

The Gabelli Equity Income Fund

Annual Report — September 30, 2017



Mario J. Gabelli, CFA

To Our Shareholders,

For the fiscal year ended September 30, 2017, the net asset value (“NAV”) per Class AAA Share of The Gabelli Equity Income Fund increased 13.9% compared with an increase of 18.6% for the Standard & Poor’s (“S&P”) 500 Index. See page 3 for additional performance information.

Enclosed are the financial statements, including the schedule of investments, as of September 30, 2017.

Performance Discussion (Unaudited)

Our stock selection process is based on the investment principles of Graham and Dodd, the first investors to articulate the fundamentals of value investing. Their work provided the framework for value investing, and we contributed to this framework with the discipline of Private Market Value with a Catalyst™. This proprietary research and valuation method identifies companies whose shares are selling at a discount to intrinsic value, with an identifiable path to realizing, or surfacing, that private market value. We define private market value as the price an informed acquirer would pay for an entire enterprise. The catalyst comprises identifiable events or circumstances that might reasonably result in the narrowing of the difference between the public market price of the stock and our estimate of the private market value. This realization of value can take place gradually or suddenly, with company specific changes such as management changes or restructurings, sale of assets or of the business as a whole, or industry changes such as changes in regulation or changes in competition.

During the fourth quarter of 2016, as the U.S. election dominated the national consciousness, the S&P 500 rose 5% between November 8 and December 31. U.S. companies continued to increase their dividends, and at the end of the quarter, the dividend yield on the S&P 500 was about 2%. Of the 500 stocks that are represented in the S&P 500, 418 of them were paying a dividend.

The Federal Reserve’s mandate is to maximize employment and manage inflation. In the first quarter of 2017 unemployment fell to 4.5% in March and inflation rose to the Federal Reserve’s 2% target. In March, the Federal Reserve raised its target interest rate for the second time in three months.

The second quarter of 2017 represented the first full quarter of President Trump’s new administration. Since the November 2016 election, the market had been on an upswing and the second quarter continued that trend, as it rose to new all time highs. The Trump administration struggled to have new health care legislation passed by Congress. On the global front, France reaffirmed its desire to stay within the European Union (EU) while Britain was still in the process of determining how to withdraw from the EU (“Brexit”).

The third quarter of 2017 was full of newsworthy events. Three hurricanes impacted the United States, causing tens of billions of dollars in damages and impacting over one million people. The Federal government agreed to pay billions of dollars in emergency funds to help the affected areas. On the geopolitical front, Britain continued to move forward with Brexit and the Catalonian region of Spain was exploring whether it would like

to break away from Spain. Currently, Catalonia accounts for almost 20% of Spain's economy and leads all other regions in the country's exports. Taking into consideration all the uncertainty on the geopolitical front, the stock market still continued its upward trend and the average daily change in volatility was 0.3%, its lowest since 1968.

Among our better performing stocks for the fiscal year were Aerojet Rocketdyne Holdings Inc. (0.2% of net assets as of September 30, 2017), a leading technology based designer, developer, and manufacturer of aerospace and defense products and systems for the U.S. government, including the Department of Defense and NASA. Navistar International Corp. (0.6%), a manufacturer and marketer of medium and heavy trucks and mid range diesel engines, closed a deal on March 1 in which Volkswagen Truck & Bus purchased a \$256 million stake in the American holding company. FMC Corp. (0.1%) also performed well. All three holdings returned over 85% for the year.

Some of our weaker performers were Dundee Corp. (0.01%), a real estate investment management company, and J.C. Penney Co. Inc. (0.1%) and Macy's Inc. (0.6%). Two of America's largest department store chains saw negative returns in the last year, although they have tried to come up with new tactics to attract customers and give them a reason to visit their stores. The two have started to integrate store-within-a-store concepts and unite online and real world shopping experiences.

We appreciate your confidence and trust.

Comparative Results

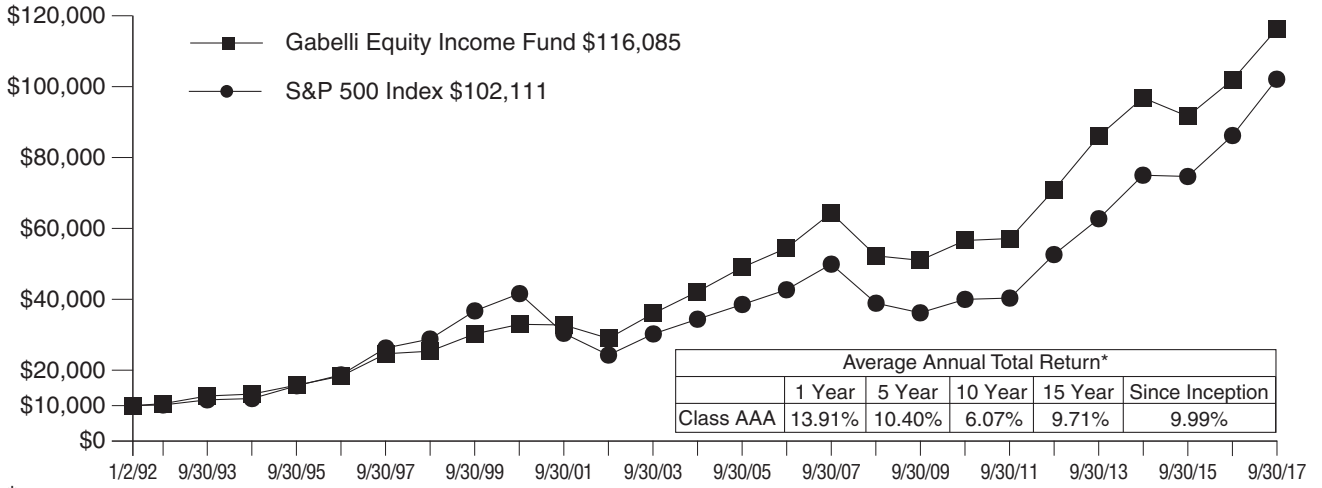
Average Annual Returns through September 30, 2017 (a)(b) (Unaudited)

	1 Year	5 Year	10 Year	15 Year	Since Inception (01/02/92)
Class AAA (GABEX)	13.91%	10.40%	6.07%	9.71%	9.99%
S&P 500 Index	18.61	14.22	7.44	10.04	9.43(c)
Nasdaq Composite Index	23.85	17.36	10.46	13.32	9.78(c)
Lipper Equity Income Fund Average	15.90	11.92	5.93	9.07	8.52
Class A (GCAEX)	13.92	10.40	6.07	9.71	9.99
With sales charge (d)	7.37	9.10	5.45	9.27	9.74
Class C (GCCEX)	13.04	9.58	5.28	8.97	9.56
With contingent deferred sales charge (e)	12.04	9.58	5.28	8.97	9.56
Class I (GCIEX)	14.19	10.68	6.34	9.90	10.10
Class T (GCTEX)	13.90	10.40	6.07	9.71	9.99
With sales charge (f)	11.06	9.84	5.80	9.53	9.82

In the current prospectuses dated January 27, 2017, as amended July 5, 2017, the expense ratios for Class AAA, A, C, I, and T Shares are 1.39%, 1.39%, 2.14%, 1.14%, and 1.39%, respectively. See page 14 for the expense ratios for the year ended September 30, 2017. Class AAA and Class I Shares do not have a sales charge. The maximum sales charge for Class A, C, and T Shares is 5.75%, 1.00%, and 2.50%, respectively.

- (a) Returns represent past performance and do not guarantee future results. Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date of purchase. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus please visit www.gabelli.com. The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class A Shares and Class C Shares on December 31, 2003, Class I Shares on January 11, 2008, and Class T Shares on July 5, 2017. The actual performance of the Class A Shares, Class C Shares, and Class T Shares would have been lower due to the additional fees and expenses associated with these classes of shares. The actual performance of the Class I Shares would have been higher due to lower expenses related to this class of shares. The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Nasdaq Composite Index is an unmanaged indicator of stock market performance. The Lipper Equity Income Fund Average includes the 30 largest equity funds in this category tracked by Lipper, Inc. Dividends are considered reinvested, except for the Nasdaq Composite Index. You cannot invest directly in an index.
- (b) The Fund's fiscal year ends September 30.
- (c) S&P 500 Index and Nasdaq Composite Index since inception performance is as of December 31, 1991.
- (d) Performance results include the effect of the maximum 5.75% sales charge at the beginning of the period.
- (e) Assuming payment of the 1% maximum contingent deferred sales charge imposed on redemptions made within one year of purchase.
- (f) Performance results include the effect of the maximum 2.50% sales charge at the beginning of the period.

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



* 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, 2017 through September 30, 2017 **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, 2017.

	Beginning Account Value 04/01/17	Ending Account Value 09/30/17	Annualized Expense Ratio	Expenses Paid During Period*
The Gabelli Equity Income Fund				
Actual Fund Return				
Class AAA	\$1,000.00	\$1,059.80	1.38%	\$ 7.13
Class A	\$1,000.00	\$1,059.70	1.37%	\$ 7.07
Class C	\$1,000.00	\$1,055.60	2.13%	\$10.98
Class I	\$1,000.00	\$1,061.00	1.13%	\$ 5.84
Class T**	\$1,000.00	\$1,030.80	1.39%	\$ 3.40
Hypothetical 5% Return				
Class AAA	\$1,000.00	\$1,018.15	1.38%	\$ 6.98
Class A	\$1,000.00	\$1,018.20	1.37%	\$ 6.93
Class C	\$1,000.00	\$1,014.39	2.13%	\$10.76
Class I	\$1,000.00	\$1,019.40	1.13%	\$ 5.72
Class T	\$1,000.00	\$1,018.10	1.39%	\$ 7.03

* 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.

** Class T Shares use a beginning account value date of 07/05/17, and Class T Share expenses are equal to the Fund's annualized expense ratio for the period since inception multiplied by the number of days since inception (88 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, 2017:

The Gabelli Equity Income Fund

Financial Services	23.4%	Computer Hardware	1.0%
Food and Beverage	15.5%	Environmental Services	0.9%
Health Care	10.4%	Metals and Mining	0.8%
Retail	6.3%	Automotive	0.8%
Consumer Products	5.1%	Wireless Communications	0.7%
Diversified Industrial	4.9%	Energy and Utilities: Integrated	0.6%
Telecommunications	3.5%	Closed-End Funds	0.6%
Energy and Utilities: Oil	3.0%	Transportation	0.6%
Automotive: Parts and Accessories	2.7%	Agriculture	0.6%
Aerospace	2.0%	Hotels and Gaming	0.4%
Broadcasting	1.9%	Communications Equipment	0.4%
Equipment and Supplies	1.8%	Energy and Utilities: Electric	0.4%
Business Services	1.8%	Aviation: Parts and Services	0.3%
Electronics	1.7%	Energy and Utilities: Water	0.2%
Building and Construction	1.6%	Consumer Services	0.2%
Specialty Chemicals	1.4%	Paper and Forest Products	0.1%
Energy and Utilities: Services	1.3%	Real Estate	0.0%*
Entertainment	1.3%	Purchased Options	0.0%*
Computer Software and Services	1.3%	Publishing	0.0%*
Energy and Utilities: Natural Gas	1.3%	Other Assets and Liabilities (Net)	(4.1)%
Real Estate Investment Trusts	1.1%		<u>100.0%</u>
Cable and Satellite	1.1%		
Machinery	1.1%		

* Amount represents less than 0.05%.

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. 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 its complete proxy voting record for the twelve months ended June 30, no later than August 31 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, 2017

Shares		Cost	Market Value	Shares		Cost	Market Value
COMMON STOCKS — 103.4%							
Aerospace — 2.0%							
64,000	Aerojet Rocketdyne Holdings Inc.†	\$ 359,828	\$ 2,240,640	2,000	MSC Industrial Direct Co. Inc., Cl. A	\$ 132,352	\$ 151,140
2,000	Lockheed Martin Corp.	47,350	620,580	40,000	Pentair plc	1,223,885	2,718,400
10,000	Raytheon Co.	279,200	1,865,800	30,000	S&P Global Inc.	1,225,693	4,689,300
74,000	Rockwell Automation Inc.	2,622,505	13,187,540	4,000	Vectrus Inc.†	61,245	123,360
2,000	Rockwell Collins Inc.	15,844	261,420			<u>5,506,933</u>	<u>26,395,440</u>
925,000	Rolls-Royce Holdings plc	6,341,969	10,994,345	Cable and Satellite — 1.1%			
		<u>9,666,696</u>	<u>29,170,325</u>	10,000	AMC Networks Inc., Cl. A†	389,742	584,700
Agriculture — 0.6%				165,000	DISH Network Corp., Cl. A†	3,263,481	8,947,950
90,000	Archer-Daniels-Midland Co.	2,386,667	3,825,900	16,000	EchoStar Corp., Cl. A†	478,840	915,680
34,500	Monsanto Co.	277,006	4,133,790	6,000	Liberty Global plc LiLAC, Cl. A†	142,271	142,560
12,000	The Mosaic Co.	186,246	259,080	13,692	Liberty Global plc LiLAC, Cl. C†	340,172	319,024
		<u>2,849,919</u>	<u>8,218,770</u>	56,000	Scripps Networks Interactive Inc., Cl. A	2,353,169	4,809,840
Automotive — 0.8%						<u>6,967,675</u>	<u>15,719,754</u>
205,000	Navistar International Corp.†	3,959,446	9,034,350	Communications Equipment — 0.4%			
30,000	PACCAR Inc.	1,348,822	2,170,200	185,000	Corning Inc.	2,274,029	5,535,200
		<u>5,308,268</u>	<u>11,204,550</u>	Computer Hardware — 1.0%			
Automotive: Parts and Accessories — 2.7%				22,000	Apple Inc.	1,611,288	3,390,640
164,000	Dana Inc.	2,605,637	4,585,440	76,000	International Business Machines Corp.	6,037,775	11,026,080
350,000	Genuine Parts Co.	14,525,249	33,477,500			<u>7,649,063</u>	<u>14,416,720</u>
26,000	Moline Manufacturing Co.†	132,587	500,500	Computer Software and Services — 1.3%			
1,200	O'Reilly Automotive Inc.†	30,096	258,444	10,000	CDK Global Inc.	151,748	630,900
16,000	Tenneco Inc.	239,237	970,720	95,000	Fidelity National Information Services Inc.	1,523,088	8,872,050
		<u>17,532,806</u>	<u>39,792,604</u>	277,600	Hewlett Packard Enterprise Co.	1,893,375	4,083,496
Aviation: Parts and Services — 0.3%				38,451	Micro Focus International plc, ADR†	539,397	1,226,587
50,000	Arconic Inc.	894,681	1,244,000	50,000	Microsoft Corp.	1,397,000	3,724,500
29,000	United Technologies Corp.	1,453,950	3,366,320	23,000	NetScout Systems Inc.†	371,369	744,050
		<u>2,348,631</u>	<u>4,610,320</u>			<u>5,875,977</u>	<u>19,281,583</u>
Broadcasting — 1.9%				Consumer Products — 5.1%			
347,000	CBS Corp., Cl. A, Voting	8,241,275	20,268,270	44,000	Altria Group Inc.	517,039	2,790,480
65,575	Liberty Global plc, Cl. A†	1,481,226	2,223,648	80,000	Edgewell Personal Care Co.†	3,318,645	5,821,600
150,000	Liberty Global plc, Cl. C†	3,341,084	4,905,000	60,000	Energizer Holdings Inc.	744,798	2,763,000
36,000	MSG Networks Inc., Cl. A†	134,967	763,200	25,000	Essity AB, Cl. A†	383,569	677,111
		<u>13,198,552</u>	<u>28,160,118</u>	2,000	National Presto Industries Inc.	60,046	212,900
Building and Construction — 1.6%				50,000	Philip Morris International Inc.	1,501,172	5,550,500
196,000	Fortune Brands Home & Security Inc.	1,908,965	13,177,080	86,000	Reckitt Benckiser Group plc	2,642,415	7,851,287
49,000	Herc Holdings Inc.†	1,576,954	2,407,370	25,000	Svenska Cellulosa AB, Cl. A	101,961	220,230
200,000	Johnson Controls International plc	4,019,530	8,058,000	1,000,000	Swedish Match AB	12,530,354	35,077,165
		<u>7,505,449</u>	<u>23,642,450</u>	111,500	The Procter & Gamble Co.	6,106,112	10,144,270
Business Services — 1.8%				77,000	Unilever NV - NY Shares	1,521,528	4,546,080
37,000	Automatic Data Processing Inc.	1,358,159	4,044,840			<u>29,427,639</u>	<u>75,654,623</u>
24,000	Diebold Nixdorf Inc.	641,520	548,400				
100,000	Mastercard Inc., Cl. A	864,079	14,120,000				

See accompanying notes to financial statements.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — September 30, 2017

Shares		Cost	Market Value	Shares		Cost	Market Value
	COMMON STOCKS (Continued)						
	Financial Services — 23.4%			104,000	The PNC Financial Services Group Inc.	\$ 5,508,822	\$ 14,016,080
6,500	Alleghany Corp.†	\$ 1,001,491	\$ 3,601,065	16,000	The Travelers Companies Inc. ...	636,771	1,960,320
165,000	AllianceBernstein Holding LP...	1,857,666	4,009,500	40,000	W. R. Berkley Corp.	1,434,915	2,669,600
228,000	American Express Co.(b)	8,059,434	20,624,880	93,000	Waddell & Reed Financial Inc., Cl. A	1,799,875	1,866,510
128,000	American International Group Inc.	2,922,701	7,857,920	550,000	Wells Fargo & Co.	16,823,489	30,332,500
25,000	Argo Group International Holdings Ltd.	558,372	1,537,500			161,262,419	343,809,493
5,195	Banco Santander Chile, ADR ...	29,250	154,343		Food and Beverage — 15.5%		
93,000	Banco Santander SA, ADR	699,738	645,420	1,000	Ajinomoto Co. Inc.	15,519	19,516
335,000	Bank of America Corp.	3,395,384	8,488,900	1,000	Anheuser-Busch InBev SA/NV ..	15,876	119,726
13,056	BNP Paribas SA.	580,935	1,053,152	355,500	Brown-Forman Corp., Cl. A.	6,715,709	19,797,795
376,000	Citigroup Inc.	13,876,628	27,350,240	172,000	Campbell Soup Co.	5,408,870	8,053,040
30,000	Dundee Corp., Cl. A†	140,046	76,938	80,000	Coca-Cola Amatil Ltd., ADR	246,845	486,400
39,000	Eaton Vance Corp.	1,127,731	1,925,430	20,000	Coca-Cola European Partners plc	450,000	832,400
100,000	Federated Investors Inc., Cl. B. .	2,388,985	2,970,000	14,500	Coca-Cola Femsa SAB de CV, ADR	590,410	1,118,385
34,000	Fidelity Southern Corp.	281,974	803,760	7,700	Constellation Brands Inc., Cl. A	95,506	1,535,765
80,000	H&R Block Inc.	1,157,369	2,118,400	128,000	Danone SA	6,385,759	10,040,610
54,000	Interactive Brokers Group Inc., Cl. A	820,617	2,432,160	1,000,000	Davide Campari-Milano SpA.	3,435,422	7,256,825
227,000	JPMorgan Chase & Co.	7,594,247	21,680,770	94,000	Diageo plc, ADR	5,250,233	12,420,220
70,000	Julius Baer Group Ltd.	2,299,124	4,142,097	47,000	Dr Pepper Snapple Group Inc. . .	839,537	4,158,090
30,000	Kemper Corp.	795,002	1,590,000	124,000	Fomento Economico Mexicano SAB de CV, ADR	2,851,381	11,845,720
90,100	Kinnevik AB, Cl. A.	1,682,511	3,185,895	202,000	General Mills Inc.	5,203,484	10,455,520
19,000	Kinnevik AB, Cl. B.	278,394	619,578	2,700,000	Grupo Bimbo SAB de CV, Cl. A . .	2,163,067	6,534,267
216,000	Legg Mason Inc.	3,808,973	8,490,960	140,000	Heineken NV.	6,437,001	13,841,153
15,000	Leucadia National Corp.	263,160	378,750	17,000	Heineken NV, ADR	430,190	843,710
105,000	Loews Corp.	4,004,302	5,025,300	210,000	ITO EN Ltd.	4,214,522	7,082,426
131,000	M&T Bank Corp.	9,256,188	21,096,240	35,500	Kellogg Co.	1,826,705	2,214,135
308,000	Marsh & McLennan Companies Inc.	9,219,628	25,813,480	2,000	McCormick & Co. Inc., Cl. V.	137,120	204,060
224,000	Morgan Stanley	4,886,199	10,790,080	28,000	McCormick & Co. Inc., Non-Voting.	1,282,199	2,873,920
185,000	Navient Corp.	1,413,230	2,778,700	740,000	Mondelēz International Inc., Cl. A	13,641,799	30,088,400
8,000	Northern Trust Corp.	307,964	735,440	115,000	Nestlé SA.	3,174,203	9,631,332
60,000	Och-Ziff Capital Management Group LLC, Cl. A	283,390	193,200	65,000	Nestlé SA, ADR	3,829,280	5,460,650
38,000	Oritani Financial Corp.	380,000	638,400	95,000	Nissin Foods Holdings Co. Ltd. .	3,080,973	5,774,717
40,000	Popular Inc.	1,006,510	1,437,600	3,000,000	Parmalat SpA	8,174,367	10,991,609
265,000	SLM Corp.†	1,202,498	3,039,550	100,000	PepsiCo Inc.	6,444,340	11,143,000
170,000	State Street Corp.	7,766,302	16,241,800	45,000	Pernod Ricard SA	3,674,041	6,225,328
284,000	Sterling Bancorp.	3,091,639	7,000,600	58,000	Remy Cointreau SA	3,534,133	6,868,692
12,000	SunTrust Banks Inc.	251,737	717,240	36,000	Sapporo Holdings Ltd.	810,532	970,984
74,000	T. Rowe Price Group Inc.	3,133,821	6,708,100	68,000	The Kraft Heinz Co.	1,902,589	5,273,400
100,000	TD Ameritrade Holding Corp.	1,692,686	4,880,000	90,000	The Coca-Cola Co.	1,902,337	4,050,900
935,000	The Bank of New York Mellon Corp.	25,900,843	49,573,700	1,000	The Hershey Co.	36,300	109,170
3,000	The Dun & Bradstreet Corp.	105,969	349,230	76,500	Tootsie Roll Industries Inc.	1,454,178	2,907,000
18,500	The Goldman Sachs Group Inc.	2,239,746	4,388,015	2,000	Tyson Foods Inc., Cl. A.	15,981	140,900
105,000	The Hartford Financial Services Group Inc.	3,296,163	5,820,150	90,000	Yakult Honsha Co. Ltd.	2,253,446	6,486,558
						107,923,854	227,856,323

See accompanying notes to financial statements.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — September 30, 2017

Shares		Cost	Market Value	Shares		Cost	Market Value
COMMON STOCKS (Continued)				Real Estate Investment Trusts — 1.1%			
Health Care — 10.4%				Ryman Hospitality Properties			
10,000	Abbott Laboratories.....	\$ 227,205	\$ 533,600	45,600	Inc.....	\$ 1,742,930	\$ 2,849,544
10,000	AbbVie Inc.....	248,353	888,600	385,000	Weyerhaeuser Co.....	6,996,482	13,101,550
33,000	Aetna Inc.....	1,246,747	5,247,330			<u>8,739,412</u>	<u>15,951,094</u>
4,000	Allergan plc.....	576,000	819,800		Retail — 6.3%		
78,000	Baxter International Inc.....	1,729,585	4,894,500		Compagnie Financiere		
18,000	Bio-Rad Laboratories Inc., Cl. A†.....	1,818,425	3,999,960	16,000	Richemont SA.....	540,728	1,462,281
50,000	Boston Scientific Corp.†.....	290,046	1,458,500	49,124	Copart Inc.†.....	433,098	1,688,392
400,000	Bristol-Myers Squibb Co.....	9,798,032	25,496,000	68,000	Costco Wholesale Corp.....	3,341,832	11,171,720
165,000	Eli Lilly & Co.....	5,765,515	14,114,100	350,000	CVS Health Corp.....	12,021,116	28,462,000
16,000	Express Scripts Holding Co.† ..	713,282	1,013,120	97,200	Ingles Markets Inc., Cl. A.....	1,718,799	2,498,040
13,000	GlaxoSmithKline plc, ADR.....	574,785	527,800	312,000	J.C. Penney Co. Inc.†.....	2,838,767	1,188,720
40,000	Henry Schein Inc.†.....	501,982	3,279,600	420,000	Macy's Inc.....	5,922,317	9,164,400
110,000	Johnson & Johnson.....	6,572,571	14,301,100	90,000	Seven & i Holdings Co. Ltd.....	2,692,986	3,475,228
310,000	Merck & Co. Inc.....	8,638,276	19,849,300	114,000	The Home Depot Inc.....	3,170,526	18,645,840
205,000	Novartis AG, ADR.....	11,171,782	17,599,250	28,000	Tractor Supply Co.....	339,939	1,772,120
210,000	Patterson Cos., Inc.....	7,354,890	8,116,500	115,000	Walgreens Boots Alliance Inc. ...	3,580,660	8,880,300
280,000	Pfizer Inc.....	4,758,441	9,996,000	41,000	Wal-Mart Stores Inc.....	1,841,970	3,203,740
60,000	Roche Holding AG, ADR.....	1,096,740	1,920,000	10,000	Weis Markets Inc.....	300,480	435,000
23,000	Roche Holding AG, Genusschein.....	3,328,528	5,871,431			<u>38,743,218</u>	<u>92,047,781</u>
87,500	William Demant Holding A/S† ..	854,734	2,309,708		Specialty Chemicals — 1.4%		
61,854	Wright Medical Group NV†.....	1,273,574	1,600,163	11,000	Albemarle Corp.....	112,797	1,499,410
50,000	Zimmer Biomet Holdings Inc. ...	2,907,785	5,854,500	5,000	Ashland Global Holdings Inc.....	109,663	326,950
60,000	Zoetis Inc.....	1,731,705	3,825,600	135,000	Ferro Corp.†.....	346,859	3,010,500
		<u>73,178,983</u>	<u>153,516,462</u>	8,000	FMC Corp.....	186,076	714,480
				46,000	H.B. Fuller Co.....	950,216	2,670,760
				64,000	International Flavors & Fragrances Inc.....	2,816,870	9,146,240
	Hotels and Gaming — 0.4%			2,400	NewMarket Corp.....	9,263	1,021,800
7,500	Las Vegas Sands Corp.....	18,435	481,200	1,000	Quaker Chemical Corp.....	10,797	147,950
78,000	MGM Resorts International.....	799,235	2,542,020	3,000	Sensient Technologies Corp. ...	55,184	230,760
17,000	Wynn Resorts Ltd.....	738,179	2,531,640	20,000	The Chemours Co.....	210,932	1,012,200
		<u>1,555,849</u>	<u>5,554,860</u>	15,000	Valvoline Inc.....	126,264	351,750
						<u>4,934,921</u>	<u>20,132,800</u>
	Machinery — 1.1%				Telecommunications — 3.4%		
6,000	Caterpillar Inc.....	35,181	748,260	2,000	AT&T Inc.....	47,800	78,340
89,000	Deere & Co.....	3,864,530	11,177,510	300,000	BCE Inc.....	5,861,989	14,049,000
57,000	Xylem Inc.....	1,425,388	3,569,910	32,000	BT Group plc, ADR.....	469,025	615,680
		<u>5,325,099</u>	<u>15,495,680</u>	20,000	Cincinnati Bell Inc.†.....	268,000	397,000
	Metals and Mining — 0.8%			265,000	Deutsche Telekom AG, ADR....	3,861,139	4,944,900
205,000	Freeport-McMoRan Inc.†.....	2,212,255	2,878,200	10,000	Harris Corp.....	790,012	1,316,800
233,000	Newmont Mining Corp.....	6,872,575	8,739,830	33,000	Loral Space & Communications Inc.†.....	1,317,447	1,633,500
		<u>9,084,830</u>	<u>11,618,030</u>		Orange SA, ADR.....	299,004	328,400
	Paper and Forest Products — 0.1%			20,000	Proximus SA.....	1,462,751	1,619,531
15,000	International Paper Co.....	469,570	852,300	47,000	Telefonica SA, ADR.....	428,921	485,658
	Publishing — 0.0%			292,400	Telephone & Data Systems Inc..	8,299,947	8,155,036
3,000	Value Line Inc.....	41,976	52,860	24,000	TELUS Corp.....	185,454	863,250
	Real Estate — 0.0%			25,000	TELUS Corp., New York.....	561,870	899,250
10,049	Griffin Industrial Realty Inc.	224,724	365,281				

See accompanying notes to financial statements.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — September 30, 2017

Shares		Cost	Market Value	Shares		Cost	Market Value
	COMMON STOCKS (Continued)				WARRANTS — 0.0%		
	Telecommunications (Continued)				Retail — 0.0%		
290,000	Verizon Communications Inc. ..	\$ 9,863,827	\$ 14,352,100	105	Sears Holdings Corp., expire 12/15/19†	\$ 522	\$ 227
		<u>33,717,186</u>	<u>49,738,445</u>				
	Transportation — 0.6%				PURCHASED		
142,500	GATX Corp.....	4,719,293	8,772,300		OPTIONS — 0.0%	<u>364,052</u>	<u>254,375</u>
	Wireless Communications — 0.7%				TOTAL		
6,000	Millicom International Cellular				INVESTMENTS — 104.1%.....	<u>\$ 708,571,669</u>	<u>1,528,587,281</u>
	SA	291,776	394,920		Other Assets and Liabilities (Net) — (4.1)%.....		<u>(59,586,169)</u>
28,000	Millicom International Cellular				NET ASSETS — 100.0%.....		<u>\$1,469,001,112</u>
	SA, SDR	1,812,254	1,847,782				
228,000	NTT DoCoMo Inc.....	3,309,462	5,208,389				
45,000	Turkcell İletisim Hizmetleri A/S, ADR	608,237	396,900				
39,846	United States Cellular Corp.† ...	1,586,062	1,410,548	(a)	Security is valued using significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.		
35,000	Vodafone Group plc, ADR	991,750	996,100	(b)	Securities, or a portion thereof, with a value of \$2,261,500 were deposited with Pershing LLC as collateral.		
		<u>8,599,541</u>	<u>10,254,639</u>	†	Non-income producing security.		
	TOTAL COMMON STOCKS	<u>705,420,772</u>	<u>1,517,913,862</u>	ADR	American Depository Receipt		
	CLOSED-END FUNDS — 0.6%			CVR	Contingent Value Right		
133,000	Altaba Inc.†.....	2,151,294	8,809,920	SDR	Swedish Depository Receipt		
	CONVERTIBLE PREFERRED STOCKS — 0.1%						
	Telecommunications — 0.1%						
29,200	Cincinnati Bell Inc., 6.750%, Ser. B	607,686	1,471,388				
	RIGHTS — 0.0%						
	Retail — 0.0%						
250,017	Safeway Casa Ley, CVR†	27,343	133,759				
250,017	Safeway PDC, CVR†	0	3,750				
	TOTAL RIGHTS	<u>27,343</u>	<u>137,509</u>				

As of September 30, 2017, exchange traded options purchased outstanding were as follows:

Description	Number of contracts	Notional amount	Exercise price	Expiration date	Market Value
Exchange Traded Put Options Purchased — 0.0%					
The Bank of New York Mellon Corp.	1,250	\$6,627,500	\$55.00	10/06/17	\$254,375
TOTAL EXCHANGE TRADED PUT OPTIONS PURCHASED					<u>\$254,375</u>

See accompanying notes to financial statements.

The Gabelli Equity Income Fund

Statement of Assets and Liabilities September 30, 2017

Assets:	
Investments, at value (cost \$708,571,669)	\$1,528,587,281
Cash	110
Receivable for Fund shares sold	636,668
Dividends receivable	3,335,160
Prepaid expenses	39,003
Total Assets	<u>1,532,598,222</u>
Liabilities:	
Line of credit payable	57,813,000
Payable to broker	363,995
Payable for Fund shares redeemed	3,447,029
Payable for investment advisory fees	1,212,286
Payable for distribution fees	365,283
Payable for accounting fees	11,250
Other accrued expenses	384,267
Total Liabilities	<u>63,597,110</u>
Net Assets (applicable to 65,660,565 shares outstanding)	<u>\$1,469,001,112</u>
Net Assets Consist of:	
Paid-in capital	\$ 656,860,470
Undistributed net investment income	1,622,448
Distributions in excess of realized gain on investments and foreign currency transactions	(9,494,749)
Net unrealized appreciation on investments	820,015,612
Net unrealized depreciation on foreign currency translations	(2,669)
Net Assets	<u>\$1,469,001,112</u>
Shares of Capital Stock, each at \$0.001 par value:	
Class AAA:	
Net Asset Value, offering, and redemption price per share (\$662,696,298 ÷ 29,012,749 shares outstanding; 150,000,000 shares authorized)	<u>\$22.84</u>
Class A:	
Net Asset Value and redemption price per share (\$115,702,395 ÷ 5,090,490 shares outstanding; 50,000,000 shares authorized)	<u>\$22.73</u>
Maximum offering price per share (NAV ÷ 0.9425, based on maximum sales charge of 5.75% of the offering price)	<u>\$24.12</u>
Class C:	
Net Asset Value and offering price per share (\$246,689,725 ÷ 12,867,277 shares outstanding; 50,000,000 shares authorized)	<u>\$19.17(a)</u>
Class I:	
Net Asset Value, offering, and redemption price per share (\$443,911,667 ÷ 18,690,004 shares outstanding; 50,000,000 shares authorized)	<u>\$23.75</u>
Class T:	
Net Asset Value and redemption price per share (\$1,027.23 ÷ 44.97 shares outstanding; 50,000,000 shares authorized)	<u>\$22.84</u>
Maximum offering price per share (NAV ÷ 0.975, based on maximum sales charge of 2.50% of the offering price)	<u>\$23.43</u>

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

Statement of Operations For the Year Ended September 30, 2017

Investment Income:	
Dividends (net of foreign withholding taxes of \$1,309,914)	\$ 38,403,154
Interest	76,359
Other income*	67,621
Total Investment Income	<u>38,547,134</u>
Expenses:	
Investment advisory fees	16,325,845
Distribution fees - Class AAA	1,871,276
Distribution fees - Class A	342,529
Distribution fees - Class C	2,803,748
Distribution fees - Class T	1
Shareholder services fees	1,331,481
Shareholder communication expenses	241,592
Custodian fees	202,664
Interest expense	202,474
Registration expenses	92,102
Directors' fees	60,337
Legal and audit fees	55,282
Accounting fees	45,000
Miscellaneous expenses	116,288
Total Expenses	<u>23,690,619</u>
Less:	
Expenses paid indirectly by broker (See Note 6)	(13,585)
Net Expenses	<u>23,677,034</u>
Net Investment Income	<u>14,870,100</u>
Net Realized and Unrealized Gain/(Loss) on Investments, Securities Sold Short, and Foreign Currency:	
Net realized gain on investments	224,468,937
Net realized gain on securities sold short	9,861
Net realized loss on foreign currency transactions	(86,447)
Net realized gain on investments, securities sold short, and foreign currency transactions	<u>224,392,351</u>
Net change in unrealized appreciation/depreciation: on investments	(28,300,180)
on foreign currency translations	24,465
Net change in unrealized appreciation/ depreciation on investments and foreign currency translations	(28,275,715)
Net Realized and Unrealized Gain/(Loss) on Investments, Securities Sold Short, and Foreign Currency	<u>196,116,636</u>
Net Increase in Net Assets Resulting from Operations	<u>\$210,986,736</u>

* The Fund received a reimbursement of custody expenses paid in prior years.

See accompanying notes to financial statements.

The Gabelli Equity Income Fund

Statement of Changes in Net Assets

	<u>Year Ended September 30, 2017</u>	<u>Year Ended September 30, 2016</u>
Operations:		
Net investment income	\$ 14,870,100	\$ 18,933,756
Net realized gain on investments, securities sold short, and foreign currency transactions	224,392,351	185,422,705
Net change in unrealized appreciation/depreciation on investments and foreign currency translations	<u>(28,275,715)</u>	<u>10,943,889</u>
Net Increase in Net Assets Resulting from Operations	<u>210,986,736</u>	<u>215,300,350</u>
Distributions to Shareholders:		
Net investment income		
Class AAA	(7,628,898)	(9,078,082)
Class A	(1,403,125)	(1,758,236)
Class C	(1,318,106)	(1,304,743)
Class I	(5,758,710)	(7,020,663)
Class T	<u>(1)</u>	<u>—</u>
	<u>(16,108,840)</u>	<u>(19,161,724)</u>
Net realized gain		
Class AAA	(100,333,046)	(83,259,250)
Class A	(18,436,177)	(16,104,680)
Class C	(43,531,683)	(34,165,941)
Class I	(60,818,823)	(51,342,435)
Class T	<u>(131)</u>	<u>—</u>
	<u>(223,119,860)</u>	<u>(184,872,306)</u>
Return of capital		
Class AAA	(18,409,905)	(32,303,440)
Class A	(2,789,080)	(6,305,011)
Class C	(10,392,849)	(16,125,596)
Class I	(13,075,661)	(14,445,009)
Class T	<u>(3)</u>	<u>—</u>
	<u>(44,667,498)</u>	<u>(69,179,056)</u>
Total Distributions to Shareholders	<u>(283,896,198)</u>	<u>(273,213,086)</u>
Capital Share Transactions:		
Class AAA	(141,336,801)	(127,327,265)
Class A	(40,539,407)	(17,529,218)
Class C	(38,669,080)	(4,788,500)
Class I	(21,947,515)	(170,384,648)
Class T	<u>1,134</u>	<u>—</u>
Net Decrease in Net Assets from Capital Share Transactions	<u>(242,491,669)</u>	<u>(320,029,631)</u>
Redemption Fees	<u>1,038</u>	<u>3,762</u>
Net Decrease in Net Assets	<u>(315,400,093)</u>	<u>(377,938,605)</u>
Net Assets:		
Beginning of year	<u>1,784,401,205</u>	<u>2,162,339,810</u>
End of year (including undistributed net investment income of \$1,622,448 and \$2,280,726, respectively)	<u>\$1,469,001,112</u>	<u>\$1,784,401,205</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:

Year Ended September 30	Income from Investment Operations				Distributions			Ratios to Average Net Assets/ Supplemental Data						
	Net Asset Value, Beginning of Period	Net Investment Income (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	Operating Expenses	Portfolio Turnover Rate
Class AAA														
2017	\$24.06	\$0.24	\$ 2.97	\$ 3.21	\$(3.33)	\$(0.85)	\$(4.43)	\$0.00	\$22.84	13.91%	\$ 662,696	0.97%	1.39%(c)(d)	1%
2016	25.08	0.26	2.72	2.98	(2.35)	(1.39)	(4.00)	0.00	24.06	11.31	833,154	0.99	1.39(c)	1
2015	28.55	0.25	(1.71)	(1.46)	(1.83)	(2.01)	(2.01)	0.00	25.08	(5.40)	985,647	0.88	1.37(c)	3
2014	26.68	0.30	3.05	3.35	(0.38)	(0.66)	(1.48)	0.00	28.55	12.64	1,604,629	1.06	1.37	4
2013	22.54	0.29	4.49	4.78	—	—	(0.64)	0.00	26.68	21.38	1,726,724	1.15	1.39	6
Class A														
2017	\$23.96	\$0.24	\$ 2.96	\$ 3.20	\$(3.33)	\$(0.85)	\$(4.43)	\$0.00	\$22.73	13.92%	\$ 115,702	0.96%	1.39%(c)(d)	1%
2016	24.99	0.26	2.71	2.97	(2.35)	(1.39)	(4.00)	0.00	23.96	11.31	160,593	0.99	1.39(c)	1
2015	28.45	0.26	(1.71)	(1.45)	(1.83)	(2.01)	(2.01)	0.00	24.99	(5.38)	183,418	0.90	1.37(c)	3
2014	26.59	0.30	3.04	3.34	(0.38)	(0.66)	(1.48)	0.00	28.45	12.64	209,501	1.07	1.37	4
2013	22.47	0.28	4.48	4.76	—	—	(0.64)	0.00	26.59	21.36	215,353	1.14	1.39	6
Class C														
2017	\$20.99	\$0.05	\$ 2.56	\$ 2.61	\$(3.33)	\$(1.00)	\$(4.43)	\$0.00	\$19.17	13.04%	\$ 246,690	0.22%	2.14%(c)(d)	1%
2016	22.48	0.06	2.45	2.51	(2.35)	(1.56)	(4.00)	0.00	20.99	10.51	306,349	0.24	2.14(c)	1
2015	25.99	0.04	(1.54)	(1.50)	(1.83)	(2.01)	(2.01)	0.00	22.48	(6.10)	329,846	0.15	2.12(c)	3
2014	24.59	0.08	2.80	2.88	(0.38)	(0.85)	(1.48)	0.00	25.99	11.78	321,772	0.31	2.12	4
2013	20.97	0.09	4.17	4.26	—	—	(0.64)	0.00	24.59	20.50	224,804	0.38	2.14	6
Class I														
2017	\$24.80	\$0.31	\$ 3.07	\$ 3.38	\$(3.33)	\$(0.79)	\$(4.43)	\$0.00	\$23.75	14.19%	\$ 443,912	1.21%	1.14%(c)(d)	1%
2016	25.68	0.33	2.79	3.12	(2.35)	(1.33)	(4.00)	0.00	24.80	11.59	484,305	1.24	1.14(c)	1
2015	29.11	0.34	(1.76)	(1.42)	(1.83)	(2.01)	(2.01)	0.00	25.68	(5.15)	663,429	1.15	1.12(c)	3
2014	27.11	0.38	3.10	3.48	(0.38)	(0.59)	(1.48)	0.00	29.11	12.92	652,719	1.28	1.12	4
2013	22.84	0.35	4.56	4.91	—	—	(0.64)	0.00	27.11	21.67	382,333	1.38	1.14	6
Class T(e)														
2017	\$25.48	\$0.01	\$ 0.64	\$ 0.65	\$(3.19)	\$(0.09)	\$(3.29)	—	\$22.84	2.72%	\$ 1	0.20%(f)	1.39%(c)(f)	1%

† 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.

- (a) Per share amounts have been calculated using the average shares outstanding method.
- (b) Amount represents less than \$0.005 per share.
- (c) The Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. For the years ended September 30, 2017, 2016, and 2015, there was no impact on the expense ratios.
- (d) The Fund incurred interest expense during the year ended September 30, 2017. If interest expense had not been incurred, the ratio of operating expenses to average net assets would have been 1.38% (Class AAA, Class A, and Class T), 2.13% (Class C), and 1.13% (Class I). For the years ended September 30, 2016, 2015, 2014, and 2013, the effect of interest expense was minimal.
- (e) Class T Shares were initially offered on July 5, 2017.
- (f) Annualized.

See accompanying notes to financial statements.

The Gabelli Equity Income Fund

Notes to Financial Statements

1. Organization. The Gabelli Equity Income Fund is a series of the Gabelli Equity Series Funds, Inc. (the "Corporation"). The Corporation 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 of the Corporation. The Fund seeks to provide a high level of total return on its assets with an emphasis on income. The Fund commenced investment operations on January 2, 1992. On July 5, 2017, the Fund began to offer for sale Class T Shares.

2. Significant Accounting Policies. As an investment company, the Fund follows the investment company accounting and reporting guidance, which is part of U.S. generally accepted accounting principles ("GAAP") that may require the use of management estimates and assumptions in the preparation of its financial statements. 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 obligations for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price, unless the Board determines such amount does not reflect the securities' fair value, in which case these securities will be fair valued as determined by the Board. Certain securities are valued principally using dealer quotations. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded. OTC futures and options on futures for which market quotations are readily available will be valued by quotations received from a pricing service or, if no quotations are available from a pricing service, by quotations obtained from one or more dealers in the instrument in question by the Adviser.

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

The 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 Board'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, 2017 is as follows:

	Valuation Inputs			Total Market Value at 9/30/17
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Other Significant Observable Inputs	
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks (a)				
Energy and Utilities: Electric	\$ 5,515,690	—	\$ 0	\$ 5,515,690
Other Industries (a)	1,512,398,172	—	—	1,512,398,172
Total Common Stocks	1,517,913,862	—	0	1,517,913,862
Closed-End Funds	8,809,920	—	—	8,809,920
Convertible Preferred Stocks (a)	1,471,388	—	—	1,471,388
Rights (a)	—	\$137,509	—	137,509
Warrants (a)	227	—	—	227
TOTAL INVESTMENTS IN SECURITIES – ASSETS	\$1,528,195,397	\$137,509	\$ 0	\$1,528,332,906
OTHER FINANCIAL INSTRUMENTS:*				
ASSETS (Market Value):				
EQUITY CONTRACTS:				
Equity Put Options Purchased	—	\$254,375	—	\$ 254,375

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

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

The Fund did not have material transfers among Level 1, Level 2, and Level 3 during the fiscal year ended September 30, 2017. The Fund's policy is to recognize transfers among Levels as of the beginning of the reporting period.

Additional Information to Evaluate Qualitative Information.

General. The Fund uses recognized industry pricing services – approved by the Board and unaffiliated with the Adviser – to value most of its securities, and uses broker quotes provided by market makers of securities not valued by these and other recognized pricing sources. Several different pricing feeds are received to value domestic equity securities, international equity securities, preferred equity securities, and fixed income securities. The data within these feeds are ultimately sourced from major stock exchanges and trading systems where these securities trade. The prices supplied by external sources are checked by obtaining quotations or actual

The Gabelli Equity Income Fund

Notes to Financial Statements (Continued)

transaction prices from market participants. If a price obtained from the pricing source is deemed unreliable, prices will be sought from another pricing service or from a broker/dealer that trades that security or similar securities.

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

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

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

Collateral requirements differ by type of derivative. Collateral requirements are set by the broker or exchange clearing house for exchange traded derivatives, while collateral terms are contract specific for derivatives traded over-the-counter. Securities pledged to cover obligations of the Fund under derivative contracts are noted in the Schedule of Investments. Cash collateral, if any, pledged for the same purpose will be reported separately in the Statement of Assets and Liabilities.

The Fund's derivative contracts held at September 30, 2017, if any, are not accounted for as hedging instruments under GAAP and are disclosed in the Schedule of Investments together with the related counterparty.

Options. The Fund may purchase or write call or put options on securities or indices for the purpose of increasing the income of the Fund. As a writer of put options, the Fund receives a premium at the outset and then bears the risk of unfavorable changes in the price of the financial instrument underlying the option. The

The Gabelli Equity Income Fund

Notes to Financial Statements (Continued)

Fund would incur a loss if the price of the underlying financial instrument decreases between the date the option is written and the date on which the option is terminated. The Fund would realize a gain, to the extent of the premium, if the price of the financial instrument increases between those dates.

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

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

If a written call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss. If a written put option is exercised, the premium reduces the cost basis of the security. In the case of call options, the exercise prices are referred to as “in-the-money,” “at-the-money,” and “out-of-the-money,” respectively. The Fund may write (a) in-the-money call options when the Adviser expects that the price of the underlying security will remain stable or decline during the option period, (b) at-the-money call options when the Adviser expects that the price of the underlying security will remain stable, decline, or advance moderately during the option period, and (c) out-of-the-money call options when the Adviser expects that the premiums received from writing the call option will be greater than the appreciation in the price of the underlying security above the exercise price. By writing a call option, the Fund limits its opportunity to profit from any increase in the market value of the underlying security above the exercise price of the option. Out-of-the-money, at-the-money, and in-the-money put options (the reverse of call options as to the relation of exercise price to market price) may be utilized in the same market environments that such call options are used in equivalent transactions. Option positions at September 30, 2017 are reflected within the Schedule of Investments.

The Fund's volume of activity in put options purchased while outstanding during the fiscal year ended September 30, 2017 had an average monthly market value of approximately \$315,485.

As of September 30, 2017, the value of options purchased that were held with equity risk exposure can be found in the Statement of Assets and Liabilities under Assets, within Investments, at value. For the fiscal year ended September 30, 2017, the effect of options purchased with equity risk exposure can be found in the Statement of Operations, under Net Realized and Unrealized Gain/(Loss) on Investments, Securities Sold Short, and Foreign Currency, within Net realized gain on investments, and Net change in unrealized appreciation/depreciation on investments.

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 Gabelli Equity Income Fund

Notes to Financial Statements (Continued)

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, 2017, there were no short sales outstanding.

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

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

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

Restricted Securities. The Fund may invest up to 15% of its net assets in securities for which the markets are restricted. Restricted securities include securities whose disposition is subject to substantial legal or contractual restrictions. The sale of restricted securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity. At September 30, 2017, the Fund did not hold restricted securities.

Securities Transactions and Investment Income. Securities transactions are accounted for on the trade date with realized gain/(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 Gabelli Equity Income Fund

Notes to Financial Statements (Continued)

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.

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.

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, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income for federal income tax purposes include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. Permanent differences were primarily due to recharacterization of distributions. These reclassifications have no impact on the NAV of the Fund. For the year ended September 30, 2017, reclassifications were made to increase undistributed net investment income by \$580,462 and increase distributions in excess of net realized gain by \$465,322 with an offsetting adjustment to paid-in capital.

The tax character of distributions paid during the years ended September 30, 2017 and 2016 was as follows:

	<u>Year Ended</u> <u>September 30, 2017</u>	<u>Year Ended</u> <u>September 30, 2016</u>
Distributions paid from:		
Ordinary income	\$ 16,301,070	\$ 19,177,983
Net long term capital gains	222,927,630	184,856,047
Return of capital	44,667,498	69,179,056
Total distributions paid	<u>\$283,896,198</u>	<u>\$273,213,086</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 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 20%, and may cause such gains to be treated as ordinary income subject to a maximum federal income tax rate of 39.6%. In addition, certain U.S. shareholders who are individuals, estates, or trusts and whose income exceeds certain thresholds will be required to pay 3.8% Medicare tax on their "net investment income," which includes dividends received from the Fund and capital gains from the sale or other disposition of shares of the Fund. Distributions sourced from paid-in

The Gabelli Equity Income Fund

Notes to Financial Statements (Continued)

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.

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.

At September 30, 2017, the components of accumulated earnings/losses on a tax basis were as follows:

Net unrealized appreciation on investments	\$812,140,639
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At September 30, 2017, the temporary difference between book basis and tax basis net unrealized appreciation on investments was due to deferral of losses from wash sales for tax purposes and tax basis adjustments on investments in partnerships.

The following summarizes the tax cost of investments and the related net unrealized appreciation at September 30, 2017:

	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
Investments	\$716,443,973	\$833,972,967	\$(21,829,659)	\$812,143,308

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, 2017, the Fund did not incur any income tax, interest, or penalties. As of September 30, 2017, 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. The Fund’s federal and state tax returns for the prior three fiscal years remain open, subject to examination. 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 receives an annual fee of \$2,000. A Director may receive a single meeting fee, allocated among the participating funds, for attending certain

The Gabelli Equity Income Fund

Notes to Financial Statements (Continued)

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. Under the Class AAA, Class A, Class C, and Class T Share Plans, payments are authorized to G.distributors, LLC (the "Distributor"), an affiliate of the Adviser, at annual rates of 0.25%, 0.25%, 1.00%, and 0.25%, 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 during the fiscal year ended September 30, 2017, other than short term securities and U.S. Government obligations, aggregated \$10,096,212 and \$511,774,469, respectively.

6. Transactions with Affiliates and Other Arrangements. During the year ended September 30, 2017, the Fund paid \$245,285 in brokerage commissions on security trades to G.research, LLC, an affiliate of the Adviser. Additionally, the Distributor retained a total of \$112,887 from investors representing commissions (sales charges and underwriting fees) on sales and redemptions of Fund shares.

During the fiscal year ended September 30, 2017, the Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. The amount of such expenses paid through this directed brokerage arrangement during this period was \$13,585.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement. During the fiscal year ended September 30, 2017, the Fund paid or accrued \$45,000 to the Adviser in connection with the cost of computing the Fund's NAV.

During the fiscal year ended September 30, 2017, the Fund engaged in sale transactions with funds that have a common investment adviser. These sale transactions complied with Rule 17a-7 under the Act and amount to \$158,531.

7. Line of Credit. The Fund participates in an unsecured line of credit, which expires on March 8, 2018 and may be renewed annually, 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 a floating rate equal to the higher of the overnight Federal Funds rate plus 125 basis points or the 30 day LIBOR plus 125 basis points in effect on that day. This amount, if any, would be included in "interest expense" in the Statement of Operations. At September 30, 2017, there was \$57,813,000 outstanding under the line of credit.

The average daily amount of borrowings outstanding under the line of credit during the year ended September 30, 2017 was \$11,071,299 with a weighted average interest rate of 2.17%. The maximum amount borrowed at any time during the year ended September 30, 2017 was \$57,813,000.

8. Capital Stock. The Fund offers five classes of shares – Class AAA Shares, Class A Shares, Class C Shares, Class I Shares, and Class T Shares. Class AAA and Class I Shares are offered without a sales charge. Class A Shares and Class T Shares are subject to a maximum front-end sales charge of 5.75% and 2.50%, respectively. Class C Shares are subject to a 1.00% contingent deferred sales charge for one year after purchase.

The Gabelli Equity Income Fund

Notes to Financial Statements (Continued)

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, 2017 and 2016, if any, can be found in the Statement of Changes in Net Assets under Redemption Fees.

Transactions in shares of capital stock were as follows:

	Year Ended September 30, 2017		Year Ended September 30, 2016	
	Shares	Amount	Shares	Amount
Class AAA				
Shares sold	862,523	\$ 21,170,107	1,436,608	\$ 37,106,495
Shares issued upon reinvestment of distributions	5,139,637	121,720,640	4,791,800	117,986,705
Shares redeemed	(11,617,845)	(284,227,548)	(10,900,808)	(282,420,465)
Net decrease	<u>(5,615,685)</u>	<u>\$(141,336,801)</u>	<u>(4,672,400)</u>	<u>\$(127,327,265)</u>
Class A				
Shares sold	1,006,847	\$ 24,446,134	1,339,365	\$ 34,432,584
Shares issued upon reinvestment of distributions	883,500	20,834,875	883,107	21,644,670
Shares redeemed	(3,502,297)	(85,820,416)	(2,859,662)	(73,606,472)
Net decrease	<u>(1,611,950)</u>	<u>\$ (40,539,407)</u>	<u>(637,190)</u>	<u>\$ (17,529,218)</u>
Class C				
Shares sold	1,568,812	\$ 32,959,277	2,876,079	\$ 66,322,080
Shares issued upon reinvestment of distributions	2,430,036	48,957,746	2,069,324	44,696,486
Shares redeemed	(5,728,392)	(120,586,103)	(5,019,513)	(115,807,066)
Net decrease	<u>(1,729,544)</u>	<u>\$ (38,669,080)</u>	<u>(74,110)</u>	<u>\$ (4,788,500)</u>
Class I				
Shares sold	4,269,136	\$ 108,875,120	2,668,289	\$ 70,894,899
Shares issued upon reinvestment of distributions	2,954,672	72,514,758	2,591,553	65,764,539
Shares redeemed	(8,063,673)	(203,337,393)	(11,564,857)	(307,044,086)
Net decrease	<u>(839,865)</u>	<u>\$ (21,947,515)</u>	<u>(6,305,015)</u>	<u>\$(170,384,648)</u>
Class T (a)				
Shares sold	39	\$ 1,000	—	—
Shares issued upon reinvestment of distributions	6	134	—	—
Net increase	<u>45</u>	<u>\$ 1,134</u>	<u>—</u>	<u>—</u>

(a) Class T Shares were initially offered on July 5, 2017.

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. 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.

The Gabelli Equity Income Fund

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 of The Gabelli Equity Income Fund (the “Fund”), a series of Gabelli Equity Series Funds, Inc., including the schedule of investments, as of September 30, 2017, 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 five years in the period then ended. 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, 2017, by correspondence with the Fund’s custodian and broker, as applicable. 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, 2017, 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 the financial highlights for each of the five years in the period then ended in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

Philadelphia, Pennsylvania
November 28, 2017

The Gabelli Equity Income Fund

Additional Fund Information (Unaudited)

The business and affairs of the Corporation 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 Director⁴</u>
INTERESTED DIRECTORS³:				
Mario J. Gabelli, CFA Director and Chief Investment Officer Age: 75	Since 1991	32	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 within the Gabelli/GAMCO/Teton Fund Complex; Chief Executive Officer of GGCP, Inc.; Executive Chairman of Associated Capital Group, 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 ICTC Group Inc. (communications); Director of RLJ Acquisition, Inc. (blank check company) (2011-2012)
John D. Gabelli Director Age: 73	Since 1991	10	Senior Vice President of G.research, LLC	—
INDEPENDENT DIRECTORS⁵:				
Anthony J. Colavita Director Age: 81	Since 1991	28	President of the law firm of Anthony J. Colavita, P.C.	—
Vincent D. Enright Director Age: 73	Since 1991	17	Former Senior Vice President and Chief Financial Officer of KeySpan Corp. (public utility) (1994-1998)	Director of Echo Therapeutics, Inc. (therapeutics and diagnostics) (2008-2014); Director of the LGL Group, Inc. (diversified manufacturing) (2011-2014)
Robert J. Morrissey Director Age: 78	Since 1991	6	Partner in the law firm of Morrissey, Hawkins & Lynch	Chairman of the Board of Directors, Belmont Savings Bank
Kuni Nakamura Director Age: 49	Since 2009	33	President of Advanced Polymer, Inc. (chemical manufacturing company); President of KEN Enterprises, Inc. (real estate)	—
Anthony R. Pustorino Director Age: 92	Since 1991	10	Certified Public Accountant; Professor Emeritus, Pace University	Director of The LGL Group, Inc. (diversified manufacturing) (2004-2011)
Anthonie C. van Ekris Director Age: 83	Since 1991	22	Chairman and Chief Executive Officer of BALMAC International, Inc. (global import/export company)	—
Salvatore J. Zizza Director Age: 71	Since 2001	30	President of Zizza & Associates Corp. (private holding company); Chairman of Harbor Diversified, Inc. (pharmaceuticals); Chairman of BAM (semiconductor and aerospace manufacturing); Chairman of Bergen Cove Realty Inc.; Chairman of Metropolitan Paper Recycling Inc. (recycling) (2005-2014)	Director and Vice Chairman of Trans-Lux Corporation (business services); Director and Chairman of Harbor Diversified Inc. (pharmaceuticals); Director, Chairman, and CEO of General Employment Enterprises (staffing services) (2009-2012)

The Gabelli Equity Income Fund Additional Fund Information (Continued) (Unaudited)

<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 Age: 65	Since 1991	Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988; Officer of registered investment companies within the Gabelli/GAMCO/Teton Fund Complex; Senior Vice President of GAMCO Investors, Inc. since 2008; Director of Teton Advisors, Inc., 1998-2012
Agnes Mullady Vice President Age: 59	Since 2006	Officer of all of the registered investment companies within the Gabelli/GAMCO/Teton Fund Complex since 2006; President and Chief Operating Officer of the Fund Division of Gabelli Funds, LLC since 2015; Chief Executive Officer of G.distributors, LLC since 2010; Senior Vice President of GAMCO Investors, Inc. since 2009; Vice President of Gabelli Funds, LLC since 2007; Executive Vice President of Associated Capital Group, Inc. since 2016
Andrea R. Mango Secretary Age: 45	Since 2013	Vice President of GAMCO Investors, Inc. since 2016; Counsel of Gabelli Funds, LLC since 2013; Secretary of all registered investment companies within the Gabelli/GAMCO/Teton Fund Complex since 2013; Vice President of all closed-end funds within the Gabelli/GAMCO/Teton Fund Complex since 2014; Corporate Vice President within the Corporate Compliance Department of New York Life Insurance Company, 2011-2013; Vice President and Counsel of Deutsche Bank, 2006-2011
John C. Ball Treasurer Age: 41	Since 2017	Treasurer of funds within the Gabelli/GAMCO/Teton Fund Complex (closed-end funds since May 2017 and open-end funds since February 2017); Vice President and Assistant Treasurer of AMG Funds, 2014-2017; Vice President of State Street Corporation, 2007-2014
Richard J. Walz Chief Compliance Officer Age: 58	Since 2013	Chief Compliance Officer of all of the registered investment companies within the Gabelli/GAMCO/Teton Fund Complex since 2013; Chief Compliance Officer of AEGON USA Investment Management, 2011-2013; Chief Compliance Officer of Cutwater Asset Management, 2004-2011

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 Fund's 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 "Interested person" of the Fund as defined in the 1940 Act. Messers. Gabelli are each considered an "interested person" because of their affiliation with Gabelli Funds, LLC which acts as the Fund's investment adviser. Mario J. Gabelli and John D. Gabelli are brothers.

⁴ This column includes only directorships of companies required to report to the SEC under the Securities Exchange Act of 1934, as amended, i.e., public companies, or other investment companies registered under the 1940 Act.

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

The Gabelli Equity Income Fund

Additional Fund Information (Continued) (Unaudited)

2017 TAX NOTICE TO SHAREHOLDERS (Unaudited)

For the year ended September 30, 2017, the Fund paid to shareholders, ordinary income distributions (inclusive of short term capital gains) totaling \$0.256, \$0.256, \$0.104, \$0.318, and \$0.01 for Class AAA, Class A, Class C, Class I, and Class T, respectively, and long term capital gains totaling \$222,927,630, or the maximum allowable. The distribution of long term capital gains has been designated as a capital gain dividend by the Fund's Board of Directors. For the year ended September 30, 2017, 100% of the ordinary income distribution qualifies for the dividends received deduction available to corporations. The Fund designates 100% of the ordinary income distribution as qualified dividend income pursuant to the Jobs and Growth Tax Relief Reconciliation Act of 2003. The Fund designates 0.19% of the ordinary income distribution as qualified interest income pursuant to the Tax Relief, Unemployment Reauthorization, and Job Creation Act of 2010. The Fund designates 100% of the ordinary income distribution as qualified short term gain pursuant to the American Jobs Creation Act of 2004.

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 and GAMCO Asset Management Inc., which are affiliated with GAMCO Investors, Inc. that is a publicly held company with subsidiaries and affiliates that provide investment advisory 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.

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

Portfolio Manager Biography

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

We have separated the portfolio manager's commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio manager's commentary is unrestricted. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com.

Gabelli Equity Series Funds, Inc.
THE GABELLI EQUITY INCOME FUND
One Corporate Center
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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.
Executive Chairman,
Associated Capital Group, Inc.

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

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

John D. Gabelli
Senior Vice President,
G.research, LLC

Robert J. Morrissey
Partner,
Morrissey, Hawkins & Lynch

Kuni Nakamura
President,
Advanced Polymer, Inc.

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

Anthonie C. van Ekris
Chairman,
BALMAC International, Inc.
Salvatore J. Zizza
Chairman,
Zizza & Associates Corp.

OFFICERS

Bruce N. Alpert
President
Agnes Mullady
Vice President
Andrea R. Mango
Secretary
John C. Ball
Treasurer
Richard J. Walz
Chief Compliance Officer

DISTRIBUTOR

G.distributors, LLC

CUSTODIAN, TRANSFER AGENT, AND DIVIDEND DISBURSING AGENT

State Street Bank and Trust
Company

LEGAL COUNSEL

Skadden, Arps, Slate, Meagher &
Flom LLP

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

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GABELLI
FUNDS

THE GABELLI EQUITY INCOME FUND

*Annual Report
September 30, 2017*

