

# The Gabelli Equity Trust Inc.

Third Quarter Report  
September 30, 2011



Mario J. Gabelli, CFA



Zahid Siddique

## To Our Shareholders,

For the quarter ended September 30, 2011, the net asset value (“NAV”) total return of The Gabelli Equity Trust Inc. (the “Fund”) was (23.0)%, compared with the total returns of (13.9)% and (11.5)% for the Standard & Poor’s (“S&P”) 500 Index and the Dow Jones Industrial Average, respectively. The total return for the Fund’s publicly traded shares was (19.8)%. On September 30, 2011, the Fund’s NAV per share was \$4.61, while the price of the publicly traded shares closed at \$4.75 on the New York Stock Exchange (“NYSE”).

Enclosed is the schedule of investments as of September 30, 2011.

## Comparative Results

### Average Annual Returns through September 30, 2011 (a) (Unaudited)

	<u>Quarter</u>	<u>Year to Date</u>	<u>1 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>20 Year</u>	<u>Since Inception (08/21/86)</u>
<b>Gabelli Equity Trust</b>							
NAV Total Return (b) .....	(22.96)%	(15.24)%	(3.15)%	0.06%	6.31%	8.85%	9.54%
Investment Total Return (c) .....	(19.79)	(9.76)	4.70	0.43	4.34	8.89	9.31
S&P 500 Index .....	(13.87)	(8.68)	1.14	(1.18)	2.82	7.64	8.62(d)
Dow Jones Industrial Average .....	(11.49)	(3.93)	3.78	1.36	4.67	9.18	10.07(d)
Nasdaq Composite Index .....	(12.70)	(8.32)	2.99	2.30	5.67	7.90	7.61(d)

- (a) **Returns represent past performance and do not guarantee future results.** Investment returns and the principal value of an investment will fluctuate. When shares are sold, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit [www.gabelli.com](http://www.gabelli.com) for performance information as of the most recent month end. Performance returns for periods of less than one year are not annualized. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing.** The Dow Jones Industrial Average is an unmanaged index of 30 large capitalization stocks. The S&P 500 and the Nasdaq Composite Indices are unmanaged indicators of stock market performance. Dividends are considered reinvested except for the Nasdaq Composite Index. You cannot invest directly in an index.
- (b) Total returns and average annual returns reflect changes in the NAV per share, reinvestment of distributions at NAV on the ex-dividend date, adjustments for rights offerings, spin-offs, and taxes paid on undistributed long-term capital gains and are net of expenses. Since inception return is based on an initial NAV of \$9.34.
- (c) Total returns and average annual returns reflect changes in closing market values on the NYSE, reinvestment of distributions, and adjustments for rights offerings, spin-offs, and taxes paid on undistributed long-term capital gains. Since inception return is based on an initial offering price of \$10.00.
- (d) From August 31, 1986, the date closest to the Fund’s inception for which data is available.

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

	<u>Shares</u>	<u>Ownership at September 30, 2011</u>		<u>Shares</u>	<u>Ownership at September 30, 2011</u>
<b>NET PURCHASES</b>					
<b>Common Stocks</b>					
Agnico-Eagle Mines Ltd. ....	3,000	18,000	Archer-Daniels-Midland Co. ....	(3,000)	257,000
AMC Networks Inc., Cl. A (a) .....	292,000	292,000	Argo Group International Holdings Ltd. ....	(1,452)	18,000
America Movil SAB de CV, Cl. L, ADR (b) .....	74,000	148,000	Avon Products Inc. ....	(4,000)	61,000
Artio Global Investors Inc. ....	2,000	62,000	Barrick Gold Corp. ....	(1,000)	64,000
Becton, Dickinson and Co. ....	4,000	14,000	Bell Aliant Inc. ....	(2,500)	—
Boston Scientific Corp. ....	125,000	335,000	BJ's Wholesale Club Inc. ....	(78,000)	—
Brown-Forman Corp., Cl. A .....	3,000	35,000	BorgWarner Inc. ....	(6,000)	79,000
Campbell Soup Co. ....	5,000	75,000	BP plc, ADR .....	(12,000)	103,000
Clear Channel Outdoor Holdings Inc., Cl. A .....	21,000	181,000	Brasil Telecom SA, ADR .....	(1,000)	43,000
CONSOL Energy Inc. ....	9,000	39,000	Brasil Telecom SA, Cl. C, ADR .....	(1,801)	14,000
DIRECTV, Cl. A .....	9,000	524,000	Cablevision Systems Corp., Cl. A (a) ...	(13,000)	1,155,000
Expedia Inc. ....	60,000	170,000	Cephalon Inc. ....	(17,000)	—
Gerber Scientific Inc., Escrow (c) .....	60,000	60,000	Cimarex Energy Co. ....	(3,000)	7,000
Heineken NV .....	7,000	46,000	Cincinnati Bell Inc. ....	(10,000)	670,000
Huntsman Corp. ....	50,000	50,000	Cliffs Natural Resources Inc .....	(8,000)	—
Hyatt Hotels Corp., Cl. A .....	8,000	8,000	CMS Energy Corp. ....	(3,000)	32,000
Liberty Media Corp. – Liberty Capital, Cl. A (d) .....	68,000	68,000	Coldwater Creek Inc. ....	(9,000)	27,000
Liberty Media Corp. – Liberty Starz, Cl. A (e) .....	19,000	19,000	Commerzbank AG, ADR .....	(64,000)	15,000
Marathon Petroleum Corp. (f) .....	6,000	6,000	ConocoPhillips .....	(3,000)	212,000
News Corp., Cl. B .....	335,000	355,000	Constellation Brands Inc., Cl. A .....	(14,000)	68,000
Ralcorp Holdings Inc. ....	2,000	66,000	Constellation Energy Group Inc. ....	(29,000)	31,000
Rayonier Inc. (g) .....	11,000	34,000	Corus Entertainment Inc., Cl. B, OTC .....	(2,000)	23,334
RPC Inc. ....	50,000	50,000	Crane Co. ....	(9,000)	220,000
Smiths Group plc .....	20,000	70,000	Curtiss-Wright Corp. ....	(2,000)	326,000
The Bank of New York Mellon Corp. ...	15,000	195,000	Dean Foods Co. ....	(5,000)	90,000
The Boeing Co. ....	2,000	164,000	Deere & Co. ....	(500)	383,000
The Clorox Co. ....	20,000	29,000	Deutsche Bank AG .....	(23,000)	82,000
The Greenbrier Companies Inc. ....	25,000	25,000	Deutsche Telekom AG, ADR .....	(10,000)	130,000
Tim Participacoes SA, ADR (h) .....	54,075	54,075	Devon Energy Corp. ....	(8,000)	14,000
Walter Energy Inc. ....	15,000	15,000	Diamond Offshore Drilling Inc. ....	(3,000)	5,000
<b>NET SALES</b>					
<b>Common Stocks</b>					
Abbott Laboratories .....	(1,000)	11,000	DISH Network Corp., Cl. A .....	(2,500)	100,000
ACCO Brands Corp. ....	(6,000)	—	DPL Inc. ....	(40,000)	20,000
AGL Resources Inc. ....	(3,500)	—	Eastman Kodak Co. ....	(40,000)	80,000
American Express Co. ....	(8,000)	510,000	El Paso Electric Co. ....	(1,000)	244,000
AMR Corp. ....	(6,000)	443,000	Ferro Corp. ....	(10,000)	440,000
AOL Inc. ....	(6,000)	30,000	Fomento Economico Mexicano SAB de CV, ADR .....	(1,000)	84,000
			Freeport-McMoRan Copper & Gold Inc. ....	(2,000)	18,000
			GATX Corp. ....	(7,000)	166,000
			GenCorp Inc. ....	(5,000)	280,000
			General Electric Co. ....	(10,000)	180,000

See accompanying notes to schedule of investments.

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

	<u>Shares</u>	<u>Ownership at September 30, 2011</u>		<u>Shares</u>	<u>Ownership at September 30, 2011</u>
<b>NET SALES (Continued)</b>					
<b>Common Stocks (Continued)</b>					
Gerber Scientific Inc. (c) .....	(60,000)	—	Monster Worldwide Inc. ....	(3,000)	27,000
Givaudan SA .....	(166)	2,100	Moody's Corp. ....	(1,000)	11,000
Gray Television Inc. ....	(1,000)	34,000	National Fuel Gas Co. ....	(2,000)	18,000
Great Plains Energy Inc. ....	(5,000)	10,000	National Presto Industries Inc. ....	(3,000)	8,500
Greif Inc., Cl. A .....	(2,000)	170,000	New Hope Corp. Ltd. ....	(2,000)	50,000
Grupo Bimbo SAB de CV, Cl. A .....	(10,000)	2,340,000	Newmont Mining Corp. ....	(7,600)	164,000
Grupo Televisa SA, ADR .....	(5,000)	645,000	News Corp., Cl. A .....	(420,000)	780,000
Grupo TMM SA, Cl. A, ADR .....	(3,000)	—	Niko Resources Ltd., Toronto .....	(1,000)	—
Hertz Global Holdings Inc. ....	(1,000)	—	NiSource Inc. ....	(5,000)	5,000
Honeywell International Inc. ....	(1,000)	414,000	Nobility Homes Inc. ....	(500)	9,000
Huntington Ingalls Industries Inc. ....	(1,999)	4,000	Noble Corp. ....	(4,000)	16,000
IAC/InterActiveCorp. ....	(5,000)	75,000	Northeast Utilities .....	(23,000)	107,000
IDEX Corp. ....	(3,500)	296,500	Northrop Grumman Corp. ....	(6,000)	30,000
Il Sole 24 Ore SpA .....	(270,000)	280,000	O'Reilly Automotive Inc. ....	(4,000)	98,000
Intel Corp. ....	(3,000)	97,000	Precision Castparts Corp. ....	(500)	86,500
Interactive Brokers Group Inc., Cl. A ..	(2,000)	14,000	Regal Entertainment Group, Cl. A ....	(2,000)	8,000
ITO EN Ltd., Preference .....	(8,000)	—	Rockwell Automation Inc. ....	(1,000)	27,000
Janus Capital Group Inc. ....	(3,000)	182,000	Rollins Inc. ....	(13,000)	1,372,000
Johnson & Johnson .....	(2,000)	40,000	Rolls-Royce Holdings plc, Cl. C (i) ...	(115,200,000)	—
Ladbrokes plc .....	(50,000)	1,450,087	Sensient Technologies Corp. ....	(3,000)	232,000
Liberty Global Inc., Cl. A .....	(3,000)	92,000	Skyline Corp. ....	(3,500)	26,500
Liberty Global Inc., Cl. C .....	(3,000)	92,000	Sprint Nextel Corp. ....	(30,000)	950,000
Liberty Interactive Corp., Cl. A .....	(12,000)	173,000	Suncor Energy Inc. ....	(13,000)	22,000
Liberty Media Corp. – Capital,			Swedish Match AB .....	(8,000)	857,000
Cl. A (d) .....	(74,000)	—	The Central Europe and Russia Fund		
Liberty Media Corp. – Starz,			Inc. ....	(1,500)	99,500
Cl. A (e) .....	(22,000)	—	The Hershey Co. ....	(18,000)	—
Life Technologies Corp. ....	(3,000)	70,000	The Madison Square Garden Co.,		
LIN TV Corp., Cl. A .....	(6,000)	27,000	Cl. A .....	(1,000)	381,000
Lockheed Martin Corp. ....	(1,000)	3,000	The New Germany Fund Inc. ....	(957)	70,000
Lufkin Industries Inc. ....	(500)	194,500	The St. Joe Co. ....	(60,000)	125,000
Marsh & McLennan Companies Inc. ...	(7,000)	148,000	Thomas & Betts Corp. ....	(4,400)	259,000
MasterCard Inc., Cl. A .....	(1,500)	39,000	Tim Participacoes SA, ADR (h) .....	(32,165)	—
Mattel Inc. ....	(1,000)	7,000	Time Warner Inc. ....	(5,000)	235,000
Media General Inc., Cl. A .....	(15,000)	180,000	Tokyo Broadcasting System Holdings		
MEIJI Holdings Co. Ltd. ....	(1,000)	—	Inc. ....	(25,000)	75,000
MGM China Holdings Ltd. ....	(5,000)	100,000	Transocean Ltd. ....	(1,000)	19,000
MGM Resorts International .....	(9,000)	10,000	Tyco International Ltd. ....	(5,000)	195,000
Millicom International Cellular SA,			Universal Entertainment Corp. ....	(1,000)	108,000
SDR .....	(3,000)	7,000	Viacom Inc., Cl. A .....	(3,000)	295,000
Modine Manufacturing Co. ....	(11,100)	275,000	Walgreen Co. ....	(6,000)	59,000
Monsanto Co. ....	(1,000)	20,000	Wal-Mart Stores Inc. ....	(1,000)	39,000
			Waste Management Inc. ....	(6,000)	181,000
			Watts Water Technologies Inc.,		
			Cl. A .....	(1,000)	163,000

See accompanying notes to schedule of investments.

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

	Shares	Ownership at September 30, 2011
<b>NET SALES (Continued)</b>		
<b>Common Stocks (Continued)</b>		
Wells Fargo & Co. ....	(5,000)	270,000
Westar Energy Inc. ....	(10,000)	220,000
William Demant Holding A/S ....	(1,000)	62,000
Yahoo! Inc. ....	(4,000)	336,000
Yakult Honsha Co. Ltd. ....	(15,000)	365,000

- (a) Spin-off – 1 share of AMC Networks Inc., Cl. A for every 4 shares of Cablevision System Corp., Cl. A held. 13,000 shares of Cablevision Systems Corp., Cl. A were sold after the spin-off.
- (b) Stock Split – 2 shares for every 1 share held.
- (c) Merger – 1 Escrow share plus \$11 cash for every 1 share of Gerber Scientific Inc. held.
- (d) Name change from Liberty Media Corp. – Capital, Cl. A. 6,000 shares were sold prior to the name change.
- (e) Name change from Liberty Media Corp. – Starz, Cl. A. 3,000 shares were sold prior to the name change.
- (f) Spin-off – 0.5 shares of Marathon Petroleum Corp. for every 1 share of Marathon Oil Corp. held.
- (g) Stock Split – 3 new shares for every 2 shares held. 500 shares were sold after the split.
- (h) Exchange – 1.6812 shares of Tim Participacoes SA, ADR (88706P205) for every 1 share of Tim Participacoes SA, ADR (88706P106) held.
- (i) Tender Offer – £0.001 for every 1 share held.

See accompanying notes to schedule of investments.

**THE GABELLI EQUITY TRUST INC.**  
**SCHEDULE OF INVESTMENTS**  
**September 30, 2011 (Unaudited)**

<u>Shares</u>	<u>Market Value</u>	<u>Shares</u>	<u>Market Value</u>
		19,310	Rogers Communications Inc., Cl. B, Toronto . . . \$ 660,988
		119,000	Scripps Networks Interactive Inc., Cl. A . . . . . 4,423,230
		155,000	Shaw Communications Inc., Cl. B, New York . . . . . 3,131,000
		40,000	Shaw Communications Inc., Cl. B, Non-Voting, Toronto . . . . . 811,528
		70,000	Time Warner Cable Inc. . . . . <u>4,386,900</u>
			91,138,833
			<b>Energy and Utilities — 7.5%</b>
		34,000	Anadarko Petroleum Corp. . . . . 2,143,700
		63,000	Apache Corp. . . . . 5,055,120
		103,000	BP plc, ADR . . . . . 3,715,210
		60,000	CH Energy Group Inc. . . . . 3,130,200
		7,000	Cimarex Energy Co. . . . . 389,900
		32,000	CMS Energy Corp. . . . . 633,280
		212,000	ConocoPhillips . . . . . 13,423,840
		39,000	CONSOL Energy Inc. . . . . 1,323,270
		31,000	Constellation Energy Group Inc. . . . . 1,179,860
		14,000	Devon Energy Corp. . . . . 776,160
		5,000	Diamond Offshore Drilling Inc. . . . . 273,700
		20,000	DPL Inc. . . . . 602,800
		105,000	Duke Energy Corp. . . . . 2,098,950
		225,000	El Paso Corp. . . . . 3,933,000
		244,000	El Paso Electric Co. . . . . 7,829,960
		75,000	Exxon Mobil Corp. . . . . 5,447,250
		15,000	GenOn Energy Inc.† . . . . . 41,700
		140,000	GenOn Energy Inc., Escrow† (a) . . . . . 0
		10,000	Great Plains Energy Inc. . . . . 193,000
		200,000	Halliburton Co. . . . . 6,104,000
		12,000	Marathon Oil Corp. . . . . 258,960
		6,000	Marathon Petroleum Corp. . . . . 162,360
		18,000	National Fuel Gas Co. . . . . 876,240
		22,000	NextEra Energy Inc. . . . . 1,188,440
		2,000	Niko Resources Ltd. . . . . 81,360
		5,000	NiSource Inc. . . . . 106,900
		16,000	Noble Corp.† . . . . . 469,600
		107,000	Northeast Utilities . . . . . 3,600,550
		38,000	Oceanenergy International Inc. . . . . 1,342,920
		100,000	Progress Energy Inc., CVO† . . . . . 9,000
		184,000	Rowan Companies Inc.† . . . . . 5,554,960
		50,000	RPC Inc. . . . . 816,000
		5,000	SJW Corp. . . . . 108,850
		20,000	Southwest Gas Corp. . . . . 723,400
		130,000	Spectra Energy Corp. . . . . 3,188,900
		22,000	Suncor Energy Inc. . . . . 559,680
		60,000	The AES Corp.† . . . . . 585,600
		19,000	Transocean Ltd. . . . . 907,060
		15,000	Walter Energy Inc. . . . . 900,150
		220,000	Westar Energy Inc. . . . . <u>5,812,400</u>
			85,548,230
			<b>COMMON STOCKS — 99.7%</b>
			<b>Food and Beverage — 11.9%</b>
35,000	Brown-Forman Corp., Cl. A . . . . . \$ 2,378,600		
6,250	Brown-Forman Corp., Cl. B . . . . . 438,375		
75,000	Campbell Soup Co. . . . . 2,427,750		
15,000	Coca-Cola Enterprises Inc. . . . . 373,200		
68,000	Constellation Brands Inc., Cl. A† . . . . . 1,224,000		
30,000	Corn Products International Inc. . . . . 1,177,200		
225,000	Danone . . . . . 13,926,662		
600,000	Davide Campari — Milano SpA . . . . . 4,409,105		
90,000	Dean Foods Co.† . . . . . 798,300		
203,000	Diageo plc, ADR . . . . . 15,413,790		
100,000	Dr Pepper Snapple Group Inc. . . . . 3,878,000		
72,000	Flowers Foods Inc. . . . . 1,401,120		
84,000	Fomento Economico Mexicano SAB de CV, ADR . . . . . 5,444,880		
40,000	General Mills Inc. . . . . 1,538,800		
2,340,000	Grupo Bimbo SAB de CV, Cl. A . . . . . 4,319,444		
84,000	H.J. Heinz Co. . . . . 4,240,320		
46,000	Heineken NV . . . . . 2,067,014		
120,000	ITO EN Ltd. . . . . 2,212,369		
14,000	Kellogg Co. . . . . 744,660		
66,000	Kerry Group plc, Cl. A . . . . . 2,325,089		
160,000	Kraft Foods Inc., Cl. A . . . . . 5,372,800		
11,500	LVMH Moet Hennessy Louis Vuitton SA . . . . . 1,535,316		
70,000	Morinaga Milk Industry Co. Ltd. . . . . 312,200		
25,000	Nestlé SA . . . . . 1,381,840		
210,000	PepsiCo Inc. . . . . 12,999,000		
46,000	Pernod-Ricard SA . . . . . 3,625,595		
66,000	Ralcorp Holdings Inc.† . . . . . 5,062,860		
40,673	Remy Cointreau SA . . . . . 2,825,384		
691,000	Sara Lee Corp. . . . . 11,297,850		
65,000	The Coca-Cola Co. . . . . 4,391,400		
20,000	The Hain Celestial Group Inc.† . . . . . 611,000		
2,000	The J.M. Smucker Co. . . . . 145,780		
131,000	Tootsie Roll Industries Inc. . . . . 3,159,720		
70,000	Tyson Foods Inc., Cl. A . . . . . 1,215,200		
365,000	Yakult Honsha Co. Ltd. . . . . <u>11,437,897</u>		
			136,112,520
			<b>Cable and Satellite — 7.9%</b>
292,000	AMC Networks Inc., Cl. A† . . . . . 9,329,400		
1,155,000	Cablevision Systems Corp., Cl. A . . . . . 18,168,150		
90,000	Comcast Corp., Cl. A, Special . . . . . 1,862,100		
524,000	DIRECTV, Cl. A† . . . . . 22,139,000		
100,000	DISH Network Corp., Cl. A† . . . . . 2,506,000		
30,740	EchoStar Corp., Cl. A† . . . . . 695,032		
92,000	Liberty Global Inc., Cl. A† . . . . . 3,328,560		
92,000	Liberty Global Inc., Cl. C† . . . . . 3,184,120		
482,690	Rogers Communications Inc., Cl. B, New York . . . . . 16,512,825		

See accompanying notes to schedule of investments.

**THE GABELLI EQUITY TRUST INC.**  
**SCHEDULE OF INVESTMENTS (Continued)**  
**September 30, 2011 (Unaudited)**

<u>Shares</u>	<u>Market Value</u>	<u>Shares</u>	<u>Market Value</u>
<b>COMMON STOCKS (Continued)</b>		195,000	Tyco International Ltd. . . . . \$ 7,946,250
<b>Financial Services — 7.0%</b>			73,110,726
510,000	American Express Co. . . . . \$ 22,899,000	<b>Equipment and Supplies — 5.5%</b>	
18,000	Argo Group International Holdings Ltd. . . . . 510,660	335,000	AMETEK Inc. . . . . 11,044,950
62,000	Artio Global Investors Inc. . . . . 493,520	4,000	Amphenol Corp., Cl. A . . . . . 163,080
72,000	Banco Santander SA, ADR . . . . . 578,880	94,000	CIRCOR International Inc. . . . . 2,760,780
129	Berkshire Hathaway Inc., Cl. A† . . . . . 13,777,200	191,000	Donaldson Co. Inc. . . . . 10,466,800
10,000	Calamos Asset Management Inc., Cl. A . . . . . 100,100	99,000	Flowserve Corp. . . . . 7,326,000
23,000	Citigroup Inc. . . . . 589,260	22,000	Franklin Electric Co. Inc. . . . . 798,160
15,000	Commerzbank AG, ADR . . . . . 38,250	60,000	Gerber Scientific Inc., Escrow† (a) . . . . . 600
82,000	Deutsche Bank AG . . . . . 2,838,020	55,000	GrafTech International Ltd.† . . . . . 698,500
15,000	Dun & Bradstreet Corp. . . . . 918,900	296,500	IDEX Corp. . . . . 9,238,940
10,000	Fortress Investment Group LLC, Cl. A† . . . . . 30,100	40,000	Ingersoll-Rand plc . . . . . 1,123,600
22,000	H&R Block Inc. . . . . 292,820	194,500	Lufkin Industries Inc. . . . . 10,349,345
14,000	Interactive Brokers Group Inc., Cl. A . . . . . 195,020	11,000	Mueller Industries Inc. . . . . 424,490
182,000	Janus Capital Group Inc. . . . . 1,092,000	2,000	Sealed Air Corp. . . . . 33,400
49,088	JPMorgan Chase & Co. . . . . 1,478,531	70,000	Tenaris SA, ADR . . . . . 1,781,500
30,000	Kinnevik Investment AB, Cl. A . . . . . 563,154	25,000	The Greenbrier Companies Inc.† . . . . . 291,250
124,000	Legg Mason Inc. . . . . 3,188,040	4,000	The Manitowoc Co. Inc. . . . . 26,840
127,000	Leucadia National Corp. . . . . 2,880,360	70,000	The Weir Group plc . . . . . 1,690,864
5,000	Loews Corp. . . . . 172,750	163,000	Watts Water Technologies Inc., Cl. A . . . . . 4,343,950
148,000	Marsh & McLennan Companies Inc. . . . . 3,927,920		62,563,049
11,000	Moody's Corp. . . . . 334,950	<b>Entertainment — 5.4%</b>	
22,000	Och-Ziff Capital Management Group LLC, Cl. A . . . . . 200,860	2,002	Chestnut Hill Ventures† (a) . . . . . 116,486
120,000	State Street Corp. . . . . 3,859,200	85,000	Discovery Communications Inc., Cl. A† . . . . . 3,197,700
20,000	SunTrust Banks Inc. . . . . 359,000	85,000	Discovery Communications Inc., Cl. C† . . . . . 2,987,750
140,000	T. Rowe Price Group Inc. . . . . 6,687,800	500	DreamWorks Animation SKG Inc., Cl. A† . . . . . 9,090
195,000	The Bank of New York Mellon Corp. . . . . 3,625,050	645,000	Grupo Televisa SA, ADR . . . . . 11,861,550
40,000	The Charles Schwab Corp. . . . . 450,800	19,000	Liberty Media Corp. – Liberty Starz, Cl. A† . . . . . 1,207,640
65,000	Waddell & Reed Financial Inc., Cl. A . . . . . 1,625,650	8,000	Regal Entertainment Group, Cl. A . . . . . 93,920
270,000	Wells Fargo & Co. . . . . 6,512,400	32,000	Societe d' Edition de Canal + . . . . . 189,365
	80,220,195	381,000	The Madison Square Garden Co., Cl. A† . . . . . 8,686,800
<b>Diversified Industrial — 6.4%</b>		235,000	Time Warner Inc. . . . . 7,042,950
3,000	Acuity Brands Inc. . . . . 108,120	75,000	Tokyo Broadcasting System Holdings Inc. . . . . 931,544
158,000	Ampco-Pittsburgh Corp. . . . . 3,231,100	108,000	Universal Entertainment Corp. . . . . 3,275,146
190,000	Cooper Industries plc . . . . . 8,762,800	295,000	Viacom Inc., Cl. A . . . . . 14,266,200
220,000	Crane Co. . . . . 7,851,800	370,000	Vivendi SA . . . . . 7,601,653
180,000	General Electric Co. . . . . 2,743,200		61,467,794
170,000	Greif Inc., Cl. A . . . . . 7,291,300	<b>Consumer Products — 4.9%</b>	
15,000	Greif Inc., Cl. B . . . . . 645,300	61,000	Avon Products Inc. . . . . 1,195,600
414,000	Honeywell International Inc. . . . . 18,178,740	17,000	Christian Dior SA . . . . . 1,925,684
270,000	ITT Corp. . . . . 11,340,000	24,000	Church & Dwight Co. Inc. . . . . 1,060,800
10,000	Jardine Strategic Holdings Ltd. . . . . 263,100	80,000	Eastman Kodak Co.† . . . . . 62,408
30,000	Material Sciences Corp.† . . . . . 194,100	95,000	Energizer Holdings Inc.† . . . . . 6,311,800
98,000	Park-Ohio Holdings Corp.† . . . . . 1,176,980	130,000	Fortune Brands Inc. . . . . 7,030,400
1,000	Pentair Inc. . . . . 32,010	2,100	Givaudan SA† . . . . . 1,647,286
70,000	Smiths Group plc . . . . . 1,091,038	60,000	Hanesbrands Inc.† . . . . . 1,500,600
15,500	Sulzer AG . . . . . 1,612,588	30,000	Harley-Davidson Inc. . . . . 1,029,900
30,000	Trinity Industries Inc. . . . . 642,300	4,000	Jarden Corp. . . . . 113,040

See accompanying notes to schedule of investments.

**THE GABELLI EQUITY TRUST INC.**  
**SCHEDULE OF INVESTMENTS (Continued)**  
**September 30, 2011 (Unaudited)**

<u>Shares</u>	<u>Market Value</u>	<u>Shares</u>	<u>Market Value</u>
		5,000	Gilead Sciences Inc.† . . . . . \$ 194,000
		30,000	Henry Schein Inc.† . . . . . 1,860,300
		15,000	Hospira Inc.† . . . . . 555,000
7,000	\$ 181,230	40,000	Johnson & Johnson . . . . . 2,548,400
8,500	738,735	70,000	Life Technologies Corp.† . . . . . 2,690,100
10,000	185,800	43,000	Mead Johnson Nutrition Co. . . . . 2,959,690
56,000	2,858,204	100,000	Merck & Co. Inc. . . . . 3,271,000
33,000	405,685	10,000	Nobel Biocare Holding AG† . . . . . 100,728
857,000	28,477,778	97,000	Novartis AG, ADR . . . . . 5,409,690
29,000	1,923,570	95,000	UnitedHealth Group Inc. . . . . 4,381,400
1,000	87,840	4,000	Waters Corp.† . . . . . 301,960
	<u>56,736,360</u>	12,000	Watson Pharmaceuticals Inc.† . . . . . 819,000
		62,000	William Demant Holding A/S† . . . . . 4,678,087
		7,000	Zimmer Holdings Inc.† . . . . . <u>374,500</u>
			<u>46,115,484</u>
			<b>Automotive: Parts and Accessories — 3.8%</b>
		79,000	BorgWarner Inc.† . . . . . 4,781,870
65,000	2,434,900	157,000	CLARCOR Inc. . . . . 6,496,660
43,000	750,780	215,000	Dana Holding Corp.† . . . . . 2,257,500
14,000	89,600	265,000	Genuine Parts Co. . . . . 13,462,000
1,085,000	2,938,927	151,000	Johnson Controls Inc. . . . . 3,981,870
7,040,836	15,596	135,000	Midas Inc.† . . . . . 1,107,000
670,000	2,070,300	275,000	Modine Manufacturing Co.† . . . . . 2,491,500
130,000	1,524,900	98,000	O'Reilly Automotive Inc.† . . . . . 6,529,740
44,000		175,000	Standard Motor Products Inc. . . . . 2,269,750
		52,000	Superior Industries International Inc. . . . . <u>803,400</u>
			<u>44,181,290</u>
			<b>Consumer Services — 3.1%</b>
16,000	188,636	170,000	Expedia Inc. . . . . 4,377,500
		75,000	IAC/InterActiveCorp.† . . . . . 2,966,250
95,000	1,260,159	173,000	Liberty Interactive Corp., Cl. A† . . . . . 2,555,210
15,000	404,250	1,372,000	Rollins Inc. . . . . <u>25,670,120</u>
950,000	2,888,000		<u>35,569,080</u>
156,000	1,486,680		<b>Retail — 2.5%</b>
26,000	484,380	100,000	AutoNation Inc.† . . . . . 3,278,000
600,000	658,753	500	AutoZone Inc.† . . . . . 159,595
88,253		27,000	Coldwater Creek Inc.† . . . . . 33,750
584,000	2,334,292	40,000	Costco Wholesale Corp. . . . . 3,284,800
36,000	11,166,080	120,000	CVS Caremark Corp. . . . . 4,029,600
		44,000	HSN Inc.† . . . . . 1,457,720
270,000	5,737,500	390,000	Macy's Inc. . . . . 10,264,800
318,000	6,286,860	50,000	Sally Beauty Holdings Inc.† . . . . . 830,000
15,000	735,042	10,000	The Cheesecake Factory Inc.† . . . . . 246,500
155,000	5,704,000	39,000	Wal-Mart Stores Inc. . . . . 2,024,100
	<u>49,732,875</u>	59,000	Walgreen Co. . . . . 1,940,510
		22,000	Whole Foods Market Inc. . . . . <u>1,436,820</u>
			<u>28,986,195</u>
			<b>Health Care — 4.0%</b>
11,000	562,540		
14,046	1,157,109		
37,000	2,033,150		
25,000	1,403,500		
14,000	1,026,480		
32,000	2,980,800		
335,000	1,979,850		
85,000	2,667,300		
49,000	2,160,900		

See accompanying notes to schedule of investments.



**THE GABELLI EQUITY TRUST INC.**  
**SCHEDULE OF INVESTMENTS (Continued)**  
**September 30, 2011 (Unaudited)**

<u>Shares</u>	<u>Market Value</u>	<u>Shares</u>	<u>Market Value</u>
<b>COMMON STOCKS (Continued)</b>		<b>Transportation — 0.6%</b>	
<b>Electronics — 1.2%</b>		443,000	AMR Corp.† \$ 1,311,280
20,000	Bel Fuse Inc., Cl. A \$ 343,000	166,000	GATX Corp. 5,144,340
4,000	Hitachi Ltd., ADR 197,680	4,000	Huntington Ingalls Industries Inc.† 97,320
97,000	Intel Corp. 2,069,010		6,552,940
36,342	Koninklijke Philips Electronics NV 651,981	<b>Closed-End Funds — 0.4%</b>	
75,000	LSI Corp.† 388,500	30,000	Royce Value Trust Inc. 332,400
2,400	Mettler-Toledo International Inc.† 335,904	99,500	The Central Europe and Russia Fund Inc. 3,028,780
20,000	Molex Inc., Cl. A 337,600	70,000	The New Germany Fund Inc. 894,600
2,000	Rovi Corp.† 85,960		4,255,780
55,000	TE Connectivity Ltd. 1,547,700	<b>Real Estate — 0.3%</b>	
275,000	Texas Instruments Inc. 7,328,750	55,500	Griffin Land & Nurseries Inc. 1,425,240
	13,286,085	125,000	The St. Joe Co.† 1,873,750
<b>Broadcasting — 1.0%</b>			3,298,990
305,000	CBS Corp., Cl. A, Voting 6,286,050	<b>Computer Hardware — 0.1%</b>	
2,000	Cogeco Inc. 83,977	15,000	SanDisk Corp.† 605,250
23,334	Corus Entertainment Inc., Cl. B, OTC 439,027	120,000	Xerox Corp. 836,400
6,666	Corus Entertainment Inc., Cl. B, Toronto 125,636		1,441,650
34,000	Gray Television Inc.† 53,040	<b>Real Estate Investment Trusts — 0.1%</b>	
68,000	Liberty Media Corp. — Liberty Capital, Cl. A† 4,496,160	2,000	Camden Property Trust 110,520
27,000	LIN TV Corp., Cl. A† 58,860	34,000	Rayonier Inc. 1,250,860
100,000	Television Broadcasts Ltd. 549,606		1,361,380
	12,092,356	<b>Manufactured Housing and Recreational Vehicles — 0.1%</b>	
<b>Environmental Services — 1.0%</b>		6,400	Martin Marietta Materials Inc. 404,608
210,000	Republic Services Inc. 5,892,600	9,000	Nobility Homes Inc.† 59,400
181,000	Waste Management Inc. 5,893,360	26,500	Skyline Corp. 253,075
	11,785,960		717,083
<b>Agriculture — 0.8%</b>		<b>TOTAL COMMON STOCKS 1,143,244,046</b>	
257,000	Archer-Daniels-Midland Co. 6,376,170	<b>CONVERTIBLE PREFERRED STOCKS — 0.1%</b>	
20,000	Monsanto Co. 1,200,800	<b>Telecommunications — 0.1%</b>	
15,000	Syngenta AG, ADR 778,050	22,500	Cincinnati Bell Inc., 6.750% Cv. Pfd., Ser. B 898,763
10,000	The Mosaic Co. 489,700		898,763
	8,844,720	<b>WARRANTS — 0.0%</b>	
<b>Computer Software and Services — 0.7%</b>		<b>Retail — 0.0%</b>	
30,000	AOL Inc.† 360,000	150,000	Talbots Inc., expire 04/06/15† 16,560
9,000	Check Point Software Technologies Ltd.† 474,840	<b>Principal Amount</b>	
50,000	InterXion Holding NV† 590,500	<b>CONVERTIBLE CORPORATE BONDS — 0.2%</b>	
65,000	NCR Corp.† 1,097,850	<b>Diversified Industrial — 0.2%</b>	
27,000	Rockwell Automation Inc. 1,512,000	\$ 2,000,000	Griffon Corp., Sub. Deb. Cv., 4.000%, 01/15/17 (c) 1,855,000
336,000	Yahoo! Inc.† 4,421,760		1,855,000
	8,456,950	<b>CORPORATE BONDS — 0.0%</b>	
<b>Automotive — 0.7%</b>		<b>Retail — 0.0%</b>	
40,000	Ford Motor Co.† 386,800	1,900,000	The Great Atlantic & Pacific Tea Co. Inc., 5.125%, 06/15/12† (a) 505,970
15,000	General Motors Co.† 302,700		505,970
133,000	Navistar International Corp.† 4,271,960		
81,750	PACCAR Inc. 2,764,785		
	7,726,245		

See accompanying notes to schedule of investments.

**THE GABELLI EQUITY TRUST INC.**  
**SCHEDULE OF INVESTMENTS (Continued)**  
**September 30, 2011 (Unaudited)**

<u>Principal Amount</u>	<u>Market Value</u>	<u>Geographic Diversification</u>	<u>% of Market Value</u>	<u>Market Value</u>
<b>CORPORATE BONDS (Continued)</b>				
<b>Consumer Products — 0.0%</b>				
\$ 1,000,000		North America .....	79.9%	\$ 915,912,164
		Europe .....	14.8	169,217,512
		Latin America .....	2.9	32,910,129
		Japan .....	1.8	21,122,573
		Asia/Pacific .....	0.6	7,357,961
	<u>505,970</u>	Total Investments .....	<u>100.0%</u>	<u>\$1,146,520,339</u>
<b>TOTAL INVESTMENTS — 100.0%</b>				
(Cost \$887,187,127) .....	<u>\$1,146,520,339</u>			
Aggregate tax cost .....	<u>\$ 901,570,919</u>			
Gross unrealized appreciation .....	\$ 369,724,888			
Gross unrealized depreciation .....	<u>(124,775,468)</u>			
Net unrealized appreciation/depreciation .....	<u>\$ 244,949,420</u>			

- (a) Security fair valued under procedures established by the Board of Directors. The procedures may include reviewing available financial information about the company and reviewing the valuation of comparable securities and other factors on a regular basis. At September 30, 2011, the market value of fair valued securities amounted to \$623,056 or 0.05% of total investments.
- (b) At September 30, 2011, the Fund held an investment in a restricted security amounting to \$15,596 or 0.00% of total investments, which was valued under methods approved by the Board of Directors as follows:

<u>Acquisition Shares</u>	<u>Issuer</u>	<u>Acquisition Date</u>	<u>Acquisition Cost</u>	<u>09/30/11 Carrying Value Per Unit</u>
7,040,836	Cable & Wireless Jamaica Ltd. ....	09/30/93	\$128,658	\$0.0022

- (c) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At September 30, 2011, the market value of the Rule 144A security amounted to \$1,855,000 or 0.16% of total investments.

† Non-income producing security.  
ADR American Depositary Receipt  
CVO Contingent Value Obligation  
SDR Swedish Depositary Receipt

See accompanying notes to schedule of investments.

## **THE GABELLI EQUITY TRUST INC. NOTES TO SCHEDULE OF INVESTMENTS (Unaudited)**

The Fund's schedule of investments is prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), which may require the use of management estimates and assumptions. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its 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. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and 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 GABELLI EQUITY TRUST INC.**  
**NOTES TO SCHEDULE OF INVESTMENTS (Continued) (Unaudited)**

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

	Valuation Inputs			Total Market Value at 9/30/11
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
<b>INVESTMENTS IN SECURITIES:</b>				
<b>ASSETS (Market Value):</b>				
Common Stocks:				
Energy and Utilities	\$ 85,539,230	\$ 9,000	\$ 0	\$ 85,548,230
Equipment and Supplies	62,562,449	—	600	62,563,049
Entertainment	61,351,308	—	116,486	61,467,794
Telecommunications	49,717,279	15,596	—	49,732,875
Other Industries (a)	883,932,098	—	—	883,932,098
<b>Total Common Stocks</b>	<b>1,143,102,364</b>	<b>24,596</b>	<b>117,086</b>	<b>1,143,244,046</b>
Convertible Preferred Stocks (a)	898,763	—	—	898,763
Warrants (a)	16,560	—	—	16,560
Convertible Corporate Bonds (a)	—	1,855,000	—	1,855,000
Corporate Bonds (a)	505,970	—	0	505,970
<b>TOTAL INVESTMENTS IN SECURITIES – ASSETS</b>	<b>\$1,144,523,657</b>	<b>\$1,879,596</b>	<b>\$117,086</b>	<b>\$1,146,520,339</b>

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

The Fund did not have significant transfers between Level 1 and Level 2 during the period ended September 30, 2011.

**THE GABELLI EQUITY TRUST INC.**  
**NOTES TO SCHEDULE OF INVESTMENTS (Continued) (Unaudited)**

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

	Balance as of 12/31/10	Accrued discounts/ (premiums)	Realized gain/ (loss)	Change in unrealized appreciation/ depreciation	Purchases	Sales	Transfers into Level 3†	Transfers out of Level 3†	Balance as of 9/30/11	Net change in unrealized appreciation/ depreciation during the period on Level 3 investments held at 9/30/11
<b>INVESTMENTS IN SECURITIES:</b>										
<b>ASSETS (Market Value):</b>										
Common Stocks:										
Energy and Utilities	\$ 0	\$—	\$ —	\$ —	\$—	\$—	\$—	\$ —	\$ 0	\$ —
Equipment and Supplies	—	—	—	600	0	—	—	—	600	600
Entertainment	91,191	—	—	25,295	—	—	—	—	116,486	25,295
<b>Total Common Stocks</b>	<b>91,191</b>	<b>—</b>	<b>—</b>	<b>25,895</b>	<b>0</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>117,086</b>	<b>25,895</b>
Warrants:										
Energy and Utilities	85	—	(36,353)	36,268	—	(0)	—	—	—	—
Convertible Corporate Bonds	630,000	—	—	—	—	—	—	(630,000)	—	—
Corporate Bonds	0	—	—	—	—	—	—	—	0	—
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>\$721,276</b>	<b>\$—</b>	<b>\$(36,353)</b>	<b>\$62,163</b>	<b>\$ 0</b>	<b>\$(0)</b>	<b>\$—</b>	<b>\$(630,000)</b>	<b>\$117,086</b>	<b>\$25,895</b>

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

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

**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 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

**THE GABELLI EQUITY TRUST INC.**  
**NOTES TO SCHEDULE OF INVESTMENTS (Continued) (Unaudited)**

Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial purchase trade date and subsequent sale trade date is included in realized gain/(loss) on investments.

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

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

**Restricted and Illiquid Securities.** The Fund may invest up to 10% of its net assets in securities for which the markets are illiquid. Illiquid securities include securities the disposition of which is subject to substantial legal or contractual restrictions. The sale of illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity. The Fund held no illiquid securities at September 30, 2011. For the restricted securities the Fund held as of September 30, 2011, refer to the Schedule of Investments.

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

The Fund's derivative contracts held at September 30, 2011, if any, are not accounted for as hedging instruments under GAAP and are disclosed in the Schedule of Investments together with the related counterparty.

**Options.** The Fund may purchase or write call or put options on securities or indices for the purpose of achieving additional return or for hedging the value of the Fund's portfolio. As a writer of put options, the Fund receives a premium at the outset and then bears the risk of unfavorable changes in the price of the financial instrument underlying the option.

**THE GABELLI EQUITY TRUST INC.**  
**NOTES TO SCHEDULE OF INVESTMENTS (Continued) (Unaudited)**

The Fund would incur a loss if the price of the underlying financial instrument decreases between the date the option is written and the date on which the option is terminated. The Fund would realize a gain, to the extent of the premium, if the price of the financial instrument increases between those dates. If a written call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss. If a written put option is exercised, the premium reduces the cost basis of the security.

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

In the case of call options, these exercise prices are referred to as “in-the-money,” “at-the-money,” and “out-of-the-money,” respectively. The Fund may write (a) in-the-money call options when the Adviser expects that the price of the underlying security will remain stable or decline, during the option period, (b) at-the-money call options when the Adviser expects that the price of the underlying security will remain stable, decline or advance moderately during the option period, and (c) out-of-the-money call options when the Adviser expects that the premiums received from writing the call option will be greater than the appreciation in the price of the underlying security above the exercise price. By writing a call option, the Fund limits its opportunity to profit from any increase in the market value of the underlying security above the exercise price of the option. Out-of-the-money, at-the-money, and in-the-money put options (the reverse of call options as to the relation of exercise price to market price) may be utilized in the same market environments that such call options are used in equivalent transactions. At September 30, 2011, the Fund held no investments in options.

**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 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. At September 30, 2011, the Fund held no investments in equity contract for difference swap agreements.

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

There are several risks in connection with the use of futures contracts as a hedging instrument. The change in value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with

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**NOTES TO SCHEDULE OF INVESTMENTS (Continued) (Unaudited)**

the change in value of the hedged investments. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market. At September 30, 2011, the Fund held 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. At September 30, 2011, the Fund held no investments in forward foreign exchange contracts.

**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.

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

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

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

# AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLANS

## Enrollment in the Plan

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

The Gabelli Equity Trust Inc.  
c/o Computershare  
P.O. Box 43010  
Providence, RI 02940-3010

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

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

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

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

## Voluntary Cash Purchase Plan

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

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

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

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

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

## **THE GABELLI EQUITY TRUST INC. AND YOUR PERSONAL PRIVACY**

### **Who are we?**

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

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

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

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

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

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

### **What do we do to protect your personal information?**

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

**DIRECTORS AND OFFICERS  
THE GABELLI EQUITY TRUST INC.  
One Corporate Center, Rye, NY 10580-1422**

***Directors***

Mario J. Gabelli, CFA

*Chairman & Chief Executive Officer,  
GAMCO Investors, Inc.*

Dr. Thomas E. Bratter

*President & Founder, John Dewey Academy*

Anthony J. Colavita

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

James P. Conn

*Former Managing Director &  
Chief Investment Officer,  
Financial Security Assurance Holdings Ltd.*

Frank J. Fahrenkopf, Jr.

*President & Chief Executive Officer,  
American Gaming Association*

Arthur V. Ferrara

*Former Chairman & Chief Executive Officer,  
Guardian Life Insurance Company of America*

Anthony R. Pustorino

*Certified Public Accountant,  
Professor Emeritus, Pace University*

Salvatore J. Zizza

*Chairman, Zizza & Co., Ltd.*

***Officers***

Bruce N. Alpert

*President*

Carter W. Austin

*Vice President*

Peter D. Goldstein

*Chief Compliance Officer*

Molly A.F. Marion

*Vice President & Ombudsman*

Agnes Mullady

*Treasurer & Secretary*

***Investment Adviser***

Gabelli Funds, LLC

One Corporate Center

Rye, New York 10580-1422

***Custodian***

The Bank of New York Mellon

***Counsel***

Willkie Farr & Gallagher LLP

***Transfer Agent and Registrar***

Computershare Trust Company, N.A.

***Stock Exchange Listing***

	5.875%	6.20%
	<u>Common</u>	<u>Preferred</u>
NYSE-Symbol:	GAB	GAB PrD
Shares Outstanding:	183,582,116	2,363,860
		5,850,402

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

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

The NASDAQ symbol for the Net Asset Value is “XGABX.”

For general information about the Gabelli Funds, call **800-GABELLI** (800-422-3554), fax us at 914-921-5118, visit Gabelli Funds’ Internet homepage at: [www.gabelli.com](http://www.gabelli.com), or e-mail us at: [closedend@gabelli.com](mailto: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 EQUITY TRUST INC.**  
**One Corporate Center**  
**Rye, NY 10580-1422**  
**(914) 921-5070**  
**[www.gabelli.com](http://www.gabelli.com)**

**Third Quarter Report**  
**September 30, 2011**