

The Gabelli Focus Five Fund

Shareholder Commentary

June 30, 2018

To Our Shareholders,

The Gabelli Focus Five Fund (GWSIX) was +1.5%, net of expenses, in the quarter that ended June 30, 2018.

Geopolitical concerns and opportunities once again dominated a turbulent period for the stock market, while business fundamentals and underlying earnings continued to improve.

Headlines regarding trade, nuclear deterrents, and monetary policy all contributed to daily and weekly volatility for equity investors.

Many corporations are beginning to repatriate billions of dollars back into the U.S. as a result of tax reform, with the increased financial flexibility likely to mean more buybacks, dividends, and M&A. The FAAMG trade remains strong, but with valuations ever more stretched, we continue to focus on opportunities around the world that offer compelling risk / reward with the presence of catalysts.

At the end of the quarter, the Fund had a cash position of 3.5%, along with 33 investments. The top 10 positions comprised 49.8% of AUM, and importantly, have an average upside of 32% relative to our 2019 Private Market Value estimates.

We've recently added several positions to the portfolio, including EnPro Industries Inc. (NPO) (0.8% of net assets as of June 30, 2018), Colfax Corporation (CFX) (0.6%) and Circor International Inc. (CIR) (0.4%).

EnPro engineers and manufactures products for heavy and medium trucks through industrial / power generation, in three segments: sealing products, engineered products, and power systems. NPO is trading at an attractive valuation of just 8x our 2019 adjusted EBITDA estimate of \$226mm. With asbestos no longer an issue, investors should focus on bottom line growth. NPO's ability to maintain a strong balance sheet should help aid management's ability in positioning the company as an attractive acquisition target.

Colfax Corporation operates as an industrial infrastructure manufacturer with the majority of its sales coming from its fabrication technology segment. Moving forward, technology will dictate the success in mechanical automation which will help in cutting global infrastructure costs. Despite being one of the leading plays on infrastructure spending and the company's strong FCF generation, CFX trades at just 9x our 2019 adjusted EBITDA estimate of \$535mm.

Circor International specializes in manufacturing valve equipment across the globe in three main segments: energy, aerospace, and defense & industrials. A new built facility, based in Mexico, has helped ramp up production for its energy segment, easing prior supply chain pressure. CIR's aerospace sector has seen a sharp increase in margins as it is focusing on lowering its cost structure by relocating facilities. Organic growth should improve as the energy market continues to recover. We estimate a private market value of \$61 per share in 2019 based on a 10x EBITDA multiple.

Contributors to Performance

Contributors to performance during the quarter included BioScrip (9.6% of net assets as of June 30, 2018) (1.65% contribution), Liberty Formula One (5.7%) (1.12%), Weatherford (1.9%) (0.94%), Pandora Media (1.7%) (0.80%) and Post Holdings (3.7%) (0.52%).

BioScrip continues to execute on a multi-year turnaround. EBITDA in 2018 should approach \$60 million, but importantly, should exceed \$90 million in 2019 when the company begins to collect on Medicare infusion services. Industry consolidation is likely to benefit the company long term, and contribute to top line growth as a result.

Formula One is in the early stages of transforming its business under Liberty's leadership. Catalysts that we expect to surface in the coming quarters include new sponsorships, increased coverage and OTT viewership, and the launch of new markets in China and the U.S. EBITDA is estimated to grow from \$470 million this year to \$550 million in 2019 and \$640 million in 2020, at which time shares should be worth in the high \$50s.

Pandora Media remains committed to expanding its advertisement revenues after its recent acquisition of AdsWizz, a digital audio tech company, for \$145mm. This should help bolster advertisement revenues in an effort to monetize its current subscription based business model. Furthermore, Pandora reached an agreement with Snapchat on a social media partnership which enables users from both platforms to seamlessly connect and share music. Pandora is beginning to shift its focus towards a more profitable business structure, reflective in its current transactions to help increase its ad revenue.

Detractors to Performance

Detractors from performance during the quarter included GoGo Inc. (3.1%) (-2.10%), MGM Resorts (6.2%) (-1.08%) and Liberty Global Plc (3.5%) (-0.58%).

GoGo operates the largest in-flight connectivity business in the world, including a North American business jet market that generates over \$100 million of EBITDA annually. The company was negatively impacted by a de-icing issue on its new commercial 2Ku antennae in late 2017, and it has taken longer than anticipated to correct. Oak Thorne, who owns about 30% of the equity, recently took the reins as CEO. Oak's prior role as

public company CEO culminated in a sale at 15x the share price from its low point in a 2-year period; he now will head a new business plan in hopes of turning around GOGO's recent operational struggles.

MGM shares declined approximately 20% in the quarter, following a slight reduction in full year guidance which was attributable to a slower recovery at Mandalay. Nevertheless, Las Vegas and key regional markets are exhibiting growth, and we think MGM should be a meaningful beneficiary from the legalization of sports betting. The company announced a \$2 billion share buyback program, and FCF should increase sharply starting in the fourth quarter of 2018.

In conclusion, we remain committed to our investment strategy of managing a concentrated portfolio of high conviction ideas with an average 3-year holding period. We look forward to sharing additional insight in the coming weeks and months.

Top Ten Holdings (Percent of Net Assets)
June 30, 2018

Bioscrip Inc.	9.6%	Synchrony Financial	4.2%
MGM Resorts International	6.2%	Mondelēz International Inc.	4.1%
Liberty Media Corp. Formula One	5.7%	Mueller Water Products Inc.	3.7%
Maple Leaf Foods Inc.	4.6%	Post Holdings Inc.	3.7%
Lennar Corp.	4.5%	APTIV Plc	3.7%

Note: The views expressed in this Shareholder Commentary reflect those of the Portfolio Manager only through the end of the period stated in this Shareholder Commentary. The Portfolio Manager's views are subject to change at any time based on market and other conditions. The information in this Portfolio Manager's Shareholder Commentary represents the opinions of the individual Portfolio Manager and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. Views expressed are those of the Portfolio Manager and may differ from those of other portfolio managers or of the Firm as a whole. This Shareholder Commentary does not constitute an offer of any transaction in any securities. Any recommendation contained herein may not be suitable for all investors. Information contained in this Shareholder Commentary has been obtained from sources we believe to be reliable, but cannot be guaranteed.

Minimum Initial Investment – \$1,000

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

www.gabelli.com

Please visit us on the Internet. Our homepage at www.gabelli.com contains information about GAMCO Investors, Inc., the Gabelli/GAMCO Mutual Funds, IRAs, 401(k)s, current and historical quarterly reports, closing prices, and other current news. We welcome your comments and questions via e-mail at info@gabelli.com.

The Fund's daily NAV is available in the financial press and each evening after 7:00 PM (Eastern Time) by calling 800-GABELLI (800-422-3554). Please call us during the business day, between 8:00 AM – 7:00 PM (Eastern Time), for further information.

You may sign up for our e-mail alerts at www.gabelli.com and receive early notice of quarterly report availability, news events, media sightings, and mutual fund prices and performance.

e-delivery

We are pleased to offer electronic delivery of Gabelli fund documents. Direct shareholders of our mutual funds can elect to receive their Annual and Semiannual Reports, Manager Commentaries, and Prospectuses via e-delivery. For more information or to sign up for e-delivery, please visit our website at www.gabelli.com.

Multi-Class Shares

The Gabelli Focus Five Fund Class AAA Shares are no-load shares offered directly through selected broker/dealers. Class A and Class C Shares are targeted to the needs of investors who seek advice through financial consultants. Class I Shares are available solely to certain institutions, directly through the Fund's distributor or brokers that have entered into selling agreements specifically with respect to Class I Shares. The Board of Directors determined that expanding the types of Fund shares available through various distribution options will enhance the ability of the Fund to attract additional investors.

Comparative Results

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

	Quarter(c)	1 Year(c)	3 Year(c)	5 Year	Since 1/1/12(c)	10 Year	Since Inception (12/31/02)
Class I (GWSIX)	1.50%	(1.42)%	(0.96)%	3.29%	8.55%	6.56%	7.53%
Class AAA (GWSVX)	1.47	(1.69)	(1.18)	3.03	8.27	6.29	7.34
Russell 2500 Index	5.71	16.24	10.30	12.29	14.62(d)	10.74	11.74
Russell 1000 Index	3.57	14.54	11.64	13.37	14.77	10.20	10.04
MSCI AC World Index Ex-U.S.	(2.39)	7.79	5.56	6.48	5.92	3.01	8.67
Blended Index	3.08	13.62	9.41	11.06	12.12	8.63	10.53
Class A (GWSAX)	1.46	(1.67)	(1.19)	3.03	8.28	6.29	7.37
With sales charge (e)	(4.38)	(7.32)	(3.12)	1.82	7.30	5.65	6.95
Class C (GWSCX)	1.27	(2.42)	(1.92)	2.26	7.47	5.50	6.58
With contingent deferred sales charge (f) . .	0.27	(3.39)	(1.92)	2.26	7.47	5.50	6.58
Class T (GWSTX)	1.47	(1.77)	(1.20)	3.01	8.26	6.28	7.34
With sales charge (g)	(1.07)	(4.23)	(2.03)	2.49	7.84	6.01	7.16

In the current prospectuses dated January 26, 2018, the expense ratios for Class AAA, A, C, I, and T Shares are 1.43%, 1.43%, 2.18%, 1.18%, and 1.43%, respectively. Class AAA and Class I Shares have no sales charge. The maximum sales charge for Class A Shares, Class 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 the Adviser not reimbursed certain expenses of the Fund. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days 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 NAVs are used to calculate performance for the periods prior to the issuance of Class I Shares on January 11, 2008 and Class T Shares on July 5, 2017. The actual performance of Class I Shares would have been higher due to lower expenses associated with this class of shares. The actual performance of the Class T Shares would have been lower due to the additional fees and expenses associated with the class of shares. The Russell 2500 Index is a market capitalization weighted index of 2,500 U.S. traded 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 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, 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.
- (g) Performance results include the effect of the maximum 2.50% sales charge at the beginning of the period.

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. GAMCO Investors, Inc. is a publicly held company that has 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.

THE GABELLI FOCUS FIVE FUND
One Corporate Center
Rye, NY 10580-1422

Portfolio Manager Biography

Daniel M. Miller has been the portfolio manager of The Gabelli Focus Five Fund since the 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 after graduating magna cum laude with a degree in finance from the University of Miami in Coral Gables, Florida.

Gabelli Equity Series Funds, Inc.
THE GABELLI FOCUS FIVE FUND

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

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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.



GABELLI
FUNDS

THE GABELLI FOCUS FIVE FUND

Shareholder Commentary
June 30, 2018

The Gabelli Focus Five Fund

Third Quarter Report — June 30, 2018

To Our Shareholders,

For the quarter ended June 30, 2018, the net asset value (“NAV”) per Class I Share of The Gabelli Focus Five Fund increased 1.5% compared with the Fund’s benchmark, the Blended Index, which increased 3.1%. The benchmark consists of 50% of the Russell 2500 Index, 25% of the Russell 1000 Index, and 25% of the MSCI AC World Ex-U.S. Index. Other classes of shares are available. See below for performance information for all classes of shares.

Enclosed is the schedule of investments, as of June 30, 2018.

Comparative Results

Average Annual Returns through March 31, 2018 (a)(b) (Unaudited)							
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(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.

(g) Performance results include the effect of the maximum 2.50% sales charge at the beginning of the period.

The Gabelli Focus Five Fund

Schedule of Investments — June 30, 2018 (Unaudited)

Shares		Market Value	Shares		Market Value
	COMMON STOCKS — 95.9%			Financial Services — 4.1%	
	Automotive: Parts and Accessories — 8.5%		131,496	Synchrony Financial	\$ 4,389,336
42,100	Aptiv plc	\$ 3,857,623		Food and Beverage — 12.2%	
55,000	Delphi Technologies plc.	2,500,300	190,000	Maple Leaf Foods Inc.	4,804,016
60,000	Tenneco Inc.	<u>2,637,600</u>	105,000	Mondelēz International Inc., Cl. A	4,305,000
		<u>8,995,523</u>	45,000	Post Holdings Inc.†	<u>3,870,900</u>
					<u>12,979,916</u>
	Broadcasting — 3.5%			Health Care Equipment and Services — 9.5%	
115,034	Sinclair Broadcast Group Inc., Cl. A	<u>3,698,343</u>	3,450,000	BioScrip Inc.†	<u>10,108,500</u>
	Building and Construction — 6.4%			Health Care Equipment and Supplies — 3.6%	
37,500	Herc Holdings Inc.†	2,112,750	110,000	K2M Group Holdings Inc.†	2,475,000
90,000	Lennar Corp., Cl. A	<u>4,725,000</u>	25,000	NuVasive Inc.†	<u>1,303,000</u>
		<u>6,837,750</u>			<u>3,778,000</u>
	Business Services — 2.1%			Hotels and Gaming — 6.2%	
185,000	Diebold Nixdorf Inc.	<u>2,210,750</u>	225,000	MGM Resorts International.	<u>6,531,750</u>
	Cable and Satellite — 10.6%			Pharmaceuticals — 2.7%	
35,000	EchoStar Corp., Cl. A†	1,554,000	17,500	Allergan plc.	<u>2,917,600</u>
140,000	Liberty Global plc, Cl. C†	3,725,400		Retail — 2.2%	
170,000	Liberty Media Corp.- Liberty Formula One, Cl. A†	<u>6,002,700</u>	22,500	Casey's General Stores Inc.	<u>2,364,300</u>
		<u>11,282,100</u>		Telecommunications — 5.3%	
	Computer Software and Services — 3.9%		125,000	CenturyLink Inc.	2,330,000
2,075	Alphabet Inc., Cl. C†	2,314,974	675,000	Gogo Inc.†	<u>3,280,500</u>
170,000	Internap Corp.†	<u>1,771,400</u>			<u>5,610,500</u>
		<u>4,086,374</u>		TOTAL COMMON STOCKS	<u>101,754,167</u>
	Consumer Services — 1.7%			U.S. GOVERNMENT OBLIGATIONS — 4.1%	
40,000	GCI Liberty Inc., Cl. A†	<u>1,803,200</u>		U.S. Treasury Bills, 1.880% to 1.899%††, 09/13/18 to 09/27/18	<u>4,304,977</u>
	Diversified Industrial — 1.4%			TOTAL INVESTMENTS — 100.0%	
20,000	Colfax Corp.†	613,000		(Cost \$93,384,902)	<u>\$106,059,144</u>
12,500	EnPro Industries Inc.	<u>874,375</u>			
		<u>1,487,375</u>			
	Energy and Utilities — 4.4%				
150,000	Patterson-UTI Energy Inc.	2,700,000			
600,000	Weatherford International plc†	<u>1,974,000</u>			
		<u>4,674,000</u>			
	Entertainment — 1.7%				
225,000	Pandora Media Inc.†	<u>1,773,000</u>			
	Equipment and Supplies — 5.9%				
10,000	CIRCOR International Inc.	369,600			
45,000	HD Supply Holdings Inc.†	1,930,050			
335,000	Mueller Water Products Inc., Cl. A	<u>3,926,200</u>			
		<u>6,225,850</u>			

† Non-income producing security.
†† Represents annualized yields at dates of purchase.

See accompanying notes to schedule of investments.

The Gabelli Focus Five Fund

Notes to Schedule of Investments (Unaudited)

As an investment company, the Fund follows the investment company accounting and reporting guidance, which is part of U.S. generally accepted accounting principles (“GAAP”) that may require the use of management estimates and assumptions in the preparation of its schedule of investments. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its schedule of investments.

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

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market, but prior to the close of business on the day the securities are being valued. Debt 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. dollar value American Depositary Receipt securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

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

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

The Gabelli Focus Five Fund

Notes to Schedule of Investments (Unaudited) (Continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments in securities and other financial instruments by inputs used to value the Fund's investments as of June 30, 2018 is as follows:

	Valuation Inputs			Total Market Value at 6/30/18
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
COMMON STOCKS	\$101,754,167	—	—	\$101,754,167
U.S. Government Obligations	—	\$4,304,977	—	4,304,977
TOTAL INVESTMENTS IN SECURITIES – ASSETS	\$101,754,167	\$4,304,977	—	\$106,059,144

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

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 available, such as securities not traded for several days, or for which current bids are not available, or which are restricted as to transfer. When fair valuing a security, factors to consider are recent prices of comparable securities that are publicly traded, reliable prices of securities not publicly traded, the use of valuation models, current analyst reports, valuing the income or cash flow of the issuer, or cost if the preceding factors do not apply. A significant change in the unobservable inputs could result in a lower or higher value in Level 3 securities. The circumstances of Level 3 securities are frequently monitored to determine if fair valuation measures continue to apply.

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

Derivative Financial Instruments. The Fund may engage in various portfolio investment strategies by investing in 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

The Gabelli Focus Five Fund

Notes to Schedule of Investments (Unaudited) (Continued)

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

The Fund's derivative contracts held at June 30, 2018, if any, are not accounted for as hedging instruments under GAAP and are disclosed in the Schedule of Investments together with the related counterparty.

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

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

If a written call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss. If a written put option is exercised, the premium reduces the cost basis of the security. In the case of call options, the exercise prices are referred to as "in-the-money," "at-the-money," and "out-of-the-money," respectively. The Fund may write (a) in-the-money call options when the Adviser expects that the price of the underlying security will remain stable or decline during the option period, (b) at-the-money call options when the Adviser expects that the price of the underlying security will remain stable, decline, or advance moderately during the option period, and (c) out-of-the-money call options when the Adviser expects that the premiums received from writing the call option will be greater than the appreciation in the price of the underlying security above the exercise price. By writing a call option, the Fund limits its opportunity to profit from any increase in the market value of the underlying security above the exercise price of the option. Out-of-the-money, at-the-money, and in-the-money put options (the reverse of call options as to the relation of exercise price to market price) may be utilized in the same market environments that such call options are used in equivalent transactions. At June 30, 2018, the Fund held no option positions.

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

The Gabelli Focus Five Fund

Notes to Schedule of Investments (Unaudited) (Continued)

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

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

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

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

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*Third Quarter Report
June 30, 2018*

