

MERGERS ARE BACK

GABELLI ABC FUND TO REOPEN

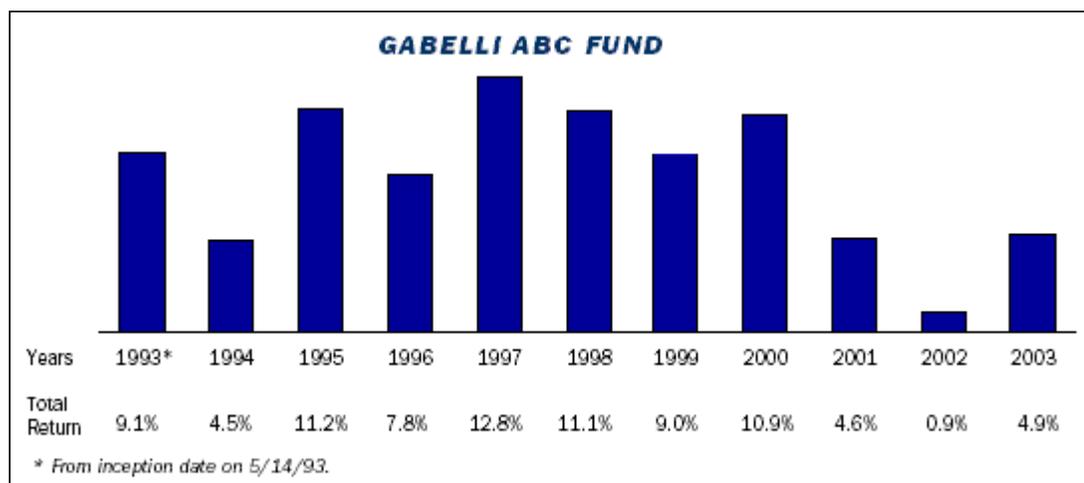
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When Gabelli Asset Management issued its earnings release on January 29, 2004, we pointed out that we would re-open our Gabelli ABC Fund on March 1, 2004. Since we received a number of inquiries related to this announcement, we thought it timely and appropriate to provide background and more information.

The Gabelli ABC Fund will re-open to new investors on March 1, 2004, in anticipation of increasing merger and acquisition activity.

The Gabelli ABC Fund has been up each calendar year since its inception on May 14, 1993. It returned 4.94% during 2003, and for the three, five and ten-year periods ended December 31, 2003, its average annual total returns were 3.44%, 5.99% and 7.70%, respectively.



The Fund focuses its investment strategy in merger and acquisition arbitrage to achieve total returns that are attractive to investors seeking positive returns in various market conditions without excessive risk of capital. The Fund focuses on securities involved in announced mergers and acquisitions in order to achieve a positive return not correlated to the overall market by capturing the spread between the purchase price and the ultimate acquisition price on specific equity investments. Due to a low level of deal activity in the 2000-2002 period, the Fund closed to new investors on October 1, 2002 even though it was rated 5 Stars Overall by Morningstar at that time. The Fund continues to hold a significant portion of its assets in short-term cash equivalent investments, which will be utilized as increased investment opportunities become available.

The Fund will reopen on March 1, 2004, subject to the following limitations: the minimum initial investment will be \$50,000 and the purchase may only be made through Gabelli & Company, Inc., the Fund's principal distributor, or directly through the Fund's transfer agent. Investments through other intermediaries will not be accepted.

Gabelli ABC Fund began investment operations on May 14, 1993. As an incentive to attract investors wary of the market, the Fund offered a unique one-year performance guarantee of at least 6% on a \$2,000 investment. In 1994, 1995 and 1996, the Fund offered a minimum 5% return on an investment of up to \$5,000 for all new and current shareholders. After 1996, the performance guaranty program was eliminated. As stated above the Fund has enjoyed positive total returns in every calendar year of its existence. Because of a low level of merger and acquisition activity and a subsequent buildup of cash in the portfolio, the investment adviser voluntarily waived 50 basis points of its advisory fee on April 1, 2002, resulting in advisory fees being lowered to 50 basis points.

As of January 1, 2003, Gabelli & Company, Inc. (the "Distributor") voluntarily waived receipt of the 25 basis points Rule

12b-1 distribution fee from the Fund, resulting in a waiver of fees currently totaling 75 basis points. The fee waivers will continue until the Fund becomes more fully invested. Subject to approval by the Fund's Board of Directors, the Distributor intends to eliminate the 12b-1 plan.

The Fund's adviser is Gabelli Funds, LLC, a wholly owned subsidiary of Gabelli Asset Management Inc. (NYSE: GBL), which manages, through its subsidiaries, approximately \$27.6 billion.

Past performance does not guarantee future results. Total returns and average annual returns are historical and reflect changes in share price, reinvested dividends and capital gains and are net of expenses. Investment results and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Results for 2002 and 2003 would have been lower if fees had not been waived since April 2002. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for more recent performance information. Investors should consider the investment objectives, risks and charges and expenses of the Fund before investing. The prospectus contains more complete information about this and other matters. The prospectus should be read carefully before investing. Call Gabelli & Company for a prospectus and current performance information at 1-800-GABELLI (422-3554).

Morningstar Rated™ Gabelli ABC Fund 4 stars overall and for the 3 and 5-year periods ended 12/31/03. The Fund was also rated 3 stars for the 10-year period ended 12/31/03. The Fund was rated among 177, 140 and 35 U.S. domiciled conservative allocation funds for the 3, 5 and 10-year periods, respectively, as of 12/31/03. As of September 30, 2002, when the Fund closed to new investors, Gabelli ABC Fund was rated 5 stars overall among 680 U.S. domiciled domestic hybrid Funds.

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