

# The Gabelli Woodland Small Cap Value Fund

## Shareholder Commentary September 30, 2011



**Elizabeth M. Lilly, CFA**

### **To Our Shareholders,**

For the quarter ended September 30, 2011, the net asset value (“NAV”) per Class AAA Share of The Gabelli Woodland Small Cap Value Fund (the “Fund”) declined 24.5% compared with a decrease of 21.9% for the Russell 2000 Index. See page 2 for additional performance information.

In the short span of only three months, it seems like everything has changed yet, in reality, very little has changed. How can you explain the dramatic decline in the various markets over the last several months? We believe that the swing is more psychological than any shift in the fundamentals. All the various concerns of the market existed six to nine months ago. Apparently investors are now paying attention and seem to be worried. The behavior by the markets feels more like fear and panic than based on rational thoughtful analysis. This helps explain the dramatic and volatile daily swings. It is our belief that the crux of the fear within the U.S. equity market is a complete lack of faith in our fiscal and monetary policymakers that manifested itself in the August debt ceiling debacle. The infamous weekend battle in August 2011 among President Obama and the Senate and House of Representatives struck fear in the minds of citizens. The awareness that the concerted effort of all our politicians in Washington and the Commander in Chief could not set aside their partisan politics showed everyone how truly serious and pervasive the United States’ problems are. The severe market correction that we have experienced is symptomatic of a much greater problem. The antics in Washington, DC were an embarrassment for the United States. People want to have faith in their system and that it functions smoothly. This is not the reality we are experiencing.

Over the last several weeks as the U.S. equity markets have experienced serious declines, many of the financial news channels (CNBC/Bloomberg/Fox Business News) want to blame “other” countries for our problems. The European Union and its “Fear of Contagion” and China’s slowing growth rate are the two crises mentioned most frequently. The truth of the matter is that the real problem is a lack of leadership in Washington, DC. The U.S. stock market is in the backseat of a car being driven by erratic politicians. They are more interested in arguing among themselves about what direction to take, rather than looking through the windshield and paying attention to the road. Investors are fearful that unemployment will not come down, the

## Comparative Results

### Average Annual Returns through September 30, 2011 (a)(b) (Unaudited)

	Quarter	1 Year	3 Year	5 Year	Since Inception (12/31/02)
<b>Class AAA (GWSVX)</b> .....	(24.52)%	(8.18)%	(1.92)%	(0.23)%	4.94%
Russell 2000 Index .....	(21.87)	(3.53)	(0.37)	(1.02)	7.49
<b>Class A (GWSAX)</b> .....	(24.57)	(8.12)	(1.91)	(0.18)	4.98
With sales charge (c) .....	(28.90)	(13.40)	(3.87)	(1.39)	4.25
<b>Class C (GWSCX)</b> .....	(24.70)	(8.88)	(2.62)	(0.95)	4.22
With contingent deferred sales charge (d) .....	(25.46)	(9.79)	(2.62)	(0.95)	4.22
<b>Class I (GWSIX)</b> .....	(24.47)	(7.91)	(1.64)	(0.04)	5.05

**In the current prospectus dated January 28, 2011, the gross expense ratios for Class AAA, A, C, and I Shares are 3.09%, 3.09%, 3.84%, and 2.84%, respectively. The net expense ratios after contractual reimbursements by Gabelli Funds, LLC (the "Adviser") in place through January 31, 2011 are 2.01%, 2.01%, 2.76%, and 1.76%, respectively. The maximum sales charge for Class A and C Shares is 5.75% and 1.00%, respectively. Class AAA and Class I 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, 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. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date of purchase. Current performance may be lower or higher than the performance data presented. Visit [www.gabelli.com](http://www.gabelli.com) for performance information as of the most recent month end. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectus contains information about these and other matters and should be read carefully before investing.** The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class I Shares on January 11, 2008. The actual performance of Class I Shares would have been higher due to lower expenses associated with this class of shares. Investing in small capitalization securities involves special challenges because these securities may trade less frequently and experience more abrupt price movements than large capitalization securities. The Russell 2000 Index is an unmanaged indicator which measures the performance of the small-cap segment of the U.S. equity market. Dividends are considered reinvested. You cannot directly invest in an index.
- (b) The Fund's fiscal year ends September 30.
- (c) Performance results include the effect of the maximum 5.75% sales charge at the beginning of the period.
- (d) Assuming payment of the 1% maximum contingent deferred sales charge is imposed on redemptions made within one year of purchase.

budget deficit will not be effectively addressed, and that the Federal Reserve does not know what it is doing. As James Grant of Grant's Interest Rate Observer stated, "The Federal Reserve is presently run by policymakers that seem to have no first or fixed principles. Current monetary arrangements are defective and are robbing us of the dynamism this county has been known for . . . Somehow, with QE everything, with a zero percent funds rate, with monetary mastery from the people in Washington, I think the current system is leeching dynamism from this economy and from society, and I think we'll find something better."

U.S. corporations are flush with cash and report the best balance sheets they have had in years. But they are sitting on the sidelines and not hiring or spending money on capital equipment. All decisions to invest, whether it is in factories or people or securities, require confidence that there will be a predictably stable environment. That does not exist today. It may not change significantly until the U.S. has a change in leadership in Washington, DC in eighteen months.

Clearly, the issues staring at us today are the same ones that were facing us over the last year: QE II has ended; unemployment remains at very high levels; European sovereign debt, and China's slowing growth rate.

One notable new data point that came out in the quarter which we believe is significant is the 15% poverty rate in America. It is a frightening statistic that is very telling about consumer behavior and the gulf between the have and have nots in our country. This has serious implications for our economy over the coming decade. As former Secretary of Labor Robert Reich wrote in The New York Times on September 4, 2011, the gulf between wage earners in the U.S. is very worrisome. The nation's top 10% of U.S. workers receive about 50% of the nation's income with half of that going to the top 1%. The last time the U.S. experienced a wage gap so extreme was just before the 1929 crash and the Great Depression. If you look back over the last 100 years, an interesting pattern emerges. During periods when the very rich took home a smaller proportion of total income (as in the Great Prosperity between 1947 and 1977), the nation grew faster and median wages surged. In periods when the very rich took home a larger proportion, between 1918-1933, and 1981 to the present day, growth slowed, median wages stagnated, and the U.S. suffered significant downturns.

One of our biggest ongoing concerns continues to be the persistently high unemployment rate. Although the government claims it is a little over 9%, it is our belief that the real unemployment level is closer to 18% - 19%. The manufacturing and middle management jobs that have been eliminated over the past ten years are not coming back. It will take a long time for those individuals to find a job. It is fascinating to note that in a speech in late September, Federal Reserve Chairman Ben Bernanke finally admitted the Fed was seriously concerned about unemployment.

So Quantitative Easing II ended in July 2011, and recently the Fed Reserve announced "Operation Twist" as their next stimulus program. The goal of the program is to keep long term interest rates low so as to encourage borrowing by businesses and to stimulate capital spending. Unfortunately, when there is so much fear and concern on the part of businesses about the economy, every last dime is dear to them. The public to private sector handoff from the Federal Reserve to private enterprise did not happen as a result of QE I and QE II, and it is highly unlikely that "Operation Twist" will be even more effective.

The biggest worry today in the market is the European debt issue and the fear how a bank or country default will impact the U.S. The euro zone has been a source of global instability for months and getting all seventeen euro zone countries to agree upon an effective solution to their crisis is going to be a very long and arduous process. Ironically, the very same issues facing the U.S. (budget deficits and over-leverage) are the same ones plaguing the euro zone. For many years, courtesy of the membership in the European Union, the nations with weak economies and little fiscal discipline were able to borrow sums disproportionate to their income. Greece, Italy, Portugal, and others operated with consistent deficits to support very generous state programs which provided retirement at age 50 and a thirteenth month of pay each year. The stronger countries such as France and Germany were fiscally prudent and did not over borrow and over spend. However, they took their capital and lent it to their irresponsible EU partners. Hence, the issue that is plaguing them is questionable receivables: their banks and other providers of capital are owed large sums lent to the governments and institutions of these weaker EU partners.

So with our small cap portfolio down over 30% since its high in the beginning of the year, where does this leave us? There are several data points that keep us encouraged: over \$9 billion has been pulled out of small cap funds in the last twenty weeks, so clearly those liquidations contributed to the decline. Generally speaking, smaller cap companies have only about 22% revenue coming from international markets so they are less exposed to the chaos in the EU. We continue to believe that the U.S. is in the midst of Fifth Wave of a Merger

and Acquisition cycle that should last for several more years. Cash rich large cap companies are looking to grow, and we expect this to benefit the smaller cap targets. It is clear that the days of extreme volatility will be with us for a while. As noted PIMCO CEO Mohamed El-Erian wrote, "The volatility will be with us for a while given the emotional underpinnings of the average investor. As long as the policy makers globally and the U.S can't get proper policies in place, we are in for a very challenging period. The longer it drags out the more vulnerable the global economies become. It is no mystery why investors are waiting on the sidelines to let the circus play out."

## **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. dollars or U.S. dollar equivalent terms are presented as of September 30, 2011.

Among the best performing stocks this quarter were S1 Corporation and Church and Dwight.

S1 Corporation (1.0% of net assets as of September 30, 2011) (SONE - \$9.17 - Nasdaq) was a bright spot in the quarter as it increased over 21%. S1 is a leading provider of payments and financial services software solutions to banks and other financial institutions. Two years ago we became shareholders in S1 because we believed that the company had strong relationships with its customer base and a superior product portfolio that would drive revenue growth forward. In combination with the restructuring implemented by CEO Johann Dreyer, we believed operating income and cash flow would grow dramatically. On June 27, 2011, S1 announced that it was merging with Fundtech to create a global player in the enterprise payments software industry. On July 26, 2011, ACI Worldwide stepped forward with a proposal to acquire S1 in a cash and stock transaction for \$9.50 per share. Then on September 16, 2011, Fundtech bowed out of its stock merger agreement and announced its intention to be acquired by GTCR, a private equity firm with a strong presence in payments processing. We believed it was simply a matter of price that a transaction would be done with ACI Worldwide and indeed, on October 3, 2011 ACI and S1 announced that they had agreed to \$9.55 per share cash and stock offer for S1.

During the quarter, Church and Dwight (1.2%) (CHD - \$44.20 - NYSE) increased over 7%. Church and Dwight is a consumer products company that offers a broad range of household and personal care products, many of which are leading in their categories. From Arm & Hammer to Trojan condoms to First Response, Church and Dwight has amassed a strong portfolio of well known consumer brand names. When Jim Craigie became CEO in July 2004, it was clear that Church and Dwight was headed in a new direction to become more financially focused on margins and returns. At that time, Church and Dwight had significantly lower margins than its peer group, and Craigie and his management team undertook a profitability improvement plan which drove gross margins from 30% in 2004 to over 44% in 2010. This laser like focus on expanding the gross and operating margins combined with Church and Dwight's brands has led to a very successful investment. During the quarter, as fear gripped the markets and investors fled to safe consumer staple stocks, Church and Dwight benefited given its strong consumer brand names. Although the investment has appreciated significantly, we continue to believe in CEO Jim Craigie and think that at some point in time Church and Dwight will be acquired by a larger consumer products company looking to expand its product portfolio.

The portfolio was not without its disappointments and two we would like to highlight are ValueVision Media and Insituform Technologies.

ValueVision (0.6%) (VTV - \$2.36 - Nasdaq) declined 67% in the quarter. ValueVision is an interactive retailer that sells its merchandise via a television channel, ShopNBC, the internet, and mobile devices. The company sells a wide assortment of merchandise within its categories of Jewelry & Watches, Home & Electronics, Health & Beauty, and Fashion & Accessories. We have watched ValueVision struggle for many years under many different leaders and only recently became shareholders after meeting the new management team. CEO Keith Stewart and President Bob Ayd joined ValueVision after spending many years at QVC where they helped engineer a significant improvement in profitability and revenue growth. The company has laid out a clear plan to double revenues from \$560 million today to over \$1.1 billion and expand EBITDA margins from 1% today to 10% by 2015. CEO Stewart personally owns over two million shares of stock and Comcast owns 13% of the company. The stock declined precipitously in the quarter as concerns grew over consumer spending and the impact on ValueVision's business. We believe the management team has the correct strategy in place to be successful.

Insituform Technologies (0.7%) (INSU - \$11.58 - Nasdaq) declined 44% in the quarter. Insituform is the global leader in sewer, energy, and mining pipeline rehabilitation. The company has a unique process that allows repair work to be performed within the existing pipe rather than digging up the road or ground for new pipe, essentially doing "arthroscopic pipe surgery." They sell their products and services primarily to municipal water authorities for water and sewer rehabilitation and to private companies in the mining and energy sector. During the quarter, Insituform's stock declined as the company reduced its revenue and profit outlook due to reduced federal spending and lower capital investment by municipalities. We believe that over the long term the market opportunity for Insituform is tremendous. The nation's water and sewer systems are in desperate need of repair, and it is estimated by the EPA that the U.S. needs to invest close to \$33 billion over the next twenty years to get it modernized.

The portfolio continues to be constructed with a fundamental bottom up investment approach. Therefore, we do not have a Fund that will mirror the performance of the Russell 2000. What we do own is a collection of good businesses generating free cash flow, which we believe are operated by capable, honest, and talented management teams.

It goes without saying that we continue to appreciate your loyalty and support and look forward to communicating with you next quarter.

Sincerely,



Elizabeth M. Lilly, CFA  
Portfolio Manager

October 17, 2011

**Top Ten Holdings (Percent of Net Assets)**  
**September 30, 2011**

J.M. Smucker Co. 1.4%	Rimage Corp. 1.4%
A. Schulman Inc. 1.4%	Snyder's-Lance Inc. 1.3%
Arctic Cat Inc. 1.4%	Macquarie Infrastructure Co., LLC 1.3%
Rochester Medical Corp. 1.4%	Albany International Corp. 1.3%
Regis Corp. 1.4%	Raven Industries Inc. 1.3%

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

### **Minimum Initial Investment – \$1,000**

The Fund's minimum initial investment for regular accounts is \$1,000. There are no subsequent investment minimums. No initial minimum is required for those establishing an Automatic Investment Plan. Additionally, the Fund and other Gabelli/GAMCO Funds are available through the no-transaction fee programs at many major brokerage firms. The Fund imposes a 2% redemption fee on shares sold in seven calendar days or less of a purchase. See the prospectus for more details.

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

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

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

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.

**e-delivery**

We are pleased to offer electronic delivery of Gabelli fund documents. Direct shareholders of our mutual funds can elect to receive their Annual, Semiannual, and Quarterly Fund Reports, Manager Commentaries, and Prospectuses via e-delivery. For more information or to sign up for e-delivery, please visit our website at [www.gabelli.com](http://www.gabelli.com).

**Multi-Class Shares**

The Gabelli Woodland Small Cap Value Fund Class AAA Shares are no-load shares offered directly through 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, directly through the Fund's distributor or brokers that have entered into selling agreements specifically with respect to Class I Shares. The minimum initial investment amount for Class I Shares is \$500,000. The Board of Directors determined that expanding the types of Fund shares available through various distribution options will enhance the ability of the Fund to attract additional investors.

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, are available on our website at [www.gabelli.com](http://www.gabelli.com).

Gabelli Equity Series Funds, Inc.  
**The Gabelli Woodland Small Cap Value Fund**

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**800-GABELLI**

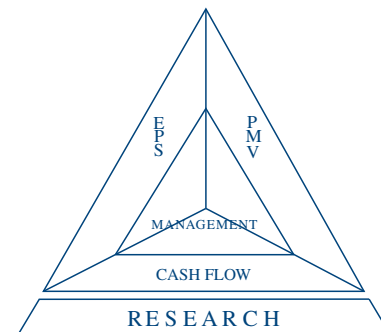
**800-422-3554**

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**website: www.gabelli.com**

**e-mail: info@gabelli.com**

Net Asset Value per share available daily by calling  
**800-GABELLI** after 7:00 P.M.



**Board of Directors**

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State Street Bank and Trust Company

**Distributor**  
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# The Gabelli Woodland Small Cap Value Fund

This report is submitted for the general information of the shareholders of The Gabelli Woodland Small Cap Value Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.

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**SHAREHOLDER COMMENTARY**  
**SEPTEMBER 30, 2011**

# The Gabelli Woodland Small Cap Value Fund

Annual Report  
September 30, 2011



Elizabeth M. Lilly, CFA

## To Our Shareholders,

For the year ended September 30, 2011, the net asset value (“NAV”) per Class AAA Share of The Gabelli Woodland Small Cap Value Fund (the “Fund”) declined 8.2% compared with the 3.5% decrease in the Russell 2000 Index. See page 2 for additional performance information.

Enclosed are the portfolio of investments and financial statements as of September 30, 2011.

## Performance Discussion

Macroeconomic news this year has been dominated by the “sovereigns” — primarily the governments of the European Union (“EU”), the U.S., and China. The formation of the EU under the Maastricht Treaty of 1992 was an historic step in unifying a continent that had been fragmented since the fall of the Roman Empire, including establishing the criteria for a single currency under the European Monetary Union. The legacy of the treaty — which left members with individual control over fiscal policy but centralized authority over monetary policy — is now in question, as weaker governments lack the exchange rate tools that would allow adjustment to a more competitive footing. European leaders are working to balance the interests of distressed countries such as Greece and Portugal against those of healthier economies such as Germany and Finland within the current framework.

The U.S. faces its own fiscal challenges as \$15 trillion of federal debt, nearing 100% of GDP, reaches percentage levels not seen since the end of World War II. Unlike captives of the EU, however, the U.S. can (for a time) improve competitiveness by devaluing the dollar, and possesses the special privilege of repaying its debts in the currency it controls. That did not stop Standard & Poor’s on August 5, 2011 from issuing its first downgrade of U.S. debt, from AAA to AA+, citing the “political brinksmanship” of a summer budget debate that ultimately failed to reduce the country’s long-term debt load.

As always, your portfolio continues to be constructed with a fundamental bottom up investment approach. Therefore, we do not have a Fund that will mirror the performance of the Russell 2000. What we do own is a collection of good businesses that generate free cash flow, which we believe are operated by honest and talented management teams and are disciplined in their capital allocation decisions.

Among the better performing stocks for the fiscal year were Macquarie Infrastructure Co., LLC. (1.3% of net assets as of September 30, 2011), Ascent Capital Group Inc. (1.2%), and Robbins & Meyers Inc. (1.0%). Our weaker performing stocks during the year were Tier Technologies Inc. (1.2%), TCF Financial Corp. (0.9%), and Kid Brands Inc. (0.6%). Kid Brands is a leading provider of infant and juvenile products with a focus on the baby segment of the market. As concerns over the stalling economic recovery grew, investors penalized Kid Brands due to its exposure to the consumer.

We appreciate your loyalty and support in these volatile markets.

## Comparative Results

### Average Annual Returns through September 30, 2011 (a) (b) (Unaudited)

	One Year	Three Year	Five Year	Since Inception (12/31/02)
<b>Class AAA (GWSVX)</b> .....	(8.18)%	(1.92)%	(0.23)%	4.94%
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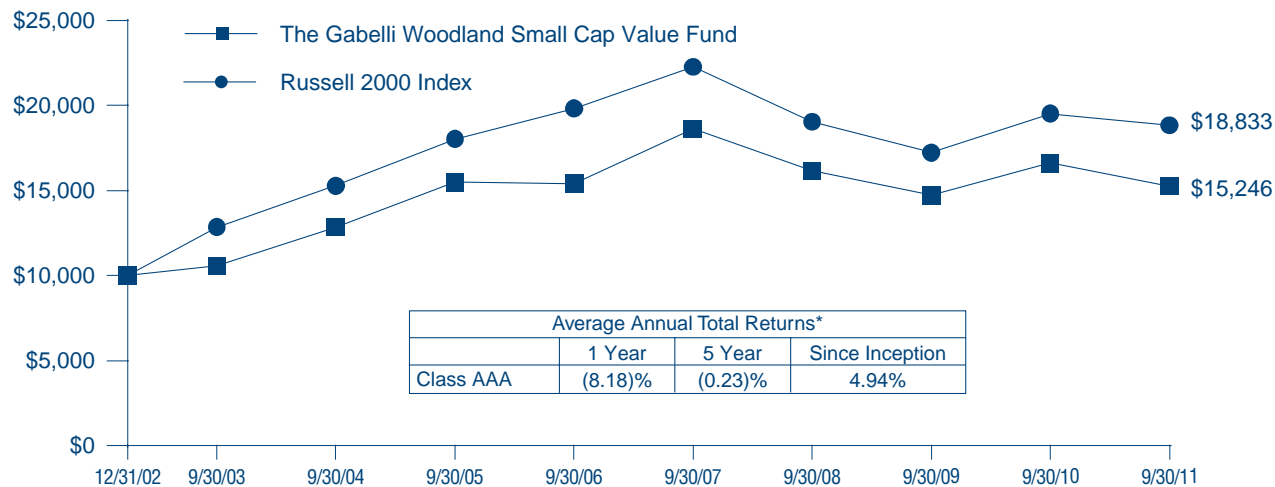
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(b) The Fund's fiscal year ends September 30.

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

(d) Assuming payment of the 1% maximum contingent deferred sales charge imposed on redemptions made within one year of purchase.

### COMPARISON OF CHANGE IN VALUE OF A \$10,000 INVESTMENT IN THE GABELLI WOODLAND SMALL CAP VALUE FUND CLASS AAA AND THE RUSSELL 2000 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.

# The Gabelli Woodland Small Cap Value Fund

## Disclosure of Fund Expenses (Unaudited)

For the Six Month Period from April 1, 2011 through September 30, 2011 **Expense Table**

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

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

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

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

**Hypothetical 5% Return:** This section provides information about hypothetical account values and hypothetical expenses based on the Fund's actual

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

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs such as sales charges (loads), redemption fees, or exchange fees, if any, which are described in the Prospectus. If these costs were applied to your account, your costs would be higher. Therefore, the 5% hypothetical return is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. The "Annualized Expense Ratio" represents the actual expenses for the last six months and may be different from the expense ratio in the Financial Highlights which is for the year ended September 30, 2011.

	Beginning Account Value 04/01/11	Ending Account Value 09/30/11	Annualized Expense Ratio	Expenses Paid During Period *
<b><i>The Gabelli Woodland Small Cap Value Fund</i></b>				
<b>Actual Fund Return</b>				
Class AAA	\$1,000.00	\$ 728.00	2.00%	\$ 8.66
Class A	\$1,000.00	\$ 728.40	2.00%	\$ 8.67
Class C	\$1,000.00	\$ 725.60	2.75%	\$11.90
Class I	\$1,000.00	\$ 729.30	1.75%	\$ 7.59
<b>Hypothetical 5% Return</b>				
Class AAA	\$1,000.00	\$1,015.04	2.00%	\$10.10
Class A	\$1,000.00	\$1,015.04	2.00%	\$10.10
Class C	\$1,000.00	\$1,011.28	2.75%	\$13.87
Class I	\$1,000.00	\$1,016.29	1.75%	\$ 8.85

\* 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 (183 days), then divided by 365.

## Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of total net assets as of September 30, 2011:

### The Gabelli Woodland Small Cap Value Fund

Diversified Industrial	13.9%	Aerospace	2.6%
Business Services	11.3%	Electronics	1.9%
Computer Software and Services	8.4%	Restaurants	1.7%
Health Care	8.4%	Publishing	1.4%
Equipment and Supplies	6.2%	Hotels and Gaming	1.3%
U.S. Government Obligations	6.0%	Educational Services	1.1%
Consumer Products	5.0%	Communications Equipment	1.0%
Specialty Chemicals	4.8%	Transportation	1.0%
Retail	4.4%	Entertainment	0.8%
Telecommunications	4.3%	Automotive: Parts and Accessories	0.5%
Financial Services	3.9%	Commercial Services	0.2%
Machinery	3.7%	Other Assets and Liabilities (Net)	0.5%
Energy and Utilities	2.9%		
Food and Beverage	2.8%		
			<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 on Form N-Q, the last of which was filed for the quarter ended June 30, 2011. Shareholders may obtain this information at [www.gabelli.com](http://www.gabelli.com) or by calling the Fund at 800-GABELLI (800-422-3554). The Fund's Form N-Q is available on the SEC's website at [www.sec.gov](http://www.sec.gov) and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.*

### Proxy Voting

The Fund files Form N-PX with its complete proxy voting record for the twelve months ended June 30th, no later than August 31st of each year. A description of the Fund's proxy voting policies, procedures, and how the Fund voted proxies relating to portfolio securities are 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).

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

# The Gabelli Woodland Small Cap Value Fund

## Schedule of Investments — September 30, 2011

Shares	Cost	Market Value	Shares	Cost	Market Value
<b>COMMON STOCKS — 93.5%</b>			<b>Diversified Industrial — 13.9%</b>		
<b>Aerospace — 2.6%</b>					
2,420	Kaman Corp. . . . . \$ 62,697	\$ 67,397	2,400	AEP Industries Inc.† . . . . . \$ 86,726	\$ 53,280
4,500	Kratos Defense & Security Solutions Inc.† . . . . . 53,268	30,240	4,000	Albany International Corp., Cl. A . . . . . 89,332	73,000
3,200	Spirit Aerosystems Holdings Inc., Cl. A† . . . . . 48,500	51,040	1,450	Crane Co. . . . . 63,484	51,751
			1,850	EnPro Industries Inc.† . . . . . 66,036	54,908
			17,000	Graphic Packaging Holding Co.† . . . . . 61,245	58,650
			5,957	Griffon Corp.† . . . . . 41,420	48,728
			2,175	Harsco Corp. . . . . 52,227	42,173
			2,500	L.B. Foster Co., Cl. A . . . . . 68,753	55,575
			2,100	Lawson Products Inc. . . . . 52,283	28,392
			4,000	LeCroy Corp.† . . . . . 41,485	31,600
			1,300	OSI Systems Inc.† . . . . . 15,728	43,576
			1,500	Raven Industries Inc. . . . . 45,510	72,300
			2,000	Texas Industries Inc. . . . . 57,124	63,480
			4,500	Vishay Intertechnology Inc.† . . . . . 28,152	37,620
			5,171	Vishay Precision Group Inc.† . . . . . 86,701	68,154
					<u>866,206</u>
					<u>783,187</u>
			<b>Educational Services — 1.1%</b>		
			2,200	Capella Education Co.† . . . . . 70,695	62,436
			<b>Electronics — 1.9%</b>		
			1,300	Analogic Corp. . . . . 71,724	59,033
			16,040	Pulse Electronics Corp. . . . . 78,808	45,874
					<u>150,532</u>
					<u>104,907</u>
			<b>Energy and Utilities — 2.9%</b>		
			1,700	GeoResources Inc.† . . . . . 45,832	30,243
			3,300	Insituform Technologies Inc., Cl. A† . . . . . 86,095	38,214
			4,600	Mitcham Industries Inc.† . . . . . 71,940	51,520
			2,170	PICO Holdings Inc.† . . . . . 70,399	44,507
					<u>274,266</u>
					<u>164,484</u>
			<b>Entertainment — 0.8%</b>		
			3,600	Take-Two Interactive Software Inc.† . . . . . 35,528	45,792
			<b>Equipment and Supplies — 6.2%</b>		
			3,200	Actuant Corp., Cl. A . . . . . 50,801	63,200
			3,200	Gerber Scientific Inc. Escrow† (a) . . . . . 0	32
			3,350	GrafTech International Ltd.† . . . . . 55,207	42,545
			1,950	Mine Safety Appliances Co. . . . . 48,264	52,572
			1,930	Powell Industries Inc.† . . . . . 38,791	59,772
			1,600	Tennant Co. . . . . 60,336	56,592
			1,450	The Toro Co. . . . . 55,539	71,441
					<u>308,938</u>
					<u>346,154</u>
			<b>Financial Services — 3.9%</b>		
			1,400	Cash America International Inc. . . . . 50,543	71,624
			4,370	First Niagara Financial Group Inc. . . . . 57,492	39,986
			5,500	Investment Technology Group Inc.† . . . . . 81,398	53,845
			5,700	TCF Financial Corp. . . . . 79,659	52,212
					<u>269,092</u>
					<u>217,667</u>
			<b>Automotive: Parts and Accessories — 0.5%</b>		
1,800	Federal-Mogul Corp.† . . . . . 23,085	26,550			
			<b>Business Services — 11.3%</b>		
8,500	ACCO Brands Corp.† . . . . . 70,812	40,545			
1,758	Ascent Capital Group Inc., Cl. A† . . . . . 48,653	69,125			
3,390	Deluxe Corp. . . . . 53,735	63,054			
8,150	Edgewater Technology Inc.† . . . . . 58,198	18,989			
2,700	G & K Services Inc., Cl. A . . . . . 77,933	68,958			
4,000	Intermec Inc.† . . . . . 98,702	26,080			
2,000	Liquidity Services Inc.† . . . . . 18,959	64,140			
3,300	Macquarie Infrastructure Co. LLC . . . . . 51,956	74,052			
10,000	PRGX Global Inc.† . . . . . 48,252	47,200			
6,000	S1 Corp.† . . . . . 37,695	55,020			
3,333	Safeguard Scientifics Inc.† . . . . . 30,380	49,995			
2,520	The Brink's Co. . . . . 76,765	58,741			
					<u>672,040</u>
					<u>635,899</u>
			<b>Commercial Services — 0.2%</b>		
4,000	Odyssey Marine Exploration Inc.† . . . . . 8,786	9,840			
			<b>Communications Equipment — 1.0%</b>		
9,600	Tekelec† . . . . . 79,985	57,984			
			<b>Computer Software and Services — 8.4%</b>		
3,500	Dynamics Research Corp.† . . . . . 35,089	31,220			
2,400	Fair Isaac Corp. . . . . 44,970	52,392			
4,000	Infospace Inc.† . . . . . 37,108	33,440			
4,600	Mercury Computer Systems Inc.† . . . . . 60,495	52,900			
2,240	MTS Systems Corp. . . . . 79,004	68,633			
6,000	Rimage Corp. . . . . 99,938	75,900			
3,800	Schawk Inc. . . . . 58,264	37,506			
17,700	Tier Technologies Inc.† . . . . . 156,502	65,313			
6,800	TransAct Technologies Inc.† . . . . . 16,854	55,760			
					<u>588,224</u>
					<u>473,064</u>
			<b>Consumer Products — 5.0%</b>		
5,500	Arctic Cat Inc.† . . . . . 75,488	79,695			
7,500	Central Garden and Pet Co., Cl. A† . . . . . 74,220	53,100			
1,570	Church & Dwight Co. Inc. . . . . 25,209	69,394			
12,600	Kid Brands Inc.† . . . . . 56,448	33,264			
4,900	The Jones Group Inc. . . . . 66,766	45,129			
					<u>298,131</u>
					<u>280,582</u>

See accompanying notes to financial statements.

# The Gabelli Woodland Small Cap Value Fund

## Schedule of Investments (Continued) — September 30, 2011

Shares	Cost	Market Value	Shares	Cost	Market Value
<b>COMMON STOCKS (Continued)</b>					
<b>Food and Beverage — 2.8%</b>					
3,600	Snyders-Lance Inc. . . . .	\$ 73,905	\$ 75,060		
1,100	The J.M. Smucker Co. . . . .	52,808	80,179		
		<u>126,713</u>	<u>155,239</u>		
<b>Health Care — 8.4%</b>					
4,200	AtriCure Inc. † . . . . .	20,642	40,908		
60,300	Hooper Holmes Inc. † . . . . .	61,785	39,798		
3,000	IRIS International Inc. † . . . . .	31,000	26,910		
1,500	Quidel Corp. † . . . . .	22,805	24,555		
10,340	Rochester Medical Corp. † . . . . .	118,418	78,791		
6,600	SurModics Inc. † . . . . .	68,053	60,060		
3,800	Synovis Life Technologies Inc. † . . . . .	56,470	63,460		
1,000	Techne Corp. . . . .	58,834	68,010		
3,000	Transcend Services Inc. † . . . . .	39,304	67,620		
		<u>477,311</u>	<u>470,112</u>		
<b>Hotels and Gaming — 1.3%</b>					
2,520	Gaylord Entertainment Co. † . . . . .	20,724	48,737		
2,400	Pinnacle Entertainment Inc. † . . . . .	19,009	21,792		
		<u>39,733</u>	<u>70,529</u>		
<b>Machinery — 3.7%</b>					
4,664	Key Technology Inc. † . . . . .	50,344	54,149		
17,000	Mueller Water Products Inc., Cl. A . . . . .	70,085	42,160		
1,670	Robbins & Myers Inc. . . . .	32,656	57,965		
3,750	TriMas Corp. † . . . . .	37,420	55,688		
		<u>190,505</u>	<u>209,962</u>		
<b>Publishing — 1.4%</b>					
14,000	Journal Communications Inc., Cl. A † . . . . .	72,210	41,580		
1,400	Scholastic Corp. . . . .	28,887	39,242		
		<u>101,097</u>	<u>80,822</u>		
<b>Restaurants — 1.7%</b>					
640	DineEquity Inc. † . . . . .	23,247	24,634		
8,000	Famous Dave's of America Inc. † . . . . .	49,700	68,880		
		<u>72,947</u>	<u>93,514</u>		
<b>Retail — 4.4%</b>					
2,100	Best Buy Co. Inc. . . . .	65,168	48,930		
4,400	Collective Brands Inc. † . . . . .	88,329	57,024		
2,000	J. Crew Group Inc., Escrow † (a) . . . . .	0	0		
2,000	Penske Automotive Group Inc. . . . .	31,293	32,000		
5,450	Regis Corp. . . . .	99,749	76,791		
14,000	ValueVision Media Inc., Cl. A † . . . . .	97,429	33,040		
		<u>381,968</u>	<u>247,785</u>		
<b>Specialty Chemicals — 4.8%</b>					
4,700	A. Schulman Inc. . . . .	\$ 91,499	\$ 79,853		
660	FMC Corp. . . . .	26,045	45,645		
2,850	H.B. Fuller Co. . . . .	63,386	51,927		
4,000	PolyOne Corp. . . . .	31,623	42,840		
1,900	Quaker Chemical Corp. . . . .	62,181	49,248		
		<u>274,734</u>	<u>269,513</u>		
<b>Telecommunications — 4.3%</b>					
1,800	Atlantic Tele-Network Inc. . . . .	85,024	59,184		
7,400	HickoryTech Corp. . . . .	56,094	71,188		
2,400	j2 Global Communications Inc. . . . .	50,715	64,560		
5,000	Neutral Tandem Inc. † . . . . .	64,094	48,400		
		<u>255,927</u>	<u>243,332</u>		
<b>Transportation — 1.0%</b>					
13,000	Air Transport Services Group Inc. † . . . . .	79,864	56,290		
	<b>TOTAL COMMON STOCKS</b> . . . . .	<u>5,810,772</u>	<u>5,254,321</u>		
<b>Principal Amount</b>					
<b>U.S. GOVERNMENT OBLIGATIONS — 6.0%</b>					
\$335,000	U.S. Treasury Bills, 0.015% to 0.060% ††, 02/09/12 to 02/23/12 . . . . .	334,958	334,963		
	<b>TOTAL INVESTMENTS — 99.5%</b> . . . . .	<u>\$ 6,145,730</u>	<u>5,589,284</u>		
	<b>Other Assets and Liabilities (Net) — 0.5%</b> . . . . .		<u>30,367</u>		
	<b>NET ASSETS — 100.0%</b> . . . . .		<u>\$ 5,619,651</u>		

(a) Security fair valued under procedures established by the Board of Directors. The procedures may include reviewing available financial information about the company and reviewing the valuation of comparable securities and other factors on a regular basis. At September 30, 2011, the market value of fair valued securities amounted to \$32 or 0.00% of net assets.

† Non-income producing security.

†† Represents annualized yield at date of purchase.

See accompanying notes to financial statements.

# The Gabelli Woodland Small Cap Value Fund

## Statement of Assets and Liabilities September 30, 2011

<b>Assets:</b>	
Investments, at value (cost \$6,145,730) .....	\$5,589,284
Cash .....	102,826
Receivable for investments sold .....	18,713
Receivable for Fund shares sold .....	956
Dividends receivable .....	2,490
Prepaid expenses .....	17,127
<b>Total Assets</b> .....	<u>5,731,396</u>
<b>Liabilities:</b>	
Payable for investments purchased .....	76,066
Payable for investment advisory fees .....	3,620
Payable for distribution fees .....	1,302
Payable for legal and audit fees .....	13,178
Payable for shareholder communications expenses .....	11,876
Other accrued expenses .....	5,703
<b>Total Liabilities</b> .....	<u>111,745</u>
<b>Net Assets</b> (applicable to 687,786 shares outstanding) .....	<u>\$5,619,651</u>
<b>Net Assets Consist of:</b>	
Paid-in capital .....	\$6,182,293
Accumulated net realized loss on investments .....	(6,196)
Net unrealized depreciation on investments .....	<u>(556,446)</u>
<b>Net Assets</b> .....	<u>\$5,619,651</u>
<b>Shares of Capital Stock, each at \$0.001 par value:</b>	
<b>Class AAA:</b>	
Net Asset Value, offering, and redemption price per share (\$5,207,004 ÷ 635,799 shares outstanding; 100,000,000 shares authorized) ...	<u>\$8.19</u>
<b>Class A:</b>	
Net Asset Value and redemption price per share (\$138,741 ÷ 16,794 shares outstanding; 50,000,000 shares authorized) .....	<u>\$8.26</u>
Maximum offering price per share (NAV ÷ 0.9425, based on maximum sales charge of 5.75% of the offering price) .....	<u>\$8.76</u>
<b>Class C:</b>	
Net Asset Value and offering price per share (\$191,654 ÷ 25,249 shares outstanding; 50,000,000 shares authorized) .....	<u>\$7.59(a)</u>
<b>Class I:</b>	
Net Asset Value, offering, and redemption price per share (\$82,252 ÷ 9,944 shares outstanding; 50,000,000 shares authorized) .....	<u>\$8.27</u>

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

## Statement of Operations For the Year Ended September 30, 2011

<b>Investment Income:</b>	
Dividends .....	\$ 54,579
Interest .....	110
<b>Total Investment Income</b> .....	<u>54,689</u>
<b>Expenses:</b>	
Investment advisory fees .....	69,047
Distribution fees – Class AAA .....	16,327
Distribution fees – Class A .....	352
Distribution fees – Class C .....	1,415
Registration expenses .....	35,811
Shareholder communications expenses .....	25,178
Shareholder services fees .....	16,534
Legal and audit fees .....	10,298
Custodian fees .....	10,255
Interest expense .....	387
Directors' fees .....	246
Miscellaneous expenses .....	8,226
<b>Total Expenses</b> .....	<u>194,076</u>
Less:	
Fees waived and expenses reimbursed by the Adviser (See Note 3) .....	(54,760)
Custodian fee credits .....	(1)
<b>Total Reimbursements and Credits</b> .....	<u>(54,761)</u>
<b>Net Expenses</b> .....	<u>139,315</u>
<b>Net Investment Loss</b> .....	<u>(84,626)</u>
<b>Net Realized and Unrealized Gain/(Loss) on Investments:</b>	
Net realized gain on investments .....	888,128
Net change in unrealized depreciation on investments .....	<u>(1,312,015)</u>
<b>Net Realized and Unrealized Gain/(Loss) on Investments</b> .....	<u>(423,887)</u>
<b>Net Decrease in Net Assets Resulting from Operations</b> .....	<u>\$ (508,513)</u>

See accompanying notes to financial statements.

# The Gabelli Woodland Small Cap Value Fund

## Statement of Changes in Net Assets

	<u>Year Ended</u> <u>September 30, 2011</u>	<u>Year Ended</u> <u>September 30, 2010</u>
<b>Operations:</b>		
Net investment loss .....	\$ (84,626)	\$ (79,973)
Net realized gain on investments .....	888,128	613,259
Net change in unrealized appreciation/depreciation on investments .....	<u>(1,312,015)</u>	<u>177,018</u>
<b>Net Increase/(Decrease) in Net Assets Resulting from Operations .....</b>	<b><u>(508,513)</u></b>	<b><u>710,304</u></b>
<b>Capital Share Transactions:</b>		
Class AAA .....	(76,516)	(406,637)
Class A .....	42,652	59,906
Class B .....	—	(154) *
Class C .....	93,665	(14,730)
Class I .....	<u>27,202</u>	<u>(998)</u>
<b>Net Increase/(Decrease) in Net Assets from Capital Share Transactions .....</b>	<b><u>87,003</u></b>	<b><u>(362,613)</u></b>
<b>Redemption Fees .....</b>	<b><u>119</u></b>	<b><u>—</u></b>
<b>Net Increase/(Decrease) in Net Assets .....</b>	<b>(421,391)</b>	<b>347,691</b>
<b>Net Assets:</b>		
Beginning of period .....	<u>6,041,042</u>	<u>5,693,351</u>
End of period (including undistributed net investment income of \$0 and \$0, respectively) .....	<u><u>\$ 5,619,651</u></u>	<u><u>\$6,041,042</u></u>

\* Class B Shares were fully redeemed and closed on February 2, 2010.

See accompanying notes to financial statements.

# The Gabelli Woodland Small Cap Value Fund

## Financial Highlights

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

Period Ended Beginning September 30 of Period	Income (Loss) from Investment Operations			Distributions			Net Asset Value, End of Period	Total Return†	Net Assets End of Period (in 000's)	Net Investment Income (Loss) (b)	Expenses Waivers/Reimbursements(c)	Expenses Before Waivers/Reimbursements(d)	Portfolio Turnover Rate
	Net Investment Income (Loss)(a)	Realized Gain (Loss) on Investments	Unrealized Gain (Loss) on Investments	Net Realized Gain on Investments	Net Realized Gain on Investments	Redemption Fees (a)(e)							
<b>Class AAA</b>													
2011	\$ 8.92	\$(0.12)	\$(0.61)	\$(0.73)	—	—	\$ 8.19	(8.18)%	\$5,207	(1.21)%	2.01%	2.80%	40%
2010	7.90	(0.11)	1.13	1.02	—	—	8.92	12.91	5,739	(1.33)	2.01	3.09	61
2009	9.30	(0.07)	(0.92)	(0.99)	—	—	7.90	(8.99)	5,462	(1.04)	2.01	3.34	62
2008	12.61	(0.08)	(1.43)	(1.51)	—	—	9.30	(13.20)	7,327	(0.80)	2.01	2.52	58
2007	13.35	0.05	2.44	2.49	\$(0.06)	(3.17)	12.61	20.71	9,040	0.38	2.01	2.33	51
<b>Class A</b>													
2011	\$ 8.99	\$(0.12)	\$(0.61)	\$(0.73)	—	—	\$ 8.26	(8.12)%	\$ 139	(1.21)%	2.01%	2.80%	40%
2010	7.96	(0.11)	1.14	1.03	—	—	8.99	12.94	116	(1.27)	2.01	3.09	61
2009	9.37	(0.07)	(0.93)	(1.00)	—	—	7.96	(9.04)	50	(1.06)	2.01	3.34	62
2008	12.69	(0.08)	(1.44)	(1.52)	—	—	9.37	(13.19)	51	(0.80)	2.01	2.52	58
2007	13.36	0.13	2.39	2.52	\$(0.02)	(3.17)	12.69	20.94	65	1.00	2.01	2.33	51
<b>Class C</b>													
2011	\$ 8.33	\$(0.18)	\$(0.56)	\$(0.74)	—	—	\$ 7.59	(8.88)%	\$ 192	(1.96)%	2.76%	3.55%	40%
2010	7.43	(0.16)	1.06	0.90	—	—	8.33	12.11	119	(2.09)	2.76	3.84	61
2009	8.84	(0.11)	(0.89)	(1.00)	—	—	7.43	(9.61)	122	(1.78)	2.76	4.09	62
2008	12.16	(0.15)	(1.37)	(1.52)	—	—	8.84	(13.86)	146	(1.58)	2.76	3.27	58
2007	13.00	(0.03)	2.36	2.33	—	—	12.16	19.84	295	(0.26)	2.76	3.08	51
<b>Class I</b>													
2011	\$ 8.98	\$(0.10)	\$(0.61)	\$(0.71)	—	—	\$ 8.27	(7.91)%	\$ 82	(0.96)%	1.76%	2.55%	40%
2010	7.93	(0.09)	1.14	1.05	—	—	8.98	13.24	67	(1.09)	1.76	2.84	61
2009	9.31	(0.05)	(0.92)	(0.97)	—	—	7.93	(8.76)	59	(0.79)	1.76	3.09	62
2008(f)	9.41	(0.03)	(0.07)	(0.10)	—	—	9.31	(1.06)	72	(0.44)(g)	1.76(g)	2.27(g)	58

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

- (a) Per share amounts have been calculated using the average shares outstanding method.
- (b) Due to capital share activity throughout the year, net investment income (loss) per share and the ratio to average net assets are not necessarily correlated among the different classes of shares.
- (c) The Fund incurred interest expense during the years ended September 30, 2011, 2010, 2009, 2008, and 2007. If interest expense had not been incurred, each year the ratios of operating expenses to average net assets would have been 2.00% (Class AAA and Class A), 2.75% (Class C), and 1.75% (Class I), respectively.
- (d) During the period, expenses were voluntarily reduced and/or reimbursed. If such fee reductions and/or reimbursements had not occurred, the ratio would have been as shown.
- (e) Amount represents less than \$0.005 per share.
- (f) From the commencement of offering Class I shares on January 11, 2008 through September 30, 2008.
- (g) Annualized.

See accompanying notes to financial statements.

# The Gabelli Woodland Small Cap Value Fund

## Notes to Financial Statements

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**1. Organization.** The Gabelli Woodland Small Cap Value Fund (the “Fund”) is a series of Gabelli Equity Series Funds, Inc. (the “Corporation”), which was incorporated on July 25, 1991 in Maryland. 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 three separately managed portfolios (collectively, the “Portfolios”) of the Corporation. The Fund’s primary objective is capital appreciation. The Fund’s Adviser currently characterizes small capitalization companies for the Fund as those with a total market value at the time of investment not greater than that of the largest company in the Russell 2000 Index or \$3.0 billion, whichever is less. The Fund commenced investment operations on December 31, 2002.

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

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

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

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with the equivalent U.S. dollar value American Depositary Receipt 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 Gabelli Woodland Small Cap Value Fund

### Notes to Financial Statements (Continued)

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

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

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments in securities by inputs used to value the Fund's investments as of September 30, 2011 is as follows:

	Valuation Inputs			Total Market Value at 9/30/11
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
<b>INVESTMENTS IN SECURITIES:</b>				
<b>ASSETS (Market Value):</b>				
Common Stocks:				
Equipment and Supplies	\$ 346,122	—	\$32	\$ 346,154
Retail	247,785	—	0	247,785
Other Industries (a)	4,660,382	—	—	4,660,382
Total Common Stocks	5,254,289	—	32	5,254,321
U.S. Government Obligations	—	\$334,963	—	334,963
<b>TOTAL INVESTMENTS IN SECURITIES – ASSETS</b>	<b>\$5,254,289</b>	<b>\$334,963</b>	<b>\$32</b>	<b>\$5,589,284</b>

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

## The Gabelli Woodland Small Cap Value Fund

### Notes to Financial Statements (Continued)

The Fund did not have significant transfers between Level 1 and Level 2 during the year ended September 30, 2011. The following table reconciles Level 3 investments for which significant unobservable inputs were used to determine fair value:

	Balance as of 9/30/10	Accrued discounts/ (premiums)	Realized gain/ (loss)	Change in unrealized appreciation/ depreciation †	Purchases	Sales	Transfers into Level 3 ††	Transfers out of Level 3 ††	Balance as of 9/30/11	Net change in unrealized appreciation/ depreciation during the period on Level 3 investments held at 9/30/11 †
<b>INVESTMENTS IN SECURITIES:</b>										
<b>ASSETS (Market Value):</b>										
Common Stocks:										
Equipment and Supplies	\$—	\$—	\$—	\$32	\$0	\$—	\$—	\$—	\$32	\$32
Retail	—	—	—	—	0	—	—	—	0	—
Total Common Stocks	—	—	—	32	0	—	—	—	32	32
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$32</b>	<b>\$0</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$32</b>	<b>\$32</b>

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

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

In May 2011, the FASB issued Accounting Standards Update (“ASU”) No. 2011-04 “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (“IFRS”).” ASU 2011-04 includes common requirements for measurement of and disclosure about fair value between U.S. GAAP and IFRS. ASU 2011-04 will require reporting entities to disclose the following information for fair value measurements categorized within Level 3 of the fair value hierarchy: quantitative information about the unobservable inputs used in the fair value measurement, the valuation processes used by the reporting entity, and a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs. In addition, ASU 2011-04 will require reporting entities to make disclosures about amounts and reasons for all transfers into and out of Level 1 and Level 2 fair value measurements. The new and revised disclosures are effective for interim and annual reporting periods beginning after December 15, 2011. At this time, management is evaluating the implications of ASU 2011-04 and its impact on the financial statements.

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

## The Gabelli Woodland Small Cap Value Fund

### Notes to Financial Statements (Continued)

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

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

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

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

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

**Custodian Fee Credits and Interest Expense.** When cash balances are maintained in the custody account, the Fund receives credits 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. Custodian fee credits earned during the year ended September 30, 2011 were \$1.

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

## The Gabelli Woodland Small Cap Value Fund

### Notes to Financial Statements (Continued)

differences arise. Permanent differences were primarily due to a write-off of the current year net operating loss and reclassification of litigation gain. These reclassifications have no impact on the NAV of the Fund. For the year ended September 30, 2011, reclassifications were made to increase accumulated net investment loss by \$84,626 and increase accumulated net realized loss on investments by \$3,207, with an offsetting adjustment to paid-in capital.

No distributions were made during the years ended September 30, 2011 and September 30, 2010.

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

As of September 30, 2011, the components of accumulated earnings/losses on a tax basis were as follows:

Undistributed long-term capital gain .....	\$ 2,678
Net unrealized depreciation on investments .....	<u>(565,320)</u>
Total .....	<u>\$(562,642)</u>

During the year ended September 30, 2011, the Fund utilized capital loss carryforwards of \$874,666 .

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

At September 30, 2011, the temporary difference between book basis and tax basis net unrealized depreciation on investments was primarily due to deferral of losses from wash sales for tax purposes.

The following summarizes the tax cost of investments and the related net unrealized depreciation at September 30, 2011:

	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Depreciation</u>
Investments .....	\$6,154,604	\$660,508	\$(1,225,828)	\$(565,320)

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund’s tax returns to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold. For the year ended September 30, 2011, the Fund did not incur any income tax, interest, or

## The Gabelli Woodland Small Cap Value Fund

### Notes to Financial Statements (Continued)

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penalties. As of September 30, 2011, the Adviser has reviewed all open tax years and concluded that there was no impact to the Fund's net assets or results of operations. Tax years ended September 30, 2008 through September 30, 2011 remain subject to examination by the Internal Revenue Service and state taxing authorities. On an ongoing basis, the Adviser will monitor the Fund's tax positions to determine if adjustments to this conclusion are necessary.

**3. Investment Advisory Agreement and Other Transactions.** The Fund has entered into an investment advisory agreement (the "Advisory Agreement") with the Adviser which provides that the Fund will pay the Adviser a fee, computed daily and paid monthly, at the annual rate of 1.00% of the value of its average daily net assets. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund's portfolio, oversees the administration of all aspects of the Fund's business and affairs, and pays the compensation of all Officers and Directors of the Fund who are affiliated persons of the Adviser.

The Adviser has contractually agreed to waive its investment advisory fees and/or reimburse expenses of the Fund to the extent necessary to maintain the annualized total operating expenses of the Fund (excluding of brokerage, acquired fund fees and expenses, interest, taxes, and extraordinary expenses) at 2.00%, 2.00%, 2.75%, and 1.75%, respectively, of Class AAA, Class A, Class C, and Class I Shares' average daily net assets through January 31, 2012. For the year ended September 30, 2011, the Adviser reimbursed the Fund in the amount of \$54,760. The Fund is obliged to repay the Adviser for a period of two years following the year in which the Adviser reimbursed the Fund only to the extent that the operating expenses of the Fund, after giving effect to the reimbursement, would not exceed the foregoing limitations. At September 30, 2011, the cumulative amount which the Fund may repay the Adviser is \$119,177.

For the year ended September 30, 2010, expiring September 30, 2012 .....	\$ 64,417
For the year ended September 30, 2011, expiring September 30, 2013 .....	54,760
	<u>\$119,177</u>

The Corporation pays each Director who is not considered an affiliated person an annual retainer of \$18,000 plus \$2,000 for each Board meeting attended, and they are reimbursed for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$1,000 per meeting attended, the Chairman of the Audit Committee receives a \$3,000 annual fee, and the Lead Director each receives an annual fee of \$2,000. A Director may receive a single meeting fee, allocated among the participating funds, for attending certain meetings held on behalf of multiple funds. Directors who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Corporation.

G.distributors, LLC serves as successor "Distributor" to Gabelli & Company, Inc. ("Gabelli & Co.") effective August 1, 2011, both affiliates of the Fund.

During the year ended September 30, 2011, the Distributor informed the Fund that sales charges and underwriting fees retained from investors on sales and redemptions of Fund shares amounted to \$2,761.

**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. Under the Class AAA, Class A, and

## The Gabelli Woodland Small Cap Value Fund

### Notes to Financial Statements (Continued)

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Class C Share Plans, payments are authorized to the Distributor at annual rates of 0.25%, 0.25%, 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 sales of securities for the year ended September 30, 2011, other than short-term securities and U.S. Government obligations, aggregated \$2,719,520 and \$3,155,625, respectively.

**6. Line of Credit.** The Fund participates in an unsecured line of credit of up to \$75,000,000 under which it may borrow up to 10% of its net assets from the custodian for temporary borrowing purposes. Borrowings under this arrangement bear interest at the higher of the sum of the overnight LIBOR rate plus 125 basis points or the sum of the federal funds rate plus 125 basis points at the time of borrowing. This amount, if any, would be included in “interest expense” in the Statement of Operations. During the year ended September 30, 2011, there were no borrowings under the line of credit.

**7. Capital Stock.** The Fund offers four classes of shares – Class AAA Shares, Class A 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 the Distributor, through selected broker/dealers, or the transfer agent. Class I Shares are offered without a sales charge, solely to certain institutions, directly through the Distributor, or brokers that have entered into selling agreements specifically with respect to Class I Shares. Class A Shares are subject to a maximum front-end sales charge of 5.75%. Class C Shares are subject to a 1.00% CDSC for one year after purchase. Class B Shares were fully redeemed on February 2, 2010.

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 as an increase in paid-in capital. During the years ended September 30, 2011 and September 30, 2010, the Fund retained redemption fees of \$119 and \$0, respectively.

## The Gabelli Woodland Small Cap Value Fund

### Notes to Financial Statements (Continued)

Transactions in shares of capital stock were as follows:

	Year Ended September 30, 2011		Year Ended September 30, 2010	
	Shares	Amount	Shares	Amount
<b>Class AAA</b>				
Shares sold .....	101,424	\$ 1,037,463	68,072	\$ 578,213
Shares redeemed .....	(109,018)	(1,113,979)	(116,302)	(984,850)
Net decrease .....	(7,594)	\$ (76,516)	(48,230)	\$(406,637)
<b>Class A</b>				
Shares sold .....	4,218	\$ 46,026	6,735	\$ 60,906
Shares redeemed .....	(359)	(3,374)	(104)	(1,000)
Net increase .....	3,859	\$ 42,652	6,631	\$ 59,906
<b>Class B*</b>				
Shares redeemed .....	—	—	(19)	\$ (154)
Net decrease .....	—	\$ —	(19)	\$ (154)
<b>Class C</b>				
Shares sold .....	11,719	\$ 101,291	—	—
Shares redeemed .....	(799)	(7,626)	(2,051)	\$ (14,730)
Net increase/(decrease) .....	10,920	\$ 93,665	(2,051)	\$ (14,730)
<b>Class I</b>				
Shares sold .....	2,861	\$ 30,377	3,772	\$ 31,966
Shares redeemed .....	(307)	(3,175)	(3,862)	(32,964)
Net increase/(decrease) .....	2,554	\$ 27,202	(90)	\$ (998)

\* Class B Shares were fully redeemed on February 2, 2010.

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

**9. Other Matters.** On April 24, 2008, the Adviser entered into a settlement with the SEC to resolve an inquiry regarding prior frequent trading in shares of the GAMCO Global Growth Fund (the "Global Growth Fund") by one investor who was banned from the Global Growth Fund in August 2002. Under the terms of the settlement, the Adviser, without admitting or denying the SEC's findings and allegations, paid \$16 million (which included a \$5 million civil monetary penalty). On the same day, the SEC filed a civil action in the U.S. District Court for the Southern District of New York against the Executive Vice President and Chief Operating Officer of the Adviser, alleging violations of certain federal securities laws arising from the same matter. The officer, who also is an officer of the Global Growth Fund and other funds in the Gabelli/GAMCO complex, including this Fund, denies the allegations and is continuing in his positions with the Adviser and the funds. The settlement by the Adviser

## The Gabelli Woodland Small Cap Value Fund

### Notes to Financial Statements (Continued)

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did not have, and the resolution of the action against the officer is not expected to have, a material adverse impact on the Adviser or its ability to fulfill its obligations under the Advisory Agreement.

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

## Report of Independent Registered Public Accounting Firm

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To the Shareholders and Board of Directors of  
The Gabelli Woodland Small Cap Value Fund

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of The Gabelli Woodland Small Cap Value Fund (the “Fund”), a series of Gabelli Equity Series Funds, Inc., as of September 30, 2011, 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 periods indicated therein. 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 September 30, 2011, by correspondence with the Fund’s 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 Gabelli Woodland Small Cap Value Fund, a series of Gabelli Equity Series Funds, Inc., at September 30, 2011, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and its financial highlights for each of the periods indicated therein, in conformity with U.S. generally accepted accounting principles.

Philadelphia, Pennsylvania  
November 28, 2011

## The Gabelli Woodland Small Cap Value Fund

### Additional Fund Information (Unaudited)

The business and affairs of the Fund 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 Corporation's Statement of Additional Information includes additional information about the Corporation's Directors and is available, without charge, upon request, by calling 800-GABELLI (800-422-3554) or by writing to The Gabelli Woodland Small Cap Value 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 Directors</u>	<u>Principal Occupation(s) During Past Five Years</u>	<u>Other Directorships Held by Directors<sup>3</sup></u>
<b>INTERESTED DIRECTORS<sup>4</sup>:</b>				
<b>Mario J. Gabelli, CFA</b> Director and Chief Investment Officer Age: 69	Since 1991	27	Chairman, Chief Executive Officer, and Chief Investment Officer—Value Portfolios 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; Chief Executive Officer of GGCP, Inc.	Director of Morgan Group Holdings, Inc. (holding company); Chairman of the Board and Chief Executive Officer of LIGT Corp. (multimedia and communication services company); Director of CIBL, Inc. (broadcasting and wireless communications); Director of RLJ Acquisition Inc. (blank check company)
<b>John Gabelli</b> Director Age: 67	Since 1991	10	Senior Vice President of Gabelli & Company, Inc.	—
<b>INDEPENDENT DIRECTORS<sup>5</sup>:</b>				
<b>Anthony J. Colavita</b> Director Age: 75	Since 1991	35	President of the law firm of Anthony J. Colavita, P.C.	—
<b>Vincent D. Enright</b> Director Age: 67	Since 1991	17	Former Senior Vice President and Chief Financial Officer of KeySpan Corporation (public utility) (1994-1998)	Director of Echo Therapeutics, Inc. (therapeutics and diagnostics); Director of LGL Group, Inc. and until September 2006, Director of Apton Corporation (pharmaceuticals)
<b>Robert Morrissey</b> Director Age: 72	Since 1991	6	Partner of the law firm of Morrissey, Hawkins & Lynch	—
<b>Kuni Nakamura</b> Director Age: 43	Since 2009	10	President of Advanced Polymer, Inc. (chemical wholesale company)	—
<b>Anthony R. Pustorino</b> Director Age: 86	Since 1991	13	Certified Public Accountant; Professor Emeritus, Pace University	Director of the LGL Group, Inc. (diversified manufacturing) (2002-2010)
<b>Anthonie C. van Ekris</b> Director Age: 77	Since 1991	20	Chairman of BALMAC International, Inc. (commodities and futures trading)	—
<b>Salvatore J. Zizza</b> Director Age: 65	Since 2001	29	Chairman (since 1978) of Zizza & Company, Ltd. (financial consulting); Chairman (since 2006) of Metropolitan Paper Recycling, Inc. (recycling); Chairman (since 2000) of BAM Inc. (manufacturing); Chairman (since 2009) of E-Corp English (business services)	Non-Executive Chairman and Director of Harbor BioSciences, Inc. (biotechnology); Vice Chairman and Director of Trans-Lux Corporation (business services); Chairman and Chief Executive Officer of General Employment Enterprises, Inc. (staffing) Director (since December 2009); Bion Environmental Technologies (technology) (2005-2008); Director of Earl Schieb Inc. (automotive painting) through April 2009.

## The Gabelli Woodland Small Cap Value Fund

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

<u>Name, Position(s) Address<sup>1</sup> and Age</u>	<u>Term of Office and Length of Time Served<sup>2</sup></u>	<u>Principal Occupation(s) During Past Five Years</u>
<b>OFFICERS:</b>		
<b>Bruce N. Alpert</b> President and Secretary Age: 59	Since 1991	Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988; Officer of all of the registered investment companies in the Gabelli/GAMCO Funds Complex; Director of Teton Advisors, Inc. since 1998; Chairman of Teton Advisors, Inc. July 2008 to 2010; President of Teton Advisors, Inc., 1998 through 2008; Senior Vice President of GAMCO Investors, Inc. since 2008
<b>Agnes Mullady</b> Treasurer Age: 53	Since 2006	President and Chief Operating Officer of the Open-End Fund Division of Gabelli Funds, LLC since September 2010; Senior Vice President of GAMCO Investors, Inc. since 2009; Vice President of Gabelli Funds, LLC since 2007; Officer of all of the registered investment companies in the Gabelli/GAMCO Funds Complex
<b>Peter D. Goldstein</b> Chief Compliance Officer Age: 58	Since 2004	Director of Regulatory Affairs at GAMCO Investors, Inc. since 2004; Chief Compliance Officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex

1. Address: One Corporate Center, Rye, NY 10580-1422, unless otherwise noted.
2. Each Director will hold office for an indefinite term until the earliest of (i) the next meeting of shareholders, if any, called for the purpose of considering the election or re-election of such Director and until the election and qualification of his or her successor, if any, elected at such meeting, or (ii) the date a Director resigns or retires, or a Director is removed by the Board of Directors or shareholders, in accordance with the Corporation's Amended and Restated By Laws and Articles of Incorporation. Each officer will hold office for an indefinite term until the date he or she resigns or retires or until his or her successor is elected and qualified.
3. This column includes only directorships of companies required to report to the SEC under the Securities Exchange Act of 1934, i.e., public companies, or other investment companies registered under the 1940 Act.
4. "Interested person" of the Fund as defined in the Investment Company Act of 1940. Mr. Gabelli is considered an "interested person" because of his affiliation with Gabelli Funds, LLC that acts as the Fund's investment adviser.
5. Directors who are not interested persons are considered "Independent" Directors.

## 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, which is 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 Fund 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.

# GABELLI FAMILY OF FUNDS

## VALUE

### **Gabelli Asset Fund**

Seeks to invest primarily in a diversified portfolio of common stocks selling at significant discounts to their private market value. The Fund's primary objective is growth of capital. *(Multiclass) Team Managed*

### **Gabelli Blue Chip Value Fund**

Seeks long term growth of capital through investment primarily in the common stocks of established companies which are temporarily out of favor. The fund's objective is to identify a catalyst or sequence of events that will return the company to a higher value. *(Multiclass)*

*Portfolio Manager: Barbara G. Marcini, CFA*

### **GAMCO Westwood Equity Fund**

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

*Portfolio Manager: Susan M. Byrne*

## FOCUSED VALUE

### **Gabelli Value Fund**

Seeks to invest in securities of companies believed to be undervalued. The Fund's primary objective is long-term capital appreciation. *(Multiclass)*

*Team Managed*

## SMALL CAP

### **Gabelli Small Cap Growth Fund**

Seeks to invest primarily in common stock of smaller companies (market capitalizations at the time of investment of \$2 billion or less) believed to have rapid revenue and earnings growth potential. The Fund's primary objective is capital appreciation. *(Multiclass)*

*Portfolio Manager: Mario J. Gabelli, CFA*

### **GAMCO Westwood SmallCap Equity Fund**

Seeks to invest primarily in smaller capitalization equity securities – market caps of \$2.5 billion or less. The Fund's primary objective is long-term capital appreciation. *(Multiclass)*

*Portfolio Manager: Nicholas F. Galluccio*

### **Gabelli Woodland Small Cap Value Fund**

Seeks to invest primarily in the common stocks of smaller companies (market capitalizations generally less than \$3.0 billion) believed to be undervalued with shareholder oriented management teams that are employing strategies to grow the company's value. The Fund's primary objective is capital appreciation. *(Multiclass)*

*Portfolio Manager: Elizabeth M. Lilly, CFA*

## GROWTH

### **GAMCO Growth Fund**

Seeks to invest primarily in large cap stocks believed to have favorable, yet undervalued, prospects for earnings growth. The Fund's primary objective is capital appreciation. *(Multiclass)*

*Portfolio Manager: Howard F. Ward, CFA*

### **GAMCO International Growth Fund**

Seeks to invest in the equity securities of foreign issuers with long-term capital appreciation potential. The Fund offers investors global diversification. *(Multiclass)*

*Portfolio Manager: Caesar Bryan*

## AGGRESSIVE GROWTH

### **GAMCO Global Growth Fund**

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

## MICRO-CAP

### **GAMCO Westwood Mighty Mites<sup>SM</sup> Fund**

Seeks to invest in micro-cap companies that have market capitalizations of \$500 million or less. The Fund's primary objective is long-term capital appreciation. *(Multiclass) Team Managed*

## EQUITY INCOME

### **Gabelli Equity Income Fund**

Seeks to invest primarily in equity securities with above average market yields. The Fund pays monthly dividends and seeks a high level of total return with an emphasis on income. *(Multiclass)*

*Portfolio Manager: Mario J. Gabelli, CFA*

### **GAMCO Westwood Balanced Fund**

Seeks to invest in a balanced and diversified portfolio of stocks and bonds. The Fund's primary objective is both capital appreciation and current income. *(Multiclass)*

*Co-Portfolio Managers: Susan M. Byrne  
Mark R. Freeman, CFA*

### **GAMCO Westwood Income Fund**

Seeks to provide a high level of current income as well as long-term capital appreciation by investing in income producing equity and fixed income securities. *(Multiclass)*

*Portfolio Manager: Barbara G. Marcini, CFA*

## SPECIALTY EQUITY

### **GAMCO Vertumnus Fund (formerly GAMCO Global Convertible Securities Fund)**

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

*Portfolio Manager: Mario J. Gabelli, CFA*

### **GAMCO Global Opportunity Fund**

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

### **Gabelli SRI Green Fund**

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

## SECTOR

### **GAMCO Global Telecommunications Fund**

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

## GAMCO Gold Fund

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

*Portfolio Manager: Caesar Bryan*

## Gabelli Utilities Fund

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

*Portfolio Manager: Mario J. Gabelli, CFA*

## MERGER AND ARBITRAGE

### **Gabelli ABC Fund**

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

*Portfolio Manager: Mario J. Gabelli, CFA*

### **Gabelli Enterprise Mergers and Acquisitions Fund**

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

*Portfolio Manager: Mario J. Gabelli, CFA*

## CONTRARIAN

### **GAMCO Mathers Fund**

Seeks long-term capital appreciation in various market conditions without excessive risk of capital loss. *(No-load)*

*Portfolio Manager: Henry Van der Eb, CFA*

### **Comstock Capital Value Fund**

Seeks capital appreciation and current income. The Fund may use either long or short positions to achieve its objective. *(Multiclass)*

*Portfolio Managers: Charles L. Minter  
Martin Weiner, CFA*

## FIXED INCOME

### **GAMCO Westwood Intermediate Bond Fund**

Seeks to invest in a diversified portfolio of bonds with various maturities. The Fund's primary objective is total return. *(Multiclass)*

*Portfolio Manager: Mark R. Freeman, CFA*

## CASH MANAGEMENT-MONEY MARKET

### **Gabelli U.S. Treasury Money Market Fund**

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

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

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

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

*To receive a prospectus, call 800-GABELLI (800-422-3554). Investors should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing. The prospectus contains more information about this and other matters and should be read carefully before investing. Distributed by G.distributors, LLC, One Corporate Center, Rye, NY 10580.*

Gabelli Equity Series Funds, Inc.  
**The Gabelli Woodland Small Cap Value Fund**

One Corporate Center  
Rye, New York 10580-1422

**800-GABELLI**

**800-422-3554**

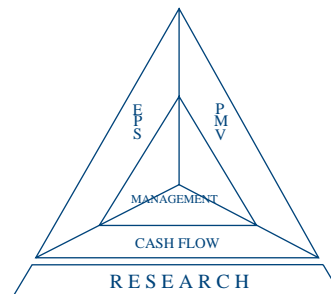
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**e-mail: [info@gabelli.com](mailto:info@gabelli.com)**

Net Asset Value per share available daily by calling

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



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State Street Bank and Trust Company

**Distributor**

G.distributors, LLC

**Legal Counsel**

Skadden, Arps, Slate, Meagher & Flom LLP

# The Gabelli Woodland Small Cap Value Fund

This report is submitted for the general information of the shareholders of The Gabelli Woodland Small Cap Value Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.