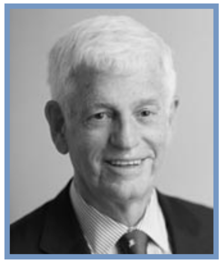
The Gabelli Utilities Fund

Shareholder Commentary
September 30, 2018



Mario J. Gabelli, CFA
Portfolio Manager

Timothy M. Winter, CFA
Portfolio Manager

To Our Shareholders,

For the quarter ended September 30, 2018, the net asset value ("NAV") per Class AAA Share of The Gabelli Utilities Fund increased 3.0% compared with an increase of 2.4% for the Standard & Poor's ("S&P") 500 Utilities Index (SPU). Other classes of shares are available. See page 2 for additional performance information for all classes.

Rising Interest Rates Holding Back Utility Stock Performance

Through the first nine months of 2018, the S&P Utilities Index (SPU) returned a modest 2.7% (including dividends) compared with a 10.6% total return for the S&P 500 Index. The headwind of higher interest rates continues to offset the positive impact of strong utility fundamentals, including 5%-6% earnings and dividend growth.

On September 26, 2018, the Federal Reserve raised the Federal Funds rate 0.25% to 2.0%-2.25%, marking the third increase in 2018 and the eighth rate increase since December 2015. The Federal Reserve expects more increases in its effort to keep inflation under control (~2.0%) as economic growth accelerates and the labor market tightens. Despite the 225 basis point tightening over the 33-month period, the SPU returned 39.6%, the S&P 500 returned 52.6%, and the yield curve flattened. The flattening included a significant 150-basis point increase in the 2-year U.S. Treasury yield to 2.85% (from 1.37%), a more modest 75-basis increase in the 10-year yield to 3.06% (from 2.31%), and a muted 32-basis point increase in the 30-year U.S. Treasury yield to 3.21% (from 2.89%). On a positive note, the Federal Reserve now considers its monetary policy to be "neutral," a change from its long-held "accommodative" stance.

We continue to emphasize that while utility stocks are sensitive to interest rates, they are by no means bond proxies. Earnings and dividend growth primarily determines long term total returns and mitigate the negative impact of higher interest rates.

Comparative Results

Average Annual Returns through September 30, 2018 (a)

	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (8/31/99)
Class AAA (GABUX)	3.00%	3.07%	6.64%	7.70%	8.37%	7.59%
S&P 500 Utilities Index	2.39	2.93	11.06	9.04	10.19	6.73
S&P 500 Index	7.71	17.91	13.95	11.97	9.65	6.26
Lipper Utility Fund Average	2.80	5.37	8.29	8.84	10.04	6.63
Class A (GAUAX)	3.07	3.03	6.66	7.71	8.36	7.60
With sales charge (b)	(2.86)	(2.90)	5.40	7.07	7.94	7.27
Class C (GAUCX)	3.00	2.46	5.60	6.91	7.56	6.93
With contingent deferred sales charge (c)	2.00	1.46	5.60	6.91	7.56	6.93
Class I (GAUIX)	3.08	3.36	6.91	7.96	8.55	7.73

In the current prospectuses dated April 30, 2018, the gross expense ratios for Class AAA, A, C, and I Shares are 1.37%, 1.37%, 2.12%, and 1.12%, respectively. Class AAA and Class I Shares do not have a sales charge. The maximum sales charge for Class A Shares and Class C Shares is 5.75% and 1.00%, respectively.

(a) *Returns represent past performance and do not guarantee future results. Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. Returns would have been lower had Gabelli Funds, LLC, the Adviser not reimbursed certain expenses of the Fund for periods prior to December 31, 2002. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at www.gabelli.com. The value of utility stocks generally changes as long term interest rates change. Funds investing in a single sector, such as utilities, may be subject to more volatility than funds that invest more broadly. The utilities industry can be significantly affected by government regulation, financing difficulties, supply or demand of services or fuel, and natural resources conservation.* The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class A Shares and Class C Shares on December 31, 2002, and Class I Shares on January 11, 2008. The actual performance of the Class A Shares and Class C Shares would have been lower due to the additional fees and expenses associated with these classes of shares. The actual performance of the Class I Shares would have been higher due to lower expenses related to this class of shares. The S&P 500 Utilities Index is an unmanaged market capitalization weighted index of large capitalization stocks that may include facilities generation and transmission or distribution of electricity, gas, or water. The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Lipper Utility Fund Average reflects the average performance of mutual funds classified in this particular category. Dividends are considered reinvested. You cannot invest directly in an index.

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

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

Monthly Distributions – $0.07 per share

The Gabelli Utilities Fund has a $0.07 per share monthly distribution policy 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.

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.

Fundamental Outlook: Super Investment Cycle Continues

We believe that the combination of strong utility fundamentals, the Federal Reserve's vigilance, the flattened yield curve, and the potential for escalating geopolitical volatility bode well for the relative performance of utilities. Strong fundamentals include focused strategies, opportunities for infrastructure investment, improved regulatory principles, low natural gas prices, healthy balance sheets, and investment grade credit ratings. Our universe of electric utility stocks offers a median current return of 3.2% and 5%-6% annual earnings and dividend growth, which is higher than forecast inflation and historical 3%-4% growth rates. Further, the sector continues to consolidate as smaller and mid-size utilities are bought by larger utilities.

The utility sector is undergoing unprecedented change resulting in a multi-year "super" investment cycle. The U.S. power generation fleet is rapidly moving from high carbon coal generation to low-carbon natural gas and zero carbon renewables. The power grid requires modernization to manage renewables, distributed generation, electric vehicle charging stations and public demands for increased safety and reliability. The natural gas and water pipe network needs to be upgraded and expanded. The high capital investment is likely to go on for several years and translate into earnings growth as regulators allow fair returns on investment. Despite the significant investment in infrastructure, electric bill increases have been mitigated by low natural gas prices, more efficient generation, lower financing costs and tax reform. In July 2018, the average U.S. retail electric rate of 10.8 cents/kWH was nearly unchanged from the 10.7 cent/kWH in July 2008. (U.S. Energy Information Administration)

Top Performers

While the SPU was flat year-to-date, some utility/power stocks have experienced more dramatic moves. The top performers in the Fund included AES Corp (2.1% of net assets as of September 30, 2018), which returned 34%, FirstEnergy (0.7%) (20%), Vectren, (1.0%) (11%), Connecticut Water (less than 0.1%) (+21%), and NRG Energy (0.2%) (+30%). The stronger performers have either been involved or are likely to be involved in a merger or restructuring. Vectren Corp. and Connecticut Water each agreed to be bought. FirstEnergy and NRG Energy experienced investments from activists (Elliott Management and Bluescape Resources) with intentions of influencing performance, as did AES Corp with Value Act. Elliott and Bluescape target undervalued and more complex utilities with the intent to re-focus and simplify, while Value Act is promoting an environmental influence. The presence of large, value oriented and activist players is encouraging for utility investors, as it offers comfort that even an underperforming utility can provide return potential.

The third quarter of 2018 was headlined by California utility wildfire legislation, a natural gas explosion in Massachusetts, and Hurricane Florence in the Carolinas. The California legislation provides some comfort that the state's utilities will remain solvent by securitizing excessive 2017 wildfire liabilities and providing authority to the CPUC to allocate fault in future natural disasters. As a result, Pacific Gas & Electric (0.3%) (PCG) recovered roughly $5 billion of the $16 billion of market cap lost in the wake of the 2017 northern California wildfires while Edison International (2.0%) recovered $3.6 billion of the $8.2 billion lost in the wake of the 2017 southern California wildfires. On September 13, 2018, NiSource (0.3%) subsidiary Columbia Gas experienced multiple gas explosions in Lawrence, Andover and North Andover, Massachusetts, resulting in one fatality and 17 injuries. The potential liability led to a $360 million decline in market cap. Finally, Duke Energy (1.1%), Dominion (0.6%) and SCANA (0.9%) efficiently restored power to the over 2 million customers that lost power in the wake of Hurricane Florence. These events highlight the importance infrastructure investment, including the upgrade of the nation's aging electric and gas network, as well as the protection regulation can provide to recognize unforeseen events.

Regulated utilities offer investors a simple "success formula" (investment + rate recognition = earnings growth), which attracts buyers, including larger U.S. utilities, global utilities, value oriented investors, activist investors, and private entities. Since 1995, there have been over 140 utility acquisitions, often completed at premium prices. Renowned value investor Berkshire Hathaway has vowed to become the largest utility in the U.S. Since its 1999 acquisition of MidAmerican Energy, Berkshire Energy has acquired several utilities, including PacifiCorp (2005), NV Energy (2013), AltaLink (2014), and attempted others, including Constellation Energy (2008) and ONCOR (2017). Several private equity and infrastructure entities, including KKR, Macquarie (0.2%), and BlackRock have acquired power generation and electric, gas, and water utilities over the years.

Merger and Acquisition Activity Update

Merger activity slowed somewhat recently, which is not all that surprising considering there were 28 deals announced in the 2014-2017 time frame, with 23 of them completed. The more acquisitive utilities have been busy integrating recent acquisitions. In addition, tax reform may have slowed some deal making, given uncertainty about details and then the non-deductibility of holding company interest expense.

In the first nine months of 2018, the utility sector saw three electric utility deals announced SCG/Dominion (0.6% of net assets as of September 30, 2018), VVC/CenterPoint (0.1%), and Gulf Power/NextEra Energy (4.9%), and five deals close (Oncor/Sempra, Calpine/Energy Capital, Dynegy/Vistra Energy, Great Plains/Westar, and AltaGas/WGL) and another five deals are pending approvals (see below).

Consolidation activity is outlined below:

Date	**Buyer**	**Target Entity**	**Enterprise Value**	**Premium***
5/21/2018	NextEra Energy (4.9%**)	Gulf Power	$5.8 billion	NA
4/23/2018	CenterPoint Energy (0.1%)	Vectren (1.0%)	$8.1 billion	17%
2/15/2018	SJW Corp. (0.4%)	Connecticut Water Svc. (less than 0.1%)	$750 million	18%
1/3/2018	Dominion Energy (0.6%)	SCANA (0.9%)	$14.6 billion	31%
7/19/2017	Hydro One	Avista (0.7%)	$5.3 billion	24%

Deals Closed in 2016/2017/2018

Date	**Buyer**	**Target Entity**	**Enterprise Value**	**Premium***
7/6/2018	AltaGas	WGL Resources	$6.4 billion	12%
4/9/2018	Dynegy	Vistra Energy	$11.1 billion	12%
3/9/2018	Sempra Energy	Oncor	$18.8 billion	NA
3/8/2018	Energy Capital	Calpine	$5.6 billion	23%

9/20/2017	Steel River	DeltaGas	$258 million	17%
8/4/2017	First Reserve	Gas Natural	$196 million	39%
1/2/2017	Algonquin PU	Empire District Electric	$2.4 billion	21%
10/14/16	Fortis (0.3%**)	ITC Holdings	$11.3 billion	14%
10/3/16	Duke Energy (1.1%)	Piedmont Natural Gas	$6.7 billion	42%
9/16/16	Dominion Res. (0.6%)	Questar Corp.	$6.0 billion	22%
9/12/16	Spire (0.4%)	Energy South	$344 million	Private
7/1/16	Emera (0.3%)	TECO Energy	$10.4 billion	31%
7/1/16	Southern Co. (0.9%)	AGL Resources	$12 billion	38%
3/30/16	Macquarie (0.2%)	CLECO	$4.7 billion	15%
3/23/16	Exelon (0.7%)	Pepco Hldgs.	$11.9 billion	20%
2/12/16	Black Hills	Source Gas	$1.89 billion	Private

*Represents the premium to the closing share price on the last trading day prior to the announcement of the deal.

** of net assets as of September 30, 2018.

The water utility sector has consolidated into only ten publicly traded companies, and recent activity highlights the value of the remaining water utility franchises. On March 15, 2018, Connecticut Water Service (less than 0.1%) (CTWS) agreed to be purchased by SJW Group (SJW) (0.4%) in a stock transaction, which was later amended to $70 per share in cash. The pending deal was complicated by a subsequent offer from Eversource Energy (ES) (2.4%) to buy CTWS for $64 per share in cash or stock and an amended $70 per share cash offer from California Water Service Group to buy SJW.

The forces driving consolidation remain in place, and include stagnant demand growth, economies of scale, and efficiency. Since 1995, the electric utility sector has experienced over 145 acquisition announcements, among Edison Electric Institute (EEI) member utilities, and roughly 120 completed deals. Consolidation activity peaked from 1996-2000, when it appeared that the industry would deregulate. The electric and gas utility sector remains fragmented, with over 50 electric utilities and 20 gas utilities. The water utility has been consolidated down to ten publicly-traded U.S. companies.

On the financial engineering front, an increasing number of midstream/pipeline MLPs have converted or are converting into C-corporations, including ONEOK (1.7%), Kinder Morgan (0.3%), Enbridge (0.9%) and Williams, given recent changes in federal corporate tax policy and FERC income tax allowance treatment. The tax changes led to a significant weakening of the U.S. (MLP) capital markets which hampers MLP growth opportunities as MLP's are dependent on consistent access to capital markets at an effective cost of capital to fund projects to grow their distributions. We consider pipeline and storage assets as well as long-term contracted facilities to be utilities or "utility-like" in risk profile with potentially higher growth opportunities. The conversion to non-MLP corporate structures makes many of the pipeline/midstream companies more appropriate for the Fund as well as providing potential asset acquisition opportunities.

EPS Growth of 5%-6%, Above Historical Averages

We forecast utilities to grow EPS at a 5.5% CAGR over 2017-2020, which is at the high end of the recent 4%-6% CAGR and driven by ongoing infrastructure investment, or rate base growth. We believe 2018 earnings growth will be above the 5.5% rate given warm summer temperatures across the nation. In 2017, electric utilities grew EPS and dividends at 6.1% and 5.9%, respectively, which is higher than historical averages of approximately 3%-4%. The successful formula driving the strong earnings outlook remains: Investment Opportunities + Constructive Regulation = Earnings Growth.

EEI member utilities invested a record $113.6 billion in 2017, which marked the seventh consecutive year of record investment. According to Regulatory Research Associates (RRA), 2018 capital expenditures are forecast to be $131.1 billion. The investment opportunity serves as the basis for earnings growth for the foreseeable future. Higher capital investment related to:

- Clean energy transformation as coal retires and is replaced by natural gas, wind, and solar;
- Electric transmission (FERC incentives allow favorable returns);
- Distribution investment via grid modernization, reliability, and expansion (automatic rate recovery);
- Natural gas infrastructure, including pipeline expansion and replacement.

The Great Power Generation Transformation

The global power sector, including North America, is experiencing an accelerated transformation as carbon intensive coal power generation is replaced with cleaner burning natural gas and renewables. Cleaner generation is driven by the economics and efficiency of new gas plants and low gas prices, increasing state renewable portfolio standards, federal tax credits, public demands, and technology improvement. Cost declines have made large scale wind and solar farms competitive with new combined cycle gas plants.

In 2018, EIA forecasts 37% of U.S. generation to come from zero carbon emitting nuclear (20%), hydro (7%), and renewables (10%), 34% from natural gas, and 28% from coal. In 1986, 58% of generation was from coal. There hasn't been a coal plant built in more than five years and, absent technological breakthroughs, there may never be another built. The nation's nuclear plants continue to age, and the low cost of natural gas and renewables challenge the ongoing economics of upgrades. In 2017, 26 GWs of capacity was added, including 12 GWs of gas, 7.3 GWs of wind, 6.0 GWs of solar.

Over 2018-2020, EEI forecasts 248 GWs of new generation, including 91 GWs of gas, 85 GWs of wind, and 48.5 GWs of solar to the existing 1,200 GWs of U.S. capacity. Over the same period, EEI expects 49 GWs of capacity to retire, including 21.5 GWs of coal, 22.8 GWs of gas, and 5.8 GWs of nuclear.

Currently, 29 states have renewable portfolio standards (RPS), including 100% mandates in California and Hawaii by 2045. Several coastal states recently conducted major offshore wind RFP's, including Massachusetts (1,600 MWs by 2027), Connecticut (200-MWs), and Rhode Island (400-MWs). Avangrid (0.4%) won round one of the Massachusetts bid with the 800-MW Vineyard Wind Project (2022), and Deepwater Wind won both the Rhode Island and Connecticut RFPs with its 600-MW project Revolution Wind project (2023). New York and New Jersey each plan 2,400 MWs and 3,500 MWs of wind by 2030, with an 800-MW New York RFP in 2018-2019. Several other states, including Virginia, Maryland, and North Carolina, are also considering plans.

Many utilities and developers are rushing to meet the safe harbor provisions of the late 2015 tax credit extensions, which allow the wind production tax credit (PTC) to continue, but to phase out through 2020 (2016-100%, 2017-80%, 2018-60%, 2019-40%). Importantly, the safe harbor feature allows a project started in 2016 through 2019 and finished in 2020 through 2023 to qualify for 100%/80%/60%/40% of the PTC. The 30% solar investment tax credit extends through 2019, and will decline to 26% in 2020, 22% in 2021, and then permanently to 10% for commercial and 0% for residential.

Finally, the large commercial and industrial customer base is increasingly seeking to advertise progressive sustainable strategies, including owned or contracted renewable generation. The RE100 is a collaborative, global initiative uniting more than 100 influential businesses (Apple, AB InBev, Bank of America, Bloomberg, etc.) committed to 100% renewable electricity.

Battery Storage to Revolutionize Power Generation

We believe large scale battery storage has the potential to revolutionize the power sector. The unique beneficial qualities of storage include the ability to absorb excess renewable energy and discharge that same energy when renewable resources are less available. Storage can provide peaking power, frequency, and voltage support, as well as seasonal load shifting capabilities. The pace of development and deployment is accelerating, and lithium ion battery prices have declined significantly over the last several years. Many utilities are requesting energy storage options in resource plans (nearly 9 GW's of RFP's requesting battery storage) and energy consultant Navigant forecasts 2.7 GW's of annual storage by 2027.

Transmission

According to EEI, transmission investment is expected to grow to $23.9 billion in 2018 ($22.9 billion in 2017) from $12.0 billion in 2011. FERC's favorable, incentive-oriented regulations make transmission investment one of the more compelling uses of capital for electric utilities, but complaints about lower returns on equity (ROE) have dampened enthusiasm over the last few years. Allowed-ROEs had ranged as high as about 14%, but recent rate decisions reset the benchmark at a lower level and several complaints, recommendations, and orders are tied up in the regulatory/legal process. We consider it likely that the new FERC commissioners will award constructive ROEs, as well as implement policy to end the pancaking of complaints, which would be favorable for future utility earnings growth.

Grid Modernization and Electrification

In 2017, electric utilities invested nearly $30 billion in distribution system improvement and replacement, including storm hardening, grid technology, and advanced meters. Utility management's expect investment to continue to grow, given the need to modernize and adapt to the potential for the electric vehicle (EV).

Electric demand growth has been relatively flat for several years, due primarily to conservation and efficiency efforts. However, an increased push for EVs could create new demand for electricity, which will require a modernized electric grid. Bloomberg New Energy Finance forecasts that EVs will represent 9% of electric demand by 2050, up from 0.2% today. As expected, California is leading the way and on pace to have a total of 2.8-4.2 million light duty, zero emission vehicles on the road by 2030 (California Energy Commission December 2017 forecast) compared to approximately 350,000 in use in 2017. By shifting EV load to hours of the day when there is excess generation on the grid, driven by large and small scale solar projects, the load is less costly to serve, which the utility said provides downward pressure on costs and eventually on rates.

Separately, natural gas distribution pipeline replacement is accelerating, in light of recent explosions and new standards. Given that many states are moving to frequent rate adjustments to replace pipe, it becomes a great source of consistent earnings growth.

Rate Recognition of Investment

Public and political support of investment, combined with the low cost of natural gas and, more recently, tax-related rate reductions, have allowed for an increasingly constructive regulatory environment. State PUCs' regulatory principles have evolved to include numerous adjustments and mechanisms to address infrastructure investment, as well as rate design changes to address efficiency and distributed generation. Many state PUCs allow frequent (quarterly, semi-annual, or annual) rate adjustments for environmental, transmission, renewable, and other items, as well as "pass-through" for fuel, healthcare, and pension expenses. Given flattish demand growth and in order to encourage distributed generation and efficiency, many regulators have "decoupled," or separated revenues from sales. The improved regulatory treatment results in a greater opportunity to earn the ROEs allowed, and results in "stair-step" earnings growth. The supportive regulation has led utilities to ramp infrastructure investment budgets to deliver EPG growth.

Allowed Returns Lower but Favorable Relative to Interest Rates and Cost-of-Capital

In the first half of 2018, electric and gas utilities were authorized average ROEs of 9.65% and 9.55%, respectively. In 2017, the average authorized electric and gas utility allowed-ROEs were 9.74% and 9.72%, respectively, compared to 9.77% and 9.50%, in 2016. While ROEs have declined over the years as U.S. Treasury yields declined, the decreases in utility costs-of-capital have been even greater. The spread between the allowed-ROE and the 10-year U.S. Treasury yield is currently 600-basis points, and it has ranged between 600-850 basis points over the past few years. During the 1990s, the utility sector averaged a roughly 400-600 basis points spread.

When combined with opportunities to invest and earn returns on a growing rate base, we consider the allowed-ROEs to be more than adequate to grow earnings and dividends at or above the consensus growth rates. Given the over 200-basis point rise in short term rates and over 150-basis point rise in the 10-year U.S. Treasury since its all-time low, we believe allowed-ROEs have bottomed and will likely rise should rates continue to rise.

Tax Reform Positive for the Utility Industry:

We view U.S. tax reform as a modest positive for utilities. The corporate tax rate of 21%, down from 35%, does not directly help utility earnings as the benefits are being passed through to customers via lower rates. Lower rates are a positive because they create "headroom" for future rate increases to recognize investment and grow earnings. The reform included a "carve out" for regulated utilities to continue to deduct interest expense, as well as state and local taxes. In addition, utilities are not required to expense 100% of capital investments like other sectors, and thus can continue to grow rate base. On the negative side, the deductibility of holding company interest expense is subject to the 30% of EBITDA parameter, and cash flow was negatively impacted by the lower contribution from deferred taxes and depreciation. The lower tax rate will help the non-regulated businesses of some utility companies, including Avangrid, NextEra Energy, Southwest Gas Holdings (3.5%), Vectren Corp., Hawaiian Electric Industries (1.6%), and Otter Tail Corp (1.6%).

Interest Rates and the Federal Reserve

Should economic growth accelerate, we expect inflation concerns and higher 10- and 30-year U.S. Treasury yields, which would pressure utility valuation multiples. While utility stocks are not bond proxies, and share prices are a function of earnings and dividend growth rates, higher rates negatively impact equities, given that future cash flows are impacted by the assumed discount rate. In addition, current utility dividend returns become less compelling when returns on other investments increase, including U.S. Treasury yields. The factors below mitigate the negative impact of higher interest rates.

- **Annual dividend hikes:** Utilities target annual dividend increases, which serve to mitigate the negative impact of higher rates. In 2017, electric utilities increased the annual dividend by a median of 5.9%.
- **ROE is set based on interest rates:** A utility's cost-of-capital, including equity returns (ROEs), is set by state PUCs and increases (decreases) as interest rates rise (fall). The 10-Year U.S. Treasury yield has risen 100-basis points from its bottom, which suggests allowed ROEs have bottomed and PUCs could consider higher returns.
- **Annual riders minimize inflation risk:** State PUCs and FERC regulatory principles have improved to include more frequent rate adjustments, which mitigate inflation risk.
- **Utility stocks pay higher dividends than other sectors:** The present value of a higher near term dividend stream is less impacted by changes in interest rates than a lower near term dividend stream.

While utility dividend yields and 10-year U.S. Treasury yields are highly correlated and will likely remain so in the future, utility dividends have risen over time (most on annual basis) while the Treasury yield remains fixed. Utility stock prices, unlike Treasury bond prices, are likely to rise should earnings and dividends grow over time.

Utility Valuations Reasonable Relative to Interest Rates Valuation Multiples

At September 30, 2018, electric utilities traded at 18.5x and 17.5x 2018 and 2019 earnings estimates, respectively, and the 10- and 30-year U.S. Treasuries yielded 3.06% and 3.21%, compared to year end 2017 levels of 2.41% and 2.74%, respectively. From the March 2009 market bottom to November 2017, electric utility multiples climbed from roughly 10x forward earnings to over 20x, driven by improving fundamentals and lower interest rates. Adjusted for interest rates, the P/E multiples appear reasonable, considering the strong fundamental outlook, which includes stronger than historical growth rate (5%-6% over the next several years vs. 3%-4% in the 1990s) and lower risk profiles.

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 percentages of net assets and their share prices are stated as of September 30, 2018.

American Electric Power Co. Inc. (2.4% of net assets as of September 30, 2018) (AEP – $70.88 – NYSE) is one of the nation's largest electric utilities. It serves more than 5.4 million retail customers in eleven states (Ohio and Texas are the largest), owns approximately 26 GWs of generating capacity, 40,000 miles of transmission lines (the nation's largest), and 223,000 miles of distribution lines. Following recent non-regulated power plant sales, AEP is focused on the regulated utility business, with plans to invest nearly $18 billion over the 2018-2020 time period in regulated assets, including 72% in transmission and distribution. Management expects 5%-7% annual earnings growth from $3.68 per share earnings in 2017, driven by capital investment and rate recovery, and sustainable cost controls. AEP Transco, a transmission development subsidiary, expects to grow earnings to $1.01-$1.04 per share by 2020 from $0.16 per AEP share in 2013, driven by a $4.5 billion transmission capital investment plan for 2018-2019. AEP currently pays an annual dividend of $2.48 per share, representing a payout ratio of roughly 68% (using $3.65 per share, the midpoint of the 2018 earning guidance of $3.55-$3.75 per share), right at the targeted payout ratio of 60%-70%.

El Paso Electric Co. (2.2%) (EE – $57.20 – NYSE) is a vertically integrated electric utility serving ~411,000 customers in and around El Paso, Texas and Las Cruces, New Mexico. Roughly 70% of capacity is natural gas and 30% is nuclear. We consider El Paso Electric to be a well-managed, low risk, traditional utility investment, with solid earnings growth potential. We expect above average annual customer and sales growth, driven by military base expansion, increased cross border trade, customer additions, as well as an increased use of refrigerated air conditioning. Only 35% of El Paso residences have refrigerated air conditioning, but 99% of new residences install central air conditioning. On December 14, 2017, the Public Utility Commission of Texas (PUCT) approved EE's settlement with the City of El Paso and others, calling for a $14.5 million revenue increase based on a 9.65% ROE, retroactive to July 18, 2017. We expect EE to file a New Mexico rate case sometime in the second half of 2018 or early 2019. In 2020, we expect EE to achieve full earnings power of $2.80 per share, reflecting rate recognition of the new peaking Units 3 and 4 and a stronger cash flow position.

Evergy Inc. (3.2%) (EVRG – $54.92 – NYSE) was formed on June 4, 2018 via the Great Plains Energy and Westar merger of equals. The combined company serves 1.6 million electric customers in Missouri and Kansas, with 13.1 GWs of generation, including 3.1 GWs of wind. The companies expect the transaction to be accretive to respective stand-alone earnings in the first year after closing, and then generate 6%-8% annual earnings growth, which is higher than the previous transaction projection of 5%-7% and standalone 4%-6% projections. Management has identified $160 million in annual merger savings by 2022. EVRG has $1.25 billion in cash on its balance sheet, which the combined company plans to use to buy back thirty million shares per year over the following two years.

Eversource Energy (2.4%) (ES – $61.44 – NYSE) is New England's largest electric and gas distribution utility and delivery system. ES is the product of a 2012 merger between Northeast Utilities, headquartered in Hartford, Connecticut, and NSTAR, headquartered in Boston, Massachusetts, creating a premier New England distribution utility. ES serves 3.6 million customers in Connecticut, New Hampshire, and Massachusetts. The company targets 5%–7% long term earnings growth, driven by transmission investment, cost cutting opportunities, and oil-to-gas heat conversions in the Northeast. In late 2017, ES completed the acquisition of Aquarion Water Company in Connecticut, Massachusetts, and New Hampshire for $1.6 billion. The company expects further transmission development as aging nuclear and coal facilities are replaced with renewables, including offshore wind generation.

National Fuel Gas Co. (5.1%) (NFG – $56.06 – 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.

NextEra Energy Inc. (4.9%) (NEE – $167.60 – NYSE) is the holding company for Florida Power & Light (FP&L), the largest electric utility in Florida, and NextEra Energy Resources, a leading wholesale renewables operator. Florida Power & Light operates one of the premier utility franchises in the nation, with favorable long term demographics and above average rate base growth potential, due to power plant rate adjustments, flexible amortization, and other regulatory mechanisms. In late 2016, FP&L implemented a four year rate plan (2017-2020) based on a 10.6% (+/- 100 basis points) allowed-ROE. Additionally, NEE owns and operates the nation's largest renewable power portfolio, with a significant pipeline of future growth opportunities, and owns 65% of the NextEra Energy Partners (0.1%), a yieldco focused on renewable development and acquisitions. NEE is also developing several gas pipeline projects designed to bring more natural gas into Florida. We regard NEE as one of the better positioned electric companies to grow earnings and dividends over the next several years.

ONEOK (1.7%) (OKE – 67.79 – NYSE), based in Tulsa, Oklahoma, is one of the nation's larger midstream service providers with a significant network of natural gas liquids (NGL) and natural gas pipelines with a geographic (Texas, Oklahoma, Kansas, and the Midwest) basin diversification. Over 80% of earnings is derived from fee-based services, which minimizes commodity exposure. The company has a strong balance sheet with investment grade credit ratings. Growth drivers include $3.6 billion in NGL capacity expansions to meet growing demand, and $600 million in gathering and processing projects. Shares offer a 4.5% current return, and the company expects to continue to grow the dividend.

Severn Trent plc (0.3%) (SVT – $24.10/£18.49 – London Stock Exchange) is an international provider of water and wastewater services. Severn Trent Water, the U.K.-based utility, provides water to eight million people and wastewater services to nine million people in the Midlands and Mid-Wales. Severn Trent operates under a 2015-2020 five year rate plan that provides inflation adjusted annual rates increases approved by OFWAT, the U.K. water regulator. The plan allows SVT to achieve efficiencies and modestly growing returns. Additionally, as one of the U.K.'s premier water and wastewater providers, Severn Trent is well positioned to provide expertise and infrastructure investment opportunities in less developed regions of the world. Severn Trent Services, the non-regulated water and waste water service division of the company, which focuses on water purification projects and operating plants and systems for municipalities, has a growing presence in Europe, the Middle East, and Asia.

Southwest Gas Holdings Inc. (3.5%) (SWX – $79.03 – NYSE) is a natural gas distribution utility serving 1.9 million customers in geographically diverse portions of Arizona (~1.0 million, or 53%), Nevada (~700,000, or 37%), and California (~185,000, or 10%). SWX serves one of the faster growing service areas, with above average, long term customer growth potential. SWX also owns Centuri Construction Group, a full service underground piping contractor that provides trenching and installation, replacement, and maintenance services for energy distribution systems. The pipeline construction business is growing strongly, given the industry's focus on safety related pipeline replacement programs, and has broken the $1 billion revenue milestone. We consider SWX to be a high quality gas utility with a focused, low risk strategy and solid earnings outlook, driven by recent and future rate increases, expanded infrastructure tracking mechanisms, customer growth, and cost controls.

WEC Energy Group Inc. (1.9%) (WEC – $66.76 – NYSE) is based in Milwaukee, Wisconsin. Following Wisconsin Energy Company's mid-2015 acquisition of Integrys Energy Group, the combined company's assets include Wisconsin Electric, the state's largest electric utility, with over 1.1 million electric customers and 1.1 million gas customers in southeastern, east central, and northern Wisconsin, and 400,000 electric customers and 1.7 million gas customers in Illinois, Michigan, Minnesota, and Wisconsin. Management forecasts the combined company growth rate at 5%-7% over the long term. The company recently established a non-regulated infrastructure subsidiary to invest in wind, solar and gas storage projects. Additionally, WEC has a 60% ownership stake in the American Transmission Corp., which provides another investment opportunity as well as financial engineering optionality.

Xcel Energy Inc. (0.7%) (XEL – $47.21 – NYSE) is a holding company with subsidiaries that serve electric and natural gas customers in eight states. These utility subsidiaries are NSP-Minnesota, NSP-Wisconsin, the Public Service Company of Colorado, and the Southwestern Public Service Company, serving customers in parts of Colorado, Michigan, Minnesota, New Mexico, North Dakota, South Dakota, Texas, and Wisconsin. Other subsidiaries include WYCO, a joint venture formed to develop and lease natural gas pipelines, storage, and compression facilities, and WGI, an interstate natural gas pipeline company. The company targets 5%-6% annual earnings growth, 5%-7% annual dividend growth, and investment grade credit ratings. Growth drivers include investment in regulated renewables, gas generation, environmental equipment, transmission and grid modernization, as well as gas assets.

Conclusion

We continue to expect the utility sector to provide a low risk, 8%-9% annual total return over the long term, based on the median current return of 3.3% and 5%-6% annual earnings and dividend growth. Solid fundamentals include healthy balance sheets, credit ratings, improved regulatory principles, focused strategies, low natural gas prices, and opportunities to invest in rate base. We believe valuation multiples are supported by strong fundamentals, low interest rates, and ongoing takeover potential.

October 25, 2018

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

National Fuel Gas Co.	5.1%	American Electric Power Co. Inc.	2.4%
NextEra Energy Inc.	4.9%	Eversource Energy	2.4%
South Gas Holdings Inc.	3.5%	El Paso Electric Co.	2.2%
Evergy Inc.	3.2%	AES Corp.	2.1%
PNM Resources Inc.	3.1%	Edison International	2.0%

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

The Gabelli Utilities Fund began offering additional classes of Fund shares on December 31, 2002. Class AAA Shares are no-load shares offered directly through selected broker/dealers. Class A and Class C Shares are targeted to the needs of investors who seek advice through financial consultants. Class I Shares are available directly through the Fund's distributor or brokers that have entered into selling agreements specifically with respect to Class I Shares. The Board of Trustees determined that expanding the types of Fund shares available through various distribution options will enhance the ability of the Fund to attract additional investors.

THE GABELLI UTILITIES FUND
One Corporate Center
Rye, NY 10580-1422

Portfolio Management Team Biographies

Mario J. Gabelli, CFA, is Chairman, Chief Executive Officer, and Chief Investment Officer – Value Portfolios of GAMCO Investors, Inc. that he founded in 1977, and Chief Investment Officer – Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc. He is also Executive Chairman of the Board of Directors of Associated Capital Group, Inc. Mr. Gabelli is a summa cum laude graduate of Fordham University and holds an MBA degree from Columbia Business School, and Honorary Doctorates from Fordham University and Roger Williams University.

Timothy M. Winter, CFA, joined Gabelli in April 2009 and covers the utility industry. He has over 25 years of experience as an equity research analyst covering the industry. Currently, he continues to specialize in the utility industry and also serves as a portfolio manager of Gabelli Funds, LLC. Mr. Winter received his BA in Economics in 1991 from Rollins College and MBA in Finance from Notre Dame in 1992.

THE GABELLI UTILITIES FUND
One Corporate Center
Rye, NY 10580-1422

t 800-GABELLI (800-422-3554)
f 914-921-5118
e info@gabelli.com
GABELLI.COM

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

GAB470Q318SC

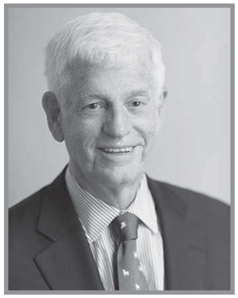
GABELLI FUNDS

THE GABELLI UTILITIES FUND

Shareholder Commentary
September 30, 2018

The Gabelli Utilities Fund

Third Quarter Report — September 30, 2018



Mario J. Gabelli, CFA
Chief Investment Officer

Timothy M. Winter, CFA
Portfolio Manager
BA, Rollins College
MBA, Notre Dame

To Our Shareholders,

For the quarter ended September 30, 2018, the net asset value (NAV) per Class AAA Share of The Gabelli Utilities Fund increased 3.0% compared with an increase of 2.4% for the Standard & Poor's (S&P) 500 Utilities Index (SPU). Other classes of shares are available. See page 2 for performance information for all classes of shares.

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

Comparative Results

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

	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (8/31/99)
Class AAA (GABUX)	3.00%	3.07%	6.64%	7.70%	8.37%	7.59%
S&P 500 Utilities Index	2.39	2.93	11.06	9.04	10.19	6.73
S&P 500 Index	7.71	17.91	13.95	11.97	9.65	6.26
Lipper Utility Fund Average	2.80	5.37	8.29	8.84	10.04	6.63
Class A (GAUAX)	3.07	3.03	6.66	7.71	8.36	7.60
With sales charge (b)	(2.86)	(2.90)	5.40	7.07	7.94	7.27
Class C (GAUCX)	3.00	2.46	5.60	6.91	7.56	6.93
With contingent deferred sales charge (c)	2.00	1.46	5.60	6.91	7.56	6.93
Class I (GAUIX)	3.08	3.36	6.91	7.96	8.55	7.73

In the current prospectuses dated April 30, 2018, the gross expense ratios for Class AAA, A, C and I Shares are 1.37%, 1.37%, 2.12% and 1.12% respectively. Class AAA and Class I Shares do not have a sales charge. The maximum sales charge for Class A Shares and Class C Shares is 5.75% and 1.00%, respectively.

(a) *Returns represent past performance and do not guarantee future results. Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. Returns would have been lower had Gabelli Funds, LLC, the Adviser, not reimbursed certain expenses of the Fund for periods prior to December 31, 2002. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at www.gabelli.com.* The value of utility stocks generally changes as long term interest rates change. Funds investing in a single sector, such as utilities, may be subject to more volatility than funds that invest more broadly. The utilities industry can be significantly affected by government regulation, financing difficulties, supply or demand of services or fuel, and natural resources conservation. The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class A Shares and Class C Shares on December 31, 2002, and Class I Shares on January 11, 2008. The actual performance of the Class A Shares, and Class C Shares would have been lower due to the additional fees and expenses associated with these classes of shares. The actual performance of the Class I Shares would have been higher due to lower expenses related to this class of shares. The S&P 500 Utilities Index is an unmanaged market capitalization weighted index of large capitalization stocks that may include facilities generation and transmission or distribution of electricity, gas, or water. The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Lipper Utility Fund Average reflects the average performance of mutual funds classified in this particular category. Dividends are considered reinvested. You cannot invest directly in an index.

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

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

Shares		Market Value
	COMMON STOCKS — 99.0%	
	ENERGY AND UTILITIES — 73.5%	
	Alternative Energy — 0.5%	
370,000	Algonquin Power & Utilities Corp.	$ 3,827,043
36,000	NextEra Energy Partners LP	1,746,000
63,261	Ormat Technologies Inc., New York	3,423,053
6,739	Ormat Technologies Inc., Tel Aviv	354,421
		9,350,517
	Electric Integrated — 44.8%	
302,000	ALLETE Inc.	22,653,020
174,000	Alliant Energy Corp.	7,407,180
550,000	Ameren Corp.	34,771,000
690,000	American Electric Power Co. Inc.	48,907,200
6,000	Atlantic Power Corp.†	12,914
178,000	Avangrid Inc.	8,531,540
268,000	Avista Corp.	13,550,080
465,000	Black Hills Corp.	27,011,850
60,000	CMS Energy Corp.	2,940,000
165,000	Dominion Energy Inc.	11,596,200
4,000	DTE Energy Co.	436,520
297,000	Duke Energy Corp.	23,765,940
610,000	Edison International	41,284,800
809,000	El Paso Electric Co.	46,274,800
1,400	Entergy Corp.	113,582
1,210,000	Evergy Inc.	66,453,200
795,000	Eversource Energy	48,844,800
345,000	Exelon Corp.	15,062,700
380,000	FirstEnergy Corp.	14,124,600
78,960	Fortis Inc.	2,559,883
111,040	Fortis Inc., Toronto	3,600,321
914,000	Hawaiian Electric Industries Inc.	32,529,260
42,000	IDACORP Inc.	4,167,660
306,000	MGE Energy Inc.	19,538,100
613,000	NextEra Energy Inc.	102,738,800
260,000	NiSource Inc.	6,479,200
432,000	NorthWestern Corp.	25,341,120
785,000	OGE Energy Corp.	28,511,200
702,000	Otter Tail Corp.	33,625,800
136,000	PG&E Corp.	6,257,360
320,000	Pinnacle West Capital Corp.	25,337,600
1,610,000	PNM Resources Inc.	63,514,500
572,000	PPL Corp.	16,736,720
190,000	Public Service Enterprise Group Inc.	10,030,100
464,000	SCANA Corp.	18,044,960
430,000	The Southern Co.	18,748,000
51,125	Unitil Corp.	2,602,264
291,100	Vectren Corp.	20,810,739
597,000	WEC Energy Group Inc.	39,855,720
310,000	Xcel Energy Inc.	$ 14,635,100
		929,406,333
	Electric Transmission and Distribution — 0.6%	
67,000	Consolidated Edison Inc.	5,104,730
360,000	Red Electrica Corp. SA	7,540,317
3,400	Uniper SE	104,650
		12,749,697
	Global Utilities — 2.2%	
11,352	AES Tiete Energia SA	26,844
40,000	Chubu Electric Power Co. Inc.	604,999
25,000	E.ON SE	254,850
20,800	EDF SA	365,266
5,000	EDP - Energias de Portugal SA, ADR	185,450
200,000	Electric Power Development Co. Ltd.	5,535,997
185,000	Emera Inc.	5,752,023
35,000	Enagas SA	944,804
100,000	Endesa SA	2,160,712
270,000	Enel SpA	1,383,088
75,000	Equinor ASA	2,114,883
4,000	EuroSite Power Inc.†	560
560,000	Hera SpA	1,743,803
60,000	Hokkaido Electric Power Co. Inc.	378,102
40,000	Hokuriku Electric Power Co.†	409,435
180,000	Huaneng Power International Inc., ADR	4,662,000
45,000	Iberdrola SA, ADR	1,321,650
304,034	Iberdrola SA, Aquis	2,237,304
405,000	Korea Electric Power Corp.,, ADR	5,333,850
110,000	Kyushu Electric Power Co. Inc.	1,327,319
32,000	Shikoku Electric Power Co. Inc.	417,673
2,000	Snam SpA	8,334
28,000	The Chugoku Electric Power Co. Inc.	359,796
305,000	The Kansai Electric Power Co. Inc.	4,598,354
55,000	The Tokyo Electric Power Co. Holdings Inc.†	270,111
170,000	Tohoku Electric Power Co. Inc.	2,307,164
		44,704,371
	Merchant Energy — 2.3%	
40,000	GenOn Energy Inc. - Old, Escrow†(a)	0
15,000	GenOn Energy Inc., Escrow†(a)	0
120,000	NRG Energy Inc.	4,488,000
3,090,000	The AES Corp.	43,260,000
		47,748,000
	Natural Gas Integrated — 10.8%	
11,000	Apache Corp.	524,370
25,000	Atlas Energy Group LLC†	1,120
65,000	Devon Energy Corp.	2,596,100
6,000	Dominion Energy Midstream Partners LP	107,400
20,000	Energen Corp.†	1,723,400
610,000	Energy Transfer Equity LP	10,632,300
145,000	Hess Corp.	10,379,100

See accompanying notes to schedule of investments.

Shares		Market Value
	COMMON STOCKS (Continued)	
	ENERGY AND UTILITIES (Continued)	
	Natural Gas Integrated (Continued)	
300,000	Kinder Morgan Inc.	$ 5,319,000
1,908,000	National Fuel Gas Co.	106,962,480
435,000	Northwest Natural Gas Co.†	29,101,500
520,000	ONEOK Inc.	35,250,800
362,000	UGI Corp.	20,083,760
		222,681,330
	Natural Gas Utilities — 6.0%	
80,000	Atmos Energy Corp.	7,512,800
94,000	CenterPoint Energy Inc.	2,599,100
43,500	Chesapeake Utilities Corp.	3,649,650
6,000	CONSOL Energy Inc.†	244,860
388,800	Corning Natural Gas Holding Corp.(b)	7,047,000
100,000	Gulf Coast Ultra Deep Royalty Trust	5,500
5,000	Italgas SpA	27,134
110,000	National Grid plc	1,134,668
43,000	National Grid plc, ADR	2,229,980
14,000	New Jersey Resources Corp.	645,400
143,000	ONE Gas Inc.	11,766,040
66,000	RGC Resources Inc.	1,762,860
140,000	South Jersey Industries Inc.	4,937,800
921,000	Southwest Gas Holdings Inc.	72,786,630
119,500	Spire Inc.	8,789,225
		125,138,647
	Natural Resources — 1.9%	
15,000	Alliance Resource Partners LP	306,000
75,000	Anadarko Petroleum Corp.	5,055,750
168,000	BP plc, ADR	7,744,800
14,058	California Resources Corp.†	682,235
20,000	Callon Petroleum Co.†	239,800
365,539	Cameco Corp.	4,167,145
50,000	CNX Resources Corp.†	715,500
8,000	Compania de Minas Buenaventura SAA, ADR	107,280
710,000	Mueller Industries Inc.	20,575,800
45,000	Tullow Oil plc†	154,434
40,000	Ultra Petroleum Corp.†	44,800
		39,793,544
	Services — 1.2%	
20,000	Baker Hughes, a GE Company	676,600
570,000	Enbridge Inc.	18,405,300
20,000	Halliburton Co.	810,600
34,000	MDU Resources Group Inc.	873,460
50,000	Patterson-UTI Energy Inc.	855,500
20,000	Rowan Companies plc, Cl. A†	376,600
950,000	Weatherford International plc†	2,574,500
		24,572,560
	Water — 2.5%	
8,000	American States Water Co.	489,120
113,000	American Water Works Co. Inc.	$ 9,940,610
526,000	Aqua America Inc.	19,409,400
5,000	California Water Service Group	214,500
10,000	Connecticut Water Service Inc.	693,700
16,000	Consolidated Water Co. Ltd.	221,600
20,000	Middlesex Water Co.	968,400
295,000	Severn Trent plc	7,109,499
143,700	SJW Group	8,787,255
87,000	The York Water Co.	2,644,800
52,000	United Utilities Group plc, ADR	957,840
		51,436,724
	Diversified Industrial — 0.6%	
30,000	AZZ Inc.	1,515,000
40,000	General Electric Co.	451,600
100,000	ITT Inc.	6,126,000
375,975	Mueller Water Products Inc., Cl. A	4,327,472
20,000	Park-Ohio Holdings Corp.	767,000
		13,187,072
	Environmental Services — 0.1%	
30,000	Covanta Holding Corp.	487,500
80,000	Veolia Environnement SA	1,596,675
		2,084,175
	TOTAL ENERGY AND UTILITIES	1,522,852,970
	COMMUNICATIONS — 17.6%	
	Cable and Satellite — 4.1%	
40,000	Charter Communications Inc., Cl. A†	13,035,200
27,000	Cogeco Communications Inc.	1,352,456
71,000	Cogeco Inc.	3,202,462
40,000	Comcast Corp., Cl. A	1,416,400
435,000	DISH Network Corp., Cl. A†	15,555,600
308,000	EchoStar Corp., Cl. A†	14,281,960
344,366	Liberty Global plc, Cl. A†	9,962,508
588,000	Liberty Global plc, Cl. C†	16,558,080
80,000	Liberty Latin America Ltd., Cl. A†	1,667,200
150,000	Liberty Latin America Ltd., Cl. C†	3,094,500
90,000	Rogers Communications Inc., Cl. B	4,626,900
12,000	Shaw Communications Inc., Cl. B	233,880
50,000	Tokyo Broadcasting System Holdings Inc.	1,040,310
		86,027,456
	Computer Services Software and Systems — 0.2%	
235,000	Internap Corp.†	2,968,050
9,666	Modern Times Group MTG AB, Cl. B	354,560
		3,322,610
	Telecommunications — 9.7%	
18,000	AT&T Inc.	604,440
552,000	BCE Inc.	22,367,040
860,000	CenturyLink Inc.	18,232,000
694,900	Cincinnati Bell Inc.†	11,083,655

See accompanying notes to schedule of investments.

Shares		Market Value
	COMMON STOCKS (Continued)	
	COMMUNICATIONS (Continued)	
	Telecommunications (Continued)	
35,000	Deutsche Telekom AG	$ 564,241
515,000	Deutsche Telekom AG, ADR	8,252,875
1,750,000	Global Telecom Holding SAE, GDR†	324,219
26,000	Harris Corp.	4,399,460
1,440,000	Koninklijke KPN NV	3,798,581
10,000	Koninklijke KPN NV, ADR	26,000
140,000	Loral Space & Communications Inc.†	6,356,000
35,200	NextGenTel Holding ASA	60,550
290,000	Nippon Telegraph & Telephone Corp.	13,098,750
2,200	Orange Belgium SA	34,585
330,000	Orascom Investment Holding, GDR†	66,000
60,000	Pharol SGPS SA†	12,330
220,000	Pharol SGPS SA, ADR†	34,747
68,000	PLDT Inc., ADR	1,747,600
135,000	Proximus SA	3,225,743
2,000	PT Indosat Tbk	409
2,300,000	Singapore Telecommunications Ltd.	5,451,154
800,000	Sprint Corp.†	5,232,000
121,000	Swisscom AG, ADR	5,483,720
10,000	Tele2 AB, Cl. B	120,395
165,000	Telecom Italia SpA, ADR†	990,000
235,000	Telefonica Brasil SA, ADR	2,286,550
53,000	Telefonica Deutschland Holding AG	224,051
530,000	Telefonica SA, ADR	4,165,800
1,000,000	Telekom Austria AG	7,744,198
335,000	Telenet Group Holding NV†	18,444,078
546,000	Telephone & Data Systems Inc.	16,614,780
60,000	Telesites SAB de CV†	46,874
855,000	VEON Ltd., ADR	2,479,500
715,000	Verizon Communications Inc.	38,173,850
34,000	Windstream Holdings Inc.†	166,600
		201,912,775
	Wireless Communications — 3.6%	
65,000	America Movil SAB de CV, Cl. L, ADR	1,043,900
27,000	ATN International Inc.	1,994,760
70,000	China Mobile Ltd., ADR	3,425,100
55,000	China Unicom Hong Kong Ltd., ADR	642,950
200	Hutchison Telecommunications Hong Kong Holdings Ltd.	79
85,000	Millicom International Cellular SA	4,859,450
250,500	Millicom International Cellular SA, SDR	14,388,938
6,000	Mobile TeleSystems PJSC, ADR	51,180
465,000	NTT DoCoMo Inc.	12,502,860
135,000	SK Telecom Co. Ltd., ADR	3,763,800
400	SmarTone Telecommunications Holdings Ltd.	532
35,000	Tim Participacoes SA, ADR	507,150
500,000	Turkcell Iletisim Hizmetleri A/S, ADR	2,410,000
367,000	United States Cellular Corp.†	16,434,260
570,000	Vodafone Group plc, ADR	$ 12,369,000
		74,393,959
	TOTAL COMMUNICATIONS	365,656,800
	OTHER — 7.9%	
	Aerospace — 1.0%	
1,600,000	Rolls-Royce Holdings plc	20,591,747
	Building and Construction — 0.3%	
12,000	Acciona SA	1,087,578
170,000	Johnson Controls International plc	5,950,000
		7,037,578
	Business Services — 0.6%	
1,420,000	Clear Channel Outdoor Holdings Inc., Cl. A	8,449,000
90,000	Macquarie Infrastructure Corp.	4,151,700
17,500	Vectrus Inc.†	545,825
		13,146,525
	Consumer Products — 0.0%	
10,000	Essity AB, Cl. A	253,167
	Diversified Industrial — 0.3%	
1,000	Alstom SA	44,689
40,000	Bouygues SA	1,729,034
4,000	Donaldson Co. Inc.	233,040
10,000	Raven Industries Inc.	457,500
10,000	Svenska Cellulosa AB, Cl. A	113,869
110,405	Twin Disc Inc.†	2,543,731
		5,121,863
	Electronics — 1.3%	
55,000	Corning Inc.	1,941,500
400,000	Sony Corp., ADR	24,260,000
		26,201,500
	Entertainment — 0.5%	
628,000	Grupo Televisa SAB, ADR	11,140,720
	Financial Services — 0.3%	
168,000	Kinnevik AB, Cl. A	5,170,016
35,000	Kinnevik AB, Cl. B	1,059,759
		6,229,775
	Health Care — 0.0%	
12,000	Tsumura & Co.	414,012
	Machinery — 2.1%	
100,000	Astec Industries Inc.	5,041,000
36,000	Flowserve Corp.	1,968,840
79,000	The Gorman-Rupp Co.	2,883,500
415,000	Xylem Inc.	33,146,050
		43,039,390

See accompanying notes to schedule of investments.

Shares		Market Value
	COMMON STOCKS (Continued)	
	OTHER (Continued)	
	Metals and Mining — 0.2%	
80,000	Freeport-McMoRan Inc.	$ 1,113,600
34,000	Haynes International Inc.	1,207,000
17,000	Vulcan Materials Co.	1,890,400
		4,211,000
	Transportation — 1.3%	
311,000	GATX Corp.	26,929,490
	TOTAL OTHER	164,316,767
	TOTAL COMMON STOCKS	2,052,826,537
	CONVERTIBLE PREFERRED STOCKS — 0.1%	
	ENERGY AND UTILITIES — 0.1%	
	Natural Gas Utilities — 0.1%	
54,000	Corning Natural Gas Holding Corp., 4.800%, Ser. B (b)	1,198,800
	COMMUNICATIONS — 0.0%	
	Telecommunications — 0.0%	
20,150	Cincinnati Bell Inc., 6.750%, Ser. B	987,552
	TOTAL CONVERTIBLE PREFERRED STOCKS	2,186,352
	WARRANTS — 0.0%	
	COMMUNICATIONS — 0.0%	
	Telecommunications — 0.0%	
80,000	Bharti Airtel Ltd., expire 11/30/20†(c)	372,800

Principal Amount		Market Value
	CORPORATE BONDS — 0.1%	
	Energy and Utilities — 0.1%	
$ 1,500,000	Mueller Industries Inc., 6.000%, 03/01/27	$ 1,451,250
	U.S. GOVERNMENT OBLIGATIONS — 0.8%	
16,695,000	U.S. Treasury Bills, 2.045% to 2.165%††, 11/23/18 to 12/27/18	16,619,748
	TOTAL INVESTMENTS — 100.0% (Cost $1,268,381,322)	$2,073,456,687

(a) Security is valued using significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.

(b) Security considered an affiliated holding because the Fund owns at least 5% of its outstanding shares.

(c) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At September 30, 2018, the market value of the Rule 144A security amounted to $372,800 or 0.02% of total investments.

† Non-income producing security.

†† Represents annualized yields at dates of purchase.

ADR American Depositary Receipt
GDR Global Depositary Receipt
SDR Swedish Depositary Receipt

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	Level 3 Significant Unobservable Inputs	Total Market Value at 9/30/18
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks:				
ENERGY AND UTILITIES				
Global Utilities	$ 44,703,811	$ 560	—	$ 44,704,371
Merchant Energy	47,748,000	—	$ 0	47,748,000
Natural Gas Utilities	118,091,647	7,047,000	—	125,138,647
Other Industries (a)	1,305,261,952	—	—	1,305,261,952
COMMUNICATIONS (a)	365,656,800	—	—	365,656,800
OTHER	164,316,767			164,316,767
Total Common Stocks	2,045,778,977	7,047,560	0	2,052,826,537
Convertible Preferred Stocks (a)	987,552	1,198,800	—	2,186,352
Warrants (a)		372,800	—	372,800
Corporate Bonds(a)	—	1,451,250	—	1,451,250
U.S. Government Obligations	—	16,619,748	—	16,619,748
TOTAL INVESTMENTS IN SECURITIES – ASSETS	$2,046,766,529	$26,690,158	$ 0	$2,073,456,687

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

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

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

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

Restricted Securities. The Fund may invest up to 15% of its net assets in securities for which the markets are restricted. Restricted securities include securities whose disposition is subject to substantial legal or contractual restrictions. The sale of restricted securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity. At September 30, 2018, the Fund did not hold 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.

THE GABELLI UTILITIES FUND
One Corporate Center
Rye, NY 10580-1422

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.

Timothy M. Winter, CFA, joined Gabelli in 2009 and covers the utility industry. He has over 25 years of experience as an equity research analyst covering the industry. Currently, he continues to specialize in the utility industry and also serves as a portfolio manager of Gabelli Funds, LLC. Mr. Winter received his BA in Economics in 1991 from Rollins College and MBA in Finance from Notre Dame in 1992.

Monthly Distributions - $0.07 per share

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

We have separated the portfolio 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.

THE GABELLI UTILITIES FUND
One Corporate Center
Rye, New York 10580-1422

t 800-GABELLI (800-422-3554)
f 914-921-5118
e info@gabelli.com
GABELLI.COM

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

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THE GABELLI UTILITIES FUND

Third Quarter Report
September 30, 2018