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GABELLI EQUITY TRUST INC
Form N-CSRS
September 08, 2004

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, 2004

Date of reporting period: June 30, 2004

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.

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, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

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ITEM 1. REPORTS TO STOCKHOLDERS.

The Report to Shareholders is attached herewith.

THE GABELLI EQUITY TRUST INC.
 ONE CORPORATE CENTER
 RYE, NY 10580-1422
 (914) 921-5070
 WWW.GABELLI.COM

SEMI-ANNUAL REPORT
 JUNE 30, 2004

GAB PQ2/04

[LOGO]
 THE GABELLI
 EQUITY TRUST INC.

THE GABELLI EQUITY TRUST INC.

Semi-Annual Report
 June 30, 2004

TO OUR SHAREHOLDERS,

During the second quarter of 2004, the Gabelli Equity Trust's (the "Equity Trust") total return was 1.9% on a net asset value ("NAV") basis while the Standard & Poor's ("S&P") 500 Index and the Dow Jones Industrial Average rose 1.7% and 1.3%, respectively. For the six-month period ended June 30, 2004, the Equity Trust's NAV total return was 5.3% versus gains of 3.4% and 0.9% for the S&P 500 Index and the Dow Jones Industrial Average, respectively. The Equity Trust's market price on June 30, 2004 was \$8.17, which equates to a 1.2% premium to its NAV of \$8.07. The Equity Trust's market price fell 3.6% during the second quarter but has risen 5.7% for the six-month period ended June 30, 2004.

Enclosed are the financial statements and the investment portfolio as of June 30, 2004.

COMPARATIVE RESULTS

AVERAGE ANNUAL RETURNS THROUGH JUNE 30, 2004 (a)

| | QUARTER | YEAR TO DATE | 1 YEAR | 3 YEAR | 5 YEAR |
|---|---------|--------------|--------|--------|--------|
| Gabelli Equity Trust NAV Return (c) | 1.90% | 5.29% | 28.69% | 4.51% | 4.55% |
| Gabelli Equity Trust Investment Return (d) .. | (3.58) | 5.72 | 17.32 | (1.21) | 4.40 |

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| | | | | | |
|------------------------------------|------|------|-------|--------|--------|
| S&P 500 Index | 1.72 | 3.44 | 19.10 | (0.69) | (2.20) |
| Dow Jones Industrial Average | 1.26 | 0.87 | 18.68 | 1.92 | 0.92 |
| Nasdaq Composite Index | 2.69 | 2.22 | 26.19 | (1.78) | (5.28) |

- (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. The Dow Jones Industrial Average is an unmanaged index of 30 large industrial 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). Current performance may be lower or higher than the data presented. Visit www.gabelli.com for more recent performance information. Investors should consider the investment objectives, risks and charges and expenses of the Fund before investing. Performance for periods less than one year is not annualized.
- (b) From commencement of investment operations on August 21, 1986.
- (c) Total returns and average annual returns reflect changes in net asset value ("NAV"), 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 based on initial net asset value of \$9.34.
- (d) Total returns and average annual returns reflect changes in closing market values on the New York Stock Exchange, reinvestment of distributions, adjustments for rights offerings, spin-offs and taxes paid on undistributed long-term capital gains. Since Inception return based on an initial offering price of \$10.00.

SHAREHOLDER MEETING -- MAY 10, 2004 -- FINAL RESULTS

The Annual Meeting of Shareholders was held on May 10, 2004 at the Greenwich Public Library in Greenwich, Connecticut. At that meeting, common shareholders and preferred shareholders voting as a single class elected Mario J. Gabelli, Thomas E. Bratter and Arthur V. Ferrara as Directors of the Equity Trust. A total of 136,717,747 votes, 136,548,475 votes and 136,373,588 were cast in favor of each Director and 2,217,139 votes, 2,386,411 votes and 2,561,298 votes were withheld for each Director, respectively.

Anthony J. Colavita, James P. Conn, Frank J. Fahrenkopf, Jr., Karl Otto Pohl, Anthony R. Pustorino and Salvatore J. Zizza continue to serve in their capacities as Directors of the Equity Trust.

In addition, shareholders ratified an amendment to authorize the Board of Directors from time to time to increase or decrease the number of authorized shares of stock of any class or series without further action by the shareholders. 76,183,246 were cast in favor of the approval of this proposal, 5,239,139 votes were cast against this proposal and 1,901,204 votes abstained. We thank you for your participation and appreciate your continued support.

WWW.GABELLI.COM

Please visit us on the Internet. Our homepage at www.gabelli.com contains information about Gabelli Asset Management Inc., the Gabelli Mutual Funds, IRAs,

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401(k)s, current and historical quarterly reports, closing prices and other current news. We welcome your comments and questions via e-mail at closedend@gabelli.com.

You may sign up for our e-mail alerts at www.gabelli.com and receive early notice of quarterly report availability, news events, media sightings, mutual fund prices and performance, and access to the Gabelli & Company, Inc. research library.

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

 A description of the Trust's proxy voting policies and procedures and how the Trust voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, 2004 are available (i) without charge, upon request, by calling 800-GABELLI (800-422-3554); (ii) by writing to The Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; and (iii) on the Securities and Exchange Commission's website at www.sec.gov.

THE GABELLI EQUITY TRUST INC.
 PORTFOLIO CHANGES
 QUARTER ENDED JUNE 30, 2004 (UNAUDITED)

| | SHARES | OWNERSHIP AT JUNE 30, 2004 |
|---|---------|----------------------------------|
| | ----- | ----- |
| NET PURCHASES | | |
| COMMON STOCKS | | |
| Agrium Inc. | 5,000 | 5,000 |
| Ajinomoto Co. Inc. | 53,000 | 53,000 |
| Allianz AG | 3,000 | 7,000 |
| AT&T Corp. | 25,000 | 300,000 |
| AT&T Wireless Services Inc. | 520,000 | 1,800,000 |
| Aviva PLC | 15,000 | 95,000 |
| BorgWarner Inc. (a) | 30,000 | 60,000 |
| Burlington Resources Inc. (b) | 140,000 | 280,000 |
| Caesars Entertainment Inc. | 20,000 | 450,000 |
| Champion Enterprises Inc. | 50,000 | 50,000 |
| Charter One Financial Inc. | 250,000 | 250,000 |
| Cincinnati Bell Inc. | 16,000 | 1,000,000 |
| Coca-Cola Co. | 5,000 | 40,000 |
| Compania de Telecomunicaciones de Chile SA, ADR | 10,000 | 110,000 |
| Corning Inc. | 50,000 | 550,000 |
| Dana Corp. | 60,000 | 400,000 |
| Fedders Corp. | 5,000 | 75,000 |
| Fleetwood Enterprises | 50,000 | 50,000 |
| Franklin Electric Co., Inc. (c) | 13,000 | 26,000 |

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| | | |
|---|-----------|-----------|
| GATX Corp. | 5,000 | 110,000 |
| Gemstar-TV Guide International Inc. | 35,000 | 400,000 |
| Groupe Danone (d) | 40,000 | 40,000 |
| Hershey Foods Corp. (e) | 20,000 | 40,000 |
| Hilton Group plc | 15,000 | 2,525,000 |
| Hilton Hotels Corp. | 20,000 | 670,000 |
| Hospira Inc. (f) | 1,500 | 1,500 |
| IDEX Corp. (g) | 87,500 | 262,500 |
| IMC Global Inc. | 10,000 | 10,000 |
| Invik & Co. AB, Cl. B (h) | 155,000 | 155,000 |
| Janus Capital Group Inc. | 135,000 | 140,000 |
| KDDI Corp. | 25 | 233 |
| Liberty Media International Inc., Cl. A (i) | 110,817 | 110,817 |
| Lloyds TSB Group PLC | 10,000 | 95,000 |
| Mandalay Resort Group | 20,000 | 20,000 |
| Manulife Financial Corp. (j) | 50,000 | 50,000 |
| Midas Inc. | 1,000 | 116,000 |
| Nippon Television Network Corp. | 5,200 | 5,200 |
| Nobel Biocare Holding AG. | 2,000 | 2,000 |
| Nobility Homes Inc. | 10,000 | 10,000 |
| Northrop Grumman Corp. (k) | 129,000 | 265,000 |
| Pearson plc | 20,000 | 80,000 |
| Procter & Gamble Co. (l) | 100,000 | 200,000 |
| Secom Co. Ltd. | 25,000 | 25,000 |
| Sekisui House Ltd. | 40,000 | 80,000 |
| Sensient Technologies Corp. | 50,000 | 300,000 |
| Skyline Corp. | 3,000 | 3,000 |
| Southern Energy Homes Inc. | 1,000 | 1,000 |
| Sprint Corp. (m) | 150,000 | 500,000 |
| Straumann Holding AG. | 3,000 | 3,000 |
| Swedish Match AB | 905,000 | 905,000 |
| Synthes Inc. (n) | 10,000 | 10,000 |
| Takeda Chemical Industries Ltd. | 5,000 | 23,000 |
| Telecom Argentina Stet France Telecom SA, ADR | 8000 | 50,000 |
| Terra Industries Inc. | 5,000 | 5,000 |
| Texas Instruments Inc. | 20,000 | 260,000 |
| Titan Corp. | 10,000 | 110,000 |
| Tokyo Electron Ltd. | 4,000 | 14,400 |
| TRW Automotive Holdings Corp. | 38,700 | 250,000 |
| United States Cellular Corp. | 3,700 | 23,700 |
| Young Broadcasting Inc., Cl. A | 20,000 | 140,000 |
| NET SALES | | |
| COMMON STOCKS | | |
| Abbott Laboratories | (5,000) | 15,000 |
| Acuity Brands Inc. | (9,300) | 180,000 |
| Albertson's Inc. | (25,000) | 170,000 |
| Amadeus Global Travel Distribution SA, Cl. A | (115,000) | -- |
| America Movil SA de CV, Cl. L, ADR | (2,000) | 88,000 |
| AMETEK Inc. | (1,000) | 235,000 |
| Andrew Corp. | (35,000) | 75,000 |
| Boots Group plc. | (75,000) | -- |
| Cable & Wireless plc, ADR | (45,000) | -- |
| Cendant Corp. | (10,000) | 150,000 |
| Citizens Communications Co. | (20,000) | 100,000 |
| Corn Products International Inc. | (10,000) | 90,000 |
| Delphi Corp. | (10,000) | 30,000 |
| DTE Energy Co. | (1,000) | 16,000 |
| Duke Energy Corp. | (10,000) | 375,000 |

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| | | |
|---|----------|---------|
| Flowers Foods Inc. | (2,400) | 60,000 |
| France Growth Fund, Inc. (o) | (20,000) | -- |
| Gaylord Entertainment Co. | (45,000) | 200,000 |
| Greif Inc., Cl. A | (5,000) | 245,000 |
| Irish Life & Permanent plc, Dublin | (10,000) | 90,000 |
| John Hancock Financial Services Inc. (j) | (55,000) | -- |
| Kellogg Co. | (5,000) | 270,000 |
| Lockheed Martin Corp. | (5,000) | 80,000 |
| Maytag Corp. | (15,000) | 60,000 |
| MeadWestvaco Corp. | (25,000) | -- |
| Motorola Inc. | (26,000) | 114,000 |
| Nakanishi Inc. | (12,000) | -- |
| Nextel Communications Inc., Cl. A | (5,000) | 85,000 |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
PORTFOLIO CHANGES (CONTINUED)
QUARTER ENDED JUNE 30, 2004 (UNAUDITED)

| | SHARES | OWNERSHIP AT JUNE 30, 2004 |
|--|----------|----------------------------------|
| | ----- | ----- |
| NET SALES (CONTINUED) | | |
| COMMON STOCKS (CONTINUED) | | |
| Nippon Broadcasting Systems Inc. | (4,000) | -- |
| NIWS Co. Ltd. | (160) | -- |
| Pactiv Corp. | (10,000) | 140,000 |
| PepsiAmericas Inc. | (10,000) | 570,000 |
| Rollins Inc. | (1,000) | 679,000 |
| Royce Value Trust Inc. | (790) | 36,000 |
| Sequa Corp., Cl. A | (500) | 84,000 |
| Shin-Etsu Chemical Co. Ltd. | (10,000) | -- |
| SKY Perfect Communications Inc. | (420) | -- |
| St. Joe. Co. | (2,000) | 243,000 |
| Superior Industries International Inc. | (4,000) | 20,000 |
| Telephone & Data Systems Inc. | (8,000) | 406,000 |
| Tootsie Roll Industries Inc. | (1,178) | 109,000 |
| Verizon Communications Inc. | (7,000) | 305,000 |
| Zimmer Holdings Inc. | (27,000) | 35 |
| PREFERRED STOCKS | | |
| Hercules Trust I, 9.420% Pfd. (p) | (27,000) | -- |
| (a) 2 for 1 stock split | | |
| (b) 2 for 1 stock split | | |
| (c) 2 for 1 stock split | | |
| (d) 2 for 1 stock split | | |
| (e) 2 for 1 stock split | | |
| (f) Spinoff -- 1 share of Hospira Inc. for every 10 shares of Abbott Laboratories | | |

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- (g) 3 for 2 stock split
- (h) 10 for 1 stock split
- (i) Spinoff -- 0.05 shares of Liberty Media International Inc., Cl. A for every 1 share of Liberty Media Corp., Ser. A
- (j) Merger -- 1.1853 shares of Manulife Financial Corp. for every 1 share of John Hancock Financial Services Inc.
- (k) 2 for 1 stock split
- (l) 2 for 1 stock split
- (m) 0.50 for 1 stock split, name change from Sprint Corp (PCS Group) to Sprint Corp.
- (n) 10 for 1 stock split, name change from Synthes-Stratec Inc. to Synthes Inc.
- (o) Fund liquidation at \$8.42 per share
- (p) Full call at \$25.00 per share

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
 PORTFOLIO OF INVESTMENTS
 JUNE 30, 2004 (UNAUDITED)

| SHARES | | COST |
|---------|--|------------|
| ----- | | ----- |
| | COMMON STOCKS -- 92.5% | |
| | FINANCIAL SERVICES -- 8.8% | |
| 7,000 | Allianz AG | \$ 866,497 |
| 55,000 | Allstate Corp. | 2,299,704 |
| 550,000 | American Express Co. | 21,247,943 |
| 34,000 | Argonaut Group Inc.+ | 893,076 |
| 95,000 | Aviva plc | 935,100 |
| 90,000 | Banco Santander Central Hispano SA, ADR | 322,130 |
| 110,000 | Bank of Ireland | 635,101 |
| 77,000 | Bank of New York Co. Inc. | 2,834,050 |
| 275,000 | Bankgesellschaft Berlin AG+ | 5,495,399 |
| 260 | Berkshire Hathaway Inc., Cl. A+ | 824,299 |
| 250,000 | Charter One Financial Inc. | 10,999,556 |
| 185,000 | Commerzbank AG, ADR+ | 3,747,342 |
| 157,000 | Deutsche Bank AG, ADR | 8,708,108 |
| 20,000 | Dun and Bradstreet Corp.+ | 333,130 |
| 5,000 | H&R Block Inc. | 97,625 |

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| | | |
|---------|--|------------|
| 25,000 | Hibernia Corp., Cl. A | 198,750 |
| 155,000 | Invik & Co. AB, Cl. B | 728,053 |
| 90,000 | Irish Life & Permanent plc | 702,922 |
| 140,000 | Janus Capital Group Inc. | 2,177,430 |
| 45,000 | JP Morgan Chase & Co. | 1,251,002 |
| 60,000 | Leucadia National Corp. | 1,889,682 |
| 95,000 | Lloyds TSB Group plc | 775,666 |
| 50,000 | Manulife Financial Corp. | 1,424,537 |
| 100,000 | Mellon Financial Corp. | 3,140,094 |
| 190,000 | Midland Co. | 1,070,105 |
| 65,000 | Mitsubishi Securities Co. Ltd. | 458,816 |
| 30,000 | Moody's Corp. | 1,024,050 |
| 257,500 | Nikko Cordial Corp. | 1,725,292 |
| 150,000 | Phoenix Companies Inc. | 2,179,395 |
| 2,500 | Prudential Financial Inc. | 68,750 |
| 46,002 | RAS SpA | 576,832 |
| 60,000 | Riggs National Corp. | 552,538 |
| 45,000 | Schwab (Charles) Corp. | 657,562 |
| 80,000 | State Street Corp. | 4,001,480 |
| 20,000 | SunTrust Banks Inc. | 419,333 |
| 80,000 | T. Rowe Price Group Inc. | 2,689,800 |
| 20,000 | UBS AG | 845,648 |
| 60,000 | Unitrin Inc. | 2,098,724 |
| 60,000 | Waddell & Reed Financial Inc., Cl. A | 1,247,250 |
| | | ----- |
| | | 92,142,771 |
| | | ----- |
| | FOOD AND BEVERAGE -- 8.1% | |
| 53,000 | Ajinomoto Co. Inc. | 644,030 |
| 30,000 | Cadbury Schweppes plc, ADR | 746,559 |
| 90,000 | Campbell Soup Co. | 2,383,197 |
| 40,000 | Coca-Cola Co. | 1,871,842 |
| 5,000 | Coca-Cola Enterprises Inc. | 77,195 |
| 40,000 | Coca-Cola Hellenic Bottling Co. SA | 519,295 |
| 90,000 | Corn Products International Inc. | 2,584,915 |
| 73,592 | Del Monte Foods Co.+ | 623,741 |
| 10,108 | Denny's Corp.+ | 14,358 |
| 100,000 | Diageo plc | 1,037,393 |
| 224,000 | Diageo plc, ADR | 8,642,745 |
| 120,000 | Dreyer's Grand Ice Cream Holdings Inc., Cl. A | 9,303,375 |
| 60,000 | Flowers Foods Inc. | 1,011,842 |
| 30,000 | Fomento Economico Mexicano SA de CV, ADR | 1,094,322 |
| 90,000 | General Mills Inc. | 4,162,848 |
| 40,000 | Groupe Danone | 3,491,214 |
| 500,000 | Grupo Bimbo SA de CV, Cl. A | 1,052,379 |
| 20,000 | Hain Celestial Group Inc.+ | 267,663 |
| 130,000 | Heinz (H.J.) Co. | 4,668,773 |
| 40,000 | Hershey Foods Corp. | 1,333,128 |
| 270,000 | Kellogg Co. | 8,513,258 |
| 75,000 | Kerry Group plc, Cl. A | 860,877 |
| 12,100 | LVMH Moet Hennessy Louis Vuitton SA | 419,053 |
| 42,000 | Mondavi (Robert) Corp., Cl. A+ | 1,193,206 |

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| | | |
|-----------|-----------------------------------|------------|
| 2,500 | Nestle SA | 513,610 |
| 570,000 | PepsiAmericas Inc. | 7,949,569 |
| 415,000 | PepsiCo.Inc | 18,472,238 |
| 6,750 | Pernod-Ricard SA | 470,174 |
| 60,000 | Ralcorp Holdings Inc.+ | 940,903 |
| 70,000 | Sara Lee Corp. | 1,266,240 |
| 2,000 | Smucker (J.M.) Co. | 52,993 |
| 109,000 | Tootsie Roll Industries Inc. | 1,566,039 |
| 180,000 | Wrigley (Wm.) Jr. Co. | 9,781,062 |
| | | ----- |
| | | 97,530,036 |
| | | ----- |
| | TELECOMMUNICATIONS -- 6.5% | |
| 7,000 | Aliant Inc. | 62,390 |
| 25,000 | ALLTEL Corp. | 534,554 |
| 300,000 | AT&T Corp. | 9,593,820 |
| 90,540 | ATX Communications Inc.+ | 151,570 |
| 290,000 | BCE Inc. | 7,665,817 |
| 33,400 | Brasil Telecom | |
| | Participacoes SA, ADR | 1,940,826 |
| 1,760,000 | BT Group plc | 7,277,785 |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 JUNE 30, 2004 (UNAUDITED)

| SHARES | | COST |
|-----------|--------------------------------|------------|
| ----- | | ----- |
| | COMMON STOCKS (CONTINUED) | |
| | TELECOMMUNICATIONS (CONTINUED) | |
| 4,440,836 | Cable & Wireless | |
| | Jamaica Ltd. | \$ 101,639 |
| 117,000 | CenturyTel Inc. | 2,733,061 |
| 1,000,000 | Cincinnati Bell Inc.+ | 8,212,133 |
| 100,000 | Citizens Communications | |
| | Co.+ | 1,133,930 |
| 254,800 | Commonwealth Telephone | |
| | Enterprises Inc.+ | 9,416,914 |
| 110,000 | Compania de | |
| | Telecomunicaciones de | |
| | Chile SA, ADR | 1,634,847 |
| 170,000 | Deutsche Telekom | |
| | AG, ADR+ | 2,827,195 |
| 15,000 | Embratel Participacoes | |
| | SA, ADR | 266,400 |
| 5,000 | France Telecom SA, ADR | 146,305 |
| 233 | KDDI Corp. | 830,434 |
| 100,000 | KPN NV | 232,728 |
| 5,000 | Manitoba Telecom | |
| | Services Inc. | 189,106 |

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| | | |
|-----------|--|-------------|
| 1,000,000 | Qwest Communications International Inc.+ | 3,357,501 |
| 110,345 | Rogers Communications Inc., Cl. B, New York | 1,537,198 |
| 9,655 | Rogers Communications Inc., Cl. B, Toronto | 137,424 |
| 220,000 | SBC Communications Inc. | 7,272,156 |
| 500,000 | Sprint Corp. | 11,848,577 |
| 186,554 | Tele Norte Leste Participacoes SA, ADR | 2,554,387 |
| 50,000 | Telecom Argentina Stet France Telecom SA, ADR+ | 423,451 |
| 1,320,480 | Telecom Italia SpA | 3,059,314 |
| 495,130 | Telecom Italia SpA, RNC | 572,370 |
| 274,000 | Telefonica SA, ADR | 13,264,644 |
| 17,595 | Telefonica SA, BDR | 202,143 |
| 36,000 | Telefonos de Mexico SA de CV, Cl. L, ADR | 389,422 |
| 12,750 | TELUS Corp. | 222,542 |
| 52,500 | TELUS Corp., ADR | 950,397 |
| 4,250 | TELUS Corp., Non-Voting | 74,181 |
| 20,750 | TELUS Corp., Non-Voting, ADR | 438,501 |
| 305,000 | Verizon Communications Inc. | 13,501,419 |
| | | ----- |
| | | 114,757,081 |
| | | ----- |
| | ENERGY AND UTILITIES -- 6.0% | |
| 75,000 | AES Corp.+ | 424,572 |
| 50,000 | AGL Resources Inc. | 891,012 |
| 120,000 | Allegheny Energy Inc.+ | 1,090,388 |
| 70,000 | Apache Corp. | 2,728,670 |
| 247,000 | BP plc, ADR | 10,018,320 |
| 280,000 | Burlington Resources Inc. | 5,902,202 |
| 115,000 | CH Energy Group Inc. | 4,749,282 |
| 20,000 | Cinergy Corp. | 607,416 |
| 100,000 | CMS Energy Corp.+ | 640,176 |
| 103,217 | ConocoPhillips | 5,288,737 |
| 10,000 | Constellation Energy Group Inc. | 237,177 |
| 26,000 | DPL Inc. | 524,093 |
| 16,000 | DTE Energy Co. | 707,120 |
| 375,000 | Duke Energy Corp. | 6,881,250 |
| 110,000 | Duquesne Light Holdings Inc. | 1,848,062 |
| 200,000 | El Paso Corp. | 2,520,332 |
| 400,000 | El Paso Electric Co.+ | 3,236,625 |
| 50,000 | Energy East Corp. | 1,065,733 |
| 50,000 | Eni SpA | 732,789 |
| 80,000 | Exxon Mobil Corp. | 2,750,108 |
| 10,000 | FPL Group Inc. | 556,256 |
| 70,000 | Halliburton Co. | 1,726,011 |
| 35,000 | Kerr-McGee Corp. | 2,046,290 |
| 150,000 | Mirant Corp.+ | 201,190 |
| 100,000 | NiSource Inc. (SAILS)+ | 200,000 |
| 300,000 | Northeast Utilities | 5,660,050 |
| 100,000 | Progress Energy Inc., CVO+ | 52,000 |
| 30,000 | SJW Corp. | 883,106 |
| 20,000 | Southwest Gas Corp. | 415,025 |
| 7,907 | Total SA | 1,114,624 |

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| | | |
|-----------|---|------------|
| 95,000 | TXU Corp. | 1,557,877 |
| 255,000 | Westar Energy Inc. | 4,319,800 |
| | | ----- |
| | | 71,576,293 |
| | | ----- |
| | ENTERTAINMENT -- 5.9% | |
| 160,000 | Canal Plus, ADR | 34,011 |
| 110,000 | EMI Group plc | 292,543 |
| 80,000 | EMI Group plc, ADR | 947,487 |
| 120,000 | Fox Entertainment Group Inc., Cl. A+ | 2,783,871 |
| 50,000 | GC Companies Inc.+ | 54,500 |
| 400,000 | Gemstar-TV Guide International Inc.+ | 2,863,380 |
| 2,216,352 | Liberty Media Corp., Cl. A+ | 11,057,964 |
| 82,788 | Metro-Goldwyn- Mayer Inc.+ | 186,273 |
| 160,000 | Publishing & Broadcasting Ltd. | 893,720 |

See accompanying notes to financial statements.

6

THE GABELLI EQUITY TRUST INC.
PORTFOLIO OF INVESTMENTS (CONTINUED)
JUNE 30, 2004 (UNAUDITED)

| SHARES | | COST |
|-----------|---|------------|
| ----- | | ----- |
| | COMMON STOCKS (CONTINUED) | |
| | ENTERTAINMENT (CONTINUED) | |
| 15,000 | Regal Entertainment Group, Cl. A | \$ 285,000 |
| 210,000 | Six Flags Inc.+ | 1,752,972 |
| 260,000 | The Walt Disney Co. | 5,453,387 |
| 750,000 | Time Warner Inc.+ | 16,797,691 |
| 840,000 | Viacom Inc., Cl. A | 35,321,393 |
| 43,900 | Vivendi Universal SA+ | 2,247,329 |
| 330,000 | Vivendi Universal SA, ADR+ | 8,718,814 |
| | | ----- |
| | | 89,690,335 |
| | | ----- |
| | WIRELESS COMMUNICATIONS -- 5.7% | |
| 88,000 | America Movil SA de CV, Cl. L, ADR | 2,291,502 |
| 1,800,000 | AT&T Wireless Services Inc.+ | 24,174,789 |
| 27,900 | Leap Wireless International Inc.+ | 8,252 |
| 1,760,000 | mm02 plc+ | 1,963,847 |
| 100,000 | mm02 plc, ADR+ | 1,149,772 |
| 85,000 | Nextel Communications Inc., Cl. A+ | 2,165,953 |

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| | | |
|-----------|--|------------|
| 1,500 | NTT DoCoMo Inc. | 3,553,937 |
| 177,000 | Rogers Wireless Communications Inc., Cl. B+ | 1,998,679 |
| 16,700 | Tele Celular Sul Participacoes SA, ADR | 266,992 |
| 55,666 | Tele Centro Oeste Celular Participacoes SA, ADR | 166,868 |
| 3,340 | Tele Leste Celular Participacoes SA, ADR+ | 89,340 |
| 8,350 | Tele Nordeste Celular Participacoes SA, ADR | 123,227 |
| 3,340 | Tele Norte Celular Participacoes SA, ADR | 51,601 |
| 1,400,000 | Telecom Italia Mobile SpA | 7,521,308 |
| 90,000 | Telefonica Moviles SA | 660,946 |
| 8,350 | Telemig Celular Participacoes SA, ADR | 241,320 |
| 406,000 | Telephone & Data Systems Inc. | 34,363,203 |
| 66,800 | Telesp Celular Participacoes SA, ADR+ | 2,135,935 |
| 23,700 | United States Cellular Corp.+ | 750,774 |
| 553,888 | Vodafone Group plc | 975,799 |
| 100,000 | Vodafone Group plc, ADR | 2,378,590 |
| | | 87,032,634 |
| | | ----- |
| | PUBLISHING -- 5.0% | |
| 20,000 | Dow Jones & Co. Inc. | 1,030,036 |
| 248,266 | Independent News & Media plc | 358,456 |
| 20,000 | Knight-Ridder Inc. | 1,345,264 |
| 5,000 | McClatchy Co., Cl. A | 240,250 |
| 100,000 | McGraw-Hill Companies Inc. | 6,052,805 |
| 339,000 | Media General Inc., Cl. A | 20,169,846 |
| 125,000 | Meredith Corp. | 2,091,313 |
| 115,000 | New York Times Co., Cl. A | 5,259,249 |
| 120,000 | News Corp. Ltd. | 696,029 |
| 10,000 | News Corp. Ltd., ADR | 186,274 |
| 80,000 | Pearson plc | 911,889 |
| 324,500 | Penton Media Inc.+ | 2,731,742 |
| 400,000 | PRIMEDIA Inc.+ | 1,948,569 |
| 90,000 | Pulitzer Inc. | 4,340,327 |
| 175,000 | Reader's Digest Association Inc. | 3,181,221 |
| 261,319 | SCMP Group Ltd. | 191,790 |
| 70,000 | Scripps (E.W.) Co., Cl. A | 4,559,387 |
| 66,585 | Seat Pagine Gialle SpA | 177,139 |
| 80,000 | Thomas Nelson Inc. | 951,267 |
| 280,000 | Tribune Co. | 12,804,576 |
| | | 69,227,429 |
| | | ----- |
| | DIVERSIFIED INDUSTRIAL -- 4.7% | |
| 180,000 | Acuity Brands Inc. | 3,041,387 |
| 195,000 | Ampco-Pittsburgh Corp. | 2,627,873 |
| 125,000 | Cooper Industries Ltd., Cl. A | 6,152,755 |
| 250,000 | Crane Co. | 4,841,093 |

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| | | |
|---------|-----------------------------------|------------|
| 110,000 | GATX Corp. | 1,824,909 |
| 245,000 | Greif Inc., Cl. A | 4,598,189 |
| 3,400 | Greif Inc., Cl. B | 69,824 |
| 420,000 | Honeywell International Inc. | 14,054,610 |
| 118,000 | ITT Industries Inc. | 3,585,603 |
| 400,600 | Lamson & Sessions Co.+ | 2,458,185 |
| 110,000 | Park-Ohio Holdings Corp.+ | 1,072,210 |
| 10,000 | Smiths Group plc | 171,257 |
| 4,000 | Sulzer AG | 850,053 |
| 7,500 | Technip SA | 721,269 |
| 100,000 | Thomas Industries Inc. | 1,388,525 |
| 50,000 | Trinity Industries Inc. | 945,000 |
| | | ----- |
| | | 48,402,742 |
| | | ----- |
| | CONSUMER PRODUCTS -- 4.2% | |
| 60,000 | Altadis SA | 885,677 |
| 43,000 | Christian Dior SA | 1,514,055 |
| 10,000 | Church & Dwight Co. Inc. | 99,535 |

See accompanying notes to financial statements.

7

THE GABELLI EQUITY TRUST INC.
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 JUNE 30, 2004 (UNAUDITED)

| SHARES | | COST |
|---------|---|--------------|
| ----- | | ----- |
| | COMMON STOCKS (CONTINUED) | |
| | CONSUMER PRODUCTS (CONTINUED) | |
| 90,000 | Compagnie Financiere Richemont AG, Cl. A | \$ 1,264,406 |
| 50,000 | Department 56 Inc.+ | 524,317 |
| 35,000 | Energizer Holdings Inc.+ | 821,306 |
| 35,000 | Fortune Brands Inc. | 2,451,519 |
| 30,000 | Gallaher Group plc | 274,164 |
| 235,000 | Gallaher Group plc, ADR | 9,106,250 |
| 190,000 | Gillette Co. | 6,027,025 |
| 2,000 | Givaudan SA | 550,742 |
| 50,000 | Harley-Davidson Inc. | 2,322,820 |
| 15,000 | Matsushita Electric Industrial Co. Ltd., ADR | 178,325 |
| 100,000 | Mattel Inc. | 1,549,565 |
| 60,000 | Maytag Corp. | 1,389,460 |
| 50,000 | National Presto Industries Inc. | 1,766,002 |
| 10,700 | Nintendo Co. Ltd. | 919,164 |
| 200,000 | Procter & Gamble Co. | 8,770,000 |
| 10,000 | Swatch Group AG, Cl. B | 584,263 |
| 905,000 | Swedish Match AB | 9,409,522 |
| | | ----- |
| | | 50,408,117 |

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| | | |
|-----------|---|------------|
| | AUTOMOTIVE: PARTS AND ACCESSORIES -- 3.6% | |
| 60,000 | BorgWarner Inc. | 1,326,210 |
| 100,000 | CLARCOR Inc. | 1,266,455 |
| 400,000 | Dana Corp. | 6,377,042 |
| 30,000 | Delphi Corp. | 522,082 |
| 260,000 | GenCorp.Inc | 2,470,673 |
| 250,000 | Genuine Parts Co. | 6,819,120 |
| 190,000 | Johnson Controls Inc. | 7,685,500 |
| 116,000 | Midas Inc.+ | 1,508,953 |
| 331,500 | Modine Manufacturing Co. | 8,839,590 |
| 75,000 | Scheib (Earl) Inc.+ | 619,805 |
| 163,000 | Standard Motor Products Inc. | 1,748,388 |
| 20,000 | Superior Industries International Inc. | 510,238 |
| 105,000 | TransPro Inc.+ | 936,807 |
| | | ----- |
| | | 40,630,863 |
| | | ----- |
| | CABLE AND SATELLITE -- 3.5% | |
| 1,510,000 | Cablevision Systems Corp., Cl. A+ | 22,399,669 |
| 30,000 | Charter Communications Inc., Cl. A+ | 138,876 |
| 370,000 | Comcast Corp., Cl. A+ | 12,428,605 |
| 85,000 | Comcast Corp., Cl. A, Special+ | 756,584 |
| 148,444 | DIRECTV Group Inc.+ | 2,127,257 |
| 110,817 | Liberty Media International Inc., Cl. A+ | 2,264,884 |
| 50,000 | Loral Space & Communications Ltd.+ | 11,250 |
| 20,000 | Shaw Communications Inc., Cl. B | 52,983 |
| 80,000 | Shaw Communications Inc., Cl. B, Non-Voting | 329,198 |
| 461,472 | UnitedGlobalCom Inc., Cl. A+ | 2,911,835 |
| | | ----- |
| | | 43,421,141 |
| | | ----- |
| | HOTELS AND GAMING -- 3.3% | |
| 110,000 | Aztar Corp.+ | 772,707 |
| 100,000 | Boca Resorts Inc., Cl. A+ | 921,500 |
| 450,000 | Caesars Entertainment Inc.+ | 2,686,763 |
| 200,000 | Gaylord Entertainment Co.+ | 4,949,319 |
| 55,000 | Greek Organization of Football Prognostics | 630,177 |
| 8,000 | GTECH Holdings Corp. | 69,219 |
| 2,525,000 | Hilton Group plc | 8,483,893 |
| 670,000 | Hilton Hotels Corp. | 6,924,016 |
| 20,000 | Mandalay Resort Group | 1,354,880 |
| 70,000 | MGM Mirage+ | 2,156,508 |
| 45,000 | Starwood Hotels & Resorts Worldwide Inc. | 963,234 |
| | | ----- |
| | | 29,912,216 |
| | | ----- |
| | HEALTH CARE -- 3.1% | |
| 15,000 | Abbott Laboratories | 573,453 |
| 55,000 | Amgen Inc.+ | 3,215,239 |

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| | | |
|---------|----------------------------------|-----------|
| 5,000 | AstraZeneca plc, London | 198,161 |
| 35,146 | AstraZeneca plc, Stockholm | 1,255,532 |
| 15,000 | Aventis SA | 1,056,288 |
| 29,900 | Biogen Idec Inc.+ | 181,025 |
| 150,000 | Bristol-Myers Squibb Co. | 3,911,965 |
| 75,036 | GlaxoSmithKline plc | 1,817,378 |
| 4,000 | GlaxoSmithKline plc, ADR | 216,096 |
| 18,000 | Henry Schein Inc.+ | 775,800 |
| 1,500 | Hospira Inc.+ | 36,603 |
| 16,000 | INAMED Corp.+ | 698,771 |
| 47,000 | Invitrogen Corp.+ | 2,339,924 |
| 80,000 | Merck & Co. Inc. | 4,009,501 |
| 2,000 | Nobel Biocare Holding AG | 286,712 |
| 41,000 | Novartis AG | 1,292,180 |
| 108,000 | Novartis AG, Registered | 3,905,280 |
| 120,000 | Pfizer Inc. | 3,556,135 |
| 18,100 | Roche Holding AG | 1,644,615 |
| 20,000 | Sanofi-Synthelabo SA | 967,750 |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 JUNE 30, 2004 (UNAUDITED)

| SHARES | | COST |
|--------------------------------|--|--------------|
| ----- | | ----- |
| COMMON STOCKS (CONTINUED) | | |
| HEALTH CARE (CONTINUED) | | |
| 100,000 | Schering-Plough Corp. | \$ 1,917,839 |
| 3,000 | Straumann Holding AG | 619,226 |
| 60,000 | Sybron Dental Specialties Inc.+ | 1,140,669 |
| 10,000 | Synthes Inc. | 677,094 |
| 23,000 | Takeda Chemical Industries Ltd. | 1,140,219 |
| 100,000 | Wyeth | 4,105,470 |
| | | ----- |
| | | 41,538,925 |
| | | ----- |
| EQUIPMENT AND SUPPLIES -- 2.6% | | |
| 235,000 | AMETEK Inc. | 5,503,474 |
| 2,000 | Amphenol Corp., Cl. A+ | 14,775 |
| 95,000 | CIRCOR International Inc. | 981,440 |
| 220,000 | Donaldson Co. Inc. | 970,341 |
| 75,000 | Fedders Corp. | 466,126 |
| 115,000 | Flowserve Corp.+ | 1,995,044 |
| 26,000 | Franklin Electric Co. Inc. | 210,022 |
| 100,000 | Gerber Scientific Inc.+ | 1,060,701 |
| 70,000 | GrafTech International Ltd.+ | 850,486 |
| 262,500 | IDEX Corp. | 5,657,750 |

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| | | |
|---------|---|------------|
| 20,000 | Ingersoll-Rand Co., Cl. A | 836,200 |
| 60,000 | Lufkin Industries Inc. | 1,105,223 |
| 1,000 | Manitowoc Co. Inc. | 25,450 |
| 1,000 | Sealed Air Corp.+ | 17,404 |
| 235,000 | Watts Water Technologies Inc., Cl. A | 3,107,523 |
| 100,000 | Weir Group plc | 420,789 |
| | | 23,222,748 |
| | ----- | |
| | AUTOMOTIVE -- 2.0% | |
| 15,000 | Ford Motor Co. | 334,700 |
| 150,000 | General Motors Corp. | 4,903,032 |
| 405,000 | Navistar International Corp.+ | 13,980,822 |
| 45,000 | PACCAR Inc. | 450,000 |
| 250,000 | TRW Automotive Holdings Corp.+ | 6,695,120 |
| | | 26,363,674 |
| | ----- | |
| | CONSUMER SERVICES -- 1.9% | |
| 475,000 | InterActiveCorp.+ | 11,476,194 |
| 40,000 | Loewen Group Inc.+ | 48,700 |
| 679,000 | Rollins Inc. | 14,170,774 |
| | | 25,695,668 |
| | ----- | |
| | RETAIL -- 1.9% | |
| 170,000 | Albertson's Inc. | 4,524,789 |
| 300,000 | AutoNation Inc.+ | 3,354,597 |
| 22,500 | Coldwater Creek Inc.+ | 181,518 |
| 22,000 | Ito-Yokado Co. Ltd. | 749,555 |
| 30,000 | Matsumotokiyoshi Co. Ltd. | 835,350 |
| 323,500 | Neiman Marcus Group Inc., Cl. B | 7,874,064 |
| | | 17,519,873 |
| | ----- | |
| | BROADCASTING -- 1.8% | |
| 16,666 | Corus Entertainment Inc., Cl. B | 62,036 |
| 120,000 | Gray Television Inc. | 1,204,736 |
| 27,500 | Gray Television Inc., Cl. A | 370,755 |
| 185,100 | Grupo Televisa SA, ADR | 6,385,024 |
| 200,000 | Liberty Corp. | 8,528,905 |
| 15,000 | Lin TV Corp., Cl. A+ | 344,736 |
| 165,000 | Mediaset SpA | 1,326,670 |
| 5,200 | Nippon Television Network Corp. | 859,664 |
| 40,375 | NRJ Group | 384,806 |
| 140,000 | Paxson Communications Corp.+ | 1,323,628 |
| 17,700 | RTL Group | 775,136 |
| 100,000 | Television Broadcasts Ltd. | 396,239 |
| 140,000 | Young Broadcasting Inc., Cl. A+ | 3,217,910 |
| | | 25,180,245 |
| | ----- | |
| | AVIATION: PARTS AND SERVICES -- 1.7% | |

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| | | |
|---------|--------------------------------------|------------|
| 204,640 | Curtiss-Wright Corp., Cl. B | 5,637,891 |
| 120,400 | Fairchild Corp., Cl. A+ | 1,027,407 |
| 90,000 | Precision Castparts Corp. | 2,330,982 |
| 84,000 | Sequa Corp., Cl. A+ | 3,347,991 |
| 74,600 | Sequa Corp., Cl. B+ | 3,852,672 |
| | | ----- |
| | | 16,196,943 |
| | | ----- |
| | AEROSPACE -- 1.7% | |
| 110,000 | Boeing Co. | 3,680,633 |
| 80,000 | Lockheed Martin Corp. | 4,434,820 |
| 265,000 | Northrop Grumman Corp. | 12,594,609 |
| 110,000 | Titan Corp.+ | 2,301,580 |
| | | ----- |
| | | 23,011,642 |
| | | ----- |

See accompanying notes to financial statements.

9

THE GABELLI EQUITY TRUST INC.
PORTFOLIO OF INVESTMENTS (CONTINUED)
JUNE 30, 2004 (UNAUDITED)

| SHARES | | COST |
|---------|---|------------|
| ----- | | ----- |
| | COMMON STOCKS (CONTINUED) | |
| | MACHINERY -- 1.5% | |
| 20,000 | AGCO Corp.+ | \$ 350,026 |
| 10,000 | Caterpillar Inc. | 136,559 |
| 320,000 | Deere & Co. | 15,328,000 |
| | | ----- |
| | | 15,814,585 |
| | | ----- |
| | COMMUNICATIONS EQUIPMENT -- 1.4% | |
| 125,000 | Agere Systems Inc., Cl. B+ | 362,157 |
| 75,000 | Andrew Corp.+ | 819,577 |
| 550,000 | Corning Inc.+ | 5,012,562 |
| 130,000 | Lucent Technologies Inc.+ | 800,828 |
| 114,000 | Motorola Inc. | 1,613,938 |
| 100,000 | Nortel Networks Corp.+ | 686,285 |
| 44,000 | Scientific-Atlanta Inc. | 355,750 |
| 300,000 | Thomas & Betts Corp. | 5,741,098 |
| | | ----- |
| | | 15,392,195 |
| | | ----- |
| | SPECIALTY CHEMICALS -- 1.4% | |
| 5,400 | Ciba Specialty Chemicals, ADR | 8,652 |
| 20,000 | du Pont de Nemours (E.I.) and Co. | 802,600 |
| 330,000 | Ferro Corp. | 6,975,503 |

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| | | |
|-----------|--|------------|
| 40,000 | Fuller (H.B.) Co. | 968,437 |
| 120,000 | Hercules Inc.+ | 1,543,119 |
| 10,000 | IMC Global Inc. | 139,584 |
| 15,000 | IVAX Corp.+ | 170,441 |
| 232,300 | Omnova Solutions Inc.+ | 1,879,165 |
| 300,000 | Sensient Technologies Corp. | 5,529,921 |
| 10,000 | Syngenta AG, ADR | 18,940 |
| | | ----- |
| | | 18,036,362 |
| | | ----- |
| | REAL ESTATE -- 1.1% | |
| 80,000 | Catellus Development Corp. | 1,535,534 |
| 70,000 | Cheung Kong (Holdings) Ltd. | 815,521 |
| 100,000 | Florida East Coast Industries Inc. | 1,458,643 |
| 55,000 | Griffin Land & Nurseries Inc.+ | 513,143 |
| 243,000 | St. Joe Co. | 1,804,074 |
| | | ----- |
| | | 6,126,915 |
| | | ----- |
| | AGRICULTURE -- 1.1% | |
| 5,000 | Agrium Inc. | 68,444 |
| 1,000,000 | Archer-Daniels- Midland Co. | 13,091,460 |
| 5,000 | Delta & Pine Land Co. | 84,396 |
| 5,000 | Terra Industries Inc.+ | 29,304 |
| | | ----- |
| | | 13,273,604 |
| | | ----- |
| | ENVIRONMENTAL SERVICES -- 0.9% | |
| 65,000 | Republic Services Inc. | 875,761 |
| 400,000 | Waste Management Inc. | 9,495,206 |
| | | ----- |
| | | 10,370,967 |
| | | ----- |
| | ELECTRONICS -- 0.8% | |
| 3,000 | Hitachi Ltd., ADR | 218,796 |
| 20,000 | Molex Inc., Cl. A | 519,697 |
| 7,500 | NEC Corp., ADR | 43,625 |
| 9,500 | Rohm Co. Ltd. | 1,408,684 |
| 38,800 | Royal Philips Electronics NV, ADR | 53,456 |
| 45,000 | Sony Corp., ADR | 1,340,589 |
| 260,000 | Texas Instruments Inc. | 6,343,035 |
| 14,400 | Tokyo Electron Ltd. | 783,746 |
| | | ----- |
| | | 10,711,628 |
| | | ----- |
| | BUSINESS SERVICES -- 0.7% | |
| 60,000 | ANC Rental Corp.+ | 578,273 |
| 150,000 | Cendant Corp. | 2,981,441 |
| 1,000 | CheckFree Corp.+ | 9,040 |
| 98,000 | Landauer Inc. | 2,494,473 |
| 70,000 | Nashua Corp.+ | 634,028 |
| 25,000 | Secom Co. Ltd. | 1,095,891 |
| 212,500 | Securicor plc | 0 |
| | | ----- |
| | | 7,793,146 |

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| | | ----- |
|-----------------------------------|---------------------------|-----------|
| METALS AND MINING -- 0.5% | | |
| 72,500 | Harmony Gold Mining | |
| | Co. Ltd. | 347,738 |
| 35,000 | Harmony Gold Mining | |
| | Co. Ltd., ADR | 282,733 |
| 130,000 | Newmont Mining Corp. | 2,977,871 |
| 50,000 | Placer Dome Inc. | 487,169 |
| | | ----- |
| | | 4,095,511 |
| PAPER AND FOREST PRODUCTS -- 0.3% | | |
| 140,000 | Pactiv Corp.+ | 1,465,973 |
| 16,656 | Rayonier Inc. | 531,510 |
| | | ----- |
| | | 1,997,483 |
| | | ----- |

See accompanying notes to financial statements.

10

THE GABELLI EQUITY TRUST INC.
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 JUNE 30, 2004 (UNAUDITED)

| SHARES | | COST |
|--|-----------------------------------|------------|
| ----- | | ----- |
| COMMON STOCKS (CONTINUED) | | |
| MANUFACTURED HOUSING AND RECREATIONAL VEHICLES -- 0.2% | | |
| 50,000 | Champion Enterprises Inc.+ | \$ 466,465 |
| 50,000 | Fleetwood Enterprises Inc.+ | 642,160 |
| 32,222 | Huttig Building | |
| | Products Inc.+ | 81,163 |
| 15,000 | Martin Marietta | |
| | Materials Inc. | 322,688 |
| 10,000 | Nobility Homes Inc. | 195,123 |
| 80,000 | Sekisui House Ltd. | 846,007 |
| 3,000 | Skyline Corp. | 118,554 |
| 1,000 | Southern Energy | |
| | Homes Inc.+ | 3,900 |
| | | ----- |
| | | 2,676,060 |
| BUILDING AND CONSTRUCTION -- 0.2% | | |
| 25,000 | Bouygues SA | 724,706 |
| 100,500 | CRH plc | 1,259,457 |
| | | ----- |
| | | 1,984,163 |
| CLOSED-END FUNDS -- 0.2% | | |
| 77,333 | Central Europe and | |
| | Russia Fund Inc. | 1,125,498 |
| 70,000 | New Germany Fund Inc. | 754,518 |

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| | | |
|------------|---|---------------|
| 36,000 | Royce Value Trust Inc. | 439,826 |
| | | ----- |
| | | 2,319,842 |
| | | ----- |
| | TRANSPORTATION -- 0.1% | |
| 100,000 | AMR Corp.+ | 1,924,248 |
| 15,000 | Grupo TMM SA de CV, Cl. A, ADR+ | 80,460 |
| | | ----- |
| | | 2,004,708 |
| | | ----- |
| | COMPUTER SOFTWARE AND SERVICES -- 0.1% | |
| 5,000 | Electronic Data Systems Corp. | 69,661 |
| 100,000 | EMC Corp.+ | 1,395,320 |
| 25,256 | Telecom Italia Media SpA+ | 26,868 |
| | | ----- |
| | | 1,491,849 |
| | | ----- |
| | TOTAL COMMON STOCKS | 1,147,550,394 |
| | | ----- |
| | PREFERRED STOCKS -- 2.0% | |
| | PUBLISHING -- 1.7% | |
| 771,603 | News Corp. Ltd., Pfd., ADR | 20,984,228 |
| | | ----- |
| | TELECOMMUNICATIONS -- 0.1% | |
| 26,000 | Cincinnati Bell Inc., 6.750% Cv. Pfd., Ser. B | 820,367 |
| 20,400 | Citizens Communications Co., 5.000% Cv. Pfd. | 992,655 |
| | | ----- |
| | | 1,813,022 |
| | | ----- |
| | AEROSPACE -- 0.1% | |
| 14,021 | Northrop Grumman Corp., 7.000% Cv. Pfd., Ser. B | 1,633,727 |
| | | ----- |
| | BROADCASTING -- 0.1% | |
| 90 | Gray Television Inc., 8.000% Cv. Pfd., Ser. C (a) | 900,000 |
| | | ----- |
| | AVIATION: PARTS AND SERVICES -- 0.0% | |
| 3,000 | Sequa Corp., \$5.00 Cv. Pfd. | 239,700 |
| | | ----- |
| | WIRELESS COMMUNICATIONS -- 0.0% | |
| 10,760,547 | Telesp Celular Participacoes SA, Pfd.+ | 82,623 |
| | | ----- |
| | TOTAL PREFERRED STOCKS | 25,653,300 |
| | | ----- |
| | PRINCIPAL AMOUNT | |
| | ----- | |

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| | | |
|-------------|--|-----------|
| | CORPORATE BONDS -- 0.2% | |
| | AUTOMOTIVE: PARTS AND ACCESSORIES -- 0.1% | |
| \$1,000,000 | Standard Motor Products Inc., Sub. Deb. Cv., 6.750%, 07/15/09 | 946,771 |
| | | ----- |
| | CABLE AND SATELLITE -- 0.1% | |
| 1,000,000 | Charter Communications Inc., Cv., 4.750%, 06/01/06 | 727,303 |
| | | ----- |
| | AVIATION: PARTS AND SERVICES -- 0.0% | |
| 803,000 | Kaman Corp., Sub. Deb. Cv., 6.000%, 03/15/12 | 764,944 |
| | | ----- |
| | ENERGY AND UTILITIES -- 0.0% | |
| 900,000 | Mirant Corp., Sub. Deb. Cv., 2.500%, 06/15/21+ (c) | 685,613 |
| | | ----- |
| | TOTAL CORPORATE BONDS | 3,124,631 |
| | | ----- |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
PORTFOLIO OF INVESTMENTS (CONTINUED)
JUNE 30, 2004 (UNAUDITED)

| SHARES | | COST |
|--------------|--|------------|
| ----- | | ----- |
| | WARRANTS -- 0.0% | |
| | FOOD AND BEVERAGE -- 0.0% | |
| 62,463 | Denny's Corp., expires 01/07/05+ | \$ 105,604 |
| | | ----- |
| | PRINCIPAL AMOUNT | |
| | ----- | |
| | REPURCHASE AGREEMENTS -- 5.2% | |
| \$80,562,000 | Agreement with State Street Bank and Trust Co., 1.180%, dated 06/30/04, due 07/01/04, proceeds at maturity, \$80,564,641 (b) | 80,562,000 |
| | | ----- |
| | SHORT TERM OBLIGATIONS -- 0.1% | |
| | U.S. GOVERNMENT OBLIGATIONS -- 0.1% | |
| 1,500,000 | U.S. Treasury Bill, 0.994%+, 07/08/04 | 1,499,714 |
| | | ----- |

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| | |
|--|--------------------------|
| TOTAL INVESTMENTS -- 100.0% | \$1,258,495,643 ===== |
| LIABILITIES IN EXCESS OF OTHER ASSETS | |
| PREFERRED STOCK | |
| (9,556,900 preferred shares outstanding) | |
| NET ASSETS -- COMMON STOCK | |
| (138,506,691 common shares outstanding) | |
| NET ASSET VALUE PER COMMON SHARE | |
| (\$1,117,273,367 / 138,506,691 shares outstanding) | |

| | |
|-------------------------------------|--|
| For Federal tax purposes: | |
| Aggregate Cost | |
| Gross unrealized appreciation | |
| Gross unrealized depreciation | |
| Net unrealized appreciation | |

-
- (a) Security fair valued under procedures established by the Board of Directors. At June 30, 2004, the market value of fair valued securities amounted to \$909,000 or 0.1% of total investments.
 - (b) Collateralized by U.S. Treasury Note, 1.75%, due 12/31/04, market value \$82,177,178.
 - (c) Bond in default.
- + Non-income producing security.
 - ++ Represents annualized yield at date of purchase.
- ADR - American Depository Receipt.
 - BDR - Brazilian Depository Receipt.
 - CVO - Contingent Value Obligation.
 - RNC - Non-Convertible Savings Shares.
 - SAILS - Stock Appreciation Income Linked Securities.
 - USD - U.S. Dollars.
 - W/I - When Issued.

| | % OF MARKET VALUE | MARKET VALUE |
|----------------------------|-------------------------|-----------------|
| | ----- | ----- |
| GEOGRAPHIC DIVERSIFICATION | | |

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| | | |
|-------------------------|--------|-----------------|
| United States | 81.2% | \$1,249,518,373 |
| Europe | 12.9 | 198,206,143 |
| Asia/Pacific | 1.9 | 29,264,785 |
| Latin America | 1.5 | 23,880,821 |
| Canada | 1.3 | 19,381,997 |
| Japan | 1.1 | 17,789,129 |
| South Africa | 0.1 | 1,132,149 |
| | ----- | ----- |
| Total Investments | 100.0% | \$1,539,173,398 |
| | ===== | ===== |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.

STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2004 (UNAUDITED)

ASSETS:

| | |
|--|------------------|
| Investments, at value (cost \$1,258,495,643) | \$ 1,539,173,398 |
| Cash and foreign currency, at value (cost \$383,243) | 380,701 |
| Dividends and interest receivable | 2,192,925 |
| Receivable for investments sold | 5,878,412 |
| Other assets | 147,210 |
| | ----- |
| TOTAL ASSETS | 1,547,772,646 |
| | ----- |

LIABILITIES:

| | |
|--|------------|
| Payable for investments purchased | 6,313,086 |
| Dividends payable | 152,698 |
| Unrealized depreciation on swap contracts | 3,464,828 |
| Unrealized depreciation on forward foreign exchange contracts | 2,643 |
| Payable for investment advisory fees | 1,140,325 |
| Interest payable on swap contract | 354,380 |
| Payable for shareholder communication fees | 143,791 |
| Payable to custodian | 27,128 |
| Payable for offering expenses | 79,786 |
| Other accrued expenses and liabilities | 78,114 |
| | ----- |
| TOTAL LIABILITIES | 11,756,779 |
| | ----- |

PREFERRED STOCK:

| | |
|--|-------------|
| Series B Cumulative Preferred Stock (7.20%, \$25 liquidation value, \$0.001 par value, 6,600,000 shares authorized with 6,600,000 shares issued and outstanding) | 165,000,000 |
| Series C Cumulative Preferred Stock (Auction Rate, \$25,000 liquidation value, \$0.001 par value, 5,200 shares authorized with 5,200 shares issued and outstanding) | 130,000,000 |
| Series D Cumulative Preferred Stock (5.875%, \$25 liquidation value, \$0.001 par value, 3,000,000 shares authorized with 2,949,700 shares issued and outstanding) | 73,742,500 |
| Series E Cumulative Preferred Stock (Auction Rate, \$25,000 liquidation value, \$0.001 par value, 2,000 shares authorized with 2,000 shares issued | |

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| | | |
|---|------------------|-----------------|
| and outstanding) | 50,000,000 | |
| TOTAL PREFERRED STOCK | 418,742,500 | |
| NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS | \$ 1,117,273,367 | |
| NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS CONSIST OF: | | |
| Capital stock, at par value | \$ 138,507 | |
| Additional paid-in capital | 889,699,337 | |
| Accumulated distributions in excess of net investment income | (40,710,186) | |
| Accumulated net realized gain (loss) on investments, futures contracts and foreign currency transactions ... | (9,081,369) | |
| Net unrealized appreciation on investments, swap contracts and foreign currency transactions | 277,227,078 | |
| TOTAL NET ASSETS | \$ 1,117,273,367 | |
| NET ASSET VALUE PER COMMON SHARE (\$1,117,273,367 / 138,506,691 shares outstanding; 183,998,000 shares authorized of \$0.001 par value) | | \$8.07 ===== |

STATEMENT OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2004 (UNAUDITED)

| | | |
|--|--|---------------|
| INVESTMENT INCOME: | | |
| Dividends (net of foreign taxes of \$430,459) | | \$ 12,212,766 |
| Interest | | 1,050,194 |
| TOTAL INVESTMENT INCOME | | 13,262,960 |
| EXPENSES: | | |
| Investment advisory fees | | 5,730,080 |
| Shareholder communications expenses | | 289,410 |
| Payroll | | 110,194 |
| Custodian fees | | 94,033 |
| Shareholder services fees | | 82,308 |
| Directors' fees | | 68,343 |
| Legal and audit fees | | 50,889 |
| Miscellaneous expenses | | 344,593 |
| TOTAL EXPENSES | | 6,769,850 |
| LESS: CUSTODIAN FEE CREDIT | | (1,221) |
| NET EXPENSES | | 6,768,629 |
| NET INVESTMENT INCOME | | 6,494,331 |
| NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FUTURES CONTRACTS, SWAP CONTRACTS AND FOREIGN CURRENCY TRANSACTIONS: | | |
| Net realized gain on investments | | 5,946,757 |
| Net realized gain on foreign currency transactions | | 84,995 |
| Net realized loss on swap contracts | | (2,228,432) |
| Net realized gain on futures contracts | | 166,217 |
| Net realized gain on investments, futures contracts, swap contracts and foreign currency transactions | | 3,969,537 |

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| | |
|--|---------------|
| Net change in unrealized appreciation/depreciation on investments, swap contracts and foreign currency transactions | 54,715,932 |
| | ----- |
| NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS, FUTURES CONTRACTS, SWAP CONTRACTS AND FOREIGN CURRENCY TRANSACTIONS | 58,685,469 |
| | ----- |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | 65,179,800 |
| | ----- |
| Total Distributions to Preferred Stock Shareholders | (9,049,834) |
| | ----- |
| NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS RESULTING FROM OPERATIONS | \$ 56,129,966 |
| | ===== |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS

OPERATIONS:

| | |
|--|-------|
| Net investment income | \$ |
| Net realized gain on investments, futures contracts and foreign currency transactions .. | |
| Net change in unrealized appreciation/depreciation on investments, swap contracts and foreign currency transactions | |
| | ----- |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | |
| | ----- |

DISTRIBUTIONS TO PREFERRED STOCK SHAREHOLDERS:

| | |
|---|-------|
| Net investment income | |
| Net realized short-term gain on investments, futures contracts and foreign currency transactions | |
| Net realized long-term gains on investments, futures contracts and foreign currency transactions | |
| | ----- |
| TOTAL DISTRIBUTIONS TO PREFERRED STOCK SHAREHOLDERS | |
| | ----- |

NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS
RESULTING FROM OPERATIONS

DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS:

| | |
|---|-------|
| Net investment income | |
| Net realized short-term gain on investments, futures contracts and foreign currency transactions | |
| Net realized long-term gains on investments, futures contracts and foreign currency transactions | |
| Return of capital | |
| | ----- |
| TOTAL DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS | |

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TRUST SHARE TRANSACTIONS:

Net increase in net assets from common shares issued upon reinvestment of
 dividends and distributions
 Net increase in net assets from repurchase of preferred shares
 Offering costs for preferred shares charged to paid-in capital

NET INCREASE IN NET ASSETS FROM TRUST SHARE TRANSACTIONS

NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS

NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS:

Beginning of period

End of period

* As a result of recent changes in generally accepted accounting principles, the Fund has reclassified periodic payments made under interest rate swap agreements, previously included within interest income, as a component of realized gain (loss) in the statement of operations. The effect of this reclassification was to increase net investment income and decrease realized gain by \$4,302,270.

** Based on current earnings and subject to change and recharacterization at fiscal year end.

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 closed-end, non-diversified 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. The Equity Trust had no operations until August 11, 1986, when it sold 10,696 shares of common stock to Gabelli Funds, LLC (the "Adviser") for \$100,008. Investment operations commenced on August 21, 1986.

Effective August 1, 2002, the Equity Trust modified its non-fundamental investment policy to increase, from 65% to 80%, the portion of its assets that it will invest, under normal market conditions in equity securities (the "80% Policy"). The 80% Policy may be changed without shareholder approval. However, the Equity Trust has adopted a policy to provide shareholders with at least 60 days' notice of the implementation of any change in the 80% Policy.

2. SIGNIFICANT ACCOUNTING POLICIES. The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

SECURITY VALUATION. Portfolio securities listed or traded on a nationally

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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 the Adviser.

Portfolio securities primarily traded on foreign markets are generally valued at the preceding closing values of such securities on their respective exchanges or if after the close, market conditions change significantly, certain foreign securities may be fair valued pursuant to procedures established by the Board. Debt instruments that are not credit impaired with remaining maturities of 60 days or less are valued at amortized cost, unless the Board determines such does not reflect the securities' fair value, in which case these securities will be valued at their fair value as determined by the Board. Debt instruments having a maturity greater than 60 days for which market quotations are readily available are valued at the latest average of the bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. Futures contracts are valued at the official 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 valued at their fair value as determined in good faith under procedures established by and under the general supervision of the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons to the valuation and changes in valuation of similar securities, including a comparison of foreign securities to 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.

REPURCHASE AGREEMENTS. The Equity Trust may enter into repurchase agreements with primary government securities dealers recognized by the Federal Reserve Bank of New York, 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 of Directors. Under the terms of a typical repurchase agreement, the Equity Trust takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Equity Trust to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Equity Trust's holding period. The Equity Trust will always receive and maintain securities

as collateral whose market value, including accrued interest, will be at least equal to 102% of the dollar amount invested by the Equity Trust in each agreement. The Equity Trust 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

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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 Equity Trust may be delayed or limited.

SWAP AGREEMENTS. The Equity Trust may enter into interest rate swap or cap transactions. The use of interest rate swaps and caps 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 Equity Trust would agree to pay to the other party to the interest rate swap (which is known as the "counterparty") periodically a fixed rate payment in exchange for the counterparty agreeing to pay to the Equity Trust periodically a variable rate payment that is intended to approximate the Equity Trust's variable rate payment obligation on the Series C Preferred Stock. In an interest rate cap, the Equity Trust would pay a premium to the interest rate cap to the counterparty and, to the extent that a specified variable rate index exceeds a predetermined fixed rate, would receive from the counterparty payments of the difference based on the notional amount of such cap. Interest rate swap and cap transactions introduce additional risk because the Equity Trust would remain obligated to pay preferred stock dividends when due in accordance with the Articles Supplementary even if the counterparty defaulted. Depending on the general state of short-term interest rates and the returns on the Equity Trust's portfolio securities at that point in time, such a default could negatively affect the Equity Trust's ability to make dividend payments for the Series C Preferred Stock. In addition, at the time an interest rate swap or cap transaction reaches its scheduled termination date, there is a risk that the Equity Trust 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. If this occurs, it could have a negative impact on the Equity Trust's ability to make dividend payments on the Series C Preferred Stock.

The Trust has entered into one interest rate swap agreement with Citibank N.A. Under the agreement the Trust receives a floating rate of interest and pays a respective fixed rate of interest on the nominal value of the swap. Details of the swap at June 30, 2004 are as follows:

| NOTIONAL AMOUNT | FIXED RATE | FLOATING RATE* (RATE RESET MONTHLY) | TERMINATION DATE | UNR DEPR |
|--------------------|------------|--|---------------------|-------------|
| ----- | ----- | ----- | ----- | ----- |
| \$130,000,000 | 4.494% | 1.11% | July 2, 2007 | \$ (3 |

* Based on Libor (London Interbank Offered Rate).

As a result of recent FASB Emerging Issues Task Force consensus (and subsequent related SEC staff guidance), the Equity Trust has reclassified periodic payments made under interest rate swap agreement, previously included within interest income, as a component of realized gain (loss) in the statement of operations. For consistency, similar reclassifications have been made to amounts appearing in the previous year's statement of changes in net assets and the per share amounts in prior years financial highlights. Prior years net investment income ratios in the financial highlights have also been modified accordingly.

This reclassification increased net investment income and decreased net realized gains by \$4,302,270 and \$1,813,999 for the years ended December 31, 2003 and December 31, 2002, respectively, but had no effect on the Equity

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Trust's net asset value, either in total or per share, or its total increase (decrease) in net assets from operations during any period.

For the years ended December 31, 2003 and December 31, 2002, financial highlights reclassifications were as follows: net investment income per share increased by \$0.03 and \$0.01, respectively, ratios of net investment income to average net assets attributable to common shares increased by 0.47% and 0.18%, respectively, ratios of operating expenses to average net assets attributable to common shares decreased by 0.47% and 0.18%, respectively, and ratios of operating expenses to average total net assets including liquidation value of preferred shares decreased by 0.33% and 0.13%, respectively.

FUTURES CONTRACTS. The Equity Trust 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. Such investments will only be made if they are

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THE GABELLI EQUITY TRUST INC. NOTES TO FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED)

economically appropriate to the reduction of risks involved in the management of the Equity Trust's investments. Upon entering into a futures contract, the Equity Trust 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 Equity Trust each day, depending on the daily fluctuation of the value of the contract. The daily changes in the contract are included in unrealized appreciation/depreciation on investments and futures contracts. The Equity Trust recognizes a realized gain or loss when the contract is closed. There were no open futures contracts at June 30, 2004.

There are several risks in connection with the use of futures contracts as a hedging device. 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 the Equity Trust may not be able to enter into a closing transaction because of an illiquid secondary market.

FOREIGN CURRENCY TRANSACTIONS. The books and records of the Equity Trust are maintained in United States (U.S.) dollars. Foreign currencies, investments and other assets and liabilities are translated into U.S. dollars at the exchange rates prevailing at the end of the period, and 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, which 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 transactions. 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 Equity Trust and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial trade date and subsequent sale trade date is included in realized gain/(loss) on investments.

SECURITIES TRANSACTIONS AND INVESTMENT INCOME. Securities transactions are accounted for as of the trade date with realized gain or loss on investments

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determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded as earned. Dividend income is recorded on the ex-dividend date.

DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS. Distributions to shareholders are recorded on the ex-dividend date. Distributions to shareholders of the Equity Trust's 7.20% Tax Advantaged Series B Cumulative Preferred Stock, Series C Auction Rate Cumulative Preferred Stock, 5.875% Series D Cumulative Preferred Stock, and Series E Auction Rate Cumulative Preferred Stock ("Cumulative Preferred Stock") are accrued on a daily basis and are determined as described in Note 5.

Income dividends and capital gain distributions are determined in accordance with Federal income tax regulations which may differ from accounting principles generally accepted in the United States. These differences are primarily due to differing treatments of income and gains on various investment securities held by the Equity Trust, timing differences and differing characterization of distributions made by the Equity Trust.

For the year ended December 31, 2003, reclassifications were made to increase accumulated distributions in excess of net investment income for \$35,924 and decrease accumulated distributions in excess of net realized gain on investments, options, future contracts and foreign currency transactions for \$35,924 with an offsetting adjustment to additional paid-in capital.

The tax character of distributions paid during the fiscal year ended December 31, 2003 was as follows:

| | YEAR ENDED DECEMBER 31, 2003 | |
|--|---------------------------------|--------------|
| | COMMON | PREFERRED |
| | ----- | ----- |
| DISTRIBUTIONS PAID FROM: | | |
| Ordinary income | | |
| (Inclusive of short term capital gain) ... | \$ 7,596,973 | \$ 1,568,448 |
| Net long term capital gain | 85,161,394 | 17,605,267 |
| Non-taxable return of capital | 558,040 | -- |
| | ----- | ----- |
| Total distributions paid | \$93,316,407 | \$19,173,715 |
| | ===== | ===== |

THE GABELLI EQUITY TRUST INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED)

The tax character of amounts distributed in 2004 which exceed the ordinary income of the Fund will be treated as a non-taxable return of capital. Such determination can only be made upon completion of the taxable year.

PROVISION FOR INCOME TAXES. The Equity Trust 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 Trust's policy to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of its net investment company

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taxable income and net capital gains. Therefore, no provision for Federal income taxes is required.

As of December 31, 2003, the components of accumulated earnings/(losses) on a tax basis were as follows:

| | |
|---|----------------|
| Net unrealized appreciation on investments | \$ 222,707,582 |
| Net unrealized depreciation on foreign currency transactions and interest rate swaps | (7,102,989) |
| Other | (291,785) |
| | ----- |
| Total accumulated gain | \$ 215,312,808 |
| | ===== |

Other is primarily due to dividends payable on preferred stock at December 31, 2003.

3. AGREEMENTS AND TRANSACTIONS WITH AFFILIATES. The Equity Trust has entered into an investment advisory agreement (the "Advisory Agreement") with the Adviser which provides that the Equity Trust will pay the Adviser a fee, computed weekly and paid monthly, equal on an annual basis to 1.00% of the value of the Equity Trust's average weekly net assets plus liquidation value of preferred stock. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Equity Trust's portfolio and oversees the administration of all aspects of the Equity Trust's business and affairs. The Adviser has agreed to reduce the management fee on the incremental assets attributable to the Cumulative Preferred Stock if the total return of the net asset value of the common shares of the Equity Trust, including distributions and advisory fee subject to reduction, does not exceed the stated dividend rate or corresponding swap rate of the Cumulative Preferred Stock.

The Equity Trust's total return on the net asset value of the common shares is monitored on a monthly basis to assess whether the total return on the net asset value of the common shares exceeds the stated dividend rate of the Cumulative Preferred Stock for the period. For the six months ended June 30, 2004, the Equity Trust's total return on the net asset value of the common shares exceeded the stated dividend rate of the Series E Auction Rate Cumulative Preferred Stock. Thus, management fees were accrued on these assets, but not on the assets of the Series B, Series C Auction Rate, and Series D Cumulative Preferred Stock. Management fees were reduced by the amount of \$1,838,314.

During the six months ended June 30, 2004, Gabelli & Company, Inc. received \$171,054 in brokerage commissions as a result of executing agency transactions in portfolio securities on behalf of the Equity Trust.

The cost of calculating the Equity Trust's net asset value per share is an Equity Trust expense pursuant to the Investment Advisory Agreement between the Equity Trust and the Adviser. During the six months ended June 30, 2004, the Equity Trust reimbursed the Adviser \$17,400 in connection with the cost of computing the Equity Trust's net asset value.

4. PORTFOLIO SECURITIES. Cost of purchases and proceeds from sales of securities, other than short-term securities, for the six months ended June 30, 2004 aggregated \$121,094,964 and \$56,678,127, respectively.

5. CAPITAL. The charter permits the Equity Trust to issue 182,000,000 shares of common stock (par value \$0.001). The Board of Directors of the Equity Trust has authorized the repurchase of its shares on the open market when the shares are trading at a discount of 10% or more (or such other percentage as the Board of Directors may determine from time to time)

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THE GABELLI EQUITY TRUST INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED)

from the net asset value of the shares. During the six months ended June 30, 2004, the Equity Trust did not repurchase any shares of its common stock in the open market.

Transactions in common stock were as follows:

| | SIX MONTHS ENDED JUNE 30, 2004 (UNAUDITED) | | DECEMBER 31, 2003 (UNAUDITED) |
|--|--|--------------|----------------------------------|
| | SHARES | AMOUNT | SHARES |
| Shares issued upon reinvestment of dividends and distributions ... | 1,316,807 | \$10,553,133 | 3,129,900 |
| Net increase | 1,316,807 | \$10,553,133 | 3,129,900 |

The holders of Cumulative Preferred Stock have voting rights equivalent to those of the holders of common stock (one vote per share) and will vote together with holders of shares of common stock as a single class. In addition, the 1940 Act requires that along with approval of a majority of the holders of common stock, approval of a majority of the holders of any outstanding shares of Cumulative Preferred Stock, voting separately as a class, would be required to (a) adopt any plan of reorganization that would adversely affect the Cumulative Preferred Stock, and (b) take any action requiring a vote of security holders, including, among other things, changes in the Equity Trust's subclassification as a closed-end investment company or changes in its fundamental investment restrictions. The Equity Trust's Articles of Incorporation, as amended, authorize the issuance of up to 16,006,000 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 Equity Trust is required to meet certain asset coverage tests as required by the 1940 Act and by the Shares' Articles Supplementary with respect to the Cumulative Preferred Stock. If the Equity Trust fails to meet these requirements and does not correct such failure, the Equity Trust may be required to redeem, in part or in full, the 7.20% Series B, Series C Auction Rate, 5.875% Series D, and Series E Auction Rate Cumulative Preferred Stock at a redemption price of \$25, \$25,000, \$25, and \$25,000, 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 requirements could restrict the Equity Trust's ability to pay dividends to common shareholders and could lead to sales of portfolio securities at inopportune times. The income received on the Equity Trust'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.

Under Emerging Issues Task Force (EITF) promulgating Topic D-98, CLASSIFICATION AND MEASUREMENT OF REDEEMABLE SECURITIES, which was issued on

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July 19, 2001, preferred securities that are redeemable for cash or other assets are to be classified outside of permanent equity to the extent that the redemption is at a fixed or determinable price and at the option of the holder or upon the occurrence of an event that is not solely within the control of the issuer. In accordance with the guidance of the EITF, the Equity Trust's Cumulative Preferred Stock is classified outside of permanent equity (net assets attributable to common stock shareholders) in the accompanying financial statements.

The Equity Trust, as authorized by the Board of Directors, redeemed all (5,367,900 shares) of its outstanding 7.25% Series A Cumulative Preferred Stock. The redemption date was June 17, 2003 and the redemption price was \$25.4078 per Preferred Share, which consisted of \$25.00 per Preferred Share (the "liquidation value") plus accrued dividends through the redemption date of \$0.4078 per Preferred Share. The Preferred Shares were callable at any time at the liquidation value of \$25.00 per share plus accrued dividends following the expiration of the five-year call protection on June 9, 2003.

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THE GABELLI EQUITY TRUST INC. NOTES TO FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED)

On June 27, 2002, the Equity Trust 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. The dividend rate, as set by the auction process, which is generally held every 7 days, is expected to vary with short-term interest rates. The Rates of Series C Auction Rate Cumulative Preferred Stock ranged from 1.02% to 1.53% for the six months ended June 30, 2004. Existing shareholders may submit an order to hold, bid or sell such shares on each auction date. Series C Auction Rate Cumulative Preferred Stock shareholders may also trade shares in the secondary market. The Equity Trust, at its option, may redeem the Series C Auction Rate Cumulative Preferred Stock in whole or in part at the liquidation value price at any time. During the six months ended June 30, 2004, the Equity Trust did not repurchase any shares of Series C Auction Rate Cumulative Preferred Stock. At June 30, 2004, 5,200 shares of the Series C Auction Rate Cumulative Preferred Stock were outstanding with an annualized dividend rate of 1.48 percent and accrued dividends amounted to \$5,344.

On October 7, 2003, the Equity Trust received net proceeds of \$72,387,500 (after underwriting discounts of \$2,362,500 and estimated offering expenses of \$250,000) from the public offering of 3,000,000 shares of 5.875% Series D Cumulative Preferred Stock. Commencing October 7, 2008 and thereafter, the Equity Trust, at its option, may redeem the 5.875% Series D Cumulative Preferred Stock in whole or in part at the liquidation value price. During the six months ended June 30, 2004, the Equity Trust repurchased 50,300 shares of 5.875% Series D Cumulative Preferred Stock in the open market at a cost of \$1,185,193 and an average discount of approximately 5.83% from its liquidation value of \$25.00 per share. All repurchased shares of 5.875% Series D Cumulative Preferred Stock have been retired. At June 30, 2004, 2,949,700 shares of the 5.875% Series D Cumulative Preferred Stock were outstanding and accrued dividends amounted to \$36,103.

On October 7, 2003, the Equity Trust received net proceeds of \$49,260,000 (after underwriting discounts of \$500,000 and estimated offering expenses of \$240,000) from the public offering of 2,000 shares of Series E Auction Rate Cumulative Preferred Stock. The dividend rate, as set by the auction process, which is generally held every 7 days, is expected to vary with short-term interest rates. The Rates of Series E Auction Rate Cumulative Preferred Stock

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ranged from 1.02% to 1.47% for the six months ended June 30, 2004. Existing shareholders may submit an order to hold, bid or sell such shares on each auction date. Series E Auction Rate Cumulative Preferred Stock shareholders may also trade shares in the secondary market. The Equity Trust, at its option, may redeem the Series E Auction Rate Cumulative Preferred Stock in whole or in part at the liquidation value price at any time. During the six months ended June 30, 2004, the Equity Trust did not repurchase any shares of Series E Auction Rate Cumulative Preferred Stock. At June 30, 2004, 2,000 shares of the Series E Auction Rate Cumulative Preferred Stock were outstanding with an annualized dividend rate of 1.47 percent and accrued dividends amounted to \$12,250.

6. OTHER MATTERS. On October 7, 2003, the Equity Trust's Adviser received a subpoena from the Attorney General of the State of New York requesting information on mutual fund shares trading practices. The Adviser has also received requests for information from the SEC regarding mutual fund trading practices and valuation of portfolio securities. The Adviser has responded to the requests. The Equity Trust does not believe that these matters will have a material adverse effect on the Equity Trust's financial position or the results of its operations.

7. INDEMNIFICATIONS. The Equity Trust enters into contracts that contain a variety of indemnifications. The Equity Trust's maximum exposure under these arrangements is unknown. However, the Equity Trust has not had prior claims or losses pursuant to these contracts and expect the risk of loss to be remote.

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THE GABELLI EQUITY TRUST INC.
FINANCIAL HIGHLIGHTS

| SELECTED DATA FOR AN EQUITY TRUST COMMON SHARE OUTSTANDING THROUGHOUT EACH PERIOD: | SIX MONTHS ENDED JUNE 30, 2004(a) (UNAUDITED) | YEAR ENDED | |
|--|---|--------------|--------------|
| | | 2003 (a) (g) | 2004 (b) (h) |
| OPERATING PERFORMANCE: | | | |
| Net asset value, beginning of period | \$ 7.98 | \$ 6.28 | \$ 5.88 |
| Net investment income | 0.09 | 0.04 | (0.01) |
| Net realized and unrealized gain (loss) on investments .. | 0.39 | 2.50 | (0.10) |
| Total from investment operations | 0.48 | 2.54 | (0.11) |
| DISTRIBUTIONS TO PREFERRED STOCK SHAREHOLDERS: | | | |
| Net investment income | (0.07) | (0.00) (c) | (0.01) |
| Net realized gain on investments | -- | (0.14) | (0.01) |
| Total distributions to preferred stock shareholders | (0.07) | (0.14) | (0.02) |
| NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS RESULTING FROM OPERATIONS | | | |
| | 0.40 | 2.40 | (0.13) |
| DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS: | | | |
| Net investment income | (0.02) | (0.01) | (0.01) |
| Net realized gain on investments | -- | (0.68) | (0.01) |
| Return of capital | (0.30) * | (0.00) (c) | (0.01) |

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| | | | |
|---|----------|---------|-----|
| Total distributions to common stock shareholders | (0.32) | (0.69) | (|
| | ----- | ----- | --- |
| CAPITAL SHARE TRANSACTIONS: | | | |
| Increase in net asset value from common stock share transactions | 0.00 (c) | 0.01 | |
| Decrease in net asset value from shares issued in rights offering | -- | -- | |
| Increase in net asset value from repurchase of preferred shares | 0.00 (c) | -- | |
| Offering costs for preferred shares charged to paid-in capital | -- | (0.02) | (|
| | ----- | ----- | --- |
| Total capital share transactions | 0.00 | (0.01) | |
| | ----- | ----- | --- |
| NET ASSET VALUE ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS, END OF PERIOD | | | |
| | \$ 8.07 | \$ 7.98 | \$ |
| | ===== | ===== | == |
| Net asset value total return + | 5.29% | 39.90% | (2 |
| | ===== | ===== | == |
| Market value, end of period | \$ 8.17 | \$ 8.00 | \$ |
| | ===== | ===== | == |
| Total investment return ++ | 6.24% | 28.58% | (2 |
| | ===== | ===== | == |

SELECTED DATA FOR AN EQUITY TRUST COMMON SHARE
OUTSTANDING THROUGHOUT EACH PERIOD:

YEAR ENDED DECEMBER 31,

| | 2000 (a) | 1999 (a) | |
|---|------------|------------|--|
| | ----- | ----- | |
| OPERATING PERFORMANCE: | | | |
| Net asset value, beginning of period | \$12.75 | \$11.47 | |
| | ----- | ----- | |
| Net investment income | 0.05 | 0.04 | |
| Net realized and unrealized gain (loss) on investments .. | (0.51) | 3.25 | |
| | ----- | ----- | |
| Total from investment operations | (0.46) | 3.29 | |
| | ----- | ----- | |
| DISTRIBUTIONS TO PREFERRED STOCK SHAREHOLDERS: | | | |
| Net investment income | (0.00) (c) | (0.00) (c) | |
| Net realized gain on investments | (0.09) | (0.09) | |
| | ----- | ----- | |
| Total distributions to preferred stock shareholders | (0.09) | (0.09) | |
| | ----- | ----- | |
| NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS RESULTING FROM OPERATIONS | | | |
| | (0.55) | 3.20 | |
| | ----- | ----- | |
| DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS: | | | |
| Net investment income | (0.04) | (0.03) (b) | |
| Net realized gain on investments | (1.27) | (1.21) (b) | |
| Return of capital | -- | (0.68) (b) | |
| | ----- | ----- | |
| Total distributions to common stock shareholders | (1.31) | (1.92) | |
| | ----- | ----- | |
| CAPITAL SHARE TRANSACTIONS: | | | |
| Increase in net asset value from common stock share transactions | -- | -- | |
| Decrease in net asset value from shares issued in rights offering | -- | -- | |
| Increase in net asset value from repurchase of preferred shares | -- | -- | |

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| | | |
|--|---------|---------|
| Offering costs for preferred shares charged to paid-in capital | -- | -- |
| | ----- | ----- |
| Total capital share transactions | -- | -- |
| | ----- | ----- |
| NET ASSET VALUE ATTRIBUTABLE TO COMMON STOCK | | |
| SHAREHOLDERS, END OF PERIOD | \$10.89 | \$12.75 |
| | ===== | ===== |
| Net asset value total return + | (4.39)% | 29.49% |
| | ===== | ===== |
| Market value, end of period | \$11.44 | \$12.56 |
| | ===== | ===== |
| Total investment return ++ | 1.91% | 26.57% |
| | ===== | ===== |

- + Based on net asset value per share, adjusted for reinvestment of distributions, including the effect of shares issued pursuant to rights offering, assuming full subscription by shareholder. Total return for the period of less than one year is not annualized.
- ++ Based on market value per share, adjusted for reinvestment of distributions, including the effect of shares issued pursuant to rights offering, assuming full subscription by shareholder. Total return for the period of less than one year is not annualized.
- (a) Per share amounts have been calculated using the monthly average shares outstanding method.
- (b) A distribution equivalent to \$0.75 per share for The Gabelli Utility Trust spin-off from net investment income, realized short-term gains, realized long-term gains, and paid-in-capital were \$0.01029, \$0.07453, \$0.34218 and \$0.32300, respectively.
- (c) Amount represents less than \$0.005 per share.
- (d) Based on weekly prices.
- (e) The ratios do not include a reduction of expenses for custodian fee credits on cash balances maintained with the custodian. Including such custodian fee credits for the years ended December 31, 2002, 2001 and 2000, the ratios of operating expenses to average net assets attributable to common stock would be 1.19%, 1.11%, and 1.14%, respectively, and the ratios of operating expenses to average total net assets including liquidation value of preferred shares would be 0.88%, 1.00%, 0.94% and 1.03%, respectively.
- (f) Asset coverage is calculated by combining all series of preferred stock.
- (g) See Note 2 to Financial Statements (Swap Agreements).
- (h) Annualized.
- * Based on current earnings and subject to change and recharacterization at fiscal year end.

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
FINANCIAL HIGHLIGHTS (CONTINUED)

| | SIX MONTHS ENDED JUNE 30, 2004 (UNAUDITED) | YEAR 2003 (a) |
|--|--|------------------|
| RATIOS AND SUPPLEMENTAL DATA: | | |
| Net assets including liquidation value of preferred shares, end of period (in 000's) | \$1,536,169 | \$1,514,525 |
| Net assets attributable to common shares, end of period (in 000's) | \$1,117,273 | \$1,094,525 |
| Ratio of net investment income to average net assets attributable to common shares | 1.16% (h) | 0.67% |
| Ratio of operating expenses to average net assets attributable to common shares (e) (g) | 1.21% (h) | 1.62% |
| Ratio of operating expenses to average total net assets including liquidation value of preferred shares (e) (g) .. | 0.88% (h) | 1.14% |
| Portfolio turnover rate | 4% | 19.2% |
| PREFERRED STOCK: | | |
| 7.25% CUMULATIVE PREFERRED STOCK | | |
| Liquidation value, end of period (in 000's) | -- | -- |
| Total shares outstanding (in 000's) | -- | -- |
| Liquidation preference per share | -- | -- |
| Average market value (d) | -- | -- |
| Asset coverage per share | -- | -- |
| 7.20% CUMULATIVE PREFERRED STOCK | | |
| Liquidation value, end of period (in 000's) | \$ 165,000 | \$ 165,000 |
| Total shares outstanding (in 000's) | 6,600 | 6,600 |
| Liquidation preference per share | \$ 25.00 | \$ 25.00 |
| Average market value (d) | \$ 26.64 | \$ 27.06 |
| Asset coverage per share | \$ 91.70 | \$ 90.15 |
| AUCTION RATE SERIES C CUMULATIVE PREFERRED STOCK | | |
| Liquidation value, end of period (in 000's) | \$ 130,000 | \$ 130,000 |
| Total shares outstanding (in 000's) | 5 | 5 |
| Liquidation preference per share | \$ 25,000 | \$ 25,000 |
| Average market value (d) | \$ 25,000 | \$ 25,000 |
| Asset coverage per share | \$ 91,704 | \$ 90,150 |
| 5.875% CUMULATIVE PREFERRED STOCK | | |
| Liquidation value, end of period (in 000's) | \$ 75,000 | \$ 75,000 |
| Total shares outstanding (in 000's) | 3,000 | 3,000 |
| Liquidation preference per share | \$ 25.00 | \$ 25.00 |
| Average market value (d) | \$ 24.88 | \$ 25.10 |
| Asset coverage per share | \$ 91.70 | \$ 90.15 |
| AUCTION RATE SERIES E CUMULATIVE PREFERRED STOCK | | |
| Liquidation value, end of period (in 000's) | \$ 50,000 | \$ 50,000 |
| Total shares outstanding (in 000's) | 2 | 2 |
| Liquidation preference per share | \$ 25,000 | \$ 25,000 |
| Average market value (d) | \$ 25,000 | \$ 25,000 |
| Asset coverage per share | \$ 91,704 | \$ 90,150 |
| ASSET COVERAGE (f) | 367% | 361% |
| YEAR ENDED DECEMBER 31, | | |
| | 2000 (a) | 1999 (a) |

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RATIOS AND SUPPLEMENTAL DATA:

| | | |
|--|-------------|-------------|
| Net assets including liquidation value of preferred shares, end of period (in 000's) | \$1,318,263 | \$1,503,641 |
| Net assets attributable to common shares, end of period (in 000's) | \$1,184,041 | \$1,368,981 |
| Ratio of net investment income to average net assets attributable to common shares | 0.42% | 0.34% |
| Ratio of operating expenses to average net assets attributable to common shares (e) (g) | 1.14% | 1.27% |
| Ratio of operating expenses to average total net assets including liquidation value of preferred shares (e) (g) .. | 1.03% | 1.15% |
| Portfolio turnover rate | 32.1% | 38.0% |

PREFERRED STOCK:

7.25% CUMULATIVE PREFERRED STOCK

| | | |
|---|------------|------------|
| Liquidation value, end of period (in 000's) | \$ 134,223 | \$ 134,660 |
| Total shares outstanding (in 000's) | 5,369 | 5,386 |
| Liquidation preference per share | \$ 25.00 | \$ 25.00 |
| Average market value (d) | \$ 22.62 | \$ 24.43 |
| Asset coverage per share | \$ 245.54 | \$ 279.16 |

7.20% CUMULATIVE PREFERRED STOCK

| | | |
|---|----|----|
| Liquidation value, end of period (in 000's) | -- | -- |
| Total shares outstanding (in 000's) | -- | -- |
| Liquidation preference per share | -- | -- |
| Average market value (d) | -- | -- |
| Asset coverage per share | -- | -- |

AUCTION RATE SERIES C CUMULATIVE PREFERRED STOCK

| | | |
|---|----|----|
| Liquidation value, end of period (in 000's) | -- | -- |
| Total shares outstanding (in 000's) | -- | -- |
| Liquidation preference per share | -- | -- |
| Average market value (d) | -- | -- |
| Asset coverage per share | -- | -- |

5.875% CUMULATIVE PREFERRED STOCK

| | | |
|---|----|----|
| Liquidation value, end of period (in 000's) | -- | -- |
| Total shares outstanding (in 000's) | -- | -- |
| Liquidation preference per share | -- | -- |
| Average market value (d) | -- | -- |
| Asset coverage per share | -- | -- |

AUCTION RATE SERIES E CUMULATIVE PREFERRED STOCK

| | | |
|---|------|--------|
| Liquidation value, end of period (in 000's) | -- | -- |
| Total shares outstanding (in 000's) | -- | -- |
| Liquidation preference per share | -- | -- |
| Average market value (d) | -- | -- |
| Asset coverage per share | -- | -- |
| ASSET COVERAGE (f) | 982% | 1,117% |

+ Based on net asset value per share, adjusted for reinvestment of distributions, including the effect of shares issued pursuant to rights offering, assuming full subscription by shareholder. Total return for the period of less than one year is not annualized.

++ Based on market value per share, adjusted for reinvestment of distributions, including the effect of shares issued pursuant to rights offering, assuming full subscription by shareholder. Total return for the period of less than one year is not annualized.

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

(b) A distribution equivalent to \$0.75 per share for The Gabelli Utility Trust spin-off from net investment income, realized short-term gains, realized

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long-term gains, and paid-in-capital were \$0.01029, \$0.07453, \$0.34218 and \$0.32300, respectively.

- (c) Amount represents less than \$0.005 per share.
 - (d) Based on weekly prices.
 - (e) The ratios do not include a reduction of expenses for custodian fee credits on cash balances maintained with the custodian. Including such custodian fee credits for the years ended December 31, 2002, 2001 and 2000, the ratios of operating expenses to average net assets attributable to common stock would be 1.19%, 1.11%, and 1.14%, respectively, and the ratios of operating expenses to average total net assets including liquidation value of preferred shares would be 0.88%, 1.00%, 0.94% and 1.03%, respectively.
 - (f) Asset coverage is calculated by combining all series of preferred stock.
 - (g) See Note 2 to Financial Statements (Swap Agreements).
 - (h) Annualized.
- * Based on current earnings and subject to change and recharacterization at fiscal year end.

See accompanying notes to financial statements.

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DIRECTORS AND OFFICERS
THE GABELLI EQUITY TRUST INC.
ONE CORPORATE CENTER, RYE, NY 10580-1422

DIRECTORS

Mario J. Gabelli, CFA
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GABELLI ASSET MANAGEMENT INC.

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PRESIDENT, JOHN DEWEY ACADEMY

Anthony J. Colavita
ATTORNEY-AT-LAW,
ANTHONY J. COLAVITA, P.C.

James P. Conn
FORMER MANAGING DIRECTOR & CHIEF INVESTMENT OFFICER,
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AMERICAN GAMING ASSOCIATION

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FORMER CHAIRMAN & CHIEF EXECUTIVE OFFICER,
GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

Karl Otto Pohl
FORMER PRESIDENT, DEUTSCHE BUNDESBANK

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Anthony R. Pustorino
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PROFESSOR EMERITUS, PACE UNIVERSITY

Salvatore J. Zizza
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Dawn M. Donato
ASSISTANT VICE PRESIDENT

James E. McKee
SECRETARY

INVESTMENT ADVISER

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Rye, New York 10580-1422

CUSTODIAN

Mellon Trust of New England, N.A.

COUNSEL

Willkie Farr & Gallagher LLP

TRANSFER AGENT AND REGISTRAR

EquiServe Trust Company

STOCK EXCHANGE LISTING

| | Common | 7.20% Preferred | 5.875% Preferred |
|---------------------|-------------|-----------------|------------------|
| | ----- | ----- | ----- |
| NYSE-Symbol: | GAB | GAB PrB | GAB PrD |
| Shares Outstanding: | 138,506,691 | 6,600,000 | 2,949,700 |

The Net Asset Value appears in the Publicly Traded Funds column, under the heading "General Equity Funds," in Sunday's The New York Times and 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 may be obtained each day by calling (914) 921-5071.

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

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Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Equity Trust may, from time to time, purchase shares of its common stock in the open market when the Equity Trust shares are trading at a discount of 10% or more from the net asset value of the shares. The Equity Trust may also, from time to time, purchase shares of its Cumulative Preferred Stock in the open market when the shares are trading at a discount to the Liquidation Value of \$25.00.

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. SCHEDULE OF INVESTMENTS

Not applicable.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable.

ITEM 8. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

REGISTRANT PURCHASES OF EQUITY SECURITIES
=====

(C) TOTAL NUMBER OF SHARES (D) MAXI APPROXIMATE

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| PERIOD | (A) TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED | (B) AVERAGE PRICE PAID PER SHARE (OR UNIT) | (OR UNITS) PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS | (OR UNITS) PURCHASED |
|--|---|--|---|---|
| Month #1 01/01/04 through 01/31/04 | Common - N/A Preferred Series B - N/A Preferred Series D - N/A | Common - N/A Preferred Series B - N/A Preferred Series D - N/A | Common - N/A Preferred Series B - N/A Preferred Series D - N/A | Common - 137 Preferred Series B - Preferred Series D - |
| Month #2 02/01/04 through 02/29/04 | Common - N/A Preferred Series B - N/A Preferred Series D - N/A | Common - N/A Preferred Series B - N/A Preferred Series D - N/A | Common - N/A Preferred Series B - N/A Preferred Series D - N/A | Common - 137 Preferred Series B - Preferred Series D - |
| Month #3 03/01/04 through 03/31/04 | Common - N/A Preferred Series B - N/A Preferred Series D - N/A | Common - N/A Preferred Series B - N/A Preferred Series D - N/A | Common - N/A Preferred Series B - N/A Preferred Series D - N/A | Common - 137 Preferred Series B - Preferred Series D - |
| Month #4 04/01/04 through 04/30/04 | Common - N/A Preferred Series B - N/A Preferred Series D - 11,900 | Common - N/A Preferred Series B - N/A Preferred Series D - \$24.2986 | Common - N/A Preferred Series B - N/A Preferred Series D - 11,900 | Common - 137 Preferred Series B - Preferred Series D - 11,900 = 2,9 |
| Month #5 05/01/04 through 05/31/04 | Common - N/A Preferred Series B - N/A Preferred Series D - 28,600 | Common - N/A Preferred Series B - N/A Preferred Series D - \$23.1641 | Common - N/A Preferred Series B - N/A Preferred Series D - 28,600 | Common - 137 Preferred Series B - Preferred Series D - 28,600 = 2,9 |
| Month #6 06/01/04 through 06/30/04 | Common - N/A Preferred Series B - N/A Preferred Series D - 9,800 | Common - N/A Preferred Series B - N/A Preferred Series D - \$23.8314 | Common - N/A Preferred Series B - N/A Preferred Series D - 9,800 | Common - 137 Preferred Series B - Preferred Series D - = 2,949,700 |
| Total | Common - N/A Preferred Series B - N/A Preferred Series D - 50,300 | Common - N/A Preferred Series B - N/A Preferred Series D - \$23.5625 | Common - N/A Preferred Series B - N/A Preferred Series D - 50,300 | N/A |

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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 9. 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 7(d)(2)(ii)(G) of Schedule 14A (17 CFR 240.14a-101), or this Item.

ITEM 10. 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 last fiscal half-year (the registrant's second fiscal half-year in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 11. 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.

