

Edgar Filing: GABELLI EQUITY TRUST INC - Form N-CSR

GABELLI EQUITY TRUST INC  
Form N-CSR  
March 11, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-04700  
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The Gabelli Equity Trust Inc.  
-----

(Exact name of registrant as specified in charter)

One Corporate Center  
Rye, New York 10580-1422  
-----

(Address of principal executive offices) (Zip code)

Bruce N. Alpert  
Gabelli Funds, LLC  
One Corporate Center  
Rye, New York 10580-1422  
-----

(Name and address of agent for service)

registrant's telephone number, including area code: 1-800-422-3554  
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Date of fiscal year end: December 31  
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Date of reporting period: December 31, 2004  
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Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. REPORTS TO STOCKHOLDERS.

The Report to Shareholders is attached herewith.

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[LOGO OMITTED]

THE GABELLI EQUITY TRUST INC.

Annual Report  
December 31, 2004

TO OUR SHAREHOLDERS,

The Sarbanes-Oxley Act requires a fund's principal executive and financial officers to certify the entire contents of the semi-annual and annual shareholder reports in a filing with the Securities and Exchange Commission on Form N-CSR. This certification would cover the portfolio manager's commentary and subjective opinions if they are attached to or a part of the financial statements. Many of these comments and opinions would be difficult or impossible to certify.

Because we do not want our portfolio managers to eliminate their opinions and/or restrict their commentary to historical facts, we have separated their commentary from the financial statements and investment portfolio and have sent it to you separately. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at [www.gabelli.com/funds](http://www.gabelli.com/funds).

Enclosed are the audited financial statements and the investment portfolio as of December 31, 2004.

## COMPARATIVE RESULTS

|  | AVERAGE ANNUAL RETURNS THROUGH DECEMBER 31, 2004 (A) |        |        |         |         |
|--|--|--------|--------|---------|---------|
|  | QUARTER  | 1 YEAR | 3 YEAR | 5 YEAR  | 10 YEAR |
| GABELLI EQUITY TRUST NAV RETURN (B) .....      | 16.56%   | 20.14% | 10.52% | 4.64%   | 11.8    |
| GABELLI EQUITY TRUST INVESTMENT RETURN (C) ... | 11.77  | 24.04  | 4.48   | 5.05    | 11.7    |
| S&P 500 Index .....                            | 9.23   | 10.87  | 3.58   | (2.30)  | 12.0    |
| Dow Jones Industrial Average .....             | 7.62   | 5.40   | 4.73   | 0.70    | 13.1    |
| Nasdaq Composite Index .....                   | 14.69  | 8.59   | 3.71   | (11.77) | 11.2    |

(a) RETURNS REPRESENT PAST PERFORMANCE AND DO NOT GUARANTEE FUTURE RESULTS. INVESTMENT RETURNS AND THE PRINCIPAL VALUE OF AN INVESTMENT WILL FLUCTUATE. WHEN SHARES ARE SOLD, THEY MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST. CURRENT PERFORMANCE MAY BE LOWER OR HIGHER THAN THE DATA PRESENTED. VISIT [WWW.GABELLI.COM](http://WWW.GABELLI.COM) FOR PERFORMANCE INFORMATION AS OF THE MOST RECENT MONTH END. INVESTORS SHOULD CONSIDER THE INVESTMENT OBJECTIVES, RISKS AND CHARGES AND EXPENSES OF THE FUND CAREFULLY BEFORE INVESTING. PERFORMANCE FOR PERIODS LESS THAN ONE YEAR IS NOT ANNUALIZED. THE DOW JONES INDUSTRIAL AVERAGE IS AN UNMANAGED INDEX OF 30 LARGE INDUSTRIAL STOCKS. THE S&P 500 AND THE NASDAQ COMPOSITE INDICES ARE UNMANAGED INDICATORS OF STOCK MARKET PERFORMANCE. DIVIDENDS ARE CONSIDERED REINVESTED (EXCEPT FOR THE NASDAQ COMPOSITE INDEX).

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- (b) TOTAL RETURNS AND AVERAGE ANNUAL RETURNS REFLECT CHANGES IN NET ASSET VALUE ("NAV"), REINVESTMENT OF DISTRIBUTIONS AT NAV ON THE EX-DIVIDEND DATE, ADJUSTMENTS FOR RIGHTS OFFERINGS, SPIN-OFFS AND TAXES PAID ON UNDISTRIBUTED LONG-TERM CAPITAL GAINS, AND ARE NET OF EXPENSES. SINCE INCEPTION RETURN BASED ON AN INITIAL NET ASSET VALUE OF \$9.34.
- (c) TOTAL RETURNS AND AVERAGE ANNUAL RETURNS REFLECT CHANGES IN CLOSING MARKET VALUES ON THE NEW YORK STOCK EXCHANGE, REINVESTMENT OF DISTRIBUTIONS AS OF THE PAYABLE DATE, ADJUSTMENTS FOR RIGHTS OFFERINGS, SPIN-OFFS AND TAXES PAID ON UNDISTRIBUTED LONG-TERM CAPITAL GAINS. SINCE INCEPTION RETURN BASED ON AN INITIAL OFFERING PRICE OF \$10.00.
- 

Sincerely yours,

/s/ Bruce N. Alpert

Bruce N. Alpert  
President

February 24, 2005

### THE GABELLI EQUITY TRUST INC. SUMMARY OF PORTFOLIO HOLDINGS (UNAUDITED)

Under SEC rules, all funds are required to include in their annual and semi-annual shareholder reports a presentation of portfolio holdings in a table, chart or graph by reasonably identifiable categories. The following table which presents portfolio holdings as a percent of total net assets is provided in compliance with such requirement.

|   |      |
|---|------|
| Financial Services .....                | 7.7% |
| Food and Beverage .....                 | 7.7% |
| Repurchase Agreements .....             | 7.1% |
| Entertainment .....                     | 6.8% |
| Telecommunications .....                | 6.8% |
| Publishing .....                        | 6.5% |
| Energy and Utilities .....              | 6.3% |
| Diversified Industrial .....            | 5.3% |
| Cable and Satellite .....               | 4.3% |
| Consumer Products .....                 | 4.2% |
| Wireless Communications .....           | 4.0% |
| Automotive: Parts and Accessories ..... | 3.7% |
| Health Care .....                       | 3.4% |
| Hotels and Gaming .....                 | 3.3% |
| Equipment and Supplies .....            | 2.8% |
| Retail .....                            | 2.1% |
| Aviation: Parts and Services .....      | 1.9% |
| Consumer Services .....                 | 1.8% |
| Aerospace .....                         | 1.6% |
| Machinery .....                         | 1.5% |
| Agriculture .....                       | 1.4% |
| Automotive .....                        | 1.3% |
| Communications Equipment .....          | 1.3% |
| Specialty Chemicals .....               | 1.2% |
| Broadcasting .....                      | 1.1% |
| Real Estate .....                       | 1.1% |
| Environmental Services .....            | 0.9% |
| Electronics .....                       | 0.8% |
| Business Services .....                 | 0.6% |

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|  |        |
|--|--------|
| Metals and Mining .....                              | 0.5%   |
| Manufactured Housing and Recreational Vehicles ..... | 0.3%   |
| Closed-End Funds .....                               | 0.2%   |
| Paper and Forest Products .....                      | 0.2%   |
| Real Estate Investment Trusts .....                  | 0.1%   |
| Transportation .....                                 | 0.1%   |
| U.S. Government Obligations .....                    | 0.1%   |
| Computer Software and Services .....                 | 0.0%   |
| Other Assets and Liabilities - Net .....             | 0.0%   |
|  | -----  |
|  | 100.0% |
|  | =====  |

THE GABELLI EQUITY TRUST INC. (THE "EQUITY TRUST") FILES A COMPLETE SCHEDULE OF PORTFOLIO HOLDINGS WITH THE SEC FOR THE FIRST AND THIRD QUARTERS OF EACH FISCAL YEAR ON FORM N-Q, THE FIRST OF WHICH WAS FILED FOR THE QUARTER ENDED SEPTEMBER 30, 2004. SHAREHOLDERS MAY OBTAIN THIS INFORMATION AT WWW.GABELLI.COM OR BY CALLING THE EQUITY TRUST AT 800-GABELLI (800-422-3554). THE EQUITY TRUST'S FORM N-Q IS AVAILABLE ON THE SEC'S WEBSITE AT WWW.SEC.GOV AND MAY ALSO BE REVIEWED AND COPIED AT THE COMMISSION'S PUBLIC REFERENCE ROOM IN WASHINGTON, DC. INFORMATION ON THE OPERATION OF THE PUBLIC REFERENCE ROOM MAY BE OBTAINED BY CALLING 1-800-SEC-0330.

PROXY VOTING: The Equity Trust files Form N-PX with its complete proxy voting record for the 12 months ended June 30th, no later than August 31st of each year. A description of the Equity Trust's proxy voting policies and procedures are available (i) without charge, upon request, by calling 800-GABELLI (800-422-3554); (ii) by writing to The Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; and (iii) by visiting the Securities and Exchange Commission's website at www.sec.gov.

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THE GABELLI EQUITY TRUST INC.  
 PORTFOLIO CHANGES  
 QUARTER ENDED DECEMBER 31, 2004  
 (UNAUDITED)

|   | SHARES  | OWNERSHIP AT<br>DECEMBER 31,<br>2004 |
|---|---------|--------------------------------------|
|   | -----   | -----                                |
| NET PURCHASES                                 |         |                                      |
| COMMON AND PREFERRED STOCKS                   |         |                                      |
| Agere Systems Inc., Cl. B ....                | 230,000 | 350,000                              |
| Ajinomoto Co. Inc. ....                       | 32,000  | 85,000                               |
| Albertson's Inc. ....                         | 10,000  | 180,000                              |
| H&R Block Inc. ....                           | 5,000   | 10,000                               |
| Calamos Asset Management Inc.,<br>Cl. A ..... | 7,500   | 7,500                                |
| Clorox Co .....                               | 30,000  | 30,000                               |
| Colgate-Palmolive Co .....                    | 3,000   | 3,000                                |
| Cooper Industries Ltd., Cl. A                 | 10,000  | 160,000                              |
| Dreyer's Grand Ice Cream                      |         |                                      |

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|   |           |           |
|---|-----------|-----------|
| Holdings Inc., Cl. A .....                                  | 80,000    | 200,000   |
| EchoStar Communications Corp.,<br>Cl. A .....               | 35,000    | 40,000    |
| Fairchild Corp., Cl. A .....                                | 4,600     | 125,000   |
| Freescale Semiconductor Inc.,<br>Cl. B (a) .....            | 5,000     | 5,000     |
| Gemstar-TV Guide<br>International Inc. ....                 | 20,000    | 420,000   |
| Greif Inc., Cl. B .....                                     | 1,600     | 5,000     |
| ITT Industries Inc. ....                                    | 2,000     | 120,000   |
| Kerzner International Ltd. ...                              | 10,200    | 10,200    |
| Keyence Corp. ....  | 1,500     | 4,500     |
| Lin TV Corp., Cl. A .....                                   | 15,000    | 35,000    |
| Mandalay Resort Group .....                                 | 20,000    | 40,000    |
| Matsumotokiyoshi Co. Ltd. ....                              | 8,000     | 38,000    |
| Merck & Co. Inc. ....                                       | 15,000    | 95,000    |
| Modern Times Group, Cl. B ....                              | 15,000    | 15,000    |
| Mosaic Co. (b) .....  | 10,000    | 10,000    |
| Mueller Industries Inc. ....                                | 15,000    | 15,000    |
| New York Times Co., Cl. A ....                              | 2,500     | 117,500   |
| News Corp., Cl. A (c) .....                                 | 1,530,000 | 1,530,000 |
| News Corp., Cl. B (d) .....                                 | 20,000    | 20,000    |
| News Corp., Cl. B, CDI (e) ...                              | 60,000    | 60,000    |
| Nippon Television<br>Network Corp. ....                     | 1,600     | 6,800     |
| NiSource Inc. (f) .....                                     | 12,270    | 12,270    |
| Petroleo Brasileiro SA, ADR ..                              | 15,000    | 15,000    |
| Pfizer Inc. ....  | 155,000   | 275,000   |
| Rogers Communications Inc.,<br>Cl. B, ADR (g) .....         | 297,500   | 407,845   |
| Scripps Co (E.W.) Cl A .....                                | 5,000     | 145,000   |
| Sequa Corp., \$5 Cv. Pfd. ....                              | 100       | 3,100     |
| Skyline Corp. ....  | 14,000    | 20,000    |
| Smith & Nephew plc .....                                    | 40,000    | 80,000    |
| Straumann Holding AG .....                                  | 500       | 4,250     |
| Telecom Italia SpA .....                                    | 400,000   | 1,720,480 |
| Telesp Celular Participacoes<br>SA, Pfd.,<br>Receipts ..... | 3,852,990 | 3,852,990 |
| Telesp Celular<br>Participacoes Sa,<br>ADR .....            | 23,417    | 90,217    |
| Tim Participacoes SA, ADR (h)                               | 32,165    | 32,165    |
| UBS AG .....  | 3,000     | 23,000    |
| VNU NV .....  | 1,000     | 1,000     |
| William Demant Holding A/S ...                              | 76,800    | 77,000    |

NET SALES

COMMON STOCKS

|   |          |         |
|---|----------|---------|
| Acuity Brands Inc. ....                   | (10,000) | 170,000 |
| AGL Resources Inc. ....                   | (35,000) | 10,000  |
| Aliant Inc. ....                          | (5,000)  | --      |
| Allstate Corp. ....                       | (40,000) | 10,000  |
| ALLTEL Corp. ....                         | (15,000) | 10,000  |
| America Movil SA de CV, Cl. L, ADR(1,000) |          | 85,000  |
| AMETEK Inc. ....                          | (10,000) | 225,000 |
| Andrew Corp. ....                         | (5,000)  | 70,000  |
| Astrazeneca plc .....                     | (16,000) | 19,146  |

OWNERSHIP AT  
DECEMBER 31,  
2004

SHARES

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|                                | -----       | -----     |
|--------------------------------|-------------|-----------|
| AT&T Corp. ....                | (6,000)     | 294,000   |
| AT&T Wireless                  |             |           |
| Services Inc. (i) .....        | (2,332,800) | --        |
| Autonation Inc. ....           | (40,000)    | 250,000   |
| Biogen Idec Inc. ....          | (2,000)     | 27,000    |
| Boca Resorts Inc. Cl. A (j) .. | (100,000)   | --        |
| Brasil Telecom                 |             |           |
| Participacoes SA, ADR .....    | (3,400)     | 30,000    |
| Burlington Resources Inc. .... | (5,000)     | 275,000   |
| Cablevision Systems Corp.,     |             |           |
| Cl. A .....                    | (10,000)    | 1,500,000 |
| Caesars Entertainment Inc. ... | (190,000)   | 60,000    |
| Catellus Development Corp. ... | (60,000)    | 10,000    |
| Central Europe and             |             |           |
| Russia Fund Inc. ....          | (1,333)     | 76,000    |
| CenturyTel Inc. ....           | (90,000)    | 10,000    |
| Circor International Inc. .... | (1,000)     | 94,000    |
| Citizens Communications Co ... | (5,000)     | 95,000    |
| Clarcor Inc. ....              | 0           | 100,000   |
| Coldwater Creek Inc. ....      | (3,750)     | 30,000    |
| Commonwealth Telephone         |             |           |
| Enterprises Inc. ....          | (34,800)    | 220,000   |
| Constellation Energy Group ... | (2,000)     | 8,000     |
| Corn Products                  |             |           |
| International Inc. ....        | (15,000)    | 60,000    |
| Curtiss-Wright Corp., Cl. B .. | (640)       | 204,000   |
| Del Monte Foods Co .....       | (3,592)     | 70,000    |
| Delphi Corp. ....              | (20,000)    | --        |
| Deutsche Bank AG, ADR .....    | (3,000)     | 154,000   |
| Donaldson Co. Inc. ....        | (3,000)     | 217,000   |
| Duke Energy Corp. ....         | (35,000)    | 300,000   |
| El Paso Electric Co .....      | (30,000)    | 370,000   |
| EMC Corp. ....                 | (60,000)    | --        |
| Energizer Holdings Inc. ....   | (1,000)     | 34,000    |
| Fedders Corp. ....             | (5,000)     | 75,000    |
| Ford Motor Co .....            | (7,000)     | 8,000     |
| Franklin Elec Co., Inc. ....   | (2,000)     | 24,000    |
| GenCorp Inc. ....              | (40,000)    | 220,000   |
| General Motors Corp. ....      | (50,000)    | 90,000    |
| Gillette Co .....              | (55,000)    | 135,000   |
| GlaxoSmithKline plc .....      | (10,000)    | 65,036    |
| Greif Inc., Cl. A .....        | (10,000)    | 235,000   |
| Grupo Televisa SA, ADR .....   | (10,100)    | 175,000   |
| Harley-Davidson Inc. ....      | (6,000)     | 44,000    |
| Hershey Foods Corp. ....       | (5,000)     | 30,000    |
| Hibernia Corp., Cl. A .....    | (2,000)     | 23,000    |
| IDEX Corp. ....                | (12,500)    | 250,000   |
| IMC Global Inc. (b) .....      | (10,000)    | --        |
| Johnson Controls Inc. ....     | (35,000)    | 145,000   |
| Kellogg Co .....               | (30,000)    | 215,000   |
| Lamson & Sessions Co .....     | (8,000)     | 390,000   |
| Landauer, Inc. ....            | (2,000)     | 96,000    |
| Leucadia National Corp. ....   | (6,000)     | 52,000    |
| Liberty Media Corp., Cl. A ... | (6,352)     | 2,210,000 |
| Liberty Media International    |             |           |
| Inc., Cl. A .....              | (2,980)     | 130,000   |
| Lockheed Martin Corp. ....     | (22,000)    | 53,000    |
| Loewen Group Inc. ....         | (40,000)    | --        |
| Lufkin Industries Inc. ....    | (6,000)     | 54,000    |
| Manitoba Telecom Services Inc. | (5,000)     | --        |
| Manulife Financial Corp. ....  | (40,000)    | --        |

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|  |           |         |
|--|-----------|---------|
| Metro-Goldwyn-Mayer Inc. ....              | (82,788)  | --      |
| MGM Mirage .....                           | (5,000)   | 65,000  |
| Midland Co .....                           | (700)     | 189,300 |
| Mitsubishi Securities Co. Ltd.             | (65,000)  | --      |
| Mondavi (Robert) Corp.,<br>Cl. A (k) ..... | (42,000)  | --      |
| Motorola Inc. ....                         | (4,000)   | 110,000 |
| National Presto<br>Industries Inc. ....    | (4,000)   | 46,000  |
| Navistar International Corp. .             | (50,000)  | 335,000 |
| Newmont Mining Corp Holding Co             | (5,000)   | 125,000 |
| News Corp. Ltd. (e) .....                  | (120,000) | --      |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
PORTFOLIO CHANGES (CONTINUED)  
QUARTER ENDED DECEMBER 31, 2004  
(UNAUDITED)

|  | SHARES    | OWNERSHIP AT<br>DECEMBER 31,<br>2004 |
|--|-----------|--------------------------------------|
|  | -----     | -----                                |
| NET SALES -- (CONTINUED)                                   |           |                                      |
| COMMON STOCKS -- (CONTINUED)                               |           |                                      |
| News Corp. Ltd., ADR (d) .....                             | (10,000)  | --                                   |
| Nintendo Co. Ltd. ....                                     | (10,700)  | --                                   |
| NiSource Inc. (SAILS) (f) ....                             | (100,000) | --                                   |
| Novartis AG, Registered .....                              | (3,000)   | 105,000                              |
| PACCAR Inc. ....   | (2,000)   | 43,000                               |
| Pactiv Corp. ....  | (5,000)   | 120,000                              |
| Park-Ohio Holdings Corp. ....                              | (12,000)  | 98,000                               |
| Paxson Communications Corp. .                              | (11,000)  | 129,000                              |
| Penton Media Inc. ....                                     | (100,000) | 200,000                              |
| PepsiCo Inc. ....  | (15,000)  | 370,000                              |
| Ralcorp Holdings Inc. ....                                 | (1,100)   | 58,900                               |
| Rogers Wireless<br>Communications Inc.,<br>Cl. B (g) ..... | (177,000) | --                                   |
| Rollins Inc. ....  | (47,600)  | 630,000                              |
| Royce Value Trust Inc. ....                                | (2,806)   | 34,000                               |
| RTL Group .....  | (14,375)  | --                                   |
| SBC Communications Inc. ....                               | (60,000)  | 150,000                              |
| Six Flags Inc. ....  | (20,000)  | 180,000                              |
| Southwest Gas Corp. ....                                   | (3,800)   | 16,200                               |
| Sprint Corp. ....  | (50,000)  | 450,000                              |
| St. Joe. Co .....  | (55,000)  | 185,000                              |
| Standard Motor Products Inc. .                             | (3,000)   | 160,000                              |
| Swedish Match AB .....                                     | (15,000)  | 890,000                              |
| T. Rowe Price Group Inc. ....                              | (1,500)   | 78,500                               |
| Tele Celular Sul Participacoes SA,<br>ADR (h) .....        | (32,166)  | --                                   |
| Tele Centro Oeste Celular<br>Participacoes SA, ADR (l) .   | (30,879)  | 24,787                               |
| Tele Leste Celular Participacoes SA,<br>ADR (m) .....      | (1,420)   | 1,920                                |
| Telecom Italia SpA, RNC .....                              | (495,130) | --                                   |
| Telefonica SA, ADR .....                                   | (11,000)  | 255,000                              |

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|   |           |         |
|---|-----------|---------|
| Telefonos de Mexico SA de CV,<br>Cl. L, ADR ..... | (3,000)   | 32,000  |
| Telephone & Data Systems Inc.                     | (3,000)   | 402,000 |
| TELUS Corp. ....                                  | (5,250)   | 7,500   |
| TELUS Corp., Non-Voting .....                     | (4,250)   | --      |
| TELUS Corp., Non-Voting, ADR .                    | (20,750)  | --      |
| Terra Industries Inc. ....                        | (5,000)   | --      |
| Titan Corp. ....                                  | (20,000)  | 100,000 |
| TRW Automotive Holdings<br>Corp. ....             | (45,000)  | 200,000 |
| TXU Corp. ....                                    | (5,000)   | 85,000  |
| Unitrin Inc. ....                                 | (60,000)  | --      |
| Verizon Communications Inc. ..                    | (120,000) | 140,000 |
| Viacom Inc., Cl. A .....                          | (5,000)   | 835,000 |
| Wrigley (Wm.) Jr. Co .....                        | (10,000)  | 170,000 |
| Young Broadcasting Inc., Cl. A                    | (24,500)  | 115,500 |

OWNERSHIP AT  
DECEMBER 31,  
2004

SHARES

PREFERRED STOCKS

|   |           |    |
|---|-----------|----|
| Citizens Communications Co.,<br>5.000% Cv. Pfd. | (9,400)   | -- |
| News Corp. Ltd., Pfd., ADR (c)                  | (770,000) | -- |

- 
- (a) Spin-off -- .110415 shares of Freescale Semiconductor Inc., Cl. B for every 1 share of Motorola Inc
  - (b) Merger -- 1 share of Mosaic Co. for every 1 share of IMC
  - (c) Merger -- 2 shares of News Corp., Cl. A for every 1 share of News Corp. Ltd., Pfd., ADR
  - (d) Merger -- 2 shares of News Corp., Cl. B for every 1 share of News Corp. Ltd., ADR
  - (e) Merger -- 1 share of News Corp., Cl. B, CDI for every 2 shares of News Corp. Ltd
  - (f) Merger -- .1227 share of NiSource Inc. for every 1 share of NiSource SAILS
  - (g) Exchange Shares -- 1.75 shares of Rogers Communications Inc., Cl. B, ADR for 1 share of Rogers Wireless Communications Inc., Cl. B
  - (h) Name change from Tele Celular Sul Par to Tim Participacoes, ADR
  - (i) Cash Merger -- \$15 for every share
  - (j) Cash Merger -- \$24 for every share
  - (k) Cash Merger -- \$56.50 for every share
  - (l) Tender Offer -- \$11.05555 for 1 share
  - (m) Tender Offer -- \$18.97821 for 1 share

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2004

| SHARES |                            | COST       | MARKET<br>VALUE |
|--------|----------------------------|------------|-----------------|
| -----  |                            | ----       | -----           |
|        | COMMON STOCKS -- 92.4%     |            |                 |
|        | FINANCIAL SERVICES -- 7.7% |            |                 |
| 7,000  | Allianz AG .....           | \$ 866,497 | \$ 928,640      |
| 10,000 | Allstate Corp. ....        | 418,128    | 517,200         |



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|         |  |            |             |
|---------|--|------------|-------------|
| 550,000 | American Express Co. ...                         | 21,247,943 | 31,003,500  |
| 34,000  | Argonaut Group Inc.+ ...                         | 893,076    | 718,420     |
| 95,000  | Aviva plc .....                                  | 935,100    | 1,145,413   |
| 90,000  | Banco Santander Central<br>Hispano SA, ADR ..... | 322,130    | 1,113,300   |
| 110,000 | Bank of Ireland .....                            | 635,101    | 1,831,589   |
| 77,000  | Bank of New York Co. Inc.                        | 2,834,050  | 2,573,340   |
| 275,000 | Bankgesellschaft Berlin AG+                      | 5,495,399  | 755,063     |
| 260     | Berkshire Hathaway Inc.,<br>Cl. A+ .....         | 1,074,048  | 22,854,000  |
| 7,500   | Calamos Asset Management<br>Inc., Cl. A+ .....   | 135,000    | 202,500     |
| 185,000 | Commerzbank AG, ADR+ ...                         | 3,747,342  | 3,814,663   |
| 154,000 | Deutsche Bank AG, ADR ..                         | 9,919,608  | 13,707,540  |
| 20,000  | Dun and Bradstreet Corp.+                        | 424,266    | 1,193,000   |
| 10,000  | H&R Block Inc. ....                              | 329,930    | 490,000     |
| 23,000  | Hibernia Corp., Cl. A ..                         | 184,942    | 678,730     |
| 90,000  | Irish Life & Permanent plc                       | 702,922    | 1,688,188   |
| 140,000 | Janus Capital Group Inc.                         | 2,177,430  | 2,353,400   |
| 45,000  | JPMorgan Chase & Co. ...                         | 1,251,002  | 1,755,450   |
| 155,000 | Kinnevik Investment AB,<br>Cl. B .....           | 728,053    | 1,650,202   |
| 52,000  | Leucadia National Corp.                          | 1,905,290  | 3,612,960   |
| 95,000  | Lloyds TSB Group plc ...                         | 775,666    | 862,708     |
| 100,000 | Mellon Financial Corp. .                         | 3,140,094  | 3,111,000   |
| 189,300 | Midland Co. ....                                 | 1,388,194  | 5,919,411   |
| 30,000  | Moody's Corp. ....                               | 1,024,050  | 2,605,500   |
| 257,500 | Nikko Cordial Corp. ....                         | 1,725,292  | 1,364,521   |
| 150,000 | Phoenix Companies Inc. .                         | 2,179,395  | 1,875,000   |
| 2,500   | Prudential Financial Inc.                        | 68,750     | 137,400     |
| 46,002  | RAS SpA .....                                    | 576,832    | 1,040,469   |
| 60,000  | Riggs National Corp. ...                         | 552,538    | 1,275,600   |
| 45,000  | Schwab (Charles) Corp. .                         | 657,562    | 538,200     |
| 80,000  | State Street Corp. ....                          | 4,001,480  | 3,929,600   |
| 20,000  | SunTrust Banks Inc. ....                         | 419,333    | 1,477,600   |
| 78,500  | T. Rowe Price Group Inc.                         | 4,816,620  | 4,882,700   |
| 23,000  | UBS AG .....                                     | 1,094,361  | 1,928,634   |
| 60,000  | Waddell & Reed Financial<br>Inc., Cl. A .....    | 1,247,250  | 1,433,400   |
|         |  | -----      | -----       |
|         |  | 79,894,674 | 126,968,841 |
|         |  | -----      | -----       |
|         | FOOD AND BEVERAGE -- 7.7%                        |            |             |
| 85,000  | Ajinomoto Co. Inc. ....                          | 998,444    | 1,012,004   |
| 30,000  | Cadbury Schweppes plc,<br>ADR .....              | 746,559    | 1,131,000   |
| 90,000  | Campbell Soup Co. ....                           | 2,383,197  | 2,690,100   |
| 40,000  | Coca-Cola Co. ....                               | 1,871,842  | 1,665,200   |
| 5,000   | Coca-Cola Enterprises Inc.                       | 77,194     | 104,250     |
| 40,000  | Coca-Cola Hellenic<br>Bottling Co. SA .....      | 519,295    | 977,572     |
| 60,000  | Corn Products<br>International Inc. ..           | 1,658,919  | 3,213,600   |
| 70,000  | Del Monte Foods Co.+ ...                         | 595,339    | 771,400     |
| 10,108  | Denny's Corp.+ .....                             | 14,358     | 45,486      |
| 100,000 | Diageo plc .....                                 | 1,037,393  | 1,426,487   |
| 224,000 | Diageo plc, ADR .....                            | 9,660,541  | 12,965,120  |
| 200,000 | Dreyer's Grand Ice Cream<br>Holdings Inc., Cl. A | 15,737,691 | 16,086,000  |
| 60,000  | Flowers Foods Inc. ....                          | 1,011,842  | 1,894,800   |
| 30,000  | Fomento Economico<br>Mexicano SA de              |            |             |

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|           |   |              |              |
|-----------|---|--------------|--------------|
|           | CV, ADR .....                                 | 1,094,322    | 1,578,300    |
| 90,000    | General Mills Inc. ....                       | 4,162,848    | 4,473,900    |
| 40,000    | Groupe Danone .....                           | 3,491,214    | 3,694,441    |
| 500,000   | Grupo Bimbo SA de CV,<br>Cl. A .....          | 1,052,379    | 1,263,120    |
| 20,000    | Hain Celestial<br>Group Inc.+ .....           | 267,663      | 413,400      |
| 130,000   | Heinz (H.J.) Co. ....                         | 4,668,773    | 5,068,700    |
| 30,000    | Hershey Foods Corp. ....                      | 1,005,353    | 1,666,200    |
|           |   |              |              |
|           |   | MARKET       |              |
| SHARES    |   | COST         | VALUE        |
| -----     |   | ----         | -----        |
| 215,000   | Kellogg Co. ....                              | \$ 7,125,927 | \$ 9,601,900 |
| 75,000    | Kerry Group plc, Cl. A .                      | 860,877      | 1,809,497    |
| 12,100    | LVMH Moet Hennessy<br>Louis Vuitton SA ....   | 419,053      | 926,784      |
| 2,500     | Nestle SA .....                               | 513,610      | 654,076      |
| 550,000   | PepsiAmericas Inc. ....                       | 9,711,426    | 11,682,000   |
| 370,000   | PepsiCo Inc. ....                             | 17,894,457   | 19,314,000   |
| 6,750     | Pernod-Ricard .....                           | 470,174      | 1,034,015    |
| 58,900    | Ralcorp Holdings Inc. ..                      | 923,976      | 2,469,677    |
| 70,000    | Sara Lee Corp. ....                           | 1,266,240    | 1,689,800    |
| 2,000     | Smucker (J.M.) Co. ....                       | 52,993       | 94,140       |
| 109,000   | Tootsie Roll<br>Industries Inc. ....          | 1,566,039    | 3,774,670    |
| 170,000   | Wrigley (Wm.) Jr. Co. ..                      | 10,436,095   | 11,762,300   |
|           |   | -----        | -----        |
|           |   | 103,296,033  | 126,953,939  |
|           |   | -----        | -----        |
|           | ENTERTAINMENT -- 6.8%                         |              |              |
| 160,000   | Canal Plus, ADR .....                         | 34,011       | 251,200      |
| 110,000   | EMI Group plc .....                           | 292,543      | 559,651      |
| 80,000    | EMI Group plc, ADR .....                      | 947,487      | 814,040      |
| 120,000   | Fox Entertainment Group<br>Inc., Cl. A+ ..... | 2,783,871    | 3,751,200    |
| 50,000    | GC Companies Inc.+(a) ..                      | 54,500       | 43,000       |
| 420,000   | Gemstar-TV Guide<br>International Inc.+ .     | 2,979,022    | 2,486,400    |
| 175,000   | Grupo Televisa SA, ADR .                      | 6,503,550    | 10,587,500   |
| 2,210,000 | Liberty Media Corp.,<br>Cl. A+ .....          | 22,983,152   | 24,265,800   |
| 160,000   | Publishing &<br>roadcasting Ltd. ....         | 893,720      | 2,194,923    |
| 15,000    | Regal Entertainment Group,<br>Cl. A .....     | 285,000      | 311,250      |
| 180,000   | Six Flags Inc.+ .....                         | 1,304,848    | 966,600      |
| 260,000   | The Walt Disney Co. ....                      | 5,453,387    | 7,228,000    |
| 750,000   | Time Warner Inc.+ .....                       | 16,797,691   | 14,580,000   |
| 835,000   | Viacom Inc., Cl. A .....                      | 34,674,976   | 30,961,800   |
| 43,900    | Vivendi Universal SA+ ..                      | 2,247,329    | 1,401,673    |
| 330,000   | Vivendi Universal<br>SA, ADR+ .....           | 8,718,814    | 10,583,100   |
|           |   | -----        | -----        |
|           |   | 106,953,901  | 110,986,137  |
|           |   | -----        | -----        |
|           | TELECOMMUNICATIONS -- 6.7%                    |              |              |
| 10,000    | ALLTEL Corp. ....                             | 221,940      | 587,600      |
| 294,000   | AT&T Corp. ....                               | 9,169,009    | 5,603,640    |
| 90,540    | ATX Communications Inc.+                      | 151,570      | 3,622        |
| 290,000   | BCE Inc. ....                                 | 7,665,817    | 6,997,700    |
| 30,000    | Brasil Telecom Participacoes                  |              |              |

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|           |   |            |            |
|-----------|---|------------|------------|
|           | SA, ADR .....   | 1,743,257  | 1,144,500  |
| 1,760,000 | BT Group plc .....  | 7,277,785  | 6,859,422  |
| 4,440,836 | Cable & Wireless<br>Jamaica Ltd.+ .....                     | 101,639    | 119,393    |
| 10,000    | CenturyTel Inc. ....  | 322,000    | 354,700    |
| 950,000   | Cincinnati Bell Inc.+ ..                                    | 7,398,927  | 3,942,500  |
| 95,000    | Citizens<br>Communications Co. ..                           | 1,124,779  | 1,310,050  |
| 220,000   | Commonwealth Telephone<br>Enterprises Inc.+ ...             | 8,359,934  | 10,925,200 |
| 110,000   | Compania de<br>Telecomunicaciones de<br>Chile SA, ADR ..... | 1,634,847  | 1,236,400  |
| 170,000   | Deutsche Telekom<br>AG, ADR+ .....                          | 2,827,195  | 3,855,600  |
| 15,000    | Embratel Participacoes<br>SA, ADR+ .....                    | 266,400    | 157,800    |
| 5,000     | France Telecom SA, ADR .                                    | 146,305    | 165,400    |
| 233       | KDDI Corp. ....   | 830,434    | 1,255,158  |
| 100,000   | KPN NV .....  | 232,728    | 950,115    |
| 1,000,000 | Qwest Communications<br>International Inc.+ .               | 3,357,501  | 4,440,000  |
| 407,845   | Rogers Communications<br>Inc., Cl. B, New York              | 5,045,177  | 10,665,147 |
| 9,655     | Rogers Communications<br>Inc., Cl. B, Toronto               | 137,424    | 253,352    |
| 150,000   | SBC Communications Inc.                                     | 4,625,306  | 3,865,500  |
| 450,000   | Sprint Corp. ....   | 14,920,599 | 11,182,500 |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2004

| SHARES    |   | COST         | MARKET<br>VALUE |
|-----------|---|--------------|-----------------|
| -----     |   | ----         | -----           |
|           | COMMON STOCKS (CONTINUED)                       |              |                 |
|           | TELECOMMUNICATIONS (CONTINUED)                  |              |                 |
| 186,554   | Tele Norte Leste<br>Participacoes SA, ADR \$    | 2,554,387 \$ | 3,147,166       |
| 50,000    | Telecom Argentina SA,<br>Cl. B, ADR+ .....      | 423,451      | 548,000         |
| 1,720,480 | Telecom Italia SpA .....                        | 6,794,523    | 7,039,071       |
| 255,000   | Telefonica SA, ADR .....                        | 13,102,022   | 14,407,500      |
| 17,595    | Telefonica SA, BDR .....                        | 202,143      | 324,607         |
| 32,000    | Telefonos de Mexico SA<br>de CV, Cl. L, ADR ... | 482,044      | 1,226,240       |
| 7,500     | TELUS Corp. ....                                | 132,504      | 226,724         |
| 52,500    | TELUS Corp., ADR .....                          | 950,397      | 1,587,072       |
| 140,000   | Verizon Communications<br>Inc. ....             | 5,617,994    | 5,671,400       |
|           |   | -----        | -----           |
|           |   | 107,820,038  | 110,053,079     |
|           |   | -----        | -----           |
|           | PUBLISHING -- 6.5%                              |              |                 |
| 20,000    | Dow Jones & Co. Inc. ...                        | 1,030,036    | 861,200         |
| 248,266   | Independent News &                              |              |                 |

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|                                    |            |             |
|------------------------------------|------------|-------------|
| Media plc .....                    | 358,456    | 782,897     |
| 20,000 Knight-Ridder Inc. ....     | 1,345,264  | 1,338,800   |
| 5,000 McClatchy Co., Cl. A ...     | 240,250    | 359,050     |
| 100,000 McGraw-Hill Companies Inc. | 7,669,017  | 9,154,000   |
| 339,000 Media General Inc.,        |            |             |
| Cl. A .....                        | 20,284,273 | 21,970,590  |
| 124,000 Meredith Corp. ....        | 2,253,297  | 6,720,800   |
| 117,500 New York Times Co.,        |            |             |
| Cl. A .....                        | 5,358,749  | 4,794,000   |
| 1,530,000 News Corp., Cl. A .....  | 20,861,688 | 28,549,800  |
| 20,000 News Corp., Cl. B .....     | 186,274    | 384,000     |
| 60,000 News Corp., Cl. B, CDI .    | 696,029    | 1,152,805   |
| 80,000 Pearson plc .....           | 911,889    | 965,326     |
| 200,000 Penton Media Inc.+ .....   | 439,128    | 18,000      |
| 400,000 PRIMEDIA Inc.+ .....       | 1,948,569  | 1,520,000   |
| 90,000 Pulitzer Inc. ....          | 5,077,945  | 5,836,500   |
| 175,000 Reader's Digest            |            |             |
| Association Inc. ....              | 3,181,221  | 2,434,250   |
| 261,319 SCMP Group Ltd. ....       | 191,790    | 108,425     |
| 145,000 Scripps (E.W.) Co., Cl. A  | 4,789,609  | 7,000,600   |
| 66,585 Seat Pagine Gialle SpA .    | 177,139    | 30,681      |
| 80,000 Thomas Nelson Inc. ....     | 951,267    | 1,808,000   |
| 280,000 Tribune Co. ....           | 12,804,576 | 11,799,200  |
| 1,000 VNU NV .....                 | 29,111     | 29,536      |
|                                    | -----      | -----       |
|                                    | 90,785,577 | 107,618,460 |
|                                    | -----      | -----       |
| ENERGY AND UTILITIES -- 6.3%       |            |             |
| 70,000 AES Corp.+ .....            | 397,267    | 956,900     |
| 10,000 AGL Resources Inc. ....     | 174,924    | 332,400     |
| 120,000 Allegheny Energy Inc.+ .   | 1,090,388  | 2,365,200   |
| 70,000 Apache Corp. ....           | 2,728,670  | 3,539,900   |
| 247,000 BP plc, ADR .....          | 10,490,760 | 14,424,800  |
| 275,000 Burlington                 |            |             |
| Resources Inc. ....                | 12,090,077 | 11,962,500  |
| 115,000 CH Energy Group Inc. ...   | 4,749,282  | 5,525,750   |
| 20,000 Cinergy Corp. ....          | 607,416    | 832,600     |
| 100,000 CMS Energy Corp.+ .....    | 640,176    | 1,045,000   |
| 100,000 ConocoPhillips .....       | 7,227,891  | 8,683,000   |
| 8,000 Constellation Energy         |            |             |
| Group Inc. ....                    | 189,742    | 349,680     |
| 26,000 DPL Inc. ....               | 524,093    | 652,860     |
| 15,000 DTE Energy Co. ....         | 663,290    | 646,950     |
| 300,000 Duke Energy Corp. ....     | 6,568,900  | 7,599,000   |
| 110,000 Duquesne Light             |            |             |
| Holdings Inc. ....                 | 1,848,062  | 2,073,500   |
| 195,000 El Paso Corp. ....         | 2,391,453  | 2,028,000   |
| 370,000 El Paso Electric Co.+ ..   | 3,381,794  | 7,007,800   |
| 50,000 Energy East Corp. ....      | 1,065,733  | 1,334,000   |
| 80,000 Eni SpA .....               | 1,367,106  | 2,002,990   |
| 80,000 Exxon Mobil Corp. ....      | 2,750,108  | 4,100,800   |
| 10,000 FPL Group Inc. ....         | 556,256    | 747,500     |
| 70,000 Halliburton Co. ....        | 1,726,011  | 2,746,800   |
| 35,000 Kerr-McGee Corp. ....       | 2,046,290  | 2,022,650   |
| 150,000 Mirant Corp.+ .....        | 201,190    | 57,750      |
|                                    |            |             |
|                                    | -----      | -----       |
| SHARES                             | COST       | MARKET      |
| -----                              | -----      | -----       |
| 12,270 NiSource Inc. .... \$       | 264,419 \$ | 279,511     |
| 300,000 Northeast Utilities ....   | 5,660,050  | 5,655,000   |
| 15,000 Petroleo Brasileiro         |            |             |

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|         |  |            |             |
|---------|--|------------|-------------|
|         | SA, ADR .....  | 586,890    | 596,700     |
| 100,000 | Progress Energy Inc., CVO+ .....                         | 52,000     | 13,000      |
| 30,000  | SJW Corp. ....   | 883,106    | 1,092,000   |
| 16,200  | Southwest Gas Corp. ....                                 | 355,942    | 411,480     |
| 8,657   | Total SA .....   | 1,262,555  | 1,890,961   |
| 85,000  | TXU Corp. ....   | 1,756,396  | 5,487,600   |
| 255,000 | Westar Energy Inc. ....                                  | 4,319,800  | 5,831,850   |
|         |  | -----      | -----       |
|         |  | 80,618,037 | 104,296,432 |
|         |  | -----      | -----       |
|         | DIVERSIFIED INDUSTRIAL -- 5.3%                           |            |             |
| 170,000 | Acuity Brands Inc. ....                                  | 5,161,361  | 5,406,000   |
| 195,000 | Ampco-Pittsburgh Corp. .                                 | 2,627,873  | 2,847,000   |
| 25,000  | Bouygues SA .....  | 724,706    | 1,155,362   |
| 160,000 | Cooper Industries Ltd.,<br>Cl. A .....                   | 8,215,442  | 10,862,400  |
| 250,000 | Crane Co. ....   | 4,841,093  | 7,210,000   |
| 100,500 | CRH plc .....  | 1,259,458  | 2,691,110   |
| 110,000 | GATX Corp. ....  | 2,036,677  | 3,251,600   |
| 235,000 | Greif Inc., Cl. A .....                                  | 4,433,530  | 13,160,000  |
| 5,000   | Greif Inc., Cl. B .....                                  | 135,355    | 275,000     |
| 415,000 | Honeywell International<br>Inc. ....                     | 13,837,698 | 14,695,150  |
| 120,000 | ITT Industries Inc. ....                                 | 5,464,172  | 10,134,000  |
| 390,000 | Lamson & Sessions Co.+ .                                 | 2,380,718  | 3,549,000   |
| 98,000  | Park-Ohio Holdings<br>Corp.+ .....                       | 1,023,835  | 2,538,200   |
| 10,000  | Smiths Group plc .....                                   | 171,257    | 157,816     |
| 4,000   | Sulzer AG .....  | 850,053    | 1,590,889   |
| 7,500   | Technip SA .....   | 721,269    | 1,386,435   |
| 100,000 | Thomas Industries Inc. .                                 | 1,388,525  | 3,992,000   |
| 50,000  | Trinity Industries Inc.                                  | 945,000    | 1,704,000   |
|         |  | -----      | -----       |
|         |  | 56,218,022 | 86,605,962  |
|         |  | -----      | -----       |
|         | CONSUMER PRODUCTS -- 4.2%                                |            |             |
| 60,000  | Altadis SA .....   | 885,677    | 2,748,403   |
| 43,000  | Christian Dior SA .....                                  | 1,633,717  | 2,925,309   |
| 15,000  | Church & Dwight Co. Inc.                                 | 99,535     | 504,300     |
| 30,000  | Clorox Co. ....  | 1,666,387  | 1,767,900   |
| 3,000   | Colgate-Palmolive Co. ..                                 | 151,130    | 153,480     |
| 90,000  | Compagnie Financiere<br>Richemont AG, Cl. A .            | 1,264,405  | 2,995,779   |
| 50,000  | Department 56 Inc.+ ....                                 | 524,317    | 832,500     |
| 34,000  | Energizer Holdings Inc.+                                 | 924,111    | 1,689,460   |
| 35,000  | Fortune Brands Inc. ....                                 | 2,451,519  | 2,701,300   |
| 30,000  | Gallaher Group plc .....                                 | 274,164    | 455,880     |
| 235,000 | Gallaher Group plc, ADR                                  | 13,847,386 | 14,266,850  |
| 135,000 | Gillette Co. ....  | 4,307,149  | 6,045,300   |
| 2,000   | Givaudan SA .....  | 550,742    | 1,317,386   |
| 44,000  | Harley-Davidson Inc. ...                                 | 2,044,082  | 2,673,000   |
| 15,000  | Matsushita Electric<br>Industrial Co.<br>Ltd., ADR ..... | 178,325    | 240,750     |
| 100,000 | Mattel Inc. ....   | 1,549,565  | 1,949,000   |
| 60,000  | Maytag Corp. ....  | 1,389,460  | 1,266,000   |
| 46,000  | National Presto<br>Industries Inc. ....                  | 1,654,936  | 2,093,000   |
| 200,000 | Procter & Gamble Co. ...                                 | 9,738,104  | 11,016,000  |
| 10,000  | Swatch Group AG, Cl. B .                                 | 584,263    | 1,467,769   |
| 890,000 | Swedish Match AB .....                                   | 9,252,561  | 10,312,397  |

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|  | 54,971,535 | 69,421,763 |
|--|------------|------------|
| -----  |            |            |
| CABLE AND SATELLITE -- 4.2%                          |            |            |
| 1,500,000 Cablevision Systems Corp.,<br>Cl. A+ ..... | 33,080,007 | 37,350,000 |
| 30,000 Charter Communications<br>Inc., Cl. A+ .....  | 138,876    | 67,200     |
| 370,000 Comcast Corp., Cl. A+ ..                     | 12,462,292 | 12,313,600 |
| 85,000 Comcast Corp., Cl. A,<br>Special+ .....       | 756,584    | 2,791,400  |
| 153,444 DIRECTV Group Inc.+ ....                     | 2,214,257  | 2,568,653  |
| 40,000 EchoStar Communications<br>Corp., Cl. A ..... | 1,257,465  | 1,329,600  |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2004

| SHARES   | COST         | MARKET<br>VALUE |
|--|--------------|-----------------|
| -----  | ----         | -----           |
| COMMON STOCKS (CONTINUED)                                      |              |                 |
| CABLE AND SATELLITE (CONTINUED)                                |              |                 |
| 130,000 Liberty Media International<br>Inc., Cl. A+ .....      | \$ 2,810,764 | \$ 6,009,900    |
| 50,000 Loral Space &<br>Communications Ltd.+                   | 11,250       | 8,500           |
| 20,000 Shaw Communications<br>Inc., Cl. B .....                | 52,983       | 366,064         |
| 80,000 Shaw Communications<br>Inc., Cl. B,<br>Non-Voting ..... | 329,198      | 1,463,200       |
| 461,472 UnitedGlobalCom Inc.,<br>Cl. A+ .....                  | 2,911,836    | 4,457,819       |
|  | -----        | -----           |
|  | 56,025,512   | 68,725,936      |
|  | -----        | -----           |
| WIRELESS COMMUNICATIONS -- 4.0%                                |              |                 |
| 85,000 America Movil SA de CV,<br>Cl. L, ADR .....             | 2,429,685    | 4,449,750       |
| 1,760,000 mm02 plc+ .....                                      | 2,263,783    | 4,147,754       |
| 100,000 mm02 plc, ADR+ .....                                   | 1,149,772    | 2,357,000       |
| 80,000 Nextel Communications<br>Inc., Cl. A+ .....             | 2,038,544    | 2,400,000       |
| 1,500 NTT DoCoMo Inc. ....                                     | 3,553,937    | 2,766,663       |
| 24,787 Tele Centro Oeste Celular<br>Participacoes SA, ADR      | 74,303       | 244,648         |
| 1,920 Tele Leste Celular<br>Participacoes SA, ADR+             | 51,357       | 23,328          |
| 3,340 Tele Norte Celular<br>Participacoes SA, ADR              | 51,601       | 30,494          |
| 1,400,000 Telecom Italia Mobile SpA                            | 10,157,273   | 10,466,223      |
| 90,000 Telefonica Moviles SA ..                                | 660,946      | 1,132,799       |
| 8,350 Telemig Celular<br>Participacoes SA, ADR                 | 241,320      | 235,720         |

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|           |   |            |            |
|-----------|---|------------|------------|
| 402,000   | Telephone & Data<br>Systems Inc. ....                 | 34,479,935 | 30,933,900 |
| 90,217    | Telesp Celular Participacoes<br>SA, ADR+ .....        | 2,244,813  | 613,478    |
| 3,852,990 | Telesp Celular Participacoes<br>SA, Pfd., Receipts+ . | 7,173      | 10,082     |
| 32,165    | Tim Participacoes<br>SA, ADR .....                    | 390,212    | 495,984    |
| 30,000    | United States<br>Cellular Corp.+ .....                | 1,006,305  | 1,342,800  |
| 553,888   | Vodafone Group plc .....                              | 975,799    | 1,502,067  |
| 100,000   | Vodafone Group plc, ADR                               | 2,378,590  | 2,738,000  |
|           |   | 64,155,348 | 65,890,690 |

### AUTOMOTIVE: PARTS AND ACCESSORIES -- 3.6%

|         |  |            |            |
|---------|--|------------|------------|
| 60,000  | BorgWarner Inc. ....                         | 1,326,210  | 3,250,200  |
| 100,000 | CLARCOR Inc. ....                            | 1,597,861  | 5,477,000  |
| 400,000 | Dana Corp. ....                              | 6,377,042  | 6,932,000  |
| 300,000 | Genuine Parts Co. ....                       | 9,098,465  | 13,218,000 |
| 145,000 | Johnson Controls Inc. ..                     | 6,514,052  | 9,198,800  |
| 116,000 | Midas Inc.+ .....                            | 1,508,953  | 2,320,000  |
| 331,500 | Modine Manufacturing Co.                     | 8,839,589  | 11,194,755 |
| 80,500  | Scheib (Earl) Inc.+ ....                     | 637,614    | 263,235    |
| 160,000 | Standard Motor<br>Products Inc. ....         | 1,728,738  | 2,528,000  |
| 20,000  | Superior Industries<br>International Inc. .. | 510,238    | 581,000    |
| 105,000 | TransPro Inc.+ .....                         | 936,807    | 640,500    |
| 200,000 | TRW Automotive<br>Holdings Corp.+ .....      | 5,295,120  | 4,140,000  |
|         |  | 44,370,689 | 59,743,490 |

### HEALTH CARE -- 3.4%

|         |                                     |           |           |
|---------|-------------------------------------|-----------|-----------|
| 10,000  | Abbott Laboratories ....            | 398,848   | 466,500   |
| 55,000  | Amgen Inc.+ .....                   | 3,215,239 | 3,528,250 |
| 19,146  | AstraZeneca plc,<br>Stockholm ..... | 710,674   | 695,783   |
| 27,000  | Biogen Idec Inc.+ .....             | 163,601   | 1,798,470 |
| 145,000 | Bristol-Myers Squibb Co.            | 3,777,879 | 3,714,900 |
| 65,036  | GlaxoSmithKline plc ....            | 1,653,252 | 1,525,822 |
| 4,000   | GlaxoSmithKline plc, ADR            | 216,096   | 189,560   |
| 18,000  | Henry Schein Inc.+ .....            | 775,800   | 1,253,520 |

| SHARES  |                          | COST      | MARKET<br>VALUE |
|---------|--------------------------|-----------|-----------------|
|         |                          |           |                 |
| 1,500   | Hospira Inc.+ .....      | \$ 36,603 | \$ 50,250       |
| 16,000  | INAMED Corp.+ .....      | 698,771   | 1,012,000       |
| 47,000  | Invitrogen Corp.+ .....  | 2,339,924 | 3,155,110       |
| 18,750  | IVAX Corp.+ .....        | 170,440   | 296,625         |
| 95,000  | Merck & Co. Inc. ....    | 4,415,001 | 3,053,300       |
| 2,000   | Nobel Biocare Holding AG | 286,712   | 362,325         |
| 41,000  | Novartis AG .....        | 1,292,180 | 2,066,045       |
| 105,000 | Novartis AG, ADR .....   | 4,622,998 | 5,306,700       |
| 275,000 | Pfizer Inc. ....         | 7,832,051 | 7,394,750       |
| 18,100  | Roche Holding AG .....   | 1,644,615 | 2,083,625       |
| 31,808  | Sanofi-Aventis .....     | 1,786,487 | 2,542,219       |
| 100,000 | Schering-Plough Corp. .. | 1,917,839 | 2,088,000       |
| 80,000  | Smith & Nephew plc ..... | 752,722   | 818,646         |
| 4,250   | Straumann Holding AG ... | 873,571   | 882,069         |

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|           |   |            |            |
|-----------|---|------------|------------|
| 60,000    | Sybron Dental<br>Specialties Inc.+ ...                    | 1,230,090  | 2,122,800  |
| 10,000    | Synthes Inc. ....   | 677,094    | 1,121,274  |
| 23,000    | Takeda Pharmaceutical<br>Co. Ltd. ....                    | 1,140,219  | 1,158,193  |
| 77,000    | William Demant<br>Holding A/S+ .....                      | 3,491,923  | 3,616,047  |
| 100,000   | Wyeth .....   | 4,105,470  | 4,259,000  |
|           |   | -----      | -----      |
|           |   | 50,226,099 | 56,561,783 |
|           |   | -----      | -----      |
|           | HOTELS AND GAMING -- 3.3%                                 |            |            |
| 110,000   | Aztar Corp.+ .....  | 1,387,188  | 3,841,200  |
| 60,000    | Caesars Entertainment<br>Inc.+ .....                      | 771,000    | 1,208,400  |
| 200,000   | Gaylord Entertainment<br>Co.+ .....                       | 4,949,319  | 8,306,000  |
| 55,000    | Greek Organization of<br>Football<br>Prognostics SA ..... | 630,177    | 1,522,088  |
| 16,000    | GTECH Holdings Corp. ...                                  | 69,219     | 415,200    |
| 2,525,000 | Hilton Group plc .....                                    | 9,029,400  | 13,791,849 |
| 650,000   | Hilton Hotels Corp. ....                                  | 9,562,105  | 14,781,000 |
| 10,200    | Kerzner International<br>Ltd.+ .....                      | 516,352    | 612,510    |
| 40,000    | Mandalay Resort Group ..                                  | 2,785,464  | 2,817,200  |
| 65,000    | MGM Mirage+ .....   | 2,201,902  | 4,728,100  |
| 40,000    | Starwood Hotels &<br>Resorts Worldwide Inc.               | 920,096    | 2,336,000  |
|           |   | -----      | -----      |
|           |   | 32,822,222 | 54,359,547 |
|           |   | -----      | -----      |
|           | EQUIPMENT AND SUPPLIES -- 2.8%                            |            |            |
| 225,000   | AMETEK Inc. ....  | 5,409,753  | 8,025,750  |
| 2,000     | Amphenol Corp., Cl. A+ .                                  | 14,775     | 73,480     |
| 94,000    | CIRCOR International<br>Inc. ....                         | 974,241    | 2,177,040  |
| 217,000   | Donaldson Co. Inc. ....                                   | 2,993,298  | 7,069,860  |
| 75,000    | Fedders Corp. ....  | 451,526    | 271,500    |
| 115,000   | Flowserve Corp.+ .....                                    | 2,167,080  | 3,167,100  |
| 24,000    | Franklin Electric<br>Co. Inc. ....                        | 258,462    | 1,014,240  |
| 100,000   | Gerber Scientific Inc.+                                   | 1,060,701  | 761,000    |
| 70,000    | GrafTech<br>International Ltd.+ .                         | 850,486    | 662,200    |
| 250,000   | IDEX Corp. ....   | 8,425,135  | 10,125,000 |
| 20,000    | Ingersoll-Rand Co.,<br>Cl. A .....                        | 870,760    | 1,606,000  |
| 54,000    | Lufkin Industries Inc. .                                  | 1,045,848  | 2,155,032  |
| 1,000     | Manitowoc Co. Inc. ....                                   | 25,450     | 37,650     |
| 15,000    | Mueller Industries Inc.                                   | 661,354    | 483,000    |
| 1,000     | Sealed Air Corp.+ .....                                   | 17,404     | 53,270     |
| 230,000   | Watts Water Technologies<br>Inc., Cl. A .....             | 3,240,796  | 7,415,200  |
| 100,000   | Weir Group plc .....                                      | 420,789    | 617,248    |
|           |   | -----      | -----      |
|           |   | 28,887,858 | 45,714,570 |
|           |   | -----      | -----      |
|           | RETAIL -- 2.1%  |            |            |
| 180,000   | Albertson's Inc. ....                                     | 4,755,438  | 4,298,400  |
| 250,000   | AutoNation Inc.+ .....                                    | 3,160,834  | 4,802,500  |
| 30,000    | Coldwater Creek Inc.+ ..                                  | 160,768    | 926,100    |



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|         |  |            |            |
|---------|--|------------|------------|
| 22,000  | Ito-Yokado Co. Ltd. ....                 | 749,555    | 923,197    |
| 38,000  | Matsumotokiyoshi<br>Co. Ltd. ....        | 1,037,783  | 1,082,853  |
| 323,500 | Neiman Marcus Group Inc.,<br>Cl. B ..... | 7,874,064  | 21,609,800 |
|         |  | -----      | -----      |
|         |  | 17,738,442 | 33,642,850 |
|         |  | -----      | -----      |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2004

| SHARES    |                                      | COST         | MARKET<br>VALUE |
|-----------|--------------------------------------|--------------|-----------------|
| -----     |                                      | ----         | -----           |
|           | COMMON STOCKS (CONTINUED)            |              |                 |
|           | AVIATION: PARTS AND SERVICES -- 1.9% |              |                 |
| 204,000   | Curtiss-Wright Corp.,<br>Cl. B ..... | \$ 5,811,547 | \$ 11,477,040   |
| 125,000   | Fairchild Corp., Cl. A+              | 1,043,863    | 461,250         |
| 220,000   | GenCorp Inc. ....                    | 2,587,048    | 4,085,400       |
| 90,000    | Precision Castparts Corp.            | 2,330,982    | 5,911,200       |
| 84,000    | Sequa Corp., Cl. A+ ....             | 3,347,991    | 5,136,600       |
| 74,600    | Sequa Corp., Cl. B+ ....             | 3,852,672    | 4,606,550       |
|           |                                      | -----        | -----           |
|           |                                      | 18,974,103   | 31,678,040      |
|           |                                      | -----        | -----           |
|           | CONSUMER SERVICES -- 1.8%            |              |                 |
| 460,000   | IAC/InterActiveCorp+ ...             | 11,367,750   | 12,705,200      |
| 630,000   | Rollins Inc. ....                    | 13,867,915   | 16,581,600      |
|           |                                      | -----        | -----           |
|           |                                      | 25,235,665   | 29,286,800      |
|           |                                      | -----        | -----           |
|           | MACHINERY -- 1.5%                    |              |                 |
| 10,000    | Caterpillar Inc. ....                | 136,559      | 975,100         |
| 320,000   | Deere & Co. ....                     | 19,641,708   | 23,808,000      |
|           |                                      | -----        | -----           |
|           |                                      | 19,778,267   | 24,783,100      |
|           |                                      | -----        | -----           |
|           | AEROSPACE -- 1.5%                    |              |                 |
| 110,000   | Boeing Co. ....                      | 4,638,808    | 5,694,700       |
| 53,000    | Lockheed Martin Corp. ..             | 3,043,828    | 2,944,150       |
| 255,000   | Northrop Grumman Corp. .             | 13,064,361   | 13,861,800      |
| 100,000   | Titan Corp.+ .....                   | 2,000,473    | 1,620,000       |
|           |                                      | -----        | -----           |
|           |                                      | 22,747,470   | 24,120,650      |
|           |                                      | -----        | -----           |
|           | AGRICULTURE -- 1.4%                  |              |                 |
| 1,000,000 | Archer-Daniels-Midland Co.           | 14,500,966   | 22,310,000      |
| 5,000     | Delta & Pine Land Co. ..             | 84,396       | 136,400         |
| 10,000    | Mosaic Co.+ .....                    | 139,584      | 163,200         |
|           |                                      | -----        | -----           |
|           |                                      | 14,724,946   | 22,609,600      |
|           |                                      | -----        | -----           |
|           | AUTOMOTIVE -- 1.3%                   |              |                 |

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|         |  |            |    |            |
|---------|--|------------|----|------------|
| 8,000   | Ford Motor Co. ....                        | 191,044    |    | 117,120    |
| 90,000  | General Motors Corp. ...                   | 3,434,568  |    | 3,605,400  |
| 335,000 | Navistar International<br>Corp.+ .....     | 12,403,039 |    | 14,733,300 |
| 43,000  | PACCAR Inc. ....                           | 431,444    |    | 3,460,640  |
|         |  | -----      |    | -----      |
|         |  | 16,460,095 |    | 21,916,460 |
|         |  | -----      |    | -----      |
|         | COMMUNICATIONS EQUIPMENT -- 1.3%           |            |    |            |
| 350,000 | Agere Systems Inc.,<br>Cl. B+ .....        | 648,860    |    | 472,500    |
| 70,000  | Andrew Corp.+ .....                        | 764,939    |    | 954,100    |
| 550,000 | Corning Inc.+ .....                        | 5,012,562  |    | 6,473,500  |
| 130,000 | Lucent Technologies Inc.+                  | 800,828    |    | 488,800    |
| 110,000 | Motorola Inc. ....                         | 1,378,052  |    | 1,892,000  |
| 100,000 | Nortel Networks Corp.+ .                   | 686,285    |    | 349,000    |
| 44,000  | Scientific-Atlanta Inc.                    | 355,750    |    | 1,452,440  |
| 300,000 | Thomas & Betts Corp.+ ..                   | 5,741,097  |    | 9,225,000  |
|         |  | -----      |    | -----      |
|         |  | 15,388,373 |    | 21,307,340 |
|         |  | -----      |    | -----      |
|         | SPECIALTY CHEMICALS -- 1.2%                |            |    |            |
| 5,400   | Ciba Specialty Chemicals<br>AG, ADR .....  | 8,652      |    | 206,442    |
| 20,000  | E.I. du Pont de Nemours<br>and Co. ....    | 802,600    |    | 981,000    |
| 330,000 | Ferro Corp. ....                           | 6,975,503  |    | 7,652,700  |
| 40,000  | Fuller (H.B.) Co. ....                     | 968,437    |    | 1,140,400  |
| 120,000 | Hercules Inc.+ .....                       | 1,543,119  |    | 1,782,000  |
| 232,300 | Omnova Solutions Inc.+ .                   | 1,879,165  |    | 1,305,526  |
| 300,000 | Sensient Technologies<br>Corp. ....        | 5,529,921  |    | 7,197,000  |
| 10,000  | Syngenta AG, ADR .....                     | 16,177     |    | 213,500    |
|         |  | -----      |    | -----      |
|         |  | 17,723,574 |    | 20,478,568 |
|         |  | -----      |    | -----      |
|         | REAL ESTATE -- 1.1%                        |            |    |            |
| 70,000  | Cheung Kong (Holdings)<br>Ltd. ....        | 815,521    |    | 697,956    |
| 100,000 | Florida East Coast<br>Industries Inc. .... | 2,137,516  |    | 4,510,000  |
| 55,000  | Griffin Land &<br>Nurseries Inc.+ .....    | 513,144    |    | 1,416,250  |
| 185,000 | St. Joe Co. ....                           | 5,480,119  |    | 11,877,000 |
|         |  | -----      |    | -----      |
|         |  | 8,946,300  |    | 18,501,206 |
|         |  | -----      |    | -----      |
|         |  |            |    | MARKET     |
|         |  |            |    | VALUE      |
|         |  |            |    | -----      |
|         | BROADCASTING -- 1.1%                       |            |    |            |
| 16,666  | Corus Entertainment Inc.,<br>Cl. B .....   | \$ 62,035  | \$ | 347,745    |
| 120,000 | Gray Television Inc. ...                   | 1,204,736  |    | 1,860,000  |
| 27,500  | Gray Television Inc.,<br>Cl. A .....       | 370,755    |    | 389,125    |
| 200,000 | Liberty Corp. ....                         | 8,528,905  |    | 8,792,000  |
| 35,000  | Lin TV Corp., Cl. A+ ...                   | 717,566    |    | 668,500    |
| 165,000 | Mediaset SpA .....                         | 1,326,669  |    | 2,092,497  |
| 15,000  | Modern Times Group,<br>Cl. B+ .....        | 385,867    |    | 408,553    |

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|         |  |            |            |
|---------|--|------------|------------|
| 6,800   | Nippon Television<br>Network Corp. ....                | 1,083,908  | 1,021,294  |
| 40,375  | NRJ Group .....  | 384,806    | 886,307    |
| 129,000 | Paxson Communications<br>Corp.+ .....                  | 630,594    | 178,020    |
| 100,000 | Television Broadcasts Ltd.                             | 396,239    | 464,446    |
| 115,500 | Young Broadcasting Inc.,<br>Cl. A+ .....               | 1,966,857  | 1,219,680  |
|         |  | -----      | -----      |
|         |  | 17,058,937 | 18,328,167 |
|         |  | -----      | -----      |
|         | ENVIRONMENTAL SERVICES -- 0.9%                         |            |            |
| 65,000  | Republic Services Inc. .                               | 875,761    | 2,180,100  |
| 400,000 | Waste Management Inc. ..                               | 9,495,206  | 11,976,000 |
|         |  | -----      | -----      |
|         |  | 10,370,967 | 14,156,100 |
|         |  | -----      | -----      |
|         | ELECTRONICS -- 0.8%                                    |            |            |
| 5,000   | Freescall Semiconductor<br>Inc., Cl. B+ .....          | 69,847     | 91,800     |
| 3,000   | Hitachi Ltd., ADR .....                                | 218,796    | 208,290    |
| 4,500   | Keyence Corp. ....                                     | 937,548    | 1,008,295  |
| 20,000  | Molex Inc., Cl. A .....                                | 519,697    | 533,000    |
| 7,500   | NEC Corp., ADR .....                                   | 43,625     | 45,975     |
| 9,500   | Rohm Co. Ltd. ....                                     | 1,408,684  | 982,727    |
| 38,800  | Royal Philips Electronics<br>NV, ADR .....             | 53,456     | 1,028,200  |
| 45,000  | Sony Corp., ADR .....                                  | 1,340,589  | 1,753,200  |
| 270,000 | Texas Instruments Inc. .                               | 6,577,535  | 6,647,400  |
| 14,400  | Tokyo Electron Ltd. ....                               | 783,746    | 886,737    |
|         |  | -----      | -----      |
|         |  | 11,953,523 | 13,185,624 |
|         |  | -----      | -----      |
|         | BUSINESS SERVICES -- 0.6%                              |            |            |
| 60,000  | ANC Rental Corp.+ .....                                | 578,273    | 6          |
| 150,000 | Cendant Corp. ....                                     | 2,981,441  | 3,507,000  |
| 1,000   | CheckFree Corp.+ .....                                 | 9,040      | 38,080     |
| 212,500 | Group 4 Securicor plc+ .                               | 0          | 571,170    |
| 96,000  | Landauer Inc. ....                                     | 2,481,528  | 4,387,200  |
| 70,000  | Nashua Corp.+ .....                                    | 634,028    | 795,200    |
| 25,000  | Secom Co. Ltd. ....                                    | 1,095,891  | 1,000,293  |
|         |  | -----      | -----      |
|         |  | 7,780,201  | 10,298,949 |
|         |  | -----      | -----      |
|         | METALS AND MINING -- 0.5%                              |            |            |
| 72,500  | Harmony Gold Mining<br>Co. Ltd. ....                   | 347,738    | 658,886    |
| 35,000  | Harmony Gold Mining<br>Co. Ltd., ADR .....             | 282,733    | 324,450    |
| 125,000 | Newmont Mining Corp. ...                               | 2,900,512  | 5,551,250  |
| 50,000  | Placer Dome Inc. ....                                  | 487,169    | 943,000    |
|         |  | -----      | -----      |
|         |  | 4,018,152  | 7,477,586  |
|         |  | -----      | -----      |
|         | MANUFACTURED HOUSING AND RECREATIONAL VEHICLES -- 0.3% |            |            |
| 50,000  | Champion Enterprises<br>Inc.+ .....                    | 466,465    | 591,000    |
| 50,000  | Fleetwood Enterprises<br>Inc.+ .....                   | 642,160    | 673,000    |
| 32,222  | Huttig Building<br>Products Inc.+ .....                | 81,163     | 336,720    |
| 15,000  | Martin Marietta  |            |            |

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|        |                                      |           |           |
|--------|--------------------------------------|-----------|-----------|
|        | Materials Inc. ....                  | 322,688   | 804,900   |
| 10,000 | Nobility Homes Inc. ....             | 195,123   | 233,000   |
| 80,000 | Sekisui House Ltd. ....              | 846,007   | 932,175   |
| 20,000 | Skyline Corp. ....                   | 804,043   | 816,000   |
| 1,000  | Southern Energy<br>Homes Inc.+ ..... | 3,900     | 4,685     |
|        |                                      | -----     | -----     |
|        |                                      | 3,361,549 | 4,391,480 |
|        |                                      | -----     | -----     |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2004

| SHARES  |   | COST          | MARKET<br>VALUE |
|---------|---|---------------|-----------------|
| -----   |   | ----          | -----           |
|         | COMMON STOCKS (CONTINUED)                                   |               |                 |
|         | CLOSED-END FUNDS -- 0.2%                                    |               |                 |
| 76,000  | Central Europe and Russia<br>Fund Inc. ....                 | \$ 1,107,935  | \$ 2,128,000    |
| 70,000  | New Germany Fund Inc. ..                                    | 754,518       | 633,500         |
| 34,000  | Royce Value Trust Inc. .                                    | 420,900       | 694,960         |
|         |   | -----         | -----           |
|         |   | 2,283,353     | 3,456,460       |
|         |   | -----         | -----           |
|         | PAPER AND FOREST PRODUCTS -- 0.2%                           |               |                 |
| 120,000 | Pactiv Corp.+ .....   | 1,259,210     | 3,034,800       |
|         |   | -----         | -----           |
|         | TRANSPORTATION -- 0.1%                                      |               |                 |
| 100,000 | AMR Corp.+ .....  | 1,924,248     | 1,095,000       |
| 15,000  | Grupo TMM SA,<br>Cl. A, ADR+ .....                          | 80,460        | 54,900          |
|         |   | -----         | -----           |
|         |   | 2,004,708     | 1,149,900       |
|         |   | -----         | -----           |
|         | REAL ESTATE INVESTMENT TRUSTS -- 0.1%                       |               |                 |
| 10,000  | Catellus Development<br>Corp. ....                          | 216,006       | 306,000         |
| 16,656  | Rayonier Inc. ....  | 798,811       | 814,645         |
|         |   | -----         | -----           |
|         |   | 1,014,817     | 1,120,645       |
|         |   | -----         | -----           |
|         | COMPUTER SOFTWARE AND SERVICES -- 0.0%                      |               |                 |
| 25,256  | Telecom Italia<br>Media SpA+ .....                          | 26,868        | 11,432          |
|         |   | -----         | -----           |
|         | TOTAL COMMON<br>STOCKS .....                                | 1,195,895,065 | 1,518,836,386   |
|         |   | -----         | -----           |
|         | PREFERRED STOCKS -- 0.2%                                    |               |                 |
|         | AEROSPACE -- 0.1%   |               |                 |
| 13,500  | Northrop Grumman Corp.,<br>7.000% Cv. Pfd.,<br>Ser. B ..... | 1,573,020     | 1,782,135       |
|         |   | -----         | -----           |

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|              |   |            |                 |
|--------------|---|------------|-----------------|
|              | TELECOMMUNICATIONS -- 0.1%  |            |                 |
| 26,000       | Cincinnati Bell Inc.,<br>6.750% Cv. Pfd.,<br>Ser. B .....                 | 820,366    | 1,059,500       |
|              |   | -----      | -----           |
|              | BROADCASTING -- 0.0%  |            |                 |
| 90           | Gray Television Inc.,<br>8.000% Cv. Pfd.,<br>Ser. C (a) .....             | 900,000    | 969,423         |
|              |   | -----      | -----           |
|              | AVIATION: PARTS AND SERVICES -- 0.0%                                      |            |                 |
| 3,100        | Sequa Corp.,<br>\$5.00 Cv. Pfd. ....                                      | 249,355    | 302,250         |
|              |   | -----      | -----           |
|              | WIRELESS COMMUNICATIONS -- 0.0%   |            |                 |
| 10,760,547   | Telesp Celular<br>Participacoes<br>SA, Pfd.+ .....                        | 82,623     | 29,130          |
|              |   | -----      | -----           |
|              | TOTAL PREFERRED<br>STOCKS .....   | 3,625,364  | 4,142,438       |
|              |   | -----      | -----           |
|              | PRINCIPAL<br>AMOUNT<br>-----  |            |                 |
|              | CORPORATE BONDS -- 0.2%   |            |                 |
|              | CABLE AND SATELLITE -- 0.1%   |            |                 |
| \$ 1,000,000 | Charter Communications Inc.,<br>Cv., 4.750%, 06/01/06                     | 786,240    | 1,005,000       |
|              |   | -----      | -----           |
|              | AUTOMOTIVE: PARTS AND ACCESSORIES -- 0.1%                                 |            |                 |
| 1,000,000    | Standard Motor Products Inc.,<br>Sub. Deb. Cv., 6.750%,<br>07/15/09 ..... | 950,625    | 977,500         |
|              |   | -----      | -----           |
|              | AVIATION: PARTS AND SERVICES -- 0.0%                                      |            |                 |
| 803,000      | Kaman Corp., Sub. Deb. Cv.,<br>6.000%, 03/15/12 ....                      | 766,877    | 793,966         |
|              |   | -----      | -----           |
|              | TOTAL CORPORATE<br>BONDS .....  | 2,503,742  | 2,776,466       |
|              |   | -----      | -----           |
|              | SHARES  | COST       | MARKET<br>VALUE |
|              | -----   | -----      | -----           |
|              | WARRANTS -- 0.0%  |            |                 |
|              | FOOD AND BEVERAGE -- 0.0%   |            |                 |
| 62,463       | Denny's Corp., expires<br>01/07/05+(a) .....                              | \$ 105,603 | \$ 0            |
|              |   | -----      | -----           |
|              | PRINCIPAL<br>AMOUNT<br>-----  |            |                 |
|              | U.S. GOVERNMENT OBLIGATIONS -- 0.1%                                       |            |                 |
| \$ 1,500,000 | U.S. Treasury Bill,<br>1.786%+, 01/20/05 ..                               | 1,498,607  | 1,498,607       |
|              |   | -----      | -----           |
|              | REPURCHASE AGREEMENTS -- 7.1%   |            |                 |

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|   |                 |               |
|---|-----------------|---------------|
| 116,734,000 ABN AMRO, 1.450%,<br>dated 12/31/04, due 01/03/05,<br>proceeds at maturity,<br>\$116,748,105 (b) .... | 116,734,000     | 116,734,000   |
| -----   |                 |               |
| TOTAL INVESTMENTS -- 100.0% .....   | \$1,320,362,381 | 1,643,987,897 |
| =====   |                 |               |
| LIABILITIES IN EXCESS OF OTHER ASSETS .....   |                 | (5,762,718)   |
| PREFERRED STOCK   |                 |               |
| (9,556,900 preferred shares outstanding) .....  |                 | (418,742,500) |
| -----   |                 |               |
| NET ASSETS -- COMMON STOCK  |                 |               |
| (140,332,964 common shares outstanding) .....   | \$1,219,482,679 |               |
| =====   |                 |               |
| NET ASSET VALUE PER COMMON SHARE  |                 |               |
| (\$1,219,482,679 / 140,332,964 shares outstanding)  |                 | \$8.69        |
| =====   |                 |               |

| NUMBER OF<br>CONTRACTS              | EXPIRATION<br>DATE | UNREALIZED<br>APPRECIATION |
|-------------------------------------|--------------------|----------------------------|
| -----                               | -----              | -----                      |
| FUTURES CONTRACTS -- SHORT POSITION |                    |                            |
| 50 S&P 500 Future (c) .....         | 03/18/05           | \$ 10,500                  |
| -----                               |                    |                            |

|                                     |  |                 |
|-------------------------------------|--|-----------------|
| -----                               |  |                 |
| For Federal tax purposes:           |  |                 |
| Aggregate cost .....                |  | \$1,327,868,107 |
| =====                               |  |                 |
| Gross unrealized appreciation ..... |  | \$ 373,563,682  |
| Gross unrealized depreciation ..... |  | (57,443,892)    |
| -----                               |  |                 |
| Net unrealized appreciation         |  |                 |
| (depreciation) .....                |  | \$ 316,119,790  |
| =====                               |  |                 |

- 
- (a) Security fair valued under procedures established by the Board of Directors. At December 31, 2004, the market value of fair valued securities amounted to \$1,012,423 or 0.06% of total investments.
  - (b) Collateralized by U.S. Treasury Bonds, 6.125% and 6.750%, due 11/15/27 and 8/15/26, market value \$119,498,363.
  - (c) Collateralized by U.S. Treasury Bill, due 2/10/05, market value \$810,000.
- + Non-income producing security.  
 ++ Represents annualized yield at date of purchase.  
 ADR - American Depositary Receipt.  
 BDR - Brazilian Depositary Receipt.  
 CVO - Contingent Value Obligation.  
 CDI - CHES Depositary Interest.

|                            | % OF<br>MARKET<br>VALUE | MARKET<br>VALUE |
|----------------------------|-------------------------|-----------------|
| -----                      | -----                   | -----           |
| GEOGRAPHIC DIVERSIFICATION |                         |                 |

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|                         |        |                 |
|-------------------------|--------|-----------------|
| North America .....     | 82.5%  | \$1,356,730,142 |
| Europe .....            | 14.3   | 235,155,202     |
| Latin America .....     | 1.8    | 30,011,143      |
| Japan .....             | 1.1    | 17,642,325      |
| Asia/Pacific .....      | 0.2    | 3,465,749       |
| South Africa .....      | 0.1    | 983,336         |
|                         | -----  | -----           |
| Total Investments ..... | 100.0% | \$1,643,987,897 |
|                         | =====  | =====           |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.

STATEMENT OF ASSETS AND LIABILITIES  
DECEMBER 31, 2004

ASSETS:

|  |                 |
|--|-----------------|
| Investments, at value (cost \$1,320,362,381) .....         | \$1,643,987,897 |
| Cash and foreign currency, at value (cost \$373,179) ..... | 372,146         |
| Dividends and interest receivable .....                    | 1,874,611       |
| Receivable for investments sold .....                      | 1,576,527       |
| Variation Margin .....                                     | 11,250          |
| Other assets .....   | 58,576          |
|  | -----           |
| TOTAL ASSETS .....   | 1,647,881,007   |
|  | -----           |

LIABILITIES:

|   |           |
|---|-----------|
| Payable for investments purchased .....               | 142,731   |
| Dividends payable .....                               | 257,141   |
| Unrealized depreciation on swap contracts .....       | 3,706,723 |
| Payable for investment advisory fees .....            | 5,186,662 |
| Payable for shareholder communications expenses ..... | 142,753   |
| Payable to custodian .....                            | 30,378    |
| Other accrued expenses and liabilities .....          | 189,440   |
|   | -----     |
| TOTAL LIABILITIES .....                               | 9,655,828 |
|   | -----     |

PREFERRED STOCK:

|   |             |
|---|-------------|
| Series B Cumulative Preferred Stock<br>(7.20%, \$25 liquidation value, \$0.001 par<br>value, 6,600,000 shares authorized<br>with 6,600,000 shares issued and<br>outstanding) .....    | 165,000,000 |
| Series C Cumulative Preferred Stock<br>(Auction Rate, \$25,000 liquidation value,<br>\$0.001 par value, 5,200 shares<br>authorized with 5,200 shares issued and<br>outstanding) ..... | 130,000,000 |
| Series D Cumulative Preferred Stock<br>(5.875%, \$25 liquidation value, \$0.001 par<br>value, 3,000,000 shares authorized<br>with 2,949,700 shares issued and<br>outstanding) .....   | 73,742,500  |
| Series E Cumulative Preferred Stock<br>(Auction Rate, \$25,000 liquidation value,<br>\$0.001 par value, 2,000 shares<br>authorized with 2,000 shares issued and                       |             |

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|   |    |                 |
|---|----|-----------------|
| outstanding) .....  |    | 50,000,000      |
|   |    | -----           |
| TOTAL PREFERRED STOCK .....   |    | 418,742,500     |
|   |    | -----           |
| NET ASSETS ATTRIBUTABLE TO COMMON   |    |                 |
| STOCK SHAREHOLDERS .....  |    | \$1,219,482,679 |
|   |    | =====           |
| NET ASSETS ATTRIBUTABLE TO COMMON STOCK   |    |                 |
| SHAREHOLDERS CONSIST OF:  |    |                 |
| Capital stock, at par value .....   | \$ | 140,333         |
| Additional paid-in capital .....  |    | 905,217,947     |
| Accumulated undistributed net investment income .....   |    | 1,703,869       |
| Accumulated net realized loss on investments,<br>futures contracts, swap contracts and foreign<br>currency transactions ..... |    | (7,518,727)     |
| Net unrealized appreciation on investments,<br>futures contracts, swap contracts and foreign<br>currency translations .....   |    | 319,939,257     |
|   |    | -----           |
| TOTAL NET ASSETS .....  |    | \$1,219,482,679 |
|   |    | =====           |
| NET ASSET VALUE PER COMMON SHARE  |    |                 |
| (\$1,219,482,679 / 140,332,964 shares outstanding;  |    |                 |
| 182,000,000 shares authorized of \$0.001 par value) .....   |    | \$8.69          |
|   |    | =====           |

### STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2004

|   |    |             |
|---|----|-------------|
| INVESTMENT INCOME:  |    |             |
| Dividends (net of foreign taxes of \$565,918) .....         | \$ | 23,040,641  |
| Interest .....  |    | 1,656,259   |
|   |    | -----       |
| TOTAL INVESTMENT INCOME .....                               |    | 24,696,900  |
|   |    | -----       |
| EXPENSES:   |    |             |
| Investment advisory fees .....                              |    | 15,167,775  |
| Shareholder communications expenses .....                   |    | 678,433     |
| Payroll .....   |    | 244,001     |
| Shareholder services fees .....                             |    | 221,367     |
| Custodian fees .....  |    | 196,758     |
| Directors' fees .....                                       |    | 140,500     |
| Legal and audit fees .....                                  |    | 112,856     |
| Miscellaneous expenses .....                                |    | 787,205     |
|   |    | -----       |
| TOTAL EXPENSES .....  |    | 17,548,895  |
| LESS: CUSTODIAN FEE CREDIT .....                            |    | (6,868)     |
|   |    | -----       |
| NET EXPENSES .....  |    | 17,542,027  |
|   |    | -----       |
| NET INVESTMENT INCOME .....                                 |    | 7,154,873   |
|   |    | -----       |
| NET REALIZED AND UNREALIZED GAIN (LOSS) ON                  |    |             |
| INVESTMENTS, FUTURES CONTRACTS, SWAP                        |    |             |
| CONTRACTS AND FOREIGN CURRENCY:                             |    |             |
| Net realized gain on investments .....                      |    | 128,015,668 |
| Net realized gain on foreign<br>currency transactions ..... |    | 108,552     |
| Net realized loss on swap contracts .....                   |    | (3,804,500) |
| Net realized loss on futures contracts .....                |    | (442,033)   |
|   |    | -----       |



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|   |                |
|---|----------------|
| Net realized gain on investments, futures contracts,<br>swap contracts and foreign currency transactions .                      | 123,877,687    |
|   | -----          |
| Net change in unrealized appreciation/depreciation<br>on investments, swap contracts and foreign<br>currency translations ..... | 97,428,111     |
|   | -----          |
| NET REALIZED AND UNREALIZED GAIN ON<br>INVESTMENTS, FUTURES CONTRACTS, SWAP<br>CONTRACTS AND FOREIGN CURRENCY .....             | 221,305,798    |
|   | -----          |
| NET INCREASE IN NET ASSETS RESULTING<br>FROM OPERATIONS .....   | 228,460,671    |
| Total Distributions to Preferred Stock Shareholders   | (18,946,063)   |
|   | -----          |
| NET INCREASE IN NET ASSETS ATTRIBUTABLE TO<br>COMMON STOCK SHAREHOLDERS<br>RESULTING FROM OPERATIONS .....                      | \$ 209,514,608 |
|   | =====          |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS

|   | YEAR ENDED<br>DECEMBER 31, 2004 | YE<br>DECEM |
|---|---------------------------------|-------------|
|   | -----                           | -----       |
| OPERATIONS:   |                                 |             |
| Net investment income .....   | \$ 7,154,873*                   | \$          |
| Net realized gain on investments, futures contracts,<br>swap contracts and foreign currency transactions .....                  | 123,877,687*                    |             |
| Net change in unrealized appreciation/depreciation<br>on investments, swap contracts<br>and foreign currency translations ..... | 97,428,111*                     |             |
|   | -----                           | -----       |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS .....  | 228,460,671                     |             |
|   | -----                           | -----       |
| DISTRIBUTIONS TO PREFERRED STOCK SHAREHOLDERS:  |                                 |             |
| Net investment income .....   | (200,307)                       |             |
| Net realized short term gains on investments, futures<br>contracts and foreign currency transactions .....                      | (1,205,026)                     |             |
| Net realized long term gains on investments, futures<br>contracts and foreign currency transactions .....                       | (17,540,730)                    |             |
|   | -----                           | -----       |
| TOTAL DISTRIBUTIONS TO PREFERRED STOCK SHAREHOLDERS .....   | (18,946,063)                    |             |
|   | -----                           | -----       |
| NET INCREASE IN NET ASSETS ATTRIBUTABLE TO<br>COMMON STOCK SHAREHOLDERS RESULTING FROM OPERATIONS .....                         | 209,514,608                     |             |
|   | -----                           | -----       |
| DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS:   |                                 |             |
| Net investment income .....   | (1,170,403)                     |             |
| Net realized short term gains on investments,<br>futures contracts and foreign currency transactions .....                      | (7,041,045)                     |             |

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|   |                  |       |
|---|------------------|-------|
| Net realized long term gains on investments, futures contracts and foreign currency transactions .....      | (102,491,569)    |       |
| Return of capital .....   | --               |       |
|   | (110,703,017)    |       |
| TOTAL DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS .....  |                  |       |
| TRUST SHARE TRANSACTIONS:   |                  |       |
| Net increase in net assets from common shares issued upon reinvestment of dividends and distributions ..... | 25,998,112       |       |
| Net increase in net assets from repurchase of preferred shares .....  | 72,307           |       |
| Offering costs for preferred shares charged to paid-in capital .....  | 75,457           |       |
|   | 26,145,876       |       |
| NET INCREASE IN NET ASSETS FROM TRUST SHARE TRANSACTIONS .....  |                  |       |
| NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS 124,957,467                            |                  |       |
| NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS:   |                  |       |
| Beginning of period .....   | 1,094,525,212    |       |
|   | \$ 1,219,482,679 | \$ 1, |
| End of period (includes undistributed net investment income of \$1,703,869 and \$0, respectively) .....     | \$ 1,219,482,679 | \$ 1, |

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\* As a result of changes in generally accepted accounting principles, the Equity Trust has reclassified periodic payments made under interest rate swap agreements, previously included within interest income, as a component of realized and unrealized gain (loss) in the statement of operations. The effect of this reclassification was to increase net investment income and decrease realized and unrealized gain by \$4,044,350 and \$4,302,269 for years ended December 31, 2004 and December 31, 2003, respectively.

See accompanying notes to financial statements.

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### THE GABELLI EQUITY TRUST INC. NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION. The Gabelli Equity Trust Inc. (the "Equity Trust") is a closed-end, non-diversified management investment company organized as a Maryland corporation on May 20, 1986 and registered under the Investment Company Act of 1940, as amended (the "1940 Act"), whose primary objective is long term growth of capital. The Equity Trust had no operations until August 11, 1986, when it sold 10,696 shares of common stock to Gabelli Funds, LLC (the "Adviser") for \$100,008. Investment operations commenced on August 21, 1986.

Effective August 1, 2002, the Equity Trust modified its non-fundamental investment policy to increase, from 65% to 80%, the portion of its assets that it will invest, under normal market conditions in equity securities (the "80% Policy"). The 80% Policy may be changed without shareholder approval. However, the Equity Trust has adopted a policy to provide shareholders with notice at least 60 days prior to the implementation of any change in the 80% Policy.

2. SIGNIFICANT ACCOUNTING POLICIES. The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the 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.

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

Portfolio securities primarily traded on foreign markets are generally valued at the preceding closing values of such securities on their respective exchanges or if after the close of the foreign markets, but prior to the close of business on the day the securities are being valued, market conditions change significantly, certain foreign securities may be fair valued pursuant to procedures established by the Board. Debt instruments that are not credit impaired with remaining maturities of 60 days or less are valued at amortized cost, unless the Board determines such does not reflect the securities' fair value, in which case these securities will be valued at their fair value as determined by the Board. Debt instruments having a maturity greater than 60 days for which market quotations are readily available are valued at the latest average of the bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded.

Securities and assets for which market quotations are not readily available are valued at their fair value as determined in good faith under procedures established by and under the general supervision of 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 to the valuation and changes in valuation of similar securities, including a comparison of foreign securities to the equivalent U.S. dollar value ADR securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

REPURCHASE AGREEMENTS. The Equity Trust may enter into repurchase agreements with primary government securities dealers recognized by the Federal Reserve Board, with member banks of the Federal Reserve System or with other brokers or dealers that meet credit guidelines established by the Adviser and reviewed by the Board. Under the terms of a typical repurchase agreement, the Equity Trust takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Equity Trust to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Equity Trust's holding period. The Equity Trust will always receive and maintain securities as collateral whose market value, including accrued interest, will be at least equal in value to the dollar amount invested by the Equity Trust in each agreement. The Equity Trust will make payment for such securities only upon physical delivery or upon evidence of book entry transfer of the collateral to the account of the custodian. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to maintain the adequacy of the collateral. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Equity Trust may be delayed or limited.

THE GABELLI EQUITY TRUST INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SWAP AGREEMENTS. The Equity Trust may enter into interest rate swap or cap transactions. The use of interest rate swaps and caps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an interest rate swap, the Equity Trust would agree to pay to the other party to the interest rate swap (which is known as the "counterparty") periodically a fixed rate payment in exchange for the counterparty agreeing to pay to the Equity Trust periodically a variable rate payment that is intended to approximate the Equity Trust's variable rate payment obligation on the Series C Preferred Stock. In an interest rate cap, the Equity Trust would pay a premium to the interest rate cap to the counterparty and, to the extent that a specified variable rate index exceeds a predetermined fixed rate, would receive from the counterparty payments of the difference based on the notional amount of such cap. Interest rate swap and cap transactions introduce additional risk because the Equity Trust would remain obligated to pay preferred stock dividends when due in accordance with the Articles Supplementary even if the counterparty defaulted. Depending on the general state of short term interest rates and the returns on the Equity Trust's portfolio securities at that point in time, such a default could negatively affect the Equity Trust's ability to make dividend payments for the Series C Preferred Stock. In addition, at the time an interest rate swap or cap transaction reaches its scheduled termination date, there is a risk that the Equity Trust 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. If this occurs, it could have a negative impact on the Equity Trust's ability to make dividend payments on the Series C Preferred Stock.

The Equity Trust has entered into one interest rate swap agreement with Citibank N.A. Under the agreement the Equity Trust receives a floating rate of interest and pays a respective fixed rate of interest on the nominal value of the swap. Details of the swap at December 31, 2004 are as follows:

| NOTIONAL<br>AMOUNT | FIXED RATE | FLOATING RATE*<br>(RATE RESET MONTHLY) | TERMINATION<br>DATE | UNREALIZED<br>DEPRECIATION |
|--------------------|------------|--|---------------------|----------------------------|
| -----              | -----      | -----                                  | -----               | -----                      |
| \$130,000,000      | 4.494%     | 2.28%                                  | July 2, 2007        | \$(3,706,723)              |

-----  
\*Based on Libor (London Interbank Offered Rate).

As a result of a FASB Emerging Issues Task Force consensus (and subsequent related SEC staff guidance), the Equity Trust has reclassified periodic payments made under the interest rate swap agreement, previously included within interest income, as a component of realized gain (loss) in the statement of operations. For consistency, similar reclassifications have been made to amounts appearing in the previous year's statement of changes in net assets and the per share amounts in prior years financial highlights. Prior years net investment income ratios in the financial highlights have also been modified accordingly.

This reclassification increased net investment income and decreased net realized and unrealized gains by \$4,044,350, \$4,302,269, and \$1,813,999 for the years ended December 31, 2004, December 31, 2003 and December 31, 2002 respectively, but had no effect on the Equity Trust's net asset value, either in total or per share, or its total increase (decrease) in net assets from operations during any period.

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FUTURES CONTRACTS. The Equity Trust may engage in futures contracts for the purpose of hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase. Such investments will only be made if they are economically appropriate to the reduction of risks involved in the management of the Equity Trust's investments. Upon entering into a futures contract, the Equity Trust is required to deposit with the broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as the "initial margin." Subsequent payments ("variation margin") are made or received by the Equity Trust each day, depending on the daily fluctuation of the value of the contract. The daily changes in the contract are included in unrealized appreciation/depreciation on investments and futures contracts. The Equity Trust recognizes a realized gain or loss when the contract is closed.

There are several risks in connection with the use of futures contracts as a hedging device. The change in value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in value of the hedged investments. In addition, there is the risk the Equity Trust may not be able to enter into a closing transaction because of an illiquid secondary market.

FOREIGN CURRENCY TRANSLATION. The books and records of the Equity Trust are maintained in United States (U.S.) dollars. Foreign currencies, investments and other assets and liabilities are translated into U.S. dollars at the exchange rates prevailing at the end of the period, and 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, which 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 Equity Trust and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial trade date and subsequent sale trade date is included in realized gain/(loss) on investments.

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### THE GABELLI EQUITY TRUST INC. NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOREIGN SECURITIES. The Equity Trust 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 ability 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 those of securities of comparable U.S. issuers.

SECURITIES TRANSACTIONS AND INVESTMENT INCOME. Securities transactions are accounted for as of the trade date with realized gain or loss on investments determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded as earned. Dividend income is recorded on the ex-dividend date.

DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS. Distributions to shareholders are recorded on the ex-dividend date. Distributions to shareholders of the Equity Trust's 7.20% Series B Cumulative Preferred Stock, Series C Auction Rate

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Cumulative Preferred Stock, 5.875% Series D Cumulative Preferred Stock, and Series E Auction Rate Cumulative Preferred Stock ("Cumulative Preferred Stock") are accrued on a daily basis and are determined as described in Note 5.

Income dividends and capital gain distributions are determined in accordance with Federal income tax regulations which may differ from that determined under U.S. generally accepted accounting principles. These differences are primarily due to differing treatments of income and gains on various investment securities held by the Equity Trust, timing differences and differing characterizations of distributions made by the Equity Trust.

For the year ended December 31, 2004, reclassifications were made to decrease accumulated net investment income by \$3,816,593 and decrease accumulated net realized loss on investments, futures contracts, swap contracts and foreign currency transactions by \$3,816,593.

The tax character of distributions paid during the years ended December 31, 2004 and December 31, 2003 was as follows:

|  | YEAR ENDED<br>DECEMBER 31, 2004 |              | YEAR ENDED<br>DECEMBER 31, 2003 |
|--|---------------------------------|--------------|---------------------------------|
|  | COMMON                          | PREFERRED    | COMMON                          |
| DISTRIBUTIONS PAID FROM:                     |                                 |              |                                 |
| Ordinary income                              |                                 |              |                                 |
| (Inclusive of short-term capital gain) ..... | \$ 8,211,448                    | \$ 1,405,333 | \$ 7,596,973                    |
| Net long-term capital gain .....             | 102,491,569                     | 17,540,730   | 85,161,394                      |
| Non-taxable return of capital .....          | --                              | --           | 558,040                         |
|  | -----                           | -----        | -----                           |
| Total distributions paid .....               | \$110,703,017                   | \$18,946,063 | \$93,316,407                    |
|  | =====                           | =====        | =====                           |

PROVISION FOR INCOME TAXES. The Equity Trust 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 Equity Trust's policy to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of its net investment company taxable income and net capital gains. Therefore, no provision for Federal income taxes is required.

As of December 31, 2004, the components of accumulated earnings/(losses) on a tax basis were as follows:

|  |               |
|--|---------------|
| Net unrealized appreciation on investments .....   | \$316,119,790 |
| Net unrealized depreciation on foreign currency translations and interest rate swaps ..... | (3,456,909)   |
| Other .....  | (257,141)     |
| Undistributed ordinary income .....  | 1,718,659     |
|  | -----         |
| Total accumulated gain .....   | \$314,124,399 |
|  | =====         |

Other is primarily due to dividends payable on preferred stock at December 31, 2004.

3. AGREEMENTS AND TRANSACTIONS WITH AFFILIATES. The Equity Trust has entered into an investment advisory agreement (the "Advisory Agreement") with the

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Adviser which provides that the Equity Trust will pay the Adviser a fee, computed weekly and paid monthly, equal on an annual basis to 1.00% of the value of the Equity Trust's average weekly net assets plus liquidation value of preferred stock. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Equity Trust's portfolio and oversees the administration of all aspects of the Equity Trust's business and affairs. The Adviser has agreed to reduce the management fee on the incremental assets attributable to the Cumulative Preferred Stock if the total return of the net asset value of the common shares of the Equity Trust, including distributions and advisory fee subject to reduction, does not exceed the stated dividend rate or corresponding swap rate of the Cumulative Preferred Stock.

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THE GABELLI EQUITY TRUST INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The Equity Trust's total return on the net asset value of the common shares is monitored on a monthly basis to assess whether the total return on the net asset value of the common shares exceeds the stated dividend rate of the Cumulative Preferred Stock for the period. For the year ended December 31, 2004, the Equity Trust's total return on the net asset value of the common shares exceeded the stated dividend rate or corresponding swap rate of all outstanding preferred stock. Thus management fees were accrued on these assets.

During the year ended December 31, 2004, Gabelli & Company, Inc., ("Gabelli & Company") an affiliate of the Adviser, received \$835,136 in brokerage commissions as a result of executing agency transactions in portfolio securities on behalf of the Equity Trust.

The cost of calculating the Equity Trust's net asset value per share is an Equity Trust expense pursuant to the Investment Advisory Agreement between the Equity Trust and the Adviser. During the year ended December 31, 2004, the Equity Trust reimbursed the Adviser \$34,800 in connection with the cost of computing the Equity Trust's net asset value.

The Equity Trust is assuming its portion of the allocated cost of the Gabelli Funds' Chief Compliance Officer in the amount of \$7,897 for the period of October 1, 2004 through December 31, 2004, which is included in payroll expense on the Statement of Operations.

4. PORTFOLIO SECURITIES. Cost of purchases and proceeds from sales of securities, other than short term securities, for the year ended December 31, 2004 aggregated \$428,157,129 and \$408,373,915, respectively.

5. CAPITAL. The charter permits the Equity Trust to issue 182,000,000 shares of common stock (par value \$0.001). The Board of the Equity Trust has authorized the repurchase of its 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 net asset value of the shares. During the year ended December 31, 2004, the Equity Trust did not repurchase any shares of its common stock in the open market.

Transactions in common stock were as follows:

| YEAR ENDED<br>DECEMBER 31, 2004 |        | YEAR ENDED<br>DECEMBER 31, 2003 |        |
|---------------------------------|--------|---------------------------------|--------|
| Shares                          | Amount | Shares                          | Amount |
|                                 |        |                                 |        |

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|                                      | -----     | -----        | -----     | -----        |
|--------------------------------------|-----------|--------------|-----------|--------------|
| Shares issued upon reinvestment      |           |              |           |              |
| of dividends and distributions ..... | 3,143,080 | \$25,998,112 | 3,129,917 | \$22,608,759 |
|                                      | -----     | -----        | -----     | -----        |
| Net increase .....                   | 3,143,080 | \$25,998,112 | 3,129,917 | \$22,608,759 |
|                                      | =====     | =====        | =====     | =====        |

The holders of Cumulative Preferred Stock have voting rights equivalent to those of the holders of common stock (one vote per share) and will vote together with holders of shares of common stock as a single class. In addition, the 1940 Act requires that along with approval of a majority of the holders of common stock, approval of a majority of the holders of any outstanding shares of Cumulative Preferred Stock, voting separately as a class, would be required to (a) adopt any plan of reorganization that would adversely affect the Cumulative Preferred Stock, and (b) take any action requiring a vote of security holders, including, among other things, changes in the Equity Trust's subclassification as a closed-end investment company or changes in its fundamental investment restrictions. The Equity Trust's Articles of Incorporation, as amended, authorize the issuance of up to 16,006,000 shares of \$0.001 par value Cumulative Preferred Stock. The Cumulative 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. Dividends on shares of the Cumulative Preferred Stock are cumulative. The Equity Trust is required to meet certain asset coverage tests as required by the 1940 Act and by the Articles Supplementary with respect to the Cumulative Preferred Stock. If the Equity Trust fails to meet these requirements and does not correct such failure, the Equity Trust may be required to redeem, in part or in full, the 7.20% Series B, Series C Auction Rate, 5.875% Series D, and Series E Auction Rate Cumulative Preferred Stock at a redemption price of \$25, \$25,000, \$25, and \$25,000, respectively, 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 requirements could restrict the Equity Trust's ability to pay dividends to common shareholders and could lead to sales of portfolio securities at inopportune times. The income received on the Equity Trust'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.

Under Emerging Issues Task Force (EITF) promulgating Topic D-98, Classification and Measurement of Redeemable Securities, which was issued on July 19, 2001, preferred securities that are redeemable for cash or other assets are to be classified outside of permanent equity to the extent that the redemption is at a fixed or determinable price and at the option of the holder or upon the occurrence of an event that is not solely within the control of the issuer. In accordance with the guidance of the EITF, the Equity Trust's Cumulative Preferred Stock is classified outside of permanent equity (net assets attributable to common stock shareholders) in the accompanying financial statements.

THE GABELLI EQUITY TRUST INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The Equity Trust, as authorized by the Board, redeemed all (5,367,900 shares) of its outstanding 7.25% Series A Cumulative Preferred Stock. The redemption date was June 17, 2003 and the redemption price was \$25.4078 per Preferred Share, which consisted of \$25.00 per Preferred Share (the "liquidation



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value") plus accrued dividends through the redemption date of \$0.4078 per Preferred Share. The Preferred Shares were callable at any time at the liquidation value of \$25.00 per share plus accrued dividends following the expiration of the five-year call protection on June 9, 2003.

On June 20, 2001, the Equity Trust received net proceeds of \$159,329,175 (after underwriting discounts of \$5,197,500 and offering expenses of \$473,325) from the public offering of 6,600,000 shares of 7.20% Series B Cumulative Preferred Stock. Commencing June 20, 2006 and thereafter, the Equity Trust, at its option, may redeem the 7.20% Series B Cumulative Preferred Stock in whole or in part at the liquidation value. During the year ended December 31, 2004, the Equity Trust did not repurchase any shares of 7.20% Series B Cumulative Preferred Stock. At December 31, 2004, 6,600,000 shares of the 7.20% Series B Cumulative Preferred Stock were outstanding and accrued dividends amounted to \$165,000.

On June 27, 2002, the Equity Trust received net proceeds of \$128,246,557 (after underwriting discounts of \$1,300,000 and offering expenses of \$453,443) from the public offering of 5,200 shares of Series C Auction Rate Cumulative Preferred Stock. The dividend rate, as set by the auction process, which is generally held every 7 days, is expected to vary with short term interest rates. The Rates of Series C Auction Rate Cumulative Preferred Stock ranged from 1.02% to 2.61% for the year ended December 31, 2004. Existing shareholders may submit an order to hold, bid or sell such shares on each auction date. Series C Auction Rate Cumulative Preferred Stock shareholders may also trade shares in the secondary market. The Equity Trust, at its option, may redeem the Series C Auction Rate Cumulative Preferred Stock in whole or in part at the liquidation value price at any time. During the year ended December 31, 2004, the Equity Trust did not redeem any shares of Series C Auction Rate Cumulative Preferred Stock. At December 31, 2004, 5,200 shares of the Series C Auction Rate Cumulative Preferred Stock were outstanding with an annualized dividend rate of 2.61 percent and accrued dividends amounted to \$28,275.

On October 7, 2003, the Equity Trust received net proceeds of \$72,387,500 (after underwriting discounts of \$2,362,500 and offering expenses of \$264,522) from the public offering of 3,000,000 shares of 5.875% Series D Cumulative Preferred Stock. Commencing October 7, 2008 and thereafter, the Equity Trust, at its option, may redeem the 5.875% Series D Cumulative Preferred Stock in whole or in part at the liquidation value price. During the year ended December 31, 2004, the Equity Trust repurchased 50,300 shares of 5.875% Series D Cumulative Preferred Stock in the open market at a cost of \$1,185,193 and an average discount of approximately 5.83% from its liquidation value of \$25.00 per share. All repurchased shares of 5.875% Series D Cumulative Preferred Stock have been retired. At December 31, 2004, 2,949,700 shares of the 5.785% Series D Cumulative Preferred Stock were outstanding and accrued dividends amounted to \$60,171.

On October 7, 2003, the Equity Trust received net proceeds of \$49,260,000 (after underwriting discounts of \$500,000 and offering expenses of \$149,991) from the public offering of 2,000 shares of Series E Auction Rate Cumulative Preferred Stock. The dividend rate, as set by the auction process, which is generally held every 7 days, is expected to vary with short term interest rates. The Rates of Series E Auction Rate Cumulative Preferred Stock ranged from 1.02% to 2.66% for the year ended December 31, 2004. Existing shareholders may submit an order to hold, bid or sell such shares on each auction date. Series E Auction Rate Cumulative Preferred Stock shareholders may also trade shares in the secondary market. The Equity Trust, at its option, may redeem the Series E Auction Rate Cumulative Preferred Stock in whole or in part at the liquidation value price at any time. During the year ended December 31, 2004, the Equity Trust did not redeem any shares of Series E Auction Rate Cumulative Preferred Stock. At December 31, 2004, 2,000 shares of the Series E Auction Rate Cumulative Preferred Stock were outstanding with an annualized dividend rate of

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2.66 percent and accrued dividends amounted to \$3,695.

6. OTHER MATTERS. The Adviser and/or affiliates have received subpoenas from the Attorney General of the State of New York and the SEC requesting information on mutual fund shares trading practices. Gabelli Asset Management Inc., the Adviser's parent company, is responding to these requests. The Equity Trust does not believe that these matters will have a material adverse effect on the Equity Trust's financial position or the results of its operations.

7. INDEMNIFICATIONS. The Equity Trust enters into contracts that contain a variety of indemnifications. The Equity Trust's maximum exposure under these arrangements is unknown. However, the Equity Trust has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

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### THE GABELLI EQUITY TRUST INC. FINANCIAL HIGHLIGHTS

SELECTED DATA FOR AN EQUITY TRUST COMMON SHARE OUTSTANDING THROUGHOUT EACH PERIOD:

|  | YEAR ENDED DECEMBER 31 |                  |                  |
|--|------------------------|------------------|------------------|
|  | 2004 (A) (B) (G)       | 2003 (A) (B) (G) | 2002 (A) (B) (G) |
| <b>OPERATING PERFORMANCE:</b>  |                        |                  |                  |
| Net asset value, beginning of period .....   | \$ 7.98                | \$ 6.28          | \$ 8.00          |
| Net investment income .....  | 0.02                   | 0.04             | 0.00             |
| Net realized and unrealized gain (loss) on investments .....   | 1.63                   | 2.50             | (1.00)           |
| Total from investment operations .....   | 1.65                   | 2.54             | (1.00)           |
| <b>DISTRIBUTIONS TO PREFERRED STOCK SHAREHOLDERS:</b>  |                        |                  |                  |
| Net investment income .....  | (0.00) (c)             | (0.00) (c)       | (0.00)           |
| Net realized gain on investments .....   | (0.14)                 | (0.14)           | (0.00)           |
| Total distributions to preferred stock shareholders ....   | (0.14)                 | (0.14)           | (0.00)           |
| <b>NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS RESULTING FROM OPERATIONS .....</b> |                        |                  |                  |
|  | 1.51                   | 2.40             | (1.00)           |
| <b>DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS:</b>   |                        |                  |                  |
| Net investment income .....  | (0.01)                 | (0.01)           | (0.00)           |
| Net realized gain on investments .....   | (0.79)                 | (0.68)           | (0.00)           |
| Return of capital .....  | --                     | (0.00) (c)       | (0.00)           |
| Total distributions to common stock shareholders .....   | (0.80)                 | (0.69)           | (0.00)           |
| <b>CAPITAL SHARE TRANSACTIONS:</b>   |                        |                  |                  |
| Increase in net asset value from common stock share transactions .....   | 0.00 (c)               | 0.01             | 0.00             |
| Decrease in net asset value from shares issued in rights offering .....  | --                     | --               | --               |
| Increase in net asset value from repurchase of preferred shares .....  | 0.00 (c)               | --               | --               |
| Offering costs for preferred shares .....  | --                     | --               | --               |

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|   |             |             |             |
|---|-------------|-------------|-------------|
| charged to paid-in capital .....                        | 0.00 (c)    | (0.02)      | (0.00)      |
|   | -----       | -----       | -----       |
| Total capital share transactions .....                  | 0.00 (c)    | (0.01)      | 0.00        |
|   | -----       | -----       | -----       |
| <b>NET ASSET VALUE ATTRIBUTABLE TO COMMON STOCK</b>     |             |             |             |
| SHAREHOLDERS, END OF PERIOD .....                       | \$ 8.69     | \$ 7.98     | \$ 6.00     |
|   | =====       | =====       | =====       |
| Net Asset Value Total Return + .....                    | 19.81%      | 39.90%      | (21.12)%    |
|   | =====       | =====       | =====       |
| Market Value, End of Period .....                       | \$ 9.02     | \$ 8.00     | \$ 6.00     |
|   | =====       | =====       | =====       |
| Total Investment Return ++ .....                        | 24.04%      | 28.58%      | (28.12)%    |
|   | =====       | =====       | =====       |
| <b>RATIOS AND SUPPLEMENTAL DATA:</b>                    |             |             |             |
| Net assets including liquidation value                  |             |             |             |
| of preferred shares,                                    |             |             |             |
| end of period (in 000's) .....                          | \$1,638,225 | \$1,514,525 | \$1,271,600 |
| Net assets attributable to common shares,               |             |             |             |
| end of period (in 000's) .....                          | \$1,219,483 | \$1,094,525 | \$ 842,400  |
| Ratio of net investment income to                       |             |             |             |
| average net assets                                      |             |             |             |
| attributable to common shares .....                     | 0.64%       | 0.67%       | 0.00%       |
| Ratio of operating expenses to                          |             |             |             |
| average net assets                                      |             |             |             |
| attributable to common shares (b) (e) .....             | 1.57%       | 1.62%       | 1.00%       |
| Ratio of operating expenses to                          |             |             |             |
| average total net assets                                |             |             |             |
| including liquidation value of                          |             |             |             |
| preferred shares (b) (e) .....                          | 1.14%       | 1.14%       | 0.00%       |
| Portfolio turnover rate .....                           | 28.6%       | 19.2%       | 27.0%       |
| <b>PREFERRED STOCK:</b>                                 |             |             |             |
| <b>7.25% CUMULATIVE PREFERRED STOCK</b>                 |             |             |             |
| Liquidation value, end of period (in 000's) .....       | --          | --          | \$ 134,100  |
| Total shares outstanding (in 000's) .....               | --          | --          | 5,300       |
| Liquidation preference per share .....                  | --          | --          | \$ 25.00    |
| Average market value (d) .....                          | --          | --          | \$ 25.00    |
| Asset coverage per share .....                          | --          | --          | \$ 74.00    |
| <b>7.20% CUMULATIVE PREFERRED STOCK</b>                 |             |             |             |
| Liquidation value, end of period (in 000's) .....       | \$ 165,000  | \$ 165,000  | \$ 165,000  |
| Total shares outstanding (in 000's) .....               | 6,600       | 6,600       | 6,600       |
| Liquidation preference per share .....                  | \$ 25.00    | \$ 25.00    | \$ 25.00    |
| Average market value (d) .....                          | \$ 26.57    | \$ 27.06    | \$ 26.00    |
| Asset coverage per share .....                          | \$ 97.81    | \$ 90.15    | \$ 74.00    |
| <b>AUCTION RATE SERIES C CUMULATIVE PREFERRED STOCK</b> |             |             |             |
| Liquidation value, end of period (in 000's) .....       | \$ 130,000  | \$ 130,000  | \$ 130,000  |
| Total shares outstanding (in 000's) .....               | 5           | 5           | 5           |
| Liquidation preference per share .....                  | \$ 25,000   | \$ 25,000   | \$ 25,000   |
| Average market value (d) .....                          | \$ 25,000   | \$ 25,000   | \$ 25,000   |
| Asset coverage per share .....                          | \$ 97,806   | \$ 90,150   | \$ 74,000   |

See accompanying notes to financial statements.

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|   | YEAR ENDED DECEMBER |           |          |
|---|---------------------|-----------|----------|
|   | 2004 (A)            | 2003 (A)  | 2002 (A) |
| <b>5.875% CUMULATIVE PREFERRED STOCK</b>                |                     |           |          |
| Liquidation value, end of period (in 000's) .....       | \$ 73,743           | \$ 75,000 |          |
| Total shares outstanding (in 000's) .....               | 2,950               | 3,000     |          |
| Liquidation preference per share .....                  | \$ 25.00            | \$ 25.00  |          |
| Average market value (d) .....                          | \$ 24.81            | \$ 25.10  |          |
| Asset coverage per share .....                          | \$ 97.81            | \$ 90.15  |          |
| <b>AUCTION RATE SERIES E CUMULATIVE PREFERRED STOCK</b> |                     |           |          |
| Liquidation value, end of period (in 000's) .....       | \$ 50,000           | \$ 50,000 |          |
| Total shares outstanding (in 000's) .....               | 2                   | 2         |          |
| Liquidation preference per share .....                  | \$ 25,000           | \$ 25,000 |          |
| Average market value (d) .....                          | \$ 25,000           | \$ 25,000 |          |
| Asset coverage per share .....                          | \$ 97,806           | \$ 90,150 |          |
| ASSET COVERAGE (f) .....                                | 391%                | 361%      |          |

- 
- + Based on net asset value per share, adjusted for reinvestment of distributions, including the effect of shares issued pursuant to rights offering, assuming full subscription by shareholder.
  - ++ Based on market value per share, adjusted for reinvestment of distributions, including the effect of shares issued pursuant to rights offering, assuming full subscription by shareholder.
  - (a) Per share amounts have been calculated using the monthly average shares outstanding method.
  - (b) See Note 2 to Financial Statements (Swap Agreements).
  - (c) Amount represents less than \$0.005 per share.
  - (d) Based on weekly prices.
  - (e) The ratios do not include a reduction of expenses for custodian fee credits on cash balances maintained with the custodian. Including such custodian fee credits for the years ended December 31, 2002, 2001 and 2000, the ratios of operating expenses to average net assets attributable to common stock would be 1.19%, 1.11% and 1.14%, respectively, and the ratios of operating expenses to average total net assets including liquidation value of preferred shares would be 0.88%, 0.94% and 1.03%, respectively. For the fiscal year ended December 31, 2004 and 2003, the effect of the custodian fee credits was minimal.
  - (f) Asset coverage is calculated by combining all series of preferred stock.
  - (g) As a result of changes in accounting principles, the Equity Trust has reclassified periodic payments made under interest rate swap agreements, previously included within net investment income, to components of realized and unrealized gain (loss) in the Statement of Operations. The effect of this reclassification for the years ended December 31, 2004, December 31, 2003 and December 31, 2002 was net investment income per share increased by \$0.03, \$0.03 and \$0.01, respectively, ratios of net investment income to average net assets attributable to common shares increased by 0.36%, 0.47% and 0.18%, respectively, ratios of operating expenses to average net assets attributable to common shares decreased by 0.36%, 0.47% and 0.18%, respectively, and ratios of operating expenses to average total net assets including liquidation value of preferred shares decreased by 0.26%, 0.33% and 0.13%, respectively.

See accompanying notes to financial statements.

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## THE GABELLI EQUITY TRUST INC. REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of  
The Gabelli Equity Trust Inc.:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Gabelli Equity Trust (the "Trust") at December 31, 2004, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Trust's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2004 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
New York, New York  
February 28, 2005

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### THE GABELLI EQUITY TRUST INC. ADDITIONAL FUND INFORMATION (UNAUDITED)

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

| NAME, POSITION(S)<br>ADDRESS 1<br>AND AGE<br>----- | TERM OF<br>OFFICE AND<br>LENGTH OF<br>TIME<br>SERVED 2<br>----- | NUMBER OF<br>FUNDS IN FUND<br>COMPLEX<br>OVERSEEN BY<br>DIRECTOR<br>----- | PRINCIPAL OCCUPATION(S)<br>DURING PAST FIVE YEARS<br>----- |
|--|---|---|--|
|--|---|---|--|

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### INTERESTED DIRECTORS 3:

-----

|   |                     |           |   |
|---|---------------------|-----------|---|
| <p>MARIO J. GABELLI<br/>Director and<br/>Chief Investment Officer<br/>Age: 62</p> | <p>Since 1986**</p> | <p>24</p> | <p>Chairman of the Board, Chief Executive Officer of Gabelli Asset Management Inc. Chief Investment Officer of Gabelli Fund LLC and GAMCO Investors, Inc.; Vice Chairman and Chief Executive Officer of Lynch Interactive Corporation (multimedia and services)</p> |
| <p>KARL OTTO POHL<br/>Director<br/>Age: 75</p>                                    | <p>Since 1992*</p>  | <p>34</p> | <p>Member of the Shareholder Committee of S Oppenheim Jr. &amp; Cie, Zurich (private investment bank); Former President of the Deutsche Bundesbank and Chairman of its Central Bank Council (1980-1991)</p>   |

### NON-INTERESTED DIRECTORS:

-----

|   |                      |           |  |
|---|----------------------|-----------|--|
| <p>THOMAS E. BRATTER<br/>Director<br/>Age: 65</p>       | <p>Since 1986**</p>  | <p>3</p>  | <p>Director, President and Founder, The John Dewey Academy (residential college preparatory therapeutic high school)</p>   |
| <p>ANTHONY J. COLAVITA 4<br/>Director<br/>Age: 69</p>   | <p>Since 1999***</p> | <p>36</p> | <p>President and Attorney at Law in the law of Anthony J. Colavita, P.C.</p>   |
| <p>JAMES P. CONN 4<br/>Director<br/>Age: 66</p>         | <p>Since 1989*</p>   | <p>13</p> | <p>Former Managing Director and Chief Investment Officer of Financial Security Assurance Ltd. (1992-1998)</p>  |
| <p>FRANK J. FAHRENKOPF JR.<br/>Director<br/>Age: 65</p> | <p>Since 1998***</p> | <p>4</p>  | <p>President and Chief Executive Officer of American Gaming Association since June 1995; Partner in the law firm of Hogan &amp; Hartson; Co-Chairman of the Commission on Presidential Debates; Former Chairman of the Republican National Committee</p> |
| <p>ARTHUR V. FERRARA<br/>Director<br/>Age: 74</p>       | <p>Since 2001***</p> | <p>9</p>  | <p>Formerly, Chairman of the Board and Chief Executive Officer of The Guardian Life Insurance Company of America from January 1993 to December 1995; President, Chief Executive Officer and a Director prior to</p>                                      |
| <p>ANTHONY R. PUSTORINO</p>                             | <p>Since 1986*</p>   | <p>17</p> | <p>Certified Public Accountant; Professor</p>  |

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Director  
Age: 79

Emeritus, Pace University

SALVATORE J. ZIZZA  
Director  
Age: 59

Since 1986\*\*\*

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Chairman, Hallmark Electrical Supplies C

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THE GABELLI EQUITY TRUST INC.  
ADDITIONAL FUND INFORMATION (CONTINUED) (UNAUDITED)

| NAME, POSITION(S)<br>ADDRESS 1<br>AND AGE                 | TERM OF<br>OFFICE AND<br>LENGTH OF<br>TIME<br>SERVED 2 | NUMBER OF<br>FUNDS IN FUND<br>COMPLEX<br>OVERSEEN BY<br>DIRECTOR | PRINCIPAL OCCUPATION(S)<br>DURING PAST FIVE YEARS  |
|---|--|--|--|
| OFFICERS:   |  |  |  |
| BRUCE N. ALPERT<br>President and Treasurer<br>Age: 53     | Since 2003   | --   | Executive Vice President and Chief Op<br>Officer of Gabelli Funds, LLC since 1<br>an officer of all mutual funds advise<br>Gabelli Funds, LLC and its affiliat<br>Director and President of Gabelli Adv    |
| CARTER W. AUSTIN<br>Vice President<br>Age: 38             | Since 2000   | --   | Vice President at the Trust since 200<br>Vice President of Gabelli Funds, LLC<br>since 1996  |
| DAWN M.DONATO<br>Assistant Vice President<br>Age: 37      | Since 2004   | --   | Assistant Vice President of Gabelli a<br>Inc. since 2004, Registered Represent<br>& Company, Inc. since 2002. Prior to 2<br>Sales Representative for Manulife Fin  |
| JAMES E. MCKEE<br>Secretary<br>Age: 41                    | Since 1995   | --   | Vice President, General Counsel and S<br>of Gabelli Asset Management Inc. sinc<br>and GAMCO Investors, Inc. since 1993;<br>of all mutual funds advised by Gabell<br>Inc. and Gabelli Funds, LLC            |
| PETER D. GOLDSTEIN<br>Chief Compliance Officer<br>Age: 51 | Since 2004   | --   | Director of Regulatory Affairs at Gab<br>Inc. since February 2004; Vice Presid<br>Asset Management from November 2000 t<br>2004; Deputy General Counsel at Gabell<br>Inc. from February 1998 through Novem |

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

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three year term. The three year term for each class expires as follows:

- \* - Term expires at the Trust's 2006 Annual Meeting of Shareholders and until their successors are duly elected and qualified.
- \*\* - Term expires at the Trust's 2007 Annual Meeting of Shareholders and until their successors are duly elected and qualified.
- \*\*\* - Term expires at the Trust's 2005 Annual Meeting of Shareholders and until their successors are duly elected and qualified.

Each officer will hold office for an indefinite term until the date he or she resigns or retires or until his or her successor is elected and qualified.

- 3 "Interested person" of the Trust as defined in the Investment Company Act of 1940. Messrs. Gabelli and Pohl are each considered an "interested person" because of their affiliation with Gabelli Funds, LLC which acts as the Trust's investment adviser.
- 4 Represents holders of the Trust's Preferred Stock.
- 5 This column includes only directorships of companies required to report to the SEC under the Securities Exchange Act of 1934 (i.e. public companies) or other investment companies registered under the 1940 Act.

### CERTIFICATIONS

Equity Trust's Chief Executive Officer has certified to the New York Stock Exchange that, as of June 7, 2004, he was not aware of any violation by Equity Trust of applicable NYSE corporate governance listing standards. Equity Trust reports to the SEC on Form N-CSR which contains certifications by Equity Trust's principal executive officer and principal financial officer that relate to Equity Trust's disclosure in such reports and that are required by Rule 30a-2(a) under the Investment Company Act.

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### THE GABELLI EQUITY TRUST INC. INCOME TAX INFORMATION (UNAUDITED) DECEMBER 31, 2004

#### CASH DIVIDENDS AND DISTRIBUTIONS

|                         | PAYABLE<br>DATE<br>----- | RECORD<br>DATE<br>----- | TOTAL AMOUNT<br>PAID<br>PER SHARE (A)<br>----- | ORDINARY<br>INVESTMENT<br>INCOME (A)<br>----- | LONG<br>CAP<br>GAIN<br>----- |
|-------------------------|--------------------------|-------------------------|--|---|------------------------------|
| COMMON SHARES           |                          |                         |  |   |                              |
|                         | 03/25/04                 | 03/17/04                | \$0.1600                                       | \$0.0139                                      | \$0.                         |
|                         | 06/24/04                 | 06/16/04                | 0.1600   | 0.0139  | 0.                           |
|                         | 09/24/04                 | 09/16/04                | 0.1800   | 0.0155  | 0.                           |
|                         | 12/27/04                 | 12/16/04                | 0.3000   | 0.0259  | 0.                           |
|                         |                          |                         | -----  | -----   | ---                          |
|                         |                          |                         | \$0.8000                                       | \$0.0692                                      | \$0.                         |
| 7.20% PREFERRED SHARES  |                          |                         |  |   |                              |
|                         | 03/26/04                 | 03/19/04                | \$0.4500                                       | \$0.0389                                      | \$0.                         |
|                         | 06/28/04                 | 06/21/04                | 0.4500   | 0.0389  | 0.                           |
|                         | 09/27/04                 | 09/20/04                | 0.4500   | 0.0389  | 0.                           |
|                         | 12/27/04                 | 12/17/04                | 0.4500   | 0.0389  | 0.                           |
|                         |                          |                         | -----  | -----   | ---                          |
|                         |                          |                         | \$1.8000                                       | \$0.1556                                      | \$1.                         |
| 5.875% PREFERRED SHARES |                          |                         |  |   |                              |
|                         | 03/26/04                 | 03/19/04                | \$0.3672                                       | \$0.0318                                      | \$0.                         |



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|          |          |          |          |      |
|----------|----------|----------|----------|------|
| 06/28/04 | 06/21/04 | 0.3672   | 0.0318   | 0.   |
| 09/27/04 | 09/20/04 | 0.3672   | 0.0318   | 0.   |
| 12/27/04 | 12/17/04 | 0.3672   | 0.0318   | 0.   |
|          |          | -----    | -----    | ---  |
|          |          | \$1.4688 | \$0.1272 | \$1. |

SERIES C AND E AUCTION RATE PREFERRED SHARES

Auction Rate Preferred Shares pay dividends weekly based on a rate set at auction, usually held every seven days. The percentage of 2004 distributions derived from long-term capital gains for the Series C and Series E Auction Rate Preferred Shares was 91.35%.

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 2004 tax returns. Ordinary income distributions include net investment income and realized net short-term capital gains. Ordinary income is reported in box 1a of Form 1099-DIV. Capital gain distributions are reported in box 2a of Form 1099-DIV.

CORPORATE DIVIDENDS RECEIVED DEDUCTION, QUALIFIED DIVIDEND INCOME AND U.S. GOVERNMENT SECURITIES INCOME

The Equity Trust paid to common shareholders an ordinary income dividend totalling \$0.0692 per share in 2004. The Equity Trust paid to 7.20% Series B preferred shareholders and 5.875% Series D preferred shareholders an ordinary income dividend totalling \$0.1556 per share and \$0.1272 per share, respectively, in 2004. The Equity Trust paid to Series C and E Auction Rate preferred shareholders an ordinary income dividend totalling \$32.83 per share and \$33.36 per share, respectively, in 2004. For the fiscal year ended December 31, 2004, 100% of the ordinary income dividend qualifies for the dividend received deduction available to corporations, and 100% of the ordinary income distribution was deemed qualifying dividend income and is reported in box 1b on Form 1099-DIV. The percentage of the ordinary income dividends paid by the Equity Trust during 2004 derived from U.S. Government Securities was 5.14%. The percentage of U.S. Government Securities held as of December 31, 2004 was 0.09%. However, it should be noted that the Equity Trust did not hold more than 50% of its assets in U.S. Government Securities at the end of each calendar quarters during 2004.

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THE GABELLI EQUITY TRUST INC.  
INCOME TAX INFORMATION (CONTINUED) (UNAUDITED)  
DECEMBER 31, 2004

HISTORICAL DISTRIBUTION SUMMARY

|                | INVESTMENT<br>INCOME | SHORT-<br>TERM<br>CAPITAL<br>GAINS (B) | LONG-<br>TERM<br>CAPITAL<br>GAINS | NON-TAXABLE<br>RETURN OF<br>CAPITAL | UNDISTRIBUTED<br>LONG-TERM<br>CAPITAL<br>GAINS | TAXES PAID ON<br>UNDISTRIBUTED<br>CAPITAL<br>GAINS (C) |
|----------------|----------------------|--|-----------------------------------|-------------------------------------|--|--|
|                | -----                | -----                                  | -----                             | -----                               | -----  | -----  |
| COMMON STOCK   |                      |  |                                   |                                     |  |  |
| 2004 .....     | \$0.01930            | \$0.04990                              | \$0.73080                         | --                                  | --   | --   |
| 2003 .....     | 0.01140              | 0.04480                                | 0.63380                           | --                                  | --   | --   |
| 2002 .....     | 0.05180              | 0.01550                                | 0.88270                           | --                                  | --   | --   |
| 2001 (d) ..... | 0.06700              | 0.06400                                | 0.94900                           | --                                  | --   | --   |
| 2000 .....     | 0.04070              | 0.15500                                | 1.11430                           | --                                  | --   | --   |
| 1999 (e) ..... | 0.03010              | 0.21378                                | 0.99561                           | \$0.91176                           | --   | --   |

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|                                 |           |            |             |         |          |          |
|---------------------------------|-----------|------------|-------------|---------|----------|----------|
| 1998                            | 0.06420   | --         | 1.10080     | --      | --       | --       |
| 1997                            | 0.07610   | 0.00210    | 0.93670     | 0.02510 | --       | --       |
| 1996                            | 0.10480   | --         | 0.78120     | 0.11400 | --       | --       |
| 1995 (f)                        | 0.12890   | --         | 0.49310     | 0.37800 | --       | --       |
| 1994 (g)                        | 0.13536   | 0.06527    | 0.30300     | 1.38262 | --       | --       |
| 1993 (h)                        | 0.13050   | 0.02030    | 0.72930     | 0.22990 | --       | --       |
| 1992 (i)                        | 0.20530   | 0.04050    | 0.29660     | 0.51760 | --       | --       |
| 1991 (j)                        | 0.22590   | 0.03990    | 0.14420     | 0.68000 | --       | --       |
| 1990                            | 0.50470   | --         | 0.22950     | 0.44580 | --       | --       |
| 1989                            | 0.29100   | 0.35650    | 0.66250     | --      | \$0.6288 | \$0.2138 |
| 1988                            | 0.14500   | 0.20900    | 0.19600     | --      | 0.2513   | 0.0854   |
| 1987                            | 0.25600   | 0.49100    | 0.33500     | --      | --       | --       |
| 7.20% PREFERRED STOCK           |           |            |             |         |          |          |
| 2004                            | \$0.04340 | \$0.11224  | \$1.64436   | --      | --       | --       |
| 2003                            | 0.03000   | 0.11640    | 1.65360     | --      | --       | --       |
| 2002                            | 0.09800   | 0.02960    | 1.67240     | --      | --       | --       |
| 2001                            | 0.05870   | 0.05440    | 0.81690     | --      | --       | --       |
| 5.875% PREFERRED STOCK          |           |            |             |         |          |          |
| 2004                            | \$0.03542 | \$0.09159  | \$1.34174   | --      | --       | --       |
| 2003                            | 0.00535   | 0.02086    | 0.29610     | --      | --       | --       |
| AUCTION RATE PREFERRED C SHARES |           |            |             |         |          |          |
| 2004                            | \$9.15570 | \$23.67550 | \$346.83810 | --      | --       | --       |
| 2003                            | 5.42000   | 21.05000   | 298.41000   | --      | --       | --       |
| 2002                            | 12.28350  | 3.71450    | 209.89200   | --      | --       | --       |
| AUCTION RATE PREFERRED E SHARES |           |            |             |         |          |          |
| 2004                            | \$9.30280 | \$24.05620 | \$352.41090 | --      | --       | --       |
| 2003                            | 1.07000   | 4.18000    | 59.32000    | --      | --       | --       |

- 
- (a) Total amounts may differ due to rounding.
  - (b) Taxable as ordinary income.
  - (c) Net Asset Value is reduced by this amount on the last business day of the year.
  - (d) On January 10, 2001, the Company also distributed Rights equivalent to \$0.56 per share based upon full subscription of all issued shares.
  - (e) On July 9, 1999, the Company also distributed shares of The Gabelli Utility Trust valued at \$9.8125 per share.
  - (f) On October 19, 1995, the Company also distributed Rights equivalent to \$0.37 per share based upon full subscription of all issued shares.
  - (g) On November 15, 1994, the Company also distributed shares of The Gabelli Global Multimedia Trust Inc. valued at \$8.0625 per share.
  - (h) On July 14, 1993, the Company also distributed Rights equivalent to \$0.50 per share based upon full subscription of all issued shares.
  - (i) On September 28, 1992, the Company also distributed Rights equivalent to \$0.36 per share based upon full subscription of all issued shares.
  - (j) On October 21, 1991, the Company also distributed Rights equivalent to \$0.42 per share based upon full subscription of all issued shares.
- Decrease in cost basis.
  - + Increase in cost basis.

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### ENROLLMENT IN THE PLAN

It is the policy of The Gabelli Equity Trust Inc. ("Equity Trust") to automatically reinvest dividends. As a "registered" shareholder you automatically become a participant in the Equity Trust's Automatic Dividend Reinvestment Plan (the "Plan"). The Plan authorizes the Equity Trust to issue shares 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 Equity Trust. Plan participants may send their stock certificates to EquiServe Trust Company ("EquiServe") 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 Equity Trust Inc.  
c/o EquiServe  
P.O. Box 43011  
Providence, RI 02940-3011

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 may contact EquiServe at (800) 336-6983.

SHAREHOLDERS WISHING TO LIQUIDATE REINVESTED SHARES held at EquiServe 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.

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 Equity Trust'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 Equity Trust's Common Stock. The valuation date is the dividend or distribution payment date or, if that date is not a New York Stock Exchange 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 Equity Trust valued at market price. If the Equity Trust should declare a dividend or capital gains distribution payable only in cash, EquiServe will buy Common Stock in the open market, or on the New York Stock Exchange or elsewhere, for the participants' accounts, except that EquiServe will endeavor to terminate purchases in the open market and cause the Equity Trust 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.

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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.

The Equity Trust 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 EquiServe on at least 90 days' written notice to participants in the Plan.

### VOLUNTARY CASH PURCHASE PLAN

The Voluntary Cash Purchase Plan is yet another vehicle for our shareholders to increase their investment in the Equity Trust. 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 EquiServe for investments in the Equity Trust's shares at the then current market price. Shareholders may send an amount from \$250 to \$10,000. EquiServe will use these funds to purchase shares in the open market on or about the 1st and 15th of each month. EquiServe 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 EquiServe, P.O. Box 43011, Providence, RI 02940-3011 such that EquiServe receives such payments approximately 10 days before the investment date. Funds not received at least five days before the investment date shall be held for investment in the following period. A payment may be withdrawn without charge if notice is received by EquiServe at least 48 hours before such payment is to be invested.

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 Equity Trust.

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The Annual Meeting of The Gabelli Equity Trust's stockholders will be held at 9:00 A.M. on Monday, May 9, 2005, in Greenwich, Connecticut.  
-----

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[GRAPHIC OMITTED]  
MULTIPLE FLAGS

DIRECTORS AND OFFICERS  
THE GABELLI EQUITY TRUST INC.  
ONE CORPORATE CENTER, RYE, NY 10580-1422

#### DIRECTORS

Mario J. Gabelli, CFA  
CHAIRMAN & CHIEF INVESTMENT OFFICER,  
GABELLI ASSET MANAGEMENT INC.

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Dr. Thomas E. Bratter  
PRESIDENT, JOHN DEWEY ACADEMY

Anthony J. Colavita  
ATTORNEY-AT-LAW,  
ANTHONY J. COLAVITA, P.C.

James P. Conn  
FORMER CHIEF INVESTMENT OFFICER,  
FINANCIAL SECURITY ASSURANCE HOLDINGS LTD.

Frank J. Fahrenkopf, Jr.  
PRESIDENT & CHIEF EXECUTIVE OFFICER,  
AMERICAN GAMING ASSOCIATION

Arthur V. Ferrara  
FORMER CHAIRMAN & CHIEF EXECUTIVE OFFICER,  
GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

Karl Otto Pohl  
FORMER PRESIDENT, DEUTSCHE BUNDESBANK

Anthony R. Pustorino  
CERTIFIED PUBLIC ACCOUNTANT  
PROFESSOR EMERITUS, PACE UNIVERSITY

Salvatore J. Zizza  
CHAIRMAN, HALLMARK ELECTRICAL SUPPLIES CORP.

OFFICERS

Bruce N. Alpert  
PRESIDENT AND TREASURER

Carter W. Austin  
VICE PRESIDENT

Dawn M. Donato  
ASSISTANT VICE PRESIDENT

James E. McKee  
SECRETARY

Peter D. Goldstein  
CHIEF COMPLIANCE OFFICER

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

CUSTODIAN  
Mellon Trust of New England, N.A.

COUNSEL  
Willkie Farr & Gallagher LLP

TRANSFER AGENT AND REGISTRAR  
EquiServe Trust Company

STOCK EXCHANGE LISTING

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|                     | COMMON      | 7.20%<br>PREFERRED | 5.875%<br>PREFERRED |
|---------------------|-------------|--------------------|---------------------|
| NYSE-Symbol:        | GAB         | GABPrB             | GAB PrD             |
| Shares Outstanding: | 140,332,964 | 6,600,000          | 2,949,700           |

The Net Asset Value appears in the Publicly Traded Funds column, under the heading "General Equity Funds," in Sunday's The New York Times and in Monday's The Wall Street Journal. It is also listed in Barron's Mutual Funds/Closed End Funds section under the heading "General Equity Funds".

The Net Asset Value may be obtained each day by calling (914) 921-5071.

-----  
For general information about the Gabelli Funds, call 800-GABELLI (800-422-3554), fax us at 914-921-5118, visit Gabelli Funds' Internet homepage at: WWW.GABELLI.COM or e-mail us at: closedend@gabelli.com  
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Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Equity Trust may, from time to time, purchase shares of its common stock in the open market when the Equity Trust shares are trading at a discount of 10% or more from the net asset value of the shares. The Equity Trust may also, from time to time, purchase shares of its Cumulative Preferred Stock in the open market when the shares are trading at a discount to the Liquidation Value of \$25.00.  
-----

THE GABELLI EQUITY TRUST INC.  
ONE CORPORATE CENTER, RYE, NY 10580-1422

PHONE: 800-GABELLI (800-422-3554)  
FAX: 914-921-5118 INTERNET: WWW.GABELLI.COM  
E-MAIL: CLOSEDEND@GABELLI.COM

GBFCM-AR-12/04

### ITEM 2. CODE OF ETHICS.

- (a) The registrant, as of the end of the period covered by this report, has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party.
- (c) There have been no amendments, during the period covered by this report, to a provision of the code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party, and that relates to any element of the code of ethics description.
- (d) The registrant has not granted any waivers, including an implicit waiver, from a provision of the code of ethics that applies to the registrant's principal executive officer, principal financial officer,

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principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party, that relates to one or more of the items set forth in paragraph (b) of this item's instructions.

### ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

As of the end of the period covered by the report, the registrant's Board of Directors has determined that Anthony R. Pustorino is qualified to serve as an audit committee financial expert serving on its audit committee and that he is "independent," as defined by Item 3 of Form N-CSR.

### ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

#### Audit Fees

-----

- (a) The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for the audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years are \$43,658 in 2004 and \$84,911 in 2003.

#### Audit-Related Fees

-----

- (b) The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph (a) of this Item are \$20,600 in 2004 and \$12,500 in 2003.

Audit-related fees represent services provided in the preparation of Preferred Shares Reports.

#### Tax Fees

-----

- (c) The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning are \$2,550 in 2004 and \$2,450 in 2003.

Tax fees represent tax compliance services provided in connection with the review of the Registrant's tax returns.

#### All Other Fees

-----

- (d) The aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant, other than the services reported in paragraphs (a) through (c) of this Item are \$0 for 2004 and \$0 for 2003.

- (e) (1) Disclose the audit committee's pre-approval policies and procedures described in paragraph (c)(7) of Rule 2-01 of Regulation S-X.

Pre-Approval Policies and Procedures. The Audit Committee ("Committee") of the registrant is responsible for pre-approving (i) all audit and permissible non-audit services to be provided by

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the independent auditors to the registrant and (ii) all permissible non-audit services to be provided by the independent auditors to the Adviser, Gabelli Funds, LLC, and any affiliate of Gabelli Funds, LLC ("Gabelli") that provides services to the registrant (a "Covered Services Provider") if the independent auditors' engagement related directly to the operations and financial reporting of the registrant. The Committee may delegate its responsibility to pre-approve any such audit and permissible non-audit services to the Chairperson of the Committee, and the Chairperson must report to the Committee, at its next regularly scheduled meeting after the Chairperson's pre-approval of such services, his or her decision(s). The Committee may also establish detailed pre-approval policies and procedures for pre-approval of such services in accordance with applicable laws, including the delegation of some or all of the Committee's pre-approval responsibilities to the other persons (other than Gabelli or the registrant's officers). Pre-approval by the Committee of any permissible non-audit services is not required so long as: (i) the aggregate amount of all such permissible non-audit services provided to the registrant, Gabelli and any Covered Services Provider constitutes not more than 5% of the total amount of revenues paid by the registrant to its independent auditors during the fiscal year in which the permissible non-audit services are provided; (ii) the permissible non-audit services were not recognized by the registrant at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Committee and approved by the Committee or Chairperson prior to the completion of the audit.

- (e) (2) The percentage of services described in each of paragraphs (b) through (d) of this Item that were approved by the audit committee pursuant to paragraph (c) (7) (i) (C) of Rule 2-01 of Regulation S-X are as follows:

(b) 100%

(c) 100%

(d) N/A

- (f) The percentage of hours expended on the principal accountant's engagement to audit the registrant's financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full-time, permanent employees was zero percent (0%).
- (g) The aggregate non-audit fees billed by the registrant's accountant for services rendered to the registrant, and rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant for each of the last two fiscal years of the registrant was \$0 in 2004 and \$0 in 2003.
- (h) The registrant's audit committee of the board of directors has considered whether the provision of non-audit services that were rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the



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investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The registrant has a separately designated audit committee consisting of the following members: Anthony J. Colavita, Anthony R. Pustorino and Salvatore J. Zizza.

### ITEM 6. SCHEDULE OF INVESTMENTS

Schedule of Investments in securities of unaffiliated issuers as of the close of the reporting period is included as part of the report to shareholders filed under Item 1 of this form.

### ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

The Proxy Voting Policies are attached herewith.

GABELLI ASSET MANAGEMENT INC. AND AFFILIATES

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THE VOTING OF PROXIES ON BEHALF OF CLIENTS  
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Rules 204(4)-2 and 204-2 under the Investment Advisers Act of 1940 and Rule 30b1-4 under the Investment Company Act of 1940 require investment advisers to adopt written policies and procedures governing the voting of proxies on behalf of their clients.

These procedures will be used by GAMCO Investors, Inc., Gabelli Funds, LLC and Gabelli Advisers, Inc. (collectively, the "Advisers") to determine how to vote proxies relating to portfolio securities held by their clients, including the procedures that the Advisers use when a vote presents a conflict between the interests of the shareholders of an investment company managed by one of the Advisers, on the one hand, and those of the Advisers; the principal underwriter; or any affiliated person of the investment company, the Advisers, or the principal underwriter. These procedures will not apply where the Advisers do not have voting discretion or where the Advisers have agreed with a client to vote the client's proxies in accordance with specific guidelines or procedures supplied by the client (to the extent permitted by ERISA).

#### I. PROXY VOTING COMMITTEE

The Proxy Voting Committee was originally formed in April 1989 for the

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purpose of formulating guidelines and reviewing proxy statements within the parameters set by the substantive proxy voting guidelines originally published by GAMCO Investors, Inc. in 1988 and updated periodically, a copy of which are appended as Exhibit A. The Committee will include representatives of Research, Administration, Legal, and the Advisers. Additional or replacement members of the Committee will be nominated by the Chairman and voted upon by the entire Committee. As of December 31, 2004, the members are:

Bruce N. Alpert, Chief Operating Officer of Gabelli Funds, LLC

Ivan Arteaga, Portfolio Manager

Caesar M. P. Bryan, Portfolio Manager

Stephen DeTore, Deputy General Counsel

Joshua Fenton, Director of Buy-Side Research

Douglas R. Jamieson, Chief Operating Officer of GAMCO

James E. McKee, General Counsel

Karyn-Marie Prylucki, Director of Proxy Voting Services

William S. Selby, Managing Director of GAMCO

Howard F. Ward, Portfolio Manager

Peter D. Zaglio, Senior Vice President

Peter D. Zaglio currently chairs the Committee. In his absence, the Director of Research will chair the Committee. Meetings are held on an as needed basis to form views on the manner in which the Advisers should vote proxies on behalf of their clients.

In general, the Director of Proxy Voting Services, using the Proxy Guidelines, recommendations of Institutional Shareholder Corporate Governance Service ("ISS"), other third-party services and the analysts of Gabelli & Company, Inc., will determine how to vote on each issue. For non-controversial matters, the Director of Proxy Voting Services may vote the proxy if the vote is (1) consistent with the recommendations of the issuer's Board of Directors and not contrary to the Proxy Guidelines; (2) consistent with the recommendations of the issuer's Board of Directors and is a non-controversial issue not covered by the Proxy Guidelines; or (3) the vote is contrary to the recommendations of the Board of Directors but is consistent with the Proxy Guidelines. In those instances, the Director of Proxy Voting Services or the Chairman of the Committee may sign and date the proxy statement indicating how each issue will be voted.

All matters identified by the Chairman of the Committee, the Director of Proxy Voting Services or the Legal Department as controversial, taking into account the recommendations of ISS or other third party services and the analysts of Gabelli & Company, Inc., will be presented to the Proxy Voting Committee. If the Chairman of the Committee, the Director of Proxy Voting Services or the Legal Department has identified the matter as one that (1) is controversial; (2) would benefit from deliberation by the Proxy Voting Committee; or (3) may give rise to a conflict of interest between the Advisers and their clients, the Chairman of the Committee will initially determine what vote to recommend that the Advisers should cast and the matter will go before

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the Committee.

For matters submitted to the Committee, each member of the Committee will receive, prior to the meeting, a copy of the proxy statement, any relevant third party research, a summary of any views provided by the Chief Investment Officer and any recommendations by Gabelli & Company, Inc. analysts. The Chief Investment Officer or the Gabelli & Company, Inc. analysts may be invited to present their viewpoints. If the Legal Department believes that the matter before the committee is one with respect to which a conflict of interest may exist between the Advisers and their clients, counsel will provide an opinion to the Committee concerning the conflict. If the matter is one in which the interests of the clients of one or more of Advisers may diverge, counsel will so advise and the Committee may make different recommendations as to different clients. For any matters where the recommendation may trigger appraisal rights, counsel will provide an opinion concerning the likely risks and merits of such an appraisal action.

Each matter submitted to the Committee will be determined by the vote of a majority of the members present at the meeting. Should the vote concerning one or more recommendations be tied in a vote of the Committee, the Chairman of the Committee will cast the deciding vote. The Committee will notify the proxy department of its decisions and the proxies will be voted accordingly.

Although the Proxy Guidelines express the normal preferences for the voting of any shares not covered by a contrary investment guideline provided by the client, the Committee is not bound by the preferences set forth in the Proxy Guidelines and will review each matter on its own merits. Written minutes of all Proxy Voting Committee meetings will be maintained. The Advisers subscribe to ISS, which supplies current information on companies, matters being voted on, regulations, trends in proxy voting and information on corporate governance issues.

If the vote cast either by the analyst or as a result of the deliberations of the Proxy Voting Committee runs contrary to the recommendation of the Board of Directors of the issuer, the matter will be referred to legal counsel to determine whether an amendment to the most recently filed Schedule 13D is appropriate.

### II. SOCIAL ISSUES AND OTHER CLIENT GUIDELINES

If a client has provided special instructions relating to the voting of proxies, they should be noted in the client's account file and forwarded to the proxy department. This is the responsibility of the investment professional or sales assistant for the client. In accordance with Department of Labor guidelines, the Advisers' policy is to vote on behalf of ERISA accounts in the best interest of the plan participants with regard to social issues that carry an economic impact. Where an account is not governed by ERISA, the Advisers will vote shares held on behalf of the client in a manner consistent with any individual investment/voting guidelines provided by the client. Otherwise the Advisers will abstain with respect to those shares.

### III. CLIENT RETENTION OF VOTING RIGHTS

If a client chooses to retain the right to vote proxies or if there is any change in voting authority, the following should be notified by the investment professional or sales assistant for the client.

- Operations
- Legal Department

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- Proxy Department
- Investment professional assigned to the account

In the event that the Board of Directors (or a Committee thereof) of one or more of the investment companies managed by one of the Advisers has retained direct voting control over any security, the Proxy Voting Department will provide each Board Member (or Committee member) with a copy of the proxy statement together with any other relevant information including recommendations of ISS or other third-party services.

### IV. VOTING RECORDS

The Proxy Voting Department will retain a record of matters voted upon by the Advisers for their clients. The Advisers' staff may request proxy-voting records for use in presentations to current or prospective clients. Requests for proxy voting records should be made at least ten days prior to client meetings.

If a client wishes to receive a proxy voting record on a quarterly, semi-annual or annual basis, please notify the Proxy Voting Department. The reports will be available for mailing approximately ten days after the quarter end of the period. First quarter reports may be delayed since the end of the quarter falls during the height of the proxy season.

A letter is sent to the custodians for all clients for which the Advisers have voting responsibility instructing them to forward all proxy materials to:

[Adviser name]

Attn: Proxy Voting Department

One Corporate Center

Rye, New York 10580-1433

The sales assistant sends the letters to the custodians along with the trading/DTC instructions. Proxy voting records will be retained in compliance with Rule 204-2 under the Investment Advisers Act.

### V. VOTING PROCEDURES

1. Custodian banks, outside brokerage firms and First Clearing Corporation are responsible for forwarding proxies directly to GAMCO.

Proxies are received in one of two forms:

- o Shareholder Vote Authorization Forms (VAFs) - Issued by ADP. VAFs must be voted through the issuing institution causing a time lag. ADP is an outside service contracted by the various institutions to issue proxy materials.
- o Proxy cards which may be voted directly.

2. Upon receipt of the proxy, the number of shares each form represents is logged into the proxy system according to security.

3. In the case of a discrepancy such as an incorrect number of shares, an improperly signed or dated card, wrong class of security, etc., the issuing custodian is notified by phone. A corrected proxy is requested. Any arrangements are made to insure that a proper proxy is received in time to be voted

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(overnight delivery, fax, etc.). When securities are out on loan on record date, the custodian is requested to supply written verification.

4. Upon receipt of instructions from the proxy committee, the votes are cast and recorded for each account on an individual basis.

Since January 1, 1992, records have been maintained on the Proxy Edge system. The system is backed up regularly. From 1990 through 1991, records were maintained on the PROXY VOTER system and in hardcopy format. Prior to 1990, records were maintained on diskette and in hardcopy format.

PROXY EDGE records include:

- Security Name and Cusip Number
- Date and Type of Meeting (Annual, Special, Contest)
- Client Name
  
- Adviser or Fund Account Number
- Directors' Recommendation
- How the Adviser voted for the client on each issue
- The rationale for the vote when it is appropriate

Records prior to the institution of the PROXY EDGE system include:

- Security name
- Type of Meeting (Annual, Special, Contest)
- Date of Meeting
- Name of Custodian
- Name of Client
- Custodian Account Number
- Adviser or Fund Account Number
- Directors' recommendation
- How the Adviser voted for the client on each issue
- Date the proxy statement was received and by whom
- Name of person posting the vote
- Date and method by which the vote was cast

o From these records individual client proxy voting records are compiled. It is our policy to provide institutional clients with a proxy voting record during client reviews. In addition, we will supply a proxy voting record at the request of the client on a quarterly, semi-annual or annual basis. On an annual basis, all registered investment companies file their Proxy Voting History for the period July 1 - June 30 on Form N-PX.

5. VAFs are kept alphabetically by security. Records for the current proxy

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season are located in the Proxy Voting Department office. In preparation for the upcoming season, files are transferred to an offsite storage facility during January/February.

6. Shareholder Vote Authorization Forms issued by ADP are always sent directly to a specific individual at ADP.

7. If a proxy card or VAF is received too late to be voted in the conventional matter, every attempt is made to vote on one of the following manners:

- o VAFs can be faxed to ADP up until the time of the meeting. This is followed up by mailing the original form.
- o When a solicitor has been retained, the solicitor is called. At the solicitor's direction, the proxy is faxed.

8. In the case of a proxy contest, records are maintained for each opposing entity.

9. Voting in Person

a) At times it may be necessary to vote the shares in person. In this case, a "legal proxy" is obtained in the following manner:

- o Banks and brokerage firms using the services at ADP:  
A call is placed to ADP requesting legal proxies. The VAFs are then sent overnight to ADP. ADP issues individual legal proxies and sends them back via overnight. A lead-time of at least two weeks prior to the meeting is needed to do this. Alternatively, the procedures detailed below for banks not using ADP may be implemented.
- o Banks and brokerage firms issuing proxies directly: The bank is called and/or faxed and a legal proxy is requested.

All legal proxies should appoint:

"REPRESENTATIVE OF [ADVISER NAME] WITH FULL POWER OF SUBSTITUTION."

b) The legal proxies are given to the person attending the meeting along with the following supplemental material:

- o A limited Power of Attorney appointing the attendee an Adviser representative.
- o A list of all shares being voted by custodian only. Client names and account numbers are not included. This list must be presented, along with the proxies, to the Inspectors of Elections and/or tabulator at least one-half hour prior to the scheduled start of the meeting. The tabulator must "qualify" the votes (i.e. determine if the vote have previously been cast, if the votes have been rescinded, etc. votes have previously been cast, etc.).
- o A sample ERISA and Individual contract.
- o A sample of the annual authorization to vote proxies form.
- o A copy of our most recent Schedule 13D filing (if applicable).

APPENDIX A

PROXY GUIDELINES

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PROXY VOTING GUIDELINES  
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GENERAL POLICY STATEMENT

It is the policy of GABELLI ASSET MANAGEMENT INC. to vote in the best economic interests of our clients. As we state in our Magna Carta of Shareholders Rights, established in May 1988, we are neither FOR nor AGAINST management. We are for shareholders.

At our first proxy committee meeting in 1989, it was decided that each proxy statement should be evaluated on its own merits within the framework first established by our Magna Carta of Shareholders Rights. The attached guidelines serve to enhance that broad framework.

We do not consider any issue routine. We take into consideration all of our research on the company, its directors, and their short and long-term goals for the company. In cases where issues that we generally do not approve of are combined with other issues, the negative aspects of the issues will be factored into the evaluation of the overall proposals but will not necessitate a vote in opposition to the overall proposals.

BOARD OF DIRECTORS

The advisers do not consider the election of the Board of Directors a routine issue. Each slate of directors is evaluated on a case-by-case basis.

Factors taken into consideration include:

- o Historical responsiveness to shareholders  
This may include such areas as:
  - Paying greenmail
  - Failure to adopt shareholder resolutions receiving a majority of shareholder votes
- o Qualifications
- o Nominating committee in place
- o Number of outside directors on the board
- o Attendance at meetings
- o Overall performance

SELECTION OF AUDITORS

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In general, we support the Board of Directors' recommendation for auditors.

### BLANK CHECK PREFERRED STOCK

We oppose the issuance of blank check preferred stock.

Blank check preferred stock allows the company to issue stock and establish dividends, voting rights, etc. without further shareholder approval.

### CLASSIFIED BOARD

A classified board is one where the directors are divided into classes with overlapping terms. A different class is elected at each annual meeting.

While a classified board promotes continuity of directors facilitating long range planning, we feel directors should be accountable to shareholders on an annual basis. We will look at this proposal on a case-by-case basis taking into consideration the board's historical responsiveness to the rights of shareholders.

Where a classified board is in place, we will generally not support attempts to change to an annually elected board.

When an annually elected board is in place, we generally will not support attempts to classify the board.

### INCREASE AUTHORIZED COMMON STOCK

The request to increase the amount of outstanding shares is considered on a case-by-case basis.

Factors taken into consideration include:

- o Future use of additional shares
  - Stock split
  - Stock option or other executive compensation plan
  - Finance growth of company/strengthen balance sheet
  - Aid in restructuring
  - Improve credit rating
  - Implement a poison pill or other takeover defense
- o Amount of stock currently authorized but not yet issued or reserved for stock option plans
- o Amount of additional stock to be authorized and its dilutive effect

We will support this proposal if a detailed and verifiable plan for the use of the additional shares is contained in the proxy statement.

### CONFIDENTIAL BALLOT

We support the idea that a shareholder's identity and vote should be treated with confidentiality.

However, we look at this issue on a case-by-case basis.



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In order to promote confidentiality in the voting process, we endorse the use of independent Inspectors of Election.

### CUMULATIVE VOTING

In general, we support cumulative voting.

Cumulative voting is a process by which a shareholder may multiply the number of directors being elected by the number of shares held on record date and cast the total number for one candidate or allocate the voting among two or more candidates.

Where cumulative voting is in place, we will vote against any proposal to rescind this shareholder right.

Cumulative voting may result in a minority block of stock gaining representation on the board. When a proposal is made to institute cumulative voting, the proposal will be reviewed on a case-by-case basis. While we feel that each board member should represent all shareholders, cumulative voting provides minority shareholders an opportunity to have their views represented.

### DIRECTOR LIABILITY AND INDEMNIFICATION

We support efforts to attract the best possible directors by limiting the liability and increasing the indemnification of directors, except in the case of insider dealing.

### EQUAL ACCESS TO THE PROXY

The SEC's rules provide for shareholder resolutions. However, the resolutions are limited in scope and there is a 500 word limit on proponents' written arguments. Management has no such limitations. While we support equal access to the proxy, we would look at such variables as length of time required to respond, percentage of ownership, etc.

### FAIR PRICE PROVISIONS

Charter provisions requiring a bidder to pay all shareholders a fair price are intended to prevent two-tier tender offers that may be abusive. Typically, these provisions do not apply to board-approved transactions.

We support fair price provisions because we feel all shareholders should be entitled to receive the same benefits.

Reviewed on a case-by-case basis.

### GOLDEN PARACHUTES

Golden parachutes are severance payments to top executives who are terminated or demoted after a takeover.

We support any proposal that would assure management of its own welfare so that they may continue to make decisions in the best interest of the company and shareholders even if the decision results in them losing their job. We do not, however, support excessive golden parachutes. Therefore, each proposal will be decided on a case-by-case basis.

NOTE: CONGRESS HAS IMPOSED A TAX ON ANY PARACHUTE THAT IS MORE THAN THREE TIMES THE EXECUTIVE'S AVERAGE ANNUAL COMPENSATION.

### ANTI-GREENMAIL PROPOSALS

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We do not support greenmail. An offer extended to one shareholder should be extended to all shareholders equally across the board.

### LIMIT SHAREHOLDERS' RIGHTS TO CALL SPECIAL MEETINGS

We support the right of shareholders to call a special meeting.

### CONSIDERATION OF NONFINANCIAL EFFECTS OF A MERGER

This proposal releases the directors from only looking at the financial effects of a merger and allows them the opportunity to consider the merger's effects on employees, the community, and consumers.

As a fiduciary, we are obligated to vote in the best economic interests of our clients. In general, this proposal does not allow us to do that. Therefore, we generally cannot support this proposal.

Reviewed on a case-by-case basis.

### MERGERS, BUYOUTS, SPIN-OFFS, RESTRUCTURINGS

Each of the above is considered on a case-by-case basis. According to the Department of Labor, we are not required to vote for a proposal simply because the offering price is at a premium to the current market price. We may take into consideration the long term interests of the shareholders.

### MILITARY ISSUES

Shareholder proposals regarding military production must be evaluated on a purely economic set of criteria for our ERISA clients. As such, decisions will be made on a case-by-case basis.

In voting on this proposal for our non-ERISA clients, we will vote according to the client's direction when applicable. Where no direction has been given, we will vote in the best economic interests of our clients. It is not our duty to impose our social judgment on others.

### NORTHERN IRELAND

Shareholder proposals requesting the signing of the MacBride principles for the purpose of countering the discrimination of Catholics in hiring practices must be evaluated on a purely economic set of criteria for our ERISA clients. As such, decisions will be made on a case-by-case basis.

In voting on this proposal for our non-ERISA clients, we will vote according to client direction when applicable. Where no direction has been given, we will vote in the best economic interests of our clients. It is not our duty to impose our social judgment on others.

### OPT OUT OF STATE ANTI-TAKEOVER LAW

This shareholder proposal requests that a company opt out of the coverage of the state's takeover statutes. Example: Delaware law requires that a buyer must acquire at least 85% of the company's stock before the buyer can exercise control unless the board approves.

We consider this on a case-by-case basis. Our decision will be based on the following:

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- o State of Incorporation
- o Management history of responsiveness to shareholders
- o Other mitigating factors

### POISON PILL

In general, we do not endorse poison pills.

In certain cases where management has a history of being responsive to the needs of shareholders and the stock is very liquid, we will reconsider this position.

### REINCORPORATION

Generally, we support reincorporation for well-defined business reasons. We oppose reincorporation if proposed solely for the purpose of reincorporating in a state with more stringent anti-takeover statutes that may negatively impact the value of the stock.

### STOCK OPTION PLANS

Stock option plans are an excellent way to attract, hold and motivate directors and employees. However, each stock option plan must be evaluated on its own merits, taking into consideration the following:

- o Dilution of voting power or earnings per share by more than 10%
- o Kind of stock to be awarded, to whom, when and how much
- o Method of payment
- o Amount of stock already authorized but not yet issued under existing stock option plans

### SUPERMAJORITY VOTE REQUIREMENTS

Supermajority vote requirements in a company's charter or bylaws require a level of voting approval in excess of a simple majority of the outstanding shares. In general, we oppose supermajority-voting requirements. Supermajority requirements often exceed the average level of shareholder participation. We support proposals' approvals by a simple majority of the shares voting.

### LIMIT SHAREHOLDERS RIGHT TO ACT BY WRITTEN CONSENT

Written consent allows shareholders to initiate and carry on a shareholder action without having to wait until the next annual meeting or to call a special meeting. It permits action to be taken by the written consent of the same percentage of the shares that would be required to effect proposed action at a shareholder meeting.

Reviewed on a case-by-case basis.

### ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not yet applicable.

### ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Provide the information specified in the table with respect to any purchase made by or on behalf of the registrant or any "affiliated purchaser" as defined in

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Rule 10b-18(a)(3) under the Exchange Act (17CFR 240-10b-18(a)(3)), of shares or other units of any class of the registrant's equity securities that is registered by the registrant pursuant to Section 12 of the Exchange Act (15 U.S.C. 781).

### REGISTRANT PURCHASES OF EQUITY SECURITIES

| PERIOD                                      | (A) TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED                      | (B) AVERAGE PRICE PAID PER SHARE (OR UNIT)                           | (C) TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS | (D) DOLLAR VALUE   |
|---|--|--|---|--|
| Month #1<br>07/01/04<br>through<br>07/31/04 | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A                            | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A |
| Month #2<br>08/01/04<br>through<br>08/31/04 | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A                            | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A |
| Month #3<br>09/01/04<br>through<br>09/30/04 | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A                            | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A |
| Month #4<br>10/01/04<br>through<br>10/31/04 | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A                            | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A |
| Month #5<br>11/01/04<br>through<br>11/30/04 | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A                            | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A |
| Month #6<br>12/01/04<br>through<br>12/31/04 | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A                            | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A |
| Total                                       | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A | Common - N/A<br>Preferred Series B - N/A<br>Preferred Series D - N/A                            | N/A<br>N/A<br>N/A  |

Footnote columns (c) and (d) of the table, by disclosing the following information in the aggregate for all plans or programs publicly announced:

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a. The date each plan or program was announced - The notice of the potential repurchase of common and preferred shares occurs quarterly in the Fund's quarterly report in accordance with Section 23(c) of the Investment Company Act of 1940, as amended.

b. The dollar amount (or share or unit amount) approved - Any or all common shares outstanding may be repurchased when the Fund's common shares are trading at a discount of 10% or more from the net asset value of the shares.

Any or all preferred shares outstanding may be repurchased when the Fund's preferred shares are trading at a discount to the liquidation value of \$25.00.

c. The expiration date (if any) of each plan or program - The Fund's repurchase plans are ongoing.

d. Each plan or program that has expired during the period covered by the table - The Fund's repurchase plans are ongoing.

e. Each plan or program the registrant has determined to terminate prior to expiration, or under which the registrant does not intend to make further purchases. - The Fund's repurchase plans are ongoing.

### ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which the shareholders may recommend nominees to the registrant's Board of Directors, where those changes were implemented after the registrant last provided disclosure in response to the requirements of Item 7(d)(2)(ii)(G) of Schedule 14A (17 CFR 240.14a-101), or this Item.

### ITEM 11. CONTROLS AND PROCEDURES.

(a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant's second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

### ITEM 12. EXHIBITS.

(a) (1) Code of ethics, that is the subject of disclosure required by Item 2, filed as exhibit (a)(1) to the Registrant's Form N-CSR, filed on March 10, 2004 (Accession No. 0000935069-04-000487).

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- (a) (2) Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.
- (a) (3) Not applicable.
- (b) Certifications pursuant to Rule 30a-2(b) under the 1940 Act and Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(registrant) The Gabelli Equity Trust Inc.  
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By (Signature and Title)\* /s/ Bruce N. Alpert  
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Bruce N. Alpert, Principal Executive Officer

Date March 9, 2005  
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Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)\* /s/ Bruce N. Alpert  
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Bruce N. Alpert, Principal Executive Officer  
& Principal Financial Officer

Date March 9, 2005  
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\* Print the name and title of each signing officer under his or her signature.