

GABELLI EQUITY TRUST INC
Form N-Q
November 29, 2010

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM N-Q
QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY
Investment Company Act file number 811-04700
The Gabelli Equity Trust Inc.**

(Exact name of registrant as specified in charter)
One Corporate Center
Rye, New York 10580-1422

(Address of principal executive offices) (Zip code)
Bruce N. Alpert
Gabelli Funds, LLC
One Corporate Center
Rye, New York 10580-1422

(Name and address of agent for service)
Registrant's telephone number, including area code: 1-800-422-3554
Date of fiscal year end: December 31
Date of reporting period: September 30, 2010

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Schedule of Investments.

The Schedule(s) of Investments is attached herewith.

The Gabelli Equity Trust Inc.

Mario J. Gabelli, CFA

Third Quarter Report

September 30, 2010

To Our Shareholders,

During the third quarter of 2010, The Gabelli Equity Trust's (the Fund) total return was 18.5% on a net asset value (NAV) basis compared with gains in the Standard & Poor's (S&P) 500 Index and the Dow Jones Industrial Average of 11.3% and 11.1%, respectively. The total return for the Fund's publicly traded shares was 14.7% during the third quarter of 2010.

Enclosed is the investment portfolio as of September 30, 2010.

Comparative Results**Average Annual Returns through September 30, 2010 (a) (Unaudited)**

	Year to							Since	
	Quarter	Date	1 Year	3 Year	5 Year	10 Year	15 Year	Inception (08/21/86)	
Gabelli Equity Trust									
NAV Total Return (b)	18.54%	11.96%	20.36%	(6.57)%	2.96%	4.85%	8.15%	10.04%	10.10%
Investment Total Return (c)	14.70	6.83	11.17	(7.73)	2.57	4.13	8.23	10.27	9.50
S&P 500 Index	11.30	3.91	10.18	(7.15)	0.64	(0.43)	6.45	9.05	8.94(d)
Dow Jones Industrial Average	11.13	5.57	14.12	(5.37)	3.11	2.54	7.92	10.30	10.34(d)
Nasdaq Composite Index	12.30	4.38	11.60	(4.29)	1.94	(4.29)	5.62	10.12	7.87

- (a) **Returns represent past performance and do not guarantee future results.** Investment returns and the principal value of an investment will fluctuate. When shares are sold, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. Performance returns for periods of less than one year are not annualized. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing.** The Dow Jones Industrial Average is an unmanaged index of 30 large capitalization stocks. The S&P 500 and the Nasdaq Composite Indices are unmanaged indicators of stock market performance. Dividends are considered reinvested except for the Nasdaq Composite Index. You cannot invest directly in an index.
- (b) Total returns and average annual returns reflect changes in the NAV per share, reinvestment of distributions at NAV on the ex-dividend date, adjustments for rights offerings, spin-offs, and taxes paid on undistributed long-term capital gains and are net of expenses. Since inception return is based on an initial NAV of \$9.34.
- (c) Total returns and average annual returns reflect changes in closing market values on the New York Stock Exchange, reinvestment of distributions, and adjustments for rights offerings, spin-offs, and taxes paid on undistributed long-term capital gains. Since inception return is based on an initial offering price of \$10.00.
- (d) From August 31, 1986, the date closest to the Fund's inception for which data is available.

We have separated the portfolio manager's commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio manager's commentary is unrestricted. The financial statements and investment portfolio are

mailed separately from the commentary. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com.

THE GABELLI EQUITY TRUST INC.
PORTFOLIO CHANGES
Quarter Ended September 30, 2010 (Unaudited)

	Shares/ Units	Ownership at September 30, 2010
NET PURCHASES		
Common Stocks		
Accor SA (a)	14,770	20,000
AMR Corp.	100,000	300,000
Baxter International Inc.	3,000	38,000
Becton, Dickinson and Co.	500	3,500
Bel Fuse Inc., Cl. A	4,000	20,000
Cincinnati Bell Inc.	25,000	825,000
Citigroup Inc.	140,000	380,000
CNH Global NV	5,000	25,000
Covidien plc	30,000	55,000
Edenred (a)	5,230	5,230
Frontier Communications Corp. (b)	20,000	20,000
Gerber Scientific Inc.	5,000	90,000
GrafTech International Ltd.	5,000	90,000
Hellenic Telecommunications Organization SA	4,000	44,000
Hellenic Telecommunications Organization SA, ADR	3,000	16,000
Media General Inc., Cl. A	20,000	200,000
MEMC Electronic Materials Inc.	2,000	20,000
Millicom International Cellular SA	10,000	10,000
NCR Corp.	5,000	105,000
NextEra Energy Inc.	9,000	32,000
Noble Corp.	20,000	20,000
Northeast Utilities	15,000	205,000
NSTAR	10,000	10,000
Remy Cointreau SA (c)	4,673	40,673
Research In Motion Ltd.	5,000	5,000
Safeway Inc.	10,000	10,000
Superior Industries International Inc.	3,000	45,000
TECO Energy Inc.	20,000	20,000
The Bank of New York Mellon Corp.	15,000	185,038
The Boeing Co.	13,000	123,000
The Kroger Co.	10,000	10,000
UltraShort Dow30 ProShares	200,000	200,000
Vodafone Group plc, ADR	30,000	66,000
Waddell & Reed Financial Inc., Cl. A	10,000	100,000
Wisconsin Energy Corp.	4,000	4,000
Xerox Corp.	60,000	60,000
Rights		
Deutsche Bank AG, expire 10/05/10 (d)	140,000	140,000
NET SALES		
Common Stocks		

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Alcoa Inc.	(15,000)	53,000
Alibaba.com Ltd.	(8,000)	
American Express Co.	(7,000)	527,000
AMETEK Inc.	(3,000)	243,000
Baldor Electric Co.	(12,000)	143,000
Bell Aliant Regional Communications Income Fund	(3,000)	5,000
Berkshire Hathaway Inc., Cl. A	(1)	133
BorgWarner Inc.	(2,000)	84,000
Boston Scientific Corp.	(10,000)	215,000
BP plc, ADR	(2,000)	118,000
Brasil Telecom SA, Cl. C, ADR	(10,000)	15,801
Brookfield Asset Management Inc., Cl. A	(2,000)	
Cablevision Systems Corp., Cl. A	(20,000)	1,410,000
Caterpillar Inc.	(5,000)	15,000
CBS Corp., Cl. A, Voting	(5,000)	350,000
CLARCOR Inc.	(7,000)	158,000
Clorox Co.	(3,000)	9,000
CMS Energy Corp.	(16,000)	39,000
Commerzbank AG, ADR	(10,000)	126,000
ConocoPhillips	(16,000)	244,000
Cooper Industries plc	(3,000)	202,000
Corn Products International Inc.	(1,000)	44,000
Corning Inc.	(3,000)	465,000
Dean Foods Co.	(22,000)	150,000
Deere & Co.	(3,000)	432,000
Del Monte Foods Co.	(15,000)	45,000
Deutsche Bank AG (d)	(2,000)	140,000
DIRECTV, Cl. A	(85,000)	615,000
Discovery Communications Inc., Cl. A	(2,500)	129,500
Discovery Communications Inc., Cl. C	(2,500)	129,500
Dr. Pepper Snapple Group Inc.	(20,000)	100,000
Duke Energy Corp.	(20,000)	115,000
Eastman Kodak Co.	(17,000)	158,000
Fedders Corp.	(50,000)	
Ferro Corp.	(50,000)	465,000
Fortress Investment Group LLC, Cl. A	(10,000)	10,000
GATX Corp.	(7,000)	158,000
GlaxoSmithKline plc, ADR	(4,000)	
Great Plains Energy Inc.	(25,000)	25,000

See accompanying notes to schedule of investments.

THE GABELLI EQUITY TRUST INC.
PORTFOLIO CHANGES (Continued)
Quarter Ended September 30, 2010 (Unaudited)

	Shares	Ownership at September 30, 2010
NET SALES (Continued)		
Common Stocks (Continued)		
Grupo Bimbo SAB de CV, Cl. A	(20,000)	680,000
H.J. Heinz Co.	(6,000)	84,000
Hitachi Ltd., ADR	(1,000)	4,000
IDEX Corp.	(3,000)	304,000
Il Sole 24 Ore	(57,400)	1,152,600
Independent News & Media plc	(1)	28,323
Interactive Brokers Group Inc., Cl. A	(12,000)	17,000
Interval Leisure Group Inc.	(3,000)	37,000
ITT Corp.	(10,000)	240,000
Janus Capital Group Inc.	(25,000)	185,000
Johnson & Johnson	(10,000)	45,000
JPMorgan Chase & Co.	(6,000)	64,088
Kraft Foods Inc., Cl. A	(10,000)	172,278
Macy's Inc.	(5,000)	390,000
Marathon Oil Corp.	(8,000)	12,000
Marsh & McLennan Companies Inc.	(10,000)	180,000
Meredith Corp.	(3,000)	117,000
MGM Resorts International	(5,000)	55,000
Modine Manufacturing Co.	(10,000)	300,000
Monsanto Co.	(3,000)	28,000
Monster Worldwide Inc.	(25,000)	30,000
News Corp., Cl. A	(20,000)	1,330,000
Northrop Grumman Corp.	(5,000)	45,000
Pernod-Ricard SA	(4,000)	46,000
PetroChina Co. Ltd., ADR	(300)	500
Petroleo Brasileiro SA, ADR	(3,500)	
Precision Castparts Corp.	(6,000)	98,000
Qwest Communications International Inc.	(150,000)	50,000
Rockwell Automation Inc.	(10,000)	30,000
Rogers Communications Inc., Cl. B, New York	(1,000)	489,690
Rolls-Royce Group plc, Cl. C (e)	(108,000,000)	
SSL International plc	(50,000)	50,000
SUPERVALU Inc.	(9,000)	
Swedish Match AB	(10,000)	940,000
T. Rowe Price Group Inc.	(10,000)	140,000
Telecom Italia SpA	(50,000)	800,000
Telefonica SA, ADR	(5,000)	198,000
The Blackstone Group LP	(10,000)	
The Great Atlantic & Pacific Tea Co. Inc.	(15,000)	185,000
The Hershey Co.	(6,000)	56,000

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The McGraw-Hill Companies Inc.	(10,500)	133,500
The Phoenix Companies Inc.	(3,000)	24,000
The Weir Group plc	(20,000)	70,000
Time Warner Cable Inc.	(5,000)	75,000
Trinity Industries Inc.	(10,000)	60,000
Tyco International Ltd.	(5,810)	220,000
UnitedHealth Group Inc.	(5,000)	95,000
Watts Water Technologies Inc., Cl. A	(10,000)	180,000
Whole Foods Market Inc.	(10,000)	22,000

- (a) Spin-off 1 share of Edenred for every 1 share of Accor SA held. 14,770 shares of Accor SA were purchased after the spin-off.
- (b) Spin-off 0.240039731 shares of Frontier Communications for every 1 share of Verizon Communications Inc. held. 15,526 shares of Frontier Communications Corp. were sold after the spin-off.
- (c) Stock Dividend 0.0168306 shares for every 1 share held. 4,000 shares were purchased prior to the stock dividend.
- (d) Rights Exercised 1 share of Deutsche Bank AG, Rights expire 10/15/10 for every 1 share of Deutsche Bank AG held. 2,000 shares of Deutsche Bank AG were sold prior to the rights exercised.
- (e) Tender Offer \$0.001 for every 1 share held.

See accompanying notes to schedule of investments.

THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS
September 30, 2010 (Unaudited)

Shares		Market Value
	COMMON STOCKS 99.5%	
	Food and Beverage 10.6%	
32,000	Brown-Forman Corp., Cl. A	\$ 1,969,920
6,250	Brown-Forman Corp., Cl. B	385,250
70,000	Campbell Soup Co.	2,502,500
50,000	China Mengniu Dairy Co. Ltd.	154,662
15,000	Coca-Cola Enterprises Inc.	465,000
100,000	Constellation Brands Inc., Cl. A	1,769,000
44,000	Corn Products International Inc.	1,650,000
225,000	Danone	13,457,855
600,000	Davide Campari Milano SpA	3,588,761
150,000	Dean Foods Co.	1,531,500
45,000	Del Monte Foods Co.	589,950
203,000	Diageo plc, ADR	14,009,030
100,000	Dr. Pepper Snapple Group Inc.	3,552,000
70,000	Flowers Foods Inc.	1,738,800
92,000	Fomento Economico Mexicano SAB de CV, ADR	4,667,160
50,000	General Mills Inc.	1,827,000
680,000	Grupo Bimbo SAB de CV, Cl. A	4,964,429
84,000	H.J. Heinz Co.	3,979,080
36,000	Heineken NV	1,866,892
150,000	ITO EN Ltd.	2,463,464
20,000	ITO EN Ltd., Preference	245,089
14,000	Kellogg Co.	707,140
66,000	Kerry Group plc, Cl. A	2,330,343
172,278	Kraft Foods Inc., Cl. A	5,316,499
11,500	LVMH Moet Hennessy Louis Vuitton SA	1,686,888
1,000	MEIJI Holdings Co. Ltd.	47,077
70,000	Morinaga Milk Industry Co. Ltd.	300,192
25,000	Nestlé SA	1,331,858
210,000	PepsiCo Inc.	13,952,400
46,000	Pernod-Ricard SA	3,840,963
64,000	Ralcorp Holdings Inc.	3,742,720
40,673	Remy Cointreau SA	2,739,386
10,000	Safeway Inc.	211,600
600,000	Sara Lee Corp.	8,058,000
75,000	The Coca-Cola Co.	4,389,000
20,000	The Hain Celestial Group Inc.	479,600
56,000	The Hershey Co.	2,665,040
2,000	The J.M. Smucker Co.	121,060
10,000	The Kroger Co.	216,600
129,429	Tootsie Roll Industries Inc.	3,220,194
75,000	Tyson Foods Inc., Cl. A	1,201,500

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380,000	YAKULT HONSHA Co. Ltd.	11,735,026
		135,670,428
	Cable and Satellite 8.6%	
1,410,000	Cablevision Systems Corp., Cl. A	36,927,900
105,000	Comcast Corp., Cl. A, Special	1,786,050
615,000	DIRECTV, Cl. A	25,602,450
100,000	DISH Network Corp., Cl. A	1,916,000
30,740	EchoStar Corp., Cl. A	586,519
176,770	Liberty Global Inc., Cl. A	5,446,284
139,001	Liberty Global Inc., Cl. C	4,247,871
489,690	Rogers Communications Inc., Cl. B, New York	18,329,097
19,310	Rogers Communications Inc., Cl. B, Toronto	722,741
120,000	Scripps Networks Interactive Inc., Cl. A	5,709,600
160,000	Shaw Communications Inc., Cl. B, New York	3,521,600
40,000	Shaw Communications Inc., Cl. B, Toronto	880,941
75,000	Time Warner Cable Inc.	4,049,250
		109,726,303
	Financial Services 7.9%	
527,000	American Express Co. (a)	22,149,810
5,000	Ameriprise Financial Inc.	236,650
19,452	Argo Group International Holdings Ltd.	675,763
95,000	Artio Global Investors Inc.	1,453,500
88,000	Banco Santander SA, ADR	1,114,080
133	Berkshire Hathaway Inc., Cl. A	16,558,500
10,000	Calamos Asset Management Inc., Cl. A	115,000
380,000	Citigroup Inc.	1,482,000
126,000	Commerzbank AG, ADR	1,033,200
140,000	Deutsche Bank AG	7,690,200
10,000	Fortress Investment Group LLC, Cl. A	35,900
22,000	H&R Block Inc.	284,900
17,000	Interactive Brokers Group Inc., Cl. A	292,570
185,000	Janus Capital Group Inc.	2,025,750
64,088	JPMorgan Chase & Co.	2,439,830
30,000	Kinnevik Investment AB, Cl. A	640,471
178,000	Legg Mason Inc.	5,395,180
130,000	Leucadia National Corp.	3,070,600
5,000	Loews Corp.	189,500
180,000	Marsh & McLennan Companies Inc.	4,341,600
20,000	Moody's Corp.	499,600
22,000	Och-Ziff Capital Management Group LLC, Cl. A	327,800
120,000	State Street Corp.	4,519,200
20,000	SunTrust Banks Inc.	516,600
140,000	T. Rowe Price Group Inc.	7,009,100
3,000	The Allstate Corp.	94,650
185,038	The Bank of New York Mellon Corp.	4,835,043

See accompanying notes to schedule of investments.

THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (Continued)
September 30, 2010 (Unaudited)

Shares		Market Value
	COMMON STOCKS (Continued)	
	Financial Services (Continued)	
43,000	The Charles Schwab Corp.	\$ 597,700
15,000	The Dun & Bradstreet Corp.	1,112,100
24,000	The Phoenix Companies Inc.	50,400
100,000	Waddell & Reed Financial Inc., Cl. A	2,736,000
290,000	Wells Fargo & Co.	7,287,700
		100,810,897
	Energy and Utilities 7.1%	
3,500	AGL Resources Inc.	134,260
68,000	Allegheny Energy Inc.	1,667,360
36,000	Anadarko Petroleum Corp.	2,053,800
68,000	Apache Corp.	6,647,680
118,000	BP plc, ADR	4,858,060
61,000	CH Energy Group Inc.	2,693,760
39,000	CMS Energy Corp.	702,780
244,000	ConocoPhillips	14,012,920
80,000	Constellation Energy Group Inc.	2,579,200
3,000	Diamond Offshore Drilling Inc.	203,310
60,000	DPL Inc.	1,567,800
115,000	Duke Energy Corp.	2,036,650
280,000	El Paso Corp.	3,466,400
265,000	El Paso Electric Co.	6,301,700
75,000	Exxon Mobil Corp.	4,634,250
25,000	Great Plains Energy Inc.	472,500
210,000	Halliburton Co.	6,944,700
12,000	Marathon Oil Corp.	397,200
10,000	Mirant Corp.	99,600
140,000	Mirant Corp., Escrow (b)	0
32,000	NextEra Energy Inc.	1,740,480
2,000	Niko Resources Ltd., New York	196,832
1,000	Niko Resources Ltd., Toronto	98,416
10,000	NiSource Inc.	174,000
20,000	Noble Corp.	675,800
205,000	Northeast Utilities	6,061,850
10,000	NSTAR	393,500
19,000	Oceaneering International Inc.	1,023,340
500	PetroChina Co. Ltd., ADR	58,210
100,000	Progress Energy Inc., CVO	15,000
190,000	Rowan Companies Inc.	5,768,400
5,000	SJW Corp.	123,150

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20,000	Southwest Gas Corp.	671,800
130,000	Spectra Energy Corp.	2,931,500
20,000	TECO Energy Inc.	346,400
60,000	The AES Corp.	681,000
16,000	Transocean Ltd.	1,028,640
265,000	Westar Energy Inc.	6,420,950
4,000	Wisconsin Energy Corp.	231,200
		90,114,398
	Diversified Industrial 6.9%	
3,000	Acuity Brands Inc.	132,720
158,000	Ampco-Pittsburgh Corp.	3,921,560
143,000	Baldor Electric Co.	5,777,200
202,000	Cooper Industries plc	9,883,860
250,000	Crane Co.	9,485,000
220,000	General Electric Co.	3,575,000