

# The Gabelli Asset Fund

## Shareholder Commentary – March 31, 2018

### (Y)our Portfolio Management Team



**Mario J. Gabelli, CFA**  
*Chief Investment Officer*



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



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



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

### To Our Shareholders,

For the quarter ended March 31, 2018, the net asset value (“NAV”) per Class AAA Share of The Gabelli Asset Fund decreased 1.2% compared with a decrease of 0.8% for the Standard & Poor’s (“S&P”) 500 Index. Other classes of shares are available. See page 2 for performance information for all classes.

### First Quarter Commentary

January 2018 saw the stock market continue its near uninterrupted climb, but volatility finally returned with a sharp decline in February and continued choppiness in March, leading to major averages posting their first quarterly declines since 2015. Economic fundamentals continued to be largely positive – synchronous global growth, low unemployment, corporate profits boosted by tax reform and lower personal taxes for many Americans – but a new set of worries came to the fore for investors already uneasy about stretched valuations: trade wars, regulatory risks in the technology sector, and the U.S. Federal Reserve’s gradual liquidity reduction and rising policy rate, plus the prospect for the same from the European Central Bank.

There are many moving pieces for the market to digest in real-time, and thus many unanswered questions – whether the \$100 billion-plus trade tariffs are simply negotiating tactics, how aggressive Congress will be on data privacy and business models, how quickly inflation will come back, and how aggressively the Federal Reserve will raise rates to stay ahead of it. The most demanding question to be answered is how much trouble the markets can withstand at once? In isolation, current headwinds seem manageable as long as fundamentals remain the priority. Rising uncertainties may keep the stock market on edge, but corporate profit growth, aggressive corporate stock buybacks, and deals should provide a cushion for any selloffs.

## Comparative Results

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

	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (3/3/86)
<b>Class AAA (GABAX)</b> .....	(1.17)%	12.31%	9.19%	8.38%	10.71%	11.85%
S&P 500 Index .....	(0.76)	13.99	13.31	9.49	10.10	10.44(b)
Dow Jones Industrial Average .....	(1.97)	19.34	13.25	9.81	10.36	11.46(b)
Nasdaq Composite Index .....	2.59	20.90	18.13	13.31	12.96	9.60(b)
<b>Class A (GATAX)</b> .....	(1.18)	12.31	9.18	8.38	10.71	11.85
With sales charge (c) .....	(6.86)	5.85	7.90	7.74	10.27	11.63
<b>Class C (GATCX)</b> .....	(1.36)	11.48	8.37	7.58	9.93	11.48
With contingent deferred sales charge (d) .....	(2.35)	10.48	8.37	7.58	9.93	11.48
<b>Class I (GABIX)</b> .....	(1.12)	12.59	9.46	8.65	10.90	11.94
<b>Class T (GATTX)</b> .....	(1.17)	12.35	9.19	8.39	10.71	11.85
With sales charge (e) .....	(3.64)	9.54	8.64	8.11	10.53	11.61

**In the current prospectuses dated April 30, 2018, the expense ratios for Class AAA, A, C, I, and T Shares are 1.35%, 1.35%, 2.10%, 1.10%, and 1.35%, 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](http://www.gabelli.com) for performance information as of the most recent month end. Returns would have been lower had Gabelli Funds, LLC (the "Adviser") not reimbursed certain expenses of the Fund for periods prior to December 31, 1988. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at [www.gabelli.com](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 Dow Jones Industrial Average and the Nasdaq Composite Index are unmanaged indicators of stock market performance. Dividends are considered reinvested, except for the Nasdaq Composite Index. You cannot invest directly in an index. The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class A Shares and Class C Shares on December 31, 2003, Class I Shares on January 11, 2008, and Class T Shares on July 5, 2017. The actual performance of the Class A Shares, Class C Shares, and Class T Shares would have been lower due to the additional fees and expenses associated with these classes of shares. The actual performance of the Class I Shares would have been higher due to lower expenses related to this class of shares.*
- (b) S&P 500 Index, Dow Jones Industrial Average, and Nasdaq Composite Index since inception performance results are as of February 28, 1986.
- (c) Performance results include the effect of the maximum 5.75% sales charge at the beginning of the period.
- (d) Assuming payment of the 1% maximum contingent deferred sales charge imposed on redemptions made within one year of purchase.
- (e) Performance results include the effect of the maximum 2.50% sales charge at the beginning of the period.

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

As always, our job as analysts and portfolio managers is to sift through the noise and buy a portfolio of strong businesses at attractive prices. Many excellent companies are now available at cheaper valuations than three months ago, a situation we welcome as value investors. While deal activity slowed in 2017 largely due to uncertainty over tax policy, we believe that the acceleration of merger and acquisition (M&A) in the first quarter is a harbinger of things to come. With our Private Market Value with a Catalyst™ methodology, we believe (y)our Fund is uniquely positioned to benefit from increased deal activity.

## **Deals, Deals & More Deals**

Global merger and acquisition activity accelerated to a record \$1.2 trillion in the first quarter of this year, up 60% compared to the first quarter of 2017, following the passage of U.S. tax reform and a boost from the catalyst of shareholder activists. CEOs are initiating major transactions sparked by excess cash and the goal of growing the top and bottom line. Overall, 11,136 worldwide deals were announced during the quarter, down 11% from a year ago, indicating that mega deals are driving transaction value. We anticipate that volume of deals will accelerate as the year goes on and small and mid-cap companies will participate in the M&A upswing.

In January, Fund holding Dr. Pepper Snapple Group (0.3% of net assets as of March 31, 2018) (+23%) announced it agreed to merge with privately held Keurig Green Mountain. Dr. Pepper Snapple shareholders will receive \$103.75 per share in a special cash dividend and retain 13% of the combined company, to be called Keurig Dr Pepper (KDP). KDP will have pro forma combined 2017 annual revenues of approximately \$11 billion and iconic beverage brands including Dr. Pepper, 7UP, Snapple, A&W, Mott's and Sunkist along with leading coffee brand Green Mountain Coffee Roasters and the Keurig single serve coffee system, as well as more than 75 owned, licensed and partner brands in the Keurig system.

We believe the ingredients of a robust M&A environment – low cost of financing, synergy-driven industry consolidation, and the availability of many new pure-play companies due to financial engineering – continue to be in place, and visibility on tax policy removes a major impediment to deal activity.

## **Investment Scorecard**

Top contributors to performance during the quarter included Swedish Match (1.6%) (+14%), which continues to grow its smokeless tobacco portfolio and saw sales boosted by its tobacco-free Zyn brand; Madison Square Garden (1.3%) (+17%), which rose on strong fiscal second quarter results from its Entertainment and Sports divisions, and 6% shareholder Silver Lake Partners filing a 13D stating that it believes shares are undervalued and would like to support MSG and its efforts to create long-term value; Twenty-First Century Fox (2.6%) (+7%), which rose on news that Comcast (0.6%) made an offer for Sky plc, opening the door that it might look to top Disney's deal to acquire Fox's entertainment assets; water technology company Xylem (1.3%) (+13%), which reported yet another quarter of robust order growth across all segments (Water Infrastructure, Applied Water, and Measurement); and Mastercard (1.0%) (+16%), which beat expectations with net revenue growth of 20% in the fourth quarter of 2017 and raised its medium term outlook.

Detractors from performance included General Mills (GIS) (0.8%) (-23%) which posted continued challenged results and announced that it agreed to acquire pet food producer Blue Buffalo (BUFF) for \$40 per share in cash, a transaction that values the target at 25x EBITDA and required the issuance of \$1 billion of GIS equity; Wells Fargo (1.0%) (-13%), whose shares declined mainly to its ongoing legacy customer engagement practices and regulatory scrutiny from the Federal Reserve, which took extraordinary action in February to improve operational compliance; Rogers Communications (1.1%) (-12%), which declined along with the pay-TV universe amid continued headlines regarding cord-cutting; Macquarie Infrastructure (0.2%) (-40%) which cut its annual dividend to \$4 per share as it repurposes certain assets of its bulk liquid terminals business; and Edgewell Personal Care (0.6%) (-18%), which reported continued disappointing fiscal first quarter performance amid the ongoing price war initiated by its primary men's wet shaving competitor Gillette.

## **Conclusion**

Market volatility, long overdue, is back. As active stock pickers, this is the kind of environment for us to prove our mettle. Risks remain as always, but we also have an opportunity to buy many businesses at more attractive prices than we could just a few months ago, and we plan to take advantage of any opportunity "Mr. Market" provides us. We continue to seek high quality companies trading at a discount to Private Market Value – the price an informed industrialist would pay to own an entire business – and look for catalysts to surface value, such as industry consolidation, financial engineering, new management, regulatory changes, or a change in cash flow allocation.

## **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 share prices are listed first in United States dollars (USD) and second in the local currency, where applicable, and are presented as of March 31, 2018.

*AMETEK Inc. (2.1% of net assets as of March 31, 2018) (AME – \$75.97 – NYSE)* is a diversified supplier of highly engineered equipment used in a broad array of industrial end markets. The company offers a diverse product portfolio including test and measurement, metrology, and precision motion control equipment in addition to specialty materials and aftermarket services. AMETEK is benefitting from broad-based global economic strength as well as the company's demonstrated pricing power and operational excellence initiatives. AMETEK has recently built out its M&A team to include 11 dedicated professionals and has developed a pipeline of smaller (\$50 - \$150 million in revenue) acquisition targets, while management has also indicated a willingness to pursue larger (\$200 - \$400 million in revenue) deals.

*Bank of New York Mellon Corp. (1.3%) (BK – \$51.53 – NYSE)* is a global leader in providing financial services to institutions and individuals. The company operates in more than one hundred markets worldwide and strives to be the global provider of choice for investment management and investment services. As of December 31,

2017, the firm had \$33.3 trillion in assets under custody and \$1.9 trillion in assets under management. Going forward, we expect BK to benefit from rising global incomes and the cross border movement of financial transactions. We believe BK is also well positioned to grow earnings in a rising interest rate environment, given its large customer cash deposits and significant loan book.

*Crane Co., (1.2%) (CR – \$92.74 – NYSE)* based in Stamford, Connecticut, is a diversified manufacturer of highly engineered industrial products comprised of four business segments: Fluid handling, Aerospace & Electronics, Engineered Materials, and Payments & Merchandising Systems with over 11,000 employees across 26 countries. The company recently acquired Crane Currency, a producer of currency products for more than 200 years and is entrusted by more than 50 central banks to play an integral role in the design and manufacture of their nations' banknotes. Crane Currency is the fastest growing fully integrated global currency provider and is an excellent complement to Crane Co.'s expanding presence in the currency and payment markets.

*Diebold Nixdorf Inc. (less than 0.1%) (DBD – \$15.40 – NYSE)* is a global leader in the manufacturing and servicing of ATM machines. Since the August 2016 close of its \$1.9 billion Wincor Nixdorf acquisition, the company has provided retail solutions, principally self-checkout systems and the associated software. The acquisition of Germany-based Wincor Nixdorf was a major move by Diebold, broadening its exposure in Europe, retail solutions, and higher margin software. The integration, while complex, is driving meaningful synergies across the service, procurement, and R&D functions of the organization. The legacy business has been challenged by a number of headwinds, including service execution and a weak North American ATM market, the latter reflecting slower upgrade cycles and intense competition. The company recently brought in a new CEO, Gerard Schmid, who brings extensive experience in financial software and ran a publicly-listed Canadian company prior to its sale. Business conditions should improve between Gerard's efforts and an expected pick up in the North American ATM market. Win10 standards taking effect and regional bank deregulation are two catalysts to facilitate such an upgrade cycle.

*Honeywell International Inc. (1.5%) (HON – \$144.51 – NYSE)* operates as a diversified technology company with highly engineered products, including turbine propulsion engines, auxiliary power units, turbochargers, brake pads, environmental and combustion controls, sensors, security and life safety products, resins and chemicals, nuclear services, and process technology for the petrochemical and refining industries. One of the key drivers of HON's growth is acquisitions that increase the company's growth profile globally, creating both organic and inorganic opportunities. The company recently announced its plan to spin off its Homes product portfolio and ADI Global Distribution businesses as well as its Transportation Systems business into two publicly-traded companies.

*Madison Square Garden Co (1.3%) (MSG – \$245.80 – NYSE)* is an integrated sports and entertainment company that owns the New York Knicks, the New York Rangers, the Radio City Christmas Spectacular, The Forum, and that iconic New York venue, Madison Square Garden. These evergreen content and venue assets benefit from sustainable barriers to entry and long term secular growth. MSG completed the separation of its associated regional sports networks in September 2015, leaving a reliable cash flow stream for MSG to reinvest and repurchase shares.

*Republic Services Inc. (1.4%) (RSG – \$66.23 – NYSE)* based in Phoenix, Arizona, became the second largest solid waste company in North America after its acquisition of Allied Waste Industries in December 2008. Republic provides nonhazardous solid waste collection services for commercial, industrial, municipal, and residential customers in 39 states and Puerto Rico. Republic serves more than 2,800 municipalities and operates 195 landfills, 204 transfer stations, 343 collection operations, and 90 recycling facilities. Since the Allied merger, Republic has benefited from synergies driven by route density, beneficial use of acquired assets, and reduction in redundant corporate overhead. Republic is committed to its core solid waste business. While other providers have strayed into alternative waste resource technologies and strategies, we view Republic's plan to remain steadfast in the traditional solid waste business positively. We expect continued solid waste growth acquisitions, earnings improvement, and incremental route density and internalization growth in already established markets to generate real value in the near to medium term, highlighting the company's potential.

*Ryman Hospitality Properties Inc. (0.3%) (RHP – \$77.45 – NYSE)* is the owner/operator of four large convention-centric hotels under the Gaylord brand. It also owns the Opryland brand and entertainment complex in Nashville, the city of its origin. As such, it has benefited from the growth in country music and consumer preference for live entertainment. The company's hotels are group-focused, and bookings have remained strong due to a steady economic expansion in the United States and limited supply growth within the group-focused hotel market segment. Future growth will come from new hotels (likely established as joint ventures) and investment into existing properties as well as development of live entertainment venues, the first of which opened in New York City's Times Square in December. The company, which is structured as a REIT (real estate investment trust), provides a tax efficient dividend stream underwritten by the consistency of its cash flow. In time, we expect management to unlock addition value by executing a tax-free spin-off of the entertainment business.

*Sony (1.7%) (SNE – \$48.34 – NYSE)* is a diversified electronics and entertainment company based in Tokyo, Japan. The company manufactures image sensors, televisions, PlayStation game consoles, mobile phone handsets, and cameras. It also operates the Columbia film studio and Sony Music entertainment group. We expect growth opportunity in image sensor and Game business and operational improvements in consumer electronics and entertainment to generate EBITDA growth through 2018. We also think the potential spinoff of the entertainment assets could be a catalyst.

*Twenty-First Century Fox Inc. (2.6%) (FOX/FOXA – \$36.37/\$36.69 – NASDAQ)* is a diversified media company with operations in cable network television, television broadcasting, and filmed entertainment. FOX is in the process of selling the company's cable, international, and entertainment assets to Disney for \$65 billion or ~\$28 per share. Following the transaction FOXA will consist of Fox News & The Fox Broadcasting Company. The company's concentration in live news and sports programming will be a significant advantage as it negotiates with both traditional and entrant distributors. Pro forma for the Disney transaction, FOXA is trading at 8.1x EBITDA.

*Xylem Inc. (1.3%) (XYL – \$76.92 – NYSE)* is a global leader in the design, manufacturing, and application of highly engineered technologies for the transportation, treatment, measurement, and testing of water. The company is expected to benefit from favorable long term fundamentals in the water industry, driven by scarcity,



population growth, aging of infrastructure, and the need to improve water quality. Further, with a large installed base of pumps and systems, the company is well positioned to increase aftermarket revenue, which currently represents roughly 40% of total revenues. XYL expects to generate mid-teens earnings per share growth through 2020 as it accelerates its capital deployment strategy globally. The company is currently building out its infrastructure analytics capabilities as it integrates companies it has acquired in the past couple of years such as Sensus and Pure Technologies.

April 25, 2018

**Top Ten Holdings (Percent of Net Assets)**

**March 31, 2018**

Twenty-First Century Fox Inc.	2.6%	Berkshire Hathaway Inc.	1.5%
Brown-Forman Corp.	2.5%	Honeywell International Inc.	1.5%
Ametek Inc.	2.1%	Genuine Parts Co.	1.5%
Sony Corp.	1.7%	Republic Services Inc.	1.4%
Swedish Match AB	1.6%	Diageo Plc	1.4%

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

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

The Fund's minimum initial investment for regular accounts is \$1,000. There are no subsequent investment minimums. No initial minimum is required for those establishing an Automatic Investment Plan. 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](http://www.gabelli.com)**

Please visit us on the Internet. Our homepage at [www.gabelli.com](http://www.gabelli.com) contains information about GAMCO Investors, Inc., the Gabelli/GAMCO Mutual Funds, IRAs, 401(k)s, current and historical quarterly reports, closing prices, and other current news. We welcome your comments and questions via e-mail at [info@gabelli.com](mailto: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](http://www.gabelli.com) and receive early notice of quarterly report availability, news events, media sightings, and mutual fund prices and performance.

### **e-delivery**

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

### **Multi-Class Shares**

The Gabelli Asset Fund began offering additional classes of Fund shares on December 31, 2003. Class AAA Shares are no-load shares offered directly through selected broker/dealers. Class A, Class C, and Class T Shares are targeted to the needs of investors who seek advice through financial consultants. Class I Shares are available directly through the Fund's distributor or brokers that have entered into selling agreements specifically with respect to Class I Shares. The Board of Trustees determined that expanding the types of Fund shares available through various distribution options will enhance the ability of the Fund to attract additional investors.



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## **Gabelli/GAMCO Funds and Your Personal Privacy**

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### **Who are we?**

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

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

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

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

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

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

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

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

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

**Portfolio Management Team Biographies**

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

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

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

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

## THE GABELLI ASSET FUND

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

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Flom LLP

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

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GABELLI  
FUNDS

# THE GABELLI ASSET FUND

*Shareholder Commentary*  
*March 31, 2018*

# The Gabelli Asset Fund

## First Quarter Report — March 31, 2018

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#### **To Our Shareholders,**

For the quarter ended March 31, 2018, the net asset value (“NAV”) per class AAA Share of The Gabelli Asset Fund decreased 1.2% compared with a decrease of 0.8% for the Standard & Poor’s (“S&P”) 500 Index. Other classes of shares are available. See page 2 for performance information for all classes of shares.

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

## Comparative Results

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

	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (3/3/86)
<b>Class AAA (GABAX)</b> . . . . .	(1.17)%	12.31%	9.19%	8.38%	10.71%	11.85%
S&P 500 Index . . . . .	(0.76)	13.99	13.31	9.49	10.10	10.44(d)
Dow Jones Industrial Average . . . . .	(1.97)	19.34	13.25	9.81	10.36	11.46(d)
Nasdaq Composite Index . . . . .	2.59	20.90	18.13	13.31	12.96	9.60(d)
<b>Class A (GATAX)</b> . . . . .	(1.18)	12.31	9.18	8.38	10.71	11.85
With sales charge (b) . . . . .	(6.86)	5.85	7.90	7.74	10.27	11.63
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With contingent deferred sales charge (c) . . . . .	(2.35)	10.48	8.37	7.58	9.93	11.48
<b>Class I (GABIX)</b> . . . . .	(1.12)	12.59	9.46	8.65	10.90	11.94
<b>Class T (GALTX)</b> . . . . .	(1.17)	12.35	9.19	8.39	10.71	11.85
With sales charge (e) . . . . .	(3.64)	9.54	8.64	8.11	10.53	11.61

In the current prospectuses dated April 30, 2018, the expense ratios for Class AAA, A, C, I, and T Shares are 1.35%, 1.35%, 2.10%, 1.10%, and 1.35%, 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](http://www.gabelli.com) for performance information as of the most recent month end. Returns would have been lower had Gabelli Funds, LLC (the "Adviser") not reimbursed certain expenses of the Fund for periods prior to December 31, 1988. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at [www.gabelli.com](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 Dow Jones Industrial Average and the Nasdaq Composite Index are unmanaged indicators of stock market performance. Dividends are considered reinvested, except for the Nasdaq Composite Index. You cannot invest directly in an index. The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class A Shares and Class C Shares on December 31, 2003, Class I Shares on January 11, 2008, and Class T Shares on July 5, 2017. The actual performance of the Class A Shares, Class C Shares, and Class T Shares would have been lower due to the additional fees and expenses associated with these classes of shares. The actual performance of the Class I Shares would have been higher due to lower expenses related to this class of shares.
- (b) 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) S&P 500 Index, Dow Jones Industrial Average, and Nasdaq Composite Index since inception performance results are as of February 28, 1986.
- (e) Performance results include the effect of the maximum 2.50% sales charge at the beginning of the period.



# The Gabelli Asset Fund

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

Shares		Market Value	Shares		Market Value
	<b>COMMON STOCKS — 99.5%</b>				
	<b>Aerospace — 1.4%</b>				
490,000	Aerojet Rocketdyne Holdings Inc.†	\$ 13,705,300	67,000	Liberty Media Corp.- Liberty Formula One, Cl. C†	\$ 2,066,950
5,000	Lockheed Martin Corp.	1,689,650	50,000	Liberty Media Corp.- Liberty SiriusXM, Cl. A†	2,055,000
6,000	Northrop Grumman Corp.	2,094,720	190,000	Liberty Media Corp.- Liberty SiriusXM, Cl. C†	7,761,500
1,506,100	Rolls-Royce Holdings plc	18,417,374	330,000	MSG Networks Inc., Cl. A†	7,458,000
2,500	The Boeing Co.	819,700	10,000	Naspers Ltd., Cl. N	2,442,690
		<u>36,726,744</u>	110,000	Pandora Media Inc.†	553,300
			110,000	Sky plc	2,002,427
			350,000	Television Broadcasts Ltd.	1,159,509
			40,000	Tokyo Broadcasting System Holdings Inc.	839,810
			56,000	Tribune Media Co., Cl. A	<u>2,268,560</u>
					<u>56,991,183</u>
	<b>Agriculture — 0.4%</b>				
220,000	Archer-Daniels-Midland Co.	9,541,400			
2,600	Nutrien Ltd.	122,876			
25,000	The Mosaic Co.	607,000			
		<u>10,271,276</u>			
	<b>Airlines — 0.0%</b>				
100,000	American Airlines Group Inc., Escrow†	165,000			
	<b>Automotive — 0.9%</b>				
5,000	Ferrari NV	602,600	39,000	<b>Building and Construction — 1.2%</b> Armstrong Flooring Inc.†	529,230
25,000	General Motors Co.	908,500	39,000	Assa Abloy AB, Cl. B	842,373
394,000	Navistar International Corp.†	13,778,180	145,000	Fortune Brands Home & Security Inc.	8,539,050
91,500	PACCAR Inc.	6,054,555	95,000	Herc Holdings Inc.†	6,170,250
3,000	Volkswagen AG	600,214	379,000	Johnson Controls International plc	<u>13,355,960</u>
		<u>21,944,049</u>			<u>29,436,863</u>
	<b>Automotive: Parts and Accessories — 3.1%</b>				
140,000	BorgWarner Inc.	7,032,200	15,000	<b>Business Services — 2.7%</b> Blucora Inc.†	369,000
85,000	Brembo SpA	1,311,538	225,000	Clear Channel Outdoor Holdings Inc., Cl. A	1,102,500
370,000	Dana Inc.	9,531,200	29,000	Ecolab Inc.	3,975,030
423,000	Genuine Parts Co.	38,002,320	108,466	Fly Leasing Ltd., ADR†	1,443,682
43,000	Modine Manufacturing Co.†	909,450	206,000	Gerber Scientific Inc., Escrow†(a)	0
46,000	O'Reilly Automotive Inc.†	11,379,480	130,000	Live Nation Entertainment Inc.†	5,478,200
30,000	Standard Motor Products Inc.	1,427,100	149,900	Macquarie Infrastructure Corp.	5,535,807
66,000	Superior Industries International Inc.	877,800	149,000	Mastercard Inc., Cl. A	26,098,840
83,000	Tenneco Inc.	4,554,210	2,000	MSC Industrial Direct Co. Inc., Cl. A	183,420
45,000	Visteon Corp.†	4,960,800	3,458	Novus Holdings Ltd.	1,338
		<u>79,986,098</u>	35,000	The Brink's Co.	2,497,250
			580,000	The Interpublic Group of Companies Inc.	13,357,400
			24,000	Vectrus Inc.†	893,760
			61,000	Visa Inc., Cl. A	<u>7,296,820</u>
					<u>68,233,047</u>
	<b>Aviation: Parts and Services — 0.9%</b>				
1,700,000	BBA Aviation plc	7,641,843			
46,500	Curtiss-Wright Corp.	6,280,755			
115,000	Kaman Corp.	7,143,800			
40,000	KLX Inc.†	2,842,400			
		<u>23,908,798</u>			
	<b>Broadcasting — 2.2%</b>				
283,600	CBS Corp., Cl. A, Voting	14,656,448	132,000	<b>Cable and Satellite — 3.6%</b> AMC Networks Inc., Cl. A†	6,824,400
18,000	Cogeco Inc.	956,898	10,000	Charter Communications Inc., Cl. A†	3,112,200
26,666	Corus Entertainment Inc., New York, Cl. B	124,264	441,000	Comcast Corp., Cl. A	15,068,970
13,334	Corus Entertainment Inc., Toronto, Cl. B	62,616	330,200	DISH Network Corp., Cl. A†	12,511,278
35,250	Liberty Broadband Corp., Cl. A†	2,989,200	88,611	EchoStar Corp., Cl. A†	4,676,002
100,682	Liberty Broadband Corp., Cl. C†	8,627,441	147,900	Liberty Global plc, Cl. A†	4,630,749
33,000	Liberty Media Corp.- Liberty Formula One, Cl. A†	966,570	392,000	Liberty Global plc, Cl. C†	11,928,560
			20,857	Liberty Latin America Ltd., Cl. A†	405,669
			46,740	Liberty Latin America Ltd., Cl. C†	892,267
			558,000	Rogers Communications Inc., New York, Cl. B	24,931,440
			50,000	Rogers Communications Inc., Toronto, Cl. B	2,233,089
			118,000	Shaw Communications Inc., New York, Cl. B	2,272,680

See accompanying notes to schedule of investments.

# The Gabelli Asset Fund

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

Shares	Market Value	Shares	Market Value
<b>COMMON STOCKS (Continued)</b>		35,000	Wolverine World Wide Inc. .... \$ 1,011,500
<b>Cable and Satellite (Continued)</b>			<u>111,437,538</u>
120,000	Shaw Communications Inc., Toronto, Cl. B ..... \$ 2,311,794		
	<u>91,799,098</u>		
<b>Communications Equipment — 0.5%</b>		5,000	<b>Consumer Services — 2.0%</b>
180,000	Corning Inc. .... 5,018,400	82,000	Allegion plc ..... 426,450
41,000	Harris Corp. .... 6,612,480	71,000	GCI Liberty Inc., Cl. A† ..... 4,334,520
	<u>11,630,880</u>	20,000	IAC/InterActiveCorp.† ..... 11,102,980
		20,000	Liberty Expedia Holdings Inc., Cl. A† ..... 785,600
		456,600	Liberty Interactive Corp. QVC Group, Cl. A† .... 11,492,622
		10,000	Liberty TripAdvisor Holdings Inc., Cl. A† ..... 107,500
		420,000	Rollins Inc. .... <u>21,432,600</u>
			49,682,272
<b>Computer Hardware — 0.1%</b>			
7,000	Apple Inc. .... 1,174,460		
7,000	Dell Technologies Inc., Cl. V† ..... 512,470		
	<u>1,686,930</u>		
		500	<b>Diversified Industrial — 5.3%</b>
		5,000	Acuity Brands Inc. .... 69,595
		328,700	Anixter International Inc.† ..... 378,750
		97,000	Crane Co. .... 30,483,638
		136,000	Eaton Corp. plc ..... 7,751,270
		264,000	Greif Inc., Cl. A ..... 7,106,000
		24,000	Honeywell International Inc. .... 38,150,640
		220,000	Ingersoll-Rand plc ..... 2,052,240
		30,000	ITT Inc. .... 10,775,600
		124,000	Jardine Matheson Holdings Ltd. .... 1,848,600
		250,000	Jardine Strategic Holdings Ltd. .... 4,754,160
		30,000	Myers Industries Inc. .... 5,287,500
		30,000	Pentair plc ..... 2,043,900
		11,500	Sulzer AG ..... 1,509,676
		185,000	Textron Inc. .... 10,909,450
		330,000	Toray Industries Inc. .... 3,104,459
		230,000	Trinity Industries Inc. .... 7,504,900
		4,000	Waters Corp.† ..... 794,600
	<u>36,124,094</u>		<u>134,524,978</u>
<b>Computer Software and Services — 1.4%</b>			
5,700	Alphabet Inc., Cl. C† ..... 5,881,203		
6,400	CommerceHub Inc., Cl. A† ..... 144,000		
12,800	CommerceHub Inc., Cl. C† ..... 287,872		
40,000	Diebold Nixdorf Inc. .... 616,000		
55,000	Donnelley Financial Solutions Inc.† ..... 944,350		
15,000	DST Systems Inc. .... 1,254,750		
137,000	eBay Inc.† ..... 5,512,880		
49,000	Fidelity National Information Services Inc. .... 4,718,700		
320,000	Hewlett Packard Enterprise Co. .... 5,612,800		
63,000	Internap Corp.† ..... 693,000		
15,000	Micro Focus International plc, ADR ..... 210,600		
5,000	Microsoft Corp. .... 456,350		
7,992	NetScout Systems Inc.† ..... 210,589		
55,000	Rockwell Automation Inc. .... 9,581,000		
	<u>36,124,094</u>		
<b>Consumer Products — 4.4%</b>			
30,000	Brunswick Corp. .... 1,781,700		
11,000	Christian Dior SE ..... 4,343,370	90,000	<b>Electronics — 2.7%</b>
60,000	Church & Dwight Co. Inc. .... 3,021,600	1,800	Cypress Semiconductor Corp. .... 1,526,400
330,000	Edgewell Personal Care Co.† ..... 16,110,600	8,000	Fortive Corp. .... 139,536
244,000	Energizer Holdings Inc. .... 14,537,520	1,500	Kyocera Corp., ADR ..... 453,920
10,000	Essity AB, Cl. A† ..... 277,851	2,200	Mettler-Toledo International Inc.† ..... 862,545
50,000	Essity AB, Cl. B† ..... 1,380,871	892,000	Samsung Electronics Co. Ltd., GDR ..... 2,521,200
3,400	Givaudan SA ..... 7,738,912	37,000	Sony Corp., ADR ..... 43,119,280
30,000	Harley-Davidson Inc. .... 1,286,400	37,000	TE Connectivity Ltd. .... 3,696,300
2,000	Hermes International ..... 1,184,924	103,000	Texas Instruments Inc. .... 10,700,670
5,400	National Presto Industries Inc. .... 506,250	25,000	Thermo Fisher Scientific Inc. .... <u>5,161,500</u>
43,000	Reckitt Benckiser Group plc ..... 3,640,244		68,181,351
100,000	Sally Beauty Holdings Inc.† ..... 1,645,000		
10,000	Svenska Cellulosa AB, Cl. A ..... 105,991		
42,000	Svenska Cellulosa AB, Cl. B ..... 447,273	10,000	<b>Energy and Utilities — 3.3%</b>
916,400	Swedish Match AB ..... 41,431,052	115,000	Anadarko Petroleum Corp. .... 604,100
4,000	The Estee Lauder Companies Inc., Cl. A ..... 598,880	103,000	BP plc, ADR ..... 4,662,100
110,000	The Procter & Gamble Co. .... 8,720,800	103,000	Chevron Corp. .... 11,746,120
30,000	Unilever plc, ADR ..... 1,666,800	127,000	ConocoPhillips ..... 7,529,830
		113,000	Devon Energy Corp. .... 3,592,270
		4,000	Edison International ..... 254,640
		204,000	El Paso Electric Co. .... 10,404,000

See accompanying notes to schedule of investments.

**The Gabelli Asset Fund**  
**Schedule of Investments (Continued) — March 31, 2018 (Unaudited)**

<u>Shares</u>	<u>Market Value</u>	<u>Shares</u>	<u>Market Value</u>
<b>COMMON STOCKS (Continued)</b>		157,000	Graco Inc..... \$ 7,178,040
<b>Energy and Utilities (Continued)</b>		213,400	IDEX Corp..... 30,411,634
34,500	Enbridge Inc..... \$ 1,085,715	50,000	Interpump Group SpA ..... 1,689,410
90,000	EOG Resources Inc. .... 9,474,300	16,000	Lawson Products Inc.† ..... 404,000
55,000	Exxon Mobil Corp..... 4,103,550	130,000	Mueller Industries Inc..... 3,400,800
130,000	GenOn Energy Inc., Escrow†(a) ..... 0	170,000	Sealed Air Corp..... 7,274,300
165,000	Halliburton Co..... 7,745,100	23,250	The Manitowoc Co. Inc.† ..... 661,695
65,000	Kinder Morgan Inc. .... 978,900	50,000	The Timken Co..... 2,280,000
13,000	Marathon Petroleum Corp..... 950,430	20,000	The Toro Co..... 1,249,000
243,000	National Fuel Gas Co..... 12,502,350	75,000	The Weir Group plc..... 2,098,708
56,400	Oceaneering International Inc. .... 1,045,656	22,500	Valmont Industries Inc..... 3,291,750
5,000	Phillips 66..... 479,600	221,000	Watts Water Technologies Inc., Cl. A ..... 17,171,700
53,000	Southwest Gas Holdings Inc. .... 3,584,390		194,604,957
95,000	The AES Corp..... 1,080,150		
24,000	Wartsila OYJ Abp..... 530,078		
195,000	Weatherford International plc† ..... 446,550		
	82,799,829		
<b>Entertainment — 5.8%</b>		12,800	<b>Financial Services — 10.6%</b>
195,500	Discovery Inc., Cl. A† ..... 4,189,565	68,000	Alleghany Corp..... 7,864,832
515,000	Discovery Inc., Cl. C† ..... 10,052,800	318,000	AllianceBernstein Holding LP ..... 1,825,800
670,000	Grupo Televisa SAB, ADR ..... 10,693,200	3,000	American Express Co. .... 29,663,040
21,000	Liberty Media Corp.-	36,800	Ameriprise Financial Inc..... 443,820
	Liberty Braves, Cl. A† ..... 477,330	60,000	Argo Group International Holdings Ltd..... 2,112,320
115,071	Liberty Media Corp.-	128	Bank of America Corp..... 1,799,400
	Liberty Braves, Cl. C† ..... 2,625,920	5,500	Berkshire Hathaway Inc., Cl. A† ..... 38,284,800
20,000	Lions Gate Entertainment Corp., Cl. B ..... 481,600	65,000	BKF Capital Group Inc.† ..... 63,663
135,633	The Madison Square Garden Co, Cl. A† ..... 33,338,591	100,000	Citigroup Inc..... 4,387,500
4,000	Time Warner Inc. .... 378,320	154,000	GAM Holding AG ..... 1,678,870
1,760,000	Twenty-First Century Fox Inc., Cl. A ..... 64,574,400	50,000	H&R Block Inc. .... 3,913,140
44,000	Twenty-First Century Fox Inc., Cl. B ..... 1,600,280	160,300	Interactive Brokers Group Inc., Cl. A ..... 3,362,000
421,500	Viacom Inc., Cl. A ..... 16,691,400	84,500	JPMorgan Chase & Co..... 17,628,191
67,000	Viacom Inc., Cl. B ..... 2,081,020	90,000	Kinnevik AB, Cl. A ..... 3,076,481
50,000	Vivendi SA ..... 1,291,974	186,500	Kinnevik AB, Cl. B ..... 3,237,922
	148,476,400	179,000	KKR & Co. LP ..... 3,785,950
		3,050	Legg Mason Inc. .... 17,276,350
		35,000	LendingTree Inc.† ..... 1,000,857
		40,000	Leucadia National Corp. .... 795,550
		39,000	Loews Corp..... 1,989,200
548,000	Republic Services Inc. .... 36,294,040	108,000	M&T Bank Corp..... 7,190,040
33,500	Stericycle Inc.† ..... 1,960,755	111,000	Marsh & McLennan Companies Inc..... 8,919,720
89,000	Waste Connections Inc..... 6,384,860	111,000	PayPal Holdings Inc.† ..... 8,421,570
265,000	Waste Management Inc. .... 22,291,800	28,500	Popular Inc. .... 1,186,170
	66,931,455	130,000	State Street Corp. .... 12,964,900
		20,000	SunTrust Banks Inc. .... 1,360,800
		37,000	T. Rowe Price Group Inc. .... 3,994,890
		665,000	The Bank of New York Mellon Corp..... 34,267,450
719,500	AMETEK Inc. .... 54,660,415	55,000	The Blackstone Group LP ..... 1,757,250
12,000	Amphenol Corp., Cl. A ..... 1,033,560	13,500	The Goldman Sachs Group Inc. .... 3,400,110
10,000	AZZ Inc..... 437,000	95,000	The Hartford Financial Services Group Inc. .... 4,894,400
91,000	CIRCOR International Inc..... 3,882,060	134,000	The PNC Financial Services Group Inc. .... 20,266,160
110,000	Crown Holdings Inc.† ..... 5,582,500	10,000	Value Line Inc. .... 183,000
155,000	CTS Corp..... 4,216,000	10,000	W. R. Berkley Corp..... 727,000
4,670	Danaher Corp..... 457,240	138,000	Waddell & Reed Financial Inc., Cl. A ..... 2,788,980
528,900	Donaldson Co. Inc. .... 23,826,945	470,000	Wells Fargo & Co. .... 24,632,700
540,000	Flowserve Corp. .... 23,398,200		271,144,826

See accompanying notes to schedule of investments.

# The Gabelli Asset Fund

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

Shares		Market Value	Shares		Market Value
	<b>COMMON STOCKS (Continued)</b>				
	<b>Food and Beverage — 14.6%</b>				
915,900	Brown-Forman Corp., Cl. A	\$ 48,844,947	5,000	Tyson Foods Inc., Cl. A	\$ 365,950
283,600	Brown-Forman Corp., Cl. B	15,427,840	75,660	United Natural Foods Inc.†	3,248,840
46,000	Campbell Soup Co.	1,992,260	158,300	Yakult Honsha Co. Ltd.	11,797,556
800,000	China Mengniu Dairy Co. Ltd.	2,742,047			<u>373,424,384</u>
35,000	Chr. Hansen Holding A/S	3,009,771	15,000	<b>Health Care — 4.7%</b>	
25,000	Coca-Cola European Partners plc	1,041,500	30,000	Abbott Laboratories	898,800
16,500	Coca-Cola HBC AG	609,756	8,000	Akorn Inc.†	561,300
345,000	Conagra Brands Inc.	12,723,600	30,500	Alexion Pharmaceuticals Inc.†	891,680
30,000	Constellation Brands Inc., Cl. A	6,837,600	46,500	Allergan plc	5,132,845
40,000	Crimson Wine Group Ltd.†	395,600	30,500	AmerisourceBergen Corp.	4,008,765
212,000	Danone SA	17,146,042	30,500	Amgen Inc.	5,199,640
826,200	Davide Campari-Milano SpA	6,252,083	15,000	AngioDynamics Inc.†	258,750
262,000	Diageo plc, ADR	35,480,040	49,722	Baxter International Inc.	3,233,919
64,000	Dr Pepper Snapple Group Inc.	7,576,320	7,500	Becton, Dickinson and Co.	1,625,250
80,000	Farmer Brothers Co.†	2,416,000	11,000	Biogen Inc.†	3,012,020
310,000	Flowers Foods Inc.	6,776,600	4,600	Bio-Rad Laboratories Inc., Cl. A†	1,150,368
40,000	Fomento Economico Mexicano SAB de CV, ADR	3,657,200	350,000	BioScrip Inc.†	861,000
440,000	General Mills Inc.	19,826,400	68,000	Boston Scientific Corp.†	1,857,760
1,900,000	Grupo Bimbo SAB de CV, Cl. A	4,157,426	129,000	Bristol-Myers Squibb Co.	8,159,250
10,000	Heineken Holding NV	1,029,888	70,000	Cardiovascular Systems Inc.†	1,535,100
86,500	Heineken NV	9,291,691	43,000	Chemed Corp.	11,732,980
20,000	Heineken NV, ADR	1,077,200	10,000	Cigna Corp.	1,677,400
2,000	Ingredion Inc.	257,840	23,500	CONMED Corp.	1,488,255
160,000	ITO EN Ltd.	6,217,753	25,000	DaVita Inc.†	1,648,500
11,000	John Bean Technologies Corp.	1,247,400	27,000	Eli Lilly & Co.	2,088,990
78,000	Kellogg Co.	5,070,780	30,000	Endo International plc†	178,200
74,300	Kerry Group plc, Cl. A	7,510,360	40,000	Envision Healthcare Corp.†	1,537,200
440,000	Kikkoman Corp.	17,615,714	120,000	Evolent Health Inc., Cl. A†	1,710,000
135,000	Lamb Weston Holdings Inc.	7,859,700	10,000	Express Scripts Holding Co.†	690,800
19,800	LVMH Moët Hennessy Louis Vuitton SE	6,095,606	20,000	Gerresheimer AG	1,640,191
134,000	Maple Leaf Foods Inc.	3,265,883	25,000	HCA Healthcare Inc.	2,425,000
25,000	MEIJI Holdings Co. Ltd.	1,910,155	61,400	Henry Schein Inc.†	4,126,694
435,000	Mondelēz International Inc., Cl. A	18,152,550	40,000	Indivior plc†	228,745
48,000	Morinaga Milk Industry Co. Ltd.	1,939,758	15,000	Integer Holdings Corp.†	848,250
400	National Beverage Corp.	35,608	66,500	Johnson & Johnson	8,521,975
63,000	Nestlé SA	4,983,326	50,000	Kindred Healthcare Inc.	457,500
150,000	Nissin Foods Holdings Co. Ltd.	10,347,258	8,000	Laboratory Corp. of America Holdings†	1,294,000
220,000	Parmalat SpA	810,744	15,000	McKesson Corp.	2,113,050
83,000	PepsiCo Inc.	9,059,450	25,000	Medtronic plc	2,005,500
67,000	Pernod Ricard SA	11,150,041	124,000	Merck & Co. Inc.	6,754,280
131,000	Post Holdings Inc.†	9,924,560	30,000	Mylan NV†	1,235,100
93,000	Remy Cointreau SA	13,251,221	30,432	Orthofix International NV†	1,788,793
17,000	Suntory Beverage & Food Ltd.	822,800	50,000	Osiris Therapeutics Inc.†	440,000
58,000	The Coca-Cola Co.	2,518,940	30,000	Owens & Minor Inc.	466,500
30,000	The Hain Celestial Group Inc.†	962,100	60,000	Patterson Cos., Inc.	1,333,800
21,000	The J.M. Smucker Co.	2,604,210	44,000	Quidel Corp.†	2,279,640
13,000	The Kraft Heinz Co.	809,770	400	Regeneron Pharmaceuticals Inc.†	137,744
400,000	Tingyi (Cayman Islands) Holding Corp.	829,750	75,000	Roche Holding AG, ADR	2,146,875
151,000	Tootsie Roll Industries Inc.	4,446,950	13,000	Shire plc, ADR	1,942,070
			14,500	Stryker Corp.	2,333,340
			4,000	The Cooper Companies Inc.	915,240

See accompanying notes to schedule of investments.

# The Gabelli Asset Fund

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

Shares		Market Value	Shares		Market Value
	<b>COMMON STOCKS (Continued)</b>		84,000	Wheaton Precious Metals Corp.....	\$ 1,711,080
	<b>Health Care (Continued)</b>				<u>48,744,761</u>
10,000	UnitedHealth Group Inc. ....	\$ 2,140,000			
20,000	Valeant Pharmaceuticals International Inc.† ....	318,400		<b>Publishing — 1.2%</b>	
128,000	William Demant Holding A/S† .....	4,736,672	52,000	Meredith Corp. ....	2,797,600
94,000	Wright Medical Group NV† .....	1,864,960	128,000	News Corp., Cl. A. ....	2,022,400
42,500	Zimmer Biomet Holdings Inc. ....	4,634,200	70,000	News Corp., Cl. B. ....	1,127,000
8,000	Zoetis Inc. ....	668,080	120,000	S&P Global Inc. ....	22,927,200
		<u>120,935,371</u>	215,000	The E.W. Scripps Co., Cl. A. ....	2,577,850
			10,000	The New York Times Co., Cl. A. ....	241,000
					<u>31,693,050</u>
	<b>Hotels and Gaming — 1.7%</b>				
14,000	Accor SA. ....	755,374		<b>Real Estate — 0.8%</b>	
56,000	Belmond Ltd., Cl. A† .....	624,400	16,500	Brookfield Asset Management Inc., Cl. A. ....	643,500
3,500	Churchill Downs Inc. ....	854,175	104,000	Griffin Industrial Realty Inc. ....	3,903,120
350,000	Genting Singapore plc. ....	288,297	14,422	Host Hotels & Resorts Inc., REIT. ....	268,826
36,000	Hyatt Hotels Corp., Cl. A. ....	2,745,360	85,000	Ryman Hospitality Properties Inc., REIT. ....	6,583,250
88,000	ILG Inc. ....	2,737,680	240,500	The St. Joe Co.† .....	4,533,425
50,000	Las Vegas Sands Corp. ....	3,595,000	100,000	Weyerhaeuser Co., REIT. ....	3,500,000
4,650,000	Mandarin Oriental International Ltd. ....	11,113,500			<u>19,432,121</u>
390,000	MGM Resorts International. ....	13,657,800			
2,000,000	The Hongkong & Shanghai Hotels Ltd. ....	3,042,755		<b>Retail — 1.9%</b>	
39,000	Universal Entertainment Corp. ....	1,784,972	50,000	Aaron's Inc. ....	2,330,000
7,700	Wyndham Worldwide Corp. ....	881,111	129,000	AutoNation Inc.† .....	6,034,620
11,400	Wynn Resorts Ltd. ....	2,078,904	59,000	Costco Wholesale Corp. ....	11,117,370
		<u>44,159,328</u>	163,000	CVS Health Corp. ....	10,140,230
			400,000	Lianhua Supermarket Holdings Ltd., Cl. H† .....	121,812
	<b>Machinery — 4.2%</b>		140,000	Macy's Inc. ....	4,163,600
120,000	Caterpillar Inc. ....	17,685,600	30,000	Murphy USA Inc.† .....	2,184,000
1,394,000	CNH Industrial NV. ....	17,285,600	15,100	Penske Automotive Group Inc. ....	669,383
218,600	CNH Industrial NV, Borsa Italiana. ....	2,697,836	10,000	Rush Enterprises Inc., Cl. B† .....	403,800
212,000	Deere & Co. ....	32,927,840	45,000	The Cheesecake Factory Inc. ....	2,169,900
50,000	Mueller Water Products Inc., Cl. A. ....	543,500	26,000	The Home Depot Inc. ....	4,634,240
93,000	Welbilt Inc.† .....	1,808,850	123,000	The Kroger Co. ....	2,944,620
429,000	Xylem Inc. ....	32,998,680	35,000	Walgreens Boots Alliance Inc. ....	2,291,450
		<u>105,947,906</u>			<u>49,205,025</u>
	<b>Manufactured Housing and Recreational Vehicles — 0.3%</b>				
31,500	Cavco Industries Inc.† .....	5,473,125	20,000	<b>Specialty Chemicals — 1.7%</b>	
20,000	Nobility Homes Inc. ....	410,000	46,000	Ashland Global Holdings Inc. ....	1,395,800
32,500	Skyline Corp.† .....	715,000	440,000	DowDuPont Inc. ....	2,930,660
		<u>6,598,125</u>	133,000	Ferro Corp.† .....	10,216,800
			95,000	H.B. Fuller Co. ....	6,614,090
	<b>Metals and Mining — 1.9%</b>		340,000	International Flavors & Fragrances Inc. ....	13,006,450
56,000	Agnico Eagle Mines Ltd. ....	2,355,920	9,000	OMNOVA Solutions Inc.† .....	3,570,000
234,000	Barrick Gold Corp. ....	2,913,300	52,000	Praxair Inc. ....	1,298,700
30,000	Cleveland-Cliffs Inc.† .....	208,500	45,000	Sensient Technologies Corp. ....	3,670,160
90,000	Franco-Nevada Corp. ....	6,155,100	51,000	SGL Carbon SE† .....	633,990
156,000	Freeport-McMoRan Inc.† .....	2,740,920		Valvoline Inc. ....	1,128,630
60,000	Kinross Gold Corp.† .....	237,000			<u>44,465,280</u>
24,000	New Hope Corp. Ltd. ....	38,710			
522,000	Newmont Mining Corp. ....	20,394,540	86,000	<b>Telecommunications — 2.1%</b>	
123,000	Royal Gold Inc. ....	10,562,010	201,000	CenturyLink Inc. ....	1,412,980
57,609	TimkenSteel Corp.† .....	875,081	160,000	Cincinnati Bell Inc.† .....	2,783,850
180,000	Turquoise Hill Resources Ltd.† .....	552,600		Deutsche Telekom AG, ADR. ....	2,622,400

See accompanying notes to schedule of investments.

# The Gabelli Asset Fund

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

<u>Shares</u>	<u>Market Value</u>	<u>Shares</u>	<u>Market Value</u>
<b>COMMON STOCKS (Continued)</b>		<b>CLOSED-END FUNDS — 0.4%</b>	
<b>Telecommunications (Continued)</b>		109,000	Altaba Inc.† ..... \$ 8,070,360
30,000	Hellenic Telecommunications Organization SA . . \$ 405,311	11,417	Royce Global Value Trust Inc. .... 125,244
25,000	Hellenic Telecommunications Organization SA, ADR ..... 169,000	79,500	Royce Value Trust Inc. .... 1,237,020
75,607	Loral Space & Communications Inc.† ..... 3,149,032		<b>TOTAL CLOSED-END FUNDS</b> ..... <u>9,432,624</u>
6,000	Orange SA, ADR ..... 102,480	<b>PREFERRED STOCKS — 0.0%</b>	
400,000	Sprint Corp.† ..... 1,952,000	<b>Health Care — 0.0%</b>	
2,815,600	Telecom Italia SpA† ..... 2,671,097	31,580	The Phoenix Companies Inc., 7.450%, 01/15/32 ..... <u>596,073</u>
175,000	Telecom Italia SpA, ADR† ..... 1,674,750	<b>RIGHTS — 0.0%</b>	
39,981	Telefonica Brasil SA, ADR ..... 614,108	<b>Health Care — 0.0%</b>	
245,000	Telefonica SA, ADR ..... 2,418,150	20,000	American Medical Alert Corp.†(a) ..... <u>200</u>
977,510	Telephone & Data Systems Inc. .... 27,399,605	<b>WARRANTS — 0.0%</b>	
230,000	Telesites SAB de CV† ..... 180,534	<b>Hotels and Gaming — 0.0%</b>	
145,000	VEON Ltd., ADR ..... 382,800	200,000	The Indian Hotels Co. Ltd., expire 05/14/18†(b) ..... <u>397,000</u>
100,000	Verizon Communications Inc. .... 4,782,000		
	<u>52,720,097</u>		
<b>Transportation — 0.8%</b>		<b>Principal Amount</b>	
283,000	GATX Corp. .... 19,382,670		<b>U.S. GOVERNMENT OBLIGATIONS — 0.1%</b>
4,000	Kansas City Southern ..... 439,400	\$ 3,600,000	U.S. Treasury Bills, 1.654% to 1.715%††, 06/07/18 to 06/28/18 ..... <u>3,586,429</u>
	<u>19,822,070</u>		<b>TOTAL INVESTMENTS — 100.0%</b>
<b>Wireless Communications — 0.9%</b>			(Cost \$864,680,339) ..... <u>\$2,549,651,549</u>
42,000	Altice USA Inc., Cl. A† ..... 776,160		
115,000	America Movil SAB de CV, Cl. L, ADR ..... 2,195,350	(a)	Security is valued using significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.
14,000	Millicom International Cellular SA ..... 968,800	(b)	Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At March 31, 2018, the market value of the Rule 144A security amounted to \$397,000 or 0.02% of total investments.
53,000	Millicom International Cellular SA, SDR ..... 3,614,877	†	Non-income producing security.
208,000	NTT DoCoMo Inc. .... 5,257,422	††	Represents annualized yield at date of purchase.
20,000	Tim Participacoes SA, ADR ..... 433,400	ADR	American Depositary Receipt
50,000	T-Mobile US Inc.† ..... 3,052,000	GDR	Global Depositary Receipt
137,000	United States Cellular Corp.† ..... 5,506,030	REIT	Real Estate Investment Trust
	<u>21,804,039</u>	SDR	Swedish Depositary Receipt
<b>TOTAL COMMON STOCKS</b> .....	<u>2,535,639,223</u>		

See accompanying notes to schedule of investments.



## The Gabelli Asset Fund

### Notes to Schedule of Investments (Unaudited)

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

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

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

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

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

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

## The Gabelli Asset Fund

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

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 March 31, 2018 is as follows:

	Valuation Inputs			Total Market Value at 3/31/18
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
<b>INVESTMENTS IN SECURITIES:</b>				
<b>ASSETS (Market Value):</b>				
Common Stocks:				
Airlines	—	\$ 165,000	—	\$ 165,000
Business Services	\$ 68,233,047	—	\$ 0	68,233,047
Energy and Utilities	82,799,829	—	0	82,799,829
Financial Services	271,081,163	63,663	—	271,144,826
Manufactured Housing and Recreational Vehicles	6,188,125	410,000	—	6,598,125
Other Industries (a)	2,106,698,396	—	—	2,106,698,396
<b>Total Common Stocks</b>	<b>2,535,000,560</b>	<b>638,663</b>	<b>0</b>	<b>2,535,639,223</b>
Closed End Funds	9,432,624	—	—	9,432,624
Preferred Stocks (a)	—	596,073	—	596,073
Rights (a)	—	—	200	200
Warrants (a)	397,000	—	—	397,000
U.S. Government Obligations	—	3,586,429	—	3,586,429
<b>TOTAL INVESTMENTS IN SECURITIES – ASSETS</b>	<b>\$2,544,830,184</b>	<b>\$4,821,165</b>	<b>\$200</b>	<b>\$2,549,651,549</b>

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

#### Additional Information to Evaluate Qualitative Information.

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

**Fair Valuation.** Fair valued securities may be common or preferred equities, warrants, options, rights, or fixed income obligations. Where appropriate, Level 3 securities are those for which market quotations are not available, such as securities not traded for several days, or for which current bids are not available, or which are restricted as to transfer. Among the factors to be considered to fair value a security are recent prices of comparable securities that are publicly traded, reliable prices of securities not publicly traded, the use of valuation models, current analyst reports, valuing the income or cash flow of the issuer, or cost if the preceding factors do not apply. A significant change in the unobservable inputs could result in a lower or higher value in Level

## The Gabelli Asset Fund

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

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3 securities. The circumstances of Level 3 securities are frequently monitored to determine if fair valuation measures continue to apply.

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

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

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

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

**Restricted Securities.** The Fund may invest up to 10% of its net assets in securities for which the markets are restricted. Restricted securities include securities whose disposition is subject to substantial legal or contractual restrictions. The sale of restricted securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity. At March 31, 2018, the Fund did not hold restricted securities.

**Tax Information.** The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended.

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

**Portfolio Management Team Biographies**

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

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

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

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

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

## THE GABELLI ASSET FUND

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

### BOARD OF TRUSTEES

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Senior Vice President,  
G.research, LLC

Kuni Nakamura  
President,  
Advanced Polymer, Inc.

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Andrea R. Mango  
Secretary

Richard J. Walz  
Chief Compliance Officer

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### CUSTODIAN

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Company

### TRANSFER AGENT AND DIVIDEND DISBURSING AGENT

DST Asset Manager  
Solutions Inc.

### LEGAL COUNSEL

Skadden, Arps, Slate, Meagher &  
Flom LLP

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

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GABELLI  
FUNDS

# THE GABELLI ASSET FUND

*First Quarter Report  
March 31, 2018*