

GAMCO Mathers Fund

Annual Report — December 31, 2017



Henry G. Van der Eb, CFA
Portfolio Manager

To Our Shareholders,

The GAMCO Mathers Fund total return for the year ended December 31, 2017 was (14.7)% versus 21.8% for the Standard & Poor's ("S&P") 500 Index. See page 2 for additional performance.

Enclosed are the financial statements, including the schedule of investments, as of December 31, 2017.

Performance Discussion (Unaudited)

The GAMCO Mathers Fund total return for the twelve months ended December 31, 2017 was (14.68)% versus 21.83% for the S&P 500 Index. At year end, the gross equity exposure was 31.53% (longs plus shorts), comprised of 0.00% long and 31.53% in short positions, with a 31.53% net short exposure (longs minus shorts). The remainder of the portfolio, as has been the case for an extended time period, was invested in short term U.S. Treasury bills.

The short stock portfolio segment had a negative return for the year and the fixed income segment had a positive return. There were no long equity positions held in 2017. The Fund's gross and net equity exposures and positions may vary significantly from week to week in an effort to control portfolio volatility under various market conditions. Accordingly, the quarter end data may not be indicative of the gross and net equity exposures that precede and follow each reporting period.

The short stock segment of the portfolio was penalized as stock prices rose steadily in 2017. A weaker U.S. dollar during 2017 penalized the performance of the portion of the short stock segment that was comprised of stocks priced in foreign currencies such as the yen and euro. Historically low short term U.S. Treasury bill yields have disadvantaged the Fund's overall performance. For its first hike since June 2006, the Fed raised the federal funds target range from 0.00 to 0.25 to 0.25 to 0.50 percent in December 2015 and has successively raised this key rate since then to 1.25 to 1.50 percent on December 13, 2017.

There were no merger arbitrage positions held during 2017. A portion of the Fund's long common stock segment may be invested in takeover target companies subject to all cash tender or merger offers from an acquiring entity. Deal arbitrage stocks typically earn relatively attractive annualized returns, but are held for short time periods. The inherent risks of this investment strategy are if the announced merger or acquisition is not completed, or is renegotiated at a less attractive price, or does not close on the expected date, the price of the security may fall.

The Fund completed 52 years of operation during 2017 and since inception through December 31, 2017 its average annual total return was 5.84% versus 10.01% for its benchmark S&P 500 Index. During the 2008-09 credit crisis, the Fund's risk averse position preserved capital and outperformed the S&P 500 for the two, three, five, and ten year periods ended December 31, 2009. The Fund had positive returns for the one, two, three, five, and ten year periods ended December 31, 2008 versus the S&P 500, which had negative returns for each of those periods.

Percent Average Annual Total Returns through December 31, 2017 (Unaudited) (a)

| | <u>1 YR</u> | <u>5 YRS</u> | <u>10 YRS</u> | <u>30 YRS</u> | <u>Since Inception†</u> |
|--------------------|-------------|--------------|---------------|---------------|-------------------------|
| GAMCO Mathers Fund | (14.68)% | (10.93)% | (7.11)% | (0.73)% | 5.84% |
| S&P 500 Index | 21.83 | 15.79 | 8.50 | 10.70 | 10.01(b) |

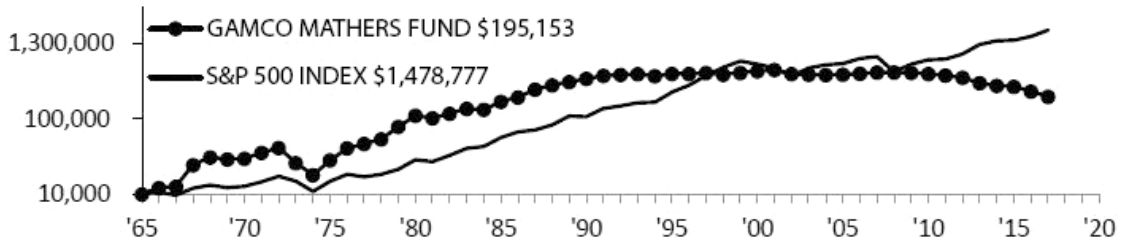
In the current prospectus dated April 28, 2017, the expense ratio for Class AAA is 4.60%. See page 8 for the expense ratio for the year ended December 31, 2017. The Fund does not have a sales charge.

† From commencement of investment operations on August 19, 1965.

(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 for performance information as of the most recent month end. 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. You cannot invest directly in an index. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectus and summary prospectus contain information about these and other matters and should be read carefully before investing. To obtain a prospectus or summary prospectus, call 800-GABELLI (800)422-3554 or visit our website at www.gabelli.com. Distributed by G.distributors, LLC.

(b) S&P 500 Index since inception performance is as of August 19, 1965.

GROWTH OF \$10,000 INVESTMENT IN GAMCO MATHERS FUND (Log Scale) (Unaudited)



Percent Average Annual Total Returns through December 31, 2017*

* Past performance is not predictive of future results. The performance tables and graph do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

GAMCO Mathers Fund

Disclosure of Fund Expenses (Unaudited)

For the Six Month Period from July 1, 2017 through December 31, 2017

Expense Table

We believe it is important for you to understand the impact of fees and expenses regarding your investment. All mutual funds have operating expenses. As a shareholder of a fund, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a fund's gross income, directly reduce the investment return of a fund. When a fund's expenses are expressed as a percentage of its average net assets, this figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your Fund and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The Expense Table below illustrates your Fund's costs in two ways:

Actual Fund Return: This section provides information about actual account values and actual expenses. You may use this section to help you to estimate the actual expenses that you paid over the period after any fee waivers and expense reimbursements. The "Ending Account Value" shown is derived from the Fund's **actual** return during the past six months, and the "Expenses Paid During Period" shows the dollar amount that would have been paid by an investor who started with \$1,000 in the Fund. You may use this information, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number given for your Fund under the heading "Expenses Paid During Period" to estimate the expenses you paid during this period.

Hypothetical 5% Return: This section provides information about hypothetical account values and

hypothetical expenses based on the Fund's actual expense ratio. It assumes a hypothetical annualized return of 5% before expenses during the period shown. In this case – because the hypothetical return used is **not** the Fund's actual return – the results do not apply to your investment and you cannot use the hypothetical account value and expense to estimate the actual ending account balance or expenses you paid for the period. This example is useful in making comparisons of the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs such as sales charges (loads), redemption fees, or exchange fees, if any, which are described in the Prospectus. If these costs were applied to your account, your costs would be higher. Therefore, the 5% hypothetical return is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. The "Annualized Expense Ratio" represents the actual expenses for the last six months and may be different from the expense ratio in the Financial Highlights which is for the year ended December 31, 2017.

| | Beginning Account Value 07/01/17 | Ending Account Value 12/31/17 | Annualized Expense Ratio | Expenses Paid During Period* |
|-------------------------------|--|-------------------------------------|--------------------------------|------------------------------------|
| GAMCO Mathers Fund | | | | |
| Actual Fund Return | \$1,000.00 | \$ 963.40 | 4.15% | \$20.54 |
| Hypothetical 5% Return | \$1,000.00 | \$1,004.28 | 4.15% | \$20.97 |

* Expenses are equal to the Fund's annualized expense ratio for the last six months multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half year (184 days), then divided by 365.

Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of net assets as of December 31, 2017:

| GAMCO Mathers Fund – Long Positions | | GAMCO Mathers Fund – Short Positions | |
|--|--------|---|---------------|
| U.S. Treasury Bills | 100.7% | Exchange Traded Funds | (27.3)% |
| Other Assets and Liabilities (Net) . . . | 30.8% | Retail | (2.5)% |
| | | Beverages | (0.8)% |
| | | Financial Services | (0.6)% |
| | | Consumer Products | (0.3)% |
| | | | <u>100.0%</u> |

The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (the “SEC”) for the first and third quarters of each fiscal year on Form N-Q. Shareholders may obtain this information at www.gabelli.com or by calling the Fund at 800-GABELLI (800-422-3554). The Fund’s Form N-Q is available on the SEC’s website at www.sec.gov and may also be reviewed and copied at the SEC’s Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.

Proxy Voting

The Fund files Form N-PX with its complete proxy voting record for the twelve months ended June 30, no later than August 31 of each year. A description of the Fund’s proxy voting policies, procedures, and how the Fund voted proxies relating to portfolio securities is available without charge, upon request, by (i) calling 800-GABELLI (800-422-3554); (ii) writing to The Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; or (iii) visiting the SEC’s website at www.sec.gov.

GAMCO Mathers Fund

Statement of Assets and Liabilities December 31, 2017

| | |
|--|---------------------|
| Assets: | |
| Investments, at value (cost \$7,950,323) | \$ 7,950,638 |
| Cash | 356 |
| Deposit at brokers | 2,488,631 |
| Receivable for Fund shares sold | 5,151 |
| Prepaid expenses | 15,932 |
| Total Assets | <u>10,460,708</u> |
| Liabilities: | |
| Securities sold short, at value (proceeds \$2,352,072) | 2,487,095 |
| Payable for Fund shares redeemed | 5,763 |
| Payable for investment advisory fees | 7,100 |
| Payable for distribution fees | 1,775 |
| Dividends payable on securities sold short | 2,964 |
| Other accrued expenses | 62,712 |
| Total Liabilities | <u>2,567,409</u> |
| Net Assets (applicable to 1,579,752 shares outstanding) | <u>\$ 7,893,299</u> |
| Net Assets Consist of: | |
| Paid-in capital | \$15,044,469 |
| Accumulated net realized loss on investments and securities sold short | (7,016,462) |
| Net unrealized appreciation on investments | 315 |
| Net unrealized depreciation on securities sold short | (135,023) |
| Net Assets | <u>\$ 7,893,299</u> |
| Shares of Beneficial Interest, each at \$0.001 par value; unlimited number of shares authorized: | |
| Net Asset Value , offering, and redemption price per share (\$7,893,299 ÷ 1,579,752 shares outstanding) | <u>\$ 5.00</u> |

Statement of Operations For the Year Ended December 31, 2017

| | |
|---|----------------------|
| Investment Income: | |
| Interest | \$ 82,818 |
| Other income | 57 |
| Total Investment Income | <u>82,875</u> |
| Expenses: | |
| Investment advisory fees | 97,730 |
| Distribution fees | 24,433 |
| Dividend expense on securities sold short | 95,878 |
| Trustees' fees | 53,000 |
| Legal and audit fees | 45,574 |
| Shareholder communications expenses | 33,904 |
| Registration expenses | 28,540 |
| Service fees for securities sold short (see Note 2) | 27,622 |
| Shareholder services fees | 20,895 |
| Custodian fees | 2,683 |
| Interest expense | 14 |
| Miscellaneous expenses | 16,974 |
| Total Expenses | <u>447,247</u> |
| Net Investment Loss | <u>(364,372)</u> |
| Net Realized and Unrealized Gain/(Loss) on Investments and Securities Sold Short: | |
| Net realized gain on investments | 635 |
| Net realized loss on securities sold short | (1,633,661) |
| Net realized loss on investments and securities sold short | (1,633,026) |
| Net change in unrealized appreciation/depreciation: on investments | 315 |
| on securities sold short | 339,477 |
| Net change in unrealized appreciation/depreciation on investments and securities sold short | 339,792 |
| Net Realized and Unrealized Loss on Investments and Securities Sold Short | <u>(1,293,234)</u> |
| Net Decrease in Net Assets Resulting from Operations | <u>\$(1,657,606)</u> |

See accompanying notes to financial statements.

GAMCO Mathers Fund

Statement of Changes in Net Assets

| | <u>Year Ended December 31, 2017</u> | <u>Year Ended December 31, 2016</u> |
|--|---|---|
| Operations: | | |
| Net investment loss..... | \$ (364,372) | \$ (786,838) |
| Net realized loss on investments and securities sold short | (1,633,026) | (1,880,814) |
| Net change in unrealized appreciation/depreciation on investments and securities sold short..... | <u>339,792</u> | <u>(356,371)</u> |
| Net Decrease in Net Assets Resulting from Operations | <u>(1,657,606)</u> | <u>(3,024,023)</u> |
| Shares of Beneficial Interest Transactions: | | |
| Net increase/(decrease) in net assets from shares of beneficial interest transactions .. | <u>(3,458,718)</u> | <u>1,250,541</u> |
| Redemption Fees | <u>100</u> | <u>582</u> |
| Net Decrease in Net Assets | <u>(5,116,224)</u> | <u>(1,772,900)</u> |
| Net Assets: | | |
| Beginning of year | <u>13,009,523</u> | <u>14,782,423</u> |
| End of year (including undistributed net investment income of \$0 and \$0, respectively) | <u>\$ 7,893,299</u> | <u>\$13,009,523</u> |

See accompanying notes to financial statements.

GAMCO Mathers Fund

Financial Highlights

Selected data for a share of beneficial interest outstanding throughout each year:

| | Year Ended December 31, | | | | |
|--|-------------------------|----------------|----------------|----------------|----------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| Operating Performance: | | | | | |
| Net asset value, beginning of year | \$ 5.86 | \$ 6.77 | \$ 6.98 | \$ 7.58 | \$ 8.92 |
| Net investment loss(a) | (0.20) | (0.26) | (0.33) | (0.33) | (0.31) |
| Net realized and unrealized gain/(loss) on investments and securities sold short | (0.66) | (0.65) | 0.12 | (0.27) | (1.03) |
| Total from investment operations | (0.86) | (0.91) | (0.21) | (0.60) | (1.34) |
| Redemption Fees(a) | 0.00(b) | 0.00(b) | 0.00(b) | — | — |
| Net Asset Value, End of Year | \$ 5.00 | \$ 5.86 | \$ 6.77 | \$ 6.98 | \$ 7.58 |
| Total return† | (14.68)% | (13.44)% | (3.01)% | (7.92)% | (15.02)% |
| Ratios to Average Net Assets and Supplemental Data: | | | | | |
| Net assets, end of year (in 000's) | \$ 7,893 | \$13,010 | \$14,782 | \$14,335 | \$11,223 |
| Ratio of net investment loss to average net assets | (3.73)% | (3.99)% | (4.81)% | (4.51)% | (3.73)% |
| Ratio of operating expenses to average net assets(c) | 4.58% | 4.60%(d) | 4.84%(e) | 4.54% | 3.80% |
| Portfolio turnover rate | 0% | 0% | 0% | 513% | 0% |

† Total return represents aggregate total return of a hypothetical \$1,000 investment at the beginning of the year and sold at the end of the year including reinvestment of distributions.

- (a) Per share data are calculated using the average shares outstanding method.
- (b) Amount represents less than \$0.005 per share.
- (c) The Fund incurred dividend expense and service fees on securities sold short. If these expenses and fees had not been incurred, the ratios of operating expenses to average net assets for the years ended December 31, 2017, 2016, 2015, 2014, and 2013 would have been 3.31%, 2.24%, 2.61%, 2.82%, and 2.79%, respectively.
- (d) During the year ended December 31, 2016, the Fund received a one time reimbursement of custody expenses paid in prior years. Had such reimbursement been included in 2016, the expense ratio would have been 4.25%.
- (e) The Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. Had such payments not been made, the expense ratio for the year ended December 31, 2015 would have been 4.85%.

See accompanying notes to financial statements.

GAMCO Mathers Fund

Notes to Financial Statements

1. Organization. GAMCO Mathers Fund was organized on June 17, 1999 as a Delaware statutory trust. The Fund commenced investment operations on October 1, 1999 as the successor to the Mathers Fund, Inc. (the “Mathers Fund”) which was organized on March 31, 1965 as a Maryland corporation. The Mathers Fund commenced investment operations on August 19, 1965. The Fund is a diversified open-end management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”). The Fund seeks to achieve capital appreciation over the long term in various market conditions without excessive risk of capital loss.

2. Significant Accounting Policies. As an investment company, the Fund follows the investment company accounting and reporting guidance, which is part of U.S. generally accepted accounting principles (“GAAP”) that may require the use of management estimates and assumptions in the preparation of its financial statements. 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 financial statements.

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

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

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

GAMCO Mathers Fund

Notes to Financial Statements (Continued)

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).

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 December 31, 2017 is as follows:

| | Valuation Inputs | | Total Market Value at 12/31/17 |
|--|--------------------------|--|-----------------------------------|
| | Level 1 Quoted Prices | Level 2 Other Significant Observable Inputs | |
| INVESTMENTS IN SECURITIES: | | | |
| ASSETS (Market Value): | | | |
| Short Term Obligations: | | | |
| U.S. Treasury Bills | — | \$7,950,638 | \$ 7,950,638 |
| TOTAL INVESTMENTS IN SECURITIES – ASSETS | — | \$7,950,638 | \$ 7,950,638 |
| LIABILITIES (Market Value): | | | |
| Common Stocks Sold Short (a) | \$(2,487,095) | — | \$(2,487,095) |
| TOTAL INVESTMENTS IN SECURITIES – LIABILITIES | \$(2,487,095) | — | \$(2,487,095) |

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

The Fund did not have transfers between Level 1 and Level 2 during the year ended December 31, 2017. The Fund's policy is to recognize transfers among Levels as of the beginning of the reporting period.

There were no Level 3 investments held at December 31, 2017 or 2016.

Additional Information to Evaluate Qualitative Information.

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

Fair Valuation. Fair valued securities may be common or preferred equities, warrants, options, rights, or fixed income obligations. Where appropriate, Level 3 securities are those for which market quotations are not available, such as securities not traded for several days, or for which current bids are not available, or which

GAMCO Mathers Fund

Notes to Financial Statements (Continued)

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. 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.

Repurchase Agreements. The Fund may enter into repurchase agreements with primary government securities dealers recognized by the Federal Reserve Board, with member banks of the Federal Reserve System, or with other brokers or dealers that meet credit guidelines established by the Adviser and reviewed by the Board. Under the terms of a typical repurchase agreement, the Fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. It is the policy of the Fund to receive and maintain securities as collateral whose market value is not less than their repurchase price. The Fund will make payment for such securities only upon physical delivery or upon evidence of book entry transfer of the collateral to the account of the custodian. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to maintain the adequacy of the collateral. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited. At December 31, 2017, the Fund did not hold any repurchase agreements.

Securities Sold Short. The Fund enters into short sale transactions. Short selling involves selling securities that may or may not be owned and, at times, borrowing the same securities for delivery to the purchaser, with an obligation to replace such borrowed securities at a later date. The proceeds received from short sales are recorded as liabilities and the Fund records an unrealized gain or loss to the extent of the difference between the proceeds received and the value of an open short position on the day of determination. The Fund records a realized gain or loss when the short position is closed out. By entering into a short sale, the Fund bears the market risk of an unfavorable change in the price of the security sold short. Dividends on short sales are recorded as an expense by the Fund on the ex-dividend date and interest expense is recorded on the accrual basis. The broker retains collateral for the value of the open positions, which is adjusted periodically as the value of the position fluctuates. Securities sold short and details of collateral at December 31, 2017 are reflected within the Schedule of Investments. For the year ended December 31, 2017, the Fund incurred \$27,622 in service fees related to its investment positions sold short and held by the broker. These amounts are included in the Statement of Operations under Expenses, Service fees for securities sold short.

Securities Transactions and Investment Income. Securities transactions are accounted for on the trade date with realized gain/(loss) on investments determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded on an accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on

GAMCO Mathers Fund

Notes to Financial Statements (Continued)

the ex-dividend date, except for certain dividends from foreign securities that are recorded as soon after the ex-dividend date as the Fund becomes aware of such dividends.

Expenses. Certain administrative expenses are common to, and allocated among, various affiliated funds. Such allocations are made on the basis of each fund's average net assets or other criteria directly affecting the expenses as determined by the Adviser pursuant to procedures established by the Board.

Distributions to Shareholders. Distributions to shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under GAAP. These differences are primarily due to differing treatments of income and gains on various investment securities held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. These book/ tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. Permanent differences were primarily due to write-off of the current year net operating loss and short dividend expense reclass. These reclassifications have no impact on the net asset value ("NAV") per share of the Fund. For the year ended December 31, 2017, reclassifications were made to decrease accumulated net investment loss by \$364,372 and increase accumulated net realized loss on investments and securities sold short by \$899, with an offsetting adjustment to paid-in capital.

No distributions were made during the years ended December 31, 2017 and 2016.

Provision for Income Taxes. The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). It is the policy of the Fund to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of its net investment company taxable income and net capital gains. Therefore, no provision for federal income taxes is required.

As December 31, 2017, the components of accumulated earnings/losses on a tax basis were as follows:

| | |
|--|----------------------|
| Accumulated capital loss carryforwards | \$(6,736,739) |
| Net unrealized depreciation on investments | (414,431) |
| Total | <u>\$(7,151,170)</u> |

At December 31, 2017, the temporary differences between book basis and tax basis unrealized appreciation on investments were primarily due to deferral of losses from wash sales for tax purposes.

At December 31, 2017, the Fund had net capital loss carryforwards for federal income tax purposes which are available to reduce future required distributions of net capital gains to shareholders. Under the Regulated Investment Company Modernization Act of 2010, the Fund is permitted to carry forward for an unlimited period capital losses incurred in years beginning after December 22, 2010. In addition, these losses must be utilized prior to the losses incurred in pre-enactment taxable years. As a result of the rule, pre-enactment capital loss carryforwards may have an increased likelihood of expiring unused. Additionally, post enactment capital losses that are carried

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Notes to Financial Statements (Continued)

forward will retain their character as either short term or long term capital losses rather than being considered all short term as under previous law.

| | |
|--|--------------------|
| Capital loss carryforward available through 2018..... | \$ 151,917 |
| Short term capital loss carryforward with no expiration..... | <u>6,584,822</u> |
| Total capital loss carryforwards | <u>\$6,736,739</u> |

The following summarizes the tax cost of investments, proceeds from short sales, and the related net unrealized depreciation at December 31, 2017:

| | <u>Cost/ (Proceeds)</u> | <u>Gross Unrealized Appreciation</u> | <u>Gross Unrealized Depreciation</u> | <u>Net Unrealized Depreciation</u> |
|---------------------------|-----------------------------|--|--|--|
| Investments | \$ 8,230,045 | \$315 | \$(279,722) | \$(279,407) |
| Securities sold short.... | (2,352,072) | <u>184</u> | <u>(135,208)</u> | <u>(135,024)</u> |
| | | <u>\$499</u> | <u>\$(414,930)</u> | <u>\$(414,431)</u> |

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold. For the year ended December 31, 2017, the Fund did not incur any income tax, interest, or penalties. As of December 31, 2017, the Adviser has reviewed all open tax years and concluded that there was no impact to the Fund's net assets or results of operations. The Fund's federal and state tax returns for the prior three fiscal years remain open, subject to examination. On an ongoing basis, the Adviser will monitor the Fund's tax positions to determine if adjustments to this conclusion are necessary.

3. Investment Advisory Agreement and Other Transactions. The Fund has entered into an investment advisory agreement (the "Advisory Agreement") with the Adviser which provides that the Fund will pay the Adviser a fee, computed daily and paid monthly, at the annual rate of 1.00% of the value of its average daily net assets. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund's portfolio, oversees the administration of all aspects of the Fund's business and affairs, and pays the compensation of all Officers and Trustees of the Fund who are affiliated persons of the Adviser.

The Fund pays each Trustee who is not considered an affiliated person an annual retainer of \$3,000 plus \$1,000 for each Board meeting attended, and they are reimbursed for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$500 per meeting attended and the Chairman of the Audit Committee and the Lead Trustee each receive an annual fee of \$1,000. A Trustee may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. Trustees who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

4. Distribution Plan. The Fund's Board has adopted a distribution plan (the "Plan") pursuant to Rule 12b-1 under the 1940 Act. Under the Plan, payments are authorized to G.distributors, LLC (the "Distributor"), an affiliate of the Adviser, at an annual rate of 0.25% of its average daily net assets, the annual limitation under the Plan. Such payments are accrued daily and paid monthly.

GAMCO Mathers Fund
Notes to Financial Statements (Continued)

5. Portfolio Securities. There were no purchases or sales of securities during the year ended December 31, 2017 other than short term securities and U.S. Government obligations.

6. Line of Credit. The Fund participates in an unsecured line of credit, which expires on March 8, 2018 and may be renewed annually, of up to \$75,000,000 under which it may borrow up to 10% of its net assets from the custodian for temporary borrowing purposes. Borrowings under this arrangement bear interest at a floating rate equal to the higher of the overnight Federal Funds rate plus 125 basis points or the 30-day LIBOR plus 125 basis points in effect on that day. This amount, if any, would be included in "Interest expense" in the Statement of Operations. During the year ended December 31, 2017, there were no borrowings under the line of credit.

7. Shares of Beneficial Interest. Transactions in shares of beneficial interest were as follows:

| | <u>Year Ended</u> <u>December 31, 2017</u> | | <u>Year Ended</u> <u>December 31, 2016</u> | |
|------------------------------|---|----------------------|---|---------------------|
| | <u>Shares</u> | <u>Amount</u> | <u>Shares</u> | <u>Amount</u> |
| Shares sold..... | 324,084 | \$ 1,727,083 | 3,113,623 | \$ 21,611,442 |
| Shares redeemed | <u>(964,804)</u> | <u>(5,185,801)</u> | <u>(3,075,578)</u> | <u>(20,360,901)</u> |
| Net increase/(decrease)..... | <u>(640,720)</u> | <u>\$(3,458,718)</u> | <u>38,045</u> | <u>\$ 1,250,541</u> |

The Fund imposes a redemption fee of 2.00% on shares that are redeemed or exchanged on or before the seventh day after the date of a purchase. The redemption fee is deducted from the proceeds otherwise payable to the redeeming shareholders and is retained by the Fund as an increase in paid-in capital. The redemption fees retained by the Fund during the year ended December 31, 2017 and the year ended December 31, 2016, if any, can be found in the Statement of Changes in Net Assets under Redemption Fees.

8. Indemnifications. The Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts. Management has reviewed the Fund's existing contracts and expects the risk of loss to be remote.

9. Subsequent Events. Management has evaluated the impact on the Fund of all subsequent events occurring through the date the financial statements were issued and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

GAMCO Mathers Fund

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Trustees of
GAMCO Mathers Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of GAMCO Mathers Fund (the “Fund”), including the schedule of investments, as of December 31, 2017, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund at December 31, 2017, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of the Fund’s internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2017, by correspondence with the custodians. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

The logo for Ernst & Young LLP, featuring the company name in a blue, cursive script font.

We have served as the auditor of one or more Gabelli/GAMCO Funds investment companies since 1992.

Philadelphia, Pennsylvania
February 28, 2018

GAMCO MATHERS FUND

Board Consideration and Re-Approval of Management Agreement (Unaudited)

At its meeting on August 23, 2017, the Board of Trustees (“Board”) of the Fund approved the continuation of the investment advisory agreement with the Adviser for the Fund on the basis of the recommendation by the trustees who are not “interested persons” (the “independent trustees”) of the Fund. The following paragraphs summarize the material information and factors considered by the independent trustees as well as their conclusions relative to such factors.

1. The nature, extent, and quality of services provided by the Adviser.

The Board reviewed in detail the nature and extent of the services provided by the Adviser under the Agreement and the quality of those services over the past year. The Board noted that these services included managing the investment program of the Fund, including the purchase and sale of portfolio securities, as well as the provision of general corporate services. The Board considered that the Adviser also provided, at its expense, office facilities for use by the Fund and supervisory personnel responsible for supervising the performance of administrative, accounting, and related services for the Fund, including, net asset value determinations, yield calculations, and monitoring to assure compliance with stated investment policies and restrictions under the 1940 Act and related securities regulations. The Board noted that, in addition to managing the investment program for the Fund, the Adviser provided certain non-advisory and compliance services, including services under the Fund’s Rule 38a-1 compliance program.

The Board also considered that the Adviser paid for all compensation of officers and Board Members of the Fund who are affiliated with the Adviser and that the Adviser further provided services to shareholders of the Fund who had invested through various programs offered by third party financial intermediaries. The Board evaluated these factors based on its direct experience with the Adviser and in consultation with Fund Counsel. The Board noted that the Adviser had engaged, at its expense, BNY Mellon Investment Servicing (US) Inc. (“BNY”) to assist it in performing certain of its administrative functions. The Board concluded that the nature and extent of the services provided was reasonable and appropriate in relation to the advisory fee, that the level of service provided by the Adviser, either directly or through BNY, had not diminished over the past year, and that the quality of service continued to be high.

The Board reviewed the personnel responsible for providing services to the Fund and concluded, based on their experience and interaction with the Adviser, that (i) the Adviser was able to retain quality personnel, (ii) the Adviser and its agents exhibited a high level of diligence and attention to detail in carrying out their advisory and administrative responsibilities under the Advisory Agreement, (iii) the Adviser was responsive to requests of the Board, (iv) the scope and depth of the Adviser’s resources was adequate, and (v) the Adviser had kept the Board apprised of developments relating to the Fund and the industry in general. The Board also focused on the Adviser’s reputation and long standing relationship with the Fund. The Board also believed that the Adviser had devoted substantial resources and made substantial commitments to address new regulatory compliance requirements applicable to the Fund.

2. The performance of the Fund, the Adviser.

The Board reviewed the investment performance of the Fund, on an absolute basis, as compared with its Broadridge peer group of other SEC registered funds, and against the Fund’s broad based securities market benchmark as reflected in the Fund’s prospectus and annual report. The Board also considered rankings and ratings of the Fund issued by Broadridge over the short, intermediate, and long term. The Board considered the Fund’s one, three, five, and ten year average total return for the periods ended June 30, 2017, but placed greater

GAMCO MATHERS FUND

Board Consideration and Re-Approval of Management Agreement (Unaudited) (Continued)

emphasis on the Fund's longer term performance. The peer group considered by the Board was developed by Broadridge and was comprised of specialty diversified equity funds (the "Performance Peer Group"). The Fund's performance against the Performance Peer Group was considered by the Board as providing an objective comparative benchmark against which the Fund's performance could be assessed. In general, the Board considered these comparisons helpful in their assessment as to whether the Adviser was obtaining for the Fund's shareholders the total return performance that was available in the marketplace, given the Fund's objectives, strategy, limitations, and restrictions. In reviewing the Fund's performance, the Board noted that the Fund's performance was below the median for the one, and three year periods, at the median for the five year period, and above the median for the ten year period.

The Board also considered an analysis prepared by the portfolio manager comparing the Fund's relatively lower net asset value volatility (based on annual total return standard deviations) with other actively managed "bear" funds and the Inverse S&P 500 Index. This analysis showed that the Fund's returns were similar to this peer group but with lower annual volatility (due to the Fund's relatively high cash position). The Board also considered the Adviser's comment that the lower volatility reflected lower portfolio risk.

In connection with its assessment of the performance of the Adviser, the Board considered the Adviser's financial condition and whether it had the resources necessary to continue to carry out its functions under the Advisory Agreement. The Board concluded that the Adviser had the financial resources necessary to continue to perform its obligations under the Advisory Agreement and to continue to provide the high quality services that it has provided to the Fund to date.

3. The cost of the advisory services and the profits to the Adviser and its affiliates from the relationship with the Fund.

In connection with the Board's consideration of the cost of the advisory services and the profits to the Adviser and its affiliates from the relationship with the Fund, the Board considered a number of factors. First, the Board compared the level of the advisory fee for the Fund against comparative Broadridge expense peer groups ("Expense Peer Group"). The Board also considered comparative non-management fee expenses and comparative total expenses of the Fund and the Expense Peer Group. The Board considered this information as useful in assessing whether the Adviser was providing services at a cost that was competitive with other similar funds. The Board noted that the Fund's advisory fee was below the median and expense ratio was higher than the median compared with the Expense Peer Group for the Fund.

The Board Members also reviewed the fees charged by the Adviser to provide similar advisory services to other registered investment companies or accounts with similar investment objectives, noting that in some cases the fees charged by the Adviser were the same, or lower, than the fees charged to the Fund.

The Board also considered an analysis prepared by the Adviser of the estimated profitability to the Adviser of its relationship with the Fund and reviewed with the Adviser its cost allocation methodology in connection with its profitability. In this regard, the Board reviewed Pro-forma Income Statements of the Adviser for the year ended December 31, 2016. The Board considered one analysis for the Adviser as a whole, and a second analysis for GAMCO Asset Management, Inc., with respect to the Fund. With respect to the Fund analysis, the Board received an analysis based on the Fund's average net assets during the period as well as a pro-forma analysis of profitability at higher and lower asset levels. The Board concluded that the profitability of the Fund to the Adviser under either analysis was not excessive.

GAMCO MATHERS FUND

Board Consideration and Re-Approval of Management Agreement (Unaudited) (Continued)

4. The extent to which economies of scale will be realized as the Fund grows and whether fee levels reflect those economies of scale.

With respect to the Board's consideration of economies of scale, the Board discussed whether economies of scale would be realized by the Fund at higher asset levels. The Board also reviewed data from the Expense Peer Group to assess whether the Expense Peer Group funds had advisory fee breakpoints and, if so, at what asset levels. The Board also assessed whether certain of the Adviser's costs would increase if asset levels rise. The Board concluded that under foreseeable conditions, they were unable to assess at this time whether economies of scale would be realized by the Fund if it were to experience significant asset growth. In the event there were to be significant asset growth in the Fund, the Board determined to reassess whether the advisory fee appropriately took into account any economies of scale that had been realized as a result of that growth.

5. Other Factors.

In addition to the above factors, the Board also discussed other benefits received by the Adviser from its management of the Fund. The Board considered that the Adviser does use soft dollars in connection with its management of the Fund.

Based on a consideration of all these factors in their totality, the Board Members, including all of the Independent Board Members, determined that the Fund's advisory fee was fair and reasonable with respect to the quality of services provided and in light of the other factors described above that the Board deemed relevant. Accordingly, the Board Members determined to approve the continuation of the Fund's Advisory Agreement. The Board based their decision on evaluations of all these factors as a whole and did not consider any one factor as all-important or controlling.

GAMCO Mathers Fund

Additional Fund Information (Unaudited)

The business and affairs of the Fund are managed under the direction of the Fund's Board of Trustees. Information pertaining to the Trustees and officers of the Fund is set forth below. The Fund's Statement of Additional Information includes additional information about the Fund's Trustees and is available without charge, upon request, by calling 800-GABELLI (800-422-3554) or by writing to GAMCO Mathers Fund at One Corporate Center, Rye, NY 10580-1422.

| <u>Name, Position(s) Address¹ and Age</u> | <u>Term of Office and Length of Time Served²</u> | <u>Number of Funds in Fund Complex Overseen by Trustee</u> | <u>Principal Occupation(s) During Past Five Years</u> | <u>Other Directorships Held by Trustee³</u> |
|--|---|--|--|---|
| INTERESTED TRUSTEES⁴: | | | | |
| Mario J. Gabelli, CFA Trustee and Chairman Age: 75 | Since 1999 | 32 | Chairman, Chief Executive Officer, and Chief Investment Officer— Value Portfolios of GAMCO Investors, Inc. and Chief Investment Officer— Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc.; Director/ Trustee or Chief Investment Officer of other registered investment companies within the Gabelli/GAMCO Fund Complex; Chief Executive Officer of GGCP, Inc.; Executive Chairman of Associated Capital Group, Inc. | Director of Morgan Group Holdings, Inc. (holding company); Chairman of the Board and Chief Executive Officer of LICT Corp. (multimedia and communication services company); Director of CIBL, Inc. (broadcasting and wireless communications); Director of ICTC Group Inc. (communications) |
| Henry G. Van der Eb⁵, CFA Trustee, President, and Chief Executive Officer Age: 72 | Since 1976 | 2 | Senior Vice President of GAMCO Investors, Inc.; Senior Vice President and Portfolio Manager of Gabelli Funds, LLC and GAMCO Asset Management Inc.; President and CEO of GAMCO Mathers Fund | — |
| INDEPENDENT TRUSTEES⁶: | | | | |
| M. Bruce Adelberg Trustee Age: 81 | Since 2009 | 2 | Consultant, MBA Research Group | — |
| E. Val Cerutti Trustee Age: 78 | Since 2001 | 7 | Chief Executive Officer of Cerutti Consultants, Inc. | Director of The LGL Group, Inc. (diversified manufacturing) (1990-2009) |
| Anthony S. Colavita Trustee Age: 56 | Since 2009 | 17 | Attorney, Anthony S. Colavita, P.C. | — |
| Vincent D. Enright Trustee Age: 74 | Since 1999 | 17 | Former Senior Vice President and Chief Financial Officer of KeySpan Corp. (public utility) (1994-1998) | Director of Echo Therapeutics, Inc. (therapeutics and diagnostics) (2008-2014); Director of the LGL Group, Inc. (diversified manufacturing) (2011-2014) |
| Anthony R. Pustorino Trustee Age: 92 | Since 1999 | 10 | Certified Public Accountant; Professor Emeritus, Pace University | Director of The LGL Group, Inc. (diversified manufacturing) (2004-2011) |
| Werner J. Roeder Trustee Age: 77 | Since 1999 | 23 | Retired physician; Former Vice President of Medical Affairs (Medical Director) of New York Presbyterian/Lawrence Hospital (1999-2014) | — |
| Anthonie C. van Ekris Trustee Age: 83 | Since 1999 | 22 | Chairman and Chief Executive Officer of BALMAC International, Inc. (global import/export company) | — |

GAMCO Mathers Fund Additional Fund Information (Continued) (Unaudited)

| <u>Name, Position(s) Address¹ and Age</u> | <u>Term of Office and Length of Time Served²</u> | <u>Principal Occupation(s) During Past Five Years</u> |
|--|---|---|
| OFFICERS: | | |
| Bruce N. Alpert President Age: 66 | Since 2006 | Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988; Officer of registered investment companies within the Gabelli/GAMCO Fund Complex; Senior Vice President of GAMCO Investors, Inc. since 2008 |
| John C. Ball Treasury Age: 41 | Since 2017 | Treasurer of all the registered investment companies within the Gabelli/GAMCO Fund Complex since 2017; Vice President and Assistant Treasurer of AMG Funds, 2014-2017; Vice President of State Street Corporation, 2007-2014 |
| Agnes Mullady Vice President Age: 59 | Since 2006 | Officer of all of the registered investment companies within the Gabelli/GAMCO Fund Complex since 2006; President and Chief Operating Officer of the Fund Division of Gabelli Funds, LLC since 2015; Chief Executive Officer of G.distributors, LLC since 2010; Senior Vice President of GAMCO Investors, Inc. since 2009; Vice President of Gabelli Funds, LLC since 2007; Executive Vice President of Associated Capital Group, Inc. since 2016 |
| Anne E. Morrissy⁵ Vice President Age: 56 | Since 1987 | Executive Vice President of GAMCO Mathers Fund and Vice President of GAMCO Investors, Inc. since 1999 |
| Edith L. Cook⁵ Vice President Age: 76 | Since 1984 | Vice President of GAMCO Mathers Fund since 1999 |
| Heidi M. Koontz⁵ Vice President Age: 49 | Since 1995 | Vice President of GAMCO Mathers Fund since 1999 |
| Andrea R. Mango Secretary Age: 45 | Since 2013 | Vice President of GAMCO Investors, Inc. since 2016; Counsel of Gabelli Funds, LLC since 2013; Secretary of all registered investment companies within the Gabelli/GAMCO Fund Complex since 2013; Vice President of all closed-end funds within the Gabelli/GAMCO Fund Complex since 2014; Corporate Vice President within the Corporate Compliance Department of New York Life Insurance Company, 2011-2013 |
| Richard J. Walz Chief Compliance Officer Age: 58 | Since 2013 | Chief Compliance Officer of all of the registered investment companies within the Gabelli/GAMCO Fund Complex since 2013; Chief Compliance Officer of AEGON USA Investment Management, 2011-2013 |

¹ Address: One Corporate Center, Rye, NY 10580-1422, unless otherwise noted.

² Each Trustee will hold office for an indefinite term until the earliest of (i) the next meeting of shareholders, if any, called for the purpose of considering the election or re-election of such Trustee and until the election and qualification of his or her successor, if any, elected at such meeting, or (ii) the date a Trustee resigns or retires, or a Trustee is removed by the Board of Trustees or shareholders, in accordance with the Fund's By-Laws and Declaration of Trust. Each officer will hold office for an indefinite term until the date he or she resigns or retires or until his or her successor is elected and qualified.

³ This column includes only directorships of companies required to report to the SEC under the Securities Exchange Act of 1934, as amended, i.e., public companies, or other investment companies registered under the 1940 Act.

⁴ "Interested person" of the Fund as defined in the 1940 Act. Messrs. Gabelli and Van der Eb are each considered an "interested person" because of their affiliation with GAMCO Asset Management, Inc. which acts as the Fund's investment adviser.

⁵ Address: 2801 Lakeside Drive, Suite 201, Bannockburn, IL 60015.

⁶ Trustees who are not interested persons are considered "Independent" Trustees.

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 and GAMCO Asset Management Inc., which are affiliated with GAMCO Investors, Inc. that is a publicly held company with subsidiaries and affiliates that provide investment advisory services for a variety of clients.

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

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

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

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

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

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.

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GAMCO MATHERS FUND
One Corporate Center
Rye, NY 10580-1422

Portfolio Manager Biography

Henry G. Van der Eb, CFA, joined Gabelli Funds, LLC in 1999 as President and Portfolio Manager of the GAMCO Mathers Fund which he has managed for over twenty years. He is also a Senior Vice President of GAMCO Investors, Inc. Prior to joining Gabelli, he was the owner and President of Mathers & Company, a Chicago based investment advisory firm, and Chairman of the Mathers Fund. He served as President of the Investment Analysts Society of Chicago from 1979 - 1980. Mr. Van der Eb received an MBA with honors from Northwestern University Graduate School of Management and a BA from Vanderbilt University.

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. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com.

GAMCO MATHERS FUND

One Corporate Center
Rye, New York 10580-1422

t 800-GABELLI (800-422-3554)

f 914-921-5118

e info@gabelli.com

GABELLI.COM

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

BOARD OF TRUSTEES

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Executive Officer,
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Anthony S. Colavita
Attorney,
Anthony S. Colavita, P.C.

Vincent D. Enright
Former Senior Vice President
and Chief Financial Officer,
KeySpan Corp.

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

Werner J. Roeder
Former Medical Director,
Lawrence Hospital

Henry G. Van der Eb, CFA
President and Chief Executive
Officer,
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Anthonie C. van Ekris
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Andrea R. Mango
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Richard J. Walz
Chief Compliance Officer

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G.distributors, LLC

CUSTODIAN

State Street Bank and Trust
Company

TRANSFER AGENT AND DIVIDEND DISBURSING AGENT

DST Asset Manager
Solutions Inc.

LEGAL COUNSEL

Paul Hastings LLP

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

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GABELLI
FUNDS

GAMCO MATHERS FUND

Annual Report
December 31, 2017