

GABELLI EQUITY TRUST INC  
Form N-CSRS  
September 03, 2009

**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: June 30, 2009

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. § 3507.

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**Item 1. Reports to Stockholders.**

The Report to Shareholders is attached herewith.

**The Gabelli Equity Trust Inc.**

Semi-Annual Report

June 30, 2009

**To Our Shareholders,**

The Gabelli Equity Trust's (the Fund) net asset value (NAV) total return was 7.9% during the first half of 2009, compared with an increase of 3.2% for the Standard & Poor's (S&P) 500 Index and a decrease of 1.9% for the Dow Jones Industrial Average. The total return for the Fund's publicly traded shares was 35.3% during the first half of the year. On June 30, 2009, the Fund's NAV per share was \$3.99, while the price of the publicly traded shares closed at \$4.50 on the New York Stock Exchange.

**Comparative Results****Average Annual Returns through June 30, 2009 (a)**

	Quarter	Year to Date	1 Year	3 Year	5 Year	10 Year	15 Year	20 Year	Since Inception (08/21/86)
<b>Gabelli Equity Trust NAV Total Return (b)</b>	<b>29.41%</b>	<b>7.86%</b>	<b>(35.23)%</b>	<b>(10.49)%</b>	<b>(0.99)%</b>	<b>1.74%</b>	<b>6.68%</b>	<b>6.81%</b>	<b>8.72%</b>
<b>Investment Total Return (c)</b>	<b>54.75</b>	<b>35.28</b>	<b>(33.65)</b>	<b>(5.84)</b>	<b>1.07</b>	<b>2.72</b>	<b>6.79</b>	<b>7.72</b>	<b>8.88</b>
S&P 500 Index	15.92	3.19	(26.20)	(8.22)	(2.24)	(2.22)	6.92	7.76	8.30(d)
Dow Jones Industrial Average	11.96	(1.93)	(22.96)	(6.34)	(1.65)	(0.37)	8.16	9.07	9.59(d)
Nasdaq Composite Index	20.05	16.36	(19.97)	(5.47)	(2.17)	(3.74)	6.58	7.46	7.12

**(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](http://www.gabelli.com)*

*for performance information as of the most recent month end.*

*Performance returns for periods of less than one year are not annualized.*

***Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The***

*Dow Jones Industrial Average is an unmanaged index of 30 large capitalization stocks. The S&P 500 and the Nasdaq Composite Indices are unmanaged indicators of stock market performance.*

*Dividends are considered reinvested except for the Nasdaq Composite Index. You cannot invest directly in an index.*

- (b) *Total returns and average annual returns reflect changes in the NAV per share, 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 is based on an initial NAV 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, and adjustments for rights offerings, spin-offs, and taxes paid on undistributed long-term capital gains. Since inception return is based on an initial offering price of \$10.00.*
- (d) *From August 31, 1986, the date closest to the Fund's inception for which data is available.*

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

**THE GABELLI EQUITY TRUST INC.**  
**Summary of Portfolio Holdings (Unaudited)**

The following tables present portfolio holdings as a percent of total investments as of June 30, 2009:

Food and Beverage	11.9%
Financial Services	8.6%
Energy and Utilities	7.9%
Cable and Satellite	6.9%
Diversified Industrial	6.3%
Telecommunications	6.0%
Entertainment	5.8%
Equipment and Supplies	4.9%
Consumer Products	3.9%
U.S. Government Obligations	3.9%
Health Care	3.4%
Automotive: Parts and Accessories	3.2%
Publishing	2.7%
Business Services	2.3%
Consumer Services	2.0%
Retail	1.9%
Aviation: Parts and Services	1.8%
Machinery	1.8%
Aerospace	1.6%
Communications Equipment	1.5%
Hotels and Gaming	1.4%
Specialty Chemicals	1.4%
Wireless Communications	1.3%
Electronics	1.1%
Metals and Mining	1.1%
Agriculture	1.1%
Automotive	0.8%
Environmental Services	0.8%
Computer Software and Services	0.6%
Real Estate	0.6%
Broadcasting	0.5%
Transportation	0.5%
Closed-End Funds	0.3%
Manufactured Housing and Recreational Vehicles	0.1%
Real Estate Investment Trusts	0.1%
	100.0%

*The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (the SEC ) for the first and third quarters of each fiscal year on Form N-Q, the last of which was filed for the quarter ended March 31, 2009. Shareholders may obtain this information at [www.gabelli.com](http://www.gabelli.com) or by calling the Fund at 800-GABELLI (800-422-3554). The Fund's Form N-Q is available on the SEC's website at [www.sec.gov](http://www.sec.gov) and may also be reviewed and copied at the SEC'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 Fund files Form N-PX with its complete proxy voting record for the twelve months ended June 30th, no later than August 31st of each year. A description of the Fund's proxy voting policies, procedures, and how the Fund voted proxies relating to portfolio securities is available without charge, upon request, by (i) calling 800-GABELLI (800-422-3554); (ii) writing to The Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; or (iii) visiting the SEC's website at [www.sec.gov](http://www.sec.gov).

**Shareholder Meeting May 18, 2009 Final Results**

The Fund's Annual Meeting of Shareholders was held on May 18, 2009 at the Greenwich Library in Greenwich, Connecticut. At that meeting, common and preferred shareholders, voting together as a single class, elected Anthony R. Pustorino as a Director of the Fund. A total of 150,648,561 votes were cast in favor of this Director and a total of 6,147,673 votes were withheld for this Director. In addition, preferred shareholders, voting as a separate class, elected James P. Conn as a Director of the Fund. A total of 8,042,511 votes were cast in favor of this Director and a total of 186,783 votes were withheld for this Director.

Mario J. Gabelli, Thomas E. Bratter, Anthony J. Colavita, Frank J. Fahrenkopf, Jr., Arthur V. Ferrara, and Salvatore J. Zizza continue to serve in their capacities as Directors of the Fund.

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

**THE GABELLI EQUITY TRUST INC.**  
**PORTFOLIO CHANGES**  
**Quarter Ended June 30, 2009 (Unaudited)**

	Shares	Ownership at June 30, 2009
<b>NET PURCHASES</b>		
<b>Common Stocks</b>		
Abbott Laboratories	10,000	12,000
Accor SA (a)	270	5,270
Agnico-Eagle Mines Ltd.	5,000	15,000
Alcoa Inc.	5,000	70,000
Aruze Corp.	37,700	137,700
Baldor Electric Co.	5,000	160,000
Baxter International Inc.	3,000	20,000
BBA Aviation plc	3,000	3,000
CBS Corp., Cl. A, Voting	400	380,400
Clear Channel Outdoor Holdings Inc., Cl. A	10,000	120,000
Constellation Brands Inc., Cl. A	98,000	100,000
Covidien plc (b)	20,000	20,000
Danone (c)	49,374	249,374
Dean Foods Co.	10,000	190,000
Eastman Kodak Co.	20,000	140,000
Ferro Corp.	160,000	500,000
GenCorp Inc.	50,000	300,000
General Electric Co.	35,000	200,000
Givaudan SA	267	2,267
Janus Capital Group Inc.	10,000	210,000
Kaman Corp.	5,000	30,899
Legg Mason Inc.	45,000	220,000
Macy's Inc.	60,000	230,000
MasterCard Inc., Cl. A	1,000	40,500
Material Sciences Corp.	30,000	30,000
Media General Inc., Cl. A	1,800	211,800
MEIJI Holdings Co. Ltd. (d)	1,000	1,000
NCR Corp.	25,000	100,000
O'Reilly Automotive Inc.	10,000	150,000
Rockwell Automation Inc.	7,000	40,000
Rolls-Royce Group plc, Cl. C (e)	102,960,000	102,960,000
Sara Lee Corp.	20,000	350,000
Texas Instruments Inc.	10,000	275,000
The Bank of New York Mellon Corp.	6,000	160,038
The Boeing Co.	3,000	103,000
The Coca-Cola Co.	5,000	75,000
The Hongkong & Shanghai Hotels Ltd.	60,000	200,000
The Interpublic Group of Companies Inc.	62,000	327,000
The St. Joe Co.	8,000	145,000
Tyco Electronics Ltd. (f)	62,000	62,000

Zimmer Holdings Inc.	3,500	7,000
<b>NET SALES</b>		
<b>Common Stocks</b>		
Ajinomoto Co. Inc.	(28,000)	
Allianz SE	(2,500)	
Anglo American plc	(24,030)	
Archer-Daniels-Midland Co.	(15,000)	295,000
AstraZeneca plc	(7,000)	
AXA Asia Pacific Holdings Ltd.	(100,000)	
Bayer AG	(12,000)	
BHP Billiton Ltd.	(16,000)	
Bouygues SA	(6,000)	
BP plc	(55,000)	
British American Tobacco plc	(26,000)	
British Sky Broadcasting Group plc	(40,000)	
Cadbury plc	(40,000)	
Canon Inc.	(15,400)	
Cheung Kong (Holdings) Ltd.	(34,000)	
China Mobile Ltd.	(32,000)	
Christian Dior SA	(10,000)	17,000
Ciba Holding AG, ADR (g)	(5,400)	
Cincinnati Bell Inc.	(50,000)	835,000
Citigroup Inc.	(100,000)	160,000
CNH Global NV	(6,600)	20,000
Coca-Cola Hellenic Bottling Co. SA	(20,000)	
Cochlear Ltd.	(7,000)	
Compagnie Financiere Richemont SA, Cl. A	(35,000)	
Covidien Ltd. (b)	(20,000)	
CRH plc	(30,000)	
Diageo plc	(40,000)	
Earl Scheib Inc. (h)	(82,500)	
Experian plc	(7,000)	
Fanuc Ltd.	(6,200)	
Galp Energia SGPS SA, Cl. B	(16,000)	
General Motors Corp.	(230,000)	
GlaxoSmithKline plc	(18,000)	
Great Plains Energy Inc.	(4,480)	68,000
Harmony Gold Mining Co. Ltd., ADR	(25,000)	
Heineken NV	(12,000)	36,000
Hennes & Mauritz AB, Cl. B	(10,000)	
Impala Platinum Holdings Ltd.	(20,000)	
Imperial Oil Ltd.	(13,100)	
Japan Tobacco Inc.	(100)	
Jardine Matheson Holdings Ltd.	(26,000)	12,000
Keyence Corp.	(2,992)	
Meiji Seika Kaisha Ltd. (d)	(10,000)	

See accompanying notes to financial statements.

**THE GABELLI EQUITY TRUST INC.**  
**PORTFOLIO CHANGES (Continued)**  
**Quarter Ended June 30, 2009 (Unaudited)**

	<b>Shares</b>	<b>Ownership at June 30, 2009</b>
<b>NET SALES (Continued)</b>		
<b>Common Stocks (Continued)</b>		
Mitsui & Co. Ltd.	(25,000)	
Nestlé SA	(14,000)	25,000
Novartis AG	(11,000)	
Orascom Telecom Holding SAE, GDR	(12,000)	
PepsiAmericas Inc.	(10,000)	540,000
PepsiCo Inc.	(5,000)	140,000
Pernod-Ricard SA	(413)	50,587
Petroleo Brasileiro SA, ADR	(17,450)	3,500
Rio Tinto plc	(20,000)	
Roche Holding AG	(6,000)	
Rollins Inc.	(5,000)	1,049,600
Saipem SpA	(25,000)	
Sanofi-Aventis	(4,000)	
Schroders plc	(36,000)	
Seat Pagine Gialle SpA	(1)	332
Secom Co. Ltd.	(10,000)	
SMC Corp.	(3,400)	
Smith & Nephew plc	(40,000)	
Square Enix Holdings Co. Ltd.	(10,300)	
Standard Chartered plc	(32,000)	
State Street Corp.	(10,000)	130,000
Straumann Holding AG	(1,500)	
Swedish Match AB	(25,000)	975,000
Swire Pacific Ltd., Cl. A	(35,200)	
Syngenta AG	(3,000)	
Synthes Inc.	(4,000)	
Takeda Pharmaceutical Co. Ltd.	(10,000)	
Technip SA	(6,000)	
Tele2 AB, Cl. B	(23,000)	
Tesco plc	(60,000)	
The Fairchild Corp., Cl. A	(7,100)	132,900
The Swatch Group AG	(15,000)	
Time Warner Inc.	(1)	300,000
Tokai Carbon Co. Ltd.	(52,000)	
Toll Holdings Ltd.	(26,000)	
Total SA	(8,000)	
Tullow Oil plc	(5,000)	
Tyco Electronics Ltd. (f)	(62,000)	
Vivendi (i)	(7,424)	400,576
William Demant Holding A/S	(5,000)	66,000

Woolworths Ltd.	(30,000)
Xstrata plc	(152,298)
Yahoo! Japan Corp.	(1,000)

**Warrants**

CRH plc, expire 04/09/09	(17,714)
Seat Pagine Gialle SpA, expire 04/17/09	(333)

(a) Stock Dividend  
0.0540275049  
share for every  
1 share held.

(b) Exchange 1  
share of  
Covidien plc  
(G2554F105)  
for every 1  
share of  
Covidien Ltd.  
(G2552X108)  
held.

(c) Stock Dividend  
0.037453 share  
for every 1  
share held.

(d) Merger 0.1  
share of MEIJI  
Holdings Co.  
Ltd.  
(B60DQV3) for  
every share of  
Meiji Seika  
Kaisha Ltd.  
(6576185) held.

(e) Stock Dividend  
85.8 shares of  
Rolls-Royce  
Group plc, Cl. C  
for every 1  
share of  
Rolls-Royce  
Group plc held.

(f) Exchange 1  
share of Tyco  
Electronics Ltd.  
(H8912P106)

for every 1  
share of Tyco  
Electronics Ltd.  
(G9144P105)  
held.

- (g) Tender Offer  
\$21.52962 for  
every 1 share  
held.
- (h) Merger \$2 for  
every 1 share  
held.
- (i) Stock Dividend  
0.0823529411  
share for every  
1 share held.

See accompanying notes to financial statements.

**THE GABELLI EQUITY TRUST INC.**  
**SCHEDULE OF INVESTMENTS**  
**June 30, 2009 (Unaudited)**

Shares		Cost	Market Value
	<b>COMMON STOCKS 95.8%</b>		
	<b>Food and Beverage 11.9%</b>		
32,000	Brown-Forman Corp., Cl. A	\$ 1,556,972	\$ 1,475,520
6,250	Brown-Forman Corp., Cl. B	410,925	268,625
120,000	Cadbury plc, ADR	5,698,877	4,128,000
70,000	Campbell Soup Co.	1,928,257	2,059,400
50,000	China Mengniu Dairy Co. Ltd.	138,064	116,515
15,000	Coca-Cola Enterprises Inc.	275,289	249,750
100,000	Constellation Brands Inc., Cl. A	1,264,244	1,268,000
45,000	Corn Products International Inc.	633,413	1,205,550
249,374	Danone	11,966,513	12,307,239
300,000	Davide Campari - Milano SpA	3,120,039	2,400,993
190,000	Dean Foods Co.	4,074,416	3,646,100
60,000	Del Monte Foods Co.	564,374	562,800
204,000	Diageo plc, ADR	8,526,541	11,679,000
120,000	Dr. Pepper Snapple Group Inc.	2,970,121	2,542,800
70,000	Flowers Foods Inc.	519,947	1,528,800
97,000	Fomento Economico Mexicano SAB de CV, ADR	1,332,725	3,127,280
25,000	General Mills Inc.	1,213,148	1,400,500
775,000	Grupo Bimbo SAB de CV, Cl. A	2,221,581	4,119,758
100,000	H.J. Heinz Co.	3,532,093	3,570,000
36,000	Heineken NV	1,682,918	1,335,297
140,000	ITO EN Ltd.	3,303,844	1,992,422
60,000	ITO EN Ltd., Preference	1,329,644	519,437
16,000	Kellogg Co.	574,418	745,120
68,000	Kerry Group plc, Cl. A	781,198	1,540,620
100,000	Kraft Foods Inc., Cl. A	3,162,392	2,534,000
11,500	LVMH Moet Hennessy Louis Vuitton SA	397,547	877,629
1,000	MEIJI Holdings Co. Ltd.	50,608	40,276
70,000	Morinaga Milk Industry Co. Ltd.	299,202	268,853
25,000	Nestlé SA	513,610	941,512
540,000	PepsiAmericas Inc.	10,149,558	14,477,400
140,000	PepsiCo Inc.	6,758,454	7,694,400
50,587	Pernod-Ricard SA	4,578,387	3,184,264
64,000	Ralcorp Holdings Inc.	1,243,785	3,898,880
37,000	Remy Cointreau SA	2,143,700	1,339,169
350,000	Sara Lee Corp.	5,433,461	3,416,000
75,000	The Coca-Cola Co.	3,336,186	3,599,250
20,000	The Hain Celestial Group Inc.	267,663	312,200
70,000	The Hershey Co.	2,941,476	2,520,000
2,000	The J.M. Smucker Co.	52,993	97,320
125,660	Tootsie Roll Industries Inc.	1,558,589	2,851,225
140,000	Tyson Foods Inc., Cl. A	1,805,240	1,765,400

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400,000	YAKULT HONSHA Co. Ltd.	11,239,379	7,648,311
		115,551,791	121,255,615
	<b>Financial Services 8.6%</b>		
540,000	American Express Co.	25,543,388	12,549,600
100,000	American International Group Inc.	327,750	116,000
6,000	Ameriprise Financial Inc.	174,632	145,620
19,452	Argo Group International Holdings Ltd.	752,879	548,935
90,000	Banco Santander SA, ADR	322,130	1,089,000
134	Berkshire Hathaway Inc., Cl. A	393,177	12,060,000
10,000	Calamos Asset Management Inc., Cl. A	155,620	141,100
160,000	Citigroup Inc.	1,388,170	475,200
140,000	Commerzbank AG, ADR	2,650,900	887,600
146,000	Deutsche Bank AG	11,783,543	8,906,000
50,000	Federal National Mortgage Association	49,750	29,000
20,000	Fortress Investment Group LLC, Cl. A	176,151	68,400
20,000	H&R Block Inc.	329,930	344,600
25,000	Interactive Brokers Group Inc., Cl. A	687,185	388,250
210,000	Janus Capital Group Inc.	3,589,340	2,394,000
70,088	JPMorgan Chase & Co.	2,006,316	2,390,702
220,000	Legg Mason Inc.	6,820,193	5,363,600
132,000	Leucadia National Corp.	1,652,339	2,783,880
5,000	Loews Corp.	183,078	137,000
260,000	Marsh & McLennan Companies Inc.	8,004,551	5,233,800
65,000	Moody's Corp.	3,235,338	1,712,750
22,000	Och-Ziff Capital Management Group LLC, Cl. A	214,559	196,020
2,500	Prudential Financial Inc.	68,750	93,050
130,000	State Street Corp.	4,547,559	6,136,000
20,000	SunTrust Banks Inc.	419,333	329,000
150,000	T. Rowe Price Group Inc.	4,610,820	6,250,500
5,000	The Allstate Corp.	209,064	122,000
160,038	The Bank of New York Mellon Corp.	5,421,388	4,690,714
10,000	The Blackstone Group LP	156,323	105,400

See accompanying notes to financial statements.

**THE GABELLI EQUITY TRUST INC.**  
**SCHEDULE OF INVESTMENTS (Continued)**  
**June 30, 2009 (Unaudited)**

<b>Shares</b>		<b>Cost</b>	<b>Market Value</b>
	<b>COMMON STOCKS (Continued)</b>		
	<b>Financial Services (Continued)</b>		
43,000	The Charles Schwab Corp.	\$ 628,338	\$ 754,220
15,000	The Dun & Bradstreet Corp.	353,346	1,218,150
115,000	The Phoenix Companies Inc.	1,529,476	192,050
3,000	The Travelers Companies Inc.	113,277	123,120
100,000	Waddell & Reed Financial Inc., Cl. A	2,058,579	2,637,000
299,910	Wells Fargo & Co.	8,981,504	7,275,817
		99,538,676	87,888,078