

The GAMCO Vertumnus Fund

Shareholder Commentary – September 30, 2011



Mario J. Gabelli, CFA

To Our Shareholders,

For the quarter ended September 30, 2011, the net asset value (“NAV”) per Class AAA Share of The GAMCO Vertumnus Fund (the “Fund”) declined 8.6% compared with decreases of 10.6% and 17.1% for the Bank of America Merrill Lynch Global 300 Convertible Index and the Morgan Stanley Capital International (“MSCI”) World Free Index, respectively. See page 2 for additional performance information.

Our Investment Objective

The Fund’s objective is to obtain a high rate of total return by investing in convertible securities of domestic and foreign issuers. We expect to achieve a competitive rate of return by investing primarily in coupon paying convertible securities that meet our selective investment criteria.

Our Approach

We weigh both country specific and company specific factors to make our investment decisions. Country specific factors include political stability, economic growth, inflation, and trends in interest rates. With regard to companies, we seek firms that are undervalued in relation to their long-term potential value. We then look for some dynamic in the country or company, which can unlock this value. For example, in developing countries, it is the need to provide the infrastructure for growth. In Japan, it is the change from an industrial to a consumer oriented economy. In commodities, it is the increase in industrial demand.

Name Change – 2011

The Board of Directors approved a change to the name of the Fund effective February 7, 2011 to The GAMCO Vertumnus Fund. In Roman mythology, Vertumnus is the God of seasons and change; He could alter his form at will (much like convertible securities into common stock).

Comparative Results

Average Annual Returns through September 30, 2011 (a)

	Quarter	1 Year	5 Year	10 Year	Since Inception (2/3/94)
Class AAA (GAGCX)	(8.55)%	(3.70)%	(1.39)%	3.55%	4.14%
Bank of America Merrill Lynch Global 300 Convertible Index	(10.64)	(3.04)	2.14	4.17	4.48(d)
MSCI World Free Index	(17.06)	(6.37)	(4.27)	(1.77)	3.16(e)
Lipper Convertible Securities Fund Average	(14.07)	(2.69)	2.38	5.38	6.63
Class A (GAGAX)	(8.78)	(3.69)	(1.34)	3.57	4.15
With sales charge (b)	(14.03)	(9.23)	(2.50)	2.96	3.81
Class C (GACCX)	(8.86)	(4.63)	(2.17)	2.78	3.70
With contingent deferred sales charge (c)	(9.77)	(5.59)	(2.17)	2.78	3.70
Class I (GAGIX)	(8.69)	(3.44)	(1.21)	3.64	4.19

In the current prospectus dated April 29, 2011, the gross expense ratios for Class AAA, A, C, and I Shares are 2.87%, 2.87%, 3.62%, and 2.62%, respectively. The net expense ratios in the current prospectus for these share classes are 2.02%, 2.02%, 2.77%, and 1.77%, respectively. Class AAA and Class I Shares do not have a sales charge. The maximum sales charge for Class A and C Shares is 5.75% and 1.00%, respectively.

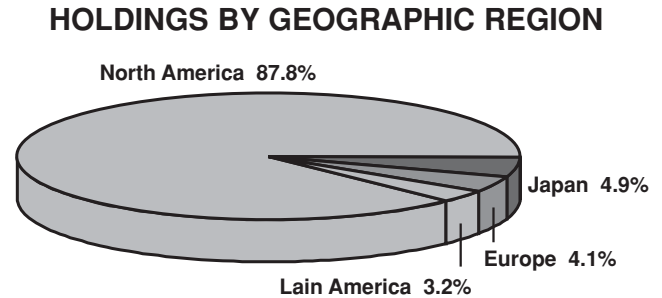
(a) **Returns represent past performance and do not guarantee future results.** Total returns and average annual returns reflect changes in share price, reinvestment of dividends and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, 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 had the Adviser not reimbursed certain expenses of the Fund. 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.** Investing in foreign securities involves risks not ordinarily associated with investments in domestic issues, including currency fluctuation, economic and political risks. The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class A Shares, Class C Shares, and Class I Shares on May 2, 2001, November 26, 2001, and January 11, 2008, respectively. The actual performance of the Class C Shares would have been lower due to the additional expenses associated with this class of shares. The actual performance of the Class I Shares would have been higher due to lower expenses related to this class of shares. The Bank of America Merrill Lynch Global 300 Convertible Index is a global convertible index composed of companies representative of the market structure of countries in North America, Europe and the Asia/Pacific region. The MSCI World Free Index is a free float-adjusted market capitalization weighted index composed of companies representative of the market structure of developed market countries in North America, Europe, and the Asia/Pacific region. The Lipper Convertible Securities Fund Average reflects the performance of mutual funds classified in this particular category. Dividends are considered reinvested. You cannot invest directly in an index.

- (b) Performance results include the effect of the maximum 5.75% sales charge at the beginning of the period.
(c) Assuming payment of the 1% maximum contingent deferred sales charge imposed on redemptions made within one year of purchase.
(d) There is no data available for the Merrill Lynch Global 300 Convertible Index prior to December 31, 1994.
(e) MSCI World Free Index since inception performance is as of January 31, 1994.

The change in name was precipitated by the SEC's requirement that a fund with "Global" in its name must have at least 40% of the assets invested in non-U.S. securities. The change in the Fund's name will not result in a change in the principal investment objectives or strategies of the Fund.

Global Allocation

The accompanying chart presents the Fund's holdings by geographic region as of September 30, 2011. The geographic allocation will change based on current global market conditions. Countries and/or regions represented in the chart and below may or may not be included in the Fund's future portfolio.



What are Convertible Securities?

Convertible securities are bonds, preferred shares, and warrants of domestic or foreign issuers, which may be converted into a fixed number of shares of the underlying company. Convertibles are hybrid securities which combine the capital appreciation potential of equities with the higher yield of fixed income instruments. They can be thought of as a straight bond together with an embedded call option (or warrant) on the underlying equity.

What are the Benefits of Convertible Securities?

Reduced volatility is foremost. Investing in foreign equity markets can be rewarding but volatile. Our goal is to earn a high, risk adjusted rate of return. Due to its fixed income characteristics, a convertible security will provide more stability than its underlying common stock. In the current market environment, the Fund provides an attractive alternative by combining the capital appreciation potential of equity investing with the higher current income usually associated with bonds.

Market Review

Equities lost ground in the third quarter as persistent troubles in Europe continued to unsettle global markets, and inconsistent efforts by authorities adequately to address the growing debt crisis did little to reassure investors. The national debt ceiling fiasco highlighted the toxicity of partisan politics in Washington today, and the resultant lack of governmental functionality further took its toll on world markets. The process was so unpleasant that it was cited by Standard and Poor's ("S&P") as a contributing factor in their decision to downgrade the credit rating of U.S. government debt. The S&P 500 Index fell 17% from July 22, 2011 to August 8, 2011, reflecting a very clear vote of no confidence by investors. As every bit of optimism appeared to vanish, the market itself seemed to become the biggest risk to economic growth.

Miraculously, the economy has thus far survived the debt ceiling rumble, with dueling press conferences and threats of a governmental shutdown. Economic fundamentals are still far from ideal, but the plunge in stock prices, and by extension convertibles, during the quarter was as much emotional and mechanical (ETFs and High Frequency Trading) as it was fundamental. That is not to say we could not slip back into a recession at some point in the months ahead. The fundamental evidence to date, however, suggests we are muddling along, and after a late summer filled with fear and panic, muddling along sounds rather attractive. We understand that it is often difficult to stay invested, much less buy, after a sharp stock market decline, because the decline turns sentiment so sour. However, we encourage our investors to stay the course, especially with interest rates on U.S. Treasury securities at record low levels.

While the pace of domestic economic growth has fluctuated and slowed, it has not turned negative. Payrolls are growing and more people have jobs than a year ago. Weighing on growth in this recovery has been the need and desire to deleverage. Consumers have been reluctant to spend while in the midst of balance sheet repair. The resulting subpar demand has kept the economy from reaching its full potential. While the private sector (individuals and corporations) overall has made good progress along these lines, the public sector has not. Within the public sector, state and local governments that need to balance budgets are acting responsibly. The Federal government, however, does not appear to have fully grasped the situation yet, although it would seem that it is currently getting an education. The fiscal drag from the public sector will be an economic headwind for a lengthy period of time.

The European debt crisis has given the U.S. dollar and government bond market a relative “safe haven” status of late, in spite of significant domestic challenges. A clearer understanding of the problem helps explain this “best house in a bad neighborhood” phenomenon. While the European Union (EU) sovereign debt problem is challenging based on its size alone, its resolution has been hampered by a lack of urgency, political disagreement among eurozone members, and arguments over ultimate responsibility. Bickering and an apparent lack of leadership, the unique construct of the euro currency, few support mechanisms, and thus far an insufficient commitment of funds to combat the crisis have made things worse. This has caused investors to focus on potential systemic weakness in the European banking system, sending yields on some banks and select sovereigns soaring as investors seek to contain risk and exit these instruments. Faced with limited “safe” alternatives, investors turn to U.S. Treasuries.

While current investor focus is squarely on the European debt crisis and pending EU response, chances are that market participants’ attention will soon be divided again, diverted to Washington and the work of the Super Committee. Given the current state of Washington politics, it seems unlikely that a credible proactive bipartisan plan will emerge to address the issues of spiraling deficits, entitlement curtailment, and tax reform in advance of looming fiscal deadlines. Uncertainty will most likely remain high in the face of the broad range of potential outcomes that could occur, depending upon how politicians (foreign and domestic) cope with both the European sovereign debt crisis and the pending U.S. domestic fiscal reforms. The global economy continues to struggle and below trend growth is now projected.

In the face of a number of macro shocks and increasing global uncertainty, global convertibles saw year to date performance turn negative during the third quarter. Convertible returns during the first nine months of 2011 generally moved down in tandem with their respective equity markets. During the third quarter, global convertibles were especially hard hit, reflecting the headline driven volatility of markets.

Year to date, the U.S. convertible market declined –9.1% on a total return basis, as represented by the Merrill Lynch All U.S. Convertibles Index (VXA0), while the S&P 500 Index fell –8.7%. The VXA0 lagged both of the other two major U.S. equity indices, the Dow Jones Industrial Average and Nasdaq Composite, which were down –3.9% and –8.3%, respectively, as well as U.S. Treasuries and domestic corporate bonds (both investment grade and high yield).

For the quarter, U.S. convertibles underperformed as both high yield bonds and equities sold off. Again convertibles, which declined –12.9% beat only the S&P 500 Index (down –13.9%) for the three month period, lagging the DJIA and the Nasdaq Composite, down –11.4% and –12.7% respectively, as well as U.S. Treasuries and domestic corporate bonds (both investment grade and high yield).

The U.S. convertibles market began the third quarter “marginally rich,” but progressively cheapened with the passing of each successive month during the period, leaving the market “cheap,” as reflected by the average discount/premium to theoretical value of index constituents. Convertibles’ traditional resilience broke down a little bit during the third quarter, with prices falling largely in lock step with stock prices, unaided by the customary support provided by coupons because credit spreads widened so quickly on risk based assets during the recent market turmoil.

The following summarizes constituent performance for the third quarter by quality and size, using component data from Barclay’s Convertibles Index. By quality, on a ratings basis, investment grade converts outperformed speculative grade converts both for the quarter and on a year to date basis. By market capitalization, issuers of all market caps declined during the quarter, with convertible securities of large cap companies holding up best. Mid cap converts, down –8%, performed best on a year to date basis, besting both large caps and small caps, which were down –9.6 and –8.8%, respectively.

Demand for new convertible issuance has remained strong. During the third quarter, reported primary market activity has been relatively slow. Redemptions outpaced new issuance each month of the third quarter, resulting in a further net supply contraction. The total market value of the U.S. convertible universe declined from \$252 billion to \$209.5 billion at the end of the third quarter, driven by weak secondary market performance stemming from declining underlying equity prices, as well as negative net new issuance.

The foreign convertible market’s performance was also weak in the third quarter, similarly reflecting the turbulence in the global capital markets. Negative returns in the European and Asian convertibles markets clearly reflect recent events. The Europe Middle East Africa (EMEA), Asia Pacific (ex-Japan), and Japanese markets posted second quarter performance of –11.3%, –10.0%, and –3.1%, respectively, as tracked by Barclays. Year to date, EMEA convertibles returned –10.3%, Asia Pacific (ex Japan) –9.3%, and Japan –2.5%, which correspond with regional equity indices performances of –15.8%, –19.9%, and –14.9%, respectively. The combination of concerns over European sovereign creditworthiness, disputes between the European Central Bank and its member states, and Japanese earthquake and tsunami related supply chain disruptions have all understandably weighed upon global markets.

As of September 30, 2011, Barclays’ EMEA convertible bond universe represented €71.7 billion of nominal value (€67 billion by market value). The current universe consists predominantly of French, U.K., and German issuers (54% of market value) and is comprised of approximately 40% investment grade and 60% high yield bonds. Through the third quarter, new issuance totaled approximately €6.6 billion, with twenty-two new deals priced, as compared with year to date redemptions of €11.0 billion, resulting in net reduction of supply of €4.4 billion. Redemptions continued to outpace corresponding new issuance in the third quarter, resulting in further diminution of supply.

As of September 30, 2011, Barclays’ Asia Pacific convertible bond universe, which is comprised of Asian convertibles and forty of the most liquid and actively traded Japanese convertible bonds, had an aggregate \$69.7 billion market value. Japanese converts account for approximately 40% of the index by market value, with Hong Kong, India, and Singapore making up most of the balance. Credit quality distribution is approximately 28% investment grade and 72% high yield, with Japanese corporate issues representing the bulk of the investment grade bonds. Through the third quarter, new issuance totaled \$9.7 billion with twenty-seven new deals priced, offset by \$14.4 billion of redemptions, resulting in negative net supply of \$4.7 billion. Redemptions continued to outpace corresponding new issuance in the third quarter, resulting in further diminution of supply.

Outlook

Convertible performance during the third quarter was heavily influenced by global headlines. Although the outlook for risky assets remains clouded, we believe that the likelihood of a positive outcome is rising with the continued efforts to craft a coordinated and comprehensive response to the European sovereign debt crisis. Based on the significant theoretical cheapening in the third quarter, convertibles are now attractive, benefiting from improved relative value and offering positive asymmetric exposure to large equity moves in the next quarter. In the absence of such a potential rebound in the stock market, remember that convertibles can offer several advantages over traditional straight debt and equity securities. These include a current yield advantage vs. equities, potential upside equity participation, and lower downside risk than equities – benefiting from their hybrid nature. Taken in total, the U.S., European, and Asian regions could present a very good choice for investors for the remainder of the year, giving them a chance to combine attractive opportunities across multiple regions. The European convertible market will likely be subject to greater fluctuations, owing to the uncertainty surrounding euro zone sovereign credit issues, and the Japanese market will take time to sort out in the aftermath of the earthquake.

After the recent market volatility, downward price movements, and continued spread widening over the preceding three months, convertibles should benefit from participation in underlying stock price appreciation, coupon cash flow, and possible credit spread tightening resulting from any market snap back from the recent downdraft. In spite of recent releases of anemic economic data, we have reason to believe that the recovery will continue, resulting in a slow economic improvement. Further, we believe that prolonged low interest rate policies will ultimately drive investors to search for yield, and return to traditional risk based assets. Any new convertible issuance will likely offer an additional opportunity for potential gain, especially in the currently constrained supply environment. Finally, as the market recovers, future performance can be derived from both beta driven performance (simply being exposed to a rebounding asset class), and alpha driven performance (security selection). We believe that the current environment and research driven process supports our objective to add value to you, our shareholders.

Let's Talk Stocks

The following are stock specifics on selected holdings of our Fund. Favorable earnings prospects do not necessarily translate into higher stock prices, but they do express a positive trend that we believe will develop over time. Individual securities mentioned are not necessarily representative of the entire portfolio. For the following holdings, the percentage of net assets and their share prices stated in U.S. dollars or U.S. dollar equivalent terms are presented as of September 30, 2011.

CompuCredit Holdings Corp. (3.2% of net assets as of September 30, 2011) (CCRT - Cv., 3.625%, 05/30/2025 - Nasdaq), based in Atlanta, GA, provides credit and loan-related financial services to the underserved consumer credit market in the United States, specifically through the origination and purchase of credit products. The company has five segments: Credit Cards, Investment in Previously Charged-off Receivables (acquiring and selling previously defunct credit card receivables), Retail Micro-Loans, Auto Finance, and Internet Micro-Loans. In 2011, CompuCredit has focused its efforts on further developing its Micro-Loans business, especially on the retail level, through which the company has built a network of storefront locations in financially stressed urban and suburban areas, where a large percentage of the population, many victimized by unemployment, continue to be in a cash crunch. These Micro-Loan locations provide small-balance, short-term cash advance loans, which are due on the customer's next payday, state installment loans, title loans, and

other credit products. Through its retail branches, CompuCredit provides customers with access to basic financial services such as money transfer, money orders, wire transfer services, and additionally offers assistance with bill payment and tax preparation services. Overall consumer loans in the U.S. grew for the first time since early 2009 and credit card balances are expected to grow modestly beginning in the fourth quarter of 2011, improving profits at lenders, with a 1% to 3% growth rate in credit balances expected going forward.

GenCorp Inc. (2.9%) (GY - Cv. 4.0625%, 12/31/2039 - NYSE) is a leading manufacturer of propulsion systems for the aerospace and defense markets, and the company owns about 6,000 acres of real estate, primarily in Sacramento, CA. In the aerospace and defense group, GenCorp has a diversified portfolio of products, including propulsions for tactical missiles, the missile defense program, and for space explorations. These businesses should allow the company to grow modestly despite the challenges in the defense industry. In the real estate business, GenCorp's strategy is to zone the 6,000 acres of raw land for residential development to maximize values. As the residential housing market improves, GenCorp's properties become more valuable and its private market value grows.

Griffon Corp (3.1%) (GFF - Cv. 4.0%, 1/15/2017 - NYSE), based in Jericho, NY, operates Clopay Garage Doors, which manufactures residential garage doors; Specialty Plastic Films, which develops plastic films used as moisture barriers in baby diapers and adult incontinence products; and Telephonics, which manufactures electronic systems used by the defense industry. In addition, Griffon recently acquired Ames True Temper, a leading North American manufacturer of non-powered lawn and garden tools, wheelbarrows, and other landscaping products. The company's adult incontinence products should benefit as the number of 65+ year-olds is growing at more than three times the overall population growth. Additionally, an improvement in the housing market fundamentals should provide tailwinds to the company's garage door and lawn and garden businesses.

Kinetic Concepts Inc. (4.8%) (KCI - Cv., 3.25%, 04/15/2015 - NYSE), based in San Antonio, TX, is the leader in the treatment of severe, chronic wounds using its proprietary Vacuum Assisted Closure (VAC) technology. To stay ahead of the competition and expand its addressable market, Kinetic Concepts is launching multiple new products, expanding into the Asian markets, and outsourcing manufacturing to tax-advantaged countries. However, these initiatives will take time to implement and on July 13, 2011, Apax partners and the Canadian Pension Plan agreed to take KCI private for \$68.50 per share in cash, allowing the company to complete this multi-year transition free from the pressure of being a public company.

Newmont Mining Corp. (6.3%) (NEM - Cv., 1.625%, 07/15/2017 - NYSE), based in Denver, CO, is one of the largest gold mining companies in the world. Founded in 1921 and publicly traded since 1925, NEM is the only gold company included in the S&P 500 Index and Fortune 500. With operations on five continents, Newmont is focused on developing its pipeline of long life, low cost projects. The company produced 5.4 million ounces of gold and 325 million pounds of copper in 2010, and we expect these numbers to grow over the next few years as the company develops large scale projects in Ghana and Peru, and expands its operations in Nevada. The company acquired Nevada focused Fronteer Gold in April in order to bolster its operations in the state. In 2010, approximately one third of Newmont's production came from its Nevada operations.

NII Holdings Inc. (7.7%) (NIHD - Cv., 3.125% 06/15/2012 - Nasdaq) is a wireless carrier focused primarily on business customers in Latin America. NIHD serves 9.8 million customers in Brazil, Mexico, Argentina, Peru, and Chile, utilizing iDEN and WCDMA network technologies. The company acquired important 3G spectrum at attractive prices in its largest markets, Brazil and Mexico, in 2010. In May 2011, the company held an analyst

and investor meeting in Lima, Peru, where it successfully demonstrated that its push-to-talk (PTT) technology works over WCDMA (3G), with no noticeable difference in latency or call quality between iDEN and WCDMA PTT experience. Management also provided aggressive five-year revenue, EBITDA, and subscriber growth targets. NII expects to grow its subscriber base by more than 2.5 times over the next five years and more than double revenues and EBITDA over the same period. Margins should benefit from a growing revenue base, mobile termination rate cuts in various markets (particularly in Mexico and Brazil), and additional cost savings due to centralization of various locally-performed functions. NII is trading at a significant discount to its private market value. The company is a likely long-term acquisition target for larger carriers or private equity firms, given its strong brand name in Latin America and valuable (predominantly postpaid) customer base.

Providence Service Corp. (5.0%) (PRSC - Cv. 6.5%, 5/15/2014 - Nasdaq), founded in 1996, Providence Service Corporation provides, manages, and operates privatized and government-sponsored social services and non-emergency transportation services. Many of the company's services are reimbursed by government programs, such as Medicaid, welfare, foster care, and correctional facilities. Providence Service Corp. is based in Tucson, AZ and operates throughout the United States. The company has also sought to expand its area of coverage in North America, and now provides services in areas of Canada, with a strong footprint in the province of British Columbia. While Providence is classified in the specialized health services industry, the company does not own any beds or facilities, preferring to provide client care within the domicile or in community-run institutions. The company is particularly involved in servicing those individuals who have limited mobility or who are without access to basic social services. The company primarily services individuals with diabetes, Medicaid members, and children with special education needs or mental illness. The organization also offers home and community-based counseling, foster care, therapeutic treatment for abused individuals, and provider management services. As of June 2011, through its range of operating segments, Providence provides various services to approximately 59,100 clients, with more than 9.6 million individuals being eligible to receive the company's non-emergency transportation services. For fiscal 2011, Providence generated revenues of \$879.7 million and had an EPS of \$1.78 (diluted).

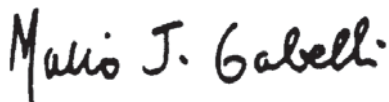
SanDisk Corp. (11.5%) (SNDK - Cv. 1.0%, 5/15/2013 - Nasdaq), headquartered in Milpitas, CA, manufactures NAND-based flash memory devices, which are widely used in consumer electronics products including computer tablets and smartphones. SanDisk's major growth drivers are mobile devices and imaging applications, which accounted for 50% and 22% of 2010 company revenue, respectively. Flash memory devices are also widely used in USB and electronic gadgets. Furthermore, solid state data storage solutions, which employ NAND flash memory and offer ultra fast data read/write, have already started gaining production in high-end computing applications. While the NAND flash memory card market is cyclical, industry forecasts expect the fast growing demand of smartphones, e-readers, tablets, and solid state data storage will result in a demand/supply balance and healthy pricing trends in the NAND flash memory market. SanDisk generated \$4.83 billion in sales and 47% in gross margin in 2010. SanDisk has a strong balance sheet with \$3.1 billion in net cash (\$13/share) at the end of June 2011. SanDisk and its joint venture manufacturing partner, Toshiba, are expanding their capacity through a new state-of-the-art Microchip Fabrication Plant (Fab) in Japan. On the cost side, SanDisk is executing a number of cost reduction initiatives including process technology transition to 24nm technology (potentially 30% - 40% cost reduction on a bit basis) and continuing product mix shift toward a high capacity memory chip that stores 3-bits (X3) in one cell, compared to the standard 1-2 bits per cell. As one of the only three major producers, SanDisk is well positioned to continue to benefit from the proliferation of NAND flash memory products both in consumer market and in enterprise market.

Take-Two Interactive Software Inc. (1.2%) (TTWO - Cv., 4.375%, 06/01/2014 - Nasdaq), headquartered in New York, NY, is a global leader in the development, design, marketing, and publication of interactive entertainment software and accessories. The company's product offerings operate on today's prominent hardware gaming platforms, namely the Sony PlayStation videogame console, Microsoft Xbox 360, Nintendo Wii, Nintendo DS, GameBoy Advance, as well as personal computers. The company publishes and develops products through its wholly owned brands, Rockstar Games and 2K (2K Games, 2K Sports, 2K Play), and additionally distributes software through its subsidiary, Jack of All Games. The company's primary customers include mass merchandisers, specialty retailers, video/gaming stores, toy stores, electronics retailers, national/regional drugstores and supermarkets, and discount chains. Take-Two continues to benefit from the growing demographic of its core consumers, as the popularity of interactive entertainment has expanded across traditional age and gender lines. Both revenue and net income have increased annually, and for its fiscal year ending March 31, 2011, Take-Two reported revenue of \$1.14 billion, growing 49% from the prior year, and diluted EPS of \$0.62.

In Conclusion

Our bottom-up, fundamental research driven investment process is the basis of our investment approach. We expect continued volatility in both credit and equity markets, which should provide opportunities to capture value in convertible securities. As fundamental value investors, we look for a margin of safety in our investments – a concept pioneered by value investor guru Benjamin Graham. This margin is the amount by which a stock's intrinsic value is above its market price. When we analyze a company, we calculate its PMV – the value an informed buyer would pay for it. We look at a company's earnings, cash flow, industry position, and many other factors to calculate this intrinsic value. If we can buy stock in a company whose PMV is comfortably above its market price – buying it for less than what it is worth – we do so. We take into account that if a company happens to be in a volatile industry, we require a larger margin of safety and a bigger discount to PMV. Over time, this investment style has yielded superior returns while minimizing downside risk. Our experience has taught us that today's market volatility will provide attractive entry points to maximize the potential of our long time strategy.

Sincerely,



Mario J. Gabelli, CFA
Portfolio Manager

October 27, 2011

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

SanDisk Corp., Cv., 1.000%, 05/15/13	11.5%	Softbank Corp., Cv., 1.500% 03/31/13	5.1%
NII Holdings Inc., Cv., 3.125%, 06/15/12	7.7%	The Providence Service Corp., Cv., 6.500%, 05/15/14	5.0%
Chemed Corp., Cv., 1.875%, 05/15/14	6.7%	Kinetic Concepts Inc., Cv., 3.250% 04/15/15	4.8%
Covanta Holding Corp., 3.250% 06/01/14	6.5%	Janus Capital Group Inc., Cv., 3.250%, 07/15/14	4.1%
Newmont Mining Corp., Cv., 1.625% 07/15/17	6.3%	The Interpublic Group of Companies Inc., Cv., 4.250%, 03/15/23	3.4%

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.

Portfolio Manager Compensation

Mr. Gabelli's incentive-based, variable compensation structure and dollar amount have been fully disclosed each year since April of 2000 in GAMCO Investors, Inc.'s (NYSE: GBL) annual proxy statement. Mr. Gabelli receives no base salary, no annual bonus, and no options.

As beneficial owner, Mr. Gabelli had \$8,334 invested in The GAMCO Vertumnus Fund as of December 31, 2010, which includes the holdings of GBL and GGCP, Inc., GBL's parent holding company.

Minimum Initial Investment – \$1,000

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

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. You can send us e-mail at info@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 GAGCX for Class AAA Shares. Please call us during the business day, between 8:00 AM – 7:00 PM (Eastern Time), for further information.

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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.

Multi-Class Shares

The GAMCO Global Series Funds, Inc. began offering additional classes of Fund shares in March of 2001. Class AAA Shares are no-load shares offered directly through selected broker/dealers. Class A and Class C Shares are targeted to the needs of investors who seek advice through financial consultants. Class I Shares are available solely to certain institutions, directly through the Fund's distributor or brokers that have entered into selling agreements specifically with respect to Class I Shares. The minimum initial investment amount for Class I Shares is \$500,000. The Board of Directors determined that expanding the types of Fund shares available through various distribution options will enhance the ability of the Fund to attract additional investors.

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

GAMCO Global Series Funds, Inc.
The GAMCO Vertumnus Fund

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

GAMCO

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Skadden, Arps, Slate, Meagher & Flom LLP

The GAMCO Vertumnus Fund

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

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SHAREHOLDER COMMENTARY
SEPTEMBER 30, 2011