To Our Shareholders,

For the quarter ended December 31, 2018, the net asset value (NAV) per Class AAA Share of The Gabelli ABC Fund decreased 1.3% compared with a decrease of 1.1% for the Standard & Poor’s (S&P) Long-Only Merger Arbitrage Index. The performance of the ICE Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index for the quarter was 0.6%. Another class of shares is available. See page 2 for performance information for both classes of shares.

Overall deal volume topped $4 trillion in 2018, an increase of 19% versus 2017\(^1\). Despite the sequentially weaker fourth quarter, 2018 was one of the few years on record in which deal making exceeded $4 trillion. In a continuation of the trend noted earlier in the year, the volume was driven by deal size rather than the number of deals, which was actually down 8% versus 2017. This is evidenced by well over 100 deals greater than $5 billion in size being announced during the year.

\(^1\)Thomson Reuters Mergers & Acquisitions Review – Full Year 2018
Average Annual Returns through December 31, 2018 (a) (Unaudited)

<table>
<thead>
<tr>
<th>Fund</th>
<th>Quarter (5/14/93)</th>
<th>1 Year</th>
<th>5 Year</th>
<th>10 Year</th>
<th>15 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA Shares (GABCX)</td>
<td>(1.32)%</td>
<td>0.20%</td>
<td>1.79%</td>
<td>3.09%</td>
<td>3.58%</td>
</tr>
<tr>
<td>Advisor Shares (GADVX)</td>
<td>(1.40)</td>
<td>(0.06)</td>
<td>1.54%</td>
<td>2.84%</td>
<td>3.38%</td>
</tr>
<tr>
<td>S&amp;P Long-Only Merger Arbitrage Index</td>
<td>(1.09)</td>
<td>3.33%</td>
<td>3.15%</td>
<td>4.71%</td>
<td>N/A(b)</td>
</tr>
<tr>
<td>Lipper U.S. Treasury Money Market Fund Average</td>
<td>0.48</td>
<td>1.47%</td>
<td>0.39%</td>
<td>0.20%</td>
<td>0.99%</td>
</tr>
<tr>
<td>ICE Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index</td>
<td>0.56</td>
<td>1.87%</td>
<td>0.63%</td>
<td>0.37%</td>
<td>1.32%</td>
</tr>
<tr>
<td>S&amp;P 500 Index</td>
<td>(13.52)</td>
<td>(4.38)</td>
<td>8.49%</td>
<td>13.12%</td>
<td>7.77%</td>
</tr>
</tbody>
</table>

In the current prospectuses dated April 30, 2018, the expense ratios for the Class AAA and the Advisor Class Shares, are 0.57% and 0.82% respectively. The Fund does not have a sales charge.

(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, 2007. 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 Long-Only Merger Arbitrage Index is comprised of a maximum of 40 large and liquid stocks that are active targets in pending merger deals. The Lipper U.S. Treasury Money Market Fund Average reflects the average performance of mutual funds classified in this particular category. The ICE Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month, that issue is sold and rolled into the outstanding Treasury Bill that matures closest to, but not beyond three months from the rebalancing date. To qualify for selection, an issue must have settled on or before the rebalancing (month end) date. 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. Dividends are considered reinvested except for the Bank of America Merrill Lynch 3 Month U.S. Treasury Bill 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 the Advisor Class Shares on May 1, 2007. The actual performance of the Advisor Class Shares would have been lower due to the additional expenses associated with this class of shares.

(b) S&P Long-Only Merger Arbitrage Index inception date as of January 31, 2008.

(c) Lipper U.S. Treasury Money Market Fund Average and the S&P 500 Index since inception performance returns are as of April 30, 1993.
As noted in the third quarter commentary, cross-border deals contributed meaningfully to volumes. In fact, 2018 was the strongest year for cross-border mergers and acquisitions (M&A) since 2007, with $1.6 trillion announced. Private equity continued to be active in leveraged buyouts. European M&A logged a 32% increase in volumes, while Asia-Pacific was down 4%. China in particular was weak, with volumes declining more than 10%.

The busiest sectors continued to be Energy & Power, High Technology, and Healthcare. They accounted for 17.5%, 12.6%, and 10.8% of deal volumes, respectively. After a bit of a lull in recent years, Healthcare was strong, with the two largest deals of the year – Shire plc (0.2% of net assets as of December 31, 2018) and Express Scripts Holding Co. – operating in the space. Other industries such as Semiconductors cooled, mostly due to China-U.S. relations and the current stage of the semi cycle.

With the forecast for higher interest rates in 2019, it is important to recall that, as interest rates rise, spreads typically widen. This positive correlation has held historically, and is due to the fact that spreads reflect the risk-free rate, the risks inherent to the deal, and time to closing. Corporations continue to have significant cash balances and an appetite for inorganic growth. Should macroeconomic certainty increase, particularly with China trade relations, many companies could opt to redeploy capital to do deals, which will drive M&A into the future.

Done Deals

CA, Inc. (CA) is a New York, New York based software company. On July 11, 2018 CA agreed to be acquired by Broadcom Inc. for $44.50 per share in cash representing an $18.4 billion total enterprise value. The deal was subject to shareholder and regulatory approvals and closed on November 6, 2018. The Fund earned a 6.94% return.

Endocyte Inc. (ECYT) is a West Lafayette, Indiana based radiopharmaceuticals oncology company. On October 18, 2018 ECYT agreed to be acquired by Novartis AG for $24 cash per share in a $2.1 billion merger. The oncology space has seen many deals recently. The deal was subject to shareholder and regulatory approvals and closed on December 24, 2018. The Fund earned a 14.03% return.

K2M Group Holdings Inc. (KTWO) is a Leesburg, Virginia based medical device company primarily focused on spinal treatments. On August 30, 2018 KTWO agreed to be acquired by Stryker Corporation for $27.50 per share in cash representing a $1.4 billion equity value. The deal received shareholder and regulatory approvals and closed on November 12, 2018. The Fund earned a 5.04% return.

Mazor Robotics Ltd. (MZOR) is a Caesarea, Israel based robotic surgery company. On September 20, 2018 MZOR agreed to be acquired by Medtronic plc for $58.50 per share in cash representing a $1.6 billion transaction value. Medtronic already owned a stake and warrants in MZOR. The deal was subject to shareholder and regulatory approvals and closed on December 20, 2018. The Fund earned a 4.23% return.

Mitel Networks Corp (MITL) is an Ottawa, Canada based leader in business communications. On April 24, 2018 MITL agreed to be acquired by Searchlight Capital Partners, LP for $11.15 per share in cash representing a $2 billion transaction value. The deal was subject to shareholder and regulatory approvals and closed on December 3, 2018. The Fund earned a 2.72% return.
Pinnacle Foods Inc. (PF) is a Parsippany, New Jersey based packaged foods company. On June 27, 2018 PF agreed to be acquired by Conagra Brands, Inc. for $43.11 per share in cash plus 0.6494 CAG stock representing a $10.9 billion transaction value. The deal received shareholder and regulatory approvals and closed on October 26, 2018. Due to the stock consideration, we will not be providing a return at this time.

Sky PLC. (SKY PLC) is a London, U.K. based media company that primarily operates sports, news and entertainment assets across Europe. On December 9, 2016 Twenty-First Century Fox (1.6%) made an offer of £10.75 per share in cash to acquire the remaining interest of Sky PLC it did not already own. On April 25, 2018 Comcast made a competing bid to acquire Sky for £12.50 per share in cash. In response, on July 11, 2018, Twenty-First Century Fox increased its offer to £14.00 per share in cash. Comcast countered the most recent Fox offer on July 11, 2018, increasing its bid to buy Sky to £14.75 per share in cash. On September 22, 2018, Sky held a formal three round auction in which Comcast outbid Twenty-First Century Fox offering £17.28 per share in cash. Comcast’s winning offer values Sky at 29.7 billion pounds. The deal required a majority of SKY shareholders to tender their shares and closed on November 7, 2018. Due to the squeeze out process in Sky PLC, we are unable to provide a return at this time.

SodaStream International Ltd. (SODA) is an Airport City, Israel based home beverage company. On August 20, 2018 SODA agreed to be acquired by PepsiCo, Inc. for $144 per share in cash representing a $3.2 billion transaction value. The deal was subject to shareholder and regulatory approvals and closed on December 7, 2018. The Fund earned a 5.18% return.

**Deals in the Pipeline**

Apptio Inc. (2.4% of net assets as of December 31, 2018) (APTI – $37.96 – NASDAQ) is a Bellevue, Washington based software company that allows clients to manage and optimize their IT assets. On November 11, 2018 APTI agreed to be acquired by Vista Equity Partners for $38 cash per share or $1.94 billion. The merger is subject to a shareholder vote and regulatory approvals and is expected to close in the first quarter of 2019.

Belmond Ltd. (0.2%) (BEL – $25.03 – NYSE) owns a chain of luxury hotels and properties worldwide. On December 14, 2018 NBEL agreed to be acquired by LVMH Moet Hennessy Louis Vuitton for $25 per share in cash representing a $3.2 billion transaction value. The deal is subject to shareholder and regulatory approvals and is expected to close in the first half of 2019.

Imperva, Inc. (0.5%) (IMPV – $55.69 – NASDAQ) is a Redwood Shores, California based cybersecurity company. On October 10, 2018 IMPV agreed to be acquired by private equity firm Thoma Bravo for $55.75 cash in a $2.1 billion merger to round out its technology and software portfolio. The deal is subject to shareholder and regulatory approvals and is expected to close in the first quarter of 2019.

InfraREIT, Inc. (0.2%) (HIFR – $21.02 – NYSE) is a regulated transmission company based in Dallas, Texas with operations in Texas and the southwestern United States. On October 18, 2018 HIFR agreed to be acquired by Oncor, which is 80% owned by Sempra Energy, for $21 cash per share in a $1.3 billion merger. The deal is subject to shareholder and regulatory approvals and is expected to close in mid-2019.

Red Hat, Inc. (0.6%) (RHT – $175.64 – NYSE ) is a Raleigh, North Carolina based open source software products company. On October 28, 2018 RHT agreed to be acquired by IBM for $190 cash per share. The deal comes as IBM is looking to diversify its offerings for clients. The $34 billion merger is subject to shareholder and regulatory approvals and is expected to close in the second half of 2019.
Shire plc (0.2%) (SHPG/SHP – $174.04/£45.70 – NYSE/London Stock Exchange) is a Dublin, Ireland based biotech company focused on hematology, immunology, and oncology. On May 8, 2018 SHPG agreed to be acquired by Takeda Pharmaceutical Company Limited for $30.33 per share in cash plus 0.839 new Takeda shares per ordinary share representing a £46 billion valuation. The deal is subject to shareholder and regulatory approvals and is expected to close in first half of calendar 2019.

TESARO Inc. (1.2%) (TSRO – $74.25 – NASDAQ) is a Waltham, Massachusetts based biotech company focused on PARP inhibitors for cancer. Its main drug is known as Zejula. On December 3, 2018 TSRO agreed to be acquired by GlaxoSmithKline plc for $75 cash per share or $5.1 billion in a tender offer. The deal is subject to a minimum tender threshold and regulatory approvals and is expected to close in the first quarter of 2019.

The Navigators Group, Inc. (0.1%) (NAVG – $69.49 – NASDAQ) is a Stamford, Connecticut based property and casualty insurer. On August 22, 2018 NAVG agreed to be acquired by The Hartford for $70 per share in cash representing a $2.1 billion transaction value. The deal is subject to shareholder and regulatory approvals and is expected to close in the first half of 2019.

Tribune Media Company (0.6%) (TRCO – $ 45.38 – NYSE) is a Chicago, Illinois based broadcasting company. TRCO attempted to merge with Sinclair Broadcasting Group in 2018, albeit unsuccessfully, and then put itself back on the block after that deal failed. On December 3, 2018 TRCO agreed to be acquired by Nexstar Broadcasting for $46.50 cash per share in a $6.4 billion merger. The deal is subject to shareholder and regulatory approvals and is expected to close late in the third quarter of 2019.

Valero Energy Partners LP (2.0%) (VLP – $42.17 – NYSE) is a San Antonio, Texas based MLP formed by Valero Energy Corporation to own, operate, and develop crude oil and refine petroleum pipelines and terminals. On October 18, 2018 VLP agreed to be acquired by Valero Energy Corporation for $42.25 cash per share or $950 million. The merger is subject to a shareholder vote and regulatory approvals and is expected to close in the first quarter of 2019.

January 17, 2019

<table>
<thead>
<tr>
<th>Top Ten Holdings (Percent of Net Assets)</th>
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<tbody>
<tr>
<td><strong>December 31, 2018</strong></td>
</tr>
<tr>
<td>Appito Inc.</td>
</tr>
<tr>
<td>Vectren Corp.</td>
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<tr>
<td>USG Corp.</td>
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<tr>
<td>Scana Corp.</td>
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<tr>
<td>Dun &amp; Bradstreet Corp.</td>
</tr>
<tr>
<td>Valero Energy Partners LP</td>
</tr>
<tr>
<td>Twenty-First Century Fox Inc.</td>
</tr>
<tr>
<td>Tesaro Inc.</td>
</tr>
<tr>
<td>Millicom International Cellular</td>
</tr>
<tr>
<td>Arris International Plc</td>
</tr>
</tbody>
</table>
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 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.

Merger Arbitrage Risk. The principal risk associated with the Fund’s investment strategy is that certain of the proposed reorganizations in which the Fund invests may involve a longer time frame than originally contemplated or be renegotiated or terminated, in which case losses may be realized. The Fund invests all or a portion of its assets to seek short term capital appreciation. This can be expected to increase the portfolio turnover rate and cause increased brokerage commission costs.

FOR THE BENEFICIAL OWNERS
The Gabelli ABC Fund remains open to new investors with the following characteristics:

Direct Ownership – Class AAA (GABCX)
- Purchases may be made through G.distributors, LLC or directly through the Fund’s Transfer Agent or through brokers that have entered into selling agreements specifically with respect to Class AAA Shares; and
  - The minimum initial investment is $10,000; and
  - The Fund may involuntarily redeem shares through brokers or financial consultants in omnibus and individual accounts where the beneficial owner is not disclosed.

Ownership Through Intermediaries – Advisor Class (GADVX)
- The Advisor Share Class is available through brokers or financial intermediaries that have entered into selling agreements with G.distributors, LLC, specifically with respect to this share class; and
  - The minimum initial investment is $10,000.

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.

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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, are available on our website at www.gabelli.com.
Portfolio Management Team Biographies

Mario J. Gabelli, CFA, is 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.

Ryan N. Kahn, CFA, is an analyst dedicated to the Gabelli merger arbitrage portfolios, specific to our U.S. open and closed end funds. He joined the team in 2013 after working as a generalist in the research department. Mr. Kahn earned a Bachelor of Science in Business Management from Babson College.

Gian Maria Magrini, CFA, is an analyst dedicated to the Gabelli merger arbitrage portfolios specific to our U.S. open and closed end funds. He joined the team in 2013 after serving various roles in the firm’s operations and research departments. Mr. Magrini earned a Bachelor of Science in Finance from Fordham University.

Regina M. Pitaro is a Managing Director and Head of Institutional Marketing at GAMCO Investors, Inc. Ms. Pitaro joined the firm in 1984 and coordinates the organization’s focus with consultants and plan sponsors. She also serves as a Managing Director and Director of GAMCO Asset Management, Inc. Ms. Pitaro holds an MBA in Finance from the Columbia University Graduate School of Business, a Master’s degree in Anthropology from Loyola University of Chicago, and a bachelor’s degree from Fordham University.
The Gabelli ABC Fund
One Corporate Center
Rye, NY 10580-1422

Phone: 800-GABELLI (800-422-3554)
Fax: 914-921-5118
Email: info@gabelli.com
Website: GABELLI.COM

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

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