Comstock Capital Value Fund

Shareholder Commentary
October 31, 2009

To Our Shareholders,

The stock market rally has now reached a point where it is forecasting a V-shaped recovery that is not likely to happen. The recent catalyst for all of this optimism is a bullish interpretation of current economic activity, some apparent stabilization in the housing market, and various companies beating earnings estimates. Also, not to be overlooked is the perceived strength of the Chinese economy that is affecting global growth and the upward move in some basic commodities. We think that all of these points are being exaggerated while the fear of missing the train leaving the station is resulting in a speculative surge that is likely to leave the majority disappointed.

The key factor to consider is that the so called 'great recession' was caused by a credit crisis following an artificial boom and therefore bears more resemblance to the great depression following 1929 or Japan after 1989 than it does to the series of recessions experienced in the post World War II period. After the collapse of the dot.com boom in 2000, the Fed held interest rates at historically low levels for an extended period of time and, with the help of lax mortgage standards, complex securitized financial instruments, and irresponsible ratings agencies, fostered a climate that resulted in a massive housing boom. Households were able to cash out their vastly increased home values through refinancing and home equity loans that allowed them to spend freely and reduce their savings even though wage growth was exceedingly sluggish. The consumer boom also led to the global buildup of capacity to satisfy the demand that was artificially induced by the free flow of credit that was mistaken for an abundance of liquidity by most economists and strategists.

Now the piper must be paid. Despite the deep recession into early summer, the consumer is still being forced to adjust to a far lower level of spending. When that level is eventually reached, the economy can again grow in a robust manner, but we are not near that point now. The massive fiscal and monetary stimulation put into effect over the last year has mitigated the credit crisis and prevented a global collapse, but has not avoided the need for the economy to readjust to a new set of circumstances. We are still faced with historically high debt levels, a low household savings rate, and a subdued housing industry. Reducing debt and getting the savings rate up will take an extended period of time. Furthermore, as a result of reduced consumer spending, there is also an excess of capacity that will impede capital expenditures as well. And let us not forget that foreign nations that have become dependent on the U.S. consumer for growth (read China) will have to find another way.

We have separated the portfolio managers' commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio managers' commentary is unrestricted. The financial statements and investment portfolio are mailed separately from the commentary. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com/funds.

To briefly illustrate the nature of the adjustments ahead, consider the following. From 1955 to 1985, consumer spending accounted for between 61% and 64% of GDP. On September 30, 2009, this percentage had risen to 71%, an amount that is unsustainable given the artificiality of the boom that caused it. For the percentage to drop to a more traditional 65% of GDP, spending would have to decline by 8.45%. While this will not happen all at once, it will be a drag on consumer spending for some time to come.

Similar reasoning is applicable to household debt and savings. Household debt has averaged 57% of GDP over the last 55 years and was still at 64% as late as 1995. It has since soared to 98.6%, only slightly under its peak, giving a big boost to spending. Even if debt remains at a high level, the absence of any further increase takes away a significant past source of growth.

The household savings rate mostly stayed in a range between 7% and 11% of consumer disposable income in the decades prior to 1992, and steadily declined to around zero by 2008 before rising to a current 4.4% as consumers have started the process of reining in spending. In the absence of rising home values and the virtual disappearance of mortgage equity withdrawals that, at its peak, accounted for an annualized 12% of consumer spending, the savings rate could easily climb back to more traditional 9%. This would be yet another drag on spending.

In our view, the economic recovery is on life support and is unsustainable. The progress seen to date is almost entirely dependent on temporary government programs that are due to be wound down. As that occurs, the economy will be unable to expand on its own. Highly unfavorable conditions in three key areas, housing, commercial real estate, and consumer spending, make it highly likely that economic growth will be extremely tepid or fall into another recession.

About 25% of all homes with mortgages are underwater with about half of these 20% under and more. Experience indicates that a large number of these mortgages will end up defaulting if they have not already done so. Even now, 14% of all homes with mortgages are in default or foreclosure. Home prices have climbed slightly over the past few months only as a result of the first time homebuyers' tax credit and the fact that foreclosures have been temporarily backlogged as mortgage servicers have been determining who is eligible for modifications. When this process is soon completed, those not qualifying will be thrown into foreclosure. In addition, we are also facing another round of adjustable rate mortgage resets that will result in even more defaults and foreclosures in the period ahead. When this happens, home prices will resume their decline, putting even more mortgages underwater. Let us not forget that increasing unemployment and lack of new hiring will result in more households that are unable to keep up their payments.

Commercial real estate (CRE) is another area that will subject financial institutions and the economy to further risk. CRE prices are already down 33% in 2009 and 45% from the peak with an estimated 55% to 65% at prices lower than the amount of their mortgages. About $1.5 trillion of CRE mortgages mature over the next few years, and a substantial number of them will not qualify for refinancing unless already weakened financial institutions take a big hit. A large number of the mortgage holders are small to medium sized community banks. This is another reason why these banks are so reluctant to make new loans to small business.

The third leg of the shaky economic stool is the subdued outlook for consumer spending. Consumers are in the process of paring down debt and increasing their savings rate, a process that has barely started. The household debt/GDP ratio is still close to 100% compared with a 57 year median of 57%. While the household savings rate has increased to 4.4% from near zero, it generally averaged between 8% and 9% in the decades prior to 1992. While an increased savings rate benefits the economy in the long term, it tends to dampen consumer spending while the process is underway. Also hampering consumer spending is the fact that wages are down 5% from a year ago, unemployment is still rising, new hiring is still declining, net worth has plunged, and consumer credit is tight. Consumer credit outstanding has dropped 4.3% over the past year, the most in at least 44 years. Household net worth has declined 12% year over year, the most in 57 years.

Another ominous development is the recent emergence of sovereign debt problems. The revelation of Dubai World's inability to pay its debts on time resulted in a one day market drop that was soon easily dismissed as a one-off event. After the initial blithe dismissal of the emergence of subprime mortgage problems, the world should have learned that such events never occur in a vacuum. After a worldwide debt binge based on the theory that assets can only rise in value, an unexpected severe decline in asset values has left debtors with too little cash flow to service their debts. It was therefore naïve to think that Dubai would be the only nation impacted, and sure enough, the other shoes have started to fall. Fitch lowered their rating on Greece to BBB and S&P followed with a change in Spain's outlook to negative on its current AA+ rating. The firm had already downgraded Portuguese bonds a few days earlier. The distress in Greece, Portugal, and Spain place the ECB in a tough position. The central bank has to do what is best for all 16 member nations as a whole, and when they tighten monetary policy, the stresses on the weak members becomes even worse. We would not be surprised to see other nations in debt trouble as well, both in the ECB and elsewhere on the globe.

We believe that U.S. government and private debt levels will diverge over the next four or five years as the authorities attempt to use government debt to replace the private debt that is almost certain to decline substantially. U.S. total debt is presently just under $55 trillion, comprised of public (government) debt of about $15 trillion and private debt (U.S. corporations and individuals) of about $40 trillion. The similarities to Japan at its 1989 economic and market peak leads us to believe that we are close to the same road map that Japan was on starting at that time and continuing until today. With that said, we expect current U.S. government debt of $15 trillion to double to about $30 trillion and private debt to drop in half to about $20 trillion over the next four to five years.

The similarities between Japan's deleveraging since 1989 and the U.S. presently are eerie. Japan's total debt-to-GDP increased from 270% when their secular bear market started to just about 350% eight years later in 1998, before declining to 110%, presently. The U.S. increased their total debt-to-GDP ratio from 275% of GDP when our secular bear market started in 2000 to 375% presently (10 years later), and we suspect a total debt decline similar to Japan's even though the Japanese government debt tripled during their deleveraging. The government debt relative to GDP was about 50% in both the U.S. and Japan when the secular bear market started. We also suspect that our government debt will grow substantially, just like it did in Japan, as the private debt collapses. If the U.S. were to follow Japan's deflationary road map, we would expect our government debt to increase from about $7 trillion, net government debt not including the debt used to fund Social Security, to about $21 trillion and the private debt to decrease from about $40 trillion to around $20 trillion. Also, the Japanese stock market doubled during the three years preceding their secular bear market in 1987, 1988, and 1989, while the U.S. market also doubled during the three years preceding the beginning of our secular bear market in 1997, 1998, and 1999.

Investment Performance

For the twelve months ended October 31, 2009, the Comstock Capital Value Fund's Class AAA, A, B, C, and R Shares declined 21.24%, 21.05%, 21.75%, 21.84%, and 20.85%, respectively. The Standard & Poor's ("S&P") 500 Index gained 9.80% over the same twelve month period. This index is an unmanaged indicator of investment performance. The Comstock Capital Value Fund's performance was mainly due to its holdings of S&P 500 puts, shorts in S&P 500 futures, and shorts and puts in individual stocks.

In Conclusion

All in all, the recession we have experienced is not a typical postwar decline, but the end of an era, and moving the economy back onto its long-term growth trajectory will take an extended period of time. For the stock market, this means a reduced level of corporate earnings and subdued price to earnings ratios. In this light, we think that the big earnings increases forecast for 2010 and beyond are far too high. It is likely the recent rally has gone about as far as it can go without some proof that the economy can recover at a strong pace. We think that this proof is not likely to come anytime soon. The Fund therefore remains positioned to benefit from a resumption of the downturn.

The Fund's daily net asset values are available each evening after 7:00 PM (Eastern Time) by calling 800-GABELLI (800-422-3554) or through financial websites on the Internet. The Fund's Nasdaq symbols are on the following pages. Please call us during the business day for further information.

Sincerely,

Charles L. Minter

Charles L. Minter
Portfolio Manager and Director

Martin Weiner, CFA
Portfolio Manager and President

December 18, 2009

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

Average Annual Total Returns
For the Periods Ended October 31, 2009†

Comstock Capital Value Fund	Calendar Year to Date	One Year	Five Years	Ten Years	Since Policy Inception (a)	Since Fund's Inception (10/10/85)
Class AAA (COMVX)	(24.85)%	(21.24)%	(2.40)%	(0.27)%	(2.17)%	(0.14)%
Class A (DRCVX)						
Without sales charge	(24.77)	(21.05)	(2.35)	(0.25)	(2.16)	(0.13)
With sales charge (b)	(29.10)	(25.59)	(3.50)	(0.84)	(2.42)	(0.37)
Class B (DCVBX)						
Without contingent deferred sales charge	(25.39)	(21.75)	(3.14)	(1.04)	(2.73)	(0.67)
With contingent deferred sales charge (c)	(28.37)	(24.88)	(3.50)	(1.04)	(2.73)	(0.67)
Class C (CPCCX)						
Without contingent deferred sales charge	(25.41)	(21.84)	(3.06)	(1.01)	(2.70)	(0.64)
With contingent deferred sales charge (d)	(26.15)	(22.62)	(3.06)	(1.01)	(2.70)	(0.64)
Class R (CPCRX)	(24.70)	(20.85)	(2.03)	(0.01)	(1.98)	0.04
S&P 500 Index (e)	17.06	9.80	0.33	(0.95)	8.30	10.06(f)

In the current prospectus, the expense ratios for Comstock Capital Value Fund Class AAA, A, B, C, and R Shares are 2.22%, 2.22%, 2.97%, 2.97%, and 1.97%, respectively. Class AAA and R Shares do not have a sales charge. The maximum sales charges for Class A, B, and C Shares are 5.75%, 4.00%, and 1.00%, respectively. *Expense ratios include the cost of dividends paid on securities sold short of 0.35%, 0.34%, 0.36%, 0.35%, and 0.39% for Share Classes AAA, A, B, C, and R, respectively.*

(a) *On 4/28/87, Comstock Partners, Inc., the Comstock Capital Value Fund's previous investment adviser, assumed investment responsibilities and the Fund changed its investment objective to the current investment objective.*

(b) *Includes the effect of the maximum 5.75% sales charge at the beginning of the period.*

(c) *Assuming payment of the maximum contingent deferred sales charge (CDSC). The maximum CDSC for Class B Shares is 4% and is reduced to 0% after six years.*

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

(e) *The S&P 500 Index is an unmanaged broad based index comprised of common stocks. The index does not reflect the deduction of sales charges and expenses that are borne by mutual fund investors. You cannot invest directly in an index.*

(f) *Since 9/30/85, the date closest to the Fund's inception date for which data is available.*

† ***Past performance does not guarantee future results.*** *Investment returns and the principal value of an investment will fluctuate. Shares, when redeemed, may be worth more or less than their original cost. The Comstock Capital Value Fund utilizes short selling and derivatives. Short selling of securities and use of derivatives pose special risks and may not be suitable for certain investors. Short selling is a sale of a borrowed security and losses are realized if the price of the security increases between the date the security is sold and the date the Fund replaces it. Derivatives may be riskier than other types of investments because they may respond more to changes in economic conditions than other investments. Performance returns for periods of less than one year are not annualized. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end.* ***Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectus contains more information about this and other matters and should be read carefully before investing.*** *The Class A Share NAVs per share are used to calculate performance for the periods prior to the issuance of Class AAA Shares on December 8, 2008. The actual performance of the Class AAA Shares would have been higher due to the sales charge associated with the Class A Shares.*

You may obtain current information about the Comstock Capital Value Fund and its investment strategy through the Internet website *www.comstockfunds.com*, *www.gabelli.com,* or call our telephone information line 800-GABELLI.

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 or Teton Advisors, Inc., which are affiliated with GAMCO Investors, Inc. GAMCO Investors, Inc. is a publicly held company that has subsidiaries that provide investment advisory or brokerage services for a variety of clients. Teton Advisors, Inc. is a publicly held company that provides investment advisory services to the GAMCO Westwood Funds.

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

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

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

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

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

What do we do to protect your personal information?

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

GABELLI FAMILY OF FUNDS

VALUE

Gabelli Asset Fund
Seeks to invest primarily in a diversified portfolio of common stocks selling at significant discounts to their private market value. The Fund's primary objective is growth of capital. *(Multiclass)*
Portfolio Manager: Mario J. Gabelli, CFA

Gabelli Blue Chip Value Fund
Seeks long term growth of capital through investment primarily in the common stocks of established companies which are temporarily out of favor. The fund's objective is to identify a catalyst or sequence of events that will return the company to a higher value. *(Multiclass)*
Portfolio Manager: Barbara Marcin, CFA

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

FOCUSED VALUE

Gabelli Value Fund
Seeks to invest in securities of companies believed to be undervalued. The Fund's primary objective is long-term capital appreciation. *(Multiclass)*
Portfolio Manager: Mario J. Gabelli, CFA

SMALL CAP VALUE

Gabelli Small Cap Fund
Seeks to invest primarily in common stock of smaller companies (market capitalizations at the time of investment of $2 billion or less) believed to have rapid revenue and earnings growth potential. The Fund's primary objective is capital appreciation. *(Multiclass)*
Portfolio Manager: Mario J. Gabelli, CFA

GAMCO Westwood SmallCap Equity Fund
Seeks to invest primarily in smaller capitalization equity securities – market caps of $2.5 billion or less. The Fund's primary objective is long-term capital appreciation. *(Multiclass)*
Portfolio Manager: Nicholas F. Galluccio

Gabelli Woodland Small Cap Value Fund
Seeks to invest primarily in the common stocks of smaller companies (market capitalizations generally less than $3.0 billion) believed to be undervalued with shareholder oriented management teams that are employing strategies to grow the company's value. The Fund's primary objective is capital appreciation. *(Multiclass)* *Portfolio Manager: Elizabeth M. Lilly, CFA*

GROWTH

GAMCO Growth Fund
Seeks to invest primarily in large cap stocks believed to have favorable, yet undervalued, prospects for earnings growth. The Fund's primary objective is capital appreciation. *(Multiclass)*
Portfolio Manager: Howard F. Ward, CFA

GAMCO International Growth Fund
Seeks to invest in the equity securities of foreign issuers with long-term capital appreciation potential. The Fund offers investors global diversification. *(Multiclass)* *Portfolio Manager: Caesar Bryan*

AGGRESSIVE GROWTH

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

MICRO-CAP

GAMCO Westwood Mighty Mites℠ Fund
Seeks to invest in micro-cap companies that have market capitalizations of $300 million or less. The Fund's primary objective is long-term capital appreciation. (*Multiclass)* *Team Managed*

EQUITY INCOME

Gabelli Equity Income Fund
Seeks to invest primarily in equity securities with above average market yields. The Fund pays monthly dividends and seeks a high level of total return with an emphasis on income. *(Multiclass)*
Portfolio Manager: Mario J. Gabelli, CFA

GAMCO Westwood Balanced Fund
Seeks to invest in a balanced and diversified portfolio of stocks and bonds. The Fund's primary objective is both capital appreciation and current income. *(Multiclass)*
Co-Portfolio Managers: Susan M. Byrne
Mark Freeman, CFA

GAMCO Westwood Income Fund
Seeks to provide a high level of current income as well as long-term capital appreciation by investing in income producing equity and fixed income securities. (*Multiclass)* *Portfolio Manager: Barbara Marcin, CFA*

SPECIALTY EQUITY

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

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

Gabelli SRI Green Fund
Seeks to invest in common and preferred stocks meeting guidelines for social responsibility (avoiding defense contractors and manufacturers of alcohol, abortifacients, gaming, and tobacco products) and sustainability (companies engaged in climate change, energy security and independence, natural resource shortages, organic living, and urbanization). The Fund's primary objective is capital appreciation. *(Multiclass)*
Co-Portfolio Managers: Christopher C. Desmarais
John M. Segrich, CFA

SECTOR

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

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

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

MERGER AND ARBITRAGE

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

Gabelli Enterprise Mergers and Acquisitions Fund
Seeks to invest in securities believed to be likely acquisition targets within 12–18 months or in arbitrage transactions of publicly announced mergers or other corporate reorganizations. The Fund's primary objective is capital appreciation. *(Multiclass)*
Portfolio Manager: Mario J. Gabelli, CFA

CONTRARIAN

GAMCO Mathers Fund
Seeks long-term capital appreciation in various market conditions without excessive risk of capital loss.
(No-load) *Portfolio Manager: Henry Van der Eb, CFA*

Comstock Capital Value Fund
Seeks capital appreciation and current income. The Fund may use either long or short positions to achieve its objective. *(Multiclass)*
Portfolio Manager: Martin Weiner, CFA

FIXED INCOME

GAMCO Westwood Intermediate Bond Fund
Seeks to invest in a diversified portfolio of bonds with various maturities. The Fund's primary objective is total return. *(Multiclass)*
Portfolio Manager: Mark Freeman, CFA

CASH MANAGEMENT-MONEY MARKET

Gabelli U.S. Treasury Money Market Fund
Seeks to invest exclusively in short-term U.S. Treasury securities. The Fund's primary objective is to provide high current income consistent with the preservation of principal and liquidity. *(No-load)*
Co-Portfolio Managers: Judith A. Raneri
Ronald S. Eaker

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

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

*To receive a prospectus, call **800-GABELLI** (422-3554). Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectus contains more information about this and other matters and should be read carefully before investing.*

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

Distributor
Gabelli & Company, Inc.

Transfer Agent and Dividend Disbursing Agent
State Street Bank and Trust Company

Legal Counsel
Paul, Hastings, Janofsky & Walker LLP

GABCOMOCT09SC

Comstock Capital Value Fund

SHAREHOLDER COMMENTARY
OCTOBER 31, 2009