

# The Gabelli Equity Income Fund

## First Quarter Report — December 31, 2018

### To Our Shareholders,

For the quarter ended December 31, 2018, the net asset value (NAV) per Class AAA Share of The Gabelli Equity Income Fund decreased 13.1% compared with a decrease of 13.5% for the Standard & Poor's (S&P) 500 Index. Other classes of shares are available. See below for performance information for all classes.

Enclosed is the schedule of investments as of December 31, 2018.

### Comparative Results

<b>Average Annual Returns through December 31, 2018 (a)(b) (Unaudited)</b>						Since Inception (01/02/92)
	<u>Quarter</u>	<u>1 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>15 Year</u>	
<b>Class AAA (GABEX)</b> . . . . .	(13.11)%	(11.00)%	2.97%	10.06%	6.70%	9.20%
S&P 500 Index . . . . .	(13.52)	(4.38)	8.49	13.12	7.77	9.06(c)
Nasdaq Composite Index . . . . .	(17.28)	(2.80)	11.05	16.85	9.56	10.23(c)
Lipper Equity Income Fund Average . . . . .	(10.78)	(6.61)	5.96	10.98	6.76	8.05
<b>Class A (GCAEX)</b> . . . . .	(13.14)	(11.02)	2.96	10.02	6.70	9.20
With sales charge (d) . . . . .	(18.13)	(16.13)	1.75	9.37	6.28	8.96
<b>Class C (GCCEX)</b> . . . . .	(13.32)	(11.69)	2.20	9.23	5.91	8.75
With contingent deferred sales charge (e) . . . . .	(14.19)	(12.57)	2.20	9.23	5.91	8.75
<b>Class I (GCIEIX)</b> . . . . .	(13.08)	(10.76)	3.23	10.23	6.91	9.32

In the current prospectuses dated January 28, 2019, the expense ratios for Class AAA, A, C, and I Shares are 1.41%, 1.41%, 2.16%, and 1.16%, respectively. Class AAA and Class I Shares do not have a sales charge. The maximum sales charge for Class A Shares and Class C Shares is 5.75% and 1.00%, respectively.

(a) Returns represent past performance and do not guarantee future results. Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit [www.gabelli.com](http://www.gabelli.com) for performance information as of the most recent month end. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at [www.gabelli.com](http://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, and Class I Shares on January 11, 2008. The actual performance of the Class A Shares and Class C 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 figures are as of December 31, 1991.

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

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

# The Gabelli Equity Income Fund

## Schedule of Investments — December 31, 2018 (Unaudited)

Shares		Market Value	Shares		Market Value
<b>COMMON STOCKS — 99.2%</b>					
<b>Aerospace — 2.2%</b>					
60,000	Aerojet Rocketdyne Holdings Inc.†	\$ 2,113,800	10,000	AMC Networks Inc., Cl. A†	\$ 548,800
2,000	Lockheed Martin Corp.	523,680	165,000	DISH Network Corp., Cl. A†	4,120,050
10,000	Raytheon Co.	1,533,500	16,000	EchoStar Corp., Cl. A†	587,520
52,000	Rockwell Automation Inc.	7,824,960			<u>5,256,370</u>
700,000	Rolls-Royce Holdings plc†	7,405,425			
35,880,000	Rolls-Royce Holdings plc, Cl. C†(a)	45,733	62,000	<b>Communications Equipment — 0.2%</b>	
		<u>19,447,098</u>		Corning Inc.	1,873,020
			17,500	<b>Computer Hardware — 0.9%</b>	
90,000	<b>Agriculture — 0.5%</b>		45,000	Apple Inc.	2,760,450
12,000	Archer-Daniels-Midland Co.	3,687,300		International Business Machines Corp.	5,115,150
	The Mosaic Co.	350,520			<u>7,875,600</u>
		<u>4,037,820</u>			
			68,000	<b>Computer Software and Services — 1.7%</b>	
	<b>Automotive — 0.7%</b>		200,000	Fidelity National Information Services Inc.	6,973,400
165,000	Navistar International Corp.†	4,281,750	48,000	Hewlett Packard Enterprise Co.	2,642,000
30,000	PACCAR Inc.	1,714,200		Microsoft Corp.	4,875,360
		<u>5,995,950</u>			<u>14,490,760</u>
	<b>Automotive: Parts and Accessories — 3.3%</b>			<b>Consumer Products — 5.4%</b>	
148,000	Dana Inc.	2,017,240	44,000	Altria Group Inc.	2,173,160
10,500	Garrett Motion Inc.†	129,570	58,000	Edgewell Personal Care Co.†	2,166,300
270,000	Genuine Parts Co.	25,925,400	26,000	Energizer Holdings Inc.	1,173,900
300	O'Reilly Automotive Inc.†	103,299	27,000	Essity AB, Cl. A	664,113
15,000	Tenneco Inc., Cl. A	410,850	2,000	National Presto Industries Inc.	233,840
		<u>28,586,359</u>	48,000	Philip Morris International Inc.	3,204,480
			66,000	Reckitt Benckiser Group plc	5,058,351
			730,000	Swedish Match AB	28,753,744
	<b>Aviation: Parts and Services — 0.4%</b>		75,000	Unilever NV	4,035,000
29,000	United Technologies Corp.	3,087,920			<u>47,462,888</u>
	<b>Broadcasting — 2.3%</b>			<b>Consumer Services — 0.1%</b>	
347,000	CBS Corp., Cl. A, Voting	15,215,950		Allegion plc	239,130
65,575	Liberty Global plc, Cl. A†	1,399,371	3,000	Rollins Inc.	1,083,000
140,000	Liberty Global plc, Cl. C†	2,889,600	30,000		<u>1,322,130</u>
36,000	MSG Networks Inc., Cl. A†	848,160			
		<u>20,353,081</u>			
	<b>Building and Construction — 1.4%</b>			<b>Diversified Industrial — 4.4%</b>	
12,333	Arcosa Inc.†	341,501	80,000	Crane Co.	5,774,400
164,000	Fortune Brands Home & Security Inc.	6,230,360	70,000	Eaton Corp. plc	4,806,200
45,800	Herc Holdings Inc.†	1,190,342	86,000	General Electric Co.	651,020
160,000	Johnson Controls International plc	4,744,000	40,000	Honeywell International Inc.	5,284,800
		<u>12,506,203</u>	50,000	ITT Inc.	2,413,500
			50,000	Jardine Matheson Holdings Ltd.	3,479,000
			178,000	Jardine Strategic Holdings Ltd.	6,534,380
	<b>Business Services — 3.2%</b>		38,000	nVent Electric plc	853,480
33,000	Automatic Data Processing Inc.	4,326,960	120,000	Textron Inc.	5,518,800
90,000	Mastercard Inc., Cl. A	16,978,500	300,000	Toray Industries Inc.	2,113,042
2,400	MSC Industrial Direct Co. Inc., Cl. A	184,608	37,000	Trinity Industries Inc.	761,830
40,000	Pentair plc	1,511,200			<u>38,190,452</u>
27,500	S&P Global Inc.	4,673,350			
4,000	Vectrus Inc.†	86,320			
		<u>27,760,938</u>			
			15,833	<b>Electronics — 1.3%</b>	
			35,000	Resideo Technologies Inc.†	325,368
			82,000	Sony Corp.	1,700,743
				Sony Corp., ADR	3,958,960

See accompanying notes to schedule of investments.

# The Gabelli Equity Income Fund

## Schedule of Investments (Continued) — December 31, 2018 (Unaudited)

Shares		Market Value	Shares		Market Value
	<b>COMMON STOCKS (Continued)</b>				
	<b>Electronics (Continued)</b>		70,000	Severn Trent plc .....	\$ 1,619,825
60,000	TE Connectivity Ltd.....	\$ 4,537,800			<u>2,098,485</u>
10,000	Texas Instruments Inc.....	945,000		<b>Entertainment — 1.5%</b>	
		<u>11,467,871</u>	50,000	Grupo Televisa SAB, ADR .....	629,000
	<b>Energy and Utilities: Electric — 0.5%</b>		12,000	The Madison Square Garden Co., Cl. A† .....	3,212,400
1,000	American Electric Power Co. Inc.....	74,740	40,000	Twenty-First Century Fox Inc., Cl. B.....	1,911,200
6,000	Avangrid Inc. ....	300,540	260,000	Viacom Inc., Cl. A.....	<u>7,230,600</u>
45,000	El Paso Electric Co. ....	2,255,850			<u>12,983,200</u>
45,000	Korea Electric Power Corp., ADR .....	663,750		<b>Environmental Services — 1.0%</b>	
200,000	Texas Competitive Electric Holdings Co. LLC, Escrow†(a) .....	0	47,000	Republic Services Inc. ....	3,388,230
100,000	The AES Corp.....	1,446,000	56,000	Waste Management Inc. ....	<u>4,983,440</u>
		<u>4,740,880</u>			<u>8,371,670</u>
	<b>Energy and Utilities: Integrated — 0.9%</b>		26,000	<b>Equipment and Supplies — 2.4%</b>	
168,000	Energy Transfer LP.....	2,219,280	16,346	A.O. Smith Corp.....	1,110,200
29,000	Eni SpA.....	456,802	179,000	Danaher Corp. ....	1,685,599
6,500	Iberdrola SA, ADR .....	208,553	60,000	Flowserve Corp. ....	6,805,580
62,000	OGE Energy Corp.....	2,429,780	11,000	Graco Inc. ....	2,511,000
59,000	PNM Resources Inc. ....	2,424,310	22,000	Ingersoll-Rand plc .....	1,003,530
		<u>7,738,725</u>	174,000	Minerals Technologies Inc. ....	1,129,480
	<b>Energy and Utilities: Natural Gas — 1.8%</b>		16,000	Mueller Industries Inc. ....	4,064,640
1,200	Atmos Energy Corp. ....	111,264	15,000	Parker-Hannifin Corp. ....	2,386,240
171,000	National Fuel Gas Co. ....	8,751,780		Tenaris SA, ADR .....	<u>319,800</u>
14,000	ONE Gas Inc. ....	1,114,400			<u>21,016,069</u>
91,000	ONEOK Inc.....	4,909,450		<b>Financial Services — 16.6%</b>	
12,000	Southwest Gas Holdings Inc.....	918,000	6,300	Alleghany Corp.....	3,926,916
		<u>15,804,894</u>	28,000	AllianceBernstein Holding LP.....	764,960
	<b>Energy and Utilities: Oil — 3.6%</b>		70,000	American Express Co.(b) .....	6,672,400
116,000	Anadarko Petroleum Corp. ....	5,085,440	36,000	American International Group Inc. ....	1,418,760
100,000	Chevron Corp.....	10,879,000	20,500	Argo Group International Holdings Ltd. ....	1,378,625
15,000	ConocoPhillips .....	935,250	5,195	Banco Santander Chile, ADR .....	155,331
39,000	Devon Energy Corp.....	879,060	9,393	Banco Santander SA, ADR .....	42,081
30,000	Exxon Mobil Corp.....	2,045,700	210,000	Bank of America Corp. ....	5,174,400
90,000	Hess Corp. ....	3,645,000	13,056	BNP Paribas SA.....	590,503
21,000	Marathon Petroleum Corp. ....	1,239,210	37,000	Eaton Vance Corp. ....	1,301,660
32,000	Occidental Petroleum Corp. ....	1,964,160	36,000	Federated Investors Inc., Cl. B.....	955,800
75,000	Royal Dutch Shell plc, Cl. A, ADR.....	4,370,250	34,000	Fidelity Southern Corp.....	884,680
17,000	TOTAL SA, ADR.....	887,060	38,000	H&R Block Inc. ....	964,060
		<u>31,930,130</u>	50,000	Interactive Brokers Group Inc., Cl. A.....	2,732,500
	<b>Energy and Utilities: Services — 1.1%</b>		15,000	Jefferies Financial Group Inc.....	260,400
340,000	Halliburton Co. ....	9,037,200	25,000	JPMorgan Chase & Co. ....	2,440,500
54,000	Oceaneering International Inc.† .....	653,400	68,000	Julius Baer Group Ltd.† .....	2,422,098
10,000	Schlumberger Ltd.....	360,800	80,000	Kinnevik AB, Cl. A.....	1,904,558
		<u>10,051,400</u>	120,000	Legg Mason Inc.....	3,061,200
	<b>Energy and Utilities: Water — 0.2%</b>		100,000	Loews Corp. ....	4,552,000
14,000	Aqua America Inc. ....	478,660	100,000	M&T Bank Corp. ....	14,313,000
			98,000	Marsh & McLennan Cos. Inc. ....	7,815,500
			167,000	Morgan Stanley.....	6,621,550
			150,000	Navient Corp.....	1,321,500
			40,000	Och-Ziff Capital Management Group LLC, Cl. A. ....	36,800

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# The Gabelli Equity Income Fund

## Schedule of Investments (Continued) — December 31, 2018 (Unaudited)

Shares		Market Value	Shares		Market Value
	<b>COMMON STOCKS (Continued)</b>				
	<b>Financial Services (Continued)</b>		50,000	Yakult Honsha Co. Ltd.....	\$ 3,521,737
					<u>157,367,388</u>
38,000	Oritani Financial Corp. ....	\$ 560,500			
10,000	Popular Inc. ....	472,200			
200,000	SLM Corp.† .....	1,662,000	10,000	<b>Health Care — 6.8%</b>	
138,000	State Street Corp.....	8,703,660	6,000	Abbott Laboratories.....	723,300
275,000	Sterling Bancorp.....	4,540,250	4,000	AbbVie Inc. ....	553,140
12,000	SunTrust Banks Inc. ....	605,280	4,000	Allergan plc.....	534,640
8,000	T. Rowe Price Group Inc. ....	738,560	78,000	Baxter International Inc.....	5,133,960
80,000	TD Ameritrade Holding Corp.....	3,916,800	7,300	Bio-Rad Laboratories Inc., Cl. A† .....	1,695,206
500,000	The Bank of New York Mellon Corp. ....	23,535,000	289,000	Bristol-Myers Squibb Co. ....	15,022,220
18,500	The Goldman Sachs Group Inc. ....	3,090,425	28,000	Eli Lilly & Co. ....	3,240,160
68,000	The Hartford Financial Services Group Inc.....	3,022,600	11,000	GlaxoSmithKline plc, ADR.....	420,310
100,000	The PNC Financial Services Group Inc. ....	11,691,000	40,000	Henry Schein Inc.† .....	3,140,800
10,000	The Travelers Companies Inc. ....	1,197,500	40,000	Johnson & Johnson .....	5,162,000
55,000	Waddell & Reed Financial Inc., Cl. A .....	994,400	100,500	Merck & Co. Inc.....	7,679,205
180,000	Wells Fargo & Co. ....	<u>8,294,400</u>	45,000	Novartis AG, ADR.....	3,861,450
		<u>144,736,357</u>	70,000	Pfizer Inc. ....	3,055,500
			45,000	Roche Holding AG, ADR .....	1,398,600
			74,000	William Demant Holding A/S† .....	2,099,685
			45,000	Wright Medical Group NV† .....	1,224,900
			26,500	Zimmer Biomet Holdings Inc. ....	2,748,580
			20,000	Zoetis Inc. ....	<u>1,710,800</u>
					<u>59,404,456</u>
	<b>Food and Beverage — 18.0%</b>				
2,000	Ajinomoto Co. Inc. ....	35,710			
1,000	Anheuser-Busch InBev SA/NV.....	66,110			
348,000	Brown-Forman Corp., Cl. A.....	16,502,160			
9,000	Brown-Forman Corp., Cl. B.....	428,220			
148,500	Campbell Soup Co. ....	4,899,015			
80,000	Coca-Cola Amatil Ltd., ADR .....	454,400	7,500	<b>Hotels and Gaming — 0.6%</b>	
20,000	Coca-Cola European Partners plc.....	917,000	75,000	Las Vegas Sands Corp. ....	390,375
13,500	Coca-Cola Femsa SAB de CV, ADR.....	821,340	35,000	MGM Resorts International.....	1,819,500
7,500	Constellation Brands Inc., Cl. A.....	1,206,150	3,000	Ryman Hospitality Properties Inc., REIT .....	2,334,150
82,000	Danone SA .....	5,778,962		Wynn Resorts Ltd.....	<u>296,730</u>
840,000	Davide Campari-Milano SpA.....	7,107,552			<u>4,840,755</u>
87,000	Diageo plc, ADR .....	12,336,600			
110,000	Fomento Economico Mexicano SAB de CV, ADR .....	9,465,500	30,000	<b>Industrials — 0.1%</b>	
200,000	General Mills Inc. ....	7,788,000		Arconic Inc. ....	<u>505,800</u>
2,200,000	Grupo Bimbo SAB de CV, Cl. A .....	4,388,413	6,000	<b>Machinery — 1.7%</b>	
135,000	Heineken NV.....	11,941,017	79,000	Caterpillar Inc. ....	762,420
180,000	ITO EN Ltd.....	8,088,135	35,000	Deere & Co. ....	11,784,430
35,500	Kellogg Co. ....	2,023,855		Xylem Inc.....	<u>2,335,200</u>
2,000	McCormick & Co. Inc., Cl. V.....	277,620			<u>14,882,050</u>
23,000	McCormick & Co. Inc., Non-Voting.....	3,202,520	200,000	<b>Metals and Mining — 0.8%</b>	
420,000	Mondelēz International Inc., Cl. A.....	16,812,600	150,000	Freeport-McMoRan Inc.....	2,062,000
60,000	Nestlé SA.....	4,871,299		Newmont Mining Corp. ....	<u>5,197,500</u>
95,000	Nissin Foods Holdings Co. Ltd.....	5,980,566			<u>7,259,500</u>
72,000	PepsiCo Inc.....	7,954,560	7,000	<b>Paper and Forest Products — 0.7%</b>	
45,000	Pernod Ricard SA.....	7,388,375	25,000	International Paper Co.....	282,520
59,000	Remy Cointreau SA .....	6,688,951	250,000	Svenska Cellulosa AB, Cl. A .....	201,682
36,000	Sapporo Holdings Ltd.....	753,141		Weyerhaeuser Co., REIT .....	<u>5,465,000</u>
30,000	The Coca-Cola Co. ....	1,420,500			<u>5,949,202</u>
1,000	The Hershey Co. ....	107,180			
65,000	The Kraft Heinz Co. ....	2,797,600	3,000	<b>Publishing — 0.0%</b>	
37,000	Tootsie Roll Industries Inc.....	1,235,800		Value Line Inc.....	<u>78,030</u>
2,000	Tyson Foods Inc., Cl. A.....	106,800			

See accompanying notes to schedule of investments.

# The Gabelli Equity Income Fund

## Schedule of Investments (Continued) — December 31, 2018 (Unaudited)

Shares		Market Value	Shares		Market Value
<b>COMMON STOCKS (Continued)</b>					
<b>Real Estate — 0.0%</b>					
9,000	Griffin Industrial Realty Inc. ....	\$ 287,100	47,000	TELUS Corp. ....	\$ 1,557,580
			250,000	Verizon Communications Inc. ....	14,055,000
					<u>36,589,314</u>
<b>Retail — 5.5%</b>					
16,000	Cie Financiere Richemont SA .....	1,025,537	127,500	<b>Transportation — 1.0%</b>	
49,000	Copart Inc. † .....	2,341,220		GATX Corp. ....	<u>9,028,275</u>
30,500	Costco Wholesale Corp. ....	6,213,155	<b>Wireless Communications — 0.8%</b>		
135,000	CVS Health Corp. ....	8,845,200	6,000	Millicom International Cellular SA .....	381,960
98,000	Ingles Markets Inc., Cl. A. ....	2,667,560	33,000	Millicom International Cellular SA, SDR .....	2,090,670
95,000	J.C. Penney Co. Inc. † .....	98,800	200,000	NTT DoCoMo Inc. ....	4,511,655
210,000	Macy's Inc. ....	6,253,800	20,000	Turkcell Iletisim Hizmetleri A/S, ADR. ....	112,400
84,000	Seven & i Holdings Co. Ltd. ....	3,665,636	3,000	Vodafone Group plc, ADR .....	<u>57,840</u>
61,000	The Home Depot Inc. ....	10,481,020			<u>7,154,525</u>
10,000	Tractor Supply Co. ....	834,400	<b>TOTAL COMMON STOCKS</b> .....		
78,000	Walgreens Boots Alliance Inc. ....	5,329,740			<u>867,799,899</u>
2,000	Walmart Inc. ....	186,300	<b>CLOSED-END FUNDS — 0.7%</b>		
10,000	Weis Markets Inc. ....	<u>477,800</u>	105,000	Altaba Inc. † .....	<u>6,083,700</u>
		<u>48,420,168</u>	<b>CONVERTIBLE PREFERRED STOCKS — 0.1%</b>		
<b>Specialty Chemicals — 0.8%</b>					
10,500	Albemarle Corp. ....	809,235	<b>Telecommunications — 0.1%</b>		
3,000	Ashland Global Holdings Inc. ....	212,880	20,000	Cincinnati Bell Inc., 6.750%, Ser. B .....	<u>566,600</u>
70,000	Ferro Corp. † .....	1,097,600	<b>WARRANTS — 0.0%</b>		
8,000	FMC Corp. ....	591,680	<b>Retail — 0.0%</b>		
46,000	H.B. Fuller Co. ....	1,962,820	105	Sears Holdings Corp., expire 12/15/19 † .....	<u>3</u>
3,500	International Flavors & Fragrances Inc. ....	469,945	<b>TOTAL INVESTMENTS — 100.0%</b>		
2,400	NewMarket Corp. ....	989,016			
1,000	Quaker Chemical Corp. ....	177,710			
19,000	The Chemours Co. ....	<u>536,180</u>			
		<u>6,847,066</u>			<u>\$874,450,202</u>
<b>Telecommunications — 4.2%</b>					
2,000	AT&T Inc. ....	57,080	(a) Security is valued using significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.		
218,000	BCE Inc. ....	8,617,540	(b) Securities, or a portion thereof, with a value of \$2,383,000 were deposited with Pershing LLC.		
20,000	BT Group plc, ADR. ....	304,000	† Non-income producing security.		
220,000	Deutsche Telekom AG, ADR .....	3,735,600	ADR American Depository Receipt		
33,000	Loral Space & Communications Inc. † .....	1,229,250	REIT Real Estate Investment Trust		
16,000	Orange SA, ADR .....	259,040	SDR Swedish Depository Receipt		
13,000	Proximus SA .....	351,814			
24,500	Telefonica SA, ADR .....	207,270			
191,000	Telephone & Data Systems Inc. ....	6,215,140			

See accompanying notes to schedule of investments.

## The Gabelli Equity Income Fund

### Notes to Schedule of Investments (Unaudited)

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As an investment company, the Fund follows the investment company accounting and reporting guidance, which is part of U.S. generally accepted accounting principles (GAAP) that may require the use of management estimates and assumptions in the preparation of its schedule of investments. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its schedule of investments.

**Security Valuation.** Portfolio securities listed or traded on a nationally recognized securities exchange or traded in the U.S. over-the-counter market for which market quotations are readily available are valued at the last quoted sale price or a market's official closing price as of the close of business on the day the securities are being valued. If there were no sales that day, the security is valued at the average of the closing bid and asked prices or, if there were no asked prices quoted on that day, then the security is valued at the closing bid price on that day. If no bid or asked prices are quoted on such day, the security is valued at the most recently available price or, if the Board of Directors (the Board) so determines, by such other method as the Board shall determine in good faith to reflect its fair market value. Portfolio securities traded on more than one national securities exchange or market are valued according to the broadest and most representative market, as determined by Gabelli Funds, LLC (the Adviser).

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market, but prior to the close of business on the day the securities are being valued. Debt obligations for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price, unless the Board determines such amount does not reflect the securities' fair value, in which case these securities will be fair valued as determined by the Board. Certain securities are valued principally using dealer quotations. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded. OTC futures and options on futures for which market quotations are readily available will be valued by quotations received from a pricing service or, if no quotations are available from a pricing service, by quotations obtained from one or more dealers in the instrument in question by the Adviser.

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

The inputs and valuation techniques used to measure fair value of the Fund's investments are summarized into three levels as described in the hierarchy below:

- Level 1 — quoted prices in active markets for identical securities;
- Level 2 — other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); and
- Level 3 — significant unobservable inputs (including the Board's determinations as to the fair value of investments).

## The Gabelli Equity Income Fund

### Notes to Schedule of Investments (Unaudited) (Continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments in securities and other financial instruments by inputs used to value the Fund's investments as of December 31, 2018 is as follows:

	Valuation Inputs			Total Market Value at 12/31/18
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Other Significant Observable Inputs	
<b>INVESTMENTS IN SECURITIES:</b>				
<b>ASSETS (Market Value):</b>				
Common Stocks:				
Aerospace	\$ 19,401,365	—	\$45,733	\$ 19,447,098
Energy and Utilities: Electric	4,740,880	—	0	4,740,880
Other Industries (a)	843,611,921	—	—	843,611,921
Total Common Stocks	867,754,166	—	45,733	867,799,899
Closed-End Funds	6,083,700	—	—	6,083,700
Convertible Preferred Stocks (a)	566,600	—	—	566,600
Warrants (a)	3	—	—	3
<b>TOTAL INVESTMENTS IN SECURITIES – ASSETS</b>	<b>\$874,404,469</b>	<b>—</b>	<b>\$45,733</b>	<b>\$874,450,202</b>

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

#### Additional Information to Evaluate Qualitative Information.

**General.** The Fund uses recognized industry pricing services – approved by the Board and unaffiliated with the Adviser – to value most of its securities, and uses broker quotes provided by market makers of securities not valued by these and other recognized pricing sources. Several different pricing feeds are received to value domestic equity securities, international equity securities, preferred equity securities, and fixed income securities. The data within these feeds are ultimately sourced from major stock exchanges and trading systems where these securities trade. The prices supplied by external sources are checked by obtaining quotations or actual transaction prices from market participants. If a price obtained from the pricing source is deemed unreliable, prices will be sought from another pricing service or from a broker/dealer that trades that security or similar securities.

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

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.

## The Gabelli Equity Income Fund

### Notes to Schedule of Investments (Unaudited) (Continued)

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

The Fund's derivative contracts held at December 31, 2018, if any, are not accounted for as hedging instruments under GAAP and are disclosed in the Schedule of Investments together with the related counterparty.

**Options.** The Fund may purchase or write call or put options on securities or indices for the purpose of increasing the income of the Fund. As a writer of put options, the Fund receives a premium at the outset and then bears the risk of unfavorable changes in the price of the financial instrument underlying the option. The Fund would incur a loss if the price of the underlying financial instrument decreases between the date the option is written and the date on which the option is terminated. The Fund would realize a gain, to the extent of the premium, if the price of the financial instrument increases between those dates.

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

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

If a written call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss. If a written put option is exercised, the premium reduces the cost basis of the security. In the case of call options, the exercise prices are referred to as "in-the-money," "at-the-money," and "out-of-the-money," respectively. The Fund may write (a) in-the-money 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



## The Gabelli Equity Income Fund

### Notes to Schedule of Investments (Unaudited) (Continued)

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than the appreciation in the price of the underlying security above the exercise price. By writing a call option, the Fund limits its opportunity to profit from any increase in the market value of the underlying security above the exercise price of the option. Out-of-the-money, at-the-money, and in-the-money put options (the reverse of call options as to the relation of exercise price to market price) may be utilized in the same market environments that such call options are used in equivalent transactions. At December 31, 2018, the Fund held no option positions.

**Securities Sold Short.** The Fund may enter into short sale transactions. Short selling involves selling securities that may or may not be owned and, at times, borrowing the same securities for delivery to the purchaser, with an obligation to replace such borrowed securities at a later date. The proceeds received from short sales are recorded as liabilities and the Fund records an unrealized gain or loss to the extent of the difference between the proceeds received and the value of an open short position on the day of determination. The Fund records a realized gain or loss when the short position is closed out. By entering into a short sale, the Fund bears the market risk of an unfavorable change in the price of the security sold short. Dividends on short sales are recorded as an expense by the Fund on the ex-dividend date and interest expense is recorded on the accrual basis. The broker retains collateral for the value of the open positions, which is adjusted periodically as the value of the position fluctuates. At December 31, 2018, 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

## The Gabelli Equity Income Fund

### Notes to Schedule of Investments (Unaudited) (Continued)

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exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity. At December 31, 2018, the Fund held no restricted securities.

***Tax Information.*** The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended.

**GABELLI EQUITY INCOME FUND**  
**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](http://www.gabelli.com).

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Flom LLP

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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

*First Quarter Report  
December 31, 2018*

