

# **GAMCO INVESTORS, INC.**

A Delaware Corporation

191 Mason Street, Greenwich, CT 06830

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Telephone: (203) 629-2726  
Website: <https://www.gabelli.com/>  
Email: [info@gabelli.com](mailto:info@gabelli.com)

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Federal EIN: 13-4007862  
SIC code: 6211

## **Issuer's Quarterly Report** **For the quarterly period ended September 30, 2024**

Indicate the number of shares outstanding of each of the Issuer's classes of Common Stock, as of the end of the previous reporting period and the latest practical date.

Class	Outstanding at June 30, 2024	Outstanding at October 31, 2024
Class A Common Stock, \$0.001 par value (OTCQX: GAMI)	5,323,196	5,208,076
Class B Common Stock, \$0.001 par value	19,011,934	19,011,934

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes ☐ No ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes ☐ No ☒

Indicate by check mark whether a Change in Control of the company has occurred over this reporting period:

Yes ☐ No ☒

**GAMCO Investors, Inc. is responsible for the content of this Quarterly Report. The securities described in this document are not registered with, and the information contained in this report has not been filed with, or approved by, the U.S. Securities and Exchange Commission.**

# **GAMCO INVESTORS, INC. AND SUBSIDIARIES**

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## ITEM 1: EXACT NAME OF THE ISSUER AND THE ADDRESS OF ITS PRINCIPAL EXECUTIVE OFFICES

The name of the issuer is GAMCO Investors, Inc.

Unless indicated otherwise, or the context otherwise requires, references in this report to “GAMCO Investors, Inc.,” “GAMCO,” “the Company,” “the Firm,” and “GAMI” or similar terms are to GAMCO Investors, Inc., its predecessors, and its subsidiaries.

### Company Description

GAMCO (OTCQX: GAMI), a company incorporated under the laws of Delaware, is a widely-recognized provider of investment advisory services to 24 open-end funds, 13 United States (“U.S.”) closed-end funds and one United Kingdom limited investment company (“closed-end funds”), 5 actively managed exchange traded funds (“ETFs”), one société d’investissement à capital variable (“SICAV”), and approximately 1,400 institutional and private wealth management (“Institutional and PWM”) investors principally in the U.S. The Company generally manages assets on a fully discretionary basis and invests in a variety of U.S. and international securities through various investment styles including value, growth, non-market correlated, convertible securities, and U.S. Treasury securities. The Company’s revenues are based primarily on the levels of assets under management (“AUM”) and fees associated with the various investment products. GAMCO serves a broad client base, including institutions, intermediaries, offshore investors, private wealth, and direct retail investors.

GAMCO offers a wide range of solutions for clients across Value and Growth Equity, Convertibles, actively managed ETFs, sector-focused strategies including Gold and Utilities, Merger Arbitrage, Fixed Income, and 100% U.S. Treasury Money Market Funds. In 1977, GAMCO launched its well-known All Cap Value strategy, Gabelli Value, and in 1986 entered the mutual fund business.

The investment advisory business is conducted principally through the following subsidiaries: Gabelli Funds, LLC (open-end funds, closed-end funds, and actively managed ETFs, collectively, the “Funds”) (“Gabelli Funds”) and GAMCO Asset Management Inc. (Institutional and PWM) (“GAMCO Asset”). The distribution of open-end funds and actively managed ETFs are conducted through G.distributors, LLC (“G.distributors”), the Company’s broker-dealer subsidiary.

The principal executive office and principal place of business is located at 191 Mason Street, Greenwich, CT 06830.

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## ITEM 2: SHARES OUTSTANDING

There are two classes of GAMCO’s common stock: class A (“Class A Stock”) and class B (“Class B Stock”). Class A Stock trades on the OTCQX market under the symbol GAMI and Class B Stock does not trade publicly. The following table shows summary information on each class of securities outstanding as of September 30, 2024 and December 31, 2023 and 2022.

Class A Stock	September 30, 2024	December 31, 2023	December 31, 2022
Number of shares authorized	5,600,000	100,000,000	100,000,000
Number of shares outstanding	5,222,720	5,894,276	6,655,635
Number of shares freely tradable (public float)	2,472,071	3,128,029	4,057,596
Total number of holders	129	135	149
Class B Stock	September 30, 2024	December 31, 2023	December 31, 2022
Number of shares authorized	20,000,000	25,000,000	25,000,000
Number of shares outstanding	19,011,934	19,011,934	19,024,117
Number of shares freely tradable (public float)	-	-	-
Total number of holders	17	17	19

At the Annual Meeting of Shareholders held on July 10, 2024, the following changes to the Company’s authorized stock were approved:  
i) the Class A shareholders, voting together as a single class, approved an amendment to the Company’s Amended and Restated

Certificate of Incorporation (“Amended Certificate”) to decrease the authorized number of shares of Class A Stock from 100,000,000 to 5,600,000; ii) the Class B shareholders, voting together as a single class, approved an amendment to the Company’s Amended Certificate to decrease the authorized number of shares of Class B Stock from 25,000,000 to 20,000,000; and iii) the Class A and Class B shareholders, voting together, approved an amendment to the Company’s Amended Certificate to eliminate the authorized shares of preferred stock. The Amended Certificate has been filed with the Delaware Division of Corporations.

The number of shares freely tradable may include shares held by stockholders owning 10% or more of our Class A Stock. These shareholders may be considered “affiliates” within the meaning of Rule 144 and their shares may be “control shares” subject to the volume and manner of sale restrictions under Rule 144.

The initial public offering (“IPO”) on the New York Stock Exchange (“NYSE”) under the symbol GBL was in February 1999. GAMCO voluntarily delisted from the NYSE and began trading on the OTCQX under the new symbol GAMI as of October 7, 2022. GAMCO voluntarily deregistered with the U.S. Securities and Exchange Commission (“SEC”) as of December 27, 2022.

#### *Voting Rights*

The holders of Class A Stock and Class B Stock have identical rights except that (i) holders of Class A Stock are entitled to one vote per share, while holders of Class B Stock are entitled to ten votes per share, on all matters to be voted on by shareholders in general, and (ii) holders of Class A Stock are not eligible to vote on matters relating exclusively to Class B Stock and vice versa.

#### *Stock Award and Incentive Plan*

The Company maintains a stock award and incentive plan approved by the shareholders (the “Plan”), which is designed to provide incentives which will attract and retain individuals key to the success of GAMCO through direct or indirect ownership of our common stock. A maximum of 7.5 million shares of Class A Stock have been reserved for issuance under the Plan by a committee of GAMCO’s board of directors (the “Board of Directors”) responsible for administering the Plan (“Compensation Committee”). Benefits under the Plan may be granted in any one or a combination of stock options, stock appreciation rights, restricted stock, restricted stock units, stock awards, phantom stock awards, dividend equivalents, and other stock or cash based awards. Under the Plan, the Compensation Committee may grant restricted stock awards (“RSAs”), each of which entitles the grantee to one share of Class A Stock subject to restrictions, phantom RSAs, each of which entitles the grantee to the cash value of one share of Class A Stock subject to restrictions, and either incentive or nonqualified stock options, with a term not to exceed ten years from the grant date and at an exercise price that the Compensation Committee may determine, which were recommended by the Company’s Executive Chairman who did not receive any awards.

As of September 30, 2024 and December 31, 2023, there were no RSAs outstanding and 10,000 stock options outstanding with an exercise price of \$25.55. As of September 30, 2024 and December 31, 2023, there were 1,084,910 and 748,800, respectively, phantom RSAs outstanding with weighted average grant prices per phantom RSA of \$22.66 and \$21.85, respectively.

#### *Stock Repurchase Program*

In March 1999, the Board of Directors established a stock repurchase program (the “Stock Repurchase Program”) to grant management the authority to repurchase shares of Class A Stock. On both May 7, 2024 and August 6, 2024, the Board of Directors increased the buyback authorization under the Stock Repurchase Program by 500,000 shares of Class A Stock. At September 30, 2024, the total shares available under the Stock Repurchase Program to be repurchased in the future were 1,189,452. The Stock Repurchase Program is not subject to an expiration date. Shares of common stock may be purchased from time to time in the future, however share repurchase amounts and prices may vary after considering a variety of factors, including the company’s financial position, earnings, other alternative uses of cash, macroeconomic issues, and market conditions.

The following table provides information regarding purchases of Class A Stock made by or on behalf of the Company or any affiliated purchaser during the nine months ended September 30, 2024:

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
1/01/24 - 1/31/24	40,971	\$ 18.57	40,971	820,037
2/01/24 - 2/29/24	81,800	19.11	81,800	738,237
3/01/24 - 3/31/24	198,318	20.54	198,318	539,919
4/01/24 - 4/30/24	122,434	22.01	122,434	417,485
5/01/24 - 5/31/24	64,801	23.89	64,801	852,684
6/01/24 - 6/30/24	62,756	24.60	62,756	789,928
7/01/24 - 7/31/24	75,896	25.57	75,896	714,032
8/01/24 - 8/31/24	11,721	24.45	11,721	1,202,311
9/01/24 - 9/30/24	12,859	24.51	12,859	1,189,452
Totals	<u>671,556</u>	<u>21.93</u>	<u>671,556</u>	

(1) On trade date basis.

### *Dividends*

The declaration of dividends by GAMCO is subject to the discretion of our Board of Directors. Our Board of Directors will consider such matters as general business conditions, our financial results, capital requirements, contractual, legal and regulatory restrictions on the payment of dividends, and such other factors as our Board of Directors may deem relevant.

As of September 30, 2024, since the IPO, we have returned to shareholders \$2.2 billion in total, of which \$1.0 billion was in the form of the spin-offs of Associated Capital Group, Inc. and Teton Advisors, Inc., \$570 million was through our stock buyback program, and \$647 million was from dividends, in addition to \$80 million to charities.

During the three months ended September 30, 2024, the Company declared cash dividends of \$0.04 per share to shareholders of Class A Stock and Class B Stock totaling \$1.0 million and a special dividend of \$2.00 per share totaling \$50.5 million. During the nine months ended September 30, 2024, the Company declared cash dividends of \$0.12 per share to shareholders of Class A Stock and Class B Stock totaling \$3.0 million and special dividends of \$2.20 per share totaling \$55.5 million. On November 7, 2024, the Board of Directors declared its regular quarterly dividend of \$0.04 per share to all of the Company's shareholders, payable on December 31, 2024 to shareholders of record on December 17, 2024.

### ITEM 3: INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**GAMCO INVESTORS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**  
**UNAUDITED**  
(in thousands, except share and per share data)

	September 30, 2024	December 31, 2023
<b>ASSETS</b>		
Cash and cash equivalents	\$ 102,296	\$ 61,801
Short-term investments in U.S. Treasury Bills	99,096	99,025
Investments in foreign fixed maturity securities	6,004	5,132
Investments in securities, at fair value	53,599	38,910
Investment advisory fees receivable	16,560	17,978
Deferred tax asset and income tax receivable	7,801	8,927
Finance lease	2,944	2,644
Receivable from brokers	2,901	4,562
Goodwill and identifiable intangible assets	2,634	2,634
Receivable from affiliates	2,002	2,519
Other assets	5,533	5,299
Total assets	<u>\$ 301,370</u>	<u>\$ 249,431</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities:		
Compensation payable	\$ 44,522	\$ 23,399
Lease liability obligations	5,241	5,137
Income taxes payable	40	17
Payable to affiliates	387	571
Dividends payable	48,469	-
Accrued expenses and other liabilities	47,395	39,328
Total liabilities	<u>146,054</u>	<u>68,452</u>
Commitments and contingencies (Note 10)		
Stockholders' Equity:		
Preferred stock, \$0.001 par value; 0 and 10,000,000 shares authorized, respectively; none issued and outstanding	-	-
Class A Common Stock, \$0.001 par value; 5,600,000 and 100,000,000 shares authorized, respectively; 5,600,000 and 16,550,659 shares issued, respectively; 5,222,720 and 5,894,276 shares outstanding, respectively	6	14
Class B Common Stock, \$0.001 par value; 20,000,000 and 25,000,000 shares authorized, respectively; 19,011,934 and 24,000,000 shares issued, respectively; 19,011,934 outstanding	19	19
Additional paid-in capital	32,351	32,351
Retained earnings	132,102	527,715
Accumulated other comprehensive loss	(151)	(223)
Treasury stock, at cost (377,280 and 10,656,383 shares, respectively)	(9,011)	(378,897)
Total stockholders' equity	<u>155,316</u>	<u>180,979</u>
Total liabilities and stockholders' equity	<u>\$ 301,370</u>	<u>\$ 249,431</u>

*See notes to interim condensed consolidated financial statements*

**GAMCO INVESTORS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**UNAUDITED**  
(in thousands, except per share data)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Revenues:				
Investment advisory and incentive fees	\$ 53,829	\$ 54,767	\$ 159,591	\$ 164,168
Distribution fees and other income	3,717	4,708	12,544	14,384
Total revenues	57,546	59,475	172,135	178,552
Expenses:				
Compensation	22,566	28,192	80,126	85,434
Management fee	2,517	1,980	6,729	6,213
Distribution costs	6,033	5,992	17,692	18,834
Other operating expenses	4,801	5,790	14,961	17,660
Total expenses	35,917	41,954	119,508	128,141
Operating income	21,629	17,521	52,627	50,411
Non-operating income				
Gain / (loss) from investments, net	3,370	(1,952)	5,101	225
Interest and dividend income	2,947	2,542	8,706	6,161
Interest expense	(290)	(287)	(873)	(878)
Charitable giving contribution	(5,000)	-	(5,000)	-
Total non-operating income	1,027	303	7,934	5,508
Income before income taxes	22,656	17,824	60,561	55,919
Provision for income taxes	5,822	4,687	12,900	12,272
Net income	\$ 16,834	\$ 13,137	\$ 47,661	\$ 43,647
Earnings per share:				
Basic	\$ 0.69	\$ 0.52	\$ 1.95	\$ 1.72
Diluted	\$ 0.69	\$ 0.52	\$ 1.95	\$ 1.72
Weighted average shares outstanding:				
Basic	24,263	25,224	24,503	25,369
Diluted	24,263	25,224	24,503	25,369

*See notes to interim condensed consolidated financial statements.*

**GAMCO INVESTORS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**UNAUDITED**  
(in thousands)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Net income	\$ 16,834	\$ 13,137	\$ 47,661	\$ 43,647
Other comprehensive income / (loss):				
Foreign currency translation gain / (loss)	81	(47)	72	17
Total comprehensive income	<u>\$ 16,915</u>	<u>\$ 13,090</u>	<u>\$ 47,733</u>	<u>\$ 43,664</u>

*See notes to interim condensed consolidated financial statements.*



**GAMCO INVESTORS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**UNAUDITED**  
(in thousands, except per share data)

<b>Three Months Ended September 30, 2024</b>						
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at June 30, 2024	\$ 33	\$ 32,351	\$ 551,503	\$ (232)	\$ (391,226)	\$ 192,429
Net income	-	-	16,834	-	-	16,834
Foreign currency translation	-	-	-	81	-	81
Dividends declared (\$2.04 per share)	-	-	(51,462)	-	-	(51,462)
Retirement of treasury stock	(8)	-	(384,773)	-	384,781	-
Purchases of treasury stock	-	-	-	-	(2,566)	(2,566)
Balance at September 30, 2024	<u>\$ 25</u>	<u>\$ 32,351</u>	<u>\$ 132,102</u>	<u>\$ (151)</u>	<u>\$ (9,011)</u>	<u>\$ 155,316</u>

<b>Three Months Ended September 30, 2023</b>						
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at June 30, 2023	\$ 33	\$ 32,351	\$ 500,096	\$ (231)	\$ (370,824)	\$ 161,425
Net income	-	-	13,137	-	-	13,137
Foreign currency translation	-	-	-	(47)	-	(47)
Dividends declared (\$0.04 per share)	-	-	(1,050)	-	-	(1,050)
Purchases of treasury stock	-	-	-	-	(3,343)	(3,343)
Balance at September 30, 2023	<u>\$ 33</u>	<u>\$ 32,351</u>	<u>\$ 512,183</u>	<u>\$ (278)</u>	<u>\$ (374,167)</u>	<u>\$ 170,122</u>

**GAMCO INVESTORS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**UNAUDITED (Continued)**  
**(in thousands, except per share data)**

	<b>Nine Months Ended September 30, 2024</b>					
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at December 31, 2023	\$ 33	\$ 32,351	\$ 527,715	\$ (223)	\$ (378,897)	\$ 180,979
Net income	-	-	47,661	-	-	47,661
Foreign currency translation	-	-	-	72	-	72
Dividends declared (\$2.32 per share)	-	-	(58,501)	-	-	(58,501)
Retirement of treasury stock	(8)	-	(384,773)	-	384,781	-
Purchases of treasury stock	-	-	-	-	(14,895)	(14,895)
Balance at September 30, 2024	<u>\$ 25</u>	<u>\$ 32,351</u>	<u>\$ 132,102</u>	<u>\$ (151)</u>	<u>\$ (9,011)</u>	<u>\$ 155,316</u>

	<b>Nine Months Ended September 30, 2023</b>					
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at December 31, 2022	\$ 33	\$ 31,884	\$ 471,646	\$ (295)	\$ (364,214)	\$ 139,054
Net income	-	-	43,647	-	-	43,647
Foreign currency translation	-	-	-	17	-	17
Dividends declared (\$0.12 per share)	-	-	(3,110)	-	-	(3,110)
Stock based compensation expense	-	467	-	-	-	467
Purchases of treasury stock	-	-	-	-	(9,953)	(9,953)
Balance at September 30, 2023	<u>\$ 33</u>	<u>\$ 32,351</u>	<u>\$ 512,183</u>	<u>\$ (278)</u>	<u>\$ (374,167)</u>	<u>\$ 170,122</u>

*See notes to interim condensed consolidated financial statements.*

**GAMCO INVESTORS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**UNAUDITED**  
(in thousands)

	<b>Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 47,661	\$ 43,647
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	636	866
Accretion of discounts and amortization of premiums	(3,904)	(1,118)
Stock based compensation expense	-	467
Deferred income taxes	629	5,543
Foreign currency translation	72	17
Net realized (gains) / losses on securities	(2,327)	10,328
Net unrealized gains on securities	(2,976)	(10,274)
(Increase) decrease in assets:		
Investments in securities	(1,220)	88
Investment advisory fees receivable	1,418	4,424
Income taxes receivable	497	315
Receivable from affiliates	502	887
Receivable from brokers	1,661	(26)
Other assets	(1,079)	(396)
Increase (decrease) in liabilities:		
Compensation payable	21,123	13,629
Income taxes payable	23	-
Payable for investments purchased	-	(2,980)
Payable to affiliates	(184)	(2,440)
Accrued expenses and other liabilities	6,064	(761)
Total adjustments	20,935	18,569
Net cash provided by operating activities	68,596	62,216
<b>Cash flows from investing activities:</b>		
Purchases of securities	(161,008)	(55,906)
Proceeds from sales and maturities of securities	155,803	65,676
Net cash provided by/ (used in) investing activities	(5,205)	9,770
<b>Cash flows from financing activities:</b>		
Purchases of treasury stock	(14,751)	(9,865)
Dividends paid	(7,812)	(3,040)
Repayment of principal portion of lease liability	(340)	(282)
Net cash used in financing activities	(22,903)	(13,187)
Effect of exchange rates on cash and cash equivalents	7	1
Net increase in cash and cash equivalents	40,495	58,800
Cash and cash equivalents, beginning of period	61,801	66,381
Cash and cash equivalents, end of period	\$ 102,296	\$ 125,181
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for interest	\$ 868	\$ 872
Cash paid for taxes	\$ 13,287	\$ 7,435

**Supplemental disclosure of non-cash activity:**

For the nine months ended September 30, 2024 and 2023, the Company accrued dividends on restricted stock awards of \$2,220 and \$70, respectively.

For the nine months ended September 30, 2024, the Company accrued a special \$2.00 dividend of \$48,469.

For the nine months ended September 30, 2024 and 2023, the Company accrued excise tax payable on purchases of treasury stock of \$144 and \$88, respectively.

*See notes to interim condensed consolidated financial statements.*

**GAMCO INVESTORS, INC. AND SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2024**  
**(Unaudited)**

**1. Organization and Description of Business**

GAMCO Investors, Inc. (“GAMCO” or the “Company”) (OTCQX: GAMI), a company incorporated under the laws of Delaware, is a widely-recognized provider of investment advisory services to 24 open-end funds, 13 United States (“U.S.”) closed-end funds and one United Kingdom (“U.K.”) limited investment company (“closed-end funds”), 5 actively managed ETFs, one société d’investissement à capital variable (“SICAV”), and approximately 1,400 institutional and private wealth management (“Institutional and PWM”) investors principally in the U.S. The Company generally manages assets on a fully discretionary basis and invests in a variety of U.S. and international securities through various investment styles including value, growth, non-market correlated, convertible securities, and U.S. Treasury securities. The Company’s revenues are based primarily on the levels of assets under management (“AUM”) and fees associated with the various investment products. GAMCO serves a broad client base, including institutions, intermediaries, offshore investors, private wealth, and direct retail investors.

GAMCO offers a wide range of solutions for clients across Value and Growth Equity, Convertibles, actively managed ETFs, sector-focused strategies including Gold and Utilities, Merger Arbitrage, Fixed Income, and 100% U.S. Treasury Money Market Funds. In 1977, GAMCO launched its well-known All Cap Value strategy, Gabelli Value, and in 1986 entered the mutual fund business.

The investment advisory business is conducted principally through the following subsidiaries: Gabelli Funds, LLC (open-end funds, closed-end funds, and actively managed ETFs, collectively, the “Funds”) (“Gabelli Funds”) and GAMCO Asset Management Inc. (Institutional and PWM) (“GAMCO Asset”). The distribution of open-end funds and actively managed ETFs are conducted through G.distributors, LLC (“G.distributors”), the Company’s broker-dealer subsidiary.

**2. Significant Accounting Policies**

*Basis of Presentation*

The unaudited interim condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) for interim financial information. Accordingly, they do not include all the information and footnotes required by U.S. GAAP for complete financial statements. The unaudited interim condensed consolidated financial statements reflect all adjustments, which are of a normal recurring nature, necessary for the fair presentation of financial position, results of operations, and cash flows of GAMCO for the interim periods presented and are not necessarily indicative of results for a full year.

The interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries including: Gabelli Funds, GAMCO Asset, G.distributors, and GAMCO Asset Management (UK) Limited. Intercompany accounts and transactions have been eliminated. Subsidiaries are fully consolidated from the date of acquisition, being the date on which GAMCO obtains control, and continue to be consolidated until the date that such control ceases.

These interim condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements included in our annual report for the year ended December 31, 2023.

*Use of Estimates*

The preparation of the interim condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

*Recent Accounting Developments*

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-07, *Segment Reporting (Topic 280)*, which improves reportable segment disclosure requirements. The new standard will require enhanced disclosures about a company’s significant segment expenses and more timely and detailed segment information reporting throughout the fiscal period, including for companies with a single reportable segment. The standard is effective for annual periods beginning after December 15, 2023 and interim periods beginning after December 15, 2024, and early adoption is permitted. The Company has

performed an analysis on the transition to this new guidance and it is not expected to have a material impact on the Company's interim condensed consolidated financial statements or related disclosures.

In December 2023, the FASB issued ASU No. 2023-09, *Improvements to Income Tax Disclosures (Topic 740)* ("ASU 2023-09"), which requires greater disaggregation of income tax disclosures related to a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. ASU 2023-09 is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. The Company has performed an analysis on the transition to this new guidance and it is not expected to have a material impact on the Company's interim condensed consolidated financial statements or related disclosures.

### 3. Revenue Recognition

In all cases for all revenue streams discussed below, the revenue generated is from a single transaction price and there is no need to allocate the amounts across more than a single revenue stream. The customer for all revenues derived from open-end funds, closed-end funds, and actively managed ETFs described in detail below has been determined to be each Fund itself and not the ultimate underlying investor in each Fund.

Significant judgments that affect the amounts and timing of revenue recognition:

The Company's analysis of the timing of revenue recognition for each revenue stream is based upon an analysis of the current terms of each contract. Performance obligations could, however, change from time to time if and when existing contracts are modified or new contracts are entered into. These changes could potentially affect the timing of satisfaction of performance obligations, the determination of the transaction price, and the allocation of the price to performance obligations. In the case of the revenue streams discussed below, the performance obligation is satisfied either at a point in time or over time. For incentive fee revenues, the performance obligation (advising a client portfolio) is satisfied over time, while the recognition of revenues effectively occurs at the end of the measurement period as defined within the contract, as such amounts are subject to reduction to zero on the date where the measurement period ends even if the performance benchmarks were exceeded during the intervening period. The judgments outlined below, where the determination as to these factors is discussed in detail, are continually reviewed and monitored by the Company when new contracts or contract modifications occur. Transaction price is in all instances formulaic and not subject to significant (or any) judgment at the current time.

#### *Advisory Fee Revenues*

Advisory fees for Funds, sub-advisory accounts, and the SICAV are earned based on predetermined percentages of the average net assets of the individual Funds and are recognized as revenues as the related services are performed. Fees for open-end Funds, one non-U.S. closed-end Fund, sub-advisory accounts, and the SICAV are computed on a daily basis based on average daily net AUM. Fees for U.S. closed-end Funds are computed on average weekly net AUM. These fees are received in cash after the end of each monthly period within 30 days. The revenue recognition occurs ratably as the performance obligation (advising the Fund) is met continuously over time. There is a risk of non-payment and, therefore, a credit loss on these receivables is possible at each reporting date. There were no such credit losses for the periods presented.

Advisory fees for Institutional and PWM accounts are earned based on predetermined percentages of the AUM and are generally computed quarterly based on account values at the end of the preceding quarter. The revenue recognition occurs daily as the performance obligation (advising the client portfolio) is met continuously. These fees are received in cash, typically within 60 days of the client being billed. There is a risk of non-payment and, therefore, a credit loss on these receivables is possible at each reporting date. There were no such credit losses for the periods presented.

#### *Performance Correlated and Conditional Revenues*

Investment advisory fees are earned on a portion of some closed-end Funds' preferred shares at year-end if the total return to common shareholders of the respective closed-end Fund for the year exceeds the dividend rate of the preferred shares. These fees are recognized at the end of the measurement period, which coincides with the calendar year. These fees would also be earned and the contract period ended at any interim point in time that the respective preferred shares are redeemed. These fees are received in cash after the end of each annual measurement period, within 30 days.

The Company earns an incentive fee from two closed-end Funds. For The GDL Fund (GDL), there is an incentive fee, which is earned and recognized as of the end of each calendar year and varies to the extent the total return of the Fund is in excess of the ICE Bank of America Merrill Lynch 3-month U.S. Treasury Bill Index total return. For the Gabelli Merger Plus+ Trust Plc (GMP), there is an

incentive fee which is earned and recognized as of the end of each measurement period, June 30<sup>th</sup>, and varies to the extent the total return of the Fund is in excess of twice the rate of return of the 13-week Treasury Bill over the performance period.

Prior to January 1, 2024, the Company earned an incentive fee from a SICAV sub-fund, the GAMCO Merger Arbitrage SICAV (the “Sub-Fund”). This fee was recognized at the end of the measurement period, which coincided with the calendar year. The fee would also be earned and the measurement period ended at any interim point in time that a client redeemed their respective shares. This fee was received in cash after the end of the measurement period, within 30 days. Effective January 1, 2024, the Company amended its agreement with Gabelli & Company Investment Advisers, Inc. (“GCIA”) which resulted in the Company no longer being entitled to this incentive fee.

In all cases of the incentive fees, because of the variable nature of the consideration, revenue recognition is delayed until it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur, which is generally when the uncertainty associated with the variable consideration is subsequently resolved (for example, the measurement period has concluded and the hurdle rate has been exceeded). There is a risk of non-payment and, therefore, a credit loss on these receivables is possible at each reporting date. There were no such credit losses for the periods presented.

#### *Distribution Fees and Other Income*

Distribution fees and other income primarily includes distribution fee revenue earned in accordance with Rule 12b-1 of the Company Act along with sales charges and underwriting fees associated with the sale of the class A shares of open-end Funds. Distribution fees are computed based on average daily net assets of certain classes of each Fund and are recognized during the period in which they are earned. These fees are received in cash after the end of each monthly period within 30 days. In evaluating the appropriate timing of the recognition of these fees, the Company applied the guidance on up-front fees to determine whether such fees are related to the transfer of a promised service (a distinct performance obligation). The Company’s conclusion is that the service being provided by G.distributors to the customer in exchange for the fee is for the initial distribution of certain classes of the open-end Funds and is completed at the time of each respective sale. Any fixed amounts are recognized on the trade date and variable amounts are recognized to the extent it is probable that a significant revenue reversal will not occur once the uncertainty is resolved. For variable amounts, as the uncertainty is dependent on the value of the shares at future points in time as well as the length of time the investor remains in the Fund, both of which are highly susceptible to factors outside the Company’s influence, the Company does not believe that it can overcome this constraint until the market value of the Fund and the investor activities are known, which are generally monthly. Sales charges and underwriting fees associated with the sale of certain classes of the open-end Funds are recognized on the trade date of the sale of the respective shares. There is a risk of non-payment and, therefore, a credit loss on these receivables is possible at each reporting date. There were no such credit losses for the periods presented.

As a result of the amended agreement with GCIA in relation to the Sub-Fund, effective January 1, 2024, the Company pays 100% of the revenues received from the Sub-Fund to GCIA for acting as the sub-advisor to the Sub-Fund. GCIA rebates to the Company an annual administrative and accounting services fee equal to the sum of the following: (a) a fixed amount of \$45,000; (b) a variable amount equal to 0.05% (5 basis points) of the first \$500 million of average daily net assets of the Sub-Fund; and (c) a variable amount equal to 0.025% (2.5 basis points) of the balance of average daily net assets of the Sub-Fund in excess of \$500 million.

#### *Revenue Disaggregated*

The following table presents the Company’s revenue disaggregated by account type (in thousands):

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Investment advisory and incentive fees:				
Open-end Funds	\$ 20,938	\$ 20,520	\$ 61,491	\$ 61,202
Closed-end Funds	17,686	16,928	51,816	50,468
Institutional & Private Wealth Management	14,977	15,457	45,550	46,016
Sub-advisory accounts	223	307	719	1,032
SICAV	5	1,555	15	5,340
Performance-based	-	-	-	110
Total investment advisory and incentive fees	53,829	54,767	159,591	164,168
Distribution fees and other income	3,717	4,708	12,544	14,384
Total revenues	\$ 57,546	\$ 59,475	\$ 172,135	\$ 178,552

#### 4. Investments in Securities

Investments in securities at September 30, 2024 and December 31, 2023 consisted of the following (in thousands):

	September 30, 2024		December 31, 2023	
	Cost	Fair Value	Cost	Fair Value
Investments in securities:				
Actively managed ETFs	\$ 17,022	\$ 22,368	\$ 16,923	\$ 18,343
Closed-end Funds	16,124	16,130	7,520	7,516
Common stocks	17,754	9,143	18,447	7,527
Open-end funds	6,136	5,858	6,073	5,484
Other	55	100	5	40
Total investments in securities	<u>\$ 57,091</u>	<u>\$ 53,599</u>	<u>\$ 48,968</u>	<u>\$ 38,910</u>

Management determines the appropriate classification of debt securities at the time of purchase. Government debt with maturities of greater than three months at the time of purchase are considered investments in debt securities. Investments in debt securities are accounted for as either trading, available for sale (“AFS”), or held-to-maturity (“HTM”). The Company does not hold any investments in debt securities accounted for as AFS.

Short-term investments in U.S. Treasury Bills and investments in foreign fixed maturity securities, which are both HTM, at September 30, 2024 and December 31, 2023 consisted of the following (in thousands):

	September 30, 2024			
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Short-term investments in U.S. Treasury Bills:				
U.S. Treasury Bills	\$ 99,096	\$ 99	\$ -	\$ 99,195
Total short-term investments in U.S. Treasury Bills	<u>\$ 99,096</u>	<u>\$ 99</u>	<u>\$ -</u>	<u>\$ 99,195</u>

Investments in foreign fixed maturity securities:

U.K. Gilts	\$ 6,004	\$ -	\$ (51)	\$ 5,953
Total investments in foreign fixed maturity securities	<u>\$ 6,004</u>	<u>\$ -</u>	<u>\$ (51)</u>	<u>\$ 5,953</u>

	December 31, 2023			
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Short-term investments in U.S. Treasury Bills:				
U.S. Treasury Bills	\$ 99,025	\$ 35	\$ -	\$ 99,060
Total short-term investments in U.S. Treasury Bills	<u>\$ 99,025</u>	<u>\$ 35</u>	<u>\$ -</u>	<u>\$ 99,060</u>

Investments in foreign fixed maturity securities:

U.K. Gilts	\$ 5,132	\$ -	\$ (39)	\$ 5,093
Total investments in foreign fixed maturity securities	<u>\$ 5,132</u>	<u>\$ -</u>	<u>\$ (39)</u>	<u>\$ 5,093</u>

The maturity dates of the U.S. Treasury Bills were all less than a year. As of September 30, 2024, the maturity dates of \$2,441 of the U.K. Gilts were less than a year and \$3,563 were between one and five years. As of December 31, 2023, the maturity dates of \$1,068 of the U.K. Gilts were less than a year and \$4,064 were between one and five years.

#### 5. Fair Value

All of the instruments within cash and cash equivalents and investments in securities are measured at fair value. The Company’s assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the FASB Accounting Standards Codification (“ASC”) Topic 820, *Fair Value Measurement* (“ASC 820”), guidance on fair value measurement. The levels of the fair value hierarchy and their applicability to the Company are described below:

- Level 1 - the valuation methodology utilizes quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date. Level 1 assets include cash equivalents, government obligations, mutual funds, closed-end funds, and listed equities.
- Level 2 - the valuation methodology utilizes inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities that are not active, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly-quoted intervals.
- Level 3 - the valuation methodology utilizes unobservable inputs for the asset or liability, and includes situations where there is little, if any, market activity for the asset or liability. Level 3 assets include privately issued preferred securities of closed-end funds.

The following tables summarize the Company's assets and liabilities measured at fair value on a recurring basis by the above fair value hierarchy levels as of September 30, 2024 and December 31, 2023 (in thousands):

**Assets and liabilities measured at fair value on a recurring basis as of September 30, 2024**

<b>Assets</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Balance as of September 30, 2024</b>
Cash equivalents	\$ 101,694	\$ -	\$ -	\$ 101,694
Investments in securities:				
Actively managed ETFs	22,368	-	-	22,368
Closed-end Funds <sup>(a)</sup>	630	-	15,500	16,130
Common stocks	9,143	-	-	9,143
Open-end funds	5,858	-	-	5,858
Other	50	-	50	100
Total investments in securities	38,049	-	15,550	53,599
Total assets at fair value	\$ 139,743	\$ -	\$ 15,550	\$ 155,293

(a) Includes \$15,500 of privately issued, puttable, and callable preferred securities, of which \$13,000 are subject to mandatory redemption, issued by the closed-end Funds.

**Assets and liabilities measured at fair value on a recurring basis as of December 31, 2023**

<b>Assets</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Balance as of December 31, 2023</b>
Cash equivalents	\$ 61,256	\$ -	\$ -	\$ 61,256
Investments in securities:				
Actively managed ETFs	18,343	-	-	18,343
Common stocks	7,527	-	-	7,527
Closed-end Funds <sup>(a)</sup>	516	-	7,000	7,516
Open-end Funds	5,484	-	-	5,484
Other	40	-	-	40
Total investments in securities	31,910	-	7,000	38,910
Total assets at fair value	\$ 93,166	\$ -	\$ 7,000	\$ 100,166

(a) Includes \$7,000 of privately issued, puttable, and callable preferred securities subject to mandatory redemption issued by the closed-end Funds.

Cash equivalents are comprised primarily of U.S. Treasury Bills with maturities of 3 months or less at time of purchase and investments in a 100% U.S. Treasury money market fund managed by GAMCO (The Gabelli U.S. Treasury Money Market Fund).



The following table presents additional information about assets and liabilities by major categories measured at fair value on a recurring basis and for which the Company has utilized Level 3 inputs to determine fair value for the three and nine months ended September 30, 2024 (in thousands):

**Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Three Months Ended September 30, 2024 (in thousands)**

	June 30, 2024			September 30, 2024
Asset	Beginning Balance	Purchases	Sales	Ending Balance
Closed-end Funds	\$ 15,500	\$ -	\$ -	\$ 15,500
Other	50	-	-	50
<b>Total</b>	<b>\$ 15,550</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,550</b>

**Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Nine Months Ended September 30, 2024 (in thousands)**

	December 31, 2023			September 30, 2024
Asset	Beginning Balance	Purchases	Sales	Ending Balance
Closed-end Funds	\$ 7,000	\$ 11,500	\$ (3,000)	\$ 15,500
Other	-	50	-	50
<b>Total</b>	<b>\$ 7,000</b>	<b>\$ 11,550</b>	<b>\$ (3,000)</b>	<b>\$ 15,550</b>

There were no assets by major categories measured at fair value on a recurring basis and for which the Company has utilized Level 3 inputs to determine fair value for the three or nine months ended September 30, 2023.

There were no transfers between any levels during the three or nine months ended September 30, 2024 or 2023.

The Company uses a discounted cash flow analysis when determining the fair value of privately issued preferred securities of closed-end funds that are categorized as Level 3. Projected cash flows in the discounted cash flow analysis represent the relevant security's dividend rate plus the assumption of full principal repayment at the preferred security's earliest available redemption date.

The significant unobservable input used in the fair value measurement of each of the Company's investments in privately issued preferred securities of closed-end funds is the discount rate. The discount rate was determined using the interest rates of U.S. Treasury Bills that are held over a similar period as the preferred security. The discount rates used in the valuation of these investments as of September 30, 2024 ranged from 3.61% to 4.63% with a weighted average of 3.85%. Significant changes in the discount rate could result in a significantly lower or higher fair value measurement of these Level 3 investments.

*Financial assets and liabilities not carried at fair value*

The following table presents the carrying value and fair value of the Company's short-term investments in U.S. Treasury Bills and investments in foreign fixed maturity securities, including the U.K. Gilts investments, which are carried at amortized cost remeasured in U.S. dollars, as of September 30, 2024 and December 31, 2023 (in thousands):

	September 30, 2024		December 31, 2023	
	Carrying Value	Fair Value Level 1	Carrying Value	Fair Value Level 1
U.S. Treasury Bills	\$ 99,096	\$ 99,195	\$ 99,025	\$ 99,060
U.K. Gilts	6,004 <sup>(1)</sup>	5,953	5,132 <sup>(1)</sup>	5,093
<b>Total</b>	<b>\$ 105,100</b>	<b>\$ 105,148</b>	<b>\$ 104,157</b>	<b>\$ 104,153</b>

(1) Amortized cost at September 30, 2024 and December 31, 2023 prior to remeasurement in U.S. dollars was \$5,463 and \$4,878, respectively.

The carrying value of other financial assets and liabilities approximates their fair value based on the short-term nature of these items.

## 6. Income Taxes

A reconciliation of the Federal statutory income tax rate to the effective tax rate is set forth below:

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Statutory Federal income tax rate	21.0%	21.0%	21.0%	21.0%
State income tax, net of Federal benefit	4.8	5.3	(0.3)	0.9
Other	(0.1)	-	0.6	-
Effective income tax rate	<u>25.7%</u>	<u>26.3%</u>	<u>21.3%</u>	<u>21.9%</u>

## 7. Earnings Per Share

Basic earnings per share is calculated by dividing net income by the weighted average shares outstanding. Diluted earnings per share is calculated using the treasury stock method by dividing net income by the total weighted average shares of common stock outstanding, restricted stock awards, and options, if impacts are dilutive. The computations of basic and diluted net income per share were as follows (in thousands, except per share amounts):

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Basic:</b>				
Net income	\$ 16,834	\$ 13,137	\$ 47,661	\$ 43,647
Weighted average shares outstanding	<u>24,263</u>	<u>25,224</u>	<u>24,503</u>	<u>25,369</u>
Basic net income per share	<u>\$ 0.69</u>	<u>\$ 0.52</u>	<u>\$ 1.95</u>	<u>\$ 1.72</u>
<b>Diluted:</b>				
Net income	\$ 16,834	\$ 13,137	\$ 47,661	\$ 43,647
Weighted average shares outstanding	24,263	25,224	24,503	25,369
Dilutive impact of restricted stock awards and stock options	-	-	-	-
Total	<u>24,263</u>	<u>25,224</u>	<u>24,503</u>	<u>25,369</u>
Diluted net income per share	<u>\$ 0.69</u>	<u>\$ 0.52</u>	<u>\$ 1.95</u>	<u>\$ 1.72</u>

## 8. Stockholders' Equity

There were 5.2 million shares of Class A Stock and 19.0 million shares of Class B Stock outstanding at September 30, 2024, and 5.9 million shares of Class A Stock and 19.0 million shares of Class B Stock outstanding at December 31, 2023.

At the Annual Meeting of Shareholders held on July 10, 2024, the following changes to the Company's authorized stock were approved: i) the Class A shareholders, voting together as a single class, approved an amendment to the Company's Amended and Restated Certificate of Incorporation ("Amended Certificate") to decrease the authorized number of shares of Class A Stock from 100,000,000 to 5,600,000; ii) the Class B shareholders, voting together as a single class, approved an amendment to the Company's Amended Certificate to decrease the authorized number of shares of Class B Stock from 25,000,000 to 20,000,000; and iii) the Class A and Class B shareholders, voting together, approved an amendment to the Company's Amended Certificate to eliminate the authorized shares of preferred stock. The Amended Certificate, effective July 19, 2024, was filed with the Delaware Division of Corporations.

### *Voting Rights*

The holders of Class A Stock and Class B Stock have identical rights except that (i) holders of Class A Stock are entitled to one vote per share, while holders of Class B Stock are entitled to ten votes per share, on all matters to be voted on by shareholders in general, and (ii) holders of Class A Stock are not eligible to vote on matters relating exclusively to Class B Stock and vice versa.

### *Stock Award and Incentive Plan*

The Company maintains a stock award and incentive plan (the “Plan”) approved by the shareholders, which is designed to provide incentives which will attract and retain individuals key to the success of GAMCO through direct or indirect ownership of our common stock. A maximum of 7.5 million shares of Class A Stock have been reserved for issuance under the Plan by the Compensation Committee of GAMCO’s Board of Directors, which is responsible for administering the Plan. Benefits under the Plan may be granted in any one or a combination of stock options, stock appreciation rights, restricted stock, restricted stock units, stock awards, phantom stock awards, dividend equivalents, and other stock or cash based awards. Under the Plan, the Compensation Committee may grant RSAs, each of which entitles the grantee to one share of Class A Stock subject to restrictions, phantom RSAs, each of which entitles the grantee to the cash value of one share of Class A Stock subject to restrictions, and either incentive or nonqualified stock options, with a term not to exceed ten years from the grant date and at an exercise price that the Compensation Committee may determine, which were recommended by the Company’s Executive Chairman who did not receive any awards.

On June 1, 2023, 411,500 phantom RSAs were issued at a grant price of \$19.04 per phantom RSA. On June 21, 2024, 456,650 phantom RSAs were issued at a grant date price of \$24.50 per phantom RSA.

As of September 30, 2024 and December 31, 2023, there were no RSAs outstanding and 10,000 stock options outstanding with an exercise price of \$25.55. As of September 30, 2024 and December 31, 2023, there were 1,084,910 and 748,800, respectively, phantom RSAs outstanding with weighted average grant prices per phantom RSA of \$22.66 and \$21.85, respectively. The phantom RSAs, which will be settled in cash based on the fair value of the shares on the vesting date, were determined to be liability awards and are adjusted for changes in the Company’s stock price at each reporting date.

On December 22, 2022, the Compensation Committee of GAMCO accelerated the vesting relating to 70,000 of GAMCO RSAs outstanding effective January 3, 2023. As a result, GAMCO recorded an incremental \$0.2 million of stock-based compensation expense for 2023 that would have been recognized in future years. For the nine months ended September 30, 2024 and 2023, the Company recognized stock-based non-cash RSA compensation expense of \$0 and \$0.5 million, respectively, including such incremental expense from the accelerated vesting. There was no stock-based non-cash RSA compensation expense for the three months ended September 30, 2024 and 2023. On June 17, 2024, 105,540 stock-based phantom RSAs vested. For the three months ended September 30, 2024 and 2023, the Company recognized stock-based phantom RSA compensation expense of \$1.4 million and \$1.0 million, respectively. For the nine months ended September 30, 2024 and 2023, the Company recognized stock-based phantom RSA compensation expense of \$5.0 million and \$2.4 million, respectively. As of September 30, 2024 and December 31, 2023, the accrued phantom RSA compensation payable was \$7.5 million and \$5.1 million, respectively, and was included within compensation payable in the Interim Condensed Consolidated Statements of Financial Condition.

The total compensation costs related to non-vested phantom RSA awards to employees (“teammates”), excluding the Executive Chairman who received none, not yet recognized was approximately \$16.8 million as of September 30, 2024.

### *Stock Repurchase Program*

In March 1999, the Board of Directors established the Stock Repurchase Program to grant management the authority to repurchase shares of Class A Stock. Since establishing the program, the Board of Directors has authorized additional share repurchases, including increases of 500,000 shares most recently on both May 7, 2024 and August 6, 2024. Purchases may be made from time to time, at management’s discretion, in the open market or in private transactions, including the use of trading plans, as well as pursuant to accelerated share repurchase programs or other share repurchase strategies. Share repurchase amounts and prices may vary after considering a variety of factors, including the company’s financial position, earnings, other alternative uses of cash, macroeconomic issues, and market conditions.

When treasury shares are retired, the Company’s policy is to allocate the excess of the repurchase price over the par value of shares acquired to retained earnings. Prior to filing the Amended Certificate which resulted in the reduction of authorized shares, the Company retired 10,950,659 treasury shares. As a result of this treasury share retirement, treasury stock and retained earnings were reduced by \$384.8 million and Class A Stock was reduced by \$8 thousand. There was no change to the total stockholders’ equity as a result of this retirement.

For the three months ended September 30, 2024 and 2023, the Company repurchased 100,476 and 159,518 shares, respectively, at an average price per share of \$25.30 and \$20.74, respectively. For the nine months ended September 30, 2024 and 2023, the Company repurchased 671,556 and 526,722 shares, respectively, at an average price per share of \$21.93 and \$18.72, respectively. At September 30, 2024, the total shares available under the Stock Repurchase Program to be repurchased in the future were 1,189,452. The Stock Repurchase Program has no expiry.

## *Dividends*

During each of the three months ended September 30, 2024 and 2023, the Company declared cash dividends of \$0.04 per share to shareholders of Class A Stock and Class B Stock totaling \$1.0 million and \$1.1 million, respectively. In addition, during the three months ended September 30, 2024, the Company declared a special dividend of \$2.00 per share to shareholders of Class A Stock and Class B stock totaling \$50.5 million. During each of the nine months ended September 30, 2024 and 2023, the Company declared cash dividends of \$0.12 per share to shareholders of Class A Stock and Class B Stock totaling \$3.0 million and \$3.1 million, respectively. In addition, during the nine months ended September 30, 2024, the Company declared special dividends of \$2.20 per share to shareholders of Class A Stock and Class B stock totaling \$55.5 million.

## **9. Goodwill and Identifiable Intangible Assets**

Goodwill is initially measured as the excess of the cost of the acquired business over the sum of the amounts assigned to assets acquired less the liabilities assumed. At September 30, 2024 and December 31, 2023, there was goodwill of \$0.2 million maintained on the Interim Condensed Consolidated Statements of Financial Condition related to G.distributors.

As a result of becoming the advisor to the Gabelli Enterprise Mergers and Acquisitions Fund (the “Enterprise Fund”) and the associated consideration paid, the Company maintains an identifiable intangible asset of \$0.8 million at September 30, 2024 and December 31, 2023. The investment advisory agreement for the Enterprise Fund is next up for renewal in February 2025. As a result of becoming the advisor to the Bancroft Fund Ltd. (the “Bancroft Fund”) and the Ellsworth Growth and Income Fund Ltd. (the “Ellsworth Fund”) and the associated consideration paid, the Company maintains an identifiable intangible asset of \$1.6 million at September 30, 2024 and December 31, 2023. The investment advisory agreements for the Bancroft Fund and the Ellsworth Fund are next up for renewal in August 2025. Each of these investment advisory agreements are subject to annual renewal by the respective Fund’s board of directors, which the Company expects to be renewed, and the Company does not expect to incur additional expense as a result, which is consistent with other investment advisory agreements entered into by the Company.

The Company assesses the recoverability of goodwill and intangible assets at least annually each November 30, or more often should events warrant. There were no indicators of impairment for the three or nine months ended September 30, 2024 and 2023 and, as such, there was no impairment analysis performed or charge recorded for such periods.

## **10. Commitments and Contingencies**

From time to time, the Company may be named in legal actions and proceedings in the normal course of business. These actions may seek substantial or indeterminate compensatory, as well as punitive damages or injunctive relief. The Company is also subject to governmental or regulatory examinations or investigations. Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. There are currently no such matters pending that the Company believes could have a material adverse effect on its interim condensed consolidated financial condition, operations, or cash flows at September 30, 2024.

## *Leases*

On December 5, 1997, the Company entered into a fifteen-year lease, expiring on April 30, 2013, of office space from an entity controlled by members of the Chairman’s family. On June 11, 2013, the Company modified and extended its lease with M4E, LLC, the Company’s landlord at One Corporate Center, Rye, NY. The lease term was extended to December 31, 2028, and the base rental remained at \$18 per square foot, or \$1.1 million, for 2014. For each subsequent year through December 31, 2028, the base rental is determined by the change in the consumer price index for the New York Metropolitan Area for November of the immediate prior year with the base period as November 2008 for the New York Metropolitan Area.

This lease has been accounted for as a finance lease under FASB ASC Topic 842 as it transfers substantially all the benefits and risks of ownership to the Company. The Company has recorded the leased property as an asset and a lease obligation for the present value of the obligation of the leased property. The leased property is amortized on a straight-line basis from the date of the most recent extension to the end of the lease. The lease obligation is amortized over the same term using the interest method of accounting. Finance lease improvements are amortized from the date of expenditure through the end of the lease term or the useful life, whichever is shorter, on a straight-line basis. The lease provides that all operating expenses relating to the property (such as property taxes, utilities, and maintenance) are to be paid by the lessee, GAMCO. These are recognized as expenses in the periods in which they are incurred. Accumulated amortization on the leased property at September 30, 2024 and December 31, 2023, was approximately \$6.3 million and \$6.1 million, respectively.

The Company also rents office space under operating leases, which expire at various dates through December 31, 2030.

The following table summarizes the Company's leases for the periods presented (in thousands, except lease term and discount rate):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Finance lease cost - interest expense	\$ 254	\$ 263	\$ 778	\$ 803
Finance lease cost - amortization of right-of-use asset	12	78	36	229
Operating lease cost	113	116	337	380
Sublease income	(36)	(37)	(108)	(105)
Total lease cost	<u>\$ 343</u>	<u>\$ 420</u>	<u>\$ 1,043</u>	<u>\$ 1,307</u>
Other information:				
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	\$ (9)	\$ 146	\$ 182	280
Financing cash flows from finance lease	118	98	340	281
Total cash paid for amounts included in the measurement of lease liabilities	<u>\$ 109</u>	<u>\$ 244</u>	<u>\$ 522</u>	<u>\$ 561</u>
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ -	\$ -	\$ 626	\$ -
Weighted average remaining lease term—finance lease (years)	4.3	5.3	4.3	5.3
Weighted average remaining lease term—operating leases (years)	4.5	3.8	4.5	3.8
Weighted average discount rate—finance lease	19.1%	19.1%	19.1%	19.1%
Weighted average discount rate—operating leases	6.7%	5.0%	6.7%	5.0%

The finance lease right-of-use asset, net of amortization, at September 30, 2024 and December 31, 2023 was \$0.9 million and \$1.0 million, respectively, and the operating right-of-use assets, net of amortization, were \$2.1 million and \$1.6 million, respectively, and these operating right-of-use assets were included within other assets in the Interim Condensed Consolidated Statements of Financial Condition.

The following table summarizes the maturities of lease liabilities at September 30, 2024 (in thousands):

Year ending December 31,	Finance Leases	Operating Leases	Total Leases
2024 (excluding the nine months ended September 30, 2024)	\$ 371	\$ 213	\$ 584
2025	1,080	695	1,775
2026	1,080	586	1,666
2027	1,080	557	1,637
2028	1,080	545	1,625
Thereafter	-	770	770
Total lease payments	\$ 4,691	\$ 3,366	\$ 8,057
Less imputed interest	(1,603)	(1,033)	(2,636)
Total lease liabilities	<u>\$ 3,088</u>	<u>\$ 2,333</u>	<u>\$ 5,421</u>

The finance lease contains an escalation clause tied to the change in the New York Metropolitan Area Consumer Price Index, which may cause the future minimum payments to exceed the amounts shown above. Future minimum lease payments have not been reduced by related minimum future sublease rentals of approximately \$0.8 million due over the next four years, which are due from affiliated entities.

## 11. Related Party Transactions

On July 15, 2024, the Company announced that its Chairman and co-CEO, Mr. Mario J. Gabelli, elected to waive all of his portfolio and relationship compensation that he would otherwise have been entitled to for the period from August 1, 2024 to October 31, 2024. This waiver does not include his Incentive Management Fee. For the three and nine months ended September 30, 2024, the waiver reduced compensation expense by \$5.5 million. There was no such waiver for the three or nine months ended September 30, 2023.

On August 6, 2024, the Board approved the creation of a tax-exempt not-for-profit corporation, GAMI Foundation, Inc., to be funded with \$5.0 million from the Company. For the three and nine months ended September 30, 2024, the \$5.0 million contribution was reported in charitable giving contribution the Interim Condensed Consolidated Statements of Income.

## **12. Regulatory Requirements**

The Company's broker-dealer subsidiary, G.distributors, is subject to certain net capital requirements. G.distributors computes its net capital under the alternative method permitted, which requires minimum net capital of the greater of \$250,000 or 2% of the aggregate debit items in the reserve formula for those broker-dealers subject to Rule 15c3-3 promulgated under the Securities Exchange Act of 1934, as amended. The requirement was \$250,000 for the broker-dealer at September 30, 2024 and December 31, 2023. At September 30, 2024 and December 31, 2023, G.distributors had net capital, as defined, of approximately \$1.6 million and \$2.5 million, respectively, exceeding the regulatory requirement by approximately \$1.4 million and \$2.2 million, respectively.

## **13. Subsequent Events**

From October 1, 2024 to November 11, 2024, the Company repurchased 33,600 shares at \$24.57 per share.

On November 7, 2024, the Board of Directors declared its regular quarterly dividend of \$0.04 per share to the Company's shareholders of Class A Stock and Class B Stock, payable on December 31, 2024 to shareholders of record on December 17, 2024.

## ITEM 4: MANAGEMENT'S DISCUSSION AND ANALYSIS

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Our disclosure and analysis in this Quarterly Report (the "Quarterly Report") contains some forward-looking statements. Forward-looking statements give our current expectations or forecasts of future events. You can identify these statements because they do not relate strictly to historical or current facts. They use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "will," "should," "may," and other words and terms of similar meaning. They also appear in any discussion of future operating or financial performance. In particular, these include statements relating to future actions, future performance of our products, expenses, the outcome of any legal proceedings, and financial results. Although we believe that we are basing our expectations and beliefs on reasonable assumptions within the bounds of what we currently know about our business and operations, there can be no assurance that our actual results will not differ materially from what we expect or believe. Some of the factors that may cause our actual results to differ from our expectations include risks associated with the duration and scope of the ongoing coronavirus pandemic resulting in volatile market conditions, a decline in the securities markets that adversely affect our assets under management, negative performance of our products, the failure to perform as required under our investment management agreements, and a general downturn in the economy that negatively impacts our operations. We are providing these statements as permitted by the Private Litigation Reform Act of 1995. We also direct your attention to any more specific discussions of risk contained in our annual reports, quarterly reports, current reports, and other public filings available on OTC Markets (OTCQX: GAMI). We do not undertake to update publicly any forward-looking statements if we subsequently learn that we are unlikely to achieve our expectations or if we receive any additional information relating to the subject matters of our forward-looking statements.

### OVERVIEW

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited interim condensed consolidated financial statements and the notes thereto included in Item 3 of this Quarterly Report. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to those described in Part C of our annual report for the year ended December 31, 2023, posted on the OTC Markets website. Our actual results could differ materially from those anticipated by such forward-looking statements due to factors discussed under "Cautionary Statement Regarding Forward-Looking Statements" above.*

GAMCO (OTCQX: GAMI), a company incorporated under the laws of Delaware, is a widely-recognized provider of investment advisory services to 24 open-end funds, 14 closed-end funds, 5 actively managed ETFs, one SICAV, and approximately 1,400 Institutional and PWM investors principally in the U.S. The Company generally manages assets on a fully discretionary basis and invests in a variety of U.S. and international securities through various investment styles including value, growth, non-market correlated, convertible securities, and U.S. Treasury securities. The Company's revenues are based primarily on the levels of AUM and fees associated with the various investment products. GAMCO serves a broad client base, including institutions, intermediaries, offshore investors, private wealth, and direct retail investors.

GAMCO offers a wide range of solutions for clients across Value and Growth Equity, Convertibles, actively managed ETFs, sector-focused strategies including Gold and Utilities, Merger Arbitrage, Fixed Income, and 100% U.S. Treasury Money Market Funds. In 1977, GAMCO launched its well-known All Cap Value strategy, Gabelli Value, and in 1986 entered the mutual fund business.

The investment advisory business is conducted principally through the following subsidiaries: Gabelli Funds (open-end funds, closed-end funds, and actively managed ETFs) and GAMCO Asset (Institutional and PWM). The distribution of open-end funds and actively managed ETFs are conducted through G.distributors, the Company's broker-dealer subsidiary.

As of September 30, 2024, we had \$32.2 billion of AUM and \$1.3 billion of assets under administration ("AUA").

### *Giving Back to Society*

On August 6, 2024, the Board of Directors authorized the creation of a private foundation to continue our charitable giving program with an initial contribution of \$5.0 million.

Since our IPO in February 1999, our firm's combined charitable donations total approximately \$80 million, including \$48 million through the shareholder designated charitable contribution program, and the \$5 million to the newly created private foundation. Since its inception in 2013, GAMCO shareholders have designated charitable gifts to approximately 350 charitable organizations.

### *Actively managed ETFs*

We received approval in 2019 for the Gabelli ETFs Trust and may launch up to nine licensed Precidian ActiveShares actively managed ETFs. This innovative product combines the characteristics of an actively managed mutual fund with the intra-day pricing and tax benefits of an ETF, including the benefits from §852(b)(6), which allows a fund to deliver appreciated securities to redeeming shareholders without recognizing any gains and enables shareholders to defer capital gains until they sell their shares. The 5 ETFs launched thus far, all on the NYSE, include:

- LOPP, the Gabelli Love Our Planet & People ETF, which began trading on February 1, 2021, underscores our belief that an investment focus on the environment is essential to the future of the Planet.
- GGRW, the Gabelli Growth Innovators ETF, which began trading on February 16, 2021, provides an investment opportunity in businesses both enabling and benefitting from digital acceleration.
- GAST, the Gabelli Automation ETF, which began trading on January 5, 2022, focuses on companies that use automation equipment, related technology, software, or processes, and firms that use those services to automate their productivity.
- GABF, the Gabelli Financial Services Opportunity ETF, which began trading on May 10, 2022, focuses on companies in the financial services sector.
- GCAD, the Gabelli Commercial Aerospace & Defense ETF, which began trading on January 4, 2023, focuses on the aerospace and defense sectors.

### *Assets Under Management*

AUM was \$32.2 billion as of September 30, 2024 and \$29.2 billion as of September 30, 2023. Equity AUM was \$26.9 billion at September 30, 2024, an increase of \$2.0 billion, or 8.0%, from the September 30, 2023 equity AUM of \$24.9 billion. The third quarter 2024 AUM activity consisted of \$2.1 billion of market appreciation, net cash outflows of \$0.5 billion, and recurring distributions, net of reinvestments, from the Funds of \$0.1 billion. Average total AUM was \$31.6 billion in the third quarter of 2024 versus \$30.8 billion in the third quarter of 2023, an increase of 2.6%.

We earn incentive fees for assets attributable to certain preferred issues for our closed-end Funds, our GDL Fund (GDL), and the Gabelli Merger Plus+ Trust Plc (GMP). Assets with incentive-based fees decreased to \$0.2 billion as of September 30, 2024 from \$1.0 billion as of September 30, 2023. The majority of these assets have calendar year-end measurement periods, therefore, our incentive fees are primarily recognized in the fourth quarter when the uncertainty is removed at the end of the annual measurement period.



## Roll-forward of AUM (in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Equities:</b>				
<b>Mutual Funds</b>				
Beginning of period assets	\$ 8,035	\$ 8,271	\$ 7,973	\$ 8,140
Inflows	175	146	540	556
Outflows	(415)	(363)	(1,206)	(1,164)
Net inflows (outflows)	(240)	(217)	(666)	(608)
Market appreciation (depreciation)	652	(503)	1,149	27
Fund distributions, net of reinvestment	(7)	(5)	(16)	(13)
Total increase (decrease)	405	(725)	467	(594)
End of period assets	\$ 8,440	\$ 7,546	\$ 8,440	\$ 7,546
Percentage of total assets under management	26.2%	25.9%	26.2%	25.9%
Average assets under management	\$ 8,177	\$ 8,100	\$ 8,079	\$ 8,185
<b>Closed-end Funds</b>				
Beginning of period assets	\$ 7,052	\$ 7,195	\$ 7,097	\$ 7,046
Inflows	25	-	69	25
Outflows	(32)	(29)	(183)	(68)
Net inflows (outflows)	(7)	(29)	(114)	(43)
Market appreciation (depreciation)	540	(312)	855	112
Fund distributions, net of reinvestment	(126)	(127)	(379)	(388)
Total increase (decrease)	407	(468)	362	(319)
End of period assets	\$ 7,459	\$ 6,727	\$ 7,459	\$ 6,727
Percentage of total assets under management	23.2%	23.1%	23.2%	23.1%
Average assets under management	\$ 7,260	\$ 7,124	\$ 7,162	\$ 7,150
<b>Institutional &amp; PWM</b>				
Beginning of period assets	\$ 10,436	\$ 11,035	\$ 10,738	\$ 10,714
Inflows	87	51	278	178
Outflows	(373)	(513)	(1,294)	(1,368)
Net inflows (outflows)	(286)	(462)	(1,016)	(1,190)
Market appreciation (depreciation)	834	(539)	1,262	510
Total increase (decrease)	548	(1,001)	246	(680)
End of period assets <sup>(a)</sup>	\$ 10,984	\$ 10,034	\$ 10,984	\$ 10,034
Percentage of total assets under management	34.1%	34.4%	34.1%	34.4%
Average assets under management	\$ 10,905	\$ 10,928	\$ 10,827	\$ 10,893
<b>SICAV</b>				
Beginning of period assets	\$ 9	\$ 590	\$ 631	\$ 867
Inflows	-	103	-	275
Outflows	-	(68)	(2)	(513)
Net inflows (outflows)	-	35	(2)	(238)
Market appreciation (depreciation)	-	(3)	-	(7)
Reclassification to AUA	-	-	(620)	-
Total increase (decrease)	-	32	(622)	(245)
End of period assets	\$ 9	\$ 622	\$ 9	\$ 622
Percentage of total assets under management	0.0%	2.1%	0.0%	2.1%
Average assets under management	\$ 9	\$ 610	\$ 9	\$ 716
<b>Total Equities</b>				
Beginning of period assets	\$ 25,532	\$ 27,091	\$ 26,439	\$ 26,767
Inflows	287	300	887	1,034
Outflows	(820)	(973)	(2,685)	(3,113)
Net inflows (outflows)	(533)	(673)	(1,798)	(2,079)
Market appreciation (depreciation)	2,026	(1,357)	3,266	642
Fund distributions, net of reinvestment	(133)	(132)	(395)	(401)
Reclassification to AUA	-	-	(620)	-
Total increase (decrease)	1,360	(2,162)	453	(1,838)
End of period assets	\$ 26,892	\$ 24,929	\$ 26,892	\$ 24,929
Percentage of total assets under management	83.5%	85.4%	83.5%	85.4%
Average assets under management	\$ 26,351	\$ 26,762	\$ 26,077	\$ 26,944

(a) Includes \$212 million and \$230 million of 100% U.S. Treasury Fund AUM at September 30, 2024 and 2023, respectively.

## Roll-forward of AUM (in millions) (continued)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Fixed Income:</b>				
100% U.S. Treasury fund				
Beginning of period assets	\$ 5,159	\$ 3,596	\$ 4,615	\$ 2,462
Inflows	1,245	1,297	4,140	4,073
Outflows	(1,205)	(728)	(3,682)	(2,448)
Net inflows (outflows)	40	569	458	1,625
Market appreciation (depreciation)	69	52	195	130
Total increase (decrease)	109	621	653	1,755
End of period assets	\$ 5,268	\$ 4,217	\$ 5,268	\$ 4,217
Percentage of total assets under management	16.4%	14.5%	16.4%	14.5%
Average assets under management	\$ 5,246	\$ 3,995	\$ 5,048	\$ 3,622
Institutional & PWM				
Beginning of period assets	\$ 32	\$ 32	\$ 32	\$ 32
Inflows	-	-	-	-
Outflows	-	-	-	-
Net inflows (outflows)	-	-	-	-
Market appreciation (depreciation)	-	-	-	-
Total increase (decrease)	-	-	-	-
End of period assets	\$ 32	\$ 32	\$ 32	\$ 32
Percentage of total assets under management	0.1%	0.1%	0.1%	0.1%
Average assets under management	\$ 32	\$ 32	\$ 32	\$ 32
<b>Total Fixed Income</b>				
Beginning of period assets	\$ 5,191	\$ 3,628	\$ 4,647	\$ 2,494
Inflows	1,245	1,297	4,140	4,073
Outflows	(1,205)	(728)	(3,682)	(2,448)
Net inflows (outflows)	40	569	458	1,625
Market appreciation (depreciation)	69	52	195	130
Total increase (decrease)	109	621	653	1,755
End of period assets	\$ 5,300	\$ 4,249	\$ 5,300	\$ 4,249
Percentage of total assets under management	16.5%	14.6%	16.5%	14.6%
Average assets under management	\$ 5,278	\$ 4,027	\$ 5,080	\$ 3,654
<b>Total AUM</b>				
Beginning of period assets	\$ 30,723	\$ 30,719	\$ 31,086	\$ 29,261
Inflows	1,532	1,597	5,027	5,107
Outflows	(2,025)	(1,701)	(6,367)	(5,561)
Net inflows (outflows)	(493)	(104)	(1,340)	(454)
Market appreciation (depreciation)	2,095	(1,305)	3,461	772
Fund distributions, net of reinvestment	(133)	(132)	(395)	(401)
Reclassification to AUA	-	-	(620)	-
Total increase (decrease)	1,469	(1,541)	1,106	(83)
End of period assets	\$ 32,192	\$ 29,178	\$ 32,192	\$ 29,178
Average assets under management	\$ 31,629	\$ 30,789	\$ 31,157	\$ 30,598

Our AUM by style at September 30, 2024 (in millions) was comprised of the following:

	<b>Funds</b>	<b>Institutional &amp; PWM</b>	<b>SICAV</b>	<b>Total</b>
Value	\$ 9,503	\$ 10,377	\$ 4	\$ 19,884
100% U.S. Treasury	5,269	-	-	5,269
Utilities	2,062	-	-	2,062
Growth	1,362	368	-	1,730
Gold and Natural Resources	1,234	79	-	1,313
Event-driven	743	169	-	912
Sector-focused	597	-	-	597
Convertibles	397	23	5	425
Total	<u>\$ 21,167</u>	<u>\$ 11,016</u>	<u>\$ 9</u>	<u>\$ 32,192</u>

### *Assets Under Administration*

(in millions)

	<b>As of</b>			<b>% Change</b>	
	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
Mutual Funds	\$ 883	\$ 964	\$ 955	(8.4%)	(7.5%)
SICAV	431	-	-	n/m	n/m
Total assets under administration	<u>\$ 1,314</u>	<u>\$ 964</u>	<u>\$ 955</u>	36.3%	37.6%

AUA was \$1.3 billion as of September 30, 2024, \$1.0 billion as of December 31, 2023, and \$1.0 billion as of September 30, 2023. The first nine months of 2024 included the reclassification of \$620 million of SICAV AUM to AUA.

## **RESULTS OF OPERATIONS**

Investment advisory and incentive fees, which are based on the amount and composition of AUM in our Funds and Institutional and PWM accounts, and distribution fees represent our largest source of revenues. In addition to the general level and trends of the stock market, growth in revenues depends on good investment performance, which influences the value of existing AUM as well as contributes to higher investment and lower redemption rates and facilitates the ability to attract additional investors while maintaining current fee levels. Growth in AUM is also dependent on being able to access various distribution channels, which is usually based on several factors, including performance and service. A majority of our cash inflows to mutual Fund products have come through third party distribution programs, including no-transaction fee programs. We have also been engaged to act as a sub-advisor for other much larger financial services companies with much larger sales distribution organizations. These sub-advisory clients are subject to business combinations that may result in the termination of the relationship. The loss of a sub-advisory relationship could have a significant impact on our financial results in the future.

Advisory fees from the Funds and sub-advisory accounts are computed daily or weekly based on average net assets. Advisory fees from Institutional and PWM clients are generally computed quarterly based on account values as of the end of the preceding quarter. These revenues are based on AUM, which is highly correlated to the stock market and can vary in direct proportion to movements in the stock market and the level of sales compared with redemptions, financial market conditions, and the fee structure for AUM. Revenues derived from the equity-oriented portfolios generally have higher advisory fee rates than fixed income portfolios.

Advisory fees on assets attributable to certain of the closed-end preferred shares are earned at year-end if the total return to common shareholders of the closed-end Fund for the calendar year exceeds the dividend rate of the preferred shares. These fees are recognized at the end of the measurement period.

Distribution fees and other income primarily include distribution fee revenue earned in accordance with Rule 12b-1 of the Investment Company Act of 1940, as amended, along with sales charges and underwriting fees associated with the sale of the mutual Funds plus

other revenues. Distribution fees fluctuate based on the level of AUM and the amount and type of mutual Funds sold directly by G.distributors or through various distribution channels.

Compensation costs include variable and fixed compensation and related expenses paid to officers, portfolio managers, sales, trading, research, and all other teammates. Variable compensation paid to sales teammates and portfolio management generally represents 40% of revenues and is the largest component of total compensation costs. Distribution costs include marketing, product distribution, and promotion costs. The management fee is incentive-based and entirely variable compensation in the amount of 10% of the aggregate pre-tax profits, which is paid to Mr. Mario J. Gabelli or his designee for acting as CEO pursuant to his 2008 Employment Agreement so long as he is an executive of GAMCO and devotes the substantial majority of his working time to the business. Other operating expenses include general and administrative operating costs.

Non-operating income includes gains from investments, net (which includes both net realized and unrealized gains and losses from securities), interest and dividend income, and interest expense. The gain from investments, net is derived from our proprietary investment portfolio consisting of various public investments.

The following table (in thousands, except per share data) and discussion of our results of operations are based upon data derived from the Interim Condensed Consolidated Statements of Income contained in our interim condensed consolidated financial statements and should be read in conjunction with those statements included in Item 3 of this Quarterly Report.

***Three Months Ended September 30, 2024 Compared To Three Months Ended September 30, 2023***

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Revenues</b>				
Investment advisory and incentive fees	\$ 53,829	\$ 54,767	\$ 159,591	\$ 164,168
Distribution fees and other income	3,717	4,708	12,544	14,384
Total revenues	57,546	59,475	172,135	178,552
<b>Expenses</b>				
Compensation	22,566	28,192	80,126	85,434
Management fee	2,517	1,980	6,729	6,213
Distribution costs	6,033	5,992	17,692	18,834
Other operating expenses	4,801	5,790	14,961	17,660
Total expenses	35,917	41,954	119,508	128,141
Operating income	21,629	17,521	52,627	50,411
<b>Non-operating income / (loss)</b>				
Gain / (loss) from investments, net	3,370	(1,952)	5,101	225
Interest and dividend income	2,947	2,542	8,706	6,161
Interest expense	(290)	(287)	(873)	(878)
Charitable giving contribution	(5,000)	-	(5,000)	-
Total non-operating income / (loss)	1,027	303	7,934	5,508
Income before income taxes	22,656	17,824	60,561	55,919
Provision for income taxes	5,822	4,687	12,900	12,272
Net income	<u>\$ 16,834</u>	<u>\$ 13,137</u>	<u>\$ 47,661</u>	<u>\$ 43,647</u>
<b>Earnings per share:</b>				
Basic	<u>\$ 0.69</u>	<u>\$ 0.52</u>	<u>\$ 1.95</u>	<u>\$ 1.72</u>
Diluted	<u>\$ 0.69</u>	<u>\$ 0.52</u>	<u>\$ 1.95</u>	<u>\$ 1.72</u>

**Overview**

Net income for the third quarter of 2024 was \$16.8 million, or \$0.69 per fully diluted share, versus \$13.1 million, or \$0.52 per fully diluted share, in the third quarter of 2023. The quarter-to-quarter comparison was primarily impacted by lower compensation costs and

higher net gain from investments, partially offset by lower revenues, higher income taxes, and an accrual for the contribution to the private foundation to support our ongoing charitable giving program.

### **Revenues**

Investment advisory and incentive fees for the third quarter of 2024 were \$53.8 million, 1.8% lower than the 2023 comparative figure of \$54.8 million due to the change in the agreement for the merger arbitrage SICAV. Open-end Fund revenues increased 1.4% to \$21.1 million in the third quarter of 2024 from \$20.8 million in the third quarter of 2023. Our closed-end Fund revenues increased 4.7% to \$17.7 million in the third quarter 2024 from \$16.9 million in the third quarter of 2023. Institutional and PWM account revenues, which are generally based on beginning of quarter AUM, decreased by 3.2% to \$15.0 million in the third quarter of 2024 from \$15.5 million in the third quarter of 2023. Revenues relating to the SICAV were \$5 thousand in the third quarter of 2024 and \$1.6 million for the third quarter of 2023. The decline in the SICAV revenues related to the change in the agreement for the merger arbitrage SICAV.

Distribution fees and other income were \$3.7 million for the third quarter of 2024, a decrease of \$1.0 million, or 21.3%, from \$4.7 million in the third quarter of 2023, primarily due to lower average AUM in equity mutual Funds that generate distribution fees.

### **Expenses**

Compensation costs, which are largely variable, were \$22.6 million in the third quarter of 2024, or 19.9% lower than prior year comparative compensation costs of \$28.2 million. The quarter over quarter decrease was comprised of the CEO's waiver of his portfolio and relationship compensation of \$5.5 million in the third quarter of 2024 and a \$0.1 million decrease in variable compensation.

Management fee expense, which is wholly variable and based on pretax income, increased to \$2.5 million in the third quarter of 2024 from \$2.0 million in the third quarter of 2023.

Distribution costs were \$6.0 million in the third quarter of 2024 and the third quarter of 2023.

Other operating expenses were \$4.8 million in the third quarter of 2024, a decrease of \$1.0 million, or 17.2%, from \$5.8 million in the third quarter of 2023. The primary driver of the decrease was the change in the agreement for the merger arbitrage SICAV.

Operating income for the third quarter of 2024 was \$21.6 million, an increase of \$4.1 million, or 23.4%, from the \$17.5 million in the third quarter of 2023. Operating income, as a percentage of revenues, was 37.6% in the third quarter of 2024 as compared to 29.5% in the third quarter of 2023.

### **Non-operating income**

Total non-operating income was \$1.0 million for the third quarter of 2024 versus income of \$0.3 million in the third quarter of 2023. Investment gains were \$3.4 million in the third quarter of 2024 versus losses of \$2.0 million in the third quarter of 2023. Interest and dividend income was \$2.9 million and \$2.5 million in the third quarter of 2024 and 2023, respectively. Interest expense was \$0.3 million in the third quarter of 2024 and 2023. In addition, the third quarter of 2024 included a \$5.0 million accrual for the contribution to the private foundation to support our ongoing charitable giving program.

The effective tax rates ("ETR") for the three months ended September 30, 2024 and 2023 were 25.7% and 26.3%, respectively.

### ***Nine Months Ended September 30, 2024 Compared To Nine Months Ended September 30, 2023***

### **Overview**

Net income for the first nine months of 2024 was \$47.7 million, or \$1.95 per fully diluted share, versus \$43.6 million, or \$1.72 per fully diluted share, in the first nine months of 2023. The period-to-period comparison was primarily impacted by lower compensation costs, higher net gain from investments, higher interest and dividend income, lower other operating expenses, and lower distribution costs, partially offset by lower revenues, higher income taxes, and an accrual for the contribution to the private foundation to support our ongoing charitable giving program.

### **Revenues**

Investment advisory and incentive fees for the first nine months of 2024 were \$159.6 million, 2.8% lower than the 2023 comparative figure of \$164.2 million due to lower average equity AUM. Open-end Fund revenues for the first nine months of 2024 remained the

same as the first nine months of 2023 at \$62.2 million. Our closed-end Fund revenues increased 2.6% to \$51.8 million in the first nine months of 2024 from \$50.5 million in the first nine months of 2023. Institutional and PWM account revenues, which are generally based on beginning of quarter AUM, were \$45.6 million in the first nine months of 2024 and \$46.0 million in the first nine months of 2023. Revenues relating to the SICAV were \$15,000 in the first nine months of 2024 and \$5.3 million for the first nine months of 2023. The decline in the SICAV revenues related to the change in the agreement for the merger arbitrage SICAV. There were incentive fees of \$0 and \$110 thousand for the first nine months of 2024 and 2023, respectively.

Distribution fees and other income were \$12.5 million for the first nine months of 2024, a decrease of \$1.9 million or 13.2% from \$14.4 million in the first nine months of 2023 primarily due to lower average AUM in equity mutual Funds that generate distribution fees.

### **Expenses**

Compensation costs, which are largely variable, were \$80.1 million in the first nine months of 2024, or 6.2% lower than prior year comparative compensation costs of \$85.4 million. The period over period decrease was comprised of the CEO's waiver of his compensation of \$5.5 million in the first nine months of 2024 and a \$1.7 million decrease in variable compensation partially offset by a \$1.7 million increase in fixed compensation expense.

Management fee expense, which is wholly variable and based on pretax income, increased to \$6.7 million in the first nine months of 2024 from \$6.2 million in the first nine months of 2023.

Distribution costs were \$17.7 million in the first nine months of 2024, a decrease of \$1.1 million, or 5.9%, from \$18.8 million in the first nine months of 2023 primarily due to lower average AUM in equity mutual Funds.

Other operating expenses were \$15.0 million in the first nine months of 2024, a decrease of \$2.7 million, or 15.3%, from \$17.7 million in the first nine months of 2023. The primary driver of the decrease was the change in the agreement for the merger arbitrage SICAV.

Operating income for the first nine months of 2024 was \$52.6 million, an increase of \$2.2 million, or 4.4%, from the \$50.4 million in the first nine months of 2023. Operating income, as a percentage of revenues, was 30.6% in the first nine months of 2024 as compared to 28.2% in the first nine months of 2023.

### **Non-operating income**

Total non-operating income was \$7.9 million for the first nine months of 2024 versus income of \$5.5 million in the first nine months of 2023. Investment gains were \$5.1 million in the first nine months of 2024 versus gains of \$0.2 million in the first nine months of 2023. Interest and dividend income was \$8.7 million and \$6.2 million in the first nine months of 2024 and 2023, respectively. Interest expense was \$0.9 million in the first nine months of 2024 and 2023. In addition, the first nine months of 2024 included a \$5.0 million accrual for the contribution to the private foundation to support our ongoing charitable giving program.

The ETR for the nine months ended September 30, 2024 and 2023 were 21.3% and 21.9%, respectively.

Reconciliation of GAAP financial measures to non-GAAP (in thousands):

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Revenues, U.S. GAAP basis	\$ 57,546	\$ 59,475	\$ 172,135	\$ 178,552
Operating income, U.S. GAAP basis	21,629	17,521	52,627	50,411
Add back: management fee expense	2,517	1,980	6,729	6,213
Operating income before management fee	\$ 24,146	\$ 19,501	\$ 59,356	\$ 56,624
Operating margin	37.6%	29.5%	30.6%	28.2%
Operating margin before management fee	42.0%	32.8%	34.5%	31.7%

## LIQUIDITY AND CAPITAL RESOURCES

Our principal assets are highly liquid in nature and consist of cash and cash equivalents, U.S. Treasury Bills, short-term investments, and securities held for investment purposes. Cash and cash equivalents are comprised primarily of a 100% U.S. Treasury money market fund managed by GAMCO (The Gabelli U.S. Treasury Money Market Fund).

Summary cash flow data for the first nine months of 2024 and 2023 was as follows (in thousands):

	Nine months ended September 30,	
	2024	2023
Cash flows provided by/(used in) activities:		
Operating activities	\$ 68,596	\$ 62,216
Investing activities	(5,205)	9,770
Financing activities	(22,903)	(13,187)
Net increase / (decrease) in cash and cash equivalents from activities	40,488	58,799
Effect of exchange rates on cash and cash equivalents	7	1
Net increase / (decrease) in cash and cash equivalents	40,495	58,800
Cash and cash equivalents, beginning of period	61,801	66,381
Cash and cash equivalents, end of period	\$ 102,296	\$ 125,181
Short-term investments in U.S. Treasury Bills	\$ 99,096	\$ 49,158
Investments in foreign fixed maturity securities	6,004	3,869
Cash, cash equivalents, short-term investments in U.S Treasury Bills, and investments in foreign fixed maturity securities	\$ 207,396	\$ 178,208

Cash and liquidity requirements have historically been met through cash generated by operating income and our borrowing capacity.

On September 2, 2022, the Company entered into a deferred compensation agreement with certain executive officers of the Company whereby their compensation for September 2022 through December 2022 was paid on February 28, 2023. Such deferred compensation accrued interest equal to the one-year Treasury Bill rate. For the first nine months ended September 30, 2023, \$14.2 million of such amount deferred was paid, including \$0.2 million in accrued interest. On July 15, 2024, the Company announced that its Chairman and co-CEO, Mr. Mario J. Gabelli, elected to waive all of his Portfolio and Relationship compensation that he would otherwise have been entitled to for the period from August 1, 2024 to October 31, 2024. This waiver does not include his Incentive Management Fee. As a result of this waiver, there was \$5.5 million of compensation waived by the CEO for the three and nine months ended September 30, 2024.

As of September 30, 2024, we had cash, cash equivalents, short-term investments in U.S. Treasury Bills, and investments in foreign fixed maturity securities of \$207.4 million, an increase of \$41.4 million from December 31, 2023, primarily due to the Company's operating activities, partially offset by the Company's investing and financing activities, described below. We had no debt outstanding at September 30, 2024 or December 31, 2023.

Net cash provided by operating activities was \$68.6 million for the nine months ended September 30, 2024, as compared to \$62.2 million provided by operating activities in the prior year's comparative period. Cash flows from operating activities primarily consisted of net income adjusted for certain non-cash items and changes in assets and liabilities.

Net cash used in investing activities in the first nine months of 2024 was \$5.2 million, relating to purchase of securities held for investments of \$161.0 million partially offset by proceeds from sales and maturities of securities of \$155.8 million, as compared to \$9.8 million provided by investing activities in the prior year's comparative period, relating to proceeds from sales and maturities of securities of \$65.7 million partially offset by purchase of securities held for investments of \$55.9 million. As of September 30, 2024, we had total investments in securities at fair value of \$53.6 million, an increase of \$14.7 million from the prior year-end balance of \$38.9 million.

Net cash used in financing activities in the first nine months of 2024 was \$22.9 million, including \$14.8 million paid for the purchase of treasury stock, \$7.8 million paid in dividends, and \$0.3 million paid on the principal portion of lease liabilities, as compared to \$13.2 million used in the prior year's comparative period, including \$9.9 million paid for the purchase of treasury stock, \$3.0 million paid in dividends, and \$0.3 million paid on the principal portion of lease liabilities.

The Company's principal contractual commitments include payments of lease obligations. Under the terms of the lease of our Rye, New York office, we are obligated to make minimum total payments of \$4.7 million through December 2028. We are obligated to make future payments under various contracts such as finance and operating lease agreements of \$8.1 million. We also had a net liability for unrecognized tax benefits related to uncertain tax positions of \$18.1 million, including penalties and interest related to tax uncertainties in income taxes of approximately \$11.3 million, some or all of which could result in future cash payments to various taxing authorities. At this time, we are unable to estimate the timing and amount of any future cash outflows related to these uncertain tax positions. As such amounts above, both individually and in the aggregate, can be satisfied with cash on hand and investments, we do not believe they represent a material liquidity risk to the company. We do not invest in any other off-balance sheet vehicles that provide financing, liquidity, market, or credit risk support or engage in any leasing activities that expose us to any liability that is not reflected on the interim condensed consolidated financial statements.

We have one broker-dealer subsidiary, G.distributors, which is subject to certain net capital requirements. G.distributors computes its net capital under the alternative method permitted, which requires minimum net capital of the greater of \$250,000 or 2% of the aggregate debit items in the reserve formula for those broker-dealers subject to Rule 15c3-3 promulgated under the Securities Exchange Act of 1934, as amended. The requirement was \$250,000 for the broker-dealer at September 30, 2024 and December 31, 2023. At September 30, 2024 and December 31, 2023, G.distributors had net capital, as defined, of approximately \$1.6 and \$2.5 million, respectively, exceeding the regulatory requirement by approximately \$1.4 million and \$2.2 million, respectively.

### **Significant Accounting Policies and Estimates**

The preparation of the interim condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the interim condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ significantly from those estimates. See Note 1 in Part D, *Management Structure and Financial Information*, in GAMCO's Annual Report for the year ended December 31, 2023, for details on Significant Accounting Policies.

### **ITEM 5. LEGAL PROCEEDINGS**

The information required with respect to this item can be found in Note 10, *Commitments and Contingencies* of the notes to the Company's unaudited interim condensed consolidated financial statements contained in this Quarterly Report, and such information is incorporated by reference into this Item 5.

### **ITEM 6. DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

### **ITEM 7. OTHER INFORMATION**

Not applicable.

### **ITEM 8. EXHIBITS**

No exhibits.

Purchases of equity securities by the issuer and affiliated purchasers were included in Item 2 of this Quarterly Report.



## ITEM 9. CERTIFICATIONS

### **Certification by the co-principal executive officers**

We, Mario J. Gabelli and Douglas R. Jamieson, certify that:

1. We have reviewed this Quarterly Report of GAMCO Investors, Inc.;
2. Based on our knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report; and
3. Based on our knowledge, the financial statements, and other financial information included or incorporated by reference in this Quarterly Report, fairly present in all material respects the financial condition, results of operations, and cash flows of the issuer as of, and for, the periods presented in this Quarterly Report.

Date: November 11, 2024

/s/ Mario J. Gabelli

Name: Mario J. Gabelli

Title: Co-Chief Executive Officer (Co-Principal Executive Officer)

/s/ Douglas R. Jamieson

Name: Douglas R. Jamieson

Title: Co-Chief Executive Officer (Co-Principal Executive Officer)

### **Certification by the principal financial officer**

I, Kieran Caterina, certify that:

1. I have reviewed this Quarterly Report of GAMCO Investors, Inc.;
2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Quarterly Report, fairly present in all material respects the financial condition, results of operations, and cash flows of the issuer as of, and for, the periods presented in this Quarterly Report.

Date: November 11, 2024

/s/ Kieran Caterina

Name: Kieran Caterina

Title: Chief Accounting Officer (Principal Financial Officer)