

Gabelli ESG Fund, Inc.

Third Quarter Report — December 31, 2016

(Y)our Portfolio Management Team



Christopher C. Desmarais



Christopher J. Marangi



Kevin V. Dreyer

To Our Shareholders,

For the quarter ended December 31, 2016, the net asset value (“NAV”) per Class AAA Share of the Gabelli ESG Fund increased 0.1% compared with an increase of 1.2% for the Morgan Stanley Capital International (“MSCI”) All Country (“AC”) World Index. See below for additional performance information.

Enclosed is the schedule of investments as of December 31, 2016.

Comparative Results

Average Annual Returns through December 31, 2016 (a)(b) (Unaudited)

	Quarter	1 Year	3 Year	5 Year	Since Inception (6/01/07)
Class AAA (SRIGX)	0.06%	10.39%	4.96%	10.57%	5.83%
MSCI AC World Index	1.19	7.86	3.13	9.36	2.61
S&P 500 Index	3.82	11.96	8.87	14.66	6.28
Class A (SRIAX)	0.06	10.40	4.97	10.58	5.84
With sales charge (c)	(5.69)	4.05	2.92	9.28	5.19
Class C (SRICX)	(0.15)	9.63	4.17	9.76	5.05
With contingent deferred sales charge (d)	(1.14)	8.63	4.17	9.76	5.05
Class I (SRIDX)	0.13	10.72	5.22	10.86	6.10

In the current prospectuses dated July 29, 2016, the gross expense ratios for Class AAA, A, C, and I Shares are 1.68%, 1.68%, 2.43%, and 1.43%, respectively, and the net expense ratios for these share classes after contractual reimbursements by Gabelli Funds, LLC, (the “Adviser”) are 1.25%, 1.25%, 2.00%, and 1.00%, respectively. Class AAA and 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 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. 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. Returns would have been lower had the Adviser not reimbursed certain expenses of the Fund. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus please visit our website at www.gabelli.com. The MSCI AC World Index is an unmanaged market capitalization weighted index representing both developed and emerging markets. 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.

(b) The Fund’s fiscal year ends March 31.

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

(d) Assuming payment of the 1% maximum contingent deferred sales charge imposed on redemptions made within one year of purchase.

Gabelli ESG Fund, Inc.
Schedule of Investments — December 31, 2016 (Unaudited)

Shares		Market Value	Shares		Market Value
	COMMON STOCKS — 95.2%			Consumer Services — 1.0%	
	Aerospace — 0.7%			Liberty Interactive Corp. QVC Group, Cl. A†	\$ 699,300
8,000	B/E Aerospace Inc.	\$ 481,520	35,000		
	Automotive: Parts and Accessories — 6.7%			Entertainment — 4.4%	
5,800	Adient plc†	339,880	18,000	Time Warner Inc.	1,737,540
16,000	Genuine Parts Co.	1,528,640	20,000	Twenty-First Century Fox Inc., Cl. B	545,000
5,000	O'Reilly Automotive Inc.†	1,392,050	8,000	Viacom Inc., Cl. A	308,000
25,000	Tenneco Inc.†	1,561,750	30,000	Vivendi SA	570,170
		<u>4,822,320</u>			<u>3,160,710</u>
	Beverage — 4.6%			Environmental Services — 4.4%	
30,000	Danone SA	1,901,092	35,000	Republic Services Inc.	1,996,750
10,000	PepsiCo Inc.	1,046,300	14,500	Waste Connections Inc.	1,139,555
9,000	Suntory Beverage & Food Ltd.	373,861			<u>3,136,305</u>
		<u>3,321,253</u>		Equipment and Supplies — 4.3%	
	Broadcasting — 3.2%		15,000	Flowserve Corp.	720,750
12,000	Liberty Broadband Corp., Cl. C†	888,840	45,000	Mueller Water Products Inc., Cl. A	598,950
20,000	Liberty Media Corp.-Liberty Braves, Cl. C†	411,800	27,000	Watts Water Technologies Inc., Cl. A	1,760,400
30,000	Liberty Media Corp.-Liberty SiriusXM, Cl. C†	1,017,600			<u>3,080,100</u>
		<u>2,318,240</u>		Financial Services — 3.5%	
	Building and Construction — 5.4%		14,000	American Express Co.	1,037,120
20,000	Fortune Brands Home & Security Inc.	1,069,200	8,000	Kinnevik AB, Cl. B	191,689
10,001	Herc Holdings Inc.†	401,627	32,000	PayPal Holdings Inc.†	1,263,040
58,000	Johnson Controls International plc	2,389,020			<u>2,491,849</u>
		<u>3,859,847</u>		Food — 17.4%	
	Business Services — 3.1%		75,000	Conagra Brands Inc.	2,966,250
20,000	Macquarie Infrastructure Corp.	1,634,000	22,000	General Mills Inc.	1,358,940
25,000	The Interpublic Group of Companies Inc.	585,250	18,000	Kellogg Co.	1,326,780
		<u>2,219,250</u>	25,000	Lamb Weston Holdings Inc.†	946,250
	Cable and Satellite — 7.0%		20,000	Maple Leaf Foods Inc.	418,873
500	Cable One Inc.	310,865	60,000	Mondelēz International Inc., Cl. A	2,659,800
24,000	Comcast Corp., Cl. A	1,657,200	15,000	Nestlé SA	1,076,058
17,000	DISH Network Corp., Cl. A†	984,810	12,000	Post Holdings Inc.†	964,680
14,000	EchoStar Corp., Cl. A†	719,460	20,000	Unilever plc, ADR	814,000
45,000	Liberty Global plc, Cl. C†	1,336,500			<u>12,531,631</u>
		<u>5,008,835</u>		Health Care — 0.6%	
	Computer Software and Services — 3.2%		8,000	Zoetis Inc.	428,240
40,000	Blucora Inc.†	590,000		Machinery — 4.5%	
35,000	eBay Inc.†	1,039,150	65,000	Xylem Inc.	3,218,800
45,000	Internap Corp.†	69,300		Retail — 9.0%	
15,000	Yahoo! Inc.†	580,050	35,000	CST Brands Inc.	1,685,250
		<u>2,278,500</u>	20,000	CVS Health Corp.	1,578,200
	Consumer Products — 6.9%		8,000	Hertz Global Holdings Inc.†	172,480
38,000	Edgewell Personal Care Co.†	2,773,620	25,000	United Natural Foods Inc.†	1,193,000
28,000	Energizer Holdings Inc.	1,249,080	60,000	Whole Foods Market Inc.	1,845,600
34,000	Sony Corp., ADR	953,020			<u>6,474,530</u>
		<u>4,975,720</u>	37,000	Specialty Chemicals — 3.0%	
				Chemtura Corp.†	1,228,400

See accompanying notes to schedule of investments.

Gabelli ESG Fund, Inc.
Schedule of Investments (Continued) — December 31, 2016 (Unaudited)

<u>Shares</u>	<u>Market Value</u>	<u>Principal Amount</u>	<u>Market Value</u>
			U.S. GOVERNMENT OBLIGATIONS — 4.8%
		\$ 3,438,000	U.S. Treasury Bills, 0.325% to 0.491%††, 01/05/17 to 03/23/17.....
			<u>\$ 3,436,630</u>
			TOTAL INVESTMENTS — 100.0%
			<u>(Cost \$57,871,763)</u>
			<u>\$71,789,110</u>
			Aggregate tax cost
			<u>\$57,877,671</u>
			Gross unrealized appreciation
			<u>\$16,213,398</u>
			Gross unrealized depreciation
			<u>(2,301,959)</u>
			Net unrealized appreciation/depreciation
			<u>\$13,911,439</u>

† Non-income producing security.
†† Represents annualized yield at date of purchase.
ADR American Depositary Receipt

See accompanying notes to schedule of investments.

Gabelli ESG Fund, Inc.

Notes to Schedule of Investments (Unaudited)

The Fund's schedule of investments is prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), which may require the use of management estimates and assumptions. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its schedule of investments.

Security Valuation. Portfolio securities listed or traded on a nationally recognized securities exchange or traded in the U.S. over-the-counter market for which market quotations are readily available are valued at the last quoted sale price or a market's official closing price as of the close of business on the day the securities are being valued. If there were no sales that day, the security is valued at the average of the closing bid and asked prices or, if there were no asked prices quoted on that day, then the security is valued at the closing bid price on that day. If no bid or asked prices are quoted on such day, the security is valued at the most recently available price or, if the Board of Directors (the "Board") so determines, by such other method as the Board shall determine in good faith to reflect its fair market value. Portfolio securities traded on more than one national securities exchange or market are valued according to the broadest and most representative market, as determined by Gabelli Funds, LLC (the "Adviser").

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market, but prior to the close of business on the day the securities are being valued. Debt instruments with remaining maturities of sixty days or less that are not credit impaired are valued at amortized cost, unless the Board determines such amount does not reflect the securities' fair value, in which case these securities will be fair valued as determined by the Board. Debt instruments having a maturity greater than sixty days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. U.S. government obligations with maturities greater than sixty days are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. Certain securities are valued principally using dealer quotations.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with the equivalent U.S. dollar value American Depositary Receipt securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

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

- Level 1 — quoted prices in active markets for identical securities;
- Level 2 — other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); and
- Level 3 — significant unobservable inputs (including the Board's determinations as to the fair value of investments).

Gabelli ESG Fund, Inc.
Notes to Schedule of Investments (Unaudited) (Continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments in securities by inputs used to value the Fund's investments as of December 31, 2016 is as follows:

	Valuation Inputs		Total Market Value at 12/31/16
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	
INVESTMENTS IN SECURITIES:			
ASSETS (Market Value):			
Common Stocks (a)	\$68,352,480	—	\$68,352,480
U.S. Government Obligations	—	\$3,436,630	3,436,630
TOTAL INVESTMENTS IN SECURITIES – ASSETS	\$68,352,480	\$3,436,630	\$71,789,110

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

There were no Level 3 investments at December 31, 2016 or March 31, 2016.

Additional Information to Evaluate Qualitative Information.

General. The Fund uses recognized industry pricing services – approved by the Board and unaffiliated with the Adviser – to value most of its securities, and uses broker quotes provided by market makers of securities not valued by these and other recognized pricing sources. Several different pricing feeds are received to value domestic equity securities, international equity securities, preferred equity securities, and fixed income securities. The data within these feeds is ultimately sourced from major stock exchanges and trading systems where these securities trade. The prices supplied by external sources are checked by obtaining quotations or actual transaction prices from market participants. If a price obtained from the pricing source is deemed unreliable, prices will be sought from another pricing service or from a broker/dealer that trades that security or similar securities.

Fair Valuation. Fair valued securities may be common or preferred equities, warrants, options, rights, or fixed income obligations. Where appropriate, Level 3 securities are those for which market quotations are not available, such as securities not traded for several days, or for which current bids are not available, or which are restricted as to transfer. When fair valuing a security, factors to consider are recent prices of comparable securities that are publicly traded, reliable prices of securities not publicly traded, the use of valuation models, current analyst reports, valuing the income or cash flow of the issuer, or cost if the preceding factors do not apply. The circumstances of Level 3 securities are frequently monitored to determine if fair valuation measures continue to apply.

The Adviser reports quarterly to the Board the results of the application of fair valuation policies and procedures. These may include backtesting the prices realized in subsequent trades of these fair valued securities to fair values previously recognized.

Derivative Financial Instruments. The Fund may engage in various portfolio investment strategies by investing in a number of derivative financial instruments for the purposes of increasing the income of the Fund or hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase, or hedging against a specific transaction with respect to either the currency in which the transaction is denominated or another currency. Investing in certain derivative financial instruments, including participation in the options,

Gabelli ESG Fund, Inc.

Notes to Schedule of Investments (Unaudited) (Continued)

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

The Fund's derivative contracts held at December 31, 2016, if any, are not accounted for as hedging instruments under GAAP and are disclosed in the Schedule of Investments together with the related counterparty.

Options. The Fund may purchase or write call or put options on securities or indices for the purpose of increasing the income of the Fund. As a writer of put options, the Fund receives a premium at the outset and then bears the risk of unfavorable changes in the price of the financial instrument underlying the option. The Fund would incur a loss if the price of the underlying financial instrument decreases between the date the option is written and the date on which the option is terminated. The Fund would realize a gain, to the extent of the premium, if the price of the financial instrument increases between those dates.

As a purchaser of put options, the Fund pays a premium for the right to sell to the seller of the put option the underlying security at a specified price. The seller of the put has the obligation to purchase the underlying security upon exercise at the exercise price. If the price of the underlying security declines, the Fund would realize a gain upon sale or exercise. If the price of the underlying security increases or stays the same, the Fund would realize a loss upon sale or at expiration date, but only to the extent of the premium paid.

If a written call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss. If a written put option is exercised, the premium reduces the cost basis of the security. In the case of call options, these exercise prices are referred to as "in-the-money," "at-the-money," and "out-of-the-money," respectively. The Fund may write (a) in-the-money call options when the Adviser expects that the price of the underlying security will remain stable or decline during the option period, (b) at-the-money call options when the Adviser expects that the price of the underlying security will remain stable, decline, or advance moderately during the option period, and (c) out-of-the-money call options when the Adviser expects that the premiums received from writing the call option will be greater than the appreciation in the price of the underlying security above the exercise price. By writing a call option, the Fund limits its opportunity to profit from any increase in the market value of the underlying security above the exercise price of the option. Out-of-the-money, at-the-money, and in-the-money put options (the reverse of call options as to the relation of exercise price to market price) may be utilized in the same market environments that such call options are used in equivalent transactions. At December 31, 2016, the Fund held no investments in options contracts.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at current exchange rates. Purchases and sales of investment securities, income, and expenses are translated at the exchange rate prevailing on the respective dates of such transactions. Unrealized gains and losses that result from changes

Gabelli ESG Fund, Inc.
Notes to Schedule of Investments (Unaudited) (Continued)

in foreign exchange rates and/or changes in market prices of securities have been included in unrealized appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial purchase trade date and subsequent sale trade date is included in realized gain/(loss) on investments.

Foreign Securities. The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the inability to repatriate funds, less complete financial information about companies, and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than securities of comparable U.S. issuers.

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

Restricted Securities. The Fund may invest up to 15% of its net assets in securities for which the markets are restricted. Restricted securities include securities whose disposition is subject to substantial legal or contractual restrictions. The sale of restricted securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity. At December 31, 2016, the Fund held no restricted securities.

Tax Information. The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended.

GABELLI ESG FUND, INC.
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Portfolio Management Team Biographies

Christopher C. Desmarais joined GAMCO Investors, Inc. in 1993. Currently he is a Managing Director of GAMCO Asset Management, Inc., a portfolio manager of Gabelli Funds, LLC, as well as the Director of Socially Responsive Investments. He is a co-portfolio manager of the Fund, and his responsibilities also include marketing and client service of GAMCO's Value, Growth, and International capabilities for institutional, endowment, and family office clients as well as direct oversight of all of the Firm's SRI equity products. He is a graduate of Fairfield University with a B.A. in Economics.

Christopher J. Marangi joined Gabelli in 2003 as a research analyst. Currently he is a Managing Director and Co-Chief Investment Officer for GAMCO Investors, Inc.'s Value team. In addition, he serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Fund Complex. Mr. Marangi graduated magna cum laude and Phi Beta Kappa with a BA in Political Economy from Williams College and holds an MBA degree with honors from Columbia Business School.

Kevin V. Dreyer joined Gabelli in 2005 as a research analyst covering companies within the consumer sector. Currently he is a Managing Director and Co-Chief Investment Officer for GAMCO Investors, Inc.'s Value team. In addition, he serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Fund Complex. Mr. Dreyer received a BSE from the University of Pennsylvania and an MBA degree from Columbia Business School.

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. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com.

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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 ESG FUND, INC.

*Third Quarter Report
December 31, 2016*

