GABELLI EQUITY TRUST INC
Form 497
September 25, 2012
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PROSPECTUS SUPPLEMENT
(To Prospectus dated May 31, 2012)

Filed Pursuant to Rule 497(c)
Registration Statement No. 333-173819

$105,000,000

4,200,000 Shares 5.00% Series H Cumulative Preferred Stock

(Liquidation Preference $25.00 per share)

The Gabelli Equity Trust Inc. (the Fund, we, us or our) is offering 4,200,000 shares of 5.00% Series H Cumulative Preferred Stock (the Series H Preferred Share The Series H Preferred Shares will constitute a separate series of the Fund s preferred shares. Investors in Series H Preferred Shares will be entitled to receive cumulative cash dividends at a rate of 5.00% per annum. Dividends and distributions on Series H Preferred Shares will be payable quarterly on March 26, June 26, September 26 and December 26 in each year commencing on December 26, 2012.

The Series H Preferred Shares are redeemable at our option on or after September 28, 2017, and are subject to mandatory redemption by us in certain circumstances.

The Fund is a non-diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund s primary investment objective is to achieve long-term growth of capital by investing primarily in a portfolio of equity securities consisting of common stock, preferred stock, convertible or exchangeable securities and warrants and rights to purchase such securities. Income is a secondary investment objective. The Fund s investment adviser is Gabelli Funds, LLC (the Investment Adviser).

Shares of our common stock are listed on the New York Stock Exchange (NYSE) under the symbol GAB. On September 24, 2012, the last reported net asset value per share of our common stock was $5.64 and the last reported sales price per share of our common stock on the NYSE was $5.78. Shares of our 5.875% Series D Cumulative Preferred Stock (the Series D Preferred Shares), our 6.20% Series F Cumulative Preferred Stock (the Series F Preferred Shares), and our Series G Cumulative Preferred Stock (the Series G Preferred Shares) are traded on the NYSE under the symbol GAB PrD, GAB PrF, and GAB PrG, respectively. O September 24, 2012, the last reported sales prices per share of Series D Preferred Shares, Series F Preferred Shares, and Series G Preferred Shares on the NYSE were $25.92, $25.50, and $26.40, respectively. Our Series C Auction Rate Cumulative Preferred Stock (the Series C Preferred Shares) and our Series E Auction Rate Cumulative Preferred Stock (the Series E Preferred Shares) are not traded on a stock exchange.

Application has been made to list the Series H Preferred Shares on the NYSE. The Series H Preferred Shares are expected to commence trading on the NYSE within thirty days of the date of issuance.

An investment in the Fund is not appropriate for all investors. We cannot assure you that the Fund s investment objectives will be achieved. You should read this Prospectus Supplement and the accompanying Prospectus before deciding whether to invest in Series H Preferred Shares and retain it for future reference. The Prospectus Supplement and the accompanying Prospectus contain important information about us. Material that has been incorporated by reference and other information about us can be obtained from us by calling 800-GABELLI (422-3554) or from the Securities and Exchange Commission s (SEC) website (http://www.sec.gov).

Investing in Series H Preferred Shares involves certain risks that are described in the Special Characteristics and Risks of the Series H Preferred Shares section of this Prospectus Supplement and the Risk Factors and Special Considerations section beginning on page 19 of the accompanying Prospectus.

Neither the SEC nor any state securities commission has approved or disapproved these securities or determined if this Prospectus Supplement is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$25.00	$105,000,000
Underwriting discounts and commissions	$0.7875	$3,307,500
Proceeds, before expenses, to the Fund [1]	$24.2125	$101,692,500

(1) The aggregate expenses of the offering (excluding underwriting discounts and commissions) are estimated to be $525,000, which represents approximately $0.003 per common share.

The Underwriters are expected to deliver the Series H Preferred Shares in book-entry form through the Depository Trust Company on or about September 28, 2012.

BofA Merrill Lynch

Gabelli & Company, Inc. **Oppenheimer & Co.** **RBC Capital Markets**

The date of this Prospectus Supplement is September 24, 2012

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You should rely only on the information contained or incorporated by reference in this Prospectus Supplement and the accompanying Prospectus. Neither the Fund nor the underwriters have authorized anyone to provide you with different information. The Fund is not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this Prospectus Supplement and the accompanying Prospectus is accurate as of any date other than the date of this Prospectus Supplement and the accompanying Prospectus, respectively. Our business, financial condition, results of operations and prospects may have changed since those dates. In this Prospectus Supplement and in the accompanying Prospectus, unless otherwise indicated, Fund, us, our and we refer to The Gabelli Equity Trust Inc.

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Prospectus Supplement

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CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement, the accompanying Prospectus and the Statement of Additional Information contain forward-looking statements. Forward-looking statements can be identified by the words may, will, intend, expect, estimate, continue, plan, anticipate, and sim the negative of such terms. Such forward-looking statements may be contained in this Prospectus Supplement as well as in the accompanying Prospectus. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect our actual results are the performance of the portfolio of securities we hold, the price at which our shares will trade in the public markets and other factors discussed in our periodic filings with the SEC.

Although we believe that the expectations expressed in our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in the Risk Factors and Special Considerations section of the accompanying Prospectus and Special Characteristics and Risks of the Series H Preferred Shares in this Prospectus Supplement. All forward-looking statements contained or incorporated by reference in this Prospectus Supplement or the accompanying Prospectus are made as of the date of this Prospectus Supplement or the accompanying Prospectus, as the case may be. Except for our ongoing obligations under the federal securities laws, we do not intend, and we undertake no obligation, to update any forward-looking statement. The forward-looking statements contained in this Prospectus Supplement, the accompanying Prospectus and the Statement of Additional Information are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended (the Securities Act).

Currently known risk factors that could cause actual results to differ materially from our expectations include, but are not limited to, the factors described in the Risk Factors and Special Considerations section of the accompanying Prospectus as well as in the Special Characteristics and Risks of the Series H Preferred Shares section of this Prospectus Supplement. We urge you to review carefully those sections for a more detailed discussion of the risks of an investment in the Series H Preferred Shares.

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SUMMARY OF THE TERMS OF THE SERIES H PREFERRED SHARES

The Fund	The Gabelli Equity Trust Inc. (the Fund) is a non-diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund s primary investment objective is to achieve long-term growth of capital by investing primarily in a portfolio of equity securities consisting of common stock, preferred stock, convertible or exchangeable securities, and warrants and rights to purchase such securities. Income is a secondary investment objective. The Fund s investment adviser is Gabelli Funds, LLC (the Investment Adviser). The Fund was organized as a Maryland corporation on May 20, 1986 and commenced its investment operations on August 21, 1986. Shares of our common stock are traded on the New York Stock Exchange (the NYSE) under the symbol GAB.
Securities Offered	4,200,000 shares of 5.00% Series H Cumulative Preferred Stock (the Series H Preferred Shares). Series H Preferred Shares shall constitute a separate series of preferred stock of the Fund.
Dividend Rate	Dividends and distributions on Series H Preferred Shares are cumulative from their original issue date at the annual rate of 5.00%.
Dividend Payment Date	Holders of Series H Preferred Shares shall be entitled to receive, when, as and if declared by, or under authority granted by, the Board of Directors, out of funds legally available therefor, cumulative cash dividends and distributions. Dividends and distributions will be paid quarterly on March 26, June 26, September 26, and December 26 in each year, commencing on December 26, 2012.
Liquidation Preference	$25.00 per share.
Use of Proceeds	The Fund expects to use the proceeds of the offering of the Series H Preferred Shares to redeem the outstanding shares of its 6.20% Series F Cumulative Preferred Stock (the Series F Preferred Shares). Amounts in excess of the redemption amount for all outstanding Series F Preferred Shares may be used to call other existing series of preferred stock of the Fund or for investment purposes consistent with the investment objectives of the Fund.
	The Investment Adviser anticipates that any investment of the proceeds will be made in accordance with the Fund s investment objectives and policies as appropriate investment opportunities are identified, which is expected to be substantially completed in approximately three months; however, the identification of appropriate investment opportunities pursuant to the Fund s investment style or changes in market conditions may cause the investment period to extend as long as six months.
	Pending such redemption and/or investment, the proceeds will be held in high quality short-term debt securities and similar instruments. *See Use of Proceeds.*

Non-Call Period/Redemption

The Series H Preferred Shares generally may not be called for redemption at the option of the Fund prior to September 28, 2017. The Fund reserves the right, however, to redeem the Series H Preferred Shares at any time if it is necessary, in the judgment of the Board of Directors, to meet tax, regulatory or rating agency asset coverage requirements.

Commencing September 28, 2017, and thereafter, to the extent permitted by the 1940 Act and Maryland law, the Fund may at any time, upon notice of redemption, redeem the Series H Preferred Shares in whole or in part at the liquidation preference per share plus accumulated unpaid dividends through the date of redemption.

Stock Exchange Listing

Application has been made to list the Series H Preferred Shares on the NYSE. Prior to the offering, there has been no public market for Series H Preferred Shares. It is anticipated that trading on the NYSE will begin within thirty days from the date of this Prospectus Supplement. During such period, the underwriters do not intend to make a market in Series H Preferred Shares. Consequently, it is anticipated that, prior to the commencement of trading on the NYSE, an investment in Series H Preferred Shares will be illiquid.

Taxation/ERISA

The Fund expects that distributions made on the Series H Preferred Shares will consist of (i) long-term capital gain (gain from the sale of a capital asset held longer than 12 months), (ii) qualified dividend income (dividend income from certain domestic and foreign corporations, provided certain holding period and other requirements are met by both the Fund and the shareholder), and (iii) investment company taxable income (other than qualified dividend income, including interest income, short-term capital gain and income from certain hedging and interest rate transactions). For individuals, the maximum federal income tax rate on long-term capital gain is currently 15%, on qualified dividend income is 15%, and on ordinary income (such as distributions from investment company taxable income that are not eligible for treatment as qualified dividend income) is currently 35%. These tax rates are scheduled to apply through the end of 2012, after which the maximum federal income tax rates on long-term capital gain and ordinary income are scheduled to increase to 20% and 39.6%, respectively, and qualified dividend income will no longer be subject to reduced tax rates (instead, it will be taxed at ordinary income rates). We cannot assure you, however, as to what percentage of future distributions made on the Series H Preferred Shares will consist of long-term capital gain, which is currently taxed at lower rates for individuals than ordinary income, and qualified dividend income, which is currently eligible to be taxed at the lower long-term capital gain rates. *See Taxation and Employee Benefit Plan and IRA Considerations.*

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DESCRIPTION OF THE SERIES H PREFERRED SHARES

The following is a brief description of the terms of the Series H Preferred Shares. This is not a complete description and is subject to and entirely qualified by reference to the Fund s Articles Supplementary creating and fixing the rights of the Series H Preferred Shares (the Articles). The Articles are attached as an exhibit to post-effective amendment number 4 to the Fund s registration statement. Copies may be obtained as described under Additional Information in the accompanying Prospectus. Any capitalized terms in this section and the Special Characteristics and Risks of the Series H Preferred Shares section of this Prospectus Supplement that are not defined have the meaning assigned to them in the Articles.

The Fund s charter (the Charter) authorizes its Board of Directors to reclassify any authorized but unissued shares of the Fund s capital stock, $0.001 par value per share, without the approval of common stockholders. The Articles authorize the issuance of up to 4,200,000 Series H Preferred Shares. All Series H Preferred Shares will have a liquidation preference of $25.00 per share. Holders of Series H Preferred Shares shall be entitled to receive cumulative cash dividends and distributions at the rate of 5.00% per annum (computed on the basis of a 360-day year consisting of twelve 30-day months) of the $25.00 liquidation preference on the Series H Preferred Shares. Dividends and distributions on Series H Preferred Shares will accumulate from the date of their original issue, which is September 28, 2012.

The Series H Preferred Shares, when issued by the Fund and paid for pursuant to the terms of this Prospectus Supplement and the accompanying Prospectus, will be fully paid and non-assessable and will have no preemptive, exchange or conversion rights. Any Series H Preferred Shares purchased or redeemed by the Fund will be classified as authorized and unissued Series H Preferred Shares. The Board of Directors may by resolution classify or reclassify any authorized and unissued Series H Preferred Shares from time to time by setting or changing the preferences, rights, voting powers, restrictions, limitations as to dividends and distributions, qualifications or terms or conditions of redemption of such shares.

USE OF PROCEEDS

We estimate the total net proceeds of the offering to be $101,167,500 based on the public offering price of $25.00 per share and after deduction of the underwriting discounts and commissions and estimated offering expenses payable by the Fund.

The Fund expects to use the proceeds of the offering of the Series H Preferred Shares to redeem the outstanding Series F Preferred Shares. Amounts in excess of the redemption amount for all outstanding Series F Preferred Shares may be used to call other existing series of preferred stock of the Fund or for investment purposes consistent with the investment objectives of the Fund.

The Investment Adviser anticipates that any investment of the proceeds will be made in accordance with the Fund s investment objectives and policies as appropriate investment opportunities are identified, which is expected to be substantially completed in approximately three months; however, the identification of appropriate investment opportunities pursuant to the Fund s investment style or changes in market conditions may cause the investment period to extend as long as six months. Pending such investment, the proceeds will be held in high quality short-term debt securities and similar instruments.

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CAPITALIZATION

The following table sets forth (i) the unaudited capitalization of the Fund as of June 30, 2012, (ii) the unaudited adjusted capitalization of the Fund as of the date of this Prospectus Supplement reflecting certain rights and stock offerings consummated after June 30, 2012 and (iii) the unaudited further adjusted capitalization of the Fund assuming the issuance of the Series H Preferred Shares offered in this Prospectus Supplement and the use of proceeds thereof.

	Actual	As adjusted	As further adjusted*
Preferred shares, $0.001 par value per share. (The Actual column reflects the Fund s outstanding capitalization as of June 30, 2012; the As adjusted column reflects the Fund s outstanding capitalization as of the date of this Prospectus Supplement, giving effect to certain rights and stock offerings consummated after June 30, 2012; and the As further adjusted column assumes the issuance of 4,200,000 Series H Preferred Shares at $25 liquidation preference per share)*	$ 305,356,550	$ 358,214,825	$ 463,214,825
Shareholders equity applicable to common shares:			
Common shares, $0.001 par value per share; 186,201,454 shares outstanding	186,201	186,201	186,201
Paid-in surplus**	613,893,894	613,392,894	609,560,394
Accumulated net investment income	490,195	490,195	490,195
Accumulated net realized loss on investments, futures contracts and foreign currency transactions	(83,508,067)	(83,508,067)	(83,508,067)
Net unrealized appreciation on investments and foreign currency translations	456,753,368	456,753,368	456,753,368
Net assets applicable to common shares	987,815,591	987,314,591	983,482,091
Liquidation preference of preferred shares	305,356,550	358,214,825	463,214,825
Net assets, plus the liquidation preference of preferred shares	1,293,172,141	1,345,529,416	1,446,696,916

* On September 26, 2012, 2,120,000 Series F Preferred Shares will be redeemed at a liquidation preference of $25 per share.

** As adjusted paid-in surplus reflects a deduction for the estimated solicitation fees of $151,000 and estimated offering costs of $350,000 for the Series G Preferred Shares, and as further adjusted paid-in surplus reflects a deduction for the estimated solicitation fees and underwriting discounts of $3,458,500 and estimated offering costs of $875,000 for the Series G Preferred Shares and the Series H Preferred Shares.

For financial reporting purposes, the Fund is required to deduct the liquidation preference of its outstanding preferred shares from net assets, so long as the senior securities have redemption features that are not solely within the control of the Fund. For all regulatory purposes, shares of the Fund s preferred stock will be treated as equity (rather than debt).

ASSET COVERAGE RATIO

Pursuant to the 1940 Act, the Fund generally will not be permitted to declare any dividend, or declare any other distribution, upon any outstanding shares of common stock, or purchase any such common stock, unless, in every such case, all shares of preferred stock issued by the Fund have at the time of declaration of any such dividend or distribution or at the time of any such purchase an asset coverage of at least 200% (1940 Act Asset Coverage Requirement) after deducting the amount of such dividend, distribution, or purchase price, as the case may be. As of the date of this Prospectus Supplement, all of the Fund s outstanding shares of preferred stock are expected to have asset coverage on the date of issuance of the Series H Preferred Shares of approximately 312%.

In addition to the 1940 Act Asset Coverage Requirement, the Fund is subject to certain restrictions on investments imposed by guidelines of one or more rating agencies, which have issued ratings for certain of the preferred shares and may issue a rating for the Series H Preferred Shares.

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SPECIAL CHARACTERISTICS AND RISKS OF THE SERIES H PREFERRED SHARES

Dividends

Holders of Series H Preferred Shares shall be entitled to receive cumulative cash dividends and distributions at the rate of 5.00% per annum (computed on the basis of a 360-day year consisting of twelve 30-day months) of the $25.00 liquidation preference on the Series H Preferred Shares. Dividends and distributions on Series H Preferred Shares will accumulate from the date of their original issue, which is September 28, 2012.

Dividends and distributions will be payable quarterly on March 26, June 26, September 26 and December 26 in each year (each a Dividend Payment Date) commencing on December 26, 2012 (or, if any such day is not a business day, then on the next succeeding business day) to holders of record of Series H Preferred Shares as they appear on the stock register of the Fund at the close of business on the fifth preceding business day. Dividends and distributions on Series H Preferred Shares shall accumulate from the date on which the shares are originally issued. Each period beginning on and including a Dividend Payment Date (or the date of original issue, in the case of the first dividend period after issuance of the Series H Preferred Shares) and ending on but excluding the next succeeding Dividend Payment Date is referred to herein as a Dividend Period. Dividends and distributions on account of arrears for any past Dividend Period or in connection with the redemption of Series H Preferred Shares may be declared and paid at any time, without reference to any Dividend Payment Date, to holders of record on such date as shall be fixed by the Board of Directors.

No full dividends or distributions will be declared or paid on Series H Preferred Shares for any Dividend Period or part thereof unless full cumulative dividends and distributions due through the most recent Dividend Payment Dates therefor for all series of preferred stock of the Fund ranking on a parity with the Series H Preferred Shares as to the payment of dividends and distributions have been or contemporaneously are declared and paid through the most recent Dividend Payment Dates therefor. If full cumulative dividends and distributions due have not been paid on all outstanding shares of the Fund s preferred stock, any dividends and distributions being paid on such shares of preferred stock (including the Series H Preferred Shares) will be paid as nearly pro rata as possible in proportion to the respective amounts of dividends and distributions accumulated but unpaid on each such series of preferred stock on the relevant Dividend Payment Date.

Restrictions on Dividend, Redemption and Other Payments. Under the 1940 Act, the Fund is not permitted to issue preferred stock (such as the Series H Preferred Shares) unless immediately after such issuance the Fund will have an asset coverage of at least 200% (or such other percentage as may in the future be specified in or under the 1940 Act as the minimum asset coverage for senior securities representing stock of a closed-end investment company as a condition of declaring distributions, purchases or redemptions of its shares). In general, the term asset coverage for this purpose means the ratio the value of the total assets of the Fund, less all liabilities and indebtedness not represented by senior securities, bears to the aggregate amount of senior securities representing indebtedness of the Fund plus the aggregate of the involuntary liquidation preference of the preferred shares. The involuntary liquidation preference refers to the amount to which the preferred shares would be entitled on the involuntary liquidation of the Fund in preference to a security junior to them. The Fund also is not permitted to declare any cash dividend or other distribution on its common stock or purchase its common stock unless, at the time of such declaration or purchase, the Fund satisfies this 200% asset coverage requirement after deducting the amount of the distribution or purchase price, as applicable.

In addition, the Fund may be limited in its ability to declare any cash distribution on its capital stock (including the Series H Preferred Shares) or purchase its capital stock (including the Series H Preferred Shares) unless, at the time of such declaration or purchase, the Fund has an asset coverage on its indebtedness, if any, of at least 300% after deducting the amount of such distribution or purchase price, as applicable. The 1940 Act contains an exception, however, that permits dividends to be declared upon any preferred stock issued by the Fund (including the Series H Preferred Shares) if the Fund s indebtedness has an asset coverage of at least 200% at the time of declaration after deducting the amount of the dividend. In general, the term asset coverage for

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this purpose means the ratio which the value of the total assets of the Fund, less all liabilities and indebtedness not represented by senior securities, bears to the aggregate amount of senior securities representing indebtedness of the Fund.

The term senior security does not include any promissory note or other evidence of indebtedness in any case where such a loan is for temporary purposes only and in an amount not exceeding 5% of the value of the total assets of the Fund at the time when the loan is made. A loan is presumed under the 1940 Act to be for temporary purposes if it is repaid within 60 days and is not extended or renewed; otherwise it is presumed not to be for temporary purposes. For purposes of determining whether the 200% and 300% asset coverage requirements described above apply in connection with dividends or distributions on or purchases or redemptions of Series H Preferred Shares, the asset coverages may be calculated on the basis of values calculated as of a time within 48 hours (not including Sundays or holidays) next preceding the time of the applicable determination.

Voting Rights

Except as otherwise provided in the Fund s governing documents or a resolution of the Board of Directors or its delegatee, or as required by applicable law, holders of Series H Preferred Shares shall have no power to vote on any matter except matters submitted to a vote of the Fund s shares of common stock. In any matter submitted to a vote of the holders of the shares of common stock, each holder of Series H Preferred Shares shall be entitled to one vote for each Series H Preferred Share held and the holders of all outstanding shares of preferred stock, including Series H Preferred Shares, and the shares of common stock shall vote together as a single class; provided, however, that at any meeting of the stockholders of the Fund held for the election of Directors, the holders of the outstanding shares of preferred stock, including Series H Preferred Shares, shall be entitled, as a class, to the exclusion of the holders of all other classes of capital stock of the Fund, to elect a number of Fund directors, such that following the election of directors at the meeting of the stockholders, the Fund s Board of Directors shall contain two directors elected by the holders of the outstanding shares of preferred stock, including the Series H Preferred Shares.

During any period in which any one or more of the conditions described below shall exist (such period being referred to herein as a Voting Period), the number of directors constituting the Board of Directors shall be increased by the smallest number of additional directors that, when added to the two directors elected exclusively by the holders of outstanding shares of preferred stock, would constitute a simple majority of the Board of Directors as so increased by such smallest number, and the holders of outstanding shares of preferred stock, including the Series H Preferred Shares, voting separately as one class (to the exclusion of the holders of all other classes of capital stock of the Fund) shall be entitled to elect such smallest number of additional directors. The Fund and the Board of Directors shall take all necessary actions, including amending the Fund s governing documents, to effect an increase in the number of directors as described in the preceding sentence. A Voting Period shall commence:

(i) if at any time accumulated dividends and distributions on the outstanding Series H Preferred Shares equal to at least two full years dividends and distributions shall be due and unpaid; or

(ii) if at any time holders of any other shares of preferred stock are entitled to elect a majority of the Directors of the Fund under the 1940 Act or articles supplementary or other instrument creating such shares.

Redemption

Mandatory Redemption. Under certain circumstances, the Series H Preferred Shares will be subject to mandatory redemption by the Fund out of funds legally available therefor in accordance with the Articles and applicable law.

If the Fund fails to have asset coverage, as determined in accordance with Section 18(h) of the 1940 Act, of at least 200% with respect to all outstanding senior securities of the Fund which are stock, including all outstanding Series H Preferred Shares (or such other asset coverage as may in the future be specified in or under the 1940 Act as the minimum asset coverage for senior securities which are stock of a closed-end investment company as a condition of declaring dividends on its common stock), and such failure is not cured as of the cure date specified in the Articles, (i) the Fund shall give a notice of redemption with respect to the redemption of a sufficient number of preferred shares, which at the Fund s determination (to the extent permitted by the 1940 Act and Maryland law) may include any proportion of Series H Preferred Shares, to enable it to meet the asset coverage requirements, and, at the Fund s discretion, such additional number of Series H Preferred Shares or other preferred stock in order for the Fund to have asset coverage with respect to the Series H Preferred Shares and any other preferred stock remaining outstanding after such redemption as great as 210%, and (ii) deposit an amount with Computershare Trust Company, N.A., and its successors or any other dividend-disbursing agent appointed by the Fund, having an initial combined value sufficient to effect the redemption of the Series H Preferred Shares or other preferred stock to be redeemed.

On such cure date, the Fund shall redeem, out of funds legally available therefor, the number of preferred shares, which, to the extent permitted by the 1940 Act and Maryland law, at the option of the Fund may include any proportion of Series H Preferred Shares or any other series of preferred stock, equal to the minimum number of shares the redemption of which, if such redemption had occurred immediately prior to the opening of business on such cure date, would have resulted in the Fund having asset coverage immediately prior to the opening of business on such cure date in compliance with the 1940 Act or, if asset coverage cannot be so restored, all of the outstanding Series H Preferred Shares, at a price equal to $25.00 per share plus accumulated but unpaid dividends and distributions (whether or not earned or declared by the Fund) through the date of redemption.

Optional Redemption. Prior to September 28, 2017, the Series H Preferred Shares are not subject to optional redemption by the Fund unless the redemption is necessary, in the judgment of the Board of Directors, to maintain the Fund s status as a regulated investment company under Subchapter M of the Internal Revenue Code. Commencing September 28, 2017 and thereafter, to the extent permitted by the 1940 Act and Maryland law, the Fund may at any time upon notice redeem the Series H Preferred Shares in whole or in part at a price equal to the liquidation preference per share plus accumulated but unpaid dividends through the date of redemption.

Liquidation

In the event of any liquidation, dissolution or winding up of the affairs of the Fund, whether voluntary or involuntary, the holders of Series H Preferred Shares shall be entitled to receive out of the assets of the Fund available for distribution to stockholders, after satisfying claims of creditors but before any distribution or payment shall be made in respect of the Fund s common stock or any other stock of the Fund ranking junior to the Series H Preferred Shares as to liquidation payments, a liquidation distribution in the amount of $25.00 per share (the Liquidation Preference), plus an amount equal to all unpaid dividends and distributions accumulated to and including the date fixed for such distribution or payment (whether or not earned or declared by the Fund, but excluding interest thereon), and such holders shall be entitled to no further participation in any distribution or payment in connection with any such liquidation, dissolution or winding up of the Fund.

If, upon any liquidation, dissolution or winding up of the affairs of the Fund, whether voluntary or involuntary, the assets of the Fund available for distribution among the holders of all outstanding Series H Preferred Shares, and any other outstanding shares of a class or series of the Fund s preferred stock ranking on a parity with the Series H Preferred Shares as to payment upon liquidation, shall be insufficient to permit the payment in full to such holders of Series H Preferred Shares of the Liquidation Preference plus accumulated and unpaid dividends and distributions and the amounts due upon liquidation with respect to such other preferred stock of the Fund, then such available assets shall be distributed among the holders of Series H Preferred Shares and such other preferred stock of the Fund ratably in proportion to the respective preferential liquidation amounts to which they are entitled. Unless and until the Liquidation Preference plus accumulated and unpaid dividends and distributions has been paid in full to the holders of Series H Preferred Shares, no dividends or distributions will be made to holders of the Fund s common stock or any other stock of the Fund ranking junior to the Series H Preferred Shares as to liquidation.

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Stock Exchange Listing

Application has been made to list the Series H Preferred Shares on the NYSE. The Series H Preferred Shares are expected to commence trading on the NYSE within thirty days of the date of issuance.

Risks

Risk is inherent in all investing. Therefore, before investing in the Series H Preferred Shares you should consider the risks carefully. See Risk Factors and Special Considerations in the Prospectus. Primary risks associated with an investment in the Series H Preferred Shares include:

Market Price Risk. The market price for the Series H Preferred Shares will be influenced by changes in interest rates, the perceived credit quality of the Series H Preferred Shares and other factors, and may be higher or lower than the liquidation preference of the Series H Preferred Shares. There is currently no market for the Series H Preferred Shares.

Liquidity Risk. Currently, there is no public market for the Series H Preferred Shares. As noted above, an application has been made to list the Series H Preferred Shares on the NYSE. However, during an initial period which is not expected to exceed thirty days after the date of its issuance, the Series H Preferred Shares will not be listed on any securities exchange. During such period, the underwriters do not intend to make a market in the Series H Preferred Shares. No assurances can be provided that listing on any securities exchange or market making by the underwriters will result in the market for Series H Preferred Shares being liquid at any time.

Redemption Risk. The Fund may at any time redeem Series H Preferred Shares to the extent necessary to meet regulatory asset coverage requirements or requirements imposed by credit rating agencies. For example, if the value of the Fund s investment portfolio declines, thereby reducing the asset coverage for the Series H Preferred Shares, the Fund may be obligated under the terms of the Series H Preferred Shares to redeem some or all of the Series H Preferred Shares. In addition, commencing September 28, 2017, the Fund will be able to call the Series H Preferred Shares at the option of the Fund. Investors may not be able to reinvest the proceeds of any redemption in an investment providing the same or a higher dividend rate than that of the Series H Preferred Shares.

The Series H Preferred Shares are not a debt obligation of the Fund. The Series H Preferred Shares are junior in respect of distributions and liquidation preference to any indebtedness incurred by the Fund, and are of the same ranking as the distributions and liquidation preference of the Series C Preferred Shares, Series D Preferred Shares, Series E Preferred Shares, Series F Preferred Shares, and Series G Preferred Shares. Although unlikely, precipitous declines in the value of the Fund s assets could result in the Fund having insufficient assets to redeem all of the Series H Preferred Shares for the full redemption price.

Credit Rating Risk. The Fund is seeking a credit rating on the Series H Preferred Shares. Any credit rating that is issued on the Series H Preferred Shares could be reduced or withdrawn while an investor holds Series H Preferred Shares. A reduction or withdrawal of the credit rating would likely have an adverse effect on the market value of the Series H Preferred Shares. In addition, a credit rating does not eliminate or mitigate the risks of investing in the Series H Preferred Shares.

Distribution Risk. The Fund may not meet the asset coverage requirements or earn sufficient income from its investments to make distributions on the Series H Preferred Shares.

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TAXATION

Preferred Stock Distributions. In accordance with the Fund s Charter and as required by the 1940 Act, all preferred stock of the Fund must have the same seniority with respect to distributions. Accordingly, no full distribution will be declared or paid on any series of preferred stock of the Fund for any dividend period, or part thereof, unless full cumulative dividends and distributions due through the most recent dividend payment dates for all series of outstanding preferred stock of the Fund are declared and paid. If full cumulative distributions due have not been declared and made on all outstanding preferred stock of the Fund, any distributions on such preferred stock will be made as nearly pro rata as possible in proportion to the respective amounts of distributions accumulated but unmade on each such series of preferred stock on the relevant dividend payment date.

In the event that for any calendar year the total distributions on shares of the Fund s preferred stock exceed the Fund s current and accumulated earnings and profits allocable to such shares, the excess distributions will generally be treated as a tax-free return of capital (to the extent of the stockholder s tax basis in the shares). The amount treated as a tax-free return of capital will reduce a stockholder s adjusted tax basis in the preferred stock, thereby increasing the stockholder s potential taxable gain or reducing the potential taxable loss on the sale or redemption of the stock. The Fund did not make return of capital distributions to its preferred stockholders during the year ended December 31, 2011.

The Fund expects that distributions made on the Series H Preferred Shares will consist of (i) long-term capital gain (gain from the sale of a capital asset held longer than 12 months), (ii) qualified dividend income (dividend income from certain domestic and foreign corporations, provided certain holding period and other requirements are met by both the Fund and the shareholder), and (iii) investment company taxable income (other than qualified dividend income, including interest income, short-term capital gain and income from certain hedging and interest rate transactions). For individuals, the maximum federal income tax rate on long-term capital gain is currently 15%, on qualified dividend income is 15%, and on ordinary income (such as distributions from investment company taxable income that are not eligible for treatment as qualified dividend income) is currently 35%. These tax rates are scheduled to apply through the end of 2012, after which the maximum federal income tax rates on long-term capital gain and ordinary income are scheduled to increase to 20% and 39.6%, respectively, and qualified dividend income will no longer be subject to reduced tax rates (instead, it will be taxed at ordinary income rates). We cannot assure you, however, as to what percentage of future distributions made on the Series H Preferred Shares will consist of long-term capital gain, which is currently taxed at lower rates for individuals than ordinary income, and qualified dividend income, which is currently eligible to be taxed at the lower long-term capital gain rates.

In addition, the discussion of the Taxation of the Fund in the Fund s Statement of Additional Information is supplemented as follows:

In certain situations, the Fund may, for a taxable year, defer all or a portion of its net capital loss realized after October and its late-year ordinary loss (defined generally as the excess of (i) post-October foreign currency and passive foreign investment company (PFIC) mark-to-market losses, other post-October ordinary losses from the sale of property and other post-December ordinary losses over (ii) post-October foreign currency and PFIC mark-to-market gains, other post-October ordinary gains from the sale of property and other post-December ordinary income) until the next taxable year in computing its investment company taxable income and net capital gain, which will defer the recognition of such realized losses. Such deferrals and other rules regarding gains and losses realized after October (or December) may affect the tax character of stockholder distributions.

Please refer to the Taxation sections in the accompanying Prospectus and Statement of Additional Information for a description of additional consequences of investing in the shares of preferred stock of the Fund.

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EMPLOYEE BENEFIT PLAN AND IRA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the Series H Preferred Shares by employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (ERISA), plans, individual retirement accounts (IRAs) and other arrangements that are subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the Code), and entities whose underlying assets are considered to include plan assets of any such plan, account or arrangement (each, a Benefit Plan).

ERISA and the Code impose certain duties on persons who are fiduciaries of a Benefit Plan and prohibit certain transactions involving the assets of a Benefit Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such a Benefit Plan or the management or disposition of the assets of such a Benefit Plan, or who renders investment advice for a fee or other compensation to such a Benefit Plan, is generally considered to be a fiduciary of the Benefit Plan.

In considering an investment in the Series H Preferred Shares of a portion of the assets of any Benefit Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Benefit Plan and the applicable provisions of ERISA and Section 4975 of the Code relating to a fiduciary s duties to the Benefit Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA and the Code. The purchase of Series H Preferred Shares by a fiduciary for a Benefit Plan should be considered in light of such fiduciary requirements.

In addition, Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Benefit Plan and certain persons (referred to as parties in interest for purposes of ERISA and disqualified persons for purposes of the Code) having certain relationships to such Benefit Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a nonexempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code (or with respect to certain Benefit Plans, such as IRAs, a prohibited transaction may cause the Benefit Plan to lose its tax-exempt status). In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions (PTCEs) that may apply to the purchase of the Series H Preferred. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers, PTCE 84-24 governing purchases of shares in investment companies) and PTCE 75-1 respecting sales of securities. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code each provides a limited exemption, commonly referred to as the service provider exemption, from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions between a Benefit Plan and a person that is a party in interest and/or a disqualified person (other than a fiduciary or an affiliate that, directly or indirectly, has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of any Benefit Plan involved in the transaction) solely by reason of providing services to the Benefit Plan or by relationship to a service provider, provided that the Benefit Plan receives no less, nor pays no more, than adequate consideration. There can be no assurance that all of the conditions of any such exemptions or any other exemption will be satisfied at the time that the Series H Preferred Shares are acquired, or thereafter while the Series H Preferred Shares are held, if the facts relied upon for utilizing a prohibited transaction exemption change.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Series H Preferred Shares on behalf of, or with the assets of, any Benefit Plan, consult with their counsel regarding the potential applicability of ERISA and Section 4975 of the Code to such investment and whether an exemption would be applicable to the purchase of the Series H Preferred Shares.

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UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated is acting as representative of each of the underwriters named below. Subject to the terms and conditions set forth in a firm commitment underwriting agreement among the Fund, the Investment Adviser and the underwriters, the Fund has agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from the Fund, the number of Series H Preferred Shares set forth opposite its name below.

Underwriter	Number of Shares of Series H Preferred Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	3,546,000
Gabelli & Company, Inc.	360,000
Oppenheimer & Co. Inc.	63,000
RBC Capital Markets, LLC	63,000
Ameriprise Financial Services, Inc.	21,000
Janney Montgomery Scott LLC	21,000
Wedbush Securities Inc.	21,000
BB&T Capital Markets, a division of Scott & Stringfellow, LLC	10,500
C.L. King & Associates, Inc.	10,500
D.A. Davidson & Co.	10,500
Davenport & Company LLC	10,500
HRC Investment Services, Inc.	10,500
Keefe, Bruyette & Woods, Inc.	10,500
Maxim Group LLC	10,500
Robert W. Baird & Co. Incorporated	10,500
Southwest Securities, Inc.	10,500
William Blair & Company, L.L.C.	10,500
Total	4,200,000

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the Series H Preferred Shares sold under the underwriting agreement if any of the Series H Preferred Shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

The Fund and the Investment Adviser have each agreed to indemnify the underwriters and their controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the Series H Preferred Shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Series H Preferred Shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer s certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representative has advised us that the underwriters propose initially to offer the Series H Preferred Shares to the public at the public offering price set forth on the cover page of this Prospectus Supplement and to certain dealers at such price less a concession not in excess of $0.50 per share. After the initial offering, the public offering price, concession or any other term of the offering may be changed.

The expenses of the offering, not including the underwriting discount, are estimated at $525,000 and are payable by the Fund.

Application has been made to list the Series H Preferred Shares on the NYSE. Prior to the offering, there has been no public market for the Series H Preferred Shares. The Series H Preferred Shares are expected to commence trading on the NYSE within thirty days of the date of issuance. During such period, the underwriters do not intend to make a market in the Series H Preferred Shares. Consequently, it is anticipated that, prior to the commencement of trading on the NYSE, an investment in Series H Preferred Shares will be illiquid.

If a secondary trading market develops prior to the commencement of trading on the NYSE, holders of the Series H Preferred Shares may be able to sell such shares only at substantial discounts from the liquidation preference of the Series H Preferred Shares.

No Sales of Similar Securities

The Fund and the Investment Adviser have agreed that the Fund will not, for a period of 90 days from the date of this Prospectus Supplement, without the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated, directly or indirectly, issue, sell, offer to contract or grant any option to sell, pledge, transfer or otherwise dispose of, any of its preferred shares or securities exchangeable for or convertible into its preferred shares, except for the Series H Preferred Shares sold to the underwriters pursuant to the underwriting agreement.

Short Positions

In connection with the offering, the underwriters may purchase and sell Series H Preferred Shares in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of Series H Preferred Shares than they are required to purchase in the offering. The underwriters must close out any short position by purchasing Series H Preferred Shares in the open market. A short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Series H Preferred Shares in the open market after pricing that could adversely affect investors who purchase in the offering.

The underwriters may impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the representative repurchases Series H Preferred Shares originally sold by that syndicate member in order to cover syndicate short positions or make stabilizing purchases.

Similar to other purchase transactions, the underwriters purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the Series H Preferred Shares or preventing or retarding a decline in the market price of the Series H Preferred Shares. As a result, the price of the Series H Preferred Shares may be higher than the price that might otherwise exist in the open market.

None of the Fund, the Investment Adviser or any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the

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Series H Preferred Shares. In addition, none of the Fund, the Investment Adviser or any of the underwriters makes any representation that the representative will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Fund, the Investment Adviser or their respective affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Fund, the Investment Adviser or their respective affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Fund anticipates that, from time to time, certain underwriters may act as brokers or dealers in connection with the Fund s execution of the Fund s portfolio transactions after they have ceased to be underwriters and, subject to certain restrictions, may act as brokers while they are underwriters.

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Gabelli & Company, Inc. is a wholly-owned subsidiary of Gabelli Securities, Inc., which is a majority-owned subsidiary of the parent company of the Investment Adviser, which is, in turn, indirectly majority-owned by Mario J. Gabelli. As a result of these relationships, Mr. Gabelli may be deemed to be a controlling person of Gabelli & Company, Inc.

The principal business address of Merrill Lynch, Pierce, Fenner & Smith Incorporated is One Bryant Park, New York, New York 10036. The principal business address of Gabelli & Company, Inc. is One Corporate Center, Rye, New York 10580. The principal business address of Oppenheimer & Co., Inc. is 125 Broad Street, New York, New York 10004. The principal business address of RBC Capital Markets, LLC is 3 World Financial Center, 200 Vesey Street, 8th Floor, New York, New York 10281.

LEGAL MATTERS

Certain legal matters will be passed on by Willkie Farr & Gallagher LLP, New York, New York, counsel to the Fund in connection with the offering of the Series H Preferred Shares. Certain legal matters in connection with this offering will be passed upon for the underwriters by Simpson Thacher & Bartlett LLP. Willkie Farr & Gallagher LLP and Simpson Thacher & Bartlett LLP may rely as to certain matters of Maryland law on the opinion of Venable LLP.

FINANCIAL STATEMENTS

The Fund s unaudited financial statements for the period ended June 30, 2012 included below should be read in conjunction with the audited financial statements of the Fund and the Notes thereto included in the Annual Report to the Fund s stockholders for the fiscal year ended December 31, 2011. The audited financial statements of the Fund are incorporated by reference into this Prospectus Supplement, the accompanying Prospectus and the Statement of Additional Information.

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The Gabelli Equity Trust Inc.

Semiannual Report   June 30, 2012

To Our Shareholders,

For the six months ended June 30, 2012, the net asset value (NAV) total return of The Gabelli Equity Trust Inc. (the Fund) was 7.6%, compared with total returns of 9.5% and 6.8% for the Standard & Poor s (S&P) 500 Index and the Dow Jones Industrial Average, respectively. The total return for the Fund s publicly traded shares was 13.5%. The Fund s NAV per share was $5.31, while the price of the publicly traded shares closed at $5.38 on the New York Stock Exchange (NYSE). See below for additional performance information.

Enclosed are the schedule of investments and financial statements as of June 30, 2012.

Comparative Results

Average Annual Returns through June 30, 2012 (a) (Unaudited)

	Year to Date	1 Year	5 Year	10 Year	20 Year	25 Year	Since Inception (08/21/86)
Gabelli Equity Trust							
NAV Total Return (b)	7.55%	(3.67)%	0.16%	8.57%	9.64%	9.56%	10.20%
Investment Total Return (c)	13.50	(1.28)	0.02	5.50	9.50	10.27	9.91
S&P 500 Index.	9.49	5.45	0.22	5.33	8.34	8.62	9.22(d)
Dow Jones Industrial Average	6.81	6.56	1.98	6.02	9.55	9.73	10.55(d)
Nasdaq Composite Index	13.30	7.06	3.45	8.07	8.60	8.03	8.20(d)

(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. Performance returns for periods of less than one year are not annualized. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end.* ***Investors should 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 NYSE, 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.*

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Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of total investments as of June 30, 2012:

The Gabelli Equity Trust Inc.

Food and Beverage	12.8%
Cable and Satellite	7.6%
Financial Services	7.4%
Energy and Utilities	6.4%
Diversified Industrial	6.0%
Equipment and Supplies	6.0%
Entertainment	5.3%
Consumer Products	4.4%
Health Care	4.2%
Telecommunications	3.8%
Automotive: Parts and Accessories	3.5%
Retail	3.0%
Machinery	3.0%
Consumer Services	3.0%
Aerospace and Defense	2.7%
Publishing	2.5%
Business Services	2.5%
Aviation: Parts and Services	2.0%
Hotels and Gaming	1.7%
Specialty Chemicals	1.6%
Broadcasting	1.3%
Electronics	1.3%
Metals and Mining	1.1%
Wireless Communications	1.1%
Environmental Services	0.9%
Computer Software and Services	0.8%
Agriculture	0.8%
Communications Equipment	0.6%
Automotive	0.6%
U.S. Government Obligations	0.5%
Transportation	0.4%
Real Estate	0.4%
Closed-End Funds	0.3%
Building and Construction	0.3%
Real Estate Investment Trusts	0.1%
Manufactured Housing and Recreational Vehicles	0.1%
Computer Hardware	0.0%
	100.0%

The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year on Form N-Q. Shareholders may obtain this information at 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 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 800-SEC-0330.

Proxy Voting

The Fund files Form N-PX with its complete proxy voting record for the twelve months ended June 30, no later than August 31 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.

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The Gabelli Equity Trust Inc.

Portfolio Changes Quarter Ended June 30, 2012 (Unaudited)

	Shares	Ownership at June 30, 2012
NET PURCHASES		
Common Stocks		
ABB Ltd., ADR	25,000	25,000
Abercrombie & Fitch Co., Cl. A	10,000	10,000
Agnico-Eagle Mines Ltd.	14,000	44,000
Ampco-Pittsburgh Corp.	5,000	157,000
Avon Products Inc.	5,000	50,000
BP plc, ADR	2,000	92,000
Burger King Worldwide Inc.	60,000	60,000
Cablevision Systems Corp., Cl. A	10,000	1,170,000
Citigroup Inc.	40,000	80,000
Collective Brands Inc.	36,000	126,000
Cooper Industries plc.	20,000	203,000
Corning Inc.	40,000	500,000
DE Master Blenders 1753 NV(a)	680,000	680,000
Deckers Outdoor Corp.	24,000	24,000
Emerson Electric Co.	35,000	40,000
FleetCor Technologies Inc.(b)	997	997
FMC Corp.(c)	4,000	8,000
Freeport-McMoRan Copper & Gold Inc.	2,000	20,000
GrafTech International Ltd.	23,516	100,000
Griffon Corp.	12,068	30,000
Hillshire Brands Co.(a)	136,000	136,000
Hospira Inc.	3,000	25,000
Ingredion Inc.(d)	27,000	27,000
Interactive Brokers Group Inc., Cl. A	21,000	33,000
Janus Capital Group Inc.	25,000	298,000
Kennametal Inc.	1,000	2,000
Kinder Morgan Inc.(e)	92,114	92,114
Layne Christensen Co.	25,000	25,000
Leucadia National Corp.	15,000	136,000
Materion Corp.	5,000	5,000
National Presto Industries Inc.	5,683	11,683
Oi SA, ADR(f)	93,741	131,741
Oi SA, Cl. C, ADR(f)	27,433	38,433
Phillips 66(g)	104,000	104,000
Ralcorp Holdings Inc.	5,000	70,500
Rowan Companies plc, Cl. A(h)	175,000	175,000
Sealed Air Corp.	20,000	22,000
Telefonica SA, ADR(i)	15,315	597,315
Tenneco Inc.	12,000	12,000
Teva Pharmaceutical Industries Ltd., ADR	10,000	10,000
The Bank of New York Mellon Corp.	3,000	203,000
The St. Joe Co.	10,000	200,000
Tiffany & Co.	5,000	5,000
Tredegar Corp.	15,000	15,000
Trinity Industries Inc.	9,000	39,000
Vale SA, ADR	20,000	20,000
Vivendi SA	10,666	330,666

Walgreen Co.	15,000	74,000
WR Berkley Corp.	3,000	13,000
Rights		
Ivanhoe Mines Ltd., expire 07/19/12(j)	54,000	54,000
Warrants		
Kinder Morgan Inc., expire 05/25/17(e)	140,800	140,800

	Shares	**Ownership at June 30, 2012**
NET SALES		
Common Stocks		
Alcoa Inc.	(5,000)	125,000
AOL Inc.	(15,000)	
Ascent Capital Group Inc., Cl. A	(3,499)	1
Beam Inc.	(21,000)	109,000
Biogen Idec Inc.	(500)	31,000
Brunswick Corp.	(22,000)	8,000
Cisco Systems Inc.	(5,000)	65,000
CLARCOR Inc.	(1,000)	142,000
Comcast Corp., Cl. A, Special	(1,000)	89,000
CONSOL Energy Inc.	(13,000)	22,000
Constellation Brands Inc., Cl. A	(4,000)	54,000
Corn Products International Inc.(d)	(27,000)	
Deutsche Bank AG	(3,000)	20,000
DIRECTV, Cl. A	(5,000)	480,000
El Paso Corp.(e)	(220,000)	
Expedia Inc.	(28,000)	17,000
Ferro Corp.	(5,000)	410,000
Ford Motor Co.	(4,000)	36,000
Fortune Brands Home & Security Inc.	(1,692)	138,000
GATX Corp.	(4,000)	142,000
General Motors Co.	(15,000)	
Greif Inc., Cl. A	(3,000)	154,000
H.B. Fuller Co.	(12,000)	39,000
HSN Inc.	(7,000)	36,000
Huntsman Corp.	(30,000)	45,000
Il Sole 24 Ore SpA	(10,000)	170,000
ITT Corp.	(1,000)	128,000
Kaman Corp.	(5,000)	42,800
Ladbrokes plc.	(50,000)	1,330,000
Las Vegas Sands Corp.	(5,000)	54,000
Media General Inc., Cl. A	(5,000)	130,000
Midas Inc.(k)	(131,000)	
Modine Manufacturing Co.	(5,000)	235,000
National Fuel Gas Co.	(4,000)	8,000
News Corp., Cl. A	(5,000)	665,000
Noble Corp.	(10,000)	
Rowan Companies Inc.(h)	(175,000)	
RPC Inc.	(10,000)	65,000
SanDisk Corp.	(3,000)	12,000
Sara Lee Corp.(a)	(680,000)	
Swedish Match AB	(7,000)	838,000
Tele Norte Leste Participacoes SA, ADR(f)	(146,000)	
Terex Corp.	(1,000)	9,000
The Boeing Co.	(11,000)	145,000
The Madison Square Garden Co., Cl. A	(21,000)	355,000
Thomas & Betts Corp.(l)	(245,000)	
Tokyo Broadcasting System Holdings Inc.	(10,000)	58,000
Transocean Ltd.	(3,000)	16,000
TripAdvisor Inc.	(73,000)	27,000
Tyco International Ltd.	(2,000)	198,000
Xerox Corp.	(30,000)	
Xylem Inc.	(3,000)	267,000
Yahoo! Inc.	(20,000)	410,000
Warrants		
Talbots Inc., expire 04/06/15	(5,000)	145,000

See accompanying notes to financial statements.

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The Gabelli Equity Trust Inc.

Portfolio Changes (Continued) Quarter Ended June 30, 2012 (Unaudited)

(a) Spin-off - 1 share of DE Master Blenders 1753 NV and 0.2 shares of Hillshire Brands Co. for every 1 share of Sara Lee Corp. held.
(b) Spin-off - 0.498 shares of FleetCor Technologies Inc. for every 1 share of Chestnut Hill Ventures held.
(c) Stock Split - 2 shares for every 1 share held.
(d) Name and identifier change from Corn Products International Inc. (219023108) to Ingredion Inc. (457187102).
(e) Merger - $14.65 cash and 0.4187 shares of Kinder Morgan Inc. and 0.64 shares of Kinder Morgan Inc., Warrants, expire 05/25/17 for every 1 share of El Paso Corp. held.
(f) Merger - 0.1879 shares of Oi SA, Cl. C, ADR and 0.642 shares of Oi SA, ADR for every 1 share of Tele Norte Leste Participacoes SA, ADR held.
(g) Spin-off - 0.5 shares of Phillips 66 for every 1 share of ConocoPhillips held.
(h) Exchange - 1 share of Rowan Companies plc, Cl. A for every 1 share of Rowan Companies Inc. held.
(i) Stock Dividend - 0.026315 for every 1 share held.
(j) Rights Issuance - 1 share of rights for every 1 share of common stock held.
(k) Tender Offer - $11.50 for every 1 share held.
(l) Tender Offer - $72.00 for every 1 share held.

See accompanying notes to financial statements.

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The Gabelli Equity Trust Inc.

Schedule of Investments June 30, 2012 (Unaudited)

Shares		Cost	Market Value
	COMMON STOCKS 99.3%		
	Food and Beverage 12.8%		
109,000	Beam Inc.	$ 3,892,696	$ 6,811,410
35,000	Brown-Forman Corp., Cl. A	1,761,167	3,325,000
6,250	Brown-Forman Corp., Cl. B	410,925	605,313
75,000	Campbell Soup Co.	2,084,700	2,503,500
15,000	Coca-Cola Enterprises Inc.	275,289	420,600
54,000	Constellation Brands Inc., Cl. A	677,279	1,461,240
222,000	Danone	10,623,550	13,770,349
599,000	Davide Campari - Milano SpA	3,115,159	4,161,617
680,000	DE Master Blenders 1753 NV	6,450,758	7,667,426
70,000	Dean Foods Co.	1,358,268	1,192,100
199,000	Diageo plc, ADR	8,255,063	20,510,930
20,000	Diamond Foods Inc.	483,508	356,800
100,000	Dr Pepper Snapple Group Inc.	2,291,138	4,375,000
72,000	Flowers Foods Inc.	356,368	1,672,560
83,000	Fomento Economico Mexicano SAB de CV, ADR	1,109,710	7,407,750
40,000	General Mills Inc.	967,929	1,541,600
2,050,000	Grupo Bimbo SAB de CV, Cl. A	1,594,046	5,039,056
63,000	H.J. Heinz Co.	2,184,064	3,425,940
44,000	Heineken NV	2,071,793	2,291,040
136,000	Hillshire Brands Co.	3,473,485	3,942,640
27,000	Ingredion Inc.	373,194	1,337,040
110,000	ITO EN Ltd.	2,537,808	2,053,168
14,000	Kellogg Co.	502,615	690,620
64,000	Kerry Group plc, Cl. A	735,609	2,794,229
160,000	Kraft Foods Inc., Cl. A	4,773,465	6,179,200
11,500	LVMH Moet Hennessy Louis Vuitton SA	397,547	1,744,210
70,000	Morinaga Milk Industry Co. Ltd.	299,202	267,092
25,000	Nestlé SA	513,610	1,489,491
210,000	PepsiCo Inc.	11,513,352	14,838,600
46,000	Pernod-Ricard SA	3,968,283	4,905,037
32,750	Post Holdings Inc.	221,580	1,007,063
70,500	Ralcorp Holdings Inc.	1,584,061	4,705,170
40,673	Remy Cointreau SA	2,357,660	4,456,427
65,000	The Coca-Cola Co.	2,905,349	5,082,350
20,000	The Hain Celestial Group Inc.	267,663	1,100,800
2,000	The J.M. Smucker Co.	52,993	151,040
134,930	Tootsie Roll Industries Inc.	1,519,168	3,219,430
67,000	Tyson Foods Inc., Cl. A	625,344	1,261,610
100,000	Viterra Inc.	1,620,246	1,586,288
360,000	Yakult Honsha Co. Ltd.	10,182,581	14,051,417
		100,388,225	165,402,153
	Cable and Satellite 7.6%		
285,000	AMC Networks Inc., Cl. A	5,129,809	10,131,750
1,170,000	Cablevision Systems Corp., Cl. A	14,025,514	15,549,300

89,000	Comcast Corp., Cl. A, Special	539,529	2,794,600
480,000	DIRECTV, Cl. A	10,823,266	23,433,600
100,000	DISH Network Corp., Cl. A	2,524,679	2,855,000
30,740	EchoStar Corp., Cl. A	923,528	812,151
84,000	Liberty Global Inc., Cl. A	1,526,720	4,168,920
84,000	Liberty Global Inc., Cl. C	1,653,621	4,011,000
481,690	Rogers Communications Inc., Cl. B, New York	3,993,639	17,441,995
19,310	Rogers Communications Inc., Cl. B, Toronto	137,424	700,061
118,000	Scripps Networks Interactive Inc., Cl. A	3,787,615	6,709,480
154,000	Shaw Communications Inc., Cl. B, New York	316,962	2,912,140
40,000	Shaw Communications Inc., Cl. B, Non-Voting, Toronto	52,983	755,918
67,000	Time Warner Cable Inc.	3,851,950	5,500,700
		49,287,239	97,776,615

Shares		Cost	Market Value
	Financial Services 7.4%		
465,000	American Express Co.	$ 21,702,254	$ 27,067,650
15,000	Argo Group International Holdings Ltd.	558,079	439,050
38,000	Artio Global Investors Inc.	767,471	133,000
72,000	Banco Santander SA, ADR	545,542	472,320
128	Berkshire Hathaway Inc., Cl. A	375,826	15,992,960
10,000	Calamos Asset Management Inc., Cl. A	88,164	114,500
80,000	Citigroup Inc.	2,853,432	2,192,800
20,000	Deutsche Bank AG	914,496	723,400
10,000	Fortress Investment Group LLC, Cl. A	49,693	33,700
20,000	H&R Block Inc.	323,249	319,600
33,000	Interactive Brokers Group Inc., Cl. A	584,124	485,760
298,000	Janus Capital Group Inc.	3,689,224	2,330,360
49,088	JPMorgan Chase & Co.	1,540,997	1,753,914
30,000	Kinnevik Investment AB, Cl. A	450,841	637,518
121,000	Legg Mason Inc.	2,387,027	3,190,770
136,000	Leucadia National Corp.	1,804,206	2,892,720
6,000	Loews Corp.	222,631	245,460
135,000	Marsh & McLennan Companies Inc.	4,085,756	4,351,050
11,000	Moody s Corp.	427,219	402,050
22,000	Och-Ziff Capital Management Group LLC, Cl. A	214,559	166,760
120,000	State Street Corp.	4,047,374	5,356,800
20,000	SunTrust Banks Inc.	419,333	484,600
140,000	T. Rowe Price Group Inc.	4,303,432	8,814,400
203,000	The Bank of New York Mellon Corp.	6,104,021	4,455,850
40,000	The Charles Schwab Corp.	584,500	517,200
14,500	The Dun & Bradstreet Corp.	323,896	1,031,965
62,000	Waddell & Reed Financial Inc., Cl. A	1,376,530	1,877,360
270,000	Wells Fargo & Co.	8,051,764	9,028,800
13,000	WR Berkley Corp.	476,775	505,960
		69,272,415	96,018,277
	Energy and Utilities 6.4%		
25,000	ABB Ltd., ADR	389,250	408,000
32,000	Anadarko Petroleum Corp.	1,377,320	2,118,400
60,000	Apache Corp.	2,338,860	5,273,400
92,000	BP plc, ADR	4,996,180	3,729,680
57,000	CH Energy Group Inc.	2,350,266	3,744,330
29,000	CMS Energy Corp.	185,272	681,500
208,000	ConocoPhillips	9,630,644	11,623,040
22,000	CONSOL Energy Inc.	852,421	665,280
70,000	Duke Energy Corp.	1,267,113	1,614,200
236,000	El Paso Electric Co.	4,091,133	7,825,760
9,000	Exelon Corp.	314,898	338,580
75,000	Exxon Mobil Corp.	2,571,862	6,417,750

15,000	GenOn Energy Inc.	141,261	25,650
140,000	GenOn Energy Inc., Escrow (a)	0	0
198,000	Halliburton Co.	3,391,894	5,621,220
92,114	Kinder Morgan Inc.	1,815,042	2,967,913
12,000	Marathon Oil Corp.	291,255	306,840
6,000	Marathon Petroleum Corp.	186,212	269,520
8,000	National Fuel Gas Co.	601,401	375,840
22,000	NextEra Energy Inc.	1,153,471	1,513,820
2,000	Niko Resources Ltd., OTC	110,842	25,960
500	Niko Resources Ltd., Toronto	21,373	6,591
5,000	NiSource Inc.	107,750	123,750
65,000	Northeast Utilities	1,254,193	2,522,650
38,000	Oceaneering International Inc.	512,207	1,818,680
104,000	Phillips 66	2,876,686	3,456,960
175,000	Rowan Companies plc, Cl. A	6,557,766	5,657,750
65,000	RPC Inc.	843,860	772,850
5,000	SJW Corp.	68,704	120,050
20,000	Southwest Gas Corp.	451,132	873,000
127,000	Spectra Energy Corp.	3,195,561	3,690,620

See accompanying notes to financial statements.

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The Gabelli Equity Trust Inc.

Schedule of Investments (Continued) June 30, 2012 (Unaudited)

See accompanying notes to financial statements.

Shares		Cost	Market Value
	COMMON STOCKS (Continued)		
	Energy and Utilities (Continued)		
60,000	The AES Corp.	$ 342,618	$ 769,800
16,000	Transocean Ltd.	926,998	715,680
205,000	Westar Energy Inc.	3,414,614	6,139,750
		58,630,059	82,214,814
	Equipment and Supplies 6.0%		
315,000	AMETEK Inc.	3,393,888	15,721,650
3,500	Amphenol Corp., Cl. A	12,928	192,220
94,000	CIRCOR International Inc.	974,241	3,204,460
376,000	Donaldson Co. Inc.	2,930,891	12,547,120
98,000	Flowserve Corp.	2,993,806	11,245,500
22,000	Franklin Electric Co. Inc.	242,405	1,124,860
60,000	Gerber Scientific Inc., Escrow (a)	0	600
100,000	GrafTech International Ltd.	979,573	965,000
288,000	IDEX Corp.	6,908,808	11,226,240
40,000	Ingersoll-Rand plc.	778,178	1,687,200
178,000	Lufkin Industries Inc.	832,264	9,668,960
11,000	Mueller Industries Inc.	485,034	468,490
22,000	Sealed Air Corp.	337,834	339,680
68,000	Tenaris SA, ADR	2,989,903	2,377,960
20,000	The Greenbrier Companies Inc.	396,412	351,600
4,000	The Manitowoc Co. Inc.	25,450	46,800
70,000	The Weir Group plc.	294,552	1,677,342
150,000	Watts Water Technologies Inc., Cl. A	2,145,439	5,001,000
		26,721,606	77,846,682
	Diversified Industrial 5.9%		
3,000	Acuity Brands Inc.	76,507	152,730
157,000	Ampco-Pittsburgh Corp.	2,050,159	2,877,810
8,000	Brunswick Corp.	150,061	177,760
203,000	Cooper Industries plc.	5,960,084	13,840,540
207,000	Crane Co.	4,850,462	7,530,660
165,000	General Electric Co.	2,881,096	3,438,600
154,000	Greif Inc., Cl. A	1,648,005	6,314,000
15,000	Greif Inc., Cl. B	674,933	674,550
30,000	Griffon Corp.	264,355	257,400
389,000	Honeywell International Inc.	12,744,372	21,721,760
128,000	ITT Corp.	1,507,566	2,252,800
11,000	Jardine Strategic Holdings Ltd.	222,951	335,500
2,000	Kennametal Inc.	77,640	66,300

Shares		Cost	Market Value
30,000	Material Sciences Corp.	30,306	246,000
95,000	Park-Ohio Holdings Corp.	974,355	1,807,850
1,000	Pentair Inc.	31,908	38,280
55,000	Smiths Group plc.	993,765	874,301
15,400	Sulzer AG	470,222	1,817,205
9,000	Terex Corp.	147,720	160,470
15,000	Tredegar Corp.	204,650	218,400
39,000	Trinity Industries Inc.	804,553	974,220
198,000	Tyco International Ltd.	9,018,988	10,464,300
		45,784,658	76,241,436
	Entertainment 5.3%		
2,002	Chestnut Hill Ventures (a)	53,837	130,039
82,000	Discovery Communications Inc., Cl. A	1,484,440	4,428,000
82,000	Discovery Communications Inc., Cl. C	1,036,307	4,107,380
500	DreamWorks Animation SKG Inc., Cl. A	10,535	9,530
645,000	Grupo Televisa SAB, ADR	7,487,837	13,854,600
7,000	Regal Entertainment Group, Cl. A	89,752	96,320
32,000	Societe d Edition de Canal +	34,010	172,108
355,000	The Madison Square Garden Co., Cl. A	$ 5,988,351	$ 13,291,200
220,000	Time Warner Inc.	8,702,917	8,470,000
58,000	Tokyo Broadcasting System Holdings Inc.	1,369,660	708,901
100,000	Universal Entertainment Corp.	2,093,892	2,070,432
290,000	Viacom Inc., Cl. A	13,397,689	14,784,200
330,666	Vivendi SA.	8,503,632	6,122,050
		50,252,859	68,244,760
	Consumer Products 4.4%		
50,000	Avon Products Inc.	1,325,900	810,500
16,500	Christian Dior SA	624,386	2,260,345
24,000	Church & Dwight Co. Inc.	79,628	1,331,280
24,000	Deckers Outdoor Corp.	1,235,395	1,056,240
94,000	Energizer Holdings Inc.	4,395,004	7,073,500
2,100	Givaudan SA	608,272	2,056,524
60,000	Hanesbrands Inc.	1,376,148	1,663,800
28,000	Harley-Davidson Inc.	1,300,779	1,280,440
4,000	Jarden Corp.	91,909	168,080
7,000	Mattel Inc.	126,000	227,080
11,683	National Presto Industries Inc.	552,055	815,123
10,000	Oil-Dri Corp. of America	171,255	219,000
55,000	Reckitt Benckiser Group plc.	1,688,933	2,898,545
32,400	Svenska Cellulosa AB, Cl. B	441,093	484,774
838,000	Swedish Match AB	9,271,950	33,762,528
9,000	The Clorox Co.	663,172	652,140
2,000	The Estee Lauder Companies Inc., Cl. A	72,260	108,240
		24,024,139	56,868,139
	Health Care 4.2%		
10,000	Abbott Laboratories	425,367	644,700
13,000	Allergan Inc.	603,993	1,203,410
36,000	Amgen Inc.	2,104,520	2,629,440
25,000	Baxter International Inc.	1,204,317	1,328,750
15,000	Becton, Dickinson and Co.	1,213,063	1,121,250
31,000	Biogen Idec Inc.	624,029	4,475,780
320,000	Boston Scientific Corp.	2,428,573	1,814,400
85,000	Bristol-Myers Squibb Co.	2,152,363	3,055,750

49,000	Covidien plc.	1,929,854	2,621,500
3,500	Gilead Sciences Inc.	142,734	179,480
28,000	Henry Schein Inc.	719,282	2,197,720
25,000	Hospira Inc.	827,597	874,500
40,000	Johnson & Johnson	2,595,348	2,702,400
66,000	Life Technologies Corp.	1,769,474	2,969,340
40,000	Mead Johnson Nutrition Co	1,797,128	3,220,400
100,000	Merck & Co. Inc.	2,237,482	4,175,000
9,600	Nobel Biocare Holding AG	275,441	99,019
97,000	Novartis AG, ADR	4,333,718	5,422,300
10,000	Teva Pharmaceutical Industries Ltd., ADR	392,264	394,400
94,000	UnitedHealth Group Inc.	4,429,213	5,499,000
4,000	Waters Corp.	285,470	317,880
12,000	Watson Pharmaceuticals Inc.	491,936	887,880
60,000	William Demant Holding A/S .	2,727,517	5,377,113
7,000	Zimmer Holdings Inc.	339,145	450,520
		36,049,828	53,661,932
	Telecommunications 3.7%		
65,000	BCE Inc.	1,607,838	2,678,000
1,032,000	BT Group plc, Cl. A	4,267,428	3,416,779
7,040,836	Cable & Wireless Jamaica Ltd.(b)	128,658	15,188
620,000	Cincinnati Bell Inc.	3,274,665	2,306,400

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The Gabelli Equity Trust Inc.

Schedule of Investments (Continued) June 30, 2012 (Unaudited)

See accompanying notes to financial statements.

Shares		Cost	Market Value
	COMMON STOCKS (Continued)		
	Telecommunications (Continued)		
130,000	Deutsche Telekom AG, ADR	$ 2,137,750	$ 1,421,160
36,000	Hellenic Telecommunications Organization SA	625,736	91,116
15,000	Hellenic Telecommunications Organization SA, ADR	117,820	18,750
95,000	Koninklijke KPN NV	221,092	908,403
60,000	NII Holdings Inc.	1,171,964	613,800
131,741	Oi SA, ADR	2,908,740	1,625,684
38,433	Oi SA, Cl. C, ADR	409,776	178,713
750,000	Sprint Nextel Corp.	3,751,902	2,445,000
25,000	Telecom Argentina SA, ADR	147,932	295,250
565,000	Telecom Italia SpA	2,308,990	558,064
88,253	Telefonica Brasil SA, ADR	2,232,998	2,183,379
597,315	Telefonica SA, ADR	9,146,761	7,824,827
80,000	Telefonos de Mexico SAB de CV, Cl. L	46,372	60,691
610,740	Telephone & Data Systems Inc.	26,414,733	13,002,655
15,000	TELUS Corp.	280,203	900,796
150,000	Verizon Communications Inc.	4,927,467	6,666,000
		66,128,825	47,210,655
	Automotive: Parts and Accessories 3.5%		
69,000	BorgWarner Inc.	1,608,717	4,525,710
142,000	CLARCOR Inc.	1,181,624	6,838,720
215,000	Dana Holding Corp.	1,440,698	2,754,150
256,000	Genuine Parts Co.	9,168,176	15,424,000
147,000	Johnson Controls Inc.	3,141,470	4,073,370
235,000	Modine Manufacturing Co.	5,054,652	1,628,550
85,000	O Reilly Automotive Inc.	2,393,129	7,120,450
152,000	Standard Motor Products Inc.	1,520,657	2,140,160
58,300	Superior Industries. International Inc.	1,195,058	954,371
12,000	Tenneco Inc.	380,139	321,840
		27,084,320	45,781,321
	Retail 3.0%		
10,000	Abercrombie & Fitch Co., Cl. A	315,760	341,400
71,000	AutoNation Inc.	745,868	2,504,880
100	AutoZone Inc.	8,793	36,717
60,000	Burger King Worldwide Inc.	932,678	898,200
27,000	Coldwater Creek Inc.	126,973	14,742
126,000	Collective Brands Inc.	2,285,301	2,698,920
40,000	Costco Wholesale Corp.	1,843,960	3,800,000

120,000	CVS Caremark Corp.	4,075,042	5,607,600
36,000	HSN Inc.	843,049	1,452,600
377,000	Macy s Inc.	6,682,622	12,949,950
47,000	Sally Beauty Holdings Inc.	386,808	1,209,780
13,000	The Cheesecake Factory Inc. .	380,728	415,480
5,000	Tiffany & Co.	285,150	264,750
74,000	Walgreen Co.	2,344,551	2,188,920
39,000	Wal-Mart Stores Inc.	1,947,671	2,719,080
21,000	Whole Foods Market Inc.	423,988	2,001,720
		23,628,942	39,104,739
	Machinery 3.0%		
15,000	Caterpillar Inc.	101,378	1,273,650
12,000	CNH Global NV	300,884	466,320
376,000	Deere & Co.	10,962,073	30,407,120
267,000	Xylem Inc.	4,320,747	6,720,390
		15,685,082	38,867,480

Shares		**Cost**	**Market Value**
	Consumer Services 3.0%		
17,000	Expedia Inc.	$ 501,322	$ 817,190
71,000	IAC/InterActiveCorp.	1,814,243	3,237,600
200,000	Liberty Interactive Corp., Cl. A	4,158,599	3,558,000
1,337,000	Rollins Inc.	9,132,991	29,908,690
27,000	TripAdvisor Inc.	733,181	1,206,630
		16,340,336	38,728,110
	Aerospace and Defense 2.7%		
612,015	BBA Aviation plc.	1,468,801	1,955,350
240,000	Exelis Inc.	1,747,195	2,366,400
4,000	Huntington Ingalls Industries Inc.	121,831	160,960
42,800	Kaman Corp.	1,040,981	1,324,232
3,000	Lockheed Martin Corp.	175,770	261,240
25,000	Northrop Grumman Corp.	1,282,844	1,594,750
1,200,000	Rolls-Royce Holdings plc.	9,166,092	16,125,039
145,000	The Boeing Co.	9,549,914	10,773,500
		24,553,428	34,561,471
	Publishing 2.5%		
170,000	Il Sole 24 Ore SpA	707,873	112,623
130,000	Media General Inc., Cl. A	1,142,790	599,300
110,000	Meredith Corp.	4,693,916	3,513,400
665,000	News Corp., Cl. A	7,480,444	14,822,850
355,000	News Corp., Cl. B	5,695,245	7,994,600
27,000	The E.W. Scripps Co., Cl. A	172,848	259,470
116,000	The McGraw-Hill Companies Inc.	4,729,254	5,220,000
		24,622,370	32,522,243
	Business Services 2.5%		
1	Ascent Capital Group Inc., Cl. A	23	52
159,000	Clear Channel Outdoor Holdings Inc., Cl. A	1,236,036	957,180
33,000	Contax Participacoes SA, Preference	67,778	368,693
84,000	Diebold Inc.	3,161,225	3,100,440
5,230	Edenred	94,604	147,892
997	FleetCor Technologies Inc.	663	34,935
200,000	G4S plc.	0	874,223
18,000	Jardine Matheson Holdings Ltd.	565,207	871,200
89,000	Landauer Inc.	2,479,290	5,102,370
36,500	MasterCard Inc., Cl. A	1,472,775	15,699,015
77,000	Monster Worldwide Inc.	740,095	654,500

315,000	The Interpublic Group of Companies Inc.	2,655,599	3,417,750
4,000	Visa Inc., Cl. A	176,000	494,520
		12,649,295	31,722,770
	Aviation: Parts and Services 2.0%		
320,000	Curtiss-Wright Corp.	4,507,634	9,936,000
275,000	GenCorp Inc.	2,370,094	1,790,250
86,200	Precision Castparts Corp.	4,434,882	14,179,038
		11,312,610	25,905,288
	Hotels and Gaming 1.7%		
20,000	Accor SA	694,524	624,652
186,000	Gaylord Entertainment Co.	4,787,676	7,172,160
70,000	Genting Singapore plc.	52,525	77,916
8,000	Hyatt Hotels Corp., Cl. A	263,258	297,280
32,000	Interval Leisure Group Inc.	610,959	608,320
1,330,000	Ladbrokes plc.	8,850,280	3,274,435
54,000	Las Vegas Sands Corp.	751,456	2,348,460
3,600,000	Mandarin Oriental International Ltd.	6,769,756	4,644,000

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The Gabelli Equity Trust Inc.

Schedule of Investments (Continued) June 30, 2012 (Unaudited)

See accompanying notes to financial statements.

Shares		Cost	Market Value
	COMMON STOCKS (Continued)		
	Hotels and Gaming (Continued)		
90,000	MGM China Holdings Ltd.	$ 177,759	$ 135,964
30,000	MGM Resorts International	277,963	334,800
32,000	Orient-Express Hotels Ltd., Cl. A	473,395	267,840
40,000	Pinnacle Entertainment Inc.	189,092	384,800
34,000	Starwood Hotels & Resorts Worldwide Inc.	520,597	1,803,360
200,000	The Hongkong & Shanghai Hotels Ltd.	155,450	265,534
2,000	Wynn Resorts Ltd.	74,539	207,440
		24,649,229	22,446,961
	Specialty Chemicals 1.6%		
9,000	Ashland Inc.	150,660	623,790
24,000	E. I. du Pont de Nemours and Co.	1,082,876	1,213,680
410,000	Ferro Corp.	4,426,680	1,968,000
8,000	FMC Corp.	136,430	427,840
39,000	H.B. Fuller Co.	753,034	1,197,300
45,000	Huntsman Corp.	633,827	582,300
67,000	International Flavors & Fragrances Inc.	3,160,460	3,671,600
267,000	Omnova Solutions Inc.	1,655,747	2,013,180
208,000	Sensient Technologies Corp.	3,788,404	7,639,840
1,000	SGL Carbon SE	57,689	39,053
100,000	Zep Inc.	1,293,508	1,373,000
		17,139,315	20,749,583
	Broadcasting 1.3%		
265,000	CBS Corp., Cl. A, Voting	7,659,961	8,821,850
2,000	Cogeco Inc.	39,014	90,050
22,334	Corus Entertainment Inc., Cl. B, OTC	40,694	504,078
6,666	Corus Entertainment Inc., Cl. B, Non-Voting, Toronto	12,406	150,068
30,000	Gray Television Inc.	54,872	44,100
80,000	Liberty Media Corp. - Liberty Capital, Cl. A	1,113,132	7,032,800
24,000	LIN TV Corp., Cl. A	156,403	72,480
100,000	Television Broadcasts Ltd.	396,239	692,838
		9,472,721	17,408,264
	Electronics 1.3%		
19,000	Bel Fuse Inc., Cl. A	558,116	344,090
40,000	Emerson Electric Co.	2,027,346	1,863,200

Shares		Cost	Market Value
4,000	Hitachi Ltd., ADR	287,076	245,600
90,000	Intel Corp.	1,934,046	2,398,500
36,342	Koninklijke Philips Electronics NV	88,880	714,853
60,000	LSI Corp. .	350,973	382,200
2,400	Mettler-Toledo International Inc.	337,270	374,040
20,000	Molex Inc., Cl. A	363,729	404,600
2,000	Rovi Corp.	33,295	39,240
55,000	TE Connectivity Ltd.	2,106,049	1,755,050
270,000	Texas Instruments Inc.	6,455,544	7,746,300
		14,542,324	16,267,673
	Metals and Mining 1.1%		
44,000	Agnico-Eagle Mines Ltd.	1,853,887	1,780,240
125,000	Alcoa Inc.	1,210,891	1,093,750
64,000	Barrick Gold Corp.	1,873,920	2,404,480
20,000	Freeport-McMoRan Copper & Gold Inc.	928,431	681,400
54,000	Ivanhoe Mines Ltd.	452,732	522,720
5,000	Materion Corp.	112,422	115,150
Shares		**Cost**	**Market Value**
50,000	New Hope Corp. Ltd.	$ 67,580	$ 205,212
156,000	Newmont Mining Corp.	5,355,090	7,567,560
20,000	Vale SA, ADR	359,974	397,000
		12,214,927	14,767,512
	Wireless Communications 1.1%		
130,000	America Movil SAB de CV, Cl. L, ADR	843,732	3,387,800
7,000	Millicom International Cellular SA, SDR	700,202	658,769
1,500	NTT DoCoMo Inc.	2,980,751	2,490,148
54,075	Tim Participacoes SA, ADR	390,208	1,484,900
118,000	United States Cellular Corp.	5,451,900	4,557,160
65,000	Vodafone Group plc, ADR	1,725,536	1,831,700
		12,092,329	14,410,477
	Environmental Services 0.9%		
210,000	Republic Services Inc.	4,445,444	5,556,600
170,000	Waste Management Inc.	4,320,028	5,678,000
		8,765,472	11,234,600
	Computer Software and Services 0.8%		
7,000	Check Point Software Technologies Ltd.	118,774	347,130
40,000	InterXion Holding NV	582,330	724,400
65,000	NCR Corp.	813,962	1,477,450
26,000	Rockwell Automation Inc	863,281	1,717,560
410,000	Yahoo! Inc.	7,729,756	6,490,300
		10,108,103	10,756,840
	Agriculture 0.8%		
254,000	Archer-Daniels-Midland Co.	5,831,188	7,498,080
20,000	Monsanto Co.	892,390	1,655,600
15,000	Syngenta AG, ADR	189,981	1,026,600
10,000	The Mosaic Co.	428,085	547,600
		7,341,644	10,727,880
	Communications Equipment 0.6%		
65,000	Cisco Systems Inc.	1,293,867	1,116,050
500,000	Corning Inc.	4,439,577	6,465,000
		5,733,444	7,581,050

	Automotive 0.6%		
36,000	Ford Motor Co.	585,030	345,240
133,000	Navistar International Corp.	4,014,571	3,773,210
81,000	PACCAR Inc.	356,389	3,174,390
		4,955,990	7,292,840
	Transportation 0.4%		
142,000	GATX Corp.	4,402,791	5,467,000
	Real Estate 0.4%		
55,500	Griffin Land & Nurseries Inc.	529,368	1,553,445
200,000	The St. Joe Co.	4,144,271	3,162,000
		4,673,639	4,715,445
	Closed-End Funds 0.3%		
30,000	Royce Value Trust Inc.	368,797	373,800
102,000	The Central Europe and Russia Fund Inc.	2,492,269	3,084,480
72,756	The New Germany Fund Inc.	794,751	982,206
		3,655,817	4,440,486

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The Gabelli Equity Trust Inc.

Schedule of Investments (Continued) June 30, 2012 (Unaudited)

See accompanying notes to financial statements.

Shares		Cost	Market Value
	COMMON STOCKS (Continued)		
	Building and Construction 0.3%		
138,000	Fortune Brands Home & Security Inc.	$ 1,492,660	$ 3,073,260
25,000	Layne Christensen Co.	476,143	517,250
10,000	Tutor Perini Corp.	147,800	126,700
		2,116,603	3,717,210
	Real Estate Investment Trusts 0.1%		
2,000	Camden Property Trust	37,490	135,340
34,000	Rayonier Inc.	723,745	1,526,600
		761,235	1,661,940
	Manufactured Housing and Recreational Vehicles 0.1%		
6,400	Martin Marietta Materials Inc.	132,795	504,448
10,000	Nobility Homes Inc.	183,582	56,900
27,000	Skyline Corp.	679,802	137,160
		996,179	698,508
	Computer Hardware 0.0%		
12,000	SanDisk Corp.	608,341	437,760
	TOTAL COMMON STOCKS	826,646,339	1,283,460,914
	CONVERTIBLE PREFERRED STOCKS 0.1%		
	Telecommunications 0.1%		
22,500	Cincinnati Bell Inc., 6.750% Cv. Pfd., Ser. B	628,042	936,000
	RIGHTS 0.0%		
	Metals and Mining 0.0%		
54,000	Ivanhoe Mines Ltd., expire 07/19/12	0	49,788
	WARRANTS 0.0%		
	Energy and Utilities 0.0%		
140,800	Kinder Morgan Inc., expire 05/25/17	164,570	304,128
	Retail 0.0%		
145,000	Talbots Inc., expire 04/06/15	435,000	421

Principal Amount			
	TOTAL WARRANTS	599,570	304,549
	CONVERTIBLE CORPORATE BONDS 0.1%		
	Diversified Industrial 0.1%		
$2,000,000	Griffon Corp., Sub. Deb. Cv., 4.000%, 01/15/17(c)	2,000,000	1,872,500
	U.S. GOVERNMENT OBLIGATIONS 0.5%		
5,937,000	U.S. Treasury Bills, 0.095% to 0.150% , 08/16/12 to 12/27/12	5,934,804	5,935,024
TOTAL INVESTMENTS 100.0%		$ 835,808,755	1,292,558,775
Other Assets and Liabilities (Net)			613,366
PREFERRED STOCK (8,218,262 preferred shares outstanding)			(305,356,550)
NET ASSETS COMMON STOCK (186,201,454 common shares outstanding)			$ 987,815,591
NET ASSET VALUE PER COMMON SHARE ($987,815,591 ÷ 186,201,454 shares outstanding)			$ 5.31

(a) Security fair valued under procedures established by the Board of Directors. The procedures may include reviewing available financial information about the company and reviewing the valuation of comparable securities and other factors on a regular basis. At June 30, 2012, the market value of fair valued securities amounted to $130,639 or 0.01% of total investments.

(b) At June 30, 2012, the Fund held an investment in a restricted security amounting to $15,188 or 0.00% of total investments, which was valued under methods approved by the Board of Directors as follows:

Acquisition Shares	Issuer	Acquisition Date	Acquisition Cost	06/30/12 Carrying Value Per Unit
7,040,836	Cable & Wireless Jamaica Ltd.	09/30/93	$ 128,658	$ 0.0022

(c) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At June 30, 2012, the market value of the Rule 144A security amounted to $1,872,500 or 0.14% of total investments.

Non-income producing security.

Represents annualized yield at date of purchase.

ADR American Depositary Receipt

SDR Swedish Depositary Receipt

Geographic Diversification	% of Market Value	Market Value
North America	79.3%	$ 1,024,816,450
Europe	15.6	201,621,809
Latin America	2.9	37,005,595
Japan	1.7	21,886,758
Asia/Pacific	0.5	7,228,163
Total Investments	100.0%	$ 1,292,558,775

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The Gabelli Equity Trust Inc.

Statement of Assets and Liabilities
June 30, 2012 (Unaudited)

Assets:		
Investments, at value (cost $835,808,755)	$	1,292,558,775
Foreign currency, at value (cost $74,565)		73,948
Cash		604
Receivable for investments sold		772,678
Dividends and interest receivable		4,068,355
Deferred offering expense		182,694
Prepaid expenses		14,248
Total Assets		1,297,671,302
Liabilities:		
Distributions payable		140,304
Payable for investments purchased		517,200
Payable for investment advisory fees		2,299,398
Payable for payroll expenses		76,755
Payable for accounting fees		3,750
Payable for auction agent fees		873,577
Payable for rights offering expenses		415,914
Other accrued expenses		172,263
Total Liabilities		4,499,161
Preferred Stock:		
Series C Cumulative Preferred Stock (Auction Rate, $25,000 liquidation value, $0.001 par value, 5,200 shares authorized with 2,880 shares issued and outstanding)		72,000,000
Series D Cumulative Preferred Stock (5.875%, $25 liquidation value, $0.001 par value, 3,000,000 shares authorized with 2,363,860 shares issued and outstanding)		59,096,500
Series E Cumulative Preferred Stock (Auction Rate, $25,000 liquidation value, $0.001 par value, 2,000 shares authorized with 1,120 shares issued and outstanding)		28,000,000
Series F Cumulative Preferred Stock (6.200%, $25 liquidation value, $0.001 par value, 6,000,000 shares authorized with 5,850,402 shares issued and outstanding)		146,260,050
Total Preferred Shares		305,356,550
Net Assets Attributable to Common Shareholders	$	987,815,591
Net Assets Attributable to Common Shareholders Consist of:		
Paid-in capital	$	614,080,095
Accumulated net investment income		490,195
Accumulated net realized loss on investments, futures contracts, and foreign currency transactions		(83,508,067)
Net unrealized appreciation on investments		456,750,020
Net unrealized appreciation on foreign currency translations		3,348
Net Assets	$	987,815,591
Net Asset Value per Common Share:		
($987,815,591 ÷ 186,201,454 shares outstanding at $0.001 par value; 246,000,000 shares authorized)		$5.31

Statement of Operations
For the Six Months Ended June 30, 2012 (Unaudited)

Investment Income:	
Dividends (net of foreign withholding taxes of $389,529)	$ 15,998,644
Interest	44,173
Total Investment Income	16,042,817
Expenses:	
Investment advisory fees	6,555,365
Shareholder communications expenses	248,584
Custodian fees	93,219
Directors fees	89,362
Payroll expenses	67,257
Shareholder services fees	66,689
Legal and audit fees	37,982
Accounting fees	22,500
Miscellaneous expenses	157,497
Total Expenses	7,338,455
Net Investment Income	8,704,362
Net Realized and Unrealized Gain/(Loss) on Investments, Futures Contracts, and Foreign Currency:	
Net realized gain on investments	19,014,520
Net realized loss on futures contracts	(3,051,672)
Net realized loss on foreign currency transactions	(17,438)
Net realized gain on investments, futures contracts, and foreign currency transactions	15,945,410
Net change in unrealized appreciation/depreciation:	
on investments	53,073,012
on futures contracts	179,411
on foreign currency translations	(5,666)
Net change in unrealized appreciation/depreciation on investments, futures contracts, and foreign currency translations	53,246,757
Net Realized and Unrealized Gain/(Loss) on Investments, Futures Contracts, and Foreign Currency	69,192,167
Net Increase in Net Assets Resulting from Operations	77,896,529
Total Distributions to Preferred Stock Shareholders	(6,287,445)
Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations	$ 71,609,084

See accompanying notes to financial statements.

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The Gabelli Equity Trust Inc.

Statement of Changes in Net Assets Attributable to Common Shareholders

	Six Months Ended June 30, 2012 (Unaudited)	Year Ended December 31, 2011
Operations:		
Net investment income	$ 8,704,362	$ 13,105,587
Net realized gain on investments, futures contracts, swap contracts, and foreign currency transactions	15,945,410	2,943,344
Net change in unrealized appreciation/depreciation on investments, futures contracts, swap contracts, and foreign currency translations	53,246,757	(18,496,012)
Net Increase/(Decrease) in Net Assets Resulting from Operations	77,896,529	(2,447,081)
Distributions to Preferred Shareholders:		
Net investment income	(2,011,982)*	(10,150,930)
Net realized short-term gain		(2,538,209)
Net realized long-term gain.	(4,275,463)*	
Total Distributions to Preferred Shareholders	(6,287,445)	(12,689,139)
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders Resulting from Operations	71,609,084	(15,136,220)
Distributions to Common Shareholders:		
Net investment Income	(5,697,950)*	(3,337,003)
Net realized short-term gain		(834,407)
Net realized long-term gain	(11,913,895)*	
Return of capital	(34,187,698)*	(99,713,931)
Total Distributions to Common Shareholders	(51,799,543)	(103,885,341)
Fund Share Transactions:		
Net increase in net assets from common shares issued upon reinvestment of distributions	8,505,648	20,156,854
Offering costs for preferred shares charged to paid-in capital	(450,000)	
Net Increase in Net Assets from Fund Share Transactions	8,055,648	20,156,854
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders	27,865,189	(98,864,707)
Net Assets Attributable to Common Shareholders:		
Beginning of period	959,950,402	1,058,815,109
End of period (including undistributed net investment income of $490,195 and $0, respectively)	$ 987,815,591	$ 959,950,402

* Based on year to date book income. Amounts are subject to change and recharacterization at year end.

See accompanying notes to financial statements.

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The Gabelli Equity Trust Inc.

Financial Highlights

Selected data for a share outstanding throughout each period:

	Six Months Ended June 30, 2012 (Unaudited)	Year Ended December 31, 2011	2010	2009	2008	2007
Operating Performance:						
Net asset value, beginning of period	$ 5.20	$ 5.85	$ 5.03	$ 4.14	$ 9.22	$ 9.40
Net investment income	0.05	0.07	0.05	0.06	0.12	0.14
Net realized and unrealized gain/(loss) on investments, futures contracts, swap contracts, and foreign currency transactions.	0.37	(0.08)	1.35	1.62	(4.30)	1.12
Total from investment operations	0.42	(0.01)	1.40	1.68	(4.18)	1.26
Distributions to Preferred Shareholders: (a)						
Net investment income	(0.01)*	(0.06)	(0.05)	(0.07)	(0.11)	(0.02)
Net realized gain	(0.02)*	(0.01)				(0.12)
Return of capital			(0.02)			
Total distributions to preferred shareholders	(0.03)	(0.07)	(0.07)	(0.07)	(0.11)	(0.14)
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders Resulting from Operations	0.39	(0.08)	1.33	1.61	(4.29)	1.12
Distributions to Common Shareholders:						
Net investment income	(0.03)*	(0.02)		(0.00)(b)	0.00(b)	(0.12)
Net realized gain	(0.06)*	(0.00)(b)				(0.57)
Return of capital	(0.19)*	(0.55)	(0.51)	(0.72)	(0.80)	(0.61)
Total distributions to common shareholders	(0.28)	(0.57)	(0.51)	(0.72)	(0.80)	(1.30)
Fund Share Transactions:						
Increase/(decrease) in net asset value from common share transactions	(0.00)(b)			0.00(b)	0.01	
Increase in net asset value from repurchase of preferred shares.				0.00(b)	0.00(b)	
Recapture of gain on sale of Fund shares by an affiliate			0.00(b)			
Offering costs for preferred shares charged to paid-in capital	(0.00)(b)				0.00(b)	

Total Fund share transactions	(0.00)(b)		0.00(b)	0.00(b)	0.01	
Net Asset Value Attributable to Common Shareholders, End of Period	$ 5.31	$ 5.20	$ 5.85	$ 5.03	$ 4.14	$ 9.22
NAV Total Return	7.50%	(1.17)%	28.15%	44.10%	(49.06)%	12.14%
Market value, end of period	$ 5.38	$ 4.99	$ 5.67	$ 5.04	$ 3.70	$ 9.28
Investment total return	13.5%	(2.15)%	23.96%	61.56%	(54.77)%	12.75%
Ratios to Average Net Assets and Supplemental Data:						
Net assets including liquidation value of preferred shares, end of period (in 000 s)	$ 1,293,172	$ 1,265,307	$ 1,364,172	$ 1,215,626	$ 1,106,614	$ 1,990,123
Net assets attributable to common shares, end of period (in 000 s)	$ 987,816	$ 959,950	$ 1,058,815	$ 910,269	$ 724,076	$ 1,586,381
Ratio of net investment income to average net assets attributable to common shares before preferred distributions	1.72%(c)	1.26%	0.92%	1.53%	1.73%	1.16%
Ratio of operating expenses to average net assets attributable to common shares before fee reduction	1.45%(c)	1.48%	1.50%	1.74%	1.52%	
Ratio of operating expenses to average net assets attributable to common shares net of fee reduction, if any	1.45%(c)	1.19%	1.50%	1.72%	1.19%	1.46%
Ratio of operating expenses to average net assets including liquidation value of preferred shares before fee reduction	1.12%(c)	1.15%	1.14%	1.22%	1.14%	

See accompanying notes to financial statements.

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The Gabelli Equity Trust Inc.

Financial Highlights (Continued)

Selected data for a share outstanding throughout each period:

	Six Months Ended June 30, 2012 (Unaudited)	Year Ended December 31, 2011	2010	2009	2008	2007
Ratios to Average Net Assets and Supplemental Data (continued):						
Ratio of operating expenses to average net assets including liquidation value of preferred shares net of fee reduction, if any	1.12%(c)	0.92%	1.14%	1.20%	0.89%	1.17%
Portfolio turnover rate	2.7%	6.3%	5.5%	6.7%	13.5%	17.2%
Preferred Stock:						
Auction Rate Series C Cumulative Preferred Stock						
Liquidation value, end of period (in 000 s)	$ 72,000	$ 72,000	$ 72,000	$ 72,000	$ 117,000	$ 130,000
Total shares outstanding (in 000 s)	3	3	3	3	5	5
Liquidation preference per share	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000
Average market value(d)	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000
Asset coverage per share	$ 105,874	$ 103,593	$ 111,687	$ 99,525	$ 72,320	$ 123,230
5.875% Series D Cumulative Preferred Stock						
Liquidation value, end of period (in 000 s)	$ 59,097	$ 59,097	$ 59,097	$ 59,097	$ 72,532	$ 73,743
Total shares outstanding (in 000 s)	2,364	2,364	2,364	2,364	2,901	2,950
Liquidation preference per share	$ 25.00	$ 25.00	$ 25.00	$ 25.00	$ 25.00	$ 25.00
Average market value(e)	$ 25.79	$ 25.35	$ 25.03	$ 23.39	$ 22.69	$ 23.86
Asset coverage per share	$ 105.87	$ 103.59	$ 111.69	$ 99.53	$ 72.32	$ 123.23
Auction Rate Series E Cumulative Preferred Stock						
Liquidation value, end of period (in 000 s)	$ 28,000	$ 28,000	$ 28,000	$ 28,000	$ 45,000	$ 50,000
Total shares outstanding (in 000 s)	1	1	1	1	2	2
Liquidation preference per share	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000
Average market value(d)	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000
Asset coverage per share	$ 105,874	$ 103,593	$ 111,687	$ 99,525	$ 72,320	$ 123,230
6.200% Series F Cumulative Preferred Stock						
Liquidation value, end of period (in 000 s)	$ 146,260	$ 146,260	$ 146,260	$ 146,260	$ 148,007	$ 150,000
Total shares outstanding (in 000 s)	5,850	5,850	5,850	5,850	5,920	6,000
Liquidation preference per share	$ 25.00	$ 25.00	$ 25.00	$ 25.00	$ 25.00	$ 25.00
Average market value(e)	$ 25.74	$ 25.57	$ 25.71	$ 24.08	$ 23.48	$ 24.69
Asset coverage per share	$ 105.87	$ 103.59	$ 111.69	$ 99.53	$ 72.32	$ 123.23
Asset Coverage(f)	423%	414%	447%	398%	289%	493%

Based on net asset value per share, adjusted for reinvestment of distributions at prices obtained under the Fund s dividend reinvestment plan. Total return for a period of less than one year is not annualized.

Based on market value per share, adjusted for reinvestment of distributions at prices determined under the Fund s dividend reinvestment plan. Total return for a period of less than one year is not annualized.

Effective in 2008, a change in accounting policy was adopted with regard to the calculation of the portfolio turnover rate to include cash proceeds due to mergers. Had this policy been adopted retroactively, the portfolio turnover rate for the year ended December 31, 2007 would have been 27.3%.

* Based on year to date book income. Amounts are subject to change and recharacterization at year end.

(a) Calculated based upon average common shares outstanding on the record dates throughout the periods.

(b) Amount represents less than $0.005 per share.

(c) Annualized.

(d) Liquidation value, except for 2007 when price was based on weekly auction prices. Since February 2008, the weekly auctions have failed. Holders that have submitted orders have not been able to sell any or all of their shares in the auctions.

(e) Based on weekly prices.

(f) Asset coverage is calculated by combining all series of preferred shares.

See accompanying notes to financial statements.

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The Gabelli Equity Trust Inc.

Notes to Financial Statements (Unaudited)

1. Organization. The Gabelli Equity Trust Inc. (the Fund) 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 with income as a secondary objective. Investment operations commenced on August 21, 1986.

The Fund 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 Fund will provide shareholders with notice at least sixty days prior to the implementation of any changes in the 80% Policy.

2. Significant Accounting Policies. The Fund s financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP), which may require the use of management estimates and assumptions. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund 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 a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market, but prior to the close of business on the day the securities are being valued. Debt instruments with remaining maturities of sixty 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 fair valued as determined by the Board. Debt instruments having a maturity greater than sixty 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. U.S. government obligations with maturities greater than sixty days are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. Certain securities are valued principally using dealer quotations. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded.

Securities and assets for which market quotations are not readily available are fair valued as determined by 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 with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with 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.

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The Gabelli Equity Trust Inc.

Notes to Financial Statements (Unaudited) (Continued)

The inputs and valuation techniques used to measure fair value of the Fund s investments are summarized into three levels as described in the hierarchy below:

Level 1 quoted prices in active markets for identical securities;

Level 2 other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); and

Level 3 significant unobservable inputs (including the Fund s determinations as to the fair value of investments).

A financial instrument s level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund s investments in securities and other financial instruments by inputs used to value the Fund s investments as of June 30, 2012 is as follows:

		Valuation Inputs		
	Level 1 Quoted Prices	**Level 2 Other Significant Observable Inputs**	**Level 3 Significant Unobservable Inputs**	**Total Market Value at 6/30/12**
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks:				
Energy and Utilities	$ 82,214,814		$ 0	$ 82,214,814
Equipment and Supplies	77,846,082		600	77,846,682
Entertainment	68,114,721		130,039	68,244,760
Telecommunications	47,195,467	$ 15,188		47,210,655
Other Industries(a)	1,007,944,003			1,007,944,003
Total Common Stocks	1,283,315,087	15,188	130,639	1,283,460,914
Convertible Preferred Stocks(a)	936,000			936,000
Rights(a)	49,788			49,788
Warrants(a)	304,549			304,549
Convertible Corporate Bonds(a)		1,872,500		1,872,500
U.S. Government Obligations		5,935,024		5,935,024
TOTAL INVESTMENTS IN SECURITIES ASSETS	$ 1,284,605,424	$ 7,822,712	$ 130,639	$ 1,292,558,775

(a) Please refer to the Schedule of Investments for the industry classifications of these portfolio holdings.

The Fund did not have transfers between Level 1 and Level 2 during the six months ended June 30, 2012. The Fund s policy is to recognize transfers among Levels as of the beginning of the reporting period.

Additional Information to Evaluate Quantitative Information.

General. The Fund uses recognized industry pricing services approved by the Board and unaffiliated with the Adviser to value most of its securities, and uses broker quotes provided by market makers of securities not valued by these and other recognized pricing sources. Several different pricing feeds are received to value domestic equity securities, international equity securities, preferred equity securities, and fixed income securities. The data within these feeds is ultimately sourced from major stock exchanges and trading systems where these securities trade. The prices supplied by external sources are checked by obtaining quotations or actual transaction prices from market participants. If a price obtained from the pricing source is deemed unreliable, prices will be sought from another pricing service or from a broker/dealer that trades that security or similar securities.

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Notes to Financial Statements (Unaudited) (Continued)

Fair Valuation. Fair valued securities may be common and preferred equities, warrants, options, rights, and fixed income obligations. Where appropriate, Level 3 securities are those for which market quotations are not available, such as securities not traded for several days, or for which current bids are not available, or which are restricted as to transfer. Among the factors to be considered to fair value a security are recent prices of comparable securities that are publicly traded, reliable prices of securities not publicly traded, the use of valuation models, current analyst reports, valuing the income or cash flow of the issuer, or cost if the preceding factors do not apply. The circumstances of Level 3 securities are frequently monitored to determine if fair valuation measures continue to apply.

The Adviser reports quarterly to the Board the results of the application of fair valuation policies and procedures. These include back testing the prices realized in subsequent trades of these fair valued securities to fair values previously recognized.

Derivative Financial Instruments. The Fund may engage in various portfolio investment strategies by investing in a number of derivative financial instruments for the purposes of increasing the income of the Fund, hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase, or hedging against a specific transaction with respect to either the currency in which the transaction is denominated or another currency. Investing in certain derivative financial instruments, including participation in the options, futures, or swap markets, entails certain execution, liquidity, hedging, tax, and securities, interest, credit, or currency market risks. Losses may arise if the Adviser s prediction of movements in the direction of the securities, foreign currency, and interest rate markets is inaccurate. Losses may also arise if the counterparty does not perform its duties under a contract, or that, in the event of default, the Fund may be delayed in or prevented from obtaining payments or other contractual remedies owed to it under derivative contracts. The creditworthiness of the counterparties is closely monitored in order to minimize these risks. Participation in derivative transactions involves investment risks, transaction costs, and potential losses to which the Fund would not be subject absent the use of these strategies. The consequences of these risks, transaction costs, and losses may have a negative impact on the Fund s ability to pay distributions.

The Fund s derivative contracts held at June 30, 2012, if any, are not accounted for as hedging instruments under GAAP and are disclosed in the Schedule of Investments together with the related counterparty.

Swap Agreements. The Fund may enter into equity contract for difference swap transactions for the purpose of increasing the income of the Fund. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an equity contract for difference swap, a set of future cash flows is exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. Depending on the general state of short-term interest rates and the returns on the Fund s portfolio securities at the time an equity contract for difference swap transaction reaches its scheduled termination date, there is a risk that the Fund 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.

Unrealized gains related to swaps are reported as an asset and unrealized losses are reported as a liability in the Statement of Assets and Liabilities. The change in value of swaps, including the accrual of periodic amounts of interest to be received or paid on swaps, is reported as unrealized gain or loss in the Statement of Operations. A realized gain or loss is recorded upon receipt or payment of a periodic payment or termination of swap agreements.

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The Gabelli Equity Trust Inc.

Notes to Financial Statements (Unaudited) (Continued)

At June 30, 2012, the Fund held no investments in equity contract for difference swap agreements.

Futures Contracts. The Fund 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. Upon entering into a futures contract, the Fund 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 Fund each day, depending on the daily fluctuations in the value of the contract, and are included in unrealized appreciation/depreciation on futures contracts. The Fund 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. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market.

The Fund held an equity futures contract through May 11, with an average monthly notional amount while it was outstanding of approximately $27,714,170. At June 30, 2012, the Fund held no investments in equity futures contracts.

For the six months ended June 30, 2012, the effect of equity futures contracts can be found in the Statement of Operations under Net Realized and Unrealized Gain/(Loss) on Investments, Futures Contracts, and Foreign Currency, Net realized loss on futures contracts and Net change in unrealized appreciation/depreciation on futures contracts.

Investments in other Investment Companies. The Fund may invest, from time to time, in shares of other investment companies (or entities that would be considered investment companies but are excluded from the definition pursuant to certain exceptions under the 1940 Act) (the Acquired Funds) in accordance with the 1940 Act and related rules. Shareholders in the Fund would bear the pro rata portion of the periodic expenses of the Acquired Funds in addition to the Fund s expenses. For the six months ended June 30, 2012, the Fund s pro rata portion of the periodic expenses charged by the Acquired Funds was less than 1 basis point.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at 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 Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial purchase trade date and subsequent sale trade date is included in realized gain/(loss) on investments.

Foreign Securities. The Fund 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 inability to repatriate funds, less

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The Gabelli Equity Trust Inc.

Notes to Financial Statements (Unaudited) (Continued)

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 securities of comparable U.S. issuers.

Foreign Taxes. The Fund may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

Restricted Securities. The Fund 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 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. For the restricted securities the Fund held as of June 30, 2012, refer to the Schedule of Investments.

Securities Transactions and Investment Income. Securities transactions are accounted for on 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 effective yield to maturity method. Dividend income is recorded on the ex-dividend date, except for certain dividends from foreign securities that are recorded as soon after the ex-dividend date as the Fund becomes aware of such dividends.

Custodian Fee Credits and Interest Expense. When cash balances are maintained in the custody account, the Fund 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, if any, shown as Custodian fee credits. When cash balances are overdrawn, the Fund is charged an overdraft fee equal to 110% of the 90 day Treasury Bill rate on outstanding balances. This amount, if any, would be included in the Statement of Operations.

Distributions to Shareholders. Distributions to common shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under GAAP. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income for federal income tax purposes include net realized gains on foreign currency transactions. 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 Fund.

Under the Fund s distribution policy, the Fund declares and pays quarterly distributions from net investment income, capital gains, and paid-in capital. The actual source of the distribution is determined after the end of the year. Pursuant to this policy, distributions during the year may be made in excess of required distributions. To the extent such distributions are made from current earnings and profits, they are considered ordinary income or long-term capital gains. The Fund s current distribution

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The Gabelli Equity Trust Inc.

Notes to Financial Statements (Unaudited) (Continued)

policy may restrict the Fund s ability to pass through to shareholders all of its net realized long-term capital gains as a Capital Gain Dividend, subject to the maximum federal income tax rate of 15%, and may cause such gains to be treated as ordinary income subject to a maximum federal income tax rate of 35%. Distributions sourced from paid-in capital should not be considered as dividend yield or the total return from an investment in the Fund. The Board will continue to monitor the Fund s distribution level, taking into consideration the Fund s NAV and the financial market environment. The Fund s distribution policy is subject to modification by the Board at any time.

Distributions to shareholders of the Fund s Series C Auction Rate Cumulative Preferred Stock, 5.875% Series D Cumulative Preferred Stock, Series E Auction Rate Cumulative Preferred Stock, and 6.20% Series F Cumulative Preferred Stock (Preferred Stock) are recorded on a daily basis and are determined as described in Note 5.

The tax character of distributions paid during the year ended December 31, 2011 was as follows:

	Common	Preferred
Distributions paid from:		
Ordinary income	$ 4,171,410	$ 12,689,139
Return of capital	99,713,931	
Total distributions paid	$ 103,885,341	$ 12,689,139

Provision for Income Taxes. The Fund 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 policy of the Fund 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, 2011, the components of accumulated earnings/losses on a tax basis were as follows:

Accumulated capital loss carryforwards	$ (68,461,264)
Net unrealized appreciation on investments, future contracts, swap contracts, and foreign currency translations.	388,203,107
Other temporary differences*	(3,586)
Total.	$ 319,738,257

* Other temporary differences are primarily due to income adjustments from investments in hybrid securities.

At December 31, 2011, the Fund had net capital loss carryforwards for federal income tax purposes which are available to reduce future required distributions of net capital gains to shareholders. Under the Regulated Investment Company Modernization Act of 2010, the Fund will be permitted to carry forward for an unlimited period capital losses incurred in years beginning after December 22, 2010. In addition, these losses must be utilized prior to the losses incurred in pre-enactment taxable years. As a result of the rule, pre-enactment capital loss carryforwards may have an increased likelihood of expiring unused. Additionally, post enactment capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term as under previous law.

Capital Loss Carryforward Available through 2016	$ 1,756,451
Capital Loss Carryforward Available through 2017	53,348,591
Capital Loss Carryforward Available through 2018	13,356,222
Total Capital Loss Carryforwards	$ 68,461,264

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The Gabelli Equity Trust Inc.

Notes to Financial Statements (Unaudited) (Continued)

The following summarizes the tax cost of investments and the related net unrealized appreciation at June 30, 2012:

	Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation
Investments	$ 850,719,660	$ 520,212,857	$ (78,373,742)	$ 441,839,115

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund s tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold. For the six months ended June 30, 2012, the Fund did not incur any income tax, interest, or penalties. As of June 30, 2012, the Adviser has reviewed all open tax years and concluded that there was no impact to the Fund s net assets or results of operations. Tax years ended December 31, 2008 through December 31, 2011 remain subject to examination by the Internal Revenue Service and state taxing authorities. On an ongoing basis, the Adviser will monitor the Fund s tax positions to determine if adjustments to this conclusion are necessary.

3. Agreements and Transactions with Affiliates. The Fund has entered into an investment advisory agreement (the Advisory Agreement) with the Adviser which provides that the Fund will pay the Adviser a fee, computed weekly and paid monthly, equal on an annual basis to 1.00% of the value of the Fund 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 Fund s portfolio and oversees the administration of all aspects of the Fund s business and affairs. The Adviser has agreed to reduce the management fee on the incremental assets attributable to the Preferred Stock if the total return of the NAV of the common shares of the Fund, 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 Preferred Stock for the year.

The Fund s total return on the NAV of the common shares is monitored on a monthly basis to assess whether the total return on the NAV of the common shares exceeds the stated dividend rate of each particular series of Preferred Stock for the period. For the six months ended June 30, 2012, the Fund s total return on the NAV of the common shares exceeded the stated dividend rate of the outstanding Series D and Series F Preferred Stock. Thus, advisory fees were accrued on the liquidation value of the Series D and Series F Preferred Stock. For the six months ended June 30, 2012, the Fund s total return on the NAV of the common shares exceeded the stated dividend rate or corresponding swap rate for the Series C and Series E Preferred Stock. Thus, advisory fees were accrued on the liquidation value of the Series C and Series E Preferred Stock.

During the six months ended June 30, 2012, the Fund paid brokerage commissions on security trades of $74,735 to Gabelli & Company, Inc., an affiliate of the Adviser.

The cost of calculating the Fund s NAV per share is a Fund expense pursuant to the Advisory Agreement between the Fund and the Adviser. During the six months ended June 30, 2012, the Fund paid or accrued $22,500 to the Adviser in connection with the cost of computing the Fund s NAV.

As per the approval of the Board, the Fund compensates officers of the Fund, who are employed by the Fund and are not employed by the Adviser (although the officers may receive incentive based variable compensation from affiliates of the Adviser). For the six months ended June 30, 2012, the Fund paid or accrued $67,257 in payroll expenses in the Statement of Operations.

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The Gabelli Equity Trust Inc.

Notes to Financial Statements (Unaudited) (Continued)

The Fund pays each Director who is not considered an affiliated person an annual retainer of $15,000 plus $2,000 for each Board meeting attended. Each Director is reimbursed by the Fund for any out of pocket expenses incurred in attending meetings. All Board committee members receive $1,000 per meeting attended. The Audit Committee Chairman receives an annual fee of $3,000, the Proxy Voting Committee Chairman receives an annual fee of $1,500, the Nominating Committee Chairman and the Lead Director each receive an annual fee of $2,000. A Director may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. Directors who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

4. Portfolio Securities. Purchases and sales of securities during the six months ended June 30, 2012, other than short-term securities and U.S. Government obligations, aggregated $35,578,886 and $80,055,256, respectively.

5. Capital. The charter permits the Fund to issue 246,000,000 shares of common stock (par value $0.001) and authorizes the Board to increase its authorized shares from time to time. The Board has authorized the repurchase of its shares on the open market when the shares are trading on the NYSE at a discount of 10% or more (or such other percentage as the Board may determine from time to time) from the NAV of the shares. During the six months ended June 30, 2012 and the year ended December 31, 2011, the Fund did not repurchase any shares of its common stock in the open market.

Transactions in common shares were as follows:

	Six Months Ended June 30, 2012 (Unaudited)		Year Ended December 31, 2011	
	Shares	**Amount**	**Shares**	**Amount**
Net increase from shares issued upon reinvestment of distributions	1,581,216	$ 8,505,648	3,762,752	$ 20,156,854

The Fund s Articles of Incorporation, as amended, authorizes the issuance of up to 18,000,000 shares of $0.001 par value Preferred Stock. The 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 Preferred Stock are cumulative. The Fund is required by the 1940 Act and by the Articles Supplementary to meet certain asset coverage tests with respect to the Preferred Stock. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the Series C, Series D, Series E, and Series F Preferred Stock at redemption prices of $25,000, $25, $25,000, and $25, 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 coverage requirements could restrict the Fund s ability to pay dividends to common shareholders and could lead to sales of portfolio securities at inopportune times. The income received on the Fund s assets may vary in a manner unrelated to the fixed and variable rates, which could have either a beneficial or detrimental impact on net investment income and gains available to common shareholders.

A shelf registration authorizing the offering of an additional $500 million of common or preferred shares was declared effective by the SEC on June 30, 2011.

For Series C and Series E Preferred Stocks, the dividend rates, as set by the auction process that is generally held every seven days is expected to vary with short-term interest rates. Since February 2008, the number of shares of Series C and Series E Preferred Stock subject to bid orders by potential holders has been less than the number of shares of Series C and Series E Preferred Stock subject to sell orders. Holders that have submitted sell orders have not been able to sell any or all of the Series C

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The Gabelli Equity Trust Inc.

Notes to Financial Statements (Unaudited) (Continued)

and Series E Preferred Stock for which they have submitted sell orders. Therefore the weekly auctions have failed, and the dividend rate has been the maximum rate. The current maximum rate for Series C and Series E Preferred Stock is 150% of the AA Financial Composite Commercial Paper Rate. Existing Series C and Series E shareholders may submit an order to hold, bid, or sell such shares on each auction date, or trade their shares in the secondary market. There were no redemptions of Series C and Series E Preferred Stock during the six months ended June 30, 2012 and the year ended December 31, 2011.

At June 30, 2012, the Fund may redeem in whole or in part the Series D and Series F Preferred Stocks at the redemption price at any time. The Board has authorized the repurchase of Series D and Series F Preferred Stock in the open market at prices less than the $25 liquidation value per share. During the six months ended June 30, 2012 and the year ended December 31, 2011, the Fund did not repurchase any shares of Series D or Series F Preferred Stock.

The following table summarizes Cumulative Preferred Stock information:

Series	Issue Date	Issued/ Authorized	Number of Shares Outstanding at 6/30/2012	Net Proceeds	2012 Dividend Rate Range	Dividend Rate at 6/30/2012	Accrued Dividend at 6/30/2012
C Auction Rate	June 27, 2002	5,200	2,880	$ 128,246,557	0.030% to 0.195%	0.150%	$ 900
D 5.875%	October 7, 2003	3,000,000	2,363,860	$ 72,375,842	Fixed Rate	5.875%	$ 38,577
E Auction Rate	October 7, 2003	2,000	1,120	$ 49,350,009	0.030% to 0.195%	0.090%	$ 70
F 6.200%	November 10, 2006	6,000,000	5,850,402	$ 144,765,000	Fixed Rate	6.200%	$ 100,757

The holders of Preferred Stock generally are entitled to one vote per share held on each matter submitted to a vote of shareholders of the Fund and will vote together with holders of common stock as a single class. The holders of 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 Fund s outstanding voting stock must approve the conversion of the Fund 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 Fund s outstanding voting securities are required to approve certain other actions, including changes in the Fund s investment objectives or fundamental investment policies.

6. Indemnifications. The Fund enters into contracts that contain a variety of indemnifications. The Fund s maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts. Management has reviewed the Fund s existing contracts and expects the risk of loss to be remote.

7. Other Matters. On April 24, 2008, the Adviser entered into a settlement with the SEC to resolve an inquiry regarding prior frequent trading in shares of the GAMCO Global Growth Fund (the Global Growth Fund) by one investor who was banned from the Global Growth Fund in August 2002. Under the terms of the settlement, the Adviser, without admitting or denying the SEC s findings and allegations, paid $16 million (which included a $5 million civil monetary penalty). On the same day, the SEC filed a civil action in the U.S. District Court for the Southern District of New York against the Executive Vice President and Chief Operating Officer of the Adviser, alleging violations of certain federal securities laws arising from the same matter. The officer, who also is an officer of the Global Growth Fund and other funds in the Gabelli/GAMCO complex, including this Fund, denies the allegations and is continuing in his positions with the Adviser and the funds. The settlement by the Adviser did not have, and the resolution of the action against the officer is not expected to have, a material adverse impact on the Adviser or its ability to fulfill its obligations under the Advisory Agreement.

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The Gabelli Equity Trust Inc.

Notes to Financial Statements (Unaudited) (Continued)

8. Subsequent Events. Management has evaluated the impact on the Fund of all subsequent events occurring through the date the financial statements were issued and has determined that there were subsequent events requiring recognition or disclosure in the financial statements.

On July 12, 2012, Moody s Investors Services changed its ratings on the Preferred Shares. This ratings change increased the maximum rate to 175% of the AA Financial Composite Commercial Paper Rate on the Series C Preferred and Series E Preferred, on subsequent auction dates.

On July 31, 2012, the Fund completed a rights offering in which the Fund issued 2,816,524 shares of Series G Cumulative Preferred Stock (the Series G Preferred) totaling $70,413,100. In the offering, the Fund s existing Series F Preferred shareholders received one transferable right for each share of Series F Preferred held on the record date (June 22, 2012). Holders of Rights were entitled to purchase one share of Series G Preferred by submitting one Right plus $25.00 (the Subscription Price) pursuant to the Offering. The Subscription Price was payable in cash, by surrender of Series F Preferred at the liquidation preference amount, or any combination of cash and Series F Preferred shares.

The Series G Preferred shares were issued on August 1, 2012. 702,193 Series F Preferred shares with a liquidation value of $25.00 per share, or approximately $17.6 million, were surrendered by subscribing shareholders to acquire Series G Preferred. The surrendered Series F Preferred shares were retired. The proceeds raised in the rights offering will be used to redeem a portion of the remaining outstanding Series F Preferred.

On August 15, 2012 the Board authorized the redemption of 2,120,000 shares of Series F Preferred. The redemption date is September 26, 2012, and the redemption price is $25.00 per share, which is equal to the liquidation preference of the Series F Preferred.

Management has evaluated the impact on the Fund of all other subsequent events occurring through the date the financial statements were issued and has determined that there were no other subsequent events requiring recognition or disclosure in the financial statements.

Shareholder Meeting May 14, 2012 Final Results

The Fund s Annual Meeting of Shareholders was held on May 14, 2012 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 144,988,320 votes were cast in favor of this Director and a total of 7,172,723 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 7,262,868 votes were cast in favor of this Director and a total of 370,874 votes were withheld for this Director.

Mario J. Gabelli, CFA, 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.

On August 15, 2012, the Board appointed William F. Heitmann as a Trustee of the Fund.

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The Gabelli Equity Trust Inc.

Notes to Financial Statements (Unaudited) (Continued)

Certifications

The Fund s Chief Executive Officer has certified to the New York Stock Exchange (NYSE) that, as of June 8, 2012, he was not aware of any violation by the Fund of applicable NYSE corporate governance listing standards. The Fund reports to the SEC on Form N-CSR which contains certifications by the Fund s principal executive officer and principal financial officer that relate to the Fund s disclosure in such reports and that are required by Rule 30a-2(a) under the 1940 Act.

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The Gabelli Equity Trust Inc.

Board Consideration and Re-Approval of Investment Advisory Agreements (Unaudited)

Section 15(c) of the Investment Company Act of 1940, as amended (the 1940 Act), contemplates that the Board of Directors (the Board) of The Gabelli Equity Trust Inc. (the Fund), including a majority of the Directors who have no direct or indirect interest in the investment advisory agreement and are not interested persons of the Fund, as defined in the 1940 Act (the Independent Board Members), are required annually to review and re-approve the terms of the Fund s existing investment advisory agreement and approve any newly proposed terms therein. In this regard, the Board reviewed and re-approved, during the most recent six month period covered by this report, the Investment Advisory Agreement (the Advisory Agreement) with Gabelli Funds, LLC (the Adviser) for the Fund. More specifically, at a meeting held on May 16, 2012, the Board, including the Independent Board Members, considered the factors and reached the conclusions described below relating to the selection of the Adviser and the re-approval of the Advisory Agreement.

Nature, Extent, and Quality of Services.

The Independent Board Members considered the nature, quality, and extent of administrative and shareholder services performed by the Adviser, including portfolio management, supervision of Fund operations and compliance and regulatory filings and disclosures to shareholders, general oversight of other service providers, review of Fund legal issues, assisting the Independent Board Members in their capacity as directors, and other services. The Independent Board Members concluded that the services are extensive in nature and that the Adviser consistently delivered a high level of service.

Investment Performance of the Fund and Adviser.

The Independent Board Members considered short-term and long-term investment performance for the Fund over various periods of time as compared with relevant equity indices and the performance of other equity closed-end funds included in the Lipper peer group. The Independent Board Members noted that the Fund s total return performance was above the peer average and peer median for the three, five, and ten year periods ended March 31, 2012, but below the peer average and peer median for the one year period ended March 31, 2012. The Independent Board Members concluded that the Adviser was delivering satisfactory performance results consistent with the investment strategies being pursued by the Fund.

Costs of Services and Profits Realized by the Adviser.

(a) Costs of Services to Fund: Fees and Expenses. The Independent Board Members considered the Fund s management fee rate and expense ratio relative to industry averages for the Fund s peer group category and the advisory fees charged by the Adviser and its affiliates to other fund and non-fund clients. The Independent Board Members noted that the mix of services under the Advisory Agreement is much more extensive than those under the advisory agreements for non-fund clients. The Independent Board Members noted that the other non- management expenses paid by the Fund is below the average and median for its peer group, but that the management fee, gross advisory fee and total expenses, respectively, were above the average and median for peer funds. They took note of the fact that the use of leverage impacts comparative expenses with peer funds. The Independent Board Members were aware that the Adviser waives its fee on the incremental liquidation value of the Fund s preferred stock if the total return on net asset value of the common stock does not exceed the stated dividend rate or net swap expense for the preferred stock for the year after consideration of the reinvestment of distributions and the management fees attributable to the incremental liquidation value of the preferred stock, and that the comparative total expense ratio and other expense information reflected these waivers, if applicable. The Independent Board Members concluded that the fee is acceptable based upon the qualifications, experience, reputation, and performance of the Adviser.

(b) Profitability and Costs of Services to Adviser. The Independent Board Members considered the Adviser s overall profitability and costs, and pro forma estimates of the Adviser s profitability and costs attributable to the Fund as part of the Gabelli/GAMCO fund complex and assuming the Fund

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The Gabelli Equity Trust Inc.

Board Consideration and Re-Approval of Investment Advisory Agreements (Unaudited) (Continued)

constituted the Adviser s only investment company under its management. The Independent Board Members also considered whether the amount of profit is a fair entrepreneurial profit for the management of the Fund, and noted that the Adviser has substantially increased its resources devoted to Fund matters in response to regulatory requirements and new or enhanced Fund policies and procedures. The Independent Board Members concluded that the Adviser s profitability was at an acceptable level.

Extent of Economies of Scale as Fund Grows.

The Independent Board Members considered whether there have been economies of scale with respect to the management of the Fund and whether the Fund has appropriately benefited from any economies of scale. The Independent Board Members noted that economies of scale may develop for certain funds as their assets increase and their fund level expenses decline as a percentage of assets, but that fund level economies of scale may not necessarily result in Adviser level economies of scale. The Board Members concluded that there was an appropriate sharing of economies of scale.

Whether Fee Levels Reflect Economies of Scale.

The Independent Board Members also considered whether the management fee rate is reasonable in relation to the asset size of the Fund and any economies of scale that may exist, and concluded that the Fund s current fee schedule (without breakpoints) was considered reasonable.

Other Relevant Considerations.

(a) Adviser Personnel and Methods. The Independent Board Members considered the size, education, and experience of the Adviser s staff, the Adviser s fundamental research capabilities, and the Adviser s approach to recruiting, training, and retaining portfolio managers and other research and management personnel, and concluded that, in each of these areas, the Adviser was structured in such a way to support the high level of services being provided to the Fund.

(b) Other Benefits to the Adviser. The Independent Board Members also considered the character and amount of other incidental benefits received by the Adviser and its affiliates from its association with the Fund. The Independent Board Members considered the brokerage commissions paid to an affiliate of the Adviser. The Independent Board Members concluded that potential fall-out benefits that the Adviser and its affiliates may receive, such as affiliated brokerage commissions, greater name recognition, or increased ability to obtain research services, appear to be reasonable, and may in some cases benefit the Fund.

Conclusions.

In considering the Advisory Agreement, the Independent Board Members did not identify any factor as all important or all controlling, and instead considered these factors collectively in light of the Fund s surrounding circumstances. Based on this review, it was the judgment of the Independent Board Members that shareholders had received satisfactory absolute and relative performance consistent with the investment strategies being pursued by the Fund at reasonable fees and, therefore, re-approval of the Agreement was in the best interests of the Fund and its shareholders. As a part of its decision making process, the Independent Board Members noted that the Adviser has managed the Fund since its inception, and the Independent Board Members believe that a long term relationship with a capable, conscientious adviser is in the best interests of the Fund. The Independent Board Members considered, generally, that shareholders invested in the Fund knowing that the Adviser managed the Fund and knowing its investment management fee schedule. As such, the Independent Board Members considered, in particular, whether the Adviser managed the Fund in accordance with its investment objectives and policies as disclosed to shareholders. The Independent Board Members concluded that the Fund was managed by the Adviser consistent with its investment objectives and policies.

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Base Prospectus dated May 31, 2012

PROSPECTUS

$500,000,000

The Gabelli Equity Trust Inc.

Common Stock

Preferred Stock

Subscription Rights to Purchase Common Stock

Subscription Rights to Purchase Preferred Stock

Investment Objectives. The Gabelli Equity Trust Inc. (the Fund) is a non-diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund s primary investment objective is to achieve long-term growth of capital by investing primarily in a portfolio of equity securities consisting of common stock, preferred stock, convertible or exchangeable securities, and warrants and rights to purchase such securities. Income is a secondary investment objective. Gabelli Funds, LLC (the Investment Adviser) serves as investment adviser to the Fund. Under normal market conditions, the Fund will invest at least 80% of the value of its total assets in equity securities. The Fund was organized as a Maryland corporation on May 20, 1986 and commenced its investment operations on August 21, 1986. An investment in the Fund is not appropriate for all investors. We cannot assure you that the Fund s objectives will be achieved.

We may offer, from time to time, in one or more offerings, shares of our common stock or preferred stock, each having a par value of $0.001 per share, or our subscription rights to purchase our common stock or preferred stock. Shares may be offered at prices and on terms to be set forth in one or more supplements to this Prospectus (each a Prospectus Supplement). You should read this Prospectus and the applicable Prospectus Supplement carefully before you invest in our shares.

Our shares may be offered directly to one or more purchasers, including existing stockholders in a rights offering, through agents designated from time to time by us, or to or through underwriters or dealers. The Prospectus Supplement relating to the offering will identify any agents or underwriters involved in the sale of our shares, and will set forth any applicable purchase price, fee, commission, or discount arrangement between us and our agents or underwriters, or among our underwriters, or the basis upon which such amount may be calculated. The Prospectus Supplement relating to any sale of shares of preferred stock will set forth the liquidation preference and information about the dividend period, dividend rate, any call protection or non-call period, and other matters. The Prospectus Supplement relating to any offering of subscription rights will set forth the number of shares (preferred or common) issuable upon the exercise of each right (or number of rights) and the other terms of such rights offering. We may not sell any of our securities through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular offering. Shares of our common stock are listed on the New York Stock Exchange (NYSE) under the symbol GAB. Currently, the Fund s Series D Cumulative Preferred Stock and Series F Cumulative Preferred Stock are listed on the NYSE under the symbol GAB PrD and GAB PrF, respectively. Any future series of fixed rate preferred shares would also likely be listed on a stock exchange. On May 30, 2012, the last reported NYSE sale price of shares of our common stock was $5.31 per share. The net asset value of shares of the Fund s common stock at the close of business on May 30, 2012 was $5.22 per share.

Shares of closed-end funds often trade at a discount from net asset value. This creates a risk of loss for an investor purchasing shares in a public offering.

Investing in the Fund s shares involves risks. See Risk Factors and Special Considerations on page 19 for factors that should be considered before investing in shares of the Fund.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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This Prospectus may not be used to consummate sales of shares by us through agents, underwriters, or dealers unless accompanied by a Prospectus Supplement.

This Prospectus sets forth concisely the information about the Fund that a prospective investor should know before investing. You should read this Prospectus, which contains important information about the Fund, before deciding whether to invest in the shares, and retain it for future reference. A Statement of Additional Information, dated May 31, 2012, containing additional information about the Fund, has been filed with the Securities and Exchange Commission and is incorporated by reference in its entirety into this Prospectus. You may request a free copy of our annual and semi-annual reports, request a free copy of the Statement of Additional Information, the table of contents of which is on page 52 of this Prospectus, request other information about us and make shareholder inquiries by calling (800) GABELLI (422-3554) or by writing to the Fund, or obtain a copy (and other information regarding the Fund) from the Securities and Exchange Commission s web site (http://www.sec.gov).

Our shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

You should rely only on the information contained or incorporated by reference in this Prospectus. The Fund has not authorized anyone to provide you with different information. The Fund is not making an offer to sell these securities in any state where the offer or sale is not permitted. You should not assume that the information contained in this Prospectus is accurate as of any date other than the date of this Prospectus.

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PROSPECTUS SUMMARY

This is only a summary. This summary may not contain all of the information that you should consider before investing in our shares. You should review the more detailed information contained in this Prospectus and the Statement of Additional Information, dated May 31, 2012 (the SAI).

The Fund

The Gabelli Equity Trust Inc. is a closed-end, non-diversified management investment company organized as a Maryland corporation on May 20, 1986. Throughout this Prospectus, we refer to The Gabelli Equity Trust Inc. as the Fund or as we. See The Fund.

The Fund s outstanding shares of common stock, par value $0.001 per share, are listed on the New York Stock Exchange under the symbol GAB. As of March 31, 2012, the net assets of the Fund attributable to its common stock were $1,055,358,158. As of March 31, 2012, the Fund had outstanding 185,376,493 shares of common stock; 2,880 shares of Series C Auction Rate Cumulative Preferred Stock, liquidation preference $25,000 per share (the Series C Auction Rate Preferred); 2,363,860 shares of 5.875% Series D Cumulative Preferred Stock, liquidation preference $25 per share (the Series D Preferred); 1,120 shares of Series E Auction Rate Cumulative Preferred Stock, liquidation preference $25,000 per share (the Series E Auction Rate Preferred); and 5,850,402 shares of 6.20% Series F Cumulative Preferred Stock, liquidation preference $25 per share (the Series F Preferred). The Fund completed its redemption of its 7.25% Tax Advantaged Cumulative Preferred Stock (the Series A Preferred) and its 7.20% Tax Advantaged Series B Cumulative Preferred Stock (the Series B Preferred) on June 17, 2003 and January 8, 2007, respectively. The Series C Auction Rate Preferred, Series D Preferred, Series E Auction Rate Preferred and Series F Preferred have the same seniority with respect to distributions and liquidation preference.

The Offering

We may offer, from time to time, in one or more offerings, our common stock, $0.001 par value per share and our preferred stock, $0.001 par value per share. The shares may be offered at prices and on terms to be set forth in one or more supplements to this Prospectus (each a Prospectus Supplement). We may also offer subscription rights to purchase our common stock or preferred stock. The offering price per share of our common stock will not be less than the net asset value per share of our common stock at the time we make the offering, exclusive of any underwriting commissions or discounts, provided that transferable rights offerings that meet certain conditions may be offered at a price below the then current net asset value. See Rights Offerings. You should read this Prospectus and the applicable Prospectus Supplement carefully before you invest in our shares. Our shares may be offered directly to one or more purchasers, through agents designated from time to time by us, or to or through underwriters or dealers. The Prospectus Supplement relating to the offering will identify any agents, underwriters or dealers involved in the sale of our shares, and will set forth any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters, or among our underwriters, or the basis upon which such amount may be calculated. The Prospectus Supplement relating to any sale of preferred stock will set forth the liquidation preference and information about the dividend period, dividend rate, any call protection or non-call period and other matters. The Prospectus Supplement relating to any offering of subscription rights will set forth the number of shares (preferred or common) issuable upon the exercise of each right (or number of rights) and the other terms of such rights offering. We may not sell any of our securities through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular offering. Shares of our common stock are listed on the New York Stock Exchange (NYSE) under the symbol GAB. Currently, the Fund s Series D Cumulative Preferred Stock and Series F Cumulative Preferred Stock are listed on the NYSE under the symbol GAB PrD and GAB PrF, respectively. Any future series of fixed rate preferred shares would also likely be listed on a stock exchange. On May 30, 2012, the last reported NYSE sale price of shares of our common stock was $5.31 per share. The net asset value of shares of the Fund s common stock at the close of business on May 30, 2012 was $5.22 per share.

Investment Objectives and Policies

The Fund s primary investment objective is to achieve long-term growth of capital by investing primarily in a portfolio of equity securities consisting of common stock, preferred stock, convertible or exchangeable securities, and warrants and rights to purchase such securities selected by the Investment Adviser. Income is a secondary investment objective.

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Under normal market conditions, the Fund will invest at least 80% of the value of its total assets in equity securities (the 80% Policy). The 80% Policy may be changed without shareholder approval. The Fund will provide shareholders with notice at least 60 days prior to the implementation of any change in the 80% Policy.

The Investment Adviser selects investments on the basis of fundamental value and, accordingly, the Fund typically invests in the securities of companies that are believed by the Investment Adviser to be priced lower than justified in relation to their underlying assets. Other important factors in the selection of investments include favorable price/earnings and debt/equity ratios and strong management.

The Fund seeks to achieve its secondary investment objective of income, in part, by investing up to 10% of its total assets in a portfolio consisting primarily of high yielding, fixed income securities, such as corporate bonds, debentures, notes, convertible securities, preferred stock, and domestic and foreign government obligations. Fixed income securities purchased by the Fund may be rated as low as C by Moody s Investors Service, Inc. (Moody s) or D by Standard & Poor s, a Division of The McGraw-Hill Companies, Inc. (S&P), or may be unrated securities considered to be of equivalent quality. Securities that are rated C by Moody s are the lowest rated class and can be regarded as having extremely poor prospects of ever obtaining investment grade standing. Debt rated D by S&P is in default or is expected to default upon maturity of payment date. These debt securities, which are often referred to in the financial press as junk bonds, are predominantly speculative and involve major risk exposure to adverse conditions.

The Fund invests in equity securities across all market capitalization ranges. The Fund may invest up to 35% of its total assets in foreign securities. Among the foreign securities in which the Fund may invest are those issued by companies located in emerging markets.

No assurance can be given that the Fund s investment objectives will be achieved. See Investment Objectives and Policies.

Common Stock

Currently, 246,000,000 of the Fund s capital stock, which includes the common stock being registered with this registration statement, have been classified by the Board of Directors (the Board) of the Fund or any duly authorized committee thereof as common stock, par value $0.001 per share. Holders of the common stock are entitled to one vote per share held. Holders of the common stock are entitled to share equally in distributions authorized by the Fund s Board payable to the holders of such shares and in the net assets of the Fund available on liquidation for distribution to holders of such shares. The shares of common stock have noncumulative voting rights and no conversion, preemptive or other subscription rights, and are not redeemable. In the event of liquidation, each share of Fund common stock is entitled to its proportion of the Fund s assets after payment of debts and expenses and the amounts payable to holders of the Fund s preferred stock ranking senior to the shares of common stock of the Fund. As of March 31, 2012, 185,376,493 shares of common stock of the Fund were outstanding.

Preferred Stock

Currently, 24,000,000 shares of the Fund s capital stock, which includes the preferred stock being registered with this registration statement, have been classified by the Board of the Fund or any duly authorized committee thereof as preferred stock, par value $0.001 per share. The Fund s Board may reclassify authorized and unissued shares of the Fund, previously classified as common stock, as preferred stock prior to the completion of any offering. The terms of each series of preferred stock may be fixed by the Board and may materially limit and/or qualify the rights of holders of the Fund s common stock. If the Fund s Board determines that it may be advantageous to the holders of the Fund s common stock for the Fund to utilize additional leverage, the Fund may issue additional series of fixed rate preferred stock (Fixed Rate Preferred Stock) or additional series of auction rate preferred stock (Auction Rate Preferred Stock). Any Fixed Rate Preferred Stock or Auction Rate Preferred Stock issued by the Fund will pay, as applicable, distributions at a fixed rate or at rates that will be reset frequently based on short term interest rates. (As of March 31, 2012, 2,880 shares of Series C Auction Rate Preferred, 2,363,860 shares of Series D Preferred, 1,120 shares of Series E Auction Rate Preferred and 5,850,402 shares of Series F Preferred were outstanding.) Leverage creates a greater risk of loss as well as a potential for more gains for the common shares than if leverage were not used. See Risk Factors and Special Considerations Leverage Risk and Certain Investment Practices Leveraging. The Fund may also engage in investment management techniques which will not be considered senior securities if the Fund establishes in a segregated account cash or other liquid securities equal to the Fund s obligations in respect of such techniques. The Fund may borrow money in accordance with its investment restrictions,

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including as a temporary measure for extraordinary or emergency purposes. The Fund will not borrow for investment purposes.

Dividends and Distributions

Preferred Stock Distributions. In accordance with the Fund s Articles of Incorporation (together with any amendments or supplements thereto, including any articles supplementary of the Fund establishing a series of preferred stock (the Articles Supplementary and together with the Articles of Incorporation, the Charter) and as required by the 1940 Act, all preferred stock of the Fund must have the same seniority with respect to distributions. Accordingly, no full distribution will be declared or paid on any series of preferred stock of the Fund for any dividend period, or part thereof, unless full cumulative dividends and distributions due through the most recent dividend payment dates for all series of outstanding preferred stock of the Fund are declared and paid. If full cumulative distributions due have not been declared and made on all outstanding preferred stock of the Fund, any distributions on such preferred stock will be made as nearly pro rata as possible in proportion to the respective amounts of distributions accumulated but unmade on each such series of preferred stock on the relevant dividend payment date.

In the event that for any calendar year the total distributions on shares of the Fund s preferred stock exceed the Fund s current and accumulated earnings and profits allocable to such shares, the excess distributions will generally be treated as a tax-free return of capital (to the extent of the shareholder s tax basis in the shares). The amount treated as a tax-free return of capital will reduce a shareholder s adjusted tax basis in the preferred stock, thereby increasing the shareholder s potential taxable gain or reducing the potential taxable loss on the sale of the stock. The Fund did not make return of capital distributions to its preferred shareholders during the year ended December 31, 2011.

Common Stock Distributions. In order to allow its common shareholders to realize a predictable, but not assured, level of cash flow and some liquidity periodically on their investment without having to sell shares, the Fund has adopted a managed distribution policy, which may be changed at any time by the Board, of paying a minimum annual distribution of 10% of the average net asset value of the Fund to common shareholders. In the event the Fund does not generate a total return from dividends and interest received and net realized capital gains in an amount equal to or in excess of its stated distribution in a given year, the Fund may return capital as part of such distribution, which may have the effect of decreasing the asset coverage per share with respect to the Fund s preferred stock. Any return of capital should not be considered by investors as yield or total return on their investment in the Fund. For the fiscal year ended December 31, 2011, the Fund made distributions of $0.57 per share of common stock, of which approximately $0.55 per share was deemed a return of capital. The total 2011 distributions of $0.57 per common share consisted of $0.57 per share in the form of cash distributions. The Fund has made quarterly distributions with respect to its common stock since 1987. A portion of all distributions to common shareholders for the past five years have constituted a return of capital. In addition, a portion of the distributions to common shareholders during fourteen of the twenty-five fiscal years since the Fund s inception has constituted a return of capital.

Under the Fund s distribution policy, the Fund declares and pays quarterly distributions from net investment income, capital gains, and paid-in capital. The actual source of the distribution is determined after the end of the year. Pursuant to this policy, distributions during the year may be made in excess of required distributions. To the extent such distributions are made from current earnings and profits, they are considered ordinary income or long-term capital gains. The Fund s current distribution policy may restrict the Fund s ability to pass through to shareholders all of its net realized long-term capital gains as a capital gain dividend, subject to the maximum federal income tax rate of 15%, and may cause such gains to be treated as ordinary income subject to a maximum federal income tax rate of 35%. Distributions sourced from paid-in capital should not be considered as dividend yield or the total return from an investment in the Fund. Shareholders who periodically receive the payment of a dividend or other distribution consisting of a return of capital may be under the impression that they are receiving net profits when they are not. Shareholders should not assume that the source of a distribution from the Fund is net profit. The composition of each distribution is estimated based on the earnings of the Fund as of the record date for each distribution. The actual composition of each of the current year s distributions will be based on the Fund s investment activity through December 31, 2012.

Use of Proceeds

The Fund will use the net proceeds from the offering to purchase portfolio securities in accordance with its investment objectives and policies as appropriate investment opportunities are identified, which is expected to substantially be completed within three months; however, changes in market conditions could result in the Fund s anticipated investment period extending to as long as six months. See Use of Proceeds.

Exchange Listing

The Fund s outstanding shares of common stock are listed on the NYSE, under the trading or ticker symbol GAB. Currently, the Series D Preferred and Series F Preferred are listed on the NYSE under the symbol GAB PrD and GAB PrF, respectively. See Description of Capital Stock. Any additional series of Fixed Rate Preferred Stock issued by the Fund would also likely be listed on the NYSE. Subscription rights issued by the Fund may also be listed on a securities exchange.

Market Price of Shares

Common shares of closed-end investment companies often trade at prices lower than their net asset value. Common shares of closed-end investment companies may trade during some periods at prices higher than their net asset value and during other periods at prices lower than their net asset value. The Fund cannot assure you that its common stock will trade at a price higher than, equal to or above net asset value. The Fund s net asset value will be reduced immediately following an offering by the sales load and the amount of the offering expenses paid by the Fund. See Use of Proceeds.

In addition to net asset value, the market price of the Fund s common shares may be affected by such factors as the Fund s dividend and distribution levels (which are affected by expenses) and stability, market liquidity, market supply and demand, unrealized gains, general market and economic conditions, and other factors. See Risk Factors and Special Considerations, Description of the Capital Stock and Repurchase of Common Stock.

The common shares are designed primarily for long term investors, and you should not purchase common shares of the Fund if you intend to sell them shortly after purchase.

Fixed rate preferred shares, if issued, may also trade at premiums to or discounts from their liquidation preference for a variety of reasons, including changes in interest rates.

Risk Factors and Special Considerations

Risk is inherent in all investing. Therefore, before investing in shares of the Fund, you should consider the following risks carefully.

Leverage Risk. The Fund currently uses, and intends to continue to use, financial leverage for investment purposes by issuing preferred stock. As of March 31, 2012, the amount of leverage represented approximately 22% of the Fund s net assets. The Fund s leveraged capital structure creates special risks not associated with unleveraged funds having similar investment objectives and policies. The use of leverage, which can be described as exposure to changes in price at a ratio greater than the amount of equity invested magnifies both the favorable and unfavorable effects of price movements in the investments made by the Fund. To the extent that the Fund determines to employ additional leverage in its investment operations, the Fund is subject to additional substantial risk of loss. The Fund cannot assure you that the issuance of preferred shares will result in a higher yield or return to the holders of shares of common stock. Also, as the Fund is utilizing leverage, a decline in net asset value could affect the ability of the Fund to make common stock distributions and such a failure to pay dividends or make distributions could result in the Fund ceasing to qualify as a regulated investment company under the Internal Revenue Code of 1986, as amended (the Code). See Taxation.

Special Risks to Holders of Fixed Rate Preferred Stock. Prior to any offering, there will be no public market for any additional series of Fixed Rate Preferred Stock. In the event any additional series of Fixed Rate Preferred Stock are issued, prior application will have been made to list such shares on a national securities exchange, which will likely be the NYSE. However, during an initial period, which is not expected to exceed 30 days after the date of its initial issuance, such shares may not be listed on any securities exchange. During such period, the underwriters may make a market in such shares, although they will have no obligation to do so. Consequently, an investment in such shares may be illiquid during such period. Shares of Fixed Rate Preferred Stock may trade at a premium to or discount from liquidation value for various reasons, including changes in interest rates.

Special Risks for Holders of Auction Rate Preferred Stock.

Auction Risk. Since February 2008, the auctions for the Auction Rate Preferred Stock have failed and have continued to fail. Failing means that more Auction Rate Preferred Stock is offered for sale than there are buyers for

those shares. During this period while auctions have continued to fail, holders of the Fund s Auction Rate Preferred Stock who wanted to sell their shares at par through the auction process have been unable to do so. Holders have continued to receive dividends on their Auction Rate Preferred Stock at a maximum rate determined by reference to short term rates, rather than at a price set by auction. At present, the maximum rate is equal to 150% of the AA Financial Composite Commercial Paper Rate, determined on each calculation date. For the fiscal quarter ended March 31, 2012, the dividend rates for the Series C Auction Rate Preferred and the Series E Auction Rate Preferred ranged from 0.030% to 0.180% and 0.030% to 0.150%, respectively. A failed auction is not a default and the Fund has no obligation under its Charter to redeem its Auction Rate Preferred Stock because the auctions continue to fail. The Fund cannot estimate when or if auction markets for the Auction Rate Preferred Stock will resume functioning. There appears to be a secondary market in certain auction market preferred issues, although the Fund is not aware whether there is or will be an active trading market for the Fund s shares.

If the auctions were to resume, which management does not consider to be likely, other risks would apply. For example, if you place an order (a hold order) at an auction to retain Auction Rate Preferred Stock only at a specified rate that exceeds the rate set at the auction, you will not retain your Auction Rate Preferred Stock. Additionally, if you place a hold order without specifying a rate below which you would not wish to continue to hold your shares and the auction sets a below market rate, you will receive a lower rate of return on your shares than the market rate. Finally, the dividend period may be changed, subject to certain conditions and with notice to the holders of the Auction Rate Preferred Stock, which could also affect the liquidity of your investment.

Secondary Market Risk. If you try to sell your Auction Rate Preferred Stock between auctions, you may not be able to sell them for their liquidation preference per share or such amount per share plus accumulated dividends. If the Fund has designated a special dividend period of more than seven days, changes in interest rates could affect the price you would receive if you sold your shares in the secondary market. Broker-dealers that maintain a secondary trading market for the Auction Rate Preferred Stock are not required to maintain this market and the Fund is not required to redeem Auction Rate Preferred Stock if either an auction or an attempted secondary market sale fails because of a lack of buyers. The Auction Rate Preferred Stock will not be registered on a stock exchange. If you sell your Auction Rate Preferred Stock to a broker-dealer or other party between auctions, you may receive less than the price you paid for them.

Our Subscription Rights. There is a risk that changes in yield or changes in the credit quality of the Fund may result in the underlying preferred shares purchasable upon exercise of the subscription rights being less attractive to investors at the conclusion of the subscription period. This may reduce or eliminate the value of the subscription rights. Investors who receive subscription rights may find that there is no market to sell rights they do not wish to exercise. If investors exercise only a portion of the rights, the number of shares of preferred stock or shares of common stock issued may be reduced, and the preferred stock or common stock may trade at less favorable prices than larger offerings for similar securities.

Common Stock Distribution Policy Risk. The Fund has adopted a policy, which may be changed at any time by the Board, of paying a minimum annual distribution of 10% of the average net asset value of the Fund to common shareholders. In the event the Fund does not generate a total return from dividends and interest received and net realized capital gains in an amount equal to or in excess of its stated distribution in a given year, the Fund may return capital as part of such distribution, which may have the effect of decreasing the asset coverage per share with respect to the preferred stock. A portion of all distributions to common shareholders for the past five years have constituted a return of capital. In addition, a portion of the distributions to holders of common stock during fourteen of the twenty-five fiscal years since the Fund s inception has constituted a return of capital. Under the Fund s distribution policy, the Fund declares and pays quarterly distributions from net investment income, capital gains, and paid-in capital. The actual source of the distribution is determined after the end of the year. Pursuant to this policy, distributions during the year may be made in excess of required distributions. To the extent such distributions are made from current earnings and profits, they are considered ordinary income or long-term capital gains. The Fund s current distribution policy may restrict the Fund s ability to pass through to shareholders all of its net realized long-term capital gains as a capital gain dividend, subject to