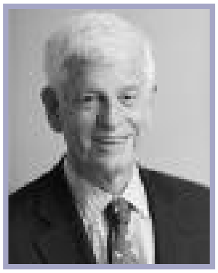
The Gabelli Asset Fund

Shareholder Commentary – June 30, 2017

(Y)our Portfolio Management Team



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To Our Shareholders,

For the quarter ended June 30, 2017, the net asset value ("NAV") per Class AAA Share of The Gabelli Asset Fund increased 3.4% compared with an increase of 3.1% for the Standard & Poor's ("S&P") 500 Index. See page 2 for additional performance information.

Politics, the Economy and the Markets

Stocks performed strongly during the first half of 2017. The S&P 500 Index rose 8.2% before dividends, despite a seemingly endless amount of noise from Washington and abroad. Markets responded positively to the election of Donald Trump in late 2016, partly in anticipation of a relaxation of the regulatory regime, reformation of corporate and individual taxes, and additional stimulus. To date, progress has only been made on the first of these items, which raises the possibility that what the market really desires is slow and incremental change, i.e., business as usual in Washington. Or perhaps the dissonance between the market's march forward and Washington's lurch sideways is an indication that fiscal policy really isn't as impactful as some believe.

Indeed, the most powerful market levitating force from Washington over the last decade did not originate from the White House or the Capitol, 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 four times, the latest of which took the Federal Reserve Funds rate to a range of 1.0%-1.25% in June 2017. The Federal Reserve has indicated it will begin shrinking its balance sheet later this year, and current expectations

Comparative Results

Average Annual Returns through June 30, 2017 (a)

	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (3/3/86)
Class AAA (GABAX)	3.42%	15.05%	11.81%	6.42%	9.10%	11.86%
S&P 500 Index	3.09	17.90	14.63	7.18	8.34	10.35(b)
Dow Jones Industrial Average	3.95	22.07	13.39	7.53	8.42	11.26(b)
Nasdaq Composite Index	4.20	28.37	17.45	10.23	11.22	9.35(b)
Class A (GATAX)	3.44	15.05	11.81	6.42	9.10	11.86
With sales charge (c)	(2.51)	8.43	10.49	5.79	8.67	11.63
Class C (GATCX)	3.24	14.18	10.98	5.63	8.38	11.50
With contingent deferred sales charge (d)	2.24	13.18	10.98	5.63	8.38	11.50
Class I (GABIX)	3.50	15.33	12.09	6.67	9.28	11.94

In the current prospectuses dated April 28, 2017, the expense ratios for Class AAA, A, C, and I Shares are 1.36%, 1.36%, 2.11%, and 1.11%, 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 Gabelli Funds, LLC (the "Adviser") not reimbursed certain expenses of the Fund for periods prior to December 31, 1988. 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 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 and Class C Shares on December 31, 2003 and Class I Shares on January 11, 2008. The actual performance of the Class A Shares and Class C Shares would have been lower due to the additional fees and 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) S&P 500 Index, Dow Jones Industrial Average, and Nasdaq Composite Index since inception performance results are as of February 28, 1986.

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

(d) 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.

are for one additional quarter point increase in 2017 and three in each of 2018 and 2019, which would put the Federal Reserve Funds rate at 3.0%, still well below the prior peak.

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 lackluster GDP growth and 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 unquestionably unavoidable is that monetary policy has gone from being a tailwind to being a headwind for the economy and the market. Further increases in stock prices are more likely to be driven by better earnings versus multiple expansions, as had been the case over the last several years. Ironically, some sources of future earnings growth – lower taxes, defense and infrastructure investment, and a general rekindling of a propensity to spend – depend on the events taking place a few blocks east of the Federal Reserve, so it remains worth watching what happens this summer in the swamp.

Deals, Deals and More Deals

Worldwide merger and acquisition (M&A) activity rose 2% to $1.6 trillion in the first half of 2017, as a vibrant Europe offset a 16% decline in U.S. M&A volume. Activity in the U.S., concentrated in the energy, healthcare, and real estate sectors, may have been impeded by uncertainty around tax reform and unfamiliarity with new faces at the Department of Justice and other regulatory agencies. We believe these elements will soon fall into place, and that the solid underpinnings of the Fifth Wave of M&A continue to exist.

Among the deals announced in the second quarter was Amazon's purchase of Whole Foods for $42 per share in cash. After several years of underperformance, Whole Foods faced, and initially resisted, pressure from activist Jana Partners. It appears that founder and CEO John Mackey was eventually persuaded to sell because of the benefits of continuing to grow the chain with the cover and support of Amazon. This deal had far reaching repercussions, as fears that Amazon would increase competition and deflationary pressures weighed on grocers, pharmacies, food distributors, and consumer goods companies, among others. While Amazon's impact remains to be seen, we do believe its presence underscores the need for consolidation in the food space. Having shown a willingness to invest aggressively in the brick and mortar world, Amazon could also become an acquirer of other retailers and distributors.

Investment Scorecard

Several industrial firms were contributors to performance in Q2, including agricultural equipment providers Deere (1.1% of net assets as of June 30, 2017, +14%) and CNH Industrial (0.6%, +19%), aircraft engine maker Rolls-Royce (0.8%, +24%) and diversified manufacturers Idex (1.0%, +21%) and Ametek (1.7%, +12%). Sony (1.3%, +13%) performed well in anticipation of a strong summer movie slate and inclusion of its chips on the next iPhone release. IAC/InterActiveCorp (0.4%, +40%) rose after posting excellent results and agreeing to acquire Angie's List and concurrently combine it with its HomeAdvisor unit in a new company.

Detractors from performance included media companies Twenty-First Century Fox (2.3%, -12%), Viacom (0.7%, -22%), Discovery Communications (0.5%, -11%) and Scripps Networks (0.4%, -12%) where concerns that a slowdown in advertising would add to pressures from a possible acceleration in cord cutting. The perception of further encroachment by Amazon into auto parts hurt retailers including O'Reilly

Automotive (0.4%, -19%); subsequent to the quarter O'Reilly fell sharply after reporting Q2 same store sales grew 1.7% versus expectations of 3%+. Although mindful of Amazon's potential impact, we believe a warm winter was the biggest factor in O'Reilly's "miss" and continue to believe the stock is attractive. Finally, Amazon also contributed to the decline in Energizer (0.5%,-13%) as two short reports cited Amazon's private label battery sales as reasons to sell the stock.

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 June 30, 2017.

AMETEK, Inc. (1.7% of net asset as of June 30, 2017) (AME – $60.57 – NYSE), based in Philadelphia, Pennsylvania, has traded publicly since 1930 as a leading global manufacturer of electronic instruments and electromechanical devices with 15,000 employees and 150 locations operating in North America, Europe, Asia, and South America serving a diverse set of niche markets and applications in energy, aerospace, power, research, medical, industrial, semiconductor, and food and beverage. AME has two business segments Electronic Instruments (EIG) and Electromechanical (EMG), generating about $4 billion in annual sales.

Bank of New York Mellon Corp. (1.3%) (BK – $51.02 – NYSE) is a global leader in providing financial services to institutions and individuals. The company operates in more than 100 markets worldwide and strives to be the global provider of choice for investment management and investment services. As of March 2017, the firm had $30.6 trillion in assets under custody and $1.7 trillion in assets under management. Going forward, we expect BK to benefit from rising global incomes and the cross border movement of financial transactions. We believe BK is also well positioned to grow earnings in a rising interest rate environment, given its large customer cash deposits and significant loan book.

Brown-Forman Corp. (2.0%) (BF/A – $49.30, BF/B – $45.60 – NYSE) is a leading global distilled spirits producer. Spirits is an advantaged category that enjoys high margins, low capital requirements, strong free cash flow generation and good pricing power. The company's global brands include Jack Daniel's Tennessee whiskey, Finlandia vodka, Woodford Reserve bourbon, and el Jimador and Herradura tequilas. Jack Daniel's is one of the world's most valuable spirits brands, enjoying strong growth both in the U.S. and internationally as consumers increasingly choose to drink American whiskies. The company has also successfully expanded the brand into the fast growing flavored whiskey category. While Brown-Forman does face some near term headwinds from negative foreign currency exposure and a slowdown in emerging markets, the company is positioned to grow revenues and profits substantially over the next several years, and has significant balance sheet flexibility. While the company is family controlled, we believe that if it ever became available for sale it would be highly coveted by other large global spirits players. This was evidenced during the quarter when the stock rose on news that Constellation Brands made an overture for the company, which was rejected by Brown Forman's board.

Donaldson Company, Inc. (0.9%) (DCI – $45.54 – NYSE) based in Minneapolis, Minnesota, is a global manufacturer of filtration systems and replacement parts. The company's products include air and liquid filtration systems and exhaust and emission control products, serving a multitude of global industrial markets. Parker Hannifin's 2017 purchase of fellow filter manufacturer Clarcor (CLC) underscores the attractive nature of high quality filter manufacturers, who generate significant cash flow as filters require heavy replacement demand.

Edgewell Personal Care Company (1.2%) (EPC – $76.02 – NYSE) based in St. Louis, Missouri is the renamed Energizer Holdings, Inc. following the tax-free spin-off to shareholders of the household products division on July 1, 2015. Edgewell generates approximately $2.3 billion of revenue through its principal businesses: wet shaving, including Schick-branded razors and blades; Edge and Skintimate shaving preparation and private label shaving products; sun care, including the Banana Boat and Hawaiian Tropic brands; feminine care, Playtex and o.b. tampons and Carefree and Stayfree liners and pads; and infant care, utilizing the Playtex and Diaper Genie brands. As a pure-play personal care company, Edgewell competes in high-margin, attractive categories with leading brands. We expect management to focus on improving margins through product mix, restructuring savings and operating leverage, which should afford it flexibility to reinvest in growth opportunities. The company has approximately $1.2 billion of net debt providing management with sufficient flexibility to invest in internal growth, make acquisitions and/or repurchase shares. EPC is a likely acquisition target as a multinational competitor with an extensive global infrastructure would benefit from scale, international expansion and cost synergies.

Honeywell International, Inc. (1.4%) (HON – $133.29 – NYSE) operates as a diversified technology company with highly engineered products, including turbine propulsion engines, auxiliary power units, turbochargers, brake pads, environmental and combustion controls, sensors, security and life safety products, resins and chemicals, nuclear services, and process technology for the petrochemical and refining industries. One of the key drivers of HON's growth is acquisitions that increase the company's growth profile globally, creating both organic and inorganic opportunities. The company recently acquired Elster Industries, a leading provider of thermal gas solutions, smart meters, software and data analytics for the commercial, industrial and residential heating market. Elster's gas business offers products in high demand among natural gas customers and brings a strong, global distribution network and numerous cross-selling opportunities for existing HON technologies to new customers. Elster's gas, electric, and water meters are highly valued for their reliability, safety and accuracy. The company maintains an installed base of more than 200 million meter modules deployed over the course of the last 10 years that generate significant recurring revenues. We believe acquisitions such as Elster should drive meaningful and sustained growth for HON spurred by global energy efficiency initiatives and natural resource management.

Republic Services (1.5%) (RSG – $63.73 – NYSE), based in Phoenix, Arizona, became the second largest solid waste company in North America after its acquisition of Allied Waste Industries in December 2008. Republic provides nonhazardous solid waste collection services for commercial, industrial, municipal, and residential customers in thirty-nine states and Puerto Rico. Republic serves more than 2,800 municipalities and operates 192 landfills, 204 transfer stations, 333 collection operations, and 64 recycling facilities. Since the Allied merger, Republic has benefited from synergies driven by route density, beneficial use of acquired assets, and reduction in redundant corporate overhead. Republic is committed to its core solid waste business. While other providers have strayed into alternative waste resource technologies and strategies, we view Republic's plan to remain steadfast in the traditional solid waste business positively. We expect continued solid waste growth acquisitions, earnings improvement, and incremental route density and internalization growth in already established markets to generate real value in the near to medium term, highlighting the company's potential.

Ryman Hospitality Properties Inc. (0.2%) (RHP – $64.01 – NYSE) is a Nashville, Tennessee based REIT that owns group meeting-focused hotels in Nashville, Tennessee; Orlando, Florida; Dallas, Texas; and Washington, D.C. The company also owns a 35% stake in Gaylord Rockies, a 1,500 room development outside of Denver, Colorado, which is set to open in late 2018. Other assets include the iconic Opryland, the Ryman Auditorium, the General Jackson Showboat, and Nashville based radio station WSM-AM. The Ryman team is focused on taking advantage of strong convention bookings trends by investing capital into its existing properties and driving margin expansion by increasing occupancy and room rates. Finally, as the leading country music entertainment brand, the monetization of Ryman's entertainment assets, including the Grand Ole Opry, remains a significant catalyst for RHP shares. Management has stated that it intends to separate the Opry & Attractions segment, most likely through a tax-free spinoff, once it reaches a size appropriate to operate as a standalone public company.

Sony (1.3%) (SNE – $38.19 – NYSE) is a diversified electronics and entertainment company based in Tokyo, Japan. The company manufactures televisions, PlayStation game consoles, mobile phone handsets, and cameras. It also operates the Columbia film studio and Sony Music entertainment group. We expect the new PlayStation launch and operational improvements in consumer electronics and entertainment to generate EBITDA growth through 2017. We also think the spinoff of the entertainment assets could be a catalyst.

Twenty-First Century Fox Inc. (2.3%) (FOXA – $28.34, FOX – $27.87 NASDAQ) is a diversified media company with operations in cable network television, television broadcasting, and filmed entertainment. Cable networks account for 77% of the company's EBITDA and benefit from contractually recurring affiliate fees and exposure to the fast growing global pay television market. We expect the company to benefit from rising demand for premium content, driven by emerging distribution platforms such as Netflix, and retransmission revenue growth. We believe the acquisition of satellite TV provider Sky plc will be accretive to value.

Conclusion

While valuations are somewhat elevated and interest rates are rising, we see some cause for continued optimism, as employment and the housing market are improving, and the consumer remains healthy. We continue to believe we are well positioned for almost any economic backdrop by focusing on companies possessing pricing power, skilled management, and flexible balance sheets that trade at meaningful discounts to the Private Market Values. Our investment environment remains catalyst rich with financial engineering and still low borrowing costs, driving acquisition activity.

July 27, 2017

Top Ten Holdings **(Percent of Net Assets)**
June 30, 2017

Twenty-First Century Fox Inc.	2.3%	Republic Services Inc.	1.5%
Brown-Forman Corp.	2.0%	Honeywell International Inc.	1.4%
Ametek Inc.	1.7%	Diageo Plc	1.4%
Genuine Parts Co.	1.6%	Swedish Match AB	1.3%
Berkshire Hathaway Inc.	1.6%	Sony Corp.	1.3%

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 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 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.

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Portfolio Management Team Biographies

Mario J. Gabelli, CFA, Chairman, Chief Executive Officer, and Chief Investment Officer – Value Portfolios of GAMCO Investors, Inc. that he founded in 1977, and Chief Investment Officer – Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc. He is also Executive Chairman of the Board of Directors of Associated Capital Group, Inc. Mr. Gabelli is a summa cum laude graduate of Fordham University and holds an MBA degree from Columbia Business School, and Honorary Doctorates from Fordham University and Roger Williams University.

Christopher J. Marangi joined Gabelli in 2003 as a research analyst. Currently he is a Managing Director and Co-Chief Investment Officer for GAMCO Investors, Inc.'s Value team. In addition, he currently serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. Mr. Marangi graduated magna cum laude and Phi Beta Kappa with a BA in Political Economy from Williams College and holds an MBA with honors from Columbia Business School.

Kevin V. Dreyer joined Gabelli in 2005 as a research analyst covering companies within the consumer sector. Currently he is a Managing Director and Co-Chief Investment Officer for GAMCO Investors, Inc.'s Value team. In addition, he currently serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. Mr. Dreyer received a BSE from the University of Pennsylvania and an MBA from Columbia Business School.

Jeffrey J. Jonas, CFA, joined Gabelli in 2003 as a research analyst. He focuses on companies in the cardiovascular, healthcare services, and pharmacy benefits management sectors, among others. He also serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. Mr. Jonas was a Presidential Scholar at Boston College, where he received a BS in Finance and Management Information Systems.

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Net Asset Value per share available daily
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