The Gabelli Equity Income Fund

Shareholder Commentary
June 30, 2018

To Our Shareholders,

For the quarter ended June 30, 2018, the net asset value ("NAV") per Class AAA Share of The Gabelli Equity Income Fund increased 0.9% compared with an increase of 3.4% for the Standard & Poor's ("S&P") 500 Index. Other classes of shares are available. See page 2 for performance information for all classes.

In Review

During the second quarter of 2018, the stock market continued its upward trajectory. With the exception of the first quarter of 2018, the U.S. stock market has been rising for many quarters in a row. So far in 2018 the overall market, as measured by the S&P 500, is up over 2% on a total return basis. However, growth stocks have been leading the market, not only year-to-date but also over the past five years, as value stocks have lagged. So far this this year, value stocks, as measured by the S&P/Citigroup Value Index, are down over 2%. Many large cap, technology focused stocks have been driving the overall market and account for most of the gains that the market has seen. Some of these stocks do not even pay a dividend, a component we like to see in our holdings. The good news is that, although value investing has been out of favor for many years now, we feel the market is poised to start favoring value stocks once again, and we believe, (y)our portfolio is well positioned to benefit when that rotation occurs.

We anticipate that both earnings growth and deal activity will accelerate in 2018. We expect that earnings for the S&P 500 will be up by more than 10% in 2018, driven by fiscal stimulus, tax cuts, less regulation, and a favorable business climate. Deal activity should also increase in 2018, driven by large cash holdings on the balance sheets of corporate America, a stable regulatory environment, and modest interest rates.

Monthly Distributions – $0.10 per share

The Gabelli Equity Income Fund has a $0.10 per share monthly distribution policy in place. 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.** Such distributions will 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.

Comparative Results

Average Annual Returns through June 30, 2018 (a) (b) (Unaudited)

	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (1/2/92)
Class AAA (GABEX)	0.88%	6.12%	7.86%	7.62%	8.42%	9.81%
S&P 500 Index	3.43	14.37	13.42	10.17	9.30	9.53(c)
Nasdaq Composite Index	6.61	23.71	18.61	13.96	12.01	10.93(c)
Lipper Equity Income Fund Average	1.85	8.64	9.99	8.27	8.19	8.46
Class A (GCAEX)	0.89	6.10	7.85	7.62	8.41	9.81
With sales charge (d)	(4.91)	0.00	6.58	6.98	7.99	9.56
Class C (GCCEX)	0.69	5.29	7.05	6.82	7.64	9.36
With contingent deferred sales charge (e)	(0.31)	4.29	7.05	6.82	7.64	9.36
Class I (GCIEX)	0.93	6.36	8.12	7.90	8.62	9.92
Class T (GCTEX)	0.84	6.07	7.85	7.61	8.42	9.81
With sales charge (f)	(1.68)	3.42	7.30	7.34	8.23	9.64

In the current prospectuses dated January 26, 2018, the expense ratios for Class AAA, A, C, I, and T Shares are 1.39%, 1.39%, 2.14%, 1.14%, and 1.39%, respectively. Class AAA and Class I Shares do not have a sales charge. The maximum sales charge for Class A Shares, Class C Shares, and Class T Shares is 5.75%, 1.00%, and 2.50%, 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. 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 Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class A Shares and Class C Shares on December 31, 2003, Class I Shares on January 11, 2008, and Class T Shares on July 5, 2017. The actual performance of the Class A Shares, Class C Shares, and Class T 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 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Nasdaq Composite Index is an unmanaged indicator of stock market performance. The Lipper Equity Income Fund Average includes the 30 largest equity funds in this category tracked by Lipper, Inc. Dividends are considered reinvested, except for the Nasdaq Composite Index. You cannot invest directly in an index.

(b) The Fund's fiscal year ends September 30.

(c) S&P 500 Index and Nasdaq Composite Index since inception performance are as of December 31, 1991.

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

(e) Assuming payment of the 1% maximum contingent deferred sales charge imposed on redemptions made within one year of purchase.

(f) Performance results include the effect of the maximum 2.50% sales charge at the beginning of the period.

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.

The Economy

The U.S. economy grew at an impressive rate of almost 3%, in real terms, during 2017, and we expect that the economy will continue to grow by at least 3% during 2018. Inflation, as measured by the consumer price index, has begun to move up ever so slightly, and we expect that it will hover just above 2% for 2018, a level that central bankers should be comfortable with as they gradually raise short term rates. The unemployment rate, still hovering around 4%, stands at a ten year low. Housing starts of about 1.3 million units continue their steady increase, but remain comfortably below the prior peak of 2.2 million units.

According to the National Bureau of Economic Research, the current U.S. economic expansion has been going on since June 2009, making this the second longest economic expansion in U.S. history, beating the 106 month expansion of the 1960s. The longest economic expansion was from 1991-2001; we will have to wait just one more year to see if we can beat that record, which goes back to before the Civil War.

The State of Washington

Since late 2017, a rising stock market was based on a "Trump Bump", consisting of (a) tax reform, (b) deregulation, and (c) fiscal stimulus. The Trump administration has delivered on all of these objectives. Fiscal stimulus is being fueled by rising military spending, and the administration would also like to increase infrastructure spending. The new tax bill, which lowers the Federal corporate tax rate to 21%, will make U.S. corporate taxes very competitive with other OECD countries, which is a major positive for the U.S. economy and the U.S. stock market. We believe (y)our portfolio is well positioned to capture the benefits of the lower corporate taxes, as it includes a disproportionate weighting of smaller and mid-size U.S. firms, which previously were paying higher effective rates and whose revenues are centered on domestic operations. Many individuals will see lower taxes with reduced rates and an increased standard deduction, although higher income households in higher state and local tax (SALT) geographies could see an increase. Deregulation in the energy, financial and media/telecom sectors has already unleashed corporate animal spirits. We expect more deregulation to come from this administration.

The State of the Federal Reserve

Notwithstanding excitement about potential tax windfalls, the most powerful market force coming out of Washington during the past decade has come from the Federal Reserve. Through open market activity and three rounds of quantitative easing (QE), the Federal Reserve slashed short term interest rates from 4.5% before the 2008-2009 financial crisis to nearly zero, lifting assets prices everywhere. The Federal Reserve began tapping the brakes by tapering QE in October 2014, and has now raised rates seven times, the latest taking the Federal Reserve Funds rate to a range of 1.75% - 2.0%. Current expectations are for an additional rate increase in 2018 and maybe three in 2019, which would ratchet the Federal Reserve Funds rate to 3.0%. Newly appointed Federal Reserve Chair Jerome H. ("Jay") Powell, a centrist and former banker, will likely be comfortable following this path.

Over the long term, the Federal Reserve's "normalization" of rates is healthy for the economy, but the timing of this process has been the subject of debate, given a lack of meaningful inflation. The last two rate hike cycles ended in market dislocations in 2001 and 2007, but the circumstances in each was very different from today. A future recession may be unavoidable, but it need not be triggered by the Federal Reserve anytime soon. What is clear, however, is that monetary policy has gone from being a tailwind to being a headwind for the economy and the market.

Dividends

Dividends are an important element in the historical returns of stocks. They provide current income and a growing income stream over time. During the second quarter of 2018, U.S. companies continued to increase their dividends and the dividend payout ratio stood at about 39%. At the end of the quarter, the dividend yield on the S&P 500 was approximately 1.9%, while the 10 year U.S. Treasury yielded just over 2.8%.

Investment Scorecard

During the second quarter of 2018, the S&P 500 was up about 3.4% on a total return basis and most of the eleven sectors that make up the S&P 500 Index were up, with the exception of four sectors. Telecom was down 0.9%, the staples sector was down 1.5%, while both the financial and industrial sectors were down 3.2%. The best performing sector was energy, up 13.5%, followed by discretionary, up 8.2%.

Some of the stocks that helped performance the most in the Gabelli Equity Income Fund during the second quarter were Merck (1.1% of net assets as of June 30, 2018), Chevron (1.0%) and Anadarko Petroleum (0.7%).

Merck is a large global pharmaceutical company that has extensive research and development for new drugs. One area where Merck is doing well with new potential products is oncology. During the second quarter, trial results for Keytruda showed improved survival in certain lung cancer patients. Both Chevron and Anadarko Petroleum are energy companies and benefited from rising oil prices during the quarter. All three of the companies were up over 10% during the quarter.

A few of the worst performing stocks in the Fund during the second quarter were Hewlett-Packard Enterprise (0.3%), Legg Mason (0.3%), and Morgan Stanley (0.6%). These three stocks were each down over 10%.

Hewlett-Packard Enterprise is a provider of technology solutions. During the quarter, the company reported results that were generally in line with expectations, but cash flow was below expectations, and that put pressure on the stock. Legg Mason is an asset management firm, while Morgan Stanley is an investment bank with a large wealth management business. Both companies are part of the broader financial sector, which was down during the quarter, partly on concerns the yield curve was flattening a little bit.

Let's Talk Stocks

The following are stock specifics on selected holdings of our Fund. Favorable earnings prospects do not necessarily translate into higher stock prices, but they do express a positive trend that we believe will develop over time. Individual securities mentioned are not necessarily representative of the entire portfolio. For the following holdings, the share prices are listed first in United States dollars (USD) and second in the local currency, where applicable, and are presented as of June 30, 2018.

Bank of New York Mellon (3.1% of net assets as of June 30, 2018) (BK – $53.93 – NYSE) is a global leader in providing financial services to institutions and individuals. The company operates in more than 100 markets worldwide and strives to be the global provider of choice for investment management and investment services. As of June 30, 2018, the firm had $33.6 trillion in assets under custody and $1.9 trillion in assets under management. Going forward, we expect BK to benefit from rising global incomes and the cross border movement of financial transactions. We believe BK is also well positioned to grow earnings in a rising interest rate environment, given its large customer cash deposits and significant loan book.

Brown-Forman Corp. (1.4%) (BFA/BFB – $48.86/$49.01 – NYSE) is a leading global distilled spirits producer. Spirits is an advantaged category that enjoys high margins, low capital requirements, strong free cash flow generation, and good pricing power. The company's global brands include Jack Daniel's Tennessee whiskey, Finlandia vodka, Woodford Reserve bourbon, and el Jimador and Herradura tequilas. Jack Daniel's is one of the world's most valuable spirits brands, enjoying strong growth both in the U.S. and internationally as consumers increasingly choose to drink American whiskies. The company has also successfully expanded the brand into the fast growing flavored whiskey category. While Brown-Forman does face some near term headwinds from negative foreign currency exposure, emerging market sales have returned to growth, and the company is positioned to grow revenues and profits substantially over the next several years, and has significant balance sheet flexibility. While the company is family controlled, we believe that if it ever became available for sale it would be highly coveted by other large global spirits players.

CBS Corp. (1.6%) (CBS – $56.64 – NYSE) operates the CBS television network and the premium cable network Showtime. It also owns 29 local television stations and 130 radio stations. We believe that CBS has a number of opportunities to generate incremental non-advertising revenue from the sale of existing content through its OTT platforms, online video distributors, and retransmission agreements with traditional distributors. In addition, we expect a continued recovery in advertising to contribute to earnings growth. Finally, we believe a combination with Viacom could act as a catalyst.

Genuine Parts Co. (2.1%) (GPC – $91.79 – NYSE) is an Atlanta, Georgia-based distributor of automotive and industrial replacement parts, and electrical and electronic components. We expect GPC's well known NAPA Auto Parts group to benefit as an aged vehicle population, which includes the highest percentage of off warranty vehicles in history, helps drive sales of automotive aftermarket products over the next several years. Additionally, economic indicators remain supportive of the company's industrial and electrical parts distribution businesses amid steady economic expansion. Finally, GPC's management has shown consistent dedication to shareholder value via share repurchases and dividend increases, and most recently announced its intention to spin its Office Products division and merge it with Essendant in a Reverse Morris Trust transition.

Home Depot Inc. (1.1%) (HD – $195.10 – NYSE) based in Atlanta, Georgia, is the world's largest home improvement retailer, with fiscal 2017 revenue of $100.9 billion and EBITDA of $16.5 billion. Home Depot has 2,285 retail stores as of April 30, 2018, which sell a range of building materials, home improvement products, and lawn and garden products, to do-it-yourself, do-it-for-me, and professional customers. We expect the continued improvement in the housing market to provide uplift to Home Depot's business, encouraging consumers to invest in their homes. Notably, the company generates significant cash flow, has a strong balance sheet, and will continue to benefit as the housing recovery improves. To make use of its available cash flow, we expect Home Depot will continue to repurchase stock and pay dividends.

Honeywell (1.3%) (HON – $144.05 – NYSE) operates as a diversified technology company with highly engineered products, including turbine propulsion engines, auxiliary power units, turbochargers, brake pads, environmental and combustion controls, sensors, security and life safety products, resins and chemicals, nuclear services, and process technology for the petrochemical and refining industries. One of the key drivers of HON's growth is acquisitions that increase the company's growth profile globally, creating both organic and inorganic opportunities. The company recently announced its plan to spin-off its Homes product portfolio and ADI Global Distribution businesses as well as its Transportation Systems business into two publicly-traded companies.

National Fuel Gas Co. (0.9%) (NFG – $52.96 – NYSE) is a diversified natural gas company. NFG owns a regulated gas utility serving the region around Buffalo, New York, gas pipelines that move gas between the Midwest and Canada and from the Marcellus to the Northeast, gathering and processing systems, 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. Natural gas prices have been depressed over the past few years, but NFG's net ownership of 785,000 acres in the Marcellus Shale, holds enormous natural gas reserve potential and the company has proven to be among the lower cost producers. We continue to expect above average long term earnings and cash flow growth from improving gas prices, growing gas production and strategically located pipeline expansion. The company has increased its dividend for 46 consecutive years.

Verizon (1.1%) (VZ – $50.31 – NYSE) is one of the world's leading telecommunications services companies. Its wholly-owned subsidiary, Verizon Wireless (VZW), is the largest mobile operator in the United States with over 116 million retail customers. In April 2018, Verizon reported stronger than expected 1Q revenues and Adjusted EBITDA and reiterated 2018 guidance. The company is a beneficiary of the Tax Cuts and Jobs Act. VZ estimates savings from tax reform to generate net $3.5-$4.0 billion uplift to cash flow from operations. The incremental cash flow will be used primarily to strengthen the company's balance sheet. In late November 2017, VZ announced that it plans to launch 5G residential broadband services (via fixed wireless) in up to five markets (including Sacramento and Los Angeles) in 2018 (expected to be followed by a broader rollout in 2019). The above commercial launch will be powered by millimeter-wave spectrum. Verizon estimates the market opportunity for initial 5G residential broadband services to be ~30 million households. VZ expects its capital expenditures for 2018 to be in the range of $17.0-$17.8 billion, including commercial launch of 5G. In June 2018, the company announced its CEO succession plan. Hans Vestberg, EVP, President of Global Networks, and CTO of Verizon will succeed Lowell McAdam as CEO effective August 1, 2018. Vestberg joined VZ in April 2017 after spending the bulk of his career with Ericsson (including a CFO position, and, ultimately, CEO role in 2010-2016).

Wells Fargo & Co. (1.8%) (WFC – $55.44 – NYSE) is a diversified financial services company. Headquartered in San Francisco, California, the firm provides banking, insurance, investments, mortgage, and consumer and commercial finance through more than 9,000 stores and 12,000 ATMs. Wells Fargo serves one in three households in America, and as of March 2018, it had $2.0 trillion in customer assets. Longer term, we expect Wells Fargo to continue to grow market share of domestic deposits due to its strong brand and diversified product base.

Conclusion

While change is constant, the fundamental underpinnings of common stock value investing remain unchanged. Our stock selection process is based on the investment principles first articulated in 1934 by the fathers of security analysis, Benjamin Graham and David Dodd. Their work provided the framework for value investing. Our firm contributed to the academic and empirical research on value investing by introducing the concept of Private Market Value (PMV) with a Catalyst™. This is our proprietary research methodology that focuses on individual stock selection by identifying stocks of firms selling at a discount to intrinsic value per share with a reasonable probability of realizing their PMVs. We define PMV as the price a strategic acquirer would likely be willing to pay for the entire enterprise. Catalysts are specific events or circumstances with varying time horizons that can trigger a narrowing of the difference between the market price of a stock and its estimated PMV per share. Price appreciation can occur instantly, as in the case in an announced takeover, or more gradually over time. There are a variety of catalysts that can cause change. Some general categories include: company specific, industry, regulatory, demographic, political, and economic. We continue to find good value in many companies that have some combination of long term growth prospects, strong cash flow generation, and good balance sheets, as well as shareholder friendly management teams. We thank you for your investment in the Fund, and we look forward to serving you in the future.

July 27, 2018

Top Ten Holdings (Percent of Net Assets) June 30, 2018			
Swedish Match AB	3.4%	CBS Corp.	1.6%
Bank of New York Mellon Corp.	3.1%	Marsh & McLennan Cos Inc.	1.5%
Genuine Parts Co.	2.1%	Mastercard Inc.	1.5%
Mondelez International Inc.	1.8%	Brown-Forman Corp.	1.4%
Wells Fargo & Co.	1.8%	M&T Bank Corp.	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 NAVs are available in the financial press and each evening after 7:00 PM (Eastern Time) by calling 800-GABELLI (800-422-3554). Please call us during the business day, between 8:00 AM – 7:00 PM (Eastern Time), for further information.

You may sign up for our e-mail alerts at www.gabelli.com and receive early notice of quarterly report availability, news events, media sightings, and mutual fund prices and performance.

e-delivery

We are pleased to offer electronic delivery of Gabelli fund documents. Direct shareholders of our mutual funds can elect to receive their Annual and Semiannual Reports, Manager Commentaries, and 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

Class AAA Shares are no-load shares offered directly through selected broker/dealers. Class A, Class C, and Class T 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.

Gabelli/GAMCO Funds and Your Personal Privacy

Who are we?

The Gabelli/GAMCO Funds are investment companies registered with the Securities and Exchange Commission under the Investment Company Act of 1940. We are managed by Gabelli Funds, LLC and GAMCO Asset Management Inc., which are affiliated with GAMCO Investors, Inc. GAMCO Investors, Inc. is a publicly held company that has subsidiaries and affiliates that provide investment advisory services for a variety of clients.

What kind of non-public information do we collect about you if you become a fund shareholder?

If you apply to open an account directly with us, you will be giving us some non-public information about yourself. The non-public information we collect about you is:

- *Information you give us on your application form.* This could include your name, address, telephone number, social security number, bank account number, and other information.
- *Information about your transactions with us, any transactions with our affiliates, and transactions with the entities we hire to provide services to you.* This would include information about the shares that you buy or redeem. If we hire someone else to provide services—like a transfer agent—we will also have information about the transactions that you conduct through them.

What information do we disclose and to whom do we disclose it?

We do not disclose any non-public personal information about our customers or former customers to anyone other than our affiliates, our service providers who need to know such information, and as otherwise permitted by law. If you want to find out what the law permits, you can read the privacy rules adopted by the Securities and Exchange Commission. They are in volume 17 of the Code of Federal Regulations, Part 248. The Commission often posts information about its regulations on its website, www.sec.gov.

What do we do to protect your personal information?

We restrict access to non-public personal information about you to the people who need to know that information in order to provide services to you or the fund and to ensure that we are complying with the laws governing the securities business. We maintain physical, electronic, and procedural safeguards to keep your personal information confidential.

Portfolio Manager Biography

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.

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

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GABELLI FUNDS

THE GABELLI EQUITY INCOME FUND

Shareholder Commentary
June 30, 2018

The Gabelli Equity Income Fund
Third Quarter Report — June 30, 2018

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Enclosed is the schedule of investments, as of June 30, 2018.

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(b) The Fund's fiscal year ends September 30.

(c) S&P 500 Index and Nasdaq Composite Index since inception performance are as of December 31, 1991.

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

(e) Assuming payment of the 1% maximum contingent deferred sales charge imposed on redemptions made within one year of purchase.

(f) Performance results include the effect of the maximum 2.50% sales charge at the beginning of the period.

The Gabelli Equity Income Fund
Schedule of Investments — June 30, 2018 (Unaudited)

Shares		Market Value
	COMMON STOCKS — 99.2%	
	Aerospace — 2.2%	
61,000	Aerojet Rocketdyne Holdings Inc.†	$ 1,798,890
2,000	Lockheed Martin Corp.	590,860
10,000	Raytheon Co.	1,931,800
64,000	Rockwell Automation Inc.	10,638,720
2,000	Rockwell Collins Inc.	269,360
890,000	Rolls-Royce Holdings plc	11,607,164
63,900,000	Rolls-Royce Holdings plc, Cl. C†(a)	84,332
		26,921,126
	Agriculture — 0.4%	
90,000	Archer-Daniels-Midland Co.	4,124,700
12,000	The Mosaic Co.	336,600
		4,461,300
	Automotive — 0.7%	
165,000	Navistar International Corp.†	6,718,800
30,000	PACCAR Inc.	1,858,800
		8,577,600
	Automotive: Parts and Accessories — 2.4%	
148,000	Dana Inc.	2,988,120
275,000	Genuine Parts Co.	25,242,250
1,200	O'Reilly Automotive Inc.†	328,284
15,000	Tenneco Inc.	659,400
		29,218,054
	Aviation: Parts and Services — 0.3%	
29,000	United Technologies Corp.	3,625,870
	Broadcasting — 2.1%	
347,000	CBS Corp., Cl. A, Voting	19,654,080
65,575	Liberty Global plc, Cl. A†	1,805,936
150,000	Liberty Global plc, Cl. C†	3,991,500
36,000	MSG Networks Inc., Cl. A†	862,200
		26,313,716
	Building and Construction — 1.4%	
168,000	Fortune Brands Home & Security Inc.	9,019,920
45,800	Herc Holdings Inc.†	2,580,372
160,000	Johnson Controls International plc	5,352,000
		16,952,292
	Business Services — 2.5%	
34,000	Automatic Data Processing Inc.	4,560,760
91,000	Mastercard Inc., Cl. A	17,883,320
2,000	MSC Industrial Direct Co. Inc., Cl. A	169,700
40,000	Pentair plc	1,683,200
28,000	S&P Global Inc.	5,708,920
4,000	Vectrus Inc.†	123,280
		30,129,180
	Cable and Satellite — 0.6%	
10,000	AMC Networks Inc., Cl. A†	622,000
165,000	DISH Network Corp., Cl. A†	$ 5,545,650
16,000	EchoStar Corp., Cl. A†	710,400
6,000	Liberty Latin America Ltd., Cl. A†	114,720
13,692	Liberty Latin America Ltd., Cl. C†	265,351
		7,258,121
	Communications Equipment — 0.1%	
66,000	Corning Inc.	1,815,660
	Computer Hardware — 1.0%	
20,000	Apple Inc.	3,702,200
64,000	International Business Machines Corp.	8,940,800
		12,643,000
	Computer Software and Services — 1.5%	
6,000	CDK Global Inc.	390,300
79,000	Fidelity National Information Services Inc.	8,376,370
265,000	Hewlett Packard Enterprise Co.	3,871,650
50,000	Microsoft Corp.	4,930,500
20,000	NetScout Systems Inc.†	594,000
		18,162,820
	Consumer Products — 5.8%	
44,000	Altria Group Inc.	2,498,760
67,000	Edgewell Personal Care Co.†	3,380,820
28,000	Energizer Holdings Inc.	1,762,880
27,000	Essity AB, Cl. A	669,216
2,000	National Presto Industries Inc.	248,000
48,500	Philip Morris International Inc.	3,915,890
74,000	Reckitt Benckiser Group plc	6,093,095
832,000	Swedish Match AB	41,215,664
84,000	The Procter & Gamble Co	6,557,040
75,000	Unilever NV - NY Shares	4,179,000
		70,520,365
	Consumer Services — 0.1%	
3,500	Allegion plc	270,760
22,000	Rollins Inc.	1,156,760
		1,427,520
	Diversified Industrial — 4.8%	
80,000	Crane Co.	6,410,400
75,000	Eaton Corp. plc	5,605,500
430,000	General Electric Co.	5,852,300
109,000	Honeywell International Inc.	15,701,450
50,000	ITT Inc.	2,613,500
50,000	Jardine Matheson Holdings Ltd.	3,155,000
178,000	Jardine Strategic Holdings Ltd.	6,493,440
38,000	nVent Electric plc†	953,800
120,000	Textron Inc.	7,909,200
330,000	Toray Industries Inc.	2,605,067
37,000	Trinity Industries Inc.	1,267,620
		58,567,277

See accompanying notes to schedule of investments.

Shares		Market Value
	COMMON STOCKS (Continued)	
	Electronics — 1.0%	
35,000	Sony Corp.	$ 1,790,543
85,000	Sony Corp., ADR	4,357,100
60,000	TE Connectivity Ltd.	5,403,600
10,000	Texas Instruments Inc.	1,102,500
		12,653,743
	Energy and Utilities: Electric — 0.4%	
6,000	American Electric Power Co. Inc.	415,500
6,000	Avangrid Inc.	317,580
45,000	El Paso Electric Co.	2,659,500
50,000	Korea Electric Power Corp.,, ADR	717,000
200,000	Texas Competitive Electric Holdings Co. LLC, Escrow†(a)	0
105,000	The AES Corp.	1,408,050
		5,517,630
	Energy and Utilities: Integrated — 0.7%	
168,000	Energy Transfer Equity LP	2,898,000
29,000	Eni SpA	538,676
12,000	Eversource Energy	703,320
6,500	Iberdrola SA, ADR	200,330
62,000	OGE Energy Corp.	2,183,020
59,000	PNM Resources Inc.	2,295,100
		8,818,446
	Energy and Utilities: Natural Gas — 1.6%	
1,200	Atmos Energy Corp.	108,168
200,000	National Fuel Gas Co.	10,592,000
14,000	ONE Gas Inc.	1,046,360
91,000	ONEOK Inc.	6,354,530
12,000	Southwest Gas Holdings Inc.	915,240
		19,016,298
	Energy and Utilities: Oil — 3.7%	
122,000	Anadarko Petroleum Corp.	8,936,500
100,000	Chevron Corp.	12,643,000
15,000	ConocoPhillips	1,044,300
39,000	Devon Energy Corp.	1,714,440
47,000	Exxon Mobil Corp.	3,888,310
91,500	Hess Corp.	6,120,435
21,000	Marathon Petroleum Corp.	1,473,360
40,000	Occidental Petroleum Corp.	3,347,200
75,000	Royal Dutch Shell plc, Cl. A, ADR	5,192,250
17,000	TOTAL SA, ADR	1,029,520
		45,389,315
	Energy and Utilities: Services — 1.5%	
340,000	Halliburton Co.	15,320,400
93,000	Oceaneering International Inc.	2,367,780
10,000	Schlumberger Ltd.	670,300
		18,358,480
	Energy and Utilities: Water — 0.2%	
16,000	Aqua America Inc.	$ 562,880
80,000	Severn Trent plc	2,089,954
		2,652,834
	Entertainment — 1.8%	
140,000	Grupo Televisa SAB, ADR	2,653,000
12,000	The Madison Square Garden Co, Cl. A†	3,722,280
100,000	Twenty-First Century Fox Inc., Cl. B	4,927,000
292,000	Viacom Inc., Cl. A	10,351,400
		21,653,680
	Environmental Services — 1.0%	
50,000	Republic Services Inc.	3,418,000
110,000	Waste Management Inc.	8,947,400
		12,365,400
	Equipment and Supplies — 1.9%	
26,000	A.O. Smith Corp.	1,537,900
16,346	Danaher Corp.	1,613,023
179,000	Flowserve Corp.	7,231,600
60,000	Graco Inc.	2,713,200
11,000	Ingersoll-Rand plc	987,030
22,000	Minerals Technologies Inc.	1,657,700
174,000	Mueller Industries Inc.	5,134,740
16,000	Parker-Hannifin Corp.	2,493,600
15,000	Tenaris SA, ADR	545,850
		23,914,643
	Financial Services — 19.4%	
6,300	Alleghany Corp.	3,622,311
95,000	AllianceBernstein Holding LP	2,712,250
86,000	American Express Co.(b)	8,428,000
40,000	American International Group Inc.	2,120,800
24,000	Argo Group International Holdings Ltd.	1,395,600
5,195	Banco Santander Chile, ADR	163,279
85,000	Banco Santander SA, ADR	453,900
335,000	Bank of America Corp.	9,443,650
13,056	BNP Paribas SA	810,978
245,000	Citigroup Inc.	16,395,400
15,000	Dundee Corp., Cl. A†	18,028
37,000	Eaton Vance Corp.	1,931,030
64,000	Federated Investors Inc., Cl. B	1,492,480
34,000	Fidelity Southern Corp.	863,940
45,000	H&R Block Inc.	1,025,100
50,000	Interactive Brokers Group Inc., Cl. A	3,220,500
15,000	Jefferies Financial Group Inc.	341,100
30,000	JPMorgan Chase & Co.	3,126,000
68,000	Julius Baer Group Ltd.	4,001,858
13,000	Kemper Corp.	983,450
80,000	Kinnevik AB, Cl. A	2,742,066
120,000	Legg Mason Inc.	4,167,600
100,000	Loews Corp.	4,828,000
100,000	M&T Bank Corp.	17,015,000

See accompanying notes to schedule of investments.

Shares		Market Value
	COMMON STOCKS (Continued)	
	Financial Services (Continued)	
225,000	Marsh & McLennan Companies Inc.	$ 18,443,250
167,000	Morgan Stanley	7,915,800
180,000	Navient Corp.	2,345,400
55,000	Och-Ziff Capital Management Group LLC, Cl. A.	106,150
38,000	Oritani Financial Corp.	615,600
10,000	Popular Inc.	452,100
220,000	SLM Corp.†	2,519,000
142,000	State Street Corp.	13,218,780
275,000	Sterling Bancorp	6,462,500
12,000	SunTrust Banks Inc.	792,240
8,000	T. Rowe Price Group Inc.	928,720
98,000	TD Ameritrade Holding Corp.	5,367,460
700,000	The Bank of New York Mellon Corp.	37,751,000
3,000	The Dun & Bradstreet Corp.	367,950
18,500	The Goldman Sachs Group Inc.	4,080,545
92,000	The Hartford Financial Services Group Inc.	4,703,960
103,000	The PNC Financial Services Group Inc.	13,915,300
14,000	The Travelers Companies Inc.	1,712,760
20,000	W. R. Berkley Corp.	1,448,200
90,000	Waddell & Reed Financial Inc., Cl. A	1,617,300
392,000	Wells Fargo & Co.	21,732,480
		237,798,815
	Food and Beverage — 16.3%	
1,000	Ajinomoto Co. Inc.	18,931
1,000	Anheuser-Busch InBev SA/NV	101,015
348,000	Brown-Forman Corp., Cl. A.	17,003,280
14,000	Brown-Forman Corp., Cl. B.	686,140
153,000	Campbell Soup Co.	6,202,620
80,000	Coca-Cola Amatil Ltd., ADR	544,400
20,000	Coca-Cola European Partners plc	812,800
14,500	Coca-Cola Femsa SAB de CV, ADR.	818,235
7,700	Constellation Brands Inc., Cl. A.	1,685,299
90,000	Danone SA	6,607,771
850,000	Davide Campari-Milano SpA.	6,993,087
89,000	Diageo plc, ADR	12,816,890
40,000	Dr Pepper Snapple Group Inc.	4,880,000
120,000	Fomento Economico Mexicano SAB de CV, ADR	10,534,800
200,000	General Mills Inc.	8,852,000
2,400,000	Grupo Bimbo SAB de CV, Cl. A	4,677,887
135,000	Heineken NV.	13,561,327
17,000	Heineken NV, ADR	853,400
180,000	ITO EN Ltd.	8,340,333
35,500	Kellogg Co.	2,480,385
2,000	McCormick & Co. Inc., Cl. V.	231,600
28,000	McCormick & Co. Inc., Non-Voting	3,250,520
540,000	Mondelēz International Inc., Cl. A.	22,140,000
115,000	Nestlé SA.	8,930,122
95,000	Nissin Foods Holdings Co. Ltd.	6,873,052
2,925,000	Parmalat SpA.	9,871,717
100,000	PepsiCo Inc.	$ 10,887,000
45,000	Pernod Ricard SA.	7,351,894
58,000	Remy Cointreau SA	7,518,305
36,000	Sapporo Holdings Ltd.	902,642
65,000	The Coca-Cola Co.	2,850,900
1,000	The Hershey Co.	93,060
65,000	The Kraft Heinz Co.	4,083,300
60,000	Tootsie Roll Industries Inc.	1,851,000
2,000	Tyson Foods Inc., Cl. A.	137,700
60,000	Yakult Honsha Co. Ltd.	4,010,297
		199,453,709
	Health Care — 8.5%	
10,000	Abbott Laboratories	609,900
8,000	AbbVie Inc.	741,200
29,000	Aetna Inc.	5,321,500
4,000	Allergan plc.	666,880
78,000	Baxter International Inc.	5,759,520
7,500	Bio-Rad Laboratories Inc., Cl. A†	2,164,050
298,000	Bristol-Myers Squibb Co.	16,491,320
84,000	Eli Lilly & Co.	7,167,720
5,000	Express Scripts Holding Co.†	386,050
13,000	GlaxoSmithKline plc, ADR.	524,030
40,000	Henry Schein Inc.†	2,905,600
57,000	Johnson & Johnson	6,916,380
214,000	Merck & Co. Inc.	12,989,800
128,000	Novartis AG, ADR	9,669,120
168,000	Patterson Cos., Inc.	3,808,560
275,000	Pfizer Inc.	9,977,000
45,000	Roche Holding AG, ADR	1,243,350
15,000	Roche Holding AG, Genusschein	3,340,654
75,000	William Demant Holding A/S†	3,018,832
61,000	Wright Medical Group NV†	1,583,560
45,000	Zimmer Biomet Holdings Inc.	5,014,800
45,000	Zoetis Inc.	3,833,550
		104,133,376
	Hotels and Gaming — 0.5%	
7,500	Las Vegas Sands Corp.	572,700
75,000	MGM Resorts International.	2,177,250
38,000	Ryman Hospitality Properties Inc., REIT	3,159,700
3,000	Wynn Resorts Ltd.	502,020
		6,411,670
	Industrials — 0.1%	
46,000	Arconic Inc.	782,460
	Machinery — 1.2%	
6,000	Caterpillar Inc.	814,020
79,500	Deere & Co.	11,114,100
44,000	Xylem Inc.	2,964,720
		14,892,840

See accompanying notes to schedule of investments.

Shares		Market Value
	COMMON STOCKS (Continued)	
	Metals and Mining — 1.0%	
200,000	Freeport-McMoRan Inc.	$ 3,452,000
233,000	Newmont Mining Corp.	8,786,430
		12,238,430
	Paper and Forest Products — 0.9%	
11,000	International Paper Co.	572,880
25,000	Svenska Cellulosa AB, Cl. A	273,258
265,000	Weyerhaeuser Co., REIT	9,661,900
		10,508,038
	Publishing — 0.0%	
3,000	Value Line Inc.	71,100
	Real Estate — 0.0%	
9,000	Griffin Industrial Realty Inc.	395,910
	Retail — 5.6%	
16,000	Compagnie Financiere Richemont SA	1,359,103
49,000	Copart Inc.†	2,771,440
45,000	Costco Wholesale Corp.	9,404,100
200,000	CVS Health Corp.	12,870,000
98,000	Ingles Markets Inc., Cl. A.	3,116,400
372,000	J.C. Penney Co. Inc.†	870,480
350,000	Macy's Inc.	13,100,500
90,000	Seven & i Holdings Co. Ltd.	3,927,110
70,000	The Home Depot Inc.	13,657,000
16,000	Tractor Supply Co.	1,223,840
92,000	Walgreens Boots Alliance Inc.	5,521,380
2,000	Walmart Inc.	171,300
10,000	Weis Markets Inc.	533,400
		68,526,053
	Specialty Chemicals — 1.0%	
10,500	Albemarle Corp.	990,465
3,000	Ashland Global Holdings Inc.	234,540
70,000	Ferro Corp.†	1,459,500
8,000	FMC Corp.	713,680
46,000	H.B. Fuller Co.	2,469,280
34,000	International Flavors & Fragrances Inc.	4,214,640
2,400	NewMarket Corp.	970,800
1,000	Quaker Chemical Corp.	154,870
19,000	The Chemours Co.	842,840
		12,050,615
	Telecommunications — 3.3%	
2,000	AT&T Inc.	64,220
230,000	BCE Inc.	9,312,700
32,000	BT Group plc, ADR	462,720
260,000	Deutsche Telekom AG, ADR	4,013,100
4,500	Harris Corp.	650,430
33,000	Loral Space & Communications Inc.†	$ 1,240,800
20,000	Orange SA, ADR	333,400
40,000	Proximus SA	902,010
45,010	Telefonica SA, ADR	383,935
280,000	Telephone & Data Systems Inc.	7,677,600
24,000	TELUS Corp., New York	852,240
23,000	TELUS Corp., Toronto	817,024
273,000	Verizon Communications Inc.	13,734,630
		40,444,809
	Transportation — 0.9%	
141,000	GATX Corp.	10,466,430
	Wireless Communications — 0.8%	
6,000	Millicom International Cellular SA	352,500
35,000	Millicom International Cellular SA, SDR	2,067,156
212,000	NTT DoCoMo Inc.	5,404,597
30,000	Turkcell Iletisim Hizmetleri A/S, ADR	196,200
39,846	United States Cellular Corp.†	1,475,896
35,000	Vodafone Group plc, ADR	850,850
		10,347,199
	TOTAL COMMON STOCKS	1,215,455,824
	CLOSED-END FUNDS — 0.7%	
112,500	Altaba Inc.†	8,236,125
	CONVERTIBLE PREFERRED STOCKS — 0.1%	
	Telecommunications — 0.1%	
20,000	Cincinnati Bell Inc., 6.750%, Ser. B	989,000
	WARRANTS — 0.0%	
	Retail — 0.0%	
105	Sears Holdings Corp., expire 12/15/19†	16
	TOTAL INVESTMENTS — 100.0% (Cost $560,670,727)	$1,224,680,965

(a) Security is valued using significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.
(b) Securities, or a portion thereof, with a value of $2,450,000 were deposited with Pershing LLC as collateral.
† Non-income producing security.
ADR American Depositary Receipt
REIT Real Estate Investment Trust
SDR Swedish Depositary Receipt

See accompanying notes to schedule of investments.

As an investment company, the Fund follows the investment company accounting and reporting guidance, which is part of U.S. generally accepted accounting principles ("GAAP") that may require the use of management estimates and assumptions in the preparation of its schedule of investments. 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 Directors (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 obligations 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, 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. Certain securities are valued principally using dealer quotations. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded. OTC futures and options on futures for which market quotations are readily available will be valued by quotations received from a pricing service or, if no quotations are available from a pricing service, by quotations obtained from one or more dealers in the instrument in question by the Adviser.

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 June 30, 2018 is as follows:

	Valuation Inputs		
	Level 1 Quoted Prices	Level 3 Other Significant Observable Inputs	Total Market Value at 6/30/18
INVESTMENTS IN SECURITIES:			
ASSETS (Market Value):			
Common Stocks:			
Aerospace	$ 26,836,794	$84,332	$ 26,921,126
Energy and Utilities: Electric	5,517,630	0	5,517,630
Other Industries (a)	1,183,017,068	—	1,183,017,068
Total Common Stocks	1,215,371,492	84,332	1,215,455,824
Closed-End Funds	8,236,125	—	8,236,125
Convertible Preferred Stocks (a)	989,000	—	989,000
Warrants (a)	16	—	16
TOTAL INVESTMENTS IN SECURITIES – ASSETS	$1,224,596,633	$84,332	$1,224,680,965

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

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 are 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 or preferred equities, warrants, options, rights, or 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. When fair valuing a security, factors to consider include 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 may include backtesting 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 derivative financial instruments for the purposes of increasing the income of the Fund, hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase, 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, 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 June 30, 2018, if any, are not accounted for as hedging instruments under GAAP and are disclosed in the Schedule of Investments together with the related counterparty.

Options. The Fund may purchase or write call or put options on securities or indices for the purpose of increasing the income of the Fund. As a writer of put options, the Fund receives a premium at the outset and then bears the risk of unfavorable changes in the price of the financial instrument underlying the option. The Fund would incur a loss if the price of the underlying financial instrument decreases between the date the option is written and the date on which the option is terminated. The Fund would realize a gain, to the extent of the premium, if the price of the financial instrument increases between those dates.

As a purchaser of call options, the Fund pays a premium for the right to buy the underlying security at a specified price. The seller of the call has the obligation to sell the underlying security upon exercise at the exercise price. If the price of the underlying security declines, the Fund would realize a loss upon sale or exercise. If the price of the underlying security increases or stays the same, the Fund would realize a gain upon sale or at expiration date, but only to the extent of the premium paid.

As a purchaser of put options, the Fund pays a premium for the right to sell to the seller of the put option the underlying security at a specified price. The seller of the put has the obligation to purchase the underlying security upon exercise at the exercise price. If the price of the underlying security declines, the Fund would realize a gain upon sale or exercise. If the price of the underlying security increases or stays the same, the Fund would realize a loss upon sale or at expiration date, but only to the extent of the premium paid.

If a written call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss. If a written put option is exercised, the premium reduces the cost basis of the security. In the case of call options, the exercise prices are referred to as "in-the-money," "at-the-money," and "out-of-the-money," respectively. The Fund may write (a) in-the-money call options when the Adviser expects that the price of the underlying security will remain stable or decline during the option period, (b) at-the-money call options when the Adviser expects that the price of the underlying security will remain stable, decline, or advance moderately during the option period, and (c) out-of-the-money call options when the Adviser expects that the premiums received from writing the call option will be greater than the appreciation in the price of the underlying security above the exercise price. By writing a call option, the Fund limits its opportunity to profit from any increase in the market value of the underlying security above the exercise price of the option. Out-of-the-money, at-the-money, and in-the-money put options (the reverse of call options as to the relation of exercise price to market price) may be utilized in the same market environments that such call options are used in equivalent transactions. At June 30, 2018, the Fund held no option positions.

Securities Sold Short. The Fund may enter into short sale transactions. Short selling involves selling securities that may or may not be owned and, at times, borrowing the same securities for delivery to the purchaser, with an obligation to replace such borrowed securities at a later date. The proceeds received from short sales are recorded as liabilities and the Fund records an unrealized gain or loss to the extent of the difference between the proceeds received and the value of an open short position on the day of determination. The Fund records a realized gain or loss when the short position is closed out. By entering into a short sale, the Fund bears the market risk of an unfavorable change in the price of the security sold short. Dividends on short sales are recorded as an expense by the Fund on the ex-dividend date and interest expense is recorded on the accrual basis. The broker retains collateral for the value of the open positions, which is adjusted periodically as the value of the position fluctuates. At June 30, 2018, there were no short sales outstanding.

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 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. At June 30, 2018, the Fund held no restricted securities.

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.

GABELLI EQUITY INCOME FUND
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Portfolio Manager Biography

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 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.

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, will be available on our website at www.gabelli.com.

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