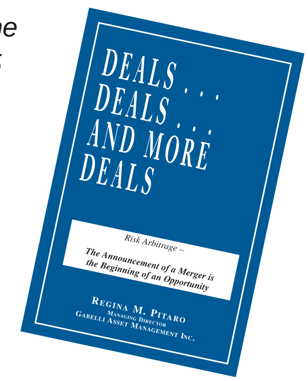
The Gabelli ABC Fund

Merger and Arbitrage – "The Deal Fund"

Shareholder Commentary
June 30, 2015

Mario J. Gabelli, CFA
Portfolio Manager

Morningstar® rated The Gabelli ABC Fund Class AAA Shares 4 stars overall and 4 stars for the three year, five year, and ten year periods ended June 30, 2015 among 100, 100, 59, and 25 Market Neutral funds, respectively. Morningstar Rating™ is based on risk-adjusted returns.



"Give a man a fish and you feed him for a day.
Teach him how to arbitrage and you feed him forever."
– Warren Buffett

To Our Shareholders,

For the quarter ended June 30, 2015, the net asset value ("NAV") per Class AAA Share of The Gabelli ABC Fund increased 0.8% compared with an increase of 1.2% for the Standard & Poor's ("S&P") Long-Only Merger Arbitrage Index. The performance of the Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index was 0.01%. See page 2 for additional performance information.

Commentary

In the second quarter of 2015, global deal volumes totaled $1.4 trillion, a 63% increase from the first quarter of this year and a 40% increase over the same period last year[1]. This strong quarter contributed to global deal volumes totaling $2.2 trillion for the first half of 2015, marking the strongest first half for mergers and acquisitions (M&A) since 2007. This surge was driven by sixty-two announced deals greater than $5 billion, which accounted for 50% of total volume in the first half. Additionally, the number of worldwide deals announced increased by 3% compared to the same period in 2014 and by 8% from the first quarter of 2015.

Geographically, cross border M&A increased 20% over the same period last year to $760 billion, accounting for 34% of total deal volume. Domestic U.S. activity increased 60% versus the first half of 2014 and totaled $1 trillion across 4,960 deals. European M&A increased by 9.8% over 2014 to $688 billion during the first six months of 2015. In addition, Asia Pacific (ex-Japan) deal volumes totaled $590 billion for the first half, a 74% increase over the first half of 2014. Japanese M&A also increased, up 9.2% over last year to $81.4 billion.

On a sector specific basis, the Energy and Power sector was the most active in the first quarter, likely a result of lower oil prices and attractive valuation within the space. Energy and Power accounted for 16% of announced M&A activity, with the Healthcare and Technology sectors rounding out the top three, accounting for 15% and 11% of announced M&A value, respectively.

[1] Thomson Reuters M&A Review – Second Quarter 2015

Average Annual Returns through June 30, 2015 (a)

	Quarter	1 Year	5 Year	10 Year	Since Inception (5/14/93)
AAA Shares (GABCX)	0.78%	1.46%	3.87%	4.40%	6.03
Advisor Shares (GADVX)	0.69	1.10	3.61	4.18	5.93
S&P Long-Only Merger Arbitrage Index	1.19	2.07	4.17	N/A(b)	N/A(b)
Lipper U.S. Treasury Money Market Fund Average	0.00	0.01	0.01	1.13	2.38(c)
Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index	0.01	0.02	0.08	1.42	2.84
S&P 500 Index	0.28	7.42	17.34	7.89	9.35(c)

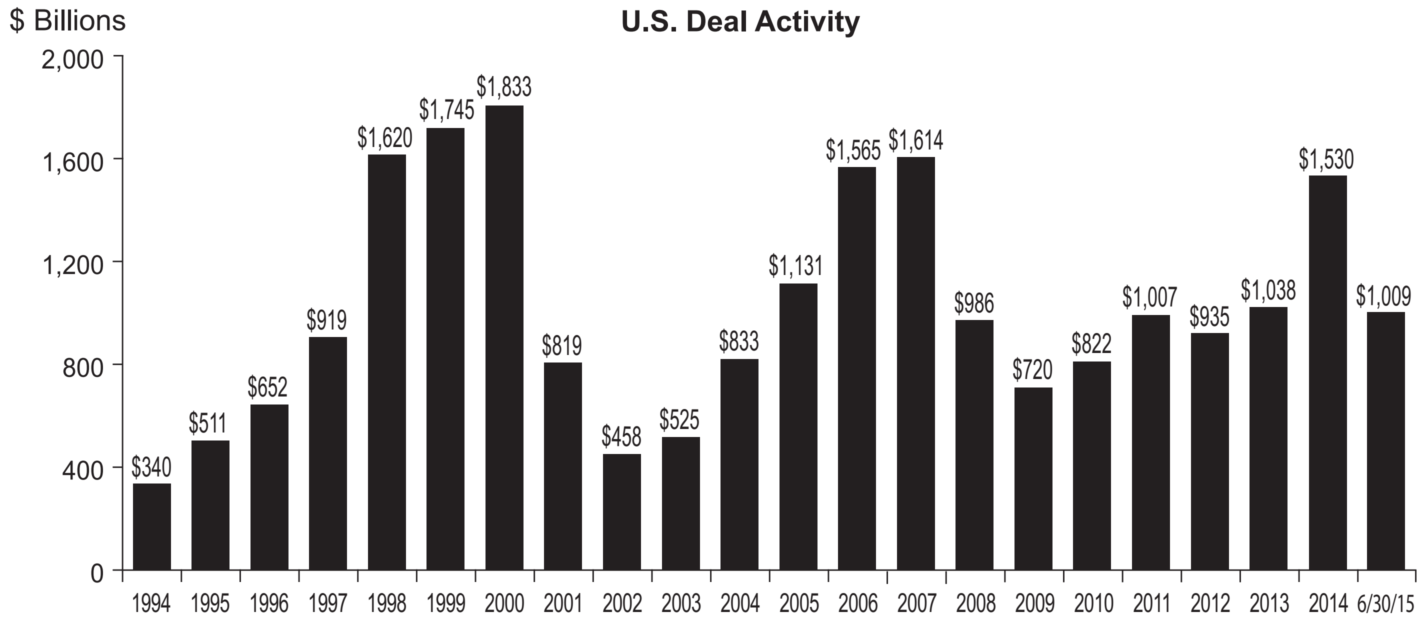
In the current prospectuses dated April 30, 2015, the expense ratios for the Class AAA and the Advisor Class Shares, are 0.58% and 0.83% respectively. The Fund does not have a sales charge.

(a) *Returns represent past performance and do not guarantee future results. Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. Returns would have been lower had Gabelli Funds, LLC, the Adviser not reimbursed certain expenses of the Fund for periods prior to December 31, 2007.The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, /and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at www.gabelli.com.* The S&P Long-Only Merger Arbitrage Index is comprised of a maximum of 40 large and liquid stocks that are active targets in pending merger deals. The Lipper U.S. Treasury Money Market Fund Average reflects the average performance of mutual funds classified in this particular category. The Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month, that issue is sold and rolled into the outstanding Treasury Bill that matures closest to, but not beyond three months from the rebalancing date. To qualify for selection, an issue must have settled on or before the rebalancing (month end) date. The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. Dividends are considered reinvested except for the Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index. You cannot invest directly in an index. The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of the Advisor Class Shares on May 1, 2007. The actual performance of the Advisor Class Shares would have been lower due to the additional expenses associated with this class of shares.

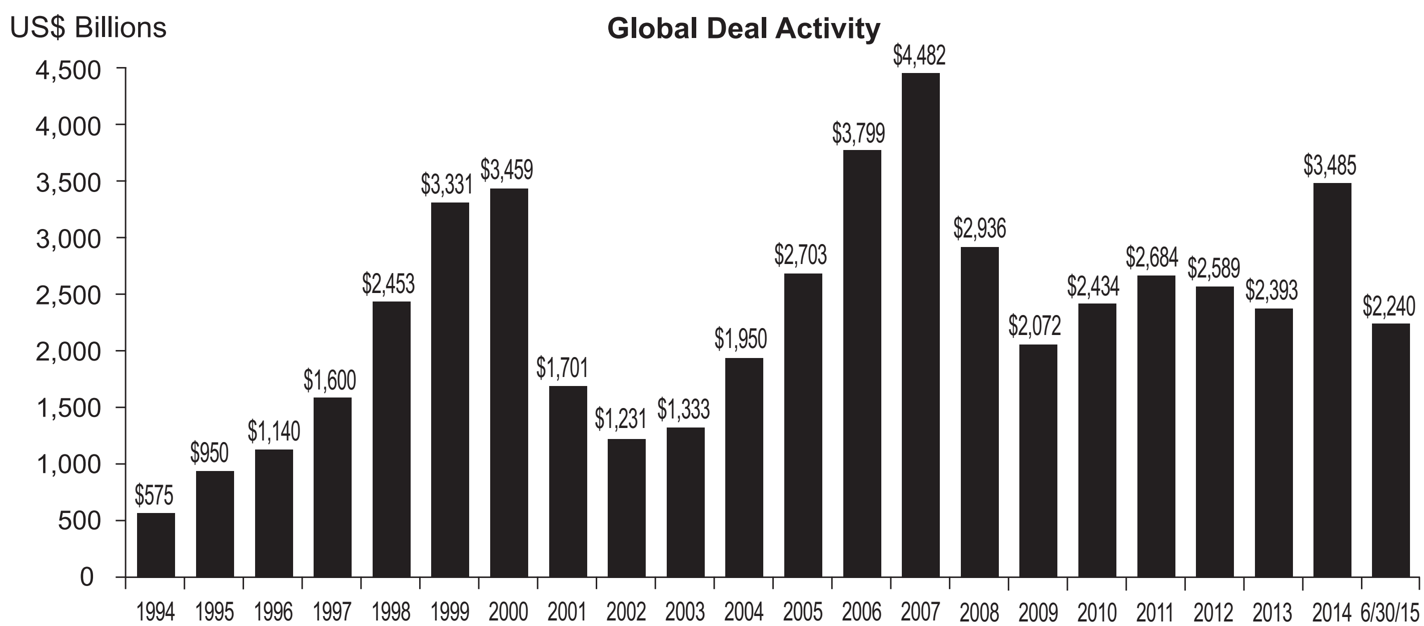
(b) S&P Long-Only Merger Arbitrage Index inception date is January 17, 2008.

(c) Lipper U.S. Treasury Money Market Fund Average and the S&P 500 Index since inception performance are as of April 30, 1993.

Morningstar Rating™ is based on risk-adjusted returns. The Overall Morningstar Rating is derived from a weighted average of the performance figures associated with a fund's three, five, and ten year (if applicable) Morningstar Rating metrics. For funds with at least a three year history, a Morningstar Rating is based on a risk-adjusted return measure (including the effects of sales charges, loads, and redemption fees) placing more emphasis on downward variations and rewarding consistent performance. That accounts for variations in a fund's monthly performance. The top 10% of funds in each category receive 5 stars, the next 22.5% 4 stars, the next 35% 3 stars, the next 22.5% 2 stars, and the bottom 10% 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) Morningstar Rating is for the AAA Share class only; other classes may have different performance characteristics. Ratings reflect relative performance. Results for certain periods were negative.



Source: Thomson Reuters/Gabelli Research



Source: Thomson Reuters/Gabelli Research

The consistent increase in deal volume over the past few years illustrates the desire of companies to grow through M&A. With high stock prices to use as currency and low interest rates to finance these transactions, M&A activity should remain strong in the coming months. Additionally, speculation surrounding the Federal Reserve and the potential rise in interest rates persists, which should correlate positively with the spreads on deals and potentially provide better returns. The Fund should continue to benefit from the aforementioned factors and the continued increase in worldwide M&A.

Positions Closed in the Second Quarter of 2015

Aruba Networks Inc. is a California based provider of network access solutions for the mobile enterprise. On March 2, 2015, the company agreed to merge with Hewlett-Packard in a deal worth $3 billion, in which ARUN shareholders received $24.67 per share in cash. The transaction received all necessary approvals and closed on May 18, 2015. The Fund earned a 4.61% annualized return.

Kofax Limited is an Irvine, California based software provider that caters to a variety of industries. On March 24, 2015, Lexmark International Inc. announced that it would acquire Kofax in a merger worth $1 billion or $11 cash per share. The deal closed on May 21, 2015, after receiving regulatory and shareholder approval. The Fund earned a 4.49% annualized return.

Life Time Fitness Inc., based in Chanhassen, Minnesota, operates fitness and recreation centers in the U.S. and Canada. On March 16, 2015, Life Time Fitness announced that it would be taken private by an investment group led by Leonard Green & Partners and TPG Capital, along with LNK Partners and Bahram Akradi, Life Time's Chairman and CEO. The transaction was worth $4 billion and structured as a merger, in which shareholders of Life Time Fitness received $72.10 cash per share. Following regulatory and shareholder approval, the deal closed on June 10, 2015 and was one of the larger domestic leveraged buyouts of the year. The Fund earned a 6.83% annualized return.

Riverbed Technology Inc. is a San Francisco, California based firm that develops and sells software to help firms improve the performance of their applications. On December 15, 2014, Thoma Bravo LLC and Ontario Teachers' Pension Plan announced that they would acquire Riverbed for $21 cash per share in a $3.6 billion merger. The deal to sell the company was the culmination of a long and thorough process initiated by Elliott Management in mid 2013. The merger received all necessary approvals and closed on April 24, 2015. The Fund earned an 8.98% annualized return.

Salix Pharmaceuticals Ltd. is headquartered in Raleigh, North Carolina and a leader in the growing U.S. gastrointestinal product market. On February 22, 2015, Valeant Pharmaceuticals, a multinational specialty pharmaceutical company, offered to purchase Salix in a tender offer worth $13 billion or $158 cash per share. Sixteen days later, Endo International plc overbid its rival Valeant with a proposal to acquire Salix for $15.5 billion, comprised of $45 cash and 1.4607 shares of Endo stock for each share of Salix. Less than a week later, Valeant countered with an all cash tender valued at $173 per share, which was worth more than the value of Endo's cash and stock offer at the time. After receiving over 50% of shares in the tender and obtaining regulatory approvals, the transaction closed on April 1, 2015. The Fund earned a 74.93% annualized return.

Talisman Energy Inc. is an international oil and gas exploration and production company based in Alberta, Canada. The company was initially approached by Repsol S.A., a Spain based international oil company focused on downstream assets, in July 2014. At that time, crude oil was approximately $100 per barrel. Despite protracted negotiations, an offer did not materialize at that time. Following further weakness in energy prices, talks between the two companies restarted and culminated on December 16, 2014 in an $8.00 per share cash merger, valuing the whole company at over $8.0 billion. The deal was approved by shareholders and regulators and closed on May 8, 2015. The Fund earned a 29.56% annualized return.

TRW Automotive Holdings Corp. is a Michigan based supplier of automotive systems and components, with a focus on active and passive safety applications. On July 10, 2014, TRW was the subject of speculation, later confirmed by the company, regarding a possible transaction with ZF Friedrichshafen AG of Germany. After months of negotiations and the divestiture of a joint venture by ZF to facilitate the transaction, a $105.60 per share cash merger deal was announced on September 15, 2014. The deal closed on May 15, 2015 after receiving shareholder and regulatory approval. The Fund earned a 4.33% annualized return.

Deals in the Pipeline at the end of the Second Quarter of 2015

Altera Corp. (1.6% of net assets as of June 30, 2015) (ALTR – $51.20 – NASDAQ) is a global semiconductor company based in San Jose, California. On June 1, 2015, Intel announced that it would acquire Altera for $54 per share in an all cash merger valued at approximately $16.7 billion. The deal will further expand Intel's presence in data centers. The transaction is expected to close in six to nine months, after receiving approval from shareholders and regulators.

Catamaran Corp. (2.7%) (CTRX – $61.08 – NASDAQ) is an Illinois based provider of pharmacy benefit management services and technology solutions. On March 30, 2015, the company agreed to combine with OptumRx, UnitedHealth Group's independent pharmacy care services business. OptumRx will acquire Catamaran for $61.50 in cash per share. The acquisition requires regulatory and shareholder approval and is expected to close in the fourth quarter of 2015.

DealerTrack Technologies Inc. (3.6%) (TRAK – $62.79 – NASDAQ), based in Lake Success, New York, is a web-based software solutions and services company with a focus on the automotive retail industry. On June 15, 2015, Cox Automotive Inc., a provider of marketing and e-commerce solutions to the automotive industry, announced it would acquire DealerTrack for $4 billion or $63.25 per share through a tender offer. After receiving shareholder and regulatory approval, the transaction is expected to close in the third quarter of 2015.

Hospira Inc. (4.0%) (HSP – $88.71 – NYSE) is the world's leading provider of injectable drugs and infusion technologies and a global leader in biosimilars, based in Lake Forest, Illinois. On February 5, 2015, the company received a $90 per share cash merger offer from Pfizer Inc., valuing Hospira at $15.2 billion. The transaction, subject to regulatory and shareholder approval, is expected to close in the second half of the year and will create a leading global injectables business.

Informatica Corp. (1.7%) (INFA – $48.47 – NASDAQ) is a provider of enterprise data integration software and services based in Redwood City, California. On April 7, 2015, the company announced that it would be acquired by a company controlled by the private equity firm Permira and the Canada Pension Plan Investment Board (CPPIB). The merger is worth approximately $5.3 billion, and Informatica shareholders will receive $48.75 in cash per share. The transaction has received shareholder approval and is set to close in the third quarter of 2015 subject to regulatory approvals and other closing conditions.

Omnicare Inc. (2.3%) (OCR – $94.25 – NYSE) is a Cincinnati, Ohio based pharmaceutical service provider. On May 21, 2015, CVS Healthcare Corp. announced that it would acquire Omnicare for $98 cash per share in a $13 billion merger. Omnicare expands CVS into the long term care pharmacy dispensing channel. The deal is subject to regulatory and shareholder approvals and expected to close by year end.

Pall Corp. (2.9%) (PLL – $124.45 – NYSE), based in Port Washington, New York, manufactures and markets filtration, separation, and purification products. On May 13, 2015, the company announced that it had been acquired by Danaher Corp. for $127.20 per share in cash, or $13.8 billion. The transaction requires shareholder and regulatory approval and is expected to close by year end.

Sigma-Aldrich Corp. (2.9%) (SIAL – $139.35 – NASDAQ) is a leading life science and technology company that manufactures and distributes more than 230,000 chemicals, biochemicals, and other essential products to more than 1.4 million customers globally. On September 22, 2014, Merck KGaA, a German multinational pharmaceutical and chemical company, announced that it would acquire Sigma-Aldrich for $16.7 billion, or $140 cash per share. The deal has already received shareholder approval, and there are currently regulatory approvals pending in the U.S. and overseas. The merger is expected to close in mid 2015.

TNT Express NV (1.1%) (TNTE – $8.48 – NASDAQ / TNTE.AS – €7.61 – Amsterdam Stock Exchange), based in the Netherlands, provides express delivery services to businesses and consumers across the world. On April 7, 2015, the company agreed to sell itself to FedEx Corp. in a tender offer for €8 cash per share, or €4.4 billion. The deal is subject to regulatory approval and a minimum shareholder vote, and it is expected to close in the first half of 2016.

July 7, 2015

Top Ten Holdings **(Percent of Net Assets)**
June 30, 2015

Hospira Inc.	4.0%	Catamaran Corp.	2.7%
DealerTrack Technologies Inc.	3.6%	Advent Software Inc.	2.6%
Pall Corp.	2.9%	Dresser-Rand Group Inc.	2.4%
Sigma-Aldrich Corp.	2.9%	Omnicare Inc.	2.3%
DIRECTV	2.7%	Zale Corp.	2.1%

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

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

FOR THE BENEFICIAL OWNERS

The Gabelli ABC Fund remains open to new investors with the following characteristics:

Direct Ownership – Class AAA (GABCX)

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

Ownership Through Intermediaries – Advisor Class (GADVX)

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

www.gabelli.com

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

The Fund's daily NAV is 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.

Portfolio Manager Biography

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

We have separated the portfolio manager's commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio manager's commentary is unrestricted. 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.

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Net Asset Value per share available daily
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Overall Morningstar Rating™ ★★★★

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