

The Gabelli Small Cap Growth Fund

Shareholder Commentary – December 31, 2009



Mario Gabelli, CFA

Morningstar® rated The Gabelli Small Cap Growth Fund Class AAA Shares 5 stars overall and 5 stars for the three and five year periods and 4 stars for the ten year period ended December 31, 2009 among 566, 566, 467, and 243 Small Blend funds, respectively.

To Our Shareholders,

For the fourth quarter of 2009, the net asset value (“NAV”) per Class AAA Share of The Gabelli Small Cap Growth Fund rose 3.1%, versus an increase of 3.9% for the Russell 2000 Index. The Fund’s annualized total returns for the one year, five year, ten year, fifteen year, and since inception periods were 29.7%, 3.9%, 8.4%, 11.2%, and 12.6%, respectively.

The Economy

One year ago, the demand shock triggered by the September 2008 collapse of Lehman Brothers had just begun to ripple through the economy. Visibility was limited and the near term bleak. The economy and the stock market were stuck in a negative feedback loop that was broken only when Federal Reserve Chairman Ben Bernanke pledged to stave off deflation by “starting the printing press.” After bottoming at 666 on March 6, the S&P 500 staged a remarkable comeback, up 68% from this nadir.

Comparative Results

Average Annual Returns through December 31, 2009 (a)(b)

	Quarter	1 Year	3 Year	5 Year	10 Year	15 Year	Since Inception (10/22/91)
Gabelli Small Cap Growth Fund Class AAA	3.10%	29.72%	(1.34)%	3.92%	8.38%	11.15%	12.56%
Russell 2000 Index	3.87	27.17	(6.07)	0.51	3.51	8.56	8.56

The expense ratio in the current prospectus is 1.48% for the Fund’s Class AAA Shares. Class AAA Shares do not have a sales charge.

(a) **Returns represent past performance and do not guarantee future results.** Total returns and average annual returns reflect changes in share price and reinvestment of dividends and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Performance returns for periods of less than one year are not annualized. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectus contains more information about this and other matters and should be read carefully before investing.** See page 7 for performance of other classes of shares. 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. The Russell 2000 Index is an unmanaged indicator of stock market performance. Dividends are considered reinvested. You cannot invest directly in an index.

(b) The Fund’s fiscal year ends September 30.

Morningstar Rating™ is based on risk-adjusted returns. The Overall Morningstar Rating is derived from a weighted average of the performance figures associated with a fund’s three, five, and ten year (if applicable) Morningstar Rating metrics. For funds with at least a three year history, a Morningstar Rating is based on a risk-adjusted return measure (including the effects of sales charges, loads, and redemption fees) placing more emphasis on downward variations and rewarding consistent performance. That accounts for variations in a fund’s monthly performance. The top 10% of funds in each category receive 5 stars, the next 22.5% 4 stars, the next 35% 3 stars, the next 22.5% 2 stars, and the bottom 10% 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) Morningstar Rating is for the AAA Share class only; other classes may have different performance characteristics. Ratings reflect relative performance. Results for certain periods were negative. ©2009 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

As governments formulated their rescue attempts, we noted two risks to the economy: one – that governments would do too little, leading to systemic collapse and a deflationary downward spiral, or two – that they would do too much, igniting inflation. We see growing evidence, gathered by our research team on a company-by-company and industry-by-industry basis, that asset prices have stabilized and that growth is returning. With this backdrop, it appears that risk is weighted toward governments doing too much. Ben Bernanke may have proven himself the true “maestro” in providing the liquidity to prevent the economy from falling into the abyss, but withdrawing this liquidity without stalling the recovery may be a more demanding task. Likewise, policymakers in the U.S. and other developed economies are faced with rising entitlements and growing deficits and the unsavory alternatives of raising taxes and/or letting fiscal stimulus lapse in an election year.

Ultimately, the discipline of the market will be felt. If central bankers and elected officials are unable to retrace their stimulus efforts with nearly perfect precision, inflation will emerge, private borrowing will be crowded out and interest rates will rise, posing renewed risk to the economy in 2011. And higher interest rates and taxes and greater levels of government regulation have historically not been recipes for rising stock market multiples. Thus we begin the year with a cautionary tone. We think near-term corporate profits will be robust and the economic rebound could exceed expectations, but we wonder how long the recovery will last before new signs of trouble emerge. We believe stock selection will become increasingly important in this market, especially as much of the “easy money” has already been made.

Deals, Deals, Deals – The Fifth Wave

As we wrote here last quarter, we believe a “Fifth Wave” of global takeovers is underway. Deals were done in the 1960s by conglomerates to offset economic cycles. In the 1980s, deals were a way to energize lazy assets. The 1990s saw serial acquirers and a technology fueled boom. More recently, the M&A scene was dominated by private equity.

Today corporate buyers are using acquisitions to add global growth and scale. The strong are taking advantage of low valuations and excess corporate cash to get stronger. This thesis was highlighted by Kraft’s unsolicited bid for Fund holding, Cadbury plc (0.1%). After some textbook M&A tactics, Cadbury eventually agreed to a sweetened \$20 billion offer from Kraft. In January 2010, Fund holding Broadview Security, the second largest alarm monitoring company in the U.S., announced it had reached a definitive agreement to be acquired by market leader Tyco International (0.6%) for \$42.50 per share. We identified Broadview as an acquisition candidate upon its spin-off from The Brink’s Company in October 2008. We believe additional financial engineering (e.g. spin-offs) among companies in the Fund will facilitate further deal making in the future.

Investment Scorecard

Some of the largest contributors to return in the fourth quarter included Dana Holding Corp., (+59%) (0.6% of net assets as of December 31, 2009), CNH Global (+56%) (0.8%), and the Fund’s second largest holding, SSL International (+24%) (1.3%).

Detractors from performance were limited in the fourth quarter. They included the the global manufacturer, Ferro Corp. (–7%) (1.2%); fluid control company, CIRCOR International (–11%) (0.7%); and newspaper publisher/broadcaster Media General (–8%) (0.4%), which had rebounded in the third quarter.

Let’s Talk Stocks

The following are stock specifics on selected holdings of our Fund. Favorable earnings prospects do not necessarily translate into higher stock prices, but they do express a positive trend that we believe will develop over time. Individual securities mentioned are not necessarily representative of the entire portfolio. For the following holdings, the share prices are stated in U.S. dollar equivalents as of December 31, 2009.

BorgWarner, Inc. (0.4% of net assets as of December 31, 2009) (BWA - \$33.22 - NYSE), headquartered in Auburn Hills, MI, is a Tier 1 supplier of engine and drivetrain products for OEMs of light vehicles, as well as commercial vehicles, such as heavy duty trucks, buses, and agricultural and off-highway vehicles. As rising production schedules invariably help all automotive suppliers, we are more attracted to companies like BorgWarner that focus on enabling automakers to meet challenges for next generation vehicle technology. Exposure to these high growth areas reinforces our confidence that BWA sales will outpace overall vehicle production in the coming years.

CIRCOR International Inc. (0.7%) (CIR - \$25.18 - NYSE) is the largest manufacturer of domestic regulators and marine products for the steam market, the second largest provider of domestic ball valves, and the third largest maker of industrial valves and fittings for the instrumentation market. Major competitors of CIRCOR's products include Parker Hannifin, Eaton, Moog, and Cooper Cameron. Since CIRCOR was spun off from Watts Water Technologies in 1999, CIRCOR has continued to be an attractive company in a consolidating industry. We believe the rationale for the spin-off was for management to pursue its own strategy, which included acquisitions or a possible merger with another company.

CLARCOR Inc. (0.8%) (CLC - \$32.44 - NYSE), based in Franklin, TN, is a manufacturer of mobile, industrial, and environmental filtration products, as well as consumer and industrial packaging products in domestic and international markets. We are attracted to CLARCOR's "razor blade" business model, in which recurring revenues derived from aftermarket sales help mitigate end market cyclicality. Additionally, the company has positioned itself to benefit from growth markets, such as highway and infrastructure expansion in China.

Curtiss-Wright Corp. (0.8%) (CW - \$31.32 - NYSE) is a manufacturer of actuation and electronic devices for the aerospace and industrial markets. The company makes high performance actuation systems used in airplane wings, pumps, and valves for the nuclear power generation industry and provides laser and shot peening services to the aerospace, automotive, and general industrial markets. An area of strong growth for Curtiss-Wright is the nuclear power generation business to which the company provides critical controlled pumps and valves. Currently, CW's growth is based on the plant life extension and maintenance of the 103 nuclear power plants in the U.S. Plant life extensions provide CW with substantial spare, repair, and engineering systems business. About thirty-nine plants have received licenses for an extended life. Another thirty-nine plants will be seeking plant life extension from now to 2012, and the remainder is expected to come afterwards. The company's nuclear business should increase CW's future earnings growth.

The Gorman-Rupp Co. (0.6%) (GRC - \$27.64 - AMEX) is a manufacturer of pumps for use in the construction, industrial, and sewage and waste handling fields for boosting low residential water pressure, pumping refined petroleum products, heating and cooling applications, and various agricultural purposes. GRC pumps are also used for fire protection in sprinkler systems and fire hydrants and for dewatering and flood control purposes. The company operates in the water industry that has a history of consolidation. A few years ago, ITT purchased WEDECO, a manufacturer of ultraviolet and ozone oxidation water treatment systems for about 236 million euros (\$270 million) or 11.2 times EBITDA. This deal was followed by Danaher's acquisition of Trojan Technologies, another manufacturer of ultraviolet water treatment systems for about 239 million Canadian dollars (\$185 million) or 13.3 times EBITDA. Then, General Electric completed the purchase of Ionics, a leader in water purification and desalination for about \$1.2 billion or 15.4 times EBITDA. As the multiples for water companies escalate, they are increasing GRC's private market value.

GrafTech International Ltd. (1.0%) (GTI - \$15.55 - NYSE) sells its products through a direct sales force, independent sales representatives, and distributors in North America, South America, Africa, Europe, and Asia. GrafTech International was founded in 1886 and is headquartered in Parma, Ohio. It develops and manufactures graphite and carbon material science based solutions. The company operates in two segments, Industrial Materials and Engineered Solutions. GrafTech continues to execute on productivity initiatives and remains focused

on maximizing flow-through of sales dollars to bottom line results. On the cash flow front, this discipline has allowed the company to remain cash flow positive in a very difficult operating environment. As a result, GrafTech exited the quarter virtually debt free. On the operating income front, second half of 2009 results are expected to be approximately double the first half of 2009 as a result of increased sales and continued tight cost control.

Greif Inc. (0.7%) (GEF - \$53.98 - NYSE), formerly known as Greif Bros. Corporation, changed its name to Greif, Inc. in 2001. Greif, Inc., founded in 1877 and headquartered in Delaware, OH, engages in the manufacture and sale of industrial packaging, containerboard, and corrugated products worldwide. It operates in three segments: Industrial Packaging, Paper Packaging, and Land Management. As of October 31, 2009, Greif, Inc. owned approximately 268,000 acres of timber properties in the southeastern United States and approximately 25,050 acres of timber properties in Canada. During fiscal year ended October 31, 2009, Greif rapidly and decisively adapted to difficult global market conditions and volatile raw material prices, achieved over \$150 million in contingency savings, and completed several tuck-in acquisitions. The company expects to realize further benefits in 2010 from actions taken during 2009.

Griffon Corp. (0.9%) (GFF - \$12.22 - NYSE), based in Jericho, NY, operates three businesses: Clopay Garage Doors, which manufactures residential garage doors; Specialty Plastic Films, which develops plastic films used as moisture barriers in baby diapers and adult incontinence products; and Telephonics, which manufactures a variety of electronic systems used in defense and commercial markets worldwide. For fiscal year ended September 30, 2009, Griffon generated revenues of \$1.2 billion and EBITDA of approximately \$70 million. Currently, Griffon trades at a significant discount to its private market value. The company's adult incontinence products should benefit as the number of baby boomers in the 65+ age group grows at the fastest rate in history. Additionally, an improvement in housing market fundamentals should provide tailwinds to the company's garage door business. Finally, CEO Ron Kramer could help surface value by spinning off or selling some businesses or through streamlining existing operations.

Herley Industries, Inc. (0.2%) (HRLY - \$13.89 - Nasdaq) makes microwave products and systems used to receive, transmit, and process wireless data signals in command and control, flight instrumentation, weapon sensors, and electronic warfare products for the military and defense markets. The U.S armed forces are now fighting irregular wars, like the conflicts in Iraq and Afghanistan. Snipers, improvised electronic devices, booby traps, and house-to-house combat with an unidentified enemy are the hallmarks of this warfare. To effectively fight this kind of war, the military needs unmanned airborne vehicles, robots, counter-improvised electronic devices (IEDs), sensors, surveillance, intelligence gathering, and networking of communications. Herley's components are embedded in these products making the company more valuable over time.

Kaman Corporation (1.0%) (KAMN - \$23.09 - Nasdaq) is a diversified company operating in five business units. These businesses include the Specialty Bearings group that manufactures self-lubricating ball and roller bearings for aircraft flight controls and hydropower installations; the Aerostructures operation offers build-to-print manufacturing and production services; the Precision Products group makes fuzing devices for missiles and bombs, the Helicopters segment performs subcontract work for other aerospace manufacturers, and Industrial Distribution distributes power transmission, motion control, and material handling products to general industries. The company is well positioned for earnings growth driven by its leading position in self-lubricating ball bearings, a new unmanned aerial helicopter for use in Afghanistan and in other irregular warfare, new business contracts in manufacturing and production services, and a distribution business that should benefit from infrastructure spending and a broad base economic recovery.

SSL International (1.3%) (SSL - \$8.52 - London Stock Exchange). Whether it's a new condom designed to provide greater sensation, a cream that helps repair cracked heels, or a pair of shoes that make walking more comfortable, SSL strives to create better experiences for people around the world. SSL has operations in thirty-five countries across Europe, Asia Pacific, and the Americas, which sell into over 100 countries worldwide and also has manufacturing operations in India, Thailand, China, and the UK. SSL employs around 5,000 people

globally. SSL core brands, Durex and Scholl, help people enjoy more satisfying sex lives, keep their nails and feet healthy, and offer comfortable and stylish shoes that help posture.

Conclusion

We think an environment in which generally flat market performance is punctuated by occasional corporate transactions is ideal for our Private Market Value (PMV) with a Catalyst™ investment approach. We first and foremost select stocks based on their fundamentals. We seek an adequate margin of safety and one or more catalysts that can surface the intrinsic value of a security. To the extent that a takeover provides that catalyst, it adds an extra element of return to the portfolio.

Sincerely,



Mario J. Gabelli, CFA

Portfolio Manager and

Chief Investment Officer – Value Portfolios

January 29, 2010

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

Portfolio Manager Compensation

Mr. Gabelli's incentive-based, variable compensation structure and dollar amount have been fully disclosed each year since April of 2000 in GAMCO Investors, Inc.'s (NYSE: GBL) annual proxy statement. Mr. Gabelli receives no base salary, no annual bonus, and no options.

As founder and portfolio manager of The Gabelli Small Cap Growth Fund, Mr. Gabelli received \$3,034,974 in calendar 2008. In 1991, the Fund's first year of operation starting in October, Mr. Gabelli received less than \$3,200,000. As beneficial owner, he had \$5,094,926 invested in The Gabelli Small Cap Growth Fund as of December 31, 2009, which includes the holdings of GBL and GGCP, Inc., GBL's parent holding company.

Minimum Initial Investment – \$1,000

The Fund's minimum initial investment for regular accounts is \$1,000. There are no subsequent investment minimums. No initial minimum is required for those establishing an Automatic Investment Plan. Additionally, the Fund and other Gabelli/GAMCO Funds are available through the no-transaction fee programs at many major brokerage firms. The Fund imposes a 2% redemption fee on shares sold in seven days or less of a purchase. See the prospectus for more details.

www.gabelli.com

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

You may sign up for our e-mail alerts at www.gabelli.com and receive early notice of quarterly report availability, news events, media sightings, and mutual fund prices and performance.

The Fund's daily net asset value is available in the financial press and each evening after 7:00 PM (Eastern Time) by calling 800-GABELLI (800-422-3554). The Fund's Nasdaq symbol is GABSX for Class AAA Shares. Please call us during the business day for further information.

e-delivery

We are pleased to offer electronic delivery of Gabelli fund documents. Direct shareholders of our open-end mutual funds can now elect to receive their Annual, Semiannual, and Quarterly Fund Reports, Manager Commentaries, and Prospectuses via e-delivery. For more information or to sign up for e-delivery, please visit our website at www.gabelli.com.

Top Ten Holdings (Percent of Net Assets)
December 31, 2009

O'Reilly Automotive Inc. 1.4%	Kaman Corp. 1.0%
SSL International plc 1.3%	PNM Resources Inc. 1.0%
Ferro Corp. 1.2%	The Interpublic Group of Companies Inc. 1.0%
Vimpel-Communications, ADR 1.0%	Flowserve Corp. 1.0%
GrafTech International Ltd. 1.0%	Waddell & Reed Financial Inc., Cl. A 0.9%

Multi-Class Shares

The Gabelli Small Cap Growth Fund began offering additional classes of Fund shares on December 31, 2003. Class AAA Shares are no-load shares offered directly by selected broker/dealers. Class A and Class C Shares are targeted to the needs of investors who seek advice through financial consultants. Class I Shares are available solely to certain institutions that invest directly with the Fund. The minimum initial investment amount for Class I Shares is \$500,000. The Board of Directors determined that expanding the types of Fund shares available through various distribution options will enhance the ability of the Fund to attract additional investors.

Gabelli Small Cap Growth Fund Average Annual Returns – December 31, 2009 (a)(b)

	<u>Class AAA Shares</u>	<u>Class A Shares</u>	<u>Class B Shares</u>	<u>Class C Shares</u>	<u>Class I Shares</u>
1 Year	29.72%	29.66%	28.69%	28.79%	30.02%
		22.20(c)	23.69(d)	27.79(e)	
5 Year	3.92	3.92	3.14	3.16	4.03
		2.69(c)	2.78(d)	3.16	
10 Year	8.38	8.38	7.90	7.91	8.44
		7.74(c)	7.90	7.91	
Life of Fund (f)	12.56	12.56	12.28	12.29	12.59
		12.19(c)	12.28	12.29	
Current Expense Ratio ..	1.48	1.48	2.23	2.23	1.23
Maximum Sales Charge ..	None	5.75	5.00	1.00	None
Ticker Symbols	GABSX	GCASX	GCBSX	GCCSX	GACIX

- (a) **Returns represent past performance and do not guarantee future results.** Total returns and average annual returns reflect changes in share price and reinvestment of distributions and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectus contains more information about this and other matters and should be read carefully before investing.** The Class AAA Shares' NAVs per share are used to calculate performance for the periods prior to the issuance of Class A Shares, Class B Shares, and Class C Shares on December 31, 2003 and Class I Shares on January 11, 2008. The actual performance for the Class B Shares and Class C Shares would have been lower and Class I Shares would have been higher due to the differences in expenses associated with these classes of shares. Investing in small capitalization securities involves special risks because these securities may trade less frequently and experience more abrupt price movements than large capitalization securities.
- (b) The Fund's fiscal year ends September 30.
- (c) Includes the effect of the maximum 5.75% sales charge at the beginning of the period.
- (d) Performance results include the deferred sales charges for the Class B Shares upon redemption at the end of the one year and five year periods of 5% and 2%, respectively, of the Fund's NAV per share at the time of purchase or sale, whichever is lower. Class B Shares are not available for new purchases.
- (e) Performance results include the deferred sales charge for the Class C Shares upon redemption at the end of the one year period of 1% of the Fund's NAV per share at the time of purchase or sale, whichever is lower.
- (f) Performance is calculated from inception of Class AAA Shares on October 22, 1991.

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

Gabelli Equity Series Funds, Inc.
The Gabelli Small Cap Growth Fund

One Corporate Center
Rye, New York 10580-1422

800-GABELLI

800-422-3554

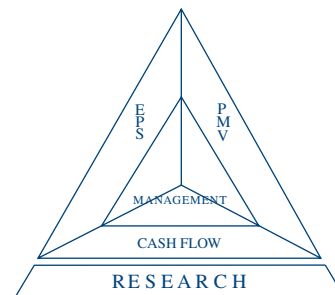
fax: 914-921-5118

website: www.gabelli.com

e-mail: info@gabelli.com

Net Asset Value per share available daily by calling

800-GABELLI after 7:00 P.M.



Board of Directors

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

Robert J. Morrissey
*Attorney-at-Law
Morrissey, Hawkins & Lynch*

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

Kuni Nakamura
*President
Advanced Polymer, Inc.*

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

Anthony R. Pustorino
*Certified Public Accountant,
Professor Emeritus
Pace University*

John D. Gabelli
*Senior Vice President
Gabelli & Company, Inc.*

Anthonie C. van Ekris
*Chairman
BALMAC International, Inc.*

Salvatore J. Zizza
*Chairman
Zizza & Co., Ltd.*

Officers

Bruce N. Alpert
President and Secretary

Agnes Mullady
Treasurer

Peter D. Goldstein
Chief Compliance Officer

Distributor

Gabelli & Company, Inc.

Custodian, Transfer Agent, and Dividend Agent

State Street Bank and Trust Company

Legal Counsel

Skadden, Arps, Slate, Meagher & Flom LLP

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

GAB443Q409SC

★ ★ ★ ★ ★
**The
Gabelli
Small Cap
Growth
Fund**

Morningstar® rated The Gabelli Small Cap Growth Fund Class AAA Shares 5 stars overall and 5 stars for the three and five year periods and 4 stars for the ten year period ended December 31, 2009 among 566, 566, 467, and 243 Small Blend funds, respectively.

**SHAREHOLDER COMMENTARY
DECEMBER 31, 2009**

The Gabelli Small Cap Growth Fund

First Quarter Report (a) – December 31, 2009



Morningstar® rated The Gabelli Small Cap Growth Fund Class AAA Shares 5 stars overall and 5 stars for the three and five year periods and 4 stars for the ten year period ended December 31, 2009 among 566, 566, 467, and 243 Small Blend funds, respectively.



Mario Gabelli, CFA

To Our Shareholders,

During the quarter ended December 31, 2009, the net asset value (“NAV”) per Class AAA Share of The Gabelli Small Cap Growth Fund (the “Fund”) increased 3.1%, while the Russell 2000 Index rose 3.9%.

Enclosed is the investment portfolio as of December 31, 2009.

Comparative Results

Average Annual Returns through December 31, 2009 (a)(b) (Unaudited)

	Quarter	1 Year	3 Year	5 Year	10 Year	15 Year	Since Inception (10/22/91)
Gabelli Small Cap Growth Fund Class AAA	3.10%	29.72%	(1.34)%	3.92%	8.38%	11.15%	12.56%
Russell 2000 Index	3.87	27.17	(6.07)	0.51	3.51	8.56	8.56
Class A	3.10	29.66	(1.34)	3.92	8.38	11.15	12.56
Class B	(2.83)(c)	22.20(c)	(3.27)(c)	2.69(c)	7.74(c)	10.71(c)	12.19(c)
Class C	2.85	28.69	(2.09)	3.14	7.90	10.82	12.28
Class I	(2.15)(d)	23.69(d)	(3.08)(d)	2.78(d)	7.90	10.82	12.28
Class A	2.93	28.79	(2.06)	3.16	7.91	10.82	12.29
Class B	1.93(e)	27.79(e)	(2.06)	3.16	7.91	10.82	12.29
Class C	3.16	30.02	(1.17)	4.03	8.44	11.19	12.59

In the current prospectus, the expense ratios for Class AAA, A, B, C, and I Shares are 1.48%, 1.48%, 2.23%, 2.23%, and 1.23%, respectively. Class AAA and I Shares do not have a sales charge. The maximum sales charge for Class A, B, and C Shares is 5.75%, 5.00%, and 1.00%, respectively.

(a) The Fund's fiscal year ends September 30.

(b) **Returns represent past performance and do not guarantee future results.** Total returns and average annual returns reflect changes in share price and reinvestment of distributions and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Performance returns for periods of less than one year are not annualized. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectus contains more information about this and other matters and should be read carefully before investing.**

The Class AAA Share NAVs per share are used to calculate performance for the periods prior to the issuance of Class A Shares, Class B Shares, and Class C Shares on December 31, 2003 and Class I Shares on January 11, 2008. The actual performance for the Class B Shares and Class C Shares would have been lower and Class I Shares would have been higher due to the differences in expenses associated with these classes of shares. Investing in small capitalization securities involves special risks because these securities may trade less frequently and experience more abrupt price movements than large capitalization securities. The Russell 2000 Index of small U.S. companies is an unmanaged indicator of stock market performance. Dividends are considered reinvested. You cannot invest directly in an index.

(c) Includes the effect of the maximum 5.75% sales charge at the beginning of the period.

(d) Performance results include the deferred sales charges for the Class B Shares upon redemption at the end of the quarter, one year, three year, and five year periods of 5%, 5%, 3%, and 2%, respectively, of the Fund's NAV per share at the time of purchase or sale, whichever is lower. Class B Shares are not available for new purchases.

(e) Performance results include the deferred sales charges for the Class C Shares upon redemption at the end of the quarter and one year periods of 1% of the Fund's NAV per share at the time of purchase or sale, whichever is lower.

Morningstar Rating™ is based on risk-adjusted returns. The Overall Morningstar Rating is derived from a weighted average of the performance figures associated with a fund's three, five, and ten year (if applicable) Morningstar Rating metrics. For funds with at least a three year history, a Morningstar Rating is based on a risk-adjusted return measure (including the effects of sales charges, loads, and redemption fees) placing more emphasis on downward variations and rewarding consistent performance. That accounts for variations in a fund's monthly performance. The top 10% of funds in each category receive 5 stars, the next 22.5% 4 stars, the next 35% 3 stars, the next 22.5% 2 stars, and the bottom 10% 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) Morningstar Rating is for the AAA Share class only; other classes may have different performance characteristics. Ratings reflect relative performance. Results for certain periods were negative. ©2009 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

The Gabelli Small Cap Growth Fund

Schedule of Investments (Continued) — December 31, 2009 (Unaudited)

Shares/ Units	Market Value	Shares	Market Value
COMMON STOCKS (Continued)			
Cable — 1.7%			
230,000	Adelphia Communications Corp., Cl. A† (a) .. \$	750,000	Eastman Kodak Co.†
230,000	Adelphia Communications Corp., Cl. A, Escrow† (a)	2,000	Harley-Davidson Inc.
		340,000	Marine Products Corp.
230,000	Adelphia Recovery Trust†	27,000	National Presto Industries Inc.
		430,196	Sally Beauty Holdings Inc.†
500,000	Cablevision Systems Corp., Cl. A	750,000	Schiff Nutrition International Inc.
6,000	Cogeco Cable Inc.	3,070	Steven Madden Ltd.†
250,000	DIRECTV, Cl. A†	127,000	Stewart Enterprises Inc., Cl. A
30,000	EchoStar Corp., Cl. A†	150,000	Swedish Match AB
9,329	Liberty Global Inc., Cl. A†	87,425	Syratech Corp.†
9,329	Liberty Global Inc., Cl. C†	16,000	The Scotts Miracle-Gro Co., Cl. A
470,000	LIN TV Corp., Cl. A†	22,000	WD-40 Co.
33,000	Outdoor Channel Holdings Inc.†	68,000	Wolverine World Wide Inc.
			<u>34,388,422</u>
	<u>24,750,631</u>		
Closed-End Business Development Company — 0.1%			
98,000	MVC Capital Inc.	50,000	Bowlin Travel Centers Inc.†
		30,000	Brink's Home Security Holdings Inc.†
Closed-End Funds — 0.7%			
700,072	KKR & Company (Guernsey) LP†	2,750	Collectors Universe Inc.
98,000	The Central Europe and Russia Fund Inc.	20,000	IAC/InterActiveCorp.†
38,225	The European Equity Fund Inc.	4,000	KAR Auction Services Inc.†
54,000	The New Germany Fund Inc.	170,000	Martha Stewart Living Omnimedia Inc., Cl. A†
11,000	The Spain Fund Inc.	400,500	Rollins Inc.
		120,000	SearchMedia Holdings Ltd.†
	<u>10,184,288</u>	695,000	TiVo Inc.†
			<u>18,039,413</u>
Communications Equipment — 0.9%			
160,000	Communications Systems Inc.	Diversified Industrial — 6.6%	
65,000	Sycamore Networks Inc.	15,000	A.O. Smith Corp., Cl. A
275,000	Thomas & Betts Corp.†	29,000	Acuity Brands Inc.
		27,000	Albany International Corp., Cl. A
	<u>13,191,800</u>	140,000	Ampco-Pittsburgh Corp.
Computer Software and Services — 0.9%			
40,000	Emulex Corp.†	6,000	Anixter International Inc.†
95,000	FalconStor Software Inc.†	390,000	Baldor Electric Co.
240,000	Global Sources Ltd.†	141,000	Brush Engineered Materials Inc.†
6,000	KIT Digital Inc.†	330,000	Crane Co.
45,000	Mentor Graphics Corp.†	250,000	Delta plc
20,187	MKS Instruments Inc.†	3,000	ESCO Technologies Inc.
455,000	NCR Corp.†	18,640	Foster Wheeler AG†
800,000	StorageNetworks Inc., Escrow† (a)	14,000	Gardner Denver Inc.
295,000	Tyler Technologies Inc.†	154,200	Greif Inc., Cl. A
		47,300	Greif Inc., Cl. B
	<u>14,098,106</u>	1,033,700	Griffon Corp.†
Consumer Products — 2.3%			
119,800	1-800-FLOWERS.COM Inc., Cl. A†	150,000	Hawk Corp., Cl. A†
14,750	Adams Golf Inc.†	121,000	Jardine Strategic Holdings Ltd.
65,150	Alberto-Culver Co.	417,000	Katy Industries Inc.†
49,800	Chattem Inc.†	71,000	Lindsay Corp.
33,500	Chofu Seisakusho Co. Ltd.	580,000	Magnetek Inc.†
30,000	Church & Dwight Co. Inc.	32,000	Mathews International Corp., Cl. A
610,000	Coachmen Industries Inc.†	285,000	Myers Industries Inc.
		572,000	National Patent Development Corp.† (c)
		130,300	Oil-Dri Corp. of America
			2,019,650

See accompanying notes to schedule of investments.

The Gabelli Small Cap Growth Fund

Schedule of Investments (Continued) — December 31, 2009 (Unaudited)

<u>Shares</u>	<u>Market Value</u>	<u>Shares</u>	<u>Market Value</u>
COMMON STOCKS (Continued)		275,000	Odyssey HealthCare Inc.† \$ 4,284,500
Food and Beverage (Continued)		95,000	Opko Health Inc.† 173,850
100,000	PepsiAmericas Inc. \$ 2,926,000	87,000	Orthofix International NV† 2,694,390
50,000	Ralcorp Holdings Inc.† 2,985,500	137,000	OTIX Global Inc.† 113,696
162,000	Rock Field Co. Ltd. 2,109,905	30,000	Owens & Minor Inc. 1,287,900
71,000	Smart Balance Inc.† 426,000	265,000	Pain Therapeutics Inc.† 1,420,400
10,000	The Hain Celestial Group Inc.† 170,100	300,000	Palomar Medical Technologies Inc.† 3,024,000
66,000	The J.M. Smucker Co. 4,075,500	150,000	Penwest Pharmaceuticals Co.† 388,500
225,500	Tootsie Roll Industries Inc. 6,174,190	30,000	PSS World Medical Inc.† 677,100
9,500	United Natural Foods Inc.† 254,030	270,000	Quidel Corp.† 3,720,600
4,000	Vina Concha Y Toro SA, ADR 166,440	120,000	RTI Biologics Inc.† 460,800
1,000,000	Vitasoy International Holdings Ltd. 701,628	1,000,000	Sorin SpA† 1,913,786
10,000	Willamette Valley Vineyards Inc.† 32,500	1,488,973	SSL International plc 18,879,115
140,000	YAKULT HONSHA Co. Ltd. 4,223,976	2,300	Straumann Holding AG 650,346
	96,940,314	4,000	Stryker Corp. 201,480
		14,000	Syneron Medical Ltd.† 146,300
		48,000	United-Guardian Inc. 551,040
		180,000	Varian Inc.† 9,277,200
		80,000	Vascular Solutions Inc.† 671,200
		64,000	Wright Medical Group Inc.† 1,212,800
		10,000	Young Innovations Inc. 247,800
		20,000	Zymogenetics Inc.† 127,800
			111,434,737
			Home Furnishings — 0.1%
		11,000	Bassett Furniture Industries Inc.† 38,720
		50,000	Bed Bath & Beyond Inc.† 1,931,500
			1,970,220
			Hotels and Gaming — 2.2%
		80,000	ante4 Inc.† 83,200
		150,000	Boyd Gaming Corp.† 1,255,500
		95,000	Canterbury Park Holding Corp.† 686,850
		92,000	Churchill Downs Inc. 3,436,200
		125,000	Dover Downs Gaming & Entertainment Inc. 472,500
		275,000	Gaylord Entertainment Co.† 5,431,250
		25,000	Home Inns & Hotels Management Inc., ADR† 883,750
		120,000	Lakes Entertainment Inc.† 301,200
		200,000	Las Vegas Sands Corp.† 2,988,000
		900,000	Mandarin Oriental International Ltd. 1,341,000
		170,000	Orient-Express Hotels Ltd., Cl. A† 1,723,800
		118,000	Penn National Gaming Inc.† 3,207,240
		310,000	Pinnacle Entertainment Inc.† 2,783,800
		165,000	Sonesta International Hotels Corp., Cl. A 1,735,800
		2,000,000	The Hongkong & Shanghai Hotels Ltd. 2,930,327
		110,000	The Marcus Corp. 1,410,200
		25,000	Wynn Resorts Ltd. 1,455,750
		140,000	Youbet.com Inc.† 401,800
			32,528,167

See accompanying notes to schedule of investments.

The Gabelli Small Cap Growth Fund

Schedule of Investments (Continued) — December 31, 2009 (Unaudited)

<u>Shares</u>	<u>Market Value</u>	<u>Shares</u>	<u>Market Value</u>
COMMON STOCKS (Continued)			
Machinery — 1.1%			
460,000	CNH Global NV† \$ 11,490,800	10,000	Gyrodyne Co. of America Inc.† \$ 400,050
3,000	Nordson Corp. 183,540	107,000	Morguard Corp. 3,405,871
32,900	Twin Disc Inc. 343,476	200,000	The St. Joe Co.† 5,778,000
135,000	Zebra Technologies Corp., Cl. A† 3,828,600		<u>16,306,469</u>
	<u>15,846,416</u>	Retail — 3.8%	
	Manufactured Housing and Recreational Vehicles — 0.4%		
74,000	Cavco Industries Inc.† 2,658,080	30,000	99 Cents Only Stores† 392,100
30,000	Champion Enterprises Inc.† 1,317	144,000	Aaron's Inc., Cl. A 3,288,960
15,000	Drew Industries Inc.† 309,750	100,000	AutoNation Inc.† 1,915,000
24,000	Nobility Homes Inc.† 250,800	50,000	Big 5 Sporting Goods Corp. 859,000
171,000	Skyline Corp. 3,146,400	135,000	Casey's General Stores Inc. 4,309,200
	<u>6,366,347</u>	690,000	Coldwater Creek Inc.† 3,077,400
	Metals and Mining — 0.4%		
52,003	Barrick Gold Corp. 2,047,878	55,000	Copart Inc.† 2,014,650
10,000	Inmet Mining Corp. 609,839	600,000	Ingles Markets Inc., Cl. A 9,078,000
40,000	Ivanhoe Mines Ltd.† 584,400	170,000	Macy's Inc. 2,849,200
140,000	Kinross Gold Corp. 2,576,000	40,000	Movado Group Inc. 388,800
2,000	Northwest Pipe Co.† 53,720	120,000	Nathan's Famous Inc.† 1,831,200
2,000	Royal Gold Inc. 94,200	25,000	Pier 1 Imports Inc.† 127,250
52,100	Stillwater Mining Co.† 493,908	250,000	Rush Enterprises Inc., Cl. B† 2,625,000
34,000	Uranium Resources Inc.† 26,180	300,000	The Bon-Ton Stores Inc. 2,943,000
15,000	Yamana Gold Inc. 170,700	65,000	The Cheesecake Factory Inc.† 1,403,350
	<u>6,656,825</u>	275,000	The Great Atlantic & Pacific Tea Co. Inc.† 3,242,250
	Paper and Forest Products — 0.1%		
24,000	Schweitzer-Mauduit International Inc. 1,688,400	19,450	The Steak n Shake Co.† 6,304,134
40,000	Wausau Paper Corp. 464,000	105,000	Tractor Supply Co.† 5,560,800
	<u>2,152,400</u>	30,000	Village Super Market Inc., Cl. A 819,600
	Publishing — 1.3%		
60,000	Belo Corp., Cl. A 326,400	50,000	Weis Markets Inc. 1,818,000
1,000	Cambium Learning Group Inc.† 3,920	168,000	Wendy's/Arby's Group Inc., Cl. A 787,920
330,000	Il Sole 24 Ore 907,823	155,000	Winn-Dixie Stores Inc.† 1,556,200
250,000	Independent News & Media plc† 46,590		<u>57,191,014</u>
12,000	John Wiley & Sons Inc., Cl. B 501,600	Specialty Chemicals — 4.6%	
1,044,000	Journal Communications Inc., Cl. A 4,061,160	55,000	A. Schulman Inc. 1,109,900
689,000	Media General Inc., Cl. A† 5,401,760	19,000	Airgas Inc. 904,400
30,000	Meredith Corp. 925,500	82,000	Albemarle Corp. 2,982,340
260,000	News Corp., Cl. A 3,559,400	35,000	Arch Chemicals Inc. 1,080,800
180,000	PRIMEDIA Inc. 649,800	74,000	Ashland Inc. 2,931,880
340,000	The E.W. Scripps Co., Cl. A† 2,366,400	11,000	Cytex Industries Inc. 400,620
	<u>18,750,353</u>	2,195,500	Ferro Corp. 18,090,920
	Real Estate — 1.1%		
15,150	Capital Properties Inc., Cl. A 140,138	275,000	H.B. Fuller Co. 6,256,250
15,000	Capital Properties Inc., Cl. B (a) 138,750	118,000	Hawkins Inc. 2,575,940
50,000	Cohen & Steers Inc. 1,142,000	950,000	Huntsman Corp. 10,725,500
182,000	Griffin Land & Nurseries Inc. 5,301,660	85,000	Material Sciences Corp.† 150,450
		355,000	Omnova Solutions Inc.† 2,176,150
		60,000	Penford Corp. 521,400
		13,000	Quaker Chemical Corp. 268,320
		100,000	Rockwood Holdings Inc.† 2,356,000
		260,000	Sensient Technologies Corp. 6,838,000
		560,000	Zep Inc. 9,699,200
			<u>69,068,070</u>

See accompanying notes to schedule of investments.

The Gabelli Small Cap Growth Fund

Schedule of Investments (Continued) — December 31, 2009 (Unaudited)

Shares	Market Value	Shares	Market Value
COMMON STOCKS (Continued)		Business Services — 0.0%	
Telecommunications — 1.5%		445,000	BPW Acquisition Corp., expire 02/26/14† ... \$ 396,050
30,000	Atlantic Tele-Network Inc. \$ 1,650,300	Consumer Services — 0.0%	
1,100,000	Cincinnati Bell Inc.† 3,795,000	120,000	SearchMedia Holdings Ltd., expire 11/19/11† 268,800
6,795	Community Service Communications Inc. 8,630	Telecommunications — 0.0%	
130,000	Fastweb† 3,596,772	86	Virgin Media Inc., Ser. A, expire 01/10/11† ... 4
110,000	HickoryTech Corp. 971,300	TOTAL WARRANTS 665,656	
123,000	New Ulm Telecom Inc. 673,425	Principal Amount	
118,000	Rogers Communications Inc., Cl. B 3,658,000	\$ 400,000	CONVERTIBLE CORPORATE BONDS — 0.0%
63,000	Shenandoah Telecommunications Co. 1,282,050	Hotels and Gaming — 0.0%	
1,500,000	Sprint Nextel Corp.† 5,490,000	Gaylord Entertainment Co., Cv.,	
37,584	Verizon Communications Inc. 1,245,158	3.750%, 10/01/14 (c) 409,500	
30,000	Windstream Corp. 329,700	CORPORATE BONDS — 0.0%	
53,000	Winstar Communications Inc.† (a) 53	Computer Software and Services — 0.0%	
	<u>22,700,388</u>	300,000	Exodus Communications Inc., Sub. Deb.,
Transportation — 0.6%		5.250%, 02/15/10† (a) 1,185	
270,000	GATX Corp. 7,762,500	U.S. GOVERNMENT OBLIGATIONS — 15.6%	
8,000	Grupo TMM SA, Cl. A, ADR† 30,080	U.S. Treasury Bills — 14.7%	
2,000	Irish Continental Group plc† 40,856	220,214,000	U.S. Treasury Bills, 0.056% to 0.289%††,
111,200	Providence and Worcester Railroad Co. 1,195,400	01/21/10 to 06/24/10 220,151,166	
	<u>9,028,836</u>	U.S. Treasury Cash Management Bills — 0.9%	
Wireless Communications — 1.1%		13,840,000	U.S. Treasury Cash Management Bills,
21,000	Millicom International Cellular SA 1,549,170	0.101% to 0.170%††, 04/01/10 to 06/10/10 13,836,797	
72,000	Price Communications Corp., Escrow† (a) ... 0	TOTAL U.S. GOVERNMENT OBLIGATIONS 233,987,963	
830,000	Vimpel-Communications, ADR 15,429,700	TOTAL INVESTMENTS — 100.0%	
	<u>16,978,870</u>	(Cost \$1,208,936,101) \$1,498,864,984	
TOTAL COMMON STOCKS 1,262,840,115		Aggregate book cost \$1,208,936,101	
PREFERRED STOCKS — 0.1%		Gross unrealized appreciation \$ 373,890,240	
Automotive: Parts and Accessories — 0.1%		Gross unrealized depreciation (83,961,357)	
50,000	Jungheinrich AG Pfd. 960,477	Net unrealized appreciation/depreciation ... \$ 289,928,883	
Broadcasting — 0.0%			
1,103	PTV Inc., 10.000% Pfd., Ser. A† 88		
Business Services — 0.0%			
24,317	Interop National Radio Sales Inc.,		
	4.000% Cv. Pfd., Ser. A (a)(c)(d)† 0		
TOTAL PREFERRED STOCKS 960,565			
WARRANTS — 0.0%			
Automotive: Parts and Accessories — 0.0%			
1,213	Exide Technologies, expire 05/05/11† (a) 109		
4,531	Federal-Mogul Corp., expire 12/27/14† 684		
	<u>793</u>		
Broadcasting — 0.0%			
6,082	Granite Broadcasting Corp., Ser. A,		
	expire 06/04/12† (a) 6		
3,430	Granite Broadcasting Corp., Ser. B,		
	expire 06/04/12† (a) 3		
	<u>9</u>		

- (a) Security fair valued under procedures established by the Board of Directors. The procedures may include reviewing available financial information about the company and reviewing valuation of comparable securities and other factors on a regular basis. At December 31, 2009, the market value of fair valued securities amounted to \$368,105 or 0.02% of total investments.
- (b) Security considered an affiliated holding because the Fund owns at least 5% of its outstanding shares.
- (c) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2009, the market value of Rule 144A securities amounted to \$1,324,700 or 0.09% of total investments.
- (d) Illiquid security.
- † Non-income producing security.
- †† Represents annualized yield at date of purchase.
- ADR American Depositary Receipt

See accompanying notes to schedule of investments.

The Gabelli Small Cap Growth Fund

Notes to Schedule of Investments (Unaudited)

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

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market but prior to the close of business on the day the securities are being valued. Debt instruments with remaining maturities of sixty days or less that are not credit impaired are valued at amortized cost, unless the Board determines such amount does not reflect the securities' fair value, in which case these securities will be fair valued as determined by the Board. Debt instruments having a maturity greater than sixty days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board.

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

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

The Gabelli Small Cap Growth Fund

Notes to Schedule of Investments (Continued) (Unaudited)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments by inputs used to value the Fund's investments as of December 31, 2009 is as follows:

	Valuation Inputs			Total Market Value at 12/31/09
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks:				
Broadcasting	\$ 8,435,086	—	\$ 0	\$ 8,435,086
Cable	24,750,631	—	0	24,750,631
Computer Software and Services	14,074,106	—	24,000	14,098,106
Entertainment	15,586,486	—	203,984	15,790,470
Equipment and Supplies	130,770,406	—	0	130,770,406
Food and Beverage	96,940,314	—	0	96,940,314
Real Estate	16,167,719	\$ 138,750	0	16,306,469
Telecommunications	22,700,335	—	53	22,700,388
Wireless Communications	16,978,870	—	0	16,978,870
Other Industries (a)	916,069,375	—	—	916,069,375
Total Common Stocks	1,262,473,328	138,750	228,037	1,262,840,115
Preferred Stocks:				
Business Services	—	—	0	0
Other Industries (a)	960,565	—	—	960,565
Total Preferred Stocks	960,565	—	0	960,565
Warrants (a)	665,538	118	—	665,656
Convertible Corporate Bonds	—	409,500	—	409,500
Corporate Bonds	—	1,185	—	1,185
U.S. Government Obligations	—	233,987,963	—	233,987,963
TOTAL INVESTMENTS IN SECURITIES	\$1,264,099,431	\$234,537,516	\$228,037	\$1,498,864,984

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

The Gabelli Small Cap Growth Fund

Notes to Schedule of Investments (Continued) (Unaudited)

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

	Balance as of 9/30/09	Accrued discounts/ (premiums)	Realized gain/ (loss)	Change in unrealized appreciation/ depreciation	Net purchases/ (sales)	Transfers in and/or out of Level 3	Balance as of 12/31/09	Net change in unrealized appreciation/ depreciation during the period on Level 3 investments held at 12/31/09
INVESTMENTS IN SECURITIES:								
ASSETS (Market Value):								
Common Stocks:								
Broadcasting	\$ 3	\$—	\$—	\$ (3)	\$—	\$ 0	\$ 0	\$ (3)
Cable	0	—	—	—	—	—	0	—
Computer Software and Services	24,000	—	—	—	—	—	24,000	—
Entertainment	203,984	—	—	—	—	—	203,984	—
Equipment and Supplies	0	—	—	—	—	—	0	—
Financial Services	15	—	—	—	—	(15)	—	—
Food and Beverage	0	—	—	—	—	—	0	—
Real Estate	0	—	—	—	—	—	0	—
Telecommunications	53	—	—	—	—	—	53	—
Wireless Communications	0	—	—	—	—	—	0	—
Total Common Stocks	228,055	—	—	(3)	—	(15)	228,037	(3)
Preferred Stocks:								
Business Service	0	—	—	—	—	—	0	—
Warrants:								
Automotive: Parts and Accessories	243	—	—	—	—	(243)	—	—
Broadcasting	35	—	—	—	—	(35)	—	—
Total Warrants	278	—	—	—	—	(278)	—	—
TOTAL INVESTMENTS IN SECURITIES	\$228,333	\$—	\$—	\$(3)	\$—	\$(293)	\$228,037	\$(3)

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

The Gabelli Small Cap Growth Fund

Notes to Schedule of Investments (Continued) (Unaudited)

Swap Agreements. The Fund may enter into equity and contract for difference swap transactions for the purpose of increasing the income of the Fund. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In a swap, a set of future cash flows is exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. Depending on the general state of short-term interest rates and the returns on the Fund's portfolio securities at the time a swap transaction reaches its scheduled termination date, there is a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction. Unrealized gains related to swaps are reported as an asset and unrealized losses are reported as a liability in the Statement of Assets and Liabilities. The change in value of swaps, including the accrual of periodic amounts of interest to be paid or received on swaps, is reported as unrealized gain or loss in the Statement of Operations. A realized gain or loss is recorded upon payment or receipt of a periodic payment or termination of swap agreements. At December 31, 2009, there were no open swap agreements.

Futures Contracts. The Fund may engage in futures contracts for the purpose of hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase. Upon entering into a futures contract, the Fund is required to deposit with the broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as the "initial margin." Subsequent payments ("variation margin") are made or received by the Fund each day, depending on the daily fluctuations in the value of the contract, which are included in unrealized appreciation/depreciation on investments and futures contracts. The Fund recognizes a realized gain or loss when the contract is closed.

There are several risks in connection with the use of futures contracts as a hedging instrument. The change in value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in value of the hedged investments. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market. At December 31, 2009, there were no open futures contracts.

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

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. At December 31, 2009, there were no open forward foreign exchange contracts.

The Gabelli Small Cap Growth Fund

Notes to Schedule of Investments (Continued) (Unaudited)

3. Tax Information. At September 30, 2009, the Fund had a net capital loss carryforward for federal income tax purposes of \$1,435,829, which is available to reduce future required distributions of net capital gains to shareholders through 2017.

Under the current tax law, capital losses related to securities and foreign currency realized after October 31 and prior to the Fund's fiscal year end may be treated as occurring on the first day of the following year. For the year ended September 30, 2009, the Fund deferred capital losses of \$32,957,944.

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

Gabelli/GAMCO Funds and Your Personal Privacy

Who are we?

The Gabelli/GAMCO Funds are investment companies registered with the Securities and Exchange Commission under the Investment Company Act of 1940. We are managed by Gabelli Funds, LLC or Teton Advisors, Inc., which are affiliated with GAMCO Investors, Inc. GAMCO Investors, Inc. is a publicly held company that has subsidiaries that provide investment advisory or brokerage services for a variety of clients. Teton Advisors, Inc. is a publicly held company that provides investment advisory services to the GAMCO Westwood Funds.

What kind of non-public information do we collect about you if you become a 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.

GABELLI FAMILY OF FUNDS

VALUE

Gabelli Asset Fund

Seeks to invest primarily in a diversified portfolio of common stocks selling at significant discounts to their private market value. The Fund's primary objective is growth of capital. (Multiclass)

Portfolio Manager: Mario J. Gabelli, CFA

Gabelli Blue Chip Value Fund

Seeks long term growth of capital through investment primarily in the common stocks of established companies which are temporarily out of favor. The fund's objective is to identify a catalyst or sequence of events that will return the company to a higher value. (Multiclass)

Portfolio Manager: Barbara Marcin, CFA

GAMCO Westwood Equity Fund

Seeks to invest primarily in the common stock of well seasoned companies that have recently reported positive earnings surprises and are trading below Westwood's proprietary growth rate estimates. The Fund's primary objective is capital appreciation. (Multiclass)

Portfolio Manager: Susan M. Byrne

FOCUSED VALUE

Gabelli Value Fund

Seeks to invest in securities of companies believed to be undervalued. The Fund's primary objective is long-term capital appreciation. (Multiclass)

Portfolio Manager: Mario J. Gabelli, CFA

SMALL CAP VALUE

Gabelli Small Cap Fund

Seeks to invest primarily in common stock of smaller companies (market capitalizations at the time of investment of \$2 billion or less) believed to have rapid revenue and earnings growth potential. The Fund's primary objective is capital appreciation. (Multiclass)

Portfolio Manager: Mario J. Gabelli, CFA

GAMCO Westwood SmallCap Equity Fund

Seeks to invest primarily in smaller capitalization equity securities – market caps of \$2.5 billion or less. The Fund's primary objective is long-term capital appreciation. (Multiclass)

Portfolio Manager: Nicholas F. Galluccio

Gabelli Woodland Small Cap Value Fund

Seeks to invest primarily in the common stocks of smaller companies (market capitalizations generally less than \$3.0 billion) believed to be undervalued with shareholder oriented management teams that are employing strategies to grow the company's value. The Fund's primary objective is capital appreciation. (Multiclass)

Portfolio Manager: Elizabeth M. Lilly, CFA

GROWTH

GAMCO Growth Fund

Seeks to invest primarily in large cap stocks believed to have favorable, yet undervalued, prospects for earnings growth. The Fund's primary objective is capital appreciation. (Multiclass)

Portfolio Manager: Howard F. Ward, CFA

GAMCO International Growth Fund

Seeks to invest in the equity securities of foreign issuers with long-term capital appreciation potential. The Fund offers investors global diversification. (Multiclass)

Portfolio Manager: Caesar Bryan

AGGRESSIVE GROWTH

GAMCO Global Growth Fund

Seeks capital appreciation through a disciplined investment program focusing on the globalization and interactivity of the world's marketplace. The Fund invests in companies at the forefront of accelerated growth. The Fund's primary objective is capital appreciation. (Multiclass)

Team Managed

MICRO-CAP

GAMCO Westwood Mighty MitesSM Fund

Seeks to invest in micro-cap companies that have market capitalizations of \$300 million or less. The Fund's primary objective is long-term capital appreciation. (Multiclass)

Team Managed

EQUITY INCOME

Gabelli Equity Income Fund

Seeks to invest primarily in equity securities with above average market yields. The Fund pays monthly dividends and seeks a high level of total return with an emphasis on income. (Multiclass)

Portfolio Manager: Mario J. Gabelli, CFA

GAMCO Westwood Balanced Fund

Seeks to invest in a balanced and diversified portfolio of stocks and bonds. The Fund's primary objective is both capital appreciation and current income. (Multiclass)

Co-Portfolio Managers: Susan M. Byrne
Mark Freeman, CFA

GAMCO Westwood Income Fund

Seeks to provide a high level of current income as well as long-term capital appreciation by investing in income producing equity and fixed income securities. (Multiclass)

Portfolio Manager: Barbara Marcin, CFA

SPECIALTY EQUITY

GAMCO Global Convertible Securities Fund

Seeks to invest principally in bonds and preferred stocks which are convertible into common stock of foreign and domestic companies. The Fund's primary objective is total return through a combination of current income and capital appreciation. (Multiclass)

Team Managed

GAMCO Global Opportunity Fund

Seeks to invest in common stock of companies which have rapid growth in revenues and earnings and potential for above average capital appreciation or are undervalued. The Fund's primary objective is capital appreciation. (Multiclass)

Team Managed

Gabelli SRI Green Fund

Seeks to invest in common and preferred stocks meeting guidelines for social responsibility (avoiding defense contractors and manufacturers of alcohol, abortifacients, gaming, and tobacco products) and sustainability (companies engaged in climate change, energy security and independence, natural resource shortages, organic living, and urbanization). The Fund's primary objective is capital appreciation. (Multiclass)

Co-Portfolio Managers: Christopher C. Desmarais
John M. Segrich, CFA

SECTOR

GAMCO Global Telecommunications Fund

Seeks to invest in telecommunications companies throughout the world – targeting undervalued companies with strong earnings and cash flow dynamics. The Fund's primary objective is capital appreciation. (Multiclass)

Team Managed

GAMCO Gold Fund

Seeks to invest in a global portfolio of equity securities of gold mining and related companies. The Fund's objective is long-term capital appreciation. Investment in gold stocks is considered speculative and is affected by a variety of worldwide economic, financial, and political factors. (Multiclass)

Portfolio Manager: Caesar Bryan

Gabelli Utilities Fund

Seeks to provide a high level of total return through a combination of capital appreciation and current income. (Multiclass)

Team Managed

MERGER AND ARBITRAGE

Gabelli ABC Fund

Seeks to invest in securities with attractive opportunities for appreciation or investment income. The Fund's primary objective is total return in various market conditions without excessive risk of capital loss. (No-load)

Portfolio Manager: Mario J. Gabelli, CFA

Gabelli Enterprise Mergers and Acquisitions Fund

Seeks to invest in securities believed to be likely acquisition targets within 12–18 months or in arbitrage transactions of publicly announced mergers or other corporate reorganizations. The Fund's primary objective is capital appreciation. (Multiclass)

Portfolio Manager: Mario J. Gabelli, CFA

CONTRARIAN

GAMCO Mathers Fund

Seeks long-term capital appreciation in various market conditions without excessive risk of capital loss. (No-load)

Portfolio Manager: Henry Van der Eb, CFA

Comstock Capital Value Fund

Seeks capital appreciation and current income. The Fund may use either long or short positions to achieve its objective. (Multiclass)

Portfolio Manager: Martin Weiner, CFA

FIXED INCOME

GAMCO Westwood Intermediate Bond Fund

Seeks to invest in a diversified portfolio of bonds with various maturities. The Fund's primary objective is total return. (Multiclass)

Portfolio Manager: Mark Freeman, CFA

CASH MANAGEMENT-MONEY MARKET

Gabelli U.S. Treasury Money Market Fund

Seeks to invest exclusively in short-term U.S. Treasury securities. The Fund's primary objective is to provide high current income consistent with the preservation of principal and liquidity. (No-load)

Co-Portfolio Managers: Judith A. Raneri
Ronald S. Eaker

An investment in the above Money Market Fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.

The Funds may invest in foreign securities which involve risks not ordinarily associated with investments in domestic issues, including currency fluctuation, economic, and political risks.

To receive a prospectus, call **800-GABELLI** (422-3554). Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectus contains more information about this and other matters and should be read carefully before investing.

Gabelli Equity Series Funds, Inc.
The Gabelli Small Cap Growth Fund

One Corporate Center
Rye, New York 10580-1422

800-GABELLI

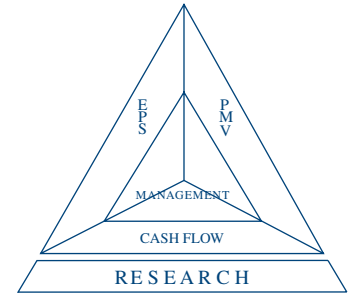
800-422-3554

fax: 914-921-5118

website: www.gabelli.com

e-mail: info@gabelli.com

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



Board of Directors

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

Robert J. Morrissey
*Attorney-at-Law
Morrissey, Hawkins & Lynch*

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

Kuni Nakamura
*President
Advanced Polymer, Inc.*

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

Anthony R. Pustorino
*Certified Public Accountant,
Professor Emeritus
Pace University*

John D. Gabelli
*Senior Vice President
Gabelli & Company, Inc.*

Anthonie C. van Ekris
*Chairman
BALMAC International, Inc.*

Salvatore J. Zizza
*Chairman
Zizza & Co., Ltd.*

Officers

Bruce N. Alpert
President and Secretary

Agnes Mullady
Treasurer

Peter D. Goldstein
Chief Compliance Officer

Distributor

Gabelli & Company, Inc.

Custodian, Transfer Agent, and Dividend Agent

State Street Bank and Trust Company

Legal Counsel

Skadden, Arps, Slate, Meagher & Flom LLP

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

GAB443Q409SR

★ ★ ★ ★ ★
**The
Gabelli
Small Cap
Growth
Fund**

Morningstar® rated The Gabelli Small Cap Growth Fund Class AAA Shares 5 stars overall and 5 stars for the three and five year periods and 4 stars for the ten year period ended December 31, 2009 among 566, 566, 467, and 243 Small Blend funds, respectively.

**FIRST QUARTER REPORT
DECEMBER 31, 2009**