

The Gabelli Equity Income Fund

First Quarter Report — December 31, 2016



Mario J. Gabelli, CFA
Portfolio Manager

To Our Shareholders,

For the quarter ended December 31, 2016, the net asset value (“NAV”) per Class AAA Share of The Gabelli Equity Income Fund increased 3.1% compared with an increase of 3.8% for the Standard & Poor’s (“S&P”) 500 Index. See below for additional performance information.

Enclosed is the schedule of investments as of December 31, 2016.

Comparative Results

Average Annual Returns through December 31, 2016 (a)(b) (Unaudited)

	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (01/02/92)
Class AAA (GABEX)	3.13%	10.21%	10.62%	6.07%	7.74%	9.87%
S&P 500 Index	3.82	11.96	14.66	6.95	6.69	9.15(e)
Nasdaq Composite Index	1.69	8.92	17.16	9.58	8.13	9.27(e)
Lipper Equity Income Fund Average	5.03	14.34	12.44	5.66	6.52	8.37
Class A (GCAEX)	3.15	10.21	10.62	6.08	7.73	9.87
With sales charge (c)	(2.79)	3.87	9.32	5.45	7.31	9.61
Class C (GCCEX)	2.92	9.39	9.79	5.28	7.05	9.45
With contingent deferred sales charge (d)	1.92	8.39	9.79	5.28	7.05	9.45
Class I (GCIEX)	3.20	10.51	10.90	6.32	7.90	9.97

In the current prospectuses dated January 27, 2017, the expense ratios for Class AAA, A, C, and I Shares are 1.39%, 1.39%, 2.14%, and 1.14%, respectively. Class AAA and Class I Shares do not have a sales charge. The maximum sales charge for Class A and C Shares is 5.75% and 1.00%, respectively.

(a) Returns represent past performance and do not guarantee future results. Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date of purchase. 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 prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus please visit www.gabelli.com. The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class A Shares and Class C Shares on December 31, 2003 and Class I Shares on January 11, 2008. The actual performance of the Class A Shares and Class C Shares would have been lower due to the additional fees and expenses associated with these classes of shares. The actual performance of the Class I Shares would have been higher due to lower expenses related to this class of shares. The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Nasdaq Composite Index is an unmanaged indicator of stock market performance. The Lipper Equity Income Fund Average includes the 30 largest equity funds in this category tracked by Lipper, Inc. Dividends are considered reinvested, except for the Nasdaq Composite Index. You cannot invest directly in an index.

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

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

(d) Assuming payment of the 1% maximum contingent deferred sales charge imposed on redemptions made within one year of purchase.

(e) S&P 500 Index and Nasdaq Composite Index since inception performance is as of December 31, 1991.

The Gabelli Equity Income Fund

Schedule of Investments — December 31, 2016 (Unaudited)

Shares		Market Value	Shares		Market Value
	COMMON STOCKS — 99.6%				
	Aerospace — 2.0%				
64,000	Aerojet Rocketdyne Holdings Inc.†	\$ 1,148,800	90,000	Diebold Nixdorf Inc.	\$ 2,263,500
2,000	Lockheed Martin Corp.	499,880	100,000	MasterCard Inc., Cl. A	10,325,000
10,000	Raytheon Co.	1,420,000	2,000	MSC Industrial Direct Co. Inc., Cl. A	184,780
137,000	Rockwell Automation Inc.	18,412,800	40,000	Pentair plc	2,242,800
2,000	Rockwell Collins Inc.	185,520	30,000	S&P Global Inc.	3,226,200
1,400,000	Rolls-Royce Holdings plc	11,525,474	4,000	Vectrus Inc.†	95,400
69,000,000	Rolls-Royce Holdings plc, Cl. C†	85,036			<u>22,140,540</u>
10,000	The Boeing Co.	1,556,800			
		<u>34,834,310</u>			
	Agriculture — 0.8%				
90,000	Archer Daniels Midland Co.	4,108,500		Cable and Satellite — 0.9%	
81,500	Monsanto Co.	8,574,615	10,000	AMC Networks Inc., Cl. A†	523,400
12,000	The Mosaic Co.	351,960	167,000	DISH Network Corp., Cl. A†	9,674,310
		<u>13,035,075</u>	16,000	EchoStar Corp., Cl. A†	822,240
			8,181	Liberty Global plc LiLAC, Cl. A†	179,655
			20,030	Liberty Global plc LiLAC, Cl. C†	424,035
			60,000	Scripps Networks Interactive Inc., Cl. A	4,282,200
					<u>15,905,840</u>
	Automotive — 0.5%				
214,000	Navistar International Corp.†	6,713,180	578,000	Communications Equipment — 0.8%	
31,000	PACCAR Inc.	1,980,900		Corning Inc.	14,028,060
		<u>8,694,080</u>			
	Automotive: Parts and Accessories — 2.6%				
21,000	Adient plc†	1,230,600	22,000	Computer Hardware — 1.0%	
164,000	Dana Inc.	3,112,720	75,000	Apple Inc.	2,548,040
68,000	Federal-Mogul Holdings Corp.†	701,080	83,000	HP Inc.	1,113,000
380,000	Genuine Parts Co.	36,305,200		International Business Machines Corp.	13,777,170
36,000	Modine Manufacturing Co.†	536,400			<u>17,438,210</u>
2,500	O'Reilly Automotive Inc.†	696,025			
30,000	Tenneco Inc.†	1,874,100		Computer Software and Services — 1.5%	
		<u>44,456,125</u>	10,500	CDK Global Inc.	626,745
			107,000	Fidelity National Information Services Inc.	8,093,480
			280,000	Hewlett Packard Enterprise Co.	6,479,200
			50,000	Microsoft Corp.	3,107,000
			23,000	NetScout Systems Inc.†	724,500
			170,000	Yahoo! Inc.†	6,573,900
					<u>25,604,825</u>
	Aviation: Parts and Services — 0.4%				
100,000	Arconic Inc.	1,854,000		Consumer Products — 4.3%	
9,000	Curtiss-Wright Corp.	885,240	44,000	Altria Group Inc.	2,975,280
29,000	United Technologies Corp.	3,178,980	81,000	Edgewell Personal Care Co.†	5,912,190
		<u>5,918,220</u>	62,000	Energizer Holdings Inc.	2,765,820
			2,000	National Presto Industries Inc.	212,800
	Broadcasting — 1.9%		50,000	Philip Morris International Inc.	4,574,500
350,000	CBS Corp., Cl. A, Voting	22,627,500	95,000	Reckitt Benckiser Group plc	8,062,039
22,000	CBS Corp., Cl. B, Non-Voting	1,399,640	25,000	Svenska Cellulosa AB, Cl. A	703,302
65,575	Liberty Global plc, Cl. A†	2,005,939	1,020,000	Swedish Match AB	32,445,284
160,539	Liberty Global plc, Cl. C†	4,768,008	138,000	The Procter & Gamble Co.	11,603,040
36,000	MSG Networks Inc., Cl. A†	774,000	80,000	Unilever NV - NY Shares	3,284,800
		<u>31,575,087</u>			<u>72,539,055</u>
	Building and Construction — 1.3%				
200,000	Fortune Brands Home & Security Inc.	10,692,000		Consumer Services — 0.2%	
54,254	Herc Holdings Inc.†	2,178,841	3,500	Allegion plc	224,000
230,000	Johnson Controls International plc	9,473,700	105,000	Rollins Inc.	3,546,900
		<u>22,344,541</u>			<u>3,770,900</u>
	Business Services — 1.3%				
37,000	Automatic Data Processing Inc.	3,802,860	94,000	Diversified Industrial — 4.3%	
				Crane Co.	6,779,280

See accompanying notes to schedule of investments.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — December 31, 2016 (Unaudited)

Shares		Market Value	Shares		Market Value
	COMMON STOCKS (Continued)			Energy and Utilities: Oil — 3.7%	
	Diversified Industrial (Continued)				
80,000	Eaton Corp. plc	\$ 5,367,200	174,000	Anadarko Petroleum Corp.	\$ 12,133,020
635,000	General Electric Co.	20,066,000	1,500	Apache Corp.	95,205
174,000	Honeywell International Inc.	20,157,900	70,000	BP plc, ADR	2,616,600
50,000	ITT Inc.	1,928,500	100,000	Chevron Corp.	11,770,000
50,000	Jardine Matheson Holdings Ltd.	2,762,500	124,000	ConocoPhillips	6,217,360
180,000	Jardine Strategic Holdings Ltd.	5,976,000	16,000	Denbury Resources Inc.†	58,880
120,000	Textron Inc.	5,827,200	39,000	Devon Energy Corp.	1,781,130
350,000	Toray Industries Inc.	2,833,540	105,000	Exxon Mobil Corp.	9,477,300
37,000	Trinity Industries Inc.	1,027,120	110,000	Hess Corp.	6,851,900
		<u>72,725,240</u>	24,000	Marathon Oil Corp.	415,440
			22,000	Marathon Petroleum Corp.	1,107,700
			44,000	Occidental Petroleum Corp.	3,134,120
			3,000	PetroChina Co. Ltd., ADR	221,100
8,173	Fortive Corp.	438,318	100,000	Royal Dutch Shell plc, Cl. A, ADR	5,438,000
45,000	Sony Corp.	1,260,963	17,000	Total SA, ADR	866,490
85,000	Sony Corp., ADR	2,382,550			<u>62,184,245</u>
74,000	TE Connectivity Ltd.	5,126,720			
170,000	Texas Instruments Inc.	12,404,900			
		<u>21,613,451</u>			
	Electronics — 1.3%			Energy and Utilities: Services — 1.6%	
10,000	American Electric Power Co. Inc.	629,600	345,000	Halliburton Co.	18,661,050
7,000	Avangrid Inc.	265,160	93,000	Oceaneering International Inc.	2,623,530
45,000	El Paso Electric Co.	2,092,500	50,000	Schlumberger Ltd.	4,197,500
50,000	Korea Electric Power Corp., ADR†	924,000	188,000	Weatherford International plc†	938,120
105,000	The AES Corp.	1,220,100			<u>26,420,200</u>
		<u>5,131,360</u>			
	Energy and Utilities: Electric — 0.3%			Energy and Utilities: Water — 0.2%	
5,512	California Resources Corp.†	117,350	22,500	Aqua America Inc.	675,900
15,000	Dominion Resources Inc.	1,148,850	80,000	Severn Trent plc	2,190,727
7,000	Duke Energy Corp.	543,340			<u>2,866,627</u>
205,000	Energy Transfer Equity LP	3,958,550			
29,000	Eni SpA	472,252			
14,000	Eversource Energy	773,220			
6,500	Iberdrola SA, ADR	170,495			
2,000	NextEra Energy Inc.	238,920			
64,000	OGE Energy Corp.	2,140,800			
59,000	PNM Resources Inc.	2,023,700			
50,000	Westar Energy Inc.	2,817,500			
		<u>14,404,977</u>			
	Energy and Utilities: Integrated — 0.8%			Entertainment — 1.8%	
2,000	Atmos Energy Corp.	148,300	140,000	Grupo Televisa SAB, ADR	2,924,600
82,000	Kinder Morgan Inc.	1,698,220	12,000	The Madison Square Garden Co, Cl. A†	2,058,120
206,000	National Fuel Gas Co.	11,667,840	113,000	Time Warner Inc.	10,907,890
15,000	ONE Gas Inc.	959,400	140,000	Twenty-First Century Fox Inc., Cl. B	3,815,000
102,000	ONEOK Inc.	5,855,820	300,000	Viacom Inc., Cl. A	11,550,000
12,000	Southwest Gas Holdings Inc.	919,440			<u>31,255,610</u>
34,000	Spectra Energy Corp.	1,397,060			
		<u>22,646,080</u>			
	Energy and Utilities: Natural Gas — 1.3%			Environmental Services — 0.9%	
60,000	A.O. Smith Corp.	148,300	50,000	Republic Services Inc.	2,852,500
16,346	Danaher Corp.	1,272,373	167,000	Waste Management Inc.	11,841,970
190,000	Flowserve Corp.	9,129,500			<u>14,694,470</u>
24,000	Graco Inc.	1,994,160			
12,000	Ingersoll-Rand plc	900,480			
22,000	Minerals Technologies Inc.	1,699,500			
190,000	Mueller Industries Inc.	7,592,400			
16,000	Parker-Hannifin Corp.	2,240,000			

See accompanying notes to schedule of investments.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — December 31, 2016 (Unaudited)

Shares		Market Value	Shares		Market Value
	COMMON STOCKS (Continued)				
	Equipment and Supplies (Continued)		105,000	The PNC Financial Services Group Inc.	\$ 12,280,800
15,000	Tenaris SA, ADR	\$ 535,650	16,000	The Travelers Companies Inc.	1,958,720
		<u>28,205,063</u>	67,000	W. R. Berkley Corp.	4,456,170
	Financial Services — 21.1%		115,000	Waddell & Reed Financial Inc., Cl. A	2,243,650
6,500	Alleghany Corp.†	3,952,780	610,000	Wells Fargo & Co.	33,617,100
235,000	AllianceBernstein Holding LP	5,510,750	340,000	Wright Investors' Service Holdings Inc.†	214,200
309,000	American Express Co.	22,890,720			<u>359,631,275</u>
150,000	American International Group Inc.	9,796,500		Food and Beverage — 13.5%	
30,000	Argo Group International Holdings Ltd.	1,977,000	1,000	Ajinomoto Co. Inc.	20,141
19,000	Banco Popular Espanol SA	18,360	27,000	Anheuser-Busch InBev SA/NV	2,857,797
5,195	Banco Santander Chile, ADR	113,615	356,000	Brown-Forman Corp., Cl. A	16,465,000
93,000	Banco Santander SA, ADR	481,740	180,000	Campbell Soup Co.	10,884,600
335,000	Bank of America Corp.	7,403,500	80,000	Coca-Cola Amatil Ltd., ADR	579,200
13,056	BNP Paribas SA	832,166	20,000	Coca-Cola European Partners plc	628,000
396,000	Citigroup Inc.	23,534,280	14,500	Coca-Cola Femsa SAB de CV, ADR	921,330
12,000	Deutsche Bank AG†	217,200	9,000	Constellation Brands Inc., Cl. A	1,379,790
57,000	Dundee Corp., Cl. A†	252,597	136,000	Danone SA	8,618,287
44,000	Eaton Vance Corp.	1,842,720	570,000	Davide Campari-Milano SpA	5,574,117
130,000	Federated Investors Inc., Cl. B	3,676,400	96,000	Diageo plc, ADR	9,978,240
34,000	Fidelity Southern Corp.	804,780	50,000	Dr Pepper Snapple Group Inc.	4,533,500
210,000	H&R Block Inc.	4,827,900	133,000	Fomento Economico Mexicano SAB de CV, ADR	10,135,930
54,000	Interactive Brokers Group Inc., Cl. A	1,971,540	220,000	General Mills Inc.	13,589,400
284,700	Janus Capital Group Inc.	3,777,969	2,900,000	Grupo Bimbo SAB de CV, Cl. A	6,558,336
246,000	JPMorgan Chase & Co.	21,227,340	148,000	Heineken NV	11,101,792
82,758	Julius Baer Group Ltd.	3,675,876	17,000	Heineken NV, ADR	635,970
32,000	Kemper Corp.	1,417,600	230,000	ITO EN Ltd.	7,645,348
90,100	Kinnevik AB, Cl. A	2,220,211	39,000	Kellogg Co.	2,874,690
19,000	Kinnevik AB, Cl. B	455,261	2,000	McCormick & Co. Inc., Cl. V	186,200
362,000	Legg Mason Inc.	10,827,420	28,000	McCormick & Co. Inc., Non-Voting	2,613,240
15,000	Leucadia National Corp.	348,750	765,000	Mondelez International Inc., Cl. A	33,912,450
112,000	Loews Corp.	5,244,960	115,000	Nestlé SA	8,249,779
142,000	M&T Bank Corp.	22,213,060	65,000	Nestlé SA, ADR	4,663,100
330,000	Marsh & McLennan Companies Inc.	22,304,700	116,000	Nissin Foods Holdings Co. Ltd.	6,094,032
320,000	Morgan Stanley	13,520,000	3,500,000	Parmalat SpA	10,912,861
270,000	Navient Corp.	4,436,100	100,000	PepsiCo Inc.	10,463,000
60,000	Northern Trust Corp.	5,343,000	45,000	Pernod Ricard SA	4,876,682
56,000	Och-Ziff Capital Management Group LLC, Cl. A†	185,360	58,000	Remy Cointreau SA	4,946,588
40,000	Oritani Financial Corp.	750,000	40,000	Sapporo Holdings Ltd.	1,030,160
40,000	Popular Inc.	1,752,800	79,000	The Kraft Heinz Co.	6,898,280
8,000	Royal Bank of Canada	541,680	215,000	The Coca-Cola Co.	8,913,900
300,000	SLM Corp.†	3,306,000	1,000	The Hershey Co.	103,430
170,000	State Street Corp.	13,212,400	95,001	Tootsie Roll Industries Inc.	3,776,290
286,000	Sterling Bancorp.	6,692,400	14,000	Tyson Foods Inc., Cl. A	863,520
12,000	SunTrust Banks Inc.	658,200	132,000	Yakult Honsha Co. Ltd.	6,121,412
79,000	T. Rowe Price Group Inc.	5,945,540			<u>229,606,392</u>
100,000	TD Ameritrade Holding Corp.	4,360,000		Health Care — 10.4%	
1,030,000	The Bank of New York Mellon Corp.	48,801,400	35,000	Abbott Laboratories	1,344,350
3,000	The Dun & Bradstreet Corp.	363,960	18,000	AbbVie Inc.	1,127,160
20,000	The Goldman Sachs Group Inc.	4,789,000	36,000	Aetna Inc.	4,464,360
134,000	The Hartford Financial Services Group Inc.	6,385,100	4,000	Allergan plc†	840,040

See accompanying notes to schedule of investments.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — December 31, 2016 (Unaudited)

Shares		Market Value	Shares		Market Value
COMMON STOCKS (Continued)					
Health Care (Continued)					
78,000	Baxter International Inc.	\$ 3,458,520	45,600		
22,000	Bio-Rad Laboratories Inc., Cl. A†	4,010,160	520,000		
140,000	Boston Scientific Corp.†	3,028,200			
435,000	Bristol-Myers Squibb Co.	25,421,400			
260,000	Eli Lilly & Co.	19,123,000	16,000		
20,000	Express Scripts Holding Co.†	1,375,800	24,562		
13,000	GlaxoSmithKline plc, ADR	500,630	79,500		
21,000	Henry Schein Inc.†	3,185,910	436,000		
167,000	Johnson & Johnson	19,240,070	100,000		
7,000	Laboratory Corp. of America Holdings†	898,660	408,000		
84,000	Mead Johnson Nutrition Co.	5,943,840	426,000		
385,000	Merck & Co. Inc.	22,664,950	90,000		
236,000	Novartis AG, ADR	17,190,240	253,000		
215,000	Patterson Companies Inc.	8,821,450	27,000		
315,000	Pfizer Inc.	10,231,200	119,000		
115,000	Roche Holding AG, ADR	3,280,950	66,000		
37,000	Roche Holding AG, Genuschein	8,451,537	10,000		
40,000	Tenet Healthcare Corp.†	593,600	186,000		
1,000	UnitedHealth Group Inc.	160,040			
87,500	William Demant Holding A/S†	1,521,416			
61,854	Wright Medical Group NV†	1,421,405	6,000		
50,000	Zimmer Biomet Holdings Inc.	5,160,000	20,000		
66,000	Zoetis Inc.	3,532,980	6,000		
		<u>176,991,868</u>			
Hotels and Gaming — 0.2%					
8,000	Las Vegas Sands Corp.	427,280	188,000		
78,000	MGM Resorts International†	2,248,740	8,000		
15,200	Wynn Resorts Ltd.	1,314,952	46,000		
		<u>3,990,972</u>	133,000		
Machinery — 1.0%					
6,000	Caterpillar Inc.	556,440	2,400		
90,000	Deere & Co.	9,273,600	1,000		
140,000	Xylem Inc.	6,932,800	20,000		
		<u>16,762,840</u>	20,000		
Metals and Mining — 0.7%					
30,000	Alcoa Corp.	842,400	50,000		
220,000	Freeport-McMoRan Inc.†	2,901,800	32,000		
250,000	Newmont Mining Corp.	8,517,500	21,000		
		<u>12,261,700</u>	65,000		
Paper and Forest Products — 0.0%					
15,000	International Paper Co.	795,900	300,000		
Publishing — 0.0%					
3,000	Value Line Inc.	58,500	16,000		
Real Estate — 0.0%					
10,000	Griffin Industrial Realty Inc.	317,300	33,000		
			25,000		
			48,000		
			45,010		
			316,000		
Real Estate Investment Trusts — 1.1%					
					\$ 2,873,256
					<u>15,646,800</u>
					<u>18,520,056</u>
Retail — 7.8%					
					1,059,806
					1,360,980
					12,728,745
					34,404,760
					4,810,000
					3,390,480
					15,255,060
					3,429,048
					33,922,240
					2,046,870
					9,848,440
					4,561,920
					668,400
					<u>5,721,360</u>
					<u>133,208,109</u>
Specialty Chemicals — 1.8%					
					132,840
					1,721,600
					655,740
					1,835,000
					2,694,040
					452,480
					2,222,260
					15,671,390
					1,017,216
					127,940
					1,571,600
					441,800
					<u>2,574,900</u>
					<u>31,118,806</u>
Telecommunications — 3.4%					
					255,180
					15,998,800
					226,085
					736,960
					499,380
					1,452,750
					5,130,000
					1,639,520
					1,354,650
					378,500
					1,382,429
					414,092
					9,122,920

See accompanying notes to schedule of investments.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — December 31, 2016 (Unaudited)

Shares		Market Value	Principal Amount	Market Value
COMMON STOCKS (Continued)				
Telecommunications (Continued)				
24,000	TELUS Corp.....	\$ 764,160		
30,000	TELUS Corp., New York.....	955,500	\$ 1,025,000	
312,000	Verizon Communications Inc.	<u>16,654,560</u>		
		<u>56,965,486</u>		
Transportation — 0.5%				
145,000	GATX Corp.....	<u>8,929,100</u>	2,000,000	
Wireless Communications — 0.7%				
9,000	Millicom International Cellular SA	381,150		
30,000	Millicom International Cellular SA, SDR.....	1,281,913	200,000	
228,000	NTT DoCoMo Inc.....	5,194,986		
74,000	Turkcell Iletisim Hizmetleri A/S, ADR†	510,600		
26,000	United States Cellular Corp.†	1,136,720		
128,000	Vodafone Group plc, ADR	<u>3,127,040</u>	3,000	
		<u>11,632,409</u>		
TOTAL COMMON STOCKS		<u>1,695,222,904</u>		
CONVERTIBLE PREFERRED STOCKS — 0.1%				
Telecommunications — 0.1%				
30,000	Cincinnati Bell Inc., 6.750%, Ser. B.....	<u>1,474,686</u>		
RIGHTS — 0.0%				
Retail — 0.0%				
250,017	Safeway Casa Ley, CVR, expire 01/30/19†	95,006		
250,017	Safeway PDC, CVR, expire 01/30/17†	<u>5,000</u>		
		<u>100,006</u>		
TOTAL RIGHTS		<u>100,006</u>		
WARRANTS — 0.0%				
Retail — 0.0%				
105	Sears Holdings Corp., expire 12/15/19†	<u>373</u>		
CONVERTIBLE CORPORATE BONDS — 0.1%				
Building and Construction — 0.1%				
	Layne Christensen Co.,			
	4.250%, 11/15/18			<u>\$ 935,953</u>
CORPORATE BONDS — 0.2%				
Diversified Industrial — 0.2%				
	Griffon Corp., Sub. Deb.,			
	4.000%, 01/15/17(a)			<u>3,526,250</u>
Energy and Utilities: Electric — 0.0%				
	Texas Competitive Electric Holdings Co. LLC,			
	10.250%, 11/01/18†			<u>0</u>
Retail — 0.0%				
	Sears Holdings Corp.,			
	8.000%, 12/15/19			<u>2,895</u>
TOTAL CORPORATE BONDS				<u>3,529,145</u>
TOTAL INVESTMENTS — 100.0%				<u>\$1,701,263,067</u>
(Cost \$884,893,067)				<u>0</u>
				<u>\$ 892,473,526</u>
				<u>\$ 828,116,726</u>
				<u>(19,327,185)</u>
				<u>\$ 808,789,541</u>
(a) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2016, the market value of the Rule 144A security amounted to \$3,526,250 or 0.21% of total investments.				
† Non-income producing security.				
ADR American Depositary Receipt				
CVR Contingent Value Right				
SDR Swedish Depositary Receipt				

See accompanying notes to schedule of investments.

The Gabelli Equity Income Fund

Notes to Schedule of Investments (Unaudited)

As an investment company, the Fund follows the investment company accounting and reporting guidance, which is part of U.S. generally accepted accounting principles (“GAAP”) that may require the use of management estimates and assumptions in the preparation of its schedule of investments. 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 schedule of investments.

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

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

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

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

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

The Gabelli Equity Income Fund

Notes to Schedule of Investments (Unaudited) (Continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments in securities by inputs used to value the Fund's investments as of December 31, 2016 is as follows:

	Valuation Inputs		Total Market Value at 12/31/16
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	
INVESTMENTS IN SECURITIES:			
ASSETS (Market Value):			
Aerospace	\$ 34,749,274	\$ 85,036	\$ 34,834,310
Other Industries (a)	1,660,388,594	—	1,660,388,594
Total Common Stocks	1,695,137,868	85,036	1,695,222,904
Convertible Preferred Stocks (a)	1,474,686	—	1,474,686
Rights (a)	—	100,006	100,006
Warrants (a)	373	—	373
Convertible Corporate Bonds (a)	—	935,953	935,953
Corporate Bonds (a)	—	3,529,145	3,529,145
TOTAL INVESTMENTS IN SECURITIES – ASSETS	\$1,696,612,927	\$4,650,140	\$1,701,263,067

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

There were no Level 3 investments held at December 31, 2016.

Additional Information to Evaluate Qualitative Information.

General. The Fund uses recognized industry pricing services – approved by the Board and unaffiliated with the Adviser – to value most of its securities, and uses broker quotes provided by market makers of securities not valued by these and other recognized pricing sources. Several different pricing feeds are received to value domestic equity securities, international equity securities, preferred equity securities, and fixed income securities. The data within these feeds is ultimately sourced from major stock exchanges and trading systems where these securities trade. The prices supplied by external sources are checked by obtaining quotations or actual transaction prices from market participants. If a price obtained from the pricing source is deemed unreliable, prices will be sought from another pricing service or from a broker/dealer that trades that security or similar securities.

Fair Valuation. Fair valued securities may be common or preferred equities, warrants, options, rights, or fixed income obligations. Where appropriate, Level 3 securities are those for which market quotations are not available, such as securities not traded for several days, or for which current bids are not available, or which are restricted as to transfer. When fair valuing a security, factors to consider include recent prices of comparable securities that are publicly traded, reliable prices of securities not publicly traded, the use of valuation models, current analyst reports, valuing the income or cash flow of the issuer, or cost if the preceding factors do not apply. A significant change in the unobservable inputs could result in a lower or higher value in Level 3 securities. The circumstances of Level 3 securities are frequently monitored to determine if fair valuation measures continue to apply.

The Adviser reports quarterly to the Board the results of the application of fair valuation policies and procedures. These may include backtesting the prices realized in subsequent trades of these fair valued securities to fair values previously recognized.

The Gabelli Equity Income Fund

Notes to Schedule of Investments (Unaudited) (Continued)

Derivative Financial Instruments. The Fund may engage in various portfolio investment strategies by investing in derivative financial instruments for the purposes of increasing the income of the Fund or hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase, or hedging against a specific transaction with respect to either the currency in which the transaction is denominated or another currency. Investing in certain derivative financial instruments, including participation in the options, futures, or swap markets, entails certain execution, liquidity, hedging, tax, and securities, interest, credit, or currency market risks. Losses may arise if the Adviser's prediction of movements in the direction of the securities, foreign currency, and interest rate markets is inaccurate. Losses may also arise if the counterparty does not perform its duties under a contract, or, in the event of default, the Fund may be delayed in or prevented from obtaining payments or other contractual remedies owed to it under derivative contracts. The creditworthiness of the counterparties is closely monitored in order to minimize these risks. Participation in derivative transactions involves investment risks, transaction costs, and potential losses to which the Fund would not be subject absent the use of these strategies. The consequences of these risks, transaction costs, and losses may have a negative impact on the Fund's ability to pay distributions.

The Fund's derivative contracts held at December 31, 2016, if any, are not accounted for as hedging instruments under GAAP and are disclosed in the Schedule of Investments together with the related counterparty.

Swap Agreements. The Fund may enter into equity 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 an equity contract for difference 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 an equity contract for difference 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. At December 31, 2016, the Fund held no investments in equity contract for difference swap 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 December 31, 2016, there were no short sales outstanding.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at current exchange

The Gabelli Equity Income Fund

Notes to Schedule of Investments (Unaudited) (Continued)

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

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

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

Restricted Securities. The Fund may invest up to 15% of its net assets in securities for which the markets are restricted. Restricted securities include securities whose disposition is subject to substantial legal or contractual restrictions. The sale of restricted 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. At December 31, 2016, the Fund held no restricted securities.

Tax Information. The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended.

GABELLI EQUITY INCOME FUND
One Corporate Center
Rye, NY 10580-1422
Portfolio Manager Biography

Mario J. Gabelli, CFA, is Chairman, Chief Executive Officer, and Chief Investment Officer - Value Portfolios of GAMCO Investors, Inc. that he founded in 1977, and Chief Investment Officer - Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc. He is also Executive Chairman of Associated Capital Group, Inc. Mr. Gabelli is a summa cum laude graduate of Fordham University and holds an MBA degree from Columbia Business School and Honorary Doctorates from Fordham University and Roger Williams University.

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. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com.

Gabelli Equity Series Funds, Inc.

THE GABELLI EQUITY INCOME FUND

One Corporate Center

Rye, New York 10580-1422

t 800-GABELLI (800-422-3554)

f 914-921-5118

e info@gabelli.com

GABELLI.COM

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

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

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FUNDS

THE GABELLI EQUITY INCOME FUND

*First Quarter Report
December 31, 2016*

