

# The GAMCO Global Growth Fund

## Shareholder Commentary December 31, 2008

### To Our Shareholders,

After one of the worst quarters, years, and decades in stock market history, risk aversion has spread like a plague. The fourth quarter meltdown in stocks, triggered by the bankruptcy of Lehman Brothers on September 15th (and subsequent credit freeze) was unprecedented. Never before had the stock market fallen so far so fast. The negative feedback loop of falling asset prices, margin calls, and redemptions was enough to scare anyone and was unrelenting until November 20th, at which point the Standard & Poor's 500 Stock Index (S&P 500) had fallen 52% from its October 2007 peak. In fact, it had fallen 40% from its level of Friday, September 12th, just over two months prior. The 20% rise in prices off the November low through year's end may or may not ultimately prove to be the start of a new bull market, but does little to comfort the soul or offset the loss of savings.

Comparisons with the thirties are understandable but for the most part, extreme. During the Great Depression, we did not have unemployment insurance. We did not have Social Security. We did not have Medicare or Medicaid. We did not have immediate and aggressive monetary and fiscal stimulus on a global scale. We did have 20% to 25% unemployment for nearly ten years. President Obama has assembled an outstanding team of economic advisors, and they are acutely aware of the gravity of the situation. It is likely that the largest stimulus package in history – a package of tax cuts and spending programs totaling \$1 trillion, possibly more – will become law by mid February.

The magnificent decline in the price of oil (a decline in excess of \$100 per barrel from the \$147 peak, as of this writing) will provide additional stimulus. The average price of a barrel of West Texas Intermediate (WTI) crude oil in 2008 was \$99.55, according to the Energy Information Administration. Oil is currently selling for about \$38 per barrel, a decline of about \$61 per barrel (or 62%) from last year's average. Since the U.S. consumes about 20 million barrels a day, this means our oil bill has been reduced by roughly \$445 billion on an annualized basis, if oil were to remain at \$38 per barrel.

Although the economic news will remain downbeat for a period of months and investors have been shocked by the suddenness of this serious financial trauma – not to mention the Madoff scandal – there will be an economic recovery and stocks historically rise before the data turns substantially positive. The Global Growth Fund is positioned for a recovery, believing we will be rewarded as the credit markets thaw and the risk aversion plague recedes. There is no assurance that the recovery in share prices that began on November 21,

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

		Quarter					
		1st	2nd	3rd	4th	Year	
2008:	Net Asset Value	\$24.53	\$25.00	\$19.79	\$14.91	\$14.91	
	Total Return	(8.8)%	1.9%	(20.8)%	(24.1)%	(44.2)%	
2007:	Net Asset Value	\$23.59	\$25.17	\$26.40	\$26.89	\$26.89	
	Total Return	2.9%	6.7%	4.9%	2.2%	17.7%	
2006:	Net Asset Value	\$21.61	\$21.15	\$21.12	\$22.93	\$22.93	
	Total Return	5.8%	(2.1)%	(0.1)%	8.9%	12.5%	
2005:	Net Asset Value	\$17.84	\$17.99	\$19.73	\$20.43	\$20.43	
	Total Return	(0.8)%	0.8%	9.7%	3.6%	13.7%	
2004:	Net Asset Value	\$16.56	\$15.99	\$15.92	\$17.98	\$17.98	
	Total Return	0.8%	(3.4)%	(0.4)%	12.9%	9.4%	
2003:	Net Asset Value	\$11.19	\$14.05	\$14.76	\$16.43	\$16.43	
	Total Return	(3.7)%	25.6%	5.1%	11.3%	41.4%	
2002:	Net Asset Value	\$15.38	\$12.75	\$10.53	\$11.62	\$11.62	
	Total Return	(0.5)%	(17.1)%	(17.4)%	10.4%	(24.8)%	
2001:	Net Asset Value	\$18.10	\$18.21	\$13.87	\$15.45	\$15.45	
	Total Return	(11.1)%	0.6%	(23.8)%	11.4%	(24.2)%	
2000:	Net Asset Value	\$36.37	\$31.46	\$27.80	\$20.37	\$20.37	
	Total Return	3.4%	(13.5)%	(11.6)%	(20.9)%	(37.5)%	
1999:	Net Asset Value	\$20.33	\$23.52	\$24.91	\$35.17	\$35.17	
	Total Return	19.7%	15.7%	5.9%	47.4%	116.1%	
1998:	Net Asset Value	\$16.45	\$17.39	\$15.17	\$16.99	\$16.99	
	Total Return	15.2%	5.7%	(12.8)%	21.4%	28.9%	
1997:	Net Asset Value	\$11.79	\$13.72	\$15.02	\$14.28	\$14.28	
	Total Return	0.3%	16.4%	9.5%	10.9%	41.7%	
1996:	Net Asset Value	\$12.57	\$13.40	\$13.22	\$11.75	\$11.75	
	Total Return	7.3%	6.6%	(1.3)%	(0.3)%	12.5%	
1995:	Net Asset Value	\$10.62	\$11.28	\$12.30	\$11.72	\$11.72	
	Total Return	3.6%	6.2%	9.0%	(1.8)%	17.9%	
1994:	Net Asset Value	\$9.90	\$9.97	\$10.54	\$10.25	\$10.25	
	Total Return	(1.0)% <sup>(b)</sup>	0.7%	5.7%	(2.8)%	2.5% <sup>(b)</sup>	

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

	Quarter	1 Year	3 Year	5 Year	10 Year	Since Inception (2/7/94)
<b>GAMCO Global Growth Fund Class AAA</b>	<b>(24.14)%</b>	<b>(44.17)%</b>	<b>(9.58)%</b>	<b>(1.65)%</b>	<b>0.02%</b>	<b>6.31%</b>
MSCI AC World Index	(22.25)	(41.85)	(7.45)	0.44	0.23	4.44
Lipper Global Multi-Cap Core Fund Average	(21.45)	(38.72)	(7.99)	(0.59)	1.73	4.35

**The expense ratio in the current prospectus is 1.76% for the Fund's Class AAA Shares. Class AAA Shares do not have a sales charge.**

(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.** See page 11 for performance of additional classes of shares. 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 Average reflects the average performance of mutual funds classified in this particular category. You cannot invest directly in an index.

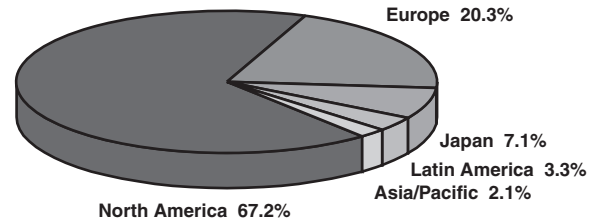
(b) From commencement of investment operations on February 7, 1994.

2008 will carry uninterrupted into the first quarter of 2009 and thereafter. Simply put, we believe being positioned for recovery will provide the best return over the course of the year, acknowledging that there will be rough spots when this strategy will be tested. Implicit is the confession that we cannot pretend to time the market with precision.

## Global 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 discussed in this letter may or may not be included in the Fund's future portfolio.

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



## The Economy

So we are now told the recession officially started in December of 2007. As recessions go, this one is destined to make a name for itself. Before it is over, it will be one of the longest and deepest on record. Few will escape its tentacles, which extend around the globe and into virtually every wallet, purse, money belt, and mattress. According to The Leuthold Group, the average length of a U.S. recession has been fifteen months (data to 1892). We are now at fourteen months and counting. If the recession lasts another six months, which is likely, it will be the longest since the forty-three month recession that ended in March of 1933. There exists a soft consensus that the economy (GDP) will turn up at some point in the second half of 2009. This is material to our positioning of the Fund for recovery.

We currently believe the fourth quarter of 2008 will mark the recession's greatest decline in quarter-to-quarter GDP, with a reading of something on the order of (6.0)%. The first quarter of 2009 will not be much prettier, at about (4.0)%. The second quarter is still likely to be negative, but less so, at roughly (1.0)%. While conviction levels are tepid, we could see positive growth in the third quarter, with expectations running at a 1.0% rate with a chance of 2.0% growth in the fourth quarter. The Blue Chip Economic Indicators poll of fifty-two economists is using a single point figure of (1.6)% GDP for the year and a majority does expect the recovery to begin in the third quarter. It goes without saying that economic forecasting is not a hard science and the current forecasting environment can only be described as hostile.

Inflation is officially off the worry list, at least for the moment. More seem worried about the risk of deflation. The Obama Administration, in concert with Fed Chairman Bernanke, wants to change that and is going to work hard to revive inflationary fears. They want nothing more than for us to spend our money now. With the unemployment rate at 7.2% (near sixteen year high) and the number of Americans collecting unemployment benefits at a twenty-six year high, Uncle Sam wants you to spend. According to the First Call mean estimate, S&P 500 profits are expected to fall 20% in 2008 to \$68.78, before sliding another 9% in 2009, to \$62.73. Some forecasters think profits could be worse than this with more than a few thinking low to mid \$50s for both 2008 and 2009. The contribution to earnings from the financial service sector is the biggest swing factor and it is awfully hard to peg financial service earnings at this point.

The Congressional Budget Office is forecasting a budget deficit of \$1.2 trillion for fiscal year 2009 before factoring in the soon to be passed stimulus package. So the deficit could be somewhere between \$1.5 and \$2.0 trillion at final count. This is Keynesian fiscal stimulus on steroids. If it does not work, a lot of economics textbooks will have to be revised. Of course the Monetarists will be happy to take a victory lap, too, what with the zero percent interest rate policy, expanding Fed balance sheet, record growth in the money supply, and inflation targeting. There was a time not that long ago when talk of a deficit like this would have obliterated Treasury bond prices and the dollar. Instead, risk aversion is so appealing to so many that the Treasury market has never been so robust and the dollar has rallied against a basket of currencies (except the yen). Incidentally,

consensus expectations for the economy will have to be revised lower if the forthcoming stimulus package is not enacted by mid February.

## **The Global Equity Market**

The plunge in shares that began in earnest on September 15th, the day Lehman failed, continued into the fourth quarter. If only we could give Paulson and Bernanke a mulligan on the decision to let Lehman fail. It was a brutal quarter in a breathtakingly bad year for investors in stocks. The Standard & Poor's 500 Index fell 21.9% for the quarter and 37.0% for the year, hitting an eleven year low on November 20. As measured by the Dow Jones Wilshire 5000 Composite Index, investors in U.S. stocks alone lost \$6.9 trillion in stock market wealth.

The average price of a share listed on the New York Stock Exchange fell 45%. General Motors fell 87%. American International Group declined 97%. Both of these American icons would be in bankruptcy were it not for government bailouts. It was the worst year for the Dow Jones Industrial Average since 1931. Four of the Dow's twenty largest daily percentage declines in history occurred in the last four months of 2008. It was the worst year for the Nasdaq composite in history. It was a global collapse with every stock market in the world declining, except for Tunisia, which rose 10%. Go figure. Maybe the friendly subprime mortgage salesperson, after leaving Iceland, never got to North Africa. Stocks in Iceland fell 94%.

At the risk of being overly simplistic, stock prices are greatly influenced by earnings and interest rates. Earnings for the Standard & Poor's 500 Index were \$86.20 in 2007. A 25% reduction for 2008, which probably is not a terrible ballpark guess, puts earnings at roughly \$65. A further 8% cut for 2009 suggests \$60 in earnings for 2009. So with the S&P at 840, it is selling at 14 times our guesstimate of 2009 earnings. This means current share prices are selling at a discount to the historical average price to earnings multiple of 15, using trough earnings estimates.

While it is too early to attach much credence to 2010 earnings estimates, the current First Call mean estimate is \$80, which equates to a multiple of 10.5 times. Using the historical average multiple of 15 would push the S&P up over 40% within the next two years. Some might argue the lack of inflation and historically low risk free interest rates should command a higher multiple of earnings, but you do not need to accept that to make a case for stocks.

Dividend yields provide another important valuation metric. The S&P 500 currently has a dividend yield of 3.4%, up from 2.9% last quarter. This compares with 0.1% for 3 month Treasury Bills, 1.5% for 5 year Treasuries, 2.4% for 10 year Treasuries and 2.9% for 30 year Treasuries. It is extraordinary for the dividend yield to exceed the yields on 10 and 30 year Treasuries. Add to this an expectation for growth in dividends and the preferred tax treatment for dividends and stocks appear attractively priced. Of course stocks may decline even when they are statistically attractive. Nevertheless, investors seeking current income and a growing income stream should be drawn to stocks. While the Global Growth Fund is not an income vehicle, it would generally benefit from a rising stock market environment.

MSCI data (all returns in dollars) shows that foreign markets also suffered badly in the fourth quarter, with many countries posting even more severe declines than what was witnessed in the U.S. (-22.4%). In fact, twenty-two of the twenty-three major national indices declined by double digits, with the lone exception being Japan (-9.0%). Other relative performers that fared better than the U.S. were Switzerland (-13.3%), Spain (-16.9%), Hong Kong (-18.8%), Finland (-20.1%), France (-20.5%), Germany (-20.9%), and Portugal (-21.3%). The bottom five performers were Austria (-43.2%), Greece (-41.0%), Norway (-40.7%), Ireland (-40.2%), and Belgium (-37.0%). All twenty-four of the major emerging markets experienced declines in the fourth quarter, as demand for their exports to developed markets declined and prices collapsed for many of the

commodities that these countries produce. China (-11.0%) performed the best of the four largest emerging markets, followed by India (-30.1%), Brazil (-38.2%), and Russia (-51.3%). This data clearly highlights how pervasive the current economic crisis has become, due in part to the high level of interconnectedness of the global economy. It also begs the question of whether a more global response will be required to solve the crisis.

During the fourth quarter, the U.S. dollar strengthened against the Euro, British pound, and the Canadian dollar, but was weaker versus the Japanese yen. Investors continued to seek out the perceived relative safety of the U.S. currency, which also gained from the unwinding of various leveraged strategies. Commodity prices, already pressured by shrinking global GDP growth rates, were further pressured by the rising U.S. dollar. The recent U.S. dollar strength will likely make U.S. companies less price competitive around the world and shift some exchange benefit to international companies that derive a meaningful portion of their revenues from the U.S.

## **Portfolio Observations**

In theory, stock prices are supposed to reflect the present value of years of future earnings. This is difficult to accept when stock prices fall 40% in little over two months, as they did this past year from September 12 to November 20. Is it possible for a company's long-term cash flow prospects to vary by 40% in the span of two months? What seems to happen during times of fear is that investor time horizons are chopped and chopped well. A market in panic mode is not an efficient market.

Should we, as professional investors, sell into a panic when we believe in the long-term prospects for our companies? We are not managing for quarterly returns. We are not running a money market fund. We would no more want to sell into a panic, as we would like to ski into an avalanche. You are simply not in control. Short-term market volatility should not be dictating long-term portfolio decisions regarding asset allocation. This is not as easy or obvious as it seems because remaining committed to stocks with a higher beta portfolio like ours will result in short-term underperformance during a sharp market decline. We expect to make that up when the market rebounds, whenever that happens.

This is not to suggest a do nothing approach to market declines. Bear markets with more than a twist of panic, like this one, offer opportunities to upgrade the longer-term growth prospects of the portfolio by taking advantage of some of the biggest price declines. In some cases, we targeted stocks that we had sold at much higher prices and now wanted to repurchase. This was the case with QUALCOMM (0.7% of net assets as of December 31, 2008), Varian Medical (0.4%), Ralph Lauren (0.5%) and a number of financial service companies, such as Goldman Sachs (2.2%), Charles Schwab (1.8%), State Street Corp. (2.6%), Northern Trust (2.3%), Bank of New York Mellon (2.2%), and T. Rowe Price (0.9%). BlackRock (0.8%) is a first time purchase, and at \$115, the shares were selling at book value (rare for a quality asset manager) and well below their \$249 high.

Goldman Sachs was purchased at about a 65% discount to its 52 week high and well below book value. Goldman stands to gain share from all of its competitors when the economy rebounds. We continue to avoid the banks with large pools of dubious assets, like Citigroup, Bank of America, and Wells Fargo (now that it "won" the bidding for Wachovia) and others with large exposure to consumer credit, like American Express. While those stocks may be attractively priced at this point, their dim growth prospects and balance sheet issues are a concern.

We added Cummins Engine (0.6%) and Joy Global (0.6%) to the portfolio. Both stocks had been beaten down and have strong capital goods franchises that should benefit from global fiscal stimulus measures aimed at infrastructure. We paid \$26 for Cummins, after shares of this maker of power generation equipment fell 65% from a high of \$75. We arranged to purchase shares of Joy Global at \$21, having fallen 77% from \$90. Joy is a leading provider of mining equipment, especially for the coal industry.

Population growth, rising standards of living, and demand for bio fuels are pressuring farmers to increase crop yields to meet our grain needs. We continue to have exposure to the agriculture sector with Monsanto (1.6%) and Syngenta (0.9%). We have increased our agriculture exposure by establishing positions in Potash (1.0%) and Mosaic (1.2%), leading providers of fertilizers (nitrogen, phosphates, and potash). Potash of Saskatchewan was purchased at \$76, down 68% from a peak of \$241. Mosaic, partially owned by Cargill, was purchased near \$33, down 80% from \$163.

We ended the year with 133 equity holdings, a net reduction of five names from the end of the third quarter. Approximately 66% of the portfolio is invested in U.S. dollar based assets, up substantially from 56% last quarter. Purchases were funded with sales of automakers Toyota Motor and Honda Motor, as well as insulin leader Novo-Nordisk. Other issues that were sold include defense contractors General Dynamics and L3 Communications. Foreign telecom positions of America Movil, Rogers Communications, Vodafone and China Mobile were eliminated. Finally, we reduced our Consumer Discretionary holdings such as Starbucks, J. Crew Group, Nordstrom, and Viacom.

We are overweight Information Technology, Energy, Materials, and Industrials. These are some of the worst hit areas in the last six months of 2008. We are underweight Healthcare, Consumer Staples, Consumer Discretionary, Telecom Services, and Utilities. We believe being positioned for recovery will enhance returns over the course of the year. We are accepting the risk of being early in a recovery stance, as we know the record market volatility of the past year can cut both ways.

## **Performance Commentary**

Holdings that made the most positive contribution to results for the quarter were Newmont Mining (1.1%), Goldman Sachs Group, Northern Trust, Secom (1.0%), JPMorgan Chase & Co. (2.4%), KDDI (0.9%), BlackRock, Gilead Sciences (0.5%), Mosaic, and Cummins. Four of the top ten contributors were financial stocks, which we purchased at depressed levels from which they subsequently rebounded in price as the quarter unfolded. In fact, seven of the top ten contributors to performance came from new positions that we established during the quarter as we attempted to take advantage of the markets shorter-term volatility to establish longer-term positions in what we believe to be valuable enterprises.

At the other extreme, holdings that had the most negative impact on performance were Chesapeake Energy (1.3%), SunPower (1.4%), Freeport-McMoRan Copper & Gold (1.1%), Petrobras (1.4%), Hess (1.8%), Google (2.5%), Transocean (0.5%), Apache (1.5%), Devon Energy (1.8%), and Research In Motion (0.9%). The Energy and Materials stocks can trace their weakness to a historic plunge in commodity prices, in part a function of the deleveraging of financial players and in part related to the swift slowdown in economic activity. Performance for the quarter was also negatively impacted by having below market weightings in more defensive sectors like Consumer Staples, Healthcare, and Utilities. These measurements take into account both the price change and position size of each holding.

We believe a number of commodity prices will rebound off of depressed lows soon, as demand reacts to a gradual thawing in credit markets, increased global fiscal stimulus, and low prices. There is also a supply response, with output cuts being implemented for oil, natural gas, metals, and fertilizers. Pricing for most commodities should bottom in the first half of 2009. The reductions in planned supply suggests the upturn, when it happens, could be rapid. The futures market for oil is already in sharp contango, which means the spot price is priced at a discount to oil bought for future delivery. You cannot buy oil for future delivery at the depressed spot price. Oil (WTI) for delivery in August of 2010 is priced at about \$60 per barrel, or roughly 50% above the spot price. Sharp contangos tend to accompany market bottoms.

Performance for the quarter was also negatively impacted by having below market weightings in more defensive sectors like Consumer Staples, Healthcare, and Utilities. On a more positive note, a number of stocks purchased during the quarter, after they had tumbled a fair amount, made a positive contribution to performance. These included Goldman Sachs, BlackRock, Qualcomm, Mosaic, Newmont Mining, Joy Global, and Northern Trust Company. Geographically, we were hurt by our underweighting in Japan, but helped by our underweighting of emerging markets.

The composition of performance for the year mimics that of the fourth quarter, with the Fund's heavier than market weight in Technology, Energy, and Materials weighing on results. Apple (0.9%) and Google, two large tech holdings, each declined about 55%, despite having superior growth prospects and rock solid balance sheets. We continue to hold them and believe they offer exceptional value. Other large technology holdings, like SunPower, Research In Motion, and IBM (0.5%) were among the year's most damaging holdings. We continue to hold them and believe in them.

For our holdings in natural resource stocks, 2008 was the best of times and the worst of times, ending on a sharply negative note. Among holdings that had the most negative impact on our annual return were Chesapeake Energy, Freeport-McMoRan Copper & Gold, Petrobras, Hess, and Transocean. We believe the goods and services these companies sell will be in strong demand in the years ahead, so we are not abandoning them at this time. Of course, five minutes is a long time when your head is under water too. With hindsight, we should have had more exposure to Consumer Staples and Healthcare last year and less exposure to Technology, Energy, and Materials. But we believe the portfolio's current structure will prove most rewarding during a recovery that is expected to begin in 2009.

## **Looking Ahead**

While some important credit market benchmarks have improved markedly (LIBOR, Treasury/Eurodollar ("TED") Spread), most corporate credit spreads remain highly elevated. Real estate prices continue to decline and banks need to raise more capital, as they are still writing down the value of their mortgages. The Obama administration and the Congress must act quickly to facilitate capital formation for the banking industry or the recovery that we are desperately thirsting for will be pushed out further. We have seen a cascading of share prices since September and the level of bearishness is now approaching that of the November low on the S&P 500. Bank indices have fallen to new lows, underscoring the market's perception of capital inadequacy for the banking sector. It is fair to ask why we continue to position the Fund for recovery when the news is so bleak?

First, we need to emphasize that the stock market is most likely to turn higher before the data shows much, if any, improvement. It is not unusual for stocks to rally about six months before the economy turns higher. The consensus economic forecast is calling for an upturn in the economy at some point in the second half of the year. We see no compelling reason to dismiss the consensus forecast and feel there is merit in having some sort of economic roadmap, however flawed. If the economy turns up at some point in 2009, then stocks will rally this year and the Fund should be positioned to maximize your return in a recovery environment.

Asset allocation shifts by institutional investors may lead the charge out of cash and fixed income instruments and into stocks. They cannot meet their actuarial return assumptions by investing in short-term fixed income instruments or Treasuries of any maturity. They also may be returning cash to stocks that had been previously targeted for alternative investments, as they have soured of late, including real estate, hedge funds, and private equity. Alternatively, individual investors may draw down the \$4 trillion now invested in money market funds, yielding close to 0%, to buy stocks. This amount is about 40% of the value of the Dow Jones Wilshire 5000 Stock Index. So money market funds have a record amount of money despite record low returns. Stock prices meanwhile, are at a level they first reached in early 1997 and you could in theory buy 40% of all public companies in the U.S. with money sitting in money funds earning close to nothing. This cash will power the next bull market.

Unlike in 2000, when the public loved stocks and put \$260 billion (net) in stock funds, they pulled a record \$168 billion (net) out of stock funds in 2008. Record moves like these on the part of the public have a history of marking inflection points in the opposite direction for stocks. People hate stocks now and we guess we cannot blame them. We shake our heads with disgust when looking at returns over the past ten years. Stock market returns over the past ten years are modestly negative, making this one of the worst decades in stock market history. The Leuthold Group has studied ten year returns for stocks and discovered that when you have a ten year return that is 1% or less, the next ten years produce an average return of 183%, with a range of 101% to 325%. There were fifteen ten year periods returning 1% or less in the study.

We expect a major stimulus package of at least \$800 billion to be passed into law before the mid February Congressional recess. The final bill could exceed \$1 trillion and will include a variety of spending programs and targeted tax cuts. This unprecedented fiscal stimulus, combined with an expansionary monetary policy, is designed to jump start the economy, restore confidence, create jobs, and diffuse all talk of deflation. Other governments around the world are working on their own stimulus packages to combat the ravages of the economic crisis. By hook or crook, we do believe an economic recovery commences in 2009. But should investors fret over the possibility of deflation?

We once again thank and commend The Leuthold Group for their study of deflation and stock market returns. In looking at quarterly data going back to 1926 they found forty-seven periods when the rate of inflation was zero or negative. For the sixteen periods that registered deflation of more than 2.5%, the stock market fell 6.2%, on average, in the ensuing twelve months. Of these sixteen periods, thirteen happened during the Great Depression. Surprisingly, for the thirty-one periods that had deflation of between 0% and (2.5)%, stocks performed well, advancing 22.3% on average, over the next twelve months. In fact, this mild deflation environment provided the best returns for stocks, even surpassing returns during periods of mild inflation. There is a risk of headline CPI deflation this year, but it should be mild and does not appear to preclude stocks from rising.

## **In Conclusion**

Bear markets have a way of wearing on you until you want to cry uncle and throw in the towel. This one is particularly stressful. This one can make you ill. This one can make you swear off stocks (and for some people that might be appropriate). Look at the historical evidence and reach your own conclusion. In our opinion, stocks are attractive for a variety of reasons as outlined above. The stock market has never been more volatile. Few mortals have the skill and luck to be able to get out at the top and back in at the bottom. As a nation we are confronting a number of headwinds, yet bull markets do have a tendency to “climb a wall of worry.” This time will be no exception.

## **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.

*Bank of New York Mellon Corporation, The (2.2%) (BK - \$28.33 - NYSE)* is a global financial services company focused on helping clients manage and service their financial assets, operating in thirty-four countries and serving more than one hundred markets. The company is a leading provider of financial services for institutions, corporations, and high net worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services, and treasury services through a worldwide client focused team. It has \$22.4 trillion in assets under custody and administration, approximately \$1.1 trillion in assets under management, and services approximately \$12 trillion in outstanding debt.

*Devon Energy Corp. (1.8%) (DVN - \$65.71 - NYSE)* is one of the world's leading independent oil and gas exploration and production companies. Devon's operations are focused primarily in the United States and Canada; however, the company also explores for and produces oil and natural gas in select international areas. Devon owns natural gas pipelines and treatment facilities in many of our producing areas, making them one of North America's larger processors of natural gas liquids. The company's portfolio of oil and gas properties provides stable, environmentally responsible production and a platform for future growth. About 88% of Devon's production is from North America. The company's production mix is about 60% natural gas and 40% oil and natural gas liquids, such as propane, butane, and ethane. Devon produces over 2 billion cubic feet of natural gas each day, about 3% of all the gas consumed in North America.

*First Solar, Inc. (1.8%) (FSLR - \$137.96 - Nasdaq)* manufactures solar modules with an advanced thin film semiconductor technology and provides comprehensive PV solutions that significantly reduce solar electricity costs. By enabling clean, renewable electricity at competitive prices, First Solar provides an economic and environmentally responsible alternative to existing peaking fossil fuel electric generation. First Solar PV power plants operate with no water, air emissions, or waste stream. First Solar set the benchmark for environmentally responsible product life cycle management by introducing the industry's first comprehensive collection and recycling program for solar modules. From raw material sourcing through end-of-life collection and recycling, First Solar is focused on creating cost effective renewable energy solutions that protect and enhance the environment.

*Goldman Sachs Group, Inc., The (2.2%) (GS - \$84.39 - NYSE)* is a bank holding company and a leading global investment banking, securities, and investment management firm. Goldman Sachs provides a wide range of services worldwide to a substantial and diversified client base that includes corporations, financial institutions, governments, and high net worth individuals. Founded in 1869, the firm is headquartered in New York and maintains offices in London, Frankfurt, Tokyo, Hong Kong, and other major financial centers around the world.

*Google Inc. (2.5%) (GOOG - \$307.65 - Nasdaq)* is widely recognized as the world's largest search engine. Google's stated mission is to organize the world's information and make it universally accessible and useful. Google generates revenue by providing advertisers with the opportunity to deliver measurable, cost effective online advertising that is relevant to the information displayed on any given webpage. This makes the advertising useful to consumers as well as to the advertiser placing it. We believe this highly innovative and fast growing company is uniquely positioned to create new market opportunities while maintaining its lead in online search.

*Hess (1.8%) (HES - \$53.64 - NYSE)* is a leading global independent energy company, engaged in the exploration and production of crude oil and natural gas, as well as in refining and in marketing refined petroleum products, natural gas, and electricity. Exploration and production is the engine of future income and growth, currently representing nearly 70% of capital employed and over 95% of annual capital expenditures. The Company has operations in the United States, United Kingdom, Norway, Denmark, Equatorial Guinea, Gabon, Azerbaijan, Thailand, and Indonesia. Hess continues to increase reserves outside the mature regions of the United States and North Sea. The company operates approximately 1,250 Hess retail facilities from Massachusetts to Florida.

*JPMorgan Chase & Co. (2.4%) (JPM - \$31.53 - NYSE)* is a leading global financial services firm with assets of \$2.3 trillion and operations in more than 60 countries. The firm is a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management, and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase & Co. serves millions of consumers in the United States and many of the world's most prominent corporate, institutional and government clients under its J.P. Morgan, Chase, and Washington Mutual brands.

*Northern Trust Corp. (2.3%) (NTRS - \$52.14 - Nasdaq)* is a leading provider of investment management, asset and fund administration, fiduciary and banking solutions for corporations, institutions, and affluent individuals worldwide. Northern Trust, a financial holding company based in Chicago, has a growing network of eighty-five offices in eighteen U.S. states and has international offices in fifteen locations in North America, Europe, the Middle East, and the Asia-Pacific region. As of September 30, 2008, Northern Trust had assets under custody of \$3.5 trillion, and assets under investment management of \$652.4 billion. Northern Trust, founded in 1889, has earned distinction as an industry leader in combining exceptional service and expertise with innovative products and technology.

Sincerely,

The GAMCO Global Portfolio Management Team

January 20, 2009

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

### **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. 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**

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](mailto:info@gabelli.com).

You may sign up for our e-mail alerts at [www.gabelli.com](http://www.gabelli.com) and receive early notice of quarterly report availability, news events, media sightings, and mutual fund prices and performance.

The Fund's daily net asset value is available in the financial press and each evening after 6:00 PM (Eastern Time) by calling 800-GABELLI (800-422-3554). The Fund's Nasdaq symbol is GICPX 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](http://www.gabelli.com).

## Multi-Class Shares

GAMCO Global Series Funds, Inc. 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 initially invest directly with the Fund. The minimum initial investment amount for Class I Shares is \$500,000. The Board of Trustees determined that expanding the types of Fund shares available through various distribution options would enhance the ability of the Fund to attract additional investors.

### The GAMCO Global Growth 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 .....	(44.17)%	(44.18)% (47.39)(c)	(44.64)% (47.40)(d)	(44.60)% (45.15)(e)	(44.01)%
5 Year .....	(1.65)	(1.65) (2.81)(c)	(2.40) (2.79)(d)	(2.39) (2.39)	(1.60)
10 Year .....	0.02	0.03 (0.56)(c)	(0.61) (0.61)	(0.63) (0.63)	0.05
Life of Fund (b) .....	6.31	6.32 5.90(c)	5.86 5.86	5.85 5.85	6.33
<b>Current Expense Ratio ..</b>	<b>1.76</b>	<b>1.76</b>	<b>2.51</b>	<b>2.51</b>	<b>1.51</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.**

The Class AAA Share net asset values ("NAV") 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 2, 2000, May 5, 2000, March 12, 2000, and January 11, 2008, respectively. The actual performance of the Class B Shares and Class C Shares would have been lower 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. Investing in foreign securities involves risks not ordinarily associated with investments in domestic issues, including currency fluctuation, economic, and political risks.

(b) Performance is calculated from inception of Class AAA Shares on February 7, 1994.

(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 and five year periods of 5% 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 manager's commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio manager's commentary is unrestricted. The financial statements and investment portfolio are mailed separately from the commentary. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at [www.gabelli.com/funds](http://www.gabelli.com/funds).

GAMCO Global Series Funds, Inc.  
**The GAMCO Global Growth 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.

**GAMCO**

**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.*

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*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

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

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GAB442Q408SC

The  
**GAMCO**  
Global  
Growth  
Fund

**SHAREHOLDER COMMENTARY**  
**DECEMBER 31, 2008**

# The GAMCO Global Growth 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 12 months ended December 31, 2008, The GAMCO Global Growth Fund (the "Fund") (Class AAA) declined 44.17%, compared to a decline of 41.85% and 38.72% for the Morgan Stanley Capital International All Country ("MSCI AC") World Index and the Lipper Global Multi-Cap Core Fund Average, respectively.

The collapse in economic activity in the fourth quarter was extraordinary and weighed heavily on our performance for the quarter, and hence the year, as the fourth quarter was the worst quarter for stocks in many years. Our above market weightings in Information Technology, Energy, and Materials drove our underperformance. The Energy and Materials stocks can trace their weakness to a historic decline in commodity prices, in part a function of the deleveraging of financial players and in part related to the swift slowdown in economic activity. While our investments in Consumer Staples and Healthcare generally outperformed the overall market for the year, our underweighting in those sectors negatively impacted performance.

Measured by position size and return, the issue that hurt performance the most was Google (2.5% of net assets as of December 31, 2008), a company that was less impacted than most by the deteriorating economy, but whose valuation contracted significantly. In 2007, Google had the most positive impact on the Fund's return. Other holdings weighing on performance the most in 2008 were Chesapeake Energy (1.3%), Freeport-McMoRan Copper & Gold (1.1%), SunPower (1.4%), and Research In Motion (0.9%). The most positive impact on results for the year came from establishing positions in Newmont Mining (1.1%), Goldman Sachs (2.2%), Northern Trust (2.3%), JPMorgan Chase & Co. (2.4%), and BlackRock (0.8%) during the fourth quarter, near the market's low point in November.

At year end, about 66% of the Fund's assets were invested in U.S. dollar based assets. The dollar weighting of the MSCI AC World Index ended the quarter at about 45%. Our emerging market exposure at year end was 2.3%, compared to 9.5% for the Index.

Sincerely yours,



Bruce N. Alpert  
President

February 20, 2009

## 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 Growth Fund

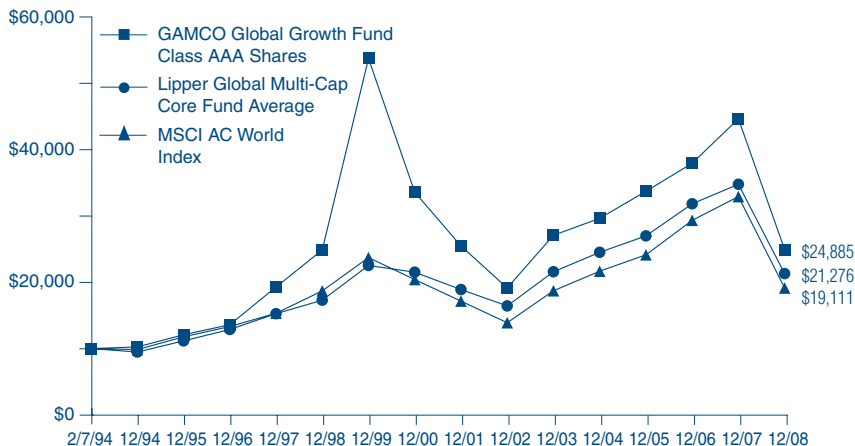
Financials .....	18.6%	Health Care .....	8.1%
Information Technology .....	17.2%	Consumer Discretionary .....	7.1%
Energy .....	15.3%	U.S. Government Obligations .....	1.0%
Industrials .....	13.3%	Telecommunication Services .....	0.9%
Materials .....	10.5%	Other Assets and Liabilities (Net) .....	(0.5)%
Consumer Staples .....	8.5%		<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).

**COMPARISON OF CHANGE IN VALUE OF A \$10,000 INVESTMENT IN THE  
GAMCO GLOBAL GROWTH FUND CLASS AAA SHARES, THE LIPPER GLOBAL  
MULTI-CAP CORE 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	10 Year	Since Inception (2/7/94)
<b>GAMCO Global Growth Fund Class AAA</b> . . . . .	<b>(24.14)%</b>	<b>(44.17)%</b>	<b>(9.58)%</b>	<b>(1.65)%</b>	<b>0.02%</b>	<b>6.31%</b>
MSCI AC World Index . . . . .	(22.25)	(41.85)	(7.45)	0.44	0.23	4.44
Lipper Global Multi Cap Core Fund Average . . . . .	(21.45)	(38.72)	(7.99)	(0.59)	1.73	4.35
Class A . . . . .	(24.15)	(44.18)	(9.58)	(1.65)	0.03	6.32
Class B . . . . .	(28.51)(b)	(47.39)(b)	(11.35)(b)	(2.81)(b)	(0.56)(b)	5.90(b)
Class C . . . . .	(24.32)	(44.64)	(10.28)	(2.40)	(0.61)	5.86
Class I . . . . .	(28.10)(c)	(47.40)(c)	(11.19)(c)	(2.79)(c)	(0.61)	5.86
Class A . . . . .	(24.29)	(44.60)	(10.26)	(2.39)	(0.63)	5.85
Class B . . . . .	(25.05)(d)	(45.15)(d)	(10.26)	(2.39)	(0.63)	5.85
Class C . . . . .	(24.08)	(44.01)	(9.49)	(1.60)	0.05	6.33

**In the current prospectus, the expense ratios for Class AAA, A, B, C, and I Shares are 1.76%, 1.76%, 2.51%, 2.51%, and 1.51%, 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.**

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 2, 2000, May 5, 2000, March 12, 2000, and January 11, 2008, respectively. The actual performance of the Class B Shares and Class C Shares would have been lower 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. Investing in foreign securities involves risks not ordinarily associated with investments in domestic issues, including currency fluctuation, economic, and political risks. The MSCI 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. 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 Growth 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 Growth Fund</b>				
<b>Actual Fund Return</b>				
Class AAA	\$1,000.00	\$ 600.50	1.87%	\$ 7.52
Class A	\$1,000.00	\$ 600.40	1.87%	\$ 7.52
Class B	\$1,000.00	\$ 597.70	2.62%	\$10.52
Class C	\$1,000.00	\$ 598.10	2.62%	\$10.52
Class I	\$1,000.00	\$ 601.20	1.58%	\$ 6.36
<b>Hypothetical 5% Return</b>				
Class AAA	\$1,000.00	\$1,015.74	1.87%	\$ 9.48
Class A	\$1,000.00	\$1,015.74	1.87%	\$ 9.48
Class B	\$1,000.00	\$1,011.97	2.62%	\$13.25
Class C	\$1,000.00	\$1,011.97	2.62%	\$13.25
Class I	\$1,000.00	\$1,017.19	1.58%	\$ 8.01

\* 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.

# The GAMCO Global Growth Fund

## Schedule of Investments — December 31, 2008

Shares	Cost	Market Value	Shares	Cost	Market Value			
<b>COMMON STOCKS — 99.5%</b>			15,500	Murphy Oil Corp. . . . .	\$ 1,145,242	\$ 687,425		
<b>FINANCIALS — 18.6%</b>			13,000	National Oilwell Varco Inc.†	562,447	317,720		
3,000	BlackRock Inc. . . . .	\$ 345,142	\$ 402,450	9,000	Noble Oil. . . . .	335,386	198,810	
1,533	China Life Insurance Co. Ltd., ADR . . . . .	35,142	71,131	14,000	Occidental Petroleum Corp.	856,520	839,860	
26,000	Janus Capital Group Inc. . . . .	615,014	208,780	30,000	Petroleo Brasileiro SA, ADR	1,629,241	734,700	
40,000	JPMorgan Chase & Co. . . . .	1,149,699	1,261,200	10,000	Saipem SpA . . . . .	240,421	170,556	
14,400	Julius Baer Holding Ltd. AG	638,900	558,105	7,000	Schlumberger Ltd. . . . .	241,316	296,310	
24,000	Northern Trust Corp. . . . .	1,156,045	1,251,360	5,397	Transocean Ltd.† . . . . .	463,040	255,008	
17,300	Schroders plc . . . . .	253,505	217,628	23,000	XTO Energy Inc. . . . .	1,036,849	811,210	
60,000	Standard Chartered plc . . . . .	909,503	767,763	<b>TOTAL ENERGY . . . . .</b>			<b>12,457,793</b>	<b>8,185,538</b>
35,600	State Street Corp. . . . .	1,502,461	1,400,148	<b>INDUSTRIALS — 13.3%</b>				
13,000	T. Rowe Price Group Inc. . . . .	554,845	460,720	15,000	ABB Ltd., ADR . . . . .	488,103	225,150	
42,000	The Bank of New York Mellon Corp. . . . .	1,245,570	1,189,860	6,000	Bouygues SA . . . . .	202,973	254,541	
60,000	The Charles Schwab Corp. . . . .	1,184,665	970,200	11,000	Cummins Inc. . . . .	286,451	294,030	
14,000	The Goldman Sachs Group Inc. . . . .	967,931	1,181,460	15,000	Deere & Co. . . . .	884,080	574,800	
<b>TOTAL FINANCIALS . . . . .</b>			<b>10,558,422</b>	<b>9,940,805</b>	8,000	Emerson Electric Co. . . . .	347,594	292,880
<b>INFORMATION TECHNOLOGY — 17.2%</b>					3,700	Fanuc Ltd. . . . .	325,019	265,186
9,000	Adobe Systems Inc.† . . . . .	317,510	191,610	6,800	Fluor Corp. . . . .	478,330	305,116	
5,700	Apple Inc.† . . . . .	807,773	486,495	10,000	ITT Corp. . . . .	440,031	459,900	
5,500	Canon Inc. . . . .	302,383	174,265	18,000	Jardine Matheson Holdings Ltd. . . . .	450,663	333,000	
19,000	Cisco Systems Inc.† . . . . .	530,095	309,700	13,000	Joy Global Inc. . . . .	273,703	297,570	
22,000	Corning Inc. . . . .	576,266	209,660	13,000	Komatsu Ltd. . . . .	409,021	165,835	
10,000	Electronic Arts Inc.† . . . . .	413,314	160,400	9,500	McDermott International Inc.† . . . . .	493,938	93,860	
6,900	First Solar Inc.† . . . . .	1,276,994	951,924	9,000	Rockwell Collins Inc. . . . .	486,649	351,810	
11,000	FLIR Systems Inc.† . . . . .	460,221	337,480	90,000	Rolls-Royce Group plc† . . . . .	751,338	440,272	
4,400	Google Inc., Cl. A† . . . . .	1,576,612	1,353,660	5,148,000	Rolls-Royce Group plc, Cl. C† . . . . .	8,027	7,402	
17,600	Harris Corp. . . . .	973,373	669,680	10,000	Secom Co. Ltd. . . . .	381,073	516,025	
13,000	Intel Corp. . . . .	298,727	190,580	5,000	SMA Solar Technology AG†	396,663	263,124	
3,300	International Business Machines Corp. . . . .	388,646	277,728	20,300	SunPower Corp., Cl. A† . . . . .	1,551,962	751,100	
3,500	Keyence Corp. . . . .	715,912	719,292	50,000	Tokai Carbon Co. Ltd. . . . .	205,108	211,050	
6,100	MasterCard Inc., Cl. A . . . . .	1,389,244	871,873	7,000	United Technologies Corp. . . . .	368,682	375,200	
22,000	Microsoft Corp. . . . .	651,169	427,680	11,000	Vestas Wind Systems A/S†	834,574	647,315	
600	Nintendo Co. Ltd. . . . .	185,930	229,291	<b>TOTAL INDUSTRIALS . . . . .</b>			<b>10,063,982</b>	<b>7,125,166</b>
10,000	QUALCOMM Inc. . . . .	358,883	358,300	<b>MATERIALS — 10.5%</b>				
12,200	Research In Motion Ltd.† . . . . .	1,378,860	495,076	6,950	Anglo American plc . . . . .	272,680	162,193	
14,000	Trimble Navigation Ltd.† . . . . .	526,724	302,540	6,000	BHP Billiton plc . . . . .	95,357	116,374	
9,000	Visa Inc., Cl. A . . . . .	580,158	472,050	35,400	Companhia Vale do Rio Doce, ADR . . . . .	696,935	428,694	
<b>TOTAL INFORMATION TECHNOLOGY . . . . .</b>			<b>13,708,794</b>	<b>9,189,284</b>	23,300	Freeport-McMoRan Copper & Gold Inc. . . . .	1,816,467	569,452
<b>ENERGY — 15.3%</b>					12,000	Lonmin plc . . . . .	491,301	159,944
11,000	Apache Corp. . . . .	1,002,151	819,830	12,000	Monsanto Co. . . . .	1,305,404	844,200	
42,000	Chesapeake Energy Corp. . . . .	1,585,273	679,140	15,000	Newmont Mining Corp. . . . .	368,899	610,500	
14,672	Devon Energy Corp. . . . .	1,198,257	964,097	7,500	Potash Corp. of Saskatchewan Inc. . . . .	574,741	549,150	
10,200	FMC Technologies Inc.† . . . . .	653,365	243,066	6,300	Rio Tinto plc . . . . .	235,015	140,028	
17,500	Hess Corp. . . . .	1,254,781	938,700	4,500	Rio Tinto plc, ADR . . . . .	619,124	400,095	
6,900	Imperial Oil Ltd. . . . .	253,504	229,106					

See accompanying notes to financial statements.

# The GAMCO Global Growth Fund

## Schedule of Investments (Continued) — December 31, 2008

Shares	Cost	Market Value	Shares	Cost	Market Value		
<b>COMMON STOCKS (Continued)</b>							
<b>MATERIALS (Continued)</b>							
12,500	Syngenta AG, ADR	\$ 732,461	\$ 489,250	10,314	Compagnie Financiere Richemont SA, Cl. A	\$ 172,012	\$ 196,522
18,000	The Mosaic Co.	584,855	622,800	7,650	Hennes & Mauritz AB, Cl. B	327,584	304,280
10,000	United States Steel Corp.	640,370	372,000	10,000	Next plc	347,050	157,141
12,866	Xstrata plc	297,775	120,392	7,000	NIKE Inc., Cl. B	346,156	357,000
	<b>TOTAL MATERIALS</b>	<u>8,731,384</u>	<u>5,585,072</u>	13,000	Nikon Corp.	312,574	156,033
	<b>CONSUMER STAPLES — 8.5%</b>			6,000	Polo Ralph Lauren Corp.	428,728	272,460
1	British American Tobacco plc	25	26	8,000	The Swatch Group AG	449,094	220,466
30,912	Cadbury plc	339,727	273,152	21,000	Tiffany & Co.	749,663	496,230
15,494	Coca-Cola Hellenic Bottling Co. SA	274,922	225,293	19,000	Under Armour Inc., Cl. A†	693,098	452,960
5,000	Costco Wholesale Corp.	330,392	262,500	8,180	Vivendi	150,839	266,619
50,000	Davide Campari-Milano SpA	224,157	346,587		<b>TOTAL CONSUMER DISCRETIONARY</b>	<u>5,474,311</u>	<u>3,818,566</u>
27,500	Diageo plc	347,360	386,399		<b>TELECOMMUNICATION SERVICES — 0.9%</b>		
7,000	Groupe Danone	480,250	422,938	70	KDDI Corp.	353,824	499,821
10,000	Nestlé SA	287,772	395,982		<b>TOTAL COMMON STOCKS</b>	<u>70,099,824</u>	<u>53,184,186</u>
4,600	PepsiCo Inc.	268,725	251,942		<b>Principal Amount</b>		
7,030	Pernod-Ricard SA	340,717	522,244		<b>U.S. GOVERNMENT OBLIGATIONS — 1.0%</b>		
7,500	Procter & Gamble Co.	461,002	463,650		<b>U.S. Treasury Cash Management Bills — 0.3%</b>		
46,000	Tesco plc	395,588	239,523	\$154,000	U.S. Treasury Cash Management Bill, 0.050%††, 04/29/09	153,975	153,971
39,100	Woolworths Ltd.	607,675	729,066		<b>U.S. Treasury Bills — 0.7%</b>		
	<b>TOTAL CONSUMER STAPLES</b>	<u>4,358,312</u>	<u>4,519,302</u>	354,000	U.S. Treasury Bill, 0.101%††, 06/04/09	353,850	353,858
	<b>HEALTH CARE — 8.1%</b>				<b>TOTAL U.S. GOVERNMENT OBLIGATIONS</b>	<u>507,825</u>	<u>507,829</u>
4,000	Abbott Laboratories	234,341	213,480		<b>TOTAL INVESTMENTS — 100.5%</b>	<u>\$70,607,649</u>	53,692,015
2,500	Alcon Inc.	307,999	222,975		<b>Other Assets and Liabilities (Net) — (0.5)%</b>		(242,219)
4,000	Celgene Corp.†	287,839	221,120		<b>NET ASSETS — 100.0%</b>		<u>\$53,449,796</u>
4,800	Gilead Sciences Inc.†	259,534	245,472				
11,000	Hisamitsu Pharmaceutical Co. Inc.	247,376	449,655				
6,000	Medtronic Inc.	329,579	188,520				
3,300	Roche Holding AG	263,865	510,897				
11,000	St. Jude Medical Inc.†	515,330	362,560				
2,400	Straumann Holding AG	504,079	425,443				
6,300	Stryker Corp.	365,724	251,685				
4,800	Synthes Inc.	398,130	601,607				
8,000	Takeda Pharmaceutical Co. Ltd.	370,880	416,978				
6,000	Varian Medical Systems Inc.†	308,326	210,240				
	<b>TOTAL HEALTH CARE</b>	<u>4,393,002</u>	<u>4,320,632</u>				
	<b>CONSUMER DISCRETIONARY — 7.1%</b>						
6,000	Amazon.com Inc.†	489,276	307,680				
25,000	British Sky Broadcasting Group plc	358,450	176,548				
4,000	Christian Dior SA	265,086	226,157				
11,000	Coach Inc.†	384,701	228,470				

† Non-income producing security.  
†† Represents annualized yield at date of purchase.  
ADR American Depositary Receipt

### Geographic Diversification

	% of Market Value	Market Value
North America	67.2%	\$36,088,681
Europe	20.3	10,914,331
Japan	7.1	3,803,432
Latin America	3.3	1,752,374
Asia/Pacific	2.1	1,133,197
	<u>100.0%</u>	<u>\$53,692,015</u>

See accompanying notes to financial statements.

# The GAMCO Global Growth Fund

## Statement of Assets and Liabilities December 31, 2008

<b>Assets:</b>	
Investments, at value (cost \$70,607,649) .....	\$ 53,692,015
Receivable for investments sold .....	645,552
Receivable for Fund shares sold .....	13,090
Dividends and interest receivable .....	124,758
Prepaid expense .....	31,225
<b>Total Assets</b> .....	<u>54,506,640</u>
<b>Liabilities:</b>	
Payable to custodian .....	476,553
Payable for investments purchased .....	244,793
Payable for Fund shares redeemed .....	70,663
Distributions payable .....	19,720
Payable for investment advisory fees .....	43,350
Payable for distribution fees .....	10,858
Payable for accounting fees .....	7,501
Payable for legal and audit fees .....	78,829
Other accrued expenses .....	104,577
<b>Total Liabilities</b> .....	<u>1,056,844</u>
<b>Net Assets</b> applicable to 3,586,744 shares outstanding .....	<u>\$ 53,449,796</u>
<b>Net Assets Consist of:</b>	
Paid-in capital, each class at \$0.001 par value ..	\$117,020,966
Accumulated net investment income .....	47
Accumulated net realized loss on investments and foreign currency transactions .....	(46,657,306)
Net unrealized depreciation on investments .....	(16,915,634)
Net unrealized appreciation on foreign currency translations .....	1,723
<b>Net Assets</b> .....	<u>\$ 53,449,796</u>
<b>Shares of Capital Stock:</b>	
<b>Class AAA:</b>	
Net Asset Value, offering, and redemption price per share (\$51,440,805 ÷ 3,450,823 shares outstanding; 75,000,000 shares authorized) ..	<u>\$14.91</u>
<b>Class A:</b>	
Net Asset Value and redemption price per share (\$1,006,270 ÷ 67,481 shares outstanding; 50,000,000 shares authorized) .....	<u>\$14.91</u>
Maximum offering price per share (NAV ÷ .9425, based on maximum sales charge of 5.75% of the offering price) .....	<u>\$15.82</u>
<b>Class B:</b>	
Net Asset Value and offering price per share (\$98,069 ÷ 6,909 shares outstanding; 25,000,000 shares authorized) .....	<u>\$14.19(a)</u>
<b>Class C:</b>	
Net Asset Value and offering price per share (\$167,910 ÷ 11,868 shares outstanding; 25,000,000 shares authorized) .....	<u>\$14.15(a)</u>
<b>Class I:</b>	
Net Asset Value, offering, and redemption price per share (\$736,742 ÷ 49,663 shares outstanding; 25,000,000 shares authorized) .....	<u>\$14.83</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 \$52,201) ....	\$ 1,448,517
Interest .....	21,812
<b>Total Investment Income</b> .....	<u>1,470,329</u>
<b>Expenses:</b>	
Investment advisory fees .....	848,915
Distribution fees – Class AAA .....	204,234
Distribution fees – Class A .....	4,523
Distribution fees – Class B .....	2,007
Distribution fees – Class C .....	4,084
Shareholder services fees .....	123,517
Shareholder communications expenses .....	90,958
Custodian fees .....	71,412
Legal and audit fees .....	46,837
Accounting fees .....	45,000
Registration expenses .....	36,642
Directors' fees .....	10,004
Interest expense .....	932
Tax expense .....	52
Miscellaneous expenses .....	44,333
<b>Total Expenses</b> .....	1,533,450
Less: Custodian fee credits .....	(60)
<b>Net Expenses</b> .....	<u>1,533,390</u>
<b>Net Investment Loss</b> .....	<u>(63,061)</u>
<b>Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency:</b>	
Net realized loss on investments .....	(1,156,503)
Net realized gain on foreign currency transactions .....	426,036
Net realized loss on investments and foreign currency transactions .....	(730,467)
Net change in unrealized appreciation/ (depreciation) on investments .....	(44,259,833)
Net change in unrealized appreciation/ (depreciation) on foreign currency translations .....	(189,078)
Net change in unrealized appreciation/ (depreciation) on investments and foreign currency translations .....	(44,448,911)
<b>Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency</b> .....	<u>(45,179,378)</u>
<b>Net Decrease in Net Assets Resulting from Operations</b> .....	<u>\$ (45,242,439)</u>

See accompanying notes to financial statements.

## The GAMCO Global Growth Fund

### Statement of Changes in Net Assets

	Year Ended December 31, 2008	Year Ended December 31, 2007
<b>Operations:</b>		
Net investment income/(loss) .....	\$ (63,061)	\$ 381,484
Net realized gain/(loss) on investments and foreign currency transactions .....	(730,467)	8,723,423
Net change in unrealized appreciation/(depreciation) on investments and foreign currency translations .....	(44,448,911)	7,696,584
<b>Net Increase/(Decrease) in Net Assets Resulting from Operations</b> .....	<b>(45,242,439)</b>	<b>16,801,491</b>
<b>Distributions to Shareholders:</b>		
Net investment income:		
Class AAA .....	(354,414)	(352,631)
Class A .....	(6,303)	(8,655)
Class I .....	(10,897)	—
<b>Total Distributions to Shareholders</b> .....	<b>(371,614)</b>	<b>(361,286)</b>
<b>Capital Share Transactions:</b>		
Class AAA .....	(9,239,194)	(12,564,280)
Class A .....	(251,268)	678,353
Class B .....	(70,232)	6,654
Class C .....	13,232	105,141
Class I .....	1,268,031	—
<b>Net Decrease in Net Assets from Capital Share Transactions</b> .....	<b>(8,279,431)</b>	<b>(11,774,132)</b>
<b>Redemption Fees</b> .....	17	395
<b>Net Increase/(Decrease) in Net Assets</b> .....	<b>(53,893,467)</b>	<b>4,666,468</b>
<b>Net Assets:</b>		
Beginning of period .....	107,343,263	102,676,795
End of period (including undistributed net investment income of \$47 and \$8,634, respectively) .....	<b>\$ 53,449,796</b>	<b>\$107,343,263</b>

See accompanying notes to financial statements.

# The GAMCO Global Growth 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 Investment Operations	Net Investment Income	Total Distributions	Redemption Fees(a)	Net Asset Value, End of Period	Total Return	Net Assets End of Period (in 000's)	Net Investment Income (Loss)	Operating Expenses (b)	Portfolio Turnover Rate††
<b>Class AAA</b>													
2008	\$26.89	\$(0.02)	\$(11.86)	\$(11.88)	\$(0.10)	\$(0.10)	\$0.00(c)	\$14.91	(44.2)%	\$ 51,441	(0.07)%	1.80%(d)	67%
2007	22.93	0.09	3.96	4.05	(0.09)	(0.09)	0.00(c)	26.89	17.7	104,421	0.37	1.74	42
2006	20.43	0.06	2.50	2.56	(0.06)	(0.06)	0.00(c)	22.93	12.5	100,883	0.26	1.78	46
2005	17.98	0.02	2.45	2.47	(0.02)	(0.02)	0.00(c)	20.43	13.7	108,433	0.11	1.79(d)	33
2004	16.43	(0.05)	1.60	1.55	—	—	0.00(c)	17.98	9.4	114,011	(0.30)	1.82	100
<b>Class A</b>													
2008	\$26.88	\$(0.02)	\$(11.86)	\$(11.88)	\$(0.09)	\$(0.09)	\$0.00(c)	\$14.91	(44.2)%	\$ 1,006	(0.09)%	1.80%(d)	67%
2007	22.93	0.11	3.95	4.06	(0.11)	(0.11)	0.00(c)	26.88	17.7	2,224	0.43	1.74	42
2006	20.43	0.06	2.50	2.56	(0.06)	(0.06)	0.00(c)	22.93	12.5	1,294	0.28	1.78	46
2005	18.01	0.01	2.45	2.46	(0.04)	(0.04)	0.00(c)	20.43	13.7	1,150	0.03	1.79(d)	33
2004	16.45	(0.05)	1.61	1.56	—	—	0.00(c)	18.01	9.5	493	(0.29)	1.82	100
<b>Class B</b>													
2008	\$25.63	\$(0.18)	\$(11.26)	\$(11.44)	—	—	\$0.00(c)	\$14.19	(44.6)%	\$ 98	(0.83)%	2.55%(d)	67%
2007	21.94	(0.09)	3.78	3.69	—	—	0.00(c)	25.63	16.8	270	(0.36)	2.49	42
2006	19.65	(0.10)	2.39	2.29	—	—	0.00(c)	21.94	11.7	225	(0.49)	2.53	46
2005	17.41	(0.12)	2.36	2.24	—	—	0.00(c)	19.65	12.9	202	(0.67)	2.54(d)	33
2004	16.02	(0.17)	1.56	1.39	—	—	0.00(c)	17.41	8.7	183	(1.05)	2.57	100
<b>Class C</b>													
2008	\$25.54	\$(0.21)	\$(11.18)	\$(11.39)	—	—	\$0.00(c)	\$14.15	(44.6)%	\$ 168	(0.98)%	2.55%(d)	67%
2007	21.87	(0.03)	3.70	3.67	—	—	0.00(c)	25.54	16.8	428	(0.11)	2.49	42
2006	19.58	(0.09)	2.38	2.29	—	—	0.00(c)	21.87	11.7	275	(0.42)	2.53	46
2005	17.35	(0.16)	2.39	2.23	—	—	0.00(c)	19.58	12.9	236	(0.90)	2.52(d)	33
2004	15.97	(0.19)	1.57	1.38	—	—	0.00(c)	17.35	8.6	52	(1.17)	2.57	100
<b>Class I</b>													
2008(e)	\$25.35	\$ 0.06	\$(10.36)	\$(10.30)	\$(0.22)	\$(0.22)	\$0.00(c)	\$14.83	(40.6)%	\$ 737	0.28%(f)	1.55%(d)(f)	67%

† 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 101%. The portfolio turnover rate for the years ended December 31, 2007, 2006, and 2005 would have been as shown.

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

(b) The Fund incurred interest expense during the years ended December 31, 2007 and 2004. If interest expense had not been incurred, the ratios of operating expenses to average net assets would have been 1.73%, and 1.81% (Class AAA), 1.73% and 1.81% (Class A), 2.48% and 2.56% (Class B), and 2.48% and 2.56% (Class C), respectively. For year ended December 31, 2008, the effect of interest expense was minimal.

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

(d) 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 1.79%, 1.79%, 1.79%, 2.53%, and 2.52% for Class AAA, Class A, Class B, and Class C, respectively. For the year ended December 31, 2008, the effect of the custodian fee credits was minimal.

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

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

## The GAMCO Global Growth Fund

### Notes to Financial Statements

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**1. Organization.** The GAMCO Global Growth 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 February 7, 1994.

**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.

## The GAMCO Global Growth Fund

### Notes to Financial Statements (Continued)

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 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	\$39,526,382
Level 2 – Other Significant Observable Inputs	14,165,633
<b>Total</b>	<u>\$53,692,015</u>

There were no Level 3 investments held at December 31, 2007 or 2008.

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.

**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.

## The GAMCO Global Growth Fund

### Notes to Financial Statements (Continued)

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

There are several risks in connection with the use of futures contracts as a hedging instrument. The change in value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in value of the hedged investments. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market. At December 31, 2008, there were no open futures contracts.

**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 foreign exchange rates and/or changes in market prices of securities have been included in unrealized

## The GAMCO Global Growth Fund

### Notes to Financial Statements (Continued)

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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 included in "interest expense" in the Statement of Operations.

## The GAMCO Global Growth Fund

### Notes to Financial Statements (Continued)

**Distributions to Shareholders.** Distributions to shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under U.S. generally accepted accounting principles. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. These reclassifications have no impact on the NAV of the Fund. For the year ended December 31, 2008, reclassifications were made to decrease accumulated distributions in excess of net investment income by \$426,088 and to increase accumulated net realized loss on investments and foreign currency transactions by \$426,036, with an offsetting adjustment to paid-in capital.

The tax character of distributions paid during the years ended December 31, 2008 and December 31, 2007 was \$371,614 and \$361,286, respectively, of ordinary income.

**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 differences between book basis and tax basis unrealized depreciation was primarily due to deferral of losses from wash sales for tax purposes.

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

Undistributed ordinary income .....	\$ 47
Accumulated capital loss carryforwards .....	(46,626,706)
Net unrealized depreciation on investments and foreign currency translations .....	(16,944,511)
Total .....	<u><u>\$(63,571,170)</u></u>

At December 31, 2008, the Fund had net capital loss carryforwards for federal income tax purposes of \$46,626,706, which are available to reduce future required distributions of net capital gains to shareholders. \$4,251,022 is available through 2009; \$39,969,419 is available through 2010; \$1,279,768 is available through 2011; and \$1,126,497 is available through 2016.

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

	<u>Cost (Proceeds)</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Depreciation</u>
Investments .....	\$70,638,250	\$2,737,508	\$(19,683,743)	\$(16,946,235)

## The GAMCO Global Growth 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.

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.

**5. Portfolio Securities.** Purchases and proceeds from the sales of securities during 2008, other than short-term securities and U.S. Government obligations, aggregated \$53,894,629 and \$57,748,155, respectively.

Purchases and proceeds from the sales of U.S. Government obligations during 2008, other than short-term obligations, aggregated \$1,726,295 and \$1,726,043, respectively.

**6. Transactions with Affiliates.** During 2008, the Fund paid brokerage commissions on security trades of \$18,916 to Gabelli & Company. Additionally, Gabelli & Company informed the Fund that it retained \$1,343 from investors representing commissions (sales charges and underwriting fees) on sales and redemptions of Fund shares.

## The GAMCO Global Growth Fund

### Notes to Financial Statements (Continued)

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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. During 2008, the Fund paid or accrued \$45,000 to the Adviser in connection with the cost of computing the Fund's NAV.

**7. Line of Credit.** The Fund participates in an unsecured line of credit of up to \$75,000,000 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 included in "interest expense" in the Statement of Operations. At December 31, 2008, there were no borrowings outstanding under the line of credit.

The average daily amount of borrowings outstanding under the line of credit in 2008, was \$9,399 with a weighted average interest rate of 3.07%. The maximum amount borrowed at any time during 2008 was \$517,000.

**8. Capital Stock.** The Fund currently 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 \$17 and \$395, 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 Growth 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	112,426	\$ 2,464,130	117,821	\$ 2,949,985
Shares issued upon reinvestment of distributions	22,590	336,640	12,529	337,411
Shares redeemed	(567,523)	(12,039,964)	(646,624)	(15,851,676)
Net decrease	<u>(432,507)</u>	<u>\$ (9,239,194)</u>	<u>(516,274)</u>	<u>\$ (12,564,280)</u>
	<b>Class A</b>		<b>Class A</b>	
Shares sold	21,047	\$ 484,726	41,318	\$ 1,051,315
Shares issued upon reinvestment of distributions	267	3,645	270	7,257
Shares redeemed	(36,559)	(739,639)	(15,295)	(380,219)
Net increase/(decrease)	<u>(15,245)</u>	<u>\$ (251,268)</u>	<u>26,293</u>	<u>\$ 678,353</u>
	<b>Class B</b>		<b>Class B</b>	
Shares sold	—	—	646	\$ 14,664
Shares redeemed	(3,632)	\$ (70,232)	(366)	(8,010)
Net increase/(decrease)	<u>(3,632)</u>	<u>\$ (70,232)</u>	<u>280</u>	<u>\$ 6,654</u>
	<b>Class C</b>		<b>Class C</b>	
Shares sold	9,384	\$ 233,489	8,778	\$ 215,838
Shares redeemed	(14,272)	(220,257)	(4,598)	(110,697)
Net increase/(decrease)	<u>(4,888)</u>	<u>\$ 13,232</u>	<u>4,180</u>	<u>\$ 105,141</u>
	<b>Class I*</b>			
Shares sold	52,784	\$ 1,323,466		
Shares issued upon reinvestment of distributions	709	10,442		
Shares redeemed	(3,830)	(65,877)		
Net increase	<u>49,663</u>	<u>\$ 1,268,031</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 approved by the independent directors of the Global Growth Fund and the staff of

## The GAMCO Global Growth Fund

### Notes to Financial Statements (Continued)

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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 Growth 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 Growth 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 Growth 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 Growth 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, medium, and long-term performance of the Fund against a peer group of global multi-cap core funds, noting its 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 above average performance over the one year period, average performance over the three year period and relatively poor performance over the five year period.

**Profitability.** The Independent Board Members reviewed summary data regarding the profitability of the Fund to the Adviser both with a pro rata administrative overhead charge and with a stand-alone administrative charge. The Board Members also noted 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.

**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 core 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 were significantly higher than and the Fund’s size was lower than average within this group. The Independent Board Members also noted that the management fee structure 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 an affiliate of the Adviser.

**Conclusions.** The Independent Board Members concluded that the Fund enjoyed highly experienced portfolio management services and good ancillary services and a reasonable performance record. The Independent Board Members also concluded that the Fund’s expense ratios and the profitability to the Adviser of managing the Fund were reasonable, and that economies of scale were not a significant factor in their thinking at this time. The Independent 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 Growth 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 Corporation 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 Growth Fund at One Corporate Center, Rye, NY 10580-1422.

<u>Name, Position(s) Address<sup>1</sup> and Age</u>	<u>Term of Office and Length of Time Served<sup>2</sup></u>	<u>Number of Funds in Fund Complex Overseen by Director</u>	<u>Principal Occupation(s) During Past Five Years</u>	<u>Other Directorships Held by Director<sup>4</sup></u>
<b><u>INTERESTED DIRECTORS<sup>3</sup>:</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.
<b><u>INDEPENDENT DIRECTORS<sup>5</sup>:</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 Growth 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 \$0.103, \$0.094, and \$0.222 per share for Class AAA, Class A, and Class I respectively. For the year ended December 31, 2008, 0.0% 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.

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 Global Series Funds, Inc.  
**The GAMCO Global Growth 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.

**GAMCO**

**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

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

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**The  
GAMCO  
Global  
Growth  
Fund**

**ANNUAL REPORT  
DECEMBER 31, 2008**