

Gabelli Enterprise Mergers and Acquisitions 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 Gabelli Enterprise Mergers and Acquisitions Fund (the “Fund”) declined 1.6% compared with the Standard & Poor’s (“S&P”) 500 Index decrease of 2.5%. The performance of the 3 Month U.S. Treasury Bill Index for the quarter was 0.0%. See page 2 for additional performance information.

COMMENTARY

Deal Environment and Outlook

With continued fears of the European debt situation weighing on the global financial markets, deal activity in the third quarter of 2011 fell from the prior quarter. Total global merger and acquisition (“M&A”) activity, according to Thomson Reuters M&A Review, totaled \$569.2 billion compared with \$778 billion in the second quarter of the year. Ongoing concerns about the future of the euro zone, the outlook for the global economy, and the growing domestic fiscal deficit contributed to the stagnant M&A market.

During the first nine months of the year, global M&A increased by 21.7% from the same period in the previous year, to a total of \$2.1 trillion. However, the third quarter decline of total announced deals represented the second consecutive quarterly decline since the first quarter of 2010. For the first nine months of 2011, cross border activity totaled \$702.7 billion, which accounted for approximately 34.2% of all M&A volume, down from 38.3% in the first nine months of 2010.

Energy was the leading sector in the U.S. M&A market, with deal volume totaling \$167.7 billion for the first nine months of the year. It accounted for 20% of all U.S. M&A activity during that time period and an increase of 12% from the prior year. The financial sector followed, with \$131.4 billion in deals announced.

With Greece on the verge of default, and fears over slowing growth in China, the outlook for the fourth quarter and the beginning of 2012 may seem quite bleak. Yet, with interest rates at record lows, companies trading at historically low multiples, and trillions of dollars in cash on corporate balance sheets, the wheels are in motion for a robust M&A environment. The slowdown in the economy should encourage companies to pay premiums for already established, cheaply priced competitors, and reduce investment in new infrastructure, which could be costly, time consuming, and risky. As this rollercoaster of a market continues to keep investors from sleeping at night, the non-market correlated, absolute return strategy of the Fund should keep our shareholders at ease during this turmoil.

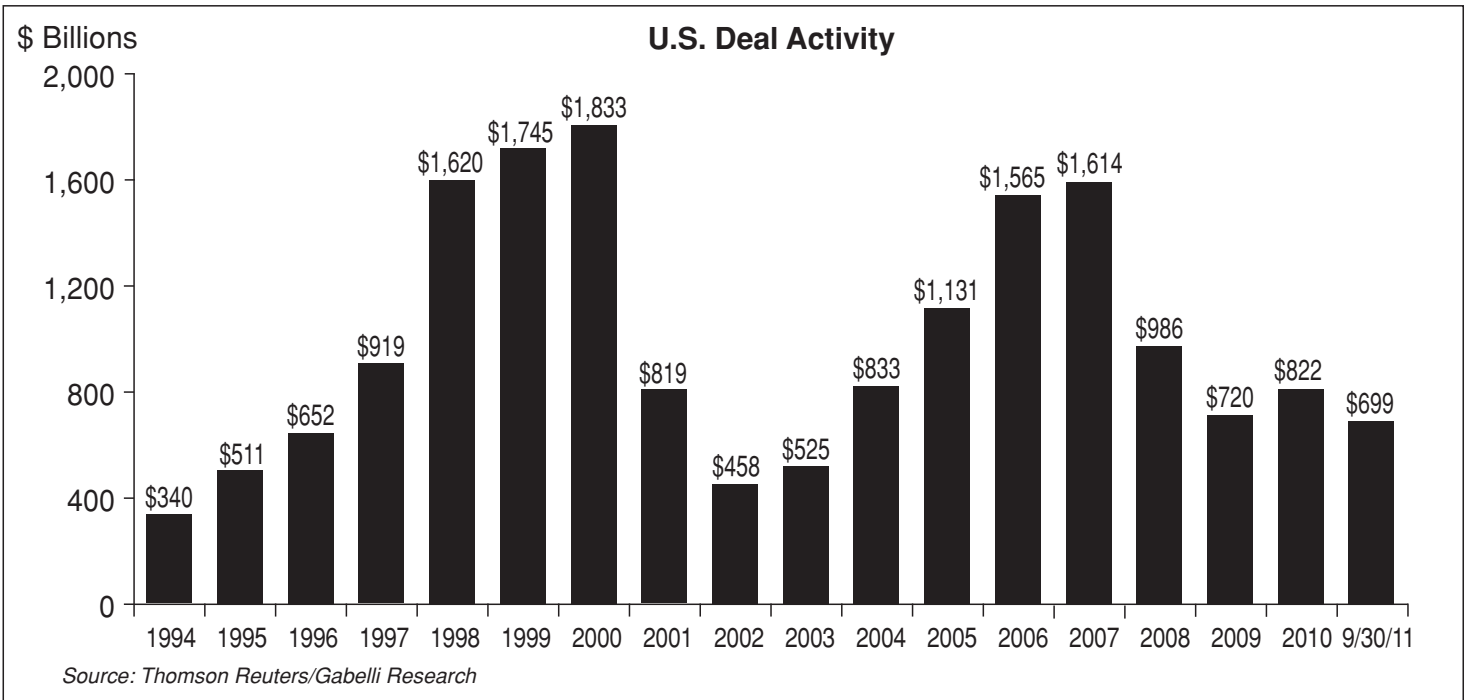
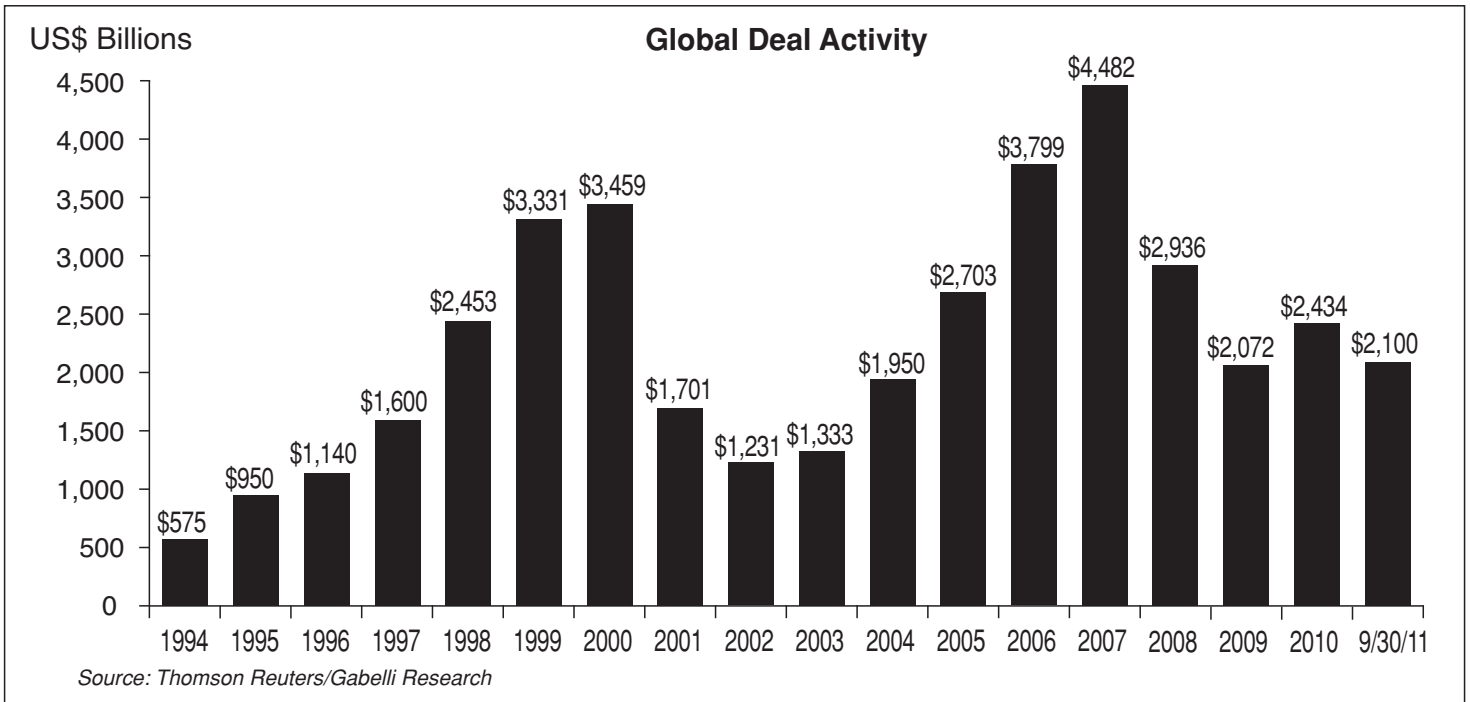
Comparative Results

Average Annual Returns through October 31, 2011 (a) (Unaudited)

	Quarter	Year to Date	1 Year	5 Year	10 Year	Since Inception (2/28/01)
Class A (EMAAX)	(1.58)%	1.34%	3.22%	1.17%	4.39%	3.94%
With sales charge (b)	(7.24)	(4.48)	(2.71)	(0.02)	3.77	3.36
Class AAA (EAAAX)	(1.49)	1.53	3.41	1.23	4.41	3.96
Class B (EMABX)	(1.76)	0.80	2.66	0.61	3.81	3.36
With contingent deferred sales charge (c)	(6.67)	(4.20)	(2.34)	0.22	3.81	3.36
Class C (EMACX)	(1.67)	0.90	2.66	0.62	3.82	3.37
With contingent deferred sales charge (d)	(2.65)	(0.10)	1.66	0.62	3.82	3.37
Class Y (EMAYX)	(1.44)	1.67	3.69	1.63	4.87	4.41
S&P 500 Index	(2.47)	(1.04)	8.09	0.25	3.69	2.03
3 Month U.S. Treasury Bill Index	0.00	0.04	0.07	1.37	1.81	1.91
Lipper U.S. Treasury Money Market Fund Average	0.00	0.00	0.01	1.27	1.49	1.62

In the current prospectus dated February 28, 2011, the Fund's expense ratios are 1.51%, 1.71%, 2.26%, 2.26%, and 1.26% for the Class AAA, A, B, C, and Y Shares, respectively. Class AAA and Class Y Shares have no sales charge. The maximum sales charge for Class A, B, and C Shares is 5.75%, 5.00%, and 1.00%, respectively.

- (a) **Returns represent past performance and do not guarantee future results.** Total returns and average annual returns reflect changes in share price, 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. Returns would have been lower if certain expenses of the Fund had not been waived or reimbursed from March 11, 2008. 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 S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The 3 Month U.S. Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month, that issue is sold and rolled into the outstanding Treasury Bill that matures closest to, but not beyond three months from the re-balancing date. To qualify for selection, an issue must have settled on or before the re-balancing (month end) date. Dividends are considered reinvested except for the 3 Month U.S. Treasury Bill Index. The Lipper U.S. Treasury Money Market Fund Average reflects the average performance of mutual funds classified in this particular category. You cannot invest directly in an index. The Class A Shares' NAV are used to calculate the performance for the periods prior to the issuance of the Class AAA Shares on February 26, 2010. The actual performance for the Class AAA Shares would have been higher than the returns of the Class A Shares due to lower expenses.
- (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 5% 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.



Positions Closed in the Third Quarter 2011

BJ's Wholesale Club Inc. is a wholesale warehouse chain that operates in the eastern United States. On June 29, 2011, the company announced that it had entered into an agreement to be acquired by private equity firms Leonard Green and CVC Capital Partners for \$51.25 per share in cash. The total transaction was valued at approximately \$2.8 billion. The deal was completed on October 3, 2011 for an annualized rate of return of 10.2%.

Cephalon Inc. is a biopharmaceutical company that develops products for the central nervous system, inflammatory diseases, pain, and oncology therapeutics. On May 2, 2011, the company announced that it had entered into an agreement with Teva Pharmaceuticals to be acquired for \$81.50 per share in cash, valuing the entire transaction at roughly \$6.8 billion. The deal was completed on October 14, 2011 for an annualized rate of return of 4.3%.

Lubrizol Corp. is a specialty chemical company. On March 14, 2011, the company announced that it had entered into an agreement with Berkshire Hathaway to be acquired for \$135.00 per share in cash, valuing the entire transaction at approximately \$9 billion. The merger was completed on September 16, 2011 for an annualized rate of return of 1.6%.

National Semiconductor Corp. designs, develops, and manufactures analog and mixed signal integrated circuits and sub-systems. On April 4, 2011, the company announced that it had entered into an agreement to be acquired by Texas Instruments for \$25.00 per share in cash, valuing the total transaction at approximately \$6.5 billion. The transaction was completed on September 23, 2011. The Fund realized an annualized rate of return of 7.1%.

Rhodia SA is a French based specialty chemicals company that develops and produces various polymers and plastics. On April 4, 2011, Belgium based Solvay announced that it had made an offer to purchase Rhodia for 31.60 euros per share in cash, valuing the company at 3.4 billion euros. In addition, shareholders would also be entitled to receive a dividend of 0.50 euros. After receiving all required regulatory approvals, on August 31, 2011, the Fund received the deal proceeds, equating to an annualized return of 5.2%.

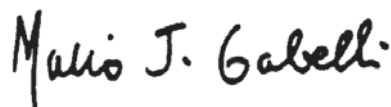
Deals in the Pipeline – U.S. and Worldwide

Autonomy Corp. plc is a Cambridge, England based software development and distribution company whose technology allows computers to process information in “human friendly form,” such as emails and web pages. On August 18, 2011, the company announced it had entered into an agreement to be acquired by U.S. computer giant Hewlett-Packard. Under the terms of the deal, Hewlett-Packard would pay shareholders of Autonomy GBP 25.50/\$39.67 per share, which valued the company at GBP 7.09 billion.

Goodrich Corp. (4.6%) (GR - \$122.63 - NYSE) makes a variety of aircraft components including landing systems, wheels and brakes, and systems for military aircraft. On September 21, 2011, the company announced that it entered into an agreement with United Technologies Corp. to be acquired for \$127.50 per share in cash. The transaction, valued at approximately \$16.4 billion, is subject to regulatory and shareholder approval and is anticipated to close in the second quarter of 2012.

Temple-Inland, Inc. (3.8%) (TIN - \$31.81 - NYSE) is a manufacturing company focused on corrugated packaging and building products. The company rejected a hostile offer of \$30.60 in cash on June 6, 2011 from International Paper Co. However, on September 6, the company agreed to be acquired for \$32.00 a share. The transaction, valued at approximately \$4.3 billion is subject to regulatory as well as shareholder approval and is anticipated to close by the end of 2011.

Sincerely,



Mario J. Gabelli, CFA
Portfolio Manager and
Chief Investment Officer

November 7, 2011

Top Ten Holdings (Percent of Net Assets)
October 31, 2011

Goodrich Corp. 4.6%	Q-Med AB 2.0%
Temple-Inland, Inc. 3.8%	Myers Industries Inc. 1.7%
NetLogic Microsystems, Inc. 3.2%	Brigham Exploration Co. 1.4%
Varian Semiconductor 3.0%	Nalco Holding Co. 1.3%
HealthSpring Inc. 2.6%	Yahoo! Inc. 1.1%

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

www.gabelli.com

The Fund's daily net asset value 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 EMAAX for Class AAA Shares. Please call us during the business day between 8:00AM - 7:00 PM (Eastern Time), for further information

Please visit us on the Internet. Our homepage 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 performances.

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.

We have separated the portfolio manager's commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio manager's commentary is unrestricted.

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 Vertunus 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.

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**Gabelli Enterprise Mergers and
Acquisitions Fund**

A Portfolio of the Gabelli 787 Fund, Inc.

One Corporate Center
Rye, New York 10580-1422

800-GABELLI

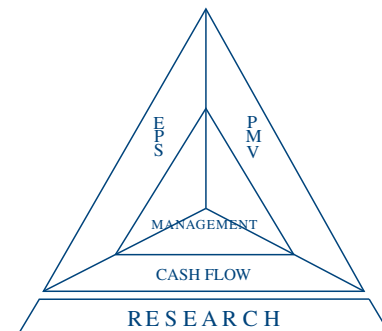
800-422-3554

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



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Gabelli Enterprise Mergers and Acquisitions Fund

This report is submitted for the general information of the shareholders of Gabelli Enterprise Mergers and Acquisitions Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.

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SHAREHOLDER COMMENTARY
OCTOBER 31, 2011