

The Gabelli Small Cap Growth Fund

Shareholder Commentary – March 31, 2010



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 March 31, 2010 among 563, 563, 476, and 244 Small Blend funds, respectively.

To Our Shareholders,

For the first quarter of 2010, the net asset value (“NAV”) per Class AAA Share of The Gabelli Small Cap Growth Fund rose 7.6%, versus an increase of 8.9% 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 56.6%, 5.9%, 8.8%, 11.2%, and 12.8%, respectively.

The Economy

Stocks continued their march upward in the first quarter of 2010 as signs of an economic recovery grew stronger. Unemployment began to fall, dropping back below 10%. Industrial production continued to expand and retail sales, helped by favorable weather, increased sharply in March. As cash accumulates on corporate balance sheets, acquisitions and investment in capital equipment, inventories, and jobs should follow.

Comparative Results

Average Annual Returns through March 31, 2010 (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	7.63%	56.55%	(0.27)%	5.86%	8.78%	11.16%	12.83%
Russell 2000 Index	8.85	62.76	(3.99)	3.36	3.68	8.02	8.94

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.

The “Three B’s” – Barack, Bernanke and Beijing – loomed large in the quarter in their influence on the economy and stock market. Stocks suffered a mid-quarter pullback due in part to jitters over China’s attempts to cool its economy as well as concerns over the fiscal troubles of Greece and the other “PIIGS” of Europe (Portugal, Italy, and Ireland). Debate over Obama’s healthcare bill dominated news coverage throughout the quarter, but ultimately a scaled down bill was signed into law by President Obama in late March. The Federal Reserve continued to keep rates at record lows, although it has now completed its purchase of agency mortgage backed securities and agency debt.

One key function of the Federal Reserve is to gather, array, and project the data on the U.S. economy. Chairman Ben Bernanke and members of the Federal Open Market Committee must then interpret this data as they set monetary policy. While most of this data is stable to improving, the economic picture remains fragile: at 9.7%, unemployment remains the highest in twenty years; home foreclosures are increasing and commercial real estate vacancies are at a record high; more ominously, commodity prices – notably for oil – are rising, potentially impacting consumer spending; finally, the existing budget deficit and new healthcare act will likely lead to higher future tax rates. The Fed must balance its goal of price stability with snuffing out a nascent return to economic growth.

Like the Fed, (y)our research team at Gabelli gathers, arrays, and projects data from a variety of sources each day. Our company by company analysis suggests that order rates are increasing, advertising spending has resumed, and employment has begun to expand. Like Chairman Bernanke, our job as portfolio managers is to interpret what this means for stocks. Normally, rising interest rates are bad for stocks. In this case, however, other dynamics may dominate. Rates remain historically low. A return of consumer demand should translate into both higher revenues and much stronger earnings, as now-leaner corporations benefit from operating leverage.

While risks remain, we believe our focus on Private Market Value with a Catalyst™ and seeking a margin of safety, will benefit fund shareholders over the long term.

Deals, Deals, Deals – The Fifth Wave

As we have written previously, merger and acquisition (“M&A”) activity is slowly increasing as corporate buyers are using acquisitions to add global growth and scale. The strong are taking advantage of low valuations, excess cash, and attractive financing terms to become stronger. Notably, private equity firms, largely absent from M&A over the last two years, have begun to return. Financial engineering is also being used again by companies to surface value.

Several Fund holdings were the subject of M&A activity during the quarter. Broadview Security, the alarm monitoring company spun off from The Brink’s Company (0.1% of net assets as of March 31, 2010) in October 2008, announced an agreement to be acquired by its largest competitor, ADT, itself owned by Tyco International Ltd. Cablevision Systems (0.7%) spun off Madison Square Garden (0.3%) to shareholders on a one-for-four basis in February 2010, allowing management to focus on other potential strategic actions, including a sale of the Rainbow cable networks and a strategic merger with Time Warner Cable, which could surface additional value in the future.

Investment Scorecard

A large contributor to return in the first quarter included Liberty Capital (+52%) (0.2%), a tracker stock associated with Dr. John C. Malone, as increased confidence in Liberty’s strategy to narrow the tracker stock

discounts mixed favorably with improving consumer fundamentals. A stronger outlook for entertainment and travel drove TiVo (+68%) (0.7%) and Gaylord Entertainment (+48%) (0.5%). Other notable strong contributors included Baldor Electric (+33%) (0.9%), CIRCOR (+32%) (0.8%), Dr Pepper Snapple Group (+24%) (0.7%), and CNH Global (+23%) (0.9%).

Detractors to performance were limited, but included Verizon (−6%) (0.1%), Mandarin Oriental (−6%) (0.1%), GrafTech (−12%) (0.8%), and Gorman-Rupp (−8%) (0.5%).

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 March 31, 2010.

Baldor Electric Company (0.9% of net assets as of March 31, 2010) (BEZ - \$37.40 - NYSE) manufactures precision motors, drives, and portable generators for the commercial, industrial, and motion control industries. The company also makes power system products, including industrial and engineered motors, adjustable speed drives, mounted bearings, conveyor pulleys, couplings, bushings, and clutches for the power transmission market. About 65% of BEZ's revenues are derived from industrial motors. The company is a pioneer and leader in energy efficiency motors. BEZ was the first company to produce high efficiency motors, use an efficiency rating on motors, and receive the Department of Energy's Merit Award for leadership in designing efficiency motors. In December 2007, Congress passed the Energy Independence and Security Act (EISA) that mandates higher efficiency standards for general purpose, AC industrial motors that are manufactured for sale in the U.S. after December 19, 2010. EISA builds upon the efficiency levels that were established by the Energy Policy Act of 1992 (EPA). Given the company's leadership in this area, we believe BEZ will immensely benefit from this trend and should see higher sales and earnings as a result.

CIRCOR International, Inc. (0.8%) (CIR - \$33.21 - 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. (0.7%) (CLC - \$34.49 - NYSE), based in Franklin, TN, is a manufacturer of engine, industrial, and environmental filters, as well as industrial packaging products. CLARCOR derives approximately 80% of its revenue from recurring filter sales. This "razor blade" model enabled resilient results despite global economic weakness. Looking forward, the company has restructured its CLC Air division, which we believe will lead to solid earnings growth and margin improvement as sales rise. With a strong balance sheet, we believe CLC will look to expand its operations via "bolt-on" acquisitions in industrial filtration.

Curtiss-Wright Corp. (0.9%) (CW - \$34.80 - 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.

Ferro Corp. (1.2%) (FOE - \$8.79 - NYSE), based in Cleveland, OH, is a producer of performance chemicals and specialty materials with operations in twenty-three countries. Its product offerings include polymer additives, fine chemicals, and specialty plastics. In recent years, the company has made substantial progress restructuring operations, reducing costs, implementing operational excellence initiatives, and investing in new product development. Ferro continued to tighten spending during the 2008 downturn and saw higher gross margins and income segment margins in the third quarter of 2009. An offering of approximately 41 million shares of common stock was completed late in 2009. \$50 million of the offering proceeds was used to pay for restructuring programs and strategic initiatives, with the balance used to reduce borrowings under Ferro's credit facility.

Flowserve Corporation (0.9%) (FLS - \$110.27 - NYSE) is the largest pump company serving the petroleum, chemical, and power industries. The company's products include engineered pumps, automated and control valves, actuators, and seals. About 40% of FLS's revenues are derived from the oil and gas industry. We believe the company should benefit from the refurbishment of the aging infrastructure in the U.S., Middle East, and other parts of the world that were built years ago to bring up oil. In addition, the oil companies now need to bring up the dirtier, heavier, and harder to obtain crude from thousands of feet below ground as the cleaner, lighter, and easier to obtain crude are depleted from 800 feet below ground. These requirements demand more highly engineered pumps, valves, and seals that can work under very high pressure, high temperature, or under water, boding well for FLS's products.

Griffon Corp. (0.8%) (GFF - \$12.46 - 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 the 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.

Kaman Corporation (1.0%) (KAMN - \$25.00 - 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.


O'Reilly Automotive, Inc. (1.3%) (ORLY - \$41.71 - Nasdaq), headquartered in Springfield, MO, is one of the largest specialty retailers of automotive aftermarket parts, tools, supplies, equipment, and accessories in the United States. The company sells to both the DIY (Do-It-Yourself) and DIFM (Do-It-For-Me) markets. O'Reilly is in the final stages of completing the integration of CSK Auto, an auto aftermarket retailer the company acquired in 2008. O'Reilly management's expertise in serving the DIFM customer should translate into increased sales in former CSK stores, and in turn deliver earnings growth for ORLY.

SSL International (1.1%) (SSL - \$12.34 - London Stock Exchange) based in London generated £642 million of revenue in its fiscal year ended March 2009 from its leading brands, including Durex condoms and Dr. Scholl's footcare and footwear products outside of the U.S., as well as from other local brands. SSL estimates that it has 35% share of the global condom market. In the fiscal year 2010, the company is expected to report revenue of approximately £800 million, which includes an estimated £120 million from the addition of the Russian condom and glove business, BLBV, which has been consolidated since June 2009. In February 2010, SSL announced it is increasing its stake in BLBV to approximately 75% from 50% and it is expected to purchase the remaining share in 2011.

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

May 6, 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.

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 \$3,357,279 in calendar 2009. 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) March 31, 2010

O'Reilly Automotive Inc. 1.3%	Waddell & Reed Financial Inc. 1.0%
Ferro Corp. 1.1%	Vimpel-Communications 0.9%
SSL International plc 1.1%	Baldor Electric Co. 0.9%
Kaman Corp. 1.0%	Curtiss-Wright Corp. 0.9%
The Interpublic Group of Companies Inc. 1.0%	Flowserve Corp. 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.

The Gabelli Small Cap Growth Fund Average Annual Returns – March 31, 2010 (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	56.55%	56.41%	55.23%	55.34%	56.91%
		47.41(c)	50.23(d)	54.34(e)	
5 Year	5.86	5.85	5.06	5.08	5.98
		4.60(c)	4.73(d)	5.08	
10 Year	8.78	8.78	8.27	8.28	8.84
		8.13(c)	8.27	8.28	
Life of Fund (f)	12.83	12.83	12.54	12.55	12.86
		12.47(c)	12.54	12.55	
Current Expense Ratio ..	1.48	1.48	2.23	2.23	1.23
Maximum Sales Charge ..	None	5.75	5.00	1.00	None

(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.

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The Gabelli Small Cap Growth Fund

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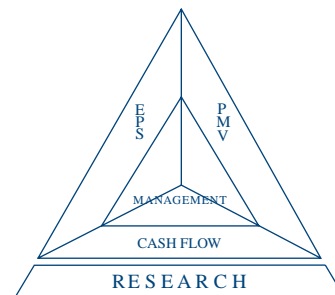
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e-mail: info@gabelli.com

Net Asset Value per share available daily by calling

800-GABELLI after 7:00 P.M.



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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.

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★ ★ ★ ★ ★
**The
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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 March 31, 2010 among 563, 563, 476, and 244 Small Blend funds, respectively.

**SHAREHOLDER COMMENTARY
MARCH 31, 2010**

The Gabelli Small Cap Growth Fund

Semi-Annual Report (a) – March 31, 2010



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 March 31, 2010 among 563, 563, 476, and 244 Small Blend funds, respectively.

To Our Shareholders,

For the quarter ended March 31, 2010, the net asset value (“NAV”) per share of The Gabelli Small Cap Growth Fund’s (the “Fund”) Class AAA Shares rose 7.63% versus increases in the Russell 2000 Index of 8.85% and the Value Line Composite Index of 8.28%.

Comparative Results

Average Annual Returns through March 31, 2010 (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 . . .	7.63%	56.55%	(0.27)%	5.86%	8.78%	11.16%	12.83%
Russell 2000 Index	8.85	62.76	(3.99)	3.36	3.68	8.02	8.94
Class A	7.59	56.41	(0.27)	5.85	8.78	11.16	12.83
Class B	1.40(c)	47.41(c)	(2.22)(c)	4.60(c)	8.13(c)	10.72(c)	12.47(c)
Class C	7.41	55.23	(1.03)	5.06	8.27	10.82	12.54
Class I	2.41(d)	50.23(d)	(2.03)(d)	4.73(d)	8.27	10.82	12.54
Class C	7.40	55.34	(0.99)	5.08	8.28	10.82	12.55
Class I	6.40(e)	54.34(e)	(0.99)	5.08	8.28	10.82	12.55
Class I	7.66	56.91	(0.09)	5.98	8.84	11.20	12.86

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 Disclosure of Fund Expenses (Unaudited)

For the Six Month Period from October 1, 2009 through March 31, 2010

Expense Table

We believe it is important for you to understand the impact of fees and expenses regarding your investment. All mutual funds have operating expenses. As a shareholder of a fund, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a fund's gross income, directly reduce the investment return of a fund. When a fund's expenses are expressed as a percentage of its average net assets, this figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your Fund and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The Expense Table below illustrates your Fund's costs in two ways:

Actual Fund Return: This section provides information about actual account values and actual expenses. You may use this section to help you to estimate the actual expenses that you paid over the period after any fee waivers and expense reimbursements. The "Ending Account Value" shown is derived from the Fund's **actual** return during the past six months, and the "Expenses Paid During Period" shows the dollar amount that would have been paid by an investor who started with \$1,000 in the Fund. You may use this information, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number given for your Fund under the heading "Expenses Paid During Period" to estimate the expenses you paid during this period.

Hypothetical 5% Return: This section provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio. It assumes a hypothetical annualized return of 5% before expenses during the period shown. In this case – because the hypothetical return used is **not** the Fund's actual return – the results do not apply to your investment and you cannot use the hypothetical account value and expense to estimate the actual ending account balance or expenses you paid for the period. This example is useful in making comparisons of the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs such as sales charges (loads), redemption fees, or exchange fees, if any, which are described in the Prospectus. If these costs were applied to your account, your costs would be higher. Therefore, the 5% hypothetical return is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds.

	Beginning Account Value 10/01/09	Ending Account Value 3/31/10	Annualized Expense Ratio	Expenses Paid During Period*
The Gabelli Small Cap Growth Fund				
Actual Fund Return				
Class AAA	\$1,000.00	\$1,109.60	1.39%	\$ 7.31
Class A	\$1,000.00	\$1,109.30	1.39%	\$ 7.31
Class B	\$1,000.00	\$1,104.70	2.14%	\$11.23
Class C	\$1,000.00	\$1,105.50	2.14%	\$11.23
Class I	\$1,000.00	\$1,110.70	1.14%	\$ 6.00
Hypothetical 5% Return				
Class AAA	\$1,000.00	\$1,018.00	1.39%	\$ 6.99
Class A	\$1,000.00	\$1,018.00	1.39%	\$ 6.99
Class B	\$1,000.00	\$1,014.26	2.14%	\$10.75
Class C	\$1,000.00	\$1,014.26	2.14%	\$10.75
Class I	\$1,000.00	\$1,019.25	1.14%	\$ 5.74

* Expenses are equal to the Fund's annualized expense ratio for the last six months multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year (182 days), then divided by 365.

Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of total net assets as of March 31, 2010:

The Gabelli Small Cap Growth Fund

U.S. Government Obligations	14.2%	Real Estate	1.1%
Equipment and Supplies	8.5%	Wireless Communications	1.0%
Health Care	7.4%	Computer Software and Services	1.0%
Diversified Industrial	7.2%	Communications Equipment	0.9%
Food and Beverage	6.6%	Closed-End Funds	0.8%
Energy and Utilities	5.9%	Environmental Services	0.6%
Financial Services	5.4%	Transportation	0.6%
Automotive: Parts and Accessories	5.1%	Aerospace	0.6%
Specialty Chemicals	4.8%	Broadcasting	0.6%
Business Services	4.0%	Educational Services	0.5%
Retail	3.9%	Metals and Mining	0.4%
Aviation: Parts and Services	3.5%	Manufactured Housing and Recreational Vehicles	0.4%
Hotels and Gaming	2.4%	Building and Construction	0.3%
Consumer Products	2.0%	Automotive	0.3%
Electronics	1.6%	Home Furnishings	0.1%
Consumer Services	1.6%	Paper and Forest Products	0.1%
Cable	1.5%	Closed-End Business Development Company	0.1%
Telecommunications	1.4%	Agriculture	0.0%
Entertainment	1.3%	Other Assets and Liabilities (Net)	(0.1)%
Publishing	1.2%		<u>100.0%</u>
Machinery	1.2%		

The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (the "SEC") for the first and third quarters of each fiscal year on Form N-Q, the last of which was filed for the quarter ended December 31, 2009. Shareholders may obtain this information at www.gabelli.com or by calling the Fund at 800-GABELLI (800-422-3554). The Fund's Form N-Q is available on the SEC's website at www.sec.gov and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

Proxy Voting

The Fund files Form N-PX with its complete proxy voting record for the twelve months ended June 30th, no later than August 31st of each year. A description of the Fund's proxy voting policies, procedures, and how the Fund voted proxies relating to portfolio securities is available without charge, upon request, by (i) calling 800-GABELLI (800-422-3554); (ii) writing to The Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; or (iii) visiting the SEC's website at www.sec.gov.

The Gabelli Small Cap Growth Fund

Schedule of Investments — March 31, 2010 (Unaudited)

Shares	Cost	Market Value	Shares	Cost	Market Value
COMMON STOCKS — 85.7%					
Aerospace — 0.6%					
260,000	Herley Industries Inc.† . . . \$ 3,915,439	\$ 3,811,600	25,000	Embraer-Empresa Brasileira de Aeronautica SA, ADR \$ 430,623	\$ 599,000
105,000	Rockwell Automation Inc. 2,969,101	5,917,800	22,000	Gamesa Corporacion Tecnologica SA 134,728	301,602
		6,884,540			
		9,729,400	920,000	GenCorp Inc.† 6,117,721	5,299,200
Agriculture — 0.0%			665,800	Kaman Corp. 9,883,870	16,651,658
12,000	Cadiz Inc.† 93,950	153,240	90,000	Moog Inc., Cl. A† 732,784	3,187,800
3,500	The Mosaic Co. 74,541	212,695	16,100	Moog Inc., Cl. B† 464,818	571,550
		168,491	73,000	Woodward Governor Co. 1,015,537	2,334,540
		365,935			41,461,544
					56,957,377
Automotive — 0.3%			Broadcasting — 0.6%		
85,000	Navistar International Corp.† 2,534,477	3,802,050	330,000	Acme Communications Inc.† 907,305	198,000
10,000	PACCAR Inc. 373,100	433,400	119,600	Beasley Broadcast Group Inc., Cl. A† 768,786	496,340
		2,907,577			762,024
		4,235,450	23,000	Cogeco Inc. 584,455	762,024
Automotive: Parts and Accessories — 5.0%			305,000	Crown Media Holdings Inc., Cl. A† 1,813,609	585,600
155,000	BorgWarner Inc.† 1,761,849	5,917,900	3,333	CTN Media Group Inc.† (a) 16,800	0
74,022	China Automotive Systems Inc.† 378,522	1,710,648	2,433	Granite Broadcasting Corp.† 822,771	2
790,000	Dana Holding Corp.† 4,335,733	9,385,200	300,000	Gray Television Inc.† 1,025,704	690,000
320,000	Federal-Mogul Corp.† 4,444,546	5,875,200	16,000	Gray Television Inc., Cl. A† 42,772	39,200
355,000	Midas Inc.† 4,930,309	4,004,400	100,000	Liberty Media Corp. - Capital, Cl. A† 2,042,651	3,637,000
355,000	Modine Manufacturing Co.† 4,966,296	3,990,200	505,000	Salem Communications Corp., Cl. A† 2,107,130	1,807,900
15,000	Monro Muffler Brake Inc. 152,114	536,400	200,000	Sinclair Broadcast Group Inc., Cl. A† 1,685,453	1,016,000
530,200	O'Reilly Automotive Inc.† 13,956,950	22,114,642	450,000	Sirius XM Radio Inc.† 230,879	391,725
27,300	Puradyn Filter Technologies Inc.† 8,711	5,460			12,048,315
140,000	SORL Auto Parts Inc.† 751,204	1,293,600			9,623,791
80,375	Spartan Motors Inc. 388,580	450,100	Building and Construction — 0.3%		
350,800	Standard Motor Products Inc.† 3,885,870	3,479,936	33,000	Insituform Technologies Inc., Cl. A† 622,647	878,130
178,200	Strattec Security Corp.† 3,570,107	3,621,024	170,000	Layne Christensen Co.† 4,628,745	4,540,700
255,000	Superior Industries International Inc. 3,973,440	4,100,400			5,251,392
520,500	Tenneco Inc.† 5,193,310	12,309,825	Business Services — 3.9%		
320,000	The Pep Boys - Manny, Moe & Jack 3,758,524	3,216,000	47,500	AboveNet Inc.† 1,955,534	2,409,675
27,000	Thor Industries Inc. 250,194	815,670	33,000	ACCO Brands Corp.† 329,387	252,780
46,000	Wonder Auto Technology Inc.† 299,248	486,680	410,000	AMICAS Inc.† 1,323,855	2,468,200
		57,005,507	110,000	Ascent Media Corp., Cl. A† 2,727,937	2,997,500
		83,313,285	160,000	Bowne & Co. Inc. 1,224,456	1,785,600
Aviation: Parts and Services — 3.5%			130,000	BPW Acquisition Corp.† 1,281,429	1,618,500
25,000	AAR Corp.† 302,990	620,500	350,000	Clear Channel Outdoor Holdings Inc., Cl. A† 3,090,064	3,713,500
10,000	Astronics Corp.† 39,192	98,100	361,100	Diebold Inc. 12,430,893	11,468,536
2,500	Astronics Corp., Cl. B† 9,798	25,000	470,000	Edgewater Technology Inc.† 2,467,987	1,504,000
12,000	Barnes Group Inc. 98,769	233,400	360,000	Furmanite Corp.† 1,390,213	1,868,400
4,150,000	BBA Aviation plc 10,568,213	12,261,452	119,931	GP Strategies Corp.† 992,735	1,002,623
420,000	Curtiss-Wright Corp. 11,582,376	14,616,000	35,589	GSE Systems Inc.† 138,667	192,536
7,500	Ducommun Inc. 80,125	157,575	60,000	Interactive Data Corp. 534,171	1,920,000

See accompanying notes to financial statements.

The Gabelli Small Cap Growth Fund

Schedule of Investments (Continued) — March 31, 2010 (Unaudited)

Shares/ Units	Cost	Market Value	Shares	Cost	Market Value				
COMMON STOCKS (Continued)			Communications Equipment — 0.9%						
Business Services (Continued)			Communications						
445,000	Intermec Inc.† \$	8,238,183	\$	6,310,100	160,000	Systems Inc. \$	1,147,120	\$	2,068,800
23,000	Lamar Advertising Co.,		80,000	Sycamore Networks Inc.	1,773,298	1,608,800			
	Cl. At	163,537	790,050	275,000	Thomas & Betts Corp.†	5,127,066	10,791,000		
14,000	Landauer Inc.	290,749	913,080			8,047,484	14,468,600		
82,200	Macquarie Infrastructure			Computer Software and Services — 1.0%					
	Co. LLC†	1,097,689	1,136,004	Emulex Corp.†			336,483	478,080	
4,000	MDC Partners Inc., Cl. A	12,360	41,400	36,000	FalconStor Software Inc.†	677,557	330,600		
10,000	Riskmetrics Group Inc.†	217,642	226,100	95,000	Global Sources Ltd.†	2,726,746	2,240,397		
65,000	Sohgo Security Services			6,000	KIT Digital Inc.†	68,146	77,280		
	Co. Ltd.	829,111	752,968	45,000	Mentor Graphics Corp.†	569,134	360,900		
120,002	Stamps.com Inc.†	1,023,300	1,212,020	20,187	MKS Instruments Inc.†	367,981	395,463		
60,000	The Brink's Co.	1,403,699	1,693,800	455,000	NCR Corp.†	5,164,296	6,279,000		
2,000,000	The Interpublic Group of			800,000	StorageNetworks Inc.,				
	Companies Inc.†	14,127,767	16,640,000		Escrow† (a)	0	78,560		
162,000	Trans-Lux Corp.† (b)	1,057,153	137,700	295,000	Tyler Technologies Inc.†	1,164,997	5,528,300		
36,050	TransAct Technologies Inc.†	181,017	262,444			11,075,340	15,768,580		
60,000	United Rentals Inc.†	380,572	562,800	Consumer Products — 2.0%					
125,000	ValueClick Inc.†	1,957,308	1,267,500	150,000	1-800-FLOWERS.COM Inc.,				
		60,867,415	65,147,816		Cl. At	882,563	376,500		
Cable — 1.5%				14,750	Adams Golf Inc.†	110,074	48,232		
230,000	Adelphia Communications			68,400	Alberto-Culver Co.	1,678,653	1,788,660		
	Corp., Cl. At (a)	29,650	0	33,500	Chofu Seisakusho Co. Ltd.	484,644	782,945		
230,000	Adelphia Communications			30,000	Church & Dwight Co. Inc.	303,670	2,008,500		
	Corp., Cl. A, Escrow† (a)	0	0	610,000	Coachmen Industries Inc.†	1,463,378	841,800		
230,000	Adelphia Recovery Trust†	0	2,760	750,000	Eastman Kodak Co.†	3,984,897	4,342,500		
500,000	Cablevision Systems Corp.,			2,000	Harley-Davidson Inc.	4,713	56,140		
	Cl. A	157,656	12,070,000	340,000	Marine Products Corp.†	444,606	2,040,000		
8,000	Cogeco Cable Inc.	270,188	325,151	26,000	National Presto				
245,000	DIRECTV, Cl. At	6,098,022	8,283,450		Industries Inc.	799,305	3,091,660		
30,000	EchoStar Corp., Cl. At	583,270	608,400	439,196	Sally Beauty Holdings Inc.†	2,900,631	3,917,628		
9,329	Liberty Global Inc., Cl. At	249,972	272,033	745,000	Schiff Nutrition				
9,329	Liberty Global Inc., Cl. Ct	240,169	269,515		International Inc.	2,083,003	6,094,100		
480,000	LIN TV Corp., Cl. At	3,415,301	2,760,000	3,070	Steven Madden Ltd.†	37,266	149,816		
33,000	Outdoor Channel			150,000	Stewart Enterprises Inc.,				
	Holdings Inc.†	271,136	217,470		Cl. A	793,109	937,500		
		11,315,364	24,808,779	150,000	Swedish Match AB	2,992,162	3,585,575		
Closed-End Business Development Company — 0.1%				87,425	Syratech Corp.†	17,426	26		
98,000	MVC Capital Inc.	1,079,182	1,329,860	16,000	The Scotts Miracle-Gro Co.,				
Closed-End Funds — 0.8%					Cl. A	320,814	741,600		
730,072	KKR & Company			22,000	WD-40 Co.	606,916	722,260		
	(Guernsey) LP	5,225,267	8,395,828	70,000	Wolverine World Wide Inc.	713,205	2,041,200		
98,000	The Central Europe and					20,621,035	33,566,642		
	Russia Fund Inc.	2,838,336	3,509,380	Consumer Services — 1.6%					
38,225	The European Equity			52,000	Bowlin Travel Centers Inc.†	52,442	59,800		
	Fund Inc.	395,416	251,903	60,000	Brink's Home Security				
11,000	The Ibero-America Fund Inc.	103,029	71,500		Holdings Inc.†	1,796,804	2,553,000		
54,738	The New Germany Fund Inc.	644,127	691,341	2,750	Collectors Universe Inc.	8,720	31,075		
		9,206,175	12,919,952	20,000	IAC/InterActiveCorp.†	221,743	454,800		

See accompanying notes to financial statements.

The Gabelli Small Cap Growth Fund

Schedule of Investments (Continued) — March 31, 2010 (Unaudited)

Shares		Cost	Market Value	Shares		Cost	Market Value
COMMON STOCKS (Continued)				Educational Services — 0.5%			
Consumer Services (Continued)							
17,500	KAR Auction Services Inc.†	\$ 248,730	\$ 263,550	54,000	Career Education Corp.†	\$ 996,417	\$ 1,708,560
170,000	Martha Stewart Living Omnimedia Inc., Cl. A†	1,223,401	948,600	140,000	Corinthian Colleges Inc.†	1,095,854	2,462,600
400,000	Rollins Inc.	2,281,581	8,672,000	204,000	Universal Technical Institute Inc.†	3,595,201	4,655,280
120,000	SearchMedia Holdings Ltd.†	706,211	565,200			<u>5,687,472</u>	<u>8,826,440</u>
700,000	TiVo Inc.†	7,616,944	11,984,000	Electronics — 1.6%			
		<u>14,156,576</u>	<u>25,532,025</u>	50,000	Badger Meter Inc.	1,202,451	1,925,500
Diversified Industrial — 7.2%				189,900	Bel Fuse Inc., Cl. A	4,707,231	3,516,948
15,000	A.O. Smith Corp., Cl. A	336,569	788,550	406,000	CTS Corp.	3,830,748	3,824,520
27,000	Acuity Brands Inc.	260,021	1,139,670	73,000	Cypress Semiconductor Corp.†	354,472	839,500
30,000	Albany International Corp., Cl. A	574,964	645,900	10,000	Greatbatch Inc.†	176,669	211,900
138,000	Ampco-Pittsburgh Corp.	1,887,100	3,425,160	20,000	IMAX Corp.†	158,565	359,800
6,000	Anixter International Inc.†	57,120	281,100	27,500	Keithley Instruments Inc.	196,421	181,500
404,000	Baldor Electric Co.	10,101,161	15,109,600	355,000	KEMET Corp.†	1,389,470	497,000
195,600	Brush Engineered Materials Inc.†	3,880,679	4,414,692	90,000	Methode Electronics Inc.	768,649	891,000
340,000	Crane Co.	6,731,826	12,070,000	295,000	Park Electrochemical Corp.	6,912,788	8,478,300
350,000	Delta plc	940,589	1,010,463	185,000	Stoneridge Inc.†	1,526,218	1,829,650
3,000	ESCO Technologies Inc.	49,914	95,430	350,000	Trident Microsystems Inc.†	1,469,567	609,000
18,640	Foster Wheeler AG†	36,171	505,890	260,000	Zoran Corp.†	2,580,598	2,797,600
14,000	Gardner Denver Inc.	157,253	616,560	50,000	Zygo Corp.†	358,252	461,500
119,700	Greif Inc., Cl. A	1,328,179	6,573,924			<u>25,632,099</u>	<u>26,423,718</u>
81,900	Greif Inc., Cl. B	3,526,126	4,244,877	Energy and Utilities — 5.9%			
1,080,000	Griffon Corp.†	12,167,454	13,456,800	20,000	A123 Systems Inc.†	270,000	274,800
150,000	Hawk Corp., Cl. A†	2,273,284	2,925,000	350,000	Black Hills Corp.	8,789,516	10,622,500
140,000	Jardine Strategic Holdings Ltd.	2,372,378	2,693,600	110,000	Callon Petroleum Co.†	782,379	589,600
417,000	Katy Industries Inc.†	915,518	729,750	35,000	Central Vermont Public Service Corp.	662,378	705,950
71,000	Lindsay Corp.	1,508,357	2,940,110	77,200	CH Energy Group Inc.	3,170,636	3,152,848
580,000	Magnetek Inc.†	2,159,539	974,400	37,000	Chesapeake Utilities Corp.	973,007	1,102,600
32,000	Matthews International Corp., Cl. A	748,294	1,136,000	50,000	CMS Energy Corp.	273,275	773,000
297,600	Myers Industries Inc.	2,730,658	3,118,848	23,000	Connecticut Water Service Inc.	464,832	535,210
572,000	National Patent Development Corp.† (c)	1,176,798	800,800	7,000	Consolidated Water Co. Ltd.	131,548	95,060
130,300	Oil-Dri Corp. of America	1,331,470	2,518,699	150,000	Covanta Holding Corp.†	644,530	2,499,000
91,500	Olin Corp.	1,692,474	1,795,230	411,000	El Paso Electric Co.†	5,952,534	8,466,600
245,000	Park-Ohio Holdings Corp.†	1,485,571	2,153,550	20,000	Ener1 Inc.†	139,473	94,600
88,000	Precision Castparts Corp.	1,768,194	11,150,480	30,000	Energy Recovery Inc.†	181,419	189,000
32,000	Roper Industries Inc.	620,029	1,850,880	220,000	Great Plains Energy Inc.	4,699,894	4,085,400
50,000	Sonoco Products Co.	1,435,393	1,539,500	70,000	Key Energy Services Inc.†	597,194	668,500
72,000	Standex International Corp.	1,396,727	1,855,440	33,000	Maine & Maritimes Corp.	1,181,329	1,448,700
212,000	Tech/Ops Sevcon Inc.†	1,291,002	1,068,480	45,000	Middlesex Water Co.	773,022	767,250
101,000	Terex Corp.†	2,075,848	2,293,710	24,800	NorthWestern Corp.	620,470	664,888
387,000	Textron Inc.	2,408,058	8,216,010	33,000	Oceaneering International Inc.†	1,043,012	2,095,170
195,000	Tredegar Corp.	2,908,161	3,330,600	100,000	Otter Tail Corp.	2,294,185	2,196,000
304,500	WHX Corp.†	2,495,845	736,890	160,000	Pennichuck Corp.	3,697,727	3,761,600
		<u>76,828,724</u>	<u>118,206,593</u>	1,155,000	PNM Resources Inc.	12,513,738	14,472,150
				130,000	Rowan Companies Inc.†	2,743,649	3,784,300
				1,116,300	RPC Inc.	2,405,725	12,424,419

See accompanying notes to financial statements.

The Gabelli Small Cap Growth Fund

Schedule of Investments (Continued) — March 31, 2010 (Unaudited)

Shares	Cost	Market Value	Shares	Cost	Market Value	
COMMON STOCKS (Continued)			168,000	Crown Holdings Inc.† \$	678,985 \$	4,529,280
Energy and Utilities (Continued)			2,000	Danaher Corp.	34,106	159,820
120,000	SJW Corp. \$	2,157,310 \$	90,000	Donaldson Co. Inc.	1,558,860	4,060,800
300,000	Southern Union Co.	5,117,716	90,000	Entegris Inc.†	708,039	453,600
160,000	Southwest Gas Corp.	3,242,972	40,000	Fedders Corp.† (a)	10,068	0
45,000	Tesoro Corp.	455,817	115,000	Federal Signal Corp.	797,428	1,036,150
45,000	The York Water Co.	629,880	132,000	Flowserve Corp.	4,192,107	14,555,640
25,000	Union Drilling Inc.†	198,390	160,000	Franklin Electric Co. Inc.	1,496,658	4,798,400
10,000	Vestas Wind Systems A/S†	89,988	200,000	Gerber Scientific Inc.†	1,623,389	1,242,000
220,000	Westar Energy Inc.	3,940,950	144,100	Graco Inc.	2,379,526	4,611,200
		<u>70,838,495</u>	1,005,000	GraffTech International Ltd.†	12,075,029	13,738,350
		<u>97,765,375</u>	100,000	IDEX Corp.	765,938	3,310,000
Entertainment — 1.3%			254,800	Interpump Group SpA†	1,141,498	1,257,859
90,000	Carmike Cinemas Inc.†	698,637	3,300	Itron Inc.†	199,464	239,481
6,048	Chestnut Hill Ventures† (a)	164,590	4,000	Jarden Corp.	11,351	133,160
50,000	Discovery Communications Inc., Cl. A†	775,019	9,500	K-Tron International Inc.†	124,799	1,424,715
35,000	Discovery Communications Inc., Cl. C†	508,241	140,300	L.S. Starrett Co., Cl. A	1,803,534	1,452,105
290,000	Dover Motorsports Inc.	1,288,215	40,000	Littelfuse Inc.†	758,367	1,520,400
220,000	Fisher Communications Inc.†	8,129,276	115,000	Lufkin Industries Inc.	1,483,227	9,102,250
16,000	International Speedway Corp., Cl. A	515,479	55,000	Maezawa Kyuso Industries Co. Ltd.	359,609	751,257
3,500	International Speedway Corp., Cl. B	70,020	80,000	Met-Pro Corp.	672,026	784,000
245,000	Madison Square Garden Inc., Cl. A†	2,482,491	25,000	Mueller Industries Inc.	759,252	669,750
12,000	Rovi Corp.†	170,846	12,000	Plantronics Inc.	275,609	375,360
390,000	Take-Two Interactive Software Inc.†	6,974,927	2,000	Regal-Beloit Corp.	59,351	118,820
220,000	Universal Entertainment Corp.	3,440,797	130,000	Robbins & Myers Inc.	1,826,625	3,096,600
50,000	World Wrestling Entertainment Inc., Cl. A	559,079	140,000	SL Industries Inc.†	1,559,126	1,267,000
		<u>25,777,617</u>	5,000	Teleflex Inc.	76,167	320,350
		<u>22,050,981</u>	295,000	Tennant Co.	5,954,311	8,080,050
Environmental Services — 0.6%			345,000	The Gorman-Rupp Co.	6,758,535	8,776,800
1,500	Renegy Holdings Inc.†	539	85,000	The Greenbrier Cos. Inc.†	833,816	935,850
360,000	Republic Services Inc.	4,605,576	100,000	The Manitowoc Co. Inc.	666,995	1,300,000
		<u>4,606,115</u>	23,000	The Middleby Corp.†	791,308	1,324,570
		<u>10,448,100</u>	8,000	Valmont Industries Inc.	176,298	662,640
Equipment and Supplies — 8.5%			95,000	Vicor Corp.†	1,019,132	1,311,950
247,000	AMETEK Inc.	990,231	7,875	Watsco Inc., Cl. B	23,627	452,812
5,000	AZZ Inc.	154,353	153,000	Watts Water Technologies Inc., Cl. A	3,377,189	4,752,180
490,000	Baldwin Technology Co. Inc., Cl. A†	1,479,241			<u>72,019,897</u>	<u>140,780,754</u>
25,000	Belden Inc.	286,590	Financial Services — 5.4%			
50,000	Capstone Turbine Corp.†	103,400	10,408	Alleghany Corp.†	1,758,131	3,026,669
398,500	CIRCOR International Inc.	9,185,399	25,287	Argo Group International Holdings Ltd.	844,293	824,103
350,000	CLARCOR Inc.	2,134,557	395,000	Artio Global Investors Inc.	10,247,310	9,772,300
330,000	Core Molding Technologies Inc.†	654,777	10,121	BCB Holdings Ltd.†	23,159	16,510
		<u>1,122,000</u>	120,000	BKF Capital Group Inc.†	733,338	118,200
			670,000	CNA Surety Corp.†	8,521,898	11,919,300
			22,000	Crazy Woman Creek Bancorp Inc.	343,564	308,000
			150,000	Discover Financial Services	2,578,605	2,235,000
			26,000	Duff & Phelps Corp., Cl. A	420,401	435,240

See accompanying notes to financial statements.

The Gabelli Small Cap Growth Fund

Schedule of Investments (Continued) — March 31, 2010 (Unaudited)

Shares	Cost	Market Value	Shares	Cost	Market Value
COMMON STOCKS (Continued)					
Health Care (Continued)					
20,000	Brucker Corp.† \$	174,056 \$	70,000	Wright Medical Group Inc.† \$	1,192,527 \$
185,000	Cepheid Inc.†	3,233,800	10,000	Young Innovations Inc.	237,253
155,000	Chemed Corp.	8,428,900	20,000	Zymogenetics Inc.†	192,516
66,000	CONMED Corp.†	1,571,460			96,496,686
60,000	Continuicare Corp.†	222,000			122,761,397
241,000	Crucell NV, ADR†	4,916,400	Home Furnishings — 0.1%		
340,000	Cutera Inc.†	3,525,800	12,000	Bassett Furniture Industries Inc.†	101,914
12,000	Cynosure Inc., Cl. A†	134,880	48,000	Bed Bath & Beyond Inc.†	1,226,616
174,000	DEL Global Technologies Corp.†	373,602			1,328,530
98,000	DexCom Inc.†	953,540	Hotels and Gaming — 2.4%		
160,000	Exactech Inc.†	3,355,200	75,000	ante4 Inc.†	55,938
42,000	Henry Schein Inc.†	2,473,800	150,000	Boyd Gaming Corp.†	849,669
40,000	Heska Corp.†	32,840	95,000	Canterbury Park Holding Corp.†	990,730
28,000	ICU Medical Inc.†	964,600	94,400	Churchill Downs Inc.	3,198,897
30,000	Inverness Medical Innovations Inc.†	554,733	125,000	Dover Downs Gaming & Entertainment Inc.	786,541
140,000	IRIS International Inc.†	1,429,400	275,000	Gaylord Entertainment Co.†	6,256,463
40,000	Kinetic Concepts Inc.†	1,912,400	21,000	Home Inns & Hotels Management Inc., ADR†	413,732
42,000	Life Technologies Corp.†	2,195,340	116,000	Lakes Entertainment Inc.†	532,257
20,000	Matrixx Initiatives Inc.†	101,400	200,000	Las Vegas Sands Corp.†	1,381,919
50,000	MDS Inc.†	405,500	1,200,000	Mandarin Oriental International Ltd.	1,414,966
78,000	Micrus Endovascular Corp.†	1,538,160	170,000	Orient-Express Hotels Ltd., Cl. A†	3,107,151
75,300	Millipore Corp.†	7,951,680	118,000	Penn National Gaming Inc.†	1,546,593
40,000	MWI Veterinary Supply Inc.†	1,616,000	340,000	Pinnacle Entertainment Inc.†	2,585,255
6,000	Neogen Corp.†	150,600	169,000	Sonesta International Hotels Corp., Cl. A	3,568,887
4,000	Nobel Biocare Holding AG	106,980	2,000,000	The Hongkong & Shanghai Hotels Ltd.	1,786,952
275,000	Odyssey HealthCare Inc.†	4,980,250	120,000	The Marcus Corp.	1,717,281
100,000	Opko Health Inc.†	198,000	25,000	Wynn Resorts Ltd.	312,098
85,500	Orthofix International NV†	3,110,490	170,766	Youbet.com Inc.†	486,702
30,000	OTIX Global Inc.†	132,000			30,992,031
30,000	Owens & Minor Inc.	1,391,700	Machinery — 1.2%		
265,000	Pain Therapeutics Inc.†	1,661,550	460,000	CNH Global NV†	6,241,052
300,000	Palomar Medical Technologies Inc.†	3,258,000	3,000	Nordson Corp.	107,171
150,000	Penwest Pharmaceuticals Co.†	517,500	52,000	Twin Disc Inc.	537,040
30,000	PSS World Medical Inc.†	705,300	135,000	Zebra Technologies Corp., Cl. A†	2,984,425
270,000	Quidel Corp.†	3,925,800			9,869,688
39,160	Rochester Medical Corp.†	502,031	Manufactured Housing and Recreational Vehicles — 0.4%		
120,000	RTI Biologics Inc.†	519,600	74,000	Cavco Industries Inc.†	1,528,179
980,000	Sorin SpA†	2,051,649	15,000	Drew Industries Inc.†	255,948
1,500,973	SSL International plc	18,517,880	27,300	Nobility Homes Inc.†	420,616
2,300	Straumann Holding AG	572,601	171,000	Skyline Corp.	5,119,397
4,000	Stryker Corp.	228,880			7,324,140
14,000	Syneron Medical Ltd.†	153,020			6,304,527
50,000	The Cooper Cos. Inc.	1,944,000			
48,000	United-Guardian Inc.	597,600			
210,000	Varian Inc.†	10,873,800			
80,000	Vascular Solutions Inc.†	719,200			

See accompanying notes to financial statements.

The Gabelli Small Cap Growth Fund

Schedule of Investments (Continued) — March 31, 2010 (Unaudited)

Shares	Cost	Market Value	Shares	Cost	Market Value
COMMON STOCKS (Continued)			Retail — 3.9%		
Metals and Mining — 0.4%					
52,003	Barrick Gold Corp. \$ 1,522,648	\$ 1,993,795	30,000	99 Cents Only Store† \$ 411,411	\$ 489,000
10,000	Inmet Mining Corp. 325,911	581,007	144,000	Aaron's Inc., Cl. A 521,690	3,909,600
40,000	Ivanhoe Mines Ltd.† 369,251	696,400	100,000	AutoNation Inc.† 951,078	1,808,000
140,000	Kinross Gold Corp. 962,642	2,392,600	50,000	Big 5 Sporting Goods Corp. 834,145	761,000
2,000	Northwest Pipe Co.† 55,888	43,700	175,000	Casey's General Stores Inc. 4,746,708	5,495,000
2,000	Royal Gold Inc. 88,166	92,420	700,000	Coldwater Creek Inc.† 3,187,567	4,858,000
52,100	Stillwater Mining Co.† 477,514	676,258	55,000	Copart Inc.† 1,709,682	1,958,000
25,000	Uranium Resources Inc.† 132,786	17,750	609,400	Ingles Markets Inc., Cl. A 10,060,280	9,159,282
15,000	Yamana Gold Inc. 50,671	147,750	170,000	Macy's Inc. 2,290,516	3,700,900
			40,000	Movado Group Inc.† 538,010	451,200
	<u>3,985,477</u>	<u>6,641,680</u>	120,000	Nathan's Famous Inc.† 1,608,144	1,858,800
Paper and Forest Products — 0.1%			25,000	Pier 1 Imports Inc.† 144,715	159,250
24,000	Schweitzer-Mauduit		280,000	Rush Enterprises Inc., Cl. B† 3,171,762	3,444,000
	International Inc. 900,057	1,141,440	309,000	The Bon-Ton Stores Inc. 2,303,498	4,122,060
40,000	Wausau Paper Corp.† 428,382	341,600	70,000	The Cheesecake	
				Factory Inc.† 1,165,531	1,894,200
	<u>1,328,439</u>	<u>1,483,040</u>	270,000	The Great Atlantic &	
Publishing — 1.2%				Pacific Tea Co. Inc.† 2,906,972	2,070,900
60,000	Belo Corp., Cl. A 116,307	409,200	19,700	The Steak n Shake Co.† 4,743,963	7,511,019
20,000	Cambium Learning		102,000	Tractor Supply Co. 3,778,645	5,921,100
	Group Inc.† 76,235	80,000	31,600	Village Super Market Inc.,	
366,900	Il Sole 24 Ore 1,613,714	852,357		Cl. A 777,988	885,748
100,000	Independent News &		50,000	Weis Markets Inc. 1,518,904	1,818,000
	Media plc† 54,605	15,533	168,000	Wendy's/Arby's Group Inc.,	
12,000	John Wiley & Sons Inc.,			Cl. A 1,364,690	840,000
	Cl. B 46,500	540,180	155,000	Winn-Dixie Stores Inc.† 2,304,805	1,935,950
1,054,200	Journal Communications Inc.,				<u>51,040,704</u>
	Cl. A† 5,790,507	4,427,640			<u>65,051,009</u>
700,000	Media General Inc., Cl. A† 4,214,946	5,803,000	Specialty Chemicals — 4.8%		
30,000	Meredith Corp. 539,417	1,032,300	55,000	A. Schulman Inc. 1,139,761	1,345,850
260,000	News Corp., Cl. A 765,310	3,746,600	19,000	Airgas Inc. 121,732	1,208,780
180,000	PRIMEDIA Inc. 971,643	619,200	80,000	Albemarle Corp. 1,180,173	3,410,400
335,000	The E.W. Scripps Co.,		35,000	Arch Chemicals Inc. 766,922	1,203,650
	Cl. A† 2,064,601	2,830,750	73,000	Ashland Inc. 1,182,131	3,852,210
			11,000	Cytec Industries Inc. 296,699	514,140
	<u>16,253,785</u>	<u>20,356,760</u>	2,200,000	Ferro Corp.† 16,062,237	19,338,000
Real Estate — 1.1%			331,000	H.B. Fuller Co. 4,166,514	7,682,510
16,150	Capital Properties Inc., Cl. A 376,017	133,238	115,000	Hawkins Inc. 1,689,377	2,783,000
15,000	Capital Properties Inc., Cl. B (a) 0	123,750	945,000	Huntsman Corp. 5,127,123	11,387,250
50,700	Cohen & Steers Inc. 986,420	1,265,472	85,000	Material Sciences Corp.† 503,549	175,100
182,317	Griffin Land &		6,000	NewMarket Corp. 562,224	617,940
	Nurseries Inc. 2,592,036	5,296,309	355,000	Omnova Solutions Inc.† 943,978	2,786,750
10,000	Gyrodne Co. of		60,000	Penford Corp.† 687,437	615,000
	America Inc.† 158,987	420,000	13,000	Quaker Chemical Corp. 214,482	352,430
107,000	Morguard Corp. 1,362,690	4,846,158	100,000	Rockwood Holdings Inc.† 1,966,878	2,662,000
200,000	The St. Joe Co.† 5,212,714	6,470,000	260,000	Sensient Technologies Corp. 5,254,578	7,555,600
			560,000	Zep Inc. 7,545,764	12,252,800
	<u>10,688,864</u>	<u>18,554,927</u>			<u>49,411,559</u>
					<u>79,743,410</u>

See accompanying notes to financial statements.

The Gabelli Small Cap Growth Fund

Schedule of Investments (Continued) — March 31, 2010 (Unaudited)

Shares		Cost	Market Value	Shares		Cost	Market Value
COMMON STOCKS (Continued)				PREFERRED STOCKS — 0.1%			
Telecommunications — 1.4%				Automotive: Parts and Accessories — 0.1%			
30,000	Atlantic Tele-Network Inc. \$	461,782	\$ 1,347,900	50,000	Junghenrich AG Pfd. \$	1,031,755	\$ 1,166,293
1,181,100	Cincinnati Bell Inc.†	3,730,633	4,027,551	Broadcasting — 0.0%			
6,795	Community Service Communications Inc.	0	7,848	1,103	PTV Inc., 10.000% Pfd., Ser. A†	0	88
160,000	Fastweb SpA†	3,996,062	2,993,058	Business Services — 0.0%			
110,000	HickoryTech Corp.	949,514	971,300	24,317	Interep National Radio Sales Inc., 4.000% Cv. Pfd., Ser. A† (a)(c)(d)	2,163,146	0
124,500	New Ulm Telecom Inc.	1,183,320	685,373	TOTAL PREFERRED STOCKS			
118,000	Rogers Communications Inc., Cl. B	569,865	4,027,340			3,194,901	1,166,381
63,000	Shenandoah Telecommunications Co.	373,895	1,184,400	WARRANTS — 0.1%			
1,600,000	Sprint Nextel Corp.†	4,496,476	6,080,000	Automotive: Parts and Accessories — 0.0%			
37,584	Verizon Communications Inc.	900,747	1,165,856	1,213	Exide Technologies, expire 05/05/11† (a)	2,247	91
53,000	Winstar Communications Inc.† (a)	133	53	4,531	Federal-Mogul Corp., expire 12/27/14†	87,687	2,266
		<u>16,662,427</u>	<u>22,490,679</u>			<u>89,934</u>	<u>2,357</u>
Transportation — 0.6%				Broadcasting — 0.0%			
315,000	GATX Corp.	9,174,769	9,024,750	6,082	Granite Broadcasting Corp., Ser. A, expire 06/04/12† (a)	0	6
6,000	Grupo TMM SA, Cl. A, ADRT	75,961	17,880	3,430	Granite Broadcasting Corp., Ser. B, expire 06/04/12† (a)	0	3
2,000	Irish Continental Group plc†	14,688	41,870			<u>0</u>	<u>9</u>
111,200	Providence and Worcester Railroad Co.	1,604,111	1,291,032	Business Services — 0.1%			
		<u>10,869,529</u>	<u>10,375,532</u>	442,000	BPW Acquisition Corp., expire 02/26/14†	44,144	746,980
Wireless Communications — 1.0%				Consumer Services — 0.0%			
22,000	Millicom International Cellular SA	1,653,337	1,961,300	120,000	SearchMedia Holdings Ltd., expire 11/19/11†	247,589	113,988
72,000	Price Communications Corp., Escrow† (a)	0	0	Telecommunications — 0.0%			
830,000	Vimpel-Communications, ADR	2,507,032	15,280,300	86	Virgin Media Inc., Ser. A, expire 01/10/11†	124	4
		<u>4,160,369</u>	<u>17,241,600</u>	TOTAL WARRANTS			
TOTAL COMMON STOCKS		<u>1,015,119,912</u>	<u>1,417,519,202</u>			<u>381,791</u>	<u>863,338</u>

See accompanying notes to financial statements.

The Gabelli Small Cap Growth Fund

Schedule of Investments (Continued) — March 31, 2010 (Unaudited)

Principal Amount	Cost	Market Value
CONVERTIBLE CORPORATE BONDS — 0.0%		
Hotels and Gaming — 0.0%		
\$ 400,000	Gaylord Entertainment Co., Cv., 3.750%, 10/01/14 (c) .. \$ 374,623	\$ 501,000
CORPORATE BONDS — 0.0%		
Computer Software and Services — 0.0%		
300,000	Exodus Communications Inc., Sub. Deb., 5.250%, 02/15/11† (a) .. 1,185	1,185
U.S. GOVERNMENT OBLIGATIONS — 14.2%		
U.S. Treasury Bills — 11.8%		
194,839,000	U.S. Treasury Bills, 0.041% to 0.244%††, 04/15/10 to 09/23/10 .. 194,782,708	194,785,912
U.S. Treasury Cash Management Bills — 2.4%		
40,415,000	U.S. Treasury Cash Management Bills, 0.101% to 0.170%††, 04/01/10 to 07/15/10 .. 40,403,086	40,402,535
TOTAL U.S. GOVERNMENT OBLIGATIONS		
	235,185,794	235,188,447
TOTAL INVESTMENTS — 100.1%		
	\$ 1,254,258,206	1,655,239,553
Other Assets and Liabilities (Net) — (0.1)%		
		(2,425,719)
NET ASSETS — 100.0%		
		\$1,652,813,834

- (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 March 31, 2010, the market value of fair valued securities amounted to \$407,647 or 0.02% of net assets.
- (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 March 31, 2010, the market value of Rule 144A securities amounted to \$1,301,800 or 0.08% of net assets.
- (d) Illiquid security.
- † Non-income producing security.
- †† Represents annualized yield at date of purchase.
- ADR American Depositary Receipt

See accompanying notes to financial statements.

The Gabelli Small Cap Growth Fund

Statement of Assets and Liabilities March 31, 2010 (Unaudited)

Assets:	
Investments, at value (cost \$1,253,201,053) ..	\$1,655,101,853
Investments in affiliates, at value (cost \$1,057,153)	137,700
Foreign currency, at value (cost \$7)	6
Receivable for Fund shares sold	3,283,120
Dividends and interest receivable	2,210,070
Prepaid expenses	104,393
Total Assets	<u>1,660,837,142</u>
Liabilities:	
Payable to custodian	16,583
Payable for investments purchased	4,313,994
Payable for Fund shares redeemed	1,225,110
Payable for investment advisory fees	1,353,827
Payable for distribution fees	355,353
Payable for accounting fees	11,250
Payable for shareholder services fees	466,158
Other accrued expenses	281,033
Total Liabilities	<u>8,023,308</u>
Net Assets applicable to 57,810,137 shares outstanding	<u>\$1,652,813,834</u>
Net Assets Consist of:	
Paid-in capital	\$1,286,905,612
Accumulated net investment loss	(1,439,771)
Accumulated net realized loss on investments, futures contracts, and foreign currency transactions	(33,633,520)
Net unrealized appreciation on investments ..	400,981,347
Net unrealized appreciation on foreign currency translations	166
Net Assets	<u>\$1,652,813,834</u>
Shares of Capital Stock:	
Class AAA:	
Net Asset Value, offering, and redemption price per share (\$1,374,900,343 ÷ 48,013,863 shares outstanding, at \$0.001 par value; 150,000,000 shares authorized)	<u>\$28.64</u>
Class A:	
Net Asset Value and redemption price per share (\$98,489,172 ÷ 3,440,044 shares outstanding, at \$0.001 par value; 50,000,000 shares authorized) ..	<u>\$28.63</u>
Maximum offering price per share (NAV ÷ 0.9425, based on maximum sales charge of 5.75% of the offering price)	<u>\$30.38</u>
Class B:	
Net Asset Value and offering price per share (\$34,526 ÷ 1,273.4 shares outstanding, at \$0.001 par value; 50,000,000 shares authorized) ..	<u>\$27.11</u> (a)
Class C:	
Net Asset Value and offering price per share (\$59,037,870 ÷ 2,176,401 shares outstanding, at \$0.001 par value; 50,000,000 shares authorized) ..	<u>\$27.13</u> (a)
Class I:	
Net Asset Value, offering, and redemption price per share (\$120,351,923 ÷ 4,178,556 shares outstanding, at \$0.001 par value; 50,000,000 shares authorized)	<u>\$28.80</u>

(a) Redemption price varies based on the length of time held.

Statement of Operations For the Six Months Ended March 31, 2010 (Unaudited)

Investment Income:	
Dividends (net of foreign taxes of \$108,545) ...	\$ 8,690,322
Interest	180,725
Total Investment Income	<u>8,871,047</u>
Expenses:	
Investment advisory fees	7,381,292
Distribution fees – Class AAA	1,548,808
Distribution fees – Class A	97,708
Distribution fees – Class B	221
Distribution fees – Class C	248,161
Shareholder services fees	713,547
Shareholder communications expenses	177,882
Custodian fees	100,040
Registration expenses	49,120
Legal and audit fees	30,844
Directors' fees	22,835
Accounting fees	22,500
Interest expense	4
Miscellaneous expenses	51,561
Total Expenses	<u>10,444,523</u>
Less:	
Advisory fee reduction on unsupervised assets	(106,692)
Custodian fee credits	(244)
Net Expenses	<u>10,337,587</u>
Net Investment Loss	<u>(1,466,540)</u>
Net Realized and Unrealized Gain/(Loss) on Investments, Futures Contracts, and Foreign Currency:	
Net realized gain on investments – unaffiliated ..	4,999,890
Net realized loss on investments – affiliated	(68,857)
Net realized gain on futures contracts	629,107
Net realized loss on foreign currency transactions	(1,333)
Net realized gain on investments, futures contracts, and foreign currency transactions ..	<u>5,558,807</u>
Net change in unrealized appreciation:	
on investments	155,691,825
on foreign currency translations	1,176
Net change in unrealized appreciation on investments and foreign currency translations ..	<u>155,693,001</u>
Net Realized and Unrealized Gain/(Loss) on Investments, Futures Contracts, and Foreign Currency	
	<u>161,251,808</u>
Net Increase in Net Assets Resulting from Operations	
	<u>\$159,785,268</u>

See accompanying notes to financial statements.

The Gabelli Small Cap Growth Fund

Statement of Changes in Net Assets

	Six Months Ended March 31, 2010 (Unaudited)	Year Ended September 30, 2009
Operations:		
Net investment loss	\$ (1,466,540)	\$ (933,184)
Net realized gain/(loss) on investments, futures contracts, and foreign currency transactions	5,558,807	(35,997,353)
Net change in unrealized appreciation on investments and foreign currency transactions	<u>155,693,001</u>	<u>64,759,508</u>
Net Increase in Net Assets Resulting from Operations	<u>159,785,268</u>	<u>27,828,971</u>
Distributions to Shareholders:		
Net realized gain		
Class AAA	—	(51,110,267)
Class A	—	(1,394,609)
Class B	—	(3,267)
Class C	—	(1,316,687)
Class I	—	(528,505)
Total Distributions to Shareholders	<u>—</u>	<u>(54,353,335)</u>
Capital Share Transactions:		
Class AAA	74,457,190	220,096,064
Class A	27,016,600	33,274,548
Class B	(26,236)	666
Class C	10,720,265	18,892,727
Class I	<u>8,754,126</u>	<u>77,436,236</u>
Net Increase in Net Assets from Capital Share Transactions	<u>120,921,945</u>	<u>349,700,241</u>
Redemption Fees	<u>1,401</u>	<u>11,022</u>
Net Increase in Net Assets	289,708,614	323,186,899
Net Assets:		
Beginning of period	<u>1,372,105,220</u>	<u>1,048,918,321</u>
End of period (including undistributed net investment income of \$0 and \$26,769, respectively)	<u>\$ 1,652,813,834</u>	<u>\$ 1,372,105,220</u>

See accompanying notes to financial statements.

The Gabelli Small Cap Growth Fund

Financial Highlights

Selected data for a share of capital stock outstanding throughout each period:

Period Ended September 30	Income				Distributions			Ratios to Average Net Assets/ Supplemental Data					
	Net Asset Value, Beginning of Period	Net Investment Income (Loss)(a)(b)	Net Realized and Unrealized Gain (Loss) on Investments	Total Investment Operations	Net Realized Gain on Investments	Total Distributions	Redemption Fees(a)	Net Asset Value, End of Period	Total Return†	Net Assets End of Period (in 000's)	Net Investment Income (Loss)(b)	Operating Expenses	Portfolio Turnover Rate‡
Class AAA													
2010(c)	\$25.81	\$(0.03)	\$2.86	\$2.83	\$(1.45)	—	\$0.00(d)	\$28.64	10.96%	\$1,374,900	(0.19)%(e)	1.40%(e)(f)	6%
2009	28.20	0.02	(0.92)	(0.94)	(1.45)	—	0.00(d)	25.81	(1.70)	1,167,114	(0.09)	1.48(f)	25
2008	34.37	0.00(d)	4.62	4.62	1.55	(1.55)	0.00(d)	28.20	(13.98)	995,613	0.01	1.43	25
2007	30.41	0.01	6.41	6.41	2.45	(2.45)	0.00(d)	34.37	21.95	1,002,577	0.04	1.42	16
2006	29.97	0.03	2.53	2.50	2.06	(2.06)	0.00(d)	30.41	8.88	727,521	0.09	1.44	6
2005	25.88	0.01	5.25	5.24	(1.15)	(1.15)	0.00(d)	29.97	20.58	732,965	0.03	1.44	6
Class A													
2010(c)	\$25.81	\$(0.02)	\$2.84	\$2.82	\$(1.45)	—	\$0.00(d)	\$28.63	10.93%	\$ 98,489	(0.18)%(e)	1.40%(e)(f)	6%
2009	28.18	0.03	(0.89)	(0.92)	(1.45)	—	0.00(d)	25.81	(1.63)	62,548	0.12	1.48(f)	25
2008	34.37	0.01	4.63	4.64	1.55	(1.55)	0.00(d)	28.18	(14.04)	26,604	0.02	1.43	26
2007	30.41	0.06	6.35	6.41	2.45	(2.45)	0.00(d)	34.37	21.95	15,485	0.19	1.42	15
2006	29.98	0.02	2.51	2.49	2.06	(2.06)	0.00(d)	30.41	8.84	2,199	0.08	1.44	6
2005	25.89	0.01	5.25	5.24	(1.15)	(1.15)	0.00(d)	29.98	20.57	1,515	0.03	1.48	6
Class B													
2010(c)	\$24.54	\$(0.12)	\$2.69	\$2.57	\$(1.45)	—	\$0.00(d)	\$27.11	10.47%	\$ 35	(0.94)%(e)	2.15%(e)(f)	6%
2009	27.10	0.17	(0.94)	(1.11)	(1.45)	—	0.00(d)	24.54	(2.43)	56	0.83	2.23(f)	25
2008	33.32	0.23	(4.44)	(4.67)	1.55	(1.55)	0.00(d)	27.10	(14.60)	61	0.77	2.18	26
2007	29.77	0.20	6.26	6.00	2.45	(2.45)	0.00(d)	33.32	20.99	126	0.81	2.17	15
2006	29.58	0.25	2.50	2.25	2.06	(2.06)	0.00(d)	29.77	8.11	113	0.85	2.19	6
2005	25.74	0.22	5.21	4.99	(1.15)	(1.15)	0.00(d)	29.58	19.69	138	0.79	2.20	6
Class C													
2010(c)	\$24.54	\$(0.12)	\$2.71	\$2.59	\$(1.45)	—	\$0.00(d)	\$27.13	10.55%	\$ 59,038	(0.93)%(e)	2.15%(e)(f)	6%
2009	27.09	0.18	(0.92)	(1.10)	(1.45)	—	0.00(d)	24.54	(2.40)	42,974	0.85	2.23(f)	25
2008	33.32	0.22	(4.46)	(4.68)	1.55	(1.55)	0.00(d)	27.09	(14.63)	23,062	0.75	2.18	26
2007	29.76	0.22	6.23	6.01	2.45	(2.45)	0.00(d)	33.32	21.03	9,735	0.69	2.17	15
2006	29.58	0.24	2.48	2.24	2.06	(2.06)	0.00(d)	29.76	8.08	2,650	0.83	2.19	6
2005	25.74	0.23	5.22	4.99	(1.15)	(1.15)	0.00(d)	29.58	19.69	1,499	0.80	2.23	6
Class I													
2010(c)	\$25.93	\$0.01	\$2.86	\$2.87	\$(1.45)	—	\$0.00(d)	\$28.80	11.07%	\$ 120,352	0.06%(e)	1.15%(e)(f)	6%
2009	28.25	0.02	(0.89)	(0.87)	—	—	0.00(d)	25.93	(1.43)	99,413	0.11	1.23(f)	25
2008(g)	30.06	0.05	(1.86)	(1.81)	—	—	0.00(d)	28.25	(6.02)	3,578	0.22(e)	1.18(e)	26

† Total return represents aggregate total return of a hypothetical \$1,000 investment at the beginning of the period and sold at the end of the period including reinvestment of distributions and does not reflect applicable sales charges. Total return for a period of less than one year is not annualized.
 †† Effective in 2008, a change in accounting policy was adopted with regard to the calculation of the portfolio turnover rate to include cash proceeds due to mergers. Had this policy been adopted retroactively, the portfolio turnover rate for the year ended September 30, 2007 would have been 21%. The portfolio turnover rate for the years ended September 2006, and 2005 would have been as shown.

(a) Per share amounts have been calculated using the average shares outstanding method.
 (b) Due to capital share activity throughout the period, net investment income per share and the ratio to average net assets are not necessarily correlated among the different classes of shares.
 (c) For the six months ended March 31, 2010, unaudited.
 (d) Amount represents less than \$0.005 per share.
 (e) Annualized.
 (f) The ratios do not include a reduction of advisory fee on unsupervised assets for the six months ended March 31, 2010 and the year ended September 30, 2009. Including such advisory fee reduction on unsupervised assets, the ratios of operating expenses to average net assets would have been 1.39% and 1.47% (Class AAA and Class A), 2.14% and 2.22% (Class B and Class C), and 1.14% and 1.22% (Class I), respectively.
 (g) From the commencement of offering Class I Shares on January 11, 2008 through September 30, 2008.

See accompanying notes to financial statements.

The Gabelli Small Cap Growth Fund

Notes to Financial Statements (Unaudited)

1. Organization. The Gabelli Small Cap Growth Fund (the “Fund”) is a series of Gabelli Equity Series Funds, Inc. (the “Corporation”), which was organized on July 25, 1991 as a Maryland corporation. The Fund is a diversified open-end management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”), and one of three separately managed portfolios (collectively, the “Portfolios”) of the Corporation. The Fund’s primary objective is capital appreciation. The Fund commenced investment operations on October 22, 1991.

2. Significant Accounting Policies. The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) has become the exclusive reference of authoritative United States of America (“U.S.”) generally accepted accounting principles (“GAAP”) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal laws are also sources of authoritative GAAP for SEC registrants. The ASC has superseded all existing non-SEC accounting and reporting standards. The Fund’s financial statements are prepared in accordance with GAAP, which may require the use of management estimates and assumptions. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

Security Valuation. Portfolio securities listed or traded on a nationally recognized securities exchange or traded in the U.S. 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. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with the equivalent U.S. dollar value ADR securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

The Gabelli Small Cap Growth Fund

Notes to Financial Statements (Continued) (Unaudited)

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 March 31, 2010 is as follows:

	Valuation Inputs			Total Market Value at 3/31/10
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks:				
Broadcasting	\$ 9,623,791	—	\$ 0	\$ 9,623,791
Cable	24,808,779	—	0	24,808,779
Computer Software and Services	15,690,020	—	78,560	15,768,580
Entertainment	21,846,997	—	203,984	22,050,981
Equipment and Supplies	140,780,754	—	0	140,780,754
Food and Beverage	109,651,782	—	0	109,651,782
Real Estate	18,431,177	\$ 123,750	—	18,554,927
Telecommunications	22,490,626	—	53	22,490,679
Wireless Communications	17,241,600	—	0	17,241,600
Other Industries (a)	1,036,547,329	—	—	1,036,547,329
Total Common Stocks	1,417,112,855	123,750	282,597	1,417,519,202
Preferred Stocks:				
Business Services	—	—	0	0
Other Industries (a)	1,166,381	—	—	1,166,381
Total Preferred Stocks	1,166,381	—	0	1,166,381
Warrants:				
Automotive: Parts and Accessories	2,266	91	—	2,357
Broadcasting	—	9	—	9
Other Industries (a)	860,972	—	—	860,972
Total Warrants	863,238	100	—	863,338
Convertible Corporate Bonds	—	501,000	—	501,000
Corporate Bonds	—	1,185	—	1,185
U.S. Government Obligations	—	235,188,447	—	235,188,447
TOTAL INVESTMENTS IN SECURITIES	\$1,419,142,474	\$235,814,482	\$282,597	\$1,655,239,553

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

The Gabelli Small Cap Growth Fund

Notes to Financial Statements (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 3/31/10	Net change in unrealized appreciation/ depreciation during the period on Level 3 investments held at 3/31/10†
INVESTMENTS IN SECURITIES:								
ASSETS (Market Value):								
Common Stocks:								
Broadcasting	\$ 3	\$—	\$—	\$ (3)	\$—	\$ (0)	\$ 0	\$ (3)
Cable	0	—	—	—	—	—	0	—
Computer Software and Services	24,000	—	—	54,560	—	—	78,560	54,560
Entertainment	203,984	—	—	—	—	—	203,984	—
Equipment and Supplies	0	—	—	—	—	—	0	—
Financial Services	15	—	—	—	—	(15)	—	—
Food and Beverage	0	—	—	—	—	—	0	—
Telecommunications	53	—	—	—	—	—	53	—
Wireless Communications	0	—	—	—	—	—	0	—
Total Common Stocks	228,055	—	—	54,557	—	(15)	282,597	54,557
Preferred Stocks:								
Business Services	0	—	—	—	—	—	0	—
Warrants:								
Automotive: Parts and Accessories	243	—	—	—	—	(243)	—	—
Broadcasting	35	—	—	—	—	(35)	—	—
Total Warrants	278	—	—	—	—	(278)	—	—
TOTAL INVESTMENTS IN SECURITIES	\$228,333	\$—	\$—	\$54,557	\$—	\$(293)	\$282,597	\$54,557

† Net change in unrealized appreciation/depreciation on investments is included in the related amounts in the Statement of Operations.

Derivative Financial Instruments.

The Fund may engage in various portfolio investment strategies by investing in a number of derivative financial instruments for the purposes of increasing the income of the Fund, hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase, 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 Financial Statements (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. During the six months ended March 31, 2010, the Fund had no investments in 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, and are included in unrealized appreciation/depreciation on 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. The Fund held equity futures contracts from November 10, 2009 through February 25, 2010, with an average value of approximately \$1,822,496. At March 31, 2010, there were no open futures contracts.

For the six months ended March 31, 2010, the effect of equity futures contracts with equity risk exposure can be found in the Statement of Operations, under Net Realized and Unrealized Gain/(Loss) on Investments, Futures Contracts, and Foreign Currency, Net realized gain on 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

The Gabelli Small Cap Growth Fund

Notes to Financial Statements (Continued) (Unaudited)

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. During the six months ended March 31, 2010, the Fund had no investments in forward foreign exchange contracts.

Repurchase Agreements. The Fund may enter into repurchase agreements with primary government securities dealers recognized by the Federal Reserve Board, with member banks of the Federal Reserve System, or with other brokers or dealers that meet credit guidelines established by the Adviser and reviewed by the Board. Under the terms of a typical repurchase agreement, the Fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. It is the policy of the Fund to receive and maintain securities as collateral whose market value is at least equal to the dollar amount invested by the Fund in each agreement. The Fund will make payment for such securities only upon physical delivery or upon evidence of book entry transfer of the collateral to the account of the custodian. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to maintain the adequacy of the collateral. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited. At March 31, 2010, there were no open repurchase agreements.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at the current exchange rates. Purchases and sales of investment securities, income, and expenses are translated at the exchange rate prevailing on the respective dates of such transactions. Unrealized gains and losses that result from changes in foreign exchange rates and/or changes in market prices of securities have been included in unrealized appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial purchase trade date and subsequent sale trade date is included in realized gain/loss on investments.

Foreign Securities. The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the inability to repatriate funds, less complete financial information about companies, and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. issuers.

Foreign Taxes. The Fund may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

The Gabelli Small Cap Growth Fund

Notes to Financial Statements (Continued) (Unaudited)

Restricted and Illiquid Securities. The Fund may invest up to 15% of its net assets in securities for which the markets are illiquid. Illiquid securities include securities the disposition of which is subject to substantial legal or contractual restrictions. The sale of illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity.

Securities Transactions and Investment Income. Securities transactions are accounted for on the trade date with realized gain or loss on investments determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded on the accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on the ex-dividend date except for certain dividends which are recorded as soon as the Fund is informed of the dividend.

Determination of Net Asset Value and Calculation of Expenses. Certain administrative expenses are common to, and allocated among, various affiliated funds. Such allocations are made on the basis of each fund's average net assets or other criteria directly affecting the expenses as determined by the Adviser pursuant to procedures established by the Board.

In calculating the NAV per share of each class, investment income, realized and unrealized gains and losses, redemption fees, and expenses other than class specific expenses are allocated daily to each class of shares based upon the proportion of net assets of each class at the beginning of each day. Distribution expenses are borne solely by the class incurring the expense.

Custodian Fee Credits and Interest Expense. When cash balances are maintained in the custody account, the Fund receives credits which are used to offset custodian fees. The gross expenses paid under the custody arrangement are included in custodian fees in the Statement of Operations with the corresponding expense offset, if any, shown as "custodian fee credits." When cash balances are overdrawn, the Fund is charged an overdraft fee equal to 2.00% above the federal funds rate on outstanding balances. This amount, if any, would be included in "interest expense" in the Statement of Operations.

Distributions to Shareholders. Distributions to shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under U.S. generally accepted accounting principles. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, net operating losses, and differing characterizations of distributions made by the Fund. Distributions from net investment income for federal income tax purposes include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. These reclassifications have no impact on the NAV of the Fund.

The Gabelli Small Cap Growth Fund

Notes to Financial Statements (Continued) (Unaudited)

The tax character of distributions paid during the year ended September 30, 2009 was as follows:

Distributions paid from:	
Ordinary Income	
(inclusive of short-term capital gains) . . .	\$ 3,735,472
Net long-term capitals gains	<u>50,617,863</u>
Total distributions paid	<u>\$54,353,335</u>

Provision for Income Taxes. The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). It is the policy of the Fund to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of its net investment company taxable income and net capital gains. Therefore, no provision for federal income taxes is required.

At September 30, 2009, the Fund had net capital loss carryforwards for federal income tax purposes of \$1,435,829, which are 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.

The following summarizes the tax cost of investments and the related net unrealized appreciation at March 31, 2010:

	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
Investments	\$1,258,802,800	\$473,014,802	\$(76,578,049)	\$396,436,753

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund’s tax returns to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold. For the six months ended March 31, 2010, the Fund did not incur any income tax, interest, or penalties. As of March 31, 2010, the Adviser has reviewed all open tax years and concluded that there was no impact to the Fund’s net assets or results of operations. Tax years ended September 30, 2007 through September 30, 2009 remain subject to examination by the Internal Revenue Service and state taxing authorities. On an ongoing basis, the Adviser will monitor the Fund’s tax positions to determine if adjustments to this conclusion are necessary.

3. Investment Advisory Agreement and Other Transactions. The Fund has entered into an investment advisory agreement (the “Advisory Agreement”) with the Adviser which provides that the Fund will pay the Adviser a fee, computed daily and paid monthly, at the annual rate of 1.00% of the value of its average daily net assets. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund’s portfolio, oversees the administration of all aspects of the Fund’s business and affairs, and pays the compensation of all Officers and Directors of the Corporation who are affiliated persons of the Adviser.

The Gabelli Small Cap Growth Fund

Notes to Financial Statements (Continued) (Unaudited)

The Corporation pays each Director who is not considered an affiliated person an annual retainer of \$9,000 plus \$1,000 for each Board meeting attended. Each Director is reimbursed by the Corporation for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$500 per meeting attended and the Chairman of the Audit Committee and the Lead Director each receive an annual fee of \$1,000. A Director may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. Directors who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Corporation.

4. Advisory Fee Reduction on Unsupervised Assets. This reduction in the advisory fee paid to the Adviser relates to certain portfolio holdings, i.e., unsupervised assets, of the Fund with respect to which the Adviser has transferred dispositive and voting control to the Fund's Proxy Voting Committee. During the six months ended March 31, 2010, the Fund's Proxy Voting Committee exercised control and discretion over all rights to vote or consent with respect to such securities and the Adviser reduced its fee with respect to such securities by \$106,692.

5. Distribution Plan. The Fund's Board has adopted a distribution plan (the "Plan") for each class of shares, except for Class I Shares, pursuant to Rule 12b-1 under the 1940 Act. Gabelli & Company, Inc. ("Gabelli & Co."), an affiliate of the Adviser, serves as Distributor of the Fund. Under the Class AAA, Class A, Class B, and Class C Share Plans, payments are authorized to Gabelli & Co. at annual rates of 0.25%, 0.25%, 1.00%, and 1.00%, respectively, of the average daily net assets of those classes, the annual limitations under each Plan. Such payments are accrued daily and paid monthly.

6. Portfolio Securities. Purchases and sales of securities for the six months ended March 31, 2010, other than short-term securities and U.S. Government obligations, aggregated \$207,149,907 and \$79,084,743, respectively.

Purchases of U.S. Government obligations for the six months ended March 31, 2010, other than short-term obligations, aggregated \$372,750.

7. Transactions with Affiliates. During the six months ended March 31, 2010, the Fund paid brokerage commissions on security trades of \$235,538 to Gabelli & Co. Additionally, Gabelli & Co. informed the Fund that it retained \$38,500 from investors representing commissions (sales charges and underwriting fees) on sales and redemptions of Fund shares.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement between the Fund and the Adviser. During the six months ended March 31, 2010, the Fund paid or accrued \$22,500 to the Adviser in connection with the cost of computing the Fund's NAV.

8. Line of Credit. The Fund participates in an unsecured line of credit of up to \$75,000,000 under which it may borrow up to 10% of its net assets from the custodian for temporary borrowing purposes. Borrowings under this arrangement bear interest at the higher of the sum of the overnight LIBOR plus 100 basis points or the sum of the federal funds rate plus 100 basis points at the time of borrowing. This amount, if any, would be included in "interest expense" in the Statement of Operations. During the six months ended March 31, 2010, there were no borrowings under the line of credit.

The Gabelli Small Cap Growth Fund

Notes to Financial Statements (Continued) (Unaudited)

9. Capital Stock. The Fund offers five classes of shares – Class AAA Shares, Class A Shares, Class B Shares, Class C Shares, and Class I Shares. Class AAA Shares are offered without a sales charge only to investors who acquire them directly from Gabelli & Co., through selected broker/dealers, or the transfer agent. Class I Shares are offered through Gabelli & Co. and selected broker/dealers to foundations, endowments, institutions, and employee benefit plans without a sales charge. Class A Shares are subject to a maximum front-end sales charge of 5.75%. Class B Shares are subject to a contingent deferred sales charge (“CDSC”) upon redemption within six years of purchase and automatically convert to Class A Shares approximately eight years after the original purchase. The applicable CDSC is equal to a declining percentage of the lesser of the NAV per share at the date of the original purchase or at the date of redemption, based on the length of time held. Class C Shares are subject to a 1.00% CDSC for one year after purchase. Class B Shares are available only through exchange of Class B Shares of other funds distributed by Gabelli & Co. Class I Shares were first issued on January 11, 2008.

The Fund imposes a redemption fee of 2.00% on all classes of shares that are redeemed or exchanged on or before the seventh day after the date of a purchase. The redemption fee is deducted from the proceeds otherwise payable to the redeeming shareholders and is retained by the Fund. The redemption fees retained by the Fund during the six months ended March 31, 2010 and the year ended September 30, 2009 amounted to \$1,401 and \$11,022, respectively. The redemption fee does not apply to redemptions of shares where (i) the shares were purchased through automatic reinvestment of distributions, (ii) the redemption was initiated by the Fund, (iii) the shares were purchased through programs that collect the redemption fee at the program level and remit them to the Fund, or (iv) the shares were purchased through programs that the Adviser determines to have appropriate anti-short-term trading policies in place or as to which the Adviser has received assurances that look-through redemption fee procedures or effective anti-short-term trading policies and procedures are in place.

The Gabelli Small Cap Growth Fund

Notes to Financial Statements (Continued) (Unaudited)

Transactions in shares of capital stock were as follows:

	Six Months Ended March 31, 2010 (Unaudited)		Year Ended September 30, 2009	
	Shares	Amount	Shares	Amount
Class AAA				
Shares sold	7,684,443	\$ 204,233,152	19,334,347	\$ 418,412,502
Shares issued upon reinvestment of distributions	—	—	2,463,528	48,435,071
Shares redeemed	(4,891,022)	(129,775,962)	(11,881,439)	(246,751,509)
Net increase	<u>2,793,421</u>	<u>\$ 74,457,190</u>	<u>9,916,436</u>	<u>\$ 220,096,064</u>
Class A				
Shares sold	1,374,300	\$ 36,494,203	1,836,925	\$ 40,930,042
Shares issued upon reinvestment of distributions	—	—	65,874	1,300,725
Shares redeemed	(357,530)	(9,477,603)	(423,637)	(8,956,219)
Net increase	<u>1,016,770</u>	<u>\$ 27,016,600</u>	<u>1,479,162</u>	<u>\$ 33,274,548</u>
Class B				
Shares issued upon reinvestment of distributions	—	—	173	\$ 3,267
Shares redeemed	(1,035)	\$ (26,236)	(112)	(2,601)
Net increase/(decrease)	<u>(1,035)</u>	<u>\$ (26,236)</u>	<u>61</u>	<u>\$ 666</u>
Class C				
Shares sold	548,861	\$ 13,832,766	1,057,172	\$ 22,091,220
Shares issued upon reinvestment of distributions	—	—	67,280	1,267,666
Shares redeemed	(123,605)	(3,112,501)	(224,541)	(4,466,159)
Net increase	<u>425,256</u>	<u>\$ 10,720,265</u>	<u>899,911</u>	<u>\$ 18,892,727</u>
Class I				
Shares sold	857,223	\$ 22,410,752	4,010,805	\$ 83,835,007
Shares issued upon reinvestment of distributions	—	—	11,437	239,324
Shares redeemed	(512,974)	(13,656,626)	(314,594)	(6,638,095)
Net increase	<u>344,249</u>	<u>\$ 8,754,126</u>	<u>3,707,648</u>	<u>\$ 77,436,236</u>

10. Transactions in Securities of Affiliated Issuers. The 1940 Act defines affiliated issuers as those in which the Fund's holdings of an issuer represent 5% or more of the outstanding voting securities of the issuer. A summary of the Fund's transactions in the securities of these issuers during the six months ended March 31, 2010 is set forth below:

	Beginning Shares	Shares Sold	Ending Shares	Net Change in Unrealized (Depreciation)	Realized Loss	Value at March 31, 2010	Percent Owned of Shares Outstanding
Trans-Lux Corp. . . .	172,000	(10,000)	162,000	\$(71,707)	\$(68,857)	\$137,700	8.02%

The Gabelli Small Cap Growth Fund

Notes to Financial Statements (Continued) (Unaudited)

11. Indemnifications. The Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

12. Other Matters. On April 24, 2008, the Adviser entered into an administrative settlement with the SEC to resolve the SEC's inquiry regarding prior frequent trading activity in shares of the GAMCO Global Growth Fund (the "Global Growth Fund") by one investor who was banned from the Global Growth Fund in August 2002. In the settlement, the SEC found that the Adviser had violated Section 206(2) of the Investment Advisers Act, Section 17(d) of the 1940 Act, and Rule 17d-1 thereunder, and had aided and abetted and caused violations of Section 12(d)(1)(B)(i) of the 1940 Act. Under the terms of the settlement, the Adviser, while neither admitting nor denying the SEC's findings and allegations, agreed, among other things, to pay the previously reserved total of \$16 million (including a \$5 million penalty), of which at least \$11 million will be distributed to shareholders of the Global Growth Fund in accordance with a plan developed by an independent distribution consultant and approved by the independent directors of the Global Growth Fund and the staff of the SEC, and to cease and desist from future violations of the above referenced federal securities laws. The settlement will not have a material adverse impact on the Adviser or its ability to fulfill its obligations under the Advisory Agreement. On the same day, the SEC filed a civil action against the Executive Vice President and Chief Operating Officer of the Adviser, alleging violations of certain federal securities laws arising from the same matter. The officer is also an officer of the Global Growth Fund and other funds in the Gabelli/GAMCO fund complex including the Fund. The officer denies the allegations and is continuing in his positions with the Adviser and the funds. The Adviser currently expects that any resolution of the action against the officer will not have a material adverse impact on the Fund or the Adviser or its ability to fulfill its obligations under the Advisory Agreement.

13. Subsequent Events. Management has evaluated the impact on the Fund of all subsequent events through the date the financial statements were issued and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

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.

The Gabelli Small Cap Growth Fund

Board Consideration and Re-Approval of Advisory Agreement (Unaudited)

During the six months ended March 31, 2010, the Board of Directors of the Corporation approved the continuation of the investment advisory agreement with the Adviser for the Fund on the basis of the recommendation by the directors (the “Independent Board Members”) who are not “interested persons” of the Fund. The following paragraphs summarize the material information and factors considered by the Independent Board Members as well as their conclusions relative to such factors.

Nature, Extent, and Quality of Services. The Independent Board Members considered information regarding the portfolio manager, the depth of the analyst pool available to the Adviser and the portfolio manager, the scope of administrative, shareholder, and other services supervised or provided by the Adviser and the absence of significant service problems reported to the Board. The Independent Board Members noted the experience, length of service, and reputation of the portfolio manager.

Investment Performance. The Independent Board Members reviewed the short, medium, and long-term performance of the Fund against a peer group of small cap core and small cap value funds chosen by Lipper as being comparable. The Independent Board Members noted that the Fund’s performance was in the third quartile for the one year and in the second quartile for the three and five year periods.

Profitability. The Independent Board Members reviewed summary data regarding the profitability of the Fund to the Adviser both with an administrative overhead charge and without such a charge. The Independent Board Members also noted that a substantial portion of the Fund’s portfolio transactions were executed by an affiliated broker and that the affiliated broker received distribution fees and minor amounts of sales commissions.

Economies of Scale. The Independent Board Members discussed the major elements of the Adviser’s cost structure and the relationship of those elements to potential economies of scale.

Sharing of Economies of Scale. The Independent Board Members noted that the investment management fee schedule for the Fund does not take into account any potential economies of scale that may develop.

Service and Cost Comparisons. The Independent Board Members compared the expense ratios of the investment management fee, other expenses, and total expenses of the Fund with similar expense ratios of the peer group of small cap value and small cap core funds and noted that the Adviser’s management fee includes substantially all administrative services of the Fund as well as investment advisory services. The Independent Board Members noted that the Fund’s expense ratios were at and the Fund’s size was above average within this group. The Independent Board Members also noted that the management fee structure was the same as that in effect for most of the Gabelli funds. The Independent Board Members did not compare the management fee with the fees for other types of accounts managed by the Adviser.

Conclusions. The Independent Board Members concluded that the Fund enjoyed highly experienced portfolio management services, good ancillary services, and a good performance record. The Independent Board Members also concluded that the Fund’s expense ratios and the profitability to the Adviser of managing the Fund were reasonable in light of the Fund’s performance and that economies of scale were not a significant factor in their thinking at this time. The Independent Board Members did not view the potential profitability of ancillary services as material to their decision. On the basis of the foregoing and without assigning particular weight to any single conclusion, the Independent Board Members determined to recommend continuation of the investment management agreement to the full Board.

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

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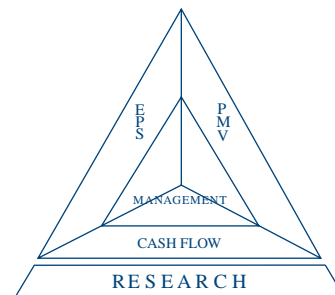
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Net Asset Value per share available daily by calling
800-GABELLI after 7:00 P.M.



Board of Directors

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

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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.

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★ ★ ★ ★ ★
**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 March 31, 2010 among 563, 563, 476, and 244 Small Blend funds, respectively.

**SEMI ANNUAL REPORT
MARCH 31, 2010**