GAMCO Mathers Fund

Semi-Annual Report
June 30, 2010

Henry G. Van der Eb, CFA

To Our Shareholders,

The Sarbanes-Oxley Act's corporate governance regulations require a Fund's principal executive and financial officers to certify the entire contents of the semi-annual and annual shareholder reports in a filing with the Securities and Exchange Commission (the "SEC") on Form N-CSR. This certification covers the portfolio manager's commentary and subjective opinions if they are attached to or a part of the financial statements.

Rather than ask our portfolio managers to eliminate their opinions and/or restrict their commentary to historical facts only, we separated their commentary from the financial statements and investment portfolio and sent it to you separately to ensure that its content is complete and unrestricted. Both the commentary and the financial statements, including the portfolio of investments, are also available on our website at www.gabelli.com/funds.

We trust that you understand that our approach is an unintended consequence of the ever increasing regulatory requirements affecting public companies generally. We hope the specific certification requirements of these regulations will be modified as they relate to mutual funds, since investment companies have different corporate structures and objectives from other public companies.

Sincerely yours,

Bruce N. Alpert

Bruce N. Alpert
Executive Vice President

August 25, 2010

GAMCO Mathers Fund
Disclosure of Fund Expenses (Unaudited)
For the Six Month Period from January 1, 2010 through June 30, 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 would be 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 01/01/10	Ending Account Value 06/30/10	Annualized Expense Ratio	Expenses Paid During Period*
GAMCO Mathers Fund				
Actual Fund Return				
GAMCO Mathers	$1,000.00	$ 997.10	2.40%	$11.88
Hypothetical 5% Return				
GAMCO Mathers	$1,000.00	$1,012.89	2.40%	$11.98

* 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 (181 days), then divided by 365.

Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of net assets as of June 30, 2010:

GAMCO Mathers Fund – Long Positions	Percent
U.S. Treasury Bills	94.0%
Business Services	4.1%
Repurchase Agreements	1.4%
Computer Software and Services	0.6%
Health Care	0.2%
Other Assets and Liabilities (Net)	3.3%

GAMCO Mathers Fund – Short Positions	Percent
Exchange Traded Funds	(3.6)%

The GAMCO Mathers Fund (the "Fund") files a complete schedule of portfolio holdings with 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 March 31, 2010. 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.

GAMCO Mathers Fund
Schedule of Investments — June 30, 2010 (Unaudited)

Shares		Cost	Market Value
	COMMON STOCKS — 4.9%		
	Business Services — 4.1%		
85,000	Bowne & Co. Inc.	$ 750,984	$ 953,700
	Computer Software and Services — 0.6%		
3,000	CyberSource Corp.†	76,955	76,590
1,000	Sybase Inc.†	64,685	64,660
		141,640	141,250
	Health Care — 0.2%		
2,000	ev3 Inc.†	44,690	44,820
1,000	Phase Forward Inc.†	16,615	16,680
		61,305	61,500
	TOTAL COMMON STOCKS	953,929	1,156,450
Principal Amount			
	SHORT TERM OBLIGATIONS — 95.4%		
	Repurchase Agreements — 1.4%		
$ 321,309	State Street Bank & Trust Co., 0.010%, dated 06/30/10, due 07/01/10, proceeds at maturity, $321,309 (a)	321,309	321,309
	U.S. Treasury Bills — 94.0%		
22,000,000	U.S. Treasury Bill, 0.086%††, 07/22/10 (b)	21,998,909	21,998,909
	TOTAL SHORT TERM OBLIGATIONS	22,320,218	22,320,218
	TOTAL INVESTMENTS — 100.3%	$23,274,147	23,476,668

	Market Value
SECURITIES SOLD SHORT — (3.6)% (Proceeds received $855,417)	$ (847,170)
Other Assets and Liabilities (Net) — 3.3%	772,246
NET ASSETS — 100.0%	$23,401,744

Shares		Proceeds	Market Value
	SECURITIES SOLD SHORT — (3.6)%		
	Common Stocks Sold Short — (3.6)%		
	Exchange Traded Funds — (3.6)%		
4,000	iShares Russell 2000 Index	$ 247,193	$ 244,320
3,000	SPDR Dow Jones Industrial Average ETF Trust	295,770	293,190
3,000	SPDR S&P 500 ETF Trust	312,454	309,660
		855,417	847,170
	TOTAL SECURITIES SOLD SHORT	$ 855,417	$ 847,170

(a) Collateralized by $320,000 U.S. Treasury Note, due 04/30/15, market value $332,928.

(b) At June 30, 2010, $1,000,000 of the principal amount was pledged as collateral for securities sold short.

† Non-income producing security.

†† Represents annualized yield at date of purchase.

See accompanying notes to financial statements.

GAMCO Mathers Fund

Statement of Assets and Liabilities
June 30, 2010 (Unaudited)

Assets:	
Investments, at value (cost $22,952,838)	$ 23,155,359
Repurchase agreements at value (cost $321,309)	321,309
Receivable for investments sold	1,748,113
Receivable for Fund shares sold	8
Prepaid expenses	20,067
Total Assets	25,244,856
Liabilities:	
Securities sold short, at value (proceeds $855,417)	847,170
Payable to broker	31,026
Payable for investments purchased	872,839
Dividend payable on securities sold short	3,608
Payable for investment advisory fees	19,256
Payable for distribution fees	4,814
Other accrued expenses	64,399
Total Liabilities	1,843,112
Net Assets applicable to 2,264,523 shares outstanding	$ 23,401,744
Net Assets Consist of:	
Paid-in capital	$ 36,653,071
Accumulated net investment loss	(261,904)
Accumulated net realized loss on investments and securities sold short	(13,200,191)
Net unrealized appreciation on investments	202,521
Net unrealized appreciation on securities sold short	8,247
Net Assets	$ 23,401,744
Shares of Beneficial Interest, at $0.001 par value:	
Net Asset Value, offering, and redemption price per share ($23,401,744 ÷ 2,264,523 shares outstanding; unlimited number of shares authorized)	$10.33

Statement of Operations
For the Six Months Ended June 30, 2010 (Unaudited)

Investment Income:	
Dividends	$ 3,630
Interest	9,576
Total Investment Income	13,206
Expenses:	
Investment advisory fees	114,481
Distribution fees	28,620
Legal and audit fees	34,214
Trustee's fees	33,501
Shareholder communications expenses	18,358
Shareholder services fees	15,107
Registration expenses	12,572
Custodian fees	5,455
Dividend expense on securities sold short	3,608
Interest expense	129
Miscellaneous expenses	9,067
Total Expenses	275,112
Less: Custodian fee credits	(2)
Net Expenses	275,110
Net Investment Loss	(261,904)
Net Realized and Unrealized Gain/(Loss) on Investments and Securities Sold Short:	
Net realized gain on investments	91,813
Net realized loss on securities sold short	(70,792)
Net realized gain on investments and loss on securities sold short	21,021
Net change in unrealized appreciation:	
on investments	180,211
on securities sold short	5,314
Net change in unrealized appreciation on investments and securities sold short	185,525
Net Realized and Unrealized Gain/(Loss) on Investments and Securities Sold Short	206,546
Net Decrease in Net Assets Resulting from Operations	$ (55,358)

See accompanying notes to financial statements.

GAMCO Mathers Fund

Statement of Changes in Net Assets

	Six Months Ended June 30, 2010 (Unaudited)	Year Ended December 31, 2009
Operations:		
Net investment loss	$ (261,904)	$ (539,133)
Net realized gain on investments and loss on securities sold short	21,021	260,424
Net change in unrealized appreciation on investments and securities sold short	185,525	4,425
Net Decrease in Net Assets Resulting from Operations	(55,358)	(274,284)
Shares of Beneficial Interest Transactions:		
Net decrease in net assets from shares of beneficial interest transactions	(74,493)	(3,337,636)
Redemption Fees	—	77
Net Decrease in Net Assets	(129,851)	(3,611,843)
Net Assets:		
Beginning of period	23,531,595	27,143,438
End of period (including undistributed net investment income of $0 and $0, respectively)	$23,401,744	$23,531,595

See accompanying notes to financial statements.

GAMCO Mathers Fund
Financial Highlights

Selected data for a share of beneficial interest outstanding throughout each period:

	Six Months Ended June 30, 2010 (Unaudited)	Year Ended December 31,				
		2009	2008	2007	2006	2005
Operating Performance:						
Net asset value, beginning of period	$ 10.36	$ 10.47	$ 10.45	$ 10.36	$ 10.44	$ 10.49
Net investment income/(loss) (a)	(0.12)	(0.22)	(0.06)	0.24	0.32	0.13
Net realized and unrealized gain/(loss) on investments and securities sold short	0.09	0.11	0.08	0.13	(0.02)	—
Total from investment operations	(0.03)	(0.11)	0.02	0.37	0.30	0.13
Distributions to Shareholders:						
Net investment income	—	—	(0.00)(b)	(0.28)	(0.38)	(0.18)
Total distributions	—	—	(0.00)(b)	(0.28)	(0.38)	(0.18)
Redemption Fees (a)	—	0.00(b)	0.00(b)	0.00(b)	—	0.00(b)
Net Asset Value, End of Period	$ 10.33	$ 10.36	$ 10.47	$ 10.45	$ 10.36	$ 10.44
Total return †	(0.29)%	(1.05)%	0.20%	3.56%	2.88%	1.23%
Ratios to Average Net Assets and Supplemental Data:						
Net assets, end of period (in 000's)	$23,402	$23,532	$27,143	$26,333	$31,103	$37,614
Ratio of net investment income/(loss) to average net assets	(2.29)%(c)	(2.11)%	(0.55)%	2.25%	2.99%	1.27%
Ratio of operating expenses to average net assets	2.40%(c)	2.20%	2.13%	2.28%	2.14%	2.14%
Ratio of operating expenses to average net assets excluding the effect of dividends on securities sold short	2.37%(c)	2.17%	2.13%	2.15%	1.87%	1.85%
Portfolio turnover rate ††	224%	556%	9,150%	226%	121%	149%

† 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. 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 December 31, 2005 would have been 184%.

(a) Per share data is calculated using the average shares outstanding method.
(b) Amount represents less than $0.005 per share.
(c) Annualized.

See accompanying notes to financial statements.

1. Organization. GAMCO Mathers Fund (the "Fund"), was organized on June 17, 1999 as a Delaware statutory trust. The Fund commenced investment operations on October 1, 1999 as the successor to the Mathers Fund, Inc. (the "Mathers Fund") which was organized on March 31, 1965 as a Maryland corporation. The Mathers Fund commenced investment operations on August 19, 1965. The Fund is a diversified open-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). The Fund's primary objective is long-term capital appreciation.

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 Trustees (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. U.S. government obligations with maturities greater than sixty days are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. Certain securities are valued principally using dealer quotations. 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 American Depositary Receipt 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 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 in securities by inputs used to value the Fund's investments as of June 30, 2010 is as follows:

Valuation Inputs	Investments in Securities (Market Value) Assets	Investments in Securities (Market Value) Liabilities
Level 1 – Quoted Prices*	$ 1,156,450	$(847,170)
Level 2 – Other Significant Observable Inputs*	22,320,218	—
Total	$23,476,668	$(847,170)

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

The Fund did not have significant transfers between Level 1 and Level 2 during the reporting period.

There were no Level 3 investments held at June 30, 2010 or December 31, 2009.

In January 2010, the FASB issued amended guidance to improve disclosure about fair value measurements which requires additional disclosures about transfers between Levels 1 and 2 and separate disclosures about purchases, sales, issuances, and settlements in the reconciliation of fair value measurements using significant unobservable inputs (Level 3). It also clarifies existing disclosure requirements relating to the levels of disaggregation of fair value measurement and inputs and valuation techniques used to measure fair value. Disclosures about purchases, sales, issuances, and settlements in the rollforward of activity in Level 3 fair value measurements are effective for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years. Management is currently evaluating the implications of this guidance on the Fund's financial statements. The remainder of the amended guidance is effective for financial statements for fiscal years beginning after December 15, 2009 and interim periods within those fiscal years. Management has evaluated the impact of this guidance on the Fund's financial statements and determined that there is no impact as of June 30, 2010.

Derivative Financial Instruments.

The Fund may engage in various portfolio investment strategies by investing in a number of derivative financial instruments for the purpose of hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase. 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 Fund's derivative contracts held at June 30, 2010, if any, are not accounted for as hedging instruments under GAAP.

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 investments and futures contracts. The Fund recognizes a realized gain or loss when the contract is closed.

There are several risks in connection with the use of futures contracts as a hedging instrument. The change in value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in value of the hedged investments. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market. During the six months ended June 30, 2010, the Fund had no investments in futures 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 not less than their repurchase price. 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 June 30, 2010, the Fund had an investment of $321,309 in a repurchase agreement.

Securities Sold Short. The Fund may enter into short sale transactions. Short selling involves selling securities that may or may not be owned and, at times, borrowing the same securities for delivery to the purchaser, with an obligation to replace such borrowed securities at a later date. The proceeds received from short sales are recorded as liabilities and the Fund records an unrealized gain or loss to the extent of the difference between the proceeds received and the value of an open short position on the day of determination. The Fund records a realized gain or loss when the short position is closed out. By entering into a short sale, the Fund bears the market risk of an unfavorable change in the price of the security sold short. Dividends on short sales are recorded as an expense by the Fund on the ex-dividend date and interest expense is recorded on the accrual basis. The broker retains collateral for the value of the open positions, which is adjusted periodically as the value of the position fluctuates. Securities sold short at June 30, 2010 are reported in the Schedule of Investments.

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.

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.

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 GAAP. These differences are primarily due to differing treatments of income and gains on various investment securities held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. 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 net asset value ("NAV") per share of the Fund.

No distributions were made during the year ended December 31, 2009.

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 December 31, 2009, the Fund had net capital loss carryforwards for federal income tax purposes of $13,221,007, which are available to reduce future required distributions of net capital gains to shareholders. $11,173,447 is available through 2010; $670,200 is available through 2011; $280,466 is available through 2012; and $1,096,894 is available through 2014.

During the year ended December 31, 2009, the Fund utilized capital loss carryforwards of $253,601.

The following summarizes the tax cost of investments, proceeds from short sales, and the related net unrealized appreciation/depreciation at June 30, 2010:

	Cost/ (Proceeds)	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation
Investments	$23,350,548	$202,911	$(76,791)	$126,120
Short sales	(855,417)	8,247	—	8,247
	$22,495,131	$211,158	$(76,791)	$134,367

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 June 30, 2010, the Fund did not incur any income tax, interest, or penalties. As of June 30, 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 December 31, 2007 through December 31, 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 Trustees of the Fund who are affiliated persons of the Adviser.

The Fund pays each Trustee who is not considered an affiliated person an annual retainer of $5,000 plus $1,000 for each Board meeting attended. Each Trustee is reimbursed by the Fund 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 Trustee each receive an annual fee of $1,000. A Trustee may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. Trustees who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

4. Distribution Plan. The Fund's Board has adopted a distribution plan (the "Plan") pursuant to Rule 12b-1 under the 1940 Act. For the six months ended June 30, 2010, the Fund incurred distribution costs payable to Gabelli & Company, Inc. ("Gabelli & Co."), an affiliate of the Adviser, of $28,620, or 0.25% of its average daily net assets, the annual limitation under the Plan. Such payments are accrued daily and paid monthly.

5. Portfolio Securities. Purchases and sales of securities for the six months ended June 30, 2010, other than short-term securities and U.S. Government obligations, aggregated $2,366,868 and $2,903,078, respectively.

6. 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 June 30, 2010, there were no borrowings under the line of credit.

7. Shares of Beneficial Interest. Transactions in shares of beneficial interest were as follows:

	Six Months Ended June 30, 2010 (Unaudited)		Year Ended December 31, 2009	
	Shares	Amount	Shares	Amount
Shares sold	110,189	$ 1,139,660	170,468	$ 1,785,112
Shares redeemed	(117,257)	(1,214,153)	(490,862)	(5,122,748)
Net decrease	(7,068)	$ (74,493)	(320,394)	$(3,337,636)

The Fund imposes a redemption fee of 2.00% on 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 Fund did not retain any redemption fees during the six months ended June 30, 2010. The redemption fees retained by the Fund during the year ended December 31, 2009 amounted to $77. 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.

8. 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. Management has reviewed the Fund's existing contracts and expects the risk of loss to be remote.

9. Other Matters. On April 24, 2008, the Investment Adviser entered into a settlement with the SEC to resolve an 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 an administrative order that was entered in connection with the settlement, the SEC found that the Investment Adviser had willfully violated Section 206(2) of the Investment Advisers Act of 1940, Section 17(d) of the 1940 Act and Rule 17d-1 thereunder, and had willfully aided and abetted and caused violations of Section 12(d)(1)(B)(i) of the 1940 Act. Under the terms of the settlement, the Investment Adviser, while neither admitting nor denying the SEC's findings and allegations, paid $16 million (which included a $5 million civil monetary penalty), approximately $12.8 million of which is in the process of being paid 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 acceptable to the staff of the SEC, and agreed to cease and desist from future violations of the above referenced federal securities laws. The SEC's order also noted the cooperation that the Investment Adviser gave the staff of the SEC. The settlement will not have a material adverse impact on the Investment Adviser or its ability to fulfill its obligations under the Investment Advisory Agreement. On the same day, the SEC filed a civil action against the Executive Vice President and Chief Operating Officer of the Investment Adviser, alleging violations of certain federal securities laws arising from the same matter. The officer is also an officer of the Fund, the Global Growth Fund, and other funds in the Gabelli/GAMCO fund complex. The officer denied the allegations and is continuing in his positions with the Investment Adviser and the funds. The court dismissed certain claims, finding that the SEC was not entitled to pursue various remedies against the officer while leaving one remedy in the event the SEC were able to prove violations of law. The court, in response to a motion by the SEC, subsequently dismissed the remaining remedy without prejudice against the officer, which would allow the SEC to appeal the court's rulings. The Investment Adviser currently expects that any resolution of the action against the officer will not have a material adverse impact on the Investment Adviser or its ability to fulfill its obligations under the Investment Advisory Agreement.

10. Subsequent Events. Management has evaluated the impact on the Fund of all subsequent events occurring 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.

Gabelli/GAMCO Funds and Your Personal Privacy

Who are we?

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

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

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

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

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

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

What do we do to protect your personal information?

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

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

Distributor
Gabelli & Company, Inc.

Custodian, Transfer Agent, and Dividend Agent
State Street Bank and Trust Company

Legal Counsel
Paul, Hastings, Janofsky & Walker LLP

*Agnes Mullady, Treasurer, is on a leave of absence.

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