The Gabelli Asset Fund

Shareholder Commentary
September 30, 2011

★ ★ ★ ★ ★

Morningstar® rated The Gabelli Asset Fund Class AAA Shares 5 stars overall and 5 stars for the five and ten year periods and 4 stars for the three year period ended September 30, 2011 among 1,652, 1,408, 832, and 1,652 Large Blend funds, respectively.†

Mario J. Gabelli, CFA

Kevin V. Dreyer

Christopher J. Marangi

To Our Shareholders,

For the quarter ended September 30, 2011, the net asset value ("NAV") per Class AAA Share of The Gabelli Asset Fund (the "Fund") declined 16.9% compared with the Standard & Poor's ("S&P") 500 Index decrease of 13.9%. See page 2 for additional performance information.

The Economy

"May you live in interesting times."

– Chinese proverb

The third quarter of 2011 certainly qualified as an "interesting time." While the proverb above may sound like a blessing, it was intended as a curse. We see elements of both in the current environment – while market gyrations stress investor psyches, these movements elicit real investment opportunities.

Macroeconomic news this year has been dominated by the "sovereigns" – primarily the governments of the European Union, the United States, and China. The formation of the EU under the Maastricht Treaty of 1992 was an historic step in unifying a continent that had been fragmented since the fall of the Roman Empire, including establishing the criteria for a single currency under the European Monetary Union (EMU). The legacy of the treaty – which left members with control over fiscal policy but centralized authority over monetary policy – is now in question as weaker governments lack the exchange rate tools that would allow adjustment to a more competitive footing. European leaders are working to balance the interests of distressed countries such as Greece and Portugal against those of healthier economies such as Germany and Finland within the current framework. The task is difficult and likely painful, but we believe at this point the EMU will survive.

† Morningstar Rating™ is based on risk-adjusted returns.

Comparative Results

Average Annual Returns through September 30, 2011 (a)

	Quarter	1 Year	5 Year	10 Year	Since Inception (3/3/86)
Class AAA (GABAX)	(16.85)%	(0.48)%	1.91%	6.32%	11.50%
S&P 500 Index	(13.87)	1.14	(1.18)	2.82	8.98(e)
Dow Jones Industrial Average	(11.49)	3.78	1.36	4.67	10.39(e)
Nasdaq Composite Index	(12.70)	(2.99)	2.30	5.67	7.72(e)
Class A (GATAX)	(16.87)	(0.51)	1.91	6.32	11.50
With sales charge (b)	(21.65)	(6.23)	0.71	5.69	11.23
Class B (GATBX)	(17.01)	(1.23)	1.11	5.69	11.24
With contingent deferred sales charge (c)	(21.16)	(6.17)	0.73	5.69	11.24
Class C (GATCX)	(17.04)	(1.25)	1.16	5.71	11.25
With contingent deferred sales charge (d)	(17.87)	(2.24)	1.16	5.71	11.25
Class I (GABIX)	(16.83)	(0.29)	2.09	6.41	11.54

In the current prospectus dated April 29, 2011, 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. 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, 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. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date of purchase. Current performance may be lower or higher than the performance data presented. Performance returns for periods of less than one year are not annualized. 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 information about these and other matters and should be read carefully before investing.*** *The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Dow Jones Industrial Average and the Nasdaq Composite Index are unmanaged indicators of stock market performance. Dividends are considered reinvested, except for the NASDAQ Composite Index. You cannot invest directly in an index. The Class AAA Share NAVs 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) *Performance results include the effect of the maximum 5.75% sales charge at the beginning of the period.*

(c) *Assuming payment of the maximum contingent deferred sales charge ("CDSC"). The maximum CDSC for Class B Shares is 5% and is gradually reduced to 0% after six years.*

(d) *Assuming payment of the 1% maximum CDSC imposed on redemptions made within one year of purchase.*

(e) *S&P 500 Index, Dow Jones Industrial Average, and Nasdaq Composite Index since inception performances are as of February 28, 1986.*

The U.S. faces its own fiscal challenges as $15 trillion of federal debt, nearing 100% of GDP, reaches levels not seen since the end of World War II. Unlike captives of the EU, however, the U.S. can (for a time) improve competitiveness by devaluing the dollar and possesses the special privilege of repaying its debts in the currency it controls. That did not stop Standard & Poor's on August 5th from issuing its first downgrade of U.S. debt, from AAA to AA+, citing the "political brinksmanship" of a summer budget debate that ultimately failed to reduce the country's long-term debt load. We see little hope for reconciliation on the domestic front until after the 2012 elections. Political tensions and popular discontent parallel both sides of the Atlantic. Troubles in Athens, Greece may seem distant for Americans in Athens, Georgia, but global market movements spurred by the S&P downgrade and EU bailouts are proof as to how interconnected the world has become. We see efforts to diminish globalization as futile at best and a grave danger to recovery at worst.

In contrast to these macroeconomic dynamics, the picture painted by everyday participants in the economy, the companies we follow, appears less bleak. Demand is not robust, but reasonably stable. Margins remain high and balance sheets are stronger than before the 2008 crisis. Nevertheless, the market seems to be discounting a slowdown, the depth and length of which remains in question.

Against this backdrop, Mr. Market has returned to his hyperactive ways. Market volatility as measured by the VIX index ended the quarter with a reading of 43, below the reading of 80 at the height of the crisis in October 2008, but well-above the more "normal" 20-25 range into which the VIX settled during 2010. Large intraday moves and high correlations among stocks, which we suspect have been exacerbated by high frequency traders (HFTs) and exchange traded funds (ETFs), have at once made investment frustrating in the short-term but attractive for the patient-minded. Indeed if the mindless investing of HFTs and ETFs are setting the marginal prices for securities, then those focused on fundamental research, like (y)our team should deliver superior returns over the long term.

Deals, Deals and More Deals: Breaking-up Is Easy to Do

Among the most effective tactics for surfacing value is the corporate spin-off. The strategy has been especially popular this year with over 35 spin-offs announced or completed (a partial list is below) as of this writing, already the highest number since 2002.

Completed	Announced	
Cablevision* (1.2%)	ConocoPhillips* (0.9%)	Marriott International
Fortune Brands* (0.7%)	El Paso Corp.* (0.3%)	McGraw Hill* (0.3%)
Liberty Media* (0.7%)	Expedia	Ralcorp* (0.6%)
Marathon Oil	IDT Corp.	Sara Lee* (0.7%)
Mosaic Co* (0.1%)	ITT Corp.* (1.1%)	Tyco International* (0.4%)
Motorola	Kraft* (0.4%)	Williams Cos.
	Loral Space & Communications* (0.2%)	

* Current Fund holding, % of net assets as of September 30, 2011

Spin-offs offer several attractions, including: (a) the tax-efficient isolation of businesses which may hold appeal to acquirers; (b) capital structures better-tailored for each business; (c) better alignment of incentives for management of former subsidiaries; and (d) the opportunity to highlight smaller operations for investors. In the past, the Fund has profited from its ownership of companies that have announced spin-offs, including companies that have been spun-off and later acquired, with recent examples Cadbury and Broadview Security. We expect the same for the future.

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 percentage of net assets and their share prices stated in U.S. dollars or U.S. dollar equivalent terms are presented as of September 30, 2011.

American Express Co. (1.3% of net assets as of September 30, 2011) (AXP - $44.90 - NYSE) is the largest closed-loop credit card company in the world. The company operates its eponymous premiere branded payment network and lends to its largely affluent customer base. American Express has 89 million cards in force and $53 billion in loans, while its customers charged nearly $715 billion of spending on their cards during 2010. The company's strong consumer brand has allowed American Express to enter the deposit gathering market as an alternate source of funding, while the company's affluent customers have begun to see slight improvements in spending. Longer-term, American Express should capitalize on its higher spending customer base and continue to expand into other payment related businesses like corporate purchasing while also growing in emerging markets. Similarly, the company is looking at the growing success of social media as an opportunity to expand its product base and payment options.

Diageo plc (1.0%) (DEO LN - $75.93 - NYSE) is the leading global producer of alcoholic beverages, with brands including Smirnoff, Johnny Walker, Ketel One, Captain Morgan, Crown Royal, J&B, Baileys, Tanqueray, Jose Cuervo, and Guinness. The company has a balanced geographic presence in both mature and emerging markets, and benefits from the consumer trend of seeking premium branded spirits. Management is a prudent steward of capital and has historically returned a significant amount of cash to shareholders through dividends and share repurchases. On February 21, 2011, Diageo announced that it had purchased Mey Icki, the leading spirits company in Turkey, giving it presence in another fast-growing emerging market. On June 27, 2011, Diageo gained regulatory approval to acquire a controlling interest in Shui Jing Fang, giving it a foothold in the large and growing baijiu market in China. For the quarter ending September 30, 2011, Diageo delivered organic top line growth of 9%, driven by 5% volume growth and 4% price/mix improvement, with growth being broad-based across all regions. Over the medium term, Diageo expects organic top line growth of 6% and 200 bps of margin improvement, leading to double-digit earnings per share growth.

DISH Network Corp. (0.4%) (DISH - $25.06 - Nasdaq) is the third largest pay-TV provider in the U.S. with nearly 14 million subscribers. As a satellite operator unburdened by local franchising requirements and wired plant, DISH can market and deliver video extremely efficiently across the entire country. Under the leadership of Charlie Ergen, founder and owner of approximately 54% of company shares, DISH has explored options for adding mobility to its service offering, including through the acquisition of spectrum. The company has begun to integrate its 2011 acquisition of the Blockbuster DVD "rentail" chain by enriching its basic offering with a DVD and on-demand movie service. Ultimately we believe DISH could make an attractive acquisition target for a traditional telecom operator.

Fortune Brands, Inc. (0.7%) (FO - $54.08 - NYSE) (BEAM/FBHS) headquartered in Deerfield, IL, was a diversified consumer products company operating in three segments: Spirits, Home & Security, and Golf. The company's spirits brands include Jim Beam, Sauza, Maker's Mark, Courvoisier, Cruzan, and Effen. Home & Hardware brands include Moen faucets, MasterBrand cabinets, Therma-Tru doors, Simonton windows, Master Lock padlocks, and Waterloo tool storage. On December 8, 2010, the company announced that it plans to separate the company's three businesses through a spin-off of the Home & Security business and either a sale or spin-off of Golf. While the Spirits business has delivered both steady growth as well as high margins over the years, the Home & Security business saw a steep decline in profits due to the downturn in the housing market and the economy; however, management aggressively restructured the business, and is poised to grow profits sharply for the second straight year in 2011. In July 2011, the Golf business, which owns the Titleist, FootJoy, and Pinnacle brands, was sold for $1.1 billion in net proceeds.

Subsequent to the end of the quarter, the company completed the spin-off of its Home & Security business, which is now called Fortune Brands Home & Security and trades under the symbol FBHS. With leading brands in 90% of its product categories and its relatively stable security and faucets businesses generating more than half of profits, we view FBHS as a safe vehicle to participate in an eventual recovery in the U.S. residential housing industry. As part of the spin, FO renamed itself Beam, Inc. and changed its symbol to BEAM. Beam competes in the $250 billion global spirits industry, and is the leader in the $5 billion bourbon whiskey category, which is currently the fastest growing market segment in the U.S. Beam has strong brands, pricing power, top and bottom-line momentum, and is one of the only companies in the industry without a family that owns a controlling stake in the business. As such, we believe Beam is a compelling acquisition candidate for strategic acquirers.

ITT Corp. (1.1%) (ITT - $42.00 - NYSE) is a manufacturer of submersible pumps, defense electronics, connectors, and motion control products for the water, wastewater, aerospace, and general industrial markets. On October 31, 2011, ITT will execute tax-free spinoffs to shareholders of its water-related businesses (call Xylem) and its existing Defense & Information Solutions segment (call ITT Exelis). Each shareholder will receive 1 common stock of Xylem (XYL - NYSE) and 1 common stock of ITT Exelis (XLS - NYSE) for each common stock of ITT. Following the spin-off, ITT will continue to operate as ITT Corporation, an industrial company that supplies highly engineered products to the transportation, energy and industrial markets. Xylem is primarily the Fluid Technology segment of ITT. About 94% of Xylem's sales are derived from water and wastewater applications, making the company one of the largest pure-play water companies in the global water market. ITT Exelis is the existing Defense and Information Solutions segment of ITT that will be renamed and rebranded as a standalone company. Its products and services include premier technologies in next generation night vision, networked communications, electronic countermeasures, space-based satellite imaging, and air traffic management. ITT Corporation will operate as a diversified manufacturer of highly engineered products including industrial pumps, connectors, shock absorbers, and friction materials for the oil and gas, mining, automotive, and general industrial markets. Based on the sum of the parts analysis, we believe the combined private market value of the three companies is significantly more than the current share price and the stock remains undervalued.

Mead Johnson Nutrition Co. (0.3%) (MJN - $68.83 - NYSE) is a global pediatric nutrition company, holding the leading position in the U.S. infant formula market with its Enfamil brand. Pediatric nutrition is a $24 billion category globally, and is expected to grow to $37 billion by 2016. International markets represent over two-thirds of Mead's sales. China is the company's largest market outside the U.S., which, together with Hong Kong, contributed $745 million in sales in 2010 (24% of total). The company plans to grow from 240 cities in 2011 to 400 cities in China by 2015. Mead's largest market, the U.S., has been weak in recent years due to the economy and a decline in the birth rate, though the company has been increasing market share in recent quarters on the strength of new products such as Enfamil Premium. We expect the U.S. market to recover, as births will eventually increase again, with a stabilizing and growing economy. We believe that Mead Johnson has exceptional top and bottom line growth prospects on a standalone basis and that the company could be an attractive takeover candidate for a larger food and beverage company.

National Fuel Gas Co. (0.5%) (NFG - $48.68 - NYSE) is a diversified natural gas company. NFG owns a regulated gas utility serving the region around Buffalo, NY, gas pipelines that move gas from the Midwest and Canada down to New York City and to New England, and an oil and gas exploration and production business. NFG's ownership of 800,000 acres in the Marcellus Shale, including 745,000 acres in the shale fairway of Pennsylvania, holds enormous natural gas reserve potential that was made recoverable by recent advances in drilling technology. We expect significant earnings and cash flow growth from gas production and believe the position could be worth well over $4 billion based on recent comparable transactions. NFG's August 2011 decision not to sell an ownership position or joint venture that could have accelerated shareholder value creation was disappointing, but we remain excited about the company's unrecognized value. The company has increased its dividend for forty consecutive years.

Newmont Mining Corp. (1.6%) (NEM - $62.90 - NYSE) based in Denver, CO, is one of the largest gold mining companies in the world. Founded in 1921 and publicly traded since 1925, NEM is the only gold company included in the S&P 500 Index and Fortune 500. With operations on five continents, Newmont is focused on developing its pipeline of long life, low cost projects. The company produced 5.4 million ounces of gold and 325 million pounds of copper in 2010, and we expect these numbers to grow over the next few years as the company develops large scale projects in Ghana and Peru, and expands its operations in Nevada. The company acquired Nevada focused Fronteer Gold in April in order to bolster its operations in the state. In 2010, approximately one third of Newmont's production came from its Nevada operations.

News Corp. (1.8%) (NWSA - $15.47, NWS - $15.59 - Nasdaq) located in New York, NY, is a diversified media company with operations in cable network television, television broadcasting, filmed entertainment, newspaper publishing, and direct broadcast satellite (DBS) television. News Corp's cable networks (notably Fox News, FX, the regional sports networks or RSNs and Star India) should generate $3.45 billion of EBITDA, nearly half its total, in 2012. These businesses benefit from the dual revenue streams of contractually recurring affiliate fees and advertising revenue and should grow EBITDA at a 12.5% CAGR through 2015. Assuming the cable networks are worth 9.0x EBITDA, investors receive the remaining businesses (The Fox Network & Stations, Film Studio, Sky Italia and Publishing) for free. NWS is currently repurchasing 2.5 to 3 million shares per day. With $7.0 billion of 2012E EBITDA and no projected net debt (assuming no stock repurchases) as of 6/30/12, we estimate NWS has the capacity to repurchase ~$17 billion of stock or ~1 billion shares (40% of outstanding shares) at current prices.

Precision Castparts Corp. (1.7%) (PCP - $155.46 - NYSE) is a manufacturer of investment castings and forgings primarily for the aerospace and industrial gas turbine markets. The company also makes fasteners and industrial products for the automotive, aerospace, and general industrial markets. PCP is a strong cash flow generator. We believe the company plans to use the cash for acquisitions. PCP's acquisition strategy centers on buying businesses within the company's core competencies that include manufacturing component products for complex end users. The strategy also includes finding companies that have procurement or technologies similar to PCP's and similar customer profiles. These characteristics should provide opportunities for PCP to improve the acquired company's profitability thereby enhancing PCP's earnings.

Rolls-Royce (0.8%) (RR - $9.28 - London) is a provider of jet engines, power and propulsion systems and services to commercial aviation, marine, oil & gas, and other industries. RR's largest business is Civil Aviation, which manufactures jet engines for new and existing programs. RR has leading positions on Boeing's 787 Dreamliner and Airbus' A350, two new wide-body programs that will provide the company with significant long-term growth opportunities. In the first half of 2011, the Civil Aviation division delivered 462 engines, representing an increase of 11% from the prior year, and we expect the company to benefit from increases in the production schedules of these new programs. The delivery of new jet engines also provides recurring, higher margin service revenues, which will also benefit the company. In October, RR announced the exit from the IAE joint-venture, which was a collaboration of four companies to produce the V2500 engine, primarily for a narrow-body program. In return for its equity in the joint-venture, which was sold to Pratt & Whitney, the company will receive $1.5 billion and an unspecified amount for each hour flown by the currently installed fleet of V2500 powered aircraft for fifteen years from the completion of the transaction, which we view positively.

Sara Lee Corp. (0.7%) (SLE - $16.35 - NYSE) announced in January that it will split the company into two entities through a tax-free spin-off and distribute a special dividend of $3 per share. As a result, shareholders will receive shares in NA Meat Co. which will consist of U.S. retail meats and foodservice businesses generating an estimated $4.1 billion of revenue. The spin-off, what is currently being called Coffee & Tea Co., includes the U.S. foodservice coffee and international coffee and tea businesses, generating approximately $4.4 billion of annual revenue. The spin-off is expected to be completed in early 2012. Sara Lee also completed the sale of the North American store-brand refrigerated dough business for $545 million to Ralcorp and its intention to sell the Spanish fresh bakery to Grupo Bimbo for $154 million. The French refrigerated dough and Australian dessert businesses remain under strategic review, combined these businesses have over $318 million of revenue in fiscal year 2011.

Zep, Inc. (less than 0.1%) (ZEP - $15.02 - NYSE) headquartered in Atlanta, GA, distributes a wide range of cleaning and maintenance solutions for commercial, industrial, institutional, and consumer end-markets, including hand care products, cleaners, degreasers, deodorizers, disinfectants, and sanitizers. In October 2007, the company was spun-off from Acuity Brands, a manufacturer of lighting products, in October 2007. For the fiscal year ended August 31, 2011, we expect Zep to generate revenues of roughly $650 million, EBITDA of $60 million, and EPS of $1.15. We expect significant consolidation within the cleaning and maintenance chemicals market, which is highly fragmented, with the top four manufacturers accounting for less than 30% of the total market share. Further, revenues are expected to grow 10% - 15% annually over the next several years, driven by 4% - 6% organic growth, with acquisitions accounting for the remainder.

Investment Scorecard

The Fund's holdings of gold mining stocks including Newmont Mining (1.6%) (+17%) and Barrick Gold (0.7%) (+4%) helped to stabilize returns in the quarter. Gold equities have been long-term holdings as we believe gold can act as ballast in times of instability or inflation. The performance of gold bullion continues to outstrip the performance of gold equities, which leaves them cash-flowing bargains in our view. The Fund's holdings of consumer staples stocks, including Church & Dwight (0.8%) (+9%), Yakult Honsha (0.6%) (+9%), General Mills (0.9%) (+4%), and Kimberley-Clark (0.2%) (+8%) also contributed positively to returns.

Cablevision Systems (1.2%) (–37%), one of the largest positive contributors to performance in 2009 and 2010, declined after posting weak subscriber numbers, adding to anxiety over secular change, competitive pressure, and economic sensitivity in the cable industry. While mindful of these dynamics, we believe Cablevision's subscription model and high free cash flow will prove resilient through this economic environment. Other detractors from performance included cyclically sensitive industrial stocks including Deere (1.9%) (–21%), Ametek (1.3%) (–26%), ITT (1.1%) (–28%), Honeywell (0.8%) (–26%), and Thomas & Betts (0.7%) (–26%). We believe these stocks would weather a possible downturn and remain well-positioned to benefit from an increase in economic activity.

Conclusion

We do not call market tops or bottoms – we pick stocks. In these difficult times, we think it critical to adhere to our proven PMV with a Catalyst methodology. The glum psychology of Mr. Market dumping stocks gives us good price protection on sound assets run by solid managements.

Sincerely,

Mario J. Gabelli, CFA
Portfolio Manager and
Chief Investment Officer – Value Portfolios

Kevin V. Dreyer
Associate Portfolio Manager

Christopher J. Marangi
Manager and
Associate Portfolio Manager

October 10, 2011

Top Ten Holdings **(Percent of Net Assets)**
September 30, 2011

Deere & Co. 1.9%	Rogers Communications Inc. 1.5%
News Corp. 1.8%	Swedish Match AB 1.4%
The DIRECTV Group Inc. 1.8%	American Express Co. 1.3%
Precision Castparts Corp. 1.7%	AMETEK Inc. 1.3%
Newmont Mining Corp. 1.6%	Chevron Corp. 1.2%

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.

Portfolio Manager Compensation

Mr. Gabelli's incentive-based, variable compensation structure and dollar amount have been fully disclosed each year since April of 2000 in GAMCO Investors, Inc.'s (NYSE: GBL) annual proxy statement. Mr. Gabelli receives no base salary, no annual bonus, and no options.

As founder and portfolio manager of The Gabelli Asset Fund, Mr. Gabelli received $6,673,529 in calendar 2010. Starting in March 1986, the Fund's first year of operation, Mr. Gabelli received less than $60,000. As beneficial owner, he had $1,642,656 invested in The Gabelli Asset Fund as of December 31, 2010, which includes the holdings of GAMCO Asset Management, Inc. and GGCP, Inc., GBL's parent holding company.

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 in seven days or less of a purchase. See the prospectus for more details.

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.

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.

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 NAV is available in the financial press and each evening after 7:00 PM (Eastern Time) by calling 800-GABELLI (800-422-3554). The Fund's Nasdaq symbol is GABAX for Class AAA Shares. 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, Semiannual, and Quarterly Fund Reports, Manager Commentaries, and Prospectus via e-delivery. For more information or to sign up for e-delivery, please visit our website at www.gabelli.com.

Multi-Class Shares

The Gabelli Asset Fund began offering additional classes of Fund shares on December 31, 2003. 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 solely to certain institutions, directly through the Fund's distributor or brokers that have entered into selling agreements specifically with respect to Class I Shares. The minimum initial investment amount for Class I Shares is $500,000. 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.

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)*
Team Managed

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 G. 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)*
Team Managed

SMALL CAP

Gabelli Small Cap Growth 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 Mites℠ Fund
Seeks to invest in micro-cap companies that have market capitalizations of $500 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 R. 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 G. Marcin, CFA*

SPECIALTY EQUITY

GAMCO Vertumnus Fund (formerly 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)*
Portfolio Manager: Mario J. Gabelli, CFA

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)*
Team Managed

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)*
Portfolio Manager: Mario J. Gabelli, CFA

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 Managers: Charles L. Minter
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 R. 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** (800-422-3554). Investors should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing. The prospectus contains more information about this and other matters and should be read carefully before investing.*
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The Gabelli Asset Fund
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Net Asset Value per share available daily by calling
800-GABELLI after 7:00 P.M.

GAB405Q311SC

The Gabelli Asset Fund

Morningstar® rated The Gabelli Asset Fund Class AAA Shares 5 stars overall and 5 stars for the five and ten year periods and 4 stars for the three year period ended September 30, 2011 among 1,652, 1,408, 832, and 1,652 Large Blend funds, respectively.†

† Morningstar Rating™ is based on risk-adjusted returns.

SHAREHOLDER COMMENTARY
SEPTEMBER 30, 2011