

The Gabelli Equity Income Fund

First Quarter Report — December 31, 2017



Mario J. Gabelli, CFA
Portfolio Manager

To Our Shareholders,

For the quarter ended December 31, 2017, the net asset value (“NAV”) per Class AAA Share of The Gabelli Equity Income Fund increased 4.2% compared with an increase of 6.6% 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, 2017.

Comparative Results

Average Annual Returns through December 31, 2017 (a)(b) (Unaudited)

	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (01/02/92)
Class AAA (GABEX)	4.23%	15.12%	11.01%	6.66%	9.34%	10.07%
S&P 500 Index	6.64	21.83	15.79	8.50	9.92	9.61(c)
Nasdaq Composite Index.	6.57	29.80	19.50	11.35	12.81	9.94(c)
Lipper Equity Income Fund Average	5.51	16.43	12.98	6.96	8.91	8.66
Class A (GCAEX)	4.21	15.10	11.01	6.66	9.33	10.06
With sales charge (d)	(1.78)	8.48	9.70	6.03	8.90	9.81
Class C (GCCEX)	4.05	14.28	10.19	5.87	8.58	9.63
With contingent deferred sales charge (e)	3.05	13.28	10.19	5.87	8.58	9.63
Class I (GCIEX)	4.28	15.38	11.29	6.94	9.52	10.17
Class T (GCTEX)	4.19	15.07	11.00	6.66	9.33	10.06
With sales charge (f)	1.59	12.19	10.44	6.39	9.15	9.89

In the current prospectuses dated January 26, 2018, the expense ratios for Class AAA, A, C, I, and T Shares are 1.39%, 1.39%, 2.14%, 1.14%, and 1.39%, respectively. Class AAA and Class I Shares do not have a sales charge. The maximum sales charge for Class A Shares, Class C Shares, and Class T Shares is 5.75%, 1.00%, and 2.50%, 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 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 our website at 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, Class I Shares on January 11, 2008, and Class T Shares on July 5, 2017. The actual performance of the Class A Shares, Class C Shares, and Class T 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) S&P 500 Index and Nasdaq Composite Index since inception performance are as of December 31, 1991.

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

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

(f) Performance results include the effect of the maximum 2.50% sales charge at the beginning of the period.

The Gabelli Equity Income Fund

Schedule of Investments — December 31, 2017 (Unaudited)

Shares		Market Value	Shares		Market Value
COMMON STOCKS — 99.3%					
Aerospace — 2.1%					
64,000	Aerojet Rocketdyne Holdings Inc.†	\$ 1,996,800	4,000	Vectrus Inc.†	\$ 123,400
2,000	Lockheed Martin Corp.	642,100			<u>27,633,870</u>
10,000	Raytheon Co.	1,878,500	10,000	Cable and Satellite — 1.0%	
68,000	Rockwell Automation Inc.	13,351,800	165,000	AMC Networks Inc., Cl. A†	540,800
2,000	Rockwell Collins Inc.	271,240	16,000	DISH Network Corp., Cl. A†	7,878,750
900,000	Rolls-Royce Holdings plc	10,292,172	6,000	EchoStar Corp., Cl. A†	958,400
42,550,000	Rolls-Royce Holdings plc, Cl. C†(a)	57,449	13,692	Liberty Global plc LiLAC, Cl. A†	120,900
		<u>28,490,061</u>	54,000	Liberty Global plc LiLAC, Cl. C†	272,334
				Scripps Networks Interactive Inc., Cl. A	<u>4,610,520</u>
					<u>14,381,704</u>
Agriculture — 0.3%					
90,000	Archer-Daniels-Midland Co.	3,607,200	Communications Equipment — 0.2%		
12,000	The Mosaic Co.	307,920	72,500	Corning Inc.	2,319,275
		<u>3,915,120</u>			
Automotive — 0.7%					
165,000	Navistar International Corp.†	7,075,200	21,000	Computer Hardware — 1.0%	
30,000	PACCAR Inc.	2,132,400	65,000	Apple Inc.	3,553,830
		<u>9,207,600</u>		International Business Machines Corp.	<u>9,972,300</u>
					<u>13,526,130</u>
Automotive: Parts and Accessories — 2.5%					
152,000	Dana Inc.	4,865,520	10,000	Computer Software and Services — 1.3%	
305,000	Genuine Parts Co.	28,978,050	91,000	CDK Global Inc.	712,800
13,000	Modine Manufacturing Co.†	262,600	280,000	Fidelity National Information Services Inc.	8,562,190
1,200	O'Reilly Automotive Inc.†	288,648	50,000	Hewlett Packard Enterprise Co.	4,020,800
15,000	Tenneco Inc.	878,100	23,000	Microsoft Corp.	4,277,000
		<u>35,272,918</u>		NetScout Systems Inc.†	<u>700,350</u>
					<u>18,273,140</u>
Aviation: Parts and Services — 0.4%					
50,000	Arconic Inc.	1,362,500	44,000	Consumer Products — 5.3%	
29,000	United Technologies Corp.	3,699,530	70,000	Altria Group Inc.	3,142,040
		<u>5,062,030</u>	60,000	Edgewell Personal Care Co.†	4,157,300
			25,000	Energizer Holdings Inc.	2,878,800
			2,000	Essity AB, Cl. A†	706,135
			50,000	National Presto Industries Inc.	198,900
			78,000	Philip Morris International Inc.	5,282,500
			25,000	Reckitt Benckiser Group plc	7,286,501
			940,000	Svenska Cellulosa AB, Cl. A	289,525
			94,000	Swedish Match AB	37,035,755
			75,000	The Procter & Gamble Co.	8,636,720
				Unilever NV - NY Shares	4,224,000
					<u>73,838,176</u>
Building and Construction — 1.6%					
186,000	Fortune Brands Home & Security Inc.	12,729,840	Consumer Services — 0.1%		
47,500	Herc Holdings Inc.†	2,973,975	3,500	Allegion plc	278,460
178,000	Johnson Controls International plc	6,783,580	38,000	Rollins Inc.	1,768,140
		<u>22,487,395</u>			<u>2,046,600</u>
Business Services — 2.0%					
37,000	Automatic Data Processing Inc.	4,336,030	90,000	Diversified Industrial — 4.7%	
24,000	Diebold Nixdorf Inc.	392,400	78,000	Crane Co.	8,029,800
97,000	Mastercard Inc., Cl. A	14,681,920	470,000	Eaton Corp. plc	6,162,780
2,000	MSC Industrial Direct Co. Inc., Cl. A	193,320	120,000	General Electric Co.	8,201,500
40,000	Pentair plc	2,824,800	50,000	Honeywell International Inc.	18,403,200
30,000	S&P Global Inc.	5,082,000	50,000	ITT Inc.	2,668,500
			50,000	Jardine Matheson Holdings Ltd.	3,037,500
			180,000	Jardine Strategic Holdings Ltd.	7,124,400

See accompanying notes to schedule of investments.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — December 31, 2017 (Unaudited)

Shares		Market Value	Shares		Market Value
	COMMON STOCKS (Continued)		17,000	TOTAL SA, ADR.....	\$ 939,760
	Diversified Industrial (Continued)				<u>45,972,560</u>
120,000	Textron Inc.....	\$ 6,790,800			
340,000	Toray Industries Inc.....	3,206,124		Energy and Utilities: Services — 1.4%	
37,000	Trinity Industries Inc.....	<u>1,386,020</u>	340,000	Halliburton Co.....	16,615,800
		<u>65,010,624</u>	93,000	Oceaneering International Inc.....	1,966,020
			12,000	Schlumberger Ltd.....	<u>808,680</u>
					<u>19,390,500</u>
	Electronics — 1.0%			Energy and Utilities: Water — 0.2%	
45,000	Sony Corp.....	2,030,042		Aqua America Inc.....	627,680
85,000	Sony Corp., ADR.....	3,820,750	16,000	Severn Trent plc.....	<u>2,335,215</u>
68,000	TE Connectivity Ltd.....	6,462,720	80,000		<u>2,962,895</u>
10,000	Texas Instruments Inc.....	<u>1,044,400</u>			
		<u>13,357,912</u>			
	Energy and Utilities: Electric — 0.4%			Entertainment — 1.3%	
10,000	American Electric Power Co. Inc.....	735,700	120,000	Grupo Televisa SAB, ADR.....	2,240,400
6,300	Avangrid Inc.....	318,654	12,000	The Madison Square Garden Co, Cl. A†.....	2,530,200
45,000	El Paso Electric Co.....	2,490,750	110,000	Twenty-First Century Fox Inc., Cl. B.....	3,753,200
50,000	Korea Electric Power Corp., ADR†.....	885,500	292,000	Viacom Inc., Cl. A.....	<u>10,190,800</u>
200,000	Texas Competitive Electric Holdings Co. LLC, Escrow†(a).....	0			<u>18,714,600</u>
105,000	The AES Corp.....	<u>1,137,150</u>	50,000	Environmental Services — 1.0%	
		<u>5,567,754</u>	120,000	Republic Services Inc.....	3,380,500
				Waste Management Inc.....	<u>10,356,000</u>
					<u>13,736,500</u>
	Energy and Utilities: Integrated — 0.7%			Equipment and Supplies — 1.9%	
180,000	Energy Transfer Equity LP.....	3,106,800		A.O. Smith Corp.....	2,206,080
29,000	Eni SpA.....	480,179	36,000	Danaher Corp.....	1,517,236
13,000	Eversource Energy.....	821,340	16,346	Flowserve Corp.....	7,541,270
6,500	Iberdrola SA, ADR.....	201,077	179,000	Graco Inc.....	2,713,200
63,000	OGE Energy Corp.....	2,073,330	60,000	Ingersoll-Rand plc.....	981,090
59,000	PNM Resources Inc.....	<u>2,386,550</u>	11,000	Minerals Technologies Inc.....	1,514,700
		<u>9,069,276</u>	22,000	Mueller Industries Inc.....	6,306,540
			178,000	Parker-Hannifin Corp.....	3,193,280
			16,000	Tenaris SA, ADR.....	<u>477,900</u>
			15,000		<u>26,451,296</u>
	Energy and Utilities: Natural Gas — 1.3%			Financial Services — 20.6%	
1,200	Atmos Energy Corp.....	103,068	6,500	Alleghany Corp.†.....	3,874,585
200,000	National Fuel Gas Co.....	10,982,000	145,000	AllianceBernstein Holding LP.....	3,632,250
15,000	ONE Gas Inc.....	1,098,900	95,000	American Express Co.(b).....	9,434,450
91,000	ONEOK Inc.....	4,863,950	95,000	American International Group Inc.....	5,660,100
12,000	Southwest Gas Holdings Inc.....	<u>965,760</u>	25,000	Argo Group International Holdings Ltd.....	1,541,250
		<u>18,013,678</u>	5,195	Banco Santander Chile, ADR.....	162,448
			93,000	Banco Santander SA, ADR.....	608,220
			335,000	Bank of America Corp.....	9,889,200
			13,056	BNP Paribas SA.....	975,158
			245,000	Citigroup Inc.....	18,230,450
127,000	Anadarko Petroleum Corp.....	6,812,280	30,000	Dundee Corp., Cl. A†.....	60,382
100,000	Chevron Corp.....	12,519,000	37,000	Eaton Vance Corp.....	2,086,430
70,000	ConocoPhillips.....	3,842,300	100,000	Federated Investors Inc., Cl. B.....	3,608,000
39,000	Devon Energy Corp.....	1,614,600	34,000	Fidelity Southern Corp.....	741,200
58,000	Exxon Mobil Corp.....	4,851,120	75,000	H&R Block Inc.....	1,966,500
96,000	Hess Corp.....	4,557,120			
22,000	Marathon Petroleum Corp.....	1,451,560			
44,000	Occidental Petroleum Corp.....	3,241,040			
2,000	PetroChina Co. Ltd., ADR.....	139,880			
90,000	Royal Dutch Shell plc, Cl. A, ADR.....	6,003,900			

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The Gabelli Equity Income Fund

Schedule of Investments (Continued) — December 31, 2017 (Unaudited)

Shares		Market Value	Shares		Market Value
	COMMON STOCKS (Continued)				
	Financial Services (Continued)				
50,000	Interactive Brokers Group Inc., Cl. A	\$ 2,960,500	17,000	Heineken NV, ADR	\$ 886,040
35,000	JPMorgan Chase & Co.	3,742,900	200,000	ITO EN Ltd.	7,881,074
70,000	Julius Baer Group Ltd.	4,281,389	35,500	Kellogg Co.	2,413,290
27,000	Kemper Corp.	1,860,300	2,000	McCormick & Co. Inc., Cl. V.	204,480
90,100	Kinnevik AB, Cl. A	3,142,423	28,000	McCormick & Co. Inc., Non-Voting	2,853,480
19,000	Kinnevik AB, Cl. B	642,282	586,000	Mondelēz International Inc., Cl. A	25,080,800
170,000	Legg Mason Inc.	7,136,600	115,000	Nestlé SA	9,889,681
15,000	Leucadia National Corp.	397,350	65,000	Nestlé SA, ADR	5,588,050
103,000	Loews Corp.	5,153,090	95,000	Nissin Foods Holdings Co. Ltd.	6,938,984
118,000	M&T Bank Corp.	20,176,820	3,000,000	Parmalat SpA	11,158,572
291,000	Marsh & McLennan Companies Inc.	23,684,490	100,000	PepsiCo Inc.	11,992,000
190,000	Morgan Stanley	9,969,300	45,000	Pernod Ricard SA	7,124,388
185,000	Navient Corp.	2,464,200	58,000	Remy Cointreau SA	8,037,771
58,000	Och-Ziff Capital Management Group LLC, Cl. A	145,000	36,000	Sapporo Holdings Ltd.	1,102,285
38,000	Oritani Financial Corp.	623,200	65,000	The Kraft Heinz Co.	5,054,400
40,000	Popular Inc.	1,419,600	74,000	The Coca-Cola Co.	3,395,120
265,000	SLM Corp.†	2,994,500	1,000	The Hershey Co.	113,510
160,000	State Street Corp.	15,617,600	64,000	Tootsie Roll Industries Inc.	2,329,600
275,000	Sterling Bancorp.	6,765,000	2,000	Tyson Foods Inc., Cl. A	162,140
12,000	SunTrust Banks Inc.	775,080	85,000	Yakult Honsha Co. Ltd.	6,412,248
14,000	T. Rowe Price Group Inc.	1,469,020			<u>231,876,392</u>
100,000	TD Ameritrade Holding Corp.	5,113,000		Health Care — 8.9%	
785,000	The Bank of New York Mellon Corp.	42,280,100	10,000	Abbott Laboratories	570,700
3,000	The Dun & Bradstreet Corp.	355,230	10,000	AbbVie Inc.	967,100
18,500	The Goldman Sachs Group Inc.	4,713,060	31,000	Aetna Inc.	5,592,090
105,000	The Hartford Financial Services Group Inc.	5,909,400	4,000	Allergan plc.	654,320
103,000	The PNC Financial Services Group Inc.	14,861,870	78,000	Baxter International Inc.	5,041,920
15,000	The Travelers Companies Inc.	2,034,600	11,100	Bio-Rad Laboratories Inc., Cl. A†	2,649,237
32,000	W. R. Berkley Corp.	2,292,800	28,000	Boston Scientific Corp.†	694,120
91,000	Waddell & Reed Financial Inc., Cl. A	2,032,940	298,000	Bristol-Myers Squibb Co.	18,261,440
471,000	Wells Fargo & Co.	28,575,570	91,000	Eli Lilly & Co.	7,685,860
		<u>286,059,837</u>	12,000	Express Scripts Holding Co.†	895,680
			13,000	GlaxoSmithKline plc, ADR	461,110
			40,000	Henry Schein Inc.†	2,795,200
			60,000	Johnson & Johnson	8,383,200
1,000	Ajinomoto Co. Inc.	18,824	235,000	Merck & Co. Inc.	13,223,450
1,000	Anheuser-Busch InBev SA/NV	111,742	203,500	Novartis AG, ADR	17,085,860
350,000	Brown-Forman Corp., Cl. A	23,534,000	210,000	Patterson Cos., Inc.	7,587,300
164,000	Campbell Soup Co.	7,890,040	280,000	Pfizer Inc.	10,141,600
80,000	Coca-Cola Amatil Ltd., ADR	532,000	60,000	Roche Holding AG, ADR	1,894,800
20,000	Coca-Cola European Partners plc	797,000	23,000	Roche Holding AG, Genusschein	5,818,154
14,500	Coca-Cola Femsa SAB de CV, ADR	1,009,490	82,000	William Demant Holding A/S†	2,292,939
7,700	Constellation Brands Inc., Cl. A	1,759,989	61,854	Wright Medical Group NV†	1,373,159
110,000	Danone SA	9,232,218	50,000	Zimmer Biomet Holdings Inc.	6,033,500
900,000	Davide Campari-Milano SpA	6,959,709	55,000	Zoetis Inc.	3,962,200
93,000	Diageo plc, ADR	13,580,790			<u>124,064,939</u>
45,000	Dr Pepper Snapple Group Inc.	4,367,700		Hotels and Gaming — 0.4%	
123,000	Fomento Economico Mexicano SAB de CV, ADR	11,549,700	7,500	Las Vegas Sands Corp.	521,175
200,000	General Mills Inc.	11,858,000	75,000	MGM Resorts International	2,504,250
2,650,000	Grupo Bimbo SAB de CV, Cl. A	5,872,117			
136,000	Heineken NV	14,185,160			

See accompanying notes to schedule of investments.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — December 31, 2017 (Unaudited)

Shares		Market Value	Shares		Market Value
	COMMON STOCKS (Continued)				
	Hotels and Gaming (Continued)		20,000	The Chemours Co.	\$ 1,001,200
16,500	Wynn Resorts Ltd.	\$ 2,781,735	15,000	Valvoline Inc.	375,900
		<u>5,807,160</u>			<u>16,658,551</u>
	Machinery — 1.2%			Telecommunications — 3.5%	
6,000	Caterpillar Inc.	945,480	2,000	AT&T Inc.	77,760
79,500	Deere & Co.	12,442,545	265,000	BCE Inc.	12,722,650
53,000	Xylem Inc.	3,614,600	32,000	BT Group plc, ADR	583,040
		<u>17,002,625</u>	18,000	Cincinnati Bell Inc.† ..	375,300
			260,000	Deutsche Telekom AG, ADR ..	4,591,860
	Metals and Mining — 0.9%		8,500	Harris Corp.	1,204,025
205,000	Freeport-McMoRan Inc.† ..	3,886,800	33,000	Loral Space & Communications Inc.† ..	1,453,650
233,000	Newmont Mining Corp.	8,742,160	20,000	Orange SA, ADR	348,000
		<u>12,628,960</u>	47,000	Proximus SA	1,542,343
	Paper and Forest Products — 0.0%		45,010	Telefonica SA, ADR	435,697
11,000	International Paper Co.	637,340	292,400	Telephone & Data Systems Inc.	8,128,720
	Publishing — 0.0%		24,000	TELUS Corp.	909,212
3,000	Value Line Inc.	58,050	25,000	TELUS Corp., New York ..	946,750
	Real Estate — 0.0%		277,000	Verizon Communications Inc.	14,661,610
10,049	Griffin Industrial Realty Inc.	368,798			<u>47,980,617</u>
	Real Estate Investment Trusts — 1.0%			Transportation — 0.6%	
45,000	Ryman Hospitality Properties Inc.	3,105,900	142,500	GATX Corp.	8,857,800
313,000	Weyerhaeuser Co.	11,036,380		Wireless Communications — 0.8%	
		<u>14,142,280</u>	6,000	Millicom International Cellular SA ..	404,460
	Retail — 5.7%		35,000	Millicom International Cellular SA, SDR ..	2,363,741
16,000	Compagnie Financiere Richemont SA ..	1,449,843	228,000	NTT DoCoMo Inc.	5,384,584
49,000	Copart Inc.† ..	2,116,310	44,000	Turkcell Iletisim Hizmetleri A/S, ADR ..	448,800
63,000	Costco Wholesale Corp.	11,725,560	39,846	United States Cellular Corp.† ..	1,499,405
272,000	CVS Health Corp.	19,720,000	35,000	Vodafone Group plc, ADR ..	1,116,500
97,200	Ingles Markets Inc., Cl. A.	3,363,120			<u>11,217,490</u>
450,000	J.C. Penney Co. Inc.† ..	1,422,000		TOTAL COMMON STOCKS	<u>1,380,049,695</u>
410,000	Macy's Inc.	10,327,900		CLOSED-END FUNDS — 0.6%	
90,000	Seven & i Holdings Co. Ltd.	3,740,581	120,000	Altaba Inc.† ..	8,382,000
81,000	The Home Depot Inc.	15,351,930		CONVERTIBLE PREFERRED STOCKS — 0.1%	
25,000	Tractor Supply Co.	1,868,750		Telecommunications — 0.1%	
93,000	Walgreens Boots Alliance Inc.	6,753,660	24,000	Cincinnati Bell Inc., 6.750%, Ser. B ..	1,224,000
10,000	Wal-Mart Stores Inc.	987,500		RIGHTS — 0.0%	
10,000	Weis Markets Inc.	413,900		Retail — 0.0%	
		<u>79,241,054</u>		Safeway Casa Ley, CVR† ..	133,759
				Safeway PDC, CVR† ..	3,750
					<u>137,509</u>
	Specialty Chemicals — 1.2%			TOTAL RIGHTS	<u>137,509</u>
10,500	Albemarle Corp.	1,342,845	250,017		
4,000	Ashland Global Holdings Inc.	284,800	250,017		
75,000	Ferro Corp.† ..	1,769,250			
8,000	FMC Corp.	757,280			
46,000	H.B. Fuller Co.	2,478,020			
48,000	International Flavors & Fragrances Inc.	7,325,280			
2,400	NewMarket Corp.	953,736			
1,000	Quaker Chemical Corp.	150,790			
3,000	Sensient Technologies Corp.	219,450			

See accompanying notes to schedule of investments.

The Gabelli Equity Income Fund
Schedule of Investments (Continued) — December 31, 2017 (Unaudited)

<u>Shares</u>	<u>Market Value</u>
	WARRANTS — 0.0%
	Retail — 0.0%
105	Sears Holdings Corp., expire 12/15/19† \$ <u>37</u>
	TOTAL INVESTMENTS — 100.0%
	(Cost \$622,157,598) <u>\$1,389,793,241</u>

- (a) Security is valued using significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.
- (b) Securities, or a portion thereof, with a value of \$2,482,750 were deposited with Pershing LLC as collateral.
- † 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 obligations 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, 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. 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. OTC futures and options on futures for which market quotations are readily available will be valued by quotations received from a pricing service or, if no quotations are available from a pricing service, by quotations obtained from one or more dealers in the instrument in question by the Adviser.

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, 2017 is as follows:

	Valuation Inputs			Total Market Value at 12/31/17
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Other Significant Observable Inputs	
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks:				
Aerospace	\$ 28,432,612	—	\$57,449	\$ 28,490,061
Energy and Utilities: Electric	5,567,754		0	5,567,754
Food and Beverage	231,671,912	\$204,480	—	231,876,392
Other Industries (a)	1,114,115,488	—	—	1,114,115,488
Total Common Stocks	1,379,787,766	204,480	57,449	1,380,049,695
Closed-End Funds	8,382,000	—	—	8,382,000
Convertible Preferred Stocks (a)	1,224,000		—	1,224,000
Rights (a)	—	\$137,509	—	137,509
Warrants (a)	37	—	—	37
TOTAL INVESTMENTS IN SECURITIES –				
ASSETS	\$1,389,393,803	\$341,989	\$57,449	\$1,389,793,241

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

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 are 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.

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Notes to Schedule of Investments (Unaudited) (Continued)

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.

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, 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, 2017, 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 increasing the income of the Fund. 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 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.

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

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 expiration date, but only to the extent of the premium paid.

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. In the case of call options, the 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

The Gabelli Equity Income Fund

Notes to Schedule of Investments (Unaudited) (Continued)

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 December 31, 2017, the Fund held no option positions.

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, 2017, 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 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.

The Gabelli Equity Income Fund

Notes to Schedule of Investments (Unaudited) (Continued)

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 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, 2017, 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
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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.

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THE GABELLI EQUITY INCOME FUND

*First Quarter Report
December 31, 2017*

