

The Gabelli Focus Five Fund

Annual Report — September 30, 2016

To Our Shareholders,

For the year ended September 30, 2016, the net asset value (“NAV”) per Class I Share of The Gabelli Focus Five Fund increased 14.5% compared with the Fund’s benchmark, the Blended Index, which increased 13.3%. The Blended Index 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 page 2 for additional performance information.

Enclosed are the financial statements, including the schedule of investments, as of September 30, 2016.

Performance Discussion (Unaudited)

The Focus Five Fund seeks to provide a high level of capital appreciation. Under normal circumstances, the Fund will invest in a concentrated portfolio of twenty-five to thirty-five equity securities. The Fund could potentially invest up to 50% of its net assets in five securities that represent the largest, and thus the highest conviction, positions.

Some of the better performing investments during the fiscal year were BioScrip Inc. (10.8% of net assets as of September 30, 2016), Inventure Foods Inc. (2.1%), and Take-Two Interactive Software Inc. (2.1%). BioScrip is the third largest provider of home infusion services in the United States. On June 13, 2016, BioScrip announced a transforming transaction with privately held Home Solutions, adding a new CEO and a high margin infusion business that should result in significant cost savings. Inventure is a manufacturer of healthy/natural snacks and frozen products. Take-Two, a global leader in the development, design, marketing, and publication of interactive entertainment software and accessories also performed well. Take-Two continues to benefit from the popularity of interactive entertainment.

Investments that detracted from performance during the year included Alere Inc. (6.6%), Internap Corp. (1.4%), and Jason Industries Inc. (no longer held as of September 30, 2016). Alere develops, manufactures, and sells professional and consumer diagnostic products, including point of care and lab based testing for a range of cardio metabolic, infectious disease, toxicology, and oncology concerns. Abbott Laboratories is in process of acquiring Alere for \$6 billion, although the transaction has taken longer than investors expected. We continue to expect the \$56 per share deal to close in early 2017.

We appreciate your confidence and trust.

Comparative Results

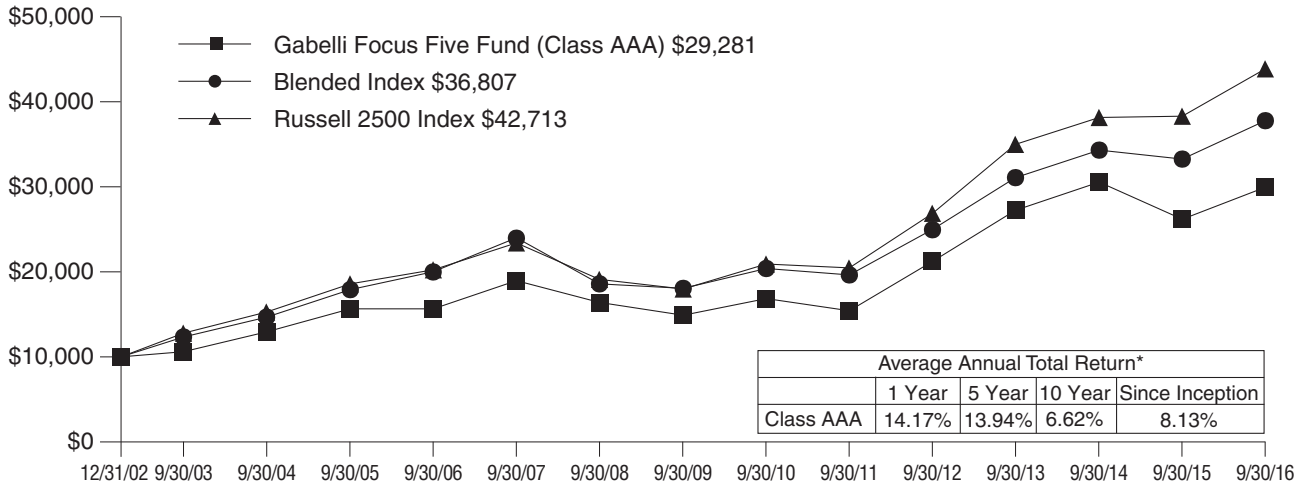
Average Annual Returns through September 30, 2016 (a)(b) (Unaudited)

	1 Year	5 Year	10 Year	Since January 1, 2012(c)	Since Inception (12/31/02)
Class AAA (GWSVX)	14.17%	13.94%	6.62%	10.92%	8.13%
Russell 2500 Index	14.44	16.30	7.95	13.92(d)	11.14
Russell 1000 Index	14.93	16.41	7.40	14.61	9.28
MSCI AC World Ex-U.S. Index	9.80	6.52	2.63	6.05	8.26
Blended Index	13.30	13.70	6.46	12.04	9.94
Class A (GWSAX)	14.19	13.95	6.65	10.94	8.15
With sales charge (e)	7.63	12.61	6.00	9.56	7.67
Class C (GWSCX)	13.35	13.10	5.84	10.11	7.36
With contingent deferred sales charge (f)	12.35	13.10	5.84	10.11	7.36
Class I (GWSIX)	14.51	14.24	6.86	11.22	8.31

In the current prospectuses dated January 28, 2016, the expense ratios for Class AAA, A, C, and I Shares are 1.37%, 1.37%, 2.12%, and 1.12%, respectively. See page 10 for the expense ratios for the year ended September 30, 2016. 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 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. 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 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.

**COMPARISON OF CHANGE IN VALUE OF A \$10,000 INVESTMENT IN
THE GABELLI FOCUS FIVE FUND CLASS AAA, THE BLENDED INDEX, AND THE RUSSELL 2500 INDEX
(Unaudited)**



* Past performance is not predictive of future results. The performance tables and graph do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

The Gabelli Focus Five Fund Disclosure of Fund Expenses (Unaudited)

For the Six Month Period from April 1, 2016 through September 30, 2016 **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. The "Annualized Expense Ratio" represents the actual expenses for the last six months and may be different from the expense ratio in the Financial Highlights which is for the year ended September 30, 2016.

	Beginning Account Value 04/01/16	Ending Account Value 09/30/16	Annualized Expense Ratio	Expenses Paid During Period*
<i>The Gabelli Focus Five Fund</i>				
Actual Fund Return				
Class AAA	\$1,000.00	\$1,083.90	1.38%	\$ 7.19
Class A	\$1,000.00	\$1,083.80	1.38%	\$ 7.19
Class C	\$1,000.00	\$1,079.70	2.13%	\$11.07
Class I	\$1,000.00	\$1,084.90	1.13%	\$ 5.89
Hypothetical 5% Return				
Class AAA	\$1,000.00	\$1,018.10	1.38%	\$ 6.96
Class A	\$1,000.00	\$1,018.10	1.38%	\$ 6.96
Class C	\$1,000.00	\$1,014.35	2.13%	\$10.73
Class I	\$1,000.00	\$1,019.35	1.13%	\$ 5.70

* 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 366.

Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of net assets as of September 30, 2016:

The Gabelli Focus Five Fund

Cable and Satellite	14.2%	U.S. Government Obligations	4.0%
Health Care Equipment and Services	10.8%	Financial Services	3.5%
Specialty Chemicals	9.2%	Energy and Utilities	3.3%
Retail	9.0%	Telecommunications	3.1%
Food and Beverage	7.9%	Semiconductors	2.2%
Health Care Equipment and Supplies	6.6%	Building and Construction	2.2%
Computer Software and Services	5.6%	Entertainment	2.1%
Pharmaceuticals	5.1%	Biotechnology	1.2%
Hotels and Gaming	4.9%	Equipment and Supplies	0.5%
Consumer Products	4.3%	Other Assets and Liabilities (Net)	0.3%
			<u>100.0%</u>

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.

Portfolio Manager Biography

Daniel M. Miller has been the portfolio manager of The Gabelli Focus Five Fund since inception of the investment strategy on January 1, 2012. He is also a Managing Director of GAMCO Investors, Inc. Mr. Miller joined the Firm in 2002 and graduated magna cum laude with a degree in finance from the University of Miami in Coral Gables, Florida.

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

The Gabelli Focus Five Fund

Schedule of Investments — September 30, 2016

Shares		Cost	Market Value	Shares		Cost	Market Value
COMMON STOCKS — 95.7%				Hotels and Gaming — 4.9%			
Biotechnology — 1.2%				MGM Resorts International†.....			
30,000	BioMarin Pharmaceutical Inc.† ...	\$ 2,463,965	\$ 2,775,600	450,162		\$ 8,594,225	\$ 11,717,717
Building and Construction — 2.2%				Pharmaceuticals — 5.1%			
294,570	Taylor Morrison Home Corp.,			275,000	Akorn Inc.†	6,544,425	7,496,500
	Cl. A†	3,918,704	5,184,432	20,000	Allergan plc†.....	4,495,154	4,606,200
Cable and Satellite — 14.2%						11,039,579	12,102,700
395,000	EchoStar Corp., Cl. A†.....	16,389,112	17,312,850	Retail — 9.0%			
500,000	Liberty Global plc, Cl. C†	14,354,783	16,520,000	20,000	Advance Auto Parts Inc.	3,030,284	2,982,400
		30,743,895	33,832,850	512,900	Ascena Retail Group Inc.†	3,274,516	2,867,111
Computer Software and Services — 5.6%				261,669	CST Brands Inc.	9,287,049	12,583,662
10,000	Alphabet Inc., Cl. C†.....	5,997,583	7,772,900	75,000	Hertz Global Holdings Inc.†.....	2,848,065	3,012,000
65,000	Fortinet Inc.†	1,936,983	2,400,450			18,439,914	21,445,173
2,008,833	Internap Corp.†	9,870,003	3,314,574	Semiconductors — 2.2%			
		17,804,569	13,487,924	225,000	Integrated Device Technology		
Consumer Products — 4.3%					Inc.†	4,426,430	5,197,500
129,795	Edgewell Personal Care Co.†	10,319,639	10,321,298	Specialty Chemicals — 9.2%			
Energy and Utilities — 3.3%				510,000	Chemtura Corp.†.....	10,930,902	16,733,100
250,000	Canadian Solar Inc.†	3,599,930	3,435,000	145,000	Methanex Corp.	5,238,196	5,173,600
800,000	Weatherford International plc†....	4,348,337	4,496,000			16,169,098	21,906,700
		7,948,267	7,931,000	Telecommunications — 3.1%			
Entertainment — 2.1%				665,300	Gogo Inc.†.....	6,479,893	7,344,912
112,774	Take-Two Interactive Software			TOTAL COMMON STOCKS.....			
	Inc.†	1,993,805	5,083,852			210,114,549	228,572,984
Equipment and Supplies — 0.5%				Principal Amount			
15,000	Graco Inc.	1,108,008	1,110,000	\$ 9,417,000	U.S. GOVERNMENT OBLIGATIONS — 4.0%		
Financial Services — 3.5%				U.S. Treasury Bills,			
140,000	Blackhawk Network Holdings			0.265% to 0.451%††,			
	Inc.†	4,401,629	4,223,800	10/20/16 to 03/16/17(b)			
65,000	Interactive Brokers Group Inc.,	2,231,006	2,292,550		9,409,939	9,411,138	
	Cl. A			TOTAL INVESTMENTS — 99.7% ...			
448,261	Och-Ziff Capital Management				\$ 219,524,488	237,984,122	
	Group LLC, Cl. A.....	1,805,026	1,945,453	CALL OPTIONS WRITTEN			
		8,437,661	8,461,803	(Premiums received \$39,959)			
Food and Beverage — 7.9%							
545,000	Inventure Foods Inc.†	3,175,872	5,123,000	Other Assets and Liabilities (Net) — 0.3%			
380,000	Maple Leaf Foods Inc.	6,428,973	8,721,217	805,224			
50,000	Post Holdings Inc.†	1,664,675	3,858,500	NET ASSETS — 100.0%			
32,500	United Natural Foods Inc.†	993,762	1,301,300	<u>\$238,755,596</u>			
		12,263,282	19,004,017				
Health Care Equipment and Services — 10.8%							
8,956,023	BioScrip Inc.†(a)	34,285,284	25,882,906				
Health Care Equipment and Supplies — 6.6%							
365,000	Alere Inc.†	13,678,331	15,782,600				

See accompanying notes to financial statements.

The Gabelli Focus Five Fund
Schedule of Investments (Continued) — September 30, 2016

<u>Number of Contracts</u>		<u>Expiration Date/ Exercise Price</u>	<u>Market Value</u>
	OPTION CONTRACTS WRITTEN (c) — (0.0)%		
	Call Options Written — (0.0)%		
500	Inventure Foods Inc.	Jan. 17/10	\$ 33,750

- (a) Security considered an affiliated holding because the Fund owns at least 5% of its outstanding shares.
- (b) At September 30, 2016, \$700,000 of the principal amount was pledged as collateral for options written.
- (c) At September 30, 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 financial statements.

The Gabelli Focus Five Fund

Statement of Assets and Liabilities September 30, 2016

Assets:	
Investments, at value (cost \$185,239,204)	\$212,101,216
Investments in affiliates, at value (cost \$34,285,284)	25,882,906
Cash	8,955
Deposit at brokers	39,954
Receivable for investments sold	1,833,027
Receivable for Fund shares sold	1,520,994
Dividends receivable	1,200
Prepaid expenses	26,116
Total Assets	<u>241,414,368</u>
Liabilities:	
Call options written (premiums received \$39,959)	33,750
Payable for investments purchased	1,900,971
Payable for Fund shares redeemed	371,341
Payable for investment advisory fees	193,959
Payable for distribution fees	62,333
Payable for accounting fees	7,500
Other accrued expenses	88,918
Total Liabilities	<u>2,658,772</u>
Net Assets	
(applicable to 17,779,761 shares outstanding)	<u>\$238,755,596</u>
Net Assets Consist of:	
Paid-in capital	\$225,963,888
Accumulated net investment loss	(2,157,812)
Accumulated net realized loss on investments, written options, and foreign currency transactions	(3,516,323)
Net unrealized appreciation on investments	18,459,634
Net unrealized appreciation on written options	6,209
Net Assets	<u>\$238,755,596</u>
Shares of Capital Stock, each at \$0.001 par value:	
Class AAA:	
Net Asset Value, offering, and redemption price per share (\$33,695,034 ÷ 2,459,074 shares outstanding; 100,000,000 shares authorized)	<u>\$13.70</u>
Class A:	
Net Asset Value and redemption price per share (\$43,775,042 ÷ 3,162,779 shares outstanding; 50,000,000 shares authorized)	<u>\$13.84</u>
Maximum offering price per share (NAV ÷ 0.9425, based on maximum sales charge of 5.75% of the offering price)	<u>\$14.68</u>
Class C:	
Net Asset Value and offering price per share (\$57,796,238 ÷ 4,791,645 shares outstanding; 50,000,000 shares authorized)	<u>\$12.06(a)</u>
Class I:	
Net Asset Value, offering, and redemption price per share (\$103,489,282 ÷ 7,366,263 shares outstanding; 50,000,000 shares authorized)	<u>\$14.05</u>

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

Statement of Operations For the Year Ended September 30, 2016

Investment Income:	
Dividends - unaffiliated (net of foreign withholding taxes of \$56,394)	\$ 809,083
Interest	16,766
Other income*	30,624
Total Investment Income	<u>856,473</u>
Expenses:	
Investment advisory fees	2,656,396
Distribution fees - Class AAA	85,757
Distribution fees - Class A	119,508
Distribution fees - Class C	618,624
Shareholder services fees	196,680
Registration expenses	74,123
Shareholder communications expenses	50,280
Accounting fees	45,000
Legal and audit fees	27,320
Custodian fees	24,766
Directors' fees	9,924
Interest expense	6,780
Miscellaneous expenses	30,933
Total Expenses	<u>3,946,091</u>
Less:	
Expenses paid indirectly by broker (See Note 6)	(4,291)
Net Expenses	<u>3,941,800</u>
Net Investment Loss	<u>(3,085,327)</u>
Net Realized and Unrealized Gain/(Loss) on Investments, Written Options, and Foreign Currency:	
Net realized gain on investments - unaffiliated	16,798,340
Net realized loss on investments - affiliated	(17,368,584)
Net realized loss on foreign currency transactions	(1,040)
Net realized loss on investments and foreign currency transactions	(571,284)
Net change in unrealized appreciation/depreciation: on investments	37,899,722
on written options	6,209
Net change in unrealized appreciation/depreciation on investments and written options	<u>37,905,931</u>
Net Realized and Unrealized Gain/(Loss) on Investments, Written Options, and Foreign Currency	
Net Increase in Net Assets Resulting from Operations	<u>\$ 34,249,320</u>

* The Fund received a one time reimbursement of custody expenses paid in prior years.

See accompanying notes to financial statements.

The Gabelli Focus Five Fund

Statement of Changes in Net Assets

	<u>Year Ended</u> <u>September 30, 2016</u>	<u>Year Ended</u> <u>September 30, 2015</u>
Operations:		
Net investment loss	\$ (3,085,327)	\$ (4,119,153)
Net realized loss on investments, written options, and foreign currency transactions ..	(571,284)	(2,024,195)
Net change in unrealized appreciation/depreciation on investments, written options, and foreign currency translations.....	<u>37,905,931</u>	<u>(51,737,361)</u>
Net Increase/(Decrease) in Net Assets Resulting from Operations	<u>34,249,320</u>	<u>(57,880,709)</u>
Distributions to Shareholders:		
Net realized gain		
Class AAA	—	(4,590,959)
Class A	—	(8,748,506)
Class C	—	(8,227,387)
Class I	—	<u>(24,833,402)</u>
Total Distributions to Shareholders	<u>—</u>	<u>(46,400,254)</u>
Capital Share Transactions:		
Class AAA	(9,685,248)	(7,220,254)
Class A	(20,369,724)	(28,863,265)
Class C	(19,956,810)	3,625,597
Class I	(87,459,731)	(90,452,273)
Net Decrease in Net Assets from Capital Share Transactions	<u>(137,471,513)</u>	<u>(122,910,195)</u>
Redemption Fees	<u>2,568</u>	<u>4,497</u>
Net Decrease in Net Assets	<u>(103,219,625)</u>	<u>(227,186,661)</u>
Net Assets:		
Beginning of year	<u>341,975,221</u>	<u>569,161,882</u>
End of year (including undistributed net investment income of \$0 and \$0, respectively).....	<u>\$ 238,755,596</u>	<u>\$ 341,975,221</u>

See accompanying notes to financial statements.

The Gabelli Focus Five Fund

Financial Highlights

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

Year Ended September 30	from Investment Operations			Distributions			Net Asset Value, Beginning of Year	Net Investment Loss (a)(b)	Total Investment Operations	Net Realized Gain on Investments	Total Distributions	Redemption Fees (b)(c)	Net Asset Value, End of Year	Total Return †	Net Assets End of Year (in 000 \$)	Net Investment Loss (a)	Ratios to Average Net Assets/ Supplemental Data		
	Net Investment Loss (a)(b)	Realized Gain (Loss) on Investments	Net Gain on Investments	Net of Waivers/ Reimburse- ments	Expenses Before Waivers/ Reimburse- ments	Portfolio Turnover Rate													
Class AAA																			
2016	\$12.00	\$0.14	\$1.84	\$1.70	—	—	\$13.70	\$0.00	\$1.70	—	—	\$0.00	\$13.70	14.17%	\$ 33,695	(1.11)%	1.42%	1.42%(d)	60%
2015	15.22	(0.12)	(1.81)	(1.93)	—	—	12.00	0.00	(1.93)	—	—	0.00	12.00	(14.11)	38,960	(0.83)	1.37	1.37(d)	73
2014	13.72	(0.09)	1.75	1.66	(0.16)	—	15.22	0.00	(0.16)	(0.16)	—	0.00	15.22	12.15	57,565	(0.58)	1.38	1.38	94
2013	11.11	(0.14)	3.13	2.99	(0.38)	—	13.72	0.00	(0.38)	(0.38)	—	0.00	13.72	27.74	50,275	(1.05)	1.54(e)	1.54(e)	69
2012	8.19	(0.11)	3.10	2.99	(0.07)	—	11.11	0.00	(0.07)	(0.07)	—	0.00	11.11	36.71	11,714	(1.09)	2.69(f)	2.69(f)	140
Class A																			
2016	\$12.12	\$0.14	\$1.86	\$1.72	—	—	\$13.84	\$0.00	\$1.72	—	—	\$0.00	\$13.84	14.19%	\$ 43,775	(1.10)%	1.42%	1.42%(d)	60%
2015	15.36	(0.12)	(1.83)	(1.95)	—	—	12.12	0.00	(1.29)	—	—	0.00	12.12	(14.11)	57,987	(0.83)	1.37	1.37(d)	73
2014	13.85	(0.09)	1.76	1.67	(0.16)	—	15.36	0.00	(0.16)	(0.16)	—	0.00	15.36	12.11	105,369	(0.59)	1.38	1.38	94
2013	11.21	(0.14)	3.16	3.02	(0.38)	—	13.85	0.00	(0.38)	(0.38)	—	0.00	13.85	27.76	192,157	(1.05)	1.54(e)	1.54(e)	69
2012	8.26	(0.13)	3.15	3.02	(0.07)	—	11.21	0.00	(0.07)	(0.07)	—	0.00	11.21	36.76	7,574	(1.20)	2.69(f)	2.69(f)	140
Class C																			
2016	\$10.64	\$0.21	\$1.63	\$1.42	—	—	\$12.06	\$0.00	\$1.42	—	—	\$0.00	\$12.06	13.95%	\$ 57,796	(1.85)%	2.17%	2.17%(d)	60%
2015	13.73	(0.20)	(1.60)	(1.80)	—	—	10.64	0.00	(1.29)	—	—	0.00	10.64	(14.74)	70,274	(1.58)	2.12	2.12(d)	73
2014	12.49	(0.18)	1.58	1.40	(0.16)	—	13.73	0.00	(0.16)	(0.16)	—	0.00	13.73	11.25	87,443	(1.31)	2.13	2.13	94
2013	10.22	(0.22)	2.87	2.65	(0.38)	—	12.49	0.00	(0.38)	(0.38)	—	0.00	12.49	26.80	55,865	(1.79)	2.29(e)	2.29(e)	69
2012	7.59	(0.17)	2.87	2.70	(0.07)	—	10.22	0.00	(0.07)	(0.07)	—	0.00	10.22	35.79	1,913	(1.83)	2.76	3.44(f)	140
Class I																			
2016	\$12.27	\$0.11	\$1.89	\$1.78	—	—	\$14.05	\$0.00	\$1.78	—	—	\$0.00	\$14.05	14.51%	\$103,490	(0.85)%	1.17%	1.17%(d)	60%
2015	15.50	(0.09)	(1.85)	(1.94)	—	—	12.27	0.00	(1.29)	—	—	0.00	12.27	(13.90)	174,754	(0.58)	1.12	1.12(d)	73
2014	13.94	(0.05)	1.77	1.72	(0.16)	—	15.50	0.00	(0.16)	(0.16)	—	0.00	15.50	12.39	318,785	(0.30)	1.13	1.13	94
2013	11.26	(0.11)	3.17	3.06	(0.38)	—	13.94	0.00	(0.38)	(0.38)	—	0.00	13.94	28.00	110,170	(0.79)	1.29(e)	1.29(e)	69
2012	8.27	(0.09)	3.15	3.06	(0.07)	—	11.26	0.00	(0.07)	(0.07)	—	0.00	11.26	37.21	14,862	(0.84)	1.76	2.44(f)	140

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

(a) Due to capital share activity, net investment loss per share and the ratio to average net assets are not necessarily correlated among the different classes of shares.

(b) Per share amounts have been calculated using the average shares outstanding method.

(c) Amount represents less than \$0.005 per share.

(d) The Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. For the years ended September 30, 2016 and 2015, there was no impact to the expense ratios.

(e) Under an expense deferral agreement with the Adviser, the Adviser recovered from the Fund \$140,973 for the year ended September 30, 2013, representing previously reimbursed expenses from the Adviser. Had such payment not been made, the expense ratio would have been 1.48% (Class AAA and Class A), 2.23% (Class C), and 1.23% (Class I).

(f) During the year ended September 30, 2012, expenses were voluntarily reduced and/or reimbursed. If such fee reductions and/or reimbursements had not occurred, the ratio would have been as shown.

See accompanying notes to financial statements.

The Gabelli Focus Five Fund

Notes to Financial Statements

1. Organization. The Gabelli Focus Five Fund is a series of Gabelli Equity Series Funds, Inc. (the “Corporation”). The Corporation was incorporated on July 25, 1991 in Maryland. The Fund is a non-diversified open-end management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”), and one of three separately managed portfolios of the Corporation. The Fund seeks to provide a high level of capital appreciation. The Fund commenced investment operations on December 31, 2002.

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 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 Gabelli Focus Five Fund

Notes to Financial Statements (Continued)

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 and other financial instruments by inputs used to value the Fund's investments as of September 30, 2016 is as follows:

	Valuation Inputs		Total Market Value at 9/30/16
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	
INVESTMENTS IN SECURITIES:			
ASSETS (Market Value):			
Common Stocks (a)	\$228,572,984	—	\$228,572,984
U.S. Government Obligations	—	\$9,411,138	9,411,138
TOTAL INVESTMENTS IN SECURITIES – ASSETS	\$228,572,984	\$9,411,138	\$237,984,122
INVESTMENTS IN SECURITIES:			
LIABILITIES (Market Value):			
EQUITY CONTRACTS:			
Call Options Written	—	\$ (33,750)	\$ (33,750)
TOTAL INVESTMENTS IN SECURITIES - LIABILITIES	—	\$ (33,750)	\$ (33,750)

(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 year ended September 30, 2016. The Fund's policy is to recognize transfers among Levels as of the beginning of the reporting period.

There were no Level 3 investments held at September 30, 2016 or 2015.

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 and preferred equities, warrants, options, rights, and 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

The Gabelli Focus Five Fund

Notes to Financial Statements (Continued)

which are restricted as to transfer. Among the factors to be considered to fair value a security 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 back testing 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, 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 that, 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.

Collateral requirements differ by type of derivative. Collateral requirements are set by the broker or exchange clearing house for exchange traded derivatives, while collateral terms are contract specific for derivatives traded over-the-counter. Securities pledged to cover obligations of the Fund under derivative contracts are noted in the Schedule of Investments. Cash collateral, if any, pledged for the same purpose will be reported, separately as Deposit at brokers, in the Statement of Assets and Liabilities.

The Fund's derivative contracts held at September 30, 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

The Gabelli Focus Five Fund

Notes to Financial Statements (Continued)

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. Option positions at September 30, 2016, are reflected in the schedule of investments.

The Fund’s volume of activity in equity options contracts while outstanding during the year ended September 30, 2016 had an average monthly market value of approximately \$48,457. Please refer to Note 5 for option activity during the year ended September 30, 2016.

At September 30, 2016, the Fund’s derivative liabilities (by type) are as follows:

	Gross Amounts of Recognized Liabilities Presented in the Statement of Assets and Liabilities	Gross Amounts Available for Offset in the Statement of Assets and Liabilities	Net Amounts of Liabilities Presented in the Statement of Assets and Liabilities
Liabilities			
Equity Written Options	\$33,750	—	\$33,750

The following table presents the Fund’s derivative liabilities by counterparty net of the related collateral segregated by the Fund as of Date:

Counterparty	Net Amounts of Liabilities Presented in the Statement of Assets and Liabilities	Gross Amounts Not Offset in the Statement of Assets and Liabilities		Net Amount
		Financial Instruments	Cash Collateral Pledged	
Pershing LLC	\$33,750	\$33,750	—	—

As of September 30, 2016, the value of equity option positions can be found in the Statement of Assets and Liabilities, under Liabilities, Call options written. For the year ended September 30, 2016, the effect of equity option positions if any, can be found in the Statement of Operations under Net Realized and Unrealized Gain/(Loss) on Investments, Written Options, and Foreign Currency, within Net change in unrealized appreciation on written options.

The Gabelli Focus Five Fund

Notes to Financial Statements (Continued)

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.

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

The Gabelli Focus Five Fund

Notes to Financial Statements (Continued)

by the Fund. 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. Permanent differences were primarily due to current year write-off of net operating loss. These reclassifications have no impact on the NAV of the Fund. For the year ended September 30, 2016, reclassifications were made to decrease accumulated net investment loss by \$3,997,379 and decrease accumulated net realized loss on investments, written options, and foreign currency transactions by \$1,040, with an offsetting adjustment to paid-in capital.

The tax character of distributions paid during the year ended September 30, 2015 was as follows:

	Year Ended September 30, 2015
Distributions paid from:	
Ordinary income (inclusive of short term capital gains)	\$31,010,091
Net long term capital gains	<u>15,390,163</u>
Total distributions paid	<u>\$46,400,254</u>

No distributions were paid during the year ended September 30, 2016.

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,

At September 30, 2016, the components of accumulated earnings/losses on a tax basis were as follows:

Accumulated capital loss carryforwards	\$ (1,624,137)
Net unrealized appreciation on investments and written options	16,573,686
Qualified late year loss deferral*	<u>(2,157,841)</u>
Total	<u>\$12,791,708</u>

* Under the current law, qualified late year losses realized after October 31 and prior to the Fund's year end may be elected as occurring on the first day of the following year. For the year ended September 30, 2016, the Fund elected to defer \$2,157,812, and \$29 of late year ordinary losses and long term capital losses, respectively.

At September 30, 2016, the Fund had short term capital loss carryforwards with no expiration of \$1,624,137. The Fund is permitted to carry capital losses forward for an unlimited period. Capital losses that are carried forward will retain their character as either short term or long term capital losses.

At September 30, 2016, the temporary differences between book basis and tax basis unrealized appreciation on investments were due to deferral of losses from wash sales for tax purposes.

The Gabelli Focus Five Fund

Notes to Financial Statements (Continued)

The following summarizes the tax cost of investments and the related net unrealized depreciation at September 30, 2016:

	<u>Cost/ Premiums</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
Investments	\$221,416,644	\$35,216,843	\$(18,649,365)	\$16,567,478
Written options	(39,959)	6,209	—	6,209
		<u>\$35,223,052</u>	<u>\$(18,649,365)</u>	<u>\$16,573,687</u>

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 year ended September 30, 2016, the Fund did not incur any income tax, interest, or penalties. As of September 30, 2016, 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.

The Corporation pays each Director who is not considered an affiliated person an annual retainer of \$18,000 plus \$2,000 for each Board meeting attended, and they are reimbursed for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$1,000 per meeting attended. The Chairman of the Audit Committee receives a \$3,000 annual fee, and the Lead Director receives an annual fee of \$2,000. A Director may receive a single meeting fee, allocated among the participating funds, for attending 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 Corporation.

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, and Class C Share Plans, payments are authorized to G.distributors, LLC (the "Distributor"), an affiliate of the Adviser, at annual rates of 0.25%, 0.25%, and 1.00%, 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 year ended September 30, 2016, other than short term securities and U.S. Government obligations, aggregated \$157,828,849 and \$305,176,041 respectively.

The Gabelli Focus Five Fund

Notes to Financial Statements (Continued)

Written options activity for the Fund for the year ended September 30, 2016 was as follows:

	<u>Number of Contracts</u>	<u>Premiums</u>
Options outstanding at September 30, 2015	—	—
Options written	850	\$ 90,525
Options exercised	<u>(350)</u>	<u>(50,566)</u>
Options outstanding at September 30, 2016	<u>500</u>	<u>\$ 39,959</u>

6. Transactions with Affiliates and Other Arrangements. During the year ended September 30, 2016, the Fund paid \$1,500 in brokerage commissions on security trades to G.research, LLC, an affiliate of the Adviser. Additionally, the Distributor retained a total of \$31,377 from investors representing commissions (sales charges and underwriting fees) on sales and redemptions of Fund shares.

During the year ended September 30, 2016, 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 \$4,291.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement. During the year ended September 30, 2016, the Fund paid or accrued \$45,000 to the Adviser in connection with the cost of computing the Fund's NAV.

During the year ended September 30, 2016, the Fund engaged in purchase and sale transactions with funds that have a common investment adviser. These purchase and sale transactions complied with Rule 17a-7 under the Act and amount to \$499,500 and \$4,158,400, respectively.

7. Line of Credit. The Fund participates in an unsecured line of credit, which expires on March 9, 2017 and may be renewed annually, of up to \$75,000,000 under which it may borrow up to 10% of its net assets from the custodian for temporary borrowing purposes. Borrowings under this arrangement bears interest at a floating rate equal to the higher of the overnight Federal Funds rate plus 125 basis points or the 30 day LIBOR plus 125 basis points in effect on that day. This amount, if any, would be included in "Interest expense" in the Statement of Operations. At September 30, 2016, there were no borrowings under the line of credit.

The average daily amount of borrowings outstanding under the line of credit during the year ended September 30, 2016 was \$458,103 with a weighted average interest rate of 1.03%. The maximum amount borrowed at any time during the year ended September 30, 2016 was \$23,374,000.

8. Capital Stock. The Fund offers four classes of shares—Class AAA Shares, Class A Shares, Class C Shares, and Class I Shares. Class AAA and Class I Shares are offered without a sales charge. Class A Shares are subject to a maximum front-end sales charge of 5.75%, 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 years ended September 30, 2016 and 2015, if any, can be found in the Statement of Changes in Net Assets under Redemption Fees.

The Gabelli Focus Five Fund

Notes to Financial Statements (Continued)

Transactions in shares of capital stock were as follows:

	Year Ended September 30, 2016		Year Ended September 30, 2015	
	Shares	Amount	Shares	Amount
Class AAA				
Shares sold.....	325,047	\$ 3,981,673	613,887	\$ 8,810,559
Shares issued upon reinvestment of distributions.....	—	—	305,052	4,411,053
Shares redeemed	(1,113,757)	(13,666,921)	(1,454,097)	(20,441,866)
Net decrease	<u>(788,710)</u>	<u>\$ (9,685,248)</u>	<u>(535,158)</u>	<u>\$ (7,220,254)</u>
Class A				
Shares sold.....	545,886	\$ 6,946,569	1,269,743	\$ 18,577,441
Shares issued upon reinvestment of distributions.....	—	—	530,683	7,747,971
Shares redeemed	(2,168,667)	(27,316,293)	(3,875,110)	(55,188,677)
Net decrease	<u>(1,622,781)</u>	<u>\$ (20,369,724)</u>	<u>(2,074,684)</u>	<u>\$ (28,863,265)</u>
Class C				
Shares sold.....	745,654	\$ 8,293,234	1,737,215	\$ 22,450,442
Shares issued upon reinvestment of distributions.....	—	—	512,106	6,606,165
Shares redeemed	(2,559,094)	(28,250,044)	(2,012,006)	(25,431,010)
Net increase/(decrease).....	<u>(1,813,440)</u>	<u>\$ (19,956,810)</u>	<u>237,315</u>	<u>\$ 3,625,597</u>
Class I				
Shares sold.....	1,608,302	\$ 20,528,256	3,482,601	\$ 51,033,834
Shares issued upon reinvestment of distributions.....	—	—	1,336,689	19,716,160
Shares redeemed	(8,485,808)	(107,987,987)	(11,144,226)	(161,202,267)
Net decrease	<u>(6,877,506)</u>	<u>\$ (87,459,731)</u>	<u>(6,324,936)</u>	<u>\$ (90,452,273)</u>

9. Transactions in Securities of Affiliated Issuers. The 1940 Act defines affiliated issuers as those in which the Fund's holdings of an issuer represent 5% or more of the outstanding voting securities of the issuer. A summary of the Fund's transactions in the securities of these issuers during the year ended September 30, 2016 is set forth below:

	Beginning Shares	Shares Purchased	Shares Sold	Ending Shares	Dividend Income	Realized Loss	Value at September 30, 2016	Percent Owned of Shares Outstanding
Bioscrip Inc.	7,639,940	3,160,060	(1,843,977)	8,956,023	—	\$ (7,497,732)	\$25,882,906	7.86%
Jason Industries Inc.* ..	1,595,212	117,515	(1,712,727)	—	—	(9,870,852)	—	—
					—	<u>\$ (17,368,584)</u>	<u>\$25,882,906</u>	

* Security is no longer considered affiliated at 09/30/16.

10. 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.

11. 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.

The Gabelli Focus Five Fund

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of
The Gabelli Focus Five Fund

We have audited the accompanying statement of assets and liabilities of The Gabelli Focus Five Fund (the “Fund”), a series of Gabelli Equity Series Funds, Inc., including the schedule of investments, as of September 30, 2016, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of September 30, 2016, by correspondence with the Fund’s custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of The Gabelli Focus Five Fund, a series of Gabelli Equity Series Funds, Inc., at September 30, 2016, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

New York, New York
November 23, 2016

The Gabelli Focus Five Fund

Additional Fund Information (Unaudited)

The business and affairs of the Corporation are managed under the direction of the Corporation's Board of Directors. Information pertaining to the Directors and officers of the Corporation is set forth below. The Corporation's Statement of Additional Information includes additional information about the Corporation's Directors and is available without charge, upon request, by calling 800-GABELLI (800-422-3554) or by writing to The Gabelli Focus Five Fund at One Corporate Center, Rye, NY 10580-1422.

<u>Name, Position(s) Address¹ and Age</u>	<u>Term of Office and Length of Time Served²</u>	<u>Number of Funds in Fund Complex Overseen by Director</u>	<u>Principal Occupation(s) During Past Five Years</u>	<u>Other Directorships Held by Director⁴</u>
INTERESTED DIRECTORS³:				
Mario J. Gabelli, CFA Director and Chief Investment Officer Age: 74	Since 1991	30	Chairman, Chief Executive Officer, and Chief Investment Officer—Value Portfolios of GAMCO Investors, Inc. and Chief Investment Officer—Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc.; Director/Trustee or Chief Investment Officer of other registered investment companies within the Gabelli/GAMCO Fund Complex; Chief Executive Officer of GGCP, Inc.; Chief Executive Officer and Chairman of the Board of Associated Capital Group, Inc.	Director of Morgan Group Holdings, Inc. (holding company); Chairman of the Board and Chief Executive Officer of LICT Corp. (multimedia and communication services company); Director of CIBL, Inc. (broadcasting and wireless communications); Director of ICTC Group Inc. (communications); Director of RLJ Acquisition Inc. (blank check company) (2011-2012)
John Gabelli Director Age: 72	Since 1991	10	Senior Vice President of G.research, LLC	—
INDEPENDENT DIRECTORS⁵:				
Anthony J. Colavita Director Age: 80	Since 1991	36	President of the law firm of Anthony J. Colavita, P.C.	—
Vincent D. Enright Director Age: 72	Since 1991	17	Former Senior Vice President and Chief Financial Officer of KeySpan Corp. (public utility) (1994-1998)	Director of Echo Therapeutics, Inc. (therapeutics and diagnostics) (2008-2014); Director of LGL Group, Inc. (diversified manufacturing) (2011-2014)
Robert J. Morrissey Director Age: 77	Since 1991	6	Partner in the law firm of Morrissey, Hawkins & Lynch	Chairman of the Board, Belmont Savings Bank
Kuni Nakamura Director Age: 48	Since 2009	19	President of Advanced Polymer, Inc. (chemical manufacturing company); President of KEN Enterprises, Inc. (real estate)	—
Anthony R. Pustorino Director Age: 91	Since 1991	13	Certified Public Accountant; Professor Emeritus, Pace University	Director of The LGL Group, Inc. (diversified manufacturing) (2004-2011)
Anthonie C. van Ekris Director Age: 82	Since 1991	22	Chairman and Chief Executive Officer of BALMAC International, Inc. (global import/export company)	—
Salvatore J. Zizza Director Age: 70	Since 2001	30	President of Zizza & Associates Corp. (private holding company); Chairman of Harbor Diversified, Inc. (pharmaceuticals); Chairman of BAM (semiconductor and aerospace manufacturing); Chairman of Bergen Cove Realty Inc.; Chairman of Metropolitan Paper Recycling Inc. (recycling) (2005-2014)	Director and Vice Chairman of Trans-Lux Corporation (business services); Director and Chairman of Harbor Diversified Inc. (pharmaceuticals); Director, Chairman, and CEO of General Employment Enterprises (staffing services) (2009-2012)

The Gabelli Focus Five Fund Additional Fund Information (Unaudited) (Continued)

Name, Position(s) Address ¹ and Age	Term of Office and Length of Time Served ²	Principal Occupation(s) During Past Five Years
OFFICERS:		
Bruce N. Alpert President Age: 64	Since 1991	Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988; Officer of registered investment companies within the Gabelli/GAMCO Fund Complex; Senior Vice President of GAMCO Investors, Inc. since 2008; Director of Teton Advisors, Inc., 1998-2012; Chairman of Teton Advisors, Inc., 2008-2010; President of Teton Advisors, Inc., 1998-2008
Andrea R. Mango Secretary Age: 44	Since 2013	Vice President of GAMCO Investors, Inc. since 2016; Counsel of Gabelli Funds, LLC since 2013; Secretary of all registered investment companies within the Gabelli/GAMCO Fund Complex since 2013; Vice President of all closed-end funds within the Gabelli/GAMCO Fund Complex since 2014; Corporate Vice President within the Corporate Compliance Department of New York Life Insurance Company, 2011-2013; Vice President and Counsel of Deutsche Bank, 2006-2011
Agnes Mullady Treasurer Age: 58	Since 2006	President and Chief Operating Officer of the Fund Division of Gabelli Funds, LLC since 2010; Chief Executive Officer of G.distributors, LLC since 2010; Senior Vice President of GAMCO Investors, Inc. since 2009; Vice President of Gabelli Funds, LLC since 2007; Officer of all of the registered investment companies within the Gabelli/GAMCO Fund Complex
Richard J. Walz Chief Compliance Officer Age: 57	Since 2013	Chief Compliance Officer of all of the registered investment companies within the Gabelli/GAMCO Fund Complex since 2013; Chief Compliance Officer of AEGON USA Investment Management, 2011-2013; Chief Compliance Officer of Cutwater Asset Management, 2004-2011

¹ Address: One Corporate Center, Rye, NY 10580-1422, unless otherwise noted.

² Each Director will hold office for an indefinite term until the earliest of (i) the next meeting of shareholders, if any, called for the purpose of considering the election or re-election of such Director and until the election and qualification of his or her successor, if any, elected at such meeting, or (ii) the date a Director resigns or retires, or a Director is removed by the Board of Directors or shareholders, in accordance with the Fund's By-Laws and Articles of Incorporation. Each officer will hold office for an indefinite term until the date he or she resigns or retires or until his or her successor is elected and qualified.

³ "Interested person" of the Fund as defined in the 1940 Act. Messrs. Gabelli are each considered an "interested person" because of their affiliation with Gabelli Funds, LLC which acts as the Fund's investment adviser. Mario J. Gabelli and John D. Gabelli are brothers.

⁴ This column includes only directorships of companies required to report to the SEC under the Securities Exchange Act of 1934, as amended, i.e., public companies, or other investment companies registered under the 1940 Act.

⁵ Directors who are not interested persons are considered "Independent" Directors.

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.

Gabelli Equity Series Funds, Inc.

THE GABELLI FOCUS FIVE FUND

One Corporate Center
Rye, New York 10580-1422

t 800-GABELLI (800-422-3554)

f 914-921-5118

e info@gabelli.com

GABELLI.COM

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

BOARD OF DIRECTORS

Mario J. Gabelli, CFA
Chairman and
Chief Executive Officer,
GAMCO Investors, Inc.
Chairman and
Chief Executive Officer,
Associated Capital Group, Inc.

Anthony J. Colavita
President,
Anthony J. Colavita, P.C.

Vincent D. Enright
Former Senior Vice
President and Chief
Financial Officer,
KeySpan Corp.

John D. Gabelli
Senior Vice President,
G.research, LLC

Robert J. Morrissey
Partner,
Morrissey, Hawkins & Lynch

Kuni Nakamura
President,
Advanced Polymer, Inc.

Anthony R. Pustorino
Certified Public Accountant,
Professor Emeritus,
Pace University

Anthonie C. van Ekris
Chairman,
BALMAC International, Inc.

Salvatore J. Zizza
Chairman,
Zizza & Associates Corp.

OFFICERS

Bruce N. Alpert
President

Andrea R. Mango
Secretary

Agnes Mullady
Treasurer

Richard J. Walz
Chief Compliance Officer

DISTRIBUTOR

G.distributors, LLC

CUSTODIAN, TRANSFER AGENT, AND DIVIDEND DISBURSING AGENT

State Street Bank and Trust
Company

LEGAL COUNSEL

Skadden, Arps, Slate, Meagher &
Flom LLP

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.

GAB840Q316AR



GABELLI
FUNDS

THE GABELLI FOCUS FIVE FUND

Annual Report
September 30, 2016

