# The Gabelli Dividend Growth Fund

## Shareholder Commentary
## September 30, 2018

**(Y)our Portfolio Management Team**

Sarah Donnelly

Robert Leininger, CFA

Justin Bergner, CFA

**To Our Shareholders,**

For the quarter ended September 30, 2018, the net asset value ("NAV") per Class AAA Share of The Gabelli Dividend Growth Fund increased 4.3% compared with an increase of 7.7% 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 third quarter of 2018, the stock market continued its upward climb. The index was up every quarter of 2017 and every quarter of this year with the exception of the first quarter, during which it was only down marginally. Through the third quarter of 2018, the overall market, as measured by the S&P 500, is up by over 10% on a total return basis. However, growth stocks have been leading the market, not just year-to-date but also over the past five years, as value stocks have lagged. Growth stocks, as measured by the S&P/Citigroup Growth Index, are up over 17% year to date. On the other hand, value stocks, as measured by the S&P/Citigroup Value Index, are up by 3.5% this year. Many large cap technology-focused stocks have been driving the overall market and account for a considerable part of the gains that the market has seen. Some of these stocks do not pay a dividend, a characteristic we like to have in (y)our Fund 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 (y)our portfolio is well positioned to benefit when that rotation occurs.

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

## Comparative Results

**Average Annual Returns through September 30, 2018 (a) (Unaudited)**

| | Quarter | 1 Year | 5 Year | 10 Year | 15 Year | Since Inception (8/26/99) |
|---|---|---|---|---|---|---|
| **Class AAA (GABBX)** . . . . . . . . . . . . . . . . . . | 4.29% | 5.43% | 7.12% | 7.99% | 7.51% | 5.81% |
| S&P 500 Index . . . . . . . . . . . . . . . . . . . . . . | 7.71 | 17.91 | 13.95 | 11.97 | 9.65 | 6.08 |
| Lipper Large Cap Value Fund Average . . . . | 6.07 | 11.55 | 10.83 | 9.88 | 8.39 | 5.68 |
| **Class A (GBCAX)** . . . . . . . . . . . . . . . . . . . | 4.24 | 5.40 | 7.12 | 7.99 | 7.54 | 5.83 |
| With sales charge (b) . . . . . . . . . . . . . . . . | (1.75) | (0.66) | 5.86 | 7.36 | 7.11 | 5.50 |
| **Class C (GBCCX)** . . . . . . . . . . . . . . . . . . . | 4.06 | 4.64 | 6.32 | 7.19 | 6.73 | 5.20 |
| With contingent deferred sales charge (c) . . | 3.06 | 3.64 | 6.32 | 7.19 | 6.73 | 5.20 |
| **Class I (GBCIX)** . . . . . . . . . . . . . . . . . . . . . | 4.54 | 6.50 | 7.70 | 8.43 | 7.88 | 6.09 |

**In the current prospectuses dated April 30, 2018, the expense ratios for Class AAA, A, C, and I Shares are 2.01%, 2.01%, 2.76%, and 1.76% respectively, and the net expense ratios for these share classes after contractual reimbursements by Gabelli Funds, LLC, (the "Adviser") are 2.00%, 2.00%, 2.75%, and 1.00%, 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 the Adviser not reimbursed certain expenses of the Fund. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at www.gabelli.com.* The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Lipper Large Cap Value 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. The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class A Shares and Class C Shares on December 31, 2003 and the Class I Shares on June 30, 2004.The actual performance of the Class A and Class C Shares would have been lower due to the additional fees and expenses associated with these classes of shares. The actual performance for the Class I Shares would have been higher due to the lower expenses related to this class of shares.

(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.

We have separated the portfolio managers' commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio managers' commentary is unrestricted. 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 3.0% in real terms during 2017, and we expect that the economy will continue to grow by at least 3.0% during 2018. Inflation, as measured by the Consumer Price Index, has started to move up slightly, and we expect that inflation will hover slightly above 2% for 2018, a level that central bankers should be comfortable with as they gradually raise short term rates. The unemployment rate, now just below 4%, stands at a multi-decade 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.

The U.S economic expansion has been going since June 2009, according to the National Bureau of Economic Research. That means we are now in the second longest economic expansion in the U.S., beating the 106-month expansion of the 1960s; the longest economic expansion on record was from 1991-2001. Thus, if the economic expansion goes on for another year, as we expect it will, the U.S. will have its longest economic expansion on record. Record keeping of such economic data first started around the time of the American Civil War.

## The State of Washington

Since late 2017, the 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 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, but 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 been 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 eight times, the latest taking the Federal Reserve Funds rate to a range of 2.00% – 2.25%. Current expectations are for possibly one additional rate increase in 2018 and two in 2019, which would ratchet the Federal Funds rate to 3.0%. Newly-appointed Federal Reserve Chair Jerome H. Powell, a centrist and former banker, has expressed a comfort level with this course.

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 were very different from today. A future recession may be unavoidable, but it need not be triggered by the Federal Reserve anytime soon. What is clear, however, is that monetary policy has gone from being a tailwind to being a potential 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 third quarter of 2018, U.S. companies continued to increase their dividends, and the dividend payout ratio stood at about 40%. At the end of the quarter, the dividend yield on the S&P 500 was approximately 2%, while the 10 year U.S. Treasury yielded just over 3%.

**Investment Scorecard**

During the third quarter of 2018, the S&P 500 was up about 7.7% on a total return basis, and all of the eleven sectors that make up the S&P 500 Index were up. The three best performing sectors during the quarter were Health Care (up 14.5%), Industrials (up 10.0%), and Telecom (up 9.9%). The Telecom sector was reconfigured during the quarter, and now includes stocks such as Facebook and the former Google. The three worst performing sectors, all of which were up by less than 1%, were Materials, Energy, and Real Estate.

Some of the stocks that helped performance the most in the Fund during the third quarter were Honeywell (3.7% of net assets as of September 30, 2018), Pfizer (4.7%), and Merck (5.5%), all of which were up by over 10% in the quarter. Honeywell is a large industrial conglomerate that raised earnings guidance and gave more information about its planned spin-off of Resideo. Pfizer is a health care company that also raised guidance and has promising products in its pipeline. Likewise, Merck is another health care company.

Among of the worst performing stocks in the Fund during the third quarter were General Electric (1.3%), Kraft-Heinz (2.7%), and Legg Mason (1.1%). These three stocks were each down over 10%. General Electric is a large conglomerate that has been experiencing problems in its Power Division, which generated good profit growth in the past. Legg Mason is a traditional asset management firm that had slight outflows in long term assets during part of the quarter. Food company Kraft Heinz is currently struggling with slow top line growth.

**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 September 30, 2018.

*American Express Co. (3.9% of net assets as of September 30, 2018) (AXP – $106.49 – NYSE)* is the largest closed loop credit card company in the world. The company operates its eponymous premiere branded payment network and lends to its largely affluent customer base. As of September 2018, American Express has 115 million cards in force and nearly $78 billion in loans, while its customers charged over $1.1 trillion of spending on their cards in 2017. The company's strong consumer brand has allowed American Express to enter the deposit gathering market as an alternate source of funding, while the company's affluent customers have picked up spending. Longer term, American Express should capitalize on its higher spending customer base and continue to expand into other payment related businesses, such as corporate purchasing, while also growing in emerging markets. Similarly, the company is looking at the growing success of social media as an opportunity to expand its product base and payment options.

*DowDuPont Inc. (4.1%) (DWDP – $64.31 – NYSE)* is the company formed following the merger of Dow Chemical (DOW) and DuPont de Nemours (DD). The merger closed on August 31, 2017, and the new company, DowDuPont, started trading on September 1, 2017, under the ticker DWDP at around $67 per share. The combined entity expects to generate $3.3 billion in cost synergies, $1 billion in growth synergies, and will pursue a tax-free separation into three independent companies. The New Dow (Materials Science) should be separated by the end of Q1 2019, followed by New DuPont (Specialty Products), and Corteva (Ag), before the end of June 2019. We recently attended Investor Days for each of the new companies; each portfolio will be managed differently than in the past, with focus on shareholder returns, and focus on its competitive advantage, value creation, and growth. New Dow sees a $2-$3 billion EBITDA upside vs former TTM, a 13% ROIC target across the cycle, and $3-$4 billion FCF upside. New DuPont comprises product lines focusing on four areas: Nutrition & Biosciences, Electronics & Imaging, Safety & Construction, and Transportation & Advanced Polymers. The overall focus will be on disciplined investing, a stable and growing dividend, selective acquisitions, and strong cash generation to support share buybacks. Management is targeting organic revenue growth of 3%-5%, increasing operating leverage, FCF conversion of 90%, and a 100 bps annual improvement in ROIC. Corteva's focus is on "enabling farmers to meet record demand" for crops as the global population jumps to 10 billion by 2050. The company has a balanced portfolio of seeds and crop protection. The focus is on top line growth driven by new products, realizing $1.2 billion of cumulative cost synergies by 2021, and EBITDA margin expansion.

*Honeywell International Inc. (3.7%) (HON – $166.40 – NYSE)* operates as a diversified technology company with highly engineered products, including turbine propulsion engines, auxiliary power units, aircraft brake pads, environmental control systems, engine controls, communications and navigation systems, sensors, home automation, catalysts and absorbents and process technology for the petrochemical and refining industries and warehouse automation equipment and software. 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.

*Merck & Company, Inc. (5.5%) (MRK – $70.94 – NYSE)*, headquartered in Whitehouse Station, New Jersey, is a major international drug and pharmaceutical manufacturing company with global revenue of $40.1 billion in 2017. The company's product portfolio includes seven blockbusters with over $1 billion of annual sales and is led by Keytruda, a breakthrough cancer drug in the emerging field of immuno-oncology. Merck is also a leading player in the markets for vaccines, diabetes treatments, and animal healthcare.

*Mondelēz International Inc. (3.2%) (MDLZ – $42.96 – NASDAQ)*, headquartered in Deerfield, Illinois, is the renamed Kraft Foods Inc. following the tax-free spin-off to shareholders of the North American grocery business on October 1, 2012. On July 2, 2015, Mondelēz combined its coffee business with D.E Master Blenders 1753 to form a new coffee company, Jacobs Douwe Egberts. Subsequently, MDLZ exchanged part of its stake in this coffee joint venture for 24% ownership in Keurig Green Mountain, which was acquired by an investor group led by JAB Holding Co. in March 2016. This narrows the company's product focus, as nearly 85% of Mondelēz's $26 billion of revenue is derived from snacking, including leading brands such as Oreo, LU and Ritz biscuits, Trident gum, and Cadbury and Milka chocolates. The company continues to execute against its plan to accelerate growth and to improve margins, targeting 17% in 2018.

*Pfizer (4.7%) (PFE – $44.07 – NYSE)*, headquartered in New York City, is a leading global pharmaceutical company with revenue of $52.5 billion in 2017. The company's product portfolio includes nine blockbusters with over $1 billion of annual sales in therapeutic areas such as cancer, cardiovascular disease, immunology, neurology, and vaccines. The company recently announced plans to reorganize into three business structures – Innovative Health (new drugs with patent exclusivity), Essential Health (legacy products), and Consumer ($3.5 billion portfolio including Advil, Centrum, ChapStick, and Robitussin). This reorganization will be overseen by Dr. Albert Bourla, who will succeed Ian Read as CEO in January 2019.

**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, 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.

November 7, 2018

**Top Ten Holdings** (Percent of Net Assets)
**September 30, 2018**

| | | | |
|---|---|---|---|
| Merck & Co. | 5.5% | Honeywell International Inc. | 3.7% |
| Pfizer Inc. | 4.7% | Citigroup Inc. | 3.4% |
| DowDuPont Inc. | 4.1% | Mondelēz International Inc. | 3.2% |
| American Express Co. | 3.9% | Kraft Heinz Co. | 2.7% |
| JPMorgan Chase & Co. | 3.7% | Microsoft Corp. | 2.3% |

**Note:** The views expressed in this Shareholder Commentary reflect those of the Portfolio Managers only through the end of the period stated in this Shareholder Commentary. The Portfolio Managers' views are subject to change at any time based on market and other conditions. The information in this Portfolio Managers' Shareholder Commentary represents the opinions of the individual Portfolio Managers and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. Views expressed are those of the Portfolio Managers and may differ from those of other portfolio managers or of the Firm as a whole. This Shareholder Commentary does not constitute an offer of any transaction in any securities. Any recommendation contained herein may not be suitable for all investors. Information contained in this Shareholder Commentary has been obtained from sources we believe to be reliable, but cannot be guaranteed.

**Minimum Initial Investment – $1,000**

The Fund's minimum initial investment for regular accounts is $1,000. There are no subsequent investment minimums. No initial minimum is required for those establishing an Automatic Investment Plan. Additionally, the Fund and other Gabelli/GAMCO Funds are available through the no-transaction fee programs at many major brokerage firms. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date of purchase. See the prospectuses for more details.

**www.gabelli.com**

Please visit us on the Internet. Our homepage at www.gabelli.com contains information about GAMCO Investors, Inc., the Gabelli/GAMCO Mutual Funds, IRAs, 401(k)s, current and historical quarterly reports, closing prices, and other current news. We welcome your comments and questions via e-mail at info@gabelli.com.

The Fund's daily NAVs are available in the financial press and each evening after 7:00 PM (Eastern Time) by calling 800-GABELLI (800-422-3554). Please call us during the business day, between 8:00 AM – 7:00 PM (Eastern Time), for further information.

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

**e-delivery**

We are pleased to offer electronic delivery of Gabelli fund documents. Direct shareholders of our mutual funds can elect to receive their Annual and Semiannual Reports, Manager Commentaries, and 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 and Class C Shares are targeted to the needs of investors who seek advice through financial consultants. Class I Shares are available directly through the Fund's distributor or brokers that have entered into selling agreements specifically with respect to Class I Shares. The Board of Trustees determined that expanding the types of Fund shares available through various distribution options will enhance the ability of the Fund to attract additional investors.

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## Gabelli/GAMCO Funds and Your Personal Privacy

**Who are we?**

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

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

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

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

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

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

**What do we do to protect your personal information?**

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

## Portfolio Management Team Biographies

**Sarah Donnelly** joined Gabelli in 1999 as a junior research analyst working with the consumer staples and media analysts. Currently she is a Senior Vice President and the Food, Household and Personal Care products research analyst at Gabelli & Company and a portfolio manager for Gabelli Funds, LLC. In 2013, she was named the Health & Wellness research platform leader. Ms. Donnelly received a B.S. in Business Administration with a concentration in Finance and minor in History from Fordham University.

**Robert D. Leininger, CFA,** joined GAMCO Investors, Inc. in 1993 as an equity analyst. Subsequently, he was a partner and portfolio manager at Rorer Asset Management before rejoining GAMCO in 2010 where he currently serves as a portfolio manager of Gabelli Funds, LLC. Mr. Leininger is a magna cum laude graduate of Amherst College with a degree in Economics and holds an MBA from the Wharton School at the University of Pennsylvania.

**Justin Bergner, CFA,** is currently a Vice President at Gabelli & Company and a portfolio manager for Gabelli Funds, LLC, having rejoined Gabelli & Company in June 2013 as a research analyst covering Diversified Industrials, Home Improvement, and Transport companies. He began his investment career at Gabelli & Company in 2005 as a metals and mining analyst, and subsequently spent five years at Axiom International Investors as a senior analyst focused on industrial and healthcare stocks. Mr. Bergner graduated cum laude from Yale University with a B.A. in Economics & Mathematics and received an MBA in Finance and Accounting from Wharton Business School.

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Net Asset Value per share available daily
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Skadden, Arps, Slate, Meagher &
Flom LLP

This report is submitted for the general information of the shareholders of The Gabelli Dividend Growth Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.

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FUNDS

# THE GABELLI DIVIDEND GROWTH FUND

*Shareholder Commentary*
*September 30, 2018*

# The Gabelli Dividend Growth Fund
## Third Quarter Report — September 30, 2018

**Sarah Donnelly**
*Portfolio Manager*
*BS, Fordham University*

**Robert D. Leininger, CFA**
*Portfolio Manager*
*BA, Amherst College*
*MBA, Wharton School, University of Pennsylvania*

**Justin Bergner, CFA**
*Portfolio Manager*
*BA, Yale University*
*MBA, Wharton School, University of Pennsylvania*

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For the quarter ended September 30, 2018, the net asset value (NAV) per Class AAA Share of The Gabelli Dividend Growth Fund increased 4.3% compared with an increase of 7.7% for the Standard & Poor's (S&P) 500 Index. Other classes of shares are available. See below for performance information for all classes of shares.

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

**Comparative Results**

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## The Gabelli Dividend Growth Fund
## Schedule of Investments — September 30, 2018 (Unaudited)

| Shares | | Market Value |
|---|---|---|
| | **COMMON STOCKS — 94.1%** | |
| | **Automotive: Parts and Accessories — 1.5%** | |
| 4,000 | Aptiv plc | $ 335,600 |
| 2,000 | Delphi Technologies plc | 62,720 |
| | | 398,320 |
| | **Business Services — 1.9%** | |
| 6,000 | Macquarie Infrastructure Corp. | 276,780 |
| 1,500 | Visa Inc., Cl. A | 225,135 |
| | | 501,915 |
| | **Cable and Satellite — 1.0%** | |
| 7,500 | DISH Network Corp., Cl. A† | 268,200 |
| | **Computer Software and Services — 8.4%** | |
| 400 | Alphabet Inc., Cl. C† | 477,388 |
| 1,700 | Apple Inc. | 383,758 |
| 23,000 | Hewlett Packard Enterprise Co. | 375,130 |
| 5,500 | Microsoft Corp. | 629,035 |
| 8,000 | Oracle Corp. | 412,480 |
| | | 2,277,791 |
| | **Consumer Products — 1.9%** | |
| 4,500 | Kimberly-Clark Corp. | 511,380 |
| | **Diversified Industrial — 6.9%** | |
| 1,800 | Acuity Brands Inc. | 282,960 |
| 31,000 | General Electric Co. | 349,990 |
| 6,000 | Honeywell International Inc. | 998,400 |
| 3,500 | Textron Inc. | 250,145 |
| | | 1,881,495 |
| | **Energy — 7.3%** | |
| 4,500 | Anadarko Petroleum Corp. | 303,345 |
| 17,000 | Baker Hughes, a GE Company | 575,110 |
| 500 | Chevron Corp. | 61,140 |
| 8,500 | National Fuel Gas Co. | 476,510 |
| 5,000 | Phillips 66 | 563,600 |
| | | 1,979,705 |
| | **Energy Services — 1.6%** | |
| 11,000 | Halliburton Co. | 445,830 |
| | **Financial Services — 21.4%** | |
| 10,000 | American Express Co. | 1,064,900 |
| 11,500 | American International Group Inc. | 612,260 |
| 15,000 | Bank of America Corp. | 441,900 |
| 12,700 | Citigroup Inc. | 911,098 |
| 9,000 | JPMorgan Chase & Co. | 1,015,560 |
| 9,500 | Legg Mason Inc. | 296,685 |
| 8,000 | Morgan Stanley | 372,560 |
| 4,000 | PayPal Holdings Inc.† | 351,360 |
| 3,700 | State Street Corp. | 309,986 |
| 3,000 | Willis Towers Watson plc | 422,820 |
| | | 5,799,129 |
| | **Food and Beverage — 10.7%** | |
| 8,000 | Conagra Brands Inc. | 271,760 |
| 2,700 | Diageo plc, ADR | $ 382,509 |
| 7,000 | Molson Coors Brewing Co., Cl. B | 430,500 |
| 20,000 | Mondelēz International Inc., Cl. A | 859,200 |
| 8,000 | The Hain Celestial Group Inc.† | 216,960 |
| 13,500 | The Kraft Heinz Co. | 743,985 |
| | | 2,904,914 |
| | **Health Care — 18.5%** | |
| 2,500 | Allergan plc | 476,200 |
| 5,487 | Bristol-Myers Squibb Co. | 340,633 |
| 6,500 | Gilead Sciences Inc. | 501,865 |
| 2,700 | Medtronic plc | 265,599 |
| 21,000 | Merck & Co. Inc. | 1,489,740 |
| 9,000 | Patterson Cos. Inc. | 220,050 |
| 29,000 | Pfizer Inc. | 1,278,030 |
| 5,000 | Zoetis Inc. | 457,800 |
| | | 5,029,917 |
| | **Hotels and Gaming — 1.1%** | |
| 11,000 | MGM Resorts International | 307,010 |
| | **Media — 1.3%** | |
| 16,000 | TEGNA Inc. | 191,360 |
| 4,000 | Tribune Media Co., Cl. A | 153,720 |
| | | 345,080 |
| | **Metals and Mining — 1.5%** | |
| 13,500 | Newmont Mining Corp. | 407,700 |
| | **Retail — 1.8%** | |
| 9,000 | Macy's Inc. | 312,570 |
| 3,000 | Starbucks Corp. | 170,520 |
| | | 483,090 |
| | **Semiconductors — 1.3%** | |
| 4,000 | NXP Semiconductors NV | 342,000 |
| | **Specialty Chemicals — 4.1%** | |
| 17,410 | DowDuPont Inc. | 1,119,637 |
| | **Telecommunications — 1.9%** | |
| 7,500 | T-Mobile US Inc.† | 526,350 |
| | **TOTAL COMMON STOCKS** | 25,529,463 |
| **Principal Amount** | | |
| | **U.S. GOVERNMENT OBLIGATIONS — 5.9%** | |
| $ 1,606,000 | U.S. Treasury Bills, 1.955% to 2.142%††, 10/18/18 to 12/20/18 | 1,600,536 |
| | **TOTAL INVESTMENTS — 100.0%** (Cost $22,037,401) | $27,129,999 |

† Non-income producing security.
†† Represents annualized yields at dates of purchase.
ADR American 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 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 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 by inputs used to value the Fund's investments as of September 30, 2018 is as follows:

| | Valuation Inputs | | |
|---|---|---|---|
| | Level 1 Quoted Prices | Level 2 Other Significant Observable Inputs | Total Market Value at 09/30/18 |
| **INVESTMENTS IN SECURITIES:** | | | |
| **ASSETS (Market Value):** | | | |
| Common Stocks(a) | $25,529,463 | — | $25,529,463 |
| U.S. Government Obligations | — | $1,600,536 | 1,600,536 |
| **TOTAL INVESTMENTS IN SECURITIES – ASSETS** | $25,529,463 | $1,600,536 | $27,129,999 |

(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. 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. 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 back testing the prices realized in subsequent trades of these fair valued securities to fair values previously recognized.

**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.

**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.

**THE GABELLI DIVIDEND GROWTH FUND**
**One Corporate Center**
**Rye, NY 10580-1422**

## Portfolio Management Team Biographies

**Sarah Donnelly** joined Gabelli in 1999 as a junior research analyst working with the consumer staples and media analysts. Currently she is a Portfolio Manager of Gabelli Funds, LLC, a Senior Vice President and the Food, Household, and Personal Care products research analyst for Gabelli & Company. In 2013, she was named the Health & Wellness research platform leader. Ms. Donnelly received a BS in Business Administration with a concentration in Finance and minor in History from Fordham University.

**Robert D. Leininger, CFA,** joined GAMCO Investors, Inc. in 1993 as an equity analyst. Subsequently, he was a partner and portfolio manager at Rorer Asset Management before rejoining GAMCO in 2010 where he currently serves as a portfolio manager of Gabelli Funds, LLC. Mr. Leininger is a magna cum laude graduate of Amherst College with a degree in Economics and holds an MBA degree from the Wharton School at the University of Pennsylvania.

**Justin Bergner, CFA,** is a Vice President at Gabelli & Company and a portfolio manager for Gabelli Funds LLC, the Adviser. Justin rejoined Gabelli & Company in 2013 as a research analyst covering Diversified Industrials, Home Improvement, and Transport companies. He began his investment career at Gabelli & Company in 2005 as a metals and mining analyst, and subsequently spent five years at Axiom International Investors as a senior analyst focused on industrial and healthcare stocks. Prior to business school, Mr. Bergner worked in management consulting at both Bain & Company and Dean & Company. A Chartered Financial Analyst, Mr. Bergner graduated cum laude from Yale University with a BA in Economics & Mathematics and received an MBA in Finance and Accounting from the Wharton School at the University of Pennsylvania.

We have separated the portfolio managers' commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio managers' commentary is unrestricted. 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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by calling 800-GABELLI after 7:00 P.M.

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LEGAL COUNSEL

Skadden, Arps, Slate, Meagher &
Flom LLP

This report is submitted for the general information of the shareholders of The Gabelli Dividend Growth Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.

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# THE GABELLI DIVIDEND GROWTH FUND

*Third Quarter Report*
*September 30, 2018*