

GABELLI EQUITY TRUST INC

Form N-30B-2

December 04, 2002

[AMERICAN FLAG GRAPHIC OMITTED]

AMERICAN FLAG

[TETON MOUNTAIN GRAPHIC OMITTED]

THE GABELLI
EQUITY TRUST INC.

THIRD QUARTER REPORT
SEPTEMBER 30, 2002

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THE GABELLI
EQUITY TRUST INC.

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

[STATE FLAG GRAPHICS OMITTED]

| | | | | | | | | |
|---------------|-----------|-------------|-------------|------------|----------|-------------|---------------|-----|
| ALABAMA | ALASKA | ARIZONA | ARKANSAS | CALIFORNIA | COLORADO | CONNECTICUT | DELAWARE | FLO |
| HAWAII | IDAHO | ILLINOIS | INDIANA | IOWA | KANSAS | KENTUCKY | LOUISIANA | MAI |
| MASSACHUSETTS | MICHIGAN | MINNESOTA | MISSISSIPPI | MISSOURI | MONTANA | NEBRASKA | NEVADA | NEW |
| NEW MEXICO | NEW YORK | N. CAROLINA | N. DAKOTA | OHIO | OKLAHOMA | OREGON | PENNSYLVANIA | RHO |
| S. DAKOTA | TENNESSEE | TEXAS | UTAH | VERMONT | VIRGINIA | WASHINGTON | WEST VIRGINIA | WIS |

INVESTMENT OBJECTIVE:

The Gabelli Equity Trust Inc. is a closed-end, non-diversified management investment company whose primary objective is long-term growth of capital, with income as a secondary objective.

THIS REPORT IS PRINTED ON RECYCLED PAPER.

TO OUR SHAREHOLDERS,

In the third quarter of 2002, ongoing economic uncertainty in part reflecting oil prices over \$30 per barrel, a crisis in confidence in the integrity of corporate America and the increasing probability of military action against Iraq weighed heavily on the stock market. Near panic selling in July pushed market indices to multi-year lows. A brief rally in August gave way to another wave of selling in September, and at the close of the quarter, the leading market indices were re-testing July lows. Although the Gabelli Equity Trust (the "Trust") declined a disappointing 20.15%, positive returns from selected consumer goods, industrial, cable television and media stocks, which were hurt in the second quarter, buoyed performance. Notwithstanding that, we believe we can continue to provide returns over the long term outpacing those achieved in unmanaged baskets of securities by doing what we do best -- picking stocks.

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[MARIO GABELLI GRAPHIC OMITTED]
MARIO GABELLI

[TETON MOUNTAIN GRAPHIC OMITTED]
THE GABELLI
EQUITY TRUST INC.

TABLE I

COMPARATIVE RESULTS

AVERAGE ANNUAL RETURNS THROUGH SEPTEMBER 30, 2002 (A)

| | QUARTER | YEAR TO DATE | SINCE INCEPTION (B) | 10 YEAR | 5 YEAR |
|------------------------------------|----------|-----------------|------------------------|---------|---------|
| | ----- | ---- | ----- | ----- | ----- |
| Gabelli Equity Trust: | | | | | |
| NAV Return (c) | (20.15)% | (27.89)% | 9.59% | 7.75% | (0.28)% |
| Investment Return (d) | (26.56)% | (27.53)% | 10.45% | 9.97% | 4.41% |
| S&P 500 Index | (17.27)% | (28.15)% | 10.31% | 8.99% | (1.62)% |
| Dow Jones Industrial Average | (17.40)% | (23.11)% | 12.00% | 11.13% | 0.83% |
| Nasdaq Composite Index | (19.90)% | (39.91)% | 7.22% | 7.23% | (7.01)% |

COMMON STOCK 10% DISTRIBUTION POLICY

The Trust continues to maintain its 10% Distribution Policy whereby the Trust pays out to common stock shareholders 10% of its average net assets each year. Pursuant to this policy, the Trust distributed \$0.27 per share on September 24, 2002.

Under the policy, distributions are made at the annual rate of 10% of the average of the calendar quarter-end net assets of the Trust's common stock at December 2001 and March, June, and September 2002. The Trust currently distributes \$0.27 per share to common stock shareholders at quarter-end in March, June, and September. The fourth quarter distribution is a variable adjusting distribution in December. The adjusting distribution is the greater of the remaining portion of 10% of the average net assets to be distributed (10% of the average net assets less the cumulative \$0.81 per share (\$0.27 x 3) paid in March, June, and September) or the distribution required by IRS regulations.

As of September 30, 2002, there would be no requirement for a fourth quarter distribution to common stock shareholders. 10% of the Trust's average net assets using calendar quarter-end net assets of the Trust's common stock for the past four quarters equates to \$0.78 per share. The distribution of \$0.27 per share paid in September brought the total distribution for 2002 to \$0.81 per share, thus satisfying the Trust's 10% Distribution Policy for 2002. The Board of Directors will determine the amount of any potential distribution of income, capital gains or capital (non-taxable return of principal) to be made at the end of the fourth quarter at a meeting in late November. In any event, the Trust will continue to make every effort to provide our common stock shareholders with consistent distributions throughout the year pursuant to our policy.

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On November 20, 2002, the Board of Directors declared a \$0.14 per share cash distribution payable on December 24, 2002 to common stock shareholders of record on December 16, 2002. Additionally, the Board of Directors declared a \$0.27 per share cash distribution payable on March 25, 2003 to common stock shareholders of record on March 17, 2003, pursuant to the Trust's 10% Distribution Policy. The Board of Directors will continue to monitor the Trust's 10% Distribution Policy in light of the net asset value and the current low interest rate environment.

PREMIUM / DISCOUNT DISCUSSION

As a refresher to our shareholders, the price of a closed-end mutual fund is determined in the open market by willing buyers and sellers. Shares of the Trust trade on the New York Stock Exchange and may trade at a premium to (higher than) net asset value ("NAV") (the market value of the Trust's underlying portfolio) or a discount to (lower than) net asset value. Of the 519 publicly-traded closed-end funds in the U.S., approximately 27% currently trade at premiums to NAV versus 26% five years ago and 58% ten years ago. For general equity funds such as the Trust, approximately 13% currently trade at premiums to NAV versus 22% five years ago and 29% ten years ago.

Ideally, the Trust's market price will generally track the NAV. The Trust's premium or discount to NAV fluctuates over time. Over our Trust's 16-year history, the range fluctuated from a 38% premium in June 2002 to a 27% discount in December 1987. The average variance from NAV for the Trust since inception is a 0.2% discount to NAV. Beginning in early 2001, the market price of the Trust exceeded the NAV and this premium has gradually increased since. The previous extended period in which a premium existed occurred during a 20-month period from August 1993 to March 1995.

"Mr. Market" often provides opportunities to invest at a discount. The Trust has undertaken various initiatives to narrow the discount when appropriate through distribution policies, rights offerings, share repurchase programs and use of leverage.

The Trust's long-term investment goal is to generate a real rate of return of 10%. We believe that our stock selection process adds to the investment equation. We have a successful history of investment providing shareholders average annual returns of 10% since inception. However, it is important to remember that "Mr. Market" is a pendulum that swings both ways. As the market moves away from momentum investing and back to basics, we believe that an excessive premium for the Trust is not likely to be sustainable.

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September 30, 2002

| | |
|-----------------|---------|
| ----- | |
| Net Asset Value | \$ 5.79 |
| Market Price | \$7.06 |
| Premium | 21.93% |

[GRAPH OMITTED]

EDGAR REPRESENTATION OF PLOT POINTS:

| | |
|----------|---------|
| 9/30/86 | 0.0067 |
| 10/31/86 | 0.0046 |
| 11/30/86 | -0.039 |
| 12/31/86 | -0.0661 |
| 1/31/87 | -0.1363 |
| 2/28/87 | -0.1323 |
| 3/31/87 | -0.1555 |
| 4/30/87 | -0.1393 |

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| | |
|----------|---------|
| 5/31/87 | -0.1788 |
| 6/30/87 | -0.2028 |
| 7/31/87 | -0.2 |
| 8/31/87 | -0.2052 |
| 9/30/87 | -0.2128 |
| 10/31/87 | -0.2074 |
| 11/30/87 | -0.2154 |
| 12/31/87 | -0.2061 |
| 1/31/88 | -0.2235 |
| 2/29/88 | -0.1145 |
| 3/31/88 | -0.1523 |
| 4/30/88 | -0.1477 |
| 5/31/88 | -0.1906 |
| 6/30/88 | -0.0819 |
| 7/31/88 | -0.0984 |
| 8/31/88 | -0.0942 |
| 9/30/88 | -0.1097 |
| 10/31/88 | -0.1256 |
| 11/30/88 | -0.1104 |
| 12/31/88 | -0.1113 |
| 1/31/89 | -0.1214 |
| 2/28/89 | -0.1108 |
| 3/31/89 | -0.1006 |
| 4/30/89 | -0.0925 |
| 5/31/89 | -0.0699 |
| 6/30/89 | -0.0468 |
| 7/31/89 | -0.0854 |
| 8/31/89 | -0.0243 |
| 9/30/89 | -0.0385 |
| 10/31/89 | -0.0257 |
| 11/30/89 | -0.0217 |
| 12/31/89 | 0.0076 |
| 1/31/90 | 0.0534 |
| 2/28/90 | -0.0156 |
| 3/31/90 | 0.0242 |
| 4/30/90 | 0.0033 |
| 5/31/90 | -0.0056 |
| 6/30/90 | -0.0049 |
| 7/31/90 | -0.0176 |
| 8/31/90 | -0.018 |
| 9/30/90 | -0.0348 |
| 10/31/90 | -0.1187 |
| 11/30/90 | -0.0327 |
| 12/31/90 | 0.029 |
| 1/31/91 | -0.0091 |
| 2/28/91 | 0.0269 |
| 3/31/91 | 0.015 |
| 4/30/91 | -0.0257 |
| 5/31/91 | -0.01 |
| 6/30/91 | 0.0138 |
| 7/31/91 | -0.0032 |
| 8/31/91 | -0.0009 |
| 9/30/91 | -0.0298 |
| 10/31/91 | -0.0083 |
| 11/30/91 | -0.1014 |
| 12/31/91 | -0.0366 |
| 1/31/92 | -0.0077 |
| 2/29/92 | 0.0141 |
| 3/31/92 | 0.0045 |
| 4/30/92 | 0.0069 |
| 5/31/92 | 0.0092 |
| 6/30/92 | 0.0032 |

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| | |
|----------|---------|
| 7/31/92 | 0.0165 |
| 8/31/92 | 0.0309 |
| 9/30/92 | 0.0427 |
| 10/31/92 | -0.0068 |
| 11/30/92 | -0.0461 |
| 12/31/92 | -0.0257 |
| 1/31/93 | -0.0312 |
| 2/28/93 | -0.0046 |
| 3/31/93 | 0.0265 |
| 4/30/93 | 0.0436 |
| 5/31/93 | 0.012 |
| 6/30/93 | -0.0207 |
| 7/31/93 | -0.0093 |
| 8/31/93 | -0.0358 |
| 9/30/93 | 0.0088 |
| 10/31/93 | 0.0601 |
| 11/30/93 | 0.0659 |
| 12/31/93 | 0.0573 |
| 1/31/94 | 0.0797 |
| 2/28/94 | 0.0673 |
| 3/31/94 | 0.0733 |
| 4/30/94 | -0.027 |
| 5/31/94 | 0.0524 |
| 6/30/94 | 0.0542 |
| 7/31/94 | 0.0233 |
| 8/31/94 | 0.0597 |
| 9/30/94 | 0.0185 |
| 10/31/94 | 0.0375 |
| 11/30/94 | 0.0622 |
| 12/31/94 | 0.0121 |
| 1/31/95 | 0.0047 |
| 2/28/95 | 0.03 |
| 3/31/95 | 0.017 |
| 4/30/95 | -0.0122 |
| 5/31/95 | -0.024 |
| 6/30/95 | -0.0081 |
| 7/31/95 | -0.044 |
| 8/31/95 | -0.0697 |
| 9/30/95 | -0.0845 |
| 10/31/95 | -0.1206 |
| 11/30/95 | -0.075 |
| 12/31/95 | -0.0578 |
| 1/31/96 | -0.0625 |
| 2/29/96 | -0.0821 |
| 3/31/96 | -0.0385 |
| 4/30/96 | -0.0732 |
| 5/31/96 | -0.0916 |
| 6/30/96 | -0.047 |
| 7/31/96 | -0.0576 |
| 8/31/96 | -0.0708 |
| 9/30/96 | -0.0474 |
| 10/31/96 | -0.0405 |
| 11/30/96 | -0.0644 |
| 12/31/96 | -0.0394 |
| 1/31/97 | -0.0741 |
| 2/28/97 | -0.0644 |
| 3/31/97 | -0.0424 |
| 4/30/97 | -0.0077 |
| 5/31/97 | -0.0688 |
| 6/30/97 | -0.0613 |
| 7/31/97 | -0.0693 |
| 8/31/97 | -0.0676 |

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| | |
|----------|---------|
| 9/30/97 | -0.0397 |
| 10/31/97 | -0.0636 |
| 11/30/97 | -0.0175 |
| 12/31/97 | 0.0316 |
| 1/31/98 | 0.0119 |
| 2/28/98 | -0.0088 |
| 3/31/98 | -0.022 |
| 4/30/98 | -0.0788 |
| 5/31/98 | -0.0885 |
| 6/30/98 | -0.04 |
| 7/31/98 | -0.042 |
| 8/31/98 | -0.0814 |
| 9/30/98 | -0.0091 |
| 10/31/98 | 0.0025 |
| 11/30/98 | 0.0216 |
| 12/31/98 | 0.0026 |
| 1/31/99 | 0.0103 |
| 2/28/99 | 0.0264 |
| 3/31/99 | 0.0202 |
| 4/30/99 | -0.0068 |
| 5/31/99 | -0.006 |
| 6/30/99 | -0.0163 |
| 7/31/99 | 0.007 |
| 8/31/99 | 0.0159 |
| 9/30/99 | 0.0126 |
| 10/31/99 | -0.0045 |
| 11/30/99 | -0.0178 |
| 12/31/99 | -0.0147 |
| 1/31/00 | -0.0331 |
| 2/29/00 | -0.0835 |
| 3/31/00 | -0.0438 |
| 4/30/00 | -0.078 |
| 5/31/00 | -0.046 |
| 6/30/00 | 0.0097 |
| 7/31/00 | -0.0093 |
| 8/31/00 | 0.0073 |
| 9/30/00 | -0.0179 |
| 10/31/00 | -0.0298 |
| 11/30/00 | 0.0332 |
| 12/31/00 | 0.0493 |
| 1/31/01 | -0.045 |
| 2/28/01 | -0.0067 |
| 3/31/01 | 0.1048 |
| 4/30/01 | 0.0937 |
| 5/31/01 | 0.1453 |
| 6/30/01 | 0.1596 |
| 7/31/01 | 0.1107 |
| 8/31/01 | 0.1614 |
| 9/30/01 | 0.2041 |
| 10/31/01 | 0.2241 |
| 11/30/01 | 0.2314 |
| 12/31/01 | 0.2029 |
| 1/31/02 | 0.2497 |
| 2/28/02 | 0.2463 |
| 3/30/02 | 0.2311 |
| 4/30/02 | 0.248 |
| 5/30/02 | 0.2955 |
| 6/30/02 | 0.3215 |
| 7/31/02 | 0.3318 |
| 8/31/02 | 0.3392 |
| 9/30/02 | 0.2193 |

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COMMENTARY

THE ECONOMY: A RECOVERY

Economic growth was quite good in the third quarter. Federal Reserve Board ("Fed") Chairman Alan Greenspan is confident the economy is still on a moderate growth path. Investors aren't so sure. On balance, economic data has been mixed. Consumer spending has remained buoyant. Housing starts, existing home sales and auto sales are still quite healthy. Retail sales have held up well, despite the drag from rising unemployment and the toxic impact of the wealth effect.

Why is the economy treading water? The business sector is acting like a deer caught in headlights. A dearth of capital spending continues to drag on the economy and uncertainty regarding Iraq is also probably having an impact. Oil hovering over \$30 a barrel is taking its toll on all. We saw impressive Gross Domestic Product ("GDP") growth in the first half as companies began rebuilding inventories depleted during the recession and in the aftermath of 9/11. Then the re-stocking of shelves was put on hold as corporate managers devoted much of their time, energy and resources making sure their companies' books were in good order and/or shoring up balance sheets. As these tasks are completed, we should see the inventory rebuilding cycle resume and the economy make more meaningful progress, though the West Coast dock lock-out will mute results. As corporate managers gain confidence that the recovery is for real, we should also see a modest up-tick in capital spending take some of the economic burden off the American consumer's broad shoulders. However, in order for the world economies to gain traction oil would need to be plentiful and priced below \$25 per barrel.

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Higher energy prices are essentially a tax on virtually every business and consumer. At around \$30 per barrel, oil appears to be discounting a serious disruption in supply resulting from a potential war in Iraq, and, closer to home, a threatened strike by Mexican oil workers. It is impossible to predict what will happen in the coming months. However, should the supply lines remain open, we believe oil prices will come down from current levels and no longer pose a serious threat to a global economic recovery. Longer term, the U.S. must consume less and find alternative ways to power our ubiquitous automobile.

The corporate earnings picture remains cloudy. In our second quarter 2002 letter to shareholders, we opined that given steady economic progress, increased productivity, cost cutting, financial re-engineering, a decline in the "everything including the kitchen sink" write-offs taken in 2001 and a weakening dollar, the result would be a favorable impact on 2002 earnings. We went on to say that although stocks did not yet look cheap, rising earnings would make valuations appear more reasonable. Second half 2002 earnings growth will likely provide help to battered stocks. It appears that the earnings recovery is good but not as vigorous as assumed. Equity valuations, however, have come down. Once the economy gains traction, we believe the aforementioned factors will contribute to more substantial earnings growth in 2003 and provide a foundation for equity returns over the balance of this decade.

THE STOCK MARKET: WHERE IS THE BOTTOM?

When and where will the stock market bottom out? We wish we knew. At this juncture, stock prices appear to be discounting most if not all of the bad news. In July and again in September, we witnessed the kind of near panic selling that usually foreshadows market bottoms. We believe the old adage that "bull markets climb a wall of worry," and it is apparent that investors have plenty to worry about. We also echo our observation that the two ingredients for a stock market recovery -- low interest rates and a better earnings environment -- are in place.

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SOME PERSPECTIVE

We have experienced one of the deepest and most prolonged bear markets in history. At the end of the quarter, the S&P 500 Index was off 47% and the technology-heavy Nasdaq Composite Index was down 77% from their respective highs. The S&P 500 Index appears headed for the third straight year of negative returns, the first time this has happened since 1939-41. The causes of this bear market are obvious. Grossly inflated equity valuations ran head on into a rapidly decelerating economy. The tragic events of 9/11 and massive frauds at Enron, Adelphia and WorldCom (among others) further damaged investor psychology. The excessive exuberance Fed Chairman Greenspan warned about in 1996 has given way to despair. Investors who couldn't pay too much for Internet start-ups in the fourth quarter of 1999 and early 2000 are now shunning well established, financially strong companies with dominant positions in their industries. Market cheerleaders forecasting a doubling of the Dow Jones Industrial Average by 2005 have been replaced by doomsayers predicting an extended period of flat to negative equity returns.

We have experienced such periods, most recently from 1966 through 1981, during which the annualized return for the Dow Jones Industrial Average was negative (minus 0.6%). Indeed, in the late 1970s, BUSINESSWEEK heralded "the death of equities" in one of its weekly issues. But, that time period was characterized by high inflation, economic contraction and rising prices, creating a new economic term, stagflation. Inflation, as represented by the Consumer Price Index, averaged nearly 7% a year. At its peak, inflation reached the mid-teens. Long-term interest rates made

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it to the high-teens. In addition, that period also included the final years of the disastrous Vietnam War, a tripling of oil prices imposed by the Organization of Petroleum Exporting Countries ("OPEC") following the 1973 Arab/Israeli War, the Watergate Scandal and President Richard Nixon's resignation. Despite today's economic and political uncertainties, it is difficult to imagine this kind of catastrophic market backdrop developing during the next decade. But, since our economic underpinnings are fragile, the risk of an external event could cause a total collapse in investor confidence. Should this occur, we would find even more bargains.

What do we expect from equity markets over the next five years? Based on an economic model with 3.5% Gross World Product ("GWP") growth (3% in the U.S.) and 3% inflation, we expect after-tax corporate earnings to grow by approximately 6% annually. In addition, now that investors recognize the benefits of dividends, we could see dividends grow by as much as 2% annually. Multiples are unlikely to expand. Under this scenario, ownership of U.S. equities should return close to 8% annually -- hardly inspiring by Roaring 90s standards and below the long-term average, but still a significantly better return than can be expected from most other asset classes.

Of course, through diligent fundamental research focused on identifying high quality companies trading at attractive valuations relative to the "real world" economic value of assets and/or earnings growth prospects, we plan to do better than the market.

PUTTING HUMPTY DUMPTY BACK TOGETHER

When past market bubbles burst, lots of debris washed ashore. This time, the bubble was bigger and the debris was more hideous and more widespread. Accountants, analysts and investment bankers (among others) lost their checks and balances and did not act as safety nets and buffers.

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We are in a camp that believes that securities analysts do a terrific job. Beginning in May of 1975, a payment mechanism for research was removed with the collapse of fixed price commissions. The conflicts in the late 1990s are directly traceable to "May Day." Where next? When we joined Wall Street in 1967, research that was performed on a brokerage firm's investment banking client was identified as such. To get back there is an easy fix. Regulation Fair Disclosure ("FD") already put analysts back on the fundamental research track.

Accountants should not perform services beyond audit functions, except where the fee is small relative to the audit engagement.

Perhaps we need to revisit the Glass-Steagall Act. The safeguards put in place by that Act were there for a reason.

All in all, we believe that most corporate managers we see come to work every day to grow the intrinsic value of their enterprise and work hard to have the public stock track the underlying value of the business.

Our job remains the same -- to ferret out those companies that Mr. Market puts on the bargain counter.

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[RESEARCH GRAPHIC OMITTED]

WHAT IS RESEARCH?

CONGRATULATIONS

TO THE

2002 ALL AMERICAN

INSTITUTIONAL INVESTOR

RESEARCH TEAM

THE FIRM WHERE RESEARCH IS KING.

GABELLI & COMPANY, INC., ONE CORPORATE CENTER, RYE, NY 10580
914-921-5130 o FAX 914-921-5098 o RESEARCH@GABELLI.COM

[EPS/PMV GRAPHIC OMITTED]

TRIANGLE

EPS

PMV

MANAGEMENT

CASH FLOW

RESEARCH

Research (ri' surch)

Careful or Diligent Research

Studios inquiry or examination, esp: investigation or experimentation aimed at the discovery or interpretation of facts, revisions of accepted theories or laws in the light of new facts, or practical

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application of such new or revised theories or laws.

INDEPENDENT RESEARCH FOR OVER 25 YEARS

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[EPS/PMV GRAPHIC OMITTED]

TRIANGLE
EPS
PMV
MANAGEMENT
CASH FLOW
RESEARCH

SECURITY ANALYSIS

OBJECTIVES:

- 1) Seek to present the important facts regarding a publicly held corporate stock or bond issue in a manner most informing and useful to an actual or potential owner.
- 2) Seek to reach a dependable conclusion based upon the facts and applicable standard as to the safety and attractiveness of a given security at the current market price or at some assured price.

SECURITY ANALYSIS PRINCIPLES AND TECHNIQUE, GRAHAM, DODD, COTTLE.

INDEPENDENT RESEARCH FOR OVER 25 YEARS

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SECURITY ANALYST

- o Deals with the past, present and future
- o Describes the business
- o Sets forth strong and weak points
- o Estimates future earnings power
- o Makes elaborate comparisons
- o Finally, expresses an opinion

INDEPENDENT RESEARCH FOR OVER 25 YEARS

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TRIANGLE
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GABELLI ASSET MANAGEMENT INC.

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INVESTMENT SCORECARD

We had a few winners in an awful market. Positions in the consumer products sector such as J.M. Smucker, Givaudan and Gallaher Group posted respectable gains. Publishing companies Meredith Corp., PRIMEDIA and McGraw-Hill also buoyed performance. Telecommunications stocks, the worst performing industry sector in recent years, rebounded with wireless operator Nextel Communications and AT&T making our top-ten performance list.

There was no particular industry theme to our laggards list. Amusement park operator Six Flags, telecom equipment manufacturers Lucent Technologies and Corning, cable television provider UnitedGlobalCom and industrial manufacturer Flowserve were among our biggest portfolio disappointments.

LET'S TALK STOCKS

The following are stock specifics on selected holdings of our Trust. Favorable earnings prospects do not necessarily translate into higher stock prices, but they do express a positive trend that we believe will develop over time.

AUTONATION INC. (AN - \$11.52 - NYSE) is the largest automotive retailer in the U.S., with over \$20 billion in annual sales generated from 280 locations covering nearly 400 franchises. In addition to retailing new and used vehicles, the company sells vehicle finance and insurance products from third parties such as GMAC, and provides parts and repair services covered by factory warranties. The company aims to use its enormous size to spread overhead and interest costs over many locations to generate margins in excess of industry averages.

BERKSHIRE HATHAWAY INC. (BRK'A - \$73,900 - NYSE) is Warren Buffett. The company has interests in insurance (notably GEICO and General Re), publishing, aviation, retailing and manufacturing. Its investment portfolio includes over \$28 billion of marketable equity securities. Berkshire has grown rapidly through acquisitions over the past 15 years, including Kirby vacuum cleaners; World Book encyclopedias; H. H. Brown, Dexter and Justin footwear; Executive Jet aviation; Dairy Queen restaurants and snack treats; Johns Manville building products; Benjamin Moore paints; Shaw Industries carpets; MiTek steel connectors; XTRA transportation leasing; GEICO insurance; and General Re reinsurance. GEICO, the sixth largest auto insurer in the U.S., contributes 17% of revenues while General Re, the fourth largest reinsurer globally, contributes 23% of revenues.

CENTURYTEL INC. (CTL - \$22.43 - NYSE), based in Monroe, Louisiana, is the eighth largest local telephone company in the U.S., with over 2.5 million access lines in the South and Midwest including recently closed acquisitions of 676,000 access lines from Verizon for \$2.16 billion. Through acquisitions, CTL has

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created clusters of rural telephone and cellular companies within commuting distance of metropolitan areas in states including Wisconsin, Michigan, Ohio, Louisiana and Arkansas. In July 2001, the company received an unsolicited bid from Alltel Corp. (AT - \$40.13 - NYSE) to acquire CenturyTel for \$43 per share in cash and Alltel stock. CenturyTel management has rejected Alltel's initial offer. CenturyTel recently completed a sale of its wireless operations to Alltel Corp. for \$1.6 billion in cash. The sale of the wireless business to Alltel and acquisition of lines from Verizon has repositioned CenturyTel as a premiere pure-play rural local exchange carrier with over 2.5 million access lines.

CH ENERGY GROUP INC. (CHG - \$46.93 - NYSE) is the last small electric utility in New York State, now that RGS Energy has been acquired by Energy East (EAS - \$19.81 - NYSE). CH Energy serves the territory directly north of New York City that is mainly rural and suburban. There are several potential buyers for whom CH Energy would be a good fit, including Consolidated Edison (ED - \$40.22 - NYSE), Energy East, KeySpan (KSE - \$33.50 - NYSE),

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National Grid (NGG - \$35.60 - NYSE) or Public Service Enterprise Group (PEG - \$30.50 - NYSE). The buyer could create significant savings by rationalizing outside plant operations and eliminating all of the corporate, finance, regulatory and public company overhead, for the benefit of shareholders and customers. Although it is tough to predict when a deal might happen, we would point out that National Grid completed its takeover of Niagara Mohawk several months ago and Grid has typically waited less than a year between takeovers in the U.S. where it has already bought three utilities. Con Edison meanwhile, having done a terrific job in the aftermath of September 11 and with a strong balance sheet and premium stock price valuation, might be ready to make an offer for CH Energy.

CRANE CO. (CR - \$19.76 - NYSE) is a diversified industrial company that focuses on proprietary engineered products in aerospace, fiberboard panels, vending machines, pumps and valves, and industrial controls. CEO Eric Fast is focusing on improving operations by leveraging the firm's intellectual capital by creating a culture where different business groups share experience, improve customer focus and improve operational performance. The company has a strong balance sheet, with a 29% net debt to capital ratio, and generates about \$100 million of free cash flow a year. Crane has \$1 billion available to spend on acquisitions of which half comes from free cash flow and the other half from debt. Acquisitions will focus on strengthening the existing businesses and enhancing earnings growth.

FLOWSERVE CORP. (FLS - \$10.00 - NYSE) is a manufacturer of engineered pumps, control valves and mechanical seals for the petroleum, chemical, power, water and other general industries. After integrating the operations of Ingersoll-Dresser Pump, Flowserve purchased the flow control business from Invensys. Invensys Flow Control (IFC) is a manufacturer of valves and valves automation products, with \$500 million of revenues. The transaction gives Flowserve a better balance of end markets, greater geographical reach, economies of scale and plant consolidation opportunities. Already the second largest global pump company, IFC makes Flowserve the second largest global valve company. The critical mass should allow the company to gain market share as customers are reducing their suppliers and moving to one stop shopping. Consistent with the company's acquisition strategy, the transaction is expected to be accretive in the first year of ownership.

IRISH LIFE & PERMANENT PLC (IPM.I - \$11.36 - DUBLIN STOCK EXCHANGE) is the third largest financial institution in Ireland. The company offers a broad array of financial products to consumers in Ireland. Expansion into overseas markets has been reversed, making Irish Life & Permanent a pure play on the exciting growth prospects for the Irish economy.

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KELLOGG CO. (K - \$33.25 - NYSE), a producer of cereal and convenience foods, completed its largest acquisition in company history in March 2001 with the purchase of Keebler Foods Company. Keebler is the number two cookie and cracker producer in the United States. Along with Keebler's top brands, Kellogg acquired their direct store door (DSD) delivery system, which is now being utilized for its own snack brands. This year Kellogg is focused on the integration of Keebler and has placed a renewed emphasis on profitable sales growth and cash flow. Kellogg's other food brands include Special K, Rice Krispies, Pop-Tarts, Nutri-Grain, Eggo, Cheez-It, Carr's, Morningstar Farms, Famous Amos and Kashi.

SCRIPPS (E.W.) CO. (SSP - \$69.30 - NYSE), headquartered in Cincinnati, Ohio, is a diversified media company with operations throughout the United States combining traditional and new media. The company is the tenth largest newspaper publisher in the U.S. with 21 daily newspapers. Scripps also has 10 television stations, reaching one in every ten homes in America. Additionally, Scripps Networks includes four national cable networks: Home & Garden Television, Food Network, Do It Yourself, and Fine Living. Lastly, the company has a global licensing and syndication business which syndicates more than 150 comic strips and editorial features, including PEANUTS and DILBERT. Scripps is focused on growing and strengthening its cable television business.

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STARWOOD HOTELS & RESORTS WORLDWIDE INC. (HOT - \$22.30 - NYSE) is one of the world's largest hotel and leisure companies with 745 hotels, 225,208 rooms and 14 timeshare resorts in its system. The company's brands primarily compete in the upper-upscale segment of the lodging industry and include St. Regis, The Luxury Collection, Sheraton, Westin, W and Four Points by Sheraton.

7.25% TAX ADVANTAGED CUMULATIVE PREFERRED STOCK - DIVIDENDS

The Trust's 7.25% Tax Advantaged Cumulative Preferred Stock paid a cash distribution on September 26, 2002 of \$0.453125 per share. For the twelve months ended September 30, 2002, Preferred Stock shareholders received distributions totaling \$1.8125, the annual dividend rate per share of Preferred Stock. The next distribution is scheduled for December 2002. The Preferred Shares will be 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.

7.20% TAX ADVANTAGED SERIES B CUMULATIVE PREFERRED STOCK - DIVIDENDS

The Trust's 7.20% Tax Advantaged Series B Cumulative Preferred Stock paid a cash distribution on September 26, 2002 of \$0.45 per share. The Series B Preferred Shares were issued on June 20, 2001 at \$25.00 per share and will pay distributions quarterly at an annual dividend rate of \$1.80 per share. The next distribution is scheduled for December 2002.

SERIES C AUCTION RATE CUMULATIVE PREFERRED STOCK

On June 27, 2002, the Trust successfully completed its offering of 5,200 Shares of Series C Auction Rate Cumulative Preferred Stock at \$25,000 per share. The dividend rates for the Series C Preferred Shares ranged from 1.80% to 1.95% during the third quarter. Dividend rates for the Preferred Shares are cumulative at a rate that may be reset every seven days based on the results of an auction. The Preferred Shares do not trade on an exchange.

WWW.GABELLI.COM

Please visit us on the Internet. Our homepage at <http://www.gabelli.com> contains information about Gabelli Asset Management Inc., the Gabelli Mutual

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Funds, IRAs, 401(k)s, quarterly reports, closing prices and other current news. You can send us e-mail at closedend@gabelli.com.

In our efforts to bring our shareholders more timely portfolio information, Gabelli Fund's portfolio managers regularly participate in chat sessions at www.gabelli.com as reflected below.

| | WHO | WHEN |
|----------------|------------------|-----------------------------|
| | --- | ---- |
| Special Chats: | Mario J. Gabelli | First Monday of each month |
| | Howard Ward | First Tuesday of each month |

In addition, every Wednesday will feature a different portfolio manager. The upcoming Wednesday chat schedule is as follows:

| | NOVEMBER | DECEMBER | JANUARY |
|---------------|--------------------------------|--------------------------------|------------|
| | ----- | ----- | ----- |
| 1st Wednesday | Charles Minter & Martin Weiner | Charles Minter & Martin Weiner | Ivan Artea |
| 2nd Wednesday | Caesar Bryan | Walter Walsh & Laura Linehan | Charles Mi |
| 3rd Wednesday | Walter Walsh & Laura Linehan | Hart Woodson | Walter Wal |
| 4th Wednesday | Barbara Marcin | | Barbara Ma |

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All chat sessions start at 4:15 PM (Eastern Time). Please arrive early, as participation is limited.

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

IN CONCLUSION

The great irony is that investors' appetite for stocks is always strongest near market tops and weakest near market bottoms. It is important to remember that like bull markets, bear markets always end, usually when least expected. We do not know when the market will bottom. However, we believe low interest rates and increasingly attractive equity valuations point to more fertile days for firms that have focused research efforts.

The goal of every portfolio manager and every analyst is to find well managed, growing companies that are selling at a discount to their intrinsic value, particularly where a catalyst is in place. We have long argued that in a world of rapid change, Mr. Market will provide us with many opportunities to load up our portfolios with these "stock picks." The events of the third quarter will again prove a fertile ground for the type of analysis that Graham and Dodd heralded in the 1930s.

Sincerely,

/S/ MARIO J. GABELLI
MARIO J. GABELLI, CFA

Portfolio Manager and Chief Investment Officer

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November 1, 2002

 SELECTED HOLDINGS
 SEPTEMBER 30, 2002

| | |
|-------------------------|--|
| AutoNation Inc. | Flowserve Corp. |
| Berkshire Hathaway Inc. | Irish Life & Permanent plc |
| CenturyTel Inc. | Kellogg Co. |
| CH Energy Group Inc. | Scripps (E.W.) Co. |
| Crane Co. | Starwood Hotels & Resorts Worldwide Inc. |

NOTE: The views expressed in this report reflect those of the portfolio managers only through the end of the period stated in this report. The managers' views are subject to change at any time based on market and other conditions.

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THE GABELLI EQUITY TRUST INC.
 PORTFOLIO CHANGES
 QUARTER ENDED SEPTEMBER 30, 2002
 (UNAUDITED)

| | SHARES | OWNERSHIP AT SEPTEMBER 30, 2002 |
|--|-----------|---------------------------------------|
| | ----- | ----- |
| NET PURCHASES | | |
| COMMON STOCKS | | |
| ATX Communications Inc. (a) | 40,540 | 40,540 |
| Aventis SA | 3,000 | 15,000 |
| BAE Systems plc | 25,000 | 125,000 |
| Boots Co. plc | 15,000 | 75,000 |
| BorgWarner Inc. | 1,000 | 37,802 |
| Cablevision Systems Corp., Cl. A (b) ... | 1,016,443 | 1,551,443 |
| Cadbury Schweppes plc, ADR | 4,200 | 15,000 |
| Campbell Soup Co. | 10,000 | 80,000 |
| Carlsberg AS, Cl. B | 11,000 | 11,000 |
| ConocoPhillips (c) | 98,217 | 98,217 |
| Denny's Corp. | 62,463 | 62,463 |
| Denny's Corp., warrants, expires 01/07/05 | 10,108 | 10,108 |
| Disney (Walt) Co. | 40,000 | 260,000 |
| DPL Inc. | 5,000 | 20,000 |
| Duke Energy Corp. | 580,000 | 580,000 |
| El Paso Corp. | 40,000 | 120,000 |
| EMI Group plc | 110,000 | 110,000 |
| Energy East Corp. | 10,000 | 30,000 |
| Exxon Mobile Corp. | 40,000 | 40,000 |
| Fast Retailing Co. Ltd. | 10,000 | 10,000 |
| FleetBoston Financial Corp. | 50,000 | 50,000 |
| Gas Natural SDG SA | 5,000 | 30,000 |
| Gemstar-TV Guide International Inc. | 100,000 | 240,432 |
| Gray Television Inc. | 25,000 | 25,000 |
| Gray Television Inc., Cl. A | 28,000 | 28,000 |
| Hershey Foods Corp. | 15,000 | 15,000 |
| Honeywell International Inc. | 20,000 | 400,000 |
| Ito-Yokado Co. Ltd. | 8,000 | 8,000 |
| Mellon Financial Corp. | 15,000 | 100,000 |
| Midland Co. (d) | 99,700 | 199,400 |

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| | | |
|---------------------------------|---------|---------|
| Nestle SA | 1,000 | 1,000 |
| Nikko Cordial Corp. | 21,000 | 207,500 |
| NTL Inc., rights (e) | 298 | 298 |
| Qwest Communications | | |
| International Inc. | 500,000 | 700,000 |
| Royal Dutch Petroleum Co. | 7,500 | 7,500 |
| SBC Communications Inc. | 20,000 | 225,000 |
| Six Flags Inc. | 125,000 | 225,000 |
| TELUS Corp., Non-Voting | 4,250 | 4,250 |
| Terumo Corp. | 20,000 | 20,000 |
| Texas Instruments Inc. | 90,000 | 200,000 |
| Tyco International Ltd. | 20,000 | 55,000 |
| Vivendi Universal SA | 5,000 | 40,900 |
| Vivendi Universal SA, ADR | 80,000 | 310,000 |
| Wrigley (Wm.) Jr. Co. | 27,000 | 177,000 |
| Wyeth | 17,000 | 55,000 |
| Xcel Energy Inc. | 60,000 | 60,000 |

OWNERSHIP AT
SEPTEMBER 30,
2002

SHARES

PREFERRED STOCKS

| | | |
|--|---------|---------|
| Citizens Communications Co., 5.000% Cv. Pfd. | 1,000 | 21,000 |
| Hercules Trust I, 9.420% Pfd. | 251,800 | 273,500 |

PRINCIPAL
AMOUNT

CORPORATE BONDS

| | | |
|---|------------|-------------|
| Charter Communications Inc., Cv., 4.750%, 06/01/06 | \$ 400,000 | \$1,300,000 |
|---|------------|-------------|

SHARES

NETSALES

COMMON STOCKS

| | | |
|--|-------------|---------|
| Acterna Corp. | (8,000) | 60,000 |
| Adelphia Communications Corp., Cl. A | (20,000) | 100,000 |
| Advantica Restaurant Group Inc. | (10,108) | -- |
| Advantica Restaurant Group Inc., warrants, expires 01/07/05 | (62,463) | -- |
| Allegiance Telecom Inc. | (3,000) | 6,000 |
| Cheung Kong Life Science International Inc., rights | (3,000) | -- |
| Compagnie Financiere Richemont AG, Cl. A | (10,000) | 100,000 |
| Conoco Inc. (c) | (210,000) | -- |
| CoreComm Ltd. (a) | (1,577,000) | -- |
| CRH plc | (20,000) | 92,500 |
| Energizer Holdings Inc. (f) | (345,001) | -- |
| Ferro Corp. | (10,000) | 330,000 |
| France Telecom SA, ADR | (3,000) | 24,000 |
| Gray Communications Systems Inc. | (28,000) | -- |
| Gray Communications Systems Inc., Cl. B | (25,000) | -- |
| HBOS plc | (66,000) | -- |
| Leap Wireless International Inc. | (17,100) | 142,900 |
| Midas Inc. | (5,000) | 105,000 |
| mm02 plc, ADR | (15,200) | 125,600 |
| Muenchener Rueckversicherungs- Gesellschaft AG | (5,000) | -- |

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| | | |
|--|-----------|---------|
| Nortek Inc. | (2,200) | 137,800 |
| Novartis AG | (5,000) | 41,000 |
| Prudential plc | (50,000) | -- |
| Rainbow Media Group, Cl. A (b) | (560,000) | -- |
| Rohm and Haas Co. | (5,000) | 15,000 |
| Superior Industries International Inc. . | (1,000) | 24,000 |
| Swiss Re | (4,200) | -- |
| Syratech Corp. | (10,425) | -- |
| TELUS Corp., Non-Voting, ADR | (4,250) | 27,500 |
| THK Co. Ltd. | (33,000) | -- |
| Viacom Inc., Cl. A | (10,000) | 840,000 |
| Winn-Dixie Stores Inc. | (15,000) | 25,000 |

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THE GABELLI EQUITY TRUST INC.
 PORTFOLIO CHANGES (CONTINUED)
 QUARTER ENDED SEPTEMBER 30, 2002
 (UNAUDITED)

| | PRINCIPAL AMOUNT | OWNERSHIP AT SEPTEMBER 30, 2002 |
|---|---------------------|---------------------------------------|
| | ----- | ----- |
| CORPORATE BONDS | | |
| Standard Motor Products Inc., Sub. Deb. Cv., 6.750%, 07/15/09 | \$ (100,000) | \$1,400,000 |

-
- (a) Merger - 0.0257 shares of ATX Communications Inc. for every 1 share of CoreComm Ltd.
 - (b) Merger - 1.1909 shares of Cablevision Systems Corp., Cl. A for every 1 share of Rainbow Media Group, Cl. A
 - (c) Merger - 0.4677 shares of ConocoPhillips for every 1 share of Conoco Inc.
 - (d) 2 for 1 stock split
 - (e) Spinoff - 0.0149 shares of NTL Inc., rights for every 1 share of NTL Inc.
 - (f) Tender Offer at \$29.00 per share

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THE GABELLI EQUITY TRUST INC.
 PORTFOLIO OF INVESTMENTS
 SEPTEMBER 30, 2002 (UNAUDITED)

| SHARES | | MARKET VALUE |
|---------|--|-----------------|
| ----- | | ----- |
| | COMMON STOCKS -- 84.2% | |
| | FINANCIAL SERVICES -- 7.7% | |
| 90,000 | Allstate Corp. | \$ 3,199,500 |
| 550,000 | American Express Co. | 17,149,000 |
| 36,400 | Argonaut Group Inc. | 627,900 |
| 90,000 | Banco Santander Central Hispano SA, ADR | 466,200 |
| 110,000 | Bank of Ireland | 1,070,769 |
| 80,000 | Bank of New York Co. Inc. | 2,299,200 |
| 85,000 | Bank One Corp. | 3,179,000 |
| 282,000 | Bankgesellschaft Berlin AG+ | 501,636 |
| 260 | Berkshire Hathaway Inc., Cl. A+ | 19,214,000 |
| 5,000 | Block (H&R) Inc. | 210,050 |

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| | | |
|-----------|--|--------------|
| 190,000 | Commerzbank AG, ADR | 1,248,661 |
| 160,000 | Deutsche Bank AG, ADR | 7,267,200 |
| 20,000 | Dun and Bradstreet Corp.+ | 672,200 |
| 50,000 | FleetBoston Financial Corp. | 1,016,500 |
| 25,000 | Hibernia Corp., Cl. A | 499,750 |
| 20,000 | Invik & Co. AB, Cl. B | 314,911 |
| 100,000 | Irish Life & Permanent plc, Dublin | 1,136,487 |
| 60,000 | John Hancock Financial Services Inc. | 1,668,000 |
| 50,000 | JP Morgan Chase & Co. | 949,500 |
| 64,000 | Leucadia National Corp. | 2,176,000 |
| 100,000 | Mellon Financial Corp. | 2,593,000 |
| 199,400 | Midland Co. | 3,355,902 |
| 30,000 | Moody's Corp. | 1,455,000 |
| 207,500 | Nikko Cordial Corp. | 986,877 |
| 185,000 | Phoenix Companies Inc. | 2,519,700 |
| 2,500 | Prudential Financial Inc.+ | 71,400 |
| 60,000 | RAS SpA | 705,017 |
| 60,000 | Riggs National Corp. | 857,400 |
| 50,000 | Schwab (Charles) Corp. | 435,000 |
| 80,000 | State Street Corp. | 3,091,200 |
| 30,000 | Stilwell Financial Inc. | 362,100 |
| 20,000 | SunTrust Banks Inc. | 1,229,600 |
| 100,000 | T. Rowe Price Group Inc. | 2,496,000 |
| 7,000 | Travelers Property Casualty Corp., Cl. A+ | 92,400 |
| 58,500 | Unitrin Inc. | 1,795,950 |
| 130,000 | Wachovia Corp. | 4,249,700 |
| 55,100 | Waddell & Reed Financial Inc., Cl. A | 973,066 |
| | | ----- |
| | | 92,135,776 |
| | | ----- |
| | TELECOMMUNICATIONS -- 7.6% | |
| 8,132 | Aliant Inc. | 152,415 |
| 6,000 | Allegiance Telecom Inc.+ | 4,980 |
| 30,000 | ALLTEL Corp. | 1,203,900 |
| 1,500,000 | AT&T Corp. | 18,015,000 |
| 40,540 | ATX Communications Inc.+ | 15,000 |
| 3,333 | Avaya Inc.+ | 4,766 |
| 320,000 | BCE Inc. | 5,664,000 |
| 33,400 | Brasil Telecom Participacoes SA, ADR | 741,814 |
| 850,000 | Broadwing Inc.+ | 1,683,000 |
| | | |
| | | MARKET |
| | | VALUE |
| | | ----- |
| 1,775,000 | BT Group plc | \$ 4,591,863 |
| 34,000 | BT Group plc, ADR | 878,560 |
| 3,338,192 | Cable & Wireless Jamaica Ltd. | 86,087 |
| 173,000 | Cable & Wireless plc, ADR | 934,200 |
| 130,000 | CenturyTel Inc. | 2,915,900 |
| 100,000 | Citizens Communications Co.+ | 678,000 |
| 255,466 | Commonwealth Telephone Enterprises Inc.+ | 8,882,553 |
| 20,000 | Commonwealth Telephone Enterprises Inc., Cl. B+ | 695,800 |
| 45,000 | Compania de Telecomunicaciones de Chile SA, ADR | 393,300 |
| 240,278 | Deutsche Telekom AG, ADR | 1,987,099 |
| 200,000 | Embratel Participacoes SA, ADR+ | 120,000 |
| 24,000 | France Telecom SA, ADR | 167,520 |
| 230 | Japan Telecom Holdings Co. Ltd. | 572,449 |
| 100,000 | KPN NV+ | 518,831 |

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| | | |
|---------|--|------------|
| 700,000 | Qwest Communications International Inc.+ | 1,596,000 |
| 110,000 | RCN Corp.+ | 56,100 |
| 9,655 | Rogers Communications Inc., Cl. B+ | 60,868 |
| 110,345 | Rogers Communications Inc., Cl. B, ADR+ | 692,967 |
| 225,000 | SBC Communications Inc. | 4,522,500 |
| 350,000 | Sprint Corp. - FON Group | 3,192,000 |
| 186,554 | Tele Norte Leste Participacoes SA, ADR | 988,736 |
| 40,000 | Telecom Argentina Stet France Telecom SA, ADR+ | 32,800 |
| 400,040 | Telecom Italia SpA | 2,850,397 |
| 123,000 | Telecom Italia SpA, ADR | 8,776,050 |
| 135,000 | Telecom Italia SpA, RNC | 671,071 |
| 265,139 | Telefonica SA, ADR+ | 5,923,205 |
| 16,912 | Telefonica SA, BDR+ | 121,262 |
| 36,000 | Telefonos de Mexico SA, Cl. L, ADR | 1,013,400 |
| 12,750 | TELUS Corp. | 94,366 |
| 52,500 | TELUS Corp., ADR | 388,565 |
| 4,250 | TELUS Corp., Non-Voting | 28,937 |
| 27,500 | TELUS Corp., Non-Voting, ADR | 187,238 |
| 340,000 | Verizon Communications Inc. | 9,329,600 |
| 120,000 | WorldCom Inc. - MCI Group | 19,200 |
| | | ----- |
| | | 91,452,299 |
| | | ----- |
| | FOOD AND BEVERAGE -- 7.5% | |
| 15,000 | Cadbury Schweppes plc, ADR | 400,050 |
| 80,000 | Campbell Soup Co. | 1,766,400 |
| 11,000 | Carlsberg AS, Cl. B | 570,815 |
| 30,000 | Coca-Cola Co. | 1,438,800 |
| 50,000 | Coca-Cola Enterprises Inc. | 1,062,000 |
| 20,000 | Coca-Cola Hellenic Bottling Co. SA | 291,336 |
| 100,000 | Corn Products International Inc. | 2,875,000 |
| 10,108 | Denny's Corp.+ | 7,682 |
| 100,000 | Diageo plc | 1,240,799 |

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THE GABELLI EQUITY TRUST INC.
PORTFOLIO OF INVESTMENTS (CONTINUED)
SEPTEMBER 30, 2002 (UNAUDITED)

| SHARES | | MARKET |
|---------|------------------------------------|---------------|
| ----- | | VALUE |
| | | ----- |
| | COMMON STOCKS (CONTINUED) | |
| | FOOD AND BEVERAGE (CONTINUED) | |
| 224,000 | Diageo plc, ADR | \$ 11,179,840 |
| 20,000 | Dreyer's Grand Ice Cream Inc. | 1,397,200 |
| 41,600 | Flowers Foods Inc.+ | 945,568 |
| 90,000 | General Mills Inc. | 3,997,800 |
| 440,000 | Grupo Bimbo SA de CV, Ser. A | 653,796 |
| 20,000 | Hain Celestial Group Inc.+ | 293,000 |
| 114,000 | Heinz (H.J.) Co. | 3,804,180 |
| 15,000 | Hershey Foods Corp. | 930,750 |
| 30,000 | Interbrew SA | 710,947 |
| 350,000 | Kellogg Co. | 11,637,500 |
| 75,000 | Kerry Group plc, Cl. A | 964,214 |
| 60,500 | LVMH Moet Hennessy Louis | |

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| | | |
|---------|--------------------------------------|--------------|
| | Vuitton, ADR | 441,650 |
| 41,300 | Mondavi (Robert) Corp., Cl. A+ | 1,257,998 |
| 1,000 | Nestle SA | 218,569 |
| 150,000 | Parmalat Finanziaria SpA | 410,618 |
| 600,595 | PepsiAmericas Inc. | 8,528,449 |
| 500,000 | PepsiCo Inc. | 18,475,000 |
| 7,000 | Pernod-Ricard SA | 629,515 |
| 60,000 | Ralcorp Holdings Inc.+ | 1,276,200 |
| 20,000 | Sara Lee Corp. | 365,800 |
| 2,000 | Smucker (J.M.) Co. | 73,400 |
| 103,854 | Tootsie Roll Industries Inc. | 3,086,541 |
| 177,000 | Wrigley (Wm.) Jr. Co. | 8,759,730 |
| | | ----- |
| | | 89,691,147 |
| | | ----- |
| | ENERGY AND UTILITIES -- 6.5% | |
| 52,000 | AES Corp.+ | 130,520 |
| 70,000 | AGL Resources Inc. | 1,546,300 |
| 37,400 | Apache Corp. | 2,223,430 |
| 120,000 | BP plc | 802,038 |
| 248,800 | BP plc, ADR | 9,927,120 |
| 150,000 | Burlington Resources Inc. | 5,754,000 |
| 115,000 | CH Energy Group Inc. | 5,396,950 |
| 20,000 | Cinergy Corp. | 628,600 |
| 98,217 | ConocoPhillips | 4,541,554 |
| 10,000 | Constellation Energy Group Inc. | 247,900 |
| 2,500 | Dominion Resources Inc. | 126,825 |
| 20,000 | DPL Inc. | 329,000 |
| 100,000 | DQE Inc. | 1,500,000 |
| 30,366 | DTE Energy Co. | 1,235,896 |
| 580,000 | Duke Energy Corp. | 11,339,000 |
| 120,000 | El Paso Corp. | 992,400 |
| 400,000 | El Paso Electric Co.+ | 4,752,000 |
| 30,000 | Energy East Corp. | 594,300 |
| 40,000 | Exxon Mobil Corp. | 1,276,000 |
| 9,400 | FPL Group Inc. | 505,720 |
| 30,000 | Gas Natural SDG SA | 508,454 |
| 280,000 | Halliburton Co. | 3,614,800 |
| 38,632 | Kerr-McGee Corp. | 1,678,174 |
| 90,000 | Mirant Corp.+ | 198,900 |
| 100,000 | NiSource Inc.+ | 181,000 |
| | | |
| | | MARKET |
| | | VALUE |
| | | ----- |
| 250,000 | Northeast Utilities | \$ 4,225,000 |
| 358,200 | Pennzoil-Quaker State Co. | 7,869,654 |
| 100,000 | Progress Energy Inc., CVO+ | 21,000 |
| 7,500 | Royal Dutch Petroleum Co. | 301,275 |
| 10,400 | SJW Corp. | 811,200 |
| 14,000 | Southwest Gas Corp. | 311,500 |
| 7,907 | Total Fina Elf SA | 1,040,837 |
| 260,000 | Westar Energy Inc. | 2,615,600 |
| 60,000 | Xcel Energy Inc. | 558,600 |
| | | ----- |
| | | 77,785,547 |
| | | ----- |
| | ENTERTAINMENT -- 6.0% | |
| 620,000 | AOL Time Warner Inc.+ | 7,254,000 |
| 160,000 | Canal Plus, ADR | 132,192 |
| 260,000 | Disney (Walt) Co. | 3,936,400 |
| 110,000 | EMI Group plc | 294,080 |

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| | | |
|-----------|---|------------|
| 100,000 | EMI Group plc, ADR | 534,680 |
| 120,000 | Fox Entertainment Group Inc., Cl. A+ | 2,643,600 |
| 50,000 | GC Companies Inc.+ | 14,750 |
| 240,432 | Gemstar-TV Guide International Inc.+ | 605,889 |
| 24,000 | Liberty Livewire Corp., Cl. A+ | 37,680 |
| 1,840,000 | Liberty Media Corp., Cl. A+ | 13,211,200 |
| 300,000 | Metro-Goldwyn-Mayer Inc.+ | 3,585,000 |
| 160,000 | Publishing & Broadcasting Ltd. | 681,572 |
| 15,000 | Regal Entertainment Group, Cl. A+ | 267,000 |
| 225,000 | Six Flags Inc.+ | 792,000 |
| 840,000 | Viacom Inc., Cl. A+ | 34,062,000 |
| 40,900 | Vivendi Universal SA | 458,760 |
| 310,000 | Vivendi Universal SA, ADR | 3,530,900 |
| | | ----- |
| | | 72,041,703 |
| | | ----- |
| | PUBLISHING -- 5.1% | |
| 20,000 | Dow Jones & Co. Inc. | 768,200 |
| 196,000 | Independent News & Media plc, Dublin | 261,491 |
| 15,900 | Knight-Ridder Inc. | 896,919 |
| 5,000 | McClatchy Co., Cl. A | 304,750 |
| 105,000 | McGraw-Hill Companies Inc. | 6,428,100 |
| 400,000 | Media General Inc., Cl. A | 20,340,000 |
| 125,000 | Meredith Corp. | 5,381,250 |
| 115,000 | New York Times Co., Cl. A | 5,226,750 |
| 120,000 | News Corp. Ltd. | 573,120 |
| 11,016 | News Corp. Ltd., ADR | 212,058 |
| 400,000 | Penton Media Inc.+ | 96,000 |
| 350,000 | PRIMEDIA Inc.+ | 486,500 |
| 33,000 | Pulitzer Inc. | 1,374,450 |
| 140,000 | Reader's Digest Association Inc., Cl. B | 2,592,800 |
| 400,000 | SCMP Group Ltd. | 173,087 |
| 70,000 | Scripps (E.W.) Co., Cl. A | 4,851,000 |
| 91,842 | Seat-Pagine Gialle SpA+ | 53,278 |
| 75,000 | Thomas Nelson Inc.+ | 660,000 |
| 250,000 | Tribune Co. | 10,452,500 |
| | | ----- |
| | | 61,132,253 |
| | | ----- |

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THE GABELLI EQUITY TRUST INC.
PORTFOLIO OF INVESTMENTS (CONTINUED)
SEPTEMBER 30, 2002 (UNAUDITED)

| SHARES | | MARKET |
|---------|-------------------------------------|--------------|
| ----- | | VALUE |
| | | ----- |
| | COMMON STOCKS (CONTINUED) | |
| | DIVERSIFIED INDUSTRIAL -- 5.0% | |
| 220,000 | Acuity Brands Inc. | \$ 2,697,200 |
| 195,000 | Ampco-Pittsburgh Corp. | 1,912,950 |
| 120,000 | Cooper Industries Ltd., Cl. A | 3,642,000 |
| 270,000 | Crane Co. | 5,335,200 |
| 110,000 | GATX Corp. | 2,178,000 |
| 200,000 | GenTek Inc. | 16,000 |
| 260,000 | Greif Bros. Corp., Cl. A | 6,370,000 |
| 3,400 | Greif Bros. Corp., Cl. B | 91,375 |
| 400,000 | Honeywell International Inc. | 8,664,000 |
| 120,000 | ITT Industries Inc. | 7,479,600 |

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| | | |
|---------|---|--------------|
| 400,600 | Lamson & Sessions Co.+ | 1,382,070 |
| 34,500 | National Service Industries Inc. | 209,070 |
| 83,715 | Park-Ohio Holdings Corp.+ | 334,860 |
| 213,800 | Sensient Technologies Corp. | 4,517,594 |
| 10,000 | Smiths Group plc | 100,805 |
| 6,000 | Sulzer AG+ | 773,815 |
| 100,000 | Thomas Industries Inc. | 2,480,000 |
| 50,000 | Trinity Industries Inc. | 823,000 |
| 170,000 | TRW Inc. | 9,953,500 |
| 55,000 | Tyco International Ltd. | 775,500 |
| | | ----- |
| | | 59,736,539 |
| | | ----- |
| | EQUIPMENT AND SUPPLIES -- 4.9% | |
| 120,000 | AMETEK Inc. | 3,494,400 |
| 2,000 | Amphenol Corp., Cl. A+ | 62,000 |
| 10,000 | Caterpillar Inc. | 372,200 |
| 95,000 | CIRCOR International Inc. | 1,273,000 |
| 320,000 | Deere & Co. | 14,544,000 |
| 216,000 | Donaldson Co. Inc. | 7,415,280 |
| 135,000 | Flowserve Corp.+ | 1,350,000 |
| 13,000 | Franklin Electric Co. Inc. | 555,750 |
| 100,000 | Gerber Scientific Inc.+ | 385,000 |
| 75,000 | GrafTech International Ltd.+ | 543,750 |
| 211,300 | IDEX Corp. | 6,032,615 |
| 20,000 | Ingersoll-Rand Co., Cl. A | 688,800 |
| 60,000 | Lufkin Industries Inc. | 1,476,000 |
| 1,000 | Manitowoc Co. Inc. | 27,350 |
| 425,000 | Navistar International Corp.+ | 9,214,000 |
| 28,000 | Olympus Optical Co. Ltd. | 410,087 |
| 30,000 | PACCAR Inc. | 1,013,700 |
| 170,000 | SPS Technologies Inc.+ | 4,238,100 |
| 60,000 | Sybron Dental Specialties Inc.+ | 839,400 |
| 20,000 | Terumo Corp. | 295,712 |
| 250,000 | Watts Industries Inc., Cl. A | 4,100,000 |
| 100,000 | Weir Group plc | 318,456 |
| | | ----- |
| | | 58,649,600 |
| | | ----- |
| | CONSUMER PRODUCTS -- 4.0% | |
| 70,000 | Altadis SA | 1,563,411 |
| 43,000 | Christian Dior SA | 1,229,798 |
| 10,000 | Church & Dwight Co. Inc. | 331,500 |
| 100,000 | Compagnie Financiere Richemont AG, Cl. A | \$ 1,483,146 |
| | | |
| SHARES | | MARKET |
| ----- | | VALUE |
| | | ----- |
| 50,000 | Department 56 Inc.+ | 522,500 |
| 90,000 | Fortune Brands Inc. | 4,256,100 |
| 250,000 | Gallaher Group plc, ADR | 9,575,000 |
| 300,000 | Gillette Co. | 8,880,000 |
| 2,000 | Givaudan SA | 895,996 |
| 60,000 | Harley-Davidson Inc. | 2,787,000 |
| 15,000 | Matsushita Electric Industrial Co. Ltd., ADR | 155,550 |
| 100,000 | Mattel Inc. | 1,801,000 |
| 30,000 | Maytag Corp. | 695,400 |
| 50,000 | National Presto Industries Inc. | 1,444,000 |
| 9,500 | Nintendo Co. Ltd. | 1,106,538 |
| 20,000 | Philip Morris Companies Inc. | 776,000 |

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| | | |
|-----------|--|------------|
| 100,000 | Procter & Gamble Co. | 8,938,000 |
| 32,000 | Shimano Inc. | 479,711 |
| 15,000 | Swatch Group AG, Cl. B | 1,119,996 |
| | | ----- |
| | | 48,040,646 |
| | | ----- |
| | WIRELESS COMMUNICATIONS -- 3.4% | |
| 95,000 | America Movil SA de CV, Cl. L, ADR | 1,147,600 |
| 550,170 | AT&T Wireless Services Inc.+ | 2,266,700 |
| 142,900 | Leap Wireless International Inc.+ | 32,867 |
| 1,775,000 | mm02 plc+ | 1,116,562 |
| 125,600 | mm02 plc, ADR+ | 777,464 |
| 240,000 | Nextel Communications Inc., Cl. A+ | 1,812,000 |
| 1,000 | NTT DoCoMo Inc. | 1,708,559 |
| 250,000 | Rogers Wireless Communications Inc., Cl. B+ | 1,365,000 |
| 230,000 | Sprint Corp. - PCS Group+ | 450,800 |
| 16,700 | Tele Celular Sul Participacoes SA, ADR | 110,220 |
| 55,666 | Tele Centro Oeste Celular Participacoes SA, ADR | 129,145 |
| 3,340 | Tele Leste Celular Participacoes SA, ADR | 16,533 |
| 8,350 | Tele Nordeste Celular Participacoes SA, ADR | 106,880 |
| 3,340 | Tele Norte Celular Participacoes SA, ADR+ | 12,291 |
| 1,400,000 | Telecom Italia Mobile SpA | 5,451,185 |
| 8,350 | Telemig Celular Participacoes SA, ADR | 111,807 |
| 450,000 | Telephone & Data Systems Inc. | 22,702,500 |
| 66,800 | Telesp Celular Participacoes SA, ADR+ | 120,908 |
| 453,888 | Vodafone Group plc | 581,743 |
| 100,000 | Vodafone Group plc, ADR | 1,283,000 |
| | | ----- |
| | | 41,303,764 |
| | | ----- |
| | AUTOMOTIVE: PARTS AND ACCESSORIES -- 3.2% | |
| 20,000 | ArvinMeritor Inc. | 374,000 |
| 37,802 | BorgWarner Inc. | 1,876,491 |
| 100,000 | CLARCOR Inc. | 3,070,000 |
| 320,061 | Dana Corp. | 4,186,398 |
| 65,000 | Delphi Corp. | 555,750 |

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THE GABELLI EQUITY TRUST INC.
PORTFOLIO OF INVESTMENTS (CONTINUED)
SEPTEMBER 30, 2002 (UNAUDITED)

| SHARES | | MARKET |
|---------|---|--------------|
| ----- | | VALUE |
| | | ----- |
| | COMMON STOCKS (CONTINUED) | |
| | AUTOMOTIVE: PARTS AND ACCESSORIES (CONTINUED) | |
| 260,000 | GenCorp Inc. | \$ 2,615,600 |
| 210,000 | Genuine Parts Co. | 6,434,400 |
| 114,000 | Johnson Controls Inc. | 8,757,480 |
| 105,000 | Midas Inc.+ | 525,000 |
| 335,000 | Modine Manufacturing Co. | 6,371,700 |
| 20,000 | O'Reilly Automotive Inc.+ | 572,400 |
| 70,800 | Scheib (Earl) Inc.+ | 194,700 |
| 163,000 | Standard Motor Products Inc. | 1,762,030 |
| 24,000 | Superior Industries International Inc. | 1,129,920 |

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| | | |
|-----------|---|--------------|
| 105,000 | TransPro Inc.+ | 514,500 |
| | | ----- |
| | | 38,940,369 |
| | | ----- |
| | HEALTH CARE -- 2.6% | |
| 20,000 | Abbott Laboratories | 808,000 |
| 60,000 | Amgen Inc.+ | 2,502,000 |
| 40,000 | Apogent Technologies Inc.+ | 746,400 |
| 10,000 | AstraZeneca plc, London | 303,202 |
| 35,146 | AstraZeneca plc, Stockholm | 1,046,139 |
| 15,000 | Aventis SA | 785,658 |
| 26,000 | Biogen Inc.+ | 761,020 |
| 110,000 | Bristol-Myers Squibb Co. | 2,618,000 |
| 23,000 | Centerpulse AG+ | 3,465,877 |
| 75,036 | GlaxoSmithKline plc | 1,451,441 |
| 4,000 | GlaxoSmithKline plc, ADR | 153,720 |
| 56,011 | Invitrogen Corp.+ | 1,908,295 |
| 40,000 | Merck & Co. Inc. | 1,828,400 |
| 41,000 | Novartis AG | 1,621,109 |
| 108,000 | Novartis AG, Registered | 4,290,840 |
| 65,000 | Pfizer Inc. | 1,886,300 |
| 17,900 | Roche Holding AG | 1,210,773 |
| 20,000 | Sanofi-Synthelabo SA | 1,127,593 |
| 10,000 | Schering-Plough Corp. | 213,200 |
| 14,000 | Takeda Chemical Industries Ltd. | 564,646 |
| 55,000 | Wyeth | 1,749,000 |
| | | ----- |
| | | 31,041,613 |
| | | ----- |
| | HOTELS AND GAMING -- 2.3% | |
| 110,000 | Aztar Corp.+ | 1,453,100 |
| 90,000 | Boca Resorts Inc., Cl. A+ | 918,000 |
| 240,000 | Gaylord Entertainment Co.+ | 4,540,800 |
| 30,000 | Greek Organization of Football Prognostics | 286,988 |
| 8,000 | GTECH Holdings Corp.+ | 198,560 |
| 2,460,000 | Hilton Group plc | 6,189,844 |
| 650,000 | Hilton Hotels Corp. | 7,397,000 |
| 60,000 | MGM Mirage+ | 2,238,000 |
| 430,000 | Park Place Entertainment Corp.+ | 3,418,500 |
| 50,000 | Starwood Hotels & Resorts Worldwide Inc. | 1,115,000 |
| | | ----- |
| | | 27,755,792 |
| | | ----- |
| | RETAIL -- 2.0% | |
| 200,000 | Albertson's Inc. | \$ 4,832,000 |
| 300,000 | AutoNation Inc.+ | 3,456,000 |
| 75,000 | Boots Co. plc | 623,348 |
| 10,000 | Coldwater Creek Inc.+ | 131,800 |
| 16,000 | Delhaize Le Lion SA, ADR | 259,040 |
| 10,000 | Fast Retailing Co. Ltd. | 257,927 |
| 33,000 | Gucci Group NV, ADR | 2,785,530 |
| 8,000 | Ito-Yokado Co. Ltd. | 314,112 |
| 100,000 | Lillian Vernon Corp. | 549,000 |
| 90,000 | Neiman Marcus Group Inc., Cl. A+ | 2,362,500 |
| 320,000 | Neiman Marcus Group Inc., Cl. B+ | 7,840,000 |
| 7,750 | Tod's SpA | 193,388 |
| 25,000 | Winn-Dixie Stores Inc. | 328,000 |

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| | | |
|-----------|--|------------|
| | | ----- |
| | | 23,932,645 |
| | | ----- |
| | AEROSPACE -- 1.8% | |
| 125,000 | BAE Systems plc | 377,430 |
| 115,000 | Boeing Co. | 3,924,950 |
| 100,000 | Lockheed Martin Corp. | 6,467,000 |
| 91,000 | Northrop Grumman Corp. | 11,287,640 |
| | | ----- |
| | | 22,057,020 |
| | | ----- |
| | CONSUMER SERVICES -- 1.6% | |
| 40,000 | Loewen Group Inc.+ | 1,200 |
| 505,000 | Rollins Inc. | 9,797,000 |
| 490,000 | USA Interactive Inc.+ | 9,496,200 |
| | | ----- |
| | | 19,294,400 |
| | | ----- |
| | REAL ESTATE -- 1.6% | |
| 450,000 | Catellus Development Corp.+ | 8,302,500 |
| 75,000 | Cheung Kong (Holdings) Ltd. | 473,104 |
| 44,000 | Florida East Coast Industries Inc., Cl. A ... | 1,038,400 |
| 58,451 | Florida East Coast Industries Inc., Cl. B ... | 1,282,999 |
| 55,000 | Griffin Land & Nurseries Inc.+ | 737,000 |
| 4,753 | HomeFed Corp.+ | 4,706 |
| 253,000 | St. Joe Co. | 6,982,800 |
| | | ----- |
| | | 18,821,509 |
| | | ----- |
| | CABLE -- 1.5% | |
| 100,000 | Adelphia Communications Corp., Cl. A+ | 12,500 |
| 1,551,443 | Cablevision Systems Corp., Cl. A+ | 14,056,074 |
| 30,000 | Charter Communications Inc., Cl. A+ | 55,800 |
| 40,000 | Comcast Corp., Cl. A+ | 853,200 |
| 85,000 | Comcast Corp., Cl. A, Special+ | 1,773,100 |
| 20,000 | NTL Inc.+ | 260 |
| 20,000 | Shaw Communications Inc., Cl. B | 164,290 |
| 80,000 | Shaw Communications Inc., Cl. B, Non-Voting | 665,600 |
| 370,000 | UnitedGlobalCom Inc., Cl. A+ | 606,800 |
| | | ----- |
| | | 18,187,624 |
| | | ----- |

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THE GABELLI EQUITY TRUST INC.
PORTFOLIO OF INVESTMENTS (CONTINUED)
SEPTEMBER 30, 2002 (UNAUDITED)

| SHARES | | MARKET |
|---------|--------------------------------------|--------------|
| ----- | | VALUE |
| | | ----- |
| | COMMON STOCKS (CONTINUED) | |
| | AVIATION: PARTS AND SERVICES -- 1.4% | |
| 101,320 | Curtiss-Wright Corp., Cl. B | \$ 5,952,550 |
| 90,000 | Fairchild Corp., Cl. A+ | 467,100 |
| 60,000 | Precision Castparts Corp. | 1,300,800 |
| 84,500 | Sequa Corp., Cl. A+ | 4,402,450 |
| 78,000 | Sequa Corp., Cl. B+ | 4,485,000 |
| | | ----- |

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| | | |
|-----------|--|--------------|
| | | 16,607,900 |
| | | ----- |
| | BROADCASTING -- 1.4% | |
| 15,015 | Clear Channel Communications Inc.+ | 521,771 |
| 16,666 | Corus Entertainment Inc., Cl. B+ | 199,523 |
| 25,000 | Gray Television Inc. | 273,750 |
| 28,000 | Gray Television Inc., Cl. A | 376,600 |
| 195,000 | Grupo Televisa SA, ADR+ | 4,970,550 |
| 200,000 | Liberty Corp. | 7,160,000 |
| 5,000 | LIN TV Corp., Cl. A+ | 123,750 |
| 4,000 | Nippon Broadcasting System Inc. | 118,285 |
| 40,375 | NRJ Group | 570,578 |
| 131,000 | Paxson Communications Corp.+ | 288,200 |
| 14,700 | RTL Group, Brussels | 377,709 |
| 3,000 | RTL Group, New York | 81,234 |
| 100,000 | Television Broadcasts Ltd. | 307,710 |
| 110,000 | Young Broadcasting Inc., Cl. A+ | 953,700 |
| | | ----- |
| | | 16,323,360 |
| | | ----- |
| | AGRICULTURE -- 1.1% | |
| 1,050,000 | Archer-Daniels-Midland Co. | 13,135,500 |
| 5,000 | Delta & Pine Land Co. | 93,700 |
| | | ----- |
| | | 13,229,200 |
| | | ----- |
| | SPECIALTY CHEMICALS -- 1.0% | |
| 5,400 | Ciba Specialty Chemicals, ADR (b) | 177,930 |
| 10,000 | du Pont de Nemours (E.I.) and Co. | 360,700 |
| 330,000 | Ferro Corp. | 7,623,000 |
| 40,000 | Fuller (H.B.) Co. | 1,064,000 |
| 120,000 | Hercules Inc.+ | 1,105,200 |
| 15,000 | IVAX Corp.+ | 184,050 |
| 210,000 | Omnova Solutions Inc.+ | 963,900 |
| 15,000 | Rohm and Haas Co. | 465,000 |
| 11,697 | Syngenta AG, ADR | 126,328 |
| | | ----- |
| | | 12,070,108 |
| | | ----- |
| | ELECTRONICS -- 0.9% | |
| 134,393 | Agere Systems Inc., Cl. B+ | 133,049 |
| 3,000 | Hitachi Ltd., ADR | 148,680 |
| 16,000 | Molex Inc., Cl. A | 335,984 |
| 7,500 | NEC Corp., ADR | 35,625 |
| 6,000 | Rohm Co. Ltd. | 704,287 |
| 38,800 | Royal Philips Electronics NV, ADR | 563,764 |
| 47,000 | Sony Corp., ADR | 1,931,700 |
| 200,000 | Texas Instruments Inc. | 2,954,000 |
| 250,000 | Thomas & Betts Corp.+ | 3,522,500 |
| 8,400 | Tokyo Electron Ltd. | 321,538 |
| | | ----- |
| | | 10,651,127 |
| | | ----- |
| | | MARKET |
| | | VALUE |
| | | ----- |
| | ENVIRONMENTAL SERVICES -- 0.7% | |
| 65,000 | Republic Services Inc.+ | \$ 1,222,000 |
| 300,000 | Waste Management Inc. | 6,996,000 |
| | | ----- |
| | | 8,218,000 |
| | | ----- |
| SHARES | | |
| ----- | | |

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| | | |
|---------|---|-----------|
| | BUILDING AND CONSTRUCTION -- 0.7% | |
| 92,500 | CRH plc | 1,037,539 |
| 32,222 | Huttig Building Products Inc.+ | 109,232 |
| 15,000 | Martin Marietta Materials Inc. | 488,550 |
| 137,800 | Nortek Inc.+ | 5,962,606 |
| 5,000 | Nortek Inc., Special Common+ (a) | 216,350 |
| | | ----- |
| | | 7,814,277 |
| | | ----- |
| | AUTOMOTIVE -- 0.6% | |
| 20,000 | Ford Motor Co. | 196,000 |
| 167,942 | General Motors Corp. | 6,532,944 |
| | | ----- |
| | | 6,728,944 |
| | | ----- |
| | BUSINESS SERVICES -- 0.5% | |
| 60,000 | ANC Rental Corp.+ | 6,000 |
| 180,000 | Cendant Corp.+ | 1,936,800 |
| 1,000 | CheckFree Corp.+ | 11,380 |
| 98,000 | Landauer Inc. | 3,248,700 |
| 70,000 | Nashua Corp.+ | 485,800 |
| 7,000 | Secom Co. Ltd. | 280,023 |
| 250,000 | Securicor plc | 397,087 |
| 3,500 | SYNAVANT Inc.+ | 2,835 |
| | | ----- |
| | | 6,368,625 |
| | | ----- |
| | METALS AND MINING -- 0.4% | |
| 72,500 | Harmony Gold Mining Co. Ltd. | 1,148,727 |
| 15,000 | Harmony Gold Mining Co. Ltd., ADR | 234,750 |
| 125,000 | Newmont Mining Corp. | 3,438,750 |
| 50,000 | Placer Dome Inc. | 456,500 |
| | | ----- |
| | | 5,278,727 |
| | | ----- |
| | PAPER AND FOREST PRODUCTS -- 0.4% | |
| 100,000 | MeadWestvaco Corp. | 1,921,000 |
| 170,000 | Pactiv Corp.+ | 2,796,500 |
| 10,000 | Rayonier Inc. | 419,100 |
| | | ----- |
| | | 5,136,600 |
| | | ----- |
| | COMMUNICATIONS EQUIPMENT -- 0.3% | |
| 60,000 | Acterna Corp.+ | 24,000 |
| 290,000 | Allen Telecom Inc.+ | 1,548,600 |
| 510,000 | Corning Inc.+ | 816,000 |
| 130,000 | Lucent Technologies Inc.+ | 98,800 |
| 110,000 | Motorola Inc. | 1,119,800 |
| 100,000 | Nortel Networks Corp.+ | 54,000 |
| 44,000 | Scientific-Atlanta Inc. | 550,440 |
| | | ----- |
| | | 4,211,640 |
| | | ----- |

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THE GABELLI EQUITY TRUST INC.
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 SEPTEMBER 30, 2002 (UNAUDITED)

MARKET

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| SHARES ----- | | VALUE ----- |
|-----------------|--|----------------|
| | COMMON STOCKS (CONTINUED) | |
| | CLOSED END FUNDS -- 0.2% | |
| 59,000 | Central European Equity Fund Inc. | \$ 737,500 |
| 18,592 | France Growth Fund Inc.+ | 98,352 |
| 54,150 | Italy Fund Inc. | 305,947 |
| 68,000 | New Germany Fund Inc.+ | 218,960 |
| 70,000 | Pimco RCM Europe Fund Inc. | 411,600 |
| 40,000 | Royce Value Trust Inc. | 503,600 |
| | | ----- |
| | | 2,275,959 |
| | | ----- |
| | SATELLITE -- 0.1% | |
| 180,323 | General Motors Corp., Cl. H+ | 1,649,955 |
| 34,000 | Liberty Satellite & Technology Inc., Cl. A+ | 76,500 |
| 190,000 | Loral Space & Communications Ltd.+ | 51,300 |
| | | ----- |
| | | 1,777,755 |
| | | ----- |
| | COMPUTER SOFTWARE AND SERVICES -- 0.1% | |
| 20,000 | Capcom Co. Ltd. | 456,711 |
| 10,000 | Computer Associates International Inc. | 96,000 |
| 160,000 | EMC Corp.+ | 731,200 |
| 30,000 | Genuity Inc., Cl. A+ | 8,400 |
| | | ----- |
| | | 1,292,311 |
| | | ----- |
| | TRANSPORTATION -- 0.1% | |
| 100,000 | AMR Corp.+ | 418,000 |
| 20,000 | Grupo TMM SA de CV, Cl. A, ADR+ | 122,200 |
| 7,500 | Kansas City Southern+ | 93,000 |
| 29,273 | Tsakos Energy Navigation Ltd.+ | 319,076 |
| | | ----- |
| | | 952,276 |
| | | ----- |
| | COMPUTER HARDWARE -- 0.0% | |
| 26,000 | Hewlett-Packard Co. | 303,420 |
| 10,000 | Xerox Corp.+ | 49,500 |
| | | ----- |
| | | 352,920 |
| | | ----- |
| | TOTAL COMMON STOCKS | 1,011,289,975 |
| | | ----- |
| | PREFERRED STOCKS -- 2.2% | |
| | PUBLISHING -- 1.1% | |
| 770,499 | News Corp. Ltd., Pfd., ADR | 12,790,281 |
| | | ----- |
| | SPECIALTY CHEMICALS -- 0.5% | |
| 273,500 | Hercules Trust I, 9.420% Pfd. | 5,757,175 |
| | | ----- |
| | TELECOMMUNICATIONS -- 0.3% | |
| 60,000 | Allen Telecom Inc., 7.750% Cv. Pfd., Ser. D | 2,460,000 |
| 31,000 | Broadwing Inc., 6.750% Cv. Pfd., Ser. B | 350,300 |
| 21,000 | Citizens Communications Co., 5.000% Cv. Pfd. | 686,910 |
| 500 | Lucent Technologies Capital Trust I, 7.750% Cv. Pfd.+ (b) | 112,500 |

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| SHARES | | MARKET VALUE |
|--------------|---|-----------------|
| ----- | | ----- |
| | | 3,609,710 |
| | | ----- |
| | AEROSPACE -- 0.2% | |
| 14,021 | Northrop Grumman Corp., 7.000% Cv. Pfd., Ser. B | \$ 2,005,003 |
| | | ----- |
| | BROADCASTING -- 0.1% | |
| 90 | Gray Television Inc., 8.000% Cv. Pfd., Ser. C (b) | 900,000 |
| 100,000 | ProSieben Sat.1 Media AG, Pfd. | 637,421 |
| | | ----- |
| | | 1,537,421 |
| | | ----- |
| | AVIATION: PARTS AND SERVICES -- 0.0% | |
| 3,000 | Sequa Corp., \$5.00 Cv. Pfd. | 256,800 |
| | | ----- |
| | WIRELESS COMMUNICATIONS -- 0.0% | |
| 10,760,547 | Telesp Celular Participacoes SA, Pfd.+ | 7,440 |
| | | ----- |
| | TOTAL PREFERRED STOCKS | 25,963,830 |
| | | ----- |
| | PRINCIPAL AMOUNT | |
| | ----- | |
| | CORPORATE BONDS -- 0.5% | |
| | ELECTRONICS -- 0.2% | |
| \$ 3,500,000 | Agere Systems Inc., Sub. Deb. Cv., 6.500%, 12/15/09 | 1,925,000 |
| | | ----- |
| | AUTOMOTIVE: PARTS AND ACCESSORIES -- 0.1% | |
| 1,400,000 | Standard Motor Products Inc., Sub. Deb. Cv., 6.750%, 07/15/09 | 1,078,000 |
| | | ----- |
| | AVIATION: PARTS AND SERVICES -- 0.1% | |
| 933,000 | Kaman Corp., Sub. Deb. Cv., 6.000%, 03/15/12 | 856,028 |
| | | ----- |
| | CABLE -- 0.1% | |
| 1,300,000 | Charter Communications Inc., Cv., 4.750%, 06/01/06 | 563,875 |
| | | ----- |
| | ENERGY AND UTILITIES -- 0.0% | |
| 1,000,000 | Mirant Corp., Sub. Deb. Cv., 2.500%, 06/15/21 | 441,250 |
| | | ----- |
| | WIRELESS COMMUNICATIONS -- 0.0% | |
| 500,000 | Nextel Communications Inc., 9.500%, 02/01/11 | 376,250 |
| | | ----- |
| | HOTELS AND GAMING -- 0.0% | |
| 400,000 | Hilton Hotels Corp., Sub. Deb. Cv., 5.000%, 05/15/06 | 368,000 |
| | | ----- |
| | CONSUMER PRODUCTS -- 0.0% | |
| 1,000,000 | Pillowtex Corp., Sub. Deb., 6.000%, 03/15/12+ (e) | 0 |

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TOTAL CORPORATE BONDS 5,608,403

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THE GABELLI EQUITY TRUST INC.
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 SEPTEMBER 30, 2002 (UNAUDITED)

| SHARES ----- | | MARKET VALUE ----- |
|-----------------|---|--------------------------|
| | RIGHTS -- 0.0% | |
| | CABLE -- 0.0% | |
| 298 | NTL Inc.+ | \$ 0 |
| | WARRANTS -- 0.0% | |
| | FOOD AND BEVERAGE -- 0.0% | |
| 62,463 | Denny's Corp., expires 01/07/05+ | 1,031 |
| | METALS AND MINING -- 0.0% | |
| 5,000 | Harmony Gold Mining Co. Ltd., ADR, expires 06/29/03+ | 57,450 |
| | TOTAL WARRANTS | 58,481 |
| | PRINCIPAL AMOUNT ----- | |
| \$ 50,000,000 | U.S. GOVERNMENT OBLIGATIONS -- 4.1% | |
| | U.S. Treasury Bills, 1.645%+, 10/24/02 | 49,947,451 |
| | REPURCHASE AGREEMENTS -- 10.6% | |
| 100,000,000 | Agreement with ABN AMRO, 1.850%, dated 09/30/02, due 10/01/02, proceeds at maturity, \$100,000,000 (c) | 100,000,000 |
| 27,467,000 | Agreement with State Street Bank and Trust Co., 1.800%, dated 09/30/02, due 10/01/02, proceeds at maturity, \$27,467,000 (c) | 27,467,000 |
| | TOTAL REPURCHASE AGREEMENTS | 127,467,000 |
| | TOTAL INVESTMENTS -- 101.6% | |
| | (Cost \$1,193,141,051) | \$1,220,335,140 |
| | OTHER ASSETS, LIABILITIES AND LIQUIDATION VALUE OF CUMULATIVE PREFERRED STOCK -- (37.4)% | (448,884,260) |
| | NET ASSETS -- COMMON STOCK -- 64.2% | |
| | (133,308,858 common shares outstanding) | 771,450,880 |
| | NET ASSETS -- PREFERRED STOCK -- 35.8% | |
| | (11,973,100 preferred shares outstanding) | 429,197,500 |
| | TOTAL NET ASSETS -- 100.0% | \$1,200,648,380 |

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NET ASSET VALUE PER COMMON SHARE
 (771,450,880 / 133,308,858 shares outstanding) \$5.79

| PRINCIPAL AMOUNT | SETTLEMENT DATE | NET UNREALIZED APRECIATION |
|---------------------|---|-------------------------------|
| ----- | | |
| \$ 7,790,000 (d) | FORWARD FOREIGN EXCHANGE CONTRACTS -- 0.0% Deliver Hong Kong Dollars in exchange for USD 2,627,026 | 08/01/03 \$863 |

| NOTIONAL AMOUNT | UNREALIZED DEPRECIATION |
|--------------------|--|
| ----- | |
| 130,000,000 | INTEREST RATE SWAP AGREEMENT -- (0.7)% Receive floating rate from Citibank, NA based on the 1-month LIBOR and pay a fixed rate equal to 4.494% Terminates 07/01/07 |

| | |
|-------------------------------------|-----------------|
| For Federal tax purposes: | |
| Aggregate cost | \$1,193,141,051 |
| Gross unrealized appreciation | \$ 251,792,242 |
| Gross unrealized depreciation | (224,597,290) |
| Net unrealized appreciation | \$ 27,194,952 |

- (a) Security fair valued under procedures established by the Board of Directors.
 - (b) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At September 30, 2002, the market value of Rule 144A securities amounted to \$1,190,430 or 0.1% of total net assets.
 - (c) Collateralized by U.S. Treasury Notes, 7.50% to 8.50%, due 02/15/20 to 11/15/24, market value \$128,026,139.
 - (d) Principal amount denoted in Hong Kong Dollars.
 - (e) Bond in default.
 - + Non-income producing security.
 - ++ Represents annualized yield at date of purchase.
- ADR - American Depository Receipt.
 BDR - Brazilian Depository Receipt.
 CVO - Contingent Value Obligation.
 RNC - Non-Convertible Savings Shares.
 USD - U.S. Dollars.

| | % OF MARKET VALUE | MARKET VALUE |
|----------------------------|-------------------------|-----------------|
| ----- | | |
| GEOGRAPHIC DIVERSIFICATION | | |
| United States | 85.17% | \$1,039,302,143 |
| Europe | 10.66 | 130,130,097 |
| Asia/Pacific Rim | 2.21 | 26,994,148 |
| Latin America | 1.01 | 12,349,807 |
| Canada | 0.83 | 10,175,468 |

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| | | |
|-------------------------|--------|-----------------|
| South Africa | 0.12 | 1,383,477 |
| | ----- | ----- |
| Total Investments | 100.0% | \$1,220,335,140 |
| | ===== | ===== |

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AUTOMATIC DIVIDEND REINVESTMENT
AND VOLUNTARY CASH PURCHASE PLAN

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 1 (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

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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.

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, RI02940-3011 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 month. 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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DIRECTORS AND OFFICERS

THE GABELLI EQUITY TRUST INC.

ONE CORPORATE CENTER, RYE, NY 10580-1422

DIRECTORS

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

Dr. Thomas E. Bratter
PRESIDENT, JOHN DEWEY ACADEMY

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

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

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

Arthur V. Ferrara
FORMER CHAIRMAN AND 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

Mario J. Gabelli, CFA
PRESIDENT & CHIEF INVESTMENT OFFICER

Bruce N. Alpert
VICE PRESIDENT & TREASURER

Carter W. Austin
VICE PRESIDENT

James E. McKee
SECRETARY

INVESTMENT ADVISER

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

CUSTODIAN

Boston Safe Deposit and Trust Company

COUNSEL

Willkie Farr & Gallagher

TRANSFER AGENT AND REGISTRAR

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EquiServe Trust Company

STOCK EXCHANGE LISTING

| | COMMON | 7.25% PREFERRED | 7.20% PREFERRED |
|--------------|-------------|--------------------|--------------------|
| NYSE- | | | |
| Symbol: | GAB | GAB Pr | GAB PrB |
| Shares | | | |
| Outstanding: | 133,308,858 | 5,367,900 | 6,600,000 |

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 1-800-GABELLI (1-800-422-3554), fax us at
914-921-5118, visit Gabelli Funds' Internet
homepage at: [HTTP://WWW.GABELLI.COM](http://WWW.GABELLI.COM)
or e-mail us at: closedend@gabelli.com

Notice is hereby given in accordance with Section 23(c) of the Investment
Company Act of 1940, as amended, that the 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
(914) 921-5070
[HTTP://WWW.GABELLI.COM](http://WWW.GABELLI.COM)

THIRD QUARTER REPORT
SEPTEMBER 30, 2002

GBFCM 09/02