



The “Three B’s” – Barack, Bernanke and Beijing – loomed large in the quarter in their influence on the economy and stock market. Stocks suffered a mid quarter pullback due in part to jitters over China’s attempts to cool its economy as well as concerns over the fiscal troubles of Greece and the other “PIIGs” of Europe (Portugal, Italy, and Ireland). Debate over Obama’s healthcare bill dominated news coverage throughout the quarter, but ultimately a scaled down bill was signed into law by President Obama in late March. The Federal Reserve continued to keep rates at record lows, although it has now completed its purchase of agency mortgage backed securities and agency debt.

One key function of the Federal Reserve is to gather, array, and project the data on the U.S. economy. Chairman Ben Bernanke and members of the Federal Open Market Committee must then interpret this data as they set monetary policy. While most of this data is stable to improving, the economic picture remains fragile: at 9.7%, unemployment remains the highest in twenty years; home foreclosures are increasing and commercial real estate vacancies are at a record high; more ominously, commodity prices – notably for oil – are rising, potentially impacting consumer spending; finally, the existing budget deficit and new healthcare act will likely lead to higher future tax rates. The Fed must balance its goal of price stability with snuffing out a nascent return to economic growth.

Like the Fed, (y)our research team at Gabelli gathers, arrays, and projects data from a variety of sources each day. Our company by company analysis suggests that order rates are increasing, advertising spending has resumed, and employment has begun to expand. Like Chairman Bernanke, our job as portfolio managers is to interpret what this means for stocks. Normally, rising interest rates are bad for stocks. In this case, however, other dynamics may dominate. Rates remain historically low. A return of consumer demand should translate into both higher revenues and much stronger earnings, as now-leaner corporations benefit from operating leverage.

While risks remain, we believe our focus on Private Market Value with a Catalyst™ and seeking a margin of safety, will benefit fund shareholders over the long term.

### **Deals, Deals, Deals – The Fifth Wave**

As we have written previously, merger and acquisition activity (“M&A”) is slowly increasing, as corporate buyers are using acquisitions to add global growth and scale. The strong are taking advantage of low valuations, excess cash, and attractive financing terms to become stronger. Notably, private equity firms, largely absent from M&A over the last two years, have begun to return. Financial engineering is also being used again by companies to surface value.

Early in the quarter, FEMSA (0.2% of net assets as of March 31, 2010) agreed to sell its beer business to Heineken (0.2%) in exchange for a 20% interest in the combined company. After a lengthy standoff, Kraft (0.3%) completed its acquisition of Cadbury with sweetened terms to its original offer. Berkshire Hathaway (1.2%) completed its acquisition of Burlington Northern Santa Fe. Coca-Cola (0.8%) announced that it will acquire the North American bottling assets of its largest bottler, Coca-Cola Enterprises (CCE) (0.1%), in exchange for \$10 in cash and a share of “New CCE”, which will be focused on continental Europe. PepsiCo (0.7%) completed the acquisition of its two primary bottlers, Pepsi Bottling Group and PepsiAmericas, in late March. Cablevision Systems (2.1%) spun-off Madison Square Garden (0.5%) to shareholders on a one-for-four basis in February 2010, allowing management to focus on other potential strategic actions, including a sale of the Rainbow cable networks and a merger with Time Warner Cable (0.2%), which could surface additional value in the future.

### **Investment Scorecard**

The largest contributors to return in the first quarter included Liberty Capital (+52%) (0.4%) and Liberty Interactive (+41%) (0.3%), tracker stocks associated with Dr. John C. Malone, as increased confidence in

Liberty's strategy to narrow the tracker stock discounts mixed favorably with improving consumer fundamentals. A stronger outlook for advertising and travel drove Viacom (+16%) (0.8%) and Gaylord Entertainment (+48%) (0.5%), respectively. Other notable strong contributors included Dr Pepper Snapple Group (+24%) (0.3%), CNH Global (+23%) (0.6%), and Flowserve (+17%) (1.4%).

Detractors to performance were limited, but included Verizon (-6%) (0.3%), Mandarin Oriental (-6%) (0.3%), Coca-Cola (-4%) (0.8%), and Diageo (-3%) (0.9%).

## **Let's Talk Stocks**

The following are stock specifics on selected holdings of our Fund. Favorable earnings prospects do not necessarily translate into higher stock prices, but they do express a positive trend that we believe will develop over time. Individual securities mentioned are not necessarily representative of the entire portfolio. For the following holdings, the share prices are stated in U.S. dollar equivalents as of March 31, 2010.

*Brown-Forman Corp. (1.0% of net assets as of March 31, 2010) (BF/A - \$62.80 - NYSE)*, based in Louisville, KY, is a leading producer of spirits and wine. The company has a focused portfolio of premium spirits brands, including Jack Daniel's whiskies, Finlandia vodkas, Southern Comfort, and Herradura and el Jimador tequilas. For the first nine months of fiscal 2010 ending April 30th, Brown-Forman posted underlying earnings growth of 8%, driven by organic sales growth largely due to increased pricing and lower operating expenses. We believe that the company's strong brands will be resilient through the current economic weakness and should resume strong volume growth as the global economy rebounds. The Brown-Forman brands also enjoy considerable pricing power, which the company has been able to use over time in order to drive sales and profit growth ahead of volume growth.

*Cablevision Systems Corp. (2.1%) (CVC - \$24.14 - NYSE)* is one of the nation's leading communications and entertainment companies. Headquartered in Bethpage, NY, Cablevision serves the telecommunications needs of over three million residential and business subscribers in the attractive New York market. Through the recent economic downturn, Cablevision has posted strong free cash flow growth as it leverages its advanced cable plant with multiple products. The company spun off its Madison Square Garden sports and entertainment assets on a one-for-four basis on February 9, 2010. We think Cablevision may pursue next the sale of its leading cable networks (AMC, WE tv, IFC) and eventually consolidate the New York area cable market.

*The Coca-Cola Company (0.8%) (KO - \$55.00 - NYSE)*, headquartered in Atlanta, GA, is the global leader in non-alcoholic beverages. Anchored by its iconic Coca-Cola brand, the company holds double volume global share advantage over its nearest competitor. The company owns or licenses nearly 500 brands and sells close to 3,000 different sparkling and still beverages in over 200 countries. The U.S. market remains Coke's largest single market despite it generating over 80% of its operating profits internationally. We view Coke's recent decision to acquire Coca-Cola Enterprises' North America operation, Coke's anchor U.S. bottler, as the right strategic conclusion to maximizing system profits in North America. We believe an integrated North America Coke system is better positioned to exploit the strength and innovation of the Coca-Cola brands, while the company's position as the global beverage leader provides Coca-Cola with an opportunity to benefit from emerging markets trend towards consuming more ready to drink beverages. We expect average annual EPS growth of 12% through 2014 and find the current Coca-Cola shares valuation compelling, including the 3.2% current return.

*Deere & Co. (2.0%) (DE - \$59.46 - NYSE)* was founded in 1837 and is headquartered in Moline, IL. DE manufactures and distributes agricultural and commercial equipment worldwide. Deere operates in three segments: Agriculture and Turf Division, Construction and Forestry, and Credit. We continue to believe in a prolonged Agricultural Equipment cycle, mainly due to continued high farmer cash receipts, coupled with

availability of credit for equipment financing. The stock has moved up substantially over the last year, and we continue to like Deere.

*Diageo plc (0.9%) (DEO - \$67.45 - NYSE)* is the leading global spirits and wine company, with brands including Smirnoff, Johnny Walker, Ketel One, Captain Morgan, Crown Royal, J&B, Baileys, Tanqueray, and Jose Cuervo, as well as the Guinness beer brand. The company has a balanced geographic presence in both mature and emerging markets, and benefits from the consumer trend of seeking premium branded spirits. Management is a prudent steward of capital and has historically returned a significant amount of cash to shareholders through dividends and share repurchases. Due to the current economic headwinds, the company's operating profit declined by 3% on an organic basis in the first half of fiscal 2010, although it expects low single digit growth for the full year. We believe that the company will deliver even stronger profit growth when the global economy begins to recover.

*DIRECTV (1.9%) (DTV - \$33.81 - NYSE)* owns the world's largest video delivery platform with eighteen million and six million subscribers in the U.S. and Latin America, respectively. The company has consistently added subscribers by providing a superior television experience with market leading lineup of high definition channels and exclusive programming such as the NFL Sunday Ticket. In November 2009, Liberty Media Entertainment, owner of 57% of DIRECTV's stock, and non-Liberty holders of DIRECTV combined their stakes into a single new company. We think the simplification of DIRECTV's ownership structure should facilitate a variety of transactions, including a spin off of its Latin American business and an eventual merger with AT&T or Verizon. In the meantime, we expect the company to aggressively repurchase its stock.

*Kraft Foods Inc. (0.3%) (KFT - \$30.24 - NYSE)* is the largest North American manufacturer and marketer of packaged food products with over \$40 billion of annual sales. The company sells products in several categories, including cheese, coffee, and biscuits. Kraft's business include several well known brands such as, Maxwell House, Crystal Light, Oscar Mayer, Jell-O, Cool Whip, Oreo, Chips Ahoy!, Ritz, Wheat Thins, Cracker Barrel, Kraft, Polly-O, and Velveeta cheeses. In February 2010, Kraft acquired Cadbury plc for approximately \$22 billion in cash and stock, which adds nearly \$10 billion of annual sales to its confectionery business, its largest category representing nearly 30% of annual revenue. Kraft also completed the sale of its frozen pizza business to Nestlé for \$3.7 billion in March 2010.

*Navistar International Corp. (0.8%) (NAV - \$44.73 - NYSE)*, based in Warrenville, IL, manufactures Class 4-8 trucks, buses, and defense vehicles, as well as diesel engines and parts for the trucking industry. NFC, a wholly owned subsidiary, provides financing of products sold by the company's truck segment. Driven by share gains across all truck segments, Navistar is well positioned ahead of a multi-year cyclical production recovery in North America. Additionally, the company has leveraged its assets as a truck manufacturer to grow its military business to more than \$2 billion in sustainable annual revenue.

*O'Reilly Automotive, Inc. (0.4%) (ORLY - \$41.71 - Nasdaq)*, headquartered in Springfield, MO, is one of the largest specialty retailers of automotive aftermarket parts, tools, supplies, equipment, and accessories in the United States. The company sells to both the DIY (Do-It-Yourself) and DIFM (Do-It-For-Me) markets. O'Reilly is in the final stages of completing the integration of CSK Auto, an auto aftermarket retailer the company acquired in 2008. O'Reilly management's expertise in serving the DIFM customer should translate into increased sales in former CSK stores and in turn deliver earnings growth for ORLY.

*Precision Castparts Corp. (1.7%) (PCP - \$126.71 - NYSE)* is a manufacturer of investment castings and forgings primarily for the aerospace and industrial gas turbine markets. The company also makes fasteners, extruded pipes, metalworking tools, and refiner plates for the automotive, pulp and paper, and general industrial markets. PCP is a strong cash flow generator and we believe the company plans to use the cash for

acquisitions. PCP's acquisition strategy centers on buying businesses within the company's core competencies that include manufacturing component products for complex end users. The strategy also includes finding companies that have procurement or technologies similar to PCP's and similar customer profiles. These characteristics should provide opportunities for PCP to improve the acquired company's profitability that enhances PCP's earnings.

*Procter & Gamble Co. (1.3%) (PG - \$63.27 - NYSE)* is a leading global consumer goods company, which generates nearly \$80 billion of annual revenue through its three global business units; Beauty, Health & Well Being, and Household Care. P&G has 23 brands that have over \$1 billion of revenue and sells its products in over 180 countries. Its brands include Tide, Pantene, Crest, Olay, Charmin, Pampers, and many more. The company has expanded and diversified its product offering over the last several years through acquisitions, including Gillette, which P&G acquired in October 2005. The company continues to refine its portfolio and in October 2009, divested its pharmaceutical business to Warner Chilcott for nearly \$3 billion. In 2009, P&G also named Robert McDonald its new president and Chief Executive Officer effective July 1st.

*Swedish Match AB (1.1%) (SWMA.SS - \$23.90 - Stockholm Exchange)* produces tobacco products that include snus and snuff, chewing tobacco, cigars, and lights. The company has been benefiting from the growth of the smokeless tobacco market in both Scandinavia and the U.S., as public smoking bans and health concerns are driving consumers to seek alternative tobacco products to cigarettes. In response to excise tax increases in 2007 and 2008, the company raised prices in Sweden, demonstrating that it can utilize its pricing power in order to increase profits for its snuff division. In February 2009, Swedish Match created a joint venture with Philip Morris International in order to sell Swedish snus in markets around the world, taking advantage of Swedish Match's brands and production capabilities and Philip Morris International's distribution network. In September 2009, the company sold its South African pipe tobacco business to Philip Morris International for about 1.9 billion SEK, and is using most of the proceeds to repurchase shares. In January 2010, Swedish Match announced that it will combine its European and premium cigar portfolios with Scandinavian cigar and pipe tobacco company STG, creating a new company that will benefit from enhanced scale and synergies.

## Conclusion

We think an environment in which generally flat market performance is punctuated by occasional corporate transactions is ideal for our Private Market Value ("PMV") with a Catalyst™ investment approach. We first and foremost select stocks based on their fundamentals. We seek an adequate margin of safety and one or more catalysts that can surface the intrinsic value of a security. To the extent that a takeover provides that catalyst, it adds an extra element of return to the portfolio.

Sincerely,



**Mario J. Gabelli, CFA**  
Portfolio Manager and  
Chief Investment Officer – Value Portfolios

May 6, 2010

**Note:** The views expressed in this Shareholder Commentary reflect those of the Portfolio Manager only through the end of the period stated in this Shareholder Commentary. The Portfolio Manager's views are subject to change at any time based on market and other conditions. The information in this Portfolio Manager's Shareholder Commentary represents the opinions of the individual Portfolio Manager and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. Views expressed are those of

the Portfolio Manager and may differ from those of other portfolio managers or of the Firm as a whole. This Shareholder Commentary does not constitute an offer of any transaction in any securities. Any recommendation contained herein may not be suitable for all investors. Information contained in this Shareholder Commentary has been obtained from sources we believe to be reliable, but cannot be guaranteed.

### **Portfolio Manager Compensation**

Mr. Gabelli's incentive-based, variable compensation structure and dollar amount have been fully disclosed each year since April of 2000 in GAMCO Investors, Inc.'s (NYSE: GBL) annual proxy statement. Mr. Gabelli receives no base salary, no annual bonus, and no options.

As founder and portfolio manager of The Gabelli Asset Fund, Mr. Gabelli received \$5,696,243 in calendar 2009. In 1986, the Fund's first year of operation starting in March, Mr. Gabelli received less than \$60,000. As beneficial owner, he had \$11,639,799 invested in The Gabelli Asset Fund as of December 31, 2009, which includes the holdings of GAMCO Asset Management, Inc. and GGCP, Inc., GBL's parent holding company.

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

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

### **www.gabelli.com**

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

The Fund's daily NAV is available in the financial press and each evening after 7:00 PM (Eastern Time) by calling 800-GABELLI (800-422-3554). The Fund's Nasdaq symbol is GABAX for Class AAA Shares. Please call us during the business day for further information.

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

### **e-delivery**

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

#### **Top Ten Holdings (Percent of Net Assets) March 31, 2010**

News Corp. 2.2%	Precision Castparts Corp. 1.7%
Cablevision Systems Corp., Cl. A 2.1%	Telephone & Data Systems Inc. 1.5%
Deere & Co. 2.0%	Flowserve Corp. 1.4%
DIRECTV 1.9%	ITT Corp. 1.4%
Rogers Communications Inc., Cl. B 1.8%	Procter & Gamble Co. 1.3%

## Multi-Class Shares

The Gabelli Asset Fund began offering additional classes of Fund shares on December 31, 2003. Class AAA Shares are no-load shares offered directly by selected broker/dealers. Class A and Class C Shares are targeted to the needs of investors who seek advice through financial consultants. Class I Shares are available solely to certain institutions which invest directly with the Fund. The minimum initial investment amount for Class I Shares is \$500,000. The Board of Trustees determined that expanding the types of Fund shares available through various distribution options will enhance the ability of the Fund to attract additional investors.

### The Gabelli Asset Fund Average Annual Returns – March 31, 2010 (a)

	<u>Class AAA Shares</u>	<u>Class A Shares</u>	<u>Class B Shares</u>	<u>Class C Shares</u>	<u>Class I Shares</u>
1 Year .....	58.76%	58.79%	57.56%	57.62%	59.17%
		49.66(c)	52.56(d)	56.62(e)	
5 Year .....	4.65	4.65	3.84	3.87	4.76
		3.42(c)	3.50(d)	3.87	
10 Year .....	4.73	4.73	4.23	4.25	4.79
		4.11(c)	4.23	4.25	
Life of Fund (b) .....	12.14	12.14	11.92	11.92	12.17
		11.85(c)	11.92	11.92	
<b>Current expense ratio ..</b>	<b>1.40</b>	<b>1.40</b>	<b>2.15</b>	<b>2.15</b>	<b>1.15</b>
<b>Maximum sales charge ..</b>	<b>None</b>	<b>5.75</b>	<b>5.00</b>	<b>1.00</b>	<b>None</b>
<b>Nasdaq Symbol .....</b>	<b>GABAX</b>	<b>GATAX</b>	<b>GATBX</b>	<b>GATCX</b>	<b>GABIX</b>

(a) **Returns represent past performance and do not guarantee future results.** Total returns and average annual returns reflect changes in share price and reinvestment of distributions and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit [www.gabelli.com](http://www.gabelli.com) for performance information as of the most recent month end. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectus contains more information about this and other matters and should be read carefully before investing.**

The Class AAA Share NAVs per share are used to calculate performance for the periods prior to the issuance of Class A Shares, Class B Shares, and Class C Shares on December 31, 2003 and Class I Shares on January 11, 2008. The actual performance of the Class B Shares and Class C Shares would have been lower due to the additional expenses associated with these classes of shares. The actual performance of the Class I Shares would have been higher due to lower expenses related to this class of shares.

(b) Performance is calculated from inception of Class AAA Shares on March 3, 1986.

(c) Includes the effect of the maximum 5.75% sales charge at the beginning of the period.

(d) Performance results include the deferred sales charges for the Class B Shares upon redemption at the end of the one year and five year periods of 5% and 2%, respectively, of the Fund's NAV per share at the time of purchase or sale, whichever is lower. Class B Shares are not available for new purchases.

(e) Performance results include the deferred sales charges for the Class C Shares upon redemption at the end of the one year period of 1% of the Fund's NAV per share at the time of purchase or sale, whichever is lower.

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

## The Gabelli Asset Fund

One Corporate Center  
Rye, New York 10580-1422

**800-GABELLI**

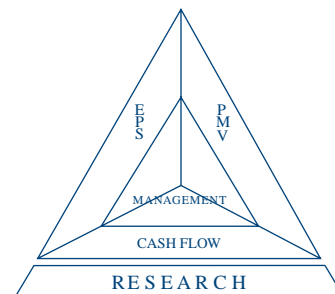
**800-422-3554**

**fax: 914-921-5118**

**website: [www.gabelli.com](http://www.gabelli.com)**

**e-mail: [info@gabelli.com](mailto:info@gabelli.com)**

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



### Board of Trustees

Mario J. Gabelli, CFA  
*Chairman and Chief  
Executive Officer*  
GAMCO Investors, Inc.

Anthony R. Pustorino  
*Certified Public Accountant,  
Professor Emeritus*  
Pace University

Anthony J. Colavita  
*President*  
Anthony J. Colavita, P.C.

Werner J. Roeder, MD  
*Medical Director*  
Lawrence Hospital

James P. Conn  
*Former Chief Investment Officer*  
Financial Security Assurance  
Holdings Ltd.

Anthonie C. van Ekris  
*Chairman*  
BALMAC International, Inc.

John D. Gabelli  
*Senior Vice President*  
Gabelli & Company, Inc.

Salvatore J. Zizza  
*Chairman*  
Zizza & Co., Ltd.

Kuni Nakamura  
*President*  
Advanced Polymer, Inc.

### Officers

Bruce N. Alpert  
*President and Secretary*

Peter D. Goldstein  
*Chief Compliance Officer*

Agnes Mullady  
*Treasurer*

### Distributor

Gabelli & Company, Inc.

### Custodian, Transfer Agent, and Dividend Agent

State Street Bank and Trust Company

### Legal Counsel

Skadden, Arps, Slate, Meagher & Flom LLP

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

GAB405Q110SC

a a a a

# The Gabelli Asset Fund

*Morningstar® rated The Gabelli Asset Fund Class  
AAA Shares 4 stars overall and 4 stars for the three  
and five year periods and 3 stars for the ten year  
period ended March 31, 2010 among 371, 371, 304,  
and 157 Mid-Cap Blend funds, respectively.*

SHAREHOLDER COMMENTARY  
MARCH 31, 2010

# The Gabelli Asset Fund

First Quarter Report  
March 31, 2010

a a a a



**Mario Gabelli, CFA**



**Kevin Dreyer**

*Morningstar® rated The Gabelli Asset Fund Class AAA Shares 4 stars overall and 4 stars for the three and five year periods and 3 stars for the ten year period ended March 31, 2010 among 371, 371, 304, and 157 Mid-Cap Blend funds, respectively.*

## To Our Shareholders,

For the quarter ended March 31, 2010, the net asset value (“NAV”) per share of The Gabelli Asset Fund’s (the “Fund”) Class AAA Shares rose 6.99%, versus increases in the Standard & Poor’s (“S&P”) 500 Index of 5.39%, the Dow Jones Industrial Average of 4.81%, and the Nasdaq Composite Index of 5.68%.

Enclosed is the investment portfolio as of March 31, 2010.

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

Morningstar Rating™ is based on risk-adjusted returns. The Overall Morningstar Rating is derived from a weighted average of the performance figures associated with a fund’s three, five, and ten year (if applicable) Morningstar Rating metrics. For funds with at least a three year history, a Morningstar Rating is based on a risk-adjusted return measure (including the effects of sales charges, loads, and redemption fees) placing more emphasis on downward variations and rewarding consistent performance. That accounts for variations in a fund’s monthly performance. The top 10% of funds in each category receive 5 stars, the next 22.5% 4 stars, the next 35% 3 stars, the next 22.5% 2 stars, and the bottom 10% 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) Morningstar Rating is for the AAA Share class only; other classes may have different performance characteristics. Ratings reflect relative performance. Results for certain periods were negative. ©2009 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

## Comparative Results

### Average Annual Returns through March 31, 2010 (a) (Unaudited)

	Quarter	1 Year	3 Year	5 Year	10 Year	15 Year	20 Year	Since Inception (3/3/86)
<b>Gabelli Asset Fund Class AAA</b> . . .	6.99%	58.76%	(1.94)%	4.65%	4.73%	10.25%	10.69%	12.14%
S&P 500 Index . . . . .	5.39	49.73	(4.16)	1.92	(0.65)	7.75	8.65	9.57
Dow Jones Industrial Average . . . . .	4.81	46.87	(1.48)	3.33	2.29	8.98	9.82	10.87
Nasdaq Composite Index . . . . .	5.68	56.87	(0.33)	3.70	(6.25)	7.44	8.90	8.20
Class A . . . . .	6.97	58.79	(1.94)	4.65	4.73	10.24	10.69	12.14
Class B . . . . .	0.82(b)	49.66(b)	(3.86)(b)	3.42(b)	4.11(b)	9.81(b)	10.36(b)	11.85(b)
Class C . . . . .	6.79	57.56	(2.72)	3.84	4.23	9.89	10.42	11.92
Class I . . . . .	1.79(c)	52.56(c)	(3.70)(c)	3.50(c)	4.23	9.89	10.42	11.92
Class A . . . . .	6.78	57.62	(2.66)	3.87	4.25	9.90	10.43	11.92
Class B . . . . .	5.78(d)	56.62(d)	(2.66)	3.87	4.25	9.90	10.43	11.92
Class I . . . . .	7.04	59.17	(1.76)	4.76	4.79	10.29	10.72	12.17

**In the current prospectus, the expense ratios for Class AAA, A, B, C, and I Shares are 1.40%, 1.40%, 2.15%, 2.15%, and 1.15%, respectively. Class AAA and Class I Shares do not have a sales charge. The maximum sales charge for Class A, B, and C Shares is 5.75%, 5.00%, and 1.00%, respectively.**

- (a) **Returns represent past performance and do not guarantee future results.** Total returns and average annual returns reflect changes in share price and reinvestment of distributions and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Performance returns for periods of less than one year are not annualized. Current performance may be lower or higher than the performance data presented. Visit [www.gabelli.com](http://www.gabelli.com) for performance information as of the most recent month end. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectus contains more information about this and other matters and should be read carefully before investing.** The S&P 500 Index is an unmanaged indicator of stock market performance. Dividends are considered reinvested. You cannot invest directly in an index. The Class AAA Shares NAVs per share are used to calculate performance for the periods prior to the issuance of Class A Shares, Class B Shares, and Class C Shares on December 31, 2003 and Class I Shares on January 11, 2008. The actual performance of the Class B Shares and Class C Shares would have been lower due to the additional expenses associated with these classes of shares. The actual performance of the Class I Shares would have been higher due to lower expenses related to this class of shares.
- (b) Includes the effect of the maximum 5.75% sales charge at the beginning of the period.
- (c) Performance results include the deferred sales charges for the Class B Shares upon redemption at the end of the quarter, one year, three year, and five year periods of 5%, 5%, 3%, and 2%, respectively, of the Fund's NAV per share at the time of purchase or sale, whichever is lower. Class B Shares are not available for new purchases.
- (d) Performance results include the deferred sales charges for the Class C Shares upon redemption at the end of the quarter and one year periods of 1% of the Fund's NAV per share at the time of purchase or sale, whichever is lower.

# The Gabelli Asset Fund

## Schedule of Investments — March 31, 2010 (Unaudited)

Shares		Market Value	Shares		Market Value
<b>COMMON STOCKS — 99.7%</b>					
<b>Aerospace — 1.3%</b>					
107,000	Herley Industries Inc.†	\$ 1,568,620	110,000	Fisher Communications Inc.†	\$ 1,551,000
10,000	Lockheed Martin Corp.	832,200	843	Granite Broadcasting Corp.†	1
34,000	Northrop Grumman Corp.	2,229,380	230,000	Liberty Media Corp. - Capital, Cl. A†	8,365,100
2,100,000	Rolls-Royce Group plc†	18,977,059	89,000	Liberty Media Corp. - Starz, Cl. A†	4,866,520
95,000	The Boeing Co.	6,897,950	300,000	LIN TV Corp., Cl. A†	1,725,000
		<u>30,505,209</u>	12,000	Naspers Ltd., Cl. N	521,435
			400,000	Television Broadcasts Ltd.	1,937,083
			180,000	Tokyo Broadcasting System Holdings Inc.	2,726,281
					<u>27,653,265</u>
<b>Agriculture — 1.0%</b>					
505,000	Archer-Daniels-Midland Co.	14,594,500	<b>Business Services — 1.5%</b>		
89,058	Monsanto Co.	6,360,522	28,000	ACCO Brands Corp.†	214,480
3,000	Potash Corp. of Saskatchewan Inc.	358,050	37,450	Ascent Media Corp., Cl. A†	1,020,513
29,000	The Mosaic Co.	1,762,330	120,000	Clear Channel Outdoor Holdings Inc., Cl. A†	1,273,200
		<u>23,075,402</u>	194,000	Ecolab Inc.	8,526,300
<b>Automotive — 1.1%</b>					
150,000	Ford Motor Co.†	1,885,500	64,000	Landauer Inc.	4,174,080
409,000	Navistar International Corp.†	18,294,570	29,487	Live Nation Entertainment Inc.†	427,562
101,250	PACCAR Inc.	4,388,175	25,500	MasterCard Inc., Cl. A	6,477,000
3,400	Volkswagen AG	328,345	110,000	Monster Worldwide Inc.†	1,827,100
		<u>24,896,590</u>	50,000	SearchMedia Holdings Ltd.†	235,500
			5,000	The Brink's Co.	141,150
<b>Automotive: Parts and Accessories — 3.1%</b>					
192,000	BorgWarner Inc.†	7,330,560	870,000	The Interpublic Group of Companies Inc.†	7,238,400
238,000	CLARCOR Inc.	8,208,620	18,000	Visa Inc., Cl. A	1,638,540
340,000	Dana Holding Corp.†	4,039,200			<u>33,193,825</u>
20,000	Federal-Mogul Corp.†	367,200	<b>Cable and Satellite — 7.8%</b>		
480,000	Genuine Parts Co.	20,275,200	1,990,000	Cablevision Systems Corp., Cl. A	48,038,600
400,000	Johnson Controls Inc.	13,196,000	185,000	Comcast Corp., Cl. A	3,481,700
174,000	Midas Inc.†	1,962,720	50,000	Comcast Corp., Cl. A, Special	898,500
175,000	Modine Manufacturing Co.†	1,967,000	1,260,002	DIRECTV, Cl. A†	42,600,668
190,000	O'Reilly Automotive Inc.†	7,924,900	220,000	DISH Network Corp., Cl. A	4,580,400
280,000	Standard Motor Products Inc.†	2,777,600	40,000	EchoStar Corp., Cl. A†	811,200
135,000	Superior Industries International Inc.	2,170,800	320,096	Liberty Global Inc., Cl. A†	9,333,999
50,000	Tenneco Inc.†	1,182,500	260,000	Liberty Global Inc., Cl. C†	7,511,400
		<u>71,402,300</u>	1,125,000	Rogers Communications Inc., Cl. B, New York	38,396,250
<b>Aviation: Parts and Services — 2.8%</b>					
950,000	BBA Aviation plc	2,806,838	50,000	Rogers Communications Inc., Cl. B, Toronto	1,707,773
480,000	Curtiss-Wright Corp.	16,704,000	230,000	Scripps Networks Interactive Inc., Cl. A	10,200,500
600,000	GenCorp Inc.†	3,456,000	120,000	Shaw Communications Inc., Cl. B	2,376,015
110,000	Kaman Corp.	2,751,100	155,000	Shaw Communications Inc., Cl. B, Non-Voting	3,079,850
299,000	Precision Castparts Corp.	37,886,290	62,000	Time Warner Cable Inc.	3,305,220
		<u>63,604,228</u>			<u>176,322,075</u>
<b>Broadcasting — 1.2%</b>					
324,000	CBS Corp., Cl. A, Voting	4,516,560	<b>Closed-End Funds — 0.0%</b>		
20,000	Cogeco Inc.	662,630	79,920	Royce Value Trust Inc.†	946,253
26,666	Corus Entertainment Inc., Cl. B, New York	521,054			
13,334	Corus Entertainment Inc., Cl. B, Toronto	260,601			

See accompanying notes to schedule of investments.







# The Gabelli Asset Fund

## Schedule of Investments (Continued) — March 31, 2010 (Unaudited)

Shares	Market Value	Shares	Market Value
<b>COMMON STOCKS (Continued)</b>		<b>Publishing — 3.0%</b>	
<b>Hotels and Gaming — 2.1%</b>			
15,000	Accor SA .....	40,000	Belo Corp., Cl. A .....
18,000	Churchill Downs Inc. ....	1,260,000	Il Sole 24 Ore .....
360,000	Gaylord Entertainment Co.† .....	400,000	Media General Inc., Cl. A† .....
18,000	Home Inns & Hotels Management Inc., ADR† .....	76,000	Meredith Corp. ....
18,422	Host Hotels & Resorts Inc. ....	3,430,000	News Corp., Cl. A .....
195,000	International Game Technology .....	22,000	News Corp., Cl. B .....
60,000	Interval Leisure Group Inc.† .....	160,000	The E.W. Scripps Co., Cl. A† .....
2,400,000	Ladbrokes plc .....	230,000	The McGraw-Hill Companies Inc. ....
130,000	Las Vegas Sands Corp.† .....	45,000	The New York Times Co., Cl. A† .....
4,200,000	Mandarin Oriental International Ltd. ....		68,983,976
255,000	MGM Mirage† .....	<b>Real Estate — 0.5%</b>	
55,000	Orient-Express Hotels Ltd., Cl. A† .....	11,000	Brookfield Asset Management Inc., Cl. A .....
140,000	Pinnacle Entertainment Inc.† .....	103,000	Griffin Land & Nurseries Inc. ....
100,000	Starwood Hotels & Resorts Worldwide Inc. ....	36,000	ProLogis .....
1,000,000	The Hongkong & Shanghai Hotels Ltd. ...	250,000	The St. Joe Co.† .....
199,000	Universal Entertainment Corp. ....		11,834,470
20,000	Wyndham Worldwide Corp. ....	<b>Retail — 2.2%</b>	
15,000	Wynn Resorts Ltd. ....	3,000	Aaron's Inc. ....
	47,760,015	60,750	Aaron's Inc., Cl. A .....
<b>Machinery — 3.2%</b>		250,000	AutoNation Inc.† .....
150,000	Baldor Electric Co. ....	13,500	AutoZone Inc.† .....
140,000	Caterpillar Inc. ....	236,000	Coldwater Creek Inc.† .....
420,000	CNH Global NV† .....	127,000	Costco Wholesale Corp. ....
756,000	Deere & Co. ....	220,000	CVS Caremark Corp. ....
18,000	Mueller Water Products Inc., Cl. A .....	60,000	HSN Inc.† .....
	72,361,800	200,000	Macy's Inc. ....
<b>Manufactured Housing and Recreational Vehicles — 0.1%</b>		50,000	Safeway Inc. ....
32,000	Cavco Industries Inc.† .....	245,000	The Great Atlantic & Pacific Tea Co. Inc.† .....
177,000	Coachmen Industries Inc.† .....	118,000	The Kroger Co. ....
31,000	Nobility Homes Inc.† .....	75,000	Wal-Mart Stores Inc. ....
78,000	Skyline Corp. ....	100,000	Walgreen Co. ....
	3,091,030	75,000	Whole Foods Market Inc.† .....
<b>Metals and Mining — 2.5%</b>		200,000	Winn-Dixie Stores Inc.† .....
5,000	Agnico-Eagle Mines Ltd. ....		50,756,987
190,000	Alcoa Inc. ....	<b>Specialty Chemicals — 1.4%</b>	
365,000	Barrick Gold Corp. ....	17,000	Ashland Inc. ....
89,000	Freeport-McMoRan Copper & Gold Inc. ...	200,000	Chemtura Corp.† .....
100,000	Ivanhoe Mines Ltd.† .....	530,000	Ferro Corp.† .....
8,000	James River Coal Co.† .....	110,000	General Chemical Group Inc.† .....
50,000	Kinross Gold Corp. ....	136,000	H.B. Fuller Co. ....
52,000	New Hope Corp. Ltd. ....	135,000	International Flavors & Fragrances Inc. ...
550,000	Newmont Mining Corp. ....	40,000	Material Sciences Corp.† .....
27,000	Peabody Energy Corp. ....	595,000	Omnova Solutions Inc.† .....
	56,627,911	312,000	Sensient Technologies Corp. ....
		70,000	Zep Inc. ....
			30,777,120

See accompanying notes to schedule of investments.



## The Gabelli Asset Fund

### Schedule of Investments (Continued) — March 31, 2010 (Unaudited)

---

- (a) Security fair valued under procedures established by the Board of Trustees. The procedures may include reviewing available financial information about the company and reviewing valuation of comparable securities and other factors on a regular basis. At March 31, 2010, the market value of fair valued securities amounted to \$270,181 or 0.01% of total investments.
- (b) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At March 31, 2010, the market value of the Rule 144A security amounted to \$452,000 or 0.02% of total investments.
- † Non-income producing security.
- †† Represents annualized yield at date of purchase.
- ADR American Depositary Receipt
- CVO Contingent Value Obligation
- GDR Global Depositary Receipt

See accompanying notes to schedule of investments.

## The Gabelli Asset Fund

### Notes to Schedule of Investments (Unaudited)

---

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

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market but prior to the close of business on the day the securities are being valued. Debt instruments with remaining maturities of sixty days or less that are not credit impaired are valued at amortized cost, unless the Board determines such amount does not reflect the securities' fair value, in which case these securities will be fair valued as determined by the Board. Debt instruments having a maturity greater than sixty days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board.

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

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

## The Gabelli Asset Fund

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

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments by inputs used to value the Fund's investments as of March 31, 2010 is as follows:

	Valuation Inputs			Total Market Value at 3/31/10
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
<b>INVESTMENTS IN SECURITIES:</b>				
<b>ASSETS (Market Value):</b>				
Common Stocks:				
Energy and Utilities	\$ 180,866,109	\$ —	\$ 0	\$ 180,866,109
Entertainment	102,815,737	—	270,177	103,085,914
Equipment and Supplies	155,423,582	—	0	155,423,582
Wireless Communications	19,234,476	—	0	19,234,476
Other Industries (a)	1,806,900,583	—	—	1,806,900,583
<b>Total Common Stocks</b>	<b>2,265,240,487</b>	<b>—</b>	<b>270,177</b>	<b>2,265,510,664</b>
Rights (a)	5,812	—	—	5,812
Warrants:				
Broadcasting	—	4	—	4
Other Industries (a)	460,495	—	—	460,495
<b>Total Warrants</b>	<b>460,495</b>	<b>4</b>	<b>—</b>	<b>460,499</b>
Convertible Corporate Bonds	—	1,015,000	—	1,015,000
U.S. Government Obligations	—	5,711,483	—	5,711,483
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>\$2,265,706,794</b>	<b>\$6,726,487</b>	<b>\$270,177</b>	<b>\$2,272,703,458</b>

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

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determined fair value:

	Balance as of 12/31/09	Accrued discounts/ (premiums)	Realized gain/ (loss)	Change in unrealized appreciation/ depreciation	Net purchases/ (sales)	Transfers into Level 3†	Transfers out of Level 3†	Balance as of 3/31/10	Net change in unrealized appreciation/ depreciation during the period on Level 3 investments held at 3/31/10
<b>INVESTMENTS IN SECURITIES:</b>									
<b>ASSETS (Market Value):</b>									
Common Stocks:									
Energy and Utilities	\$ 0	\$—	\$—	\$—	\$—	\$—	\$—	\$ 0	\$—
Entertainment	270,177	—	—	—	—	—	—	270,177	—
Equipment and Supplies	0	—	—	—	—	—	—	0	—
Wireless Communications	0	—	—	—	—	—	—	0	—
<b>Total Common Stocks</b>	<b>270,177</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>270,177</b>	<b>—</b>
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>\$270,177</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$270,177</b>	<b>\$—</b>

† The Fund's policy is to recognize transfers into and transfers out of Level 3 as of the beginning of the reporting period.

## The Gabelli Asset Fund

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

---

**2. Derivative Financial Instruments.** The Fund may engage in various portfolio investment strategies by investing in a number of derivative financial instruments for the purpose of increasing the income of the Fund or hedging against a specific transaction with respect to either the currency in which the transaction is denominated or another currency. Investing in certain derivative financial instruments, including participation in the options, futures, or swap markets, entails certain execution, liquidity, hedging, tax, and securities, interest, credit, or currency markets risks. Losses may arise if the Adviser's prediction of movements in the direction of the securities, foreign currency, and interest rate markets is inaccurate. Losses may also arise if the counterparty does not perform its duties under a contract, or that, in the event of default, the Fund may be delayed in or prevented from obtaining payments or other contractual remedies owed to it under derivative contracts. The creditworthiness of the counterparties is closely monitored in order to minimize these risks. Participation in derivative transactions involves investment risks, transaction costs, and potential losses to which the Fund would not be subject absent the use of these strategies. The consequences of these risks, transaction costs, and losses may have a negative impact on the Fund's ability to pay distributions.

**Swap Agreements.** The Fund may enter into equity and contract for difference swap transactions for the purpose of increasing the income of the Fund. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In a swap, a set of future cash flows is exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. Depending on the general state of short-term interest rates and the returns on the Fund's portfolio securities at the time a swap transaction reaches its scheduled termination date, there is a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction. During the quarter ended March 31, 2010, there were no open contract for difference swap agreements.

**Forward Foreign Exchange Contracts.** The Fund may engage in forward foreign exchange contracts for the purpose of hedging a specific transaction with respect to either the currency in which the transaction is denominated or another currency as deemed appropriate by the Adviser. Forward foreign exchange contracts are valued at the forward rate and are marked-to-market daily. The change in market value is included in unrealized appreciation/depreciation on investments and foreign currency translations. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. During the quarter ended March 31, 2010, the Fund had no investments in forward foreign exchange contracts.

**3. Tax Information.** At December 31, 2009, the Fund had net capital loss carryforwards for federal income tax purposes of \$19,021,792, which are available to reduce future required distributions of net capital gains to shareholders through 2017.

This page was intentionally left blank.

## Gabelli/GAMCO Funds and Your Personal Privacy

---

### Who are we?

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

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

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

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

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

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

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

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

# GABELLI FAMILY OF FUNDS

## VALUE

### **Gabelli Asset Fund**

Seeks to invest primarily in a diversified portfolio of common stocks selling at significant discounts to their private market value. The Fund's primary objective is growth of capital. (Multiclass)

Portfolio Manager: Mario J. Gabelli, CFA

### **Gabelli Blue Chip Value Fund**

Seeks long term growth of capital through investment primarily in the common stocks of established companies which are temporarily out of favor. The fund's objective is to identify a catalyst or sequence of events that will return the company to a higher value. (Multiclass)

Portfolio Manager: Barbara Marcin, CFA

### **GAMCO Westwood Equity Fund**

Seeks to invest primarily in the common stock of well seasoned companies that have recently reported positive earnings surprises and are trading below Westwood's proprietary growth rate estimates. The Fund's primary objective is capital appreciation. (Multiclass)

Portfolio Manager: Susan M. Byrne

## FOCUSED VALUE

### **Gabelli Value Fund**

Seeks to invest in securities of companies believed to be undervalued. The Fund's primary objective is long-term capital appreciation. (Multiclass)

Portfolio Manager: Mario J. Gabelli, CFA

## SMALL CAP VALUE

### **Gabelli Small Cap Fund**

Seeks to invest primarily in common stock of smaller companies (market capitalizations at the time of investment of \$2 billion or less) believed to have rapid revenue and earnings growth potential. The Fund's primary objective is capital appreciation. (Multiclass)

Portfolio Manager: Mario J. Gabelli, CFA

### **GAMCO Westwood SmallCap Equity Fund**

Seeks to invest primarily in smaller capitalization equity securities – market caps of \$2.5 billion or less. The Fund's primary objective is long-term capital appreciation. (Multiclass)

Portfolio Manager: Nicholas F. Galluccio

### **Gabelli Woodland Small Cap Value Fund**

Seeks to invest primarily in the common stocks of smaller companies (market capitalizations generally less than \$3.0 billion) believed to be undervalued with shareholder oriented management teams that are employing strategies to grow the company's value. The Fund's primary objective is capital appreciation. (Multiclass)

Portfolio Manager: Elizabeth M. Lilly, CFA

## GROWTH

### **GAMCO Growth Fund**

Seeks to invest primarily in large cap stocks believed to have favorable, yet undervalued, prospects for earnings growth. The Fund's primary objective is capital appreciation. (Multiclass)

Portfolio Manager: Howard F. Ward, CFA

### **GAMCO International Growth Fund**

Seeks to invest in the equity securities of foreign issuers with long-term capital appreciation potential. The Fund offers investors global diversification. (Multiclass)

Portfolio Manager: Caesar Bryan

## AGGRESSIVE GROWTH

### **GAMCO Global Growth Fund**

Seeks capital appreciation through a disciplined investment program focusing on the globalization and interactivity of the world's marketplace. The Fund invests in companies at the forefront of accelerated growth. The Fund's primary objective is capital appreciation. (Multiclass)

Team Managed

## MICRO-CAP

### **GAMCO Westwood Mighty Mites<sup>SM</sup> Fund**

Seeks to invest in micro-cap companies that have market capitalizations of \$300 million or less. The Fund's primary objective is long-term capital appreciation. (Multiclass)

Team Managed

## EQUITY INCOME

### **Gabelli Equity Income Fund**

Seeks to invest primarily in equity securities with above average market yields. The Fund pays monthly dividends and seeks a high level of total return with an emphasis on income. (Multiclass)

Portfolio Manager: Mario J. Gabelli, CFA

### **GAMCO Westwood Balanced Fund**

Seeks to invest in a balanced and diversified portfolio of stocks and bonds. The Fund's primary objective is both capital appreciation and current income. (Multiclass)

Co-Portfolio Managers: Susan M. Byrne  
Mark Freeman, CFA

### **GAMCO Westwood Income Fund**

Seeks to provide a high level of current income as well as long-term capital appreciation by investing in income producing equity and fixed income securities. (Multiclass)

Portfolio Manager: Barbara Marcin, CFA

## SPECIALTY EQUITY

### **GAMCO Global Convertible Securities Fund**

Seeks to invest principally in bonds and preferred stocks which are convertible into common stock of foreign and domestic companies. The Fund's primary objective is total return through a combination of current income and capital appreciation. (Multiclass)

Team Managed

### **GAMCO Global Opportunity Fund**

Seeks to invest in common stock of companies which have rapid growth in revenues and earnings and potential for above average capital appreciation or are undervalued. The Fund's primary objective is capital appreciation. (Multiclass)

Team Managed

### **Gabelli SRI Green Fund**

Seeks to invest in common and preferred stocks meeting guidelines for social responsibility (avoiding defense contractors and manufacturers of alcohol, abortifacients, gaming, and tobacco products) and sustainability (companies engaged in climate change, energy security and independence, natural resource shortages, organic living, and urbanization). The Fund's primary objective is capital appreciation. (Multiclass)

Co-Portfolio Managers: Christopher C. Desmarais  
John M. Segrich, CFA

## SECTOR

### **GAMCO Global Telecommunications Fund**

Seeks to invest in telecommunications companies throughout the world – targeting undervalued companies with strong earnings and cash flow dynamics. The Fund's primary objective is capital appreciation. (Multiclass)

Team Managed

## GAMCO Gold Fund

Seeks to invest in a global portfolio of equity securities of gold mining and related companies. The Fund's objective is long-term capital appreciation. Investment in gold stocks is considered speculative and is affected by a variety of worldwide economic, financial, and political factors. (Multiclass)

Portfolio Manager: Caesar Bryan

## Gabelli Utilities Fund

Seeks to provide a high level of total return through a combination of capital appreciation and current income. (Multiclass)

Team Managed

## MERGER AND ARBITRAGE

### **Gabelli ABC Fund**

Seeks to invest in securities with attractive opportunities for appreciation or investment income. The Fund's primary objective is total return in various market conditions without excessive risk of capital loss. (No-load)

Portfolio Manager: Mario J. Gabelli, CFA

### **Gabelli Enterprise Mergers and Acquisitions Fund**

Seeks to invest in securities believed to be likely acquisition targets within 12–18 months or in arbitrage transactions of publicly announced mergers or other corporate reorganizations. The Fund's primary objective is capital appreciation. (Multiclass)

Portfolio Manager: Mario J. Gabelli, CFA

## CONTRARIAN

### **GAMCO Mathers Fund**

Seeks long-term capital appreciation in various market conditions without excessive risk of capital loss. (No-load)

Portfolio Manager: Henry Van der Eb, CFA

### **Comstock Capital Value Fund**

Seeks capital appreciation and current income. The Fund may use either long or short positions to achieve its objective. (Multiclass)

Portfolio Manager: Martin Weiner, CFA

## FIXED INCOME

### **GAMCO Westwood Intermediate Bond Fund**

Seeks to invest in a diversified portfolio of bonds with various maturities. The Fund's primary objective is total return. (Multiclass)

Portfolio Manager: Mark Freeman, CFA

## CASH MANAGEMENT-MONEY MARKET

### **Gabelli U.S. Treasury Money Market Fund**

Seeks to invest exclusively in short-term U.S. Treasury securities. The Fund's primary objective is to provide high current income consistent with the preservation of principal and liquidity. (No-load)

Co-Portfolio Managers: Judith A. Raneri  
Ronald S. Eaker

An investment in the above Money Market Fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.

The Funds may invest in foreign securities which involve risks not ordinarily associated with investments in domestic issues, including currency fluctuation, economic, and political risks.

To receive a prospectus, call **800-GABELLI** (422-3554). Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectus contains more information about this and other matters and should be read carefully before investing.

## The Gabelli Asset Fund

One Corporate Center  
Rye, New York 10580-1422

**800-GABELLI**

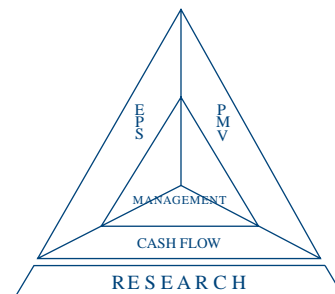
**800-422-3554**

**fax: 914-921-5118**

**website: [www.gabelli.com](http://www.gabelli.com)**

**e-mail: [info@gabelli.com](mailto:info@gabelli.com)**

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



### Board of Trustees

Mario J. Gabelli, CFA  
*Chairman and Chief  
Executive Officer  
GAMCO Investors, Inc.*

Anthony R. Pustorino  
*Certified Public Accountant,  
Professor Emeritus  
Pace University*

Anthony J. Colavita  
*President  
Anthony J. Colavita, P.C.*

Werner J. Roeder, MD  
*Medical Director  
Lawrence Hospital*

James P. Conn  
*Former Chief Investment Officer  
Financial Security Assurance  
Holdings Ltd.*

Anthonie C. van Ekris  
*Chairman  
BALMAC International, Inc.*

John D. Gabelli  
*Senior Vice President  
Gabelli & Company, Inc.*

Salvatore J. Zizza  
*Chairman  
Zizza & Co., Ltd.*

Kuni Nakamura  
*President  
Advanced Polymer, Inc.*

### Officers

Bruce N. Alpert  
*President and Secretary*

Peter D. Goldstein  
*Chief Compliance Officer*

Agnes Mullady  
*Treasurer*

### Distributor

Gabelli & Company, Inc.

### Custodian, Transfer Agent, and Dividend Agent

State Street Bank and Trust Company

### Legal Counsel

Skadden, Arps, Slate, Meagher & Flom LLP

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

GAB405Q110SR

a a a a

# The Gabelli Asset Fund

*Morningstar® rated The Gabelli Asset Fund Class  
AAA Shares 4 stars overall and 4 stars for the three  
and five year periods and 3 stars for the ten year  
period ended March 31, 2010 among 371, 371, 304,  
and 157 Mid-Cap Blend funds, respectively.*

FIRST QUARTER REPORT  
MARCH 31, 2010