

February 25, 2015

Dear Shareholder:

In January 2015, The Gabelli Utilities Fund announced a 1 for 2 stock split which takes effect on March 6, 2015. We received a number of questions about the stock split. Our answers to these questions as well as several examples to illustrate our responses are outlined in this letter.

Background on Gabelli Utilities Fund Distribution:

The Gabelli Utilities Fund was launched on August 31, 1999. In January of 2000, the Fund initiated a monthly distribution of \$0.07 per share. The distribution consists of dividend income, capital gains, and a return of capital. Currently, the distribution rate is approximately 16% on the Class AAA shares and is largely a return of capital.

How will shareholders be notified?

A shareholder letter was mailed to all shareholders and simultaneously posted on our website (www.gabelli.com) under Press Releases on January 15th. The stock split is effective on March 6, 2015. Shareholders of record will receive a notice and confirmation statement once the split is completed.

What will happen to the monthly distribution?

After the split, the Fund will continue to pay a \$0.07 per share monthly distribution on the new share balance. The total distribution paid is one half the distribution paid prior to the stock split.

Example:

A shareholder owns 1,000 shares of the Fund. The yearly distribution is \$840 (1,000 shares x \$0.07 x 12 months). In March, post-split, you will own 500 shares of the Fund. The monthly distribution remains at \$0.07 per share. The annual distribution will be \$420 (500 shares x \$0.07 x 12 months).

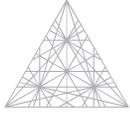
What will be the effect on my account value?

The stock split does not change the total value of your investment in the Fund.

At the time of the stock split, the number of shares you hold in the Fund will be half the number of shares you held immediately before the split. The Fund's NAV per share will be simultaneously doubled to twice the NAV it was immediately prior to the split. The total dollar value of your investment will remain the same.

Example:

Currently, the shareholder owns 1,000 shares at a net asset value (NAV) of \$5.10. The total value of the investment is \$5,100 (1,000 shares multiplied by \$5.10).



Stock Split – 1,000 shares divided by 2 = 500 shares at a NAV per share of \$10.20 (\$5.10 net asset value multiplied by 2). The total value of the investment remains the same at \$5,100 (500 shares multiplied by \$10.20).

What is the reason for the stock split?

From inception to December 31, 2014, the Fund's average annual return was approximately half of the current estimated distribution rate on the Class AAA shares.

The return of capital has been a disproportionately large component of the distribution.

The Board of Directors approved a stock split to bring the Fund's distribution rate closer to the historical returns of the Fund.

After the share split on March 6th, a larger portion of the Fund's assets will remain invested to generate returns for shareholders while paying a distribution more in line with the Fund's historical performance.

Why a stock split? Why not just cut the distribution?

The distribution of capital over time has eroded the NAV. A reduced payout did not address the impact of the pre-split NAV share erosion.

Will the stock split have a negative impact on the Fund's performance?

The performance of the Fund is based on the Fund's portfolio holdings. The stock split has no impact on the Fund's holdings or its portfolio performance.

Will there be any tax consequences from the pending split?

The stock split is not a taxable event.

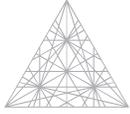
Does the Fund expect to take similar actions in the future?

This is the first change in the distribution since establishing a distribution policy in January of 2000.

We believe that the post-split distribution rate is sustainable and in line with the expected long-term total return of the Fund.

What is your outlook for the Fund going forward?

We are encouraged by the favorable fundamental dynamics in the utilities sector: attractive earnings growth, dividend payout ratios, strong balance sheets, and industry consolidation. Our bullish view for potential appreciation and rising dividend yields from the stocks in the portfolio is outlined in the **Top 10 Reasons to Own Utility Stocks**.



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Thank you for your investment in the Fund and confidence in our ability to earn a return for you.

Our teammates are available at 800-GABELLI (422-3554) or can be reached directly to answer your questions and provide assistance.

Sincerely,

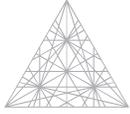
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Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectus, which contains more complete information about this and other matters, should be read carefully before investing. To obtain a prospectus, please call 800-GABELLI or visit www.gabelli.com.

Returns represent past performance and do not guarantee future results. Due to market volatility, current performance may be lower or higher than the performance data quoted. Total return and average annual returns are historical and reflect changes in share price, reinvestment of dividends and capital gains and are net of expenses. Investment return and principal value will fluctuate so, upon redemption, shares may be worth more or less than their original cost. To obtain the most recent month end performance information and a prospectus, please call 800-GABELLI or visit www.gabelli.com.



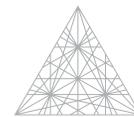
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Funds investing in a single sector, such as utilities, may be subject to more volatility than funds that invest more broadly. The utilities industry can be significantly affected by government regulation, financing difficulties, supply or demand of services or fuel and natural resources conservation. The value of utility stocks changes as long-term interest rates change. The Fund may invest in foreign securities. Investing in foreign securities involves risks not ordinarily associated with investment in domestic issues including currency fluctuations, economic and political risks. The Fund may invest in small and mid-capitalization securities. Small capitalization stocks are subject to significant price fluctuations and business risks. The stocks of smaller companies may trade less frequently and experience more abrupt price movements than stocks of larger companies; therefore, investing in this sector involves special challenges.

Not FDIC Insured. Not Bank Guaranteed. May Lose Value.

The Gabelli Mutual Funds are distributed by G.Distributors, LLC., a registered broker-dealer and member of FINRA.



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Top 10 Reasons to Own Utility Stocks

- I. Our universe of 49 utility stocks offers an attractive 3.7% current median yield, which is higher than the 2.1% provided by the 10-Year T-Bond and the 2.7% by the 30-Year T-Bond.
- II. Based on our fundamental research, we expect annual earnings and dividend growth to outpace inflation.
- III. Combining our 3.7% current yield with annual earnings and dividend growth, results in total annual return potential.
- IV. Historically healthy payout ratio of approximately 60%; Balance sheets and credit ratings strong.
- V. Strategic focus is on utility business (Investing in infrastructure or rate base).
 - a. Public and political support to address climate change
 - b. Unique business (prices adjusted so utility can earn return on investment)
 - c. As such, the more invested-the greater potential earnings and dividend growth
- VI. Potential hedge against deflation.
 - a. Utility rates set in rate case and consumers electricity, gas or water usage not economically sensitive.
 - b. Utility expenses would decrease and earnings increase
- VII. Defensive hedge against economic crisis.
- VIII. Potential takeover targets with ongoing industry consolidation.
- IX. Absolute P/E's near a 20-year high, BUT interest rates near a 20-year low AND utility fundamentals stronger than ever. When P/E adjusted for interest rates, valuations somewhat attractive.
- X. Interest rates may go up, BUT utility dividends expected to rise each year, and utilities already priced in some 100-150 basis points of increase. Further, higher interest rates result in higher allowed profit levels, or ROE's.

Gabelli Funds and GAMCO Investors, Inc. is providing this material as a matter of general information. Stocks are subject to market, economical and business risks that cause the prices to fluctuate. Bonds, if held to maturity, have the ability to return the principal investment while stocks make no such offer. Also, unlike cash, stocks will fluctuate in value and may lose principal.

Funds investing in a single sector, such as utilities, may be subject to more volatility than funds that invest more broadly. The utilities industries can be significantly affected by government regulation, financing difficulties, supply or demand of services, or fuel and natural resources conservation.

Returns represent past performance and do not guarantee future results. Investors should consider the investment objectives, risks, charges and expenses of the funds carefully before investing. Each Fund's prospectus contains this and other information about the Funds and is available, along with information on other Gabelli Funds, by calling 800-422-3554, online at www.gabelli.com or from your financial advisor. The prospectus should be read carefully before investing. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The Prospectus, which contains more complete information about this and the other matters, should read carefully before investing. To obtain a prospectus, please call 800-GABELLI or visit www.gabelli.com.

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