

# **Gabelli Enterprise Mergers and Acquisitions Fund**

## **Shareholder Commentary**

### **October 31, 2011**

#### **To Our Shareholders,**

For the quarter ended October 31, 2011, the net asset value (“NAV”) per Class A Share of The Gabelli Enterprise Mergers and Acquisitions Fund (the “Fund”) declined 1.6% compared with the Standard & Poor’s (“S&P”) 500 Index decrease of 2.5%. The performance of the 3 Month U.S. Treasury Bill Index for the quarter was 0.0%. See page 2 for additional performance information.

#### **COMMENTARY**

##### **Deal Environment and Outlook**

With continued fears of the European debt situation weighing on the global financial markets, deal activity in the third quarter of 2011 fell from the prior quarter. Total global merger and acquisition (“M&A”) activity, according to Thomson Reuters M&A Review, totaled \$569.2 billion compared with \$778 billion in the second quarter of the year. Ongoing concerns about the future of the euro zone, the outlook for the global economy, and the growing domestic fiscal deficit contributed to the stagnant M&A market.

During the first nine months of the year, global M&A increased by 21.7% from the same period in the previous year, to a total of \$2.1 trillion. However, the third quarter decline of total announced deals represented the second consecutive quarterly decline since the first quarter of 2010. For the first nine months of 2011, cross border activity totaled \$702.7 billion, which accounted for approximately 34.2% of all M&A volume, down from 38.3% in the first nine months of 2010.

Energy was the leading sector in the U.S. M&A market, with deal volume totaling \$167.7 billion for the first nine months of the year. It accounted for 20% of all U.S. M&A activity during that time period and an increase of 12% from the prior year. The financial sector followed, with \$131.4 billion in deals announced.

With Greece on the verge of default, and fears over slowing growth in China, the outlook for the fourth quarter and the beginning of 2012 may seem quite bleak. Yet, with interest rates at record lows, companies trading at historically low multiples, and trillions of dollars in cash on corporate balance sheets, the wheels are in motion for a robust M&A environment. The slowdown in the economy should encourage companies to pay premiums for already established, cheaply priced competitors, and reduce investment in new infrastructure, which could be costly, time consuming, and risky. As this rollercoaster of a market continues to keep investors from sleeping at night, the non-market correlated, absolute return strategy of the Fund should keep our shareholders at ease during this turmoil.

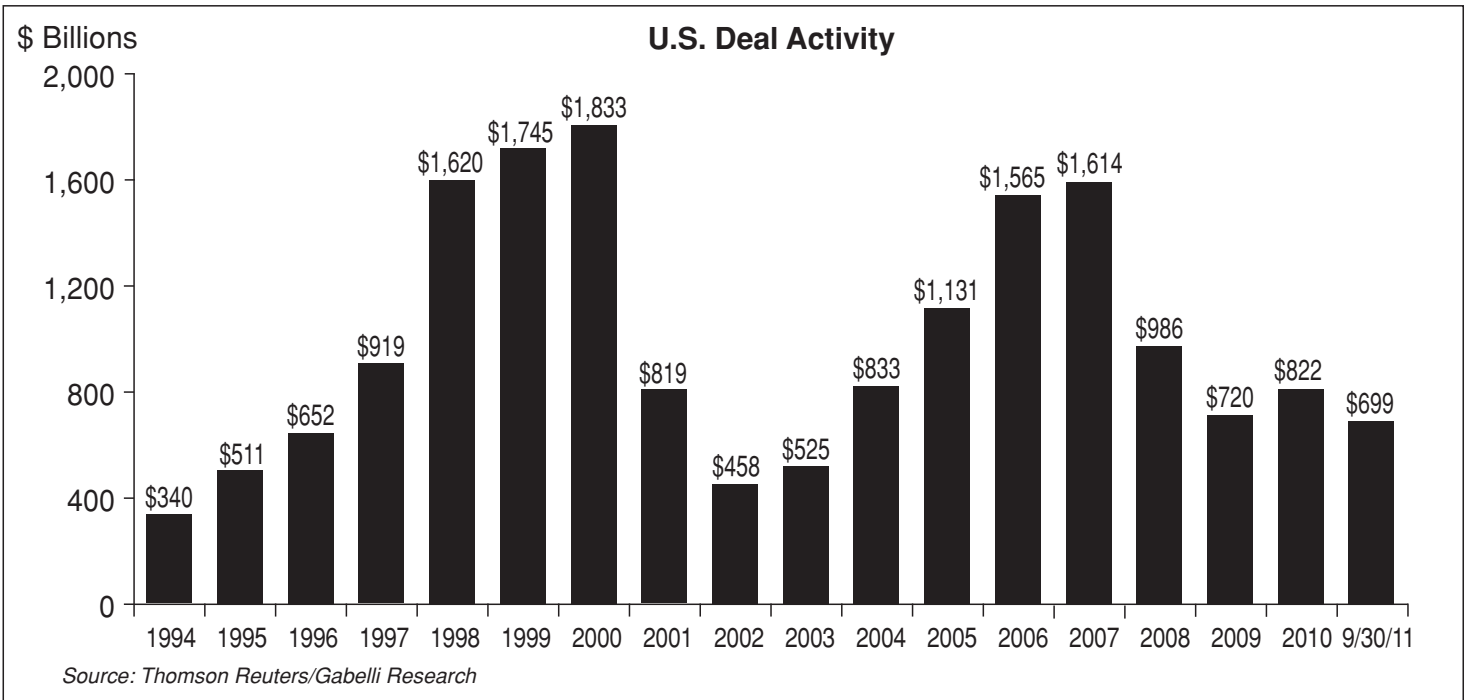
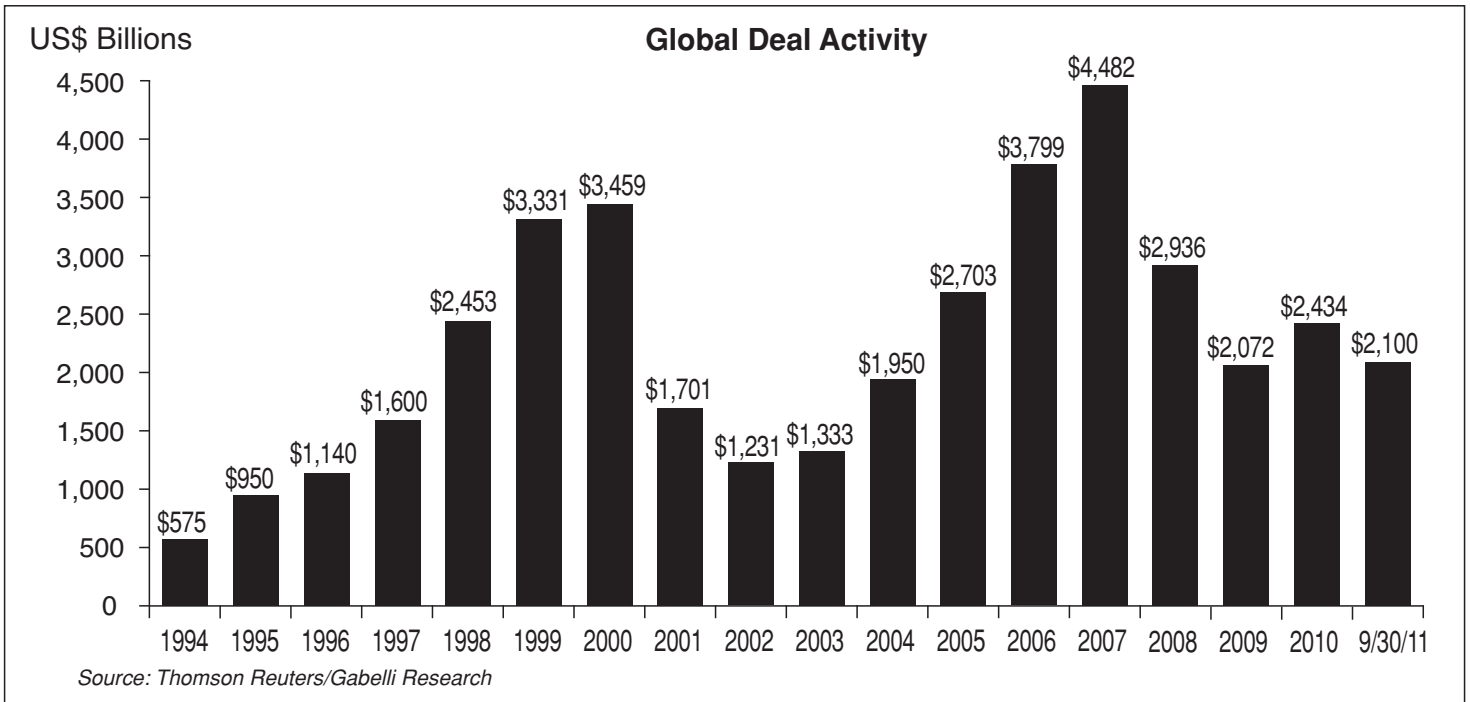
## Comparative Results

### Average Annual Returns through October 31, 2011 (a) (Unaudited)

	Quarter	Year to Date	1 Year	5 Year	10 Year	Since Inception (2/28/01)
<b>Class A (EMAAX)</b> .....	(1.58)%	1.34%	3.22%	1.17%	4.39%	3.94%
With sales charge (b) .....	(7.24)	(4.48)	(2.71)	(0.02)	3.77	3.36
<b>Class AAA (EAAAX)</b> .....	(1.49)	1.53	3.41	1.23	4.41	3.96
<b>Class B (EMABX)</b> .....	(1.76)	0.80	2.66	0.61	3.81	3.36
With contingent deferred sales charge (c) .....	(6.67)	(4.20)	(2.34)	0.22	3.81	3.36
<b>Class C (EMACX)</b> .....	(1.67)	0.90	2.66	0.62	3.82	3.37
With contingent deferred sales charge (d) .....	(2.65)	(0.10)	1.66	0.62	3.82	3.37
<b>Class Y (EMAYX)</b> .....	(1.44)	1.67	3.69	1.63	4.87	4.41
S&P 500 Index .....	(2.47)	(1.04)	8.09	0.25	3.69	2.03
3 Month U.S. Treasury Bill Index .....	0.00	0.04	0.07	1.37	1.81	1.91
Lipper U.S. Treasury Money Market Fund Average	0.00	0.00	0.01	1.27	1.49	1.62

**In the current prospectus dated February 28, 2011, the Fund's expense ratios are 1.51%, 1.71%, 2.26%, 2.26%, and 1.26% for the Class AAA, A, B, C, and Y Shares, respectively. Class AAA and Class Y Shares have no sales charge. The maximum sales charge for Class A, B, and C Shares is 5.75%, 5.00%, and 1.00%, respectively.**

- (a) **Returns represent past performance and do not guarantee future results.** Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date of purchase. 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. Performance returns for periods of less than one year are not annualized. Visit [www.gabelli.com](http://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 information about these and other matters and should be read carefully before investing.** The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The 3 Month U.S. Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month, that issue is sold and rolled into the outstanding Treasury Bill that matures closest to, but not beyond three months from the re-balancing date. To qualify for selection, an issue must have settled on or before the re-balancing (month end) date. Dividends are considered reinvested except for the 3 Month U.S. Treasury Bill Index. The Lipper U.S. Treasury Money Market Fund Average reflects the average performance of mutual funds classified in this particular category. You cannot invest directly in an index. The Class A Shares' NAV are used to calculate the performance for the periods prior to the issuance of the Class AAA Shares on February 26, 2010. The actual performance for the Class AAA Shares would have been higher than the returns of the Class A Shares due to lower expenses.
- (b) Performance results include the effect of the maximum 5.75% sales charge at the beginning of the period.
- (c) Assuming payment of the maximum contingent deferred sales charge ("CDSC"). The maximum CDSC for Class B Shares is 5% and is gradually reduced to 0% after six years.
- (d) Assuming payment of the 1% maximum CDSC imposed on redemptions made within one year of purchase.



## **Positions Closed in the Third Quarter 2011**

*BJ's Wholesale Club Inc.* is a wholesale warehouse chain that operates in the eastern United States. On June 29, 2011, the company announced that it had entered into an agreement to be acquired by private equity firms Leonard Green and CVC Capital Partners for \$51.25 per share in cash. The total transaction was valued at approximately \$2.8 billion. The deal was completed on October 3, 2011 for an annualized rate of return of 10.2%.

*Cephalon Inc.* is a biopharmaceutical company that develops products for the central nervous system, inflammatory diseases, pain, and oncology therapeutics. On May 2, 2011, the company announced that it had entered into an agreement with Teva Pharmaceuticals to be acquired for \$81.50 per share in cash, valuing the entire transaction at roughly \$6.8 billion. The deal was completed on October 14, 2011 for an annualized rate of return of 4.3%.

*Lubrizol Corp.* is a specialty chemical company. On March 14, 2011, the company announced that it had entered into an agreement with Berkshire Hathaway to be acquired for \$135.00 per share in cash, valuing the entire transaction at approximately \$9 billion. The merger was completed on September 16, 2011 for an annualized rate of return of 1.6%.

*National Semiconductor Corp.* designs, develops, and manufactures analog and mixed signal integrated circuits and sub-systems. On April 4, 2011, the company announced that it had entered into an agreement to be acquired by Texas Instruments for \$25.00 per share in cash, valuing the total transaction at approximately \$6.5 billion. The transaction was completed on September 23, 2011. The Fund realized an annualized rate of return of 7.1%.

*Rhodia SA* is a French based specialty chemicals company that develops and produces various polymers and plastics. On April 4, 2011, Belgium based Solvay announced that it had made an offer to purchase Rhodia for 31.60 euros per share in cash, valuing the company at 3.4 billion euros. In addition, shareholders would also be entitled to receive a dividend of 0.50 euros. After receiving all required regulatory approvals, on August 31, 2011, the Fund received the deal proceeds, equating to an annualized return of 5.2%.

## **Deals in the Pipeline – U.S. and Worldwide**

*Autonomy Corp. plc* is a Cambridge, England based software development and distribution company whose technology allows computers to process information in “human friendly form,” such as emails and web pages. On August 18, 2011, the company announced it had entered into an agreement to be acquired by U.S. computer giant Hewlett-Packard. Under the terms of the deal, Hewlett-Packard would pay shareholders of Autonomy GBP 25.50/\$39.67 per share, which valued the company at GBP 7.09 billion.

*Goodrich Corp. (4.6%) (GR - \$122.63 - NYSE)* makes a variety of aircraft components including landing systems, wheels and brakes, and systems for military aircraft. On September 21, 2011, the company announced that it entered into an agreement with United Technologies Corp. to be acquired for \$127.50 per share in cash. The transaction, valued at approximately \$16.4 billion, is subject to regulatory and shareholder approval and is anticipated to close in the second quarter of 2012.

Temple-Inland, Inc. (3.8%) (TIN - \$31.81 - NYSE) is a manufacturing company focused on corrugated packaging and building products. The company rejected a hostile offer of \$30.60 in cash on June 6, 2011 from International Paper Co. However, on September 6, the company agreed to be acquired for \$32.00 a share. The transaction, valued at approximately \$4.3 billion is subject to regulatory as well as shareholder approval and is anticipated to close by the end of 2011.

Sincerely,



**Mario J. Gabelli, CFA**  
Portfolio Manager and  
Chief Investment Officer

November 7, 2011

**Top Ten Holdings (Percent of Net Assets)**  
**October 31, 2011**

Goodrich Corp. 4.6%	Q-Med AB 2.0%
Temple-Inland, Inc. 3.8%	Myers Industries Inc. 1.7%
NetLogic Microsystems, Inc. 3.2%	Brigham Exploration Co. 1.4%
Varian Semiconductor 3.0%	Nalco Holding Co. 1.3%
HealthSpring Inc. 2.6%	Yahoo! Inc. 1.1%

**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**

The Fund's daily net asset value is available in the financial press and each evening after 7:00 PM (Eastern Time) by calling 800-GABELLI (800-422-3554). The Fund's Nasdaq symbol is EMAAX for Class AAA Shares. Please call us during the business day between 8:00AM - 7:00 PM (Eastern Time), for further information

Please visit us on the Internet. Our homepage contains information about GAMCO Investors, Inc., the Gabelli/GAMCO Mutual Funds, IRAs, 401(k)s, current and historical quarterly reports, closing prices, and other current news. We welcome your comments and questions via e-mail at [info@gabelli.com](mailto:info@gabelli.com). You may sign up for our e-mail alerts at [www.gabelli.com](http://www.gabelli.com), and receive early notice of quarterly report availability, news events, media sightings, and mutual fund prices and performances.

## **e-delivery**

We are pleased to offer electronic delivery of Gabelli fund documents. Direct shareholders of our mutual funds can elect to receive their Annual, 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](http://www.gabelli.com).

We have separated the portfolio manager's commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio manager's commentary is unrestricted.

# 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)

Team Managed

### **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 G. 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)

Team Managed

## SMALL CAP

### **Gabelli Small Cap Growth 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 Mites<sup>SM</sup> Fund**

Seeks to invest in micro-cap companies that have market capitalizations of \$500 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 R. 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 G. Marcin, CFA

## SPECIALTY EQUITY

### **GAMCO Vertunus Fund (formerly 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)

Portfolio Manager: Mario J. Gabelli, CFA

### **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 Green Fund**

Seeks to invest in common and preferred stocks meeting guidelines for social responsibility (avoiding defense contractors and manufacturers of alcohol, abortifacients, gaming, and tobacco products) and sustainability (companies engaged in climate change, energy security and independence, natural resource shortages, organic living, and urbanization). The Fund's primary objective is capital appreciation. (Multiclass)

Team Managed

## 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)

Portfolio Manager: Mario J. Gabelli, CFA

## 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 Managers: Charles L. Minter  
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 R. 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** (800-422-3554). Investors should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing. The prospectus contains more information about this and other matters and should be read carefully before investing.

Distributed by G.distributors, LLC, One Corporate Center, Rye, NY 10580.

**Gabelli Enterprise Mergers and  
Acquisitions Fund**

A Portfolio of the Gabelli 787 Fund, Inc.

One Corporate Center  
Rye, New York 10580-1422

**800-GABELLI**

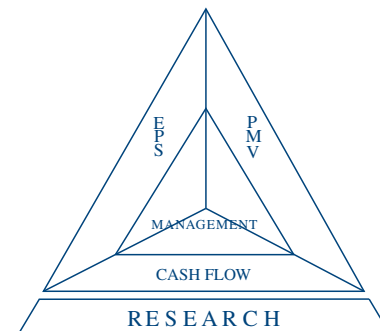
**800-422-3554**

**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 7:00 P.M.



**Board of Directors**

Anthony J. Colavita

*President*

*Anthony J. Colavita, P.C.*

Kuni Nakamura

*President of*

*Advanced Polymer, Inc.*

James P. Conn

*Former Managing Director  
and Chief Investment Officer  
Financial Security Assurance  
Holdings Ltd.*

Regina M. 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*

**Custodian, Transfer Agent, and Dividend Agent**

State Street Bank and Trust Company

**Distributor**

G.distributors, LLC

**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.

ENT1008Q411SC

SHAREHOLDER COMMENTARY  
OCTOBER 31, 2011

# Gabelli Enterprise Mergers and Acquisitions Fund

## Annual Report

### October 31, 2011

#### To Our Shareholders,

For the fiscal year ended October 31, 2011, the net asset value (“NAV”) per Class A Share of The Gabelli Enterprise Mergers and Acquisitions Fund (the “Fund”) rose 3.2% compared with increases of 8.1% and 0.1% for the Standard & Poor’s (“S&P”) 500 Index and the 3 Month US Treasury Bill Index, respectively.

Enclosed are the schedule of investments and financial statements as of October 31, 2011.

#### Commentary

With continued fears of the European debt situation weighing on the global financial markets, deal activity in the third quarter of 2011 fell from the prior quarter. Total global merger and acquisition (“M&A”) activity, according to Thomson Reuters M&A Review, totaled \$569.2 billion compared with \$778 billion in the second quarter of the year. Ongoing concerns about the future of the euro zone, the outlook for the global economy, and the growing domestic fiscal deficit contributed to the stagnant M&A market.

During the first nine months of the calendar year, global M&A activity increased by 21.7% from the same period in the previous year, to a total of \$2.1 trillion. However, the third quarter decline of total announced deals represented the second consecutive quarterly decline since the first quarter of 2010. For the first nine months of 2011, cross border activity totaled \$702.7 billion, which accounted for approximately 34.2% of all M&A volume, down from 38.3% in the first nine months of 2010.

Energy was the leading sector in the U.S. M&A market, with deal volume totaling \$167.7 billion for the first nine months of the year. This sector accounted for 20% of all U.S. M&A activity during that time period and an increase of 12% from the prior year. The financial sector followed, with \$131.4 billion in deals announced.

#### Deals that closed during the Fund’s fiscal year.

*Applied Signal Technology, Inc.* is a provider of advanced intelligence, surveillance, and reconnaissance products, systems, and services. On December 20, 2010, the company announced that they had entered into an agreement with Raytheon to be acquired for \$38.00 per share in cash. The deal, valued at roughly \$500 million, was done by means of a tender offer and closed at the end of January 2011.

*Cardo AB*, based in Malmo, Sweden, is an engineering company engaged in the design and production of industrial and residential garage doors, water treatment solutions, logistics systems, as well as processing equipment for the pulp and paper industry. On December 13, 2010, Swedish engineering giant ASSA ABLOY AB announced it had made an offer to purchase Cardo for 420 SEK per share in cash. This offer price valued the company at approximately \$1.63 billion. After receiving all of the necessary and required regulatory approvals, the deal closed on April 26, 2011.

*Martek Biosciences Corp.* develops, produces, and sells high value products from microbial sources used in food and beverages as well as dietary supplements that promote health and wellness through nutrition. On December 21, 2010, the company announced that it had entered into an agreement with Royal DSM NV to be acquired for \$31.50 per share, a 39.15% premium to where the stock had previously been trading. The deal, valued at nearly \$1 billion, was done by means of a tender offer and closed in February 2011.

*Rhodia SA* is a French based specialty chemicals company that develops and produces various polymers and plastics. On April 4, 2011, Belgium based Solvay announced that it had made an offer to purchase Rhodia for 31.60 euros per share in cash, valuing the company at 3.4 billion euros. In addition, shareholders were entitled to receive a dividend of 0.50 euros. After receiving all required regulatory approvals, on August 31, 2011, the Fund received the deal proceeds.

*Lubrizol Corp.* is a specialty chemicals company. On March 14, 2011, the company announced that it had entered into an agreement with Berkshire Hathaway to be acquired for \$135.00 per share in cash, valuing the transaction at approximately \$9 billion. The merger was completed on September 19, 2011.

*National Semiconductor Corp.* designs, develops, and manufactures analog and mixed signal integrated circuits and sub-systems. On April 4, 2011, the company announced that it had entered into an agreement to be acquired by Texas Instruments for \$25.00 per share in cash, valuing the total transaction at approximately \$6.5 billion. The transaction was completed on September 26, 2011.

*BJ Wholesale Club Inc.* is a wholesale warehouse chain that operates in the eastern United States. On June 29, 2011, the company announced that it had entered into an agreement to be acquired by private equity firms Leonard Green and CVC Capital Partners for \$51.25 per share in cash. The total transaction was valued at approximately \$2.8 billion. The deal was completed on October 3, 2011.

*Cephalon Inc.* is a biopharmaceutical company that develops products for the central nervous system, inflammatory diseases, pain, and oncology therapeutics. On May 2, 2011, the company announced that it had entered into an agreement with Teva Pharmaceuticals to be acquired for \$81.50 per share in cash, valuing the transaction at roughly \$6.1 billion. The deal was completed on October 17, 2011.

We appreciate your loyalty and support in these volatile markets.

The Sarbanes-Oxley Act requires a fund's principal executive and financial officers to certify the entire contents of the semiannual 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](http://www.gabelli.com/funds).

## Comparative Results

<b>Average Annual Returns through October 31, 2011 (a) (Unaudited)</b>				
	One Year	Five Year	Ten Year	Since Inception (2/28/01)
<b>Class A (EMAAX)</b> .....	3.22%	1.17%	4.39%	3.94%
With sales charge (b) .....	(2.71)	(0.02)	3.77	3.36
<b>Class AAA (EAAAX)</b> .....	3.41	1.23	4.41	3.96
<b>Class B (EMABX)</b> .....	2.66	0.61	3.81	3.36
With contingent deferred sales charge (c) .....	(2.34)	0.22	3.81	3.36
<b>Class C (EMACX)</b> .....	2.66	0.62	3.82	3.37
With contingent deferred sales charge (d) .....	1.66	0.62	3.82	3.37
<b>Class Y (EMAYX)</b> .....	3.69	1.63	4.87	4.41
S&P 500 Index .....	8.09	0.25	3.69	2.03
3 Month U.S. Treasury Bill Index .....	0.07	1.37	1.81	1.91
Lipper U.S. Treasury Money Market Fund Average .....	0.01	1.27	1.49	1.62

**In the current prospectus dated February 28, 2011, the Fund's expense ratios are 1.71%, 1.51%, 2.26%, 2.26%, and 1.26% for the Class A, AAA, B, C, and Y Shares, respectively. See page 13 for the expense ratios for the year ended October 31, 2011. Class AAA and Class Y Shares have no sales charge. The maximum sales charge for Class A, B, and C Shares is 5.75%, 5.00%, and 1.00%, respectively.**

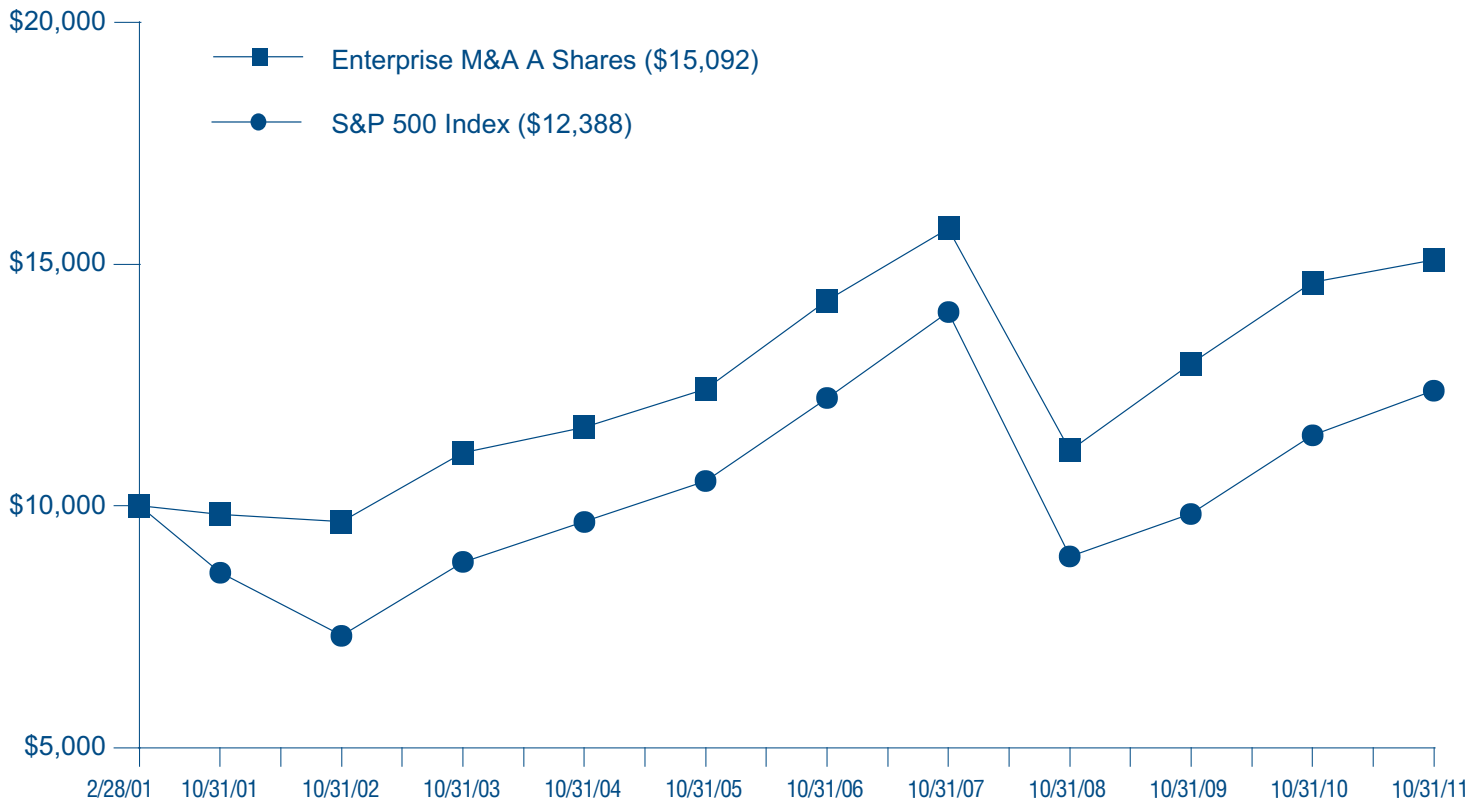
(a) **Returns represent past performance and do not guarantee future results.** Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date of purchase. 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 through March 10, 2010. Visit [www.gabelli.com](http://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 information about these and other matters and should be read carefully before investing.** The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The 3 Month U.S. Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month, that issue is sold and rolled into the outstanding Treasury Bill that matures closest to, but not beyond three months from the re-balancing date. To qualify for selection, an issue must have settled on or before the re-balancing (month end) date. 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 except for the 3 Month U.S. Treasury Bill Index. You cannot invest directly in an index. The Class A Shares' NAV are used to calculate the performance for the periods prior to the issuance of the Class AAA Shares on February 26, 2010. The actual performance for the Class AAA Shares would have been higher than the returns of the Class A Shares due to lower expenses.

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

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

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

**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 (Unaudited)**



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.

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

For the Six Month Period from May 1, 2011 through October 31, 2011

## 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, 2011.

	Beginning Account Value 05/01/11	Ending Account Value 10/31/11	Annualized Expense Ratio	Expenses Paid During Period*
<b>Gabelli Enterprise Mergers and Acquisitions Fund</b>				
<b>Actual Fund Return</b>				
Class AAA	\$1,000.00	\$ 967.20	1.45%	\$ 7.19
Class A	\$1,000.00	\$ 965.30	1.65%	\$ 8.17
Class B	\$1,000.00	\$ 962.60	2.20%	\$10.88
Class C	\$1,000.00	\$ 963.50	2.20%	\$10.89
Class Y	\$1,000.00	\$ 968.20	1.20%	\$ 5.95
<b>Hypothetical 5% Return</b>				
Class AAA	\$1,000.00	\$1,017.90	1.45%	\$ 7.38
Class A	\$1,000.00	\$1,016.89	1.65%	\$ 8.39
Class B	\$1,000.00	\$1,014.12	2.20%	\$11.17
Class C	\$1,000.00	\$1,014.12	2.20%	\$11.17
Class Y	\$1,000.00	\$1,019.16	1.20%	\$ 6.11

\* 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 (184 days), then divided by 365.

## Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of net assets as of October 31, 2011:

### Gabelli Enterprise Mergers and Acquisitions Fund

U.S. Government Obligations . . . . .	42.4%	Consumer Discretionary . . . . .	4.2%
Health Care . . . . .	9.7%	Consumer Staples . . . . .	4.0%
Information Technology . . . . .	9.0%	Telecommunication Services . . . . .	2.9%
Materials . . . . .	8.4%	Financials . . . . .	2.4%
Industrials . . . . .	7.8%	Other Assets and Liabilities (Net) . . . . .	(0.3)%
Utilities . . . . .	5.3%		<u>100.0%</u>
Energy . . . . .	4.2%		

*The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (the "SEC") for the first and third quarters of each fiscal year on Form N-Q, the last of which was filed for the quarter ended July 31, 2011. Shareholders may obtain this information at [www.gabelli.com](http://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](http://www.sec.gov) and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.*

### Proxy Voting

The Fund files Form N-PX with its complete proxy voting record for the twelve months ended June 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](http://www.sec.gov).

## Gabelli Enterprise Mergers and Acquisitions Fund

### Schedule of Investments — October 31, 2011

Shares	Cost	Market Value	Shares	Cost	Market Value		
<b>COMMON STOCKS — 57.9%</b>							
<b>Health Care — 9.7%</b>							
<b>Biotechnology — 2.4%</b>							
800	Actelion Ltd.†	\$ 38,115	\$ 29,774	1,000	SanDisk Corp.†	\$ 7,045	\$ 50,670
2,000	Anadys Pharmaceuticals Inc.†	7,320	7,360	1,500	Seagate Technology plc	22,305	24,225
7,000	Biogen Idec Inc.†	382,386	814,520			1,074,624	736,635
10,376	Grifols SA, ADR†	80,414	66,510	<b>Electrical Equipment and Instruments — 0.4%</b>			
40,000	Indevus Pharmaceuticals Inc., Escrow† (a)	0	44,000	500	Aleo Solar AG†	16,389	18,113
443,000	Q-Med AB† (a)	4,952,984	5,369,738	165,000	Gerber Scientific Inc., Escrow† (a)	0	1,650
		5,461,219	6,331,902	10,000	GTSI Corp.†	49,067	44,200
<b>Health Care Equipment and Supplies — 2.3%</b>			50,200	Laird plc	156,381	120,590	
49,000	ArthroCare Corp.†	1,009,669	1,477,350	12,000	Oce NV†	138,240	118,223
13,000	Exactech Inc.†	175,288	208,000	6,000	Park Electrochemical Corp.	148,778	169,800
28,000	Kinetic Concepts Inc.†	1,888,615	1,914,920	34,000	Zygo Corp.†	307,554	521,560
150,000	Smith & Nephew plc	1,678,894	1,375,959			816,409	994,136
7,000	Synthes Inc. (b)	1,197,656	1,173,844	<b>Internet Software and Services — 1.2%</b>			
1,500	Young Innovations Inc.	42,186	43,125	10,500	RightNow Technologies Inc.†	453,217	451,605
		5,992,308	6,193,198	185,000	Yahoo! Inc.†	4,318,586	2,893,400
<b>Health Care Providers and Services — 2.7%</b>					4,771,803	3,345,005	
5,000	American Medical Alert Corp.†	42,083	43,000	<b>Semiconductors and Semiconductor Equipment — 6.3%</b>			
1,000	Chemed Corp.	30,478	59,360	21,000	Advanced Analogic Technologies Inc.†	126,193	91,560
130,000	Healthspring Inc.†	6,995,233	7,012,200	4,000	International Rectifier Corp.†	63,912	97,160
5,000	Metropolitan Health Networks Inc.†	22,700	32,600	2,500	LTX-Credence Corp.†	18,894	15,825
		7,090,494	7,147,160	16,000	MoSys Inc.†	63,910	61,920
<b>Life Sciences Tools and Services — 1.1%</b>			175,000	Netlogic Microsystems Inc.†	8,418,329	8,610,000	
120,000	Caliper Life Sciences Inc.†	1,254,551	1,257,600	125,000	Varian Semiconductor Equipment Associates Inc.†	7,664,225	7,846,250
6,000	Pharmaceutical Product Development Inc.	192,763	197,940			16,355,463	16,722,715
127,000	WuXi PharmaTech Cayman Inc., ADR†	2,393,517	1,578,610	<b>Software — 0.4%</b>			
		3,840,831	3,034,150	40,000	FalconStor Software Inc.†	206,425	135,600
<b>Pharmaceuticals — 1.2%</b>			55,000	Take-Two Interactive Software Inc.†	536,146	867,900	
20,000	Adolor Corp.†	91,078	89,200	690	VeriFone Systems Inc.†	21,803	29,125
24,000	Allergan Inc.	1,379,256	2,018,880			764,374	1,032,625
35,000	Bristol-Myers Squibb Co.	842,746	1,105,650	<b>TOTAL INFORMATION TECHNOLOGY</b>			
		2,313,080	3,213,730			24,751,679	23,809,156
<b>TOTAL HEALTH CARE</b>							
		24,697,932	25,920,140	<b>MATERIALS — 8.4%</b>			
<b>INFORMATION TECHNOLOGY — 9.0%</b>							
<b>Communications Equipment — 0.4%</b>							
10,000	Emulex Corp.†	90,960	83,800	<b>Building Products — 0.1%</b>			
23,000	Motorola Mobility Holdings Inc.†	878,046	894,240	7,000	Texas Industries Inc.	228,877	210,000
		969,006	978,040	<b>Chemicals — 1.4%</b>			
<b>Computers and Peripherals — 0.3%</b>							
8,000	Diebold Inc.	236,960	258,240	90,000	Nalco Holding Co.	3,233,853	3,393,900
50,000	Intermec Inc.†	808,314	403,500	12,000	Sensient Technologies Corp.	286,574	443,520
				2,200	Southwall Technologies Inc.†	29,742	29,920
						3,550,169	3,867,340
				<b>Containers and Packaging — 5.6%</b>			
				9,800	Greif Inc., Cl. B	522,923	448,350
				364,000	Myers Industries Inc.	7,451,792	4,448,080

See accompanying notes to financial statements.

## Gabelli Enterprise Mergers and Acquisitions Fund

### Schedule of Investments (Continued) — October 31, 2011

Shares	Cost	Market Value	Shares	Cost	Market Value
<b>COMMON STOCKS (Continued)</b>			<b>UTILITIES — 5.3%</b>		
<b>MATERIALS (Continued)</b>			<b>Electric Utilities — 2.2%</b>		
<b>Containers and Packaging (Continued)</b>			40,000	Central Vermont Public Service Corp. . . . .	\$ 1,394,555 \$ 1,414,800
316,100	Temple-Inland Inc. . . . .	\$ 9,887,274 \$ 10,055,141	75,000	DPL Inc. . . . .	2,258,835 2,276,250
		17,861,989 14,951,571	85,000	Endesa SA . . . . .	3,353,378 2,030,026
			0(c)	Iberdrola SA . . . . .	1,338 3
					7,008,106 5,721,079
<b>Metals and Mining — 1.3%</b>			<b>Gas Utilities — 0.4%</b>		
110,000	Alcoa Inc. . . . .	1,563,024 1,183,600	8,000	Nicor Inc. . . . .	395,867 450,000
9,000	Allegheny Technologies Inc. . . . .	638,370 417,600	1,000	Pacific Northern Gas Ltd. . . . .	36,853 36,790
10,000	Anvil Mining Ltd.† . . . . .	72,249 72,235	14,000	Southwest Gas Corp. . . . .	487,658 552,720
4,000	Camino Minerals Corp.† . . . . .	749 702			920,378 1,039,510
200	Eramet . . . . .	22,946 31,548	<b>Independent Power Producers and Energy Traders — 0.3%</b>		
12,000	Gold Fields Ltd., ADR . . . . .	150,406 209,160	15,000	Dynegy Inc.† . . . . .	69,860 55,050
1,000	Grande Cache Coal Corp.† . . . . .	9,825 9,902	75,000	GenOn Energy Inc., Escrow† (a) . . . . .	0 0
2,000	Lundin Mining Corp.† . . . . .	16,101 7,845	40,000	NRG Energy Inc.† . . . . .	966,620 856,800
82,000	MacArthur Coal Ltd. . . . .	1,338,980 1,399,131			1,036,480 911,850
21,250	Pilot Gold Inc.† . . . . .	64,994 31,552	<b>Multi-Utilities — 2.4%</b>		
500	Walter Energy Inc. . . . .	34,832 37,825	22,000	CH Energy Group Inc. . . . .	938,410 1,214,620
		3,912,476 3,401,100	57,267	GDF Suez, Strips . . . . .	702 79
			1,000	Integrus Energy Group Inc. . . . .	47,214 52,910
<b>TOTAL MATERIALS . . . . .</b>			72,000	NorthWestern Corp. . . . .	2,029,192 2,480,400
		25,553,511 22,430,011	52,000	Progress Energy Inc. . . . .	2,311,794 2,709,200
<b>INDUSTRIALS — 7.8%</b>					5,327,312 6,457,209
<b>Aerospace and Defense — 6.0%</b>			<b>TOTAL UTILITIES . . . . .</b>		
40,000	Charter International plc . . . . .	527,092 576,914			14,292,276 14,129,648
100,000	Goodrich Corp. . . . .	12,084,668 12,263,000	<b>ENERGY — 4.2%</b>		
23,000	ITT Corp. . . . .	1,277,980 1,048,800	<b>Energy Equipment and Services — 0.4%</b>		
30,000	Kaman Corp. . . . .	885,221 997,500	4,500	Complete Production Services Inc.† . . . . .	126,849 147,600
3,528	Kratos Defense & Security Solutions Inc.† . . . . .	43,984 22,332	3,500	Ensco plc, ADR . . . . .	187,425 173,810
70,000	Smiths Group plc . . . . .	1,353,093 1,077,131	87,800	Global Industries Ltd.† . . . . .	686,580 698,010
		16,172,038 15,985,677	11,000	TGC Industries Inc.† . . . . .	82,416 61,380
					1,083,270 1,080,800
<b>Building Products — 0.5%</b>			<b>Oil, Gas, and Consumable Fuels — 3.8%</b>		
140,000	Griffon Corp.† . . . . .	1,190,000 1,325,800	5,000	Anadarko Petroleum Corp. . . . .	264,704 392,500
<b>Commercial Services and Supplies — 0.1%</b>			150,000	Atlas Energy Inc., Escrow† (a) . . . . .	0 15,000
7,500	Rollins Inc. . . . .	22,545 163,350	70,002	Atlas Energy LP . . . . .	1,101,103 1,661,147
<b>Electrical Equipment — 0.3%</b>			105,700	Brigham Exploration Co.† . . . . .	3,852,736 3,849,066
500	Harbin Electric Inc.† . . . . .	6,627 11,745	30,000	Daylight Energy Ltd. . . . .	285,440 296,463
1,000	SGL Carbon SE† . . . . .	57,689 62,405	150,000	Dragon Oil plc . . . . .	937,477 1,334,957
13,000	Thomas & Betts Corp.† . . . . .	625,731 645,970	19,000	El Paso Corp. . . . .	460,528 475,190
		690,047 720,120	2,000	EXCO Resources Inc. . . . .	32,864 25,220
			20,000	Heritage Oil plc† . . . . .	102,385 70,329
<b>Machinery — 0.1%</b>			45,000	Southern Union Co. . . . .	1,497,204 1,891,350
55,000	Baldwin Technology Co. Inc., Cl. A† . . . . .	163,182 57,750	150,000	WesternZagros Resources Ltd.† . . . . .	440,446 111,362
8,000	CIRCOR International Inc. . . . .	175,385 278,560			8,974,887 10,122,584
		338,567 336,310	<b>TOTAL ENERGY . . . . .</b>		
<b>Railroads and Transportation — 0.8%</b>					10,058,157 11,203,384
12,000	GATX Corp. . . . .	409,711 455,760			
39,000	Navistar International Corp.† . . . . .	947,678 1,640,730			
		1,357,389 2,096,490			
<b>TOTAL INDUSTRIALS . . . . .</b>					
		19,770,586 20,627,747			

See accompanying notes to financial statements.

## Gabelli Enterprise Mergers and Acquisitions Fund

### Schedule of Investments (Continued) — October 31, 2011

Shares	Cost	Market Value	Shares	Cost	Market Value
<b>COMMON STOCKS (Continued)</b>			<b>Specialty Retail — 0.5%</b>		
<b>CONSUMER DISCRETIONARY — 4.2%</b>			500	99 Cents Only Stores† . . . . . \$	10,710 \$ 10,900
<b>Auto Components — 0.2%</b>			2,400	Craftmade International Inc.† . . . . .	9,732 9,888
16,000	Tenneco Inc.† . . . . . \$ 50,954	\$ 523,520	1,000	Dollar Thrifty Automotive Group Inc.† . . . . .	49,240 61,040
<b>Diversified Consumer Services — 0.0%</b>			5,000	J. Crew Group Inc., Escrow† (a) . . . . .	0 0
45,000	Corinthian Colleges Inc.† . . . . .	324,752 85,950	84,000	Midas Inc.† . . . . .	1,416,918 766,080
<b>Hotels, Restaurants, and Leisure — 0.3%</b>			10,000	Pier 1 Imports Inc.† . . . . .	63,663 125,100
15,000	Boyd Gaming Corp.† . . . . .	71,927 97,200	13,000	Sally Beauty Holdings Inc.† . . . . .	100,743 249,470
4,000	Churchill Downs Inc. . . . .	130,964 192,280			1,651,006 1,222,478
144,874	Dover Motorsports Inc.† . . . . .	634,741 147,771	<b>Textiles, Apparel, and Luxury Goods — 0.0%</b>		
13,000	Gaylord Entertainment Co.† . . . . .	182,575 304,070	10,000	Heelys Inc.† . . . . .	31,460 19,900
80,000	Ladbrokes plc . . . . .	150,377 177,641	<b>TOTAL CONSUMER DISCRETIONARY . . . . .</b>		
2,000	McCormick & Schmick's Seafood Restaurants Inc.† . . . . .	17,522 13,400			11,365,712 11,170,587
		1,188,106 932,362	<b>CONSUMER STAPLES — 4.0%</b>		
<b>Household Durables — 0.4%</b>			<b>Food and Staples Retailing — 0.9%</b>		
20,000	Harman International Industries Inc. . . . .	760,356 863,200	30,000	Casey's General Stores Inc. . . . .	1,195,330 1,486,500
8,000	Nobility Homes Inc.† . . . . .	155,027 48,720	4,000	Spartan Stores Inc. . . . .	14,980 68,480
11,000	Skyline Corp. . . . .	330,604 74,360	32,000	Village Super Market Inc., Cl. A . . . . .	731,026 907,520
		1,245,987 986,280			1,941,336 2,462,500
<b>Media — 2.8%</b>			<b>Food Products — 2.8%</b>		
100,000	Acme Communications Inc. . . . .	216,557 80,000	3,000	Flowers Foods Inc. . . . .	10,669 60,570
2,000	Ascent Capital Group Inc., Cl. A† . . . . .	49,850 90,980	390,000	Foster's Group Ltd. . . . .	2,024,810 2,190,734
50,000	British Sky Broadcasting Group plc . . . . .	543,324 565,980	500,000	Parmalat SpA . . . . .	1,868,610 1,113,187
152,500	Clear Channel Outdoor Holdings Inc., Cl. A† . . . . .	2,342,472 1,677,500	8,000	Ralcorp Holdings Inc.† . . . . .	659,849 646,720
75,000	Crown Media Holdings Inc., Cl. A† . . . . .	468,222 118,500	150,000	Sara Lee Corp. . . . .	2,477,451 2,670,000
4,000	Discovery Communications Inc., Cl. A† . . . . .	57,024 173,840	32,960	Tootsie Roll Industries Inc. . . . .	763,789 816,419
4,000	Discovery Communications Inc., Cl. C† . . . . .	39,809 158,280			7,805,178 7,497,630
25,000	DISH Network Corp., Cl. A† . . . . .	469,424 604,250	<b>Household Products — 0.1%</b>		
38,000	Fisher Communications Inc.† . . . . .	1,371,104 1,103,520	4,000	The Clorox Co. . . . .	287,210 267,760
254	Granite Broadcasting Corp.† (a) . . . . .	0 0	<b>Personal Products — 0.2%</b>		
27,000	Liberty Media Corp. - Liberty Capital, Cl. A† . . . . .	328,584 2,074,140	21,000	Avon Products Inc. . . . .	621,677 383,880
2,500	Liberty Media Corp. - Liberty Starz, Cl. A† . . . . .	66,561 170,750	<b>TOTAL CONSUMER STAPLES . . . . .</b>		
13,000	Salem Communications Corp., Cl. A . . . . .	69,912 32,370			10,655,401 10,611,770
20,000	Shaw Communications Inc., Cl. B . . . . .	265,164 405,400	<b>TELECOMMUNICATION SERVICES — 2.9%</b>		
36,000	Zon Multimedia Servicos de Telecomunicacoes e Multimedia SGPS SA . . . . .	547,310 112,877	<b>Diversified Telecommunications Services — 0.9%</b>		
		6,835,317 7,368,387	280,000	Asia Satellite Telecommunications Holdings Ltd. . . . .	604,206 533,416
<b>Multiline Retail — 0.0%</b>			19,906	CenturyLink Inc. . . . .	768,571 701,886
3,000	Saks Inc.† . . . . .	38,130 31,710	350,000	Cincinnati Bell Inc.† . . . . .	1,735,436 1,127,000
					3,108,213 2,362,302
			<b>Wireless Telecommunications Services — 2.0%</b>		
			13,000	Millicom International Cellular SA, SDR . . . . .	863,988 1,433,153
			2,000	Rogers Communications Inc., Cl. B . . . . .	5,909 72,700
			400,000	Sprint Nextel Corp.† . . . . .	2,096,724 1,028,000

See accompanying notes to financial statements.



## Gabelli Enterprise Mergers and Acquisitions Fund

### Statement of Assets and Liabilities October 31, 2011

<b>Assets:</b>	
Investments, at value (cost \$273,124,114) .....	\$266,945,910
Foreign currency, at value (cost \$29,387) .....	29,987
Cash .....	4,241
Receivable for Fund shares sold .....	1,426,730
Receivable for investments sold .....	562,500
Dividends and interest receivable .....	153,364
Prepaid expenses .....	29,727
<b>Total Assets</b> .....	<u>269,152,459</u>
<b>Liabilities:</b>	
Payable for investments purchased .....	1,582,088
Payable for Fund shares redeemed .....	913,468
Payable for investment advisory fees .....	212,770
Payable for distribution fees .....	114,202
Payable for accounting fees .....	3,750
Other accrued expenses .....	133,627
<b>Total Liabilities</b> .....	<u>2,959,905</u>
<b>Net Assets</b> (applicable to 25,365,871 shares outstanding) .....	<u>\$266,192,554</u>
<b>Net Assets Consist of:</b>	
Paid-in capital .....	\$325,260,634
Accumulated net investment income .....	23,100
Accumulated net realized loss on investments and foreign currency transactions .....	(52,914,912)
Net unrealized depreciation on investments .....	(6,178,204)
Net unrealized appreciation on foreign currency translations .....	1,936
<b>Net Assets</b> .....	<u>\$266,192,554</u>
<b>Shares of Capital Stock, each at \$0.001 par value:</b>	
<b>Class AAA:</b>	
Net Asset Value, offering, and redemption price per share (\$7,935,621 ÷ 748,682 shares outstanding; 100,000,000 shares authorized) ..	<u>\$10.60</u>
<b>Class A:</b>	
Net Asset Value and redemption price per share (\$134,334,370 ÷ 12,704,234 shares outstanding; 200,000,000 shares authorized) .....	<u>\$10.57</u>
Maximum offering price per share (NAV+ 0.9425, based on maximum sales charge of 5.75% of the offering price) .....	<u>\$11.21</u>
<b>Class B:</b>	
Net Asset Value and offering price per share (\$8,392,964 ÷ 835,578 shares outstanding; 100,000,000 shares authorized) .....	<u>\$ 10.04(a)</u>
<b>Class C:</b>	
Net Asset Value and offering price per share (\$64,637,231 ÷ 6,438,497 shares outstanding; 100,000,000 shares authorized) .....	<u>\$ 10.04(a)</u>
<b>Class Y:</b>	
Net Asset Value, offering, and redemption price per share (\$50,892,368 ÷ 4,638,880 shares outstanding; 100,000,000 shares authorized) ..	<u>\$10.97</u>

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

### Statement of Operations For the Year Ended October 31, 2011

<b>Investment Income:</b>	
Dividends (net of foreign withholding taxes of \$29,954) .....	\$ 2,918,134
Interest .....	97,340
<b>Total Investment Income</b> .....	<u>3,015,474</u>
<b>Expenses:</b>	
Investment advisory fees .....	2,588,272
Distribution fees – Class AAA .....	15,128
Distribution fees – Class A .....	636,719
Distribution fees – Class B .....	110,431
Distribution fees – Class C .....	655,539
Shareholder services fees .....	330,629
Shareholder communications expenses .....	92,507
Registration expenses .....	68,246
Custodian fees .....	67,936
Directors' fees .....	53,625
Legal and audit fees .....	48,076
Accounting fees .....	45,000
Miscellaneous expenses .....	32,402
<b>Total Expenses</b> .....	<u>4,744,510</u>
<b>Less:</b>	
Custodian fee credits .....	(1,646)
Advisory fee reduction on unsupervised assets (See Note 3) .....	(856)
<b>Total Reductions and Credits</b> .....	<u>(2,502)</u>
<b>Net Expenses</b> .....	<u>4,742,008</u>
<b>Net Investment Loss</b> .....	<u>(1,726,534)</u>
<b>Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency:</b>	
Net realized gain on investments .....	6,128,480
Net realized loss on foreign currency transactions .....	(268,254)
Net realized gain on investments and foreign currency transactions .....	<u>5,860,226</u>
Net change in unrealized appreciation/depreciation: on investments .....	3,585,646
on foreign currency translations .....	(255,996)
Net change in unrealized appreciation on investments and foreign currency translations ..	<u>3,329,650</u>
<b>Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency</b> .....	<u>9,189,876</u>
<b>Net Increase in Net Assets Resulting from Operations</b> .....	<u>\$ 7,463,342</u>

See accompanying notes to financial statements.

## Gabelli Enterprise Mergers and Acquisitions Fund

### Statement of Changes in Net Assets

	Year Ended October 31, 2011	Year Ended October 31, 2010
<b>Operations:</b>		
Net investment loss .....	\$ (1,726,534)	\$ (1,988,365)
Net realized gain on investments and foreign currency transactions .....	5,860,226	3,175,587
Net change in unrealized appreciation on investments and foreign currency translations .....	3,329,650	21,125,388
<b>Net Increase in Net Assets Resulting from Operations</b> .....	<b>7,463,342</b>	<b>22,312,610</b>
<b>Distributions to Shareholders:</b>		
Net investment income		
Class A .....	—	(469,163)
Class C .....	—	(31,292)
Class Y .....	—	(215,495)
	—	(715,950)
Net realized gain		
Class A .....	—	(94,003)
Class B .....	—	(19,485)
Class C .....	—	(62,584)
Class Y .....	—	(25,461)
	—	(201,533)
<b>Total Distributions to Shareholders</b> .....	<b>—</b>	<b>(917,483)</b>
<b>Capital Share Transactions:</b>		
Class AAA .....	7,526,848	548,467
Class A .....	5,417,339	42,092,790
Class B .....	(4,749,564)	(5,233,469)
Class C .....	5,679,652	1,317,154
Class Y .....	15,741,831	8,839,302
<b>Net Increase in Net Assets from Capital Share Transactions</b> .....	<b>29,616,106</b>	<b>47,564,244</b>
<b>Redemption Fees</b> .....	<b>1,693</b>	<b>8,308</b>
<b>Net Increase in Net Assets</b> .....	<b>37,081,141</b>	<b>68,967,679</b>
<b>Net Assets:</b>		
Beginning of period .....	229,111,413	160,143,734
End of period (including undistributed net investment income of \$23,100 and \$0, respectively) .....	\$266,192,554	\$229,111,413

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 of Period	Income (Loss) from Investment Operations				Distributions			Net Asset Value, End of Period	Total Return	Ratios to Average Net Assets/Supplemental Data			
	Net Investment Income (Loss) (a)	Net Realized and Unrealized Gain (Loss) on Investments	Total from Investment Operations	Net Investment Income	Net Realized Gain on Investments	Total Distributions	Redemption Fees (a)(b)			Net Assets End of Period (in 000's)	Net Investment Income (Loss) (c)	Operating Expenses Net of Waivers/Reimbursements/Reductions (d)(e)(f)	Portfolio Turnover Rate
<b>Class AAA</b>													
2011	\$10.25	\$ (0.04)	\$ 0.39	\$ 0.35	—	—	—	\$10.60	3.41%	(0.39)%	1.45%	232%	
2010(g)	9.60	(0.05)	0.70	0.65	—	—	—	10.25	6.77	(0.80)(h)	1.51(h)	228	
<b>Class A</b>													
2011	\$10.24	\$ (0.06)	\$ 0.39	\$ 0.33	—	—	—	\$10.57	3.22%	(0.56)%	1.65%	232%	
2010	9.13	(0.09)	1.26	1.17	—	—	—	10.24	12.93	(0.90)	1.71	228	
2009	8.66	0.05	1.16	1.21	(0.74)	(0.06)	\$ (0.06)	9.13	16.09	0.59	1.74	97	
2008	13.17	0.02	(3.64)	(3.62)	(0.89)	(0.74)	(0.74)	8.66	(29.16)	0.16	1.86	130	
2007	12.75	0.09	1.18	1.27	(0.59)	(0.85)	(0.85)	13.17	10.52	0.68	1.70	216	
<b>Class B</b>													
2011	\$ 9.78	\$ (0.11)	\$ 0.37	\$ 0.26	—	—	—	\$10.04	2.66%	(1.09)%	2.20%	232%	
2010	8.72	(0.13)	1.20	1.07	—	—	—	9.78	12.29	(1.41)	2.26	228	
2009	8.35	0.01	1.10	1.11	(0.74)	(0.74)	(0.74)	8.72	15.43	0.08	2.29	97	
2008	12.79	(0.04)	(3.51)	(3.55)	(0.89)	(0.89)	(0.89)	8.35	(29.53)	0.37	2.41	130	
2007	12.39	0.04	1.14	1.18	(0.59)	(0.78)	(0.78)	12.79	9.96	0.25	2.25	216	
<b>Class C</b>													
2011	\$ 9.78	\$ (0.11)	\$ 0.37	\$ 0.26	—	—	—	\$10.04	2.66%	(1.11)%	2.20%	232%	
2010	8.72	(0.13)	1.21	1.08	—	—	—	9.78	12.36	(1.43)	2.26	228	
2009	8.35	0.00(b)	1.11	1.11	(0.74)	(0.74)	(0.74)	8.72	15.43	0.02	2.29	97	
2008	12.80	(0.04)	(3.52)	(3.56)	(0.89)	(0.89)	(0.89)	8.35	(29.55)	0.37	2.41	130	
2007	12.40	0.03	1.15	1.18	(0.59)	(0.78)	(0.78)	12.80	9.96	0.16	2.25	216	
<b>Class Y</b>													
2011	\$10.58	\$ (0.01)	\$ 0.40	\$ 0.39	—	—	—	\$10.97	3.69%	(0.11)%	1.20%	232%	
2010	9.42	(0.04)	1.30	1.26	—	—	—	10.58	13.49	(0.44)	1.26	228	
2009	8.87	0.09	1.20	1.29	(0.74)	(0.74)	(0.74)	9.42	16.64	1.05	1.29	97	
2008	13.48	0.07	(3.73)	(3.66)	(0.95)	(0.95)	(0.95)	8.87	(28.88)	0.63	1.41	130	
2007	13.04	0.16	1.20	1.36	(0.33)	(0.92)	(0.92)	13.48	11.01	1.15	1.25	216	

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

- (a) Per share amounts have been calculated using the average shares outstanding method.
- (b) Amount represents less than \$0.005 per share.
- (c) 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 year ended October 31, 2007 would have been 0.72% (Class A), 0.29% (Class B), 0.20% (Class C), and 1.19% (Class Y), respectively. For the year ended October 31, 2008, the effect of the fees paid indirectly was minimal. For the years ended October 31, 2011, 2010 and 2009 there were no fees paid indirectly.
- (d) The operating expense ratios do not include a reduction of expense for fees paid indirectly. For the year ended October 31, 2007, including such reduction for fees paid indirectly, the expense ratios would have been 1.66% (Class A), 2.21% (Class B and Class C), and 1.21% (Class Y), respectively. For the year ended October 31, 2008, the effect of the fees paid indirectly was minimal. For the years ended October 31, 2011, 2010 and 2009 there were no fees paid indirectly.
- (e) The Fund incurred interest expense during the 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 years ended October 31, 2010 and 2009, the effect of interest expense was minimal. For the year ended October 31, 2011 there was no interest expense.
- (f) If operating expenses were shown gross of any waivers/reimbursements/reductions, the effect would be minimal.
- (g) From the commencement of offering Class AAA Shares on February 26, 2010 through October 31, 2010.
- (h) Annualized.

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 is a series of the Gabelli 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 Fund’s financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”), which may require the use of management estimates and assumptions. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

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

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market, but prior to the close of business on the day the securities are being valued. Debt instruments with remaining maturities of sixty days or less that are not credit impaired are valued at amortized cost, unless the Board determines such amount does not reflect the securities’ fair value, in which case these securities will be fair valued as determined by the Board. Debt instruments having a maturity greater than sixty days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. U.S. government obligations with maturities greater than sixty days are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. Certain securities are valued principally using dealer quotations.

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

The inputs and valuation techniques used to measure fair value of the Fund’s investments are summarized into three levels as described in the hierarchy below:

- Level 1 – quoted prices in active markets for identical securities;

## Gabelli Enterprise Mergers and Acquisitions Fund

### Notes to Financial Statements (Continued)

- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); and
- Level 3 – significant unobservable inputs (including the Fund’s determinations as to the fair value of investments).

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund’s investments in securities and other financial instruments by inputs used to value the Fund’s investments as of October 31, 2011 is as follows:

	Valuation Inputs			Total Market Value at 10/31/11
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
<b>INVESTMENTS IN SECURITIES:</b>				
<b>ASSETS (Market Value):</b>				
Common Stocks:				
Health Care				
Biotechnology	\$ 918,164	—	\$5,413,738	\$ 6,331,902
Other Industries (a)	19,588,238	—	—	19,588,238
Information Technology				
Electrical Equipment and Instruments	992,486	—	1,650	994,136
Other Industries (a)	22,815,020	—	—	22,815,020
Utilities				
Independent Power Producers and Energy Traders	911,850	—	0	911,850
Other Industries (a)	13,217,798	—	—	13,217,798
Energy				
Oil, Gas, and Consumable Fuels	10,107,584	—	15,000	10,122,584
Other Industries (a)	1,080,800	—	—	1,080,800
Consumer Discretionary				
Media	7,368,387	—	0	7,368,387
Specialty Retail	1,222,478	—	0	1,222,478
Other Industries (a)	2,579,722	—	—	2,579,722
Other Industries (a)	67,853,476	—	—	67,853,476
<b>Total Common Stocks</b>	<b>148,656,003</b>	<b>—</b>	<b>5,430,388</b>	<b>154,086,391</b>
Rights:				
Health Care				
Biotechnology	—	—	3,800	3,800
Pharmaceuticals	115,700	—	—	115,700
<b>Total Rights</b>	<b>115,700</b>	<b>—</b>	<b>3,800</b>	<b>119,500</b>
Warrants:				
Consumer Discretionary Media	—	—	0	0
U.S. Government Obligations	—	\$112,740,019	—	112,740,019
<b>TOTAL INVESTMENTS IN SECURITIES – ASSETS</b>	<b>\$148,771,703</b>	<b>\$112,740,019</b>	<b>\$5,434,188</b>	<b>\$266,945,910</b>

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

## Gabelli Enterprise Mergers and Acquisitions Fund

### Notes to Financial Statements (Continued)

The Fund did not have significant transfers between Level 1 and Level 2 during the year ended October 31, 2011.

The following table reconciles Level 3 investments for which significant unobservable inputs were used to determine fair value:

	Balance as of 10/31/10	Accrued discounts/ (premiums)	Realized gain/ (loss)	Change in unrealized appreciation/ depreciation	Purchases	Sales	Transfers into Level 3†	Transfers out of Level 3†	Balance as of 10/31/11	Net change in unrealized appreciation/ depreciation during the period on Level 3 investments held at 10/31/11
<b>INVESTMENTS IN SECURITIES:</b>										
<b>ASSETS (Market Value):</b>										
Common Stocks:										
Health Care										
Biotechnology	\$44,000	\$—	\$—	\$416,754	\$—	\$—	\$4,952,984	\$—	\$5,413,738	\$416,754
Information Technology										
Electrical Equipment and Instruments	—	—	—	1,650	0	—	—	—	1,650	1,650
Utilities										
Independent Power Producers and Energy Traders	0	—	—	—	—	—	—	—	0	—
Energy										
Oil, Gas, and Consumable Fuels	—	—	—	15,000	0	—	—	—	15,000	15,000
Consumer Discretionary										
Media	0	—	—	—	—	—	—	—	0	—
Specialty Retail	—	—	—	—	0	—	—	—	0	—
<b>Total Common Stocks</b>	<b>44,000</b>	<b>—</b>	<b>—</b>	<b>433,404</b>	<b>0</b>	<b>—</b>	<b>4,952,984</b>	<b>—</b>	<b>5,430,388</b>	<b>433,404</b>
Rights:										
Health Care										
Biotechnology	—	—	—	3,800	0	—	—	—	3,800	3,800
Warrants:										
Consumer Discretionary										
Media	1	—	—	(1)	—	—	—	—	0	(1)
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>\$44,001</b>	<b>\$—</b>	<b>\$—</b>	<b>\$437,203</b>	<b>\$0</b>	<b>\$—</b>	<b>\$4,952,984</b>	<b>\$—</b>	<b>\$5,434,188</b>	<b>\$437,203</b>

† The Fund's policy is to recognize transfers into and transfers out of Level 3 as of the beginning of the reporting period.

In May 2011, the FASB issued Accounting Standards Update (“ASU”) No. 2011-04 “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (“IFRS”).” ASU 2011-04 includes common requirements for measurement of and disclosure about fair value between U.S. GAAP and IFRS. ASU 2011-04 will require reporting entities to disclose the following information for fair value measurements categorized within Level 3 of the fair value hierarchy: quantitative information about the unobservable inputs used in the fair value measurement, the valuation processes used by the reporting entity, and a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs. In addition, ASU 2011-04 will require reporting entities to make disclosures about amounts and reasons for all transfers into and out of Level 1 and Level 2 fair value measurements. The new and revised disclosures are

## Gabelli Enterprise Mergers and Acquisitions Fund

### Notes to Financial Statements (Continued)

---

effective for interim and annual reporting periods beginning after December 15, 2011. At this time, management is evaluating the implications of ASU 2011-04 and its impact on the financial statements.

**Derivative Financial Instruments.** The Fund may engage in various portfolio investment strategies by investing in a number of derivative financial instruments for the purposes of increasing the income of the Fund or hedging against a specific transaction with respect to either the currency in which the transaction is denominated or another currency. Investing in certain derivative financial instruments, including participation in the options, futures, or swap markets, entails certain execution, liquidity, hedging, tax, and securities, interest, credit, or currency market risks. Losses may arise if the Adviser's prediction of movements in the direction of the securities, foreign currency, and interest rate markets is inaccurate. Losses may also arise if the counterparty does not perform its duties under a contract, or that, in the event of default, the Fund may be delayed in or prevented from obtaining payments or other contractual remedies owed to it under derivative contracts. The creditworthiness of the counterparties is closely monitored in order to minimize these risks. Participation in derivative transactions involves investment risks, transaction costs, and potential losses to which the Fund would not be subject absent the use of these strategies. The consequences of these risks, transaction costs, and losses may have a negative impact on the Fund's ability to pay distributions.

The Fund's derivative contracts held at October 31, 2011, if any, are not accounted for as hedging instruments under GAAP and are disclosed in the Schedule of Investments together with the related counterparty.

**Swap Agreements.** The Fund may enter into equity contract for difference swap transactions for the purpose of increasing the income of the Fund. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an equity contract for difference swap, a set of future cash flows is exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. Depending on the general state of short-term interest rates and the returns on the Fund's portfolio securities at the time a swap transaction reaches its scheduled termination date, there is a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction.

Unrealized gains related to swaps are reported as an asset and unrealized losses are reported as a liability in the Statement of Assets and Liabilities. The change in value of swaps, including the accrual of periodic amounts of interest to be received or paid on swaps, is reported as unrealized gain or loss in the Statement of Operations. A realized gain or loss is recorded upon payment or receipt of a periodic payment or termination of swap agreements. During the year ended October 31, 2011, the Fund held no investments in equity contract for difference swap agreements.

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

## Gabelli Enterprise Mergers and Acquisitions Fund

### Notes to Financial Statements (Continued)

---

records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. At October 31, 2011, the Fund held no investments in forward foreign exchange contracts.

The Fund invested in forward foreign exchange contracts from January 18, 2011 through May 13, 2011. The average monthly market value during this time was approximately \$5,287,028.

For the year ended October 31, 2011, the effect of forward foreign exchange contracts can be found in the Statement of Operations under Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency, within Net realized loss on foreign currency transactions and Net change in unrealized depreciation on foreign currency transactions.

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

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

## Gabelli Enterprise Mergers and Acquisitions Fund

### Notes to Financial Statements (Continued)

---

substantial legal or contractual restrictions. The sale of illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity. The fund held no illiquid securities at October 31, 2011. For the restricted security the Fund held as of October 31, 2011, refer to the Schedule of Investments.

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

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

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

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

**Distributions to Shareholders.** Distributions to shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under GAAP. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income for federal income tax purposes include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. Permanent differences were primarily due to the tax treatment of currency gains and losses, net operating loss, and reclassifications of capital gains on investments

## Gabelli Enterprise Mergers and Acquisitions Fund

### Notes to Financial Statements (Continued)

in passive foreign investment companies. These reclassifications have no impact on the NAV of the Fund. For the year ended October 31, 2011, reclassifications were made to decrease accumulated net investment loss by \$1,771,180 and to decrease accumulated net realized loss on investments and foreign currency transactions by \$222,073, with an offsetting adjustment to paid-in capital.

No distributions were made during the year ended October 31, 2011.

The tax character of distributions paid during the year ended October 31, 2010 was \$917,483 of ordinary income inclusive of short-term capital gains.

**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, 2011, the components of accumulated earnings/losses on a tax basis were as follows:

Accumulated capital loss carryforwards .....	\$(49,018,827)
Net unrealized depreciation on investments .....	<u>(10,049,253)</u>
Total .....	<u><u>\$(59,068,080)</u></u>

At October 31, 2011, the Fund had a net capital loss carryforward for federal income tax purposes of \$49,018,827 which is available to reduce future required distributions of net capital gains to shareholders through 2017.

Under the recently enacted Regulated Investment Company Modernization Act of 2010, the Fund will be permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 for an unlimited period. In addition, these losses must be utilized prior to the losses incurred in pre-enactment taxable years. As a result of the rule, pre-enactment capital loss carryforwards may have an increased likelihood of expiring unused. Additionally, post-enactment capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term as under previous law.

During the year ended October 31, 2011, the Fund utilized capital loss carryforwards of \$5,486,690.

At October 31, 2011, the temporary difference between book and tax basis unrealized depreciation was primarily due to deferral of losses on wash sales for tax purposes.

The following summarizes the tax cost of investments and the related net unrealized depreciation at October 31, 2011:

	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Depreciation</u>
Investments .....	\$276,997,098	\$13,529,585	\$(23,580,773)	\$(10,051,188)

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the

## Gabelli Enterprise Mergers and Acquisitions Fund

### Notes to Financial Statements (Continued)

---

applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold. For the year ended October 31, 2011, the Fund did not incur any income tax, interest, or penalties. As of October 31, 2011, the Adviser has reviewed all open tax years and concluded that there was no impact to the Fund's net assets or results of operations. Tax years ended October 31, 2008 through October 31, 2011 remain subject to examination by the Internal Revenue Service and state taxing authorities. On an ongoing basis, the Adviser will monitor the Fund's tax positions to determine if adjustments to this conclusion are necessary.

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

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

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

The Adviser contractually agreed to make payments or waive its fees to limit the expenses of the Fund until March 10, 2010 ("Expense Limitation Agreement"). 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 were 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%. There were no expense limitations for Class AAA. At October 31, 2011, no expense reimbursements were due to the Adviser.

There was a reduction in the advisory fee paid to the Adviser relating to certain portfolio holdings, i.e., unsupervised assets, of the Fund with respect to which the Adviser transferred dispositive and voting control to the Fund's Proxy Voting Committee. During the year ended October 31, 2011, the Fund's Proxy Voting Committee exercised control and discretion over all rights to vote or consent with respect to such securities, and the Adviser reduced its fee with respect to such securities by \$856.

The Fund pays each Director who is not considered an affiliated person an annual retainer of \$6,000 plus \$1,000 for each Board meeting attended, and they are reimbursed by the Fund for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$1,000 per meeting attended and the Chairman of the Audit Committee and the Lead Director receive annual fees of \$1,500 and \$2,000, respectively. A Director may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. Directors who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

## Gabelli Enterprise Mergers and Acquisitions Fund

### Notes to Financial Statements (Continued)

---

**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. G.distributors, LLC serves as successor "Distributor" to Gabelli & Company, Inc. ("Gabelli & Co.") effective August 1, 2011, both affiliates of the Fund. Under the Class AAA, Class A, Class B, and Class C Share Plans, payments are authorized to the Distributor at annual rates of 0.25%, 0.45%, 1.00%, and 1.00%, respectively, of the average daily net assets of those classes, the annual limitations under each Plan. Such payments are accrued daily and paid monthly. Class Y shares do not participate in the Plan and pay no distribution fees.

**5. Portfolio Securities.** Purchases and sales of securities for the year ended October 31, 2011, other than short-term securities and U.S. Government obligations, aggregated \$433,342,654 and \$443,250,510, respectively.

**6. Transactions with Affiliates.** During the year ended October 31, 2011, the Fund paid brokerage commissions on security trades of \$211,576 to Gabelli & Co. Additionally, the current and former Distributors informed the Fund that it retained \$70,373 from investors representing commissions (sales charges and underwriting fees) on sales and redemptions of Fund shares.

Effective March 11, 2010, the cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement between the Fund and the Adviser. From November 1, 2010 through October 31, 2011, the Fund paid or accrued \$45,000 to the Adviser in connection with the cost of computing the Fund's NAV.

**7. Line of Credit.** The Fund participates in an unsecured line of credit of up to \$75,000,000 under which it may borrow up to 10% of its net assets from the custodian for temporary borrowing purposes. Borrowings under this arrangement bear interest at the higher of the sum of the LIBOR plus 125 basis points or the sum of the federal funds rate plus 125 basis points at the time of borrowing. This amount, if any, would be included in "interest expense" in the Statement of Operations. During the year ended October 31, 2011, there were no borrowings outstanding under the line of credit.

**8. Capital Stock.** The Fund offers five classes of shares—Class AAA Shares, Class A Shares, Class B Shares, Class C Shares, and Class Y Shares. Class A Shares are subject to a maximum front-end sales charge of 5.75%, effective November 4, 2009. Class B Shares are subject to a contingent deferred sales charge ("CDSC") upon redemption within six years of purchase and automatically convert to Class A Shares approximately eight years after the original purchase. The applicable Class B CDSC is equal to a percentage declining from 5% of the lesser of the NAV per share at the date of the original purchase or at the date of redemption, based on the length of time held. Class C Shares are subject to a 1.00% CDSC for one year after purchase. Class B Shares are available only through exchange of Class B Shares of other funds distributed by the Distributor. Class AAA Shares and Class Y Shares are offered to qualified investors without a sales charge. Class AAA Shares were first offered on February 26, 2010.

The Fund imposes a redemption fee of 2.00% on all classes of shares that are redeemed or exchanged on or before seventh day after the date of a purchase. The redemption fee is deducted from the proceeds otherwise payable to the redeeming shareholders and is retained by the Fund as an increase in paid-in capital. The redemption fees retained by the Fund during the years ended October 31, 2011 and 2010 amounted to \$1,693 and \$8,308, respectively. The redemption fee does not apply to redemptions of shares where (i) the shares

## Gabelli Enterprise Mergers and Acquisitions Fund

### Notes to Financial Statements (Continued)

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, 2011		Year Ended October 31, 2010	
	Shares	Amount	Shares	Amount
<b>Class AAA</b>				
Shares sold .....	1,310,609	\$ 14,005,944	67,341*	\$ 665,134*
Shares redeemed .....	(617,716)	(6,479,096)	(11,552)*	(116,667)*
Net increase .....	<u>692,893</u>	<u>\$ 7,526,848</u>	<u>55,789</u>	<u>\$ 548,467</u>
<b>Class A</b>				
Shares sold .....	6,521,263	\$ 68,992,740	7,978,586	\$ 78,186,857
Shares issued upon reinvestment of distributions .....	—	—	50,208	485,005
Shares redeemed .....	(5,988,343)	(63,575,401)	(3,739,635)	(36,579,072)
Net increase .....	<u>532,920</u>	<u>\$ 5,417,339</u>	<u>4,289,159</u>	<u>\$ 42,092,790</u>
<b>Class B</b>				
Shares sold .....	2,575	\$ 26,159	336	\$ 3,083
Shares issued upon reinvestment of distributions .....	—	—	1,638	15,185
Shares redeemed .....	(472,136)	(4,775,723)	(564,023)	(5,251,737)
Net decrease .....	<u>(469,561)</u>	<u>\$ (4,749,564)</u>	<u>(562,049)</u>	<u>\$ (5,233,469)</u>
<b>Class C</b>				
Shares sold .....	1,825,040	\$ 18,352,650	1,417,795	\$ 13,408,799
Shares issued upon reinvestment of distributions .....	—	—	7,112	65,926
Shares redeemed .....	(1,256,097)	(12,672,998)	(1,302,497)	(12,157,571)
Net increase .....	<u>568,943</u>	<u>\$ 5,679,652</u>	<u>122,410</u>	<u>\$ 1,317,154</u>
<b>Class Y</b>				
Shares sold .....	3,581,125	\$ 39,077,415	1,965,328	\$ 19,868,579
Shares issued upon reinvestment of distributions .....	—	—	16,753	166,529
Shares redeemed .....	(2,133,550)	(23,335,584)	(1,108,918)	(11,195,806)
Net increase .....	<u>1,447,575</u>	<u>\$ 15,741,831</u>	<u>873,163</u>	<u>\$ 8,839,302</u>

\* From the commencement of offering Class AAA Shares on February 26, 2010.

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

## Gabelli Enterprise Mergers and Acquisitions Fund

### Notes to Financial Statements (Continued)

---

**10. Other Matters.** On April 24, 2008, the Adviser entered into a settlement with the SEC to resolve an inquiry regarding prior frequent trading in shares of the GAMCO Global Growth Fund (the “Global Growth Fund”) by one investor who was banned from the Global Growth Fund in August 2002. Under the terms of the settlement, the Adviser, without admitting or denying the SEC’s findings and allegations, paid \$16 million (which included a \$5 million civil monetary penalty). On the same day, the SEC filed a civil action in the U.S. District Court for the Southern District of New York against the Executive Vice President and Chief Operating Officer of the Adviser, alleging violations of certain federal securities laws arising from the same matter. The officer, who also is an officer of the Global Growth Fund and other funds in the Gabelli/GAMCO complex, including this Fund, denies the allegations and is continuing in his positions with the Adviser and the funds. The settlement by the Adviser did not have, and the resolution of the action against the officer is not expected to have, a material adverse impact on the Adviser or its ability to fulfill its obligations under the Advisory Agreement.

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

## **Gabelli 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 Gabelli Enterprise Mergers and Acquisitions Fund (a series of the Gabelli 787 Fund, Inc. and hereafter referred to as the “Fund”) at October 31, 2011, 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, 2011 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
New York, NY  
December 29, 2011

## 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), Address<sup>1</sup> and Age</u>	<u>Term of Office and Length of Time Served<sup>2</sup></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 Director<sup>3</sup></u>
<b>INTERESTED DIRECTORS<sup>4</sup>:</b>				
<b>Regina M. Pitaro</b> Director Age: 56	Since 2008	1	Managing Director and Director of GAMCO Asset Management, Inc.	—
<b>INDEPENDENT DIRECTORS<sup>4</sup>:</b>				
<b>Anthony J. Colavita</b> Director Age: 75	Since 2008	35	President of the law firm of Anthony J. Colavita, P.C.	—
<b>James P. Conn</b> Director Age: 73	Since 2008	19	Former Managing Director and Chief Investment Officer of Financial Security Assurance Holdings Ltd. (1992-1998)	Director of First Republic Bank (banking) through January 2008 and LaQuinta Corp. (hotels) through January 2006
<b>Vincent D. Enright</b> Director Age: 67	Since 2008	17	Former Senior Vice President and Chief Financial Officer of KeySpan Corporation (public utility) (1994-1998)	Director of Echo Therapeutics, Inc. (therapeutics and diagnostics); Director of LGL Group, Inc.
<b>Arthur V. Ferrara</b> Director Age: 81	Since 2008	8	Former Chairman of the Board and Chief Executive Officer of The Guardian Life Insurance Company of America (1993-1995)	—
<b>Kuni Nakamura</b> Director Age: 43	Since 2008	10	President of Advanced Polymer, Inc. (chemical wholesale company)	—
<b>Salvatore J. Zizza</b> Director Age: 65	Since 2008	29	Chairman (since 1978) of Zizza & Company, Ltd. (financial consulting); Chairman (since 2006) of Metropolitan Paper Recycling, Inc. (recycling); Chairman (since 2000) of BAM Inc. (manufacturing); Chairman (since 2009) of E-Corp English (business services)	Non-Executive Chairman and Director of Harbor BioSciences, Inc. (biotechnology); Vice Chairman and Director of Trans-Lux Corporation (business services); Chairman and Chief Executive Officer of General Employment Enterprises, Inc. (staffing) Director (since December 2009); Bion Environmental Technologies (technology) (2005-2008); Director of Earl Schieb Inc. (automotive painting) through April 2009.

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

<u>Name, Position(s), Address<sup>1</sup> and Age</u>	<u>Term of Office and Length of Time Served<sup>2</sup></u>	<u>Principal Occupation(s) During Past Five Years</u>
<b>OFFICERS:</b>		
<b>Bruce N. Alpert</b> President and Secretary Age: 59	Since 2008	Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988; Officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex; Director of Teton Advisors, Inc. since 1998; Chairman of Teton Advisors, Inc. 2008-2010; President of Teton Advisors, Inc., 1998 through 2008; Senior Vice President of GAMCO Investors, Inc. since 2008
<b>Agnes Mullady</b> Treasurer Age: 53	Since 2008	President and Chief Operating Officer of the Open-End Fund Division of Gabelli Funds, LLC since September 2010; Senior Vice President of GAMCO Investors, Inc. since 2009; Vice President of Gabelli Funds, LLC since 2007; Officer of all of the registered investment companies in the Gabelli/ GAMCO Funds Complex
<b>Peter D. Goldstein</b> Chief Compliance Officer Age: 58	Since 2004	Director of Regulatory Affairs at GAMCO Investors, Inc. since 2004; Chief Compliance Officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex

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

<sup>2</sup> 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.

<sup>3</sup> "Interested person" of the Fund as defined in the 1940 Act. Ms. Pitaro is considered an "interested person" because of her affiliation with Gabelli Funds, LLC which acts as the Fund's investment adviser.

<sup>4</sup> 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.

<sup>5</sup> Directors who are not interested persons are considered "Independent" Directors.

## Gabelli Enterprise Mergers and Acquisitions Fund

A Portfolio of the Gabelli 787 Fund, Inc.

One Corporate Center  
Rye, New York 10580-1422

**800-GABELLI**

**800-422-3554**

**fax: 914-921-5118**

**website: [www.gabelli.com](http://www.gabelli.com)**

**e-mail: [info@gabelli.com](mailto:info@gabelli.com)**

Net Asset Value per share available daily by calling

**800-GABELLI** after 7:00 P.M.

### Board of Directors

Anthony J. Colavita

*President*

*Anthony J. Colavita, P.C.*

Kuni Nakamura

*President of*

*Advanced Polymer, Inc.*

James P. Conn

*Former Managing Director  
and Chief Investment Officer  
Financial Security Assurance  
Holdings Ltd.*

Regina M. Pitaro

*Managing Director and  
Director of GAMCO Asset  
Management Inc.*

Vincent D. Enright

*Former Senior Vice President  
and Chief Financial Officer  
KeySpan Corporation*

Salvatore J. Zizza

*Chairman*

*Zizza & Company, 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*

### Custodian, Transfer Agent, and Dividend Agent

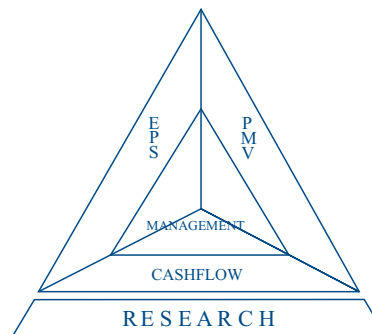
State Street Bank and Trust Company

### Distributor

G.distributors, LLC

### Legal Counsel

Paul Hastings 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.

---

GAB208Q411AR

ANNUAL REPORT  
OCTOBER 31, 2011