The Gabelli U.S. Treasury Money Market Fund

Shareholder Commentary
September 30, 2011

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With GAMCO Since 1987

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To Our Shareholders,

Thank you for your investment in The Gabelli U.S. Treasury Money Market Fund.

At Gabelli Funds, we believe direct communications with our shareholders about your investment in the Fund is important. Our shareholder commentaries, financial holdings, and research reports are part of this effort. The more informed you are about your investments, the better able you are to make sound investment decisions.

This becomes even more critical given the recent volatility in the global financial markets. We greatly appreciate your trust and confidence in Gabelli Funds and The Gabelli U.S. Treasury Money Market Fund, particularly during these extraordinary times. We will continue to work diligently on your behalf. Thank you again for your investment.

Investment Results

It has become increasingly clear the economy struggled to recover from the deep downturn that technically ended in June 2009. After more than two years, economic data continues to suggest an economy running well below its potential. The question now is whether this recent slowdown is an introduction to a more serious decline, or are we experiencing a soft patch. Some of the drivers behind the weakening trend are fundamental; however, a litany of dismal developments reverberated throughout the financial markets which also created an atmosphere of heightened uncertainty, adversely affecting an already fragile economy. Challenges remain and most growth forecasts have been lowered. However, there are positive factors in play that suggest the recovery continues to grind forward and remains on track to a self sustaining recovery.

Behind the economy's disappointing performance is the deluge of shocks that stifled the recovery throughout the spring and summer of 2011. First, the Japanese earthquake and tsunami that struck in mid March, and the ensuing nuclear disaster, led to production slowdowns and disrupted supply chains. Second, Middle East unrest caused gas prices to rise, which peaked across the first and second quarters of the year, which weighed on household incomes and confidence. Third, elevated uncertainty as a result of July's debt ceiling fiasco ultimately led to Standard & Poor's credit downgrade of U.S. debt. Lastly, Euro zone sovereign default risk fears inundated the markets and during the past month in particular, the fiscal stress in many European economies has threatened to extend into the U.S.

These events disrupted the recovery, but it was in conjunction with a host of disappointing economic indicators that fueled fears of a double dip recession. The pattern of sluggish growth was evident in the first half of the year with real GDP growth rising just 1.0% in the second quarter, from the first estimate of a 1.3% increase. The weak underlying trend continued throughout much of the period as the pace of consumer spending growth stalled, business fixed investment was moderate, and retail sales figures for July and August were dreadful, with consumer confidence plummeting in August. The housing sector still remains depressed, as seen with existing home sales falling in July, for the third time in the last four months and residential construction activity has been trending flat. Underscoring the uncertain outlook for growth has been the abrupt slowdown in the pace of job creation. U.S. employment growth stagnated over the third quarter as the national unemployment rate held steady at 9.1% in July, August, and September.

Aside from disappointing domestic struggles, the severity of the European financial crisis, and the lack of policy response from the European Central Bank have negatively impacted global economies. Europe's economic data continues to show deterioration, and if Greece defaults, U.S. and European banks will be adversely impacted, threatening our current level of expansion.

Despite the evident slowdown in growth, largely attributed to unforeseeable factors, the deceleration seems to have been modest, which has helped soothe immediate recession fears. Job growth has slowed in recent months to a pace that will not support any improvement in the unemployment rate, but has remained somewhat positive. The manufacturing and non-manufacturing Institute of Supply Management surveys have slowed, but dwell at levels consistent with moderate growth. Early indications of September's consumer spending data suggest robust growth for third quarter consumption as gas prices have fallen from the highs and business investment has remained strong. Additionally, by incorporating August's strong construction spending report, September's strong retail sales figures, better-than-expected motor vehicle and chain store sales, and upside indications in wholesale inventories, third quarter GDP is estimated to show a significant improvement over the depressing growth rate in the first half of the year.

Given this backdrop, there is no clear indication the economy has entered a new recession. Yet the Housing and Labor sectors remain weak, preventing the recovery from gaining momentum. Accordingly, policymakers have had to compose a stimulus package that includes both monetary and fiscal policy actions to encourage economic activity and gain traction. President Obama's American Jobs Bill has the probability to promote hiring in the near term once it is passed by Congress. Furthermore, after pledging to maintain short-term interest rates near zero through the middle of 2013, the Federal Reserve has taken steps to lower long-term interest rates by lengthening the average maturity of its balance sheet by selling shorter term Treasury holdings and purchasing longer dated Treasury securities (labeled "Operation Twist"). These endeavors will keep borrowing costs low for an extended period and help make broader financial conditions more accommodative, hence supporting the case for stronger economic expansion going forward.

The U.S. economy has made enormous progress since the dark days of the Great Recession. Today, the economy is in its recovery phase and headed into the expansion segment of the cycle. Although growth may not be at the trend level we anticipated given the monetary and fiscal policy responses to date, we believe we are beginning to establish the groundwork for long term economic expansion, which should take hold by this time next year.

Sincerely,

Ronald S. Eaker
Vice President and Portfolio Manager

Judith A. Raneri
Vice President and Portfolio Manager

October 27, 2011

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.

Past performance is no guarantee of future results. Total returns and average annual returns reflect changes in investment income, reinvestment of dividends and capital gains, and are net of expenses. Investment returns and yields will fluctuate. ***An investment in The Gabelli U.S.Treasury Money Market Fund is neither insured nor guaranteed by the U.S. Government or the Federal Deposit Insurance Corporation. Although the Fund seeks to preserve the value of an investment at $1.00 per share, there can be no assurance that the Fund will maintain a stable $1.00 per share net asset value, so it is possible to lose money by investing in the Fund.*** 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 these and other matters and should be read carefully before investing.*** If the Fund's expenses had not been limited to 0.08%, the Fund's seven day annualized yield and 30 day annualized yield would have been lower.

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

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