

GABELLI EQUITY TRUST INC
Form N-CSRS
September 08, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-04700

The Gabelli Equity Trust Inc.

(Exact name of registrant as specified in charter)

One Corporate Center

Rye, New York 10580-1422

(Address of principal executive offices) (Zip code)

Bruce N. Alpert

Gabelli Funds, LLC

One Corporate Center

Rye, New York 10580-1422

(Name and address of agent for service)

registrant's telephone number, including area code: 1-800-422-3554

Date of fiscal year end: December 31

Date of reporting period: June 30, 2011

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

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A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Reports to Stockholders.

The Report to Shareholders is attached herewith.

The Gabelli Equity Trust Inc.

Semiannual Report

June 30, 2011

Mario J. Gabelli, CFA

Zahid Siddique

To Our Shareholders,

For the six months ended June 30, 2011, the net asset value (NAV) total return of The Gabelli Equity Trust Inc. (the Fund) was 10.02%, compared with returns of 6.02% and 8.54% for the Standard & Poor s (S&P) 500 Index and the Dow Jones Industrial Average, respectively. The total return for the Fund s publicly traded shares was 12.50%. On June 30, 2011, the Fund s NAV per share was \$6.15, while the price of the publicly traded shares closed at \$6.10 on the New York Stock Exchange (NYSE).

Enclosed are the portfolio of investments and financial statements as of June 30, 2011.

Comparative Results

Average Annual Returns through June 30, 2011 (a) (Unaudited)

| | Quarter | Year to Date | 1 Year | 3 Year | 5 Year | 10 Year | 20 Year | Since Inception (08/21/86) |
|------------------------------------|---------|-----------------|--------|--------|--------|---------|---------|----------------------------------|
| Gabelli Equity Trust | | | | | | | | |
| NAV Total Return (b) | 1.38% | 10.02% | 49.02% | 7.03% | 6.30% | 7.47% | 10.40% | 10.80% |
| Investment Total Return (c) | 1.05 | 12.50 | 49.72 | 3.38 | 6.82 | 5.41 | 10.16 | 10.38 |
| S&P 500 Index | 0.10 | 6.02 | 30.69 | 3.34 | 2.94 | 2.72 | 8.73 | 9.37(d) |
| Dow Jones Industrial Average | 1.38 | 8.54 | 30.29 | 6.07 | 4.94 | 4.20 | 10.09 | 10.71(d) |
| Nasdaq Composite Index | (0.03) | 5.01 | 32.87 | 7.63 | 5.96 | 3.28 | 9.20 | 8.29(d) |

- (a) **Returns represent past performance and do not guarantee future results.** Investment returns and the principal value of an investment will fluctuate. When shares are sold, 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. 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 Dow Jones Industrial Average is an unmanaged index of 30 large capitalization stocks. The S&P 500 and the Nasdaq Composite Indices are unmanaged indicators of stock market performance. Dividends are considered reinvested except for the Nasdaq Composite Index. You cannot invest directly in an index.
- (b) Total returns and average annual returns reflect changes in the NAV per share, reinvestment of distributions at NAV on the ex-dividend date, adjustments for rights offerings, spin-offs, and taxes paid on undistributed long-term capital gains and are net of expenses. Since inception return is based on an initial NAV of \$9.34.
- (c) Total returns and average annual returns reflect changes in closing market values on the NYSE, reinvestment of distributions, and adjustments for rights offerings, spin-offs, and taxes paid on undistributed long-term capital gains. Since inception return is based on an initial offering price of \$10.00.

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(d) *From August 31, 1986, the date closest to the Fund's inception for which data is available.*

We have separated the portfolio managers' commentary from the financial statements and investment portfolios 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 portfolios are mailed separately from the commentary. Both the commentary and the financial statements, including the portfolios of investments, will be available on our website at www.gabelli.com.

THE GABELLI EQUITY TRUST INC.**Summary of Portfolio Holdings (Unaudited)**

The following table presents portfolio holdings as a percent of total investments as of June 30, 2011:

| | |
|--|--------|
| Food and Beverage | 10.7% |
| Cable and Satellite | 8.3% |
| Energy and Utilities | 7.5% |
| Diversified Industrial | 7.1% |
| Financial Services | 7.1% |
| Equipment and Supplies | 6.2% |
| Entertainment | 5.3% |
| Telecommunications | 4.6% |
| Consumer Products | 4.3% |
| Automotive: Parts and Accessories | 3.8% |
| Health Care | 3.7% |
| Consumer Services | 2.6% |
| Retail | 2.5% |
| Machinery | 2.4% |
| Publishing | 2.3% |
| Aerospace | 2.1% |
| Business Services | 2.1% |
| Aviation: Parts and Services | 1.9% |
| Specialty Chemicals | 1.9% |
| Hotels and Gaming | 1.7% |
| Communications Equipment | 1.6% |
| Metals and Mining | 1.2% |
| Broadcasting | 1.2% |
| Wireless Communications | 1.2% |
| Electronics | 1.2% |
| Environmental Services | 1.0% |
| Automotive | 0.9% |
| Agriculture | 0.8% |
| Computer Software and Services | 0.8% |
| Transportation | 0.6% |
| Closed-End Funds | 0.4% |
| Real Estate | 0.4% |
| U.S. Government Obligations | 0.3% |
| Computer Hardware | 0.1% |
| Real Estate Investment Trusts | 0.1% |
| Manufactured Housing and Recreational Vehicles | 0.1% |
| | 100.0% |

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, the first of which was filed for the quarter ended March 31, 2011. 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

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The Fund files Form N-PX with its complete proxy voting record for the twelve months ended June 30th, no later than August 31st 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.

Shareholder Meeting May 16, 2011 Final Results

The Fund's Annual Meeting of Shareholders was held on May 16, 2011 at the Greenwich Library in Greenwich, Connecticut. At that meeting, common and preferred shareholders, voting together as a single class, elected Frank J. Fahrenkopf, Jr. and Salvatore J. Zizza as Directors of the Fund. A total of 150,863,818 votes and 155,129,590 votes were cast in favor of these Directors and a total of 8,568,249 votes and 4,302,476 votes were withheld for these Directors, respectively. In addition, preferred shareholders, voting as a separate class, elected Anthony J. Colavita as a Director of the Fund. A total of 7,578,720 votes were cast in favor of this Director and a total of 127,040 votes were withheld for this Director.

Mario J. Gabelli, CFA, Thomas E. Bratter, James P. Conn, Arthur V. Ferrara, and Anthony R. Pustorino continue to serve in their capacities as Directors of the Fund.

We thank you for your participation and appreciate your continued support.

THE GABELLI EQUITY TRUST INC.

PORTFOLIO CHANGES

Quarter Ended June 30, 2011 (Unaudited)

| | Shares | Ownership at June 30, 2011 |
|---|-------------|----------------------------------|
| NET PURCHASES | | |
| Common Stocks | | |
| BJ's Wholesale Club Inc. | 38,000 | 78,000 |
| The Boeing Co. | 35,000 | 162,000 |
| Boston Scientific Corp. | 10,000 | 210,000 |
| Cephalon Inc. | 12,000 | 17,000 |
| Church & Dwight Co. Inc. (a) | 12,000 | 24,000 |
| Cimarex Energy Co. | 10,000 | 10,000 |
| Cisco Systems Inc. | 5,000 | 40,000 |
| Citigroup Inc. (b) | 23,000 | 23,000 |
| Clear Channel Outdoor Holdings Inc., Cl. A | 16,000 | 160,000 |
| Cliffs Natural Resources Inc | 8,000 | 8,000 |
| CONSOL Energy Inc. | 30,000 | 30,000 |
| Devon Energy Corp. | 22,000 | 22,000 |
| Diamond Offshore Drilling Inc. | 3,000 | 8,000 |
| E.I. du Pont de Nemours and Co. | 6,800 | 26,800 |
| Expedia Inc. | 110,000 | 110,000 |
| Flowers Foods Inc. (c) | 12,000 | 72,000 |
| Freeport-McMoRan Copper & Gold Inc. | 12,000 | 20,000 |
| GATX Corp. | 15,000 | 173,000 |
| Gilead Sciences Inc. | 5,000 | 5,000 |
| Greif Inc., Cl. B | 3,000 | 15,000 |
| Grupo Bimbo SAB de CV, Cl. A (d) | 1,760,000 | 2,350,000 |
| HSN Inc. | 15,000 | 44,000 |
| Jardine Matheson Holdings Ltd. | 6,000 | 18,000 |
| MGM China Holdings Ltd. | 105,000 | 105,000 |
| Millicom International Cellular SA, SDR (e) | 10,000 | 10,000 |
| Modine Manufacturing Co. | 6,100 | 286,100 |
| The Mosaic Co. (f) | 10,000 | 10,000 |
| National Fuel Gas Co. | 20,000 | 20,000 |
| Newmont Mining Corp. | 16,600 | 171,600 |
| Noble Corp. | 5,000 | 20,000 |
| Oceaneering International Inc. (g) | 19,000 | 38,000 |
| Rolls-Royce Holdings plc, Cl. C (h) | 115,200,000 | 115,200,000 |
| Rolls-Royce Holdings plc, London (i) | 1,200,000 | 1,200,000 |
| Koninklijke Philips Electronics NV (j) | 1,342 | 36,342 |
| Smiths Group plc | 40,000 | 50,000 |
| The St. Joe Co. | 35,000 | 185,000 |
| Superior Industries International Inc. | 7,000 | 52,000 |
| Telecomunicacoes de Sao Paulo SA, Preference, ADR (k) | 88,253 | 88,253 |
| | Shares | Ownership at June 30, 2011 |
| Thomas & Betts Corp. | 6,400 | 263,400 |
| Transocean Ltd. | 5,000 | 20,000 |
| NET SALES | | |
| Common Stocks | | |
| America Movil SAB de CV, Cl. L, ADR | (1,000) | 74,000 |
| American Express Co. | (4,000) | 518,000 |
| AMETEK Inc. | (4,000) | 335,000 |
| Amgen Inc. | (1,000) | 37,000 |
| AOL Inc. | (9,000) | 36,000 |

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| | | |
|--|-----------|-----------|
| Archer-Daniels-Midland Co. | (10,000) | 260,000 |
| Artio Global Investors Inc. | (1,500) | 60,000 |
| Ascent Media Corp., Cl. A | (10,600) | 5,500 |
| Ashland Inc. | (1,000) | 11,000 |
| Barrick Gold Corp. | (20,000) | 65,000 |
| Baxter International Inc. | (13,000) | 25,000 |
| Berkshire Hathaway Inc., Cl. A | (1) | 129 |
| Best Buy Co. Inc. | (10,000) | |
| Biogen Idec Inc. | (500) | 32,000 |
| BorgWarner Inc. | (2,000) | 85,000 |
| BP plc, ADR | (8,000) | 115,000 |
| BT Group plc | (15,000) | 1,085,000 |
| Cablevision Systems Corp., Cl. A | (62,000) | 1,168,000 |
| CBS Corp., Cl. A, Voting | (17,000) | 305,000 |
| The Central Europe and Russia Fund Inc. | (1,000) | 101,000 |
| Check Point Software Technologies Ltd. | (1,000) | 9,000 |
| Cincinnati Bell Inc., 6.750% Cv. Pfd., Ser. B | (500) | 22,500 |
| Cincinnati Bell Inc. | (40,000) | 680,000 |
| Citigroup Inc. (b) | (380,000) | |
| Coldwater Creek Inc. | (4,000) | 36,000 |
| Comcast Corp., Cl. A, Special | (15,000) | 90,000 |
| Constellation Brands Inc., Cl. A | (18,000) | 82,000 |
| Constellation Energy Group Inc. | (13,000) | 60,000 |
| Contax Participacoes SA, ADR | (10,000) | 170,000 |
| Corning Inc. | (5,000) | 445,000 |
| Crane Co. | (6,000) | 229,000 |
| Curtiss-Wright Corp. | (7,000) | 328,000 |
| Dean Foods Co. | (5,000) | 95,000 |
| Deere & Co. | (1,500) | 383,500 |
| Deutsche Bank AG | (80,000) | 105,000 |
| Deutsche Telekom AG, ADR | (5,000) | 140,000 |

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.**PORTFOLIO CHANGES (Continued)****Quarter Ended June 30, 2011 (Unaudited)**

| | Shares | Ownership at June 30, 2011 |
|--|---------------|---|
| NET SALES (Continued) | | |
| Common Stocks (Continued) | | |
| Diebold Inc. | (2,000) | 98,000 |
| DIRECTV, Cl. A | (12,000) | 515,000 |
| Discovery Communications Inc., Cl. A | (5,000) | 85,000 |
| Discovery Communications Inc., Cl. C | (5,000) | 85,000 |
| Eastman Kodak Co. | (15,000) | 120,000 |
| El Paso Electric Co. | (15,000) | 245,000 |
| Ferro Corp. | (5,000) | 450,000 |
| FirstEnergy Corp. | (13,340) | |
| Flowerserve Corp. | (1,000) | 99,000 |
| Franklin Electric Co. Inc. | (1,000) | 22,000 |
| Gaylord Entertainment Co. | (10,000) | 181,000 |
| General Electric Co. | (22,000) | 190,000 |
| Gray Television Inc. | (1,000) | 35,000 |
| The Great Atlantic & Pacific Tea Co. Inc., Cv. | (100,000) | 1,900,000 |
| Greif Inc., Cl. A | (11,000) | 172,000 |
| Grupo Televisa SA, ADR | (5,804) | 650,000 |
| Huntington Ingalls Industries Inc. | (1) | 5,999 |
| IAC/InterActiveCorp. | (20,000) | 80,000 |
| Il Sole 24 Ore SpA | (10,000) | 550,000 |
| Imperial Oil Ltd. | (14,000) | |
| Interactive Brokers Group Inc., Cl. A | (1,000) | 16,000 |
| iPath S&P 500 VIX Short-Term Futures | (45,000) | |
| ITO EN Ltd., Preference | (7,000) | 8,000 |
| Landauer Inc. | (1,000) | 90,000 |
| Legg Mason Inc. | (25,000) | 124,000 |
| Liberty Global Inc., Cl. A | (15,000) | 95,000 |
| Liberty Global Inc., Cl. C | (15,000) | 95,000 |
| Liberty Media Corp. Starz, Cl. A | (2,000) | 22,000 |
| Liberty Media Corp. Capital, Cl. A | (2,000) | 74,000 |
| Liberty Media Corp. Interactive, Cl. A | (20,000) | 185,000 |
| Life Technologies Corp. | (1,000) | 73,000 |
| LIN TV Corp., Cl. A | (3,000) | 33,000 |
| Lufkin Industries Inc. | (7,500) | 195,000 |
| Mandarin Oriental International Ltd. | (300,000) | 3,600,000 |
| Marathon Oil Corp. | (10,000) | 12,000 |
| The McGraw-Hill Companies Inc. | (5,000) | 120,000 |
| Mead Johnson Nutrition Co. | (8,000) | 43,000 |
| | | Ownership at June 30, 2011 |
| | Shares | |
| Media General Inc., Cl. A | (5,000) | 195,000 |
| MGM Resorts International | (6,000) | 19,000 |
| Millicom International Cellular SA (e) | (10,000) | |
| Molex Inc., Cl. A | (15,000) | 20,000 |
| Moody's Corp. | (3,000) | 12,000 |
| JPMorgan Chase & Co. | (10,000) | 49,088 |
| The Mosaic Co. (f) | (10,000) | |
| Motorola Mobility Holdings Inc. | (20,000) | |
| Motorola Solutions Inc. | (18,000) | |
| National Presto Industries Inc. | (500) | 11,500 |

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| | | |
|---|-------------|-----------|
| Navistar International Corp. | (5,000) | 133,000 |
| NCR Corp. | (25,000) | 65,000 |
| News Corp., Cl. A | (60,000) | 1,200,000 |
| NextEra Energy Inc. | (10,000) | 22,000 |
| Northeast Utilities | (35,000) | 130,000 |
| O Reilly Automotive Inc. | (2,000) | 102,000 |
| Pinnacle Entertainment Inc. | (5,000) | 40,000 |
| Precision Castparts Corp. | (1,000) | 87,000 |
| Rogers Communications Inc., Cl. B, New York | (1,000) | 482,690 |
| Rollins Inc. | (35,000) | 1,385,000 |
| Rolls-Royce Group plc (i) | (1,200,000) | |
| Rowan Companies Inc. | (1,000) | 184,000 |
| Sprint Nextel Corp. | (120,000) | 980,000 |
| Sulzer AG | (5,000) | 15,500 |
| Suncor Energy Inc. | (5,000) | 35,000 |
| Swedish Match AB | (25,000) | 865,000 |
| TECO Energy Inc. | (20,000) | |
| Tele Norte Leste Participacoes SA, ADR | (3,000) | 156,000 |
| Telecom Argentina SA, ADR | (1,000) | 26,000 |
| Telefonica SA, ADR | (1,000) | 584,000 |
| Telephone & Data Systems Inc., Special | (3,000) | 318,000 |
| The Bank of New York Mellon Corp. | (5,000) | 180,000 |
| The Hershey Co. | (35,000) | 18,000 |
| Time Warner Inc. | (30,000) | 240,000 |
| United States Oil Fund LP | (30,000) | |
| Universal Entertainment Corp. | (1,000) | 109,000 |
| Viacom Inc., Cl. A | (2,000) | 298,000 |
| Vivendi | (10,000) | 370,000 |
| Vivo Participacoes SA, ADR (k) | (56,938) | |
| Waddell & Reed Financial Inc., Cl. A | (25,000) | 65,000 |

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.**PORTFOLIO CHANGES (Continued)****Quarter Ended June 30, 2011 (Unaudited)**

| | Shares | Ownership at June 30, 2011 |
|----------------------------------|----------|----------------------------------|
| NET SALES (Continued) | | |
| Common Stocks (Continued) | | |
| Waste Management Inc. | (3,000) | 187,000 |
| Wells Fargo & Co. | (12,000) | 275,000 |
| Westar Energy Inc. | (15,000) | 230,000 |

(a) Stock Split 2 shares for every 1 share held.

(b) Stock Split 1 share of Citigroup Inc.(172967424) for every 10 shares of Citigroup Inc.(172967101) held, 15,000 shares were sold after the stock split.

(c) Stock Split 3 Shares for every 2 shares held. 12,000 shares were sold prior to split.

(d) Stock Split 4 shares for every 1 share held. 10,000 shares were sold after the stock split.

(e) Exchange 1 Millicom International Cellular SA, SDR (B00L2M8) for every 1 share held of Millicom International Cellular SA (L6388F110).

(f) Merger 1 new share of The Mosaic Co. (61945C103) for every 1 share of The Mosaic Co.(61945A107) held.

(g) Stock Split 2 shares for every 1 share held.

(h) Tender Offer £0.001 for every 1 share held.

(i) Merger 1 new share of Rolls-Royce Holdings plc, London (B63H849) for every 1 share of Rolls-Royce Group plc (3283648) held.

(j) Dividend Reinvestment 0.038352 shares for every 1 share held.

(k) Merger 1.55 new shares of Telecomunicacoes de Sao Paulo SA, Preference, ADR (87929A102) for every 1 share of Vivo Participacoes SA, ADR (92855S200) held.

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

SCHEDULE OF INVESTMENTS

June 30, 2011 (Unaudited)

| Shares | | Cost | Market Value |
|---------------------------------|---|--------------|---------------------|
| COMMON STOCKS 99.5% | | | |
| Food and Beverage 10.7% | | | |
| 32,000 | Brown-Forman Corp., Cl. A | \$ 1,556,972 | \$ 2,304,000 |
| 6,250 | Brown-Forman Corp., Cl. B | 410,925 | 466,813 |
| 70,000 | Campbell Soup Co. | 1,928,257 | 2,418,500 |
| 15,000 | Coca-Cola Enterprises Inc. | 275,289 | 437,700 |
| 82,000 | Constellation Brands Inc., Cl. A | 1,028,460 | 1,707,240 |
| 30,000 | Corn Products International Inc. | 412,116 | 1,658,400 |
| 225,000 | Danone | 10,770,736 | 16,787,392 |
| 600,000 | Davide Campari Milano SpA | 3,120,039 | 4,933,438 |
| 95,000 | Dean Foods Co. | 1,853,552 | 1,165,650 |
| 203,000 | Diageo plc, ADR | 8,469,887 | 16,619,610 |
| 100,000 | Dr Pepper Snapple Group Inc. | 2,291,138 | 4,193,000 |
| 72,000 | Flowers Foods Inc. | 356,368 | 1,586,880 |
| 85,000 | Fomento Economico Mexicano SAB de CV, ADR | 1,135,411 | 5,651,650 |
| 40,000 | General Mills Inc. | 967,929 | 1,488,800 |
| 2,350,000 | Grupo Bimbo SAB de CV, Cl. A | 1,778,249 | 5,445,232 |
| 84,000 | H.J. Heinz Co. | 2,951,372 | 4,475,520 |
| 39,000 | Heineken NV | 1,824,047 | 2,345,384 |
| 120,000 | ITO EN Ltd. | 2,774,178 | 2,121,110 |
| 8,000 | ITO EN Ltd., Preference | 177,446 | 104,143 |
| 14,000 | Kellogg Co. | 502,615 | 774,480 |
| 66,000 | Kerry Group plc, Cl. A | 758,380 | 2,742,104 |
| 160,000 | Kraft Foods Inc., Cl. A | 4,773,465 | 5,636,800 |
| 11,500 | LVMH Moet Hennessy Louis Vuitton SA | 397,547 | 2,069,593 |
| 1,000 | MEIJI Holdings Co. Ltd. | 50,608 | 42,047 |
| 70,000 | Morinaga Milk Industry Co. Ltd. | 299,202 | 298,242 |
| 25,000 | Nestlé SA | 513,610 | 1,553,672 |
| 210,000 | PepsiCo Inc. | 11,513,352 | 14,790,300 |
| 46,000 | Pernod-Ricard SA | 3,968,283 | 4,534,093 |
| 64,000 | Ralcorp Holdings Inc. | 1,243,785 | 5,541,120 |
| 40,673 | Remy Cointreau SA | 2,357,660 | 3,423,331 |
| 691,000 | Sara Lee Corp. | 10,095,392 | 13,122,090 |
| 65,000 | The Coca-Cola Co. | 2,905,350 | 4,373,850 |
| 20,000 | The Hain Celestial Group Inc. | 267,663 | 667,200 |
| 18,000 | The Hershey Co. | 703,555 | 1,023,300 |
| 2,000 | The J.M. Smucker Co. | 52,993 | 152,880 |
| 131,000 | Tootsie Roll Industries Inc. | 1,519,168 | 3,833,060 |
| | | | Market Value |
| Shares | | Cost | |
| 70,000 | Tyson Foods Inc., Cl. A | \$ 669,293 | \$ 1,359,400 |
| 380,000 | YAKULT HONSHA Co. Ltd. | 10,693,823 | 10,960,313 |
| | | 97,368,115 | 152,808,337 |
| Cable and Satellite 8.3% | | | |
| 1,168,000 | Cablevision Systems Corp., Cl. A | 19,332,747 | 42,293,280 |
| 90,000 | Comcast Corp., Cl. A, Special | 545,321 | 2,180,700 |
| 515,000 | DIRECTV, Cl. A | 11,155,485 | 26,172,300 |
| 102,500 | DISH Network Corp., Cl. A | 2,600,532 | 3,143,675 |
| 30,740 | EchoStar Corp., Cl. A | 923,528 | 1,119,858 |
| 95,000 | Liberty Global Inc., Cl. A | 1,722,006 | 4,278,800 |

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|----------------------------------|---|------------|-------------|
| 95,000 | Liberty Global Inc., Cl. C | 1,823,883 | 4,056,500 |
| 482,690 | Rogers Communications Inc., Cl. B, New York | 4,005,451 | 19,075,909 |
| 19,310 | Rogers Communications Inc., Cl. B, Toronto | 137,424 | 764,632 |
| 119,000 | Scripps Networks Interactive Inc., Cl. A | 3,818,064 | 5,816,720 |
| 155,000 | Shaw Communications Inc., Cl. B, New York | 319,001 | 3,538,650 |
| 40,000 | Shaw Communications Inc., Cl. B, Non-Voting, Toronto | 52,983 | 912,022 |
| 70,000 | Time Warner Cable Inc. | 3,990,407 | 5,462,800 |
| | | 50,426,832 | 118,815,846 |
| Energy and Utilities 7.5% | | | |
| 3,500 | AGL Resources Inc. | 63,090 | 142,485 |
| 34,000 | Anadarko Petroleum Corp. | 1,465,861 | 2,609,840 |
| 63,000 | Apache Corp. | 2,455,803 | 7,773,570 |
| 115,000 | BP plc, ADR | 6,483,629 | 5,093,350 |
| 60,000 | CH Energy Group Inc. | 2,474,048 | 3,195,600 |
| 10,000 | Cimarex Energy Co. | 1,170,898 | 899,200 |
| 35,000 | CMS Energy Corp. | 223,604 | 689,150 |
| 215,000 | ConocoPhillips | 12,951,751 | 16,165,850 |
| 30,000 | CONSOL Energy Inc. | 1,585,377 | 1,454,400 |
| 60,000 | Constellation Energy Group Inc. | 1,633,233 | 2,277,600 |
| 22,000 | Devon Energy Corp. | 2,014,132 | 1,733,820 |
| 8,000 | Diamond Offshore Drilling Inc. | 603,722 | 563,280 |
| 60,000 | DPL Inc. | 1,411,620 | 1,809,600 |
| 105,000 | Duke Energy Corp. | 1,899,787 | 1,977,150 |
| 225,000 | El Paso Corp. | 2,016,451 | 4,545,000 |
| 245,000 | El Paso Electric Co. | 4,176,417 | 7,913,500 |
| 75,000 | Exxon Mobil Corp. | 2,571,862 | 6,103,500 |
| 15,000 | GenOn Energy Inc. | 141,261 | 57,900 |

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

SCHEDULE OF INVESTMENTS (Continued)

June 30, 2011 (Unaudited)

| Shares | | Cost | Market Value |
|---|--|--------------|---------------------|
| COMMON STOCKS (Continued) | | | |
| Energy and Utilities (Continued) | | | |
| 140,000 | GenOn Energy Inc., Escrow (a) | \$ 0 | \$ 0 |
| 15,000 | Great Plains Energy Inc. | 340,422 | 310,950 |
| 200,000 | Halliburton Co. | 3,416,551 | 10,200,000 |
| 12,000 | Marathon Oil Corp. | 477,467 | 632,160 |
| 20,000 | National Fuel Gas Co. | 1,503,502 | 1,456,000 |
| 22,000 | NextEra Energy Inc. | 1,153,471 | 1,264,120 |
| 2,000 | Niko Resources Ltd., OTC | 110,842 | 124,082 |
| 1,000 | Niko Resources Ltd., Toronto | 55,421 | 62,429 |
| 10,000 | NiSource Inc. | 215,500 | 202,500 |
| 20,000 | Noble Corp. | 747,074 | 788,200 |
| 130,000 | Northeast Utilities | 2,489,400 | 4,572,100 |
| 38,000 | Oceaneering International Inc. | 512,207 | 1,539,000 |
| 100,000 | Progress Energy Inc., CVO | 52,000 | 10,000 |
| 184,000 | Rowan Companies Inc. | 6,704,135 | 7,141,040 |
| 5,000 | SJW Corp. | 68,704 | 121,200 |
| 20,000 | Southwest Gas Corp. | 451,132 | 772,200 |
| 130,000 | Spectra Energy Corp. | 3,274,110 | 3,563,300 |
| 35,000 | Suncor Energy Inc. | 1,526,344 | 1,368,500 |
| 60,000 | The AES Corp. | 342,617 | 764,400 |
| 20,000 | Transocean Ltd. | 1,342,212 | 1,291,200 |
| 230,000 | Westar Energy Inc. | 3,865,978 | 6,189,300 |
| | | 73,991,635 | 107,377,476 |
| Financial Services 7.1% | | | |
| 518,000 | American Express Co. (b) | 24,415,942 | 26,780,600 |
| 19,452 | Argo Group International Holdings Ltd. | 752,879 | 578,113 |
| 60,000 | Artio Global Investors Inc. | 1,425,194 | 678,000 |
| 72,000 | Banco Santander SA, ADR | 258,033 | 828,720 |
| 129 | Berkshire Hathaway Inc., Cl. A | 378,801 | 14,977,545 |
| 10,000 | Calamos Asset Management Inc., Cl. A | 88,164 | 145,200 |
| 23,000 | Citigroup Inc. | 933,997 | 957,720 |
| 79,000 | Commerzbank AG, ADR | 1,273,161 | 342,860 |
| 105,000 | Deutsche Bank AG | 5,172,891 | 6,220,200 |
| 10,000 | Fortress Investment Group LLC, Cl. A | 49,694 | 48,200 |
| 22,000 | H&R Block Inc. | 369,710 | 352,880 |
| 16,000 | Interactive Brokers Group Inc., Cl. A | 354,183 | 250,400 |
| 185,000 | Janus Capital Group Inc. | 3,080,975 | 1,746,400 |
| 49,088 | JPMorgan Chase & Co. | 1,540,997 | 2,009,663 |
| 30,000 | Kinnevik Investment AB, Cl. A | 450,841 | 673,496 |
| Shares | | Cost | Market Value |
| 124,000 | Legg Mason Inc. | \$ 2,434,097 | \$ 4,062,240 |
| 127,000 | Leucadia National Corp. | 1,599,641 | 4,330,700 |
| 5,000 | Loews Corp. | 183,078 | 210,450 |
| 155,000 | Marsh & McLennan Companies Inc. | 4,715,688 | 4,834,450 |
| 12,000 | Moody's Corp. | 488,099 | 460,200 |
| 22,000 | Och-Ziff Capital Management Group LLC, Cl. A | 214,559 | 305,140 |
| 120,000 | State Street Corp. | 4,047,374 | 5,410,800 |
| 20,000 | SunTrust Banks Inc. | 419,333 | 516,000 |

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| | | | |
|---------|--------------------------------------|------------|-------------|
| 140,000 | T. Rowe Price Group Inc. | 4,303,432 | 8,447,600 |
| 180,000 | The Bank of New York Mellon Corp. | 5,895,187 | 4,611,600 |
| 40,000 | The Charles Schwab Corp. | 584,500 | 658,000 |
| 15,000 | The Dun & Bradstreet Corp. | 353,346 | 1,133,100 |
| 65,000 | Waddell & Reed Financial Inc., Cl. A | 1,470,109 | 2,362,750 |
| 275,000 | Wells Fargo & Co. | 8,202,594 | 7,716,500 |
| | | 75,456,499 | 101,649,527 |

Diversified Industrial 7.0%

| | | | |
|---------|---------------------------------|------------|------------|
| 3,000 | Acuity Brands Inc. | 76,507 | 167,340 |
| 158,000 | Ampco-Pittsburgh Corp. | 2,060,108 | 3,705,100 |
| 190,000 | Cooper Industries plc | 4,772,989 | 11,337,300 |
| 229,000 | Crane Co. | 5,275,493 | 11,314,890 |
| 190,000 | General Electric Co. | 3,790,304 | 3,583,400 |
| 172,000 | Greif Inc., Cl. A | 1,903,695 | 11,185,160 |
| 15,000 | Greif Inc., Cl. B | 674,933 | 903,750 |
| 415,000 | Honeywell International Inc. | 13,779,476 | 24,729,850 |
| 270,000 | ITT Corp. | 7,764,168 | 15,911,100 |
| 10,000 | Jardine Strategic Holdings Ltd. | 190,495 | 306,000 |
| 30,000 | Material Sciences Corp. | 30,306 | 217,500 |
| 98,000 | Park-Ohio Holdings Corp. | 1,017,645 | 2,071,720 |
| 1,000 | Pentair Inc. | 31,908 | 40,360 |
| 50,000 | Smiths Group plc | 1,021,685 | 963,776 |
| 15,500 | Sulzer AG | 472,347 | 2,522,034 |
| 30,000 | Trinity Industries Inc. | 428,108 | 1,046,400 |
| 200,000 | Tyco International Ltd. | 9,082,545 | 9,886,000 |
| | | 52,372,712 | 99,891,680 |

Equipment and Supplies 6.2%

| | | | |
|---------|----------------------------|-----------|------------|
| 335,000 | AMETEK Inc. | 3,627,460 | 15,041,500 |
| 4,000 | Amphenol Corp., Cl. A | 14,775 | 215,960 |
| 94,000 | CIRCOR International Inc. | 974,241 | 4,026,020 |
| 191,000 | Donaldson Co. Inc. | 2,976,575 | 11,589,880 |
| 99,000 | Flowsolve Corp. | 3,077,246 | 10,879,110 |
| 22,000 | Franklin Electric Co. Inc. | 242,405 | 1,032,900 |

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

SCHEDULE OF INVESTMENTS (Continued)

June 30, 2011 (Unaudited)

| Shares | | Cost | Market Value |
|---|--|--------------|--------------|
| COMMON STOCKS (Continued) | | | |
| Equipment and Supplies (Continued) | | | |
| 60,000 | Gerber Scientific Inc. | \$ 688,424 | \$ 667,800 |
| 55,000 | GrafTech International Ltd. | 432,877 | 1,114,850 |
| 300,000 | IDEX Corp. | 7,173,399 | 13,755,000 |
| 40,000 | Ingersoll-Rand plc | 795,378 | 1,816,400 |
| 195,000 | Lufkin Industries Inc. | 927,386 | 16,779,750 |
| 11,000 | Mueller Industries Inc. | 485,034 | 417,010 |
| 2,000 | Sealed Air Corp. | 17,404 | 47,580 |
| 70,000 | Tenaris SA, ADR | 3,080,791 | 3,201,100 |
| 4,000 | The Manitowoc Co. Inc. | 25,450 | 67,360 |
| 70,000 | The Weir Group plc | 294,552 | 2,389,619 |
| 164,000 | Watts Water Technologies Inc., Cl. A | 2,382,235 | 5,807,240 |
| | | 27,215,632 | 88,849,079 |
| Entertainment 5.3% | | | |
| 32,000 | Canal+ Groupe | 34,011 | 234,810 |
| 2,002 | Chestnut Hill Ventures (a) | 54,500 | 131,282 |
| 85,000 | Discovery Communications Inc., Cl. A | 1,549,510 | 3,481,600 |
| 85,000 | Discovery Communications Inc., Cl. C | 1,081,733 | 3,106,750 |
| 500 | DreamWorks Animation SKG Inc., Cl. A | 10,535 | 10,050 |
| 650,000 | Grupo Televisa SA, ADR | 7,539,048 | 15,990,000 |
| 22,000 | Liberty Media Corp. - Starz, Cl. A | 381,886 | 1,655,280 |
| 10,000 | Regal Entertainment Group, Cl. A | 128,218 | 123,500 |
| 382,000 | The Madison Square Garden Co., Cl. A | 6,323,804 | 10,516,460 |
| 240,000 | Time Warner Inc. | 9,362,614 | 8,728,800 |
| 100,000 | Tokyo Broadcasting System Holdings Inc. | 2,864,975 | 1,203,652 |
| 109,000 | Universal Entertainment Corp. | 2,370,898 | 3,621,825 |
| 298,000 | Viacom Inc., Cl. A | 13,808,585 | 17,129,040 |
| 370,000 | Vivendi | 10,957,562 | 10,288,509 |
| | | 56,467,879 | 76,221,558 |
| Telecommunications 4.5% | | | |
| 65,000 | BCE Inc. | 1,607,839 | 2,553,850 |
| 2,500(d) | Bell Aliant Inc. (c) | 60,667 | 74,447 |
| 44,000 | Brasil Telecom SA, ADR | 1,392,160 | 1,261,040 |
| 15,801 | Brasil Telecom SA, Cl. C, ADR | 254,380 | 170,335 |
| 1,085,000 | BT Group plc | 4,486,589 | 3,508,875 |
| 7,040,836 | Cable & Wireless Jamaica Ltd. (e) | 128,658 | 11,546 |
| Shares | | Cost | Market Value |
| 680,000 | Cincinnati Bell Inc. | \$ 3,886,003 | \$ 2,257,600 |
| 140,000 | Deutsche Telekom AG, ADR | 2,303,750 | 2,188,200 |
| 44,000 | Hellenic Telecommunications Organization SA | 802,330 | 410,279 |
| 16,000 | Hellenic Telecommunications Organization SA, ADR | 128,689 | 75,040 |
| 95,000 | Koninklijke KPN NV | 221,092 | 1,381,783 |
| 15,000 | NII Holdings Inc. | 633,750 | 635,700 |
| 980,000 | Sprint Nextel Corp. | 8,897,166 | 5,282,200 |
| 156,000 | Tele Norte Leste Participacoes SA, ADR | 2,071,946 | 2,424,240 |

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| | | | |
|-------------------------------|---|------------|------------|
| 26,000 | Telecom Argentina SA, ADR | 153,027 | 677,560 |
| 600,000 | Telecom Italia SpA | 2,452,905 | 834,856 |
| 88,253 | Telecomunicacoes de Sao Paulo SA, Preference, ADR | 2,232,998 | 2,621,114 |
| 584,000 | Telefonica SA, ADR | 9,004,875 | 14,302,160 |
| 36,000 | Telefonos de Mexico SAB de CV, Cl. L, ADR | 175,050 | 594,000 |
| 270,000 | Telephone & Data Systems Inc. | 12,543,458 | 8,391,600 |
| 318,000 | Telephone & Data Systems Inc., Special | 13,903,803 | 8,563,740 |
| 15,000 | TELUS Corp. | 280,203 | 825,859 |
| 155,000 | Verizon Communications Inc. | 5,107,783 | 5,770,650 |
| | | 72,729,121 | 64,816,674 |
| Consumer Products 4.3% | | | |
| 65,000 | Avon Products Inc. | 1,782,367 | 1,820,000 |
| 17,000 | Christian Dior SA | 643,155 | 2,674,817 |
| 24,000 | Church & Dwight Co. Inc. | 79,628 | 972,960 |
| 9,000 | Clorox Co. | 500,281 | 606,960 |
| 120,000 | Eastman Kodak Co. | 782,248 | 429,600 |
| 95,000 | Energizer Holdings Inc. | 4,418,480 | 6,874,200 |
| 130,000 | Fortune Brands Inc. | 6,373,293 | 8,290,100 |
| 2,266 | Givaudan SA | 653,003 | 2,397,392 |
| 60,000 | Hanesbrands Inc. | 1,376,148 | 1,713,000 |
| 30,000 | Harley-Davidson Inc. | 1,393,692 | 1,229,100 |
| 4,000 | Jarden Corp. | 91,909 | 138,040 |
| 8,000 | Mattel Inc. | 144,000 | 219,920 |
| 11,500 | National Presto Industries Inc. | 355,651 | 1,167,135 |
| 10,000 | Oil-Dri Corp. of America | 171,255 | 214,200 |
| 56,000 | Reckitt Benckiser Group plc | 1,721,681 | 3,091,787 |
| 33,000 | Svenska Cellulosa AB, Cl. B | 450,176 | 464,594 |
| 865,000 | Swedish Match AB | 9,564,345 | 29,005,644 |

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

SCHEDULE OF INVESTMENTS (Continued)

June 30, 2011 (Unaudited)

| Shares | | Cost | Market Value |
|---|--|-------------|---------------------|
| COMMON STOCKS (Continued) | | | |
| Consumer Products (Continued) | | | |
| 1,000 | The Estee Lauder Companies Inc., Cl. A | \$ 72,261 | \$ 105,190 |
| | | 30,573,573 | 61,414,639 |
| Automotive: Parts and Accessories 3.8% | | | |
| 85,000 | BorgWarner Inc. | 1,741,874 | 6,867,150 |
| 157,000 | CLARCOR Inc. | 1,274,041 | 7,422,960 |
| 215,000 | Dana Holding Corp. | 1,440,698 | 3,934,500 |
| 265,000 | Genuine Parts Co. | 9,473,408 | 14,416,000 |
| 151,000 | Johnson Controls Inc. | 3,224,338 | 6,290,660 |
| 135,000 | Midas Inc. | 1,878,589 | 853,200 |
| 286,100 | Modine Manufacturing Co. | 6,336,457 | 4,397,357 |
| 102,000 | O Reilly Automotive Inc. | 2,915,710 | 6,682,020 |
| 175,000 | Standard Motor Products Inc. | 1,873,526 | 2,665,250 |
| 52,000 | Superior Industries International Inc. | 1,094,230 | 1,149,720 |
| | | 31,252,871 | 54,678,817 |
| Health Care 3.7% | | | |
| 12,000 | Abbott Laboratories | 506,418 | 631,440 |
| 14,046 | Allergan Inc. | 655,380 | 1,169,330 |
| 37,000 | Amgen Inc. | 2,162,979 | 2,158,950 |
| 25,000 | Baxter International Inc. | 1,204,317 | 1,492,250 |
| 10,000 | Becton, Dickinson and Co. | 817,345 | 861,700 |
| 32,000 | Biogen Idec Inc. | 630,225 | 3,421,440 |
| 210,000 | Boston Scientific Corp. | 1,963,900 | 1,451,100 |
| 85,000 | Bristol-Myers Squibb Co. | 2,152,363 | 2,461,600 |
| 17,000 | Cephalon Inc. | 1,359,323 | 1,358,300 |
| 49,000 | Covidien plc | 1,929,854 | 2,608,270 |
| 5,000 | Gilead Sciences Inc. | 203,906 | 207,050 |
| 30,000 | Henry Schein Inc. | 764,324 | 2,147,700 |
| 15,000 | Hospira Inc. | 528,513 | 849,900 |
| 42,000 | Johnson & Johnson | 2,725,134 | 2,793,840 |
| 73,000 | Life Technologies Corp. | 1,917,354 | 3,801,110 |
| 43,000 | Mead Johnson Nutrition Co. | 1,931,913 | 2,904,650 |
| 100,000 | Merck & Co. Inc. | 2,237,483 | 3,529,000 |
| 10,000 | Nobel Biocare Holding AG | 286,712 | 203,866 |
| 97,000 | Novartis AG, ADR | 4,333,718 | 5,927,670 |
| 95,000 | UnitedHealth Group Inc. | 4,478,503 | 4,900,100 |
| 4,000 | Waters Corp. | 285,470 | 382,960 |
| 12,000 | Watson Pharmaceuticals Inc. | 491,936 | 824,760 |
| 63,000 | William Demant Holding A/S | 2,860,345 | 5,685,850 |
| Shares | | Cost | Market Value |
| 7,000 | Zimmer Holdings Inc. | \$ 339,145 | \$ 442,400 |
| | | 36,766,560 | 52,215,236 |

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| | | | |
|-------------------------------|--|------------|------------|
| Consumer Services 2.6% | | | |
| 110,000 | Expedia Inc. | 2,897,301 | 3,188,900 |
| 80,000 | IAC/InterActiveCorp. | 2,044,218 | 3,053,600 |
| 185,000 | Liberty Media Corp. - Interactive, Cl. A | 3,927,097 | 3,102,450 |
| 1,385,000 | Rollins Inc. | 9,461,656 | 28,226,300 |
| | | 18,330,272 | 37,571,250 |
| Retail 2.5% | | | |
| 100,000 | AutoNation Inc. | 1,070,027 | 3,661,000 |
| 500 | AutoZone Inc. | 43,965 | 147,425 |
| 78,000 | BJ's Wholesale Club Inc. | 3,637,219 | 3,927,300 |
| 36,000 | Coldwater Creek Inc. | 146,429 | 50,400 |
| 40,000 | Costco Wholesale Corp. | 1,843,960 | 3,249,600 |
| 120,000 | CVS Caremark Corp. | 4,075,042 | 4,509,600 |
| 44,000 | HSN Inc. | 984,405 | 1,448,480 |
| 390,000 | Macy's Inc. | 7,012,577 | 11,403,600 |
| 50,000 | Sally Beauty Holdings Inc. | 416,928 | 855,000 |
| 10,000 | The Cheesecake Factory Inc. | 292,288 | 313,700 |
| 40,000 | Wal-Mart Stores Inc. | 1,992,957 | 2,125,600 |
| 65,000 | Walgreen Co. | 2,109,724 | 2,759,900 |
| 22,000 | Whole Foods Market Inc. | 447,986 | 1,395,900 |
| | | 24,073,507 | 35,847,505 |
| Machinery 2.4% | | | |
| 15,000 | Caterpillar Inc. | 101,378 | 1,596,900 |
| 12,000 | CNH Global NV | 300,884 | 463,800 |
| 383,500 | Deere & Co. | 11,212,947 | 31,619,575 |
| | | 11,615,209 | 33,680,275 |
| Publishing 2.3% | | | |
| 550,000 | Il Sole 24 Ore SpA | 3,910,746 | 932,379 |
| 195,000 | Media General Inc., Cl. A | 5,016,790 | 744,900 |
| 114,000 | Meredith Corp. | 4,806,823 | 3,548,820 |
| 1,200,000 | News Corp., Cl. A | 15,045,730 | 21,240,000 |
| 20,000 | News Corp., Cl. B | 186,274 | 361,600 |
| 27,000 | The E.W. Scripps Co., Cl. A | 172,848 | 261,090 |
| 120,000 | The McGraw-Hill Companies Inc. | 4,833,799 | 5,029,200 |
| | | 33,973,010 | 32,117,989 |
| Aerospace 2.1% | | | |
| 622,462 | BBA Aviation plc | 1,494,123 | 2,172,877 |
| 27,800 | Kaman Corp. | 595,372 | 986,066 |
| 4,000 | Lockheed Martin Corp. | 234,360 | 323,880 |

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

SCHEDULE OF INVESTMENTS (Continued)

June 30, 2011 (Unaudited)

| Shares | | Cost | Market Value |
|--|--|--------------|--------------|
| COMMON STOCKS (Continued) | | | |
| Aerospace (Continued) | | | |
| 36,000 | Northrop Grumman Corp. | \$ 1,843,814 | \$ 2,496,600 |
| 1,200,000 | Rolls-Royce Holdings plc | 9,166,092 | 12,422,359 |
| 115,200,000 | Rolls-Royce Holdings plc, Cl. C (e)(f) | 189,007 | 184,891 |
| 162,000 | The Boeing Co. | 10,463,889 | 11,976,660 |
| | | 23,986,657 | 30,563,333 |
| Business Services 2.1% | | | |
| 6,000 | ACCO Brands Corp. | 77,008 | 47,100 |
| 5,500 | Ascent Media Corp., Cl. A | 160,685 | 291,335 |
| 160,000 | Clear Channel Outdoor Holdings Inc., Cl. A | 2,514,510 | 2,032,000 |
| 170,000 | Contax Participacoes SA, ADR | 69,832 | 474,300 |
| 98,000 | Diebold Inc. | 3,704,653 | 3,038,980 |
| 5,230 | Edenred | 94,604 | 159,574 |
| 200,000 | G4S plc | 0 | 898,133 |
| 1,000 | Hertz Global Holdings Inc. | 7,031 | 15,880 |
| 18,000 | Jardine Matheson Holdings Ltd. | 565,207 | 1,032,120 |
| 90,000 | Landauer Inc. | 2,485,763 | 5,543,100 |
| 40,500 | MasterCard Inc., Cl. A | 1,780,529 | 12,204,270 |
| 30,000 | Monster Worldwide Inc. | 533,936 | 439,800 |
| 320,000 | The Interpublic Group of Companies Inc. | 2,705,899 | 4,000,000 |
| 4,000 | Visa Inc., Cl. A | 176,000 | 337,040 |
| | | 14,875,657 | 30,513,632 |
| Aviation: Parts and Services 1.9% | | | |
| 328,000 | Curtiss-Wright Corp. | 4,627,882 | 10,617,360 |
| 285,000 | GenCorp Inc. | 2,509,934 | 1,829,700 |
| 87,000 | Precision Castparts Corp. | 4,475,949 | 14,324,550 |
| | | 11,613,765 | 26,771,610 |
| Specialty Chemicals 1.9% | | | |
| 11,000 | Ashland Inc. | 184,140 | 710,820 |
| 26,800 | E.I. du Pont de Nemours and Co. | 1,232,451 | 1,448,540 |
| 450,000 | Ferro Corp. | 5,293,692 | 6,048,000 |
| 4,000 | FMC Corp. | 136,430 | 344,080 |
| 45,000 | H.B. Fuller Co. | 620,163 | 1,098,900 |
| 70,000 | International Flavors & Fragrances Inc. | 3,296,486 | 4,496,800 |
| 267,000 | Omnova Solutions Inc. | 1,655,747 | 1,858,320 |
| Shares | | Cost | Market Value |
| 235,000 | Sensient Technologies Corp. | \$ 4,294,444 | \$ 8,711,450 |
| 100,000 | Zep Inc. | 1,293,508 | 1,890,000 |
| | | 18,007,061 | 26,606,910 |

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| Hotels and Gaming 1.7% | | | |
|--------------------------------------|--|------------|------------|
| 20,000 | Accor SA | 694,524 | 894,312 |
| 181,000 | Gaylord Entertainment Co. | 4,698,087 | 5,430,000 |
| 70,000 | Genting Singapore plc | 52,525 | 109,989 |
| 34,500 | Interval Leisure Group Inc. | 661,928 | 472,305 |
| 1,500,087 | Ladbrokes plc | 10,712,466 | 3,669,142 |
| 50,000 | Las Vegas Sands Corp. | 260,857 | 2,110,500 |
| 3,600,000 | Mandarin Oriental International Ltd. | 6,769,756 | 7,524,000 |
| 105,000 | MGM China Holdings Ltd. | 207,640 | 193,223 |
| 19,000 | MGM Resorts International | 84,305 | 250,990 |
| 32,000 | Orient-Express Hotels Ltd., Cl. A | 473,395 | 344,000 |
| 40,000 | Pinnacle Entertainment Inc. | 189,092 | 596,000 |
| 34,000 | Starwood Hotels & Resorts Worldwide Inc. | 520,597 | 1,905,360 |
| 200,000 | The Hongkong & Shanghai Hotels Ltd. | 155,450 | 334,117 |
| 2,000 | Wynn Resorts Ltd. | 74,539 | 287,080 |
| | | 25,555,161 | 24,121,018 |
| Communications Equipment 1.6% | | | |
| 40,000 | Cisco Systems Inc. | 781,492 | 624,400 |
| 445,000 | Corning Inc. | 3,723,928 | 8,076,750 |
| 263,400 | Thomas & Betts Corp. | 9,196,234 | 14,184,090 |
| | | 13,701,654 | 22,885,240 |
| Metals and Mining 1.2% | | | |
| 15,000 | Agnico-Eagle Mines Ltd. | 717,413 | 946,950 |
| 53,000 | Alcoa Inc. | 749,462 | 840,580 |
| 65,000 | Barrick Gold Corp. | 1,903,200 | 2,943,850 |
| 8,000 | Cliffs Natural Resources Inc | 797,695 | 739,600 |
| 20,000 | Freeport-McMoRan Copper & Gold Inc. | 889,820 | 1,058,000 |
| 56,350 | Ivanhoe Mines Ltd. | 470,211 | 1,425,655 |
| 52,000 | New Hope Corp. Ltd. | 70,252 | 291,132 |
| 171,600 | Newmont Mining Corp. | 5,746,323 | 9,261,252 |
| | | 11,344,376 | 17,507,019 |

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

SCHEDULE OF INVESTMENTS (Continued)

June 30, 2011 (Unaudited)

| Shares | | Cost | Market Value |
|-------------------------------------|--|--------------|--------------|
| COMMON STOCKS (Continued) | | | |
| Broadcasting 1.2% | | | |
| 305,000 | CBS Corp., Cl. A, Voting | \$ 8,973,481 | \$ 8,774,850 |
| 2,000 | Cogeco Inc. | 39,014 | 89,398 |
| 25,334 | Corus Entertainment Inc., Cl. B, OTC | 46,981 | 535,320 |
| 6,666 | Corus Entertainment Inc., Cl. B, Toronto | 12,406 | 142,036 |
| 35,000 | Gray Television Inc. | 90,722 | 92,400 |
| 74,000 | Liberty Media Corp. - Capital, Cl. A | 950,739 | 6,345,500 |
| 33,000 | LIN TV Corp., Cl. A | 228,704 | 160,710 |
| 100,000 | Television Broadcasts Ltd. | 396,239 | 660,524 |
| | | 10,738,286 | 16,800,738 |
| Wireless Communications 1.2% | | | |
| 74,000 | America Movil SAB de CV, Cl. L, ADR | 1,027,241 | 3,987,120 |
| 10,000 | Millicom International Cellular SA, SDR | 1,000,288 | 1,043,445 |
| 1,500 | NTT DoCoMo Inc. | 2,980,751 | 2,664,431 |
| 32,165 | Tim Participacoes SA, ADR | 390,212 | 1,582,840 |
| 115,400 | United States Cellular Corp. | 5,343,392 | 5,587,668 |
| 71,000 | Vodafone Group plc, ADR | 1,894,369 | 1,897,120 |
| | | 12,636,253 | 16,762,624 |
| Electronics 1.2% | | | |
| 20,000 | Bel Fuse Inc., Cl. A | 591,896 | 464,000 |
| 4,000 | Hitachi Ltd., ADR | 287,076 | 238,240 |
| 100,000 | Intel Corp. | 2,148,940 | 2,216,000 |
| 36,342 | Koninklijke Philips Electronics NV | 88,880 | 933,271 |
| 75,000 | LSI Corp. | 442,152 | 534,000 |
| 2,400 | Mettler-Toledo International Inc. | 337,271 | 404,808 |
| 20,000 | Molex Inc., Cl. A | 363,729 | 429,600 |
| 2,000 | Rovi Corp. | 33,295 | 114,720 |
| 55,000 | TE Connectivity Ltd. | 2,106,049 | 2,021,800 |
| 275,000 | Texas Instruments Inc. | 6,623,135 | 9,028,250 |
| | | 13,022,423 | 16,384,689 |
| Environmental Services 1.0% | | | |
| 210,000 | Republic Services Inc. | 4,445,444 | 6,478,500 |
| 187,000 | Waste Management Inc. | 4,745,131 | 6,969,490 |
| | | 9,190,575 | 13,447,990 |
| Automotive 0.9% | | | |
| 40,000 | Ford Motor Co. | 650,150 | 551,600 |
| 15,000 | General Motors Co. | 561,903 | 455,400 |
| Shares | | Cost | Market Value |

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| | | | |
|--|---|--------------|--------------|
| 133,000 | Navistar International Corp. | \$ 4,004,191 | \$ 7,509,180 |
| 81,750 | PACCAR Inc. | 359,963 | 4,176,608 |
| | | 5,576,207 | 12,692,788 |
| Agriculture 0.8% | | | |
| 260,000 | Archer-Daniels-Midland Co. | 5,958,460 | 7,839,000 |
| 21,000 | Monsanto Co. | 938,180 | 1,523,340 |
| 15,000 | Syngenta AG, ADR | 189,981 | 1,013,400 |
| 10,000 | The Mosaic Co. | 428,085 | 677,300 |
| | | 7,514,706 | 11,053,040 |
| Computer Software and Services 0.8% | | | |
| 36,000 | AOL Inc. | 955,359 | 714,960 |
| 9,000 | Check Point Software Technologies Ltd. | 152,841 | 511,650 |
| 50,000 | InterXion Holding NV | 725,620 | 757,000 |
| 65,000 | NCR Corp. | 813,962 | 1,227,850 |
| 28,000 | Rockwell Automation Inc. | 976,136 | 2,429,280 |
| 340,000 | Yahoo! Inc. | 7,414,446 | 5,113,600 |
| | | 11,038,364 | 10,754,340 |
| Transportation 0.6% | | | |
| 449,000 | AMR Corp. | 4,156,102 | 2,424,600 |
| 173,000 | GATX Corp. | 4,845,695 | 6,421,760 |
| 3,000 | Grupo TMM SA, Cl. A, ADR | 6,660 | 5,220 |
| 5,999 | Huntington Ingalls Industries Inc. | 182,325 | 206,966 |
| | | 9,190,782 | 9,058,546 |
| Closed-End Funds 0.4% | | | |
| 30,000 | Royce Value Trust Inc. | 368,797 | 447,600 |
| 101,000 | The Central Europe and Russia Fund Inc. | 2,327,425 | 4,388,450 |
| 70,957 | The New Germany Fund Inc. | 765,717 | 1,280,064 |
| | | 3,461,939 | 6,116,114 |
| Real Estate 0.4% | | | |
| 55,500 | Griffin Land & Nurseries Inc. | 529,368 | 1,803,195 |
| 185,000 | The St. Joe Co. | 6,754,027 | 3,855,400 |
| | | 7,283,395 | 5,658,595 |
| Computer Hardware 0.1% | | | |
| 15,000 | SanDisk Corp. | 765,993 | 622,500 |
| 120,000 | Xerox Corp. | 1,262,725 | 1,249,200 |
| | | 2,028,718 | 1,871,700 |

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

SCHEDULE OF INVESTMENTS (Continued)

June 30, 2011 (Unaudited)

| Shares | | Cost | Market Value |
|--|--|--------------------|----------------------|
| COMMON STOCKS (Continued) | | | |
| Real Estate Investment Trusts 0.1% | | | |
| 2,000 | Camden Property Trust | \$ 37,490 | \$ 127,240 |
| 23,000 | Rayonier Inc. | 734,278 | 1,503,050 |
| | | 771,768 | 1,630,290 |
| Manufactured Housing and Recreational Vehicles 0.1% | | | |
| 6,400 | Martin Marietta Materials Inc. | 132,795 | 511,808 |
| 9,500 | Nobility Homes Inc. | 185,367 | 76,000 |
| 30,000 | Skyline Corp. | 1,004,435 | 525,000 |
| | | 1,322,597 | 1,112,808 |
| TOTAL COMMON STOCKS | | 905,473,771 | 1,420,268,912 |
| CONVERTIBLE PREFERRED STOCKS 0.1% | | | |
| Telecommunications 0.1% | | | |
| 22,500 | Cincinnati Bell Inc., 6.750% Cv. Pfd., Ser. B | 628,042 | 937,350 |
| WARRANTS 0.0% | | | |
| Retail 0.0% | | | |
| 150,000 | Talbots Inc., expire 04/06/15 | 450,000 | 18,000 |
| Principal Amount | | | |
| CONVERTIBLE CORPORATE BONDS 0.1% | | | |
| Diversified Industrial 0.1% | | | |
| \$ 2,000,000 | Griffon Corp., Sub. Deb. Cv., 4.000%, 01/15/17 (c) | 2,000,000 | 1,995,000 |
| CORPORATE BONDS 0.0% | | | |
| Retail 0.0% | | | |
| 1,900,000 | The Great Atlantic & Pacific Tea Co. Inc., 5.125%, 06/15/12 (a) | 1,876,465 | 581,020 |
| Consumer Products 0.0% | | | |
| 1,000,000 | Pillowtex Corp., Sub. Deb., 9.000%, 12/15/11 (a) | 0 | 0 |
| TOTAL CORPORATE BONDS | | 1,876,465 | 581,020 |
| U.S. GOVERNMENT OBLIGATIONS 0.3% | | | |
| 4,000,000 | U.S. Treasury Bills, 0.025% to 0.080% , 08/04/11 to 11/10/11 (g) | 3,999,070 | 3,999,401 |

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TOTAL INVESTMENTS 100.0% \$ 914,427,348 1,427,799,683

| Number of Contracts | | Expiration Date | Unrealized Depreciation |
|--|------------------------------|-----------------|-------------------------|
| FUTURES CONTRACTS SHORT POSITIONS | | | |
| 455 | S & P 500 E-Mini Futures (h) | 09/16/11 | \$ (717,498) |
| | | | Market Value |
| Other Assets and Liabilities (Net) | | | 788,818 |
| PREFERRED STOCK | | | |
| (8,218,262 preferred shares outstanding) | | | (305,356,550) |
| NET ASSETS COMMON STOCK | | | |
| (182,608,368 common shares outstanding) | | | \$ 1,122,514,453 |
| NET ASSET VALUE PER COMMON SHARE | | | |
| (\$1,122,514,453 ÷ 182,608,368 shares outstanding) | | | \$6.15 |

- (a) Security fair valued under procedures established by the Board of Directors. The procedures may include reviewing available financial information about the company and reviewing the valuation of comparable securities and other factors on a regular basis. At June 30, 2011, the market value of fair valued securities amounted to \$712,302 or 0.05% of total investments.
- (b) Securities, or a portion thereof, with a value of \$5,170,000 were pledged as collateral for futures contracts.
- (c) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At June 30, 2011, the market value of the Rule 144A securities amounted to \$2,069,447 or 0.14% of total investments.
- (d) Denoted in units.
- (e) At June 30, 2011, the Fund held investments in restricted securities amounting to \$196,437 or 0.01% of total investments, which were valued under methods approved by the Board of Directors as follows:

| Acquisition Shares | Issuer | Acquisition Date | Acquisition Cost | 06/30/11 Carrying Value Per Unit |
|--------------------|---------------------------------|------------------|------------------|----------------------------------|
| 7,040,836 | Cable & Wireless Jamaica Ltd. | 09/30/93 | \$ 128,658 | \$ 0.0016 |
| 115,200,000 | Rolls-Royce Holdings plc, Cl. C | 04/20/11 | 189,007 | 0.0016 |

- (f) Illiquid security.
- (g) At June 30, 2011, \$1,000,000 of the principal amount was pledged as collateral for futures contracts.
- (h) At June 30, 2011, the Fund had entered into futures contracts with UBS AG.
Non-income producing security.

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

SCHEDULE OF INVESTMENTS (Continued)

June 30, 2011 (Unaudited)

Represents annualized yield at date of purchase.

ADR American Depositary Receipt
 CVO Contingent Value Obligation
 SDR Swedish Depositary Receipt

| Geographic Diversification | % of Market Value | Market Value |
|-----------------------------------|----------------------------------|-------------------------|
| North America | 80.4% | \$ 1,147,991,136 |
| Europe | 14.5 | 206,285,129 |
| Latin America | 2.9 | 41,818,310 |
| Japan | 1.5 | 21,254,003 |
| Asia/Pacific | 0.7 | 10,451,105 |
| Total Investments | 100.0% | \$ 1,427,799,683 |

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2011 (Unaudited)

| | |
|---|-------------------------|
| Assets: | |
| Investments, at value (cost \$914,427,348) | \$ 1,427,799,683 |
| Foreign currency, at value (cost \$44,710) | 45,598 |
| Receivable for investments sold | 7,856,739 |
| Dividends and interest receivable | 2,270,377 |
| Deferred offering expense | 80,327 |
| Prepaid expense | 14,289 |
| Total Assets | 1,438,067,013 |
| Liabilities: | |
| Payable to custodian | 6,239,471 |
| Payable for investments purchased | 163,898 |
| Distributions payable | 140,325 |
| Payable for investment advisory fees | 2,402,437 |
| Payable for accounting fees | 7,500 |
| Payable for auction agent fees | 838,634 |
| Variation margin payable | 252,052 |
| Other accrued expenses | 151,693 |
| Total Liabilities | 10,196,010 |
| Preferred Stock: | |
| Series C Cumulative Preferred Stock (Auction Market, \$25,000 liquidation value, \$0.001 par value, 5,200 shares authorized with 2,880 shares issued and outstanding) | 72,000,000 |
| Series D Cumulative Preferred Stock (5.875%, \$25 liquidation value, \$0.001 par value, 3,000,000 shares authorized with 2,363,860 shares issued and outstanding) | 59,096,500 |
| Series E Cumulative Preferred Stock (Auction Rate, \$25,000 liquidation value, \$0.001 par value, 2,000 shares authorized with 1,120 shares issued and outstanding) | 28,000,000 |
| Series F Cumulative Preferred Stock (6.200%, \$25 liquidation value, \$0.001 par value, 6,000,000 shares authorized with 5,850,402 shares issued and outstanding) | 146,260,050 |
| Total Preferred Stock | 305,356,550 |
| Net Assets Attributable to Common Shareholders | \$ 1,122,514,453 |
| Net Assets Attributable to Common Shareholders Consist of: | |
| Paid-in capital | \$ 696,472,154 |
| Accumulated distributions in excess of net investment income | (1,785,738) |
| Accumulated net realized loss on investments, futures contracts, swap contracts, and foreign currency transactions | (84,854,055) |
| Net unrealized appreciation on investments | 513,372,335 |
| Net unrealized depreciation on futures contracts | (717,498) |
| Net unrealized appreciation on foreign currency translations | 27,255 |
| Net Assets | \$ 1,122,514,453 |
| Net Asset Value per Common Share: | |
| (\$1,122,514,453 ÷ 182,608,368 shares outstanding at \$0.001 par value; 246,000,000 shares authorized) | \$6.15 |

STATEMENT OF OPERATIONS

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For the Six Months Ended June 30, 2011 (Unaudited)

| | |
|---|-----------------------|
| Investment Income: | |
| Dividends (net of foreign withholding taxes of \$605,061) | \$ 13,725,690 |
| Interest | 42,984 |
| Total Investment Income | 13,768,674 |
| Expenses: | |
| Investment advisory fees | 7,025,716 |
| Shareholder communications expenses | 244,545 |
| Auction agent fees | 123,445 |
| Custodian fees | 92,585 |
| Payroll expenses | 74,739 |
| Directors' fees | 70,995 |
| Shareholder services fees | 70,281 |
| Legal and audit fees | 63,533 |
| Accounting fees | 22,500 |
| Interest expense | 469 |
| Offering expense for issuance of preferred shares | 330 |
| Miscellaneous expenses | 160,395 |
| Total Expenses | 7,949,533 |
| Less: | |
| Advisory fee reduction on unsupervised assets (See Note 3) | (869) |
| Net Expenses | 7,948,664 |
| Net Investment Income | 5,820,010 |
| Net Realized and Change in Unrealized Gain/(Loss) on Investments, Futures Contracts, Swap Contracts, and Foreign Currency: | |
| Net realized gain on investments | 14,313,761 |
| Net realized loss on futures contracts | (2,313,074) |
| Net realized gain on swap contracts | 33,351 |
| Net realized loss on foreign currency transactions | (25,440) |
| Net realized gain on investments, future contracts, swap contracts, and foreign currency transactions | 12,008,598 |
| Net change in unrealized appreciation on investments | 90,597,597 |
| Net change in unrealized appreciation on futures contracts | 84,247 |
| Net change in unrealized depreciation on swap contracts | (7,422) |
| Net change in unrealized appreciation on foreign currency translations | 5,047 |
| Net change in unrealized appreciation/depreciation on investments, futures contracts, swap contracts, and foreign currency translations | 90,679,469 |
| Net Realized and Change in Unrealized Gain/(Loss) on Investments, Futures Contracts, Swap Contracts, and Foreign Currency | 102,688,067 |
| Net Increase in Net Assets Resulting from Operations | 108,508,077 |
| Total Distributions to Preferred Stock Shareholders | (6,331,349) |
| Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations | \$ 102,176,728 |

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS

| | Six Months Ended June 30, 2011 (Unaudited) | Year Ended December 31, 2010 |
|---|---|---|
| Operations: | | |
| Net investment income | \$ 5,820,010 | \$ 8,725,793 |
| Net realized gain/(loss) on investments, futures contracts, swap contracts, and foreign currency transactions | 12,008,598 | (7,453,804) |
| Net change in unrealized appreciation/depreciation on investments, futures contracts, swap contracts, and foreign currency translations | 90,679,469 | 252,327,537 |
| Net Increase in Net Assets Resulting from Operations | 108,508,077 | 253,599,526 |
| Distributions to Preferred Shareholders: | | |
| Net investment income | (2,342,599)* | (9,224,573) |
| Net realized long-term gain | (3,988,750)* | |
| Return of capital | | (3,614,958) |
| Total Distributions to Preferred Shareholders | (6,331,349) | (12,839,531) |
| Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations | 102,176,728 | 240,759,995 |
| Distributions to Common Shareholders: | | |
| Net investment income | (4,405,233)* | |
| Net realized long-term gain | (6,852,584)* | |
| Return of capital | (37,689,214)* | (92,239,189) |
| Total Distributions to Common Shareholders | (48,947,031) | (92,239,189) |
| Fund Share Transactions: | | |
| Net increase in net assets from common shares issued upon reinvestment of distributions | 10,469,647 | |
| Recapture of gain on sale of Fund shares by an affiliate | | 25,488 |
| Net Increase in Net Assets from Fund Share Transactions | 10,469,647 | 25,488 |
| Net Increase in Net Assets Attributable to Common Shareholders | 63,699,344 | 148,546,294 |
| Net Assets Attributable to Common Shareholders: | | |
| Beginning of period | 1,058,815,109 | 910,268,815 |
| End of period (including undistributed net investment income of \$0 and \$0, respectively) | \$ 1,122,514,453 | \$ 1,058,815,109 |

* Based on year to date book income. Amounts are subject to change and recharacterization at year end.

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout each period:

| | Six Months Ended | | Year Ended December 31, | | | | |
|---|------------------------------|---------|-------------------------|-----------|---------|-----------|--|
| | June 30, 2011 (Unaudited) | 2010 | 2009 | 2008 | 2007 | 2006 | |
| Operating Performance: | | | | | | | |
| Net asset value, beginning of period | \$ 5.85 | \$ 5.03 | \$ 4.14 | \$ 9.22 | \$ 9.40 | \$ 8.10 | |
| Net investment income | 0.03 | 0.05 | 0.06 | 0.12 | 0.14 | 0.18 | |
| Net realized and change in unrealized gain/(loss) on investments, written options, futures contracts, swap contracts, and foreign currency transactions | 0.57 | 1.35 | 1.62 | (4.30) | 1.12 | 2.18 | |
| Total from investment operations | 0.60 | 1.40 | 1.68 | (4.18) | 1.26 | 2.36 | |
| Distributions to Preferred Shareholders: | | | | | | | |
| (a) | | | | | | | |
| Net investment income | (0.01)* | (0.05) | (0.07) | (0.11) | (0.02) | (0.03) | |
| Net realized gain | (0.02)* | | | | (0.12) | (0.12) | |
| Return of capital | | (0.02) | | | | | |
| Total distributions to preferred shareholders | (0.03) | (0.07) | (0.07) | (0.11) | (0.14) | (0.15) | |
| Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders Resulting from Operations | | | | | | | |
| | 0.57 | 1.33 | 1.61 | (4.29) | 1.12 | 2.21 | |
| Distributions to Common Shareholders: | | | | | | | |
| Net investment income | (0.02)* | | (0.00)(e) | (0.00)(e) | (0.12) | (0.16) | |
| Net realized gain | (0.04)* | | | | (0.57) | (0.72) | |
| Return of capital | (0.21)* | (0.51) | (0.72) | (0.80) | (0.61) | | |
| Total distributions to common shareholders | (0.27) | (0.51) | (0.72) | (0.80) | (1.30) | (0.88) | |
| Fund Share Transactions: | | | | | | | |
| Increase in net asset value from common stock share transactions | 0.00(e) | | 0.00(e) | 0.01 | | | |
| Increase in net asset value from repurchase of preferred shares | | | 0.00(e) | 0.00(e) | | | |
| Recapture of gain on sale of Fund shares by an affiliate | | 0.00(e) | | | | | |
| Offering costs for preferred shares charged to paid-in capital | | | | 0.00(e) | | (0.03) | |
| Offering costs for issuance of rights charged to paid-in capital | | | | | | (0.00)(e) | |
| Total fund share transactions | 0.00(e) | 0.00(e) | 0.00(e) | 0.01 | | (0.03) | |
| Net Asset Value Attributable to Common Shareholders, End of Period | | | | | | | |
| | \$ 6.15 | \$ 5.85 | \$ 5.03 | \$ 4.14 | \$ 9.22 | \$ 9.40 | |
| NAV Total Return | 9.93% | 28.15% | 44.10% | (49.06)% | 12.14% | 28.17% | |
| Market value, end of period | \$ 6.10 | \$ 5.67 | \$ 5.04 | \$ 3.70 | \$ 9.28 | \$ 9.41 | |

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| | | | | | | |
|-------------------------|--------|--------|--------|----------|--------|--------|
| Investment total return | 12.50% | 23.96% | 61.56% | (54.77)% | 12.75% | 29.42% |
|-------------------------|--------|--------|--------|----------|--------|--------|

Ratios to Average Net Assets and

Supplemental Data:

| | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Net assets including liquidation value of preferred shares, end of period (in 000 s) | \$ 1,427,871 | \$ 1,364,172 | \$ 1,215,626 | \$ 1,106,614 | \$ 1,990,123 | \$ 2,114,399 |
| Net assets attributable to common shares, end of period (in 000 s) | \$ 1,122,514 | \$ 1,058,815 | \$ 910,269 | \$ 724,076 | \$ 1,586,381 | \$ 1,586,906 |
| Ratio of net investment income to average net assets attributable to common shares before preferred distributions | 1.06%(f) | 0.92% | 1.53% | 1.73% | 1.16% | 2.12% |
| Ratio of operating expenses to average net assets attributable to common shares before fees waived | 1.44%(f) | 1.50% | 1.74% | 1.52% | | |
| Ratio of operating expenses to average net assets attributable to common shares net of fee reduction, if any | 1.44%(f) | 1.50% | 1.72% | 1.19% | 1.46% | 1.43% |

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

FINANCIAL HIGHLIGHTS (Continued)

Selected data for a share outstanding throughout each period:

| | Six Months Ended | | Year Ended December 31, | | | |
|--|------------------------------|------------|-------------------------|------------|------------|------------|
| | June 30, 2011 (Unaudited) | 2010 | 2009 | 2008 | 2007 | 2006 |
| Ratios to Average Net Assets and Supplemental Data (continued): | | | | | | |
| Ratio of operating expenses to average net assets including liquidation value of preferred shares before fees waived | 1.13%(f) | 1.14% | 1.22% | 1.14% | | |
| Ratio of operating expenses to average net assets including liquidation value of preferred shares net of fee reduction, if any | 1.13%(f) | 1.14% | 1.20% | 0.89% | 1.17% | 1.11% |
| Portfolio turnover rate | 3.4% | 5.5% | 6.7% | 13.5% | 17.2% | 29.5% |
| Preferred Stock: | | | | | | |
| 7.200% Series B Cumulative Preferred Stock | | | | | | |
| Liquidation value, end of period (in 000 s) | | | | | | \$ 123,750 |
| Total shares outstanding (in 000 s) | | | | | | 4,950 |
| Liquidation preference per share | | | | | | \$ 25.00 |
| Average market value (b) | | | | | | \$ 25.27 |
| Asset coverage per share | | | | | | \$ 100.21 |
| Auction Rate Series C Cumulative Preferred Stock | | | | | | |
| Liquidation value, end of period (in 000 s) | \$ 72,000 | \$ 72,000 | \$ 72,000 | \$ 117,000 | \$ 130,000 | \$ 130,000 |
| Total shares outstanding (in 000 s) | 3 | 3 | 3 | 5 | 5 | 5 |
| Liquidation preference per share | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 |
| Average market value (c) | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 |
| Asset coverage per share | \$ 116,902 | \$ 111,687 | \$ 99,525 | \$ 72,320 | \$ 123,230 | \$ 100,211 |
| 5.875% Series D Cumulative Preferred Stock | | | | | | |
| Liquidation value, end of period (in 000 s) | \$ 59,097 | \$ 59,097 | \$ 59,097 | \$ 72,532 | \$ 73,743 | \$ 73,743 |
| Total shares outstanding (in 000 s) | 2,364 | 2,364 | 2,364 | 2,901 | 2,950 | 2,950 |
| Liquidation preference per share | \$ 25.00 | \$ 25.00 | \$ 25.00 | \$ 25.00 | \$ 25.00 | \$ 25.00 |
| Average market value (b) | \$ 25.14 | \$ 25.03 | \$ 23.39 | \$ 22.69 | \$ 23.86 | \$ 23.98 |
| Asset coverage per share | \$ 116.90 | \$ 111.69 | \$ 99.53 | \$ 72.32 | \$ 123.23 | \$ 100.21 |
| Auction Rate Series E Cumulative Preferred Stock | | | | | | |
| Liquidation value, end of period (in 000 s) | \$ 28,000 | \$ 28,000 | \$ 28,000 | \$ 45,000 | \$ 50,000 | \$ 50,000 |
| Total shares outstanding (in 000 s) | 1 | 1 | 1 | 2 | 2 | 2 |
| Liquidation preference per share | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 |
| Average market value (c) | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 |
| Asset coverage per share | \$ 116,902 | \$ 111,687 | \$ 99,525 | \$ 72,320 | \$ 123,230 | \$ 100,211 |
| 6.200% Series F Cumulative Preferred Stock | | | | | | |
| Liquidation value, end of period (in 000 s) | \$ 146,260 | \$ 146,260 | \$ 146,260 | \$ 148,007 | \$ 150,000 | \$ 150,000 |
| Total shares outstanding (in 000 s) | 5,850 | 5,850 | 5,850 | 5,920 | 6,000 | 6,000 |
| Liquidation preference per share | \$ 25.00 | \$ 25.00 | \$ 25.00 | \$ 25.00 | \$ 25.00 | \$ 25.00 |
| Average market value (b) | \$ 25.46 | \$ 25.71 | \$ 24.08 | \$ 23.48 | \$ 24.69 | \$ 25.12 |
| Asset coverage per share | \$ 116.90 | \$ 111.69 | \$ 99.53 | \$ 72.32 | \$ 123.23 | \$ 100.21 |
| Asset Coverage (d) | 468% | 447% | 398% | 289% | 493% | 401% |

Based on net asset value per share, adjusted for reinvestment of distributions at prices obtained under the Fund's dividend reinvestment plan. Total return for a period of less than one year is not annualized.

Based on market value per share, adjusted for reinvestment of distributions at prices determined under the Fund's dividend reinvestment plan. Total return for a period of less than one year is not annualized.

Effective in 2008, a change in accounting policy was adopted with regard to the calculation of the portfolio turnover rate to include cash proceeds due to mergers. Had this policy been adopted retroactively, the portfolio turnover rate for the years ended December 31, 2007 and 2006, would have been 27.3% and 33.1%, respectively.

* Based on year to date book income. Amounts are subject to change and recharacterization at year end.

(a) Calculated based upon average common shares outstanding on the record dates throughout the periods.

(b) Based on weekly prices.

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- (c) Based on weekly auction prices. Since February 2008, the weekly auctions have failed. Holders that have submitted orders have not been able to sell any or all of their shares in the auctions.
- (d) Asset coverage is calculated by combining all series of preferred stock.
- (e) Amount represents less than \$0.005 per share.
- (f) Annualized.

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

NOTES TO FINANCIAL STATEMENTS (Unaudited)

1. Organization. The Gabelli Equity Trust Inc. (the "Equity Trust") is a non-diversified closed-end management investment company organized as a Maryland corporation on May 20, 1986 and registered under the Investment Company Act of 1940, as amended (the "1940 Act"), whose primary objective is long-term growth of capital with income as a secondary objective. Investment operations commenced on August 21, 1986.

The Equity Trust will invest at least 80% of its assets in equity securities under normal market conditions (the "80% Policy"). The 80% Policy may be changed without shareholder approval. The Equity Trust will provide shareholders with notice at least sixty days prior to the implementation of any changes in the 80% Policy.

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

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

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

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 nonfinancial 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 ADR 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 EQUITY TRUST INC.

NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

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 Fund's determinations as to the fair value of investments).

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments in securities and other financial instruments by inputs used to value the Fund's investments as of June 30, 2011 is as follows:

| | Valuation Inputs | | | |
|--|-----------------------------|---|---|-------------------------------------|
| | Level 1 Quoted Prices | Level 2 Other Significant Observable Inputs | Level 3 Significant Unobservable Inputs | Total Market Value at 6/30/11 |
| INVESTMENTS IN SECURITIES: | | | | |
| ASSETS (Market Value): | | | | |
| Common Stocks: | | | | |
| Energy and Utilities | \$ 107,367,476 | \$ 10,000 | \$ 0 | \$ 107,377,476 |
| Entertainment | 76,090,276 | | 131,282 | 76,221,558 |
| Telecommunications | 64,805,128 | 11,546 | | 64,816,674 |
| Aerospace | 30,378,442 | 184,891 | | 30,563,333 |
| Other Industries (a) | 1,141,289,871 | | | 1,141,289,871 |
| Total Common Stocks | 1,419,931,193 | 206,437 | 131,282 | 1,420,268,912 |
| Convertible Preferred Stocks (a) | 937,350 | | | 937,350 |
| Warrants (a) | 18,000 | | | 18,000 |
| Convertible Corporate Bonds (a) | | 1,995,000 | | 1,995,000 |
| Corporate Bonds (a) | 581,020 | | 0 | 581,020 |
| U.S. Government Obligations | | 3,999,401 | | 3,999,401 |
| TOTAL INVESTMENTS IN SECURITIES ASSETS | \$ 1,421,467,563 | \$ 6,200,838 | \$ 131,282 | \$ 1,427,799,683 |
| OTHER FINANCIAL INSTRUMENTS: | | | | |
| LIABILITIES (Unrealized Depreciation):* | | | | |
| EQUITY CONTRACTS | | | | |
| Futures Contracts Sold (b) | \$ (717,498) | \$ | \$ | \$ (717,498) |
| TOTAL OTHER FINANCIAL INSTRUMENTS | \$ (717,498) | \$ | \$ | \$ (717,498) |

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

(b) Represents cumulative unrealized depreciation of futures contracts as reported in the SOI. Only current day variation margin is reported with the Fund's Statements of Assets and Liabilities.

* Other financial instruments are derivatives reflected in the SOI, such as futures, forwards, and swaps, which are valued at the unrealized appreciation/depreciation of the instrument.

The Fund did not have significant transfers between Level 1 and Level 2 during the six months ended June 30, 2011.

THE GABELLI EQUITY TRUST INC.

NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

The following table reconciles Level 3 investments for which significant unobservable inputs were used to determine fair value:

| | Balance as of 12/31/10 | Accrued discounts/ (premiums) | Realized gain/ (loss) | Change in unrealized appreciation/ depreciation | Purchases | Sales | Transfers into Level 3 | Transfers out of Level 3 | Balance as of 6/30/11 | Net change in unrealized appreciation/ depreciation during the period on Level 3 investments held at 6/30/11 |
|--|------------------------------|-------------------------------------|-----------------------------|--|-----------|---------------|------------------------------|--------------------------------|-----------------------------|---|
| INVESTMENTS IN SECURITIES: | | | | | | | | | | |
| ASSETS (Market Value): | | | | | | | | | | |
| Common Stocks: | | | | | | | | | | |
| Energy and Utilities | \$ 0 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ 0 | \$ |
| Entertainment | 91,191 | | | 40,091 | | | | | 131,282 | 40,091 |
| Total Common Stocks | 91,191 | | | 40,091 | | | | | 131,282 | 40,091 |
| Warrants: | | | | | | | | | | |
| Energy and Utilities | 85 | | (36,353) | 36,268 | | (0) | | | | |
| Convertible Corporate Bonds | 630,000 | | | | | | | (630,000) | | |
| Corporate Bonds | 0 | | | | | | | | 0 | |
| TOTAL INVESTMENTS IN SECURITIES | \$ 721,276 | \$ | \$ (36,353) | \$ 76,359 | \$ | \$ (0) | \$ | \$ (630,000) | \$ 131,282 | \$ 40,091 |

Net change in unrealized appreciation/depreciation on investments is included in the related amounts in the Statement of Operations.

The Fund's policy is to recognize transfers into and transfers out of Level 3 as of the beginning of the reporting period.

In January 2010, the Financial Accounting Standards Board (FASB) issued amended guidance to improve disclosure about fair value measurements which requires additional disclosures about transfers between Levels 1 and 2 and separate disclosures about purchases, sales, issuances, and settlements in the reconciliation of fair value measurements using significant unobservable inputs (Level 3). The FASB also clarified existing disclosure requirements relating to the levels of disaggregation of fair value measurement and inputs and valuation techniques used to measure fair value. Management has adopted the amended guidance and determined that there was no material impact to the Fund's financial statements except for additional disclosures made in the notes.

In May 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-04 Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (IFRS). ASU 2011-04 includes common requirements for measurement of and disclosure about fair value between U.S. GAAP and IFRS. ASU 2011-04 will require reporting entities to disclose the following information for fair value measurements categorized within Level 3 of the fair value hierarchy: quantitative information about the unobservable inputs used in the fair value measurement, the valuation processes used by the reporting entity, and a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs. In addition, ASU 2011-04 will require reporting entities to make disclosures about amounts and reasons for all transfers into and out of Level 1 and Level 2 fair value measurements. The new and revised disclosures are effective for interim and annual reporting periods beginning after December 15, 2011. At this time, management is evaluating the implications of ASU No. 2011-04 and its impact on the financial statements.

THE GABELLI EQUITY TRUST INC.

NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

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 June 30, 2011, if any, are not accounted for as hedging instruments under U.S. GAAP and are disclosed in the Schedule of Investments.

Options. The Fund may purchase or write call or put options on securities or indices for the purpose of achieving additional return or for hedging the value of the Fund's portfolio. 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. 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.

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

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) covered 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. During the six months ended June 30, 2011 the Fund held no investments in options.

THE GABELLI EQUITY TRUST INC.

NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

Swap Agreements. The Fund may enter into equity contract for difference, and interest rate swap or cap transactions for the purposes of increasing the income of the Fund or to hedge or protect its exposure to interest rate movements and movements in the securities markets. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an interest rate swap, the Fund would agree to pay periodically to the other party (which is known as the counterparty) a fixed rate payment in exchange for the counterparty agreeing to pay to the Fund periodically a variable rate payment that is intended to approximate the Fund's variable rate payment obligation on Series C Cumulative Preferred Stock and Series E Cumulative Preferred Stock. In an interest rate cap, the Fund would pay a premium to the counterparty and, to the extent that a specified variable rate index exceeds a predetermined fixed rate, would receive from that counterparty payments of the difference based on the notional amount of such cap. Swap and cap transactions introduce additional risk because the Fund would remain obligated to pay preferred stock dividends when due in accordance with the Articles Supplementary even if the counterparty defaulted. In an equity contract for difference, a set of future cash flows is exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. Depending on the general state of short-term interest rates and the returns on the Fund's portfolio securities at the time a swap transaction reaches its scheduled termination date, there is a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction.

Unrealized gains related to swaps are reported as an asset and unrealized losses are reported as a liability in the Statement of Assets and Liabilities. The change in value of swaps, including the accrual of periodic amounts of interest to be received or paid on swaps, is reported as unrealized gain or loss in the Statement of Operations. A realized gain or loss is recorded upon receipt or payment of a periodic payment or termination of swap agreements.

During the six months ended June 30, 2011, the Fund held no investments in interest rate swap agreements.

The Fund held an equity contract for difference swap agreement through April 5, 2011, with an average monthly notional amount while it was outstanding of approximately \$600,564. At June 30, 2011, the Fund held no investments in equity contracts for difference swap agreements.

For the six months ended June 30, 2011, the effect of equity contract for difference swap agreements can be found in the Statement of Operations under Net Realized and Change in Unrealized Gain/(Loss) on Investments, Futures Contracts, Swap Contracts, and Foreign Currency, Net realized gain on swap contracts and Net change in unrealized depreciation on swap contracts.

Futures Contracts. The Fund may engage in futures contracts for the purpose of hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase. Upon entering into a futures contract, the Fund is required to deposit with the broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as the initial margin. Subsequent payments (variation margin) are made or received by the Fund each day, depending on the daily fluctuations in the value of the contract, and are included in unrealized appreciation/depreciation on futures contracts. The Fund recognizes a realized gain or loss when the contract is closed.

There are several risks in connection with the use of futures contracts as a hedging instrument. The change in value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in value of the hedged investments. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market. Open positions in futures contracts at June 30, 2011 are reflected within the Schedule of Investments.

THE GABELLI EQUITY TRUST INC.

NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

The Fund's volume of activity in equity futures contracts sold during the six months ended June 30, 2011 had an average monthly market value of approximately \$32,901,407.

As of June 30, 2011, the value of equity futures contracts can be found in the Statement of Assets and Liabilities under Liabilities, Variation margin payable. For the six months ended June 30, 2011, the effect of equity futures contracts can be found in the Statement of Operations under Net Realized and Change in Unrealized Gain/(Loss) on Investments, Futures Contracts, Swap Contracts, and Foreign Currency, Net realized loss on futures contracts and Net change in unrealized appreciation on futures contracts.

Forward Foreign Exchange Contracts. The Fund may engage in forward foreign exchange contracts for the purpose of hedging a specific transaction with respect to either the currency in which the transaction is denominated or another currency as deemed appropriate by the Adviser. Forward foreign exchange contracts are valued at the forward rate and are marked-to-market daily. The change in market value is included in unrealized appreciation/depreciation on investments and foreign currency translations. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. During the six months ended June 30, 2011, the Fund held no investments in forward foreign exchange contracts.

Repurchase Agreements. The Fund may enter into repurchase agreements with primary government securities dealers recognized by the Federal Reserve Board, with member banks of the Federal Reserve System, or with other brokers or dealers that meet credit guidelines established by the Adviser and reviewed by the Board. Under the terms of a typical repurchase agreement, the Fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. It is the policy of the Fund to receive and maintain securities as collateral whose market value is not less than their repurchase price. The Fund will make payment for such securities only upon physical delivery or upon evidence of book entry transfer of the collateral to the account of the custodian. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to maintain the adequacy of the collateral. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited. At June 30, 2011, the Fund held no investments in repurchase agreements.

Investments in other Investment Companies. The Fund may invest, from time to time, in shares of other investment companies (or entities that would be considered investment companies but are excluded from the definition pursuant to certain exceptions under the 1940 Act) (the Acquired Funds) in accordance with the 1940 Act and related rules. Shareholders in the Fund would bear the pro rata portion of the periodic expenses of the Acquired Funds in addition to the Fund's expenses. For the six months ended June 30, 2011, the Fund's pro rata portion of the periodic expenses charged by the Acquired Funds was less than 1 basis point.

THE GABELLI EQUITY TRUST INC.

NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

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 the 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 and Illiquid Securities. The Fund may invest up to 10% of its net assets in securities for which the markets are illiquid. Illiquid securities include securities the disposition of which is subject to substantial legal or contractual restrictions. The sale of illiquid 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. For the restricted and illiquid securities the Fund held as of June 30, 2011, refer to the Schedule of Investments.

Securities Transactions and Investment Income. Securities transactions are accounted for on the trade date with realized gain or 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.

Custodian Fee Credits and Interest Expense. When cash balances are maintained in the custody account, the Fund receives credits which are used to offset custodian fees. The gross expenses paid under the custody arrangement are included in custodian fees in the Statement of Operations with the corresponding expense offset, if any, shown as Custodian fee credits. When cash balances are overdrawn, the Fund is charged an overdraft fee equal to 110% of the

THE GABELLI EQUITY TRUST INC.
NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

90 day Treasury Bill rate on outstanding balances. This amount, if any, would be included in interest expense in the Statement of Operations. There were no custodian fee credits earned during the six months ended June 30, 2011.

Distributions to Shareholders. Distributions to common 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 U.S. 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. These reclassifications have no impact on the NAV of the Fund.

Under the Fund's distribution policy, the Fund declares and pays quarterly distributions from net investment income, capital gains, and paid-in capital. The actual source of the distribution is determined after the end of the year. Pursuant to this policy, distributions during the year may be made in excess of required distributions. To the extent such distributions are made from current earnings and profits, they are considered ordinary income or long-term capital gains. The Fund's current distribution policy may restrict the Fund's ability to pass through to shareholders all of its net realized long-term capital gains as a Capital Gain Dividend, subject to the maximum federal income tax rate of 15%, and may cause such gains to be treated as ordinary income subject to a maximum federal income tax rate of 35%. Distributions sourced from paid-in capital should not be considered as dividend yield or the total return from an investment in the Fund. The Board will continue to monitor the Fund's distribution level, taking into consideration the Fund's net asset value (NAV) and the financial market environment. The Fund's distribution policy is subject to modification by the Board at any time.

Distributions to shareholders of the Fund's Series C Auction Rate Cumulative Preferred Stock, 5.875% Series D Cumulative Preferred Stock, Series E Auction Rate Cumulative Preferred Stock, and 6.20% Series F Cumulative Preferred Stock (Cumulative Preferred Stock) are recorded on a daily basis and are determined as described in Note 5.

The tax character of distributions paid during the year ended December 31, 2010 was as follows:

| | Common | Preferred |
|---------------------------------|---------------|---------------|
| Distributions paid from: | | |
| Ordinary income | | \$ 9,224,573 |
| Return of capital | \$ 92,239,189 | 3,614,958 |
| Total distributions paid | \$ 92,239,189 | \$ 12,839,531 |

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.

As of December 31, 2010, the Fund paid a \$3,344 corporate tax expense due to a previously unidentified passive foreign investment company investment held in prior years.

THE GABELLI EQUITY TRUST INC.
NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

As of December 31, 2010, the components of accumulated earnings/losses on a tax basis were as follows:

| | |
|--|--------------------|
| Accumulated capital loss carryforwards | \$ (72,413,822) |
| Net unrealized appreciation on investments, futures contracts, swap contracts, and foreign currency translations | 407,802,924 |
| Other temporary differences* | (265,714) |
| Total | \$ 335,123,388 |

* Other temporary differences are primarily due to income adjustments from investments in hybrid and defaulted securities, and swap contract mark-to-market and accrual adjustments.

At December 31, 2010, the Fund had net capital loss carryforwards for federal income tax purposes of \$72,413,822 which are available to reduce future required distributions of net capital gains to shareholders. \$5,677,952 of the loss carryforward is available through 2016; \$53,348,591 is available through 2017; and \$13,387,279 is available through 2018.

Under the recently enacted Regulated Investment Company Modernization Act of 2010, the Fund will be permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 for an unlimited period. In addition, these losses must be utilized prior to the losses incurred in pre-enactment taxable years. As a result of the rule, pre-enactment capital loss carryforwards may have an increased likelihood of expiring unused. Additionally, postenactment capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term as under previous law.

The following summarizes the tax cost of investments and the related net unrealized appreciation at June 30, 2011:

| | Cost | Gross Unrealized Appreciation | Gross Unrealized Depreciation | Net Unrealized Appreciation |
|-------------|----------------|-------------------------------------|-------------------------------------|--------------------------------|
| Investments | \$ 928,811,140 | \$ 577,747,929 | \$ (78,759,386) | \$ 498,988,543 |

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 June 30, 2011, the Fund did not incur any interest or penalties. As of June 30, 2011, 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. Tax years ended December 31, 2007 through December 31, 2010 remain subject to examination by the Internal Revenue Service and state taxing authorities. On an ongoing basis, the Adviser will monitor the Fund's tax positions to determine if adjustments to this conclusion are necessary.

3. Agreements and Transactions with Affiliates. 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 weekly and paid monthly, equal on an annual basis to 1.00% of the value of the Fund's average weekly net assets including the liquidation value of preferred stock. In accordance with the *Advisory Agreement*, the Adviser provides a continuous investment program for the Fund's portfolio and oversees the administration of all aspects of the Fund's business and affairs. The Adviser has agreed to reduce the management fee on the incremental assets attributable to the Cumulative

THE GABELLI EQUITY TRUST INC.

NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

Preferred Stock if the total return of the NAV of the common shares of the Fund, including distributions and advisory fee subject to reduction, does not exceed the stated dividend rate or corresponding swap rate of each particular series of the Cumulative Preferred Stock for the year.

The Fund's total return on the NAV of the common shares is monitored on a monthly basis to assess whether the total return on the NAV of the common shares exceeds the stated dividend rate of each particular series of Cumulative Preferred Stock for the period. For the six months ended June 30, 2011, the Fund's total return on the NAV of the common shares exceeded the stated dividend rate of the outstanding Preferred Stock. Thus, advisory fees were accrued on these assets.

During the six months ended June 30, 2011, the Fund paid brokerage commissions on security trades of \$98,644 to Gabelli & Company, Inc. (Gabelli & Co.), an affiliate of the Adviser.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement between the Fund and the Adviser. During the six months ended June 30, 2011, the Fund paid or accrued \$22,500 to the Adviser in connection with the cost of computing the Fund's NAV.

As per the approval of the Board, the Fund compensates officers of the Fund, who are employed by the Fund and are not employed by the Adviser (although the officers may receive incentive based variable compensation from affiliates of the Adviser) and pays its allocated portion of the cost of the Fund's Chief Compliance Officer. For the six months ended June 30, 2011, the Fund paid or accrued \$74,739 in payroll expenses in the Statement of Operations.

The Fund pays each Director who is not considered an affiliated person an annual retainer of \$15,000 plus \$2,000 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 \$1,000 per meeting attended, the Audit Committee Chairman receives an annual fee of \$3,000, the Proxy Voting Committee Chairman receives an annual fee of \$1,500, the Nominating Committee Chairman receives an annual fee of \$2,000, 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 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.

4. Portfolio Securities. Purchases and sales of securities for the six months ended June 30, 2011, other than short-term securities and U.S. Government obligations, aggregated \$48,785,237 and \$90,523,810, respectively.

5. Capital. The charter permits the Fund to issue 246,000,000 shares of common stock (par value \$0.001) and authorizes the Board to increase its authorized shares from time to time. The Board has authorized the repurchase of its shares on the open market when the shares are trading on the NYSE at a discount of 10% or more (or such other percentage as the Board may determine from time to time) from the NAV of the shares. During the six months ended June 30, 2011 and the year ended December 31, 2010, the Fund did not repurchase any shares of its common stock in the open market.

THE GABELLI EQUITY TRUST INC.
NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

Transactions in common shares were as follows:

| | Six Months Ended June 30, 2011 (Unaudited) | | Year Ended December 31, 2010 | |
|---|--|---------------|------------------------------------|--------|
| | Shares | Amount | Shares | Amount |
| Net increase from common shares issued upon reinvestment of distributions | 1,750,882 | \$ 10,469,647 | | \$ |
| Net decrease from write-off of common shares | | | (5,502) | |
| Net increase/(decrease) | 1,750,882 | \$ 10,469,647 | (5,502) | \$ |

The Fund's Articles of Incorporation, as amended, authorizes the issuance of up to 18,000,000 shares of \$0.001 par value Cumulative Preferred Stock. The Cumulative Preferred Stock is senior to the common stock and results in the financial leveraging of the common stock. Such leveraging tends to magnify both the risks and opportunities to common shareholders. Dividends on shares of the Cumulative Preferred Stock are cumulative. The Fund is required by the 1940 Act and by the Articles Supplementary to meet certain asset coverage tests with respect to the Cumulative Preferred Stock. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the Series C Auction Rate, 5.875% Series D, Series E Auction Rate, and 6.20% Series F Cumulative Preferred Stock at redemption prices of \$25,000, \$25, \$25,000, and \$25, respectively, per share plus an amount equal to the accumulated and unpaid dividends whether or not declared on such shares in order to meet these requirements. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund's ability to pay dividends to common shareholders and could lead to sales of portfolio securities at inopportune times. The income received on the Fund's assets may vary in a manner unrelated to the fixed and variable rates, which could have either a beneficial or detrimental impact on net investment income and gains available to common shareholders.

A shelf registration authorizing the offering of an additional \$500 million of common or preferred shares was declared effective by the SEC on June 30, 2011. Offering costs of \$143,532 relating to the previous shelf registration were written off in 2010.

On June 27, 2002, the Fund received net proceeds of \$128,246,557 (after underwriting discounts of \$1,300,000 and offering expenses of \$453,443) from the public offering of 5,200 shares of Series C Auction Rate Cumulative Preferred Stock (Series C Stock). The dividend rate, as set by the auction process, which is generally held every seven days, is expected to vary with short-term interest rates. Since February 2008, the number of Series C Stock subject to bid orders by potential holders has been less than the number of Series C Stock subject to sell orders. Therefore, the weekly auctions have failed, and the dividend rate has been the maximum rate. Holders that have submitted sell orders have not been able to sell any or all of the Series C Stock for which they have submitted sell orders. The current maximum rate is 150% of the AA Financial Composite Commercial Paper Rate. The dividend rates of Series C Stock ranged from 0.105% to 0.285% during the six months ended June 30, 2011. Existing shareholders may submit an order to hold, bid, or sell such shares on each auction date. Shareholders of Series C Stock may also trade their shares in the secondary market. The Fund, at its option, may redeem the Series C Stock in whole or in part at the redemption price at any time. There were no redemptions of Series C Stock during the six months ended June 30, 2011. At June 30, 2011, 2,880 shares of Series C Stock were outstanding with an annualized dividend rate of 0.105% and accrued dividends amounted to \$420.

On October 7, 2003, the Fund received net proceeds of \$72,375,842 (after underwriting discounts of \$2,362,500 and offering expenses of \$261,658) from the public offering of 3,000,000 shares of 5.875% Series D Cumulative Preferred Stock (Series D Stock). Commencing October 7, 2008 and thereafter, the Fund, at its option, may redeem the

THE GABELLI EQUITY TRUST INC.

NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

Series D Stock in whole or in part at the redemption price at any time. The Board has authorized the repurchase of Series D Stock in the open market at prices less than the \$25 liquidation value per share. During the six months ended June 30, 2011, the Fund did not repurchase any shares of 5.875% Series D Cumulative Preferred Stock. At June 30, 2011, 2,363,860 shares of 5.875% Series D Stock were outstanding and accrued dividends amounted to \$38,577.

On October 7, 2003, the Fund received net proceeds of \$49,350,009 (after underwriting discounts of \$500,000 and offering expenses of \$149,991) from the public offering of 2,000 shares of Series E Auction Rate Cumulative Preferred Stock (Series E Stock). The dividend rate, as set by the auction process, which is generally held every seven days, is expected to vary with short-term interest rates. Since February 2008, the number of Series E Stock subject to bid orders by potential holders has been less than the number of Series E Stock subject to sell orders. Therefore, the weekly auctions have failed, and the dividend rate has been the maximum rate. In that event, holders that have submitted sell orders have not been able to sell any or all of the Series E Stock for which they have submitted sell orders. The current maximum rate is 150% of the AA Financial Composite Commercial Paper Rate. The dividend rates of Series E Stock ranged from 0.075% to 0.285% during the six months ended June 30, 2011. Existing shareholders may submit an order to hold, bid, or sell such shares on each auction date. Shareholders of Series E Stock may also trade shares in the secondary market. The Fund, at its option, may redeem the Series E Stock in whole or in part at the redemption price at any time. There were no redemptions of Series E Stock during the six months ended June 30, 2011. At June 30, 2011, 1,120 shares of Series E Stock were outstanding with an annualized dividend rate of 0.075% and accrued dividends amounted to \$0.

On November 10, 2006, the Fund received net proceeds of \$144,765,000 (after underwriting discounts of \$4,725,000 and estimated offering expenses of \$510,000) from the public offering of 6,000,000 shares of 6.20% Series F Cumulative Preferred Stock (Series F Stock). Commencing November 10, 2011 and thereafter, the Fund, at its option, may redeem the 6.20% Series F Stock in whole or in part at the redemption price at any time. The Board has authorized the repurchase of Series F Stock in the open market at prices less than the \$25 liquidation value per share. During the six months ended June 30, 2011, the Fund did not repurchase any shares of 6.20% Series F Cumulative Preferred Stock. At June 30, 2011, 5,850,402 shares of Series F Stock were outstanding and accrued dividends amounted to \$100,757.

The holders of Cumulative Preferred Stock generally are entitled to one vote per share held on each matter submitted to a vote of shareholders of the Fund and will vote together with holders of common stock as a single class. The holders of Cumulative Preferred Stock voting together as a single class also have the right currently to elect two Directors and under certain circumstances are entitled to elect a majority of the Board of Directors. In addition, the affirmative vote of a majority of the votes entitled to be cast by holders of all outstanding shares of the preferred stock, voting as a single class, will be required to approve any plan of reorganization adversely affecting the preferred stock, and the approval of two-thirds of each class, voting separately, of the Fund's outstanding voting stock must approve the conversion of the Fund from a closed-end to an open-end investment company. The approval of a majority (as defined in the 1940 Act) of the outstanding preferred stock and a majority (as defined in the 1940 Act) of the Fund's outstanding voting securities are required to approve certain other actions, including changes in the Fund's investment objectives or fundamental investment policies.

6. 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.

7. Other Matters. On April 24, 2008, the Adviser entered into a settlement with the SEC to resolve an inquiry regarding prior frequent trading in shares of the GAMCO Global Growth Fund (the Global Growth Fund) by one

THE GABELLI EQUITY TRUST INC.

NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

investor who was banned from the Global Growth Fund in August 2002. Under the terms of the settlement, the Adviser, without admitting or denying the SEC's findings and allegations, paid \$16 million (which included a \$5 million civil monetary penalty). On the same day, the SEC filed a civil action in the U.S. District Court for the Southern District of New York against the Executive Vice President and Chief Operating Officer of the Adviser, alleging violations of certain federal securities laws arising from the same matter. The officer, who also is an officer of the Global Growth Fund and other funds in the Gabelli/GAMCO complex, including this Fund, denies the allegations and is continuing in his positions with the Adviser and the funds. The settlement by the Adviser did not have, and the resolution of the action against the officer is not expected to have, a material adverse impact on the Adviser or its ability to fulfill its obligations under the Advisory Agreement.

8. 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 EQUITY TRUST INC.

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

Section 15(c) of the Investment Company Act of 1940, as amended (the 1940 Act), contemplates that the Board of Directors (the Board) of The Gabelli Equity Trust Inc. (the Fund), including a majority of the Directors who have no direct or indirect interest in the investment advisory agreement and are not interested persons of the Fund, as defined in the 1940 Act (the Independent Board Members), are required annually to review and re-approve the terms of the Fund's existing investment advisory agreement and approve any newly proposed terms therein. In this regard, the Board reviewed and re-approved, during the most recent six month period covered by this report, the Investment Advisory Agreement (the Advisory Agreement) with Gabelli Funds, LLC (the Adviser) for the Fund.

More specifically, at a meeting held on May 25, 2011, the Board, including the Independent Board Members, considered the factors and reached the conclusions described below relating to the selection of the Adviser and the re-approval of the Advisory Agreement.

Nature, Extent, and Quality of Services. The Independent Board Members considered the nature, quality, and extent of administrative and shareholder services performed by the Adviser, including portfolio management, supervision of Fund operations and compliance and regulatory filings and disclosures to shareholders, general oversight of other service providers, review of Fund legal issues, assisting the Independent Board Members in their capacity as directors, and other services. The Independent Board Members concluded that the services are extensive in nature and that the Adviser consistently delivered a high level of service.

Investment Performance of the Fund and Adviser. The Independent Board Members considered short-term and long-term investment performance for the Fund over various periods of time as compared with relevant equity indices and the performance of other equity closed-end funds included in the Lipper peer group. The Independent Board Members noted that the Fund's total return performance was above the peer average and peer median for the one, three, five, and ten year periods ended March 31, 2011. The Independent Board Members concluded that the Adviser was delivering satisfactory performance results consistent with the investment strategies being pursued by the Fund.

Costs of Services and Profits Realized by the Adviser.

(a) Costs of Services to Fund: Fees and Expenses. The Independent Board Members considered the Fund's management fee rate and expense ratio relative to industry averages for the Fund's peer group category and the advisory fees charged by the Adviser and its affiliates to other fund and non-fund clients. The Independent Board Members noted that the mix of services under the Advisory Agreement is much more extensive than those under the advisory agreements for non-fund clients. The Independent Board Members noted that the other expenses paid by the Fund and the Fund's overall expense ratio are below the average for its peer group, but that the advisory fee was above the average at the high end of advisory fees for peer funds. They took note of the fact that the use of leverage impacts comparative expenses. The Independent Board Members were aware that the Adviser waives its fee on the incremental liquidation value of the Fund's preferred stock if the total return on net asset value of the common stock does not exceed the stated dividend rate or net swap expense for the preferred stock for the year after consideration of the reinvestment of distributions and the management fees attributable to the incremental liquidation value of the preferred stock, and that the comparative total expense ratio and other expense information reflected these waivers, if applicable. The Independent Board Members concluded that the fee is acceptable based upon the qualifications, experience, reputation, and performance of the Adviser.

(b) Profitability and Costs of Services to Adviser. The Independent Board Members considered the Adviser's overall profitability and costs, and pro forma estimates of the Adviser's profitability and costs attributable to the Fund as part of the Gabelli/GAMCO fund complex and assuming the Fund constituted the Adviser's only investment company under its

management. The Independent Board Members also considered whether the amount of profit is a fair entrepreneurial profit for the management of the Fund, and noted that the Adviser has substantially increased its resources devoted to Fund matters in response to regulatory requirements and new or enhanced Fund policies and procedures. The Independent Board Members concluded that the Adviser's profitability was at an acceptable level.

Extent of Economies of Scale as Fund Grows. The Independent Board Members considered whether there have been economies of scale with respect to the management of the Fund and whether the Fund has appropriately benefited from any economies of scale. The Independent Board Members noted that economies of scale may develop for certain funds as their assets increase and their fund level expenses decline as a percentage of assets, but that fund level economies of scale may not necessarily result in Adviser level economies of scale. The Board Members concluded that there was an appropriate sharing of economies of scale.

Whether Fee Levels Reflect Economies of Scale. The Independent Board Members also considered whether the management fee rate is reasonable in relation to the asset size of the Fund and any economies of scale that may exist, and concluded that the Fund's current fee schedule (without breakpoints) was considered reasonable.

Other Relevant Considerations.

(a) Adviser Personnel and Methods. The Independent Board Members considered the size, education, and experience of the Adviser's staff, the Adviser's fundamental research capabilities, and the Adviser's approach to recruiting, training, and retaining portfolio managers and other research and management personnel, and concluded that, in each of these areas, the Adviser was structured in such a way to support the high level of services being provided to the Fund.

(b) Other Benefits to the Adviser. The Independent Board Members also considered the character and amount of other incidental benefits received by the Adviser and its affiliates from its association with the Fund. The Independent Board Members considered the brokerage commissions paid to an affiliate of the Adviser. The Independent Board Members concluded that potential "fall-out" benefits that the Adviser and its affiliates may receive, such as affiliated brokerage commissions, greater name recognition, or increased ability to obtain research services, appear to be reasonable, and may in some cases benefit the Fund.

Conclusions. In considering the Advisory Agreement, the Independent Board Members did not identify any factor as all important or all controlling, and instead considered these factors collectively in light of the Fund's surrounding circumstances. Based on this review, it was the judgment of the Independent Board Members that shareholders had received satisfactory absolute and relative performance consistent with the investment strategies being pursued by the Fund at reasonable fees and, therefore, re-approval of the Agreement was in the best interests of the Fund and its shareholders. As a part of its decision making process, the Independent Board Members noted that the Adviser has managed the Fund since its inception, and the Independent Board Members believe that a long term relationship with a capable, conscientious adviser is in the best interests of the Fund. The Independent Board Members considered, generally, that shareholders invested in the Fund knowing that the Adviser managed the Fund and knowing its investment management fee schedule. As such, the Independent Board Members considered, in particular, whether the Adviser managed the Fund in accordance with its investment objectives and policies as disclosed to shareholders. The Independent Board Members concluded that the Fund was managed by the Adviser consistent with its investment objectives and policies.

AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLANS

Enrollment in the Plan

It is the policy of The Gabelli Equity Trust Inc. (the Fund) to automatically reinvest dividends payable to common shareholders. As a registered shareholder you automatically become a participant in the Fund's Automatic Dividend Reinvestment Plan (the Plan). The Plan authorizes the Fund to credit shares of common stock to participants upon an income dividend or a capital gains distribution regardless of whether the shares are trading at a discount or a premium to net asset value. All distributions to shareholders whose shares are registered in their own names will be automatically reinvested pursuant to the Plan in additional shares of the Fund. Plan participants may send their stock certificates to Computershare Trust Company, N.A. (Computershare) to be held in their dividend reinvestment account. Registered shareholders wishing to receive their distribution in cash must submit this request in writing to:

The Gabelli Equity Trust Inc.

c/o Computershare

P.O. Box 43010

Providence, RI 02940-3010

Shareholders requesting this cash election must include the shareholder's name and address as they appear on the share certificate. Shareholders with additional questions regarding the Plan or requesting a copy of the terms of the Plan, may contact Computershare at (800) 336-6983.

If your shares are held in the name of a broker, bank, or nominee, you should contact such institution. If such institution is not participating in the Plan, your account will be credited with a cash dividend. In order to participate in the Plan through such institution, it may be necessary for you to have your shares taken out of street name and re-registered in your own name. Once registered in your own name your dividends will be automatically reinvested. Certain brokers participate in the Plan. Shareholders holding shares in street name at participating institutions will have dividends automatically reinvested. Shareholders wishing a cash dividend at such institution must contact their broker to make this change.

The number of shares of common stock distributed to participants in the Plan in lieu of cash dividends is determined in the following manner. Under the Plan, whenever the market price of the Fund's common stock is equal to or exceeds net asset value at the time shares are valued for purposes of determining the number of shares equivalent to the cash dividends or capital gains distribution, participants are issued shares of common stock valued at the greater of (i) the net asset value as most recently determined or (ii) 95% of the then current market price of the Fund's common stock. The valuation date is the dividend or distribution payment date or, if that date is not a New York Stock Exchange (NYSE) trading day, the next trading day. If the net asset value of the common stock at the time of valuation exceeds the market price of the common stock, participants will receive shares from the Fund valued at market price. If the Fund should declare a dividend or capital gains distribution payable only in cash, Computershare will buy common stock in the open market, or on the NYSE or elsewhere, for the participants' accounts, except that Computershare will endeavor to terminate purchases in the open market and cause the Fund to issue shares at net asset value if, following the commencement of such purchases, the market value of the common stock exceeds the then current net asset value.

The automatic reinvestment of dividends and capital gains distributions will not relieve participants of any income tax which may be payable on such distributions. A participant in the Plan will be treated for federal income tax purposes as having received, on a dividend payment date, a dividend or distribution in an amount equal to the cash the participant could have received instead of shares.

Voluntary Cash Purchase Plan

The Voluntary Cash Purchase Plan is yet another vehicle for our shareholders to increase their investment in the Fund. In order to participate in the Voluntary Cash Purchase Plan, shareholders must have their shares registered in their own name.

Participants in the Voluntary Cash Purchase Plan have the option of making additional cash payments to Computershare for investments in the Fund's shares at the then current market price. Shareholders may send an amount from \$250 to \$10,000. Computershare will use these funds to purchase shares in the open market on or about the 1st and 15th of each month. Computershare will charge each shareholder who participates \$0.75, plus a pro rata share of the brokerage commissions. Brokerage charges for such purchases are expected to be less than the usual brokerage charge for such transactions. It is suggested that any voluntary cash payments be sent to Computershare, P.O. Box 43010, Providence, RI 02940 3010 such that Computershare receives such payments approximately 10 days before the 1st and 15th of the month. Funds not received at least five days before the investment date shall be held for investment until the next purchase date. A payment may be withdrawn without charge if notice is received by Computershare at least 48 hours before such payment is to be invested.

Shareholders wishing to liquidate shares held at Computershare must do so in writing or by telephone. Please submit your request to the above mentioned address or telephone number. Include in your request your name, address, and account number. The cost to liquidate shares is \$2.50 per transaction as well as the brokerage commission incurred. Brokerage charges are expected to be less than the usual brokerage charge for such transactions.

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For more information regarding the Dividend Reinvestment Plan and Voluntary Cash Purchase Plan, brochures are available by calling (914) 921-5070 or by writing directly to the Fund.

The Fund reserves the right to amend or terminate the Plan as applied to any voluntary cash payments made and any dividend or distribution paid subsequent to written notice of the change sent to the members of the Plan at least 90 days before the record date for such dividend or distribution. The Plan also may be amended or terminated by Computershare on at least 90 days written notice to participants in the Plan.

THE GABELLI EQUITY TRUST INC.

AND YOUR PERSONAL PRIVACY

Who are we?

The Gabelli Equity Trust Inc. (the Fund) is a closed-end management investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940. We are managed by Gabelli Funds, LLC, which is affiliated with GAMCO Investors, Inc. GAMCO Investors, Inc. is a publicly held company that has subsidiaries that provide investment advisory or brokerage services for a variety of clients.

What kind of non-public information do we collect about you if you become a Fund shareholder?

When you purchase shares of the Fund on the New York Stock Exchange, you have the option of registering directly with our transfer agent in order, for example, to participate in our dividend reinvestment plan.

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. This would include information about the shares that you buy or sell; it may also include information about whether you sell or exercise rights that we have issued from time to time. If we hire someone else to provide services like a transfer agent we will also have information about the transactions that you conduct through them.

What information do we disclose and to whom do we disclose it?

We do not disclose any non-public personal information about our customers or former customers to anyone other than our affiliates, our service providers who need to know such information, and as otherwise permitted by law. If you want to find out what the law permits, you can read the privacy rules adopted by the Securities and Exchange Commission. They are in volume 17 of the Code of Federal Regulations, Part 248. The Commission often posts information about its regulations on its website, www.sec.gov.

What do we do to protect your personal information?

We restrict access to non-public personal information about you to the people who need to know that information in order to provide services to you or the Fund and to ensure that we are complying with the laws governing the securities business. We maintain physical, electronic, and procedural safeguards to keep your personal information confidential.

DIRECTORS AND OFFICERS

THE GABELLI EQUITY TRUST INC.

One Corporate Center, Rye, NY 10580-1422

Directors

Mario J. Gabelli, CFA

Chairman & Chief Executive Officer,

GAMCO Investors, Inc.

Dr. Thomas E. Bratter

President & Founder, John Dewey Academy

Anthony J. Colavita

President,

Anthony J. Colavita, P.C.

James P. Conn

Former Managing Director &

Chief Investment Officer,

Financial Security Assurance Holdings Ltd.

Frank J. Fahrenkopf, Jr.

President & Chief Executive Officer,

American Gaming Association

Arthur V. Ferrara

Former Chairman & Chief Executive Officer,

Guardian Life Insurance Company of America

Anthony R. Pustorino

Certified Public Accountant,

Professor Emeritus, Pace University

Salvatore J. Zizza

Chairman, Zizza & Co., Ltd.

Officers

Bruce N. Alpert

President

Carter W. Austin

Vice President

Peter D. Goldstein

Chief Compliance Officer

Molly A.F. Marion

Vice President & Ombudsman

Agnes Mullady

Treasurer & Secretary

Investment Adviser

Gabelli Funds, LLC

One Corporate Center

Rye, New York 10580-1422

Custodian

The Bank of New York Mellon

Counsel

Willkie Farr & Gallagher LLP

Transfer Agent and Registrar

Computershare Trust Company, N.A.

Stock Exchange Listing

| | | | |
|---------------------|---------------|----------------------|----------------------|
| | | 5.875% | 6.20% |
| NYSE Symbol: | Common GAB | Preferred GAB PrD | Preferred GAB PrF |
| Shares Outstanding: | 182,608,368 | 2,363,860 | 5,850,402 |

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The Net Asset Value per share appears in the Publicly Traded Funds column, under the heading General Equity Funds, in Monday's The Wall Street Journal. It is also listed in Barron's Mutual Funds/Closed End Funds section under the heading General Equity Funds.

The Net Asset Value per share may be obtained each day by calling (914) 921-5070 or visiting www.gabelli.com.

The NASDAQ symbol for the Net Asset Value is XGABX.

For general information about the Gabelli Funds, call **800-GABELLI** (800-422-3554), fax us at 914-921-5118, visit Gabelli Funds' Internet homepage at: www.gabelli.com, or e-mail us at: closedend@gabelli.com

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund may, from time to time, purchase shares of its common stock in the open market when the Fund's shares are trading at a discount of 10% or more from the net asset value of the shares. The Fund may also, from time to time, purchase shares of its preferred stock in the open market when the preferred shares are trading at a discount to the liquidation value.

Item 2. Code of Ethics.

Not applicable.

Item 3. Audit Committee Financial Expert.

Not applicable.

Item 4. Principal Accountant Fees and Services.

Not applicable.

Item 5. Audit Committee of Listed registrants.

Not applicable.

Item 6. Investments.

(a) Schedule of Investments in securities of unaffiliated issuers as of the close of the reporting period is included as part of the report to shareholders filed under Item 1 of this form.

(b) Not applicable.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

Not applicable.

Item 8. Portfolio Managers of Closed-End Management Investment Companies.

There has been no change, as of the date of this filing, in any of the portfolio managers identified in response to paragraph (a)(1) of this Item in the registrant's most recently filed annual report on Form N-CSR.

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

REGISTRANT PURCHASES OF EQUITY SECURITIES

| Period | (a) Total Number of Shares (or Units) Purchased | | (b) Average Price Paid per Share (or Unit) | | (c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs | | (d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs | |
|------------------------------------|---|-----|--|-----|---|-----|---|-------------|
| | | | | | | | | |
| Month #1 01/01/11 through 01/31/11 | Common | N/A | Common | N/A | Common | N/A | Common | 180,857,486 |
| | Preferred Series D | N/A | Preferred Series D | N/A | Preferred Series D | N/A | Preferred Series D | 2,363,860 |
| Month #2 02/01/11 through 02/28/11 | Preferred Series F | N/A | Preferred Series F | N/A | Preferred Series F | N/A | Preferred Series F | 5,850,402 |
| | Common | N/A | Common | N/A | Common | N/A | Common | 180,857,486 |
| Month #3 03/01/11 through 03/31/11 | Preferred Series D | N/A | Preferred Series D | N/A | Preferred Series D | N/A | Preferred Series D | 2,363,860 |
| | Preferred Series F | N/A | Preferred Series F | N/A | Preferred Series F | N/A | Preferred Series F | 5,850,402 |
| Month #4 04/01/11 through 04/30/11 | Common | N/A | Common | N/A | Common | N/A | Common | 181,682,556 |
| | Preferred Series D | N/A | Preferred Series D | N/A | Preferred Series D | N/A | Preferred Series D | 2,363,860 |

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| | | | | |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Month #5 05/01/11 through 05/31/11 | Preferred Series F N/A Common N/A | Preferred Series F N/A Common N/A | Preferred Series F N/A Common N/A | Preferred Series F 5,850,402 Common 181,682,556 |
| | Preferred Series D N/A | Preferred Series D N/A | Preferred Series D N/A | Preferred Series D 2,363,860 |
| Month 06/01/11 through 06/30/11 | Preferred Series F N/A Common N/A | Preferred Series F N/A Common N/A | Preferred Series F N/A Common N/A | Preferred Series F 5,850,402 Common 182,608,368 |
| | Preferred Series D N/A | Preferred Series D N/A | Preferred Series D N/A | Preferred Series D 2,363,860 |
| | Preferred Series F N/A | Preferred Series F N/A | Preferred Series F N/A | Preferred Series F 5,850,402 |

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| | | | | | | | |
|-------|--------|-----|--------|-----|--------|-----|-----|
| Total | Common | N/A | Common | N/A | Common | N/A | N/A |
|-------|--------|-----|--------|-----|--------|-----|-----|

| | | | | | | | |
|--|--------------------|-----|--------------------|-----|--------------------|-----|--|
| | Preferred Series D | N/A | Preferred Series D | N/A | Preferred Series D | N/A | |
|--|--------------------|-----|--------------------|-----|--------------------|-----|--|

| | | | | | | | |
|--|--------------------|-----|--------------------|-----|--------------------|-----|--|
| | Preferred Series F | N/A | Preferred Series F | N/A | Preferred Series F | N/A | |
|--|--------------------|-----|--------------------|-----|--------------------|-----|--|

Footnote columns (c) and (d) of the table, by disclosing the following information in the aggregate for all plans or programs publicly announced:

- a. The date each plan or program was announced The notice of the potential repurchase of common and preferred shares occurs quarterly in the Fund s quarterly report in accordance with Section 23(c) of the Investment Company Act of 1940, as amended.
- b. The dollar amount (or share or unit amount) approved Any or all common shares outstanding may be repurchased when the Fund s common shares are trading at a discount of 10% or more from the net asset value of the shares.
Any or all preferred shares outstanding may be repurchased when the Fund s preferred shares are trading at a discount to the liquidation value of \$25.00.
- c. The expiration date (if any) of each plan or program The Fund s repurchase plans are ongoing.
- d. Each plan or program that has expired during the period covered by the table The Fund s repurchase plans are ongoing.
- e. Each plan or program the registrant has determined to terminate prior to expiration, or under which the registrant does not intend to make further purchases. The Fund s repurchase plans are ongoing.

Item 10. Submission of Matters to a Vote of Security Holders.

There have been no material changes to the procedures by which the shareholders may recommend nominees to the registrant s Board of Directors, where those changes were implemented after the registrant last provided disclosure in response to the requirements of Item 407(c)(2)(iv) of Regulation S-K (17 CFR 229.407) (as required by Item 22(b)(15) of Schedule 14A (17 CFR 240.14a-101)), or this Item.

Item 11. Controls and Procedures.

- (a) The registrant s principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant s disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the 1940 Act) (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant s internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant s

second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12. Exhibits.

- (a)(1) Not applicable.
- (a)(2) Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.
- (a)(3) Not applicable.
- (b) Certifications pursuant to Rule 30a-2(b) under the 1940 Act and Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(registrant) The Gabelli Equity Trust Inc.

By (Signature and Title)* /s/ Bruce N. Alpert
Bruce N. Alpert, Principal Executive Officer

Date 9/8/11

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)* /s/ Bruce N. Alpert
Bruce N. Alpert, Principal Executive Officer

Date 9/8/11

By (Signature and Title)* /s/ Agnes Mullady
Agnes Mullady, Principal Financial Officer and Treasurer

Date 9/8/11

* Print the name and title of each signing officer under his or her signature.