

Gabelli Enterprise Mergers and Acquisitions Fund

Shareholder Commentary October 31, 2008

To Our Shareholders,

The Gabelli Enterprise Mergers and Acquisitions Fund's (the "Fund") Class A net asset value ("NAV") per share declined 20.55% in the quarter ended October 31, 2008 compared with a decline of 23.10% for the S&P 500 Index. For the twelve months ended October 31, 2008, the Fund was down 29.16%, outperforming the S&P 500, that declined 36.08%.

Comparative Results

Average Annual Returns through October 31, 2008 (a)(b)

	Quarter	Year to Date	1 Year	3 Year	5 Year	Since Inception (2/28/01)
Gabelli Enterprise Mergers and Acquisitions Fund						
Class A	(20.55)% (24.32)	(25.34)% (28.89)	(29.16)% (32.52)	(3.50)% (5.05)	0.11% (0.86)	1.44% 0.80
Class B	(20.63) (24.60)	(25.66) (29.38)	(29.53) (33.05)	(4.02) (4.99)	(0.45) (0.85)	0.88 0.88
Class C	(20.70) (21.50)	(25.68) (26.43)	(29.55) (30.25)	(4.03) (4.03)	(0.45) (0.45)	0.88 0.88
Class Y	(20.52)	(25.11)	(28.88)	(3.09)	0.55	1.89
S&P 500 Index	(23.10)	(32.83)	(36.08)	(5.21)	0.26	(1.43)
Lipper U.S. Treasury Money Market Fund Average ..	0.20	1.09	1.63	3.27	2.43	2.12

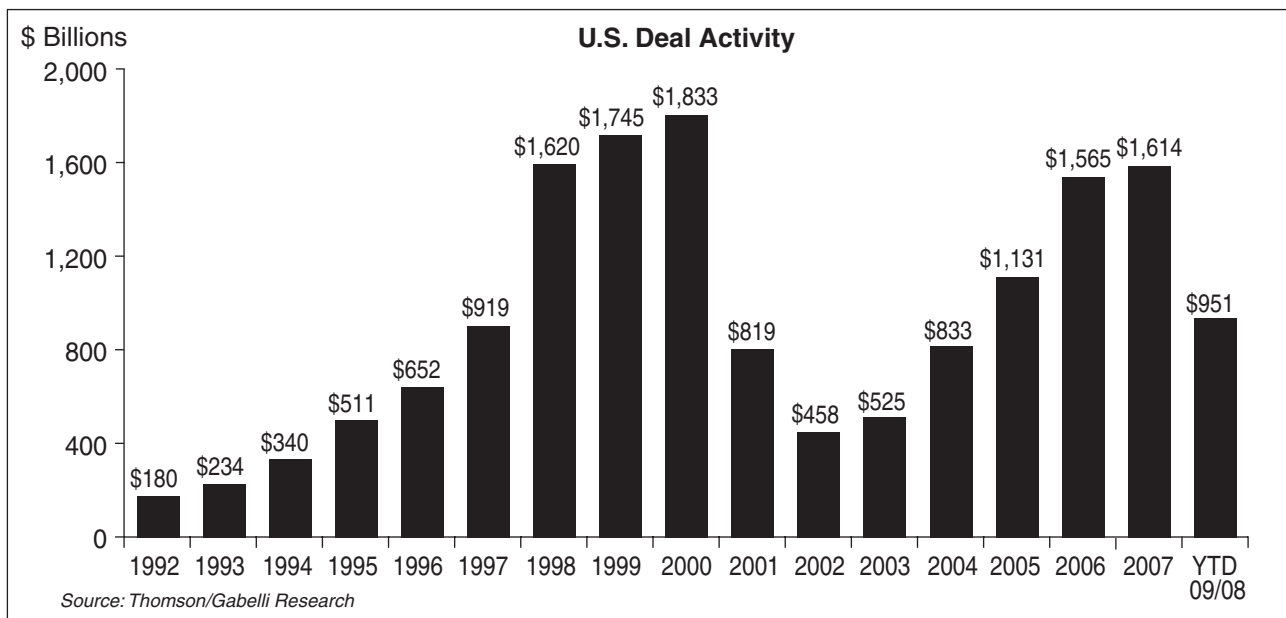
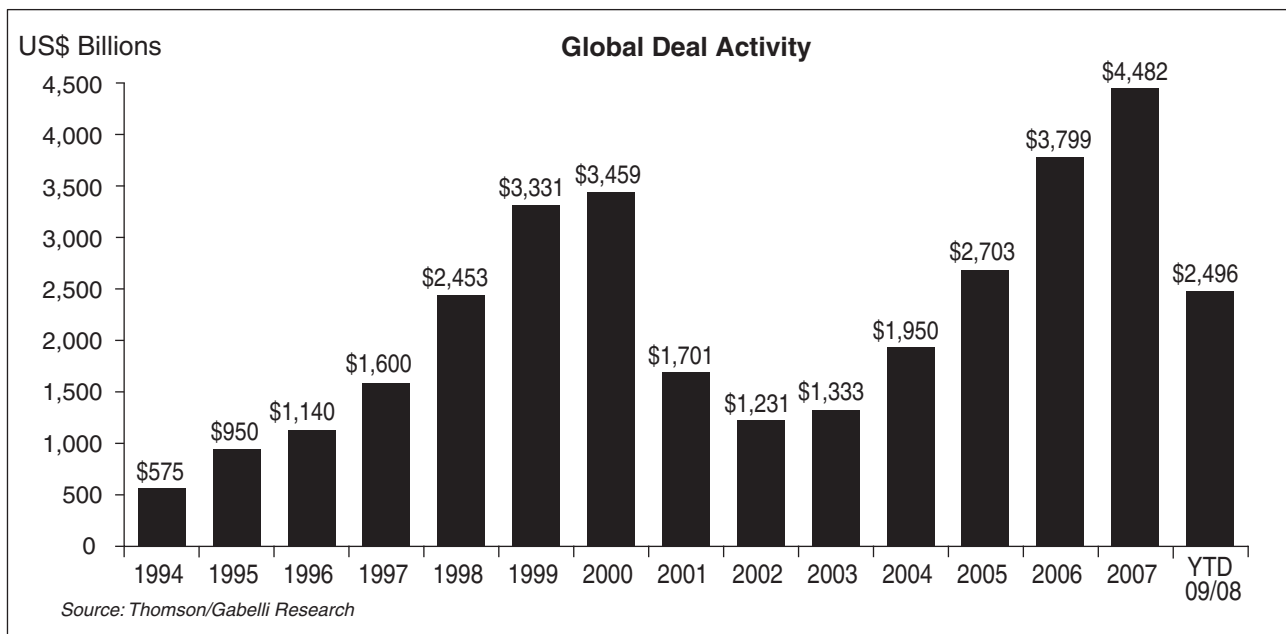
In the current prospectus, the expense ratio for the Class A, Class B, Class C, and Class Y Shares is 1.70%, 2.25%, 2.25%, and 1.25%, respectively. Class Y Shares have no sales charge. The maximum sales charge for the Class A, Class B, and Class C Shares is 4.75%, 5.00%, and 1.00%, respectively.

(a) **Returns represent past performance and do not guarantee future results.** Total returns and average annual returns reflect changes in share price and reinvestment of dividends and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Performance returns for periods of less than one year are not annualized. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectus contains more information about this and other matters and should be read carefully before investing.** The S&P 500 Index is an unmanaged indicator of stock market performance, while the Lipper U.S. Treasury Money Market Fund Average reflects the average performance of mutual funds classified in this particular category. Dividends are considered reinvested. You cannot invest directly in an index.

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

COMMENTARY

The first three quarters of 2008 have been a period of upheaval in the equities markets – and deal making has not been immune. As reported by Thomson, in the first nine months of the year, globally announced mergers and acquisitions (“M&A”) slowed to \$2,496 billion, compared with \$3,625 billion for the same period, 2007.



However, impacting and adding to deal making – especially in the month of September – was the increased volume in the financial services sector. Overall, 43% of announced M&A volume in September (and 21% in the third quarter) involved financial institutions, as we witnessed mergers and the convergence of investment banks with commercial banks (Bank of America with Merrill Lynch, in particular).

For deals that are being announced, companies in the U.S. are increasingly targets for acquisitions. For the first nine months of 2008, U.S. deals accounted for 38% of the total – in contrast to 24% for the same period, 2007.

In an ongoing trend, large leverage buyouts are a shrinking source of deal making. Instead, deals now depend upon strategic corporate restructurings. Those companies with the wherewithal continue to launch offers (whether hostile or friendly), opportunistically motivated by substantially lower market prices of their target acquisitions.

Widening spreads affected us on a mark-to-market basis in October, yet we remain encouraged by dynamics that emerged during the month. The prices of many stocks in the process of being acquired fell disproportionately to their risk profile. Most of our “winners” were completed deals the market unjustly punished either through forced selling or risk aversion, enabling us to buy stocks “cheap” and realize gains as the transactions were completed. Examples include:

- DRS Technologies (DRS - NYSE) traded around \$72 per share on October 9 before the transaction was completed on October 22 at \$81 cash per share.
- Anheuser-Busch (4.3% of net assets as of October 31, 2008) (BUD - NYSE) traded below \$58 per share in late October. InBev closed the transaction on November 18 at \$70 cash per share.
- Hercules (0.8%) (HPC - NYSE) traded around \$14 in late October before being acquired by Ashland for \$18.60 cash and 0.093 shares of Ashland on November 14.

While Mr. Market may not continue to provide us with opportunities like these, we remain focused and disciplined to achieve returns.

Selected Stock Holdings

The following are stock specifics on selected holdings of our Fund. Favorable earnings prospects do not necessarily translate into higher stock prices, but they do express a positive trend that we believe will develop over time. Individual securities mentioned are not necessarily representative of the entire portfolio. For the following holdings, the percentage of net assets and their share prices stated in U.S. dollar equivalent terms are presented as of October 31, 2008.

Ciba Holding Inc. (0.4% of net assets as of October 31, 2008) (CIBN.VX - \$41.56 - Euronext) This Swiss based specialty chemicals manufacturer provides chemicals for various markets including paper, plastics, packaging, lubricants, automotive, electronics, water treatment, agriculture, and personal care. With production locations all across the globe, Ciba reaches its customers in more than 120 countries. On September 15, 2008, BASF AG made a tender offer to purchase Ciba for 50 Swiss francs per share, valuing the company at \$5 billion USD. The deal hinges upon acceptance by 66.6% of shareholders and regulatory approval from various jurisdictions, including the U.S. and the European Union. Closing of the deal is expected in the first quarter of 2009.

Foundry Networks (0.4%) (FDRY - \$14.85 - Nasdaq) agreed to be acquired by *Brocade Communications Systems (BRCD - \$3.77 - Nasdaq)* under renegotiated terms. Foundry Networks designs, develops, manufactures, and markets high speed networking equipment. Under terms of the revised agreement, Foundry shareholders will receive \$16.50 cash per share, valuing the transaction at approximately \$2.6 billion. Foundry had previously agreed to be acquired by Brocade for \$18.50 cash and 0.0907 shares BRCD, however, difficulties in the credit markets forced Brocade to renegotiate the deal. The transaction remains subject to Foundry shareholder approval and is expected to close by the end of 2008.

Imclone Systems (0.2%) (IMCL - \$68.76 - Nasdaq) agreed to be acquired by *Eli Lilly & Co. (LLY - \$33.82 - NYSE)*. Imclone is a biopharmaceutical company that develops and commercializes drugs designed to treat patients with cancer, including growth factor blockers and angiogenesis inhibitors. Under terms of the agreement Imclone shareholders will receive \$70 cash per share, valuing the transaction at approximately \$6 billion. The transaction is subject to regulatory approval, as well as the tender of a majority of shares outstanding and is expected to close by the end of November 2008.

NRG Energy Inc. (0.7%) (NRG - \$23.25 - NYSE) received an unsolicited offer to be acquired by the biggest U.S. utility, *Exelon Corp. (EXC - \$54.24 - NYSE)*. NRG Energy is a competitive energy provider with a global portfolio of projects with over 24,000 MW of generation at 44 power generating facilities. Under terms of the agreement NRG shareholders would receive 0.485 shares of EXC for each share of NRG, valuing the transaction at approximately \$6.2 billion. The exchange offer was launched in early November and is subject to the tender of a majority of NRG shares, as well as regulatory approvals. We continue to monitor the situation.

Philadelphia Consolidated Holding Corp. (1.8%) (PHLY - \$58.49 - Nasdaq) designs, markets, and underwrites commercial and personal property, as well as casualty and professional liability insurance products. On July 23, 2008, Japan based Tokio Marine announced that they had entered into an agreement with Philadelphia Consolidated to purchase the company for \$4.7 billion, or \$61.50 per share. The merger is subject to regulatory approvals as well as a shareholder vote. We anticipate that the deal will be completed by the end of the fourth quarter of 2008.

Rohm & Haas Co. (4.4%) (ROH - \$70.35 - NYSE), based in Philadelphia, PA, is a global producer of specialty chemicals and advanced materials that serve the building and construction, electronics, paints and coatings, and packaging markets. On July 10, 2008, Dow Chemical bid \$78 per share to acquire all of the outstanding common stock of Rohm & Haas. The \$78 bid came at a 74% premium to the company's July 9, 2008, closing price. Since then, Rohm & Haas' share price has fallen significantly and now trades at over a 10% discount to the offer price. Despite broad credit market fears, we continue to believe the deal will close and that shareholders will be handsomely rewarded for their stock.

Sovereign Bancorp Inc., (0.6%) (SOV - \$2.93 - NYSE) agreed to be acquired by Spanish bank *Banco Santander, S.A. (STD - \$10.74 - NYSE)*. Sovereign Bancorp has over 750 community banking offices in the Northeastern United States offering retail banking, business and corporate banking, cash management, capital markets, wealth management, and insurance. Santander currently owns 24.35% of Sovereign's ordinary shares, and is acquiring the 75.65% of shares it does not already own. Under terms of the transaction Sovereign shareholders will receive 0.2924 shares of Banco Santander American Depository Receipts (ADRs) for every Sovereign share held, valuing the transaction at approximately \$1.9 billion. The transaction is subject to approval by shareholders of both companies, as well as U.S. and Spanish bank regulatory approvals. The transaction is expected to close in the first quarter of 2009.

Wachovia Corp. (0.2%) (WB - \$6.41 - NYSE) agreed to be acquired by Wells Fargo & Co. (WFC - \$34.05 - NYSE). Wachovia provides financial services to retail and corporate customers on the East Coast as well as asset and wealth management, capital markets, and securities brokerage services. Under terms of the agreement, Wachovia shareholders will receive 0.1991 shares of Wells Fargo common stock in exchange for each share of Wachovia common stock, valuing the transaction at approximately \$15.1 billion. The transaction is subject to Wachovia shareholder, as well as regulatory approval and is expected to close by the end of 2008.

Sincerely,



Mario J. Gabelli, CFA
Portfolio Manager and
Chief Investment Officer – Value Portfolios

November 30, 2008

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

www.gabelli.com

Please visit us on the Internet. Our homepage contains information about GAMCO Investors, Inc., the Gabelli/GAMCO Mutual Funds, IRAs, 401(k)s, current and historical quarterly reports, closing prices, and other current news. We welcome your comments and questions via e-mail at info@gabelli.com.

You may sign up for our e-mail alerts at www.gabelli.com, and receive early notice of quarterly report availability, news events, media sightings, and mutual fund prices and performances.

The Fund's daily net asset value is available in the financial press and each evening after 6:00 PM (Eastern Time) by calling 800-GABELLI (800-422-3554). The Fund's Nasdaq symbol is EMAAX for Class A Shares. Please call us during the business day for further information.

e-delivery

We are pleased to offer electronic delivery of Gabelli Funds documents. Direct shareholders of our open-end mutual funds can now elect to receive their Annual, Semiannual, and Quarterly Fund Reports, Manager Commentaries, and Prospectuses via e-delivery. For more information or to sign up for e-delivery, please visit our website at www.gabelli.com.

Top Ten Holdings (Percent of Net Assets)
October 31, 2008

Rohm & Haas Co. 4.4%	Myers Industries Inc. 2.5%
Anheuser-Busch Companies, Inc. 4.3%	SWS Group Inc. 2.4%
Cadbury plc 3.3%	Puget Energy Inc. 2.3%
Cablevision Systems Corp. 3.1%	Sara Lee Corp. 2.2%
Great Plains Energy Inc. 2.8%	Northwestern Corp. 2.0%

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.

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: Nicholas F. Galluccio

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 MitesSM 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

Gabelli Enterprise Mergers and Acquisitions Fund

Seeks to invest in securities believed to be likely acquisition targets within 12–18 months or in arbitrage transactions of publicly announced mergers or other corporate reorganizations. The Fund's primary objective is capital appreciation. (Multiclass)

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)

Co-Portfolio Managers: Judith A. Raneri
Ronald S. Eaker

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.

**Gabelli Enterprise Mergers and
Acquisitions Fund**

One Corporate Center
Rye, New York 10580-1422

800-GABELLI

800-422-3554

website: www.gabelli.com

Net Asset Value per share available daily by calling
800-GABELLI after 6:00 P.M.

Board of Directors

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

Kuni Nakamura
President of
Advanced Polymer, Inc.

James P. Conn
Former Chief Investment Officer
Financial Security Assurance
Holdings Ltd.

Regina Pitaro
Managing Director and
Director of GAMCO Asset
Management Inc.

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

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Former Chairman and
Chief Executive Officer
Guardian Life Insurance
Company of America

Officers

Bruce N. Alpert
President and Secretary

Peter D. Goldstein
Chief Compliance Officer

Agnes Mullady
Treasurer

Distributor

Gabelli and Company, Inc.

Custodian, Transfer Agent, and Dividend Agent

State Street Bank and Trust Company

Legal Counsel

Paul, Hastings, Janofsky & Walker LLP

Gabelli Enterprise Mergers and Acquisitions Fund

This report is submitted for the general information of the shareholders of Gabelli Enterprise Mergers and Acquisitions Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.

ENT1008Q408SC

SHAREHOLDER COMMENTARY
OCTOBER 31, 2008

Gabelli Enterprise Mergers and Acquisitions Fund

Annual Report
October 31, 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 schedule 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 October 31, 2008 with a description of factors that affected the performance during the past year.

Performance Discussion (Unaudited)

Within the last 100 years the U.S. has survived two world wars, inflation, and a depression. The stock market events of this year were the equivalent of an 8.1 on the Richter scale and will rank high on the list of catastrophic U.S. events. We have witnessed a seismic shift in the financial landscape as Bear Stearns, Fannie Mae, Freddie Mac, AIG, and Lehman fell, Merrill Lynch, Wachovia, and Washington Mutual are or will be sold, and Morgan Stanley and Goldman Sachs registered as bank holding companies. For the first time in recent history, a money market fund "broke the buck".

Within this framework, strategic merger and acquisition activity remained solid throughout the year, and deal spreads were the most attractive we have seen in a decade. Among the market volatility, consolidation swept across the financial sector and falling stock prices made acquisitions more attractive. Other active groups for mergers were industrials and high technology.

We earned attractive spreads in high quality deals such as ChoicePoint which was acquired by Reed Elsevier and Safeco which was acquired by Liberty Mutual Group. One of our best performers, CSK Auto agreed to be acquired by auto parts retailer O'Reilly Automotive (0.7% of net assets as of October 31, 2008). Another of our best performers was Alpharma (1.3%), which agreed to be acquired by King Pharmaceutical after the latter increased its purchase price from \$33 to \$37 per share in cash.

The pre-announced portion of the portfolio declined along with the sharp drop in all stock indices. Particularly poor performers were consumer names, as the U.S. consumer suffered the pain of a recession. Broadcasting, media, and newspaper holdings declined as a weak economy for the consumer translates into lower advertising dollars. The risk aversion, unwinding of leverage, and forced selling as hedge funds and banks looked for liquidity also caused a short-term dislocation in announced arb deals resulting in higher spreads. While this is a positive going forward, it had a short-term negative impact on performance.

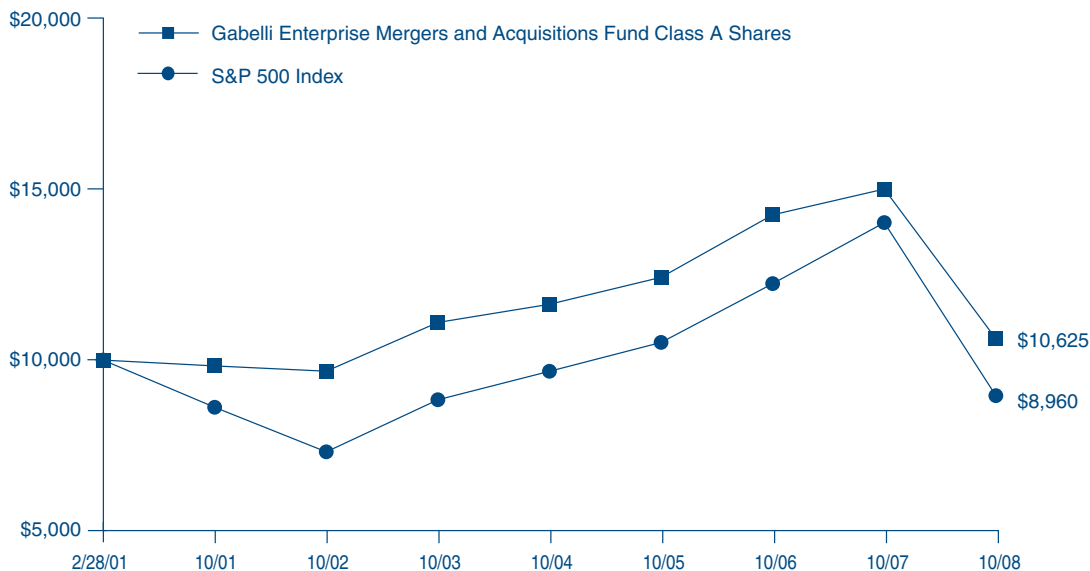
Sincerely yours,



Bruce N. Alpert
President

December 24, 2008

**COMPARISON OF CHANGE IN VALUE OF A \$10,000 INVESTMENT IN
THE GABELLI ENTERPRISE MERGERS AND ACQUISITIONS FUND CLASS A SHARES,
AND THE S&P 500 INDEX**



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

Comparative Results

Average Annual Returns through October 31, 2008 (a)

	Quarter	Year to Date	1 Year	3 Year	5 Year	Since Inception (2/28/01)
Gabelli Enterprise Mergers and Acquisitions Fund Class A	(20.55)% (24.32)(b)	(25.34)% (28.89)(b)	(29.16)% (32.52)(b)	(3.50)% (5.05)(b)	0.11% (0.86)(b)	1.44% 0.80(b)
S&P 500 Index	(23.10)	(32.83)	(36.08)	(5.21)	0.26	(1.43)
Class B	(20.63)	(25.66)	(29.53)	(4.02)	(0.45)	0.88
Class C	(24.60)(c)	(29.38)(c)	(33.05)(c)	(4.99)(c)	(0.85)(c)	0.88
Class Y	(20.70)	(25.68)	(29.55)	(4.03)	(0.45)	0.88
Class Y	(21.50)(d)	(26.43)(d)	(30.25)(d)	(4.03)	(0.45)	0.88
Class Y	(20.52)	(25.11)	(28.88)	(3.09)	0.55	1.89

In the current prospectus, the Fund's expense ratios are 1.70%, 2.25%, 2.25%, and 1.25% for the Class A, B, C, and Y Shares, respectively. Class Y Shares have no sales charge. The maximum sales charge for Class A, B, and C Shares is 4.75%, 5.00%, and 1.00%, respectively.

(a) ***Returns represent past performance and do not guarantee future results. Total returns and average annual returns reflect changes in share price and reinvestment of distributions and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Performance returns for periods of less than one year are not annualized. Current performance may be lower or higher than the performance data presented. Returns would have been lower if certain expenses of the Fund had not been waived or reimbursed from March 11, 2008. Visit www.gabelli.com for performance information as of the most recent month end. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectus contains more information about this and other matters and should be read carefully before investing. The S&P 500 Index is an unmanaged indicator of stock market performance. Dividends are considered reinvested. You cannot invest directly in an index.***

(b) ***Includes the effect of the maximum 4.75% sales charge at the beginning of the period.***

(c) ***Performance results include the deferred sales charges for the Class B Shares upon redemption at the end of the quarter, year to date, one year, three year, and five year periods of 5%, 5%, 5%, 3%, and 2%, respectively, of the Fund's net asset value ("NAV") per share at the time of purchase or sale, whichever is lower. Class B Shares are not available for new purchases.***

(d) ***Performance results include the deferred sales charges for the Class C Shares at the end of the quarter, year to date, and one year periods of 1% of the Fund's NAV per share at the time of purchase or sale, whichever is lower.***

Gabelli Enterprise Mergers and Acquisitions Fund

Disclosure of Fund Expenses (Unaudited)

For the Six Month Period from May 1, 2008 through October 31, 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 October 31, 2008.

	Beginning Account Value 05/01/08	Ending Account Value 10/31/08	Annualized Expense Ratio	Expenses Paid During Period*
Gabelli Enterprise Mergers and Acquisitions Fund				
Actual Fund Return				
Class A	\$1,000.00	\$ 770.50	2.02%	\$ 8.99
Class B	\$1,000.00	\$ 768.90	2.51%	\$11.16
Class C	\$1,000.00	\$ 768.90	2.54%	\$11.29
Class Y	\$1,000.00	\$ 772.00	1.57%	\$ 6.99
Hypothetical 5% Return				
Class A	\$1,000.00	\$1,014.98	2.02%	\$10.23
Class B	\$1,000.00	\$1,012.52	2.51%	\$12.70
Class C	\$1,000.00	\$1,012.37	2.54%	\$12.85
Class Y	\$1,000.00	\$1,017.24	1.57%	\$ 7.96

* 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 table presents portfolio holdings as a percent of net assets as of October 31, 2008:

Gabelli Enterprise Mergers and Acquisitions Fund

Consumer Staples	15.1%	Information Technology	6.7%
Consumer Discretionary	14.1%	Health Care	6.1%
Financials	12.5%	Telecommunication Services	4.2%
Materials	11.5%	Energy	1.0%
Utilities	11.5%	Special Purpose Entity	0.0%
Industrials	8.1%	Other Assets and Liabilities (Net)	2.2%
U.S. Government Obligations	7.0%		<u>100.0%</u>

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

Proxy Voting

The Fund files Form N-PX with its complete proxy voting record for the 12 months ended June 30th, no later than August 31st of each year. A description of the Fund's proxy voting policies, procedures, and how the Fund voted proxies relating to portfolio securities is available without charge, upon request, by (i) calling 800-GABELLI (800-422-3554); (ii) writing to The Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; or (iii) visiting the SEC's website at www.sec.gov.

Gabelli Enterprise Mergers and Acquisitions Fund

Schedule of Investments — October 31, 2008

Shares	Cost	Market Value	Shares	Cost	Market Value
COMMON STOCKS — 90.8%			4,800	Interval Leisure Group Inc.† \$ 105,234	\$ 34,848
CONSUMER STAPLES — 15.1%			200,000	Ladbroskes plc	507,749
Beverages — 5.6%			73,000	MGM Mirage†	1,201,580
155,000	Anheuser-Busch Cos Inc. \$ 10,419,154	\$ 9,614,650		<u>13,429,244</u>	<u>5,128,787</u>
130,000	Dr. Pepper Snapple Group Inc.†	<u>5,994,281</u>	Household Durables — 0.9%		
		<u>2,977,000</u>	10,000	Fortune Brands Inc.	381,400
		<u>16,413,435</u>	64,000	Harman International Industries Inc.	1,175,680
Food and Staples Retailing — 0.8%			7,400	Nobility Homes Inc.	86,506
8,000	Spartan Stores Inc.	55,995	215,920	18,000	Skyline Corp.
25,000	SUPERVALU Inc.	677,741	356,000		<u>6,001,936</u>
50,000	The Great Atlantic & Pacific Tea Co. Inc.†	1,321,321	413,500		<u>2,032,746</u>
16,000	Village Super Market Inc., Cl. A	731,026	786,240	Leisure Equipment and Products — 0.1%	
		<u>2,786,083</u>	<u>1,771,660</u>	100,000	The Fairchild Corp., Cl. A†
Food Products — 7.3%			60,000	Acme Communications Inc.†	367,863
200,000	Cadbury plc, ADR	9,242,518	7,396,000	1,600	Ascent Media Corp., Cl. A†
27,000	Campbell Soup Co.	862,878	1,024,650	395,000	Cablevision Systems Corp., Cl. A
3,000	Flowers Foods Inc.	16,004	88,950	40,000	CBS Corp., Cl. A
60,000	Groupe Danone, ADR	636,690	672,000	110,000	Clear Channel Outdoor Holdings Inc., Cl. A†
440,000	Sara Lee Corp.	7,550,557	4,919,200	100,000	Crown Media Holdings Inc., Cl. A†
36,000	The Hershey Co.	1,404,489	1,340,640	16,000	Discovery Communications Inc., Cl. A†
41,000	Tootsie Roll Industries Inc.	1,025,279	1,019,670	16,000	Discovery Communications Inc., Cl. C†
		<u>20,738,415</u>	<u>16,461,110</u>	16,000	Discovery Communications Inc., Cl. C†
Personal Products — 0.8%			70,000	Alberto-Culver Co.	2,240,379
Tobacco — 0.6%			20,000	UST Inc.	1,356,260
		<u>1,351,800</u>	TOTAL CONSUMER STAPLES		
		<u>43,534,572</u>	<u>33,977,320</u>	CONSUMER DISCRETIONARY — 14.1%	
CONSUMER DISCRETIONARY — 14.1%			Auto Components — 0.6%		
12,000	BERU AG	1,062,518	1,117,271	12,000	BERU AG
15,000	Modine Manufacturing Co.	291,863	111,000	2,000	Tenneco Inc.†
2,000	Tenneco Inc.†	6,300	9,820		
		<u>1,360,681</u>	<u>1,238,091</u>	Automobiles — 0.1%	
55,000	General Motors Corp.	1,092,345	317,900	8,000	Career Education Corp.†
Diversified Consumer Services — 0.6%			8,000	Career Education Corp.†	142,768
80,000	Corinthian Colleges Inc.†	648,700	1,142,400	80,000	Corinthian Colleges Inc.†
		<u>791,468</u>	<u>1,268,880</u>	Hotels, Restaurants, and Leisure — 2.3%	
90,000	Boyd Gaming Corp.	3,065,909	612,000	42,000	Churchill Downs Inc.
42,000	Churchill Downs Inc.	1,644,379	1,595,160	100,000	Dover Motorsports Inc.
100,000	Dover Motorsports Inc.	629,171	214,000	45,000	Gaylord Entertainment Co.†
45,000	Gaylord Entertainment Co.†	1,268,215	963,450		
		<u>6,001,936</u>	<u>2,032,746</u>	Leisure Equipment and Products — 0.1%	
		<u>2,786,083</u>	<u>1,771,660</u>	100,000	The Fairchild Corp., Cl. A†
		<u>16,413,435</u>	<u>786,240</u>	60,000	Acme Communications Inc.†
		<u>2,977,000</u>	<u>7,396,000</u>	1,600	Ascent Media Corp., Cl. A†
		<u>5,994,281</u>	<u>672,000</u>	395,000	Cablevision Systems Corp., Cl. A
		<u>1,321,321</u>	<u>4,919,200</u>	40,000	CBS Corp., Cl. A
		<u>731,026</u>	<u>1,340,640</u>	110,000	Clear Channel Outdoor Holdings Inc., Cl. A†
		<u>2,786,083</u>	<u>1,019,670</u>	100,000	Crown Media Holdings Inc., Cl. A†
		<u>9,242,518</u>	<u>1,019,670</u>	16,000	Discovery Communications Inc., Cl. A†
		<u>862,878</u>	<u>1,019,670</u>	16,000	Discovery Communications Inc., Cl. C†
		<u>16,004</u>	<u>1,019,670</u>	16,000	Discovery Communications Inc., Cl. C†
		<u>636,690</u>	<u>1,019,670</u>	5,000	DISH Network Corp., Cl. A†
		<u>7,550,557</u>	<u>1,019,670</u>	110,000	Emmis Communications Corp., Cl. A†
		<u>1,404,489</u>	<u>1,019,670</u>	88,000	Fisher Communications Inc.
		<u>1,025,279</u>	<u>1,019,670</u>	254	Granite Broadcasting Corp.†
		<u>20,738,415</u>	<u>1,019,670</u>	36,000	Gray Television Inc.
		<u>9,242,518</u>	<u>1,019,670</u>	4,000	Interactive Data Corp.
		<u>862,878</u>	<u>1,019,670</u>	35,000	Liberty Media Corp. - Capital, Cl. A†
		<u>16,004</u>	<u>1,019,670</u>	150,000	Liberty Media Corp. - Entertainment, Cl. A†
		<u>636,690</u>	<u>1,019,670</u>	610,000	LIN TV Corp., Cl. A†
		<u>7,550,557</u>	<u>1,019,670</u>	38,000	Media General Inc., Cl. A
		<u>1,404,489</u>	<u>1,019,670</u>	10,000	PRIMEDIA Inc.
		<u>1,025,279</u>	<u>1,019,670</u>	70,000	Salem Communications Corp., Cl. A†
		<u>20,738,415</u>	<u>1,019,670</u>	30,000	Shaw Communications Inc., Cl. B
		<u>9,242,518</u>	<u>1,019,670</u>	60,000	Sinclair Broadcast Group Inc., Cl. A
		<u>862,878</u>	<u>1,019,670</u>	24,000	Vivendi
		<u>16,004</u>	<u>1,019,670</u>	20,000	Warner Music Group Corp.
		<u>636,690</u>	<u>1,019,670</u>		
		<u>7,550,557</u>	<u>1,019,670</u>		
		<u>1,404,489</u>	<u>1,019,670</u>		
		<u>1,025,279</u>	<u>1,019,670</u>		
		<u>20,738,415</u>	<u>1,019,670</u>		
		<u>9,242,518</u>	<u>1,019,670</u>		
		<u>862,878</u>	<u>1,019,670</u>		
		<u>16,004</u>	<u>1,019,670</u>		
		<u>636,690</u>	<u>1,019,670</u>		
		<u>7,550,557</u>	<u>1,019,670</u>		
		<u>1,404,489</u>	<u>1,019,670</u>		
		<u>1,025,279</u>	<u>1,019,670</u>		
		<u>20,738,415</u>	<u>1,019,670</u>		
		<u>9,242,518</u>	<u>1,019,670</u>		
		<u>862,878</u>	<u>1,019,670</u>		
		<u>16,004</u>	<u>1,019,670</u>		
		<u>636,690</u>	<u>1,019,670</u>		
		<u>7,550,557</u>	<u>1,019,670</u>		
		<u>1,404,489</u>	<u>1,019,670</u>		
		<u>1,025,279</u>	<u>1,019,670</u>		
		<u>20,738,415</u>	<u>1,019,670</u>		
		<u>9,242,518</u>	<u>1,019,670</u>		
		<u>862,878</u>	<u>1,019,670</u>		
		<u>16,004</u>	<u>1,019,670</u>		
		<u>636,690</u>	<u>1,019,670</u>		
		<u>7,550,557</u>	<u>1,019,670</u>		
		<u>1,404,489</u>	<u>1,019,670</u>		
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		<u>16,004</u>	<u>1,019,670</u>		
		<u>636,690</u>	<u>1,019,670</u>		
		<u>7,550,557</u>	<u>1,019,670</u>		
		<u>1,404,489</u>	<u>1,019,670</u>		
		<u>1,025,279</u>	<u>1,019,670</u>		
		<u>20,738,415</u>	<u>1,019,670</u>		
		<u>9,242,518</u>	<u>1,019,670</u>		
		<u>862,878</u>	<u>1,019,670</u>		
		<u>16,004</u>	<u>1,019,670</u>		
		<u>636,690</u>	<u>1,019,670</u>		
		<u>7,550,557</u>	<u>1,019,670</u>		
		<u>1,404,489</u>	<u>1,019,670</u>		
		<u>1,025,279</u>	<u>1,019,670</u>		
		<u>20,738,415</u>	<u>1,019,670</u>		
		<u>9,242,518</u>	<u>1,019,670</u>		
		<u>862,878</u>	<u>1,019,670</u>		
		<u>16,004</u>	<u>1,019,670</u>		
		<u>636,690</u>	<u>1,019,670</u>		
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		<u>1,404,489</u>	<u>1,019,670</u>		
		<u>1,025,279</u>	<u>1,019,670</u>		
		<u>20,738,415</u>	<u>1,019,670</u>		
		<u>9,242,518</u>	<u>1,019,670</u>		
		<u>862,878</u>	<u>1,019,670</u>		
		<u>16,004</u>	<u>1,019,670</u>		
		<u>636,690</u>	<u>1,019,670</u>		
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		<u>1,025,279</u>	<u>1,019,670</u>		
		<u>20,738,415</u>	<u>1,019,670</u>		
		<u>9,242,518</u>	<u>1,019,670</u>		
		<u>862,878</u>	<u>1,019,670</u>		
		<u>16,004</u>	<u>1,019,670</u>		
		<u>636,690</u>	<u>1,019,670</u>		
		<u>7,550,557</u>	<u>1,019,670</u>		
		<u>1,404,489</u>	<u>1,019,670</u>		
		<u>1,025,279</u>	<u>1,019,670</u>		
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		<u>16,004</u>	<u>1,019,670</u>		
		<u>636,690</u>	<u>1,019,670</u>		
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		<u>9,242,518</u>	<u>1,019,670</u>		
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		<u>16,004</u>	<u>1,019,670</u>		
		<u>636,690</u>	<u>1,019,670</u>		
		<u>7,550,557</u>	<u>1,019,670</u>		
		<u>1,404,489</u>	<u>1,019,670</u>		
		<u>1,025,279</u>	<u>1,019,670</u>		
		<u>20,738,415</u>	<u>1,019,670</u>		
		<u>9,242,518</u>	<u>1,019,670</u>		
		<u>862,878</u>	<u>1,019,670</u>		
		<u>16,004</u>	<u>1,019,670</u>		
		<u>636,690</u>	<u>1,019,670</u>		
		<u>7,550,557</u>			

Gabelli Enterprise Mergers and Acquisitions Fund

Schedule of Investments (Continued) — October 31, 2008

Shares	Cost	Market Value	Shares	Cost	Market Value
COMMON STOCKS (Continued)			TELECOMMUNICATION SERVICES — 4.2%		
HEALTH CARE — 6.1%			Diversified Telecommunications Services — 1.5%		
Biotechnology — 1.7%			420,200	Asia Satellite Telecommunications Holdings Ltd. \$ 926,592 \$ 466,283	
11,000	Biogen Idec Inc.† \$ 607,290	\$ 468,050	500,000	Cincinnati Bell Inc.† 2,310,801	1,195,000
38,000	Genentech Inc.† 3,583,654	3,151,720	40,000	D&E Communications Inc. 385,627	280,000
4,800	ImClone Systems Inc.† 319,669	330,048	200,000	Portugal Telecom SGPS SA 2,418,762	1,311,003
	<u>4,510,613</u>	<u>3,949,818</u>		<u>6,041,782</u>	<u>3,252,286</u>
Health Care Equipment and Supplies — 1.8%			Wireless Telecommunications Services — 2.7%		
103,000	Advanced Medical Optics Inc.† 2,882,345	635,510	30,000	Centennial Communications Corp.† 244,597	106,800
75,000	ArthroCare Corp.† 3,024,279	1,558,500	15,000	Millicom International Cellular SA 1,005,850	600,000
20,000	CONMED Corp.† 402,194	524,000	10,000	Rogers Communications Inc., Cl. B 30,101	290,900
1,000	CryoCath Technologies Inc.† 8,243	7,210	430,000	Sprint Nextel Corp. 6,625,472	1,345,900
500	Datascope Corp. 25,760	25,085	100,000	United States Cellular Corp.† 4,746,006	3,831,000
15,000	Exactech Inc.† 202,426	303,000		<u>12,652,026</u>	<u>6,174,600</u>
15,000	ICU Medical Inc.† 350,555	480,450	TOTAL TELECOMMUNICATION SERVICES 18,693,808 9,426,886		
1,000	Inverness Medical Innovations Inc.† 16,696	19,150	ENERGY — 1.0%		
5,000	Kensey Nash Corp.† 118,549	126,950	Energy Equipment and Services — 0.4%		
7,000	Orthofix International NV† 215,089	94,850	5,000	Rowan Companies Inc. 176,872	90,700
13,000	Osteotech Inc.† 61,770	41,470	70,000	RPC Inc. 588,162	741,300
105,000	RTI Biologics Inc.† 874,442	320,250		<u>765,034</u>	<u>832,000</u>
2,000	Young Innovations Inc. 56,248	34,000	Oil, Gas, and Consumable Fuels — 0.6%		
	<u>8,238,596</u>	<u>4,170,425</u>	5,500	Alpha Natural Resources Inc.† 449,548	196,735
Health Care Providers and Services — 0.0%			18,000	Anadarko Petroleum Corp. 810,332	635,400
2,000	Chemed Corp. 60,956	87,580	5,000	Devon Energy Corp. 322,045	404,300
Health Care Technology — 0.4%			3,800	First Calgary Petroleums Ltd.† 12,406	10,972
130,000	AMICAS Inc.† 419,769	240,500	150,000	WesternZagros Resources Ltd.† 440,446	92,093
40,000	IMS Health Inc. 985,605	573,600		<u>2,034,777</u>	<u>1,339,500</u>
	<u>1,405,374</u>	<u>814,100</u>	TOTAL ENERGY 2,799,811 2,171,500		
Life Sciences Tools and Services — 0.1%			TOTAL COMMON STOCKS 306,173,142 204,278,502		
5,000	Applied Biosystems Inc. 168,573	154,150	RIGHTS — 0.0%		
Pharmaceuticals — 2.1%			SPECIAL PURPOSE ENTITY — 0.0%		
32,000	Allergan Inc. 1,838,256	1,269,440	6,000	Fresenius Kabi Pharmaceuticals Holding Inc., CVR† 0	6,900
90,000	Alpharma Inc., Cl. A† 2,681,278	2,817,900			
15,000	Bristol-Myers Squibb Co. 333,850	308,250			
5,000	Taro Pharmaceutical Industries Ltd.† 37,350	36,500			
8,000	UCB SA 284,570	201,991			
	<u>5,175,304</u>	<u>4,634,081</u>			
TOTAL HEALTH CARE	19,559,416	13,810,154			

See accompanying notes to financial statements.

Gabelli Enterprise Mergers and Acquisitions Fund

Schedule of Investments (Continued) — October 31, 2008

<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>
WARRANTS — 0.0%		
CONSUMER DISCRETIONARY — 0.0%		
Media — 0.0%		
636 Granite Broadcasting Corp., Ser. A, expire 06/04/12† . . . \$	0	\$ 140
636 Granite Broadcasting Corp., Ser. B, expire 06/04/12† . . .	0	6
	0	146
TOTAL CONSUMER DISCRETIONARY	0	146
UTILITIES — 0.0%		
Independent Power Producers and Energy Traders — 0.0%		
6,526 Mirant Corp., Ser. A, expire 01/03/11†	8,798	17,816
TOTAL WARRANTS	8,798	17,962
Principal Amount		
U.S. GOVERNMENT OBLIGATIONS — 7.0%		
\$15,706,000 U.S. Treasury Bills, 0.152% to 1.129%††, 12/04/08 to 01/29/09	15,679,068	15,690,083
TOTAL INVESTMENTS — 97.8%	\$321,861,008	219,993,447
Other Assets and Liabilities (Net) — 2.2%		4,907,085
NET ASSETS — 100.0%		\$224,900,532

(a) Illiquid security.

† Non-income producing security.

†† Represents annualized yield at date of purchase.

ADR American Depositary Receipt

CVR Contingent Value Right

See accompanying notes to financial statements.

Gabelli Enterprise Mergers and Acquisitions Fund

Statement of Assets and Liabilities October 31, 2008

Assets:	
Investments, at value (cost \$321,861,008)	\$219,993,447
Cash	86,845
Receivable for investments sold	7,450,000
Receivable for Fund shares sold	86,107
Dividends and interest receivable	268,595
Prepaid expense	27,450
Total Assets	<u>227,912,444</u>
Liabilities:	
Payable for Fund shares redeemed	1,228,384
Payable for investments purchased	753,330
Payable for investment advisory fees	186,481
Payable for distribution fees	118,901
Payable for shareholder services fees	518,323
Other accrued expenses	206,493
Total Liabilities	<u>3,011,912</u>
Net Assets applicable to 26,249,822 shares outstanding	<u>\$224,900,532</u>
Net Assets Consist of:	
Paid-in capital, each class at \$.001 par value . . .	\$311,698,472
Accumulated net investment income	5
Accumulated net realized gain on investments and foreign currency transactions	15,078,895
Net unrealized depreciation on investments	(101,867,561)
Net unrealized depreciation on foreign currency translations	(9,279)
Net Assets	<u>\$224,900,532</u>
Shares of Capital Stock:	
Class A:	
Net Asset Value and redemption price per share (\$111,249,438 ÷ 12,842,822 shares outstanding; 200,000,000 shares authorized)	<u>\$8.66</u>
Maximum offering price per share (NAV ÷ .9525, based on maximum sales charge of 4.75% of the offering price)	<u>\$9.09</u>
Class B:	
Net Asset Value and offering price per share (\$22,640,535 ÷ 2,711,509 shares outstanding; 100,000,000 shares authorized)	<u>\$8.35(a)</u>
Class C:	
Net Asset Value and offering price per share (\$62,242,441 ÷ 7,453,917 shares outstanding; 100,000,000 shares authorized)	<u>\$8.35(a)</u>
Class Y:	
Net Asset Value, offering, and redemption price per share (\$28,768,118 ÷ 3,241,574 shares outstanding; 100,000,000 shares authorized) . .	<u>\$8.87</u>

Statement of Operations For the Year Ended October 31, 2008

Investment Income:	
Dividends (net of foreign taxes of \$114,030) . . .	\$ 7,573,071
Interest	1,080,330
Total Investment Income	<u>8,653,401</u>
Expenses:	
Investment advisory fees	3,879,964
Administrative fees	112,510
Distribution fees – Class A	981,037
Distribution fees – Class B	361,089
Distribution fees – Class C	1,136,758
Shareholder services fees	1,089,720
Interest expense	292,465
Shareholder communications expenses	238,247
Legal and audit fees	187,134
Custodian fees	83,680
Registration expenses	71,589
Directors' fees	60,506
Miscellaneous expenses	17,523
Total Expenses	<u>8,512,222</u>
Less: Fees paid indirectly	(14,854)
Custodian fee credits	(2,387)
Net Expenses	<u>8,494,981</u>
Net Investment Income	<u>158,420</u>
Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency:	
Net realized gain on investments	17,892,270
Net realized loss on foreign currency transactions	(623,454)
Net realized gain on investments and foreign currency transactions	<u>17,268,816</u>
Net change in unrealized appreciation/ (depreciation) on investments	(149,367,372)
Net change in unrealized appreciation/ (depreciation) on foreign currency translations	<u>55,833</u>
Net change in unrealized appreciation/ (depreciation) on investments and foreign currency translations	<u>(149,311,539)</u>
Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency	<u>(132,042,723)</u>
Net Decrease in Net Assets Resulting from Operations	<u>\$ (131,884,303)</u>

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

See accompanying notes to financial statements.

Gabelli Enterprise Mergers and Acquisitions Fund

Statement of Changes in Net Assets

	<u>Year Ended</u> <u>October 31, 2008</u>	<u>Year Ended</u> <u>October 31, 2007</u>
Operations:		
Net investment income	\$ 158,420	\$ 4,549,306
Net realized gain on investments and foreign currency transactions	17,268,816	45,760,292
Net change in unrealized appreciation/(depreciation) on investments and foreign currency translations	<u>(149,311,539)</u>	<u>14,372,510</u>
Net Increase/(Decrease) in Net Assets Resulting from Operations	<u>(131,884,303)</u>	<u>64,682,108</u>
Distributions to Shareholders:		
Net investment income		
Class A	—	(6,290,690)
Class B	—	(809,289)
Class C	—	(2,262,759)
Class Y	—	<u>(2,144,658)</u>
	<u>—</u>	<u>(11,507,396)</u>
Net realized gain on investments		
Class A	(23,713,275)	(14,076,432)
Class B	(3,234,260)	(2,553,507)
Class C	(11,562,121)	(7,135,742)
Class Y	<u>(6,992,826)</u>	<u>(3,838,632)</u>
	<u>(45,502,482)</u>	<u>(27,604,313)</u>
Total Distributions to Shareholders	<u>(45,502,482)</u>	<u>(39,111,709)</u>
Capital Share Transactions:		
Class A	(198,410,301)	98,343,517
Class B	(11,720,592)	(6,712,132)
Class C	(68,152,170)	26,929,598
Class Y	<u>(53,091,360)</u>	<u>20,863,082</u>
Net Increase/(Decrease) in Net Assets from Capital Share Transactions	<u>(331,374,423)</u>	<u>139,424,065</u>
Redemption Fees	<u>11,432</u>	<u>—</u>
Net Increase/(Decrease) in Net Assets	<u>(508,749,776)</u>	<u>164,994,464</u>
Net Assets:		
Beginning of period	<u>733,650,308</u>	<u>568,655,844</u>
End of period (including undistributed net investment income of \$5 and \$5, respectively)	<u>\$ 224,900,532</u>	<u>\$733,650,308</u>

See accompanying notes to financial statements.

Gabelli Enterprise Mergers and Acquisitions Fund

Financial Highlights

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

Period Ended October 31	Income					Distributions					Ratios to Average Net Assets/ Supplemental Data				
	from Investment Operations					Distributions					Supplemental Data				
	Net Asset Value, Beginning of Period	Net Investment Income (Loss)(a)	Net Realized Unrealized Gain (Loss) on Investments	Total from Investment Operations	Net Investment Income	Net Realized Gain on Investments	Total Distributions	Redemption Fees(a)	Net Asset Value, End of Period	Total Return†	Net Assets, End of Period (in 000's)	Net Investment Income (Loss)(b)	Operating Expenses(c)	Portfolio Turnover Rate	
Class A															
2008	\$13.17	\$ 0.02	\$(3.64)	\$(3.62)	—	\$(0.89)	\$0.00(d)	\$ 8.66	(29.16)%	\$111,249	0.16%	1.86%(e)(f)	130%		
2007	12.75	0.05	1.18	1.27	\$(0.26)	(0.59)	0.00(d)	13.17	10.52	401,709	0.68	1.70	216		
2006	11.62	0.23	1.43	1.66	(0.11)	(0.52)	0.00(d)	12.75	14.73	289,464	1.84	1.66	227		
2005	11.26	0.05	0.70	0.75	—	(0.39)	0.00(d)	11.62	6.77	186,769	0.42	1.71	183		
2004(g)	11.05	(0.03)	0.24	0.21	—	—	0.00(d)	11.26	1.90	120,465	(0.33)(h)	1.74(h)	138		
2003(f)	9.70	(0.06)	1.56	1.50	—	(0.15)	—	11.05	15.45	67,912	(0.57)	1.76	233		
Class B															
2008	\$12.79	\$(0.04)	\$(3.51)	\$(3.55)	—	\$(0.89)	\$0.00(d)	\$ 8.35	(29.53)%	\$ 22,641	(0.37)%	2.41%(e)(f)	130%		
2007	12.39	0.04	1.14	1.18	\$(0.19)	(0.59)	0.00(d)	12.79	9.96	48,688	0.25	2.25	216		
2006	11.31	0.15	1.39	1.54	(0.04)	(0.46)	0.00(d)	11.31	14.02	53,665	1.27	2.21	227		
2005	11.03	(0.01)	0.68	0.67	—	(0.39)	0.00(d)	10.39	6.17	49,896	(0.13)	2.26	183		
2004(g)	10.87	(0.08)	0.24	0.16	—	—	0.00(d)	11.03	1.47	45,335	(0.88)(h)	2.29(h)	138		
2003(f)	9.59	(0.11)	1.54	1.43	—	(0.15)	—	10.87	14.90	35,564	(1.12)	2.31	233		
Class C															
2008	\$12.80	\$(0.04)	\$(3.52)	\$(3.56)	—	\$(0.89)	\$0.00(d)	\$ 8.35	(29.55)%	\$ 62,243	(0.37)%	2.41%(e)(f)	130%		
2007	12.40	0.03	1.15	1.18	\$(0.19)	(0.59)	0.00(d)	12.80	9.96	176,766	0.16	2.25	216		
2006	11.31	0.15	1.40	1.55	(0.04)	(0.42)	0.00(d)	12.40	14.11	143,711	1.28	2.21	227		
2005	11.03	(0.01)	0.68	0.67	—	(0.39)	0.00(d)	11.31	6.17	100,671	(0.13)	2.26	183		
2004(g)	10.87	(0.08)	0.24	0.16	—	—	0.00(d)	11.03	1.47	71,454	(0.88)(h)	2.29(h)	138		
2003(f)	9.60	(0.11)	1.53	1.42	—	(0.15)	—	10.87	14.78	42,882	(1.12)	2.31	233		
Class Y															
2008	\$13.48	\$ 0.07	\$(3.73)	\$(3.66)	—	\$(0.95)	\$0.00(d)	\$ 8.87	(28.88)%	\$ 28,768	0.63%	1.41%(e)(f)	130%		
2007	13.04	0.16	1.20	1.36	\$(0.33)	(0.59)	0.00(d)	13.48	11.01	106,487	1.15	1.25	216		
2006	11.88	0.29	1.45	1.74	(0.16)	(0.42)	0.00(d)	13.04	15.23	81,816	2.34	1.21	227		
2005	11.45	0.11	0.71	0.82	—	(0.39)	0.00(d)	11.88	7.28	37,489	0.87	1.26	183		
2004(g)	11.19	0.01	0.25	0.26	—	—	0.00(d)	11.45	2.32	12,001	0.12(h)	1.29(h)	138		
2003(f)	9.77	(0.01)	1.58	1.57	—	(0.15)	—	11.19	16.06	4,885	(0.11)	1.31	233		

† Total return represents aggregate total return of a hypothetical \$1,000 investment at the beginning of the period and sold at the end of the period including reinvestment of distributions and does not reflect applicable sales charges. Total return for a period of less than one year is not annualized.

(a) Per share amounts have been calculated using the average shares outstanding method.
 (b) Net investment income (loss) ratios do not include a reduction for fees paid indirectly. Including such reduction for fees paid indirectly, the net investment income (loss) ratios for the fiscal years ended October 31, 2007, 2006, and 2005 would have been 0.72%, 1.87%, and 0.47% (Class A), 0.29%, 1.30%, and (0.08)% (Class B), 0.20%, 1.31%, and (0.08)% (Class C), and 1.19%, 2.38%, and 0.92% (Class Y), respectively. For the fiscal year ended October 31, 2008, the effect of the fees paid indirectly was minimal. For the ten months ended October 31, 2004 and the fiscal year ended December 31, 2003 there were no fees paid indirectly.

(c) The operating expenses ratios do not include a reduction of expense for fees paid indirectly. Including such reduction for fees paid indirectly, the expense ratios for the fiscal years ended October 2007, 2006, and 2005 would have been 1.66%, 1.63%, and 1.66% (Class A), 2.21%, 2.18%, and 2.21% (Class B and Class C), and 1.21%, 1.18%, and 1.21% (Class Y), respectively. For the fiscal year ended October 31, 2008, the effect of the fees paid indirectly was minimal. For the ten months ended October 31, 2004 and the fiscal year ended December 31, 2003 there were no fees paid indirectly.

(d) Amount represents less than \$0.005 per share.

(e) The Fund incurred interest expense during the fiscal year ended October 31, 2008. If interest expense had not been incurred, the ratio of operating expenses to average net assets would have been 1.79% (Class A), 2.34% (Class B and Class C), and 1.34% (Class Y), respectively. For the fiscal year ended October 31, 2008, the effect of a reduction of expenses for custodian fee credits on cash balances maintained with the custodian. For the fiscal year ended October 31, 2008, the effect of the custodian fee credits was minimal.

(f) For the ten months ended October 31, 2004, The Fund's fiscal year end changed from December 31 to October 31, effective October 31, 2004. Annualized.

(g) For the fiscal year ended December 31, 2003.

(h) See accompanying notes to financial statements.

Gabelli Enterprise Mergers and Acquisitions Fund

Notes to Financial Statements

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

2. Significant Accounting Policies. The 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 Fund in the preparation of its financial statements.

Security Valuation. Portfolio securities listed or traded on a nationally recognized securities exchange or traded in the U.S. over-the-counter market for which market quotations are readily available are valued at the last quoted sale price or a market’s official closing price as of the close of business on the day the securities are being valued. If there were no sales that day, the security is valued at the average of the closing bid and asked prices or, if there were no asked prices quoted on that day, then the security is valued at the closing bid price on that day. If no bid or asked prices are quoted on such day, the security is valued at the most recently available price or, if the Board of Directors (the “Board”) so determines, by such other method as the Board shall determine in good faith to reflect its fair market value. Portfolio securities traded on more than one national securities exchange or market are valued according to the broadest and most representative market, as determined by Gabelli Funds, LLC (the “Adviser”).

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market but prior to the close of business on the day the securities are being valued. Debt instruments with remaining maturities of 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 any other information that could be indicative of the value of the security.

Statement of Financial Accounting Standards No. 157, “Fair Value Measurements” (“SFAS 157”) 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 October, 31, 2008, the Fund does not believe the adoption of SFAS 157 will impact the amounts reported in its financial statements.

Gabelli Enterprise Mergers and Acquisitions Fund

Notes to Financial Statements (Continued)

In March 2008, the Financial Accounting Standards Board (the “FASB”) issued Statement of Financial Accounting Standards No. 161, “Disclosures about Derivative Instruments and Hedging Activities” (“SFAS 161”) that 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 an entity’s results of operations and financial position. Management is currently evaluating the implications of SFAS 161 on the Fund’s financial statement disclosures.

Swap Agreements. The Fund may enter into swap transactions. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In a swap, a set of future cash flows are exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. There is no assurance that the swap contract counterparties will be able to meet their obligations pursuant to the swap contracts, or that, in the event of default, the Fund will succeed in pursuing contractual remedies. The Fund thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to the swap contracts. The creditworthiness of the swap contract counterparties is closely monitored in order to minimize the risk. Depending on the general state of short-term interest rates and the returns of the Fund’s portfolio securities at that point in time, such a default could negatively affect the Fund’s ability to make dividend payments. In addition, at the time a swap transaction reaches its scheduled termination date, there is a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction. If this occurs, it could have a negative impact on the Fund’s ability to make dividend payments.

The use of derivative instruments involves, to varying degrees, elements of market and counterparty risk in excess of the amount recognized in the financial statements. The change in value of swaps, including the accrual of periodic amounts of interest to be paid or received on swaps, is reported as unrealized appreciation or depreciation. At October 31, 2008, there were no open swap contracts.

Forward Foreign Exchange Contracts. The Fund 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 is included in unrealized appreciation/depreciation on investments and foreign currency translations. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund’s portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. At October 31, 2008, there were no open forward foreign exchange contracts.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at 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

Gabelli Enterprise Mergers and Acquisitions Fund

Notes to Financial Statements (Continued)

in foreign exchange rates and/or changes in market prices of securities have been included in unrealized appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial trade date and subsequent sale trade date is included in realized gain/loss on investments.

Foreign Securities. The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the 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 Fund may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

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

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

Securities Lending. Through March 10, 2008, the Board approved the lending of portfolio securities through its previous custodian bank. During the fiscal year ended October 31, 2008, the Fund did not engage in securities lending.

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

Gabelli Enterprise Mergers and Acquisitions Fund

Notes to Financial Statements (Continued)

Custodian Fee Credits and Interest Expense. When cash balances are maintained in the custody account, the Fund receives credits that are used to offset custodian fees. When cash balances are overdrawn, the Fund is charged an overdraft fee equal to 2.00% above the federal funds rate on outstanding balances. This amount, if any, would be shown as “interest expense” in the Statement of Operations. The gross expenses paid under the custody arrangement are included in custodian fees in the Statement of Operations with the corresponding expense offset, if any, for custodian balance credits on uninvested cash or for credits earned by the Fund under certain directed brokerage arrangements shown as “fees paid indirectly.” The Fund may direct certain security trades to brokers who may pay a portion of the commissions for those trades to offset certain expenses of the Fund. During the fiscal year ended October 31, 2008, expenses of \$14,854 were paid indirectly through these arrangements. Subsequent to March 10, 2008, directed brokerage arrangements were discontinued.

Distributions to Shareholders. Distributions to shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under U.S. generally accepted accounting principles. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. These reclassifications have no impact on the net asset value of the Fund including the Fund's use of the tax accounting practice known as equalization. For the fiscal year ended October 31, 2008, reclassifications were made to decrease accumulated net investment income by \$158,420 and to increase accumulated undistributed net realized gain on investments and foreign currency transactions by \$712,970 with an offsetting adjustment to paid-in capital.

The tax character of distributions paid during the fiscal years ended October 31, 2008 and October 31, 2007 was as follows:

	Year Ended October 31, 2008	Year Ended October 31, 2007
Distributions paid from:		
Ordinary income		
(inclusive of short-term capital gains) . . .	\$27,047,196	\$31,220,079
Net long-term capital gains	18,455,286	7,891,630
Total distributions paid	<u>\$45,502,482</u>	<u>\$39,111,709</u>

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

As of October 31, 2008, the components of accumulated earning/losses on a tax basis were as follows:

Undistributed ordinary income	\$ 6,857,722
Undistributed long-term capital gains	13,744,714
Net unrealized depreciation	(107,400,381)
Other temporary differences	5
Total accumulated earnings	<u>\$ (86,797,940)</u>

At October 31, 2008, the difference between book and tax basis unrealized depreciation is primarily due to deferral of losses on wash sales.

Gabelli Enterprise Mergers and Acquisitions Fund

Notes to Financial Statements (Continued)

The following summarizes the tax cost of investments and the related unrealized appreciation/depreciation at October 31, 2008:

	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Depreciation</u>
Investments	\$327,384,550	\$7,912,679	\$(115,303,782)	\$(107,391,103)

The Fund has adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48") that provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the "more-likely-than-not" threshold are recorded as a tax benefit or expense in the current year. In accordance with FIN 48, management has analyzed the Fund's tax positions taken on the federal and state income tax returns for all open tax years (the current and prior three tax years) and has concluded that no provision for income tax is required in the Fund's financial statements. Management's determination regarding FIN 48 may be subject to review and adjustment at a later date based on factors including, but not limited to, an on-going analysis of tax laws, regulations and interpretations thereof.

3. Investment Advisory Agreement and Other Transactions. The Fund has entered into an investment advisory agreement (the "Advisory Agreement") with the Adviser which provides that the Fund will pay the Adviser a fee, computed daily and paid monthly, at annual rates as follows:

First \$1 Billion .....	.0935%
Next \$1 Billion .....	.0910%
Next \$3 Billion .....	.0885%
Next \$5 Billion .....	.0860%
Thereafter .....	.0835%

Prior to March 11, 2008, the Fund paid advisory fees to Enterprise Capital Management ("ECM"), the former investment adviser of the Fund, at annual rates as follows:

First \$1 Billion .....	.0880%
Next \$1 Billion .....	.0855%
Next \$3 Billion .....	.0830%
Next \$5 Billion .....	.0805%
Thereafter .....	.0780%

Also prior to March 11, 2008, the Fund paid a separate fee for certain administrative services to an affiliate of ECM at an annual rate of 0.055% of average daily net assets.

Pursuant to a sub-administration arrangement with the Adviser, PNC Global Investment Servicing ("Subadministrator") provides the Fund with certain administrative services, including monitoring of fund compliance and fund accounting services. Prior to August 2, 2008, J.P. Morgan Investors Services Co. was the subadministrator.

In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund's portfolio, oversees the administration of all aspects of the Fund's business and affairs, and pays the compensation of all Officers and Directors of the Fund who are affiliated persons of the Adviser.

Gabelli Enterprise Mergers and Acquisitions Fund

Notes to Financial Statements (Continued)

The Adviser has agreed to make payments or waive its fees to limit the expenses of the Fund until at least March 10, 2010 (“Expense Limitation Agreement”). The Adviser may be reimbursed the amount of any such payments and waivers in the future provided that the payments and waivers are reimbursed within three years of the payment or waiver being made and the combination of the Fund’s expense ratio and such reimbursements do not exceed the Fund’s expense ratio cap. If the actual expense ratio is less than the expense cap and the Adviser has recouped any eligible previous payments and waivers made, the Fund will be charged such lower expenses. The annualized total operating expenses (exclusive of brokerage commissions, interest, taxes, capitalized expenses, expenses of other investment companies in which the Fund invests, and extraordinary expenses) for the Fund are currently limited to the following based on annual average daily net assets: Class A Shares 1.90%, Class B Shares 2.45%, Class C Shares 2.45%, and Class Y Shares 1.45%. During the fiscal year ended October 31, 2008, the Adviser did not make payments or waive its fees to limit the expenses of the Fund and did not receive reimbursements from the Fund. At October 31, 2008, the Adviser was not entitled to any recoverable amount from the Fund under the Expense Limitation Agreement.

The Fund pays each Director who is not considered to be an affiliated person an annual retainer of \$3,000 plus \$500 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 and the chairman of each committee, as well as the Lead Director receives \$1,000 per year. Directors who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

4. Distribution Plan. The Fund’s Board has adopted a distribution agreement and distribution plan (the “Plan”) pursuant to Rule 12b-1 under the 1940 Act. Gabelli and Company, Inc. (“Gabelli & Co.”), an affiliate of the Adviser, serves as distributor of the Fund. Under the Class A, Class B, and Class C Share Plans, payments are authorized to Gabelli & Co. at annual rates of 0.45%, 1.00%, and 1.00%, respectively, of the average daily net assets of those classes, the annual limitations under each Plan. Such payments are accrued daily and paid monthly. Class Y shares do not participate in the Plan and pay no distribution fees.

5. Portfolio Securities. Purchases and proceeds from the sales of securities for the fiscal year ended October 31, 2008, other than short-term securities and U.S. Government obligations, aggregated \$531,337,640 and \$831,994,752, respectively.

6. Transactions with Affiliates. During the fiscal year ended October 31, 2008, the Fund paid brokerage commissions on security trades of \$369,038 to Gabelli & Co. Additionally, Gabelli & Co. informed the Fund that it retained \$6,022 from investors representing commissions (sales charges and underwriting fees) on sales and redemptions of Fund shares.

7. Line of Credit. As of September 3, 2008, the Fund participates in an unsecured line of credit of up to \$75,000,000, and may borrow up to 10% of its net assets from the custodian for temporary borrowing purposes. Borrowings under this arrangement bear interest at 0.75% above the federal funds rate on outstanding balances. This amount, if any, would be included in “interest expense” in the Statement of Operations. At October 31, 2008, there were no borrowings outstanding under the line of credit.

The average daily amount of borrowings outstanding under the line of credit from September 3, 2008 through October 31, 2008, was \$1,776,068 with a weighted average interest rate of 3.27%. The maximum amount borrowed at any time during the period was \$10,861,000.

Gabelli Enterprise Mergers and Acquisitions Fund

Notes to Financial Statements (Continued)

8. Capital Stock. The Fund currently offers four classes of shares – Class A Shares, Class B Shares, Class C Shares, and Class Y Shares. Class A Shares are subject to a maximum front-end sales charge of 4.75%. Class B Shares are subject to a contingent deferred sales charge (“CDSC”) upon redemption within six years of purchase and automatically convert to Class A Shares approximately eight years after the original purchase. The applicable CDSC is equal to a declining percentage of the lesser of the NAV per share at the date of the original purchase or at the date of redemption, based on the length of time held. Class C Shares are subject to a 1.00% CDSC for one year after purchase. Effective on or about March 1, 2008, Class B Shares are no longer available for new investments, except through reinvestment of dividends or capital gains. Class Y Shares are offered to qualified investors without a sales charge.

The Fund imposes a redemption fee of 2.00% on all classes of shares that are redeemed or exchanged within one month or less after the date of a purchase. The redemption fee is deducted from the proceeds otherwise payable to the redeeming shareholders and is retained by the Fund. The redemption fees retained by the Fund during the fiscal year ended October 31, 2008 amounted to \$11,432. For the fiscal year ended October 31, 2007, the redemption fees of \$35,662 were included in capital share transactions.

The redemption fee does not apply to redemptions of shares where (i) the shares were purchased through automatic reinvestment of dividends or other 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:

	Year Ended October 31, 2008		Year Ended October 31, 2007	
	Shares	Amount	Shares	Amount
	Class A		Class A	
Shares sold	3,698,087	\$ 42,195,167	19,678,504	\$ 250,333,094
Shares issued upon reinvestment of distributions	1,673,764	19,265,019	1,301,410	15,864,017
Shares redeemed	(23,025,670)	(259,870,487)	(13,193,751)	(167,853,594)
Net increase/(decrease)	(17,653,819)	\$(198,410,301)	7,786,163	\$ 98,343,517
	Class B		Class B	
Shares sold	102,067	\$ 1,212,866	641,958	\$ 7,982,413
Shares issued upon reinvestment of distributions	227,250	2,533,839	221,343	2,634,009
Shares redeemed	(1,423,417)	(15,467,297)	(1,387,722)	(17,328,554)
Net decrease	(1,094,100)	\$ (11,720,592)	(524,421)	\$ (6,712,132)
	Class C		Class C	
Shares sold	849,533	\$ 9,484,794	4,953,916	\$ 61,141,307
Shares issued upon reinvestment of distributions	612,081	6,824,705	467,185	5,559,498
Shares redeemed	(7,821,074)	(84,461,669)	(3,200,404)	(39,771,207)
Net increase/(decrease)	(6,359,460)	\$ (68,152,170)	2,220,697	\$ 26,929,598
	Class Y		Class Y	
Shares sold	904,756	\$ 10,575,843	4,300,345	\$ 55,855,370
Shares issued upon reinvestment of distributions	322,365	3,787,784	195,702	2,432,581
Shares redeemed	(5,884,137)	(67,454,987)	(2,873,240)	(37,424,869)
Net increase/(decrease)	(4,657,016)	\$ (53,091,360)	1,622,807	\$ 20,863,082

Gabelli Enterprise Mergers and Acquisitions Fund

Notes to Financial Statements (Continued)

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

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

In a separate matter, in August 2008, the Adviser, while neither admitting nor denying the SEC's findings and allegations, made an offer to the staff of the SEC to settle a previously disclosed matter concerning compliance with Section 19(a) and Rule 19a-1 of the 1940 Act by two closed-end funds managed by the Adviser. These provisions require registered investment companies to provide written statements to shareholders when a distribution is made in the nature of a dividend from a source other than net investment income. While the two funds sent annual statements and provided other materials containing this information, the funds did not send the notices required by Rule 19a-1 to shareholders with each distribution in 2002 and 2003. The Adviser believes that the funds have been in compliance with Rule 19a-1 since that time. The Adviser believes that the settlement would have no effect on the funds or any material adverse effect on the Adviser or its ability to manage the Fund. This offer of settlement is subject to final agreement regarding the specific language of the SEC's administrative order and other settlement documents and approval by the SEC.

Gabelli Enterprise Mergers and Acquisitions Fund

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Gabelli Enterprise Mergers and Acquisitions Fund:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the Gabelli Enterprise Mergers and Acquisitions Fund (a series of The 787 Fund, Inc. and hereafter referred to as the “Fund”), formerly the AXA Enterprise Mergers and Acquisitions Fund, at October 31, 2008, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements 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 are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at October 31, 2008 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, NY
December 24, 2008

Gabelli Enterprise Mergers and Acquisitions Fund

Additional Fund Information (Unaudited)

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

<u>Name, Position(s) Address¹ and Age</u>	<u>Term of Office and Length of Time Served²</u>	<u>Number of Funds in Fund Complex Overseen by Director</u>	<u>Principal Occupation(s) During Past Five Years</u>	<u>Other Directorships Held by Director⁴</u>
INTERESTED DIRECTORS³:				
Regina M. Pitaro Director Age: 53	Since 2008	1	Managing Director and Director of GAMCO Asset Management, Inc.	—
INDEPENDENT DIRECTORS⁵:				
Anthony J. Colavita Director Age: 72	Since 2008	37	Partner in the law firm of Anthony J. Colavita, P.C.	—
James P. Conn Director Age: 70	Since 2008	18	Former Managing Director and Chief Investment Officer of Financial Security Assurance Holdings Ltd. (1992-1998)	—
Vincent D. Enright Director Age: 64	Since 2008	17	Former Senior Vice President and Chief Financial Officer of KeySpan Corporation (public utility)	Director of Echo Therapeutics, Inc. (therapeutics and diagnostics)
Arthur V. Ferrara Director Age: 78	Since 2008	8	Former Chairman of the Board and Chief Executive Officer of The Guardian Life Insurance Company of America (1993-1995)	—
Kuni Nakamura Director Age: 40	Since 2008	1	President of Advanced Polymer, Inc.	—
Salvatore J. Zizza Director Age: 62	Since 2008	28	Chairman of Zizza & Company, Ltd. (consulting)	Director of Hollis-Eden Pharmaceuticals (biotechnology); Director of Earl Scheib, Inc. (automotive services)

Gabelli Enterprise Mergers and Acquisitions Fund Additional Fund Information (Continued) (Unaudited)

<u>Name, Position(s) Address¹ and Age</u>	<u>Term of Office and Length of Time Served²</u>	<u>Principal Occupation(s) During Past Five Years</u>
OFFICERS:		
Bruce N. Alpert President Age: 56	Since 2008	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., (formerly known as Gabelli Advisers, Inc.), since 1998
Agnes Mullady Treasurer Age: 50	Since 2008	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
Peter D. Goldstein Chief Compliance Officer Age: 55	Since 2008	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

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 Corporation'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 Fund as defined in the 1940 Act. Mr. Gabelli is considered an "interested person" because of his affiliation with Gabelli Funds, LLC which acts as the Fund's investment adviser.

⁴ 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.

⁵ Directors who are not interested persons are considered "Independent" Directors.

2008 TAX NOTICE TO SHAREHOLDERS (Unaudited)

For the fiscal year ended October 31, 2008, the Fund paid to shareholders ordinary income dividends (comprised of short-term capital gains) totaling \$0.365 per share for Class A, Class B, Class C, and Class Y, respectively, and long-term capital gains totaling \$18,455,287. The distributions of long-term capital gains have been designated as Capital Gain Dividends by the Fund's Board of Directors. For the fiscal year ended October 31, 2008, 19.06% of the ordinary income dividend qualifies for the dividends received deduction available to corporations. The Fund designates 0.00% of the ordinary income distribution as qualified dividend income pursuant to the Jobs and Growth Tax Relief Reconciliation Act of 2003. The Fund designates 0.00% of the ordinary income distribution as qualified interest income, and 100.00% of the ordinary income distribution as qualified short-term gain, pursuant to the American Jobs Creation Act of 2004.

U.S. Government Income:

The percentage of the ordinary income dividend paid by the Fund during fiscal year 2008, which was derived from U.S. Treasury securities was 0.00%. 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. The Gabelli Enterprise Mergers and Acquisitions Fund did not meet 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.

**Gabelli Enterprise Mergers and
Acquisitions 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

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

Kuni Nakamura
President of
Advanced Polymer, Inc.

James P. Conn
Former Chief Investment Officer
Financial Security Assurance
Holdings Ltd.

Regina Pitaro
Managing Director and
Director of GAMCO Asset
Management Inc.

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

Salvatore J. Zizza
Chairman
Zizza & Co., Ltd.

Arthur V. Ferrara
Former Chairman and
Chief Executive Officer
Guardian Life Insurance
Company of America

Officers

Bruce N. Alpert
President and Secretary

Peter D. Goldstein
Chief Compliance Officer

Agnes Mullady
Treasurer

Distributor

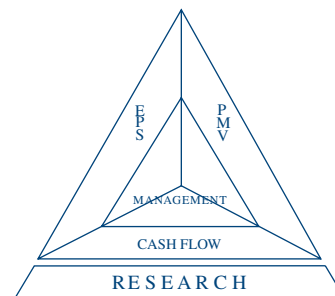
Gabelli and Company, Inc.

Custodian, Transfer Agent, and Dividend Agent

State Street Bank and Trust Company

Legal Counsel

Paul, Hastings, Janofsky & Walker LLP



Gabelli Enterprise Mergers and Acquisitions Fund

This report is submitted for the general information of the shareholders of Gabelli Enterprise Mergers and Acquisitions Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.

GAB208Q408AR

ANNUAL REPORT
OCTOBER 31, 2008