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GABELLI EQUITY TRUST INC
Form N-CSR
March 13, 2006

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

The Gabelli Equity Trust Inc.

(Exact name of registrant as specified in charter)

One Corporate Center
Rye, New York 10580-1422

(Address of principal executive offices) (Zip code)

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

(Name and address of agent for service)

registrant's telephone number, including area code: 1-800-422-3554

Date of fiscal year end: December 31

Date of reporting period: December 31, 2005

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, 100 F Street, NE, Washington, DC 20549. 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]
THE GABELLI
EQUITY TRUST INC.

THE GABELLI EQUITY TRUST INC.
Annual Report
December 31, 2005

TO OUR SHAREHOLDERS,

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

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

Enclosed are the audited financial statements and the investment portfolio as of December 31, 2005.

COMPARATIVE RESULTS

AVERAGE ANNUAL RETURNS THROUGH DECEMBER 31, 2005 (a)

| | QUARTER ----- | 1 YEAR ----- | 3 YEAR ----- | 5 YEAR ----- | 10 Y ----- |
|--|------------------|-----------------|-----------------|-----------------|---------------|
| GABELLI EQUITY TRUST NAV RETURN (b) | (2.83)% | 5.42% | 21.44% | 6.75% | 10. |
| GABELLI EQUITY TRUST INVESTMENT RETURN (c) ... | (0.31) | 0.66 | 17.02 | 4.79 | 10. |
| S&P 500 Index | 2.08 | 4.91 | 14.38 | 0.54 | 9. |
| Dow Jones Industrial Average | 2.01 | 1.83 | 11.24 | 2.04 | 9. |
| Nasdaq Composite Index | 2.49 | 1.37 | 18.20 | (2.25) | 7. |

(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.

PERFORMANCE FIGURES FOR PERIODS LESS THAN ONE YEAR ARE NOT ANNUALIZED. INVESTORS SHOULD CONSIDER THE INVESTMENT OBJECTIVES, RISKS, CHARGES, AND EXPENSES OF THE FUND CAREFULLY BEFORE INVESTING. THE DOW JONES INDUSTRIAL AVERAGE IS AN UNMANAGED INDEX OF 30 LARGE INDUSTRIAL STOCKS. THE S&P 500

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AND THE NASDAQ COMPOSITE INDICES ARE UNMANAGED INDICATORS OF STOCK MARKET PERFORMANCE. DIVIDENDS ARE CONSIDERED REINVESTED EXCEPT FOR THE NASDAQ COMPOSITE INDEX.

- (b) TOTAL RETURNS AND AVERAGE ANNUAL RETURNS REFLECT CHANGES IN 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, ADJUSTMENTS FOR RIGHTS OFFERINGS, SPIN-OFFS, AND TAXES PAID ON UNDISTRIBUTED LONG-TERM CAPITAL GAINS. SINCE INCEPTION RETURN BASED ON AN INITIAL OFFERING PRICE OF \$10.00.

Sincerely yours,

/s/ Bruce N. Alpert

Bruce N. Alpert
President

February 13, 2006

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

The following table presents portfolio holdings as a percent of total investments as of December 31, 2005:

| | |
|---|------|
| Food and Beverage | 9.2% |
| Financial Services | 7.9% |
| Telecommunications | 7.5% |
| Energy and Utilities | 7.4% |
| Entertainment | 6.3% |
| Diversified Industrial | 5.4% |
| Publishing | 5.1% |
| Health Care | 4.7% |
| Cable and Satellite | 4.4% |
| Consumer Products | 4.2% |
| U.S. Government Obligations | 4.1% |
| Hotels and Gaming | 3.3% |
| Automotive: Parts and Accessories | 3.2% |
| Equipment and Supplies | 2.8% |
| Repurchase Agreements | 2.6% |
| Communications Equipment | 2.3% |
| Wireless Communications | 2.2% |
| Aviation: Parts and Services | 2.0% |
| Computer Software and Services | 1.8% |
| Agriculture | 1.3% |
| Consumer Services | 1.3% |
| Aerospace | 1.1% |
| Machinery | 1.1% |
| Broadcasting | 1.0% |
| Specialty Chemicals | 1.0% |
| Retail | 1.0% |

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| | |
|--|--------|
| Real Estate | 1.0% |
| Environmental Services | 1.0% |
| Metals and Mining | 0.8% |
| Electronics | 0.8% |
| Automotive | 0.7% |
| Business Services | 0.6% |
| Manufactured Housing and Recreational Vehicles | 0.3% |
| Closed-End Funds | 0.3% |
| Paper and Forest Products | 0.1% |
| 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 SEPTEMBER 30, 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, procedures, and how the Equity Trust voted proxies relating to portfolio securities 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.

THE GABELLI EQUITY TRUST INC. AND YOUR PERSONAL PRIVACY

WHO ARE WE?

The Gabelli Equity Trust Inc. (the "Trust") is a closed-end investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940. We are managed by Gabelli Funds, LLC, which is affiliated with GAMCO Investors, Inc. GAMCO Investors, Inc. is a publicly held company that has subsidiaries that provide investment advisory or brokerage services for a variety of clients.

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

When you purchase shares of the Trust on the New York Stock Exchange, you have the option of registering directly with our transfer agent in order, for example, to participate in our dividend reinvestment plan.

- o INFORMATION YOU GIVE US ON YOUR APPLICATION FORM. This could include your name, address, telephone number, social security number, bank account number, and other information.
- o INFORMATION ABOUT YOUR TRANSACTIONS WITH US. This would include information about the shares that you buy or sell, it may also include

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information about whether you sell or exercise rights that we have issued from time to time. If we hire someone else to provide services--like a transfer agent--we will also have information about the transactions that you conduct through them.

WHAT INFORMATION DO WE DISCLOSE AND TO WHOM DO WE DISCLOSE IT?

We do not disclose any non-public personal information about our customers or former customers to anyone, other than our affiliates, our service providers who need to know such information, and as otherwise permitted by law. If you want to find out what the law permits, you can read the privacy rules adopted by the Securities and Exchange Commission. They are in volume 17 of the Code of Federal Regulations, Part 248. The Commission often posts information about its regulations on its web site, WWW.SEC.GOV.

WHAT DO WE DO TO PROTECT YOUR PERSONAL INFORMATION?

We restrict access to non-public personal information about you to the people who need to know that information in order to provide services to you or the Fund and to ensure that we are complying with the laws governing the securities business. We maintain physical, electronic, and procedural safeguards to keep your personal information confidential.

2

THE GABELLI EQUITY TRUST INC.
 PORTFOLIO CHANGES
 QUARTER ENDED DECEMBER 31, 2005
 (UNAUDITED)

| | SHARES | OWNERSHIP AT DECEMBER 31, 2005 |
|---|---------|--------------------------------------|
| | ----- | ----- |
| NET PURCHASES | | |
| COMMON STOCKS | | |
| Albertson's Inc. | 40,000 | 300,000 |
| Ameriprise Financial Inc. (a) | 110,000 | 110,000 |
| Anheuser-Busch Companies Inc. | 12,000 | 20,000 |
| ARIAKE JAPAN Co. Ltd. | 27,000 | 27,000 |
| AT&T Inc. (b)(c) | 480,000 | 480,000 |
| Avon Products Inc. | 10,000 | 60,000 |
| Bristol-Myers Squibb Co. | 5,000 | 140,000 |
| Burlington Resources Inc. | 110,000 | 385,000 |
| Cablevision Systems Corp., Cl. A | 110,000 | 1,610,000 |
| Cadbury Schweppes plc, ADR | 20,000 | 60,000 |
| Campbell Soup Co. | 10,000 | 100,000 |
| Canon Inc. | 15,000 | 15,000 |
| CCE Spinco Inc. (d) | 125 | 125 |
| Chestnut Hill Ventures (e) | 2,003 | 2,003 |
| Chiron Corp. | 380,000 | 380,000 |
| Citigroup Inc. | 65,000 | 110,000 |
| Clear Channel Communications Inc. | 1,000 | 1,000 |
| Clear Channel Outdoor Holdings Inc., Cl. A | 15,000 | 15,000 |
| Coca-Cola Co. | 15,000 | 75,000 |
| Coca-Cola Enterprises Inc. | 15,000 | 20,000 |
| Cooper Industries Ltd., Cl. A | 40,000 | 200,000 |

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| | | |
|---|---------|-----------|
| Costco Wholesale Corp. | 5,000 | 25,000 |
| Crane Co. | 20,000 | 270,000 |
| Credit Suisse Group | 3,000 | 22,000 |
| Dana Corp. | 10,000 | 400,000 |
| Dave & Buster's Inc. | 2,000 | 2,000 |
| Dow Jones & Co Inc. | 32,000 | 50,000 |
| Dreyer's Grand Ice Cream Holdings Inc., Cl. A | 95,300 | 345,300 |
| El Paso Corp. | 60,000 | 270,000 |
| Energizer Holdings Inc. | 85,000 | 115,000 |
| Fairchild Corp., Cl. A | 70,400 | 200,000 |
| Fedders Corp. | 10,000 | 80,000 |
| Genuine Parts Co. | 50,000 | 350,000 |
| GrafTech International Ltd. | 10,000 | 80,000 |
| Groupe Danone | 160,000 | 200,000 |
| Groupe Danone, ADR | 5,000 | 5,000 |
| GTECH Holdings Corp. | 3,000 | 19,000 |
| Guidant Corp. | 65,000 | 65,000 |
| Heinz (H.J.) Co. | 10,000 | 140,000 |
| Hercules Inc. | 80,000 | 200,000 |
| Hershey Foods Corp. | 3,000 | 28,000 |
| Hisamitsu Pharmaceutical Co. Inc. | 16,000 | 16,000 |
| IDX Systems Corp. | 26,200 | 26,200 |
| Ivanhoe Mines Ltd. | 20,000 | 75,000 |
| Johnson Controls Inc. | 20,000 | 140,000 |
| La Quinta Corp. | 450,000 | 450,000 |
| Las Vegas Sands Corp. | 1,000 | 6,000 |
| Lenox Group Inc. | 50,000 | 50,000 |
| Lin TV Corp., Cl. A | 20,000 | 70,000 |
| MCI Inc. | 100,000 | 100,000 |
| New York Times Co., Cl. A | 5,000 | 85,000 |
| Newmont Mining Corp Holding Co. | 5,000 | 130,000 |
| Nextel Partners Inc., Cl. A | 300,000 | 300,000 |
| NIWS Co. Ltd. | 650 | 650 |
| Novelis Inc. | 70,000 | 110,000 |
| O2 plc | 590,000 | 3,350,000 |
| Oceaneering International Inc. | 5,000 | 5,000 |
| Park-Ohio Holdings Corp. | 3,000 | 101,000 |
| PetroChina Co. Ltd., ADR | 1,000 | 2,000 |

OWNERSHIP AT
DECEMBER 31,
2005

SHARES

| | | |
|---------------------------------------|-----------|-----------|
| Pfizer Inc. | 27,000 | 310,000 |
| Placer Dome Inc. | 70,000 | 120,000 |
| Procter & Gamble Co. (f) | 89,750 | 269,750 |
| Prosperity REIT | 2,187 | 2,187 |
| Rayonier Inc. (g) | 8,328 | 24,984 |
| Reckitt Benckiser plc | 10,000 | 60,000 |
| Reebok International Ltd. | 20,000 | 20,000 |
| Renal Care Group Inc. | 5,000 | 40,000 |
| Rolls-Royce Group plc, Cl. B (h) | 2,672,000 | 2,672,000 |
| Scientific-Atlanta Inc. | 256,000 | 300,000 |
| Shizuoka Bank Ltd. | 80,000 | 80,000 |
| Siebel Systems Inc. | 2,500,000 | 2,500,000 |
| Skyline Corp. | 900 | 20,900 |
| Southern Energy Homes Inc. | 3,600 | 4,600 |
| Standard Motor Products Inc. | 5,000 | 165,000 |
| Straumann Holding AG | 1,000 | 5,250 |
| TDC A/S | 300,000 | 300,000 |

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| | | |
|-----------------------------|---------|---------|
| Thomas & Betts Corp. | 8,000 | 308,000 |
| Tokai Carbon Co. Ltd. | 190,000 | 190,000 |
| Tribune Co. | 14,200 | 315,000 |
| TXU Corp. (i) | 41,000 | 95,000 |
| Viacom Inc., Cl. A | 3,000 | 845,000 |
| Viacom Inc., Cl. A W/I | 35,000 | 35,000 |
| Westar Energy Inc. | 20,000 | 275,000 |
| Xstrata plc | 5,000 | 50,000 |
| Yahoo! Inc. | 10,000 | 90,000 |

RIGHTS

| | | |
|-------------------------------------|--------|--------|
| Central Europe and Russia Fund Inc. | | |
| Rights, expire 01/20/06 (j) | 74,200 | 74,200 |

NET SALES

COMMON STOCKS

| | | |
|---|-----------|-----------|
| Agere Systems Inc. | (2,000) | 48,000 |
| Altadis Sa | (15,000) | 45,000 |
| America Movil SA de CV, Cl. L, ADR | (2,000) | 232,000 |
| AMETEK Inc. | (15,000) | 190,000 |
| Archer-Daniels-Midland Co. | (40,000) | 960,000 |
| AT&T Corp. (b) | (585,000) | -- |
| ATX Communications Inc. | (90,540) | -- |
| Boeing Co. | (5,000) | 105,000 |
| Cendant Corp. | (10,000) | 130,000 |
| Central Europe and Russia Fund Inc. | (800) | 74,200 |
| Cincinnati Bell Inc. | (70,000) | 860,000 |
| CMS Energy Corp. | (1,200) | 90,000 |
| Coldwater Creek Inc. | (5,000) | 35,000 |
| Comcast Corp., Cl. A | (10,000) | 320,000 |
| ConocoPhillips | (159,000) | 45,000 |
| Corning Inc. | (10,000) | 505,000 |
| Curtiss-Wright Corp. | (2,000) | 198,000 |
| Deere & Co. | (60,000) | 260,000 |
| Department 56 Inc. | (50,000) | -- |
| Expedia Inc. | (110,000) | -- |
| Fomento Economico Mexicano SA de CV, ADR | (641) | 35,000 |
| Fuller (H.B.) Co. | (4,000) | 35,000 |
| GC Companies Inc. (e) | (50,000) | -- |
| General Mills Inc. | (10,000) | 165,000 |
| Gillette Co. (f) | (110,000) | -- |
| Grupo Televisa SA, ADR | (3,000) | 170,000 |
| Hilton Group plc | (200,000) | 2,675,000 |
| Hilton Hotels Corp. | (50,000) | 550,000 |

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
 PORTFOLIO CHANGES (CONTINUED)
 QUARTER ENDED DECEMBER 31, 2005
 (UNAUDITED)

| | |
|--------|--------------|
| | OWNERSHIP AT |
| | DECEMBER 31, |
| SHARES | 2005 |
| ----- | ----- |

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NET SALES (CONTINUED)

COMMON STOCKS (CONTINUED)

| | | |
|--|-----------|-----------|
| Honeywell International Inc. | (10,000) | 405,500 |
| IDEX Corp. | (18,000) | 232,000 |
| Irish Life & Permanent plc, Dublin | (10,000) | 65,000 |
| IVAX Corp. | (10,000) | -- |
| Janus Capital Group Inc. | (140,000) | 60,000 |
| KDDI Corp. | (80) | 153 |
| Kellogg Co. | (15,000) | 145,000 |
| Kerzner International Ltd. | (200) | 10,000 |
| Lamson & Sessions Co. | (240,000) | 150,000 |
| Leucadia National Corp. | (8,000) | 70,000 |
| Lockheed Martin Corp. | (10,000) | 20,000 |
| Loral Space & Communications Ltd. | (50,000) | -- |
| Mattel Inc. | (40,000) | 20,000 |
| Maytag Corp. | (10,000) | 65,000 |
| MBNA Corp. | (40,000) | 60,000 |
| Mediaset SpA | (10,000) | 155,000 |
| National Presto Industries Inc. | (6,000) | 29,000 |
| Neiman Marcus Group Inc., Cl. B (k) | (320,000) | -- |
| Northrop Grumman Corp. | (45,000) | 135,000 |
| Paxson Communications Corp. | (10,000) | 100,000 |
| PRIMEDIA Inc. | (5,000) | 395,000 |
| Qwest Communications International Inc. | (60,000) | 940,000 |
| Rogers Communications Inc., Cl. B, New York | (5,000) | 402,845 |
| Rollins Inc. | (5,000) | 835,000 |
| Sanofi-Aventis | (2,000) | 24,808 |
| SBC Communications Inc. (c) | (130,000) | -- |
| Six Flags Inc. | (63,500) | 90,000 |
| Spinnaker Exploration Co. (1) | (75,000) | -- |
| St. Joe. Co. | (1,000) | 166,000 |
| Telecom Argentina Stet France Telecom SA, ADR | (2,000) | 48,000 |
| Telecom Italia SpA | (300,000) | 1,488,075 |
| Telefonica Moviles SA | (90,000) | -- |
| Telefonica SA, BDR | (18,298) | -- |
| TELUS Corp. | (2,500) | -- |
| TELUS Corp., ADR | (12,500) | 35,000 |
| Tootsie Roll Industries Inc. | (270) | 112,000 |
| TRW Automotive Holdings Corp. | (30,000) | -- |
| Vivendi Universal SA | (10,000) | 33,900 |
| VNU NV | (4,000) | -- |
| Vodafone Group plc | (200,000) | 353,888 |
| Waste Management Inc. | (10,000) | 490,000 |
| Young Broadcasting Inc., Cl. A | (30,000) | 100,000 |

OWNERSHIP AT
DECEMBER 31,
2005

SHARES

PUT OPTION

| | | |
|--|---------|----|
| SPDR Trust Series 1, Oct. 05/120 | (1,000) | -- |
|--|---------|----|

PRINCIPAL
AMOUNT

U.S. TREASURY NOTES

| | | |
|---|----------------|----|
| U.S. Treasury Note, 5.750%, 11/15/05 | \$ (1,000,000) | -- |
|---|----------------|----|

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-
- (a) Spin-off -- 0.20000 share of Ameriprise Financial Inc. for every 1 share of American Express Co.
 - (b) Merger -- 0.77942 share of AT&T Inc. for every 1 share of AT&T Corp.
 - (c) Merger -- 1 share of AT&T Inc. for every 1 share of SBC Communications Inc.
 - (d) Spin-off -- 0.12500 share of CCE Spinco Inc. for every 1 share of Clear Channel Communications Inc.
 - (e) Merger -- 0.04005 share of Chestnut Hill Ventures for every 1 share of GC Companies
 - (f) Merger -- 0.97500 share of Procter & Gamble Co. for every 1 share of Gillette Co.
 - (g) 3 for 2 stock split
 - (h) Spin-off -- 33.40000 shares of Rolls-Royce Group plc, Cl. B for every 1 share of Rolls-Royce Group plc
 - (i) 2 for 1 stock split
 - (j) Rights Issue -- 1 right for every 1 share of Central Europe and Russia Fund
 - (k) Cash Merger -- \$100.00 for every 1 share
 - (l) Cash Merger -- \$65.50 for every 1 share

See accompanying notes to financial statements.

4

THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2005

| SHARES | | COST | MARKET VALUE |
|---------|---------------------------------------|------------|--------------|
| ----- | | ----- | ----- |
| | COMMON STOCKS -- 93.0% | | |
| | FOOD AND BEVERAGE -- 9.2% | | |
| 85,000 | Ajinomoto Co. Inc. | \$ 998,444 | \$ 869,9 |
| 20,000 | Anheuser-Busch Companies Inc. | 895,534 | 859,2 |
| 27,000 | ARIAKE JAPAN Co. Ltd. | 615,859 | 665,0 |
| 83,000 | Cadbury Schweppes plc | 855,208 | 784,6 |
| 60,000 | Cadbury Schweppes plc, ADR | 1,902,198 | 2,297,4 |
| 100,000 | Campbell Soup Co. | 2,678,697 | 2,977,0 |
| 75,000 | Coca-Cola Co. | 3,393,098 | 3,023,2 |
| 20,000 | Coca-Cola Enterprises Inc. | 376,515 | 383,4 |
| 40,000 | Coca-Cola Hellenic | | |

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| | | | |
|---------|---|-------------|--------------|
| | Bottling Co. SA | 519,295 | 1,178,2 |
| 100,000 | Corn Products International Inc. | 1,385,122 | 2,389,0 |
| 60,000 | Del Monte Foods Co.+ | 564,374 | 625,8 |
| 10,108 | Denny's Corp.+ | 14,358 | 40,7 |
| 100,000 | Diageo plc | 1,467,580 | 1,449,5 |
| 224,000 | Diageo plc, ADR | 9,660,541 | 13,059,2 |
| 345,300 | Dreyer's Grand Ice Cream Holdings Inc., Cl. A | 27,702,259 | 28,618,4 |
| 90,000 | Flowers Foods Inc. | 1,011,842 | 2,480,4 |
| 35,000 | Fomento Economico Mexicano SA de CV, ADR | 1,378,845 | 2,537,8 |
| 165,000 | General Mills Inc. | 7,893,483 | 8,137,8 |
| 200,000 | Groupe Danone | 19,701,934 | 20,895,7 |
| 5,000 | Groupe Danone, ADR | 100,250 | 105,2 |
| 500,000 | Grupo Bimbo SA de CV, Cl. A | 1,052,379 | 1,739,9 |
| 20,000 | Hain Celestial Group Inc.+ | 267,663 | 423,2 |
| 140,000 | Heinz (H.J.) Co. | 5,026,298 | 4,720,8 |
| 28,000 | Hershey Co. | 1,006,700 | 1,547,0 |
| 145,000 | Kellogg Co. | 5,202,398 | 6,266,9 |
| 75,000 | Kerry Group plc, Cl. A | 860,877 | 1,653,5 |
| 12,100 | LVMH Moet Hennessy Louis Vuitton SA | 419,053 | 1,075,1 |
| 2,500 | Nestle SA | 513,610 | 747,6 |
| 480,000 | PepsiAmericas Inc. | 8,563,021 | 11,164,8 |
| 350,000 | PepsiCo Inc. | 16,929,287 | 20,678,0 |
| 6,750 | Pernod-Ricard SA | 470,174 | 1,177,9 |
| 68,200 | Ralcorp Holdings Inc.+ | 1,308,415 | 2,721,8 |
| 90,000 | Sara Lee Corp. | 1,671,270 | 1,701,0 |
| 2,000 | Smucker (J.M.) Co. | 52,993 | 88,0 |
| 112,000 | Tootsie Roll Industries Inc. | 1,562,923 | 3,240,1 |
| 170,000 | Wrigley (Wm.) Jr. Co. | 10,436,095 | 11,303,3 |
| | | ----- | ----- |
| | | 138,458,592 | 163,627,0 |
| | | ----- | ----- |
| | FINANCIAL SERVICES -- 7.9% | | |
| 7,000 | Allianz AG | 866,497 | 1,060,2 |
| 5,000 | Allstate Corp. | 209,064 | 270,3 |
| 550,000 | American Express Co. | 26,001,250 | 28,303,0 |
| 110,000 | Ameriprise Financial Inc. | 2,680,598 | 4,510,0 |
| 32,000 | Argonaut Group Inc.+ | 822,496 | 1,048,6 |
| 95,000 | Aviva plc | 1,163,351 | 1,152,2 |
| 90,000 | Banco Santander Central Hispano SA, ADR | 322,130 | 1,187,1 |
| 100,000 | Bank of Ireland | 584,533 | 1,575,7 |
| 75,000 | Bank of New York Co. Inc. | 2,749,625 | 2,388,7 |
| 275,000 | Bankgesellschaft Berlin AG+ | 5,495,399 | 966,9 |
| 260 | Berkshire Hathaway Inc., Cl. A+ | 1,074,049 | 23,041,2 |
| 7,500 | Calamos Asset Management Inc., Cl. A | 135,000 | 235,8 |
| 110,000 | Citigroup Inc. | 5,299,542 | 5,338,3 |
| 185,000 | Commerzbank AG, ADR | 3,747,342 | 5,721,6 |
| | | ----- | ----- |
| | SHARES | COST | MARKET VALUE |
| | | ----- | ----- |
| 22,000 | Credit Suisse Group | \$ 986,436 | \$ 1,121,7 |
| 152,000 | Deutsche Bank AG | 13,322,073 | 14,724,2 |
| 20,000 | Dun and Bradstreet Corp.+ | 424,266 | 1,339,2 |

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| | | | |
|-----------|---|------------|-------------|
| 20,000 | H&R Block Inc. | 329,930 | 491,000 |
| 65,000 | Irish Life & Permanent plc | 506,648 | 1,328,200 |
| 60,000 | Janus Capital Group Inc. | 851,922 | 1,117,800 |
| 55,000 | JPMorgan Chase & Co. | 1,360,152 | 2,182,900 |
| 70,000 | Leucadia National Corp. | 1,736,656 | 3,322,200 |
| 60,000 | MBNA Corp. | 1,551,501 | 1,629,000 |
| 100,000 | Mellon Financial Corp. | 3,140,094 | 3,425,000 |
| 189,000 | Midland Co. | 1,386,764 | 6,811,500 |
| 60,000 | Moody's Corp. | 3,014,407 | 3,685,200 |
| 128,750 | Nikko Cordial Corp. | 1,725,292 | 2,039,300 |
| 145,000 | Phoenix Companies Inc. | 2,094,171 | 1,977,800 |
| 2,500 | Prudential Financial Inc. | 68,750 | 182,900 |
| 45,000 | Schwab (Charles) Corp. | 657,563 | 660,100 |
| 80,000 | Shizuoka Bank Ltd. | 791,848 | 801,700 |
| 3,000 | St. Paul Travelers Companies Inc. | 113,277 | 134,000 |
| 50,000 | Standard Chartered plc | 954,007 | 1,114,000 |
| 80,000 | State Street Corp. | 4,001,480 | 4,435,200 |
| 20,000 | SunTrust Banks Inc. | 419,333 | 1,455,200 |
| 78,500 | T. Rowe Price Group Inc. | 4,816,620 | 5,654,300 |
| 20,000 | UBS AG | 1,875,967 | 1,904,000 |
| 70,000 | Waddell & Reed Financial Inc., Cl. A | 1,439,547 | 1,467,900 |
| 53,000 | Westpac Banking Corp. | 833,192 | 883,900 |
| | | ----- | ----- |
| | | 99,552,772 | 140,688,800 |
| | | ----- | ----- |
| | TELECOMMUNICATIONS -- 7.4% | | |
| 5,000 | ALLTEL Corp. | 111,101 | 315,500 |
| 480,000 | AT&T Inc. | 13,847,443 | 11,755,200 |
| 265,000 | BCE Inc. | 6,947,469 | 6,346,700 |
| 30,000 | Brasil Telecom Participacoes SA, ADR | 1,743,257 | 1,120,500 |
| 1,760,000 | BT Group plc | 7,277,785 | 6,745,000 |
| 4,440,836 | Cable & Wireless Jamaica Ltd.+ | 101,639 | 101,900 |
| 860,000 | Cincinnati Bell Inc.+ | 6,295,609 | 3,018,600 |
| 80,000 | Citizens Communications Co. | 960,550 | 978,400 |
| 170,000 | Commonwealth Telephone Enterprises Inc. | 6,485,526 | 5,740,900 |
| 110,000 | Compania de Telecomunicaciones de Chile SA, ADR | 1,634,847 | 968,000 |
| 170,000 | Deutsche Telekom AG, ADR | 2,827,195 | 2,827,100 |
| 15,000 | Embratel Participacoes SA, ADR+ | 266,400 | 221,200 |
| 5,000 | France Telecom SA, ADR | 146,305 | 124,200 |
| 153 | KDDI Corp. | 581,471 | 882,100 |
| 100,000 | KPN NV | 232,728 | 1,002,700 |
| 100,000 | MCI Inc. | 2,552,990 | 1,973,000 |
| 940,000 | Qwest Communications International Inc.+ | 3,014,598 | 5,311,000 |
| 532,387 | Sprint Nextel Corp. | 16,576,895 | 12,436,500 |
| 300,000 | TDC A/S | 17,773,903 | 17,970,400 |
| 186,554 | Tele Norte Leste Participacoes SA, ADR | 2,477,755 | 3,343,000 |
| 48,000 | Telecom Argentina SA, Cl. B, ADR+ | 369,540 | 618,700 |
| 1,488,075 | Telecom Italia SpA | 6,089,193 | 4,333,800 |
| 254,800 | Telefonica SA, ADR | 12,826,593 | 11,471,000 |
| 64,000 | Telefonos de Mexico SA de CV, Cl. L, ADR | 482,044 | 1,579,500 |

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310,000 Telephone & Data Systems Inc. 14,444,104 11,169,3

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2005

| SHARES ----- | | COST ----- | MARKET VALUE ----- |
|--------------------------------|--|---------------|--------------------------|
| COMMON STOCKS (CONTINUED) | | | |
| TELECOMMUNICATIONS (CONTINUED) | | | |
| 390,000 | Telephone & Data Systems Inc., Special | \$ 16,299,155 | \$ 13,497,9 |
| 35,000 | TELUS Corp., ADR | 641,907 | 1,433,9 |
| 140,060 | Verizon Communications Inc. | 5,505,166 | 4,218,6 |
| | | ----- | ----- |
| | | 148,513,168 | 131,505,3 |
| | | ----- | ----- |
| ENERGY AND UTILITIES -- 7.4% | | | |
| 70,000 | AES Corp.+ | 397,267 | 1,108,1 |
| 10,000 | AGL Resources Inc. | 174,924 | 348,1 |
| 120,000 | Allegheny Energy Inc.+ | 1,557,788 | 3,798,0 |
| 70,000 | Apache Corp. | 2,728,670 | 4,796,4 |
| 247,000 | BP plc, ADR | 15,155,797 | 15,862,3 |
| 385,000 | Burlington Resources Inc. | 23,958,559 | 33,187,0 |
| 115,000 | CH Energy Group Inc. | 4,749,282 | 5,278,5 |
| 40,000 | Cinergy Corp. | 1,456,054 | 1,698,4 |
| 90,000 | CMS Energy Corp.+ | 576,290 | 1,305,9 |
| 45,000 | ConocoPhillips | 2,460,039 | 2,618,1 |
| 8,000 | Constellation Energy Group | 449,608 | 460,8 |
| 30,000 | DPL Inc. | 624,493 | 780,3 |
| 14,000 | DTE Energy Co. | 619,459 | 604,6 |
| 250,000 | Duke Energy Corp. | 5,835,450 | 6,862,5 |
| 110,000 | Duquesne Light Holdings Inc. | 1,845,274 | 1,795,2 |
| 270,000 | El Paso Corp. | 3,253,601 | 3,283,2 |
| 370,000 | El Paso Electric Co.+ | 5,253,285 | 7,784,8 |
| 50,000 | Energy East Corp. | 1,065,733 | 1,140,0 |
| 80,000 | Eni SpA | 2,246,480 | 2,219,0 |
| 80,000 | Exxon Mobil Corp. | 2,750,108 | 4,493,6 |
| 20,000 | FPL Group Inc. | 556,256 | 831,2 |
| 70,000 | Halliburton Co. | 1,726,011 | 4,337,2 |
| 19,999 | Kerr-McGee Corp. | 1,111,848 | 1,817,1 |
| 10,000 | Marathon Oil Corp. | 242,414 | 609,7 |
| 140,000 | Mirant Corp.+ | 62,690 | 184,8 |
| 10,000 | NiSource Inc. | 215,500 | 208,6 |
| 300,000 | Northeast Utilities | 5,838,917 | 5,907,0 |
| 5,000 | Oceaneering International Inc.+ | 262,281 | 248,9 |
| 2,000 | PetroChina Co. Ltd., ADR | 137,965 | 163,9 |
| 23,000 | Petroleo Brasileiro SA, ADR | 1,618,258 | 1,639,2 |
| 100,000 | Progress Energy Inc., CVO+ | 52,000 | 7,2 |
| 30,000 | Saipem SpA | 518,818 | 492,2 |

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| | | | |
|-----------|---|--------------|-----------------|
| 30,000 | SJW Corp. | 883,106 | 1,365,0 |
| 20,000 | Southwest Gas Corp. | 451,132 | 528,0 |
| 8,657 | Total SA | 2,218,733 | 2,174,8 |
| 95,000 | TXU Corp. | 1,113,511 | 4,768,0 |
| 200 | Vectren Corp. | 5,810 | 5,4 |
| 275,000 | Westar Energy Inc. | 4,758,248 | 5,912,5 |
| | | ----- | ----- |
| | | 98,931,659 | 130,625,9 |
| | | ----- | ----- |
| | ENTERTAINMENT -- 6.3% | | |
| 160,000 | Canal Plus, ADR+ | 34,010 | 296,0 |
| 125 | CCE Spinco Inc.+ | 1,296 | 1,6 |
| 2,003 | Chestnut Hill Ventures+ (a) | 54,500 | 43,0 |
| 2,000 | Dave & Buster's Inc.+ | 35,000 | 35,2 |
| 220,000 | Discovery Holding Co., Cl. A+ | 3,185,692 | 3,333,0 |
| 1,600 | DreamWorks Animation SKG Inc., Cl. A+ | 39,461 | 39,2 |
| 110,000 | EMI Group plc | 292,543 | 458,9 |
| 80,000 | EMI Group plc, ADR | 947,487 | 666,0 |
| 650,000 | Gemstar-TV Guide International Inc.+ | 3,842,787 | 1,696,5 |
| 170,000 | Grupo Televisa SA, ADR | 6,392,675 | 13,685,0 |
| 2,200,000 | Liberty Media Corp., Cl. A+ | 19,569,251 | 17,314,0 |
| 17,500 | Oriental Land Co. Ltd. | 1,043,187 | 954,1 |
| 160,000 | Publishing & Broadcasting Ltd. | 893,720 | 1,933,0 |
| | | | |
| | | | |
| SHARES | | COST | MARKET VALUE |
| ----- | | ----- | ----- |
| 1,629,500 | Rank Group plc | \$ 7,987,535 | \$ 8,571,8 |
| 12,000 | Regal Entertainment Group, Cl. A | 165,788 | 228,2 |
| 90,000 | Six Flags Inc.+ | 430,475 | 693,9 |
| 260,000 | The Walt Disney Co. | 5,453,387 | 6,232,2 |
| 810,000 | Time Warner Inc. | 17,932,501 | 14,126,4 |
| 845,000 | Viacom Inc., Cl. A | 34,792,427 | 27,682,2 |
| 35,000 | Viacom Inc., Cl. A W/I | 1,502,548 | 1,400,0 |
| 33,900 | Vivendi Universal SA | 1,750,629 | 1,061,9 |
| 330,000 | Vivendi Universal SA, ADR | 8,718,814 | 10,371,9 |
| | | ----- | ----- |
| | | 115,065,713 | 110,824,4 |
| | | ----- | ----- |
| | DIVERSIFIED INDUSTRIAL -- 5.4% | | |
| 170,000 | Acuity Brands Inc. | 5,161,361 | 5,406,0 |
| 195,000 | Ampco-Pittsburgh Corp. | 2,627,873 | 2,829,4 |
| 25,000 | Bouygues SA | 1,244,322 | 1,222,3 |
| 200,000 | Cooper Industries Ltd., Cl. A | 11,224,646 | 14,600,0 |
| 270,000 | Crane Co. | 6,053,955 | 9,522,9 |
| 100,500 | CRH plc | 1,259,458 | 2,956,6 |
| 110,000 | GATX Corp. | 2,036,677 | 3,968,8 |
| 233,000 | Greif Inc., Cl. A | 4,735,561 | 15,443,2 |
| 5,000 | Greif Inc., Cl. B | 135,354 | 315,0 |
| 405,500 | Honeywell International Inc. | 13,533,476 | 15,104,8 |
| 130,000 | ITT Industries Inc. | 6,774,340 | 13,366,6 |
| 150,000 | Lamson & Sessions Co.+ | 875,984 | 3,753,0 |
| 101,000 | Park-Ohio Holdings Corp.+ | 1,073,670 | 1,424,1 |
| 4,000 | Sulzer AG | 850,053 | 2,118,6 |
| 30,000 | Technip SA | 721,269 | 1,804,2 |
| 50,000 | Trinity Industries Inc. | 945,000 | 2,203,5 |
| | | ----- | ----- |

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| | 59,252,999 | 96,039,4 |
|--|------------|----------|
| | ----- | ----- |
| PUBLISHING -- 5.1% | | |
| 50,000 Dow Jones & Co. Inc. | 2,060,493 | 1,774,5 |
| 348,266 Independent News & Media plc | 663,968 | 1,047,2 |
| 20,000 Knight-Ridder Inc. | 1,345,264 | 1,266,0 |
| 5,000 McClatchy Co., Cl. A | 240,250 | 295,5 |
| 200,000 McGraw-Hill Companies Inc. | 7,669,017 | 10,326,0 |
| 330,000 Media General Inc., Cl. A | 19,747,873 | 16,731,0 |
| 124,000 Meredith Corp. | 5,106,014 | 6,490,1 |
| 85,000 New York Times Co., Cl. A | 3,781,383 | 2,248,2 |
| 1,744,800 News Corp., Cl. A | 23,233,744 | 27,131,6 |
| 20,000 News Corp., Cl. B | 186,274 | 332,2 |
| 200,000 Penton Media Inc.+ | 439,128 | 110,0 |
| 395,000 PRIMEDIA Inc.+ | 1,799,175 | 635,9 |
| 175,000 Reader's Digest Association Inc | 3,181,221 | 2,663,5 |
| 261,319 SCMP Group Ltd. | 191,790 | 96,8 |
| 150,000 Scripps (E.W.) Co., Cl. A | 5,032,324 | 7,203,0 |
| 66,585 Seat Pagine Gialle SpA+ | 177,139 | 31,0 |
| 80,000 Thomas Nelson Inc. | 951,267 | 1,972,0 |
| 315,000 Tribune Co. | 14,024,758 | 9,531,9 |
| | ----- | ----- |
| | 89,831,082 | 89,886,8 |
| | ----- | ----- |
| HEALTH CARE -- 4.7% | | |
| 10,000 Abbott Laboratories | 398,848 | 394,3 |
| 52,000 Amgen Inc.+ | 3,039,863 | 4,100,7 |
| 19,146 AstraZeneca plc | 949,527 | 936,2 |
| 27,000 Biogen Idec Inc.+ | 163,601 | 1,223,9 |
| 140,000 Bristol-Myers Squibb Co. | 3,619,758 | 3,217,2 |
| 380,000 Chiron Corp.+ | 17,033,462 | 16,894,8 |
| 65,036 GlaxoSmithKline plc | 1,653,252 | 1,643,7 |
| 4,000 GlaxoSmithKline plc, ADR | 216,096 | 201,9 |
| 65,000 Guidant Corp. | 4,368,458 | 4,208,7 |
| 30,000 Henry Schein Inc.+ | 764,324 | 1,309,2 |
| 16,000 Hisamitsu Pharmaceutical Co. Inc. | 389,332 | 402,9 |

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2005

| SHARES | COST | MARKET VALUE |
|---------------------------------|------------|-----------------|
| ----- | ----- | ----- |
| COMMON STOCKS (CONTINUED) | | |
| HEALTH CARE (CONTINUED) | | |
| 10,000 Hospira Inc.+ | \$ 342,400 | \$ 427,8 |
| 26,200 IDX Systems Corp.+ | 1,132,031 | 1,150,7 |
| 15,000 INAMED Corp.+ | 655,449 | 1,315,2 |

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| | | | |
|-----------|--|------------|----------|
| 40,000 | Invitrogen Corp.+ | 2,065,234 | 2,665,6 |
| 100,000 | Merck & Co. Inc. | 3,922,616 | 3,181,0 |
| 2,000 | Nobel Biocare Holding AG | 286,712 | 439,8 |
| 41,000 | Novartis AG | 2,183,149 | 2,154,4 |
| 105,000 | Novartis AG, ADR | 4,622,998 | 5,510,4 |
| 310,000 | Pfizer Inc. | 8,792,241 | 7,229,2 |
| 40,000 | Renal Care Group Inc.+ | 1,848,649 | 1,892,4 |
| 18,100 | Roche Holding AG | 2,855,531 | 2,717,6 |
| 24,808 | Sanofi-Aventis | 2,223,765 | 2,173,3 |
| 100,000 | Schering-Plough Corp. | 1,917,839 | 2,085,0 |
| 80,000 | Smith & Nephew plc | 752,722 | 737,0 |
| 5,250 | Straumann Holding AG | 1,087,318 | 1,216,5 |
| 60,000 | Sybron Dental Specialties Inc.+ | 1,230,090 | 2,388,6 |
| 10,000 | Synthes Inc. | 677,094 | 1,123,2 |
| 23,000 | Takeda Pharmaceutical Co. Ltd. | 1,140,219 | 1,244,2 |
| 82,000 | William Demant Holding A/S+ | 3,730,842 | 4,534,5 |
| 100,000 | Wyeth | 4,105,470 | 4,607,0 |
| | | ----- | ----- |
| | | 78,168,890 | 83,327,6 |
| | | ----- | ----- |
| | CABLE AND SATELLITE -- 4.4% | | |
| 1,610,000 | Cablevision Systems Corp., Cl. A+ | 35,851,186 | 37,786,7 |
| 320,000 | Comcast Corp., Cl. A+ | 10,708,770 | 8,307,2 |
| 85,000 | Comcast Corp., Cl. A, Special+ | 756,584 | 2,183,6 |
| 153,444 | DIRECTV Group Inc.+ | 2,214,257 | 2,166,6 |
| 55,000 | EchoStar Communications Corp., Cl. A+ | 1,722,522 | 1,494,3 |
| 156,770 | Liberty Global Inc., Cl. A+ | 2,194,421 | 3,527,3 |
| 156,770 | Liberty Global Inc., Cl. C+ | 2,108,365 | 3,323,5 |
| 402,845 | Rogers Communications Inc., Cl. B, New York | 5,014,079 | 17,024,2 |
| 9,655 | Rogers Communications Inc., Cl. B, Toronto | 137,424 | 408,6 |
| 80,000 | Shaw Communications Inc., Cl. B, New York | 329,197 | 1,734,4 |
| 20,000 | Shaw Communications Inc., Cl. B, Toronto | 52,983 | 434,0 |
| | | ----- | ----- |
| | | 61,089,788 | 78,390,7 |
| | | ----- | ----- |
| | CONSUMER PRODUCTS -- 4.2% | | |
| 45,000 | Altadis SA | 1,893,854 | 2,041,5 |
| 60,000 | Avon Products Inc. | 1,744,667 | 1,713,0 |
| 43,000 | Christian Dior SA | 1,633,717 | 3,823,1 |
| 15,000 | Church & Dwight Co. Inc. | 99,536 | 495,4 |
| 33,000 | Clorox Co. | 1,832,427 | 1,877,3 |
| 10,000 | Colgate-Palmolive Co. | 513,338 | 548,5 |
| 90,000 | Compagnie Financiere Richemont AG, Cl. A | 3,755,593 | 3,917,6 |
| 115,000 | Energizer Holdings Inc.+ | 4,952,999 | 5,725,8 |
| 30,000 | Fortune Brands Inc. | 1,975,224 | 2,340,6 |
| 30,000 | Gallaher Group plc | 460,656 | 452,9 |
| 234,000 | Gallaher Group plc, ADR | 13,788,386 | 14,077,4 |
| 2,000 | Givaudan SA | 550,742 | 1,355,3 |
| 42,000 | Harley-Davidson Inc. | 1,951,169 | 2,162,5 |
| 50,000 | Lenox Group Inc.+ | 524,317 | 662,0 |

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| SHARES | | COST | MARKET VALUE |
|-----------|---|------------|--------------|
| 15,000 | Matsushita Electric Industrial Co. Ltd., ADR | \$ 178,325 | \$ 290,7 |
| 20,000 | Mattel Inc. | 360,000 | 316,4 |
| 65,000 | Maytag Corp. | 1,287,670 | 1,223,3 |
| 29,000 | National Presto Industries Inc. | 1,010,273 | 1,286,1 |
| 269,750 | Procter & Gamble Co. | 14,267,671 | 15,613,1 |
| 60,000 | Reckitt Benckiser plc | 1,849,650 | 1,982,0 |
| 20,000 | Reebok International Ltd. | 1,162,800 | 1,164,6 |
| 10,000 | Swatch Group AG, Cl. B | 584,263 | 1,483,9 |
| 890,000 | Swedish Match AB | 9,252,561 | 10,474,5 |
| | | 65,629,838 | 75,028,1 |
| | HOTELS AND GAMING -- 3.3% | | |
| 115,000 | Aztar Corp.+ | 1,531,188 | 3,494,8 |
| 200,000 | Gaylord Entertainment Co.+ | 5,321,414 | 8,718,0 |
| 55,000 | Greek Organization of Football Prognostics SA | 630,177 | 1,894,8 |
| 19,000 | GTECH Holdings Corp. | 162,999 | 603,0 |
| 8,000 | Harrah's Entertainment Inc. | 528,453 | 570,3 |
| 2,675,000 | Hilton Group plc | 11,189,653 | 16,729,3 |
| 550,000 | Hilton Hotels Corp. | 9,124,217 | 13,260,5 |
| 10,000 | Kerzner International Ltd.+ | 506,373 | 687,5 |
| 450,000 | La Quinta Corp.+ | 4,934,758 | 5,013,0 |
| 6,000 | Las Vegas Sands Corp.+ | 221,279 | 236,8 |
| 118,000 | MGM Mirage+ | 3,549,795 | 4,327,0 |
| 38,000 | Starwood Hotels & Resorts Worldwide Inc. | 875,103 | 2,426,6 |
| | | 38,575,409 | 57,962,0 |
| | AUTOMOTIVE: PARTS AND ACCESSORIES -- 3.1% | | |
| 60,000 | BorgWarner Inc. | 1,396,719 | 3,637,8 |
| 200,000 | CLARCOR Inc. | 1,597,860 | 5,942,0 |
| 400,000 | Dana Corp. | 5,910,524 | 2,872,0 |
| 350,000 | Genuine Parts Co. | 12,868,192 | 15,372,0 |
| 140,000 | Johnson Controls Inc. | 7,103,829 | 10,207,4 |
| 116,000 | Midas Inc.+ | 1,508,953 | 2,129,7 |
| 330,000 | Modine Manufacturing Co. | 8,428,932 | 10,754,7 |
| 182,774 | Proliance International Inc.+ | 1,294,904 | 966,8 |
| 80,500 | Scheib (Earl) Inc.+ | 637,613 | 301,8 |
| 165,000 | Standard Motor Products Inc. | 1,776,338 | 1,522,9 |
| 30,000 | Superior Industries International Inc. | 736,730 | 667,8 |
| | | 43,260,594 | 54,375,1 |
| | EQUIPMENT AND SUPPLIES -- 2.8% | | |
| 190,000 | AMETEK Inc. | 4,767,657 | 8,082,6 |
| 2,000 | Amphenol Corp., Cl. A | 14,775 | 88,5 |
| 94,000 | CIRCOR International Inc. | 974,241 | 2,412,0 |
| 213,000 | Donaldson Co. Inc. | 2,981,627 | 6,773,4 |
| 80,000 | Fedders Corp. | 430,416 | 137,6 |
| 115,000 | Flowserve Corp.+ | 2,167,080 | 4,549,4 |
| 24,000 | Franklin Electric Co. Inc. | 258,462 | 948,9 |
| 100,000 | Gerber Scientific Inc.+ | 1,060,700 | 957,0 |
| 80,000 | GrafTech International Ltd.+ | 909,836 | 497,6 |
| 232,000 | IDEX Corp. | 8,240,167 | 9,537,5 |

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| | | | |
|---------|---|------------|----------|
| 40,000 | Ingersoll-Rand Co. Ltd., Cl. A | 855,378 | 1,614,8 |
| 107,000 | Lufkin Industries Inc. | 1,036,848 | 5,336,0 |
| 1,000 | Manitowoc Co. Inc. | 25,450 | 50,2 |
| 11,000 | Mueller Industries Inc. | 485,034 | 301,6 |
| 1,000 | Sealed Air Corp.+ | 17,404 | 56,1 |
| 230,000 | Watts Water Technologies Inc., Cl. A | 3,450,965 | 6,966,7 |
| 100,000 | Weir Group plc | 420,789 | 651,2 |
| | | ----- | ----- |
| | | 28,096,829 | 48,961,4 |
| | | ----- | ----- |

See accompanying notes to financial statements.

7

THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2005

| SHARES | | COST | MARKET VALUE |
|-----------|--|------------|-----------------|
| ----- | | ----- | ----- |
| | COMMON STOCKS (CONTINUED) | | |
| | COMMUNICATIONS EQUIPMENT -- 2.3% | | |
| 48,000 | Agere Systems Inc.+ | \$ 756,268 | \$ 619,2 |
| 45,000 | Andrew Corp.+ | 491,747 | 482,8 |
| 505,000 | Corning Inc.+ | 4,463,528 | 9,928,3 |
| 180,000 | Lucent Technologies Inc.+ | 949,628 | 478,8 |
| 110,000 | Motorola Inc. | 1,378,052 | 2,484,9 |
| 150,000 | Nortel Networks Corp.+ | 818,085 | 459,0 |
| 300,000 | Scientific-Atlanta Inc. | 11,272,055 | 12,921,0 |
| 308,000 | Thomas & Betts Corp.+ | 8,626,418 | 12,923,6 |
| | | ----- | ----- |
| | | 28,755,781 | 40,297,7 |
| | | ----- | ----- |
| | WIRELESS COMMUNICATIONS -- 2.2% | | |
| 232,000 | America Movil SA de CV, Cl. L, ADR | 2,525,138 | 6,788,3 |
| 300,000 | Nextel Partners Inc., Cl. A+ | 8,355,480 | 8,382,0 |
| 1,500 | NTT DoCoMo Inc. | 3,553,937 | 2,289,3 |
| 3,350,000 | O2 plc | 11,700,942 | 11,397,5 |
| 24,787 | Tele Centro Oeste Celular Participacoes SA, ADR | 74,303 | 278,1 |
| 1,920 | Tele Leste Celular Participacoes SA, ADR+ | 51,357 | 27,1 |
| 3,340 | Tele Norte Celular Participacoes SA, ADR+ | 51,601 | 24,8 |
| 8,350 | Telemig Celular Participacoes SA, ADR | 241,320 | 329,0 |
| 270 | Telesp Celular Participacoes SA+ | 941 | 9 |
| 90,217 | Telesp Celular Participacoes SA, ADR | 2,244,802 | 341,0 |
| 5,845 | Telesp Celular | | |

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| | | | |
|-----------|--|--------------|-----------------|
| | Participacoes SA, Pfd.+ | 89,789 | 22,1 |
| 32,165 | Tim Participacoes SA, ADR | 390,212 | 813,1 |
| 100,000 | United States Cellular Corp.+ | 4,333,517 | 4,940,0 |
| 353,888 | Vodafone Group plc | 761,822 | 764,1 |
| 90,000 | Vodafone Group plc, ADR | 2,140,731 | 1,932,3 |
| | | 36,515,892 | 38,330,2 |
| | AVIATION: PARTS AND SERVICES -- 2.0% | | |
| 198,000 | Curtiss-Wright Corp. | 5,702,006 | 10,810,8 |
| 200,000 | Fairchild Corp., Cl. A+ | 1,185,348 | 510,0 |
| 220,000 | GenCorp Inc.+ | 2,822,545 | 3,905,0 |
| 180,000 | Precision Castparts Corp. | 9,256,216 | 9,325,8 |
| 84,000 | Sequa Corp., Cl. A+ | 3,347,991 | 5,800,2 |
| 74,600 | Sequa Corp., Cl. B+ | 3,852,673 | 5,184,7 |
| | | 26,166,779 | 35,536,5 |
| | COMPUTER SOFTWARE AND SERVICES -- 1.8% | | |
| 10,000 | Check Point Software Technologies Ltd.+ | 169,874 | 201,0 |
| 146 | Computer Associates International Inc. | 4,526 | 4,1 |
| 650 | NIWS Co. Ltd. | 803,310 | 887,3 |
| 2,500,000 | Siebel Systems Inc. | 26,110,337 | 26,450,0 |
| 25,256 | Telecom Italia Media SpA+ | 26,867 | 13,3 |
| 90,000 | Yahoo! Inc.+ | 3,115,701 | 3,526,2 |
| | | 30,230,615 | 31,082,0 |
| | AGRICULTURE -- 1.3% | | |
| 960,000 | Archer-Daniels-Midland Co. | 18,911,934 | 23,673,6 |
| 5,000 | Delta & Pine Land Co. | 84,396 | 115,0 |
| 10,000 | Mosaic Co.+ | 139,585 | 146,3 |
| | | 19,135,915 | 23,934,9 |
| | | 36,515,892 | 38,330,2 |
| SHARES | | COST | MARKET VALUE |
| | | | |
| | CONSUMER SERVICES -- 1.3% | | |
| 230,000 | IAC/InterActiveCorp+ | \$ 6,252,263 | \$ 6,511,3 |
| 835,000 | Rollins Inc. | 12,690,996 | 16,457,8 |
| | | 18,943,259 | 22,969,1 |
| | MACHINERY -- 1.1% | | |
| 20,000 | Caterpillar Inc. | 136,559 | 1,155,4 |
| 260,000 | Deere & Co. | 15,210,606 | 17,708,6 |
| | | 15,347,165 | 18,864,0 |
| | SPECIALTY CHEMICALS -- 1.0% | | |
| 5,400 | Ciba Specialty Chemicals AG, ADR | 4,285 | 174,4 |
| 20,000 | E.I. du Pont de Nemours and Co. | 802,600 | 850,0 |
| 325,000 | Ferro Corp. | 6,928,725 | 6,097,0 |
| 35,000 | Fuller (H.B.) Co. | 862,031 | 1,122,4 |
| 200,000 | Hercules Inc.+ | 2,421,610 | 2,260,0 |

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| | | | |
|-----------|--|------------|------------|
| 232,300 | Omnova Solutions Inc.+ | 1,879,165 | 1,115,000 |
| 300,000 | Sensient Technologies Corp. | 5,529,921 | 5,370,000 |
| 10,000 | Syngenta AG, ADR | 16,177 | 249,100 |
| 190,000 | Tokai Carbon Co. Ltd. | 779,696 | 882,800 |
| | | ----- | ----- |
| | | 19,224,210 | 18,120,800 |
| | | ----- | ----- |
| | RETAIL -- 1.0% | | |
| 300,000 | Albertson's Inc. | 7,397,938 | 6,405,000 |
| 230,000 | AutoNation Inc.+ | 3,028,848 | 4,997,900 |
| 35,000 | Coldwater Creek Inc.+ | 122,882 | 1,068,500 |
| 25,000 | Costco Wholesale Corp. | 1,141,563 | 1,236,700 |
| 38,000 | Matsumotokiyoshi Co. Ltd. | 1,037,783 | 1,201,800 |
| 30,000 | Next plc | 811,183 | 792,200 |
| 44,800 | Seven & I Holdings Co. Ltd.+ | 1,290,992 | 1,918,300 |
| | | ----- | ----- |
| | | 14,831,189 | 17,620,600 |
| | | ----- | ----- |
| | REAL ESTATE -- 1.0% | | |
| 70,000 | Cheung Kong (Holdings) Ltd. | 815,521 | 718,100 |
| 98,000 | Florida East Coast Industries Inc. | 2,113,491 | 4,152,200 |
| 55,000 | Griffin Land & Nurseries Inc.+ | 513,144 | 1,435,700 |
| 166,000 | St. Joe Co. | 9,480,874 | 11,158,500 |
| | | ----- | ----- |
| | | 12,923,030 | 17,464,700 |
| | | ----- | ----- |
| | AEROSPACE -- 1.0% | | |
| 105,000 | Boeing Co. | 6,475,976 | 7,375,200 |
| 20,000 | Lockheed Martin Corp. | 1,158,328 | 1,272,600 |
| 135,000 | Northrop Grumman Corp. | 7,203,572 | 8,114,800 |
| 80,000 | Rolls-Royce Group plc+ | 502,486 | 588,400 |
| 2,672,000 | Rolls-Royce Group plc, Cl. B | 2,712 | 4,700 |
| | | ----- | ----- |
| | | 15,343,074 | 17,355,700 |
| | | ----- | ----- |
| | ENVIRONMENTAL SERVICES -- 1.0% | | |
| 65,000 | Republic Services Inc. | 875,761 | 2,440,700 |
| 490,000 | Waste Management Inc. | 12,220,496 | 14,871,500 |
| | | ----- | ----- |
| | | 13,096,257 | 17,312,200 |
| | | ----- | ----- |
| | BROADCASTING -- 1.0% | | |
| 1,000 | Clear Channel Communications Inc. | 31,114 | 31,400 |
| 2,000 | Cogeco Inc. | 39,014 | 41,200 |
| 16,666 | Corus Entertainment Inc., Cl. B | 62,035 | 447,300 |
| 120,000 | Gray Television Inc. | 1,204,736 | 1,178,400 |
| 27,500 | Gray Television Inc., Cl. A | 370,755 | 248,800 |
| 199,000 | Liberty Corp. | 8,500,125 | 9,315,100 |

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| SHARES | | COST | M V |
|---------|--|--------------|--------|
| ----- | | ----- | ----- |
| | COMMON STOCKS (CONTINUED) | | |
| | BROADCASTING (CONTINUED) | | |
| 70,000 | Lin TV Corp., Cl. A+ | \$ 1,187,659 | \$ |
| 155,000 | Mediaset SpA | 1,664,123 | |
| 30,000 | Modern Times Group, Cl. B+ | 823,064 | |
| 7,800 | Nippon Television Network Corp. | 1,232,257 | |
| 100,000 | Paxson Communications Corp.+ | 388,012 | |
| 100,000 | Television Broadcasts Ltd. | 396,239 | |
| 100,000 | Young Broadcasting Inc., Cl. A+ | 1,331,124 | |
| | | ----- | |
| | | 17,230,257 | 1 |
| | | ----- | |
| | METALS AND MINING -- 0.8% | | |
| 72,500 | Harmony Gold Mining Co. Ltd.+ | 347,738 | |
| 35,000 | Harmony Gold Mining Co. Ltd., ADR+ | 460,008 | |
| 75,000 | Ivanhoe Mines Ltd.+ | 560,208 | |
| 130,000 | Newmont Mining Corp. | 3,820,955 | |
| 110,000 | Novelis Inc. | 2,381,034 | |
| 120,000 | Placer Dome Inc. | 2,078,538 | |
| 50,000 | Xstrata plc | 948,090 | |
| | | ----- | |
| | | 10,596,571 | 1 |
| | | ----- | |
| | ELECTRONICS -- 0.8% | | |
| 10,000 | Advanced Micro Devices Inc.+ | 106,090 | |
| 3,000 | Hitachi Ltd., ADR | 218,796 | |
| 5,200 | Keyence Corp. | 1,092,186 | |
| 20,000 | Molex Inc., Cl. A | 519,697 | |
| 7,500 | NEC Corp., ADR | 43,625 | |
| 9,500 | Rohm Co. Ltd. | 1,408,684 | |
| 38,000 | Royal Philips Electronics NV, ADR | 52,354 | |
| 265,000 | Texas Instruments Inc. | 6,407,535 | |
| 17,000 | Tokyo Electron Ltd. | 917,536 | |
| | | ----- | |
| | | 10,766,503 | 1 |
| | | ----- | |
| | AUTOMOTIVE -- 0.7% | | |
| 335,000 | Navistar International Corp.+ | 12,403,039 | |
| 43,000 | PACCAR Inc. | 431,444 | |
| | | ----- | |
| | | 12,834,483 | 1 |
| | | ----- | |
| | BUSINESS SERVICES -- 0.6% | | |
| 7,050 | Acco Brands Corp.+ | 126,069 | |
| 60,000 | ANC Rental Corp.+ | 578,273 | |
| 15,000 | Canon Inc. | 865,859 | |
| 130,000 | Cendant Corp. | 2,545,119 | |
| 1,000 | CheckFree Corp.+ | 9,040 | |
| 15,000 | Clear Channel Outdoor Holdings Inc., Cl. A+ | 289,301 | |

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| | | | |
|---------|--|---------------|------|
| 186,554 | Contax Participacoes SA, ADR | 76,632 | |
| 212,500 | Group 4 Securicor plc | 0 | |
| 95,000 | Landauer Inc. | 2,518,125 | |
| 72,500 | Nashua Corp.+ | 656,627 | |
| 25,000 | Secom Co. Ltd. | 1,095,891 | |
| | | ----- | |
| | | 8,760,936 | 1 |
| | | ----- | |
| | MANUFACTURED HOUSING AND RECREATIONAL VEHICLES -- 0.3% | | |
| 70,000 | Champion Enterprises Inc.+ | 659,503 | |
| 50,000 | Fleetwood Enterprises Inc.+ | 602,670 | |
| 32,222 | Huttig Building Products Inc.+ | 81,163 | |
| 13,000 | Martin Marietta Materials Inc. | 274,588 | |
| 10,000 | Nobility Homes Inc. | 195,123 | |
| 80,000 | Sekisui House Ltd. | 846,007 | |
| | | | |
| | SHARES | COST | |
| | ----- | ----- | |
| 20,900 | Skyline Corp. | \$ 840,086 | \$ |
| 4,600 | Southern Energy Homes Inc.+ | 24,312 | |
| | | ----- | |
| | | 3,523,452 | |
| | | ----- | |
| | CLOSED-END FUNDS -- 0.3% | | |
| 74,200 | Central Europe and Russia Fund Inc. | 1,086,502 | |
| 70,000 | New Germany Fund Inc. | 754,518 | |
| 31,500 | Royce Value Trust Inc. | 388,298 | |
| | | ----- | |
| | | 2,229,318 | |
| | | ----- | |
| | PAPER AND FOREST PRODUCTS -- 0.1% | | |
| 120,000 | Pactiv Corp.+ | 1,259,210 | |
| | | ----- | |
| | TRANSPORTATION -- 0.1% | | |
| 100,000 | AMR Corp.+ | 1,924,248 | |
| 15,000 | Grupo TMM SA, Cl. A, ADR+ | 80,460 | |
| | | ----- | |
| | | 2,004,708 | |
| | | ----- | |
| | REAL ESTATE INVESTMENT TRUSTS -- 0.1% | | |
| 1,500 | Aqli Residential Properties Trust | 29,822 | |
| 6,000 | Camden Property Trust | 112,470 | |
| 2,000 | Equity Residential | 39,570 | |
| 2,187 | Prosperity REIT+ | 616 | |
| 24,984 | Rayonier Inc. | 798,811 | |
| | | ----- | |
| | | 981,289 | |
| | | ----- | |
| | TOTAL COMMON STOCKS | 1,385,127,226 | 1,64 |
| | | ----- | |
| | CONVERTIBLE PREFERRED STOCKS -- 0.2% | | |
| | AEROSPACE -- 0.1% | | |
| 13,500 | Northrop Grumman Corp., 7.000% Cv. Pfd., Ser. B | 1,573,020 | |
| | | ----- | |

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| | | | |
|------------------------------|---|-----------|-------|
| | TELECOMMUNICATIONS -- 0.1% | | |
| 26,000 | Cincinnati Bell Inc., 6.750% Cv. Pfd., Ser. B | 820,366 | |
| | | ----- | ----- |
| | BROADCASTING -- 0.0% | | |
| 90 | Gray Television Inc., 8.000% Cv. Pfd., Ser. C (a) (c) (d) | 900,000 | |
| | | ----- | ----- |
| | AVIATION: PARTS AND SERVICES -- 0.0% | | |
| 3,200 | Sequa Corp., \$5.00 Cv. Pfd. | 258,560 | |
| | | ----- | ----- |
| | TOTAL CONVERTIBLE PREFERRED STOCKS | 3,551,946 | |
| | | ----- | ----- |
| PRINCIPAL AMOUNT ----- | | | |
| | CONVERTIBLE CORPORATE BONDS -- 0.1% | | |
| | AUTOMOTIVE: PARTS AND ACCESSORIES -- 0.1% | | |
| \$ 500,000 | Pep Boys - Manny, Moe & Jack, Cv., 4.250%, 06/01/07 | 489,138 | |
| 1,000,000 | Standard Motor Products Inc., Sub. Deb. Cv., 6.750%, 07/15/09 | 959,101 | |
| | | ----- | ----- |
| | | 1,448,239 | |
| | | ----- | ----- |

See accompanying notes to financial statements.

9

THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2005

| PRINCIPAL AMOUNT ----- | | COST ----- | MARKET VALU ----- |
|------------------------------|---|---------------|-------------------------|
| | CONVERTIBLE CORPORATE BONDS (CONTINUED) | | |
| | AEROSPACE --0.0% | | |
| \$ 736,000 | Kaman Corp., Sub. Deb. Cv., 6.000%, 03/15/12 | \$ 706,234 | \$ 7 |
| | | ----- | ----- |
| | CABLE AND SATELLITE -- 0.0% | | |
| 500,000 | Charter Communications Inc., Cv., 4.750%, 06/01/06 | 454,157 | 4 |
| | | ----- | ----- |
| | TOTAL CONVERTIBLE CORPORATE BONDS | 2,608,630 | 2,5 |
| | | ----- | ----- |
| SHARES | | | |

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| | | | |
|---------------------|---|-----------------|------------|
| ----- | | | |
| | RIGHTS -- 0.0% | | |
| | CLOSED-END FUNDS -- 0.0% | | |
| 74,200 | Central Europe and Russia Fund Inc. Rights, expire 01/20/06+ | 0 | 1 |
| | | ----- | ----- |
| PRINCIPAL AMOUNT | | | |
| ----- | | | |
| | U.S. GOVERNMENT & AGENCY OBLIGATIONS -- 0.1% | | |
| | FEDERAL HOME LOAN BANK -- 0.0% | | |
| \$ 500,000 | 3.060%, 04/13/06 | 500,000 | 4 |
| | | ----- | ----- |
| | U.S. TREASURY NOTES -- 0.1% | | |
| 500,000 | 5.625%, 02/15/06 | 503,429 | 5 |
| 300,000 | 4.625%, 05/15/06 | 303,221 | 3 |
| 300,000 | 3.500%, 11/15/06 | 300,980 | 2 |
| | | ----- | ----- |
| | | 1,107,630 | 1,1 |
| | | ----- | ----- |
| | TOTAL U.S. GOVERNMENT & AGENCY OBLIGATIONS | 1,607,630 | 1,5 |
| | | ----- | ----- |
| | SHORT-TERM OBLIGATIONS -- 6.6% | | |
| | REPURCHASE AGREEMENTS -- 2.6% | | |
| 45,807,000 | ABN Amro, 3.300%, dated 12/30/05, due 01/03/06, proceeds at maturity, \$45,823,796 (b) | 45,807,000 | 45,8 |
| | | ----- | ----- |
| | U.S. GOVERNMENT OBLIGATIONS -- 4.0% | | |
| 71,135,000 | U.S. Treasury Bills, 3.841% to 3.947%+, 01/12/06 to 03/23/06 | 71,008,207 | 71,0 |
| | | ----- | ----- |
| | TOTAL SHORT-TERM OBLIGATIONS | 116,815,207 | 116,8 |
| | | ----- | ----- |
| | TOTAL INVESTMENTS -- 100.0% | \$1,509,710,639 | 1,770,6 |
| | | ===== | |
| | OTHER ASSETS AND LIABILITIES (NET) | | (5,9 |
| | PREFERRED STOCK | | |
| | (9,556,900 preferred shares outstanding) | | (418,7 |
| | | | ----- |
| | NET ASSETS -- COMMON STOCK | | |
| | (166,079,270 common shares outstanding) | | \$ 1,345,8 |
| | | | ===== |
| | NET ASSET VALUE PER COMMON SHARE | | |
| | \$1,345,891,397 / \$166,079,270 shares (outstanding) | | |

- (a) Security fair valued under procedures established by the Board of Directors. At December 31, 2005, the market value of fair valued securities amounted to \$952,001 or 0.05% of total investments.
- (b) Collateralized by U.S. Treasury Notes, 2.375%, due 08/15/06, market value \$46,723,140.
- (c) Security exempt from registration under Rule 144A of the Securities Act of

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1933, as amended. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2005, the market value of the Rule 144A security amounted to \$909,000 or 0.05% of total investments.

- (d) At December 31, 2005, the Fund held an investment in a restricted and illiquid security amounting to \$909,000 or 0.05% of net assets, which was valued under methods approved by the Board as follows:

| ACQUISITION SHARES | ISSUER | ACQUISITION DATE | ACQUISITION COST | 12/31 CARRY PER |
|---|--|-------------------------|---------------------|-----------------------|
| ----- | ----- | ---- | ---- | --- |
| 90 | Gray Television Inc., 8.000% Cv. Pfd., Ser. C | 04/23/02 | \$ 900,000 | \$ 10, |
| + Non-income producing security. | | | | |
| ++ Represents annualized yield at date of purchase. | | | | |
| ADR American Depository Receipt | | | | |
| CVO Contingent Value Obligation | | | | |
| W/I When issued | | | | |
| | | % OF MARKET VALUE | MARKET VALUE | |
| | | ----- | ----- | |
| GEOGRAPHIC DIVERSIFICATION | | | | |
| North America | | 79.7% | \$1,411,799,237 | |
| Europe | | 15.6 | 276,134,321 | |
| Latin America | | 3.0 | 53,364,320 | |
| Japan | | 1.3 | 23,551,582 | |
| Asia/Pacific | | 0.3 | 4,327,329 | |
| South Africa | | 0.1 | 1,429,527 | |
| Total Investments | | 100.0% | \$1,770,606,316 | |
| | | ===== | ===== | |

See accompanying notes to financial statements.

10

THE GABELLI EQUITY TRUST INC.

STATEMENT OF ASSETS AND LIABILITIES DECEMBER 31, 2005

ASSETS:

| | |
|--|------------------|
| Investments, at value (cost \$1,509,710,639) | \$ 1,770,606,316 |
| Foreign currency, at value (cost \$32,744) | 31,887 |
| Cash | 257,039 |
| Receivable for investments sold | 28,548,856 |

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| | |
|--|------------------|
| Dividends and interest receivable | 2,194,983 |
| Unrealized appreciation on swap contracts | 415,025 |
| Other assets | 59,409 |
| | ----- |
| TOTAL ASSETS | 1,802,113,515 |
| | ----- |
| LIABILITIES: | |
| Payable for investments purchased | 33,026,956 |
| Payable for investment advisory fees | 2,962,877 |
| Payable for shareholder communications expenses | 579,680 |
| Dividends payable | 304,105 |
| Payable for offering expenses | 196,724 |
| Other accrued expenses and liabilities | 409,276 |
| | ----- |
| TOTAL LIABILITIES | 37,479,618 |
| | ----- |
| 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 |
| | ----- |
| TOTAL PREFERRED STOCK | 418,742,500 |
| | ----- |
| NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS | \$ 1,345,891,397 |
| | ===== |
| NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS CONSIST OF: | |
| Capital stock, at \$0.001 par value | \$ 166,079 |
| Additional paid-in capital | 1,091,661,087 |
| Undistributed net investment income | 561,527 |
| Accumulated distributions in excess of net realized gain on investments, options, futures contracts, swap contracts, and foreign currency transactions | (7,800,361) |
| Net unrealized appreciation on investments and swap contracts | 261,310,702 |
| Net unrealized depreciation on foreign currency translations | (7,637) |
| | ----- |
| NET ASSETS | \$ 1,345,891,397 |
| | ===== |
| NET ASSET VALUE PER COMMON SHARE | |
| (\$1,345,891,397 / 166,079,270 shares outstanding; 182,000,000 shares authorized) | \$8.10 |
| | ===== |

STATEMENT OF OPERATIONS

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FOR THE YEAR ENDED DECEMBER 31, 2005

| | |
|--|---------------|
| INVESTMENT INCOME: | |
| Dividends (net of foreign taxes of \$552,496) | \$ 28,591,567 |
| Interest | 4,147,686 |
| | ----- |
| TOTAL INVESTMENT INCOME | 32,739,253 |
| | ----- |
| EXPENSES: | |
| Investment advisory fees | 16,357,998 |
| Shareholder communications expenses | 1,259,641 |
| Auction agent fees | 449,240 |
| Custodian fees | 233,327 |
| Payroll expenses | 193,777 |
| Legal and audit fees | 152,333 |
| Shareholder services fees | 144,160 |
| Directors' fees | 139,924 |
| Miscellaneous expenses | 601,845 |
| | ----- |
| TOTAL EXPENSES | 19,532,245 |
| | ----- |
| LESS: | |
| Advisory fee reduction | (2,387,425) |
| Custodian fee credits | (27,319) |
| | ----- |
| TOTAL REDUCTIONS AND CREDITS | (2,414,744) |
| | ----- |
| TOTAL NET EXPENSES | 17,117,501 |
| | ----- |
| NET INVESTMENT INCOME | 15,621,752 |
| | ----- |
| NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, OPTIONS, FUTURES CONTRACTS, SWAP CONTRACTS, AND FOREIGN CURRENCY: | |
| Net realized gain on investments | 134,604,868 |
| Net realized gain on options | 114,988 |
| Net realized loss on futures contracts | (214,050) |
| Net realized loss on swap contracts | (1,807,771) |
| Net realized loss on foreign currency transactions | (141,255) |
| | ----- |
| Net realized gain on investments, options, futures contracts, swap contracts, and foreign currency transactions | 132,556,780 |
| Net change in unrealized appreciation/depreciation on investments, options, futures contracts, swap contracts, and foreign currency translations | (60,827,456) |
| | ----- |
| NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, OPTIONS, FUTURES CONTRACTS, SWAP CONTRACTS, AND FOREIGN CURRENCY | 71,729,324 |
| | ----- |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | |
| Total Distributions to Preferred Stock Shareholders | (22,181,024) |
| | ----- |
| NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS RESULTING FROM OPERATIONS | |
| | \$ 65,170,052 |
| | ===== |

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See accompanying notes to financial statements.

11

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

OPERATIONS:

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

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, options, futures contracts, and
 foreign currency transactions
 Net realized long-term gains on investments, options, futures contracts, and
 foreign currency transactions

TOTAL DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS

FUND SHARE TRANSACTIONS:

Net increase in net assets from common shares issued upon reorganization and
 reinvestment of dividends and distributions
 Net increase in net assets from common shares issued upon rights offering
 Net increase in net assets from repurchase of preferred shares
 Offering costs for preferred shares charged to paid-in capital
 Offering cost for issuance of rights charged to paid-in capital

NET INCREASE IN NET ASSETS FROM FUND SHARE TRANSACTIONS

NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS

NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS:

Beginning of period 1

End of period (includes undistributed net investment income of
 \$561,527 and \$1,703,869, respectively) \$1

See accompanying notes to financial statements.

12

THE GABELLI EQUITY TRUST INC.
NOTES TO FINANCIAL STATEMENTS

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 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 with remaining maturities of 60 days or less that are not credit impaired 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 average of the latest 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.

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

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

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

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

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

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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 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.

The Equity Trust has entered into one interest rate swap agreement with Citibank N.A. Under the agreement the Equity Trust receives a floating rate of interest and pays a respective fixed rate of interest on the nominal value of the swap. Details of the swap at December 31, 2005 are as follows:

| NOTIONAL AMOUNT ----- | FIXED RATE ----- | FLOATING RATE* (RATE RESET MONTHLY) ----- | TERMINATION DATE ---- | UNREALIZED APPRECIATION ----- |
|-----------------------------|---------------------|---|-----------------------------|-------------------------------------|
| \$130,000,000 | 4.494% | 4.29063% | July 2, 2007 | \$415,025 |

* 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.

There are several risks in connection with the use of futures contracts as a hedging instrument. 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

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Equity Trust may not be able to enter into a closing transaction because of an illiquid secondary market. At December 31, 2005, there were no open futures contracts.

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 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.

14

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

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 December 31, 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 current exchange rates. 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 that result from changes in foreign exchange rates and/or changes in market prices of securities have been included in unrealized appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Equity Trust and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial trade date and subsequent sale trade date is included in realized gain/(loss) on investments.

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.

FOREIGN TAXES. The Equity Trust may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Equity Trust will accrue such taxes and recoveries as

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applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

RESTRICTED AND ILLIQUID SECURITIES. The Equity Trust may invest up to 10% of its net assets in securities for which the markets are illiquid. Illiquid securities include securities the disposition of which is subject to substantial legal or contractual restrictions. The sale of illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the Securities and Exchange Commission ("SEC") may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity.

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 on the accrual basis. Premiums and discounts on debt securities are amortized using the yield to maturity method. Dividend income is recorded on the ex-dividend date except for certain dividends which are recorded as soon as the Trust is informed of the dividend.

CUSTODIAN FEE CREDITS. When cash balances are maintained in the custody account, the Equity Trust receives credits which are used to offset custodian fees. The gross expenses paid under the custody arrangement are included in custodian fees in the Statement of Operations with the corresponding expense offset shown as "custodian fee credits".

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 treatments of income and gains on various investment securities held by the Equity Trust, foreign currency transactions, timing differences, and differing characterizations of distributions made by the Equity Trust. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. These reclassifications have no impact on the NAV of the Equity Trust and the calculation of net investment income per share in the Financial Highlights includes these adjustments. For the year ended December 31, 2005, reclassifications were made to decrease accumulated net investment income by \$2,052,100 and decrease accumulated distributions in excess of net realized gain on investments, futures contracts, swap contracts, and foreign currency transactions by \$2,052,100.

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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The tax character of distributions paid during the years ended December 31, 2005 and December 31, 2004 was as follows:

| | YEAR ENDED DECEMBER 31, 2005 | |
|---|---------------------------------|--------------|
| | COMMON | PREFERRED |
| DISTRIBUTIONS PAID FROM: | | |
| Ordinary income | | |
| (Inclusive of short-term capital gains) | \$ 13,578,966 | \$ 2,363,772 |
| Net long-term capital gains | 113,842,518 | 19,817,252 |
| | ----- | ----- |
| Total distributions paid | \$127,421,484 | \$22,181,024 |
| | ===== | ===== |

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

As of December 31, 2005, the components of accumulated earnings/(losses) on a tax basis were as follows:

| | |
|--|----------------|
| Net unrealized appreciation on investments | \$ 253,104,499 |
| Net unrealized appreciation on foreign currency | |
| and swap contracts | 428,687 |
| Distributions payable | (304,105) |
| Undistributed ordinary income | 835,150 |
| | ----- |
| Total | \$ 254,064,231 |
| | ===== |

The following summarizes the tax cost of investments, swap contracts, and the related unrealized appreciation/depreciation at December 31, 2005:

| | COST | GROSS UNREALIZED APPRECIATION | GROSS UNREALIZED DEPRECIATION |
|----------------------|------------------|-------------------------------------|-------------------------------------|
| | ---- | ----- | ----- |
| Investments | \$ 1,517,501,817 | \$345,287,834 | \$ (92,183,300) |
| Swap contracts | -- | 415,025 | |
| | | ----- | ----- |
| | | \$345,702,859 | \$ (92,183,300) |
| | | ===== | ===== |

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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 corresponding swap rate of each particular series 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 year ended December 31, 2005, the Equity Trust's total return on the net asset value of the common shares exceeded the stated dividend rate or net swap expense of Series C and E Auction Rate Cumulative Preferred Stock. Thus, management fees were accrued on these assets. The Equity Trust's total return on the net asset value of the common shares did not exceed the stated dividend rate or corresponding swap rate of 7.20% Series B and 5.875% Series D Cumulative Preferred Stock. Thus, management fees with respect to the liquidation value of the preferred stock assets were reduced by \$2,387,425.

During the year ended December 31, 2005, Gabelli & Company, Inc., ("Gabelli & Company") an affiliate of the Adviser, received \$469,081 in brokerage commissions as a result of executing agency transactions in portfolio securities on behalf of the Equity Trust.

In connection with the 2005 Rights Offering ("Rights"), holders of unexercised rights to purchase Common Shares of the Trust were able to instruct the Subscription Agent (Computershare Shareholder Services, Inc.) to sell such Rights on their behalf. The Subscription Agent was permitted to effect such sales through Gabelli & Company, unless the Subscription Agent was able to negotiate a lower commission rate with an independent broker. Total commissions from sales of Rights effected by the Subscription Agent through Gabelli & Company amounted to \$93,506 for the year ended December 31, 2005.

16

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

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 year ended December 31, 2005, the Equity Trust reimbursed the Adviser \$45,000 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 \$27,008 for the year ended December 31, 2005, which is included in payroll expenses in the Statement of Operations.

4. PORTFOLIO SECURITIES. Cost of purchases and proceeds from the sales of securities, other than short-term securities, for the year ended December 31,

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2005 aggregated \$467,095,671 and \$343,532,624, respectively.

5. CAPITAL. The charter permits the Equity Trust to issue 182,000,000 shares of common stock (par value \$0.001) and authorizes the Board to increase its authorized shares from time to time. The Board of the Equity Trust has authorized the repurchase of its shares on the open market when the shares are trading at a discount of 10% or more (or such other percentage as the Board may determine from time to time) from the net asset value of the shares. During the year ended December 31, 2005, the Equity Trust did not repurchase any shares of its common stock in the open market.

Transactions in common stock were as follows:

| | YEAR ENDED DECEMBER 31, 2005 | | |
|---|---------------------------------|---------------|-------|
| | SHARES | AMOUNT | SH |
| Shares issued upon reinvestment of dividends and distributions | 3,242,215 | \$ 27,277,033 | 3,1 |
| Shares issued in rights offering | 20,525,901 | 143,081,307 | |
| Shares issued in connection with reorganization of Sterling Capital Corporation | 1,978,190 | 18,306,860 | |
| Net increase | 25,746,306 | \$188,665,200 | 3,1 |
| | ===== | ===== | ===== |

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 September 21, 2005, the Trust distributed one transferable right for each of the 143,681,301 shares of common stock outstanding to shareholders of record on that date. Seven rights were required to purchase one additional common share at the subscription price of \$7.00 per share. Shareholders who exercised their full primary subscription rights were eligible for an over-subscription privilege entitling them to subscribe, subject to certain limitations and a pro-rata allotment, for any additional shares not purchased pursuant to the primary subscription plus such additional amounts as authorized

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by the Board in accordance with the registration statement. The subscription period expired on October 26, 2005. The rights offering was fully subscribed, having received over-subscription requests in excess of the shares available for primary subscription resulting in the issuance of 20,525,901 shares of common stock and proceeds of \$143,681,307 to the Equity Trust, prior to the deduction of estimated expenses of \$600,000. The net asset value per share of the Trust common shareholders was reduced by approximately \$0.15 per share as a result of the issuance of shares below net asset value.

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 year ended December 31, 2005, the Equity Trust did not repurchase any shares of 7.20% Series B Cumulative Preferred Stock. At December 31, 2005, 6,600,000 shares of the 7.20% Series B Cumulative Preferred Stock were outstanding and accrued dividends amounted to \$165,000.

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

17

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

The dividend rates of Series C Auction Rate Cumulative Preferred Stock ranged from 2.15% to 4.58% for the year ended December 31, 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 year ended December 31, 2005, the Equity Trust did not redeem any shares of Series C Auction Rate Cumulative Preferred Stock. At December 31, 2005, 5,200 shares of the Series C Auction Rate Cumulative Preferred Stock were outstanding with an annualized dividend rate of 4.58% per share and accrued dividends amounted to \$66,155.

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 year ended December 31, 2005, the Equity Trust did not repurchase any shares of 5.875% Series D Cumulative Preferred Stock. At December 31, 2005, 2,949,700 shares of the 5.875% Series D Cumulative Preferred Stock were outstanding and accrued dividends amounted to \$60,172.

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

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from 2.20% to 4.60% for the year ended December 31, 2005. Existing shareholders may submit an order to hold, bid, or sell such shares on each auction date. Series E Auction Rate Cumulative Preferred Stock shareholders may also trade shares in the secondary market. The Equity Trust, at its option, may redeem the Series E Auction Rate Cumulative Preferred Stock in whole or in part at the redemption price at any time. During the year ended December 31, 2005, the Equity Trust did not redeem any shares of Series E Auction Rate Cumulative Preferred Stock. At December 31, 2005, 2,000 shares of the Series E Auction Rate Cumulative Preferred Stock were outstanding with an annualized dividend rate of 4.60% and accrued dividends amounted to \$12,778.

The holders of Cumulative Preferred Stock generally are entitled to one vote per share held on each matter submitted to a vote of shareholders of the Equity Trust and will vote together with holders of common stock as a single class. The holders of Cumulative Preferred Stock voting together as a single class also have the right currently to elect two Directors and under certain circumstances are entitled to elect a majority of the Board of Directors. In addition, the affirmative vote of a majority of the votes entitled to be cast by holders of all outstanding shares of the preferred stock, voting as a single class, will be required to approve any plan of reorganization adversely affecting the preferred stock, and the approval of two-thirds of each class, voting separately, of the Equity Trust's outstanding voting stock must approve the conversion of the Equity Trust from a closed-end to an open-end investment company. The approval of a majority (as defined in the 1940 Act) of the outstanding preferred stock and a majority (as defined in the 1940 Act) of the Equity Trust's outstanding voting securities are required to approve certain other actions, including changes in the Equity Trust's investment objectives or fundamental investment policies.

6. 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.

7. REORGANIZATION. On September 13, 2005, the Equity Trust acquired substantially all of the net assets of the Sterling Capital Corp. pursuant to a Plan of Reorganization approved by Sterling Capital Corp. on September 12, 2005. The acquisition was accomplished by a tax-free exchange of 1,978,190 common shares of the Equity Trust valued at \$18,306,860 for the net assets of the Sterling Capital Corp. on September 12, 2005. Sterling Capital Corp.'s net assets of \$18,306,860, including \$2,191,264 of unrealized appreciation, were combined with those of the Equity Trust on September 13, 2005. The net assets attributable to common stock shareholders of the Equity Trust immediately before the acquisition were \$1,273,163,812.

8. 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 trading practices involving certain funds managed by the Adviser. GAMCO Investors, Inc., the Adviser's parent company, is responding to these requests for documents and testimony. On a separate matter, in September 2005, the Adviser was informed by the staff of the SEC that the staff may recommend to the Commission that an administrative remedy and a monetary penalty be sought from the Adviser in connection with the actions of two of seven closed-end funds managed by the Adviser relating to Section 19(a) and Rule 19a-1 of the 1940 Act. These provisions require registered investment companies to provide written statements to shareholders when a dividend is made from a source other than net investment income. While the two closed-end funds sent annual statements and provided other materials containing this information, the funds did not send written statements to shareholders with each distribution in 2002 and 2003. The Adviser believes that all of the funds are now in compliance. The Adviser believes that these matters would have no effect on the Equity Trust or any material adverse effect on the Adviser or its ability to manage the Equity

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Trust. The staff's notice to the Adviser did not relate to the Equity Trust.

18

THE GABELLI EQUITY TRUST INC. FINANCIAL HIGHLIGHTS

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

| | YEAR | |
|--|------------|------------|
| | 2005 | 2004 |
| OPERATING PERFORMANCE: | | |
| Net asset value, beginning of period | \$ 8.69 | \$ 7.98 |
| Net investment income (loss) | 0.09 | 0.02 |
| Net realized and unrealized gain (loss) on investments | 0.47 | 1.63 |
| Total from investment operations | 0.56 | 1.65 |
| DISTRIBUTIONS TO PREFERRED STOCK SHAREHOLDERS:(e) | | |
| Net investment income | (0.01) | (0.00) (a) |
| Net realized gain on investments | (0.14) | (0.14) |
| Total distributions to preferred stock shareholders | (0.15) | (0.14) |
| NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS RESULTING FROM OPERATIONS | | |
| | 0.41 | 1.51 |
| DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS: | | |
| Net investment income | (0.08) | (0.01) |
| Net realized gain on investments | (0.77) | (0.79) |
| Return of capital | -- | -- |
| Total distributions to common stock shareholders | (0.85) | (0.80) |
| CAPITAL SHARE TRANSACTIONS: | | |
| Increase (decrease) in net asset value from common stock share transactions | (0.00) (a) | 0.00 (a) |
| Decrease in net asset value from shares issued in rights offering .. | (0.15) | -- |
| Increase in net asset value from repurchase of preferred shares | -- | 0.00 (a) |
| Offering costs for preferred shares charged to paid-in capital | (0.00) (a) | 0.00 (a) |
| Offering costs for issuance of rights charged to paid-in capital ... | (0.00) (a) | -- |
| Total capital share transactions | (0.15) | 0.00 (a) |
| NET ASSET VALUE ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS, END OF PERIOD | | |
| | \$ 8.10 | \$ 8.69 |
| Net Asset Value Total Return + | 5.50% | 19.81% |
| Market Value, End of Period | \$ 8.03 | \$ 9.02 |
| Total Investment Return ++ | 0.66% | 24.04% |

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See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
FINANCIAL HIGHLIGHTS (CONTINUED)

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

| | YEAR END | | |
|--|-------------|-------------|------|
| | 2005 | 2004 | |
| RATIOS AND SUPPLEMENTAL DATA: | | | |
| Net assets including liquidation value of preferred shares, end of period (in 000's) | \$1,764,634 | \$1,638,225 | \$1, |
| Net assets attributable to common shares, end of period (in 000's) | \$1,345,891 | \$1,219,483 | \$1, |
| Ratio of net investment income to average net assets attributable to common shares | 1.27% | 0.64% | |
| Ratio of operating expenses to average net assets attributable to common shares net of fee reduction (c) | 1.39% | 1.57% | |
| Ratio of operating expenses to average net assets including liquidation value of preferred shares net of fee reduction (c) | 1.04% | 1.14% | |
| Portfolio turnover rate | 22.4% | 28.6% | |
| PREFERRED STOCK: | | | |
| 7.25% SERIES A CUMULATIVE PREFERRED STOCK | | | |
| Liquidation value, end of period (in 000's) | -- | -- | |
| Total shares outstanding (in 000's) | -- | -- | |
| Liquidation preference per share | -- | -- | |
| Average market value (b) | -- | -- | |
| Asset coverage per share | -- | -- | |
| 7.20% SERIES B CUMULATIVE PREFERRED STOCK | | | |
| Liquidation value, end of period (in 000's) | \$ 165,000 | \$ 165,000 | \$ |
| Total shares outstanding (in 000's) | 6,600 | 6,600 | |
| Liquidation preference per share | \$ 25.00 | \$ 25.00 | \$ |
| Average market value (b) | \$ 25.92 | \$ 26.57 | \$ |
| Asset coverage per share | \$ 105.35 | \$ 97.81 | \$ |
| AUCTION RATE SERIES C CUMULATIVE PREFERRED STOCK | | | |
| Liquidation value, end of period (in 000's) | \$ 130,000 | \$ 130,000 | \$ |
| Total shares outstanding (in 000's) | 5 | 5 | |
| Liquidation preference per share | \$ 25,000 | \$ 25,000 | \$ |
| Average market value (b) | \$ 25,000 | \$ 25,000 | \$ |
| Asset coverage per share | \$ 105,353 | \$ 97,806 | \$ |
| 5.875% SERIES D CUMULATIVE PREFERRED STOCK | | | |
| Liquidation value, end of period (in 000's) | \$ 73,743 | \$ 73,743 | \$ |
| Total shares outstanding (in 000's) | 2,950 | 2,950 | |
| Liquidation preference per share | \$ 25.00 | \$ 25.00 | \$ |
| Average market value (b) | \$ 24.82 | \$ 24.81 | \$ |
| Asset coverage per share | \$ 105.35 | \$ 97.81 | \$ |
| AUCTION RATE SERIES E CUMULATIVE PREFERRED STOCK | | | |
| Liquidation value, end of period (in 000's) | \$ 50,000 | \$ 50,000 | \$ |
| Total shares outstanding (in 000's) | 2 | 2 | |
| Liquidation preference per share | \$ 25,000 | \$ 25,000 | \$ |
| Average market value (b) | \$ 25,000 | \$ 25,000 | \$ |

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| | | | |
|--------------------------------|------------|-----------|----|
| Asset coverage per share | \$ 105,353 | \$ 97,806 | \$ |
| ASSET COVERAGE (d) | 421% | 391% | |

-
- + Based on net asset value per share, adjusted for reinvestment of distributions, at prices dependent upon the relationship of the net asset value per share and the market value per share on the ex-dividend dates, including the effect of shares issued pursuant to 2001 and 2005 rights offering, assuming full subscription by shareholder.
 - ++ Based on market value per share, adjusted for reinvestment of distributions, including the effect of shares issued pursuant to 2001 and 2005 rights offering, assuming full subscription by shareholder.
 - (a) Amount represents less than \$0.005 per share.
 - (b) Based on weekly prices.
 - (c) The ratios do not include a reduction of expenses for custodian fee credits on cash balances maintained with the custodian. Including such custodian fee credits for the years ended December 31, 2002 and 2001, the ratios of operating expenses to average net assets attributable to common stock net of fee reduction would be 1.19% and 1.11%, respectively, and the ratios of operating expenses to average total net assets including liquidation value of preferred shares net of fee reduction would be 0.87% and 0.94%, respectively. For the fiscal years ended December 31, 2005, 2004, and 2003, the effect of the custodian fee credits was minimal.
 - (d) Asset coverage is calculated by combining all series of preferred stock.
 - (e) Calculated based upon average common shares outstanding on the record dates throughout the year.

See accompanying notes to financial statements.

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

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

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Gabelli Equity Trust Inc. (hereafter referred to as the "Trust") at December 31, 2005, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit

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includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2005 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, New York
February 28, 2006

21

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

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

| NAME, POSITION(S) ADDRESS 1 AND AGE ----- | TERM OF OFFICE AND LENGTH OF TIME SERVED 2 ----- | NUMBER OF FUNDS IN FUND COMPLEX OVERSEEN BY DIRECTOR ----- | PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS ----- |
|---|---|---|--|
| INTERESTED DIRECTORS 3: | | | |
| MARIO J. GABELLI Director and Chief Investment Officer Age: 63 | Since 1986** | 24 | Chairman of the Board and Chief Executive Officer of GAMCO Investors, Inc. and Chief Investment Officer - Value Portfolio of Gabelli Funds, LLC and GAMCO Asset Management Inc.; Chairman and Chief Executive Officer of Lynch Interactive Corporation (multimedia and services) |
| NON-INTERESTED DIRECTORS: | | | |
| THOMAS E. BRATTER Director Age: 66 | Since 1986** | 3 | Director, President and Founder of The Dewey Academy (residential college preparatory therapeutic high school) |
| ANTHONY J. COLAVITA 4 Director Age: 70 | Since 1999*** | 34 | Partner in the law firm of Anthony J. Colavita, P.C. |
| JAMES P. CONN 4 Director Age: 67 | Since 1989* | 14 | Former Managing Director and Chief Investment Officer of Financial Security Assurance Ltd. (1992-1998) |
| FRANK J. FAHRENKOPF JR. Director Age: 66 | Since 1998*** | 5 | President and Chief Executive Officer of American Gaming Association; Partner in law firm of Hogan & Hartson LLP; Co-Chairman of the Commission on Presidential Debates |

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| | | | |
|---|---------------|----|---|
| | | | Former Chairman of the Republican National Committee |
| ARTHUR V. FERRARA Director Age: 75 | Since 2001** | 6 | Formerly, Chairman of the Board and Chief Executive Officer of The Guardian Life Insurance Company of America from January 1993 to December 1995; President, Chief Executive Officer and a Director prior |
| ANTHONY R. PUSTORINO Director Age: 80 | Since 1986* | 14 | Certified Public Accountant; Professor Emeritus, Pace University |
| SALVATORE J. ZIZZA Director Age: 60 | Since 1986*** | 25 | Chairman of Hallmark Electrical Supplies |

22

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

| NAME, POSITION(S) ADDRESS 1 AND AGE ----- | TERM OF OFFICE AND LENGTH OF TIME SERVED 2 ----- | PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS ----- |
|--|---|---|
| OFFICERS: BRUCE N. ALPERT President and Treasurer Age: 54 | Since 2003 | Executive Vice President and Chief Officer of Gabelli Funds, LLC and of all of the registered investment in the Gabelli Funds complex. Director of Gabelli Advisers, Inc. |
| CARTER W. AUSTIN Vice President Age: 39 | Since 2000 | Vice President of the Trust since of The Gabelli Dividend & Income and The Gabelli Global Gold, Nat & Income Trust since 2005. Vice Gabelli Funds, LLC. |
| DAWN M. DONATO Assistant Vice President Age: 38 | Since 2004 | Assistant Vice President of Gabelli since 2004, Registered Representative & Company, Inc. since 2002. Prior Sales Representative for Manulife |
| JAMES E. MCKEE Secretary Age: 42 | Since 1995 | Vice President, General Counsel of GAMCO Investors, Inc. and GAM Management Inc.; Secretary of all registered investment companies Gabelli Funds complex. |

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PETER D. GOLDSTEIN
Chief Compliance Officer
Age: 52

Since 2004

Director of Regulatory Affairs f
since 2004; Chief Compliance Off
investment companies in the Gabe
Vice President of Goldman Sachs
from 2000 through 2004.

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

2 The Trust's Board of Directors is divided into three classes, each class having a term of three years. Each year the term of office of one class expires and the successor or successors elected to such class serve for a three year term. The three year term for each class expires as follows:

- * - Term expires at the Trust's 2006 Annual Meeting of Shareholders and until their successors are duly elected and qualified.
- ** - Term expires at the Trust's 2007 Annual Meeting of Shareholders and until their successors are duly elected and qualified.
- *** - Term expires at the Trust's 2008 Annual Meeting of Shareholders and until their successors are duly elected and qualified.

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

3 "Interested person" of the Trust as defined in the Investment Company Act of 1940. Mr. Gabelli is considered an "interested person" because of his affiliation with Gabelli Funds, LLC which acts as the Trust's investment adviser. Effective November 16, 2005, Mr. Karl Otto Pohl resigned from the Board of Directors and now serves as Director Emeritus.

4 Represents holders of the Trust's Preferred Stock.

5 This column includes only directorships of companies required to report to the SEC under the Securities Exchange Act of 1934 (i.e. public companies) or other investment companies registered under the 1940 Act.

CERTIFICATIONS

The Equity Trust's Chief Executive Officer has certified to the New York Stock Exchange that, as of June 6, 2005, he was not aware of any violation by the Equity Trust of applicable NYSE corporate governance listing standards. The Equity Trust reports to the SEC on Form N-CSR which contains certifications by the Equity Trust's principal executive officer and principal financial officer that relate to the Equity Trust's disclosure in such reports and that are required by Rule 30a-2(a) under the Investment Company Act.

23

THE GABELLI EQUITY TRUST INC.
INCOME TAX INFORMATION (UNAUDITED)
DECEMBER 31, 2005

CASH DIVIDENDS AND DISTRIBUTIONS

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| PAYABLE DATE ----- | RECORD DATE ---- | TOTAL AMOUNT PAID PER SHARE (a) ----- | ORDINARY INVESTMENT INCOME (a) ----- | LONG-TERM CAPITAL GAINS (a) ----- | DIVIDEND REINVESTMENT PRICE ----- |
|--------------------------|------------------------|--|---|--|--|
| COMMON SHARES | | | | | |
| 03/24/05 | 03/16/05 | \$0.18000 | \$0.02736 | \$0.15264 | \$8.59750 |
| 06/24/05 | 06/16/05 | 0.18000 | 0.01798 | 0.16202 | 8.48350 |
| 09/27/05 | 09/19/05 | 0.19000 | 0.01898 | 0.17102 | 8.51000 |
| 12/23/05 | 12/15/05 | 0.30000 | 0.02996 | 0.27004 | 8.20000 |
| | | ----- | ----- | ----- | |
| | | \$0.85000 | \$0.09428 | \$0.75572 | |
| 7.20% PREFERRED SHARES | | | | | |
| 03/28/05 | 03/18/05 | \$0.45000 | \$0.06180 | \$0.38820 | |
| 06/27/05 | 06/20/05 | 0.45000 | 0.04300 | 0.40700 | |
| 09/26/05 | 09/19/05 | 0.45000 | 0.04300 | 0.40700 | |
| 12/27/05 | 12/19/05 | 0.45000 | 0.04300 | 0.40700 | |
| | | ----- | ----- | ----- | |
| | | \$1.80000 | \$0.19080 | \$1.60920 | |
| 5.875% PREFERRED SHARES | | | | | |
| 03/28/05 | 03/18/05 | \$0.36719 | \$0.05037 | \$0.31682 | |
| 06/27/05 | 06/20/05 | 0.36719 | 0.03512 | 0.33206 | |
| 09/26/05 | 09/19/05 | 0.36719 | 0.03513 | 0.33206 | |
| 12/27/05 | 12/19/05 | 0.36718 | 0.03513 | 0.33206 | |
| | | ----- | ----- | ----- | |
| | | \$1.46875 | \$0.15575 | \$1.31300 | |

SERIES C AND E AUCTION RATE PREFERRED SHARES

Auction Rate Preferred Shares pay dividends weekly based on a rate set at auction, usually held every seven days. The percentage of 2005 distributions derived from long-term capital gains for the Series C and Series E Auction Rate Preferred Shares was 89.39%.

A Form 1099-DIV has been mailed to all shareholders of record which sets forth specific amounts to be included in the 2005 tax returns. Ordinary income distributions include net investment income and realized net short-term capital gains. Ordinary income is reported in box 1a of Form 1099-DIV. Capital gain distributions are reported in box 2a of Form 1099-DIV.

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

In 2005, the Equity Trust paid to common, 7.200% Series B, and 5.875% Series D preferred shareholders ordinary income totaling \$0.09428, \$0.19080, and \$0.15575 per share, respectively. The Equity Trust paid weekly distributions to Series C and Series E preferred shareholders at varying rates throughout the year, including an ordinary income dividend totaling \$89.74670 and \$89.13380 per share, respectively, in 2005. For the fiscal year ended December 31, 2005, 100% of the ordinary income dividend qualified for the dividend received deduction available to corporations, and 100% of the ordinary income distribution was deemed qualified dividend income and is reported in box 1b on Form 1099-DIV. The percentage of the ordinary income dividends paid by the Equity Trust during 2005 derived from U.S. Government Securities was 1.63%. Such income is exempt from state and local tax in all states. However, many states, including New York and California, allow a tax exemption for a portion of the income earned only if a mutual fund has invested at least 50% of its assets at the end of each quarter of the Equity Trust's fiscal year in U.S. Government Securities. The Equity Trust did not meet this strict requirement in 2005. The percentage of U.S. Government Securities held as of December 31, 2005 was 0.00%. The percentage of U.S. Government Securities held as of December 31, 2005 was 4.09%.

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24

THE GABELLI EQUITY TRUST INC.
 INCOME TAX INFORMATION (CONTINUED) (UNAUDITED)
 DECEMBER 31, 2005
 HISTORICAL DISTRIBUTION SUMMARY

| | INVESTMENT INCOME | SHORT- TERM CAPITAL GAINS (b) | LONG- TERM CAPITAL GAINS | NON-TAXABLE RETURN OF CAPITAL | UNDISTRIBUTED LONG-TERM CAPITAL GAINS | TAXES PAID ON UNDISTRIBUTED CAPITAL GAINS (c) |
|---------------------------------|----------------------|--|-----------------------------------|-------------------------------------|--|---|
| COMMON STOCK | | | | | | |
| 2005 | \$ 0.08756 | \$ 0.00672 | \$ 0.75572 | -- | -- | -- |
| 2004 | 0.01930 | 0.04990 | 0.73080 | -- | -- | -- |
| 2003 | 0.01140 | 0.04480 | 0.63380 | -- | -- | -- |
| 2002 | 0.05180 | 0.01550 | 0.88270 | -- | -- | -- |
| 2001 (d) | 0.06700 | 0.06400 | 0.94900 | -- | -- | -- |
| 2000 | 0.04070 | 0.15500 | 1.11430 | -- | -- | -- |
| 1999 (e) | 0.03010 | 0.21378 | 0.99561 | \$0.91176 | -- | -- |
| 1998 | 0.06420 | -- | 1.10080 | -- | -- | -- |
| 1997 | 0.07610 | 0.00210 | 0.93670 | 0.02510 | -- | -- |
| 1996 | 0.10480 | -- | 0.78120 | 0.11400 | -- | -- |
| 1995 (f) | 0.12890 | -- | 0.49310 | 0.37800 | -- | -- |
| 1994 (g) | 0.13536 | 0.06527 | 0.30300 | 1.38262 | -- | -- |
| 1993 (h) | 0.13050 | 0.02030 | 0.72930 | 0.22990 | -- | -- |
| 1992 (i) | 0.20530 | 0.04050 | 0.29660 | 0.51760 | -- | -- |
| 1991 (j) | 0.22590 | 0.03990 | 0.14420 | 0.68000 | -- | -- |
| 1990 | 0.50470 | -- | 0.22950 | 0.44580 | -- | -- |
| 1989 | 0.29100 | 0.35650 | 0.66250 | -- | \$0.6288 | \$0.2138 |
| 1988 | 0.14500 | 0.20900 | 0.19600 | -- | 0.2513 | 0.0854 |
| 1987 | 0.25600 | 0.49100 | 0.33500 | -- | -- | -- |
| 7.20% PREFERRED STOCK | | | | | | |
| 2005 | \$ 0.17650 | \$ 0.01430 | \$ 1.60920 | -- | -- | -- |
| 2004 | 0.04340 | 0.11224 | 1.64436 | -- | -- | -- |
| 2003 | 0.03000 | 0.11640 | 1.65360 | -- | -- | -- |
| 2002 | 0.09800 | 0.02960 | 1.67240 | -- | -- | -- |
| 2001 | 0.05870 | 0.05440 | 0.81690 | -- | -- | -- |
| 5.875% PREFERRED STOCK | | | | | | |
| 2005 | \$ 0.14405 | \$ 0.01170 | \$ 1.31300 | -- | -- | -- |
| 2004 | 0.03542 | 0.09159 | 1.34174 | -- | -- | -- |
| 2003 | 0.00535 | 0.02086 | 0.29610 | -- | -- | -- |
| AUCTION RATE PREFERRED C SHARES | | | | | | |
| 2005 | \$83.01020 | \$ 6.73650 | \$756.60330 | -- | -- | -- |
| 2004 | 9.15570 | 23.67550 | 346.83810 | -- | -- | -- |
| 2003 | 5.42000 | 21.05000 | 298.41000 | -- | -- | -- |
| 2002 | 12.28350 | 3.71450 | 209.89200 | -- | -- | -- |
| AUCTION RATE PREFERRED E SHARES | | | | | | |
| 2005 | \$82.44330 | \$ 6.69050 | \$751.43620 | -- | -- | -- |
| 2004 | 9.30280 | 24.05620 | 352.41090 | -- | -- | -- |
| 2003 | 1.07000 | 4.18000 | 59.32000 | -- | -- | -- |

(a) Total amounts may differ due to rounding.

(b) Taxable as ordinary income.

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

25

AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLANS

ENROLLMENT IN THE PLAN

It is the policy of The Gabelli Equity Trust Inc. ("Trust") to automatically reinvest dividends payable to common shareholders. As a "registered" shareholder you automatically become a participant in the Trust's Automatic Dividend Reinvestment Plan (the "Plan"). The Plan authorizes the Trust to issue Common Stock to participants upon an income dividend or a capital gains distribution regardless of whether the shares are trading at a discount or a premium to net asset value. All distributions to shareholders whose shares are registered in their own names will be automatically reinvested pursuant to the Plan in additional shares of the Trust. Plan participants may send their stock certificates to Computershare Trust Company N.A. ("Computershare") 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 Computershare
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 or requesting a copy of the terms of the Plan may contact Computershare at (800) 336-6983.

If your shares are held in the name of a broker, bank, or nominee, you

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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 distributions will be automatically reinvested. Certain brokers participate in the Plan. Shareholders holding shares in "street name" at participating institutions will have dividends automatically reinvested. Shareholders wishing a cash dividend at such institution must contact their broker to make this change.

The number of shares of Common Stock distributed to participants in the Plan in lieu of cash dividends is determined in the following manner. Under the Plan, whenever the market price of the 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 Trust's Common Stock. The valuation date is the dividend or distribution payment date or, if that date is not a New York Stock Exchange ("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 Trust valued at market price. If the Trust should declare a dividend or capital gains distribution payable only in cash, Computershare will buy Common Stock in the open market, or on the NYSE or elsewhere, for the participants' accounts, except that Computershare will endeavor to terminate purchases in the open market and cause the Trust to issue shares at net asset value if, following the commencement of such purchases, the market value of the Common Stock exceeds the then current net asset value.

The automatic reinvestment of dividends and capital gains distributions will not relieve participants of any income tax which may be payable on such distributions. A participant in the Plan will be treated for Federal income tax purposes as having received, on a dividend payment date, a dividend or distribution in an amount equal to the cash the participant could have received instead of shares.

VOLUNTARY CASH PURCHASE PLAN

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

Participants in the Voluntary Cash Purchase Plan have the option of making additional cash payments to Computershare for investments in the Trust's Common Stock at the then current market price. Shareholders may send an amount from \$250 to \$10,000. Computershare will use these funds to purchase shares in the open market on or about the 1st and 15th of each month. Computershare 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 Computershare, P.O. Box 43010, Providence, RI 02940-3010 such that Computershare receives such payments approximately 10 days before the 1st and 15th of the month. 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 Computershare at least 48 hours before such payment is to be invested.

SHAREHOLDERS WISHING TO LIQUIDATE SHARES HELD AT COMPUTERSHARE must do so in writing or by telephone. Please submit your request to the above mentioned

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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.

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 Trust.

The 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 Computershare on at least 90 days' written notice to participants in the Plan.

The Annual Meeting of The Gabelli Equity Trust's stockholders will be held at 9:00 A.M. on Monday, May 15, 2006 at the Greenwich Library in Greenwich, Connecticut.

26

[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,
GAMCO INVESTORS, INC.

Dr. Thomas E. Bratter
PRESIDENT, JOHN DEWEY ACADEMY

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

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

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

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

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

Salvatore J. Zizza

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CHAIRMAN, HALLMARK ELECTRICAL SUPPLIES CORP.

OFFICERS

Bruce N. Alpert
PRESIDENT & 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

Computershare Trust Company, N.A.

STOCK EXCHANGE LISTING

| | COMMON | 7.20% PREFERRED | 5.875% PREFERRED |
|---------------------|-------------|--------------------|---------------------|
| | ----- | ----- | ----- |
| NYSE-Symbol: | GAB | GAB PrB | GAB PrD |
| Shares Outstanding: | 166,079,270 | 6,600,000 | 2,949,700 |

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

The Net Asset Value may be obtained each day by calling (914) 921-5070.

For general information about the Gabelli Funds, call 800-GABELLI (800-422-3554), fax us at 914-921-5118, visit Gabelli Funds' Internet homepage at: WWW.GABELLI.COM or e-mail us at: closedend@gabelli.com

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Equity Trust may, from time to time, purchase shares of its common stock in the open market when the Equity Trust

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shares are trading at a discount of 10% or more from the net asset value of the shares. The Equity Trust may also, from time to time, purchase shares of its Cumulative Preferred Stock in the open market when the shares are trading at a discount to the Liquidation Value of \$25.00.

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

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

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ITEM 2. CODE OF ETHICS.

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

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

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

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

AUDIT FEES

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

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\$88,558 in 2005 and \$60,274 in 2004.

AUDIT-RELATED FEES

- (b) The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph (a) of this Item are \$20,600 in 2005 and \$20,600 in 2004.

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

TAX FEES

- (c) The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning are \$2,880 in 2005 and \$2,550 in 2004.

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

ALL OTHER FEES

- (d) The aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant, other than the services reported in paragraphs (a) through (c) of this Item are \$0 in 2005 and \$0 in 2004.

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

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

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the completion of the audit.

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

(b) 100%

(c) 100%

(d) N/A

- (f) The percentage of hours expended on the principal accountant's engagement to audit the registrant's financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full-time, permanent employees was zero percent (0%).

- (g) The aggregate non-audit fees billed by the registrant's accountant for services rendered to the registrant, and rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant for each of the last two fiscal years of the registrant was \$0 in 2005 and \$0 in 2004.

- (h) The registrant's audit committee of the board of directors has considered whether the provision of non-audit services that were rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c) (7) (ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

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

ITEM 6. SCHEDULE OF INVESTMENTS.

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

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

The Proxy Voting Policies are attached herewith.

THE VOTING OF PROXIES ON BEHALF OF CLIENTS

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

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

I. PROXY VOTING COMMITTEE

The Proxy Voting Committee was originally formed in April 1989 for the purpose of formulating guidelines and reviewing proxy statements within the parameters set by the substantive proxy voting guidelines originally published by GAMCO Investors, Inc. in 1988 and updated periodically, a copy of which are appended as Exhibit A. The Committee will include representatives of Research, Administration, Legal, and the Advisers. Additional or replacement members of the Committee will be nominated by the Chairman and voted upon by the entire Committee.

Meetings are held as needed basis to form views on the manner in which the Advisers should vote proxies on behalf of their clients.

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

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

A. CONFLICTS OF INTEREST.

The Advisers have implemented these proxy

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voting procedures in order to prevent conflicts of interest from influencing their proxy voting decisions. By following the Proxy Guidelines, as well as the recommendations of ISS, other third-party services and the analysts of Gabelli & Company, the Advisers are able to avoid, wherever possible, the influence of potential conflicts of interest. Nevertheless, circumstances may arise in which one or more of the Advisers are faced with a conflict of interest or the appearance of a conflict of interest in connection with its vote. In general, a conflict of interest may arise when an Adviser knowingly does business with an issuer, and may appear to have a material conflict between its own interests and the interests of the shareholders of an investment company managed by one of the Advisers regarding how the proxy is to be voted. A conflict also may exist when an Adviser has actual knowledge of a material business arrangement between an issuer and an affiliate of the Adviser.

In practical terms, a conflict of interest may arise, for example, when a proxy is voted for a company that is a client of one of the Advisers, such as GAMCO Asset Management Inc. A conflict also may arise when a client of one of the Advisers has made a shareholder proposal in a proxy to be voted upon by one or more of the Advisers. The Director of Proxy Voting Services, together with the Legal Department, will scrutinize all proxies for these or other situations that may give rise to a conflict of interest with respect to the voting of proxies.

A. OPERATION OF PROXY VOTING COMMITTEE.

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

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

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

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regulations, trends in proxy voting and information on corporate governance issues.

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

II. SOCIAL ISSUES AND OTHER CLIENT GUIDELINES

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

III. CLIENT RETENTION OF VOTING RIGHTS

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

- Operations
- Legal Department
- Proxy Department
- Investment professional assigned to the account

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

IV. VOTING RECORDS

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

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

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

[Adviser name]
Attn: Proxy Voting Department
One Corporate Center

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Rye, New York 10580-1433

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

V. VOTING PROCEDURES

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

Proxies are received in one of two forms:

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

- o Proxy cards which may be voted directly.

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

3. In the case of a discrepancy such as an incorrect number of shares, an improperly signed or dated card, wrong class of security, etc., the issuing custodian is notified by phone. A corrected proxy is requested. Any arrangements are made to insure that a proper proxy is received in time to be voted (overnight delivery, fax, etc.). When securities are out on loan on record date, the custodian is requested to supply written verification.

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

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

PROXY EDGE records include:

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

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

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

- o From these records individual client proxy voting records are compiled. It is our policy to provide institutional clients with a proxy voting record

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during client reviews. In addition, we will supply a proxy voting record at the request of the client on a quarterly, semi-annual or annual basis.

5. VAFs are kept alphabetically by security. Records for the current proxy season are located in the Proxy Voting Department office. In preparation for the upcoming season, files are transferred to an offsite storage facility during January/February.

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

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

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

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

9. Voting in Person

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

- o Banks and brokerage firms using the services at ADP:

The back of the VAF is stamped indicating that we wish to vote in person. The forms are then sent overnight to ADP. ADP issues individual legal proxies and sends them back via overnight (or the Adviser can pay messenger charges). A lead-time of at least two weeks prior to the meeting is needed to do this. Alternatively, the procedures detailed below for banks not using ADP may be implemented.

- o Banks and brokerage firms issuing proxies directly:

The bank is called and/or faxed and a legal proxy is requested.

All legal proxies should appoint:

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

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

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

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- o A sample of the annual authorization to vote proxies form.
- o A copy of our most recent Schedule 13D filing (if applicable).

APPENDIX A

PROXY GUIDELINES

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PROXY VOTING GUIDELINES

=====

GENERAL POLICY STATEMENT

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

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

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

BOARD OF DIRECTORS

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

Factors taken into consideration include:

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

SELECTION OF AUDITORS

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

BLANK CHECK PREFERRED STOCK

We oppose the issuance of blank check preferred stock.

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

CLASSIFIED BOARD

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

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

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

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

INCREASE AUTHORIZED COMMON STOCK

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

Factors taken into consideration include:

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

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

CONFIDENTIAL BALLOT

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

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

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

CUMULATIVE VOTING

In general, we support cumulative voting.

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

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

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

DIRECTOR LIABILITY AND INDEMNIFICATION

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

EQUAL ACCESS TO THE PROXY

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

FAIR PRICE PROVISIONS

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

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

Reviewed on a case-by-case basis.

GOLDEN PARACHUTES

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

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

Note: Congress has imposed a tax on any parachute that is more than three times the executive's average annual compensation.

ANTI-GREENMAIL PROPOSALS

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

LIMIT SHAREHOLDERS' RIGHTS TO CALL SPECIAL MEETINGS

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

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CONSIDERATION OF NONFINANCIAL EFFECTS OF A MERGER

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

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

Reviewed on a case-by-case basis.

MERGERS, BUYOUTS, SPIN-OFFS, RESTRUCTURINGS

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

MILITARY ISSUES

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

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

NORTHERN IRELAND

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

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

OPT OUT OF STATE ANTI-TAKEOVER LAW

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

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

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

POISON PILL

In general, we do not endorse poison pills.

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

REINCORPORATION

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

STOCK OPTION PLANS

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

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

SUPERMAJORITY VOTE REQUIREMENTS

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

LIMIT SHAREHOLDERS RIGHT TO ACT BY WRITTEN CONSENT

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

Reviewed on a case-by-case basis.

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

PORTFOLIO MANAGER

Mr. Mario J. Gabelli, CFA, is primarily responsible for the day-to-day management of The Gabelli Equity Trust Inc., (the Trust). Mr. Gabelli has served as Chairman, Chief Executive Officer, and Chief Investment Officer -Value Portfolios of GAMCO Investors, Inc. and its affiliates since their organization.

Additionally, Mr. Caesar M. P. Bryan manages a portion of the Trust's assets. Mr. Bryan is a Senior Vice President and Portfolio Manager with GAMCO Asset Management Inc. (a wholly owned subsidiary of GAMCO Investors, Inc.) since 1994.

MANAGEMENT OF OTHER ACCOUNTS

The table below shows the number of other accounts managed by the Portfolio Managers and the total assets in each of the following categories: registered investment companies, other paid investment vehicles and other accounts. For each category, the table also shows the number of accounts and the total assets in the accounts with respect to which the advisory fee is based on account

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performance.

| Name of Portfolio Manager ----- | Type of Accounts ----- | Total # of Accounts Managed ----- | Total Assets ----- | # of Account Managed with Advisory Fee Based on Performance ----- |
|---------------------------------------|--------------------------------------|--|-----------------------|--|
| 1. Mario J. Gabelli | Registered Investment Companies: | 24 | \$11.2B* | 5 |
| | Other Pooled Investment Vehicles: | 20 | \$946.4M* | 19 |
| | Other Accounts: | 1,882 | \$10.0B | 5 |
| 2. Caesar M.P. Bryan | Registered Investment Companies: | 5 | \$1.0B | 0 |
| | Other Pooled Investment Vehicles: | 1 | \$6.6M | 1 |
| | Other Accounts: | 5 | \$45.5M | 0 |
| | | | | |

* Represents the portion of assets for which the portfolio manager has primary responsibility in the accounts indicated. The accounts indicated may contain additional assets under the primary responsibility of other portfolio managers.

POTENTIAL CONFLICTS OF INTEREST

As reflected above, the Portfolio Managers manage accounts in addition to the Trust. Actual or apparent conflicts of interest may arise when a Portfolio Manager also has day-to-day management responsibilities with respect to one or more other accounts. These potential conflicts include:

ALLOCATION OF LIMITED TIME AND ATTENTION. As indicated above, the Portfolio Managers manage multiple accounts. As a result, they will not be able to devote all of their time to management of the Trust. The Portfolio Manager, therefore, may not be able to formulate as complete a strategy or identify equally attractive investment opportunities for each of those accounts as might be the case if he were to devote all of his attention to the management of only the Trust.

ALLOCATION OF LIMITED INVESTMENT OPPORTUNITIES. As indicated above, the Portfolio Managers manage managed accounts with investment strategies and/or policies that are similar to the Trust. In these cases, if he identifies an investment opportunity that may be suitable for multiple accounts, a Fund may not be able to take full advantage of that opportunity because the opportunity may be allocated among all or many of these accounts or other accounts managed primarily by other Portfolio Managers of the Adviser, and their affiliates. In addition, in the event the Portfolio Manager determines to purchase a security for more than one account in an aggregate amount that may influence the market price of the security, accounts that purchased or sold the security first may receive a more favorable price than accounts that made subsequent transactions.

SELECTION OF BROKER/DEALERS. Because of Mr. Gabelli's position with the Distributor and his indirect majority ownership interest in the Distributor, he may have an incentive to use the Distributor to execute portfolio transactions for a Fund.

PURSUIT OF DIFFERING STRATEGIES. At times, the Portfolio Manager may determine that an investment opportunity may be appropriate for only some of the accounts

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for which he exercises investment responsibility, or may decide that certain of the funds or accounts should take differing positions with respect to a particular security. In these cases, he may execute differing or opposite transactions for one or more accounts which may affect the market price of the security or the execution of the transaction, or both, to the detriment of one or more other accounts.

VARIATION IN COMPENSATION. A conflict of interest may arise where the financial or other benefits available to the Portfolio Managers differ among the accounts that they manage. If the structure of the Adviser's management fee or the Portfolio Manager's compensation differs among accounts (such as where certain accounts pay higher management fees or performance-based management fees), the Portfolio Manager may be motivated to favor certain accounts over others. The Portfolio Manager also may be motivated to favor accounts in which he has an investment interest, or in which the Adviser, or their affiliates have investment interests. Similarly, the desire to maintain assets under management or to enhance a Portfolio Manager's performance record or to derive other rewards, financial or otherwise, could influence the Portfolio Manager in affording preferential treatment to those accounts that could most significantly benefit the Portfolio Manager. For example, as reflected above, if the Portfolio Manager manages accounts which have performance fee arrangements, certain portions of his compensation will depend on the achievement of performance milestones on those accounts. The Portfolio Manager could be incented to afford preferential treatment to those accounts and thereby be subject to a potential conflict of interest.

The Adviser, and the Funds have adopted compliance policies and procedures that are designed to address the various conflicts of interest that may arise for the Adviser and their staff members. However, there is no guarantee that such policies and procedures will be able to detect and prevent every situation in which an actual or potential conflict may arise.

COMPENSATION STRUCTURE FOR MARIO J. GABELLI

Mr. Gabelli receives incentive-based variable compensation based on a percentage of net revenues received by the Adviser for managing the Trust. Net revenues are determined by deducting from gross investment management fees the firm's expenses (other than Mr. Gabelli's compensation) allocable to this Trust. Five closed-end registered investment companies (including this Trust) managed by Mr. Gabelli have arrangements whereby the Adviser will only receive its investment advisory fee attributable to the liquidation value of outstanding preferred stock (and Mr. Gabelli would only receive his percentage of such advisory fee) if certain performance levels are met. Additionally, he receives similar incentive based variable compensation for managing other accounts within the firm and its affiliates. This method of compensation is based on the premise that superior long-term performance in managing a portfolio should be rewarded with higher compensation as a result of growth of assets through appreciation and net investment activity. The level of compensation is not determined with specific reference to the performance of any account against any specific benchmark. One of the other registered investment companies managed by Mr. Gabelli has a performance (fulcrum) fee arrangement for which his compensation is adjusted up or down based on the performance of the investment company relative to an index. Mr. Gabelli manages other accounts with performance fees. Compensation for managing these accounts has two components. One component is based on a percentage of net revenues to the investment adviser for managing the account. The second component is based on absolute performance of the account, with respect to which a percentage of such performance fee is paid to Mr. Gabelli. As an executive officer of the Adviser's parent company, GBL, Mr. Gabelli also receives ten percent of the net operating profits of the parent company. He receives no base salary, no annual bonus, and no stock options.

COMPENSATION STRUCTURE FOR CAESAR M. P. BRYAN

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The compensation of Mr. Bryan for the Trust is structured to enable the Adviser to attract and retain highly qualified professionals in a competitive environment. The Portfolio Manager receives a compensation package that includes a minimum draw or base salary, equity-based incentive compensation via awards of stock options, and incentive based variable compensation based on a percentage of net revenue received by the Adviser for managing the Trust to the extent that the amount exceeds a minimum level of compensation. Net revenues are determined by deducting from gross investment management fees certain of the firm's expenses (other than the Portfolio Managers' compensation) allocable to the Trust (the incentive-based variable compensation for managing other accounts is also based on a percentage of net revenues to the investment adviser for managing the account). This method of compensation is based on the premise that superior long-term performance in managing a portfolio should be rewarded with higher compensation as a result of growth of assets through appreciation and net investment activity. The level of equity-based incentive and incentive-based variable compensation is based on an evaluation by the Adviser's parent, GBL, of quantitative and qualitative performance evaluation criteria. This evaluation takes into account, in a broad sense, the performance of the accounts managed by the Portfolio Manager, but the level of compensation is not determined with specific reference to the performance of any account against any specific benchmark. Generally, greater consideration is given to the performance of larger accounts and to longer term performance over smaller accounts and short-term performance.

OWNERSHIP OF SHARES IN THE FUND

Mario Gabelli and Caesar M. P. Bryan owned 1,827,970.27 and 0 respectively, of the Trust as of December 31, 2005.

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

REGISTRANT PURCHASES OF EQUITY SECURITIES

| 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) MA APPROXI SHARES (C BE PURC O |
| Month #1 07/01/05 through 07/31/05 | 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 | Comm Pref Pref |
| Month #2 08/01/05 through 08/31/05 | 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 | Comm Pref Pref |

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| | | | | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Month #3 09/01/05 through 09/30/05 | Common - N/A | Common - N/A | Common - N/A | Common - 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 |
| ===== | | | | |
| Month #4 10/01/05 through 10/31/05 | Common - N/A | Common - N/A | Common - N/A | Common - 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 |
| ===== | | | | |
| Month #5 11/01/05 through 11/30/05 | Common - N/A | Common - N/A | Common - N/A | Common - 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 |
| ===== | | | | |
| Month #6 12/01/05 through 12/31/05 | Common - N/A | Common - N/A | Common - N/A | Common - 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 |
| ===== | | | | |
| Total | 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 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

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further purchases. - The Fund's repurchase plans are ongoing.

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

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

ITEM 11. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant's second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

- (a) (1) Code of ethics, or any amendment thereto, that is the subject of disclosure required by Item 2 is attached hereto.
- (a) (2) Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.
- (a) (3) Not applicable.
- (b) Certifications pursuant to Rule 30a-2(b) under the 1940 Act and Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.

SIGNATURES

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

(registrant) The Gabelli Equity Trust Inc.

By (Signature and Title)* /s/ Bruce N. Alpert

Bruce N. Alpert, Principal Executive Officer

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Date March 10, 2006

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

By (Signature and Title)* /s/ Bruce N. Alpert

Bruce N. Alpert,
Principal Executive Officer & Principal
Financial Officer

Date March 10, 2006

* Print the name and title of each signing officer under his or her signature.