



# The GAMCO Global Opportunity Fund

## Shareholder Commentary December 31, 2008

### To Our Shareholders,

For the fourth quarter of 2008, the net asset value (“NAV”) per share of The GAMCO Global Opportunity Fund declined by 18.71%. This compares with a fall of 22.25% and 21.45% for the MSCI AC World Index and the Lipper Global Multi-Cap Core Fund Average, respectively. For the year 2008, the NAV per share of The GAMCO Global Opportunity Fund fell by 40.78%. This compares to a decline of 41.85% and 38.72% for the Lipper Global Multi-Cap Core Fund Average and the MSCI AC World Index, respectively.

For the second consecutive quarter, we could not identify any equity market that posted a positive return. During the fourth quarter of 2008, the two best performing developed markets were Japan and Switzerland, which fell, in dollar terms, by 9.1% and 13.3%, respectively. Much of this was due to the strength of the Swiss Franc and, in particular, the Japanese Yen. For example, in local currency terms the Japanese equity market fell by 22.3%. The Yen has been the strongest major global currency with the Dollar being the next strongest. This, we believe, reflects the global deleveraging that is currently in progress. With almost zero interest rates, the Yen became a popular currency for leveraged funds to borrow and then invest in higher return assets. Now assets are being sold and Yen borrowings are being paid off. The same is true for the Dollar. As the world’s reserve currency, a large proportion of global financial activity is denominated in Dollars. As the great unwinding continues, there is a strong underlying bid for Dollars. Currency strength, especially in the case of the Yen, certainly does not reflect economic strength either in relative or absolute terms. Japanese exports have slumped causing a fall in industrial production of 20% in December compared with a year ago. The decline in exports is quickly spilling over into the already weak domestic economy. After a small decline in GDP for 2008, economists expect a fall of 3.2% in 2009. It is somewhat ironic that the Dollar is so strong bearing in mind that the financial crisis began with the U.S. subprime meltdown and the export by the U.S. of all the toxic securities. As one market commentator said about the Dollar, “weakness is strength.”

### Average Annual Returns through December 31, 2008\*

	Quarter	1 Year	3 Year	5 Year	10 Year	Since Inception (5/11/98)
<b>GAMCO Global Opportunity Fund Class AAA</b> . . .	<b>(18.71)%</b>	<b>(40.78)%</b>	<b>(8.32)%</b>	<b>0.23%</b>	<b>3.09%</b>	<b>3.83%</b>
MSCI AC World Index . . . . .	(22.25)	(41.85)	(7.45)	0.44	0.23	0.78
Lipper Global Multi-Cap Core Fund Average . . . . .	(21.45)	(38.72)	(7.99)	(0.59)	1.73	0.88

**The expense ratio is 1.96% for the Fund’s Class AAA Shares. Class AAA Shares do not have a sales charge.**

**\* Returns represent past performance and do not guarantee future results.** Total returns and average annual returns reflect changes in share price and reinvestment of distributions and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Performance results for periods of less than one year are not annualized. Current performance may be lower or higher than the performance data presented. Visit [www.gabelli.com](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 more information about this and other matters and should be read carefully before investing.** Returns would have been lower had the Adviser not reimbursed certain expenses of the Fund. See page 7 for performance of other share classes. Investing in foreign securities involves risks not ordinarily associated with investments in domestic issues, including currency fluctuation, economic, and political risks. The Morgan Stanley Capital International (MSCI) All Country (AC) World Index is an unmanaged indicator of stock market performance, while the Lipper Global Multi-Cap Core Fund Average reflects the average performance of mutual funds classified in this particular category. You cannot invest directly in an index.

**GAMCO GLOBAL OPPORTUNITY FUND INVESTMENT RESULTS (CLASS AAA SHARES) (a)**

		Quarter				Year
		1st	2nd	3rd	4th	
2008:	Net Asset Value	\$18.73	\$18.54	\$15.00	\$12.18	\$12.18
	Total Return	(9.0)%	(1.0)%	(19.1)%	(18.7)%	(40.8)%
2007:	Net Asset Value	\$19.00	\$20.23	\$21.13	\$20.59	\$20.59
	Total Return	4.3%	6.5%	4.5%	(2.0)%	13.6%
2006:	Net Asset Value	\$17.21	\$16.99	\$16.73	\$18.22	\$18.22
	Total Return	8.2%	(1.3)%	(1.5)%	8.9%	14.5%
2005:	Net Asset Value	\$13.66	\$13.81	\$15.22	\$15.91	\$15.91
	Total Return	(1.3)%	1.1%	10.2%	4.7%	15.1%
2004:	Net Asset Value	\$12.47	\$12.12	\$12.55	\$13.84	\$13.84
	Total Return	2.4%	(2.8)%	3.6%	10.7%	14.0%
2003:	Net Asset Value	\$8.09	\$9.92	\$10.74	\$12.18	\$12.18
	Total Return	(8.8)%	22.6%	8.3%	13.5%	37.4%
2002:	Net Asset Value	\$10.38	\$9.55	\$8.11	\$8.87	\$8.87
	Total Return	3.6%	(8.0)%	(15.1)%	9.4%	(11.5)%
2001:	Net Asset Value	\$11.84	\$12.24	\$9.48	\$10.02	\$10.02
	Total Return	(16.9)%	3.4%	(22.6)%	6.8%	(28.9)%
2000:	Net Asset Value	\$19.07	\$17.77	\$17.22	\$14.24	\$14.24
	Total Return	5.8%	(6.8)%	(3.1)%	(9.4)%	(13.5)%
1999:	Net Asset Value	\$11.47	\$13.00	\$13.61	\$18.03	\$18.03
	Total Return	8.7%	13.3%	4.7%	38.9%	79.2%
1998:	Net Asset Value	—	\$10.23	\$9.69	\$10.55	\$10.55
	Total Return	—	2.3%(b)	(5.3)%	13.7%	10.1%(b)

**Average Annual Returns – December 31, 2008 (a)**

1 Year	(40.78)%
3 Year	(8.32)
5 Year	0.23
10 Year	3.09
Since Inception (b)	3.83
<b>Current Expense Ratio</b>	<b>1.96</b>

(a) **Returns represent past performance and do not guarantee future results.** Total returns and average annual returns reflect changes in share price and reinvestment of distributions and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Performance results for periods of less than one year are not annualized. Current performance may be lower or higher than the performance data

presented. Visit [www.gabelli.com](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 more information about this and other matters and should be read carefully before investing.** See page 7 for performance of other share classes. Investing in foreign securities involves risks not ordinarily associated with investments in domestic issues, including currency fluctuation, economic, and political risks.

(b) From commencement of operations on May 11, 1998.

A number of less well managed economies, including some commodity exporting countries, have experienced serious currency stress. The poster child of all this is Iceland whose currency and economy collapsed during 2008. The Russian Ruble and various Eastern European currencies have been under severe pressure. Indeed, there is some stress within in the Euro Zone where a number of countries, such as Italy, Greece, Spain, and Ireland have lost competitiveness relative to Germany. This has been reflected in a widening of the spread between their government bonds and German government bonds. The one size fits all mantra of the Euro is now being tested, ten years after its introduction.

During the quarter, most markets fell by at least 20%. The U.K. market declined by 27.1%, Germany by 20.9%, and France by 20.9%. In aggregate, Europe fell by 23.2%. Asia Pacific, excluding Japan, declined by 23.4%, with Hong Kong down 19.6%, Singapore down 27.2%, and Australia by 27.4%. China performed relatively well, declining by 11.0%. In aggregate, Emerging Markets fell by 27.9%. The Russian market halved in value during the quarter and fell by 75% for the year.

Unexpectedly, on a global basis the financial sector was the worst performing sector, falling by 33.7% during the quarter. Other, more economically sensitive sectors were also very weak. These included Energy, Materials, and Information Technology. The best performing sector was Telecommunications, which declined by 8.2% during the quarter but still fell by 37.9% for the year. The Healthcare sector fell by 11.3% for the quarter but, with a decline of 22.8% for the year, was the best performing sector in 2008. Although there was some differentiation in sector performance, all ten MSCI sectors declined for the quarter and for the year. Certainly financial and economically sensitive sectors performed worst but just about all stocks, in every market and sector, suffered a significant loss in value.

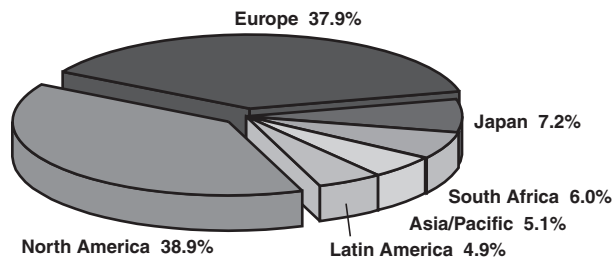
## Our Approach

We purchase attractively valued companies that we believe have the opportunity to grow earnings more rapidly than the average in that company's local market. We pay close attention to a company's market position, management, and balance sheet, with particular emphasis on the ability of the company to finance its growth. Generally, we value a company relative to its local market but, where appropriate, will attempt to benefit from valuation discrepancies between markets. Our primary focus is on security selection and not country allocation, but the Fund will remain well diversified by sector and geography. Country allocation is likely to reflect broad economic, financial, and currency trends as well as relative size of the market.

## International Allocation

The accompanying chart presents the Fund's holdings by geographic region as of December 31, 2008. The geographic allocation will change based on current global market conditions. Countries and/or regions represented in the chart and below may or may not be included in the Fund's future portfolio.

**HOLDINGS BY GEOGRAPHIC REGION – 12/31/08**



## COMMENTARY

In the fourth quarter of 2008, investors became fully aware that the seizing up of the credit markets and the chaos within the global banking system would reach deep into the real economy. As a consequence, the need for cash became paramount as the great unwinding continued and equities across all markets and sectors were savagely marked down. Buyers were few and far between.

The likely catalyst for the fourth quarter melt down was the demise of Lehman Brothers, which occurred in mid September. In retrospect, it is probably fair to say that the authorities made a mistake. The failure of Lehman really caused immense consternation and fear among counterparties. For example, basic transactions such as letters of credit necessary to ship goods became hard to obtain and a consumer's ability to finance a car purchase was greatly retarded. Credit markets froze. Investors were stunned that what began as a subprime mortgage problem in the United States morphed into a full scale global credit crisis.

Monetary authorities around the world, led by the Federal Reserve, have responded to the new economic reality in a meaningful manner. This is reassuring. Global interest rates have been slashed. In the United States, for example, short-term interest rates were reduced to 1% at the end of October and then on December 17th they were cut again to between zero and 25 basis points. Further, the Federal Reserve has undertaken a variety of other measures to inject liquidity into the system. The Federal Reserve has also made it clear that it has, at its disposal, a variety of other tools, which can be used to prevent deflation taking hold. Overseas, some central banks have been more proactive than others. The Bank of England has lowered U.K. rates aggressively but the European Central Bank (ECB) has been more circumspect. Looking back, it is hard to believe that the ECB actually raised rates in the spring of 2008 citing inflation fears. The Economist poll of forecasters suggests that consumer prices within the European area will rise by 0.8% in 2009 with the GDP declining by 2.1%.

Governments are also responding to the recession by increasing spending. This can be harder to achieve and implement than monetary stimulus, but is an important component of the policy response. It will result in a large rise in budget deficits in most developed economies. Assuming the global economy avoids a sustained period of deflation which would include falling prices, asset values, and wages, we believe the current very low yields on government bonds are hard to justify. Indeed, to an extent there is any bubble in today's financial markets, it may be in longer dated government bonds both in the U.S. and overseas. There is an enormous amount of cash in short dated securities seeking safety and when investors' risk appetite returns, equity markets could enjoy a dramatic move to the upside as bond yields rise.

Some market commentators have claimed that many global equity markets did not provide much of a return for ten years and then crashed. This is broadly correct. For example, in 2009 the German market just barely eclipsed its old high made in 2000 and has almost halved since then. Similarly, the U.K. 30 Share Index is less than half of its 1999 high and not significantly above its 2003 low. And Japan has been much worse. In early 2000, the Nikkei 225 Index was over 20,000. It closed 2008 at 8,859. Its 2003 low was a little less than 8,000. This lack of performance in many equity markets has meant that valuations are, on an historic basis, attractive. This is not on the basis of 2009 earnings, but rather on recovery earnings of 2010 or later. Corporate earnings in 2009 will be poor. Equity investors need to look past the next twelve months as by the time there is some clarity on earnings, markets may be considerably higher.

For the record, according to MSCI, the EAFE Index was trading on a price to book value of 1.2 times, a price to cash earnings of 5.3 times and a dividend yield of 5.0%. This compares with a yield on ten year government bonds at the end of 2008 of 2.95%, 3.02%, and 1.1% for Germany, the United Kingdom, and Japan, respectively.

Recognizing that the global economy is slowing dramatically, we continue to focus the portfolio on larger capitalization companies domiciled in the developed markets of Western Europe, Japan, and Australia. We have tried to avoid companies with balance sheet issues, which has led us to underweight Financials meaningfully. The portfolio is overweight Healthcare and Consumer Staples. We are aware that this appears to be a consensus position, which is a concern and that in this environment there are no "safe" holdings. On the other hand, we are impressed by the size of policy responses both in the U.S. and overseas. This has led us to maintain our exposure to the Energy and Materials sectors. These companies have been hit hard but we believe they control valuable assets, which the market has chosen to ignore. In a better economic environment, they will flourish and we believe some have the potential to double or triple in price.

## **Investment Scorecard**

For the fourth quarter of 2008, there were only ten holdings that posted a positive return in U.S. dollar terms. Three were Materials stocks and included CRH (2.7% of net assets as of December 31, 2008), a building materials company and our two gold stocks, Harmony Gold (2.1%), and Gold Fields (3.5%). Information Technology and Healthcare each had two, Square Enix (1.3%) and Keyence (0.8%) and Roche (4.4%) and Novo-Nordisk (0.8%), respectively. The top performer for the quarter was the Industrials company Mueller Water Products (0.6%) and the last two were UST (3.9%), a Consumer Staple and China Mobile (0.8%) a Telecommunications company located in China.

On the other hand, the Fund's largest losers were mostly Energy companies such as Patriot Coal (0.04%), Suncor (0.9%), Peabody Energy (0.6%), Schlumberger (2.5%), Petrobras (2.4%), Saipem (1.4%), and Galp Energia (0.8%) and a few Materials stocks including Xstrata (0.2%), Rio Tinto (0.2%), and Tokai Carbon (0.7%). Dr. Pepper Snapple (0.3%) and eBay (0.6%) also performed poorly.

## **Let's Talk Stocks**

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

*Cadbury plc (0.9% of net assets as of December 31, 2008) (CSG - \$8.84 - NYSE)* is a global producer of chocolate, chewing gum, and candy, selling its products under global brands such as Cadbury, Dentyne, and Trident. In May 2008, the company spun off its Americas Beverages business, and in December 2008 it agreed to sell its Australian Beverages business, leaving Cadbury as a pure play confectioner. Cadbury has significant exposure to fast growing emerging markets, including Latin America, Eastern Europe, and Asia. Management has laid out aggressive but achievable plans for cost reductions in order to increase margins substantially over the next several years. As a result, we expect strong earnings growth over the next several years and believe that the company could be attractive to strategic acquirers looking to expand in the confectionery industry.

*CNH Global NV (formerly Case New Holland) (0.6%) (CNH - \$15.60 - NYSE)* headquartered in the Netherlands, is a global manufacturer of agricultural and construction equipment. The company operates in three segments: Agricultural Equipment, Construction Equipment, and Financial Services. Although the stock has declined sharply, we continue to believe that CNH offers the most compelling risk/reward ratio in the agricultural space.

*CRH plc (2.7%) (CRH - \$26.03 - NYSE)* is a Dublin, Ireland based international building materials company that has an excellent long-term track record of increasing earnings per share. CRH is a leading producer and distributor of a wide range of building products and materials that has grown by making acquisitions that are complimentary to its existing operations. CRH's diversity in its product line and geographic reach keep this company well protected against a slowdown in any one particular product, segment, or country. This global presence should contribute to CRH's continued growth. In May 2008, the Company acquired a 45% interest in My Home Industries Limited. The company operates in 34 countries and employs approximately 92,000 people.

*Lockheed Martin (3.7%) (LMT - \$84.08 - NYSE)* is the world's largest defense contractor by revenue with strong franchises in military aircraft, defense electronics, information services, and space engineering. In 2007, 84% of revenues were to the U.S. Government, 13% to foreign governments, and 3% to commercial customers. The company's strengths are most evident in its Aeronautics business. The F-22 is the world's most advanced fighter aircraft with production scheduled through 2011 and the future of the program up to the new administration. The F-35 Joint Strike Fighter represents the future of Lockheed with nine partner nations and over 3,000 estimated orders. Although concerns over the new administration's defense budgets have weighed on the stock, we think global instability will ultimately determine defense budgets. As the global economy worsens, the probability of regional tensions or outbreaks of violence increases. Lockheed remains one of the best run defense contractors with very little credit risk and significant free cash flow generation.

*Pernod Ricard (2.4%) (RI.PA - \$74.29 - Paris Stock Exchange)* is a leading global spirits and wine producer. The company nearly doubled its size in 2005 with the purchase of Allied Domecq and is focused on fifteen strategic brands. Pernod is benefiting from growth in the global spirits and wine market and a general trend of consumers trading up to premium brands. The company has significant exposure to the fast growing spirits market in China through its Chivas Regal, Ballantine's, and Martell brands. In July 2008, the company acquired Vin & Sprit (V&S), the owner of Absolut vodka, which is globally the fourth largest premium spirit brand by volume, making Pernod the global co-leader in spirits by volume. Pernod took over distribution of Absolut throughout most of the world in October 2008, and we expect the brand to benefit from Pernod's strong sales force and distribution network around the world. We expect significant earnings growth over the next several years, driven by sales growth, realization of merger synergies, and the paydown of debt related to the V&S acquisition.

*Roche Holdings Ltd. (4.4%) (ROG.VX - \$154.82 - Swiss Stock Exchange)* is a leading healthcare company based in Switzerland with a broad spectrum of innovative medical solutions. For more than 110 years, Roche has been active in the discovery and development, manufacturing, and marketing of novel healthcare solutions. Their products and services bring significant benefit to patients from early detection and prevention of diseases to diagnosis, treatment, and treatment monitoring. Roche plays a pioneering role in personalized healthcare and is providing the first products that are tailored to the needs of specific patient groups. It operates in more than 150 countries and is the world's leader in in-vitro diagnostics and is the world's leading supplier of prescription drugs for cancer and transplantation. Roche's mission is to create added value in healthcare by focusing on their expertise in Diagnostics and Pharmaceuticals. On February 9, 2009, the company announced the commencement of its tender offer for Genentech for \$86.50 a share. By combining the two companies, Roche intends to create unrivaled benefits for its patients, employees, and shareholders.

*Xstrata plc (0.2%) (XTA.L - \$9.36 - London Stock Exchange)* is a diversified mining group. It focuses on seven international commodity markets: copper, coking coal, thermal coal, ferrochrome, nickel, vanadium, and zinc, with additional exposures to platinum group metals, gold, cobalt, lead, and silver, recycling facilities, and a suite of global technology products. Xstrata's operations and projects span eighteen countries and they employ approximately 56,000 people, including contractors. Its activities are organized into five global commodity businesses: alloys, coal, copper, nickel, and zinc, and a technology services business, which provides technologies and specialist services in the areas of mining, mineral processing, and metals extraction to mining companies worldwide and to Xstrata's own operations.

## Conclusion

Looking ahead there are reasons to be constructive toward equities. The problems are well known. A broken banking system, deleveraging, and a global recession. However, with the beating that equities have suffered, surely much of the bad news has been discounted. On the positive side, aggressive measures are being taken to breathe life into the credit markets and government spending is set to rise sharply. Credit spreads have narrowed significantly during the past few months. This is good news. However, credit remains tight. There are other tentative signs of economic improvement including a solid rally in the Baltic Dry Index, which measures shipping rates, reflecting trade activity. Indeed, looking across the valley, a better balanced global economy could emerge. Some of the major imbalances, such as the large U.S. current account deficit, might be corrected. A higher savings rate in the U.S. could reduce demand for imports of consumer goods. On the other hand, better domestic demand in countries such as China, which has announced a huge fiscal stimulus package, could reduce their massive surpluses. However, skill and luck will be needed to manage this transition without igniting trade protectionism.

Sincerely,



**Caesar Bryan**  
Team Portfolio Manager

February 9, 2009

**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.

## Minimum Initial Investment – \$1,000

The Fund's minimum initial investment for regular accounts is \$1,000. There are no subsequent investment minimums. No initial minimum is required for those establishing an Automatic Investment Plan.

Additionally, the Fund and other Gabelli/GAMCO Funds are available through the no-transaction fee programs at many major brokerage firms. The Fund imposes a 2% redemption fee on shares sold in seven days or less of a purchase. See the prospectus for more details.

## [www.gabelli.com](http://www.gabelli.com)

Please visit us on the Internet. Our homepage at [www.gabelli.com](http://www.gabelli.com) contains information about GAMCO Investors, Inc., the Gabelli/GAMCO Mutual Funds, IRAs, 401(k)s, current and historical quarterly reports, closing prices, and other current news.

We welcome your comments and questions via e-mail at info@gabelli.com. You may sign up for our e-mail alerts at www.gabelli.com and receive early notice of quarterly report availability, news events, media sightings, and mutual fund prices and performance.

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

### e-delivery

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

### Multi-Class Shares

The Fund began offering additional classes of Fund shares in March 2000. Class AAA Shares are no-load shares offered directly by selected broker/dealers. Class A and Class C Shares are targeted to the needs of investors who seek advice through financial consultants. Class I Shares are available solely to certain institutions which invest directly with the Fund. The minimum initial investment amount for Class I Shares is \$500,000. The Board of Directors determined that expanding the types of Fund shares available through various distribution options would enhance the ability of the Fund to attract additional investors.

#### GAMCO Global Opportunity Fund Average Annual Returns — December 31, 2008 (a)

	<u>Class AAA Shares</u>	<u>Class A Shares</u>	<u>Class B Shares</u>	<u>Class C Shares</u>	<u>Class I Shares</u>
1 Year .....	(40.78)%	(40.83)% (44.23)(c)	(41.24)% (44.18)(d)	(41.26)% (41.85)(e)	(40.60)%
3 Year .....	(8.32)	(8.32) (10.11)(c)	(9.01) (9.93)(d)	(9.06) (9.06)	(8.22)
5 Year .....	0.23	0.23 (0.95)(c)	(0.52) (0.92)(d)	(0.31) (0.31)	0.29
10 Year .....	3.09	3.09 2.48(c)	2.48 2.48	2.88 2.88	3.12
Life of Fund (b) .....	3.83	3.84 3.26(c)	3.25 3.25	3.63 3.63	3.86
<b>Current expense ratio ...</b>	<b>1.96</b>	<b>1.96</b>	<b>2.71</b>	<b>2.71</b>	<b>1.71</b>
<b>Maximum sales charge ..</b>	<b>None</b>	<b>5.75</b>	<b>5.00</b>	<b>1.00</b>	<b>None</b>

- (a) **Returns represent past performance and do not guarantee future results.** Total returns and average annual returns reflect changes in share price and reinvestment of distributions and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. 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 more information about this and other matters and should be read carefully before investing.** Investing in foreign securities involves risks not ordinarily associated with investments in domestic issues, including currency fluctuation, economic, and political risks.
- The Class AAA Share NAVs per share are used to calculate performance for the periods prior to the issuance of Class A Shares, Class B Shares, Class C Shares, and Class I Shares on March 12, 2000, August 16, 2000, November 23, 2001, and January 11, 2008, respectively. The actual performance of the Class B Shares and Class C Shares would have been lower for the periods starting prior to August 16, 2000 and November 23, 2001, respectively, due to the additional expenses associated with these classes of shares. The actual performance of the Class I Shares would have been higher due to lower expenses related to this class of shares. Returns would have been lower had the Adviser not reimbursed certain expenses of the Fund.
- (b) Performance is calculated from inception of Class AAA Shares on May 11, 1998.
- (c) Includes the effect of the maximum 5.75% sales charge at the beginning of the period.
- (d) Performance results include the deferred sales charges for the Class B Shares upon redemption at the end of the one year, three year, and five year periods of 5%, 3%, and 2%, respectively, of the Fund's NAV per share at the time of purchase or sale, whichever is lower. Class B Shares are not available for new purchases.
- (e) Performance results include the deferred sales charges for the Class C Shares upon redemption at the end of the one year period of 1% of the Fund's NAV per share at the time of purchase or sale, whichever is lower.

We have separated the portfolio managers' 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 managers' commentary is unrestricted. The financial statements and investment portfolio are mailed separately from the commentary. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at [www.gabelli.com/funds](http://www.gabelli.com/funds).

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

**GAMCO**

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*Treasurer*

**Distributor**

Gabelli & Company, Inc.

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

State Street Bank and Trust Company

**Legal Counsel**

Skadden, Arps, Slate, Meagher & Flom LLP

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This report is submitted for the general information of the shareholders of The GAMCO Global Opportunity Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.

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GAB403Q408SC

**The  
GAMCO  
Global  
Opportunity  
Fund**

**SHAREHOLDER COMMENTARY  
DECEMBER 31, 2008**

# The GAMCO Global Opportunity Fund

Annual Report  
December 31, 2008

## To Our Shareholders,

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

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

Enclosed are the audited financial statements and the investment portfolio as of December 31, 2008 with a description of factors that affected the performance during the past year.

## Performance Discussion (Unaudited)

For the year ended December 31, 2008 the net asset value of The GAMCO Global Opportunity Fund (the "Fund") (Class AAA) depreciated by 40.78% compared with declines of 45.18% for the Lipper Global Multi-Cap Growth Fund Average and 41.85% for the Morgan Stanley Capital International All Country ("MSCI AC") World Index.

For the year ending December 2008 only a handful of holdings showed positive returns. Of them, two were Materials stocks, Syngenta (0.8% of net assets as of December 31, 2008) and Harmony Gold (2.1%), two were Consumer Staples, UST (3.9%) and General Mills (2.5%), and one was Utilities company Connecticut Water (1.3%).

The poorest performers of 2008 included Energy companies, Patriot Coal (0.04%), Suncor (0.9%), Peabody Energy (0.6%), and Petrobras (2.4%). The two worst performers were Xstrata (0.2%) and Rio Tinto (0.2%) both of which are Materials stocks. Rounding out the bottom were Industrials company, CNH Global (0.6%), Consumer Discretionary company, Mandarin Oriental (0.8%), and Information Technology holding, eBay (0.6%).

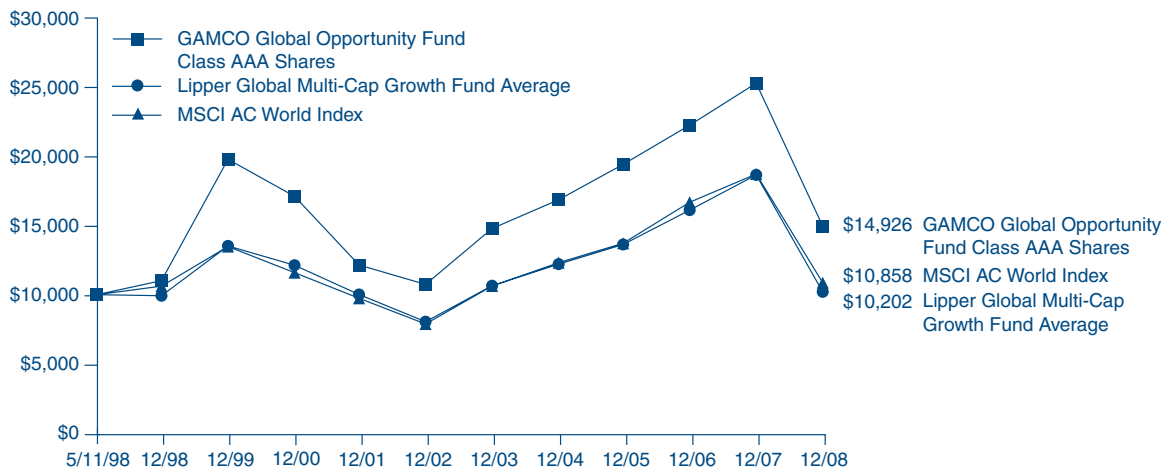
Sincerely yours,



Bruce N. Alpert  
President

February 20, 2009

**COMPARISON OF CHANGE IN VALUE OF A \$10,000 INVESTMENT IN  
THE GAMCO GLOBAL OPPORTUNITY FUND CLASS AAA SHARES, THE LIPPER GLOBAL  
MULTI-CAP GROWTH FUND AVERAGE, AND THE MSCI AC WORLD INDEX**



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

**Comparative Results**

**Average Annual Returns through December 31, 2008 (a)**

	Quarter	1 Year	3 Year	5 Year	Since Inception (5/11/98)
<b>GAMCO Global Opportunity Fund Class AAA</b> . . . . .	<b>(18.71)%</b>	<b>(40.78)%</b>	<b>(8.32)%</b>	<b>0.23%</b>	<b>3.83%</b>
MSCI AC World Index . . . . .	(22.25)	(41.85)	(7.45)	0.44	0.78
Lipper Global Multi-Cap Growth Fund Average . . . . .	(23.04)	(45.18)	(8.76)	(0.90)	0.86
Class A . . . . .	(18.75)	(40.83)	(8.32)	0.23	3.84
Class B . . . . .	(23.43)(b)	(44.23)(b)	(10.11)(b)	(0.95)(b)	3.26(b)
Class C . . . . .	(18.85)	(41.24)	(9.01)	(0.52)	3.25
Class I . . . . .	(22.90)(c)	(44.18)(c)	(9.93)(c)	(0.92)(c)	3.25
Class A . . . . .	(18.88)	(41.26)	(9.06)	(0.31)	3.63
Class B . . . . .	(19.69)(d)	(41.85)(d)	(9.06)	(0.31)	3.63
Class C . . . . .	(18.63)	(40.60)	(8.22)	0.29	3.86

**In the current prospectus, the expense ratios for Class AAA, A, B, C, and I Shares are 1.96%, 1.96%, 2.71%, 2.71%, and 1.71%, respectively. Class AAA and Class I Shares do not have a 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 and reinvestment of distributions and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Performance returns for periods of less than one year are not annualized. Current performance may be lower or higher than the performance data presented. 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 more information about this and other matters and should be read carefully before investing.** Investing in foreign securities involves risks not ordinarily associated with investments in domestic issues, including currency fluctuation, economic, and political risks.
- The Class AAA Shares net asset values ("NAVs") per share are used to calculate performance for the periods prior to the issuance of Class A Shares, Class B Shares, Class C Shares, and Class I Shares on March 12, 2000, August 16, 2000, November 23, 2001, and January 11, 2008, respectively. The actual performance of the Class B Shares and Class C Shares would have been lower for the periods starting prior to August 16, 2000 and November 23, 2001, respectively, due to the additional expenses associated with these classes of shares. The actual performance of the Class I Shares would have been higher due to lower expenses related to this class of shares. Returns would have been lower had the Adviser not reimbursed certain expenses of the Fund. The MSCI AC World Index is an unmanaged indicator of stock market performance, while the Lipper Global Multi-Cap Growth Fund Average reflects the average performance of mutual funds classified in this particular category. Dividends are considered reinvested. You cannot invest directly in an index.
- (b) Includes the effect of the maximum 5.75% sales charge at the beginning of the period.
- (c) Performance results include the deferred sales charges for the Class B Shares upon redemption at the end of the quarter, one year, three year, and five year periods of 5%, 5%, 3%, and 2%, respectively, of the Fund's NAV per share at the time of purchase or sale, whichever is lower. Class B Shares are not available for new purchases.
- (d) Performance results include the deferred sales charges for the Class C Shares upon redemption at the end of the quarter and one year periods of 1% of the Fund's NAV per share at the time of purchase or sale, whichever is lower.

## The GAMCO Global Opportunity Fund Disclosure of Fund Expenses (Unaudited)

For the Six Month Period from July 1, 2008 through December 31, 2008

## Expense Table

We believe it is important for you to understand the impact of fees and expenses regarding your investment. All mutual funds have operating expenses. As a shareholder of a fund, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a fund's gross income, directly reduce the investment return of a fund. When a fund's expenses are expressed as a percentage of its average net assets, this figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your Fund and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The Expense Table below illustrates your Fund's costs in two ways:

**Actual Fund Return:** This section provides information about actual account values and actual expenses. You may use this section to help you to estimate the actual expenses that you paid over the period after any fee waivers and expense reimbursements. The "Ending Account Value" shown is derived from the Fund's **actual** return during the past six months, and the "Expenses Paid During Period" shows the dollar amount that would have been paid by an investor who started with \$1,000 in the Fund. You may use this information, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number given for your Fund under the heading "Expenses Paid During Period" to estimate the expenses you paid during this period.

**Hypothetical 5% Return:** This section provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio. It assumes a hypothetical annualized return of 5% before expenses during the period shown. In this case – because the hypothetical return used is **not** the Fund's actual return – the results do not apply to your investment and you cannot use the hypothetical account value and expense to estimate the actual ending account balance or expenses you paid for the period. This example is useful in making comparisons of the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs such as sales charges (loads), redemption fees, or exchange fees, if any, which are described in the Prospectus. If these costs were applied to your account, your costs would be higher. Therefore, the 5% hypothetical return is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. The "Annualized Expense Ratio" represents the actual expenses for the last six months and may be different from the expense ratio in the Financial Highlights which is for the year ended December 31, 2008.

	Beginning Account Value 07/01/08	Ending Account Value 12/31/08	Annualized Expense Ratio	Expenses Paid During Period*
<b>The GAMCO Global Opportunity Fund</b>				
<b>Actual Fund Return</b>				
Class AAA	\$1,000.00	\$ 657.60	2.01%	\$ 8.37
Class A	\$1,000.00	\$ 657.30	2.01%	\$ 8.37
Class B	\$1,000.00	\$ 655.20	2.76%	\$11.48
Class C	\$1,000.00	\$ 655.20	2.76%	\$11.48
Class I	\$1,000.00	\$ 658.90	1.76%	\$ 7.34
<b>Hypothetical 5% Return</b>				
Class AAA	\$1,000.00	\$1,015.03	2.01%	\$10.18
Class A	\$1,000.00	\$1,015.03	2.01%	\$10.18
Class B	\$1,000.00	\$1,011.26	2.76%	\$13.95
Class C	\$1,000.00	\$1,011.26	2.76%	\$13.95
Class I	\$1,000.00	\$1,016.29	1.76%	\$ 8.92

\* Expenses are equal to the Fund's annualized expense ratio for the last six months multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year, then divided by 366.

## Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of total net assets as of December 31, 2008:

### The GAMCO Global Opportunity Fund

Consumer Staples .....	20.9%	Consumer Discretionary .....	6.5%
Health Care .....	16.2%	Financial Services .....	4.4%
Materials .....	13.9%	Telecommunication Services .....	3.5%
Industrials .....	13.0%	Utilities .....	1.3%
Energy .....	11.5%	Other Assets and Liabilities (Net) .....	1.9%
Information Technology .....	6.9%		<u>100.0%</u>

*The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (the "SEC") for the first and third quarters of each fiscal year on Form N-Q, the last of which was filed for the quarter ended September 30, 2008. 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 1-800-SEC-0330.*

### Proxy Voting

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



**The GAMCO Global Opportunity Fund**  
**Schedule of Investments (Continued) — December 31, 2008**

<u>Shares</u>		<u>Cost</u>	<u>Market Value</u>	<u>Principal Amount</u>		<u>Cost</u>	<u>Market Value</u>
	<b>COMMON STOCKS (Continued)</b>				<b>CORPORATE BONDS — 0.0%</b>		
	<b>FINANCIAL SERVICES — 4.4%</b>				<b>Telecommunication Services — 0.0%</b>		
7,000	Julius Baer Holding Ltd. AG	\$ 254,302	\$ 271,301	\$200,000	Williams Communications		
10,000	Kinnevik Investment AB,				Group Inc., Escrow,		
	Cl. B	230,284	82,840		10.875%, 10/01/09† (a) ..	\$ 0	\$ 0
1,368	Reinet Investments SCA† ..	100,324	13,311				
8,000	Schroders plc	149,449	100,637		<b>TOTAL</b>		
10,000	Swire Pacific Ltd., Cl. A	112,741	69,272		<b>INVESTMENTS — 98.1%</b>	\$11,840,947	12,121,909
	<b>TOTAL FINANCIAL SERVICES</b>	847,100	537,361		<b>Other Assets and Liabilities (Net) — 1.9%</b>		240,213
	<b>TELECOMMUNICATION SERVICES — 3.5%</b>				<b>NET ASSETS — 100.0%</b>		\$12,362,122
10,000	China Mobile Ltd.	122,566	101,461				
2,300	Telephone & Data				(a) Security fair valued under procedures established by the Board of		
	Systems Inc.	45,066	73,025		Directors. The procedures may include reviewing available financial		
2,300	Telephone & Data				information about the company and reviewing valuation of comparable		
	Systems Inc., Special	41,599	64,630		securities and other factors on a regular basis. At December 31, 2008, the		
4,500	United States Cellular Corp.†	254,809	194,580		market value of the fair valued security amounted to \$0 or 0.00% of net		
	<b>TOTAL TELECOMMUNICATION</b>				assets.		
	<b>SERVICES</b>	464,040	433,696		† Non-income producing security.		
	<b>UTILITIES — 1.3%</b>				ADR American Depositary Receipt		
7,000	Connecticut Water						
	Service Inc.	158,291	165,270				
	<b>TOTAL COMMON STOCKS</b>	11,840,947	12,121,909				
					<b>Geographic Diversification</b>		
					North America	38.9%	\$ 4,712,331
					Europe	37.9	4,592,725
					Japan	7.2	867,013
					South Africa	6.0	734,482
					Asia/Pacific Rim	5.1	616,702
					Latin America	4.9	598,656
						100.0%	\$12,121,909

See accompanying notes to financial statements.

# The GAMCO Global Opportunity Fund

## Statement of Assets and Liabilities December 31, 2008

<b>Assets:</b>	
Investments, at value (cost \$11,840,947) . . . . .	\$12,121,909
Foreign currency, at value (cost \$272,831) . . . . .	316,368
Cash . . . . .	32
Receivable for investments sold . . . . .	120,020
Receivable for Fund shares sold . . . . .	750
Dividends receivable . . . . .	27,897
Prepaid expenses . . . . .	17,885
<b>Total Assets</b> . . . . .	<u>12,604,861</u>
<b>Liabilities:</b>	
Payable for investments purchased . . . . .	59,747
Payable for Fund shares redeemed . . . . .	5
Payable for investment advisory fees . . . . .	2,243
Payable for distribution fees . . . . .	2,396
Payable for legal and audit fees . . . . .	29,915
Payable for shareholder communications expenses . . . . .	23,584
Line of credit payable . . . . .	100,000
Other accrued expenses . . . . .	24,849
<b>Total Liabilities</b> . . . . .	<u>242,739</u>
<b>Net Assets</b> applicable to 1,015,101 shares outstanding . . . . .	<u>\$12,362,122</u>
<b>Net Assets Consist of:</b>	
Paid-in capital, each class at \$0.001 par value . . . . .	\$16,372,310
Accumulated net investment income . . . . .	129,258
Accumulated net realized loss on investments and foreign currency transactions . . . . .	(4,464,106)
Net unrealized appreciation on investments . . . . .	280,962
Net unrealized appreciation on foreign currency translations . . . . .	43,698
<b>Net Assets</b> . . . . .	<u>\$12,362,122</u>
<b>Shares of Capital Stock:</b>	
<b>Class AAA:</b>	
Net Asset Value, offering, and redemption price per share (\$11,842,632 ÷ 972,375 shares outstanding; 75,000,000 shares authorized) . . . . .	<u>\$12.18</u>
<b>Class A:</b>	
Net Asset Value and redemption price per share (\$120,537 ÷ 9,927 shares outstanding; 50,000,000 shares authorized) . . . . .	<u>\$12.14</u>
Maximum offering price per share (NAV ÷ 0.9425, based on maximum sales charge of 5.75% of the offering price) . . . . .	<u>\$12.88</u>
<b>Class B:</b>	
Net Asset Value and offering price per share (\$2,874 ÷ 246.3 shares outstanding; 25,000,000 shares authorized) . . . . .	<u>\$11.67(a)</u>
<b>Class C:</b>	
Net Asset Value and offering price per share (\$970 ÷ 79.5 shares outstanding; 25,000,000 shares authorized) . . . . .	<u>\$12.20(a)</u>
<b>Class I:</b>	
Net Asset Value, offering, and redemption price per share (\$395,109 ÷ 32,473 shares outstanding; 25,000,000 shares authorized) . . . . .	<u>\$12.17</u>

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

## Statement of Operations For the Year Ended December 31, 2008

<b>Investment Income:</b>	
Dividends (net of foreign taxes of \$14,705) . . . . .	\$ 515,637
Interest . . . . .	6,824
<b>Total Investment Income</b> . . . . .	<u>522,461</u>
<b>Expenses:</b>	
Investment advisory fees . . . . .	183,817
Distribution fees – Class AAA . . . . .	44,505
Distribution fees – Class A . . . . .	439
Distribution fees – Class B . . . . .	44
Distribution fees – Class C . . . . .	14
Custodian fees . . . . .	38,981
Shareholder communications expenses . . . . .	37,219
Legal and audit fees . . . . .	25,811
Registration expenses . . . . .	24,250
Shareholder services fees . . . . .	17,954
Directors' fees . . . . .	2,158
Interest expense . . . . .	1,247
Miscellaneous expenses . . . . .	35,836
<b>Total Expenses</b> . . . . .	<u>412,275</u>
Less:	
Expense reimbursement (See Note 3) . . . . .	(44,279)
Custodian fee credits . . . . .	(68)
<b>Net Expenses</b> . . . . .	<u>367,928</u>
<b>Net Investment Income</b> . . . . .	<u>154,533</u>
<b>Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency:</b>	
Net realized loss on investments . . . . .	(1,170,048)
Net realized loss on foreign currency transactions . . . . .	(11,113)
Net realized loss on investments and foreign currency transactions . . . . .	<u>(1,181,161)</u>
Net change in unrealized appreciation/ (depreciation) on investments . . . . .	(8,177,909)
Net change in unrealized appreciation/ (depreciation) on foreign currency translations . . . . .	34,267
Net change in unrealized appreciation/ (depreciation) on investments and foreign currency translations . . . . .	<u>(8,143,642)</u>
<b>Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency</b> . . . . .	<u>(9,324,803)</u>
<b>Net Decrease in Net Assets Resulting from Operations</b> . . . . .	<u>\$(9,170,270)</u>

See accompanying notes to financial statements.

# The GAMCO Global Opportunity Fund

## Statement of Changes in Net Assets

	<u>Year Ended</u> <u>December 31, 2008</u>	<u>Year Ended</u> <u>December 31, 2007</u>
<b>Operations:</b>		
Net investment income .....	\$ 154,533	\$ 196,008
Net realized gain/(loss) on investments and foreign currency transactions .....	(1,181,161)	2,698,441
Net change in unrealized appreciation/(depreciation) on investments and foreign currency translations .....	<u>(8,143,642)</u>	<u>(83,702)</u>
<b>Net Increase/(Decrease) in Net Assets Resulting from Operations .....</b>	<b><u>(9,170,270)</u></b>	<b><u>2,810,747</u></b>
<b>Distributions to Shareholders:</b>		
Net investment income		
Class AAA .....	(12,274)	(120,449)
Class A .....	(136)	(1,327)
Class I .....	<u>(1,752)</u>	<u>—</u>
	<u>(14,162)</u>	<u>(121,776)</u>
Return of capital		
Class AAA .....	—	(1,301)
Class A .....	<u>—</u>	<u>(14)</u>
	<u>—</u>	<u>(1,315)</u>
<b>Total Distributions to Shareholders .....</b>	<b><u>(14,162)</u></b>	<b><u>(123,091)</u></b>
<b>Capital Share Transactions:</b>		
Class AAA .....	(1,795,387)	(3,577,929)
Class A .....	(20,901)	(14,498)
Class B .....	(1,116)	(20,353)
Class C .....	(1,867)	(555)
Class I .....	<u>616,082</u>	<u>—</u>
<b>Net Decrease in Net Assets from Capital Share Transactions .....</b>	<b><u>(1,203,189)</u></b>	<b><u>(3,613,335)</u></b>
<b>Redemption Fees .....</b>	<b><u>6</u></b>	<b><u>20</u></b>
<b>Net Decrease in Net Assets .....</b>	<b><u>(10,387,615)</u></b>	<b><u>(925,659)</u></b>
<b>Net Assets:</b>		
Beginning of period .....	<u>22,749,737</u>	<u>23,675,396</u>
End of period (including undistributed net investment income of \$129,258 and \$0, respectively) .....	<u><b>\$ 12,362,122</b></u>	<u><b>\$22,749,737</b></u>

See accompanying notes to financial statements.

# The GAMCO Global Opportunity Fund

## Financial Highlights

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

Period Ended December 31	Income from Investment Operations				Distributions			Ratios to Average Net Assets/Supplemental Data							
	Net Asset Value, Beginning of Period	Net Investment Income (Loss)(a)	Net Realized and Unrealized Gain (Loss) on Investments	Total from Operations	Net Investment Income	Return of Capital	Total Distributions	Redemption Fees(a)	Net Asset Value, End of Period	Total Return†	Net Assets End of Period (in 000's)	Net Investment Income (Loss)	Operating Expenses Before Reimbursement(b)	Operating Expenses Net of Reimbursement(c)	Portfolio Turnover Ratio††
<b>Class AAA</b>															
2008	\$20.59	\$ 0.14	\$(8.54)	\$(8.40)	\$(0.01)	—	\$(0.01)	\$0.00(d)	\$12.18	(40.8)%	\$11,843	0.83%	2.25%	2.01%(e)	14%
2007	18.22	0.17	2.31	2.48	(0.11)	—	(0.11)	0.00(d)	20.59	13.6	22,507	0.84	2.03	2.03(e)	20
2006	15.91	(0.08)	2.39	2.31	(0.00)(d)	—	(0.00)(d)	0.00(d)	18.22	14.5	23,426	(0.44)	2.02	2.02(e)	15
2005	13.84	0.01	2.08	2.09	(0.02)	—	(0.02)	0.00(d)	15.91	15.1	21,425	0.10	2.04	1.85(e)	26
2004	12.18	0.03	1.68	1.71	(0.05)	—	(0.05)	0.00(d)	13.84	14.0	21,033	0.25	2.00	1.50	35
<b>Class A</b>															
2008	\$20.54	\$ 0.12	\$(8.51)	\$(8.39)	\$(0.01)	—	\$(0.01)	\$0.00(d)	\$12.14	(40.8)%	\$ 120	0.69%	2.25%	2.01%(e)	14%
2007	18.17	0.18	2.31	2.49	(0.12)	—	(0.12)	0.00(d)	20.54	13.7	233	0.91	2.03	2.03(e)	20
2006	15.87	(0.08)	2.39	2.31	(0.01)	—	(0.01)	0.00(d)	18.17	14.5	220	(0.45)	2.02	2.02(e)	15
2005	13.81	0.01	2.09	2.10	(0.04)	—	(0.04)	0.00(d)	15.87	15.2	244	0.05	2.06	1.87(e)	26
2004	12.16	0.03	1.67	1.70	(0.05)	—	(0.05)	0.00(d)	13.81	14.0	106	0.26	2.00	1.50	35
<b>Class B</b>															
2008	\$19.86	\$ 0.01	\$(8.20)	\$(8.19)	—	—	—	—	\$11.67	(41.2)%	\$ 3	0.05%	3.00%	2.76%(e)	14%
2007	17.61	(0.08)	2.33	2.25	—	—	—	\$0.00(d)	19.86	12.8	6	(0.45)	2.78	2.78(e)	20
2006	15.49	(0.19)	2.31	2.12	—	—	—	0.00(d)	17.61	13.7	25	(1.14)	2.77	2.77(e)	15
2005	13.56	(0.08)	2.01	1.93	—	—	—	0.00(d)	15.49	14.2	48	(0.60)	2.79	2.58(e)	26
2004	12.00	(0.07)	1.66	1.59	\$(0.03)	—	\$(0.03)	0.00(d)	13.56	13.2	52	(0.53)	2.75	2.25	35
<b>Class C</b>															
2008	\$20.77	\$(0.00)(d)	\$(8.57)	\$(8.57)	—	—	—	—	\$12.20	(41.3)%	\$ 1	(0.01)%	3.00%	2.76%(e)	14%
2007	18.45	0.03	2.29	2.32	—	—	—	\$0.00(d)	20.77	12.6	4	0.14	2.78	2.78(e)	20
2006	16.22	(0.21)	2.44	2.23	—	—	—	0.00(d)	18.45	13.8	4	(1.20)	2.77	2.77(e)	15
2005	14.17	(0.10)	2.15	2.05	—	—	—	0.00(d)	16.22	14.5	4	(0.66)	2.79	2.68(e)	26
2004	12.39	0.07	1.71	1.78	—	—	—	0.00(d)	14.17	14.4	0.1	0.58	2.75	2.25	35
<b>Class I</b>															
2008(f)	\$19.75	\$ 0.22	\$(7.74)	\$(7.52)	\$(0.06)	—	\$(0.06)	\$0.00(d)	\$12.17	(38.1)%	\$ 395	1.41%(g)	2.00%(g)	1.76%(e)(g)	14%

† 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.

†† Effective in 2008, a change in accounting policy was adopted with regard to the calculation of the portfolio turnover rate to include cash proceeds due to mergers. Had this policy been adopted retroactively, the portfolio turnover rate for the year ended December 31, 2004 would have been 38%. The portfolio turnover rate for the years ended 2007, 2006, and 2005 would have been as shown.

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

(b) Under an expense deferral agreement with the Adviser, the Fund repaid the Adviser \$15,233 during 2007 and \$14,200 during 2006, representing previously reimbursed expenses from the Adviser. During the years ended December 31, 2007 and 2006, had such payment not been made, the expense ratio would have been 1.96% and 1.95% (Class AAA), 1.96% and 1.95% (Class A), 2.71% and 2.70% (Class B), and 2.71% and 2.70% (Class C), respectively.

(c) The Fund incurred interest expense during the years ended December 31, 2008, 2007, 2006, 2005, and 2004, if interest expense had not been incurred, the ratios of operating expenses to average net assets would have been 2.00%, 2.00%, 2.00%, 1.84%, and 1.50% (Class AAA), 2.00%, 2.00%, 2.00%, 1.86%, and 1.50% (Class A), 2.75%, 2.75%, 2.57%, and 2.25% (Class B), 2.75%, 2.75%, 2.75%, 2.68%, and 2.25% (Class C), and 1.75% (Class I), respectively.

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

(e) The ratios do not include a reduction of expenses for custodian fee credits on cash balances maintained with the custodian. Including such custodian fee credits, the expense ratios for the year ended December 31, 2005 would have been 1.84%, 1.87%, 2.58%, and 2.68% for Class AAA, Class A, Class B, and Class C, respectively. For the years ended December 31, 2008, 2007, and 2006, the effect of the custodian fee credits was minimal.

(f) From the commencement of offering Class I Shares on January 11, 2008 through December 31, 2008.

(g) Annualized. See accompanying notes to financial statements.

## The GAMCO Global Opportunity Fund

### Notes to Financial Statements

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**1. Organization.** The GAMCO Global Opportunity Fund (the “Fund”), a series of GAMCO Global Series Funds, Inc. (the “Corporation”), was organized on July 16, 1993 as a Maryland corporation. The Fund is a non-diversified open-end management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”), and one of four separately managed portfolios (collectively, the “Portfolios”) of the Corporation. The Fund’s primary objective is capital appreciation. The Fund commenced investment operations on May 11, 1998.

**2. Significant Accounting Policies.** The preparation of financial statements in accordance with United States (“U.S.”) generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

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

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market but prior to the close of business on the day the securities are being valued. Debt instruments with remaining maturities of 60 days or less that are not credit impaired are valued at amortized cost, unless the Board determines such amount does not reflect the securities’ fair value, in which case these securities will be fair valued as determined by the Board. Debt instruments having a maturity greater than 60 days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons 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.

Statement of Financial Accounting Standard No. 157, “Fair Value Measurements” (“SFAS 157”) clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires

## The GAMCO Global Opportunity Fund

### Notes to Financial Statements (Continued)

additional disclosures about the use of fair value measurements. The three levels of the fair value hierarchy under SFAS 157 are described below:

- Level 1 – quoted prices in active markets for identical securities;
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); and
- Level 3 – significant unobservable inputs (including the Fund’s determinations as to the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund’s investments, by inputs used to value the Fund’s investments as of December 31, 2008 is, as follows:

<u>Valuation Inputs</u>	<u>Investments in Securities (Market Value) Assets</u>
Level 1 – Quoted Prices	\$ 6,682,320
Level 2 – Other Significant Observable Inputs	5,439,589
Level 3 – Significant Observable Inputs	0
<b>Total</b>	<u>\$12,121,909</u>

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determined fair value:

	<u>Investments in Securities (Market Value)</u>
<b>Balance as of 12/31/07</b>	\$0
Accrued discounts/(premiums)	—
Realized gain/(loss)	—
Change in unrealized appreciation/(depreciation)†	0
Net purchases/(sales)	—
Transfers in and/or out of Level 3	—
<b>Balance as of 12/31//08</b>	<u>\$0</u>
Net change in unrealized appreciation/(depreciation) during the period on Level 3 investments held at 12/31/08†	<u>\$0</u>

† Net change in unrealized appreciation/(depreciation) is included in the related amounts on investments in the Statement of Operations.

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

## The GAMCO Global Opportunity Fund

### Notes to Financial Statements (Continued)

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**Repurchase Agreements.** The Fund may enter into repurchase agreements with primary government securities dealers recognized by the Federal Reserve Board, with member banks of the Federal Reserve System, or with other brokers or dealers that meet credit guidelines established by the Adviser and reviewed by the Board. Under the terms of a typical repurchase agreement, the Fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. It is the policy of the Fund to always receive and maintain securities as collateral whose market value, including accrued interest, are at least equal to 102% of the dollar amount invested by the Fund in each agreement. The Fund will make payment for such securities only upon physical delivery or upon evidence of book entry transfer of the collateral to the account of the custodian. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to maintain the adequacy of the collateral. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited. At December 31, 2008, there were no open repurchase agreements.

**Securities Sold Short.** The Fund may enter into short sale transactions. Short selling involves selling securities that may or may not be owned and, at times, borrowing the same securities for delivery to the purchaser, with an obligation to replace such borrowed securities at a later date. The proceeds received from short sales are recorded as liabilities and the Fund records an unrealized gain or loss to the extent of the difference between the proceeds received and the value of an open short position on the day of determination. The Fund records a realized gain or loss when the short position is closed out. By entering into a short sale, the Fund bears the market risk of an unfavorable change in the price of the security sold short. Dividends on short sales are recorded as an expense by the Fund on the ex-dividend date and interest expense is recorded on the accrual basis. The Fund did not hold any short positions as of December 31, 2008.

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

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

**Foreign Currency Translations.** The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at the current exchange rates. Purchases and sales of investment securities, income, and expenses are translated at the exchange rate prevailing on the respective dates of such transactions. Unrealized gains and losses that result from changes in

## The GAMCO Global Opportunity Fund

### Notes to Financial Statements (Continued)

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

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

**Foreign Taxes.** The Fund may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

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

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

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

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

## The GAMCO Global Opportunity Fund

### Notes to Financial Statements (Continued)

accepted accounting principles. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. These reclassifications have no impact on the NAV of the Fund. For the year ended December 31, 2008, reclassifications were made to decrease accumulated net investment income by \$11,113 and decrease accumulated net realized loss on investments and foreign currency transactions by \$11,113.

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

	<u>Year Ended December 31, 2008</u>	<u>Year Ended December 31, 2007</u>
<b>Distributions paid from:</b>		
Ordinary income .....	\$14,162	\$121,776
Return of capital .....	—	1,315
Total distributions paid .....	<u>\$14,162</u>	<u>\$123,091</u>

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

At December 31, 2008, the difference between book basis and tax basis unrealized appreciation was primarily due to deferral of losses from wash sales for tax purposes.

At December 31, 2008, the components of accumulated earnings/losses on a tax basis were as follows:

Accumulated capital loss carryforwards .....	\$(4,464,079)
Undistributed ordinary income .....	129,258
Net unrealized appreciation on investments and foreign currency translations .....	<u>324,633</u>
Total .....	<u>\$(4,010,188)</u>

At December 31, 2008, the Fund had net capital loss carryforwards for federal income tax purposes of \$4,464,079, which are available to reduce future required distributions of net capital gains to shareholders. \$316,789 of the loss carryforward is available through 2010; \$1,776,091 is available through 2011; \$1,201,151 is available through 2012; and \$1,170,048 is available through 2016.

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

	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
Investments .....	\$11,840,974	\$2,665,276	\$(2,384,341)	\$280,935

## The GAMCO Global Opportunity Fund

### Notes to Financial Statements (Continued)

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

**3. Investment Advisory Agreement and Other Transactions.** The Fund has entered into an investment advisory agreement (the "Advisory Agreement") with the Adviser which provides that the Fund will pay the Adviser a fee, computed daily and paid monthly, at the annual rate of 1.00% of the value of its average daily net assets. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund's portfolio, oversees the administration of all aspects of the Fund's business and affairs, and pays the compensation of all Officers and Directors of the Fund who are affiliated persons of the Adviser. The Adviser has contractually agreed to waive its investment advisory fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the annualized total operating expenses of the Fund (excluding brokerage, acquired fund fees and expenses, interest, taxes, and extraordinary expenses) at no more than 2.00%, 2.00%, 2.75%, 2.75%, and 1.75% of the value of the Fund's average daily net assets for Class AAA, Class A, Class B, Class C, and Class I, respectively. In addition, the Fund has agreed, during the two year period following any waiver or reimbursement by the Adviser, to repay such amount to the extent, that after giving the effect to the repayment, such adjusted annualized total operating expenses of the Fund would not exceed 2.00%, 2.00%, 2.75%, 2.75%, and 1.75% of the value of the Fund's average daily net assets for Class AAA, Class A, Class B, Class C, and Class I, respectively. For the year ended December 31, 2008, the Adviser reimbursed the Fund in the amount of \$44,279.

If total net assets of the Corporation are in excess of \$100 million, the Corporation pays each Director who is not considered to be an affiliated person an annual retainer of \$3,000 plus \$500 for each Board meeting attended and they are reimbursed for any out of pocket expenses incurred in attending meetings. If total net assets of the Corporation are below \$100 million, the Corporation pays each Independent Director an annual retainer of \$1,500 plus \$250 for each Board meeting attended and they are reimbursed for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$500 per meeting attended and the Chairman of the Audit Committee and the Lead Director each receives an annual fee of \$1,000. Directors who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

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

## The GAMCO Global Opportunity Fund

### Notes to Financial Statements (Continued)

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**5. Portfolio Securities.** Purchases and proceeds from the sales of securities during 2008, other than short-term securities and U.S. Government obligations, aggregated \$2,233,345 and \$2,741,644, respectively.

Purchases and proceeds from the sales of U.S. Government obligations during 2008, other than short-term obligations, aggregated \$304,125 and \$304,078, respectively.

**6. Transactions with Affiliates.** During 2008, the Fund paid brokerage commissions on security trades of \$100 to Gabelli & Company. Additionally, Gabelli & Company informed the Fund that it retained \$4 from investors representing commissions (sales charges and underwriting fees) on sales and redemptions of Fund shares.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement between the Fund and the Adviser. The Adviser did not seek a reimbursement during the year ended December 31, 2008.

**7. Line of Credit.** The Fund participates in an unsecured line of credit of up to \$75,000,000 from 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 0.75% above the federal funds rate on outstanding balances. This amount, if any, would be shown as "interest expense" in the Statement of Operations. At December 31, 2008, borrowings outstanding under the line of credit amounted to \$100,000.

The average daily amount of borrowings outstanding under the line of credit in 2008 was \$37,260 with a weighted average interest rate of 1.69%. The maximum amount borrowed at any time during 2008 was \$394,000.

**8. Capital Stock.** The Fund offers five classes of shares – Class AAA Shares, Class A Shares, Class B Shares, Class C Shares, and Class I Shares. Class AAA Shares are offered without a sales charge only to investors who acquire them directly from Gabelli & Company, or through selected broker/dealers, or the transfer agent. Class I Shares are offered to foundations, endowments, institutions, and employee benefit plans without a sales charge. Class A Shares are subject to a maximum front-end sales charge of 5.75%. Class B Shares are subject to a contingent deferred sales charge ("CDSC") upon redemption within six years of purchase and automatically convert to Class A Shares approximately eight years after the original purchase. The applicable CDSC is equal to a declining percentage of the lesser of the NAV per share at the date of the original purchase or at the date of redemption, based on the length of time held. Class C Shares are subject to a 1.00% CDSC for one year after purchase. Class B Shares are available only through exchange of Class B Shares of other funds distributed by Gabelli & Company. Class I Shares were first issued on January 11, 2008.

The Fund imposes a redemption fee of 2.00% on all classes of shares that are redeemed or exchanged on or before the seventh day after the date of a purchase. The redemption fee is deducted from the proceeds otherwise payable to the redeeming shareholders and is retained by the Fund. The redemption fees retained by the Fund during the years ended December 31, 2008 and December 31, 2007 amounted to \$6 and \$20, respectively.

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

## The GAMCO Global Opportunity Fund

### Notes to Financial Statements (Continued)

Transactions in shares of capital stock were as follows:

	Year Ended December 31, 2008		Year Ended December 31, 2007	
	Shares	Amount	Shares	Amount
	<b>Class AAA</b>		<b>Class AAA</b>	
Shares sold	94,612	\$ 1,762,979	296,123	\$ 5,950,384
Shares issued upon reinvestment of distributions	952	11,321	5,545	114,326
Shares redeemed	(216,112)	(3,569,687)	(494,227)	(9,642,639)
Net decrease	<u>(120,548)</u>	<u>\$(1,795,387)</u>	<u>(192,559)</u>	<u>\$(3,577,929)</u>
	<b>Class A</b>		<b>Class A</b>	
Shares sold	12,826	\$ 235,926	3,972	\$ 79,644
Shares issued upon reinvestment of distributions	12	136	64	1,315
Shares redeemed	(14,263)	(256,963)	(4,786)	(95,457)
Net decrease	<u>(1,425)</u>	<u>\$ (20,901)</u>	<u>(750)</u>	<u>\$ (14,498)</u>
	<b>Class B</b>		<b>Class B</b>	
Shares redeemed	(63)	\$ (1,116)	(1,112)	\$ (20,353)
Net decrease	<u>(63)</u>	<u>\$ (1,116)</u>	<u>(1,112)</u>	<u>\$ (20,353)</u>
	<b>Class C</b>		<b>Class C</b>	
Shares sold	—	—	162	\$ 3,500
Shares redeemed	(93)	\$ (1,867)	(211)	(4,055)
Net decrease	<u>(93)</u>	<u>\$ (1,867)</u>	<u>(49)</u>	<u>\$ (555)</u>
	<b>Class I*</b>			
Shares sold	36,461	\$ 667,321		
Shares issued upon reinvestment of distributions	148	1,752		
Shares redeemed	(4,136)	(52,991)		
Net increase	<u>32,473</u>	<u>\$ 616,082</u>		

\* From the commencement of offering Class I Shares on January 11, 2008.

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

**10. Other Matters.** On April 24, 2008, the Adviser entered into an administrative settlement with the SEC to resolve the SEC's inquiry regarding prior frequent trading activity in shares of the GAMCO Global Growth Fund (the "Global Growth Fund") by one investor who was banned from the Global Growth Fund in August 2002. In the settlement, the SEC found that the Adviser had violated Section 206(2) of the Investment Advisers Act, Section 17(d) of the 1940 Act, and Rule 17d-1 thereunder and had aided and abetted and caused violations of Section 12(d)(1)(B)(i) of the 1940 Act. Under the terms of the settlement, the Adviser, while neither admitting nor denying the SEC's findings and allegations, agreed, among other things, to pay the previously reserved total of \$16 million (including a \$5 million penalty), of which at least \$11 million will be distributed to shareholders of the Global Growth Fund in accordance with a plan to be developed by an independent distribution consultant and

## The GAMCO Global Opportunity Fund

### Notes to Financial Statements (Continued)

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approved by the independent directors of the Global Growth Fund and the staff of the SEC and to cease and desist from future violations of the above referenced federal securities laws. The settlement is not expected to impact the Fund and will not have a material adverse impact on the Adviser or its ability to fulfill its obligations under the Advisory Agreement. On the same day, the SEC filed a civil action against the Executive Vice President and Chief Operating Officer of the Adviser, alleging violations of certain federal securities laws arising from the same matter. The officer is also an officer of the Global Growth Fund and other funds in the Gabelli/GAMCO fund complex including the Fund. The officer denies the allegations and is continuing in his positions with the Adviser and the funds. The Adviser currently expects that any resolution of the action against the officer will not have a material adverse impact on the Adviser or its ability to fulfill its obligations under the Advisory Agreement.

In a separate matter, on January 12, 2009, the SEC issued an administrative action approving a final settlement of a previously disclosed matter with the Adviser involving compliance with Section 19(a) of the Investment Company Act of 1940 and Rule 19a-1 thereunder by two closed-end funds. These provisions require registered investment companies when making a distribution in the nature of a dividend from sources other than net investment income to contemporaneously provide written statements to shareholders, which adequately disclose the source or sources of such distribution. While the two funds sent annual statements and provided other materials containing this information, the shareholders did not receive the notices required by Rule 19a-1 with any of the distributions that were made for 2002 and 2003. The Adviser believes that the funds have been in compliance with Section 19(a) and Rule 19a-1 since the beginning of 2004. As part of the settlement, in which the Adviser neither admits nor denies the findings by the SEC, the Adviser agreed to pay a civil monetary penalty of \$450,000 and to cease and desist from causing violations of Section 19(a) and Rule 19a-1. In connection with the settlement, the SEC noted the remedial actions previously undertaken by the Adviser.

## The GAMCO Global Opportunity Fund Report of Independent Registered Public Accounting Firm

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To the Shareholders and Board of Directors of  
GAMCO Global Series Funds, Inc.

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of The GAMCO Global Opportunity Fund (the "Fund"), a series of GAMCO Global Series Funds, Inc., as of December 31, 2008, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2008, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of The GAMCO Global Opportunity Fund, a series of GAMCO Global Series Funds, Inc., at December 31, 2008, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Philadelphia, Pennsylvania  
February 24, 2009

*Ernst + Young LLP*

## The GAMCO Global Opportunity Fund

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

During the six months ended December 31, 2008, the Board of Directors of the Corporation approved the continuation of the investment advisory agreement with the Adviser for the Fund on the basis of the recommendation by the directors (the “Independent Board Members”) who are not “interested persons” of the Fund. The following paragraphs summarize the material information and factors considered by the Independent Board Members as well as their conclusions relative to such factors.

**Nature, Extent, and Quality of Services.** The Independent Board Members considered information regarding the Fund’s portfolio managers, the depth of the analyst pool available to the Adviser and the portfolio managers, the scope of supervisory, administrative, shareholder, and other services supervised or provided by the Adviser and the absence of significant service problems reported to the Board. The Independent Board Members noted the experience, length of service, and reputation of the Fund’s portfolio managers.

**Investment Performance.** The Independent Board Members reviewed the short and medium-term performance of the Fund against a peer group of global multi-cap core funds, noting the Fund’s top quintile performance for the one, three, and five year periods, and against a peer group of global multi-cap core and growth funds, noting its below average performance for the one and three year periods and its average performance over the five year period.

**Profitability.** The Independent Board Members reviewed summary data regarding the lack of profitability of the Fund to the Adviser both with a pro rata administrative charge and with a stand-alone administrative charge. The Independent Board Members also noted that an affiliated broker of the Adviser received distribution fees and minor amounts of sales commissions.

**Economies of Scale.** The Independent Board Members discussed the major elements of the Adviser’s cost structure and the relationship of those elements to potential economies of scale and reviewed rudimentary data suggesting that 20% growth in the Fund would not produce meaningful economies of scale that the shareholders would not participate in.

**Sharing of Economies of Scale.** The Independent Board Members noted that the investment management fee schedule for the Fund does not take into account any potential economies of scale that may develop or any losses or diminished profitability to the Adviser in prior years.

**Service and Cost Comparisons.** The Independent Board Members compared the expense ratios of the investment management fee, other expenses, and total expenses of the Fund with similar expense ratios of the peer group of global multi-cap growth funds and noted that the Adviser’s management fee includes substantially all administrative services of the Fund as well as investment advisory services. The Independent Board Members noted that the Fund’s expense ratios after waivers were moderately higher than and the Fund’s size was significantly lower than average within this group and that the Adviser had been waiving substantial portions of its fees in order to make the Fund a more attractive investment. The Independent Board Members also noted that the management fee structure before waivers was the same as that in effect for most of the Complex. The Board Members were presented with, but did not attach significance to, information comparing the management fee with the fee for other types of accounts managed by the Adviser.

**Conclusions.** The Independent Board Members concluded that the Fund enjoyed highly experienced portfolio management services, good ancillary services, and an acceptable performance record. The Independent Board Members also concluded that the Fund’s expense ratios were reasonable, particularly in light of the lack of profitability to the Adviser of managing the Fund, and that economies of scale were not a factor in their thinking at this time. The Board Members did not view the potential profitability of ancillary services as material to their decision. On the basis of the foregoing and without assigning particular weight to any single conclusion, the Independent Board Members determined to recommend continuation of the investment management agreement to the full Board.

## The GAMCO Global Opportunity Fund

### Additional Fund Information (Unaudited)

The business and affairs of the Corporation are managed under the direction of the Corporation's Board of Directors. Information pertaining to the Directors and officers of the Company 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 The GAMCO Global Opportunity Fund at One Corporate Center, Rye, NY 10580-1422.

<b>Name, Position(s) Address<sup>1</sup> and Age</b>	<b>Term of Office and Length of Time Served<sup>2</sup></b>	<b>Number of Funds in Fund Complex Overseen by Director</b>	<b>Principal Occupation(s) During Past Five Years</b>	<b>Other Directorships Held by Director<sup>4</sup></b>
<b><u>INTERESTED DIRECTORS:</u></b>				
<b>Mario J. Gabelli</b> Director and Chief Investment Officer Age: 66	Since 1993	26	Chairman and Chief Executive Officer of GAMCO Investors, Inc. and Chief Investment Officer – Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc.; Director/Trustee or Chief Investment Officer of other registered investment companies in the Gabelli/GAMCO Funds complex; Chairman and Chief Executive Officer of GGCP, Inc.	Director of Morgan Group Holdings, Inc. (holding company); Chairman of the Board of LICT Corp. (multimedia and communication services company)
<b>John D. Gabelli</b> Director Age: 64	Since 1993	10	Senior Vice President of Gabelli & Company, Inc.	Director of GAMCO Investors, Inc. (asset management)
<b><u>INDEPENDENT DIRECTORS:</u></b>				
<b>E. Val Cerutti</b> Director Age: 69	Since 2001	7	Chief Executive Officer of Cerutti Consultants, Inc.	Director of The LGL Group, Inc. (diversified manufacturing)
<b>Anthony J. Colavita</b> Director Age: 73	Since 1993	36	Partner in the law firm of Anthony J. Colavita, P.C.	—
<b>Arthur V. Ferrara</b> Director Age: 78	Since 2001	8	Former Chairman of the Board and Chief Executive Officer of The Guardian Life Insurance Company of America (1993-1995)	—
<b>Werner J. Roeder, MD</b> Director Age: 68	Since 1993	22	Medical Director of Lawrence Hospital and practicing private physician	—
<b>Anthonie C. van Ekris</b> Director Age: 74	Since 1993	20	Chairman of BALMAC International, Inc. (commodities and futures trading)	—
<b>Salvatore J. Zizza</b> Director Age: 63	Since 2004	28	Chairman of Zizza & Co., Ltd. (consulting)	Director of Hollis-Eden Pharmaceuticals (biotechnology); Director of Earl Scheib, Inc. (automotive services)

## The GAMCO Global Opportunity Fund

### Additional Fund Information (Continued) (Unaudited)

<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: 57	Since 2003	Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988 and an officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex. Director and President of Teton Advisors, Inc. (formerly Gabelli Advisers, Inc.) since 1998
<b>Agnes Mullady</b> Treasurer Age: 50	Since 2006	Vice President of Gabelli Funds, LLC since 2007; Officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex; Senior Vice President of U.S. Trust Company, N.A. and Treasurer and Chief Financial Officer of Excelsior Funds from 2004 through 2005; Chief Financial Officer of AMIC Distribution Partners from 2002 through 2004
<b>Peter D. Goldstein</b> Chief Compliance Officer Age: 55	Since 2004	Director of Regulatory Affairs at GAMCO Investors, Inc. since 2004; Chief Compliance Officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex; Vice President of Goldman Sachs Asset Management from 2000 through 2004

<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 Corporation as defined in the 1940 Act. Messrs. Gabelli are each considered an "interested person" because of their affiliation with Gabelli Funds, LLC which acts as the Corporation's investment adviser. Mario J. Gabelli and John D. Gabelli are brothers.

<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.

#### 2008 TAX NOTICE TO SHAREHOLDERS (Unaudited)

For the year ended December 31, 2008, the Fund paid to shareholders ordinary income distributions (comprised of net investment income) totaling \$0.013, \$0.014 and \$0.058 per share for Class AAA, Class A and Class I, respectively. For the year ended December 31, 2008, 100% of the ordinary income distribution qualifies for the dividends received deduction available to corporations. The Fund designates 100% of the ordinary income distribution as qualified dividend income pursuant to the Jobs and Growth Tax Relief Reconciliation Act of 2003. The Fund designates 1.27% of the ordinary income distribution as qualified interest income pursuant to the American Jobs Creation Act of 2004. Also for the year 2008, the Fund passed through foreign tax credits of \$0.0145 per share to Class AAA, Class A, and Class I.

#### U.S. Government Income:

The percentage of the ordinary income distribution paid by the Fund during 2008 which was derived from U.S. Treasury securities was 14.25%. Such income is exempt from state and local tax in all states. However, many states, including New York and California, allow a tax exemption for a portion of the income earned only if a mutual fund has invested at least 50% of its assets at the end of each quarter of the Fund's fiscal year in U.S. Government securities. The GAMCO Global Opportunity Fund did not meet this strict requirement in 2008. Due to the diversity in state and local tax law, it is recommended that you consult your personal tax adviser as to the applicability of the information provided to your specific situation.

All designations are based on financial information available as of the date of this annual report and, accordingly, are subject to change. For each item, it is the intention of the Fund to designate the maximum amount permitted under the Internal Revenue Code and the regulations thereunder.

## Gabelli/GAMCO Funds and Your Personal Privacy

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### Who are we?

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

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

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

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

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

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

### What do we do to protect your personal information?

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

# GAMCO

GAMCO Global Series Funds, Inc.  
**The GAMCO Global Opportunity Fund**

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 6:00 P.M.

## Board of Directors

Mario J. Gabelli, CFA  
*Chairman and Chief  
Executive Officer  
GAMCO Investors, Inc.*

John D. Gabelli  
*Senior Vice President  
Gabelli & Company, Inc.*

E. Val Cerutti  
*Chief Executive Officer  
Cerutti Consultants, Inc.*

Werner J. Roeder, MD  
*Medical Director  
Lawrence Hospital*

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

Anthonie C. van Ekris  
*Chairman  
BALMAC International, Inc.*

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

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

## Officers

Bruce N. Alpert  
*President and Secretary*

Peter D. Goldstein  
*Chief Compliance Officer*

Agnes Mullady  
*Treasurer*

## Distributor

Gabelli & Company, Inc.

## Custodian, Transfer Agent, and Dividend Agent

State Street Bank and Trust Company

## Legal Counsel

Skadden, Arps, Slate, Meagher & Flom LLP

# The GAMCO Global Opportunity Fund

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This report is submitted for the general information of the shareholders of The GAMCO Global Opportunity Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.

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ANNUAL REPORT  
DECEMBER 31, 2008