

Comstock Capital Value Fund

Shareholder Commentary October 31, 2011

To Our Shareholders,

For the quarter ended October 31, 2011, the net asset value (“NAV”) per Class A Share of the Comstock Capital Value Fund (the “Fund”) rose 19.6% compared with the Standard & Poor’s (“S&P”) 500 Index decrease of 2.5%. See page 2 for additional performance information.

In the year 2000, the same year that this Fund was taken over by Gabelli Funds, LLC, the stock market broke down and we believed that the debt build up over the prior twenty years would finally peak and decline along with the insanely overvalued stock market. The past twelve years resulted in a stock market with little overall change despite dramatic volatility. We expect this pattern to change, resulting in an extended stock market decline, and eventually, correct the previous excessive debt levels in the private sector where the debt build up caused the financial crisis.

As a matter of fact, in the year 2000 the total ratio of debt to GDP of 260% was the same level as it was at the peak in the Great Depression. We believe that if the powers that were in charge at the time just allowed the free markets to work, the debt levels would have declined to levels that could have been manageable as the consumers rebuilt their balance sheets. Instead, they tried to control the decline by lowering Fed Funds to 1% in mid 2003, and started a housing bubble that coincided with another stock market bubble. Actually, their interference was responsible for growing the debt at the highest rate in all of U.S. history. This is when total debt more than doubled by rising from \$26 trillion (“tn”) in 2000 to almost \$53 tn in 2008, as both public and private debt skyrocketed. Private non financial debt rose from \$17.5 tn to \$36.4 tn and public debt (including State and Local) rose from \$7.2 tn to \$12.3 tn. As we expected, the public debt continued to grow from 2008 to present, rising to about \$17.8 tn now (this counts Government Debt used to replace the Social Security fund, but does not count the implied guarantees from our government of institutions like Fannie Mae and Freddie Mac).

The Government Debt rose over \$5.5 tn since 2008, but the private debt **declined by close to \$5 tn** during the same period of time. This is the first time since 1952 (as far back as we could find data) that **private debt declined at all (even a dime) on a quarterly basis**. A significant part of the private debt decline came from consumer debt where the revolving and credit market debt declined about \$140 billion (“bn”) (from \$2.6 tn to \$2.45 tn.) and the total household debt declined from \$14 tn to \$13.3 tn. The Total Credit Market Debt declined only about \$500 bn. from the beginning of 2009, and since the Federal Debt has increased by \$4.5 trillion since 2009, it is clear that the total **private debt decreased by close to \$5 tn since the beginning of 2009**.

Average Annual Total Returns For the Periods Ended October 31, 2011[†]

Comstock Capital Value Fund	Three Months	Six Months	One Year	Five Years	Ten Years	Since Policy Inception (a)	Since Fund's Inception (10/10/85)
Class A (DRCVX) (10/10/1985)							
Without sales charge.....	19.64%	18.93%	(3.37)%	(1.84)%	(5.96)%	(2.85)%	(0.94)%
With sales charge (b)	12.76	12.10	(8.92)	(2.99)	(6.51)	(3.09)	(1.16)
Class AAA (COMVX)^{††} (12/08/2008).....							
	19.05	18.34	(3.38)	(1.94)	(6.00)	(2.87)	(0.96)
Class B (DCVBX)^{††} (01/15/1995)							
Without contingent deferred sales charge.....	19.25	18.52	(4.00)	(2.64)	(6.66)	(3.42)	(1.49)
With contingent deferred sales charge (c).....	15.25	14.52	(7.85)	(3.04)	(6.66)	(3.42)	(1.49)
Class C (CPCCX)^{††} (08/22/1995)							
Without contingent deferred sales charge.....	19.61	18.83	(3.68)	(2.52)	(6.61)	(3.38)	(1.45)
With contingent deferred sales charge (d)	18.61	17.83	(4.65)	(2.52)	(6.61)	(3.38)	(1.45)
Class R (CPCR)^{††} (08/22/1995)							
	19.53	18.82	(3.35)	(1.61)	(5.79)	(2.68)	(0.78)
S&P 500 Index.....							
	(2.47)	(7.11)	8.09	0.25	3.69	8.62(e)	10.23(f)

In the current prospectus dated August 29, 2011, the expense ratios for Comstock Capital Value Fund Class AAA, A, C, and R Shares are 2.11%, 2.11%, 2.86%, and 1.86% Shares, respectively. Class AAA and Class R Shares have no sales charge. The maximum sales charge for Class A, B, and C Shares are 5.75%, 4.00%, and 1.00%, respectively.

- (a) On April 28, 1987, 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) Performance results include 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 gradually reduced to 0% after six years.
- (d) Assuming payment of the 1% maximum CDSC imposed on redemptions made within one year of purchase.
- (e) Since April 30, 1987, the date closest to the Fund's inception date for which data is available.
- (f) Since September 30, 1985, the date closest to the Fund's inception date for which data is available.

† Returns represent past performance does not guarantee future results. Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. 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. Performance returns for periods of less than one year are not annualized. 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 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. The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. Dividends are considered reinvested. You cannot invest directly in an index.

†† The Class A Share NAVs are used to calculate performance for the periods prior to the issuance of Class AAA Shares on December 8, 2008, Class B Shares on January 15, 1993, Class C Shares and Class R Shares on August 22, 1995. The actual performance of the Class AAA Shares, Class B, Class C Shares, and Class R Shares would have been higher due to the sales charge associated with the Class A Shares.

We find it incredible that there was not one quarterly decline in household debt since 1952 until the third quarter of 2008, from where we have had **twelve consecutive quarterly declines. We did not even have one quarter of decline during the worst recessions since the Great Depression** (up until the recent Financial Crisis in 2008) **in 1973 - 1974 and 1981 - 1982 – NOT ONE!!** During the period from 2000 to 2008, household debt rose **from 68% of GDP to 100% of GDP**. But since the third quarter of 2008, we have had **twelve consecutive quarterly declines as total household debt declined by almost \$1 tn**. We expect to see the household debt decline below \$10 tn from \$13.3 tn and become more in line with historical percentages relative to GDP and, if we are correct in this assessment, we would have to expect to enter a double dip recession and much weaker stock market.

Speaking of the stock market, although market strategists are rightly concerned about Europe, the U.S. economy, and a slowdown in China, the one thing all seem to agree on is that the market is cheap. One guest after another on financial TV states that stocks are undervalued and no one ever challenges them. In our view, such assertions are unsupported by historical data and are a result of flawed reasoning.

The analysts state that the S&P 500 at about 1200 is selling at about 11 times estimated 2012 operating earnings of about \$108, well below the historical average of 15 times. In addition, when the \$108 of earnings is multiplied by 15, the result is a target of 1620 on the S&P 500 by the end of 2012. In other words, they are multiplying twelve month forward estimated operating earnings by 15.

There are a number of important problems with that approach. Yes, it is true that over a long period of time the S&P 500 has sold at an average of 15 times earnings. But the earnings used in the calculation were reported earnings (GAAP) rather than operating earnings, and the earnings were actual trailing earnings rather than year-ahead earnings. Operating earnings were not used until the mid-to-late 1980s, and **"EXCLUDE WRITEOFFS"** of various kinds as determined arbitrarily by corporate management. Generally, operating earnings are far higher than reported (GAAP) earnings. Let's not forget that GAAP stands for "Generally Accepted Accounting Principles," and that operating earnings do not. If the historical average P/E were calculated on the basis of operating earnings, the P/E would be much lower.

Another hazard is the use of **estimated twelve month forward earnings**. The estimates are almost always wrong and most often on the high side. For instance, the estimate for 2001 was \$54.20, and came in at \$36.85. Reported earnings that year were \$24.89. Similarly, the estimate for 2008 **as late as May that year was \$99.15**, but came in at only \$49.54 while reported earnings were a paltry \$14.88. Also, in May of 2008 the estimate for operating earnings for 2009 was \$110.44, and this turned out to be almost double the actual earnings of \$56.86 in 2009. These kinds of "blind" forward earnings estimates are what keeps us disciplined to monitor either trailing twelve month earnings or "smoothed" earnings (explained below).

Another big problem is the volatility of year to year earnings which constantly fluctuate from high to low and back again. Historically, the market has valued peak earnings at an average P/E of 12, while valuing trough earnings at a P/E of 18. The way to solve this problem is to smooth earnings over a period of years and calculate normalized earnings. Our method of doing this is to take a nine year annual average of actual reported earnings moved forward to the current year. On this basis current normalized earnings of the S&P 500 is \$72, and the P/E with the index at about 1200 is 16.7. Since secular bear markets typically bottom at P/Es of 10 or under, the market from this point has the potential to drop a long way.

Our results over the past year were due to our overall short position on the market in accordance with our views. We were short index futures and individual stocks, and long stock index put options. On average, we were effectively 100 percent short, although, at various times we were somewhat above or below that level, depending on shorter term market conditions. We plan on continuing our bearish stock market stance for the foreseeable future.

Sincerely,



Charles L. Minter
Portfolio Manager and Director



Martin Weiner, CFA
Portfolio Manager and President

November 10, 2011

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.

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.

www.gabelli.com

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

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

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

e-delivery

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

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 FAMILY OF FUNDS

VALUE

Gabelli Asset Fund

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

Team Managed

Gabelli Blue Chip Value Fund

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

Portfolio Manager: Barbara G. 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)

Team Managed

SMALL CAP

Gabelli Small Cap Growth Fund

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

Portfolio Manager: Mario J. Gabelli, CFA

GAMCO Westwood SmallCap Equity Fund

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

Portfolio Manager: Nicholas F. Galluccio

Gabelli Woodland Small Cap Value Fund

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

Portfolio Manager: Elizabeth M. Lilly, CFA

GROWTH

GAMCO Growth Fund

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

Portfolio Manager: Howard F. Ward, CFA

GAMCO International Growth Fund

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

Portfolio Manager: Caesar Bryan

AGGRESSIVE GROWTH

GAMCO Global Growth Fund

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

Team Managed

MICRO-CAP

GAMCO Westwood Mighty MitesSM Fund

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

Team Managed

EQUITY INCOME

Gabelli Equity Income Fund

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

Portfolio Manager: Mario J. Gabelli, CFA

GAMCO Westwood Balanced Fund

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

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

GAMCO Westwood Income Fund

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

Portfolio Manager: Barbara G. Marcin, CFA

SPECIALTY EQUITY

GAMCO Vertumnus Fund (formerly GAMCO Global Convertible Securities Fund)

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

Portfolio Manager: Mario J. Gabelli, CFA

GAMCO Global Opportunity Fund

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

Team Managed

Gabelli SRI Green Fund

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

Team Managed

SECTOR

GAMCO Global Telecommunications Fund

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

Team Managed

GAMCO Gold Fund

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

Portfolio Manager: Caesar Bryan

Gabelli Utilities Fund

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

Portfolio Manager: Mario J. Gabelli, CFA

MERGER AND ARBITRAGE

Gabelli ABC Fund

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

Portfolio Manager: Mario J. Gabelli, CFA

Gabelli Enterprise Mergers and Acquisitions Fund

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

Portfolio Manager: Mario J. Gabelli, CFA

CONTRARIAN

GAMCO Mathers Fund

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

Portfolio Manager: Henry Van der Eb, CFA

Comstock Capital Value Fund

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

Portfolio Managers: Charles L. Minter
Martin Weiner, CFA

FIXED INCOME

GAMCO Westwood Intermediate Bond Fund

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

Portfolio Manager: Mark R. Freeman, CFA

CASH MANAGEMENT-MONEY MARKET

Gabelli U.S. Treasury Money Market Fund

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

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

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

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

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

Distributed by G.distributors, LLC, One Corporate Center, Rye, NY 10580.

Comstock Capital Value Fund

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

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This report is submitted for the general information of the shareholders of the Comstock Capital Value Fund and is not authorized for use in connection with an offer of sale or a solicitation of an offer to buy shares of the Fund unless preceded or accompanied by an effective prospectus.

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Comstock Capital Value Fund

SHAREHOLDER COMMENTARY
OCTOBER 31, 2011