Teton Advisors

A Gabelli Group Company

# TETON WESTWOOD FUNDS

Mighty Mites[SM] Fund

SmallCap Equity Fund

Convertible Securities Fund

Equity Fund

Balanced Fund

Commentary

December 31, 2023

# TETON Westwood Mighty Mites℠ Fund

**To Our Shareholders,**

For the quarter that ended December 29, 2023, the Teton Westwood Mighty Mites Fund net asset value ("NAV") per class AAA share appreciated 11.62%, compared with total returns of 14.03% for the Russell 2000 Index and 12.81% for the Dow Jones U.S. Micro-Cap Total Stock Market Index.

**Commentary**

Equities returned to favor in the fourth quarter, enjoying a broad year-end rally that was particularly pronounced in small-cap stocks, which outperformed large-cap peers in the quarter but lagged for the year, extending a persistent relative performance gap.

Investors enter 2024 with substantial optimism. The U.S. economy has staved off a recession (thus far), U.S. Treasury yields have retraced from highs, and corporate earnings remain robust as supply chains and inflation appear to be normalizing. At their December meeting, the FOMC Committee extended the rate pause – a decision supported by strong economic data – stoking hope that interest rate stability, or even cuts, could be on the horizon. Estimated third quarter GDP growth was revised upwards to 5.2% in November as a healthy labor market continued to fuel higher consumer spending, and inflation decelerated to approximately 3.1% for the last twelve months ended November, approaching the FOMC targeted range. While the risk of recession remains top of mind, the much-craved 'soft-landing' appears increasingly realistic.

The Mighty Mites Fund appreciated 13.3% in the calendar year, outperforming the 8.9% return of Dow Jones US Micro-Cap Total Stock Index, while lagging the 16.9% gain for the Russell 2000 and the +26% the gain for the S&P 500 Index. Much has been opined about the top-heavy return composition of large-cap indexes over the past year, with 'the magnificent seven' driving the lion's share of performance. But even putting aside the implications of that dynamic, small cap stocks continue to trade at wide discounts to both historical

**Average Annual Returns Through December 31, 2023 (a)**

Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Performance returns for periods of less than one year are not annualized.

| | Quarter | 1 Year | 3 Year | 5 Year | 10 Year | 15 Year | Since Inception 05/11/98 |
|---|---|---|---|---|---|---|---|
| **Mighty Mites℠ Fund Class AAA (WEMMX)** | 11.62% | 13.31% | 5.42% | 8.55% | 5.63% | 10.42% | 9.99% |
| Dow Jones U.S. Micro-Cap Total Stock Market Index (b) | 12.81 | 8.86 | (5.23) | 4.54 | 3.29 | 9.99 | 6.98 |
| Russell 2000 Index (c) | 14.03 | 16.93 | 2.22 | 9.97 | 7.16 | 11.30 | 7.23 |
| Lipper Small Cap Value Fund Average (d) | 13.20 | 16.33 | 12.78 | 12.19 | 7.15 | 11.27 | 8.13 |

(a) Teton Advisors, LLC, the Adviser, reimbursed expenses through September 30, 2005 to limit the expense ratios. Had such limitations not been in place, returns would have been lower. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. Other share classes are available and have different performance characteristics. See page 19 for performance of other classes of shares.

(b) The Dow Jones U.S. Micro-Cap Total Stock Market Index is designed to provide a comprehensive measure of the micro-cap segment of the U.S. stock market. Dividends are considered reinvested. You cannot invest directly in an index. Since inception performance is as of April 30, 1998.

(c) The Russell 2000 Index is an unmanaged index which measures the performance of the small cap segment of the U.S. equity market. Dividends are considered reinvested. You cannot invest directly in an index.

(d) The Lipper Small Cap Value Fund Average reflects the average performance of mutual funds classified in this particular category. Dividends are considered reinvested. You cannot invest directly in an index. Since inception performance is as of April 30, 1998.

**In the current prospectuses dated January 27, 2023, the expense ratio for Class AAA Shares is 1.41%. Class AAA Shares do not have a sales charge.**

**Investing in small capitalization securities involves special challenges because these securities may trade less frequently and experience more abrupt price movements than large capitalization securities. Investors should carefully consider the investment objectives, risks, charges, and expenses of a Fund before investing. The prospectuses contains information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at www.tetonadv.com.**

***Returns represent past performance and do not guarantee future results. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.tetonadv.com for performance information as of the most recent month end.***

multiples and on a relative basis to large cap peers. More importantly, we continue to observe large discounts to Private Market Value for many of the high-quality businesses we own, despite stable or improving business trends.

Against this backdrop, we continue to view small- and micro-cap stocks as well positioned to outperform. Potentially lower rates in 2024 are likely to disproportionately benefit small cap companies, which typically have less favorable credit terms (more floating rate debt) and modestly higher leverage ratios relative to larger cap companies. Top holdings in the portfolio continue to benefit from secular dynamics, such as an increase in domestic infrastructure investments, ramping aerospace and defense spending, and an improving media and advertising environment. Finally, we continue to expect financial engineering and M&A activity to accelerate in the year to come, with large capacity for both the volume and premiums paid in transactions to expand.

**Let's Talk Stocks**

*Ducommun Inc. (2.5% of net assets as of December 31, 2023) (DCO – $52.06 – NYSE)*, headquartered in Santa Ana, California, is a provider of engineering and manufacturing services for various products and applications used in the aerospace and defense, industrial, medical, and other industries. DCO offers value-added products and manufacturing solutions to its customers in its primary businesses of electronics, structures, and integrated solutions. It operates through two segments: Electronic Systems and Structural Systems. The Electronic Systems segment designs, engineers and manufactures electronic and electromechanical products used in technology-driven markets, including aerospace and defense and industrial end-use markets. It has multiple product offerings in electronics manufacturing for diverse applications, such as complex cable assemblies and interconnect systems, printed circuit board assemblies, and lighting diversion systems. The Structural Systems segment designs, engineers and manufactures various sizes of complex contoured aerostructure components and assemblies.

*Flushing Financial Corp. (1.8%) (FFIC – $16.48 – NASDAQ)* is an $8.5 billion asset bank holding company headquartered in Uniondale, New York, which has operated in New York metro communities since 1929. The bank primarily lends to commercial borrowers, with a particular specialty in rent-regulated multifamily real estate. During 2023, net interest margin (NIM) decreased 41 bps YoY to 2.19%, net loans totaled $6.9 billion, down 0.4% YoY, and total deposits grew 5.1% to $6.8 billion. FFIC's actions to reduce interest rate risk, including adding interest rate hedges and floating rate loans, assisted in reducing the NIM compression. We expect NIM to rebound in the second half of 2024.

*Inspired Entertainment, Inc. (0.7%) (INSE – $9.88 – NASDAQ)* is a supplier of content, technology, hardware, and services to online and land-based lottery, betting, and gaming operators worldwide. While the majority of Inspired's revenues have historically been derived from the UK and Europe, regulated markets in North America are driving significant new growth opportunities for its virtual sports and iGaming content offerings. On 8 November 2023, INSE announced that it required additional time to finalize its third-quarter 2023 financial statements and restate financials since 2021 after its auditor identified accounting errors related to capitalized software development costs. The Company now expects to file its restated financials by 28 February 2024. We anticipate ongoing consolidation in the global gaming sector, driven by increased regulation, scale benefits, and technological advancements, with Inspired as an appealing acquisition candidate for a larger gaming supplier.

*Limoneira Co. (0.9%) (LMNR – $20.63 – NASDAQ)*, headquartered in Santa Paula, California, is a diversified citrus growing, packing, selling and marketing company with related agribusiness activities and real estate development operations. In 2022, 80% of Limoneira's agricultural revenue was attributed to lemons, with an additional 10% attributed to avocados. It is a year round supplier of citrus. The Company's joint real estate development venture with The Lewis Group of Companies for the residential development of its East Area I real estate development project, named Harvest, is currently expected to have approximately 1,500 total residential units built and sold over the life of the project. Moving forward, Limoneira is focusing on continued global expansion and a move to a more asset light business model.

*Modine Manufacturing (1.4%) (MOD – $59.70 – NYSE)* is a Racine, Wisconsin based thermal management systems and components company, with leading positions in heating and cooling systems for buildings, data centers, and vehicles. Its strategy of leveraging its technological expertise to expand into higher growth industries such as data center and Battery Electric Vehicle (BEV) cooling continues to contribute to stronger financial results. This, coupled with a greater focus on customer and manufacturing optimization, drove strong margin expansion, earnings growth, and an increase in its fiscal year outlook following its third quarter results for its March fiscal year.

*Myers Industries Inc. (3.2%) (MYE – $18.33 – NYSE)* is an Akron, Ohio-based multi-industry manufacturer and distributor of a variety of consumable products. The company's leading portfolio of branded products fall within two segments: Material Handling and Distribution. Via implementation of the new CEO's strategic plan and the onboarding of seasoned professionals, the company was able to offset significant consumer pressures in 2023 with operating improvements. Recently, the company has advanced to Horizon 2 of its 3 stage growth strategy via the acquisition of Signature Systems. Horizon 2 acquisitions will drive double digit topline growth opportunities while entering new and tangential strategic markets. Despite some short-term headwinds in MYE's underlying segments, we believe the company will continue to perform under new leadership and that continued execution will allow for future investment in growth opportunities.

December 31, 2023

**Top Ten Holdings (Percent of Net Assets)**
**December 31, 2023**

| | | | |
|---|---|---|---|
| Nathan's Famous Inc. | 4.0% | Full House Resorts Inc. | 1.9% |
| Myers Industries Inc. | 3.2% | The Eastern Corp. | 1.8% |
| Ducommun Inc. | 2.5% | Flushing Financial Corp. | 1.8% |
| Gencor Industries Inc. | 2.1% | Rush Enterprises Inc. | 1.8% |
| Distributions Solutions Group Inc. | 2.0% | Astec Industries Inc. | 1.8% |

# TETON Westwood SmallCap Equity Fund

**To Our Shareholders,**

For the quarter ended December, 2023, the Teton Westwood Small Cap Equity Fund appreciated 10.07% versus respective gains of 15.26% and 14.03% for the Russell 2000 Value and Russell 2000 benchmarks. For the full year 2023, the Fund was up 12.63% versus gains of 14.65% and 16.93% for the two benchmarks.

**Commentary**

The long awaited great rotation from large cap growth stocks into value and small caps has arrived with a vengeance. Following a lagging period, small capitalization equities outperformed the large cap Russell 1000 Index by 700 basis points from late October to mid December, assisted by improving inflation and sharply declining interest rates fueled by the Federal Reserve's dovish pivot. The small cap Russell 2000 Index is on track for the second best December in the past decade. The Fed gave the clearest signal yet that its historical policy tightening campaign is over by projecting more aggressive interest rate cuts in 2024. Officials unanimously agreed to leave the target range for the Federal Funds Rate at 5.25% to 5.5%. More important, the Fed signaled 75 basis points in rate cuts next year, a sharper pace of cuts than markets anticipated. Moreover, yields on 10-year U.S. Treasury notes have dropped from nearly 5% to 3.9% in recent months, a constructive backdrop to further equity gains in 2024.

Despite a surging stock market, small caps remain historically cheap, with ample room for closure of the valuation gap versus their large cap brethren. For example, the Russell 2000 Index (excluding its unprofitable constituents) sells at a 30% discount to the S&P 500, a multi decade low, according to Goldman Sachs. Absent a recession, small cap value equities remain attractively priced to deliver outperformance over the next market recovery cycle. Lower interest rates will send stocks higher, lowering the cost of doing business and boosting liquidity.

Meanwhile, the U.S. economy appears in decent shape, with a still-strong labor market and consumers continuing to spend, as wages now are growing faster than prices. Consumer spending accounts for two thirds of U.S. gross domestic product. The economy added 199,000 jobs in November as the unemployment rate dropped to 3.7%

**Average Annual Returns Through December 31, 2023 (a)**

Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Performance returns for periods of less than one year are not annualized.

| | Quarter | 1 Year | 3 Year | 5 Year | 10 Year | 15 Year | Since Inception 04/15/97 |
|---|---|---|---|---|---|---|---|
| **SmallCap Equity Fund Class AAA (WESCX)** | 10.07% | 12.63% | 8.62% | 12.80% | 8.51% | 12.99% | 8.09% |
| Russell 2000 Index (b) | 14.03 | 16.93 | 2.22 | 9.97 | 7.16 | 11.30 | 8.33 |
| Russell 2000 Value Index (c) | 15.26 | 14.65 | 7.94 | 10.00 | 6.76 | 10.27 | 8.87 |

(a) Keeley-Teton Advisors, LLC, the Adviser, reimbursed expenses to limit the expense ratio. Had such limitation not been in place, returns would have been lower. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. Other share classes are available and have different performance characteristics. See page 19 for performance of other classes of shares.

(b) The Russell 2000 Index is an unmanaged index which measures the performance of the small cap segment of the U.S. equity market. Dividends are considered reinvested. You cannot invest directly in an index.

(c) The Russell 2000 Value Index measures the performance of the small capitalization sector of the U.S. equity market. It is a subset of the Russell 2000 Index. Dividends are considered reinvested. You cannot invest directly in an index.

**In the current prospectuses dated January 27, 2023, the gross expense ratio for Class AAA Shares is 1.64%, and the net expense ratio is 1.25% after contractual reimbursements by the Adviser in place through January 31, 2024. Class AAA Shares do not have a sales charge.**

**Investing in small capitalization securities involves special challenges because these securities may trade less frequently and experience more abrupt price movements than large capitalization securities. Investors should carefully consider the investment objectives, risks, charges, and expenses of a Fund before investing. The prospectuses contains information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at www.tetonadv.com.**

***Investing in foreign securities involves risks not ordinarily associated with investment in domestic issues including currency fluctuations, economic and political risks.***

***Returns represent past performance and do not guarantee future results. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.tetonadv.com for performance information as of the most recent month end.***

versus 3.9% in October. Consumer confidence (Conference Board) improved to 102 in November after three consecutive months of decline. New home sales increased nearly 18% in October, following a 27% gain in September, as existing home inventory levels remain at historical low levels. Against this backdrop, Bank of America has raised 2023 real GDP growth to 2% from 1%, with its unemployment rate forecast now at 3.8% from 4.1%.

Until the broadening in late October 2023, the stock market appeared to be experiencing another year of mega-cap tech stock dominance. The Magnificent Seven (M7) (Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta, and Tesla) comprise nearly 30% of the S&P 500's market capitalization. The small cap rotation is not surprising, given the historically wide valuation gap versus large caps. The capitalization of the entire Russell 2000 is about one quarter of the M7 and only 6% of the S&P 500's market cap (vs 10% on average).

Small caps are well positioned as beneficiaries of a shift by multinationals to onshoring toward more reliable domestic based suppliers, given the massive supply chain disruption and dislocation brought on by the pandemic. Onshoring has been bolstered by the U.S. "Chips and Science Act" which is providing $52 billion in funding to promote construction of semiconductor facilities on domestic soil.

Among industrial technology portfolio holdings, Cohu (COHU) (1.5% of net assets as of December 31, 2023) is a manufacturer of wafer handling and test equipment for major semiconductor customers. The company has $300 million in cash on a debt free balance sheet and boasts a 7% free cash flow yield. Another name we own in the category is MKS Instruments (MKSI) (1.0%), which is a maker of modules and subsystems that regulate the flow of gases used in semi manufacturing, currently digesting a recent acquisition. Outside of industrials and technology, we own OPENLANE (KAR) (2.2%), a digital platform which engages in used car auction services in both North America and the UK. Constrained by a previous dearth of used cars, the company should benefit from dealers increasingly offloading through auction the current greater availability of used cars following pandemic driven shortages. The company has a near pristine balance sheet, thanks to selling off its physical locations to Carvana in May 2022 for more than $2 billion in cash, greater than OPENLANE's market capitalization. Lower short term interest rates should also benefit our regional bank, holdings such as Veritex Holdings (VBTX) (1.8%), a Dallas, Texas based bank with a footprint encompassing Houston. Veritex has a loan to deposit ratio of 95%, allowing it to self fund its loan growth, along with a 9% tangible equity to asset ratio.

Overall, our bottom-up, fundamental research driven research process seeks to uncover the inefficiently priced stocks of excellent franchises, run by top notch managements and selling at discounts to our calculation of intrinsic value based on earnings growth potential, cash flow, or underlying asset values.

**Let's Talk Stocks**

Among the best performing stocks in the quarter were American Eagle Outfitters, Inc. (2.4% of net assets as of December 31, 2023), Stewart Information Services (1.4%), and Veritex Holdings, Inc. (1.8%).

*American Eagle Outfitters, Inc. (AEO – $21.16 – NYSE)* is a casual clothing retailer serving young adults. Improved consumer demand continued throughout the fall, and the stock responded positively to sales momentum. With improved inventories, gross margins settling higher than pre-COVID levels, and broad market commentary suggesting an inline holiday season for retailers (management even raised the dividend by 25% in the two weeks prior to Christmas), the stock remains inexpensive, trading just below its long term average multiple. Aided by cost savings programs currently underway, margins likely have further room to expand.

*Stewart Information Services Corp. (STC — $58.75 — NYSE)* is a 130-year old provider of title insurance to the residential and commercial real estate markets. We became involved with the stock following the Federal Reserve's record rate hiking cycle, which served to crush refinance activity and slow overall home purchasing, both drivers of title insurance. Following a regulatory-quashed takeover attempt of the company nearly four years ago, incoming CEO Fred Eppinger worked to reshape the company with a significantly more profitable operating model. Recognizing the temporary nadir in market activity, we see the company as poised for significant incremental profitability gains in the out-year, a view which has since begun to gain traction in the market.

*Veritex Holdings, Inc. (VBTX — $23.27 — NASDAQ)* is a commercial bank serving the Texas market through the Dallas-

Fort Worth and Houston metro areas. Following the banking panic in the spring, the stock has begun to recover after demonstrating stability in the deposit base, posting sufficient capital and a bottoming in the net interest margin. Bank stocks generally remain inexpensive and we are positive on Veritex, owing to the growth dynamics of its end markets.

Among the worst performing stocks in the quarter were IMAX Corporation (1.0%), NetScout Systems, Inc. (1.8%), and Patterson Cos. Inc. (2.5%).

*IMAX Corporation (IMAX – $15.02 – NYSE)* offers a technology platform for entertainment, most identified with its eponymous large screen theater projection system. As the writer and actor strikes in Hollywood approached four months in duration, the stock has suffered alongside the one-year pushout of a handful of marquee film releases. We first became involved with the stock following the shutdown of theaters during COVID, believing the company was mischaracterized as market-saturated theater operator. Rather, the company leases and sells the technology to enable unique, large format viewing (at higher ticket prices) in a select number of venues globally, with content including non-movie performances. Similarly misunderstood is the degree to which the company is a global operator, as nearly 70% of revenues are outside of the U.S. and much of that in local language films not overseen by Hollywood. Exiting the pandemic, the company has returned to being a sizeable free cash flow generator, but the stock trades at more than a 9% free cash flow yield.

*NetScout Systems, Inc. (NTCT – $21.95 – NASDAQ)* develops network monitoring software to identify and address sources of traffic and bottlenecks. After starting the year encouraged by customer deployments of 5G networks, the company was forced to reduce the growth outlook in October amidst a broad freeze in telecom capital spending brought about by higher interest rates. While fundamentals are currently slow, we remain encouraged by two features: one, as 5G network utilization increases, so will the usage of NetScout's monitoring software (which is fundamentally different than peer offerings). Secondly, the company's operating model has demonstrated strong free cash flow conversion over a number of years, generating sufficient free cash flow to retire nearly 10% of the shares outstanding annually, should the company choose (in the prior year, the company bought back 6% of outstanding shares and reduced debt by 70%).

*Patterson Cos. Inc. (PDCO – $28.45 – NASDAQ)* is a distributor of dental and veterinary consumables and capital equipment. Exiting the period of disruption related to covid, the core dental consumables business has remained steady (historically this business line has exhibited recession-resistant performance). However, the stock was impacted this past quarter by a reported slowdown in dental equipment sales as dentists found financing to be more costly in a period of high rates, opting to conserve cash through the deferral of equipment spending. Investor sentiment towards the name has proved volatile throughout the year, far more than the underlying steady fundamentals of the business. Longer term, we believe the company still has room to expand margins within the animal health business and the stock offers a near 4% dividend yield.

## Conclusion

We believe the Fund remains well positioned to deliver attractive risk adjusted returns over a complete market cycle. We appreciate your confidence and trust.

December 31, 2023

**Top Ten Holdings (Percent of Net Assets)**
**December 31, 2023**

| | | | |
|---|---|---|---|
| Ethan Allen Interiors Inc. | 3.4% | American Eagle Outfitters Inc. | 2.4% |
| Onto Innovation Inc. | 3.4% | OPENLANE Inc. | 2.2% |
| AAR Corp. | 3.0% | Flowserve Corp. | 2.2% |
| Advanced Energy Industries Inc. | 2.6% | Entegris Inc. | 2.1% |
| Patterson Cos. Inc. | 2.5% | Lumentum Holdings Inc. | 2.0% |

# TETON Convertible Securities Fund

**To Our Shareholders,**

For the quarter ended December 31, 2023, the Teton Convertible Securities Fund Fund net asset value ("NAV") per Class AAA Share increased 4.91% versus an increase of 6.68% for the ICE BAML All Convertibles Index. For the year, the Fund was up 5.08% versus a gain of 12.87% largely due to the fund's underweighting of equity sensitive convertibles that drove Index performance.

**Commentary**

The convertible market ended the year on a high note, participating in the strong equity markets of November and December 2023, which were largely responsible for investor returns in 2023. The risk-on environment we saw at the end of the year leaves us questioning whether this is a sign of things to come, or a head fake before a recession and a hard landing in 2024. We expect something in between these two scenarios, and believe that convertibles offer a compelling risk profile to participate in a soft landing equity bull market, while duration and yield should limit the downside we might otherwise see from a hard landing. It is the balanced nature of the current convertible market that gives us this optimism.

Traditionally, a balanced convertible portfolio has been the best way to benefit from the convertible structure as an investment over time. Typically, we have done this by investing in convertibles near par and participating as the underlying equities move higher. We continue to have the majority of our portfolio in this type of structure, and have been taking advantage of opportunities to enter positions below par which are likely to have an asymmetrical return profile over the remaining life of the bonds.

Reflecting on a volatile year in the convertible market, we have some positive takeaways. Convertible issuance for the year was a solid improvement over 2022, with 77 issues generating $52B in proceeds. The average issue for the year had a 3.2% yield, 29% conversion premium and 65 delta. These terms are generally attractive as they allow for equity participation with an increased yield. It is our expectation that convertible issuance will further improve in 2024, as there are a number of maturities over the coming two years that will need to be addressed, and converts can be an attractive way to refinance in a higher interest rate environment.

**Average Annual Returns Through December 31, 2023 (a)**

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| | Quarter | 1 Year | 3 Year | 5 Year | 10 Year | 15 Year | Since Inception 09/30/97 |
|---|---|---|---|---|---|---|---|
| **Convertible Securities Fund Class AAA** | 4.91% | 5.08% | (5.60)% | 5.89% | 5.10% | 7.90% | 6.81% |
| S&P 500 Index (b) | 11.69 | 26.29 | 10.00 | 15.69 | 12.03 | 13.97 | 8.34 |
| ICE BofA U.S. Convertibles Index (c) | 6.68 | 12.87 | (0.82) | 11.94 | 8.90 | 12.12 | 7.71 |

(a) Teton Advisors, LLC, the Adviser, reimbursed expenses to limit the expense ratio. Had such limitation not been in place, returns would have been lower. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. Other share classes are available and have different performance characteristics. See page 19 for performance of other classes of shares.

(b) The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. Dividends are considered reinvested. You cannot invest directly in an index.

(c) The ICE BofA U.S. Convertibles Index is a market value weighted index of all dollar denominated convertible securities that are exchangeable into U.S. equities that have a market value of more than $50 million. Dividends are considered reinvested. You cannot invest directly in an index.

**In the current prospectuses dated January 27, 2023, the gross expense ratio for Class AAA Shares is 1.62%, and the net expense ratio is 1.15%, after contractual reimbursements by the Adviser in place through January 31, 2024. Class AAA Shares do not have a sales charge.**

**Investors should carefully consider the investment objectives, risks, charges, and expenses of a Fund before investing. The prospectuses contains information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at www.tetonadv.com.**

***Convertible Risk*** **— a convertible bond contains the risk of the issuer not being able to repay the principal at maturity, and credit risk or default risk refers to the risk which may arise due to default on the part of the issuer of the fixed income security (i.e. will be unable to make timely principal and interest payments on the security).**

***Returns represent past performance and do not guarantee future results. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.tetonadv.com for performance information as of the most recent month end.***

Continued issuance allows us to stay current and we expect to selectively layer new issues into our portfolio to maintain the asymmetrical risk profile we seek to achieve. Additionally, convertibles that were issued at unattractive terms at market highs in 2021 have generally found bond floor and some offer a compelling yield to maturity. Companies that can have been repurchasing these bonds in an accretive transaction, or refinancing them by issuing converts with a more attractive profile. We expect this trend to persist in 2024, and we will continue to look for opportunities in this segment of the market.

The Bloomberg Barclays US Convertible market is now $270B across 513 issues with a 49% premium to conversion value, while the TWW Convertible Securities Fund offers a 34% conversion premium to conversion value. Sensitivity to moves in underlying equities has increased slightly from year end, with the market delta now at 48. The Fund's delta is slightly higher at 55. At these levels, we expect interest rate moves to have less of an impact on our fixed income equivalent holdings than they have had over the past 2 years. This will help us outperform in a volatile equity market. At quarter end, our portfolio was 7% equity sensitive, 63% total return, and 30% fixed income equivalent. This compares to the market at 26% equity, 39% total return, and 35% fixed income equivalent.

Our top performers in the second quarter included Stride Inc. (2.6% of net assets as of December 31, 2023) (online learning solutions), Impinj (2.3%) (RFID semiconductors and equipment), and Indie Semiconductor (2.5%) (automotive semiconductors). Our top detractors for the quarter were Array Technologies (2.7%) (solar tracking solutions) and Chart Industries (2.0%) (cryogenic equipment).

**Let's Talk Investments**

*CSG Systems International (2.1%) (Cv. 3.875% of 9/15/28)*, is headquartered in Englewood, Colorado. This was a new issue added in the quarter from a repeat convertible issuer. CSG is a customer experience software provider that offers billing solutions and related products to cable, satellite, and communication service companies. The recurring revenues, margins, and retention rate make for an attractive business, with an opportunity to grow as more companies provide direct to consumer offerings or look to improve on their customer experience. These bonds have an attractive yield and should move higher as the stock appreciates over the coming years.

*Pacific Gas & Electric (2.2%) (Cv. 4.25% of 12/1/27),* headquartered in Oakland, California, provides natural gas and electricity to customers in California. The company emerged from bankruptcy in 2020 with an improved focus on safety and risk mitigation. PG&E is unique amongst utilities in that it pays a nominal dividend, allowing it to grow its rate base over the coming years, which should lead to equity appreciation. The convertible is priced with an attractive coupon, and should participate as the stock moves higher over the next 5 years.

December 31, 2023

**Top Ten Holdings (Percent of Net Assets)**
**December 31, 2023**

| | | | |
|---|---|---|---|
| Progress Software Corp., 1.00%, 04/15/26 | 4.1% | Live Nation Entertainment, 3.125%, 01/15/29 | 2.9% |
| Perficient Inc., 0.125%, 11/15/26 | 3.4% | Array Technologies Inc., 1.00%, 12/01/28 | 2.7% |
| SoFi Technologies Inc., 0.0%, 10/15/26 | 3.3% | Liberty Media Corp., Conv. Notes, 2.25%, 08/15/27 | 2.6% |
| CMS Energy Corp., 3.375%, 05/01/28 | 3.1% | Stride Inc., 1.125%, 09/01/27 | 2.6% |
| Bandwidth Inc., 0.25%, 03/01/26 | 3.0% | PPL Capitol Funding Inc., 2.875%, 03/15/28 | 2.5% |

# TETON Westwood Equity Fund

**To Our Shareholders,**

For the quarter ended December 31, 2023, the TETON Westwood Equity Fund's net asset value ("NAV") per Class AAA Share returned 8.29% versus a return of 11.69% for the S&P 500 Index. For the trailing twelve months, the Class AAA Share returned 7.48%, compared to the S&P 500 Index at 26.29%.

**Market Commentary**

Despite mixed economic signals internationally and marginally positive economic data stateside, U.S. debt and equity investors clicked the buy button across the board with just a few exceptions. U.S. consumers and the labor market remain resilient and healthy by most metrics, but there are hints of potential strain as surging credit card debt, relatively low sentiment (which got a bump in December), and a still pricey and "stuck" housing market. The quarter certainly seemed to bring an end to the broad 'higher for longer' interest rate concerns, but investors could be getting a bit ahead of themselves already pricing in six cuts for the Federal Reserve in 2024.

Reversals in both U.S. Treasury yields and the abrupt about-face in Fed speak around the timing of rate cuts fueled a nine-week rally of consecutive gains beginning in November. The rally pushed the S&P to a 26.29% return for the year with the index finishing within shouting range of its record high. The S&P 500 ended up 11.69% in the fourth quarter; November's gain of 9.13% was the largest monthly jump since May 1985.

The strongest quarter of performance for the year was also the broadest. Both the cyclically oriented Dow Jones Index and the tech-heavy Nasdaq outperformed the S&P and small-cap stocks finally outperformed large-caps. Large-cap value continued to trail growth as the Russell 1000 Value Index gained 9.50% compared to 14.16% for the Russell 1000 Growth Index. Small-caps finally rebounded with a strong quarter, as the Russell 2000 Index added 14.03%; in the small-cap world value stocks (15.26%) outgained growth names (12.75%).

Within the economy, CPI readings fell to the 3% range as the year closed, showing the slowest rate of increase since 2021 and leading to hope that the inflation monster may have finally been slain. Consumer sentiment continued to decline, though spending in the critical holiday season seemed to be elevated over previous years. Consumer debt levels remain elevated, though, and high interest rates on consumer debt could spell trouble for this critical component of the economy.

The "Powell Pivot" sent bonds on a furious rally to close out the year. Bonds were looking to log a third consecutive year of negative returns until the end of October, when the Treasury decided to issue more short-term T-bills, as opposed to longer-dated bonds. This, followed by Fed Chairman Powell's statements on November 1 that were interpreted as dovish – moving their stance from "higher for longer" to a more accommodative position – caused the bond market to rally to the end of the year.

After advancing to nearly a 5% yield in the third quarter, 10-year Treasury bond yields turned sharply lower during

**Average Annual Returns Through December 31, 2023 (a)**

Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Performance returns for periods of less than one year are not annualized.

| | Quarter | 1 Year | 3 Year | 5 Year | 10 Year | 15 Year | Since Inception 01/02/87 |
|---|---|---|---|---|---|---|---|
| **Equity Fund Class AAA (WESWX)** | 8.29% | 7.48% | 7.00% | 9.74% | 8.11% | 9.75% | 9.65% |
| S&P 500 Index (b) | 11.69 | 26.29 | 10.00 | 15.69 | 12.03 | 13.97 | 10.77 |

(a) Other share classes are available and have different performance characteristics. See page 19 for performance of other classes of shares.

(b) The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. Dividends are considered reinvested. You cannot invest directly in an index. S&P 500 Index since inception performance is as of December 31, 1986.

**In the current prospectuses dated January 27, 2023, the expense ratio for Class AAA Shares is 1.64%. Class AAA Shares do not have a sales charge.**

**Investors should carefully consider the investment objectives, risks, charges, and expenses of a Fund before investing. The prospectuses contains information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at www.tetonadv.com.**

***Returns represent past performance and do not guarantee future results. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.tetonadv.com for performance information as of the most recent month end.***

the fourth quarter and finished 2023 in roughly the same place as they began, at 3.88%. For the quarter, most of the Treasury curve rallied with the 2-year yield down 79 basis points (bps) and 30-year bonds down 67 bps. The substantial decline in real yields—the inflation-adjusted cost of borrowing—drove most of the steep drop in nominal yields, largely due to investor expectations for future Fed easing.

Corporate credit also advanced in the fourth quarter, as investment grade bonds added 8.15%, while high yield bonds gained 7.17%. The spread between corporate and Treasury yields declined in the quarter, indicating optimism about defaults and continued economic gains into 2024. Overall, the broad market Bloomberg U.S. Aggregate Index gained 6.82% for the quarter, ending the year with a positive return of 5.53%.

As the year closed, the idea of a "soft landing" or perhaps no recession at all, gained momentum, with the smart money on the first rate cut in March or May of 2024. The broad-based rally to close 2023 certainly indicated that investor sentiment had shifted to positive territory, as volatility fell and many stocks – not just the mega-cap growth Magnificent Seven – achieved new highs. With 2023 firmly in the rear-view mirror, we now see that S&P 500 returns for the past five years at 15.69%, were well in excess of historical norms. Investors would be wise to note that what goes up, typically comes down, often much quicker than we'd like.

**Market Outlook**

An increasingly accommodative Fed rate trajectory can certainly be considered a bullish tailwind for 2024. At this point it is clear that interest rates have plateaued, and easing financial conditions are already making their way into the markets. Core inflation can continue to push lower, with prices for shelter/housing and energy falling as U.S. production ramps up and global demand softens – all good things at a macro level. But from a valuation perspective, we must remember that interest rate cuts have thus far been telegraphed by the Federal Open Market Committee and already priced (or overpriced) into the market.

Overall, consumers seem optimistic, but many have depleted savings and are increasingly levered with high-rate credit card debt. And while easing inflation is good for consumers, it reduces pricing power and margin growth for companies. Earnings growth should be accelerating into 2024 – coming off a low base in 2023 – and economic growth has been stronger than expected, driven by better real income growth and still-low unemployment. With ongoing concerns about employment and wage growth, the result may mean slower GDP growth overall in 2024 and 2025.

It appears that the earnings contraction is already behind us, with earnings likely bottoming in the third quarter of 2023. Another important milestone to note is that the S&P hit its all-time high almost 2 years ago, in early January 2022 (which technically marked the starting point of that year's bear market). Two years is a long time to remain below the previous all-time high unless we are in recession. Looking at all bear markets historically, stocks have taken a median of 48 months (about 4 years) to travel back to their preceding peak. But bear markets that do not include a recession like we experienced in 2022, have historically taken only 11 months to recover. The question now will be just how accommodative the Fed will get and what impact geopolitical risks and the coming election will have on market behavior.

We will maintain our focus on the intersection of quality and value, seeking select businesses trading at an attractive valuation. These basic rules form a strong investment foundation that applies across the market capitalization spectrum. We feel that high caliber, high demand businesses with sustainable competitive advantages, strong cash flows, attractive dividends and a history of execution, can be resilient in uncertain economic environments like we see today. All in all, we remain cautiously optimistic, the same sentiment noted as we entered 2023, but current opportunities are obviously far different.

**Quarterly Performance Equity Drivers**

The fourth quarter rally began in late October, after a series of dispiriting economic releases that had solidified the "higher for longer" interest rate trajectory caused markets to sink following a mid-summer rally. The rally was sparked by statements from the Federal Reserve that seemed to indicate that the rate hike regime had come to an end. The "Powell Pivot" caused the S&P 500 to rally 6.5% over the next eight trading days; the index finished the calendar year within a hair's breadth of all-time highs. The rally off the bottom was encouraging in that it spread beyond the Magnificent Seven, the large-cap technology stocks that had dominated the market for much of the year. Small- and mid-cap stocks participated, and value outperformed growth for the last two months of the year.

The top performing sector for the Fund was Information Technology, followed by the Real Estate and Financials sectors. The Energy sector was the only one with a negative total return in the quarter. On a relative basis, both asset allocation and stock selection were detractors in the quarter. Our allocation was a leading factor in both the top two and bottom two sectors on a relative basis: Financials and Real Estate at the top, and Information Technology and Energy at the bottom.

The biggest factor to relative performance, however, was what we didn't own: the Magnificent Seven stocks comprised 28.5% of the S&P 500 at the end of the quarter, compared to just 8.2% of the Fund. Those seven stocks contributed nearly all of the index's return for the calendar year, and a significant portion of the fourth quarter return as well.

Four banks were among the top contributors in the quarter. The top contributor was **Bank of America Corp. (ticker: BAC)** (3.2%), which gained nearly 25%. The company is the asset-sensitive bank in its peer group, and as investors see interest rates falling, we believe they can take retail deposit share. **Goldman Sachs Group (GS)** (2.7%) gained in the quarter on lower interest rates and hopes that M&A activity would accelerate in 2024. **Wells Fargo (WFC)** (2.0%)was also a winner in the quarter as the company's high-quality deposit base proved attractive to investors. Last, **JP Morgan Chase (JPM)** (2.6%) also advanced in the quarter, as this best-in-class bank continues to grow deposits and loans, while managing expenses.

Also among top contributors was **Microsoft Corp. (MSFT)** (3.2%), which continued to advance on hopes they can integrate artificial intelligence into the company's product line.

Two energy companies were the top detractors in the quarter, following a strong run for energy stocks for the first nine months of the year. **Exxon Mobil (XOM)** (1.7%) and **Chevron Corporation (CVX)** (2.2%) both declined more than 10% in the quarter as oil prices declined due to higher supplies and stable demand.

Pharmaceutical device maker **Becton, Dickinson & Co (BDX)** (2.2%) declined following a lackluster earnings report, as management reiterated previous guidance for 2024. **Hershey Company (HSY)** (1.8%) fell despite a good earnings report and declining raw goods prices. Last, global beauty supplier **Estee Lauder (EL)** continued its decline as a hoped-for recovery in Asia failed to materialize. We have eliminated our position in the stock.

December 31, 2023

**Top Ten Holdings (Percent of Net Assets)**
**December 31, 2023**

| | | | |
|---|---|---|---|
| Microsoft Corp. | 3.2% | UnitedHealth Group Inc. | 2.7% |
| Bank of America Corp. | 3.2% | JPMorgan Chase & Co. | 2.6% |
| Johnson & Johnson | 3.2% | Honeywell International Inc. | 2.6% |
| Abbott Laboratories | 3.1% | American International Group Inc. | 2.5% |
| The Goldman Sachs Group Inc. | 2.8% | Accenture plc | 2.4% |

# TETON Westwood Balanced Fund

**To Our Shareholders,**

For the quarter ended December 31, 2023, the TETON Westwood Balanced Fund's net asset value ("NAV") per Class AAA Share returned 7.71% versus a return of 9.67% for the benchmark, the 60% S&P 500 Stock Index/40% Bloomberg Government/Credit Bond Index (BB G/C). For the trailing twelve months, the Class AAA Share returned 9.71%, while the blended benchmark returned 18.06%.

**Notes on the Fund**

The Fund is designed to provide exposure to equities while reducing overall risk through investment in investment grade fixed income securities. The bond portion typically invests in high quality notes with lower interest rate sensitivity — and generally a shorter maturity — than the BB G/C, with the objective of dampening the volatility of equity holdings.

**Market Commentary**

Despite mixed economic signals internationally and marginally positive economic data stateside, U.S. debt and equity investors clicked the buy button across the board with just a few exceptions. U.S. consumers and the labor market remain resilient and healthy by most metrics, but there are hints of potential strain as surging credit card debt, relatively low sentiment (which got a bump in December), and a still pricey and "stuck" housing market. The quarter certainly seemed to bring an end to the broad 'higher for longer' interest rate concerns, but investors could be getting a bit ahead of themselves, already pricing in six cuts for the Federal Reserve in 2024.

Reversals in both U.S. Treasury yields and the abrupt about-face in Fed speak around the timing of rate cuts fueled a nine-week rally of consecutive gains beginning in November. The rally pushed the S&P to a 26.29% return for the year, with the index finishing within shouting range of its record high. The S&P 500 ended up 11.69% in the fourth quarter; November's gain of 9.13% was the largest monthly jump since May 1985.

The strongest quarter of performance for the year was also the broadest. Both the cyclically oriented Dow Jones Index and the tech-heavy Nasdaq outperformed the S&P, and small-cap stocks finally outperformed large-caps. Large-cap value continued to trail growth as the Russell 1000 Value Index gained 9.50% compared to 14.16% for the Russell 1000 Growth Index. Small-caps finally rebounded with a strong quarter, as the Russell 2000 Index added 14.03%; in the small-cap world, value stocks (15.26%) outperformed growth names (12.75%).

Within the economy, CPI readings fell to the 3% range as the year closed,

**Average Annual Returns Through December 31, 2023 (a)**

Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Performance returns for periods of less than one year are not annualized.

| | Quarter | 1 Year | 3 Year | 5 Year | 10 Year | 15 Year | Since Inception 10/01/91 |
|---|---|---|---|---|---|---|---|
| **Balanced Fund Class AAA (WEBAX)** | 7.71% | 9.71% | 3.37% | 6.53% | 5.63% | 6.92% | 7.79% |
| 60% S&P 500 Index and 40% Bloomberg Government/ Credit Bond Index (b) | 9.67 | 18.06 | 4.59 | 9.98 | 8.01 | 9.49 | 8.12 |
| S&P 500 Index (c) | 11.69 | 26.29 | 10.00 | 15.69 | 12.03 | 13.97 | 10.26 |
| Bloomberg Government/Credit Bond Index (d) | 6.63 | 5.72 | (3.53) | 1.41 | 1.97 | 2.77 | 4.90 |

(a) Teton Advisors, LLC, the Adviser, reimbursed expenses in years prior to 1998 to limit the expense ratio. Had such limitation not been in place, returns would have been lower. Other share classes are available and have different performance characteristics. See page 19 for performance of other classes of shares.

(b) The Blended Index consists of a blend of 60% the S&P 500 Index and 40% Bloomberg Government/Credit Bond Index.

(c) The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. Dividends are considered reinvested. You cannot invest directly in an index. Since inception performances are as of September 30, 1991.

(d) The Bloomberg Government/Credit Bond Index is a market value weighted index that tracks the performance of fixed rate, publicly placed, dollar denominated obligations. Since inception performances are as of September 30, 1991.

**In the current prospectuses dated January 27, 2023, the expense ratio for Class AAA Shares is 1.41%. Class AAA Shares do not have a sales charge.**

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***Investing in foreign securities involves risks not ordinarily associated with investment in domestic issues including currency fluctuations, economic and political risks.***

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showing the slowest rate of increase since 2021, and leading to hope that the inflation monster may have finally been slain. Consumer sentiment continued to decline, though spending in the critical holiday season seemed to be elevated over previous years. Consumer debt levels remain elevated, though, and high interest rates on that consumer debt could spell trouble for this critical component of the economy.

The "Powell Pivot" sent bonds on a furious rally to close out the year. Bonds were looking to log a third consecutive year of negative returns until the end of October, when the Treasury decided to issue more short-term T-bills, as opposed to longer-dated bonds. This, followed by Fed Chairman Powell's statements on November 1, which were interpreted as dovish – moving their stance from "higher for longer" to a more accommodative position – caused the bond market to rally to the end of the year.

After advancing to nearly a 5% yield in the third quarter, 10-year Treasury bond yields turned sharply lower during the fourth quarter and finished 2023 in roughly the same place they began, at 3.88%. For the quarter, most of the Treasury curve rallied with the 2-year yield down 79 basis points (bps) and 30-year bonds down 67 bps. The substantial decline in real yields—the inflation-adjusted cost of borrowing—drove most of the steep drop in nominal yields, largely due to investor expectations for future Fed easing.

Corporate credit also advanced in the fourth quarter, as investment grade bonds added 8.15%, while high yield bonds gained 7.17%. The spread between corporate and Treasury yields declined in the quarter, indicating optimism about defaults and continued economic gains into the new year. Overall, the broad market Bloomberg U.S. Aggregate Index gained 6.82% for the quarter, ending the year with a positive return of 5.53%.

As the year closed, the idea of a "soft landing" or perhaps no recession at all gained momentum, with the smart money on the first rate cut in March or May of 2024. The broad-based rally to close 2023 certainly indicated that investor sentiment had shifted to positive territory, as volatility fell and many stocks – not just the mega-cap growth Magnificent Seven – achieved new highs. With 2023 firmly in the rear view mirror, we now see S&P 500 returns for the past five years at 15.69%, well in excess of historical norms. Investors would be wise to note that what goes up typically comes down, often much quicker than we would like.

## Market Outlook

An increasingly accommodative Fed rate trajectory can certainly be considered a bullish tailwind for 2024. At this point it is clear that interest rates have plateaued and easing financial conditions are already making their way into the markets. Core inflation can continue to push lower, with prices for shelter/housing and energy falling as U.S. production ramps up and global demand softens – all good things at a macro level. But, from a valuation perspective, we must remember that interest rate cuts have thus far been telegraphed by the Federal Open Market Committee and already priced (or overpriced) into the market.

Overall, consumers seem optimistic, but many have depleted savings and are increasingly levered with high rate credit card debt. And while easing inflation is good for consumers, it reduces pricing power and margin growth for companies. Earnings growth should be accelerating into 2024 – coming off a low base in 2023 – and economic growth has been stronger than expected, driven by better real income growth and still-low unemployment. With ongoing concerns about employment and wage growth, the result may mean slower GDP growth overall in 2024 and 2025.

It appears that the earnings contraction is already behind us, with earnings likely bottoming in the third quarter of 2023. Another important milestone to note is that the S&P hit its all-time high almost 2 years ago, in early January 2022 (which technically marked the starting point of that year's bear market). Two years is a long time to remain below the previous all-time high unless we are in recession. Looking at all bear markets historically, stocks have taken a median of 48 months (about 4 years) to travel back to their preceding peak. But bear markets that do not include a recession like we experienced in 2022 have historically taken only 11 months to recover. The question now will be just how accommodative the Fed will get and what impact geopolitical risks and the coming election will have on market behavior.

We will maintain our focus on the intersection of quality and value, seeking select businesses trading at an attractive valuation. These basic rules form a strong investment foundation that applies across the market capitalization spectrum. We feel that high caliber, high demand businesses with sustainable competitive advantages, strong cash flows, attractive dividends, and a history of execution, can be resilient in uncertain economic environments such as we see today. All in all, we remain cautiously optimistic, the same sentiment noted as we entered 2023, but current opportunities are obviously far different.

## Quarterly Performance Fixed Income Drivers

Bonds rallied in the quarter, as ten-year Treasury rates peaked at 4.98% on October 19, then fell over 100 basis points to close at 3.88% in December, the same place they started the year. Market expectations changed quickly, moving from rate cuts in late 2024 to nearly even odds that the Fed would cut rates in March 2024. High yield and investment-grade credit did particularly well in the fourth quarter, as investors see benign credit conditions tempering credit risk.

Within the portfolio, our fixed income holdings outperformed those of the benchmark, though our underweight position was a hindrance. The bulk of our outperformance came from our corporate debt investments, which outperformed Treasuries in the quarter. Our small Treasury allocation (about 4% of the Fund) posted double-digit returns, owing to a long duration in that sector (we typically use Treasuries to implement our duration strategy). We have kept the strategy's duration longer than the benchmark, as we believe that the most likely next move for interest rates will be lower, based on the Fed's most recent statements and the bulk of economic reporting over the past few months.

**Quarterly Performance Equity Drivers**

Our equity performance lagged the benchmark, as our quality and value orientation was largely out of favor during the fourth quarter, when lower-quality names led the rally. Our tactical overweight to equities was beneficial, however, as the S&P 500 surpassed the bond market in the quarter.

The top-performing sectors on an absolute basis in the quarter were the Real Estate and Information Technology sectors, with Financials close behind. Only the Energy sector provided a negative return.

At the security level, two financial companies were among the top contributors: **Bank of America Corp. (BAC)** (2.3% of net assets as of December 31, 2023) and **Goldman Sachs Group (GS)** (1.1%), both seeing their earnings rebounding as interest rates declined. **Amazon Inc. (AMZN)**, (2.3%) one of the "Magnificent Seven" stocks that drove S&P 500 returns for much of the year, was also among our top five. Detracting from performance were oil giants **ExxonMobil Corp. (XOM)** (0.9%) and **Chevron Corp. (CVX)** (1.0%), both declining as commodity prices fell. Our top detractor was **Estee Lauder Corp. (EL)**, which was sold from the portfolio as the company's hoped-for expansion in China failed to materialize, breaking our investment thesis.

December 31, 2023

**Top Ten Issuers* (Percent of Net Assets)**
**December 31, 2023**

| | | | |
|---|---|---|---|
| Apple Inc. | 3.9% | AP Moller-Maersk A/S, 4.50%, 06/20/29 | 2.3% |
| Microsoft Corp. | 3.9% | Bank of America Corp., CS & 2.572%, 10/20/32 | 2.3% |
| CVS Health Corp., C.S. & 3.25%, 08/15/29 | 3.2% | Johnson & Johnson | 1.9% |
| Alphabet Inc. | 2.5% | Fifth Third Bancorp., 2.375%, 01/28/25 | 1.9% |
| Amazon.com Inc. | 2.3% | Abbott Laboratories | 1.8% |

*Bond and equity positions have been combined.

*Past performance is not indicative of future results. No investment strategy can guarantee performance results. All investments are subject to risk, including loss of principal invested. One cannot invest directly in an index. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. Estimates provided are subject to change without notice. Actual results may materially differ from those provided.*

*The opinions expressed in these materials represent the personal views of Westwood investment professionals and are based on their broad investment knowledge, experience, research and analysis. However, market conditions, strategic approaches, return projections and other key factors upon which the views presented in these materials are based remain subject to fluctuation and change. Consequently, it must be noted that no one can accurately predict the future of the market with certainty or guarantee future investment performance.*

*This presentation contains "forward-looking statements." Forward-looking statements can be identified by the words "may," "will," "intend," "expect," "estimate," "continue," "plan," "anticipate," "could," "should," and similar terms and the negative of such terms. By their nature, forward-looking statements involve risks and uncertainties, and actual results could vary significantly from those contemplated by the forward-looking statements. Several factors that could materially affect actual results are the performance of the portfolio securities, the condition in the U.S. and international financial, and other markets and factors. Actual results could differ materially from those projected or assumed in our forward-looking statements.*

*References to Westwood Management Corp. in this document may describe any combination of Westwood Holdings Group, Inc. and its wholly owned subsidiaries, which include Westwood Trust, and Westwood Advisors, LLC. The parent company of Westwood Trust and Westwood Advisors, LLC, Westwood Holdings Group, Inc. was launched as a public company in 2002, trading on the New York Stock Exchange under the symbol "WHG". This information is being provided solely for educational purposes and is not an offer to sell or solicitation of an offer to buy an interest in any investment fund. Any such offer or solicitation may only be made by means of a confidential private offering memorandum or prospectus relating to a particular fund and only in a manner consistent with federal and applicable state securities laws.*

## Portfolio Management Team

Mario J. Gabelli, CFA
Portfolio Manager
WEMMX

Thomas Browne, Jr., CFA
Portfolio Manager
WESCX • WEMMX

Scott R. Butler
Senior Vice President
WESCX • WEMMX

James Dinsmore, CFA
Portfolio Manager
WESRX

Sarah Donnelly
Portfolio Manager
WEMMX

Joseph Gabelli
Portfolio Manager
WEMMX

Nicholas F. Galluccio
Portfolio Manager
WESCX • WEMMX

Lauren Hill, CFA
Portfolio Manager
WESWX • WEBAX

P. Adrian Helfert
Portfolio Manager
WEBAX

Brian Leonard, CFA
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Brian Sponheimer
Portfolio Manager
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Hendi Susanto
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Macrae Sykes
Portfolio Manager
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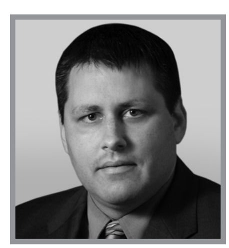

Michael Wall
Portfolio Manager
WESWX • WEBAX

Please refer to the January 2024 Prospectus for the members of the Investment Research Advisory Committee, who work with the team leaders in developing and executing each Fund's investment program.

## TETON Westwood Funds and Your Personal Privacy

### Who are we?

The TETON Westwood Funds are investment companies registered with the Securities and Exchange Commission under the Investment Company Act of 1940. These Funds are managed by Teton Advisors, LLC and Keeley-Teton Advisors, LLC, both wholly-owned subsidiaries of Teton Advisors, Inc., a publicly held company whose subsidiaries provide investment advisory services to mutual funds and other clients, including through separately managed accounts. Teton Advisors, Inc. is an affiliate of GAMCO Investors, Inc., a publicly held company that has subsidiaries that provide investment advisory services for a variety of clients.

### What kind of non-public information do we collect about you if you become a fund shareholder?

If you apply to open an account directly with us, you will be giving us some non-public information about yourself. The non-public information we collect about you is:

- *Information you give us on your application form.* This could include your name, address, telephone number, social security number, bank account number, and other information.
- *Information about your transactions with us, any transactions with our affiliates, and transactions with the entities we hire to provide services to you.* This would include information about the shares that you buy or redeem. If we hire someone else to provide services—like a transfer agent—we will also have information about the transactions that you conduct through them.

### What information do we disclose and to whom do we disclose it?

We do not disclose any non-public personal information about our customers or former customers to anyone other than our affiliates, our service providers who need to know such information, and as otherwise permitted by law. If you want to find out what the law permits, you can read the privacy rules adopted by the Securities and Exchange Commission. They are in volume 17 of the Code of Federal Regulations, Part 248. The Commission often posts information about its regulations on its website, www.sec.gov.

### What do we do to protect your personal information?

We restrict access to non-public personal information about you to the people who need to know that information in order to provide services to you or the fund and to ensure that we are complying with the laws governing the securities business. We maintain physical, electronic, and procedural safeguards to keep your personal information confidential.

### Minimum Initial Investment

For all Funds, the minimum initial investment for Class AAA, Class A, and Class C Shares is $1,000 ($250 for IRAs or Coverdell Education Savings Plans). For all Funds except the Convertible Securities Fund, the minimum initial investment for Class I Shares is $500,000, and for the Convertible Securities Fund it is $100,000, for investors purchasing Class I Shares directly through the distributor or brokers that have entered into selling agreements specifically with respect to Class I Shares.

The distributor or its affiliates may, at their discretion, waive the minimum investment requirement under certain circumstances. There is no minimum for subsequent investments. Broker-dealers and financial intermediaries may have different minimum investment requirements.

The Funds offer an automatic monthly investment plan. For Class AAA, Class A, and Class C Shares, there is no initial minimum investment for accounts establishing an automatic investment plan except for the Mighty Mites Fund, where the minimum initial investment is $1,000. Call your financial intermediary or the distributor at 800-GABELLI (800-422-3554) for more details about the plan.

### www.tetonadv.com

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

The Funds' daily net asset values are available in the financial press and each evening after 7:00 PM (Eastern Time) by calling 800-GABELLI (800-422-3554). Please call us during the business day, between 8:00 AM – 7:00 PM (Eastern Time), for further information. Thank you for investing in the TETON Westwood Funds. We look forward to serving your investment objectives in the years ahead.

### e-delivery

We are pleased to offer electronic delivery of fund documents. Direct shareholders of our open-end funds can now elect to receive their Annual and Semiannual Reports, Manager Commentaries, and Prospectuses via e-delivery. For more information, please visit our distributor's website at www.gabelli.com. You may also sign up for our e-mail alerts and receive early notice of quarterly report availability, news events, media sightings, and mutual fund prices and performance via our website. The TETON Westwood Mutual Funds are distributed by G.distributors, LLC., a registered broker-dealer and member of FINRA.

**Nasdaq Symbols Table**

| TETON Westwood Funds | Class AAA | Class A | Class C | Class I |
|---|---|---|---|---|
| Mighty Mites℠ | WEMMX | WMMAX | WMMCX | WEIMX |
| SmallCap Equity | WESCX | WWSAX | WWSCX | WWSIX |
| Convertible Securities | WESRX | WEIAX | WEICX | WESIX |
| Equity | WESWX | WEECX | WEQCX | WEEIX |
| Balanced | WEBAX | WEBCX | WBCCX | WBBIX |

# TETON WESTWOOD FUNDS

## Average Annual Returns – December 31, 2023

Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses.
Performance returns for periods of less than one year are not annualized.

### Class AAA Shares (a)

| | 1 Year | 5 Year | 10 Year | 15 Year | Since Inception | Gross Expense Ratio | Expense Ratio after Adviser Reimburse-ments | Maximum Sales Charge |
|---|---|---|---|---|---|---|---|---|
| Mighty Mites[SM] . . . . . . | 13.31% | 8.55% | 5.63% | 10.42% | 9.99% | 1.41% | 1.41% | None |
| SmallCap Equity . . . . . | 12.63 | 12.80 | 8.51 | 12.99 | 8.09 | 1.64 | 1.25 | None |
| Convertible Securities | 5.08 | 5.89 | 5.10 | 7.90 | 6.81 | 1.62 | 1.15 | None |
| Equity . . . . . . . . . . . . | 7.48 | 9.74 | 8.11 | 9.75 | 9.65 | 1.64 | 1.64 | None |
| Balanced . . . . . . . . . | 9.71 | 6.53 | 5.63 | 6.92 | 7.79 | 1.41 | 1.41 | None |

### Class A Shares (a)(b)(c)

| | 1 Year | 5 Year | 10 Year | 15 Year | Since Inception | Gross Expense Ratio | Expense Ratio after Adviser Reimburse-ments | Maximum Sales Charge |
|---|---|---|---|---|---|---|---|---|
| Mighty Mites[SM] . . . . . . | 8.82% | 7.57% | 5.02% | 9.90% | 9.62% | 1.41% | 1.41% | 4.00% |
| SmallCap Equity . . . . . | 8.11 | 11.78 | 7.88 | 12.46 | 7.77 | 1.64 | 1.25 | 4.00 |
| Convertible Securities | 0.94 | 4.95 | 4.50 | 7.39 | 6.45 | 1.62 | 1.15 | 4.00 |
| Equity . . . . . . . . . . . . | 3.08 | 8.74 | 7.49 | 9.25 | 9.32 | 1.64 | 1.64 | 4.00 |
| Balanced . . . . . . . . . | 5.36 | 5.56 | 5.02 | 6.42 | 7.41 | 1.41 | 1.41 | 4.00 |

### Class C Shares (a)(c)(d)

| | 1 Year | 5 Year | 10 Year | 15 Year | Since Inception | Gross Expense Ratio | Expense Ratio after Adviser Reimburse-ments | Maximum Sales Charge |
|---|---|---|---|---|---|---|---|---|
| Mighty Mites[SM] . . . . . . | 11.49% | 7.75% | 4.85% | 9.60% | 9.27% | 2.16% | 2.16% | 1.00% |
| SmallCap Equity . . . . . | 10.76 | 11.95 | 7.70 | 12.15 | 7.39 | 2.39 | 2.00 | 1.00 |
| Convertible Securities | 3.36 | 5.10 | 4.31 | 7.09 | 6.19 | 2.37 | 1.90 | 1.00 |
| Equity . . . . . . . . . . . . | 5.68 | 8.90 | 7.30 | 8.93 | 9.09 | 2.39 | 2.39 | 1.00 |
| Balanced . . . . . . . . . | 7.95 | 5.72 | 4.85 | 6.12 | 7.17 | 2.16 | 2.16 | 1.00 |

### Class I Shares (a)(c)

| | 1 Year | 5 Year | 10 Year | 15 Year | Since Inception | Gross Expense Ratio | Expense Ratio after Adviser Reimburse-ments | Maximum Sales Charge |
|---|---|---|---|---|---|---|---|---|
| Mighty Mites[SM] . . . . . . | 13.59% | 8.82% | 5.90% | 10.69% | 10.16% | 1.16% | 1.16% | None |
| SmallCap Equity . . . . . | 12.89 | 13.08 | 8.78 | 13.27 | 8.25 | 1.39 | 1.00 | None |
| Convertible Securities | 5.35 | 6.15 | 5.37 | 8.17 | 6.98 | 1.37 | 0.90 | None |
| Equity . . . . . . . . . . . . | 7.78 | 10.02 | 8.36 | 10.02 | 9.77 | 1.39 | 1.39 | None |
| Balanced . . . . . . . . . | 10.00 | 6.81 | 5.90 | 7.19 | 7.92 | 1.16 | 1.16 | None |

| Inception Date | Class AAA Shares | Class A Shares | Class C Shares | Class I Shares |
|---|---|---|---|---|
| Mighty Mites[SM] . . . . . . . | 05/11/98 | 11/26/01 | 08/03/01 | 01/11/08 |
| SmallCap Equity . . . . . . | 04/15/97 | 11/26/01 | 11/26/01 | 01/11/08 |
| Convertible Securities . . | 09/30/97 | 05/09/01 | 11/26/01 | 01/11/08 |
| Equity . . . . . . . . . . . . . | 01/02/87 | 01/28/94 | 02/13/01 | 01/11/08 |
| Balanced . . . . . . . . . . . | 10/01/91 | 04/06/93 | 09/25/01 | 01/11/08 |

(a) For the SmallCap Equity and Convertible Securities Funds (and for the Mighty Mites Fund through September 30, 2005), Teton Advisors, LLC, and before that, Teton Advisors, Inc. (collectively, the "Adviser") reimbursed expenses to limit the expense ratio. Had such limitations not been in place, returns would have been lower. The contractual expense limitations are in effect through January 31, 2023 and are renewable annually by the Adviser. The Funds, except for the Equity and Balanced Funds, impose a 2.00% redemption fee on shares sold or exchanged within seven days after the date of purchase.

(b) Includes the effect of the maximum 4.00% sales charge at the beginning of the period.

(c) The performance of the Class AAA Shares is used to calculate performance for the periods prior to the issuance of Class A Shares, Class C Shares, and Class I Shares. The performance for the Class A Shares and Class C Shares would have been lower due to the additional fees and expenses associated with these classes of shares. The performance for the Class I Shares would have been higher due to the lower expenses associated with this class of shares. The inception dates for the Class AAA Shares and the initial issuance dates for the Class A Shares, Class C Shares, and Class I Shares after which shares remained continuously outstanding are listed above.

(d) Assuming payment of the 1.00% maximum contingent deferred sales charge imposed on redemptions made within one year of purchase.

**Investors should carefully consider the investment objectives, risks, charges, and expenses of a Fund before investing. The prospectuses contains information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at www.tetonadv.com.**

***Returns represent past performance and do not guarantee future results. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.tetonadv.com for performance information as of the most recent month end.***

# THE TETON WESTWOOD FUNDS

**TETON Westwood Mighty Mites℠ Fund**
**TETON Westwood SmallCap Equity Fund**
**TETON Convertible Securities Fund**
**TETON Westwood Equity Fund**
**TETON Westwood Balanced Fund**


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We have separated the portfolio managers' commentaries from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio managers' commentaries is unrestricted. Both the commentaries and the financial statements, including the portfolio of investments, are available on our website at www.tetonadv.com.