

The Gabelli Equity Income Fund

Shareholder Commentary June 30, 2009

To Our Shareholders,

For the second quarter of 2009, The Gabelli Equity Income Fund rose 17.59% versus an increase of 15.92% for the Standard & Poor's ("S&P") 500 Index. The Fund's annualized total returns for the one year, three year, five year, ten year, fifteen year, and since inception periods were (24.03)%, (5.98)%, 0.51%, 3.32%, 8.63%, and 8.77%, respectively, outperforming the S&P 500 benchmark for each of these periods. The Fund's cumulative total return since inception 17.5 years ago on January 2, 1992 is 334.83%.

Comparative Results

Average Annual Returns through June 30, 2009 (a)(b)

	Quarter	Year to Date	1 Year	3 Year	5 Year	10 Year	15 Year	Since Inception (1/2/92)
Gabelli Equity Income Fund Class AAA	17.59%	5.29%	(24.03)%	(5.98)%	0.51%	3.32%	8.63%	8.77%
S&P 500 Index	15.92	3.19	(26.20)	(8.22)	(2.24)	(2.22)	6.92	6.73
Nasdaq Composite Index	21.05	15.33	(27.98)	(10.83)	(4.35)	(1.70)	6.58	6.74
Lipper Equity Income Fund Average	15.49	1.23	(24.52)	(7.84)	(0.92)	0.38	6.38	6.78

The expense ratio in the current prospectus is 1.43% for the Fund's Class AAA Shares. Class AAA Shares do not have a sales charge.

(a) **Returns represent past performance and do not guarantee future results.** Total returns and average annual returns reflect changes in share price and reinvestment of distributions and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Performance returns for periods of less than one year are not annualized. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectus contains more information about this and other matters and should be read carefully before investing.** See page 8 for performance of other classes of shares. The S&P 500 Index and the Nasdaq Composite Index are unmanaged indicators of stock market performance, while the Lipper Equity Income Fund Average reflects the average performance of mutual funds classified in this particular category. Dividends are considered reinvested (except for the Nasdaq Composite Index). You cannot invest directly in an index.

(b) The Fund's fiscal year ends September 30.

THE GABELLI EQUITY INCOME FUND INVESTMENT RESULTS (CLASS AAA SHARES) (a)(c)

		Calendar Quarter				
		1st	2nd	3rd	4th	Year
2009:	Net Asset Value	\$12.58	\$14.70	—	—	—
	Total Return	(10.5)%	17.6%	—	—	—
2008:	Net Asset Value	\$20.28	\$19.83	\$18.00	\$14.15	\$14.15
	Total Return	(8.2)%	(1.8)%	(8.8)%	(20.9)%	(35.0)%
2007:	Net Asset Value	\$21.36	\$22.71	\$22.98	\$22.19	\$22.19
	Total Return	1.9%	6.8%	1.6%	(1.4)%	8.9%
2006:	Net Asset Value	\$19.34	\$19.51	\$20.23	\$21.06	\$21.06
	Total Return	5.5%	1.35%	4.2%	7.0%	19.2%
2005:	Net Asset Value	\$17.79	\$18.00	\$18.72	\$18.41	\$18.41
	Total Return	0.2%	1.7%	4.5%	(0.2)%	6.4%
2004:	Net Asset Value	\$16.77	\$16.90	\$16.73	\$17.84	\$17.84
	Total Return	2.8%	1.3%	(0.5)%	9.0%	13.0%
2003:	Net Asset Value	\$12.59	\$14.47	\$14.60	\$16.40	\$16.40
	Total Return	(3.3)%	15.7%	1.5%	13.0%	28.3%
2002:	Net Asset Value	\$14.91	\$13.86	\$11.93	\$13.02	\$13.02
	Total Return	4.2%	(6.6)%	(13.5)%	9.7%	(7.7)%
2001:	Net Asset Value	\$14.50	\$15.07	\$13.88	\$14.37	\$14.37
	Total Return	(2.3)%	4.4%	(7.5)%	5.1%	(0.9)%
2000:	Net Asset Value	\$15.86	\$15.86	\$16.35	\$14.91	\$14.91
	Total Return	0.8%	0.8%	3.8%	5.6%	11.3%
1999:	Net Asset Value	\$16.39	\$18.26	\$17.58	\$15.80	\$15.80
	Total Return	(1.5)%	11.7%	(3.4)%	2.8%	9.3%
1998:	Net Asset Value	\$17.70	\$17.72	\$15.97	\$16.70	\$16.70
	Total Return	10.1%	0.5%	(9.7)%	12.7%	12.6%
1997:	Net Asset Value	\$14.27	\$16.03	\$17.39	\$16.12	\$16.12
	Total Return	1.2%	12.7%	8.8%	3.0%	27.9%
1996:	Net Asset Value	\$13.47	\$13.54	\$13.81	\$14.16	\$14.16
	Total Return	5.5%	1.0%	2.5%	8.0%	17.9%
1995:	Net Asset Value	\$11.56	\$11.99	\$12.65	\$12.84	\$12.84
	Total Return	8.5%	4.3%	6.1%	6.9%	28.3%
1994:	Net Asset Value	\$11.26	\$11.08	\$11.54	\$10.72	\$10.72
	Total Return	(2.2)%	(0.8)%	4.9%	(0.7)%	1.1%
1993:	Net Asset Value	\$11.35	\$11.72	\$12.15	\$11.57	\$11.57
	Total Return	7.4%	3.8%	4.2%	1.5%	17.9%
1992:	Net Asset Value	\$10.19	\$10.36	\$10.40	\$10.64	\$10.64
	Total Return	2.4%(b)	2.3%	1.1%	3.7%	9.8%(b)

Average Annual Returns – June 30, 2009 (a)

1 Year	(24.03)%
5 Year	0.51
10 Year	3.32
Life of Fund (b)	8.77
Current Expense Ratio	1.43
No sales charge for Class AAA Shares.	

(a) **Returns represent past performance and do not guarantee future results. Investment returns and the principal value of an investment will fluctuate.** Total returns and average annual returns reflect changes in share price and reinvestment of dividends and are net of expenses. When shares are redeemed they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectus contains more complete information about this and other matters and should be read carefully before investing.** See page 8 for performance of other classes of shares.

(b) From commencement of investment operations on January 2, 1992.

(c) The Fund's fiscal year ends on September 30.

Monthly Distributions — \$0.03 per share

The Gabelli Equity Income Fund has a \$0.03 per share monthly distribution policy in place. For more specific dividend and tax information, please visit our website at www.gabelli.com or call 800-GABELLI (800-422-3554). Shareholders should be aware that a portion of the distribution may represent a non-taxable return of capital. Such distributions will reduce the cost basis of your shares if you hold them in a taxable account.

COMMENTARY

The Economy

Mark Twain's observation that "History doesn't repeat itself – at best it sometimes rhymes" has been invoked frequently as commentators search for parallels between the current economic crisis and those of the past. For the moment, a repeat of the Great Depression of the 1930s – with 25% unemployment, a one-third contraction in the money supply, and a collapse of global trade – appears to have been averted. Indeed, comfort that we have retreated from the brink of systemic collapse helped to fuel the second quarter rise in stocks around the world. That leaves us to look for other rhymes.

The National Bureau of Economic Research (NBER) identifies thirty-two recessions, lasting seventeen months on average, since 1854. Excluding the current period, there have been ten recessions since 1945, lasting ten months on average. When viewed against an extended backdrop, the twenty month old Great Recession of 2007-2009 looks almost garden variety, which is not to say it is a garden where anyone would like to spend much time. From the 19th century through the Great Depression, sharp and prolonged downturns occurred regularly and shared a number of characteristics. They were often preceded by speculative bubbles (real estate in 1819, railroads in 1893) and combined with financial panics (the Panic of 1907 made famous by the J.P. Morgan led rescue and, of course, the Crash of 1929). Many early panics included political upheaval and significant government intervention. We cannot make predictions about how the current downturn will be viewed in the future or when it will end, only that history tells us that it will end.

The present risks to the economy are clear: increasing joblessness, a continuing deflation in house prices, ballooning deficits with an attendant risk of rising interest rates, and the ever present threat of geopolitical unrest. Counterforces that should support recovery include nearly unprecedented fiscal and monetary stimulus, inventory restocking, emerging market growth, continued innovation, and productivity growth. Ironically, government has been both a problem and solution in past crises. The National Recovery Administration of the 1930s and price controls of the 1970s, among other heavy handed involvements, are generally thought to have delayed recoveries. Coordinated action by the Federal Reserve and U.S. Treasury over the last year may have stabilized the markets in the short term, but we worry that regulatory overreach and increasing taxes could shrivel the "green shoots" present today, which brings to mind another cliché: "those who cannot learn from history are doomed to repeat it."

Deals... Deals... And More Deals

Deal activity remained slow in the second quarter with announced M&A volume down 28% and 57% worldwide and in the U.S., respectively. However, we continue to expect that increased economic visibility and a loosening of credit markets will fuel a rise in strategic combinations as the strong seek to get stronger. During the quarter, the Fund benefited from Pepsi's simultaneous offers for two of its bottlers, PepsiAmericas (0.3% of net assets as of June 30, 2009) and Pepsi Bottling Group. We also expect continued upside from the May 2009 announcement of a merger between Liberty Entertainment and DIRECTV Group (0.1%).

Investment Scorecard

A rebound in media stocks led the Fund's strong performance in the quarter. Cablevision Systems (0.4%), was up over 50%, contributing significantly to the Fund's gains. Cablevision addressed financing concerns with two successful bond offerings and announced that it was exploring a spin-off of its Madison Square Garden properties, including the NY Knicks, NY Rangers, and the associated sports networks and arena. Other strong media contributors included Time Warner (0.3%) and Viacom (0.7%). Long-time holding American Express (0.6%) rebounded sharply, up 71%, and also contributed to performance.

There were few negative performers in the quarter. Among the largest was Newmont Mining (0.8%), which detracted significantly from performance. Newmont was among the biggest gainers in the first quarter as investors sought a safe haven in gold stocks, but a subdued level of fear led to a migration out of those stocks in the second quarter. Given the prospect of accelerated inflation and gold's past role as an inflation hedge, Newmont remains a Fund holding.

Let's Talk Stocks

The following are stock specifics on selected holdings of our Fund. Favorable earnings prospects do not necessarily translate into higher stock prices, but they do express a positive trend that we believe will develop over time. Individual securities mentioned are not necessarily representative of the entire portfolio. For the following holdings, the share prices are stated in U.S. dollar equivalents as of June 30, 2009.

The Boeing Company (0.8% of net assets as of June 30, 2009) (BA - \$42.50 - NYSE) is one of two manufacturers of commercial aircraft. The commercial aerospace industry is in the midst of a strong recovery. While the current economic weakness has reduced air travel, we believe that emerging economies of China, Russia, India, and Brazil (CRIB nations) will create 3.5 billion new middle class consumers who will travel more and thereby increase the demand for new aircraft. The CRIB nations have considerable strengths that should allow their economies to snap back quickly, namely increased disposable income driven by the strong economic growth in the past decade, high levels of foreign exchange reserves, and lower inflation to boost consumption and economic growth. We continue to believe that this group should provide long-term growth opportunities for Boeing.

Cablevision Systems Corp. (0.4%) (CVC - \$19.41 - NYSE) is one of the nation's leading telecommunication and entertainment companies. Headquartered in Bethpage, NY, Cablevision serves over 3 million cable customers in the attractive metropolitan New York market. Cablevision also owns sports related assets, including Madison Square Garden, the NY Knicks, the NY Rangers, and the MSG networks and high growth cable networks AMC, Women's Entertainment, IFC, and Sundance. The company pioneered the "triple play" bundle of video, voice, and data services and is now the majority phone provider in much of its footprint. Cablevision continues to innovate with a robust offering for small businesses and free Wi-Fi service utilizing its advanced infrastructure. Cablevision has begun to reap years of investment in the form of growing free cash flow which we expect to continue for some time. On July 30, 2009, CVC announced plans to spin off its Madison Square Garden assets that include the Madison Square Garden arena, the Knicks, the Rangers, two New York area sports networks, and Radio City Music Hall. We proposed a spinoff of these assets last year. The move could facilitate other transactions, such as the sale of its cable networks and strategic acquisitions, namely contiguous cable assets in the New York metropolitan area.

Cadbury plc (0.6%) (CBY - \$34.40 - NYSE) is a global producer of chocolate, chewing gum, and candy, selling its products under global brands such as Cadbury, Dentyne, and Trident. The company spun off its Americas Beverages business in 2008 and sold its Australian Beverages business in April 2009, and is now a pure play confectioner. Cadbury has significant exposure to fast growing emerging markets, including Latin America, Eastern Europe, and Asia. Management has laid out aggressive plans for cost reductions in order to increase margins substantially over the next several years. The confectionery industry is currently undergoing consolidation, as privately held chocolate Mars bought chewing gum rival Wrigley in 2008. We believe that Cadbury could be an attractive acquisition candidate for another confectioner or global food company.

Deere & Co. (1.3%) (DE - \$39.95 - NYSE) was founded in 1837 and is headquartered in Moline, Illinois. DE manufactures and distributes agricultural and commercial equipment worldwide. After recently reorganizing the

Agricultural Equipment Division and the Commercial and Consumer Equipment Division into a single unit called the Worldwide Agriculture and Turf Division, the firm now operates in three segments: Agriculture and Turf Division, Construction and Forestry, and Credit. We continue to believe that Deere remains a quality name in the agricultural equipment space.

Diageo plc (0.4%) (DEO - \$57.25 - NYSE) is the leading spirits and wine company globally, with brands including Smirnoff, Johnny Walker, Ketel One, Captain Morgan, Crown Royal, J&B, Baileys, Tanqueray, and Jose Cuervo, as well as the Guinness beer brand. The company has a balanced geographic presence in both mature and emerging markets, and benefits from the trend of consumers around the world increasingly seeking premium branded spirits. Management is a prudent steward of capital and returns a significant amount of cash to shareholders every year in the form of both dividends and share repurchases. For the nine months ended March 31, 2009, Diageo's net sales were flat on an organic basis, as the company has been impacted somewhat by the economic slowdown and de-stocking of inventories by retailers and distributors. However, Diageo still expects to grow operating profit by 4%-6% and earnings per share double digits in the fiscal year ending June 30, 2009. We expect Diageo's market leadership and strong cash generation to allow it to continue to invest in its business and emerge from the current downturn even stronger.

Flowserve Corp. (0.8%) (FLS - \$69.81 - NYSE) is the largest pump company serving the petroleum, chemical, and power industries. The company's products include engineered pumps, automation and control valves, actuators, and seals. About 40% of FLS' revenues are derived from the oil and gas industries. We believe the company should benefit from the refurbishment of the aging infrastructure – equipment that was built years ago to bring oil to the surface – in the U.S., Middle East, and other parts of the world. In addition, the oil companies now need to extract the dirtier, heavier, and harder to retrieve crude from thousands of feet below ground as the cleaner, lighter, and easier to obtain crude is depleted from down to 800 feet below ground. These requirements demand more highly engineered pumps, valves, and seals that can work under very high pressure, high temperature, or underwater, boding well for FLS' products.

Genuine Parts Co. (0.9%) (GPC - \$33.56 - NYSE) distributes automotive and industrial replacement parts, office products, and electrical/electronic materials in the United States, Canada, and Mexico. The Atlanta, GA based company owns and operates automotive parts distribution centers and automotive parts stores under the NAPA brand. GPC has benefited from the current struggles of the original equipment automotive industry, as consumers have chosen to service and maintain vehicles for a longer period of time instead of buying new. With a leading position in the Do-It-For-Me (DIFM) market, GPC's NAPA stores provide garages and service centers with industry leading parts availability and inventory management. The company has a strong commitment to shareholder value via share repurchases and a steadily increasing dividend. In 2008, Genuine Parts Co. earned \$2.92 per share on \$11 billion in revenue.

Swedish Match AB (2.2%) (SWMA.SS - \$16.24 - Swedish Exchange) produces tobacco products that include snuff, chewing tobacco, cigars, and lights. The company's products are sold in more than 150 countries and it is a leader in its categories. The company has been benefiting from the growth of the smokeless tobacco market in both Scandinavia and the U.S., as public smoking bans and health concerns are driving consumers to seek alternative tobacco products to cigarettes. In response to excise tax increases in 2007 and 2008, the company raised prices in Sweden, demonstrating that the company can utilize its pricing power in order to increase profits for its snuff division. In February 2009, Swedish Match created a joint venture with Philip Morris International to sell Swedish snus in markets around the world, taking advantage of Swedish Match's brands and production capabilities and Philip Morris International's distribution network. In July 2009, Swedish Match agreed to sell its South African pipe tobacco business to Philip Morris International for 1.75 billion ZAR, and the company expects to use much of the proceeds to repurchase stock.

Vivendi SA (0.5%) (VIV.VX - \$23.90 - French Stock Exchange) is a telecommunications and media company with stakes in France's second largest wireless company (SFR), Morocco's incumbent telephone operator (Maroc Telecom), France's largest pay-TV service (Canal+), the world's largest recorded music company (Universal Music), and the world's largest video game software company (Activision). In May 2004, the company completed the sale of its U.S. film, TV, and theme park assets to NBC for \$14 billion, retaining a 20% stake in the newly formed NBC Universal. Vivendi continues to improve its portfolio of assets, consolidating the two French satellite platforms and adding to the scale of its music publishing business with the acquisition of Bertelsmann Music Publishing in 2007. We think synergies from these deals should drive earnings at Vivendi for several years. Ultimately, we think Vivendi may split its media and telecommunications assets, potentially selling its stake in SFR to minority partner Vodafone, or more likely, consolidating its interest in SFR by purchasing Vodafone's stake in the company. We also think Vivendi could seek liquidity for its interest in NBCU, possibly transforming the asset into a stake in a larger media entity.

Wells Fargo & Co. (1.2%) (WFC - \$24.26 - NYSE) is a diversified financial services company with \$1.3 trillion in assets funded by \$745 billion in core deposits, giving it the second highest deposit market share in the U.S. of 11.2%. These deposits and loans are gathered and managed through a nationwide network of 6,610 retail stores providing banking, insurance, investments, mortgages, and consumer finance through and the Internet (wellsfargo.com). Wells Fargo's recent merger with Wachovia has given it a nationwide presence and is expected to generate annual cost savings of \$5 billion. Through the merger, Wells Fargo was able to write off much of Wachovia's most toxic assets, leaving current shareholders with a much cleaner balance sheet going forward.

Conclusion

In our view, the market is rife with bargains. Historically, times of uncertainty have been profitable for those who practice our approach to Plain Old Stock Picking (POSP). We believe a diversified portfolio of stocks selling below their PMVs with catalysts for financial engineering and value enhancement will do well.

Sincerely,



Mario J. Gabelli, CFA
Portfolio Manager and
Chief Investment Officer – Value Portfolios

August 17, 2009

Note: The views expressed in this Shareholder Commentary reflect those of the Portfolio Manager only through the end of the period stated in this Shareholder Commentary. The Portfolio Manager's views are subject to change at any time based on market and other conditions. The information in this Portfolio Manager's Shareholder Commentary represents the opinions of the individual Portfolio Manager and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. Views expressed are those of the Portfolio Manager and may differ from those of other portfolio managers or of the Firm as a whole. This Shareholder Commentary does not constitute an offer of any transaction in any securities. Any recommendation contained herein may not be suitable for all investors. Information contained in this Shareholder Commentary has been obtained from sources we believe to be reliable, but cannot be guaranteed.

Portfolio Manager Compensation

Mr. Gabelli's incentive-based, variable compensation structure and dollar amount have been fully disclosed each year since April of 2000 in GAMCO Investors, Inc.'s (NYSE: GBL) annual proxy statement. Mr. Gabelli receives no base salary, no annual bonus, and no options.

As founder and portfolio manager of The Gabelli Equity Income Fund, Mr. Gabelli received \$4,115,842 in calendar 2008. In 1992, the Fund's first year of operation starting in January, Mr. Gabelli received less than \$165,000. As beneficial owner, he had \$4,728,245 invested in The Gabelli Equity Income Fund as of June 30, 2009, which includes the holdings of GBL and GGCP, Inc., GBL's parent holding company.

Minimum Initial Investment – \$1,000

The Fund's minimum initial investment for regular accounts is \$1,000. There are no subsequent investment minimums. No initial minimum is required for those establishing an Automatic Investment Plan. Additionally, the Fund and other Gabelli/GAMCO Funds are available through the no-transaction fee programs at many major brokerage firms. The Fund imposes a 2% redemption fee on shares sold in seven days or less of a purchase. See the prospectus for more details.

www.gabelli.com

Please visit us on the Internet. Our homepage at www.gabelli.com contains information about GAMCO Investors, Inc., the Gabelli/GAMCO Mutual Funds, IRAs, 401(k)s, current and historical quarterly reports, closing prices, and other current news. We welcome your comments and questions via e-mail at info@gabelli.com.

You may sign up for our e-mail alerts at www.gabelli.com and receive early notice of quarterly report availability, news events, media sightings, and mutual fund prices and performance.

The Fund's daily net asset value is available in the financial press and each evening after 6:00 PM (Eastern Time) by calling 800-GABELLI (800-422-3554). The Fund's NASDAQ symbol is GABEX for Class AAA Shares. Please call us during the business day for further information.

e-delivery

We are pleased to offer electronic delivery of Gabelli fund documents. Direct shareholders of our open-end mutual funds can now elect to receive their Annual, Semiannual, and Quarterly Fund Reports, Manager Commentaries, and Prospectuses via e-delivery. For more information or to sign up for e-delivery, please visit our website at www.gabelli.com.

Top Ten Holdings (Percent of Net Assets) June 30, 2009

Swedish Match AB 2.2%	Deere & Co. 1.3%
International Business Machines Corp. 1.9%	Chevron Corp. 1.3%
The Coca-Cola Co. 1.8%	Rockwell Automation Inc. 1.3%
Johnson & Johnson 1.7%	Wells Fargo & Co. 1.2%
The Bank of New York Mellon Corp. 1.5%	Wal-Mart Stores Inc. 1.2%

Multi-Class Shares

The Gabelli Equity Income Fund began offering additional classes of Fund shares on December 31, 2003. Class AAA Shares are no-load shares offered directly by selected broker/dealers. Class A and Class C Shares are targeted to the needs of investors who seek advice through financial consultants. Class I Shares are available solely to certain institutions which initially invest directly with the Fund. The minimum initial investment amount for Class I Shares is \$500,000. The Board of Directors determined that expanding the types of Fund shares available through various distribution options will enhance the ability of the Fund to attract additional investors.

Average Annual Returns – June 30, 2009 (a)(f)

	Class AAA Shares	Class A Shares	Class B Shares	Class C Shares	Class I Shares
1 Year	(24.03)%	(24.06)% (28.42)(c)	(24.61)% (28.38)(d)	(24.61)% (25.36)(e)	(23.75)%
5 Year	0.51	0.49 (0.70)(c)	(0.26) (0.66)(d)	(0.24) (0.24)	0.61
10 Year	3.32	3.31 2.70(c)	2.89 2.89	2.91 2.91	3.37
Life of Fund (b)	8.77	8.76 8.39(c)	8.50 8.50	8.51 8.51	8.79
Current Expense Ratio ..	1.43	1.43	2.18	2.18	1.18
Maximum Sales Charge ..	None	5.75	5.00	1.00	None

(a) **Returns represent past performance and do not guarantee future results.** Total returns and average annual returns reflect changes in share price and reinvestment of distributions and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectus contains more information about this and other matters and should be read carefully before investing.**

The Class AAA Shares' net asset values ("NAV") per share are used to calculate performance for the periods prior to the issuance of Class A Shares, Class B Shares, and Class C Shares on December 31, 2003 and Class I Shares on January 11, 2008. The actual performance for the Class B Shares and Class C Shares would have been lower and Class I Shares would have been higher due to the differences in expenses associated with these classes of shares.

(b) Performance is calculated from inception of Class AAA Shares on January 2, 1992.

(c) Includes the effect of the maximum 5.75% sales charge at the beginning of the period.

(d) Performance results include the deferred sales charges for the Class B Shares upon redemption at the end of the one year and five year periods of 5% and 2%, respectively, of the Fund's NAV per share at the time of purchase or sale, whichever is lower. Class B Shares are not available for new purchases.

(e) Performance results include the deferred sales charges for the Class C Shares upon redemption at the end of the one year period of 1% of the Fund's NAV per share at the time of purchase or sale, whichever is lower.

(f) The Fund's fiscal year ends September 30.

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

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Gabelli/GAMCO Funds and Your Personal Privacy

Who are we?

The Gabelli/GAMCO Funds are investment companies registered with the Securities and Exchange Commission under the Investment Company Act of 1940. We are managed by Gabelli Funds, LLC or Teton Advisors, Inc., which are affiliated with GAMCO Investors, Inc. GAMCO Investors, Inc. is a publicly held company that has subsidiaries that provide investment advisory or brokerage services for a variety of clients. Teton Advisors, Inc. is a publicly held company that provides investment advisory services to the GAMCO Westwood Funds.

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

If you apply to open an account directly with us, you will be giving us some non-public information about yourself. The non-public information we collect about you is:

- *Information you give us on your application form.* This could include your name, address, telephone number, social security number, bank account number, and other information.
- *Information about your transactions with us, any transactions with our affiliates, and transactions with the entities we hire to provide services to you.* This would include information about the shares that you buy or redeem. If we hire someone else to provide services—like a transfer agent—we will also have information about the transactions that you conduct through them.

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

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

What do we do to protect your personal information?

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

GABELLI FAMILY OF FUNDS

VALUE

Gabelli Asset Fund

Seeks to invest primarily in a diversified portfolio of common stocks selling at significant discounts to their private market value. The Fund's primary objective is growth of capital. (Multiclass)

Portfolio Manager: Mario J. Gabelli, CFA

Gabelli Blue Chip Value Fund

Seeks long term growth of capital through investment primarily in the common stocks of established companies which are temporarily out of favor. The fund's objective is to identify a catalyst or sequence of events that will return the company to a higher value. (Multiclass)

Portfolio Manager: Barbara Marcin, CFA

GAMCO Westwood Equity Fund

Seeks to invest primarily in the common stock of well seasoned companies that have recently reported positive earnings surprises and are trading below Westwood's proprietary growth rate estimates. The Fund's primary objective is capital appreciation. (Multiclass)

Portfolio Manager: Susan M. Byrne

FOCUSED VALUE

Gabelli Value Fund

Seeks to invest in securities of companies believed to be undervalued. The Fund's primary objective is long-term capital appreciation. (Multiclass)

Portfolio Manager: Mario J. Gabelli, CFA

SMALL CAP VALUE

Gabelli Small Cap Fund

Seeks to invest primarily in common stock of smaller companies (market capitalizations at the time of investment of \$2 billion or less) believed to have rapid revenue and earnings growth potential. The Fund's primary objective is capital appreciation. (Multiclass)

Portfolio Manager: Mario J. Gabelli, CFA

GAMCO Westwood SmallCap Equity Fund

Seeks to invest primarily in smaller capitalization equity securities – market caps of \$2.5 billion or less. The Fund's primary objective is long-term capital appreciation. (Multiclass)

Portfolio Manager: Nicholas F. Galluccio

Gabelli Woodland Small Cap Value Fund

Seeks to invest primarily in the common stocks of smaller companies (market capitalizations generally less than \$3.0 billion) believed to be undervalued with shareholder oriented management teams that are employing strategies to grow the company's value. The Fund's primary objective is capital appreciation. (Multiclass)

Portfolio Manager: Elizabeth M. Lilly, CFA

GROWTH

GAMCO Growth Fund

Seeks to invest primarily in large cap stocks believed to have favorable, yet undervalued, prospects for earnings growth. The Fund's primary objective is capital appreciation. (Multiclass)

Portfolio Manager: Howard F. Ward, CFA

GAMCO International Growth Fund

Seeks to invest in the equity securities of foreign issuers with long-term capital appreciation potential. The Fund offers investors global diversification. (Multiclass)

Portfolio Manager: Caesar Bryan

AGGRESSIVE GROWTH

GAMCO Global Growth Fund

Seeks capital appreciation through a disciplined investment program focusing on the globalization and interactivity of the world's marketplace. The Fund invests in companies at the forefront of accelerated growth. The Fund's primary objective is capital appreciation. (Multiclass)

Team Managed

MICRO-CAP

GAMCO Westwood Mighty MitesSM Fund

Seeks to invest in micro-cap companies that have market capitalizations of \$300 million or less. The Fund's primary objective is long-term capital appreciation. (Multiclass)

Team Managed

EQUITY INCOME

Gabelli Equity Income Fund

Seeks to invest primarily in equity securities with above average market yields. The Fund pays monthly dividends and seeks a high level of total return with an emphasis on income. (Multiclass)

Portfolio Manager: Mario J. Gabelli, CFA

GAMCO Westwood Balanced Fund

Seeks to invest in a balanced and diversified portfolio of stocks and bonds. The Fund's primary objective is both capital appreciation and current income. (Multiclass)

Co-Portfolio Managers: Susan M. Byrne
Mark Freeman, CFA

GAMCO Westwood Income Fund

Seeks to provide a high level of current income as well as long-term capital appreciation by investing in income producing equity and fixed income securities. (Multiclass)

Portfolio Manager: Barbara Marcin, CFA

SPECIALTY EQUITY

GAMCO Global Convertible Securities Fund

Seeks to invest principally in bonds and preferred stocks which are convertible into common stock of foreign and domestic companies. The Fund's primary objective is total return through a combination of current income and capital appreciation. (Multiclass)

Team Managed

GAMCO Global Opportunity Fund

Seeks to invest in common stock of companies which have rapid growth in revenues and earnings and potential for above average capital appreciation or are undervalued. The Fund's primary objective is capital appreciation. (Multiclass)

Team Managed

Gabelli SRI Green Fund

Seeks to invest in common and preferred stocks meeting guidelines for social responsibility (avoiding defense contractors and manufacturers of alcohol, abortifacients, gaming, and tobacco products) and sustainability (companies engaged in climate change, energy security and independence, natural resource shortages, organic living, and urbanization). The Fund's primary objective is capital appreciation. (Multiclass)

Co-Portfolio Managers: Christopher C. Desmarais
John M. Segrich, CFA

SECTOR

GAMCO Global Telecommunications Fund

Seeks to invest in telecommunications companies throughout the world – targeting undervalued companies with strong earnings and cash flow dynamics. The Fund's primary objective is capital appreciation. (Multiclass)

Team Managed

GAMCO Gold Fund

Seeks to invest in a global portfolio of equity securities of gold mining and related companies. The Fund's objective is long-term capital appreciation. Investment in gold stocks is considered speculative and is affected by a variety of worldwide economic, financial, and political factors. (Multiclass)

Portfolio Manager: Caesar Bryan

Gabelli Utilities Fund

Seeks to provide a high level of total return through a combination of capital appreciation and current income. (Multiclass)

Team Managed

MERGER AND ARBITRAGE

Gabelli ABC Fund

Seeks to invest in securities with attractive opportunities for appreciation or investment income. The Fund's primary objective is total return in various market conditions without excessive risk of capital loss. (No-load)

Portfolio Manager: Mario J. Gabelli, CFA

Gabelli Enterprise Mergers and Acquisitions Fund

Seeks to invest in securities believed to be likely acquisition targets within 12–18 months or in arbitrage transactions of publicly announced mergers or other corporate reorganizations. The Fund's primary objective is capital appreciation. (Multiclass)

Portfolio Manager: Mario J. Gabelli, CFA

CONTRARIAN

GAMCO Mathers Fund

Seeks long-term capital appreciation in various market conditions without excessive risk of capital loss. (No-load)

Portfolio Manager: Henry Van der Eb, CFA

Comstock Capital Value Fund

Seeks capital appreciation and current income. The Fund may use either long or short positions to achieve its objective. (Multiclass)

Portfolio Manager: Martin Weiner, CFA

FIXED INCOME

GAMCO Westwood Intermediate Bond Fund

Seeks to invest in a diversified portfolio of bonds with various maturities. The Fund's primary objective is total return. (Multiclass)

Portfolio Manager: Mark Freeman, CFA

CASH MANAGEMENT-MONEY MARKET

Gabelli U.S. Treasury Money Market Fund

Seeks to invest exclusively in short-term U.S. Treasury securities. The Fund's primary objective is to provide high current income consistent with the preservation of principal and liquidity. (No-load)

Co-Portfolio Managers: Judith A. Raneri
Ronald S. Eaker

An investment in the above Money Market Fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.

The Funds may invest in foreign securities which involve risks not ordinarily associated with investments in domestic issues, including currency fluctuation, economic, and political risks.

To receive a prospectus, call **800-GABELLI** (422-3554). Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectus contains more information about this and other matters and should be read carefully before investing.

Gabelli Equity Series Funds, Inc.
The Gabelli Equity Income Fund

One Corporate Center
Rye, New York 10580-1422

800-GABELLI

800-422-3554

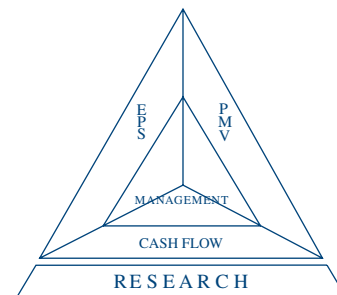
fax: 914-921-5118

website: www.gabelli.com

e-mail: info@gabelli.com

Net Asset Value per share available daily by calling

800-GABELLI after 7:00 P.M.



Board of Directors

Mario J. Gabelli, CFA
*Chairman and Chief
Executive Officer*
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Robert J. Morrissey
Attorney-at-Law
Morrissey, Hawkins & Lynch

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Chief Compliance Officer

Distributor

Gabelli & Company, Inc.

Custodian, Transfer Agent, and Dividend Agent

State Street Bank and Trust Company

Legal Counsel

Skadden, Arps, Slate, Meagher & Flom LLP

The Gabelli Equity Income Fund

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

GAB444Q209SC

SHAREHOLDER COMMENTARY
JUNE 30, 2009

The Gabelli Equity Income Fund

Third Quarter Report (a) June 30, 2009

To Our Shareholders,

During the quarter ended June 30, 2009, the net asset value (“NAV”) per Class AAA Share of The Gabelli Equity Income Fund (the “Fund”) rose 17.6%, while the Standard & Poor’s (“S&P”) 500 Index rose 15.9% and the Lipper Equity Income Fund Average increased 15.5%.

Enclosed is the investment portfolio as of June 30, 2009.

Comparative Results

	Average Annual Returns through June 30, 2009 (a)(b)							Since Inception (1/2/92)
	Quarter	Six Months	1 Year	3 Year	5 Year	10 Year	15 Year	
Gabelli Equity Income Fund								
Class AAA	17.59%	5.29%	(24.03)%	(5.98)%	0.51%	3.32%	8.63%	8.77%
S&P 500 Index	15.92	3.19	(26.20)	(8.22)	(2.24)	(2.22)	6.92	6.73
Nasdaq Composite Index	21.05	15.33	(27.98)	(10.83)	(4.35)	(1.70)	6.58	6.74
Lipper Equity Income Fund Average	15.49	1.23	(24.52)	(7.84)	(0.92)	0.38	6.38	6.78
Class A	17.48	5.23	(24.06)	(5.98)	0.49	3.31	8.62	8.76
Class B	10.72(c)	(0.82)(c)	(28.42)(c)	(7.82)(c)	(0.70)(c)	2.70(c)	8.19(c)	8.39(c)
Class C	17.26	4.83	(24.61)	(6.68)	(0.26)	2.89	8.33	8.50
Class I	12.26(d)	(0.17)(d)	(28.38)(d)	(7.63)(d)	(0.66)(d)	2.89	8.33	8.50
Class C	17.36	4.91	(24.61)	(6.68)	(0.24)	2.91	8.34	8.51
Class I	16.36(e)	3.91(e)	(25.36)(e)	(6.68)	(0.24)	2.91	8.34	8.51
Class I	17.59	4.38	(23.75)	(5.83)	0.61	3.37	8.66	8.79

In the current prospectus, the expense ratios for Class AAA, A, B, C, and I Shares are 1.43%, 1.43%, 2.18%, 2.18%, and 1.18%, respectively. Class AAA and I Shares do not have a sales charge. The maximum sales charge for Class A, B, and C Shares is 5.75%, 5.00%, and 1.00%, respectively.

(a) The Fund’s fiscal year ends September 30.

(b) **Returns represent past performance and do not guarantee future results.** Total returns and average annual returns reflect changes in share price and reinvestment of distributions and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Performance returns for periods of less than one year are not annualized. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectus contains more information about this and other matters and should be read carefully before investing.**

The Class AAA Shares NAVs per share are used to calculate performance for the periods prior to the issuance of Class A Shares, Class B Shares, and Class C Shares on December 31, 2003 and Class I Shares on January 11, 2008. The actual performance for the Class B Shares and Class C Shares would have been lower and Class I Shares would have been higher due to the differences in expenses associated with these classes of shares. The S&P 500 Index of the largest U.S. companies and the Nasdaq Composite Index (measures all Nasdaq domestic and international common type stocks under an unmanaged market capitalization weighted methodology) are unmanaged indicators of stock market performance, while the Lipper Equity Income Fund Average reflects the average performance of mutual funds classified in this particular category. Dividends are considered reinvested (except for the Nasdaq Composite Index). You cannot invest directly in an index.

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

(d) Performance results include the deferred sales charges for the Class B Shares upon redemption at the end of the quarter, six months, one year, three year, and five year periods of 5%, 5%, 5%, 3%, and 2%, respectively, of the Fund’s NAV per share at the time of purchase or sale, whichever is lower. Class B Shares are not available for new purchases.

(e) Performance results include the deferred sales charges for the Class C Shares upon redemption at the end of the quarter, six months, and one year periods of 1% of the Fund’s NAV per share at the time of purchase or sale, whichever is lower.

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

The Gabelli Equity Income Fund

Schedule of Investments — June 30, 2009 (Unaudited)

Shares	Market Value	Shares	Market Value
COMMON STOCKS — 97.4%		Cable and Satellite — 1.0%	
Aerospace — 3.0%		Communications Equipment — 0.9%	
2,000	Lockheed Martin Corp. \$ 161,300	190,000	Cablevision Systems Corp., Cl. A \$ 3,687,900
3,500	Northrop Grumman Corp. 159,880	125,000	DISH Network Corp., Cl. A† 2,026,250
10,000	Raytheon Co. 444,300	16,000	EchoStar Corp., Cl. A† 255,040
380,000	Rockwell Automation Inc. 12,205,600	55,000	Scripps Networks Interactive Inc., Cl. A 1,530,650
2,000	Rockwell Collins Inc. 83,460	50,000	The DIRECTV Group Inc.† 1,235,500
1,310,000	Rolls-Royce Group plc† 7,791,077	20,000	Time Warner Cable Inc. 633,400
111,540,000	Rolls-Royce Group plc, Cl. C† 183,505		<u>9,368,740</u>
178,000	The Boeing Co. 7,565,000	Computer Hardware — 2.2%	
	<u>28,594,122</u>	300,000	Corning Inc. 4,818,000
Agriculture — 1.4%		100,000	Motorola Inc. 663,000
100,000	Archer-Daniels-Midland Co. 2,677,000	120,000	Thomas & Betts Corp.† 3,463,200
138,000	Monsanto Co. 10,258,920		<u>8,944,200</u>
12,000	The Mosaic Co. 531,600	Computer Software and Services — 1.1%	
	<u>13,467,520</u>	173,000	International Business Machines Corp. 18,064,660
Automotive — 0.1%		450,000	Xerox Corp. 2,916,000
20,000	Navistar International Corp.† 872,000		<u>20,980,660</u>
Automotive: Parts and Accessories — 1.7%		Consumer Products — 7.0%	
4,000	ArvinMeritor Inc. 17,560	50,000	Altria Group Inc. 819,500
3,000	BERU AG 318,589	180,000	Avon Products Inc. 4,640,400
250,000	Genuine Parts Co. 8,390,000	3,800	British American Tobacco plc 104,592
6,000	Johnson Controls Inc. 130,320	15,000	Clorox Co. 837,450
65,000	Modine Manufacturing Co. 312,000	5,000	Colgate-Palmolive Co. 353,700
150,000	O'Reilly Automotive Inc.† 5,712,000	10,000	Compagnie Financiere Richemont SA, Cl. A ... 207,814
140,000	The Pep Boys - Manny, Moe & Jack 1,419,600	870,000	Eastman Kodak Co. 2,575,200
	<u>16,300,069</u>	63,000	Energizer Holdings Inc.† 3,291,120
Aviation: Parts and Services — 0.3%		128,000	Fortune Brands Inc. 4,446,720
5,000	Barnes Group Inc. 59,450	5,000	Hanesbrands Inc.† 75,050
51,192	Curtiss-Wright Corp. 1,521,938	35,000	Harman International Industries Inc. 658,000
35,000	GenCorp Inc.† 66,850	155,000	Kimberly-Clark Corp. 8,126,650
21,000	United Technologies Corp. 1,091,160	7,000	National Presto Industries Inc. 532,700
	<u>2,739,398</u>	10,000	Pactiv Corp.† 217,000
Broadcasting — 0.2%		50,000	Philip Morris International Inc. 2,181,000
210,000	CBS Corp., Cl. A, Voting 1,459,500	100,000	Reckitt Benckiser Group plc 4,550,615
30,000	CBS Corp., Cl. B, Non-Voting 207,600	1,300,000	Swedish Match AB 21,105,948
132	Granite Broadcasting Corp.† (a) 0	200,000	The Procter & Gamble Co. 10,220,000
5,000	Societe Television Francaise 1 56,065	78,000	Unilever NV - NY Shares, ADR 1,886,040
	<u>1,723,165</u>		<u>66,829,499</u>
Building and Construction — 0.0%		Consumer Services — 0.1%	
918	Colas SA 219,587	67,500	Rollins Inc. 1,168,425
Business Services — 0.7%			
5,000	Automatic Data Processing Inc. 177,200		
160,000	Diebold Inc. 4,217,600		
4,000	Landauer Inc. 245,360		
10,000	MasterCard Inc., Cl. A 1,673,100		
10,000	R. H. Donnelley Corp.† 550		
	<u>6,313,810</u>		

See accompanying notes to schedule of investments.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — June 30, 2009 (Unaudited)

Shares	Market Value	Shares	Market Value
COMMON STOCKS (Continued)			
Diversified Industrial — 3.1%			
5,000	3M Co. \$ 300,500	100,000	PNM Resources Inc. \$ 1,071,000
5,000	Acuity Brands Inc. 140,250	75,000	Progress Energy Inc. 2,837,250
3,500	Alstom SA 206,490	15,000	Progress Energy Inc., CVO† (a) 4,950
67,000	Baldor Electric Co. 1,593,930	7,200	Public Service Enterprise Group Inc. 234,936
110,000	Cooper Industries Ltd., Cl. A 3,415,500	38,000	Suncor Energy Inc., New York 1,152,920
100,000	Crane Co. 2,231,000	21,000	Suncor Energy Inc., Toronto 638,585
575,000	General Electric Co. 6,739,000	55,000	TECO Energy Inc. 656,150
200,000	Honeywell International Inc. 6,280,000	140,000	Westar Energy Inc. 2,627,800
27,000	ITT Corp. 1,201,500		<u>34,294,407</u>
425,003	National Patent Development Corp.† 552,504	Energy and Utilities: Natural Gas — 1.5%	
120,000	Textron Inc. 1,159,200	17,000	AGL Resources Inc. 540,600
6,000	Trinity Industries Inc. 81,720	38,000	Atmos Energy Corp. 951,520
185,650	Tyco International Ltd. 4,823,187	75,000	National Fuel Gas Co. 2,706,000
1,500	Walter Energy Inc. 54,360	75,000	ONEOK Inc. 2,211,750
103,710	WHX Corp.† 269,646	24,000	Piedmont Natural Gas Co. Inc. 578,640
	<u>29,048,787</u>	110,000	Southern Union Co. 2,022,900
		65,000	Southwest Gas Corp. 1,443,650
		200,000	Spectra Energy Corp. 3,384,000
			<u>13,839,060</u>
Electronics — 1.9%			
600,000	Intel Corp. 9,930,000	Energy and Utilities: Oil — 7.2%	
340,000	LSI Corp.† 1,550,400	155,000	Anadarko Petroleum Corp. 7,035,450
190,000	Texas Instruments Inc. 4,047,000	38,000	Canadian Oil Sands Trust 907,897
5,000	Thermo Fisher Scientific Inc.† 203,850	192,000	Chevron Corp. 12,720,000
130,750	Tyco Electronics Ltd. 2,430,643	187,000	ConocoPhillips 7,865,220
	<u>18,161,893</u>	20,000	Denbury Resources Inc.† 294,600
		49,000	Devon Energy Corp. 2,670,500
Energy and Utilities: Electric — 1.5%			
30,000	American Electric Power Co. Inc. 866,700	149,000	Exxon Mobil Corp. 10,416,590
14,000	DTE Energy Co. 448,000	35,000	Marathon Oil Corp. 1,054,550
85,000	El Paso Electric Co.† 1,186,600	30,000	Nexen Inc. 651,765
80,000	FPL Group Inc. 4,548,800	2,000	Niko Resources Ltd. 137,557
99,784	Great Plains Energy Inc. 1,551,641	94,000	Occidental Petroleum Corp. 6,186,140
60,000	Korea Electric Power Corp., ADR† 690,000	45,000	OPTI Canada Inc.† 75,442
56,087	Mirant Corp.† 882,809	12,000	PetroChina Co. Ltd., ADR 1,325,760
1,200,000	Mirant Corp., Escrow† (a) 0	130,000	Petroleo Brasileiro SA, ADR 5,327,400
150,000	Northeast Utilities 3,346,500	33,000	Repsol YPF SA, ADR 737,880
80,000	The AES Corp.† 928,800	120,000	Royal Dutch Shell plc, Cl. A, ADR 6,022,800
13,333	UIL Holdings Corp. 299,326	25,000	StatoilHydro ASA, ADR 494,250
	<u>14,749,176</u>	17,518	Total SA, ADR 950,001
		35,000	Transocean Ltd.† 2,600,150
Energy and Utilities: Integrated — 3.6%			
42,000	Allegheny Energy Inc. 1,077,300	200,000	UTS Energy Corp.† 269,957
44,000	BP plc, ADR 2,097,920	40,000	WesternZagros Resources Ltd.† 55,367
46,000	CH Energy Group Inc. 2,148,200		<u>67,799,276</u>
80,000	Constellation Energy Group Inc. 2,126,400	Energy and Utilities: Services — 1.8%	
57,000	Dominion Resources Inc. 1,904,940	30,000	ABB Ltd., ADR 473,400
120,000	DPL Inc. 2,780,400	52,000	Cameron International Corp.† 1,471,600
200,000	Duke Energy Corp. 2,918,000	38,182	GDF Suez, Strips 54
400,000	El Paso Corp. 3,692,000	375,000	Halliburton Co. 7,762,500
29,000	ENI SpA 685,507	40,000	Oceaneering International Inc.† 1,808,000
6,269	Iberdrola SA, ADR 197,599	40,000	Schlumberger Ltd. 2,164,400
25,000	Integrus Energy Group Inc. 749,750	175,000	Weatherford International Ltd.† 3,423,000
80,000	NSTAR 2,568,800		<u>17,102,954</u>
75,000	OGE Energy Corp. 2,124,000		

See accompanying notes to schedule of investments.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — June 30, 2009 (Unaudited)

Shares	Market Value	Shares	Market Value
COMMON STOCKS (Continued)			
Energy and Utilities: Water — 0.1%			
27,000	Aqua America Inc. \$ 483,300	400,000	Legg Mason Inc. \$ 9,752,000
Entertainment — 1.6%			
60,000	Grupo Televisa SA, ADR 1,020,000	31,000	Leucadia National Corp.† 653,790
80,000	Rank Group plc† 84,234	110,000	Loews Corp. 3,014,000
2,000	The Walt Disney Co. 46,660	115,000	M&T Bank Corp. 5,856,950
110,000	Time Warner Inc. 2,770,900	2,000	Manulife Financial Corp. 34,700
280,000	Viacom Inc., Cl. A† 6,714,400	424,000	Marsh & McLennan Companies Inc. 8,535,120
185,000	Vivendi 4,421,075	10,000	Moody's Corp. 263,500
		140,000	Morgan Stanley 3,991,400
		6,000	Northern Trust Corp. 322,080
		40,000	NYSE Euronext 1,090,000
		10,000	Och-Ziff Capital Management Group LLC, Cl. A 89,100
		45,000	PNC Financial Services Group Inc. 1,746,450
		40,000	Popular Inc. 88,000
145,000	Waste Management Inc. 4,083,200	500	Raiffeisen International Bank Holding AG 17,360
Equipment and Supplies — 1.7%			
12,000	A.O. Smith Corp. 390,840	958	Reinet Investments SCA† 12,700
11,000	Danaher Corp. 679,140	180,000	SLM Corp.† 1,848,600
115,000	Flowserve Corp. 8,028,150	200,000	Sterling Bancorp 1,670,000
6,000	Ingersoll-Rand Co. Ltd., Cl. A 125,400	12,000	SunTrust Banks Inc. 197,400
1,500	Minerals Technologies Inc. 54,030	50,000	T. Rowe Price Group Inc. 2,083,500
40,000	Mueller Industries Inc. 832,000	100,000	TD Ameritrade Holding Corp.† 1,754,000
12,000	Parker Hannifin Corp. 515,520	2,000	The Allstate Corp. 48,800
115,000	Tenaris SA, ADR 3,109,600	470,509	The Bank of New York Mellon Corp. 13,790,619
970,000	Tomkins plc 2,361,845	5,000	The Charles Schwab Corp. 87,700
		2,000	The Dun & Bradstreet Corp. 162,420
		10,000	The Goldman Sachs Group Inc. 1,474,400
		50,000	The Phoenix Companies Inc.† 83,500
		5,000	The Student Loan Corp. 186,000
		36,000	The Travelers Companies Inc. 1,477,440
		40,000	Unitrin Inc. 480,800
		2,500	Virtus Investment Partners Inc.† 36,725
		180,000	Waddell & Reed Financial Inc., Cl. A 4,746,600
		581	Walter Investment Management Corp.† 7,715
		488,000	Wells Fargo & Co. 11,838,880
		112,000	Wilmington Trust Corp. 1,529,920
			117,068,928
		Exchange Traded Funds — 0.2%	
400,000	Proshares Ultra Financials 1,544,000	Food and Beverage — 12.3%	
Financial Services — 12.4%			
6,324	Alleghany Corp.† 1,713,804	30,000	Anheuser-Busch InBev NV 1,083,288
260,000	American Express Co. 6,042,400	64,000	Brown-Forman Corp., Cl. A 2,951,040
20,000	Ameriprise Financial Inc. 485,400	13,000	Brown-Forman Corp., Cl. B 558,740
23,990	Argo Group International Holdings Ltd.† 676,998	160,000	Cadbury plc, ADR 5,504,000
25,000	Banco Popular Espanol SA 217,794	105,000	Campbell Soup Co. 3,089,100
2,000	Banco Santander Chile, ADR 93,380	40,000	Coca-Cola Amatil Ltd., ADR 557,200
160,000	Banco Santander SA, ADR 1,936,000	10,000	Coca-Cola Femsa SAB de CV, ADR 401,200
520,000	Bank of America Corp. 6,864,000	200,000	Constellation Brands Inc., Cl. A† 2,536,000
11,025	BNP Paribas 715,327	16,000	Corn Products International Inc. 428,640
500,000	Citigroup Inc. 1,485,000	136,390	Danone 6,731,198
50,000	Commerzbank AG, ADR† 317,000	300,000	Dean Foods Co.† 5,757,000
50,000	Deutsche Bank AG 3,050,000	75,000	Del Monte Foods Co. 703,500
110,000	Discover Financial Services 1,129,700	60,000	Diageo plc, ADR 3,435,000
200,300	Federal National Mortgage Association 116,174	120,000	Dr. Pepper Snapple Group Inc.† 2,542,800
5,000	Federated Investors Inc., Cl. B 120,450		
29,436	Fidelity Southern Corp. 85,364		
40,000	Freddie Mac 24,800		
190,000	H&R Block Inc. 3,273,700		
30,000	Huntington Bancshares Inc. 125,400		
120,000	Janus Capital Group Inc. 1,368,000		
240,199	JPMorgan Chase & Co. 8,193,188		
12,000	KeyCorp 62,880		

See accompanying notes to schedule of investments.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — June 30, 2009 (Unaudited)

Shares	Market Value	Shares	Market Value
COMMON STOCKS (Continued)			
Food and Beverage (Continued)			
132,000	Fomento Economico Mexicano SAB de CV, ADR	270,000	UnitedHealth Group Inc.
	\$ 4,255,680	18,000	William Demant Holding A/S†
120,000	General Mills Inc.	180,000	Wyeth
860,000	Grupo Bimbo SAB de CV, Cl. A	45,000	Zimmer Holdings Inc.†
100,000	H.J. Heinz Co.		100,243,447
110,000	Heineken NV	Hotels and Gaming — 1.3%	
200,000	ITO EN Ltd.	125,000	International Game Technology
30,000	ITO EN Ltd., Preference	529,411	Ladbrokes plc
3,000	Kellogg Co.	409,000	Las Vegas Sands Corp.†
420,000	Kraft Foods Inc., Cl. A	533,000	MGM Mirage†
15,000	Metro Inc., Cl. A	80,000	Starwood Hotels & Resorts Worldwide Inc.
100,000	Nestlé SA	15,000	Wynn Resorts Ltd.†
105,000	NISSIN FOODS HOLDINGS CO. LTD.		12,516,223
120,000	PepsiAmericas Inc.	Machinery — 1.4%	
10,000	PepsiCo Inc.	6,000	Caterpillar Inc.
32,949	Pernod-Ricard SA	320,400	Deere & Co.
36,000	Remy Cointreau SA	7,609	Mueller Water Products Inc., Cl. A
50,000	Sapporo Holdings Ltd.		13,026,678
350,000	The Coca-Cola Co.	Manufactured Housing — 0.0%	
75,000	The Hershey Co.	260,000	Champion Enterprises Inc.†
57,268	Tootsie Roll Industries Inc.		83,200
380,000	Tyson Foods Inc., Cl. A	Metals and Mining — 2.1%	
7,000	Wimm-Bill-Dann Foods OJSC, ADR†	360,000	Alcoa Inc.
135,000	YAKULT HONSHA Co. Ltd.	9,000	Carpenter Technology Corp.
	116,791,005	130,000	Freeport-McMoRan Copper & Gold Inc.
		195,000	Newmont Mining Corp.
		45,000	Peabody Energy Corp.
		6,615	Teck Resources Ltd., Cl. B†
			19,852,736
Health Care — 10.6%			
15,000	Abbott Laboratories	Publishing — 0.3%	
25,000	Aetna Inc.	5,000	Idearc Inc.†
120,000	Baxter International Inc.	10,000	Lee Enterprises Inc.
100,000	Becton, Dickinson and Co.	6,016	News Corp., Cl. B
300,000	Boston Scientific Corp.†	60,000	PagesJaunes Groupe
72,000	Bristol-Myers Squibb Co.	2	Seat Pagine Gialle SpA† (a)
170,000	Covidien plc	30,633	The E.W. Scripps Co., Cl. A
135,000	Eli Lilly & Co.	35,000	The McGraw-Hill Companies Inc.
11,276	GlaxoSmithKline plc, ADR	20,000	The New York Times Co., Cl. A
22,000	Henry Schein Inc.†	1,200	The Washington Post Co., Cl. B
105,000	Hospira Inc.†	2,000	Value Line Inc.
290,000	Johnson & Johnson		2,368,728
7,000	Laboratory Corp. of America Holdings†	Real Estate — 0.0%	
6,000	Mead Johnson Nutrition Co., Cl. A†	7,000	Griffin Land & Nurseries Inc.
25,000	Medco Health Solutions Inc.†		218,960
110,000	Merck & Co. Inc.	Retail — 5.8%	
5,000	Nobel Biocare Holding AG	18,000	Copart Inc.†
145,000	Novartis AG, ADR	220,000	Costco Wholesale Corp.
30,000	Patterson Companies Inc.†	345,000	CVS Caremark Corp.
670,000	Pfizer Inc.	50,000	Ingles Markets Inc., Cl. A
150,000	Schering-Plough Corp.		624,060
64,000	St. Jude Medical Inc.†		10,054,000
760,000	Tenet Healthcare Corp.†		10,995,150
	2,143,200		762,000

See accompanying notes to schedule of investments.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — June 30, 2009 (Unaudited)

Shares/ Units	Market Value	Shares	Market Value
COMMON STOCKS (Continued)			
Retail (Continued)			
400,000	Macy's Inc. \$ 4,704,000	18,000	TELUS Corp., Non-Voting \$ 464,400
170,000	Safeway Inc. 3,462,900	225,000	Verizon Communications Inc. 6,914,250
500	Sears Holdings Corp.† 33,260	5,000	Windstream Corp. 41,800
100,000	SUPERVALU Inc. 1,295,000		46,493,989
250,000	The Great Atlantic & Pacific Tea Co. Inc.† 1,062,500	Transportation — 0.4%	
80,000	The Home Depot Inc. 1,890,400	8,000	Burlington Northern Santa Fe Corp. 588,320
65,000	Tractor Supply Co.† 2,685,800	115,000	GATX Corp. 2,957,800
234,000	Wal-Mart Stores Inc. 11,334,960		3,546,120
130,000	Walgreen Co. 3,822,000	Wireless Communications — 0.4%	
10,000	Weis Markets Inc. 335,200	2,400	NTT DoCoMo Inc. 3,517,725
103,000	Whole Foods Market Inc. 1,954,940	TOTAL COMMON STOCKS 922,271,477	
	55,016,170	CONVERTIBLE PREFERRED STOCKS — 0.2%	
Specialty Chemicals — 1.2%			
44,000	Albemarle Corp. 1,125,080	1,100	Lucent Technologies Capital Trust I, 7.750% Cv. Pfd. 671,000
437	Arkema, ADR 10,236	Energy and Utilities: Integrated — 0.0%	
40,000	Ashland Inc. 1,122,000	300	El Paso Corp., 4.990% Cv. Pfd. (b) 236,730
80,000	E. I. du Pont de Nemours and Co. 2,049,600	Entertainment — 0.0%	
243,000	Ferro Corp. 668,250	3,000	Metromedia International Group Inc., 7.250% Cv. Pfd.† 85,500
2,000	FMC Corp. 94,600	Telecommunications — 0.1%	
20,000	H.B. Fuller Co. 375,400	33,000	Cincinnati Bell Inc., 6.750% Cv. Pfd., Ser. B 957,000
74,000	International Flavors & Fragrances Inc. 2,421,280	TOTAL CONVERTIBLE PREFERRED STOCKS 1,950,230	
3,500	NewMarket Corp. 235,655	WARRANTS — 0.0%	
100,000	Omnova Solutions Inc.† 326,000	Broadcasting — 0.0%	
5,000	Quaker Chemical Corp. 66,450	330	Granite Broadcasting Corp., Ser. A, expire 06/04/12† 1
50,000	Sensient Technologies Corp. 1,128,500	330	Granite Broadcasting Corp., Ser. B, expire 06/04/12† 3
90,000	The Dow Chemical Co. 1,452,600	TOTAL WARRANTS 4	
4,000	Zep Inc. 48,200	Principal Amount	
	11,123,851	CORPORATE BONDS — 0.7%	
Telecommunications — 4.9%			
365,000	AT&T Inc. 9,066,600	Automotive: Parts and Accessories — 0.1%	
450,000	BCE Inc. 9,297,000	\$ 800,000	Standard Motor Products Inc., Sub. Deb. Cv., 15.000%, 04/15/11 792,000
5,000	Belgacom SA 159,470	Broadcasting — 0.1%	
4,495	Bell Aliant Regional Communications Income Fund (a)(b) 101,830	2,200,000	Sinclair Broadcast Group Inc., Sub. Deb. Cv., 6.000%, 09/15/12 924,000
200,000	BT Group plc 333,975	350,000	Sinclair Broadcast Group Inc., Sub. Deb. Cv. (STEP), 4.875%, 07/15/18 248,500
30,000	BT Group plc, ADR 504,000	200,000	Young Broadcasting Inc., Sub. Deb., 10.000%, 03/01/11† 500
140,000	Cable & Wireless plc 306,566		1,173,000
30,000	CenturyTel Inc. 921,000	Principal Amount	
350,000	Cincinnati Bell Inc.† 994,000	CORPORATE BONDS — 0.7%	
340,000	Deutsche Telekom AG, ADR 4,012,000	Automotive: Parts and Accessories — 0.1%	
15,000	France Telecom SA, ADR 342,150	Broadcasting — 0.1%	
120,000	Qwest Communications International Inc. 498,000	Automotive: Parts and Accessories — 0.1%	
1,500,000	Sprint Nextel Corp.† 7,215,000	Broadcasting — 0.1%	
3,300	Telecom Italia SpA, ADR 45,408	Automotive: Parts and Accessories — 0.1%	
8,195	Telefonica SA, ADR 556,359	Broadcasting — 0.1%	
20,000	Telekom Austria AG 312,557	Automotive: Parts and Accessories — 0.1%	
144,500	Telephone & Data Systems Inc. 4,089,350	Broadcasting — 0.1%	
12,000	TELUS Corp. 318,274	Automotive: Parts and Accessories — 0.1%	

See accompanying notes to schedule of investments.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — June 30, 2009 (Unaudited)

<u>Principal Amount</u>	<u>Market Value</u>
CORPORATE BONDS (Continued)	
Business Services — 0.0%	
\$ 100,000	BBN Corp., Sub. Deb. Cv., 6.000%, 04/01/12† (a) \$ 0
Computer Hardware — 0.0%	
500,000	SanDisk Corp., Cv., 1.000%, 05/15/13 316,250
Energy and Utilities — 0.0%	
100,000	Texas Competitive Electric Holdings Co. LLC, Ser. B (STEP), 10.250%, 11/01/15 62,750
Financial Services — 0.0%	
300,000	M-Systems Finance NV, Cv., 1.000%, 03/15/35 287,625
Retail — 0.4%	
4,400,000	The Great Atlantic & Pacific Tea Co. Inc., Cv., 5.125%, 06/15/11 3,234,000
Specialty Chemicals — 0.1%	
950,000	Ferro Corp., Cv., 6.500%, 08/15/13 484,500
Telecommunications — 0.0%	
200,000	Williams Communications Group Inc., Escrow, 10.875%, 10/01/09† (a) 0
	TOTAL CORPORATE BONDS 6,350,125
U.S. GOVERNMENT OBLIGATIONS — 1.7%	
16,161,000	U.S. Treasury Bills, 0.127% to 0.177%††, 07/30/09 to 09/24/09 16,156,807
TOTAL INVESTMENTS — 100.0%	
	(Cost \$1,091,587,820) \$ 946,728,643
	Aggregate book cost <u>\$1,091,587,820</u>
	Gross unrealized appreciation \$ 85,372,920
	Gross unrealized depreciation (230,232,097)
	Net unrealized appreciation/depreciation <u>\$ (144,859,177)</u>

- (a) Security fair valued under procedures established by the Board of Directors. The procedures may include reviewing available financial information about the company and reviewing the valuation of comparable securities and other factors on a regular basis. At June 30, 2009, the market value of fair valued securities amounted to \$106,780 or 0.01% of total investments.
- (b) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At June 30, 2009, the market value of Rule 144A securities amounted to \$338,560 or 0.04% of total investments.
- † Non-income producing security.
†† Represents annualized yield at date of purchase.
ADR American Depositary Receipt
CVO Contingent Value Obligation
STEP Step coupon bond. The rate disclosed is that in effect at June 30, 2009.

See accompanying notes to schedule of investments.

The Gabelli Equity Income Fund

Notes to Schedule of Investments (Unaudited)

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

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market but prior to the close of business on the day the securities are being valued. Debt instruments with remaining maturities of 60 days or less that are not credit impaired are valued at amortized cost, unless the Board determines such amount does not reflect the securities' fair value, in which case these securities will be fair valued as determined by the Board. Debt instruments having a maturity greater than 60 days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board.

Statement of Financial Accounting Standard No. 157, "Fair Value Measurements" ("SFAS 157") clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosures about the use of fair value measurements. The three levels of the fair value hierarchy under SFAS 157 are described below:

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

The Gabelli Equity Income Fund

Notes to Schedule of Investments (Continued) (Unaudited)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments and other financial instruments, by inputs used to value the Fund's investments as of June 30, 2009 is as follows:

	Valuation Inputs			Total Market Value at 6/30/09
	Level 1 - Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks				
Aerospace	\$ 28,410,617	\$ 183,505	—	\$ 28,594,122
Broadcasting	1,723,165	—	\$ 0	1,723,165
Energy and Utilities: Electric	14,749,176	—	0	14,749,176
Energy and Utilities: Integrated	34,289,457	—	4,950	34,294,407
Telecommunications	46,392,159	101,830	—	46,493,989
Other Industries (a)	796,416,618	—	—	796,416,618
Total Common Stocks	921,981,192	285,335	4,950	922,271,477
Convertible Preferred Stocks (a)	1,950,230	—	—	1,950,230
Warrants				
Broadcasting	1	—	3	4
Total Warrants	1	—	3	4
Corporate Bonds	792,000	5,558,125	—	6,350,125
U.S. Government Obligations	—	16,156,807	—	16,156,807
TOTAL INVESTMENTS IN SECURITIES	\$924,723,423	\$22,000,267	\$4,953	\$946,728,643
OTHER FINANCIAL INSTRUMENTS:				
ASSETS (UNREALIZED APPRECIATION): *				
Contract for Difference Swap Agreements	\$ —	\$ 12,518	\$ —	\$ 12,518

(a) Security and industry classifications for these categories are detailed in the Schedule of Investments.

* Other financial instruments are derivative instruments not reflected in the Schedule of Investments, such as futures, forwards, and swaps, which are valued at the unrealized appreciation/depreciation of the investment.

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

	Balance as of 12/31/08	Accrued discounts/ (premiums)	Realized gain/ (loss)	Change in unrealized appreciation/ depreciation†	Net purchases/ (sales)	Transfers in and/or out of Level 3	Balance as of 6/30/09	Net change in unrealized appreciation/ depreciation during the period on Level 3 investments held at 6/30/09†
INVESTMENTS IN SECURITIES:								
ASSETS (Market Value):								
Common Stocks								
Broadcasting	\$ 0	\$—	\$—	\$ (924)	\$—	\$ 924	\$ 0	\$ (924)
Energy and Utilities: Electric	0	—	—	—	—	—	0	—
Energy and Utilities: Integrated	4,950	—	—	—	—	—	4,950	—
Total Common Stocks	4,950	—	—	(924)	—	924	4,950	(924)
Corporate Bonds	0	—	—	—	—	—	0	—
Warrants								
Broadcasting	0	—	—	(80)	—	83	3	(80)
Total Warrants	0	—	—	(80)	—	83	3	(80)
TOTAL INVESTMENTS IN SECURITIES	\$4,950	\$—	\$—	\$(1,004)	\$—	\$1,007	\$4,953	\$(1,004)

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

The Gabelli Equity Income Fund

Notes to Schedule of Investments (Continued) (Unaudited)

2. Derivative Financial Instruments. The Fund may invest in various derivative financial instruments and engage in various portfolio investment strategies for the purpose of increasing the income of the Fund, hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase, or hedging against a specific transaction with respect to either the currency in which the transaction is denominated or another currency. Losses may arise if the value of the contract decreases due to an unfavorable change in the price of the underlying security or if the counterparty does not perform its duties under the contract. Investing in certain derivative financial instruments entails certain execution, market, liquidity, hedging, and tax risks. Participation in the options or futures markets and in currency exchange transactions involves investment risks and transaction costs to which the Fund would not be subject absent the use of these strategies. If the Adviser's prediction of movements in the direction of the securities, foreign currency, and interest rate markets is inaccurate, the consequences to the Fund may leave the Fund in a worse position than if it had not used such strategies.

The Fund is subject to equity price risk and foreign currency exchange rate risk in the normal course of pursuing its investment objectives by investing in various derivative financial instruments, as described below.

Swap Agreements. The Fund may enter into equity and contract for difference swap transactions for the purpose of increasing the income of the Fund. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In a swap a set of future cash flows are exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. There is no assurance that the swap contract counterparties will be able to meet their obligations pursuant to the swap contracts, or that, in the event of default, the Fund will succeed in pursuing contractual remedies. The Fund thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to the swap contracts. The creditworthiness of the swap contract counterparties is closely monitored in order to minimize the risk. Depending on the general state of short-term interest rates and the returns of the Fund's portfolio securities at that point in time, such a default could negatively affect the Fund's ability to make dividend payments. In addition, at the time a swap transaction reaches its scheduled termination date, there is a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction. If this occurs, it could have a negative impact on the Fund's ability to make dividend payments.

The use of derivative instruments involves, to varying degrees, elements of market and counterparty risk in excess of the amount recognized below.

The Gabelli Equity Income Fund

Notes to Schedule of Investments (Continued) (Unaudited)

The Fund has entered into equity contract for difference swap agreements with The Goldman Sachs Group, Inc. Details of the swaps at June 30, 2009 are as follows:

<u>Notional Amount</u>	<u>Equity Security Received</u>	<u>Interest Rate/ Equity Security Paid</u>	<u>Termination Date</u>	<u>Net Unrealized Appreciation</u>
	Market Value	Overnight LIBOR plus 90 bps plus		
	Appreciation on:	Market Value Depreciation on:		
\$140,700 (140,000 Shares)	Rank Group plc	Rank Group plc	6/25/10	\$ 6,670
113,082 (20,000 Shares)	Rolls-Royce Group plc	Rolls-Royce Group plc	6/25/10	5,834
2,087 (1,716,000 Shares)	Rolls-Royce Group plc, Cl. C	Rolls-Royce Group plc, Cl. C	7/02/09	14
				<u>\$12,518</u>

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

There are several risks in connection with the use of futures contracts as a hedging instrument. The change in value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in value of the hedged investments. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market. At June 30, 2009, there were no open futures contracts.

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

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund’s portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. At June 30, 2009, there were no open forward foreign exchange contracts.

3. Tax Information. Under the current tax law, capital losses related to securities and foreign currency realized after October 31 and prior to the Fund’s fiscal year end may be treated as occurring on the first day of the following year. For the year ended September 30, 2008, the Fund deferred capital losses of \$5,378,169.

Gabelli Equity Series Funds, Inc.
The Gabelli Equity Income Fund

One Corporate Center
Rye, New York 10580-1422

800-GABELLI

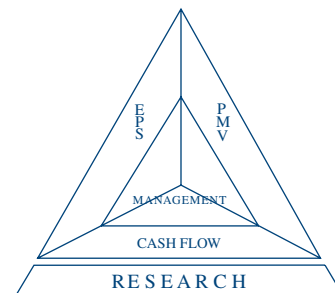
800-422-3554

fax: 914-921-5118

website: www.gabelli.com

e-mail: info@gabelli.com

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



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Skadden, Arps, Slate, Meagher & Flom LLP

The Gabelli Equity Income Fund

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