The Gabelli Dividend Growth Fund

Shareholder Commentary
December 31, 2018

(Y)our Portfolio Management Team

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To Our Shareholders,

For the quarter ended December 31, 2018, the net asset value (NAV) per Class AAA Share of The Gabelli Dividend Growth Fund decreased 13.6% compared with a decrease of 13.5% for the Standard & Poor's (S&P) 500 Index. Other classes of shares are available. See page 2 for additional performance information for all classes.

In Review

During the fourth quarter of 2018, the stock market suffered a major pullback, with the S&P 500 Index down over 13% on a total return basis. That weak showing pushed the S&P 500 down for the full year, after a very strong showing in 2017. As has been the case for many years now, growth stocks continued to outperform value stocks. For all of 2018, growth stocks, as measured by the S&P/Citigroup Growth Index, were flat on a total return basis. Value stocks, on the other hand, were down by 9% for 2018, as measured by the S&P 500/ Citigroup Value Index. The good news is that, although value investing has been out of favor for many years now, we feel the market is poised to start favoring value stocks once again and we believe (y)our portfolio is well positioned to benefit when that rotation occurs.

The Economy

For most of the last decade, we have lived in what has often been referred to as the "Goldilocks economy," with economic growth and inflation being neither too hot nor too cold. During this time, coordinated action by the world's central banks kept interest rates near zero and the prices of nearly all asset classes high. The U.S. economy is in its 113th month of expansion, seven months short of the record. Notwithstanding the recent stumble, U.S. equities are 119 months into the longest ever bull market, led by growth stocks riding a

Comparative Results

Average Annual Returns through December 31, 2018 (a) (Unaudited)

	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (8/26/99)
Class AAA (GABBX)	(13.56)%	(11.00)%	2.15%	9.12%	5.51%	4.94%
S&P 500 Index	(13.52)	(4.38)	8.49	13.12	7.77	5.21
Lipper Large Cap Value Fund Average	(12.44)	(7.58)	5.95	11.03	6.54	4.88
Class A (GBCAX)	(13.54)	(11.03)	2.15	9.12	5.54	4.96
With sales charge (b)	(18.51)	(16.14)	0.94	8.47	5.12	4.64
Class C (GBCCX)	(13.72)	(11.70)	1.39	8.30	4.73	4.34
With contingent deferred sales charge (c)	(14.59)	(12.59)	1.39	8.30	4.73	4.34
Class I (GBCIX)	(13.36)	(10.16)	2.74	9.57	5.89	5.23

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. The financial statements and investment portfolio are mailed separately from the commentary. Both the commentary and the financial statements, including the portfolio of investments, are available on our website at www.gabelli.com.

global wave of technological innovation and expanding prosperity. There are signs, however, that the narrative may be changing as a turn in the aging business cycle may be accompanied by a wholesale shift in socio-political regimes from globalism to nationalism, and capital to labor. Against this backdrop, we believe bottom-up, fundamental stock selection of the type we have practiced for over forty years remains more important than ever.

The Political Economy of 2018

The salient issue for the market is growth – with corporate tax cuts behind us and little slack left in the economy, growth will almost certainly slow from the 3%-4% posted in 2018. That does not necessarily imply a recession is on the immediate horizon. How far above or below the 2% real growth trend line we have been experiencing over the past few years depends on many factors, including what we have described as the Three T's: Trade, Treasuries, and Trump.

Trade

President Trump made "fair trade" the center piece of his election campaign, and he has thus far made good on his promise to challenge the prevailing post-war "free trade" orthodoxy (however illusory that reality might have been). China is at the heart of new trade deals and, until a new trade deal is signed, the stock market will be jumpy and volatility will continue. Hopefully, after all the posturing and negotiations, a deal can be reached which will force China to comply with the World Trade Organization deal it signed years ago.

Treasuries

Also critical to the outlook for the economy and stock is the level and trajectory of interest rates. The Federal Reserve began its taper four years ago in October 2014, and the ten year U.S. Treasury rate breached 3% this year, for the first time since 2013. Higher interest rates have real world impacts – they make the purchases of new homes, cars, capital equipment, companies and the U.S. deficit more expensive to finance. If all else is equal, higher rates reduce the value of risk assets by making the alternative home for capital, "riskless" Treasuries, more attractive. The term structure of interest rates (aka the yield curve) has also been ascribed predictive powers. Inverted yield curves – situations in which the ten-year yield exceeds the two-year yield – have predicted all nine recessions since 1955, albeit with two false positives and a wide variation in timing. The flat yield curve today thus worries some observers.

Trump

While there has always been a healthy interplay between markets and political figures, President Trump's twitter habit and other actions make him a major player for the markets. With the House of Representatives now under the control of the Democrats, many issues will be front and center and have an impact on the markets, not the least of which will be various investigations the Democrats will push against the President.

Dividends

Dividends are an important element in the historical returns of stocks, providing both current income and a growing income stream over time. During the fourth 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 just over 2%, while the ten-year U.S. treasury yielded approximately 2.7%.

Investment Scorecard

During the fourth quarter of 2018, the S&P 500 was down about 13.5% on a total return basis, and all but one of the eleven sectors that make up the S&P 500 Index were down. The three best performing sectors during the quarter were Utilities, the only sector that was up, at 1.4%, Real Estate (down 3.8%) and Staples (down 5.2%). The three worst performing sectors, all of which were down sharply, were Industrials and Technology, (both down by 17.3%), and the worst performing sector was Energy, (down 23.8%).

Some of the stocks that helped performance the most in the Fund during the fourth quarter were Merck (7.3% of net assets as of December 31, 2018), Kimberly Clark (2.4%), and Newmont Mining (2.1%), all of which were up in the quarter. Merck is a major pharmaceutical company with a promising pipeline of products. Kimberly Clark is a consumer products company that is viewed as defensive during times of market turmoil. Likewise, Newmont Mining, the big gold company, is also viewed as defensive.

A few of the worst performing stocks in the Fund during the fourth quarter were Halliburton (1.1%), Baker Hughes (1.7%), and Anadarko (0.8%). These three stocks were each down well over 10%. Halliburton is a large energy services company that serves the oil and natural gas industries, as is Baker Hughes. Anadarko is an exploration and production energy company. All three of these companies were hurt in the fourth quarter, when the price of oil went from around $70 per barrel during the third quarter, to under $50 per barrel by the end of the fourth quarter.

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 December 31, 2018.

American Express Co. (4.4% of net assets as of December 31, 2018) (AXP – $95.32 – 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 December 2018, American Express has 114 million cards in force and nearly $82 billion in loans, while its customers charged approximately $1.2 trillion of spending on its cards in 2018. 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. (4.3%) (DWDP – $53.48 – NYSE) is the company formed following the merger of Dow Chemical (DOW) and DuPont de Nemours (DD) which closed on 8/31/17; the new company started trading on 9/1/17 under the ticker DWDP at around $67/share. The combined entity expects to generate $3.6 billion in cost synergies, half of which have been realized since the merger. DowDuPont will pursue a tax-free separation into three independent companies. New Dow (Materials Science) is set to be spun off on April 1, 2019, followed by Corteva (Ag) on June 1, 2019; New DuPont (Specialty Products) will be the reminder company. Each entity hosted an Investor Day in November: each portfolio will be managed differently than in the past with a focus on shareholder returns, competitive advantage, value creation, and growth. New Dow (Performance Materials & Coatings + Industrial Intermediates & Infrastructure + Packaging & Specialty Plastics) will focus on driving EBITDA margin improvement through synergies; it is targeting a 13% ROIC across the cycle, and $3-$4 billion FCF upside. New DuPont (Nutrition & Biosciences + Electronics & Imaging + Safety & Construction + Transportation & Advanced Polymers) will focus on disciplined investing, selective acquisitions, and cash generation to support a stable and growing dividend and share buybacks. Management is targeting organic revenue growth of 3%-5%, higher operating leverage, FCF conversion of 90%, and a 100 bps annual improvement in ROIC. Corteva (Seeds and Crop Protection) will focus on "enabling farmers to meet record demand" for crops as the global population jumps to 10 billion by 2050. Management projects top line growth to be driven by new products, $1.2 billion of cumulative cost synergies by 2021, and EBITDA margin expansion. DowDuPont expects 2019 global economic expansion to be moderately slower than in 2018 due to macroeconomic and geopolitical concerns as well as the negative impact from currency translation. However, while management anticipates lower yoy revenues in Q1 for each entity, we have a positive longer-term outlook as they each focus on their individual markets and operations.

Honeywell International Inc. (3.7%) (HON – $132.12 – 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, building automation, catalysts, 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.

JPMorgan Chase & Co. (4.1%) (JPM – $97.62 – NYSE) is one of the oldest financial institutions in the U.S. The firm, with assets of over $2.5 trillion, provides services to millions of consumers, small businesses, and many of the world's largest corporate, institutional, and government clients. The bank is divided into several reporting segments, including investment banking, commercial banking, financial transaction processing, asset management, and private equity. CEO Jamie Dimon is well regarded among corporate leaders, and we believe he has well positioned the company for future growth.

Merck & Company, Inc. (7.3%) (MRK – $76.41 – NYSE) headquartered in Whitehouse Station, New Jersey, is a major international pharmaceutical company with global revenue of $40.1 billion in 2017. In Q3 2018, the company's top-selling drug, Keytruda, became the global leader in the emerging market of immuno-oncology. Merck continues to see growth in vaccines and animal health, and the company will supplement the latter with the recent $3.7 billion acquisition of Antelliq, a privately-held technology company focused on digital tracking of both pets and livestock.

Mondelēz International Inc. (3.6%) (MDLZ – $40.03 – 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.

National Fuel Gas Co. (1.9%) (NFG – $51.18 – 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.

Pfizer (5.5%) (PFE – $43.65 – NYSE) headquartered in New York City, is a leading global pharmaceutical company with revenue of $52.5 billion in 2017. The company continues to see strong growth in its Innovative Health business (up 5% operationally in Q3) due to key blockbusters like Prevnar 13 (pneumococcal vaccine), Ibrance (for cancer), Eliquis (for cardiovascular disease), and Xeljanz (for arthritis). Pfizer recently announced a strategic partnership with GlaxoSmithKline to combine their consumer health businesses in a joint venture with combined sales of nearly $13 billion. The JV could potentially be spun-off into a standalone company, giving Pfizer strategic optionality on its 32% equity stake in the venture.

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.

January 31, 2019

Top Ten Holdings **(Percent of Net Assets)**
December 31, 2018

Merck & Co Inc.	7.3%	Honeywell International Inc.	3.7%
Pfizer Inc.	5.5%	Mondelēz International Inc.	3.6%
American Express Co.	4.4%	Citigroup Inc.	3.2%
DowDuPont Inc.	4.3%	Molson Coors Brewing Co.	2.6%
J. P. Morgan Chase & Co.	4.1%	Microsoft Corp.	2.6%

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 which is affiliated with GAMCO Investors, Inc., 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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