

# The Gabelli ABC Fund

## Merger Arbitrage – “The Deal Fund”

### Shareholder Commentary – March 31, 2018

(Y)our Portfolio Management Team



**Mario J. Gabelli, CFA**  
Chief Investment Officer



**Ryan N. Kahn, CFA**  
Analyst

*Mr. Kahn is a graduate of Babson College.*



**Regina M. Pitaro**  
Managing Director

*Ms. Pitaro is a graduate of Columbia Business School, Loyola University of Chicago and Fordham University.*



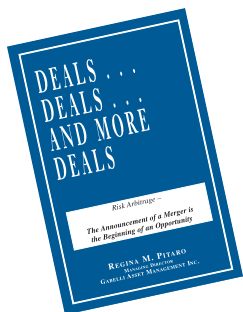
**Gian Maria Magrini, CFA**  
Analyst

*Mr. Magrini is a graduate of Fordham University.*



**Geoffrey P. Astle**  
Analyst

*Mr. Astle is a graduate of Fairfield University.*



*“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 March 31, 2018, the net asset value (“NAV”) per Class AAA Share of The Gabelli ABC Fund decreased 0.1% compared with a decrease of 0.8% for the Standard & Poor’s (“S&P”) Long-Only Merger Arbitrage Index. The performance of the ICE Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index for the quarter was 0.4%. Another class of shares is available. See page 2 for performance information for both share classes.

#### Commentary

Corporations and financial sponsors were busy in the first quarter of 2018 as merger and acquisition (M&A) activity moved at a record setting pace. Global transaction volume totaled \$1.2 trillion in the first quarter, representing a 60% year over year increase and the strongest first quarter on record<sup>1</sup>. The surge in global deal activity was driven by larger transactions. There were forty-nine deals announced in the quarter that were valued at more than \$5 billion, representing \$699.1 billion in total value, three times the 2017 levels. That is the highest number and the largest total value of “mega” deals on record ever announced in a first quarter.

<sup>1</sup>Thomson Reuters Mergers & Acquisitions Review – First Quarter 2018

**Average Annual Returns through March 31, 2018 (a) (Unaudited)**

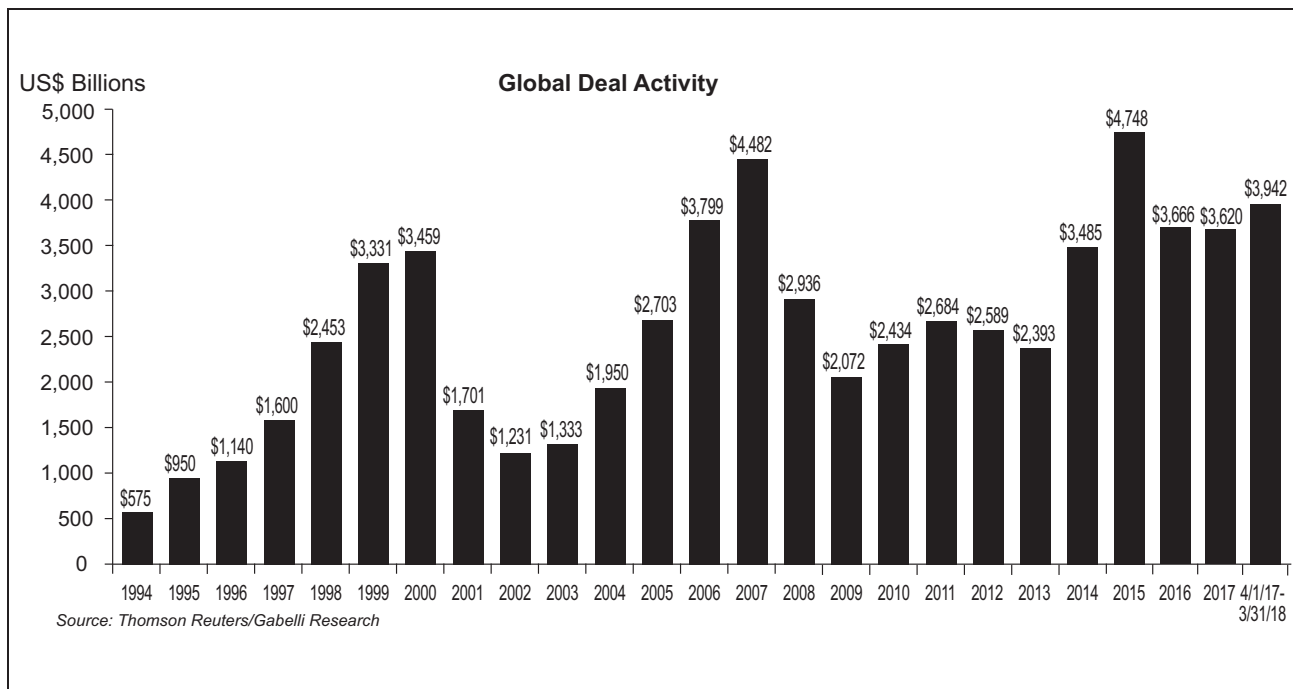
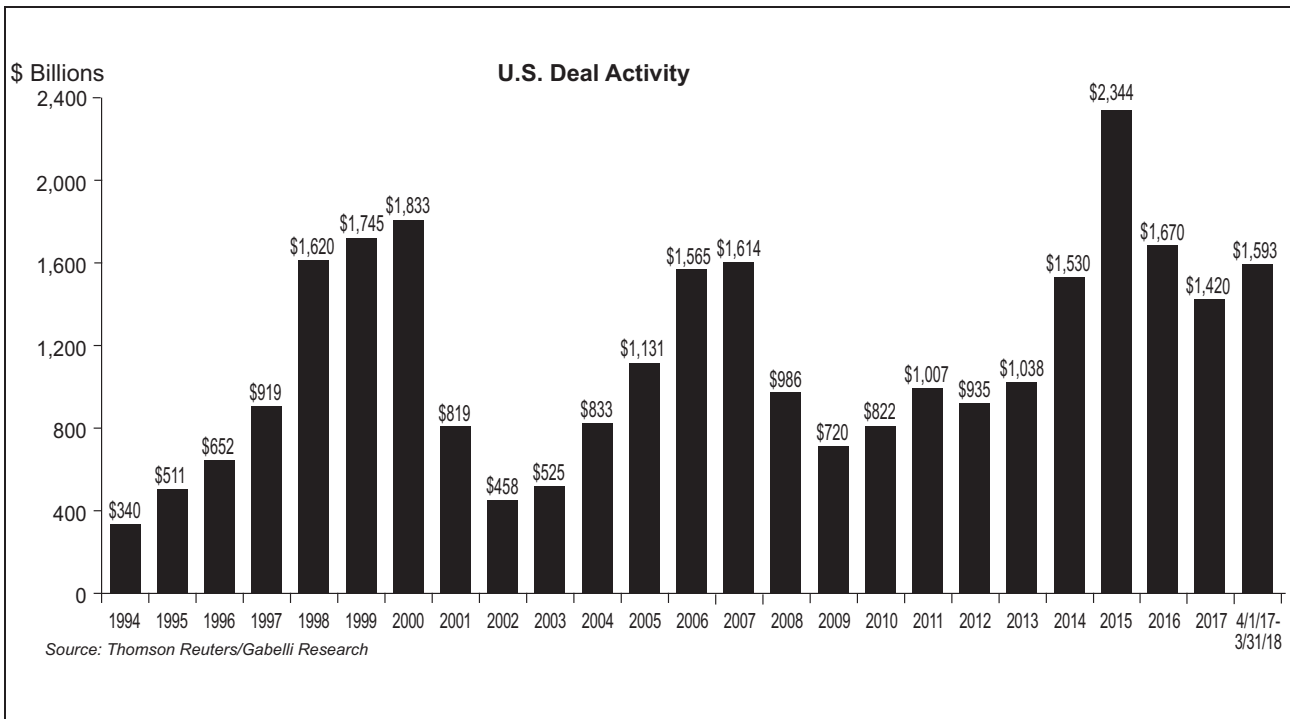
	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (5/14/93)
<b>AAA Shares (GABCX)</b> .....	(0.10)%	1.51%	2.34%	2.90%	3.87%	5.59%
<b>Advisor Shares (GADVX)</b> .....	(0.19)	1.22	2.09	2.65	3.68	5.48
S&P Long-Only Merger Arbitrage Index .....	(0.78)	2.26	3.29	3.57	N/A(b)	N/A(b)
Lipper U.S. Treasury Money Market Fund Average ..	0.23	0.64	0.15	0.15	0.93	2.14(c)
ICE Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index .....	0.35	1.11	0.34	0.34	1.28	2.59
S&P 500 Index .....	(0.76)	13.99	13.31	9.49	10.10	9.61(c)

**In the current prospectuses dated April 30, 2018, the expense ratios for the Class AAA and the Advisor Class Shares, are 0.57% and 0.82% 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](http://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 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](http://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 ICE 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 returns are as of April 30, 1993.



It should be noted, that despite the record breaking nature of the quarter, there were weak spots, including an 11% year over year decline in the number of deals announced. But it is evident that the weak spots were few and far between. This was further reinforced by record deal activity for European targets, which totaled \$471 billion in the quarter and record cross-border deal activity, which totaled \$520.1 billion. Strength in cross-border M&A was underpinned by a wave in outbound European acquisitions, which totaled \$314.7 billion in the quarter, more than double 2017 levels. M&A in the United States was not record setting, but the \$443.7 billion in announced deals during the quarter represented a 59% year over year increase.

The Energy & Power sector took part in the record breaking frenzy. M&A in the sector totaled \$176.8 billion during the quarter, the highest volume for the first time on record. Overall deal activity was also driven by the Industrials and Healthcare sectors, which each contributed 12% to M&A in the quarter.

The Federal Reserve raised its benchmark interest rate by 25 basis points in the first quarter to a target range of 1.50% to 1.75%. As the Federal Reserve continues to raise rates, it is important to recall that historically there has been a positive correlation between interest rates and arbitrage spreads. This is due to the fact that the spread is driven by the risks inherent to a particular deal as well as the risk-free rate. Typically, as the risk-free rate rises, so do annualized spreads. Corporations have had high cash balances and an appetite to grow inorganically since quantitative easing took effect in 2008. These two factors will be magnified as businesses begin to digest the effects of U.S. tax reform. The new tax law will charge a 21% corporate tax rate and one time repatriation charges of 15.5% for cash and 8% for illiquid assets overseas. These lower rates will allow corporations to expand their cash balances and unlock cash overseas. Management teams will deploy the additional excess capital in shareholder friendly ways, and we anticipate that this will continue to drive M&A into the future.

## **Done Deals**

*Advanced Accelerator Application SA (AAAP)* is a St-Genis-Pouilly, France based pharmaceuticals company focused on nuclear medicine theragnostics. On October 30, 2017, AAAP agreed to be acquired by Novartis AG for \$41 cash per ordinary share and \$82 cash per ADS, valuing the company's equity at \$3.9 billion. Completion of the deal required the tender of at least 80% of AAAP shares and certain regulatory approvals. The deal closed on January 22, 2018 and the Fund earned a 5.97% annualized return.

*Amplify Snack Brands Inc. (BETR)* is an Austin, Texas based snack company with a portfolio of better-for-you brands that includes SkinnyPop, Oatmega, and Lisa's Chips. On December 18, 2017, BETR agreed to be acquired by The Hershey Company for \$12 per share in cash, representing a \$1.6 billion total enterprise value. Completion of the deal required the tender of a simple majority of BETR shares outstanding and regulatory approvals. The transaction closed on January 31, 2018 and the Fund earned a 1.81% annualized return.

*Bob Evans Farms Inc. (BOBE)* is a New Albany, Ohio based food services company. BOBE produces and distributes frozen and refrigerated food items throughout the United States. On September 19, 2017, BOBE agreed to be acquired by Post Holdings Inc. for \$77 cash per share. The deal valued Bob Evans at \$1.6 billion

and required regulatory and shareholder approvals. It closed on January 16, 2018 and the Fund earned a 2.17% annualized return.

*Buffalo Wild Wings (BWLD)* is a Minneapolis, Minnesota based restaurant owner and franchisor, operating 1,250 Buffalo Wild Wings Restaurants globally. On November 28, 2017, BWLD agreed to be acquired by Arby's Restaurant Group for \$157 per share in cash, valuing the company at \$2.9 billion. The transaction required regulatory and shareholder approvals and closed on February 6, 2018. The Fund earned a 2.69% annualized return.

*Calpine Corporation (CPN)* is a Houston, Texas based electric utilities company that owns and operates 80 power plants in North America. On August 18, 2017, CPN agreed to be acquired by Energy Capital Partners and a consortium of investors led by Access Industries and the Canada Pension Plan Investment Board for \$15.25 cash per share representing a \$5.6 billion equity value. The transaction required shareholder and regulatory approvals and closed on March 8, 2018. The Fund earned a 3.37% annualized return.

*Exactech Inc. (EXAC)* is a Gainesville, Florida based medical device company that develops orthopedic implant devices and other instruments used in surgery. On October 23, 2017, EXAC agreed to be taken private by TPG Capital for \$42 per share in cash which valued the company at \$625 million. On December 4, 2017, EXAC entered into an amended merger agreement with TPG Capital which increased the consideration to EXAC shareholders to \$49.25 per share in cash, representing a \$737 million total enterprise value, after another bidder emerged. The transaction required regulatory and shareholder approvals and closed on February 15, 2018. The Fund earned a 56.18% annualized return.

*Key Technology Inc. (KTEC)* is a Walla Walla, Washington based automation systems manufacturer of food processing technology. On January 25, 2018, KTEC agreed to be acquired by Duravant LLC for \$26.75 per share in cash, representing a transaction value of \$175 million. Completion of the deal required the tender of a simple majority of KTEC shares outstanding and regulatory approvals. The transaction closed on March 21, 2018 and the Fund earned a 3.62% annualized return.

*Regal Entertainment Group (RGC)* is a Knoxville, Tennessee based movie theatre chain that operates one of the largest theater circuits in the United States. On December 5, 2017, RGC agreed to be acquired by Cineworld Group PLC for \$23 per share in cash, representing a total transaction value of \$5.9 billion. The deal required shareholder and regulatory approvals and closed on March 1, 2018. The Fund earned a 9.99% annualized return.

*Snyder's-Lance Inc. (LNCE)* is a Charlotte, North Carolina based snack company with a portfolio of salty snack brands, including Snyder's of Hanover, Kettle, and Cape Cod. On December 18, 2017, LNCE agreed to be acquired by Campbell Soup Company for \$50 per share in cash, representing a \$4.9 billion equity valuation. The deal required shareholder and regulatory approvals, and closed on March 27, 2018. The Fund earned a 4.09% annualized return.

## Pipeline

*Blue Buffalo Pet Products Inc. (0.2% of net assets as of March 31, 2018) (BUFF – \$39.81 – NASDAQ)* is a Wilton, Connecticut based pet food company that develops and sells food products under its various BLUE brand lines, including BLUE Life Protection Formula, BLUE Wilderness, BLUE Basics, BLUE Freedom and BLUE Natural Veterinary Diet. On February 23, 2018, BUFF agreed to be acquired by General Mills, Inc. (GIS) for \$40 per share in cash, valuing the company at \$8 billion. GIS received the necessary shareholder vote from Invus LP and the founding Bishop family, but the transaction still requires regulatory approvals and is expected to close by the end of May 2018.

*Callidus Software Inc. (0.3%) (CALD – \$35.95 – NASDAQ)* is a Dublin, California based enterprise software company that provides cloud based solutions around sales data. On January 29, 2018 CALD agreed to be acquired by SAP SE for \$36 per share in cash, representing \$2.4 billion total enterprise value. The transaction requires shareholder and regulatory approvals, and is expected to close in the coming weeks.

*CSRA Inc. (3.2%) (CSRA – \$41.23 – NYSE)* is a Falls Church, Virginia based IT company that provides services to enterprises and government agencies, including the NSA. On February 12, 2018, CSRA agreed to be acquired by General Dynamics for \$40.75 per share in cash. On March 18, 2018, CACI International offered to acquire CSRA for \$15 per share in cash and 0.184 CACI shares, representing a total consideration of \$44 per share. In response, General Dynamics increased its all-cash offer to \$41.25 per share and, subsequently, CACI dropped out of the bidding war. General Dynamic's new offer requires the tender of a simple majority of CSRA shares outstanding and regulatory approvals. The transaction is expected to close in the coming weeks.

*DST Systems Inc. (2.6%) (DST – \$83.65 – NYSE)* is a Kansas City, Missouri based information processing company that provides data management and other services to the healthcare and financial services sectors. On January 11, 2018, DST agreed to be acquired by SS&C Technologies Holdings Inc. for \$84 per share in cash, representing a \$5.4 billion total enterprise value. The transaction requires DST shareholder approval and regulatory clearances. The transaction is expected to close in the third quarter of 2018.

*Fenner PLC (0.6%) (FENR – \$8.54/£6.09 – London Stock Exchange)* is a Hesse, England based polymer manufacturer. On March 19, 2018, FENR agreed to be acquired by Michelin for £6.10 per share in cash. The transaction will be implemented by a scheme of arrangement and requires regulatory approvals. It is expected to close in the second quarter of 2018.

*General Cable Corp. (0.5%) (BGC – \$29.60 – NYSE)* is Highland Heights, Kentucky based cable manufacturer that sells fiber optic, copper, and aluminum cables to the telecom, industrial, and construction sectors. On December 4, 2017, BGC agreed to be acquired by Prysmian Group for \$30 per share in cash, representing a \$3 billion total enterprise value. The transaction requires shareholder and regulatory approvals, and is expected to close in the third quarter of 2018.

*MuleSoft Inc. (less than 0.1%) (MULE – \$43.98 – NYSE)* is a San Francisco, California based software company that developed the Anypoint Platform, which creates a connected network for its customers. On March 20, 2018, MULE agreed to be acquired by Salesforce for \$36 in cash and 0.0711 CRM shares,

representing a total value \$6.5 billion. The deal requires the tender of a simple majority of MULE shares outstanding and regulatory approvals. It is expected to close in the second quarter of 2018.

*Orbital ATK Inc. (1.1%) (OA – \$132.61 – NYSE)* is a Dulles, Virginia based aerospace and defense company. On September 18, 2017, OA agreed to be acquired by Northrop Grumman Corp. for \$134.50 per share in cash, representing a \$7.8 billion equity valuation. OA shareholders have approved the merger. Regulatory approvals are still pending and the transaction is expected to close in the first half of 2018.

*Rockwell Collins Inc. (0.1%) (COL – \$134.85 – COL)* is a Cedar Rapids, Iowa based aerospace and defense company. On September 4, 2017, COL agreed to be acquired by United Technologies Corp. for \$93 per share in cash and \$46.67 in UTC stock, representing a \$23 billion equity valuation. The deal requires shareholder and regulatory approvals, and is expected to close in the third quarter of 2018.

*Validus Holdings Ltd. (0.2%) (VR – \$67.45 – NYSE)* is a Pembroke, Bermuda based insurance and reinsurance holding company. On January 22, 2018 VR agreed to be acquired by American International Group for \$68 per share in cash, representing a \$5.56 billion transaction value. The transaction requires shareholder and regulatory approvals, and is expected to close in mid-2018.

*XL Group Ltd. (1.5%) (XL – \$55.26 – NYSE)* is a Hamilton, Bermuda based insurance and reinsurance company. On March 5, 2018, XL agreed to be acquired by AXA for \$57.60 per share in cash representing total consideration of \$15.3 billion. The deal is subject to shareholder and regulatory approvals, and is expected to close in the second half of 2018.

April 25, 2018

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

Lennar Corp.	3.8%	Parmalat SpA	1.7%
CSRA Inc.	3.2%	XL Group Ltd.	1.5%
DST Systems Inc.	2.6%	Time Warner Inc.	1.3%
BlackHawk Network Holdings Inc.	2.5%	Orbital ATK Inc.	1.1%
Westar Energy Inc.	1.8%	Naturex	1.1%

**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 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
- 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](http://www.gabelli.com)**

Please visit us on the Internet. Our homepage at [www.gabelli.com](http://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](mailto: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](http://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](http://www.gabelli.com).

## Gabelli/GAMCO Funds and Your Personal Privacy

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### Who are we?

The Gabelli/GAMCO Funds are investment companies registered with the Securities and Exchange Commission under the Investment Company Act of 1940. We are managed by Gabelli Funds, LLC and GAMCO Asset Management Inc., which are affiliated with GAMCO Investors, Inc. GAMCO Investors, Inc. is a publicly held company that has subsidiaries 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](http://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.

We have separated the portfolio manager's commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio manager's commentary is unrestricted. Both the commentary and the financial statements, including the portfolio of investments, are available on our website at [www.gabelli.com](http://www.gabelli.com).

## 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.

**Ryan N. Kahn, CFA**, is an analyst dedicated to the Gabelli merger arbitrage portfolios, specific to our U.S. open and closed end funds. He joined the team in 2013 after working as a generalist in the research department. Mr. Kahn earned a Bachelor of Science in Business Management from Babson College.

**Gian Maria Magrini, CFA**, is an analyst dedicated to the Gabelli merger arbitrage portfolios specific to our U.S. open and closed end funds. He joined the team in 2013 after serving various roles in the firm's operations and research departments. Mr. Magrini earned a Bachelor of Science in Finance from Fordham University.

**Regina M. Pitaro** is a Managing Director and Head of Institutional Marketing at GAMCO Investors, Inc. Ms. Pitaro joined the firm in 1984 and coordinates the organization's focus with consultants and plan sponsors. She also serves as a Managing Director and Director of GAMCO Asset Management, Inc. Ms. Pitaro holds an M.B.A. in Finance from the Columbia University Graduate School of Business, a Master's degree in Anthropology from Loyola University of Chicago, and a Bachelor's degree from Fordham University.

**Geoffrey P. Astle** is involved in the analytics and foreign and domestic trading for the Gabelli merger arbitrage portfolios, specific to our U.S. open and closed end funds. He has been associated in this capacity since 2007. Mr. Astle earned a Bachelor of Science in both Finance and Marketing from Fairfield University.

## THE GABELLI ABC FUND

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[GABELLI.COM](http://GABELLI.COM)

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

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### BOARD OF DIRECTORS

Mario J. Gabelli, CFA  
Chairman and  
Chief Executive Officer,  
GAMCO Investors, Inc.  
Executive Chairman,  
Associated Capital Group Inc.

Anthony J. Colavita  
President,  
Anthony J. Colavita, P.C.

Vincent D. Enright  
Former Senior Vice President  
and Chief Financial Officer,  
KeySpan Corp.

Mary E. Hauck  
Former Senior Portfolio  
Manager,  
Gabelli-O'Connor Fixed Income  
Mutual Fund Management Co.

Kuni Nakamura  
President,  
Advanced Polymer, Inc.

Werner J. Roeder  
Former Medical Director,  
Lawrence Hospital

### OFFICERS

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President

John C. Ball  
Treasurer

Agnes Mullady  
Vice President

Andrea R. Mango  
Secretary

Richard J. Walz  
Chief Compliance Officer

### DISTRIBUTOR

G.distributors, LLC

### CUSTODIAN

State Street Bank and Trust Company

### TRANSFER AGENT AND DIVIDEND DISBURSING AGENT

DST Asset Manager Solutions, Inc.

### LEGAL COUNSEL

Skadden, Arps, Slate, Meagher &  
Flom LLP

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

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GABELLI  
FUNDS

# THE GABELLI ABC FUND

*Shareholder Commentary*  
*March 31, 2018*

# The Gabelli ABC Fund

## First Quarter Report March 31, 2018

### (Y)our Portfolio Management Team



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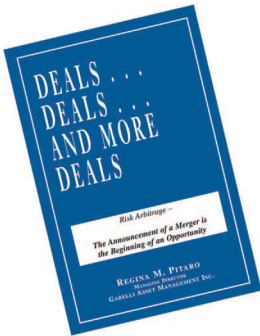
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Enclosed is the schedule of investments as of March 31, 2018.

## Comparative Results

### Average Annual Returns through March 31, 2018 (a) (Unaudited)

	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (5/14/93)
AAA Shares (GABCX) . . . . .	(0.10)%	1.51%	2.34%	2.90%	3.87%	5.59%
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S&P 500 Index . . . . .	(0.76)	13.99	13.31	9.49	10.10	9.61(c)

**In the current prospectuses dated April 30, 2018, the expense ratios for the Class AAA and the Advisor Class Shares, are 0.57% and 0.82%, 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](http://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 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](http://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 ICE 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 returns are as of April 30, 1993.

# The Gabelli ABC Fund

## Schedule of Investments — March 31, 2018 (Unaudited)

Shares		Market Value	Shares		Market Value
<b>COMMON STOCKS — 40.5%</b>					
<b>Aerospace — 1.2%</b>					
106,000	Orbital ATK Inc.	\$ 14,056,660	5,900	Fidessa Group plc	303,377
9,000	Rockwell Collins Inc.	1,213,650	31,800	Gemalto NV	1,942,723
		<u>15,270,310</u>	52,000	iGO Inc.†	121,680
			3,000	InterXion Holding NV†	186,330
<b>Automotive: Parts and Accessories — 0.3%</b>					
413,000	Federal-Mogul Holdings Corp.†(a)	4,130,000	10,000	MuleSoft Inc., Cl. A†	439,800
20,000	GKN plc	129,918	5,000	RealDolmen	226,403
		<u>4,259,918</u>	5,500	Rockwell Automation Inc.	958,100
			200	Synchronoss Technologies Inc.†	2,110
					<u>89,042,890</u>
<b>Aviation: Parts and Services — 0.1%</b>					
50,000	Arconic Inc.	1,152,000	<b>Consumer Products — 0.4%</b>		
<b>Broadcasting — 0.4%</b>					
8,000	Cogeco Inc.	425,288	100	Accell Group	2,180
10,000	MSG Networks Inc., Cl. A†	226,000	89,000	Avon Products Inc.†	252,760
104,000	Tribune Media Co., Cl. A	4,213,040	16,000	Bang & Olufsen A/S†	402,997
		<u>4,864,328</u>	19,000	Edgewell Personal Care Co.†	927,580
			71,000	Yoox Net-A-Porter Group SpA†	3,302,285
<b>Building and Construction — 4.4%</b>					
3,800	ASH Grove Cement Co.	2,002,600			<u>4,887,802</u>
34,000	Johnson Controls International plc	1,198,160	<b>Diversified Industrial — 1.3%</b>		
1,030,000	Lennar Corp., Cl. B	49,120,700	854,778	Fenner plc	7,303,437
48,000	Norbord Inc., Toronto	1,740,272	220,000	General Cable Corp.	6,512,000
130,000	Ply Gem Holdings Inc.†	2,808,000	160,000	Haldex AB†	1,636,446
5,600	USG Corp.†	226,352	30,000	Katy Industries Inc.†	93
		<u>57,096,084</u>	40,000	Myers Industries Inc.	846,000
			10,400	SLM Solutions Group AG†	411,414
<b>Business Services — 0.1%</b>					
79,000	Diebold Nixdorf Inc.	1,216,600	24,000	Wartsila OYJ Abp	530,078
30,000	exactEarth Ltd.†	24,333			<u>17,239,468</u>
500,000	Gerber Scientific Inc., Escrow†(a)	0	<b>Electronics — 0.9%</b>		
20,000	GrainCorp Ltd., Cl. A	130,108	290,600	Axis Communications AB	11,589,475
20,000	RR Donnelley & Sons Co.	174,600	<b>Energy and Utilities — 2.9%</b>		
		<u>1,545,641</u>	64,800	Alerion Cleanpower SpA	274,282
<b>Cable and Satellite — 1.8%</b>					
1,500	AMC Networks Inc., Cl. A†	77,550	50,000	Alvopetro Energy Ltd., Toronto†	4,851
12,500	Charter Communications Inc., Cl. A†	3,890,250	38,000	Anadarko Petroleum Corp.	2,295,580
55,000	Liberty Global plc, Cl. A†	1,722,050	13,000	Apache Corp.	500,240
105,000	Liberty Global plc, Cl. C†	3,195,150	15,000	Avangrid Inc.	766,800
8,020	Liberty Latin America Ltd., Cl. A†	155,989	369	Connecticut Water Service Inc.	22,336
20,500	Liberty Latin America Ltd., Cl. C†	391,345	20,000	Endesa SA	440,132
750,000	Sky plc	13,652,913	1,000	Enduro Royalty Trust	3,550
		<u>23,085,247</u>	1,000	Etablissements Maurel et Prom†	4,750
<b>Computer Software and Services — 6.9%</b>					
600,000	Aconex Ltd.†	3,589,862	500,000	Gulf Coast Ultra Deep Royalty Trust	32,000
31,300	Avigilon Corp.†	655,469	4,500	Hess Corp.	227,790
38,000	Business & Decision†	364,706	65,000	National Fuel Gas Co.	3,344,250
110,600	Callidus Software Inc.†	3,976,070	80,000	Noble Energy Inc.	2,424,000
1,000,000	CSRA Inc.	41,230,000	125,000	Severn Trent plc	3,233,908
124,000	Digi International Inc.†	1,277,200	800,000	Texas Competitive Electric Holdings Co. LLC, Escrow†(a)	0
18,000	Donnelley Financial Solutions, Inc.†	309,060	425,000	Weatherford International plc†	973,250
			435,000	Westar Energy Inc.	22,876,650
			1,000	WGL Holdings Inc.	83,650

See accompanying notes to schedule of investments.

# The Gabelli ABC Fund

## Schedule of Investments (Continued) — March 31, 2018 (Unaudited)

Shares		Market Value	Shares		Market Value
	<b>COMMON STOCKS (Continued)</b>				
	<b>Energy and Utilities (Continued)</b>		31,400	Cogentix Medical Inc.†	\$ 120,890
9,000	Whiting Petroleum Corp.†	\$ 304,560	7,000	Depomed Inc.†	46,130
		<u>37,812,579</u>	18,000	Endo International plc†	106,920
	<b>Entertainment — 1.4%</b>		2,000	ICU Medical Inc.†	504,800
17,000	Liberty Media Corp.-		158,000	Idorsia Ltd.†	3,788,034
	Liberty Braves, Cl. A†	386,410	400	Illumina Inc.†	94,568
1,300	The Madison Square Garden Co, Cl. A†	319,540	6,000	Incyte Corp.†	499,980
180,000	Time Warner Inc.	<u>17,024,400</u>	75,000	Kindred Healthcare Inc.	686,250
		<u>17,730,350</u>	37,000	McKesson Europe AG	1,220,115
	<b>Financial Services — 5.2%</b>		5,000	Mylan NV†	205,850
7,000	Alimco Financial Corp.†	90,475	433,000	Myrex Inc.†	17,320
68,000	AllianceBernstein Holding LP	1,825,800	4,500	Perrigo Co. plc.	375,030
70,000	AmTrust Financial Services Inc.	861,700	312,000	Viralytics Ltd.†	<u>403,779</u>
710,000	Blackhawk Network Holdings Inc.†	31,737,000			<u>23,795,633</u>
34,500	CoBiz Financial Inc.	676,200		<b>Hotels and Gaming — 0.2%</b>	
6,000	Forestar Group Inc.†	126,900	30,000	Belmond Ltd., Cl. A†	334,500
812	Horizon Bancorp.	24,368	11,500	Eldorado Resorts Inc.†	379,500
36,000	Kinnevik AB, Cl. A	1,310,690	2,000	Mantra Group Ltd.	6,037
60,000	KKR & Co. LP	1,218,000	25,000	Ryman Hospitality Properties Inc., REIT	<u>1,936,250</u>
1,000	Mastercard Inc., Cl. A	175,160			<u>2,656,287</u>
78,000	MoneyGram International Inc.†	672,360		<b>Machinery — 0.4%</b>	
32,000	Navient Corp.	419,840	28,000	Astec Industries Inc.	1,545,040
10,000	Oritani Financial Corp.	153,500	140,000	CNH Industrial NV	1,736,000
100	Patriot National Inc.†	1	45,000	CNH Industrial NV, Borsa Italiana	555,364
270,000	Sterling Bancorp.	6,088,500	12,000	Xylem Inc.	<u>923,040</u>
2,200	Topdanmark A/S†	103,344			<u>4,759,444</u>
39,300	Validus Holdings Ltd.	2,650,785		<b>Metals and Mining — 0.5%</b>	
18,000	Waddell & Reed Financial Inc., Cl. A	363,780	18,000	Alamos Gold Inc., Cl. A	93,780
233,330	Wright Investors' Service Holdings Inc.†	114,623	42,000	Ampco-Pittsburgh Corp.	373,800
350,000	XL Group Ltd.	<u>19,341,000</u>	170,000	Freeport-McMoRan Inc.†	2,986,900
		<u>67,954,026</u>	35,000	Newmont Mining Corp.	1,367,450
	<b>Food and Beverage — 3.8%</b>		12,000	Pan American Silver Corp.	193,457
72,608	Blue Buffalo Pet Products Inc.†	2,890,525	10,000	Vulcan Materials Co.	<u>1,141,700</u>
40,000	Dr Pepper Snapple Group Inc.	4,735,200			<u>6,157,087</u>
594	Huegli Holding AG	569,146		<b>Paper and Forest Products — 1.0%</b>	
82,979	Naturex†	13,681,616	360,000	KapStone Paper and Packaging Corp.	12,351,600
5,830,000	Parmalat SpA	21,484,724	3,000	Smurfit Kappa Group plc	<u>121,519</u>
3,500	Pernod Ricard SA	582,465			<u>12,473,119</u>
4,000,000	Premier Foods plc†	2,121,331		<b>Publishing — 0.2%</b>	
24,000	Remy Cointreau SA	3,419,670	5,000	Meredith Corp.	269,000
1,500	The Hershey Co.	<u>148,440</u>	14,000	Telegraaf Media Groep NV†(a)	103,358
		<u>49,633,117</u>	150,000	The E.W. Scripps Co., Cl. A	<u>1,798,500</u>
	<b>Health Care — 1.8%</b>				<u>2,170,858</u>
135,000	Ablynx NV†	7,405,226		<b>Real Estate — 0.6%</b>	
38,500	Akorn Inc.†	720,335	500	American Tower Corp., REIT	72,670
25,000	Allergan plc.	4,207,250	10,000	GGP Inc., REIT	204,600
90,000	AstraZeneca plc, ADR	3,147,300	800,000	Pure Industrial Real Estate Trust, REIT	4,992,432
800	Bio-Rad Laboratories Inc., Cl. A†	200,064			
28,800	Cadus Corp.†	45,792			

See accompanying notes to schedule of investments.





## The Gabelli ABC Fund

### Schedule of Investments (Continued) — March 31, 2018 (Unaudited)

Shares	Market Value
	<b>SECURITIES SOLD SHORT — (3.4)%</b>
	<b>Building and Construction — (3.4)%</b>
740,000	Lennar Corp., Cl. A. .... \$ 43,615,600
	<b>Computer Software and Services — (0.0)%</b>
711	salesforce.com Inc. .... 82,690
	<b>Energy and Utilities — (0.0)%</b>
420	SJW Group ..... 22,138
	<b>TOTAL SECURITIES SOLD SHORT(d)</b>
	(Proceeds received \$37,562,265) <u>\$ 43,720,428</u>

- (a) Security is valued using significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.
- (b) Payment-in-kind (“PIK”) security. 5.00% PIK interest income will be paid as additional securities at the discretion of the issuer.
- (c) At March 31, 2018, \$160,915,000 of the principal amount was reserved and/or pledged with the custodian for securities sold short, equity contract for difference swap agreements, and forward foreign exchange contracts.
- (d) At March 31, 2018, these proceeds were being held at Pershing LLC.
- † Non-income producing security.
- †† Represents annualized yield at date of purchase.

ADR American Depositary Receipt  
 CCCP Contingent Cash Consideration Payment  
 CPR Contingent Payment Right  
 CVR Contingent Value Right  
 SDR Swedish Depositary Receipt

As of March 31, 2018, forward foreign exchange contracts outstanding were as follows:

Currency Purchased	Currency Sold	Counterparty	Settlement Date	Unrealized Appreciation
USD 85,817,170	EUR 69,000,000	State Street Bank and Trust Co.	04/27/18	\$746,632
USD 26,915,371	GBP 19,000,000	State Street Bank and Trust Co.	04/27/18	226,556
<b>TOTAL FORWARD FOREIGN EXCHANGE CONTRACTS</b>				<u>\$973,188</u>

See accompanying notes to schedule of investments.

## The Gabelli ABC Fund

### Schedule of Investments (Continued) — March 31, 2018 (Unaudited)

As of March 31, 2018, equity contract for difference swap agreements outstanding were as follows:

<b>Market Value Appreciation Received</b>	<b>One Month LIBOR Plus 90 bps plus Market Value Depreciation Paid</b>	<b>Counterparty</b>	<b>Payment Frequency</b>	<b>Termination Date</b>	<b>Notional Amount</b>	<b>Value</b>	<b>Upfront Payments/ Receipts</b>	<b>Unrealized Appreciation/ Depreciation</b>
Euler Hermes Group SA	Euler Hermes Group SA	The Goldman Sachs Group, Inc.	1 month	11/29/2018	\$749,277	\$ 68	—	\$ 68
Premier Foods plc	Premier Foods plc	The Goldman Sachs Group, Inc.	1 month	04/02/2019	896,714	(452)	—	(452)
<b>TOTAL EQUITY CONTRACT FOR DIFFERENCE SWAP AGREEMENT</b>								<u><u>\$(384)</u></u>

See accompanying notes to schedule of investments.

## The Gabelli ABC Fund

### Notes to Schedule of Investments (Unaudited)

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As an investment company, the Fund follows the investment company accounting and reporting guidance, which is part of U.S. generally accepted accounting principles (“GAAP”) that may require the use of management estimates and assumptions in the preparation of its schedule of investments. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its schedule of investments.

**Security Valuation.** Portfolio securities listed or traded on a nationally recognized securities exchange or traded in the U.S. over-the-counter market for which market quotations are readily available are valued at the last quoted sale price or a market’s official closing price as of the close of business on the day the securities are being valued. If there were no sales that day, the security is valued at the average of the closing bid and asked prices or, if there were no asked prices quoted on that day, then the security is valued at the closing bid price on that day. If no bid or asked prices are quoted on such day, the security is valued at the most recently available price or, if the Board of Directors (the “Board”) so determines, by such other method as the Board shall determine in good faith to reflect its fair market value. Portfolio securities traded on more than one national securities exchange or market are valued according to the broadest and most representative market, as determined by Gabelli Funds, LLC (the “Adviser”).

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market, but prior to the close of business on the day the securities are being valued. Debt obligations for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price, unless the Board determines such amount does not reflect the securities’ fair value, in which case these securities will be fair valued as determined by the Board. Certain securities are valued principally using dealer quotations. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded. OTC futures and options on futures for which market quotations are readily available will be valued by quotations received from a pricing service or, if no quotations are available from a pricing service, by quotations obtained from one or more dealers in the instrument in question by the Adviser.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with the equivalent U.S. dollar value American Depositary Receipt securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

The inputs and valuation techniques used to measure fair value of the Fund’s investments are summarized into three levels as described in the hierarchy below:

- Level 1 — quoted prices in active markets for identical securities;
- Level 2 — other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); and
- Level 3 — significant unobservable inputs (including the Board’s determinations as to the fair value of investments).

## The Gabelli ABC Fund

### Notes to Schedule of Investments (Unaudited) (Continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments in securities and other financial instruments by inputs used to value the Fund's investments as of March 31, 2018 is as follows:

	Valuation Inputs			Total Market Value at 3/31/18
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
<b>INVESTMENTS IN SECURITIES:</b>				
<b>ASSETS (Market Value):</b>				
Common Stocks:				
Automotive: Parts and Accessories	\$ 129,918	—	\$4,130,000	\$ 4,259,918
Business Services	1,521,308	\$ 24,333	0	1,545,641
Computer Software and Services	85,331,348	3,711,542	—	89,042,890
Diversified Industrial	17,239,375	93	—	17,239,468
Energy and Utilities	37,812,579	—	0	37,812,579
Financial Services	67,748,928	205,098	—	67,954,026
Publishing	2,067,500	—	103,358	2,170,858
Other Industries (a)	303,992,781	—	—	303,992,781
<b>Total Common Stocks</b>	<b>515,843,737</b>	<b>3,941,066</b>	<b>4,233,358</b>	<b>524,018,161</b>
Closed-End Funds	103,656	—	—	103,656
Preferred Stocks (a)	637,947	—	—	637,947
Rights (a)	169,098	9,500	1,492,457	1,671,055
Warrants (a)	139	—	—	139
Corporate Bonds (a)	—	—	27,950	27,950
U.S. Government Obligations	—	768,974,475	—	768,974,475
<b>TOTAL INVESTMENTS IN SECURITIES – ASSETS</b>	<b>\$516,754,577</b>	<b>\$772,925,041</b>	<b>\$5,753,765</b>	<b>\$1,295,433,383</b>
<b>LIABILITIES (Market Value):</b>				
Securities Sold Short (a)	\$ (43,720,428)	—	—	\$ (43,720,428)
<b>TOTAL INVESTMENTS IN SECURITIES – LIABILITIES</b>	<b>\$ (43,720,428)</b>	<b>—</b>	<b>—</b>	<b>\$ (43,720,428)</b>
<b>OTHER FINANCIAL INSTRUMENTS:*</b>				
<b>ASSETS (Unrealized Appreciation):</b>				
<b>EQUITY CONTRACTS</b>				
Contract for Difference Swap Agreements	—	\$ 68	—	\$ 68
<b>FORWARD CURRENCY EXCHANGE CONTRACTS</b>				
Forward Foreign Exchange Contracts	—	973,188	—	973,188
<b>LIABILITIES (Unrealized Depreciation):</b>				
<b>EQUITY CONTRACTS</b>				
Contract for Difference Swap Agreements	—	(452)	—	(452)
<b>TOTAL OTHER FINANCIAL INSTRUMENTS:</b>	<b>—</b>	<b>\$ 972,804</b>	<b>—</b>	<b>\$ 972,804</b>

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

\* Other financial instruments are derivatives reflected in the SOI, such as options, futures, forwards, and swaps, which may be valued at the unrealized appreciation/depreciation of the instrument.

#### 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

## The Gabelli ABC Fund

### Notes to Schedule of Investments (Unaudited) (Continued)

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

**Derivative Financial Instruments.** The Fund may engage in various portfolio investment strategies by investing in derivative financial instruments for the purposes of increasing the income of the Fund, hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase, or hedging against a specific transaction with respect to either the currency in which the transaction is denominated or another currency. Investing in certain derivative financial instruments, including participation in the options, futures, or swap markets, entails certain execution, liquidity, hedging, tax, and securities, interest, credit, or currency market risks. Losses may arise if the Adviser's prediction of movements in the direction of the securities, foreign currency, and interest rate markets is inaccurate. Losses may also arise if the counterparty does not perform its duties under a contract, or that, in the event of default, the Fund may be delayed in or prevented from obtaining payments or other contractual remedies owed to it under derivative contracts. The creditworthiness of the counterparties is closely monitored in order to minimize these risks. Participation in derivative transactions involves investment risks, transaction costs, and potential losses to which the Fund would not be subject absent the use of these strategies. The consequences of these risks, transaction costs, and losses may have a negative impact on the Fund's ability to pay distributions.

The Fund's derivative contracts held at March 31, 2018, if any, are not accounted for as hedging instruments under GAAP and are disclosed in the Schedule of Investments together with the related counterparty.

**Swap Agreements.** The Fund may enter into equity contract for difference swap transactions for the purpose of increasing the income of the Fund. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an equity contract for difference swap, a set of future cash flows is exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock.

## The Gabelli ABC Fund

### Notes to Schedule of Investments (Unaudited) (Continued)

Depending on the general state of short term interest rates and the returns on the Fund's portfolio securities at the time an equity contract for difference swap transaction reaches its scheduled termination date, there is a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction. Equity contract for difference swap agreements at March 31, 2018 are presented within the Schedule of Investments.

**Forward Foreign Exchange Contracts.** The Fund may engage in forward foreign exchange contracts for the purpose of hedging a specific transaction with respect to either the currency in which the transaction is denominated or another currency as deemed appropriate by the Adviser. Forward foreign exchange contracts are valued at the forward rate and are marked-to-market daily. The change in market value is included in unrealized appreciation/depreciation on investments and foreign currency translations. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. Forward foreign exchange contracts at March 31, 2018 are presented within the Schedule of Investments.

The following table summarizes the net unrealized appreciation/(depreciation) of derivatives held at March 31, 2018 by primary risk exposure:

<b>Asset Derivatives:</b>	<b>Net Unrealized Appreciation/ (Depreciation)</b>
Equity Contract for Difference Swap Agreements	\$ 68
Forward Foreign Exchange Contracts	<u>973,188</u>
Total	<u>\$973,256</u>
<b>Liability Derivatives:</b>	
Equity Contract for Difference Swap Agreements	<u>\$ (452)</u>

**Securities Sold Short.** The Fund may enter into short sale transactions. Short selling involves selling securities that may or may not be owned and, at times, borrowing the same securities for delivery to the purchaser, with an obligation to replace such borrowed securities at a later date. The proceeds received from short sales are recorded as liabilities and the Fund records an unrealized gain or loss to the extent of the difference between the proceeds received and the value of an open short position on the day of determination. The Fund records a realized gain or loss when the short position is closed out. By entering into a short sale, the Fund bears the market risk of an unfavorable change in the price of the security sold short. Dividends on short sales are recorded as an expense by the Fund on the ex-dividend date and interest expense is recorded on the accrual basis. The broker retains collateral for the value of the open positions, which is adjusted periodically as the value of the position fluctuates. Securities sold short and details of collateral at March 31, 2018 are reflected within the Schedule of Investments.

## The Gabelli ABC Fund

### Notes to Schedule of Investments (Unaudited) (Continued)

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**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 March 31, 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 ABC 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 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.

**Ryan N. Kahn, CFA**, is an analyst dedicated to the Gabelli merger arbitrage portfolios, specifically to our U.S. open and closed-end funds. He joined the team in 2013 after working as a generalist in the research department. Mr. Kahn earned a Bachelor of Science in Business Management from Babson College.

**Regina M. Pitaro** is a Managing Director and Head of Institutional Marketing at GAMCO Investors, Inc. Ms. Pitaro joined the firm in 1984 and coordinates the organization's focus with consultants and plan sponsors. She also serves as a Managing Director and Director of GAMCO Asset Management, Inc., and also serves as a portfolio manager for Gabelli Funds, LLC. Ms. Pitaro holds an MBA in Finance from the Columbia University Graduate School of Business, a Master's degree in Anthropology from Loyola University of Chicago, and a Bachelor's degree from Fordham University.

**Gian Maria Magrini, CFA**, is an analyst dedicated to the Gabelli merger arbitrage portfolios, specifically to our U.S. open and closed-end funds. He joined the team in 2013 after serving various roles in the operations and research departments. Mr. Magrini earned a Bachelor of Science in Finance from Fordham University.

**Geoffrey P. Astle** is involved in the analytics and foreign and domestic trading for the Gabelli merger arbitrage portfolios, specifically to our U.S. open and closed end funds. He has been associated in this capacity since 2007. Mr. Astle earned a Bachelor of Science in both Finance and Marketing from Fairfield University.

We have separated the portfolio manager's commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio manager's commentary is unrestricted. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at [www.gabelli.com](http://www.gabelli.com).

## THE GABELLI ABC FUND

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

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Company

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Solutions Inc.

### LEGAL COUNSEL

Skadden, Arps, Slate, Meagher &  
Flom LLP

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

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# THE GABELLI ABC FUND

*First Quarter Report  
March 31, 2018*

