

# Gabelli ESG Fund, Inc.

## Shareholder Commentary March 31, 2017

(Y)our Portfolio Management Team



Christopher C. Desmarais



Kevin V. Dreyer



Christopher J. Marangi

### To Our Shareholders,

For the quarter ended March 31, 2017, the net asset value (“NAV”) per Class AAA Share of the Gabelli ESG Fund increased 5.0% compared with increases of 6.1% and 5.7% for the Standard & Poor’s (“S&P”) 500 Index and the Russell 3000 Index, respectively.

### 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.

### First Quarter Commentary

The post-election rally of 2016 continued into the first quarter of 2017, with the U.S. equity market setting all-time highs. Rising expectations for lower taxes, regulatory reform, and increased fiscal spending have generated optimism for both businesses and consumers, and translated into higher stock prices. Robust hiring, falling unemployment, and firming wage growth opened the door for the Federal Reserve to raise short-term interest rates for the third time since the financial crisis, increasing the federal funds target range to ¾ to 1 percent in a widely anticipated move.

## Comparative Results

### Average Annual Returns through March 31, 2017 (a)(b)

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>Since Inception (6/1/07)</u>
<b>Class AAA (SRIGX)</b> .....	4.99%	13.14%	6.95%	8.89%	6.21%
S&P 500 Index .....	6.07	17.17	10.37	13.30	6.76
Russell 3000 Index .....	5.74	18.07	9.76	13.18	6.81
<b>Class A (SRIAX)</b> .....	4.93	13.08	6.93	8.88	6.21
With sales charge (c) .....	(1.11)	6.57	4.84	7.60	5.57
<b>Class C (SRICX)</b> .....	4.76	12.29	6.15	8.08	5.42
With contingent deferred sales charge (d) .....	3.76	11.29	6.15	8.08	5.42
<b>Class I (SRIDX)</b> .....	4.96	13.42	7.20	9.16	6.47

**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 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](http://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](http://www.gabelli.com). The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Russell 3000 Index is an unmanaged indicator that measures the performance of the 3,000 largest U.S. traded stocks, in which the underlying companies are incorporated in the U.S. 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. The financial statements and investment portfolio are mailed separately from the commentary. Both the commentary and the financial statements, including the portfolio of investments, are available on our website at [www.gabelli.com](http://www.gabelli.com).

Warning bells rang, however, following the failure of the Republican-controlled Congress to repeal and replace the Affordable Care Act, a key promise of the Trump administration. After a long and extended run, markets finally took a pause to evaluate the new administration's ability to delivery on policy and to question the unity of a Republican party and consider the possibility of more Washington "gridlock". Failing to dismantle Obamacare caused markets to reassess the probability of a business friendly agenda, especially tax reform and a large infrastructure bill, over the next four years. At the same time, the rate increase serves as a reminder that rising rates often have a negative implication for stock price multiples. Earnings may or always rise fast enough in order to compensate for this effect, but rising earnings are predicated on President Trump enacting at least some of his agenda – which is why political news continues to take center stage.

Outside the U.S., markets continue to digest the populist upheavals that have occurred not only in America, but around the globe. Theresa May invoked Article 50 of the Treaty on European Union, formally starting the process of the withdrawal of the United Kingdom. Presidential elections will be soon held in France, and while Marine Le Pen is still considered a long shot, political dynamics in 2016 have taught us not to rule her out. A Le Pen win could ultimately change the relationship EU members have with one another, or even lead to the dissolution of the group (and the euro) entirely. All this, combined with continued saber-rattling by North Korea and conflict in Syria, show that the world continues to be a tumultuous place. External, unanticipated events can and will impact the stock market.

With this backdrop, we believe this is a great time to research and pick individual stocks using our Private Market Value (PMV) with Catalyst™ selection process. The wide variety of policy initiatives of the new administration is generating catalysts and opportunities for corporate America and will likely stimulate global deal activity. At the same time, uncertainty may lead to attractive entry points for certain companies.

## **Investment Scorecard**

The top contributors to performance in the first quarter included Energizer Holdings (2.2% of net assets as of March 31, 2017) (+26%), which gained share in the global battery category, which continues to grow; Liberty Global (2.4%) (+18%), which reported strong fourth quarter operating cash flow, increased its share repurchase program and closed its Netherlands JV with Vodafone; Sony Corp. (1.6%) (+20%), which is increasingly being recognized by for its dominance of the \$100 billion video game industry and its importance as a preferred supplier of image sensors to Apple, and also benefited from the strength of the Japanese yen; Unilever (1.4) (+12%), which rose following a \$143 billion takeover offer from Kraft Heinz, which was rebuffed, but led to a strategic review by the company to surface value; and Waste Connections (2.0%) (+12%), which rose as it delivered very strong price and volume leading to revenue growth and adjusted EBITDA margin expansion above expectations along with strong 2017 guidance amid its rapid integration of Progressive Waste Solutions.

Detractors from performance included United Natural Foods (1.5%) (-9%), which reported strong financial results despite a challenging operating environment due to food deflation; Watts Water Technologies (2.4%) (-4%), which reported year over year declines in fourth quarter sales and operating profit driven by a decline in sales in Europe, Middle East and Africa and fewer shipping days; Mondelez International (4.0%) (-2%), which declined due to category growth deceleration, lower fourth quarter revenue growth and the realization that Kraft Heinz has other potential strategic options due to the Unilever (1.4%) overture; Mueller Water Products (0.7%) (-11%), which has underperformed following a second consecutive quarter of lower-than-expected growth in its Mueller Co. business., and is in a management transition, which has increased uncertainty as to the company’s strategic direction; and Whole Foods Market (2.5%) (-3%) which again reported a decline in comparable store sales due to food deflation and increased competition.

## Conclusion

While optimism is on the rise, we anticipate continued volatility in markets due to politics, monetary policy, or other external factors. We believe our bottom-up process of seeking high-quality companies trading at a discount to Private Market Value – the price an informed industrialist would pay to own an entire business – is as timely as ever. With M&A activity increasing, we expect industry consolidation to be an important catalyst for stock performance in coming quarters.

April 20, 2017

**Top Ten Holdings (Percent of Net Assets)**  
**March 31, 2017**

Xylem Inc.	4.4%	Danone SA	2.9%
Conagra Brands Inc.	4.2%	Whole Foods Market Inc.	2.5%
Mondelez International Inc.	4.0%	Liberty Global Plc	2.4%
Edgewell Personal Care Co.	3.9%	Kellogg Co.	2.4%
Johnson Controls International Plc	3.4%	Comcast Corp.	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](http://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](mailto: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](http://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](http://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/GAMCO Funds and Your Personal Privacy**

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### **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 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](http://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 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.

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### BOARD OF DIRECTORS

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Executive Chairman,  
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and Chief Financial Officer,  
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Former Senior  
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### DISTRIBUTOR

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### CUSTODIAN

The Bank of New York Mellon

### TRANSFER AGENT AND DIVIDEND DISBURSING AGENT

State Street Bank and Trust Company

### LEGAL COUNSEL

Paul Hastings LLP

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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  
FUNDS

# GABELLI ESG FUND, INC.

*Shareholder Commentary*  
*March 31, 2017*



# Gabelli ESG Fund, Inc.

## Annual Report — March 31, 2017

### (Y)our Portfolio Management Team



**Christopher C. Desmarais**



**Christopher J. Marangi**



**Kevin V. Dreyer**

#### **To Our Shareholders,**

For the fiscal year ended March 31, 2017, the net asset value (“NAV”) per Class AAA Share of the Gabelli ESG Fund increased 13.1% compared with increases of 17.2% and 18.1% for the Standard & Poor’s (“S&P”) 500 Index and the Russell 3000 Index, respectively. See page 2 for additional performance information.

Enclosed are the financial statements, including the schedule of investments, as of March 31, 2017.

#### **Performance Discussion (Unaudited)**

The Fund’s investment objective is to seek capital appreciation. The Fund seeks to achieve its objective by investing substantially all and in any case no less than 80% of its assets in common and preferred stocks of companies that meet the Fund’s guidelines for social responsibility at the time of investment. The portfolio managers employ a social screening overlay process at the time of investment to identify companies that meet the Fund’s social guidelines.

As bottom up stock pickers, we are generally not making calls on the direction of rates or any other macro variable. Our process favors companies that can thrive in any climate, for example, those with pricing power, solid balance sheets, and adaptable managements.

Selected holdings that contributed positively to performance for the fiscal year were: Xylem Inc.’s (4.4% of net assets as of March 31, 2017) combination of water infrastructure assets and long term trends remain attractive. The company is focused on trimming its cost structure, profitably expanding its footprint, and ultimately enhancing shareholder value through the use of its very healthy balance sheet; Conagra Brands Inc. (4.2%) continues to manage a challenging environment by raising prices, exiting low margin businesses, reducing costs, and planting seeds for both short and long term profit growth; Energizer Holdings Inc. (2.2%) became a standalone public company on July 1, 2015. The battery and lighting company has done a good job of focusing on growing sales through new products and benefitting from accretive acquisitions over the past year; and Time Warner Inc. (2.0%) agreed to be acquired in a stock and cash deal by AT&T for \$85.4 billion. Some of our weaker performing stocks were: Edgewell Personal Care Co. (3.9%), a pure play personal care company, has not only faced pressures from the impacts of a stronger dollar, but also a challenging razor blade market with price competition from Gillette as well as private label and shave clubs; Liberty Global plc. (2.4%) shares in the world’s largest international tv and broadband company and it felt the effects of Brexit fueled currency headwinds over the final six months of 2016 and diminishing hopes of a near term combination with Vodafone; CVS Health Corp.’s (2.2%) front of the store sales have been under pressure with declining customer traffic. In addition, the Pharmacy Benefit Manager business model has been under political attack due to its lack of transparency and a belief that they do not fight hard enough to lower drug prices; and Hertz Global Holdings Inc. (0.2%) announced a significant decline in 2016 earnings due in large part to excess vehicle depreciation as the company’s

refreshed fleet consisted largely of small sedans that lost significant value over the past 15 months as oil prices declined. Broad concerns about used vehicle pricing pressure continue to weigh on shares.

We appreciate your confidence and trust.

## Comparative Results

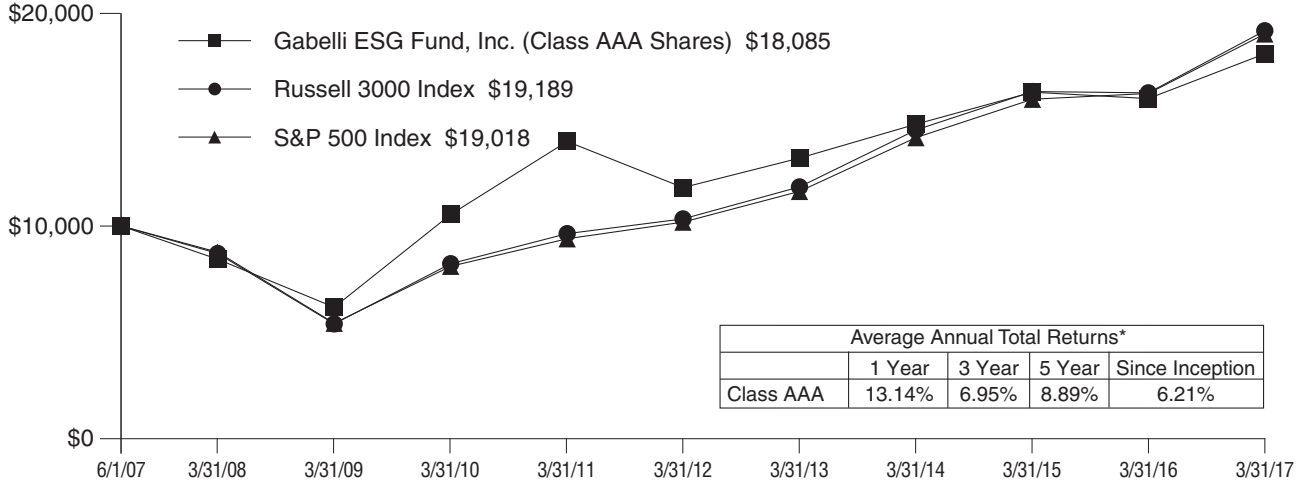
### Average Annual Returns through March 31, 2017 (a)(b) (Unaudited)

	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>Since Inception (6/01/07)</u>
<b>Class AAA (SRIGX)</b> . . . . .	13.14%	6.95%	8.89%	6.21%
Russell 3000 Index . . . . .	18.07	9.76	13.18	6.81
S&P 500 Index . . . . .	17.17	10.37	13.30	6.76
<b>Class A (SRIAX)</b> . . . . .	13.08	6.93	8.88	6.21
With sales charge (c) . . . . .	6.57	4.84	7.60	5.57
<b>Class C (SRICX)</b> . . . . .	12.29	6.15	8.08	5.42
With contingent deferred sales charge (d) . . . . .	11.29	6.15	8.08	5.42
<b>Class I (SRIDX)</b> . . . . .	13.42	7.20	9.16	6.47

**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 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. See page 10 for the expense ratios for the year ended March 31, 2017. Class AAA and I Shares do not have a sales charge. The maximum sales charge for Class A Shares and C Shares is 5.75% and 1.00%, respectively.**

- (a) *Returns represent past performance and do not guarantee future results. Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit [www.gabelli.com](http://www.gabelli.com) for performance information as of the most recent month end. Returns would have been lower had Gabelli Funds, LLC, the Adviser, not reimbursed certain expenses of the Fund. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date of purchase. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at [www.gabelli.com](http://www.gabelli.com). The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Russell 3000 Index is an unmanaged indicator that measures the performance of the 3,000 largest U.S. traded stocks, in which the underlying companies are incorporated in the U.S. 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.*

**COMPARISON OF CHANGE IN VALUE OF A \$10,000 INVESTMENT IN  
GABELLI ESG FUND, INC. (CLASS AAA SHARES), RUSSELL 3000 INDEX, AND S&P 500 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.

## Gabelli ESG Fund, Inc.

### Disclosure of Fund Expenses (Unaudited)

For the Six Month Period from October 1, 2016 through March 31, 2017

### Expense Table

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

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

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

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

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

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

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs such as sales charges (loads), redemption fees, or exchange fees, if any, which are described in the Prospectus. If these costs were applied to your account, your costs would be higher. Therefore, the 5% hypothetical return is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. 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 March 31, 2017.

	Beginning Account Value 10/01/16	Ending Account Value 03/31/17	Annualized Expense Ratio	Expenses Paid During Period*
<b>Gabelli ESG Fund, Inc.</b>				
<b>Actual Fund Return</b>				
Class AAA	\$1,000.00	\$1,050.50	1.25%	\$ 6.39
Class A	\$1,000.00	\$1,049.90	1.25%	\$ 6.39
Class C	\$1,000.00	\$1,046.10	2.00%	\$10.20
Class I	\$1,000.00	\$1,050.90	1.00%	\$ 5.11
<b>Hypothetical 5% Return</b>				
Class AAA	\$1,000.00	\$1,018.70	1.25%	\$ 6.29
Class A	\$1,000.00	\$1,018.70	1.25%	\$ 6.29
Class C	\$1,000.00	\$1,014.96	2.00%	\$10.05
Class I	\$1,000.00	\$1,019.95	1.00%	\$ 5.04

\* 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 (182 days), then divided by 365.

## Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of net assets as of March 31, 2017:

### Gabelli ESG Fund, Inc.

Food . . . . .	19.4%	Broadcasting . . . . .	3.7%
Cable and Satellite . . . . .	7.9%	Specialty Chemicals . . . . .	3.6%
Retail . . . . .	7.7%	Business Services . . . . .	3.1%
Consumer Products . . . . .	7.7%	Environmental Services . . . . .	2.1%
Automotive: Parts and Accessories . . . . .	6.7%	Wireless Communications . . . . .	1.7%
Building and Construction . . . . .	6.4%	Telecommunications . . . . .	0.8%
Machinery . . . . .	5.2%	U.S. Government Obligations . . . . .	0.8%
Beverage . . . . .	4.9%	Health Care . . . . .	0.8%
Computer Software and Services . . . . .	4.3%	Aerospace . . . . .	0.4%
Entertainment . . . . .	4.3%	Other Assets and Liabilities (Net) . . . . .	0.6%
Equipment and Supplies . . . . .	4.1%		
Financial Services . . . . .	3.8%		<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](http://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](http://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](http://www.sec.gov).

# Gabelli ESG Fund, Inc.

## Schedule of Investments — March 31, 2017

Shares		Cost	Market Value	Shares		Cost	Market Value
<b>COMMON STOCKS — 98.6%</b>				<b>Consumer Products — 7.7%</b>			
<b>Aerospace — 0.4%</b>				<b>Edgewell Personal Care Co.†</b> .....			
4,000	B/E Aerospace Inc.	\$ 208,042	\$ 256,440	38,000		\$ 3,288,703	\$ 2,779,320
<b>Automotive: Parts and Accessories — 6.7%</b>				28,000	Energizer Holdings Inc.	866,891	1,561,000
5,800	Adient plc	272,600	421,486	34,000	Sony Corp., ADR	806,460	1,146,820
16,000	Genuine Parts Co.	1,333,254	1,478,560			4,962,054	5,487,140
5,000	O'Reilly Automotive Inc.†	624,014	1,349,200	<b>Entertainment — 4.3%</b>			
25,000	Tenneco Inc.	734,166	1,560,500	15,000	Time Warner Inc.	1,041,295	1,465,650
		2,964,034	4,809,746	22,000	Twenty-First Century Fox Inc., Cl. B.	630,893	699,160
<b>Beverage — 4.9%</b>				8,000	Viacom Inc., Cl. A.	587,434	390,000
30,000	Danone SA	2,121,705	2,040,581	25,000	Vivendi SA	570,411	486,062
10,000	PepsiCo Inc.	826,399	1,118,600			2,830,033	3,040,872
9,000	Suntory Beverage & Food Ltd.	286,851	379,143	<b>Environmental Services — 2.1%</b>			
		3,234,955	3,538,324	17,000	Waste Connections Inc.	887,689	1,499,740
<b>Broadcasting — 3.7%</b>				<b>Equipment and Supplies — 4.1%</b>			
12,000	Liberty Broadband Corp., Cl. C†	671,594	1,036,800	15,000	Flowserve Corp.	860,523	726,300
20,000	Liberty Media Corp.-Liberty Braves, Cl. C†	313,436	473,000	45,000	Mueller Water Products Inc., Cl. A.	171,032	531,900
30,000	Liberty Media Corp.-Liberty SiriusXM, Cl. C†	772,455	1,163,400	27,000	Watts Water Technologies Inc., Cl. A.	983,852	1,683,450
		1,757,485	2,673,200			2,015,407	2,941,650
<b>Building and Construction — 6.4%</b>				<b>Financial Services — 3.8%</b>			
20,000	Armstrong Flooring Inc.†	356,000	368,400	14,000	American Express Co.	1,244,608	1,107,540
20,000	Fortune Brands Home & Security Inc.	310,448	1,217,000	8,000	Kinnevik AB, Cl. B.	266,966	213,378
12,001	Herc Holdings Inc.†	456,536	586,713	32,000	PayPal Holdings Inc.†	1,066,822	1,376,640
58,000	Johnson Controls International plc	2,020,724	2,442,960			2,578,396	2,697,558
		3,143,708	4,615,073	<b>Food — 19.4%</b>			
<b>Business Services — 3.1%</b>				75,000	Conagra Brands Inc.	1,862,272	3,025,500
20,000	Macquarie Infrastructure Corp.	1,057,974	1,611,600	22,000	General Mills Inc.	1,308,528	1,298,220
25,000	The Interpublic Group of Companies Inc.	469,794	614,250	24,000	Kellogg Co.	1,716,851	1,742,640
		1,527,768	2,225,850	30,000	Lamb Weston Holdings Inc.	710,085	1,261,800
<b>Cable and Satellite — 7.9%</b>				20,000	Maple Leaf Foods Inc.	370,077	485,468
500	Cable One Inc.	137,345	312,235	67,000	Mondelēz International Inc., Cl. A.	2,168,370	2,886,360
46,000	Comcast Corp., Cl. A.	910,509	1,729,140	15,000	Nestlé SA	854,222	1,150,851
17,000	DISH Network Corp., Cl. A†	996,242	1,079,330	12,000	Post Holdings Inc.†	493,827	1,050,240
14,000	EchoStar Corp., Cl. A†	665,923	797,300	20,000	Unilever plc, ADR	636,413	986,800
50,000	Liberty Global plc, Cl. C†	1,455,163	1,752,000			10,120,645	13,887,879
		4,165,182	5,670,005	<b>Health Care — 0.8%</b>			
<b>Computer Software and Services — 4.3%</b>				10,000	Zoetis Inc.	504,534	533,700
30,000	Blucora Inc.†	325,768	519,000	<b>Machinery — 5.2%</b>			
35,000	eBay Inc.†	774,035	1,174,950	60,000	CNH Industrial NV	541,332	578,400
23,000	Hewlett Packard Enterprise Co.	531,073	545,100	63,000	Xylem Inc.	1,572,669	3,163,860
45,000	Internap Corp.†	254,008	167,400			2,114,001	3,742,260
15,000	Yahoo! Inc.†	585,478	696,150	<b>Retail — 7.7%</b>			
		2,470,362	3,102,600	20,000	CST Brands Inc.	630,687	961,800
				20,000	CVS Health Corp.	1,534,372	1,570,000
				8,000	Hertz Global Holdings Inc.†	558,618	140,320
				25,000	United Natural Foods Inc.†	989,836	1,080,750
				60,000	Whole Foods Market Inc.	1,893,292	1,783,200
						5,606,805	5,536,070

See accompanying notes to financial statements.

**Gabelli ESG Fund, Inc.**  
**Schedule of Investments (Continued) — March 31, 2017**

<u>Shares</u>		<u>Cost</u>	<u>Market Value</u>	<u>Principal Amount</u>		<u>Cost</u>	<u>Market Value</u>
	<b>COMMON STOCKS (Continued)</b>						
	<b>Specialty Chemicals — 3.6%</b>						
27,000	Chemtura Corp.†	\$ 669,375	\$ 901,800	\$ 561,000	<b>U.S. GOVERNMENT OBLIGATIONS — 0.8%</b>		
20,000	H.B. Fuller Co.	800,071	1,031,200		U.S. Treasury Bills,		
5,000	International Flavors & Fragrances Inc.	584,262	662,650		0.707% to 0.716%††,		
		<u>2,053,708</u>	<u>2,595,650</u>		06/01/17 to 06/15/17	\$ 560,183	\$ 560,205
					<b>TOTAL INVESTMENTS — 99.4%</b>	<u>\$55,145,388</u>	71,232,172
					<b>Other Assets and Liabilities (Net) — 0.6%</b>		<u>434,339</u>
					<b>NET ASSETS — 100.0%</b>		<u>\$71,666,511</u>
	<b>Telecommunications — 0.8%</b>						
15,000	Loral Space & Communications Inc.†	690,801	591,000	†	Non-income producing security.		
				††	Represents annualized yield at date of purchase.		
				ADR	American Depositary Receipt		
	<b>Wireless Communications — 1.7%</b>						
19,000	T-Mobile US Inc.†	749,596	1,227,210				
	<b>TOTAL COMMON STOCKS</b>	<u>54,585,205</u>	<u>70,671,967</u>				

See accompanying notes to financial statements.

## Gabelli ESG Fund, Inc.

### Statement of Assets and Liabilities March 31, 2017

<b>Assets:</b>	
Investments, at value (cost \$55,145,388) .....	\$71,232,172
Cash .....	10,167
Receivable for investments sold .....	580,836
Receivable for Fund shares sold .....	106,294
Receivable from Adviser .....	21,402
Dividends and interest receivable .....	105,693
Prepaid expenses .....	29,807
<b>Total Assets</b> .....	<u>72,086,371</u>
<b>Liabilities:</b>	
Foreign currency overdraft, at value (cost \$5) .....	5
Payable for investments purchased .....	237,393
Payable for Fund shares redeemed .....	44,398
Payable for investment advisory fees .....	60,951
Payable for distribution fees .....	16,383
Payable for accounting fees .....	7,500
Payable for payroll expenses .....	1,165
Payable for legal and audit fees .....	29,346
Other accrued expenses .....	22,719
<b>Total Liabilities</b> .....	<u>419,860</u>
<b>Net Assets</b> (applicable to 4,619,695 shares outstanding) ..	<u>\$71,666,511</u>
<b>Net Assets Consist of:</b>	
Paid-in capital .....	\$53,690,475
Accumulated net investment income .....	181,917
Accumulated net realized gain on investments and foreign currency transactions .....	1,713,336
Net unrealized appreciation on investments .....	16,086,784
Net unrealized depreciation on foreign currency translations .....	(6,001)
<b>Net Assets</b> .....	<u>\$71,666,511</u>
<b>Shares of Capital Stock, each at \$0.001 par value; 500,000,000 shares authorized:</b>	
<b>Class AAA:</b>	
Net Asset Value, offering, and redemption price per share (\$15,408,504 ÷ 989,871 shares outstanding) .....	<u>\$15.57</u>
<b>Class A:</b>	
Net Asset Value and redemption price per share (\$17,568,870 ÷ 1,129,669 shares outstanding) ..	<u>\$15.55</u>
Maximum offering price per share (NAV ÷ 0.9425, based on maximum sales charge of 5.75% of the offering price) .....	<u>\$16.50</u>
<b>Class C:</b>	
Net Asset Value and offering price per share (\$10,814,638 ÷ 744,251 shares outstanding) ...	<u>\$14.53(a)</u>
<b>Class I:</b>	
Net Asset Value, offering, and redemption price per share (\$27,874,499 ÷ 1,755,904 shares outstanding) .....	<u>\$15.87</u>

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

### Statement of Operations For the Year Ended March 31, 2017

<b>Investment Income:</b>	
Dividends (net of foreign withholding taxes of \$43,732) .....	\$1,169,979
Interest .....	6,126
<b>Total Investment Income</b> .....	<u>1,176,105</u>
<b>Expenses:</b>	
Investment advisory fees .....	710,316
Distribution fees - Class AAA .....	42,392
Distribution fees - Class A .....	50,601
Distribution fees - Class C .....	107,643
Registration expenses .....	61,163
Shareholder communications expenses .....	57,289
Legal and audit fees .....	51,373
Accounting fees .....	45,000
Shareholder services fees .....	29,583
Directors' fees .....	24,500
Custodian fees .....	6,486
Payroll expenses .....	2,747
Interest expense .....	48
Miscellaneous expenses .....	21,870
<b>Total Expenses</b> .....	<u>1,211,011</u>
Less:	
Expenses reimbursed by Adviser (See Note 3) .....	(201,070)
Expenses paid indirectly by broker (See Note 6) .....	(1,723)
<b>Total credits and reimbursements</b> .....	<u>(202,793)</u>
<b>Net Expenses</b> .....	<u>1,008,218</u>
<b>Net Investment Income</b> .....	<u>167,887</u>
<b>Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency:</b>	
Net realized gain on investments .....	2,668,868
Net realized loss on foreign currency transactions ..	(1,190)
Net realized gain on investments and foreign currency transactions .....	<u>2,667,678</u>
Net change in unrealized appreciation/depreciation: on investments .....	5,902,074
on foreign currency translations .....	(2,339)
Net change in unrealized appreciation/ depreciation on investments and foreign currency translations .....	<u>5,899,735</u>
<b>Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency</b> .....	<u>8,567,413</u>
<b>Net Increase in Net Assets Resulting from Operations</b> .....	<u>\$8,735,300</u>

See accompanying notes to financial statements.



## Gabelli ESG Fund, Inc.

### Statement of Changes in Net Assets

	<u>Year Ended March 31, 2017</u>	<u>Year Ended March 31, 2016</u>
<b>Operations:</b>		
Net investment income/(loss) .....	\$ 167,887	\$ (235,030)
Net realized gain on investments and foreign currency transactions .....	2,667,678	3,181,019
Net change in unrealized appreciation/depreciation on investments and foreign currency translations .....	<u>5,899,735</u>	<u>(4,534,866)</u>
<b>Net Increase/(Decrease) in Net Assets Resulting from Operations</b> .....	<u>8,735,300</u>	<u>(1,588,877)</u>
<b>Distributions to Shareholders:</b>		
Net realized gain		
Class AAA .....	(623,981)	(371,382)
Class A .....	(729,875)	(429,675)
Class C .....	(416,000)	(232,937)
Class I .....	<u>(828,327)</u>	<u>(419,740)</u>
<b>Total Distributions to Shareholders</b> .....	<u>(2,598,183)</u>	<u>(1,453,734)</u>
<b>Capital Share Transactions:</b>		
Class AAA .....	(3,631,965)	(2,568,776)
Class A .....	(4,226,964)	(275,637)
Class C .....	(343,751)	(54,244)
Class I .....	<u>5,295,588</u>	<u>(1,651,250)</u>
<b>Net Decrease in Net Assets from Capital Share Transactions</b> .....	<u>(2,907,092)</u>	<u>(4,549,907)</u>
<b>Redemption Fees</b> .....	<u>17</u>	<u>58</u>
<b>Net Increase/(Decrease) in Net Assets</b> .....	<u>3,230,042</u>	<u>(7,592,460)</u>
<b>Net Assets:</b>		
Beginning of year .....	<u>68,436,469</u>	<u>76,028,929</u>
End of year (including undistributed net investment income of \$181,917 and \$0, respectively) ..	<u>\$71,666,511</u>	<u>\$68,436,469</u>

See accompanying notes to financial statements.

# Gabelli ESG Fund, Inc.

## Financial Highlights

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

Year Ended March 31	Income (Loss)				Distributions			Ratios to Average Net Assets/Supplemental Data					
	Net Investment Income (Loss)(a)	Realized and Unrealized Gain on Investments	Total from Investment Operations	Net Realized Gain on Investments	Total Distributions	Redemption Fees (a)(b)	Net Asset Value End of Year	Total Return†	Net Assets End of Year (in 000's)	Net Investment Income (Loss)	Expenses Waivers/Reimbursements	Expenses Waivers/Reimbursements	Portfolio Turnover Rate
<b>Class AAA</b>													
2017	\$ 0.04	\$ 1.81	\$ 1.85	\$(0.57)	\$0.57	\$0.00	\$15.57	13.14%	\$15,409	0.27%	1.39%	1.67%(c)	18%
2016	(0.04)	(0.22)	(0.26)	(0.30)	(0.30)	0.00	14.29	(1.79)	17,532	(0.29)	1.68	1.68(c)	14
2015	(0.03)	1.39	1.36	—	—	—	14.85	10.08	20,886	(0.22)	1.64	1.64	28
2014	(0.01)	1.48	1.47	—	—	0.00	13.49	12.23	22,988	(0.05)	1.93(d)	1.93(d)	47
2013	(0.03)	1.27	1.24	—	—	0.00	12.02	11.50	22,050	(0.27)	2.00(d)	2.00(d)	27
<b>Class A</b>													
2017	\$ 0.04	\$ 1.80	\$ 1.84	\$(0.57)	\$0.57	\$0.00	\$15.55	13.08%	\$17,569	0.26%	1.39%	1.67%(c)	18%
2016	(0.04)	(0.22)	(0.26)	(0.30)	(0.30)	0.00	14.28	(1.79)	20,002	(0.29)	1.68	1.68(c)	14
2015	(0.03)	1.39	1.36	—	—	—	14.84	10.09	21,190	(0.19)	1.64	1.64	28
2014	(0.00)(b)	1.47	1.47	—	—	0.00	13.48	12.24	26,119	(0.02)	1.93(d)	1.93(d)	47
2013	(0.03)	1.27	1.24	—	—	0.00	12.01	11.51	24,026	(0.32)	2.00(d)	2.00(d)	27
<b>Class C</b>													
2017	\$(0.07)	\$ 1.70	\$ 1.63	\$(0.57)	\$0.57	\$0.00	\$14.53	12.29%	\$10,815	(0.49)%	2.14%	2.42%(c)	18%
2016	(0.14)	(0.22)	(0.36)	(0.30)	(0.30)	0.00	13.47	(2.60)	10,320	(1.05)	2.43	2.43(c)	14
2015	(0.13)	1.34	1.21	—	—	—	14.13	9.37	10,919	(0.98)	2.39	2.39	28
2014	(0.10)	1.41	1.31	—	—	0.00	12.92	11.28	10,229	(0.80)	2.68(d)	2.68(d)	47
2013	(0.11)	1.24	1.13	—	—	0.00	11.61	10.78	8,225	(1.03)	2.75(d)	2.75(d)	27
<b>Class I</b>													
2017	\$ 0.08	\$ 1.84	\$ 1.92	\$(0.57)	\$0.57	\$0.00	\$15.87	13.42%	\$27,874	0.53%	1.13%	1.42%(c)	18%
2016	(0.01)	(0.23)	(0.24)	(0.30)	(0.30)	0.00	14.52	(1.63)	20,582	(0.04)	1.43	1.43(c)	14
2015	(0.01)	1.43	1.42	—	—	—	15.06	10.41	23,034	(0.09)	1.39	1.39	28
2014	0.03	1.48	1.51	—	—	0.00	13.64	12.45	10,710	0.21	1.68(d)	1.68(d)	47
2013	(0.01)	1.30	1.29	—	—	0.00	12.13	11.90	7,415	(0.13)	1.75(d)	1.75(d)	27

† 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 period including reinvestment of distributions and does not reflect applicable sales charges.

- (a) Per share amounts have been calculated using the average shares outstanding method.
- (b) Amount represents less than \$0.005 per share.
- (c) The Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. For the years ended March 31, 2017 and 2016, there was no impact on the expense ratios.
- (d) Under an expense deferral agreement with the Adviser, the Adviser recovered from the Fund \$130,192 and \$83,801, for the years ended March 31, 2014 and 2013, respectively, representing previously reimbursed expenses from the Adviser. Had such payments not been made, the expense ratios for the years ended March 31, 2014 and 2013 would have been 1.74% and 1.85% (Class AAA and Class A), 2.49% and 2.60% (Class C), and 1.49% and 1.60% (Class I), respectively.

See accompanying notes to financial statements.

## Gabelli ESG Fund, Inc.

### Notes to Financial Statements

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**1. Organization.** The Gabelli ESG Fund, Inc. (formerly Gabelli SRI Fund, Inc.) was incorporated on March 1, 2007 in Maryland. The Fund changed its name to Gabelli ESG Fund, Inc. on May 17, 2016, with a corresponding change in the name of each of its Classes of Shares. The Fund is a diversified open-end management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”). The Fund commenced investment operations on June 1, 2007. The Fund’s primary objective is to seek capital appreciation. The Fund seeks to achieve its objective by investing substantially all, and in any case no less than 80%, of its assets in common stocks and preferred stocks of companies that meet the Fund’s guidelines for social responsibility at the time of investment.

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

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

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market, but prior to the close of business on the day the securities are being valued. Debt obligations for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. Such debt obligations are valued through prices provided by a Pricing Service approved by the Board. 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;

## Gabelli ESG Fund, Inc.

### Notes to Financial Statements (Continued)

- 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 March 31, 2017 is as follows:

	Valuation Inputs		Total Market Value at 3/31/17
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	
<b>INVESTMENTS IN SECURITIES:</b>			
<b>ASSETS (Market Value):</b>			
Common Stocks (a)	\$70,671,967	—	\$70,671,967
U.S. Government Obligations	—	\$560,205	560,205
<b>TOTAL INVESTMENTS IN SECURITIES – ASSETS</b>	<b>\$70,671,967</b>	<b>\$560,205</b>	<b>\$71,232,172</b>

(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 March 31, 2017. The Fund’s policy is to recognize transfers among Levels as of the beginning of the reporting period.

There were no Level 3 investments at March 31, 2017 or 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 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 include recent prices of comparable securities that are publicly traded, reliable prices of securities not publicly traded, the use of valuation models, current analyst reports, valuing the income or cash flow of the issuer, or cost if the preceding factors do not apply. The circumstances of Level 3 securities are frequently monitored to determine if fair valuation measures continue to apply.

## Gabelli ESG Fund, Inc.

### Notes to Financial Statements (Continued)

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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, 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.

The Fund's derivative contracts held at March 31, 2017, 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, 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

## Gabelli ESG Fund, Inc.

### Notes to Financial Statements (Continued)

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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 March 31, 2017, 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 March 31, 2017 the Fund held no restricted securities.

**Securities Transactions and Investment Income.** Securities transactions are accounted for on the trade date with realized gain/(loss) on investments determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded on the accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on

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

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the ex-dividend date, except for certain dividends from foreign securities that are recorded as soon after the ex-dividend date as the Fund becomes aware of such dividends.

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

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

**Distributions to Shareholders.** Distributions to shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under GAAP. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income for federal income tax purposes include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. Permanent differences were related primarily to adjustments of portfolio securities due to corporate actions and reclass adjustments on securities and tax treatment of currency gains and losses. These reclassifications have no impact on the NAV of the Fund. For the year ended March 31, 2017, reclassifications were made to increase accumulated net investment income by \$142,043, and decrease accumulated net realized gain on investments and foreign currency transactions by \$142,043.

The tax character of distributions paid during the years ended March 31, 2017 and 2016 was \$2,598,183 and \$1,453,734 of long term capital gains, respectively.

**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 March 31, 2017, the components of accumulated earnings/losses on a tax basis were as follows:

Undistributed ordinary income .....	\$ 181,917
Undistributed long term capital gains .....	1,816,776
Net unrealized appreciation on investments and foreign currency translations .....	<u>15,977,343</u>
Total .....	<u>\$17,976,036</u>

At March 31, 2017, 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 and adjustments related to underlying Fund investments.

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

The following summarizes the tax cost of investments and the related net unrealized appreciation at March 31, 2017:

	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
Investments.....	\$55,248,828	\$18,649,885	\$(2,666,541)	\$15,983,344

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 March 31, 2017, the Fund did not incur any income tax, interest, or penalties. As of March 31, 2017, the Adviser has reviewed all open tax years and concluded that there was no impact to the Fund's net assets or results of operations. The Fund's federal and state tax returns for the prior three fiscal years remain open, subject to examination. On an ongoing basis, the Adviser will monitor the Fund's tax positions to determine if adjustments to this conclusion are necessary.

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

Effective July 29, 2016, the Adviser contractually agreed to waive its investment advisory fee and/or to reimburse expenses of the Fund to the extent necessary to maintain the total annual Fund operating expenses after fee waiver and expense reimbursement (excluding brokerage costs, acquired fund fees and expenses, interest, taxes, and extraordinary expenses) at no more than an annual rate of 1.25%, 1.25%, 2.00%, and 1.00% for Class AAA, Class A, Class C, and Class I, respectively. Under this same arrangement, the Fund has also agreed, during the two period following the year of any such waiver or reimbursement by the Adviser, to repay such amount, but only to the extent the Fund's adjusted total annual Fund operating expenses would not exceed an annual rate of 1.25%, 1.25%, 2.00%, and 1.00% for Class AAA, Class A, Class C, and Class I shares, respectively, after giving effect to the repayments. This arrangement is in effect until July 31, 2018 and may be terminated only by the Board of Directors of the Fund before such time. At March 31, 2017, the cumulative amount which the Fund may repay the Adviser is \$201,070.

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



## Gabelli ESG Fund, Inc.

### Notes to Financial Statements (Continued)

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**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 March 31, 2017, other than short term securities and U.S. Government obligations, aggregated \$12,374,031 and \$16,805,744, respectively.

**6. Transactions with Affiliates and Other Arrangements.** During the year ended March 31, 2017, the Fund paid \$6,077 in brokerage commissions on security trades to G.research, LLC, an affiliate of the Adviser. Additionally, the Distributor retained a total of \$5,529 from investors representing commissions (sales charges and underwriting fees) on sales and redemptions of Fund shares.

During the year ended March 31, 2017, the Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. The amount of such expenses paid through this directed brokerage arrangement during this period was \$1,723.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement. During the year ended March 31, 2017, the Fund paid or accrued \$45,000 to the Adviser in connection with the cost of computing the Fund's NAV.

**7. Capital Stock.** The Fund offers four classes of shares – Class AAA Shares, Class A Shares, Class C Shares, and Class I Shares. Class AAA Shares 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 March 31, 2017 and 2016, if any, can be found in the Statement of Changes in Net Assets under Redemption Fees.

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

Transactions in shares of capital stock were as follows:

	Year Ended March 31, 2017		Year Ended March 31, 2016	
	Shares	Amount	Shares	Amount
<b>Class AAA</b>				
Shares sold .....	127,798	\$ 1,913,997	104,269	\$ 1,490,022
Shares issued upon reinvestment of distributions .....	41,230	611,023	25,493	365,314
Shares redeemed .....	(406,296)	(6,156,985)	(308,715)	(4,424,112)
Net decrease .....	<u>(237,268)</u>	<u>\$ (3,631,965)</u>	<u>(178,953)</u>	<u>\$(2,568,776)</u>
<b>Class A</b>				
Shares sold .....	278,375	\$ 4,166,519	188,219	\$ 2,778,970
Shares issued upon reinvestment of distributions .....	45,722	677,144	27,220	389,785
Shares redeemed .....	(595,632)	(9,070,627)	(241,895)	(3,444,392)
Net decrease .....	<u>(271,535)</u>	<u>\$ (4,226,964)</u>	<u>(26,456)</u>	<u>\$ (275,637)</u>
<b>Class C</b>				
Shares sold .....	138,137	\$ 1,927,768	78,334	\$ 1,081,830
Shares issued upon reinvestment of distributions .....	25,850	358,542	14,819	200,801
Shares redeemed .....	(185,884)	(2,630,061)	(99,860)	(1,336,875)
Net decrease .....	<u>(21,897)</u>	<u>\$ (343,751)</u>	<u>(6,707)</u>	<u>\$ (54,244)</u>
<b>Class I</b>				
Shares sold .....	654,927	\$10,161,385	244,057	\$ 3,564,980
Shares issued upon reinvestment of distributions .....	50,381	760,757	26,790	390,065
Shares redeemed .....	(366,534)	(5,626,554)	(383,341)	(5,606,295)
Net increase/(decrease) .....	<u>338,774</u>	<u>\$ 5,295,588</u>	<u>(112,494)</u>	<u>\$(1,651,250)</u>

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

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

## **Gabelli ESG Fund, Inc.**

### **Report of Independent Registered Public Accounting Firm**

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To the Board of Directors and Shareholders of  
Gabelli ESG Fund, Inc.:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the Gabelli ESG Fund, Inc. (formerly Gabelli SRI Fund, Inc.) (the "Fund") as of March 31, 2017, 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 accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements 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 are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities as of March 31, 2017 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
New York, New York  
May 23, 2017

## Gabelli ESG Fund, Inc. Additional Fund Information (Unaudited)

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

<u>Name, Position(s) Address<sup>1</sup> and Age</u>	<u>Term of Office and Length of Time Served<sup>2</sup></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 Director<sup>3</sup></u>
<b>INTERESTED DIRECTOR<sup>4</sup>:</b>				
<b>Mario J. Gabelli, CFA</b> Director and Chief Investment Officer Age: 74	Since 2007	32	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.; Executive Chairman 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)
<b>NON-INTERESTED DIRECTORS<sup>5</sup>:</b>				
<b>Clarence A. Davis</b> Director Age: 75	Since 2007	3	Former Chief Executive Officer of Nestor, Inc. (2007-2009); Former Chief Operating Officer (2000-2005) and Chief Financial Officer (1999-2000) of the American Institute of Certified Public Accountants	Director of Telephone & Data Systems, Inc. (telephone services); Director of Pennichuck Corp. (water supply) (2009-2012)
<b>Vincent D. Enright</b> Director Age: 73	Since 2007	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)
<b>William F. Heitmann</b> Director Age: 68	Since 2012	4	Managing Director and Senior Advisor of Perlmutter Investment Company (real estate); Senior Vice President of Finance, Verizon Communications, and President, Verizon Investment Management (1971-2011)	—
<b>Anthonie C. van Ekris</b> Director Age: 82	Since 2007	22	Chairman and Chief Executive Officer of BALMAC International, Inc. (global import/export company)	—

## Gabelli ESG Fund, Inc. Additional Fund Information (Continued) (Unaudited)

<u>Name, Position(s) Address<sup>1</sup> and Age</u>	<u>Term of Office and Length of Time Served<sup>2</sup></u>	<u>Principal Occupation(s) During Past Five Years</u>
<b>OFFICERS:</b>		
<b>Bruce N. Alpert</b> President Age: 65	Since 2007	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
<b>Agnes Mullady</b> Vice President Age: 58	Since 2007	Vice President of all of the open-end funds within the Gabelli/GAMCO Fund Complex since February 2017; Treasurer of all of the open-end funds within the Gabelli/GAMCO Fund Complex from 2006 to February 2017; President and Chief Operating Officer of the Fund Division of Gabelli Funds, LLC since 2015; 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; Executive Vice President of Associated Capital Group, Inc. since November 2016; Officer of all of the registered investment companies within the Gabelli/GAMCO Fund Complex
<b>Andrea R. Mango</b> 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
<b>John C. Ball</b> Treasurer Age: 41	Since 2017	Treasurer of all open-end funds within the Gabelli/GAMCO Fund Complex since 2017; Vice President and Assistant Treasurer of AMG Funds, 2014-2017; Vice President of State Street Corporation, 2007-2014
<b>Richard J. Walz</b> 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

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

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> "Interested person" of the Fund as defined in the 1940 Act. Mr. Gabelli is considered an "interested person" because of his affiliation with Gabelli Funds, LLC which acts as the Fund's investment adviser.

<sup>5</sup> Directors who are not interested persons are considered "Independent" Directors.

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

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

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

**2017 TAX NOTICE TO SHAREHOLDERS (Unaudited)**

For the year ended March 31, 2017, the Fund paid to shareholders long term capital gains totaling \$2,598,183, or the maximum allowable. The distribution of long term capital gains has been designated as a capital gain dividend by the Fund's Board of Directors.

All designations are based on financial information available as of the date of this annual report and, accordingly, are subject to change. For each item, it is the intention of the Fund to designate the maximum amount permitted under the Internal Revenue Code and the regulations thereunder.

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

## GABELLI ESG FUND, INC.

One Corporate Center  
Rye, New York 10580-1422

t 800-GABELLI (800-422-3554)

f 914-921-5118

e [info@gabelli.com](mailto:info@gabelli.com)

[GABELLI.COM](http://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.  
Executive Chairman,  
Associated Capital Group, Inc.

Clarence A. Davis  
Former Chief  
Executive Officer,  
Nestor, Inc.

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

William F. Heitmann  
Former Senior Vice  
President of Finance,  
Verizon Communications, Inc.

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

### OFFICERS

Bruce N. Alpert  
President

Agnes Mullady  
Vice President

Andrea R. Mango  
Secretary

John C. Ball  
Treasurer

Richard J. Walz  
Chief Compliance Officer

### DISTRIBUTOR

G.distributors, LLC

### CUSTODIAN

The Bank of New York Mellon

### LEGAL COUNSEL

Paul Hastings LLP

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



GABELLI  
FUNDS

# GABELLI ESG FUND, INC.

*Annual Report  
March 31, 2017*