# Gabelli Enterprise Mergers and Acquisitions Fund

## Shareholder Commentary
## April 30, 2014

**Mario J. Gabelli, CFA**
**Portfolio Manager**

**To Our Shareholders,**

For the quarter ended April 30, 2014, the net asset value ("NAV") per Class A Share of the Gabelli Enterprise Mergers and Acquisitions Fund increased 1.2% compared with an increase of 0.01% for the Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index. See page 2 for additional performance information.

**Deal Environment and Outlook**

In the first calendar quarter of 2014, global deal volumes rose 52% to $756.1 billion compared with 2013[1]. While this figure was driven largely by a few multi-billion dollar deals, volumes were still up 36% despite these mergers. It is noteworthy that there were 8,200 deals in the quarter, the lowest first quarter levels since 2004. There was continued strength in private equity mergers and acquisitions (M&A), with $139.1 billion of deals, up 21% versus 2013. This once again attests to the robust financing markets.

Geographically, cross border M&A recovered from a large decrease in 2013. Volumes totaled $245.2 billion, up 86% year-over-year, which is the largest first quarter figure since 2008. The Americas remained robust, with a 53% increase in deal volume. Europe also appears to have begun a turnaround in the quarter, with deal volumes growing 58% to $192.2 billion. Europe had been a major drag on 2013 M&A levels.

On a sector specific basis, media and entertainment eclipsed energy and power as the most active industry, with $159.3 billion, or 21%, of worldwide volume. It is worth noting that the Time Warner Cable merger accounted for $70.7 billion of this volume. Real estate and energy and power rounded out the top three most active industries. In addition, many of the top deals in these sectors involved mixed consideration, including both cash and stock. This is evidence of the increasing use of stock as a currency.

The strong first quarter of 2014 reflects an improving global economy. Even Europe, which had low deal volumes in 2013, showed significant progress towards a recovery in M&A. Businesses are benefiting as the job market improves, and they appear more ready to deploy capital than in recent quarters. Record high cash balances and historically low interest rates make it attractive to borrow in order to finance transactions. The Fund should continue to benefit from the trend towards more M&A.

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[1] Thomson Reuters M&A Review – First Quarter 2014.

## Comparative Results

**Average Annual Returns through April 30, 2014 (a)(b)**

| | Quarter | Year to Date | 1 Year | 5 Year | 10 Year | Since Inception (2/28/01) |
|---|---|---|---|---|---|---|
| **Class A (EMAAX)** | 1.18% | 0.08% | 7.82% | 10.60% | 4.77% | 4.71% |
| With sales charge (c) | (4.63) | (5.68) | 1.62 | 9.30 | 4.15 | 4.24 |
| **Class AAA (EAAAX)** | 1.17 | 0.16 | 7.94 | 10.77 | 4.85 | 4.76 |
| **Class B (EMABX)** | 1.01 | (0.17) | 7.14 | 9.99 | 4.19 | 4.13 |
| With contingent deferred sales charge (d) | (3.99) | (5.16) | 2.14 | 9.71 | 4.19 | 4.13 |
| **Class C (EMACX)** | 1.09 | (0.08) | 7.14 | 10.00 | 4.19 | 4.13 |
| With contingent deferred sales charge (e) | 0.09 | (1.08) | 6.14 | 10.00 | 4.19 | 4.13 |
| **Class Y (EMAYX)** | 1.28 | 0.30 | 8.29 | 11.11 | 5.25 | 5.18 |
| S&P 500 Index | 6.23 | 6.23 | 20.44 | 19.14 | 7.67 | 5.27 |
| Lipper U.S. Treasury Money Market Average | 0.00 | 0.00 | 0.00 | 0.01 | 1.28 | 1.31 |
| Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index | 0.01 | 0.01 | 0.06 | 0.11 | 1.64 | 1.75 |

**In the current prospectuses dated February 28, 2014, the Fund's expense ratios are 1.49%, 1.69%, 2.24%, 2.24%, and 1.24% for the Class AAA, A, B, C, and Y Shares, respectively. Class AAA and Class Y Shares have no sales charge. The maximum sales charge for Class A Shares and Class C Shares is 5.75% and 1.00%, respectively.**

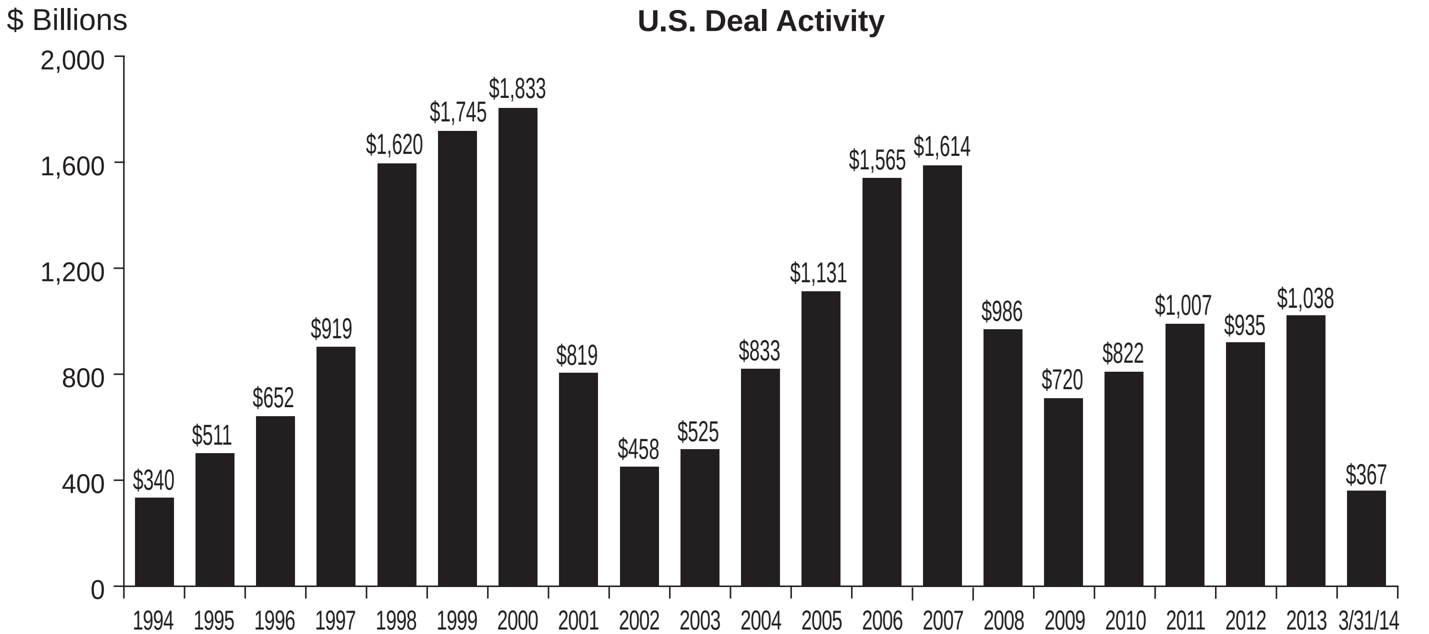
(a) *Returns represent past performance and do not guarantee future results. Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, 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. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, sales charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus please visit our website at www.gabelli.com.* The Class A Shares' NAV are used to calculate the performance for the periods prior to the issuance of the Class AAA Shares on February 26, 2010. The actual performance for the Class AAA Shares would have been higher than the returns of the Class A Shares due to lower expenses. The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Lipper U.S. Treasury Money Market Fund Average reflects the average performance of mutual funds classified in this particular category. The Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month, that issue is sold and rolled into the outstanding Treasury Bill that matures closest to, but not beyond three months from the rebalancing date. To qualify for selection, an issue must have settled on or before the rebalancing (month end) date. Dividends are considered reinvested except for the Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index. You cannot invest directly in an index.

(b) The Fund's fiscal year ends October 31.

(c) Performance results include the effect of the maximum 5.75% sales charge at the beginning of the period.

(d) Assuming payment of the maximum contingent deferred sales charge ("CDSC"). The maximum CDSC for Class B Shares is 5% which is gradually reduced to 0% after six years.

(e) Assuming payment of the 1% maximum CDSC imposed on redemptions made within one year of purchase.




*Source: Thomson Reuters/Gabelli Research*


*Source: Thomson Reuters/Gabelli Research*

## Closed Deals

*Algeta ASA* is a Norwegian biotechnology company engaged in the development of cancer treatments. In November 2013, the company issued a press release confirming speculation that it was the subject of a takeover attempt by joint venture partner Bayer AG, noting that it received a 336 NOK offer from the German healthcare giant. On December 19, 2013, the two companies agreed to a fully financed 362 NOK cash tender offer. The offer, which valued the company at 17.6 billion NOK, successfully closed on February 26, 2014. The Fund earned a 27.31% return.

*Beam Inc.* is a leading premium spirits company, with brands such as Jim Beam and Maker's Mark bourbons. On January 13, 2014, Suntory Holdings Limited, a Japanese holding company that sells both alcoholic and non-alcoholic beverages, announced it would acquire Beam for $83.50 cash per share in a $16 billion merger. Shareholders and regulators approved the deal and the deal closed on April 30. The Fund earned a 2.48% return.

*Coastal Contacts Inc.* is a Vancouver based direct-to-consumer optical products manufacturer and retailer with over 5 million customers globally. On February 27, 2014, the company received a CAD 12.45 cash merger offer from Essilor International. Essilor is a French ophthalmic optics company and a world leader in the corrective lenses space. The deal received shareholder and regulatory approvals and closed in late April. The Fund earned a 2.32% return.

*Harris Teeter Supermarkets, Inc.* is a North Carolina based retailer, which operates grocery stores and pharmacies in the southeastern and mid-Atlantic U.S. On July 9, 2013, The Kroger Co., another large retailer, announced that it was acquiring Harris Teeter for $49.38 cash per share in a $2.5 billion merger. The merger was approved in September of 2013, and the FTC approved the transaction on January 17, 2014. The merger was completed on January 28, 2014. The Fund earned a 2.08% return on this position.

*Life Technologies Corp.* is a California based biotechnology company focused on reagents and scientific instruments. On April 15, 2013, Thermo Fisher Scientific announced it would acquire Life for $76 cash per share in a $13.6 billion merger. Shareholders approved the deal in August of 2013 and the merger was completed on February 3, 2014, after regulators in the U.S., European Union, and China approved it. As part of the merger agreement, the Fund received an incremental $0.13 per share in the form of a ticking fee, since the deal did not close by January 14, 2014. The Fund's return was 4.49%.

*ViroPharma Inc.,* based in Exton, Pennsylvania, is a biotechnology company focused on orphan drugs. Specifically, ViroPharma makes Cinryze, which treats hereditary angioedema. On November 11, 2013, Shire plc of Ireland, which makes a similar drug, announced that it was acquiring ViroPharma for $50 cash per share in a $4.2 billion tender. The tender was extended as the deal required UK approval, and the deal closed in late January. The Fund earned a 4.30% return.

## Deals in the Pipeline

*ArthroCare Corp. (2.0% of net assets as of April 30, 2014) (ARTC - $48.53 - NASDAQ)* is a Texas based developer of medical devices for surgical applications in the orthopedic and ENT fields. On February 3, 2014, the company entered into a $48.25 cash per share merger with UK based competitor Smith & Nephew plc, valuing the company at $1.5 billion. In addition to the merger consideration, shareholders will likely receive a pro-rata share of the proceeds from a Class Action settlement with Smith & Nephew totaling up to $12 million. The deal has been cleared by antitrust authorities in the U.S. and Germany and is currently being reviewed in the UK. ArthroCare shareholders will vote on the transaction in May and closing is expected by mid 2014.

*LIN Media LLC (0.6%) (LIN - $23.43 - NYSE)* is a Providence, Rhode Island based multimedia company with forty-three television stations and seven digital channels in over twenty U.S. markets. On March 21, 2014, Media General Inc., another broadcasting company, announced that it would acquire LIN in a $1.6 billion merger. Each shareholder of LIN can elect to receive $27.82 in cash or 1.5762 shares of a new holding company, subject to proration. The deal had a “window-shop” period through April 25, 2014 and is expected to close in early 2015 after both companies receive shareholder and U.S. regulatory approvals.

*Safeway Inc. (2.2%) (SWY - $34.06 - NYSE)*, based in California, is the third largest food and drug retailer in North America, with over 1,300 stores. On March 6, 2014, the company entered into a $9 billion merger with Albertsons grocery chain, which is controlled by Cerberus Capital Management, L.P. The offer consists of $32.50 in cash, the distribution of 37.8 million shares of Blackhawk Network Holdings (0.4%), and a contingent value right (tied to real estate and Safeway’s interest in a Mexican food retailer) estimated at $3.65 per share. The offer included a “go-shop” period, which expired on March 27, 2014. The merger is expected to close by the end of 2014, pending regulatory approval and the shareholder vote.

*Scania AB (1.0%) (SCV/A - SEK 197.00 - STO),* based in Sweden, is a leader in the manufacture of heavy duty trucks and buses. Since 2008, the company has been controlled by global automaker Volkswagen AG, through its ownership of 62.64% of the company and an 89.18% share of the vote. On February 21, 2014, Volkswagen launched a SEK 200 tender for shares of both classes it does not currently own. The tender, which is conditioned upon Volkswagen reaching a 90% ownership level, expired in late April and was extended in order to reach the 90% threshold.

*UNS Energy Corp. (0.7%) (UNS - $60.06 - NYSE)* is a gas and electric utility based in Tucson, Arizona. On December 11, 2013, the company announced that it was being acquired by Fortis, the distribution utility based in Newfoundland, Canada. Fortis, which is continuing to consolidate American utilities, is paying $60.25 cash per share in this $4.3 billion merger. In addition, UNS shareholders will receive dividends through the close of the deal, including pro-rated dividends. Shareholders approved the deal and it is expected to be completed by the end of 2014.

*Zale Corp. (1.8%) (ZLC - $21.39 - NYSE)* is a specialty jeweler based in Texas, with locations throughout North America. On February 19, 2014, Signet Jewelers Limited, a competitor with locations in the U.S. and UK, announced it would acquire Zale for $21 cash per share in a $1.4 billion merger to diversify and expand the business. Regulators have approved the merger and it is expected to close by the end of 2014, after the shareholder vote.

*Zygo Corp. (1.0%) (ZYGO - $19.24 - NASDAQ)* is a supplier of optical metrology instruments based in Connecticut. On April 11, 2014, the company announced it was being acquired by AMETEK, Inc., a Pennsylvania based electronic instruments and device manufacturer. AMETEK is paying $19.25 cash per share or $280 million in the merger. The deal is expected to close by the end of the second quarter after the approval of shareholders and regulators.

May 6, 2014

**Top Ten Holdings (Percent of Net Assets)**
**April 30, 2014**

| | |
|---|---|
| Safeway Inc. 2.2% | LSI Corp. 1.8% |
| AMCOL International Corp. 2.1% | Telenet Group Holding NV 1.8% |
| Myers Industries Inc. 2.1% | AZ Electronic Materials SA 1.6% |
| ArthroCare Corp. 2.0% | Allergan Inc. 1.4% |
| Zale Corp. 1.8% | Forest Laboratories Inc. 1.3% |

**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.

**Merger Arbitrage Risk.** The principal risk associated with the Fund's investment strategy is that certain of the proposed reorganizations in which the Fund invests may involve a longer time frame than originally contemplated or be renegotiated or terminated, in which case losses may be realized. The Fund invests all or a portion of its assets to seek short-term capital appreciation. This can be expected to increase the portfolio turnover rate and cause increased brokerage commission costs.

### www.gabelli.com

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 EMAAX for Class A Shares. Please call us during the business day between 8:00 AM - 7:00 PM (Eastern Time), for further information. Please visit us on the Internet. Our homepage 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 performances.

### e-delivery

We are pleased to offer electronic delivery of Gabelli fund documents. Direct shareholders of our mutual funds can elect to receive their Annual and Semiannual 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.

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.

**GABELLI ENTERPRISE MERGERS AND ACQUISITIONS FUND**
**One Corporate Center**
**Rye, NY 10580-1422**

## Portfolio Manager Biography

**Mario J. Gabelli, CFA,** is Chairman and Chief Executive Officer of GAMCO Investors, Inc. that he founded in 1977 and Chief Investment Officer – Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc. Mr. Gabelli is a summa cum laude graduate of Fordham University and holds an MBA degree from Columbia Business School and Honorary Doctorates from Fordham University and Roger Williams University.

**GABELLI ENTERPRISE MERGERS AND ACQUISITIONS FUND**

One Corporate Center
Rye, NY 10580-1422

t 800-GABELLI (800-422-3554)
f 914-921-5118
e info@gabelli.com
GABELLI.COM

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



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# GABELLI ENTERPRISE MERGERS AND ACQUISITIONS FUND

*Shareholder Commentary*
*April 30, 2014*

# Gabelli Enterprise Mergers and Acquisitions Fund

## Semiannual Report — April 30, 2014

**To Our Shareholders,**

For the six months ended April 30, 2014, the net asset value ("NAV") per Class A Share of the Gabelli Enterprise Mergers and Acquisitions Fund increased 2.0% compared with an increase of 8.4% for the Standard & Poor's ("S&P") 500 Index. The performance of the Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index for this period was 0.03%. See below for additional performance information.

Enclosed are the schedule of investments and financial statements as of April 30, 2014.

**Mario J. Gabelli, CFA**
**Portfolio Manager**

### Comparative Results

**Average Annual Returns through April 30, 2014 (a) (b) (Unaudited)**

| | Six Months | One Year | Five Year | Ten Year | Since Inception (2/28/01) |
|---|---|---|---|---|---|
| **Class A (EMAAX)** | 1.99% | 7.82% | 10.60% | 4.77% | 4.71% |
| With sales charge (c) | (3.88) | 1.62 | 9.30 | 4.15 | 4.24 |
| **Class AAA (EAAAX)** | 2.05 | 7.94 | 10.77 | 4.85 | 4.76 |
| **Class B (EMABX)** | 1.69 | 7.14 | 9.99 | 4.19 | 4.13 |
| With contingent deferred sales charge (d) | (3.31) | 2.14 | 9.71 | 4.19 | 4.13 |
| **Class C (EMACX)** | 1.69 | 7.14 | 10.00 | 4.19 | 4.13 |
| With contingent deferred sales charge (e) | 0.69 | 6.14 | 10.00 | 4.19 | 4.13 |
| **Class Y (EMAYX)** | 2.28 | 8.29 | 11.11 | 5.25 | 5.18 |
| S&P 500 Index | 8.36 | 20.44 | 19.14 | 7.67 | 5.27 |
| Lipper U.S. Treasury Money Market Fund Average | 0.00 | 0.00 | 0.01 | 1.28 | 1.31 |
| Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index | 0.03 | 0.06 | 0.11 | 1.64 | 1.75 |

***In the current prospectuses dated February 28, 2014, the Fund's expense ratios are 1.49%, 1.69%, 2.24%, 2.24%, and 1.24% for the Class AAA, A, B, C, and Y Shares, respectively. See page 10 for expense ratios for the six months ended April 30, 2014. Class AAA and Class Y Shares have no sales charge. The maximum sales charge for Class A, B, and C Shares is 5.75%, 5.00%, and 1.00%, respectively.***

(a) *Returns represent past performance and do not guarantee future results. Total returns and average annual returns reflect changes in share price, 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. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus please visit our website at www.gabelli.com.* The Class A Shares' NAV are used to calculate the performance for the periods prior to the issuance of the Class AAA Shares on February 26, 2010. The actual performance for the Class AAA Shares would have been higher than the returns of the Class A Shares due to lower expenses. The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Lipper U.S. Treasury Money Market Fund Average reflects the average performance of mutual funds classified in this particular category. The Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month, that issue is sold and rolled into the outstanding Treasury Bill that matures closest to, but not beyond three months from the re-balancing date. To qualify for selection, an issue must have settled on or before the re-balancing (month end) date. Dividends are considered reinvested except for the Bank of America Merrill Lynch 3 Month U.S. Treasury Bill Index. You cannot invest directly in an index.

(b) *The Fund's fiscal year ends October 31.*

(c) *Performance results include the effect of the maximum 5.75% sales charge at the beginning of the period.*

(d) *Assuming payment of the maximum contingent deferred sales charge (CDSC). The maximum CDSC for Class B Shares is 5% which is gradually reduced to 0% after six years.*

(e) *Assuming payment of the 1% maximum CDSC imposed on redemptions made within one year of purchase.*

# Gabelli Enterprise Mergers and Acquisitions Fund
## Disclosure of Fund Expenses (Unaudited)

For the Six Month Period from November 1, 2013 through April 30, 2014 **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 11/01/13 | Ending Account Value 04/30/14 | Annualized Expense Ratio | Expenses Paid During Period* |
|---|---|---|---|---|
| ***Gabelli Enterprise Mergers and Acquisitions Fund*** | | | | |
| **Actual Fund Return** | | | | |
| Class AAA | $1,000.00 | $1,020.50 | 1.43% | $ 7.16 |
| Class A | $1,000.00 | $1,019.90 | 1.63% | $ 8.16 |
| Class B | $1,000.00 | $1,016.90 | 2.18% | $10.90 |
| Class C | $1,000.00 | $1,016.90 | 2.18% | $10.90 |
| Class Y | $1,000.00 | $1,022.80 | 1.18% | $ 5.92 |
| **Hypothetical 5% Return** | | | | |
| Class AAA | $1,000.00 | $1,017.70 | 1.43% | $ 7.15 |
| Class A | $1,000.00 | $1,016.71 | 1.63% | $ 8.15 |
| Class B | $1,000.00 | $1,013.98 | 2.18% | $10.89 |
| Class C | $1,000.00 | $1,013.98 | 2.18% | $10.89 |
| Class Y | $1,000.00 | $1,018.94 | 1.18% | $ 5.91 |

* 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 April 30, 2014:

**Gabelli Enterprise Mergers and Acquisitions Fund**

| | |
|---|---|
| U.S. Government Obligations | 37.3% |
| Consumer Discretionary | 11.9% |
| Health Care | 8.5% |
| Materials | 7.9% |
| Consumer Staples | 6.6% |
| Telecommunication Services | 4.4% |
| Information Technology | 4.2% |
| Utilities | 4.0% |
| Industrials | 4.0% |
| Financials | 3.5% |
| Energy | 3.4% |
| Other Assets and Liabilities (Net) | 4.3% |
| | 100.0% |

*The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. 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 800-SEC-0330.*

**Proxy Voting**

The Fund files Form N-PX with its complete proxy voting record for the twelve months ended June 30, no later than August 31 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.

**Portfolio Manager Biography**

**Mario J. Gabelli, CFA,** is Chairman and Chief Executive Officer of GAMCO Investors, Inc. that he founded in 1977 and Chief Investment Officer – Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc. Mr. Gabelli is a summa cum laude graduate of Fordham University and holds an MBA degree from Columbia Business School and Honorary Doctorates from Fordham University and Roger Williams University.

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. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com.

# Gabelli Enterprise Mergers and Acquisitions Fund
# Schedule of Investments — April 30, 2014 (Unaudited)

| Shares | | Cost | Market Value |
|---|---|---|---|
| | **COMMON STOCKS — 58.0%** | | |
| | **CONSUMER DISCRETIONARY — 11.9%** | | |
| | **Auto Components — 0.9%** | | |
| 70,000 | Cooper Tire & Rubber Co. | $ 1,693,288 | $ 1,760,500 |
| 10,000 | Tenneco Inc.† | 31,846 | 598,700 |
| | | 1,725,134 | 2,359,200 |
| | **Diversified Consumer Services — 0.0%** | | |
| 16,000 | Corinthian Colleges Inc.† | 96,163 | 18,400 |
| | **Hotels, Restaurants, and Leisure — 0.4%** | | |
| 3,800 | Churchill Downs Inc. | 124,416 | 333,754 |
| 180,000 | Dover Motorsports Inc. | 667,976 | 421,200 |
| 1,000 | Giant Interactive Group Inc., ADR | 11,236 | 11,750 |
| 20,000 | MTR Gaming Group Inc.† | 106,037 | 101,200 |
| 8,000 | Orient-Express Hotels Ltd., Cl. A† | 87,650 | 104,800 |
| | | 997,315 | 972,704 |
| | **Household Durables — 0.1%** | | |
| 9,300 | Nobility Homes Inc.† | 129,187 | 102,300 |
| 20,000 | Skyline Corp.† | 141,168 | 102,000 |
| | | 270,355 | 204,300 |
| | **Media — 6.0%** | | |
| 100,000 | ACME Communications Inc. | 115,451 | 4,000 |
| 20,000 | British Sky Broadcasting Group plc | 216,879 | 297,157 |
| 150,000 | Clear Channel Outdoor Holdings Inc., Cl. A | 1,235,559 | 1,203,000 |
| 76,000 | Crown Media Holdings Inc., Cl. A† | 330,057 | 272,080 |
| 3,600 | Discovery Communications Inc., Cl. A† | 51,321 | 273,240 |
| 3,600 | Discovery Communications Inc., Cl. C† | 35,828 | 252,468 |
| 20,000 | DISH Network Corp., Cl. A† | 386,434 | 1,137,200 |
| 7,000 | Liberty Global plc, Cl. A† | 271,463 | 278,740 |
| 17,000 | Liberty Global plc, Cl. C† | 619,167 | 653,310 |
| 22,000 | Liberty Media Corp., Cl. A† | 271,096 | 2,853,620 |
| 65,000 | LIN Media LLC, Cl. A† | 1,676,168 | 1,522,950 |
| 1,000 | Scripps Networks Interactive Inc., Cl. A | 80,980 | 75,070 |
| 20,000 | Shaw Communications Inc., Cl. B | 265,164 | 484,600 |
| 50,000 | Sky Deutschland AG† | 436,937 | 427,858 |
| 24,000 | Starz, Cl. A† | 39,939 | 774,480 |
| 80,000 | Telenet Group Holding NV | 3,620,714 | 4,688,679 |
| 4,000 | Time Warner Cable Inc. | 548,011 | 565,840 |
| | | 10,201,168 | 15,764,292 |
| | **Specialty Retail — 4.5%** | | |
| 14,000 | Aaron's Inc.† | 399,067 | 412,580 |
| 3,000 | Blyth Inc. | 33,717 | 28,110 |
| 44,000 | Jos A Bank Clothiers Inc.† | 2,829,156 | 2,840,200 |
| 170,000 | MEGA Brands Inc.† | 2,731,924 | 2,751,517 |
| 10,000 | Pier 1 Imports Inc. | $ 63,663 | $ 182,600 |
| 60,000 | The Pep Boys - Manny, Moe & Jack† | 677,505 | 613,200 |
| 225,000 | Zale Corp.† | 4,703,760 | 4,812,750 |
| | | 11,438,792 | 11,640,957 |
| | **TOTAL CONSUMER DISCRETIONARY** | 24,728,927 | 30,959,853 |
| | **HEALTH CARE — 8.4%** | | |
| | **Biotechnology — 0.3%** | | |
| 6,800 | Bio-Rad Laboratories Inc., Cl. A† | 693,006 | 837,828 |
| | **Health Care Equipment and Supplies — 2.6%** | | |
| 110,000 | ArthroCare Corp.† | 3,753,355 | 5,338,300 |
| 12,000 | Exactech Inc.† | 161,584 | 266,640 |
| 6,000 | ICU Medical Inc.† | 388,973 | 334,680 |
| 60,000 | Nordion Inc.† | 691,250 | 694,800 |
| 992 | Wright Medical Group Inc.† | 23,104 | 27,131 |
| | | 5,018,266 | 6,661,551 |
| | **Health Care Providers and Services — 0.1%** | | |
| 1,000 | Chemed Corp. | 30,478 | 83,270 |
| 12,347 | LCA-Vision Inc.† | 66,820 | 66,180 |
| | | 97,298 | 149,450 |
| | **Life Sciences Tools and Services — 1.3%** | | |
| 7,500 | Illumina Inc.† | 326,277 | 1,018,875 |
| 73,000 | WuXi PharmaTech Cayman Inc., ADR† | 1,337,714 | 2,482,000 |
| | | 1,663,991 | 3,500,875 |
| | **Pharmaceuticals — 4.1%** | | |
| 22,600 | Allergan Inc. | 1,297,521 | 3,747,984 |
| 500 | AstraZeneca plc | 40,080 | 39,373 |
| 10,500 | AstraZeneca plc, ADR | 807,993 | 830,025 |
| 26,000 | Bristol-Myers Squibb Co. | 747,680 | 1,302,340 |
| 38,000 | Forest Laboratories Inc.† | 3,517,166 | 3,492,580 |
| 11,000 | Furiex Pharmaceuticals Inc.† | 1,133,131 | 1,137,070 |
| 5,991 | Grifols SA, ADR | 80,399 | 245,871 |
| | | 7,623,970 | 10,795,243 |
| | **TOTAL HEALTH CARE** | 15,096,531 | 21,944,947 |
| | **MATERIALS — 7.9%** | | |
| | **Building Products — 3.2%** | | |
| 119,700 | AMCOL International Corp. | 5,455,665 | 5,488,245 |
| 100,000 | Griffon Corp. | 850,000 | 1,064,000 |
| 12,000 | Texas Industries Inc.† | 413,444 | 1,040,400 |
| 12,000 | Vulcan Materials Co. | 471,544 | 774,360 |
| | | 7,190,653 | 8,367,005 |
| | **Chemicals — 1.6%** | | |
| 600,000 | AZ Electronic Materials SA | 3,880,332 | 4,078,477 |

See accompanying notes to financial statements.

| Shares | | Cost | Market Value |
|---|---|---|---|
| | **COMMON STOCKS (Continued)** | | |
| | **MATERIALS (Continued)** | | |
| | **Containers and Packaging — 2.2%** | | |
| 9,000 | Greif Inc., Cl. B | $ 481,339 | $ 529,290 |
| 286,000 | Myers Industries Inc. | 5,718,587 | 5,348,200 |
| | | 6,199,926 | 5,877,490 |
| | **Metals and Mining — 0.8%** | | |
| 95,000 | Alcoa Inc. | 923,952 | 1,279,650 |
| 1,300 | Allegheny Technologies Inc. | 88,857 | 53,560 |
| 5,000 | Augusta Resource Corp.† | 15,377 | 14,233 |
| 85,000 | AuRico Gold Inc. | 672,604 | 353,600 |
| 4,000 | Camino Minerals Corp.† | 749 | 36 |
| 20,000 | Chaparral Gold Corp.† | 6,566 | 11,678 |
| 5,000 | Gold Fields Ltd., ADR | 51,924 | 21,150 |
| 10,000 | Osisko Mining Corp.† | 56,985 | 71,621 |
| 19,000 | Pan American Silver Corp. | 298,459 | 246,157 |
| | | 2,115,473 | 2,051,685 |
| | **Paper and Forest Products — 0.1%** | | |
| 50,000 | Ainsworth Lumber Co. Ltd.† | 187,252 | 171,525 |
| | **TOTAL MATERIALS** | 19,573,636 | 20,546,182 |
| | **CONSUMER STAPLES — 6.6%** | | |
| | **Food and Staples Retailing — 4.2%** | | |
| 21,000 | Casey's General Stores Inc. | 848,165 | 1,441,860 |
| 165,000 | Safeway Inc. | 6,267,860 | 5,619,900 |
| 6,400 | Spartan Stores Inc. | 62,762 | 137,856 |
| 38,000 | Susser Holdings Corp.† | 2,944,632 | 2,940,440 |
| 29,700 | Village Super Market Inc., Cl. A | 678,292 | 718,443 |
| | | 10,801,711 | 10,858,499 |
| | **Food Products — 2.1%** | | |
| 1,000 | Campofrio Food Group SA† | 9,278 | 9,573 |
| 9,000 | Canada Bread Co. Ltd. | 588,405 | 593,185 |
| 4,500 | Flowers Foods Inc. | 10,669 | 92,340 |
| 40,000 | GrainCorp Ltd., Cl. A | 465,859 | 329,237 |
| 500,000 | Parmalat SpA | 1,849,699 | 1,736,959 |
| 6,500 | Post Holdings Inc.† | 163,261 | 339,690 |
| 27,000 | The Hillshire Brands Co. | 793,662 | 962,550 |
| 44,000 | Tootsie Roll Industries Inc. | 933,602 | 1,240,360 |
| 1,000 | Warrnambool Cheese & Butter Factory Co. Holding Ltd. | 6,834 | 7,497 |
| 400,000 | Yashili International Holdings Ltd. | 180,714 | 193,475 |
| | | 5,001,983 | 5,504,866 |
| | **Personal Products — 0.3%** | | |
| 50,000 | Avon Products Inc. | 961,302 | 764,000 |
| | **TOTAL CONSUMER STAPLES** | 16,764,996 | 17,127,365 |
| | **INFORMATION TECHNOLOGY — 4.2%** | | |
| | **Communications Equipment — 0.2%** | | |
| 25,000 | Emulex Corp.† | $ 196,563 | $ 178,750 |
| 1,440 | Mitel Networks Corp.† | 12,698 | 13,191 |
| 17,000 | Riverbed Technology Inc.† | 367,052 | 330,650 |
| | | 576,313 | 522,591 |
| | **Electrical Equipment and Instruments — 1.1%** | | |
| 1,000 | Park Electrochemical Corp. | 14,550 | 26,660 |
| 11,000 | SGL Carbon SE | 366,198 | 366,260 |
| 130,000 | Zygo Corp.† | 2,196,757 | 2,501,200 |
| | | 2,577,505 | 2,894,120 |
| | **Semiconductors and Semiconductor Equipment — 1.9%** | | |
| 1,125 | Lam Research Corp.† | 40,871 | 64,811 |
| 430,000 | LSI Corp. | 4,718,073 | 4,790,200 |
| 2,500 | LTX-Credence Corp.† | 18,894 | 24,075 |
| 10,000 | MoSys Inc.† | 39,042 | 39,100 |
| 10,000 | PLX Technology Inc.† | 66,137 | 58,000 |
| 2,000 | RDA Microelectronics Inc., ADR | 35,484 | 33,740 |
| 10,000 | Wolfson Microelectronics plc† | 39,201 | 39,635 |
| | | 4,957,702 | 5,049,561 |
| | **Software — 1.0%** | | |
| 38,000 | BMC Software Stub† | 0 | 1,900 |
| 24,000 | Cision AB | 225,590 | 220,541 |
| 2,000 | Ebix Inc. | 32,126 | 31,560 |
| 75,000 | FalconStor Software Inc.† | 251,646 | 114,000 |
| 500 | Schawk Inc. | 10,111 | 10,000 |
| 20,000 | Take-Two Interactive Software Inc.† | 158,010 | 407,600 |
| 100,000 | Vocus Inc.† | 1,797,369 | 1,798,000 |
| | | 2,474,852 | 2,583,601 |
| | **TOTAL INFORMATION TECHNOLOGY** | 10,586,372 | 11,049,873 |
| | **TELECOMMUNICATION SERVICES — 4.1%** | | |
| | **Diversified Telecommunications Services — 1.4%** | | |
| 280,000 | Asia Satellite Telecommunications Holdings Ltd. | 604,206 | 1,115,962 |
| 150,000 | Cincinnati Bell Inc.† | 564,867 | 502,500 |
| 220,000 | Koninklijke KPN NV† | 657,892 | 781,964 |
| 1,000 | Loral Space & Communications Inc.† | 79,915 | 71,990 |
| 29,000 | Ziggo NV | 1,256,948 | 1,258,491 |
| | | 3,163,828 | 3,730,907 |
| | **Wireless Telecommunications Services — 2.7%** | | |
| 83,000 | Cbeyond Inc.† | 815,640 | 820,870 |
| 18,000 | Millicom International Cellular SA, SDR | 1,303,107 | 1,780,013 |
| 1,000 | Rogers Communications Inc., Cl. B | 2,955 | 39,720 |

See accompanying notes to financial statements.

| Shares | | Cost | Market Value |
|---|---|---|---|
| | **COMMON STOCKS (Continued)** | | |
| | **TELECOMMUNICATION SERVICES (Continued)** | | |
| | **Wireless Telecommunications Services (Continued)** | | |
| 5,000 | Sprint Corp.† | $ 28,350 | $ 42,500 |
| 9,000 | Telephone & Data Systems Inc. | 255,177 | 244,710 |
| 40,000 | T-Mobile US Inc. | 650,000 | 1,171,600 |
| 70,000 | United States Cellular Corp. | 3,221,188 | 2,907,800 |
| | | 6,276,417 | 7,007,213 |
| | **TOTAL TELECOMMUNICATION SERVICES** | 9,440,245 | 10,738,120 |
| | **UTILITIES — 4.0%** | | |
| | **Electric Utilities — 2.3%** | | |
| 14,000 | Duke Energy Corp. | 715,057 | 1,042,860 |
| 40,000 | Endesa SA | 1,228,952 | 1,515,816 |
| 62,000 | Pepco Holdings Inc. | 1,659,343 | 1,659,120 |
| 32,000 | UNS Energy Corp. | 1,878,326 | 1,921,920 |
| | | 5,481,678 | 6,139,716 |
| | **Gas Utilities — 0.1%** | | |
| 4,000 | Southwest Gas Corp. | 139,331 | 220,040 |
| | **Independent Power Producers and Energy Traders — 0.0%** | | |
| 75,000 | GenOn Energy Inc., Escrow† | 0 | 0 |
| | **Multi-Utilities — 1.2%** | | |
| 64,000 | NorthWestern Corp. | 1,774,147 | 3,096,320 |
| | **Water — 0.4%** | | |
| 30,000 | Severn Trent plc | 815,110 | 934,524 |
| | **TOTAL UTILITIES** | 8,210,266 | 10,390,600 |
| | **INDUSTRIALS — 4.0%** | | |
| | **Aerospace and Defense — 0.7%** | | |
| 12,000 | Exelis Inc. | 146,893 | 222,480 |
| 40,000 | Kaman Corp. | 1,361,916 | 1,678,800 |
| | | 1,508,809 | 1,901,280 |
| | **Air Freight and Logistics — 0.3%** | | |
| 75,000 | TNT Express NV | 791,656 | 675,291 |
| | **Commercial Services and Supplies — 0.6%** | | |
| 40,179 | Blackhawk Network Holdings Inc., Cl. B† | 958,238 | 925,322 |
| 7,000 | Rollins Inc. | 21,042 | 210,560 |
| 10,000 | The Brink's Co. | 275,160 | 254,400 |
| | | 1,254,440 | 1,390,282 |
| | **Machinery — 0.7%** | | |
| 8,500 | CIRCOR International Inc. | 257,418 | 690,285 |
| 4,000 | CNH Industrial NV | 45,404 | 46,615 |
| 30,000 | Xylem Inc. | 883,503 | 1,127,700 |
| | | 1,186,325 | 1,864,600 |
| | **Railroads and Transportation — 1.7%** | | |
| 1,000 | GATX Corp. | $ 27,778 | $ 65,630 |
| 49,000 | Navistar International Corp.† | 1,217,819 | 1,858,570 |
| 85,000 | Scania AB, Cl. A | 2,570,840 | 2,575,282 |
| | | 3,816,437 | 4,499,482 |
| | **TOTAL INDUSTRIALS** | 8,557,667 | 10,330,935 |
| | **FINANCIALS — 3.5%** | | |
| | **Capital Markets — 0.6%** | | |
| 50,000 | BKF Capital Group Inc.† | 200,759 | 59,250 |
| 40,000 | Boursorama† | 669,883 | 673,141 |
| 60,000 | F&C Asset Management plc | 125,041 | 120,956 |
| 102,000 | SWS Group Inc.† | 982,879 | 755,820 |
| | | 1,978,562 | 1,609,167 |
| | **Commercial Banks — 0.9%** | | |
| 175,000 | First Niagara Financial Group Inc. | 2,402,820 | 1,561,000 |
| 34,000 | Hudson City Bancorp Inc. | 285,561 | 338,640 |
| 15,000 | Pohjola Bank plc, Cl. A | 344,482 | 330,050 |
| 12,625 | Sterling Bancorp | 112,850 | 150,995 |
| | | 3,145,713 | 2,380,685 |
| | **Consumer Finance — 1.3%** | | |
| 135,000 | SLM Corp. | 2,271,779 | 3,476,250 |
| | **Insurance — 0.4%** | | |
| 1,500 | Argo Group International Holdings Ltd. | 36,600 | 66,630 |
| 200 | Aspen Insurance Holdings Ltd. | 8,755 | 9,156 |
| 3,000 | Fidelity National Financial Inc., Cl. A | 98,220 | 96,540 |
| 32,500 | National Interstate Corp. | 954,192 | 910,650 |
| 500 | Tower Group International Ltd. | 1,313 | 1,230 |
| | | 1,099,080 | 1,084,206 |
| | **Real Estate Management and Development — 0.3%** | | |
| 16,012 | Ryman Hospitality Properties Inc. | 297,174 | 729,347 |
| | **TOTAL FINANCIALS** | 8,792,308 | 9,279,655 |
| | **ENERGY — 3.4%** | | |
| | **Oil, Gas, and Consumable Fuels — 3.4%** | | |
| 500,000 | Alvopetro Energy Ltd.† | 496,142 | 433,374 |
| 4,000 | Anadarko Petroleum Corp. | 203,155 | 396,080 |
| 15,000 | Aurora Oil & Gas Ltd.† | 56,063 | 56,932 |
| 300,000 | Caracal Energy Inc.† | 2,701,989 | 2,750,389 |
| 115,000 | Dragon Oil plc | 723,203 | 1,223,239 |
| 500 | EPL Oil & Gas Inc.† | 18,873 | 19,570 |
| 5,000 | Equal Energy Ltd. | 27,000 | 22,650 |
| 3,000 | Foster Wheeler AG† | 94,784 | 102,840 |
| 345,000 | Gulf Coast Ultra Deep Royalty Trust† | 603,750 | 1,014,300 |
| 11,592 | Halcon Resources Corp.† | 100,633 | 63,988 |
| 490,000 | Heritage Oil plc† | 2,600,924 | 2,607,686 |

See accompanying notes to financial statements.

## Gabelli Enterprise Mergers and Acquisitions Fund
## Schedule of Investments (Continued) — April 30, 2014 (Unaudited)

| Shares | | Cost | Market Value |
|---|---|---|---|
| | **COMMON STOCKS (Continued)** | | |
| | **ENERGY (Continued)** | | |
| | **Oil, Gas, and Consumable Fuels (Continued)** | | |
| 140,000 | WesternZagros Resources Ltd.† | $ 409,637 | $ 111,126 |
| | **TOTAL ENERGY** | 8,036,153 | 8,802,174 |
| | **TOTAL COMMON STOCKS** | 129,787,101 | 151,169,704 |
| | **RIGHTS — 0.4%** | | |
| | **WIRELESS TELECOMMUNICATIONS SERVICES — 0.3%** | | |
| 315,000 | Leap Wireless International Inc., expire 03/14/16† | 734,287 | 793,800 |
| | **HEALTH CARE — 0.1%** | | |
| 20,000 | Adolor Corp., CPR, expire 07/01/19† | 0 | 10,400 |
| 5,000 | American Medical Alert Corp.† | 0 | 50 |
| 4,000 | Clinical Data Inc., CVR, expire 04/14/18† | 0 | 3,800 |
| 10,000 | Cubist Pharmaceuticals Inc., CVR† | 22,225 | 2,890 |
| 100 | Omthera Pharmaceuticals Inc., expire 12/31/20† | 0 | 60 |
| 120,000 | Sanofi, CVR, expire 12/31/20† | 204,080 | 57,600 |
| 156,000 | Teva Pharmaceutical† | 74,375 | 82,680 |
| 86,000 | Trius Therapeutics, CVR† | 0 | 11,180 |
| 4,000 | Wright Medical Group Inc., CVR, expire 03/01/16† | 9,900 | 3,280 |
| | **TOTAL HEALTH CARE** | 310,580 | 171,940 |
| | **TRANSPORTATION — 0.0%** | | |
| 75,000 | TNT Express NV† | 0 | 0 |
| | **TOTAL RIGHTS** | 1,044,867 | 965,740 |

| Shares | | Cost | Market Value |
|---|---|---|---|
| | **WARRANTS — 0.0%** | | |
| | **ENERGY — 0.0%** | | |
| | **Oil, Gas, and Consumable Fuels — 0.0%** | | |
| 45,000 | Kinder Morgan Inc., expire 05/25/17† | $ 87,715 | $ 87,300 |
| **Principal Amount** | | | |
| | **U.S. GOVERNMENT OBLIGATIONS — 37.3%** | | |
| $97,341,000 | U.S. Treasury Bills, 0.015% to 0.100%††, 05/01/14 to 10/23/14 | 97,330,184 | 97,335,242 |
| | **TOTAL INVESTMENTS — 95.7%** | $228,249,867 | 249,557,986 |
| | **Other Assets and Liabilities (Net) — 4.3%** | | 11,174,966 |
| | **NET ASSETS — 100.0%** | | $260,732,952 |

† Non-income producing security.
†† Represents annualized yield at date of purchase.
ADR American Depositary Receipt
CPR Contingent Payment Right
CVR Contingent Value Right
SDR Swedish Depositary Receipt

See accompanying notes to financial statements.

# Gabelli Enterprise Mergers and Acquisitions Fund

## Statement of Assets and Liabilities
### April 30, 2014 (Unaudited)

| | |
|---|---|
| **Assets:** | |
| Investments, at value (cost $228,249,867) | $249,557,986 |
| Cash | 138,477 |
| Receivable for investments sold | 21,896,995 |
| Receivable for Fund shares sold | 542,138 |
| Dividends receivable | 27,742 |
| Prepaid expenses | 69,506 |
| **Total Assets** | 272,232,844 |
| **Liabilities:** | |
| Payable for Fund shares redeemed | 197,070 |
| Payable for investments purchased | 10,854,205 |
| Payable for investment advisory fees | 200,923 |
| Payable for distribution fees | 94,182 |
| Payable for accounting fees | 15,000 |
| Other accrued expenses | 138,512 |
| **Total Liabilities** | 11,499,892 |
| **Net Assets** (applicable to 20,374,644 shares outstanding) | $260,732,952 |
| **Net Assets Consist of:** | |
| Paid-in capital | $275,045,467 |
| Accumulated net investment loss | (707,406) |
| Accumulated net realized loss on investments, securities sold short, and foreign currency transactions | (34,913,429) |
| Net unrealized appreciation on investments | 21,308,119 |
| Net unrealized appreciation on foreign currency translations | 201 |
| **Net Assets** | $260,732,952 |
| **Shares of Capital Stock, each at $0.001 par value:** | |
| **Class AAA:** | |
| Net Asset Value, offering, and redemption price per share ($10,509,998 ÷ 813,231 shares outstanding; 100,000,000 shares authorized) | $12.92 |
| **Class A:** | |
| Net Asset Value and redemption price per share ($109,251,509 ÷ 8,521,012 shares outstanding; 200,000,000 shares authorized) | $12.82 |
| Maximum offering price per share (NAV ÷ 0.9425, based on maximum sales charge of 5.75% of the offering price) | $13.60 |
| **Class B:** | |
| Net Asset Value and offering price per share ($1,320,267 ÷ 109,909 shares outstanding; 100,000,000 shares authorized) | $12.01(a) |
| **Class C:** | |
| Net Asset Value and offering price per share ($61,646,762 ÷ 5,133,698 shares outstanding; 100,000,000 shares authorized) | $12.01(a) |
| **Class Y:** | |
| Net Asset Value, offering, and redemption price per share ($78,004,416 ÷ 5,796,794 shares outstanding; 100,000,000 shares authorized) | $13.46 |

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

## Statement of Operations
### For the Six Months Ended April 30, 2014 (Unaudited)

| | |
|---|---|
| **Investment Income:** | |
| Dividends - (net of foreign withholding taxes of $38,699) | $1,180,279 |
| Interest | 36,418 |
| **Total Investment Income** | 1,216,697 |
| **Expenses:** | |
| Investment advisory fees | 1,186,643 |
| Distribution fees - Class AAA | 11,321 |
| Distribution fees - Class A | 242,757 |
| Distribution fees - Class B | 8,061 |
| Distribution fees - Class C | 295,983 |
| Shareholder services fees | 119,573 |
| Directors' fees | 33,546 |
| Custodian fees | 32,898 |
| Shareholder communications expenses | 29,019 |
| Legal and audit fees | 28,445 |
| Registration expenses | 27,558 |
| Accounting fees | 22,500 |
| Miscellaneous expenses | 15,606 |
| **Total Expenses** | 2,053,910 |
| Less: | |
| Advisory fee reduction on unsupervised assets (Note 3) | (237) |
| **Net Expenses** | 2,053,673 |
| **Net Investment Loss** | (836,976) |
| **Net Realized and Unrealized Gain/(Loss) on Investments, Securities Sold Short, and Foreign Currency:** | |
| Net realized gain on investments | 4,298,173 |
| Net realized loss on securities sold short | (8,268) |
| Net realized loss on foreign currency transactions | (38,060) |
| Net realized gain on investments, securities sold short, and foreign currency transactions | 4,251,845 |
| Net change in unrealized appreciation/depreciation: | |
| on investments | 1,487,281 |
| on foreign currency translations | (373) |
| Net change in unrealized appreciation/depreciation on investments and foreign currency translations | 1,486,908 |
| **Net Realized and Unrealized Gain/(Loss) on Investments, Securities Sold Short, and Foreign Currency** | 5,738,753 |
| **Net Increase in Net Assets Resulting from Operations** | $4,901,777 |

See accompanying notes to financial statements.

# Gabelli Enterprise Mergers and Acquisitions Fund

## Statement of Changes in Net Assets

| | Six Months Ended April 30, 2014 (Unaudited) | Year Ended October 31, 2013 |
|---|---|---|
| **Operations:** | | |
| Net investment income/(loss) | $ (836,976) | $ 182,229 |
| Net realized gain on investments, securities sold short, and foreign currency transactions | 4,251,845 | 9,233,924 |
| Net change in unrealized appreciation/depreciation on investments and foreign currency translations | 1,486,908 | 20,232,038 |
| **Net Increase in Net Assets Resulting from Operations** | 4,901,777 | 29,648,191 |
| **Capital Share Transactions:** | | |
| Class AAA | 1,669,476 | (289,710) |
| Class A | (2,334,571) | (9,062,371) |
| Class B | (566,595) | (2,268,370) |
| Class C | 2,596,996 | (731,644) |
| Class Y | 9,682,307 | 27,715,990 |
| **Net Increase in Net Assets from Capital Share Transactions** | 11,047,613 | 15,363,895 |
| **Redemption Fees** | 1,895 | 2,827 |
| **Net Increase/(Decrease) in Net Assets** | 15,951,285 | 45,014,913 |
| **Net Assets:** | | |
| Beginning of period | 244,781,667 | 199,766,754 |
| End of period (including undistributed net investment income of $0 and $129,570, respectively) | $260,732,952 | $244,781,667 |

See accompanying notes to financial statements.

# Gabelli Enterprise Mergers and Acquisitions Fund
## Financial Highlights

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

| | | Income (Loss) from Investment Operations | | | Distributions | | | | | | Ratios to Average Net Assets/ Supplemental Data | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year Ended October 31 | Net Asset Value, Beginning of Year | Net Investment Income (Loss)(a) | Net Realized and Unrealized Gain (Loss) on Investments | Total from Investment Operations | Net Investment Income | Net Realized Gain on Investments | Total Distributions | Redemption Fees (a)(b) | Net Asset Value, End of Year | Total Return† | Net Assets End of Year (in 000's) | Net Investment Income (Loss) | Operating Expenses | Portfolio Turnover Rate |
| **Class AAA** | | | | | | | | | | | | | | |
| 2014(c) | $12.66 | $(0.03) | $0.29 | $0.26 | — | — | — | $0.00 | $12.92 | 2.05% | $ 10,510 | (0.43)%(d) | 1.43%(d) | 103% |
| 2013 | 11.00 | 0.04 | 1.62 | 1.66 | — | — | — | 0.00 | 12.66 | 15.09 | 8,671 | 0.37 | 1.49 | 197 |
| 2012(e) | 10.60 | (0.08) | 0.48 | 0.40 | — | — | — | 0.00 | 11.00 | 3.77 | 7,814 | (0.75) | 1.50 | 202 |
| 2011 | 10.25 | (0.04) | 0.39 | 0.35 | — | — | — | 0.00 | 10.60 | 3.41 | 7,936 | (0.39) | 1.45 | 232 |
| 2010(f) | 9.60 | (0.05) | 0.70 | 0.65 | — | — | — | 0.00 | 10.25 | 6.77 | 571 | (0.80)(d) | 1.51(d) | 228 |
| **Class A** | | | | | | | | | | | | | | |
| 2014(c) | $12.57 | $(0.04) | $0.29 | $0.25 | — | — | — | $0.00 | $12.82 | 1.99% | $109,252 | (0.67)%(d) | 1.63%(d) | 103% |
| 2013 | 10.94 | 0.02 | 1.61 | 1.63 | — | — | — | 0.00 | 12.57 | 14.90 | 109,446 | 0.15 | 1.69 | 197 |
| 2012(e) | 10.57 | (0.11) | 0.48 | 0.37 | — | — | — | 0.00 | 10.94 | 3.50 | 103,827 | (1.00) | 1.70 | 202 |
| 2011 | 10.24 | (0.06) | 0.39 | 0.33 | — | — | — | 0.00 | 10.57 | 3.22 | 134,334 | (0.56) | 1.65 | 232 |
| 2010 | 9.13 | (0.09) | 1.26 | 1.17 | $(0.05) | $(0.01) | $(0.06) | 0.00 | 10.24 | 12.93 | 124,637 | (0.90) | 1.71 | 228 |
| 2009 | 8.66 | 0.05 | 1.16 | 1.21 | — | (0.74) | (0.74) | 0.00 | 9.13 | 16.09 | 71,935 | 0.59 | 1.74 | 97 |
| **Class B** | | | | | | | | | | | | | | |
| 2014(c) | $11.81 | $(0.08) | $0.28 | $0.20 | — | — | — | $0.00 | $12.01 | 1.69% | $ 1,320 | (1.26)%(d) | 2.18%(d) | 103% |
| 2013 | 10.34 | (0.04) | 1.51 | 1.47 | — | — | — | 0.00 | 11.81 | 14.22 | 1,857 | (0.35) | 2.24 | 197 |
| 2012(e) | 10.04 | (0.18) | 0.48 | 0.30 | — | — | — | 0.00 | 10.34 | 2.99 | 3,745 | (1.74) | 2.25 | 202 |
| 2011 | 9.78 | (0.11) | 0.37 | 0.26 | — | — | — | 0.00 | 10.04 | 2.66 | 8,393 | (1.09) | 2.20 | 232 |
| 2010 | 8.72 | (0.13) | 1.20 | 1.07 | — | $(0.01) | $(0.01) | 0.00 | 9.78 | 12.29 | 12,767 | (1.41) | 2.26 | 228 |
| 2009 | 8.35 | 0.01 | 1.10 | 1.11 | — | (0.74) | (0.74) | 0.00 | 8.72 | 15.43 | 16,280 | 0.08 | 2.29 | 97 |
| **Class C** | | | | | | | | | | | | | | |
| 2014(c) | $11.81 | $(0.07) | $0.27 | $0.20 | — | — | — | $0.00 | $12.01 | 1.69% | $ 61,647 | (1.22)%(d) | 2.18%(d) | 103% |
| 2013 | 10.33 | (0.04) | 1.52 | 1.48 | — | — | — | 0.00 | 11.81 | 14.33 | 58,062 | (0.39) | 2.24 | 197 |
| 2012(e) | 10.04 | (0.16) | 0.45 | 0.29 | — | — | — | 0.00 | 10.33 | 2.89 | 51,498 | (1.56) | 2.25 | 202 |
| 2011 | 9.78 | (0.11) | 0.37 | 0.26 | — | — | — | 0.00 | 10.04 | 2.66 | 64,637 | (1.11) | 2.20 | 232 |
| 2010 | 8.72 | (0.13) | 1.21 | 1.08 | $(0.01) | $(0.01) | $(0.02) | 0.00 | 9.78 | 12.36 | 57,381 | (1.43) | 2.26 | 228 |
| 2009 | 8.35 | 0.00(b) | 1.11 | 1.11 | — | (0.74) | (0.74) | 0.00 | 8.72 | 15.43 | 50,096 | 0.02 | 2.29 | 97 |
| **Class Y** | | | | | | | | | | | | | | |
| 2014(c) | $13.16 | $(0.01) | $0.31 | $0.30 | — | — | — | $0.00 | $13.46 | 2.28% | $ 78,004 | (0.22)%(d) | 1.18%(d) | 103% |
| 2013 | 11.41 | 0.06 | 1.69 | 1.75 | — | — | — | 0.00 | 13.16 | 15.34 | 66,746 | 0.48 | 1.24 | 197 |
| 2012(e) | 10.97 | (0.05) | 0.49 | 0.44 | — | — | — | 0.00 | 11.41 | 4.01 | 32,883 | (0.49) | 1.25 | 202 |
| 2011 | 10.58 | (0.01) | 0.40 | 0.39 | — | — | — | 0.00 | 10.97 | 3.69 | 50,893 | (0.11) | 1.20 | 232 |
| 2010 | 9.42 | (0.04) | 1.30 | 1.26 | $(0.09) | $(0.01) | $(0.10) | 0.00 | 10.58 | 13.49 | 33,755 | (0.44) | 1.26 | 228 |
| 2009 | 8.87 | 0.09 | 1.20 | 1.29 | — | (0.74) | (0.74) | 0.00 | 9.42 | 16.64 | 21,833 | 1.05 | 1.29 | 97 |

† 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.

(a) Per share amounts have been calculated using the average shares outstanding method.

(b) Amount represents less than $0.005 per share.

(c) For the six months ended April 30, 2014, unaudited.

(d) Annualized.

(e) During the year ended October 31, 2012, the Fund changed its previously recognized estimate of the characterization of prior year income associated with a portfolio holding involved in a corporate reorganization that was subsequently sold. If this recharacterization had not occurred, Net Investment Income(Loss) would have been $(0.02) (Class AAA), $(0.05) (Class A), $(0.12) (Class B), $(0.10) (Class C), and $0.00 (Class Y), respectively, Net Realized and Unrealized Gain (Loss) on Investments would have been $0.42 (Class AAA, Class A, and Class B), $0.39 (Class C), and $0.44 (Class Y), respectively, and Net Investment Income (Loss) Ratio would have been (0.22)% (Class AAA), (0.47)% (Class A), (1.17)% (Class B), (1.00)% (Class C), and 0.02% (Class Y), respectively.

(f) From the commencement of offering Class AAA Shares on February 26, 2010 through October 31, 2010.

See accompanying notes to financial statements.

**1. Organization.** The Gabelli Enterprise Mergers and Acquisitions Fund is a series of the Gabelli 787 Fund, Inc. (the "Corporation"), which was organized in Maryland and commenced operations on February 28, 2001. The Fund is a non-diversified open-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). Its primary objective is capital appreciation.

**2. Significant Accounting Policies.** The Fund's financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles ("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. 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.

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 nonfinancial 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).

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in aggregate that is significant to the fair value measurement. 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 and other financial instruments by inputs used to value the Fund's investments as of April 30, 2014 is as follows:

| | Valuation Inputs | | | |
|---|---|---|---|---|
| | Level 1 Quoted Prices | Level 2 Other Significant Observable Inputs | Level 3 Significant Unobservable Inputs | Total Market Value at 4/30/14 |
| **INVESTMENTS IN SECURITIES:** | | | | |
| **ASSETS (Market Value):** | | | | |
| Common Stocks: | | | | |
| Information Technology | | | | |
| Software | $ 2,581,701 | — | $ 1,900 | $ 2,583,601 |
| Other Industries (a) | 8,466,272 | — | — | 8,466,272 |
| Utilities | | | | |
| Independent Power Producers and Energy Traders | — | — | 0 | 0 |
| Other Industries (a) | 10,390,600 | — | — | 10,390,600 |
| Other Industries (a) | 129,729,231 | — | — | 129,729,231 |
| Total Common Stocks | 151,167,804 | — | 1,900 | 151,169,704 |
| Rights: | | | | |
| Wireless Telecommunications Services | — | — | 793,800 | 793,800 |
| Health Care | 63,770 | — | 108,170 | 171,940 |
| Transportation | — | — | 0 | 0 |
| Total Rights | 63,770 | — | 901,970 | 965,740 |
| Warrants: | | | | |
| Energy | 87,300 | — | — | 87,300 |
| U.S. Government Obligations | — | $97,335,242 | — | 97,335,242 |
| **TOTAL INVESTMENTS IN SECURITIES – ASSETS** | $151,318,874 | $97,335,242 | $903,870 | $249,557,986 |

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

The Fund did not have significant transfers among Level 1, Level 2, and Level 3 during the six months ended April 30, 2014. The Fund's policy is to recognize transfers among Levels as of the beginning of the reporting period.

**Additional Information to Evaluate Qualitative Information.**

***General.*** The Fund uses recognized industry pricing services – approved by the Board and unaffiliated with the Adviser – to value most of its securities, and uses broker quotes provided by market makers of securities not valued by these and other recognized pricing sources. Several different pricing feeds are received to value domestic equity securities, international equity securities, preferred equity securities, and fixed income securities.

The data within these feeds is ultimately sourced from major stock exchanges and trading systems where these securities trade. The prices supplied by external sources are checked by obtaining quotations or actual transaction prices from market participants. If a price obtained from the pricing source is deemed unreliable, prices will be sought from another pricing service or from a broker/dealer that trades that security or similar securities.

***Fair Valuation.*** Fair valued securities may be common and preferred equities, warrants, options, rights, and fixed income obligations. Where appropriate, Level 3 securities are those for which market quotations are not available, such as securities not traded for several days, or for which current bids are not available, or which are restricted as to transfer. Among the factors to be considered to fair value a security are recent prices of comparable securities that are publicly traded, reliable prices of securities not publicly traded, the use of valuation models, current analyst reports, valuing the income or cash flow of the issuer, or cost if the preceding factors do not apply. A significant change in the unobservable inputs could result in a lower or higher value in Level 3 securities. The circumstances of Level 3 securities are frequently monitored to determine if fair valuation measures continue to apply.

The Adviser reports quarterly to the Board the results of the application of fair valuation policies and procedures. These include back testing the prices realized in subsequent trades of these fair valued securities to fair values previously recognized.

***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 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 Fund's derivative contracts held at April 30, 2014, if any, are not accounted for as hedging instruments under GAAP and are disclosed in the Schedule of Investments together with the related counterparty.

Accounting Standards Update ("ASU") No. 2011-11 (as clarified by ASU No. 2013-01) "Disclosures about Offsetting Assets and Liabilities" requires a fund to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of assets and liabilities and instruments and transactions subject to an agreement similar to a master netting arrangement. The scope of ASU 2011-11 includes derivatives and sale and repurchase agreements. The purpose of ASU 2011-11 is to facilitate comparison of financial statements prepared on the basis of GAAP and on the basis of International Financial Reporting Standards. Management is continually evaluating the implications of ASU 2011-11 and its impact on the financial statements and, at this time, has concluded that ASU 2011-11 is not applicable to the Fund because the Fund does not have investments covered under this guidance.

***Swap Agreements.*** The Fund may enter into equity 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 an equity contract for difference 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 received or paid on swaps, is reported as unrealized gain or loss in the Statement of Operations. A realized gain or loss is recorded upon payment or receipt of a periodic payment or termination of swap agreements.

At April 30, 2014, the Fund held no investments in equity contract for difference swap agreements.

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

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. At April 30, 2014, there were no forward foreign exchange contracts.

The effect of forward foreign exchange contracts, if any, can be found in the Statement of Operations under Net Realized and Unrealized Gain/(Loss) on Investments, Securities Sold Short, and Foreign Currency, within Net realized loss on foreign currency transactions and Net change in unrealized appreciation on foreign currency translations. During the six months ended April 30, 2014, the Fund held no forward foreign exchange contracts.

***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 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.

***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. At April 30, 2014, there were no short sales outstanding.

***Restricted Securities.*** The Fund may invest up to 15% of its net assets in securities for which the markets are restricted. Restricted securities include securities whose disposition is subject to substantial legal or contractual restrictions. The sale of restricted 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. The Fund held no restricted securities at April 30, 2014.

***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 from foreign securities that are recorded as soon after the ex-dividend date as the Fund becomes aware of such dividends.

***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 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 and foreign currency transactions held 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. Permanent differences were primarily due to write-off of current year net operating loss and adjustment for sale of partnership securities. These reclassifications have no impact on the NAV of the Fund.

No distributions were made during the six months ended April 30, 2014 or in the year ended October 31, 2013.

***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 October 31, 2013, the Fund had a net capital loss carryforward for federal income tax purposes of $36,580,329 which is available to reduce future required distributions of net capital gains to shareholders through 2017. Under the Regulated Investment Company Modernization Act of 2010, the Fund is permitted to carry forward for an unlimited period capital losses incurred in years beginning after December 22, 2010. In addition, these losses must be utilized prior to the losses incurred in pre-enactment taxable years. As a result of the rule, pre-enactment capital loss carryforwards may have an increased likelihood of expiring unused. Additionally, post enactment capital losses that are carried forward will retain their character as either short term or long term capital losses rather than being considered all short term as under previous law.

The following summarizes the tax cost of investments and the related net unrealized appreciation at April 30, 2014:

| | Cost | Gross Unrealized Appreciation | Gross Unrealized Depreciation | Net Unrealized Appreciation |
|---|---|---|---|---|
| Investments. . . . . . . . | $230,669,390 | $26,769,257 | $(7,880,661) | $18,888,596 |

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 April 30, 2014, the Fund did not incur any income tax, interest, or penalties. As of April 30, 2014, 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 October 31, 2010 through October 31, 2013 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 annual rates as follows:

| | |
|---|---|
| First $1 Billion . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 0.935% |
| Next $1 Billion . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 0.910% |
| Next $3 Billion . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 0.885% |
| Next $5 Billion . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 0.860% |
| Thereafter . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 0.835% |

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 Fund who are affiliated persons of the Adviser.

There was a reduction in the advisory fee paid to the Adviser relating to certain portfolio holdings, i.e., unsupervised assets of the Fund with respect to which the Adviser transferred dispositive and voting control to the Fund's Proxy Voting Committee. During the six months ended April 30, 2014, 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 $237.

The Fund pays each Director who is not considered an affiliated person an annual retainer of $6,000 plus $1,000 for each Board meeting attended, and they are 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 Director receive annual fees of $1,500 and $2,000, respectively. The Chairmen of the Proxy Voting Committee and the Nominating Committee each receive annual fees 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 Fund.

**4. Distribution Plan.** The Fund's Board has adopted a distribution agreement and distribution plan (the "Plan") pursuant to Rule 12b-1 under the 1940 Act. Under the Class AAA, Class A, Class B, and Class C Share Plans, payments are authorized to the G.distributors, LLC (the “Distributor”), an affiliate of the Fund, at annual rates of 0.25%, 0.45%, 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. Class Y shares do not participate in the Plan and pay no distribution fees.

**5. Portfolio Securities.** Purchases and sales of securities during the six months ended April 30, 2014, other than short term securities and U.S. Government obligations, aggregated $155,850,169 and $154,590,091, respectively.

**6. Transactions with Affiliates.** During the six months ended April 30, 2014, the Fund paid brokerage commissions on security trades of $34,714 to G.research, Inc., an affiliate of the Adviser. Additionally, the Distributor retained a total of $15,489 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. During the six months ended April 30, 2014, the Fund paid or accrued $22,500 to the Adviser in connection with the cost of computing the Fund’s NAV.

**7. 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 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 April 30, 2014, there were no borrowings outstanding under the line of credit.

**8. Capital Stock.** The Fund offers five classes of shares – Class AAA Shares, Class A Shares, Class B Shares, Class C Shares, and Class Y Shares. Class AAA Shares are offered without a sales charge only to investors who acquire them directly from the Distributor, through selected broker/dealers, or the transfer agent. 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 Class B CDSC is equal to a percentage declining from 5% 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 B Shares are no longer available for new investments. Class C Shares are subject to a 1.00% contingent deferred sales charge for one year after purchase. Class Y Shares are offered through the Distributor and selected broker/dealers that have entered into selling agreements specifically with respect to Class Y Shares without a sales charge.

The Fund imposes a redemption fee of 2.00% on all classes of shares that are redeemed or exchanged on or before 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 as an increase in paid-in capital. The redemption fees retained by the Fund during the six months ended April 30, 2014, and the year ended October 31, 2013 amounted to $1,895 and $2,827, respectively.

Transactions in shares of capital stock were as follows:

| | Six Months Ended April 30, 2014 (Unaudited) | | Year Ended October 31, 2013 | |
|---|---|---|---|---|
| | **Shares** | **Amount** | **Shares** | **Amount** |
| **Class AAA** | | | | |
| Shares sold | 301,977 | $ 3,898,744 | 284,710 | $ 3,393,531 |
| Shares redeemed | (173,667) | (2,229,268) | (310,248) | (3,683,241) |
| Net increase/(decrease) | 128,310 | $ 1,669,476 | (25,538) | $ (289,710) |
| **Class A** | | | | |
| Shares sold | 1,303,096 | $ 16,625,442 | 4,119,347 | $ 49,148,112 |
| Shares redeemed | (1,488,303) | (18,960,013) | (4,900,480) | (58,210,483) |
| Net decrease | (185,207) | $ (2,334,571) | (781,133) | $ (9,062,371) |
| **Class B** | | | | |
| Shares sold | — | — | 582 | $ 6,444 |
| Shares redeemed | (47,306) | $ (566,595) | (205,561) | (2,274,814) |
| Net decrease | (47,306) | $ (566,595) | (204,979) | $ (2,268,370) |
| **Class C** | | | | |
| Shares sold | 559,881 | $ 6,712,464 | 1,177,677 | $ 13,005,531 |
| Shares redeemed | (344,133) | (4,115,468) | (1,243,049) | (13,737,175) |
| Net increase/(decrease) | 215,748 | $ 2,596,996 | (65,372) | $ (731,644) |
| **Class Y** | | | | |
| Shares sold | 2,086,091 | $ 27,929,819 | 4,764,657 | $ 59,826,019 |
| Shares redeemed | (1,359,845) | (18,247,512) | (2,577,137) | (32,110,029) |
| Net increase | 726,246 | $ 9,682,307 | 2,187,520 | $ 27,715,990 |

**9. 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.

**10. Other Matters.** On April 24, 2008, the Adviser entered into a settlement with the SEC to resolve an inquiry regarding prior frequent trading 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. Under the terms of the settlement, the Adviser, without admitting or denying the SEC's findings and allegations, paid $16 million (which included a $5 million civil monetary penalty). On the same day, the SEC filed a civil action in the U.S. District Court for the Southern District of New York (the "Court") 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, who also is an officer of the Global Growth Fund and other funds in the Gabelli/GAMCO complex, including this Fund, denies the allegations and is continuing in his positions with the Adviser and the funds. The settlement by the Adviser did not have, and the resolution of the action against the officer is not expected to have, a material adverse impact on the Adviser or its ability to fulfill its obligations under the Advisory Agreement.

**11. Subsequent Events.** On May 2, 2014, the SEC filed with the Court a stipulation of voluntary dismissal of the civil action against the Executive Vice President and Chief Operating Officer of the Adviser. On June 19, 2014, the Court dismissed the civil action against the Officer.

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.

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

Section 15(c) of the Investment Company Act of 1940, as amended (the “1940 Act”), contemplates that the Board of Directors (the “Board”) of Gabelli Enterprise Mergers and Acquisitions Fund, including a majority of the Directors who have no direct or indirect interest in the investment advisory agreement and are not “interested persons” of the Fund, as defined in the 1940 Act (the “Independent Board Members”), are required annually to review and re-approve the terms of the Fund’s existing investment advisory agreement and approve any newly proposed terms therein. In this regard, the Board reviewed and re-approved, during the most recent six month period covered by this report, the Investment Advisory Agreement (the “Advisory Agreement”) with Gabelli Funds, LLC (the “Adviser”) for the Fund.

More specifically, at a meeting held on February 26, 2014, the Board, including the Independent Board Members, considered the factors and reached the conclusions described below relating to the selection of the Adviser and the re-approval of the Advisory Agreement.

***The nature, extent, and quality of services provided by the Adviser.*** The Board Members reviewed in detail the nature and extent of the services provided by the Adviser under the Advisory Agreement and the quality of those services over the past year. The Board Members noted that these services included managing the investment program of the Fund, including the purchase and sale of portfolio securities, as well as the provision of general corporate services. The Board Members considered that the Adviser also provided, at its expense, office facilities for use by the Fund and supervisory personnel responsible for supervising the performance of administrative, accounting, and related services for the Fund, including monitoring to assure compliance with stated investment policies and restrictions under the 1940 Act and related securities regulation. The Board Members noted that, in addition to managing the investment program for the Fund, the Adviser provided certain non-advisory and compliance services, including services for the Fund’s Rule 38a-1 compliance program.

The Board Members also considered that the Adviser paid for all compensation of officers and Board Members of the Fund that are affiliated with the Adviser and that the Adviser further provided services to shareholders of the Fund who had invested through various programs offered by third party financial intermediaries. The Board Members evaluated these factors based on its direct experience with the Adviser and in consultation with Fund Counsel. The Board noted that the Adviser had engaged, at its expense, BNY Mellon Investment Servicing (US) Inc. (BNY) to assist it in performing certain of its administrative functions. The Board Members concluded that the nature and extent of the services provided was reasonable and appropriate in relation to the advisory fee, that the level of services provided by the Adviser, either directly or through BNY, had not diminished over the past year, and that the quality of service continued to be high.

The Board Members reviewed the personnel responsible for providing services to the Fund and concluded, based on their experience and interaction with the Adviser, that (i) the Adviser was able to retain quality personnel, (ii) the Adviser and its agents exhibited a high level of diligence and attention to detail in carrying out their advisory and administrative responsibilities under the Advisory Agreement, (iii) the Adviser was responsive to requests of the Board, (iv) the scope and depth of the Adviser’s resources was adequate, and (v) the Adviser had kept the Board apprised of developments relating to the Fund and the industry in general. The Board Members also focused on the Adviser’s reputation and long standing relationship with the Fund. The Board Members also believed that the Adviser had devoted substantial resources and made substantial commitments to address new regulatory compliance requirements applicable to the Fund.

***The performance of the Fund and the Adviser.*** The Board Members reviewed the investment performance of the Fund, on an absolute basis, as compared with its Lipper peer group of other SEC registered funds, and against the Fund's broad based securities market benchmark as reflected in the Fund's prospectus and annual report. The Board Members considered the Fund's one, three, five, and ten year average annual total return for the periods ended December 31, 2013, but placed greater emphasis on the Fund's longer term performance. The peer group considered by the Board Members was developed by Lipper and was comprised of the Fund and retail and institutional alternative event driven funds, regardless of asset size or primary channel of distribution (the "Performance Peer Group"). The Board considered these comparisons helpful in their assessment as to whether the Adviser was obtaining for the Fund's shareholders the total return performance that was available in the marketplace, given the Fund's objectives, strategies, limitations, and restrictions. In reviewing the performance of the Fund, the Board Members noted that the Fund's performance was above the median for the one year, three year, five year, and ten year periods. The Board Members concluded that the Fund's performance was reasonable in comparison with that of the Performance Peer Group.

In connection with its assessment of the performance of the Adviser, the Board Members considered the Adviser's financial condition and whether it had the resources necessary to continue to carry out its functions under the Advisory Agreement. The Board Members concluded that the Adviser had the financial resources necessary to continue to perform its obligations under the Advisory Agreement and to continue to provide the high quality services that it has provided to the Fund to date.

***The cost of the advisory services and the profits to the Adviser and its affiliates from the relationship with the Fund.*** In connection with the Board Members' consideration of the cost of the advisory services and the profits to the Adviser and its affiliates from the relationship with the Fund, the Board Members considered a number of factors. First, the Board Members compared the level of the advisory fee for the Fund against comparative Lipper expense peer group ("Expense Peer Group"). The Board Members also considered comparative non-management fee expenses and comparative total fund expenses of the Fund and the Expense Peer Group. The Board Members considered this information as useful in assessing whether the Adviser was providing services at a cost that was competitive with other similar funds. In assessing this information, the Board Members considered both the comparative contract rates as well as the level of the total expense ratio, with respect to the Expense Peer Group. The Board Members noted that the Fund's advisory fee and expense ratio were higher than average when compared with those of the Expense Peer Group.

The Board Members also reviewed the fees charged by the Adviser to provide similar advisory services to other registered investment companies or accounts with similar investment objectives, noting that some fees charged by the Adviser were higher or lower than the fees charged to the Fund.

The Board Members also considered an analysis prepared by the Adviser of the estimated profitability to the Adviser of its relationship with the Fund and reviewed with the Adviser its cost allocation methodology in connection with its profitability. In this regard, the Board Members reviewed Proforma Income Statements of the Adviser for the year ended December 31, 2013. The Board Members considered one analysis for the Adviser as a whole, and a second analysis for the Adviser with respect to the Fund. With respect to the Fund analysis, the Board Members received an analysis based on the Fund's average net assets during the period as well as a proforma analysis of profitability at higher and lower asset levels. The Board Members concluded that the profitability of the Fund to the Adviser under either analysis was not excessive.

***The extent to which economies of scale will be realized as the Fund grows and whether fee levels reflect those economies of scale.*** With respect to the Board Members' consideration of economies of scale, the Board Members discussed whether economies of scale would be realized by the Fund at higher asset levels. The Board also reviewed data from the Expense Peer Group to assess whether the Expense Peer Group had advisory fee breakpoints and, if so, at what asset levels. The Board Members also assessed whether certain of the Adviser's costs would increase if asset levels rise. In the event there were to be significant asset growth in the Fund, the Board Members determined to reassess whether the advisory fee (including the breakpoints) appropriately took into account any economies of scale that had been realized as a result of that growth.

***Other Factors.*** In addition to the above factors, the Board Members also discussed other benefits received by the Adviser from its management of the Fund. The Board Members considered that the Adviser does use soft dollars in connection with its management of the Fund.

Based on a consideration of all these factors in their totality, the Board Members, including all of the Independent Board Members, determined that the Fund's advisory fee was fair and reasonable with respect to the quality of services provided and in light of the other factors described above that the Board deemed relevant. Accordingly, the Board Members determined to approve the continuation of the Fund's Advisory Agreement. The Board Members based their decision on evaluations of all these factors as a whole and did not consider any one factor as all important or controlling.

**GABELLI ENTERPRISE MERGERS AND ACQUISITIONS FUND**

A Portfolio of the Gabelli 787 Fund, Inc.


One Corporate Center
Rye, New York 10580-1422

t 800-GABELLI (800-422-3554)
f 914-921-5118
e info@gabelli.com
GABELLI.com


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






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# Gabelli Enterprise Mergers and Acquisitions Fund

*Semiannual Report*
*April 30, 2014*