

Gabelli ESG Fund, Inc.

Semiannual Report — September 30, 2017

(Y)our Portfolio Management Team



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To Our Shareholders,

For the six months ended September 30, 2017, the net asset value (“NAV”) per Class AAA Share of the Gabelli ESG Fund increased 4.9% compared with an increase of 7.7% for both the Standard & Poor’s (“S&P”) 500 Index and the Russell 3000 Index. See page 2 for additional performance information.

Enclosed are the financial statements, including the schedule of investments, as of September 30, 2017.

Comparative Results

Average Annual Returns through September 30, 2017 (a)(b) (Unaudited)

	Six Months	1 Year	3 Year	5 Year	10 Year	Since Inception (6/01/07)
Class AAA (SRIGX)	4.88%	10.18%	8.13%	10.07%	6.83%	6.39%
S&P 500 Index	7.71	18.61	10.81	14.22	7.44	7.19
Russell 3000 Index	7.72	18.71	10.74	14.23	7.57	7.24
MSCI AC World Index	9.68	18.65	7.43	10.20	3.88	4.01
Class A (SRIAX)	4.95	10.19	8.13	10.08	6.85	6.40
With sales charge (c)	(1.08)	3.85	6.02	8.78	6.22	5.79
Class C (SRICX)	4.54	9.36	7.32	9.25	6.04	5.60
With contingent deferred sales charge (d)	3.54	8.36	7.32	9.25	6.04	5.60
Class I (SRIDX)	5.04	10.39	8.36	10.34	7.09	6.65
Class T (SRIWX)	4.88	10.18	8.13	10.07	6.83	6.39
With sales charge (e)	2.26	7.43	7.22	9.52	6.56	6.13

In the current prospectuses dated July 28, 2017, the gross expense ratios for Class AAA, A, C, I, and T Shares are 1.67%, 1.67%, 2.42%, 1.42%, and 1.67%, 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%, 1.00%, and 1.25%, respectively. See page 9 for the expense ratios for the six months ended September 30, 2017. Class AAA and I Shares do not have a sales charge. The maximum sales charge for Class A Shares, C Shares, and Class T Shares is 5.75%, 1.00%, and 2.50%, 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 Gabelli Funds, LLC, 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 Class AAA Share NAV's are used to calculate performance for the periods prior to the issuance of the Class T Shares on July 28, 2017. The actual performance of the Class T Shares would have been lower due to the additional fees and expenses associated with this class of shares. 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 Russell 3000 Index is an unmanaged indicator that measures the performance of the 3,000 largest U.S. traded stocks, in which the underlying companies are incorporated in the U.S. The MSCI AC World Index is an unmanaged market capitalization weighted index representing both developed and emerging markets. 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.
- (e) Performance results include the effect of the maximum 2.50% sales charge at the beginning of the period.

Gabelli ESG Fund, Inc.

Disclosure of Fund Expenses (Unaudited)

For the Six Month Period from April 1, 2017 through September 30, 2017 **Expense Table**

We believe it is important for you to understand the impact of fees and expenses regarding your investment. All mutual funds have operating expenses. As a shareholder of a fund, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a fund's gross income, directly reduce the investment return of a fund. When a fund's expenses are expressed as a percentage of its average net assets, this figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your Fund and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The Expense Table below illustrates your Fund's costs in two ways:

Actual Fund Return: This section provides information about actual account values and actual expenses. You may use this section to help you to estimate the actual expenses that you paid over the period after any fee waivers and expense reimbursements. The "Ending Account Value" shown is derived from the Fund's **actual** return during the past six months, and the "Expenses Paid During Period" shows the dollar amount that would have been paid by an investor who started with \$1,000 in the Fund. You may use this information, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number given for your Fund under the heading "Expenses Paid During Period" to estimate the expenses you paid during this period.

Hypothetical 5% Return: This section provides information about hypothetical account values and

hypothetical expenses based on the Fund's actual expense ratio. It assumes a hypothetical annualized return of 5% before expenses during the period shown. In this case – because the hypothetical return used is **not** the Fund's actual return – the results do not apply to your investment and you cannot use the hypothetical account value and expense to estimate the actual ending account balance or expenses you paid for the period. This example is useful in making comparisons of the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs such as sales charges (loads), redemption fees, or exchange fees, if any, which are described in the Prospectus. If these costs were applied to your account, your costs would be higher. Therefore, the 5% hypothetical return is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds.

	Beginning Account Value 04/01/17	Ending Account Value 09/30/17	Annualized Expense Ratio	Expenses Paid During Period*
Gabelli ESG Fund, Inc.				
Actual Fund Return				
Class AAA	\$1,000.00	\$1,048.80	1.25%	\$ 6.42
Class A	\$1,000.00	\$1,049.50	1.25%	\$ 6.42
Class C	\$1,000.00	\$1,045.40	2.00%	\$10.26
Class I	\$1,000.00	\$1,050.40	1.00%	\$ 5.14
Class T**	\$1,000.00	\$1,017.40	1.25%	\$ 2.25
Hypothetical 5% Return				
Class AAA	\$1,000.00	\$1,018.80	1.25%	\$ 6.33
Class A	\$1,000.00	\$1,018.80	1.25%	\$ 6.33
Class C	\$1,000.00	\$1,015.04	2.00%	\$10.10
Class I	\$1,000.00	\$1,020.05	1.00%	\$ 5.06
Class T	\$1,000.00	\$1,018.80	1.25%	\$ 6.33

* Expenses are equal to the Fund's annualized expense ratio for the last six months multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half year (183 days), then divided by 365.

** Class T Shares use a beginning account value of 07/28/17, and Class T Share expenses are equal to the Fund's annualized expense ratio for the period since inception multiplied by the number of days since inception (65 days), then divided by 365.

Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of net assets as of September 30, 2017:

Gabelli ESG Fund, Inc.

Food	19.5%	U.S. Government Obligations	3.0%
Consumer Products	7.6%	Retail	2.7%
Cable and Satellite	7.1%	Environmental Services	2.6%
Machinery	6.6%	Entertainment	2.5%
Building and Construction	6.4%	Specialty Chemicals	2.3%
Automotive: Parts and Accessories	6.3%	Telecommunications	2.1%
Beverage	5.7%	Wireless Communications	1.7%
Financial Services	5.3%	Closed-End Funds	1.5%
Broadcasting	4.3%	Health Care	0.9%
Computer Software and Services	4.3%	Other Assets and Liabilities (Net)	(0.2)%
Equipment and Supplies	4.1%		<u>100.0%</u>
Business Services	3.7%		

The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (the "SEC") for the first and third quarters of each fiscal year on Form N-Q. Shareholders may obtain this information at www.gabelli.com or by calling the Fund at 800-GABELLI (800-422-3554). The Fund's Form N-Q is available on the SEC's website at www.sec.gov and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.

Proxy Voting

The Fund files Form N-PX with its complete proxy voting record for the twelve months ended June 30, no later than August 31 of each year. A description of the Fund's proxy voting policies, procedures, and how the Fund voted proxies relating to portfolio securities is available without charge, upon request, by (i) calling 800-GABELLI (800-422-3554); (ii) writing to The Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; or (iii) visiting the SEC's website at www.sec.gov.

Gabelli ESG Fund, Inc.
Schedule of Investments — September 30, 2017 (Unaudited)

Shares		Cost	Market Value	Shares		Cost	Market Value
	COMMON STOCKS — 95.7%						
	Automotive: Parts and Accessories — 6.3%			25,000	Energizer Holdings Inc.	\$ 760,224	\$ 1,151,250
				34,000	Sony Corp., ADR.....	806,460	1,269,560
2,500	Adient plc	\$ 117,500	\$ 209,975			<u>4,753,565</u>	<u>5,113,300</u>
15,000	Genuine Parts Co.....	1,238,933	1,434,750		Entertainment — 2.5%		
5,000	O'Reilly Automotive Inc.†	681,408	1,076,850	5,000	Time Warner Inc.	338,845	512,250
25,000	Tenneco Inc.....	734,166	1,516,750	15,000	Twenty-First Century Fox Inc., Cl. B...	424,806	386,850
		<u>2,772,007</u>	<u>4,238,325</u>	10,000	Viacom Inc., Cl. B.....	298,065	278,400
	Beverage — 5.7%			20,000	Vivendi SA.....	447,992	506,323
30,000	Danone SA	2,121,705	2,353,268			<u>1,509,708</u>	<u>1,683,823</u>
10,000	PepsiCo Inc.....	826,399	1,114,300		Environmental Services — 2.6%		
9,000	Suntory Beverage & Food Ltd.....	286,851	400,711	25,500	Waste Connections Inc.....	887,689	1,783,980
		<u>3,234,955</u>	<u>3,868,279</u>		Equipment and Supplies — 4.1%		
	Broadcasting — 4.3%			15,000	Flowserve Corp.	860,523	638,850
12,000	Liberty Broadband Corp., Cl. C†	671,594	1,143,600	45,000	Mueller Water Products Inc., Cl. A...	171,032	576,000
20,000	Liberty Media Corp.- Liberty Braves, Cl. C†.....	313,436	505,400	23,000	Watts Water Technologies Inc., Cl. A.	823,309	1,591,600
30,000	Liberty Media Corp.- Liberty SiriusXM, Cl. C†	772,455	1,256,100			<u>1,854,864</u>	<u>2,806,450</u>
		<u>1,757,485</u>	<u>2,905,100</u>		Financial Services — 5.3%		
	Building and Construction — 6.4%			14,000	American Express Co.....	1,244,608	1,266,440
22,000	Armstrong Flooring Inc.†	384,028	346,500	8,000	Kinnevik AB, Cl. B.....	266,966	260,875
20,000	Fortune Brands Home & Security Inc.....	310,448	1,344,600	32,000	PayPal Holdings Inc.†	1,066,822	2,048,960
13,000	Herc Holdings Inc.†	495,526	638,690			<u>2,578,396</u>	<u>3,576,275</u>
50,000	Johnson Controls International plc ..	1,635,844	2,014,500		Food — 19.5%		
		<u>2,825,846</u>	<u>4,344,290</u>	75,000	Conagra Brands Inc.	1,862,272	2,530,500
	Business Services — 3.7%			22,000	General Mills Inc.	1,308,527	1,138,720
20,000	Macquarie Infrastructure Corp.....	993,492	1,443,600	24,000	Kellogg Co.....	1,716,851	1,496,880
11,000	ServiceMaster Global Holdings Inc.†	469,575	514,030	30,000	Lamb Weston Holdings Inc.....	710,085	1,406,700
25,000	The Interpublic Group of Companies Inc.....	469,794	519,750	20,000	Maple Leaf Foods Inc.....	370,077	545,141
		<u>1,932,861</u>	<u>2,477,380</u>	65,000	Mondelēz International Inc., Cl. A....	2,047,353	2,642,900
	Cable and Satellite — 7.1%			15,000	Nestlé SA.....	854,222	1,256,261
40,000	Comcast Corp., Cl. A.....	790,558	1,539,200	12,000	Post Holdings Inc.†	493,827	1,059,240
17,000	DISH Network Corp., Cl. A†	996,242	921,910	20,000	Unilever plc, ADR	636,413	1,159,200
12,500	EchoStar Corp., Cl. A†	588,705	715,375			<u>9,999,627</u>	<u>13,235,542</u>
50,000	Liberty Global plc, Cl. C†	1,455,163	1,635,000		Health Care — 0.9%		
		<u>3,830,668</u>	<u>4,811,485</u>	10,000	Zoetis Inc.	504,534	637,600
	Computer Software and Services — 4.3%				Machinery — 6.6%		
10,000	Blucora Inc.†	49,916	253,000	60,000	CNH Industrial NV	541,332	720,600
35,000	eBay Inc.†	774,035	1,346,100	60,000	Xylem Inc.....	1,492,996	3,757,800
60,000	Hewlett Packard Enterprise Co.....	824,479	882,600			<u>2,034,328</u>	<u>4,478,400</u>
45,000	Internap Corp.†	254,008	195,750		Retail — 2.7%		
6,866	Micro Focus International plc, ADR† ..	192,641	219,026	10,000	CVS Health Corp.	767,186	813,200
		<u>2,095,079</u>	<u>2,896,476</u>	25,000	United Natural Foods Inc.†	989,836	1,039,750
	Consumer Products — 7.6%					<u>1,757,022</u>	<u>1,852,950</u>
37,000	Edgewell Personal Care Co.†	3,186,881	2,692,490		Specialty Chemicals — 2.3%		
				15,000	H.B. Fuller Co.	594,440	870,900

See accompanying notes to financial statements.

Gabelli ESG Fund, Inc.
Schedule of Investments (Continued) — September 30, 2017 (Unaudited)

<u>Shares</u>		<u>Cost</u>	<u>Market Value</u>	<u>Principal Amount</u>		<u>Cost</u>	<u>Market Value</u>
	COMMON STOCKS (Continued)				U.S. GOVERNMENT OBLIGATIONS — 3.0%		
	Specialty Chemicals (Continued)			\$ 2,077,000	U.S. Treasury Bills,		
5,000	International Flavors & Fragrances Inc.	\$ 584,262	\$ 714,550		0.987% to 1.143%††,		
		<u>1,178,702</u>	<u>1,585,450</u>		10/05/17 to 12/14/17.....	\$ 2,073,692	\$ 2,073,996
					TOTAL INVESTMENTS — 100.2%	<u>\$50,356,903</u>	67,959,491
25,000	Telecommunications — 2.1%				Other Assets and Liabilities (Net) — (0.2)%		(157,399)
	Altice USA Inc., Cl. A†	750,000	682,750		NET ASSETS — 100.0%		<u>\$67,802,092</u>
15,000	Loral Space & Communications Inc.†	<u>690,801</u>	<u>742,500</u>				
		<u>1,440,801</u>	<u>1,425,250</u>				
	Wireless Communications — 1.7%			† Non-income producing security.			
19,000	T-Mobile US Inc.†	<u>749,596</u>	<u>1,171,540</u>	†† Represents annualized yield at date of purchase.			
	TOTAL COMMON STOCKS	<u>47,697,733</u>	<u>64,891,895</u>	ADR American Depositary Receipt			
	CLOSED-END FUNDS — 1.5%						
15,000	Altaba Inc.†	<u>585,478</u>	<u>993,600</u>				

See accompanying notes to financial statements.

Gabelli ESG Fund, Inc.

Statement of Assets and Liabilities September 30, 2017 (Unaudited)

Assets:	
Investments, at value (cost \$50,356,903)	\$67,959,491
Foreign currency, at value (cost \$1,504)	1,499
Receivable for Fund shares sold	25,837
Receivable from Adviser	24,933
Dividends receivable	139,269
Prepaid expenses	38,124
Total Assets	<u>68,189,153</u>
Liabilities:	
Payable to custodian	97,302
Payable for Fund shares redeemed	87,811
Payable for investments purchased	73,350
Payable for investment advisory fees	55,407
Payable for distribution fees	15,063
Payable for accounting fees	11,250
Payable for payroll expenses	889
Payable for legal and audit fees	21,474
Other accrued expenses	24,515
Total Liabilities	<u>387,061</u>
Net Assets (applicable to 4,168,543 shares outstanding)	<u>\$67,802,092</u>
Net Assets consist of:	
Paid-in capital	\$46,606,246
Undistributed net investment income	187,036
Accumulated net realized gain on investments and foreign currency transactions	3,405,282
Net unrealized appreciation on investments	17,602,588
Net unrealized appreciation on foreign currency translations	940
Net Assets	<u>\$67,802,092</u>
Shares of Capital Stock, each at \$0.001 par value; 500,000,000 shares authorized:	
Class AAA:	
Net Asset Value, offering, and redemption price per share (\$15,596,774 ÷ 955,099 shares outstanding) ..	<u>\$16.33</u>
Class A:	
Net Asset Value and redemption price per share (\$19,058,983 ÷ 1,168,176 shares outstanding)	<u>\$16.32</u>
Maximum offering price per share (NAV ÷ 0.9425, based on maximum sales charge of 5.75% of the offering price)	<u>\$17.32</u>
Class C:	
Net Asset Value and offering price per share (\$9,761,407 ÷ 642,753 shares outstanding)	<u>\$15.19(a)</u>
Class I:	
Net Asset Value, offering, and redemption price per share (\$23,383,916 ÷ 1,402,453 shares outstanding)	<u>\$16.67</u>
Class T:	
Net Asset Value and redemption price per share (\$1,012.36 ÷ 61.99 shares outstanding)	<u>\$16.33</u>
Maximum offering price per share (NAV ÷ 0.975, based on maximum sales charge of 2.50% of the offering price)	<u>\$16.75</u>

(a) Redemption price varies based on the length of time held.

Statement of Operations For the Six Months Ended September 30, 2017 (Unaudited)

Investment Income:	
Dividends (net of foreign withholding taxes of \$30,090)	\$ 433,059
Interest	8,418
Total Investment Income	<u>441,477</u>
Expenses:	
Investment advisory fees	341,657
Distribution fees - Class AAA	19,381
Distribution fees - Class A	23,350
Distribution fees - Class C	50,990
Registration expenses	30,665
Legal and audit fees	27,381
Shareholder communications expenses	25,154
Accounting fees	22,500
Shareholder services fees	15,558
Directors' fees	12,496
Custodian fees	4,076
Payroll expenses	1,239
Interest expense	1,105
Miscellaneous expenses	11,600
Total Expenses	<u>587,152</u>
Less:	
Expenses reimbursed by Adviser (See Note 3)	(149,061)
Expenses paid indirectly by broker (See Note 6)	(1,733)
Total credits and reimbursements	<u>(150,794)</u>
Net Expenses	<u>436,358</u>
Net Investment Income	<u>5,119</u>
Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency:	
Net realized gain on investments	1,693,153
Net realized loss on foreign currency transactions ..	(1,207)
Net realized gain on investments and foreign currency transactions	1,691,946
Net change in unrealized appreciation/depreciation: on investments	1,515,804
on foreign currency translations	6,941
Net change in unrealized appreciation/ depreciation on investments and foreign currency translations	1,522,745
Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency	<u>3,214,691</u>
Net Increase in Net Assets Resulting from Operations	<u>\$3,219,810</u>

See accompanying notes to financial statements.

Gabelli ESG Fund, Inc.

Statement of Changes in Net Assets

	Six Months Ended September 30, 2017 (Unaudited)	Year Ended March 31, 2017
Operations:		
Net investment income	\$ 5,119	\$ 167,887
Net realized gain on investments and foreign currency transactions	1,691,946	2,667,678
Net change in unrealized appreciation/depreciation on investments and foreign currency translations	<u>1,522,745</u>	<u>5,899,735</u>
Net Increase in Net Assets Resulting from Operations	<u>3,219,810</u>	<u>8,735,300</u>
Distributions to Shareholders:		
Net realized gain		
Class AAA	—	(623,981)
Class A	—	(729,875)
Class C	—	(416,000)
Class I	—	(828,327)
Total Distributions to Shareholders	<u>—</u>	<u>(2,598,183)</u>
Capital Share Transactions:		
Class AAA	(551,013)	(3,631,965)
Class A	643,940	(4,226,964)
Class C	(1,496,326)	(343,751)
Class I	(5,681,839)	5,295,588
Class T	1,000	—
Net Decrease in Net Assets from Capital Share Transactions	<u>(7,084,238)</u>	<u>(2,907,092)</u>
Redemption Fees	<u>9</u>	<u>17</u>
Net Increase/(Decrease) in Net Assets	<u>(3,864,419)</u>	<u>3,230,042</u>
Net Assets:		
Beginning of year	<u>71,666,511</u>	<u>68,436,469</u>
End of period (including undistributed net investment income of \$187,036 and \$181,917, respectively)	<u>\$67,802,092</u>	<u>\$71,666,511</u>

See accompanying notes to financial statements.

Gabelli ESG Fund, Inc.

Financial Highlights

Selected data for a share of capital stock outstanding throughout each period:

Year Ended March 31	Income (Loss)				Distributions			Ratios to Average Net Assets/Supplemental Data					
	Net Investment Income (Loss)(a)	Realized and Unrealized Gain (Loss) on Investments	Total from Investment Operations	Net Realized Gain on Investments	Total Distributions	Redemption Fees (a)(b)	Net Asset Value End of Period	Total Return†	Net Asset Value End of Period (in 000's)	Net Investment Income (Loss)	Expenses Waivers/Reimbursements	Expenses Waivers/Reimbursements	Portfolio Turnover Rate
Class AAA													
2018(c)	\$15.57	\$ 0.76	\$ 0.76	—	—	\$0.00	\$16.33	4.88%	\$15,597	0.03%(d)	1.25%(d)	1.69%(d)(e)	4%
2017	14.29	1.81	1.85	\$(0.57)	\$(0.57)	0.00	15.57	13.14	15,409	0.27	1.39	1.67(e)	18
2016	14.85	(0.22)	(0.26)	(0.30)	(0.30)	0.00	14.29	(1.79)	17,532	(0.29)	1.68	1.68(e)	14
2015	13.49	1.39	1.36	—	—	—	14.85	10.08	20,886	(0.22)	1.64	1.64	28
2014	12.02	1.48	1.47	—	—	0.00	13.49	12.23	22,988	(0.05)	1.93(f)	1.93(f)	47
2013	10.76	1.27	1.24	—	—	0.00	12.02	11.50	22,050	(0.27)	2.00(f)	2.00(f)	27
Class A													
2018(c)	\$15.55	\$ 0.77	\$ 0.77	—	—	\$0.00	\$16.32	4.95%	\$19,059	0.02%(d)	1.25%(d)	1.69%(d)(e)	4%
2017	14.28	1.80	1.84	\$(0.57)	\$(0.57)	0.00	15.55	13.08	17,569	0.26	1.39	1.67(e)	18
2016	14.84	(0.22)	(0.26)	(0.30)	(0.30)	0.00	14.28	(1.79)	20,002	(0.29)	1.68	1.68(e)	14
2015	13.48	1.39	1.36	—	—	—	14.84	10.09	21,190	(0.19)	1.64	1.64	28
2014	12.01	1.47	1.47	—	—	0.00	13.48	12.24	26,119	(0.02)	1.93(f)	1.93(f)	47
2013	10.77	1.27	1.24	—	—	0.00	12.01	11.51	24,026	(0.32)	2.00(f)	2.00(f)	27
Class C													
2018(c)	\$14.53	\$0.05	\$ 0.66	—	—	\$0.00	\$15.19	4.54%	\$ 9,761	(0.71%)(d)	2.00%(d)	2.44%(d)(e)	4%
2017	13.47	1.70	1.63	\$(0.57)	\$(0.57)	0.00	14.53	12.29	10,815	(0.49)	2.14	2.42(e)	18
2016	14.13	(0.14)	(0.36)	(0.30)	(0.30)	0.00	13.47	(2.60)	10,320	(1.05)	2.43	2.43(e)	14
2015	12.92	1.34	1.21	—	—	—	14.13	9.37	10,919	(0.98)	2.39	2.39	28
2014	11.61	1.41	1.31	—	—	0.00	12.92	11.28	10,229	(0.80)	2.68(f)	2.68(f)	47
2013	10.48	1.24	1.13	—	—	0.00	11.61	10.78	8,225	(1.03)	2.75(f)	2.75(f)	27
Class I													
2018(c)	\$15.87	\$ 0.03	\$ 0.80	—	—	\$0.00	\$16.67	5.04%	\$23,384	0.31%(d)	1.00%(d)	1.44%(d)(e)	4%
2017	14.52	0.08	1.92	\$(0.57)	\$(0.57)	0.00	15.87	13.42	27,874	0.53	1.13	1.42(e)	18
2016	15.06	(0.01)	(0.24)	(0.30)	(0.30)	0.00	14.52	(1.63)	20,582	(0.04)	1.43	1.43(e)	14
2015	13.64	1.43	1.42	—	—	—	15.06	10.41	23,034	(0.09)	1.39	1.39	28
2014	12.13	1.48	1.51	—	—	0.00	13.64	12.45	10,710	0.21	1.68(f)	1.68(f)	47
2013	10.84	1.30	1.29	—	—	0.00	12.13	11.90	7,415	(0.13)	1.75(f)	1.75(f)	27
Class T(g)													
2018(c)	\$16.13	\$ 0.00(b)	\$ 0.20	—	—	—	\$16.33	1.24%	\$ 1	0.05%(d)	1.25%(d)	1.69%(d)(e)	4%

† Total return represents aggregate total return of a hypothetical \$1,000 investment at the beginning of the period and sold at the end of the period including reinvestment of distributions and does not reflect applicable sales charges. Total return for a period of less than one year is not annualized.

(a) Per share amounts have been calculated using the average shares outstanding method.
 (b) Amount represents less than \$0.005 per share.
 (c) For the six months ended September 30, 2017, unaudited.
 (d) Annualized.

(e) The Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. For the six months ended September 30, 2017 and the years ended March 31, 2017 and 2016, there was no impact on the expense ratios.
 (f) Under an expense deferral agreement with the Adviser, the Adviser recovered from the Fund \$130,192 and \$83,801, for the years ended March 31, 2014 and 2013, respectively, representing previously reimbursed expenses from the Adviser. Had such payments not been made, the expense ratios for the years ended March 31, 2014 and 2013 would have been 1.74% and 1.85% (Class AAA and Class A), 2.49% and 2.60% (Class C), and 1.49% and 1.60% (Class C), and 1.49% and 1.60% (Class C), and 1.49% and 1.60% (Class C), respectively.
 (g) Class T Shares were initially offered on July 28, 2017.

See accompanying notes to financial statements.

Gabelli ESG Fund, Inc.

Notes to Financial Statements (Unaudited)

1. Organization. The Gabelli ESG Fund, Inc. (formerly Gabelli SRI Fund, Inc.) was incorporated on March 1, 2007 in Maryland. The Fund changed its name to Gabelli ESG Fund, Inc. on May 17, 2016, with a corresponding change in the name of each of its Classes of Shares. The Fund is a diversified open-end management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”). The Fund commenced investment operations on June 1, 2007. The Fund’s primary objective is to seek capital appreciation. The Fund seeks to achieve its objective by investing substantially all, and in any case no less than 80%, of its assets in common stocks and preferred stocks of companies that meet the Fund’s guidelines for social responsibility at the time of investment. On July 28, 2017, the Fund began to offer for sale Class T Shares.

2. Significant Accounting Policies. 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 financial statements. 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 financial statements.

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 obligations 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, 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. Certain securities are valued principally using dealer quotations. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded. OTC futures and options on futures for which market quotations are readily available will be valued by quotations received from a pricing service or, if no quotations are available from a pricing service, by quotations obtained from one or more dealers in the instrument in question by the Adviser.

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.

Gabelli ESG Fund, Inc.
Notes to Financial Statements (Unaudited) (Continued)

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).

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 September 30, 2017 is as follows:

	Valuation Inputs		Total Market Value at 9/30/17
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	
INVESTMENTS IN SECURITIES:			
ASSETS (Market Value):			
Common Stocks (a)	\$64,891,895	—	\$64,891,895
Closed-End Funds	993,600	—	993,600
U.S. Government Obligations	—	\$2,073,996	2,073,996
TOTAL INVESTMENTS IN SECURITIES – ASSETS	\$65,885,495	\$2,073,996	\$67,959,491

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

The Fund did not have transfers between Level 1 and Level 2 during the six months ended September 30, 2017. The Fund's policy is to recognize transfers among Levels as of the beginning of the reporting period.

There were no Level 3 investments at September 30, 2017 or March 31, 2017.

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 are 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

Gabelli ESG Fund, Inc.

Notes to Financial Statements (Unaudited) (Continued)

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 include 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.

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.

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 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

Gabelli ESG Fund, Inc.

Notes to Financial Statements (Unaudited) (Continued)

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 September 30, 2017 the Fund did not hold restricted securities.

Securities Transactions and Investment Income. Securities transactions are accounted for on the trade date with realized gain/(loss) on investments determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded on the accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on the ex-dividend date, except for certain dividends from foreign securities that are recorded as soon after the ex-dividend date as the Fund becomes aware of such dividends.

Determination of Net Asset Value and Calculation of Expenses. Certain administrative expenses are common to, and allocated among, various affiliated funds. Such allocations are made on the basis of each fund's average net assets or other criteria directly affecting the expenses as determined by the Adviser pursuant to procedures established by the Board.

In calculating the NAV per share of each class, investment income, realized and unrealized gains and losses, redemption fees, and expenses other than class specific expenses are allocated daily to each class of shares based upon the proportion of net assets of each class at the beginning of each day. Distribution expenses are borne solely by the class incurring the expense.

Distributions to Shareholders. Distributions to shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under GAAP. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income for federal income tax purposes include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. These reclassifications have no impact on the NAV of the Fund.

The tax character of distributions paid during the year ended March 31, 2017 was \$2,598,183 of long term capital gains.

Provision for Income Taxes. The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). It is the policy of the Fund to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of its net investment company taxable income and net capital gains. Therefore, no provision for federal income taxes is required.

Gabelli ESG Fund, Inc.
Notes to Financial Statements (Unaudited) (Continued)

The following summarizes the tax cost of investments and the related net unrealized appreciation at September 30, 2017:

	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
Investments.....	\$50,361,181	\$19,009,509	\$(1,411,199)	\$17,598,310

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold. For the six months ended September 30, 2017, the Fund did not incur any income tax, interest, or penalties. As of September 30, 2017, the Adviser has reviewed all open tax years and concluded that there was no impact to the Fund's net assets or results of operations. The Fund's federal and state tax returns for the prior three fiscal years remain open, subject to examination. On an ongoing basis, the Adviser will monitor the Fund's tax positions to determine if adjustments to this conclusion are necessary.

3. Investment Advisory Agreement and Other Transactions. The Fund has entered into an investment advisory agreement (the "Advisory Agreement") with the Adviser which provides that the Fund will pay the Adviser a fee, computed daily and paid monthly, at the annual rate of 1.00% of the value of its average daily net assets. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund's portfolio, oversees the administration of all aspects of the Fund's business and affairs, and pays the compensation of all Officers and Directors of the Fund who are affiliated persons of the Adviser.

Effective July 29, 2016, the Adviser contractually agreed to waive its investment advisory fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the total annual Fund operating expenses after fee waiver and expense reimbursement (excluding brokerage costs, acquired fund fees and expenses, interest, taxes, and extraordinary expenses) at no more than an annual rate of 1.25%, 1.25%, 2.00%, 1.00%, and 1.25% for Class AAA, Class A, Class C, Class I, and Class T, respectively. Under this same arrangement, the Fund has also agreed, during the two year period following the year of any such waiver or reimbursement by the Adviser, to repay such amount, but only to the extent the Fund's adjusted total annual Fund operating expenses would not exceed the foregoing rates for these respective share classes, after giving effect to the repayments. This arrangement is in effect until July 31, 2018 (for Class T shares, for at least one year from the commencement of offering of Class T shares) and may be terminated only by the Board of Directors of the Fund before such time. At September 30, 2017, the cumulative amount which the Fund may repay the Adviser is \$350,131.

For the year ended March 31, 2017, expiring March 31, 2019.....	\$201,070
For the six months ended September 30, 2017, expiring March 31, 2020.....	<u>149,061</u>
Total	<u>\$350,131</u>

The Fund pays each Director who is not considered an affiliated person an annual retainer of \$3,000 plus \$500 for each Board meeting attended. Each Director is reimbursed by the Fund for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$500 per meeting attended and the Chairman of each committee and the Lead Director each receive an annual fee of \$1,000. A Director may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. Directors who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

Gabelli ESG Fund, Inc.
Notes to Financial Statements (Unaudited) (Continued)

4. Distribution Plan. The Fund's Board has adopted a distribution plan (the "Plan") for each class of shares, except for Class I Shares, pursuant to Rule 12b-1 under the 1940 Act. Under the Class AAA, Class A, Class C, and Class T Share Plans, payments are authorized to G.distributors, LLC (the "Distributor"), an affiliate of the Adviser, at annual rates of 0.25%, 0.25%, 1.00%, and 0.25%, respectively, of the average daily net assets of those classes, the annual limitations under each Plan. Such payments are accrued daily and paid monthly.

5. Portfolio Securities. Purchases and sales of securities during the six months ended September 30, 2017, other than short term securities and U.S. Government obligations, aggregated \$2,613,268 and \$10,477,507, respectively.

6. Transactions with Affiliates and Other Arrangements. During the six months ended September 30, 2017, the Fund paid \$900 in brokerage commissions on security trades to G.research, LLC, an affiliate of the Adviser. Additionally, the Distributor retained a total of \$7,573 from investors representing commissions (sales charges and underwriting fees) on sales and redemptions of Fund shares.

During the six months ended September 30, 2017, the Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. The amount of such expenses paid through this directed brokerage arrangement during this period was \$1,733.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement. During the six months ended September 30, 2017, the Fund paid or accrued \$22,500 to the Adviser in connection with the cost of computing the Fund's NAV.

7. Capital Stock. The Fund offers five classes of shares – Class AAA Shares, Class A Shares, Class C Shares, Class I Shares, and Class T Shares. Class AAA Shares and Class I Shares are offered without a sales charge. Class A Shares and Class T are subject to a maximum front-end sales charge of 5.75% and 2.50%, respectively, and Class C Shares are subject to a 1.00% contingent deferred sales charge for one year after purchase.

The Fund imposes a redemption fee of 2.00% on all classes of shares that are redeemed or exchanged on or before the seventh day after the date of a purchase. The redemption fee is deducted from the proceeds otherwise payable to the redeeming shareholders and is retained by the Fund as an increase in paid-in capital. The redemption fees retained by the Fund during the six months ended September 30, 2017 and the year ended March 31, 2017, if any, can be found in the Statement of Changes in Net Assets under Redemption Fees.

Gabelli ESG Fund, Inc.
Notes to Financial Statements (Unaudited) (Continued)

Transactions in shares of capital stock were as follows:

	Six Months Ended September 30, 2017 (Unaudited)		Year Ended March 31, 2017	
	Shares	Amount	Shares	Amount
Class AAA				
Shares sold	42,381	\$ 671,730	127,798	\$ 1,913,997
Shares issued upon reinvestment of distributions	—	—	41,230	611,023
Shares redeemed	<u>(77,153)</u>	<u>(1,222,743)</u>	<u>(406,296)</u>	<u>(6,156,985)</u>
Net decrease	<u>(34,772)</u>	<u>\$ (551,013)</u>	<u>(237,268)</u>	<u>\$ (3,631,965)</u>
Class A				
Shares sold	328,783	\$ 5,202,022	278,375	\$ 4,166,519
Shares issued upon reinvestment of distributions	—	—	45,722	677,144
Shares redeemed	<u>(290,276)</u>	<u>(4,558,082)</u>	<u>(595,632)</u>	<u>(9,070,627)</u>
Net increase/decrease	<u>38,507</u>	<u>\$ 643,940</u>	<u>(271,535)</u>	<u>\$ (4,226,964)</u>
Class C				
Shares sold	24,415	\$ 361,879	138,137	\$ 1,927,768
Shares issued upon reinvestment of distributions	—	—	25,850	358,542
Shares redeemed	<u>(125,913)</u>	<u>(1,858,205)</u>	<u>(185,884)</u>	<u>(2,630,061)</u>
Net decrease	<u>(101,498)</u>	<u>\$ (1,496,326)</u>	<u>(21,897)</u>	<u>\$ (343,751)</u>
Class I				
Shares sold	315,305	\$ 5,063,241	654,927	\$10,161,385
Shares issued upon reinvestment of distributions	—	—	50,381	760,757
Shares redeemed	<u>(668,756)</u>	<u>(10,745,080)</u>	<u>(366,534)</u>	<u>(5,626,554)</u>
Net increase/(decrease)	<u>(353,451)</u>	<u>\$ (5,681,839)</u>	<u>338,774</u>	<u>\$ 5,295,588</u>
Class T (a)				
Shares sold	62	\$ 1,000		
Net increase	<u>62</u>	<u>\$ 1,000</u>		

(a) Class T Shares were initially offered on July 28, 2017.

8. Indemnifications. The Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts. Management has reviewed the Fund's existing contracts and expects the risk of loss to be remote.

9. Subsequent Events. Management has evaluated the impact on the Fund of all subsequent events occurring through the date the financial statements were issued and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

Gabelli ESG Fund, Inc.

Board Consideration and Re-Approval of Investment Advisory Agreement (Unaudited)

In determining whether to approve the continuance of the Investment Advisory Agreement (the “Advisory Agreement”), the Board, including a majority of the Directors who have no direct or indirect interest in the Advisory Agreement and are not “interested persons” of the Fund, as defined in the 1940 Act (the “Independent Board Members”), considered the following information at a meeting on May 16, 2017:

In determining whether to approve the continuance of the Advisory Agreement, the Board Members considered the following information:

1) The nature, extent, and quality of services provided by the Adviser.

The Board Members reviewed in detail the nature and extent of the services provided by the Adviser under the Advisory Agreement and the quality of those services over the past year. The Board noted that these services included managing the investment program of the Fund, including the purchase and sale of portfolio securities, as well as the provision of general corporate services. The Board Members considered that the Adviser also provided, at its expense, office facilities for use by the Fund and supervisory personnel responsible for supervising the performance of administrative, accounting and related services for the Fund, including monitoring to assure compliance with stated investment policies and restrictions under the 1940 Act and related securities regulation. The Board Members noted that, in addition to managing the investment program for the Fund, the Adviser provided certain non-advisory and compliance services, including services for the Fund’s Rule 38a-1 compliance program.

The Board Members also considered that the Adviser paid for all compensation of officers and Board Members of the Fund that are affiliated with the Adviser and that the Adviser further provided services to shareholders of the Fund who had invested through various programs offered by third party financial intermediaries. The Board Members evaluated these factors based on its direct experience with the Adviser and in consultation with Fund Counsel. The Board noted that the Adviser had engaged, at its expense, BNY to assist it in performing certain of its administrative functions. The Board Members concluded that the nature and extent of the services provided was reasonable and appropriate in relation to the advisory fee, that the level of services provided by the Adviser, either directly or through BNY, had not diminished over the past year, and that the quality of service continued to be high.

The Board Members reviewed the personnel responsible for providing services to the Fund and concluded, based on their experience and interaction with the Adviser, that (i) the Adviser was able to retain quality personnel, (ii) the Adviser and its agents exhibited a high level of diligence and attention to detail in carrying out their advisory and administrative responsibilities under the Advisory Agreement, (iii) the Adviser was responsive to requests of the Board, (iv) the scope and depth of the Adviser’s resources were adequate, and (v) the Adviser had kept the Board apprised of developments relating to the Fund and the industry in general. The Board Members also focused on the Adviser’s reputation and long standing relationship with the Fund. The Board Members also believed that the Adviser had devoted substantial resources and made substantial commitments to address new regulatory compliance requirements applicable to the Fund.

2) The performance of the Funds and the Adviser.

The Board Members reviewed the investment performance of the Fund, on an absolute basis, as compared to its peer group of other SEC registered funds, and against the Fund’s broad based securities market benchmark as reflected in the Fund’s prospectus and annual report. The Board Members considered the Fund’s one, three, and five year average annual total return for the periods ended March 31, 2017. The Board noted that generally it placed greater emphasis on the Fund’s longer term performance; however, it noted the shift in investment

Gabelli ESG Fund, Inc.

Board Consideration and Re-Approval of Investment Advisory Agreement (Unaudited) (Continued)

strategy away from “green” investing will make the long term performance less relevant than the short term performance. The peer group considered by the Board Members was developed by the Adviser and was comprised of other social criteria funds. The Board also reviewed the performance of the Broadridge peer group in the Meeting Materials. Fund Counsel instructed the Board that they should consider both peer groups. The Board considered these comparisons helpful in their assessment as to whether the Adviser was obtaining for the Fund’s shareholders the total return performance that was available in the marketplace, given the Fund’s objectives, strategies, limitations and restrictions. In reviewing the performance of the Fund against the Performance Peer group, the Board Members noted that the Fund’s performance was below the median for the one-, three-, and five-year periods. In reviewing the performance of the Fund against the Broadridge peer group, the Board Members noted that the Fund’s performance was below the median for the one-, three-, and five-year periods. The Board Members concluded that the Fund’s performance was reasonable in comparison to that of the Performance Peer Group and the Broadridge peer group, respectively.

In connection with its assessment of the performance of the Adviser, the Board Members considered the Adviser’s financial condition and whether it had the resources necessary to continue to carry out its functions under the Advisory Agreement. The Board Members concluded that the Adviser had the financial resources necessary to continue to perform its obligations under the Advisory Agreement and to continue to provide the high quality services that it has provided to the Fund to date.

3) The cost of the advisory services and the profits to the Adviser and its affiliates from the relationship with the Fund.

In connection with the Board Members consideration of the cost of the advisory services and the profits to the Adviser and its affiliates from the relationship with the Fund, the Board Members considered a number of factors. First, the Board Members compared the level of the advisory fee for the Fund against the comparative Broadridge expense peer group (“Expense Peer Group”). The Board Members also considered comparative non-advisory fee expenses and comparative total fund expenses of the Fund and the Expense Peer Group. The Board Members considered this information as useful in assessing whether the Adviser was providing services at a cost that was competitive with other similar funds. In assessing this information, the Board Members considered both the comparative contract rates as well as the level of advisory fees after waivers and/or reimbursements. The Board Members noted that the Fund’s advisory fee and expense ratio were higher than average when compared to those of the Expense Peer Group.

The Board Members also reviewed the fees charged by the Adviser to provide similar advisory services to other registered investment companies or accounts with similar investment objectives, noting that the fees charged by the Adviser were the same as or lower than the fees charged to the Fund.

The Board Members also considered an analysis prepared by the Adviser of the estimated profitability to the Adviser of its relationship with the Fund and reviewed with the Adviser its cost allocation methodology in connection with its profitability. In this regard, the Board Members reviewed Pro-forma Income Statements of the Adviser for the year ended December 31, 2016. The Board Members considered one analysis for the Adviser as a whole, and a second analysis for the Adviser with respect to the Fund. With respect to the Fund analysis, the Board Members received an analysis based on the Fund’s average net assets during the period as well as a pro-forma analysis of profitability at higher and lower asset levels. The Board Members concluded that the profitability of the Fund to the Adviser under either analysis was not excessive.

Gabelli ESG Fund, Inc.

Board Consideration and Re-Approval of Investment Advisory Agreement (Unaudited) (Continued)

4) *The extent to which economies of scale will be realized as the Fund grows and whether fee levels reflect those economies of scale.*

With respect to the Board Members' consideration of economies of scale, the Board Members discussed whether economies of scale would be realized by the Fund at higher asset levels. The Board Members also reviewed data from the Expense Peer Group to assess whether the Expense Peer Group funds had advisory fee breakpoints and, if so, at what asset levels. The Board Members also assessed whether certain of the Adviser's costs would increase if asset levels rise. The Board Members noted the Fund's current size and concluded that under foreseeable conditions, they were unable to assess at this time whether economies of scale would be realized by the Fund if it were to experience significant asset growth. In the event there were to be significant asset growth in the Fund, the Board Members determined to reassess whether the advisory fee appropriately took into account any economies of scale that had been realized as a result of that growth.

5) *Other Factors.*

In addition to the above factors, the Board Members also discussed other benefits received by the Adviser from their management of the Fund. The Board Members considered that the Adviser does use soft dollars in connection with its management of the Fund.

Based on a consideration of all these factors in their totality, the Board Members, including all of the Independent Board Members, determined that the Fund's advisory fee was fair and reasonable with respect to the quality of services provided and in light of the other factors described above that the Board deemed relevant. Accordingly, the Board Members determined to approve the continuation of the Fund's Advisory Agreement. The Board Members based their decision on evaluations of all these factors as a whole and did not consider any one factor as all-important or controlling.

Gabelli/GAMCO Funds and Your Personal Privacy

Who are we?

The Gabelli/GAMCO Funds are investment companies registered with the Securities and Exchange Commission under the Investment Company Act of 1940. We are managed by Gabelli Funds, LLC and GAMCO Asset Management Inc., which are affiliated with GAMCO Investors, Inc. that is a publicly held company with subsidiaries and affiliates that provide investment advisory services for a variety of clients.

What kind of non-public information do we collect about you if you become a fund shareholder?

If you apply to open an account directly with us, you will be giving us some non-public information about yourself. The non-public information we collect about you is:

- *Information you give us on your application form.* This could include your name, address, telephone number, social security number, bank account number, and other information.
- *Information about your transactions with us, any transactions with our affiliates, and transactions with the entities we hire to provide services to you.* This would include information about the shares that you buy or redeem. If we hire someone else to provide services — like a transfer agent — we will also have information about the transactions that you conduct through them.

What information do we disclose and to whom do we disclose it?

We do not disclose any non-public personal information about our customers or former customers to anyone other than our affiliates, our service providers who need to know such information, and as otherwise permitted by law. If you want to find out what the law permits, you can read the privacy rules adopted by the Securities and Exchange Commission. They are in volume 17 of the Code of Federal Regulations, Part 248. The Commission often posts information about its regulations on its website, www.sec.gov.

What do we do to protect your personal information?

We restrict access to non-public personal information about you to the people who need to know that information in order to provide services to you or the fund and to ensure that we are complying with the laws governing the securities business. We maintain physical, electronic, and procedural safeguards to keep your personal information confidential.

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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 ESG 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. The financial statements and investment portfolio are mailed separately from the commentary. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com.

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Net Asset Value per share available daily
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GABELLI ESG FUND, INC.

*Semiannual Report
September 30, 2017*