

# The Gabelli Value 25 Fund Inc.

## Shareholder Commentary September 30, 2014

(Y)our Portfolio Management Team



Mario J. Gabelli, CFA    Christopher J. Marangi

### To Our Shareholders,

For the quarter ended September 30, 2014, the net asset value (“NAV”) per Class A Share of The Gabelli Value 25 Fund Inc. decreased 4.7% compared with increases of 1.1% and 1.9% for the Standard & Poor’s (“S&P”) 500 Index and the Dow Jones Industrial Average, respectively. See page 2 for additional performance information.

### Market Commentary

The third quarter saw a return of volatility to financial markets, starting with a decline in July, as macroeconomic factors, including conflict in Ukraine and Israel, a slowdown in emerging market growth, and Argentinian debt default on the last day of the month all weighed on the market. Markets rebounded sharply in August, as mostly positive second quarter earnings reports were coupled with dovish comments from Federal Reserve Chair Janet Yellen, who at the annual Federal Reserve meeting in Jackson Hole, reiterated, “that it likely will be appropriate to maintain the current target range for the federal funds rate for a considerable time after our current asset purchase program ends.” In other words, rates are likely to remain low for some time. With the backdrop of a slowly improving economy and continued accommodative Fed policy, the S&P 500 hit an all-time high on September 19.

Towards the end of the month, however, markets began factoring in the possibility of a recession in Europe, a worse than expected emerging markets slowdown, the negative impact of foreign currencies on overseas earnings (especially in the Eurozone), concerns about the impact of communicable diseases on travel and leisure industries, and continued conflict around the globe, whether in Ukraine, Iraq, Syria, or elsewhere.

In volatile times, we believe it is important to reiterate that, as value investors, we seek for “Mr. Market” to serve us, rather than inform us about the value of a company. We continue to use stock-specific and market dislocations (as has been with small capitalization stocks this year) in order to buy even more of the companies we own on your behalf. These are high-quality, cash generating franchise businesses, operating in industries in which we have a core competency, which have potential catalysts to surface value: a takeover of the company, financial engineering, new management, regulatory changes, a change in cash flow allocation, or some other dynamic. We note that continued low rates mean that companies will continue to have access to low-cost financing, with which they can pursue mergers & acquisitions (M&A). This underscores our confidence that the “Fifth Wave” of takeover activity is likely to continue.

## Comparative Results

### Average Annual Returns through September 30, 2014 (a)

	Quarter	1 Year	5 Year	10 Year	Since Inception (9/29/89)
<b>Class A (GABVX)</b> .....	(4.73)%	5.88%	15.89%	8.27%	10.90%
With sales charge (b) .....	(10.21)	(0.21)	14.52	7.63	10.64
S&P 500 Index .....	1.13	19.73	15.70	8.11	9.50
Dow Jones Industrial Average .....	1.86	15.20	14.78	8.14	10.35
Nasdaq Composite Index .....	2.24	20.62	17.59	10.27	9.42
<b>Class AAA (GVCAIX)</b> .....	(4.75)	5.83	15.89	8.27	10.90
<b>Class C (GVCCX)</b> .....	(4.90)	5.07	15.02	7.46	10.43
With contingent deferred sales charge (c) .....	(5.85)	4.07	15.02	7.46	10.43
<b>Class I (GVCIX)</b> .....	(4.68)	6.13	16.19	8.46	10.98

In the current prospectuses dated April 30, 2014, the expense ratios for Class AAA, A, C, and I Shares are 1.39%, 1.39%, 2.14%, and 1.14%, respectively. Class AAA and Class I Shares do not have a sales charge. The maximum sales charge for Class A Shares and Class C Shares is 5.75% and 1.00%, respectively.

- (a) Returns represent past performance and do not guarantee future results. Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit [www.gabelli.com](http://www.gabelli.com) for performance information as of the most recent month end. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus please visit our website at [www.gabelli.com](http://www.gabelli.com). The Class A Share NAVs are used to calculate performance for the periods prior to the issuance of Class AAA Shares on April 30, 2010, Class C Shares on March 15, 2000, and the Class I Shares on January 11, 2008. The actual performance of the Class C Shares would have been lower due to the additional fees and expenses associated with these classes of shares. The actual performance of the Class AAA Shares and Class I Shares would have been higher due to lower expenses related to this class of shares. The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Dow Jones Industrial Average and the Nasdaq Composite Index are unmanaged indicators of stock market performance. Dividends are considered reinvested, except for the Nasdaq Composite Index. You cannot invest directly in an index.
- (b) Performance results include the effect of the maximum 5.75% sales charge at the beginning of the period.
- (c) Assuming payment of the 1% maximum contingent deferred sales charge imposed on redemptions made within one year of purchase.

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

## Deals, Deals, and More Deals

Dealmaking continued in the third quarter, with worldwide M&A up 59% to \$2.7 trillion for the first nine months of 2014, although year over year deal value declined in the third quarter. Fund holding Alere (0.3% of net assets as of September 30, 2014), a leading diagnostics company, received an inquiry from its former CEO, Ron Zwanziger, about taking the company private in September. While the company has so far rebuffed Mr. Zwanziger's advances, we believe that a transaction is still very possible and note that the company has launched a "strategic review" of its operations. Additionally, Tyson Foods completed its acquisition of Fund holding Hillshire Brands, a leading branded meat company, in August.

In addition to M&A activity, financial engineering continued in the third quarter. Fund holding eBay (1.3%) announced plans to spin off its PayPal secure payments business from its core online marketplace operations. We had long anticipated this move and think it could eventually result in the acquisition of one or both units.

## Let's Talk Stocks

The following are stock specifics on selected holdings of the 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 percentage of net assets and their share prices are presented as of September 30, 2014.

*The Bank of New York Mellon Corp. (1.5% of net assets as of September 30, 2014) (BK - \$38.73 - NYSE)* is a global leader in providing financial services to institutions and individuals. The company operates in more than one hundred markets worldwide and strives to be the global provider of choice for investment management and investment services. As of June 30, 2014, the firm had \$28.5 trillion in assets under custody and \$1.6 trillion in assets under management. Going forward, we expect BNY Mellon to benefit from rising global incomes and the cross border movement of financial transactions.

*Cablevision Systems Corp. (1.8%) (CVC - \$17.51 - NYSE)* provides broadband, television, and phone service to over three million subscribers in the New York metropolitan area. An industry pioneer, CVC has developed the most advanced cable plant in the country and converted over 70% of its subscribers into triple play (video, phone, and broadband) customers. In the process, CVC achieved industry leading average monthly subscription revenues and margins. This peak performance led the company to become a victim of its own success; combined with competition from Verizon FiOS in approximately half its footprint, Cablevision saw reduced growth and a sagging share price in 2012/2013. The company's efforts to address these declines appear to be paying off. Management has also been active on the financial front, spinning off Madison Square Garden (2.4%) in February 2010 and AMC Networks (1.7%) in June 2011 and repurchasing over 10% of shares outstanding. Cablevision is now a single-market, pure-play cable operator, which could facilitate an eventual consolidation of the company in our view.

*CBS Corp. (3.9%) (CBS - \$53.62 - NYSE)* operates the CBS television network and the premium cable network Showtime and it owns 29 local television stations and 130 radio stations. We believe CBS has a number of opportunities to generate incremental non-advertising revenue from the sale of existing content to online video distributors (OVDs) and the retransmission of content agreements with traditional distributors. In addition, we expect a continued recovery in advertising to contribute to earnings growth. Finally, we believe financial engineering, including the announced \$3 billion share buyback, could act as a catalyst for shares.

*Energizer Holdings Inc. (1.3%) (ENR - \$123.21 - NYSE)* became an independent company after it was spun-off from Ralston Purina in April 2000. Energizer manufactures, markets and sells dry cell batteries and lighting products worldwide. Subsequently, Energizer expanded its product portfolio through acquisitions, including Schick-Wilkinson Sword (2003), Playtex (2007), Edge/Skintimate (2009), American Safety Razor (2010), and most recently, J&J's feminine hygiene brands (2013). Today, Energizer reports results for two segments: Household (\$2.0 billion of revenue), which includes the domestic and international battery businesses, and Personal Care (\$2.4 billion), which includes wet shaving, skin, feminine and infant care. In April 2014, ENR announced its intention to split the company into two publicly traded firms through a tax-free spin-off of the Household division. The transaction is expected to be completed by July 2015. This may be the first step in realizing the full value of the two businesses, as both divisions may be more attractive acquisition candidates on a standalone basis.

*Flowserve Corp. (1.1%) (FLS - \$70.52 - NYSE)* is one of the largest global pump companies, serving the petroleum, chemical, and power industries. The company's products include engineered and industrial pumps, automated and control valves, actuators, and seals. About 40% of FLS revenues are derived from the oil and gas industry, and should benefit from the refurbishment of the aging refineries in developed countries and the first time build out of the infrastructure in developing nations around the world. Further, oil companies are bringing up dirtier, heavier, and harder to access crude from thousands of feet below ground, as the cleaner, lighter, and easier to obtain crude that is closer to the surface is depleted. This demands more highly engineered pumps, valves, and seals that can work under very high pressure, high temperature, or underwater, boding well for FLS products.

*Liberty Media Corp. (0.6%; 1.2%) (LMCA - \$47.18 - NASDAQ; LMCK - \$46.99 - NASDAQ)* is a diversified investment vehicle guided by cable television pioneer John Malone (Chairman) and former Microsoft (0.4%) CFO Greg Maffei (CEO). The company owns over half of satellite radio provider Sirius XM, 27% of cable operator Charter Communications, the Atlanta Braves baseball club, and stakes in several other public and private entities. Malone and Maffei have created significant value for shareholders over the past several years as they tax-efficiently distributed, traded, or sold interests in Discovery Communications (1.2%), News Corp. (0.5%), Time Warner Inc. (1.4%), DIRECTV (2.9%), Starz and QVC among others. Liberty announced it would spin-off its cable investments, including Charter, into a new company known as Liberty Broadband late in 2015. The remaining Liberty Media could then be merged into Sirius XM, a plan proposed and abandoned early in 2014.

*Madison Square Garden Co. (2.4%) (MSG - \$66.12 - NASDAQ)* is an integrated sports and media company that owns the MSG networks (MSG/MSG+ and Fuse), the New York Knicks, the New York Rangers, the Radio City Christmas Spectacular, and the iconic New York venue, Madison Square Garden. These evergreen content assets benefit from sustainable barriers to entry and long term secular growth. We believe the now completed Transformation project and the rising value of sports programming, as demonstrated by the NBA's recently contract renewal with TWX & DIS, will dramatically increase MSG's earnings power through 2018.

*Newmont Mining Corp. (1.6%) (NEM - \$23.05 - NYSE)* based in Denver, Colorado, is one of the largest gold mining companies in the world. Founded in 1921 and publicly traded since 1925, NEM is the only gold company included in the S&P 500 Index and Fortune 500. We expect the company to produce approximately 4.9 million ounces of gold and 110 million pounds of copper in 2014, with over 60% of this production coming from Australia and Nevada. Newmont is in the process of reviewing its business units and cutting operating costs post the 27% drop in the gold price in 2013. The company has sold non-core assets and has committed to deploy the proceeds from these sales into building new projects, which it expects will generate superior rates of return for shareholders.

*Sony Corp. (1.1%) (SNE - \$18.04 - NYSE)* is a diversified electronics and entertainment company based in Tokyo, Japan. The company manufactures televisions, PlayStation game consoles, mobile phone handsets, cameras, and operates the Columbia film studio and Sony Music entertainment group. We expect the new PlayStation launch and operational improvements in consumer electronics and entertainment to generate EBITDA growth through 2015. We also think the spin-off of the entertainment assets will be a potential catalyst.

*Time Warner Inc. (1.4%) (TWX - \$75.21 - NYSE)*, located in New York, New York, is a diversified media company with operations in cable networks through HBO, TNT, TBS & CNN, and film & television production. We like the company's cable networks, high margins and low capital intensity. We expect the company to use its free cash flow to return capital to shareholders through its \$1.27 per share dividend and aggressive share repurchases. Following the \$85 per share bid by Twenty-First Century Fox (2.2%), we expect Time Warner could be an acquisition target.

### **Investment Scorecard**

Top contributors to performance included eBay (1.3% of net assets as of September 30, 2014) (+13%), which announced the long awaited spin-off of PayPal; Madison Square Garden (2.4%) (+6%), in which an activist investor has called for the initiation of a share repurchase program; Republic Services (2.1%) (+4%), which should benefit from a recovery in the US and lower fuel prices; Time Warner Inc. (1.4%) (+8%), the subject of a failed takeover bid from Twenty-First Century Fox (2.2%); and Macquarie Infrastructure (0.7%) (+8%), which reached an agreement to purchase its 50% partner in its liquids storage business.

Detractors from performance included Viacom (7.3%) (-13%) and CBS (3.9%) (-11%), which declined amid concerns about the television advertising market, ratings and pay-television subscriber growth; Rolls-Royce (2.0%) (-15%), which experienced weaker marine aftermarket performance in the first half; National Fuel Gas (2.2%) (-10%), which reflected lower natural gas prices; and Diageo (2.6%) (-8%), whose global footprint has exposed the company to the effects of currency moves.

### **Conclusion**

As always, in volatile times, our process remains unchanged. We conduct bottom-up research on companies and industries in order to uncover undervalued businesses we would be happy to own for many years. Our Private Market Value (PMV) with a Catalyst™ stock selection process identifies potential acquisition targets and likely candidates for financial engineering. Should volatility return and "Mr. Market" provide us with an opportunity, we remain prepared to increase our ownership of businesses that fit these characteristics, as well as invest in new opportunities as they become available.

October 9, 2014

#### **Top Ten Holdings (Percent of Net Assets) September 30, 2014**

Viacom Inc. 7.3%	Diageo plc 2.6%
CBS Corp. 3.9%	Swedish Match AB 2.5%
DIRECTV 2.9%	The Madison Square Garden Co. 2.4%
Honeywell International Inc. 2.9%	National Fuel Gas Co. 2.2%
American Express Co. 2.7%	Twenty-First Century Fox Inc. 2.2%

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

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

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

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

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).

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.

The Fund's daily net asset value 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 GABVX for Class A Shares. Please call us during the business day, between 8:00 AM – 7:00 PM (Eastern Time), for further information.

### **e-delivery**

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

### **Multi-Class Shares**

The Gabelli Value 25 Fund began offering additional classes of Fund shares on March 15, 2000. Class AAA are no-load shares available directly through selected broker/dealers. Class A and C Shares are offered to investors who seek advice through financial consultants. Class I Shares are available directly through the Fund's distributor or brokers that have entered into selling agreements specifically with respect to Class I Shares. The Board of Directors determined that expanding the types of Fund shares available through various distribution options will enhance the ability of the Fund to attract additional investors.

## **Portfolio Management Team Biographies**

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

**Christopher J. Marangi** joined Gabelli in 2003 as a research analyst. He currently serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. Mr. Marangi graduated magna cum laude and Phi Beta Kappa with a BA in Political Economy from Williams College and holds an MBA with honors from Columbia Business School.

## THE GABELLI VALUE 25 FUND INC.

One Corporate Center  
Rye, NY 10580-1422

t 800-GABELLI (800-422-3554)

f 914-921-5118

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

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

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

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### BOARD OF DIRECTORS OFFICERS

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

Bruce N. Alpert  
President

Andrea R. Mango  
Secretary

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

Agnes Mullady  
Treasurer

Robert J. Morrissey  
Partner,  
Morrissey, Hawkins & Lynch

Richard J. Walz  
Chief Compliance Officer

### DISTRIBUTOR

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

G.distributors, LLC

### CUSTODIAN

The Bank of New York Mellon

Werner J. Roeder, MD  
Medical Director,  
Lawrence Hospital

### TRANSFER AGENT AND DIVIDEND DISBURSING AGENT

State Street Bank and Trust Company

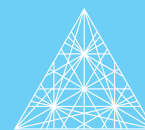
### LEGAL COUNSEL

Paul Hastings LLP

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This report is submitted for the general information of the shareholders of The Gabelli Value 25 Fund Inc. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.

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GABELLI  
FUNDS

# THE GABELLI VALUE 25 FUND INC.

*Shareholder Commentary*  
*September 30, 2014*



# The Gabelli Value 25 Fund Inc.

Third Quarter Report — September 30, 2014



**Christopher J. Marangi**  
Portfolio Manager

## To Our Shareholders,

For the quarter ended September 30, 2014, the net asset value (“NAV”) per Class A Share of The Gabelli Value 25 Fund Inc. decreased 4.7% compared with an increase of 1.1% and 1.9% for the Standard & Poor’s (“S&P”) 500 Index and the Dow Jones Industrial Average, respectively. See below for additional performance information.

Enclosed is the schedule of investments as of September 30, 2014.

## Comparative Results

### Average Annual Returns through September 30, 2014 (a) (Unaudited)

	Quarter	1 Year	5 Year	10 Year	Since Inception (9/29/89)
<b>Class A (GABVX)</b> . . . . .	(4.73)%	5.88%	15.89%	8.27%	10.90%
With sales charge (b) . . . . .	(10.21)	(0.21)	14.52	7.63	10.64
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- (c) Assuming payment of the 1% maximum contingent deferred sales charge imposed on redemptions made within one year of purchase.

**The Gabelli Value 25 Fund Inc.**  
**Schedule of Investments — September 30, 2014 (Unaudited)**

<u>Shares</u>	<u>Market Value</u>	<u>Shares</u>	<u>Market Value</u>
<b>COMMON STOCKS — 95.1%</b>		<b>Consumer Products — 4.1%</b>	
<b>Aerospace — 2.4%</b>		100,000	Blyth Inc. .... \$ 812,000
200,000	Exelis Inc. .... \$ 3,308,000	80,000	Energizer Holdings Inc. .... 9,856,800
965,000	Rolls-Royce Holdings plc ..... 15,088,639	500	Givaudan SA ..... 800,251
	18,396,639	599,000	Swedish Match AB ..... 19,424,335
			30,893,386
<b>Automotive — 1.0%</b>		<b>Consumer Services — 2.8%</b>	
225,000	Navistar International Corp.† ..... 7,404,750	299,500	Liberty Interactive Corp., Cl. A† ..... 8,541,740
<b>Automotive: Parts and Accessories — 2.2%</b>		46,270	Liberty Ventures, Cl. A† ..... 1,756,409
27,000	China Yuchai International Ltd. .... 500,580	202,000	Rollins Inc. .... 5,914,560
151,000	Genuine Parts Co. .... 13,244,210	150,000	The ADT Corp. .... 5,319,000
21,000	O'Reilly Automotive Inc.† ..... 3,157,560		21,531,709
	16,902,350		
<b>Aviation: Parts and Services — 0.6%</b>		<b>Diversified Industrial — 5.3%</b>	
305,000	GenCorp Inc.† ..... 4,870,850	41,000	Ampco-Pittsburgh Corp. .... 820,000
<b>Broadcasting — 5.8%</b>		130,000	Crane Co. .... 8,217,300
559,000	CBS Corp., Cl. A, Voting ..... 29,973,580	40,000	Fortune Brands Home & Security Inc. .... 1,644,400
97,000	Liberty Media Corp., Cl. A† ..... 4,576,460	100,000	Griffon Corp. .... 1,139,000
194,000	Liberty Media Corp., Cl. C† ..... 9,116,060	236,000	Honeywell International Inc. .... 21,976,320
	43,666,100	147,000	Tyco International Ltd. .... 6,551,790
			40,348,810
<b>Business Services — 3.0%</b>		<b>Electronics — 1.3%</b>	
52,000	Ascent Capital Group Inc., Cl. A† ..... 3,130,400	43,724	Dolby Laboratories Inc., Cl. A† ..... 1,827,226
110,000	Blucora Inc.† ..... 1,676,400	450,000	Sony Corp., ADR ..... 8,118,000
139,000	Intermap Network Services Corp.† ..... 959,100		9,945,226
80,000	Macquarie Infrastructure Co. LLC ..... 5,336,000		
60,000	MasterCard Inc., Cl. A ..... 4,435,200		<b>Energy and Utilities — 3.3%</b>
82,000	The Brink's Co. .... 1,971,280	61,000	ConocoPhillips ..... 4,667,720
304,000	The Interpublic Group of Companies Inc. .... 5,569,280	200,000	GenOn Energy Inc., Escrow† ..... 0
1	Vectrus Inc.† ..... 2	240,000	National Fuel Gas Co. .... 16,797,600
	23,077,662	190,000	Weatherford International plc† ..... 3,952,000
			25,417,320
<b>Cable and Satellite — 13.6%</b>		<b>Entertainment — 17.0%</b>	
225,000	AMC Networks Inc., Cl. A† ..... 13,144,500	37,000	Discovery Communications Inc., Cl. A† ..... 1,398,600
780,000	Cablevision Systems Corp., Cl. A ..... 13,657,800	201,000	Discovery Communications Inc., Cl. C† ..... 7,493,280
175,000	Comcast Corp., Cl. A, Special ..... 9,362,500	267,000	Grupo Televisa SAB, ADR ..... 9,045,960
255,000	DIRECTV† ..... 22,062,600	275,000	The Madison Square Garden Co., Cl. A† ..... 18,183,000
144,000	DISH Network Corp., Cl. A† ..... 9,299,520	142,000	Time Warner Inc. .... 10,679,820
111,000	EchoStar Corp., Cl. A† ..... 5,412,360	300,000	Twenty-First Century Fox Inc., Cl. A ..... 10,287,000
204,000	Liberty Global plc, Cl. A† ..... 8,678,160	185,000	Twenty-First Century Fox Inc., Cl. B ..... 6,162,350
149,000	Liberty Global plc, Cl. C† ..... 6,111,235	726,000	Viacom Inc., Cl. A ..... 55,909,260
250,000	Rogers Communications Inc., Cl. B ..... 9,355,000	420,000	Vivendi SA ..... 10,142,852
80,000	Scripps Networks Interactive Inc., Cl. A ..... 6,247,200		129,302,122
	103,330,875		
<b>Communications Equipment — 0.3%</b>		<b>Environmental Services — 2.5%</b>	
30,000	Loral Space & Communications Inc.† ..... 2,154,300	115,000	Progressive Waste Solutions Ltd. .... 2,963,550
<b>Computer Software and Services — 1.7%</b>		408,584	Republic Services Inc. .... 15,942,948
169,000	eBay Inc.† ..... 9,570,470		18,906,498
70,000	Microsoft Corp. .... 3,245,200		
	12,815,670	130,000	<b>Equipment and Supplies — 2.7%</b>
		90,000	CIRCOR International Inc. .... 8,752,900
			Federal Signal Corp. .... 1,191,600

See accompanying notes to schedule of investments.



## The Gabelli Value 25 Fund Inc.

### Notes to Schedule of Investments (Unaudited)

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The Fund's schedule of investments is prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), which may require the use of management estimates and assumptions. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its schedule of investments.

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

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market, but prior to the close of business on the day the securities are being valued. Debt instruments with remaining maturities of sixty days or less that are not credit impaired are valued at amortized cost, unless the Board determines such amount does not reflect the securities' fair value, in which case these securities will be fair valued as determined by the Board. Debt instruments having a maturity greater than sixty days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. U.S. government obligations with maturities greater than sixty days are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. Certain securities are valued principally using dealer quotations.

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

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

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

**The Gabelli Value 25 Fund Inc.**  
**Notes to Schedule of Investments (Unaudited) (Continued)**

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments in securities by inputs used to value the Fund's investments as of September 30, 2014 is as follows:

	Valuation Inputs			Total Market Value at 9/30/14
	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	\$ 25,417,320	—	\$ 0	\$ 25,417,320
Other Industries (a)	697,351,449	—	—	697,351,449
Total Common Stocks	722,768,769	—	0	722,768,769
U.S. Government Obligations	—	\$36,955,634	—	36,955,634
<b>TOTAL INVESTMENTS IN SECURITIES – ASSETS</b>	<b>\$722,768,769</b>	<b>\$36,955,634</b>	<b>\$ 0</b>	<b>\$759,724,403</b>

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

The Fund did not have transfers among Level 1, Level 2, and Level 3 during the period ended September 30, 2014. The Fund's policy is to recognize transfers among Levels as of the beginning of the reporting period.

**Additional Information to Evaluate Qualitative Information.**

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

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

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

## The Gabelli Value 25 Fund Inc.

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

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

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

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

**Restricted Securities.** The Fund may invest up to 10% of its net assets in securities for which the markets are restricted. Restricted securities include securities whose disposition is subject to substantial legal or contractual restrictions. The sale of restricted securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity. The Fund held no restricted securities at September 30, 2014.

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

Under the Regulated Investment Company Modernization Act of 2010, the Fund is permitted to carry forward for an unlimited period capital losses incurred. As a result of the rule, post-enactment capital losses that are carried forward will retain their character as either short term or long term capital losses.

**THE GABELLI VALUE 25 FUND INC.**  
**One Corporate Center**  
**Rye, NY 10580-1422**

**Portfolio Management Team Biographies**

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

**Christopher J. Marangi** joined Gabelli in 2003 as a research analyst. He currently serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. Mr. Marangi graduated magna cum laude and Phi Beta Kappa with a BA in Political Economy from Williams College and holds an MBA with honors from Columbia Business School.

We have separated the portfolio managers' commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio managers' commentary is unrestricted. 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](http://www.gabelli.com).

THE GABELLI VALUE 25 FUND INC.

One Corporate Center  
Rye, New York 10580-1422

t 800-GABELLI (800-422-3554)

f 914-921-5118

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

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

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

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**LEGAL COUNSEL**

Paul Hastings LLP

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This report is submitted for the general information of the shareholders of The Gabelli Value 25 Fund Inc. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.

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THE  
GABELLI  
VALUE 25  
FUND INC.

*Third Quarter Report  
September 30, 2014*

