

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

GABELLI EQUITY TRUST INC  
Form N-CSRS  
September 08, 2005

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-04700  
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The Gabelli Equity Trust Inc.  
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(Exact name of registrant as specified in charter)

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

(Address of principal executive offices) (Zip code)

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

(Name and address of agent for service)

registrant's telephone number, including area code: 1-800-422-3554  
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Date of fiscal year end: December 31  
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Date of reporting period: June 30, 2005  
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Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

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

ITEM 1. REPORTS TO STOCKHOLDERS.

The Report to Shareholders is attached herewith.

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[LOGO OMITTED]  
THE GABELLI EQUITY TRUST INC.

THE GABELLI EQUITY TRUST INC.

Semi-Annual Report  
June 30, 2005

TO OUR SHAREHOLDERS,

During the second quarter of 2005, the Gabelli Equity Trust's (the "Equity Trust") total return was 1.9% on a net asset value ("NAV") basis while the Standard & Poor's ("S&P") 500 Index rose 1.4% and the Dow Jones Industrial Average ("DJIA") declined 1.6%. For the six month period ended June 30, 2005, the Equity Trust's NAV total return was 0.6% versus losses of 0.8% and 3.5% for the S&P 500 Index and the DJIA, respectively. For the one year period ended June 30, 2005, the Equity Trust's NAV total return was 14.8% versus increases for the S&P 500 Index and DJIA of 6.3% and 0.8%, respectively. The Equity Trust's market price on June 30, 2005 was \$8.98, which equates to a 7.2% premium to its NAV of \$8.38. The Equity Trust's market price rose 1.9% during the second quarter and has risen 3.8% and 21.8%, respectively, for the six and twelve month periods ended June 30, 2005.

Enclosed are the financial statements and the investment portfolio as of June 30, 2005.

COMPARATIVE RESULTS

AVERAGE ANNUAL RETURNS THROUGH JUNE 30, 2005 (a)

	Quarter	Year to Date	1 Year	3 Year	5 Year
GABELLI EQUITY TRUST NAV RETURN(B) .....	1.90%	0.57%	14.75%	14.61%	4.99%
GABELLI EQUITY TRUST INVESTMENT RETURN(C) ....	1.89	3.80	21.78	6.26	5.55
S&P 500 Index .....	1.37	(0.81)	6.32	8.28	(2.37)
Dow Jones Industrial Average .....	(1.62)	(3.50)	0.83	5.99	1.76
Nasdaq Composite Index .....	2.89	(5.45)	0.45	12.02	(12.31)

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

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

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

We have separated the portfolio manager's commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio manager's commentary is unrestricted. The financial statements and investment portfolio are mailed separately. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at [www.gabelli.com/funds](http://www.gabelli.com/funds).

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

The following table presents portfolio holdings as a percent of total investments:

Food and Beverage .....	8.2%
Financial Services .....	7.5%
Telecommunications .....	7.5%
Energy and Utilities .....	7.4%
Entertainment .....	6.1%
Repurchase Agreements .....	6.1%
Publishing .....	6.1%
Cable and Satellite .....	5.5%
Diversified Industrial .....	5.5%
Consumer Products .....	4.2%
Health Care .....	3.6%
Automotive: Parts and Accessories .....	3.5%
Hotels and Gaming .....	3.3%
Equipment and Supplies .....	3.0%
Retail .....	2.7%
Aviation: Parts and Services .....	2.0%
Consumer Services .....	1.8%
Wireless Communications .....	1.7%
Aerospace .....	1.5%
Communications Equipment .....	1.4%
Machinery .....	1.4%
Agriculture .....	1.3%
Real Estate .....	1.3%
Specialty Chemicals .....	1.1%
Broadcasting .....	1.1%
Environmental Services .....	1.0%
Automotive .....	0.8%
Electronics .....	0.7%
Business Services .....	0.7%
Metals and Mining .....	0.5%

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U.S. Government Obligations .....	0.3%
Manufactured Housing and Recreational Vehicles .....	0.3%
Computer Software and Services .....	0.3%
Closed-End Funds .....	0.2%
Paper and Forest Products .....	0.2%
Transportation .....	0.1%
Real Estate Investment Trusts .....	0.1%
	-----
	100.0%
	=====

THE GABELLI EQUITY TRUST INC. (THE "EQUITY TRUST") FILES A COMPLETE SCHEDULE OF PORTFOLIO HOLDINGS WITH THE SEC FOR THE FIRST AND THIRD QUARTERS OF EACH FISCAL YEAR ON FORM N-Q, THE LAST OF WHICH WAS FILED FOR THE QUARTER ENDED MARCH 31, 2005. SHAREHOLDERS MAY OBTAIN THIS INFORMATION AT WWW.GABELLI.COM OR BY CALLING THE EQUITY TRUST AT 800-GABELLI (800-422-3554). THE EQUITY TRUST'S FORM N-Q IS AVAILABLE ON THE SEC'S WEBSITE AT WWW.SEC.GOV AND MAY ALSO BE REVIEWED AND COPIED AT THE COMMISSION'S PUBLIC REFERENCE ROOM IN WASHINGTON, DC. INFORMATION ON THE OPERATION OF THE PUBLIC REFERENCE ROOM MAY BE OBTAINED BY CALLING 1-800-SEC-0330.

PROXY VOTING

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

SHAREHOLDER MEETING -- MAY 9, 2005 -- FINAL RESULTS

The Annual Meeting of Shareholders was held on May 9, 2005 at the Hyatt Regency in Old Greenwich, Connecticut. At that meeting, common and preferred shareholders voting together as a single class elected Frank J. Fahrenkopf, Jr. and Salvatore J. Zizza as Directors of the Trust. There were 134,274,813 votes cast in favor of Mr. Fahrenkopf and 2,029,382 votes withheld. There were 134,555,946 votes cast in favor of Mr. Zizza and 1,747,709 votes withheld. In addition, preferred shareholders voting as a single class elected Anthony J. Colavita as Trustee of the Trust. There were 9,290,343 votes cast in favor and 77,198 votes withheld.

Mario J. Gabelli, Thomas E. Bratter, Anthony J. Colavita, James P. Conn, Arthur V. Ferrara, Karl Otto Pohl and Anthony R. Pustorino continue to serve in their capacities as Directors of the Trust.

We thank you for your participation and appreciate your continued support.

THE GABELLI EQUITY TRUST INC.  
 PORTFOLIO CHANGES  
 QUARTER ENDED JUNE 30, 2005 (UNAUDITED)

	OWNERSHIP AT
	JUNE 30,
SHARES	2005
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NET PURCHASES

COMMON STOCKS

Agere Systems Inc.(a) .....	35,000	35,000
Albertson's Inc. ....	20,000	200,000
Anheuser-Busch Companies Inc. ....	6,000	6,000
AT&T Corp. ....	120,000	400,000
Avon Products Inc. ....	20,000	20,000
Cadbury Schweppes plc, ADR .....	10,000	40,000
Champion Enterprises Inc. ....	20,000	70,000
Cinergy Corp. ....	20,000	40,000
Citigroup Inc. ....	25,000	40,000
Clarcor Inc.(b) .....	100,000	200,000
Coca-Cola Co. ....	15,000	60,000
ConocoPhillips(b) .....	100,000	200,000
Costco Wholesale Corp. ....	7,000	10,000
CUNO Inc. ....	10,000	10,000
Curtiss-Wright Corp.(c) .....	200,000	200,000
Del Monte Foods Co. ....	28,600	88,600
DPL Inc. ....	4,000	30,000
Duquesne Light Holdings Inc. ....	1,200	110,000
EchoStar Communications Corp., Cl. A .....	5,000	55,000
Fairchild Corp., Cl. A .....	4,600	129,600
Fleetwood Enterprises .....	5,000	50,000
Fomento Economico Mexicano SA de CV, ADR .....	5,641	35,641
Gemstar-TV Guide International Inc. ....	100,000	600,000
General Mills Inc. ....	20,000	170,000
Gillette Co. ....	10,000	135,000
Harrah's Entertainment Inc.(d) .....	8,845	8,845
Hilton Group plc .....	350,000	2,875,000
Hospira Inc. ....	8,500	10,000
Ito-Yokado Co. Ltd. ....	12,000	34,000
ITT Industries Inc. ....	10,000	130,000
Ivanhoe Mines Ltd. ....	49,400	51,400
Keyence Corp. ....	700	5,200
Las Vegas Sands Corp. ....	2,000	2,000
Liberty Global Inc., Cl. A(e) (f) .....	156,770	156,770
Lin TV Corp., Cl. A .....	15,000	50,000
Lucent Technologies Inc. ....	10,000	140,000
Lufkin Industries Inc.(b) .....	53,900	107,900
Maytag Corp. ....	15,000	75,000
MBNA Corp. ....	20,000	20,000
McGraw-Hill Companies Inc.(b) .....	100,000	200,000
MGM Mirage(b) .....	55,300	120,300
Moody's Corp.(b) .....	30,000	60,000
Nashua Corp. ....	2,500	72,500
Next plc .....	30,000	30,000
Nippon Television Network Corp. ....	1,000	7,800
Nortel Networks Corp. ....	50,000	150,000
Novelis Inc. ....	10,000	10,000
PetroChina Co. Ltd., ADR .....	800	1,000
Ralcorp Holdings Inc. ....	8,200	68,200
Rank Group plc .....	150,000	150,000
	SHARES/ PRINCIPAL AMOUNT	OWNERSHIP AT JUNE 30, 2005
	-----	-----
Reckitt Benckiser plc .....	31,000	33,000
Renal Care Group Inc. ....	35,000	35,000
Scripps (E.W.) Co., Cl A .....	5,000	150,000
Standard Chartered plc .....	50,000	50,000

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Storage Technology Corp. ....	40,000	40,000
Superior Industries International Inc. ....	10,000	30,000
Technip SA(g) .....	22,500	30,000
Telecom Italia SpA(h) .....	67,595	1,788,075
Telefonica SA, ADR(i) .....	1,800	254,800
Telefonica SA, BDR(i) .....	704	18,299
Telefonos de Mexico SA de CV, Cl. L, ADR(b) ....	32,000	64,000
Telephone & Data Systems Inc., Special(j) .....	400,000	400,000
Telesp Celular Participacoes SA, Pfd.(k) .....	5,845	5,845
Tokyo Electron Ltd. ....	2,600	17,000
Tribune Co. ....	18,300	298,300
UBS AG .....	2,000	25,000
United States Cellular Corp. ....	50,000	100,000
VNU NV .....	1,000	2,000
Waste Management Inc. ....	100,000	500,000
William Demant Holding A/S .....	1,100	82,000
Xstrata plc .....	45,000	45,000
Yahoo! Inc. ....	50,000	80,000
Young Broadcasting Inc., Cl. A .....	14,500	130,000
PREFERRED STOCKS		
Sequa Corp., \$5 Cv. Pfd. ....	100	3,200
CORPORATE BONDS		
Pep Boys - Manny, Moe & Jack, Cv., 4.250%, 06/01/07 .....	\$ 500,000	\$ 500,000
NET SALES		
COMMON STOCKS		
Agere Systems Inc., Cl. B(a) .....	(350,000)	--
Allstate Corp. ....	(5,000)	5,000
ALLTEL Corp. ....	(5,000)	5,000
America Movil SA de CV, Cl. L, ADR .....	(4,000)	81,000
AMETEK Inc. ....	(10,000)	215,000
Andrew Corp. ....	(15,000)	45,000
Bank of New York Co. Inc. ....	(2,000)	75,000
BCE Inc. ....	(15,000)	265,000
Bristol-Myers Squibb Co. ....	(10,000)	135,000
Caesars Entertainment Inc.(d) .....	(50,000)	--
Charter Communications Inc., Cl. A .....	(20,000)	--
Cincinnati Bell Inc. ....	(10,000)	940,000
Citizens Communications Co. ....	(5,000)	90,000
CMS Energy Corp. ....	(8,800)	91,200
Coldwater Creek Inc. ....	(3,500)	40,000
Comcast Corp., Cl. A .....	(20,000)	330,000
Commonwealth Telephone Enterprises Inc. ....	(35,000)	185,000

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.  
PORTFOLIO CHANGES (CONTINUED)  
QUARTER ENDED JUNE 30, 2005 (UNAUDITED)

	OWNERSHIP AT
	JUNE 30,
SHARES	2005
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NET SALES (CONTINUED)

COMMON STOCKS (CONTINUED)

Compania Assicuratrice Unipol SpA .....	(140,000)	--
Corning Inc. ....	(10,000)	540,000
Curtiss-Wright Corp., Cl. B(c) .....	(202,000)	--
Dana Corp. ....	(5,000)	395,000
Deutsche Bank AG, ADR .....	(2,000)	152,000
Dow Jones & Co Inc. ....	(2,000)	18,000
DTE Energy Co. ....	(1,000)	14,000
Duke Energy Corp. ....	(15,000)	280,000
Embratel Participacoes SA, Rights(l) .....	(19,015)	--
Energizer Holdings Inc. ....	(2,000)	32,000
Fedders Corp. ....	(3,000)	72,000
Ferro Corp. ....	(5,000)	325,000
Fortune Brands Inc. ....	(5,000)	30,000
General Motors Corp.(m) .....	(85,000)	--
Greif Inc., Cl. A .....	(1,000)	233,000
Hilton Hotels Corp. ....	(10,000)	600,000
Invitrogen Corp. ....	(3,000)	44,000
Irish Life & Permanent plc, Dublin .....	(15,000)	75,000
Johnson Controls Inc. ....	(5,000)	125,000
Kellogg Co. ....	(25,000)	185,000
Kerr-McGee Corp.(n) .....	(15,001)	19,999
Landauer, Inc. ....	(1,000)	95,000
Liberty Media Corp., Cl. A .....	(10,000)	2,200,000
Liberty Media International Inc., Cl. A(e) .....	(130,000)	--
Lloyds TSB Group plc .....	(95,000)	--
Lockheed Martin Corp. ....	(5,000)	40,000
Mandalay Resort Group(o) .....	(40,000)	--
Mattel Inc. ....	(10,000)	90,000
Media General Inc., Cl. A .....	(1,000)	337,000
Midland Co. ....	(300)	189,000
Modine Manufacturing Co. ....	(1,500)	330,000
National Presto Industries Inc. ....	(10,000)	35,000
Neiman Marcus Group Inc., Cl. B .....	(3,500)	320,000
New York Times Co., Cl. A .....	(17,500)	100,000
Nextel Communications Inc., Cl. A .....	(5,000)	65,000
Northrop Grumman Corp. ....	(5,000)	185,000
Paxson Communications Corp. ....	(9,000)	120,000
PepsiAmericas Inc. ....	(30,000)	520,000
PepsiCo Inc. ....	(15,000)	355,000
Pfizer Inc. ....	(5,000)	270,000
PHH Corp. ....	(7,500)	--
Procter & Gamble Co. ....	(20,000)	180,000
Pulitzer Inc.(p) .....	(90,000)	--
RAS SpA .....	(46,002)	--
Regal Entertainment Group, Cl. A .....	(2,000)	12,000
Riggs National Corp.(q) .....	(60,000)	--
Rollins Inc. ....	(36,400)	890,000
	SHARES/ PRINCIPAL AMOUNT	OWNERSHIP AT JUNE 30, 2005
	-----	-----
Royce Value Trust Inc. ....	(500)	31,500
SBC Communications Inc. ....	(10,000)	130,000
Sony Corp., ADR .....	(45,000)	--
St. Joe. Co. ....	(5,000)	172,000
Telecom Italia Mobile SpA(h) .....	(96,876)	--
Telephone & Data Systems Inc. ....	(90,000)	310,000
Telesp Celular Participacoes SA, Pfd.(k) .....	(14,613,537)	--

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Texas Instruments Inc. ....	(5,000)	265,000
Titan Corp. ....	(45,000)	30,000
TRW Automotive Holdings Corp. ....	(18,000)	165,000
TXU Corp. ....	(20,500)	62,500
United Defense Industries Inc.(r) ....	(15,000)	--
UnitedGlobalCom Inc., Cl. A(f) ....	(461,472)	--

CORPORATE BONDS

Charter Communications Inc., Cv., 4.750%, 06/01/06 .....	\$ (300,000)	\$ 500,000
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- 
- (a) Reverse Split -- 1 share of Agere Systems Inc. for 10 shares of Agere Systems Inc., Cl. B
  - (b) 2 for 1 stock split
  - (c) Reclassification -- 1 share of Curtiss-Wright Corp. for every 1 share of Curtiss-Wright Corp., Cl. B
  - (d) Merger -- 0.221129 of Harrah's Entertainment Inc. for every 1 share of Caesars Entertainment Inc.
  - (e) Merger -- 1 share of Liberty Global Inc., Cl. A for 1 share of Liberty Media International Inc., Cl. A
  - (f) Merger 0.058012 share of Liberty Global Inc., Cl. A for 1 share of UnitedGlobalCom Inc., Cl. A
  - (g) 4 for 1 stock split
  - (h) Merger -- 1.73 share of Telecom Italia SpA for every 1 share of Telecom Italia Mobile SpA
  - (i) 4% stock dividend
  - (j) Spin-off -- 1 share of Telephone & Data Systems Inc., Special for every 1 share of Telephone & Data Systems Inc.
  - (k) Reverse Split -- 0.0004 share of Telesp Celular Participacoes SA, Pfd. for every 1 share of Telesp Celular Participacoes SA, Pfd. and cusip change
  - (l) Rights Lapse for Embratel Participacoes SA, Rights
  - (m) Tender Offer -- \$31.00 for every 1 share
  - (n) Partial Tender Offer -- 0.336438:1 share at \$85.00
  - (o) Cash Merger -- \$71.00 for every 1 share
  - (p) Cash Merger -- \$64.00 for every 1 share
  - (q) Cash Merger -- \$19.94 for every 1 share
  - (r) Cash Merger -- \$75.00 for every 1 share

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS  
JUNE 30, 2005 (UNAUDITED)

SHARES		COST	MARKET VALUE
-----		-----	-----
	COMMON STOCKS -- 93.1%		
	FOOD AND BEVERAGE -- 8.2%		
85,000	Ajinomoto Co. Inc. ....	\$ 998,444	\$ 946,488
6,000	Anheuser-Busch Companies Inc. ....	284,494	274,500
40,000	Cadbury Schweppes plc, ADR .....	1,144,179	1,533,200
90,000	Campbell Soup Co. ....	2,383,197	2,769,300
60,000	Coca-Cola Co. ....	2,754,114	2,505,000
5,000	Coca-Cola Enterprises Inc. ....	76,395	110,050
40,000	Coca-Cola Hellenic Bottling Co.		



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	SA .....	519,295		1,086,236
100,000	Corn Products International Inc. ..	1,385,122		2,376,000
88,600	Del Monte Foods Co.+ .....	806,935		954,222
10,108	Denny's Corp.+ .....	14,358		50,540
100,000	Diageo plc .....	1,037,393		1,474,567
224,000	Diageo plc, ADR .....	9,660,541		13,283,200
200,000	Dreyer's Grand Ice Cream Holdings Inc., Cl. A .....	15,737,691		16,280,000
60,000	Flowers Foods Inc. ....	1,011,842		2,121,600
35,641	Fomento Economico Mexicano SA de CV, ADR .....	1,402,215		2,123,134
170,000	General Mills Inc. ....	8,096,244		7,954,300
40,000	Groupe Danone .....	3,491,214		3,519,133
500,000	Grupo Bimbo SA de CV, Cl. A .....	1,052,379		1,439,896
20,000	Hain Celestial Group Inc.+ .....	267,663		390,000
130,000	Heinz (H.J.) Co. ....	4,668,773		4,604,600
27,000	Hershey Co. ....	899,420		1,676,700
185,000	Kellogg Co. ....	6,344,427		8,221,400
75,000	Kerry Group plc, Cl. A .....	860,877		1,872,413
12,100	LVMH Moet Hennessy Louis Vuitton SA .....	419,053		935,680
2,500	Nestle SA .....	513,610		639,875
520,000	PepsiAmericas Inc. ....	9,208,154		13,343,200
355,000	PepsiCo Inc. ....	17,170,494		19,145,150
6,750	Pernod-Ricard SA .....	470,174		1,078,249
68,200	Ralcorp Holdings Inc. ....	1,308,415		2,806,430
80,000	Sara Lee Corp. ....	1,480,340		1,584,800
2,000	Smucker (J.M.) Co. ....	52,993		93,880
112,270	Tootsie Roll Industries Inc. ....	1,566,039		3,283,897
170,000	Wrigley (Wm.) Jr. Co. ....	10,436,095		11,702,800
		-----		-----
		107,522,579		132,180,440
		-----		-----
	FINANCIAL SERVICES -- 7.5%			
7,000	Allianz AG .....	866,497		804,499
5,000	Allstate Corp. ....	209,064		298,750
550,000	American Express Co. ....	21,247,943		29,276,500
34,000	Argonaut Group Inc.+ .....	893,076		785,060
95,000	Aviva plc .....	935,101		1,058,714
90,000	Banco Santander Central Hispano SA, ADR .....	322,130		1,042,200
				MARKET
SHARES		COST		VALUE
		-----		-----
110,000	Bank of Ireland .....	\$ 635,101		\$ 1,786,432
75,000	Bank of New York Co. Inc. ....	2,749,625		2,158,500
275,000	Bankgesellschaft Berlin AG+ .....	5,495,399		965,099
260	Berkshire Hathaway Inc., Cl. A+ ...	1,074,049		21,710,000
7,500	Calamos Asset Management Inc., Cl. A .....	135,000		204,300
40,000	Citigroup Inc. ....	1,908,300		1,849,200
185,000	Commerzbank AG, ADR .....	3,747,342		4,033,722
152,000	Deutsche Bank AG, ADR .....	9,838,158		11,840,800
20,000	Dun and Bradstreet Corp.+ .....	424,266		1,233,000
10,000	H&R Block Inc. ....	329,930		583,500
23,000	Hibernia Corp., Cl. A .....	184,942		763,140
75,000	Irish Life & Permanent plc .....	585,157		1,313,321
200,000	Janus Capital Group Inc. ....	3,029,352		3,008,000
45,000	JPMorgan Chase & Co. ....	1,251,002		1,589,400
130,000	Kinnevik Investment AB, Cl. B .....	617,945		1,094,171
78,000	Leucadia National Corp. ....	1,905,290		3,013,140

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20,000	MBNA Corp. ....	524,600	523,200
100,000	Mellon Financial Corp. ....	3,140,094	2,869,000
189,000	Midland Co. ....	1,386,764	6,650,910
60,000	Moody's Corp. ....	1,024,050	2,697,600
257,500	Nikko Cordial Corp. ....	1,725,292	1,132,991
145,000	Phoenix Companies Inc. ....	2,094,171	1,725,500
2,500	Prudential Financial Inc. ....	68,750	164,150
45,000	Schwab (Charles) Corp. ....	657,562	507,600
50,000	Standard Chartered plc ....	954,007	913,765
80,000	State Street Corp. ....	4,001,480	3,860,000
20,000	SunTrust Banks Inc. ....	419,333	1,444,800
78,500	T. Rowe Price Group Inc. ....	4,816,620	4,914,100
25,000	UBS AG ....	1,255,688	1,950,839
60,000	Waddell & Reed Financial Inc., Cl. A ....	1,247,250	1,110,000
		-----	-----
		81,700,330	120,875,903
		-----	-----
	ENERGY AND UTILITIES -- 7.4%		
70,000	AES Corp.+ ....	397,267	1,146,600
10,000	AGL Resources Inc. ....	174,924	386,500
120,000	Allegheny Energy Inc.+ ....	1,090,388	3,026,400
70,000	Apache Corp. ....	2,728,670	4,522,000
247,000	BP plc, ADR ....	10,490,760	15,407,860
275,000	Burlington Resources Inc. ....	12,090,077	15,191,000
115,000	CH Energy Group Inc. ....	4,749,282	5,592,450
40,000	Cinergy Corp. ....	1,456,054	1,792,800
91,200	CMS Energy Corp.+ ....	583,956	1,373,472
200,000	ConocoPhillips . ....	7,227,891	11,498,000
8,000	Constellation Energy Group ....	189,742	461,520
30,000	DPL Inc. ....	624,493	823,500
14,000	DTE Energy Co. ....	619,460	654,780
280,000	Duke Energy Corp. ....	6,201,900	8,324,400
110,000	Duquesne Light Holdings Inc. ....	1,845,274	2,054,800

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
JUNE 30, 2005 (UNAUDITED)

SHARES		COST	MARKET VALUE
-----		-----	-----
	COMMON STOCKS (CONTINUED)		
	ENERGY AND UTILITIES (CONTINUED)		
210,000	El Paso Corp. ....	\$ 2,558,703	\$ 2,419,200
370,000	El Paso Electric Co.+ ....	3,381,794	7,566,500
50,000	Energy East Corp. ....	1,065,733	1,449,000
80,000	Eni SpA ....	1,367,106	2,063,073
80,000	Exxon Mobil Corp. ....	2,750,108	4,597,600
20,000	FPL Group Inc. ....	556,256	841,200
70,000	Halliburton Co. ....	1,726,011	3,347,400
19,999	Kerr-McGee Corp. ....	1,111,848	1,526,124
150,000	Mirant Corp.+ ....	201,190	76,800
12,270	NiSource Inc. ....	264,419	303,437

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300,000	Northeast Utilities .....	5,660,050	6,258,000
1,000	PetroChina Co. Ltd., ADR .....	62,306	73,450
23,000	Petroleo Brasileiro SA, ADR .....	986,810	1,198,990
100,000	Progress Energy Inc., CVO+ .....	52,000	13,500
30,000	SJW Corp. ....	883,106	1,410,300
20,000	Southwest Gas Corp. ....	451,132	510,200
8,657	Total SA .....	1,262,555	2,035,549
62,500	TXU Corp. ....	1,462,163	5,193,125
255,000	Westar Energy Inc. ....	4,319,800	6,127,650
		-----	-----
		80,593,228	119,267,180
		-----	-----
	TELECOMMUNICATIONS -- 7.4%		
5,000	ALLTEL Corp. ....	111,101	311,400
400,000	AT&T Corp. ....	10,994,472	7,616,000
90,540	ATX Communications Inc.+ .....	151,570	1,032
265,000	BCE Inc. ....	6,947,469	6,275,200
30,000	Brasil Telecom Participacoes SA, ADR .....	1,743,257	1,083,000
1,760,000	BT Group plc .....	7,277,785	7,252,789
4,440,836	Cable & Wireless Jamaica Ltd.+ ....	101,639	113,365
10,000	CenturyTel Inc. ....	322,000	346,300
940,000	Cincinnati Bell Inc.+ .....	7,243,529	4,042,000
90,000	Citizens Communications Co. ....	1,070,036	1,209,600
185,000	Commonwealth Telephone Enterprises Inc. ....	7,065,945	7,753,350
110,000	Compania de Telecomunicaciones de Chile SA, ADR .....	1,634,847	1,118,700
170,000	Deutsche Telekom AG, ADR .....	2,827,195	3,131,400
15,000	Embratel Participacoes SA, ADR+ ...	266,400	158,100
5,000	France Telecom SA, ADR .....	146,305	145,700
233	KDDI Corp. ....	830,434	1,077,712
100,000	KPN NV .....	232,728	839,848
1,000,000	Qwest Communications International Inc.+ .....	3,357,501	3,710,000
130,000	SBC Communications Inc. ....	4,107,938	3,087,500
			MARKET
SHARES		COST	VALUE
		-----	-----
450,000	Sprint Corp. ....	\$ 14,920,599	\$ 11,290,500
186,554	Tele Norte Leste Participacoes SA, ADR .....	2,554,387	3,106,124
50,000	Telecom Argentina SA, Cl. B, ADR+ .....	423,451	597,000
1,788,075	Telecom Italia SpA .....	7,145,332	5,582,732
254,800	Telefonica SA, ADR .....	12,826,593	12,459,720
18,299	Telefonica SA, BDR .....	202,143	298,580
64,000	Telefonos de Mexico SA de CV, Cl. L, ADR .....	482,044	1,208,960
310,000	Telephone & Data Systems Inc. ....	14,545,632	12,651,100
400,000	Telephone & Data Systems Inc., Special .....	16,508,500	15,336,000
2,500	TELUS Corp. ....	44,168	87,863
52,500	TELUS Corp., ADR .....	950,397	1,845,730
135,000	Verizon Communications Inc. ....	5,330,021	4,664,250
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		132,365,418	118,401,555
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	ENTERTAINMENT -- 6.1%		
160,000	Canal Plus, ADR+ .....	34,010	260,000
110,000	EMI Group plc .....	292,543	500,600

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80,000	EMI Group plc, ADR .....	947,487	728,448
50,000	GC Companies Inc.+(a) .....	54,500	43,000
600,000	Gemstar-TV Guide International Inc.+ .....	3,810,261	2,154,000
174,000	Grupo Televisa SA, ADR .....	6,481,375	10,803,660
2,200,000	Liberty Media Corp., Cl. A+ .....	22,754,943	22,418,000
160,000	Publishing & Broadcasting Ltd. ....	893,720	1,808,604
150,000	Rank Group plc .....	764,935	722,950
12,000	Regal Entertainment Group, Cl. A ..	165,788	226,560
170,000	Six Flags Inc.+ .....	1,176,303	790,500
260,000	The Walt Disney Co. ....	5,453,387	6,546,800
800,000	Time Warner Inc.+ .....	17,755,191	13,368,000
835,000	Viacom Inc., Cl. A .....	34,674,976	26,903,700
43,900	Vivendi Universal SA .....	2,247,329	1,384,459
330,000	Vivendi Universal SA, ADR .....	8,718,814	10,338,900
		-----	-----
		106,225,562	98,998,181
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	PUBLISHING -- 6.1%		
18,000	Dow Jones & Co. Inc. ....	933,936	638,100
248,266	Independent News & Media plc .....	358,456	766,123
20,000	Knight-Ridder Inc. ....	1,345,264	1,226,800
5,000	McClatchy Co., Cl. A .....	240,250	327,200
200,000	McGraw-Hill Companies Inc. ....	7,669,017	8,850,000
337,000	Media General Inc., Cl. A .....	20,165,073	21,824,120
124,000	Meredith Corp. ....	2,253,297	6,083,440

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
JUNE 30, 2005 (UNAUDITED)

SHARES		COST	MARKET VALUE
-----		-----	-----
	COMMON STOCKS (CONTINUED)		
	PUBLISHING (CONTINUED)		
100,000	New York Times Co., Cl. A .....	\$ 4,558,429	\$ 3,115,000
1,744,800	News Corp., Cl. A .....	23,233,744	28,230,864
20,000	News Corp., Cl. B .....	186,274	337,200
60,000	News Corp., Cl. B, CDI .....	696,029	1,020,765
80,000	Pearson plc .....	911,889	942,433
200,000	Penton Media Inc.+ .....	439,128	70,000
400,000	PRIMEDIA Inc.+ .....	1,948,569	1,620,000
175,000	Reader's Digest Association Inc. ..	3,181,221	2,887,500
261,319	SCMP Group Ltd. ....	191,790	114,333
150,000	Scripps (E.W.) Co., Cl. A .....	5,032,324	7,320,000
66,585	Seat Pagine Gialle SpA+ .....	177,139	27,799
80,000	Thomas Nelson Inc. ....	951,267	1,740,800
298,300	Tribune Co. ....	13,450,571	10,494,194
2,000	VNU NV .....	56,257	55,837
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		87,979,924	97,692,508
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	CABLE AND SATELLITE -- 5.5%		
1,500,000	Cablevision Systems Corp., Cl.		

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	A+ .....	33,080,007		48,300,000
330,000	Comcast Corp., Cl. A+ .....	11,098,996		10,131,000
85,000	Comcast Corp., Cl. A, Special+ ....	756,584		2,545,750
153,444	DIRECTV Group Inc.+ .....	2,214,257		2,378,382
55,000	EchoStar Communications Corp., Cl. A .....	1,722,522		1,658,250
156,770	Liberty Global Inc., Cl. A+ .....	4,302,786		7,316,456
50,000	Loral Space & Communications Ltd.+ .....	11,250		14,500
407,845	Rogers Communications Inc., Cl. B, New York .....	5,045,177		13,409,944
9,655	Rogers Communications Inc., Cl. B, Toronto .....	137,424		316,790
80,000	Shaw Communications Inc., Cl. B, New York .....	329,197		1,661,600
20,000	Shaw Communications Inc., Cl. B, Toronto .....	52,983		416,258
		58,751,183		88,148,930
	-----			
	DIVERSIFIED INDUSTRIAL -- 5.5%			
170,000	Acuity Brands Inc. ....	5,161,361		4,367,300
195,000	Ampco-Pittsburgh Corp. ....	2,627,873		2,340,000
25,000	Bouygues SA .....	643,811		1,036,498
160,000	Cooper Industries Ltd., Cl. A ....	8,215,442		10,224,000
250,000	Crane Co. ....	4,841,093		6,575,000
100,500	CRH plc .....	1,259,458		2,669,573
110,000	GATX Corp. ....	2,036,677		3,795,000
233,000	Greif Inc., Cl. A .....	4,398,568		14,236,300
			MARKET	
SHARES		COST		VALUE
		\$ 135,355		\$ 296,750
5,000	Greif Inc., Cl. B .....	13,620,787		15,018,300
410,000	Honeywell International Inc. ....	6,378,721		12,691,900
130,000	ITT Industries Inc. ....	2,380,718		4,609,800
390,000	Lamson & Sessions Co.+ .....	1,023,835		1,633,660
98,000	Park-Ohio Holdings Corp.+ .....	850,053		1,651,190
4,000	Sulzer AG .....	721,269		1,392,647
30,000	Technip SA .....	1,388,525		3,996,000
100,000	Thomas Industries Inc. ....	945,000		1,601,500
50,000	Trinity Industries Inc. ....			
		56,628,546		88,135,418
	-----			
	CONSUMER PRODUCTS -- 4.2%			
60,000	Altadis SA .....	885,677		2,517,366
20,000	Avon Products Inc. ....	784,045		757,000
43,000	Christian Dior SA .....	1,633,717		3,335,552
15,000	Church & Dwight Co. Inc. ....	99,535		543,000
30,000	Clorox Co. ....	1,666,387		1,671,600
3,000	Colgate-Palmolive Co. ....	151,130		149,730
90,000	Compagnie Financiere Richemont AG, Cl. A .....	1,264,405		3,026,921
50,000	Department 56 Inc.+ .....	524,317		512,500
32,000	Energizer Holdings Inc.+ .....	877,206		1,989,440
30,000	Fortune Brands Inc. ....	2,101,302		2,664,000
30,000	Gallaher Group plc .....	274,164		445,595
234,000	Gallaher Group plc, ADR .....	13,788,387		13,876,200
135,000	Gillette Co. ....	4,511,761		6,835,050
2,000	Givaudan SA .....	550,742		1,163,480
44,000	Harley-Davidson Inc. ....	2,044,082		2,182,400

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15,000	Matsushita Electric Industrial Co. Ltd., ADR .....	178,325	227,700
90,000	Mattel Inc. ....	1,409,065	1,647,000
75,000	Maytag Corp. ....	1,566,099	1,174,500
35,000	National Presto Industries Inc. ...	1,232,270	1,542,450
180,000	Procter & Gamble Co. ....	8,861,104	9,495,000
33,000	Reckitt Benckiser plc .....	1,053,255	972,623
10,000	Swatch Group AG, Cl. B .....	584,263	1,404,604
890,000	Swedish Match AB .....	9,252,561	10,111,241
		-----	-----
		55,293,799	68,244,952
		-----	-----
	HEALTH CARE -- 3.6%		
10,000	Abbott Laboratories .....	398,848	490,100
52,000	Amgen Inc.+ .....	3,039,863	3,143,920
19,146	AstraZeneca plc .....	710,674	795,314
27,000	Biogen Idec Inc.+ .....	163,601	930,150
135,000	Bristol-Myers Squibb Co. ....	3,509,708	3,372,300
65,036	GlaxoSmithKline plc .....	1,653,252	1,574,250
4,000	GlaxoSmithKline plc, ADR .....	216,096	194,040
34,000	Henry Schein Inc.+ .....	730,758	1,411,680
10,000	Hospira Inc.+ .....	342,400	390,000
16,000	INAMED Corp.+ .....	698,771	1,071,520

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
JUNE 30, 2005 (UNAUDITED)

SHARES		COST	MARKET VALUE
-----		-----	-----
	COMMON STOCKS (CONTINUED)		
	HEALTH CARE (CONTINUED)		
44,000	Invitrogen Corp.+ .....	\$ 2,223,724	\$ 3,664,760
18,750	IVAX Corp.+ .....	170,440	403,125
100,000	Merck & Co. Inc. ....	4,575,501	3,080,000
2,000	Nobel Biocare Holding AG .....	286,712	405,775
41,000	Novartis AG .....	1,292,180	1,953,219
105,000	Novartis AG, ADR .....	4,622,998	4,981,200
270,000	Pfizer Inc. ....	7,805,301	7,446,600
35,000	Renal Care Group Inc.+ .....	1,613,400	1,613,500
18,100	Roche Holding AG .....	1,644,615	2,290,925
31,808	Sanofi-Aventis .....	1,786,486	2,613,650
100,000	Schering-Plough Corp. ....	1,917,839	1,906,000
80,000	Smith & Nephew plc .....	752,722	789,780
4,250	Straumann Holding AG .....	873,571	885,486
60,000	Sybron Dental Specialties Inc.+ .....	1,230,090	2,257,200
10,000	Synthes Inc. ....	677,094	1,097,932
23,000	Takeda Pharmaceutical Co. Ltd. ....	1,140,219	1,140,564
82,000	William Demant Holding A/S+ .....	3,730,842	4,081,921
100,000	Wyeth .....	4,105,470	4,450,000
		-----	-----

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		51,913,175	58,434,911
		-----	-----
	AUTOMOTIVE: PARTS AND ACCESSORIES -- 3.4%		
60,000	BorgWarner Inc. ....	1,326,210	3,220,200
200,000	CLARCOR Inc. ....	1,597,860	5,850,000
395,000	Dana Corp. ....	6,261,061	5,928,950
300,000	Genuine Parts Co. ....	9,098,465	12,327,000
125,000	Johnson Controls Inc. ....	5,705,052	7,041,250
116,000	Midas Inc.+ ....	1,508,953	2,668,000
330,000	Modine Manufacturing Co. ....	8,787,029	10,744,800
80,500	Scheib (Earl) Inc.+ ....	637,614	275,713
160,000	Standard Motor Products Inc. ....	1,728,738	2,112,000
30,000	Superior Industries International Inc. ....	736,730	711,000
27,000	TI Automotive Ltd.+(a) ....	0	0
105,000	TransPro Inc.+ ....	936,807	660,450
165,000	TRW Automotive Holdings Corp.+ ....	4,315,120	4,044,150
		-----	-----
		42,639,639	55,583,513
		-----	-----
	HOTELS AND GAMING -- 3.3%		
115,000	Aztar Corp.+ ....	1,531,188	3,938,750
200,000	Gaylord Entertainment Co.+ ....	4,949,319	9,298,000
55,000	Greek Organization of Football Prognostics SA ....	630,177	1,592,081
16,000	GTECH Holdings Corp. ....	69,219	467,840
8,845	Harrah's Entertainment Inc. ....	553,483	637,459
2,875,000	Hilton Group plc ....	10,988,555	14,745,106
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		31,223,868	52,628,760
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		31,223,868	52,628,760
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		31,223,868	52,628,760

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	Inc., Cl. A .....	3,240,796	7,702,700
100,000	Weir Group plc .....	420,789	578,718
		-----	-----
		29,152,587	47,827,390
		-----	-----
	RETAIL -- 2.7%		
200,000	Albertson's Inc. ....	5,178,600	4,136,000
230,000	AutoNation Inc.+ .....	2,908,065	4,719,600
40,000	Coldwater Creek Inc.+ .....	142,323	996,400
10,000	Costco Wholesale Corp. ....	449,309	448,200
34,000	Ito-Yokado Co. Ltd. ....	1,155,818	1,128,122
38,000	Matsumotokiyoshi Co. Ltd. ....	1,037,783	1,034,713
320,000	Neiman Marcus Group Inc.,		
	Cl. B .....	7,795,253	30,944,000
30,000	Next plc .....	811,183	811,101
		-----	-----
		19,478,334	44,218,136
		-----	-----
	AVIATION: PARTS AND SERVICES -- 2.0%		
200,000	Curtiss-Wright Corp. ....	5,747,006	10,790,000
129,600	Fairchild Corp., Cl. A+ .....	997,020	370,656
220,000	GenCorp Inc.+ .....	2,587,049	4,237,200
90,000	Precision Castparts Corp. ....	2,330,982	7,011,000
84,000	Sequa Corp., Cl. A+ .....	3,347,991	5,558,280
74,600	Sequa Corp., Cl. B+ .....	3,852,672	4,964,630
		-----	-----
		18,862,720	32,931,766
		-----	-----

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
JUNE 30, 2005 (UNAUDITED)

SHARES		COST	MARKET VALUE
-----		-----	-----
	COMMON STOCKS (CONTINUED)		
	CONSUMER SERVICES -- 1.8%		
460,000	IAC/InterActiveCorp+ .....	\$ 11,367,750	\$ 11,063,000
890,000	Rollins Inc. ....	13,262,314	17,835,600
		-----	-----
		24,630,064	28,898,600
		-----	-----
	WIRELESS COMMUNICATIONS -- 1.7%		
81,000	America Movil SA de CV,		
	Cl. L, ADR .....	2,325,526	4,828,410
65,000	Nextel Communications		
	Inc., Cl. A+ .....	1,656,317	2,100,150
1,500	NTT DoCoMo Inc. ....	3,553,937	2,218,015
2,760,000	O2 plc+ .....	3,413,555	6,737,677
24,787	Tele Centro Oeste Celular		
	Participacoes SA, ADR .....	74,303	249,605
1,920	Tele Leste Celular		
	Participacoes SA, ADR+ .....	51,357	15,264
3,340	Tele Norte Celular		



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	Participacoes SA, ADR+ .....	51,601		21,209
90,000	Telefonica Moviles SA .....	660,946		950,819
8,350	Telemig Celular			
	Participacoes SA, ADR .....	241,320		272,627
90,217	Telesp Celular			
	Participacoes SA, ADR+ .....	2,244,802		385,227
5,845	Telesp Celular			
	Participacoes SA, Pfd.+ .....	89,789		24,832
32,165	Tim Participacoes SA, ADR .....	390,212		508,207
100,000	United States Cellular Corp.+ .....	4,333,517		4,994,000
553,888	Vodafone Group plc .....	975,799		1,349,663
100,000	Vodafone Group plc, ADR .....	2,378,590		2,432,000
		-----		-----
		22,441,571		27,087,705
		-----		-----
	COMMUNICATIONS EQUIPMENT -- 1.4%			
35,000	Agere Systems Inc.+ .....	648,860		420,000
45,000	Andrew Corp.+ .....	491,746		574,200
540,000	Corning Inc.+ .....	4,820,591		8,974,800
140,000	Lucent Technologies Inc.+ .....	829,428		407,400
110,000	Motorola Inc. ....	1,378,052		2,008,600
150,000	Nortel Networks Corp.+ .....	818,085		391,500
44,000	Scientific-Atlanta Inc. ....	355,750		1,463,880
300,000	Thomas & Betts Corp.+ .....	5,741,098		8,472,000
		-----		-----
		15,083,610		22,712,380
		-----		-----
	MACHINERY -- 1.4%			
10,000	Caterpillar Inc. ....	136,559		953,100
320,000	Deere & Co. ....	19,641,708		20,956,800
		-----		-----
		19,778,267		21,909,900
		-----		-----
	AGRICULTURE -- 1.3%			
1,000,000	Archer-Daniels-Midland Co. ....	14,500,966		21,380,000
5,000	Delta & Pine Land Co. ....	84,396		125,300
10,000	Mosaic Co.+ .....	139,584		155,600
		-----		-----
		14,724,946		21,660,900
		-----		-----
				MARKET
SHARES		COST		VALUE
		-----		-----
	AEROSPACE -- 1.3%			
110,000	Boeing Co. ....	\$ 4,638,808		\$ 7,260,000
40,000	Lockheed Martin Corp. ....	2,293,748		2,594,800
185,000	Northrop Grumman Corp. ....	9,674,435		10,221,250
30,000	Titan Corp.+ .....	480,157		682,200
		-----		-----
		17,087,148		20,758,250
		-----		-----
	REAL ESTATE -- 1.3%			
70,000	Cheung Kong (Holdings) Ltd. ....	815,521		682,345
100,000	Florida East Coast Industries Inc. ....	2,137,516		4,330,000
55,000	Griffin Land & Nurseries Inc.+ .....	513,143		1,354,650
172,000	St. Joe Co. ....	4,881,549		14,024,880
		-----		-----
		8,347,729		20,391,875

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SPECIALTY CHEMICALS -- 1.1%			
5,400	Ciba Specialty Chemicals AG, ADR .....	4,285	157,950
20,000	E.I. du Pont de Nemours and Co. ....	802,600	860,200
325,000	Ferro Corp. ....	6,928,725	6,454,500
40,000	Fuller (H.B.) Co. ....	968,437	1,362,400
120,000	Hercules Inc.+ .....	1,543,119	1,698,000
232,300	Omnova Solutions Inc.+ .....	1,879,166	1,082,518
300,000	Sensient Technologies Corp. ....	5,529,921	6,183,000
10,000	Syngenta AG, ADR+ .....	16,177	203,900
		17,672,430	18,002,468
ENVIRONMENTAL SERVICES -- 1.0%			
65,000	Republic Services Inc. ....	875,761	2,340,650
500,000	Waste Management Inc. ....	12,434,746	14,170,000
		13,310,507	16,510,650
BROADCASTING -- 1.0%			
2,000	Cogeco Inc. ....	39,014	43,846
16,666	Corus Entertainment Inc., Cl. B .....	62,036	425,764
120,000	Gray Television Inc. ....	1,204,736	1,447,200
27,500	Gray Television Inc., Cl. A .....	370,755	310,750
200,000	Liberty Corp. ....	8,528,905	7,362,000
50,000	Lin TV Corp., Cl. A+ .....	947,559	694,500
165,000	Mediaset SpA .....	1,326,669	1,944,841
30,000	Modern Times Group, Cl. B+ .....	823,064	919,756
7,800	Nippon Television Network Corp. ....	1,232,257	1,061,239
120,000	Paxson Communications Corp.+ .....	554,012	72,000
100,000	Television Broadcasts Ltd. ....	396,239	564,921
130,000	Young Broadcasting Inc., Cl. A+ .....	1,982,535	539,500
		17,467,781	15,386,317

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
JUNE 30, 2005 (UNAUDITED)

SHARES		COST	MARKET VALUE
COMMON STOCKS (CONTINUED)			
AUTOMOTIVE -- 0.8%			
335,000	Navistar International Corp.+ .....	\$ 12,403,039	\$ 10,720,000
43,000	PACCAR Inc. ....	431,444	2,924,000



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	CLOSED-END FUNDS -- 0.2%		
75,000	Central Europe and Russia Fund Inc. ....	1,095,842	2,302,500
70,000	New Germany Fund Inc. ....	754,518	652,400
31,500	Royce Value Trust Inc. ....	388,298	594,720
		2,238,658	3,549,620
	PAPER AND FOREST PRODUCTS -- 0.2%		
120,000	Pactiv Corp.+ ....	1,259,210	2,589,600
	TRANSPORTATION -- 0.1%		
100,000	AMR Corp.+ ....	1,924,248	1,211,000
15,000	Grupo TMM SA, Cl. A, ADR+ ....	80,460	45,000
		2,004,708	1,256,000
	REAL ESTATE INVESTMENT TRUSTS -- 0.1%		
10,000	Catellus Development Corp. ....	216,006	328,000
16,656	Rayonier Inc. ....	798,811	883,268
		1,014,817	1,211,268
	TOTAL COMMON STOCKS .....	1,181,721,712	1,498,604,449
	CONVERTIBLE PREFERRED STOCKS -- 0.3%		
	AEROSPACE -- 0.1%		
13,500	Northrop Grumman Corp., 7.000% Cv. Pfd., Ser. B .....	1,573,020	1,687,500
	TELECOMMUNICATIONS -- 0.1%		
26,000	Cincinnati Bell Inc., 6.750% Cv. Pfd., Ser. B .....	820,367	1,172,600
	BROADCASTING -- 0.1%		
90	Gray Television Inc., 8.000% Cv. Pfd., Ser. C(a)(c)(d) .....	900,000	918,000
	AVIATION: PARTS AND SERVICES -- 0.0%		
3,200	Sequa Corp., \$5.00 Cv. Pfd. ....	258,560	313,600
	TOTAL CONVERTIBLE PREFERRED STOCKS .....	3,551,947	4,091,700

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
SCHEDULE OF INVESTMENTS (CONTINUED)  
JUNE 30, 2005 (UNAUDITED)

PRINCIPAL AMOUNT		COST	MARKET VALUE
	CONVERTIBLE CORPORATE BONDS -- 0.2%		

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	AUTOMOTIVE: PARTS AND ACCESSORIES -- 0.1%	
\$ 500,000	Pep Boys - Manny, Moe & Jack, Cv., 4.250%, 06/01/07 .....	\$ 485,512 \$ 485,000
1,000,000	Standard Motor Products Inc., Sub. Deb. Cv., 6.750%, 07/15/09 .....	954,730 950,000
		----- 1,440,242 1,435,000 -----
	AEROSPACE -- 0.1%	
736,000	Kaman Corp., Sub. Deb. Cv., 6.000%, 03/15/12 .....	704,328 728,640
		-----
	CABLE AND SATELLITE -- 0.0%	
500,000	Charter Communications Inc., Cv., 4.750%, 06/01/06 .....	405,326 500,000
		-----
	TOTAL CONVERTIBLE CORPORATE BONDS .....	
		2,549,896 2,663,640 -----
	SHORT-TERM OBLIGATIONS -- 6.4%	
	REPURCHASE AGREEMENTS -- 6.1%	
98,676,000	ABN Amro, 2.650%, dated 06/30/05, due 07/01/05, proceeds at maturity, \$98,683,264 (b) .....	98,676,000 98,676,000
		-----
	U.S. GOVERNMENT OBLIGATIONS -- 0.3%	
5,000,000	U.S. Treasury Bill, 2.864%+, 08/18/05 .....	4,981,300 4,981,300
		-----
TOTAL INVESTMENTS -- 100.0% .....	\$1,291,480,855	1,609,017,089
	=====	=====
LIABILITIES IN EXCESS OF OTHER ASSETS .....		(2,317,818)
PREFERRED STOCK		
(9,556,900 preferred shares outstanding) .....		(418,742,500)
		-----
NET ASSETS -- COMMON STOCK		
(141,702,724 common shares outstanding) .....		\$1,187,956,771
		=====
NET ASSET VALUE PER COMMON SHARE		
(\$1,187,956,771 / 141,702,724 shares outstanding) .....	\$	8.38
		=====

- 
- (a) Security fair valued under procedures established by the Board of Directors. At June 30, 2005, the market value of fair valued securities amounted to \$961,000 or 0.06% of total investments.
- (b) Collateralized by U.S. Treasury Bonds, 6.875%, 7.250%, 8.125% and 8.875%, due 08/15/25, 08/15/22, 05/15/21 and 02/15/19, market values \$38,230,620, \$904,740, \$60,321,780 and \$1,192,380, respectively.
- (c) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At June 30, 2005, the market value of Rule 144A securities amounted to \$918,000 or

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0.06% of total investments.

(d) At June 30, 2005, the Fund held investments in restricted and illiquid securities that were valued under methods approved by the Board as follows:

ACQUISITION SHARES	ISSUER	ACQUISITION DATE	ACQUISITION COST	06/30/2005 CARRYING VALUE PER UNIT
90	Gray Television Inc., 8.000% Cv. Pfd., Ser. C .....	04/23/02	\$ 900,000	\$ 10,200.0000

+ Non-income producing security.  
 ++ Represents annualized yield at date of purchase.  
 ADR American Depository Receipt  
 BDR Brazilian Depository Receipt  
 CVO Contingent Value Obligation  
 CDI Chess Depository Interest

	% OF MARKET VALUE	MARKET VALUE
GEOGRAPHIC DIVERSIFICATION		
United States .....	83.1%	\$ 1,336,607,763
Europe .....	13.7	220,918,846
Latin America .....	1.9	31,309,201
Japan .....	0.9	15,055,488
Asia/Pacific .....	0.3	4,190,968
South Africa .....	0.1	934,824
Total Investments .....	100.0%	\$ 1,609,017,089

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

STATEMENT OF ASSETS AND LIABILITIES  
 JUNE 30, 2005 (UNAUDITED)

ASSETS:

Investments, at value (cost \$1,291,480,855) .....	\$ 1,609,017,089
Cash and foreign currency, at value (cost \$259,605) .....	243,622
Dividends and interest receivable .....	1,627,743
Receivable for investments sold .....	1,016,163
Other assets .....	26,832
TOTAL ASSETS .....	1,611,931,449

LIABILITIES:

Payable for investments purchased .....	1,913,344
Dividends payable .....	236,241
Unrealized depreciation on swap contracts .....	1,747,392
Payable for investment advisory fees .....	978,263
Payable for shareholder communication fees .....	143,354
Other accrued expenses and liabilities .....	213,584

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TOTAL LIABILITIES .....	5,232,178
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PREFERRED STOCK:	
Series B Cumulative Preferred Stock (7.20%, \$25 liquidation value, \$0.001 par value, 6,600,000 shares authorized with 6,600,000 shares issued and outstanding) ..	165,000,000
Series C Cumulative Preferred Stock (Auction Rate, \$25,000 liquidation value, \$0.001 par value, 5,200 shares authorized with 5,200 shares issued and outstanding) .....	130,000,000
Series D Cumulative Preferred Stock (5.875%, \$25 liquidation value, \$0.001 par value, 3,000,000 shares authorized with 2,949,700 shares issued and outstanding) .....	73,742,500
Series E Cumulative Preferred Stock (Auction Rate, \$25,000 liquidation value, \$0.001 par value, 2,000 shares authorized with 2,000 shares issued and outstanding) .....	50,000,000
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TOTAL PREFERRED STOCK .....	418,742,500
<hr/>	
NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS .....	\$ 1,187,956,771
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NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS CONSIST OF:	
Capital stock, at par value .....	\$ 141,703
Additional paid-in capital .....	879,565,264
Accumulated net realized loss on investments, futures contracts, swap contracts and foreign currency transactions .....	(7,518,727)
Net unrealized appreciation on investments and swap contracts .....	315,788,842
Net unrealized depreciation on foreign currency translations .....	(20,311)
<hr/>	
NET ASSETS .....	\$ 1,187,956,771
<hr/>	
NET ASSET VALUE PER COMMON SHARE:	
(\$1,187,956,771 / 141,702,724 shares outstanding; 182,000,000 shares authorized of \$0.001 par value) .....	\$ 8.38
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STATEMENT OF OPERATIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2005 (UNAUDITED)

INVESTMENT INCOME:	
Dividends (net of foreign taxes of \$468,374) .....	\$ 16,097,086
Interest .....	1,610,951
<hr/>	
TOTAL INVESTMENT INCOME .....	17,708,037
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EXPENSES:	
Investment advisory fees .....	7,868,054
Shareholder communications expenses .....	511,930
Auction agent fees .....	224,620
Custodian fees .....	107,206
Payroll expenses .....	88,594
Shareholder services fees .....	78,060
Directors' fees .....	69,233
Legal and audit fees .....	57,453
Miscellaneous expenses .....	166,920
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TOTAL EXPENSES .....	9,172,070	-----
LESS:		
Advisory fee reduction .....	(2,076,504)	
Custodian fee credit .....	(2,211)	-----
TOTAL REDUCTIONS AND CREDITS .....	(2,078,715)	-----
TOTAL NET EXPENSES .....	7,093,355	-----
NET INVESTMENT INCOME .....	10,614,682	-----
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FUTURES CONTRACTS, SWAP CONTRACTS AND FOREIGN CURRENCY:		
Net realized gain on investments .....	11,843,523	
Net realized gain on futures contracts .....	1,073,387	
Net realized loss on swap contracts .....	(1,215,795)	
Net realized loss on foreign currency transactions .....	(85,700)	-----
Net realized gain on investments, futures contracts, swap contracts and foreign currency transactions .....	11,615,415	
Net change in unrealized appreciation/depreciation on investments, swap contracts and foreign currency translations .....	(4,170,726)	-----
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS, FUTURES CONTRACTS, SWAP CONTRACTS AND FOREIGN CURRENCY .....	7,444,689	-----
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS .....	18,059,371	
Total Distributions to Preferred Stock Shareholders .....	(10,640,930)	-----
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS RESULTING FROM OPERATIONS .....	\$ 7,418,441	=====

See accompanying notes to financial statements.

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

OPERATIONS:		
Net investment income .....		\$
Net realized gain on investments, futures contracts, foreign currency transactions and swap contracts .....		
Net change in unrealized appreciation/depreciation on investments, futures contracts, swap contracts and foreign currency translations .....		-----

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NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS .....	
-----	
DISTRIBUTIONS TO PREFERRED STOCK SHAREHOLDERS:	
Net investment income .....	
Net realized short term gains on investments, futures contracts and foreign currency transactions .....	
Net realized long term gains on investments, futures contracts and foreign currency transactions .....	
-----	
TOTAL DISTRIBUTIONS TO PREFERRED STOCK SHAREHOLDERS .....	
-----	
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS RESULTING FROM OPERATIONS .....	
-----	
DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS:	
Net investment income .....	
Net realized short term gains on investments, futures contracts and foreign currency transactions .....	
Net realized long term gains on investments, futures contracts and foreign currency transactions .....	
Return of capital .....	
-----	
TOTAL DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS .....	
-----	
TRUST SHARE TRANSACTIONS:	
Net increase in net assets from common shares issued upon reinvestment of dividends and distributions .....	
Net increase in net assets from repurchase of preferred shares .....	
Offering costs for preferred shares charged to paid-in capital .....	
-----	
NET INCREASE IN NET ASSETS FROM TRUST SHARE TRANSACTIONS .....	
-----	
NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS .....	
-----	
NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS:	
Beginning of period .....	1,
-----	
End of period (including undistributed net investment income of \$0 and \$1,703,869, respectively) .....	\$ 1,
	=====

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\* Amounts are subject to change and recharacterization at fiscal year end.

See accompanying notes to financial statements.

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

1. ORGANIZATION. The Gabelli Equity Trust Inc. (the "Equity Trust") is a non-diversified closed-end management investment company organized as a Maryland corporation on May 20, 1986 and registered under the Investment Company Act of 1940, as amended (the "1940 Act"), whose primary objective is long term growth of capital. Investment operations commenced on August 21, 1986.

The Equity Trust will invest at least 80% of its assets in equity

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securities under normal market conditions (the "80% Policy"). The 80% Policy may be changed without shareholder approval. The Equity Trust will provide shareholders with notice at least 60 days prior to the implementation of any change in the 80% Policy.

2. SIGNIFICANT ACCOUNTING POLICIES. The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Equity Trust in the preparation of its financial statements.

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

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

Securities and assets for which market quotations are not readily available are valued at their fair value as determined in good faith under procedures established by and under the general supervision of the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons to the valuation and changes in valuation of similar securities, including a comparison of foreign securities to the equivalent U.S. dollar value ADR securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

REPURCHASE AGREEMENTS. The Equity Trust may enter into repurchase agreements with primary government securities dealers recognized by the Federal Reserve Board, with member banks of the Federal Reserve System or with other brokers or dealers that meet credit guidelines established by the Adviser and reviewed by the Board. Under the terms of a typical

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

repurchase agreement, the Equity Trust takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Equity Trust to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Equity Trust's holding period. The Equity Trust will always receive and maintain securities as collateral whose market value, including accrued interest, will be at least equal to 102% of the dollar amount invested by the Equity Trust in each agreement. The Equity Trust will make payment for such securities only upon physical delivery or upon evidence of book entry transfer of the collateral to the account of the custodian. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to maintain the adequacy of the collateral. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Equity Trust may be delayed or limited.

**SWAP AGREEMENTS.** The Equity Trust may enter into interest rate swap or cap transactions. The use of interest rate swaps and caps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an interest rate swap, the Equity Trust would agree to pay to the other party to the interest rate swap (which is known as the "counterparty") periodically a fixed rate payment in exchange for the counterparty agreeing to pay to the Equity Trust periodically a variable rate payment that is intended to approximate the Equity Trust's variable rate payment obligation on the Series C Preferred Stock. In an interest rate cap, the Equity Trust would pay a premium to the counterparty and, to the extent that a specified variable rate index exceeds a predetermined fixed rate, would receive from the counterparty payments of the difference based on the notional amount of such cap. Interest rate swap and cap transactions introduce additional risk because the Equity Trust would remain obligated to pay preferred stock dividends when due in accordance with the Articles Supplementary even if the counterparty defaulted. If there is a default by the counterparty to a swap contract, the Equity Trust will be limited to contractual remedies pursuant to the agreements related to the transaction. There is no assurance that the swap contract counterparties will be able to meet their obligations pursuant to the swap contracts or that, in the event of default, the Equity Trust will succeed in pursuing contractual remedies. The Equity Trust thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to the swap contracts. The creditworthiness of the swap contract counterparties is closely monitored in order to minimize this risk. Depending on the general state of short term interest rates and the returns on the Equity Trust's portfolio securities at that point in time, such a default could negatively affect the Equity Trust's ability to make dividend payments for the Series C Preferred Stock. In addition, at the time an interest rate swap or cap transaction reaches its scheduled termination date, there is a risk that the Equity Trust will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction. If this occurs, it could have a negative impact on the Equity Trust's ability to make dividend payments on the Series C Preferred Stock.

The use of derivative instruments involves, to varying degrees, elements of market risk in excess of the amount recognized in the Statement of Assets and Liabilities.

Unrealized gains related to swaps are reported as an asset and unrealized losses are reported as a liability on the Statement of Assets and Liabilities. The change in value of swaps, including the accrual of periodic amounts of

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interest to be paid or received on swaps is reported as unrealized gains or losses in the Statement of Operations. A realized gain or loss is recorded upon payment or receipt of a periodic payment or termination of swap agreements. Swap agreements involve, to varying degrees, elements of market and counterparty risk, and exposure to loss in excess of the related amounts reflected in the Statement of Assets and Liabilities.

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

The Equity Trust has entered into one interest rate swap agreement with Citibank N.A. Under the agreement the Equity Trust receives a variable rate of interest and pays a respective fixed rate of interest on the nominal value of the swap. Details of the swap at June 30, 2005 are as follows:

NOTIONAL AMOUNT	FIXED RATE	VARIABLE RATE* (RATE RESET MONTHLY)	TERMINATION DATE	UNREALIZED DEPRECIATION
-----	-----	-----	-----	-----
\$130,000,000	4.494%	3.11125%	July 2, 2007	\$(1,747,392)

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

FUTURES CONTRACTS. The Equity Trust may engage in futures contracts for the purpose of hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase. Such investments will only be made if they are economically appropriate to the reduction of risks involved in the management of the Equity Trust's investments. Upon entering into a futures contract, the Equity Trust is required to deposit with the broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as the "initial margin." Subsequent payments ("variation margin") are made or received by the Equity Trust each day, depending on the daily fluctuation of the value of the contract. The daily changes in the contract are included in unrealized appreciation/depreciation on investments and futures contracts. The Equity Trust recognizes a realized gain or loss when the contract is closed. At June 30, 2005, there were no open futures contracts.

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

FORWARD FOREIGN EXCHANGE CONTRACTS. The Equity Trust may engage in forward foreign exchange contracts for hedging a specific transaction with respect to either the currency in which the transaction is denominated or another currency as deemed appropriate by the Adviser. Forward foreign exchange contracts are valued at the forward rate and are marked-to-market daily. The change in market value is included in unrealized appreciation/depreciation on investments and foreign currency translations. When the contract is closed, the Equity Trust

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records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Equity Trust's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. These contracts may involve market risk in excess of the unrealized gain or loss reflected in the Statement of Assets and Liabilities. In addition, the Equity Trust could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. At June 30, 2005, there were no open forward foreign exchange contracts.

FOREIGN CURRENCY TRANSLATIONS. The books and records of the Equity Trust are maintained in United States (U.S.) dollars. Foreign currencies, investments and other assets and liabilities are translated into U.S. dollars at the exchange rates prevailing at the end of the period, and purchases and sales of investment securities, income and expenses are translated at the exchange rate prevailing on the respective dates of such transactions. Unrealized gains and losses, which result from changes in foreign exchange rates and/or changes in market prices of securities, have been included in unrealized

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

appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions and the difference between the amounts of interest and dividends recorded on the books of the Equity Trust and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial trade date and subsequent sale trade date is included in realized gain/(loss) on investments.

FOREIGN SECURITIES. The Equity Trust may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the ability to repatriate funds, less complete financial information about companies and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. issuers.

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

DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS. Distributions to common shareholders are recorded on the ex-dividend date. Income distributions and capital gain distributions are determined in accordance with Federal income tax regulations which may differ from that determined under U.S. generally accepted accounting principles. These differences are primarily due to differing

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treatments of income and gains on various investment securities held by the Equity Trust, timing differences and differing characterizations of distributions made by the Equity Trust.

Distributions to shareholders of the Equity Trust's 7.20% Series B Cumulative Preferred Stock, Series C Auction Rate Cumulative Preferred Stock, 5.875% Series D Cumulative Preferred Stock, and Series E Auction Rate Cumulative Preferred Stock ("Cumulative Preferred Stock") are recorded on a daily basis and are determined as described in Note 5.

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

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

	YEAR ENDED DECEMBER 31, 2004	
	COMMON	PREFERRED
	-----	-----
DISTRIBUTIONS PAID FROM:		
Ordinary income		
(inclusive of short term capital gains)....	\$ 8,211,448	\$ 1,405,333
Net long term capital gains.....	102,491,569	17,540,730
	-----	-----
Total distributions paid.....	\$ 110,703,017	\$ 18,946,063
	=====	=====

PROVISION FOR INCOME TAXES. The Equity Trust intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). It is the Equity Trust's policy to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of its net investment company taxable income and net capital gains. Therefore, no provision for Federal income taxes is required.

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

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

Net unrealized appreciation on investments .....	\$ 316,119,790
Net unrealized depreciation on foreign currency	
and swap contracts .....	(3,456,909)
Distributions payable .....	(257,141)
Undistributed ordinary income .....	1,718,659
	-----
Total .....	\$ 314,124,399
	=====

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The following summarizes the tax cost of investments, swap contracts, foreign currency and related unrealized appreciation/depreciation at June 30, 2005:

	COST	GROSS UNREALIZED APPRECIATION	GROSS UNREALIZED DEPRECIATION	NET UNREALIZED APPRECIATION/ (DEPRECIATION)
	----	-----	-----	-----
Investments .....	\$ 1,298,989,082	\$ 388,835,032	\$ (78,807,025)	\$ 310,028,007
Swap contracts .....	--	--	(1,747,392)	(1,747,392)
Foreign currency .....	258,029	--	(20,311)	(20,311)
		-----	-----	-----
		\$ 388,835,032	\$ (80,574,728)	\$ 308,260,304
		=====	=====	=====

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

The Equity Trust's total return on the net asset value of the common shares is monitored on a monthly basis to assess whether the total return on the net asset value of the common shares exceeds the stated dividend rate or corresponding swap rate of each particular series of Cumulative Preferred Stock for the period. For the six months ended June 30, 2005, the Equity Trust's total return on the net asset value of the common shares did not exceed the stated dividend rate or net swap expense of all outstanding preferred stock. Thus, management fees with respect to the liquidation value of the preferred stock assets in the amount of \$2,076,504 were not accrued.

During the six months ended June 30, 2005, Gabelli & Company, Inc., ("Gabelli & Company") an affiliate of the Adviser, received \$94,647 in brokerage commissions as a result of executing agency transactions in portfolio securities on behalf of the Equity Trust.

The cost of calculating the Equity Trust's net asset value per share is an Equity Trust expense pursuant to the Advisory Agreement. During the six months ended June 30, 2005, the Equity Trust reimbursed the Adviser \$22,500 in connection with the cost of computing the Equity Trust's net asset value, which is included in miscellaneous expenses in the Statement of Operations.

The Equity Trust is assuming its portion of the allocated cost of the Gabelli Funds' Chief Compliance Officer in the amount of \$13,938 for the six months ended June 30, 2005, which is included in payroll expenses in the Statement of Operations.

4. PORTFOLIO SECURITIES. Cost of purchases and proceeds from the sales of

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securities, other than short term securities, for the six months ended June 30, 2005 aggregated \$52,897,885 and \$57,973,563, respectively.

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

5. CAPITAL. The charter permits the Equity Trust to issue 182,000,000 shares of common stock (par value \$0.001). The Board of the Equity Trust has authorized the repurchase of its shares on the open market when the shares are trading at a discount of 10% or more (or such other percentage as the Board may determine from time to time) from the net asset value of the shares. During the six months ended June 30, 2005, the Equity Trust did not repurchase any shares of its common stock in the open market.

Transactions in common stock were as follows:

	SIX MONTHS ENDED JUNE 30, 2005 (UNAUDITED)		YEAR ENDED DECEMBER 31, 2004	
	Shares	Amount	Shares	Amount
Shares issued upon reinvestment of dividends and distributions ...	1,369,760	\$ 11,697,789	3,143,080	\$ 25,998,112
Net increase .....	1,369,760	\$ 11,697,789	3,143,080	\$ 25,998,112

The Equity Trust's Articles of Incorporation, as amended, authorize the issuance of up to 18,000,000 shares of \$0.001 par value Cumulative Preferred Stock. The Cumulative Preferred Stock is senior to the common stock and results in the financial leveraging of the common stock. Such leveraging tends to magnify both the risks and opportunities to common shareholders. Dividends on shares of the Cumulative Preferred Stock are cumulative. The Equity Trust is required by the 1940 Act and by the Articles Supplementary to meet certain asset coverage tests with respect to the Cumulative Preferred Stock. If the Equity Trust fails to meet these requirements and does not correct such failure, the Equity Trust may be required to redeem, in part or in full, the 7.20% Series B, Series C Auction Rate, 5.875% Series D, and Series E Auction Rate Cumulative Preferred Stock at redemption prices of \$25, \$25,000, \$25, and \$25,000, respectively, per share plus an amount equal to the accumulated and unpaid dividends whether or not declared on such shares in order to meet these requirements. Additionally, failure to meet the foregoing asset requirements could restrict the Equity Trust's ability to pay dividends to common shareholders and could lead to sales of portfolio securities at inopportune times. The income received on the Equity Trust's assets may vary in a manner unrelated to the fixed and variable preferred dividend rates, which could have either a beneficial or detrimental impact on net investment income and gains available to common shareholders.

On June 17, 2003, the Equity Trust, as authorized by the Board, redeemed all (5,367,900 shares) of its outstanding 7.25% Series A Cumulative Preferred Stock, at the redemption price of \$25.00 per Preferred Share (the "liquidation



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

On June 20, 2001, the Equity Trust received net proceeds of \$159,329,175 (after underwriting discounts of \$5,197,500 and offering expenses of \$473,325) from the public offering of 6,600,000 shares of 7.20% Series B Cumulative Preferred Stock. Commencing June 20, 2006 and thereafter, the Equity Trust, at its option, may redeem the 7.20% Series B Cumulative Preferred Stock in whole or in part at the redemption price at any time. During the six months ended June 30, 2005, the Equity Trust did not repurchase any shares of 7.20% Series B Cumulative Preferred Stock. At June 30, 2005, 6,600,000 shares of the 7.20% Series B Cumulative Preferred Stock were outstanding and accrued dividends amounted to \$132,000.

On June 27, 2002, the Equity Trust received net proceeds of \$128,246,557 (after underwriting discounts of \$1,300,000 and offering expenses of \$453,443) from the public offering of 5,200 shares of Series C Auction Rate Cumulative Preferred Stock. The dividend rate, as set by the auction process, which is generally held every 7 days, is expected to vary with short term interest rates. The dividend rates of Series C Auction Rate Cumulative Preferred Stock ranged from 2.15% to 3.38%

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

for the six months ended June 30, 2005. Existing shareholders may submit an order to hold, bid or sell such shares on each auction date. Series C Auction Rate Cumulative Preferred Stock shareholders may also trade shares in the secondary market. The Equity Trust, at its option, may redeem the Series C Auction Rate Cumulative Preferred Stock in whole or in part at the redemption price at any time. During the six months ended June 30, 2005, the Equity Trust did not redeem any shares of Series C Auction Rate Cumulative Preferred Stock. At June 30, 2005, 5,200 shares of the Series C Auction Rate Cumulative Preferred Stock were outstanding with an annualized dividend rate of 3.38% per share and accrued dividends amounted to \$24,411.

On October 7, 2003, the Equity Trust received net proceeds of \$72,387,500 (after underwriting discounts of \$2,362,500 and offering expenses of \$264,522) from the public offering of 3,000,000 shares of 5.875% Series D Cumulative Preferred Stock. Commencing October 7, 2008 and thereafter, the Equity Trust, at its option, may redeem the 5.875% Series D Cumulative Preferred Stock in whole or in part at the redemption price at any time. During the six months ended June 30, 2005, the Equity Trust did not repurchase any shares of 5.875% Series D Cumulative Preferred Stock. At June 30, 2005, 2,949,700 shares of the 5.875% Series D Cumulative Preferred Stock were outstanding and accrued dividends amounted to \$48,137.

On October 7, 2003, the Equity Trust received net proceeds of \$49,260,000 (after underwriting discounts of \$500,000 and offering expenses of \$149,991) from the public offering of 2,000 shares of Series E Auction Rate Cumulative Preferred Stock. The dividend rate, as set by the auction process, which is generally held every 7 days, is expected to vary with short term interest rates. The dividend rates of Series E Auction Rate Cumulative Preferred Stock ranged from 2.20% to 3.36% for the six months ended June 30, 2005. Existing shareholders may submit an order to hold, bid or sell such shares on each

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auction date. Series E Auction Rate Cumulative Preferred Stock shareholders may also trade shares in the secondary market. The Equity Trust, at its option, may redeem the Series E Auction Rate Cumulative Preferred Stock in whole or in part at the redemption price at any time. During the six months ended June 30, 2005, the Equity Trust did not redeem any shares of Series E Auction Rate Cumulative Preferred Stock. At June 30, 2005, 2,000 shares of the Series E Auction Rate Cumulative Preferred Stock were outstanding with an annualized dividend rate of 3.15% and accrued dividends amounted to \$30,625.

The holders of Cumulative Preferred Stock have voting rights equivalent to those of the holders of common stock (one vote per share) and will vote together with holders of shares of common stock as a single class. In addition, the 1940 Act requires that along with approval of a majority of the holders of common stock, approval of a majority of the holders of any outstanding shares of Cumulative Preferred Stock, voting separately as a class, would be required to (a) adopt any plan of reorganization that would adversely affect the Cumulative Preferred Stock, and (b) take any action requiring a vote of security holders, including, among other things, changes in the Equity Trust's subclassification as a closed-end investment company or changes in its fundamental investment restrictions.

The Board has approved the acquisition of substantially all of the net assets from Sterling Capital Corporation, a closed-end investment company, with the issuance of common stock of the Equity Trust. The acquisition is subject to approval by the shareholders of Sterling Capital Corporation.

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

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

THE GABELLI EQUITY TRUST INC.  
FINANCIAL HIGHLIGHTS

SELECTED DATA FOR A SHARE OF COMMON STOCK OUTSTANDING THROUGHOUT EACH PERIOD:

	SIX MONTHS ENDED JUNE 30, 2005 (UNAUDITED) (a) (b)	----- 2004 (a) (b)	YEAR ENDED DECEMBER ----- 2003 (a) (b)	2002 (a)
OPERATING PERFORMANCE:				
Net asset value, beginning of period .....	\$ 8.69	\$ 7.98	\$ 6.28	\$ 8
Net investment income (loss) .....	0.08	0.02	0.04	0

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Net realized and unrealized gain (loss) on investments .....	0.05	1.63	2.50	(1)
	-----	-----	-----	-----
Total from investment operations ...	0.13	1.65	2.54	(1)
	-----	-----	-----	-----
DISTRIBUTIONS TO PREFERRED STOCK				
SHAREHOLDERS:				
Net investment income .....	(0.04) (h)	(0.00) (c)	(0.00) (c)	(0)
Net realized gain on investments ...	(0.04) (h)	(0.14)	(0.14)	(0)
	-----	-----	-----	-----
Total distributions to preferred stock shareholders .....	(0.08)	(0.14)	(0.14)	(0)
	-----	-----	-----	-----
NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS RESULTING FROM OPERATIONS .....				
	0.05	1.51	2.40	(1)
	-----	-----	-----	-----
DISTRIBUTIONS TO COMMON STOCK				
SHAREHOLDERS:				
Net investment income .....	(0.05) (h)	(0.01)	(0.01)	(0)
Net realized gain on investments ...	(0.04) (h)	(0.79)	(0.68)	(0)
Return of capital .....	(0.27) (h)	--	(0.00) (c)	(0)
	-----	-----	-----	-----
Total distributions to common stock shareholders .....	(0.36)	(0.80)	(0.69)	(0)
	-----	-----	-----	-----
CAPITAL SHARE TRANSACTIONS:				
Increase in net asset value from common stock share transactions .....	0.00 (c)	0.00 (c)	0.01	0
Decrease in net asset value from shares issued in rights offering .....	--	--	--	
Increase in net asset value from repurchase of preferred shares ..	--	0.00 (c)	--	
Offering costs for preferred shares charged to paid-in capital .....	--	0.00 (c)	(0.02)	(0)
	-----	-----	-----	-----
Total capital share transactions ...	0.00 (c)	0.00 (c)	(0.01)	0
	-----	-----	-----	-----
NET ASSET VALUE ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS, END OF PERIOD .....				
	\$ 8.38	\$ 8.69	\$ 7.98	\$ 6
	=====	=====	=====	=====
Net Asset Value Total Return + .....	0.57%	19.81%	39.90%	(21)
	=====	=====	=====	=====
Market Value, End of Period .....	\$ 8.98	\$ 9.02	\$ 8.00	\$ 6
	=====	=====	=====	=====
Total Investment Return ++ .....	3.80%	24.04%	28.58%	(28)
	=====	=====	=====	=====
RATIOS AND SUPPLEMENTAL DATA:				
Net assets including liquidation value of preferred shares, end of period (in 000's) .....	\$1,606,699	\$1,638,225	\$1,514,525	\$1,271,
Net assets attributable to common shares, end of period (in 000's) .....	\$1,187,957	\$1,219,483	\$1,094,525	\$ 842,
Ratio of net investment income to average net assets attributable to common shares ...	1.80% (g)	0.64%	0.67%	0

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Ratio of operating expenses to average net assets attributable to common shares before fee reduction .....	1.56% (g)	1.95%	1.62%	1
Ratio of operating expenses to average net assets attributable to common shares net of fee reduction (b) (e) .....	1.20% (g)	1.57%	1.62%	1
Ratio of operating expenses to average net assets including liquidation value of preferred shares before fee reduction .....	1.15% (g)	1.41%	1.14%	0
Ratio of operating expenses to average net assets including liquidation value of preferred shares net of fee reduction (b) (e) .....	0.89% (g)	1.14%	1.14%	0
Portfolio turnover rate .....	3.5%	28.6%	19.2%	2

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.  
FINANCIAL HIGHLIGHTS (CONTINUED)

SELECTED DATA FOR A SHARE OF COMMON STOCK OUTSTANDING THROUGHOUT EACH PERIOD:

	SIX MONTHS ENDED JUNE 30, 2005 (UNAUDITED) (a) (b)	YEAR ENDED		
		2004 (a) (b)	2003 (a) (b)	2002 (a) (b)
<b>PREFERRED STOCK:</b>				
<b>7.25% CUMULATIVE PREFERRED STOCK</b>				
Liquidation value, end of period (in 000's) .....	--	--	--	\$
Total shares outstanding (in 000's) .....	--	--	--	
Liquidation preference per share .....	--	--	--	\$
Average market value (d) .....	--	--	--	\$
Asset coverage per share .....	--	--	--	\$
<b>7.20% CUMULATIVE PREFERRED STOCK</b>				
Liquidation value, end of period (in 000's) .....	\$ 165,000	\$ 165,000	\$ 165,000	\$
Total shares outstanding (in 000's) .....	6,600	6,600	6,600	
Liquidation preference per share .....	\$ 25.00	\$ 25.00	\$ 25.00	\$
Average market value (d) .....	\$ 26.17	\$ 26.57	\$ 27.06	\$
Asset coverage per share .....	\$ 95.92	\$ 97.81	\$ 90.15	\$
<b>AUCTION RATE SERIES C CUMULATIVE PREFERRED STOCK</b>				
Liquidation value, end of period (in 000's) .....	\$ 130,000	\$ 130,000	\$ 130,000	\$
Total shares outstanding (in 000's) .....	5	5	5	
Liquidation preference per share .....	\$ 25,000	\$ 25,000	\$ 25,000	\$
Average market value (d) .....	\$ 25,000	\$ 25,000	\$ 25,000	\$
Asset coverage per share .....	\$ 95,924	\$ 97,806	\$ 90,150	\$

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5.875% CUMULATIVE PREFERRED STOCK

Liquidation value, end of period (in 000's) .....	\$ 73,743	\$ 73,743	\$ 75,000
Total shares outstanding (in 000's) .....	2,950	2,950	3,000
Liquidation preference per share .....	\$ 25.00	\$ 25.00	\$ 25.00
Average market value(d) .....	\$ 24.80	\$ 24.81	\$ 25.10
Asset coverage per share .....	\$ 95.92	\$ 97.81	\$ 90.15

AUCTION RATE SERIES E CUMULATIVE PREFERRED STOCK

Liquidation value, end of period (in 000's) .....	\$ 50,000	\$ 50,000	\$ 50,000
Total shares outstanding (in 000's) .....	2	2	2
Liquidation preference per share .....	\$ 25,000	\$ 25,000	\$ 25,000
Average market value(d) .....	\$ 25,000	\$ 25,000	\$ 25,000
Asset coverage per share .....	\$ 95,924	\$ 97,806	\$ 90,150
ASSET COVERAGE(f) .....	384%	391%	361%

- 
- + Based on net asset value per share, adjusted for reinvestment of distributions at net asset value on the ex-dividend date, including the effect of shares issued pursuant to rights offering, assuming full subscription by shareholder. Total return for the period of less than one year is not annualized.
  - ++ Based on market value per share, adjusted for reinvestment of distributions on the payment date, including the effect of shares issued pursuant to rights offering, assuming full subscription by shareholder. Total return for the period of less than one year is not annualized.
  - (a) Per share amounts have been calculated using the monthly average shares outstanding method.
  - (b) See Note 2 to Financial Statements (Swap Agreements).
  - (c) Amount represents less than \$0.005 per share.
  - (d) Based on weekly prices.
  - (e) The ratios do not include a reduction of expenses for custodian fee credits on cash balances maintained with the custodian. Including such custodian fee credits for the year ended December 31, 2001, the ratio of operating expenses to average net assets attributable to common shares net of fee reduction would be 1.11%, and the ratio of operating expenses to average total net assets including liquidation value of preferred shares net of fee reduction would be 0.94%. For the six months ended June 30, 2005 and the years ended December 31, 2004, 2003, 2002 and 2000, the effect of the custodian fee credits was minimal.
  - (f) Asset coverage is calculated by combining all series of preferred stock.
  - (g) Annualized.
  - (h) Amounts are subject to change and recharacterization at fiscal year end.

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

BOARD CONSIDERATION AND RE-APPROVAL OF MANAGEMENT AGREEMENT

Section 15(c) of the Investment Company Act of 1940, as amended (the "1940 Act"), contemplates that the Board of Directors (the "Board") of The Gabelli Equity Trust Inc. (the "Fund"), including a majority of the Directors who have no direct or indirect interest in the investment advisory agreement and are not "interested persons" of the Fund, as defined in the 1940 Act (the "Independent

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Directors"), are required to annually review and re-approve the terms of the Fund's existing investment advisory agreement and approve any newly proposed terms therein. In this regard, the Board reviewed and re-approved, during the most recent six month period covered by this report, the Management Agreement (the "Management Agreement") with Gabelli Funds, LLC (the "Adviser") for the Fund.

More specifically, at a meeting held on May 18, 2005, the Board, including the Independent Directors, considered the factors and reached the conclusions described below relating to the selection of the Adviser and the re-approval of the Management Agreement.

**NATURE, EXTENT AND QUALITY OF SERVICES.** The Board received and considered various data and information regarding the nature, extent and quality of administrative and shareholder services provided to the Fund by the Adviser under the Management Agreement, including portfolio management, supervision of Fund operations and compliance and regulatory filings and disclosures to shareholders, general oversight of other service providers, review of Fund legal issues, assisting the Independent Directors in their capacity as Directors and other services. Specifically, the Board received and considered information regarding the size, education and experience of the Adviser's staff, the Adviser's fundamental research capabilities and the Adviser's approach to recruiting, training and retaining portfolio managers and other research and management personnel.

Based on the above factors, together with those referenced below, the Board concluded that the services were extensive in nature and that the Adviser consistently delivered a high level of service.

**FUND PERFORMANCE.** The Board reviewed and considered information as to short-term and long-term investment performance for the Fund over various periods of time as compared to the performance of the Fund's Lipper, Inc. peer group. The Board concluded that the Adviser was delivering satisfactory performance results consistent with the investment strategies being pursued by the Fund.

**FUND FEES AND EXPENSES.** The Board reviewed and considered the Fund's contractual management fee rate and expense ratio relative to industry averages for the Fund's peer group category and the advisory fees charged by the Adviser and its affiliates to other fund and non-fund clients. The Board noted that the services provided under the Management Agreement were much more extensive than those under the advisory agreements for non-fund clients. The Board recognized that the contractual management fee of the Fund was marginally lower than average for its peer group and concluded that the fee was acceptable based upon the qualifications, experience, reputation and performance of the Adviser and the fact that the Fund's overall expense ratio is approximately the same as its peer group.

**PROFITABILITY.** The Board received and considered information regarding the Adviser's overall profitability and costs and an estimated analysis of the Adviser's profitability attributable to the Fund. The Board concluded that the Adviser's profitability was at an acceptable level.

**ECONOMIES OF SCALE.** The Board received and considered information regarding whether there have been economies of scale with respect to the management of the Fund and whether the Fund has appropriately benefited from any economies of scale. The Board noted that economies of scale may develop for certain funds as their assets increase and their fund-level expenses decline as a percentage of

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assets, but that fund-level economies of scale may not necessarily result in Adviser-level economies of scale. The Board was aware that the Adviser waives fees attributable to the liquidation value of the preferred shares if the total return of the common shares does not exceed a specified amount, and concluded that there was an appropriate sharing of economies of scale.

The Board also considered whether the management fee rate is reasonable in relation to the asset size of the Fund and any economies of scale that may exist, and concluded that it currently was reasonable.

OTHER BENEFITS TO THE ADVISER. The Board also received and considered information regarding the character and amount of other incidental benefits received by the Adviser and its affiliates from its association with the Fund. The Board considered the brokerage commissions paid to an affiliate of the Adviser. The Board concluded that potential "fall-out" benefits that the Adviser and its affiliates may receive, such as affiliated brokerage commissions, greater name recognition or increased ability to obtain research services, appear to be reasonable.

CONCLUSIONS. As discussed above, the Board reviewed detailed materials received from the Adviser as part of the re-approval process under Section 15(c) of the 1940 Act. The Board also regularly reviews and assesses the quality of the services that the Fund receives throughout the year. In this regard, the Board reviews reports of the Adviser at least in each of its regular meetings, which include, among other things, Fund performance reports.

As a part of its decision-making process, the Board noted that the Adviser has managed the Fund since its inception, and the Board believed that a long-term relationship with a capable, conscientious adviser is in the best interests of the Fund. The Board considered, generally, that shareholders invested in the Fund knowing that the Adviser managed the Fund and knowing its investment management fee schedule. As such, the Board considered, in particular, whether the Adviser managed the Fund in accordance with its investment objectives and policies as disclosed to shareholders. The Board concluded that the Fund was managed by the Adviser consistent with its investment objectives and policies.

In considering the Management Agreement, the Board did not identify any factor as all-important or all-controlling and instead considered these factors collectively in light of the Fund's surrounding circumstances. Based on this review, it was the Board's judgment that shareholders had consistently received satisfactory absolute and relative performance at reasonable fees. After considering the above-described factors and based on the deliberations and its evaluation of the information provided to it, the Board concluded that re-approval of the Management Agreement was in the best interests of the Fund and its shareholders. Accordingly, the Board unanimously re-approved the Management Agreement.

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### AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLANS

#### ENROLLMENT IN THE PLAN

It is the policy of The Gabelli Equity Trust Inc. ("Equity Trust") to automatically reinvest dividends payable to common shareholders. As a "registered" shareholder you automatically become a participant in the Equity Trust's Automatic Dividend Reinvestment Plan (the "Plan"). The Plan authorizes the Equity Trust to issue shares to participants upon an income dividend or a

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capital gains distribution regardless of whether the shares are trading at a discount or a premium to net asset value. All distributions to shareholders whose shares are registered in their own names will be automatically reinvested pursuant to the Plan in additional shares of the Equity Trust. Plan participants may send their stock certificates to EquiServe Trust Company ("EquiServe") to be held in their dividend reinvestment account. Registered shareholders wishing to receive their distribution in cash must submit this request in writing to:

The Gabelli Equity Trust Inc.  
c/o EquiServe  
P.O. Box 43010  
Providence, RI 02940-3010

Shareholders requesting this cash election must include the shareholder's name and address as they appear on the share certificate. Shareholders with additional questions regarding the Plan may contact EquiServe at (800) 336-6983.

SHAREHOLDERS WISHING TO LIQUIDATE REINVESTED SHARES held at EquiServe must do so in writing or by telephone. Please submit your request to the above mentioned address or telephone number. Include in your request your name, address and account number. The cost to liquidate shares is \$2.50 per transaction as well as the brokerage commission incurred. Brokerage charges are expected to be less than the usual brokerage charge for such transactions.

If your shares are held in the name of a broker, bank or nominee, you should contact such institution. If such institution is not participating in the Plan, your account will be credited with a cash dividend. In order to participate in the Plan through such institution, it may be necessary for you to have your shares taken out of "street name" and re-registered in your own name. Once registered in your own name your dividends will be automatically reinvested. Certain brokers participate in the Plan. Shareholders holding shares in "street name" at such participating institutions will have dividends automatically reinvested. Shareholders wishing a cash dividend at such institution must contact their broker to make this change.

The number of shares of Common Stock distributed to participants in the Plan in lieu of cash dividends is determined in the following manner. Under the Plan, whenever the market price of the Equity Trust's Common Stock is equal to or exceeds net asset value at the time shares are valued for purposes of determining the number of shares equivalent to the cash dividends or capital gains distribution, participants are issued shares of Common Stock valued at the greater of (i) the net asset value as most recently determined or (ii) 95% of the then current market price of the Equity Trust's Common Stock. The valuation date is the dividend or distribution payment date or, if that date is not a NYSE trading day, the next trading day. If the net asset value of the Common Stock at the time of valuation exceeds the market price of the Common Stock, participants will receive shares from the Equity Trust valued at market price. If the Equity Trust should declare a dividend or capital gains distribution payable only in cash, EquiServe will buy Common Stock in the open market, or on the NYSE or elsewhere, for the participants' accounts, except that EquiServe will endeavor to terminate purchases in the open market and cause the Equity Trust to issue shares at net asset value if, following the commencement of such purchases, the market value of the Common Stock exceeds the then current net asset value.

The automatic reinvestment of dividends and capital gains distributions will not relieve participants of any income tax which may be payable on such distributions. A participant in the Plan will be treated for Federal income tax



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purposes as having received, on a dividend payment date, a dividend or distribution in an amount equal to the cash the participant could have received instead of shares.

The Equity Trust reserves the right to amend or terminate the Plan as applied to any voluntary cash payments made and any dividend or distribution paid subsequent to written notice of the change sent to the members of the Plan at least 90 days before the record date for such dividend or distribution. The Plan also may be amended or terminated by EquiServe on at least 90 days' written notice to participants in the Plan.

### VOLUNTARY CASH PURCHASE PLAN

The Voluntary Cash Purchase Plan is yet another vehicle for our shareholders to increase their investment in the Equity Trust. In order to participate in the Voluntary Cash Purchase Plan, shareholders must have their shares registered in their own name and participate in the Dividend Reinvestment Plan.

Participants in the Voluntary Cash Purchase Plan have the option of making additional cash payments to EquiServe for investments in the Equity Trust's shares at the then current market price. Shareholders may send an amount from \$250 to \$10,000. EquiServe will use these funds to purchase shares in the open market on or about the 1st and 15th of each month. EquiServe will charge each shareholder who participates \$0.75, plus a pro rata share of the brokerage commissions. Brokerage charges for such purchases are expected to be less than the usual brokerage charge for such transactions. It is suggested that any voluntary cash payments be sent to EquiServe, P.O. Box 43010, Providence, RI 02940-3010 such that EquiServe receives such payments approximately 10 days before the investment date. Funds not received at least five days before the investment date shall be held for investment until the next purchase date. A payment may be withdrawn without charge if notice is received by EquiServe at least 48 hours before such payment is to be invested.

For more information regarding the Dividend Reinvestment Plan and Voluntary Cash Purchase Plan, brochures are available by calling (914) 921-5070 or by writing directly to the Equity Trust.

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[GRAPHIC]

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

### DIRECTORS

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

Dr. Thomas E. Bratter  
PRESIDENT, JOHN DEWEY ACADEMY

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

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

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

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

Karl Otto Pohl  
 FORMER PRESIDENT, DEUTSCHE BUNDESBANK

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

Salvatore J. Zizza  
 CHAIRMAN, HALLMARK ELECTRICAL SUPPLIES CORP.

OFFICERS

Bruce N. Alpert  
 PRESIDENT AND TREASURER

Carter W. Austin  
 VICE PRESIDENT

Dawn M. Donato  
 ASSISTANT VICE PRESIDENT

Peter D. Goldstein  
 CHIEF COMPLIANCE OFFICER

James E. McKee  
 SECRETARY

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

CUSTODIAN  
 Mellon Trust of New England, N.A.

COUNSEL  
 Willkie Farr & Gallagher LLP

TRANSFER AGENT AND REGISTRAR  
 EquiServe Trust Company

STOCK EXCHANGE LISTING

	Common	7.20% Preferred	5.875% Preferred
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NYSE-Symbol:	GAB	GAB PrB	GAB PrD
Shares Outstanding:	141,702,724	6,600,000	2,949,700

The Net Asset Value appears in the Publicly Traded Funds column, under the

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

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

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For general information about the Gabelli Funds, call 800-GABELLI (800-422-3554), fax us at 914-921-5118, visit Gabelli Funds' Internet homepage at: WWW.GABELLI.COM or e-mail us at: closedend@gabelli.com  
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Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Equity Trust may, from time to time, purchase shares of its common stock in the open market when the Equity Trust shares are trading at a discount of 10% or more from the net asset value of the shares. The Equity Trust may also, from time to time, purchase shares of its Cumulative Preferred Stock in the open market when the shares are trading at a discount to the Liquidation Value of \$25.00.  
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THE GABELLI EQUITY TRUST INC.  
ONE CORPORATE CENTER  
RYE, NY 10580-1422  
(914) 921-5070  
WWW.GABELLI.COM

SEMI-ANNUAL REPORT  
JUNE 30, 2005

GAB-SA-Q2/05

### ITEM 2. CODE OF ETHICS.

Not applicable.

### ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable.

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

Not applicable.

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

Not applicable.

### ITEM 6. SCHEDULE OF INVESTMENTS

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

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

Not applicable.

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

Not yet applicable.

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

REGISTRANT PURCHASES OF EQUITY SECURITIES

PERIOD	(A) TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED	(B) AVERAGE PRICE PAID PER SHARE (OR UNIT)	(C) TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	(D) APPROXIMATE SHARE YET TO BE PURCHASED
Month #1 01/01/05 through 01/31/05	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A
Month #2 02/01/05 through 02/28/05	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A
Month #3 03/01/05 through 03/31/05	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A
Month #4 04/01/05 through 04/30/05	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A
Month #5 05/01/05 through 05/31/05	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A
Month #6 06/01/05	Common - N/A	Common - N/A	Common - N/A	Common - N/A

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through 06/30/05	Preferred Series B - N/A	Preferred Series B - N/A	Preferred Series B - N/A	Preferred Series B - N/A	Preferred Series B - N/A
	Preferred Series D - N/A	Preferred Series D - N/A	Preferred Series D - N/A	Preferred Series D - N/A	Preferred Series D - N/A
=====					
Total	Common - N/A	Common - N/A	Common - N/A	Common - N/A	N/A
	Preferred Series B - N/A	Preferred Series B - N/A	Preferred Series B - N/A	Preferred Series B - N/A	Preferred Series B - N/A
	Preferred Series D - N/A	Preferred Series D - N/A	Preferred Series D - N/A	Preferred Series D - N/A	Preferred Series D - N/A
=====					

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

- a. The date each plan or program was announced - The notice of the potential repurchase of common and preferred shares occurs quarterly in the Fund's quarterly report in accordance with Section 23(c) of the Investment Company Act of 1940, as amended.
- b. The dollar amount (or share or unit amount) approved - Any or all common shares outstanding may be repurchased when the Fund's common shares are trading at a discount of 10% or more from the net asset value of the shares.  
  
Any or all preferred shares outstanding may be repurchased when the Fund's preferred shares are trading at a discount to the liquidation value of \$25.00.
- c. The expiration date (if any) of each plan or program - The Fund's repurchase plans are ongoing.
- d. Each plan or program that has expired during the period covered by the table - The Fund's repurchase plans are ongoing.
- e. Each plan or program the registrant has determined to terminate prior to expiration, or under which the registrant does not intend to make further purchases. - The Fund's repurchase plans are ongoing.

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

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

ITEM 11. CONTROLS AND PROCEDURES.

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

