



THE GABELLI
**CONVERTIBLE AND
INCOME SECURITIES
FUND INC.**

**Shareholder Commentary
September 30, 2011**



THE GABELLI
CONVERTIBLE AND
INCOME SECURITIES
FUND INC.

Our cover icon represents the underpinnings of Gabelli. The Teton mountains in Wyoming represent what we believe in in America – that creativity, ingenuity, hard work, and a global uniqueness provide enduring values. They also stand out in an increasingly complex, interconnected, and interdependent economic world.

Investment Objective:

The Gabelli Convertible and Income Securities Fund Inc. is a diversified, closed-end management investment company whose primary objective is to seek a high level of total return through a combination of current income and capital appreciation.

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. The financial statements and investment portfolio are mailed separately from the commentary. Both the commentary and the financial statements, including the portfolio of investments, are available on our website at www.gabelli.com.

This report is printed on recycled paper.



From the Gabelli Press:

Global Convertible Investing: The Gabelli Way

THE **GABELLI**
 CONVERTIBLE AND
 INCOME SECURITIES
 FUND INC.



Mario J. Gabelli, CFA

To Our Shareholders,

For the quarter ended September 30, 2011, the net asset value (“NAV”) total return of The Gabelli Convertible and Income Securities Fund Inc. (the “Fund”) was (11.2)%, compared with a total return of 4.8% for the Barclays Capital Government/Corporate Bond Index. The total return for the Fund’s publicly traded shares was (16.2)%. On September 30, 2011, the Fund’s NAV per share was \$5.23, while the price of the publicly traded shares closed at \$5.10 on the New York Stock Exchange (“NYSE”).

Comparative Results

Average Annual Returns through September 30, 2011 (a)

	<u>Quarter</u>	<u>Year to Date</u>	<u>1 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>Since Inception (07/03/89)</u>
Gabelli Convertible and Income Securities Fund						
NAV Total Return (b)	(11.20)%	(7.43)%	(3.33)%	0.54%	3.08%	6.04%
Investment Total Return (c)	(16.24)	(11.31)	(6.01)	(1.49)	1.26	4.54(d)
Standard & Poor’s 500 Index	(13.87)	(8.68)	1.14	(1.18)	2.82	8.18(e)
Barclays Capital Government/Corporate Bond Index . . .	4.84	7.41	5.15	6.48	5.69	4.80(f)
Lipper Convertible Securities Fund Average	(14.07)	(10.72)	(2.69)	2.38	5.38	7.69(e)

(a) **Returns represent past performance and do not guarantee future results.** Investment returns and the principal value of an investment will fluctuate. When shares are sold, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. Performance returns for periods of less than one year are not annualized. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing.** The Standard & Poor’s 500 Index is an unmanaged indicator of stock market performance. The Barclays Capital Government/Corporate Bond Index is an unmanaged market value weighted index that tracks the total return performance of fixed rate, publicly placed, dollar denominated obligations. The Lipper Convertible Securities Fund Average reflects the average performance of open-end mutual funds classified in this particular category. Dividends and interest income are considered reinvested. You cannot invest directly in an index.

(b) Total returns and average annual returns reflect changes in the NAV per share, reinvestment of distributions at NAV on the ex-dividend date, and adjustments for rights offerings and are net of expenses. Since inception return is based on an initial NAV of \$10.00.

(c) Total returns and average annual returns reflect changes in closing market values on the New York Stock Exchange, reinvestment of distributions, and adjustments for rights offerings. Since inception return is based on an initial offering price of \$11.25.

(d) The Fund converted to closed-end status on March 31, 1995 and had no operating history on the New York Stock Exchange prior to that date.

(e) From June 30, 1989, the date closest to the Fund’s inception for which data is available.

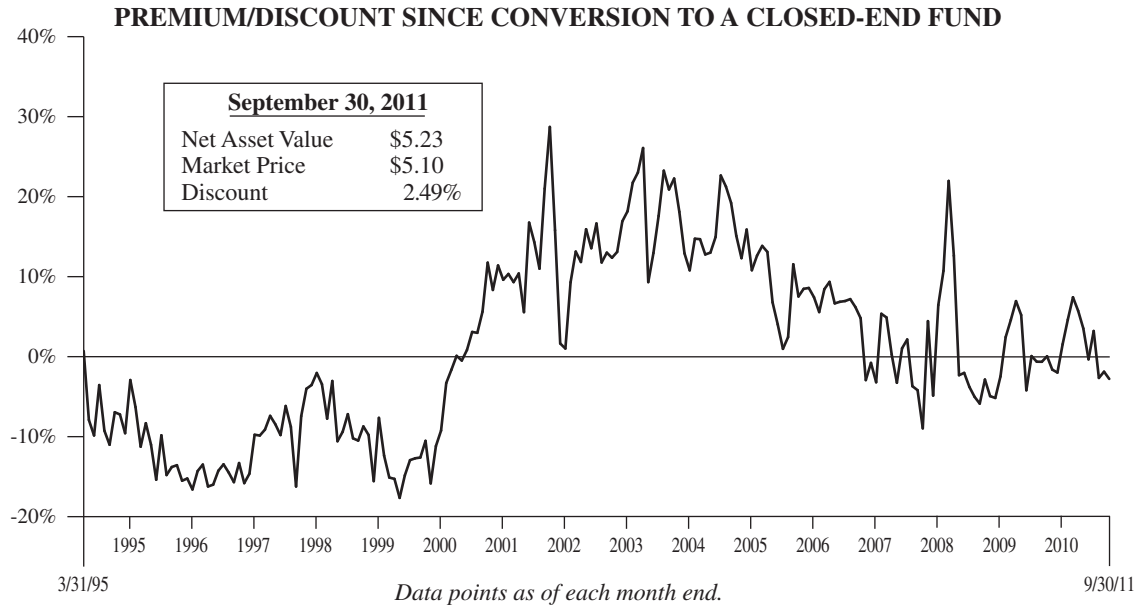
(f) The Barclays Capital Government/Corporate Bond Index since inception performance is as of December 31, 1998.

Premium / Discount Discussion

As a refresher for our shareholders, the price of a closed-end fund is determined in the open market by willing buyers and sellers. Shares of the Fund trade on the NYSE and may trade at a premium to (higher than) net asset value (the market value of the Fund's underlying portfolio and other assets less any liabilities) or a discount to (lower than) net asset value. Of the 631 closed-end funds that are publicly traded in the U.S. as of September 30, 2011, approximately 24% trade at premiums to NAV compared with 30% five years ago and 25% ten years ago.

Ideally, the Fund's market price will generally track the NAV. However, the Fund's premium or discount to NAV may vary over time. Over the Fund's sixteen year history as a closed-end fund, the range fluctuated from a 34% premium in August 2002 to a 32% discount in October 2008. On September 30, 2011, the market price of the Fund closed at a 2.5% discount to its NAV.

The Fund's long-term investment goal is to seek a high level of total return through a combination of current income and capital appreciation. We believe that our securities selection process adds to the investment equation. We have a successful history of investment, providing shareholders average annual returns of 6.0% since inception. However, it is important to remember that "Mr. Market" is a pendulum that swings both ways.



Our Objective

Our mandate is to preserve and enhance our shareholders' wealth through a conservative and disciplined approach to convertible securities investing. Our goal is to generate profitable returns in strong markets and protect principal in weak markets by taking advantage of the unique characteristics of convertible securities.

Our Fund is managed with a goal of achieving a 600–800 basis point spread above longer dated Treasuries, which we hope to generate over the long term. Of course, there are no guarantees.

Convertible Securities are “Hybrids”

It is important to understand our stock selection discipline, because price movement in the underlying equity will generally have the greatest impact on convertible securities pricing. The convertible securities market consists of bonds, debentures, corporate notes, preferred stocks, and warrants or other similar securities, which may be converted into or exchanged for a prescribed amount of common stock or other equity security of the same or a different issuer within a particular period of time, at a specified price or formula. Converts are “hybrid” securities that combine the capital appreciation potential of equities with the higher yield of fixed income instruments. Our strategy incorporates the purchase of convertible securities that are trading at a premium (above parity) with the common stock, but which generally provide a higher yield, and, over time, capital appreciation. We also will seek out “busted” converts, where the underlying common stock has dropped significantly and the values of both the conversion privilege and the convert are down. Such securities will provide both high yields and long-term capital appreciation potential.

Market Review

Equities lost ground in the third quarter as persistent troubles in Europe continued to unsettle global markets, and inconsistent efforts by authorities to address adequately the growing debt crisis did little to reassure investors. The national debt ceiling fiasco highlighted the toxicity of partisan politics in Washington today, and the resultant lack of governmental functionality further took its toll on world markets. The process was so unpleasant that it was cited by Standard and Poor’s (“S&P”) as a contributing factor in their decision to downgrade the credit rating of U.S. government debt. The S&P 500 Index fell 17% from July 22, 2011 to August 8, 2011, reflecting a very clear vote of no confidence by investors. As every bit of optimism appeared to vanish, the market itself seemed to become the biggest risk to economic growth.

Miraculously, the economy has thus far survived the debt ceiling rumble, with dueling press conferences and threats of a governmental shutdown. Economic fundamentals are still far from ideal, but the plunge in stock prices, and by extension convertibles, during the quarter was as much emotional and mechanical (ETFs and High Frequency Trading) as it was fundamental. That is not to say we could not slip back into a recession at some point in the months ahead. The fundamental evidence to date, however, suggests we are muddling along, and after a late summer filled with fear and panic, muddling along sounds rather attractive. We understand that it is often difficult to stay invested, much less buy, after a sharp stock market decline, because the decline turns sentiment so sour. However, we encourage our investors to stay the course, especially with interest rates on U.S. Treasury securities at record low levels.

While the pace of domestic economic growth has fluctuated and slowed, it has not turned negative. Payrolls are growing and more people have jobs than a year ago. Weighing on growth in this recovery has been the need and desire to deleverage. Consumers have been reluctant to spend while in the midst of balance sheet repair. The resulting subpar demand has kept the economy from reaching its full potential. While the private sector (individuals and corporations) overall has made good progress along these lines, the public sector has not. Within the public sector, state and local governments that need to balance budgets are acting responsibly. The Federal government, however, does not appear to have grasped fully the situation yet, although it would seem that it is currently getting an education. The fiscal drag from the public sector will be an economic headwind for a lengthy period of time.

The European debt crisis has given the U.S. dollar and government bond market a relative “safe haven” status of late, in spite of significant domestic challenges. A clearer understanding of the problem helps explain this “best house in a bad neighborhood” phenomenon. While the European Union (EU) sovereign debt problem is challenging based on its size alone, its resolution has been hampered by a lack of urgency, political disagreement among eurozone members, and arguments over ultimate responsibility. Bickering and an apparent lack of leadership, the unique construct of the euro

currency, few support mechanisms, and thus far an insufficient commitment of funds to combat the crisis have made things worse. This has caused investors to focus on potential systemic weakness in the European banking system, sending yields on some banks and select sovereigns soaring as investors seek to contain risk and exit these instruments. Faced with limited “safe” alternatives, investors turn to U.S. Treasuries.

While current investor focus is squarely on the European debt crisis and pending EU response, chances are that market participants’ attention will soon be divided again, diverted to Washington and the work of the Super Committee. Given the current state of Washington politics, it seems unlikely that a credible proactive bipartisan plan will emerge to address the issues of spiraling deficits, entitlement curtailment, and tax reform in advance of looming fiscal deadlines. Uncertainty will most likely remain high in the face of the broad range of potential outcomes that could occur, depending upon how politicians (foreign and domestic) cope with both the European sovereign debt crisis and the pending U.S. domestic fiscal reforms. The global economy continues to struggle and below trend growth is now projected.

In the face of a number of macro shocks and increasing global uncertainty, global convertibles saw year to date performance turn negative during the third quarter. Convertible returns during the first nine months of 2011 generally moved down in tandem with their respective equity markets. During the third quarter, global convertibles were especially hard hit, reflecting the headline driven volatility of markets.

Year to date, the U.S. convertible market declined -9.1% on a total return basis, as represented by the Merrill Lynch All U.S. Convertibles Index (VXA0), while the S&P 500 Index fell -8.7% . The VXA0 lagged both of the other two major U.S. equity indices, the Dow Jones Industrial Average and Nasdaq Composite, which were down -3.9% and -8.3% , respectively, as well as U.S. Treasuries and domestic corporate bonds (both investment grade and high yield).

For the quarter, U.S. convertibles underperformed as both high yield bonds and equities sold off. Again convertibles, which declined -12.9% beat only the S&P 500 Index (down -13.9%) for the three month period, lagging the DJIA and the Nasdaq Composite, down -11.4% and -12.7% respectively, as well as U.S. Treasuries and domestic corporate bonds (both investment grade and high yield).

The U.S. convertibles market began the third quarter “marginally rich,” but progressively cheapened with the passing of each successive month during the period, leaving the market “cheap,” as reflected by the average discount/premium to theoretical value of index constituents. Convertibles traditional resilience broke down a little bit during the third quarter, with prices falling largely in lock step with stock prices, unaided by the customary support provided by coupons because credit spreads widened so quickly on risk based assets during the recent market turmoil.

The following summarizes constituent performance for the third quarter by quality and size, using component data from Barclay’s Convertibles Index. By quality, on a ratings basis, investment grade converts outperformed speculative grade converts both for the quarter and on a year to date basis. By market capitalization, issuers of all market caps declined during the quarter, with convertible securities of large cap companies holding up best. Mid cap converts, down -8% , performed best on a year to date basis, besting both large caps and small caps, which were down -9.6 and -8.8% , respectively.

Demand for new convertible issuance has remained strong. During the third quarter, reported primary market activity has been relatively slow. Redemptions outpaced new issuance each month of the third quarter, resulting in a further net supply contraction. The total market value of the U.S. convertible universe declined from \$252 billion to \$209.5 billion at the end of the third quarter, driven by weak secondary market performance stemming from declining underlying equity prices, as well as negative net new issuance.

The foreign convertible market's performance was also weak in the third quarter, similarly reflecting the turbulence in the global capital markets. Negative returns in the European and Asian convertibles markets clearly reflect recent events. The Europe Middle East Africa (EMEA), Asia Pacific (ex-Japan), and Japanese markets posted second quarter performance of -11.3%, -10.0%, and -3.1%, respectively, as tracked by Barclays. Year to date, EMEA convertibles returned -10.3%, Asia Pacific (ex Japan) -9.3%, and Japan -2.5%, which correspond with regional equity indices performances of -15.8%, -19.9%, and -14.9%, respectively. The combination of concerns over European sovereign creditworthiness, disputes between the European Central Bank and its member states, and Japanese earthquake and tsunami related supply chain disruptions have all understandably weighed upon global markets.

As of September 30, 2011, Barclays' EMEA convertible bond universe represented €71.7 billion of nominal value (€67 billion by market value). The current universe consists predominantly of French, U.K., and German issuers (54% of market value) and is comprised of approximately 40% investment grade and 60% high yield bonds. Through the third quarter, new issuance totaled approximately €6.6 billion, with twenty-two new deals priced, as compared with year to date redemptions of €11.0 billion, resulting in net reduction of supply of €4.4 billion. Redemptions continued to outpace corresponding new issuance in the third quarter, resulting in further diminution of supply.

As of September 30, 2011, Barclays' Asia Pacific convertible bond universe, which is comprised of Asian convertibles and forty of the most liquid and actively traded Japanese convertible bonds, had an aggregate \$69.7 billion market value. Japanese converts account for approximately 40% of the index by market value, with Hong Kong, India, and Singapore making up most of the balance. Credit quality distribution is approximately 28% investment grade and 72% high yield, with Japanese corporate issues representing the bulk of the investment grade bonds. Through the third quarter, new issuance totaled \$9.7 billion with twenty-seven new deals priced, offset by \$14.4 billion of redemptions, resulting in negative net supply of \$4.7 billion. Redemptions continued to outpace corresponding new issuance in the third quarter, resulting in further diminution of supply.

Outlook

Convertible performance during the third quarter was heavily influenced by global headlines. Although the outlook for risky assets remains clouded, we believe that the likelihood of a positive outcome is rising with the continued efforts to craft a coordinated and comprehensive response to the European sovereign debt crisis. Based on the significant theoretical cheapening in the third quarter, convertibles are now attractive, benefiting from improved relative value and offering positive asymmetric exposure to large equity moves in the next quarter. In the absence of such a potential rebound in the stock market, remember that convertibles can offer several advantages over traditional straight debt and equity securities. These include a current yield advantage vs. equities, potential upside equity participation, and lower downside risk than equities – benefiting from their hybrid nature. Taken in total, the U.S., European, and Asian regions could present a very good choice for investors for the remainder of the year, giving them a chance to combine attractive opportunities across multiple regions. The European convertible market will likely be subject to greater fluctuations, owing to the uncertainty surrounding euro zone sovereign credit issues, and the Japanese market will take time to sort out in the aftermath of the earthquake.

After the recent market volatility, downward price movements, and continued spread widening over the preceding three months, convertibles should benefit from participation in underlying stock price appreciation, coupon cash flow, and possible credit spread tightening resulting from any market snap back from the recent downdraft. In spite of recent releases of anemic economic data, we have reason to believe that the recovery will continue, resulting in a slow economic improvement. Further, we believe that prolonged low interest rate policies will ultimately drive investors to search for yield, and return to traditional risk based assets. Any new convertible issuance will likely offer an additional opportunity

for potential gain, especially in the currently constrained supply environment. Finally, as the market recovers, future performance can be derived from both beta driven performance (simply being exposed to a rebounding asset class), and alpha driven performance (security selection). We expect that the current environment will reward our research driven process in due course, allowing us to add value for you, our shareholders.

Let's Talk Investments

The following are security specifics on selected holdings of our Fund. Favorable earnings prospects do not necessarily translate into higher security prices, but they do express a positive trend that we believe will develop over time. Individual securities mentioned are not necessarily representative of the entire portfolio.

CompuCredit Holdings Corp. (CCRT) (Cv., 3.625%, 05/30/25), based in Atlanta, GA, provides credit and loan-related financial services to the underserved consumer credit market in the United States, specifically through the origination and purchase of credit products. The company has five segments: Credit Cards, Investment in Previously Charged-off Receivables (acquiring and selling previously defunct credit card receivables), Retail Micro-Loans, Auto Finance, and Internet Micro-Loans. In 2011, CompuCredit has focused its efforts on further developing its Micro-Loans business, especially on the retail level, through which the company has built a network of storefront locations in financially stressed urban and suburban areas, where a large percentage of the population, many victimized by unemployment, continue to be in a cash crunch. These Micro-Loan locations provide small-balance, short-term cash advance loans, which are due on the customer's next payday, state installment loans, title loans, and other credit products. Through its retail branches, CompuCredit provides customers with access to basic financial services such as money transfer, money orders, wire transfer services, and additionally offers assistance with bill payment and tax preparation services. Overall consumer loans in the U.S. grew for the first time since early 2009 and credit card balances are expected to grow modestly beginning in the fourth quarter of 2011, improving profits at lenders, with a 1% to 3% growth rate in credit balances expected going forward.

Gaylord Entertainment Co. (GET) (Cv., 3.75%, 10/01/14), based in Nashville, TN, is an operator of large convention oriented hotels in Washington, D.C., Orlando, Dallas, and Nashville. GET also owns the Radisson Hotel Opryland, Ryman Auditorium, General Jackson Showboat, Gaylord Springs Golf Links, Wildhorse Saloon, and WSM-AM Radio. Gaylord is the only publicly traded hospitality company with a primary focus on the "MICE" (Meetings, Incentives, Conferences, Events) segment of the lodging market, and the company has strong long-term potential as a niche lodging company with high quality assets. GET continues to benefit from the continued improvement in lodging industry fundamentals including higher occupancies and room rates due to improved demand. The company's common stock now trades above the conversion price of the convertible bonds, so we expect to benefit from any further equity appreciation in addition to the coupon until maturity in 2014.

GenCorp Inc. (GY) (Sub. Deb. Cv., 2.25%, 11/15/24 & 4.0625%, 12/31/39) is a leading manufacturer of propulsion systems for the aerospace and defense markets, and the company owns about 6,000 acres of real estate, primarily in Sacramento, CA. In the aerospace and defense group, GenCorp has a diversified portfolio of products, including propulsions for tactical missiles, the missile defense program, and for space exploration. These businesses should allow the company to grow modestly despite the challenges in the defense industry. In the real estate business, GenCorp's strategy is to zone the 6,000 acres of raw land for residential development to maximize value. As the residential housing market improves, GenCorp's properties will become more valuable and its private market value will grow. We prefer the convertible debt's yield as we continue to wait for the value to surface. Bondholders have the option to ask for full redemption of the 2024 convertible bonds in November 2011.

Griffon Corp (GFF) (Cv. 4.00%, 01/15/17), based in Jericho, NY, operates Clopay Garage Doors, which manufactures residential garage doors; Specialty Plastic Films, which develops plastic films used as moisture barriers in baby diapers and adult incontinence products; and Telephonics, which manufactures electronic systems used by the defense industry. In addition, Griffon recently acquired Ames True Temper, a leading North American manufacturer of non-powered lawn and garden tools, wheelbarrows, and other landscaping products. The company's adult incontinence products should benefit as the number of 65+ year-olds is growing at more than three times the overall population growth. Additionally, an improvement in the housing market fundamentals should provide tailwinds to the company's garage door and lawn and garden businesses.

Kinetic Concepts Inc. (KCI) (Cv., 3.25%, 04/15/15), based in San Antonio, TX, is the leader in the treatment of severe, chronic wounds using its proprietary Vacuum Assisted Closure (VAC) technology. To stay ahead of the competition and expand its addressable market, Kinetic Concepts is launching multiple new products, expanding into the Asian markets, and outsourcing manufacturing to tax-advantaged countries. However, these initiatives will take time to implement and on July 13, 2011, Apax partners and the Canadian Pension Plan agreed to take KCI private for \$68.50 per share in cash, allowing the company to complete this multi-year transition free from the pressure of being a public company.

Roper Industries Inc. (ROP) (Sub. Deb. Cv. (STEP), Zero Coupon, 01/15/34) is a leading manufacturer of analytical and fluid handling instruments, radio frequency identification cards, and industrial controls, serving a broad range of markets including scientific research, medical diagnostics, oil and gas, semiconductor, automotive, and other industries. The company is a strong cash flow generator. One of ROP's strategies for growth is to reinvest its strong cash flow on acquisitions of companies with rapid cash returns, high value added products and high gross margins. Buying companies with rapid cash returns is a key feature of its acquisition strategy as it quickly enables ROP to redeploy the acquired company's free cash flow for more acquisitions. Since implementing this strategy, ROP's operating cash flow generation has increased annually and its working capital needs have declined annually. We believe the company will continue to deploy this successful acquisition strategy to enhance future growth.

SanDisk Corp. (SNDK) (Cv., 1.00%, 05/15/13), headquartered in Milpitas, CA, manufactures NAND-based flash memory devices, which are widely used in consumer electronics products including computer tablets and smartphones. SanDisk's major growth drivers are mobile devices and imaging applications, which accounted for 50% and 22% of 2010 company revenue, respectively. Flash memory devices are also widely used in USB and electronic gadgets. Furthermore, solid state data storage solutions, which employ NAND flash memory and offer ultra fast data read/write, have already started gaining production in high end computing applications. While the NAND flash memory card market is cyclical, industry forecasts expect that the fast growing demand of smartphones, e-readers, tablets, and solid state data storage will result in a demand/supply balance and healthy pricing trends in the NAND flash memory market. SanDisk generated \$4.83 billion in sales and 47% in gross margin in 2010. SanDisk has a strong balance sheet with \$3.1 billion in net cash (\$13/share) at the end of June 2011. SanDisk and its joint venture manufacturing partner, Toshiba, are expanding their capacity through a new state-of-the-art Microchip Fabrication Plant (Fab) in Japan. On the cost side, SanDisk is executing a number of cost reduction initiatives including process technology transition to 24nm technology (potentially 30% - 40% cost reduction on a bit basis) and continuing product mix shift toward a high capacity memory chip that stores 3-bits (X3) in one cell, compared to the standard 1-2 bits per cell. As one of the three major producers, SanDisk is well positioned to continue to benefit from the proliferation of NAND flash memory products both in the consumer market and in the enterprise market.

Take-Two Interactive Software Inc. (TTWO) (Cv., 4.375%, 06/01/14), headquartered in New York, NY, is a global leader in the development, design, marketing, and publication of interactive entertainment software and accessories. The company's product offerings operate on today's prominent hardware gaming platforms, namely the Sony PlayStation videogame console, Microsoft Xbox 360, Nintendo Wii, Nintendo DS, GameBoy Advance, as well as personal computers. The company publishes and develops products through its wholly owned brands, Rockstar Games and 2K (2K Games, 2K Sports, 2K Play), and additionally distributes software through its subsidiary, Jack of All Games. The company's primary customers include mass merchandisers, specialty retailers, video/gaming stores, toy stores, electronics retailers, national/regional drugstores and supermarkets, and discount chains. Take-Two continues to benefit from the growing demographic of its core consumers, as the popularity of interactive entertainment has expanded across traditional age and gender lines. Both revenue and net income have increased annually, and for its fiscal year ending March 31, 2011, Take-Two reported revenue of \$1.14 billion, growing 49% from the prior year, and diluted EPS of \$0.62.

In Conclusion

Our bottom-up, fundamental research driven investment process has provided positive returns in the past. We expect continued volatility in both credit and equity markets, which should provide opportunities to capture value in convertible securities. As fundamental value investors, we look for a margin of safety in our investments – a concept pioneered by value investor guru Benjamin Graham. This margin is the amount by which a stock's intrinsic value is above its market price. When we analyze a company, we calculate its PMV – the value an informed buyer would pay for it. We look at a company's earnings, cash flow, industry position, and many other factors to calculate this intrinsic value. If we can buy stock in a company whose PMV is comfortably above its market price – buying it for less than what it is worth – we do so. We take into account that if a company happens to be in a volatile industry, we require a larger margin of safety and a bigger discount to PMV. Over time, this investment style has yielded superior returns while minimizing downside risk. Our experience has taught us that today's market volatility will provide attractive entry points to maximize the potential of our long time strategy.

Sincerely,



Mario J. Gabelli, CFA
Portfolio Manager and
Chief Investment Officer

October 27, 2011

Top Ten Holdings September 30, 2011

SanDisk Corp., Cv., 1.00%, 05/15/13	The Interpublic Group of Companies Inc., Cv., 4.25%, 03/15/23
GenCorp Inc., Sub. Deb. Cv., 2.25%, 11/15/24 & 4.0625%, 12/31/39	American Express Co.
NII Holdings Inc., Cv., 3.125%, 06/15/12	Genuine Parts Co.
Griffon Corp., Cv., 4.00%, 01/15/17	General Electric Co.
The Coca-Cola Co.	Janus Capital Group Inc., Cv., 3.25%, 07/15/14

Note: The views expressed in this Shareholder Commentary reflect those of the Portfolio Manager only through the end of the period stated in this Shareholder Commentary. The Portfolio Manager's views are subject to change at any time based on market and other conditions. The information in this Portfolio Manager's Shareholder Commentary represents the opinions of the individual Portfolio Manager and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. Views expressed are those of the Portfolio Manager and may differ from those of other portfolio managers or of the Firm as a whole. This Shareholder Commentary does not constitute an offer of any transaction in any securities. Any recommendation contained herein may not be suitable for all investors. Information contained in this Shareholder Commentary has been obtained from sources we believe to be reliable, but cannot be guaranteed.

Portfolio Manager Compensation

Mr. Gabelli's incentive-based, variable compensation structure and dollar amount have been fully disclosed each year since April of 2000 in the annual proxy statement for GAMCO Investors, Inc. (NYSE:GBL). Mr. Gabelli receives no base salary, no annual bonus, and no stock options.

As founder and portfolio manager of The Gabelli Convertible and Income Securities Fund Inc., Mr. Gabelli received \$354,114 in calendar year 2010. For the Fund's first twelve months of operation starting in July 1989, Mr. Gabelli received less than \$125,000. Mario J. Gabelli and various entities he is deemed to control owned 1,438,750 and 4,200 common and preferred shares, respectively, of the Fund with a total value of \$7,337,626 and \$108,738 in the common and preferred shares, respectively, as of September 30, 2011. Mr. Gabelli may not have one hundred percent pecuniary interest in some of the entities he is deemed to control.

8% Distribution Policy for Common Stockholders

The Board of Directors of the Fund (the "Board") has reaffirmed the continuation of the Fund's 8% distribution policy. Pursuant to its distribution policy, the Fund paid a \$0.12 per share cash distribution on September 23, 2011 to common stockholders of record on September 16, 2011.

The Fund intends to pay a quarterly distribution of an amount determined each quarter by the Board. Under the Fund's current distribution policy, the Fund intends to pay a minimum annual distribution of 8% of the average net asset value of the Fund within a calendar year or an amount sufficient to satisfy the minimum distribution requirements of the Internal Revenue Code, whichever is greater. The average net asset value of the Fund is based on the average net asset values as of the last day of the four preceding calendar quarters during the year.

Each quarter, the Board reviews the amount of any potential distribution and the income, capital gain, or capital available. The Board will continue to monitor the Fund's distribution level, taking into consideration the Fund's net asset value and the financial market environment. The Fund's distribution policy is subject to modification by the Board at any time. The distribution rate should not be considered the dividend yield or total return on an investment in the Fund.

If the Fund does not generate sufficient earnings from dividends and interest received and net realized capital gains to satisfy the aggregate distributions paid by the Fund in a given year, then the amount distributed in excess of the Fund's investment income and net realized capital gains would be deemed a return of capital. Since this would be considered a return of a portion of a shareholder's original investment, it is generally not taxable and is treated as a reduction in the shareholder's cost basis. Under federal tax regulations, some or all of the return of capital distributed by the Fund may be taxable as ordinary income in certain circumstances. This may occur when the Fund has a capital loss carry forward, net capital gains are realized in a fiscal year, and distributions are made in excess of investment company taxable income. Despite the challenges of the extra record keeping, a distribution that is occasionally supplemented with a return of capital serves as a smoothing mechanism resulting in a more stable and consistent cash flow available to shareholders. A portion

of the distribution may be treated as long-term capital gain and qualified dividend income for individuals, each subject to the maximum federal income tax rate, which is currently 15% in taxable accounts for individuals. Long-term capital gains, qualified dividend income, ordinary income, and paid-in capital, if any, will be allocated on a pro-rata basis to all distributions to common shareholders for the year. Based on the accounting records of the Fund as of September 16, 2011, each of the distributions paid in 2011 would include approximately 8% from net investment income, 6% from net capital gains, and 86% from paid-in capital. The estimated components of each distribution are updated and provided to shareholders of record in a notice accompanying the distribution and are available on our website (www.gabelli.com). The final determination of the sources of all distributions in 2011 will be made after year end and can vary from the quarterly estimates. All shareholders with taxable accounts will receive written notification regarding the components and tax treatment for all 2011 distributions in early 2012 via Form 1099-DIV.

6.00% Series B Cumulative Preferred Stock

The Fund's 6.00% Series B Cumulative Preferred Stock paid a \$0.375 per share cash distribution on September 26, 2011 to preferred shareholders of record on September 19, 2011. The Series B Preferred Shares, which trade on the NYSE under the symbol "GCV Pr B", are rated "Aaa" by Moody's Investors Service and have an annual dividend rate of \$1.50 per share. The Series B Preferred Shares were issued on March 18, 2003 at \$25.00 per share and pay distributions quarterly. After five years of call protection, the Series B Preferred Shares became callable at any time at the liquidation value of \$25.00 per share plus accrued dividends. The next distribution is scheduled for December 2011. The Fund is authorized to purchase its Series B Preferred Shares in the open market from time to time when such shares are trading at a discount to the liquidation value of \$25.00 per share. In total through September 30, 2011, the Fund has repurchased and retired 34,452 Series B Preferred Shares in the open market under this share repurchase authorization. The Fund did not repurchase any Series B Preferred Shares during the third quarter of 2011.

It should be noted that the Investment Adviser does not receive a management fee on the incremental assets attributable to the Preferred Stock unless the total return of the net asset value of the common stock during the year, including distributions and management fee subject to reduction, exceeds the stated dividend rate or corresponding swap rate of Preferred Stock for the fiscal year. The Investment Adviser believes this fee arrangement is in the best interest of all shareholders.

The Board shares the Investment Adviser's view that the issuance of the Preferred Stock is designed to benefit the common shareholders. To the extent that the Fund earns in excess of the dividend rate on the Preferred Stock, additional value will thereby be created for its common shareholders.

A portion of the distributions may be treated as long-term capital gain and qualified dividend income for individuals, each subject to the maximum federal income tax rate, which is currently 15% in taxable accounts for individuals. Long-term capital gains, qualified dividend income, and ordinary income, if any, will be allocated on a pro-rata basis to all distributions to preferred shareholders for the year. Under federal tax regulations, some or all of the return of capital distributed by the Fund may be taxable as ordinary income in certain circumstances. This may occur when the Fund has a capital loss carryforward, net capital gains are realized in a fiscal year and distributions are made in excess of investment company taxable income. Based on the accounting records of the Fund as of September 16, 2011, each of the distributions to preferred shareholders paid in 2011 would include approximately 59% from net investment income and 41% from net capital gains. The estimated components of each distribution are updated and provided to shareholders of record in a notice accompanying the distribution and are available on our website (www.gabelli.com). The final determination of the sources of all distributions in 2011 will be made after year end and can vary from the quarterly estimates. All shareholders with taxable accounts will receive written notification regarding the components and tax treatment for all 2011 distributions in early 2012 via Form 1099-DIV.

www.gabelli.com

Please visit us on the Internet. Our homepage at www.gabelli.com contains information about GAMCO Investors, Inc., the Gabelli/GAMCO Mutual Funds, IRAs, 401(k)s, current and historical quarterly reports, closing prices, and other current news. We welcome your comments and questions via e-mail at closedend@gabelli.com.

You may sign up for our e-mail alerts at www.gabelli.com and receive early notice of quarterly report availability, news events, media sightings, and mutual fund prices and performance.

e-delivery

We are pleased to offer electronic delivery of Gabelli fund documents. Shareholders of our closed-end funds can now elect to receive e-mail announcements regarding available materials, including shareholder commentaries and fund reports. For more information or to register for e-delivery, please visit our website at www.gabelli.com.

AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLANS

Enrollment in the Plan

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

The Gabelli Convertible and Income Securities Fund Inc.
c/o Computershare
P.O. Box 43010
Providence, RI 02940-3010

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

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

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

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

Voluntary Cash Purchase Plan

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

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

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

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

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

DIRECTORS AND OFFICERS
THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.
One Corporate Center, Rye, NY 10580-1422

Directors

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

E. Val Cerutti
Chief Executive Officer,
Cerutti Consultants, Inc.

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

Dugald A. Fletcher
President, Fletcher & Company, Inc.

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

Werner J. Roeder, MD
Medical Director,
Lawrence Hospital

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

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

Officers

Bruce N. Alpert
President

Peter D. Goldstein
Chief Compliance Officer

Laurissa M. Martire
Vice President

Agnes Mullady
Treasurer & Secretary

Investment Adviser

Gabelli Funds, LLC
 One Corporate Center
 Rye, New York 10580-1422

Custodian

State Street Bank and Trust Company

Counsel

Skadden, Arps, Slate, Meagher & Flom LLP

Transfer Agent and Registrar

Computershare Trust Company, N.A.

Stock Exchange Listing

	<u>Common</u>	<u>6.00%</u> <u>Preferred</u>
NYSE-Symbol:	GCV	GCV PrB
Shares Outstanding:	13,516,406	965,548

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

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

The NASDAQ symbol for the Net Asset Value per share is “XGCVX.”

For general information about the Gabelli Funds, call **800-GABELLI** (800-422-3554), fax us at 914-921-5118, visit Gabelli Funds’ Internet homepage at: www.gabelli.com, or e-mail us at: closedend@gabelli.com

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund may, from time to time, purchase shares of its common stock in the open market when the Fund’s shares are trading at a discount of 10% or more from the net asset value of the shares. The Fund may also, from time to time, purchase shares of its preferred stock in the open market when the preferred shares are trading at a discount to the liquidation value.

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**Shareholder Commentary
September 30, 2011**