

GABELLI EQUITY TRUST INC  
Form N-30B-2  
June 04, 2003

[GRAPHIC OMITTED]  
PICTURE OF FLAGS

[LOGO OMITTED]  
THE GABELLI  
EQUITY TRUST INC.

FIRST QUARTER REPORT  
MARCH 31, 2003

[LOGO OMITTED]  
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.

[GRAPHIC OMITTED]

PICTURE OF FLAGS

ALABAMA ALASKA ARIZONA ARKANSAS CALIFORNIA COLORADO CONNECTICUT  
DELAWARE FLORIDA GEORGIA HAWAII IDAHO ILLINOIS INDIANA IOWA  
KANSAS KENTUCKY LOUISIANA MAINE MARYLAND MASSACHUSETTS MICHIGAN  
MINNESOTA MISSISSIPPI MISSOURI MONTANA NEBRASKA NEVADA NEW HAMPSHIRE  
NEW JERSEY NEW MEXICO NEW YORK N. CAROLINA N. DAKOTA OHIO  
OKLAHOMA OREGON PENNSYLVANIA RHODE ISLAND S. CAROLINA S. DAKOTA  
TENNESSEE TEXAS UTAH VERMONT VIRGINIA WASHINGTON WEST VIRGINIA  
WISCONSIN WYOMING

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.

[GRAPHIC OMITTED]  
PICTURE OF MARIO GABELLI

[LOGO OMITTED]  
THE GABELLI  
EQUITY TRUST INC.

TO OUR SHAREHOLDERS,

After rallying briefly in early January, stocks retreated through mid-March as investors pondered the political and economic consequences of the impending war with Iraq. When President Bush gave Saddam Hussein 48 hours to "get out of Dodge" and then launched Operation Shock and Awe, the market posted one of its most impressive one week gains in history, briefly putting the major stock indices in positive territory for the year. However, as the pace of military progress slowed, stocks pulled back again, finishing the first quarter of 2003 with a loss. With technology stocks leading the way, growth stocks

## Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

materially outperformed value stocks for the second consecutive quarter. The Gabelli Equity Trust (the "Trust") closed the quarter with a 6.66% decline versus a 3.15% loss for the Standard & Poor's ("S&P") 500 Index.

### 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. The Trust distributed \$0.27 per share on March 25, 2003. Additionally, the Board of Directors declared a \$0.14 per share cash distribution payable on June 24, 2003 to common stock shareholders of record on June 16, 2003.

Given the Trust's current net asset value, the Board of Directors reconsidered the appropriate level of quarterly payments pursuant to the 10% Distribution Policy. Accordingly, subsequent interim quarterly distributions will be set at the \$0.14 per share level in an effort to provide our common stock shareholders consistent distributions throughout the year pursuant to our 10% Distribution Policy. Each quarter, the Board of Directors reviews the amount of any potential distribution based on the income, capital gains or capital available. Currently, the Trust has approximately \$150 million (\$1.11 per common share) of gross unrealized appreciation on portfolio securities which could be realized through their sale and distributed to shareholders.

Under the Trust's payout policy, the Trust will pay out a minimum annual distribution of 10% of the average net asset value of the Trust. For the past several years, the Trust paid \$0.27 per share in each of the first three quarters of the year and an adjusting distribution in the fourth quarter of an amount sufficient to pay 10% of the average net asset value of the Trust, as of the last day of the four preceding calendar quarters, or to satisfy the minimum distribution requirements of the Internal Revenue Code, whichever is greater. Considering the current net asset value, a \$0.14 per share quarterly distribution would provide a stable level of distributions.

A portion of this distribution may be treated as long-term capital gains. This has the effect of providing individual shareholders with an ordinary income tax equivalent yield that is higher than the current yield. Long-term capital gains and ordinary income, if any, will be allocated on a pro-rata basis to all distributions for the year. The final determination of the source of all distributions in 2003 will be made after year-end.

### 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 547 publicly-traded closed-end funds in the U.S., approximately 33% currently trade at premiums to NAV versus 26% five years ago and 60% ten years ago. For general equity funds such as the Trust, approximately 21% currently trade at premiums to NAV versus 25% five years ago and 38% 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 0.8% premium to NAV. Beginning in early 2001, the market price of the Trust exceeded the NAV and this premium gradually increased through June 2002. The previous extended period in which a premium existed occurred during a 20-month period from August 1993 to March 1995.

## Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

"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.

### PREMIUM/DISCOUNT SINCE INCEPTION

[GRAPHIC OMITTED]  
PLOT POINTS FOLLOW:

-----

MARCH 31, 2003	
-----	
Net Asset Value	\$5.58
Market Price	\$6.90
Premium	23.66%

-----

8/21/86	0
9/30/86	0.0067
10/31/86	0.0046
11/30/86	-0.0390
1986	-0.0661
1/31/87	-0.1363
2/28/87	-0.1323
3/31/87	-0.1555
4/30/87	-0.1393
5/31/87	-0.1788
6/30/87	-0.2028
7/31/87	-0.2000
8/31/87	-0.2052
9/30/87	-0.2128
10/31/87	-0.2074
11/30/87	-0.2154
1987	-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
1988	-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

Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

8/31/89	-0.0243
9/30/89	-0.0385
10/31/89	-0.0257
11/30/89	-0.0217
1989	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	-0.0180
9/30/90	-0.0348
10/31/90	-0.1187
11/30/90	-0.0327
1990	0.0290
1/31/91	-0.0091
2/28/91	0.0269
3/31/91	0.0150
4/30/91	-0.0257
5/31/91	-0.0100
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
1991	-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
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
1992	-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	0.0120
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
1993	0.0573
1/31/94	0.0797
2/28/94	0.0673
3/31/94	0.0733
4/30/94	-0.0270
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

Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

10/31/94	0.0375
11/30/94	0.0622
1994	0.0121
1/31/95	0.0047
2/28/95	0.0300
3/31/95	0.0170
4/30/95	-0.0122
5/31/95	-0.0240
6/30/95	-0.0081
7/31/95	-0.0440
8/31/95	-0.0697
9/30/95	-0.0845
10/31/95	-0.1206
11/30/95	-0.0750
1995	-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	-0.0470
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
1996	-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
9/30/97	-0.0397
10/31/97	-0.0636
11/30/97	-0.0175
1997	0.0316
1/31/98	0.0119
2/28/98	-0.0088
3/31/98	-0.0220
4/30/98	-0.0788
5/31/98	-0.0885
6/30/98	-0.0400
7/31/98	-0.0420
8/31/98	-0.0814
9/30/98	-0.0091
10/31/98	0.0025
11/30/98	0.0216
1998	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	-0.0060
6/30/99	-0.0163
7/31/99	0.0070
8/31/99	0.0159
9/30/99	0.0126
10/31/99	-0.0045
11/30/99	-0.0178

## Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

1999	-0.0147
1/31/00	-0.0331
2/29/00	-0.0835
3/31/00	-0.0438
4/30/00	-0.0780
5/31/00	-0.0460
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
2000	0.0493
1/31/01	-0.0450
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
2001	0.2029
1/31/02	0.2497
2/28/02	0.2463
3/30/02	0.2311
4/30/02	0.2480
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
10/31/02	0.1400
11/30/02	0.1800
12/31/02	0.0908
1/31/03	0.1680
2/28/03	0.2076
3/31/03	0.2366

### 7.25% TAX ADVANTAGED CUMULATIVE PREFERRED STOCK

The Trust's 7.25% Tax Advantaged Cumulative Preferred Stock paid a cash distribution on March 26, 2003 of \$0.453125 per share. For the twelve months ended March 31, 2003, Preferred Stock shareholders received distributions totaling \$1.8125, the annual dividend rate per share of Preferred Stock.

The Trust, as authorized by the Board of Directors, will redeem all (5,367,900 Shares) of its outstanding 7.25% Cumulative Preferred Stock. The redemption date is June 17, 2003 and the redemption price is \$25.4078 per Preferred Share, which consists of \$25.00 per Preferred Share (the "liquidation value") plus accrued dividends through the

2

redemption date of \$0.4078 per Preferred Share. The Preferred Shares are 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.

From and after the redemption date, the Preferred Shares to be redeemed

## Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

will no longer be deemed outstanding, dividends will cease to accrue and all the rights of the Preferred Shareholders with respect to the Preferred Shares to be redeemed will cease, except the right to receive the redemption price. Shareholders of record will be mailed a redemption notice and letter of transmittal shortly. The redemption price will be paid only to shareholders of record who complete and sign the letter of transmittal and submit certificates for the number of Preferred Shares being redeemed. The paying agent for this redemption is Equiserve Trust Company, N.A.

The Board has also authorized the Trust to issue additional preferred stock in the future. The actual amount of capital to be raised, the dividend rate and the timing of any new offering will be determined at a later date. Any offering will be made only by means of a prospectus.

The Preferred Shares, which trade on the New York Stock Exchange under the symbol "GAB Pr", are rated 'Aaa' by Moody's Investor Services and have an annual dividend rate of \$1.8125 per share. The Preferred Shares pay distributions quarterly.

### COMPARATIVE RESULTS

----- AVERAGE ANNUAL RETURNS THROUGH MARCH 31, 2003 (A) -----					
	QUARTER -----	SINCE INCEPTION (B) -----	10 YEAR -----	5 YEAR -----	3 YEAR -----
Gabelli Equity Trust NAV Return (c) .....	(6.66)%	9.45%	6.84%	(2.52)%	(12.00)%
Gabelli Equity Trust Investment Return (d) .....	4.76%	10.35%	8.52%	1.65%	(5.00)%
S&P 500 Index .....	(3.15)%	10.31%	8.53%	(3.76)%	(16.00)%
Dow Jones Industrial Average .....	(3.76)%	12.04%	11.10%	(0.16)%	(8.00)%
Nasdaq Composite Index .....	0.42%	7.87%	6.87%	(6.08)%	(33.00)%

(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. 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). Performance for periods less than one year are not annualized.

(b) From commencement of investment operations on August 21, 1986.

(c) 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 initial net asset value of \$9.34.

(d) Total returns and average annual returns reflect changes in closing market values on the New York Stock Exchange, reinvestment of distributions, 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.

### ----- COMMENTARY

VI DAY

## Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

As we prepare this letter, U.S. coalition forces have achieved their objective of regime change in Iraq and investor focus is shifting from the war to the economy and corporate profits. It is still too early to tell whether Federal Reserve Board ("Fed") Chairman Alan Greenspan and other economists are correct in their assumption that uncertainty regarding Iraq has been the primary restraint on economic growth. Recently released economic data has been discouraging. Institute for Supply Management ("ISM") barometers show manufacturing and services contracting in March. Consumer sentiment

3

readings remain near 10-year lows, and consumer spending has softened. We have even seen signs of weakness in the robust housing market. Business investment and capital spending, which had improved modestly in the fourth quarter of 2002, has stalled.

Importantly, however, oil prices have come down significantly from their peaks. If oil settles in the mid-\$20 per barrel range (OPEC's price target) it will be the equivalent of a giant tax cut for businesses and consumers, and should provide a big boost for the economy. The swift victory in Iraq should also increase President Bush's political capital and help the Administration push accelerated tax cuts through Congress. With Senators from both parties concerned about rising budget deficits, the tax-cut package will likely be trimmed, but any tax relief should help jump-start the economy. Finally, the Fed still has room for a little more monetary stimulus, which we believe it is ready to provide if the economy fails to regain much traction in the months ahead.

Our longer-term outlook for the economy and stock market hasn't changed much. We are still anticipating an extended period of modest economic and corporate earnings growth and a more benign, but not very inspiring stock market. Over the next five years, we believe stock selection will be critical to producing satisfactory returns.

### ELIMINATING THE DOUBLE TAXATION OF DIVIDENDS

Along with accelerated tax cuts for individuals and businesses, the Bush Administration's economic stimulus package calls for the elimination of the double taxation on dividends (dividends are taxed twice, first at the corporate level and again when distributed to shareholders). The debate is whether this would have any favorable short-term impact on the economy. In our opinion, it would certainly have a significantly favorable long-term impact on the corporate culture and promote a more efficient allocation of capital. In addition, the impact on investor psychology and on the stock market will be immediate, resulting in a favorable propensity to invest and consume.

In the momentum and mindless index-driven 1990s, speculators didn't focus on dividends. They wanted growth. Corporate managements, seduced by baskets of options, obliged by spending all their profits and borrowing more money to finance "growth at all cost" strategies -- building and/or buying businesses with economically questionable prospects. Instead of dividends, which didn't boost stock prices in the short run, stock buybacks, especially at prices well above intrinsic value, were rationalized as the tax efficient tool to return capital to shareholders. The end result was deteriorating balance sheets and a lot of non-productive assets weighing down earnings. Investors have been paying the price for this for three years. Today, more investors are looking for dividends. Given the incentive that would be provided by eliminating the double taxation on dividends or perhaps just lowering the tax rate on dividends to the same level as capital gains, we believe shareholders would force corporate America to comply. Investors would be better compensated for the risk inherent in stocks and corporate managements less inclined to repeat the mistakes of the past, though we agree that dividends themselves could be prone to abuse.



## Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

### SECULAR TRENDS

With the economic outlook still clouded by the effects of the war, it is extremely difficult to determine the short and intermediate term prospects for cyclical (economically sensitive) industries. However, there are a number of industries that we believe are about to benefit from favorable secular trends. So, rather than focusing on economic forecasts, let's look at a few industries that should do relatively well irrespective of the level of Gross Domestic Product ("GDP") growth in the year ahead.

There are approximately 200 million vehicles on the road in the U.S. They are built a lot better than they were when I was a kid, when the average passenger car was ready for the junkyard after only 50,000 miles. Fifteen years ago, getting 100,000 miles out of the family sedan was a victory. Today, a new car will last as much as 170,000 miles and the average

4

age of a passenger car is 9.3 years, up from 8.1 years in the early 1990s. Light trucks and sports utility vehicles ("SUVs") are getting older too. Cars between five and ten years old need the most replacement parts. Between 1996 and 2001, cars in this maturity range declined 2.2%. Over the next five years, they should increase by 15%. This is good news for auto parts manufacturers such as Standard Motor Products and Modine Manufacturing, and leading distributors such as Genuine Parts.

Utility companies are going back to the basics -- selling and/or exiting extraneous businesses, and focusing on the monopoly-like business of distributing electricity and/or natural gas to their local and regional customer bases. This should result in stable 10%-11% annualized earnings growth and, after shoring up balance sheets damaged by ill-advised forays into other businesses, rising dividends. In a market environment where we think investors will continue to appreciate yield, utility stocks should once again attract a loyal following. Also, now that utility companies have largely given up on the concept of growing through diversification, we believe they will focus on growing through the acquisition of smaller competitors. Consequently, we favor utility companies such as Southwest Gas and DQE, where we expect to earn respectable returns until we are ultimately rewarded by a takeover.

Although consolidation in the television broadcast industry has slowed due to flagging advertising revenues in the soft economy and regulatory foot-dragging, things are about to change. We believe the Federal Communications Commission ("FCC") is about to raise the cap on a single broadcast company's national "footprint" from 35% to 50% of total households and allow duopolies (the ownership of two TV stations) in smaller markets. This should reinvigorate takeover activity as the bigger fish stalk smaller competitors such as Liberty Corp. and Young Broadcasting. Also, while advertising spending is a function of the relative strength of the economy, broadcast ad revenues should get a boost from the Olympics and the elections in 2004.

Finally, we believe the supply/demand dynamics for stocks will improve as under-funded defined benefit plan pension funds (among the many victims of a three-year bear market) are forced to play catch-up to balance assets with liabilities. The outsized equity returns of the late 1990s spared corporations from having to put much money in the defined benefit plan pot. Now, they will have to pony up a considerable amount of cash, and despite the fact that equities have performed so poorly in recent years, historically low bond yields make stocks more attractive. We think much of this money will initially go into higher-yielding more defensive industry groups such as utilities, but that new defined benefit plan investment will also gravitate to other industry groups that perform relatively well in the year ahead.

## Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

### INTERNATIONAL OUTLOOK

A portion of the Trust's portfolio continues to be managed by Caesar Bryan. Caesar is the portfolio manager of the Gabelli International Growth Fund and a member of the Global Portfolio Management Team. Caesar's thoughts on international markets and global economies are provided below:

The Iraq situation dominated the news during the quarter and markets actually rallied in response to the start of hostilities. It was almost a relief that the endless back and forth between the U.S. and the United Nations had come to an end, especially as most believed that a military conflict appeared to be inevitable in the absence of a total Iraqi capitulation. In the run up to the start of the hostilities, equity markets outside the U.S. fell to new bear market lows.

In our year-end letter we spoke about equity valuations in Europe highlighting that many leading companies trade at multiples of earnings in the mid-teens or less and yield more than the prevailing ten-year Government bond yield. In Japan, the equity market yields more than twice the ten-year Japanese Government bond yield and the earnings yield of the stock market (the inverse of the price/earnings multiple) is about five times the yield in the ten-year Government bond. Of course, it helps that the ten-year Government bond yielded a world record low 70 basis points (yes that's less than one

5

percent) at the end of March. Based on historic relationships, either the Japanese equity market is massively undervalued or the bond market is way over-priced. Probably it is both.

The economic backdrop is not particularly encouraging, but bull markets generally do not start when the economic gurus are forecasting sunny skies and warm temperatures. In Europe, forecasts for economic growth are continually being nudged downwards and over recent months the larger economies such as Germany and France probably did not grow at all. Germany is forecasted to grow by 0.4% this year and the Euro zone by 1%. European economies are constrained by the fiscal limits imposed by the Stability Pact, which means that governments are restrained from undertaking any fiscal stimulus because of high budget deficits. On the monetary side, there certainly remains scope for the European Central Bank ("ECB") to cut rates, which currently stand at 2.5%. Indeed, the recent strength of the euro is tantamount to a tightening of monetary policy. So all things being equal, the ECB should reduce interest rates to counter the effects of a rising euro. In the next few months, we expect the ECB to cut interest rates sharply, perhaps by 1%. This, combined with lower oil prices, should boost European economies.

The export-led growth spurt in Japan now appears to be wearing off. Higher exports to the U.S. in 2002 resulted in higher industrial production, better wage growth and a rise in business investment. These trends now appear to have reversed. Exports to the U.S. fell noticeably in February and March, which has resulted in a decline in industrial production. Similarly, overtime hours worked is falling, as are private machinery orders. The fear is that if export demand to the U.S. fails to recover, Japan will suffer a weak economy for the rest of 2003 as firms shed labor. Excess capacity has yet to be taken out of the economy. Bad loans have been written off but not called. Early in the new year, Mr. Fukui was appointed Governor of the Bank of Japan, but, as yet, he has offered no new policy initiatives. The critical financial year-end period at the end of March came and went without incident. However, those who expected a bounce in the market in the new financial year were disappointed. Further selling pressure from pension plans known as Daiko Henjo battered the market.

## Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

Is the bear market over? Obviously we don't know but three observations can be made. First, there has been a return of merger and acquisition activity, especially in Europe. Second, valuations are attractive assuming a reasonable economic outlook. Companies have cut costs which has helped earnings. Last, the bear market in Europe is three years old and presumably much of the excess has been purged. Time will tell whether there is a post-war economic bounce and how sustainable it is. We primarily focus on bottom up stock ideas with a concentration on companies that can show top line growth in the current low-growth environment. However, in this context we remain fairly cautious in our economic outlook. It will be nice to be proved wrong, in which case some of our economically sensitive holdings should perform well.

### INVESTMENT SCORECARD

During the first quarter, our top performing holdings were from a variety of sectors including pest control (Rollins Inc.), consumer services (USA Interactive), oil and gas (Burlington Resources) and health products (Centerpulse). Our cable television investments, most notably Comcast and Cablevision Systems, also posted good gains. Biotech giant Amgen performed strongly during the quarter, as did travel services oriented conglomerate Cendant.

Auto parts manufacturers Dana Corp., GenCorp and TransPro, appliance producer Maytag and investment manager Charles Schwab were among our biggest disappointments. Aerospace leader Boeing was hit hard due to the troubles of the commercial airlines and defense contractor Lockheed Martin faded as investors aggressively took profits in this sector.

6

### 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.

CABLEVISION SYSTEMS CORP. (CVC - \$18.99 - NYSE) is one of the nation's leading communications and entertainment companies, with a portfolio of operations that spans state-of-the-art cable television services, professional sports teams and national cable television networks. Headquartered in Bethpage, N.Y., Cablevision serves 3 million cable customers in the most important cable TV market -- New York. Cablevision also owns and operates New York City's famed Madison Square Garden ("MSG"), which includes the arena complex, the N.Y. Knicks, the N.Y. Rangers and the MSG network. MSG operates Radio City Entertainment and holds a long-term lease for Radio City Music Hall, home of the world-famous Rockettes. In addition, Cablevision's Rainbow Media unit owns high-growth cable networks, including AMC, Women's Entertainment, IFC, and several Fox Regional Sports Networks.

DQE INC. (DQE - \$12.19 - NYSE) is a consolidation play whose stock price fell sharply in mid-2002 when the company came to market with a very large equity offering. The Trust made additional purchases of DQE stock in the fourth quarter of 2002 and again in early 2003. DQE is the holding company for the electric utility in Pittsburgh called Duquesne Light. The company sold off nearly all of its power plants when the state of Pennsylvania moved toward utility deregulation a few years ago. DQE's back-to-basics strategy involves divesting non-utility businesses. DQE has an agreement to sell off its water utility business and plans to use the proceeds to pay down debt. DQE closed on the sale of its propane business in December 2002. The company is surrounded by several utilities that are much larger and we think that its relatively low stock price makes it an attractive takeover target.

## Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

FLOWSERVE CORP. (FLS - \$11.65 - 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 valve 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.

KELLOGG CO. (K - \$30.65 - 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. Kellogg remains 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.

MGM MIRAGE (MGG - \$29.25 - NYSE) owns and/or operates fifteen hotel-casino report properties, twelve of which are located in Nevada. Among those located on the Las Vegas Strip are Bellagio, the MGM Grand Hotel and Casino, The Mirage, Treasure Island, New York-New York Hotel and Casino, the Boardwalk Hotel and Casino, and Monte Carlo, a 50-50 joint venture with Mandalay Resort Group (MBG - \$27.56 - NYSE). MGM Mirage also owns and operates hotel-casino resort properties in Michigan, Mississippi and Australia. In November 2000, a limited liability company, which MGG owns 50-50 with Boyd Gaming (BYD - \$12.75 - NYSE), began construction of the Borgata, a 2,000-guestroom hotel-casino resort in Atlantic City, New Jersey, which is scheduled to open in the summer of 2003.

7

SBC COMMUNICATIONS INC. (SBC - \$20.06 - NYSE) is the second largest incumbent local exchange carrier in US with over 60 million access lines. SBC recently merged its wireless operations with those of BellSouth (BLS - \$21.67 - NYSE) forming the second largest U.S. mobile wireless provider, Cingular Wireless, currently servicing about 22 million customers. SBC owns 60% of Cingular. SBC has strong presence around the globe with ownership interests in Telefonos de Mexico, as well as various minority investments in Denmark, Norway, Belgium, and other European countries.

STANDARD MOTOR PRODUCTS INC. (SMP - \$11.10 - NYSE), headquartered in Long Island City, New York, supplies functional replacement parts for the engine management, electrical and climate control systems of cars, trucks and buses. The company services all makes and models, both new and old cars, imported and domestic. SMP has two primary divisions -- engine management and temperature control -- and believes it is the number one supplier to the North American aftermarket in each of these lines.

T. ROWE PRICE GROUP INC. (TROW - \$27.12 - NASDAQ) is an investment management company with \$140 billion in assets under management. The company has a strong investment performance track record and a well-balanced business as equity securities represent approximately 60% of assets under management and bond and money market securities represent approximately 40%. T. Rowe's retirement investment focus, 529 college savings plan product offerings, international investment management business, and expanding third-party distribution should

## Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

enable the company to capitalize on most of the major future growth opportunities in the asset management industry.

TRIBUNE CO. (TRB - \$45.01 - NYSE), headquartered in Chicago, is a leading national media company with operations in major U.S. markets. With its 2000 acquisition of The Times Mirror Company, it now has television and/or newspaper properties in 18 of the nation's top 30 markets. It is the only media company with television, newspaper and Internet properties in the nation's top three markets -- New York, Los Angeles and Chicago. Flagship properties include: WPIX-TV (New York), WGN-TV (Chicago), NEWSDAY, LOS ANGELES TIMES, and CHICAGO TRIBUNE. Additionally, Tribune owns the Chicago Cubs and has a stake in the WB Television Network. The company is focused on growing and strengthening its major market cross-media positions.

VIACOM INC. (VIA - \$36.50 - NYSE) is a diversified media company with businesses across many media platforms. The firm operates cable networks (including BET, VH1, MTV, Showtime and Nickelodeon), television networks and stations (including the CBS and UPN Television networks and numerous affiliated TV stations in major markets), major market radio stations and outdoor advertising (through Infinity Broadcasting), a movie studio (Paramount), a publishing house (Simon and Schuster), amusement parks (Paramount Parks) and video rental operations (Blockbuster). The company focuses on high growth businesses and aims to deliver cash flow growth that is above the industry average.

### 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 March 26, 2003 of \$0.45 per share. For the twelve months ended, March 31, 2003, Series B Preferred Stock shareholders received distributions totaling \$1.80, the annual dividend rate per share of Series B Preferred Stock. The next distribution is scheduled for June 2003.

### 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 1.28% to 1.45% during the first 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.

8

WWW.GABELLI.COM

Please visit us on the Internet. Our homepage at [www.gabelli.com](http://www.gabelli.com) contains information about Gabelli Asset Management Inc., the Gabelli Mutual Funds, IRAs, 401(k)s, quarterly reports, closing prices and other current news. You can send us e-mail at [closedend@gabelli.com](mailto: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](http://www.gabelli.com) as reflected below.

	MAY	JUNE	JULY
	---	----	----
1st Tuesday	Howard Ward	Howard Ward	Howard Ward
1st Wednesday	Henry Van der Eb	Susan Byrne	Caesar Bryan
2nd Wednesday	Caesar Bryan	Walter Walsh	Charles Minter & Martin Weiner
3rd Wednesday	Elizabeth Lilly	Ivan Arteaga	Hartswell Woodson



Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

Compania de Telecomunicaciones		
de Chile SA, ADR .....	2,000	47,000
CMS Energy Corp. ....	100,000	100,000
Coldwater Creek Inc. (b) .....	5,000	15,000
Cypress Semiconductor Corp. ....	185,000	500,000
DQE Inc. ....	10,000	110,000
El Paso Corp. ....	50,000	200,000
Energizer Holdings Inc. ....	40,000	40,000
Eni SpA .....	35,000	35,000
Fomento Economico Mexicano SA		
de CV, ADR .....	7,000	7,000
Gallaher Group plc .....	30,000	30,000
Harmony Gold Mining		
Co. Ltd., ADR .....	15,000	30,000
Henry Schein Inc. ....	5,000	20,000
Hilton Group plc .....	50,000	2,510,000
Ito-Yokado Co. Ltd. ....	8,000	16,000
Janus Capital Group Inc. ....	30,000	30,000
Knight-Ridder Inc. ....	1,100	17,000
Maytag Corp. ....	10,000	45,000
Metro-Goldwyn-Mayer Inc. ....	100,000	400,000
Molex Inc., Cl. A .....	2,000	20,000
Mondavi (Robert) Corp., Cl. A .....	8,700	50,000
Nestle SA .....	1,000	2,000
Newmont Mining Corp. ....	5,000	130,000
Pernod-Ricard SA (c) .....	1,750	8,750
Rollins Inc. (d) .....	224,800	697,800
Telecom Italia SpA, RNC .....	15,000	150,000
Telefonica Moviles SA .....	75,000	75,000
Telefonica SA, ADR (e) .....	10,711	275,850
Telefonica SA, BDR (f) .....	683	17,595
Texas Instruments Inc. ....	5,000	205,000
Tootsie Roll Industries Inc. (g) .....	3,116	106,970
UBS AG .....	6,000	20,000
NET SALES		
COMMON STOCKS		
Altadis SA .....	(10,000)	60,000
Bankgesellschaft Berlin AG .....	(2,000)	280,000
		OWNERSHIP AT
		MARCH 31,
	SHARES	2003
	-----	-----
Blockbuster Inc., Cl. A .....	(50,000)	--
Boots Co. plc .....	(75,000)	--
BT Group plc, ADR .....	(14,000)	22,300
Cable & Wireless plc, ADR .....	(10,000)	170,000
Catellus Development Corp. ....	(300)	449,700
Cheung Kong (Holdings) Ltd. ....	(5,000)	70,000
Clear Channel Communications Inc. ....	(5,015)	10,000
Coca-Cola Enterprises Inc. ....	(5,000)	45,000
Delphi Corp. ....	(5,000)	60,000
Deutsche Telekom AG, ADR .....	(10,278)	230,000
Fast Retailing Co. Ltd. ....	(10,000)	--
FPL Group Inc. ....	(1,100)	8,300
France Growth Fund Inc. ....	(592)	18,000
France Telecom SA, ADR .....	(1,000)	23,000
Gas Natural SDG SA .....	(30,000)	--
Genuity Inc., Cl. A .....	(20,000)	--
GrafTech International Ltd. ....	(5,000)	70,000
Gucci Group NV, ADR .....	(12,500)	22,000

Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

Halliburton Co. ....	(47,000)	142,000
Hewlett-Packard Co. ....	(1,000)	25,000
Interbrew .....	(18,000)	--
Italy Fund Inc. (h) .....	(54,150)	--
Leap Wireless International Inc. ....	(20,000)	80,000
Lucent Technologies Inc. ....	(5,000)	125,000
mm02 plc, ADR .....	(1,600)	124,000
Murata Manufacturing Co. Ltd. ....	(1,000)	10,500
New Germany Fund Inc. ....	(1,000)	67,000
Nortek Holdings Inc. (i) .....	(137,800)	--
Nortek Holdings Inc., Special Common (j) .....	(5,000)	--
Northrop Grumman Corp. ....	(2,069)	179,000
Parmalat Finanziaria SpA .....	(150,000)	--
Penton Media Inc. ....	(40,000)	360,000
Philip Morris Companies Inc. ....	(20,000)	--
Precision Castparts Corp. ....	(3,000)	52,000
RAS SpA (k) .....	(28,998)	31,002
RCN Corp. ....	(20,000)	70,000
Shimano Inc. ....	(32,000)	--
Stilwell Financial Inc. ....	(30,000)	--
Sulzer AG .....	(500)	5,500
Swatch Group AG, Cl. B .....	(5,000)	10,000
TELUS Corp., Non-Voting, ADR .....	(2,750)	24,750
Tokyo Electron Ltd. ....	(3,000)	10,400
USA Interactive Inc. ....	(5,000)	485,000
Vivendi Universal SA, ADR .....	(5,000)	320,000
Wachovia Corp. ....	(5,000)	125,000

10

THE GABELLI EQUITY TRUST INC.  
PORTFOLIO CHANGES (CONTINUED)  
QUARTER ENDED MARCH 31, 2003 (UNAUDITED)

	SHARES	OWNERSHIP AT MARCH 31, 2003
	-----	-----
NET SALES (Continued)		
PREFERRED STOCKS		
Allen Telecom Inc., 7.750% Cv. Pfd., Ser. D .....	(46,000)	6,500
News Corp. Ltd., Pfd., ADR .....	(5,494)	765,000
CORPORATE BONDS		
Agere Systems Inc., Sub. Dev. Cv., 6.500%, 12/15/09 .....	(200,000)	3,300,000
Charter Communications Inc., Cv., 4.750%, 06/01/06 .....	(100,000)	1,200,000
Kaman Corp., Sub. Deb. Cv., 6.000%, 03/15/12 .....	(65,000)	868,000
Standard Motor Products Inc., Sub. Deb. Cv., 6.750%, 07/15/09 .....	(150,000)	1,250,000
-----		
(a) 5.000% stock dividend		
(b) 3 for 2 stock split		
(c) 1 for 4 bonus issue		
(d) 3 for 2 stock split		
(e) Two 2.000% stock dividends		
(f) Two 1 for 50 bonus issues		



Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

- (g) 3.000% stock dividend
- (h) Tender Offer at \$6.65 per share
- (i) Tender Offer at \$46.00 per share
- (j) Tender Offer at \$46.00 per share
- (k) Tender Offer at \$14.00 per share
- + Formerly Philip Morris Co.
- ++ Formerly Boots Co. plc

11

THE GABELLI EQUITY TRUST INC.  
 PORTFOLIO OF INVESTMENTS  
 MARCH 31, 2003 (UNAUDITED)

SHARES -----		MARKET VALUE -----
	COMMON STOCKS -- 86.4%	
	TELECOMMUNICATIONS -- 7.6%	
8,132	Aliant Inc. ....\$	154,796
6,000	Allegiance Telecom Inc.+ .....	1,800
30,000	ALLTEL Corp. ....	1,342,800
300,000	AT&T Corp. ....	4,860,000
60,540	ATX Communications Inc.+ .....	26,940
3,333	Avaya Inc.+ .....	6,799
320,000	BCE Inc. ....	5,862,400
33,400	Brasil Telecom Participacoes SA, ADR .....	933,530
900,000	Broadwing Inc.+ .....	3,600,000
1,775,000	BT Group plc .....	4,404,882
22,300	BT Group plc, ADR .....	567,312
4,194,123	Cable & Wireless Jamaica Ltd.	84,782
170,000	Cable & Wireless plc, ADR ....	562,700
130,000	CenturyTel Inc. ....	3,588,000
100,000	Citizens Communications Co.+ .	998,000
255,466	Commonwealth Telephone Enterprises Inc.+ .....	9,917,190
20,000	Commonwealth Telephone Enterprises Inc., Cl. B+ ...	783,600
47,000	Compania de Telecomunicaciones de Chile SA, ADR .....	442,740
230,000	Deutsche Telekom AG, ADR .....	2,534,600
200,000	Embratel Participacoes SA, ADR+ .....	202,000
23,000	France Telecom SA, ADR .....	524,630
230	Japan Telecom Holdings Co. Ltd. ....	622,618
143	KDDI Corp. ....	422,078
100,000	KPN NV+ .....	641,627
700,000	Qwest Communications International Inc.+ .....	2,443,000
70,000	RCN Corp.+ .....	50,400
9,655	Rogers Communications Inc., Cl. B+ .....	102,724
110,345	Rogers Communications Inc., Cl. B, ADR+ .....	1,176,278
225,000	SBC Communications Inc. ....	4,513,500
350,000	Sprint Corp. - FON Group .....	4,112,500
186,554	Tele Norte Leste Participacoes SA, ADR .....	1,539,071
40,000	Telecom Argentina Stet France Telecom SA, ADR+ .....	149,600

Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

400,040	Telecom Italia SpA .....	2,758,836
123,000	Telecom Italia SpA, ADR .....	8,487,000
150,000	Telecom Italia SpA, RNC .....	631,806
275,850	Telefonica SA, ADR+ .....	7,737,593
17,595	Telefonica SA, BDR+ .....	163,503
36,000	Telefonos de Mexico SA de CV, Cl. L, ADR .....	1,069,920
12,750	TELUS Corp. ....	142,934
52,500	TELUS Corp., ADR .....	588,552
4,250	TELUS Corp., Non-Voting .....	45,189
24,750	TELUS Corp., Non-Voting, ADR .	263,158
340,000	Verizon Communications Inc. ..	12,019,000
		-----
		91,080,388
		-----

SHARES		MARKET VALUE
-----		-----
	FOOD AND BEVERAGE-- 7.5%	
15,000	Cadbury Schweppes plc, ADR ...\$	325,950
100,000	Campbell Soup Co. ....	2,100,000
16,000	Carlsberg AS, Cl. B .....	540,733
35,000	Coca-Cola Co. ....	1,416,800
45,000	Coca-Cola Enterprises Inc. ...	841,050
40,000	Coca-Cola Hellenic Bottling Co. SA .....	508,937
100,000	Corn Products International Inc. ....	2,916,000
53,592	Del Monte Foods Co.+ .....	399,796
10,108	Denny's Corp.+ .....	5,458
100,000	Diageo plc .....	1,025,843
224,000	Diageo plc, ADR .....	9,210,880
20,000	Dreyer's Grand Ice Cream Inc.	1,386,400
41,600	Flowers Foods Inc. ....	1,139,424
7,000	Fomento Economico Mexicano SA de CV, ADR .....	232,890
90,000	General Mills Inc. ....	4,099,500
440,000	Grupo Bimbo SA de CV, Ser. A .	604,496
20,000	Hain Celestial Group Inc.+ ...	302,200
120,000	Heinz (H.J.) Co. ....	3,504,000
20,000	Hershey Foods Corp. ....	1,253,200
350,000	Kellogg Co. ....	10,727,500
75,000	Kerry Group plc, Cl. A .....	998,775
12,100	LVMH Moet Hennessy Louis Vuitton SA .....	477,441
50,000	Mondavi (Robert) Corp., Cl. A+	1,002,500
2,000	Nestle SA .....	395,868
30,000	Panamerican Beverages Inc., Cl. A .....	650,400
600,595	PepsiAmericas Inc. ....	7,062,997
500,000	PepsiCo Inc. ....	20,000,000
8,750	Pernod-Ricard SA .....	745,701
60,000	Ralcorp Holdings Inc.+ .....	1,562,400
15,000	Sara Lee Corp. ....	280,500
2,000	Smucker (J.M.) Co. ....	69,940
106,970	Tootsie Roll Industries Inc. .	3,051,843
179,100	Wrigley (Wm.) Jr. Co. ....	10,119,150
		-----
		88,958,572
		-----

FINANCIAL SERVICES -- 7.3%

Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

90,000	Allstate Corp. ....	2,985,300
550,000	American Express Co. ....	18,276,500
36,400	Argonaut Group Inc. ....	311,220
90,000	Banco Santander Central Hispano SA, ADR .....	572,400
110,000	Bank of Ireland .....	1,165,514
80,000	Bank of New York Co. Inc. ....	1,640,000
85,000	Bank One Corp. ....	2,942,700
280,000	Bankgesellschaft Berlin AG+ ..	400,253
260	Berkshire Hathaway Inc., Cl. A+ .....	16,588,000
5,000	Block (H&R) Inc. ....	213,450
190,000	Commerzbank AG, ADR .....	1,295,781
160,000	Deutsche Bank AG, ADR .....	6,737,600

12

THE GABELLI EQUITY TRUST INC.  
PORTFOLIO OF INVESTMENTS (CONTINUED)  
MARCH 31, 2003 (UNAUDITED)

SHARES		MARKET
-----		VALUE
		-----
	COMMON STOCKS (CONTINUED)	
	FINANCIAL SERVICES (CONTINUED)	
20,000	Dun and Bradstreet Corp.+ ....\$	765,000
50,000	FleetBoston Financial Corp. ..	1,194,000
25,000	Hibernia Corp., Cl. A .....	424,000
20,000	Invik & Co. AB, Cl. B .....	648,666
100,000	Irish Life & Permanent plc ...	1,036,642
30,000	Janus Capital Group Inc. ....	341,700
75,000	John Hancock Financial Services Inc. ....	2,083,500
50,000	JP Morgan Chase & Co. ....	1,185,500
64,000	Leucadia National Corp. ....	2,287,360
100,000	Mellon Financial Corp. ....	2,126,000
199,400	Midland Co. ....	3,569,260
30,000	Moody's Corp. ....	1,386,900
207,500	Nikko Cordial Corp. ....	568,709
185,000	Phoenix Companies Inc. ....	1,339,400
2,500	Prudential Financial Inc. ....	73,125
31,002	RAS SpA .....	385,318
60,000	Riggs National Corp. ....	861,000
50,000	Schwab (Charles) Corp. ....	361,000
80,000	State Street Corp. ....	2,530,400
20,000	SunTrust Banks Inc. ....	1,053,000
100,000	T. Rowe Price Group Inc. ....	2,711,900
7,000	Travelers Property Casualty Corp., Cl. A .....	98,630
20,000	UBS AG+ .....	850,932
58,500	Unitrin Inc. ....	1,355,445
125,000	Wachovia Corp. ....	4,258,750
55,100	Waddell & Reed Financial Inc., Cl. A .....	968,107
		-----
		87,592,962
		-----
	ENTERTAINMENT -- 6.5%	
620,000	AOL Time Warner Inc.+ .....	6,733,200
24,000	Ascent Media Group	

Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

	Inc., Cl. A+ .....	27,840
160,000	Canal Plus, ADR .....	151,552
110,000	EMI Group plc .....	155,180
100,000	EMI Group plc, ADR .....	282,150
120,000	Fox Entertainment Group Inc., Cl. A+ .....	3,200,400
50,000	GC Companies Inc.+ .....	9,000
350,432	Gemstar-TV Guide International Inc.+ .....	1,285,735
1,913,600	Liberty Media Corp., Cl. A+ ..	18,619,328
400,000	Metro-Goldwyn-Mayer Inc.+ ....	4,200,000
160,000	Publishing & Broadcasting Ltd.	811,206
15,000	Regal Entertainment Group, Cl. A .....	269,250
225,000	Six Flags Inc.+ .....	1,260,000
260,000	The Walt Disney Co. ....	4,425,200
840,000	Viacom Inc., Cl. A+ .....	30,660,000
40,900	Vivendi Universal SA .....	543,596
320,000	Vivendi Universal SA, ADR ....	4,288,000
		-----
		76,921,637
		-----

SHARES		MARKET
-----		VALUE
		-----
	ENERGY AND UTILITIES -- 5.9%	
60,000	AES Corp.+ .....	217,200
70,000	AGL Resources Inc. ....	1,654,100
39,270	Apache Corp. ....	2,424,530
120,000	BP plc .....	761,084
248,800	BP plc, ADR .....	9,601,192
150,000	Burlington Resources Inc. ....	7,156,500
115,000	CH Energy Group Inc. ....	4,795,500
23,000	Cinergy Corp. ....	773,950
100,000	CMS Energy Corp. ....	441,000
103,217	ConocoPhillips .....	5,532,431
10,000	Constellation Energy Group Inc. ....	277,300
2,500	Dominion Resources Inc. ....	138,425
26,000	DPL Inc. ....	323,960
110,000	DQE Inc. ....	1,340,900
27,000	DTE Energy Co. ....	1,043,550
580,000	Duke Energy Corp. ....	8,433,200
200,000	El Paso Corp. ....	1,210,000
400,000	El Paso Electric Co.+ .....	4,320,000
30,000	Energy East Corp. ....	534,000
35,000	Eni SpA .....	467,471
40,000	Exxon Mobil Corp. ....	1,398,000
8,300	FPL Group Inc. ....	489,119
142,000	Halliburton Co. ....	2,943,660
38,632	Kerr-McGee Corp. ....	1,568,846
90,000	Mirant Corp.+ .....	144,000
100,000	NiSource Inc.+ .....	211,000
250,000	Northeast Utilities .....	3,480,000
100,000	Progress Energy Inc., CVO+ ...	13,000
7,500	Royal Dutch Petroleum Co. ....	305,625
10,400	SJW Corp. ....	795,600
14,000	Southwest Gas Corp. ....	284,900
7,907	Total Fina Elf SA .....	1,000,864
100,000	TXU Corp. ....	1,785,000
260,000	Westar Energy Inc. ....	3,151,200

Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

60,000	Xcel Energy Inc. ....	768,600
		-----
		69,785,707
		-----
	PUBLISHING -- 5.0%	
20,000	Dow Jones & Co. Inc. ....	708,800
196,000	Independent News & Media plc .	288,732
17,000	Knight-Ridder Inc. ....	994,500
5,000	McClatchy Co., Cl. A ....	267,950
105,000	McGraw-Hill Companies Inc. ...	5,836,950
400,000	Media General Inc., Cl. A ....	19,696,000
125,000	Meredith Corp. ....	4,772,500
115,000	New York Times Co., Cl. A ....	4,962,250
120,000	News Corp. Ltd. ....	780,991
11,016	News Corp. Ltd., ADR ....	285,314
360,000	Penton Media Inc.+ ....	198,000
350,000	PRIMEDIA Inc.+ ....	857,500
33,000	Pulitzer Inc. ....	1,437,810

13

THE GABELLI EQUITY TRUST INC.  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 MARCH 31, 2003 (UNAUDITED)

SHARES		MARKET
-----		VALUE
		-----
	COMMON STOCKS (CONTINUED)	
	PUBLISHING (CONTINUED)	
170,800	Reader's Digest	
	Association Inc. ....	\$ 1,743,868
261,319	SCMP Group Ltd. ....	94,651
70,000	Scripps (E.W.) Co., Cl. A ....	5,301,800
91,842	Seat-Pagine Gialle SpA+ .....	59,029
75,000	Thomas Nelson Inc.+ ....	638,250
250,000	Tribune Co. ....	11,252,500
		-----
		60,177,395
		-----
	EQUIPMENT AND SUPPLIES -- 5.0%	
120,000	AMETEK Inc. ....	3,961,200
2,000	Amphenol Corp., Cl. A+ .....	81,500
10,000	Caterpillar Inc. ....	492,000
95,000	CIRCOR International Inc. ....	1,291,050
320,000	Deere & Co. ....	12,563,200
216,000	Donaldson Co. Inc. ....	7,901,280
135,000	Flowserve Corp.+ ....	1,572,750
13,000	Franklin Electric Co. Inc. ...	610,740
100,000	Gerber Scientific Inc.+ .....	658,000
70,000	GrafTech International Ltd.+ .	199,500
211,300	IDEX Corp. ....	6,127,700
20,000	Ingersoll-Rand Co., Cl. A ....	771,800
60,000	Lufkin Industries Inc. ....	1,149,000
1,000	Manitowoc Co. Inc. ....	16,810
425,000	Navistar International Corp.+	10,459,250
30,000	PACCAR Inc. ....	1,508,100
5,000	Sealed Air Corp.+ ....	200,650
170,000	SPS Technologies Inc.+ .....	4,148,000
60,000	Sybron Dental	
	Specialties Inc.+ ....	1,047,000
20,000	Terumo Corp. ....	288,244

Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

250,000	Watts Industries Inc., Cl. A .	3,895,000
100,000	Weir Group plc .....	315,340
		-----
		59,258,114
		-----
	CABLE -- 4.1%	
100,000	Adelphia Communications Corp., Cl. A+ .....	17,500
1,551,443	Cablevision Systems Corp., Cl. A+ .....	29,461,903
30,000	Charter Communications Inc., Cl. A+ .....	24,900
525,250	Comcast Corp., Cl. A+ .....	15,016,897
85,000	Comcast Corp., Cl. A, Special+	2,336,650
20,000	Shaw Communications Inc., Cl. B .....	210,070
80,000	Shaw Communications Inc., Cl. B, Non-Voting .....	840,800
370,000	UnitedGlobalCom Inc., Cl. A+ .	1,128,500
		-----
		49,037,220
		-----
	DIVERSIFIED INDUSTRIAL -- 4.0%	
220,000	Acuity Brands Inc. ....	2,959,000
195,000	Ampco-Pittsburgh Corp. ....	2,531,100
120,000	Cooper Industries Ltd., Cl. A	4,285,200
SHARES		MARKET
-----		VALUE
		-----
270,000	Crane Co. ....	4,703,400
110,000	GATX Corp. ....	1,592,800
200,000	GenTek Inc.+ .....	2,000
260,000	Greif Bros. Corp., Cl. A .....	4,674,800
3,400	Greif Bros. Corp., Cl. B .....	80,614
420,000	Honeywell International Inc. .	8,971,200
120,000	ITT Industries Inc. ....	6,409,200
400,600	Lamson & Sessions Co.+ .....	2,047,066
34,500	National Service Industries Inc. ....	178,020
83,715	Park-Ohio Holdings Corp.+ .....	289,654
213,800	Sensient Technologies Corp. ..	4,280,276
10,000	Smiths Group plc .....	101,162
5,500	Sulzer AG+ .....	674,548
100,000	Thomas Industries Inc. ....	2,480,000
50,000	Trinity Industries Inc. ....	861,000
55,000	Tyco International Ltd. ....	707,300
		-----
		47,828,340
		-----
	CONSUMER PRODUCTS -- 4.0%	
60,000	Altadis SA .....	1,462,648
20,000	Altria Group Inc. ....	599,200
43,000	Christian Dior SA .....	1,412,344
10,000	Church & Dwight Co. Inc. ....	303,600
100,000	Compagnie Financiere Richemont AG, Cl. A .....	1,365,190
50,000	Department 56 Inc.+ .....	491,000
40,000	Energizer Holdings Inc.+ .....	1,019,600
90,000	Fortune Brands Inc. ....	3,858,300
30,000	Gallaher Group plc .....	289,259
250,000	Gallaher Group plc, ADR .....	9,577,500

Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

300,000	Gillette Co. ....	9,282,000
2,000	Givaudan SA .....	763,619
60,000	Harley-Davidson Inc. ....	2,382,600
15,000	Matsushita Electric Industrial Co. Ltd., ADR .....	127,950
100,000	Mattel Inc. ....	2,250,000
45,000	Maytag Corp. ....	856,350
50,000	National Presto Industries Inc. ....	1,307,500
8,200	Nintendo Co. Ltd. ....	663,856
100,000	Procter & Gamble Co. ....	8,905,000
10,000	Swatch Group AG, Cl. B .....	828,733
		-----
		47,746,249
		-----
	WIRELESS COMMUNICATIONS -- 3.7%	
95,000	America Movil SA de CV, Cl. L, ADR .....	1,270,150
550,170	AT&T Wireless Services Inc.+ .	3,631,122
80,000	Leap Wireless International Inc.+ .....	10,800
1,775,000	mm02 plc+ .....	1,255,532
124,000	mm02 plc, ADR+ .....	871,720
240,000	Nextel Communications Inc., Cl. A+ .....	3,213,600
1,000	NTT DoCoMo Inc. ....	1,863,721

14

THE GABELLI EQUITY TRUST INC.  
PORTFOLIO OF INVESTMENTS (CONTINUED)  
MARCH 31, 2003 (UNAUDITED)

SHARES		MARKET VALUE
-----		-----
	COMMON STOCKS (CONTINUED)	
	WIRELESS COMMUNICATIONS (CONTINUED)	
250,000	Rogers Wireless Communications Inc., Cl. B+ .....	2,675,000
230,000	Sprint Corp. - PCS Group+ ....	1,002,800
16,700	Tele Celular Sul Participacoes SA, ADR .....	118,570
55,666	Tele Centro Oeste Celular Participacoes SA, ADR .....	263,857
3,340	Tele Leste Celular Participacoes SA, ADR .....	20,875
8,350	Tele Nordeste Celular Participacoes SA, ADR .....	118,570
3,340	Tele Norte Celular Participacoes SA, ADR+ .....	16,499
1,400,000	Telecom Italia Mobile SpA ....	5,713,537
75,000	Telefonica Moviles SA+ .....	491,041
8,350	Telemig Celular Participacoes SA, ADR .....	144,455
450,000	Telephone & Data Systems Inc.	18,409,500
66,800	Telesp Celular Participacoes SA, ADR+ .....	216,432
553,888	Vodafone Group plc .....	989,320
100,000	Vodafone Group plc, ADR .....	1,822,000
		-----

Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

		44,119,101
		-----
	HEALTH CARE -- 2.9%	
20,000	Abbott Laboratories .....	752,200
60,000	Amgen Inc.+ .....	3,453,000
40,000	Apogent Technologies Inc.+ ...	583,200
10,000	AstraZeneca plc, London .....	340,947
35,146	AstraZeneca plc, Stockholm ...	1,197,932
15,000	Aventis SA .....	658,486
26,000	Biogen Inc.+ .....	778,960
110,000	Bristol-Myers Squibb Co. ....	2,324,300
23,000	Centerpulse AG+ .....	4,918,385
75,036	GlaxoSmithKline plc .....	1,320,083
4,000	GlaxoSmithKline plc, ADR .....	140,760
20,000	Henry Schein Inc.+ .....	902,000
56,011	Invitrogen Corp.+ .....	1,715,617
50,000	Merck & Co. Inc. ....	2,739,000
41,000	Novartis AG .....	1,518,395
108,000	Novartis AG, Registered .....	4,002,480
65,000	Pfizer Inc. ....	2,025,400
17,900	Roche Holding AG .....	1,071,515
20,000	Sanofi-Synthelabo SA+ .....	1,006,307
20,000	Schering-Plough Corp. ....	356,600
14,000	Takeda Chemical	
	Industries Ltd. ....	523,022
60,000	Wyeth .....	2,269,200
		-----
		34,597,789
		-----

		MARKET
		VALUE
		-----
	SHARES	
	-----	
	AUTOMOTIVE: PARTS AND ACCESSORIES -- 2.9%	
20,000	ArvinMeritor Inc. ....	279,800
37,802	BorgWarner Inc. ....	1,808,448
100,000	CLARCOR Inc. ....	3,620,000
320,061	Dana Corp. ....	2,259,630
60,000	Delphi Corp. ....	409,800
260,000	GenCorp Inc. ....	1,625,000
210,000	Genuine Parts Co. ....	6,407,100
114,000	Johnson Controls Inc. ....	8,258,160
105,000	Midas Inc.+ .....	766,500
335,000	Modine Manufacturing Co. ....	5,021,650
20,000	O'Reilly Automotive Inc.+ ....	542,000
70,800	Scheib (Earl) Inc.+ .....	148,680
163,000	Standard Motor Products Inc. .	1,809,300
24,000	Superior Industries	
	International Inc. ....	874,320
105,000	TransPro Inc.+ .....	430,500
		-----
		34,260,888
		-----

	CONSUMER SERVICES -- 2.4%	
40,000	Loewen Group Inc.+ .....	0
697,800	Rollins Inc. ....	16,070,334
485,000	USA Interactive Inc.+ .....	12,993,150
		-----
		29,063,484
		-----

	HOTELS AND GAMING -- 2.2%	
110,000	Aztar Corp.+ .....	1,477,300



Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

90,000	Boca Resorts Inc., Cl. A+ ....	990,900
240,000	Gaylord Entertainment Co.+ ...	4,308,000
30,000	Greek Organization of Football Prognostics .....	250,103
8,000	GTECH Holdings Corp.+ .....	261,280
2,510,000	Hilton Group plc .....	5,465,144
650,000	Hilton Hotels Corp. ....	7,546,500
60,000	MGM Mirage+ .....	1,755,000
430,000	Park Place Entertainment Corp.+ .....	3,061,600
50,000	Starwood Hotels & Resorts Worldwide Inc. ....	1,189,500
		-----
		26,305,327
		-----
	AEROSPACE -- 2.0%	
150,000	BAE Systems plc .....	265,550
115,000	Boeing Co. ....	2,881,900
100,000	Lockheed Martin Corp. ....	4,755,000
179,000	Northrop Grumman Corp. ....	15,358,200
		-----
		23,260,650
		-----
	RETAIL -- 1.9%	
200,000	Albertson's Inc. ....	3,770,000
300,000	AutoNation Inc.+ .....	3,825,000
75,000	Boots Group plc .....	628,902
15,000	Coldwater Creek Inc.+ .....	142,350
22,000	Gucci Group NV, ADR .....	2,096,820

15

THE GABELLI EQUITY TRUST INC.  
PORTFOLIO OF INVESTMENTS (CONTINUED)  
MARCH 31, 2003 (UNAUDITED)

SHARES		MARKET VALUE
-----		-----
	COMMON STOCKS (CONTINUED)	
	RETAIL (CONTINUED)	
16,000	Ito-Yokado Co. Ltd. ....	\$ 431,776
100,000	Lillian Vernon Corp.+ .....	421,000
90,000	Neiman Marcus Group Inc., Cl. A+ .....	2,609,100
320,000	Neiman Marcus Group Inc., Cl. B+ .....	8,604,800
7,750	Tod's SpA .....	192,816
20,000	Winn-Dixie Stores Inc. ....	264,400
		-----
		22,986,964
		-----
	REAL ESTATE -- 1.7%	
449,700	Catellus Development Corp.+ ..	9,443,700
70,000	Cheung Kong (Holdings) Ltd. ..	387,720
44,000	Florida East Coast Industries Inc., Cl. A .....	1,075,800
58,451	Florida East Coast Industries Inc., Cl. B .....	1,408,669
55,000	Griffin Land & Nurseries Inc.+	644,600
4,753	HomeFed Corp.+ .....	6,464

Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

253,000	St. Joe Co. ....	6,881,600
		-----
		19,848,553
		-----
	BROADCASTING -- 1.6%	
10,000	Clear Channel Communications Inc.+ .....	339,200
16,666	Corus Entertainment Inc., Cl. B+ .....	226,603
100,000	Gray Television Inc. ....	900,000
28,000	Gray Television Inc., Cl. A ..	296,800
195,000	Grupo Televisa SA, ADR+ .....	4,904,250
200,000	Liberty Corp. ....	8,720,000
5,000	LIN TV Corp., Cl. A+ .....	102,550
120,000	Mediaset SpA .....	911,373
4,000	Nippon Broadcasting System Inc. ....	92,090
40,375	NRJ Group .....	496,085
131,000	Paxson Communications Corp.+ .	285,580
17,700	RTL Group .....	608,400
100,000	Television Broadcasts Ltd. ...	306,432
110,000	Young Broadcasting Inc., Cl. A+ .....	1,345,300
		-----
		19,534,663
		-----
	ELECTRONICS -- 1.2%	
150,393	Agere Systems Inc., Cl. B+ ...	225,590
500,000	Cypress Semiconductor Corp.+ .	3,450,000
3,000	Hitachi Ltd., ADR .....	105,450
20,000	Molex Inc., Cl. A .....	367,800
10,500	Murata Manufacturing Co. Ltd.	407,320
7,500	NEC Corp., ADR .....	24,825
6,000	Rohm Co. Ltd. ....	650,194
38,800	Royal Philips Electronics NV, ADR .....	604,892
47,000	Sony Corp., ADR .....	1,651,110
205,000	Texas Instruments Inc. ....	3,355,850
250,000	Thomas & Betts Corp.+ .....	3,545,000
10,400	Tokyo Electron Ltd. ....	406,949
		-----
		14,794,980
		-----
		MARKET
		VALUE
		-----
	AVIATION: PARTS AND SERVICES -- 1.1%	
101,320	Curtiss-Wright Corp., Cl. B ..\$	5,947,484
90,000	Fairchild Corp., Cl. A+ .....	396,000
52,000	Precision Castparts Corp. ....	1,239,160
84,500	Sequa Corp., Cl. A+ .....	2,894,125
78,000	Sequa Corp., Cl. B+ .....	3,151,200
		-----
		13,627,969
		-----
	AGRICULTURE -- 1.0%	
1,050,000	Archer-Daniels-Midland Co. ...	11,340,000
5,000	Delta & Pine Land Co. ....	113,050
		-----
		11,453,050

Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

	-----	
	SPECIALTY CHEMICALS -- 0.9%	
5,400	Ciba Specialty	
	Chemicals, ADR .....	175,284
10,000	du Pont de Nemours	
	(E.I.) and Co. ....	388,600
330,000	Ferro Corp. ....	7,052,100
40,000	Fuller (H.B.) Co. ....	924,800
120,000	Hercules Inc.+ .....	1,044,000
15,000	IVAX Corp.+ .....	183,750
210,000	Omnova Solutions Inc.+ .....	619,500
5,000	Rohm and Haas Co. ....	148,900
11,697	Syngenta AG, ADR .....	107,028
		-----
		10,643,962
		-----
	COMMUNICATIONS EQUIPMENT -- 0.7%	
60,000	Acterna Corp.+ .....	3,660
290,000	Allen Telecom Inc.+ .....	2,827,500
525,000	Corning Inc.+ .....	3,066,000
125,000	Lucent Technologies Inc.+ ....	183,750
120,000	Motorola Inc. ....	991,200
100,000	Nortel Networks Corp.+ .....	208,000
44,000	Scientific-Atlanta Inc. ....	604,560
		-----
		7,884,670
		-----
	ENVIRONMENTAL SERVICES -- 0.6%	
65,000	Republic Services Inc.+ .....	1,289,600
300,000	Waste Management Inc. ....	6,354,000
		-----
		7,643,600
		-----
	BUSINESS SERVICES -- 0.6%	
60,000	ANC Rental Corp.+ .....	1,800
180,000	Cendant Corp.+ .....	2,286,000
1,000	CheckFree Corp.+ .....	22,480
98,000	Landauer Inc. ....	3,596,600
70,000	Nashua Corp.+ .....	623,000
250,000	Securicor plc .....	338,852
3,500	SYNAVANT Inc.+ .....	5,600
		-----
		6,874,332
		-----

16

THE GABELLI EQUITY TRUST INC.  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 MARCH 31, 2003 (UNAUDITED)

SHARES		MARKET
-----		VALUE
		-----
	COMMON STOCKS (CONTINUED)	
	PAPER AND FOREST PRODUCTS -- 0.5%	
100,000	MeadWestvaco Corp. ....	\$ 2,278,000
170,000	Pactiv Corp.+ .....	3,451,000
10,000	Rayonier Inc. ....	440,600
		-----
		6,169,600
		-----

Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

	AUTOMOTIVE -- 0.5%	
20,000	Ford Motor Co. ....	150,400
167,942	General Motors Corp. ....	5,646,210
		-----
		5,796,610
		-----
	METALS AND MINING -- 0.4%	
72,500	Harmony Gold Mining Co. Ltd. .	898,996
30,000	Harmony Gold Mining Co. Ltd., ADR .....	366,900
130,000	Newmont Mining Corp. ....	3,399,500
50,000	Placer Dome Inc. ....	490,000
		-----
		5,155,396
		-----
	SATELLITE -- 0.2%	
180,323	General Motors Corp., Cl. H+ .	2,019,618
34,000	Liberty Satellite & Technology Inc., Cl. A+ .....	74,460
190,000	Loral Space & Communications Ltd.+ .....	62,700
		-----
		2,156,778
		-----
	CLOSED END FUNDS -- 0.2%	
59,000	Central European Equity Fund Inc.+ .....	781,750
18,000	France Growth Fund Inc.+ .....	89,820
67,000	New Germany Fund Inc.+ .....	237,180
70,000	Pimco RCM Europe Fund Inc.+ ..	401,800
40,000	Royce Value Trust Inc. ....	488,000
		-----
		1,998,550
		-----
	BUILDING AND CONSTRUCTION -- 0.2%	
100,500	CRH plc .....	1,436,623
32,222	Huttig Building Products Inc.+ .....	65,733
15,000	Martin Marietta Materials Inc. ....	414,150
		-----
		1,916,506
		-----
	COMPUTER SOFTWARE AND SERVICES -- 0.1%	
20,000	Capcom Co. Ltd. ....	174,228
10,000	Computer Associates International Inc. ....	136,600
5,000	Electronic Data Systems Corp.	88,000
160,000	EMC Corp.+ .....	1,156,800
		-----
		1,555,628
		-----
	COMPUTER HARDWARE -- 0.0%	
25,000	Hewlett-Packard Co. ....	388,750
10,000	Xerox Corp.+ .....	87,000
		-----
		475,750
		-----
SHARES		MARKET VALUE

Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

-----		-----
	TRANSPORTATION -- 0.0%	
100,000	AMR Corp.+ .....	\$ 210,000
20,000	Grupo TMM SA de CV, Cl. A, ADR+ .....	78,600
7,500	Kansas City Southern+ .....	84,225
		-----
		372,825
		-----
	TOTAL COMMON STOCKS .....	1,030,884,209
		-----
	PREFERRED STOCKS -- 2.4%	
	PUBLISHING -- 1.4%	
765,000	News Corp. Ltd., Pfd., ADR ...	16,363,350
		-----
	SPECIALTY CHEMICALS -- 0.5%	
280,500	Hercules Trust I, 9.420% Pfd. ....	5,610,000
		-----
	TELECOMMUNICATIONS -- 0.2%	
6,500	Allen Telecom Inc., 7.750% Cv. Pfd., Ser. D ....	482,430
31,000	Broadwing Inc., 6.750% Cv. Pfd., Ser. B ....	1,007,500
21,000	Citizens Communications Co., 5.000% Cv. Pfd. ....	1,008,000
500	Lucent Technologies Capital Trust I, 7.750% Cv. Pfd. ....	283,125
		-----
		2,781,055
		-----
	AEROSPACE -- 0.2%	
14,021	Northrop Grumman Corp., 7.000% Cv. Pfd., Ser. B ....	1,731,594
		-----
	BROADCASTING -- 0.1%	
90	Gray Television Inc., 8.000% Cv. Pfd., Ser. C (a) (b) .....	918,000
100,000	ProSieben Sat.1 Media AG, Pfd.	595,797
		-----
		1,513,797
		-----
	AVIATION: PARTS AND SERVICES -- 0.0%	
3,000	Sequa Corp., \$5.00 Cv. Pfd. ....	228,000
		-----
	WIRELESS COMMUNICATIONS -- 0.0%	
10,760,547	Telesp Celular Participacoes SA, Pfd.+ ....	13,805
		-----
	TOTAL PREFERRED STOCKS .....	28,241,601
		-----
PRINCIPAL AMOUNT		
-----		
	CORPORATE BONDS -- 0.5%	
	ELECTRONICS -- 0.2%	

Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

\$ 3,300,000 Agere Systems Inc., Sub. Deb. Cv.,  
6.500%, 12/15/09 ..... 2,937,000  
-----

17

THE GABELLI EQUITY TRUST INC.  
PORTFOLIO OF INVESTMENTS (CONTINUED)  
MARCH 31, 2003 (UNAUDITED)

PRINCIPAL AMOUNT -----		MARKET VALUE -----
	CORPORATE BONDS (CONTINUED)	
	AUTOMOTIVE: PARTS AND ACCESSORIES -- 0.1%	
\$ 1,250,000	Standard Motor Products Inc., Sub. Deb. Cv., 6.750%, 07/15/09 .....	\$ 981,250 -----
	AVIATION: PARTS AND SERVICES -- 0.1%	
868,000	Kaman Corp., Sub. Deb. Cv., 6.000%, 03/15/12 .....	817,005 -----
	ENERGY AND UTILITIES -- 0.1%	
1,000,000	Mirant Corp., Sub. Deb. Cv., 2.500%, 06/15/21 .....	637,500 -----
	WIRELESS COMMUNICATIONS -- 0.0%	
500,000	Nextel Communications Inc., 9.500%, 02/01/11 .....	531,250 -----
	HOTELS AND GAMING -- 0.0%	
400,000	Hilton Hotels Corp., Sub. Deb. Cv., 5.000%, 05/15/06 .....	385,500 -----
	CABLE -- 0.0%	
1,200,000	Charter Communications Inc., Cv., 4.750%, 06/01/06 .....	210,000 -----
	TOTAL CORPORATE BONDS .....	6,499,505 -----

SHARES  
-----

	WARRANTS -- 0.0%	
	FOOD AND BEVERAGE -- 0.0%	
62,463	Denny's Corp., expires 01/07/05+ .....	640 -----
	METALS AND MINING -- 0.0%	
5,000	Harmony Gold Mining Co. Ltd., ADR, expires 06/29/03+ .....	35,000 -----
	TOTAL WARRANTS .....	35,640 -----

PRINCIPAL  
AMOUNT  
-----

\$100,000,000 REPURCHASE AGREEMENTS -- 10.7%  
Agreement with ABN Amro,

Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

	1.320%, dated 03/31/03, due 04/01/03, proceeds at maturity, \$100,003,667 (c) .....	100,000,000
27,394,000	Agreement with State Street Bank & Trust Co., 1.260%, dated 03/31/03, due 04/01/03, proceeds at maturity, \$27,394,959 (c) .....	27,394,000
		-----
	TOTAL REPURCHASE AGREEMENTS .....	127,394,000
		-----

TOTAL INVESTMENTS -- 100.0%  
(Cost \$1,252,590,155) .....\$1,193,054,955

OTHER LIABILITIES IN EXCESS OF ASSETS .... (8,813,251)

PREFERRED STOCK  
(11,973,100 preferred  
shares outstanding) ..... (429,197,500)

NET ASSETS -- COMMON STOCK  
(135,391,931 common shares outstanding) 755,044,204

NET ASSET VALUE PER COMMON SHARE  
(\$755,044,204 (DIVIDE) 135,391,931  
shares outstanding) ..... \$5.58

-----	
For Federal tax purposes:	
Aggregate cost	\$1,252,590,155
	=====
Gross unrealized appreciation	\$ 158,234,868
Gross unrealized depreciation	(217,770,068)
	-----
Net unrealized appreciation	\$ (59,535,200)
	=====

- 
- (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 March 31, 2003, the market value of Rule 144A securities amounted to \$918,000 or 0.1% of total investments.
  - (c) Collateralized by U.S. Treasury Notes, 1.750% to 6.250%, due 12/31/04 to 08/15/23, market value \$127,655,000.
- + Non-income producing security.
- ADR - American Depository Receipt.  
BDR - Brazilian Depository Receipt.  
CVO - Contingent Value Obligation.  
RNC - Non-Convertible Savings Shares.  
USD - U.S. Dollars.

	% OF	
	MARKET	MARKET
	VALUE	VALUE
	-----	-----

GEOGRAPHIC DIVERSIFICATION

Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

United States .....	84.1%	\$1,003,166,485
Europe .....	11.1	133,115,372
Asia/Pacific .....	2.4	28,616,505
Latin America .....	1.2	13,904,192
Canada .....	1.1	12,986,505
South Africa .....	0.1	1,265,896
	-----	-----
Total Investments .....	100.0%	\$1,193,054,955
	=====	=====

18

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



## Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

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

19

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, 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 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.

20

Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

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.

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 & 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

Gus Coutsouros  
VICE PRESIDENT & TREASURER

Carter W. Austin  
VICE PRESIDENT

James E. McKee  
SECRETARY

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

CUSTODIAN  
Boston Safe Deposit and Trust Company

Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

COUNSEL

Willkie Farr & Gallagher

TRANSFER AGENT AND REGISTRAR

EquiServe Trust Company

STOCK EXCHANGE LISTING

	COMMON	7.25% PREFERRED	7.20% PREFERRED
NYSE-Symbol:	GAB	GAB Pr	GAB PrB
Shares Outstanding:	135,391,931	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 800-GABELLI (800-422-3554), fax us at 914-921-5118, visit Gabelli Funds' Internet homepage at: WWW.GABELLI.COM or e-mail us at: closedend@gabelli.com  
-----

-----  
Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the 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  
WWW.GABELLI.COM

FIRST QUARTER REPORT  
MARCH 31, 2003

GBFCM 03/03