

The Gabelli Equity Income Fund

Annual Report — September 30, 2011



Morningstar® rated The Gabelli Equity Income Fund Class AAA Shares 5 stars overall and 5 stars for the five and ten year periods and 4 stars for the three year period ended June 30, 2011 among 1,114, 964, 545, and 1,114 Large Value funds, respectively.†



Mario J. Gabelli, CFA

To Our Shareholders,

For the year ended September 30, 2011, the net asset value (“NAV”) per Class AAA Share of The Gabelli Equity Income Fund (the “Fund”) increased 1.1% compared with an increase of 1.1% for the Standard & Poor’s (“S&P”) 500 Index. See page 2 for additional performance information.

Enclosed are the schedule of investments and financial statements as of September 30, 2011.

Performance Discussion

Macroeconomic news this year has been dominated by the “sovereigns” — primarily the governments of the European Union (“EU”), the U.S., and China. The formation of the EU under the Maastricht Treaty of 1992 was an historic step in unifying a continent that had been fragmented since the fall of the Roman Empire, including establishing the criteria for a single currency under the European Monetary Union. The legacy of the treaty — which left members with individual control over fiscal policy but centralized authority over monetary policy — is now in question, as weaker governments lack the exchange rate tools that would allow adjustment to a more competitive footing. European leaders are working to balance the interests of distressed countries such as Greece and Portugal against those of healthier economies such as Germany and Finland within the current framework.

The U.S. faces its own fiscal challenges as \$15 trillion of federal debt, nearing 100% of GDP, reaches percentage levels not seen since the end of World War II. Unlike captives of the EU, however, the U.S. can (for a time) improve competitiveness by devaluing the dollar, and possesses the special privilege of repaying its debts in the currency it controls. That did not stop Standard & Poor’s on August 5, 2011 from issuing its first downgrade of U.S. debt, from AAA to AA+, citing the “political brinksmanship” of a summer budget debate that ultimately failed to reduce the country’s long-term debt load.

Among the better performing stocks for the fiscal year were: Swedish Match (2.3% of net assets as of September 30, 2011), which produces tobacco products, Kraft Foods Inc. (1.9%), the largest manufacturer of packaged food products, and International Business Machines Corp. (1.9%). Our weaker performing stocks during the year were The Bank of New York Mellon Corp. (0.9%), a global financial services company, Weatherford International Ltd. (0.6%), and Ford Motor Co. (0.6%).

We appreciate your loyalty and support in these volatile markets.

† Morningstar Rating™ is based on risk adjusted returns.

Comparative Results

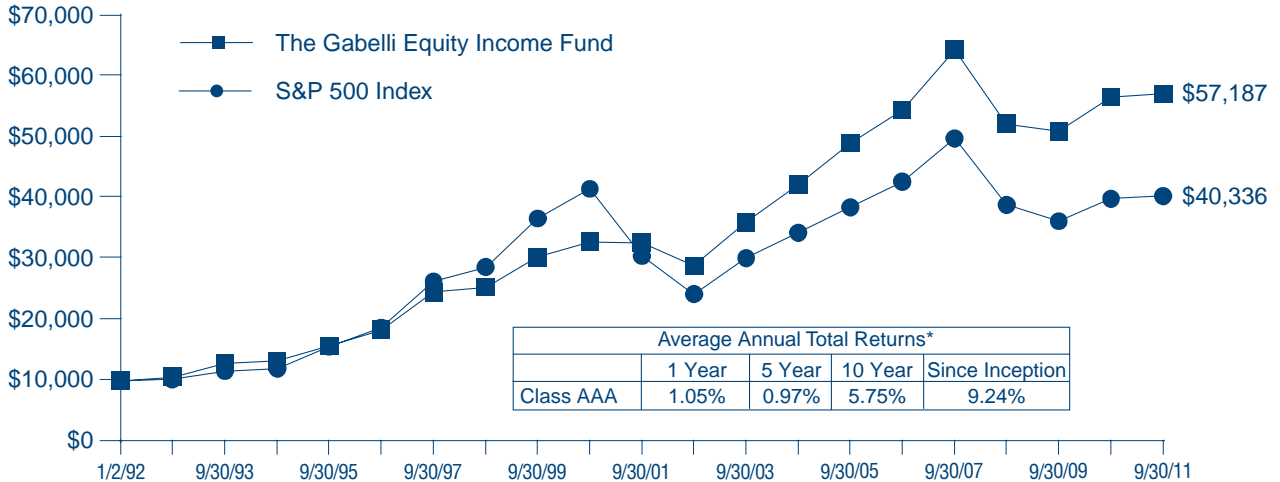
Average Annual Returns through September 30, 2011 (a)(b) (Unaudited)

	1 Year	5 Year	10 Year	Since Inception (01/02/92)
Class AAA (GABEX)	1.05%	0.97%	5.75%	9.24%
S&P 500 Index	1.14	(1.18)	2.82	7.31(f)
Nasdaq Composite Index	(2.99)	2.30	5.67	7.43
Lipper Equity Income Fund Average	0.27	(1.64)	3.24	6.84
Class A (GCAEX)	1.06	0.99	5.75	9.23
With sales charge (c)	(4.75)	(0.20)	5.12	8.91
Class B (GCBEX)	0.26	0.20	5.13	8.91
With contingent deferred sales charge (d)	(4.74)	(0.20)	5.13	8.91
Class C (GCCX)	0.31	0.22	5.15	8.92
With contingent deferred sales charge (e)	(0.69)	0.22	5.15	8.92
Class I (GCIEX)	1.26	1.17	5.86	9.29

In the current prospectus dated January 28, 2011, the expense ratios for Class AAA, A, B, C, and I Shares are 1.44%, 1.44%, 2.19%, 2.19%, and 1.19%, respectively. Class AAA and Class I Shares do not have a sales charge. See page 14 for the expense ratios for the year ended September 30, 2011. The maximum sales charge for Class A, B, and C Shares is 5.75%, 5.00%, and 1.00%, respectively.

- (a) **Returns represent past performance and do not guarantee future results.** Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date of purchase. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectus contains information about these and other matters and should be read carefully before investing.** The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class A Shares, Class B Shares, and Class C Shares on December 31, 2003 and Class I Shares on January 11, 2008. The actual performance for the Class A Shares, Class B Shares, and Class C Shares would have been lower and Class I Shares would have been higher due to differences in expenses associated with these classes of shares. The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Nasdaq Composite Index is an unmanaged indicator of stock market performance. The Lipper Equity Income Fund Average includes the 30 largest equity funds in this category tracked by Lipper, Inc. Dividends are considered reinvested, except for the NASDAQ Composite Index. You cannot invest directly in an index.
- (b) The Fund's fiscal year ends September 30.
- (c) Performance results include the effect of the maximum 5.75% sales charge at the beginning of the period.
- (d) Assuming payment of the maximum contingent deferred sales charge (CDSC). The maximum CDSC for Class B Shares is 5%, which is gradually reduced to 0% after six years.
- (e) Assuming payment of the 1% maximum CDSC imposed on redemptions made within one year of purchase.
- (f) S&P 500 Index since inception performance is as of December 31, 1991.

COMPARISON OF CHANGE IN VALUE OF A \$10,000 INVESTMENT IN THE GABELLI EQUITY INCOME FUND CLASS AAA AND THE S&P 500 INDEX



* Past performance is not predictive of future results. The performance tables and graph do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

The Gabelli Equity Income Fund

Disclosure of Fund Expenses (Unaudited)

For the Six Month Period from April 1, 2011 through September 30, 2011 **Expense Table**

We believe it is important for you to understand the impact of fees and expenses regarding your investment. All mutual funds have operating expenses. As a shareholder of a fund, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a fund's gross income, directly reduce the investment return of a fund. When a fund's expenses are expressed as a percentage of its average net assets, this figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your Fund and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The Expense Table below illustrates your Fund's costs in two ways:

Actual Fund Return: This section provides information about actual account values and actual expenses. You may use this section to help you to estimate the actual expenses that you paid over the period after any fee waivers and expense reimbursements. The "Ending Account Value" shown is derived from the Fund's **actual** return during the past six months, and the "Expenses Paid During Period" shows the dollar amount that would have been paid by an investor who started with \$1,000 in the Fund. You may use this information, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number given for your Fund under the heading "Expenses Paid During Period" to estimate the expenses you paid during this period.

Hypothetical 5% Return: This section provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio. It assumes a hypothetical annualized return of 5% before expenses during the period shown.

In this case – because the hypothetical return used is **not** the Fund's actual return – the results do not apply to your investment and you cannot use the hypothetical account value and expense to estimate the actual ending account balance or expenses you paid for the period. This example is useful in making comparisons of the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs such as sales charges (loads), redemption fees, or exchange fees, if any, which are described in the Prospectus. If these costs were applied to your account, your costs would be higher. Therefore, the 5% hypothetical return is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. The "Annualized Expense Ratio" represents the actual expenses for the last six months and may be different from the expense ratio in the Financial Highlights which is for the year ended September 30, 2011.

	Beginning Account Value 04/01/11	Ending Account Value 09/30/11	Annualized Expense Ratio	Expenses Paid During Period*
The Gabelli Equity Income Fund				
Actual Fund Return				
Class AAA	\$1,000.00	\$ 865.60	1.41%	\$ 6.59
Class A	\$1,000.00	\$ 865.70	1.41%	\$ 6.59
Class B	\$1,000.00	\$ 861.90	2.17%	\$10.13
Class C	\$1,000.00	\$ 862.40	2.16%	\$10.08
Class I	\$1,000.00	\$ 866.40	1.16%	\$ 5.43
Hypothetical 5% Return				
Class AAA	\$1,000.00	\$1,018.00	1.41%	\$ 7.13
Class A	\$1,000.00	\$1,018.00	1.41%	\$ 7.13
Class B	\$1,000.00	\$1,014.19	2.17%	\$10.96
Class C	\$1,000.00	\$1,014.24	2.16%	\$10.91
Class I	\$1,000.00	\$1,019.25	1.16%	\$ 5.87

* Expenses are equal to the Fund's annualized expense ratio for the last six months multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half year (183 days), then divided by 365.

Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of net assets as of September 30, 2011:

The Gabelli Equity Income Fund

Food and Beverage	12.2%	Automotive	1.0%
Health Care	11.8%	Wireless Communications	0.9%
Financial Services	10.0%	Energy And Utilities: Electric	0.8%
Consumer Products	6.5%	Equipment and Supplies	0.8%
Retail	6.2%	Communications Equipment	0.7%
U.S. Government Obligations	6.2%	Agriculture	0.7%
Energy and Utilities: Oil	4.7%	Cable and Satellite	0.6%
Energy and Utilities: Integrated	4.3%	Business Services	0.6%
Telecommunications	4.1%	Paper and Forest Products	0.3%
Diversified Industrial	3.7%	Broadcasting	0.3%
Aerospace	3.3%	Transportation	0.3%
Automotive: Parts and Accessories	2.4%	Environmental Services	0.3%
Energy and Utilities: Natural Gas	2.3%	Aviation: Parts and Services	0.2%
Computer Hardware	2.0%	Consumer Services	0.1%
Metals and Mining	2.0%	Publishing	0.1%
Specialty Chemicals	1.9%	Energy and Utilities: Water	0.0%
Energy and Utilities: Services	1.7%	Real Estate Investment Trusts	0.0%
Computer Software and Services	1.5%	Real Estate	0.0%
Entertainment	1.4%	Consumer Staples	0.0%
Electronics	1.4%	Other Assets and Liabilities	0.3%
Hotels and Gaming	1.2%		
Machinery	1.2%		
			<u>100.0%</u>

The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (the "SEC") for the first and third quarters of each fiscal year on Form N-Q, the last of which was filed for the quarter ended June 30, 2011. Shareholders may obtain this information at www.gabelli.com or by calling the Fund at 800-GABELLI (800-422-3554). The Fund's Form N-Q is available on the SEC's website at www.sec.gov and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.

Proxy Voting

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

The Gabelli Equity Income Fund

Schedule of Investments — September 30, 2011

Shares	Cost	Market Value	Shares	Cost	Market Value
COMMON STOCKS — 92.9%			Cable and Satellite — 0.6%		
Aerospace — 3.3%			AMC Networks Inc., Cl. A† \$ 507,055 \$ 1,038,375		
2,000	Lockheed Martin Corp. \$ 47,350	\$ 145,280	110,000	Cablevision Systems Corp., Cl. A	1,173,299 1,730,300
10,000	Raytheon Co.	279,200 408,700	10,000	DIRECTV, Cl. A†	331,857 422,500
327,000	Rockwell Automation Inc.	15,436,208 18,312,000	190,000	DISH Network Corp., Cl. A†	3,832,521 4,761,400
2,000	Rockwell Collins Inc.	15,844 105,520	16,000	EchoStar Corp., Cl. A†	478,840 361,760
1,600,000	Rolls-Royce Holdings plc†	11,884,390 14,845,545	500	Jupiter Telecommunications Co. Ltd.	492,514 541,294
420,000	The Boeing Co.	26,564,836 25,414,200	58,000	Scripps Networks Interactive Inc., Cl. A	2,452,305 2,155,860
		54,227,828 59,231,245			9,268,391 11,011,489
Agriculture — 0.7%			Communications Equipment — 0.7%		
99,000	Archer-Daniels-Midland Co.	2,838,337 2,456,190	250,000	Corning Inc.	3,735,647 3,090,000
150,000	Monsanto Co.	2,423,783 9,006,000	221,025	Thomas & Betts Corp.†	8,755,102 8,821,108
12,000	The Mosaic Co.	186,246 587,640			12,490,749 11,911,108
		5,448,366 12,049,830	Computer Hardware — 1.9%		
Automotive — 1.0%			International Business Machines Corp. 16,810,586 33,955,820		
1,090,000	Ford Motor Co.†	15,024,202 10,540,300	Computer Software and Services — 1.5%		
135,000	General Motors Co.†	4,214,390 2,724,300	25,000	eBay Inc.†	779,839 737,250
139,000	Navistar International Corp.†	5,144,114 4,464,680	300,000	EMC Corp.†	7,756,888 6,297,000
30,000	PACCAR Inc.	1,430,489 1,014,600	135,000	Fidelity National Information Services Inc.	2,392,326 3,283,200
		25,813,195 18,743,880	450,000	Microsoft Corp.	12,688,431 11,200,500
Automotive: Parts and Accessories — 2.4%			355,000	Yahoo! Inc.†	7,138,183 4,671,800
2,500	AutoZone Inc.†	375,633 797,975			30,755,667 26,189,750
24,000	BorgWarner Inc.†	1,620,615 1,452,720	Consumer Products — 6.5%		
535,000	Genuine Parts Co.	23,325,283 27,178,000	45,000	Altria Group Inc.	538,092 1,206,450
6,000	Johnson Controls Inc.	50,425 158,220	185,000	Avon Products Inc.	5,394,525 3,626,000
70,000	Modine Manufacturing Co.†	836,454 634,200	15,000	Compagnie Financiere Richemont SA, Cl. A	478,768 677,681
155,000	O'Reilly Automotive Inc.†	4,947,177 10,327,650	620,000	Eastman Kodak Co.†	3,258,822 483,662
55,100	Tenneco Inc.†	840,371 1,411,111	86,000	Energizer Holdings Inc.†	4,415,164 5,713,840
140,000	The Pep Boys - Manny, Moe & Jack	1,583,944 1,381,800	245,000	Fortune Brands Inc.	12,329,836 13,249,600
		33,579,902 43,341,676	5,000	Hanesbrands Inc.†	108,950 125,050
Aviation: Parts and Services — 0.2%			185,000	Harman International Industries Inc.	7,311,182 5,287,300
65,000	Curtiss-Wright Corp.	944,125 1,873,950	250,000	Kimberly-Clark Corp.	15,970,978 17,752,500
76,700	GenCorp Inc.†	497,445 344,383	4,000	National Presto Industries Inc.	117,705 347,640
4,000	Precision Castparts Corp.	381,238 621,840	50,000	Philip Morris International Inc.	1,501,172 3,119,000
21,000	United Technologies Corp.	609,942 1,477,560	105,000	Reckitt Benckiser Group plc	3,432,951 5,359,133
		2,432,750 4,317,733	1,250,000	Swedish Match AB	16,783,406 41,537,015
Broadcasting — 0.3%			15,000	The Clorox Co.	823,581 994,950
295,000	CBS Corp., Cl. A, Voting	5,593,964 6,079,950	230,000	The Procter & Gamble Co.	13,512,663 14,531,400
132	Granite Broadcasting Corp.† (a)	10,795 0	81,000	Unilever NV - NY Shares	1,639,778 2,550,690
		5,604,759 6,079,950			87,617,573 116,561,911
Business Services — 0.6%					
30,000	Automatic Data Processing Inc.	1,174,016 1,414,500			
193,000	Diebold Inc.	6,771,090 5,309,430			
4,000	Landauer Inc.	134,546 198,160			
10,500	MasterCard Inc., Cl. A	883,579 3,330,180			
		8,963,231 10,252,270			

See accompanying notes to financial statements.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — September 30, 2011

Shares	Cost	Market Value	Shares	Cost	Market Value			
COMMON STOCKS (Continued)			Financial Services — 10.0%					
Energy and Utilities: Oil (Continued)								
100,000	Occidental Petroleum Corp. \$	4,145,051	\$	7,150,000	6,579 Alleghany Corp.† \$	1,015,114	\$	1,898,042
5,200	PetroChina Co. Ltd., ADR	402,414		626,548	300,000	AllianceBernstein Holding LP	7,553,485	4,095,000
107,000	Petroleo Brasileiro SA, ADR	4,051,643		2,402,150	365,000	American Express Co.	14,943,886	16,388,500
33,000	Repsol YPF SA, ADR	689,095		866,580	540,000	American International Group Inc.†	13,922,074	11,853,000
120,000	Royal Dutch Shell plc, Cl. A, ADR	5,524,835		7,382,400	23,990	Argo Group International Holdings Ltd.	741,793	680,596
16,000	SilverBirch Energy Corp.†	93,825		77,107	26,503	Banco Popular Espanol SA	187,813	123,565
25,000	Statoil ASA, ADR	327,939		538,750	2,000	Banco Santander Chile, ADR	29,250	146,960
270,000	Talisman Energy Inc.	5,778,634		3,312,900	160,000	Banco Santander SA, ADR	1,233,058	1,286,400
17,518	Total SA, ADR	290,564		768,515	360,491	Bank of America Corp.	3,866,770	2,206,205
70,000	Transocean Ltd.	4,769,078		3,341,800	12,156	BNP Paribas SA	506,339	489,393
40,000	WesternZagros Resources Ltd.†	147,109		17,368	175,000	Citigroup Inc.	7,689,395	4,483,500
		60,419,677		83,825,202	100,000	Deutsche Bank AG	5,360,337	3,461,000
					105,000	Discover Financial Services	1,820,893	2,408,700
Energy and Utilities: Services — 1.7%								
30,000	ABB Ltd., ADR†	351,824		512,400	126,047	Federated Investors Inc., Cl. B	3,136,689	2,209,604
52,000	Cameron International Corp.†	746,014		2,160,080	31,155	Fidelity Southern Corp.	284,716	202,508
38,178	GDF Suez, Strips	0		51	240,000	H&R Block Inc.	4,575,261	3,194,400
350,000	Halliburton Co.	10,342,941		10,682,000	10,000	Interactive Brokers Group Inc., Cl. A	169,390	139,300
94,000	Oceaneering International Inc.	2,032,090		3,321,960	185,000	Janus Capital Group Inc.	2,478,555	1,110,000
40,000	Schlumberger Ltd.	1,275,020		2,389,200	280,199	JPMorgan Chase & Co.	10,031,500	8,439,594
890,000	Weatherford International Ltd.†	16,403,903		10,866,900	75,000	Julius Baer Group Ltd.†	2,537,524	2,540,269
		31,151,792		29,932,591	40,000	Kemper Corp.	1,156,156	958,400
Energy and Utilities: Water — 0.0%								
30,000	Aqua America Inc.	329,550		647,100	61,100	Kinnevik Investment AB, Cl. A	977,600	1,146,958
Entertainment — 1.4%								
125,000	Grupo Televisa SA, ADR	2,852,849		2,298,750	18,000	Kinnevik Investment AB, Cl. B	252,511	336,319
38,750	The Madison Square Garden Co., Cl. A†	480,606		883,500	469,000	Legg Mason Inc.	11,010,816	12,057,990
120,000	Time Warner Inc.	3,494,326		3,596,400	36,052	Leucadia National Corp.	500,319	817,659
304,000	Viacom Inc., Cl. A	11,971,735		14,701,440	168,000	Loews Corp.	7,331,355	5,804,400
225,000	Vivendi SA	7,625,595		4,622,627	157,000	M&T Bank Corp.	11,566,865	10,974,300
		26,425,111		26,102,717	365,000	Marsh & McLennan Companies Inc.	11,002,192	9,687,100
Environmental Services — 0.3%								
145,000	Waste Management Inc.	4,749,875		4,721,200	350,000	Morgan Stanley	9,918,139	4,725,000
Equipment and Supplies — 0.8%								
18,000	A.O. Smith Corp.	253,184		576,540	177,000	Northern Trust Corp.	9,017,052	6,191,460
24,000	Danaher Corp.	876,851		1,006,560	39,000	NYSE Euronext	949,461	906,360
85,000	Flowserve Corp.	3,157,543		6,290,000	22,000	Och-Ziff Capital Management Group LLC, Cl. A	218,398	200,860
6,000	Ingersoll-Rand plc	116,173		168,540	40,000	Oritani Financial Corp.	400,000	514,400
1,500	Minerals Technologies Inc.	37,938		73,905	90,000	PNC Financial Services Group Inc.	4,520,029	4,337,100
85,000	Mueller Industries Inc.	3,248,424		3,280,150	600,000	Popular Inc.†	1,785,960	900,000
12,000	Parker Hannifin Corp.	459,607		757,560	500	Raiffeisen International Bank Holding AG	28,874	14,841
90,000	Tenaris SA, ADR	3,561,978		2,290,500	958	Reinet Investments SCA†	188,972	15,145
		11,711,698		14,443,755	44,000	Royal Bank of Canada	2,358,316	2,011,680
					250,000	SLM Corp.	4,316,356	3,112,500
					165,000	State Street Corp.	7,541,187	5,306,400
					210,000	Sterling Bancorp	3,122,355	1,524,200
					12,000	SunTrust Banks Inc.	251,737	215,400

See accompanying notes to financial statements.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — September 30, 2011

Shares	Cost	Market Value	Shares	Cost	Market Value
COMMON STOCKS (Continued)			4,200,000	Parmalat SpA	\$ 11,859,744 \$ 8,918,691
Financial Services (Continued)			44,053	PepsiCo Inc.	2,814,713 2,726,881
50,000	T. Rowe Price Group Inc. \$	1,388,039 \$ 2,388,500	41,507	Pernod-Ricard SA	3,295,899 3,271,469
140,000	TD Ameritrade Holding Corp.	2,381,167 2,058,700	50,841	Remy Cointreau SA	2,897,375 3,531,713
2,000	The Allstate Corp.	61,340 47,380	200,000	Sapporo Holdings Ltd.	1,204,920 751,977
875,000	The Bank of New York Mellon Corp.	25,830,397 16,266,250	1,050,021	Sara Lee Corp.	16,694,595 17,167,843
15,000	The Charles Schwab Corp.	262,820 169,050	523,000	The Coca-Cola Co.	25,482,714 35,333,880
2,000	The Dun & Bradstreet Corp.	20,476 122,520	30,000	The Hershey Co.	1,116,530 1,777,200
14,000	The Goldman Sachs Group Inc.	1,862,322 1,323,700	72,178	Tootsie Roll Industries Inc.	1,672,249 1,740,933
27,000	The Travelers Companies Inc.	1,032,136 1,315,710	92,000	Tyson Foods Inc., Cl. A	1,010,004 1,597,120
155,000	Waddell & Reed Financial Inc., Cl. A	3,408,831 3,876,550	170,000	Yakult Honsha Co. Ltd.	4,613,282 5,327,240
485,000	Wells Fargo & Co.	14,730,477 11,698,200			179,650,783 218,540,311
		221,476,497 178,381,968	Health Care — 11.8%		
Food and Beverage — 12.2%			113,000	Abbott Laboratories	5,262,544 5,778,820
30,000	Anheuser-Busch InBev NV	496,266 1,598,652	31,000	Aetna Inc.	1,085,139 1,126,850
129,595	Brown-Forman Corp., Cl. A	7,502,332 8,807,276	155,000	Baxter International Inc.	6,195,428 8,701,700
13,500	Brown-Forman Corp., Cl. B	825,919 946,890	150,000	Becton, Dickinson and Co.	10,659,079 10,998,000
200,000	Campbell Soup Co.	6,214,511 6,474,000	3,000	Bio-Rad Laboratories Inc., Cl. A†	330,368 272,310
40,000	Coca-Cola Amatil Ltd., ADR	246,845 908,800	760,000	Boston Scientific Corp.†	6,788,136 4,491,600
20,000	Coca-Cola Enterprises Inc.	450,000 497,600	560,000	Bristol-Myers Squibb Co.	14,092,745 17,572,800
15,000	Coca-Cola Femsa SAB de CV, ADR	539,060 1,330,950	40,000	Cephalon Inc.†	3,135,160 3,228,000
155,000	Constellation Brands Inc., Cl. A†	1,930,161 2,790,000	300,000	Coviden plc	11,214,626 13,230,000
136,389	Danone	6,897,164 8,441,971	455,000	Eli Lilly & Co.	18,404,496 16,821,350
40,000	Davide Campari - Milano SpA	296,205 293,940	14,076	GlaxoSmithKline plc, ADR	635,995 581,198
315,000	Dean Foods Co.†	5,397,717 2,794,050	22,000	Henry Schein Inc.†	566,365 1,364,220
80,000	Diageo plc, ADR	4,048,834 6,074,400	100,000	Hospira Inc.†	3,605,739 3,700,000
100,000	Dr Pepper Snapple Group Inc.	2,159,483 3,878,000	325,000	Johnson & Johnson	20,546,408 20,705,750
30,000	Feihe International Inc.†	426,714 162,000	17,000	Laboratory Corp. of America Holdings†	1,207,808 1,343,850
140,000	Fomento Economico Mexicano SAB de CV, ADR	3,316,409 9,074,800	125,052	Mead Johnson Nutrition Co.	5,770,360 8,607,329
270,000	General Mills Inc.	7,338,588 10,386,900	24,000	Medco Health Solutions Inc.†	613,992 1,125,360
3,150,000	Grupo Bimbo SAB de CV, Cl. A	2,520,774 5,814,637	17,000	Medtronic Inc.	554,858 565,080
118,000	H.J. Heinz Co.	4,171,689 5,956,640	500,000	Merck & Co. Inc.	15,360,138 16,355,000
135,000	Heineken NV	6,160,414 6,066,237	5,000	Nobel Biocare Holding AG†	139,480 50,364
15,000	Heineken NV, ADR	358,950 331,950	278,000	Novartis AG, ADR	15,238,856 15,504,060
245,000	ITO EN Ltd.	5,089,181 4,516,919	141,000	Patterson Companies Inc.	4,906,745 4,036,830
3,000	Kellogg Co.	92,580 159,570	1,255,000	Pfizer Inc.	25,294,188 22,188,400
1,030,000	Kraft Foods Inc., Cl. A	30,517,480 34,587,400	66,000	Roche Holding AG, ADR	2,551,004 2,654,520
22,000	McCormick & Co. Inc., Non-Voting	907,056 1,015,520	40,000	Roche Holding AG, Genusschein	5,894,355 6,491,615
102,000	Nestlé SA	2,185,232 5,637,908	20,000	Smith & Nephew plc	220,594 181,515
47,000	Nestlé SA, ADR	2,589,827 2,589,700	54,000	St. Jude Medical Inc.	2,178,480 1,954,260
130,000	NISSIN FOODS HOLDINGS CO. LTD.	4,309,367 5,258,654	1,000,000	Tenet Healthcare Corp.†	6,906,547 4,130,000
			240,000	UnitedHealth Group Inc.	9,652,496 11,068,800
			10,000	Watson Pharmaceuticals Inc.†	579,322 682,500
			18,000	William Demant Holding A/S†	880,509 1,358,154
			60,000	Wright Medical Group Inc.†	949,266 1,072,800
			54,000	Zimmer Holdings Inc.†	3,182,725 2,889,000
					204,603,951 210,832,035

See accompanying notes to financial statements.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — September 30, 2011

<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Principal Amount</u>	<u>Cost</u>	<u>Market Value</u>
COMMON STOCKS (Continued)			CORPORATE BONDS — 0.5%		
Telecommunications (Continued)			Business Services — 0.0%		
15,000	TELUS Corp., Non-Voting \$ 687,084	\$ 693,600	\$ 500,000	The Interpublic Group of Companies Inc., Cv., 4.250%, 03/15/23 \$ 508,817	\$ 506,875
290,000	Verizon Communications Inc. 9,705,639	10,672,000			
	<u>74,498,470</u>	<u>71,503,684</u>			
Transportation — 0.3%			Computer Hardware — 0.1%		
165,000	GATX Corp. 5,878,986	5,113,350	2,000,000	SanDisk Corp., Cv., 1.000%, 05/15/13 1,735,548	1,945,000
Wireless Communications — 0.9%			Diversified Industrial — 0.3%		
140,000	Cable & Wireless Communications plc 106,768	81,323	6,000,000	Griffon Corp., Sub. Deb. Cv., 4.000%, 01/15/17 (b) 6,000,000	5,565,000
140,000	Cable & Wireless Worldwide plc 166,997	67,678			
36,000	Millicom International Cellular SA, SDR 2,802,201	3,622,902	100,000	Texas Competitive Electric Holdings Co. LLC, Ser. B, 10.250%, 11/01/15 71,718	37,500
2,400	NTT DoCoMo Inc. 3,485,733	4,409,179			
75,000	Turkcell Iletisim Hizmetleri A/S, ADR† 1,211,043	846,000			
17,096	United States Cellular Corp.† 781,324	677,857			
230,000	Vodafone Group plc, ADR 5,904,062	5,899,500	4,300,000	The Great Atlantic & Pacific Tea Co. Inc., 5.125%, 06/15/12† (a) 4,263,148	1,145,090
	<u>14,458,128</u>	<u>15,604,439</u>			
TOTAL COMMON STOCKS	1,530,705,156	1,663,988,098		TOTAL CORPORATE BONDS	12,579,231
PREFERRED STOCKS — 0.1%			U.S. GOVERNMENT OBLIGATIONS — 6.2%		
Communications Equipment — 0.0%			U.S. Treasury Bills, 0.000% to 0.095%††, 10/27/11 to 03/29/12 109,752,770		
1,100	Lucent Technologies Capital Trust I, 7.750% Cv. Pfd. 759,000	907,500	109,761,000		109,753,787
Entertainment — 0.0%			TOTAL INVESTMENTS — 99.7%		
3,000	Metromedia International Group Inc., 7.250% Pfd.† (a) 5,310	7,650		\$ 1,655,478,599	1,785,607,801
Telecommunications — 0.1%			Notional Amount	Termination Date	Unrealized Depreciation
33,000	Cincinnati Bell Inc., 6.750% Cv. Pfd., Ser. B 807,519	1,318,185	\$ 194,761		
TOTAL PREFERRED STOCKS			(20,000 Shares)	06/27/12	(9,278)
	<u>1,571,829</u>	<u>2,233,335</u>			
RIGHTS — 0.0%			EQUITY CONTRACT FOR DIFFERENCE SWAP AGREEMENT — 0.0%		
Health Care — 0.0%					
408,600	Sanofi, CVR, expire 12/31/20† 869,613	433,116			
WARRANTS — 0.0%			Other Assets and Liabilities (Net) — 0.3%		
Broadcasting — 0.0%					
330	Granite Broadcasting Corp., Ser. A, expire 06/04/12† (a) 0	0			5,559,519
330	Granite Broadcasting Corp., Ser. B, expire 06/04/12† (a) 0	0	(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	
TOTAL WARRANTS	0	0			\$ 1,791,158,042

See accompanying notes to financial statements.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — September 30, 2011

comparable securities and other factors on a regular basis. At September 30, 2011, the market value of fair valued securities amounted to \$1,152,740 or 0.07% of net assets.

- (b) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At September 30, 2011, the market value of Rule 144A securities amounted to \$5,683,606 or 0.32% of net assets.

† Non-income producing security.

†† Represents annualized yield at date of purchase.

ADR American Depositary Receipt

Cv. Convertible

CVO Contingent Value Obligation

SDR Swedish Depositary Receipt

Strips Regular income payment portion of the security traded separately from the principal portion of the security.

See accompanying notes to financial statements.

The Gabelli Equity Income Fund

Statement of Assets and Liabilities September 30, 2011

Assets:	
Investments, at value (cost \$1,655,478,599)	\$1,785,607,801
Foreign currency, at value (cost \$94,772)	90,058
Cash	4,482
Receivable for Fund shares sold	4,831,518
Receivable for investments sold	758,117
Dividends and interest receivable	3,954,578
Prepaid expenses	54,916
Total Assets	<u>1,795,301,470</u>
Liabilities:	
Payable for Fund shares redeemed	1,385,957
Payable for investment advisory fees	1,531,265
Payable for distribution fees	420,418
Payable for accounting fees	3,750
Payable for shareholder services fees	542,289
Unrealized depreciation on swap contracts	9,278
Other accrued expenses	250,471
Total Liabilities	<u>4,143,428</u>
Net Assets (applicable to 97,025,977 shares outstanding)	<u>\$1,791,158,042</u>
Net Assets consist of:	
Paid-in capital	\$1,752,759,049
Accumulated distributions in excess of net investment income	(148,556)
Accumulated net realized loss on investments, swap contracts, and foreign currency transactions	(91,560,196)
Net unrealized appreciation on investments	130,129,202
Net unrealized depreciation on swap contracts	(9,278)
Net unrealized depreciation on foreign currency translations	(12,179)
Net Assets	<u>\$1,791,158,042</u>
Shares of Capital Stock, each at \$0.001 par value:	
Class AAA:	
Net Asset Value, offering, and redemption price per share (\$1,464,658,177 ÷ 79,093,299 shares outstanding; 150,000,000 shares authorized)	<u>\$18.52</u>
Class A:	
Net Asset Value and redemption price per share (\$115,210,263 ÷ 6,239,378 shares outstanding; 50,000,000 shares authorized)	<u>\$18.47</u>
Maximum offering price per share (NAV ÷ 0.9425, based on maximum sales charge of 5.75% of the offering price)	<u>\$19.60</u>
Class B:	
Net Asset Value and offering price per share (\$65,364 ÷ 3,763 shares outstanding; 50,000,000 shares authorized)	<u>\$ 17.37(a)</u>
Class C:	
Net Asset Value and offering price per share (\$98,295,539 ÷ 5,655,042 shares outstanding; 50,000,000 shares authorized)	<u>\$ 17.38(a)</u>
Class I:	
Net Asset Value, offering, and redemption price per share (\$112,928,699 ÷ 6,034,495 shares outstanding; 50,000,000 shares authorized)	<u>\$18.71</u>

(a) Redemption price varies based on the length of time held.

Statement of Operations For the Year Ended September 30, 2011

Investment Income:	
Dividends (net of foreign withholding taxes of \$754,349)	\$ 39,679,459
Interest	498,110
Total Investment Income	<u>40,177,569</u>
Expenses:	
Investment advisory fees	18,269,819
Distribution fees – Class AAA	3,916,220
Distribution fees – Class A	280,708
Distribution fees – Class B	1,234
Distribution fees – Class C	778,992
Shareholder services fees	1,707,347
Shareholder communications expenses	456,878
Custodian fees	243,734
Registration expenses	149,425
Directors' fees	64,977
Legal and audit fees	54,761
Accounting fees	45,000
Interest expense	1,265
Miscellaneous expenses	109,438
Total Expenses	<u>26,079,798</u>
Less:	
Custodian fee credits	(226)
Net Expenses	<u>26,079,572</u>
Net Investment Income	<u>14,097,997</u>
Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency:	
Net realized gain on investments	9,799,923
Net realized gain on swap contracts	92,730
Net realized loss on foreign currency transactions	(503,801)
Net realized gain on investments, swap contracts, and foreign currency transactions	<u>9,388,852</u>
Net change in unrealized depreciation:	
on investments	(42,982,645)
on swap contracts	(12,089)
on foreign currency translations	(6,452)
Net change in unrealized depreciation on investments, swap contracts, and foreign currency translations	<u>(43,001,186)</u>
Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency	
	<u>(33,612,334)</u>
Net Decrease in Net Assets Resulting from Operations	<u>\$(19,514,337)</u>

See accompanying notes to financial statements.

The Gabelli Equity Income Fund

Statement of Changes in Net Assets

	<u>Year Ended</u> <u>September 30, 2011</u>	<u>Year Ended</u> <u>September 30, 2010</u>
Operations:		
Net investment income	\$ 14,097,997	\$ 17,109,258
Net realized gain/(loss) on investments, swap contracts, and foreign currency transactions	9,388,852	(10,021,544)
Net change in unrealized appreciation/depreciation on investments, swap contracts, and foreign currency translations	(43,001,186)	127,675,821
Net Increase/(Decrease) in Net Assets Resulting from Operations	<u>(19,514,337)</u>	<u>134,763,535</u>
Distributions to Shareholders:		
Net investment income		
Class AAA	(12,220,093)	(15,582,602)
Class A	(906,966)	(604,809)
Class B	—	(1,755)
Class C	(67,204)	(416,801)
Class I	(766,453)	(280,529)
	<u>(13,960,716)</u>	<u>(16,886,496)</u>
Return of capital		
Class AAA	(15,178,601)	(9,276,624)
Class A	(1,092,789)	(360,055)
Class B	(2,286)	(1,045)
Class C	(1,412,716)	(248,130)
Class I	(477,241)	(167,004)
	<u>(18,163,633)</u>	<u>(10,052,858)</u>
Total Distributions to Shareholders	<u>(32,124,349)</u>	<u>(26,939,354)</u>
Capital Share Transactions:		
Class AAA	162,555,317	141,667,526
Class A	54,690,034	32,355,446
Class B	(86,297)	21,771
Class C	62,614,299	18,243,484
Class I	79,934,807	31,329,729
Net Increase in Net Assets from Capital Share Transactions	<u>359,708,160</u>	<u>223,617,956</u>
Redemption Fees	<u>30,363</u>	<u>5,058</u>
Net Increase in Net Assets	<u>308,099,837</u>	<u>331,447,195</u>
Net Assets:		
Beginning of period	<u>1,483,058,205</u>	<u>1,151,611,010</u>
End of period (including undistributed net investment income of \$0 and \$243,397, respectively)	<u>\$1,791,158,042</u>	<u>\$1,483,058,205</u>

See accompanying notes to financial statements.

The Gabelli Equity Income Fund

Financial Highlights

Selected data for a share of capital stock outstanding throughout each period:

Period Ended September 30,	Income (Loss) from Investment Operations				Distributions			Ratio to Average Net Assets/ Supplemental Data					
	Net Investment Income/(Loss)(a)	Net Unrealized Gain (Loss) on Investments	Total from Investment Operations	Net Realized Gain on Investments	Return of Capital	Total Distributions	Redemption Fees (a)(b)	Net Asset Value, End of Period	Total Return†	Net Assets End of Period (in 000's)	Net Investment Income/ (Loss)	Operating Expenses††	Portfolio Turnover Rate†††
Class AAA													
2011	\$ 0.16	\$ 0.07	\$ 0.23	—	\$(0.20)	\$(0.36)	\$0.00	\$18.52	1.05%	\$1,464,658	0.79%	1.41%	14%
2010	0.23	1.64	1.87	—	(0.13)	(0.36)	0.00	18.65	11.03	1,330,970	1.29	1.44	14
2009	0.21	(0.71)	(0.50)	—	(0.15)	(0.36)	0.00	17.14	(2.34)	1,088,655	1.46	1.50	17
2008	0.18	(4.43)	(4.25)	\$(0.40)	(0.16)	(0.73)	0.00	18.00	(18.95)	1,135,543	0.87	1.43	22
2007	0.22	3.37	3.59	(0.45)	—	(0.84)	0.00	22.98	18.19	1,191,351	1.01	1.43	12
Class A													
2011	\$ 0.17	\$ 0.06	\$ 0.23	—	\$(0.20)	\$(0.36)	\$0.00	\$18.47	1.06%	\$ 115,210	0.82%	1.41%	14%
2010	0.24	1.63	1.87	—	(0.13)	(0.36)	0.00	18.60	11.06	67,314	1.35	1.44	14
2009	0.21	(0.71)	(0.50)	—	(0.15)	(0.36)	0.00	17.09	(2.34)	31,104	1.46	1.50	17
2008	0.18	(4.41)	(4.23)	\$(0.40)	(0.16)	(0.73)	0.00	17.95	(18.92)	22,979	0.88	1.43	22
2007	0.22	3.36	3.58	(0.45)	—	(0.84)	0.00	22.91	18.20	15,313	1.00	1.43	12
Class B													
2011	\$(0.01)	\$ 0.09	\$ 0.08	—	\$(0.36)	\$(0.36)	\$0.00	\$17.37	0.26%	\$ 65	(0.03)%	2.16%	14%
2010	0.10	1.54	1.64	—	(0.13)	(0.36)	0.00	17.65	10.13	141	0.56	2.19	14
2009	0.10	(0.71)	(0.61)	—	(0.15)	(0.36)	0.00	16.37	(3.07)	114	0.73	2.25	17
2008	0.02	(4.27)	(4.25)	\$(0.40)	(0.16)	(0.73)	0.00	17.34	(19.54)	252	0.12	2.18	22
2007	0.06	3.28	3.34	(0.45)	—	(0.84)	0.00	22.32	17.28	344	0.29	2.18	12
Class C													
2011	\$ 0.02	\$ 0.07	\$ 0.09	—	\$(0.34)	\$(0.36)	\$0.00	\$17.38	0.31%	\$ 98,296	0.09%	2.16%	14%
2010	0.10	1.55	1.65	—	(0.13)	(0.36)	0.00	17.65	10.20	43,429	0.61	2.19	14
2009	0.10	(0.71)	(0.61)	—	(0.15)	(0.36)	0.00	16.36	(3.07)	22,919	0.70	2.25	17
2008	0.03	(4.28)	(4.25)	\$(0.40)	(0.16)	(0.73)	0.00	17.33	(19.55)	18,547	0.13	2.18	22
2007	0.05	3.29	3.34	(0.45)	—	(0.84)	0.00	22.31	17.29	17,279	0.24	2.18	12
Class I													
2011	\$ 0.23	\$ 0.04	\$ 0.27	—	\$(0.14)	\$(0.36)	\$0.00	\$18.71	1.26%	\$ 112,929	1.10%	1.16%	14%
2010	0.35	1.58	1.93	—	(0.13)	(0.36)	0.00	18.80	11.32	41,204	1.92	1.19	14
2009	0.25	(0.70)	(0.45)	—	(0.15)	(0.36)	0.00	17.23	(2.05)	8,819	1.71	1.25	17
2008(c)	0.19	(3.30)	(3.11)	—	(0.13)	(0.27)	0.00	18.04	(14.65)	962	1.31(d)	1.18(d)	22

† Total return represents aggregate total return of a hypothetical \$1,000 investment at the beginning of the period and sold at the end of the period including reinvestment of distributions and does not reflect applicable sales charges. Total return for a period of less than one year is not annualized.

†† The ratios do not include a reduction for custodian fee credits on cash balances maintained with the custodian ("Custodian Fee Credits"). For the years ended September 30, 2011, 2010, 2009, 2008, and 2007, the effect of Custodian Fee Credits was minimal.

††† Effective in 2008, a change in accounting policy was adopted with regard to the calculation of the portfolio turnover rate to include cash proceeds due to mergers. Had this policy been adopted retroactively, the portfolio turnover rate for the year ended September 30, 2007 would have been 20%.

(a) Per share amounts have been calculated using the average shares outstanding method.

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

(c) From the commencement of offering Class I Shares on January 11, 2008 through September 30, 2008.

(d) Annualized.

See accompanying notes to financial statements.

The Gabelli Equity Income Fund

Notes to Financial Statements

1. Organization. The Gabelli Equity Income Fund (the “Fund”) is a series of Gabelli Equity Series Funds, Inc. (the “Corporation”), which was incorporated on July 25, 1991 in Maryland. The Fund is a diversified open-end management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”), and one of three separately managed portfolios (collectively, the “Portfolios”) of the Corporation. The Fund’s primary objective is to seek a high level of total return with an emphasis on income. The Fund commenced investment operations on January 2, 1992.

2. Significant Accounting Policies. The Fund’s financial statements are 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 financial statements.

Security Valuation. Portfolio securities listed or traded on a nationally recognized securities exchange or traded in the U.S. over-the-counter market for which market quotations are readily available are valued at the last quoted sale price or a market’s official closing price as of the close of business on the day the securities are being valued. If there were no sales that day, the security is valued at the average of the closing bid and asked prices or, if there were no asked prices quoted on that day, then the security is valued at the closing bid price on that day. If no bid or asked prices are quoted on such day, the security is valued at the most recently available price or, if the Board 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 Gabelli Equity Income Fund

Notes to Financial Statements (Continued)

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).

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	
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks:				
Broadcasting	\$ 6,079,950	—	\$ 0	\$ 6,079,950
Energy and Utilities: Electric	14,927,306	—	0	14,927,306
Other Industries (a)	1,642,980,842	—	—	1,642,980,842
Total Common Stocks	1,663,988,098	—	0	1,633,988,098
Preferred Stocks:				
Entertainment	—	—	7,650	7,650
Other Industries (a)	2,225,685	—	—	2,225,685
Total Preferred Stocks	2,225,685	—	7,650	2,233,335
Rights (a)	433,116	—	—	433,116
Warrants (a)	—	—	0	0
Corporate Bonds	1,145,090	\$ 8,054,375	—	9,199,465
U.S. Government Obligations	—	109,753,787	—	109,753,787
TOTAL INVESTMENTS IN SECURITIES – ASSETS	\$1,667,791,989	\$117,808,162	\$7,650	\$1,785,607,801
OTHER FINANCIAL INSTRUMENTS:				
LIABILITIES (Unrealized Depreciation):*				
EQUITY CONTRACTS:				
Contract for Difference Swap Agreements	\$ —	\$ (9,278)	\$ —	\$ (9,278)

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

* Other financial instruments are derivatives reflected in the SOI, such as futures, forwards, and swaps, which are valued at the unrealized appreciation/depreciation of the instrument.

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

The Gabelli Equity Income Fund

Notes to Financial Statements (Continued)

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

	Balance as of 09/30/10	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†
INVESTMENTS IN SECURITIES:										
ASSETS (Market Value):										
Common Stocks:										
Broadcasting	\$ 0	\$—	\$ —	\$ —	\$—	\$ —	\$ —	\$—	\$ 0	\$ —
Energy and Utilities: Electric	0	—	—	—	—	—	—	—	0	—
Financial Services	—	—	95,000	—	0	(95,000)	—	—	—	—
Publishing	17	—	(268)	251	—	(0)	—	—	—	—
Total Common Stocks	17	—	94,732	251	0	(95,000)	—	—	0	—
Preferred Stock:										
Entertainment	—	—	—	(52,350)	—	—	60,000	—	7,650	(52,350)
Warrants:										
Broadcasting	—	—	—	—	—	—	0	—	0	—
Corporate Bonds	2	—	(154,752)	154,750	—	—	—	—	0	—
TOTAL INVESTMENTS IN SECURITIES	\$19	\$—	\$ (60,020)	\$102,651	\$ 0	\$(95,000)	\$60,000	\$—	\$7,650	\$(52,350)

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

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

In 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.

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,

The Gabelli Equity Income Fund

Notes to Financial Statements (Continued)

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.

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.

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

The Fund has entered into an equity contract for difference swap agreement with The Goldman Sachs Group, Inc. Details of the swap at September 30, 2011 are reflected within the Schedule of Investments and further details are as follows:

<u>Notional Amount</u>	<u>Equity Security Received</u>	<u>Interest Rate/ Equity Security Paid</u>	<u>Termination Date</u>	<u>Net Unrealized Depreciation</u>
\$194,761 (20,000 Shares)	Market Value Appreciation on: Rolls-Royce Holdings plc	One month LIBOR plus 90 bps plus Market Value Depreciation on: Rolls-Royce Holdings plc	6/27/12	<u>\$(9,278)</u>

The Fund's volume of activity in equity contract for difference swap agreement during the year ended September 30, 2011 had an average monthly notional amount of approximately \$459,630.

As of September 30, 2011, the value of equity contract for difference swap agreement can be found in the Statement of Assets and Liabilities under Liabilities, Unrealized depreciation on swap contracts. For the year ended September 30, 2011, the effect of equity contract for difference swap agreement can be found in the

The Gabelli Equity Income Fund

Notes to Financial Statements (Continued)

Statement of Operations, under Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency, Net realized gain on swap contracts and Net change in unrealized depreciation on swap contracts.

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

There are several risks in connection with the use of futures contracts as a hedging instrument. The change in value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in value of the hedged investments. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market. During the year ended 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 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. During the year ended September 30, 2011, the Fund held no investments in forward foreign exchange contracts.

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 September 30, 2011, there were no short sales outstanding.

The Gabelli Equity Income Fund

Notes to Financial Statements (Continued)

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.

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

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

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

The Gabelli Equity Income Fund

Notes to Financial Statements (Continued)

Determination of Net Asset Value and Calculation of Expenses. Certain administrative expenses are common to, and allocated among, various affiliated funds. Such allocations are made on the basis of each fund's average net assets or other criteria directly affecting the expenses as determined by the Adviser pursuant to procedures established by the Board.

In calculating the NAV per share of each class, investment income, realized and unrealized gains and losses, redemption fees, and expenses other than class specific expenses are allocated daily to each class of shares based upon the proportion of net assets of each class at the beginning of each day. Distribution expenses are borne solely by the class incurring the expense.

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

Distributions to Shareholders. Distributions to shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under GAAP. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund. Distributions from net investment income for federal income tax purposes include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. Permanent differences are primarily due to tax treatment of currency gains and losses, reclassifications of distributions from investments in real estate investment trusts, reclassifications of gains on swaps, and adjustment on hybrid sales. These reclassifications have no impact on the NAV of the Fund. For the year ended September 30, 2011, reclassifications were made to decrease accumulated distributions in excess of net investment income by \$17,634,399 and decrease accumulated net realized loss on investments, swap contracts, and foreign currency transactions by \$529,234, with an offsetting adjustment to paid-in capital.

The tax character of distributions paid during the years ended September 30, 2011 and September 30, 2010 was as follows:

	<u>Year Ended</u> <u>September 30, 2011</u>	<u>Year Ended</u> <u>September 30, 2010</u>
Distribution paid from:		
Ordinary Income	\$13,960,716	\$16,886,496
Return of capital	<u>18,163,633</u>	<u>10,052,858</u>
Total distributions paid	<u>\$32,124,349</u>	<u>\$26,939,354</u>

The Fund has a fixed distribution policy. Under the policy, the Fund declares and pays monthly distributions from net investment income, capital gains, and paid-in capital. The actual source of the distribution is

The Gabelli Equity Income Fund

Notes to Financial Statements (Continued)

determined after the end of the calendar year. Pursuant to this policy, distributions during the calendar year are made in excess of required distributions. To the extent such distributions are made from current earnings and profits, they are considered ordinary income or long-term capital gains. The Fund's current distribution policy may restrict the Fund's ability to pass through to shareholders all of its net realized long-term capital gains as a Capital Gain Dividend, subject to the maximum federal income tax rate of 15%, and may cause such gains to be treated as ordinary income subject to a maximum federal income tax rate of 35%. Distributions sourced from paid-in capital should not be considered as dividend yield or the total return from an investment in the Fund. The Board continues to evaluate its distribution policy in light of ongoing economic and market conditions and may change the amount of the monthly distributions in the future. The current annualized rate is \$0.36 per share.

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

As of September 30, 2011, the components of accumulated earnings/losses on a tax basis were as follows:

Accumulated capital loss carryforwards	\$ (82,675,559)
Net unrealized appreciation on investments	121,865,927
Post-October currency loss deferral	(507,059)
Other temporary differences*	<u>(284,316)</u>
Total	<u>\$ 38,398,993</u>

*Other temporary differences are primarily due to defaulted income.

At September 30, 2011, the Fund had net capital loss carryforwards for federal income tax purposes of \$82,675,559, which are available to reduce future required distributions of net capital gains to shareholders. \$1,899,612 of the loss carryforward is available through 2017; \$72,264,892 is available through 2018; and \$8,511,055 is available through 2019.

Under the current tax law, capital losses related to securities and foreign currency realized after October 31 and prior to the Fund's fiscal year end may be treated as occurring on the first day of the following year. For the year ended September 30, 2011, the Fund deferred currency losses of \$507,059.

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.

At September 30, 2011, the differences between book basis and tax basis unrealized appreciation were primarily due to deferral of losses from wash sales for tax purposes and tax basis adjustments on investments in partnerships.

The Gabelli Equity Income Fund

Notes to Financial Statements (Continued)

The following summarizes the tax cost of investments and the related net unrealized appreciation/depreciation at September 30, 2011:

	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
Investments	\$1,663,748,482	\$301,957,325	\$(180,098,006)	\$121,859,319

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold. For the year ended September 30, 2011, the Fund did not incur any income tax, interest, or penalties. As of September 30, 2011, the Adviser has reviewed all open tax years and concluded that there was no impact to the Fund's net assets or results of operations. Tax years ended September 30, 2008 through September 30, 2011 remain subject to examination by the Internal Revenue Service and state taxing authorities. On an ongoing basis, the Adviser will monitor the Fund's tax positions to determine if adjustments to this conclusion are necessary.

3. Investment Advisory Agreement and Other Transactions. The Fund has entered into an investment advisory agreement (the "Advisory Agreement") with the Adviser which provides that the Fund will pay the Adviser a fee, computed daily and paid monthly, at the annual rate of 1.00% of the value of its average daily net assets. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund's portfolio, oversees the administration of all aspects of the Fund's business and affairs, and pays the compensation of all Officers and Directors of the Fund who are affiliated persons of the Adviser.

The Corporation pays each Director who is not considered an affiliated person an annual retainer of \$18,000 plus \$2,000 for each Board meeting attended, and they are reimbursed for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$1,000 per meeting attended, the Chairman of the Audit Committee receives a \$3,000 annual fee, and the Lead Director each receives an annual fee of \$2,000. A Director may receive a single meeting fee, allocated among the participating funds, for attending certain meetings held on behalf of multiple funds. Directors who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Corporation.

4. Distribution Plan. The Fund's Board has adopted a distribution plan (the "Plan") for each class of shares, except for Class I Shares, pursuant to Rule 12b-1 under the 1940 Act. G.distributors, LLC serves as successor "Distributor" to Gabelli & Company, Inc. ("Gabelli & Co.") effective August 1, 2011, both affiliates of the Fund. Under the Class AAA, Class A, Class B, and Class C Share Plans, payments are authorized to the Distributor at annual rates of 0.25%, 0.25%, 1.00%, and 1.00%, respectively, of the average daily net assets of those classes, the annual limitations under each Plan. Such payments are accrued daily and paid monthly.

5. Portfolio Securities. Purchases and sales of securities for the year ended September 30, 2011, other than short-term securities and U.S. Government obligations, aggregated \$499,242,268, and \$249,684,871, respectively.

The Gabelli Equity Income Fund

Notes to Financial Statements (Continued)

6. Transactions with Affiliates. During the year ended September 30, 2011, the Fund paid brokerage commissions on security trades of \$475,708 to Gabelli & Co. Additionally, the current and former Distributors retained \$170,741 from investors representing commissions (sales charges and underwriting fees) on sales and redemptions of Fund shares.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement between the Fund and the Adviser. During the year ended September 30, 2011, the Fund paid or accrued \$45,000 to the Adviser in connection with the cost of computing the Fund's NAV.

7. Line of Credit. The Fund participates in an unsecured line of credit of up to \$75,000,000 under which it may borrow up to 10% of its net assets from the custodian for temporary borrowing purposes. Borrowings under this arrangement bear interest at the higher of the sum of the overnight LIBOR rate plus 125 basis points or the sum of the federal funds rate plus 125 basis points at the time of borrowing. This amount, if any, would be included in "interest expense" in the Statement of Operations. At September 30, 2011, there were no borrowings under the line of credit.

The average daily amount of borrowings outstanding under the line of credit during the year ended September 30, 2011 was \$19,863 with a weighted average interest rate of 1.38%. The maximum amount borrowed at any time during the year ended September 30, 2011 was \$7,250,000.

8. Capital Stock. The Fund offers five classes of shares – Class AAA Shares, Class A Shares, Class B Shares, Class C Shares, and Class I Shares. Class AAA Shares are offered without a sales charge only to investors who acquire them directly from the Distributor, through selected broker/dealers, or the transfer agent. Class I Shares are offered without a sales charge, solely to certain institutions, directly through the Distributor, or brokers that have entered into selling agreements specifically with respect to Class I Shares. Class A Shares are subject to a maximum front-end sales charge of 5.75%. Class B Shares are subject to a contingent deferred sales charge ("CDSC") upon redemption within six years of purchase and automatically convert to Class A Shares approximately eight years after the original purchase. The applicable Class B CDSC is equal to a percentage declining from 5% of the lesser of the NAV per share at the date of the original purchase or at the date of redemption, based on the length of time held. Class C Shares are subject to a 1.00% CDSC for one year after purchase. Class B Shares are available only through exchange of Class B Shares of other funds distributed by the Distributor.

The Fund imposes a redemption fee of 2.00% on all classes of shares that are redeemed or exchanged on or before the seventh day after the date of a purchase. The redemption fee is deducted from the proceeds otherwise payable to the redeeming shareholders and is retained by the Fund as an increase in paid-in capital. The redemption fees retained by the Fund during the years ended September 30, 2011 and September 30, 2010 amounted to \$30,363 and \$5,058, respectively.

The Gabelli Equity Income Fund

Notes to Financial Statements (Continued)

Transactions in shares of capital stock were as follows:

	Year Ended September 30, 2011		Year Ended September 30, 2010	
	Shares	Amount	Shares	Amount
Class AAA				
Shares sold	24,293,210	\$ 502,845,816	21,637,827	\$ 387,763,650
Shares issued upon reinvestment of distributions	1,257,617	25,912,938	1,300,877	23,212,884
Shares redeemed	(17,823,910)	(366,203,437)	(15,099,132)	(269,309,008)
Net increase	<u>7,726,917</u>	<u>\$ 162,555,317</u>	<u>7,839,572</u>	<u>\$ 141,667,526</u>
Class A				
Shares sold	5,305,477	\$ 109,653,700	2,491,071	\$ 44,560,597
Shares issued upon reinvestment of distributions	81,765	1,687,500	46,493	828,020
Shares redeemed	(2,767,847)	(56,651,166)	(737,882)	(13,033,171)
Net increase	<u>2,619,395</u>	<u>\$ 54,690,034</u>	<u>1,799,682</u>	<u>\$ 32,355,446</u>
Class B				
Shares sold	532	\$ 10,753	3,220	\$ 57,672
Shares issued upon reinvestment of distributions	110	2,139	157	2,655
Shares redeemed	(4,890)	(99,189)	(2,353)	(38,556)
Net increase/(decrease)	<u>(4,248)</u>	<u>\$ (86,297)</u>	<u>1,024</u>	<u>\$ 21,771</u>
Class C				
Shares sold	3,689,978	\$ 72,205,617	1,389,534	\$ 23,812,111
Shares issued upon reinvestment of distributions	51,863	1,007,514	30,202	512,405
Shares redeemed	(546,786)	(10,598,832)	(360,684)	(6,081,032)
Net increase	<u>3,195,055</u>	<u>\$ 62,614,299</u>	<u>1,059,052</u>	<u>\$ 18,243,484</u>
Class I				
Shares sold	4,974,603	\$ 102,960,466	2,679,750	\$ 49,306,287
Shares issued upon reinvestment of distributions	52,504	1,085,444	24,314	438,095
Shares redeemed	(1,184,417)	(24,111,103)	(1,024,097)	(18,414,653)
Net increase	<u>3,842,690</u>	<u>\$ 79,934,807</u>	<u>1,679,967</u>	<u>\$ 31,329,729</u>

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

10. Other Matters. On April 24, 2008, the Adviser entered into a settlement with the SEC to resolve an inquiry regarding prior frequent trading in shares of the GAMCO Global Growth Fund (the "Global Growth Fund") by one investor who was banned from the Global Growth Fund in August 2002. Under the terms of the settlement, the Adviser, without admitting or denying the SEC's findings and allegations, paid \$16 million (which included a \$5 million civil monetary penalty). On the same day, the SEC filed a civil action in the U.S. District Court for the

The Gabelli Equity Income Fund

Notes to Financial Statements (Continued)

Southern District of New York against the Executive Vice President and Chief Operating Officer of the Adviser, alleging violations of certain federal securities laws arising from the same matter. The officer, who also is an officer of the Global Growth Fund and other funds in the Gabelli/GAMCO complex, including this Fund, denies the allegations and is continuing in his positions with the Adviser and the funds. The settlement by the Adviser did not have, and the resolution of the action against the officer is not expected to have, a material adverse impact on the Adviser or its ability to fulfill its obligations under the Advisory Agreement.

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

Morningstar Rating™ is based on risk-adjusted returns. The Overall Morningstar Rating is derived from a weighted average of the performance figures associated with a fund's three, five, and ten year (if applicable) Morningstar Rating metrics. For funds with at least a three year history, a Morningstar Rating is based on a risk-adjusted return measure (including the effects of sales charges, loads, and redemption fees) placing more emphasis on downward variations and rewarding consistent performance. That accounts for variations in a fund's monthly performance. The top 10% of funds in each category receive 5 stars, the next 22.5% 4 stars, the next 35% 3 stars, the next 22.5% 2 stars, and the bottom 10% 1 star. (Each share class is counted as a fraction of one fund with in this scale and rated separately, which may cause slight variations in the distribution percentages.) Morningstar Rating is for the AAA Share class only; other classes may have different performance characteristics. Ratings reflect relative performance. Results for certain periods were negative. ©2011 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers ; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of
The Gabelli Equity Income Fund

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of The Gabelli Equity Income Fund (the “Fund”), a series of Gabelli Equity Series Funds, Inc., as of September 30, 2011, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the periods indicated therein. These financial statements and financial highlights are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of September 30, 2011, by correspondence with the Fund’s custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of The Gabelli Equity Income Fund, a series of Gabelli Equity Series Funds, Inc., at September 30, 2011, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and its financial highlights for each of the periods indicated therein, in conformity with U.S. generally accepted accounting principles.

Philadelphia, Pennsylvania
November 28, 2011

The Gabelli Equity Income Fund

Additional Fund Information (Unaudited)

The business and affairs of the Fund are managed under the direction of the Corporation's Board of Directors. Information pertaining to the Directors and officers of the Corporation is set forth below. The Corporation's Statement of Additional Information includes additional information about the Corporation's Directors and is available, without charge, upon request, by calling 800-GABELLI (800-422-3554) or by writing to The Gabelli Equity Income Fund at One Corporate Center, Rye, NY 10580-1422.

<u>Name, Position(s) Address¹ and Age</u>	<u>Term of Office and Length of Time Served²</u>	<u>Number of Funds in Fund Complex Overseen by Director</u>	<u>Principal Occupation(s) During Past Five Years</u>	<u>Other Directorships Held by Director³</u>
<u>INTERESTED DIRECTORS⁴:</u>				
Mario J. Gabelli, CFA Director and Chief Investment Officer Age: 69	Since 1991	27	Chairman, Chief Executive Officer, and Chief Investment Officer—Value Portfolios of GAMCO Investors, Inc. and Chief Investment Officer- Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc.; Director/ Trustee or Chief Investment Officer of other registered investment companies in the Gabelli/GAMCO Funds Complex; Chief Executive Officer of GGCP, Inc.	Director of Morgan Group Holdings, Inc. (holding company); Chairman of the Board and Chief Executive Officer of LICIT Corp. (multimedia and communication services company); Director of CIBL, Inc. (broadcasting and wireless communications); Director of RLJ Acquisition Inc. (blank check company)
John Gabelli Director Age: 67	Since 1991	10	Senior Vice President of Gabelli & Company, Inc.	—
<u>INDEPENDENT DIRECTORS⁵:</u>				
Anthony J. Colavita Director Age: 75	Since 1991	35	President of the law firm of Anthony J. Colavita, P.C.	—
Vincent D. Enright Director Age: 67	Since 1991	17	Former Senior Vice President and Chief Financial Officer of KeySpan Corporation (public utility) (1994-1998)	Director of Echo Therapeutics, Inc. (therapeutics and diagnostics); Director of LGL Group, Inc. and until September 2006, Director of Aphton Corporation (pharmaceuticals)
Robert Morrissey Director Age: 72	Since 1991	6	Partner of the law firm of Morrissey, Hawkins & Lynch	—
Kuni Nakamura Director Age: 43	Since 2009	10	President of Advanced Polymer, Inc. (chemical wholesale company)	—
Anthony R. Pustorino Director Age: 86	Since 1991	13	Certified Public Accountant; Professor Emeritus, Pace University	Director of the LGL Group, Inc. (diversified manufacturing) (2002-2010)
Anthonie C. van Ekris Director Age: 77	Since 1991	20	Chairman of BALMAC International, Inc. (commodities and futures trading)	—
Salvatore J. Zizza Director Age: 65	Since 2001	29	Chairman (since 1978) of Zizza & Company, Ltd. (financial consulting); Chairman (since 2006) of Metropolitan Paper Recycling, Inc. (recycling); Chairman (since 2000) of BAM Inc. (manufacturing); Chairman (since 2009) of E-Corp English (business services)	Non-Executive Chairman and Director of Harbor BioSciences, Inc. (biotechnology); Vice Chairman and Director of Trans-Lux Corporation (business services); Chairman and Chief Executive Officer of General Employment Enterprises, Inc. (staffing) Director (since December 2009); Bion Environmental Technologies (technology) (2005-2008); Director of Earl Schieb Inc. (automotive painting) through April 2009.

The Gabelli Equity Income Fund

Additional Fund Information (Unaudited) (Continued)

<u>Name, Position(s) Address¹ and Age</u>	<u>Term of Office and Length of Time Served²</u>	<u>Principal Occupation(s) During Past Five Years</u>
OFFICERS:		
Bruce N. Alpert President and Secretary Age: 59	Since 1991	Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988; Officer of all of the registered investment companies in the Gabelli/GAMCO Funds Complex; Director of Teton Advisors, Inc. since 1998; Chairman of Teton Advisors, Inc. July 2008 to 2010; President of Teton Advisors, Inc., 1998 through 2008; Senior Vice President of GAMCO Investors, Inc. since 2008
Agnes Mullady Treasurer Age: 53	Since 2006	President and Chief Operating Officer of the Open-End Fund Division of Gabelli Funds, LLC since September 2010; Senior Vice President of GAMCO Investors, Inc. since 2009; Vice President of Gabelli Funds, LLC since 2007; Officer of all of the registered investment companies in the Gabelli/GAMCO Funds Complex
Peter D. Goldstein Chief Compliance Officer Age: 58	Since 2004	Director of Regulatory Affairs at GAMCO Investors, Inc. since 2004; Chief Compliance Officer of all of the registered investment companies in the Gabelli/GAMCO Funds complex

1. Address: One Corporate Center, Rye, NY 10580-1422, unless otherwise noted.

2. Each Director will hold office for an indefinite term until the earliest of (i) the next meeting of shareholders, if any, called for the purpose of considering the election or re-election of such Director and until the election and qualification of his or her successor, if any, elected at such meeting, or (ii) the date a Director resigns or retires, or a Director is removed by the Board of Directors or shareholders, in accordance with the Corporation's Amended and Restated By Laws and Articles of Incorporation. Each officer will hold office for an indefinite term until the date he or she resigns or retires or until his or her successor is elected and qualified.

3. This column includes only directorships of companies required to report to the SEC under the Securities Exchange Act of 1934, i.e., public companies or other investment companies registered under the 1940 Act.

4. "Interested person" of the Fund as defined in the Investment Company Act of 1940. Mr. Gabelli is considered an "interested person" because of his affiliation with Gabelli Funds, LLC that acts as the Fund's investment adviser.

5. Directors who are not interested persons are considered "Independent" Directors.

2011 TAX NOTICE TO SHAREHOLDERS (Unaudited)

For the year ended September 30, 2011, the Fund paid to shareholders ordinary income distributions (comprised of net investment income) totaling \$0.161, \$0.163, \$0.000, \$0.016, and \$0.222 per share for Class AAA, Class A, Class B, Class C, and Class I, respectively. For the year ended September 30, 2011, 100% of the ordinary income distribution qualifies for the dividends received deduction available to corporations. The Fund designates 100% of the ordinary income distribution (excluding return of capital distributions) as qualified dividend income pursuant to the Jobs and Growth Tax Relief Reconciliation Act of 2003. The Fund designates 1.24% of the ordinary income distribution as qualified interest income pursuant to the American Jobs Creation Act of 2004.

U.S. Government Income:

The percentage of the ordinary income distribution paid by the Fund during the year ended September 30, 2011 which was derived from U.S. Treasury securities was 0.14%. Such income is exempt from state and local tax in all states. However, many states, including New York and California, allow a tax exemption for a portion of the income earned only if a mutual fund has invested at least 50% of its assets at the end of each quarter of the Fund's fiscal year in U.S. Government securities. The Gabelli Equity Income Fund did not meet this strict requirement in 2011. Due to the diversity in state and local tax law, it is recommended that you consult your personal tax adviser as to the applicability of the information provided to your specific situation.

All designations are based on financial information available as of the date of this annual report and, accordingly, are subject to change. For each item, it is the intention of the Fund to designate the maximum amount permitted under the Internal Revenue Code and the regulations thereunder.

Gabelli/GAMCO Funds and Your Personal Privacy

Who are we?

The Gabelli/GAMCO Funds are investment companies registered with the Securities and Exchange Commission under the Investment Company Act of 1940. We are managed by Gabelli Funds, LLC, 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?

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

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

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

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

What do we do to protect your personal information?

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

GABELLI FAMILY OF FUNDS

VALUE

Gabelli Asset Fund

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

Gabelli Blue Chip Value Fund

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

Portfolio Manager: Barbara G. Marcini, CFA

GAMCO Westwood Equity Fund

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

Portfolio Manager: Susan M. Byrne

FOCUSED VALUE

Gabelli Value Fund

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

Team Managed

SMALL CAP

Gabelli Small Cap Growth Fund

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

Portfolio Manager: Mario J. Gabelli, CFA

GAMCO Westwood SmallCap Equity Fund

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

Portfolio Manager: Nicholas F. Galluccio

Gabelli Woodland Small Cap Value Fund

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

Portfolio Manager: Elizabeth M. Lilly, CFA

GROWTH

GAMCO Growth Fund

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

Portfolio Manager: Howard F. Ward, CFA

GAMCO International Growth Fund

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

Portfolio Manager: Caesar Bryan

AGGRESSIVE GROWTH

GAMCO Global Growth Fund

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

MICRO-CAP

GAMCO Westwood Mighty MitesSM Fund

Seeks to invest in micro-cap companies that have market capitalizations of \$500 million or less. The Fund's primary objective is long-term capital appreciation. *(Multiclass) Team Managed*

EQUITY INCOME

Gabelli Equity Income Fund

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

Portfolio Manager: Mario J. Gabelli, CFA

GAMCO Westwood Balanced Fund

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

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

GAMCO Westwood Income Fund

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

Portfolio Manager: Barbara G. Marcini, CFA

SPECIALTY EQUITY

GAMCO Vertumnus Fund (formerly GAMCO Global Convertible Securities Fund)

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

Portfolio Manager: Mario J. Gabelli, CFA

GAMCO Global Opportunity Fund

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

Gabelli SRI Green Fund

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

SECTOR

GAMCO Global Telecommunications Fund

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

GAMCO Gold Fund

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

Portfolio Manager: Caesar Bryan

Gabelli Utilities Fund

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

Portfolio Manager: Mario J. Gabelli, CFA

MERGER AND ARBITRAGE

Gabelli ABC Fund

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

Portfolio Manager: Mario J. Gabelli, CFA

Gabelli Enterprise Mergers and Acquisitions Fund

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

Portfolio Manager: Mario J. Gabelli, CFA

CONTRARIAN

GAMCO Mathers Fund

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

Portfolio Manager: Henry Van der Eb, CFA

Comstock Capital Value Fund

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

*Portfolio Managers: Charles L. Minter
Martin Weiner, CFA*

FIXED INCOME

GAMCO Westwood Intermediate Bond Fund

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

Portfolio Manager: Mark R. Freeman, CFA

CASH MANAGEMENT-MONEY MARKET

Gabelli U.S. Treasury Money Market Fund

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

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

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

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

To receive a prospectus, call 800-GABELLI (800-422-3554). Investors should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing. The prospectus contains more information about this and other matters and should be read carefully before investing. Distributed by G.distributors, LLC, One Corporate Center, Rye, NY 10580.

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

One Corporate Center
Rye, New York 10580-1422

800-GABELLI

800-422-3554

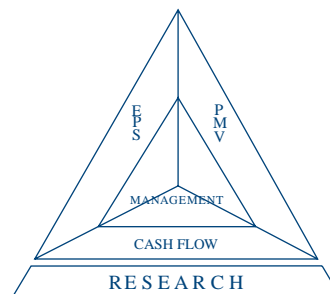
fax: 914-921-5118

website: www.gabelli.com

e-mail: info@gabelli.com

Net Asset Value per share available daily by calling

800-GABELLI after 7:00 P.M.



Board of Directors

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

Robert J. Morrissey
*Attorney-at-Law
Morrissey, Hawkins & Lynch*

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

Kuni Nakamura
*President
Advanced Polymer, Inc.*

Vincent D. Enright
*Former Senior Vice President
and Chief Financial Officer
KeySpan Corp.*

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

John D. Gabelli
*Senior Vice President
Gabelli & Company, Inc.*

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

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

Officers

Bruce N. Alpert
President and Secretary

Agnes Mullady
Treasurer

Peter D. Goldstein
Chief Compliance Officer

Custodian, Transfer Agent, and Dividend Agent

State Street Bank and Trust Company

Distributor

G.distributors, LLC

Legal Counsel

Skadden, Arps, Slate, Meagher & Flom LLP



The Gabelli Equity Income Fund

Morningstar® rated The Gabelli Equity Income Fund Class AAA Shares 5 stars overall and 5 stars for the five and ten year periods and 4 stars for the three year period ended September 30, 2011 among 1,114, 964, 545, and 1,114 Large Value funds, respectively.†

† Morningstar Rating™ is based on risk adjusted returns.

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