GAMCO
INVESTORS

ANNUAL REPORT 2016

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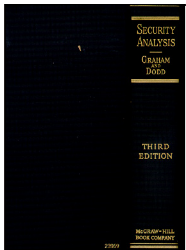

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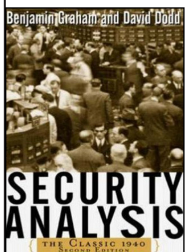

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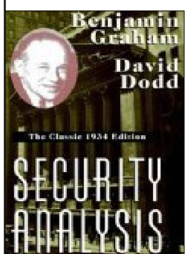

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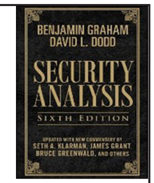

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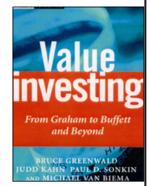

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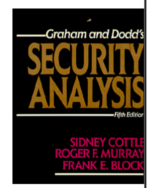

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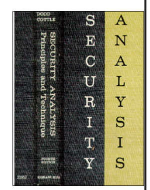


1962

"Imagine that in some private business you own a small share that cost you $1,000. One of your partners, named Mr. Market, is very obliging indeed. Every day he tells you what he thinks your interest is worth and furthermore offers either to buy you out or sell you an additional interest on that basis. Sometimes his idea of value appears plausible and justified by business developments and prospects as you know them. Often, on the other hand, Mr. Market lets his enthusiasm or his fears run away with him, and the value he proposes seems to you a little short of silly.

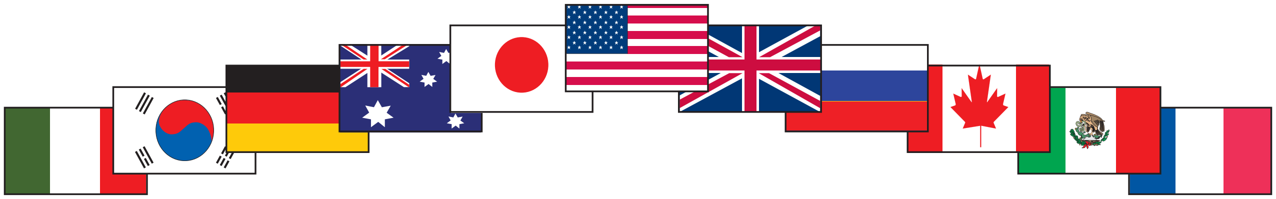
If you are a prudent investor or a sensible businessman, will you let Mr. Market's daily communication determine your view of the value of a $1,000 interest in the enterprise? Only in case you agree with him, or in case you want to trade with him. You may be happy to sell out to him when he quotes you a ridiculously high price, and equally happy to buy from him when his price is low. But the rest of the time you will be wiser to form your own ideas of the value of your holdings, based on full reports from the company about its operations and financial position." - Benjamin Graham, The Intelligent Investor

Despite the many changes that have taken place in the investing landscape, the parable of Mr. Market has held true since The Intelligent Investor was first published in 1949. Its message – that the whims of Mr. Market do not represent the true intrinsic value of a security – is at the core of the value investing philosophy.

The value approach to investing pioneered by Professors Benjamin Graham and David Dodd and further developed by Professors Roger Murray and Bruce Greenwald of the Columbia University Graduate School of Business has been, by a wide margin, the most consistently successful approach to investing. This success has been validated by a number of academic/statistical studies, by the performance of value-oriented money management institutions, and by the records of individual, value-oriented investment managers. Our belief is that the dissemination, extension, and refinement of the value approach are broadly beneficial to investors at large. In 2005, GAMCO Asset Management Inc., in cooperation with the Columbia University Graduate School of Business, established an annual prize for Value Investing. The prize is intended to honor individual contributions in at least one of five areas, which serve the goals of refining, extending, and disseminating the practice of Value Investing. They are:

- Innovative work in valuing securities in the Graham & Dodd tradition for either particular industries or particular asset classes. This work may be either theoretical/academic or applied/practical. However, it will extend existing conventional wisdom on valuation in ways that can be usefully applied in practice.
- Innovative academic research of either a theoretical or statistical nature that illuminates and extends the principles of Value Investing.
- Work in community building and/or information dissemination that contributes to the widespread practice of Graham & Dodd principles.
- Outstanding contributions to Value Investing education by students, faculty (adjunct & full time), and practitioners.
- Contributions to the implementation of sound Value Investing practices within companies either through investor activism or public advocacy.

A committee drawn from the Value Investing community will apply these criteria in awarding the prize. This year, we have selected Thomas A. Russo, Managing Partner of Gardner, Russo, Gardner, LLC. He will be awarded the Gabelli Prize at GAMCO's 32nd Annual Client Conference in May 2017. The first recipient was Joel M. Greenblatt who received the honor at GAMCO's Annual Client Conference in May 2005. In 2006, it was Martin J. Whitman; 2007, Robert W. Bruce, III; 2008, Jean Marie Eveillard; 2009, Richard H. Thaler, Ph.D.; 2010, Charles M. Royce; 2011, Erin Bellissimo; 2012, William von Mueffling; 2013, Michael F. Price; 2014, Profs. Ravi Jagannathan and William E. Simon, Jr. In 2015, Leon Cooperman of Omega Advisors was the prize recipient. Last year, Howard S. Marks, Co-Chairman of Oaktree Capital Management was our honoree.



— GROWTH —
BUILDING BLOCKS

Financial Highlights
(in thousands except assets under management and per share data)

	2015	2016
Assets under management *(a)*	$38,659	$39,684
Net income	$87,299	$117,121
Net income per diluted share	$3.40	$3.92
Dividends per share	$0.28	$0.08
Year end shares outstanding	29,821	29,463

(a) in millions, at period end

GBL – Global Research

Current Business Mix

Equity	95%
Other	5%

Institutional / PWM

Mutual Funds

GABELLI = VALUE

CHAIRMAN'S LETTER

Dear Partners/Shareholders:

We appreciate your investment in our company. As your CEO, it is my privilege to share with you the state of GAMCO as we enter our 41st year and our 19th year as a public company. GAMCO Investors, your company, is comprised of 159 hard working and dedicated professionals who share a passion for the world of investing. Our investment professionals are among the best and the brightest with credentials second to none.

Last year unfolded as another rewarding one for our GAMCO clients with our All Cap Value investments returning 16.9% gross (16.4% net) bringing our forty year returns to 16.2% gross and 15.3% net.

Our mutual funds achieved respectable returns for our gold fund and for our small cap and utility investments. Our closed-end funds enjoyed excellent returns. However, holdings in our non-US funds, while generally achieving absolute returns and performing above their respective benchmarks, were crimped by strength in the US dollar against most currencies.

Our World: The Investment Business

The investment business has not been spared from the forces of competition, consolidation and change that have unfolded in other industries in a dynamic economy. Most prominent has been a shift from active to passive management and from mutual funds to exchange traded funds (ETFs).

While we believe strongly in the long-term success of active management and do not anticipate adopting a copycat index approach to investing, we have been active in seeking new ways for our clients to invest. Namely, we have been among the first movers of firms to launch exchange traded managed funds (ETMFs) that combine the tax-efficiency and cost savings of ETFs with the benefits of active management. We currently have two ETMFs – Gabelli Media Mogul (MOGLC) and Gabelli Food of All Nations (FOANC) - leveraging our core research competencies in the global investing ecosystem of media and entertainment as well as the global consumer food and beverage sector. We hope to launch additional ETMFs as this innovative product gains acceptance.

Another area of focus has been ESG (Environmental, Social, Governance) investing, which builds upon our long track record of Socially Responsible (SRI) offerings and our history of speaking up for shareholders through good governance. There is growing interest from a new generation of investors in our ESG mutual fund and separate account products.

We are equally excited about our enhanced product and capabilities in the convertible securities area, resulting from our acquisition of the Dinsmore Group. In a world starved for investment income, we believe mutual funds dedicated to convertible securities will be a source of growth. Another option for investors seeking low volatility absolute returns is offered by our world class merger arbitrage team. Recognized globally for delivering relatively consistent returns over many years, this remains one of our original core competencies.

We also raised $300 million in timely preferred offerings, adding flexibility for our closed-end funds.

Trends toward Liability Driven Investments (LDI), Outsourced Chief Investment Officers (OCIO) and increased usage of ETFs by the consultant community continue to challenge our fundamental stock selection approach.

Overall, we had a creditable performance in 2016 due to the focus and dedication of our teammates for the benefit of our clients and our shareholders.

MISSION STATEMENT

To **earn a superior return for our clients** by providing value added products to the mutual fund and institutional marketplace using fundamental research.

By **earning returns for our clients**, we will be earning returns for all our stakeholders:

- Our Shareholders
- Our Professional Staff

(Y)our Investment Team

Christopher J. Marangi and Kevin V. Dreyer joined Mario J. Gabelli as Co-Chief Investment Officers of the Value team in August 2015. Chris and Kevin joined GAMCO as research analysts in 2003 and 2005, respectively, and were added as portfolio managers for the mutual funds in 2007 and for institutional and private wealth separate accounts in 2011. While currently managing assets in the All Cap Value, Small Cap Value and ESG (Environmental, Social, Governance) strategies, they have hands-on oversight of the majority of our investments.

Chris and Kevin have extensive experience with the firm's proprietary Private Market Value with a Catalyst™ stock selection methodology. As part of the bottom-up research process, (y)our portfolio managers and analysts Gather, Array, Project, Interpret and Communicate (we call it "GAPIC") data about a range of industries where we have accumulated compounded knowledge. We combine this research with judgment about the risk and reward of each security to construct individualized portfolios that meet client needs.

Christopher J. Marangi
Co-Chief Investment Officer
- Value Investments

Kevin V. Dreyer
Co-Chief Investment Officer
- Value Investments

Portfolio manager team members at the firm focused on the Value process include:

Robert D. Leininger, CFA originally joined GAMCO in 1993 as a research analyst and then rejoined in 2010 as a portfolio manager on numerous institutional accounts and several Gabelli mutual funds.

Jeff Jonas, CFA began his career at GAMCO in 2003 as a research analyst covering the medical device sector. He has been a portfolio manager of various mutual funds since 2007.

Laura Linehan, CFA began her career at GAMCO in 1995 as a research analyst responsible for the broadcast and publishing industries. She became Co-Portfolio Manager of the TETON Westwood Mighty Mites fund in 1998.

Barbara G. Marcin, CFA has been with GAMCO since 1999 and currently manages several Gabelli mutual funds.

Daniel M. Miller joined the firm in 2002. He served as Head of Institutional Equities from 2004-2011 for Gabelli & Company. Dan has been Portfolio Manager of the Gabelli Focus Five Fund since its inception in 2012 and serves as a portfolio manager on other mutual funds.

Finally, in our ongoing effort to develop additional talent, several research analysts - including Justin Bergner, Brett Harriss and Brian Sponheimer - have been given portfolio management responsibilities.

Howard Ward has done an outstanding job in his role as Chief Investment Officer for our growth strategy. Our institutional marketing was strengthened further as Katrina O'Leary joined our team as Vice President, Head of Consultant Relations. Katrina brings a wealth of experience and extensive relationships in the global consulting community.

GAMCO expects 2017 will be a year for intensively disciplined stock selection and a fresh focus on corporate business opportunities that will potentially add value to our clients.

New challenges will arise as global financial markets adjust to less accommodative monetary policies and asset allocations shift toward quantitative approaches that are not based on fundamental research.

(Y)our Board of Directors

We welcome Les Daniels to our Board of Directors and thank Marc Gabelli for his service to GAMCO.

Thank you for your confidence. We will work hard to keep it.

Sincerely,

Mario Gabelli

Mario J. Gabelli
Chairman & CEO

— VALUE INVESTING "REMAINS GREAT" STILL —

Whether it was the Chicago Cubs breaking a 108-year curse to bring home a championship, the United Kingdom defying the odds-makers in a vote to exit the European Union or a gilded New York real estate developer turned reality show star capturing the hearts of Rust Belt Americans and consequently the White House, 2016 certainly qualifies as an unusual year. The world, depending on your perspective, has been turned upside down or right side up. Everything from longstanding political beliefs to consumer preferences for food and entertainment has shifted. In markets, the long bull market in bonds is ending and Value appears poised to beat Growth for the first time since 2008. Through these tumultuous times you can rest assured that at least two things will not change: our implementation of fundamental bottom-up stock research combined with the time-tested Private Market Value with a Catalyst™ methodology and our commitment to superior client service.

The US Presidential election dominated the national conscience to such an extent that it impacted football ratings and retail spending. A conclusion to this quadrennial process (some might say ordeal) and greater political certainty would likely have sparked a market rally no matter who prevailed, but the 6% rise in the S&P 500 ranks as the largest market post-election move for a new President since the 1961 inauguration of JFK. The so-called Trump rally has been fueled by the potential for increased fiscal stimulus, lower corporate and individual taxes and deregulation. Taken together these elements could drive US GDP growth well above 2%, deferring the inevitable end to the current ninety-month old expansion.

Trump as President

Trump will make mistakes as all Presidents do. For better or worse, our federal Constitutional system, with the checks and balances of Congress and the Courts and power dispersed through the states modulates change by design. Three areas bear watching. Protectionism is bad for consumers and businesses alike, but "free" trade is not always "fair" trade - should the President negotiate better deals with our trading partners? Second, a geopolitical crisis is a near certainty over the next four years – how will Trump balance a desire to project a strong America with a distaste for foreign entanglements? Lastly, candidates who are populists are usually not unwaveringly pro-business; CEOs in all sectors should be alert for Twitter bombs, the modern form of jawboning, such as those lobbed by the President at the pharmaceutical industry and several defense contractors.

Tailwinds and Headwinds

President Trump will inherit several inter-related macroeconomic dynamics: higher interest rates, a stronger dollar and increased inflation expectations. The Federal Reserve has signaled it will raise rates multiple times in 2017. A divergence in monetary policy from still dovish central banks in Europe and Japan, not to mention a fraying of the European Union, may propel the dollar and reduce the competitiveness of US exports, an outcome neither Chairman Janet Yellen nor the new administration will relish. A tightening labor market and the promised fiscal stimulus may however, force the hand of the Fed. With all else equal, higher interest rates and accelerating inflation are bad for all asset classes including equities. But all else is never equal. The question is whether GDP and consequently earnings growth will accelerate enough to overcome the natural governors of higher rates (felt in the form of higher borrowing costs) and inflation (felt in the form of reduced purchasing power). Put simply, earnings estimates for S&P 500 may be revised upward but may not overcome the pressure of a reduction in the market multiple which at over 17x is already above historical norms.

Conclusion

We believe (y)our portfolios are well-positioned for almost any economic environment. (Y)our holdings tend to be domestically focused with strong franchises and pricing power. We have never been top-down allocators, trying to chase every trend. Rather, we rely on fundamental bottom-up research informed by our view of the changing political economic tides. We purchase and hold securities trading at discounts to their Private Market Values appropriate for their level of risk and seek to identify one or more catalysts that could close that valuation gap. Industry consolidation, financial engineering (e.g. spin-offs), changes in management and changes in regulation are just a few catalysts in which the portfolio is rich.

Although 2016 has left prognosticators with egg on their face and eating crow, 2017 promises to be another eventful year with key votes among European Union members and the unfolding of policies at home. Those who bemoan the election of Donald J. Trump should take solace and those who cheer his election should take pause - the President's authority extends only so far. Neither the economic cycle nor the curse of demographics can be repealed and factors such as interest rates, debt levels and productivity respond only marginally to the party in power. America has been and remains great, but could always be better. Likewise, we strive for continuous improvement. We look forward to what the future brings.

— REPORT OF THE CO-CHIEF ACCOUNTING OFFICERS —

Kieran Caterina
SVP & Co-Chief
Accounting Officer

Diane M. LaPointe
SVP & Co-Chief
Accounting Officer

We ended the year with assets under management ("AUM") of $39.7 billion, an increase of $1.0 billion from $38.7 billion at the end of 2015.

Revenues for the year were $353.0 million, as compared to the $381.0 million reported 2015. Incentive fees, which are earned on certain accounts based on absolute returns or by matching or exceeding performance benchmarks, surged to $15.4 million from $4.4 million in 2015. Distribution fees and other income declined to $44.5 million from $51.0 million in 2015.

Our financial metrics for 2016 were robust, but require explanation below. Our operating income last year was $191.8 million versus $147.9 million in the prior year. For 2016, net income was $117.1 million, or $3.92 per diluted share, as compared to $87.3 million, or $3.40 per diluted share in 2015.

During 2016, we generated operating cash flow of $115.7 million, which enabled us to reduce our net debt from $262.4 million at December 31, 2015 to $156.9 million at December 31, 2016.

We repurchased 348,687 shares for a total investment of $10.8 million during 2016. Dividends distributed totaled $2.4 million. Since our IPO in 1999, we have returned to shareholders $1.9 billion in total, of which $1.0 billion was in the form of spin-offs of Teton and AC, $488.6 million was from dividends and $438.8 million was through stock buybacks.

We have $500 million available on our universal shelf registration. Together with our earnings from operations, the decision to defer the payment of the CEO's 2016 compensation and our shelf provide us with flexibility to do acquisitions, lift-outs, seed new investment strategies, and co-invest.

Deferred Compensation

There was an important financial dynamic which bolstered our numbers in 2016 and should be highlighted. The decision to defer the payment of the CEO's 2016 compensation until January 1, 2020 provided us greater financial flexibility.

The GAAP-mandated treatment of the December 2015 deferred compensation agreement materially contributed to the 2016 results. In 2016, since the compensation was in the form of RSUs determined by the volume-weighted average price of the Company's Class A Stock, results reported for 2016 are not comparable with prior year periods.

Under GAAP, only 25% of this deferred compensation expense has been recognized in the current year with the remainder to be amortized as expense in 2017, 2018, and 2019.

On an economic basis, only $19 million of deferred compensation subject to the deferred compensation agreement was recorded under GAAP, with the remaining $57 million to be expensed equally each year during the vesting period. Expressed another way, 2016 benefitted from a reduction of 75% of the compensation, and each of the next three years will, in turn, be impacted by the expensing of an additional 25% of the deferred compensation. Additionally, in accordance with the deferred compensation agreement, the liability will fluctuate with the price of the GBL stock, subject to a cap on the obligation which can be no more than what the CEO would have been paid absent the RSU agreement.

Simply stated, absent the deferred compensation arrangement during 2016, operating income was $138.3 million, net income was $83.7 million and fully diluted earnings were $2.81 per share. The balance sheet is also impacted; the unrecognized compensation payable at December 31, 2016 was $53.5 million.

Sincerely,

Kieran Caterina *Diane M. LaPointe*

Kieran Caterina
SVP & Co-Chief Accounting Officer

Diane M. LaPointe
SVP & Co-Chief Accounting Officer

— CONVERTIBLE TEAM —

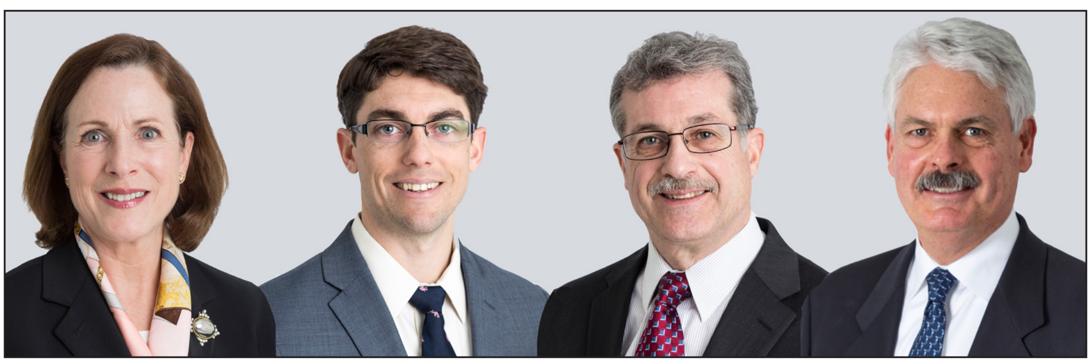
Our first full year with Gabelli was a successful one. We were able to work with the many analysts to add to our underlying equity research, while bringing our long term expertise using convertibles as reduced volatility equity investments. Over the long term we have been able to use these securities to provide investors with total returns comparable to equities while taking less risk, as convertibles are higher in the capital structure and often offer a yield advantage.

Convertibles had a strong year in 2016. With equity markets down sharply to start the year, the convertible market offered some downside protection. After the February low, convertibles largely participated in the equity upside that we saw for the remainder of the year. The Bank of America Merrill Lynch All Convertible Index finished the year up 10.4% while the S&P 500 was just slightly ahead at up 11.95%. Much of this return came after the election in November as the market began anticipating long awaited fiscal stimulus and a generally business friendly environment. This cleared the way for the second hike to interest rates since the financial crisis. Over the years, rising rate environments have been beneficial for convertible investors, as convertibles tend to be more correlated with equities in rising markets. In fact, over the last 20 years we have seen eight periods where the 10 year yield has increased by 100 bps or more and all eight times convertible returns have been positive. This year was one such example with 10 year rates rising 100 bps from July to December with the convertible market up 8.24% over that time.

We saw new convertible issuance increase after the election and that increase has continued in 2017. The convertible market offers an attractive way for companies to raise capital as it offers less dilution than an equity offering, and lower interest expense than the high yield markets. In general, new issuance is good for the convertible market as it broadens our available universe, and often allows us to invest in companies at attractive terms. If issuance continues at its current pace we could see our market expand substantially this year. Through the end of February the convertible market continues to be attractively priced with an average yield of 3.24% and an average premium of 30%. We expect that we would generally participate in about 65% of the underlying equity upside, while the yield and maturities of convertibles would provide some downside protection in the event of a market downturn.

Conclusion and Outlook

We have a positive long term outlook for the convertible market. We believe that the current rising rate environment will offer us attractive opportunities and lead to positive performance. We focus our investments on total return, offering a balance of growth and income that allows us to participate in rising equity markets with reduced volatility. Our team has a long track record focused on convertible investing and we believe that this experience coupled with the strong bottom-up fundamental research culture at Gabelli will be beneficial to our shareholders and the firm for the long term.



Dinsmore Capital Team

Jane O'Keeffe, James Dinsmore, CFA, Thomas H. Dinsmore, CFA, Peter Finnican

Jane O'Keeffe *From 1996 to 2015 Ms. O'Keeffe was President & Director of Dinsmore Capital Management and a Portfolio Manager of Bancroft & Ellsworth Fund Ltd. She has a B.A. from the University of New Hampshire and M.B.A from Pace University.*

James Dinsmore, CFA *currently serves as portfolio manager of Gabelli Funds, LLC and manages several funds. Mr. Dinsmore received a B.A. in Economics from Cornell University and an M.B.A. from Rutgers University.*

Thomas Dinsmore, CFA *From 1996 to 2015 Mr. Dinsmore was Chairman and CEO of Dinsmore Capital Management; CEO and Portfolio Manager of Bancroft Fund; and CEO, Portfolio Manager and co-founder of Ellsworth Fund Ltd. He has a B.S. in Economics from Wharton, and an M.A. in Economics from Fairleigh Dickinson University.*

Peter Finnican *currently serves as the marketing specialist for the Convertible Securities Products. Mr. Finnican received a BA and MA from Manhattanville College*

— OPEN AND CLOSED END FUNDS —

2016 witnessed many exciting developments at Gabelli Funds. In July, the closed-end funds launched their fifteenth fund, The Gabelli Go Anywhere Trust, through an initial public offering. This innovative new fund offered a combination of common and preferred shares and utilizes the Gabelli Private Market with a Catalyst™ (PMV) investment approach.

In addition, a number of individual closed-end funds issued new series of preferred shares:

Fund	Coupon	Amount
Gabelli Equity Trust	5.45 %	$80 million
Gabelli Small and Mid Cap Value Trust	5.45 %	$30 million
Gabelli Utility Trust	5.375%	$50 million
Gabelli Dividend & Income Trust	5.25 %	$100 million
Bancroft Fund Ltd.	5.375%	$30 million

Agnes Mullady

is the President and Chief Operating Officer of the Open-End Fund Division of Gabelli Funds, LLC since 2011. Ms. Mullady also serves as an officer of all the open- and closed-end funds within the GAMCO/ Gabelli Funds Complex.

Prior to joining GAMCO Investors, Inc. in December 2005, Ms. Mullady was a Senior Vice President at U.S. Trust Company and Treasurer and Chief Financial Officer of the Excelsior Funds. She graduated with an accounting degree from Queens College, New York and has an MBA in Finance from the New York Institute of Technology.

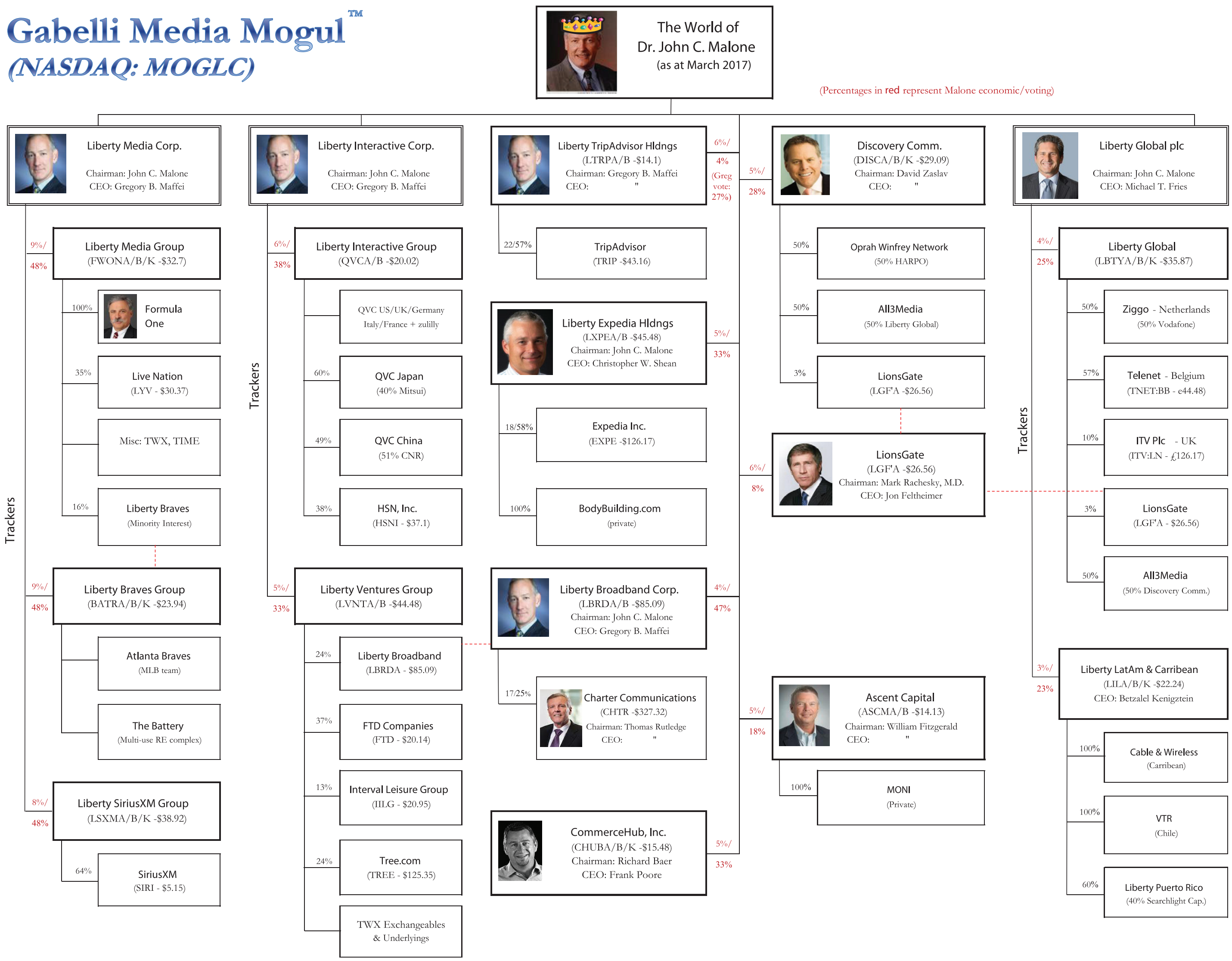
The Gabelli open-end funds enjoyed positive results among the larger funds. Our flagship Gabelli Asset Fund (focusing on growth of capital) at $2.6B increased in size through positive investment performance. Utilizing the PMV concept, it grew 11.6% for the year and has outpaced its benchmark since inception. So too for The Gabelli Small Cap Growth Fund (seeking capital appreciation from companies with above average rates of earnings growth) at $3.6B (+17.3% for the year) and The Gabelli ABC Fund (a merger arbitrage fund also using PMV) at $1.4B, both of which rose on both good performance and net subscriptions. As a niche offering, The Gabelli Gold Fund performed well at 53.5% for the year and experienced strong cash inflow, also beating its precious metals indices over its life.

Also in 2016, Gabelli introduced its first series of exchange traded managed funds (ETMFs) - the Gabelli Media Mogul NextShares™. The Media Mogul Fund invests in the media, telecommunication, and technology companies associated with Dr. John Malone's Liberty Media, including its spin-offs and tracker stocks and the public companies in which it and its successors are invested. ETMFs are an innovative way to invest in actively managed strategies, offer the potential for benchmark-beating returns by applying their manager's proprietary investment research. ETMFs may offer cost and tax efficiencies that can enhance shareholder returns.

We continue to evaluate our open and closed-end fund lineup to create products that enhance returns and alternative investment opportunities to the investing public.

Gabelli Media Mogul (MOGLC) opens on the NASDAQ
December 1, 2016

Gabelli Media Mogul™
(NASDAQ: MOGLC)



Source: Company reports, Gabelli Funds estimates

Christopher J. Marangi, Portfolio Manager (914) 921-5219

Douglas R. Jamieson
President and COO

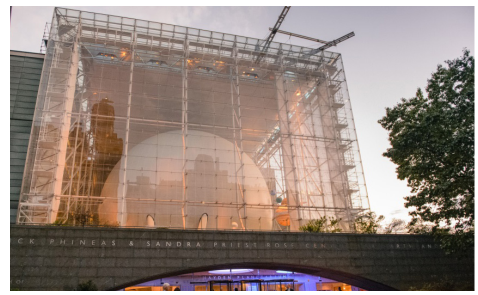
joined GAMCO in 1981 and is the President and Chief Operating Officer of GAMCO Asset Management Inc. since August 2004.

Mr. Jamieson received a BA from Bucknell University and an MBA from the Columbia Business School.

GAMCO Asset Management ended the year with $17.3 billion of assets under management across 1,700 portfolios. The majority of the portfolios were managed in Gabelli's Private Market Value with a Catalyst™ approach. Our long term track record is top flight. From inception in 1977, the composite annualized return of 15.3% (net) exceeds the S&P 500 by nearly 3.8% on an annualized basis (or in dollar terms, by $190.5 million on a $1 million investment). Over the past 39 years we added other investment styles to complement our value strategy. Throughout, the common thread of the various investment approaches is that they all remain embedded in fundamental research. At the core is our proprietary, research-driven, stock selection methodology without using leverage or derivatives. Our long-term buy-hold, tax-sensitive strategy works.

The environment for financial engineering remains robust. Notable spin-offs in the portfolio included the separation of Hertz's equipment rental unit (HERC) from the car rental business; the spin-off of Honeywell's nylon business, AdvanSix; and, the spin-off of Johnson Controls' automotive interiors business, Adient.

We were the beneficiaries of another strong year of M&A as well. Two deals announced in 2015 involving significant holdings – the long-awaited purchase of Cablevision and Carl Icahn's purchase of Pep Boys – closed during 2016. January began with Johnson Controls agreeing to acquire Tyco International in a $14 billion stock deal. This was followed in February by Apollo's agreement to acquire ADT, the home security spin-off of Tyco, for $42 in cash. Other announced deals include Couche-Tard's $48.53 cash offer for CST Brands, the convenience store spin-off of Valero; and German chemical manufacturer Lanxess AG's $33.50 cash offer for Chemtura.



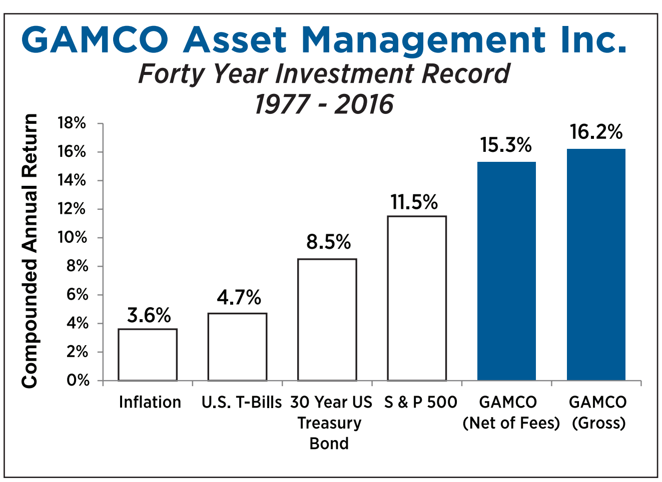
AMNH - May 19, 2016

The biggest announced deal of the year was AT&T's announced acquisition of Time Warner. AT&T has agreed to pay $107.50 in cash and stock in a transaction that will garner scrutiny in Washington.

Annual Client Reception
May 19, 2016

As we look to the balance of 2017 and beyond, we will continue to do what we have done best since 1977 – invest in companies based on our Private Market Value with a Catalyst™ approach. The foundation of our intense research is the notion of investing in a cash-generating business with a solid franchise that is selling at an attractive discount to its Private Market Value. This discount provides us with a margin of safety. We then identify a catalyst that can bring the underlying value to the surface.

Each year we hold an investment seminar for our private wealth management and institutional clients. In 2016, Genuine Parts Company's Chairman, Tom Gallagher (and Hall of Fame honoree) participated in a fireside chat with Mario Gabelli. We also had the privilege of honoring three additional GAMCO Management Hall of Fame recipients, James Dolan of Cablevision; Mark Donegan of Precision Castparts; and Soo Kim from the board of Media General. We look forward to seeing our clients on Friday, May 19th at the Pierre Hotel in New York City to discuss our Portfolio Strategy, investment ideas, and update our economic and investment forecast for the coming year.



Expressed Another Way

	Gabelli Value	S&P 500	Russell 2000	CPI +10
Number of Up Years	35	33	27	
Number of Down Years	5	7	11*	
Years Gabelli Beat Index		28	24*	26
Total Return (CAGR) (a)	16.2%	11.5%	11.7%	13.6%
Number of Stocks	104	505	1,978	
Median Market Capitalization	$4.4 B	$19.1 B	$802 mm	
Mean Market Capitalization	$24.7 B	$42.0 B	$1.2 B	

* Calculation of Russell 2000 commenced 1/1/79.
(a) Annual periods ending December 31, 2016, gross of fees

HONOREES

Dan K. Wassong
Del Laboratories
2005

Robert Woodworth
Pulitzer Inc.
2005

John D. Zeglis
AT&T Wireless
2005

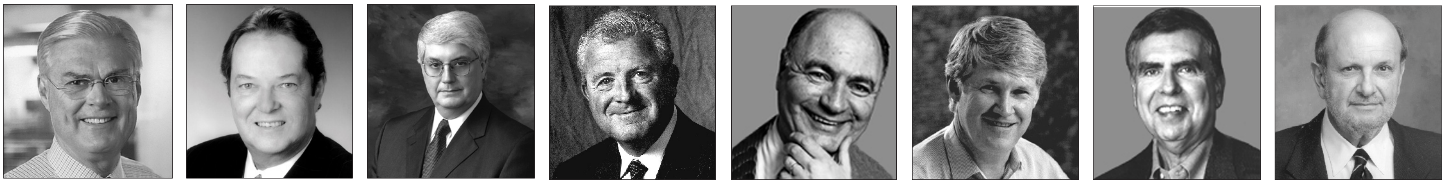
T. Kevin Dunnigan
Thomas & Betts
2004

Meyer Feldberg
Columbia University
2004

Charles W. Grigg
SPS Technologies, Inc.
2004

James S. Haines, Jr.
Westar Energy
2004

Lillian Vernon
Lillian Vernon Corp.
2004



John W. Madigan
Tribune Company
2003

Richard L. Bready
Nortek, Inc.
2003

Martin R. Benante
Curtiss-Wright Corp.
2003

W. Patrick McGinnis
Nestlé Purina PetCare
2003

Alan Abelson
Barron's
2002

John W. Stanton
VoiceStream Wireless
2002

Gerald M. Levin
AOL Time Warner
2002

Sal H. Alfiero
Mark IV Industries
2001

James Carroll
Wynn's International
2001

Edgar M. Cullman
General Cigar Holdings
2001

Michael Bonsignore
Honeywell, Inc.
2000

J. Atwood Ives
Eastern Enterprises
2000

Charles R. Lee
Verizon Corporation
2000

Leonard Tow
Citizens Comm.
2000

Charles F. Dolan
Cablevision Systems
1999

Robert L. Johnson
BET Holdings, Inc.
1999

Jay B. Langner
Hudson General Corp.
1999

Daniel J. Miglio
So. NE Telephone
1999

Andrew Lozyniak
Dynamic Corporation
1998

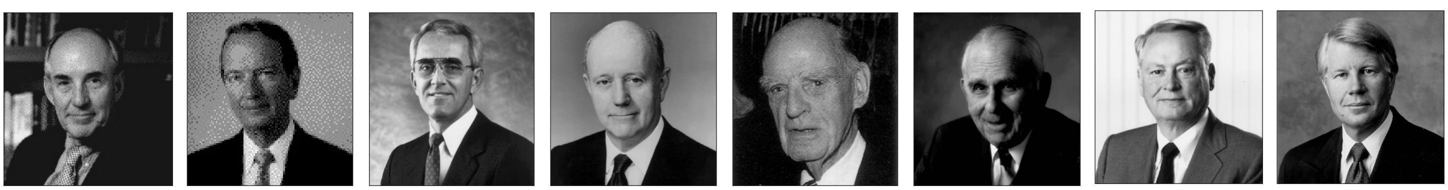
John C. Malone
Tele-Communications
1998

Timothy B. Robertson
International Family
1998

Joseph P. Walker
CTS Corp.
1998

Harvey Golub
American Express Co.
1997

Henry R. Kravis
KKR
1997



William P. Stiritz
Ralston Purina Co.
1997

Rand V. Araskog
ITT Corporation
1996

Robert E. Hamby, Jr.
Multimedia, Inc.
1996

Thomas S. Murphy
Capital Cities/ABC
1996

Roger F. Murray
Columbia University
1996

Neison Harris
Pittway Corp.
1995

Barron Hilton
Hilton Hotels Corp.
1995

Miles L. Marsh
Pet Inc.
1995

Philip Wm. Colburn
Allen Telecom Inc.
1994

Martin S. Davis
Paramount Comm.
1994

William O. Taylor
Affiliated Pub.
1994

LeRoy T. Carlson
Telephone & Data Sys
1993

LeRoy T. Carlson, Jr.
Telephone & Data Sys
1993

Frederick Mancheski
Echlin Inc.
1993

Richard A. Smith
Harcourt General
1993

John P. Frazee, Jr.
Centel Corp.
1992

Sumner M. Redstone
Viacom International
1992

Steven J. Ross
Time Warner Inc.
1992

O.Wayne Rollins
Rollins, Inc.
1991

Lew R. Wasserman
MCA, Inc.
1991

Charles Wohlstetter
Contel Corp.
1991

Richard B. Black
Maremont Corp.
1990

Herbert J. Siegel
Chris-Craft Industries
1990

Donald A. Pels
LIN Broadcasting
1990

HALL OF FAME

In 1990, we established the GAMCO Management Hall of Fame to honor corporate executives for their outstanding contributions in enhancing shareholder value. The selection process starts with our research on the company.

Each Honoree has passed rigorous criteria including:

- creating shareholder wealth
- earning a superior rate of return over the long term
- practicing the virtues of capital accumulation
- enhancing our clients' and shareholders' investment success

Edward D. Breen
Tyco International plc
2017

Christopher L. Conway
CLARCOR Inc.
2017

David M. Cote
Honeywell International
2017

Kimberly S. Lubel
CST Brands, Inc.
2017

In light of the harsh treatment accorded CEO's created by issues with Enron, WorldCom and Adelphia and the challenges to the "American" concept of CEO, we thought it appropriate and timely to thank the system of corporate governance that has made America and our form of capitalism so dynamic and successful. It is also appropriate to share with you our Hall of Fame Honorees.

James L. Dolan
Cablevision Systems
2016

Mark Donegan
Precision Cast Parts
2016

Thomas C. Gallagher
Genuine Parts Co.
2016

Soohyung Kim
Media General
2016

James F. Cleary, Jr.
MWI Veteriary Supply
2015

Ward M. Klein
Energizer Holdings, Inc.
2015

David M. Melcher
Exelis, Inc.
2015

Michael D. White
DIRECTV
2015

Colleen B. Brown
Fisher Comm.
2014

Carl C. Icahn
Icahn Enterprises
2014

Matthew J. Shattock
Beam Inc.
2014

Tarang P. Amin
Schiff Nutrition Int'l
2013

César M. García
IRIS International, Inc.
2013

Kirk S. Hachigian
Cooper Industries
2013

Kevin J. Hunt
Ralcorp Holdings Inc.
2013

Eric Weider
Schiff Nutrition Int'l
2013

Bruce A. Carbonari
Fortune Brands Inc.
2012

Steven R. Loranger
ITT Corporation
2012

Dominic J. Pileggi
Thomas & Betts Corp.
2012

V. James Marino
Alberto Culver Co.
2011

John A. McFarland
Baldor Elec. Co.
2011

Ronald E. Weinberg
Hawk Corporation
2011

Robert B. Allen
Broadview Security
2010

Roger M. Carr
Cadbury plc.
2010

James V. Mazzo
Abbott Medical
2010

Robert C. Pohlad
Pepsi Americas Inc.
2010

Joseph P. Hayden, III
Midland Company
2009

Murray S. Kessler
UST Inc.
2009

C.S. "Dean" Liollio
EnergySouth, Inc.
2009

Dean J. Mitchell
Alpharma Inc.
2009

Craig A. Rogerson
Hercules Inc.
2009

Lewis M. Kling
Flowserve Corp.
2008

Stephen Bollenbach
Hilton Hotels Corp.
2007

Robert M. Haddock
AZTAR Corporation
2007

Floyd W. Pickrell
Sybron Dental
2007

Timothy C. Brown
Thomas Industries
2006

Paul J. Evanson
Allegheny Energy
2006

Mark G. Kachur
Cuno Incorporated
2006

Burton M. Tansky
Neiman Marcus Group
2006

Jean-Rene Fourtou
Vivendi Universal
2005

ASSETS UNDER MANAGEMENT

($ in millions)

	IPO	December 31,									
	1999	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Equity:											
Mutual Funds.	$10,075	$15,686	$9,931	$13,085	$16,723	$18,072	$18,790	$24,023	$24,633	$20,303	$20,612
Institutional and High Net Worth											
Direct.	8,227	10,708	6,861	9,312	11,005	10,853	12,030	16,486	16,597	13,366	13,441
Sub-advisory	1,143	2,584	1,585	1,897	2,637	2,600	2,924	3,797	3,704	3,401	3,783
Total Equity	19,445	28,978	18,377	24,294	30,365	31,525	33,744	44,306	44,934	37,070	37,836
Fixed Income:											
Mutual Funds.	1,175	1,111	1,507	1,721	1,616	1,824	1,681	1,735	1,455	1,514	1,767
Institutional and High Net Worth. . .	694	24	22	26	26	26	60	62	58	38	31
Total Fixed Income	1,869	1,135	1,529	1,747	1,642	1,850	1,741	1,797	1,513	1,552	1,798
SICAV	-	-	-	-	-	-	-	-	-	37	50
Total Assets Under Management	$21,314	$30,113	$19,906	$26,041	$32,007	$33,375	$35,485	$46,103	$46,447	$38,659	$39,684
Assets Under Management:											
Mutual Funds.	$11,250	$16,797	$11,438	$14,806	$18,339	$19,896	$20,471	$25,758	$26,088	$21,817	$22,379
Institutional and High Net Worth. . .											
Direct.	8,921	10,732	6,883	9,338	11,031	10,879	12,090	16,548	16,655	13,404	13,472
Sub-advisory	1,143	2,584	1,585	1,897	2,637	2,600	2,924	3,797	3,704	3,401	3,783
SICAV	-	-	-	-	-	-	-	-	-	37	50
Total Assets Under Management	$21,314	$30,113	$19,906	$26,041	$32,007	$33,375	$35,485	$46,103	$46,447	$38,659	$39,684

FINANCIAL DATA

2016 - 2015 (In thousands, except per share data)

	2016				
	1ST Quarter	2ND Quarter	3RD Quarter	4TH Quarter	Full Year
Income Statement Data:					
Revenues	$81,385	$83,944	$87,721	$99,950	$353,000
Expenses	35,363	36,064	38,482	44,777	154,686
Operating income before management fee	46,022	47,880	49,239	55,173	198,314
Investment income	591	605	426	1,483	3,105
Interest expense	(3,406)	(3,168)	(3,155)	(2,945)	(12,674)
Other income/(expense), net	(2,815)	(2,563)	(2,729)	(1,462)	(9,569)
Income before management fees, income taxes and minority interest	43,207	45,317	46,510	53,711	188,745
Management fee	1,080	1,133	1,163	3,142	6,518
Income before income taxes and minority interest	42,127	44,184	45,347	50,569	182,227
Income tax provision	16,102	16,641	14,486	17,877	65,106
Net Income attributable to GAMCO	$26,025	$27,543	$30,861	$32,692	$117,121
Net Income per share:					
Basic	$0.89	$0.94	$1.06	$1.12	$4.01
Diluted	$0.88	$0.93	$1.03	$1.07	$3.92
Total shares outstanding:					
As on December 31					29,463

	2015				
	1ST Quarter	2ND Quarter	3RD Quarter	4TH Quarter	Full Year
Income Statement Data:					
Revenues	$99,806	$98,693	$92,160	$90,317	$380,976
Expenses	57,081	55,518	50,828	54,097	217,524
Operating income before management fee	42,725	43,175	41,332	36,220	163,452
Investment income/(loss)	541	638	625	(2,092)	(288)
Interest expense	(1,905)	(1,855)	(1,815)	(3,061)	(8,636)
Other income/(expense), net	(1,364)	(1,217)	(1,190)	(5,153)	(8,924)
Income before management fees, income taxes and minority interest	41,361	41,958	40,142	31,067	154,528
Management fee	4,135	4,194	4,056	3,118	15,503
Income before income taxes and minority interest	37,226	37,764	36,086	27,949	139,025
Income tax provision	14,078	13,989	13,635	10,024	51,726
Net Income from continuing operations	23,148	23,775	22,451	17,925	87,299
Income/(loss) from discontinued operations	1,628	326	(7,483)	1,642	(3,887)
Net Income attributable to GAMCO	$24,776	$24,101	$14,968	$19,567	$83,412
Net Income per share:					
Basic - Continuing operations	$0.92	$0.95	$0.90	$0.68	$3.43
Basic - Discontinued operations	0.07	0.01	(0.30)	0.06	(0.15)
Basic - Total	$0.99	$0.96	$0.60	$0.74	$3.28
Diluted - Continuing operations	$0.91	$0.94	$0.89	$0.67	$3.40
Diluted - Discontined operations	0.06	0.01	(0.30)	0.06	(0.15)
Diluted - Total	$0.97	$0.95	$0.59	$0.73	$3.24
Total shares outstanding:					
As on December 31					29,821

See Notes on Non-GAAP Financial Measures on page 14.

CONDENSED CONSOLIDATED BALANCE SHEET

(in thousands)

	December 31, 2016	2015
ASSETS		
Investments (including cash and cash equivalemts)	77,097	46,694
Receivables	59,498	43,967
Other assets	12,634	13,238
Total assets	$149,229	$103,899
LIABILITIES AND EQUITY		
Compensation payable	42,384	24,426
Income tax payable	3,815	4,823
Accrued expenses and other liabilities	35,722	41,880
Sub-total	81,921	71,129
AC 4% PIK Note (due November 30, 2020)	100,000	250,000
4.5% Convertible note (due August 15, 2021)	109,835	-
5.875% Senior notes (due June 1, 2021)	24,120	24,097
Loan from GGCP (due December 28, 2016)	-	35,000
Total liabilities	315,876	380,226
Total equity	(166,647)	(276,327)
Total liabilities and equity	$149,229	$103,899

Notes on Non-GAAP Financial Measures

A. Operating income before management fee expense is used by management for purposes of evaluating its business operations. We believe this measure is useful in illustrating the operating results of the Company as management fee expense is based on pre-tax income and includes non-operating items including investment gains and losses from the Company's proprietary investment portfolio and interest expense.

Reconciliation of Non-GAAP Financial Measures to GAAP:

	2016					2015				
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	Total	1ST QTR	2ND QTR	3RD QTR	4TH QTR	Total
Operating Income	$44,942	$46,747	$48,076	$52,031	$191,796	$38,590	$38,981	$37,276	$33,102	$147,949
Add: Management fee	1,080	1,133	1,163	3,142	6,518	4,135	4,194	4,056	3,118	15,503
Operating Income before management fee	$46,022	$47,880	$49,239	$55,173	$198,314	$42,725	$43,175	$41,332	$36,220	$163,452

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

Our disclosure and analysis in this Annual Report contain some forward-looking statements. Forward-looking statements give our current expectations or forecasts of future events. You can identify these statements because they do not relate strictly to historical or current facts. They use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," and other words and terms of similar meaning. They also appear in any discussion of future operating or financial performance. In particular, these include statements relating to future actions, future performance of our products, expenses, the outcome of any legal proceedings, and financial results. Although we believe that we are basing our expectations and beliefs on reasonable assumptions within the bounds of what we currently know about our business and operations, there can be no assurance that our actual results will not differ materially from what we expect or believe. Some of the factors that could cause our actual results to differ from our expectations or beliefs include, without limitation: the adverse effect from a decline in the securities markets; a decline in the performance of our products; a general downturn in the economy; changes in government policy or regulation; changes in our ability to attract or retain key employees; and unforeseen costs and other effects related to legal proceedings or investigations of governmental and self-regulatory organizations. We also direct your attention to any more specific discussions of risk contained in our Form 10-K and other public filings. We are providing these statements as permitted by the Private Litigation Reform Act of 1995. We do not undertake to update publicly any forward-looking statements if we subsequently learn that we are unlikely to achieve our expectations or if we receive any additional information relating to the subject matters of our forward-looking statements.

Board of Directors

Edwin L. Artzt
Former Chairman and Chief Executive Officer
Procter & Gamble Company

Raymond C. Avansino, Jr.
Chairman
E.L. Wiegand Foundation

Leslie B. Daniels
Founding Partner of CAI Managers & Co., L.P.

Elisa M. Wilson
President
Gabelli Foundation, Inc.

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

Eugene R. McGrath
Former Chairman and Chief Executive Officer
Consolidated Edison Company of NY

Robert S. Prather, Jr.
President and Chief Executive Officer
Heartland Media, LLC.

Officers

Mario J. Gabelli, CFA
Chairman and Chief Executive Officer
50 years of Industry Experience
40 Years with GAMCO

Douglas R. Jamieson
President and Chief Operating Officer of GAMCO Asset Management Inc.
36 years of Industry Experience
36 Years with GAMCO

Henry G. Van der Eb, CFA
Senior Vice President
47 years of Industry Experience
18 Years with GAMCO

Kevin Handwerker
Executive Vice President, General Counsel and Secretary
36 years of Industry Experience
3 Years with GAMCO

Kieran Caterina
Senior Vice President and Co-Chief Accounting Officer
19 years of Industry Experience
19 Years with GAMCO

Diane M. LaPointe, CPA
Senior Vice President and Co-Chief Accounting Officer
28 years of Industry Experience
13 Years with GAMCO

Bruce N. Alpert, CPA
Executive Vice President
Gabelli Funds, LLC
42 years of Industry Experience
29 Years with GAMCO

Agnes Mullady
Senior Vice President,
President and Chief Operating Officer,
Open-End Fund Division, Gabelli Funds, LLC
30 years of Industry Experience
11 Years with GAMCO

Corporate and Shareholder Information

Investor Relations
For our 10-K and other shareholder information, as well as information on our products and services, visit our website at www.gabelli.com or write to:
One Corporate Center
Rye, New York 10580-1422
914-921-5149
email: investor@gabelli.com

Transfer Agent
Computershare
250 Royall Street
Canton, MA 02021
(781) 575-2000

Trading Information
New York Stock Exchange
Class A Common Stock
Symbol - GBL

Website
www.gabelli.com

Investment Services Information

Mutual Funds
Contact: Jason G. Swirbul
800-GABELLI
email: JSwirbul@gabelli.com

Institutional Accounts
Contact: Katrina O'Leary
914-921-8316
email: KOLeary@gabelli.com

Private Wealth Management
Contact: Paul M. Swirbul
914-921-5084
email: PSwirbul@gabelli.com

Annual Meeting
Our 2017 Annual Meeting of Shareholders will be held at 9:00 a.m. on May 3, 2017 at the Belle Haven Club, 100 Harbor Drive, Greenwich, CT 06830

GAMCO

INVESTORS

INDUSTRY DYNAMICS

OCIO – Total outsourced CIO discretionary asset management has grown $240 billion to $1.37 trillion over the last two years according to the Skorina Survey. Notably, Harvard University, one of the largest U.S. endowments, recently announced that it would outsource much of its $35.7 billion in assets from an in-house management team and external managers to the OCIO format.

LDI – After slowing demand in early 2016, interest in Liability Driven Investing has increased due to rising expectations for higher interest rates and the need for pension managers to de-risk funding volatility through the use of "asset-liability match" strategies.

ETFs – In the U.S. funds market, Exchange Traded Funds totaled $2.5 trillion at year-end 2016 according to the Investment Company Institute. The year -over- year increase was approximately $425 billion or 20%. This compares to growth in mutual fund assets of $700 billion or 4% to $16.4 trillion.

Rebalancing – Rebalancing in 2016 reflected reduced allocations to core equities and traditional fixed income, with new flows going into real assets including infrastructure, private equity, real estate and alternative fixed income products such as unconstrained bonds, and private credit. These changes reflect the outperformance and absolute level of equities and the relatively low level of interest rates for fixed income as described in a BlackRock Institutional Survey in 2016.

Globalization – Advances in technology, such digital platforms, are accelerating trends in the globalization of financial markets. Custodial firms are utilizing new technology in efforts to achieve real time settlement and investment teams are incorporating big data gathering in the research process.

SEGMENTATION

- **ESG** – Assets in ESG investments continue to grow due to the expansion of strategies and greater investor awareness. More than 700 resolutions relating to Environmental, Social and Governance issues were filed for the 2016 proxy season (Source: US SIF). ESG currently captures more than $1 of every $6 in U.S. assets under management (Source: Legg Mason ClearBridge).
- **Channels of distribution**
  - The first baby boomer reached the age of 70 ½ in 2016, starting a multi-year cycle of
  - "required minimum distributions" or RMDs – and increasing demand for a variety of lower volatility, income oriented products
  - The Millennial population rose to 75.4mn eclipsing baby boomers as the largest part of the adult population (Source: JP Morgan) – this segment is a heavy user of technology in advisor/client engagement and mobile applications
  - Large distributors have reduced platform fund offerings while requesting new share classes ahead of potential changes to the DOL Fiduciary rules
- **Robotic Investing**
  - Both asset and wealth management firms have continued to build and roll out digital capabilities. BlackRock launched "FutureAdvisor" in 2016 for exclusive use by its distribution partners. Legg Mason purchased Financial Guard in the first half of 2016
  - By the year 2020, the value of robo advisor controlled assets under management (AUM) is expected to reach $2.2 trillion (Source: KPMG).

GAMCO Investors, Inc.
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