

GABELLI EQUITY TRUST INC  
Form 497  
February 06, 2004

GABELLI EQUITY SERIES FUNDS, INC.  
THE GABELLI SMALL CAP GROWTH FUND  
THE GABELLI EQUITY INCOME FUND  
THE GABELLI WOODLAND SMALL CAP VALUE FUND  
One Corporate Center  
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800-422-3554  
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Net Asset Value available daily by calling  
800-GABELLI after 6:00 p.m.

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QUESTIONS?  
Call 800-GABELLI  
or your investment representative.  
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GABELLI  
EQUITY  
SERIES  
FUNDS,  
INC.

THE GABELLI SMALL CAP GROWTH FUND  
THE GABELLI EQUITY INCOME FUND  
THE GABELLI WOODLAND SMALL CAP

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VALUE FUND

CLASS AAA SHARES

PROSPECTUS  
FEBRUARY 2, 2004

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED OR DISAPPROVED THE SHARES DESCRIBED IN THIS PROSPECTUS OR DETERMINED WHETHER THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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## INVESTMENT AND PERFORMANCE SUMMARY

The Gabelli Small Cap Growth Fund (the "Small Cap Growth Fund"), The Gabelli Equity Income Fund (the "Equity Income Fund") and The Gabelli Woodland Small Cap Value Fund (the "Woodland Small Cap Value Fund") (each a "Fund" and collectively, the "Funds") are series of Gabelli Equity Series Funds, Inc. (the "Corporation").

### SMALL CAP GROWTH FUND

#### INVESTMENT OBJECTIVE:

The Fund seeks to provide a high level of capital appreciation.

#### PRINCIPAL INVESTMENT STRATEGIES:

Under normal market conditions, the Fund invests at least 80% of its net assets in equity securities of companies that are considered to be small companies at the time the Fund makes its investment. The Fund invests primarily in the common stocks of companies which the Fund's investment adviser, Gabelli Funds, LLC (the "Adviser"), believes are likely to have rapid growth in revenues and above average rates of earnings growth. The Adviser currently characterizes small companies as those with total market values of \$1 billion or less at the time of investment.

#### PRINCIPAL RISKS:

The Fund's share price will fluctuate with changes in the market value of the Fund's portfolio securities. Stocks are subject to market, economic and business risks that cause their prices to fluctuate. When you sell Fund shares, they may be worth less than what you paid for them. Consequently, you can lose money by investing in the Fund. The Fund is subject to the risk that small capitalization stocks may trade less frequently and may be subject to more abrupt or erratic movements in price than medium and large capitalization stocks. The Fund is also subject to the risk that the Adviser may be incorrect in its assessment of the value of the securities it holds, which may result in a decline in the value of Fund shares.

#### WHO MAY WANT TO INVEST:

The Fund's Class AAA Shares offered herein are offered only to investors who acquire them directly through Gabelli & Company, Inc., the Fund's distributor (the "Distributor"), or through a select number of financial intermediaries with whom the Distributor has entered into selling agreements specifically authorizing them to offer Class AAA Shares.

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YOU MAY WANT TO INVEST IN THE FUND IF:

- o you are a long-term investor
- o you seek growth of capital
- o you believe that the market will favor small capitalization stocks over the long term

YOU MAY NOT WANT TO INVEST IN THE FUND IF:

- o you are seeking a high level of current income
- o you are conservative in your investment approach
- o you seek stability of principal more than growth of capital

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EQUITY INCOME FUND

INVESTMENT OBJECTIVE:

The Fund seeks to provide a high level of total return on its assets with an emphasis on income.

PRINCIPAL INVESTMENT STRATEGIES:

The Fund will seek to achieve its investment objective through a combination of capital appreciation and current income by investing, under normal market conditions, at least 80% of its net assets in income producing equity securities including securities convertible into common stock. In making stock selections, the Fund's Adviser looks for securities that have a better yield than the average of the Standard and Poor's Composite 500 Stock Price Index (the "S&P(R) 500 Stock Index"), as well as capital gains potential.

PRINCIPAL RISKS:

The Fund's share price will fluctuate with changes in the market value of the Fund's portfolio securities. Stocks are subject to market, economic and business risks that cause their prices to fluctuate. Preferred stocks and debt securities convertible into or exchangeable for common or preferred stock also are subject to interest rate risk and/or credit risk. When interest rates rise, the value of such securities generally declines. It is also possible that the issuer of a security will not be able to make interest and principal payments when due. When you sell Fund shares, they may be worth less than what you paid for them. Consequently, you can lose money by investing in the Fund. The Fund is subject to the risk that its portfolio companies will reduce or eliminate the dividend rate on securities held by the Fund. The Fund is also subject to the risk that the Adviser may be incorrect in its assessment of the value of the securities it holds, which may result in the decline in the value of Fund shares.

YOU MAY WANT TO INVEST IN THE FUND IF:

- o you are a long-term investor
- o you are seeking income as well as growth of capital

YOU MAY NOT WANT TO INVEST IN THE FUND IF:

- o you are conservative in your investment approach
  - o you seek stability of principal more than growth of capital
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WOODLAND SMALL CAP VALUE FUND

INVESTMENT OBJECTIVE:

The Fund seeks to provide a high level of capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES:

Under normal market conditions, the Fund invests at least 80% of its net assets in equity securities of companies that are considered to be small capitalization companies at the time the Fund makes the investment. The Fund invests primarily in the common stocks of companies which the Fund's portfolio manager believes are undervalued. The Fund's Adviser currently characterizes small capitalization companies for this Fund as those with a total market value of \$1.5 billion or less at the time of investment. The Adviser looks for undervalued companies with shareholder oriented management teams that are employing strategies to grow the company's value.

PRINCIPAL RISKS:

The Fund's share price will fluctuate with changes in the market value of the Fund's portfolio securities. Stocks are subject to market, economic and business risks that cause their prices to fluctuate. When you sell Fund shares, they may be worth less than what you paid for them. Consequently, you can lose money by investing in the Fund. The Fund is subject to the risk that small capitalization stocks may trade less frequently and may be subject to more abrupt or erratic movements in price than medium and large capitalization stocks. The Fund is also subject to the risk that the portfolio manager may be incorrect in its assessment of the value of the securities the Fund holds, which may result in a decline in the value of Fund shares. The Fund is "non-diversified" which means that the Fund's investments may be concentrated in fewer securities than a "diversified" mutual fund. As a result, an investment in the Fund may entail greater risk than an investment in a "diversified" mutual fund.

WHO MAY WANT TO INVEST:

The Fund's Class AAA Shares offered herein are offered only to investors who acquire them directly through the Distributor, or through a select number of financial intermediaries with whom the Distributor has entered into selling agreements specifically authorizing them to offer Class AAA Shares.

YOU MAY WANT TO INVEST IN THE FUND IF:

- o you are a long-term investor
- o you seek growth of capital
- o you believe that the market will favor small capitalization stocks over the long term

YOU MAY NOT WANT TO INVEST IN THE FUND IF:

- o you are seeking a high level of current income
- o you are conservative in your investment approach
- o you seek stability of principal more than growth of capital

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 PERFORMANCE:

The bar charts and tables that follow provide an indication of the risks of investing in the Funds by showing changes in the Funds' performance from year to year (since 1994), and by showing how the Funds' average annual returns for the one year, five years, ten years and the life of each Fund, as applicable, Fund compare to those of a broad-based securities market index. As with all mutual funds, the Funds' past performance (before and after taxes) does not predict how the Funds will perform in the future. Both the chart and the table assume the reinvestment of dividends and distributions.

SMALL CAP GROWTH FUND (FOR THE PERIODS ENDED DECEMBER 31)

[GRAPHIC OMITTED]

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

1994	-2.9%
1995	25.2%
1996	11.9%
1997	36.5%
1998	0.0%
1999	14.2%
2000	11.3%
2001	4.7%
2002	-5.3%
2003	37.6%

During the period shown in the bar chart, the highest return for a quarter was 18.27% (quarter ended June 30, 2003) and the lowest return for a quarter was (20.26)% (quarter ended September 30,1998).

AVERAGE ANNUAL TOTAL RETURNS (FOR THE PERIODS ENDED DECEMBER 31, 2003)	PAST ONE YEAR	PAST FIVE YEARS	PAST TEN YEARS	SINCE
-----	-----	-----	-----	-----
The Gabelli Small Cap Growth Fund Class AAA Shares				
Return Before Taxes .....	37.56%	11.62%	12.39%	
Return After Taxes on Distributions .....	37.27%	9.63%	10.06%	
Return After Taxes on Distributions and Sale of Fund Shares .....	29.95%	8.92%	9.46%	
Russell 2000 Index** .....	47.25%	7.13%	9.47%	

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. In some instances, the "Return After Taxes on Distributions and Sale of Fund Shares" may be greater than "Return Before Taxes" because the investor is assumed to be able to use the capital loss of the sale of Fund shares to offset other taxable gains. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

EQUITY INCOME FUND (FOR THE PERIODS ENDED DECEMBER 31)

[GRAPHIC OMITTED]

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

1994	1.1%
1995	28.3%
1996	17.9%
1997	27.9%
1998	12.6%
1999	9.3%
2000	11.3%
2001	-0.9%
2002	-7.7%
2003	28.3%

During the periods shown in the bar chart, the highest return for a quarter was 15.67% (quarter ended June 30, 2003) and the lowest return for a quarter was (13.54)% (quarter ended September 30, 2002).

AVERAGE ANNUAL TOTAL RETURNS (FOR THE PERIODS ENDED DECEMBER 31, 2003)	PAST ONE YEAR	PAST FIVE YEARS	PAST TEN YEARS	SINCE
The Gabelli Equity Income Fund Class AAA Shares				
Return Before Taxes .....	28.29%	7.39%	12.14%	
Return After Taxes on Distributions .....	27.94%	5.27%	9.94%	
Return After Taxes on Distributions and Sale of Fund Shares .....	22.67%	5.26%	9.51%	
S&P(R)500 Composite Stock Price Index** .....	28.67%	(0.57)%	11.06%	

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. In some instances, the "Return After Taxes on Distributions and Sale of Fund Shares" may be greater than "Return Before Taxes" because the investor is assumed to be able to use the capital loss of the sale of Fund shares to offset other taxable gains. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

WOODLAND SMALL CAP VALUE FUND (FOR THE PERIOD ENDED DECEMBER 31)

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[GRAPHIC OMITTED]

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

2003 20.7%

During the period shown in the bar chart, the highest return for a quarter was 14.11% (quarter ended December 31, 2003) and the lowest return for a quarter was (8.00)% (quarter ended March 31, 2003).

AVERAGE ANNUAL TOTAL RETURNS (FOR THE PERIOD ENDED DECEMBER 31, 2003)	PAST ONE YEAR (SINCE DECEMBER 31, 2002)
The Gabelli Woodland Small Cap Value Fund Class AAA Shares	
Return Before Taxes .....	20.73%
Return After Taxes on Distributions .....	20.60%
Return After Taxes on Distributions and Sale of Fund Shares .....	16.52%
Russell 2000 Index* .....	47.25%

\* The Russell 2000 Index is an unmanaged index consisting of a broad-base of common stocks. The performance of the index does not include expenses or fees.

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. In some instances, the "Return After Taxes on Distributions and Sale of Fund Shares" may be greater than "Return Before Taxes" because the investor is assumed to be able to use the capital loss of the sale of Fund shares to offset other taxable gains. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

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**FEEES AND EXPENSES OF THE FUNDS:**

This table describes the fees and expenses that you may pay if you buy and hold Class AAA Shares of the Funds.

	SMALL CAP GROWTH FUND	EQUITY INCOME FUND
ANNUAL FUND OPERATING EXPENSES (expenses that are deducted from Fund assets):		
Management Fees .....	1.00%	1.00%
Distribution (Rule 12b-1) Expenses(1) .....	0.25%	0.25%
Other Expenses .....	0.20%	0.24%
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Total Annual Fund Operating Expenses .....	1.45%	1.49%
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Fee Waiver and Expense Reimbursement .....  
 Net Annual Operating Expenses .....

EXPENSE EXAMPLE:

This example is intended to help you compare the cost of investing in Class AAA Shares of the Funds with the cost of investing in other mutual funds. The example assumes (1) you invest \$10,000 in the Funds for the time periods shown, (2) you redeem your shares at the end of those periods, (3) your investment has a 5% return each year and (4) the Funds' operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 YEAR	3 YEARS	5 YEARS	10 YEARS
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SMALL CAP GROWTH FUND	\$148	\$459	\$792	\$1,735
EQUITY INCOME FUND	\$152	\$471	\$813	\$1,779
WOODLAND SMALL CAP VALUE FUND	\$203	\$3,000	\$5,262	\$9,205

INVESTMENT AND RISK INFORMATION

The investment policy of each of the Small Cap Growth Fund, the Equity Income Fund and the Woodland Small Cap Value Fund relating to the type of securities in which 80% of the Fund's net assets must be invested may be changed by the Board of Directors without shareholder approval. Shareholders will, however, receive at least 60 days' prior notice of any change in this policy.

SMALL CAP GROWTH FUND/WOODLAND SMALL CAP VALUE FUND

In selecting investments for the Small Cap Growth Fund and Woodland Small Cap Value Fund, the Adviser seeks issuers with a dominant market share or niche franchise in growing and/or consolidating industries. The Adviser considers for purchase the stocks of small capitalization (capitalization is the price per share multiplied by the number of shares outstanding) companies with experienced management, strong balance sheets and rising free cash flow and earnings. The Adviser's goal is to invest long term in the stocks of companies trading at reasonable valuations relative to perceived economic worth.

Frequently, smaller companies exhibit one or more of the following traits:

- o New products or technologies
- o New distribution methods

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- o Rapid changes in industry conditions due to regulatory or other developments
- o Changes in management or similar characteristics that may result not only in expected growth in revenues but in an accelerated or above

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average rate of earnings growth, which would usually be reflected in capital appreciation.

In addition, because smaller companies are less actively followed by stock analysts and less information is available on which to base stock price evaluations, the market may overlook favorable trends in particular smaller growth companies and then adjust its valuation more quickly once investor interest is gained.

### EQUITY INCOME FUND

In selecting investments for the Equity Income Fund, the Adviser focuses on issuers that:

- o have strong free cash flow and pay regular dividends
- o have potential for long-term earnings per share growth
- o may be subject to a value catalyst, such as industry developments, regulatory changes, changes in management, sale or spin-off of a division or the development of a profitable new business
- o are well-managed
- o will benefit from sustainable long-term economic dynamics, such as globalization of an issuer's industry or an issuer's increased focus on productivity or enhancement of services.

The Adviser also believes preferred stock and convertible securities of selected companies offer opportunities for capital appreciation as well as periodic income and may invest a portion of the Equity Income Fund's assets in such securities. This is particularly true in the case of companies that have performed below expectations. If a company's performance has been poor enough, its preferred stock and convertible debt securities will trade more like the common stock than like a fixed income security and may result in above average appreciation if performance improves. Even if the credit quality of the company is not in question, the market price of the convertible security will reflect little or no element of conversion value if the price of its common stock has fallen substantially below the conversion price. This leads to the possibility of capital appreciation if the price of the common stock recovers.

The Funds may also use the following investment technique:

- o DEFENSIVE INVESTMENTS. When adverse market or economic conditions occur, the Funds may temporarily invest all or a portion of their assets in defensive investments. Such investments include fixed income securities or high quality money market instruments. When following a defensive strategy, the Funds will be less likely to achieve their investment goals.

Investing in the Funds involve the following risks:

- o EQUITY RISK. The principal risk of investing in the Funds is equity risk. Equity risk is the risk that the prices of the securities held by the Funds will fall due to general market and economic conditions, perceptions regarding the industries in which the companies issuing the securities participate and the issuer company's particular circumstances.
- o VALUE INVESTING RISK. Each Fund invests in "value" stocks. The portfolio manager may be wrong in the assessment of a company's value and the stocks the Fund holds may not reach what the portfolio manager believes are their full values. From time to time "value" investing falls out of

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favor with investors. During those periods, the Fund's relative performance may suffer.

### o FUND AND MANAGEMENT RISK.

- o SMALL CAP GROWTH FUND AND WOODLAND SMALL CAP VALUE FUND ONLY -- The Funds invest in stocks issued by smaller companies. Each Fund's price may decline if the market favors large or mid-size capitalization company stocks over stocks of small companies. If the portfolio manager's assessment of the value of the securities each Fund holds is incorrect, or the events expected to increase value do not occur, then the value of the Fund's shares may decline.

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- o EQUITY INCOME FUND ONLY -- The Fund invests in stocks issued by companies believed by the portfolio manager to be undervalued and that have the potential to achieve significant capital appreciation. If the portfolio manager is incorrect in its assessment of the values of the securities it holds, or no event occurs which surfaces value, then the value of the Fund's shares may decline.
- o SMALL CAPITALIZATION COMPANY RISK. SMALL CAP GROWTH FUND AND WOODLAND SMALL CAP VALUE FUND ONLY -- Investing in securities of small capitalization companies may involve greater risks than investing in larger, more established issuers. Smaller capitalization companies typically have relatively lower revenues, limited product lines and lack of management depth, and may have a smaller share of the market for their products or services, than larger capitalization companies. The stocks of smaller capitalization companies tend to have less trading volume than stocks of larger capitalization companies. Less trading volume may make it more difficult for our portfolio managers to sell securities of smaller capitalization companies at quoted market prices. Finally, there are periods when investing in smaller capitalization stocks falls out of favor with investors and the stocks of smaller capitalization companies underperform.
- o INTEREST RATE RISK AND CREDIT RISK. EQUITY INCOME FUND ONLY -- Investments in preferred stock and securities convertible into or exchangeable for common or preferred stock involve interest rate risk and credit risk. When interest rates decline, the value of such securities generally rises. Conversely, when interest rates rise, the value of such securities generally declines. It is also possible that the issuer of a security will not be able to make interest and principal payments when due.
- o LOW CREDIT QUALITY RISK. EQUITY INCOME FUND ONLY -- Lower rated convertible securities are subject to greater credit risk, greater price volatility and a greater risk of loss than investment grade securities. There may be less of a market for lower rated convertible securities, which could make it harder to sell them at an acceptable price.
- o NON-DIVERSIFICATION. WOODLAND SMALL CAP VALUE FUND ONLY -- The Fund is

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classified as a "non-diversified" investment company. Because the Fund, as a non-diversified investment company, may invest in the securities of individual issuers to a greater extent than a "diversified" mutual fund, an investment in the Fund may present greater risk to an investor than an investment in a diversified mutual fund because the investment risk may be concentrated in fewer securities.

### MANAGEMENT OF THE FUNDS

THE ADVISER. Gabelli Funds, LLC, with its principal offices located at One Corporate Center, Rye, New York 10580-1422, serves as investment adviser to the Funds. The Adviser makes investment decisions for the Funds and continuously reviews and administers the Funds' investment program under the supervision of the Funds' Board of Directors. The Adviser also manages several other open-end and closed-end investment companies in the Gabelli family of funds. The Adviser is a New York limited liability company organized in 1999 as successor to Gabelli Group Capital Partners, Inc. (formerly named Gabelli Funds, Inc.), a New York corporation organized in 1980. The Adviser is a wholly owned subsidiary of Gabelli Asset Management Inc. ("GBL"), a publicly held company listed on the New York Stock Exchange ("NYSE").

As compensation for its services and the related expenses borne by the Adviser, for the fiscal year ended September 30, 2003, each of the Small Cap Growth and Equity Income Funds paid the Adviser a fee equal to 1.00% of the value of its average daily net assets. With respect to the Woodland Small Cap Value Fund, as compensation for its services and the related expenses borne by the Adviser, the Fund is contractually obligated to pay the Adviser a fee equal to 1.00% per year of the value of the Fund's average daily net assets. For the fiscal period from the Fund's commencement of operations through September 30, 2003, the Adviser waived fees and reimbursed expenses of the Fund.

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The Adviser has contractually agreed to waive its investment advisory fee and/or reimburse expenses to the extent necessary to maintain Total Annual Fund Operating Expenses (excluding brokerage, interest, taxes and extraordinary expenses) at no more than 2.00%. The fee waiver and expense reimbursement arrangement will continue until at least through September 30, 2004. In addition, the Fund has agreed, during the two year period following any waiver or reimbursement by the Adviser, to repay such amount to the extent that after giving effect to the repayment, such adjusted Total Annual Operating Expenses would not exceed 2.00%.

THE PORTFOLIO MANAGERS. Mr. Mario J. Gabelli, CFA, is primarily responsible for the day-to-day management of the Small Cap Growth Fund and Equity Income Fund. Mr. Gabelli has been Chairman, Chief Executive Officer and Chief Investment Officer of the Adviser and its predecessor since inception, as well as its parent company, GBL. Mr. Gabelli also acts as Chief Executive Officer and Chief Investment Officer of GAMCO Investors, Inc., a wholly owned subsidiary of GBL, and is an officer or director of various other companies affiliated with GBL. The Adviser relies to a considerable extent on the expertise of Mr. Gabelli, who may be difficult to replace in the event of his death, disability or resignation.

Elizabeth M. Lilly, CFA, is primarily responsible for the day-to-day management

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of the Woodland Small Cap Value Fund. In November 2002, Ms. Lilly joined Gabelli Asset Management Inc. as Senior Vice President and Portfolio Manager of Gabelli Funds, LLC and GAMCO Investors, Inc. Prior to November 2002, Ms. Lilly was a Managing Partner of Woodland Partners LLC since 1996.

RULE 12B-1 PLAN. Each Fund has adopted a plan under Rule 12b-1 (the "Plan") which authorizes payments by the Fund on an annual basis of 0.25% of its average daily net assets attributable to Class AAA Shares to finance distribution of its Class AAA Shares or pay shareholder service fees. Each Fund may make payments under its Plan for the purpose of financing any activity primarily intended to result in the sales of Class AAA Shares of the Fund or pay shareholder service fees. To the extent any activity is one that the Funds may finance without a distribution plan, the Funds may also make payments to compensate such activity outside of the Plan and not be subject to its limitations. Because payments under the Plan are paid out of each Fund's assets on an ongoing basis, over time these fees will increase the cost of your investment and may cost you more than paying other types of sales charges. Due to the payment of 12b-1 fees, long-term shareholders may indirectly pay more than the equivalent of the maximum permitted front-end sales charge.

### PURCHASE OF SHARES

You can purchase the Funds' shares on any day the NYSE is open for trading (a "Business Day"). You may purchase shares through the Distributor, directly from the Funds through the Funds' transfer agent or through registered broker-dealers that have entered into selling agreements with the Distributor.

- o BY MAIL OR IN PERSON. You may open an account by mailing a completed subscription order form with a check or money order payable to "The Gabelli Small Cap Growth Fund", "The Gabelli Equity Income Fund" or "The Gabelli Woodland Small Cap Value Fund" to:

BY MAIL

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THE GABELLI FUNDS  
P.O. BOX 8308  
BOSTON, MA 02266-8308

BY PERSONAL DELIVERY

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THE GABELLI FUNDS  
C/O BFDS  
66 BROOKS DRIVE  
BRAintree, MA 02184

You can obtain a subscription order form by calling 800-GABELLI (800-422-3554). Checks made payable to a third party and endorsed by the depositor are not acceptable. For additional investments, send a check to the above address with a note stating your exact name and account number, the name of the Fund(s) and class of shares you wish to purchase.

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- o BY BANK WIRE. To open an account using the bank wire transfer system, first telephone the Fund(s) at 800-GABELLI (800-422-3554) to obtain a new account number. Then instruct a Federal Reserve System member bank to wire funds to:

STATE STREET BANK AND TRUST COMPANY  
ABA #011-0000-28 REF DDA #99046187  
RE: THE GABELLI \_\_\_\_\_ FUND

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ACCOUNT # \_\_\_\_\_  
ACCOUNT OF [REGISTERED OWNERS]  
225 FRANKLIN STREET, BOSTON, MA 02110

If you are making an initial purchase, you should also complete and mail a subscription order form to the address shown under "By Mail." Note that banks may charge fees for wiring funds, although State Street Bank and Trust Company ("State Street") will not charge you for receiving wire transfers.

**SHARE PRICE.** The Funds sell their Class AAA Shares at the net asset value next determined after the Funds receive your completed subscription order form but does not issue the shares to you until it receives full payment. See "Pricing of Fund Shares" for a description of the calculation of net asset value.

**MINIMUM INVESTMENTS.** Your minimum initial investment must be at least \$1,000. See "Retirement Plans/Education Savings Plans" and "Automatic Investment Plan" regarding minimum investment amounts applicable to such plans. There is no minimum subsequent investment requirement. Broker-dealers may have different minimum investment requirements.

**RETIREMENT PLANS/EDUCATION SAVINGS PLANS.** The Funds make available IRA, "Roth" IRA and "Coverdell" Education Savings Plans for investment in Fund shares. Applications may be obtained from the Distributor by calling 800-GABELLI (800-422-3554). Self-employed investors may purchase shares of the Funds through tax-deductible contributions to existing retirement plans for self-employed persons, known as "Keogh" or "H.R.-10" plans. The Funds do not currently act as a sponsor to such plans. Fund shares may also be a suitable investment for other types of qualified pension or profit-sharing plans which are employer sponsored, including deferred compensation or salary reduction plans known as "401(k) Plans." The minimum initial investment in all such retirement plans is \$250. There is no minimum subsequent investment requirement for retirement plans.

**AUTOMATIC INVESTMENT PLAN.** The Funds offer an automatic monthly investment plan. There is no initial minimum investment for accounts establishing an automatic investment plan. Call the Distributor at 800-GABELLI (800-422-3554) for more details about the plan.

**TELEPHONE OR INTERNET INVESTMENT PLAN.** You may purchase additional shares of the Funds by telephone and/or over the Internet if your bank is a member of the Automated Clearing House ("ACH") system. You must have a completed, approved Investment Plan application on file with the Funds' transfer agent. There is a minimum of \$100 for each telephone or Internet investment. To initiate an ACH purchase, please call 800-GABELLI (800-422-3554) or 800-872-5365 or visit our website at [www.gabelli.com](http://www.gabelli.com).

**GENERAL.** State Street will not issue share certificates unless you request them. The Funds reserve the right to (i) reject any purchase order if, in the opinion of the Funds' management, it is in the Funds' best interest to do so, (ii) suspend the offering of shares for any period of time and (iii) waive the Funds' minimum purchase requirements.

**CUSTOMER IDENTIFICATION PROGRAM.** Federal law requires the Corporation, on behalf of the Funds, to obtain, verify and record identifying information, which may include the name, residential or business street address, date of birth (for an individual), social security or taxpayer identification number or other identifying information, for each investor who opens or reopens an account with the Funds. Applications

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without the required information, or without any indication that a social security or taxpayer identification number has been applied for, may not be accepted. After acceptance, to the extent permitted by applicable law or its customer identification program, the Corporation reserves the right (a) to place limits on transactions in any account until the identity of the investor is verified; or (b) to refuse an investment in the Funds or to involuntarily redeem an investor's shares and close an account in the event that an investor's identity is not verified. The Corporation and its agents will not be responsible for any loss in an investor's account resulting from the investor's delay in providing all required identifying information or from closing an account and redeeming an investor's shares when an investor's identity is not verified.

THIRD PARTY ARRANGEMENTS. The Adviser and its affiliates utilize a portion of their assets, including 12b-1 fees, to pay all or a portion of the charges of various programs that make shares of the Funds available to their customers. Subject to tax limitations and approval by the Board of Directors on a Fund-by-Fund basis, each of the Funds pays a portion of these charges, out of assets other than 12b-1 payments, representing savings of expenses the Funds would otherwise incur in maintaining shareholder accounts for those who invest in the Funds through these programs.

#### REDEMPTION OF SHARES

You can redeem shares of the Funds on any Business Day. The Funds may temporarily stop redeeming their shares when the NYSE is closed or trading on the NYSE is restricted, when an emergency exists and the Funds cannot sell their shares or accurately determine the value of their assets, or if the Securities and Exchange Commission orders the Funds to suspend redemptions.

The Funds redeem their shares at the net asset value next determined after the Funds receive your redemption request in proper form. See "Pricing of Fund Shares" for a description of the calculation of net asset value.

You may redeem shares through the Distributor or directly from the Funds through the Funds' transfer agent.

- o BY LETTER. You may mail a letter requesting redemption of shares to: THE GABELLI FUNDS, P.O. BOX 8308, BOSTON, MA 02266-8308. Your letter should state the name of the Fund(s) and the share class, the dollar amount or number of shares you are redeeming and your account number. You must sign the letter in exactly the same way the account is registered. If there is more than one owner of shares, all must sign. A signature guarantee is required for each signature on your redemption letter. You can obtain a signature guarantee from financial institutions such as commercial banks, brokers, dealers and savings associations. A notary public cannot provide a signature guarantee.
- o BY TELEPHONE OR THE INTERNET. Unless you have requested that telephone or Internet redemptions from your account not be permitted, you may redeem your shares in an account directly (including an IRA) registered with State Street by calling either 800-GABELLI (800-422-3554) or 800-872-5365 (617-328-5000 from outside the United States) or visiting our website at [www.gabelli.com](http://www.gabelli.com). IRA holders should consult a tax advisor

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concerning the current tax rules applicable to IRAs. If State Street acts on telephone or Internet instructions after following reasonable procedures to protect against unauthorized transactions, neither State Street nor the Funds will be responsible for any losses due to unauthorized telephone or Internet transactions and instead you would be responsible. You may request that proceeds from telephone or Internet redemptions be mailed to you by check (if your address has not changed in the prior 30 days), forwarded to you by bank wire or invested in another mutual fund advised by the Adviser (see "Exchange of Shares"). Among the procedures State Street may use are passwords or verification of personal information. The Funds may impose limitations from time to time on telephone or Internet redemptions.

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1. TELEPHONE OR INTERNET REDEMPTION BY CHECK. The Funds will make checks payable to the name in which the account is registered and normally will mail the check to the address of record within seven days.
2. TELEPHONE OR INTERNET REDEMPTION BY BANK WIRE. The Funds accept telephone or Internet requests for wire redemption in amounts of at least \$1,000. The Funds will send a wire to either a bank designated on your subscription order form or on a subsequent letter with a guaranteed signature. The proceeds are normally wired on the next Business Day.

AUTOMATIC CASH WITHDRAWAL PLAN. You may automatically redeem shares on a monthly, quarterly or annual basis if you have at least \$10,000 in your account and if your account is directly registered with State Street. Call 800-GABELLI (800-422-3554) for more information about this plan.

INVOLUNTARY REDEMPTION. The Funds may redeem all shares in your account (other than an IRA) if their value falls below \$1,000 as a result of redemptions (but not as a result of a decline in net asset value). You will be notified in writing if the Funds initiate such action and allowed 30 days to increase the value of your account to at least \$1,000.

REDEMPTION PROCEEDS. A redemption request received by a Fund will be effected at the net asset value next determined after a Fund receives the request. If you request redemption proceeds by check, the Funds will normally mail the check to you within seven days after receipt of your redemption request. If you purchased your Fund(s) shares by check or through the Automatic Investment Plan, you may not receive proceeds from your redemption until the check clears, which may take up to as many as 15 days following purchase. While the Funds will delay the processing of the payment until the check clears, your shares will be valued at the next determined net asset value after receipt of your redemption request.

### EXCHANGE OF SHARES

You can exchange shares of the Fund(s) you hold for shares of the same class of another fund managed by the Adviser or its affiliates based on their relative net asset values. To obtain a list of the funds whose shares you may acquire through an exchange call 800-GABELLI (800-422-3554). You may also exchange your shares for shares of a money market fund managed by the Adviser or its affiliates.

In effecting an exchange:

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- o you must meet the minimum investment requirements for the fund whose shares you purchase through exchange.
- o if you are exchanging to a fund with a higher sales charge, you must pay the difference at the time of exchange.
- o you may realize a taxable gain or loss.
  
- o you should read the prospectus of the fund whose shares you are purchasing through exchange. Call 800-GABELLI (800-422-3554) or visit our website at [www.gabelli.com](http://www.gabelli.com) to obtain the prospectus.

You may exchange shares through the Distributor, directly through the Funds' transfer agent or through a registered broker-dealer.

- o EXCHANGE BY TELEPHONE. You may give exchange instructions by telephone by calling 800-GABELLI (800-422-3554). You may not exchange shares by telephone if you hold share certificates.
- o EXCHANGE BY MAIL. You may send a written request for exchanges to: THE GABELLI FUNDS, P.O. BOX 8308, BOSTON, MA 02266-8308. Your letter should state your name, your account number, the

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dollar amount or number of shares you wish to exchange, the name and class of the fund whose shares you wish to exchange, and the name of the fund whose shares you wish to acquire.

- o EXCHANGE THROUGH THE INTERNET. You may also give exchange instructions via the Internet at [www.gabelli.com](http://www.gabelli.com). You may not exchange shares through the Internet if you hold share certificates. The Funds may impose limitations from time to time on Internet exchanges.

The Funds may modify or terminate the exchange privilege at any time. You will be given notice 60 days prior to any material change in the exchange privilege.

Your broker may charge you a processing fee for assisting you in purchasing or redeeming shares of the Funds. This charge is set by your broker and does not benefit the Funds or the Adviser in any way. It is in addition to the sales charges and other costs described in this prospectus and must be disclosed to you by your broker.

### PRICING OF FUND SHARES

The net asset value per share of each Fund's Class AAA Shares is calculated on each Business Day. The NYSE is open Monday through Friday, but currently is scheduled to be closed on New Year's Day, Dr. Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day and on the preceding Friday or subsequent Monday when a holiday falls on a Saturday or Sunday, respectively.

The net asset value per share of each Fund's Class AAA Shares is determined as of the close of regular trading on the NYSE, normally 4:00 p.m., Eastern Time.

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Net asset value per share is computed by dividing the value of a Fund's net assets (i.e. the value of its securities and other assets less its liabilities, including expenses payable or accrued but excluding capital stock and surplus) attributable to its Class AAA shares by the total number of Class AAA Shares outstanding at the time the determination is made. The Funds use market quotations in valuing their portfolio securities. Short-term investments that mature in 60 days or less are valued at amortized cost, which the Directors believe represents fair value. The price of Fund shares for the purpose of purchase and redemption orders will be based upon the calculation of net asset value per share next made as of a time after the time as of which the purchase or redemption order is received in proper form.

### DIVIDENDS AND DISTRIBUTIONS

The Funds intend to pay dividends monthly for the Equity Income Fund and annually for the Small Cap Growth Fund and Woodland Small Cap Value Fund and capital gain distributions, if any, on an annual basis. You may have dividends or capital gain distributions that are declared by the Funds automatically reinvested at net asset value in additional shares of the Funds. You will make an election to receive dividends and distributions in cash or Fund(s) shares at the time you purchase your shares. You may change this election by notifying the Funds in writing at any time prior to the record date for a particular dividend or distribution. There are no sales or other charges in connection with the reinvestment of dividends and capital gain distributions. Shares purchased through dividend reinvestment will receive a price based on the net asset value per share on the reinvestment date, which is typically the date dividends are paid to shareholders. There is no fixed dividend rate, and there can be no assurance that the Funds will pay any dividends or realize any capital gains.

### TAX INFORMATION

The Funds expect that distributions will consist primarily of investment company taxable income and net capital gains. Dividends out of investment company taxable income and distributions of net short-term capital gains (i.e. gains from assets held by the Funds for one year or less) are taxable to you as ordinary

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income except that qualifying dividends are eligible for a reduced rate. Distributions of net long-term capital gains are taxable to you at long-term capital gain rates. The Funds' distributions, whether you receive them in cash or reinvest them in additional shares of the Fund, generally will be subject to federal, state or local taxes. A redemption of the Fund's shares or an exchange of the Funds' shares for shares of another fund will be treated for tax purposes as a sale of the Funds' shares, and any gain you realize on such a transaction generally will be taxable. Foreign shareholders may be subject to a federal withholding tax.

This summary of tax consequences is intended for general information only and is subject to change by legislative or administrative action, and any such change may be retroactive. A more complete discussion of the tax rules applicable to you can be found in the Statement of Additional Information. You should consult a tax adviser concerning the tax consequences of your investment in the Funds.

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MAILINGS TO SHAREHOLDERS

In our continuing efforts to reduce duplicative mail and fund expenses, we currently send a single copy of prospectuses and shareholder reports to your household even if more than one family member in your household owns the same fund or funds described in the prospectus or report. Additional copies of our prospectuses and reports may be obtained by calling 800-GABELLI (800-422-3554). If you do not want us to continue to consolidate your fund mailings and would prefer to receive separate mailings at any time in the future, please call us at the telephone number above and we will resume separate mailings in accordance with your instructions within 30 days of your request.

FINANCIAL HIGHLIGHTS

The financial highlights tables are intended to help you understand the financial performance for the past five fiscal years or for the life of the Fund, if less. The total returns in the tables represent the rate that an investor would have earned or lost on an investment in the Funds' Class AAA Shares. This information has been audited by Ernst & Young LLP, independent auditors, whose report along with the Funds' financial statements and related notes are included in the annual report, which is available upon request.

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SMALL CAP GROWTH FUND

Per share amounts for the Fund's Class AAA Shares outstanding throughout each fiscal year ended September 30,

	2003	2002	2001	2000
	-----	-----	-----	-----
OPERATING PERFORMANCE:				
Net asset value, beginning of period .....	\$ 17.04	\$ 17.13	\$ 23.60	\$ 23.60
	-----	-----	-----	-----
Net investment income (loss) .....	(0.05)	(0.04)	0.06	0.06
Net realized and unrealized gain (loss) on investments .....	4.74	0.31	(1.75)	(1.75)
	-----	-----	-----	-----
Total from investment operations .....	4.69	0.27	(1.69)	(1.69)
	-----	-----	-----	-----
DISTRIBUTIONS TO SHAREHOLDERS:				
Net investment income .....	--	(0.01)	(0.05)	(0.05)
Net realized gain on investments .....	(0.25)	(0.35)	(4.73)	(4.73)
	-----	-----	-----	-----
Total distributions .....	(0.25)	(0.36)	(4.78)	(4.78)
	-----	-----	-----	-----
NET ASSET VALUE, END OF PERIOD .....	\$ 21.48	\$ 17.04	\$ 17.13	\$ 23.60
	=====	=====	=====	=====
Total return+ .....	27.84%	1.39%	(7.47)%	(7.47)%
	=====	=====	=====	=====
RATIOS TO AVERAGE NET ASSETS AND SUPPLEMENTAL DATA:				
Net assets, end of period (in 000's) .....	\$540,397	\$428,416	\$372,865	\$366,000
Ratio of net investment income (loss) to				

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average net assets .....	(0.22)%	(0.22)%	0.30%
Ratio of operating expenses to average net assets (a) .....	1.45%	1.45%	1.45%
Portfolio turnover rate .....	4%	10%	17%

EQUITY INCOME FUND

Per share amounts for the Fund's Class AAA Shares outstanding throughout each fiscal year ended September 30,

	2003	2002	2001	2000
	-----	-----	-----	-----
<b>OPERATING PERFORMANCE:</b>				
Net asset value, beginning of period .....	\$ 11.93	\$ 13.88	\$ 16.35	\$ 18.85
Net investment income (loss) .....	0.28	0.23	0.25	0.25
Net realized and unrealized gain (loss) on investments .....	2.64	(1.79)	(0.28)	(0.28)
Total from investment operations .....	2.92	(1.56)	(0.03)	(0.28)
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>				
Net investment income .....	(0.25)	(0.23)	(0.36)	(0.36)
Net realized gain on investments .....	--	(0.16)	(2.44)	(2.44)
Total distributions .....	(0.25)	(0.39)	(2.44)	(2.80)
NET ASSET VALUE, END OF PERIOD .....	\$ 14.60	\$ 11.93	\$ 13.88	\$ 18.85
Total return+ .....	24.59%	(11.58)%	(0.43)%	(1.43)%
<b>RATIOS TO AVERAGE NET ASSETS AND SUPPLEMENTAL DATA:</b>				
Net assets, end of period (in 000's) .....	\$261,777	\$162,938	\$121,499	\$ 89,000
Ratio of net investment income (loss) to average net assets .....	2.09%	1.75%	1.65%	1.65%
Ratio of operating expenses to average net assets (b) .....	1.49% (b)	1.50%	1.55%	1.55%
Portfolio turnover rate .....	27%	12%	41%	41%

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WOODLAND SMALL CAP VALUE FUND

Per share amounts for the Fund's Class AAA Shares outstanding for the fiscal period ended September 30,

2003  
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OPERATING PERFORMANCE:

Net asset value, beginning of period (a) .....	\$10.00
	-----
Net investment income (loss) (c) .....	(0.07)
Net realized and unrealized	
gain (loss) on investments .....	0.65
	-----
Total from investment operations .....	0.58
	-----
NET ASSET VALUE, END OF PERIOD .....	\$10.58
	=====
Total return+ .....	5.80%
	=====

RATIOS TO AVERAGE NET ASSETS AND

SUPPLEMENTAL DATA:

Net assets, end of period (in 000's) .....	\$2,323
Ratio of net investment income (loss) to	
average net assets (d) .....	(0.97)%
Ratio of expenses net of waivers/	
reimbursements (d) .....	2.00%
Ratio of expenses before waivers/	
reimbursements (b) (d) .....	15.05%
Portfolio turnover rate .....	39%

+ Total return represents aggregate total return of a hypothetical \$1,000 investment at the beginning of the period and sold at the end of the period including reinvestment of dividends.

- (a) As of December 31, 2002.
- (b) During the period, certain fees were voluntarily reduced and/or reimbursed. If such fee reductions and/or reimbursements had not occurred, the ratio would have been as shown.
- (c) Per share amounts have been calculated using the monthly average shares outstanding method.
- (d) Annualized.

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GABELLI FUNDS AND YOUR PERSONAL PRIVACY  
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WHO ARE WE?

The Gabelli Funds are investment companies registered with the Securities and Exchange Commission under the Investment Company Act of 1940. We are managed by Gabelli Funds LLC, Gabelli Advisers, Inc. and Gabelli Fixed Income, LLC, which are affiliated with Gabelli Asset Management Inc. Gabelli Asset Management is a publicly-held company that has subsidiaries that provide investment advisory or brokerage services for a variety of clients.

WHAT KIND OF NON-PUBLIC INFORMATION DO WE COLLECT ABOUT YOU IF YOU BECOME A GABELLI CUSTOMER?

If you apply to open an account directly with us, you will be giving us some non-public information about yourself. The non-public information we collect about you is:



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legally considered a part of this prospectus.

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You can get free copies of these documents and prospectuses of other funds in the Gabelli family, or request other information and discuss your questions about the Funds by contacting:

Gabelli Equity Series Funds, Inc.

One Corporate Center

Rye, NY 10580-1422

Telephone: 800-GABELLI (800-422-3554)

www.gabelli.com  
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You can review and/or copy the Funds' prospectuses, reports and SAI at the Public Reference Room of the Securities and Exchange Commission. You can get text-only copies:

- o For a fee, by electronic request at [publicinfo@sec.gov](mailto:publicinfo@sec.gov), by writing the Public Reference Section of the Commission, Washington, D.C. 20549-0102 or calling 202-942-8090.
- o Free from the EDGAR Database on the Commission's website at [www.sec.gov](http://www.sec.gov).

(Investment Company Act File No. 811-06367)

GABELLI EQUITY SERIES FUNDS, INC.  
 THE GABELLI SMALL CAP GROWTH FUND  
 THE GABELLI EQUITY INCOME FUND  
 THE GABELLI WOODLAND SMALL CAP VALUE FUND  
 One Corporate Center  
 Rye, New York 10580-1422  
 800-GABELLI  
 800-422-3554  
 FAX: 914-921-5118  
 WEBSITE: [WWW.GABELLI.COM](http://WWW.GABELLI.COM)  
 E-MAIL: [INFO@GABELLI.COM](mailto:INFO@GABELLI.COM)  
 Net Asset Value available daily by calling  
 800-GABELLI after 6:00 p.m.

QUESTIONS?  
 Call 800-GABELLI  
 or your investment representative.

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GABELLI  
EQUITY  
SERIES  
FUNDS,  
INC.

THE GABELLI SMALL CAP GROWTH FUND  
THE GABELLI EQUITY INCOME FUND  
THE GABELLI WOODLAND SMALL CAP  
VALUE FUND

CLASS A, B, C SHARES

PROSPECTUS

FEBRUARY 2, 2004

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED OR DISAPPROVED THE SHARES DESCRIBED IN THIS PROSPECTUS OR DETERMINED WHETHER THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

INVESTMENT AND PERFORMANCE SUMMARY

The Gabelli Small Cap Growth Fund (the "Small Cap Growth Fund"), The Gabelli Equity Income Fund (the "Equity Income Fund") and The Gabelli Woodland Small Cap Value Fund (the "Woodland Small Cap Value Fund") (each a "Fund" and collectively, the "Funds") are series of Gabelli Equity Series Funds, Inc. (the "Corporation").

SMALL CAP GROWTH FUND

INVESTMENT OBJECTIVE:

The Fund seeks to provide a high level of capital appreciation.

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### PRINCIPAL INVESTMENT STRATEGIES:

Under normal market conditions, the Fund invests at least 80% of its net assets in equity securities of companies that are considered to be small companies at the time the Fund makes its investment. The Fund invests primarily in the common stocks of companies which the Fund's investment adviser, Gabelli Funds, LLC (the "Adviser"), believes are likely to have rapid growth in revenues and above average rates of earnings growth. The Adviser currently characterizes small companies as those with total market values of \$1 billion or less at the time of investment.

### PRINCIPAL RISKS:

The Fund's share price will fluctuate with changes in the market value of the Fund's portfolio securities. Stocks are subject to market, economic and business risks that cause their prices to fluctuate. When you sell Fund shares, they may be worth less than what you paid for them. Consequently, you can lose money by investing in the Fund. The Fund is subject to the risk that small capitalization stocks may trade less frequently and may be subject to more abrupt or erratic movements in price than medium and large capitalization stocks. The Fund is also subject to the risk that the Adviser may be incorrect in its assessment of the value of the securities it holds, which may result in a decline in the value of Fund shares.

### YOU MAY WANT TO INVEST IN THE FUND IF:

- o you are a long-term investor
- o you seek growth of capital
- o you believe that the market will favor small capitalization stocks over the long term

### YOU MAY NOT WANT TO INVEST IN THE FUND IF:

- o you are seeking a high level of current income
- o you are conservative in your investment approach
- o you seek stability of principal more than growth of capital

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### ----- EQUITY INCOME FUND

### INVESTMENT OBJECTIVE:

The Fund seeks to provide a high level of total return on its assets with an emphasis on income.

### PRINCIPAL INVESTMENT STRATEGIES:

The Fund will seek to achieve its investment objective through a combination of capital appreciation and current income by investing, under normal market conditions, at least 80% of its net assets in income producing equity securities including securities convertible into common stock. In making stock selections, the Fund's Adviser looks for securities that have a better yield than the average of the Standard and Poor's Composite 500 Stock Price Index (the "S&P(R) 500 Stock Index"), as well as capital gains potential.

### PRINCIPAL RISKS:

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The Fund's share price will fluctuate with changes in the market value of the Fund's portfolio securities. Stocks are subject to market, economic and business risks that cause their prices to fluctuate. Preferred stocks and debt securities convertible into or exchangeable for common or preferred stock also are subject to interest rate risk and/or credit risk. When interest rates rise, the value of such securities generally declines. It is also possible that the issuer of a security will not be able to make interest and principal payments when due. When you sell Fund shares, they may be worth less than what you paid for them. Consequently, you can lose money by investing in the Fund. The Fund is subject to the risk that its portfolio companies will reduce or eliminate the dividend rate on securities held by the Fund. The Fund is also subject to the risk that the Adviser may be incorrect in its assessment of the value of the securities it holds, which may result in the decline in the value of Fund shares.

### YOU MAY WANT TO INVEST IN THE FUND IF:

- o you are a long-term investor
- o you are seeking income as well as growth of capital

### YOU MAY NOT WANT TO INVEST IN THE FUND IF:

- o you are conservative in your investment approach
- o you seek stability of principal more than growth of capital

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## ----- WOODLAND SMALL CAP VALUE FUND

### INVESTMENT OBJECTIVE:

The Fund seeks to provide a high level of capital appreciation.

### PRINCIPAL INVESTMENT STRATEGIES:

Under normal market conditions, the Fund invests at least 80% of its net assets in equity securities of companies that are considered to be small capitalization companies at the time the Fund makes the investment. The Fund invests primarily in the common stocks of companies which the Fund's portfolio manager believes are undervalued. The Fund's Adviser currently characterizes small capitalization companies for this Fund as those with a total market value of \$1.5 billion or less at the time of investment. The Adviser looks for undervalued companies with shareholder oriented management teams that are employing strategies to grow the company's value.

### PRINCIPAL RISKS:

The Fund's share price will fluctuate with changes in the market value of the Fund's portfolio securities. Stocks are subject to market, economic and business risks that cause their prices to fluctuate. When you sell Fund shares, they may be worth less than what you paid for them. Consequently, you can lose money by investing in the Fund. The Fund is subject to the risk that small capitalization stocks may trade less frequently and may be subject to more abrupt or erratic movements in price than medium and large capitalization stocks. The Fund is also subject to the risk that the portfolio manager may be incorrect in its assessment of the value of the securities the Fund holds, which may result in a decline in the value of Fund shares. The Fund is "non-diversified" which means that the Fund's investments may be concentrated in fewer securities than a

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"diversified" mutual fund. As a result, an investment in the Fund may entail greater risk than an investment in a "diversified" mutual fund.

YOU MAY WANT TO INVEST IN THE FUND IF:

- o you are a long-term investor
- o you seek growth of capital
- o you believe that the market will favor small capitalization stocks over the long term

YOU MAY NOT WANT TO INVEST IN THE FUND IF:

- o you are seeking a high level of current income
- o you are conservative in your investment approach
- o you seek stability of principal more than growth of capital

PERFORMANCE:

As of the date of this Prospectus, the Fund was newly organized and had no operations. Accordingly, no performance information has been presented for the Fund.

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PERFORMANCE:

The bar charts and tables that follow provide an indication of the risks of investing in the Funds by showing changes in the Funds' performance from year to year, and by showing how the Funds' average annual returns for one year, five years, ten years and the life of each Fund, as applicable, compare to those of a broad-based securities market index. As with all mutual funds, the Funds' past performance (before and after taxes) does not predict how the Funds will perform in the future. Both the chart and the table assume the reinvestment of dividends and distributions.

SMALL CAP GROWTH FUND (FOR THE PERIODS ENDED DECEMBER 31)\*

[GRAPHIC OMITTED]

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

1994	-2.9%
1995	25.2%
1996	11.9%
1997	36.5%
1998	0.0%
1999	14.2%
2000	11.3%
2001	4.7%
2002	-5.3%
2003	37.6%

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\* The bar chart above shows the total returns for Class AAA Shares (not including sales load). The Class A, Class B and Class C Shares are new classes of the Fund for which performance is not yet available. The Class AAA Shares of the Fund are offered in a separate prospectus. The returns for the Class A, Class B and Class C Shares will be substantially similar to those of the Class AAA Shares shown in the chart above because all shares of the Fund

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are invested in the same portfolio of securities. The annual returns of the different classes of shares will differ only to the extent that the expenses of the classes differ.

Class A, B and C Share sales loads are not reflected in the above chart. If sales loads were reflected, the Fund's returns would be less than those shown. During the periods shown in the bar chart, the highest return for a quarter was 18.27% (quarter ended June 30, 2003) and the lowest return for a quarter was (20.26)% (quarter ended September 30, 1998).

AVERAGE ANNUAL TOTAL RETURNS (FOR THE PERIODS ENDED DECEMBER 31, 2003)	PAST ONE YEAR	PAST FIVE YEARS	PAST TEN YEARS	SINCE
The Gabelli Small Cap Growth Fund Class AAA Shares				
Return Before Taxes .....	37.56%	11.62%	12.39%	
Return After Taxes on Distributions .....	37.27%	9.63%	10.06%	
Return After Taxes on Distributions and Sale of Fund Shares .....	29.95%	8.92%	9.46%	
Russell 2000 Index** .....	47.25%	7.13%	9.47%	

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. In some instances, the "Return After Taxes on Distributions and Sale of Fund Shares" may be greater than "Return Before Taxes" because the investor is assumed to be able to use the capital loss of the sale of Fund shares to offset other taxable gains. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

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EQUITY INCOME FUND (FOR THE PERIODS ENDED DECEMBER 31) \*

[GRAPHIC OMITTED]

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

1994	1.1%
1995	28.3%
1996	17.9%
1997	27.9%
1998	12.6%
1999	9.3%
2000	11.3%
2001	-0.9%
2002	-7.7%
2003	28.3%

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\* The bar chart above shows the total returns for Class AAA Shares (not including sales load). The Class A, Class B and Class C Shares are new classes of the Fund for which performance is not yet available. The Class AAA Shares of the Fund are offered in a separate prospectus. The returns for the Class A, Class B and Class C Shares will be substantially similar to those of the Class AAA Shares shown in the chart above because all shares of the Fund are invested in the same portfolio of securities. The annual returns of the different classes of shares will differ only to the extent that the expenses of the classes differ.

Class A, B and C Share sales loads are not reflected in the above chart. If sales loads were reflected, the Fund's returns would be less than those shown. During the periods shown in the bar chart, the highest return for a quarter was 15.67% (quarter ended June 30, 2003) and the lowest return for a quarter was (13.54)% (quarter ended September 30, 2002).

AVERAGE ANNUAL TOTAL RETURNS (FOR THE PERIODS ENDED DECEMBER 31, 2003)	PAST ONE YEAR	PAST FIVE YEARS	PAST TEN YEARS	SINCE
-----				
The Gabelli Equity Income Fund Class AAA Shares				
Return Before Taxes .....	28.29%	7.39%	12.14%	
Return After Taxes on Distributions .....	27.94%	5.27%	9.94%	
Return After Taxes on Distributions and Sale of Fund Shares .....	22.67%	5.26%	9.51%	
S&P(R)500 Composite Stock Price Index** .....	28.67%	(0.57)%	11.06%	

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. In some instances, the "Return After Taxes on Distributions and Sale of Fund Shares" may be greater than "Return Before Taxes" because the investor is assumed to be able to use the capital loss of the sale of Fund shares to offset other taxable gains. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

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WOODLAND SMALL CAP VALUE FUND (FOR THE PERIOD ENDED DECEMBER 31) \*

[GRAPHIC OMITTED]  
EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

2003 20.7%

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\* The bar chart above shows the total returns for Class A Shares (not including sales load). The annual returns of the different classes of shares will differ only to the extent that the expenses of the classes differ.

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Class A, B and C Share sales loads are not reflected in the above chart. If sales loads were reflected, the Fund's returns would be less than those shown. During the period shown in the bar chart, the highest return for Class A Shares for a quarter was 14.11% (quarter ended December 31, 2003) and the lowest return for a quarter was (8.00)% (quarter ended March 31, 2003).

AVERAGE ANNUAL TOTAL RETURNS (FOR THE PERIOD ENDED DECEMBER 31, 2003)	PAST ONE YEAR (SINCE DECEMBER 31, 2002)
-----	
The Gabelli Woodland Small Cap Value Fund Class A Shares*	
Return Before Taxes .....	13.70%
Return After Taxes on Distributions .....	13.57%
Return After Taxes on Distributions and Sale of Fund Shares .....	10.90%
Class B Shares*	
Return Before Taxes .....	20.93%
Class C Shares*	
Return Before Taxes .....	20.13%
Russell 2000 Index** .....	47.25%

- 
- \* Class A Shares include effect of the initial sales charge and Class B and Class C Shares include the effect of the contingent deferred sales charge.
  - \*\* The Russell 2000 Index is an unmanaged index consisting of a broad-base of common stocks. The performance of the Index does not include expenses or fees.

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. In some instances, the "Return After Taxes on Distributions and Sale of Fund Shares" may be greater than "Return Before Taxes" because the investor is assumed to be able to use the capital loss of the sale of Fund shares to offset other taxable gains. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

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FEES AND EXPENSES OF THE FUNDS:

These tables describe the fees and expenses that you may pay if you buy and hold shares of the Funds.

	CLASS A SHARES	CLASS B SHARES	CLASS C SHARES
-----			
SHAREHOLDER FEES			
(fees paid directly from your investment):			
Maximum Sales Charge (Load) on Purchases			
(as a percentage of offering price) .....	5.75%(1)	None	None
Maximum Deferred Sales Charge (Load)			

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(as a percentage of redemption price(4)) ..... 1.00%(2) 5.00%(3) 1.00%(3)

SMALL CAP GROWTH FUND

	CLASS A SHARES	CLASS B SHARES	CLASS C SHARES
ANNUAL FUND OPERATING EXPENSES (expenses that are deducted from Fund assets):			
Management Fees .....	1.00%	1.00%	1.00%
Distribution and Service (Rule 12b-1) Expenses(5) .	0.25%	1.00%	1.00%
Other Expenses .....	0.20%	0.20%	0.20%
Total Annual Operating Expenses .....	1.45%	2.20%	2.20%

EQUITY INCOME FUND

	CLASS A SHARES	CLASS B SHARES	CLASS C SHARES
ANNUAL FUND OPERATING EXPENSES (expenses that are deducted from Fund assets):			
Management Fees .....	1.00%	1.00%	1.00%
Distribution and Service (Rule 12b-1) Expenses(5) .	0.25%	1.00%	1.00%
Other Expenses .....	0.24%	0.24%	0.24%
Total Annual Operating Expenses .....	1.49%	2.24%	2.24%

WOODLAND SMALL CAP VALUE FUND

	CLASS A SHARES	CLASS B SHARES	CLASS C SHARES
ANNUAL FUND OPERATING EXPENSES (expenses that are deducted from Fund assets):			
Management Fees .....	1.00%	1.00%	1.00%
Distribution and Service (Rule 12b-1) Expenses(5)	0.25%	1.00%	1.00%
Other Expenses .....	13.80%	13.80%	13.80%
Total Annual Fund Operating Expenses(6) .....	15.05%	15.80%	15.80%
Fee Waiver and Expense Reimbursement(6) .....	(13.05)%	(13.05)%	(13.05)%
Net Annual Operating Expenses(6) .....	2.00%	2.75%	2.75%

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EXPENSE EXAMPLE:

This example is intended to help you compare the cost of investing in the Funds

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with the cost of investing in other mutual funds. The example assumes (1) you invest \$10,000 in the Funds for the time periods shown, (2) you redeem your shares at the end of those periods, except as noted, (3) your investment has a 5% return each year and (4) the Funds' operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

### SMALL CAP GROWTH FUND

	1 YEAR	3 YEARS	5 YEARS	10 YEARS
Class A Shares				
- assuming redemption .....	\$714	\$1,007	\$1,322	\$2,210
- assuming no redemption .....	\$714	\$1,007	\$1,322	\$2,210
Class B Shares				
- assuming redemption .....	\$723	\$988	\$1,380	\$2,344
- assuming no redemption .....	\$223	\$688	\$1,180	\$2,344
Class C Shares				
- assuming redemption .....	\$323	\$688	\$1,180	\$2,534
- assuming no redemption .....	\$223	\$688	\$1,180	\$2,534

### EQUITY INCOME FUND

	1 YEAR	3 YEARS	5 YEARS	10 YEARS
Class A Shares				
- assuming redemption .....	\$718	\$1,019	\$1,341	\$2,252
- assuming no redemption .....	\$718	\$1,019	\$1,341	\$2,252
Class B Shares				
- assuming redemption .....	\$727	\$1,000	\$1,400	\$2,386
- assuming no redemption .....	\$227	\$700	\$1,200	\$2,386
Class C Shares				
- assuming redemption .....	\$327	\$700	\$1,200	\$2,575
- assuming no redemption .....	\$227	\$700	\$1,200	\$2,575

### WOODLAND SMALL CAP VALUE FUND

	1 YEAR	3 YEARS	5 YEARS	10 YEARS
Class A Shares				
- assuming redemption .....	\$766	\$3,402	\$5,535	\$9,251
- assuming no redemption .....	\$766	\$3,402	\$5,535	\$9,251
Class B Shares				
- assuming redemption .....	\$778	\$3,470	\$5,670	\$9,318
- assuming no redemption .....	\$278	\$3,170	\$5,470	\$9,318
Class C Shares				
- assuming redemption .....	\$378	\$3,170	\$5,470	\$9,370
- assuming no redemption .....	\$278	\$3,170	\$5,470	\$9,370

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### INVESTMENT AND RISK INFORMATION

The investment policy of each of the Small Cap Growth Fund, the Equity Income Fund and the Small Cap Value Fund relating to the type of securities in which 80% of the Fund's net assets must be invested may be changed by the Board of

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Directors without shareholder approval. Shareholders will, however, receive at least 60 days' prior notice of any change in this policy.

### SMALL CAP GROWTH FUND/WOODLAND SMALL CAP VALUE FUND

In selecting investments for the Small Cap Growth Fund and Woodland Small Cap Value Fund, the Adviser seeks issuers with a dominant market share or niche franchise in growing and/or consolidating industries. The Adviser considers for purchase the stocks of small capitalization (capitalization is the price per share multiplied by the number of shares outstanding) companies with experienced management, strong balance sheets and rising free cash flow and earnings. The Adviser's goal is to invest long term in the stocks of companies trading at reasonable valuations relative to perceived economic worth.

Frequently, smaller companies exhibit one or more of the following traits:

- o New products or technologies
- o New distribution methods
- o Rapid changes in industry conditions due to regulatory or other developments
- o Changes in management or similar characteristics that may result not only in expected growth in revenues but in an accelerated or above average rate of earnings growth, which would usually be reflected in capital appreciation.

In addition, because smaller companies are less actively followed by stock analysts and less information is available on which to base stock price evaluations, the market may overlook favorable trends in particular smaller growth companies and then adjust its valuation more quickly once investor interest is gained.

### EQUITY INCOME FUND

In selecting investments for the Equity Income Fund, the Adviser focuses on issuers that:

- o have strong free cash flow and pay regular dividends
- o have potential for long-term earnings per share growth
- o may be subject to a value catalyst, such as industry developments, regulatory changes, changes in management, sale or spin-off of a division or the development of a profitable new business
- o are well-managed
- o will benefit from sustainable long-term economic dynamics, such as globalization of an issuer's industry or an issuer's increased focus on productivity or enhancement of services.

The Adviser also believes preferred stock and convertible securities of selected companies offer opportunities for capital appreciation as well as periodic income and may invest a portion of the Equity Income Fund's assets in such securities. This is particularly true in the case of companies that have performed below expectations. If a company's performance has been poor enough, its preferred stock and convertible debt securities will trade more like the common stock than like a fixed income security and may result in above average appreciation if performance improves. Even if the credit quality of the company is not in question, the market price of the convertible security will reflect little or no element of conversion value if the price of its common stock has fallen substantially below the conversion price. This leads to the possibility of capital appreciation if the price of the common stock recovers.

The Funds may also use the following investment technique:

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- o DEFENSIVE INVESTMENTS. When adverse market or economic conditions occur, the Funds may temporarily invest all or a portion of their assets in defensive investments. Such investments include fixed income securities or high quality money market instruments. When following a defensive strategy, the Funds will be less likely to achieve their investment goals.

Investing in the Funds involve the following risks:

- o EQUITY RISK. The principal risk of investing in the Funds is equity risk. Equity risk is the risk that the prices of the securities held by the Funds will fall due to general market and economic conditions, perceptions regarding the industries in which the companies issuing the securities participate and the issuer company's particular circumstances.
- o VALUE INVESTING RISK. Each Fund invests in "value" stocks. The portfolio manager may be wrong in the assessment of a company's value and the stocks the Fund holds may not reach what the portfolio manager believes are their full values. From time to time "value" investing falls out of favor with investors. During those periods, the Fund's relative performance may suffer.
- o FUND AND MANAGEMENT RISK.
  - o SMALL CAP GROWTH FUND AND WOODLAND SMALL CAP VALUE FUND ONLY -- The Funds invest in stocks issued by smaller companies. Each Fund's price may decline if the market favors large or mid-size capitalization company stocks over stocks of small companies. If the portfolio manager's assesment of the value of the securities each Fund holds is incorrect, or the events expected to increase value do not occur, then the value of the Fund's shares may decline.
  - o EQUITY INCOME FUND ONLY -- The Fund invests in stocks issued by companies believed by the portfolio manager to be undervalued and that have the potential to achieve significant capital appreciation. If the portfolio manager is incorrect in its assessment of the values of the securities it holds, or no event occurs which surfaces value, then the value of the Fund's shares may decline.
- o SMALL CAPITALIZATION COMPANY RISK. SMALL CAP GROWTH FUND AND WOODLAND SMALL CAP VALUE FUND ONLY -- Investing in securities of small capitalization companies may involve greater risks than investing in larger, more established issuers. Smaller capitalization companies typically have relatively lower revenues, limited product lines and lack of management depth, and may have a smaller share of the market for their products or services, than larger capitalization companies. The stocks of smaller capitalization companies tend to have less trading volume than stocks of larger capitalization companies. Less trading volume may make it more difficult for our portfolio managers to sell securities of smaller capitalization companies at quoted market prices. Finally, there are periods when investing in smaller capitalization stocks falls out of favor with investors and the stocks of smaller

capitalization companies underperform.

- o INTEREST RATE RISK AND CREDIT RISK. EQUITY INCOME FUND ONLY -- Investments in preferred stock and securities convertible into or exchangeable for common or preferred stock involve interest rate risk and credit risk. When interest rates decline, the value of such securities generally rises. Conversely, when interest rates rise, the value of such securities generally declines. It is also possible that the issuer of a security will not be able to make interest and principal payments when due.
- o LOW CREDIT QUALITY RISK. EQUITY INCOME FUND ONLY -- Lower rated convertible securities are subject to greater credit risk, greater price volatility and a greater risk of loss than investment

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grade securities. There may be less of a market for lower rated convertible securities, which could make it harder to sell them at an acceptable price.

- o NON-DIVERSIFICATION. WOODLAND SMALL CAP VALUE FUND ONLY -- The Fund is classified as a "non-diversified" investment company. Because the Fund, as a non-diversified investment company, may invest in the securities of individual issuers to a greater extent than a "diversified" mutual fund, an investment in the Fund may present greater risk to an investor than an investment in a diversified mutual fund because the investment risk may be concentrated in fewer securities.

#### MANAGEMENT OF THE FUNDS

THE ADVISER. Gabelli Funds, LLC, with its principal offices located at One Corporate Center, Rye, New York 10580-1422, serves as investment adviser to the Funds. The Adviser makes investment decisions for the Funds and continuously reviews and administers the Funds' investment program under the supervision of the Funds' Board of Directors. The Adviser also manages several other open-end and closed-end investment companies in the Gabelli family of funds. The Adviser is a New York limited liability company organized in 1999 as successor to Gabelli Group Capital Partners, Inc. (formerly named Gabelli Funds, Inc.), a New York corporation organized in 1980. The Adviser is a wholly owned subsidiary of Gabelli Asset Management Inc. ("GBL"), a publicly held company listed on the New York Stock Exchange ("NYSE").

As compensation for its services and the related expenses borne by the Adviser, for the fiscal year ended September 30, 2003, each of the Small Cap Growth and Equity Income Funds paid the Adviser a fee equal to 1.00% of the value of its average daily net assets. With respect to the Woodland Small Cap Value Fund, as compensation for its services and the related expenses borne by the Adviser, the Fund is contractually obligated to pay the Adviser a fee equal to 1.00% per year of the value of the Fund's average daily net assets. For the fiscal period from the Fund's commencement of operations through September 30, 2003, the Adviser waived fees and reimbursed expenses of the Woodland Small Cap Value Fund.

The Adviser has contractually agreed to waive its investment advisory fee and/or reimburse expenses to the extent necessary to maintain Total Annual Fund Operating Expenses (excluding brokerage, interest, taxes and extraordinary

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expenses) at no more than 2.00% for Class A Shares and 2.75% for Class B Shares and Class C Shares. The fee waiver and expense reimbursement arrangement will continue until at least through September 30, 2004. In addition, the Fund has agreed, during the two year period following any waiver or reimbursement by the Adviser, to repay such amount to the extent that after giving effect to the repayment, such adjusted Total Annual Operating Expenses would not exceed 2.00% for Class A Shares and 2.75% for Class B Shares and Class C Shares.

THE PORTFOLIO MANAGERS. Mr. Mario J. Gabelli, CFA, is primarily responsible for the day-to-day management of the Small Cap Growth Fund and Equity Income Fund. Mr. Gabelli has been Chairman, Chief Executive Officer and Chief Investment Officer of the Adviser and its predecessor since inception, as well as its parent company, GBL. Mr. Gabelli also acts as Chief Executive Officer and Chief Investment Officer of GAMCO Investors, Inc., a wholly owned subsidiary of GBL, and is an officer or director of various other companies affiliated with GBL. The Adviser relies to a considerable extent on the expertise of Mr. Gabelli, who may be difficult to replace in the event of his death, disability or resignation.

Elizabeth M. Lilly, CFA, is primarily responsible for the day-to-day management of the Woodland Small Cap Value Fund. In November 2002, Ms. Lilly joined Gabelli Asset Management Inc. as Senior Vice President and Portfolio Manager of Gabelli Funds, LLC and GAMCO Investors, Inc. Prior to November 2002, Ms. Lilly was a Managing Partner of Woodland Partners LLC since 1996.

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CLASSES OF SHARES

Three classes of the Funds' shares are offered in this prospectus -- Class A Shares, Class B Shares and Class C Shares. The table below summarizes the differences among the classes of shares.

- o A "front-end sales load," or sales charge, is a one-time fee charged at the time of purchase of shares.
- o A "contingent deferred sales charge" ("CDSC") is a one-time fee charged at the time of redemption.
- o A "Rule 12b-1 fee" is a recurring annual fee for distributing shares and servicing shareholder accounts based on the Fund's average daily net assets attributable to the particular class of shares.

	CLASS A SHARES	CLASS B SHARES	CLASS C SHARES
Front-End Sales Load?	Yes. The percentage declines as the amount invested increases.	No.	No.
Contingent Deferred Sales Charge?	Yes, for shares redeemed within twenty-four months after purchase as part of an	Yes, for shares redeemed within seventy-two months after purchase. Declines	Yes, for shares redeemed within twenty-four months after purchase

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investment greater than \$2 million if no front-end sales charge was paid at the time of purchase. over time.

Rule 12b-1 Fee	0.25%	1.00%	1.00%
Convertible to Another Class?	No.	Yes. Automatically converts to Class A Shares approximately ninety-six months after purchase.	No.
Fund Expense Levels	Lower annual expenses than Class B or Class C Shares.	Higher annual expenses than Class A Shares.	Higher annual expenses than Class C Shares.

In selecting a class of shares in which to invest, you should consider

- o the length of time you plan to hold the shares
- o the amount of sales charge and Rule 12b-1 fees, recognizing that your share of 12b-1 fees as a percentage of your investment increases if the Fund's assets increase in value and decreases if the Fund's assets decrease in value
- o whether you qualify for a reduction or waiver of the Class A sales charge
- o that Class B Shares convert to Class A Shares approximately ninety-six months after purchase

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IF YOU...	THEN YOU SHOULD CONSIDER...
o do not qualify for a reduced or waived front-end sales load and intend to hold your shares for only a few years	purchasing Class C Shares instead of either Class A Shares or Class B Shares
o do not qualify for a reduced or waived front-end sales load and intend to hold your shares for several years	purchasing Class B Shares instead of either Class A Shares or Class C Shares
o do not qualify for a reduced or waived front-end sales load and intend to hold your shares indefinitely	purchasing Class A Shares

SALES CHARGE -- CLASS A SHARES. The sales charge is imposed on Class A Shares at the time of purchase in accordance with the following schedule:

SALES CHARGE AS % OF THE	SALES CHARGE AS % OF	REALLOWANCE TO
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AMOUNT OF INVESTMENT	OFFERING PRICE*	AMOUNT INVESTED	BROKER-DEALERS
Under \$50,000 .....	5.75%	6.10%	5.00%
\$50,000 but under \$100,000 .....	4.50%	4.71%	3.75%
\$100,000 but under \$250,000 .....	3.50%	3.62%	2.75%
\$250,000 but under \$500,000 .....	2.50%	2.56%	2.00%
\$500,000 but under \$1 million .....	2.00%	2.04%	1.75%
\$1 million but under \$2 million ...	1.00%	1.01%	1.00%
\$2 million .....	0.00%	0.00%	1.00%

SALES CHARGE REDUCTIONS AND WAIVERS -- CLASS A SHARES:

You may qualify for a reduced sales charge, or a waiver of sales charges, on purchases of Class A Shares. The requirements are described in the following paragraphs. To receive a reduction that you qualify for, you may have to provide additional information to your broker or other service agent. For more information about sales charge discounts and waivers, consult with your broker or other service provider.

1. VOLUME DISCOUNTS. In order to determine whether you qualify for a volume discount under the sales charge schedule above, you may combine your new investment and your existing investments in Class A Shares with those of your immediate family (spouse and children under age 21), your and their IRAs and other employee benefit plans and trusts and other fiduciary accounts for your and their benefit. You may also include Class A Shares of any other investment company managed by the Adviser or its affiliates that are held in any of the forgoing accounts. You may base your eligibility on the current value of these holdings. For example, if you own Class A Shares of the Funds that have an aggregate value of \$100,000, and make an additional investment in Class A Shares of the Funds of \$4,000, the sales charge applicable to the additional investment would be 3.50%, rather than the 5.75% normally charged on a \$4,000 purchase. Your broker may require you to document holdings from other accounts, which may include accounts at other brokers.

2. LETTER OF INTENT. If you initially invest at least \$1,000 in Class A Shares of a Fund and submit a Letter of Intent to your broker or Gabelli & Company, Inc. the Funds' distributor (the "Distributor"), you may make purchases of Class A Shares of that Fund during a 13-month period at the reduced sales charge rates applicable to the aggregate amount of the intended purchases stated in the Letter. The Letter may apply to purchases made up to 90 days before the date of the Letter. You will have to pay sales charges at the

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higher rate if you fail to honor your Letter of Intent. For more information on the Letter of Intent, call your broker.

3. INVESTORS ELIGIBLE FOR SALES CHARGE WAIVERS. Class A Shares of the Funds may be offered without a sales charge to: (1) any other investment company in connection with the combination of such company with the Funds by merger, acquisition of assets or otherwise; (2) shareholders who have redeemed shares in the Funds and who wish to reinvest in the Funds, provided the reinvestment is made within 45 days of the redemption; (3) tax-exempt organizations enumerated in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code") and private, charitable foundations that in each case make lump-sum purchases of

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\$100,000 or more; (4) qualified employee benefit plans established pursuant to Section 457 of the Code that have established omnibus accounts with the Fund or an intermediary; (5) qualified employee benefit plans having more than one hundred eligible employees and a minimum of \$1 million in plan assets invested in the Funds (plan sponsors are encouraged to notify the Funds' Distributor when they first satisfy these requirements); (6) any unit investment trusts registered under the Investment Company Act of 1940 (the "1940 Act") which have shares of the Funds as a principal investment; (7) financial institutions purchasing Class A Shares of the Funds for clients participating in a fee based asset allocation program or wrap fee program which has been approved by the Funds' Distributor; and (8) registered investment advisers or financial planners who place trades for their own accounts or the accounts of their clients and who charge a management, consulting or other fee for their services; and clients of such investment advisers or financial planners who place trades for their own accounts if the accounts are linked to the master account of such investment adviser or financial planner on the books and records of a broker or agent.

Investors who qualify under any of the categories described above should contact their brokerage firm.

CONTINGENT DEFERRED SALES CHARGES.

You will pay a CDSC when you redeem:

- o Class A Shares within approximately twenty-four months of buying them as part of an investment greater than \$2 million if no front-end sales charge was paid at the time of purchase
- o Class B Shares within approximately seventy-two months of buying them
- o Class C Shares within approximately twelve months of buying them

The CDSC payable upon redemption of Class A Shares and Class C Shares in the circumstances described above is 1.00%. The CDSC schedule for Class B Shares is set forth below. The CDSC is based on the net asset value at the time of your investment or the net asset value at the time of redemption, whichever is lower.

YEARS SINCE PURCHASE -----	CLASS B SHARES CDSC -----
First	5.00%
Second	4.00%
Third	3.00%
Fourth	3.00%
Fifth	2.00%
Sixth	1.00%
Seventh and thereafter	0.00%

The Distributor pays sales commissions of up to 4.00% of the purchase price of Class B Shares of the Funds to brokers at the time of sale that initiate and are responsible for purchases of such Class B Shares of the Funds.

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The Distributor pays sales commissions of up to 1.00% of the purchase price of Class C Shares of the Funds to brokers at the time of sale that initiate and are responsible for purchase of such Class C Shares of the Fund.

You will not pay a CDSC to the extent that the value of the redeemed shares

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represents reinvestment of dividends or capital gains distributions or capital appreciation of shares redeemed. When you redeem shares, we will assume that you are first redeeming shares representing reinvestment of dividends and capital gains distributions, then any appreciation on shares redeemed, and then remaining shares held by you for the longest period of time. We will calculate the holding period of shares acquired through an exchange of shares of another fund from the date you acquired the original shares of the other fund. The time you hold shares in a money market fund, however, will not count for purposes of calculating the applicable CDSC.

We will waive the CDSC payable upon redemptions of shares for:

- o redemptions and distributions from retirement plans made after the death or disability of a shareholder
- o minimum required distributions made from an IRA or other retirement plan account after you reach age 59 1/2
- o involuntary redemptions made by the Fund
- o a distribution from a tax-deferred retirement plan after your retirement
- o returns of excess contributions to retirement plans following the shareholder's death or disability

### CONVERSION FEATURE -- CLASS B SHARES:

- o Class B Shares automatically convert to Class A Shares of the Funds on the first business day of the ninety-seventh month following the month in which you acquired such shares.
- o After conversion, your shares will be subject to the lower Rule 12b-1 fees charged on Class A Shares, which will increase your investment return compared to the Class B Shares.
- o You will not pay any sales charge or fees when your shares convert, nor will the transaction be subject to any tax.
- o The dollar value of Class A Shares you receive will equal the dollar value of the Class B Shares converted.
- o If you exchange Class B Shares of one fund for Class B Shares of another fund, your holding period for calculating the CDSC will be from the time of your original purchase of Class B Shares. If you exchange shares into a Gabelli money ma