The Gabelli Dividend Growth Fund

Shareholder Commentary
December 31, 2017

(Y)our Portfolio Management Team

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To Our Shareholders,

For the quarter ended December 31, 2017, the net asset value ("NAV") per Class AAA Share of The Gabelli Dividend Growth Fund increased 2.4% compared with an increase of 6.6% for the Standard & Poor's ("S&P") 500 Index. See page 2 for additional performance information.

In Review

In 2017, a year marred by acts of man and acts of nature, the prices for assets, including equities, real estate, art, and cryptocurrencies marched to record highs. This growth in U.S. equities has been accompanied by surprisingly little drama, or without even a 5% correction, for over fourteen months. On the surface, it would appear the world suffers from a severe case of cognitive dissonance. However, a closer look at the global economic data – low unemployment, improving trade, housing, and consumer trends, and rising corporate profits – would suggest that optimism is not misplaced. Although not always efficient, the market is an effective discounting machine capable of separating meaningful signals from distracting noise. Our job is similar- to identify securities that are improperly reflecting future prospects and trading with a Margin of Safety relative to Private Market Value (PMV).

Absolute returns in (y)our portfolio were strong in 2017, and we look forward to an acceleration in earning growth and deal activity in 2018. Volatility, while present in many industrial stocks, but absent in the general market, will at some point return, driven by real or imagined noise. Market corrections and economic recessions are inevitable, and indeed necessary for the proper functioning of our capitalist system. We remain alert and prepared for most eventualities, and believe our PMV with a Catalyst™ approach will continue to deliver superior risk-adjusted results over the long term.

Comparative Results

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

	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (8/26/99)
Class AAA (GABBX)	2.40%	12.11%	10.46%	5.95%	8.95%	5.88%
S&P 500 Index	6.64	21.83	15.79	8.50	9.92	5.76
Lipper Large Cap Value Fund Average	5.68	16.06	13.99	6.86	8.88	5.61
Class A (GBCAX)	2.42	12.15	10.47	5.96	8.98	5.91
With sales charge (b)	(3.47)	5.70	9.17	5.34	8.55	5.56
Class C (GBCCX)	2.24	11.32	9.65	5.16	8.20	5.29
With contingent deferred sales charge (c)	1.24	10.32	9.65	5.16	8.20	5.29
Class I (GBCIX)	2.71	13.26	10.96	6.32	9.28	6.14

In the current prospectuses dated April 28, 2017, the expense ratios for Class AAA, A, C, and I Shares are 2.00%, 2.00%, 2.75%, and 1.75% respectively, and the net expense ratios for these share classes after contractual reimbursements by Gabelli Funds, LLC, (the "Adviser") are 2.00%, 2.00%, 2.75%, and 1.00%, respectively. Class AAA and Class I Shares do not have a sales charge. The maximum Sales Charge for Class A Shares and Class C Shares is 5.75% and 1.00%, respectively.

(a) *Returns represent past performance and do not guarantee future results. Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. Returns would have been lower had the Adviser not reimbursed certain expenses of the Fund. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at www.gabelli.com.* The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Lipper Large Cap Value Fund Average reflects the average performance of mutual funds classified in this particular category. Dividends are considered reinvested. You cannot invest directly in an index. The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class A Shares and Class C Shares on December 31, 2003 and the Class I Shares on June 30, 2004.The actual performance of the Class A and Class C Shares would have been lower due to the additional fees and expenses associated with these classes of shares. The actual performance for the Class I Shares would have been higher due to the lower expenses related to this class of shares.

(b) Performance results include the effect of the maximum 5.75% sales charge at the beginning of the period.

(c) Assuming payment of the 1% maximum contingent deferred sales charge imposed on redemptions made within one year of purchase.

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

The Economy

After a sluggish start to the year, the U.S. economy grew at a faster than anticipated 3.1% and 3.3% during the second and third quarters, respectively. At 4.1%, unemployment stands at a ten-year low, while consumer wealth of nearly $97 trillion is at an all-time high. Housing starts of 1.3 million units continue their steady increase, but remain comfortably below the prior peak of 2.2 million units. The U.S. is in its ninth year of economic expansion; at 101 months, this is the third longest expansion, trailing only 1961-1969 and 1991-2001, which were 106 and 120 months, respectively. Perhaps as important, the global economy is in synchronized expansion. For all of 2017, the eurozone is set to grow 2.2%, its fastest since 2007, while Japan has accelerated to 1.5%, and China (by design), is likely to post growth of 6.7%. All of this bodes well for U.S. exporters and their employees.

The State of Washington

During late 2017, a rising stock market was based on a “Trump Bump,” consisting of: (a) tax reform, (b) deregulation, and (c) fiscal stimulus. To date, the Trump administration appears to be delivering on the first two objectives, with an infrastructure bill planned for early 2018. The new tax bill, which lowers the Federal corporate tax rate to 21%, will make U.S. corporate taxes very competitive with other OECD countries, which is a major positive for the U.S economy and the U.S. stock market. Many individuals will see lower taxes, with reduced rates and an increased standard deduction, but higher income households in higher state and local tax (SALT) locations could see an increase. Deregulation in the energy, financial, and media/telecom sectors has already unleashed corporate animal spirits. We expect more deregulation to come from this administration.

The State of the Federal Reserve

Notwithstanding excitement about potential tax windfalls, the most powerful market levitating force from Washington over the last decade did not originate from the White House or the Capital, but from the Eccles Building, home to the Federal Reserve. Through open market activity and three rounds of quantitative easing (QE), the Federal Reserve slashed short term interest rates from 4.5% before the 2008-2009 financial crisis to nearly zero, lifting asset prices everywhere. The Federal Reserve began tapping the brakes by tapering QE in October, 2014, and has now raised rates five times, the latest move in December, 2017, which took the Federal Reserve Funds rate to a range of 1.25% - 1.50%. Current expectations are for three additional increases in each of 2018 and 2019, which would ratchet the Fed Funds rate to 3.0%. Newly appointed Federal Reserve Chair, Jerome H. (“Jay”) Powell, a centrist and former banker, will likely continue on this path.

Over the long term, the Federal Reserve’s “normalization” of rates is healthy for the economy, but the timing of this process has been the subject of debate, given a lack of inflation. The last two rate hike cycles ended in market dislocations in 2001 and 2007, but the circumstances in each were very different from today. A future recession may be unavoidable, but it need not be triggered by the Federal Reserve anytime soon. What is clear, however, is that monetary policy has gone from being a tailwind to being a headwind for the economy and the market.

Dividends

Dividends are an important element in the historical returns of stocks. They provide current income and a growing income stream over time. During the fourth quarter of 2017, U.S. companies continued to increase their dividends. At the end of the quarter, the dividend yield on the S&P 500 was approximately 1.9%, which was below the yield on the 10-year U.S. Treasury, which was closer to 2.5%.

Investment Scorecard

During the fourth quarter of 2017, the S&P 500 was up over 6% on a total return basis and all of the eleven sectors that make up the S&P 500 index were also up. The best performing sectors were consumer discretionary (up about 10%) and information technology (up about 9%). The worst performing sector was the utility sector (barely up at all) as rising interest rates hurt the attractiveness of utility stocks, which usually have above average current returns. The next worst performing sector was health care (up just over 1%).

Some of the stocks that helped performance the most in the Gabelli Dividend Growth Fund during the fourth quarter were Twenty-First Century Fox (0.7% of net assets as of December 31, 2017), and JP Morgan (5.0%). Twenty-First Century Fox is a global media company, and in December the Walt Disney Company announced it plans to purchase a substantial part of Twenty-First Century Fox's assets. This pending deal was the primary reason the stock performed so well during the fourth quarter. JP Morgan, the large bank, has an exceptionally strong balance sheet and is benefitting from less onerous government regulation of the banking industry.

A couple of the worst performing stocks in the Fund during the fourth quarter were Allergan (2.1%) and General Electric (2.8%). These two stocks were each down over 10%. Allergan, the maker of Botox and other pharmaceutical products, has struggled with some product issues, but we feel they are short term issues, which will be worked out by the company. General Electric recently hired a new CEO, who has cut the dividend and lowered profit forecasts for the company. We expect the new CEO will begin the process of beating these new lower profit expectations over the years ahead.

Let's Talk Stocks

The following are stock specifics on selected holdings of our Fund. Favorable earnings prospects do not necessarily translate into higher stock prices, but they do express a positive trend that we believe will develop over time. Individual securities mentioned are not necessarily representative of the entire portfolio. For the following holdings, the share prices are listed first in United States dollars (USD) and second in the local currency, where applicable, and are presented as of December 31, 2017.

American International Group Inc. (5.1% of net assets as of December 31, 2017) (AIG – $59.58 – NYSE) is a multi-line insurance company offering property and casualty and life insurance, and serving customers in more than 130 countries and jurisdictions. The company should be well positioned as it has excess capital, sophisticated products, and broad global distribution. In addition, the company is committed to returning capital to shareholders with dividends and share buybacks. We believe it can increase these capital returns to shareholders, given greater stability of the business lines.

Apple,Inc. (2.5%) (AAPL – $169.23 – NASDAQ) continues to remain the world's most valuable corporation and could become the first business enterprise to capture a value of $1 trillion. Apple dominates the global smartphone market with its iPhone line of handsets that combine the functionality of powerful computers and powerful cameras. The devices have stimulated a virtuous circle of entrepreneurship around applications (apps) and services, many of which are owned and/or developed by Apple but all of which pay hefty tolls for trafficking in its ecosystem. These software services have fostered a wave of innovation and greatly enhanced human productivity. Apple also owns and operates the world's most profitable retailer in its Apple stores, many of which are located in iconic global locations. Apple has elected, under tax reform, to pay an exit toll of over $38 billion to the U.S. government and will probably return the rest of its significant overseas cash hoard to shareholders. Viewed in its totality, Apple is an unparalleled free cash flow machine since it has little actually invested in conventional plant and equipment and generates high operating margins from its hardware and software services. We believe Apple remains modestly valued in the market in light of these extremely strong business characteristics.

Citigroup Inc. (5.7%) (C – $74.41 – NYSE) is a leading global bank, with approximately 100 million customer accounts. The firm conducts business in more than 100 countries and jurisdictions. Citigroup provides consumers, corporations, governments, and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, transaction services, and wealth management. The firm should be well positioned to capitalize on the growth of global personal wealth.

DowDuPont Inc. (6.5%) (DWDP – $71.22 – NYSE) is the newly formed company following the merger of Dow Chemical (DOW) and DuPont de Nemours (DD). After being postponed three times, the merger closed on August 31 and the new company, DowDuPont, started trading on September 1 under the ticker DWDP at around $67/share. The combined entity expects to generate $3 billion in cost synergies, $1 billion in growth synergies, and will pursue a tax-free separation into three independent companies somewhere between March and September 2019. The proposed portfolio for each entity should enhance the competitive advantage, value creation, and growth (for the Specialty Products division in particular). The Agriculture Division, with 2016 revenues of $14 billion and EBITDA of $2.1 billion (a 15% margin), will focus on Seeds and Digital Solutions as well as Crop Protection Solutions. The Materials Science Division, with revenues of $40 billion and EBITDA of $8 billion (a 20% margin), is back-integrated into technology-driven raw materials and focuses on Packaging & Specialty Plastics, Industrial Intermediates, and Performance Materials & Coatings; it is the most cyclical business of the three. The Specialty Products Division, with revenues of $21 billion and EBITDA of $5.2 billion (a 25% margin), is comprised of four separate platforms with highly differentiated and innovation-driven businesses: Electronics & Imaging, Transportation & Advanced Polymers, Safety & Construction, and Nutrition & Biosciences. In our opinion, these segments of similar size (following bolt-on acquisitions) could, in the future, become independent companies. During DWDP's third quarter conference call CEO Ed Breen summarized the actions taken since the merger: 1) DowDuPont is executing on top priorities and in delivering on its operating and financial targets (Q3 sales +8%; volume+4%; EBITDA +7%; EPS +10%); 2) work has begun in order to achieve synergies on target; 3) the process of separating and spinning the three new companies has begun; and 4) while the separation is more complex (after adjusting the final portfolios), management is assessing options to accelerate the time line. The company will report its fourth quarter, ended December 31 on February 1, 2018.

Merck & Company, Inc. (4.1%) (MRK – $56.27 – NYSE), headquartered in Whitehouse Station, New Jersey, is a major international drug and pharmaceutical manufacturing company with global revenue of $39.8 billion in 2016. The company's product portfolio includes seven blockbuster drugs with over $1 billion of annual sales each and is led by Keytruda, a breakthrough cancer drug in the emerging field of immuno-oncology. Merck is also a leading player in the markets for vaccines, diabetes treatments, and animal healthcare.

Conclusion

Our process tends to be very respectful of risk – we look down before we look up. A list of things that could go wrong in the larger economy is easy to compose, but, short of a hot war, major terrorist attack or social unrest, the two biggest risks to the U.S. economy would seem to be an inflationary spike and a Federal Reserve that raises rates too fast because it finds itself behind the curve, and/or a 1930s-style trade war. A little inflation might be good for the economy and (y)our portfolio, as we tend to own companies with pricing power. The impact of a collapse of NAFTA or an escalation of tensions with China and Europe (who are not happy with the new tax plan) is difficult to gauge, and the fallout for most companies would be hard to avoid. One would hope that good sense prevails on the topic.

A different kind of risk in underestimating what could go right. What if deregulation and changes to the tax code really do spur renewed investment, while inflation is kept at bay by technology and globalization - basically, the goldilocks scenario of the last year? Ultimately, the health of the U.S. economy is not reliant upon who occupies the White House; the stock market is not the President's report card. Growth and markets are driven by the collective efforts of entrepreneurs and hardworking individuals, and we remain as bullish as ever on those factors. We also remain confident in our time-tested investment process and methodology.

Thank you for entrusting part of your assets with us. Please accept our sincere wishes for a happy and healthy New Year.

January 26, 2018

Top Ten Holdings **(Percent of Net Assets)**
December 31, 2017

DowDuPont Inc.	6.5%	Merck & Co Inc.	4.1%
Citigroup Inc.	5.7%	Microsoft Corp.	3.6%
American International Group	5.1%	Honeywell International Inc.	3.3%
JPMorgan Chase & Co.	5.0%	Phillips 66	3.2%
Pfizer Inc.	4.3%	American Express Co	3.2%

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

Minimum Initial Investment – $1,000

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

www.gabelli.com

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

The Fund's daily NAVs are available in the financial press and each evening after 7:00 PM (Eastern Time) by calling 800-GABELLI (800-422-3554). Please call us during the business day, between 8:00 AM – 7:00 PM (Eastern Time), for further information.

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

e-delivery

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

Multi-Class Shares

Class AAA Shares are no-load shares offered directly through selected broker/dealers. Class A and Class C Shares are targeted to the needs of investors who seek advice through financial consultants. Class I Shares are available directly through the Fund's distributor or brokers that have entered into selling agreements specifically with respect to Class I Shares. The Board of Trustees determined that expanding the types of Fund shares available through various distribution options will enhance the ability of the Fund to attract additional investors.

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Gabelli/GAMCO Funds and Your Personal Privacy

Who are we?

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

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

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

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

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

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

What do we do to protect your personal information?

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

Portfolio Management Team Biographies

Sarah Donnelly joined Gabelli in 1999 as a junior research analyst working with the consumer staples and media analysts. Currently she is a Senior Vice President and the Food, Household and Personal Care products research analyst at Gabelli & Company and a portfolio manager for Gabelli Funds, LLC and the Fund. In 2013, she was named the Health & Wellness research platform leader. Ms. Donnelly received a B.S. in Business Administration with a concentration in Finance and minor in History from Fordham University.

Robert D. Leininger, CFA, joined GAMCO Investors, Inc. in 1993 as an equity analyst. Subsequently, he was a partner and portfolio manager at Rorer Asset Management before rejoining GAMCO in 2010 where he currently serves as a portfolio manager of Gabelli Funds, LLC. Mr. Leininger is a magna cum laude graduate of Amherst College with a degree in Economics and holds an MBA from the Wharton School at the University of Pennsylvania.

Justin Bergner, CFA, is currently a Vice President at Gabelli & Company and a portfolio manager for Gabelli Funds, LLC, having rejoined Gabelli & Company in June 2013 as a research analyst covering Diversified Industrials, Home Improvement, and Transport companies. He began his investment career at Gabelli & Company in 2005 as a metals and mining analyst, and subsequently spent five years at Axiom International Investors as a senior analyst focused on industrial and healthcare stocks. Mr. Bergner graduated cum laude from Yale University with a B.A. in Economics & Mathematics and received an MBA in Finance and Accounting from Wharton Business School.

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