

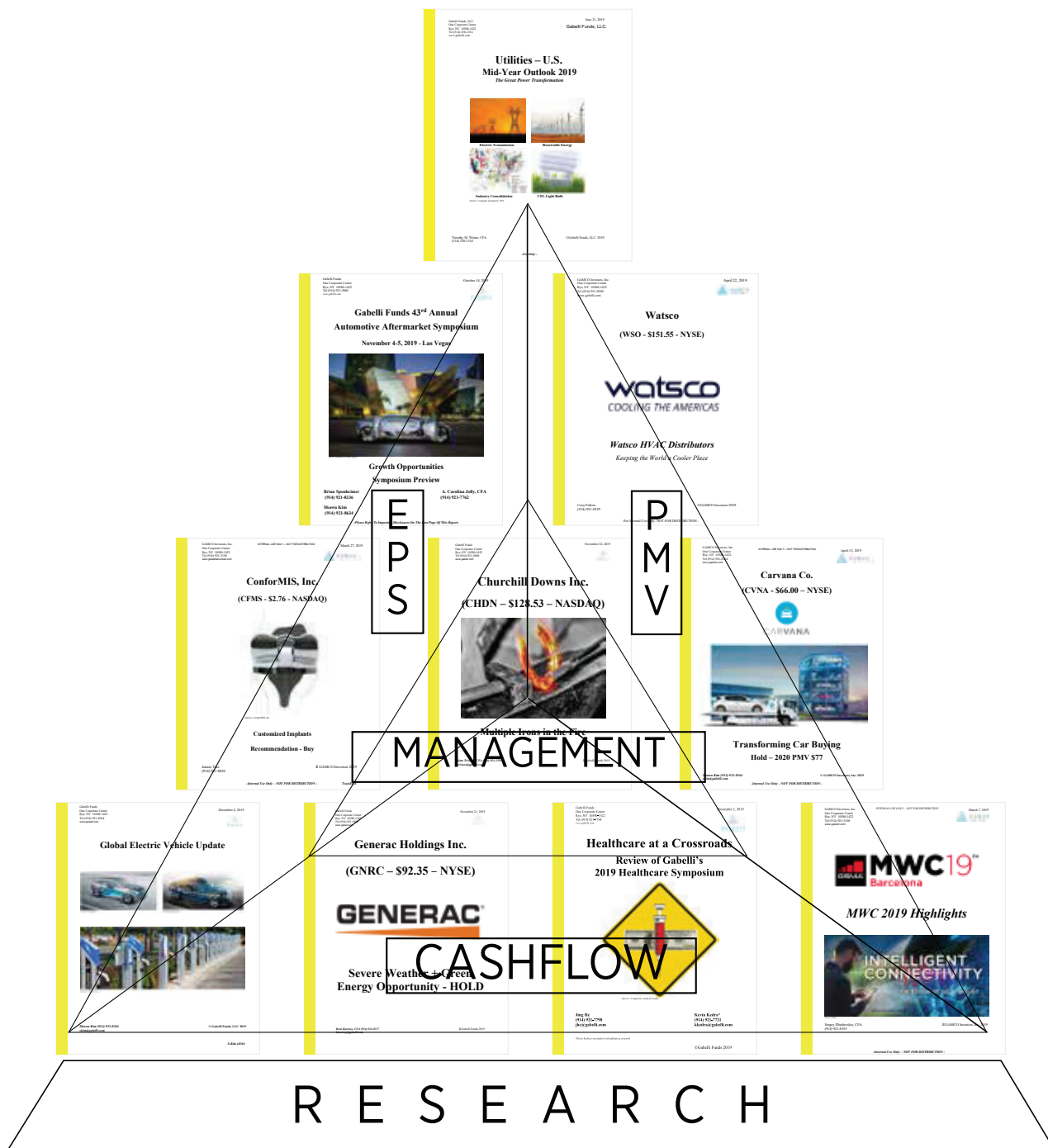
GAMCO  
INVESTORS

ANNUAL  
REPORT  
2019

# WISDOM. PERFORMANCE. BRIGHT FUTURE. TRUST.

## — GAMCO INVESTORS —

### — 2019 —



# GIVING BACK TO SOCIETY

Generating returns for stakeholders is not the sole gauge in measuring success

The Board of Directors of GAMCO Investors, Inc. (GAMCO) initiated a Shareholder-Designated Charitable Contribution (SDCC) program in 2013. Since inception of the program, \$31 million has been donated to over 280 initiatives.

GAMCO's program tracks, in part, the shareholder program established by Berkshire Hathaway in 1981. The Berkshire Hathaway program continued for over 20 years, until 2003. Warren Buffet's letter to shareholders at the inception of Berkshire's program explained that charitable giving in this manner provides significant benefits to shareholders. Each eligible shareholder is able to choose whether a contribution of corporate funds based on his/her ownership interest is to be made, and, if so, to specify the recipient of that contribution. The shareholder's judgement - not the judgment of the company's directors or management - controls the contribution process.

Under this program, each registered shareholder of GAMCO has been able to designate one charitable organization to which GAMCO has contributed either \$0.20 per share or \$0.25 per share on the shareholder's behalf each year.

**\$31 MILLION  
IN SDCC  
DONATIONS TO  
280 INITIATIVES  
SINCE 2013**



♥  
In 2019, (y)our Board of Directors approved \$4.5 million which was distributed to 61 organizations.

♥  
A total of ~\$57 million has been donated to charities since 1999.

## 2019 Recipients

American National Red Cross ♦ American Theatre Wing ♦ Breast Cancer Alliance ♦ Bristol Riverside Theater ♦ Caritas of Port Chester ♦ Center for All Abilities ♦ Chaminade High School ♦ Church of Saint Catherine of Siena ♦ Church-in-the-Garden ♦ Community Foundation of Western Nevada ♦ Cow Hollow Preschool ♦ Don Bosco Community Center of Port Chester ♦ ELEM Youth in Distress ♦ Elevation Chapel ♦ Folds of Honor Foundation ♦ Fresh Air Fund ♦ Friends of Israel Disabled Veterans ♦ Global Network of Women Peacebuilders ♦ Hilarity for Charity ♦ Hospital for Special Surgery Fund ♦ International Campaign for Tibet ♦ International Fund for Animal Welfare ♦ Jesuit Missions ♦ Jewish Communal Fund ♦ Kids in Crisis ♦ LongHouse Reserve ♦ Los Angeles Regional Food Bank ♦ Marin Country Day School ♦ Masters School ♦ McMaster University Ontario ♦ Mead School for Human Development ♦ Memorial Sloan-Kettering Cancer Center ♦ Metropolitan Opera Association ♦ Mi Casa es Su Casa ♦ Nature Conservancy ♦ New Jersey Institute of Technology Foundation ♦ New York and Presbyterian Hospital ♦ Northwell Health Foundation ♦ Perlman Music Program ♦ Person to Person ♦ Planned Parenthood Federation of America ♦ Play Group Theater for Children and Young Adults ♦ Rainforest Trust ♦ Ridgefield Music Matters ♦ Rush University Medical Center ♦ Sacred Valley Project ♦ Salvation Army National ♦ San Diego Opera Association ♦ Sarah's Circle ♦ Skidmore College ♦ South Bronx Educational Foundation ♦ St. Jude Children's Research Hospital ♦ Step Up International ♦ Students for Senegal ♦ The Arc of Palm Beach County ♦ The Ursuline School of New Rochelle ♦ Variety Child Learning Center ♦ Westchester Medical Center Foundation ♦ WWP ♦ Xavier High School ♦ Zacharias Sexual Abuse Center

# — GAMCO INVESTORS, INC. —

(NYSE:GBL)

## OUR FIRM

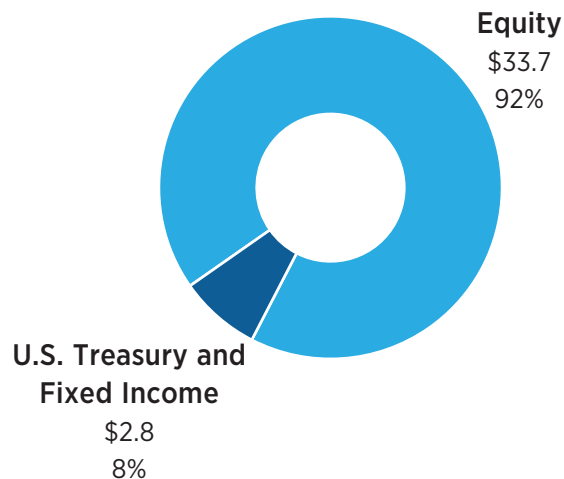


## FINANCIAL HIGHLIGHTS *(in thousands except AUM and per share data)*

	2019	2018
Assets under management (AUM)	\$36.5 B	\$34.4 B
Net income	\$81,917	\$117,196
Net income per share - diluted	\$2.98	\$4.07
Year-end Shares outstanding	27,380	28,982

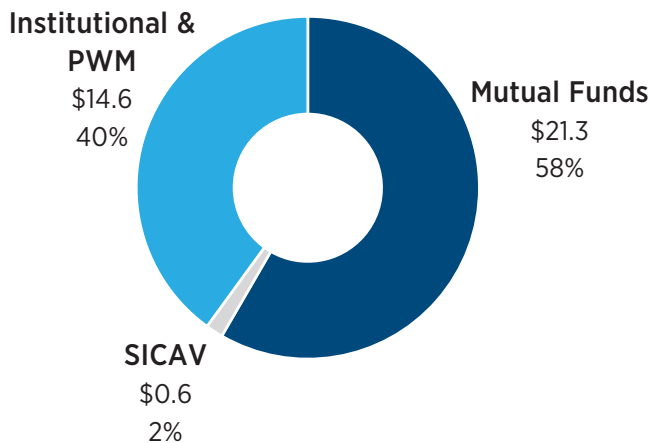
### AUM by Asset Class

12/31/19 (\$ in billions)



### AUM by Type

12/31/19 (\$ in billions)



# — ENVIRONMENTAL, SOCIAL, GOVERNANCE — (ESG)

655 Third Ave., New York, N.Y. 10017  
Tel. (212) 972-1840

Gabelli & Company, Inc.  
May 16, 1988

**MAGNA CARTA  
OF  
SHAREHOLDER RIGHTS**

There has been a great deal of dialogue among fund sponsors, especially among corporate sponsors, about the voting of proxies. The U.S. Department of Labor has focused on this as well. We thought it timely to share with you our thought process on the voting of proxies.

**The MAGNA CARTA (a) of Shareholder Rights**

As we have stated in the past, we are neither for nor against management. We are for shareholders.

As security analysts we are best informed (sic!) to make the decisions on matters that will affect the economic value of investments. We believe a Magna Carta of Shareholder Rights should exist. What do you as a professional in the investment business think?

We feel there are issues that affect corporate governance. The following list outlines our position on these issues:

<b><u>We are in favor of:</u></b>	<b><u>We will vote against:</u></b>
● Cumulative Voting	● Greenmail
● Golden Parachutes	● Poison Pills
● One Share: One Vote	● Supermajority Voting
● Cash Incentives	● Blank Check Preferreds
● Pre-emptive Rights	● Super-Dilutive Stock Options

This is our policy. We will make exceptions when we encounter management that demonstrates superior sensitivity to the needs of shareholders. What are you doing?

(a) The **MAGNA CARTA** (L. great charter) was signed in June 1215 at Runnymede on the Thames. It was the decisive step forward in the establishment of constitutional government in England.

Mario J. Gabelli, C.F.A./lme

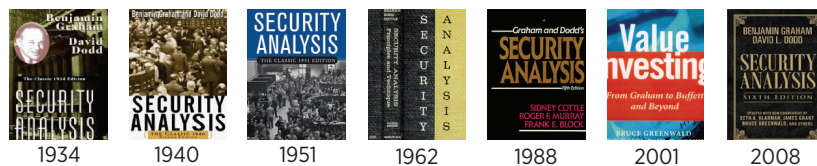
© GAMCO Investors, Inc.

## ***Environmental, Social, Governance (ESG):***

We have been and remain guided by these principles -

- Environment - as for our planet, we were students in the 1960s when "plastics" - as highlighted in "The Graduate" - was described as the growth vehicle of the future. Now green alternatives for power, for plastics, for other environmental saving innovations, are fundamental requirements.
- Social - giving back - we have taken a leaf from Warren Buffett's letter to shareholders published on October 14, 1982 - (Y)our company, GAMCO, has implemented a Shareholder Designated Charitable Contribution Program.
- Governance - the Magna Carta of Shareholder Rights. Our Proxy voting Committee was started in 1989, and ten of our teammates review corporate proxies and vote in the best economic interest of all shareholders, including our clients. As we state in our Magna Carta and continually remind management of our portfolio companies, "We are neither for nor against management. We are for shareholders."

# THE GABELLI PRIZE



*“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.

## PREVIOUS RECIPIENTS



Joel Greenblatt  
2005



Martin J. Whitman  
2006



Robert W. Bruce III  
2007



Bruce C. Greenwald  
2019



Christopher C. Stavrou  
2018



Thomas A. Russo  
2017



Howard S. Marks, CFA  
2016



Leon G. Cooperman  
2015



William E. Simon, Jr.  
2014



Ravi Jagannathan  
2014



Lewis A. Sanders  
2020



Benjamin Graham David Dodd Roger Murray Bruce Greenwald



Jean-Marie Eveillard  
2008



Richard H. Thaler, Ph.D.  
2009



Charles M. Royce  
2010



Erin Bellissimo  
2011



William A. von Mueffling  
2012



Michael Price  
2013

A committee drawn from the Value Investing community, led by Bruce Greenwald and Tano Santos, will apply these criteria in awarding the prize. This year, we have selected Lewis A. Sanders of Sanders Capital, LLC. He will be awarded the Gabelli Prize at GAMCO’s 35th Annual Client Conference (virtual) in May 2020. 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; 2015, Leon Cooperman; 2016, Howard S. Marks; 2017, Thomas A. Russo; 2018, Christopher C. Stavrou. In 2019, Bruce C. Greenwald was named the fifteenth recipient of the Graham and Dodd, Murray, Greenwald Prize for Value Investing.

# CHAIRMAN'S LETTER

## Dear Partners/Shareholders:

We had prepared our annual reflections on 2019 and our outlook for 2020, and planned to share updates on (Y)our company as we entered our 44th year since we started GBL in 1977. However, we are now focusing instead on the pluses and minuses related to the global economic and capital markets, which took a 180 degree turn in late February after a robust surge in the first half of the first quarter.

Today as we write, world leaders are focused on the unprecedented human and economic challenges of COVID-19. Global equity markets plunged as spreading pandemic virus events unfolded during March to end the worst month for stocks since 2008 and the worst first quarter since 1937.

(Y)our investment team is observing social distancing guidelines and remains fully operational and focused, with teammates working on a rotating schedule in our offices. Over the years, we have invested in technology and infrastructure that allow teammates to work anywhere, in anticipation of the need to invest seamlessly from remote locations.

The ripples of the initial supply chain disruptions in global logistics that started in China have turned into a tsunami for human health, the economy and, in particular, the world financial system and the U.S. business sector.

We noted the plunge in the BOTL ecosystem – Banks, Oil, Travel and Leisure. At the same time, investments in the “G’s” – U.S. government issues and gold - have proven to be safe havens.

We have experienced economic and stock market challenges that include the “nifty fifty” in the early 1970’s. We witnessed the portfolio insurance sold in the mid 1980’s that resulted in the traumatic shock of the October 1987 crash (which had its own unique ingredients). This cycle has its own set of accelerants - from what is known in the Wall Street jargon as algos, momos, quants, risk parity and leveraged ETF’s. Additionally, the absence of the uptick rule may have aided and abetted the rout in the stock market.

### Our Basics

Our fundamental approach to investing is being stress tested. Our research is based on our cumulative knowledge of specific industry sectors, and our fundamental research which we refer to as ‘GAPIC’ – Gather data, Array it, Project it, Interpret, and Communicate. Our process is grounded in fundamental research, more universally known as Graham, Dodd, Murray and Greenwald (1934 – 2019). Will it continue to work? Yes.

Our own approach to cycles has been to ask several simple questions – “How bad is bad?”, “How long will it be bad?”, “How good will good be?”, and what will be the outcome in 2021 and beyond, of the hypersonic use of massive monetary and fiscal initiatives that we are witnessing? The health of our citizens, economic challenges of the lockdown and isolation of individuals, small and large businesses across broad geographic sectors, U.S. government debt, and the domestic deficit, are all dynamics we are focused on.

Having started as an institutional equity analyst in the 1960’s, I have since experienced the impact of inflation, the collapse of speculative bubbles, like the “nifty fifty” mentioned above, the dot.com boom, and the use of leverage in the financial community in late 2007-2009.

Indeed, when we started (y)our firm in January 1977, we were among less than a handful of such financial startups.

Our belief in the future stems from our confidence in the outpouring of new initiatives aided by digital tools that are focused on renewed growth.

<b>A Century of Investing</b>				
<b>Compound Annual Rates of Return</b>				
	<b>Stocks</b>	<b>Bonds</b>	<b>Bills</b>	<b>Inflation</b>
<b>20s</b>	-19.6	21.5	0.6	0.4
<b>10s</b>	13.6	6.9	0.6	1.8
<b>00s</b>	-0.9	7.7	2.8	2.5
<b>90s</b>	18.2	8.8	4.9	2.9
<b>80s</b>	17.5	12.6	8.9	5.1
<b>70s</b>	5.9	5.5	6.3	7.4
<b>60s</b>	7.8	1.4	3.9	2.5
<b>50s</b>	19.4	-0.1	1.9	2.2
<b>40s</b>	9.2	3.2	0.4	5.4
<b>30s</b>	-0.1	4.9	0.6	-2.0
<b>1926 - 2020</b>	<b>9.9%</b>	<b>5.8%</b>	<b>3.3%</b>	<b>2.9%</b>

Source: Ibbotson Associates BAML Estimates as of March 31, 2020

The decade of the '20's began with the worst first quarter for equities since 1937

WISDOM. PERFORMANCE. BRIGHT FUTURE.

## What about GBL?

From our February 1999 IPO, we have extended our research coverage to follow industries and companies on a global basis. Indeed, today we have forty teammates in research, nearly double that of twenty years ago, and almost twice as many portfolio managers.

We continue to keep our focus on client solutions, to realign our cost structure, and to watch our liquidity. We are on a journey to become solution providers in global equity markets, while remaining a “specialist” in equities.

## Investing is Our Strength – Not Trading

Our growth team, headed by Howard Ward for the past quarter of a century, (Chris Ward, Howard’s son, joined the team several years ago and has broadened its already strong capabilities) continues to invest wisely and well.



**GBL: NYSE**

### 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 our stakeholders:

- Our Shareholders
- Our Professional Staff

Our Convertible Investment Team, led by the Dinsmore family (Thomas, James, Jane), has broadened and extended our capabilities in this \$200 billion sector of the global capital market.

Our 100% U.S. Treasury money market fund, led by Judy Raneri and Ron Eaker for the past thirty years, has provided an important option for liquidity balances as well as being free of SALT (State and Local Taxes).

Our mainstream value team led by Co-CIOs Chris Marangi and Kevin Dreyer, continue to utilize our “bottom-up” approach to research and stock selection.

Jose Garza rejoined our investment team with an MBA from Columbia. Prior to that, Jose was a utility analyst covering the global water sector, and he will now bring a new spark to our utility portfolios.

Melody Bryant and Carl Kempner have made a meaningful contribution to our portfolio management team. This can be equally stated for Peter Tcherepnine, who joined us from Loeb Partners in the first quarter of 2019.

## The Future – Going Global

The U.S. equity market – while still best in class – represents around 1/3 of the global equity markets. Our talented analysts in London, Tokyo, Shanghai, Hong Kong and, hopefully soon, in Milan, help us to generate investment ideas and bring our research products to existing and potential investors and partners.

In the short run, we will face the headwinds of ETFs and Index Funds, but judgement by our team will remain center stage in our effort to find growth companies and companies selling below intrinsic value at reasonable prices to build portfolios.

Thank you to our teammates, shareholders, directors and, most of all, to those institutions and investors who have entrusted a portion of their assets to us.

Sincerely,

Mario J. Gabelli  
Chairman & CEO



# — PRIVATE WEALTH MANAGEMENT —



**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 \$14.6 billion of assets under management across nearly 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 14.7% (net) exceeds the S&P 500 by nearly 3.0% on an annualized basis (or in dollar terms, by \$191 million on a \$1 million investment). Over the past 42 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.

In 2019, we completed the integration of two new teams under the GAMCO umbrella. The transactions with Trevor Stewart, announced in September 2018, and the Loeb Capital Partners (Peter Tcherepnine), in November 2018, were fully integrated in the second quarter of 2019. We remain open to evaluating additional pools of managed portfolios to enhance our existing framework. We offer a robust infrastructure, including legal, accounting and operational support, a strong balance sheet, a globally recognized brand, and generous revenue sharing.

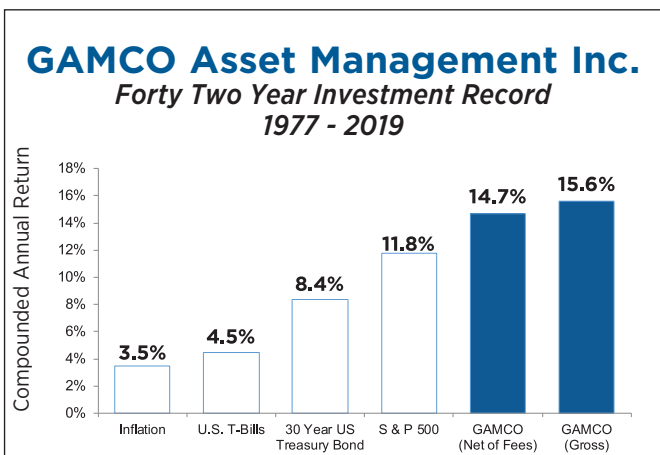
As we look to the balance of 2020 and beyond, we will continue to do what our value team has done best since 1977 – invest in companies based on our Private Market Value with a Catalyst™ approach. The foundation of our intense research is the notion of investing in a cash-generating business with a solid 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. With the recent COVID-19 induced market sell-off, the margin of safety has expanded, the potential universe of candidates has exploded, and we now patiently wait for the volatility to subside before deploying additional capital.



Annual Client Reception  
New York  
May 17, 2019

Our growth team, led by Howard Ward, generated strong returns in 2019. The large cap growth strategy, in addition to other investments including merger arbitrage and gold, provides an excellent alternative to diversify portfolios.

Each year we hold an investment seminar for our private wealth management and institutional clients. In 2019, we had the privilege of honoring four GAMCO Management Hall of Fame recipients, Denise Ramos of ITT Corp.; Christina Stenbeck of Kinnevik AB; Amin Khoury of KLX Inc.; and Jay Hooley of State Street Corporation. We look forward to sharing our portfolio strategy, investment ideas, and to update our economic and investment forecast for the coming year with our clients on Friday, May 15th when we conduct a webcast of our client symposium.



Expressed Another Way	Gabelli Value	S&P 500	Russell 2000	CPI +10
Number of Up Years	37	35	29	
Number of Down Years	6	8	12*	
Years Gabelli Beat Index		28	25*	28
Total Return (CAGR) (a)	15.6%	11.8%	11.4%	13.5%
Number of Stocks	104	505	1995	
Median Market Capitalization	\$5.8 B	\$24.0 B	\$821 mm	
Mean Market Capitalization	\$24.9 B	\$58.4 B	\$1.3 B	

\* Calculation of Russell 2000 commenced 1/1/79.  
(a) Annual periods ending December 31, 2019, gross of fees

## — MUTUAL FUNDS —

### **2019 in the Gabelli Funds World**

The Gabelli closed-end funds completed several capital transactions in 2019.

In June, The Gabelli Dividend & Income Trust completed an offering of \$50 million of 5.375% Series H Cumulative Preferred Shares.

The Gabelli Dividend & Income Trust completed its first transferable rights offering in November, and issued 8.2 million common shares for gross proceeds of \$165 million.

In December, The Gabelli Equity Trust Inc. completed a \$100 million offering of 5.00% Series K Cumulative Preferred Stock, and The Gabelli Multimedia Trust Inc. completed the issuance of \$50 million of 5.125% Series G Cumulative Preferred Stock.

In the mutual fund arena, April saw the launch of two new funds. The Gabelli Media Mogul™ Fund and the Gabelli Pet Parents™ Fund were reorganized from Exchange Traded Managed Funds and began operating as traditional mutual funds under the new Innovations Trust.

The Gabelli Media Mogul™ Fund invests in companies that were spun-off from the Liberty Media Corporation, as well as in companies that resulted from subsequent mergers of any such spin-offs and in public companies in which Liberty Media and its successor companies invest.

The Gabelli Pet Parents™ Fund invests in domestic and foreign companies of all capitalization ranges that offer services and products for pets and pet owners.

Additionally, in July GAMCO hosted a conference on Rule 852(b)(6), the Dynamics and Implications for the Fund Industry. Industry participants and members from the academic community covered a number of topics including “heartbeat trades” and innovations in the active ETF market.

Lastly, we want to thank Agnes Mullady for her 14 years of service at GAMCO. Agnes is taking a one year sabbatical and we look forward to her return in 2021.



**John Ball**  
Senior Vice President  
Gabelli Funds

*joined GAMCO Investors in 2017. Mr. Ball graduated with a BA from Syracuse University and an MBA from Columbia Business School and London Business School.*

## — INSTITUTIONAL —

Theresa Pope, Senior Vice President and head of our consultant relations, has been hard at work on the changing landscape of the institutional consultant community. There have been several large transactions announced over the past 12 months which raised the importance of our communications. To that end, Terry has enhanced the quality control of our messaging to our counterparts at the various firms, upgraded our presentation material, and added a wealth of statistical measures to highlight our performance and strategy. The result has been to receive approvals on several of the larger platforms. Our marketing effort includes proactive engagement with the Tier One and Two consulting firms across GAMCO’s investment strategies with the initial objective of entering a formal due diligence process at varying levels of engagement. Value, Small Cap, Growth, and Convertible Fixed Income strategies are focus areas and the potential source of new opportunities, including the participation in invitation-only searches from consultant firms.



**Theresa A. Pope**  
Director of Institutional  
Consultant Relations

*joined GAMCO Investors in 2018. Ms. Pope received a BA from Brown University and an MBA from the University of Chicago Booth School of Business.*

## — WEALTH MANAGEMENT —

Private Wealth Management continues to be a cornerstone of our work and one with exciting growth potential. Reflecting this view, GAMCO has created a dedicated wealth management role. Joining in January this year, Karen Fang brings over 25 years of wealth management experience to lead the firm’s wealth management initiative. A focus will be on strengthening client relationships by bringing a wealth management lens to complement GAMCO’s leading investment management services.

As we move forward with this initiative, we expect to serve as a resource to our clients, partnering with them on important issues such as generational wealth planning, optimal asset allocation, and next generation education. We believe wealth management is a critical aspect of managing the long-term value that GAMCO has built for its private clients since its inception as well as for future clients focused on investment management driven by research excellence.



**Karen C. Fang**  
Managing Director  
Wealth Management

*joined GAMCO Investors in 2020. Ms. Fang received a BA in Economics from Mount Holyoke College and an MBA in Finance from Columbia University.*

## — INSIGHTS FROM GLOBAL GROWTH TEAM —



**Howard F. Ward, CFA**  
Chief Investment Officer -  
Growth Investments

joined GAMCO Investors, Inc. in 1995. In 2004 he assumed his current role as Managing Director of Growth Products.

Mr. Ward graduated from Northwestern University in 1978 with a BA in economics.



**Christopher D. Ward, CFA**  
Associate Portfolio Manager  
- GAMCO Growth Fund

joined GAMCO Investors, Inc. in 2015. He was named Associate Portfolio Manager in 2018. He is a graduate of Boston College with a Bachelor of Arts degree in economics.

Stocks, bonds, oil, and gold, all returned double digits in 2019. Stocks advanced across market cap, geographies, and sectors, led by the S&P 500 Index's +31% return. Multiple expansion did the heavy lifting, as earnings contributed less than 2% of the S&P 500's total return. Indeed, 85% of the S&P 500 experienced multiple expansion. In other words, the markets made it look easy in 2019. But when investing starts to feel easy, you can be sure something's amiss.

The market cheered several developments over the course of the year: the Federal Reserve pivot in January, improving economic data in September, the expected passing of the USMCA trade deal, and an eleventh-hour Phase 1 trade agreement with China in December. Investor sentiment, a contrarian indicator, rose from bearish in December of 2018 to bullish twelve months later. Corporate credit spreads, high yield credit default swap spreads, and measures of volatility (CBOE Volatility Index) sat at historic lows. Proxies of risk married with high market valuation left very little margin for error in the stock market. This rosy mosaic of economic health was at odds with a bleak U.S. manufacturing outlook with the U.S. Manufacturing Purchasing Managers' Index below the critical 50 threshold, contraction territory.

With markets sitting at all-time highs in December 2019, bulls contended that the expansion still had legs given no obvious economic excesses to be found.

But with the domestic stock market cap as a percent of GDP sitting at levels last seen in 2001, it was fair to wonder if the biggest excess of all was right in front of us. The Fed's unprecedented monetary policy of the past decade has left many anxiously waiting for the unintended consequences to rear their heads. We would argue an underappreciated effect of Fed policy has been lurking in the shadows for many years: investor complacency. Investors have been conditioned to expect central bank intervention whenever needed (the "Fed Put"). Investor complacency is hard to quantify, subtle phenomenon but, left uncontested for too long, can have outsized ramifications.

We will stop well short of categorizing recent market levels as bubble-esque. Time will tell. Of course, nobody could have anticipated a global pandemic, the epitome of a "Black Swan" event, catalyzing the steepest market correction in history. Nonetheless, with the tech sector trading at its highest relative multiple since the dotcom bubble in December 2000, we can safely conclude asset valuations were extended in the eleventh year of an economic expansion. The venture capital funding environment, as measured by capital flows and private valuations, is the most glaring example of how far investors had crept out onto the risk spectrum. WeWork became the poster child for how the "unicorn" growth-at-all-costs model can implode.

And yet there is a silver lining. Asset speculation is not an entirely wasteful allocation of resources. Speculation has been a common ingredient throughout history for financing inherently risky ventures. As venture capitalist and economist Bill Janeway puts it, "financial bubbles have been the vehicle for mobilizing capital at the scale required in the face of fundamental, intractable uncertainty." Venture speculation dates back to the settlement of the New World and the formation of joint stock companies, which introduced transferable interests, limited liability, and a vehicle for investor diversification. Of course, in any speculative activity there will be winners and losers. A certain amount of deadweight loss is a necessary byproduct of technological evolution. But consider the myriad industries to have benefited from access to financial capital over the past 10 years: artificial intelligence and machine learning software, quantum computing, industrial robotics, industrial internet-of-things, machine vision, space exploration, and precision medicine. While economic transitions can be painful, they are transitory compared to the lasting effects innovation will have on economic productivity and consumer living standards.

Market volatility is a necessary and healthy component of the price discovery process. For investors who rely on fundamental analysis to build their portfolios, volatility can create opportunities to buy competitively advantaged assets in thriving industries. Sure enough, fundamentals remain robust across enterprise software, digital advertising, e-commerce, electronic payments, and medical technology. Meanwhile, new industries and new revenue streams are being enabled by increased connectivity and edge computing. These will remain our areas of focus while we sharpen our pencils and take advantage of any market dislocation that presents itself.

In Nassim Nicholas Taleb's 2012 bestseller, *Antifragile: Things That Gain from Disorder*, Taleb describes systems that benefit from disorder. Not to be confused with resilience, antifragility describes systems that actually improve when exposed to adversity. The global community currently finds itself facing adversity of historic proportions. COVID-19 is testing the limits of our government agencies, our market mechanisms, and our humanity. It will take a toll on human and economic health. There will be regrets and learnings. No nation is perfect. But if the United States does anything exceptionally well, it is fostering a culture of ingenuity. We have the minds, means, and will to overcome seemingly insurmountable challenges and a long track record of doing just that. Our political, economic, and social institutions are not perfect, but they are antifragile. Whatever the path may be from here to there, it's a safe bet that our global community will be stronger in the end.

## — INSIGHTS FROM CO-CIO'S VALUE —

We write this letter in the midst of a pandemic – a time when concern for the health of family, friends, and the Republic overshadows recounting the market exploits of the recent past. Having spent most of 2019 seemingly immune to bad news, early in 2020 global markets have been stricken by novel COVID-19. Few historical analogs exist to gauge the impact of a pandemic. Unlike an actor in a trade war, the virus does not negotiate. Other outbreaks, such as SARS and MERS, have been more limited in scope while economic shocks such as 9/11 and Hurricane Katrina have been more discrete in timing.

Ultimately our framework for understanding how macroeconomic events impact individual securities remains the same: how does this series of events impact earnings near term and how will it impact the trajectory of earnings long term. The latter is commonly encompassed by an earnings and cash flow multiple. While earnings this year will surely be lower, we don't see anything to suggest that they should be capitalized at a lower rate.

COVID-19 hit when the margin of safety in the overall market was narrow and pockets of exuberance were multiplying. A market structure increasingly dominated by algorithmic trading and ETFs amplified volatility as investors adjust to a new set of fundamentals. Like the virus, volatility is likely to remain with us. Volatility can lead to opportunity in areas where we can utilize our accumulated compounded knowledge of industries to buy or harvest companies where Mr. Market has become too pessimistic or optimistic relative to long-term fundamentals.

### 2019 Review

In absolute terms, 2019 was an excellent year with stocks, corporate bonds, gold, and oil all up double digits. This contrasted sharply with 2018 when virtually every asset class declined as a result of a growth scare reminiscent of those in 2011 and 2015. Economic growth in the US indeed slowed but remained above 2%. The American consumer remained steadfast, supported by the lowest unemployment rate (3.6%) since 1969 and rising household wealth (+3% to \$114 trillion). As it turns out, the 2010s was the first decade in US history without a recession and home to the longest bull market on record (now ended). Life in the political realm remained more volatile: Brexit, the trade dispute with China, and the impeachment of President Trump were more or less resolved, but the 2020 election is sure to keep things interesting.

Market returns were again paced by global technology companies. However, our portfolios benefited from our consistent research focus on cash generative companies in stable, predictable sectors including waste management (Republic Services, Waste Management), broadband infrastructure (Liberty Broadband, Comcast), and consumer staples (Mondelēz, Conagra, General Mills). Two of our own long-standing technology investments also contributed strongly in 2019: Honeywell is reaping the benefits of its software investments in aerospace and building controls, while Sony Corp. is poised not only to lead the next gaming cycle, but also to be the leader in providing chips for autonomous vehicles.

For investors, patience is more important than ever, but patience doesn't equal passivity. We remain active fundamental investors relying on our Private Market Value with a Catalyst™ methodology. Private Market Values are unlikely to shift materially; some catalysts will be delayed by uncertainty while others will be accelerated by lower rates and a greater thirst for growth. We are combining our investment approach with market volatility to migrate to higher risk-adjusted return opportunities.



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

*joined GAMCO in 2003 as a research analyst and now is a Portfolio Manager and Co-Chief Investment Officer of Value Portfolios.*

*Mr. Marangi graduated magna cum laude & Phi Beta Kappa with a BA from Williams College and an MBA with honors from Columbia Business School.*

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

*joined GAMCO in 2005 as a research analyst and now is a Portfolio Manager and Co-Chief Investment Officer of Value Portfolios.*

*Mr. Dreyer received a BSE from the University of Pennsylvania and an MBA from Columbia Business School.*

## — CONVERTIBLES —

The Convertible team grew assets under management by 28.5% in 2019 through a combination of fund performance and new client investments. Our performance benefited from specific holdings that moved sharply higher, as well as a general sensitivity to underlying equities in a rising market. As reduced volatility equity investments, convertible securities provide investors with total returns comparable to equities with less risk. The value proposition of convertibles is quite compelling given the level of the market, allowing investors to maintain equity exposure while offering some downside protection in the form of seniority, yield, and maturity.

It was a banner year for convertibles in 2019. Issuance of convertible securities was strong, driven by favorable

### 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



interest rates and strong equity markets, providing an opportunity for issuers to raise capital at attractive rates. Total issuance was \$57.4 billion, a new decade high, bringing our market to 468 issues and \$234 billion in market capitalization as the year ended.

The rising volatility in world markets creates attractive opportunities within this diverse universe of issuers. This return of volatility in the equity markets underscores features that benefit convertibles such as their seniority in the capital structure over common stocks. Our focus on total return provides a balance of growth with reduced volatility. Our team has a long track record focused on convertible investing. Couple this with our strong, bottom-up fundamental research culture and we believe shareholders, clients, and the firm should benefit over the long term as markets work through the current volatility.

## — GABELLI U.S. MONEY MARKET FUND —



**Judith A. Raneri**  
Senior Portfolio Manager

*joined GAMCO Investors in 1989 and has managed the Gabelli US Treasury Money Market Funds since its inception in 1992. Ms. Raneri graduated from Iona College with a BS degree in Finance*



**Ronald Eaker**  
Co-Portfolio Manager

*joined GAMCO in 1987 as a portfolio manager. Mr. Eaker received a BS in Finance from The Pennsylvania State University*

When looking back at market events of 2019, a series of headlines dominated the news and progressed throughout the year, intensifying downside risks to economic growth. The negative effects generated by US-China Trade War tensions, the possibility of another government shutdown in association with congressional debate regarding raising the nation's debt limit, and weaker than expected economic fundamentals, weighed heavily on economic activity raising concerns of an impending recession. Regardless, there were several key drivers in place which remained supportive of economic momentum.

U.S. economic activity continued at a slower, but relatively steady pace at the start of 2019. GDP expanded at an average rate of 2.1% in the first three quarters of the year, inflation picked up, the unemployment rate fell to 3.6%, the lowest level in more than 50 years, and wages finally showed some signs of acceleration. It wasn't until the second quarter that recession fears started to mount as growth trends slowed. One area of concern was the consumer. Accounting for almost 70% of GDP, a large retrenchment in consumer spending materially weighed on growth and after standing pat for much of 2019, the Fed finally began cutting rates. The Fed's shift in interest rate strategy was largely in response to declining growth prospects, further weakening

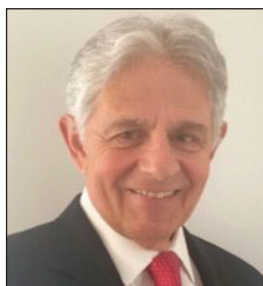
of global markets, and concerns the economy might fall into recession. Their decision contributed to Treasury yields falling across the spectrum. Although clear risks to the outlook existed and the economy continued to cool, by the fourth quarter weakness was transitory and growth stabilized once headwinds continued to fade.

The economic outlook has changed significantly since the end of 2019. Financial markets have been speculating on the ultimate impact the viral outbreak (COVID-19) will have on the global economy. The Federal Reserve has dramatically eased monetary policy to cushion the economic blow and implementing extraordinary purchases of U.S. Treasuries and other assets to facilitate money market operations and credit availability.

Given additional funding needs because of reduced tax receipts, there will be necessary and dramatic increases in the supply of U.S. Treasuries going forward. The increases in notes and bonds should commence with the May refunding. While Treasury supply should increase significantly with upcoming auctions, the Fed's current commitment to purchase Treasuries should continue for some time and demand is expected to hold rates low.

The near-term economic hit will be real, unavoidable, and recessionary. We would expect short term rates to remain in the near-zero-bound range until the viral threat is effectively over and clear signs that an economic rebound has not only taken hold, but is gaining momentum.

## — ETFs —



**Dennis J. DeCore**  
Managing Director,  
Active ETF Initiatives

*joined GAMCO Investors in 2014 as a Portfolio Manager. Mr. DeCore received a BS in Finance and Economics from Rider College and an MBA from New York University's Stern School of Business*

We are pleased to inform our shareholders that, in 2020, Gabelli Funds LLC expects for the first time to enter the Exchange Traded Fund (ETF) business and bring to market several actively managed ETF products, using the first Non-Transparent ETF structure ever approved by the SEC, called ActiveShares. ETFs have become a very important part of the financial landscape because they possess product attributes that a significant portion of the investing public desires, including better cost and tax efficiency and intra-day liquidity. Since the first ETF, the S&P 500 Depository Receipt, was launched in 1993, the ETF business has grown by year end 2019 to \$6.3 trillion in AUM worldwide, with the U.S. representing \$4.4 trillion of that total.

Prior to the approval of ActiveShares, all ETFs were transparent in nature, which means that positions are disclosed daily. In addition, the overwhelming majority of equity ETFs have been either "passive" in nature, or some form of "smart beta". Very few were truly "active" in the traditional sense. What makes ActiveShares ETFs unique is their non-transparency. As with our mutual funds, positions will be disclosed quarterly on a sixty-day lag (sooner if we so choose). This means that for the

first time we can offer our clients access to our strategies in an ETF “wrapper” designed to both protect our intellectual property/proprietary strategies and our clients’ capital. This last point is extremely important. ActiveShares are designed to minimize or eliminate the possibility of “front running” and “free riding”, which could be detrimental to investor returns. Importantly, from the investor’s point of view, ActiveShares will look and trade like any other ETF, ex the transparency. This will allow us to compete ETF to ETF with passive and other strategies, in addition to through our mutual funds.

## ENVIRONMENTAL, SOCIAL, & GOVERNANCE (ESG)

Stewardship has become increasingly important to global investors. Today, companies across industries need to demonstrate their stewardship of not only financial assets, but also greenhouse gases, energy, water, waste, and society in the recognition of Environmental, Social, & Governance (ESG) issues.

Historically, GAMCO’s stewardship of investments on behalf of clients has focused on governance, active ownership, proxy voting, and engagement as important ways to protect and augment shareholder value for our clients. The firm remains a leading voice on certain governance matters after initiating its Magna Carta of Shareholder Rights in 1988. We actively vote our own proxies and regularly file shareholder proposals on issues that we believe increase shareholder value.

We have been committed to and actively involved in the area of Socially Responsible Investing (SRI) on behalf of clients since 1987. These initiatives have expanded to include a broader set of ESG issues which are viewed as an integral part of our role as fundamental investors.

As a signatory to the United Nations Principles of Responsible Investment and the Japan Stewardship Code, we continue to evolve the way we consider ESG issues in our investment decisions. Our history of active ownership, proxy voting, and engagement supports our long-term commitment to good asset stewardship.



**Christopher C. Desmarais**  
Managing Director  
GAMCO Asset Management

joined GAMCO in 1993 as Managing Director, GAMCO Asset Management. Mr. Desmarais is a graduate of Fairfield University with a BA in Economics.



**Ian Lapey**  
Co-Portfolio Manager  
Gabelli ESG Fund

joined GAMCO in 2018 as Co-Portfolio Manager Gabelli ESG Fund. Mr. Lapey received a BA in economics from Williams College, an MBA in finance and statistics from the Stern School of Business at New York University, and a MS in accounting from Northeastern University.



**Melody Bryant**  
Co-Portfolio Manager  
Gabelli ESG Fund

joined GAMCO in 2018 and became a Co-Portfolio Manager ESG Fund. Ms. Bryant received a BA in Political Science from Binghamton University.

## — REPORT OF THE FINANCE DEPARTMENT —

Assets under management (AUM) increased 6% at December 31, 2019 to \$36.5 billion versus \$34.4 billion at year-end 2018. Revenues are derived largely from recurring fees from our diversified products, capabilities, and distribution channels. Our net income of \$81.9 million is a function of our highly variable cost structure, our focus on fixed costs, and effective tax rate of 24.6%.

(Y)our company is positioned for future growth based on our balance sheet, comprised of cash and cash equivalents of \$86.1 million (more than double the \$41.2 million at year end 2018), liquid investments of \$34.3 million, and modest debt - \$24.2 million due in June 2021.

Looking ahead, GAMCO’s cash generation from operations provides us the ability to pursue additions to our team, strategic acquisitions and alliances, tuck-ins and lift-outs, and to seed new investment strategies and product offerings.



**Kieran Caterina**  
Senior Vice President  
Chief Accounting Officer

joined GAMCO in 1998 and has been the SVP and Co-Chief Accounting Officer since 2012.

Mr. Caterina received a BS in Accounting from The State University of New York at Oswego and an MS in Accounting from Binghamton University.



**Howard M. Green, CPA**  
Senior Vice President  
Corporate Development

joined GAMCO in 2019 as Senior Vice President, Corporate Development.

Mr. Green received a BS in Accounting from The State University of New York at Albany



**Maximilian Caldwell, CPA**  
Vice President

joined GAMCO in 2019 as Vice President - Finance.

Mr. Caldwell received a BS in Accounting and an MBA in Finance from The Gabelli School of Business, Fordham University.



2007  
Stephen Bollenbach  
Hilton Hotels Corp.



2007  
Robert M. Haddock  
AZTAR Corporation



2007  
Floyd W. Pickrell  
Sybron Dental



2006  
Timothy C. Brown  
Thomas Industries



2006  
Paul J. Evanson  
Allegheny Energy



2006  
Mark G. Kachur  
Cuno Incorporated



2006  
Burton M. Tansky  
Neiman Marcus Group



2005  
Jean-Rene Fourtou  
Vivendi Universal



2005  
Dan K. Wassong  
Del Laboratories



2005  
Robert Woodworth  
Pulitzer Inc.



2005  
John D. Zeglis  
AT&T Wireless



2004  
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.



2003  
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



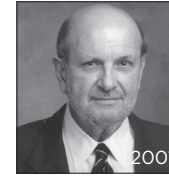
2002  
Alan Abelson  
Barron's



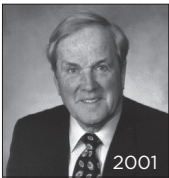
2002  
John W. Stanton  
VoiceStream Wireless



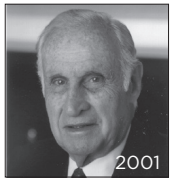
2002  
Gerald M. Levin  
AOL Time Warner



2001  
Sal H. Alfiero  
Mark IV Industries



2001  
James Carroll  
Wynn's International



2001  
Edgar M. Cullman  
General Cigar Holdings



2000  
Michael Bonsignore  
Honeywell, Inc.



2000  
J. Atwood Ives  
Eastern Enterprises



2000  
Charles R. Lee  
Verizon Corporation



2000  
Leonard Tow  
Citizens Comm.



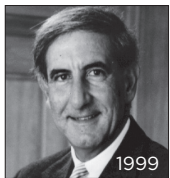
1999  
Charles F. Dolan  
Cablevision Systems



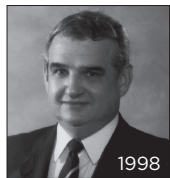
1999  
Robert L. Johnson  
BET Holdings, Inc.



1999  
Jay B. Langner  
Hudson General Corp.



1999  
Daniel J. Miglio  
So. NE Telephone



1998  
Andrew Lozyniak  
Dynamic Corporation



1998  
John C. Malone  
Tele-Communications



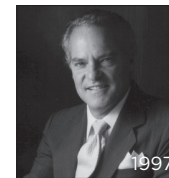
1998  
Timothy B. Robertson  
International Family



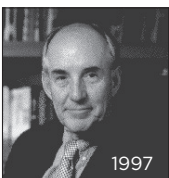
1998  
Joseph P. Walker  
CTS Corp.



1997  
Harvey Golub  
American Express Co.



1997  
Henry R. Kravis  
KKR



1997  
William P. Stiritz  
Ralston Purina Co.



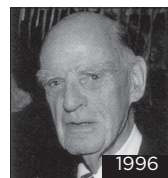
1996  
Rand V. Araskog  
ITT Corporation



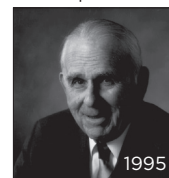
1996  
Robert E. Hamby, Jr.  
Multimedia, Inc.



1996  
Thomas S. Murphy  
Capital Cities/ABC



1996  
Roger F. Murray  
Columbia University



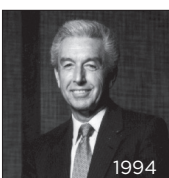
1995  
Neison Harris  
Pittway Corp.



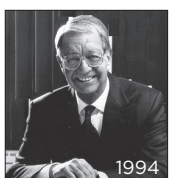
1995  
Barron Hilton  
Hilton Hotels Corp.



1995  
Miles L. Marsh  
Pet Inc.



1994  
Philip Wm. Colburn  
Allen Telecom Inc.



1994  
Martin S. Davis  
Paramount Comm.



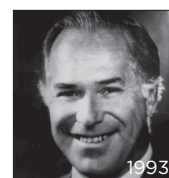
1994  
William O. Taylor  
Affiliated Pub.



1993  
LeRoy T. Carlson  
Telephone & Data Sys



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



1993  
Frederick Mancheski  
Echlin Inc.



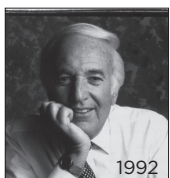
1993  
Richard A. Smith  
Harcourt General



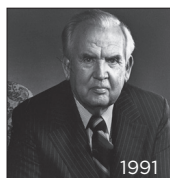
1992  
John P. Frazee, Jr.  
Centel Corp.



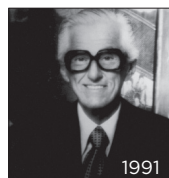
1992  
Sumner M. Redstone  
Viacom International



1992  
Steven J. Ross  
Time Warner Inc.



1991  
O.Wayne Rollins  
Rollins, Inc.



1991  
Lew R. Wasserman  
MCA, Inc.



1991  
Charles Wohlstetter  
Contel Corp.



1990  
Richard B. Black  
Maremont Corp.



1990  
Herbert J. Siegel  
Chris-Craft Industries



1990  
Donald A. Pels  
LIN Broadcasting

# Years HALL OF FAME 2020

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

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.



Samuel R. Allen  
Deere & Company



Gregory L. Henslee  
O'Reilly Automotive



Mary E. Kipp  
El Paso Electric



Donald W. Slager  
Republic Services



Jay Hooley  
State Street Bank



Amin Khoury  
KLX Inc.



Denise Ramos  
ITT Corporation



Cristina Stenbeck  
Kinnevik AB



Sergio Marchionne  
CNH Industrial NV



Larry Young  
Dr. Pepper Snapple Group



Ken Lowe  
Scripps Network Interactive



Meg Whitman  
Hewlett-Packard Enterprise



Edward D. Breen  
Tyco International plc



Christopher L. Conway  
CLARCOR Inc.



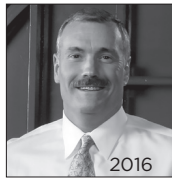
David M. Cote  
Honeywell Int'l



Kimberly S. Lubel  
CST Brands, Inc.



James L. Dolan  
Cablevision Systems



Mark Donegan  
Precision Cast Parts



Thomas C. Gallagher  
Genuine Parts Co.



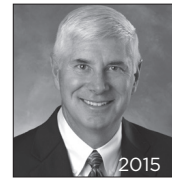
Soohyung Kim  
Media General



James F. Cleary, Jr.  
MWI Veterinary Supply



Ward M. Klein  
Energizer Holdings, Inc.



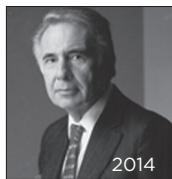
David M. Melcher  
Exelis, Inc.



Michael D. White  
DIRECTV



Colleen B. Brown  
Fisher Comm.



Carl C. Icahn  
Icahn Enterprises



Matthew J. Shattock  
Beam Inc.



Tarang P. Amin  
Schiff Nutrition Int'l



César M. García  
IRIS International, Inc.



Kirk S. Hachigian  
Cooper Industries



Kevin J. Hunt  
Ralcorp Holdings Inc.



Eric Weider  
Schiff Nutrition Int'l



Bruce A. Carbonari  
Fortune Brands Inc.



Steven R. Loranger  
ITT Corporation



Dominic J. Pileggi  
Thomas & Betts Corp.



V. James Marino  
Alberto Culver Co.



John A. McFarland  
Baldor Elec. Co.



Ronald E. Weinberg  
Hawk Corporation



Robert B. Allen  
Broadview Security



Roger M. Carr  
Cadbury plc.



James V. Mazzo  
Abbott Medical



Robert C. Pohlrad  
Pepsi Americas Inc.



Joseph P. Hayden, III  
Midland Company



Murray S. Kessler  
UST Inc.



C.S. "Dean" Liollo  
EnergySouth, Inc.



Dean J. Mitchell  
Alpha Inc.



Craig A. Rogerson  
Hercules Inc.



Lewis M. Kling  
Flowerserve Corp.



# ASSETS UNDER MANAGEMENT

(\$ in millions)

	IPO					
	1999	2015	2016	2017	2018	2019
<b>Equity:</b>						
Mutual and Closed-end Funds .....	\$10,075	\$20,303	\$20,612	\$21,800	\$17,548	\$18,486
Institutional and Private Wealth Management .....	9,370	16,767	17,224	18,852	14,078	14,565
SICAV .....	-	178	320	510	507	594
<b>Total Equity .....</b>	<b>19,445</b>	<b>37,248</b>	<b>38,156</b>	<b>41,162</b>	<b>32,133</b>	<b>33,645</b>
<b>Fixed Income:</b>						
Mutual and Closed-end Funds .....	1,175	1,514	1,767	1,870	2,195	2,810
Institutional and Private Wealth Management .....	694	38	31	31	26	20
<b>Total Fixed Income .....</b>	<b>1,869</b>	<b>1,552</b>	<b>1,798</b>	<b>1,901</b>	<b>2,221</b>	<b>2,830</b>
<b>Total Assets Under Management</b>	<b>\$21,314</b>	<b>\$38,800</b>	<b>\$39,954</b>	<b>\$43,063</b>	<b>\$34,354</b>	<b>\$36,475</b>
<b>Assets Under Management:</b>						
Mutual and Closed-end Funds .....	\$11,250	\$21,817	\$22,379	\$23,670	\$19,743	\$21,296
Institutional and Private Wealth Management .....	10,064	16,805	17,255	18,883	14,104	14,585
SICAV .....	-	178	320	510	507	594
<b>Total Assets Under Management .....</b>	<b>\$21,314</b>	<b>\$38,800</b>	<b>\$39,954</b>	<b>\$43,063</b>	<b>\$34,354</b>	<b>\$36,475</b>

# FINANCIAL DATA

(In thousands, except per share data)

	2019				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Full Year
<b>Income Statement Data:</b>					
Revenues .....	\$74,336	\$76,407	\$75,345	\$86,280	\$312,368
Expenses .....	44,274	44,938	43,633	51,576	184,421
Operating income before management fee .....	30,062	31,469	31,712	34,704	127,947
Gain/(loss), interest, and dividends from investments, net .....	(1,171)	5,979	(5,718)	(1,307)	(2,217)
Interest expense .....	(655)	(655)	(652)	(647)	(2,609)
Shareholder-designated contribution .....	-	-	(4,500)	-	(4,500)
Total non-operating income / (loss) .....	(1,826)	5,324	(10,870)	(1,954)	(9,326)
Income before management fees and income taxes .....	28,236	36,793	20,842	32,750	118,621
Management fee .....	1,449	4,709	2,144	1,661	9,963
Income before income taxes .....	26,787	32,084	18,698	31,089	108,658
Income tax provision .....	6,895	8,067	5,072	6,707	26,741
Net Income .....	\$19,892	\$24,017	\$13,626	\$24,382	\$81,917
<b>Net Income per share:</b>					
Basic .....	\$0.70	\$0.88	\$0.50	\$0.91	\$2.99
Diluted .....	\$0.70	\$0.88	\$0.50	\$0.91	\$2.98
<b>Total shares outstanding:</b>					
As on December 31, 2019 .....					27,380

	2018				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Full Year
<b>Income Statement Data:</b>					
Revenues .....	\$87,497	\$87,193	\$85,788	\$80,977	\$341,455
Expenses .....	41,607	44,338	32,639	27,070	145,654
Operating income before management fee .....	45,890	42,855	53,149	53,907	195,801
Gain/(loss), interest, and dividends from investments, net .....	(4,855)	2,111	(3,797)	(16,391)	(22,932)
Interest expense .....	(1,200)	(922)	(759)	(644)	(3,525)
Shareholder-designated contribution .....	-	(176)	(708)	(4,787)	(5,671)
Total non-operating income / (loss) .....	(6,055)	1,013	(5,264)	(21,822)	(32,128)
Income before management fees and income taxes .....	39,835	43,868	47,885	32,085	163,673
Management fee .....	4,634	1,482	1,449	1,449	9,014
Income before income taxes .....	35,201	42,386	46,436	30,636	154,659
Income tax provision .....	7,940	10,804	11,420	7,299	37,463
Net Income .....	\$27,261	\$31,582	\$35,016	\$23,337	\$117,196
<b>Net Income per share:</b>					
Basic .....	\$0.94	\$1.10	\$1.22	\$0.82	\$4.08
Diluted .....	\$0.94	\$1.10	\$1.22	\$0.81	\$4.07
<b>Total shares outstanding:</b>					
As on December 31, 2018 .....					28,982

See Notes on Non-GAAP Financial Measures on page 16

# CONDENSED CONSOLIDATED BALANCE SHEET

(in thousands)

	2019	2018
<b>ASSETS</b>		
Investments (including cash and cash equivalents).....	120,409	74,991
Receivables .....	57,411	48,295
Other assets .....	12,066	11,326
Total assets .....	<u>\$189,886</u>	<u>\$134,612</u>
<b>LIABILITIES AND EQUITY</b>		
Compensation payable .....	64,279	60,408
Income tax payable .....	757	2,388
Accrued expenses and other liabilities.....	45,942	38,038
Sub-total.....	110,978	100,834
<u>Senior notes (due June 1, 2021)</u> .....	24,191	24,168
Total liabilities .....	135,169	125,002
Total equity .....	54,717	9,610
Total liabilities and equity .....	<u>\$189,886</u>	<u>\$134,612</u>

Information derived from audited financial statements on Form 10-K.

## Notes on Non-GAAP Financial Measures

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 of gain / (loss), interest, and dividends from investments, net; interest expense; and shareholder-designated contributions.

Reconciliation of Non-GAAP Financial Measures to GAAP:

	2019					2018				
	1st QTR	2nd QTR	3rd QTR	4th QTR	Total	1st QTR	2nd QTR	3rd QTR	4th QTR	Total
Operating Income	\$28,613	\$26,760	\$29,568	\$33,043	\$117,984	\$41,256	\$41,373	\$51,700	\$52,458	\$186,787
Add: Management fee	1,449	4,709	2,144	1,661	9,963	4,634	1,482	1,449	1,449	9,014
Operating Income before management fee	<u>\$30,062</u>	<u>\$31,469</u>	<u>\$31,712</u>	<u>\$34,704</u>	<u>\$127,947</u>	<u>\$45,890</u>	<u>\$42,855</u>	<u>\$53,149</u>	<u>\$53,907</u>	<u>\$195,801</u>

## SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

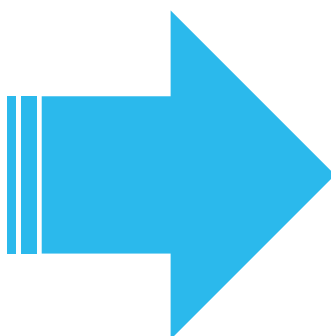
Our disclosure and analysis in this Annual Report contains some forward-looking statements. Forward-looking statements give our current expectations or forecasts of future events. You can identify these statements because they do not relate strictly to historical or current facts. They use words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “will,” “should,” “may,” 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 may cause our actual results to differ from our expectations include risks associated with the duration and scope of the ongoing coronavirus pandemic resulting in volatile market conditions, a decline in the securities markets that adversely affect our assets under management, negative performance of our products, the failure to perform as required under our investment management agreements, a general downturn in the economy that negatively impacts our operations, and the ongoing impacts of the Tax Cuts and Jobs Act with respect to tax rates and the non-deductibility of certain portions of named executive officer compensation. We are providing these statements as permitted by the Private Litigation Reform Act of 1995. We also direct your attention to any more specific discussions of risk contained in our Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and other public filings. 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.

# GAMCO INVESTORS, INC.

## A DIFFERENT APPROACH

FROM GRAHAM & DODD . . .  
TO WARREN BUFFETT . . .  
AND BEYOND

- **Gather** gather data and read it carefully
- **Array** array the data in the Gabelli proprietary format
- **Project** project the data 5 years out with a focus on free cash flow
- **Interpret** interpret the data objectively
- **Communicate** communicate internally and externally



**“The more you give, the more you receive”**

©2020

**GAMCO Investors, Inc.**

One Corporate Center, Rye, New York 10580-1422

191 Mason Street, Greenwich, CT 06830-6608

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

800-GABELLI • [info@gabelli.com](mailto:info@gabelli.com)

## 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  
53 years of Industry Experience  
43 Years with GAMCO

### Douglas R. Jamieson

President and Chief Operating Officer of  
GAMCO Asset Management Inc.  
39 years of Industry Experience  
39 Years with GAMCO

### Henry G. Van der Eb, CFA

Senior Vice President  
50 years of Industry Experience  
21 Years with GAMCO

### Kevin Handwerker

Executive Vice President, General Counsel  
and Secretary  
39 years of Industry Experience  
6 Years with GAMCO

### Kieran Caterina

Senior Vice President and  
Chief Accounting Officer  
22 years of Industry Experience  
22 Years with GAMCO

### Howard M. Green, CPA

Senior Vice President  
Corporate Development  
30 years of Industry Experience  
1 Year with GAMCO

### Bruce N. Alpert, CPA

Executive Vice President  
Gabelli Funds, LLC  
45 years of Industry Experience  
32 Years with GAMCO

### Agnes Mullady

Senior Vice President,  
President and Chief Operating Officer,  
Open-End Fund Division, Gabelli Funds, LLC  
33 years of Industry Experience  
14 Years with GAMCO

### John Ball

Senior Vice President,  
Treasurer, Gabelli Funds  
19 years of Industry Experience  
3 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](http://www.gabelli.com) or  
write to:  
One Corporate Center  
Rye, New York 10580-1422  
203-629-2726  
email: [investor@gabelli.com](mailto: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](http://www.gabelli.com)

### Investment Services Information

Mutual Funds  
Contact: Justin Cramer  
914-921-5387  
email: [JCramer@gabelli.com](mailto:JCramer@gabelli.com)

Institutional Accounts  
Contact: Theresa L. Pope  
914-921-5082  
email: [Tpope@gabelli.com](mailto:Tpope@gabelli.com)

Private Wealth Management  
Contact: Paul M. Swirbul  
914-921-5084  
email: [PSwirbul@gabelli.com](mailto:PSwirbul@gabelli.com)

### Annual Meeting

Our 2020 Annual Meeting of Shareholders  
will be held at 9:30 a.m. on June 5, 2020  
at the Indian Harbor Yacht Club, 710  
Steamboat Road Greenwich, CT 06830

ESG  
Contact: Christopher Desmarais  
914-921-5237  
email: [CDesmarais@gabelli.com](mailto:CDesmarais@gabelli.com)

Cash Management  
Contact: Judith A. Raneri  
914-921-5417  
email: [JRaneri@gabelli.com](mailto:JRaneri@gabelli.com)

Convertibles  
Contact: Thomas H. Dinsmore, CFA  
914-921-8386  
email: [TDinsmore@gabelli.com](mailto:TDinsmore@gabelli.com)