

# The Gabelli Focus Five Fund

## First Quarter Report — December 31, 2016

### To Our Shareholders,

For the quarter ended December 31, 2016, the net asset value (“NAV”) per Class I Share of The Gabelli Focus Five Fund decreased 7.5% compared to the Fund’s benchmark the Blended Index, which increased 3.8%. The benchmark consists of 50% of the Russell 2500 Index, 25% of the Russell 1000 Index, and 25% of the MSCI AC World Ex-U.S. 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	5 Year	10 Year	Since January 1, 2012(c)	Since Inception (12/31/02)
<b>Class I (GWSIX)</b> . . . . .	(7.47)%	2.04%	8.92%	4.90%	8.92%	7.55%
<b>Class AAA (GWSVX)</b> . . . . .	(7.70)	1.57	8.59	4.64	8.59	7.36
Russell 2500 Index . . . . .	6.12	17.59	14.54	7.69	14.54(d)	11.40
Russell 1000 Index . . . . .	3.83	12.05	14.69	7.08	14.69	12.61
MSCI AC World Ex-U.S. Index . . . . .	(1.20)	5.01	5.48	1.42	5.48	8.01
Blended Index . . . . .	3.76	12.95	12.23	5.95	12.23	10.05
<b>Class A (GWSAX)</b> . . . . .	(7.69)	1.55	8.61	4.66	8.61	7.38
With sales charge (e) . . . . .	(13.00)	(4.29)	7.33	4.03	7.33	6.92
<b>Class C (GWSCX)</b> . . . . .	(7.83)	0.86	7.80	3.88	7.80	6.60
With contingent deferred sales charge (f) . . . . .	(8.75)	(0.14)	7.80	3.88	7.80	6.60

**In the current prospectuses dated January 27, 2017, the expense ratios for Class AAA, A, C, and I Shares are 1.42%, 1.42%, 2.17%, and 1.17%, respectively. Class AAA and Class I Shares have no 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](http://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 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](http://www.gabelli.com). The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class I Shares on January 11, 2008. The actual performance of Class I Shares would have been higher due to lower expenses associated with this class of shares. The Russell 2500 Index is a market capitalization weighted index of 2,500 U.S. traded stocks of small and mid capitalization stocks. The Russell 1000 Index is a market capitalization weighted index of 1,000 U.S. traded large capitalization stocks. The Morgan Stanley Capital International All Country World Index excluding the U.S. (MSCI ACWI Ex-U.S.) is a market capitalization weighted index of small, mid, and large capitalization stocks across developed and emerging markets, excluding U.S. stocks. The Blended Index consists of a 50% Russell 2500 Index, 25% Russell 1000 Index, and 25% MSCI ACWI Ex-U.S. Index. Dividends are considered reinvested. You cannot invest directly in an index.*
- (b) *The Fund's fiscal year ends September 30.*
- (c) *On January 1, 2012, the Fund began operating under its current name.*
- (d) *Russell 2500 Index performance is as of December 31, 2011.*
- (e) *Performance results include the effect of the maximum 5.75% sales charge at the beginning of the period.*
- (f) *Assuming payment of the 1% maximum contingent deferred sales charge imposed on redemptions made within one year of purchase.*

# The Gabelli Focus Five Fund

## Schedule of Investments — December 31, 2016 (Unaudited)

Shares		Market Value	Shares		Market Value
	<b>COMMON STOCKS — 96.4%</b>			<b>Hotels and Gaming — 8.3%</b>	
	<b>Automotive: Parts and Accessories — 1.8%</b>			<b>Pharmaceuticals — 4.3%</b>	
50,000	Delphi Automotive plc. . . . .	\$ 3,367,500	550,000	MGM Resorts International† . . . . .	\$ 15,856,500
	<b>Building and Construction — 1.6%</b>			<b>Retail — 6.5%</b>	
152,106	Taylor Morrison Home Corp., Cl. A† . . . . .	2,929,562	374,576	Akorn Inc.† . . . . .	8,176,994
	<b>Cable and Satellite — 14.2%</b>			<b>Semiconductors — 1.6%</b>	
222,985	EchoStar Corp., Cl. A† . . . . .	11,459,199	25,000	Advance Auto Parts Inc. . . . .	4,228,000
519,471	Liberty Global plc, Cl. C† . . . . .	15,428,289	445,000	Ascena Retail Group Inc.† . . . . .	2,754,550
		26,887,488	250,000	Hertz Global Holdings Inc.† . . . . .	5,390,000
					12,372,550
	<b>Computer Software and Services — 8.7%</b>			<b>Specialty Chemicals — 5.5%</b>	
12,500	Alphabet Inc., Cl. C† . . . . .	9,647,750	130,000	Chemtura Corp.† . . . . .	7,138,000
1,848,727	Internap Corp.† . . . . .	2,847,040	75,000	Methanex Corp. . . . .	3,285,000
250,000	Twitter Inc.† . . . . .	4,075,000			10,423,000
		16,569,790		<b>Telecommunications — 3.4%</b>	
	<b>Consumer Products — 7.0%</b>			Gogo Inc.† . . . . .	6,454,000
150,000	Edgewell Personal Care Co.† . . . . .	10,948,500	700,000		
53,811	Energizer Holdings Inc. . . . .	2,400,509		<b>TOTAL COMMON STOCKS</b> . . . . .	183,186,721
		13,349,009			
	<b>Energy and Utilities — 3.6%</b>			<b>Principal Amount</b>	
275,000	Canadian Solar Inc.† . . . . .	3,349,500	\$6,928,000	<b>U.S. GOVERNMENT OBLIGATIONS — 3.6%</b>	
700,000	Weatherford International plc† . . . . .	3,493,000		U.S. Treasury Bills, 0.325% to 0.551%††, 01/19/17 to 04/27/17(b) . . . . .	6,922,610
		6,842,500		<b>TOTAL INVESTMENTS — 100.0%</b>	
	<b>Entertainment — 2.6%</b>			(Cost \$198,124,676) . . . . .	\$190,109,331
100,000	Take-Two Interactive Software Inc.† . . . . .	4,929,000			
	<b>Financial Services — 7.1%</b>			Aggregate tax cost . . . . .	\$199,906,019
200,000	Blackhawk Network Holdings Inc.† . . . . .	7,535,000		Gross unrealized appreciation . . . . .	\$ 26,300,064
85,000	Interactive Brokers Group Inc., Cl. A . . . . .	3,103,350		Gross unrealized depreciation . . . . .	(36,096,752)
850,000	Och-Ziff Capital Management Group LLC, Cl. A† . . . . .	2,813,500		Net unrealized appreciation/depreciation . . . . .	\$ (9,796,688)
		13,451,850			
	<b>Food and Beverage — 10.5%</b>			<b>Number of Contracts</b>	
706,732	Inventure Foods Inc.† . . . . .	6,961,310		<b>Expiration Date/ Exercise Price</b>	
357,600	Maple Leaf Foods Inc. . . . .	7,489,451		<b>Market Value</b>	
35,000	Mondelēz International Inc., Cl. A . . . . .	1,551,550		<b>OPTION CONTRACTS WRITTEN (c) — (0.0)%</b>	
50,000	Post Holdings Inc.† . . . . .	4,019,500		<b>Call Options Written — (0.0)%</b>	
		20,021,811		Ascena Retail Group Inc. . . . .	Jan. 17/7 \$ 5,000
	<b>Health Care Equipment and Services — 5.0%</b>				
9,162,757	BioScrip Inc.†(a) . . . . .	9,529,267	500		
	<b>Health Care Equipment and Supplies — 4.7%</b>				
230,000	Alere Inc.† . . . . .	8,963,100			

See accompanying notes to schedule of investments.

## The Gabelli Focus Five Fund

### Schedule of Investments (Continued) — December 31, 2016 (Unaudited)

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- (a) Security considered an affiliated holding because the Fund owns at least 5% of its outstanding shares.
  - (b) At December 31, 2016, \$1,670,000 of the principal amount was pledged as collateral for options written.
  - (c) At December 31, 2016, the Fund had entered into exchange traded Option Contracts Written with Pershing LLC.
- † Non-income producing security.
- †† Represents annualized yield at date of purchase.

See accompanying notes to schedule of investments.

## The Gabelli Focus Five Fund

### Notes to Schedule of Investments (Unaudited)

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As an investment company, the Fund follows the investment company accounting and reporting guidance, which is part of U.S. generally accepted accounting principles (“GAAP”) that may require the use of management estimates and assumptions in the preparation of its schedule of investments. 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 the 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).

## The Gabelli Focus Five Fund

### 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	
<b>INVESTMENTS IN SECURITIES:</b>			
<b>ASSETS (Market Value):</b>			
Common Stocks (a)	\$183,186,721	—	\$183,186,721
U.S. Government Obligations	—	\$6,922,610	6,922,610
<b>TOTAL INVESTMENTS IN SECURITIES – ASSETS</b>	<b>\$183,186,721</b>	<b>\$6,922,610</b>	<b>\$190,109,331</b>
<b>INVESTMENTS IN SECURITIES:</b>			
<b>LIABILITIES (Market Value):</b>			
<b>EQUITY CONTRACTS:</b>			
Call Options Written	—	\$ (5,000)	\$ (5,000)
<b>TOTAL INVESTMENTS IN SECURITIES - LIABILITIES</b>	<b>—</b>	<b>\$ (5,000)</b>	<b>\$ (5,000)</b>

(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 September 30, 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.

## The Gabelli Focus Five Fund

### Notes to Schedule of Investments (Unaudited) (Continued)

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**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, 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 the 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

## The Gabelli Focus Five Fund

### Notes to Schedule of Investments (Unaudited) (Continued)

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that such call options are used in equivalent transactions. Option positions at December 31, 2016 are reflected within the Schedule of Investments.

**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 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.

**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 Equity Series Funds, Inc.

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

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# THE GABELLI FOCUS FIVE FUND

*First Quarter Report  
December 31, 2016*

