

The Gabelli Small Cap Growth Fund

Annual Report
September 30, 2011



Mario J. Gabelli, CFA

Morningstar® rated The Gabelli Small Cap Growth Fund Class AAA Shares 5 stars overall and 5 stars for the three, five, and ten year periods ended September 30, 2011 among 578, 578, 493, and 289 Small Blend funds, respectively.†

To Our Shareholders,

For the year ended September 30, 2011, the net asset value (“NAV”) per Class AAA Share of the Gabelli Small Cap Growth Fund (the “Fund”) declined 2.7% 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.

Among the better performing stocks for the fiscal year were: O’Reilly Automotive Inc. (1.7% of net assets as of September 30, 2011), RPC Inc. (1.3%), which provides pressure pumping, rental tools, and coiled tubing to the oil and gas industry. RPC has benefited from rapidly expanding drilling activity in the natural gas shale regions, and PNM Resources Inc. (1.0%), a public utility holding company headquartered in Albuquerque, New Mexico. Our weaker performing stocks during the year were Interpublic Group of Cos. Inc. (0.7%), Ferro Corp. (0.7%), a specialty materials and chemical company, and CNH Global (0.6%).

We appreciate your loyalty and support in these volatile markets.

† Morningstar Rating™ is based on risk-adjusted returns.

Comparative Results

September 30, 2011 (a)(b) (Unaudited)

	1 Year	5 Year	10 Year	Since Inception (10/22/91)
Class AAA (GABSX)	(2.70)%	3.10%	9.18%	11.91%
Russell 2000 Index	(3.53)	(1.02)	6.12	5.31(f)
Class A (GCASX)	(2.70)	3.10	9.17	11.91
With sales charge (c)	(8.30)	1.88	8.53	11.58
Class B (GCBSX)	(3.43)	2.31	8.54	11.58
With contingent deferred sales charge (d)	(8.26)	1.94	8.54	11.58
Class C (GCCSX)	(3.43)	2.34	8.55	11.59
With contingent deferred sales charge (e)	(4.40)	2.34	8.55	11.59
Class I (GACIX)	(2.45)	3.30	9.28	11.96

In the current prospectus dated January 28, 2011, the expense ratios for Class AAA, A, B, C and I Shares are 1.44%, 1.44%, 2.19%, 2.19% and 1.19%, respectively. Class AAA and Class I Shares have no sales charge. See page 16 for the expense ratios for the year ended September 30, 2011. The maximum sales charge for Class A, B, and C Shares is 5.75%, 5.00%, and 1.00%, respectively.

(a) *Returns represent past performance and do not guarantee future results. Total returns and average annual returns reflect changes in share prices, reinvestment of distributions and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date of purchase. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectus contains 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 A Shares, Class B Shares, and Class C Shares on December 31, 2003, and the Class I Shares on January 11, 2008. The actual performance for the Class A Shares, Class B Shares, and Class C Shares would have been lower and for Class I Shares would have been higher due to the differences in expenses associated with these classes of shares. Investing in small capitalization securities involves special risks 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 invest directly in an index.*

(b) *The Fund's fiscal year ends September 30.*

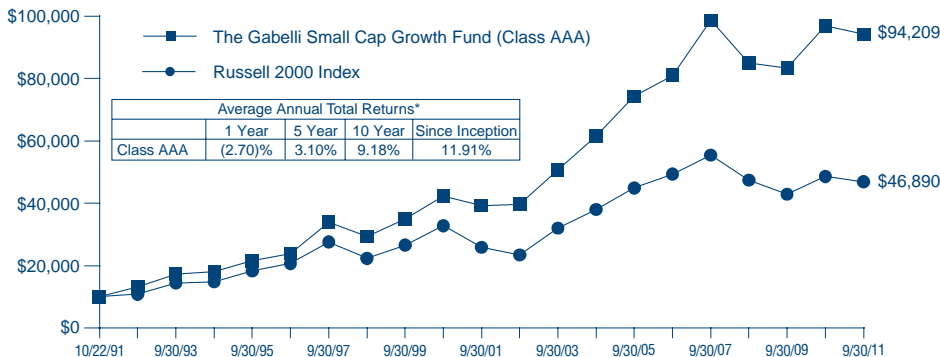
(c) *Performance results include the effect of the maximum 5.75% sales charge at the beginning of the period.*

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

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

(f) *Russell 2000 Index since inception performance is as of October 31, 1991.*

COMPARISON OF CHANGE IN VALUE OF A \$10,000 INVESTMENT IN THE GABELLI SMALL CAP GROWTH 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 Small Cap Growth 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 *
The Gabelli Small Cap Growth Fund				
Actual Fund Return				
Class AAA	\$1,000.00	\$ 808.20	1.42%	\$ 6.44
Class A	\$1,000.00	\$ 808.20	1.42%	\$ 6.44
Class B	\$1,000.00	\$ 805.00	2.17%	\$ 9.82
Class C	\$1,000.00	\$ 805.10	2.17%	\$ 9.82
Class I	\$1,000.00	\$ 809.20	1.17%	\$ 5.31
Hypothetical 5% Return				
Class AAA	\$1,000.00	\$1,017.95	1.42%	\$ 7.18
Class A	\$1,000.00	\$1,017.95	1.42%	\$ 7.18
Class B	\$1,000.00	\$1,014.19	2.17%	\$10.96
Class C	\$1,000.00	\$1,014.19	2.17%	\$10.96
Class I	\$1,000.00	\$1,019.20	1.17%	\$ 5.92

* Expenses are equal to the Fund's annualized expense ratio for the last six months multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half year (183 days), then divided by 365.

Summary of Portfolio Holdings (Unaudited)

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

The Gabelli Small Cap Growth Fund

U.S. Government Obligations	13.1%	Real Estate	1.1%
Equipment and Supplies	8.3%	Metals and Mining	1.0%
Food and Beverage	7.8%	Transportation	0.9%
Energy and Utilities	7.2%	Communications Equipment	0.9%
Diversified Industrial	6.6%	Publishing	0.8%
Health Care	5.8%	Automotive	0.7%
Retail	5.4%	Broadcasting	0.7%
Automotive: Parts and Accessories	5.4%	Environmental Services	0.6%
Business Services	4.2%	Commercial Services	0.5%
Financial Services	4.1%	Educational Services	0.4%
Specialty Chemicals	4.0%	Manufactured Housing and Recreational Vehicles	0.3%
Aviation: Parts and Services	3.2%	Closed-End Funds	0.2%
Hotels and Gaming	2.4%	Home Furnishings	0.2%
Building and Construction	2.0%	Wireless Communications	0.1%
Consumer Products	1.9%	Paper and Forest Products	0.1%
Computer Software and Services	1.8%	Closed-End Business Development Company	0.1%
Telecommunications	1.6%	Aerospace	0.0%
Entertainment	1.5%	Agriculture	0.0%
Electronics	1.4%	Other Assets and Liabilities (Net)	(0.1)%
Cable	1.4%		
Machinery	1.3%		
Consumer Services	1.1%		
			<u>100.0%</u>

The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (the "SEC") for the first and third quarters of each fiscal year on Form N-Q, the last of which was filed for the quarter ended June 30, 2011. Shareholders may obtain this information at www.gabelli.com or by calling the Fund at 800-GABELLI (800-422-3554). The Fund's Form N-Q is available on the SEC's website at www.sec.gov and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.

Proxy Voting

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

The Gabelli Small Cap Growth Fund

Schedule of Investments — September 30, 2011

Shares	Cost	Market Value	Shares	Cost	Market Value
COMMON STOCKS — 86.9%					
Aerospace — 0.0%					
25,000	Embraer SA, ADR	\$ 430,623	\$	634,250	
Agriculture — 0.0%					
80,000	Black Earth Farming Ltd., SDR†	304,755		201,710	
12,000	Cadiz Inc.†	93,950		94,920	
3,500	The Mosaic Co.	74,541		171,395	
		<u>473,246</u>		<u>468,025</u>	
Automotive — 0.7%					
890,000	Brembo SpA	10,420,951		7,941,212	
100,000	Navistar International Corp.†	3,280,176		3,212,000	
13,500	PACCAR Inc.	551,508		456,570	
100,000	Penske Automotive Group Inc.	1,476,842		1,600,000	
		<u>15,729,477</u>		<u>13,209,782</u>	
Automotive: Parts and Accessories — 5.3%					
155,000	BorgWarner Inc.†	1,761,849		9,382,150	
74,022	China Automotive Systems Inc.†	378,521		349,384	
945,015	Dana Holding Corp.†	6,268,082		9,922,657	
495,600	Federal-Mogul Corp.†	8,086,181		7,310,100	
372,303	Midas Inc.†	5,069,930		3,052,885	
650,000	Modine Manufacturing Co.†	9,335,433		5,889,000	
22,500	Monro Muffler Brake Inc.	152,114		741,825	
505,000	O'Reilly Automotive Inc.†	13,350,942		33,648,150	
33,000	Puradyn Filter Technologies Inc.†	9,902		6,930	
180,000	SORL Auto Parts Inc.†	1,131,008		586,800	
80,375	Spartan Motors Inc.	388,580		331,949	
365,000	Standard Motor Products Inc.	4,043,414		4,734,050	
198,000	Strattec Security Corp. (a)	4,157,683		4,748,040	
320,000	Superior Industries International Inc.	5,205,379		4,944,000	
520,500	Tenneco Inc.†	5,193,310		13,330,005	
320,000	The Pep Boys - Manny, Moe & Jack	3,758,524		3,158,400	
27,000	Thor Industries Inc.	250,194		598,050	
55,000	Wonder Auto Technology Inc.†	366,006		52,250	
		<u>68,907,052</u>		<u>102,786,625</u>	
Aviation: Parts and Services — 3.2%					
25,000	AAR Corp.	302,990		416,750	
10,000	Astronics Corp.†	35,665		282,500	
3,750	Astronics Corp., Cl. B†	13,325		103,313	
5,000	Barnes Group Inc.	43,000		96,250	
5,000,000	BBA Aviation plc	13,331,465		13,060,025	
510,000	Curtiss-Wright Corp.	14,512,635		14,703,300	
37,320	Ducommun Inc.	763,481		559,054	
1,181,519	GenCorp Inc.†	7,543,728		5,305,020	
773,700	Kaman Corp.	13,206,953		21,547,545	
Broadcasting — 0.7%					
89,000	Moog Inc., Cl. A†	\$ 726,840	\$	2,903,180	
16,100	Moog Inc., Cl. B†	464,818		532,910	
68,000	Woodward Inc.	1,052,020		1,863,200	
		<u>51,996,920</u>		<u>61,373,047</u>	
Broadcasting — 0.7%					
381,200	Acme Communications Inc.	954,265		266,840	
195,000	Beasley Broadcast Group Inc., Cl. A†	1,153,651		744,900	
23,300	Cogeco Inc.	592,837		978,338	
279,000	Crown Media Holdings Inc., Cl. A†	1,544,441		398,970	
2,433	Granite Broadcasting Corp.† (b)	822,771		0	
320,000	Gray Television Inc.†	1,006,416		499,200	
43,000	Gray Television Inc., Cl. A†	89,142		60,200	
99,000	Liberty Media Corp. - Liberty Capital, Cl. A†	2,023,423		6,545,880	
18,000	Pandora Media Inc.†	273,163		263,700	
551,600	Salem Communications Corp., Cl. A	2,279,577		1,263,164	
185,000	Sinclair Broadcast Group Inc., Cl. A	1,507,346		1,326,450	
450,000	Sirius XM Radio Inc.†	230,879		679,500	
		<u>12,477,911</u>		<u>13,027,142</u>	
Building and Construction — 2.0%					
265,000	Beazer Homes USA Inc.†	1,045,998		400,150	
265,000	D.R. Horton Inc.	3,101,589		2,395,600	
210,000	Hovnanian Enterprises Inc., Cl. A†	579,156		256,200	
33,000	Insituform Technologies Inc., Cl. A†	622,647		382,140	
180,000	KB Home	1,992,645		1,054,800	
353,000	Layne Christensen Co.†	9,511,100		8,154,300	
490,000	Lennar Corp., Cl. A	8,467,693		6,634,600	
175,000	MDC Holdings Inc.	4,543,772		2,964,500	
170,000	Meritage Homes Corp.†	3,894,768		2,573,800	
11,500	Nortek Inc.†	418,573		254,438	
2,500	NVR Inc.†	1,789,042		1,509,950	
340,000	Pulte Group Inc.†	2,458,582		1,343,000	
245,000	Ryland Group Inc.	4,022,269		2,609,250	
175,000	Standard Pacific Corp.†	651,771		432,250	
93,515	Texas Industries Inc.	3,198,256		2,968,166	
370,000	Toll Brothers Inc.†	7,291,197		5,339,100	
		<u>53,589,058</u>		<u>39,272,244</u>	
Business Services — 4.2%					
79,500	AboveNet Inc.	3,833,435		4,261,200	
40,000	ACCO Brands Corp.†	383,433		190,800	
100,033	Arbitron Inc.	2,786,256		3,309,092	
110,000	Ascent Capital Group Inc., Cl. A†	2,727,937		4,325,200	

See accompanying notes to financial statements.

The Gabelli Small Cap Growth Fund

Schedule of Investments (Continued) — September 30, 2011

<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>
COMMON STOCKS (Continued)			Electronic (Continued)		
110,000	Methode Electronics Inc. \$ 953,550	\$ 817,300	70,000	Voyager Oil & Gas Inc.† \$ 31,840	\$ 147,000
6,000	Mocon Inc. 89,924	94,830	220,000	Westar Energy Inc. 4,036,837	5,812,400
315,000	Park Electrochemical Corp. 7,506,180	6,731,550			
180,000	Pulse Electronics Corp. 942,010	514,800		<u>81,634,994</u>	<u>138,197,141</u>
180,000	Stoneridge Inc.† 1,475,725	939,600	Entertainment — 1.5%		
310,000	Trident Microsystems Inc.† 1,227,228	161,200	100,000	Carmike Cinemas Inc.† 771,700	661,000
120,000	Zygo Corp.† 1,071,063	1,387,200	6,048	Chestnut Hill Ventures† (b) 164,590	351,877
			32,000	Discovery Communications Inc., Cl. A† 439,527	1,203,840
	<u>32,874,382</u>	<u>27,436,893</u>	32,000	Discovery Communications Inc., Cl. C† 454,438	1,124,800
Energy and Utilities — 7.2%			331,050	Dover Motorsports Inc.† 1,365,914	403,881
20,000	A123 Systems Inc.† 247,789	68,800	247,000	Fisher Communications Inc.† 8,590,072	5,517,980
380,000	Black Hills Corp. 9,703,620	11,643,200	29,000	International Speedway Corp., Cl. A 885,471	662,360
110,000	Callon Petroleum Co.† 743,793	425,700	5,500	International Speedway Corp., Cl. B 130,136	129,250
55,000	Central Vermont Public Service Corp. 1,081,981	1,936,550	10,000	Rovi Corp.† 142,372	429,800
110,000	CH Energy Group Inc. 4,519,660	5,738,700	435,000	Take-Two Interactive Software Inc.† 7,184,490	5,533,200
36,000	Chesapeake Utilities Corp. 953,501	1,443,960	296,000	The Madison Square Garden Co., Cl. A† 3,734,672	6,748,800
45,000	CMS Energy Corp. 240,795	890,550	210,000	Universal Entertainment Corp. 3,231,668	6,368,339
23,000	Connecticut Water Service Inc. 464,832	575,460	47,000	World Wrestling Entertainment Inc., Cl. A 511,038	418,770
6,000	Consolidated Water Co. Ltd. 93,090	47,280		<u>27,606,088</u>	<u>29,553,897</u>
155,000	Covanta Holding Corp. 596,181	2,354,450	Environmental Services — 0.6%		
7,500	Dawson Geophysical Co.† 251,540	176,850	400,000	Republic Services Inc. 5,798,456	11,224,000
415,000	El Paso Electric Co. 6,050,917	13,317,350	Equipment and Supplies — 8.3%		
25,000	Ener1 Inc.† 145,148	3,425	22,500	A.O. Smith Corp. 336,569	720,675
48,000	Energy Recovery Inc.† 234,605	144,480	373,000	AMETEK Inc. 1,078,465	12,297,810
22,520	Gamesa Corporacion Tecnologica SA 134,724	102,069	5,000	AZZ Inc. 154,353	193,850
220,000	Great Plains Energy Inc. 4,699,894	4,246,000	494,000	Baldwin Technology Co. Inc., Cl. A† 1,480,552	587,860
70,000	Key Energy Services Inc.† 597,194	664,300	25,000	Belden Inc. 286,590	644,750
45,000	Middlesex Water Co. 773,022	768,150	55,000	Capstone Turbine Corp.† 108,350	55,000
44,000	National Fuel Gas Co. 2,500,876	2,141,920	530,371	CIRCOR International Inc. 14,531,840	15,576,996
90,000	NorthWestern Corp. 2,611,117	2,874,600	343,000	CLARCOR Inc. 2,202,501	14,193,340
80,000	Oceaneering International Inc. 1,366,984	2,827,200	330,000	Core Molding Technologies Inc.† 654,777	2,550,900
220,000	Otter Tail Corp. 4,900,156	4,026,000	168,000	Crown Holdings Inc.† 678,985	5,142,480
10,000	Patterson-UTI Energy Inc. 211,721	173,400	4,000	Danaher Corp. 34,106	167,760
82,000	Pennichuck Corp. 1,877,915	2,294,360	90,000	Donaldson Co. Inc. 1,558,860	4,932,000
1,220,372	PNM Resources Inc. 13,406,898	20,050,712	222,000	Entegris Inc.† 1,280,053	1,416,360
132,000	Rowan Companies Inc.† 2,795,259	3,985,080	285,000	Federal Signal Corp. 2,003,300	1,259,700
1,515,000	RPC Inc. 2,228,978	24,724,800	103,000	Flowserve Corp. 2,682,057	7,622,000
145,000	SJW Corp. 2,774,885	3,156,650	160,000	Franklin Electric Co. Inc. 1,496,658	5,804,800
300,000	Southern Union Co. 5,117,716	12,171,000	222,000	Gerber Scientific Inc., Escrow† (b) 0	2,220
190,096	Southwest Gas Corp. 4,393,160	6,875,772	155,000	Graco Inc. 2,718,503	5,291,700
45,000	Tesoro Corp.† 455,817	876,150	1,040,000	GrafTech International Ltd.† 12,563,346	13,208,000
13,000	The Laclede Group Inc. 474,291	503,750	101,000	IDEX Corp. 810,208	3,147,160
45,000	The York Water Co. 629,880	728,100			
25,000	Union Drilling Inc.† 198,390	117,500			
10,000	Vestas Wind Systems A/S† 89,988	163,473			

See accompanying notes to financial statements.

The Gabelli Small Cap Growth Fund

Schedule of Investments (Continued) — September 30, 2011

<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>
COMMON STOCKS (Continued)			Equipment and Supplies (Continued)		
550,000	Interpump Group SpA \$	3,223,467	\$	3,139,025	
10,000	Itron Inc.†	517,595		295,000	
7,000	Jarden Corp.	115,037		197,820	
40,000	Littelfuse Inc.	758,367		1,608,400	
229,000	Lufkin Industries Inc.	1,478,696		12,185,090	
55,000	Maezawa Kyuso Industries Co. Ltd.	359,609		746,597	
82,000	Met-Pro Corp.	692,039		703,560	
6,000	Mine Safety Appliances Co.	179,592		161,760	
70,013	Mueller Industries Inc.	2,373,742		2,701,802	
12,000	Plantronics Inc.	275,609		341,400	
2,000	Regal-Beloit Corp.	59,351		90,760	
130,000	Robbins & Myers Inc.	1,826,625		4,512,300	
106,402	SL Industries Inc.†	1,540,940		1,792,874	
5,000	Tennant Co.	76,167		268,850	
293,000	Tennant Co.	5,920,322		10,363,410	
619,200	The Gorman-Rupp Co.	12,409,261		15,288,048	
85,000	The Greenbrier Companies Inc.†	833,816		990,250	
228,141	The L.S. Starrett Co., Cl. A	2,845,543		2,463,923	
100,000	The Manitowoc Co. Inc.	666,995		671,000	
23,400	The Middleby Corp.†	868,562		1,648,764	
8,000	Valmont Industries Inc.	176,298		623,520	
94,000	Vicor Corp.	1,008,949		822,500	
7,875	Watsco Inc., Cl. B	23,627		401,940	
153,000	Watts Water Technologies Inc., Cl. A	3,377,189		4,077,450	
		<u>88,267,471</u>		<u>160,911,404</u>	
Financial Services — 4.1%			Food and Beverage — 7.8%		
10,616	Alleghany Corp.†	1,758,092		3,062,716	
25,287	Argo Group International Holdings Ltd.	844,293		717,392	
490,000	Artio Global Investors Inc.	11,325,741		3,900,400	
10,121	BCB Holdings Ltd.†	23,159		8,286	
120,000	BKF Capital Group Inc.†	565,338		162,000	
12,500	Capitol Federal Financial Inc.	125,000		132,000	
22,000	Crazy Woman Creek Bancorp Inc.†	343,564		200,640	
150,000	Discover Financial Services	2,578,605		3,441,000	
40,000	Duff & Phelps Corp., Cl. A	587,050		426,400	
100,000	Epoch Holding Corp.	818,447		1,357,000	
8,430	Fidelity Southern Corp.	53,115		54,795	
330,000	First Niagara Financial Group Inc.	4,316,427		3,019,500	
190,000	Flushing Financial Corp.	3,048,479		2,052,000	
111,000	Fortress Investment Group LLC, Cl. A†	596,992		334,110	
1,080,000	GAM Holding AG†	14,363,700		13,642,983	
45,000	Hudson Valley Holding Corp.	943,612		784,350	
935,000	Janus Capital Group Inc. \$	9,678,397	\$	5,610,000	
108,000	KBW Inc.	2,657,597		1,489,320	
745,072	KKR & Co. LP	5,376,793		7,748,749	
180,000	Legg Mason Inc.	4,080,240		4,627,800	
3,105	Leucadia National Corp.	24,354		70,421	
24,000	M&T Bank Corp.	2,071,440		1,677,600	
60,024	Medallion Financial Corp.	463,920		558,223	
335,000	Nara Bancorp Inc.†	3,814,082		2,033,450	
250,000	Och-Ziff Capital Management Group LLC, Cl. A	1,997,164		2,282,500	
165,000	Oritani Financial Corp.	1,685,540		2,121,900	
32,000	PrivateBancorp Inc.	541,949		240,640	
240,000	Sterling Bancorp	3,569,825		1,742,400	
295,000	SWS Group Inc.	4,099,692		1,383,550	
10,000	T. Rowe Price Group Inc.	270,786		477,700	
183,600	The Charles Schwab Corp.	3,010,310		2,069,172	
11,033	Tree.com Inc.†	78,880		55,165	
10,000	Universal American Corp.	91,700		100,600	
5,000	Value Line Inc.	166,217		57,450	
460,000	Waddell & Reed Financial Inc., Cl. A	9,248,071		11,504,600	
		<u>95,218,571</u>		<u>79,146,812</u>	
590,040	Arca Continental SAB de CV	1,174,352		2,442,111	
47,000	Boston Beer Co. Inc., Cl. A†	883,432		3,416,900	
38,100	Brown-Forman Corp., Cl. A	1,115,861		2,589,276	
5,000	Brown-Forman Corp., Cl. B	144,052		350,700	
200,000	Bull-Dog Sauce Co. Ltd.	444,295		401,919	
4,600,000	China Tontine Wines Group Ltd.	958,785		413,488	
280,000	Corn Products International Inc.	6,240,918		10,987,200	
890,000	Davide Campari - Milano SpA	4,450,784		6,540,172	
245,000	Dean Foods Co.†	4,297,327		2,173,150	
365,000	Denny's Corp.†	1,007,180		1,215,450	
1,000	Diamond Foods Inc.	20,567		79,790	
326,000	Dr Pepper Snapple Group Inc.	6,664,752		12,642,280	
3,200,000	Dynasty Fine Wines Group Ltd.	1,186,698		710,892	
29,000	Farmer Brothers Co.	435,471		159,790	
215,000	Feihe International Inc.†	3,950,859		1,161,000	
370,000	Flowers Foods Inc.	1,368,580		7,200,200	
22,500	Green Mountain Coffee Roasters Inc.†	672,533		2,091,150	
160,000	ITO EN Ltd.	3,301,726		2,949,825	
25,000	J & J Snack Foods Corp.	577,813		1,201,250	
1,325,000	Kikkoman Corp.	14,057,979		15,289,122	
250,000	Lifeway Foods Inc.†	2,511,599		2,667,500	
3,000	MEIJI Holdings Co. Ltd.	117,526		143,329	
70,000	MGP Ingredients Inc.	331,262		354,900	
450,000	Morinaga Milk Industry Co. Ltd.	1,808,850		2,007,001	

See accompanying notes to financial statements.

The Gabelli Small Cap Growth Fund

Schedule of Investments (Continued) — September 30, 2011

Shares	Cost	Market Value	Shares	Cost	Market Value
COMMON STOCKS (Continued)					
Food and Beverage (Continued)					
85,000	NISSIN FOODS HOLDINGS CO. LTD. \$	2,907,986	\$	3,438,351	
15,000	Nutrisystem Inc.	222,484		181,650	
4,000,000	Parmalat SpA	11,428,716		8,493,991	
72,000	Peet's Coffee & Tea Inc.†	2,922,436		4,006,080	
50,000	Ralcorp Holdings Inc.†	892,806		3,835,500	
162,000	Rock Field Co. Ltd.	2,539,700		2,743,057	
260,000	Smart Balance Inc.†	1,577,202		1,534,000	
555,013	Snyders-Lance Inc.	11,552,177		11,572,021	
410,000	The Hain Celestial Group Inc.†	7,537,748		12,525,500	
66,000	The J.M. Smucker Co.	1,599,230		4,810,740	
700,000	Tingyi (Cayman Islands) Holding Corp.	1,792,917		1,724,067	
242,946	Tootsie Roll Industries Inc.	5,142,185		5,859,858	
90,000	United Natural Foods Inc.†	2,545,822		3,333,600	
4,500	Vina Concha Y Toro SA, ADR	142,964		164,250	
1,200,000	Vitasoy International Holdings Ltd.	739,370		768,934	
20,000	Willamette Valley Vineyards Inc.†	73,225		60,500	
175,000	Yakult Honsha Co. Ltd.	4,454,268		5,483,923	
61,000	Zhongpin Inc.†	812,059		463,600	
		116,606,496		150,188,017	
Health Care — 5.8%					
30,000	Alere Inc.†	554,733		589,500	
50,000	Align Technology Inc.†	408,281		758,500	
100,000	Allergan Inc.	1,964,408		8,238,000	
110,000	American Dental Partners Inc.†	1,438,656		1,062,600	
110,000	AngioDynamics Inc.†	1,532,731		1,445,400	
8,000	Anika Therapeutics Inc.†	76,123		44,000	
147,000	ArthroCare Corp.†	2,872,758		4,229,190	
6,800	Bio-Rad Laboratories Inc., Cl. A†	294,614		617,236	
83,000	Bio-Reference Laboratories Inc.†	1,845,525		1,528,030	
51,515	BioLase Technology Inc.†	74,915		154,545	
20,000	Brucker Corp.†	174,056		270,600	
71,002	Cantel Medical Corp.	1,790,089		1,499,562	
230,000	Cepheid Inc.†	3,118,993		8,930,900	
159,000	Chemed Corp.	3,554,524		8,738,640	
66,000	CONMED Corp.†	1,714,345		1,518,660	
200,000	ContinuCare Corp.†	974,178		1,276,000	
400,000	Cutera Inc.†	5,306,018		2,848,000	
15,000	Cynosure Inc., Cl. A†	133,925		151,350	
96,000	DexCom Inc.†	962,427		1,152,000	
29,237	DGT Holdings Corp.†	488,484		252,461	
187,024	Exactech Inc.†	2,898,144		2,633,298	
230,000	Gentiva Health Services Inc.†	5,377,481		1,269,600	
44,000	Henry Schein Inc.†	861,550		2,728,440	
4,000	Heska Corp.† \$	35,706	\$	34,480	
26,000	ICU Medical Inc.†	709,667		956,800	
305,100	IRIS International Inc.†	3,224,101		2,736,747	
36,000	Kinetic Concepts Inc.†	918,852		2,372,040	
42,000	Life Technologies Corp.†	1,070,187		1,614,060	
137,500	MAKO Surgical Corp.†	3,616,283		4,705,250	
7,000	Medivir AB, Cl. B†	157,714		93,094	
40,000	MWI Veterinary Supply Inc.†	972,736		2,752,800	
8,000	Neogen Corp.†	195,096		277,760	
4,000	Nobel Biocare Holding AG†	61,643		40,291	
50,000	Nordion Inc.	369,385		441,000	
7,500	NuVasive Inc.†	200,477		128,025	
105,000	Opko Health Inc.†	284,862		454,650	
72,000	Orthofix International NV†	1,189,183		2,484,720	
45,000	Owens & Minor Inc.	606,216		1,281,600	
370,000	Pain Therapeutics Inc.†	2,137,953		1,761,200	
385,000	Palomar Medical Technologies Inc.†	5,980,996		3,033,800	
62,000	Par Pharmaceutical Cos. Inc.†	2,066,464		1,650,440	
30,000	PSS World Medical Inc.†	367,273		590,700	
628,500	Quidel Corp.†	6,971,750		10,288,545	
239,002	Rochester Medical Corp.†	2,772,212		1,821,195	
230,000	RTI Biologics Inc.†	1,253,260		756,700	
960,000	Sorin SpA†	2,442,470		2,111,869	
20,500	STERIS Corp.	671,969		600,035	
2,300	Straumann Holding AG	206,988		362,357	
2,000	Stryker Corp.	88,300		94,260	
75,000	SurModics Inc.†	936,003		682,500	
14,000	Syneron Medical Ltd.†	116,750		138,740	
6,000	Techne Corp.	409,768		408,060	
74,000	The Cooper Companies Inc.	2,872,806		5,857,100	
48,000	United-Guardian Inc.	435,056		716,160	
77,000	Vascular Solutions Inc.†	591,923		881,650	
388,000	Wright Medical Group Inc.†	6,189,009		6,937,440	
18,800	Young Innovations Inc.	492,409		535,800	
		89,032,425		111,538,380	
Home Furnishings — 0.2%					
61,000	Bassett Furniture Industries Inc.	499,826		430,050	
47,000	Bed Bath & Beyond Inc.†	1,223,835		2,693,570	
		1,723,661		3,123,620	
Hotels and Gaming — 2.4%					
70,000	Ante5 Inc.†	0		66,500	
225,000	Boyd Gaming Corp.†	1,546,347		1,102,500	
110,000	Canterbury Park Holding Corp.†	1,120,504		1,032,900	
192,392	Churchill Downs Inc.	7,246,487		7,509,060	
128,000	Dover Downs Gaming & Entertainment Inc.	797,311		288,000	

See accompanying notes to financial statements.

The Gabelli Small Cap Growth Fund

Schedule of Investments (Continued) — September 30, 2011

Shares	Cost	Market Value	Shares	Cost	Market Value
COMMON STOCKS (Continued)					
Hotels and Gaming (Continued)					
348,702	Gaylord Entertainment Co.† \$	8,404,732	\$	6,743,897	442,850
400,000	Genting Singapore plc†	408,768		470,984	204,900
18,000	Home Inns & Hotels Management Inc., ADR†	343,247		463,860	
110,000	Lakes Entertainment Inc.†	502,595		268,400	1,340,880
200,000	Las Vegas Sands Corp.†	1,395,678		7,668,000	702,900
1,400,000	Mandarin Oriental International Ltd.	1,825,418		1,932,000	2,043,780
54,000	Morgans Hotel Group Co.†	446,893		323,460	
165,000	Orient-Express Hotels Ltd., Cl. A†	2,872,992		1,140,150	
100,000	Penn National Gaming Inc.†	1,509,186		3,329,000	239,200
345,000	Pinnacle Entertainment Inc.†	2,588,437		3,132,600	1,579,380
180,000	Sonesta International Hotels Corp., Cl. A	3,750,193		3,402,000	538,920
2,000,000	The Hongkong & Shanghai Hotels Ltd.	1,786,952		2,753,165	3,157,110
272,059	The Marcus Corp.	3,426,439		2,706,987	1,776,363
24,000	Wynn Resorts Ltd.	308,808		2,761,920	679,200
		<u>40,280,987</u>		<u>47,095,383</u>	4,022,200
					<u>2,905,000</u>
					<u>19,087,280</u>
					<u>15,215,223</u>
Machinery — 1.3%					
109,400	Astec Industries Inc.†	3,792,779		3,203,232	
453,000	CNH Global NV†	6,037,085		11,886,720	
14,000	Global Power Equipment Group Inc.†	328,622		325,780	
69,000	Kennametal Inc.	2,010,829		2,259,060	
6,000	Nordson Corp.	107,171		238,440	
120,000	Twin Disc Inc.	2,619,696		3,200,400	
130,000	Zebra Technologies Corp., Cl. A†	2,817,845		4,022,200	
		<u>17,714,027</u>		<u>25,135,832</u>	
Manufactured Housing and Recreational Vehicles — 0.3%					
75,000	Cavco Industries Inc.†	1,561,191		2,583,000	
15,000	Drew Industries Inc.	255,948		299,700	
30,200	Nobility Homes Inc.†	447,810		199,320	
181,000	Skyline Corp.	5,312,212		1,728,550	
30,000	Winnebago Industries Inc.†	381,664		207,600	
		<u>7,958,825</u>		<u>5,018,170</u>	
Metals and Mining — 1.0%					
52,003	Barrick Gold Corp.	1,522,648		2,425,940	
256,000	Century Aluminum Co.†	3,675,581		2,288,640	
10,000	Inmet Mining Corp.	325,911		423,705	
106,000	Ivanhoe Mines Ltd.†	1,482,217		1,452,200	
140,000	Kinross Gold Corp.	962,642		2,069,200	
200,000	Lynas Corp Ltd.†	184,524		210,958	
338,600	Materion Corp.†	7,698,510		7,679,448	
90,000	Molycorp Inc.†	1,685,963		2,958,300	
2,000	Northwest Pipe Co.†	55,888		40,580	
52,100	Stillwater Mining Co.† \$	477,514	\$		442,850
15,000	Yamana Gold Inc.	50,671			204,900
		<u>18,122,069</u>			<u>20,196,721</u>
Paper and Forest Products — 0.1%					
24,000	Schweitzer-Mauduit International Inc.	925,904			1,340,880
110,000	Wausau Paper Corp.	993,428			702,900
		<u>1,919,332</u>			<u>2,043,780</u>
Publishing — 0.8%					
65,000	Belo Corp., Cl. A	157,232			317,850
80,000	Cambium Learning Group Inc.†	281,464			239,200
1,530,000	Il Sole 24 Ore SpA†	3,523,699			1,579,380
12,000	John Wiley & Sons Inc., Cl. B . . .	46,500			538,920
1,063,000	Journal Communications Inc., Cl. A†	5,392,836			3,157,110
930,033	Media General Inc., Cl. A†	5,646,796			1,776,363
30,000	Meredith Corp.	539,417			679,200
260,000	News Corp., Cl. A	765,310			4,022,200
415,000	The E.W. Scripps Co., Cl. A†	2,734,026			2,905,000
		<u>19,087,280</u>			<u>15,215,223</u>
Real Estate — 1.1%					
20,150	Capital Properties Inc., Cl. A	408,087			164,726
15,000	Capital Properties Inc., Cl. B (b) . .	0			122,625
114,500	Cohen & Steers Inc.	2,585,808			3,291,875
200,000	Griffin Land & Nurseries Inc.	3,062,169			5,136,000
11,333	Gyrodne Co. of America Inc.†	242,718			626,148
107,000	Morguard Corp.	1,362,690			7,249,738
270,000	The St. Joe Co.†	6,699,708			4,047,300
		<u>14,361,180</u>			<u>20,638,412</u>
Retail — 5.4%					
110,000	99 Cents Only Stores†	1,713,055			2,026,200
257,000	Aaron's Inc.†	1,265,414			6,489,250
260,000	AutoNation Inc.†	3,938,974			8,522,800
19,000	Barnes & Noble Inc.	243,447			224,770
16,000	Best Buy Co. Inc.	612,561			372,800
130,500	Big 5 Sporting Goods Corp.	1,839,232			793,440
22,000	Biglari Holdings Inc.†	5,548,040			6,520,580
368,021	Casey's General Stores Inc.	13,458,049			16,064,117
725,000	Coldwater Creek Inc.†	3,342,297			906,250
36,000	Collective Brands Inc.†	736,690			466,560
42,792	Copart Inc.†	1,466,246			1,674,023
2,500	Dunkin' Brands Group Inc.†	47,500			69,250
110,000	HSN Inc.†	3,248,633			3,644,300
660,051	Ingles Markets Inc., Cl. A (a)	10,881,335			9,399,126
21,000	J.C. Penney Co. Inc.	632,370			562,380
380,000	Krispy Kreme Doughnuts Inc.†	2,426,090			2,591,600
180,000	Macy's Inc.	2,590,692			4,737,600

See accompanying notes to financial statements.

The Gabelli Small Cap Growth Fund

Schedule of Investments (Continued) — September 30, 2011

<u>Principal Amount</u>	<u>Cost</u>	<u>Market Value</u>
CONVERTIBLE CORPORATE BONDS — 0.0%		
Hotels and Gaming — 0.0%		
\$ 400,000		
Gaylord Entertainment Co., Cv., 3.750%, 10/01/14 (d)	\$ 382,411	\$ 407,000
CORPORATE BONDS — 0.0%		
Computer Software and Services — 0.0%		
300,000		
Exodus Communications Inc., Sub. Deb., 5.250%, 02/15/12† (b)	1,185	0
U.S. GOVERNMENT OBLIGATIONS — 13.1%		
252,165,000		
U.S. Treasury Bills, 0.000% to 0.115%†† (e), 10/20/11 to 03/22/12	252,129,215	252,140,533
TOTAL INVESTMENTS —		
100.1%	\$ 1,606,229,337	1,932,327,746
Other Assets and Liabilities (Net) —		
(0.1)%		(2,378,499)
NET ASSETS — 100.0% \$ 1,929,949,247		

- (a) Security considered an affiliated holding because the Fund owns at least 5% of its outstanding shares.
- (b) Security fair valued under procedures established by the Board of Directors. The procedures may include reviewing available financial information about the company and reviewing valuation of comparable securities and other factors on a regular basis. At September 30, 2011, the market value of fair valued securities amounted to \$478,992 or 0.02% of net assets.
- (c) Denoted in units.
- (d) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At September 30, 2011, the market value of the Rule 144A security amounted to \$407,000 or 0.02% of net assets.
- (e) At September 30, 2011, \$3,000,000 of the principal amount was pledged as collateral for futures contract. (There were no open positions at September 30, 2011.)

† Non-income producing security.

†† Represents annualized yield at date of purchase.

ADR American Depositary Receipt

SDR Swedish Depositary Receipt

See accompanying notes to financial statements.

The Gabelli Small Cap Growth Fund

Statement of Assets and Liabilities September 30, 2011

Assets:	
Investments, at value (cost \$1,583,031,782)	\$1,912,408,158
Investments in affiliates, at value (cost \$23,197,555)	19,919,588
Foreign currency, at value (cost \$7)	6
Cash	285
Receivable for Fund shares sold	2,930,560
Receivable for investments sold	420,127
Dividends and interest receivable	1,597,586
Prepaid expenses	64,436
Total Assets	1,937,340,746
Liabilities:	
Payable for investments purchased	2,024,375
Payable for Fund shares redeemed	2,223,168
Payable for investment advisory fees	1,662,514
Payable for distribution fees	437,191
Payable for accounting fees	3,750
Payable for shareholder services fees	751,772
Other accrued expenses	288,729
Total Liabilities	7,391,499
Net Assets (applicable to 66,325,926 shares outstanding)	\$1,929,949,247
Net Assets Consist of:	
Paid-in capital	\$1,566,350,678
Accumulated net investment loss	(3,124,761)
Accumulated net realized gain on investments and foreign currency transactions	40,638,052
Net unrealized appreciation on investments	326,098,409
Net unrealized depreciation on foreign currency translations	(13,131)
Net Assets	\$1,929,949,247
Shares of Capital Stock, each at \$0.001 par value:	
Class AAA:	
Net Asset Value, offering, and redemption price per share (\$1,539,099,714 ÷ 52,785,960 shares outstanding; 150,000,000 shares authorized)	<u>\$29.16</u>
Class A:	
Net Asset Value and redemption price per share (\$145,049,282 ÷ 4,975,394 shares outstanding; 50,000,000 shares authorized)	<u>\$29.15</u>
Maximum offering price per share (NAV ÷ 0.9425, based on maximum sales charge of 5.75% of the offering price)	<u>\$30.93</u>
Class B:	
Net Asset Value and offering price per share (\$16,847 ÷ 617.3 shares outstanding; 50,000,000 shares authorized)	<u>\$27.29(a)</u>
Class C:	
Net Asset Value and offering price per share (\$81,289,182 ÷ 2,976,285 shares outstanding; 50,000,000 shares authorized)	<u>\$27.31(a)</u>
Class I:	
Net Asset Value, offering, and redemption price per share (\$164,494,222 ÷ 5,587,670 shares outstanding; 50,000,000 shares authorized)	<u>\$29.44</u>

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

Statement of Operations For the Year Ended September 30, 2011

Investment Income:	
Dividends — Unaffiliated (net of foreign withholding taxes of \$323,036)	\$ 23,323,628
Dividends — Affiliated	717,567
Interest	446,781
Total Investment Income	24,487,976
Expenses:	
Investment advisory fees	22,102,493
Distribution fees — Class AAA	4,446,135
Distribution fees — Class A	397,025
Distribution fees — Class B	196
Distribution fees — Class C	876,506
Shareholder services fees	2,342,902
Shareholder communications expenses	647,667
Custodian fees	264,458
Registration expenses	139,858
Directors' fees	78,301
Legal and audit fees	46,861
Accounting fees	45,000
Tax expense	24,374
Miscellaneous expenses	132,968
Total Expenses	31,544,744
Less:	
Advisory fee reduction on unsupervised assets (See Note 3)	(197,758)
Custodian fee credits	(650)
Total Reductions and Credits	(198,408)
Net Expenses	31,346,336
Net Investment Loss	(6,858,360)
Net Realized and Unrealized Gain/(Loss) on Investments, Futures Contracts, and Foreign Currency:	
Net realized gain on investments	60,239,972
Net realized loss on investments in affiliates	(934,638)
Net realized gain on futures contracts	474,385
Net realized gain on foreign currency transactions	19,865
Net realized gain on investments, futures contracts, and foreign currency transactions	59,799,584
Net change in unrealized depreciation: on investments	(137,943,187)
on foreign currency translations	(17,943)
Net change in unrealized depreciation on investments and foreign currency translations	(137,961,130)
Net Realized and Unrealized Gain/(Loss) on Investments, Futures Contracts, and Foreign Currency	(78,161,546)
Net Decrease in Net Assets Resulting from Operations	\$ (85,019,906)

See accompanying notes to financial statements.

The Gabelli Small Cap Growth 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>
Operations:		
Net investment loss	\$ (6,858,360)	\$ (3,707,850)
Net realized gain on investments, futures contracts, and foreign currency transactions	59,799,584	20,234,554
Net change in unrealized appreciation/depreciation on investments, and foreign currency translations	(137,961,130)	218,757,896
Net Increase/(Decrease) in Net Assets Resulting from Operations	<u>(85,019,906)</u>	<u>235,284,600</u>
Capital Share Transactions:		
Class AAA	164,983,523	73,317,937
Class A	38,704,968	38,695,770
Class B	—	(44,743)
Class C	22,111,657	13,950,146
Class I	38,155,623	17,685,892
Net Increase in Net Assets from Capital Share Transactions	<u>263,955,771</u>	<u>143,605,002</u>
Redemption Fees	<u>9,012</u>	<u>9,548</u>
Net Increase in Net Assets	<u>178,944,877</u>	<u>378,899,150</u>
Net Assets:		
Beginning of period	<u>1,751,004,370</u>	<u>1,372,105,220</u>
End of period (including undistributed net investment income of \$0 and \$0, respectively)	<u>\$1,929,949,247</u>	<u>\$1,751,004,370</u>

See accompanying notes to financial statements.

The Gabelli Small Cap Growth Fund

Financial Highlights

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

Period Ended September 30	Income (Loss) from Investment Operations			Distributions		Ratio to Average Net Assets/ Supplemental Data							
	Net Asset Value, Beginning of Period	Net Investment Income (Loss) (a)/(b)	Net Unrealized Gain (Loss) on Investments	Total from Investment Operations	Net Realized Gain on Investments	Total Distributions	Redemption Fees (a)/(c)	Net Asset Value, End of Period	Total Return	Net Assets End of Period (in 000's)	Net Investment Income (Loss) (b)	Operating Expenses	Portfolio Turnover Rate††
Class AAA													
2011	\$29.97	\$(0.10)	\$(0.71)	\$(0.81)	—	—	\$0.00	\$29.16	(2.70)%	\$1,539,100	(0.30)%	1.42%(d)	14%
2010	25.81	(0.06)	4.22	4.16	—	—	0.00	29.97	16.12	1,435,780	(0.23)	1.44(d)	14
2009	28.20	(0.02)	(0.92)	(0.94)	\$(1.45)	\$(1.45)	0.00	25.81	(1.70)	1,167,114	(0.09)	1.48(d)	25
2008	34.37	(0.00)(c)	(4.62)	(4.62)	(1.55)	(1.55)	0.00	28.20	(13.98)	995,613	(0.01)	1.43	26
2007	30.41	(0.01)	6.42	6.41	(2.45)	(2.45)	0.00	34.37	21.95	1,002,577	(0.04)	1.42	15
Class A													
2011	\$29.96	\$(0.10)	\$(0.71)	\$(0.81)	—	—	\$0.00	\$29.15	(2.70)%	\$ 145,049	(0.31)%	1.42%(d)	14%
2010	25.81	(0.06)	4.21	4.15	—	—	0.00	29.96	16.08	115,265	(0.22)	1.44(d)	14
2009	28.18	(0.03)	(0.89)	(0.92)	\$(1.45)	\$(1.45)	0.00	25.81	(1.63)	62,548	(0.12)	1.48(d)	25
2008	34.37	(0.01)	(4.63)	(4.64)	(1.55)	(1.55)	0.00	28.18	(14.04)	26,604	(0.02)	1.43	26
2007	30.41	0.06	6.35	6.41	(2.45)	(2.45)	0.00	34.37	21.95	15,485	0.19	1.42	15
Class B													
2011	\$28.26	\$(0.33)	\$(0.64)	\$(0.97)	—	—	\$0.00	\$27.29	(3.43)%	\$ 17	(1.05)%	2.17%(d)	14%
2010	24.54	(0.25)	3.97	3.72	—	—	0.00	28.26	15.16	17	(0.99)	2.19(d)	14
2009	27.10	(0.17)	(0.94)	(1.11)	\$(1.45)	\$(1.45)	0.00	24.54	(2.43)	56	(0.83)	2.23(d)	25
2008	33.32	(0.23)	(4.44)	(4.67)	(1.55)	(1.55)	0.00	27.10	(14.60)	61	(0.77)	2.18	26
2007	29.77	(0.26)	6.26	6.00	(2.45)	(2.45)	0.00	33.32	20.99	126	(0.81)	2.17	15
Class C													
2011	\$28.28	\$(0.34)	\$(0.63)	\$(0.97)	—	—	\$0.00	\$27.31	(3.43)%	\$ 81,289	(1.05)%	2.17%(d)	14%
2010	24.54	(0.25)	3.99	3.74	—	—	0.00	28.28	15.24	64,830	(0.98)	2.19(d)	14
2009	27.09	(0.18)	(0.92)	(1.10)	\$(1.45)	\$(1.45)	0.00	24.54	(2.40)	42,974	(0.85)	2.23(d)	25
2008	33.32	(0.22)	(4.46)	(4.68)	(1.55)	(1.55)	0.00	27.09	(14.63)	23,062	(0.75)	2.18	26
2007	29.76	(0.22)	6.23	6.01	(2.45)	(2.45)	0.00	33.32	21.03	9,735	(0.69)	2.17	15
Class I													
2011	\$30.18	\$(0.02)	\$(0.72)	\$(0.74)	—	—	\$0.00	\$29.44	(2.45)%	\$ 164,494	(0.05)%	1.17%(d)	14%
2010	25.93	0.01	4.24	4.25	—	—	0.00	30.18	16.39	135,112	0.02	1.19(d)	14
2009	28.25	0.02	(0.89)	(0.87)	\$(1.45)	\$(1.45)	0.00	25.93	(1.43)	99,413	0.11	1.23(d)	25
2008(e)	30.06	0.05	(1.86)	(1.81)	—	—	0.00	28.25	(6.02)	3,578	0.22(f)	1.18(f)	26

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

†† Effective in 2008, a change in accounting policy was adopted with regard to the calculation of the portfolio turnover rate to include cash proceeds due to mergers. Had this policy been adopted retroactively, the portfolio turnover rate for the year ended September 30, 2007 would have been 21%.

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

(b) Due to capital share activity throughout the period, net investment income per share and the ratio to average net assets are not necessarily correlated among the different classes of shares.

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

(d) The ratios do not include a reduction of advisory fee on unsupervised assets for the years ended September 30, 2011, 2010, and 2009. Including such advisory fee reduction on unsupervised assets, the ratios of operating expenses to average net assets would have been 1.41%, 1.42%, and 1.47% (Class AAA and Class A), 2.16%, 2.17% and 2.22% (Class B and Class C), and 1.16%, 1.17% and 1.22% (Class I), respectively.

(e) From the commencement of offering Class I Shares on January 11, 2008 through September 30, 2008.

(f) Annualized.

See accompanying notes to financial statements.

The Gabelli Small Cap Growth Fund

Notes to Financial Statements

1. Organization. The Gabelli Small Cap Growth 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 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 total common stock market values of \$2 billion or less at the time of investment. The Fund commenced investment operations on October 22, 1991.

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. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded.

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

The Gabelli Small Cap Growth Fund

Notes to Financial Statements (Continued)

dollar value ADR securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

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

- Level 1 – quoted prices in active markets for identical securities;
- 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	
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks:				
Broadcasting	\$ 13,027,142	—	\$ 0	\$ 13,027,142
Cable	27,162,663	—	0	27,162,663
Consumer Products	36,395,942	\$ 2,216	—	36,398,158
Entertainment	29,202,020	—	351,877	29,553,897
Equipment and Supplies	160,909,184	—	2,220	160,911,404
Real Estate	20,515,787	122,625	—	20,638,412
Telecommunications	31,200,148	—	53	31,200,201
Other Industries (a)	1,358,470,539	—	—	1,358,470,539
Total Common Stocks	1,676,883,425	124,841	354,150	1,677,362,416
Preferred Stocks (a)	1,341,421	—	—	1,341,421
Rights (a)	1,030,850	—	—	1,030,850
Warrants:				
Broadcasting	—	—	1	1
Other Industries (a)	45,525	—	—	45,525
Total Warrants	45,525	—	1	45,526
Convertible Corporate Bonds	—	407,000	—	407,000
Corporate Bonds	—	—	0	0
U.S. Government Obligations	—	252,140,533	—	252,140,533
TOTAL INVESTMENTS IN SECURITIES – ASSETS	\$1,679,301,221	\$252,672,374	\$354,151	\$1,932,327,746

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

The Fund did not have significant transfers between Level 1 and Level 2 during the year ended September 30, 2011.

The Gabelli Small Cap Growth Fund

Notes to Financial Statements (Continued)

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†
INVESTMENTS IN SECURITIES:										
ASSETS (Market Value):										
Common Stocks:										
Broadcasting	\$ 2	\$—	\$ —	\$ (2)	\$—	\$ —	\$ —	\$—	\$ 0	\$ (2)
Cable	0	—	—	—	—	—	—	—	0	—
Entertainment	275,466	—	—	76,411	—	—	—	—	351,877	76,411
Equipment and Supplies	—	—	—	2,220	0	—	—	—	2,220	2,220
Telecommunications	53	—	—	—	—	—	—	—	53	—
Total Common Stocks	275,521	—	—	78,629	0	—	—	—	354,150	78,629
Preferred Stocks:										
Broadcasting	88	—	121	(88)	—	(121)	—	—	—	—
Total Preferred Stocks	88	—	121	(88)	—	(121)	—	—	—	—
Warrants:										
Broadcasting	—	—	—	(5)	—	—	6	—	1	(5)
Total Warrants	—	—	—	(5)	—	—	6	—	1	(5)
Corporate Bonds	—	—	—	(1,185)	—	—	1,185	—	0	(1,185)
TOTAL INVESTMENTS IN SECURITIES	\$275,609	\$—	\$121	\$77,351	\$ 0	\$(121)	\$1,191	\$—	\$354,151	\$77,439

† 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 transfer 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.

Derivative Financial Instruments.

The Fund may engage in various portfolio investment strategies by investing in a number of derivative financial instruments for the purposes of increasing the income of the Fund, hedging against changes in the value of its

The Gabelli Small Cap Growth Fund

Notes to Financial Statements (Continued)

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

The Fund's derivative contracts held at September 30, 2011, if any, are not accounted for as hedging instruments under GAAP and are disclosed in the Schedule of Investments together with the related counterparty.

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

Unrealized gains related to swaps are reported as an asset and unrealized losses are reported as a liability in the Statement of Assets and Liabilities. The change in value of swaps, including the accrual of periodic amounts of interest to be paid or received on swaps, is reported as unrealized gain or loss in the Statement of Operations. A realized gain or loss is recorded upon payment or receipt of a periodic payment or termination of swap agreements. During the year ended September 30, 2011, the Fund held no investments in equity contract for difference swap agreements.

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

The Gabelli Small Cap Growth Fund

Notes to Financial Statements (Continued)

There are several risks in connection with the use of futures contracts as a hedging instrument. The change in value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in value of the hedged investments. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market. At September 30, 2011, the Fund held no investments in futures contracts.

The Fund's volume of activity in futures contracts sold which were held from September 23, 2011 through September 28, 2011, had an average market value while outstanding of approximately \$15,014,377.

For the year ended September 30, 2011, the effect of futures contracts with equity risk exposure can be found in the Statement of Operations under Net Realized and Unrealized Gain/(Loss) on Investments, Futures Contracts, and Foreign Currency, Net realized gain on futures contracts.

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

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. During the year ended September 30, 2011, the Fund held no investments in forward foreign exchange contracts.

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

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,

The Gabelli Small Cap Growth Fund

Notes to Financial Statements (Continued)

securities of many foreign issuers and their markets may be less liquid and their prices more volatile than securities of comparable U.S. issuers.

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

Restricted and Illiquid Securities. The Fund may invest up to 15% of its net assets in securities for which the markets are illiquid. Illiquid securities include securities the disposition of which is subject to substantial legal or contractual restrictions. The sale of illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity. For the restricted securities the Fund held as of September 30, 2011, refer to the Schedule of Investments.

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

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

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

Custodian Fee Credits and Interest Expense. When cash balances are maintained in the custody account, the Fund receives credits 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.

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

The Gabelli Small Cap Growth Fund

Notes to Financial Statements (Continued)

income tax regulations, which may differ from income and capital gains as determined under GAAP. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income for federal income tax purposes include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. Permanent differences were primarily due to the tax treatment of currency gains and losses, net operating loss, and reclassifications of capital gains on investments in passive foreign investment companies. These reclassifications have no impact on the NAV of the Fund. For the year ended September 30, 2011, reclassifications were made to decrease accumulated net investment loss by \$6,889,500 and decrease accumulated net realized gain on investments and foreign currency transactions by \$229,209, 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 gain	\$ 48,698,446
Net unrealized appreciation on investments	314,900,123
Total	<u>\$363,598,569</u>

During the year ended September 30, 2011, the Fund utilized capital loss carryforwards of \$13,676,652.

At September 30, 2011, the temporary difference between book basis and tax basis net unrealized appreciation on investments was primarily due to deferral of losses from wash sales for tax purposes, mark-to-market adjustments on investments in passive foreign investment companies in the current and prior year, and basis adjustments on investments in partnerships.

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, 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.

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

	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
Investments	\$1,617,367,894	\$511,992,833	\$(197,032,981)	\$314,959,852

The Gabelli Small Cap Growth Fund

Notes to Financial Statements (Continued)

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 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.

There was a reduction in the advisory fee paid to the Adviser relating to certain portfolio holdings, i.e., unsupervised assets, of the Fund with respect to which the Adviser transferred dispositive and voting control to the Fund's Proxy Voting Committee. During the year ended September 30, 2011, the Fund's Proxy Voting Committee exercised control and discretion over all rights to vote or consent with respect to such securities, and the Adviser reduced its fee with respect to such securities by \$197,758.

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.

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. G.distributors, LLC serves as successor "Distributor" to Gabelli & Company, Inc. ("Gabelli & Co.") effective August 1, 2011, both affiliates of the Fund. Under the Class AAA, Class A, Class B, and Class C Share Plans, payments are authorized to the Distributor at annual rates of 0.25%, 0.25%, 1.00%, and 1.00%, respectively, of the average daily net assets of those classes, the annual limitations under each Plan. Such payments are accrued daily and paid monthly.

5. Portfolio Securities. Purchases and sales of securities for the year ended September 30, 2011, other than short-term securities and U.S. Government obligations, aggregated \$479,458,112 and \$272,712,729, respectively.

The Gabelli Small Cap Growth Fund

Notes to Financial Statements (Continued)

6. Transactions with Affiliates. During the year ended September 30, 2011, the Fund paid brokerage commissions on security trades of \$499,152 to Gabelli & Co. Additionally, the current and former Distributors retained \$142,959 from investors representing commissions (sales charges and underwriting fees) on sales and redemptions of Fund shares.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement between the Fund and the Adviser. During the year ended September 30, 2011, the Fund paid or accrued \$45,000 to the Adviser in connection with the cost of computing the Fund's NAV.

7. Line of Credit. The Fund participates in an unsecured line of credit of up to \$75,000,000 under which it may borrow up to 10% of its net assets from the custodian for temporary borrowing purposes. Borrowings under this arrangement bear interest at the higher of the sum of the LIBOR 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.

8. Capital Stock. The Fund offers five classes of shares – Class AAA Shares, Class A Shares, Class B Shares, Class C Shares, and Class I Shares. Class AAA Shares are offered without a sales charge only to investors who acquire them directly from 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 B Shares are subject to a contingent deferred sales charge ("CDSC") upon redemption within six years of purchase and automatically convert to Class A Shares approximately eight years after the original purchase. The applicable Class B CDSC is equal to a percentage declining from 5% of the lesser of the NAV per share at the date of the original purchase or at the date of redemption, based on the length of time held. Class C Shares are subject to a 1.00% CDSC for one year after purchase. Class B Shares are available only through exchange of Class B Shares of other funds distributed by the Distributor.

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. The redemption fees retained by the Fund during the years ended September 30, 2011 and September 30, 2010 amounted to \$9,012 and \$9,548, respectively.

The Gabelli Small Cap Growth 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
Class AAA				
Shares sold	16,630,596	\$ 557,154,829	13,235,071	\$ 362,667,581
Shares redeemed	(11,755,542)	(392,171,306)	(10,544,607)	(289,349,644)
Net increase	<u>4,875,054</u>	<u>\$ 164,983,523</u>	<u>2,690,464</u>	<u>\$ 73,317,937</u>
Class A				
Shares sold	2,650,694	\$ 90,164,240	2,230,301	\$ 60,847,542
Shares redeemed	(1,522,155)	(51,459,272)	(806,720)	(22,151,772)
Net increase	<u>1,128,539</u>	<u>\$ 38,704,968</u>	<u>1,423,581</u>	<u>\$ 38,695,770</u>
Class B				
Shares redeemed	—	—	(1,691)	\$ (44,743)
Net increase/(decrease)	<u>—</u>	<u>—</u>	<u>(1,691)</u>	<u>\$ (44,743)</u>
Class C				
Shares sold	1,290,671	\$ 41,172,835	902,333	\$ 23,349,977
Shares redeemed	(606,592)	(19,061,178)	(361,272)	(9,399,831)
Net increase	<u>684,079</u>	<u>\$ 22,111,657</u>	<u>541,061</u>	<u>\$ 13,950,146</u>
Class I				
Shares sold	2,679,868	\$ 90,723,067	1,654,093	\$ 45,615,294
Shares redeemed	(1,569,043)	(52,567,444)	(1,011,555)	(27,929,402)
Net increase	<u>1,110,825</u>	<u>\$ 38,155,623</u>	<u>642,538</u>	<u>\$ 17,685,892</u>

9. Transactions in Securities of Affiliated Issuers. The 1940 Act defines affiliated issuers as those in which the Fund's holdings of an issuer represent 5% or more of the outstanding voting securities of the issuer. A summary of the Fund's transactions in the securities of these issuers during the year ended September 30, 2011 is set forth below:

	Beginning Shares	Shares Purchased	Shares Sold	Ending Shares	Dividends	Net Change In Unrealized Appreciation/ Depreciation	Realized Loss	Value at September 30, 2011	Percent Owned of Shares Outstanding
Bel Fuse Inc., Cl. A ...	214,400	28,600	—	243,000	\$ 54,720	\$ (979,711)	—	\$ 4,167,450	11.17%
Katy Industries Inc. ...	417,000	7,000	(8,000)	416,000	—	(203,203)	\$(112,783)	17,472	5.23%
Strattec Security Corp.	185,000	13,000	—	198,000	241,800	(288,375)	—	4,748,040	6.02%
Sevcon Inc.	240,000	10,000	—	250,000	—	305,717	—	1,587,500	7.44%
Ingles Markets Inc.(a)	632,200	27,851	—	660,051	421,047	(1,571,170)	—	9,399,126	5.10%
Trans-Lux Corp.(b) ...	163,000	—	(108,000)	55,000	—	—	(821,855)	—	2.25%
Total					<u>\$717,567</u>	<u>\$(2,736,742)</u>	<u>\$(934,638)</u>	<u>\$19,919,588</u>	

(a) Company was not an "affiliated company" at September 30, 2010.

(b) Company is not an "affiliated company" at September 30, 2011, but remains an investment in the Small Cap Growth Fund's portfolio.

The Gabelli Small Cap Growth Fund

Notes to Financial Statements (Continued)

10. 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.

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

12. 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

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

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of The Gabelli Small Cap Growth 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 Small Cap Growth 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 Small Cap Growth 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 Small Cap Growth Fund at One Corporate Center, Rye, NY 10580-1422.

<u>Name, Position(s) Address¹ and Age</u>	<u>Term of Office and Length of Time Served²</u>	<u>Number of Funds in Fund Complex Overseen by Director</u>	<u>Principal Occupation(s) During Past Five Years</u>	<u>Other Directorships Held by Director³</u>
INTERESTED DIRECTORS⁴:				
Mario J. Gabelli, CFA 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. (company); Chairman of the Board and Chief Executive Officer of LICT Corp. (multimedia and communication services company); Director of CIBL, Inc. (broadcasting and wireless communications); Director of RLJ Acquisition Inc. (blank check company)
John Gabelli Director Age: 67	Since 1991	10	Senior Vice President of Gabelli & Company, Inc.	—
INDEPENDENT DIRECTORS⁵:				
Anthony J. Colavita Director Age: 75	Since 1991	35	President of the law firm of Anthony J. Colavita, P.C.	—
Vincent D. Enright 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)
Robert Morrissey Director Age: 72	Since 1991	6	Partner of the law firm of Morrissey, Hawkins & Lynch	—
Kuni Nakamura Director Age: 43	Since 2009	10	President of Advanced Polymer, Inc. (chemical wholesale company)	—
Anthony R. Pustorino Director Age: 86	Since 1991	13	Certified Public Accountant; Professor Emeritus, Pace University	Director of the LGL Group, Inc. (diversified manufacturing) (2002-2010)
Anthonie C. van Ekris Director Age: 77	Since 1991	20	Chairman of BALMAC International, Inc. (commodities and futures trading)	—
Salvatore J. Zizza 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 Small Cap Growth Fund

Additional Fund Information (Unaudited) (Continued)

<u>Name, Position(s) Address¹ and Age</u>	<u>Term of Office and Length of Time Served²</u>	<u>Principal Occupation(s) During Past Five Years</u>
OFFICERS:		
Bruce N. Alpert President 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
Agnes Mullady 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
Peter D. Goldstein 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.

Morningstar Rating™ is based on risk-adjusted returns. The Overall Morningstar Rating is derived from a weighted average of the performance figures associated with a fund's three, five, and ten year (if applicable) Morningstar Rating metrics. For funds with at least a three year history, a Morningstar Rating is based on a risk-adjusted return measure (including the effects of sales charges, loads, and redemption fees) placing more emphasis on downward variations and rewarding consistent performance. That accounts for variations in a fund's monthly performance. The top 10% of funds in each category receive 5 stars, the next 22.5% 4 stars, the next 35% 3 stars, the next 22.5% 2 stars, and the bottom 10% 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) Morningstar Rating is for the AAA Share class only; other classes may have different performance characteristics. Ratings reflect relative performance. Results for certain periods were negative. ©2011 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Gabelli/GAMCO Funds and Your Personal Privacy

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.

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 Equity Series Funds, Inc.
The Gabelli Small Cap Growth Fund

One Corporate Center
Rye, New York 10580-1422

800-GABELLI

800-422-3554

fax: 914-921-5118

website: www.gabelli.com

e-mail: info@gabelli.com

Net Asset Value per share available daily by calling

800-GABELLI after 7:00 P.M.

Board of Directors

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

Robert J. Morrissey
Attorney-at-Law
Morrissey, Hawkins & Lynch

Anthony J. Colavita
President
Anthony J. Colavita, P.C.

Kuni Nakamura
President
Advanced Polymer, Inc.

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

Anthony R. Pustorino
*Certified Public Accountant,
Professor Emeritus*
Pace University

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

Anthonie C. van Ekris
Chairman
BALMAC International, Inc.

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

Officers

Bruce N. Alpert
President and Secretary

Agnes Mullady
Treasurer

Peter D. Goldstein
Chief Compliance Officer

Custodian, Transfer Agent, and Dividend Agent

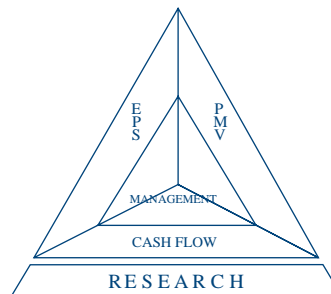
State Street Bank and Trust Company

Distributor

G.distributors, LLC

Legal Counsel

Skadden, Arps, Slate, Meagher & Flom LLP



The Gabelli Small Cap Growth Fund

Morningstar® rated The Gabelli Small Cap Growth Fund Class AAA Shares 5 stars overall and 5 stars for the three, five and ten year periods ended September 30, 2011 among 578, 578, 493, and 289 Small Blend funds, respectively.†

† Morningstar Rating™ is based on risk-adjusted returns.

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

GAB443Q311AR

**ANNUAL REPORT
SEPTEMBER 30, 2011**