



THE **GABELLI**
CONVERTIBLE AND
INCOME SECURITIES
FUND INC.

Shareholder Commentary
June 30, 2010



THE GABELLI
CONVERTIBLE AND
INCOME SECURITIES
FUND INC.

Our cover icon represents the underpinnings of Gabelli. The Teton mountains in Wyoming represent what we believe in in America – that creativity, ingenuity, hard work, and a global uniqueness provide enduring values. They also stand out in an increasingly complex, interconnected, and interdependent economic world.

Investment Objective:

The Gabelli Convertible and Income Securities Fund Inc. is a diversified, closed-end management investment company whose primary objective is to seek a high level of total return through a combination of current income and capital appreciation.

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.

This report is printed on recycled paper.



From the Gabelli Press:

Global Convertible Investing: The Gabelli Way

THE **GABELLI**
CONVERTIBLE AND
INCOME SECURITIES
FUND INC.



Mario J. Gabelli, CFA

To Our Shareholders,

The Gabelli Convertible and Income Securities Fund's (the "Fund") net asset value ("NAV") total return was -6.5% during the second quarter of 2010, compared with total returns of -11.4%, 3.9%, and -5.6% for the Standard & Poor's ("S&P") 500 Index, the Barclays Capital Government/Corporate Bond Index, and the Lipper Convertible Securities Fund Average, respectively. The total return for the Fund's publicly traded shares was -12.4% during the second quarter. For the one year period ended June 30, 2010, the Fund's NAV total return was 16.7% and the total return for the Fund's publicly traded shares was 21.4%, compared with total returns of 14.4%, 9.7%, and 20.1% for the Standard & Poor's ("S&P") 500 Index, the Barclays Capital Government/Corporate Bond Index, and the Lipper Convertible Securities Fund Average, respectively. On June 30, 2010, the Fund's NAV per share was \$5.59, while the price of the publicly traded shares closed at \$5.61 on the New York Stock Exchange ("NYSE").

Comparative Results

Average Annual Returns through June 30, 2010 (a)

	Quarter	Year to Date	1 Year	3 Year	5 Year	10 Year	15 Year	20 Year	Since Inception (07/03/89)
Gabelli Convertible and Income Securities Fund									
NAV Total Return (b)	(6.45)%	(2.33)%	16.72%	(4.10)%	2.29%	2.86%	4.69%	6.04%	6.23%
Investment Total Return (c)	(12.43)	0.20	21.40	(6.14)	(1.96)	3.92	4.91	N/A(d)	4.87(d)
S&P 500 Index	(11.41)	(6.64)	14.43	(9.80)	(0.79)	(1.59)	6.24	7.67	8.07(e)
Barclays Capital Government/Corporate Bond Index	3.88	5.49	9.65	7.37	5.26	6.48	6.35	7.16	7.15(e)
Lipper Convertible Securities Fund Average	(5.63)	(1.31)	20.12	(2.98)	2.75	2.35	6.74	8.26	8.19(e)

(a) **Returns represent past performance and do not guarantee future results.** Investment returns and the principal value of an investment will fluctuate. When shares are sold, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. Performance returns for periods of less than one year are not annualized. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing.** The S&P 500 Index is an unmanaged indicator of stock market performance. The Barclays Capital Government/Corporate Bond Index is an unmanaged market value weighted index that tracks the total return performance of fixed rate, publicly placed, dollar denominated obligations. The Lipper Convertible Securities Fund Average reflects the average performance of open-end mutual funds classified in this particular category. Dividends and interest income are considered reinvested. You cannot invest directly in an index.

(b) Total returns and average annual returns reflect changes in the net asset value ("NAV") per share, reinvestment of distributions at NAV on the ex-dividend date, and adjustments for rights offerings and are net of expenses. Since inception return is based on an initial NAV of \$10.00.

(c) Total returns and average annual returns reflect changes in closing market values on the New York Stock Exchange, reinvestment of distributions, and adjustments for rights offerings. Since inception return is based on an initial offering price of \$11.25.

(d) The Fund converted to closed-end status on March 31, 1995 and had no operating history on the New York Stock Exchange prior to that date.

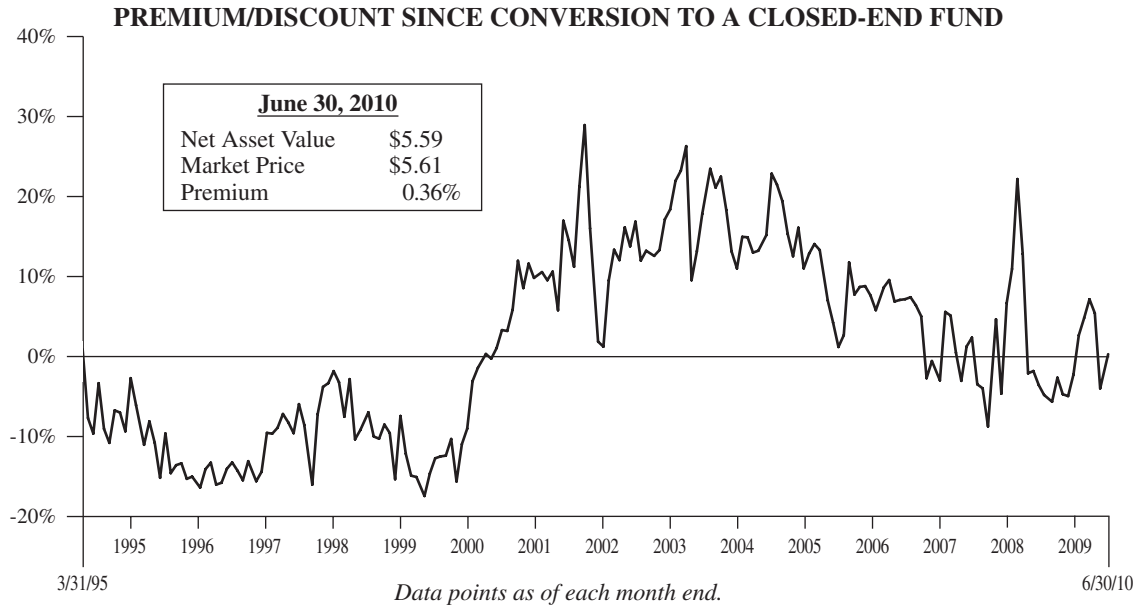
(e) From June 30, 1989, the date closest to the Fund's inception for which data is available.

Premium / Discount Discussion

As a refresher for our shareholders, the price of a closed-end fund is determined in the open market by willing buyers and sellers. Shares of the Fund trade on the NYSE and may trade at a premium to (higher than) net asset value (the market value of the Fund's underlying portfolio and other assets less any liabilities) or a discount to (lower than) net asset value. Of the 615 closed-end funds that are publicly traded in the U.S. as of June 30, 2010, approximately 37% trade at premiums to NAV compared with 30% five years ago and 13% ten years ago.

Ideally, the Fund's market price will generally track the NAV. However, the Fund's premium or discount to NAV may vary over time. Over the Fund's fifteen year history as a closed-end fund, the range fluctuated from a 34% premium in August 2002 to a 32% discount in October 2008. On June 30, 2010, the market price of the Fund closed at a 0.4% premium to its NAV.

The Fund's long-term investment goal is to seek a high level of total return through a combination of current income and capital appreciation. We believe that our securities selection process adds to the investment equation. We have a successful history of investment, providing shareholders average annual returns of 6.2% since inception. However, it is important to remember that "Mr. Market" is a pendulum that swings both ways.



Our Objective

Our mandate is to preserve and enhance our shareholders' wealth through a conservative and disciplined approach to convertible securities investing. Our goal is to generate profitable returns in strong markets and protect principal in weak markets by taking advantage of the unique characteristics of convertible securities.

Our Fund is managed with a goal of achieving a 600–800 basis point spread above longer dated Treasuries, which we hope to generate over the long term. Of course, there are no guarantees.

Convertible Securities are “Hybrids”

It is important to understand our stock selection discipline, because price movement in the underlying equity will generally have the greatest impact on convertible securities pricing. The convertible securities market consists of bonds, debentures, corporate notes, preferred stocks, and warrants or other similar securities, which may be converted into or exchanged for a prescribed amount of common stock or other equity security of the same or a different issuer within a particular period of time, at a specified price or formula. Converts are “hybrid” securities that combine the capital appreciation potential of equities with the higher yield of fixed income instruments. Our strategy incorporates the purchase of convertible securities that are trading at a premium (above parity) with the common stock, but which generally provide a higher yield, and, over time, capital appreciation. We also will seek out “busted” converts, where the underlying common stock has dropped significantly and the values of both the conversion privilege and the convert are down. Such securities will provide both high yields and long-term capital appreciation potential.

Market Review

Convertibles saw negative returns in the second quarter of 2010 and generally moved in tandem with equity markets. Performance by U.S. convertibles in the first half of 2010 was down 5.8% on a total return basis, which compares favorably to broad year to date declines in the equity markets; the Dow (-5.0%), the S&P (-6.6%); and the Nasdaq (-7.1%). Concerns over sovereign debt, reductions in stimulus spending, slowing global growth (particularly in China), domestic financial reform legislation, potential austerity measures, and mixed economic data captured the markets collective attention during the quarter. These issues sparked the broad based equity selloff, and these concerns were only made murkier by the Gulf of Mexico oil disaster and rising geopolitical tensions around the globe. The U.S. convertibles market cheapened during the quarter as constituents lost equity sensitivity and convertible prices moved closer to “bond floors” suffering from falling equity prices.

U.S. convertibles fell 5.8% in the second quarter of 2010 as represented by the Merrill Lynch All U.S. Convertibles Index (VXA0), corresponding to a 13.1% decline in the underlying equities. Individual monthly index returns for convertibles during the second quarter were 2.1%, -4.8%, and -3.1%, for April, May, and June, respectively, while the underlying equities posted corresponding returns of -3.4%, -8.8%, and -7.7%. Summarizing constituent performance for the quarter: by size, small-cap issuer converts underperformed their mid- and large-cap counterparts; by quality, investment grade outpaced speculative grade; and by investment style, growth names underperformed value names.

During the second quarter, speculative grade converts underperformed investment grade converts by a sizeable margin (-7.8% vs. -4.6%), corresponding to the decidedly weaker performance of small-cap equities. However, speculative grade converts are still outperforming investment grade issues year to date (-0.4% vs. -2.6%). As compiled by Bank of America (Merrill Lynch), the second quarter was generally unkind to all industry sectors. Year to date, the best performing sector continues to be transportation (+15.0%). Other sectors showing positive performance include media (+5.7%), financials (+3.3%), and telecom (+0.6), while underperformers included materials (-8.9%), consumer staples (-7.0), and energy (-5.4%).

Demand for new convertible issuance has remained strong. During the second quarter, Bank of America (Merrill Lynch) reported inconsistent primary market activity, with sixteen new deals pricing for aggregate proceeds of \$7.7 billion. Year to date, thirty-seven new deals have priced, with aggregate proceeds of \$14.1 billion. New issuance activity has been inconsistent this year, dashing market participants’ hopes for increased supply. Redemptions have remained at elevated levels, outpacing new issuance both for the quarter (\$12.7 billion) and year to date (\$21.2 billion), resulting in a further net supply contraction.

During the second quarter, the total market value of the U.S. convertible universe shrank from \$230.6 billion to \$212.0 billion, falling below the year's opening level, a result of negative secondary market performance in the quarter and negative net new issuance.

Similar performance was seen in the European and Asian convertibles markets. Barclays reported Europe Middle East Africa (EMEA) and Asia Pacific markets performance of 0.9% and -0.2%, respectively, through June, which corresponded to underlying equity performance of -2.3% and -2.1%, respectively. Much like the U.S. market, the best performing EMEA and Asia Pacific convertibles were companies benefitting from corporate recoveries and/or restructurings, as well as some select technology sectors, while underperformers included companies with exposure to deteriorating sovereigns and the metals and mining sector.

As of June 30, 2010, Barclays' EMEA convertible bond universe represents \$81.3 billion of nominal value (\$78.1 billion by market value). The current universe consists predominantly of French, German, and UK issuers (47% of market value) and is comprised of approximately 39% investment grade and 61% high yield bonds. Second quarter new issuance totaled approximately \$1.3 billion, bringing the year to date figure to \$7 billion, slightly outpacing redemptions of \$6.6 billion, resulting in modest net supply growth. As of June 30, 2010, Barclays' Asia Pacific convertible bond universe is comprised of Asian convertibles and forty of the most liquid and active Japanese convertible bonds, representing \$65.4 billion nominal of value, or \$68.6 billion market value. Japanese converts account for approximately 35% of the index by market value, with Indian, Hong Kong, and Singapore making up most of the balance. Credit quality is about split approximately one-third/two-thirds, respectively, between investment grade and high yield, with Japanese corporates representing the bulk of the investment grade bonds. New issuance in the Asia Pacific market was basically consistent with the other major markets during the quarter with only \$1.4 billion in transactions, which brought the year to date total to \$4.6 billion, offset by \$7.7 billion of redemptions, resulting in negative net supply of \$3.1 billion.

Outlook

In 2010, convertible performance has been driven by mainly by equities and corporate credit. Year to date, the convertible asset class again has demonstrated its historically lower volatility versus the equity market while providing investors with equity market exposure. Current performance expectations anticipate returns more reflective of historical norm and continued market movement to normalized capital market conditions. We believe that the current market in convertibles represents a timely opportunity, with attractive current yield and future upside potential for investors in the Fund.

Current market conditions provide opportunities for potential future gains. Attractive investments range from low premium convertibles with upside potential should stocks continue their rebound to some higher yielding convertibles that are attractive on an outright basis. This view is supported by continued signs of an economic recovery, interest rates that are expected to rise slowly, credit spreads that could narrow further despite the last year's substantial tightening, elevated stock specific volatility, and a convertibles market that is still "cheap" on a theoretical basis. New convertible issuance offers an additional opportunity for potential gain, especially in the currently constrained supply environment. Finally, as the market moves from beta driven performance (simply being exposed to a rebounding asset class) to alpha driven performance (security selection), we expect this current environment to favor specifically our research driven process to add value.

The current portfolio represents a combination approach to the convertible asset class, blending a number of attractive situations in a balanced approach to provide safety and capital appreciation. Over the past year, the portfolio has benefited from a broad range of positive outcomes, including attractive outright yield to put/maturity plays, credit spread contraction, rebounding equity sensitive names, the return of merger and acquisition activity, and new issuance.

Let's Talk Investments

The following are security specifics on selected holdings of our Fund. Favorable earnings prospects do not necessarily translate into higher security 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.

GenCorp Inc. (GY) (Sub. Deb. Cv., 2.25%, 11/15/24 & 4.0625%, 12/31/39) is a leading manufacturer of propulsion systems for the aerospace and defense markets, and the company owns 7,000 acres of real estate, primarily in Sacramento, California. In the aerospace and defense group, the demand for GY's propulsion systems is growing, driven by new business on tactical missiles, the missile defense program, and the space shuttle. In the real estate business, GY's strategy is to zone over 6,000 acres of raw land for residential development to maximize values. Two properties comprising 1,400 acres have been approved for residential use, and GY's remaining three properties are in various stages of the entitlement process. GY's private market value grows as GY's properties become entitled. The 2.25% notes have a put date approaching in November 2011, when most holders will exchange the securities for cash.

Griffon Corp. (GFF) (Cv., 4.00%, 07/18/23 & 01/15/17), based in Jericho, NY, operates three businesses: Clopay Building Products, which manufactures residential garage doors; Clopay Plastic Products, which develops plastic films used as moisture barriers in baby diapers and adult incontinence products; and Griffon Telephonics, which manufactures a variety of electronic systems used in defense and commercial markets worldwide. Recently, Griffon acquired Ames True Temper, a leading North American manufacturer and marketer of non-powered lawn and garden tools, wheelbarrows, and other landscaping products. Currently, Griffon trades at a significant discount to its private market value. The company's adult incontinence products should benefit as the number of baby boomers in the 65+ age group grows at the fastest rate in history. Additionally, an improvement in the housing market fundamentals should provide a tailwind to the company's garage door business, and the Ames True Temper acquisition should expand Griffon's revenues and profitability. The GFF notes due 2017 offer a way to participate in the GFF equity while receiving the 4% coupon. The equity security currently does not pay a dividend.

Interpublic Group of Cos. Inc. (IPG) (Cv., 4.25%, 03/15/23) is a global advertising and marketing services company based in New York, NY. The company is benefiting from a global rebound in marketing spending which we believe to be sustainable. In the second quarter of 2010 alone, revenue increased approximately 10%, with profit margins increasing by 400 basis points. In addition to cyclical tailwinds, IPG is benefiting from a turnaround in which operating income margins have increased from -2% in 2005 to around 8.5% in 2010. The company has a strong balance sheet with no net debt and trades at an attractive valuation.

Janus Capital Group Inc. (JNS) (Cv., 3.25%, 07/15/14) based in Denver, CO, is a provider of investment management, administration, distribution, and related services to individuals and institutional investors through mutual funds, separate accounts, and sub advised relationships. As of June 30, 2010, assets under management totaled approximately \$147 billion. Longer-term, Janus is well positioned to capture equity inflows due to its strong investment performance, brand recognition, and broad distribution. In the interim, we have been encouraged by initiatives from Richard Weil, the new Chief Executive Officer, to enhance operating performance and to expand the firm's global operations. Given the volatility of the JNS equity, the JNS 3.25% convert offers a way to participate in any bull market rallies with greater downside protection.

SanDisk Corp. (SNDK) (Cv., 1.00%, 05/15/13), headquartered in Milpitas, CA, manufactures NAND-based flash memory cards, which are widely used in consumer electronics products. SanDisk's major end markets consist of mobile devices and imaging applications, fast growth markets which accounted for 41% and 25% of 2009 revenue, respectively. Other end markets include USB, audio/video, and embedded SSD. In 2009, SanDisk generated \$3.57 billion in sales. The NAND

flash memory market is cyclical and has seen oversupply, excess inventories, and steep price erosion. Oversupply and global macroeconomic recession drove major flash memory manufacturers to halt their investment in capacity expansion. However, demand for flash memory storage continues to grow strongly as explosive growth of multimedia data and consumer electronics results in a tighter demand/supply market and benign pricing trends. Market research predicts that the NAND flash memory market will have supply shortage in 2010 and 2011. SanDisk has delivered solid performance and strong gross margin in the first half of 2010. We expect the company to benefit further from favorable pricing trends and strong demand growth well into 2011. SanDisk and Toshiba are expanding their capacity and jointly building a new state of the art lab in Japan which will be operational in 2011. The 1% convertible bonds mature in May 2013 and continue to trade at a discount to par value, providing an opportunity for capital appreciation.

Sinclair Broadcast Group Inc. (SBGI) (Sub. Deb. Cv., 6.00%, 09/15/12) is benefiting from an increasingly broad based advertising recovery. Automobile advertising, the company's largest category, was up 46% in the second quarter, while eight of the top ten categories also increased in the quarter. During the third period, management expects broadcast revenues to be up in the high teens/low twenties, helped by an estimated \$9.5 million of political advertising. In total, political advertising could meet or exceed \$40 million this year, above earlier estimates. An influx tends to tighten inventory and help raise prices. The company recently put a new bank credit agreement in place, and it hopes to take advantage of an accommodating debt market to address its 8% debt issue, which is due in 2012. SBGI described itself as awash in cash on its conference call, and indicated that it might consider a special dividend prior to year end. We calculate \$12-13 per share private market value (PMV) through the 2011-2012 political cycle.

Standard Motor Products Inc. (SMP) (Sub. Deb. Cv., 15.00%, 04/15/11) is a leading independent manufacturer of engine management and replacement parts for motor vehicles. The company manufactures and distributes ignition and emissions parts, on board computers, and ignition wires. SMP also manufactures and sells air conditioning compressors and other air conditioning and heating parts. The automotive aftermarket should continue to experience steady growth as weak new vehicle sales between 2008-2011 effectively ages the overall vehicle population. As consumers hold on to their vehicles longer, service needs increase, creating replacement parts opportunities for SMP. The 15% notes provide a very attractive coupon, especially for a company with limited liquidity risk.

Wells Fargo & Co. (WFC - \$25.60 - NYSE) is a diversified financial services company with over \$1.2 trillion in assets funded by \$759 billion in core deposits, giving it a deposit market share of over 11%, the second highest in the U.S. These deposits and loans are gathered and managed through a nationwide network of 6,610 retail branches and the Internet, providing banking, insurance, investments, mortgage, and consumer finance. Wells Fargo's recent merger with Wachovia has given it a nationwide presence, and the company is expected to generate annual cost savings of \$5 billion. Through the merger, Wells Fargo was able to write off many of Wachovia's most toxic assets, leaving current shareholders with a much cleaner balance sheet. The company's strong consumer brand, nationwide branch network, and history of cross selling should drive earnings growth.

In Conclusion

Our bottom-up, fundamental research driven investment process should ultimately lead to positive returns in the months and years ahead. We expect continued volatility in both credit and equity markets, which should provide opportunities to capture value in convertible securities. As fundamental value investors, we look for a margin of safety in our investments – a concept pioneered by value investor guru Benjamin Graham. This margin is the amount by which a stock's intrinsic value is above its market price. When we analyze a company, we calculate its PMV – the value an informed buyer would pay for it. We look at a company's earnings, cash flow, industry position, and many other factors to calculate this intrinsic value. If we can buy stock in a company whose PMV is comfortably above its market price –

buying it for less than what it is worth – we do so. We take into account that if a company happens to be in a volatile industry, we require a larger margin of safety and a bigger discount to PMV. Over time, this investment style yields superior returns while minimizing downside risk. Our experience has taught us that today’s market volatility will provide attractive entry points to maximize the potential of our long-time strategy.

Sincerely,



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

July 19, 2010

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 the annual proxy statement for GAMCO Investors, Inc. (NYSE:GBL). Mr. Gabelli receives no base salary, no annual bonus, and no stock options.

As founder and portfolio manager of The Gabelli Convertible and Income Securities Fund Inc., Mr. Gabelli received \$320,805 in calendar year 2009. For the Fund’s first twelve months of operation starting in July 1989, Mr. Gabelli received less than \$125,000. Mario J. Gabelli and various entities he is deemed to control owned 1,415,444 and 4,200 common and preferred shares, respectively, of the Fund for a total amount invested of \$7,940,641 and \$105,672 in the common and preferred shares, respectively, as of June 30, 2010. Mr. Gabelli may not have pecuniary interest equal to a one hundred percent economic ownership in some of the entities he is deemed to control.

8% Distribution Policy for Common Stockholders

The Board of Directors of the Fund (the “Board”) has reaffirmed the continuation of the Fund’s 8% distribution policy for the second quarter of 2010. Pursuant to its distribution policy, the Fund paid a \$0.11 per share cash distribution on June 23, 2010 to common stockholders of record on June 16, 2010.

The Fund intends to pay a quarterly distribution of an amount determined each quarter by the Board. Under the Fund’s current distribution policy, the Fund intends to pay a minimum annual distribution of 8% of the average net asset value of the Fund within a calendar year or an amount sufficient to satisfy the minimum distribution requirements of the Internal Revenue Code, whichever is greater. The average net asset value of the Fund is based on the average net asset values as of the last day of the four preceding calendar quarters.

Each quarter, the Board reviews the amount of any potential distribution and the income, capital gain, or capital available. The Board will continue to monitor the Fund's quarterly distribution level, taking into consideration the Fund's net asset value and the financial market environment. The Fund's distribution policy is subject to modification by the Board at any time.

If the Fund does not generate sufficient earnings from dividends and interest received and net realized capital gains to cover the aggregate distributions paid by the Fund in a given year, then the amount distributed in excess of the Fund's investment income and net realized capital gains would be deemed a non-taxable return of capital. Since this would be considered a return of a portion of a shareholder's original investment, it is not taxable and is treated as a reduction in the shareholder's cost basis. However, despite the challenges of the extra record keeping, a distribution that is occasionally supplemented with a return of capital serves as a smoothing mechanism resulting in a more stable and consistent cash flow available to shareholders. For a closed-end fund with a distribution policy, a return of capital becomes progressively less likely with the passage of time because in later years it is more likely that long-term capital gains can be realized and therefore become available for distribution. A portion of the distribution may be treated as long-term capital gain and qualified dividend income for individuals, each subject to the maximum federal income tax rate, which is currently 15% in taxable accounts for individuals. Long-term capital gains, qualified dividend income, ordinary income, and paid-in capital, if any, will be allocated on a pro-rata basis to all distributions to common shareholders for the year. Based on the accounting records of the Fund as of June 16, 2010, each of the distributions paid in 2010 would include approximately 13% from net investment income and 87% from paid-in capital.

The estimated components of each distribution are provided to shareholders of record in a notice accompanying the distribution and are available on our website (www.gabelli.com). The final determination of the sources of all distributions in 2010 will be made after year end and can vary from the quarterly estimates. All shareholders with taxable accounts will receive written notification regarding the components and tax treatment for all 2010 distributions in early 2011 via Form 1099-DIV.

6.00% Series B Cumulative Preferred Stock

The Fund's 6.00% Series B Cumulative Preferred Stock paid a \$0.375 per share cash distribution on June 28, 2010 to preferred shareholders of record on June 21, 2009. The Series B Preferred Shares, which trade on the NYSE under the symbol "GCV Pr B", are rated "Aaa" by Moody's Investors Service and have an annual dividend rate of \$1.50 per share. The Series B Preferred Shares were issued on March 18, 2003 at \$25.00 per share and pay distributions quarterly. After five years of call protection, the Series B Preferred Shares became callable at any time at the liquidation value of \$25.00 per share plus accrued dividends. The next distribution is scheduled for September 2010. The Fund is authorized to purchase its Series B Preferred Shares in the open market from time to time when such shares are trading at a discount to the liquidation value of \$25.00 per share. In total through June 30, 2010, the Fund repurchased and retired 34,452 Series B Preferred Shares in the open market under this share repurchase authorization. The Fund did not repurchase any Series B Preferred Shares during the second quarter of 2010.

It should be noted that the Investment Adviser does not receive a management fee on the incremental assets attributable to the Preferred Stock unless the total return of the net asset value of the common stock during the year, including distributions and management fee subject to reduction, exceeds the stated dividend rate or corresponding swap rate of each particular series of Preferred Stock for the fiscal year. The Investment Adviser believes this fee arrangement is in the best interest of all shareholders.

The Board shares the Investment Adviser's view that the issuance of the Preferred Stock is designed to benefit the common shareholders. To the extent that the Fund earns in excess of the dividend rate on the Preferred Stock, additional value will thereby be created for its common shareholders.

A portion of the distributions may be treated as long-term capital gains and qualified dividend income for individuals, each subject to the maximum federal income tax rate, which is currently 15% in taxable accounts for individuals. Long-term capital gains, qualified dividend income, and ordinary income, if any, will be allocated on a pro-rata basis to all distributions to preferred shareholders for the year. Based on the accounting records of the Fund as of June 16, 2010, each of the distributions paid in 2010 would be deemed 100% from net investment income. The estimated components of each distribution are provided to shareholders of record in a notice accompanying the distribution and are available on our website (www.gabelli.com). The final determination of the sources of all distributions in 2010 will be made after year end and can vary from the quarterly estimates. All shareholders with taxable accounts will receive written notification regarding the components and tax treatment for all 2010 distributions in early 2011 via Form 1099-DIV.

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 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, and mutual fund prices and performance.

e-delivery

We are pleased to offer electronic delivery of Gabelli fund documents. Shareholders of our closed-end funds can now elect to receive e-mail announcements regarding available materials, including shareholder commentaries and fund reports. For more information or to register for e-delivery, please visit our website at www.gabelli.com.

Top Ten Holdings **June 30, 2010**

Millipore Corp.	Ferro Corp., Cv., 6.50%, 08/15/13
Sinclair Broadcast Group Inc., Sub. Deb. Cv., 6.00%, 09/15/12	Great Atlantic & Pacific Tea Co. Inc., Cv., 5.125%, 06/15/11
SanDisk Corp., Cv., 1.00%, 05/15/13	Standard Motor Products Inc., Sub. Deb. Cv., 15.00%, 04/15/11
Griffon Corp., Cv., 4.00%, 07/18/23 & 01/15/17	The Interpublic Group of Companies, Cv., 3.25%, 03/15/23
GenCorp Inc., Sub. Deb. Cv., 2.25%, 11/15/24 & 4.0625%, 12/31/39	Wells Fargo & Co.

AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLANS

Enrollment in the Plan

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

The Gabelli Convertible and Income Securities Fund Inc.
c/o Computershare
P.O. Box 43010
Providence, RI 02940-3010

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

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

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

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

Voluntary Cash Purchase Plan

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

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

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

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

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

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC. AND YOUR PERSONAL PRIVACY

Who are we?

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

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

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

- *Information you give us on your application form.* This could include your name, address, telephone number, social security number, bank account number, and other information.
- *Information about your transactions with us.* This would include information about the shares that you buy or sell; it may also include information about whether you sell or exercise rights that we have issued from time to time. If we hire someone else to provide services—like a transfer agent—we will also have information about the transactions that you conduct through them.

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

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

What do we do to protect your personal information?

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

DIRECTORS AND OFFICERS
THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
One Corporate Center, Rye, NY 10580-1422

Directors

Mario J. Gabelli, CFA
Chairman & Chief Executive Officer,
GAMCO Investors, Inc.

E. Val Cerutti
Chief Executive Officer,
Cerutti Consultants, Inc.

Anthony J. Colavita
President,
Anthony J. Colavita, P.C.

Dugald A. Fletcher
President, Fletcher & Company, Inc.

Anthony R. Pustorino
Certified Public Accountant,
Professor Emeritus, Pace University

Werner J. Roeder, MD
Medical Director,
Lawrence Hospital

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

Salvatore J. Zizza
Chairman, Zizza & Co., Ltd.

Officers

Bruce N. Alpert
President

Joseph H. Egan
Acting Treasurer

Peter D. Goldstein
Chief Compliance Officer & Acting Secretary

Christopher Haydon
Ombudsman

Laurissa M. Martire
Vice President & Ombudsman

Agnes Mullady*
Treasurer & Secretary

Investment Adviser

Gabelli Funds, LLC
 One Corporate Center
 Rye, New York 10580-1422

Custodian

State Street Bank and Trust Company

Counsel

Skadden, Arps, Slate, Meagher & Flom LLP

Transfer Agent and Registrar

Computershare Trust Company, N.A.

Stock Exchange Listing

	<u>Common</u>	<u>6.00% Preferred</u>
NYSE-Symbol:	GCV	GCV PrB
Shares Outstanding:	13,255,095	965,548

*Agnes Mullady is on a leave of absence for a limited period of time.

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

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

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

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

**THE GABELLI CONVERTIBLE AND
INCOME SECURITIES FUND INC.
One Corporate Center
Rye, NY 10580-1422
(914) 921-5070
www.gabelli.com**

**Shareholder Commentary
June 30, 2010**

The Gabelli Convertible and Income Securities Fund Inc.

Semi-Annual Report
June 30, 2010



Mario J. Gabelli, CFA

To Our Shareholders,

The Gabelli Convertible and Income Securities Fund's (the "Fund") net asset value ("NAV") total return was (2.3)% during the semi-annual period ended June 30, 2010, compared with returns of (6.6)%, 5.5%, and (1.3)% for the Standard & Poor's ("S&P") 500 Index, the Barclays Capital Government/Corporate Bond Index, and the Lipper Convertible Securities Fund Average, respectively. The total return for the Fund's publicly traded shares was 0.2% during the first half of the year. For the one year period ended June 30, 2010, the Fund's NAV total return was 16.7% and the total return for the Fund's publicly traded shares was 21.4%, compared with returns of 14.4%, 9.7%, and 20.1% for the S&P 500 Index, the Barclays Capital Government/Corporate Bond Index, and the Lipper Convertible Securities Fund Average, respectively. On June 30, 2010, the Fund's NAV per share was \$5.59, while the price of the publicly traded shares closed at \$5.61 on the New York Stock Exchange ("NYSE").

Enclosed are the financial statements and the investment portfolio as of June 30, 2010.

Comparative Results

<u>Average Annual Returns through June 30, 2010 (a) (Unaudited)</u>									
	Quarter	Year to Date	1 Year	3 Year	5 Year	10 Year	15 Year	20 Year	Since Inception (07/03/89)
Gabelli Convertible and Income Securities Fund									
NAV Total Return (b)	(6.45)%	(2.33)%	16.72%	(4.10)%	2.29%	2.86%	4.69%	6.04%	6.23%
Investment Total Return (c)	(12.43)	0.20	21.40	(6.14)	(1.96)	3.92	4.91	N/A(d)	4.87(d)
S&P 500 Index	(11.41)	(6.64)	14.43	(9.80)	(0.79)	(1.59)	6.24	7.67	8.07(e)
Barclays Capital Government/Corporate Bond Index	3.88	5.49	9.65	7.37	5.26	6.48	6.35	7.16	7.15(e)
Lipper Convertible Securities Fund Average	(5.63)	(1.31)	20.12	(2.98)	2.75	2.35	6.74	8.26	8.19(e)

(a) **Returns represent past performance and do not guarantee future results.** Investment returns and the principal value of an investment will fluctuate. When shares are sold, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. Performance returns for periods of less than one year are not annualized. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing.** The S&P 500 Index is an unmanaged indicator of stock market performance. The Barclays Capital Government/Corporate Bond Index is an unmanaged market value weighted index that tracks the total return performance of fixed rate, publicly placed, dollar denominated obligations. The Lipper Convertible Securities Fund Average reflects the average performance of open-end mutual funds classified in this particular category. Dividends and interest income are considered reinvested. You cannot invest directly in an index.

(b) Total returns and average annual returns reflect changes in the NAV per share, reinvestment of distributions at NAV on the ex-dividend date, and adjustments for rights offerings and are net of expenses. Since inception return is based on an initial NAV of \$10.00.

(c) Total returns and average annual returns reflect changes in closing market values on the New York Stock Exchange, reinvestment of distributions, and adjustments for rights offerings. Since inception return is based on an initial offering price of \$11.25.

(d) The Fund converted to closed-end status on March 31, 1995 and had no operating history on the New York Stock Exchange prior to that date.

(e) From June 30, 1989, the date closest to the Fund's inception for which data is available.

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 CONVERTIBLE AND INCOME SECURITIES FUND INC.

Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of total investments as of June 30, 2010:

U.S. Government Obligations	27.6%	Computer Software and Services	2.1%
Energy and Utilities	10.1%	Business Services	1.7%
Health Care	9.3%	Consumer Products	1.2%
Financial Services	7.5%	Machinery	1.0%
Diversified Industrial	6.3%	Hotels and Gaming	1.0%
Computer Hardware	4.5%	Communications Equipment	0.8%
Broadcasting	3.9%	Electronics	0.5%
Aerospace	3.9%	Transportation	0.4%
Retail	3.4%	Environmental Services	0.4%
Automotive: Parts and Accessories	3.3%	Metals and Mining	0.2%
Telecommunications	3.0%	Equipment and Supplies	0.1%
Food and Beverage	2.8%	Cable and Satellite	0.1%
Specialty Chemicals	2.7%	Entertainment	0.1%
Automotive	2.1%	Manufactured Housing and Recreational Vehicles	0.0%
			<u>100.0%</u>

The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (the "SEC") for the first and third quarters of each fiscal year on Form N-Q, the last of which was filed for the quarter ended March 31, 2010. Shareholders may obtain this information at www.gabelli.com or by calling the Fund at 800-GABELLI (800-422-3554). The Fund's Form N-Q is available on the SEC's website at www.sec.gov and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

Proxy Voting

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

Shareholder Meeting – May 17, 2010 – Final Results

The Fund's Annual Meeting of Shareholders was held on May 17, 2010 at the Greenwich Library in Greenwich, Connecticut. At that meeting, common and preferred shareholders, voting together as a single class, elected Mario J. Gabelli as a Director of the Fund. A total of 7,963,881 votes were cast in favor of this Director and a total of 514,380 votes were withheld for this Director. In addition, preferred shareholders, voting as a separate class, elected Werner J. Roeder as a Director of the Fund. A total of 828,038 votes were cast in favor of this Director and a total of 500 votes were withheld for this Director.

Anthony J. Colavita, E. Val Cerutti, Dugald A. Fletcher, Anthony R. Pustorino, Anthonie C. van Ekris, and Salvatore J. Zizza continue to serve in their capacities as Directors of the Fund.

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

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
SCHEDULE OF INVESTMENTS (Continued)
June 30, 2010 (Unaudited)

<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Principal Amount</u>	<u>Cost</u>	<u>Market Value</u>
COMMON STOCKS (Continued)			CORPORATE BONDS — 2.0%		
Specialty Chemicals — 0.1%			Consumer Products — 0.0%		
3,000			\$ 1,500,000		
	International Flavors & Fragrances Inc. \$ 138,967	\$ 127,260		Pillowtex Corp., Sub. Deb., 9.000%, 12/15/10† (b) .. \$ 0	\$ 0
Telecommunications — 2.5%			Electronics — 0.3%		
10,000	BCE Inc. 283,752	292,700	300,000	Stoneridge Inc., 11.500%, 05/01/12	300,000
4,000	Belgacom SA	126,516			302,250
3,000	Philippine Long Distance Telephone Co., ADR ... 91,004	152,910		Energy and Utilities — 0.7%	
2,800	Swisscom AG	1,051,899	1,000,000	Texas Competitive Electric Holdings Co. LLC, Ser. B (STEP), 10.250%, 11/01/15	751,185
14,000	Telekom Austria AG	216,488			665,000
27,000	Verizon Communications Inc. 987,783	756,540		Health Care — 0.0%	
		2,787,738		150,000	Sabratek Corp., Sub. Deb., 6.000%, 04/15/11† (b) .. 84,763
		2,438,177			0
Transportation — 0.1%			Machinery — 1.0%		
4,000	GATX Corp. 106,654	106,720	1,000,000	Terex Corp., Sub. Deb., 7.375%, 01/15/14	1,008,751
Wireless Communications — 0.0%					1,012,500
2,000	Turkcell Iletisim Hizmetleri A/S, ADR	33,611		Manufactured Housing and Recreational Vehicles — 0.0%	
49	Winstar Communications Inc.† (b)	438	103,000	Fleetwood Enterprises Inc., 14.000%, 12/15/11† (b) ..	98,000
		34,049			15,836
		25,960		Telecommunications — 0.0%	
TOTAL COMMON STOCKS			30,000	AMNEX Inc., Sub. Deb., 8.500%, 09/25/49† (b)	22,972
	38,757,489	36,281,202	50,000	8.500%, 09/25/49† (a)(b)(c) ...	48,801
PREFERRED STOCKS — 0.0%					71,773
3,679	PTV Inc., 10.000% Pfd., Ser. A†	0			0
		294		TOTAL CORPORATE BONDS	
WARRANTS — 0.0%				2,314,472	1,995,586
Food and Beverage — 0.0%					
1,300	Parmalat SpA, GDR, expire 12/31/15† (a)(b)(c)	0			
		870			
Health Care — 0.0%					
12,930	Elite Pharmaceuticals Inc., expire 04/24/12† (b)(c) ..	8,535			
		52			
TOTAL WARRANTS ...					
	8,535	922			

See accompanying notes to financial statements.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
SCHEDULE OF INVESTMENTS (Continued)
June 30, 2010 (Unaudited)

<u>Principal Amount</u>	<u>Cost</u>	<u>Market Value</u>
U.S. GOVERNMENT OBLIGATIONS — 27.6%		
U.S. Treasury Bills — 26.0%		
\$25,551,000	U.S. Treasury Bills, 0.051% to 0.244%††, 07/01/10 to 12/16/10 . . . \$ 25,542,589	\$ 25,542,721
U.S. Treasury Cash Management Bills — 0.4%		
420,000	U.S. Treasury Cash Management Bill, 0.147%††, 07/15/10	419,976
U.S. Treasury Notes — 1.2%		
1,200,000	U.S. Treasury Note, 4.125%, 08/15/10	1,205,782
TOTAL U.S. GOVERNMENT OBLIGATIONS		
	<u>27,168,347</u>	<u>27,168,479</u>
TOTAL INVESTMENTS — 100.0%	<u>\$100,706,181</u>	<u>98,363,191</u>
Other Assets and Liabilities (Net)		(145,276)
PREFERRED STOCK		
(965,548 preferred shares outstanding)		(24,138,700)
NET ASSETS — COMMON STOCK		
(13,255,095 common shares outstanding)		<u>\$ 74,079,215</u>
NET ASSET VALUE PER COMMON SHARE		
(\$74,079,215 ÷ 13,255,095 shares outstanding)		<u>\$5.59</u>

- (a) 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, 2010, the market value of Rule 144A securities amounted to \$7,659,245 or 7.79% of total investments. Except as noted in (c), these securities are liquid.
- (b) 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, 2010, the market value of fair valued securities amounted to \$356,599 or 0.36% of total investments.
- (c) At June 30, 2010, the Fund held investments in restricted and illiquid securities amounting to \$476,046 or 0.48% of total investments, which were valued under methods approved by the Board of Directors as follows:

<u>Acquisition Shares/ Principal Amount</u>	<u>Issuer</u>	<u>Acquisition Date</u>	<u>Acquisition Cost</u>	<u>06/30/10 Carrying Value Per Unit</u>
\$ 50,000	AMNEX Inc., Sub. Deb., 8.500%, 09/25/49	09/15/97	\$ 48,801	—
100	Elite Pharmaceuticals Inc., \$2.32 Cv. Pfd., Ser. C	04/25/07	91,465	\$62.2400
12,930	Elite Pharmaceuticals Inc., Warrants expire 04/24/12	04/25/07	8,535	0.0040
15,143	Interep National Radio Sales Inc., 4.000% Cv. Pfd., Ser. A	05/03/02	1,347,183	—
200,000	Parmalat SpA, GDR	04/10/03	809,275	2.3445
1,300	Parmalat SpA, GDR, Warrants expire 12/31/15	11/09/05	—	0.6692

- † Non-income producing security.
†† Represents annualized yield at date of purchase.
ADR American Depositary Receipt
CVO Contingent Value Obligation
GDR Global Depositary Receipt
STEP Step coupon bond. The rate disclosed is that in effect at June 30, 2010.

See accompanying notes to financial statements.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2010 (Unaudited)

Assets:	
Investments, at value (cost \$100,706,181)	\$98,363,191
Cash	13,850
Receivable for investments sold	57,577
Dividends and interest receivable	495,862
Deferred offering expense	86,686
Prepaid expense	2,376
Total Assets	<u>99,019,542</u>
Liabilities:	
Payable for investments purchased	573,002
Distributions payable	12,069
Payable for investment advisory fees	62,923
Payable for payroll expenses	17,142
Payable for accounting fees	7,500
Payable for shareholder communications expenses	61,327
Unrealized depreciation on swap contracts	23,712
Other accrued expenses	43,952
Total Liabilities	<u>801,627</u>
Preferred Stock:	
Series B Cumulative Preferred Stock (6.000%, \$25 liquidation value, \$0.001 par value, 1,995,000 shares authorized with 965,548 shares issued and outstanding)	24,138,700
Net Assets Attributable to Common Shareholders ...	<u>\$74,079,215</u>
Net Assets Attributable to Common Shareholders Consist of:	
Paid-in capital	\$84,572,163
Accumulated distributions in excess of net investment income	(23,611)
Accumulated net realized loss on investments, swap contracts, and foreign currency transactions	(8,097,361)
Net unrealized depreciation on investments	(2,342,990)
Net unrealized depreciation on swap contracts	(23,712)
Net unrealized depreciation on foreign currency translations	(5,274)
Net Assets	<u>\$74,079,215</u>
Net Asset Value per Common Share:	
(\$74,079,215 ÷ 13,255,095 shares outstanding, at \$0.001 par value; 998,000,000 shares authorized)	<u>\$ 5.59</u>

STATEMENT OF OPERATIONS

For the Six Months Ended June 30, 2010 (Unaudited)

Investment Income:	
Dividends (net of foreign taxes of \$14,659)	\$ 641,171
Interest	1,161,506
Total Investment Income	<u>1,802,677</u>
Expenses:	
Investment advisory fees	511,982
Shareholder communications expenses	51,173
Directors' fees	34,116
Legal and audit fees	30,821
Payroll expenses	25,942
Shareholder services fees	23,172
Accounting fees	22,500
Custodian fees	16,962
Interest expense	2
Miscellaneous expenses	37,488
Total Expenses	<u>754,158</u>
Less:	
Advisory fee reduction	(119,702)
Custodian fee credits	(58)
Total Reduction and Credits	<u>(119,760)</u>
Net Expenses	<u>634,398</u>
Net Investment Income	<u>1,168,279</u>
Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency:	
Net realized gain on investments – unaffiliated	401,170
Net realized loss on investments – affiliated	(808,809)
Net realized gain on swap contracts	47,549
Net realized loss on foreign currency transactions	(3,404)
Net realized loss on investments, swap contracts, and foreign currency transactions	<u>(363,494)</u>
Net change in unrealized depreciation:	
on investments	(1,858,697)
on swap contracts	(15,758)
on foreign currency translations	(5,274)
Net change in unrealized depreciation on investments, swap contracts, and foreign currency translations	<u>(1,879,729)</u>
Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency	
	<u>(2,243,223)</u>
Net Decrease in Net Assets Resulting from Operations	
	<u>(1,074,944)</u>
Total Distributions to Preferred Shareholders	<u>(720,138)</u>
Net Decrease in Net Assets Attributable to Common Shareholders Resulting from Operations	<u>\$ (1,795,082)</u>

See accompanying notes to financial statements.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS

	<u>Six Months Ended</u> <u>June 30, 2010</u> <u>(Unaudited)</u>	<u>Year Ended</u> <u>December 31, 2009</u>
Operations:		
Net investment income	\$ 1,168,279	\$ 2,294,448
Net realized loss on investments, swap contracts, and foreign currency transactions	(363,494)	(6,274,702)
Net change in unrealized appreciation/depreciation on investments, swap contracts, and foreign currency translations	<u>(1,879,729)</u>	<u>20,759,618</u>
Net Increase/(Decrease) in Net Assets Resulting from Operations	<u>(1,074,944)</u>	<u>16,779,364</u>
Distributions to Preferred Shareholders:		
Net investment income	<u>(720,138)*</u>	<u>(1,441,812)</u>
Total Distributions to Preferred Shareholders	<u>(720,138)</u>	<u>(1,441,812)</u>
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders Resulting from Operations	<u>(1,795,082)</u>	<u>15,337,552</u>
Distributions to Common Shareholders:		
Net investment income	<u>(376,406)*</u>	<u>(1,110,747)</u>
Return of capital	<u>(2,519,028)*</u>	<u>(4,377,186)</u>
Total Distributions to Common Shareholders	<u>(2,895,434)</u>	<u>(5,487,933)</u>
Fund Share Transactions:		
Net increase in net assets from common shares issued upon reinvestment of distributions	735,938	813,857
Net increase in net assets from repurchase of preferred shares	<u>—</u>	<u>21,511</u>
Net Increase in Net Assets from Fund Share Transactions	<u>735,938</u>	<u>835,368</u>
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders	<u>(3,954,578)</u>	<u>10,684,987</u>
Net Assets Attributable to Common Shareholders:		
Beginning of period	<u>78,033,793</u>	<u>67,348,806</u>
End of period (including undistributed net investment income of \$0 and \$0, respectively)	<u>\$74,079,215</u>	<u>\$78,033,793</u>

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

See accompanying notes to financial statements.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.

FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout each period:	Six Months Ended	Year Ended December 31,				
	June 30, 2010 (Unaudited)	2009	2008	2007	2006	2005
Operating Performance:						
Net asset value, beginning of period	\$ 5.94	\$ 5.19	\$ 7.90	\$ 8.31	\$ 7.95	\$ 8.32
Net investment income	0.09	0.18	0.24	0.42	0.45	0.40
Net realized and unrealized gain/(loss) on investments, swap contracts, and foreign currency transactions	(0.16)	1.10	(2.01)	0.20	0.92	0.20
Total from investment operations	(0.07)	1.28	(1.77)	0.62	1.37	0.60
Distributions to Preferred Shareholders: (a)						
Net investment income	(0.06)*	(0.11)	(0.14)	(0.11)	(0.09)	(0.14)
Net realized gain	—	—	(0.01)	(0.12)	(0.13)	(0.05)
Total distributions to preferred shareholders	(0.06)	(0.11)	(0.15)	(0.23)	(0.22)	(0.19)
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders Resulting from Operations						
	(0.13)	1.17	(1.92)	0.39	1.15	0.41
Distributions to Common Shareholders:						
Net investment income	(0.03)*	(0.09)	(0.09)	(0.31)	(0.34)	(0.25)
Net realized gain	—	—	(0.01)	(0.32)	(0.46)	(0.29)
Paid-in capital	(0.19)*	(0.33)	(0.70)	(0.17)	—	(0.26)
Total distributions to common shareholders	(0.22)	(0.42)	(0.80)	(0.80)	(0.80)	(0.80)
Fund Share Transactions:						
Increase in net asset value from common share transactions	0.00(f)	0.00(f)	—	0.00(f)	0.01	0.02
Increase in net asset value from repurchase of preferred shares	—	0.00(f)	0.01	—	—	—
Offering costs for preferred shares charged to paid-in capital	—	—	—	—	—	(0.00)(f)
Total fund share transactions	0.00(f)	0.00(f)	0.01	0.00(f)	0.01	0.02
Net Asset Value Attributable to Common Shareholders, End of Period						
	\$ 5.59	\$ 5.94	\$ 5.19	\$ 7.90	\$ 8.31	\$ 7.95
NAV total return †	(2.34)%	23.72%	(25.57)%	4.44%	14.80%	4.40%
Market value, end of period	\$ 5.61	\$ 5.81	\$ 5.55	\$ 7.67	\$ 8.95	\$ 8.83
Investment total return ††	0.20%	13.16%	(18.02)%	(5.85)%	11.32%	4.50%

See accompanying notes to financial statements.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.

FINANCIAL HIGHLIGHTS (Continued)

Selected data for a share outstanding throughout each period:	Six Months Ended		Year Ended December 31,			
	June 30, 2010 (Unaudited)	2009	2008	2007	2006	2005
Ratios and Supplemental Data:						
Net assets including liquidation value of preferred shares, end of period (in 000's)	\$98,218	\$102,173	\$91,782	\$149,360	\$152,158	\$145,324
Net assets attributable to common shares, end of period (in 000's)	\$74,079	\$ 78,034	\$67,349	\$ 99,590	\$102,388	\$ 95,554
Ratio of net investment income to average net assets attributable to common shares before preferred share distributions	2.98%(g)	3.28%	3.65%	4.90%	5.51%	4.93%
Ratio of operating expenses to average net assets attributable to common shares before fees waived ..	1.92%(g)	2.01%	2.06%	2.23%	—	—
Ratio of operating expenses to average net assets attributable to common shares net of advisory fee reduction, if any (b)(c)	1.62%(g)	2.01%	1.64%	1.74%	2.05%	1.92%
Ratio of operating expenses to average net assets including liquidation value of preferred shares before fees waived	1.47%(g)	1.50%	1.45%	1.51%	—	—
Ratio of operating expenses to average net assets including liquidation value of preferred shares net of advisory fee reduction, if any (b)(c)	1.24%(g)	1.50%	1.15%	1.17%	1.37%	1.27%
Portfolio turnover rate †††	23%	71%	76%	61%	51%	32%
Preferred Stock:						
6.000% Series B Cumulative Preferred Stock						
Liquidation value, end of period (in 000's)	\$24,139	\$ 24,139	\$24,433	\$ 24,770	\$ 24,770	\$ 24,770
Total shares outstanding (in 000's)	966	966	977	991	991	991
Liquidation preference per share	\$ 25.00	\$ 25.00	\$25.00	\$ 25.00	\$ 25.00	\$ 25.00
Average market value (d)	\$ 25.02	\$ 23.95	\$22.75	\$ 24.07	\$ 24.10	\$ 25.14
Asset coverage per share	\$101.72	\$ 105.82	\$93.91	\$ 75.02	\$ 76.43	\$ 73.00
Series C Auction Rate Cumulative Preferred Stock						
Liquidation value, end of period (in 000's)	—	—	—	\$ 25,000	\$ 25,000	\$ 25,000
Total shares outstanding (in 000's)	—	—	—	1	1	1
Liquidation preference per share	—	—	—	\$ 25,000	\$ 25,000	\$ 25,000
Average market value (d)	—	—	—	\$ 25,000	\$ 25,000	\$ 25,000
Asset coverage per share	—	—	—	\$ 75,025	\$ 76,431	\$ 72,998
Asset Coverage (e)	407%	423%	376%	300%	306%	292%

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

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

††† Effective in 2008, a change in accounting policy was adopted with regard to the calculation of the portfolio turnover rate to include cash proceeds due to mergers. Had this policy been adopted retroactively, the portfolio turnover rate for the years ended December 31, 2007, 2006, and 2005, would have been 98%, 65%, and 59%, respectively.

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

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

(b) The ratios include a reduction of expenses for custodian fee credits on cash balances maintained with the custodian ("Custodian Fee Credits"). Historically, the ratios reflected operating expenses before the reduction for Custodian Fee Credits. If the ratios did not reflect a reduction for Custodian Fee Credits for the years ended December 31, 2007 and 2006, the ratios of operating expenses to average net assets attributable to common shares net of advisory fee reduction would have been 1.75% and 2.07%, respectively, and the ratios of operating expenses to average net assets including liquidation value of preferred shares would have been 1.18% and 1.37%, respectively. For the six months ended June 30, 2010 and the years ended December 31, 2009, 2008, and 2005, the effect of Custodian Fee Credits was minimal.

(c) The Fund incurred dividend expense on securities sold short for the years ended December 31, 2006 and 2007. If 2006 dividend expense had not been incurred, the ratio of operating expenses to average net assets attributable to common shares would have been 2.06% and the ratio of operating expenses to average net assets including liquidation value of preferred shares would have been 1.37%. For the year ended December 31, 2007, the effect of dividend expense on securities sold short was minimal.

(d) Based on weekly prices.

(e) Asset coverage is calculated by combining all series of preferred stock.

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

(g) Annualized.

See accompanying notes to financial statements.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.

NOTES TO FINANCIAL STATEMENTS (Unaudited)

1. Organization. The Gabelli Convertible and Income Securities Fund Inc. (the “Fund”) is a diversified closed-end management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”), whose investment objective is to seek a high level of total return through a combination of current income and capital appreciation by investing in convertible securities. The Fund was incorporated in Maryland on December 19, 1988 as a diversified open-end management investment company and commenced investment operations on July 3, 1989 as The Gabelli Convertible Securities Fund, Inc. The Board of Directors (the “Board”), at a special meeting of shareholders held on February 17, 1995, voted to approve the conversion of the Fund to closed-end status, effective March 31, 1995.

Effective August 1, 2002, the Fund changed its name to The Gabelli Convertible and Income Securities Fund Inc. Consistent with its new name, under normal market conditions, the Fund will invest at least 80% of its net assets in a combination of convertible securities and income producing securities (the “80% Policy”). The Fund expects to continue its practice of focusing on convertible securities to the extent attractive opportunities are available. The 80% Policy may be changed without shareholder approval. However, the Fund has adopted a policy to provide shareholders with notice at least sixty days prior to the implementation of any change in the 80% Policy.

2. Significant Accounting Policies. The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) has become the exclusive reference of authoritative United States of America (“U.S.”) generally accepted accounting principles (“GAAP”) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal laws are also sources of authoritative GAAP for SEC registrants. The ASC has superseded all existing non-SEC accounting and reporting standards. The Fund’s financial statements are prepared in accordance with GAAP, which may require the use of management estimates and assumptions. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

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

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

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with the equivalent U.S. dollar value ADR securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

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

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

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments in securities and other financial instruments by inputs used to value the Fund's investments as of June 30, 2010 is as follows:

	Valuation Inputs			Total Market Value at 6/30/10
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Convertible Corporate Bonds	—	\$29,464,727	\$ 0	\$29,464,727
Convertible Preferred Stocks:				
Business Services	—	—	117	117
Health Care	—	—	6,224	6,224
Transportation	—	333,500	—	333,500
Other Industries (a)	\$ 3,112,140	—	—	3,112,140
Total Convertible Preferred Stocks	3,112,140	333,500	6,341	3,451,981
Common Stocks:				
Aerospace	758,690	8,740	—	767,430
Cable and Satellite	65,520	—	0	65,520
Energy and Utilities	7,205,236	—	0	7,205,236
Wireless Communications	25,960	—	0	25,960
Other Industries (a)	28,217,056	—	—	28,217,056
Total Common Stocks	36,272,462	8,740	0	36,281,202
Preferred Stocks (a)	294	—	—	294
Warrants (a)	—	922	—	922
Corporate Bonds	—	1,979,750	15,836	1,995,586
U.S. Government Obligations	—	27,168,479	—	27,168,479
TOTAL INVESTMENTS IN SECURITIES – ASSETS	\$39,384,896	\$58,956,118	\$22,177	\$98,363,191
OTHER FINANCIAL INSTRUMENTS:				
LIABILITIES (Unrealized Depreciation): *				
EQUITY CONTRACT				
Contract for Difference Swap Agreement	\$ —	\$ (23,712)	\$ —	\$ (23,712)

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

* Other financial instruments are derivatives not reflected in the SOI, such as futures, forwards, and swaps, which are valued at the unrealized appreciation/depreciation of the instrument.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

The Fund did not have significant transfers between Level 1 and Level 2 during the reporting period.

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

	Balance as of 12/31/09	Accrued discounts/ (premiums)	Realized gain/ (loss)	Change in unrealized appreciation/ depreciation†	Net purchases/ (sales)	Transfers into Level 3††	Transfers out of Level 3††	Balance as of 6/30/10	Net change in unrealized appreciation/ depreciation during the period on Level 3 investments held at 6/30/10†
INVESTMENTS IN SECURITIES:									
ASSETS (Market Value):									
Convertible Corporate Bonds	\$ 0	\$—	\$—	\$ —	\$—	\$—	\$—	\$ 0	\$ —
Convertible Preferred Stocks:									
Business Services	117	—	—	—	—	—	—	117	—
Health Care	8,832	—	—	(2,608)	—	—	—	6,224	(2,608)
Total Convertible Preferred Stocks	8,949	—	—	(2,608)	—	—	—	6,341	(2,608)
Common Stocks:									
Cable and Satellite	0	—	—	—	—	—	—	0	—
Energy and Utilities	0	—	—	—	—	—	—	0	—
Wireless Communications	0	—	—	—	—	—	—	0	—
Total Common Stocks	0	—	—	—	—	—	—	0	—
Corporate Bonds	35,120	—	—	(19,284)	—	—	—	15,836	(19,284)
TOTAL INVESTMENTS IN SECURITIES	\$44,069	\$—	\$—	\$(21,892)	\$—	\$—	\$—	\$22,177	\$(21,892)

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

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

In January 2010, the FASB issued amended guidance to improve disclosure about fair value measurements which requires additional disclosures about transfers between Levels 1 and 2 and separate disclosures about purchases, sales, issuances, and settlements in the reconciliation of fair value measurements using significant unobservable inputs (Level 3). It also clarifies existing disclosure requirements relating to the levels of disaggregation of fair value measurement and inputs and valuation techniques used to measure fair value. Disclosures about purchases, sales, issuances, and settlements in the rollforward of activity in Level 3 fair value measurements are effective for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years. Management is currently evaluating the implications of this guidance on the Fund's financial statements. The remainder of the amended guidance is effective for financial statements for fiscal years beginning after December 15, 2009 and interim periods within those fiscal years. Management has evaluated the impact of this guidance on the Fund's financial statements and determined that there is no impact as of June 30, 2010.

Derivative Financial Instruments.

The Fund may engage in various portfolio investment strategies by investing in a number of derivative financial instruments 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. Investing in certain derivative financial instruments, including participation in the options, futures, or swap markets, entails certain execution, liquidity, hedging, tax, and securities, interest, credit, or currency market risks. Losses may arise if the Adviser's prediction of movements in the direction of the securities, foreign currency, and interest rate markets is inaccurate. Losses may also arise if the

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

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

The Fund's derivative contracts held at June 30, 2010, if any, are not accounted for as hedging instruments under GAAP.

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 is exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. Depending on the general state of short-term interest rates and the returns on the Fund's portfolio securities at the time a swap transaction reaches its scheduled termination date, there is a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction.

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

The Fund has entered into an equity contract for difference swap agreement with The Goldman Sachs Group, Inc. Details of the swap at June 30, 2010 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 Depreciation</u>
\$422,836 (47,500 Shares)	Market Value Appreciation on: Rolls-Royce Group plc	One month LIBOR plus 90 bps plus Market Value Depreciation on: Rolls-Royce Group plc	6/27/11	\$(23,712)

The Fund's volume of activity in equity contract for difference swap agreements during the six months ended June 30, 2010 had an average monthly notional amount of approximately \$404,787.

As of June 30, 2010, the value of equity contract for difference swap agreements that were held with equity risk exposure can be found in the Statement of Assets and Liabilities under Liabilities, Unrealized depreciation on swap contracts.

For the six months ended June 30, 2010, the effect of equity contract for difference swap agreements with equity risk exposure can be found in the Statement of Operations under Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency, Net realized gain on swap contracts and Net change in unrealized appreciation/depreciation on swap contracts.

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

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC. NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

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. During the six months ended June 30, 2010, the Fund had no investments in futures contracts.

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

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. During the six months ended June 30, 2010, the Fund had no investments in forward foreign exchange contracts.

Repurchase Agreements. The Fund may enter into repurchase agreements with primary government securities dealers recognized by the Federal Reserve Board, with member banks of the Federal Reserve System, or with other brokers or dealers that meet credit guidelines established by the Adviser and reviewed by the Board. Under the terms of a typical repurchase agreement, the Fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. It is the policy of the Fund to receive and maintain securities as collateral whose market value is not less than their repurchase price. The Fund will make payment for such securities only upon physical delivery or upon evidence of book entry transfer of the collateral to the account of the custodian. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to maintain the adequacy of the collateral. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited. At June 30, 2010, there were no open repurchase agreements.

Securities Sold Short. The Fund may enter into short sale transactions. Short selling involves selling securities that may or may not be owned and, at times, borrowing the same securities for delivery to the purchaser, with an obligation to replace such borrowed securities at a later date. The proceeds received from short sales are recorded as liabilities and the Fund records an unrealized gain or loss to the extent of the difference between the proceeds received and the value of an open short position on the day of determination. The Fund records a realized gain or loss when the short position is closed out. By entering into a short sale, the Fund bears the market risk of an unfavorable change in the price of the security sold short. Dividends on short sales are recorded as an expense by the Fund on the ex-dividend date and interest expense is recorded on the accrual basis. The broker retains collateral for the value of the open positions, which is adjusted periodically as the value of the position fluctuates. At June 30, 2010, there were no open securities sold short.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC. NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at the current exchange rates. Purchases and sales of investment securities, income, and expenses are translated at the exchange rate prevailing on the respective dates of such transactions. Unrealized gains and losses that result from changes in foreign exchange rates and/or changes in market prices of securities have been included in unrealized appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial purchase trade date and subsequent sale trade date is included in realized gain/loss on investments.

Foreign Securities. The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the inability to repatriate funds, less complete financial information about companies, and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. issuers.

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

Restricted and Illiquid Securities. The Fund may invest up to 15% of its net assets in securities for which the markets are illiquid. Illiquid securities include securities the disposition of which is subject to substantial legal or contractual restrictions. The sale of illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity. For the restricted and illiquid securities the Fund held as of June 30, 2010, refer to the Schedule of Investments.

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

Custodian Fee Credits and Interest Expense. When cash balances are maintained in the custody account, the Fund receives credits which are used to offset custodian fees. The gross expenses paid under the custody arrangement are included in custodian fees in the Statement of Operations with the corresponding expense offset, if any, shown as "custodian fee credits." When cash balances are overdrawn, the Fund is charged an overdraft fee equal to 2.00% above the federal funds rate on outstanding balances. This amount, if any, would be included in "interest expense" in the Statement of Operations.

Distributions to Shareholders. Distributions to shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under GAAP. These differences are primarily due to

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income for federal income tax purposes include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. These reclassifications have no impact on the NAV of the Fund.

Distributions to shareholders of the Fund's 6.00% Series B Cumulative Preferred Stock and Series C Auction Rate Cumulative Preferred Stock ("Cumulative Preferred Stock") are recorded on a daily basis and are determined as described in Note 5.

The tax character of distributions paid during the year ended December 31, 2009 was as follows:

Distributions paid from:	<u>Common</u>	<u>Preferred</u>
Ordinary income		
(inclusive of short-term capital gains)	\$1,110,747	\$1,441,812
Return of capital	4,377,186	—
Total distributions paid	<u>\$5,487,933</u>	<u>\$1,441,812</u>

Currently, the Fund has a fixed distribution policy. Under the policy, the Fund declares and pays quarterly distributions from net investment income and capital gains. The actual source of the distribution is determined after the end of the calendar year. To the extent such distributions are made from current earnings and profits, they are considered ordinary income or long-term capital gains. The Fund's current distribution policy may restrict the Fund's ability to pay out all of its net realized long-term capital gains as a Capital Gain Dividend.

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

As of December 31, 2009, the components of accumulated earnings/losses on a tax basis were as follows:

Accumulated capital loss carryforwards	\$(6,349,308)
Net unrealized depreciation on investments and swap contracts . . .	(1,729,123)
Other temporary differences*	(243,029)
Total	<u>\$(8,321,460)</u>

* Other temporary differences are primarily due to adjustments on preferred share class distribution payables, conversion premiums, income from investments in hybrid securities, and mark-to-market accrual adjustments on investments in swap contracts.

At December 31, 2009, the Fund had net capital loss carryforwards for federal income tax purposes of \$6,349,308, which are available to reduce future required distributions of net capital gains to shareholders through 2017.

The following summarizes the tax cost of investments and the related net unrealized appreciation/depreciation at June 30, 2010:

	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Depreciation</u>
Investments	\$101,596,408	\$4,475,396	\$(7,708,613)	\$(3,233,217)

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC. NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold. For the six months ended June 30, 2010, the Fund did not incur any income tax, interest, or penalties. As of June 30, 2010, the Adviser has reviewed all open tax years and concluded that there was no impact to the Fund's net assets or results of operations. Tax years ended December 31, 2007 through December 31, 2009 remain subject to examination by the Internal Revenue Service and state taxing authorities. On an ongoing basis, the Adviser will monitor the Fund's tax positions to determine if adjustments to this conclusion are necessary.

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

The Fund's total return on the NAV of the Common Shares is monitored on a monthly basis to assess whether the total return on the NAV of the Common Shares exceeds the stated dividend rate or corresponding swap rate of each particular series of Cumulative Preferred Stock for the period. For the six months ended June 30, 2010, the Fund's total return on the NAV of the Common Shares did not exceed the stated dividend rate or net swap expense of the outstanding Preferred Stock. Thus, advisory fees with respect to the liquidation value of the Preferred Stock assets were reduced by \$119,702.

During the six months ended June 30, 2010, the Fund paid brokerage commissions on security trades of \$15,668 to Gabelli & Company, Inc. ("Gabelli & Co."), an affiliate of the Adviser.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement between the Fund and the Adviser. During the six months ended June 30, 2010, the Fund paid or accrued \$22,500 to the Adviser in connection with the cost of computing the Fund's NAV.

As per the approval of the Board, the Fund compensates officers of the Fund, who are employed by the Fund and are not employed by the Adviser (although the officers may receive incentive based variable compensation from affiliates of the Adviser), and pays its allocated portion of the cost of the Fund's Chief Compliance Officer. For the six months ended June 30, 2010, the Fund paid or accrued \$25,942 in payroll expenses in the Statement of Operations.

The Fund pays each Director who is not considered an affiliated person an annual retainer of \$5,000 plus \$750 for each Board meeting attended. Each Director is reimbursed by the Fund for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$500 per meeting attended, the Audit Committee Chairman receives an annual fee of \$3,000, the Nominating Committee Chairman receives an annual fee of \$2,000, and the Lead Director receives an annual fee of \$1,000. A Director may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. Directors who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

4. Portfolio Securities. Purchases and sales of securities for the six months ended June 30, 2010, other than short-term securities and U.S. Government obligations, aggregated \$21,917,165 and \$17,099,978, respectively.

5. Capital. The charter permits the Fund to issue 998,000,000 shares of common stock (par value \$0.001). The Board has authorized the repurchase of up to 500,000 common shares on the open market when the shares are trading at a discount of 10% or more (or such other percentage as the Board may determine from time to time) from the NAV of the shares. During the six months ended June 30, 2010 and the year ended December 31, 2009, the Fund 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, 2010 (Unaudited)		Year Ended December 31, 2009	
	Shares	Amount	Shares	Amount
Net increase from shares issued upon reinvestment of distributions	124,828	\$735,938	161,972	\$813,857

The Fund’s Articles of Incorporation authorize the issuance of up to 2,000,000 shares of \$0.001 par value Cumulative Preferred Stock. The Cumulative Preferred Stock is senior to the common stock and results in the financial leveraging of the common stock. Such leveraging tends to magnify both the risks and opportunities to common shareholders. Dividends on shares of the Cumulative Preferred Stock are cumulative. The Fund is required by the 1940 Act and by the Articles Supplementary to meet certain asset coverage tests with respect to the Cumulative Preferred Stock. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the 6.00% Series B Cumulative Preferred Stock at a redemption price of \$25.00 per share plus an amount equal to the accumulated and unpaid dividends whether or not declared on such shares in order to meet these requirements. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund’s ability to pay dividends to common shareholders and could lead to sales of portfolio securities at inopportune times. The income received on the Fund’s assets may vary in a manner unrelated to the fixed and variable rates, which could have either a beneficial or detrimental impact on net investment income and gains available to common shareholders.

A shelf registration, effective June 12, 2008, gives the Fund the ability to offer additional preferred shares and promissory notes.

On March 18, 2003, the Fund received net proceeds of \$23,994,241 after underwriting discounts of \$787,500 and offering expenses of \$218,259 from the public offering of 1,000,000 shares of 6.00% Series B Cumulative Preferred Stock (“Series B Stock”). Commencing March 19, 2008 and thereafter, the Fund, at its option, may redeem the Series B Stock in whole or in part at the redemption price at any time. The Board has authorized the repurchase on the open market at prices less than the \$25 liquidation value of the Series B Stock. During the six months ended June 30, 2010 the Fund did not repurchase any shares of 6.00% Series B Cumulative Preferred Stock. At June 30, 2010, 965,548 shares of Series B Stock were outstanding and accrued dividends amounted to \$12,069.

The holders of Cumulative Preferred Stock generally are entitled to one vote per share held on each matter submitted to a vote of shareholders of the Fund and will vote together with holders of common stock as a single class. The holders of Cumulative Preferred Stock voting together as a single class also have the right currently to elect two Directors and under certain circumstances are entitled to elect a majority of the Board. In addition, the affirmative vote of a majority of the votes entitled to be cast by holders of all outstanding shares of the preferred stock, voting as a single class, will be required to approve any plan of reorganization adversely affecting the preferred stock, and the approval of two-thirds of each class, voting separately, of the Fund’s outstanding voting stock must approve the conversion of the Fund from a

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
NOTES TO FINANCIAL STATEMENTS (Continued) (Unaudited)

closed-end to an open-end investment company. The approval of a majority (as defined in the 1940 Act) of the outstanding preferred stock and a majority (as defined in the 1940 Act) of the Fund's outstanding voting securities are required to approve certain other actions, including changes in the Fund's investment objectives or fundamental investment policies.

6. Transactions in Securities of Affiliated Issuers. The 1940 Act defines affiliated issuers as those in which the Fund's holdings of an issuer represent 5% or more of the outstanding voting securities of the issuer. A summary of the Fund's transactions in the securities of affiliated issuers during the six months ended June 30, 2010 is set forth below:

	<u>Beginning Shares</u>	<u>Shares Sold</u>	<u>Ending Shares</u>	<u>Net Change in Unrealized Appreciation</u>	<u>Realized Loss</u>	<u>Value at June 30, 2010</u>	<u>Percent Owned of Shares Outstanding</u>
Trans-Lux Corp.	130,000	(130,000)	—	\$24,647	\$(808,809)	\$—	—

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

8. Other Matters. On April 24, 2008, the Investment Adviser entered into a settlement with the SEC to resolve an inquiry regarding prior frequent trading activity in shares of the GAMCO Global Growth Fund (the "Global Growth Fund") by one investor who was banned from the Global Growth Fund in August 2002. In an administrative order that was entered in connection with the settlement, the SEC found that the Investment Adviser had willfully violated Section 206(2) of the Investment Advisers Act of 1940, Section 17(d) of the 1940 Act and Rule 17d-1 thereunder, and had willfully aided and abetted and caused violations of Section 12(d)(1)(B)(i) of the 1940 Act. Under the terms of the settlement, the Investment Adviser, while neither admitting nor denying the SEC's findings and allegations, paid \$16 million (which included a \$5 million civil monetary penalty), approximately \$12.8 million of which is in the process of being paid to shareholders of the Global Growth Fund in accordance with a plan developed by an independent distribution consultant and approved by the independent directors of the Global Growth Fund and acceptable to the staff of the SEC, and agreed to cease and desist from future violations of the above referenced federal securities laws. The SEC's order also noted the cooperation that the Investment Adviser gave the staff of the SEC. The settlement will not have a material adverse impact on the Investment Adviser or its ability to fulfill its obligations under the Investment Advisory Agreement. On the same day, the SEC filed a civil action against the Executive Vice President and Chief Operating Officer of the Investment Adviser, alleging violations of certain federal securities laws arising from the same matter. The officer is also an officer of the Fund, the Global Growth Fund, and other funds in the Gabelli/GAMCO fund complex. The officer denied the allegations and is continuing in his positions with the Investment Adviser and the funds. The court dismissed certain claims, finding that the SEC was not entitled to pursue various remedies against the officer while leaving one remedy in the event the SEC were able to prove violations of law. The court, in response to a motion by the SEC, subsequently dismissed the remaining remedy without prejudice against the officer, which would allow the SEC to appeal the court's rulings. The Investment Adviser currently expects that any resolution of the action against the officer will not have a material adverse impact on the Investment Adviser or its ability to fulfill its obligations under the Investment Advisory Agreement.

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

Certifications

The Fund's Chief Executive Officer has certified to the New York Stock Exchange ("NYSE") that, as of June 30, 2010, he was not aware of any violation by the Fund of applicable NYSE corporate governance listing standards. The Fund reports to the SEC on Form N-CSR which contains certifications by the Fund's principal executive officer and principal financial officer that relate to the Fund's disclosure in such reports and that are required by Rule 30a-2(a) under the 1940 Act.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.

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

At its meeting on May 18, 2010, the Board of Directors (“Board”) of the Fund approved the continuation of the investment advisory contract with the Adviser for the Fund on the basis of the recommendation by the directors who are not “interested persons” of the Fund (the “Independent Board Members”). The following paragraphs summarize the material information and factors considered by the Independent Board Members as well as their conclusions relative to such factors.

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

Investment Performance. The Independent Board Members reviewed the performance of the Fund since inception against a peer group of equity closed-end funds selected by Lipper. The Independent Board Members noted that the Fund’s performance for the one year period was in excess of 40%, although in the lowest decile and the performance for the three and five year periods was in the top third, which was reasonable particularly in light of the Fund’s conservative stance.

Profitability. The Independent Board Members reviewed summary data regarding the profitability of the Fund to the Adviser both with an administrative overhead charge and without such charge and found the profitability to be below normal. The Independent Board Members also noted that a portion of the Fund’s portfolio transactions was executed by the Adviser’s affiliated broker, resulting in incremental profits to the broker.

Economies of Scale. The Independent Board Members discussed the major elements of the Adviser’s cost structure and the relationship of those elements to potential economies of scale. The Independent Board Members noted that the Fund was a closed-end fund and unlikely to realize any economies of scale potentially available through growth in the absence of additional offerings.

Sharing of Economies of Scale. The Independent Board Members noted that the investment management fee schedule for the Fund does not take into account any potential economies of scale.

Service and Cost Comparisons. The Independent Board Members compared the expense ratios of the investment advisory fee, other expenses, and total expenses of the Fund with similar expense ratios of the peer group of equity closed-end funds and noted that the advisory fee includes substantially all administrative services of the Fund as well as investment advisory services of the Adviser. The Independent Board Members noted that the Fund’s expense ratios were above average and the Fund’s size was below average within the group. The Independent Board Members were presented with, but did not consider to be material to their decision, various information comparing the advisory fee with the fee for other types of accounts managed by the Adviser.

Conclusions. The Independent Board Members concluded that the Fund enjoyed highly experienced portfolio management services, good ancillary services, and a reasonable performance record within its conservative stance. The Independent Board Members also concluded that the Fund’s expense ratios were reasonable in light of the Fund’s size, and that, in part due to the Fund’s structure as a closed-end fund, economies of scale were not a significant factor in their thinking. The Independent Board Members did not view the potential profitability of ancillary services as material to their decision. On the basis of the foregoing and without assigning particular weight to any single conclusion, the Independent Board Members determined to recommend continuation of the investment management agreement to the full Board.

DIRECTORS AND OFFICERS
THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
One Corporate Center, Rye, NY 10580-1422

Directors

Mario J. Gabelli, CFA
Chairman & Chief Executive Officer,
GAMCO Investors, Inc.

E. Val Cerutti
Chief Executive Officer,
Cerutti Consultants, Inc.

Anthony J. Colavita
President,
Anthony J. Colavita, P.C.

Dugald A. Fletcher
President, Fletcher & Company, Inc.

Anthony R. Pustorino
Certified Public Accountant,
Professor Emeritus, Pace University

Werner J. Roeder, MD
Medical Director,
Lawrence Hospital

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

Salvatore J. Zizza
Chairman, Zizza & Co., Ltd.

Officers*

Bruce N. Alpert
President

Joseph H. Egan
Acting Treasurer

Peter D. Goldstein
Chief Compliance Officer & Acting Secretary

Christopher Haydon
Ombudsman

Laurissa M. Martire
Vice President & Ombudsman

Investment Adviser

Gabelli Funds, LLC
 One Corporate Center
 Rye, New York 10580-1422

Custodian

State Street Bank and Trust Company

Counsel

Skadden, Arps, Slate, Meagher & Flom LLP

Transfer Agent and Registrar

Computershare Trust Company, N.A.

Stock Exchange Listing

	<u>Common</u>	<u>6.00% Preferred</u>
NYSE-Symbol:	GCV	GCV PrB
Shares Outstanding:	13,255,095	965,548

*Agnes Mullady, Treasurer and Secretary, is on a leave of absence.

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

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

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

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

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**Semi Annual Report
June 30, 2010**