Comstock Funds, Inc.

Shareholder Commentary
April 30, 2008

To Our Shareholders,

The headwinds to a bull market in stocks, as well as a stronger economy, seem to be much stronger than the tailwinds. It is truly astounding to us that this market is holding up so well right in the face of these headwinds.

The consumer, whose spending represents two-thirds of our economy and who has been on a binge for the past 16 years is now facing head-on into the winds of the credit crunch, steeply rising commodity prices, and accelerating housing price declines. Businesses are also having a problem passing on the cost of rising commodities which are just starting to squeeze margins. There are not many tailwinds; however, the tax rebate should help for the months of May and June, but what then? The Fed has virtually acknowledged that the rate cuts are over and all the alphabet soup auctions they are promoting are at this point only lowering the U.S. dollar and increasing the price of commodities, while they substitute their Treasury paper for questionable paper.

The rising costs of energy and food are acting as a tax on the consumer and are reflected in the retail sales numbers. Just about the only retail outlets that are doing well are the discounters such as Wal-Mart and even they are warning that the increased sales will not continue into the second quarter. The leading economic index (LEI) has been up slightly the last two months, but has been rolling over since 2005. The Conference Board's Consumer Sentiment Index fell from 130% six months ago to 104% presently and the University of Michigan Consumer Sentiment Index fell to the lowest level (59.5)% since 1980.

Personal income growth has slowed to 4.5% (lowest since the last recession), while individual income taxes year over year change is 8%. Individuals doubled their credit card debt from 2000 to 2006 while their incomes did not keep up with inflation. The labor market is very weak as we have lost 256,000 jobs over the last four months. The savings rate is close to zero, and we are in the midst of the greatest credit crisis since the Great Depression. These are all major negatives, but the dominating headwind is the fact that the price of the most significant asset of most individuals, their house, is accelerating the decline by dropping by 7.7% in the first quarter (the largest decline on record). The wealth effect of this alone dominates everything else. It was just reported that homes up for foreclosure rose 65% this past April from April 2007. There are about eight million homes with negative equity, and the prices are still well above the norm in relation to incomes and rents. We believe the residential home depression has already started spreading to the commercial side of real estate. And now the number of automobiles with negative equity is also exploding to the upside. On average, homeowners borrowed $700,000 from their homes each year from 2004, 2005, and 2006. They borrowed $450,000 in 2007 and will borrow less than $200,000 this year.

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

Businesses are not able to pass on the rising cost of commodities, and they have to sell their products to consumers who are “on the ropes”. The three deficits (trade, current account, and budget) have reached the stage of insanity. The Fed has been monetizing the budget deficit, while the foreigners have accumulated much of our debt generated by the trade and current account deficits. These deficits have driven the dollar index down from 120 in 2002 to 73 presently. While this is good for the large international companies selling products abroad, debasing our currency in order to export goods over the long term undermines the health of our country.

Corporations also have a problem in achieving the earning estimates that are being reduced weekly. And more importantly they will have a problem living up to the very high valuations placed upon them, even if they do meet the estimates. A 22 multiple on the S&P 500 “reported earnings” is typically reached only during market peaks. As we have mentioned in the last comment, the U.S. slowdown is now spreading abroad and most of Europe has the same creeping inflation that we are experiencing. This puts them in the same quandary as Bernanke on which battle to fight. Presently, the LEI of both developing economies and emerging economies have declined to levels not seen since 2001.

The above are all major headwinds for the consumers and businesses, but the long-term headwinds are even more significant. These are the headwinds of paying down or even servicing the enormous debt built up by consumers and the government. The total credit market debt is up to the staggering $49 trillion level while the government debt makes up $9 trillion of that. The contingent debt pertaining to the programs already passed (and we are responsible for) are Medicare, Medicaid, Social Security, and the latest long-term cost of the Iraq War. Economist Joe Stiglitz, in a book, “The Three Trillion Dollar War”, recently released, projects the cost of the War at $2 to $3 trillion when you take into account the veterans’ medical costs. The cost of Medicare and Medicaid that are already extremely onerous (Medicare alone cost almost $400 billion this year) will skyrocket when the “boomers” retire. The Social Security’s convoluted I.O.U. system, which substitutes for a fund, will be running into big problems when the number of retirees increases and the number of workers declines. We are spending $600 billion a year on oil imports from many countries that are hostile to us, and we still do not have an alternative energy plan.

Tailwinds – we mentioned the tax rebate earlier, and that should help for the next couple of months. The stock market is breaking out, but it could be a false breakout since the market many times will break out in the opposite direction of the long-term trend. Also, this latest counter trend rally was not accompanied with strong volume. Many economists are backing away from their recession forecast due to stronger than expected economic releases recently. The markets usually do well after the Fed stops cutting rates, and also usually does well in Presidential election years. There are many funds on the sidelines that are interested in investing in the U.S. including the Sovereign Wealth Funds. However, despite all the problems above, the U.S. remains the greatest country on the planet and in the past we were able to improvise and make the correct decisions in order to overcome almost any headwind. Let us hope we are able to do so again – this time, in the face of these hurricane force winds, it will be much more difficult!!

Meanwhile, the market could have regular bear market counter trend rallies that will encourage stock market traders, but this is normal. There were major counter trend rallies in the Great Depression, the Japanese bear market, and every U.S. bear market in history.

Investment Performance

For the fiscal year ended April 30, 2008, the Comstock Capital Value Fund's Class A, B, C, and R Shares gained 5.73%, 4.36%, 4.32%, and 6.00%, respectively. The Comstock Strategy Fund's Class O, A, and C Shares declined 10.15%, 10.15%, and 10.87%, respectively. The Standard & Poor's ("S&P") 500 Index declined 4.68% and the Lehman Brothers Government/Corporate Bond ("LBG/C") Index rose 7.09%, over the same twelve month period. Each index is an unmanaged indicator of investment performance. The Comstock Capital Value Fund's Class A, B, C, and R Shares rose 5.24%, 4.86%, 4.85%, and 5.50%, respectively, over the trailing six month period. The Comstock Strategy Fund's Class O, A, and C Shares declined 5.21%, 5.28%, and 5.79%, respectively, over the same six month period. The S&P 500 Index declined 4.14% and the LBG/C Index rose 4.14%, respectively, over the same six month period. The Comstock Capital Value Fund's performance was mainly due to its holdings of S&P 500 puts, shorts in S&P 500 futures, and shorts and puts in individual stocks concentrated in technology, finance, and home building. The performance of the Comstock Strategy Fund was largely due to its position in S&P 500 puts.

In Conclusion

We are very much convinced that the stock market has not come close to discounting the recession we believe our economy is in presently. We have discussed in the past why we thought that the next recession and deflationary bear market would be sparked by a housing bust. The reason we felt so strongly about this is the fact that the housing market was selling at record levels in relation to income and rents (the two best metrics of housing values) back in 2000-2001. It was at this time that the Fed started printing money and reducing Fed Funds in a virtual panic in order to stop the economic repercussions that surely would have resulted from the prior dot.com bubble bursting. This bubble coincided with the largest financial mania in history and instead of letting the markets work to stop the consumer binge; this easy money resulted in the housing market rising at unprecedented rates. The price of single family homes rose about 85% from 2000 to 2006 to higher and higher record levels relative to wages. We do believe that the economy and stock market will decline until the housing market bottoms out at levels that would be considered normal relative to median family income. This would take a decline of anywhere from 15% to 35% from present levels depending upon the pricing source (Case-Shiller, NAR, or OFHEO).

The Funds' daily net asset values are available each evening after 6:00 PM (Eastern Time) by calling 800-GABELLI (800-422-3554) or through financial websites on the Internet. The Funds' Nasdaq symbols are on the following pages. Please call us during the business day for further information.

Sincerely,

Charles L. Minter

Charles L. Minter
Portfolio Manager and Director

Martin Weiner, CFA
Portfolio Manager and President

May 18, 2008

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

You may obtain current information about Comstock Strategy Fund and Comstock Capital Value Fund and its investment strategy through the Internet website *www.comstockfunds.com*, *www.gabelli.com* or call our telephone information line 800-GABELLI.

Average Annual Total Returns
For the Periods Ended April 30, 2008†

Comstock Strategy Fund (a)	Calendar Year to Date	Six Months	One Year	Five Years	Ten Years	Since Fund's Inception (5/26/88)
Class O (CPSFX)						
Without sales charge	(4.95)%	(5.19)%	(10.13)%	(10.97)%	(6.56)%	(1.32)%
Class A (CPFAX)						
Without sales charge	(4.80)	(5.28)	(10.15)	(11.22)	(6.79)	(1.53)
With sales charge (b)	(10.28)	(10.73)	(15.32)	(12.27)	(7.34)	(1.82)
Class C (CPFCX)						
Without contingent deferred sales charge	(5.19)	(5.79)	(10.87)	(11.89)	(7.46)	(1.97)
With contingent deferred sales charge (c)	(6.14)	(6.73)	(11.76)	(11.89)	(7.46)	(1.97)
S&P 500 Index (d)	(5.03)	(9.63)	(4.68)	10.61	3.89	11.34
Lehman Brothers Govt./Corp. Bond Index (e)	1.93	4.14	7.09	4.27	6.00	7.58(f)
Blended Index (g)	(0.51)	(0.68)	2.97	6.49	5.26	8.90(f)

The expense ratios for Comstock Strategy Fund Class O, A, and C Shares are 2.91%, 3.16%, and 3.91%, respectively, in the current prospectus. Class O Shares do not have a sales charge. The maximum sales charges for Class A and C Shares are 5.75% and 1.00%, respectively.

(a) *Total return prior to 8/01/91 reflects the performance of the Fund as a closed-end fund; as an open-end fund the Fund incurs certain additional expenses as a result of the continuous offering and redemption of its shares. Because Class A Shares and Class C Shares were not actually introduced until 7/15/92 and 8/01/95, respectively, total return for the period prior to the introduction of each such class (i) reflects the performance information for Class O Shares and Class A Shares, as appropriate, and (ii) does not reflect service and distribution fees borne by Class A Shares and Class C Shares prior to their introduction, which, if reflected, would reduce the total return presented. Total return assumes the reinvestment of distributions. Gabelli Funds, LLC became the investment adviser of the Fund on 5/23/00.*

(b) *Assuming the maximum initial sales charge of 5.75%. Prior to May 1, 2007, the maximum initial sales charge was 4.50%.*

(c) *Assuming payment of the maximum contingent deferred sales charge (CDSC). A CDSC of 1% is imposed on redemptions made within one year of purchase.*

(d) *The S&P 500 Index is an unmanaged broad based index comprised of common stocks. The index does not reflect the deduction of sales charges and expenses that are borne by mutual fund investors. You cannot invest directly in an index.*

(e) *The Lehman Brothers Govt./Corp. Bond Index is an unmanaged broad based index comprised of U.S. Government Agency and Treasury securities and investment grade corporate debt. The index does not reflect the deduction of sales charges and expenses that are borne by mutual fund investors. You cannot invest directly in an index.*

(f) *From 5/31/88, the date closest to the Fund's inception for which data is available.*

(g) *The Blended Index contains 65% of the Lehman Brothers Govt./Corp. Bond Index and 35% of the S&P 500 Index. You cannot invest directly in an index.*

† ***Past performance does not guarantee future results.*** *Investment returns and the principal value of an investment will fluctuate. Shares, when redeemed, may be worth more or less than their original cost. The Capital Value Fund utilizes short selling and both Funds utilize derivatives. Short selling of securities and use of derivatives pose special risks and may not be suitable for certain investors. Short selling is a sale of a borrowed security and losses are realized if the price of the security increases between the date the security is sold and the date the Fund replaces it. Derivatives may be riskier than other types of investments because they may respond more to changes in economic conditions than other investments. Performance returns for periods less than one year are not annualized. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end.* ***Investors should carefully consider the investment objectives, risks, charges, and expenses of the Funds before investing. The prospectus contains more information about this and other matters and should be read carefully before investing.***

Average Annual Total Returns
For the Periods Ended April 30, 2008†

Comstock Capital Value Fund (a)	Calendar Year to Date	Six Months	One Year	Five Years	Ten Years	Since Policy Inception (b)	Since Fund's Inception (10/10/85)
Class A (DRCVX)							
Without sales charge	1.40%	5.24%	5.73%	(10.99)%	(5.38)%	(2.94)%	(0.73)%
With sales charge (c)	(4.43)	(0.82)	(0.35)	(12.04)	(5.94)	(3.21)	(0.99)
Class B (DCVBX)							
Without contingent deferred sales charge	0.95	4.86	4.36	(11.73)	(6.09)	(3.49)	(1.26)
With contingent deferred sales charge (d)	(3.05)	0.86	0.36	(12.07)	(6.09)	(3.49)	(1.26)
Class C (CPCCX)							
Without contingent deferred sales charge	1.00	4.85	4.32	(11.71)	(6.04)	(3.46)	(1.23)
With contingent deferred sales charge (e)	0.00	3.85	3.32	(11.71)	(6.04)	(3.46)	(1.23)
Class R (CPCRX)	1.40	5.50	6.00	(10.78)	(5.12)	(2.78)	(0.58)
S&P 500 Index (f)	(5.03)	(9.63)	(4.68)	10.61	3.89	10.23	12.01(g)

The expense ratios for Comstock Capital Value Fund Class A, B, C, and R Shares are 1.92%, 2.67%, 2.67%, and 1.64%, respectively, in the current prospectus. Class R Shares do not have a sales charge. The maximum sales charges for Class A, B, and C Shares are 5.75%, 4.00%, and 1.00%, respectively.

(a) *Total return is based upon a hypothetical investment at the Fund's inception on 10/10/85. Because Class B Shares were not actually introduced until 1/15/93 and Class C Shares and Class R Shares were not actually introduced until 8/22/95, total return for the period prior to the introduction of each such class (i) in the case of Class B Shares and Class R Shares, reflects the performance information for Class A Shares, (ii) in the case of Class C Shares, reflects the performance information for Class A Shares and Class B Shares, as appropriate, and (iii) in the case of Class B Shares and Class C Shares, does not reflect higher service and distribution fees and certain administrative expenses borne by Class B Shares and Class C Shares prior to their introduction, which, if reflected, would reduce the total return presented. Total return assumes the reinvestment of distributions. Gabelli Funds, LLC became the Investment Adviser of the Fund on 5/23/00.*

(b) *On 4/28/87, Comstock Partners, Inc., the Capital Value Fund's previous Investment Adviser, assumed investment responsibilities and the Fund changed its investment objective to the current investment objective.*

(c) *Assuming the maximum initial sales charge of 5.75%. Prior to May 1, 2007, the maximum initial sales charge was 4.50%.*

(d) *Assuming payment of the maximum CDSC. The maximum CDSC for Class B Shares is 4% and is reduced to 0% after six years.*

(e) *Assuming payment of the maximum contingent deferred sales charge (CDSC). A CDSC of 1% is imposed on redemptions made within one year of purchase.*

(f) *The S&P 500 Index is an unmanaged broad based index comprised of common stocks. The index does not reflect the deduction of sales charges and expenses that are borne by mutual fund investors. You cannot invest directly in an index.*

(g) *Since 9/30/85, the date closest to the Fund's inception date for which data is available.*

† ***Past performance does not guarantee future results.*** *Investment returns and the principal value of an investment will fluctuate. Shares, when redeemed, may be worth more or less than their original cost. The Capital Value Fund utilizes short selling and both Funds utilize derivatives. Short selling of securities and use of derivatives pose special risks and may not be suitable for certain investors. Short selling is a sale of a borrowed security and losses are realized if the price of the security increases between the date the security is sold and the date the Fund replaces it. Derivatives may be riskier than other types of investments because they may respond more to changes in economic conditions than other investments. Performance returns for periods less than one year are not annualized. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end.* ***Investors should carefully consider the investment objectives, risks, charges, and expenses of the Funds before investing. The prospectus contains more information about this and other matters and should be read carefully before investing.***

Gabelli/GAMCO Funds and Your Personal Privacy

Who are we?

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

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

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

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

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

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

What do we do to protect your personal information?

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

Comstock Funds, Inc.
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Comstock Capital Value Fund
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e-mail: info@gabelli.com
Net Asset Value per share available daily by calling
800-GABELLI after 6:00 P.M.

Distributor
Gabelli & Company, Inc.

Transfer Agent and Dividend Disbursing Agent
State Street Bank and Trust Company

Legal Counsel
Paul, Hastings, Janofsky & Walker LLP

GABCOMAR08SC

Comstock Funds, Inc.

Comstock Strategy Fund
Comstock Capital Value Fund

SHAREHOLDER COMMENTARY
APRIL 30, 2008

Comstock Funds, Inc.

Annual Report
April 30, 2008

To Our Shareholders,

The Sarbanes-Oxley Act requires a Fund's principal executive and financial officers to certify the entire contents of the semi-annual and annual shareholder reports in a filing with the Securities and Exchange Commission on Form N-CSR. This certification would cover the portfolio manager's commentary and subjective opinions if they are attached to or a part of the financial statements. Many of these comments and opinions would be difficult or impossible to certify.

Because we do not want our portfolio managers to eliminate their opinions and/or restrict their commentary to historical facts, we have separated their commentary from the financial statements and investment portfolio and have sent it to you separately. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com/funds.

Enclosed are the audited financial statements and the investment portfolio as of April 30, 2008 with a description of factors that affected the performance during the past year.

Performance Discussion

For the fiscal year ended April 30, 2008, the Comstock Capital Value Fund's Class A Shares rose 5.73%. The Comstock Strategy Fund's Class A Shares declined 10.15%. The Standard & Poor's ("S&P") 500 Index declined 4.68% and the Lehman Brothers Government/Corporate Bond ("LBG/C") Index rose 7.09%, over the same twelve month period. Each index is an unmanaged indicator of investment performance. The Comstock Capital Value Fund's performance was mainly due to its holdings of S&P 500 puts, shorts in S&P 500 futures, and shorts and puts in individual stocks concentrated in technology, finance, and home building. The performance of the Comstock Strategy Fund was largely due to its position in S&P 500 puts.

The Funds' performance for the year ended April 30, 2008 was due to positioning both Funds to benefit from the secular bear market that the portfolio managers believe is currently in force. It is not unusual for stocks to have one or more powerful counter trend rallies during a secular bear market. The Japanese market, for example, featured several rallies of 50% or more during its 13 year decline of about 80%. The portfolio managers remain bearish on future market prospects, and both Funds remained positioned to benefit from a resumption of the downturn.

Sincerely yours,

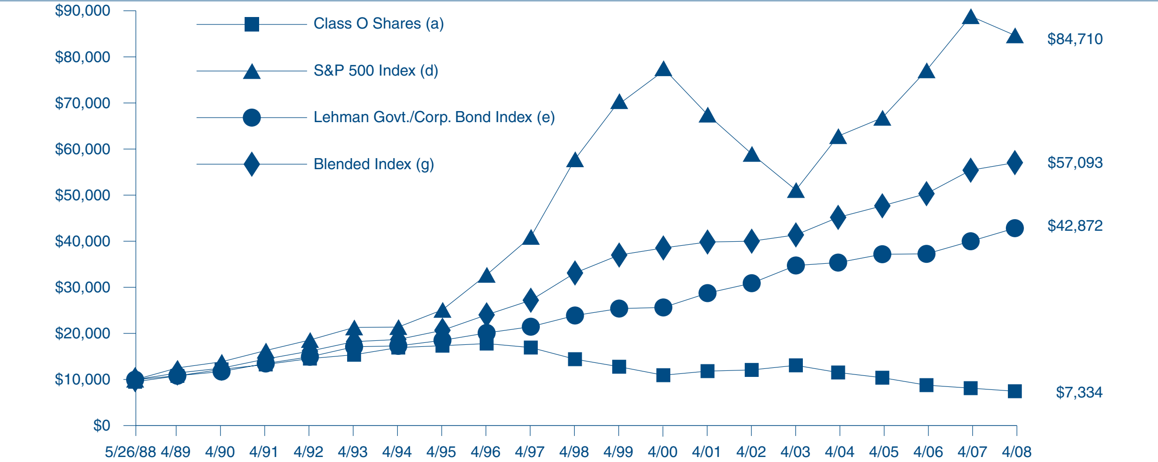
Bruce N. Alpert

Bruce N. Alpert
Chief Operating Officer
Gabelli Funds, LLC

June 20, 2008

Average Annual Total Returns
For the Periods Ended April 30, 2008†

Total Return Based on a $10,000 Investment — Comstock Strategy Fund Class O Shares



Past performance is not predictive of future results. The performance table and graph do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

Comstock Strategy Fund (a)	Calendar Year to Date	Six Months	One Year	Five Years	Ten Years	Since Fund's Inception (5/26/88)
Class O (CPSFX)						
Without sales charge	(4.95)%	(5.19)%	(10.13)%	(10.97)%	(6.55)%	(1.31)%
Class A (CPFAX)						
Without sales charge	(4.80)	(5.28)	(10.15)	(11.22)	(6.79)	(1.53)
With sales charge (b)	(10.28)	(10.73)	(15.32)	(12.27)	(7.34)	(1.82)
Class C (CPFCX)						
Without contingent deferred sales charge	(5.19)	(5.79)	(10.87)	(11.89)	(7.46)	(1.97)
With contingent deferred sales charge (c)	(6.14)	(6.73)	(11.76)	(11.89)	(7.46)	(1.97)
S&P 500 Index (d)	(5.03)	(9.63)	(4.68)	10.61	3.89	11.34
Lehman Brothers Govt./Corp. Bond Index (e)	1.93	4.14	7.09	4.27	6.00	7.58(f)
Blended Index (g)	(0.51)	(0.68)	2.97	6.49	5.26	8.90(f)

In the current prospectus, the expense ratios for Comstock Strategy Fund Class O, A, and C Shares are 2.91%, 3.16%, and 3.91%, respectively. Class O Shares do not have a sales charge. The maximum sales charges for Class A and C Shares are 5.75% and 1.00%, respectively.

(a) *Total return prior to 8/01/91 reflects the performance of the Fund as a closed-end fund; as an open-end fund the Fund incurs certain additional expenses as a result of the continuous offering and redemption of its shares. Because Class A Shares and Class C Shares were not actually introduced until 7/15/92 and 8/01/95, respectively, total return for the period prior to the introduction of each such class (i) reflects the performance information for Class O Shares and Class A Shares, as appropriate, and (ii) does not reflect service and distribution fees borne by Class A Shares and Class C Shares prior to their introduction, which, if reflected, would reduce the total return presented. Total return assumes the reinvestment of distributions. Gabelli Funds, LLC became the investment adviser of the Fund on 5/23/00.*

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

(c) *Assuming payment of the maximum contingent deferred sales charge (CDSC). A CDSC of 1% is imposed on redemptions made within one year of purchase.*

(d) *The S&P 500 Index is an unmanaged broad based index comprised of common stocks. The index does not reflect the deduction of sales charges and expenses that are borne by mutual fund investors. You cannot invest directly in an index.*

(e) *The Lehman Brothers Govt./Corp. Bond Index is an unmanaged broad based index comprised of U.S. Government Agency and Treasury securities and investment grade corporate debt. The index does not reflect the deduction of sales charges and expenses that are borne by mutual fund investors. You cannot invest directly in an index.*

(f) *From 5/31/88, the date closest to the Fund's inception for which data is available.*

(g) *The Blended Index contains 65% of the Lehman Brothers Govt./Corp. Bond Index and 35% of the S&P 500 Index. You cannot invest directly in an index.*

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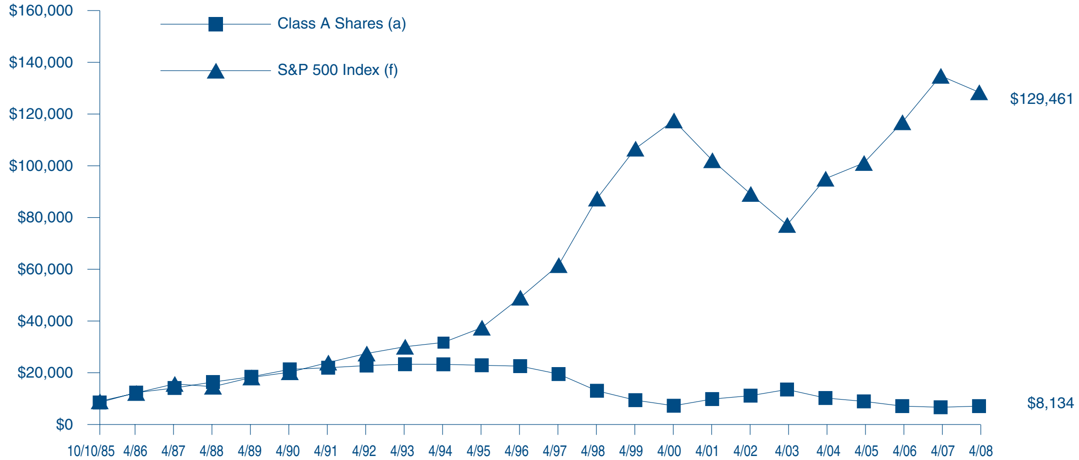
Average Annual Total Returns
For the Periods Ended April 30, 2008†

Total Return Based on a $10,000 Investment — Comstock Capital Value Fund Class A Shares



Past performance is not predictive of future results. The performance table and graph do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

Comstock Capital Value Fund (a)	Calendar Year to Date	Six Months	One Year	Five Years	Ten Years	Since Policy Inception (b)	Since Fund's Inception (10/10/85)
Class A (DRCVX)							
Without sales charge	1.40%	5.24%	5.73%	(10.99)%	(5.38)%	(2.94)%	(0.73)%
With sales charge (c)	(4.43)	(0.82)	(0.35)	(12.04)	(5.94)	(3.21)	(0.99)
Class B (DCVBX)							
Without contingent deferred sales charge	0.95	4.86	4.36	(11.73)	(6.09)	(3.49)	(1.26)
With contingent deferred sales charge (d)	(3.05)	0.86	0.36	(12.07)	(6.09)	(3.49)	(1.26)
Class C (CPCCX)							
Without contingent deferred sales charge	1.00	4.85	4.32	(11.71)	(6.04)	(3.46)	(1.23)
With contingent deferred sales charge (e)	0.00	3.85	3.32	(11.71)	(6.04)	(3.46)	(1.23)
Class R (CPCRX)	1.40	5.50	6.00	(10.78)	(5.12)	(2.78)	(0.58)
S&P 500 Index (f)	(5.03)	(9.63)	(4.68)	10.61	3.89	10.23	12.01(g)

In the current prospectus, the expense ratios for Comstock Capital Value Fund Class A, B, C, and R Shares are 1.92%, 2.67%, 2.67%, and 1.64%, respectively. Class R Shares do not have a sales charge. The maximum sales charges for Class A, B, and C Shares are 5.75%, 4.00%, and 1.00%, respectively.

(a) *Total return is based upon a hypothetical investment at the Fund's inception on 10/10/85. Because Class B Shares were not actually introduced until 1/15/93 and Class C Shares and Class R Shares were not actually introduced until 8/22/95, total return for the period prior to the introduction of each such class (i) in the case of Class B Shares and Class R Shares, reflects the performance information for Class A Shares, (ii) in the case of Class C Shares, reflects the performance information for Class A Shares and Class B Shares, as appropriate, and (iii) in the case of Class B Shares and Class C Shares, does not reflect higher service and distribution fees and certain administrative expenses borne by Class B Shares and Class C Shares prior to their introduction, which, if reflected, would reduce the total return presented. Total return assumes the reinvestment of distributions. Gabelli Funds, LLC became the Investment Adviser of the Fund on 5/23/00.*

(b) *On 4/28/87, Comstock Partners, Inc., the Capital Value Fund's previous Investment Adviser, assumed investment responsibilities and the Fund changed its investment objective to the current investment objective.*

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

(d) *Assuming payment of the maximum CDSC. The maximum CDSC for Class B Shares is 4% and is reduced to 0% after six years.*

(e) *Assuming payment of the maximum contingent deferred sales charge (CDSC). A CDSC of 1% is imposed on redemptions made within one year of purchase.*

(f) *The S&P 500 Index is an unmanaged broad based index comprised of common stocks. The index does not reflect the deduction of sales charges and expenses that are borne by mutual fund investors. You cannot invest directly in an index.*

(g) *Since 9/30/85, the date closest to the Fund's inception date for which data is available.*

† ***Past performance does not guarantee future results.*** *Investment returns and the principal value of an investment will fluctuate. Shares, when redeemed, may be worth more or less than their original cost. The Capital Value Fund utilizes short selling and both Funds utilize derivatives. Short selling of securities and use of derivatives pose special risks and may not be suitable for certain investors. Short selling is a sale of a borrowed security and losses are realized if the price of the security increases between the date the security is sold and the date the Fund replaces it. Derivatives may be riskier than other types of investments because they may respond more to changes in economic conditions than other investments. Performance returns for periods less than one year are not annualized. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end.* ***Investors should carefully consider the investment objectives, risks, charges, and expenses of the Funds before investing. The prospectus contains more information about this and other matters and should be read carefully before investing.***

Disclosure of Fund Expenses (Unaudited)

For the Six Month Period from November 1, 2007 through April 30, 2008 **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. The "Annualized Expense Ratio" represents the actual expenses for the last six months and may be different from the expense ratio in the Financial Highlights which is for the year ended April 30, 2008.

	Beginning Account Value 11/01/07	Ending Account Value 04/30/08	Annualized Expense Ratio	Expenses Paid During Period*
Comstock Strategy Fund				
Actual Fund Return				
Class O	$1,000.00	$ 948.10	1.66%	$ 8.04
Class A	$1,000.00	$ 947.20	1.91%	$ 9.25
Class C	$1,000.00	$ 942.10	2.66%	$12.84
Hypothetical 5% Return				
Class O	$1,000.00	$1,016.61	1.66%	$ 8.32
Class A	$1,000.00	$1,015.37	1.91%	$ 9.57
Class C	$1,000.00	$1,011.64	2.66%	$13.30
Comstock Capital Value Fund				
Actual Fund Return				
Class A	$1,000.00	$1,052.40	2.22%	$11.33
Class B	$1,000.00	$1,048.60	2.96%	$15.08
Class C	$1,000.00	$1,048.50	2.97%	$15.13
Class R	$1,000.00	$1,055.00	1.98%	$10.12
Hypothetical 5% Return				
Class A	$1,000.00	$1,013.82	2.22%	$11.12
Class B	$1,000.00	$1,010.14	2.96%	$14.79
Class C	$1,000.00	$1,010.09	2.97%	$14.84
Class R	$1,000.00	$1,015.02	1.98%	$ 9.92

* 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, then divided by 366.

Summary of Portfolio Holdings (Unaudited)

The following tables present portfolio holdings as a percent of total net assets as of April 30, 2008:

Strategy Fund	Percent
Long Positions	
U.S. Treasury Bill	81.9
U.S. Treasury Notes	6.5
Put Options Purchased	6.3
Common Stock	3.0
Real Estate	2.9
Other Assets and Liabilities (Net)	(0.6)
	100.0

Capital Value Fund	Percent
Long Positions	
U.S. Treasury Bills	92.2
Common Stocks	4.6
Put Options Purchased	4.0
Real Estate	1.7
Other Assets and Liabilities (Net)	23.8
Short Positions	
Computer Software and Services	(4.6)
Financial Services	(3.7)
Electronics	(3.4)
Retail	(2.9)
Business Services	(2.0)
Building and Construction	(1.3)
Diversified Industrial	(1.1)
Environmental Services	(1.1)
Health Care	(1.1)
Automotive	(1.0)
Telecommunications	(0.9)
Futures Contracts	(3.2)
	100.0

The Funds file a complete schedule of portfolio holdings with the Securities and Exchange Commission (the "SEC") for the first and third quarters of each fiscal year on Form N-Q, the last of which was filed for the quarter ended January 31, 2008. Shareholders may obtain this information at www.gabelli.com or by calling the Funds at 800-GABELLI (800-422-3554). The Funds' Form N-Q is available on the SEC's website at www.sec.gov and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

Proxy Voting

Comstock Funds, Inc. files Form N-PX with the Funds' complete proxy voting record for the 12 months ended June 30th, no later than August 31st of each year. A description of the Funds' proxy voting policies, procedures, and how the Funds 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.

2008 TAX NOTICE TO SHAREHOLDERS (Unaudited)

For the fiscal year ended April 30, 2008, none of the dividends paid were qualified dividend income for the Strategy Fund and the Capital Value Fund. For non-resident aliens, the percentage of ordinary income dividends paid during the fiscal year ended April 30, 2008, treated as qualified interest income, were 95.81% and 68.34%, and qualified short-term gains were 0.00% and 0.00% for the Strategy Fund and Capital Value Fund, respectively.

U.S. Government Income:
The percentage of the ordinary income dividends paid by the Strategy Fund and the Capital Value Fund during the 2008 fiscal year which was derived from U.S. Treasury securities was 64.09% and 65.16%, respectively. Such income is exempt from state and local tax in all states. However, many states, including New York and California, allow a tax exemption for a portion of the income earned only if a mutual fund has invested at least 50% of its assets at the end of each quarter of the Fund's fiscal year in U.S. Government securities. Strategy Fund and Capital Value Fund met this strict requirement in 2008. Due to the diversity in state and local tax law, it is recommended that you consult your personal tax adviser as to the applicability of the information provided to your specific situation.

Comstock Strategy Fund
Schedule of Investments — April 30, 2008

Shares		Cost	Market Value
COMMON STOCK — 3.0%			
	Exchange Traded Funds — 3.0%		
5,000	PowerShares DB US Dollar Index Bearish Fund† (a)	$ 139,044	$ 146,050
Units			
TERM NOTE — 2.9%			
	Real Estate — 2.9%		
10,000	Merrill Lynch Medium Term Note, Ser. C, Due 06/04/09 † (b)	100,000	142,950
Principal Amount			
U.S. GOVERNMENT OBLIGATIONS — 88.4%			
	U.S. Treasury Bill — 81.9%		
$3,993,000	U.S. Treasury Bill, 1.132%††, 09/18/08	3,975,763	3,970,715
	U.S. Treasury Note — 6.5%		
300,000	U.S. Treasury Note, 6.000%, 08/15/09	298,716	314,930
TOTAL U.S. GOVERNMENT OBLIGATIONS		4,274,479	4,285,645

Number of Contracts		Expiration Date/ Exercise Price	Market Value
PUT OPTIONS PURCHASED† — 6.3%			
60	S & P 500 Index	Jun. 08/1225	$ 36,000
10	S & P 500 Index	Jun. 08/1300	15,000
12	S & P 500 Index	Jun. 08/1400	55,560
40	S & P 500 Index	Sep. 08/1225	87,600
5	S & P 500 Index	Dec. 08/1225	16,600
10	S & P 500 Index	Dec. 08/1250	42,000
10	S & P 500 Index	Mar. 09/1250	53,500
TOTAL PUT OPTIONS PURCHASED (Cost $649,708)			306,260
TOTAL INVESTMENTS — 100.6% (Cost $5,163,231)			4,880,905
Other Assets and Liabilities (Net) — (0.6)%			(29,794)
NET ASSETS — 100.0%			$ 4,851,111

(a) Security is linked to the performance of the Deutsche Bank Short U.S. Dollar Index (USDX®) Futures Index™. You cannot invest directly in an index.
(b) Security return is linked to the performance of the PHLX Housing Sector Index. You cannot invest directly in an index.
† Non-income producing security.
†† Represents annualized yield at date of purchase.

See accompanying notes to financial statements.

Comstock Capital Value Fund
Schedule of Investments — April 30, 2008

Shares		Cost	Market Value
COMMON STOCKS — 4.6%			
	Exchange Traded Funds — 4.6%		
10,000	streetTRACKS Gold Trust† . .	$ 888,268	$ 867,900
36,000	PowerShares DB US Dollar Index Bearish Fund† (a) . .	1,001,005	1,051,560
TOTAL COMMON STOCKS		1,889,273	1,919,460
Units			
TERM NOTE — 1.7%			
	Real Estate — 1.7%		
50,000	Merrill Lynch Medium Term Note, Ser. C, Due 06/04/09† (b)	500,000	714,750
Principal Amount			
U.S. GOVERNMENT OBLIGATIONS — 92.2%			
	U.S. Treasury Bills — 92.2%		
$38,552,000	U.S. Treasury Bills(c) (d), 1.017% to 2.181%††, 05/01/08 to 10/16/08	38,456,802	38,453,465

Number of Contracts		Expiration Date/ Exercise Price	
PUT OPTIONS PURCHASED† — 4.0%			
135	S & P 500 Index	Jun. 08/1300	202,500
70	S & P 500 Index	Sep. 08/1250	175,000
130	S & P 500 Index	Dec. 08/1225	431,600
160	S & P 500 Index	Mar. 09/1250	856,000
TOTAL PUT OPTIONS PURCHASED (Cost $3,041,160)			1,665,100
TOTAL INVESTMENTS — 102.5% (Cost $43,887,235)			42,752,775
COMMON STOCKS SOLD SHORT — (23.1)% (Proceeds received $13,252,208)			(9,618,521)
FUTURES CONTRACTS — SHORT POSITION — (3.2)% (Unrealized depreciation)			(1,330,625)
Other Assets and Liabilities (Net) — 23.8%			9,898,580
NET ASSETS — 100.0%			$41,702,209

Shares		Proceeds	Market Value
COMMON STOCKS SOLD SHORT — (23.1)%			
	Automotive — (1.0)%		
9,000	PACCAR Inc.	$ 420,788	$ 425,880
	Building and Construction — (1.3)%		
10,000	Beazer Homes USA Inc.	400,476	110,700
6,500	Centex Corp.	434,352	135,330
6,500	KB HOME	431,715	146,250
11,000	Pulte Homes Inc.	418,204	143,440
		1,684,747	535,720
	Business Services — (2.0)%		
8,800	The Shaw Group Inc.	460,376	434,896
5,600	United Parcel Service Inc., Cl. B	396,721	405,496
		857,097	840,392
COMMON STOCKS SOLD SHORT (Continued)			
	Computer Software and Services — (4.6)%		
10,000	Advent Software Inc.	$ 432,902	$ 398,600
14,000	Juniper Networks Inc.	415,844	386,680
24,000	Red Hat Inc.	541,464	493,680
7,700	SanDisk Corp.	370,258	208,593
8,400	SAP AG, ADR	400,455	421,932
		2,160,923	1,909,485
	Diversified Industrial — (1.1)%		
7,500	Foster Wheeler Ltd.	444,641	477,675
	Electronics — (3.4)%		
9,000	Lam Research Corp.	409,043	367,560
22,000	Maxim Integrated Products Inc.	1,037,704	462,660
13,000	NVIDIA Corp.	394,294	267,150
11,000	Texas Instruments Inc.	377,697	320,760
		2,218,738	1,418,130
	Environmental Services — (1.1)%		
8,700	Stericycle Inc.	452,605	464,406
	Financial Services — (3.7)%		
9,000	Capital One Financial Corp. . .	677,752	477,000
12,000	CompuCredit Corp.	448,317	96,960
2,000	The Goldman Sachs Group Inc.	421,778	382,740
12,000	Washington Mutual Inc.	512,171	147,480
14,000	Wells Fargo & Co.	418,025	416,500
		2,478,043	1,520,680
	Health Care — (1.1)%		
15,000	Hologic Inc.	440,653	437,850
	Retail — (2.9)%		
5,300	Abercrombie & Fitch Co., Cl. A	379,474	393,843
9,000	CBRL Group Inc.	376,114	332,460
5,300	J.C. Penney Co. Inc.	379,951	225,250
17,000	Starbucks Corp.	554,554	275,910
		1,690,093	1,227,463
	Telecommunications — (0.9)%		
12,000	Nokia Oyj, ADR	403,880	360,840
TOTAL COMMON STOCKS SOLD SHORT . . .		$13,252,208	$ 9,618,521

Number of Contracts		Expiration Date	Unrealized Depreciation
FUTURES CONTRACTS — SHORT POSITION — (3.2)%			
50	S & P 500 Index Futures . . .	06/19/08	$ (1,330,625)

(a) Security is linked to the performance of the Deutsche Bank Short U.S. Dollar Index (USDX®) Futures Index™. You cannot invest directly in an index.
(b) Security return is linked to the performance of the PHLX Housing Sector Index. You cannot invest directly in an index.
(c) At April 30, 2008, $8,000,000 of the principal amount was pledged as collateral for securities sold short.
(d) At April 30, 2008, $3,000,000 of the principal amount was pledged as collateral for futures contracts.
† Non-income producing security.
†† Represents annualized yield at date of purchase.
ADR American Depositary Receipt

See accompanying notes to financial statements.

Comstock Funds, Inc.
Statements of Assets and Liabilities — April 30, 2008

	Strategy Fund	Capital Value Fund
Assets:		
Investments, at value (cost $5,163,231 and $43,887,235, respectively)	$ 4,880,905	$ 42,752,775
Cash	562	1,680
Deposit at brokers	376	—
Receivable for investments sold	—	14,803,370
Receivable for Fund shares sold	—	20,425
Variation margin receivable	—	66,500
Interest receivable	3,758	—
Prepaid expenses	16,588	27,698
Total Assets	4,902,189	57,672,448
Liabilities:		
Securities sold short (proceeds $0 and $13,252,208, respectively)	—	9,618,521
Payable for investments purchased	—	1,316,245
Payable for Fund shares redeemed	—	106,716
Dividends payable on securities sold short	—	4,600
Payable to brokers	—	4,764,372
Payable for investment advisory fees	3,515	35,374
Payable for distribution fees	253	16,849
Payable for directors fees	1,162	10,088
Payable for custodian fees	590	1,891
Payable for legal and audit fees	33,353	44,943
Payable for shareholder communications expenses	5,474	19,466
Payable for shareholder services fees	6,406	30,771
Other accrued expenses	325	403
Total Liabilities	51,078	15,970,239
Net Assets applicable to 2,286,131 and 19,572,918 shares outstanding, respectively	$ 4,851,111	$ 41,702,209
Net Assets Consist of:		
Paid-in capital, each class at $0.001 par value	$ 24,830,925	$ 119,620,240
Accumulated (distributions in excess of) net investment income	(13,152)	32,731
Accumulated net realized loss on investments, securities sold short, and futures transactions	(19,684,336)	(79,119,364)
Net unrealized depreciation on investments	(282,326)	(1,134,460)
Net unrealized appreciation on securities sold short	—	3,633,687
Net unrealized depreciation on futures	—	(1,330,625)
Net Assets	$ 4,851,111	$ 41,702,209
Shares of Capital Stock:		
Class O:		
Net Asset Value and redemption price per share ($3,889,995 ÷ 1,844,607 shares outstanding with 150,000,000 shares authorized)	$2.11	
Class A:		
Net Asset Value and redemption price per share ($892,692 ÷ 410,329 shares outstanding with 150,000,000 shares authorized and $29,168,981 ÷ 13,404,254 shares outstanding with 125,000,000 shares authorized, respectively)	$2.18	$2.18
Maximum offering price per share (NAV ÷ .9425 based on maximum sales charge of 5.75% of the offering price)	$2.31	$2.31
Class B:		
Net Asset Value and offering price per share ($925,588 ÷ 434,008 shares outstanding with 125,000,000 shares authorized)		$2.13(a)
Class C:		
Net Asset Value and offering price per share ($68,424 ÷ 31,195 shares outstanding with 200,000,000 shares authorized and $11,587,402 ÷ 5,725,378 shares outstanding with 125,000,000 shares authorized, respectively)	$2.19(a)	$2.02(a)
Class R:		
Net Asset Value, offering and redemption price per share ($20,238 ÷ 9,278 shares outstanding with 125,000,000 shares authorized)		$2.18

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

See accompanying notes to financial statements.

Comstock Funds, Inc.
Statements of Operations — For the Year Ended April 30, 2008

	Strategy Fund	Capital Value Fund
Investment Income:		
Interest	$ 234,122	$ 1,772,149
Total Investment Income	234,122	1,772,149
Expenses:		
Investment advisory fees	49,442	407,548
Distribution fees – Class A	2,605	72,929
Distribution fees – Class B	—	12,679
Distribution fees – Class C	1,699	102,994
Dividend expense on securities sold short	—	99,209
Custodian fees	992	8,106
Directors' fees	5,822	41,219
Interest expense	1,604	3,526
Legal and audit fees	34,409	80,453
Registration expenses	11,627	15,673
Shareholder communications expenses	4,651	40,467
Shareholder services fees	24,903	101,973
Miscellaneous expenses	8,083	13,717
Total Expenses	145,837	1,000,493
Less: Custodian fee credits	—	(386)
Net Expenses	145,837	1,000,107
Net Investment Income	88,285	772,042
Net Realized and Unrealized Gain (Loss) on Investments, Securities Sold Short, and Futures Transactions:		
Net realized loss on investments	(590,924)	(2,953,072)
Net realized loss on securities sold short	—	(627,479)
Net realized gain on futures transactions	—	2,505,500
Net realized loss on investments, securities sold short, and futures transactions	(590,924)	(1,075,051)
Net change in unrealized appreciation/depreciation on investments	(97,966)	217,815
Net change in unrealized appreciation/depreciation on securities sold short	—	2,445,636
Net change in unrealized appreciation/depreciation on futures transactions	—	(744,375)
Net change in unrealized appreciation/depreciation on investments, securities sold short, and futures transactions	(97,966)	1,919,076
Net Realized and Unrealized Gain (Loss) on Investments, Securities Sold Short, and Futures Transactions	(688,890)	844,025
Net Increase (Decrease) in Net Assets Resulting from Operations	$(600,605)	$ 1,616,067

See accompanying notes to financial statements.

Comstock Funds, Inc.
Statements of Changes in Net Assets

	Strategy Fund		Capital Value Fund	
	For the Year Ended April 30,		For the Year Ended April 30,	
	2008	2007	2008	2007
Operations:				
Net investment income	$ 88,285	$ 200,799	$ 772,042	$ 1,637,498
Net realized loss on investments, securities sold short, and futures transactions	(590,924)	(807,499)	(1,075,051)	(4,683,963)
Net change in unrealized appreciation/depreciation on investments, securities sold short, and futures transactions	(97,966)	9,300	1,919,076	4,902
Net Increase (Decrease) in Net Assets Resulting from Operations	(600,605)	(597,400)	1,616,067	(3,041,563)
Distributions to Shareholders:				
Net investment income:				
Class O	(77,798)	(180,704)	—	—
Class A	(14,815)	(32,076)	(784,903)	(1,162,297)
Class B	—	—	(21,765)	(45,902)
Class C	(2,380)	(7,968)	(210,958)	(339,902)
Class R	—	—	(556)	(181)
	(94,993)	(220,748)	(1,018,182)	(1,548,282)
Return of capital:				
Class O	(37,502)	—	—	—
Class A	(7,141)	—	—	—
Class C	(1,148)	—	—	—
	(45,791)	—	—	—
Total Distributions to Shareholders	(140,784)	(220,748)	(1,018,182)	(1,548,282)
Capital Stock Transactions:				
Proceeds from shares sold:				
Class A	331,424	307,958	6,623,452	12,570,434
Class B	—	—	487	196,292
Class C	191,777	6,153	5,699,038	7,424,267
Class R	—	—	18,355	16,678
	523,201	314,111	12,341,332	20,207,671
Proceeds from reinvestment of distributions:				
Class O	77,475	117,527	—	—
Class A	13,705	17,906	482,907	705,707
Class B	—	—	19,924	36,919
Class C	539	1,744	98,904	163,250
Class R	—	—	556	181
	91,719	137,177	602,291	906,057
Cost of shares redeemed:				
Class O	(706,471)	(1,945,300)	—	—
Class A	(327,355)	(772,842)	(7,337,616)	(14,084,810)
Class B	—	—	(650,876)	(934,549)
Class C	(338,131)	(254,661)	(4,881,952)	(3,440,016)
Class R	—	—	(4,977)	(35,940)
	(1,371,957)	(2,972,803)	(12,875,421)	(18,495,315)
Net Increase (Decrease) in Net Assets from Capital Stock Transactions	(757,037)	(2,521,515)	68,202	2,618,413
Redemption Fees	—	—	806	272
Net Increase (Decrease) in Net Assets	(1,498,426)	(3,339,663)	666,893	(1,971,160)
Net Assets:				
Beginning of period	6,349,537	9,689,200	41,035,316	43,006,476
End of period	$ 4,851,111	$ 6,349,537	$ 41,702,209	$ 41,035,316
Undistributed net investment income	$ —	$ —	$ 32,731	$ 278,871

See accompanying notes to financial statements.

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

		Income from Investment Operations			Distributions						Ratios to Average Net Assets/ Supplemental Data			
Period Ended April 30	Net Asset Value, Beginning of Period	Net Investment Income(a)	Net Realized and Unrealized Loss on Investments	Total from Investment Operations	Net Investment Income	Return of Capital	Total Distributions	Redemption Fees(a)	Net Asset Value, End of Period	Total Return†	Net Assets End of Period (in 000's)	Net Investment Income	Operating Expenses(b)	Portfolio Turnover Rate††
Strategy Fund														
Class O														
2008	$2.41	$0.04	$(0.28)	$(0.24)	$(0.04)	$(0.02)	$(0.06)	—	$2.11	(10.13)%	$ 3,890	1.61%	2.43%	6%
2007	2.68	0.07	(0.27)	(0.20)	(0.07)	—	(0.07)	—	2.41	(7.44)	5,093	2.58	2.91	0
2006	3.24	0.06	(0.56)	(0.50)	(0.06)	—	(0.06)	—	2.68	(15.46)	7,566	2.19	2.38	30
2005	3.71	0.04	(0.40)	(0.36)	(0.08)	(0.03)	(0.11)	$0.00(c)	3.24	(9.77)	10,961	1.09	1.94	1
2004	4.35	0.04	(0.55)	(0.51)	(0.13)	—	(0.13)	—	3.71	(11.85)(d)	14,008	1.04	2.09	58
Class A														
2008	$2.48	$0.03	$(0.28)	$(0.25)	$(0.03)	$(0.02)	$(0.05)	—	$2.18	(10.15)%	$ 893	1.24%	2.68%	6%
2007	2.76	0.06	(0.27)	(0.21)	(0.07)	—	(0.07)	—	2.48	(7.81)	1,015	2.32	3.16	0
2006	3.33	0.06	(0.58)	(0.52)	(0.05)	—	(0.05)	—	2.76	(15.69)	1,593	1.91	2.63	30
2005	3.79	0.03	(0.40)	(0.37)	(0.06)	(0.03)	(0.09)	$0.00(c)	3.33	(9.74)	2,551	0.79	2.19	1
2004	4.42	0.03	(0.58)	(0.55)	(0.08)	—	(0.08)	—	3.79	(12.52)(d)	4,553	0.74	2.34	58
Class C														
2008	$2.51	$0.02	$(0.29)	$(0.27)	$(0.03)	$(0.02)	$(0.05)	—	$2.19	(10.87)%	$ 68	0.78%	3.44%	6%
2007	2.80	0.04	(0.28)	(0.24)	(0.05)	—	(0.05)	—	2.51	(8.67)	242	1.56	3.91	0
2006	3.36	0.04	(0.58)	(0.54)	(0.02)	—	(0.02)	—	2.80	(15.97)	530	1.29	3.38	30
2005	3.83	0.00(c)	(0.41)	(0.41)	(0.04)	(0.02)	(0.06)	$0.00(c)	3.36	(10.66)	431	0.09	2.95	1
2004	4.46	0.00(c)	(0.58)	(0.58)	(0.05)	—	(0.05)	—	3.83	(13.12)(d)	486	0.02	3.08	58

† Total investment returns exclude the effects of sales loads and assume reinvestment of distributions.
†† Effective in 2008, a change in accounting policy was adopted with regard to the calculation of the portfolio turnover rate. Had this policy been adopted retroactively, the portfolio turnover rate for the fiscal years ended 2007, 2006, 2005, and 2004 would have been as shown.
(a) Based on average shares outstanding.
(b) The Fund incurred interest expense during the fiscal years ended April 30, 2008, 2007, and 2006. If interest expense had not been incurred, the ratios of operating expenses to average net assets would have been 2.41%, 2.85%, and 2.37% (Class O), 2.65%, 3.10%, and 2.62% (Class A), and 3.42%, 3.85%, and 3.37% (Class C), respectively.
(c) Amount represents less than $0.005 per share.
(d) Total return excluding the effect of the reimbursements of investment losses from the Fund's Adviser and other service providers of $583,634 for the fiscal year ended April 30, 2004 was (13.75)%, (14.13)%, and (14.93)% for Class O, A, and C Shares, respectively.

See accompanying notes to financial statements.

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

		Income from Investment Operations			Distributions					Ratios to Average Net Assets/ Supplemental Data				
Period Ended April 30	Net Asset Value, Beginning of Period	Net Investment Income (Loss)(a)	Net Realized and Unrealized Gain (Loss) on Investments	Total from Investment Operations	Net Investment Income	Total Distributions	Redemption Fees(a)	Net Asset Value, End of Period	Total Return†	Net Assets End of Period (in 000's)	Net Investment Income (Loss)	Operating Expenses(b)	Dividend Expense on Securities Sold Short	Portfolio Turnover Rate††
Capital Value Fund														
Class A														
2008	$2.12	$0.05	$0.07	$0.12	$(0.06)	$(0.06)	$0.00(c)	$2.18	5.73%	$29,169	2.12%	2.24%(d)	0.24%	0%
2007	2.33	0.09	(0.22)	(0.13)	(0.08)	(0.08)	0.00(c)	2.12	(5.49)	28,841	3.73	1.92	0.13	0
2006	2.91	0.05	(0.58)	(0.53)	(0.05)	(0.05)	0.00(c)	2.33	(18.35)	32,873	2.08	2.20	0.25	0
2005	3.29	0.00(c)	(0.38)	(0.38)	—	—	0.00(c)	2.91	(11.55)	54,025	0.08	1.81	0.25	0
2004	4.25	(0.02)	(0.94)	(0.96)	—	—	—	3.29	(22.59)	75,628	(0.64)	1.97	0.17	66
Class B														
2008	$2.08	$0.03	$0.06	$0.09	$(0.04)	$(0.04)	$0.00(c)	$2.13	4.36%	$ 926	1.48%	2.99%(d)	0.24%	0%
2007	2.27	0.07	(0.20)	(0.13)	(0.06)	(0.06)	0.00(c)	2.08	(5.79)	1,518	2.96	2.67	0.14	0
2006	2.84	0.03	(0.57)	(0.54)	(0.03)	(0.03)	0.00(c)	2.27	(19.02)	2,371	1.28	2.96	0.25	0
2005	3.24	(0.02)	(0.38)	(0.40)	—	—	0.00(c)	2.84	(12.35)	5,397	(0.69)	2.56	0.25	0
2004	4.22	(0.05)	(0.93)	(0.98)	—	—	—	3.24	(23.22)	9,381	(1.32)	2.67	0.17	66
Class C														
2008	$1.98	$0.03	$0.05	$0.08	$(0.04)	$(0.04)	$0.00(c)	$2.02	4.32%	$11,587	1.32%	2.99%(d)	0.24%	0%
2007	2.18	0.06	(0.19)	(0.13)	(0.07)	(0.07)	0.00(c)	1.98	(6.00)	10,671	3.01	2.67	0.13	0
2006	2.72	0.03	(0.54)	(0.51)	(0.03)	(0.03)	0.00(c)	2.18	(18.74)	7,737	1.32	2.95	0.25	0
2005	3.10	(0.02)	(0.36)	(0.38)	—	—	0.00(c)	2.72	(12.26)	13,497	(0.67)	2.56	0.25	0
2004	4.04	(0.05)	(0.89)	(0.94)	—	—	—	3.10	(23.27)	19,171	(1.38)	2.71	0.17	66
Class R														
2008	$2.12	$0.05	$0.08	$0.13	$(0.07)	$(0.07)	$0.00(c)	$2.18	6.00%	$ 20	2.09%	1.99%(d)	0.26%	0%
2007	2.33	0.09	(0.21)	(0.12)	(0.09)	(0.09)	0.00(c)	2.12	(5.24)	5	3.89	1.64	0.16	0
2006	2.90	0.06	(0.58)	(0.52)	(0.05)	(0.05)	0.00(c)	2.33	(17.90)	25	2.31	1.95	0.25	0
2005	3.28	0.01	(0.39)	(0.38)	—	—	0.00(c)	2.90	(11.59)	51	0.31	1.58	0.25	0
2004	4.23	(0.01)	(0.94)	(0.95)	—	—	—	3.28	(22.46)	74	(0.29)	1.66	0.17	66

† Total investment returns exclude the effects of sales loads and assume reinvestment of distributions.

†† Effective in 2008, a change in accounting policy was adopted with regard to the calculation of the portfolio turnover rate. Had this policy been adopted retroactively, the portfolio turnover rate for the fiscal years ended 2007, 2006, 2005, and 2004 would have been as shown.

(a) Based on average shares outstanding.

(b) For the fiscal years ended April 30, 2008, 2007, and 2006, the effect of the custodian fee credits was minimal.

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

(d) The Fund incurred interest expense during the fiscal year ended April 30, 2008. If interest expense had not been incurred, the ratio of operating expenses to average net assets would have been 2.23% (Class A), 2.98% (Class B and Class C), and 1.98% (Class R), respectively.

See accompanying notes to financial statements.

1. Organization. Comstock Funds, Inc. (the "Company"), formerly known as Comstock Partners Funds, Inc., is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company offering shares in two separate portfolios: Comstock Strategy Fund (the "Strategy Fund") and Comstock Capital Value Fund (the "Capital Value Fund") (each a "Fund" and collectively the "Funds"). The Company accounts separately for the assets, liabilities, and operations of each Fund. The Strategy Fund is a non-diversified portfolio with an investment objective to maximize total return over the long-term investment horizon by investing primarily in a portfolio of debt securities. The Capital Value Fund is a diversified portfolio with an investment objective to maximize total return, consisting of capital appreciation and current income.

2. Significant Accounting Policies. The preparation of financial statements in accordance with United States ("U.S.") generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Company 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 60 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 60 days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons to the valuation and changes in valuation of similar securities, including a comparison of foreign securities to the equivalent U.S. dollar value ADR securities at the close of the U.S. exchange; and evaluation of an other information that could be indicative of the value of the security.

In September 2006, the Financial Accounting Standards Board (the “FASB”) issued Statement of Financial Accounting Standards (“SFAS”) 157, Fair Value Measurements, which clarifies the definition of fair value and requires companies to expand their disclosure about the use of fair value to measure assets and liabilities in interim and annual periods subsequent to initial recognition. Adoption of SFAS 157 requires the use of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. As of April 30, 2008, the Funds do not believe the adoption of SFAS 157 will impact the amounts reported in their financial statements.

In March 2008, FASB issued Statement of Financial Accounting Standards No.161, “Disclosures about Derivative Instruments and Hedging Activities” (“SFAS 161”) was issued and is effective for fiscal years beginning after November 15, 2008. SFAS 161 is intended to improve financial reporting for derivative instruments by requiring enhanced disclosure that enables investors to understand how and why an entity uses derivatives, how derivatives are accounted for, and how derivative instruments affect and entity’s results of operations and financial position. Management is currently evaluating the implications of SFAS 161. The impact on the Funds’ financial statement disclosures, if any, is currently being assessed.

Repurchase Agreements. The Funds may enter into repurchase agreements with primary government securities dealers recognized by the Federal Reserve Board, with member banks of the Federal Reserve System, or with other brokers or dealers that meet credit guidelines established by the Adviser and reviewed by the Board. Under the terms of a typical repurchase agreement, the Funds take possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Funds to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Funds’ holding period. The Funds will always receive and maintain securities as collateral whose market value, including accrued interest, will be at least equal to 102% of the dollar amount invested by the Funds in each agreement. The Funds will make payment for such securities only upon physical delivery or upon evidence of book entry transfer of the collateral to the account of the custodian. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to maintain the adequacy of the collateral. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Funds may be delayed or limited. At April 30, 2008, there were no open repurchase agreements.

Options. The Funds may purchase or write call or put options on securities or indices. As a writer of put options, the Funds receive a premium at the outset and then bear the risk of unfavorable changes in the price of the financial instrument underlying the option. The Funds would incur a loss if the price of the underlying financial instrument decreases between the date the option is written and the date on which the option is terminated. The Funds would realize a gain, to the extent of the premium, if the price of the financial instrument increases between those dates. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss. If a put option is exercised, the premium reduces the cost basis of the security.

As a purchaser of put options, the Funds pay a premium for the right to sell to the seller of the put option the underlying security at a specified price. The seller of the put has the obligation to purchase the underlying security upon exercise at the exercise price. If the price of the underlying security declines, the Funds would realize a gain upon sale or exercise. If the price of the underlying security increases or stays the same, the Funds would realize a loss upon sale or at expiration date, but only to the extent of the premium paid.

In the case of call options, these exercise prices are referred to as “in-the-money,” “at-the-money,” and “out-of-the-money,” respectively. The Funds may write (a) in-the-money call options when the Adviser expects that the price of the underlying security will remain stable or decline moderately during the option period, (b) covered at-the-money call options when the Adviser expects that the price of the underlying security will remain stable or advance moderately during the option period, and (c) out-of-the-money call options when the Adviser expects that the premiums received from writing the call option will be greater than the appreciation in the price of the underlying security above the exercise price. By writing a call option, the Funds limit their opportunity to profit from any increase in the market value of the underlying security above the exercise price of the option. Out-of-the-money, at-the-money, and in-the-money put options (the reverse of call options as to the relation of exercise price to market price) may be utilized in the same market environments that such call options are used in equivalent transactions. The Strategy Fund may sell put options on certain indices in order to hedge various market risks.

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

There are several risks in connection with the use of futures contracts as a hedging instrument. The change in value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in value of the hedged investments. In addition, there is the risk that a Fund may not be able to enter into a closing transaction because of an illiquid secondary market. Open futures contracts at April 30, 2008, are reflected within the Schedule of Investments.

Securities Sold Short. The Capital Value 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. Securities sold short at April 30, 2008 are reported within the Schedule of Investments.

Forward Foreign Exchange Contracts. The Funds may engage in forward foreign exchange contracts for 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 would be included in unrealized appreciation/depreciation on foreign currency translations. When the contract is closed, the Funds record 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 Funds' portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Funds could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. At April 30, 2008, there were no open forward foreign exchange contracts.

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

Foreign Securities. The Funds 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 ability 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 Funds may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Funds will accrue such taxes and recoveries as applicable, based upon their current interpretation of tax rules and regulations that exist in the markets in which they invest.

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

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

In calculating the net asset value ("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 Statements 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 the current federal funds rate plus 0.50% of the overdrawn amount. This amount, if any, would be shown as "interest expense" in the Statements of Operations.

Distributions to Shareholders. Income distributions to shareholders, if any, are made quarterly for the Strategy Fund and annually for the Capital Value Fund. Distributions from realized gains, if any, will be made annually. Distributions to shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under U.S. generally accepted accounting principles. These differences are primarily due to differing treatments of income and gains on various investment securities held by the Funds, timing differences, and differing characterizations of distributions made by the Funds. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. These reclassifications have no impact on the NAV of the Funds. For the fiscal year ended April 30, 2008, the following reclassifications were made to increase (decrease) such accounts:

	Accumulated Distributions in Excess of Net Investment Income	Accumulated Net Realized Loss on Investments, Options, Securities Sold Short, and Futures Transactions	Additional Paid-in Capital
Strategy Fund	$45,791	$15,186,640	$(15,232,431)
Capital Value Fund	—	36,909,064	(36,909,064)

The tax character of distributions paid during the fiscal years ended April 30, 2008 and April 30, 2007 was as follows:

	Strategy Fund		Capital Value Fund	
	Year Ended April 30,		Year Ended April 30,	
	2008	2007	2008	2007
Ordinary Income	$ 94,993	$220,748	$1,018,182	$1,548,282
Return of Capital	45,791	—	—	–
Total distributions paid	$140,784	$220,748	$1,018,182	$1,548,282

Provision for Income Taxes. The Funds intend 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 Funds to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of their net investment company taxable income and net capital gains. Therefore, no provision for federal income taxes is required.

At April 30, 2008, the difference between book and tax basis unrealized depreciation for the Strategy Fund was primarily due to basis adjustments on hybrid securities and basis adjustments for section 1256 contracts. The difference between book and tax basis unrealized depreciation for the Capital Value Fund was primarily due to deferral of losses from wash sales for tax purposes and basis adjustments on hybrid securities.

As of April 30, 2008, the components of accumulated earnings/losses on a tax basis were as follows:

	Strategy Fund	Capital Value Fund
Accumulated capital loss carryforwards	$(19,708,171)	$(81,147,495)
Post October losses	(319,612)	(676,444)
Undistributed ordinary income	—	98,489
Net unrealized appreciation on investments	47,969	173,732
Net unrealized appreciation on securities sold short	—	3,633,687
Total	$(19,979,814)	$(77,918,031)

The following summarizes the tax cost of investments, proceeds of short sales, futures transactions, and the related unrealized appreciation/depreciation for each Fund at April 30, 2008:

	Cost/ (Proceeds)	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation/Depreciation
Strategy Fund	$ 4,832,936	$ 53,018	$ (5,049)	$ 47,969
Capital Value Fund				
Investments	42,579,043	199,557	(25,825)	173,732
Short sales	(13,252,208)	3,728,236	(94,549)	3,633,687

The following summarizes capital loss carryforwards and expiration dates for each Fund at April 30, 2008:

Expiring in Fiscal Year	Strategy Fund	Capital Value Fund
2009	$ 5,026,316	$ 409,704
2012	—	15,241,825
2013	11,097,388	40,898,340
2014	1,655,953	13,004,169
2015	1,276,858	7,109,158
2016	651,656	4,484,299
	$19,708,171	$81,147,495

These capital loss carryforwards are available to reduce future required distributions of net capital gains to shareholders. For the fiscal year ended April 30, 2008, the Strategy Fund and the Capital Value Fund had capital loss carryforward expirations of $15,186,640 and $36,909,064, respectively.

FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109" (the "Interpretation") established a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether the Funds are taxable in a particular jurisdiction) and required certain expanded tax disclosures.

For the fiscal year ended April 30, 2008, the Funds did not have any liability for any unrecognized tax benefits. The Funds recognize interest and penalties, if any, related to unrecognized tax benefits as income tax expenses in the Statement of Operations. The Funds are not subject to examination by U.S. federal tax authorities for tax years before 2004 and by state tax authorities for tax years before 2003.

3. Investment Advisory Agreements and Other Transactions. Gabelli Funds, LLC serves as the Adviser and Administrator for both Funds. As compensation for services and related expenses, the Strategy Fund and Capital Value Fund pay the Adviser an annual fee of 0.85% and 1.00%, respectively, of the Funds' average daily net assets, computed daily and payable monthly. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for each Fund's portfolio, oversees the administration of all aspects of each Fund's business and affairs, and pays the compensation of all Officers and Directors of the Company who are affiliated persons of the Adviser.

The Company pays each Director who is not considered to be an affiliated person, an annual retainer of $5,000 plus $1,000 for each Board meeting attended and they are reimbursed for any out of pocket expenses incurred in attending meetings. All Board committee members receive $500 per meeting attended. Directors who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Funds.

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

5. Portfolio Securities. Purchases and proceeds from the sales of securities for the fiscal year ended April 30, 2008, other than short-term securities and U.S. Government obligations, are as follows:

	Purchases	Sales
Strategy Fund	$ 139,044	$ —
Capital Value Fund	1,889,273	—

Purchases and proceeds from the sales of U.S. Government obligations for the fiscal year ended April 30, 2008, other than short-term obligations are as follows:

	Purchases	Sales
Strategy Fund	$ —	$5,289,656
Capital Value Fund	—	—

6. Transactions with Affiliates. During the fiscal year ended April 30, 2008, Gabelli & Company informed the Funds that it received $23,217 from investors representing commissions (sales charges and underwriting fees) on sales and redemptions of Fund shares.

7. Capital Stock Transactions. The Strategy Fund offers Class A and Class C Shares. Class O Shares are no longer offered for sale, except for reinvestment of distributions. The Capital Value Fund offers Class A, Class B, Class C, and Class R Shares. Class B Shares are not currently available for new purchases other than exchanges from Class B Shares of other Gabelli/GAMCO Funds.

Each Class O, Class A, and Class C Share of the Strategy Fund and each Class A, Class B, Class C, and Class R Share of the Capital Value Fund represents an interest in the Strategy Fund or the Capital Value Fund, as the case may be, in proportion to its NAV, and has identical rights except that Class A, Class B, and Class C Shares of the Funds bear fees and expenses on an ongoing basis pursuant to the Funds' Class A, Class B, and Class C Service and Distribution Plans, respectively. In addition, only the holders of Class A, Class B, and Class C Shares have voting rights with respect to matters pertaining to the Class A, Class B, and Class C Service and Distribution Plans, respectively. Class A Shares of each Fund are subject to a maximum front-end sales charge of 5.75% imposed at the time of purchase and in certain cases, contingent deferred sales charges ("CDSC"). Class B Shares are subject to a CDSC upon redemption within six years of purchase and automatically convert to Class A Shares approximately six years after the original purchase. The applicable CDSC is equal to a declining percentage of the lesser of the NAV per share at the date of the original purchase or at the date of redemption, based on the length of time held. Class C Shares are subject to a 1.00% CDSC for one year after purchase. Class R Shares are available only to certain institutional investors and certain benefit or retirement plans. Shareholders can exchange their shares of the Strategy Fund Class A and Class O into the Capital Value Fund Class A Shares with no initial sales load on the condition that the sum of the value of shares exchanged plus any new or existing investment of the receiving Capital Value account is at least $1,000. Class C Shares of the Strategy Fund can be exchanged into Class C Shares of the Capital Value Fund on the condition that the sum of the value of shares exchanged plus any new or existing investment of the receiving Capital Value account is at least $1,000.

The Funds impose a redemption fee of 2.00% on all classes of shares that are redeemed or exchanged on or before the seventh day after the date of a purchase. The redemption fee is deducted from the proceeds otherwise payable to the redeeming shareholders and is retained by the Funds. The redemption fees retained by the Funds during the fiscal year ended April 30, 2008 amounted to $0 and $806 and during the fiscal year ended April 30, 2007 amounted to $0 and $272 for the Strategy Fund and the Capital Value Fund, respectively.

The redemption fee does not apply to redemptions of shares where (i) the shares were purchased through automatic reinvestment of distributions, (ii) the redemption was initiated by the Fund, (iii) the shares were purchased through programs that collect the redemption fee at the program level and remit them to the Fund, or (iv) the shares were purchased through programs that the Adviser determines to have appropriate anti-short-term trading policies in place or as to which the Adviser has received assurances that look-through redemption fee procedures or effective anti-short-term trading policies and procedures are in place.

Transactions in shares of capital stock were as follows:

	Strategy Fund		Capital Value Fund	
	Year Ended April 30,		Year Ended April 30,	
	2008	2007	2008	2007
Class O:				
Shares issued upon reinvestment of distributions	34,759	45,625		
Shares redeemed	(304,050)	(751,426)		
Net decrease in Class O Shares	(269,291)	(705,801)		
Class A:				
Shares sold	134,184	116,225	2,951,565	5,239,662
Shares issued upon reinvestment of distributions	5,910	6,747	226,717	325,211
Shares redeemed	(138,797)	(290,869)	(3,356,528)	(6,085,083)
Net increase (decrease) in Class A Shares	1,297	(167,897)	(178,246)	(520,210)
Class B:				
Shares sold			233	85,016
Shares issued upon reinvestment of distributions			9,533	17,333
Shares redeemed			(306,006)	(414,607)
Net decrease in Class B Shares			(296,240)	(312,258)
Class C:				
Shares sold	74,138	2,299	2,687,610	3,363,281
Shares issued upon reinvestment of distributions	227	649	49,701	80,419
Shares redeemed	(139,461)	(96,208)	(2,410,631)	(1,598,492)
Net increase (decrease) in Class C Shares	(65,096)	(93,260)	326,680	1,845,208
Class R:				
Shares sold			8,586	7,657
Shares issued upon reinvestment of distributions			261	83
Shares redeemed			(2,117)	(15,913)
Net increase (decrease) in Class R Shares			6,730	(8,173)

8. Indemnifications. The Funds enter in to contracts that contain a variety of indemnifications. The Funds' maximum exposure under these arrangements is unknown. However, the Funds have not had prior claims or losses pursuant to these contracts and expect the risk of loss to be remote.

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

On a separate matter, in September 2005, the Adviser was informed by the staff of the SEC that the staff may recommend to the Commission that an administrative remedy and a monetary penalty be sought from the Adviser in connection with the actions of two of nine closed-end funds managed by the Adviser relating to Section 19(a) and Rule 19a-1 of the 1940 Act. These provisions require registered investment companies to provide written statements to shareholders when a dividend is made from a source other than net investment income. While the two closed-end funds sent annual statements and provided other materials containing this information, the funds did not send written statements to shareholders with each distribution in 2002 and 2003. The Adviser believes that all of the funds are now in compliance. The Adviser believes that these matters would have no effect on the Funds or any material adverse effect on the Adviser or its ability to manage the Funds.

Comstock Funds, Inc.
Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of
Comstock Funds, Inc.

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of Comstock Funds, Inc. (comprising, respectively, Comstock Strategy Fund and Comstock Capital Value Fund) (collectively, the “Funds”), as of April 30, 2008, and the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Funds’ management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Funds’ internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds’ internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of April 30, 2008, by correspondence with the Funds’ custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of each of the respective portfolios constituting Comstock Funds, Inc. at April 30, 2008, the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended, and their financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

Philadelphia, Pennsylvania
June 19, 2008

Comstock Funds, Inc.
Additional Fund Information (Unaudited)

The business and affairs of the Company are managed under the direction of the Company's Board of Directors. Information pertaining to the Directors and officers of the Company is set forth below. The Company's Statement of Additional Information includes additional information about the Comstock Funds, Inc. Directors and is available, without charge, upon request, by calling 800-GABELLI (800-422-3554) or by writing to Comstock Funds, Inc. at One Corporate Center, Rye, NY 10580-1422.

Name, Position(s) Address[1] and Age	Term of Office and Length of Time Served[2]	Number of Funds in Fund Complex Overseen by Director	Principal Occupation(s) During Past Five Years	Other Directorships Held by Director[5]
INTERESTED DIRECTORS[3]:				
Charles L. Minter Director and Portfolio Manager Age: 66	Since 1987	2	Portfolio Manager, Gabelli Funds, LLC, since 2000; Prior to May 2000, Director, Chairman of the Board and Chief Executive Officer of Comstock Partners, Inc.	—
Henry G. Van der Eb, CFA[4] Chairman of the Board Age: 63	Since 2000	3	Senior Vice President of GAMCO Investors, Inc. since August 2004; Senior Vice President and Portfolio Manager of Gabelli Funds, LLC and GAMCO Asset Management Inc. since 1999; President and CEO of GAMCO Mathers Fund since 1999	—
INDEPENDENT DIRECTORS[6]:				
M. Bruce Adelberg Director Age: 71	Since 1995	2	Consultant, MBA Research Group since November 1995	—
Anthony J. Colavita Director Age: 72	Since 2000	35	Partner in the law firm of Anthony J. Colavita, P.C.	—
Vincent D. Enright Director Age: 64	Since 2000	15	Former Senior Vice President and Chief Financial Officer of KeySpan Energy Corporation (public utility) (1994 - 1998)	Director of Echo Therapeutics, Inc. (therapeutics and diagnostics)
Anthony R. Pustorino Director Age: 82	Since 2000	14	Certified Public Accountant; Professor Emeritus, Pace University	Director of The LGL Group, Inc. (diversified manufacturing)
Werner J. Roeder, MD Director Age: 67	Since 2000	23	Medical Director of Lawrence Hospital and practicing private physician	—

Name, Position(s) Address[1] and Age	Term of Office and Length of Time Served[2]	Principal Occupation(s) During Past Five Years
OFFICERS:		
Bruce N. Alpert Executive Vice President and Secretary Age: 56	Since 2000	Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988 and an officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex. Director and President of Teton Advisors, Inc. since 1998
Carolyn Matlin Vice President Age: 51	Since 1987	Vice President of Gabelli Funds, LLC, since 2000
Agnes Mullady Treasurer Age: 49	Since 2006	Vice President of Gabelli Funds, LLC since 2007; Officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex; Senior Vice President of U.S. Trust Company, N.A. and Treasurer and Chief Financial Officer of Excelsior Funds from 2004 through 2005; Chief Financial Officer of AMIC Distribution Partners from 2002 through 2004; Controller of Reserve Management Corporation and Reserve Partners, Inc. and Treasurer of Reserve Funds from 2000 through 2002
Peter D. Goldstein Chief Compliance Officer Age: 55	Since 2004	Director of Regulatory Affairs at GAMCO Investors, Inc. since 2004; Chief Compliance Officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex; Vice President of Goldman Sachs Asset Management from 2000 through 2004
Martin Weiner President and Portfolio Manager Age: 74	Since 1995	Portfolio Manager of Gabelli Funds, LLC since 2000; President and Portfolio Manager of the Comstock Capital Value Fund and the Comstock Strategy Fund since 1999

1 Address: One Corporate Center, Rye, NY 10580-1422, unless otherwise noted.

2 Each Director will hold office for an indefinite term until the earliest of (i) the next meeting of shareholders if any, called for the purpose of considering the election or re-election of such Director and until the election and qualification of his or her successor, if any, elected at such meeting, or (ii) the date a Director resigns or retires, or a Director is removed by the Board of Directors or shareholders, in accordance with the Company's By-Laws and Articles of Incorporation. Each officer will hold office for an indefinite term until the date he or she resigns or retires or until his or her successor is elected and qualified.

3 "Interested person" of the Company as defined in the 1940 Act. Messrs. Minter and Van der Eb are each considered an "interested person" because of their affiliation with Gabelli Funds, LLC which acts as the Company's investment adviser.

4 Address: 2801 Lakeside Drive, Suite 201, Bannockburn, IL 60015.

5 This column includes only directorships of companies required to report to the SEC under the Securities Exchange Act of 1934, as amended (i.e. public companies) or other investment companies registered under the 1940 Act.

6 Directors who are not interested persons, as defined in the 1940 Act, are considered "Independent" Directors.

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Gabelli/GAMCO Funds and Your Personal Privacy

Who are we?

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

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

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

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

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

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

What do we do to protect your personal information?

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

GABELLI FAMILY OF FUNDS

VALUE

Gabelli Asset Fund
Seeks to invest primarily in a diversified portfolio of common stocks selling at significant discounts to their private market value. The Fund's primary objective is growth of capital. *(Multiclass)*
Portfolio Manager: Mario J. Gabelli, CFA

Gabelli Blue Chip Value Fund
Seeks long term growth of capital through investment primarily in the common stocks of established companies which are temporarily out of favor. The fund's objective is to identify a catalyst or sequence of events that will return the company to a higher value. *(Multiclass)*
Portfolio Manager: Barbara Marcin, CFA

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

FOCUSED VALUE

Gabelli Value Fund
Seeks to invest in securities of companies believed to be undervalued. The Fund's primary objective is long-term capital appreciation. *(Multiclass)*
Portfolio Manager: Mario J. Gabelli, CFA

SMALL CAP VALUE

Gabelli Small Cap Fund
Seeks to invest primarily in common stock of smaller companies (market capitalizations at the time of investment of $2 billion or less) believed to have rapid revenue and earnings growth potential. The Fund's primary objective is capital appreciation. *(Multiclass)*
Portfolio Manager: Mario J. Gabelli, CFA

GAMCO Westwood SmallCap Equity Fund
Seeks to invest primarily in smaller capitalization equity securities – market caps of $2.5 billion or less. The Fund's primary objective is long-term capital appreciation. *(Multiclass)*
Portfolio Manager: Elizabeth M. Lilly, CFA

Gabelli Woodland Small Cap Value Fund
Seeks to invest primarily in the common stocks of smaller companies (market capitalizations generally less than $3.0 billion) believed to be undervalued with shareholder oriented management teams that are employing strategies to grow the company's value. The Fund's primary objective is capital appreciation. *(Multiclass)* *Portfolio Manager: Elizabeth M. Lilly, CFA*

GROWTH

GAMCO Growth Fund
Seeks to invest primarily in large cap stocks believed to have favorable, yet undervalued, prospects for earnings growth. The Fund's primary objective is capital appreciation. *(Multiclass)*
Portfolio Manager: Howard F. Ward, CFA

GAMCO International Growth Fund
Seeks to invest in the equity securities of foreign issuers with long-term capital appreciation potential. The Fund offers investors global diversification. *(Multiclass)* *Portfolio Manager: Caesar Bryan*

AGGRESSIVE GROWTH

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

MICRO-CAP

GAMCO Westwood Mighty Mites℠ Fund
Seeks to invest in micro-cap companies that have market capitalizations of $300 million or less. The Fund's primary objective is long-term capital appreciation. *(Multiclass)* *Team Managed*

EQUITY INCOME

Gabelli Equity Income Fund
Seeks to invest primarily in equity securities with above average market yields. The Fund pays monthly dividends and seeks a high level of total return with an emphasis on income. *(Multiclass)*
Portfolio Manager: Mario J. Gabelli, CFA

GAMCO Westwood Balanced Fund
Seeks to invest in a balanced and diversified portfolio of stocks and bonds. The Fund's primary objective is both capital appreciation and current income. *(Multiclass)*
Co-Portfolio Managers: Susan M. Byrne
Mark Freeman, CFA

GAMCO Westwood Income Fund
Seeks to provide a high level of current income as well as long-term capital appreciation by investing in income producing equity and fixed income securities. *(Multiclass)* *Portfolio Manager: Barbara Marcin, CFA*

SPECIALTY EQUITY

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

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

Gabelli SRI Fund
Seeks to invest in common and preferred stocks of companies that meet the Fund's guidelines for social responsibility at the time of investment, looking to avoid companies in tobacco, alcohol, and gaming, defense/weapons contractors, and manufacturers of abortifacients. The Fund's primary objective is capital appreciation. *(Multiclass)*
Portfolio Manager: Christopher C. Desmarais

SECTOR

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

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

Gabelli Utilities Fund
Seeks to provide a high level of total return through a combination of capital appreciation and current income. *(Multiclass)* *Team Managed*

MERGER AND ARBITRAGE

Gabelli ABC Fund
Seeks to invest in securities with attractive opportunities for appreciation or investment income. The Fund's primary objective is total return in various market conditions without excessive risk of capital loss.
(No-load) *Portfolio Manager: Mario J. Gabelli, CFA*

CONTRARIAN

GAMCO Mathers Fund
Seeks long-term capital appreciation in various market conditions without excessive risk of capital loss.
(No-load) *Portfolio Manager: Henry Van der Eb, CFA*

Comstock Capital Value Fund
Seeks capital appreciation and current income. The Fund may use either long or short positions to achieve its objective. *(Multiclass)*
Portfolio Manager: Martin Weiner, CFA

Comstock Strategy Fund
The Fund emphasizes investments in debt securities, which maximize total return in light of credit risk, interest rate risk, and the risk associated with the length of maturity of debt instruments. *(Multiclass)*
Portfolio Manager: Martin Weiner, CFA

FIXED INCOME

GAMCO Westwood Intermediate Bond Fund
Seeks to invest in a diversified portfolio of bonds with various maturities. The Fund's primary objective is total return. *(Multiclass)*
Portfolio Manager: Mark Freeman, CFA

CASH MANAGEMENT-MONEY MARKET

Gabelli U.S. Treasury Money Market Fund
Seeks to invest exclusively in short-term U.S. Treasury securities. The Fund's primary objective is to provide high current income consistent with the preservation of principal and liquidity. *(No-load)*
Portfolio Manager: Judith A. Raneri

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

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

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

Comstock Funds, Inc.
Comstock Strategy Fund
Comstock Capital Value Fund
One Corporate Center
Rye, New York 10580-1422
800-GABELLI
800-422-3554
fax: 914-921-5118
website: www.gabelli.com
e-mail: info@gabelli.com
Net Asset Value per share available daily by calling
800-GABELLI after 6:00 P.M.

Board of Directors

M. Bruce Adelberg
Consultant
MBA Research Group

Anthony J. Colavita
Attorney-at-Law
Anthony J. Colavita, P.C.

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

Charles L. Minter
Former Chairman and Chief Executive Officer
Comstock Partners, Inc.

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

Werner J. Roeder, MD
Medical Director
Lawrence Hospital

Henry G. Van der Eb, CFA
Senior Vice President
GAMCO Investors, Inc.

Officers and Portfolio Managers

Bruce N. Alpert
Executive Vice President and Secretary

Peter D. Goldstein
Chief Compliance Officer

Carolyn Matlin
Vice President

Martin Weiner, CFA
Portfolio Manager and President

Charles L. Minter
Portfolio Manager and Director

Agnes Mullady
Treasurer

Distributor
Gabelli & Company, Inc.

Transfer Agent and Dividend Disbursing Agent
State Street Bank and Trust Company

Legal Counsel
Paul, Hastings, Janofsky & Walker LLP

GABCOMAR08SR

Comstock Funds, Inc.

Comstock Strategy Fund
Comstock Capital Value Fund

ANNUAL REPORT
APRIL 30, 2008