

The Gabelli Asset Fund

Annual Report
December 31, 2009



Morningstar® rated The Gabelli Asset Fund Class AAA Shares 4 stars overall and 4 stars for the three and five year periods and 3 stars for the ten year period ended December 31, 2009 among 369, 369, 303, and 152 Mid-Cap Blend funds, respectively.



Mario Gabelli, CFA



Kevin Dreyer

To Our Shareholders,

The Sarbanes-Oxley Act requires a fund's principal executive and financial officers to certify the entire contents of the semi-annual and annual shareholder reports in a filing with the Securities and Exchange Commission ("SEC") on Form N-CSR. This certification would cover the portfolio manager's commentary and subjective opinions if they are attached to or a part of the financial statements. Many of these comments and opinions would be difficult or impossible to certify.

Because we do not want our portfolio managers to eliminate their opinions and/or restrict their commentary to historical facts, we have separated their commentary from the financial statements and investment portfolio and have sent it to you separately. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com/funds.

Enclosed are the audited financial statements including the investment portfolio as of December 31, 2009 with a description of factors that affected the performance during the past year.

Performance Discussion (Unaudited)

In 2009, The Gabelli Asset Fund (the "Fund") (Class AAA) net asset value ("NAV") per share rose 30.54% compared with an increase of 26.47% for the S&P 500 Index.

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

One year ago, the demand shock triggered by the September 2008 collapse of Lehman Brothers had just begun to ripple through the economy. Visibility was limited and the near term bleak. The economy and the stock market were stuck in a negative feedback loop that was broken only when Federal Reserve Chairman Ben Bernanke pledged to stave off deflation by “starting the printing press.” After bottoming at 666 on March 6, the S&P 500 staged a remarkable comeback, up 68% from this nadir.

As governments formulated their rescue attempts, we noted two risks to the economy: one, that governments would do too little, leading to systemic collapse and a deflationary downward spiral, or two, that they would do too much, igniting inflation. We see growing evidence on a company by company and industry by industry basis that asset prices have stabilized and that growth is returning. With this backdrop, it appears that risk is weighted toward governments doing too much. Ben Bernanke may have proven himself the true “maestro” in providing the liquidity to prevent the economy from falling into the abyss, but withdrawing this liquidity without stalling the recovery may be a more demanding task.

Holdings that contributed positively to performance in 2009 were Cablevision Systems Corp. (2.4% of net assets as of December 31, 2009), Precision Castparts Corp. (1.5%), Flowserve Corp. (1.4%), Greif Inc. (1.0%), and American Express Co. (0.8%). Some of our weaker performing stocks during the year were The Procter & Gamble Co. (1.4%), Wells Fargo & Co. (0.8%), and Vivendi (0.8%).

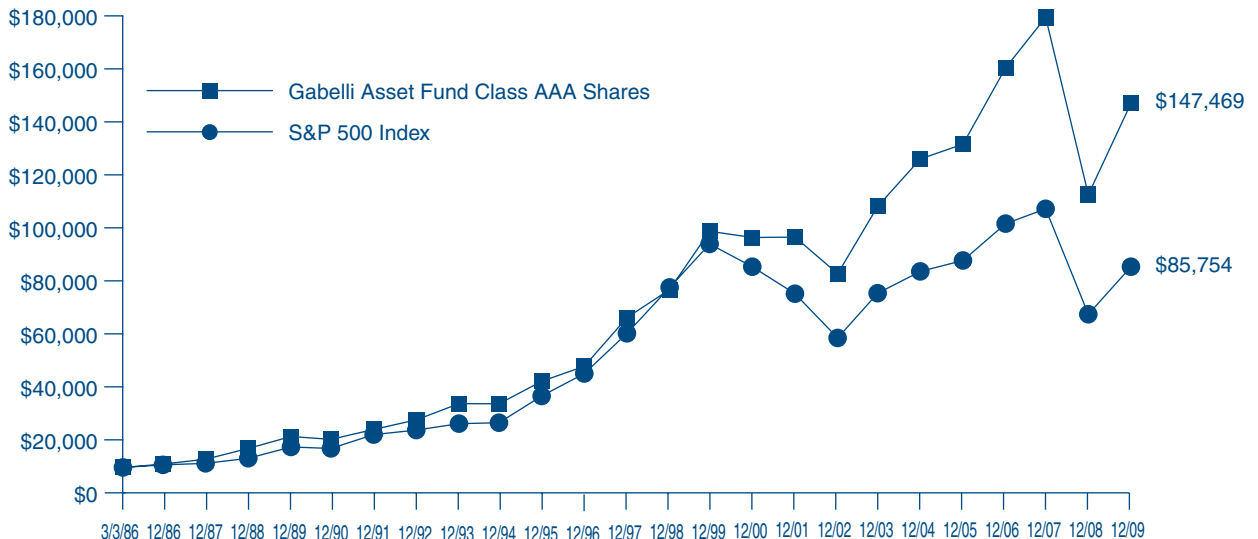
Sincerely yours,



Bruce N. Alpert
President

February 19, 2010

COMPARISON OF CHANGE IN VALUE OF A \$10,000 INVESTMENT IN THE GABELLI ASSET FUND CLASS AAA SHARES AND THE 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.

Comparative Results

Average Annual Returns through December 31, 2009 (a) (Unaudited)

	Quarter	1 Year	3 Year	5 Year	10 Year	15 Year	20 Year	Since Inception (3/3/86)
Gabelli Asset Fund Class AAA	5.72%	30.54%	(2.85)%	3.13%	4.05%	10.27%	10.06%	11.96%
S&P 500 Index	6.04	26.47	(5.62)	0.42	(0.95)	8.04	8.20	9.44
Class A	5.73	30.54	(2.85)	3.13	4.05	10.27	10.06	11.96
	(0.35)(b)	23.03(b)	(4.75)(b)	1.91(b)	3.44(b)	9.83(b)	9.73(b)	11.67(b)
Class B	5.51	29.53	(3.62)	2.34	3.57	9.93	9.81	11.74
	0.51(c)	24.53(c)	(4.60)(c)	1.97(c)	3.57	9.93	9.81	11.74
Class C	5.52	29.64	(3.56)	2.37	3.59	9.94	9.81	11.75
	4.52(d)	28.64(d)	(3.56)	2.37	3.59	9.94	9.81	11.75
Class I	5.81	30.89	(2.69)	3.23	4.10	10.31	10.09	11.98

In the current prospectus, the expense ratios for Class AAA, A, B, C, and I Shares are 1.38%, 1.38%, 2.13%, 2.13%, and 1.13%, respectively. See page 16 for the expense ratios for the year ended December 31, 2009. Class AAA and Class I Shares do not have a sales charge. The maximum sales charge for Class A, B, and C Shares is 5.75%, 5.00%, and 1.00%, respectively.

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

The Gabelli Asset Fund

Disclosure of Fund Expenses (Unaudited)

For the Six Month Period from July 1, 2009 through December 31, 2009

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, 2009.

	Beginning Account Value 07/01/09	Ending Account Value 12/31/09	Annualized Expense Ratio	Expenses Paid During Period*
The Gabelli Asset Fund				
Actual Fund Return				
Class AAA	\$1,000.00	\$1,245.50	1.38%	\$ 7.81
Class A	\$1,000.00	\$1,245.60	1.38%	\$ 7.81
Class B	\$1,000.00	\$1,240.50	2.12%	\$11.97
Class C	\$1,000.00	\$1,240.80	2.13%	\$12.03
Class I	\$1,000.00	\$1,247.20	1.13%	\$ 6.40
Hypothetical 5% Return				
Class AAA	\$1,000.00	\$1,018.25	1.38%	\$ 7.02
Class A	\$1,000.00	\$1,018.25	1.38%	\$ 7.02
Class B	\$1,000.00	\$1,014.52	2.12%	\$10.76
Class C	\$1,000.00	\$1,014.47	2.13%	\$10.82
Class I	\$1,000.00	\$1,019.51	1.13%	\$ 5.75

* 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, then divided by 365.

Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of total net assets as of December 31, 2009:

The Gabelli Asset Fund

Food and Beverage	13.2%	Business Services	1.4%
Energy and Utilities	8.4%	Communications Equipment	1.3%
Cable and Satellite	8.0%	Specialty Chemicals	1.3%
Equipment and Supplies	6.9%	Aerospace	1.3%
Financial Services	6.8%	Agriculture	1.2%
Diversified Industrial	5.6%	Broadcasting	1.1%
Consumer Products	5.3%	Consumer Services	1.0%
Entertainment	4.1%	Automotive	1.0%
Telecommunications	3.9%	Computer Software and Services	0.9%
Health Care	3.5%	Wireless Communications	0.9%
Publishing	3.1%	Transportation	0.5%
Automotive: Parts and Accessories	3.0%	Real Estate	0.5%
Machinery	3.0%	U.S. Government Obligations	0.4%
Aviation: Parts and Services	2.7%	Manufactured Housing and Recreational Vehicles	0.1%
Metals and Mining	2.6%	Closed-End Funds	0.0%
Retail	2.2%	Computer Hardware	0.0%
Hotels and Gaming	1.9%	Other Assets and Liabilities (Net)	0.0%
Environmental Services	1.5%		
Electronics	1.4%		
			<u>100.0%</u>

The Fund files a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q, the last of which was filed for the quarter ended September 30, 2009. 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 1-800-SEC-0330.

Proxy Voting

The Fund files Form N-PX with its complete proxy voting record for the twelve months ended June 30th, no later than August 31st 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.

The Gabelli Asset Fund

Schedule of Investments (Continued) — December 31, 2009

Shares		Cost	Market Value	Shares		Cost	Market Value
COMMON STOCKS (Continued)				12,000	Philip Morris		
	Cable and Satellite (Continued)				International Inc. \$	261,102	\$ 578,280
50,000	Rogers Communications Inc., Cl. B, Toronto \$	229,821	\$ 1,562,844	50,000	Reckitt Benckiser Group plc	1,570,345	2,710,298
230,000	Scripps Networks Interactive Inc., Cl. A	6,939,568	9,545,000	125,000	Sally Beauty Holdings Inc.†	1,001,483	956,250
120,000	Shaw Communications Inc., Cl. B	164,952	2,486,399	55,000	Svenska Cellulosa AB, Cl. B	786,929	733,754
155,000	Shaw Communications Inc., Cl. B, Non-Voting	302,404	3,188,350	1,080,000	Swedish Match AB	11,869,341	23,684,177
62,000	Time Warner Cable Inc.	2,646,755	2,566,180	10,000	Syratech Corp.†	2,000	301
		<u>53,565,342</u>	<u>171,186,566</u>	476,000	The Procter & Gamble Co.	16,073,594	28,859,880
	Closed-End Funds — 0.0%			35,000	Wolverine World Wide Inc.	325,537	952,700
79,920	Royce Value Trust Inc.	975,443	863,136			<u>53,864,309</u>	<u>112,595,961</u>
	Communications Equipment — 1.3%			Consumer Services — 1.0%			
540,000	Corning Inc.	3,919,315	10,427,400	3,000	Brink's Home Security Holdings Inc.†	73,969	97,920
175,000	Motorola Inc.†	1,730,769	1,358,000	175,000	IAC/InterActiveCorp.†	1,901,881	3,584,000
200,000	Portugal Telecom SGPS SA	1,956,602	2,442,766	430,000	Liberty Media Corp. - Interactive, Cl. A†	2,558,178	4,661,200
390,000	Thomas & Betts Corp.†	7,650,699	13,958,100	650,000	Rollins Inc.	3,375,689	12,532,000
		<u>15,257,385</u>	<u>28,186,266</u>			<u>7,909,717</u>	<u>20,875,120</u>
	Computer Hardware — 0.0%			Diversified Industrial — 5.6%			
5,000	Wincor Nixdorf AG	302,584	341,543	14,000	Acuity Brands Inc.	165,228	498,960
	Computer Software and Services — 0.9%			5,000	Anixter International Inc.†	45,044	235,500
48,182	AOL Inc.†	1,019,882	1,121,677	75,403	Contax Participacoes SA, ADR	30,974	203,588
210,000	Diebold Inc.	7,416,295	5,974,500	440,000	Cooper Industries plc	10,192,621	18,761,600
8,000	eBay Inc.†	178,120	188,320	420,000	Crane Co.	6,547,351	12,860,400
47,250	Fidelity National Information Services Inc.	728,179	1,107,540	110,000	Gardner Denver Inc.	901,088	4,680,500
100,000	NCR Corp.†	1,746,066	1,113,000	377,100	Greif Inc., Cl. A	4,420,153	20,355,858
125,000	Rockwell Automation Inc.	4,826,269	5,872,500	16,900	Greif Inc., Cl. B	841,825	847,535
270,000	Yahoo! Inc.†	8,645,454	4,530,600	435,000	Honeywell International Inc.	13,860,082	17,052,000
		<u>24,560,265</u>	<u>19,908,137</u>	25,000	Ingersoll-Rand plc	503,796	893,500
	Consumer Products — 5.3%			575,000	ITT Corp.	9,116,823	28,600,500
49,000	Alberto-Culver Co.	1,097,704	1,435,210	230,000	Katy Industries Inc.†	1,297,343	402,500
23,000	Altria Group Inc.	283,395	451,490	300,000	Magnetek Inc.†	1,103,161	462,000
5,000	Chattem Inc.†	464,334	466,500	240,000	Myers Industries Inc.	1,460,520	2,184,000
11,000	Christian Dior SA	307,335	1,131,585	52,000	Pentair Inc.	762,065	1,679,600
252,000	Church & Dwight Co. Inc.	1,643,143	15,233,400	53,333	Smiths Group plc	880,170	873,492
30,000	Clorox Co.	1,664,894	1,830,000	160,000	Textron Inc.	1,241,296	3,009,600
390,000	Eastman Kodak Co.†	3,340,009	1,645,800	110,000	Trinity Industries Inc.	916,097	1,918,400
266,000	Energizer Holdings Inc.†	4,878,165	16,300,480	115,000	Tyco International Ltd.	4,918,281	4,103,200
120,000	Fortune Brands Inc.	2,579,905	5,184,000			<u>59,203,918</u>	<u>119,622,733</u>
3,400	Givaudan SA	1,182,809	2,716,516	Electronics — 1.4%			
35,000	Harley-Davidson Inc.	88,156	882,000	9,000	Chemring Group plc	117,293	426,945
50,000	Kimberly-Clark Corp.	3,007,286	3,185,500	110,000	Intel Corp.	2,352,246	2,244,000
30,000	Mattel Inc.	541,500	599,400	10,000	Kyocera Corp., ADR	328,538	885,500
28,000	National Presto Industries Inc.	895,343	3,058,440	390,000	LSI Corp.†	2,570,715	2,343,900
				24,000	Molex Inc., Cl. A	655,086	459,120
				5,000	Rovi Corp.†	83,250	159,350
				43,000	Samsung Electronics Co. Ltd., GDR	8,070,951	15,050,000

See accompanying notes to financial statements.

The Gabelli Asset Fund

Schedule of Investments (Continued) — December 31, 2009

Shares	Cost	Market Value	Shares	Cost	Market Value
COMMON STOCKS (Continued)			Entertainment — 4.1%		
Electronics (Continued)					
50,000	Sony Corp., ADR \$ 1,556,873	\$ 1,450,000	8,010	Chestnut Hill Ventures† (a) \$ 218,000	\$ 270,177
215,000	Texas Instruments Inc. 5,388,255	5,602,900	370,000	Discovery Communications Inc., Cl. A† 3,423,996	11,347,900
65,000	Tyco Electronics Ltd. 1,957,812	1,595,750	370,000	Discovery Communications Inc., Cl. C† 2,390,337	9,812,400
	<u>23,081,019</u>	<u>30,217,465</u>	35,000	DreamWorks Animation SKG Inc., Cl. A† 843,452	1,398,250
Energy and Utilities — 8.4%			750,000	Grupo Televisa SA, ADR 7,957,615	15,570,000
21,000	AGL Resources Inc. 392,229	765,870	1,600	Nintendo Co. Ltd. 496,491	378,633
150,000	Allegheny Energy Inc. 1,762,092	3,522,000	150,000	Rank Group plc† 698,065	201,213
7,000	Anadarko Petroleum Corp. 445,945	436,940	20,000	Regal Entertainment Group, Cl. A 283,108	288,800
235,000	BP plc, ADR 6,398,775	13,622,950	545,001	Time Warner Inc. 13,780,814	15,881,329
26,700	CH Energy Group Inc. 1,112,213	1,135,284	500,000	Viacom Inc., Cl. A† 14,672,471	15,750,000
327,000	Chevron Corp. 12,496,861	25,175,730	545,000	Vivendi 10,800,552	16,246,792
350,000	ConocoPhillips 10,011,699	17,874,500	48,000	World Wrestling Entertainment Inc., Cl. A 464,933	735,840
25,000	Constellation Energy Group Inc. 551,389	879,250		<u>56,029,834</u>	<u>87,881,334</u>
122,000	Devon Energy Corp. 1,673,036	8,967,000	Environmental Services — 1.5%		
5,000	Diamond Offshore Drilling Inc. 566,181	492,100	555,000	Republic Services Inc. 5,844,423	15,712,050
90,000	DPL Inc. 1,988,326	2,484,000	500,000	Waste Management Inc. 10,415,537	16,905,000
10,000	DTE Energy Co. 405,330	435,900		<u>16,259,960</u>	<u>32,617,050</u>
120,000	Duke Energy Corp. 1,341,896	2,065,200	Equipment and Supplies — 6.9%		
20,000	Edison International 340,000	695,600	674,000	AMETEK Inc. 2,619,328	25,773,760
500,000	El Paso Corp. 4,324,186	4,915,000	6,000	Amphenol Corp., Cl. A 23,162	277,080
240,000	El Paso Electric Co.† 3,007,363	4,867,200	100,000	CIRCOR International Inc. 982,474	2,518,000
100,000	EOG Resources Inc. 457,975	9,730,000	145,000	Crown Holdings Inc.† 653,704	3,709,100
323,000	Exxon Mobil Corp. 7,724,649	22,025,370	175,000	CTS Corp. 1,009,883	1,683,500
15,000	FPL Group Inc. 689,035	792,300	4,000	Danaher Corp. 70,641	300,800
100,000	Great Plains Energy Inc. 2,407,882	1,939,000	400,000	Donaldson Co. Inc. 2,280,323	17,016,000
210,000	Halliburton Co. 6,487,444	6,318,900	20,000	Fedders Corp.† (a) 32,625	0
130,000	Mirant Corp., Escrow† (a) 0	0	327,000	Flowserve Corp. 4,432,666	30,911,310
165,000	National Fuel Gas Co. 8,043,615	8,250,000	200,000	Gerber Scientific Inc.† 1,896,612	1,010,000
22,086	NiSource Inc. 475,953	339,683	226,000	GrafTech International Ltd.† 1,977,460	3,514,300
175,000	Northeast Utilities 3,322,013	4,513,250	762,000	IDEX Corp. 2,863,178	23,736,300
30,000	NSTAR 936,244	1,104,000	140,000	Interpump Group SpA† 550,212	744,585
45,000	Oceaneering International Inc.† 1,944,964	2,633,400	196,000	Lufkin Industries Inc. 1,774,311	14,347,200
500	PetroChina Co. Ltd., ADR 30,266	59,480	70,000	Met-Pro Corp. 380,521	743,400
53,000	Petroleo Brasileiro SA, ADR 2,263,200	2,527,040	20,000	Sealed Air Corp. 168,679	437,200
100,000	Progress Energy Inc., CVO† 52,000	15,000	2,000	SL Industries Inc.† 5,719	16,760
230,000	Rowan Companies Inc.† 8,633,746	5,207,200	114,000	Tenaris SA, ADR 5,163,487	4,862,100
50,000	Royal Dutch Shell plc, Cl. A, ADR 2,980,580	3,005,500	100,000	The Manitowoc Co. Inc. 240,518	997,000
129,100	SJW Corp. 2,122,183	2,913,787	100,000	The Weir Group plc 420,789	1,158,903
260,000	Southwest Gas Corp. 4,582,147	7,417,800	29,000	Valmont Industries Inc. 232,196	2,275,050
270,000	Spectra Energy Corp. 6,018,182	5,537,700	360,000	Watts Water Technologies Inc., Cl. A 4,184,192	11,131,200
100,000	The AES Corp.† 397,000	1,331,000		<u>31,962,680</u>	<u>147,163,548</u>
47,000	Transocean Ltd.† 3,688,199	3,891,600			
135,000	Weatherford International Ltd.† 3,006,211	2,417,850			
	<u>113,081,009</u>	<u>180,304,384</u>			

See accompanying notes to financial statements.

The Gabelli Asset Fund

Schedule of Investments (Continued) — December 31, 2009

Shares	Cost	Market Value	Shares	Cost	Market Value		
COMMON STOCKS (Continued)							
Financial Services — 6.8%							
15,500	Alleg hany Corp.†	\$ 2,580,237	\$ 4,278,000	30,000	The Travelers Companies Inc.	\$ 1,183,217	\$ 1,495,800
440,000	American Express Co.	10,065,035	17,828,800	70,866	Tree.com Inc.†	509,902	648,424
16,000	Ameriprise Financial Inc. ...	473,522	621,120	19,000	Unitrin Inc.	498,464	418,950
32,000	Argo Group International Holdings Ltd.†	1,152,402	932,480	8,500	Value Line Inc.	136,515	213,435
101,500	Artio Global Investors Inc.†	2,637,213	2,587,235	195,000	Waddell & Reed Financial Inc., Cl. A	4,253,908	5,955,300
150,000	Bank of America Corp.	1,761,991	2,259,000	642,000	Wells Fargo & Co.	19,350,465	17,327,580
214	Berkshire Hathaway Inc., Cl. A†	818,098	21,228,800			111,521,737	145,890,420
73,000	BKF Capital Group Inc.†	536,361	67,890	Food and Beverage — 13.2%			
15,000	Calamos Asset Management Inc., Cl. A	168,744	172,950	345,000	Brown-Forman Corp., Cl. A	6,015,904	19,440,750
400,000	Citigroup Inc.	2,030,101	1,324,000	85,000	Brown-Forman Corp., Cl. B	1,986,156	4,553,450
20,000	Commerzbank AG†	351,446	168,729	145,000	Cadbury plc, ADR	6,722,864	7,451,550
102,400	Commerzbank AG, ADR†	2,085,420	865,280	150,000	Campbell Soup Co.	4,179,006	5,070,000
150,000	Deutsche Bank AG	6,572,332	10,636,500	275,000	China Mengniu Dairy Co. Ltd.†	849,892	984,246
100,000	Federal National Mortgage Association†	74,990	118,000	60,000	Coca-Cola Enterprises Inc.	1,176,706	1,272,000
36,000	Fortress Investment Group LLC, Cl. A†	356,532	160,200	16,500	Coca-Cola Hellenic Bottling Co. SA, ADR	231,193	379,830
110,000	H&R Block Inc.	1,807,491	2,488,200	385,000	Constellation Brands Inc., Cl. A†	5,451,979	6,133,050
10,000	HSBC Holdings plc, ADR	557,121	570,900	320,000	Corn Products International Inc.	3,901,984	9,353,600
37,000	Interactive Brokers Group Inc., Cl. A†	807,055	655,640	330,000	Danone	15,786,749	20,261,622
310,000	Janus Capital Group Inc. ...	5,266,976	4,169,500	355,000	Davide Campari - Milano SpA	3,483,537	3,712,495
120,051	JPMorgan Chase & Co.	3,824,759	5,002,525	200,000	Dean Foods Co.†	4,111,450	3,608,000
35,136	Kinnevik Investment AB, Cl. A	572,718	589,312	200,000	Del Monte Foods Co.	1,998,690	2,268,000
400,000	Legg Mason Inc.	13,956,947	12,064,000	316,000	Diageo plc, ADR	11,802,992	21,933,560
75,000	Leucadia National Corp.†	655,691	1,784,250	2,000	Diamond Foods Inc.	46,909	71,080
60,000	Loews Corp.	2,674,749	2,181,000	165,000	Dr. Pepper Snapple Group Inc.	3,463,225	4,669,500
30,000	M&T Bank Corp.	1,936,458	2,006,700	70,000	Farmer Brothers Co.	943,094	1,381,800
165,000	Marsh & McLennan Companies Inc.	4,885,451	3,643,200	305,000	Flowers Foods Inc.	1,354,532	7,246,800
165,000	NewAlliance Bancshares Inc.	2,405,210	1,981,650	70,000	Fomento Economico Mexicano SAB de CV, ADR	2,406,448	3,351,600
52,000	PNC Financial Services Group Inc.	2,290,589	2,745,080	312,000	General Mills Inc.	10,827,028	22,092,720
107,137	Popular Inc.	250,137	242,130	900,000	Grupo Bimbo SAB de CV, Cl. A	1,772,696	5,861,489
18,000	Royal Bank of Canada	951,185	963,900	150,000	H.J. Heinz Co.	5,353,815	6,414,000
85,000	State Street Corp.	661,975	3,700,900	95,000	Heineken NV	4,504,518	4,530,262
20,000	SunTrust Banks, Inc.	424,879	405,800	210,000	ITO EN Ltd.	4,932,431	3,149,944
60,000	T. Rowe Price Group Inc. ...	1,012,984	3,195,000	65,000	Kellogg Co.	1,736,200	3,458,000
230,000	The Bank of New York Mellon Corp.	7,146,865	6,433,100	82,000	Kerry Group plc, Cl. A	971,184	2,581,418
44,000	The Blackstone Group LP	809,118	577,280	280,000	Kikkoman Corp.	3,330,395	3,409,245
7,000	The Goldman Sachs Group Inc.	1,026,484	1,181,880	105,000	Kraft Foods Inc., Cl. A	3,278,876	2,853,900
				32,000	LVMH Moet Hennessy Louis Vuitton SA	1,117,034	3,595,567
				10,000	MEIJI Holdings Co. Ltd.†	482,376	376,872

See accompanying notes to financial statements.

The Gabelli Asset Fund
Schedule of Investments (Continued) — December 31, 2009

Shares	Cost	Market Value	Shares	Cost	Market Value
COMMON STOCKS (Continued)			Retail — 2.2%		
Machinery (Continued)					
756,000	Deere & Co. \$ 6,205,078	\$ 40,892,040	3,000	Aaron's Inc. \$ 10,351	\$ 83,190
18,524	Mueller Water Products Inc., Cl. A 246,018	96,325	60,750	Aaron's Inc., Cl. A 287,231	1,387,530
			250,000	AutoNation Inc.† 2,405,852	4,787,500
			13,500	AutoZone Inc.† 1,195,134	2,133,945
	<u>25,498,922</u>	<u>63,921,865</u>	236,000	Coldwater Creek Inc.† 1,411,953	1,052,560
Manufactured Housing and Recreational Vehicles — 0.1%			127,000	Costco Wholesale Corp. 6,574,176	7,514,590
32,000	Cavco Industries Inc.† 605,460	1,149,440	220,000	CVS Caremark Corp. 7,670,315	7,086,200
177,000	Coachmen Industries Inc.† 727,519	203,550	60,000	HSN Inc.† 555,359	1,211,400
31,000	Nobility Homes Inc.† 573,574	323,950	200,000	Macy's Inc. 3,263,628	3,352,000
78,000	Skyline Corp. 2,876,019	1,435,200	40,000	Safeway Inc. 1,112,194	851,600
			20,000	SUPERVALU Inc. 480,108	254,200
	<u>4,782,572</u>	<u>3,112,140</u>	250,000	The Great Atlantic & Pacific Tea Co. Inc.† 3,488,683	2,947,500
Metals and Mining — 2.6%			118,000	The Kroger Co. 693,975	2,422,540
5,000	Agnico-Eagle Mines Ltd. 236,238	270,000	20,000	Ticketmaster Entertainment Inc.† 270,165	244,400
190,000	Alcoa Inc. 3,033,295	3,062,800	75,000	Wal-Mart Stores Inc. 3,615,615	4,008,750
365,000	Barrick Gold Corp. 6,733,535	14,373,700	100,000	Walgreen Co. 3,744,391	3,672,000
89,000	Freeport-McMoRan Copper & Gold Inc.† 2,869,862	7,145,810	75,000	Whole Foods Market Inc.† 2,006,223	2,058,750
100,000	Ivanhoe Mines Ltd.† 775,931	1,461,000	200,000	Winn-Dixie Stores Inc.† 3,285,961	2,008,000
8,000	James River Coal Co.† 58,140	148,240			<u>42,071,314</u>
50,000	Kinross Gold Corp. 359,224	920,000			<u>47,076,655</u>
52,000	New Hope Corp. Ltd. 70,252	219,531	Specialty Chemicals — 1.3%		
550,000	Newmont Mining Corp. 11,458,987	26,020,500	17,000	Ashland Inc. 284,580	673,540
30,000	Peabody Energy Corp. 1,228,776	1,356,300	200,000	Chemtura Corp.† 4,500	246,000
	<u>26,824,240</u>	<u>54,977,881</u>	530,000	Ferro Corp. 7,218,032	4,367,200
Publishing — 3.1%			110,000	General Chemical Group Inc.† 365,584	1,925
45,000	Belo Corp., Cl. A 327,518	244,800	136,000	H.B. Fuller Co. 1,271,302	3,094,000
1,445,062	Il Sole 24 Ore 12,094,962	3,975,334	135,000	International Flavors & Fragrances Inc. 6,153,045	5,553,900
100,000	Independent News & Media plc† 202,864	18,636	40,000	Material Sciences Corp.† 266,497	70,800
400,000	Media General Inc., Cl. A† 4,511,667	3,136,000	595,000	Omnova Solutions Inc.† 1,662,678	3,647,350
78,000	Meredith Corp. 1,656,139	2,406,300	312,000	Sensient Technologies Corp. 6,033,284	8,205,600
3,450,000	News Corp., Cl. A 26,916,531	47,230,500	70,000	Zep Inc. 732,324	1,212,400
22,000	News Corp., Cl. B 212,046	350,240			<u>23,991,826</u>
15,000	PRIMEDIA Inc. 48,245	54,150	Telecommunications — 3.9%		
160,000	The E.W. Scripps Co., Cl. A† 1,317,799	1,113,600	2,000	AboveNet Inc.† 77,550	130,080
230,000	The McGraw-Hill Companies Inc. 2,012,769	7,707,300	145,000	AT&T Inc. 3,508,517	4,064,350
50,000	The New York Times Co., Cl. A† 453,477	618,000	21,224	Brasil Telecom SA, ADR† 671,527	618,255
	<u>49,754,017</u>	<u>66,854,860</u>	12,040	Brasil Telecom SA, Cl. C, ADR† 193,844	192,520
Real Estate — 0.5%			62,000	CenturyTel Inc. 890,010	2,245,020
11,000	Brookfield Asset Management Inc., Cl. A 294,496	243,980	800,000	Cincinnati Bell Inc.† 4,145,080	2,760,000
103,000	Griffin Land & Nurseries Inc. 1,479,146	3,000,390	20,000	Clearwire Corp., Cl. A† 243,872	135,200
36,000	ProLogis 983,331	492,840	345,000	Deutsche Telekom AG, ADR 6,061,331	5,071,500
250,000	The St. Joe Co.† 1,870,114	7,222,500	34,000	France Telecom SA, ADR 658,527	858,160
	<u>4,627,087</u>	<u>10,959,710</u>	31,800	Hellenic Telecommunications Organization SA 701,785	469,088

See accompanying notes to financial statements.

The Gabelli Asset Fund
Schedule of Investments (Continued) — December 31, 2009

<u>Shares</u>		<u>Cost</u>	<u>Market Value</u>	<u>Shares</u>		<u>Cost</u>	<u>Market Value</u>
	COMMON STOCKS (Continued)						
	Telecommunications (Continued)						
8,500	Hellenic Telecommunications Organization SA, ADR .. \$	90,649	\$ 63,920	22,509	Vivo Participacoes SA, ADR	\$ 707,445	\$ 697,779
280,000	Qwest Communications International Inc.	707,997	1,178,800	1,043	Vivo Participacoes SA, Preference	65,964	32,638
700,000	Sprint Nextel Corp.†	2,506,765	2,562,000	4,375	Vodafone Group plc, ADR ..	43,962	101,019
75,403	Tele Norte Leste Participacoes SA, ADR	1,001,480	1,615,132			15,094,133	18,174,601
3,200,000	Telecom Italia SpA	1,795,071	4,991,040		TOTAL COMMON STOCKS ..	1,252,500,590	2,126,863,070
200,000	Telecom Italia SpA, ADR ..	1,395,966	3,086,000		RIGHTS — 0.0%		
94,000	Telefonica SA, ADR	3,341,710	7,850,880		Telecommunications — 0.0%		
40,000	Telefonos de Mexico SAB de CV, Cl. L, ADR	101,330	663,200	20,000	Clearwire Corp., expire 06/21/10†	0	8,000
590,000	Telephone & Data Systems Inc.	12,260,483	20,012,800				
500,000	Telephone & Data Systems Inc., Special ..	10,167,087	15,100,000	14,727	WARRANTS — 0.0%		
40,000	Telmex Internacional SAB de CV, ADR	70,416	710,000		Automotive: Parts and Accessories — 0.0%		
30,000	tw telecom inc.†	533,467	514,200	14,727	Federal-Mogul Corp., expire 12/27/14†	411,720	2,224
237,000	Verizon Communications Inc.	7,548,389	7,851,810				
		<u>58,672,853</u>	<u>82,743,955</u>	2,109	Broadcasting — 0.0%		
	Transportation — 0.5%				Granite Broadcasting Corp., Ser. A, expire 06/04/12† (a)	0	2
255,000	AMR Corp.†	2,434,832	1,971,150	2,109	Granite Broadcasting Corp., Ser. B, expire 06/04/12† (a)	0	2
5,000	Burlington Northern Santa Fe Corp.	490,743	493,100			0	4
280,000	GATX Corp.	6,764,603	8,050,000		Energy and Utilities — 0.0%		
4,000	Kansas City Southern† ..	7,317	133,160	11,313	Mirant Corp., Ser. A, expire 01/03/11†	149,058	5,430
30,000	Providence and Worcester Railroad Co.	498,774	322,500				
		<u>10,196,269</u>	<u>10,969,910</u>		Hotels and Gaming — 0.0%		
	Wireless Communications — 0.9%			200,000	Indian Hotels Co. Ltd, expire 06/16/14† (b) ...	298,980	440,000
95,000	America Movil SAB de CV, Cl. L, ADR	593,308	4,463,100		TOTAL WARRANTS	859,758	447,658
5,000	Millicom International Cellular SA	366,975	368,850				
2,700	NTT DoCoMo Inc.	3,867,175	3,757,127		Principal Amount		
72,000	Price Communications Corp., Escrow† (a)	0	0		Convertible Corporate Bonds — 0.0%		
13,001	Tim Participacoes SA, ADR	157,722	386,260		Automotive: Parts and Accessories — 0.0%		
185,000	United States Cellular Corp.†	8,925,694	7,845,850	\$1,000,000	Standard Motor Products Inc., Sub. Deb. Cv., 15.000%, 04/15/11	967,157	991,250
28,000	Vimpel-Communications, ADR	365,232	520,520				
47	Vivo Participacoes SA	656	1,458	6,375,000	U.S. GOVERNMENT OBLIGATIONS — 0.4%		
					U.S. Treasury Bills — 0.3%		
					U.S. Treasury Bills, 0.120% to 0.150%††, 05/20/10 to 06/03/10 ..	6,371,285	6,371,139

See accompanying notes to financial statements.

The Gabelli Asset Fund

Schedule of Investments (Continued) — December 31, 2009

<u>Principal Amount</u>	<u>Cost</u>	<u>Market Value</u>
U.S. GOVERNMENT OBLIGATIONS (Continued)		
U.S. Treasury Cash Management Bills — 0.1%		
\$1,330,000		
U.S. Treasury Cash Management Bill, 0.135%††, 06/10/10 . . .	\$ 1,329,202	\$ 1,329,003
TOTAL U.S. GOVERNMENT OBLIGATIONS	<u>7,700,487</u>	<u>7,700,142</u>
TOTAL INVESTMENTS — 100.0%	<u>\$1,262,027,992</u>	2,136,010,120
Other Assets and Liabilities (Net) — 0.0%		<u>182,405</u>
NET ASSETS — 100.0%		<u>\$2,136,192,525</u>

(a) Security fair valued under procedures established by the Board of Trustees. The procedures may include reviewing available financial information about the company and reviewing valuation of comparable securities and other factors on a regular basis. At December 31, 2009, the market value of fair valued securities amounted to \$270,181 or 0.01% of net assets.

(b) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2009, the market value of the Rule 144A security amounted to \$440,000 or 0.02% of net assets.

† Non-income producing security.

†† Represents annualized yield at date of purchase.

ADR American Depositary Receipt

CVO Contingent Value Obligation

GDR Global Depositary Receipt

See accompanying notes to financial statements.

The Gabelli Asset Fund

Statement of Assets and Liabilities December 31, 2009

Assets:

Investments, at value (cost \$1,262,027,992) ..	\$2,136,010,120
Foreign currency, at value (cost \$7,351)	7,369
Cash	2,363
Receivable for investments sold	4,969,152
Receivable for Fund shares sold	2,927,389
Dividends and interest receivable	2,580,030
Prepaid expenses	112,242
Total Assets	<u>2,146,608,665</u>

Liabilities:

Payable for Fund shares redeemed	3,660,601
Payable for investments purchased	3,630,329
Payable for investment advisory fees	1,812,751
Payable for distribution fees	457,819
Payable for accounting fees	11,250
Other accrued expenses	843,390
Total Liabilities	<u>10,416,140</u>

Net Assets applicable to 53,129,841

shares outstanding

Net Assets Consist of:

Paid-in capital	\$1,300,010,808
Accumulated distributions in excess of net investment income	(711,099)
Accumulated net realized loss on investments, swap contracts, and foreign currency transactions	(37,091,663)
Net unrealized appreciation on investments ..	873,982,128
Net unrealized appreciation on foreign currency translations	2,351
Net Assets	<u>\$2,136,192,525</u>

Shares of Beneficial Interest:

Class AAA:

Net Asset Value, offering, and redemption price per share (\$2,107,979,257 ÷ 52,420,988 shares outstanding, at \$0.01 par value; unlimited number of shares authorized)

\$40.21

Class A:

Net Asset Value and redemption price per share (\$13,215,977 ÷ 330,336 shares outstanding, at \$0.01 par value; unlimited number of shares authorized)

\$40.01

Maximum offering price per share (NAV ÷ 0.9425, based on maximum sales charge of 5.75% of the offering price)

\$42.45

Class B:

Net Asset Value and offering price per share (\$1,298 ÷ 33.25 shares outstanding, at \$0.01 par value; unlimited number of shares authorized)

\$39.04 (a)

Class C:

Net Asset Value and offering price per share (\$8,916,134 ÷ 227,153 shares outstanding, at \$0.01 par value; unlimited number of shares authorized)

\$39.25 (a)

Class I:

Net Asset Value, offering, and redemption price per share (\$6,079,859 ÷ 151,331 shares outstanding, at \$0.01 par value; unlimited number of shares authorized)

\$40.18

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

Statement of Operations For the Year Ended December 31, 2009

Investment Income:

Dividends (net of foreign taxes of \$1,003,537) ..	\$ 38,827,887
Interest	208,856
Total Investment Income	<u>39,036,743</u>

Expenses:

Investment advisory fees	18,274,367
Distribution fees – Class AAA	4,508,926
Distribution fees – Class A	31,459
Distribution fees – Class B	32
Distribution fees – Class C	71,444
Shareholder services fees	1,456,484
Shareholder communications expenses	510,672
Custodian fees	284,588
Trustees' fees	86,788
Registration expenses	77,165
Legal and audit fees	62,263
Accounting fees	45,000
Interest expense	27,523
Tax expense	125
Miscellaneous expenses	194,044
Total Expenses	<u>25,630,880</u>

Less:

Advisory fee reduction on unsupervised assets
(Note 4)

(2,350)

Net Expenses

25,628,530

Net Investment Income

13,408,213

Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency:

Net realized loss on investments

(20,528,231)

Net realized gain on swap contracts

207,173

Net realized gain on foreign
currency transactions

49,309

Net realized loss on investments, swap contracts,
and foreign currency transactions

(20,271,749)

Net change in unrealized appreciation/
depreciation:
on investments

511,762,380

on swap contracts

(37,028)

on foreign currency translations

1,108

Net change in unrealized appreciation/
depreciation on investments, swap contracts,
and foreign currency translations

511,726,460

**Net Realized and Unrealized Gain/(Loss) on
Investments, Swap Contracts,
and Foreign Currency**

491,454,711

**Net Increase in Net Assets Resulting
from Operations**

\$504,862,924

See accompanying notes to financial statements.

The Gabelli Asset Fund

Statement of Changes in Net Assets

	<u>Year Ended</u> <u>December 31, 2009</u>	<u>Year Ended</u> <u>December 31, 2008</u>
Operations:		
Net investment income	\$ 13,408,213	\$ 12,865,717
Net realized loss on investments, swap contracts, and foreign currency transactions . . .	(20,271,749)	(9,196,981)
Net change in unrealized appreciation/depreciation on investments, swap contracts, and foreign currency translations	<u>511,726,460</u>	<u>(1,114,761,217)</u>
Net Increase/(Decrease) in Net Assets Resulting from Operations	<u>504,862,924</u>	<u>(1,111,092,481)</u>
Distributions to Shareholders:		
Net investment income		
Class AAA	(14,237,747)	(12,624,952)
Class A	(86,472)	(93,361)
Class B	—	(28)
Class C	(10,336)	—
Class I	<u>(43,171)</u>	<u>(40,731)</u>
	<u>(14,377,726)</u>	<u>(12,759,072)</u>
Net realized gain		
Class AAA	—	(1,719,559)
Class A	—	(11,588)
Class B	—	(4)
Class C	—	(6,547)
Class I	<u>—</u>	<u>(3,722)</u>
	<u>—</u>	<u>(1,741,420)</u>
Total Distributions to Shareholders	<u>(14,377,726)</u>	<u>(14,500,492)</u>
Shares of Beneficial Interest Transactions:		
Class AAA	(97,642,183)	(118,093,644)
Class A	(1,797,851)	5,429,555
Class B	(3,371)	2,680
Class C	575,456	1,995,872
Class I	<u>1,172,152</u>	<u>5,560,927</u>
Net Decrease in Net Assets from Shares of Beneficial Interest Transactions	<u>(97,695,797)</u>	<u>(105,104,610)</u>
Redemption Fees	8,063	49,931
Net Increase/(Decrease) in Net Assets	392,797,464	(1,230,647,652)
Net Assets:		
Beginning of period	<u>1,743,395,061</u>	<u>2,974,042,713</u>
End of period (including undistributed net investment income of \$0 and \$13,149, respectively)	<u>\$ 2,136,192,525</u>	<u>\$ 1,743,395,061</u>

See accompanying notes to financial statements.

The Gabelli Asset Fund

Financial Highlights

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

Period Ended December 31	Income from Investment Operations				Distributions			Ratios to Average Net Assets/ Supplemental Data						
	Net Asset Value, Beginning of Period	Net Investment Income (Loss)(a)	Net Realized and Unrealized Gain (Loss) on Investments	Total Investment from Operations	Net Investment Income	Net Realized Gain on Investments	Total Distributions	Redemption Fees(a)(b)	Net Asset Value, End of Period	Total Return†	Net Assets End of Period (in 000's)	Net Investment Income (Loss)	Operating Expenses	Portfolio Turnover Rate††
Class AAA														
2009	\$31.01	\$ 0.25	\$ 9.22	\$ 9.47	\$(0.27)	—	\$(0.27)	\$ 0.00	\$40.21	30.5%	\$2,107,979	0.74%	1.40%	7%
2008	49.81	0.22	(18.76)	(18.54)	(0.23)	\$(0.03)	(0.26)	0.00	31.01	(37.2)	1,721,697	0.52	1.38	14
2007	47.38	0.16	5.46	5.62	(0.15)	(3.04)	(3.19)	0.00	49.81	11.8	2,953,454	0.31	1.36	9
2006	41.13	0.30	8.70	9.00	(0.31)	(2.44)	(2.75)	0.00	47.38	21.8	2,516,088	0.67	1.36	7
2005	41.45	0.12	1.73	1.85	(0.12)	(2.05)	(2.17)	0.00	41.13	4.4	2,246,439	0.29	1.37	6
Class A														
2009	\$30.85	\$ 0.25	\$ 9.17	\$ 9.42	\$(0.26)	—	\$(0.26)	\$(0.00)	\$40.01	30.5%	\$ 13,216	0.75%	1.40%	7%
2008	49.59	0.23	(18.69)	(18.46)	(0.25)	\$(0.03)	(0.28)	0.00	30.85	(37.2)	11,522	0.55	1.38	14
2007	47.21	0.16	5.44	5.60	(0.18)	(3.04)	(3.22)	0.00	49.59	11.8	12,497	0.30	1.36	9
2006	41.01	0.32	8.66	8.98	(0.34)	(2.44)	(2.78)	0.00	47.21	21.9	4,806	0.71	1.35	7
2005	41.39	0.10	1.74	1.84	(0.17)	(2.05)	(2.22)	0.00	41.01	4.4	1,991	0.23	1.38	6
Class B														
2009	\$30.14	\$ 0.02	\$ 8.88	\$ 8.90	—	—	—	\$(0.00)	\$39.04	29.5%	\$ 2	0.08%	2.15%	7%
2008	48.80	(0.12)	(18.29)	(18.41)	\$(0.22)	\$(0.03)	\$(0.25)	0.00	30.14	(37.7)	4	(0.32)	2.13	14
2007	46.72	(0.26)	5.38	5.12	—	(3.04)	(3.04)	0.00	48.80	10.9	2	(0.52)	2.11	9
2006	40.64	0.18	8.34	8.52	—	(2.44)	(2.44)	0.00	46.72	20.9	1	0.41	2.11	7
2005	41.16	(0.17)	1.70	1.53	—	(2.05)	(2.05)	0.00	40.64	3.7	1	(0.41)	2.02	6
Class C														
2009	\$30.31	\$(0.01)	\$ 9.00	\$ 8.99	\$(0.05)	—	\$(0.05)	\$ 0.00	\$39.25	29.6%	\$ 8,916	(0.03)%	2.15%	7%
2008	48.68	(0.09)	(18.25)	(18.34)	—	\$(0.03)	(0.03)	0.00	30.31	(37.7)	6,419	(0.21)	2.13	14
2007	46.58	(0.24)	5.38	5.14	—	(3.04)	(3.04)	0.00	48.68	11.0	8,090	(0.47)	2.11	9
2006	40.54	(0.03)	8.54	8.51	(0.03)	(2.44)	(2.47)	0.00	46.58	20.9	3,348	(0.07)	2.11	7
2005	41.14	(0.20)	1.71	1.51	(0.06)	(2.05)	(2.11)	0.00	40.54	3.6	2,261	(0.49)	2.13	6
Class I														
2009	\$30.97	\$ 0.33	\$ 9.24	\$ 9.57	\$(0.36)	—	\$(0.36)	\$(0.00)	\$40.18	30.9%	\$ 6,080	0.99%	1.15%	7%
2008 (c)	47.26	0.33	(16.25)	(15.92)	(0.34)	\$(0.03)	(0.37)	0.00	30.97	(33.6)	3,753	0.84(d)	1.13(d)	14

† Total return represents aggregate total return of a hypothetical \$1,000 investment at the beginning of the period and sold at the end of the period including reinvestment of distributions and does not reflect applicable sales charges. Total return for a period of less than one year is not annualized.

†† Effective in 2008, a change in accounting policy was adopted with regard to the calculation of the portfolio turnover rate to include cash proceeds due to mergers. Had this policy been adopted retroactively, the portfolio turnover rate for the year ended December 31, 2005 would have been 9%. The portfolio turnover rate for the years ended 2007 and 2006 would have been as shown.

(a) Per share amounts have been calculated using the average shares outstanding method.

(b) Amount represents less than \$0.005 per share.

(c) From the commencement of offering Class I Shares on January 11, 2008 through December 31, 2008.

(d) Annualized.

See accompanying notes to financial statements.

The Gabelli Asset Fund

Notes to Financial Statements

1. Organization. The Gabelli Asset Fund (the “Fund”) was organized on November 25, 1985 as a Massachusetts business trust. 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 growth of capital. The Fund commenced investment operations on March 3, 1986.

2. Significant Accounting Policies. The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) has become the exclusive reference of authoritative U.S. generally accepted accounting principles (“GAAP”) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal laws are also sources of authoritative GAAP for SEC registrants. The ASC has superseded all existing non-SEC accounting and reporting standards. The Fund’s financial statements are prepared in accordance with GAAP, which may require the use of management estimates and assumptions. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its 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 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.

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 ADR securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

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

- Level 1 – quoted prices in active markets for identical securities;

The Gabelli Asset Fund

Notes to Financial Statements (Continued)

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

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments by inputs used to value the Fund's investments as of December 31, 2009 is as follows:

	Valuation Inputs			Total Market Value at 12/31/09
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks:				
Aerospace	\$ 26,445,920	\$ 200,607	—	\$ 26,646,527
Energy and Utilities	180,304,384	—	\$ 0	180,304,384
Entertainment	87,611,157	—	270,177	87,881,334
Equipment and Supplies	147,163,548	—	0	147,163,548
Wireless Communications	18,174,601	—	0	18,174,601
Other Industries(a)	1,666,692,676	—	—	1,666,692,676
Total Common Stocks	2,126,392,286	200,607	270,177	2,126,863,070
Rights(a)	8,000	—	—	8,000
Warrants(a)	447,654	4	—	447,658
Convertible Corporate Bonds	—	991,250	—	991,250
U.S. Government Obligations	—	7,700,142	—	7,700,142
TOTAL INVESTMENTS IN SECURITIES	\$2,126,847,940	\$8,892,003	\$270,177	\$2,136,010,120

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

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

	Balance as of 12/31/08	Accrued discounts/ (premiums)	Realized gain/ (loss)	Change in unrealized appreciation/ depreciation†	Net purchases/ (sales)	Transfers in and/or out of Level 3	Balance as of 12/31/09	Net change in unrealized appreciation/ depreciation during the period on Level 3 investments held at 12/31/09†
INVESTMENTS IN SECURITIES:								
ASSETS (Market Value):								
Common Stocks:								
Energy and Utilities	\$ 33,000	\$—	\$—	\$ —	\$—	\$(33,000)	\$ 0	\$ —
Entertainment	269,777	—	—	400	—	—	270,177	400
Equipment and Supplies	0	—	—	—	—	—	0	—
Wireless Communications	0	—	—	—	—	—	0	—
Total Common Stocks	302,777	—	—	400	—	(33,000)	270,177	400
TOTAL INVESTMENTS IN SECURITIES	\$302,777	\$—	\$—	\$400	\$—	\$(33,000)	\$270,177	\$400

† Net change in unrealized appreciation/depreciation on investments is included in the related amounts in the Statement of Operations.

The Gabelli Asset Fund

Notes to Financial Statements (Continued)

Derivative Financial Instruments.

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

Swap Agreements. The Fund may enter into equity and contract for difference swap transactions for the purpose of increasing the income of the Fund. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In a swap, a set of future cash flows is exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. Depending on the general state of short-term interest rates and the returns on the Fund's portfolio securities at the time a swap transaction reaches its scheduled termination date, there is a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction.

Unrealized gains related to swaps are reported as an asset and unrealized losses are reported as a liability in the Statement of Assets and Liabilities. The change in value of swaps, including the accrual of periodic amounts of interest to be paid or received on swaps, is reported as unrealized gain or loss in the Statement of Operations. A realized gain or loss is recorded upon payment or receipt of a periodic payment or termination of swap agreements. The Fund held an equity contract for difference swap through September 14, 2009, with an average notional amount of approximately \$378,277. At December 31, 2009, there were no open contract for difference swap agreements.

For the year ended December 31, 2009, the effect of equity contract for difference swap agreements with equity risk exposure can be found in the Statement of Operations, under Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency, Net realized gain on swap contracts and Net change in unrealized appreciation/depreciation on swap contracts.

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

The Gabelli Asset Fund

Notes to Financial Statements (Continued)

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. During the year ended December 31, 2009, the Fund had no investments in forward foreign exchange contracts.

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 the 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 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 those of 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 and Illiquid Securities. The Fund may invest up to 10% of its net assets in securities for which the markets are illiquid. Illiquid securities include securities the disposition of which is subject to substantial legal or contractual restrictions. The sale of illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity.

The Gabelli Asset Fund

Notes to Financial Statements (Continued)

Securities Transactions and Investment Income. Securities transactions are accounted for on the trade date with realized gain or loss on investments determined by using the identified cost method. Interest income (including 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 which are recorded as soon as the Fund is informed of the dividend.

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.

Custodian Fee Credits and Interest Expense. When cash balances are maintained in the custody account, the Fund receives credits which are used to offset custodian fees. The gross expenses paid under the custody arrangement are included in custodian fees in the Statement of Operations with the corresponding expense offset, if any, shown as "custodian fee credits." When cash balances are overdrawn, the Fund is charged an overdraft fee equal to 2.00% above the federal funds rate on outstanding balances. This amount, if any, would be included in "interest expense" in the Statement of Operations.

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 U.S. generally accepted accounting principles. 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. 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 recharacterization of distributions and reclassifications of capital gain from swaps and real estate investment trusts. These reclassifications have no impact on the NAV of the Fund, including the Fund's use of the tax accounting practice known as equalization, the utilization of earnings and profits distributed to shareholders on redemption of shares as part of the dividends paid deduction for federal income tax purposes. For the year ended December 31, 2009, reclassifications were made to decrease accumulated distributions in excess of net investment income by \$245,265 and increase accumulated net realized loss on investments and foreign currency transactions by \$274,262, with an offsetting adjustment to additional paid in capital.

The Gabelli Asset Fund

Notes to Financial Statements (Continued)

The tax character of distributions paid during the years ended December 31, 2009 and December 31, 2008 was as follows:

	<u>Year Ended December 31, 2009</u>	<u>Year Ended December 31, 2008</u>
Distributions paid from:		
Ordinary income (inclusive of short-term capital gains) . . .	\$14,377,726	\$12,047,652
Net long-term capital gains	—	2,452,840
Total distributions paid	<u>\$14,377,726</u>	<u>\$14,500,492</u>

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.

At December 31, 2009, the components of accumulated earnings/losses on a tax basis were as follows:

Accumulated capital loss carryforwards	\$ (19,021,792)
Undistributed ordinary income	3,841
Net unrealized appreciation on investments and foreign currency translations	855,199,668
Total	<u>\$836,181,717</u>

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

At December 31, 2009, the difference between book basis and tax basis unrealized appreciation was primarily due to deferral of losses from wash sales for tax purposes, basis adjustments on investments in real estate investment trusts and partnerships, and mark-to-market adjustments on passive foreign investment companies.

The following summarizes the tax cost of investments and the related unrealized appreciation/depreciation at December 31, 2009:

	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
Investments	\$1,280,812,803	\$974,675,283	\$(119,477,966)	\$855,197,317

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 to not meet the more-likely-than-not threshold. For the year ended December 31, 2009, the Fund did not incur any interest or penalties. As of December 31, 2009, 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. Tax years ended December 31, 2007 through December 31,

The Gabelli Asset Fund

Notes to Financial Statements (Continued)

2009, remain subject to examination by the Internal Revenue Service and state taxing authorities. On an ongoing basis, the Adviser will monitor its 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 \$9,000 plus \$1,000 for each Board meeting attended. Each Trustee is reimbursed by the Fund for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$500 per meeting attended and the Chairman of each 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. Advisory Fee Reduction on Unsupervised Assets. This reduction in the advisory fee paid to the Adviser relates to certain portfolio holdings, i.e., unsupervised assets, of the Fund with respect to which the Adviser has transferred dispositive and voting control to the Fund’s Proxy Voting Committee. During 2009, the Fund’s Proxy Voting Committee exercised control and discretion over all rights to vote or consent with respect to such securities and the Adviser reduced its fee with respect to such securities by \$2,350.

5. 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. Gabelli & Company, Inc. (“Gabelli & Company”), an affiliate of the Adviser, serves as distributor of the Fund. Under the Class AAA, Class A, Class B, and Class C Share Plans, payments are authorized to Gabelli & Company at annual rates of 0.25%, 0.25%, 1.00%, 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.

6. Portfolio Securities. Purchases and sales of securities for the year ended December 31, 2009, other than short-term securities and U.S. Government obligations, aggregated \$122,900,442 and \$226,645,059, respectively.

7. Transactions with Affiliates. During the year ended December 31, 2009, the Fund paid brokerage commissions on security trades of \$396,458 to Gabelli & Company. Additionally, Gabelli & Company informed the Fund that it retained \$13,287 from investors representing commissions (sales charges and underwriting fees) on sales and redemptions of Fund shares.

The cost of calculating the Fund’s NAV per share is a Fund expense pursuant to the Advisory Agreement between the Fund and the Adviser. During the year ended December 31, 2009, the Fund paid or accrued \$45,000 to the Adviser in connection with the cost of computing the Fund’s NAV.

The Gabelli Asset Fund

Notes to Financial Statements (Continued)

8. Line of Credit. The Fund participates in an unsecured line of credit 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 the higher of the sum of the overnight LIBOR plus 100 basis points or the sum of the federal funds rate plus 100 basis points at the time of borrowing. This amount, if any, would be included in “interest expense” in the Statement of Operations. At December 31, 2009, there were no borrowings outstanding under the line of credit.

The average daily amount of borrowings outstanding under the line of credit during the year ended December 31, 2009 was \$2,323,838 with a weighted average interest rate of 1.13%. The maximum amount borrowed at any time during the year ended December 31, 2009 was \$20,080,000.

9. Shares of Beneficial Interest. The Fund offers five classes of shares – Class AAA Shares, Class A Shares, Class B Shares, Class C Shares, and Class I Shares. Class AAA Shares are offered without a sales charge only to investors who acquire them directly from Gabelli & Company, through selected broker/dealers, or the transfer agent. Class I Shares are offered to foundations, endowments, institutions, and employee benefit plans without a sales charge. Class A Shares are subject to a maximum front-end sales charge of 5.75%. Class B Shares are subject to a contingent deferred sales charge (“CDSC”) upon redemption within six years of purchase and automatically convert to Class A Shares approximately eight years after the original purchase. The applicable CDSC is equal to a declining percentage of the lesser of the NAV per share at the date of the original purchase or at the date of redemption, based on the length of time held. Class C Shares are subject to a 1.00% CDSC for one year after purchase. Class B Shares are available only through exchange of Class B Shares of other funds distributed by Gabelli & Company. Class I Shares were first issued on January 11, 2008.

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. The redemption fees retained by the Fund during the years ended December 31, 2009 and December 31, 2008 amounted to \$8,063 and \$49,931, respectively.

The redemption fee does not apply to redemptions of shares where (i) the shares were purchased through automatic reinvestment of distributions, (ii) the redemption was initiated by the Fund, (iii) the shares were purchased through programs that collect the redemption fee at the program level and remit them to the Fund, or (iv) the shares were purchased through programs that the Adviser determines to have appropriate anti-short-term trading policies in place or as to which the Adviser has received assurances that look-through redemption fee procedures or effective anti-short-term trading policies and procedures are in place.

The Gabelli Asset Fund

Notes to Financial Statements (Continued)

Transactions in shares of beneficial interest were as follows:

	Year Ended December 31, 2009		Year Ended December 31, 2008**	
	Shares	Amount	Shares	Amount
Class AAA				
Shares sold	5,388,661	\$ 175,211,225	8,396,760	\$ 359,692,511
Shares issued upon reinvestment of distributions	329,931	13,406,277	453,871	13,467,980
Shares redeemed	(8,817,130)	(286,259,685)	(12,625,050)	(491,254,135)
Net decrease	<u>(3,098,538)</u>	<u>\$ (97,642,183)</u>	<u>(3,774,419)</u>	<u>\$(118,093,644)</u>
Class A				
Shares sold	116,658	\$ 3,722,287	251,525	\$ 10,434,722
Shares issued upon reinvestment of distributions	1,973	79,782	3,306	97,291
Shares redeemed	(161,783)	(5,599,920)	(133,361)	(5,102,458)
Net increase/(decrease)	<u>(43,152)</u>	<u>\$ (1,797,851)</u>	<u>121,470</u>	<u>\$ 5,429,555</u>
Class B				
Shares sold	—	—	94	\$ 2,672
Shares issued upon reinvestment of distributions	—	—	0*	8
Shares redeemed	(94)	\$ (3,371)	—	—
Net increase/(decrease)	<u>(94)</u>	<u>\$ (3,371)</u>	<u>94</u>	<u>\$ 2,680</u>
Class C				
Shares sold	64,656	\$ 2,148,943	96,862	\$ 3,893,254
Shares issued upon reinvestment of distributions	242	9,591	217	6,275
Shares redeemed	(49,492)	(1,583,078)	(51,513)	(1,903,657)
Net increase	<u>15,406</u>	<u>\$ 575,456</u>	<u>45,566</u>	<u>\$ 1,995,872</u>
Class I				
Shares sold	46,600	\$ 1,741,461	129,107	\$ 5,914,864
Shares issued upon reinvestment of distributions	1,063	43,170	1,501	44,454
Shares redeemed	(17,515)	(612,479)	(9,425)	(398,391)
Net increase	<u>30,148</u>	<u>\$ 1,172,152</u>	<u>121,183</u>	<u>\$ 5,560,927</u>

* Share rounded to less than 1.0 shares.

** From the commencement of offering Class I Shares on January 11, 2008.

10. 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 and expects the risk of loss to be remote.

The Gabelli Asset Fund

Notes to Financial Statements (Continued)

11. Other Matters. On April 24, 2008, the Adviser entered into an administrative settlement with the SEC to resolve the SEC's inquiry regarding prior frequent trading activity in shares of the GAMCO Global Growth Fund (the "Global Growth Fund") by one investor who was banned from the Global Growth Fund in August 2002. In the settlement, the SEC found that the Adviser had violated Section 206(2) of the Investment Advisers Act, Section 17(d) of the 1940 Act, and Rule 17d-1 thereunder, and had aided and abetted and caused violations of Section 12(d)(1)(B)(i) of the 1940 Act. Under the terms of the settlement, the Adviser, while neither admitting nor denying the SEC's findings and allegations, agreed, among other things, to pay the previously reserved total of \$16 million (including a \$5 million penalty), of which at least \$11 million will be distributed to shareholders of the Global Growth Fund in accordance with a plan developed by an independent distribution consultant and approved by the independent directors of the Global Growth Fund and the staff of the SEC, and to cease and desist from future violations of the above referenced federal securities laws. The settlement will not have a material adverse impact on the Adviser or its ability to fulfill its obligations under the Advisory Agreement. On the same day, the SEC filed a civil action against the Executive Vice President and Chief Operating Officer of the Adviser, alleging violations of certain federal securities laws arising from the same matter. The officer is also an officer of the Global Growth Fund and other funds in the Gabelli/GAMCO fund complex including the Fund. The officer denies the allegations and is continuing in his positions with the Adviser and the funds. The Adviser currently expects that any resolution of the action against the officer will not have a material adverse impact on the Fund or the Adviser or its ability to fulfill its obligations under the Advisory Agreement.

12. Subsequent Events. Management has evaluated the impact on the Fund of events occurring subsequent to December 31, 2009 through February 25, 2010, 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 Asset Fund

Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of
The Gabelli Asset Fund:

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 Asset Fund (hereafter referred to as the “Fund”) at December 31, 2009, 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 at December 31, 2009 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, New York
February 25, 2010

The Gabelli Asset 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 The Gabelli Asset 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 Trustee⁴</u>
INTERESTED TRUSTEES³:				
Mario J. Gabelli Trustee and Chairman Age: 67	Since 1986	26	Chairman and Chief Executive Officer 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 in the Gabelli/GAMCO Funds complex; Chairman and Chief Executive Officer of GGCP, Inc.	Director of Morgan Group Holdings, Inc. (holding company); Chairman of the Board of LICT Corp. (multimedia and communication services company); Director of CIBL, Inc. (broadcasting and wireless communications)
John D. Gabelli Trustee Age: 65	Since 1999	10	Senior Vice President of Gabelli & Company, Inc.	—
INDEPENDENT TRUSTEES⁵:				
Anthony J. Colavita Trustee Age: 74	Since 1989	34	President of the law firm of Anthony J. Colavita P.C.	—
James P. Conn Trustee Age: 71	Since 1992	18	Former Managing Director and Chief Investment Officer of Financial Security Assurance Holdings Ltd. (1992-1998) (insurance holding company)	—
Kuni Nakamura Trustee Age: 41	Since 2009	9	President of Advanced Polymer, Inc.	—
Anthony R. Pustorino Trustee Age: 84	Since 1986	13	Certified Public Accountant; Professor Emeritus, Pace University	Director of The LGL Group, Inc. (diversified manufacturing)
Werner J. Roeder, MD Trustee Age: 69	Since 2001	22	Medical Director of Lawrence Hospital and practicing private physician	—
Anthonie C. van Ekris Trustee Age: 75	1986-1989 1992-present	20	Chairman of BALMAC International, Inc. (commodities and futures trading)	—
Salvatore J. Zizza Trustee Age: 64	1986-1996 2000-present	28	Chairman of Zizza & Co., Ltd. (consulting)	Director of Hollis-Eden Pharmaceuticals (biotechnology); Director of Trans-Lux Corporation (business services)

The Gabelli Asset 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 and Secretary Age: 58	Since 1994	Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988 and an officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex. Director and President of Teton Advisors, Inc. 1998 through 2008; Chairman of Teton Advisors, Inc. since 2008; Senior Vice President of GAMCO Investors, Inc. since 2008
Agnes Mullady Treasurer Age: 51	Since 2006	Senior Vice President of GAMCO Investors, Inc. since 2009; Vice President of Gabelli Funds, LLC since 2007; Officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex; Senior Vice President of U.S. Trust Company, N.A. and Treasurer and Chief Financial Officer of Excelsior Funds from 2004 through 2005
Peter D. Goldstein Chief Compliance Officer Age: 56	Since 2004	Director of Regulatory Affairs at GAMCO Investors, Inc. since 2004; Chief Compliance Officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex

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 "Interested person" of the Fund as defined in the 1940 Act. Messrs. Gabelli are each considered an "interested person" because of their affiliation with Gabelli Funds, LLC which acts as the Fund's investment adviser. Mario J. Gabelli and John D. Gabelli are brothers.

⁴ 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.

⁵ Trustees who are not interested persons are considered "Independent" Trustees.

2009 TAX NOTICE TO SHAREHOLDERS (Unaudited)

For the year ended December 31, 2009, the Fund paid to shareholders ordinary income distributions (comprised of net investment income) totaling \$0.273, \$0.263, \$0.045, and \$0.359 per share for Class AAA, Class A, Class C, and Class I, respectively. For the year ended December 31, 2009, 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.

U.S. Government Income:

The percentage of the ordinary income distribution paid by the Fund during 2009 which was derived from U.S. Treasury securities was 0.07%. Such income is exempt from state and local tax in all states. However, many states, including New York and California, allow a tax exemption for a portion of the income earned only if a mutual fund has invested at least 50% of its assets at the end of each quarter of the Fund's fiscal year in U.S. Government securities. The Gabelli Asset Fund did not meet this strict requirement in 2009. The percentage of U.S. Government securities held as of December 31, 2009 was 0.36%. Due to the diversity in state and local tax law, it is recommended that you consult your personal tax adviser as to the applicability of the information provided to your specific situation.

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.

Gabelli/GAMCO Funds and Your Personal Privacy

Who are we?

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

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

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

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

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

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

What do we do to protect your personal information?

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

GABELLI FAMILY OF FUNDS

VALUE

Gabelli Asset Fund

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

Portfolio Manager: Mario J. Gabelli, CFA

Gabelli Blue Chip Value Fund

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

Portfolio Manager: Barbara Marcin, CFA

GAMCO Westwood Equity Fund

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

Portfolio Manager: Susan M. Byrne

FOCUSED VALUE

Gabelli Value Fund

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

Portfolio Manager: Mario J. Gabelli, CFA

SMALL CAP VALUE

Gabelli Small Cap Fund

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

Portfolio Manager: Mario J. Gabelli, CFA

GAMCO Westwood SmallCap Equity Fund

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

Portfolio Manager: Nicholas F. Galluccio

Gabelli Woodland Small Cap Value Fund

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

Portfolio Manager: Elizabeth M. Lilly, CFA

GROWTH

GAMCO Growth Fund

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

Portfolio Manager: Howard F. Ward, CFA

GAMCO International Growth Fund

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

Portfolio Manager: Caesar Bryan

AGGRESSIVE GROWTH

GAMCO Global Growth Fund

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

Team Managed

MICRO-CAP

GAMCO Westwood Mighty MitesSM Fund

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

Team Managed

EQUITY INCOME

Gabelli Equity Income Fund

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

Portfolio Manager: Mario J. Gabelli, CFA

GAMCO Westwood Balanced Fund

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

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

GAMCO Westwood Income Fund

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

Portfolio Manager: Barbara Marcin, CFA

SPECIALTY EQUITY

GAMCO Global Convertible Securities Fund

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

Team Managed

GAMCO Global Opportunity Fund

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

Team Managed

Gabelli SRI Green Fund

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

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

SECTOR

GAMCO Global Telecommunications Fund

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

Team Managed

GAMCO Gold Fund

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

Portfolio Manager: Caesar Bryan

Gabelli Utilities Fund

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

Team Managed

MERGER AND ARBITRAGE

Gabelli ABC Fund

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

Portfolio Manager: Mario J. Gabelli, CFA

Gabelli Enterprise Mergers and Acquisitions Fund

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

Portfolio Manager: Mario J. Gabelli, CFA

CONTRARIAN

GAMCO Mathers Fund

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

Portfolio Manager: Henry Van der Eb, CFA

Comstock Capital Value Fund

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

Portfolio Manager: Martin Weiner, CFA

FIXED INCOME

GAMCO Westwood Intermediate Bond Fund

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

Portfolio Manager: Mark Freeman, CFA

CASH MANAGEMENT-MONEY MARKET

Gabelli U.S. Treasury Money Market Fund

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

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

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

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

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

The Gabelli Asset Fund

One Corporate Center
Rye, New York 10580-1422

800-GABELLI

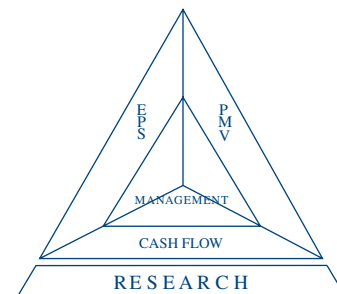
800-422-3554

fax: 914-921-5118

website: www.gabelli.com

e-mail: info@gabelli.com

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



Board of Trustees

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

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

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

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

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

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

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

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

Kuni Nakamura
*President
Advanced Polymer, Inc.*

Officers

Bruce N. Alpert
President and Secretary

Peter D. Goldstein
Chief Compliance Officer

Agnes Mullady
Treasurer

Distributor

Gabelli & Company, Inc.

Custodian, Transfer Agent, and Dividend Agent

State Street Bank and Trust Company

Legal Counsel

Skadden, Arps, Slate, Meagher & Flom LLP

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

GAB405Q409SR



The Gabelli Asset Fund

Morningstar® rated The Gabelli Asset Fund Class AAA Shares 4 stars overall and 4 stars for the three and five year periods and 3 stars for the ten year period ended December 31, 2009 among 369, 369, 303, and 152 Mid-Cap Blend funds, respectively.

**ANNUAL REPORT
DECEMBER 31, 2009**