

The Gabelli Focus Five Fund

Semiannual Report — March 31, 2017

To Our Shareholders,

For the six months ended March 31, 2017, the net asset value (“NAV”) per Class I Share of The Gabelli Focus Five Fund decreased 0.3% compared with the Fund’s benchmark the Blended Index, which increased 9.3%. The benchmark consists of 50% of the Russell 2500 Index, 25% of the Russell 1000 Index, and 25% of the MSCI AC World Ex-U.S. Index. See below for additional performance information.

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

Comparative Results

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

	Six Months	1 Year	5 Year	10 Year	Since January 1, 2012(c)	Since Inception (12/31/02)
Class I (GWSIX)	(0.26)%	8.21%	8.46%	5.51%	10.04%	7.98%
Class AAA (GWSVX)	(0.61)	7.72	8.14	5.23	9.71	7.78
Russell 2500 Index	10.11	21.53	12.60	7.71	14.60(d)	11.48
Russell 1000 Index	10.09	17.43	13.26	7.58	15.22	9.68
MSCI AC World Ex-U.S. Index	6.69	13.70	4.84	1.82	6.76	8.45
Blended Index	9.32	18.51	10.76	6.18	12.73	10.26
Class A (GWSAX)	(0.60)	7.72	8.15	5.24	9.72	7.81
With sales charge (e)	(6.32)	1.53	6.87	4.60	8.49	7.35
Class C (GWSCX)	(0.94)	6.95	7.35	4.46	8.91	7.02
With contingent deferred sales charge (f)	(1.93)	5.95	7.35	4.46	8.91	7.02

In the current prospectuses dated January 27, 2017, the expense ratios for Class AAA, A, C, and I Shares are 1.42%, 1.42%, 2.17%, and 1.17%, respectively. See page 7 for the expense ratios for the six months ended March 31, 2017. Class AAA and Class I Shares have no sales charge. The maximum sales charge for Class A and C Shares is 5.75% and 1.00%, respectively.

- (a) *Returns represent past performance and do not guarantee future results. Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. Returns would have been lower had the Adviser not reimbursed certain expenses of the Fund. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date of purchase. Performance returns for periods less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus please visit our website at www.gabelli.com. The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class I Shares on January 11, 2008. The actual performance of Class I Shares would have been higher due to lower expenses associated with this class of shares. The Russell 2500 Index is a market capitalization weighted index of 2,500 U.S. traded stocks of small and mid capitalization stocks. The Russell 1000 Index is a market capitalization weighted index of 1,000 U.S. traded large capitalization stocks. The Morgan Stanley Capital International All Country World Index excluding the U.S. (MSCI ACWI Ex-U.S.) is a market capitalization weighted index of small, mid, and large capitalization stocks across developed and emerging markets, excluding U.S. stocks. The Blended Index consists of a 50% Russell 2500 Index, 25% Russell 1000 Index, and 25% MSCI ACWI Ex-U.S. Index. Dividends are considered reinvested. You cannot invest directly in an index.*
- (b) The Fund’s fiscal year ends September 30.
- (c) On January 1, 2012, the Fund began operating under its current name.
- (d) Russell 2500 Index performance is as of December 31, 2011.
- (e) Performance results include the effect of the maximum 5.75% sales charge at the beginning of the period.
- (f) Assuming payment of the 1% maximum contingent deferred sales charge imposed on redemptions made within one year of purchase.

The Gabelli Focus Five Fund 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.

	Beginning Account Value 10/01/16	Ending Account Value 03/31/17	Annualized Expense Ratio	Expenses Paid During Period*
<i>The Gabelli Focus Five Fund</i>				
Actual Fund Return				
Class AAA	\$1,000.00	\$ 993.90	1.46%	\$ 7.26
Class A	\$1,000.00	\$ 994.00	1.46%	\$ 7.26
Class C	\$1,000.00	\$ 990.60	2.21%	\$10.97
Class I	\$1,000.00	\$ 997.40	1.21%	\$ 6.03
Hypothetical 5% Return				
Class AAA	\$1,000.00	\$1,017.65	1.46%	\$ 7.34
Class A	\$1,000.00	\$1,017.65	1.46%	\$ 7.34
Class C	\$1,000.00	\$1,013.91	2.21%	\$11.10
Class I	\$1,000.00	\$1,018.90	1.21%	\$ 6.09

* 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:

The Gabelli Focus Five Fund

Cable and Satellite	10.8%	Telecommunications	3.0%
Food and Beverage.....	9.7%	Pharmaceuticals.....	2.8%
Hotels and Gaming	9.2%	Automotive: Parts and Accessories .	2.7%
Computer Software and Services...	9.1%	Entertainment.....	2.4%
U.S. Government Obligations	9.0%	Health Care Equipment and	
Retail	8.9%	Supplies.....	2.2%
Consumer Products.....	7.9%	Semiconductors	1.2%
Financial Services	6.8%	Specialty Chemicals	1.0%
Health Care Equipment and		Other Assets and Liabilities (Net)...	(0.7)%
Services.....	6.7%		<u>100.0%</u>
Building and Construction	3.9%		
Energy and Utilities	3.4%		

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

Proxy Voting

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

Portfolio Manager Biography

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

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

The Gabelli Focus Five Fund

Schedule of Investments — March 31, 2017 (Unaudited)

Shares		Cost	Market Value	Shares		Cost	Market Value
	COMMON STOCKS — 91.7%				Health Care Equipment and Services — 6.7%		
	Automotive: Parts and Accessories — 2.7%			6,793,900	BioScrip Inc.†(a)	\$ 20,377,822	\$ 11,549,630
57,500	Delphi Automotive plc	\$ 3,802,094	\$ 4,628,175		Health Care Equipment and Supplies — 2.2%		
	Building and Construction — 3.9%			95,000	Alere Inc.†	3,263,486	3,774,350
275,000	Armstrong Flooring Inc.†	4,846,617	5,065,500		Hotels and Gaming — 9.2%		
75,000	Taylor Morrison Home Corp., Cl. A†	1,009,825	1,599,000	573,200	MGM Resorts International	11,967,053	15,705,680
		5,856,442	6,664,500		Pharmaceuticals — 2.8%		
	Cable and Satellite — 10.8%			200,000	Akorn Inc.†	4,154,734	4,816,000
99,193	EchoStar Corp., Cl. A†	3,906,719	5,649,041		Retail — 8.9%		
370,000	Liberty Global plc, Cl. C†	10,458,426	12,964,800	40,000	Advance Auto Parts Inc.	5,952,819	5,930,400
		14,365,145	18,613,841	450,000	Ascena Retail Group Inc.†	2,318,403	1,917,000
	Computer Software and Services — 9.1%			425,000	Hertz Global Holdings Inc.†	10,050,522	7,454,500
11,000	Alphabet Inc., Cl. C†	6,797,837	9,125,160			18,321,744	15,301,900
1,081,970	Internap Corp.†	3,405,296	4,024,929		Semiconductors — 1.2%		
160,000	Twitter Inc.†	2,689,993	2,392,000	90,678	Integrated Device Technology Inc.†	1,647,458	2,146,348
		12,893,126	15,542,089		Specialty Chemicals — 1.0%		
	Consumer Products — 7.9%			35,000	Methanex Corp.	1,046,280	1,641,500
130,000	Edgewell Personal Care Co.†	9,880,414	9,508,200		Telecommunications — 3.0%		
85,000	Newell Brands Inc.	3,987,377	4,009,450	475,000	Gogo Inc.†	4,408,291	5,225,000
		13,867,791	13,517,650		TOTAL COMMON STOCKS	145,991,996	157,461,726
	Energy and Utilities — 3.4%				Principal Amount		
125,000	Canadian Solar Inc.†	1,428,557	1,533,750	\$15,418,000	U.S. GOVERNMENT OBLIGATIONS — 9.0%		
650,000	Weatherford International plc†	3,007,946	4,322,500		U.S. Treasury Bills, 0.466% to 0.751%††, 04/13/17 to 06/22/17	15,400,553	15,400,233
		4,436,503	5,856,250		TOTAL INVESTMENTS — 100.7%	\$161,392,549	172,861,959
	Entertainment — 2.4%				Other Assets and Liabilities (Net) — (0.7)%		(1,267,929)
70,000	Take-Two Interactive Software Inc.†	1,141,937	4,148,900		NET ASSETS — 100.0%		\$171,594,030
	Financial Services — 6.8%						
165,000	Blackhawk Network Holdings Inc.†	5,250,502	6,699,000				
85,000	Interactive Brokers Group Inc., Cl. A	2,897,052	2,951,200				
911,687	Och-Ziff Capital Management Group LLC, Cl. A	3,248,879	2,060,413				
		11,396,433	11,710,613				
	Food and Beverage — 9.7%						
821,419	Inventure Foods Inc.†	5,066,224	3,630,672	(a)	Security considered an affiliated holding because the Fund owns at least 5% of its outstanding shares.		
292,700	Maple Leaf Foods Inc.	4,874,476	7,104,828	†	Non-income producing security.		
35,000	Mondelēz International Inc., Cl. A	1,440,282	1,507,800	††	Represents annualized yield at date of purchase.		
50,000	Post Holdings Inc.†	1,664,675	4,376,000				
		13,045,657	16,619,300				

See accompanying notes to financial statements.

The Gabelli Focus Five Fund

Statement of Assets and Liabilities March 31, 2017 (Unaudited)

Assets:	
Investments, at value (cost \$141,014,727)	\$161,312,329
Investments in affiliates, at value (cost \$20,377,822)	11,549,630
Foreign currency, at value (cost \$23,842)	23,905
Deposit at brokers	364,872
Receivable for investments sold	1,090,887
Receivable for Fund shares sold	249,684
Dividends receivable	8,866
Prepaid expenses	31,854
Total Assets	<u>174,632,027</u>
Liabilities:	
Payable to custodian	30,524
Payable for investments purchased	2,174,347
Payable for Fund shares redeemed	538,490
Payable for investment advisory fees	147,960
Payable for distribution fees	47,536
Payable for accounting fees	7,500
Other accrued expenses	91,640
Total Liabilities	<u>3,037,997</u>
Net Assets	
(applicable to 13,007,961 shares outstanding)	<u>\$171,594,030</u>
Net Assets Consist of:	
Paid-in capital	\$165,391,424
Accumulated net investment loss	(3,433,141)
Accumulated net realized loss on investments, written options, and foreign currency transactions	(1,833,726)
Net unrealized appreciation on investments	11,469,410
Net unrealized appreciation on foreign currency translations	63
Net Assets	<u>\$171,594,030</u>
Shares of Capital Stock, each at \$0.001 par value:	
Class AAA:	
Net Asset Value, offering, and redemption price per share (\$23,004,506 ÷ 1,708,504 shares outstanding; 100,000,000 shares authorized)	<u>\$13.46</u>
Class A:	
Net Asset Value and redemption price per share (\$30,573,627 ÷ 2,247,654 shares outstanding; 50,000,000 shares authorized)	<u>\$13.60</u>
Maximum offering price per share (NAV ÷ 0.9425, based on maximum sales charge of 5.75% of the offering price)	<u>\$14.43</u>
Class C:	
Net Asset Value and offering price per share (\$41,324,796 ÷ 3,505,222 shares outstanding; 50,000,000 shares authorized)	<u>\$11.79(a)</u>
Class I:	
Net Asset Value, offering, and redemption price per share (\$76,691,101 ÷ 5,546,581 shares outstanding; 50,000,000 shares authorized)	<u>\$13.83</u>

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

Statement of Operations For the Six Months Ended March 31, 2017 (Unaudited)

Investment Income:	
Dividends - unaffiliated (net of foreign withholding taxes of \$12,312)	\$ 215,985
Interest	22,039
Other income*	2,010
Total Investment Income	<u>240,034</u>
Expenses:	
Investment advisory fees	989,425
Distribution fees - Class AAA	34,988
Distribution fees - Class A	46,945
Distribution fees - Class C	236,069
Shareholder services fees	79,563
Registration expenses	36,590
Shareholder communications expenses	24,597
Accounting fees	22,500
Legal and audit fees	18,694
Custodian fees	10,659
Directors' fees	3,780
Interest expense	381
Miscellaneous expenses	12,619
Total Expenses	<u>1,516,810</u>
Less:	
Expenses paid indirectly by broker (See Note 6)	(1,447)
Net Expenses	<u>1,515,363</u>
Net Investment Loss	<u>(1,275,329)</u>
Net Realized and Unrealized Gain/(Loss) on Investments, Written Options, and Foreign Currency:	
Net realized gain on investments - unaffiliated	13,793,155
Net realized loss on investments - affiliated	(10,019,703)
Net realized gain on written options	340,371
Net realized gain on foreign currency transactions	126
Net realized gain on investments, written options, and foreign currency transactions	<u>4,113,949</u>
Net change in unrealized appreciation/depreciation: on investments	(6,990,224)
on written options	(6,209)
on foreign currency translations	63
Net change in unrealized appreciation/depreciation on investments, written options, and foreign currency translations	<u>(6,996,370)</u>
Net Realized and Unrealized Gain/(Loss) on Investments, Written Options, and Foreign Currency	<u>(2,882,421)</u>
Net Decrease in Net Assets Resulting from Operations	<u>\$ (4,157,750)</u>

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

See accompanying notes to financial statements.

The Gabelli Focus Five Fund

Statement of Changes in Net Assets

	Six Months Ended March 31, 2017 (Unaudited)	Year Ended September 30, 2016
Operations:		
Net investment loss.....	\$ (1,275,329)	\$ (3,085,327)
Net realized gain/(loss) on investments, written options, and foreign currency transactions	4,113,949	(571,284)
Net change in unrealized appreciation/depreciation on investments, written options, and foreign currency translations	<u>(6,996,370)</u>	<u>37,905,931</u>
Net Increase/(Decrease) in Net Assets Resulting from Operations	<u>(4,157,750)</u>	<u>34,249,320</u>
Distributions to Shareholders:		
Net realized gain		
Class AAA.....	(353,970)	—
Class A	(461,898)	—
Class C	(646,935)	—
Class I	<u>(968,549)</u>	<u>—</u>
Total Distributions to Shareholders	<u>(2,431,352)</u>	<u>—</u>
Capital Share Transactions:		
Class AAA.....	(9,675,112)	(9,685,248)
Class A	(12,004,231)	(20,369,724)
Class C	(14,687,856)	(19,956,810)
Class I	<u>(24,205,919)</u>	<u>(87,459,731)</u>
Net Decrease in Net Assets from Capital Share Transactions	<u>(60,573,118)</u>	<u>(137,471,513)</u>
Redemption Fees	654	<u>2,568</u>
Net Decrease in Net Assets	<u>(67,161,566)</u>	<u>(103,219,625)</u>
Net Assets:		
Beginning of year	<u>238,755,596</u>	<u>341,975,221</u>
End of period (including undistributed net investment income of \$0 and \$0, respectively)	<u>\$171,594,030</u>	<u>\$ 238,755,596</u>

See accompanying notes to financial statements.

The Gabelli Focus Five Fund

Financial Highlights

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

Year Ended September 30	from Investment Operations				Distributions		Net Asset Value Beginning of Year	Net Investment Loss (a)(d)	Net Unrealized Gain (Loss) on Investments	Total from Investment Operations	Net Realized Gain on Investments	Total Distributions	Redemption Fees (b)(c)	Net Asset Value End of Period	Total Return †	Net Assets End of Period (in 000's)	Net Investment Loss (a)	Expenses Net of Waivers/ Reimburse- ments	Expenses Before Waivers/ Reimburse- ments	Portfolio Turnover Rate
	Net Investment Loss (a)(b)	Unrealized Gain (Loss) on Investments	Net Realized Gain on Investments	Total Distributions	Expenses Net of Waivers/ Reimburse- ments	Expenses Before Waivers/ Reimburse- ments														
Class AAA																				
2017(d)	\$13.70	(\$0.08)	(\$0.01)	(\$0.09)	(\$0.15)	\$0.00	\$13.46	(0.61)%	\$ 23,004	(1.22)%(e)	1.46%(e)	1.46%(e)(f)	36%							
2016	12.00	(0.14)	1.84	1.70	—	0.00	13.70	14.17	33,695	(1.11)	1.42	1.42(f)	60							
2015	15.22	(0.12)	(1.81)	(1.93)	(1.29)	0.00	12.00	(14.11)	38,960	(0.83)	1.37	1.37(f)	73							
2014	13.72	(0.09)	1.75	1.66	(0.16)	0.00	15.22	12.15	57,565	(0.58)	1.38	1.38	94							
2013	11.11	(0.14)	3.13	2.99	(0.38)	0.00	13.72	27.74	50,275	(1.05)	1.54(g)	1.54(g)	69							
2012	8.19	(0.11)	3.10	2.99	(0.07)	0.00	11.11	36.71	11,714	(1.09)	2.01	2.69(h)	140							
Class A																				
2017(d)	\$13.84	(\$0.08)	(\$0.01)	(\$0.09)	(\$0.15)	\$0.00	\$13.60	(0.60)%	\$ 30,574	(1.22)%(e)	1.46%(e)	1.46%(e)(f)	36%							
2016	12.12	(0.14)	1.86	1.72	—	0.00	13.84	14.19	43,775	(1.10)	1.42	1.42(f)	60							
2015	15.36	(0.12)	(1.83)	(1.95)	(1.29)	0.00	12.12	(14.11)	57,987	(0.83)	1.37	1.37(f)	73							
2014	13.85	(0.09)	1.76	1.67	(0.16)	0.00	15.36	12.11	105,369	(0.59)	1.38	1.38	94							
2013	11.21	(0.14)	3.16	3.02	(0.38)	0.00	13.85	27.76	192,157	(1.05)	1.54(g)	1.54(g)	69							
2012	8.26	(0.13)	3.15	3.02	(0.07)	0.00	11.21	36.76	7,574	(1.20)	2.01	2.69(h)	140							
Class C																				
2017(d)	\$12.06	(\$0.11)	(\$0.01)	(\$0.12)	(\$0.15)	\$0.00	\$11.79	(0.94)%	\$ 41,325	(1.97)%(e)	2.21%(e)	2.21%(e)(f)	36%							
2016	10.64	(0.21)	1.63	1.42	—	0.00	12.06	13.35	57,796	(1.85)	2.17	2.17(f)	60							
2015	13.73	(0.20)	(1.60)	(1.80)	(1.29)	0.00	10.64	(14.74)	70,274	(1.58)	2.12	2.12(f)	73							
2014	12.49	(0.18)	1.58	1.40	(0.16)	0.00	13.73	11.25	87,443	(1.31)	2.13	2.13	94							
2013	10.22	(0.22)	2.87	2.65	(0.38)	0.00	12.49	26.80	55,865	(1.79)	2.29(g)	2.29(g)	69							
2012	7.59	(0.17)	2.87	2.70	(0.07)	0.00	10.22	35.79	1,913	(1.83)	2.76	3.44(h)	140							
Class I																				
2017(d)	\$14.05	(\$0.06)	(\$0.01)	(\$0.07)	(\$0.15)	\$0.00	\$13.83	(0.26)%	\$ 76,691	(0.97)%(e)	1.21%(e)	1.21%(e)(f)	36%							
2016	12.27	(0.11)	1.89	1.78	—	0.00	14.05	14.51	103,490	(0.85)	1.17	1.17(f)	60							
2015	15.50	(0.09)	(1.85)	(1.94)	(1.29)	0.00	12.27	(13.90)	174,754	(0.58)	1.12	1.12(f)	73							
2014	13.94	(0.05)	1.77	1.72	(0.16)	0.00	15.50	12.39	318,785	(0.30)	1.13	1.13	94							
2013	11.26	(0.11)	3.17	3.06	(0.38)	0.00	13.94	28.00	110,170	(0.79)	1.29(g)	1.29(g)	69							
2012	8.27	(0.09)	3.15	3.06	(0.07)	0.00	11.26	37.21	14,862	(0.84)	1.76	2.44(h)	140							

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

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

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

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

(d) For the six months ended March 31, 2017, unaudited.

(e) Annualized.

(f) The Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. For the six months ended March 31, 2017 and the years ended September 30, 2016 and 2015, there was no impact to the expense ratios.

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

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

See accompanying notes to financial statements.

The Gabelli Focus Five Fund

Notes to Financial Statements (Unaudited)

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

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

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

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market, but prior to the close of business on the day the securities are being valued. Debt 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 Gabelli Focus Five Fund

Notes to Financial Statements (Unaudited) (Continued)

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

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

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments in securities 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	
INVESTMENTS IN SECURITIES:			
ASSETS (Market Value):			
Common Stocks (a)	\$157,461,726	—	\$157,461,726
U.S. Government Obligations	—	\$15,400,233	15,400,233
TOTAL INVESTMENTS IN SECURITIES – ASSETS	\$157,461,726	\$15,400,233	\$172,861,959

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

The Fund did not have transfers between Level 1 and Level 2 during the six months ended 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 held at March 31, 2017 or September 30, 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 are recent prices of comparable securities that are publicly traded, reliable prices of securities not publicly traded, the use of valuation models,

The Gabelli Focus Five Fund

Notes to Financial Statements (Unaudited) (Continued)

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 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, in the event of default, the Fund may be delayed in or prevented from obtaining payments or other contractual remedies owed to it under derivative contracts. The creditworthiness of the counterparties is closely monitored in order to minimize these risks. Participation in derivative transactions involves investment risks, transaction costs, and potential losses to which the Fund would not be subject absent the use of these strategies. The consequences of these risks, transaction costs, and losses may have a negative impact on the Fund's ability to pay distributions.

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

The Fund's derivative contracts held at 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.

The Gabelli Focus Five Fund

Notes to Financial Statements (Unaudited) (Continued)

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 March 31, 2017, the Fund held no option positions.

The Fund’s volume of activity in equity options contracts while outstanding during the six months ended March 31, 2017 had an average monthly market value of approximately \$115,030. Please refer to Note 5 for option activity during the six months ended March 31, 2017.

For the six months ended March 31, 2017, the effect of equity option positions if any, can be found in the Statement of Operations under Net Realized and Unrealized Gain/(Loss) on Investments, Written Options, and Foreign Currency, within Net realized gain on written options and Net change in unrealized appreciation/depreciation on written options.

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.

The Gabelli Focus Five Fund

Notes to Financial Statements (Unaudited) (Continued)

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

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

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

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

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

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

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

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

The Gabelli Focus Five Fund

Notes to Financial Statements (Unaudited) (Continued)

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

	<u>Cost/ Premiums</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
Investments.....	\$162,514,783	\$26,612,258	\$(16,265,082)	\$10,347,176

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold. For the six months ended 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.

The Corporation pays each Director who is not considered an affiliated person an annual retainer of \$18,000 plus \$2,000 for each Board meeting attended, and they are reimbursed for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$1,000 per meeting attended. The Chairman of the Audit Committee receives a \$3,000 annual fee, and the Lead Director receives an annual fee of \$2,000. A Director may receive a single meeting fee, allocated among the participating funds, for attending certain meetings held on behalf of multiple funds. Directors who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Corporation.

4. Distribution Plan. The Fund's Board has adopted a distribution plan (the "Plan") for each class of shares, except for Class I Shares, pursuant to Rule 12b-1 under the 1940 Act. Under the Class AAA, Class A, and Class C Share Plans, payments are authorized to G.distributors, LLC (the "Distributor"), an affiliate of the Adviser, at annual rates of 0.25%, 0.25%, and 1.00%, respectively, of the average daily net assets of those classes, the annual limitations under each Plan. Such payments are accrued daily and paid monthly.

5. Portfolio Securities. Purchases and sales of securities during the six months ended March 31, 2017, other than short term securities and U.S. Government obligations, aggregated \$66,837,833 and \$134,705,207, respectively.

The Gabelli Focus Five Fund

Notes to Financial Statements (Unaudited) (Continued)

Written options activity for the Fund for the six months ended March 31, 2017 was as follows:

	<u>Number of Contracts</u>	<u>Premiums</u>
Options outstanding at September 30, 2016	500	\$ 39,959
Options written	4,700	628,427
Options repurchased	(3,200)	(490,027)
Options expired	(1,754)	(154,016)
Options exercised	(246)	(24,343)
Options outstanding at March 31, 2017	<u>—</u>	<u>—</u>

6. Transactions with Affiliates and Other Arrangements. During the six months ended March 31, 2017, the Distributor retained a total of \$13,106 from investors representing commissions (sales charges and underwriting fees) on sales and redemptions of Fund shares.

During the six months 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 \$1,447.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement. During the six months ended March 31, 2017, the Fund paid or accrued \$22,500 to the Adviser in connection with the cost of computing the Fund's NAV.

7. Line of Credit. The Fund participates in an unsecured line of credit, which expires on March 8, 2018 and may be renewed annually, of up to \$75,000,000 under which it may borrow up to 10% of its net assets from the custodian for temporary borrowing purposes. Borrowings under this arrangement bear interest at a floating rate equal to the higher of the overnight Federal Funds rate plus 125 basis points or the 30 day LIBOR plus 125 basis points in effect on that day. This amount, if any, would be included in "Interest expense" in the Statement of Operations. At March 31, 2017, there were no borrowings outstanding under the line of credit.

The average daily amount of borrowings outstanding under the line of credit during the six months ended March 31, 2017 was \$18,214 with a weighted average interest rate of 2.04%. The maximum amount borrowed at any time during the six months ended March 31, 2017 was \$2,270,000.

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

The Fund imposes a redemption fee of 2.00% on all classes of shares that are redeemed or exchanged on or before the seventh day after the date of a purchase. The redemption fee is deducted from the proceeds otherwise payable to the redeeming shareholders and is retained by the Fund as an increase in paid-in capital. The redemption fees retained by the Fund during the six months ended March 31, 2017 and the year ended September 30, 2016, if any, can be found in the Statement of Changes in Net Assets under Redemption Fees.

The Gabelli Focus Five Fund

Notes to Financial Statements (Unaudited) (Continued)

Transactions in shares of capital stock were as follows:

	Six Months Ended March 31, 2017 (Unaudited)		Year Ended September 30, 2016	
	Shares	Amount	Shares	Amount
Class AAA				
Shares sold	88,882	\$ 1,171,349	325,047	\$ 3,981,673
Shares issued upon reinvestment of distributions	26,864	339,562	—	—
Shares redeemed	(866,316)	(11,186,023)	(1,113,757)	(13,666,921)
Net decrease	<u>(750,570)</u>	<u>\$ (9,675,112)</u>	<u>(788,710)</u>	<u>\$ (9,685,248)</u>
Class A				
Shares sold	163,079	\$ 2,174,806	545,886	\$ 6,946,569
Shares issued upon reinvestment of distributions	32,313	412,635	—	—
Shares redeemed	(1,110,517)	(14,591,672)	(2,168,667)	(27,316,293)
Net decrease	<u>(915,125)</u>	<u>\$(12,004,231)</u>	<u>(1,622,781)</u>	<u>\$ (20,369,724)</u>
Class C				
Shares sold	156,578	\$ 1,781,438	745,654	\$ 8,293,234
Shares issued upon reinvestment of distributions	47,717	529,185	—	—
Shares redeemed	(1,490,718)	(16,998,479)	(2,559,094)	(28,250,044)
Net decrease	<u>(1,286,423)</u>	<u>\$(14,687,856)</u>	<u>(1,813,440)</u>	<u>\$ (19,956,810)</u>
Class I				
Shares sold	1,012,366	\$ 13,516,807	1,608,302	\$ 20,528,256
Shares issued upon reinvestment of distributions	70,411	913,230	—	—
Shares redeemed	(2,902,459)	(38,635,956)	(8,485,808)	(107,987,987)
Net decrease	<u>(1,819,682)</u>	<u>\$(24,205,919)</u>	<u>(6,877,506)</u>	<u>\$ (87,459,731)</u>

9. Transactions in Securities of Affiliated Issuers. The 1940 Act defines affiliated issuers as those in which the Fund's holdings of an issuer represent 5% or more of the outstanding voting securities of the issuer. A summary of the Fund's transactions in the securities of these issuers during the six months ended March 31, 2017 is set forth below:

	Beginning Shares	Shares Purchased	Shares Sold	Ending Shares	Dividend Income	Realized Loss	Value at March 31, 2017	Percent Owned of Shares Outstanding
Bioscrip Inc.	8,956,023	347,377	2,509,500	6,793,900	—	\$(10,019,703)	\$11,549,630	5.62%

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

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

The Gabelli Focus Five Fund

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

During the six months ended March 31, 2017, the Board of Directors of the Corporation approved the continuation of the investment advisory agreement with the Adviser for the Fund on the basis of the recommendation by the directors (the “Independent Board Members”) who are not “interested persons” of the Fund. The following paragraphs summarize the material information and factors considered by the Independent Board Members as well as their conclusions relative to such factors.

Nature, Extent, and Quality of Services. The Independent Board Members considered information regarding the portfolio manager, the depth of the analyst pool available to the Adviser and the portfolio manager, the scope of administrative, shareholder, and other services supervised or provided by the Adviser and the absence of significant service problems reported to the Board. The Independent Board Members noted the experience, length of service, and reputation of the portfolio manager.

Investment Performance. The Independent Board Members reviewed the performance of the Fund over various periods against a peer group of mid cap value funds. The Independent Board Members noted that the Fund’s performance was in the fourth quartile for the one year, three year, and five year periods.

Profitability. The Independent Board Members reviewed summary data regarding the recent profitability of the Fund to the Adviser both with an administrative overhead charge and without such a charge. The Independent Board Members also noted that an affiliated broker of the Adviser received distribution fees and minor amounts of sales commissions and that the Adviser received a moderate level of soft dollar research benefits through the Fund’s portfolio brokerage.

Economies of Scale. The Independent Board Members discussed the major elements of the Adviser’s cost structure and the relationship of those elements to potential economies of scale.

Sharing of Economies of Scale. The Independent Board Members noted that the investment management fee schedule for the Fund does not take into account any potential economies of scale that may develop or any losses or diminished profitability to the Adviser in prior years.

Service and Cost Comparisons. The Independent Board Members compared the expense ratios of the investment management fee, other expenses, and total expenses of the Fund with similar expense ratios of the peer group of mid cap value funds and noted that the Adviser’s management fee includes substantially all administrative services for the Fund as well as investment advisory services. The Independent Board Members also noted that the management fee structure was the same as that in effect for most of the Gabelli funds. The Independent Board Members did not compare the management fee with the fees for other types of accounts managed by the Adviser.

Conclusions. The Independent Board Members concluded that the Fund enjoyed highly experienced portfolio management services, good ancillary services, and an acceptable performance record. The Independent Board Members also concluded that the Fund’s expense ratios were reasonable in light of the recent profitability to the Adviser of managing the Fund, and that economies of scale were not a factor in their thinking at this time. The Independent Board Members did not view the potential profitability of ancillary services as material to their decision. On the basis of the foregoing and without assigning particular weight to any single conclusion, the Independent Board Members determined to recommend continuation of the Advisory Agreement to the full Board.

The Gabelli Focus Five Fund

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

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

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LEGAL COUNSEL

Skadden, Arps, Slate, Meagher &
Flom LLP

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

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GABELLI
FUNDS

THE GABELLI FOCUS FIVE FUND

Semiannual Report
March 31, 2017

