

GABELLI EQUITY TRUST INC
Form N-30B-2
June 04, 2003

[GRAPHIC OMITTED]
PICTURE OF FLAGS

[LOGO OMITTED]
THE GABELLI
EQUITY TRUST INC.

FIRST QUARTER REPORT
MARCH 31, 2003

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THE GABELLI
EQUITY TRUST INC.

Our cover icon represents the underpinnings of Gabelli. The Teton mountains in Wyoming represent what we believe in in America -- that creativity, ingenuity, hard work and a global uniqueness provide enduring values. They also stand out in an increasingly complex, interconnected and interdependent economic world.

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PICTURE OF FLAGS

ALABAMA ALASKA ARIZONA ARKANSAS CALIFORNIA COLORADO CONNECTICUT
DELAWARE FLORIDA GEORGIA HAWAII IDAHO ILLINOIS INDIANA IOWA
KANSAS KENTUCKY LOUISIANA MAINE MARYLAND MASSACHUSETTS MICHIGAN
MINNESOTA MISSISSIPPI MISSOURI MONTANA NEBRASKA NEVADA NEW HAMPSHIRE
NEW JERSEY NEW MEXICO NEW YORK N. CAROLINA N. DAKOTA OHIO
OKLAHOMA OREGON PENNSYLVANIA RHODE ISLAND S. CAROLINA S. DAKOTA
TENNESSEE TEXAS UTAH VERMONT VIRGINIA WASHINGTON WEST VIRGINIA
WISCONSIN WYOMING

INVESTMENT OBJECTIVE:

The Gabelli Equity Trust Inc. is a closed-end, non-diversified management investment company whose primary objective is long-term growth of capital, with income as a secondary objective.

THIS REPORT IS PRINTED ON RECYCLED PAPER.

[GRAPHIC OMITTED]
PICTURE OF MARIO GABELLI

[LOGO OMITTED]
THE GABELLI
EQUITY TRUST INC.

TO OUR SHAREHOLDERS,

After rallying briefly in early January, stocks retreated through mid-March as investors pondered the political and economic consequences of the impending war with Iraq. When President Bush gave Saddam Hussein 48 hours to "get out of Dodge" and then launched Operation Shock and Awe, the market posted one of its most impressive one week gains in history, briefly putting the major stock indices in positive territory for the year. However, as the pace of military progress slowed, stocks pulled back again, finishing the first quarter of 2003 with a loss. With technology stocks leading the way, growth stocks

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materially outperformed value stocks for the second consecutive quarter. The Gabelli Equity Trust (the "Trust") closed the quarter with a 6.66% decline versus a 3.15% loss for the Standard & Poor's ("S&P") 500 Index.

COMMON STOCK 10% DISTRIBUTION POLICY

The Trust continues to maintain its 10% Distribution Policy whereby the Trust pays out to common stock shareholders 10% of its average net assets each year. The Trust distributed \$0.27 per share on March 25, 2003. Additionally, the Board of Directors declared a \$0.14 per share cash distribution payable on June 24, 2003 to common stock shareholders of record on June 16, 2003.

Given the Trust's current net asset value, the Board of Directors reconsidered the appropriate level of quarterly payments pursuant to the 10% Distribution Policy. Accordingly, subsequent interim quarterly distributions will be set at the \$0.14 per share level in an effort to provide our common stock shareholders consistent distributions throughout the year pursuant to our 10% Distribution Policy. Each quarter, the Board of Directors reviews the amount of any potential distribution based on the income, capital gains or capital available. Currently, the Trust has approximately \$150 million (\$1.11 per common share) of gross unrealized appreciation on portfolio securities which could be realized through their sale and distributed to shareholders.

Under the Trust's payout policy, the Trust will pay out a minimum annual distribution of 10% of the average net asset value of the Trust. For the past several years, the Trust paid \$0.27 per share in each of the first three quarters of the year and an adjusting distribution in the fourth quarter of an amount sufficient to pay 10% of the average net asset value of the Trust, as of the last day of the four preceding calendar quarters, or to satisfy the minimum distribution requirements of the Internal Revenue Code, whichever is greater. Considering the current net asset value, a \$0.14 per share quarterly distribution would provide a stable level of distributions.

A portion of this distribution may be treated as long-term capital gains. This has the effect of providing individual shareholders with an ordinary income tax equivalent yield that is higher than the current yield. Long-term capital gains and ordinary income, if any, will be allocated on a pro-rata basis to all distributions for the year. The final determination of the source of all distributions in 2003 will be made after year-end.

PREMIUM / DISCOUNT DISCUSSION

As a refresher to our shareholders, the price of a closed-end mutual fund is determined in the open market by willing buyers and sellers. Shares of the Trust trade on the New York Stock Exchange and may trade at a premium to (higher than) net asset value ("NAV") (the market value of the Trust's underlying portfolio) or a discount to (lower than) net asset value.

Of the 547 publicly-traded closed-end funds in the U.S., approximately 33% currently trade at premiums to NAV versus 26% five years ago and 60% ten years ago. For general equity funds such as the Trust, approximately 21% currently trade at premiums to NAV versus 25% five years ago and 38% ten years ago.

Ideally, the Trust's market price will generally track the NAV. The Trust's premium or discount to NAV fluctuates over time. Over our Trust's 16-year history, the range fluctuated from a 38% premium in June 2002 to a 27% discount in December 1987. The average variance from NAV for the Trust since inception is a 0.8% premium to NAV. Beginning in early 2001, the market price of the Trust exceeded the NAV and this premium gradually increased through June 2002. The previous extended period in which a premium existed occurred during a 20-month period from August 1993 to March 1995.

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"Mr. Market" often provides opportunities to invest at a discount. The Trust has undertaken various initiatives to narrow the discount when appropriate through distribution policies, rights offerings, share repurchase programs and use of leverage.

The Trust's long-term investment goal is to generate a real rate of return of 10%. We believe that our stock selection process adds to the investment equation. We have a successful history of investment providing shareholders average annual returns of 10% since inception. However, it is important to remember that "Mr. Market" is a pendulum that swings both ways. As the market moves away from momentum investing and back to basics, we believe that an excessive premium for the Trust is not likely to be sustainable.

PREMIUM/DISCOUNT SINCE INCEPTION

[GRAPHIC OMITTED]
PLOT POINTS FOLLOW:

| MARCH 31, 2003 | |
|-----------------|--------|
| ----- | |
| Net Asset Value | \$5.58 |
| Market Price | \$6.90 |
| Premium | 23.66% |

| | |
|----------|---------|
| 8/21/86 | 0 |
| 9/30/86 | 0.0067 |
| 10/31/86 | 0.0046 |
| 11/30/86 | -0.0390 |
| 1986 | -0.0661 |
| 1/31/87 | -0.1363 |
| 2/28/87 | -0.1323 |
| 3/31/87 | -0.1555 |
| 4/30/87 | -0.1393 |
| 5/31/87 | -0.1788 |
| 6/30/87 | -0.2028 |
| 7/31/87 | -0.2000 |
| 8/31/87 | -0.2052 |
| 9/30/87 | -0.2128 |
| 10/31/87 | -0.2074 |
| 11/30/87 | -0.2154 |
| 1987 | -0.2061 |
| 1/31/88 | -0.2235 |
| 2/29/88 | -0.1145 |
| 3/31/88 | -0.1523 |
| 4/30/88 | -0.1477 |
| 5/31/88 | -0.1906 |
| 6/30/88 | -0.0819 |
| 7/31/88 | -0.0984 |
| 8/31/88 | -0.0942 |
| 9/30/88 | -0.1097 |
| 10/31/88 | -0.1256 |
| 11/30/88 | -0.1104 |
| 1988 | -0.1113 |
| 1/31/89 | -0.1214 |
| 2/28/89 | -0.1108 |
| 3/31/89 | -0.1006 |
| 4/30/89 | -0.0925 |
| 5/31/89 | -0.0699 |
| 6/30/89 | -0.0468 |
| 7/31/89 | -0.0854 |

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| | |
|----------|---------|
| 8/31/89 | -0.0243 |
| 9/30/89 | -0.0385 |
| 10/31/89 | -0.0257 |
| 11/30/89 | -0.0217 |
| 1989 | 0.0076 |
| 1/31/90 | 0.0534 |
| 2/28/90 | -0.0156 |
| 3/31/90 | 0.0242 |
| 4/30/90 | 0.0033 |
| 5/31/90 | -0.0056 |
| 6/30/90 | -0.0049 |
| 7/31/90 | -0.0176 |
| 8/31/90 | -0.0180 |
| 9/30/90 | -0.0348 |
| 10/31/90 | -0.1187 |
| 11/30/90 | -0.0327 |
| 1990 | 0.0290 |
| 1/31/91 | -0.0091 |
| 2/28/91 | 0.0269 |
| 3/31/91 | 0.0150 |
| 4/30/91 | -0.0257 |
| 5/31/91 | -0.0100 |
| 6/30/91 | 0.0138 |
| 7/31/91 | -0.0032 |
| 8/31/91 | -0.0009 |
| 9/30/91 | -0.0298 |
| 10/31/91 | -0.0083 |
| 11/30/91 | -0.1014 |
| 1991 | -0.0366 |
| 1/31/92 | -0.0077 |
| 2/29/92 | 0.0141 |
| 3/31/92 | 0.0045 |
| 4/30/92 | 0.0069 |
| 5/31/92 | 0.0092 |
| 6/30/92 | 0.0032 |
| 7/31/92 | 0.0165 |
| 8/31/92 | 0.0309 |
| 9/30/92 | 0.0427 |
| 10/31/92 | -0.0068 |
| 11/30/92 | -0.0461 |
| 1992 | -0.0257 |
| 1/31/93 | -0.0312 |
| 2/28/93 | -0.0046 |
| 3/31/93 | 0.0265 |
| 4/30/93 | 0.0436 |
| 5/31/93 | 0.0120 |
| 6/30/93 | -0.0207 |
| 7/31/93 | -0.0093 |
| 8/31/93 | -0.0358 |
| 9/30/93 | 0.0088 |
| 10/31/93 | 0.0601 |
| 11/30/93 | 0.0659 |
| 1993 | 0.0573 |
| 1/31/94 | 0.0797 |
| 2/28/94 | 0.0673 |
| 3/31/94 | 0.0733 |
| 4/30/94 | -0.0270 |
| 5/31/94 | 0.0524 |
| 6/30/94 | 0.0542 |
| 7/31/94 | 0.0233 |
| 8/31/94 | 0.0597 |
| 9/30/94 | 0.0185 |

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| | |
|----------|---------|
| 10/31/94 | 0.0375 |
| 11/30/94 | 0.0622 |
| 1994 | 0.0121 |
| 1/31/95 | 0.0047 |
| 2/28/95 | 0.0300 |
| 3/31/95 | 0.0170 |
| 4/30/95 | -0.0122 |
| 5/31/95 | -0.0240 |
| 6/30/95 | -0.0081 |
| 7/31/95 | -0.0440 |
| 8/31/95 | -0.0697 |
| 9/30/95 | -0.0845 |
| 10/31/95 | -0.1206 |
| 11/30/95 | -0.0750 |
| 1995 | -0.0578 |
| 1/31/96 | -0.0625 |
| 2/29/96 | -0.0821 |
| 3/31/96 | -0.0385 |
| 4/30/96 | -0.0732 |
| 5/31/96 | -0.0916 |
| 6/30/96 | -0.0470 |
| 7/31/96 | -0.0576 |
| 8/31/96 | -0.0708 |
| 9/30/96 | -0.0474 |
| 10/31/96 | -0.0405 |
| 11/30/96 | -0.0644 |
| 1996 | -0.0394 |
| 1/31/97 | -0.0741 |
| 2/28/97 | -0.0644 |
| 3/31/97 | -0.0424 |
| 4/30/97 | -0.0077 |
| 5/31/97 | -0.0688 |
| 6/30/97 | -0.0613 |
| 7/31/97 | -0.0693 |
| 8/31/97 | -0.0676 |
| 9/30/97 | -0.0397 |
| 10/31/97 | -0.0636 |
| 11/30/97 | -0.0175 |
| 1997 | 0.0316 |
| 1/31/98 | 0.0119 |
| 2/28/98 | -0.0088 |
| 3/31/98 | -0.0220 |
| 4/30/98 | -0.0788 |
| 5/31/98 | -0.0885 |
| 6/30/98 | -0.0400 |
| 7/31/98 | -0.0420 |
| 8/31/98 | -0.0814 |
| 9/30/98 | -0.0091 |
| 10/31/98 | 0.0025 |
| 11/30/98 | 0.0216 |
| 1998 | 0.0026 |
| 1/31/99 | 0.0103 |
| 2/28/99 | 0.0264 |
| 3/31/99 | 0.0202 |
| 4/30/99 | -0.0068 |
| 5/31/99 | -0.0060 |
| 6/30/99 | -0.0163 |
| 7/31/99 | 0.0070 |
| 8/31/99 | 0.0159 |
| 9/30/99 | 0.0126 |
| 10/31/99 | -0.0045 |
| 11/30/99 | -0.0178 |

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| | |
|----------|---------|
| 1999 | -0.0147 |
| 1/31/00 | -0.0331 |
| 2/29/00 | -0.0835 |
| 3/31/00 | -0.0438 |
| 4/30/00 | -0.0780 |
| 5/31/00 | -0.0460 |
| 6/30/00 | 0.0097 |
| 7/31/00 | -0.0093 |
| 8/31/00 | 0.0073 |
| 9/30/00 | -0.0179 |
| 10/31/00 | -0.0298 |
| 11/30/00 | 0.0332 |
| 2000 | 0.0493 |
| 1/31/01 | -0.0450 |
| 2/28/01 | -0.0067 |
| 3/31/01 | 0.1048 |
| 4/30/01 | 0.0937 |
| 5/31/01 | 0.1453 |
| 6/30/01 | 0.1596 |
| 7/31/01 | 0.1107 |
| 8/31/01 | 0.1614 |
| 9/30/01 | 0.2041 |
| 10/31/01 | 0.2241 |
| 11/30/01 | 0.2314 |
| 2001 | 0.2029 |
| 1/31/02 | 0.2497 |
| 2/28/02 | 0.2463 |
| 3/30/02 | 0.2311 |
| 4/30/02 | 0.2480 |
| 5/30/02 | 0.2955 |
| 6/30/02 | 0.3215 |
| 7/31/02 | 0.3318 |
| 8/31/02 | 0.3392 |
| 9/30/02 | 0.2193 |
| 10/31/02 | 0.1400 |
| 11/30/02 | 0.1800 |
| 12/31/02 | 0.0908 |
| 1/31/03 | 0.1680 |
| 2/28/03 | 0.2076 |
| 3/31/03 | 0.2366 |

7.25% TAX ADVANTAGED CUMULATIVE PREFERRED STOCK

The Trust's 7.25% Tax Advantaged Cumulative Preferred Stock paid a cash distribution on March 26, 2003 of \$0.453125 per share. For the twelve months ended March 31, 2003, Preferred Stock shareholders received distributions totaling \$1.8125, the annual dividend rate per share of Preferred Stock.

The Trust, as authorized by the Board of Directors, will redeem all (5,367,900 Shares) of its outstanding 7.25% Cumulative Preferred Stock. The redemption date is June 17, 2003 and the redemption price is \$25.4078 per Preferred Share, which consists of \$25.00 per Preferred Share (the "liquidation value") plus accrued dividends through the

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redemption date of \$0.4078 per Preferred Share. The Preferred Shares are callable at any time at the liquidation value of \$25.00 per share plus accrued dividends following the expiration of the five-year call protection on June 9, 2003.

From and after the redemption date, the Preferred Shares to be redeemed

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will no longer be deemed outstanding, dividends will cease to accrue and all the rights of the Preferred Shareholders with respect to the Preferred Shares to be redeemed will cease, except the right to receive the redemption price. Shareholders of record will be mailed a redemption notice and letter of transmittal shortly. The redemption price will be paid only to shareholders of record who complete and sign the letter of transmittal and submit certificates for the number of Preferred Shares being redeemed. The paying agent for this redemption is Equiserve Trust Company, N.A.

The Board has also authorized the Trust to issue additional preferred stock in the future. The actual amount of capital to be raised, the dividend rate and the timing of any new offering will be determined at a later date. Any offering will be made only by means of a prospectus.

The Preferred Shares, which trade on the New York Stock Exchange under the symbol "GAB Pr", are rated 'Aaa' by Moody's Investor Services and have an annual dividend rate of \$1.8125 per share. The Preferred Shares pay distributions quarterly.

COMPARATIVE RESULTS

| ----- AVERAGE ANNUAL RETURNS THROUGH MARCH 31, 2003 (A) ----- | | | | | |
|---------------------------------------------------------------------|------------------|---------------------------------|------------------|-----------------|-----------------|
| | QUARTER ----- | SINCE INCEPTION (B) ----- | 10 YEAR ----- | 5 YEAR ----- | 3 YEAR ----- |
| Gabelli Equity Trust NAV Return (c) | (6.66)% | 9.45% | 6.84% | (2.52)% | (12.00)% |
| Gabelli Equity Trust Investment Return (d) | 4.76% | 10.35% | 8.52% | 1.65% | (5.00)% |
| S&P 500 Index | (3.15)% | 10.31% | 8.53% | (3.76)% | (16.00)% |
| Dow Jones Industrial Average | (3.76)% | 12.04% | 11.10% | (0.16)% | (8.00)% |
| Nasdaq Composite Index | 0.42% | 7.87% | 6.87% | (6.08)% | (33.00)% |

(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. The Dow Jones Industrial Average is an unmanaged index of 30 large industrial stocks. The S&P 500 and the Nasdaq Composite Indices are unmanaged indicators of stock market performance. Dividends are considered reinvested (except for the Nasdaq Composite Index). Performance for periods less than one year are not annualized.

(b) From commencement of investment operations on August 21, 1986.

(c) Total returns and average annual returns reflect changes in net asset value ("NAV"), reinvestment of distributions at NAV on the ex-dividend date, adjustments for rights offerings, spin-offs and taxes paid on undistributed long-term capital gains, and are net of expenses. Since Inception return based on initial net asset value of \$9.34.

(d) Total returns and average annual returns reflect changes in closing market values on the New York Stock Exchange, reinvestment of distributions, adjustments for rights offerings, spin-offs and taxes paid on undistributed long-term capital gains. Since Inception return based on an initial offering price of \$10.00.

----- COMMENTARY

VI DAY

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As we prepare this letter, U.S. coalition forces have achieved their objective of regime change in Iraq and investor focus is shifting from the war to the economy and corporate profits. It is still too early to tell whether Federal Reserve Board ("Fed") Chairman Alan Greenspan and other economists are correct in their assumption that uncertainty regarding Iraq has been the primary restraint on economic growth. Recently released economic data has been discouraging. Institute for Supply Management ("ISM") barometers show manufacturing and services contracting in March. Consumer sentiment

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readings remain near 10-year lows, and consumer spending has softened. We have even seen signs of weakness in the robust housing market. Business investment and capital spending, which had improved modestly in the fourth quarter of 2002, has stalled.

Importantly, however, oil prices have come down significantly from their peaks. If oil settles in the mid-\$20 per barrel range (OPEC's price target) it will be the equivalent of a giant tax cut for businesses and consumers, and should provide a big boost for the economy. The swift victory in Iraq should also increase President Bush's political capital and help the Administration push accelerated tax cuts through Congress. With Senators from both parties concerned about rising budget deficits, the tax-cut package will likely be trimmed, but any tax relief should help jump-start the economy. Finally, the Fed still has room for a little more monetary stimulus, which we believe it is ready to provide if the economy fails to regain much traction in the months ahead.

Our longer-term outlook for the economy and stock market hasn't changed much. We are still anticipating an extended period of modest economic and corporate earnings growth and a more benign, but not very inspiring stock market. Over the next five years, we believe stock selection will be critical to producing satisfactory returns.

ELIMINATING THE DOUBLE TAXATION OF DIVIDENDS

Along with accelerated tax cuts for individuals and businesses, the Bush Administration's economic stimulus package calls for the elimination of the double taxation on dividends (dividends are taxed twice, first at the corporate level and again when distributed to shareholders). The debate is whether this would have any favorable short-term impact on the economy. In our opinion, it would certainly have a significantly favorable long-term impact on the corporate culture and promote a more efficient allocation of capital. In addition, the impact on investor psychology and on the stock market will be immediate, resulting in a favorable propensity to invest and consume.

In the momentum and mindless index-driven 1990s, speculators didn't focus on dividends. They wanted growth. Corporate managements, seduced by baskets of options, obliged by spending all their profits and borrowing more money to finance "growth at all cost" strategies -- building and/or buying businesses with economically questionable prospects. Instead of dividends, which didn't boost stock prices in the short run, stock buybacks, especially at prices well above intrinsic value, were rationalized as the tax efficient tool to return capital to shareholders. The end result was deteriorating balance sheets and a lot of non-productive assets weighing down earnings. Investors have been paying the price for this for three years. Today, more investors are looking for dividends. Given the incentive that would be provided by eliminating the double taxation on dividends or perhaps just lowering the tax rate on dividends to the same level as capital gains, we believe shareholders would force corporate America to comply. Investors would be better compensated for the risk inherent in stocks and corporate managements less inclined to repeat the mistakes of the past, though we agree that dividends themselves could be prone to abuse.

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SECULAR TRENDS

With the economic outlook still clouded by the effects of the war, it is extremely difficult to determine the short and intermediate term prospects for cyclical (economically sensitive) industries. However, there are a number of industries that we believe are about to benefit from favorable secular trends. So, rather than focusing on economic forecasts, let's look at a few industries that should do relatively well irrespective of the level of Gross Domestic Product ("GDP") growth in the year ahead.

There are approximately 200 million vehicles on the road in the U.S. They are built a lot better than they were when I was a kid, when the average passenger car was ready for the junkyard after only 50,000 miles. Fifteen years ago, getting 100,000 miles out of the family sedan was a victory. Today, a new car will last as much as 170,000 miles and the average

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age of a passenger car is 9.3 years, up from 8.1 years in the early 1990s. Light trucks and sports utility vehicles ("SUVs") are getting older too. Cars between five and ten years old need the most replacement parts. Between 1996 and 2001, cars in this maturity range declined 2.2%. Over the next five years, they should increase by 15%. This is good news for auto parts manufacturers such as Standard Motor Products and Modine Manufacturing, and leading distributors such as Genuine Parts.

Utility companies are going back to the basics -- selling and/or exiting extraneous businesses, and focusing on the monopoly-like business of distributing electricity and/or natural gas to their local and regional customer bases. This should result in stable 10%-11% annualized earnings growth and, after shoring up balance sheets damaged by ill-advised forays into other businesses, rising dividends. In a market environment where we think investors will continue to appreciate yield, utility stocks should once again attract a loyal following. Also, now that utility companies have largely given up on the concept of growing through diversification, we believe they will focus on growing through the acquisition of smaller competitors. Consequently, we favor utility companies such as Southwest Gas and DQE, where we expect to earn respectable returns until we are ultimately rewarded by a takeover.

Although consolidation in the television broadcast industry has slowed due to flagging advertising revenues in the soft economy and regulatory foot-dragging, things are about to change. We believe the Federal Communications Commission ("FCC") is about to raise the cap on a single broadcast company's national "footprint" from 35% to 50% of total households and allow duopolies (the ownership of two TV stations) in smaller markets. This should reinvigorate takeover activity as the bigger fish stalk smaller competitors such as Liberty Corp. and Young Broadcasting. Also, while advertising spending is a function of the relative strength of the economy, broadcast ad revenues should get a boost from the Olympics and the elections in 2004.

Finally, we believe the supply/demand dynamics for stocks will improve as under-funded defined benefit plan pension funds (among the many victims of a three-year bear market) are forced to play catch-up to balance assets with liabilities. The outsized equity returns of the late 1990s spared corporations from having to put much money in the defined benefit plan pot. Now, they will have to pony up a considerable amount of cash, and despite the fact that equities have performed so poorly in recent years, historically low bond yields make stocks more attractive. We think much of this money will initially go into higher-yielding more defensive industry groups such as utilities, but that new defined benefit plan investment will also gravitate to other industry groups that perform relatively well in the year ahead.

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INTERNATIONAL OUTLOOK

A portion of the Trust's portfolio continues to be managed by Caesar Bryan. Caesar is the portfolio manager of the Gabelli International Growth Fund and a member of the Global Portfolio Management Team. Caesar's thoughts on international markets and global economies are provided below:

The Iraq situation dominated the news during the quarter and markets actually rallied in response to the start of hostilities. It was almost a relief that the endless back and forth between the U.S. and the United Nations had come to an end, especially as most believed that a military conflict appeared to be inevitable in the absence of a total Iraqi capitulation. In the run up to the start of the hostilities, equity markets outside the U.S. fell to new bear market lows.

In our year-end letter we spoke about equity valuations in Europe highlighting that many leading companies trade at multiples of earnings in the mid-teens or less and yield more than the prevailing ten-year Government bond yield. In Japan, the equity market yields more than twice the ten-year Japanese Government bond yield and the earnings yield of the stock market (the inverse of the price/earnings multiple) is about five times the yield in the ten-year Government bond. Of course, it helps that the ten-year Government bond yielded a world record low 70 basis points (yes that's less than one

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percent) at the end of March. Based on historic relationships, either the Japanese equity market is massively undervalued or the bond market is way over-priced. Probably it is both.

The economic backdrop is not particularly encouraging, but bull markets generally do not start when the economic gurus are forecasting sunny skies and warm temperatures. In Europe, forecasts for economic growth are continually being nudged downwards and over recent months the larger economies such as Germany and France probably did not grow at all. Germany is forecasted to grow by 0.4% this year and the Euro zone by 1%. European economies are constrained by the fiscal limits imposed by the Stability Pact, which means that governments are restrained from undertaking any fiscal stimulus because of high budget deficits. On the monetary side, there certainly remains scope for the European Central Bank ("ECB") to cut rates, which currently stand at 2.5%. Indeed, the recent strength of the euro is tantamount to a tightening of monetary policy. So all things being equal, the ECB should reduce interest rates to counter the effects of a rising euro. In the next few months, we expect the ECB to cut interest rates sharply, perhaps by 1%. This, combined with lower oil prices, should boost European economies.

The export-led growth spurt in Japan now appears to be wearing off. Higher exports to the U.S. in 2002 resulted in higher industrial production, better wage growth and a rise in business investment. These trends now appear to have reversed. Exports to the U.S. fell noticeably in February and March, which has resulted in a decline in industrial production. Similarly, overtime hours worked is falling, as are private machinery orders. The fear is that if export demand to the U.S. fails to recover, Japan will suffer a weak economy for the rest of 2003 as firms shed labor. Excess capacity has yet to be taken out of the economy. Bad loans have been written off but not called. Early in the new year, Mr. Fukui was appointed Governor of the Bank of Japan, but, as yet, he has offered no new policy initiatives. The critical financial year-end period at the end of March came and went without incident. However, those who expected a bounce in the market in the new financial year were disappointed. Further selling pressure from pension plans known as Daiko Henjo battered the market.

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Is the bear market over? Obviously we don't know but three observations can be made. First, there has been a return of merger and acquisition activity, especially in Europe. Second, valuations are attractive assuming a reasonable economic outlook. Companies have cut costs which has helped earnings. Last, the bear market in Europe is three years old and presumably much of the excess has been purged. Time will tell whether there is a post-war economic bounce and how sustainable it is. We primarily focus on bottom up stock ideas with a concentration on companies that can show top line growth in the current low-growth environment. However, in this context we remain fairly cautious in our economic outlook. It will be nice to be proved wrong, in which case some of our economically sensitive holdings should perform well.

INVESTMENT SCORECARD

During the first quarter, our top performing holdings were from a variety of sectors including pest control (Rollins Inc.), consumer services (USA Interactive), oil and gas (Burlington Resources) and health products (Centerpulse). Our cable television investments, most notably Comcast and Cablevision Systems, also posted good gains. Biotech giant Amgen performed strongly during the quarter, as did travel services oriented conglomerate Cendant.

Auto parts manufacturers Dana Corp., GenCorp and TransPro, appliance producer Maytag and investment manager Charles Schwab were among our biggest disappointments. Aerospace leader Boeing was hit hard due to the troubles of the commercial airlines and defense contractor Lockheed Martin faded as investors aggressively took profits in this sector.

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LET'S TALK STOCKS

The following are stock specifics on selected holdings of our Trust. Favorable earnings prospects do not necessarily translate into higher stock prices, but they do express a positive trend that we believe will develop over time.

CABLEVISION SYSTEMS CORP. (CVC - \$18.99 - NYSE) is one of the nation's leading communications and entertainment companies, with a portfolio of operations that spans state-of-the-art cable television services, professional sports teams and national cable television networks. Headquartered in Bethpage, N.Y., Cablevision serves 3 million cable customers in the most important cable TV market -- New York. Cablevision also owns and operates New York City's famed Madison Square Garden ("MSG"), which includes the arena complex, the N.Y. Knicks, the N.Y. Rangers and the MSG network. MSG operates Radio City Entertainment and holds a long-term lease for Radio City Music Hall, home of the world-famous Rockettes. In addition, Cablevision's Rainbow Media unit owns high-growth cable networks, including AMC, Women's Entertainment, IFC, and several Fox Regional Sports Networks.

DQE INC. (DQE - \$12.19 - NYSE) is a consolidation play whose stock price fell sharply in mid-2002 when the company came to market with a very large equity offering. The Trust made additional purchases of DQE stock in the fourth quarter of 2002 and again in early 2003. DQE is the holding company for the electric utility in Pittsburgh called Duquesne Light. The company sold off nearly all of its power plants when the state of Pennsylvania moved toward utility deregulation a few years ago. DQE's back-to-basics strategy involves divesting non-utility businesses. DQE has an agreement to sell off its water utility business and plans to use the proceeds to pay down debt. DQE closed on the sale of its propane business in December 2002. The company is surrounded by several utilities that are much larger and we think that its relatively low stock price makes it an attractive takeover target.

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FLOWSERVE CORP. (FLS - \$11.65 - NYSE) is a manufacturer of engineered pumps, control valves and mechanical seals for the petroleum, chemical, power, water and other general industries. After integrating the operations of Ingersoll-Dresser Pump, Flowserve purchased the flow control business from Invensys. Invensys Flow Control (IFC) is a manufacturer of valves and valve automation products, with \$500 million of revenues. The transaction gives Flowserve a better balance of end markets, greater geographical reach, economies of scale and plant consolidation opportunities. Already the second largest global pump company, IFC makes Flowserve the second largest global valve company. The critical mass should allow the company to gain market share as customers are reducing their suppliers and moving to one stop shopping. Consistent with the company's acquisition strategy, the transaction is expected to be accretive in the first year of ownership.

KELLOGG CO. (K - \$30.65 - NYSE), a producer of cereal and convenience foods, completed its largest acquisition in company history in March 2001 with the purchase of Keebler Foods Company. Keebler is the number two cookie and cracker producer in the United States. Along with Keebler's top brands, Kellogg acquired their direct store door (DSD) delivery system, which is now being utilized for its own snack brands. Kellogg remains focused on the integration of Keebler and has placed a renewed emphasis on profitable sales growth and cash flow. Kellogg's other food brands include Special K, Rice Krispies, Pop-Tarts, Nutri-Grain, Eggo, Cheez-It, Carr's, Morningstar Farms, Famous Amos and Kashi.

MGM MIRAGE (MGG - \$29.25 - NYSE) owns and/or operates fifteen hotel-casino report properties, twelve of which are located in Nevada. Among those located on the Las Vegas Strip are Bellagio, the MGM Grand Hotel and Casino, The Mirage, Treasure Island, New York-New York Hotel and Casino, the Boardwalk Hotel and Casino, and Monte Carlo, a 50-50 joint venture with Mandalay Resort Group (MBG - \$27.56 - NYSE). MGM Mirage also owns and operates hotel-casino resort properties in Michigan, Mississippi and Australia. In November 2000, a limited liability company, which MGG owns 50-50 with Boyd Gaming (BYD - \$12.75 - NYSE), began construction of the Borgata, a 2,000-guestroom hotel-casino resort in Atlantic City, New Jersey, which is scheduled to open in the summer of 2003.

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SBC COMMUNICATIONS INC. (SBC - \$20.06 - NYSE) is the second largest incumbent local exchange carrier in US with over 60 million access lines. SBC recently merged its wireless operations with those of BellSouth (BLS - \$21.67 - NYSE) forming the second largest U.S. mobile wireless provider, Cingular Wireless, currently servicing about 22 million customers. SBC owns 60% of Cingular. SBC has strong presence around the globe with ownership interests in Telefonos de Mexico, as well as various minority investments in Denmark, Norway, Belgium, and other European countries.

STANDARD MOTOR PRODUCTS INC. (SMP - \$11.10 - NYSE), headquartered in Long Island City, New York, supplies functional replacement parts for the engine management, electrical and climate control systems of cars, trucks and buses. The company services all makes and models, both new and old cars, imported and domestic. SMP has two primary divisions -- engine management and temperature control -- and believes it is the number one supplier to the North American aftermarket in each of these lines.

T. ROWE PRICE GROUP INC. (TROW - \$27.12 - NASDAQ) is an investment management company with \$140 billion in assets under management. The company has a strong investment performance track record and a well-balanced business as equity securities represent approximately 60% of assets under management and bond and money market securities represent approximately 40%. T. Rowe's retirement investment focus, 529 college savings plan product offerings, international investment management business, and expanding third-party distribution should

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enable the company to capitalize on most of the major future growth opportunities in the asset management industry.

TRIBUNE CO. (TRB - \$45.01 - NYSE), headquartered in Chicago, is a leading national media company with operations in major U.S. markets. With its 2000 acquisition of The Times Mirror Company, it now has television and/or newspaper properties in 18 of the nation's top 30 markets. It is the only media company with television, newspaper and Internet properties in the nation's top three markets -- New York, Los Angeles and Chicago. Flagship properties include: WPIX-TV (New York), WGN-TV (Chicago), NEWSDAY, LOS ANGELES TIMES, and CHICAGO TRIBUNE. Additionally, Tribune owns the Chicago Cubs and has a stake in the WB Television Network. The company is focused on growing and strengthening its major market cross-media positions.

VIACOM INC. (VIA - \$36.50 - NYSE) is a diversified media company with businesses across many media platforms. The firm operates cable networks (including BET, VH1, MTV, Showtime and Nickelodeon), television networks and stations (including the CBS and UPN Television networks and numerous affiliated TV stations in major markets), major market radio stations and outdoor advertising (through Infinity Broadcasting), a movie studio (Paramount), a publishing house (Simon and Schuster), amusement parks (Paramount Parks) and video rental operations (Blockbuster). The company focuses on high growth businesses and aims to deliver cash flow growth that is above the industry average.

7.20% TAX ADVANTAGED SERIES B CUMULATIVE PREFERRED STOCK -- DIVIDENDS

The Trust's 7.20% Tax Advantaged Series B Cumulative Preferred Stock paid a cash distribution on March 26, 2003 of \$0.45 per share. For the twelve months ended, March 31, 2003, Series B Preferred Stock shareholders received distributions totaling \$1.80, the annual dividend rate per share of Series B Preferred Stock. The next distribution is scheduled for June 2003.

SERIES C AUCTION RATE CUMULATIVE PREFERRED STOCK

On June 27, 2002, the Trust successfully completed its offering of 5,200 Shares of Series C Auction Rate Cumulative Preferred Stock at \$25,000 per share. The dividend rates for the Series C Preferred Shares ranged from 1.28% to 1.45% during the first quarter. Dividend rates for the Preferred Shares are cumulative at a rate that may be reset every seven days based on the results of an auction. The Preferred Shares do not trade on an exchange.

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WWW.GABELLI.COM

Please visit us on the Internet. Our homepage at www.gabelli.com contains information about Gabelli Asset Management Inc., the Gabelli Mutual Funds, IRAs, 401(k)s, quarterly reports, closing prices and other current news. You can send us e-mail at closedend@gabelli.com.

In our efforts to bring our shareholders more timely portfolio information, Gabelli Fund's portfolio managers regularly participate in chat sessions at www.gabelli.com as reflected below.

| | MAY | JUNE | JULY |
|---------------|------------------|--------------|--------------------------------|
| | --- | ---- | ---- |
| 1st Tuesday | Howard Ward | Howard Ward | Howard Ward |
| 1st Wednesday | Henry Van der Eb | Susan Byrne | Caesar Bryan |
| 2nd Wednesday | Caesar Bryan | Walter Walsh | Charles Minter & Martin Weiner |
| 3rd Wednesday | Elizabeth Lilly | Ivan Arteaga | Hartswell Woodson |

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| | | |
|----------------------------------------|----------|--------------|
| Compania de Telecomunicaciones | | |
| de Chile SA, ADR | 2,000 | 47,000 |
| CMS Energy Corp. | 100,000 | 100,000 |
| Coldwater Creek Inc. (b) | 5,000 | 15,000 |
| Cypress Semiconductor Corp. | 185,000 | 500,000 |
| DQE Inc. | 10,000 | 110,000 |
| El Paso Corp. | 50,000 | 200,000 |
| Energizer Holdings Inc. | 40,000 | 40,000 |
| Eni SpA | 35,000 | 35,000 |
| Fomento Economico Mexicano SA | | |
| de CV, ADR | 7,000 | 7,000 |
| Gallaher Group plc | 30,000 | 30,000 |
| Harmony Gold Mining | | |
| Co. Ltd., ADR | 15,000 | 30,000 |
| Henry Schein Inc. | 5,000 | 20,000 |
| Hilton Group plc | 50,000 | 2,510,000 |
| Ito-Yokado Co. Ltd. | 8,000 | 16,000 |
| Janus Capital Group Inc. | 30,000 | 30,000 |
| Knight-Ridder Inc. | 1,100 | 17,000 |
| Maytag Corp. | 10,000 | 45,000 |
| Metro-Goldwyn-Mayer Inc. | 100,000 | 400,000 |
| Molex Inc., Cl. A | 2,000 | 20,000 |
| Mondavi (Robert) Corp., Cl. A | 8,700 | 50,000 |
| Nestle SA | 1,000 | 2,000 |
| Newmont Mining Corp. | 5,000 | 130,000 |
| Pernod-Ricard SA (c) | 1,750 | 8,750 |
| Rollins Inc. (d) | 224,800 | 697,800 |
| Telecom Italia SpA, RNC | 15,000 | 150,000 |
| Telefonica Moviles SA | 75,000 | 75,000 |
| Telefonica SA, ADR (e) | 10,711 | 275,850 |
| Telefonica SA, BDR (f) | 683 | 17,595 |
| Texas Instruments Inc. | 5,000 | 205,000 |
| Tootsie Roll Industries Inc. (g) | 3,116 | 106,970 |
| UBS AG | 6,000 | 20,000 |
| NET SALES | | |
| COMMON STOCKS | | |
| Altadis SA | (10,000) | 60,000 |
| Bankgesellschaft Berlin AG | (2,000) | 280,000 |
| | | OWNERSHIP AT |
| | | MARCH 31, |
| | SHARES | 2003 |
| | ----- | ----- |
| Blockbuster Inc., Cl. A | (50,000) | -- |
| Boots Co. plc | (75,000) | -- |
| BT Group plc, ADR | (14,000) | 22,300 |
| Cable & Wireless plc, ADR | (10,000) | 170,000 |
| Catellus Development Corp. | (300) | 449,700 |
| Cheung Kong (Holdings) Ltd. | (5,000) | 70,000 |
| Clear Channel Communications Inc. | (5,015) | 10,000 |
| Coca-Cola Enterprises Inc. | (5,000) | 45,000 |
| Delphi Corp. | (5,000) | 60,000 |
| Deutsche Telekom AG, ADR | (10,278) | 230,000 |
| Fast Retailing Co. Ltd. | (10,000) | -- |
| FPL Group Inc. | (1,100) | 8,300 |
| France Growth Fund Inc. | (592) | 18,000 |
| France Telecom SA, ADR | (1,000) | 23,000 |
| Gas Natural SDG SA | (30,000) | -- |
| Genuity Inc., Cl. A | (20,000) | -- |
| GrafTech International Ltd. | (5,000) | 70,000 |
| Gucci Group NV, ADR | (12,500) | 22,000 |

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| | | |
|--------------------------------------------------|-----------|---------|
| Halliburton Co. | (47,000) | 142,000 |
| Hewlett-Packard Co. | (1,000) | 25,000 |
| Interbrew | (18,000) | -- |
| Italy Fund Inc. (h) | (54,150) | -- |
| Leap Wireless International Inc. | (20,000) | 80,000 |
| Lucent Technologies Inc. | (5,000) | 125,000 |
| mm02 plc, ADR | (1,600) | 124,000 |
| Murata Manufacturing Co. Ltd. | (1,000) | 10,500 |
| New Germany Fund Inc. | (1,000) | 67,000 |
| Nortek Holdings Inc. (i) | (137,800) | -- |
| Nortek Holdings Inc., Special Common (j) | (5,000) | -- |
| Northrop Grumman Corp. | (2,069) | 179,000 |
| Parmalat Finanziaria SpA | (150,000) | -- |
| Penton Media Inc. | (40,000) | 360,000 |
| Philip Morris Companies Inc. | (20,000) | -- |
| Precision Castparts Corp. | (3,000) | 52,000 |
| RAS SpA (k) | (28,998) | 31,002 |
| RCN Corp. | (20,000) | 70,000 |
| Shimano Inc. | (32,000) | -- |
| Stilwell Financial Inc. | (30,000) | -- |
| Sulzer AG | (500) | 5,500 |
| Swatch Group AG, Cl. B | (5,000) | 10,000 |
| TELUS Corp., Non-Voting, ADR | (2,750) | 24,750 |
| Tokyo Electron Ltd. | (3,000) | 10,400 |
| USA Interactive Inc. | (5,000) | 485,000 |
| Vivendi Universal SA, ADR | (5,000) | 320,000 |
| Wachovia Corp. | (5,000) | 125,000 |

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THE GABELLI EQUITY TRUST INC.
PORTFOLIO CHANGES (CONTINUED)
QUARTER ENDED MARCH 31, 2003 (UNAUDITED)

| | SHARES | OWNERSHIP AT MARCH 31, 2003 |
|-----------------------------------------------------------------------|-----------|-----------------------------------|
| | ----- | ----- |
| NET SALES (Continued) | | |
| PREFERRED STOCKS | | |
| Allen Telecom Inc., 7.750% Cv. Pfd., Ser. D | (46,000) | 6,500 |
| News Corp. Ltd., Pfd., ADR | (5,494) | 765,000 |
| CORPORATE BONDS | | |
| Agere Systems Inc., Sub. Dev. Cv., 6.500%, 12/15/09 | (200,000) | 3,300,000 |
| Charter Communications Inc., Cv., 4.750%, 06/01/06 | (100,000) | 1,200,000 |
| Kaman Corp., Sub. Deb. Cv., 6.000%, 03/15/12 | (65,000) | 868,000 |
| Standard Motor Products Inc., Sub. Deb. Cv., 6.750%, 07/15/09 | (150,000) | 1,250,000 |
| ----- | | |
| (a) 5.000% stock dividend | | |
| (b) 3 for 2 stock split | | |
| (c) 1 for 4 bonus issue | | |
| (d) 3 for 2 stock split | | |
| (e) Two 2.000% stock dividends | | |
| (f) Two 1 for 50 bonus issues | | |

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- (g) 3.000% stock dividend
- (h) Tender Offer at \$6.65 per share
- (i) Tender Offer at \$46.00 per share
- (j) Tender Offer at \$46.00 per share
- (k) Tender Offer at \$14.00 per share
- + Formerly Philip Morris Co.
- ++ Formerly Boots Co. plc

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THE GABELLI EQUITY TRUST INC.
 PORTFOLIO OF INVESTMENTS
 MARCH 31, 2003 (UNAUDITED)

| SHARES ----- | | MARKET VALUE ----- |
|-----------------|----------------------------------------------------------|--------------------------|
| | COMMON STOCKS -- 86.4% | |
| | TELECOMMUNICATIONS -- 7.6% | |
| 8,132 | Aliant Inc.\$ | 154,796 |
| 6,000 | Allegiance Telecom Inc.+ | 1,800 |
| 30,000 | ALLTEL Corp. | 1,342,800 |
| 300,000 | AT&T Corp. | 4,860,000 |
| 60,540 | ATX Communications Inc.+ | 26,940 |
| 3,333 | Avaya Inc.+ | 6,799 |
| 320,000 | BCE Inc. | 5,862,400 |
| 33,400 | Brasil Telecom Participacoes SA, ADR | 933,530 |
| 900,000 | Broadwing Inc.+ | 3,600,000 |
| 1,775,000 | BT Group plc | 4,404,882 |
| 22,300 | BT Group plc, ADR | 567,312 |
| 4,194,123 | Cable & Wireless Jamaica Ltd. | 84,782 |
| 170,000 | Cable & Wireless plc, ADR | 562,700 |
| 130,000 | CenturyTel Inc. | 3,588,000 |
| 100,000 | Citizens Communications Co.+ . | 998,000 |
| 255,466 | Commonwealth Telephone Enterprises Inc.+ | 9,917,190 |
| 20,000 | Commonwealth Telephone Enterprises Inc., Cl. B+ ... | 783,600 |
| 47,000 | Compania de Telecomunicaciones de Chile SA, ADR | 442,740 |
| 230,000 | Deutsche Telekom AG, ADR | 2,534,600 |
| 200,000 | Embratel Participacoes SA, ADR+ | 202,000 |
| 23,000 | France Telecom SA, ADR | 524,630 |
| 230 | Japan Telecom Holdings Co. Ltd. | 622,618 |
| 143 | KDDI Corp. | 422,078 |
| 100,000 | KPN NV+ | 641,627 |
| 700,000 | Qwest Communications International Inc.+ | 2,443,000 |
| 70,000 | RCN Corp.+ | 50,400 |
| 9,655 | Rogers Communications Inc., Cl. B+ | 102,724 |
| 110,345 | Rogers Communications Inc., Cl. B, ADR+ | 1,176,278 |
| 225,000 | SBC Communications Inc. | 4,513,500 |
| 350,000 | Sprint Corp. - FON Group | 4,112,500 |
| 186,554 | Tele Norte Leste Participacoes SA, ADR | 1,539,071 |
| 40,000 | Telecom Argentina Stet France Telecom SA, ADR+ | 149,600 |

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| | | |
|---------|---------------------------------------------------|------------|
| 400,040 | Telecom Italia SpA | 2,758,836 |
| 123,000 | Telecom Italia SpA, ADR | 8,487,000 |
| 150,000 | Telecom Italia SpA, RNC | 631,806 |
| 275,850 | Telefonica SA, ADR+ | 7,737,593 |
| 17,595 | Telefonica SA, BDR+ | 163,503 |
| 36,000 | Telefonos de Mexico SA de CV, Cl. L, ADR | 1,069,920 |
| 12,750 | TELUS Corp. | 142,934 |
| 52,500 | TELUS Corp., ADR | 588,552 |
| 4,250 | TELUS Corp., Non-Voting | 45,189 |
| 24,750 | TELUS Corp., Non-Voting, ADR . | 263,158 |
| 340,000 | Verizon Communications Inc. .. | 12,019,000 |
| | | ----- |
| | | 91,080,388 |
| | | ----- |

| SHARES | | MARKET VALUE |
|---------|---------------------------------------------------|-----------------|
| ----- | | ----- |
| | FOOD AND BEVERAGE-- 7.5% | |
| 15,000 | Cadbury Schweppes plc, ADR ...\$ | 325,950 |
| 100,000 | Campbell Soup Co. | 2,100,000 |
| 16,000 | Carlsberg AS, Cl. B | 540,733 |
| 35,000 | Coca-Cola Co. | 1,416,800 |
| 45,000 | Coca-Cola Enterprises Inc. ... | 841,050 |
| 40,000 | Coca-Cola Hellenic Bottling Co. SA | 508,937 |
| 100,000 | Corn Products International Inc. | 2,916,000 |
| 53,592 | Del Monte Foods Co.+ | 399,796 |
| 10,108 | Denny's Corp.+ | 5,458 |
| 100,000 | Diageo plc | 1,025,843 |
| 224,000 | Diageo plc, ADR | 9,210,880 |
| 20,000 | Dreyer's Grand Ice Cream Inc. | 1,386,400 |
| 41,600 | Flowers Foods Inc. | 1,139,424 |
| 7,000 | Fomento Economico Mexicano SA de CV, ADR | 232,890 |
| 90,000 | General Mills Inc. | 4,099,500 |
| 440,000 | Grupo Bimbo SA de CV, Ser. A . | 604,496 |
| 20,000 | Hain Celestial Group Inc.+ ... | 302,200 |
| 120,000 | Heinz (H.J.) Co. | 3,504,000 |
| 20,000 | Hershey Foods Corp. | 1,253,200 |
| 350,000 | Kellogg Co. | 10,727,500 |
| 75,000 | Kerry Group plc, Cl. A | 998,775 |
| 12,100 | LVMH Moet Hennessy Louis Vuitton SA | 477,441 |
| 50,000 | Mondavi (Robert) Corp., Cl. A+ | 1,002,500 |
| 2,000 | Nestle SA | 395,868 |
| 30,000 | Panamerican Beverages Inc., Cl. A | 650,400 |
| 600,595 | PepsiAmericas Inc. | 7,062,997 |
| 500,000 | PepsiCo Inc. | 20,000,000 |
| 8,750 | Pernod-Ricard SA | 745,701 |
| 60,000 | Ralcorp Holdings Inc.+ | 1,562,400 |
| 15,000 | Sara Lee Corp. | 280,500 |
| 2,000 | Smucker (J.M.) Co. | 69,940 |
| 106,970 | Tootsie Roll Industries Inc. . | 3,051,843 |
| 179,100 | Wrigley (Wm.) Jr. Co. | 10,119,150 |
| | | ----- |
| | | 88,958,572 |
| | | ----- |

FINANCIAL SERVICES -- 7.3%

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| | | |
|---------|--------------------------------------------------|------------|
| 90,000 | Allstate Corp. | 2,985,300 |
| 550,000 | American Express Co. | 18,276,500 |
| 36,400 | Argonaut Group Inc. | 311,220 |
| 90,000 | Banco Santander Central Hispano SA, ADR | 572,400 |
| 110,000 | Bank of Ireland | 1,165,514 |
| 80,000 | Bank of New York Co. Inc. | 1,640,000 |
| 85,000 | Bank One Corp. | 2,942,700 |
| 280,000 | Bankgesellschaft Berlin AG+ .. | 400,253 |
| 260 | Berkshire Hathaway Inc., Cl. A+ | 16,588,000 |
| 5,000 | Block (H&R) Inc. | 213,450 |
| 190,000 | Commerzbank AG, ADR | 1,295,781 |
| 160,000 | Deutsche Bank AG, ADR | 6,737,600 |

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THE GABELLI EQUITY TRUST INC.
PORTFOLIO OF INVESTMENTS (CONTINUED)
MARCH 31, 2003 (UNAUDITED)

| SHARES | | MARKET |
|---------|---------------------------------------------------|------------|
| ----- | | VALUE |
| | | ----- |
| | COMMON STOCKS (CONTINUED) | |
| | FINANCIAL SERVICES (CONTINUED) | |
| 20,000 | Dun and Bradstreet Corp.+\$ | 765,000 |
| 50,000 | FleetBoston Financial Corp. .. | 1,194,000 |
| 25,000 | Hibernia Corp., Cl. A | 424,000 |
| 20,000 | Invik & Co. AB, Cl. B | 648,666 |
| 100,000 | Irish Life & Permanent plc ... | 1,036,642 |
| 30,000 | Janus Capital Group Inc. | 341,700 |
| 75,000 | John Hancock Financial Services Inc. | 2,083,500 |
| 50,000 | JP Morgan Chase & Co. | 1,185,500 |
| 64,000 | Leucadia National Corp. | 2,287,360 |
| 100,000 | Mellon Financial Corp. | 2,126,000 |
| 199,400 | Midland Co. | 3,569,260 |
| 30,000 | Moody's Corp. | 1,386,900 |
| 207,500 | Nikko Cordial Corp. | 568,709 |
| 185,000 | Phoenix Companies Inc. | 1,339,400 |
| 2,500 | Prudential Financial Inc. | 73,125 |
| 31,002 | RAS SpA | 385,318 |
| 60,000 | Riggs National Corp. | 861,000 |
| 50,000 | Schwab (Charles) Corp. | 361,000 |
| 80,000 | State Street Corp. | 2,530,400 |
| 20,000 | SunTrust Banks Inc. | 1,053,000 |
| 100,000 | T. Rowe Price Group Inc. | 2,711,900 |
| 7,000 | Travelers Property Casualty Corp., Cl. A | 98,630 |
| 20,000 | UBS AG+ | 850,932 |
| 58,500 | Unitrin Inc. | 1,355,445 |
| 125,000 | Wachovia Corp. | 4,258,750 |
| 55,100 | Waddell & Reed Financial Inc., Cl. A | 968,107 |
| | | ----- |
| | | 87,592,962 |
| | | ----- |
| | ENTERTAINMENT -- 6.5% | |
| 620,000 | AOL Time Warner Inc.+ | 6,733,200 |
| 24,000 | Ascent Media Group | |

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| | | |
|-----------|-----------------------------------------------|------------|
| | Inc., Cl. A+ | 27,840 |
| 160,000 | Canal Plus, ADR | 151,552 |
| 110,000 | EMI Group plc | 155,180 |
| 100,000 | EMI Group plc, ADR | 282,150 |
| 120,000 | Fox Entertainment Group Inc., Cl. A+ | 3,200,400 |
| 50,000 | GC Companies Inc.+ | 9,000 |
| 350,432 | Gemstar-TV Guide International Inc.+ | 1,285,735 |
| 1,913,600 | Liberty Media Corp., Cl. A+ .. | 18,619,328 |
| 400,000 | Metro-Goldwyn-Mayer Inc.+ | 4,200,000 |
| 160,000 | Publishing & Broadcasting Ltd. | 811,206 |
| 15,000 | Regal Entertainment Group, Cl. A | 269,250 |
| 225,000 | Six Flags Inc.+ | 1,260,000 |
| 260,000 | The Walt Disney Co. | 4,425,200 |
| 840,000 | Viacom Inc., Cl. A+ | 30,660,000 |
| 40,900 | Vivendi Universal SA | 543,596 |
| 320,000 | Vivendi Universal SA, ADR | 4,288,000 |
| | | ----- |
| | | 76,921,637 |
| | | ----- |

| SHARES | | MARKET VALUE |
|---------|-----------------------------------------|-----------------|
| ----- | | ----- |
| | ENERGY AND UTILITIES -- 5.9% | |
| 60,000 | AES Corp.+\$ | 217,200 |
| 70,000 | AGL Resources Inc. | 1,654,100 |
| 39,270 | Apache Corp. | 2,424,530 |
| 120,000 | BP plc | 761,084 |
| 248,800 | BP plc, ADR | 9,601,192 |
| 150,000 | Burlington Resources Inc. | 7,156,500 |
| 115,000 | CH Energy Group Inc. | 4,795,500 |
| 23,000 | Cinergy Corp. | 773,950 |
| 100,000 | CMS Energy Corp. | 441,000 |
| 103,217 | ConocoPhillips | 5,532,431 |
| 10,000 | Constellation Energy Group Inc. | 277,300 |
| 2,500 | Dominion Resources Inc. | 138,425 |
| 26,000 | DPL Inc. | 323,960 |
| 110,000 | DQE Inc. | 1,340,900 |
| 27,000 | DTE Energy Co. | 1,043,550 |
| 580,000 | Duke Energy Corp. | 8,433,200 |
| 200,000 | El Paso Corp. | 1,210,000 |
| 400,000 | El Paso Electric Co.+ | 4,320,000 |
| 30,000 | Energy East Corp. | 534,000 |
| 35,000 | Eni SpA | 467,471 |
| 40,000 | Exxon Mobil Corp. | 1,398,000 |
| 8,300 | FPL Group Inc. | 489,119 |
| 142,000 | Halliburton Co. | 2,943,660 |
| 38,632 | Kerr-McGee Corp. | 1,568,846 |
| 90,000 | Mirant Corp.+ | 144,000 |
| 100,000 | NiSource Inc.+ | 211,000 |
| 250,000 | Northeast Utilities | 3,480,000 |
| 100,000 | Progress Energy Inc., CVO+ ... | 13,000 |
| 7,500 | Royal Dutch Petroleum Co. | 305,625 |
| 10,400 | SJW Corp. | 795,600 |
| 14,000 | Southwest Gas Corp. | 284,900 |
| 7,907 | Total Fina Elf SA | 1,000,864 |
| 100,000 | TXU Corp. | 1,785,000 |
| 260,000 | Westar Energy Inc. | 3,151,200 |

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| | | |
|---------|--------------------------------|------------|
| 60,000 | Xcel Energy Inc. | 768,600 |
| | | ----- |
| | | 69,785,707 |
| | | ----- |
| | PUBLISHING -- 5.0% | |
| 20,000 | Dow Jones & Co. Inc. | 708,800 |
| 196,000 | Independent News & Media plc . | 288,732 |
| 17,000 | Knight-Ridder Inc. | 994,500 |
| 5,000 | McClatchy Co., Cl. A | 267,950 |
| 105,000 | McGraw-Hill Companies Inc. ... | 5,836,950 |
| 400,000 | Media General Inc., Cl. A | 19,696,000 |
| 125,000 | Meredith Corp. | 4,772,500 |
| 115,000 | New York Times Co., Cl. A | 4,962,250 |
| 120,000 | News Corp. Ltd. | 780,991 |
| 11,016 | News Corp. Ltd., ADR | 285,314 |
| 360,000 | Penton Media Inc.+ | 198,000 |
| 350,000 | PRIMEDIA Inc.+ | 857,500 |
| 33,000 | Pulitzer Inc. | 1,437,810 |

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THE GABELLI EQUITY TRUST INC.
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 MARCH 31, 2003 (UNAUDITED)

| SHARES | | MARKET |
|---------|---------------------------------------|--------------|
| ----- | | VALUE |
| | | ----- |
| | COMMON STOCKS (CONTINUED) | |
| | PUBLISHING (CONTINUED) | |
| 170,800 | Reader's Digest Association Inc. | \$ 1,743,868 |
| 261,319 | SCMP Group Ltd. | 94,651 |
| 70,000 | Scripps (E.W.) Co., Cl. A | 5,301,800 |
| 91,842 | Seat-Pagine Gialle SpA+ | 59,029 |
| 75,000 | Thomas Nelson Inc.+ | 638,250 |
| 250,000 | Tribune Co. | 11,252,500 |
| | | ----- |
| | | 60,177,395 |
| | | ----- |
| | EQUIPMENT AND SUPPLIES -- 5.0% | |
| 120,000 | AMETEK Inc. | 3,961,200 |
| 2,000 | Amphenol Corp., Cl. A+ | 81,500 |
| 10,000 | Caterpillar Inc. | 492,000 |
| 95,000 | CIRCOR International Inc. | 1,291,050 |
| 320,000 | Deere & Co. | 12,563,200 |
| 216,000 | Donaldson Co. Inc. | 7,901,280 |
| 135,000 | Flowserve Corp.+ | 1,572,750 |
| 13,000 | Franklin Electric Co. Inc. ... | 610,740 |
| 100,000 | Gerber Scientific Inc.+ | 658,000 |
| 70,000 | GrafTech International Ltd.+ . | 199,500 |
| 211,300 | IDEX Corp. | 6,127,700 |
| 20,000 | Ingersoll-Rand Co., Cl. A | 771,800 |
| 60,000 | Lufkin Industries Inc. | 1,149,000 |
| 1,000 | Manitowoc Co. Inc. | 16,810 |
| 425,000 | Navistar International Corp.+ | 10,459,250 |
| 30,000 | PACCAR Inc. | 1,508,100 |
| 5,000 | Sealed Air Corp.+ | 200,650 |
| 170,000 | SPS Technologies Inc.+ | 4,148,000 |
| 60,000 | Sybron Dental Specialties Inc.+ | 1,047,000 |
| 20,000 | Terumo Corp. | 288,244 |

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| | | |
|-----------|------------------------------------------------------|------------|
| 250,000 | Watts Industries Inc., Cl. A . | 3,895,000 |
| 100,000 | Weir Group plc | 315,340 |
| | | ----- |
| | | 59,258,114 |
| | | ----- |
| | CABLE -- 4.1% | |
| 100,000 | Adelphia Communications Corp., Cl. A+ | 17,500 |
| 1,551,443 | Cablevision Systems Corp., Cl. A+ | 29,461,903 |
| 30,000 | Charter Communications Inc., Cl. A+ | 24,900 |
| 525,250 | Comcast Corp., Cl. A+ | 15,016,897 |
| 85,000 | Comcast Corp., Cl. A, Special+ | 2,336,650 |
| 20,000 | Shaw Communications Inc., Cl. B | 210,070 |
| 80,000 | Shaw Communications Inc., Cl. B, Non-Voting | 840,800 |
| 370,000 | UnitedGlobalCom Inc., Cl. A+ . | 1,128,500 |
| | | ----- |
| | | 49,037,220 |
| | | ----- |
| | DIVERSIFIED INDUSTRIAL -- 4.0% | |
| 220,000 | Acuity Brands Inc. | 2,959,000 |
| 195,000 | Ampco-Pittsburgh Corp. | 2,531,100 |
| 120,000 | Cooper Industries Ltd., Cl. A | 4,285,200 |
| | | ----- |
| | | MARKET |
| | | VALUE |
| | | ----- |
| 270,000 | Crane Co. | 4,703,400 |
| 110,000 | GATX Corp. | 1,592,800 |
| 200,000 | GenTek Inc.+ | 2,000 |
| 260,000 | Greif Bros. Corp., Cl. A | 4,674,800 |
| 3,400 | Greif Bros. Corp., Cl. B | 80,614 |
| 420,000 | Honeywell International Inc. . | 8,971,200 |
| 120,000 | ITT Industries Inc. | 6,409,200 |
| 400,600 | Lamson & Sessions Co.+ | 2,047,066 |
| 34,500 | National Service Industries Inc. | 178,020 |
| 83,715 | Park-Ohio Holdings Corp.+ | 289,654 |
| 213,800 | Sensient Technologies Corp. .. | 4,280,276 |
| 10,000 | Smiths Group plc | 101,162 |
| 5,500 | Sulzer AG+ | 674,548 |
| 100,000 | Thomas Industries Inc. | 2,480,000 |
| 50,000 | Trinity Industries Inc. | 861,000 |
| 55,000 | Tyco International Ltd. | 707,300 |
| | | ----- |
| | | 47,828,340 |
| | | ----- |
| | CONSUMER PRODUCTS -- 4.0% | |
| 60,000 | Altadis SA | 1,462,648 |
| 20,000 | Altria Group Inc. | 599,200 |
| 43,000 | Christian Dior SA | 1,412,344 |
| 10,000 | Church & Dwight Co. Inc. | 303,600 |
| 100,000 | Compagnie Financiere Richemont AG, Cl. A | 1,365,190 |
| 50,000 | Department 56 Inc.+ | 491,000 |
| 40,000 | Energizer Holdings Inc.+ | 1,019,600 |
| 90,000 | Fortune Brands Inc. | 3,858,300 |
| 30,000 | Gallaher Group plc | 289,259 |
| 250,000 | Gallaher Group plc, ADR | 9,577,500 |

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| | | |
|-----------|-------------------------------------------------------|------------|
| 300,000 | Gillette Co. | 9,282,000 |
| 2,000 | Givaudan SA | 763,619 |
| 60,000 | Harley-Davidson Inc. | 2,382,600 |
| 15,000 | Matsushita Electric Industrial Co. Ltd., ADR | 127,950 |
| 100,000 | Mattel Inc. | 2,250,000 |
| 45,000 | Maytag Corp. | 856,350 |
| 50,000 | National Presto Industries Inc. | 1,307,500 |
| 8,200 | Nintendo Co. Ltd. | 663,856 |
| 100,000 | Procter & Gamble Co. | 8,905,000 |
| 10,000 | Swatch Group AG, Cl. B | 828,733 |
| | | ----- |
| | | 47,746,249 |
| | | ----- |
| | WIRELESS COMMUNICATIONS -- 3.7% | |
| 95,000 | America Movil SA de CV, Cl. L, ADR | 1,270,150 |
| 550,170 | AT&T Wireless Services Inc.+ . | 3,631,122 |
| 80,000 | Leap Wireless International Inc.+ | 10,800 |
| 1,775,000 | mm02 plc+ | 1,255,532 |
| 124,000 | mm02 plc, ADR+ | 871,720 |
| 240,000 | Nextel Communications Inc., Cl. A+ | 3,213,600 |
| 1,000 | NTT DoCoMo Inc. | 1,863,721 |

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THE GABELLI EQUITY TRUST INC.
PORTFOLIO OF INVESTMENTS (CONTINUED)
MARCH 31, 2003 (UNAUDITED)

| SHARES | | MARKET VALUE |
|-----------|----------------------------------------------------------|-----------------|
| ----- | | ----- |
| | COMMON STOCKS (CONTINUED) | |
| | WIRELESS COMMUNICATIONS (CONTINUED) | |
| 250,000 | Rogers Wireless Communications Inc., Cl. B+ | 2,675,000 |
| 230,000 | Sprint Corp. - PCS Group+ | 1,002,800 |
| 16,700 | Tele Celular Sul Participacoes SA, ADR | 118,570 |
| 55,666 | Tele Centro Oeste Celular Participacoes SA, ADR | 263,857 |
| 3,340 | Tele Leste Celular Participacoes SA, ADR | 20,875 |
| 8,350 | Tele Nordeste Celular Participacoes SA, ADR | 118,570 |
| 3,340 | Tele Norte Celular Participacoes SA, ADR+ | 16,499 |
| 1,400,000 | Telecom Italia Mobile SpA | 5,713,537 |
| 75,000 | Telefonica Moviles SA+ | 491,041 |
| 8,350 | Telemig Celular Participacoes SA, ADR | 144,455 |
| 450,000 | Telephone & Data Systems Inc. | 18,409,500 |
| 66,800 | Telesp Celular Participacoes SA, ADR+ | 216,432 |
| 553,888 | Vodafone Group plc | 989,320 |
| 100,000 | Vodafone Group plc, ADR | 1,822,000 |
| | | ----- |

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| | | |
|---------|-----------------------------------------|------------|
| | | 44,119,101 |
| | | ----- |
| | HEALTH CARE -- 2.9% | |
| 20,000 | Abbott Laboratories | 752,200 |
| 60,000 | Amgen Inc.+ | 3,453,000 |
| 40,000 | Apogent Technologies Inc.+ ... | 583,200 |
| 10,000 | AstraZeneca plc, London | 340,947 |
| 35,146 | AstraZeneca plc, Stockholm ... | 1,197,932 |
| 15,000 | Aventis SA | 658,486 |
| 26,000 | Biogen Inc.+ | 778,960 |
| 110,000 | Bristol-Myers Squibb Co. | 2,324,300 |
| 23,000 | Centerpulse AG+ | 4,918,385 |
| 75,036 | GlaxoSmithKline plc | 1,320,083 |
| 4,000 | GlaxoSmithKline plc, ADR | 140,760 |
| 20,000 | Henry Schein Inc.+ | 902,000 |
| 56,011 | Invitrogen Corp.+ | 1,715,617 |
| 50,000 | Merck & Co. Inc. | 2,739,000 |
| 41,000 | Novartis AG | 1,518,395 |
| 108,000 | Novartis AG, Registered | 4,002,480 |
| 65,000 | Pfizer Inc. | 2,025,400 |
| 17,900 | Roche Holding AG | 1,071,515 |
| 20,000 | Sanofi-Synthelabo SA+ | 1,006,307 |
| 20,000 | Schering-Plough Corp. | 356,600 |
| 14,000 | Takeda Chemical Industries Ltd. | 523,022 |
| 60,000 | Wyeth | 2,269,200 |
| | | ----- |
| | | 34,597,789 |
| | | ----- |

| | | |
|---------|------------------------------------------------|------------|
| | | MARKET |
| | | VALUE |
| | | ----- |
| | SHARES | |
| | ----- | |
| | AUTOMOTIVE: PARTS AND ACCESSORIES -- 2.9% | |
| 20,000 | ArvinMeritor Inc. | 279,800 |
| 37,802 | BorgWarner Inc. | 1,808,448 |
| 100,000 | CLARCOR Inc. | 3,620,000 |
| 320,061 | Dana Corp. | 2,259,630 |
| 60,000 | Delphi Corp. | 409,800 |
| 260,000 | GenCorp Inc. | 1,625,000 |
| 210,000 | Genuine Parts Co. | 6,407,100 |
| 114,000 | Johnson Controls Inc. | 8,258,160 |
| 105,000 | Midas Inc.+ | 766,500 |
| 335,000 | Modine Manufacturing Co. | 5,021,650 |
| 20,000 | O'Reilly Automotive Inc.+ | 542,000 |
| 70,800 | Scheib (Earl) Inc.+ | 148,680 |
| 163,000 | Standard Motor Products Inc. . | 1,809,300 |
| 24,000 | Superior Industries International Inc. | 874,320 |
| 105,000 | TransPro Inc.+ | 430,500 |
| | | ----- |
| | | 34,260,888 |
| | | ----- |

| | | |
|---------|-----------------------------|------------|
| | CONSUMER SERVICES -- 2.4% | |
| 40,000 | Loewen Group Inc.+ | 0 |
| 697,800 | Rollins Inc. | 16,070,334 |
| 485,000 | USA Interactive Inc.+ | 12,993,150 |
| | | ----- |
| | | 29,063,484 |
| | | ----- |

| | | |
|---------|---------------------------|-----------|
| | HOTELS AND GAMING -- 2.2% | |
| 110,000 | Aztar Corp.+ | 1,477,300 |

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| | | |
|-----------|-----------------------------------------------------|------------|
| 90,000 | Boca Resorts Inc., Cl. A+ | 990,900 |
| 240,000 | Gaylord Entertainment Co.+ ... | 4,308,000 |
| 30,000 | Greek Organization of Football Prognostics | 250,103 |
| 8,000 | GTECH Holdings Corp.+ | 261,280 |
| 2,510,000 | Hilton Group plc | 5,465,144 |
| 650,000 | Hilton Hotels Corp. | 7,546,500 |
| 60,000 | MGM Mirage+ | 1,755,000 |
| 430,000 | Park Place Entertainment Corp.+ | 3,061,600 |
| 50,000 | Starwood Hotels & Resorts Worldwide Inc. | 1,189,500 |
| | | ----- |
| | | 26,305,327 |
| | | ----- |
| | AEROSPACE -- 2.0% | |
| 150,000 | BAE Systems plc | 265,550 |
| 115,000 | Boeing Co. | 2,881,900 |
| 100,000 | Lockheed Martin Corp. | 4,755,000 |
| 179,000 | Northrop Grumman Corp. | 15,358,200 |
| | | ----- |
| | | 23,260,650 |
| | | ----- |
| | RETAIL -- 1.9% | |
| 200,000 | Albertson's Inc. | 3,770,000 |
| 300,000 | AutoNation Inc.+ | 3,825,000 |
| 75,000 | Boots Group plc | 628,902 |
| 15,000 | Coldwater Creek Inc.+ | 142,350 |
| 22,000 | Gucci Group NV, ADR | 2,096,820 |

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THE GABELLI EQUITY TRUST INC.
PORTFOLIO OF INVESTMENTS (CONTINUED)
MARCH 31, 2003 (UNAUDITED)

| SHARES | | MARKET VALUE |
|---------|----------------------------------------------------|-----------------|
| ----- | | ----- |
| | COMMON STOCKS (CONTINUED) | |
| | RETAIL (CONTINUED) | |
| 16,000 | Ito-Yokado Co. Ltd. | \$ 431,776 |
| 100,000 | Lillian Vernon Corp.+ | 421,000 |
| 90,000 | Neiman Marcus Group Inc., Cl. A+ | 2,609,100 |
| 320,000 | Neiman Marcus Group Inc., Cl. B+ | 8,604,800 |
| 7,750 | Tod's SpA | 192,816 |
| 20,000 | Winn-Dixie Stores Inc. | 264,400 |
| | | ----- |
| | | 22,986,964 |
| | | ----- |
| | REAL ESTATE -- 1.7% | |
| 449,700 | Catellus Development Corp.+ .. | 9,443,700 |
| 70,000 | Cheung Kong (Holdings) Ltd. .. | 387,720 |
| 44,000 | Florida East Coast Industries Inc., Cl. A | 1,075,800 |
| 58,451 | Florida East Coast Industries Inc., Cl. B | 1,408,669 |
| 55,000 | Griffin Land & Nurseries Inc.+ | 644,600 |
| 4,753 | HomeFed Corp.+ | 6,464 |

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| | | |
|-----------|---------------------------------------------|------------|
| 253,000 | St. Joe Co. | 6,881,600 |
| | | ----- |
| | | 19,848,553 |
| | | ----- |
| | BROADCASTING -- 1.6% | |
| 10,000 | Clear Channel Communications Inc.+ | 339,200 |
| 16,666 | Corus Entertainment Inc., Cl. B+ | 226,603 |
| 100,000 | Gray Television Inc. | 900,000 |
| 28,000 | Gray Television Inc., Cl. A .. | 296,800 |
| 195,000 | Grupo Televisa SA, ADR+ | 4,904,250 |
| 200,000 | Liberty Corp. | 8,720,000 |
| 5,000 | LIN TV Corp., Cl. A+ | 102,550 |
| 120,000 | Mediaset SpA | 911,373 |
| 4,000 | Nippon Broadcasting System Inc. | 92,090 |
| 40,375 | NRJ Group | 496,085 |
| 131,000 | Paxson Communications Corp.+ . | 285,580 |
| 17,700 | RTL Group | 608,400 |
| 100,000 | Television Broadcasts Ltd. ... | 306,432 |
| 110,000 | Young Broadcasting Inc., Cl. A+ | 1,345,300 |
| | | ----- |
| | | 19,534,663 |
| | | ----- |
| | ELECTRONICS -- 1.2% | |
| 150,393 | Agere Systems Inc., Cl. B+ ... | 225,590 |
| 500,000 | Cypress Semiconductor Corp.+ . | 3,450,000 |
| 3,000 | Hitachi Ltd., ADR | 105,450 |
| 20,000 | Molex Inc., Cl. A | 367,800 |
| 10,500 | Murata Manufacturing Co. Ltd. | 407,320 |
| 7,500 | NEC Corp., ADR | 24,825 |
| 6,000 | Rohm Co. Ltd. | 650,194 |
| 38,800 | Royal Philips Electronics NV, ADR | 604,892 |
| 47,000 | Sony Corp., ADR | 1,651,110 |
| 205,000 | Texas Instruments Inc. | 3,355,850 |
| 250,000 | Thomas & Betts Corp.+ | 3,545,000 |
| 10,400 | Tokyo Electron Ltd. | 406,949 |
| | | ----- |
| | | 14,794,980 |
| | | ----- |
| | | MARKET |
| | | VALUE |
| | | ----- |
| | AVIATION: PARTS AND SERVICES -- 1.1% | |
| 101,320 | Curtiss-Wright Corp., Cl. B ..\$ | 5,947,484 |
| 90,000 | Fairchild Corp., Cl. A+ | 396,000 |
| 52,000 | Precision Castparts Corp. | 1,239,160 |
| 84,500 | Sequa Corp., Cl. A+ | 2,894,125 |
| 78,000 | Sequa Corp., Cl. B+ | 3,151,200 |
| | | ----- |
| | | 13,627,969 |
| | | ----- |
| | AGRICULTURE -- 1.0% | |
| 1,050,000 | Archer-Daniels-Midland Co. ... | 11,340,000 |
| 5,000 | Delta & Pine Land Co. | 113,050 |
| | | ----- |
| | | 11,453,050 |

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| | | |
|---------|----------------------------------|------------|
| | ----- | |
| | SPECIALTY CHEMICALS -- 0.9% | |
| 5,400 | Ciba Specialty | |
| | Chemicals, ADR | 175,284 |
| 10,000 | du Pont de Nemours | |
| | (E.I.) and Co. | 388,600 |
| 330,000 | Ferro Corp. | 7,052,100 |
| 40,000 | Fuller (H.B.) Co. | 924,800 |
| 120,000 | Hercules Inc.+ | 1,044,000 |
| 15,000 | IVAX Corp.+ | 183,750 |
| 210,000 | Omnova Solutions Inc.+ | 619,500 |
| 5,000 | Rohm and Haas Co. | 148,900 |
| 11,697 | Syngenta AG, ADR | 107,028 |
| | | ----- |
| | | 10,643,962 |
| | | ----- |
| | COMMUNICATIONS EQUIPMENT -- 0.7% | |
| 60,000 | Acterna Corp.+ | 3,660 |
| 290,000 | Allen Telecom Inc.+ | 2,827,500 |
| 525,000 | Corning Inc.+ | 3,066,000 |
| 125,000 | Lucent Technologies Inc.+ | 183,750 |
| 120,000 | Motorola Inc. | 991,200 |
| 100,000 | Nortel Networks Corp.+ | 208,000 |
| 44,000 | Scientific-Atlanta Inc. | 604,560 |
| | | ----- |
| | | 7,884,670 |
| | | ----- |
| | ENVIRONMENTAL SERVICES -- 0.6% | |
| 65,000 | Republic Services Inc.+ | 1,289,600 |
| 300,000 | Waste Management Inc. | 6,354,000 |
| | | ----- |
| | | 7,643,600 |
| | | ----- |
| | BUSINESS SERVICES -- 0.6% | |
| 60,000 | ANC Rental Corp.+ | 1,800 |
| 180,000 | Cendant Corp.+ | 2,286,000 |
| 1,000 | CheckFree Corp.+ | 22,480 |
| 98,000 | Landauer Inc. | 3,596,600 |
| 70,000 | Nashua Corp.+ | 623,000 |
| 250,000 | Securicor plc | 338,852 |
| 3,500 | SYNAVANT Inc.+ | 5,600 |
| | | ----- |
| | | 6,874,332 |
| | | ----- |

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THE GABELLI EQUITY TRUST INC.
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 MARCH 31, 2003 (UNAUDITED)

| SHARES | | MARKET |
|---------|-----------------------------------|--------------|
| ----- | | VALUE |
| | | ----- |
| | COMMON STOCKS (CONTINUED) | |
| | PAPER AND FOREST PRODUCTS -- 0.5% | |
| 100,000 | MeadWestvaco Corp. | \$ 2,278,000 |
| 170,000 | Pactiv Corp.+ | 3,451,000 |
| 10,000 | Rayonier Inc. | 440,600 |
| | | ----- |
| | | 6,169,600 |
| | | ----- |

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| | | |
|---------|---------------------------------------------------------|-----------------|
| | AUTOMOTIVE -- 0.5% | |
| 20,000 | Ford Motor Co. | 150,400 |
| 167,942 | General Motors Corp. | 5,646,210 |
| | | ----- |
| | | 5,796,610 |
| | | ----- |
| | METALS AND MINING -- 0.4% | |
| 72,500 | Harmony Gold Mining Co. Ltd. . | 898,996 |
| 30,000 | Harmony Gold Mining Co. Ltd., ADR | 366,900 |
| 130,000 | Newmont Mining Corp. | 3,399,500 |
| 50,000 | Placer Dome Inc. | 490,000 |
| | | ----- |
| | | 5,155,396 |
| | | ----- |
| | SATELLITE -- 0.2% | |
| 180,323 | General Motors Corp., Cl. H+ . | 2,019,618 |
| 34,000 | Liberty Satellite & Technology Inc., Cl. A+ | 74,460 |
| 190,000 | Loral Space & Communications Ltd.+ | 62,700 |
| | | ----- |
| | | 2,156,778 |
| | | ----- |
| | CLOSED END FUNDS -- 0.2% | |
| 59,000 | Central European Equity Fund Inc.+ | 781,750 |
| 18,000 | France Growth Fund Inc.+ | 89,820 |
| 67,000 | New Germany Fund Inc.+ | 237,180 |
| 70,000 | Pimco RCM Europe Fund Inc.+ .. | 401,800 |
| 40,000 | Royce Value Trust Inc. | 488,000 |
| | | ----- |
| | | 1,998,550 |
| | | ----- |
| | BUILDING AND CONSTRUCTION -- 0.2% | |
| 100,500 | CRH plc | 1,436,623 |
| 32,222 | Huttig Building Products Inc.+ | 65,733 |
| 15,000 | Martin Marietta Materials Inc. | 414,150 |
| | | ----- |
| | | 1,916,506 |
| | | ----- |
| | COMPUTER SOFTWARE AND SERVICES -- 0.1% | |
| 20,000 | Capcom Co. Ltd. | 174,228 |
| 10,000 | Computer Associates International Inc. | 136,600 |
| 5,000 | Electronic Data Systems Corp. | 88,000 |
| 160,000 | EMC Corp.+ | 1,156,800 |
| | | ----- |
| | | 1,555,628 |
| | | ----- |
| | COMPUTER HARDWARE -- 0.0% | |
| 25,000 | Hewlett-Packard Co. | 388,750 |
| 10,000 | Xerox Corp.+ | 87,000 |
| | | ----- |
| | | 475,750 |
| | | ----- |
| SHARES | | MARKET VALUE |

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| | | |
|---------------------|-------------------------------------------------------------------|---------------|
| ----- | | ----- |
| | TRANSPORTATION -- 0.0% | |
| 100,000 | AMR Corp.+ | \$ 210,000 |
| 20,000 | Grupo TMM SA de CV, Cl. A, ADR+ | 78,600 |
| 7,500 | Kansas City Southern+ | 84,225 |
| | | ----- |
| | | 372,825 |
| | | ----- |
| | TOTAL COMMON STOCKS | 1,030,884,209 |
| | | ----- |
| | PREFERRED STOCKS -- 2.4% | |
| | PUBLISHING -- 1.4% | |
| 765,000 | News Corp. Ltd., Pfd., ADR ... | 16,363,350 |
| | | ----- |
| | SPECIALTY CHEMICALS -- 0.5% | |
| 280,500 | Hercules Trust I, 9.420% Pfd. | 5,610,000 |
| | | ----- |
| | TELECOMMUNICATIONS -- 0.2% | |
| 6,500 | Allen Telecom Inc., 7.750% Cv. Pfd., Ser. D | 482,430 |
| 31,000 | Broadwing Inc., 6.750% Cv. Pfd., Ser. B | 1,007,500 |
| 21,000 | Citizens Communications Co., 5.000% Cv. Pfd. | 1,008,000 |
| 500 | Lucent Technologies Capital Trust I, 7.750% Cv. Pfd. | 283,125 |
| | | ----- |
| | | 2,781,055 |
| | | ----- |
| | AEROSPACE -- 0.2% | |
| 14,021 | Northrop Grumman Corp., 7.000% Cv. Pfd., Ser. B | 1,731,594 |
| | | ----- |
| | BROADCASTING -- 0.1% | |
| 90 | Gray Television Inc., 8.000% Cv. Pfd., Ser. C (a) (b) | 918,000 |
| 100,000 | ProSieben Sat.1 Media AG, Pfd. | 595,797 |
| | | ----- |
| | | 1,513,797 |
| | | ----- |
| | AVIATION: PARTS AND SERVICES -- 0.0% | |
| 3,000 | Sequa Corp., \$5.00 Cv. Pfd. | 228,000 |
| | | ----- |
| | WIRELESS COMMUNICATIONS -- 0.0% | |
| 10,760,547 | Telesp Celular Participacoes SA, Pfd.+ | 13,805 |
| | | ----- |
| | TOTAL PREFERRED STOCKS | 28,241,601 |
| | | ----- |
| PRINCIPAL AMOUNT | | |
| ----- | | |
| | CORPORATE BONDS -- 0.5% | |
| | ELECTRONICS -- 0.2% | |

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\$ 3,300,000 Agere Systems Inc., Sub. Deb. Cv.,
6.500%, 12/15/09 2,937,000

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THE GABELLI EQUITY TRUST INC.
PORTFOLIO OF INVESTMENTS (CONTINUED)
MARCH 31, 2003 (UNAUDITED)

| PRINCIPAL AMOUNT ----- | | MARKET VALUE ----- |
|------------------------------|---------------------------------------------------------------------------|--------------------------|
| | CORPORATE BONDS (CONTINUED) | |
| | AUTOMOTIVE: PARTS AND ACCESSORIES -- 0.1% | |
| \$ 1,250,000 | Standard Motor Products Inc., Sub. Deb. Cv., 6.750%, 07/15/09 | \$ 981,250 ----- |
| | AVIATION: PARTS AND SERVICES -- 0.1% | |
| 868,000 | Kaman Corp., Sub. Deb. Cv., 6.000%, 03/15/12 | 817,005 ----- |
| | ENERGY AND UTILITIES -- 0.1% | |
| 1,000,000 | Mirant Corp., Sub. Deb. Cv., 2.500%, 06/15/21 | 637,500 ----- |
| | WIRELESS COMMUNICATIONS -- 0.0% | |
| 500,000 | Nextel Communications Inc., 9.500%, 02/01/11 | 531,250 ----- |
| | HOTELS AND GAMING -- 0.0% | |
| 400,000 | Hilton Hotels Corp., Sub. Deb. Cv., 5.000%, 05/15/06 | 385,500 ----- |
| | CABLE -- 0.0% | |
| 1,200,000 | Charter Communications Inc., Cv., 4.750%, 06/01/06 | 210,000 ----- |
| | TOTAL CORPORATE BONDS | 6,499,505 ----- |

SHARES

| | | |
|--------|---------------------------------------------------------------|-----------------|
| | WARRANTS -- 0.0% | |
| | FOOD AND BEVERAGE -- 0.0% | |
| 62,463 | Denny's Corp., expires 01/07/05+ | 640 ----- |
| | METALS AND MINING -- 0.0% | |
| 5,000 | Harmony Gold Mining Co. Ltd., ADR, expires 06/29/03+ | 35,000 ----- |
| | TOTAL WARRANTS | 35,640 ----- |

PRINCIPAL
AMOUNT

\$100,000,000 REPURCHASE AGREEMENTS -- 10.7%
Agreement with ABN Amro,

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| | | |
|------------|----------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| | 1.320%, dated 03/31/03, due 04/01/03, proceeds at maturity, \$100,003,667 (c) | 100,000,000 |
| 27,394,000 | Agreement with State Street Bank & Trust Co., 1.260%, dated 03/31/03, due 04/01/03, proceeds at maturity, \$27,394,959 (c) | 27,394,000 |
| | | ----- |
| | TOTAL REPURCHASE AGREEMENTS | 127,394,000 |
| | | ----- |

TOTAL INVESTMENTS -- 100.0%
(Cost \$1,252,590,155)\$1,193,054,955

OTHER LIABILITIES IN EXCESS OF ASSETS (8,813,251)

PREFERRED STOCK
(11,973,100 preferred
shares outstanding) (429,197,500)

NET ASSETS -- COMMON STOCK
(135,391,931 common shares outstanding) 755,044,204

NET ASSET VALUE PER COMMON SHARE
(\$755,044,204 (DIVIDE) 135,391,931
shares outstanding) \$5.58

| | |
|-------------------------------|-----------------|
| ----- | |
| For Federal tax purposes: | |
| Aggregate cost | \$1,252,590,155 |
| | ===== |
| Gross unrealized appreciation | \$ 158,234,868 |
| Gross unrealized depreciation | (217,770,068) |
| | ----- |
| Net unrealized appreciation | \$ (59,535,200) |
| | ===== |

-
- (a) Security fair valued under procedures established by the Board of Directors.
 - (b) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At March 31, 2003, the market value of Rule 144A securities amounted to \$918,000 or 0.1% of total investments.
 - (c) Collateralized by U.S. Treasury Notes, 1.750% to 6.250%, due 12/31/04 to 08/15/23, market value \$127,655,000.
- + Non-income producing security.
- ADR - American Depository Receipt.
BDR - Brazilian Depository Receipt.
CVO - Contingent Value Obligation.
RNC - Non-Convertible Savings Shares.
USD - U.S. Dollars.

| | | |
|--|--------|--------|
| | % OF | |
| | MARKET | MARKET |
| | VALUE | VALUE |
| | ----- | ----- |

GEOGRAPHIC DIVERSIFICATION

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| | | |
|-------------------------|--------|-----------------|
| United States | 84.1% | \$1,003,166,485 |
| Europe | 11.1 | 133,115,372 |
| Asia/Pacific | 2.4 | 28,616,505 |
| Latin America | 1.2 | 13,904,192 |
| Canada | 1.1 | 12,986,505 |
| South Africa | 0.1 | 1,265,896 |
| | ----- | ----- |
| Total Investments | 100.0% | \$1,193,054,955 |
| | ===== | ===== |

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AUTOMATIC DIVIDEND REINVESTMENT
AND VOLUNTARY CASH PURCHASE PLAN

ENROLLMENT IN THE PLAN

It is the policy of The Gabelli Equity Trust Inc. ("Equity Trust") to automatically reinvest dividends. As a "registered" shareholder you automatically become a participant in the Equity Trust's Automatic Dividend Reinvestment Plan (the "Plan"). The Plan authorizes the Equity Trust to issue shares to participants upon an income dividend or a capital gains distribution regardless of whether the shares are trading at a discount or a premium to net asset value. All distributions to shareholders whose shares are registered in their own names will be automatically reinvested pursuant to the Plan in additional shares of the Equity Trust. Plan participants may send their stock certificates to EquiServe Trust Company ("EquiServe") to be held in their dividend reinvestment account. Registered shareholders wishing to receive their distribution in cash must submit this request in writing to:

The Gabelli Equity Trust Inc.
c/o EquiServe
P.O. Box 43011
Providence, RI 02940-3011

Shareholders requesting this cash election must include the shareholder's name and address as they appear on the share certificate. Shareholders with additional questions regarding the Plan may contact EquiServe at 1 (800) 336-6983.

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

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

The number of shares of Common Stock distributed to participants in the Plan in lieu of cash dividends is determined in the following manner. Under the Plan, whenever the market price of the Equity Trust's Common Stock is equal to or exceeds net asset value at the time shares are valued for purposes of

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determining the number of shares equivalent to the cash dividends or capital gains distribution, participants are issued shares of Common Stock valued at the greater of (i) the net asset value as most recently determined or (ii) 95% of the then current market price of the Equity Trust's Common Stock. The valuation date is the dividend or distribution payment date or, if that date is not a New York Stock Exchange trading day, the next trading day. If the net asset value of the Common Stock at the time of valuation exceeds the market price of the Common Stock, participants will receive shares from the Equity Trust valued at market price. If the Equity

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Trust should declare a dividend or capital gains distribution payable only in cash, EquiServe will buy Common Stock in the open market, or on the New York Stock Exchange or elsewhere, for the participants' accounts, except that EquiServe will endeavor to terminate purchases in the open market and cause the Equity Trust to issue shares at net asset value if, following the commencement of such purchases, the market value of the Common Stock exceeds the then current net asset value.

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

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

VOLUNTARY CASH PURCHASE PLAN

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

Participants in the Voluntary Cash Purchase Plan have the option of making additional cash payments to EquiServe for investments in the Equity Trust's shares at the then current market price. Shareholders may send an amount from \$250 to \$10,000. EquiServe will use these funds to purchase shares in the open market on or about the 1st and 15th of each month. EquiServe will charge each shareholder who participates \$0.75, plus a pro rata share of the brokerage commissions. Brokerage charges for such purchases are expected to be less than the usual brokerage charge for such transactions. It is suggested that any voluntary cash payments be sent to EquiServe, P.O. Box 43011, Providence, RI 02940-3011 such that EquiServe receives such payments approximately 10 days before the investment date. Funds not received at least five days before the investment date shall be held for investment in the following month. A payment may be withdrawn without charge if notice is received by EquiServe at least 48 hours before such payment is to be invested.

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

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

DIRECTORS

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

Dr. Thomas E. Bratter
PRESIDENT, JOHN DEWEY ACADEMY

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

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

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

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

Karl Otto Pohl
FORMER PRESIDENT, DEUTSCHE BUNDESBANK

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

Salvatore J. Zizza
CHAIRMAN, HALLMARK ELECTRICAL SUPPLIES CORP.

OFFICERS

Bruce N. Alpert
PRESIDENT

Gus Coutsouros
VICE PRESIDENT & TREASURER

Carter W. Austin
VICE PRESIDENT

James E. McKee
SECRETARY

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

CUSTODIAN
Boston Safe Deposit and Trust Company

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COUNSEL

Willkie Farr & Gallagher

TRANSFER AGENT AND REGISTRAR

EquiServe Trust Company

STOCK EXCHANGE LISTING

| | COMMON | 7.25% PREFERRED | 7.20% PREFERRED |
|---------------------|-------------|--------------------|--------------------|
| NYSE-Symbol: | GAB | GAB Pr | GAB PrB |
| Shares Outstanding: | 135,391,931 | 5,367,900 | 6,600,000 |

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

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

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

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Equity Trust may, from time to time, purchase shares of its common stock in the open market when the Equity Trust shares are trading at a discount of 10% or more from the net asset value of the shares. The Equity Trust may also, from time to time, purchase shares of its Cumulative Preferred Stock in the open market when the shares are trading at a discount to the Liquidation Value of \$25.00.

THE GABELLI EQUITY TRUST INC.
ONE CORPORATE CENTER
RYE, NY 10580-1422
(914) 921-5070
WWW.GABELLI.COM

FIRST QUARTER REPORT
MARCH 31, 2003

GBFCM 03/03