1,230,520					

† Non-income producing security.  
†† Represents annualized yield at date of purchase.  
ADR American Depositary Receipt

See accompanying notes to financial statements.

## The Gabelli Dividend Growth Fund

### Statement of Assets and Liabilities December 31, 2016

**Assets:**

Investments, at value (cost \$20,352,712) .....	\$28,625,225
Cash .....	1,184
Receivable for Fund shares sold .....	230,625
Prepaid expenses .....	24,672
Dividends receivable .....	47,494
<b>Total Assets</b> .....	<u>28,929,200</u>

**Liabilities:**

Payable for investment advisory fees .....	23,568
Payable for distribution fees .....	5,930
Payable for legal and audit fees .....	18,962
Payable for shareholder communications expenses .....	13,378
Payable for shareholder services fees .....	4,797
Other accrued expenses .....	2,541
<b>Total Liabilities</b> .....	<u>69,176</u>

**Net Assets**

(applicable to 1,619,912 shares outstanding) .. \$28,860,024

**Net Assets Consist of:**

Paid-in capital .....	\$20,630,000
Distributions in excess of net investment income ..	(8,149)
Distributions in excess of net realized gains on investments .....	(34,340)
Net unrealized appreciation on investments .....	8,272,513
<b>Net Assets</b> .....	<u>\$28,860,024</u>

**Shares of Beneficial Interest, each at \$0.001 par value; unlimited number of shares authorized:**
**Class AAA:**

Net Asset Value, offering, and redemption price per share (\$17,456,845 ÷ 973,773 shares outstanding) .....	<u>\$17.93</u>
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**Class A:**

Net Asset Value and redemption price per share (\$3,672,909 ÷ 205,310 shares outstanding) .....	<u>\$17.89</u>
Maximum offering price per share (NAV ÷ 0.9425, based on maximum sales charge of 5.75% of the offering price) .....	<u>\$18.98</u>

**Class C:**

Net Asset Value and offering price per share (\$2,620,218 ÷ 157,082 shares outstanding) .....	<u>\$16.68(a)</u>
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**Class I:**

Net Asset Value, offering, and redemption price per share (\$5,110,052 ÷ 283,747 shares outstanding) .....	<u>\$18.01</u>
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(a) Redemption price varies based on the length of time held.

### Statement of Operations For the Year Ended December 31, 2016

**Investment Income:**

Dividends (net of foreign withholding taxes of \$240) .....	\$ 603,942
Interest .....	2,169
<b>Total Investment Income</b> .....	<u>606,111</u>

**Expenses:**

Investment advisory fees .....	270,992
Distribution fees - Class AAA .....	44,797
Distribution fees - Class A .....	7,936
Distribution fees - Class C .....	15,160
Registration expenses .....	46,388
Shareholder communications expenses .....	46,367
Shareholder services fees .....	34,128
Trustees' fees .....	30,000
Legal and audit fees .....	27,874
Custodian fees .....	1,753
Interest expense .....	913
Tax expense .....	495
Miscellaneous expenses .....	16,611
<b>Total Expenses</b> .....	<u>543,414</u>

**Less:**

Expenses reimbursed by Adviser (See Note 3) ..	(9,146)
Reimbursement for custody fees* .....	(46,124)

**Total Reimbursements** .....

**Net Expenses** .....

**Net Investment Income** .....

**Net Realized and Unrealized Gain on**
**Investments:**

Net realized gain on investments .....	1,489,966
Net change in unrealized appreciation/depreciation on investments .....	1,127,889

**Net Realized and Unrealized Gain on**

**Investments** .....

**Net Increase in Net Assets Resulting from**

**Operations** .....

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

See accompanying notes to financial statements.

# The Gabelli Dividend Growth Fund

## Statement of Changes in Net Assets

	<u>Year Ended</u> <u>December 31, 2016</u>	<u>Year Ended</u> <u>December 31, 2015</u>
<b>Operations:</b>		
Net investment income.....	\$ 117,967	\$ 107,449
Net realized gain on investments and foreign currency transactions .....	1,489,966	837,684
Net change in unrealized appreciation/depreciation on investments.....	<u>1,127,889</u>	<u>(2,762,221)</u>
<b>Net Increase/(Decrease) in Net Assets Resulting from Operations .....</b>	<b><u>2,735,822</u></b>	<b><u>(1,817,088)</u></b>
<b>Distributions to Shareholders:</b>		
Net investment income		
Class AAA.....	(70,688)	(70,405)
Class A .....	(13,333)	(12,596)
Class I .....	<u>(42,521)</u>	<u>(28,903)</u>
	<u>(126,542)</u>	<u>(111,904)</u>
Net realized gain		
Class AAA.....	(925,295)	(571,067)
Class A .....	(170,303)	(102,816)
Class C .....	(105,684)	(47,755)
Class I .....	<u>(267,947)</u>	<u>(132,697)</u>
	<u>(1,469,229)</u>	<u>(854,335)</u>
<b>Total Distributions to Shareholders .....</b>	<b><u>(1,595,771)</u></b>	<b><u>(966,239)</u></b>
<b>Shares of Beneficial Interest Transactions:</b>		
Class AAA.....	(2,853,110)	(2,109,559)
Class A .....	105,432	(26,538)
Class C .....	976,972	111,729
Class I .....	<u>309,490</u>	<u>(817,139)</u>
<b>Net Decrease in Net Assets from Shares of Beneficial Interest Transactions .....</b>	<b><u>(1,461,216)</u></b>	<b><u>(2,841,507)</u></b>
<b>Redemption Fees .....</b>	<b>125</b>	<b>791</b>
<b>Net Decrease in Net Assets .....</b>	<b>(321,040)</b>	<b>(5,624,043)</b>
<b>Net Assets:</b>		
Beginning of year .....	<u>29,181,064</u>	<u>34,805,107</u>
End of year (including undistributed net investment income of \$0 and \$15,316, respectively) .....	<u>\$28,860,024</u>	<u>\$29,181,064</u>

See accompanying notes to financial statements.



# The Gabelli Dividend Growth Fund

## Financial Highlights

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

Year Ended December 31	from Investment Operations				Distributions		Ratios to Average Net Assets/ Supplemental Data							
	Net Asset Value Beginning of Year	Net Investment Income (Loss)(a)	Realized and Unrealized Gain(Loss) on Investments	Total from Investment Operations	Net Realized Gain on Investments	Total Distributions	Redemption Fees (a)(b)	Net Asset Value End of Year	Total Return	Net Assets End of Year (in 000's)	Net Investment Income (Loss)	Operating Expenses Before Reimbursement	Operating Expenses Net of Reimburse- ment and Credits	Portfolio Turnover Rate
<b>Class AAA</b>														
2016	\$17.12	\$ 0.07	\$ 1.82	\$ 1.89	\$(1.00)	\$(1.08)	0.00	\$17.93	11.0%	\$17,457	0.40%	2.00%	2.00%(c)	14%
2015	18.74	0.06	(1.11)	(1.05)	(0.51)	(0.57)	0.00	17.12	(5.6)	19,536	0.32	1.91	1.91(d)	15
2014	19.10	0.28	0.98	1.26	(1.35)	(1.62)	0.00	18.74	6.4	23,476	1.40	1.89	1.89(e)	23
2013	15.10	0.11	4.66	4.77	(0.66)	(0.77)	0.00	19.10	31.7	25,051	0.64	2.00	2.00(e)	12
2012	13.71	0.18	1.40	1.58	—	(0.19)	0.00	15.10	11.5	18,621	1.21	2.11	2.00	20
<b>Class A</b>														
2016	\$17.09	\$ 0.07	\$ 1.81	\$ 1.88	\$(1.00)	\$(1.00)	0.00	\$17.89	10.9%	\$ 3,673	0.41%	2.00%	2.00%(c)	14%
2015	18.70	0.06	(1.10)	(1.04)	(0.51)	(0.57)	0.00	17.09	(5.6)	3,432	0.33	1.91	1.91(d)	15
2014	19.07	0.27	0.98	1.25	(1.35)	(1.62)	0.00	18.70	6.4	3,805	1.35	1.89	1.89(e)	23
2013	15.09	0.12	4.64	4.76	(0.66)	(0.78)	0.00	19.07	31.6	3,062	0.66	2.00	2.00(e)	12
2012	13.70	0.17	1.41	1.58	—	(0.19)	0.00	15.09	11.6	1,421	1.18	2.11	2.00	20
<b>Class C</b>														
2016	\$16.05	\$(0.06)	\$ 1.69	\$ 1.63	\$(1.00)	\$(1.00)	0.00	\$16.68	10.1%	\$ 2,620	(0.36)%	2.75%	2.75%(c)	14%
2015	17.67	(0.07)	(1.04)	(1.11)	(0.51)	(0.51)	0.00	16.05	(6.3)	1,616	(0.42)	2.66	2.66(d)	15
2014	18.11	0.11	0.95	1.06	(1.35)	(1.50)	0.00	17.67	5.7	1,654	0.59	2.64	2.64(e)	23
2013	14.39	(0.02)	4.42	4.40	(0.66)	(0.68)	0.00	18.11	30.6	1,630	(0.10)	2.75	2.75(e)	12
2012	13.12	0.07	1.32	1.39	—	(0.12)	0.00	14.39	10.6	1,103	0.51	2.86	2.75	20
<b>Class I</b>														
2016	\$17.19	\$ 0.15	\$ 1.83	\$ 1.98	\$(1.00)	\$(1.16)	0.00	\$18.01	11.4%	\$ 5,110	0.85%	1.75%	1.55%(c)	14%
2015	18.82	0.11	(1.12)	(1.01)	(0.51)	(0.62)	0.00	17.19	(5.4)	4,597	0.57	1.65	1.65(d)	15
2014	19.17	0.31	1.01	1.32	(1.35)	(1.67)	0.00	18.82	6.7	5,870	1.53	1.64	1.64(e)	23
2013	15.15	0.16	4.67	4.83	(0.66)	(0.81)	0.00	19.17	32.0	4,066	0.89	1.75	1.75(e)	12
2012	13.76	0.22	1.40	1.62	—	(0.23)	0.00	15.15	11.8	2,913	1.50	1.86	1.75	20

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

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

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

(c) During the year ended December 31, 2016, the Fund received a one time reimbursement of custody expenses paid in prior years. Had such reimbursement (allocated by relative net asset values of the Fund's share classes) been included in this period, the annualized expense ratios would have been 1.83% (Class AAA), 1.63% (Class A), 2.59% (Class C), and 1.39% (Class I).

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

(e) Under an expense deferral agreement with the Adviser, the Adviser recovered from the Fund \$10,696 and \$16,430 for the years ended December 31, 2014 and 2013, respectively, representing in 2014 the balance outstanding of previously reimbursed expenses from the Adviser. Had such payments not been made, the expense ratios would have been 1.86% and 1.94% (Class AAA and Class A) 2.61% and 2.69% (Class C), and 1.61% and 1.69% (Class I).

See accompanying notes to financial statements.

# The Gabelli Dividend Growth Fund

## Notes to Financial Statements

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**1. Organization.** The Gabelli Dividend Growth Fund was organized on May 13, 1999 as a Delaware statutory trust. The Fund is a diversified open-end management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”). The Fund’s primary objective is long term growth of capital with current income as a secondary objective. The Fund commenced operations on August 26, 1999.

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

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

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market, but prior to the close of business on the day the securities are being valued. Debt instruments with remaining maturities of sixty days or less that are not credit impaired are valued at amortized cost, unless the Board determines such amount does not reflect the securities’ fair value, in which case these securities will be fair valued as determined by the Board. Debt instruments having a maturity greater than sixty days 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. U.S. government obligations with maturities greater than sixty days are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. 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 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;

## The Gabelli Dividend Growth Fund

### Notes to Financial Statements (Continued)

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

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund’s investments in securities by inputs used to value the Fund’s investments as of December 31, 2016 is as follows:

	Valuation Inputs		
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Total Market Value at 12/31/16
<b>INVESTMENTS IN SECURITIES:</b>			
<b>ASSETS (Market Value):</b>			
Common Stocks(a)	\$25,973,506	—	\$25,973,506
U.S. Government Obligations	—	\$2,651,719	2,651,719
<b>TOTAL INVESTMENTS IN SECURITIES – ASSETS</b>	<b>\$25,973,506</b>	<b>\$2,651,719</b>	<b>\$28,625,225</b>

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

The Fund did not have transfers between Level 1 and Level 2 during the year ended December 31, 2016. The Fund’s policy is to recognize transfers among Levels as of the beginning of the reporting period.

There were no Level 3 investments held at December 31, 2016 or 2015.

#### 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 is 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 or preferred equities, warrants, options, rights, or fixed income obligations. Where appropriate, Level 3 securities are those for which market quotations are not available, such as securities not traded for several days, or for which current bids are not available, or which are restricted as to transfer. 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 Gabelli Dividend Growth Fund

### Notes to Financial Statements (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 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.

**Securities Transactions and Investment Income.** Securities transactions are accounted for on the trade date with realized gain/(loss) on investments determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded on the accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on the ex-dividend date, except for certain dividends from foreign securities that are recorded as soon after the ex-dividend date as the Fund becomes aware of such dividends.

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

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

**Distributions to Shareholders.** Distributions to shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under GAAP. These differences are primarily due to differing treatments of income and gains on various investment securities held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. These book/ tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. Permanent differences were primarily due to capital gain adjustment on sale of partnerships. These reclassifications have no impact on the NAV of the Fund. For the year ended December 31, 2016, reclassifications were made to increase distributions in excess of net investment income by \$14,890 and decrease distributions in excess of net realized gain on investments by \$15,386, with an offsetting adjustment to paid-in capital.

## The Gabelli Dividend Growth Fund

### Notes to Financial Statements (Continued)

The tax character of distributions paid during the years ended December 31, 2016 and 2015 was as follows:

	<u>Year Ended</u> <u>December 31, 2016</u>	<u>Year Ended</u> <u>December 31, 2015</u>
<b>Distributions paid from:</b>		
Ordinary income (inclusive of short term capital gains) .....	\$ 130,567	\$111,396
Net long term capital gains .....	<u>1,465,204</u>	<u>854,843</u>
Total distributions paid .....	<u>\$1,595,771</u>	<u>\$966,239</u>

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

As of December 31, 2016, the components of accumulated earnings/losses on a tax basis were as follows:

Net unrealized appreciation on investments .....	<u>\$8,230,024</u>
Total .....	<u>\$8,230,024</u>

At December 31, 2016, the temporary differences between book basis and tax basis unrealized appreciation on investments were primarily due to deferral of losses from wash sales for tax purposes and adjustments on partnership income.

The following summarizes the tax cost of investments and the related net unrealized appreciation at December 31, 2016:

	<u>Cost</u>	<u>Gross</u> <u>Unrealized</u> <u>Appreciation</u>	<u>Gross</u> <u>Unrealized</u> <u>Depreciation</u>	<u>Net Unrealized</u> <u>Appreciation</u>
Investments .....	\$20,395,202	\$8,946,428	\$(716,405)	\$8,230,023

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund’s tax returns to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold. During the year ended December 31, 2016, the Fund incurred \$495 in taxes. As of December 31, 2016, the Adviser has reviewed all open tax years and concluded that there was no impact to the Fund’s net assets or results of operations. The Fund’s federal and state tax returns for the prior three fiscal years remain open, subject to examination. On an ongoing basis, the Adviser will monitor the Fund’s tax positions to determine if adjustments to this conclusion are necessary.

**3. Investment Advisory Agreement and Other Transactions.** The Fund has entered into an investment advisory agreement (the “Advisory Agreement”) with the Adviser which provides that the Fund will pay the Adviser a fee, computed daily and paid monthly, at the annual rate of 1.00% of the value of its average daily net assets. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund’s portfolio, oversees the administration of all aspects of the Fund’s business and affairs, and pays the compensation of all Officers and Trustees of the Fund who are affiliated persons of the Adviser.

From January 1 through September 30, 2016, the Adviser has agreed to waive its advisory fee and/or reimburse

## The Gabelli Dividend Growth Fund

### Notes to Financial Statements (Continued)

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expenses of the Fund to the extent necessary to maintain the Fund's annualized total operating expenses (exclusive of brokerage fees, interest, taxes, acquired fund fees and expenses, and extraordinary expenses) through May 1, 2017 at no more than 2.00%, 2.00%, 2.75%, and 1.75%, respectively, of Class AAA, Class A, Class C, and Class I Shares' average daily net assets. Effective October 1, 2016, the Adviser modified this agreement with respect to Class I Shares to waive its advisory fee and/or reimburse expenses in excess of 1% (with the same foregoing exclusions) of the value of the average Class I daily net assets. In addition, the Fund has agreed, during the two year period following any waiver or reimbursement by the Adviser, to repay such amount to the extent, that after giving effect to the repayment, such adjusted annualized total operating expenses of the Fund would not exceed the foregoing respective percentage limitations, as amended, after giving effect to the recovery by the Adviser. During 2016, the Adviser reimbursed \$9,146, net, to the Fund. The amended agreement is renewable annually.

The Fund pays each Trustee who is not considered an affiliated person an annual retainer of \$3,000 plus \$500 for each Board meeting attended, and they are reimbursed for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$500 per meeting attended and the Chairman of the Audit Committee and the Lead Trustee each receive a \$1,000 annual fee. A Trustee may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. Trustees who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

**4. Distribution Plan.** The Fund's Board has adopted a distribution plan (the "Plan") for each class of shares, except for Class I Shares, pursuant to Rule 12b-1 under the 1940 Act. Under the Class AAA, Class A, and Class C Share Plans, payments are authorized to G.distributors, LLC (the "Distributor"), an affiliate of the Adviser, at annual rates of 0.25%, 0.25%, and 1.00%, respectively, of the average daily net assets of those classes, the annual limitations under each Plan. Such payments are accrued daily and paid monthly.

**5. Portfolio Securities.** Purchases and sales of securities during the year ended December 31, 2016, other than short term securities and U.S. Government obligations, aggregated \$3,605,572 and \$9,265,415, respectively.

**6. Transactions with Affiliates and Other Arrangements.** During the year ended December 31, 2016, the Fund paid \$1,068 in brokerage commissions on security trades to G.research, LLC, an affiliate of the Adviser. Additionally, the Distributor retained a total of \$1,050 from investors representing commissions (sales charges and underwriting fees) on sales and redemptions of Fund shares.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement. The Adviser did not seek a reimbursement during the year ended December 31, 2016.

**7. Line of Credit.** The Fund participates in an unsecured line of credit, which expires on March 9, 2017 and may be renewed annually, of up to \$75,000,000 under which it may borrow up to 10% of its net assets from the custodian for temporary borrowing purposes. Borrowings under this arrangement bears interest at a floating rate equal to the higher of the overnight Federal Funds rate plus 125 basis points or the 30 day LIBOR plus 125 basis points in effect on that day. This amount, if any, would be included in "Interest expense" in the Statement of Operations. At December 31, 2016, there were no borrowings outstanding under the line of credit.

The average daily amount of borrowings outstanding under the line of credit during the year ended December 31, 2016

## The Gabelli Dividend Growth Fund

### Notes to Financial Statements (Continued)

was \$55,847 with a weighted average interest rate of 1.10%. The maximum amount borrowed at any time during the year ended December 31, 2016 was \$475,000.

**8. Shares of Beneficial Interest.** The Fund offers four classes of shares – Class AAA Shares, Class A Shares, Class C Shares, and Class I Shares. Class AAA and Class I Shares are offered without a sales charge. Class A Shares are subject to a maximum front-end sales charge of 5.75%, and Class C Shares are subject to a 1.00% contingent deferred sales charge for one year after purchase.

The Fund imposes a redemption fee of 2.00% on all classes of shares that are redeemed or exchanged on or before the seventh day after the date of a purchase. The redemption fee is deducted from the proceeds otherwise payable to the redeeming shareholders and is retained by the Fund as an increase in paid-in capital. The redemption fees retained by the Fund during the year ended December 31, 2016 and 2015, if any, can be found in the Statement of Changes in Net Assets under Redemption Fees.

Transactions in shares of beneficial interest were as follows:

	Year Ended December 31, 2016		Year Ended December 31, 2015	
	Shares	Amount	Shares	Amount
<b>Class AAA</b>				
Shares sold .....	61,697	\$ 1,073,262	97,612	\$ 1,803,928
Shares issued upon reinvestment of distributions .....	53,481	963,727	35,336	615,546
Shares redeemed .....	<u>(282,562)</u>	<u>(4,890,099)</u>	<u>(244,659)</u>	<u>(4,529,033)</u>
Net decrease .....	<u>(167,384)</u>	<u>\$(2,853,110)</u>	<u>(111,711)</u>	<u>\$(2,109,559)</u>
<b>Class A</b>				
Shares sold .....	62,267	\$ 1,115,330	60,091	\$ 1,130,076
Shares issued upon reinvestment of distributions .....	10,053	180,750	6,627	115,247
Shares redeemed .....	<u>(67,852)</u>	<u>(1,190,648)</u>	<u>(69,330)</u>	<u>(1,271,861)</u>
Net increase/(decrease) .....	<u>4,468</u>	<u>\$ 105,432</u>	<u>(2,612)</u>	<u>\$ (26,538)</u>
<b>Class C</b>				
Shares sold .....	122,627	\$ 2,069,082	40,443	\$ 699,556
Shares issued upon reinvestment of distributions .....	6,280	105,327	2,910	47,523
Shares redeemed .....	<u>(72,556)</u>	<u>(1,197,437)</u>	<u>(36,231)</u>	<u>(635,350)</u>
Net increase .....	<u>56,351</u>	<u>\$ 976,972</u>	<u>7,122</u>	<u>\$ 111,729</u>
<b>Class I</b>				
Shares sold .....	83,790	\$ 1,483,847	16,620	\$ 313,436
Shares issued upon reinvestment of distributions .....	16,161	292,517	8,680	151,817
Shares redeemed .....	<u>(83,633)</u>	<u>(1,466,874)</u>	<u>(69,841)</u>	<u>(1,282,392)</u>
Net increase/(decrease) .....	<u>16,318</u>	<u>\$ 309,490</u>	<u>(44,541)</u>	<u>\$ (817,139)</u>

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

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

## The Gabelli Dividend Growth Fund Report of Independent Registered Public Accounting Firm

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To the Shareholders and Board of Trustees of  
The Gabelli Dividend Growth Fund

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of The Gabelli Dividend Growth Fund (the "Fund"), as of December 31, 2016, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2016, by correspondence with the Fund's custodian. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Fund at December 31, 2016, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

*Ernst + Young LLP*

New York, New York  
February 28, 2017



## The Gabelli Dividend Growth Fund Additional Fund Information (Unaudited)

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

<u>Name, Position(s) Address<sup>1</sup> and Age</u>	<u>Term of Office and Length of Time Served<sup>2</sup></u>	<u>Number of Funds in Fund Complex Overseen by Trustee</u>	<u>Principal Occupation(s) During Past Five Years</u>	<u>Other Directorships Held by Trustee<sup>4</sup></u>
<b>INTERESTED TRUSTEES<sup>3</sup>:</b>				
<b>Mario J. Gabelli, CFA</b> Trustee Age: 74	Since 1999	31	Chairman, Chief Executive Officer, and Chief Investment Officer—Value Portfolios of GAMCO Investors, Inc. and Chief Investment Officer—Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc.; Director/Trustee or Chief Investment Officer of other registered investment companies within the Gabelli/GAMCO Fund Complex; Chief Executive Officer of GGCP, Inc.; Executive Chairman of Associated Capital Group, Inc.	Director of Morgan Group Holdings, Inc. (holding company); Chairman of the Board and Chief Executive Officer of LICT Corp. (multimedia and communication services company); Director of CIBL, Inc. (broadcasting and wireless communications); Director of ICTC Group Inc. (communications); Director of RLJ Acquisition Inc. (blank check company) (2011-2012)
<b>INDEPENDENT TRUSTEES<sup>5</sup>:</b>				
<b>Anthony J. Colavita</b> Trustee Age: 81	Since 1999	36	President of the law firm of Anthony J. Colavita, P.C.	—
<b>Vincent D. Enright</b> Trustee Age: 73	Since 1999	17	Former Senior Vice President and Chief Financial Officer of KeySpan Corp. (public utility) (1994-1998)	Director of Echo Therapeutics, Inc. (therapeutics and diagnostics) (2008-2014); Director of LGL Group, Inc. (diversified manufacturing) (2011-2014)
<b>Mary E. Hauck</b> Trustee Age: 74	Since 2000	4	Retired Senior Manager of the Gabelli-O'Connor Fixed Income Mutual Funds Management Company	—
<b>Kuni Nakamura</b> Trustee Age: 48	Since 2009	20	President of Advanced Polymer, Inc. (chemical manufacturing company); President of KEN Enterprises, Inc. (real estate)	—
<b>Werner J. Roeder, MD</b> Trustee Age: 76	Since 1999	23	Practicing private physician; Former Medical Director of Lawrence Hospital (1999-2014)	—

## The Gabelli Dividend Growth Fund

### Additional Fund Information (Continued) (Unaudited)

<u>Name, Position(s) Address<sup>1</sup> and Age</u>	<u>Term of Office and Length of Time Served<sup>2</sup></u>	<u>Principal Occupation(s) During Past Five Years</u>
<b>OFFICERS:</b>		
<b>Bruce N. Alpert</b> President Age: 65	Since 2003	Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988; Officer of registered investment companies within the Gabelli/GAMCO Fund Complex; Senior Vice President of GAMCO Investors, Inc. since 2008; Director of Teton Advisors, Inc., 1998-2012; Chairman of Teton Advisors, Inc., 2008-2010
<b>Andrea R. Mango</b> Secretary Age: 44	Since 2013	Vice President of GAMCO Investors, Inc. since 2016; Counsel of Gabelli Funds, LLC since 2013; Secretary of all registered investment companies within the Gabelli/GAMCO Fund Complex since 2013; Vice President of all closed-end funds within the Gabelli/GAMCO Fund Complex since 2014; Corporate Vice President within the Corporate Compliance Department of New York Life Insurance Company, 2011-2013; Vice President and Counsel of Deutsche Bank, 2006-2011
<b>Agnes Mullady</b> Treasurer Age: 58	Since 2006	President and Chief Operating Officer of the Fund Division of Gabelli Funds, LLC since 2013; Chief Executive Officer of G.distributors, LLC since 2010; Senior Vice President of GAMCO Investors, Inc. since 2009; Vice President of Gabelli Funds, LLC since 2007; Executive Vice President of Associated Capital Group, Inc. since November 2016; Officer of all of the registered investment companies within the Gabelli/GAMCO Fund Complex
<b>Richard J. Walz</b> Chief Compliance Officer Age: 57	Since 2013	Chief Compliance Officer of all of the registered investment companies within the Gabelli/GAMCO Fund Complex since 2013; Chief Compliance Officer of AEGON USA Investment Management, 2011-2013; Chief Compliance Officer of Cutwater Asset Management, 2004-2011

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

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

<sup>3</sup> "Interested person" of the Fund as defined in the 1940 Act. Mr. Gabelli is considered an "interested person" because of his affiliation with Gabelli Funds, LLC which acts as the Fund's investment adviser.

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

<sup>5</sup> Trustees who are not interested persons are considered "Independent" Trustees.

**THE GABELLI DIVIDEND GROWTH FUND**  
**One Corporate Center**  
**Rye, NY 10580-1422**

**Portfolio Manager Biography**

**Barbara G. Marcin, CFA**, joined GAMCO Investors, Inc. in 1999 and currently serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Fund Complex. Prior to joining GAMCO, Ms. Marcin was head of value investments at Citibank Global Asset Management. Ms. Marcin graduated with Distinction as an Echols Scholar from the University of Virginia and holds an MBA degree from Harvard University's Graduate School of Business.

**2016 TAX NOTICE TO SHAREHOLDERS (Unaudited)**

For the year ended December 31, 2016, the Fund paid to shareholders ordinary income distributions (comprised of net investment income and short term capital gains) totaling \$0.079, \$0.081, \$0.003, and \$0.161 per share for Class AAA, Class A, Class C, and Class I Shares, respectively and long term capital gains totaling \$1,465,204, or the maximum allowable. For the year ended December 31, 2016, 100% of the ordinary income distribution qualifies for the dividends received deduction available to corporations. The Fund designates 100% of the ordinary income distribution as qualified dividend income and 100% of ordinary income distribution was qualified short term capital gain pursuant to the Jobs and Growth Tax Relief Reconciliation Act of 2003. The Fund designates 0.34% of the ordinary income distribution as qualified interest income pursuant to the Tax Relief, Unemployment Reauthorization, and Job Creation Act of 2010.

**U.S. Government Income:**

The percentage of the ordinary income distribution paid by the Fund during the year ended December 31, 2016 which was derived from U.S. Treasury securities was 0.32%. Such income is exempt from state and local tax in all states. However, many states, including New York and California, allow a tax exemption for a portion of the income earned only if a mutual fund has invested at least 50% of its assets at the end of each quarter of the Fund's fiscal year in U.S. Government securities. The Fund did not meet this strict requirement in 2016. The percentage of U.S. Government securities held as of December 31, 2016 was 9.19%. Due to the diversity in state and local tax law, it is recommended that you consult your personal tax adviser as to the applicability of the information provided to your specific situation.

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

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

## THE GABELLI DIVIDEND GROWTH FUND

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[GABELLI.COM](http://GABELLI.COM)

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

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### LEGAL COUNSEL

Skadden, Arps, Slate, Meagher &  
Flom LLP

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



GABELLI  
FUNDS

# THE GABELLI DIVIDEND GROWTH FUND

*Annual Report*  
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