

# The Gabelli Value 25 Fund Inc.

## Annual Report — December 31, 2016

### (Y)our Portfolio Management Team



**Mario J. Gabelli, CFA**  
*Chief Investment Officer*



**Christopher J. Marangi**  
*Co-Chief Investment Officer*  
*BA, Williams College*  
*MBA, Columbia*  
*Business School*

#### **To Our Shareholders,**

For the year ended December 31, 2016, the net asset value (“NAV”) per Class A Share of The Gabelli Value 25 Fund Inc. increased 11.6% compared with increases of 12.0% and 16.4% for the Standard & Poor’s (“S&P”) 500 Index and the Dow Jones Industrial Average, respectively. See page 3 for additional performance information.

Enclosed are the financial statements, including the schedule of investments, as of December 31, 2016.

#### **Performance Discussion (Unaudited)**

While 2016 was marred by continued unrest in the Middle East and terrorist incidents around the world, the polarizing U.S. election captivated and dominated the national political conscience. The rise in the market since November 8 has the potential to rank as the largest market post-election move for a new President since the 1961 inauguration of JFK. The so-called Trump rally has been fueled by the potential for increased fiscal stimulus, lower corporate and individual taxes, and deregulation.

The fourth quarter saw several interrelated macroeconomic shifts already in motion before the election that were accentuated by its aftermath: higher interest rates, a stronger dollar, and increased inflation expectations. The ten year Treasury note rose from a low of 1.4% in July to 2.5%, while the dollar strengthened against its trade-weighted basket by about 5% over the same time frame.

We are fundamentally bottom up stock pickers. We have chosen to focus on the companies in a subset of industries in which sustainable competitive advantages can be cultivated. Volatile and unpredictable crude prices, for example, are reasons we tend to avoid the energy sector and gravitate to less commoditized industries. Second, we are value investors. Our contribution to the body of work begun by Benjamin Graham and David Dodd has been the concept of Private Market Value (PMV) with a Catalyst® - we seek businesses selling in the public markets at a substantial discount to their PMVs and for which we can identify one or more events that will narrow that discount. We tend to gravitate toward hard assets and cash flow and away from visions of grandeur that may or may not occur in the future.

A large contributor to performance in 2016 was CBS Corp. (7.7% of net assets as of December 31, 2016), which, despite terminating a potential tie-up with Viacom (5.7%), continued to perform very well as a standalone

content company under CEO Leslie Moonves. Time Warner (2.5%), another contributor to performance, agreed to be acquired by AT&T for \$107.50 in cash and the stock. Companies exposed to infrastructure investment such as Xylem (2.0%), aerospace and defense spending such as Crane Co (1.8%) and Honeywell (2.7%), and improving energy fundamentals such as Circor (2.0%) and National Fuel Gas (2.7%) performed well.

Detractors from performance included U.S. media companies Viacom, whose share price dove after the merger with CBS was terminated, and AMC Networks (1.1%), that weakened on lower ratings. Mexico based Grupo Televisa (1.1%) and Fomento Economico ("Femsa") (1.1%) suffered over concerns about the peso and the outlook for Mexican growth under President Trump. Another detractor to performance was Liberty Interactive (1.1%), the owner of multichannel shopping network QVC, which suffered its first quarterly sales decline in the U.S. in nearly seven years.

Thank you for your investment in The Gabelli Value 25 Fund.

We appreciate your confidence and trust.

## Comparative Results

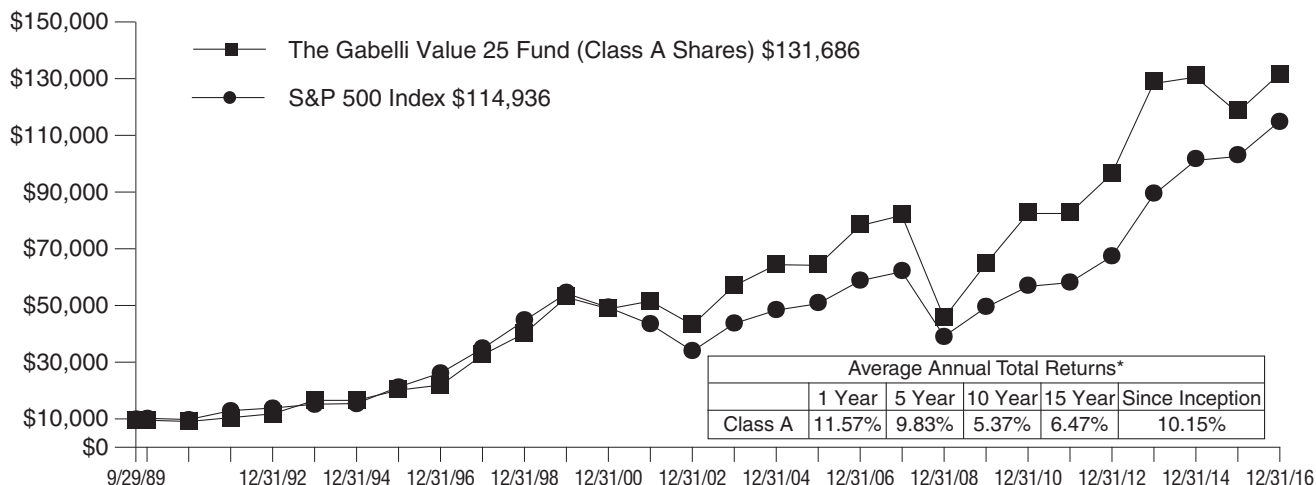
### Average Annual Returns through December 31, 2016 (a) (Unaudited)

	1 Year	5 Year	10 Year	15 Year	Since Inception (9/29/89)
<b>Class A (GABVX)</b> . . . . .	11.57%	9.83%	5.37%	6.47%	10.15%
With sales charge (b) . . . . .	5.15	8.54	4.74	6.05	9.91
S&P 500 Index . . . . .	11.96	14.66	6.95	6.69	9.38
Dow Jones Industrial Average . . . . .	16.37	12.86	7.48	7.26	10.28
Nasdaq Composite Index . . . . .	8.92	17.16	9.58	8.13	9.33
<b>Class AAA (GVCAIX)</b> . . . . .	11.60	9.84	5.37	6.48	10.15
<b>Class C (GVCCX)</b> . . . . .	10.77	9.03	4.59	5.68	9.65
With contingent deferred sales charge (c) . . . . .	9.77	9.03	4.59	5.68	9.65
<b>Class I (GVCIX)</b> . . . . .	11.91	10.12	5.62	6.64	10.25

In the current prospectuses dated April 29, 2016, the gross expense ratios for Class AAA, A, C, and I Shares are 1.39%, 1.39%, 2.14%, and 1.14%, respectively and effective October 1, 2016, the net expense ratios for these share classes after contractual reimbursements by Gabelli Funds, LLC, (the Adviser) are 1.39%, 1.39%, 2.14% and 1.00%, respectively. See page 10 for the expense ratios for the year ended December 31, 2016. Class AAA and Class I Shares do not have a sales charge. The maximum sales charge for Class A 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. Returns for Class I Shares would have been lower had the Adviser not reimbursed certain expenses. 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 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 this class of shares. The actual performance of the Class AAA Shares and Class I Shares would have been higher due to lower expenses related to these classes 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.

### COMPARISON OF CHANGE IN VALUE OF A \$10,000 INVESTMENT IN THE GABELLI VALUE 25 FUND INC. (CLASS A SHARES) AND S&P 500 INDEX (Unaudited)



\* 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.

## The Gabelli Value 25 Fund Inc.

### Disclosure of Fund Expenses (Unaudited)

For the Six Month Period from July 1, 2016 through December 31, 2016

### 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 would be 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, 2016.

	Beginning Account Value 07/01/16	Ending Account Value 12/31/16	Annualized Expense Ratio	Expenses Paid During Period*
<b><i>The Gabelli Value 25 Fund Inc.</i></b>				
<b>Actual Fund Return</b>				
Class AAA	\$1,000.00	\$1,046.10	1.38%	\$ 7.10
Class A	\$1,000.00	\$1,045.40	1.38%	\$ 7.10
Class C	\$1,000.00	\$1,041.90	2.13%	\$10.93
Class I	\$1,000.00	\$1,047.70	1.05%	\$ 5.40
<b>Hypothetical 5% Return</b>				
Class AAA	\$1,000.00	\$1,018.20	1.38%	\$ 7.00
Class A	\$1,000.00	\$1,018.20	1.38%	\$ 7.00
Class C	\$1,000.00	\$1,014.43	2.13%	\$10.79
Class I	\$1,000.00	\$1,019.86	1.05%	\$ 5.33

\* 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 366.

## Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of net assets as of December 31, 2016:

### The Gabelli Value 25 Fund Inc.

Entertainment . . . . .	15.4%	Consumer Services . . . . .	1.7%
Broadcasting . . . . .	10.8%	Specialty Chemicals . . . . .	1.5%
Cable and Satellite . . . . .	9.8%	Wireless Communications . . . . .	1.4%
Financial Services . . . . .	8.6%	Retail . . . . .	1.3%
Consumer Products . . . . .	5.5%	Automotive . . . . .	1.1%
Environmental Services . . . . .	5.0%	Building and Construction . . . . .	1.0%
Diversified Industrial . . . . .	4.9%	Telecommunications . . . . .	0.7%
Food and Beverage . . . . .	4.8%	Communications Equipment . . . . .	0.6%
Electronics . . . . .	3.2%	Real Estate . . . . .	0.4%
Equipment and Supplies . . . . .	3.2%	Computer Software and Services . . . . .	0.4%
Metals and Mining . . . . .	3.2%	Publishing . . . . .	0.4%
Business Services . . . . .	2.8%	Other Assets and Liabilities (Net) . . . . .	0.1%
Automotive: Parts and Accessories . . . . .	2.8%		<u>100.0%</u>
Energy and Utilities . . . . .	2.7%		
Machinery . . . . .	2.6%		
Aerospace . . . . .	2.1%		
Hotels and Gaming . . . . .	2.0%		

*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](http://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](http://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](http://www.sec.gov).

# The Gabelli Value 25 Fund Inc.

## Schedule of Investments — December 31, 2016

Shares		Cost	Market Value	Shares		Cost	Market Value
	<b>COMMON STOCKS — 99.9%</b>						
	<b>Aerospace — 2.1%</b>			43,000	Scripps Networks Interactive Inc., Cl. A .....	\$ 1,317,115	\$ 3,068,910
290,000	Aerojet Rocketdyne Holdings Inc.† .....	\$ 2,164,160	\$ 5,205,500			19,116,478	44,103,333
500,000	Rolls-Royce Holdings plc.....	3,743,703	4,116,241				
23,000,000	Rolls-Royce Holdings plc, Cl. C† ..	28,235	28,345	60,000	<b>Communications Equipment — 0.6%</b> Loral Space & Communications Inc.† .....	3,112,101	2,463,000
		5,936,098	9,350,086				
	<b>Automotive — 1.1%</b>			3,100	<b>Computer Software and Services — 0.4%</b> CommerceHub Inc., Cl. A† .....	13,090	46,531
160,000	Navistar International Corp.† .....	4,437,907	5,019,200	6,200	CommerceHub Inc., Cl. C† .....	26,181	93,186
	<b>Automotive: Parts and Accessories — 2.8%</b>			55,000	eBay Inc.† .....	1,079,263	1,632,950
101,000	Genuine Parts Co.....	2,492,920	9,649,540			1,118,534	1,772,667
10,000	O'Reilly Automotive Inc.† .....	1,318,768	2,784,100				
		3,811,688	12,433,640				
	<b>Broadcasting — 10.8%</b>			105,000	<b>Consumer Products — 5.5%</b> Edgewell Personal Care Co.† .....	5,847,448	7,663,950
531,500	CBS Corp., Cl. A, Voting .....	10,245,079	34,361,475	44,000	Energizer Holdings Inc.....	627,767	1,962,840
7,000	Liberty Broadband Corp., Cl. A† ..	314,951	507,220	479,000	Swedish Match AB .....	7,301,619	15,236,560
72,000	Liberty Broadband Corp., Cl. C† ..	2,116,467	5,333,040			13,776,834	24,863,350
7,000	Liberty Media Corp.- Liberty Media, Cl. A† .....	8,210	219,450				
7,000	Liberty Media Corp.- Liberty Media, Cl. C† .....	7,231	219,310	253,000	<b>Consumer Services — 1.7%</b> Liberty Interactive Corp. QVC Group, Cl. A† .....	3,489,426	5,054,940
110,000	Liberty Media Corp.- Liberty SiriusXM, Cl. C† .....	277,166	3,731,200	70,000	Rollins Inc. ....	136,217	2,364,600
188,000	MSG Networks Inc., Cl. A† .....	174,129	4,042,000			3,625,643	7,419,540
		13,143,233	48,413,695				
	<b>Building and Construction — 1.0%</b>			39,200	<b>Diversified Industrial — 4.9%</b> Ampco-Pittsburgh Corp.....	223,843	656,600
108,000	Johnson Controls International plc .....	2,362,282	4,448,520	109,000	Crane Co. ....	3,063,131	7,861,080
	<b>Business Services — 2.8%</b>			56,000	Griffon Corp.....	654,570	1,467,200
85,000	Blucora Inc.† .....	786,196	1,253,750	105,000	Honeywell International Inc. ....	2,497,425	12,164,250
125,000	Internap Corp.† .....	706,460	192,500			6,438,969	22,149,130
10,000	Liberty Expedia Holdings Inc., Cl. A† .....	126,031	396,700	510,000	<b>Electronics — 3.2%</b> Sony Corp., ADR .....	9,005,410	14,295,300
80,000	Macquarie Infrastructure Corp. ....	3,025,635	6,536,000	200,000	<b>Energy and Utilities — 2.7%</b> GenOn Energy Inc., Escrow† .....	0	0
40,000	MasterCard Inc., Cl. A .....	851,864	4,130,000	217,000	National Fuel Gas Co.....	9,592,213	12,290,880
		5,496,186	12,508,950			9,592,213	12,290,880
	<b>Cable and Satellite — 9.8%</b>			40,000	<b>Entertainment — 15.4%</b> Discovery Communications Inc., Cl. A† .....	369,758	1,096,400
98,000	AMC Networks Inc., Cl. A† .....	808,579	5,129,320	111,000	Discovery Communications Inc., Cl. C† .....	1,195,145	2,972,580
3,300	Cable One Inc. ....	864,517	2,051,709	230,000	Grupo Televisa SAB, ADR .....	2,205,109	4,804,700
100,000	Comcast Corp., Cl. A .....	2,772,625	6,905,000	5,000	Liberty Media Corp.- Liberty Braves, Cl. A† .....	7,979	102,450
162,000	DISH Network Corp., Cl. A† .....	4,238,155	9,384,660	61,940	Liberty Media Corp.- Liberty Braves, Cl. C† .....	790,185	1,275,344
126,000	EchoStar Corp., Cl. A† .....	3,962,410	6,475,140	83,000	The Madison Square Garden Co, Cl. A† .....	1,488,313	14,235,330
165,000	Liberty Global plc, Cl. A† .....	2,957,046	5,047,350	115,000	Time Warner Inc.....	5,236,727	11,100,950
45,000	Liberty Global plc, Cl. C† .....	448,934	1,336,500				
8,984	Liberty Global plc LiLAC, Cl. A† ..	201,024	197,289				
6,987	Liberty Global plc LiLAC, Cl. C† ..	120,256	147,915				
113,000	Rogers Communications Inc., Cl. B .....	1,425,817	4,359,540				

See accompanying notes to financial statements.

**The Gabelli Value 25 Fund Inc.**  
**Schedule of Investments (Continued) — December 31, 2016**

<b>Shares</b>		<b>Cost</b>	<b>Market Value</b>	<b>Shares</b>		<b>Cost</b>	<b>Market Value</b>
	<b>COMMON STOCKS (Continued)</b>						
	<b>Entertainment (Continued)</b>			181,000	Xylem Inc. ....	\$ 4,511,431	\$ 8,963,120
200,000	Twenty-First Century Fox Inc.,					<u>6,833,739</u>	<u>11,516,875</u>
	Cl. A .....	\$ 2,554,928	\$ 5,608,000				
83,000	Twenty-First Century Fox Inc.,			416,000	<b>Metals and Mining — 3.2%</b>		
	Cl. B .....	2,633,315	2,261,750		Newmont Mining Corp.....	<u>8,449,101</u>	<u>14,173,120</u>
663,000	Viacom Inc., Cl. A .....	<u>20,415,589</u>	<u>25,525,500</u>	140,000	<b>Publishing — 0.4%</b>		
		<u>36,897,048</u>	<u>68,983,004</u>		News Corp., Cl. B .....	<u>2,152,181</u>	<u>1,652,000</u>
	<b>Environmental Services — 5.0%</b>			62,390	<b>Real Estate — 0.4%</b>		
314,000	Republic Services Inc.....	6,099,994	17,913,700		Griffin Industrial Realty Inc. ....	<u>1,082,139</u>	<u>1,979,635</u>
60,000	Waste Connections Inc. ....	<u>2,994,272</u>	<u>4,715,400</u>		<b>Retail — 1.3%</b>		
		<u>9,094,266</u>	<u>22,629,100</u>	55,000	CST Brands Inc.....	1,699,741	2,648,250
				40,000	CVS Health Corp.....	<u>1,584,414</u>	<u>3,156,400</u>
	<b>Equipment and Supplies — 3.2%</b>					<u>3,284,155</u>	<u>5,804,650</u>
141,000	CIRCOR International Inc. ....	2,345,926	9,148,080		<b>Specialty Chemicals — 1.5%</b>		
49,000	Federal Signal Corp.....	722,258	764,890	10,000	Ashland Global Holdings Inc. ....	1,108,102	1,092,900
90,000	Flowserve Corp.....	<u>528,443</u>	<u>4,324,500</u>	30,000	Chemtura Corp.† .....	662,282	996,000
		<u>3,596,627</u>	<u>14,237,470</u>	40,000	International Flavors & Fragrances Inc.....	<u>3,498,169</u>	<u>4,713,200</u>
	<b>Financial Services — 8.6%</b>					<u>5,268,553</u>	<u>6,802,100</u>
182,000	American Express Co.....	4,778,180	13,482,560		<b>Telecommunications — 0.7%</b>		
110,000	H&R Block Inc. ....	2,265,108	2,528,900	114,000	Telephone & Data Systems Inc....	<u>2,529,005</u>	<u>3,291,180</u>
105,000	Legg Mason Inc.....	3,014,484	3,140,550		<b>Wireless Communications — 1.4%</b>		
275,000	The Bank of New York Mellon Corp.....	8,760,102	13,029,500	62,000	T-Mobile US Inc.† .....	2,148,621	3,565,620
		<u>3,962,709</u>	<u>6,447,870</u>	63,000	United States Cellular Corp.† .....	<u>2,848,866</u>	<u>2,754,360</u>
117,000	Wells Fargo & Co.....	<u>22,780,583</u>	<u>38,629,380</u>			<u>4,997,487</u>	<u>6,319,980</u>
	<b>Food and Beverage — 4.8%</b>				<b>TOTAL COMMON STOCKS</b> .....	<u>220,728,417</u>	<u>448,226,885</u>
117,000	Diageo plc, ADR.....	4,496,442	12,160,980		<b>TOTAL INVESTMENTS — 99.9%</b> ...	<u>\$220,728,417</u>	<u>448,226,885</u>
62,000	Fomento Economico Mexicano SAB de CV, ADR .....	745,980	4,725,020		<b>Other Assets and Liabilities (Net) — 0.1%</b> . . .		<u>669,294</u>
105,000	Mondelēz International Inc., Cl. A .	<u>2,924,013</u>	<u>4,654,650</u>		<b>NET ASSETS — 100.0%</b> . . . . .		<u>\$448,896,179</u>
		<u>8,166,435</u>	<u>21,540,650</u>				
	<b>Hotels and Gaming — 2.0%</b>						
145,000	Ryman Hospitality Properties Inc..	<u>4,623,522</u>	<u>9,136,450</u>				
	<b>Machinery — 2.6%</b>						
110,000	CNH Industrial NV, Borsa Italiana, Brsaltaliana .....	990,523	957,020				
183,744	CNH Industrial NV, New York, New York.....	1,331,785	1,596,735				

† Non-income producing security.  
ADR American Depositary Receipt

See accompanying notes to financial statements.

## The Gabelli Value 25 Fund Inc.

### Statement of Assets and Liabilities December 31, 2016

<b>Assets:</b>	
Investments, at value (cost \$220,728,417) .....	\$448,226,885
Receivable for investments sold .....	1,865,493
Receivable for Fund shares sold .....	114,270
Receivable from Adviser .....	3,395
Dividends receivable .....	792,234
Prepaid expenses .....	34,770
<b>Total Assets</b> .....	<u>451,037,047</u>
<b>Liabilities:</b>	
Payable to custodian .....	790,089
Payable for investments purchased .....	110,255
Payable for Fund shares redeemed .....	583,033
Payable for investment advisory fees .....	387,802
Payable for distribution fees .....	94,308
Payable for accounting fees .....	7,500
Other accrued expenses .....	167,881
<b>Total Liabilities</b> .....	<u>2,140,868</u>
<b>Net Assets</b>	
(applicable to 30,806,819 shares outstanding) .....	<u>\$448,896,179</u>
<b>Net Assets Consist of:</b>	
Paid-in capital .....	\$223,600,568
Accumulated distributions in excess of net realized gains on investments and foreign currency transactions .....	(2,202,857)
Net unrealized appreciation on investments .....	227,498,468
<b>Net Assets</b> .....	<u>\$448,896,179</u>
<b>Shares of Capital Stock, each at \$0.001 par value:</b>	
<b>Class AAA:</b>	
Net Asset Value, offering, and redemption price per share (\$4,103,137 ÷ 280,890 shares outstanding; 50,000,000 shares authorized) ...	<u>\$14.61</u>
<b>Class A:</b>	
Net Asset Value and redemption price per share (\$386,700,087 ÷ 26,371,130 shares outstanding; 100,000,000 shares authorized) ..	<u>\$14.66</u>
Maximum offering price per share (NAV ÷ 0.9425, based on maximum sales charge of 5.75% of the offering price) .....	<u>\$15.55</u>
<b>Class C:</b>	
Net Asset Value and offering price per share (\$11,170,647 ÷ 949,447 shares outstanding; 50,000,000 shares authorized) .....	<u>\$11.77(a)</u>
<b>Class I:</b>	
Net Asset Value, offering, and redemption price per share (\$46,922,308 ÷ 3,205,352 shares outstanding; 50,000,000 shares authorized) ...	<u>\$14.64</u>

(a) Redemption price varies based on the length of time held.

### Statement of Operations For the Year Ended December 31, 2016

<b>Investment Income:</b>	
Dividends (net of foreign withholding taxes of \$488,910) .....	\$ 8,964,273
Interest .....	7,974
<b>Total Investment Income</b> .....	<u>8,972,247</u>
<b>Expenses:</b>	
Investment advisory fees .....	4,755,604
Distribution fees - Class AAA .....	11,219
Distribution fees - Class A .....	1,027,998
Distribution fees - Class C .....	120,825
Shareholder services fees .....	259,994
Directors' fees .....	90,190
Shareholder communications expenses .....	76,524
Legal and audit fees .....	68,008
Registration expenses .....	66,283
Custodian fees .....	64,376
Accounting fees .....	45,000
Interest expense .....	5,626
Miscellaneous expenses .....	42,684
<b>Total Expenses</b> .....	<u>6,634,331</u>
Less:	
Expense reimbursements (See Note 3) .....	(11,790)
Expenses paid indirectly by broker (See Note 6) .....	(4,760)
<b>Total Reimbursements</b> .....	<u>(16,550)</u>
<b>Net Expenses</b> .....	<u>6,617,781</u>
<b>Net Investment Income</b> .....	<u>2,354,466</u>
<b>Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency:</b>	
Net realized gain on investments .....	34,552,582
Net realized loss on foreign currency transactions .....	(14,812)
Net realized gain on investments and foreign currency transactions .....	<u>34,537,770</u>
Net change in unrealized appreciation: on investments .....	14,257,518
on foreign currency translations .....	106
Net change in unrealized appreciation on investments and foreign currency translations ..	<u>14,257,624</u>
<b>Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency</b> .....	<u>48,795,394</u>
<b>Net Increase in Net Assets Resulting from Operations</b> .....	<u>\$51,149,860</u>

See accompanying notes to financial statements.



## The Gabelli Value 25 Fund Inc.

### Statement of Changes in Net Assets

	<u>Year Ended</u> <u>December 31, 2016</u>	<u>Year Ended</u> <u>December 31, 2015</u>
<b>Operations:</b>		
Net investment income.....	\$ 2,354,466	\$ 521,648
Net realized gain on investments and foreign currency transactions .....	34,537,770	86,001,954
Net change in unrealized appreciation/depreciation on investments and foreign currency translations.....	<u>14,257,624</u>	<u>(145,648,122)</u>
<b>Net Increase/(Decrease) in Net Assets Resulting from Operations .....</b>	<b><u>51,149,860</u></b>	<b><u>(59,124,520)</u></b>
<b>Distributions to Shareholders:</b>		
Net investment income		
Class AAA.....	(18,055)	(1,515)
Class A .....	(1,742,121)	(304,374)
Class I .....	<u>(342,634)</u>	<u>(243,610)</u>
	<u>(2,102,810)</u>	<u>(549,499)</u>
Net realized gain		
Class AAA.....	(270,308)	(673,081)
Class A .....	(25,578,994)	(64,632,059)
Class C .....	(899,588)	(2,390,284)
Class I .....	<u>(3,051,374)</u>	<u>(9,728,882)</u>
	<u>(29,800,264)</u>	<u>(77,424,306)</u>
<b>Total Distributions to Shareholders .....</b>	<b><u>(31,903,074)</u></b>	<b><u>(77,973,805)</u></b>
<b>Capital Share Transactions:</b>		
Class AAA.....	(557,067)	(1,640,576)
Class A .....	(58,452,721)	(21,132,181)
Class C .....	(2,464,170)	(2,003,974)
Class I .....	<u>(18,927,012)</u>	<u>(57,582,859)</u>
<b>Net Decrease in Net Assets from Capital Share Transactions .....</b>	<b><u>(80,400,970)</u></b>	<b><u>(82,359,590)</u></b>
<b>Redemption Fees .....</b>	<b>222</b>	<b>—</b>
<b>Net Decrease in Net Assets .....</b>	<b>(61,153,962)</b>	<b>(219,457,915)</b>
<b>Net Assets:</b>		
Beginning of year .....	<u>510,050,141</u>	<u>729,508,056</u>
End of year (including undistributed net investment income of \$0 and \$0, respectively) .....	<u>\$448,896,179</u>	<u>\$ 510,050,141</u>

See accompanying notes to financial statements.

# The Gabelli Value 25 Fund Inc.

## Financial Highlights

Selected data for a share of capital stock outstanding throughout each year:

Year Ended December 31	Income (Loss) from Investment Operations				Distributions			Ratios to Average Net Assets / Supplemental Data							
	Net Asset Value Beginning of Year	Net Investment Income (Loss)(a)	Net Unrealized Gain(Loss) on Investments	Total from Investment Operations	Net Investment Income	Net Realized Gain on Investments	Total Distributions	Redemption Fees (b)(b)	Net Asset Value End of Year	Total Return†	Net Assets End of Year (in 000's)	Net Investment Income (Loss)	Operating Expenses Reimburse ments	Operating Expenses Reimburse ments	Portfolio Turnover Rate
<b>Class AAA</b>															
2016	\$14.07	\$ 0.07	\$ 1.57	\$ 1.64	\$(0.07)	\$(1.03)	\$(1.10)	\$0.00	\$14.61	11.6%	\$ 4,103	0.48%	1.40%	1.40%(c)	2%
2015	18.23	0.01	(1.72)	(1.71)	(0.01)	(2.44)	(2.45)	—	14.07	(9.5)	4,492	0.05	1.39	1.39(c)	3
2014	19.71	0.02	0.94	0.36	(0.03)	(1.81)	(1.84)	0.00	18.23	1.7	7,321	0.12	1.38	1.38	23
2013	15.21	0.03	4.98	5.01	(0.04)	(0.47)	(0.51)	0.00	19.71	33.1	7,174	0.16	1.39	1.39(d)	9
2012	13.87	0.14	2.20	2.34	(0.14)	(0.86)	(1.00)	0.00	15.21	17.0	1,192	0.92	1.42	1.42	3
<b>Class A</b>															
2016	\$14.12	\$ 0.07	\$ 1.57	\$ 1.64	\$(0.07)	\$(1.03)	\$(1.10)	\$0.00	\$14.66	11.6%	\$386,700	0.48%	1.40%	1.40%(c)	2%
2015	18.29	0.01	(1.73)	(1.72)	(0.01)	(2.44)	(2.45)	—	14.12	(9.5)	427,905	0.07	1.39	1.39(c)	3
2014	19.78	0.02	0.33	0.35	(0.03)	(1.81)	(1.84)	0.00	18.29	1.6	563,876	0.11	1.38	1.38	23
2013	15.24	0.03	5.00	5.03	(0.02)	(0.47)	(0.49)	0.00	19.78	33.2	635,817	0.18	1.39	1.39(d)	9
2012	13.89	0.13	2.21	2.34	(0.13)	(0.86)	(0.99)	0.00	15.24	17.0	494,048	0.85	1.42	1.42	3
<b>Class C</b>															
2016	\$11.55	\$(0.03)	\$ 1.28	\$ 1.25	—	\$(1.03)	\$(1.03)	\$0.00	\$11.77	10.8%	\$ 11,171	(0.27)%	2.15%	2.15%(c)	2%
2015	15.55	(0.10)	(1.46)	(1.56)	—	(2.44)	(2.44)	—	11.55	(10.2)	13,317	(0.69)	2.14	2.14(c)	3
2014	17.18	(0.11)	0.29	0.18	—	(1.81)	(1.81)	0.00	15.55	0.9	19,395	(0.64)	2.13	2.13	23
2013	13.37	(0.09)	4.37	4.28	—	(0.47)	(0.47)	0.00	17.18	32.2	23,912	(0.58)	2.14	2.14(d)	9
2012	12.30	0.02	1.95	1.97	\$(0.04)	(0.86)	(0.90)	0.00	13.37	16.1	8,914	0.12	2.17	2.17	3
<b>Class I</b>															
2016	\$14.10	\$ 0.12	\$ 1.57	\$ 1.69	\$(0.12)	\$(1.03)	\$(1.15)	\$0.00	\$14.64	11.9%	\$ 46,922	0.79%	1.15%	1.13%(c)(e)	2%
2015	18.28	0.05	(1.73)	(1.68)	(0.06)	(2.44)	(2.50)	—	14.10	(9.3)	64,336	0.28	1.14	1.14(c)	3
2014	19.76	0.07	0.34	0.41	(0.08)	(1.81)	(1.89)	0.00	18.28	2.0	138,916	0.33	1.13	1.13	23
2013	15.22	0.06	5.02	5.08	(0.07)	(0.47)	(0.54)	0.00	19.76	33.5	127,347	0.32	1.14	1.14(d)	9
2012	13.88	0.19	2.18	2.37	(0.17)	(0.86)	(1.03)	0.00	15.22	17.2	20,926	1.25	1.17	1.17	3

† 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 and does not reflect the applicable sales charges.

- (a) Per share amounts have been calculated using the average shares outstanding method.  
(b) Amount represents less than \$0.005 per share.  
(c) The Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. For the years ended December 31, 2016 and 2015, there was no impact on the expense ratios.  
(d) The ratios do not include a reduction of advisory fee on unsupervised assets for the year ended December 31, 2013. Including such advisory fee reduction on unsupervised assets, the ratios of operating expenses to average net assets would have been 1.40% and 1.40% (Class AAA and Class A), 2.15% (Class C), and 1.15% (Class I), respectively. For the years ended December 31, 2016, 2015, 2014, and 2012, the effect was minimal.  
(e) Under an expense reimbursement agreement with the Adviser, the Adviser reimbursed certain Class I expenses to the Fund of \$11,790 for the year ended December 31, 2016.

See accompanying notes to financial statements.

## The Gabelli Value 25 Fund Inc. Notes to Financial Statements

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**1. Organization.** The Gabelli Value 25 Fund Inc. was incorporated on July 20, 1989 in Maryland. 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’s primary objective is long term capital appreciation. The Fund commenced investment operations on September 29, 1989.

**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 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 Gabelli Value 25 Fund Inc. 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, 2016 is as follows:

	Valuation Inputs			Total Market Value at 12/31/16
	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:				
Aerospace	\$ 9,321,741	\$28,345	—	\$ 9,350,086
Energy and Utilities	12,290,880	—	\$ 0	12,290,880
Other Industries (a)	426,585,919	—	—	426,585,919
Total Common Stocks	448,198,540	28,345	0	448,226,885
<b>TOTAL INVESTMENTS IN SECURITIES – ASSETS</b>	<b>\$448,198,540</b>	<b>\$28,345</b>	<b>\$ 0</b>	<b>\$448,226,885</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 year ended December 31, 2016. 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 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 are restricted as to transfer. When fair valuing a security, facts to consider include recent prices of comparable securities that are publicly traded, reliable prices of securities not publicly traded, the use of valuation models,

## The Gabelli Value 25 Fund Inc.

### Notes to Financial Statements (Continued)

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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 may include backtesting the prices realized in subsequent trades of these fair valued securities to fair values previously recognized.

**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. At December 31, 2016, the Fund held no restricted securities.

**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

**The Gabelli Value 25 Fund Inc.**  
**Notes to Financial Statements (Continued)**

amortization of premium and accretion of discount) is recorded on the accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on 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.

**Determination of Net Asset Value and Calculation of 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.

In calculating the NAV per share of each class, investment income, realized and unrealized gains and losses, redemption fees, and expenses other than class specific expenses are allocated daily to each class of shares based upon the proportion of net assets of each class at the beginning of each day. Distribution expenses are borne solely by the class incurring the expense.

**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 and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income for federal income tax purposes include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. Permanent differences were primarily due to foreign currency transactions and tax equalization utilized. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. These reclassifications have no impact on the NAV of the Fund. For the year ended December 31, 2016, reclassifications were made to decrease accumulated net investment income by \$251,656 and decrease accumulated net realized gain on investments and foreign currency transactions by \$3,936,292, with an offsetting adjustment to paid-in capital.

The tax character of distributions paid during the years ended December 31, 2016 and 2015 was as follows:

	<u>Year Ended</u> <u>December 31, 2016*</u>	<u>Year Ended</u> <u>December 31, 2015</u>
<b>Distributions paid from:</b>		
Ordinary income (inclusive of short term capital gains) .....	\$ 2,339,654	\$ 2,263,281
Net long term capital gains .....	<u>33,751,367</u>	<u>75,710,524</u>
Total distributions paid .....	<u>\$36,091,021</u>	<u>\$77,973,805</u>

\* Total distributions paid differs from the Statement of Changes in Net Assets due to the utilization of equalization.

**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.

## The Gabelli Value 25 Fund Inc. Notes to Financial Statements (Continued)

As of December 31, 2016, the components of accumulated earnings/losses on a tax basis were as follows:

Net unrealized appreciation on investments and foreign currency translations . . . . . \$225,295,611

At December 31, 2016, the temporary differences between book basis and tax basis net unrealized appreciation on investments were primarily due to deferral of losses from wash sales for tax purposes and tax basis adjustments on investments in real estate investment trusts.

The following summarizes the tax cost of investments and the related net unrealized appreciation at December 31, 2016:

	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
Investments . . . . .	\$222,931,274	\$232,489,387	\$(7,193,776)	\$225,295,611

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, 2016, the Fund did not incur any income tax, interest, or penalties. As of December 31, 2016, 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 Directors of the Fund who are affiliated persons of the Adviser.

Effective October 1, 2016, the Adviser contractually agreed to waive its investment advisory fee and/or reimburse expenses of Class I Shares to the extent necessary to maintain the total operating expenses (excluding brokerage, acquired fund fees and expenses, interest, taxes, and extraordinary expenses) until at least April 30, 2018 at no more than 1.00% of the value of its average daily net assets. For the year ended December 31, 2016, the Adviser reimbursed the Fund in the amount of \$11,790. In addition, the Fund has agreed, during the three year period following any waiver or reimbursement by the Adviser, to repay such amount to the extent, that after giving the effect to the repayment, such adjusted annualized total operating expenses of the Fund would not exceed 1.00% of the value of the Fund's average daily net assets for Class I. The agreement is renewable annually.

For the year ended December 31, 2016, expiring December 31, 2019 . . . . . \$11,790

The Fund pays each Director who is not considered an affiliated person an annual retainer of \$9,000 plus \$2,000 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. The Chairman of the Audit Committee and the Lead Director each receives an annual fee of \$2,000 per year. The Chairman of the

## The Gabelli Value 25 Fund Inc. Notes to Financial Statements (Continued)

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Nominating Committee and Proxy Voting Committee each receives an annual fee of \$2,500. A Director may receive a single meeting fee, allocated among the participating funds, for attending certain meetings held on behalf of multiple funds. Directors 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") for each class of shares, except for Class I Shares, pursuant to Rule 12b-1 under the 1940 Act. Under the Class AAA, Class A, and Class C Share Plans, payments are authorized to G.distributors, LLC (the "Distributor"), an affiliate of the Adviser, at annual rates of 0.25%, 0.25%, and 1.00%, respectively, of the average daily net assets of those classes, the annual limitations under each Plan. Such payments are accrued daily and paid monthly.

**5. Portfolio Securities.** Purchases and sales of securities during the year ended December 31, 2016, other than short term securities and U.S. Government obligations, aggregated \$11,038,655 and \$119,275,230, respectively.

**6. Transactions with Affiliates and Other Arrangements.** During the year ended December 31, 2016, the Fund paid \$44,508 in brokerage commissions on security trades to G.research, LLC, an affiliate of the Adviser. Additionally, the Distributor retained a total of \$23,930 from investors representing commissions (sales charges and underwriting fees) on sales and redemptions of Fund shares.

During the year ended December 31, 2016, the Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. The amount of such expenses paid through this directed brokerage arrangement during the year ended December 31, 2016 was \$4,760.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement. During the year ended December 31, 2016, the Fund paid or accrued \$45,000 to the Adviser in connection with the cost of computing the Fund's NAV.

**7. Capital Stock.** The Fund offers four classes of shares – Class AAA Shares, Class A Shares, Class C Shares, and Class I Shares. Class AAA Shares and Class I Shares are offered without a sales charge. Class A Shares are subject to a maximum front-end sales charge of 5.75%. Class C Shares are subject to a 1.00% contingent deferred sales charge for one year after purchase.

The Fund imposes a redemption fee of 2.00% on all classes of 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 years ended December 31, 2016 and 2015, if any, can be found in the Statement of Changes in Net Assets under Redemption Fees.



**The Gabelli Value 25 Fund Inc.**  
**Notes to Financial Statements (Continued)**

Transactions in shares of capital stock were as follows:

	Year Ended December 31, 2016		Year Ended December 31, 2015	
	Shares	Amount	Shares	Amount
<b>Class AAA</b>				
Shares sold .....	90,705	\$ 1,375,906	21,176	\$ 378,019
Shares issued upon reinvestment of distributions .....	19,224	282,208	46,509	660,884
Shares redeemed .....	<u>(148,285)</u>	<u>(2,215,181)</u>	<u>(150,048)</u>	<u>(2,679,479)</u>
Net decrease .....	<u>(38,356)</u>	<u>\$ (557,067)</u>	<u>(82,363)</u>	<u>\$ (1,640,576)</u>
<b>Class A</b>				
Shares sold .....	415,539	\$ 6,239,344	969,320	\$ 16,990,454
Shares issued upon reinvestment of distributions .....	1,756,196	25,868,799	4,295,173	61,249,163
Shares redeemed .....	<u>(6,103,550)</u>	<u>(90,560,864)</u>	<u>(5,788,232)</u>	<u>(99,371,798)</u>
Net decrease .....	<u>(3,931,815)</u>	<u>\$(58,452,721)</u>	<u>(523,739)</u>	<u>\$(21,132,181)</u>
<b>Class C</b>				
Shares sold .....	72,672	\$ 877,530	181,043	\$ 2,550,278
Shares issued upon reinvestment of distributions .....	63,414	749,557	162,960	1,900,108
Shares redeemed .....	<u>(339,972)</u>	<u>(4,091,257)</u>	<u>(437,822)</u>	<u>(6,454,360)</u>
Net decrease .....	<u>(203,886)</u>	<u>\$ (2,464,170)</u>	<u>(93,819)</u>	<u>\$ (2,003,974)</u>
<b>Class I</b>				
Shares sold .....	1,619,632	\$ 24,438,699	535,508	\$ 9,227,164
Shares issued upon reinvestment of distributions .....	213,646	3,142,730	627,560	8,936,452
Shares redeemed .....	<u>(3,190,736)</u>	<u>(46,508,441)</u>	<u>(4,201,091)</u>	<u>(75,746,475)</u>
Net decrease .....	<u>(1,357,458)</u>	<u>\$(18,927,012)</u>	<u>(3,038,023)</u>	<u>\$(57,582,859)</u>

**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.

**The Gabelli Value 25 Fund Inc.  
Report of Independent Registered Public Accounting Firm**

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To the Board of Directors and Shareholders of  
The Gabelli Value 25 Fund Inc.:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Gabelli Value 25 Fund Inc. (the “Fund”) as of December 31, 2016, 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 the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities as of December 31, 2016 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
New York, New York  
February 28, 2017

## The Gabelli Value 25 Fund Inc. Additional Fund Information (Unaudited)

The business and affairs of the Fund are managed under the direction of the Fund's Board of Directors. Information pertaining to the Directors and officers of the Fund is set forth below. The Fund's Statement of Additional Information includes additional information about the Fund's Directors and is available without charge, upon request, by calling 800-GABELLI (800-422-3554) or by writing to The Gabelli Value 25 Fund Inc. at One Corporate Center, Rye, NY 10580-1422.

<u>Name, Position(s) Address<sup>1</sup> and Age</u>	<u>Term of Office and Length of Time Served<sup>2</sup></u>	<u>Number of Funds in Fund Complex Overseen by Director</u>	<u>Principal Occupation(s) During Past Five Years</u>	<u>Other Directorships Held by Director<sup>4</sup></u>
<b>INTERESTED DIRECTORS<sup>3</sup>:</b>				
<b>Mario J. Gabelli, CFA</b> Director and Chief Investment Officer Age: 74	Since 1989	31	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); Director of RLJ Acquisition Inc. (blank check company) (2011-2012)
<b>INDEPENDENT DIRECTORS<sup>5</sup>:</b>				
<b>Anthony J. Colavita</b> Director Age: 81	Since 1989	36	President of the law firm of Anthony J. Colavita, P.C.	—
<b>Robert J. Morrissey</b> Director Age: 77	Since 1989	6	Partner in the law firm of Morrissey, Hawkins & Lynch	Chairman of the Board of Directors, Belmont Savings Bank
<b>Kuni Nakamura</b> Director Age: 48	Since 2016	20	President of Advanced Polymer, Inc. (chemical manufacturing company); President of KEN Enterprises, Inc. (real estate)	—
<b>Anthony R. Pustorino</b> Director Age: 91	Since 1989	13	Certified Public Accountant; Professor Emeritus, Pace University	Director of The LGL Group, Inc. (diversified manufacturing) (2004-2011)
<b>Werner J. Roeder, MD</b> Director Age: 76	Since 2001	23	Practicing private physician; Former Medical Director of Lawrence Hospital (1999-2014)	—

## The Gabelli Value 25 Fund Inc. Additional Fund Information (Continued) (Unaudited)

<u>Name, Position(s) Address<sup>1</sup> and Age</u>	<u>Term of Office and Length of Time Served<sup>2</sup></u>	<u>Principal Occupation(s) During Past Five Years</u>
<b>OFFICERS:</b>		
<b>Bruce N. Alpert</b> President Age: 65	Since 2003	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; Director of Teton Advisors, Inc., 1998-2012; Chairman of Teton Advisors, Inc., 2008-2010
<b>Andrea R. Mango</b> Secretary Age: 44	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; Vice President and Counsel of Deutsche Bank, 2006-2011
<b>Agnes Mullady</b> Treasurer Age: 58	Since 2006	President and Chief Operating Officer of the Fund Division of Gabelli Funds, LLC since 2010; 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 November 2016; Officer of all of the registered investment companies within the Gabelli/GAMCO Fund Complex
<b>Richard J. Walz</b> Chief Compliance Officer Age: 57	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; Chief Compliance Officer of Cutwater Asset Management, 2004-2011

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

<sup>2</sup> Each Director 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 Director and until the election and qualification of his or her successor, if any, elected at such meeting, or (ii) the date a Director resigns or retires, or a Director is removed by the Board of Directors or shareholders, in accordance with the Fund's By-Laws and Articles of Incorporation. 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.

<sup>3</sup> "Interested person" of the Fund as defined in the 1940 Act. Mr. Gabelli is considered an "interested person" because of his affiliation with Gabelli Funds, LLC which acts as the Fund's investment adviser.

<sup>4</sup> 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.

<sup>5</sup> Directors who are not interested persons are considered "Independent" Directors.

## **Gabelli/GAMCO Funds and Your Personal Privacy**

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### **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](http://www.sec.gov).

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

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

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

**Portfolio Management Team Biographies**

**Mario J. Gabelli, CFA**, is Chairman, Chief Executive Officer, and Chief Investment Officer - Value Portfolios of GAMCO Investors, Inc. that he founded in 1977, and Chief Investment Officer - Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc. He is also Executive Chairman of Associated Capital Group, 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. Currently he is a Managing Director and Co-Chief Investment Officer for GAMCO Investors, Inc.'s Value team. In addition, he serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Fund Complex. Mr. Marangi graduated magna cum laude and Phi Beta Kappa with a BA in Political Economy from Williams College and holds an MBA degree with honors from Columbia Business School.

**2016 TAX NOTICE TO SHAREHOLDERS** (Unaudited)

For the year ended December 31, 2016, the Fund paid to shareholders ordinary income distributions (comprised of net investment income) totaling \$0.069, \$0.070, and \$0.116 per share for Class AAA, Class A, and Class I Shares, respectively, and long term capital gains totaling \$33,751,367, or the maximum allowable. The distribution of long term capital gains has been designated as a capital gain dividend by the Fund's Board of Directors. For the year ended December 31, 2016, 100% of the ordinary income distribution qualifies for the dividends received deduction available to corporations. The Fund designates 100% of the ordinary income distribution as qualified dividend income pursuant to the Jobs and Growth Tax Relief Reconciliation Act of 2003. The Fund designates 0.09% of the ordinary income distribution as qualified interest income pursuant to the Tax Relief, Unemployment Reauthorization, and Job Creation Act of 2010. The Fund designates 0.00% of the ordinary income distribution as qualified short term gain pursuant to the American Jobs Creation Act of 2004.

**U.S. Government Income**

The percentage of the ordinary income distribution paid by the Fund during 2016 which was derived from U.S. Treasury securities was 0.08%.

All designations are based on financial information available as of the date of this annual report and, accordingly, are subject to change. For each item, it is the intention of the Fund to designate the maximum amount permitted under the Internal Revenue Code and the regulations thereunder.

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, 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

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

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

### BOARD OF DIRECTORS

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

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

Robert J. Morrissey  
Partner,  
Morrissey, Hawkins & Lynch

Kuni Nakamura  
President,  
Advanced Polymer, Inc.

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

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

### OFFICERS

Bruce N. Alpert  
President

Andrea R. Mango  
Secretary

Agnes Mullady  
Treasurer

Richard J. Walz  
Chief Compliance Officer

### DISTRIBUTOR

G.distributors, LLC

### CUSTODIAN

The Bank of New York  
Mellon

### 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.

*Annual Report  
December 31, 2016*

