Gabelli ESG Fund, Inc.

Shareholder Commentary
December 31, 2016

Christopher C. Desmarais

Kevin V. Dreyer

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To Our Shareholders,

For the quarter ended December 31, 2016, the net asset value ("NAV") per Class AAA Share of the Gabelli ESG Fund increased 0.1% compared with an increase of 1.2% for the Morgan Stanley Capital International ("MSCI") All Country ("AC") World Index. See page 2 for additional performance information.

Environmental, Social, and Governance (ESG) Investing

Environmental, social and governance (ESG) refers to the three main areas of concern that have developed as central factors in measuring the sustainability and ethical impact of an investment in a business. Incorporating ESG factors into company research can help understand risks and opportunities that may otherwise have been overlooked, and improve the return profile of investment portfolios. ESG analysis differs from a traditional SRI screen in that it does not apply a "negative screen", excluding companies that engage in specific unwanted activities (such as selling tobacco or weapons). Instead, it takes a holistic approach, evaluating a company's performance in a variety of areas, including carbon emissions, energy efficiency, water stress, human capital development, chemical safety, board independence, management pay practices, and business ethics.

Value Investing "Remains Great" Still

Whether it was the Chicago Cubs breaking a 108-year curse to bring home a championship, the United Kingdom defying the odds makers in a vote to exit the European Union, or a gilded New York real estate developer turned reality show star capturing the hearts of Rust Belt Americans, and consequently the White House, 2016 certainly qualifies as an unusual year. The world, depending on your perspective, has been turned upside down or right side up. Everything from longstanding political beliefs to consumer preferences for food and entertainment has shifted. In markets, the long bull market in bonds is ending, and Value appears poised to beat Growth for the first time since 2008. Through these tumultuous times, you can rest assured that at least two things will not change: our implementation of fundamental, bottom-up stock research, combined with the time-tested Private Market Value with a Catalyst™ methodology, and our commitment to superior client service.

Comparative Results

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

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

In the current prospectuses dated July 29, 2016, the expense ratios for Class AAA, A, C, and I Shares are 1.68%, 1.68%, 2.43%, and 1.43%, respectively. and, effective July 29, 2016, the net expense ratios for these share classes after contractual reimbursements by Gabelli Funds, LLC, (the "Adviser") are 1.25%, 1.25%, 2.00%, and 1.00%, respectively. Class AAA and I Shares do not have a sales charge. The maximum sales charge for Class A Shares and Class 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 Gabelli Funds, LLC, the Adviser not reimbursed certain expenses of the Fund. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at www.gabelli.com.* The MSCI AC World Index is an unmanaged market capitalization weighted index representing both developed and emerging markets. The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. Dividends are considered reinvested. You cannot invest directly in an index.

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

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

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

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

The Year In (P)review

While 2016 was marred by continued unrest in the Middle East and terror incidents around the world, the U.S. presidential election dominated the national conscience to such an extent that it impacted football ratings and retail spending. A conclusion to this quadrennial process (some might say ordeal) and greater political certainty would likely have sparked a market rally no matter who was elected, but the 5% rise in the S&P 500 since November 8 has the potential to rank as the largest market post-election move for a new president since the 1961 inauguration of JFK. The so-called "Trump Rally" has been fueled by the potential for increased fiscal stimulus, lower corporate and individual taxes, and deregulation. Taken together, these elements could drive U.S. GDP growth well above 2%, deferring the inevitable end to the current ninety month old expansion.

Corporate tax reform has been on the Washington agenda for many years, but with the Executive and Legislative branches in the hands of one party, it could finally become a reality. With many details to be reconciled, a reduction in corporate tax rates from 35% to 25%, or even lower, combined with a change to the current global system that taxes profits wherever they are earned, should lead to higher earnings. Similarly, a reduction in individual tax brackets and rates has the potential to stoke consumption and increase the incentive for work. Both of these reforms will have to be accompanied by offsetting limits to deductions, including the potential elimination of the deductibility of corporate interest expense, which could have broad consequences and somewhat limit the impact of lower rates. Increased fiscal stimulus, in the form of increased infrastructure and defense spending should also boost GDP growth, but may be limited by Republican concerns about the size of the deficit and the practical scarcity of shovel-ready projects. Finally, a rollback in the regulatory creep of the Obama years seems most assured. A redesign of the healthcare system, a loosening of Dodd-Frank rules governing the banking system, a lighter touch toward Internet regulation, a different approach to domestic energy production and transportation, and a more accommodative vision for anti-trust enforcement appear to have awakened the animal spirits of the business community.

Trump as President

Trump will make mistakes, as all Presidents do. For better or worse, our federal constitutional system, with the checks and balances of Congress and the courts, and power dispersed through the states modulates change by design. As we witness the evolution of candidate Trump into President-elect Trump, he has gathered some controversial but well-seasoned advisors, and seems humbled by the majesty of the office. Three areas bear continued watching. Protectionism is bad for consumers and businesses alike, but "free" trade is not always "fair" trade, and doesn't mean that the President shouldn't attempt to negotiate better deals with our trading partners. Second, a geopolitical crisis is a near certainty over the next four years – how will Trump balance a desire to project a strong America with a distaste for foreign entanglements? Lastly, it is worth noting that candidates who are populists are usually not unwaveringly pro-business; CEOs in all sectors should be alert for Twitter bombs, the modern form of jawboning, such as those lobbed by the incoming President at the pharmaceutical industry and several defense contractors.

Tailwinds and Headwinds

President Trump will inherit several interrelated macroeconomic shifts that were already in motion before the election and accentuated by its aftermath: higher interest rates, a stronger dollar, and increased inflation expectations. The ten-year U.S. Treasury note rose from a low of 1.4% in July to 2.5% at the time of this writing, while the dollar has strengthened against its trade weighted basket by about 5% over the same time frame. The Federal Reserve has signaled a willingness to raise rates multiple times in 2017. A divergence in monetary policy from still dovish central banks in Europe and Japan, not to mention a fraying of the European Union, will continue to propel the dollar and reduce the competitiveness of U.S. exports, an outcome neither Chairman Janet Yellen nor the new administration will relish. A tightening labor market and the promised fiscal stimulus may however, force the hand of the Fed. With all else equal, higher interest rates and accelerating inflation are bad for all asset classes, including equities. But all else is never equal. The question is whether GDP, and consequently, earnings growth will accelerate enough to overcome the natural governors of higher rates (felt in the form of higher borrowing costs) and inflation (felt in the form of reduced purchasing power). Put simply, earnings estimates for S&P 500 may be revised upward, but may not overcome the pressure of a reduction in the market multiple, which at over 17x is already above historical norms.

Much as it is foolish to underestimate the dynamic nature of the economy, one cannot generalize changes in the political economic environment to all industries. This has spurred a "Great Rotation" in the equity market markets, especially since the election, from Growth to Value, non-cyclical to cyclical, and large cap to small cap stocks. To the extent that financial companies are overrepresented in value indices, all of these shifts can be understood as the pendulum swinging to those companies most levered to tax reform and domestic stimulus and least exposed to currency and trade disruptions. Indeed the FANG stocks (Facebook, Amazon, Netflix, Google/Alphabet) that dominated returns in 2015 trail the market slightly this year (up a weighted average ~8.7%) and appear out of favor both in Washington and on Wall Street. What remains to be seen is whether the virtuous (vicious if you are a Value investor) cycle of flows into passive ETFs and these names has been broken.

(Y)our Portfolio: Deals, Deals & More Deals

We believe we are generally well positioned for almost any economic environment, including the inflationary one described above. Our holdings tend to be domestically focused, with strong franchises and often pricing power. We have never been top-down allocators trying to chase every trend. Rather, we rely on fundamental bottom-up research, informed by our view of the shifting political economic tides. We purchase and hold securities trading at discounts to their Private Market Values appropriate for their level of risk, and seek to identify one or more catalysts that could close that valuation gap. Industry consolidation, financial engineering (e.g. spin-offs), changes in management, and changes in regulation are just a few catalysts in which the portfolio is rich.

2016 in Brief

Spinoff activity was healthy in 2016, though down from 2014 and 2015. Notable spinoffs in the portfolio include the separation of Hertz's (0.2% of net assets as of December 31, 2016) equipment rental unit (HERC (0.6%)) from the car rental business; the spinoff of Johnson Controls' (3.3%) automotive interiors business, Adient (0.5%); and the continued transformation of ConAgra (4.2%) under CEO Sean Connolly, with its spinoff of potato processor Lamb Weston (1.3%).

As could be expected, Dr. John Malone contributed to our list of new securities with the spin-off of Liberty Expedia from Liberty Ventures and the issuance of three new tracker stocks: Liberty SiriusXM (1.4%), representing a 64% stake in SiriusXM radio; Liberty Braves (0.6%), representing ownership of the Atlanta Braves baseball club and related real estate; and Liberty Media, accounting for a variety of public and private assets including a 35% stake in Live Nation Entertainment.

We were the beneficiaries of another strong year of mergers and acquisitions (M&A) as well. Two deals announced in 2015 involving significant holdings – the long-awaited purchase of Cablevision and Carl Icahn's purchase of Pep Boys – closed during 2016. January began with Johnson Controls agreeing to acquire Tyco

International in a $14 billion stock deal. This was followed in February by Apollo's agreement to acquire ADT, the home security spinoff of Tyco, for $42 in cash. Both transactions have closed. Other announced deals include Couche-Tard's $48.53 cash offer for CST Brands (2.4%), the convenience store spinoff of Valero; German chemical manufacturer Lanxess AG's $33.50 cash offer for Chemtura (1.7%); and Rockwell Collins' $62 cash offer for BE Aerospace (0.7%), an aerospace components company that spun-off its distribution arm KLX in 2014.

The biggest merger of the year belongs to AT&T, which, after acquiring satellite distributor DIRECTV from us in 2015, set its sights on leading content producer and serial financial engineer Time Warner (2.4%). AT&T has agreed to pay $107.50 in cash and stock in a transaction that will garner scrutiny in Washington, but we think is likely to succeed. Finally, at the time of this writing, there is speculation that 3G Capital and Berkshire Hathaway/Warren Buffett have identified their next meal in the global food space – Mondelez (3.7%), which was formerly part of 3G's current acquisition vehicle, Kraft-Heinz.

In our view, more accommodative regulatory agencies, a potential windfall of repatriated offshore cash, and historically low but prospectively higher interest rates should continue to drive M&A and benefit our style of investing.

Investment Scorecard

The largest contributor to performance in 2016 was Xylem (4.5% of net assets as of December 31, 2016) (+38%), which benefitted from the prospect of increased spending globally on water infrastructure. Conagra Brands (4.2%) (23%) performed well in CEO Sean Connolly's first full year of rationalizing brands and streamlining costs, a transformation that included the November 2016 spin-off of foodservice and potato provider Lamb Weston. Companies exposed to the recovering housing market, including waste management firms Republic Services (2.8%) (+33%) and Waste Connections (1.6%) (+59%) and plumbing equipment supplier Watts Water Technologies (2.5%) (+33%) were also strong. As discussed above, Time Warner (2.4%) (+52%) agreed to be acquired by AT&T for $107.50 in cash and stock and was a significant contributor to performance.

Detractors from performance included car rental agency Hertz Global (-65%) which was hit by weak used-car pricing and uneven demand. Two John Malone related companies performed poorly in 2016 as Liberty Interactive (1.0%) (-27%), the owner of multichannel shopping network QVC, suffered its first quarterly sales decline in the U.S. in nearly seven years, and UK based cable operator Liberty Global (1.9%) was hurt by the strong dollar. Finally, healthcare names CVS Health (2.2%) (-18%) and Express Scripts (-21%) were hit by concerns over the changing regulatory environment and focus on high drug prices.

January 6, 2017

Top Ten Holdings **(Percent of Net Assets)**
December 31, 2016

Xylem Inc.	4.5%	Republic Services Inc.	2.8%
Conagra Brands Inc.	4.2%	Danone SA	2.7%
Edgwell Personal Care Co.	3.9%	Whole Foods Market Inc.	2.6%
Mondelez International Inc.	3.7%	Watts Water Technologies Inc.	2.5%
Johnson Controls International plc	3.3%	Time Warner Inc.	2.4%

Note: The views expressed in this Shareholder Commentary reflect those of the Portfolio Managers only through the end of the period stated in this Shareholder Commentary. The Portfolio Managers' views are subject to change at any time based on market and other conditions. The information in this Shareholder Commentary represents the opinions of the Portfolio Managers 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 Managers 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 prospectuses 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 NAVs are 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

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 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 would enhance the ability of the Fund to attract additional investors.

GABELLI ESG FUND, INC.
One Corporate Center
Rye, NY 10580-1422

Portfolio Management Team Biographies

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

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

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

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

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

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GABELLI ESG FUND, INC.

Shareholder Commentary
December 31, 2016

Gabelli ESG Fund, Inc.
Third Quarter Report — December 31, 2016

(Y)our Portfolio Management Team



Christopher C. Desmarais **Christopher J. Marangi** **Kevin V. Dreyer**

To Our Shareholders,

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

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

Comparative Results

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

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

In the current prospectuses dated July 29, 2016, the gross expense ratios for Class AAA, A, C, and I Shares are 1.68%, 1.68%, 2.43%, and 1.43%, respectively, and the net expense ratios for these share classes after contractual reimbursements by Gabelli Funds, LLC, (the "Adviser") are 1.25%, 1.25%, 2.00%, and 1.00%, respectively. Class AAA and I shares do not have a sales charge. The maximum sales charge for Class A and C Shares is 5.75% and 1.00%, respectively.

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

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

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

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

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

See accompanying notes to schedule of investments.

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

Shares		Market Value
	COMMON STOCKS (Continued)	
	Specialty Chemicals (Continued)	
20,000	H.B. Fuller Co.	$ 966,200
		2,194,600
	Telecommunications — 0.9%	
15,000	Loral Space & Communications Inc.†	615,750
	Wireless Communications — 1.4%	
18,000	T-Mobile US Inc.†	1,035,180
	TOTAL COMMON STOCKS	68,352,480

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

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

See accompanying notes to schedule of investments.

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

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

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

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

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

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

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

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

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

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

Additional Information to Evaluate Qualitative Information.

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

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

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

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

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

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

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

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

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at current exchange rates. Purchases and sales of investment securities, income, and expenses are translated at the exchange rate prevailing on the respective dates of such transactions. Unrealized gains and losses that result from changes in foreign exchange rates and/or changes in market prices of securities have been included in unrealized appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial purchase trade date and subsequent sale trade date is included in realized gain/(loss) on investments.

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

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

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

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

GABELLI ESG FUND, INC.
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Portfolio Management Team Biographies

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

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

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

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

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