

# The Gabelli Convertible and Income Securities Fund Inc.

Shareholder Commentary – December 31, 2018

Y(our) Portfolio Management Team



Thomas Dinsmore, CFA Jane O'Keeffe James Dinsmore, CFA

## To Our Shareholders,

For the quarter ended December 31, 2018, the net asset value (“NAV”) total return of The Gabelli Convertible and Income Securities Fund was (11.7)%, compared with a total return of 1.5% for the Bloomberg Barclays Government/Credit Bond Index. The total return for the Fund’s publicly traded shares was (20.8)%. The Fund’s NAV per share was \$4.83, while the price of the publicly traded shares closed at \$4.39 on the New York Stock Exchange (“NYSE”).

## Comparative Results

### Average Annual Returns through December 31, 2018 (a)

	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (07/03/89)
<b>Gabelli Convertible and Income Securities Fund</b>						
NAV Total Return (b)	(11.66)%	(5.08)%	2.55%	7.80%	4.94%	6.40%
Investment Total Return (c)	(20.82)	(14.12)	3.03	6.81	3.40	5.44 (d)
Standard & Poor’s (“S&P”) 500 Index	(13.52)	(4.38)	8.49	13.12	7.77	9.58 (e)
Bloomberg Barclays Government/Credit Bond Index	1.49	(0.45)	2.49	3.43	3.81	N/A (f)
Lipper Convertible Securities Fund Average	(9.52)	(1.51)	4.06	10.52	6.05	7.81 (e)

(a) Returns represent past performance and do not guarantee future results. Investment returns and the principal value of an investment will fluctuate. The Fund’s use of leverage may magnify the volatility of net asset value changes versus Funds that do not employ leverage. 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](http://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 S&P 500 Index is an unmanaged indicator of stock market performance. The Bloomberg Barclays Government/Credit Bond Index is a market value weighted index that tracks the performance of fixed rate, publicly placed, dollar denominated obligations. The Lipper Convertible Securities Fund Average reflects the average performance of open-end 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 NYSE, reinvestment of distributions, and adjustments for rights offerings. Since inception return is based on an initial offering price of \$11.25 on March 31, 1995.

(d) Since inception return is from March 31, 1995 when the Fund converted to closed-end status; before this date, the Fund had no operating history on the NYSE.

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

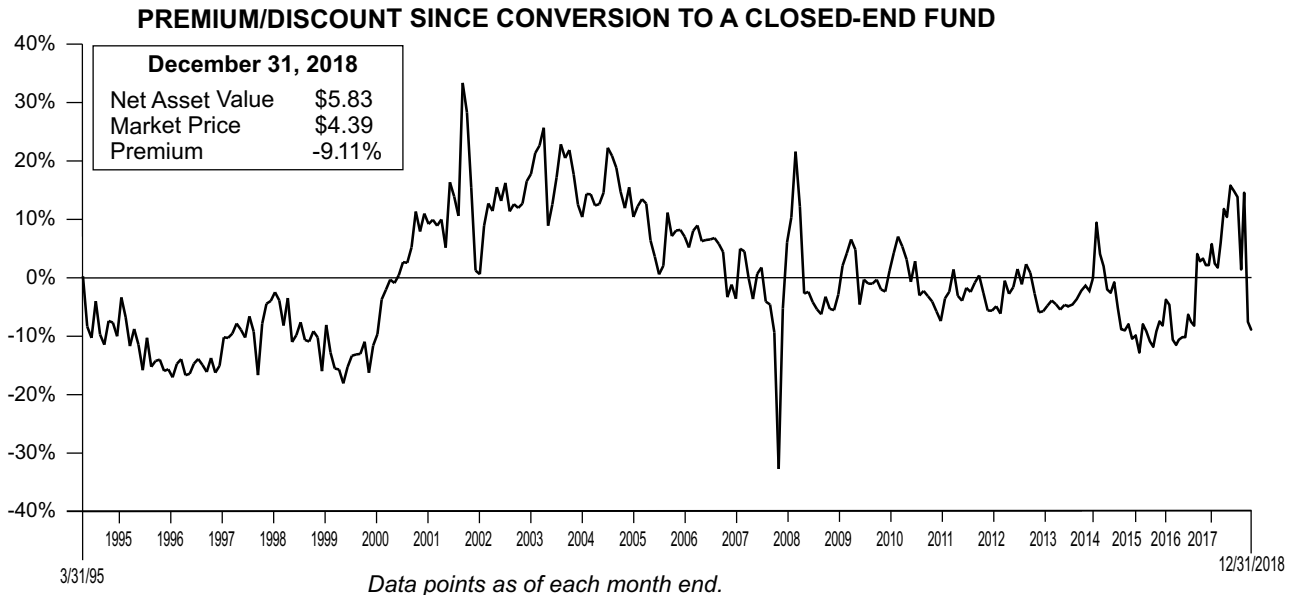
(f) The Bloomberg Barclays Government/Credit Bond Index inception date is January 29, 1999.

## 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.

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 23-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 December 31, 2018, the market price of the Fund was at a 9.1% 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 6.4% since inception. However, it is important to remember that "Mr. Market" is a pendulum that swings both ways, and a high premium for the Fund is not likely to be sustainable.



## Our Objective

Our mandate is to preserve and enhance our shareholders' wealth through a conservative and disciplined approach to investing in equity securities, including convertible securities. 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.

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***Your portfolio management team follows the Wall Street adage “Eat Your Own Cooking” and owns approximately 11% of the Fund’s common shares.***

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## **Commentary**

The fourth quarter saw the return of significant volatility to equity markets, including the convertible market, after continued tightening of monetary policy by the Federal Reserve, political posturing during the mid-term elections, increasing global trade tensions, and some growth estimate revisions tempered outlooks for 2019. We have long held that convertibles offer a way of investing in equities with reduced volatility, and that proved to be true when markets were most volatile this quarter, helping us to outperform the S&P 500 Index and most other markets for the quarter. Convertibles behaved as expected, with dampened volatility through their structures and maturities.

We are optimistic about the opportunity available to us in convertibles going forward. Strong issuance in 2018 kept the market healthy, and there are many deals that we had passed on because they were too expensive at issue that are now trading below par, offering much more attractive risk and reward profiles. We expect issuance to continue in 2019 as the convertible market remains one of the more attractive places for companies to raise capital. We maintain a disciplined approach to issuance in which we invest only in companies that we feel can help us achieve our long term goal of total returns through a mix of income and capital appreciation.

Over the past few years, we have spent much time talking about how convertibles perform well in rising rate environments. That remains true, and during the quarter we saw the ninth occurrence in the past 20 years of a 100 basis point move higher in 10 year U.S. Treasury yields, with convertibles, as well as Fund performance, higher all nine times. With recent volatility, however, it is possible that rates will remain flat or move lower from here. When we looked at our performance over the 12 months following the end of each rising rate period, we found that in seven of those eight periods our performance moved higher during the following year. We also found five periods during which the yield curve inverted and, over the following 12 months, the Fund moved higher four out of five times. Although investors may be more focused on fluctuating interest rates, we do not anticipate that they will play a large factor in our performance for 2019.

The Barclays U.S. Convertibles Index was down 9.6% for the quarter, with the S&P 500 Index down 13.5%. This compares to 0.8% for 5-7 year U.S. Treasury notes, -2.25% for U.S. investment grade corporate bonds, -2.26% for U.S. corporate high yield bonds. The Barclays Global Convertible Index was down 7.84% in U.S. dollars.

Among U.S. convertible issues, the Utilities and Financial sectors performed best during the quarter, while Energy performed worst. Investment grade issues outperformed non-rated, intermediate grade, and junk issues, while large capitalization issues outperformed small capitalization and mid-capitalization issues, in that order. As would be expected in a down quarter, the credit sensitive (yield alternative) segment of the Index led performance against balanced issues and equity sensitive issues.

The U.S. convertible market ended the year with 463 issues and \$195 billion in market capitalization. Issuance expanded in 2018, with 133 new issues raising \$53 billion. This compares favorably with the 99 new convertible issues that raised \$37.4 billion in all of 2017. Issuance slowed in the second half of the year, with only 43 new convertibles raising \$16 billion, roughly matching redemptions for the year. We continue to expect that a rising interest rate environment, combined with the new tax law lowering the corporate tax rate and limiting the deductibility of interest, will provide economic incentives for companies to issue convertible bonds, with their characteristically lower coupons, to meet their capital needs. As evidence of the power of these economic incentives, BofA Merrill Lynch reports that nearly half (47%) of the convertible offerings in 2018 came from first time issuers, well above any number seen in the last two decades.

The Barclays Convertible Index has an average current yield of 2.81%, a yield to best of 4.13%, a premium to conversion value of 39.8%, and a 55 delta (a measure of equity sensitivity). When combined with the 2.31 year duration (a measure of the indices interest rate sensitivity), these characteristics make the asset class a place to consider as an alternative approach to equity investment. While the market has returned to a more balanced position than it was last quarter, the yield and duration of these securities offers good downside protection while the delta provides significant potential for capital appreciation if the underlying stocks move up.

## **Conclusion**

The Gabelli Convertible and Income Fund has performed well relative to the overall convertible market. At the end of the quarter, the weighted average current yield of the portfolio was 2.44% and the median premium was 34.3%. The portfolio has 46.3% of its assets invested in convertible bonds, 15.3% in domestic common stocks, 20.3% in cash, and 2.9% in foreign common stocks. Mandatory convertible preferred shares and convertible preferred shares make up 12.4% and 2.8% of our holdings, respectively. Equity alternative investments make up 27%, total return issues 38.1%, and fixed income alternatives are 14.1% of the portfolio.

We are focused on total return for our shareholders, which we believe that convertible securities can offer. Given the mixed signals we see in the market, the asymmetrical return profile of convertible securities offers a way to continue to participate in further equity upside from this late stage expansion, while offering some downside protection in the form of seniority, yield, and maturity.

## Let's Talk Investments

The following are specifics on selected security holdings of our Fund. Favorable earnings prospects do not necessarily translate into higher stock 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. For the following holdings, the convertible bond prices are listed in points, the convertible preferred shares are listed in United States dollars (USD) and the underlying share prices are listed first in USD and second in the local currency, where applicable, and are presented as of December 31, 2018.

*Aerojet Rocketdyne Holdings Inc. (Cv., 4.0625%, 12/31/2039)* is a leading manufacturer of liquid and solid propulsion systems for manned and unmanned spacecraft, launch vehicles, missile defense systems, tactical missiles, and armament system applications for aerospace and defense markets. AJRD is the leader in building liquid propellant rocket engines, with more than sixty years of space launch experience. Customers include NASA, Boeing, and The United Launch Alliance, among many others. Further, AJRD has significant real estate holdings near Sacramento, California, that are in various stages of entitlement for residential development. We believe AJRD could monetize all of its real estate holdings over time, and thereby increase the per share private market value.

*Boingo Wireless Inc. (Cv., 1.00%, 10/01/2023)*, headquartered in Westwood, California, offers various connectivity solutions. Perhaps more commonly known for its legacy WiFi hotspot business, the company has generally transitioned away from relying on consumer-facing WiFi solutions to focus on Distributed Antenna Systems (DAS), military and multifamily solutions, and carrier offload. Boingo signs multiyear contracts with high traffic venues such as airports, malls, and sports arenas to provide network access solutions within those spaces. Cellular carriers such as AT&T and Verizon then contract with Boingo to supply their networks within those spaces, or to offload traffic to Boingo's existing WiFi networks. Boingo also contracts with military bases, student housing, and apartment buildings around the globe to supply connectivity to tenants in those spaces. We see significant opportunities for Boingo to grow its contracted recurring revenue business as it scales to more venues with help of carriers. These bonds have traded down since they were issued in 2018. At their current levels they offer an attractive yield to maturity, and we believe that over the next five years we could see some equity upside as well.

*Evolent Health Inc. (Cv., 1.50%, 10/15/2025)* is an Arlington, Virginia-based company that provides clinical, financial, and analytic data to facilitate value-driven healthcare. EVH provides a proprietary platform, Identifi, as well as expertise to help leading healthcare providers and health plans gain operational scale and clinical performance for their covered populations. The company builds financially aligned partnerships between providers and payers. Identifi scrapes patient data and finds opportunities to coordinate physicians, social workers, and care managers to make the best use of resources, especially in Medicaid, Medicare, and some parts of the commercial market. The company aims to save providers and payers 7%-10% through more disciplined management and better outcomes. The convertible bond provides a balanced way of investing, with a coupon of 1.50% and a maturity in 2025. The stock pays no dividend.

*Extra Space Storage LP (Cv., 3.125%, 10/01/2035)*, based in Salt Lake City, Utah, is a Real Estate Investment Trust. EXR owns or operates 1600 self-storage properties with over one million units in 39 states. It is the second largest owner/operator of such facilities in the United States and a technology leader. EXR also stores boats, RVs, and offers commercial storage for business.

*New Relic Inc. (Cv., 0.50%, 2023)*, headquartered in San Francisco, California, was founded in 2008 to focus on application performance monitoring (APM) from a Software-as-a-Service (SaaS) perspective. Today, NEWR has a suite of products that developers use to monitor, optimize, and detect problems with applications running in any environment. We believe these capabilities are fundamental building blocks of the digital economy, as most customer interactions now occur through applications. NEWR has seen strong growth as developers recognize the value proposition of the various APM services. We anticipate this growth will continue, and this convertible will allow us to participate in equity upside, while maintaining a yield advantage over the common shares. If the growth does not materialize as we anticipate, there should be limited downside due to the recurring revenue nature of the business, and the relatively solid balance sheet in which the convertible is the only debt.

*Supernus Pharmaceuticals Inc. (Cv., 0.625%, 4/1/23)*, based in Rockville, Maryland, is a pharmaceutical company that focuses on development and commercialization of neurologic and psychology treatment. SUPN currently has several commercial products that have been used to treat epilepsy, ADHD, Parkinson's disease, depression, anxiety, and migraine. It most recently revealed Phase 3 data for a non-stimulant ADHD medication that reached its primary endpoint and achieved faster onset of efficacy than its competition. The company has a strong portfolio of products in this specialty area, and the convertible provides a balanced way to participate in its growth. The 0.625% coupon provides some income, as the common stock has no dividend, and the 2023 maturity will help smooth volatility in the underlying common stock.

January 17, 2019

**Top Ten Holdings**  
**December 31, 2018**

American Tower Corp., 5.50%, 02/15/18	Crown Castle International Corp., 6.875%, 08/01/20
Sunpower Corp., Cv., 4.00%, 01/15/23	Rambus Inc., 1.375%, 02/01/23
PNC Financial Services Group Inc.	Extra Space Storage LP, 3.125%, 10/01/35
IAC Financ Co. Inc., 0.875%, 10/01/22	Interdigital Inc., 1.50%, 03/01/20
Knowles Corp., 3.25%, 11/01/21	
Kaman Corp., 3.25%, 11/01/21	

**Note:** The views expressed in this Shareholder Commentary reflect those of the Portfolio Managers only through the end of the period stated in this Shareholder Commentary. The Portfolio Managers' views are subject to change at any time based on market and other conditions. The information in this Portfolio Managers' Shareholder Commentary represents the opinions of the individual Portfolio Managers 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 Managers 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. Beneficial ownership of shares held in the Fund by Mr. Gabelli and various entities he is deemed to control are disclosed in the Fund's annual proxy statement.

## **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 December 14, 2018 to common stockholders of record on December 07, 2018. With this fourth quarter distribution, the total distributions from the Fund for 2018 would equate to \$0.48 per share.

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. We note that 8% of the average net asset value of the Fund would be \$0.45 based on the ending net asset values per share as of December 31, 2017, March 31, 2018, June 30, 2018, and September 30, 2018 of \$5.57, \$5.52, \$5.59, and \$5.62, respectively. In declaring a distribution of \$0.12 per share, the Board of Directors has chosen to distribute \$0.03 greater than that called for by the distribution policy in order to distribute all of the Fund’s taxable income for the year. The net asset value per share fluctuates daily.

Each quarter, the Board reviews the amount of any potential distribution from 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 (dividends and interest income and realized net capital gain) equal to or in excess of the aggregate distributions paid by the Fund in a given year, then the amount distributed in excess of the Fund’s earnings 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. Despite the challenges of the extra recordkeeping, a distribution that incorporates a return of capital serves as a smoothing mechanism resulting in a more stable and consistent cash flow available to shareholders.

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 distribution allocations of the Fund as of December 31, 2018, the total distributions paid to common shareholders in 2018 represent approximately 22% from net investment income and 78% 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](http://www.gabelli.com)). All shareholders with taxable accounts will receive written notification regarding the components and tax treatment for all 2018 distributions in early 2019 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 December 26, 2018, to preferred shareholders of record on December 18, 2018. The Series B Preferred Shares, which trade on the NYSE under the symbol “GCV Pr B”, are rated “A1” 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 March 2019. 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 December 31, 2018, 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 fourth quarter of 2018.

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. Based on the distribution allocations of the Fund as of December 31, 2018, the total distributions paid to preferred shareholders represent approximately 22% from net investment income and 78% 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](http://www.gabelli.com)). All shareholders with taxable accounts will receive written notification regarding the components and tax treatment for all 2018 distributions in early 2019 via Form 1099-DIV.

### **Tax Treatment of Distributions to Common and Preferred Shareholders**

All or part of the distributions may be treated as long term capital gain or qualified dividend income (or a combination of both) for individuals, each subject up to the maximum federal income tax rate. In addition, certain U.S. shareholders who are individuals, estates, or trusts and whose income exceeds certain thresholds will be required to pay a 3.8% Medicare surcharge 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.

### **[www.gabelli.com](http://www.gabelli.com)**

Please visit us on the Internet. Our homepage at [www.gabelli.com](http://www.gabelli.com) contains information about GAMCO Investors, Inc., the Gabelli/GAMCO Closed-End Funds and 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](mailto:closedend@gabelli.com).

You may sign up for our e-mail alerts at [www.gabelli.com](http://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](http://www.gabelli.com).

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



## **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 Trust Company, N.A.  
P.O. Box 505000  
Louisville, KY 40233

Shareholders requesting this cash election must include the shareholder’s name and address as they appear on the Fund’s records. 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 Trust Company, N.A., P.O. Box 505000, Louisville, KY 40233 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.

More information regarding the Automatic Dividend Reinvestment Plan and Voluntary Cash Purchase Plan is 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.

# THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.

One Corporate Center  
Rye, NY 10580-1422

## Portfolio Management Team Biographies

**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 the Board of Directors 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.

**Thomas Dinsmore, CFA**, joined Gabelli Funds LLC in 2015. He currently serves as portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. From 1996 to 2015 Mr. Dinsmore was Chairman and CEO of Dinsmore Capital Management; CEO and Portfolio Manager of Bancroft Fund Ltd; and CEO, Portfolio Manager and co-founder of Ellsworth Growth and Income Fund Ltd. He has a B.S. in Economics from the Wharton School of Business, and an M.A. in Economics from Fairleigh Dickinson University.

**Jane O’Keeffe** joined Gabelli Funds LLC in 2015. She currently serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. From 1996 to 2015 Ms. O’Keeffe was President and Director of Dinsmore Capital Management where she was also a Portfolio Manager of Bancroft Fund Ltd. and Ellsworth Growth and Income Fund Ltd. In 1980, Ms. O’Keeffe began as an assistant to the portfolio manager of IDS Progressive Fund. From 1983 through March 1986, she had research and portfolio management responsibilities at Soros Fund Management Company. In 1986, she was a portfolio manager and research analyst at Simms Capital Management until she joined Fiduciary Trust International in 1988 where she became a Vice President and Portfolio Manager for individuals, endowments, and foundations. She has a B.A. from the University of New Hampshire and attended the Lubin Graduate School of Business at Pace University.

**James Dinsmore, CFA**, joined Gabelli Funds LLC in 2015. He currently serves as portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. Mr. Dinsmore received a BA in Economics from Cornell University and an MBA from Rutgers University.

We have separated the portfolio managers’ 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 managers’ 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, will be available on our website at [www.gabelli.com](http://www.gabelli.com).

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](http://www.gabelli.com).

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

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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## THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.

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### DIRECTORS

Mario J. Gabelli, CFA  
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Chief Executive Officer,  
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Executive Chairman,  
Associated Capital Group Inc.

John Birch  
Partner,  
The Cardinal Partners Global

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

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Attorney,  
Anthony S. Colavita, P.C.

Thomas H. Dinsmore, CFA  
Portfolio Manager  
Gabelli Funds

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Former Senior Vice President  
and Chief Financial Officer,  
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President,  
Zizza & Associates Corp.

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Secretary & Vice President

Richard J. Walz  
Chief Compliance Officer

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### CUSTODIAN

State Street Bank and Trust  
Company

### COUNSEL

Skadden, Arps, Slate, Meagher &  
Flom LLP

### TRANSFER AGENT AND REGISTRAR

Computershare Trust Company, N.A.



GABELLI  
FUNDS

# THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.

## GCV

*Shareholder Commentary*  
*December 31, 2018*

# The Gabelli Convertible and Income Securities Fund Inc.

## Annual Report — December 31, 2018

### (Y)our Portfolio Management Team



**Mario J. Gabelli, CFA**  
*Chief Investment Officer*



**Thomas H. Dinsmore, CFA**  
*Portfolio Manager*  
*BS, Wharton School*  
*of Business*  
*MA, Fairleigh*  
*Dickinson University*



**Jane D. O'Keeffe**  
*Portfolio Manager*  
*BA, University of*  
*New Hampshire*



**James A. Dinsmore, CFA**  
*Portfolio Manager*  
*BA, Cornell University*  
*MBA, Rutgers University*

### To Our Shareholders,

For the fiscal year ended December 31, 2018, the net asset value (NAV) total return of The Gabelli Convertible and Income Securities Fund Inc. was (5.1)%, compared with a total return of (0.5)% for the Bloomberg Barclays Government/Credit Bond Index. The total return for the Fund's publicly traded shares was (14.1)%. The Fund's NAV per share was \$4.83, while the price of the publicly traded shares closed at \$4.39 on the New York Stock Exchange (NYSE). See below for additional performance information.

Enclosed are the financial statements, including the schedule of investments, as of December 31, 2018.

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Fund's annual and semiannual shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports. Instead, the reports will be made available on the Fund's website ([www.gabelli.com](http://www.gabelli.com)), and you will be notified by mail each time a report is posted and provided with a website link to access the report. If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. To elect to receive all future reports in paper free of charge, please contact your financial intermediary, or, if you invest directly with the Fund, you may call 800-422-3554 or send an email request to [info@gabelli.com](mailto:info@gabelli.com).

## Comparative Results

<b>Average Annual Returns through December 31, 2018 (a) (Unaudited)</b>					Since Inception (07/03/89)
	1 Year	5 Year	10 Year	15 Year	
<b>Gabelli Convertible and Income Securities Fund</b>					
<b>NAV Total Return (b)</b> . . . . .	(5.08)%	2.55%	7.80%	4.94%	6.40%
<b>Investment Total Return (c)</b> . . . . .	(14.12)	3.03	6.81	3.40	5.44(d)
Standard & Poor's (S&P) 500 Index . . . . .	(4.38)	8.49	13.12	7.77	9.58(e)
Bloomberg Barclays Government/Credit Bond Index . . . . .	(0.45)	2.49	3.43	3.81	N/A(f)
Lipper Convertible Securities Fund Average . . . . .	(1.51)	4.06	10.52	6.05	7.81(e)
<p>(a) Returns represent past performance and do not guarantee future results. Investment returns and the principal value of an investment will fluctuate. The Fund's use of leverage may magnify the volatility of net asset value changes versus funds that do not employ leverage. 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 <a href="http://www.gabelli.com">www.gabelli.com</a> for performance information as of the most recent month end. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The S&amp;P 500 Index is an unmanaged indicator of stock market performance. The Bloomberg Barclays Government/Credit Bond Index is a market value weighted index that tracks the performance of fixed rate, publicly placed, dollar denominated obligations. The Lipper Convertible Securities Fund Average reflects the average performance of open-end funds classified in this particular category. Dividends and interest income are considered reinvested. You cannot invest directly in an index.</p> <p>(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.</p> <p>(c) Total returns and average annual returns reflect changes in closing market values on the NYSE, reinvestment of distributions, and adjustments for rights offerings. Since inception return is based on an initial offering price of \$11.25 on March 31, 1995.</p> <p>(d) Since inception return is from March 31, 1995 when the Fund converted to closed-end status; before this date, the Fund had no operating history on the NYSE.</p> <p>(e) From June 30, 1989, the date closest to the Fund's inception for which data are available.</p> <p>(f) The Bloomberg Barclays Government/Credit Bond Index inception date is January 29, 1999.</p>					

## Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of total investments as of December 31, 2018:

### The Gabelli Convertible and Income Securities Fund Inc.

U.S. Government Obligations . . . . .	19.8%	Wireless Communications . . . . .	1.3%
Computer Software and Services . . . . .	14.7%	Cable and Satellite . . . . .	1.1%
Financial Services . . . . .	10.2%	Transportation . . . . .	1.0%
Health Care . . . . .	9.6%	Metals and Mining . . . . .	0.9%
Energy and Utilities . . . . .	9.0%	Entertainment . . . . .	0.9%
Semiconductors . . . . .	4.9%	Consumer Products . . . . .	0.7%
Real Estate Investment Trusts . . . . .	4.1%	Broadcasting . . . . .	0.6%
Telecommunications . . . . .	4.0%	Food and Beverage . . . . .	0.6%
Diversified Industrial . . . . .	3.6%	Hotels and Gaming . . . . .	0.6%
Aerospace . . . . .	2.9%	Automotive: Parts and Accessories . . . . .	0.4%
Electronics . . . . .	2.6%	Computer Hardware . . . . .	0.3%
Building and Construction . . . . .	1.6%	Retail . . . . .	0.2%
Consumer Services . . . . .	1.4%	Equipment and Supplies . . . . .	0.2%
Communications Equipment . . . . .	1.4%		<u>100.0%</u>
Business Services . . . . .	1.4%		

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](http://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](http://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](http://www.sec.gov).

**The Gabelli Convertible and Income Securities Fund Inc.**  
**Schedule of Investments — December 31, 2018**

<b>Principal Amount</b>		<b>Cost</b>	<b>Market Value</b>	<b>Principal Amount</b>		<b>Cost</b>	<b>Market Value</b>
	<b>Convertible Corporate Bonds — 47.1%</b>						
	<b>Aerospace — 2.9%</b>			\$ 565,000	Nice Systems Inc.,		
\$ 1,000,000	Aerojet Rocketdyne Holdings Inc.,				1.250%, 01/15/24 .....	\$ 585,414	\$ 774,756
	2.250%, 12/15/23 .....	\$ 1,033,793	\$ 1,472,002	352,000	Okta Inc.,		
1,713,000	Kaman Corp.,				0.250%, 02/15/23(a) .....	361,583	514,612
	3.250%, 05/01/24 .....	<u>1,804,370</u>	<u>1,832,946</u>	1,000,000	PROS Holdings Inc.,		
		<u>2,838,163</u>	<u>3,304,948</u>		2.000%, 06/01/47 .....	891,138	932,895
	<b>Broadcasting — 0.5%</b>			428,000	Pure Storage Inc.,		
588,000	Liberty Media Corp.-Liberty Formula				0.125%, 04/15/23(a) .....	428,000	399,666
	One, 1.000%, 01/30/23 .....	<u>611,522</u>	<u>607,063</u>	300,000	Sea Ltd.,		
	<b>Business Services — 1.4%</b>				2.250%, 07/01/23(a) .....	300,000	260,857
515,000	Bristow Group Inc.,			500,000	Splunk Inc.,		
	4.500%, 06/01/23 .....	547,610	202,137		1.125%, 09/15/25(a) .....	<u>500,000</u>	<u>493,860</u>
500,000	Perficient Inc.,					<u>15,218,508</u>	<u>15,627,884</u>
	2.375%, 09/15/23(a) .....	500,000	445,590		<b>Consumer Services — 1.4%</b>		
500,000	Q2 Holdings Inc.,			1,500,000	Extra Space Storage LP,		
	0.750%, 02/15/23(a) .....	549,321	523,778		3.125%, 10/01/35(a) .....	<u>1,562,103</u>	<u>1,625,955</u>
356,000	Team Inc.,				<b>Diversified Industrial — 1.4%</b>		
	5.000%, 08/01/23 .....	<u>349,107</u>	<u>355,664</u>	600,000	Chart Industries Inc.,		
		<u>1,946,038</u>	<u>1,527,169</u>		1.000%, 11/15/24(a) .....	602,100	747,510
	<b>Cable and Satellite — 1.1%</b>			400,000	KBR Inc.,		
1,600,000	DISH Network Corp.,				2.500%, 11/01/23(a) .....	400,000	357,619
	3.375%, 08/15/26 .....	<u>1,639,927</u>	<u>1,296,026</u>	500,000	TimkenSteel Corp.,		
	<b>Communications Equipment — 1.4%</b>				6.000%, 06/01/21 .....	<u>505,898</u>	<u>518,014</u>
1,500,000	InterDigital, Inc.,					<u>1,507,998</u>	<u>1,623,143</u>
	1.500%, 03/01/20 .....	<u>1,474,466</u>	<u>1,579,613</u>		<b>Electronics — 2.6%</b>		
	<b>Computer Software and Services — 13.7%</b>			500,000	Intel Corp., Sub. Deb.,		
515,000	Apptio Inc.,				3.250%, 08/01/39 .....	720,470	1,143,750
	0.875%, 04/01/23(a) .....	518,984	582,363	1,800,000	Knowles Corp.,		
1,300,000	Boingo Wireless Inc.,				3.250%, 11/01/21 .....	<u>1,874,918</u>	<u>1,859,341</u>
	1.000%, 10/01/23(a) .....	1,184,020	1,103,895			<u>2,595,388</u>	<u>3,003,091</u>
700,000	Coupa Software Inc.,				<b>Energy and Utilities — 4.0%</b>		
	0.375%, 01/15/23(a) .....	829,446	1,060,937	1,500,000	Cheniere Energy Inc.,		
1,500,000	CSG Systems International Inc.,				4.250%, 03/15/45 .....	1,147,645	1,050,900
	4.250%, 03/15/36 .....	1,521,044	1,494,354	1,016,000	Newpark Resources Inc.,		
1,084,000	Ctrip.com International Ltd.,				4.000%, 12/01/21(a) .....	1,072,511	1,053,844
	1.250%, 09/15/22 .....	1,065,943	1,050,825	2,500,000	SunPower Corp.,		
500,000	Evolent Health Inc.,				4.000%, 01/15/23 .....	2,244,463	2,017,440
	1.500%, 10/15/25(a) .....	499,391	461,995	500,000	Tesla Energy Operations Inc./DE,		
1,186,000	GDS Holdings Ltd.,				1.625%, 11/01/19 .....	<u>472,934</u>	<u>469,294</u>
	2.000%, 06/01/25(a) .....	964,135	858,071			<u>4,937,553</u>	<u>4,591,478</u>
1,416,000	IAC FinanceCo. Inc.,				<b>Entertainment — 0.9%</b>		
	0.875%, 10/01/22(a) .....	1,664,260	1,884,375	1,000,000	Gannett Co. Inc.,		
1,294,000	Lumentum Holdings Inc.,				4.750%, 04/15/24(a) .....	<u>1,101,788</u>	<u>976,029</u>
	0.250%, 03/15/24 .....	1,292,119	1,304,682		<b>Financial Services — 0.4%</b>		
1,500,000	MercadoLibre Inc.,			344,000	LendingTree Inc.,		
	2.000%, 08/15/28(a) .....	1,468,981	1,353,750		0.625%, 06/01/22 .....	<u>348,950</u>	<u>428,036</u>
1,092,000	New Relic Inc.,						
	0.500%, 05/01/23(a) .....	1,144,050	1,095,991				

See accompanying notes to financial statements.



The Gabelli Convertible and Income Securities Fund Inc.  
Schedule of Investments (Continued) — December 31, 2018

<b>Principal Amount</b>		<b>Cost</b>	<b>Market Value</b>	<b>Principal Amount</b>		<b>Cost</b>	<b>Market Value</b>
	<b>Convertible Corporate Bonds (Continued)</b>						
	<b>Health Care — 6.3%</b>			\$ 1,000,000	Twilio Inc.,		
\$ 500,000	Bayer Capital Corp.BV,				0.250%, 06/01/23(a) .....	\$ 1,001,696	\$ 1,430,031
	5.625%, 11/22/19(a) .....	\$ 538,014	\$ 439,229			<u>2,642,781</u>	<u>2,756,321</u>
295,000	DexCom Inc.,				<b>Transportation — 0.9%</b>		
	0.750%, 12/01/23(a) .....	295,000	298,704	1,000,000	Atlas Air Worldwide Holdings Inc.,		
300,000	Exact Sciences Corp.,				2.250%, 06/01/22 .....	<u>992,940</u>	<u>968,807</u>
	1.000%, 01/15/25 .....	318,621	330,180				
1,083,000	Intercept Pharmaceuticals Inc.,				<b>TOTAL CONVERTIBLE CORPORATE BONDS .....</b>	<b><u>53,473,072</u></b>	<b><u>53,677,397</u></b>
	3.250%, 07/01/23 .....	1,096,352	1,003,265				
500,000	Invacare Corp.,				<b>Shares</b>		
	4.500%, 06/01/22 .....	503,399	337,176		<b>Convertible Preferred Stocks — 2.8%</b>		
608,000	Neurocrine Biosciences Inc.,				<b>Real Estate Investment Trusts — 2.5%</b>		
	2.250%, 05/15/24 .....	628,197	727,309	16,700	QTS Realty Trust Inc.,		
750,000	NuVasive Inc.,				6.500%, Ser. B .....	1,675,741	1,574,476
	2.250%, 03/15/21 .....	759,947	791,216	20,000	Welltower Inc.,		
1,000,000	Pacira Pharmaceuticals Inc.,				6.500%, Ser. I .....	<u>1,193,400</u>	<u>1,263,000</u>
	2.375%, 04/01/22 .....	1,030,624	994,375			<u>2,869,141</u>	<u>2,837,476</u>
500,000	Paratek Pharmaceuticals Inc.,				<b>Telecommunications — 0.3%</b>		
	4.750%, 05/01/24(a) .....	495,892	381,963	12,000	Cincinnati Bell Inc.,		
200,000	Retrophin Inc.,				6.750%, Ser. B .....	<u>288,687</u>	<u>339,960</u>
	2.500%, 09/15/25 .....	203,892	179,705				
500,000	Supernus Pharmaceuticals Inc.,				<b>TOTAL CONVERTIBLE PREFERRED STOCKS .....</b>	<b><u>3,157,828</u></b>	<b><u>3,177,436</u></b>
	0.625%, 04/01/23(a) .....	544,815	472,500				
600,000	Teladoc Health Inc.,				<b>Mandatory Convertible Securities (b) — 12.0%</b>		
	3.000%, 12/15/22 .....	612,322	825,750		<b>Building and Construction — 0.8%</b>		
300,000	1.375%, 05/15/25(a) .....	<u>427,556</u>	<u>352,313</u>		Stanley Black & Decker Inc.,		
		<u>7,454,631</u>	<u>7,133,685</u>		5.375%, 05/15/20 .....	<u>1,113,788</u>	<u>966,888</u>
	<b>Metals and Mining — 0.9%</b>				<b>Computer Software and Services — 0.4%</b>		
1,000,000	Arconic Inc.,			10,638	MTS Systems Corp.,		
	1.625%, 10/15/19 .....	<u>986,507</u>	<u>997,500</u>		8.750%, 07/01/19 .....	<u>507,605</u>	<u>471,683</u>
	<b>Semiconductors — 4.9%</b>				<b>Diversified Industrial — 2.2%</b>		
750,000	Cypress Semiconductor Corp.,			5,000	International Flavors & Fragrances		
	4.500%, 01/15/22 .....	786,392	887,713		Inc.,		
1,000,000	Inphi Corp.,			28,341	6.000%, 09/15/21 .....	1,520,961	1,436,889
	1.125%, 12/01/20 .....	1,065,029	1,054,159				
800,000	NXP Semiconductors NV,			20,100	Rexnord Corp.,		
	1.000%, 12/01/19 .....	867,780	802,405		5.750%, Ser. A, 11/15/19 .....	<u>1,020,300</u>	<u>1,016,859</u>
1,947,000	Rambus Inc.,					<u>2,541,261</u>	<u>2,453,748</u>
	1.375%, 02/01/23 .....	1,840,347	1,698,247		<b>Energy and Utilities — 3.9%</b>		
1,000,000	Teradyne Inc.,				CenterPoint Energy Inc.,		
	1.250%, 12/15/23 .....	<u>1,054,261</u>	<u>1,188,125</u>		7.000%, 09/01/21 .....	1,160,082	1,158,510
		<u>5,613,809</u>	<u>5,630,649</u>				
					El Paso Energy Capital Trust I,		
					4.750%, 03/31/28 .....	11,460	12,525
	<b>Telecommunications — 2.4%</b>						
100,000	Gogo Inc.,			23,000			
	6.000%, 05/15/22(a) .....	100,000	87,330				
1,700,000	Infina Corp.,			300			
	2.125%, 09/01/24 .....	1,541,085	1,238,960				

See accompanying notes to financial statements.

**The Gabelli Convertible and Income Securities Fund Inc.  
Schedule of Investments (Continued) — December 31, 2018**

Shares		Cost	Market Value	Shares		Cost	Market Value
<b>MANDATORY CONVERTIBLE SECURITIES (b) (Continued)</b>							
<b>Energy and Utilities (Continued)</b>							
20,668	Hess Corp., 8.000%, 02/01/19	\$ 1,166,334	\$ 1,026,166	1,000,000	Texas Competitive Electric Holdings Co. LLC, Escrow†(c)	\$ 0	\$ 0
	Sempra Energy, 6.000%, Ser. A, 01/15/21	526,300	491,053	20,000	The AES Corp.	231,558	289,200
5,163	6.750%, Ser. B, 07/15/21	509,073	482,200			<u>1,274,690</u>	<u>1,282,925</u>
26,875	South Jersey Industries Inc., 7.250%, 04/15/21	1,428,037	1,253,181	<b>Equipment and Supplies — 0.2%</b>			
		<u>4,801,286</u>	<u>4,423,635</u>	8,000	Mueller Industries Inc.	219,131	186,880
<b>Financial Services — 2.0%</b>							
9,000	Alibaba - Mandatory Exchange Trust, 5.750%, 06/01/19(a)	900,000	1,390,095	<b>Financial Services — 7.8%</b>			
9,324	Assurant Inc., 6.500%, Ser. D, 03/15/21	971,085	915,244	2,500	American Express Co.	221,594	238,300
		<u>1,871,085</u>	<u>2,305,339</u>	7,000	American International Group Inc.	301,746	275,870
<b>Health Care — 1.1%</b>							
22,646	Becton Dickinson and Co., 6.125%, 05/01/20	1,199,932	1,305,995	13,113	American Tower Corp., REIT	1,522,914	2,074,345
				4,500	Bank of America Corp.	126,347	110,880
<b>Real Estate Investment Trusts — 1.6%</b>							
1,727	Crown Castle International Corp., 6.875%, Ser. A, 08/01/20	1,800,421	1,817,236	6,500	Citigroup Inc.	358,540	338,390
				4,500	JPMorgan Chase & Co.	171,414	439,290
<b>TOTAL MANDATORY CONVERTIBLE SECURITIES</b>							
		<u>13,835,378</u>	<u>13,744,524</u>	7,000	Julius Baer Group Ltd.†	204,696	249,334
				6,000	Kinnevik AB, Cl. A.	171,711	142,842
<b>COMMON STOCKS — 18.3%</b>							
<b>Automotive: Parts and Accessories — 0.4%</b>							
5,000	Genuine Parts Co.	314,445	480,100	4,000	Morgan Stanley	128,454	158,600
<b>Broadcasting — 0.1%</b>							
2,000	Tribune Media Co., Cl. A.	75,622	90,760	9,500	State Street Corp.	437,632	599,165
<b>Building and Construction — 0.8%</b>							
5,500	Herc Holdings Inc.†	179,478	142,945	21,000	The Bank of New York Mellon Corp.	554,607	988,470
17,000	USG Corp.	732,778	725,220	3,000	The Dun & Bradstreet Corp.	428,856	428,220
		<u>912,256</u>	<u>868,165</u>	17,000	The PNC Financial Services Group Inc.	955,082	1,987,470
<b>Computer Hardware — 0.3%</b>							
3,000	International Business Machines Corp.	259,712	341,010	20,000	Wells Fargo & Co.	596,413	921,600
<b>Computer Software and Services — 0.6%</b>							
8,599	Proofpoint Inc.†	670,194	720,682			<u>6,180,006</u>	<u>8,952,776</u>
<b>Consumer Products — 0.7%</b>							
20,000	Swedish Match AB	426,284	787,774	<b>Food and Beverage — 0.6%</b>			
<b>Energy and Utilities — 1.1%</b>							
1,000	Chevron Corp.	57,120	108,790	2,020	Pernod Ricard SA	170,831	331,656
1,000	Exxon Mobil Corp.	59,125	68,190	3,000	Remy Cointreau SA	259,661	340,116
2,500	Royal Dutch Shell plc, Cl. A, ADR	154,888	145,675			<u>430,492</u>	<u>671,772</u>
29,000	Severn Trent plc	771,999	671,070	<b>Health Care — 2.2%</b>			
				11,500	Bristol-Myers Squibb Co.	668,318	597,770
				1,000	Eli Lilly & Co.	50,958	115,720
				1,000,000	Elite Pharmaceuticals Inc.†	115,596	74,900
				1,000	Johnson & Johnson	111,887	129,050
				5,000	Merck & Co. Inc.	166,499	382,050
				40,000	Roche Holding AG, ADR	913,791	1,243,200
						<u>2,027,049</u>	<u>2,542,690</u>
				<b>Hotels and Gaming — 0.6%</b>			
				3,500	Pebblebrook Hotel Trust, REIT	124,648	99,085
				8,500	Ryman Hospitality Properties Inc., REIT	352,847	566,865
						<u>477,495</u>	<u>665,950</u>
				<b>Retail — 0.2%</b>			
				800	Costco Wholesale Corp.	34,140	162,968
				5,000	Hertz Global Holdings Inc.†	85,295	68,250
						<u>119,435</u>	<u>231,218</u>
				<b>Telecommunications — 1.3%</b>			
				1,600	Swisscom AG	594,885	764,595

See accompanying notes to financial statements.

**The Gabelli Convertible and Income Securities Fund Inc.  
Schedule of Investments (Continued) — December 31, 2018**

<u>Shares</u>		<u>Cost</u>	<u>Market Value</u>	
	<b>COMMON STOCKS (Continued)</b>			
	<b>Telecommunications (Continued)</b>			
13,500	Verizon Communications Inc. ....	\$ 586,548	\$ 758,970	(a)
		<u>1,181,433</u>	<u>1,523,565</u>	
	<b>Transportation — 0.1%</b>			
1,000	GATX Corp. ....	33,964	70,810	(b)
	<b>Wireless Communications — 1.3%</b>			
22,566	T-Mobile US Inc. † .....	953,116	1,435,423	(c)
4,000	Turkcell İletisim Hizmetleri A/S, ADR. ....	<u>23,743</u>	<u>22,480</u>	†
		<u>976,859</u>	<u>1,457,903</u>	††
	<b>TOTAL COMMON STOCKS</b> .....	<u>15,579,067</u>	<u>20,874,980</u>	ADR
				REIT
	<b>Principal Amount</b>			
	<b>U.S. GOVERNMENT OBLIGATIONS — 19.8%</b>			
\$22,673,000	U.S. Treasury Bills, 2.271% to 2.517% ††, 01/17/19 to 06/20/19 .....	<u>22,586,589</u>	<u>22,588,280</u>	
	<b>TOTAL INVESTMENTS — 100.0%</b> .....	<u>\$108,631,934</u>	114,062,617	
	<b>Other Assets and Liabilities (Net)</b> .....		621,133	
	<b>PREFERRED STOCK</b>			
	(965,548 preferred shares outstanding) .....		<u>(24,138,700)</u>	
	<b>NET ASSETS — COMMON STOCK</b>			
	(18,757,524 common shares outstanding) .....		<u>\$ 90,545,050</u>	
	<b>NET ASSET VALUE PER COMMON SHARE</b>			
	(\$90,545,050 ÷ 18,757,524 shares outstanding) .....		<u>\$ 4.83</u>	

- (a) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2018, the market value of Rule 144A securities amounted to \$20,652,862 or 18.11% of total investments.
- (b) Mandatory convertible securities are required to be converted on the dates listed; they generally may be converted prior to these dates at the option of the holder.
- (c) Security is valued using significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.
- † Non-income producing security.
- †† Represents annualized yields at dates of purchase.
- ADR American Depositary Receipt
- REIT Real Estate Investment Trust

See accompanying notes to financial statements.

## The Gabelli Convertible and Income Securities Fund Inc.

### Statement of Assets and Liabilities December 31, 2018

<b>Assets:</b>	
Investments, at value (cost \$108,631,934) . . . . .	\$114,062,617
Cash . . . . .	8,531
Deposit at brokers . . . . .	50
Receivable for investments sold . . . . .	288,000
Dividends and interest receivable . . . . .	523,149
Deferred offering expense . . . . .	34,346
Prepaid expenses . . . . .	1,103
<b>Total Assets</b> . . . . .	<u>114,917,796</u>
<b>Liabilities:</b>	
Distributions payable . . . . .	20,116
Payable for investment advisory fees . . . . .	79,093
Payable for payroll expenses . . . . .	33,866
Payable for accounting fees . . . . .	7,500
Payable for legal and audit fees . . . . .	54,208
Payable for shareholder communications expenses . . . . .	23,918
Other accrued expenses . . . . .	15,345
<b>Total Liabilities</b> . . . . .	<u>234,046</u>
<b>Preferred Stock:</b>	
Series B Cumulative Preferred Stock (6.000%, \$25 liquidation value, \$0.001 par value, 1,995,000 shares authorized with 965,548 shares issued and outstanding) . . . . .	24,138,700
<b>Net Assets Attributable to Common Shareholders</b> . . . . .	<u>\$ 90,545,050</u>
<b>Net Assets Attributable to Common Shareholders Consist of:</b>	
Paid-in capital . . . . .	\$ 85,895,367
Total distributable earnings(a) . . . . .	4,649,683
<b>Net Assets</b> . . . . .	<u>\$ 90,545,050</u>
<b>Net Asset Value per Common Share:</b>	
(\$90,545,050 ÷ 18,757,524 shares outstanding at \$0.001 par value; 998,000,000 shares authorized) . . . . .	<u>\$4.83</u>

(a) Effective December 31, 2018, the Fund has adopted disclosure requirements conforming to SEC Rule 6-04.17 of Regulation S-X and discloses total distributable earnings. See Note 2 for further details.

### Statement of Operations For the Year Ended December 31, 2018

<b>Investment Income:</b>	
Dividends (net of foreign withholding taxes of \$31,028) . . . . .	\$ 1,301,877
Interest . . . . .	1,192,136
<b>Total Investment Income</b> . . . . .	<u>2,494,013</u>
<b>Expenses:</b>	
Investment advisory fees . . . . .	1,080,209
Legal and audit fees . . . . .	88,606
Shareholder communications expenses . . . . .	78,062
Directors' fees . . . . .	74,406
Payroll expenses . . . . .	71,335
Accounting fees . . . . .	45,000
Shareholder services fees . . . . .	42,431
Custodian fees . . . . .	15,630
Interest expense . . . . .	116
Miscellaneous expenses . . . . .	86,991
<b>Total Expenses</b> . . . . .	<u>1,582,786</u>
Less:	
Advisory fee reduction (See Note 3) . . . . .	(241,387)
Expenses paid indirectly by broker (See Note 3) . . . . .	(716)
<b>Total Reductions and Credits</b> . . . . .	<u>(242,103)</u>
<b>Net Expenses</b> . . . . .	<u>1,340,683</u>
<b>Net Investment Income</b> . . . . .	<u>1,153,330</u>
<b>Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency:</b>	
Net realized gain on investments . . . . .	7,221,310
Net realized loss on foreign currency transactions . . . . .	(2,248)
Net realized gain on investments and foreign currency transactions . . . . .	7,219,062
Net change in unrealized appreciation/depreciation: on investments . . . . .	(11,920,931)
on foreign currency translations . . . . .	(1,134)
Net change in unrealized appreciation/depreciation on investments and foreign currency translations . . . . .	(11,922,065)
<b>Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency</b> . . . . .	<u>(4,703,003)</u>
<b>Net Decrease in Net Assets Resulting from Operations</b> . . . . .	<u>(3,549,673)</u>
Total Distributions to Preferred Stock Shareholders . . . . .	(1,448,322)
<b>Net Decrease in Net Assets Attributable to Common Shareholders Resulting from Operations</b> . . . . .	<u>\$ (4,997,995)</u>

See accompanying notes to financial statements.

# The Gabelli Convertible and Income Securities Fund Inc.

## Statement of Changes in Net Assets Attributable to Common Shareholders

	Year Ended December 31, 2018	Year Ended December 31, 2017
<b>Operations:</b>		
Net investment income.....	\$ 1,153,330	\$ 1,214,830
Net realized gain on investments, securities sold short, and foreign currency transactions .....	7,219,062	7,287,457
Net change in unrealized appreciation/depreciation on investments and foreign currency translations.....	<u>(11,922,065)</u>	<u>3,598,548</u>
<b>Net Increase/(Decrease) in Net Assets Resulting from Operations .....</b>	<b><u>(3,549,673)</u></b>	<b><u>12,100,835</u></b>
<b>Distributions to Preferred Shareholders:(a)</b>	<b><u>(1,448,322)</u></b>	<b><u>(1,448,322)*</u></b>
<b>Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders Resulting from Operations .....</b>	<b><u>(4,997,995)</u></b>	<b><u>10,652,513</u></b>
<b>Distributions to Common Shareholders:(a)</b>	<b><u>(7,399,621)</u></b>	<b><u>(6,767,059)**</u></b>
<b>Fund Share Transactions:</b>		
Net increase in net assets from common shares issued upon reinvestment of distributions.....	1,221,471	827,168
Net increase from common shares issued in rights offering.....	22,655,750	—
Offering costs for common shares charged to paid-in capital .....	<u>(241,000)</u>	<u>—</u>
<b>Net Increase in Net Assets from Fund Share Transactions .....</b>	<b><u>23,636,221</u></b>	<b><u>827,168</u></b>
<b>Net Increase in Net Assets Attributable to Common Shareholders .....</b>	<b>11,238,605</b>	<b>4,712,622</b>
<b>Net Assets Attributable to Common Shareholders:</b>		
Beginning of year .....	<u>79,306,445</u>	<u>74,593,823</u>
End of year .....	<b><u>\$ 90,545,050</u></b>	<b><u>\$79,306,445</u></b>

(a) Effective December 31, 2018, the Fund has adopted disclosure requirements conforming to SEC Rule 6-04.17 of Regulation S-X and discloses total distributable earnings. See Note 2 for further details.

\* For the year ended December 31, 2017, the distributions to Preferred shareholders from net investment income and net realized gain were \$366,522 and \$1,081,800, respectively.

\*\* For the year ended December 31, 2017, the distributions to Common shareholders from net investment income and net realized gain were \$1,714,322 and \$5,052,737, respectively.

See accompanying notes to financial statements.

# The Gabelli Convertible and Income Securities Fund Inc.

## Financial Highlights

### Selected data for a common share outstanding throughout each year:

	Year Ended December 31,				
	2018	2017	2016	2015	2014
<b>Operating Performance:</b>					
Net asset value, beginning of year . . . . .	\$ 5.57	\$ 5.30	\$ 5.30	\$ 6.09	\$ 6.49
Net investment income . . . . .	0.09	0.09	0.12	0.07	0.07
Net realized and unrealized gain/(loss) on investments, securities sold short, swap contracts, and foreign currency transactions . . . . .	(0.22)	0.77	0.39	(0.28)	0.14
Total from investment operations . . . . .	(0.13)	0.86	0.51	(0.21)	0.21
<b>Distributions to Preferred Shareholders: (a)</b>					
Net investment income . . . . .	(0.02)	(0.03)	(0.03)	(0.01)	(0.03)
Net realized gain . . . . .	(0.07)	(0.08)	(0.07)	(0.09)	(0.07)
Total distributions to preferred shareholders . . . . .	(0.09)	(0.11)	(0.10)	(0.10)	(0.10)
<b>Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders Resulting from Operations . . . . .</b>					
	(0.22)	0.75	0.41	(0.31)	0.11
<b>Distributions to Common Shareholders:</b>					
Net investment income . . . . .	(0.10)	(0.12)	(0.10)	(0.05)	(0.08)
Net realized gain . . . . .	(0.38)	(0.36)	(0.30)	(0.32)	(0.19)
Return of capital . . . . .	—	—	(0.01)	(0.11)	(0.24)
Total distributions to common shareholders . . . . .	(0.48)	(0.48)	(0.41)	(0.48)	(0.51)
<b>Fund Share Transactions:</b>					
Decrease in net asset value from common share transactions . . . . .	—	—	—	(0.00)(b)	(0.00)(b)
Decrease in net asset value from common shares issued in rights offering . . . . .	(0.02)	—	—	—	—
Increase in net asset value from common shares issued upon reinvestment of distributions . . . . .	0.00(b)	—	—	—	—
Offering costs for common shares charged to paid-in capital . . . . .	(0.02)	—	—	—	—
Total Fund share transactions . . . . .	(0.04)	—	—	(0.00)(b)	(0.00)(b)
<b>Net Asset Value Attributable to Common Shareholders, End of Year . . . . .</b>	<u>\$ 4.83</u>	<u>\$ 5.57</u>	<u>\$ 5.30</u>	<u>\$ 5.30</u>	<u>\$ 6.09</u>
NAV total return † . . . . .	(5.08)%	14.59%	8.34%	(5.39)%	1.75%
Market value, end of year . . . . .	<u>\$ 4.39</u>	<u>\$ 5.90</u>	<u>\$ 4.69</u>	<u>\$ 4.78</u>	<u>\$ 6.08</u>
Investment total return †† . . . . .	(14.12)%	37.53%	6.97%	(14.18)%	7.07%

See accompanying notes to financial statements.

# The Gabelli Convertible and Income Securities Fund Inc.

## Financial Highlights (Continued)

### Selected data for a common share outstanding throughout each year:

	Year Ended December 31,				
	2018	2017	2016	2015	2014
<b>Ratios to Average net assets and Supplemental Data:</b>					
Net assets including liquidation value of preferred shares, end of year (in 000's) . . . . .	\$114,684	\$103,445	\$98,733	\$98,742	\$109,219
Net assets attributable to common shares, end of year (in 000's) . . . . .	\$ 90,545	\$ 79,306	\$74,594	\$74,603	\$ 85,080
Ratio of net investment income to average net assets attributable to common shares before preferred share distributions . . . . .	1.37%	1.56%	2.37%	1.19%	1.05%
Ratio of operating expenses to average net assets attributable to common shares before fees waived (c) . . . . .	1.89%(d)	1.96%(d)	1.95%(d)(e)(f)	1.88%(d)(e)	1.90%
Ratio of operating expenses to average net assets attributable to common shares net of advisory fee reduction, if any (g) . . . . .	1.60%(d)	1.96%(d)	1.95%(d)(e)(f)	1.59%(d)(e)	1.62%
Portfolio turnover rate . . . . .	42%	27%	71%	24%	22%
<b>Cumulative Preferred Stock:</b>					
<b>6.000% Series B Preferred</b>					
Liquidation value, end of year (in 000's) . . . . .	\$ 24,139	\$ 24,139	\$24,139	\$24,139	\$ 24,139
Total shares outstanding (in 000's) . . . . .	966	966	966	966	966
Liquidation preference per share . . . . .	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Average market value (h) . . . . .	\$ 25.91	\$ 26.45	\$ 26.52	\$ 25.81	\$ 25.44
Asset coverage per share . . . . .	\$ 118.78	\$ 107.14	\$102.26	\$102.26	\$ 113.12
<b>Asset Coverage</b> . . . . .	475%	429%	409%	409%	452%

- † Based on net asset value per share, adjusted for reinvestment of distributions at net asset value on the ex-dividend date.
- †† Based on market value per share, adjusted for reinvestment of distributions at prices determined under the Fund's dividend reinvestment plan.
- (a) Calculated based on average common shares outstanding on the record dates throughout the years.
- (b) Amount represents less than \$0.005 per share.
- (c) Ratio of operating expenses to average net assets including liquidation value of preferred shares before fee waived for years ended December 31, 2018, 2017, 2016, 2015, and 2014 would have been 1.47%, 1.50%, 1.46%, 1.46%, and 1.49%, respectively.
- (d) The Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. For the years ended December 31, 2018, 2017, 2016, and 2015, there was no impact on the expense ratios.
- (e) The Fund incurred dividend expenses on securities sold short. If this expense had not been incurred, the expense ratios for the year ended December 31, 2015 would have been 1.87% attributable to common shares before fees waived, 1.57% attributable to common shares net of advisory fee reduction, 1.44% including liquidation value of preferred shares before fees waived, and 1.22% including liquidation value of preferred shares net of advisory fee reduction. For the year ended December 31, 2016, the impact was minimal.
- (f) During the year ended December 31, 2016, the Fund received a one time reimbursement of custody expenses paid in prior years. Had such reimbursement been included in this period, the expenses ratios would have been 1.69% attributable to common shares before fees waived, 1.69% attributable to common shares net of advisory fee reduction, 1.26% including liquidation value of preferred shares before fees waived, and 1.26% including liquidation value of preferred shares net of advisory fee reduction.
- (g) Ratio of operating expenses to average net assets including liquidation value of preferred shares net of advisory fee reduction for the years ended December 31, 2018, 2017, 2016, 2015, and 2014 would have been 1.24%, 1.50%, 1.46%, 1.23%, and 1.27%, respectively.
- (h) Based on weekly prices.

See accompanying notes to financial statements.

## The Gabelli Convertible and Income Securities Fund Inc.

### Notes to Financial Statements

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**1. Organization.** The Gabelli Convertible and Income Securities Fund Inc. is a diversified closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act), whose investment objective is to seek a high level of total return through a combination of current income and capital appreciation by investing in convertible securities. The Fund was incorporated in Maryland on December 19, 1988 as a diversified open-end management investment company and commenced investment operations on July 3, 1989 as The Gabelli Convertible Securities Fund, Inc. At a special meeting of shareholders held on February 17, 1995, the Board of Directors (the Board) voted to approve the conversion of the Fund to closed-end status, effective March 31, 1995.

**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.

**New Accounting Pronouncements.** The SEC recently adopted changes to Regulation S-X to simplify the reporting of information by registered investment companies in financial statements. The amendments require presentation of the total, rather than the components, of distributable earnings on the Statement of Assets and Liabilities and also require presentation of the total, rather than the components, of distributions to shareholders, except for tax return of capital distributions, if any, on the Statement of Changes in Net Assets Attributable to Common Shareholders. The amendments also removed the requirement for parenthetical disclosure of undistributed net investment income on the Statement of Changes in Net Assets Attributable to Common Shareholders. These Regulation S-X amendments are reflected in the Fund's financial statements for the year ended December 31, 2018. As a result of adopting these amendments, the distributions to shareholders in the December 31, 2017 Statement of Changes in Net Assets Attributable to Common Shareholders presented herein have been reclassified to conform to the current year presentation.

To improve the effectiveness of fair value disclosure requirements, the Financial Accounting Standards Board recently issued Accounting Standard Update (ASU) 2018-13, Fair Value Measurement Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement (ASU 2018-13), which adds, removes, and modifies certain aspects relating to fair value disclosure. ASU 2018-13 is effective for interim and annual reporting periods beginning after December 15, 2019; early adoption of the additions relating to ASU 2018-13 is not required, even if early adoption is elected for the removals under ASU 2018-13. Management has early adopted the removals set forth in ASU 2018-13 in these financial statements and has not early adopted the additions set forth in ASU 2018-13.

**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 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



## **The Gabelli Convertible and Income Securities Fund Inc. Notes to Financial Statements (Continued)**

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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 Convertible and Income Securities Fund Inc. Notes to Financial Statements (Continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments in securities by inputs used to value the Fund's investments as of December 31, 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 Significant Unobservable Inputs	
<b>INVESTMENTS IN SECURITIES:</b>				
<b>ASSETS (Market Value):</b>				
Convertible Corporate Bonds (a)	—	\$53,677,397	—	\$ 53,677,397
Convertible Preferred Stocks (a)	\$ 3,177,436	—	—	3,177,436
Mandatory Convertible Securities:				
Computer Software and Services	—	471,683	—	471,683
Energy and Utilities	3,170,454	1,253,181	—	4,423,635
Financial Services	915,244	1,390,095	—	2,305,339
Other Industries (a)	6,543,867	—	—	6,543,867
Total Mandatory Convertible Securities	10,629,565	3,114,959	—	13,744,524
Common Stocks:				
Energy and Utilities	1,282,925	—	\$ 0	1,282,925
Other Industries (a)	19,592,055	—	—	19,592,055
Total Common Stock	20,874,980	—	0	20,874,980
U.S. Government Obligations	—	22,588,280	—	22,588,280
<b>TOTAL INVESTMENTS IN SECURITIES – ASSETS</b>	<b>\$34,681,981</b>	<b>\$79,380,636</b>	<b>\$ 0</b>	<b>\$114,062,617</b>

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

During the year ended December 31, 2018, the Fund did not have transfers into or out of Level 3.

### 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

## The Gabelli Convertible and Income Securities Fund Inc.

### Notes to Financial Statements (Continued)

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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 policy with respect to offsetting is that, absent an event of default by the counterparty or a termination of the agreement, the master agreement does not result in an offset of reported amounts of financial assets and financial liabilities in the Statement of Assets and Liabilities across transactions between the Fund and the applicable counterparty. The enforceability of the right to offset may vary by jurisdiction.

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.

**Swap Agreements.** The Fund may enter into equity contract for difference swap transactions for the purpose of increasing the income of the Fund. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an equity contract for difference swap, a set of future cash flows is exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. Depending on the general state of short term interest rates and the returns on the Fund's portfolio securities at the time an equity contract for difference swap transaction reaches its scheduled termination date, there is

## The Gabelli Convertible and Income Securities Fund Inc.

### Notes to Financial Statements (Continued)

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a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction.

Unrealized gains related to swaps are reported as an asset and unrealized losses are reported as a liability in the Statement of Assets and Liabilities. The change in value of swaps, including the accrual of periodic amounts of interest to be received or paid on swaps, is reported as unrealized gain or loss in the Statement of Operations. A realized gain or loss is recorded upon receipt or payment of a periodic payment or termination of swap agreements. During the year ended December 31, 2018, the Fund held no investments in equity contract for difference swap agreements.

**Limitations on the Purchase and Sale of Futures Contracts, Certain Options, and Swaps.** Subject to the guidelines of the Board, the Fund may engage in “commodity interest” transactions (generally, transactions in futures, certain options, certain currency transactions, and certain types of swaps) only for bona fide hedging or other permissible transactions in accordance with the rules and regulations of the Commodity Futures Trading Commission (CFTC). Pursuant to amendments by the CFTC to Rule 4.5 under the Commodity Exchange Act (CEA), the Adviser has filed a notice of exemption from registration as a “commodity pool operator” with respect to the Fund. The Fund and the Adviser are therefore not subject to registration or regulation as a commodity pool operator under the CEA. In addition, certain trading restrictions are now applicable to the Fund which permit the Fund to engage in commodity interest transactions that include (i) “bona fide hedging” transactions, as that term is defined and interpreted by the CFTC and its staff, without regard to the percentage of the Fund’s assets committed to margin and options premiums and (ii) non-bona fide hedging transactions, provided that the Fund does not enter into such non-bona fide hedging transactions if, immediately thereafter, either (a) the sum of the amount of initial margin deposits on the Fund’s existing futures positions or swaps positions and option or swaption premiums would exceed 5% of the market value of the Fund’s liquidating value, after taking into account unrealized profits and unrealized losses on any such transactions, or (b) the aggregate net notional value of the Fund’s commodity interest transactions would not exceed 100% of the market value of the Fund’s liquidating value, after taking into account unrealized profits and unrealized losses on any such transactions. Therefore, in order to claim the Rule 4.5 exemption, the Fund is limited in its ability to invest in commodity futures, options, and certain types of swaps (including securities futures, broad based stock index futures, and financial futures contracts). As a result, in the future the Fund will be more limited in its ability to use these instruments than in the past, and these limitations may have a negative impact on the ability of the Adviser to manage the Fund, and on the Fund’s performance.

**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.

## The Gabelli Convertible and Income Securities Fund Inc.

### Notes to Financial Statements (Continued)

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**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 December 31, 2018, 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 an accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on the ex-dividend date, except for certain dividends from foreign securities that are recorded as soon after the ex-dividend date as the Fund becomes aware of such dividends.

**Custodian Fee Credits.** When cash balances are maintained in the custody account, the Fund receives credits which are used to offset custodian fees. The gross expenses paid under the custody arrangement are included in custodian fees in the Statement of Operations with the corresponding expense offset, if any, shown as "Custodian fee credits."

## The Gabelli Convertible and Income Securities Fund Inc. Notes to Financial Statements (Continued)

**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 reclassification of convertible bond premiums at disposition and contingent payment debt instruments. These reclassifications have no impact on the NAV of the Fund.

Distributions to shareholders of the Fund's 6.000% Series B Cumulative Preferred Stock (Series B Preferred) are recorded on a daily basis and are determined as described in Note 5.

The Fund declares and pays quarterly distributions from net investment income, capital gains, and paid-in capital. The actual source of the distribution is determined after the end of the year. Distributions during the year may be 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 and may cause such gains to be treated as ordinary income, subject to the maximum federal income tax rate. Distributions sourced from paid-in capital should not be considered as dividend yield or the total return from an investment in the Fund. The Board will continue to monitor the Fund's distribution level, taking into consideration the Fund's NAV and the financial market environment. The Fund's distribution policy is subject to modification by the Board at any time.

The tax character of distributions paid during the years ended December 31, 2018 and 2017 was as follows:

	Year Ended December 31, 2018		Year Ended December 31, 2017	
	Common	Preferred	Common	Preferred
<b>Distributions paid from:</b>				
Ordinary income (inclusive of short term capital gains) .....	\$1,995,748	\$ 390,626	\$2,040,846	\$ 436,793
Net long term capital gains.....	<u>5,403,873</u>	<u>1,057,696</u>	<u>4,726,213</u>	<u>1,011,529</u>
Total distributions paid .....	<u>\$7,399,621</u>	<u>\$1,448,322</u>	<u>\$6,767,059</u>	<u>\$1,448,322</u>

**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.

## The Gabelli Convertible and Income Securities Fund Inc. Notes to Financial Statements (Continued)

As of December 31, 2018, the components of accumulated earnings/losses on a tax basis were as follows:

Undistributed ordinary income .....	\$ 206
Undistributed long term capital gains .....	9,275
Net unrealized appreciation on investments and foreign currency translations .....	<u>4,640,202</u>
Total .....	<u>\$4,649,683</u>

At December 31, 2018, the temporary differences between book basis and tax basis net unrealized appreciation on investments were primarily due to deferral of losses from wash sales for tax purposes, bond conversion premium adjustments, and basis adjustments on hybrid securities.

The following summarizes the tax cost of investments and the related net unrealized appreciation at December 31, 2018:

	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
Investments .....	\$109,420,139	\$9,891,523	\$(5,249,045)	\$4,642,478

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. During the year ended December 31, 2018, the Fund did not incur any income tax, interest, or penalties. As of December 31, 2018, 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, equal on an annual basis to 1.00% of the value of its average daily net assets including the liquidation value of preferred stock. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund's portfolio and oversees the administration of all aspects of the Fund's business and affairs.

The Adviser has agreed to reduce the management fee on the incremental assets attributable to the Series B Preferred if the total return of the NAV of the common shares of the Fund, including distributions and advisory fee subject to reduction, does not exceed the stated dividend rate on the Series B Preferred for the year. The Fund's total return on the NAV of the common shares is monitored on a monthly basis to assess whether the total return on the NAV of the common shares exceeds the stated dividend rate of the Series B Preferred for the period. For the year ended December 31, 2018, the Fund's total return on the NAV of the common shares did not exceed the stated dividend rate of the Series B Preferred. Thus, advisory fees with respect to the liquidation value of the Preferred assets were reduced by \$241,387.

During the year ended December 31, 2018, the Fund paid \$7,474 in brokerage commissions on security trades to G.research, LLC, an affiliate of the Adviser.

## The Gabelli Convertible and Income Securities Fund Inc. Notes to Financial Statements (Continued)

During the year ended December 31, 2018, 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 \$716.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement between the Fund and the Adviser. During the year ended December 31, 2018, the Fund accrued \$45,000 in accounting fees in the Statement of Operations.

As per the approval of the Board, the Fund compensates officers of the Fund, who are employed by the Fund and are not employed by the Adviser (although the officers may receive incentive based variable compensation from affiliates of the Adviser). During the year ended December 31, 2018, the Fund accrued \$71,335 in payroll expenses in the Statement of Operations.

The Fund pays each Director who is not considered an affiliated person an annual retainer of \$3,000 plus \$750 for each Board meeting attended. Each Director is reimbursed by the Fund for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$500 per meeting attended, the Audit Committee Chairman receives an annual fee of \$3,000, the Nominating Committee Chairman receives an annual fee of \$2,000, and the Lead Director receives an annual fee of \$1,000. A Director may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. Directors who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

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 amounted to \$298,868.

**4. Portfolio Securities.** Purchases and sales of securities during the year ended December 31, 2018, other than short term securities and U.S. Government obligations, aggregated \$42,087,650 and \$39,460,016, respectively.

**5. Capital.** The charter permits the Fund to issue 998,000,000 shares of common stock (par value \$0.001). The Board has authorized the repurchase of up to 500,000 common shares on the open market when the shares are trading at a discount of 10% or more (or such other percentage as the Board may determine from time to time) from the NAV of the shares. During the years ended December 31, 2018 and 2017, the Fund did not repurchase any shares of its common stock in the open market.

For the years ended December 31, 2018 and 2017, transactions in common stock were as follows:

	Year Ended		Year Ended	
	December 31, 2018		December 31, 2017	
	Shares	Amount	Shares	Amount
Net increase from common shares issued upon reinvestment of distributions .....	214,024	\$ 1,221,471	148,619	\$827,168
Net increase from common shares issued in rights offering.....	4,315,381	22,655,750	—	—
Net increase.....	<u>4,529,405</u>	<u>\$23,877,221</u>	<u>148,619</u>	<u>\$827,168</u>

The Fund's Articles of Incorporation authorize the issuance of up to 1,995,000 shares of \$0.001 par value Preferred Stock. The Preferred Stock is senior to the common stock and results in the financial leveraging of the common stock. Such leveraging tends to magnify both the risks and opportunities to common shareholders.



## The Gabelli Convertible and Income Securities Fund Inc.

### Notes to Financial Statements (Continued)

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Dividends on shares of the Preferred Stock are cumulative. The Fund is required by the 1940 Act and by the Fund's Articles Supplementary to meet certain asset coverage tests with respect to the Preferred Stock. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the Series B Preferred at a redemption price of \$25 per share plus an amount equal to the accumulated and unpaid dividends whether or not declared on such shares in order to meet these requirements. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund's ability to pay dividends to common shareholders and could lead to sales of portfolio securities at inopportune times. The income received on the Fund's assets may vary in a manner unrelated to the fixed and variable rates, which could have either a beneficial or detrimental impact on net investment income and gains available to common shareholders.

On March 18, 2003, the Fund received net proceeds of \$23,994,241 after underwriting discounts of \$787,500 and offering expenses of \$218,259 from the public offering of 1,000,000 shares of Series B Preferred. The Fund, at its option, may redeem the Series B Preferred in whole or in part at the redemption price at any time. The Board has authorized the repurchase on the open market at prices less than the \$25 liquidation value of the Series B Preferred. During the years ended December 31, 2018 and 2017, the Fund did not repurchase any shares of Series B Preferred. At December 31, 2018, 965,548 shares of Series B Preferred were outstanding and accrued dividends amounted to \$20,116.

The holders of Preferred Stock generally are entitled to one vote per share held on each matter submitted to a vote of shareholders of the Fund and will vote together with holders of common stock as a single class. The holders of Preferred Stock voting together as a single class also have the right currently to elect two Directors and, under certain circumstances, are entitled to elect a majority of the Board. In addition, the affirmative vote of a majority of the votes entitled to be cast by holders of all outstanding shares of the preferred stock, voting as a single class, will be required to approve any plan of reorganization adversely affecting the preferred stock, and the approval of two-thirds of each class, voting separately, of the Fund's outstanding voting stock must approve the conversion of the Fund from a closed-end to an open-end investment company. The approval of a majority (as defined in the 1940 Act) of the outstanding preferred stock and a majority (as defined in the 1940 Act) of the Fund's outstanding voting securities are required to approve certain other actions, including changes in the Fund's investment objectives or fundamental investment policies.

During the year ended December 31, 2018, the Fund completed a rights offering whereby one transferable right was issued for each common share held as of September 5, 2018. Three rights were required to purchase one additional common share at the subscription price of \$5.25. On October 22, 2018, the Fund issued 4,315,381 common shares receiving net proceeds of \$22,414,750, after the deduction of estimated offering expenses of \$241,000. The NAV of the Fund was reduced by \$0.02 per share on the day the additional common shares were issued due to the additional common shares being issued below NAV.

The Fund has an effective shelf registration authorizing an additional \$103 million after the rights offering conducted during the year.

**6. Convertible Securities Concentration.** The Fund will invest at least 80% of its net assets, under normal market conditions, in a combination of convertible securities and income producing securities (the 80% Policy). The Fund expects to continue its practice of focusing on convertible securities to the extent attractive opportunities

## The Gabelli Convertible and Income Securities Fund Inc. Notes to Financial Statements (Continued)

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are available. The 80% Policy may be changed without shareholder approval. However, the Fund has adopted a policy to provide shareholders with notice at least 60 days prior to the implementation of any change in the 80% Policy.

**7. 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.

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

# **The Gabelli Convertible and Income Securities Fund Inc. Report of Independent Registered Public Accounting Firm**

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To the Board of Directors and Shareholders of  
The Gabelli Convertible and Income Securities Fund Inc.:

## **Opinion on the Financial Statements**

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of The Gabelli Convertible and Income Securities Fund Inc. (the "Fund") as of December 31, 2018, the related statement of operations for the year ended December 31, 2018, the statement of changes in net assets attributable to common shareholders for each of the two years in the period ended December 31, 2018, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2018 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2018, the results of its operations for the year then ended, the changes in its net assets attributable to common shareholders for each of the two years in the period ended December 31, 2018 and the financial highlights for each of the five years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

## **Basis for Opinion**

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018 by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP  
New York, New York  
February 28, 2019

We have served as the auditor of one or more investment companies in Gabelli/GAMCO Fund Complex since 1986.

## The Gabelli Convertible and Income Securities Fund Inc. Additional Fund Information (Unaudited)

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

<u>Name, Position(s) Address<sup>1</sup> and Age</u>	<u>Term of Office and Length of Time Served<sup>2</sup></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 Director<sup>3</sup></u>
<b>INTERESTED DIRECTORS<sup>4</sup>:</b>				
<b>Mario J. Gabelli, CFA</b> Chairman and Chief Investment Officer Age: 76	Since 1989*	35	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 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 LICT Corp. (multimedia and communication services company); Director of CIBL, Inc. (broadcasting and wireless communications); Director of ICTC Group Inc. (communications)
<b>Thomas H. Dinsmore, CFA</b> Director Age: 65	Since 2016*	1	Portfolio Manager for Gabelli Funds, LLC; Former Chairman and Chief Executive Officer of the Bancroft Fund Ltd. and the Ellsworth Growth and Income Fund Ltd. (1996-2015); Member of the Executive Committee of the Closed-End Fund Association	—
<b>INDEPENDENT DIRECTORS<sup>5</sup>:</b>				
<b>John Birch</b> Director Age: 67	Since 2018***	3	Partner, The Cardinal Partners Global; Chief Operating Officer of Sentinel Asset Management and Chief Financial Officer and Chief Risk Officer of Sentinel Group Funds (2005-2015)	—
<b>E. Val Cerutti</b> Director Age: 79	Since 1989***	7	Chief Executive Officer of Cerutti Consultants, Inc.	Director of The LGL Group, Inc. (diversified manufacturing) (1990-2009)
<b>Anthony S. Colavita<sup>6</sup></b> Director Age: 57	Since 2018**	22	Attorney, Anthony S. Colavita, P.C.	—
<b>Vincent D. Enright</b> Director Age: 75	Since 2016**	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)
<b>Leslie F. Foley</b> Director Age: 50	Since 2017***	10	Attorney; Serves on the Boards of the Addison Gallery of American Art at Phillips Academy Andover, National Humanities Center, and Greenwich Country Day School; Vice President, Global Ethics & Compliance and Associate General Counsel for News Corporation (2008-2010)	—

## The Gabelli Convertible and Income Securities Fund Inc. Additional Fund Information (Continued) (Unaudited)

<u>Name, Position(s) Address<sup>1</sup> and Age</u>	<u>Term of Office and Length of Time Served<sup>2</sup></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 Director<sup>3</sup></u>
<b>Daniel D. Harding</b> Director Age: 66	Since 2016*	3	Managing General Partner of the Global Equity Income Fund (private investment fund); Director of TRC (private asset management); General Partner of Latitude Capital Partners, LLC (private investment); Director of Legg Mason Investment Counsel, LLC and Chair of Investment Committee (2010-2012)	Moristown Medical Center, Atlantic Health Systems, Ocean Reef Community Foundation and Ocean Reef Medical Center Foundation
<b>Michael J. Melarkey</b> Director Age: 69	Since 2011***	25	Of Counsel in the law firm of McDonald Carano Wilson LLP; Partner in the law firm of Avansino, Melarkey, Knobel, Mulligan & McKenzie (1980-2015)	Chairman of Southwest Gas Corporation (natural gas utility)
<b>Kuni Nakamura</b> <sup>7</sup> Director Age: 50	Since 2016***	37	President of Advanced Polymer, Inc. (chemical manufacturing company); President of KEN Enterprises, Inc. (real estate)	—
<b>Werner J. Roeder</b> <sup>6</sup> Director Age: 78	Since 2001***	23	Retired physician; Former Vice President of Medical Affairs (Medical Director) of New York Presbyterian/Lawrence Hospital (1999-2014)	—
<b>Anthonie C. van Ekris</b> <sup>7</sup> Director Age: 84	Since 1992**	23	Chairman and Chief Executive Officer of BALMAC International, Inc. (global import/export company)	—
<b>Salvatore J. Zizza</b> Director Age: 73	Since 1991**	32	President of Zizza & Associates Corp. (private holding company); Chairman of BAM (semiconductor and aerospace manufacturing); President of Bergen Cove Realty Inc.; Chairman of Metropolitan Paper Recycling Inc. (recycling) (2005-2014)	Director and Chairman of Trans-Lux Corporation (business services); Director and Chairman of Harbor Diversified Inc. (pharmaceuticals) (2009-2018)

## The Gabelli Convertible and Income Securities Fund Inc. Additional Fund Information (Continued) (Unaudited)

<u>Name, Position(s) Address<sup>1</sup> and Age</u>	<u>Term of Office and Length of Time Served<sup>2</sup></u>	<u>Principal Occupation(s) During Past Five Years</u>
<b>OFFICERS:</b>		
<b>Bruce N. Alpert</b> President Age: 67	Since 1989	Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988; Officer of registered investment companies within the Gabelli/GAMCO Fund Complex; Senior Vice President of GAMCO Investors, Inc. since 2008
<b>John C. Ball</b> Treasurer Age: 42	Since 2017	Treasurer of funds within the Gabelli/GAMCO Fund Complex since 2017; Vice President and Assistant Treasurer of AMG Funds, 2014-2017; Vice President of State Street Corporation, 2007-2014
<b>Agnes Mullady</b> Vice President Age: 60	Since 2006	Officer of registered investment companies within the Gabelli/GAMCO 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
<b>Andrea R. Mango</b> Secretary and Vice President Age: 46	Since 2013	Vice President of GAMCO Investors, Inc. since 2016; Counsel of Gabelli Funds, LLC since 2013; Secretary of registered investment companies within the Gabelli/GAMCO Fund Complex since 2013; Vice President of closed-end funds within the Gabelli/GAMCO Fund Complex since 2014; Corporate Vice President within the Corporate Compliance Department of New York Life Insurance Company, 2011-2013
<b>Richard J. Walz</b> Chief Compliance Officer Age: 59	Since 2013	Chief Compliance Officer of registered investment companies within the Gabelli/GAMCO Fund Complex since 2013; Chief Compliance Officer of AEGON USA Investment Management, 2011-2013
<b>Laurissa M. Martire</b> Vice President and Ombudsman Age: 42	Since 2004	Vice President and/or Ombudsman of closed-end funds within the Gabelli/GAMCO Fund Complex; Vice President (since 2016) and Assistant Vice President (2003-2016) of GAMCO Investors, Inc.

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

<sup>2</sup> The Fund's Board of Directors is divided into three classes, each class having a term of three years. Each year the term of office of one class expires and the successor or successors elected to such class serve for a three year term. The three year term for each class expires as follows:

\* Term expires at the Fund's 2019 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

\*\* Term expires at the Fund's 2020 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

\*\*\* Term expires at the Fund's 2021 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

For officers, includes time served in prior positions with the Fund. 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.

<sup>3</sup> This column includes 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, and other noteworthy directorships.

<sup>4</sup> "Interested person" of the Fund, as defined in the 1940 Act. Messrs. Gabelli and Dinsmore are each considered an "interested person" because of their affiliation with Gabelli Funds, LLC, which acts as the Fund's investment adviser.

<sup>5</sup> Directors who are not interested persons are considered "Independent" Directors.

<sup>6</sup> This Director is elected solely by and represents the stockholders of the preferred stock issued by this Fund.

<sup>7</sup> Mr. van Ekris is an independent director of Gabelli International Ltd., Gabelli Fund LDC, Gama Capital Opportunities Master Ltd., and GAMCO International SICAV, and Messrs. Birch and Nakamura are directors of Gabelli Merger Plus+ Trust Plc, all of which may be deemed to be controlled by Mario J. Gabelli and/or affiliates and, in that event, would be deemed to be under common control with the Fund's Adviser.

**THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.**  
**INCOME TAX INFORMATION (Unaudited)**  
**December 31, 2018**

**Cash Dividends and Distributions**

	Payable Date	Record Date	Ordinary Investment Income(a)	Long Term Capital Gains	Total Amount Paid Per Share(b)	Dividend Reinvestment Price
<b>Common Shares</b>						
	03/22/18	03/15/18	\$0.03450	\$0.08550	\$0.12000	\$5.58600
	06/22/18	06/15/18	0.03050	0.08950	0.12000	5.89950
	09/21/18	09/14/18	0.03050	0.08950	0.12000	5.65000
	12/14/18	12/07/18	0.03050	0.08950	0.12000	4.56750
			\$0.12600	\$0.35400	\$0.48000	
<b>6.000% Series B Cumulative Preferred Stock</b>						
	03/26/18	03/19/18	\$0.10690	\$0.26810	\$0.37500	
	06/26/18	06/19/18	0.09520	0.27980	0.37500	
	09/26/18	09/19/18	0.09520	0.27980	0.37500	
	12/26/18	12/18/18	0.09520	0.27980	0.37500	
			\$0.39250	\$1.10750	\$1.50000	

A Form 1099-DIV has been mailed to all shareholders of record for the distributions mentioned above, setting forth specific amounts to be included in the 2018 tax returns. Ordinary income distributions include net investment income and net realized short term capital gains, if any. Ordinary income is reported in box 1a of Form 1099-DIV. Capital gain distributions are reported in box 2a of Form 1099-DIV. The long term gain distributions for the year ended December 31, 2018 were \$6,461,569 or the maximum allowable.

**Corporate Dividends Received Deduction, Qualified Dividend Income, and U.S. Government Securities Income**

The Fund paid to common and 6.000% Series B Cumulative Preferred shareholders ordinary income dividends of \$0.1260 and \$0.3925 per share, respectively, in 2018. For the year ended December 31, 2018, 57.00% of the ordinary dividend qualified for the dividends received deduction available to corporations, 57.88% of the ordinary income distribution was qualified dividend income, 36.84% of the ordinary income distribution was qualified interest income, and 100% of ordinary income distribution was qualified short term capital gain. The percentage of ordinary income dividends paid by the Fund during 2018 derived from U.S. Treasury securities was 5.09%. Such income is exempt from state and local tax in all states. However, many states, including New York and California, allow a tax exemption for a portion of the income earned only if a mutual fund has invested at least 50% of its assets at the end of each quarter of the Fund's fiscal year in U.S. Government securities. The Fund did not meet this strict requirement in 2018. The percentage of U.S. Treasury securities held as of December 31, 2018 was 19.80%.

**THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.**  
**INCOME TAX INFORMATION (Unaudited) (Continued)**  
**December 31, 2018**

**Historical Distribution Summary**

	Investment Income(a)	Short Term Capital Gains(a)	Long Term Capital Gains	Return of Capital(c)	Total Distributions(b)	Adjustment to Cost Basis(d)
<b>Common Stock</b>						
2018 .....	\$0.10340	\$0.02260	\$0.35400	—	\$0.48000	—
2017 .....	0.12160	0.02320	0.33520	—	0.48000	—
2016 .....	0.10490	—	0.28430	\$0.02080	0.41000	\$0.02080
2015 .....	0.05456	0.11576	0.19872	0.11096	0.48000	0.11096
2014 .....	0.04693	0.04547	0.17693	0.24067	0.51000	0.24067
2013 .....	0.09120	0.31320	—	0.07560	0.48000	0.07560
2012 .....	0.05040	0.03880	—	0.39080	0.48000	0.39080
2011 .....	0.04210	0.01850	—	0.41940	0.48000	0.41940
2010 .....	0.05040	—	—	0.41960	0.47000	0.41960
2009 .....	0.08543	—	—	0.33457	0.42000	0.33457
<b>6.000% Series B Cumulative Preferred Stock</b>						
2018 .....	\$0.32170	\$0.07080	\$1.10750	—	\$1.50000	—
2017 .....	0.37960	0.07280	1.04760	—	1.50000	—
2016 .....	0.40400	—	1.09600	—	1.50000	—
2015 .....	0.22180	0.47048	0.80772	—	1.50000	—
2014 .....	0.26144	0.25316	0.98540	—	1.50000	—
2013 .....	0.33800	1.16200	—	—	1.50000	—
2012 .....	0.84560	0.65440	—	—	1.50000	—
2011 .....	1.04200	0.45800	—	—	1.50000	—
2010 .....	1.50000	—	—	—	1.50000	—
2009 .....	1.50000	—	—	—	1.50000	—

(a) Taxable as ordinary income for Federal tax purposes.

(b) Total may differ due to rounding.

(c) Non-taxable.

(d) Decrease in cost basis.

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.



# 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. 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 distribution in cash must submit this request in writing to:

The Gabelli Convertible and Income Securities Fund Inc.  
c/o Computershare  
P.O. Box 30170  
College Station, TX 77842-3170

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 30170, College Station, TX 77842-3170 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 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.

## **THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC. AND YOUR PERSONAL PRIVACY**

### **Who are we?**

The Gabelli Convertible and Income Securities Fund Inc. is a closed-end management investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940. We are managed by Gabelli Funds, LLC, which is affiliated with GAMCO Investors, Inc. GAMCO Investors, Inc. is a publicly held company that has subsidiaries that provide investment advisory services for a variety of clients.

### **What kind of non-public information do we collect about you if you become a Fund shareholder?**

When you purchase shares of the Fund on the New York Stock Exchange, you have the option of registering directly with our transfer agent in order, for example, to participate in our dividend reinvestment plan.

- *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.* This would include information about the shares that you buy or sell; it may also include information about whether you sell or exercise rights that we have issued from time to time. 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](http://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.

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

**Portfolio Management Team Biographies**

**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.

**James A. Dinsmore, CFA**, joined Gabelli Funds, LLC in 2015. He currently serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. Mr. Dinsmore received a BA in Economics from Cornell University and an MBA degree from Rutgers University.

**Thomas H. Dinsmore, CFA**, joined Gabelli Funds, LLC in 2015. He currently serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. Previously Mr. Dinsmore was Chairman and CEO of Dinsmore Capital Management; CEO and Portfolio Manager of Bancroft Fund Ltd; and CEO, Portfolio Manager, and co-founder of Ellsworth Growth and Income Fund Ltd. He received a BS in Economics from the Wharton School of Business and an MA degree in Economics from Fairleigh Dickinson University.

**Jane D. O’Keeffe** joined Gabelli Funds, LLC in 2015. She currently serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. Previously Ms. O’Keeffe was President and Director of Dinsmore Capital Management where she was also a Portfolio Manager of Bancroft Fund Ltd. and Ellsworth Growth and Income Fund Ltd. Prior to joining Dinsmore Capital Management, Ms. O’Keeffe held positions of increasing responsibilities at IDS Progressive Fund, Soros Fund Management Company, Simms Capital Management, and Fiduciary Trust International. She earned a BA from the University of New Hampshire and attended the Lubin Graduate School of Business at Pace University.

We have separated the portfolio managers’ 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 managers’ 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).

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](http://www.gabelli.com).

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

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 its common shares 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 its preferred shares in the open market when the preferred shares are trading at a discount to the liquidation value.

## THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.

One Corporate Center  
Rye, NY 10580-1422

t 800-GABELLI (800-422-3554)

f 914-921-5118

e [info@gabelli.com](mailto:info@gabelli.com)

[GABELLI.COM](http://GABELLI.COM)

### DIRECTORS

Mario J. Gabelli, CFA  
Chairman and  
Chief Executive Officer,  
GAMCO Investors, Inc.  
Executive Chairman,  
Associated Capital Group, Inc.

John Birch  
Partner,  
The Cardinal Partners Global

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

Anthony S. Colavita  
President,  
Anthony S. Colavita, P.C.

Thomas H. Dinsmore, CFA  
Portfolio Manager,  
Gabelli Funds LLC

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

Leslie F. Foley  
Attorney

Daniel D. Harding  
Managing General Director,  
Global Equity Income Fund

Michael J. Melarkey  
Of Counsel,  
McDonald Carano Wilson LLP

Kuni Nakamura  
President,  
Advanced Polymer, Inc.

Werner J. Roeder  
Former Medical Director,  
Lawrence Hospital

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

Salvatore J. Zizza  
Chairman,  
Zizza & Associates Corp.

### OFFICERS

Bruce N. Alpert  
President

John C. Ball  
Treasurer

Agnes Mullady  
Vice President

Andrea R. Mango  
Secretary & Vice President

Richard J. Walz  
Chief Compliance Officer

Laurissa M. Martire  
Vice President & Ombudsman

### 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.



GABELLI  
FUNDS

# THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.

## GCV

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