

# The Gabelli Woodland Small Cap Value Fund

## Shareholder Commentary December 31, 2009



Elizabeth M. Lilly, CFA

### To Our Shareholders,

The net asset value (“NAV”) per Class AAA Share of The Gabelli Woodland Small Cap Value Fund increased 2.4% for the quarter ended December 31, 2009 versus the Russell 2000 Index, which rose 3.9%. For 2009, the Fund returned 29.0%, outperforming the Russell 2000 Index, which rose 27.2%.

### Comparative Results

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

	Quarter	1 Year	3 Year	5 Year	Since Inception (12/31/02)
<b>Gabelli Woodland Small Cap Value Fund</b>					
Class AAA .....	2.41%	29.03%	(4.28)%	0.68%	6.02%
Russell 2000 Index .....	3.87	27.17	(6.07)	0.51	8.65

***In the current prospectus, the gross expense ratio is 3.34%. The net expense ratio is 2.01%, after contractual reimbursements by the Adviser in place through January 31, 2011. 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. Returns would have been lower if the Adviser had not reimbursed expenses of the Fund. Visit [www.gabelli.com](http://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. You cannot invest directly in an index.

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

## COMMENTARY

As 2009 came to a close, it appeared as though the patient experiencing cardiac arrest, the U.S. economy, has been stabilized. All visible signs point to a resuscitation, and there are those who believe we are on our way back to a normal economic recovery. We are not in that camp. We believe that the U.S. economy is in for tough sledding for an extended period of time. However, challenging economic conditions may be, we believe it still is possible to generate positive returns in your portfolio and that is why we remain encouraged about where the Fund is invested today.

In our last several letters to you, we have expressed our concerns regarding two big problems in the economy, the high unemployment rate and the lack of credit creation. Those issues have not gone away and may even have worsened over the past several months. To make matters worse, another problem has recently emerged on the horizon, the government to private sector handoff in terms of spending. The baton has not been passed from our government to private enterprise so as to create sustainable economic growth. Without that handoff, the short-term stimulus actions will be just that, short-term. So where are these three problems heading over the next year? What do they mean for the equity markets?

Despite all the best efforts of the U.S. government to ignite job growth, the unemployment rate remains persistently high at about 10% (close to 15 million Americans). Furthermore, the U6, which stands for the unemployed plus “marginally employed and part-time workers seeking full-time employment,” is close to 20% (over 30 million Americans).

As we have written in the past, we think that U6 is a better indicator of the health of the job market as well in the overall economy. Without sustainable job creation and with the U6 at such a high rate, consumer spending will continue to be muted and the housing market will remain under pressure. Today, over one-third of the mortgages in America are underwater and another wave of foreclosures is expected in 2010. There are another 5.5 million homeowners who are delinquent on their mortgages; they are not yet in foreclosure but will be soon.

One of the biggest problems facing the United States is the continued lack of credit creation in the economy. The U.S. Federal Reserve’s strategy of keeping interest rates at 0% in order to spur lending by banks has not been effective. Creditworthy companies do not need to borrow and the banks are not willing to lend to others wanting loans. Further compounding the problem is that bank lending in two crucial areas, commercial and industrial loans and loans for commercial real estate, is starting to contract. Keep a close eye on commercial real estate in 2010; we believe that the troubles are just starting to surface and that it will potentially be a huge headache for small and medium sized banks going forward.

With interest rates at 0%, why are banks not extending credit and why are creditworthy private sector companies not borrowing money? The goal of 0% interest rates, free money in essence, is to inflate asset values in hopes of restarting the credit cycle and the economy. However, the exact opposite is occurring. There is a tremendous deleveraging throughout the economy. John Hussman described this dynamic well in a recent interview in *welling@weeden*: “The post WWII economic model of economic growth based on secular credit expansion is broken. Asset prices are pressured by deleveraging. Uncertainty as to collateral values restricts credit despite available liquidity. The contraction of credit hurts economic activity, causing incomes to fall and asset values to fall farther. A negative shift in expectations rapidly overtakes behavior.” The U.S. is experiencing a “balance sheet recession.” Private sector companies are no longer maximizing profits; they are focused on minimizing debt because all of the assets bought with borrowed money declined in value, but the debt is still on their balance sheet so they are underwater. Most companies today are in balance sheet repair mode. In this environment, monetary policy is largely useless because when you have negative equity, you are not going to borrow money at any interest rate, and no one will lend you money.

This then leads us to the final challenge facing the United States economy. PIMCO's Bill Gross writes, "The private sector has not taken the baton from government policymakers: There has been no public/private sector handoff. Bank lending is still contracting in the U.S. and weak in most other G-10 countries. Unemployment is still rising and approaching historic (ex-depression) cyclical peaks." Government spending is replacing lost private sector activity to stabilize the economy. At this point, the jury is still out on whether the massive government stimulus can affect the headwinds of a negative credit cycle. Unless the private sector eventually steps in, we run the risk that the GDP created from the massive fiscal stimulus will be artificial. When the government stops spending, the potential exists for a significant economic fallout.

Clearly, our expectations are for a slow recovery and muted economic growth. There will be continued deleveraging in the financial sector, increased government involvement, and a depressed consumer. Consumers are not going to bolster their personal income by borrowing and consumption will grow in line or even less than personal income. Consequently, this "new normal" will probably generate mid single digit returns over the next several years. John Bogle, founder of the Vanguard Group Mutual Fund Company, recently stated that "the 1990s was the golden decade for stocks, the 2000s was the tin decade, and the next 10 years will be the bronze decade. Stocks will rise 7 to 9 percent annually the next 10 years, below the historical norm but better than the last 10."

## **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 percentage of net assets and their share prices are presented as of December 31, 2009.

Among the best performing stocks this quarter were OSI Systems (2.2% of net assets as of December 31, 2009) and Bristow Group (1.1%).

*OSI Systems Inc. (OSIS - \$27.28 - NYSE)* During the quarter, OSI Systems increased 52%. OSI Systems develops and manufactures specialized electronic systems and components for applications in three business segments: Security, Medical, and Optoelectronics. For many years, OSI Systems grew through acquisition, did not fully integrate their acquisitions, and operated as a bloated mini conglomerate. In 2004, CEO Deepak Chopra hired a new CFO, Alan Edrick, to improve cash flow and operating margins and bring more financial discipline to the organization. OSI went about consolidating facilities, reducing headcount, and generating operating efficiency. The result was that over the last several years, operating margins have increased from 1% to 5% and we believe they can reach 10% in the next several years. During the quarter, OSI's stock positively responded to improved financial results as well as the expectation that their security division, Rapiscan, would benefit from strong funding by the U.S. Homeland Security as well as improving international demand. OSI is one of the leading global suppliers of security inspection equipment at airports for people, baggage/parcel, and hold baggage.

*Bristow Group Inc. (BRS - \$38.45 - NYSE)* increased 34% for the quarter. Bristow Group is the leading provider of helicopter transportation services to the worldwide offshore energy industry. They provide services to offshore drilling rigs, platforms, and other installations operated by national and international energy companies. Bristow's stock increased significantly over the last several months as oil prices rose and Bristow provided a robust outlook for 2010. The dynamics of Bristow's business model are very favorable over the next several years as a majority of Bristow's revenues are generated by multiyear contracts with customers. In

addition, capacity constraint is a significant issue as demand for helicopter services exceeds supply. Furthermore, supply will be constrained for the next several years, as helicopter manufacturers are fully booked. The “blue book” value of the company’s helicopter fleet alone is worth twice the current market value. CEO William Chiles is a veteran of the oil and gas industry and understands capital allocation and the importance of accelerating a company’s Return on Invested Capital.

The portfolio was not without its disappointments and two of those were Powell Industries (1.0%) and Gerber Scientific (1.1%).

*Powell Industries Inc. (POWL - \$31.53 - Nasdaq)* During the quarter, Powell Industries declined 16%. Powell is the market leader in the design and manufacture of engineered-to-order electrical power distribution as well as control systems. Their main customers are utilities, power generators, energy producers, pipelines, and refineries. Powell’s business in the short-term is being affected by both oil and gas companies and electric utilities reluctance to commit to significant capital projects given the uncertain economic environment. In addition, concerns over the impact of environmental regulation and tax legislation (Cap and Trade) on project costs are exacerbating their reluctance to spend. Longer term, Powell is well positioned to benefit from expected capital expenditure programs in the utility industry for transmission and generating capacity. CEO Pat McDonald and his management team have transformed Powell from an entrepreneurial organization to a professionally managed corporation. The financial focus that management has instilled will help operating margins continue to improve over time as well as generate significant free cash flow.

*Gerber Scientific (GTB - \$5.05 - NYSE)* declined 13% during the quarter. Gerber is a leading global supplier of automated manufacturing systems operating in three niche segments: sign making and specialty graphics, apparel cutting systems, and optical lens processing equipment. The company is well situated with either the number one or two positions in the market and 25-40% share in each segment. Over the course of the last several months, Gerber’s business has been impacted by a meaningful slowdown in Europe as well as reduced capital spending programs from its customers worldwide. In response to the environment, CEO Marc Giles and CFO Mike Elia have significantly cut expenses, sold off non-core assets, and implemented LEAN Enterprises techniques. Over the next several years, Gerber believes it can drive operating margins to 10%, which is a substantial improvement from today’s level of 3%. Gerber Scientific’s valuation should also benefit from the fact that if we were to separate the company today and sell off the three divisions, the value of the pieces would be substantially higher than where the stock sells today in the market today.

During the quarter, the market gave us the opportunity to make a few new investments. One we would like to highlight is ACCO Brands (1.1%).

*ACCO Brands (ABD - \$7.28 - NYSE)* is a leading manufacturer and supplier of branded office products to the U.S., United Kingdom, Australia, and Canadian markets. Approximately 85% of their revenues are derived from brands holding the number one or number two positions in their respective categories. Major brand names include Swingline, Day-Timer, Kensington, Quartet, GBC, Rexel, and Wilson Jones. Since it was spun off from Fortune Brands several years ago, ACCO Brands is a company we have watched closely as we have admired their strong brands and product positioning. Strategically and financially though, ACCO Brands lost its focus and discipline over the last several years. In 2008, after serving on the ACCO Brands Board of Directors for two years, Bob Keller took over as CEO. CEO Keller has a background steeped in turning around companies. At ACCO, he is leading the transformation through extensive cost reduction activities, disposing of non-core assets, reinvesting in new product development, and restoring impaired customer relationships. We believe that ACCO has turned the corner operationally and financially and that over the course of the next several years,

operating margins will improve from 7% to 14%, debt will be reduced substantially, and ACCO's valuation in the market will improve significantly.

The portfolio continues to be constructed with a fundamental bottom up investment approach. We do not have a Fund that will mirror the performance of the Russell 2000. If you analyze the portfolio and look at the types of companies we own, it is an eclectic group. Each individual security makes sense at the current price and not because we resemble an index. What we own are a collection of good businesses that generate free cash flow, operated by what we believe to be honest and talented management teams, and are disciplined in their capital allocation decisions.

We appreciate your loyalty and support during these challenging times and look forward to communicating with you next quarter.

Sincerely,

A handwritten signature in black ink that reads "Elizabeth M. Lilly". The signature is written in a cursive, flowing style.

Elizabeth M. Lilly, CFA  
Portfolio Manager

January 29, 2010

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

#### **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 calendar 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](http://www.gabelli.com) contains information about GAMCO Investors, Inc., the Gabelli/GAMCO Mutual Funds, IRAs, 401(k)s, current and historical quarterly reports, closing prices, and other current news. We welcome your comments and questions via e-mail at [info@gabelli.com](mailto:info@gabelli.com).

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

## **e-delivery**

We are pleased to offer electronic delivery of Gabelli fund documents. Direct shareholders of our 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](http://www.gabelli.com).

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

Tier Technologies Inc., Cl. B	2.6%	Kaman Corp.	2.0%
OSI Systems Inc.	2.2%	Gaylord Entertainment Co.	1.8%
Discovery Communications Inc.	2.2%	ATC Technology Corp.	1.8%
Alberto-Culver Co.	2.1%	BWAY Holding Co.	1.8%
Scholastic Corp.	2.0%	PICO Holdings Inc.	1.8%

## Multi-Class Shares

The Gabelli Woodland Small Cap Value Fund 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 which 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.

<b>Gabelli Woodland Small Cap Value Fund</b>				
<b>Average Annual Returns — December 31, 2009</b>				
	<b>Class AAA Shares</b>	<b>Class A Shares</b>	<b>Class C Shares</b>	<b>Class I Shares</b>
Quarter .....	2.41%	2.51% (3.38)(a)	2.29% 1.29(c)	2.65%
One Year .....	29.03	29.11 21.69(a)	28.16 27.16	29.62
Three Year .....	(4.28)	(4.22) (6.14)(a)	(4.96) (4.96)	(4.08)
Five Year .....	0.68	0.74 (0.47)(a)	(0.01) (0.01)	0.80
Since Inception (b) .....	6.02	6.07 5.16(a)	5.32 5.32	6.11
<b>Gross Expense Ratio .....</b>	<b>3.34</b>	<b>3.34</b>	<b>4.09</b>	<b>3.09</b>
<b>Current Expense Ratio after Adviser Reimbursements .....</b>	<b>2.01</b>	<b>2.01</b>	<b>2.76</b>	<b>1.76</b>
<b>Maximum Sales Charge .....</b>	<b>None</b>	<b>5.75</b>	<b>1.00</b>	<b>None</b>
<b>Ticker Symbol .....</b>	<b>GWSVX</b>	<b>GWSAX</b>	<b>GWSCX</b>	<b>GWSIX</b>

**Past performance does not guarantee future results.** Total 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. The Adviser reimbursed expenses to limit the expense ratio. Had such limitation not been in place, returns would have been lower. Current performance may be lower or higher than the performance data presented. Visit [www.gabelli.com](http://www.gabelli.com) to obtain 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.** 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 Class AAA Share NAVs per share are used to calculate performance for the periods prior to the issuance of Class I Shares on January 11, 2008. The actual performance of the Class I Shares would have been higher due to lower expenses related to Class I Shares. Expenses are limited by contract through January 31, 2011.

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

(b) Performance is calculated since inception on December 31, 2002.

(c) 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 at the time of purchase or sale, whichever is lower.

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](http://www.gabelli.com/funds).

Gabelli Equity Series Funds, Inc.  
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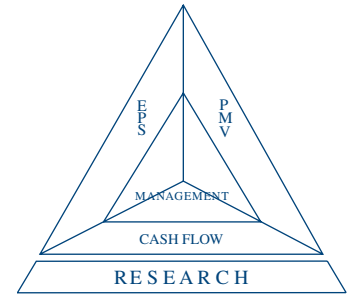
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Net Asset Value per share available daily by calling  
**800-GABELLI** after 7:00 P.M.



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

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GAB840Q409SC

# The Gabelli Woodland Small Cap Value Fund

**SHAREHOLDER COMMENTARY  
DECEMBER 31, 2009**

# The Gabelli Woodland Small Cap Value Fund

First Quarter Report <sup>(a)</sup>  
December 31, 2009



Elizabeth M. Lilly, CFA

## To Our Shareholders,

During the quarter ended December 31, 2009, the net asset value (“NAV”) per Class AAA Shares of The Gabelli Woodland Small Cap Value Fund (the “Fund”) increased 2.4% 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	Since Inception (12/31/02)
<b>Gabelli Woodland Small Cap Value Fund</b>					
<b>Class AAA</b> .....	2.41%	29.03%	(4.28)%	0.68%	6.02%
Russell 2000 Index .....	3.87	27.17	(6.07)	0.51	8.65
Class A .....	2.51	29.11	(4.22)	0.74	6.07
	(3.38)(c)	21.69(c)	(6.14)(c)	(0.47)(c)	5.16(c)
Class C .....	2.29	28.16	(4.96)	(0.01)	5.32
	1.29(d)	27.16(d)	(4.96)	(0.01)	5.32
Class I .....	2.65	29.62	(4.08)	0.80	6.11

**In the current prospectus, the gross expense ratios for Class AAA, A, C, and I Shares are 3.34%, 3.34%, 4.09%, and 3.09%, respectively. The net expense ratios after contractual reimbursements by Gabelli Funds, LLC (the “Adviser”) in place through January 31, 2011 are 2.01%, 2.01%, 2.76%, and 1.76%, respectively. The maximum sales charge for Class A and C Shares is 5.75% and 1.00%, respectively. Class AAA and Class I Shares do not have a sales charge.**

(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](http://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 I Shares on January 11, 2008. The actual performance of Class I Shares would have been higher due to lower expenses associated with this class 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 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 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.

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](http://www.gabelli.com/funds).

# The Gabelli Woodland Small Cap Value Fund

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

Shares		Market Value	Shares		Market Value
	<b>COMMON STOCKS — 98.0%</b>			<b>Equipment and Supplies — 4.7%</b>	
	<b>Aerospace — 5.0%</b>				
5,300	Herley Industries Inc.†	\$ 73,617	4,700	Actuant Corp., Cl. A	\$ 87,091
5,020	Kaman Corp.	115,912	13,000	Gerber Scientific Inc.†	65,650
5,200	Spirit Aerosystems Holdings Inc., Cl. A†	103,272	1,930	Powell Industries Inc.†	60,853
		<u>292,801</u>	1,550	The Toro Co.	64,805
					<u>278,399</u>
	<b>Airlines — 1.1%</b>			<b>Financial Services — 3.5%</b>	
13,000	ExpressJet Holdings Inc.†	62,660	1,430	HMN Financial Inc.†	6,006
			7,700	NewAlliance Bancshares Inc.	92,477
	<b>Automotive: Parts and Accessories — 3.6%</b>		5,600	TCF Financial Corp.	76,272
4,400	ATC Technology Corp.†	104,940	1,204	Willis Group Holdings Ltd.	31,762
5,000	Federal-Mogul Corp.†	86,500			<u>206,517</u>
2,000	Midas Inc.†	16,900		<b>Food and Beverage — 2.7%</b>	
		<u>208,340</u>	5,500	Constellation Brands Inc., Cl. A†	87,615
			1,100	The J.M. Smucker Co.	67,925
					<u>155,540</u>
	<b>Business Services — 9.1%</b>			<b>Health Care — 9.9%</b>	
9,000	ACCO Brands Corp.†	65,520	15,200	AtriCure Inc.†	91,808
1,358	Ascent Media Corp., Cl. A†	34,670	1,100	Chemed Corp.	52,767
4,890	Deluxe Corp.	72,323	13,900	Home Diagnostics Inc.†	84,790
8,150	Edgewater Technology Inc.†	24,450	64,000	Hooper Holmes Inc.†	67,200
4,000	Intermec Inc.†	51,440	4,100	Immucor Inc.†	82,984
6,000	Liquidity Services Inc.†	60,420	8,740	Rochester Medical Corp.†	97,276
14,000	MoneyGram International Inc.†	40,320	2,116	SurModics Inc.†	47,949
8,800	PRG-Schultz International Inc.†	52,008	1,480	West Pharmaceutical Services Inc.	58,016
5,933	Safeguard Scientifics Inc.†	61,169			<u>582,790</u>
2,820	The Brink's Co.	68,639			
		<u>530,959</u>			
	<b>Computer Software and Services — 12.9%</b>			<b>Hotels and Gaming — 1.8%</b>	
5,500	Dynamics Research Corp.†	58,355	5,370	Gaylord Entertainment Co.†	106,057
3,900	Fair Isaac Corp.	83,109			
13,410	Lawson Software Inc.†	89,176		<b>Machinery — 3.6%</b>	
2,000	MICROS Systems Inc.†	62,060	4,964	Key Technology Inc.†	57,880
2,340	MTS Systems Corp.	67,252	3,500	Robbins & Myers Inc.	82,320
15,000	PLATO Learning Inc.†	65,400	900	Valmont Industries Inc.	70,605
10,000	S1 Corp.†	65,200			<u>210,805</u>
3,000	Stratasys Inc.†	51,840		<b>Publishing — 3.4%</b>	
19,000	Tier Technologies Inc., Cl. B†	152,000	7,900	Dolan Media Co.†	80,659
8,800	TransAct Technologies Inc.†	61,072	4,000	Scholastic Corp.	119,320
		<u>755,464</u>			<u>199,979</u>
				<b>Restaurants — 0.8%</b>	
	<b>Consumer Products — 6.0%</b>		8,000	Famous Dave's of America Inc.†	48,400
4,270	Alberto-Culver Co.	125,068			
20,000	Alliance One International Inc.†	97,600		<b>Retail — 1.1%</b>	
1,085	Church & Dwight Co. Inc.	65,588	800	J. Crew Group Inc.†	35,792
14,000	Kid Brands Inc.†	61,320	2,000	Penske Automotive Group Inc.†	30,360
		<u>349,576</u>			<u>66,152</u>
				<b>Specialty Chemicals — 3.6%</b>	
	<b>Consumer Services — 1.4%</b>		1,260	FMC Corp.	70,258
2,520	Brink's Home Security Holdings Inc.†	82,253	2,600	H.B. Fuller Co.	59,150
			11,000	PolyOne Corp.†	82,170
					<u>211,578</u>
	<b>Diversified Industrial — 13.3%</b>			<b>Telecommunications — 2.4%</b>	
1,400	AEP Industries Inc.†	53,592	7,400	HickoryTech Corp.	65,342
5,400	Bway Holding Co.†	103,788	6,200	MasTec Inc.†	77,500
27,000	Digital Ally Inc.†	55,350			<u>142,842</u>
2,500	FormFactor Inc.†	54,400		<b>Transportation — 1.1%</b>	
9,000	Graphic Packaging Holding Co.†	31,230	1,700	Bristow Group Inc.†	65,365
5,957	Griffon Corp.†	72,795			
3,100	L.B. Foster Co., Cl. A†	92,411		<b>TOTAL COMMON STOCKS</b>	<u>5,745,551</u>
4,800	OSI Systems Inc.†	130,944			
2,000	Raven Industries Inc.	63,540		<b>U.S. GOVERNMENT OBLIGATIONS — 2.0%</b>	
1,600	Texas Industries Inc.	55,984		U.S. Treasury Cash Management Bill, 0.137%††, 06/10/10	114,914
8,000	Vishay Intertechnology Inc.†	66,800			
		<u>780,834</u>		<b>TOTAL INVESTMENTS — 100.0%</b>	<u>\$ 5,860,465</u>
25,000	Juhl Wind Inc.†	50,000		(Cost \$5,205,531)	
6,240	Mariner Energy Inc.†	72,446		Aggregate book cost	<u>\$ 5,205,531</u>
3,170	PICO Holdings Inc.†	103,754		Gross unrealized appreciation	\$ 1,027,726
		<u>226,200</u>		Gross unrealized depreciation	(372,792)
				Net unrealized appreciation/depreciation	<u>\$ 654,934</u>
	<b>Entertainment — 3.1%</b>				
3,585	Discovery Communications Inc., Cl. A†	109,952			
585	Discovery Communications Inc., Cl. C†	15,514			
6,300	Pinnacle Entertainment Inc.†	56,574			
		<u>182,040</u>			

† Non-income producing security.  
†† Represents annualized yield at date of purchase.

See accompanying notes to schedule of investments.

# The Gabelli Woodland Small Cap Value 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 the 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 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:

<u>Valuation Inputs</u>	<u>Investments in Securities (Market Value) Assets</u>
Level 1 – Quoted Prices*	\$5,745,551
Level 2 – Other Significant Observable Inputs*	114,914
Total	<u>\$5,860,465</u>

\* Portfolio holdings designated in Level 1 and Level 2 are disclosed individually in the Schedule of Investments ("SOI"). Level 2 consists of U.S. Government Obligations. Please refer to the SOI for the industry classifications of these portfolio holdings.

There were no Level 3 investments at September 30, 2009 or December 31, 2009.

**2. Tax Information.** At September 30, 2009, the Fund had a net capital loss carryforward for federal income tax purposes of \$279,715, 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 \$1,211,435.

Gabelli Equity Series Funds, Inc.  
**The Gabelli Woodland Small Cap Value Fund**

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Rye, New York 10580-1422

**800-GABELLI**

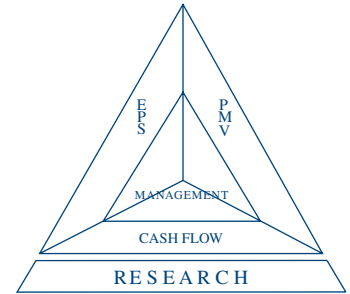
**800-422-3554**

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**e-mail: info@gabelli.com**

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



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*Treasurer*

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Gabelli & Company, Inc.

**Custodian, Transfer Agent, and Dividend Agent**

State Street Bank and Trust Company

**Legal Counsel**

Skadden, Arps, Slate, Meagher & Flom LLP

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

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GAB840Q409SR

# The Gabelli Woodland Small Cap Value Fund

FIRST QUARTER REPORT  
DECEMBER 31, 2009