The Gabelli Utilities Fund

Shareholder Commentary
September 30, 2014

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To Our Shareholders,

For the quarter ended September 30, 2014, the net asset value ("NAV") per Class AAA Share of The Gabelli Utilities Fund decreased 5.5% compared with a decrease of 4.0% for the Standard & Poor's ("S&P") 500 Utilities Index. See page 2 for additional performance information.

Introduction

The S&P Utilities Index declined roughly 4% in the third quarter of 2014, but has returned a strong 14% year to date performance (including dividends). The performance compares with the S&P 500 Index, which has returned 8.3% year to date and was almost flat (up 1.1%) in the third quarter. We attribute the quarterly underperformance to profit taking, after the index reached an all-time high on June 30, 2014, and weather. Yes, weather! While investors discount weather's impact on utility earnings, the extreme cold winter weather (Polar Vortex) led to strong first quarter earnings and volatility in gas and power prices and lifted future prices. However, the summer saw mild temperatures deflate gas and power prices and lead to the expectation of "light" third quarter earnings.

In other words, "What Mother Nature Giveth-She Taketh Away!" Despite a mild summer, the early 2014 reliability issues created political and public concern and highlighted longer-term supply and bottleneck issues that require infrastructure investment. In addition, the Environmental Protection Agency's (EPA) June 2, 2014 proposal to establish emission standards on carbon and other greenhouse gases (GHGs) from power plants will result in ongoing retirements of coal-fired power plants, which exacerbates supply issues. Accelerated investment in gas and electric transmission/pipelines, power generation, and oil-to-gas heating conversions help alleviate these concerns, and the public support for rate base growth leads to earnings growth. Not surprisingly, several new pipelines (Atlantic Coast Pipeline, Access Northeast, and Mountain Valley) designed to bring the abundance of shale gas to the Northeast and Florida have been announced in the last few months.

Utility stocks continue to benefit from strong fundamentals, low rates and corporate restructuring. The ten- and thirty-year U.S. Treasury yields remain low at 2.5% and 3.2%, respectively, and compare to year end 2013 levels of 3.0% and 4.0%, respectively. Through nine months, the long-term consolidation trend continued and utility financial engineering activity dramatically increased. Given significant investment opportunities, utilities and private equity have become more creative in lowering the cost of capital through mergers, the formation of master limited partnerships (MLPs), business unit IPOs, asset sales, and the creation of a new asset structure called "yield cos." The activity has generated some extra enthusiasm, particularly for the high-flying yield cos. Utility valuation multiples are reasonable, including price-to-earnings estimates of 16x and 15x for 2014 and 2015, respectively, and somewhat undervalued relative to the S&P 500 and U.S. Treasury yields.

Comparative Results

Average Annual Returns through September 30, 2014 (a)

	Quarter	1 Year	5 Year	10 Year	Since Inception (8/31/99)
Class AAA (GABUX)	(5.52)%	9.34%	10.58%	8.49%	8.02%
S&P 500 Utilities Index	(3.96)	17.13	12.13	9.54	5.99
S&P 500 Index	1.13	19.73	15.70	8.11	4.65
Lipper Utility Fund Average	(4.11)	16.85	13.74	10.54	6.73
Class A (GAUAX)	(5.47)	9.44	10.57	8.51	8.04
With sales charge (b)	(10.90)	3.15	9.27	7.87	7.62
Class C (GAUCX)	(5.69)	8.69	9.74	7.71	7.41
With contingent deferred sales charge (c)	(6.63)	7.69	9.74	7.71	7.41
Class I (GAUIX)	(5.57)	9.52	10.81	8.65	8.12

In the current prospectuses dated April 30, 2014, the expense ratios for Class AAA, A, C, and I Shares are 1.37%, 1.37%, 2.12%, and 1.12%, 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, 2002. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date 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 value of utility stocks generally changes as long term interest rates change. 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 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, 2002 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. The S&P 500 Utilities Index is an unmanaged market capitalization weighted index of large capitalization stocks that may include facilities generation and transmission or distribution of electricity, gas, or water. 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 Utility 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.

(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.

Monthly Distributions – $0.07 per share

The Gabelli Utilities Fund has a $0.07 per share monthly distribution policy. For more specific dividend and tax information, please visit our website at www.gabelli.com or call 800-GABELLI (800-422-3554). **Shareholders should be aware that a portion of the distribution may represent a non-taxable return of capital.** Distributions of capital reduce the cost basis of your shares if you hold them in a taxable account. The distributions should not be confused with the yield or total return of the Fund.

We have separated the portfolio manager's 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 manager's commentary is unrestricted. Both the commentary and the financial statements, including the portfolio of investments, are available on our website at www.gabelli.com.

Investment Outlook

Strong utility fundamentals include solid balance sheets, positive credit outlooks, and generally constructive state public utility commission (PUC) regulation, which drive mid-single digit earnings and dividend growth potential. The median current dividend return of 3.8% is attractive, and the healthy 60% dividend payout of 2014 earnings provides ample cushion for security as well as room for accelerated growth. Over the past five years, utility stocks have delivered 4.8% annual earnings and 3.6% annual dividend growth. We expect utility stocks to provide a low risk 8%-10% total return potential based on the 3.8% current return and 4%-6% earnings and dividend growth potential. Interest rates, natural gas prices, and economic growth will continue to be major macro drivers of utility stock performance, while individual rate case decisions, service area growth, and consolidation are the more important micro drivers.

As noted, the first nine months of 2014 constituted an active period for utility stocks, highlighted by the following important events:

Deals, Deals, and More Deals:

- On September 3, 2014, TECO Energy (0.6% of net assets as of September 30, 2014) closed on the acquisition of New Mexico Gas for $950 million, which represented 11.0X NMGC's 2012 EBITDA of $86 million, from privately held Continental Energy. New Mexico Gas serves 509,000 retail gas customers in the Central Rio Grande Corridor of New Mexico. The agreement was announced May 28, 2013.
- On September 2, 2014, Laclede Group (0.4%) closed on the acquisition of Alabama Gas Corporation (Alagasco) from Energen Corporation (less than 0.1%) for $1.6 billion. Alagasco is the largest gas local distribution company in the state, serving over 420,000 customers in central and north Alabama, including Birmingham. The agreement was announced on April 7, 2014.
- On August 22, 2014, Dynegy announced two separate agreements to buy 12,500 MW of coal and gas fired capacity from Duke Energy (1.1%) and Energy Capital Partners for a total of $6.25 billion. The assets are located in the Midwest and would make DYN one of the nation's larger non-regulated power companies, with 26,000-MW. The transaction is expected to close by the end of the first quarter of 2015.
- On August 15, 2014, Canadian utility Fortis Inc. (0.1%) closed on the acquisition of the Tucson, Arizona electric utility, UNS Energy, for $60.25 per share, a 31% premium to the previous day's close. The agreement was announced on December 11, 2013.
- On June 23, 2014, Wisconsin Energy (WEC) (0.9%) announced an agreement to acquire Integrys Energy Group (TEG) (1.0%) for $71.47 per share, which represented a 17.3% premium to the previous day's closing price. The agreement valued TEG at $9.1 billion enterprise value and consists of stock, cash, and the assumption of $3.3 billion of debt. Each TEG share will receive 1.128 shares of WEC and $18.58 per share in cash.
- On April 30, 2014, Exelon Corporation (1.0%) agreed to acquire Pepco Holdings Inc. (0.1%) for $11.9 billion, or $27.25 per share in cash, a 25% premium over the previous day's closing price. The agreement will bring together Exelon and Pepco's gas and electric utilities, creating the leading Mid Atlantic electric and gas utility, serving ten million customers.
- On March 3, 2014, UIL Holdings Corp (0.3%) announced that it was the winning bidder for Philadelphia Gas Works, a municipal gas utility that serves 500,000 customers, which UIL agreed to acquire for $1.9 billion.

- On December 19, 2013, NV Energy was acquired by MidAmerican Energy Holdings Company for $23.75 in cash. The deal was announced on May 30, 2013, and the offer price represented a 23% premium to the previous day's closing price.

In addition to the announced mergers above, others appear to be in the early stages of negotiation.

- Oncor, Texas' largest regulated electric utility, is likely to be auctioned in early 2015. The Oncor utility system is considered the most valuable part of the Energy Future Holdings Corp., which is in bankruptcy proceedings. Oncor serves 7.5 million customers in and around Dallas Fort Worth as well as over 400 communities in east, west and north central Texas.
- On June 23, 2014, Cleco Corp. (1.1%) released a statement confirming that it received indications of interest from third parties to consider a strategic transaction and hired advisors to review and evaluate any proposals.

Over the past several years, integrated gas utilities have created significant value by forming MLPs for midstream and pipeline assets, but electric utilities and other power companies have been challenged to replicate the success, primarily because of regulatory hurdles and assets qualifying for MLP or even REIT status. Over the past twelve months, electric utilities have engineered the corporate structure known as yield cos, which serve a similar purpose by achieving a lower cost of capital (higher valuation) by separating more stable and tax advantaged cash flows into an income paying, publicly traded vehicle.

- On June 26, 2014, NextEra Energy Inc. (NEE) (3.1%) issued 16.3 million shares, approximately 20% of its newly created yield co, NextEra Energy Partners, LP (NEP) (less than 0.1%), at $25 per share. The IPO raised $405 million and was priced at the high end of the $23-$25 per share range (raised from the initial $19-$21 per share range). NEE also has incentive distribution rights and 100% of the special voting units.
- On March 31, 2014, Dominion Resources (D) (0.5%) filed an S-1 to form an MLP, to be known as Dominion Midstream, with an initial asset of a preferred interest in the Cove Point LNG facility. D estimates that Cove Point and its Blue Racer JV would have "up to $1 billion of EBITDA" by 2018. In addition, D had roughly $1 billion of EBITDA potential to "drop down" from other assets at Dominion East Ohio, Dominion Transmission, and the Iroquois Pipeline.
- On July 16, 2013, NRG (0.2%) spun off a portion of its contracted generation capacity into a separate company called NRG Yield (NYLD) via a $430 million IPO. NYLD is a dividend oriented company that owns, operates, and acquires contracted renewable and conventional generation and thermal infrastructure assets. NYLD shares were priced at $22 per share and currently trade at $51.20 per share.

Finally, other diversified utilities recognized that investors value non-regulated businesses separately from regulated business and have opted to create value by separating. Examples include:

- On September 28, 2014, NiSource (NI) (0.3%), a diversified energy company, announced its plan to split into two publicly traded companies, an electric and gas utility and a pure-play gas pipeline, midstream and storage company. The utilities, which serve 3.4 million natural gas customers in seven states (Ohio, Pennsylvania, Massachusetts, Virginia, Kentucky, Maryland, Indiana), and 450,000 electric customers (Indiana), will keep the name NiSource and continue to trade on the NYSE under ticker "NI". The gas pipelines will trade as Columbia Pipeline Group on the New York Stock Exchange under the ticker "COLP" with headquarters in Houston, Texas. Columbia Pipeline Group owns 15,700 miles of natural gas transmission pipeline stretching from Louisiana to New York with 300 billion cubic feet of underground storage.

The separation is planned for mid-2015. NiSource plans to IPO a new master limited partnership (MLP) named Columbia Pipeline Partners LP.

- On June 10, 2014, PPL Corp. (0.6%) announced an agreement with Riverstone Holdings, a private equity energy firm, to combine the companies' unregulated generation assets to form Talen Energy Corporation and spin it to shareholders. Talen would own approximately 15,000 MW (PPL-10,000 MW, Riverstone-5,300 MW) of unregulated generation in PJM (Pennsylvania, New Jersey, Maryland, etc.) and ERCOT (Texas). PPL shareholders would receive shares on a tax-free basis and own 65% of the company, which will be listed on the NYSE. We view the announcement favorably, as it would completely transition PPL from the non-regulated competitive power business, which is a higher risk business, and allow management to focus on the core regulated utility businesses.
- On February 2, 2014, ONE Gas (0.1%), with two million customers in Oklahoma, Kansas, and Texas, began trading as a separate independent gas utility after being distributed to shareholders by ONEOK (1.1%).

In addition, non-regulated power plants continue to be bought and sold as the electric utility industry evolves. Several large integrated electric utilities are taking advantage of recent "upticks" in merchant generation to divest power plants at the potentially early stages of a power market "up-cycle."

COMMENTARY

The utility sector is in the midst of an investment cycle driven primarily by the need to address climate change and move shale gas to population centers. Investment in utility infrastructure where regulators allow a reasonable opportunity to earn fair returns (10% - 11% ROE's) remains the key to utility earnings and dividend growth and valuation multiples. Capital investment grew from $41.1 billion in 2004 to $82.8 billion in 2008, with major spending on environmental control equipment, renewable generation, and transmission. In 2012 and 2013, utility capital expenditures were $90.5 billion compared with $79 billion in 2011. The Edison Electric Institute currently projects industry spending at $93 billion in 2014 and $85 billion in 2015.

We believe that heavy investment could continue, given the EPA's ongoing aggressive policy to reduce emissions and the fact that the June 2, 2014 GHG/carbon standard proposal requires further investment. The Federal Energy Regulatory Commission's (FERC) Order 1000 increases transmission opportunities and, separately, distributed generation, efficiency, alternative fueling stations, smart meters, and storm proof distribution systems represent potential opportunities. The gas utility industry is investing heavily in gas gathering, processing, and transportation, given the recent abundance of shale gas. In addition, gas distribution safety has become a priority. Following the East Harlem, San Bruno, and Allentown gas explosions, regulators are very much focused on incentivizing natural gas utilities to replace older cast iron and steel pipe with safer advanced plastic pipe.

The FERC's favorable incentive oriented regulation continues to make transmission investment one of the more compelling uses of capital for electric utilities. As a result, transmission growth opportunities command premium multiples and are among the more desirable projects. Not surprisingly, transmission investment continued to grow in 2013, nearly doubling from $8.6 billion in 2006 to $15.2 billion in 2013, and we expect transmission to be a focus for most management teams going forward. The Brattle Group, a consulting company, anticipates that the U.S. will need $240-$320 billion of transmission investment through 2030 to ensure reliability and meet all current and proposed renewable standards.

On June 19, 2014, the FERC lowered the New England "transmission base ROE" from 11.14% to 10.57% and capped the return at 11.14%. While the lower ROE is modestly disappointing, it had been generally expected, and a 10.57%-11.14% ROE on a forward looking test year remains one of the more compelling investment opportunities available. Over the next couple of years, we expect the number of regional transmission development opportunities to increase materially, driven by FERC Order 1000, increased demands for reliability and ongoing need to integrate renewable generation. In July of 2011, FERC Order 1000 opened up development opportunities to non-incumbent utilities, which allows transmission developers to participate in projects throughout the country.

While rate base growth, consolidation, and financial engineering offer upside potential, investors harbor a number of concerns, including the potential for higher interest rates, overly onerous EPA rules, and even some discussion of distributed generation technologies replacing the electric utilities. Below, we briefly discuss each of these issues and how constructive regulatory principles recognize them.

- **Higher interest rates:** like most equity investments, utility stocks are negatively impacted when interest rates rise. The current 3.6% utility dividend return is 144% of the 2.5% rate on the ten year U.S. Treasury. Should U.S. Treasury rates continue to rise, the utility dividend return would become less compelling. In addition, the present value (or stock price) is often determined by the present value of future cash flows. As such, the higher the interest rate (discount rate), the lower the present value, assuming all other variables hold constant.

  Utility stocks often appear to be more sensitive to interest rates than other stocks because the variables impacting changes in utility revenues, expenses, etc., are less sensitive to other factors. However, utility stocks pay higher dividends than stocks in other sectors, so utility cash flows are less impacted by changes in interest rates. In addition, utility cost of capital, including ROEs, is set by state PUCs and should increase as interest rates rise.

- **EPA Standards:** the EPA's aggressive activity to reduce coal fired generation, or more specifically, emissions of SO2, NOX, and other pollutants, began in earnest in the 1970s and has accomplished significant NOX and SOX emission reductions. Most environmental retrofits and capacity reductions have been in coal fired generation. Further investment is required to meet numerous EPA rules, particularly the March 2015 compliance with Mercury and Air Toxins Standards (MATS) and pending GHG standards. MATS were finalized in December 2011 and require significant reductions in mercury emissions, particulates, and acid gases by March 2015, though extensions are possible through 2016 and 2017.

  On June 2, 2014, the EPA issued its draft proposal to establish regulations on carbon emissions from existing coal plants. The proposal targets a 30% reduction in carbon dioxide emissions by 2030 from existing power plants, based on emission levels from 2005. The rule, scheduled to be finalized in June 2015, provides flexibility to the states, which must implement the rules and submit compliance plans to the EPA by June 2016. States can decide how to meet the reductions, including joining or creating new cap-and-trade programs, deploying more renewable energy, or ramping up energy efficiency technologies. Each state has different percent reduction standards, but the national average is 25% by 2020 and 30% by 2030. On September 20, 2013, the EPA announced carbon emission rules for new sources of generation, effectively barring the construction of new coal facilities until technology that allows carbon sequestration becomes economically feasible.

  We expect electric utilities operating in regulated states to be largely protected, or even to benefit, from cost recovery and rate base returns related to environmental investment in upcoming rate cases. Some state PUCs allow for annual rate adjustments, riders, or trackers to recognize investment. As such, the rules could represent earnings growth opportunities. However, we expect non-regulated coal generation and merchant coal owners to be negatively impacted.

- **Distributed Generation:** the penetration rates of residential rooftop solar panels in most states is extremely low, but strong enough in California, Hawaii, and Arizona to warrant investment consideration. The rapid growth in these states is at least partially driven by subsidies, lease/financing models, and favorable net metering rules, but also by improving technology and lower costs. The addition of rooftop solar panels negatively impacts electric demand, but customers remain dependent on the grid for reliability during absences of sunlight. Given that these states have decoupled revenues from sales, the lower demand does not negatively impact revenues but instead becomes a cost sharing challenge. Utilities overall revenue requirements must be made up through higher rates, or subsidies, from other non-solar users. We believe regulators will continue to take action in order to limit the impacts of cost sharing when it becomes necessary. Further, we believe that major technological advances in battery storage would be required to significantly disrupt the long standing utility business model.

Our Approach

For several decades, utility companies have acquired other utilities and utility assets for the sake of gaining economies of scale and efficiency. The same forces that resulted in more than one hundred utility takeover announcements over the past two decades remain in place, and new forces have come into play that continue to drive this long term trend. Climate change and environmental policy have pressured marginal players. The electric and gas utility sector remains fragmented, with roughly sixty electric utilities and thirty gas utilities. From the standpoint of economic efficiency, this is fifty more than we need.

Our investments in regulated companies have primarily, though not exclusively, focused on fundamentally sound, reasonably priced, mid cap and small cap utilities that are likely acquisition targets for large utilities seeking increased bulk. We prefer utilities that operate in more constructive regulatory environments, possess lower carbon footprints, and/or access to strategic geographies. We favor utilities with pending transmission line developments, and we focus on natural gas pipelines and storage operators as a way to take advantage of the growing demand for natural gas in the U.S.

Let's Talk Stocks

The following are stock specifics on selected holdings of the 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. The share prices of the following holdings are presented as of September 30, 2014.

AES Corp. (1.6% of net assets as of September 30, 2014) (AES - $14.18 - NYSE) is a global power company that owns distribution and generation assets on five continents in 20 countries, with a generating capacity of over 37,000 MW and distribution networks in five countries including larger utilities in the U.S. and Brazil. Since late 2011, AES has been undergoing a transformation to narrow its strategic focus, allocate capital efficiently, and improve existing operations. As a result, AES has sold about $2.3 billion in non-core assets and repurchased stock and debt. In early 2013, the company formed six strategic business units to include six focus regions consisting of the U.S., Andes (Chile, Columbia, Argentina), Brazil, MCAC (Mexico, Central America, and the Caribbean), EMEA (Europe, Middle East and Africa), and Asia. Future capital investments and growth projects will be focused in areas where a platform already exists. Additionally, the company instituted a quarterly dividend of $0.04 per share in the third quarter of 2012, and has since raised it to $0.05 per share quarter, with further plans to increase it in the future. With this new focused approach to management, we regard AES as one of the better securities to allow the Fund to gain exposure to utility markets both inside and outside of the U.S.

American Electric Power Co. Inc. (1.7%) (AEP - $52.21 - NYSE) is one of the nation's largest electric utilities serving more than 5.3 million retail customers in 11 states (Ohio and Texas the largest), owns approximately 38,000 megawatts (MW) of generating capacity, 40,000 miles of transmission lines (nation's largest), and 221,000 miles of distribution lines. AEP plans to invest $10.9 billion over the 2014-2016 time period in regulated assets driving 7.4% CAGR in net regulated plant. Over the 2013-2017 period, AEP Transco, a transmission development subsidiary that contributed $0.16 per AEP share in 2013, plans to grow its capital investment to $6.2-$8.2 billion and generate $0.67-$0.80 per share. Management expects 4%-6% annual earnings growth driven by a recovering economy, cost controls, and the rate recovery of capital investment. AEP currently pays roughly 60% of earnings to shareholders in the form of dividends and expects to increase the payout to 60%-70%.

Black Hills Corp. (1.2%) (BKH - $47.88 - NYSE) is a diversified energy company. The regulated utilities generated most of 2013 operating income and include electric utilities Black Hills Power (BHP), Colorado Electric (CE), and Cheyenne Light (CL), as well as gas utilities in Nebraska, Iowa, Kansas, and Colorado. The non-regulated business includes oil and gas development and production (E&P), coal mining, and merchant power generation. The regulated companies enjoy constructive regulatory treatment of ongoing investment in infrastructure, including renewable energy projects and new power plants. BKH also holds leases on approximately 74,000 acres in the Mancos Shale region and believes the acreage holds 2.2 Tcf of potential reserves. The company has also acquired 20,000 additional acres and plans to drill test wells to 'prove up' these resources. Given the early stage of BKH's shale development, we consider BKH to be an inexpensive 'call option' on the Mancos. Overall, the regulated utilities offer mid-single digit earnings growth, and the non-regulated businesses, specifically the E&P business, offer potential upside.

Edison International (2.0%) (EIX - $55.92 - NYSE) through Southern California Edison (SCE), is one of the nation's largest regulated electric utilities serving 14 million residents (five million customers) in central, coastal, and southern California. On April 1, 2014, EIX completed the sale of its bankrupt non-regulated generation business, Edison Mission Energy (EME), to NRG Energy. As a result, EME was deconsolidated from EIX, and lower-risk SCE will generate the bulk of future earnings. On June 7, 2013, EIX announced its decision to permanently retire Unit 2 (1,100 MW; 2022) and Unit 3 (1,100 MW; 2022) of its 78%-owned (SRE owns 20%) San Onofre Nuclear Generating Station (SONGS). The decision was based on the economics of balancing repair costs, administrative delays, replacement power costs, and the time-frame given license expirations in 2022. On March 27, 2014, EIX reached a settlement agreement regarding recovery of the SONGS units, eliminating a large uncertainty for the company. We continue to expect the utility company to benefit from rate cases, ongoing constructive California regulatory mechanisms, and 7%-9% projected average annual rate base growth driven by a $15.1 billion-$17.2 billion capital program through 2017.

Emera Inc. (0.2%) (EMA - $31.28 - Toronto Stock Exchange), based in Halifax, Nova Scotia, is a growing utility and energy company with about 90% of earnings derived from regulated or contracted businesses, including Nova Scotia Power (497,000 customers; 44% of earnings), Emera Maine (156,000 customers; 13% of earnings) and Caribbean Utilities (193,000 customers; 1% of earnings). Emera's strategy is focused on the transformation of the electricity industry to cleaner generation and the delivery of that clean energy to the market. Over the last few years, the company has invested throughout the Atlantic region and beyond, in an effort to lessen its reliance on the Nova Scotia market, including recent investments in 1,050 MW of gas-fired generation in New England. It also plans to develop at least $8.6 billion of transmission investment over the next decade to bring hydro power from Canada to Nova Scotia and into New England. Emera also owns about a 24.2% interest in Algonquin Power (less than 0.1%) (AQN-T: C$6.17-$842 million equity cap). The two Canadian power companies have partnered in several growth ventures.

Fortis Inc. (0.1%) (FTS - $30.91 - Toronto Stock Exchange) which is based in St. John's, Newfoundland, is one of Canada's largest publicly traded electric and gas distribution utilities. The company owns eight regulated utilities (seven electric utilities and one gas utility), including CH Energy, which it acquired in June 2013. The company serves approximately 3.1 million customers across Canada, New York and the Caribbean. In late September 2014, Fortis announced that it was reviewing strategic options for the Fortis Properties division, which operates the hotel and commercial real estate businesses. Fortis Properties owns and operates 23 hotels in eight Canadian provinces representing 4,400 rooms, and 2.8 million square feet of commercial and retail real estate, primarily in Atlantic Canada. While owning 3% of Fortis' total assets, the division generated $250 million in revenues and $80 million in EBITDA in 2013. Among the options they are considering are a sale of all or a portion of the assets, sale of shares of Fortis Properties or an Initial Public Offering.

National Fuel Gas Co. (4.8%) (NFG - $69.99 - NYSE) is a diversified natural gas company. NFG owns a regulated gas utility serving the region around Buffalo, NY, gas pipelines that move gas between the Midwest and Canada and from the Marcellus to the Northeast, and an oil and gas exploration and production business. NFG's regulated utility and pipeline businesses, as well as its California oil production business, provide stable earnings and cash flows to support the dividend, while the natural gas production business offers significant upside potential. 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, and we believe the position could be worth $3.5 billion based on recent comparable transactions. We continue to expect above average long term earnings and cash flow growth from rapidly growing gas production and expansion of the strategically located pipeline network. The company has increased its dividend for over forty consecutive years.

NextEra Energy Inc. (3.1%) (NEE - $93.88 - NYSE) is the holding company for Florida Power & Light (FP&L), the largest electric utility in Florida, and NextEra Energy Resources (NER), a leading wholesale power generator. We regard NEE as one of the better positioned electric companies to grow earnings and dividends over the next several years. FP&L operates one of the premier utility franchises in the nation, with favorable long term demographics and above average rate base growth potential, due to the power plant rate adjustments, flexible amortization and other regulatory mechanisms. Additionally, NER owns and operates the nation's largest renewable power portfolio, with a significant pipeline of future growth opportunities. Given a 54% payout of our 2014 earnings estimate and 5%-7% annual earnings growth forecast, we expect 8% annual dividend growth through 2016 to achieve the targeted 55% payout ratio. FP&L operates under a four year (2013-2016) plan based on an allowed-ROE of 10.5% (+/-100-basis points). Importantly, FP&L can raise rates to recognize $3.5 billion of power plant modernization projects. In addition, NEE entered into a Joint Venture with Spectra Energy (0.7%) on a 465 mile, $3 billion (NEE to fund $1 billion) intrastate pipeline from Alabama through Georgia to southern Florida. The project includes an associated $550 million 126-mile expansion to FPL's Martin Energy Center. Upon FERC approval, NEE expects construction to begin in early 2016 with a mid-2017 in-service date. NEE recently IPO'd 20% of a new publicly traded yield co, NextEnergy Partners, to help drive non-regulated renewable generation growth.

PNM Resources Inc. (1.2%) (PNM - $24.91 - NYSE) is a public utility holding company headquartered in Albuquerque, New Mexico. Regulated electric utility subsidiaries include the Public Service Company of New Mexico and Texas-New Mexico Power Company. The utility operations remain strong and PSNM will continue to benefit from FERC generation and transmission rate requests, as well as an annual renewable rider in New Mexico. The renewable rider allows for timely returns on approved renewable investment to reach the state's portfolio standards of 15% by 2015 and 20% by 2020. PNM will also invest $2.3 billion over 2014-2018, including $509 million in 2014, $558 million in 2015, and $499 million in 2016, driving rate base growth of 6%-8% CAGR. We expect PSNM to file an important N.M. rate case in late 2014 using a forward-looking 2016 test year, which will include significant environmental and renewable investment for the San Juan Units, as well as further generation additions. TNMP benefits from annual distribution and transmission rate adjustments, but may file a general rate request in mid 2014. Despite the significant investment plan, the company has no need for an equity offering in the foreseeable future.

Southwest Gas Corp. (1.7%) (SWX - $48.58 - NYSE) is a natural gas distribution utility serving 1.9 million customers in geographically diverse portions of Arizona (1.0 million, or 54%), Nevada (688,000, or 36%), and California (185,000, or 10%). SWX also owns NPL Construction Co., a full service underground piping contractor that provides trenching and installation, replacement, and maintenance services for energy distribution systems. From 2008 to 2010 customer growth slowed, due to the overall slowdown in the new housing market and the increase in idle/vacant homes resulting from foreclosures and challenging economic conditions. However, customer growth is improving, and over the long term we expect that the service area will return to higher growth rates as the favorable regional climate and lower housing prices attract customers. Additionally, the pipeline construction business is growing strongly, given the industry's focus on safety related pipeline replacement programs. We consider SWX to be a high quality gas utility with a focused, low risk strategy and solid earnings outlook, driven by recent and future rate increases, expanded infrastructure tracking mechanisms, customer growth, and cost controls.

October 3, 2014

Top Ten Holdings **(Percent of Net Assets)**
September 30, 2014

National Fuel Gas Co. 4.8%	American Electric Power Co. Inc. 1.7%
NextEra Energy Inc. 3.1%	Verizon Communications Inc. 1.6%
Energy Transfer Equity LP 2.5%	AES Corp. 1.6%
Edison International 2.0%	General Electric Co. 1.5%
Southwest Gas Corp. 1.7%	Northeast Utilities 1.4%

Note: The views expressed in this Shareholder Commentary reflect those of the Portfolio Manager only through the end of the period stated in this Shareholder Commentary. The Portfolio Manager's views are subject to change at any time based on market and other conditions. The information in this Portfolio Manager's Shareholder Commentary represents the opinions of the individual Portfolio Manager 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 Manager 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 net asset value 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 GABUX 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 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

The Gabelli Utilities Fund began offering additional classes of Fund shares on December 31, 2002. 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.

Portfolio Manager Biography

Mario J. Gabelli, CFA, is Chairman and Chief Executive Officer of GAMCO Investors, Inc. that he founded in 1977 and Chief Investment Officer – Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management 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.

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Net Asset Value per share available daily
by calling 800-GABELLI after 7:00 P.M.

GAB470Q314SC

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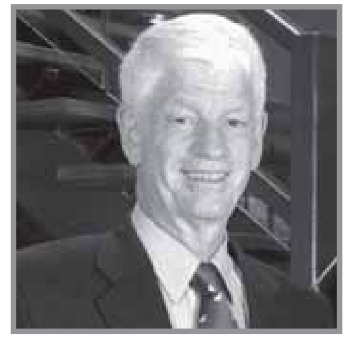
FUNDS

THE GABELLI UTILITIES FUND

Shareholder Commentary
September 30, 2014

The Gabelli Utilities Fund

Third Quarter Report — September 30, 2014



Mario J. Gabelli, CFA
Portfolio Manager

To Our Shareholders,

For the quarter ended September 30, 2014, the net asset value ("NAV") per Class AAA Share of The Gabelli Utilities Fund decreased 5.5% compared with a decrease of 4.0% for the Standard & Poor's ("S&P") 500 Utilities Index. See below for additional performance information.

Enclosed is the schedule of investments as of September 30, 2014.

Comparative Results

Average Annual Returns through September 30, 2014 (a) (Unaudited)

	Quarter	1 Year	5 Year	10 Year	Since Inception (8/31/99)
Class AAA (GABUX)	(5.52)%	9.34%	10.58%	8.49%	8.02%
S&P 500 Utilities Index	(3.96)	17.13	12.13	9.54	5.99
S&P 500 Index	1.13	19.73	15.70	8.11	4.65
Lipper Utility Fund Average	(4.11)	16.85	13.74	10.54	6.73
Class A (GAUAX)	(5.47)	9.44	10.57	8.51	8.04
With sales charge (b)	(10.90)	3.15	9.27	7.87	7.62
Class C (GAUCX)	(5.69)	8.69	9.74	7.71	7.41
With contingent deferred sales charge (c)	(6.63)	7.69	9.74	7.71	7.41
Class I (GAUIX)	(5.57)	9.52	10.81	8.65	8.12

In the current prospectuses dated April 30, 2014, the expense ratios for Class AAA, A, C, and I Shares are 1.37%, 1.37%, 2.12%, and 1.12%, respectively. Class AAA and Class I Shares do not have a sales charge. The maximum sales charge for Class A 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, 2002. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date 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 value of utility stocks generally changes as long term interest rates change. 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 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, 2002 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. The S&P 500 Utilities Index is an unmanaged market capitalization weighted index of large capitalization stocks that may include facilities generation and transmission or distribution of electricity, gas, or water. 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 Utility 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.

(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.

The Gabelli Utilities Fund
Schedule of Investments — September 30, 2014 (Unaudited)

Shares		Market Value
	COMMON STOCKS — 87.6%	
	ENERGY AND UTILITIES — 61.0%	
	Alternative Energy — 0.2%	
300,000	Algonquin Power & Utilities Corp.	$ 2,370,642
80,000	Algonquin Power & Utilities Corp.(a)	632,171
35,500	NextEra Energy Partners LP†	1,231,495
26,000	Ormat Industries Ltd.	183,054
65,000	Ormat Technologies Inc.	1,707,550
		6,124,912
	Electric Integrated — 29.9%	
343,000	ALLETE Inc.	15,225,770
100,000	Alliant Energy Corp.	5,541,000
708,000	Ameren Corp.	27,137,640
20,000	American DG Energy Inc.†	23,000
1,050,000	American Electric Power Co. Inc.	54,820,500
7,000	Atlantic Power Corp.†	16,751
250,000	Avista Corp.	7,632,500
800,000	Black Hills Corp.	38,304,000
16,000	Calpine Corp.†	347,200
746,524	Cleco Corp.	35,945,131
60,000	CMS Energy Corp.	1,779,600
240,000	Dominion Resources Inc.	16,581,600
5,000	DTE Energy Co.	380,400
485,000	Duke Energy Corp.	36,263,450
1,160,000	Edison International	64,867,200
820,000	El Paso Electric Co.	29,971,000
1,400	Entergy Corp.	108,262
935,000	Exelon Corp.	31,874,150
625,000	FirstEnergy Corp.	20,981,250
115,000	Fortis Inc.	3,554,891
1,540,000	Great Plains Energy Inc.	37,221,800
1,120,000	Hawaiian Electric Industries Inc.	29,736,000
42,000	IDACORP Inc.	2,251,620
500,000	Integrys Energy Group Inc.	32,410,000
100,000	ITC Holdings Corp.	3,563,000
341,000	MGE Energy Inc.	12,705,660
1,085,000	NextEra Energy Inc.	101,859,800
250,000	NiSource Inc.	10,245,000
814,000	NorthWestern Corp.	36,923,040
805,000	OGE Energy Corp.	29,873,550
800,000	Otter Tail Corp.	21,336,000
153,000	Pepco Holdings Inc.	4,094,280
120,000	PG&E Corp.	5,404,800
355,000	Pinnacle West Capital Corp.	19,397,200
1,644,686	PNM Resources Inc.	40,969,128
580,000	PPL Corp.	19,047,200
200,000	Public Service Enterprise Group Inc.	7,448,000
685,000	SCANA Corp.	33,982,850
1,074,000	TECO Energy Inc.	18,666,120
440,000	The Empire District Electric Co.	10,626,000
560,000	The Southern Co.	24,444,000
39,000	Unitil Corp.	1,212,510
535,000	Vectren Corp.	$ 21,346,500
980,000	Westar Energy Inc.	33,437,600
712,000	Wisconsin Energy Corp.	30,616,000
390,000	Xcel Energy Inc.	11,856,000
		992,028,953
	Electric Transmission and Distribution — 2.5%	
500,000	Consolidated Edison Inc.	28,330,000
1,070,000	Northeast Utilities	47,401,000
259,000	UIL Holdings Corp.	9,168,600
		84,899,600
	Global Utilities — 2.4%	
11,000	AES Tiete SA, Preference	94,867
32,000	Chubu Electric Power Co. Inc.†	367,340
35,000	E.ON SE	640,780
12,004	EDF SA	393,750
5,000	EDP - Energias de Portugal SA, ADR	217,250
200,000	Electric Power Development Co. Ltd.	6,537,497
14,000	Eletropaulo Metropolitana Eletricidade de Sao Paulo SA, Preference	48,273
190,000	Emera Inc.	5,942,855
35,000	Enagas SA	1,128,604
210,000	Endesa SA	8,298,094
260,000	Enel SpA	1,379,915
2,000	EuroSite Power Inc.†	1,200
500,000	Hera SpA	1,323,684
70,000	Hokkaido Electric Power Co. Inc.†	568,042
40,000	Hokuriku Electric Power Co.	525,553
185,000	Huaneng Power International Inc., ADR	8,077,100
67,000	Iberdrola SA, ADR	1,920,890
50,192	Iberdrola SA, London†	359,452
205,080	Iberdrola SA, Madrid	1,468,687
405,000	Korea Electric Power Corp., ADR	9,088,200
100,000	Kyushu Electric Power Co. Inc.†	1,077,730
17,000	National Grid plc, ADR	1,221,960
6,000	Niko Resources Ltd.†	4,179
6,000	Noble Energy Inc.	410,160
98,000	Red Electrica Corporacion SA	8,486,327
28,000	Shikoku Electric Power Co. Inc.†	358,951
2,000	Snam SpA	11,064
215,000	Statoil ASA	5,862,952
765,000	Talisman Energy Inc.	6,617,250
28,000	The Chugoku Electric Power Co. Inc.	358,951
340,000	The Kansai Electric Power Co. Inc.†	3,213,221
55,000	The Tokyo Electric Power Co. Inc.†	192,569
185,000	Tohoku Electric Power Co. Inc.	2,101,755
		78,299,102
	Merchant Energy — 1.8%	
40,000	GenOn Energy Inc. - Old, Escrow†	0
15,000	GenOn Energy Inc., Escrow†	0
214,000	NRG Energy Inc.	6,522,720

See accompanying notes to schedule of investments.

Shares		Market Value
	COMMON STOCKS (Continued)	
	ENERGY AND UTILITIES (Continued)	
	Merchant Energy (Continued)	
3,700,000	The AES Corp.	$ 52,466,000
		58,988,720
	Natural Gas Integrated — 11.9%	
50,000	Apache Corp.	4,693,500
20,000	Atlas Energy LP	880,000
67,000	Devon Energy Corp.	4,568,060
2,000	Diamondback Energy Inc.†	149,560
21,000	Energen Corp.	1,517,040
1,370,000	Energy Transfer Equity LP	84,515,300
22,094	Energy Transfer Partners LP	1,413,795
150,000	Hess Corp.	14,148,000
765,000	Kinder Morgan Inc.	29,330,100
2,268,000	National Fuel Gas Co.	158,737,320
505,000	Northwest Natural Gas Co.	21,336,250
566,000	ONEOK Inc.	37,101,300
605,000	Spectra Energy Corp.	23,752,300
375,000	UGI Corp.	12,783,750
		394,926,275
	Natural Gas Utilities — 4.7%	
126,000	AGL Resources Inc.	6,468,840
90,000	Atmos Energy Corp.	4,293,000
90,000	CenterPoint Energy Inc.	2,202,300
58,500	Chesapeake Utilities Corp.	2,437,110
1,200,000	CONSOL Energy Inc.	45,432,000
325,032	Corning Natural Gas Holding Co.(b)	6,988,188
161,618	Delta Natural Gas Co. Inc.	3,195,188
60,000	Gulf Coast Ultra Deep Royalty Trust†	120,000
7,000	New Jersey Resources Corp.	353,570
145,000	ONE Gas Inc.	4,966,250
72,000	Piedmont Natural Gas Co. Inc.	2,414,160
48,000	Questar Corp.	1,069,920
44,000	RGC Resources Inc.	875,600
70,000	South Jersey Industries Inc.	3,735,200
1,155,000	Southwest Gas Corp.	56,109,900
270,000	The Laclede Group Inc.	12,528,000
96,000	WGL Holdings Inc.	4,043,520
		157,232,746
	Natural Resources — 2.1%	
14,000	Alliance Holdings GP LP	955,360
74,000	Anadarko Petroleum Corp.	7,506,560
365,000	BP plc, ADR	16,041,750
450,000	Cameco Corp.	7,947,000
10,000	Compania de Minas Buenaventura SA, ADR.	115,800
705,000	Mueller Industries Inc.	20,120,700
22,000	Occidental Petroleum Corp.	2,115,300
950,000	Peabody Energy Corp.	11,761,000
225,000	Tullow Oil plc	2,350,856
5,000	Ultra Petroleum Corp.†	$ 116,300
7,000	Unit Corp.†	410,550
		69,441,176
	Services — 1.6%	
300,000	ABB Ltd., ADR	6,723,000
29,000	Areva SA†	442,108
20,000	Halliburton Co.	1,290,200
35,000	MDU Resources Group Inc.	973,350
59,000	Patterson-UTI Energy Inc.	1,919,270
100,000	Rowan Companies plc, Cl. A	2,531,000
12,000	Tenaris SA, ADR	546,600
1,805,000	Weatherford International plc†	37,544,000
		51,969,528
	Water — 1.8%	
8,000	American States Water Co.	243,360
122,000	American Water Works Co. Inc.	5,884,060
560,000	Aqua America Inc.	13,176,800
5,000	California Water Service Group	112,200
10,500	Connecticut Water Service Inc.	341,250
15,000	Consolidated Water Co. Ltd.	175,200
20,000	Middlesex Water Co.	392,000
990,000	Severn Trent plc	30,124,510
291,034	SJW Corp.	7,820,084
89,000	The York Water Co.	1,780,000
44,000	United Utilities Group plc, ADR	1,148,400
		61,197,864
	Diversified Industrial — 2.0%	
33,000	AZZ Inc.	1,378,410
40,000	Dresser-Rand Group Inc.†	3,290,400
1,890,000	General Electric Co.	48,421,800
360,000	Mueller Water Products Inc., Cl. A	2,980,800
22,500	Park-Ohio Holdings Corp.	1,076,850
235,000	Tyco International Ltd.	10,473,950
		67,622,210
	Environmental Services — 0.1%	
20,000	Covanta Holding Corp.	424,400
91,991	Veolia Environnement SA	1,624,334
		2,048,734
	TOTAL ENERGY AND UTILITIES	2,024,779,820
	COMMUNICATIONS — 19.5%	
	Cable and Satellite — 7.1%	
2,000,000	British Sky Broadcasting Group plc	28,596,910
2,665,500	Cablevision Systems Corp., Cl. A	46,672,905
40,000	Charter Communications Inc., Cl. A†	6,054,800
25,000	Cogeco Cable Inc.	1,277,512
70,000	Cogeco Inc.	3,393,901
76,000	Comcast Corp., Cl. A	4,087,280
750,000	Comcast Corp., Cl. A, Special	40,125,000

See accompanying notes to schedule of investments.

Shares		Market Value
	COMMON STOCKS (Continued)	
	COMMUNICATIONS (Continued)	
	Cable and Satellite (Continued)	
60,000	DIRECTV†	$ 5,191,200
618,000	DISH Network Corp., Cl. A†	39,910,440
336,000	EchoStar Corp., Cl. A†	16,383,360
172,000	Liberty Global plc, Cl. A†	7,316,880
172,000	Liberty Global plc, Cl. C†	7,054,580
85,000	Rogers Communications Inc., Cl. B	3,180,700
12,000	Shaw Communications Inc., Cl. B	293,640
1,500,000	Sky Deutschland AG†	12,748,664
95,000	Time Warner Cable Inc.	13,631,550
50,000	Tokyo Broadcasting System Holdings Inc.	557,101
		236,476,423
	Computer Services Software and Systems — 0.1%	
330,026	Internap Network Services Corp.†	2,277,179
	Telecommunications — 9.8%	
840,000	AT&T Inc.	29,601,600
140,000	Atlantic Tele-Network Inc.	7,546,000
640,000	BCE Inc., New York	27,366,400
11,793	BCE Inc., Toronto	504,279
160,000	Belgacom SA	5,569,575
26,700,000	Cable & Wireless Communications plc	20,300,401
300,000	CenturyLink Inc.	12,267,000
3,800,000	Cincinnati Bell Inc.†	12,806,000
35,000	Deutsche Telekom AG	530,484
790,000	Deutsche Telekom AG, ADR	11,944,800
360,000	Global Telecom Holding, GDR†	1,181,160
25,000	Jazztel plc†	404,810
1,440,000	Koninklijke KPN NV†	4,614,300
18,000	Koninklijke KPN NV, ADR†	58,230
190,000	Level 3 Communications Inc.†	8,688,700
100,000	Loral Space & Communications Inc.†	7,181,000
2,200	Mobistar SA†	41,097
153,000	Nippon Telegraph & Telephone Corp.	9,515,505
330,000	Orascom Telecom Media and Technology Holding SAE, GDR†(a)	264,000
75,877	Philippine Long Distance Telephone Co., ADR	5,233,995
345,000	Portugal Telecom SGPS SA	725,967
345,000	Portugal Telecom SGPS SA, ADR	721,050
2,000	PT Indosat Tbk†	625
1,000	Shenandoah Telecommunications Co.	24,810
2,300,000	Singapore Telecommunications Ltd.	6,851,141
650,000	Sprint Corp.†	4,121,000
124,000	Swisscom AG, ADR	7,055,600
8,000	Tele2 AB, Cl. B	96,619
180,000	Telecom Italia SpA, ADR†	2,059,200
232,500	Telefonica Brasil SA, ADR	4,575,600
53,000	Telefonica Deutschland Holding AG	277,140
570,000	Telefonica SA, ADR	8,760,900
450,000	Telekom Austria AG	4,055,360
455,000	Telenet Group Holding NV†	$ 26,148,434
552,000	Telephone & Data Systems Inc.	13,225,920
35,200	Telio Holding ASA	235,589
500,967	tw telecom inc.†	20,845,237
1,070,000	Verizon Communications Inc.	53,489,300
600,000	VimpelCom Ltd., ADR	4,332,000
40,000	Ziggo NV	1,873,871
		325,094,699
	Wireless Communications — 2.5%	
60,000	America Movil SAB de CV, Cl. L, ADR	1,512,000
70,000	China Mobile Ltd., ADR	4,112,500
60,000	China Unicom Hong Kong Ltd., ADR	901,800
200	Hutchison Telecommunications Hong Kong Holdings Ltd.	80
70,000	Millicom International Cellular SA	5,604,900
246,000	Millicom International Cellular SA, SDR	19,755,682
6,500	Mobile TeleSystems OJSC, ADR	97,110
350,000	NII Holdings Inc.†	19,250
465,000	NTT DoCoMo Inc.	7,760,953
140,000	SK Telecom Co. Ltd., ADR	4,247,600
400	SmarTone Telecommunications Holdings Ltd.	559
34,012	Tim Participacoes SA, ADR	891,114
480,000	Turkcell Iletisim Hizmetleri A/S, ADR†	6,307,200
361,000	United States Cellular Corp.†	12,808,280
600,000	Vodafone Group plc, ADR	19,734,000
		83,753,028
	TOTAL COMMUNICATIONS	647,601,329
	OTHER — 7.1%	
	Aerospace — 1.2%	
320,000	Exelis Inc.	5,292,800
2,300,000	Rolls-Royce Holdings plc	35,962,559
		41,255,359
	Aviation: Parts and Services — 0.1%	
34,000	Curtiss-Wright Corp.	2,241,280
	Building and Construction — 0.0%	
15,000	Acciona SA†	1,122,731
	Business Services — 0.8%	
1,400,015	Clear Channel Outdoor Holdings Inc., Cl. A	9,436,101
100,000	Concur Technologies Inc.†	12,682,000
40,000	Macquarie Infrastructure Co. LLC	2,668,000
10,000	McGrath RentCorp	342,000
17,778	Vectrus Inc.†	347,200
		25,475,301
	Computer Software and Services — 0.1%	
725,000	EarthLink Holdings Corp.	2,479,500

See accompanying notes to schedule of investments.

Shares		Market Value
	COMMON STOCKS (Continued)	
	OTHER (Continued)	
	Consumer Services — 0.1%	
45,000	The ADT Corp.	$ 1,595,700
	Diversified Industrial — 0.4%	
1,000	Alstom SA†	34,204
27,000	Bouygues SA	875,242
20,000	Donaldson Co. Inc.	812,600
120,000	ITT Corp.	5,392,800
11,000	Pentair plc	720,390
15,000	Raven Industries Inc.	366,000
15,000	Svenska Cellulosa AB, Cl. A	358,162
138,000	Twin Disc Inc.	3,720,480
		12,279,878
	Electronics — 0.7%	
240,000	Corning Inc.	4,641,600
880,000	Sony Corp., ADR	15,875,200
50,000	Texas Instruments Inc.	2,384,500
		22,901,300
	Entertainment — 1.6%	
600,000	Grupo Televisa SAB, ADR	20,328,000
1,410,000	Vivendi SA	34,051,002
		54,379,002
	Financial Services — 0.3%	
171,000	Kinnevik Investment AB, Cl. A	6,175,527
80,000	Kinnevik Investment AB, Cl. B	2,890,244
25,000	W. R. Berkley Corp.	1,195,000
		10,260,771
	Health Care — 0.0%	
12,000	Tsumura & Co.	267,736
	Machinery — 0.7%	
85,007	Astec Industries Inc.	3,100,205
1,000	Flowserve Corp.	70,520
86,128	The Gorman-Rupp Co.	2,587,285
500,000	Xylem Inc.	17,745,000
		23,503,010
	Metals and Mining — 0.4%	
300,000	Freeport-McMoRan Inc.	9,795,000
51,141	Haynes International Inc.	2,351,975
55,000	Materion Corp.	1,686,850
16,000	Vulcan Materials Co.	963,680
		14,797,505
	Transportation — 0.7%	
387,200	GATX Corp.	22,600,864
30,014	Providence and Worcester Railroad Co.	$ 524,945
		23,125,809
	TOTAL OTHER	235,684,882
	TOTAL COMMON STOCKS	2,908,066,031
	CONVERTIBLE PREFERRED STOCKS — 0.0%	
	COMMUNICATIONS — 0.0%	
	Telecommunications — 0.0%	
22,000	Cincinnati Bell Inc., 6.750%, Ser. B	1,053,140
	WARRANTS — 0.2%	
	ENERGY AND UTILITIES — 0.2%	
	Natural Gas Integrated — 0.2%	
1,400,000	Kinder Morgan Inc., expire 05/25/17†	5,096,000
	COMMUNICATIONS — 0.0%	
	Telecommunications — 0.0%	
80,000	Bharti Airtel Ltd., expire 08/04/16†(a)	524,892
	TOTAL WARRANTS	5,620,892
Principal Amount		
	U.S. GOVERNMENT OBLIGATIONS — 12.2%	
$405,462,000	U.S. Treasury Bills, 0.000% to 0.060%††, 10/16/14 to 03/26/15	405,438,345
	TOTAL INVESTMENTS — 100.0% (Cost $2,568,159,239)	$3,320,178,408
	Aggregate tax cost	$2,579,718,734
	Gross unrealized appreciation	$ 811,461,226
	Gross unrealized depreciation	(71,001,552)
	Net unrealized appreciation/depreciation	$ 740,459,674

(a) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At September 30, 2014, the market value of Rule 144A securities amounted to $1,421,063 or 0.04% of total investments.
(b) Security considered an affiliated holding because the Fund owns at least 5% of its outstanding shares.
† Non-income producing security.
†† Represents annualized yield at date of purchase.
ADR American Depositary Receipt
GDR Global Depositary Receipt
OJSC Open Joint Stock Company
SDR Swedish Depositary Receipt

See accompanying notes to schedule of investments.

The Fund's schedule of investments is prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), which may require the use of management estimates and assumptions. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its schedule of investments.

Security Valuation. Portfolio securities listed or traded on a nationally recognized securities exchange or traded in the U.S. over-the-counter market for which market quotations are readily available are valued at the last quoted sale price or a market's official closing price as of the close of business on the day the securities are being valued. If there were no sales that day, the security is valued at the average of the closing bid and asked prices or, if there were no asked prices quoted on that day, then the security is valued at the closing bid price on that day. If no bid or asked prices are quoted on such day, the security is valued at the most recently available price or, if the Board of Trustees (the "Board") so determines, by such other method as the Board shall determine in good faith to reflect its fair market value. Portfolio securities traded on more than one national securities exchange or market are valued according to the broadest and most representative market, as determined by Gabelli Funds, LLC (the "Adviser").

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market, but prior to the close of business on the day the securities are being valued. Debt instruments with remaining maturities of sixty days or less that are not credit impaired are valued at amortized cost, unless the Board determines such amount does not reflect the securities' fair value, in which case these securities will be fair valued as determined by the Board. Debt instruments having a maturity greater than sixty days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. U.S. government obligations with maturities greater than sixty days are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. Certain securities are valued principally using dealer quotations.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with the equivalent U.S. dollar value American Depositary Receipt securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

The inputs and valuation techniques used to measure fair value of the Fund's investments are summarized into three levels as described in the hierarchy below:

- Level 1 — quoted prices in active markets for identical securities;
- Level 2 — other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); and
- Level 3 — significant unobservable inputs (including the Board's determinations as to the fair value of investments).

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments in securities and other financial instruments by inputs used to value the Fund's investments as of September 30, 2014 is as follows:

	Valuation Inputs			
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Total Market Value at 9/30/14
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks:				
ENERGY AND UTILITIES				
Merchant Energy	$ 58,988,720	—	$ 0	$ 58,988,720
Other Industries (a)	1,965,791,100	—	—	1,965,791,100
COMMUNICATIONS (a)	647,601,329	—	—	647,601,329
OTHER (a)	235,684,882	—	—	235,684,882
Total Common Stocks	2,908,066,031	—	0	2,908,066,031
Convertible Preferred Stocks (a)	1,053,140	—	—	1,053,140
Warrants (a)	5,096,000	$ 524,892	—	5,620,892
U.S. Government Obligations	—	405,438,345	—	405,438,345
TOTAL INVESTMENTS IN SECURITIES – ASSETS	$2,914,215,171	$405,963,237	$ 0	$3,320,178,408

(a) Please refer to the Schedule of Investments for the industry classifications of these portfolio holdings.

The Fund did not have material transfers among Level 1, Level 2, and Level 3 during the period ended September 30, 2014. The Fund's policy is to recognize transfers among Levels as of the beginning of the reporting period.

Additional Information to Evaluate Qualitative Information.

General. The Fund uses recognized industry pricing services – approved by the Board and unaffiliated with the Adviser – to value most of its securities, and uses broker quotes provided by market makers of securities not valued by these and other recognized pricing sources. Several different pricing feeds are received to value domestic equity securities, international equity securities, preferred equity securities, and fixed income securities. The data within these feeds is ultimately sourced from major stock exchanges and trading systems where these securities trade. The prices supplied by external sources are checked by obtaining quotations or actual transaction prices from market participants. If a price obtained from the pricing source is deemed unreliable, prices will be sought from another pricing service or from a broker/dealer that trades that security or similar securities.

Fair Valuation. Fair valued securities may be common and preferred equities, warrants, options, rights, and fixed income obligations. Where appropriate, Level 3 securities are those for which market quotations are not available, such as securities not traded for several days, or for which current bids are not available, or which are restricted as to transfer. Among the factors to be considered to fair value a security are recent prices of comparable securities that are publicly traded, reliable prices of securities not publicly traded, the use of valuation models, current analyst reports, valuing the income or cash flow of the issuer, or cost if the preceding factors do not apply. A significant change in the unobservable inputs could result in a lower or higher value in

Level 3 securities. The circumstances of Level 3 securities are frequently monitored to determine if fair valuation measures continue to apply.

The Adviser reports quarterly to the Board the results of the application of fair valuation policies and procedures. These include back testing the prices realized in subsequent trades of these fair valued securities to fair values previously recognized.

Derivative Financial Instruments. The Fund may engage in various portfolio investment strategies by investing in a number of derivative financial instruments for the purposes of increasing the income of the Fund or hedging against a specific transaction with respect to either the currency in which the transaction is denominated or another currency. Investing in certain derivative financial instruments, including participation in the options, futures, or swap markets, entails certain execution, liquidity, hedging, tax, and securities, interest, credit, or currency market risks. Losses may arise if the Adviser's prediction of movements in the direction of the securities, foreign currency, and interest rate markets is inaccurate. Losses may also arise if the counterparty does not perform its duties under a contract, or that, in the event of default, the Fund may be delayed in or prevented from obtaining payments or other contractual remedies owed to it under derivative contracts. The creditworthiness of the counterparties is closely monitored in order to minimize these risks. Participation in derivative transactions involves investment risks, transaction costs, and potential losses to which the Fund would not be subject absent the use of these strategies. The consequences of these risks, transaction costs, and losses may have a negative impact on the Fund's ability to pay distributions.

The Fund's derivative contracts held at September 30, 2014, if any, are not accounted for as hedging instruments under GAAP and are disclosed in the Schedule of Investments together with the related counterparty.

Swap Agreements. The Fund may enter into equity contract for difference swap transactions for the purpose of increasing the income of the Fund. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an equity contract for difference swap, a set of future cash flows is exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. Depending on the general state of short term interest rates and the returns on the Fund's portfolio securities at the time an equity contract for difference swap transaction reaches its scheduled termination date, there is a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction. At September 30, 2014, the Fund held no investments in equity contract for difference swap agreements.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at current exchange rates. Purchases and sales of investment securities, income, and expenses are translated at the exchange rate prevailing on the respective dates of such transactions. Unrealized gains and losses that result from changes in foreign exchange rates and/or changes in market prices of securities have been included in unrealized appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial purchase trade date and subsequent sale trade date is included in realized gain/(loss) on investments.

Foreign Securities. The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the inability to repatriate funds, less complete financial information about companies, and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than securities of comparable U.S. issuers.

Foreign Taxes. The Fund may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

Restricted Securities. The Fund may invest up to 15% of its net assets in securities for which the markets are restricted. Restricted securities include securities whose disposition is subject to substantial legal or contractual restrictions. The sale of restricted securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity. For the restricted securities the Fund held as of September 30, 2014, refer to the Schedule of Investments.

Tax Information. The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended.

Under the Regulated Investment Company Modernization Act of 2010, the Fund is permitted to carry forward for an unlimited period capital losses incurred. As a result of the rule, post-enactment capital losses that are carried forward will retain their character as either short term or long term capital losses.

THE GABELLI UTILITIES FUND
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Portfolio Manager Biography

Mario J. Gabelli, CFA, is Chairman and Chief Executive Officer of GAMCO Investors, Inc. that he founded in 1977 and Chief Investment Officer – Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management 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.

We have separated the portfolio manager's 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 manager's 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.

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