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GABELLI EQUITY TRUST INC
Form N-CSRS
September 06, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-04700

The Gabelli Equity Trust Inc.

(Exact name of registrant as specified in charter)

One Corporate Center
Rye, New York 10580-1422

(Address of principal executive offices) (Zip code)

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

(Name and address of agent for service)

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

Date of fiscal year end: December 31

Date of reporting period: June 30, 2006

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

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

ITEM 1. REPORTS TO STOCKHOLDERS.

The Report to Shareholders is attached herewith.

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[LOGO OMITTED]
 THE GABELLI
 EQUITY TRUST INC.

THE GABELLI EQUITY TRUST INC.

Semi-Annual Report
 June 30, 2006

TO OUR SHAREHOLDERS,

During the second quarter of 2006, the Gabelli Equity Trust's (the "Fund") total return was 1.5% on a net asset value ("NAV") basis while the Standard & Poor's ("S&P") 500 Index declined 1.4% and the Dow Jones Industrial Average ("DJIA") rose 0.9%. For the six month period ended June 30, 2006, the Fund's NAV total return was 10.3% versus gains of 2.7% and 5.3% for the S&P 500 Index and the DJIA, respectively. For the one year period ended June 30, 2006, the Fund's NAV total return was 15.6% versus increases for the S&P 500 Index and DJIA of 8.6% and 11.1%, respectively. The Fund's market price on June 30, 2006 was \$8.21, which equates to a 3.9% discount to its NAV of \$8.54. The Fund's market price declined 1.1% during the second quarter and has risen 6.9% and 3.7%, respectively, for the six and twelve month periods ended June 30, 2006.

Enclosed are the financial statements and the investment portfolio as of June 30, 2006.

COMPARATIVE RESULTS

AVERAGE ANNUAL RETURNS THROUGH JUNE 30, 2006 (A)

| | Quarter | Year to Date | 1 Year | 3 Year | 5 Year | 10 Year |
|------------------------------------|---------|--------------|--------|--------|--------|---------|
| ----- | | | | | | |
| GABELLI EQUITY TRUST | | | | | | |
| NAV RETURN (B) | 1.52% | 10.30% | 15.62% | 19.52% | 8.65% | 10.72% |
| INVESTMENT RETURN (C) | (1.06) | 6.93 | 3.70 | 14.00 | 4.02 | 10.45 |
| S&P 500 Index | (1.44) | 2.71 | 8.62 | 11.21 | 2.49 | 8.32 |
| Dow Jones Industrial Average | 0.93 | 5.25 | 11.07 | 9.95 | 3.47 | 9.17 |
| Nasdaq Composite Index | (7.17) | (1.51) | 5.60 | 10.21 | 0.10 | 6.25 |

(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 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 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

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NASDAQ COMPOSITE INDEX.

- (b) TOTAL RETURNS AND AVERAGE ANNUAL RETURNS REFLECT CHANGES IN NAV, REINVESTMENT OF DISTRIBUTIONS AT NAV ON THE EX-DIVIDEND DATE, ADJUSTMENTS FOR RIGHTS OFFERINGS, SPIN-OFFS, AND TAXES PAID ON UNDISTRIBUTED LONG-TERM CAPITAL GAINS, AND ARE NET OF EXPENSES. SINCE INCEPTION RETURN IS BASED ON AN INITIAL NET ASSET VALUE OF \$9.34.
- (c) TOTAL RETURNS AND AVERAGE ANNUAL RETURNS REFLECT CHANGES IN CLOSING MARKET VALUES ON THE NEW YORK STOCK EXCHANGE, REINVESTMENT OF DISTRIBUTIONS, ADJUSTMENTS FOR RIGHTS OFFERINGS, SPIN-OFFS, AND TAXES PAID ON UNDISTRIBUTED LONG-TERM CAPITAL GAINS. SINCE INCEPTION RETURN IS BASED ON AN INITIAL OFFERING PRICE OF \$10.00.
-

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/funds.

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

The following table presents portfolio holdings as a percent of total investments as of June 30, 2006:

| | |
|---|-------|
| Repurchase Agreements | 12.7% |
| Financial Services | 8.3% |
| Energy and Utilities | 8.3% |
| Food and Beverage | 8.0% |
| Telecommunications | 6.6% |
| Diversified Industrial | 5.8% |
| Publishing | 4.9% |
| Entertainment | 4.4% |
| Consumer Products | 4.4% |
| Cable and Satellite | 4.2% |
| Health Care | 3.3% |
| Equipment and Supplies | 3.1% |
| Automotive: Parts and Accessories | 2.8% |
| Hotels and Gaming | 2.6% |
| Aviation: Parts and Services | 2.2% |
| Consumer Services | 1.7% |
| Communications Equipment | 1.7% |
| Broadcasting | 1.5% |
| Aerospace | 1.4% |
| Agriculture | 1.4% |
| Machinery | 1.2% |
| Environmental Services | 1.1% |
| Specialty Chemicals | 1.0% |
| Wireless Communications | 1.0% |
| Metals and Mining | 0.9% |
| Business Services | 0.9% |
| Real Estate | 0.8% |
| Automotive | 0.7% |
| Retail | 0.7% |
| Electronics | 0.6% |
| Transportation | 0.4% |
| Closed-End Funds | 0.3% |

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| | |
|--|--------|
| Computer Software and Services | 0.3% |
| U.S. Government Obligations | 0.3% |
| Manufactured Housing and Recreational Vehicles | 0.2% |
| Paper and Forest Products | 0.2% |
| Real Estate Investment Trusts | 0.1% |
| | ----- |
| | 100.0% |
| | ===== |

THE GABELLI EQUITY TRUST INC. (THE "FUND") FILES A COMPLETE SCHEDULE OF PORTFOLIO HOLDINGS WITH THE SEC FOR THE FIRST AND THIRD QUARTERS OF EACH FISCAL YEAR ON FORM N-Q, THE LAST OF WHICH WAS FILED FOR THE QUARTER ENDED MARCH 31, 2006. SHAREHOLDERS MAY OBTAIN THIS INFORMATION AT WWW.GABELLI.COM OR BY CALLING THE FUND AT 800-GABELLI (800-422-3554). THE FUND'S FORM N-Q IS AVAILABLE ON THE SEC'S WEBSITE AT WWW.SEC.GOV AND MAY ALSO BE REVIEWED AND COPIED AT THE COMMISSION'S PUBLIC REFERENCE ROOM IN WASHINGTON, DC. INFORMATION ON THE OPERATION OF THE PUBLIC REFERENCE ROOM MAY BE OBTAINED BY CALLING 1-800-SEC-0330.

PROXY VOTING

The Fund files Form N-PX with its complete proxy voting record for the 12 months ended June 30th, no later than August 31st of each year. A description of the Fund's proxy voting policies, procedures, and how the Fund voted proxies relating to portfolio securities is available without charge, upon request, (i) by calling 800-GABELLI (800-422-3554); (ii) by writing to The Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; and (iii) by visiting the Securities and Exchange Commission's website at www.sec.gov.

SHAREHOLDER MEETING - MAY 15, 2006 - FINAL RESULTS

The Annual Meeting of Shareholders was held on May 15, 2006 at the Greenwich Library in Greenwich, Connecticut. At that meeting, common and preferred shareholders voting together as a single class elected Anthony R. Pustorino as a Director of the Fund. There were 154,489,180 votes cast in favor of Mr. Pustorino and 2,492,111 votes withheld. In addition, preferred shareholders voting as a single class elected James P. Conn as a Director. There were 9,118,257 votes cast in favor of Mr. Conn and 83,386 votes withheld.

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

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

THE GABELLI EQUITY TRUST INC.
 PORTFOLIO CHANGES
 QUARTER ENDED JUNE 30, 2006 (UNAUDITED)

| | SHARES | OWNERSHIP AT JUNE 30, 2006 |
|----------------------------|--------|----------------------------------|
| | ----- | ----- |
| NET PURCHASES | | |
| COMMON STOCKS | | |
| ARIAKE JAPAN Co. Ltd. | 2,000 | 36,000 |

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| | | |
|---|-----------|--------------|
| Arkema (a) | 815 | 815 |
| Assa Abloy AB, Cl. B | 42,000 | 42,000 |
| Bayer AG | 26,000 | 26,000 |
| Canon Inc. (b) | 7,500 | 22,500 |
| Citigroup Inc. | 25,000 | 150,000 |
| Coca-Cola Co. | 20,000 | 100,000 |
| ConocoPhillips (c) | 277,739 | 322,739 |
| Curtiss-Wright Corp. (d) | 198,000 | 396,000 |
| Duke Energy Corp. (e) | 280,000 | 280,000 |
| Embarq Corp. (f) | 26,619 | 26,619 |
| Fortune Brands Inc. | 20,000 | 50,000 |
| Gallaher Group plc | 20,000 | 50,000 |
| General Motors Corp. | 30,000 | 30,000 |
| Host Hotels & Resorts Inc. (g) | 20,000 | 20,000 |
| Imperial Oil Ltd. (h) | 27,000 | 27,000 |
| Janus Capital Group Inc. | 20,000 | 80,000 |
| Kerr-McGee Corp. (d) | 250,001 | 270,000 |
| Kinder Morgan Inc. | 3,100 | 3,100 |
| Ladbroke plc (i) | 1,344,116 | 1,344,116 |
| Leucadia National Corp. (d) | 66,000 | 136,000 |
| Liberty Media Holding Corp. - Capital, Cl. A (j) | 110,000 | 110,000 |
| Liberty Media Holding Corp. - Interactive, Cl. A (j) | 550,000 | 550,000 |
| Manitowoc Co. Inc. (d) | 1,000 | 2,000 |
| MasterCard Inc., Cl. A | 119,000 | 119,000 |
| McClatchy Co., Cl. A (k) | 9,212 | 14,212 |
| Mirant Corp. | 6,206 | 10,000 |
| Modern Times Group AB, Cl. B (l) | 30,000 | 30,000 |
| Modern Times Group AB, Cl. B, Redeemable Shares (l) | 30,000 | 30,000 |
| Moody's Corp. | 5,000 | 65,000 |
| Navistar International Corp. | 30,000 | 360,000 |
| Niko Resources Ltd. | 1,000 | 1,000 |
| Oceaneering International Inc. (d) | 10,000 | 20,000 |
| Procter & Gamble Co. | 30,250 | 300,000 |
| Sasol Ltd. | 13,000 | 13,000 |
| Sequa Corp., Cl. A (m) | 4,230 | 88,230 |
| Sprint Nextel Corp. | 17,613 | 550,000 |
| Superior Industries International Inc. | 1,000 | 31,000 |
| SUPERVALU Inc. (n) | 50,960 | 50,960 |
| Svenska Cellulosa AB, Cl. B | 4,000 | 4,000 |
| T. Rowe Price Group Inc. (d) | 75,000 | 150,000 |
| Total SA (o) | 32,628 | 32,628 |
| Tribune Co. | 25,900 | 340,900 |
| Trinity Industries Inc. (p) | 25,000 | 75,000 |
| UniCredito Italiano SpA | 90,000 | 90,000 |
| UnitedHealth Group Inc. | 20,000 | 20,000 |
| Univision Communications Inc., Cl. A | 5,000 | 5,000 |
| Waddell & Reed Financial Inc., Cl. A | 30,000 | 100,000 |
| Western Gas Resources Inc. | 140,000 | 140,000 |
| | | OWNERSHIP AT |
| | | JUNE 30, |
| | | 2006 |
| | SHARES | ----- |
| Woolworths Ltd. | 43,000 | 63,000 |
| Wm. Wrigley Jr. Co., Cl. B (q) | 42,500 | 42,500 |

NET SALES
COMMON STOCKS

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| | | |
|--|-----------|-----------|
| Abgenix Inc. (r) | (133,700) | -- |
| Acuity Brands Inc. | (10,000) | 150,000 |
| Albertson's Inc. (n) | (280,000) | -- |
| Allergan Inc. | (1) | 7,023 |
| Altadis SA | (6,000) | 24,000 |
| America Movil SA de CV, Cl. L, ADR | (10,000) | 200,000 |
| Ameriprise Financial Inc. | (10,000) | 100,000 |
| AMETEK Inc. | (3,000) | 185,000 |
| Andrew Corp. | (15,000) | 10,000 |
| Archer-Daniels-Midland Co. | (335,000) | 605,000 |
| Arden Realty Inc. (s) | (100,000) | -- |
| Autonation Inc. (t) | (60,748) | 169,252 |
| Aztar Corp. | (75,000) | 40,000 |
| Bank of America Corp. | (5,000) | 10,000 |
| BCE Inc. | (10,000) | 250,000 |
| BT Group plc | (60,000) | 1,700,000 |
| Burlington Resources Inc. (c) | (385,000) | -- |
| Cendant Corp. | (20,000) | 80,000 |
| Chiron Corp. (u) | (400,000) | -- |
| Cincinnati Bell Inc. | (20,000) | 840,000 |
| Cinergy Corp. (e) | (40,000) | -- |
| Citizens Communications Co. | (10,000) | 60,000 |
| CLARCOR Inc. | (2,700) | 197,300 |
| CMS Energy Corp. | (5,000) | 80,000 |
| Coldwater Creek Inc. | (14,000) | 37,000 |
| Comcast Corp., Cl. A | (50,000) | 270,000 |
| Compagnie Financiere Richemont AG, Cl. A ... | (21,000) | 69,000 |
| Corning Inc. | (10,000) | 480,000 |
| Crane Co. | (10,000) | 260,000 |
| CRH plc | (23,000) | 77,500 |
| Dana Corp. | (40,000) | 460,000 |
| Deere & Co. | (20,000) | 235,000 |
| Deutsche Bank AG, ADR | (2,000) | 150,000 |
| Donaldson Co. Inc. | (3,000) | 205,000 |
| Duke Energy Corp. | (250,000) | -- |
| Dun & Bradstreet Corp. | (2,000) | 18,000 |
| El Paso Electric Co. | (7,000) | 360,000 |
| EMI Group plc, ADR | (500) | 79,500 |
| Fedders Corp. | (5,000) | 70,000 |
| Fleetwood Enterprises | (10,000) | 40,000 |
| Flowers Foods Inc. | (5,000) | 80,000 |
| H.B. Fuller Co. | (5,000) | 25,000 |
| Gemstar-TV Guide International Inc. | (10,000) | 630,000 |
| GrafTech International Ltd. | (5,000) | 80,000 |
| Gray Television Inc., Cl. A | (500) | 27,000 |
| Greek Organization of Football Prognostics SA | (20,000) | 35,000 |
| Greif Inc., Cl. A | (2,000) | 228,000 |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
PORTFOLIO CHANGES (CONTINUED)
QUARTER ENDED JUNE 30, 2006 (UNAUDITED)

OWNERSHIP AT
JUNE 30,
SHARES 2006

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NET SALES (CONTINUED)

COMMON STOCKS (CONTINUED)

| | | |
|--|-------------|---------|
| Group 4 Securicor plc | (12,500) | 200,000 |
| Grupo Televisa SA, ADR | (5,000) | 675,000 |
| Harley-Davidson Inc. | (4,000) | 36,000 |
| Hercules Inc. | (10,000) | 190,000 |
| Huttig Building Products Inc. | (1,222) | 31,000 |
| IDEX Corp. | (5,000) | 215,000 |
| Johnson Controls Inc. | (7,000) | 133,000 |
| Kellogg Co. | (5,000) | 140,000 |
| Keyence Corp. | (800) | 4,920 |
| Knight-Ridder Inc. (k) | (18,000) | -- |
| Lamson & Sessions Co. | (50,000) | 75,000 |
| Landauer Inc. | (1,000) | 94,000 |
| Lenox Group Inc. | (10,000) | 40,000 |
| Liberty Global Inc., Cl. C | (10,999) | 139,001 |
| Liberty Media Corp., Cl. A (j) | (2,200,000) | -- |
| Lockheed Martin Corp. | (1,000) | 12,000 |
| Media General Inc., Cl. A | (8,000) | 322,000 |
| Meredith Corp. | (2,000) | 122,000 |
| Modern Times Group, Cl. B | (30,000) | -- |
| Modine Manufacturing Co. | (12,500) | 317,500 |
| Motorola Inc. | (5,000) | 105,000 |
| National Presto Industries Inc. | (2,000) | 25,000 |
| New York Times Co., Cl. A | (5,000) | 70,000 |
| Newmont Mining Corp. | (25,000) | 105,000 |
| Nextel Partners Inc., Cl. A (v) | (600,000) | -- |
| Nikko Cordial Corp. | (20,000) | 108,750 |
| Nippon Television Network Corp. | (7,800) | -- |
| Northrop Grumman Corp. | (5,000) | 100,000 |
| PepsiAmericas Inc. | (15,000) | 465,000 |
| Petroleo Brasileiro SA, ADR | (5,000) | 18,000 |
| Phoenix Companies Inc. | (5,000) | 140,000 |
| PRIMEDIA Inc. | (3,000) | 387,000 |
| Qwest Communications International Inc. | (70,000) | 830,000 |
| Roche Holding AG | (1,700) | 16,400 |
| Rogers Communications Inc., Cl. B, New York | (10,000) | 385,345 |
| Rohm Co. Ltd. | (9,500) | -- |
| Sanofi-Aventis | (8,700) | 15,108 |
| Schering AG | (9,600) | -- |
| Seven & I Holdings Co. Ltd. | (5,000) | 39,800 |
| Six Flags Inc. | (5,000) | 75,000 |
| St. Joe. Co. | (5,000) | 160,000 |
| Standard Motor Products Inc. | (5,000) | 160,000 |
| Sybron Dental Specialties Inc. (w) | (50,000) | -- |
| Telefonica SA, ADR | (4,799) | 250,001 |
| Telephone & Data Systems Inc., Special | (10,000) | 380,000 |
| TELUS Corp., ADR | (3,000) | 27,000 |
| Thomas & Betts Corp. | (18,000) | 290,000 |
| Thomas Nelson Inc. (x) | (80,000) | -- |
| Tokai Carbon Co. Ltd. | (25,000) | 165,000 |

| | |
|--------------------------------|----------------------------------|
| SHARES/ PRINCIPAL AMOUNT | OWNERSHIP AT JUNE 30, 2006 |
|--------------------------------|----------------------------------|

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| | | |
|--|----------|---------|
| Tronox Inc., Cl. B | (1) | 4,032 |
| TXU Corp. | (6,000) | 86,000 |
| Viacom Inc., Cl. A | (10,000) | 440,000 |
| Vivo Participacoes SA, ADR | (1) | 174,122 |
| Vodafone Group plc, ADR | (10,000) | 80,000 |
| Waste Management Inc. | (20,000) | 470,000 |
| Watts Water Technologies Inc., Cl. A | (5,000) | 225,000 |

CONVERTIBLE PREFERRED STOCKS

| | | |
|-------------------------------------|---------|----|
| Sequa Corp., \$5 Cv. Pfd. (m) | (3,200) | -- |
|-------------------------------------|---------|----|

CONVERTIBLE CORPORATE BONDS

| | | |
|---|--------------|----|
| Charter Communications Inc., Cv., 4.750%, 06/01/06 | \$ (500,000) | -- |
|---|--------------|----|

U.S. GOVERNMENT & AGENCY OBLIGATIONS

| | | |
|--|-----------|----|
| FHLB, 3.060%, 04/13/06 | (500,000) | -- |
| U.S. Treasury Note, 4.625%, 05/15/06 | (300,000) | -- |

-
- (a) Rights Exercised - 1 share of Arkema for every 10 rights issued by Total SA
 - (b) 50% stock dividend
 - (c) Cash and Stock Merger - \$46.50 for every 1 share and 0.7214 share of ConocoPhillips for every 1 share of Burlington Resources Inc.
 - (d) 2 for 1 stock split
 - (e) Merger - 1.5600 shares of Duke Energy Corp for every 1 share of Cinergy Corp.
 - (f) Spin-off - 1 share of Embarq Corp. for every 20 shares of Sprint Nextel Corp.
 - (g) Spin-off - 0.6122 share of Host Hotels & Resorts Inc. for every 1 share of Starwood Hotel & Resorts Worldwide Inc.
 - (h) 3 for 1 stock split
 - (i) Reverse Split - 6:17
 - (j) Merger - 0.2500 share of Liberty Media Holding Corp. - Interactive, Cl. A and 0.0500 share of Liberty Media Holding Corp. - Capital, Cl. A for every 1 share of Liberty Media Corp., Cl. A
 - (k) Cash and Stock Merger - \$40.00 for every 1 share and 0.5118 share of McClatchy Co., Cl. A for every 1 share of Knight-Ridder Inc.
 - (l) Spin-off - 1 share of Modern Times Group AB, Cl. B, Redeemable Shares for every 1 share of Modern Times Group AB, Cl. B
 - (m) Exchange Shares - 1.3220 shares of Sequa Corp., Cl. A for 1 share Sequa Corp., \$5.00 Cv. Pfd.
 - (n) Merger - 0.1820 share of SUPERVALU Inc. for every 1 share of Ablertson's Inc.
 - (o) 4 for 1 stock split
 - (p) 3 for 2 stock split
 - (q) Spin-off - 0.2500 share of Wm. Wrigley Jr. Co., Cl. B for every 1 share of Wm. Wrigley Jr. Co.
 - (r) Cash Merger - \$22.50 for every 1 share
 - (s) Cash Merger - \$45.25 for every 1 share
 - (t) Pro-rated Tender Offer - \$23.00 for every .26412 share
 - (u) Cash Merger - \$48.00 for every 1 share
 - (v) Cash Merger - \$28.50 for every 1 share
 - (w) Tender Offer - \$47.00 for every 1 share
 - (x) Cash Merger - \$29.85 for every 1 share

See accompanying notes to financial statements.

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JUNE 30, 2006 (UNAUDITED)

| SHARES | | COST | MARKET VALUE |
|---------|--|-------------|-----------------|
| | COMMON STOCKS -- 86.7% | | |
| | FINANCIAL SERVICES -- 8.3% | | |
| 7,000 | Allianz AG | \$ 866,497 | \$ 1,105,918 |
| 550,000 | American Express Co. | 26,001,250 | 29,271,000 |
| 100,000 | Ameriprise Financial Inc. | 2,466,156 | 4,467,000 |
| 30,000 | Argonaut Group Inc.+ | 752,879 | 901,200 |
| 95,000 | Aviva plc | 1,163,351 | 1,344,795 |
| 90,000 | Banco Santander Central Hispano SA, ADR | 322,130 | 1,315,800 |
| 10,000 | Bank of America Corp. | 469,200 | 481,000 |
| 100,000 | Bank of Ireland | 584,533 | 1,784,275 |
| 75,000 | Bank of New York Co. Inc. | 2,749,625 | 2,415,000 |
| 275,000 | Bankgesellschaft Berlin AG+ ... | 5,495,399 | 1,565,238 |
| 260 | Berkshire Hathaway Inc., Cl. A+ | 1,074,049 | 23,831,340 |
| 7,500 | Calamos Asset Management Inc., Cl. A | 135,000 | 217,425 |
| 150,000 | Citigroup Inc. | 7,216,958 | 7,236,000 |
| 185,000 | Commerzbank AG, ADR | 3,747,342 | 6,715,704 |
| 22,000 | Credit Suisse Group | 986,436 | 1,230,870 |
| 150,000 | Deutsche Bank AG | 13,166,572 | 16,875,000 |
| 18,000 | Dun and Bradstreet Corp.+ | 395,898 | 1,254,240 |
| 20,000 | H&R Block Inc. | 329,930 | 477,200 |
| 65,000 | Irish Life & Permanent plc | 506,648 | 1,546,372 |
| 80,000 | Janus Capital Group Inc. | 1,217,298 | 1,432,000 |
| 55,000 | JPMorgan Chase & Co. | 1,360,152 | 2,310,000 |
| 136,000 | Leucadia National Corp. | 1,694,497 | 3,969,840 |
| 45,000 | Mediobanca SpA | 932,143 | 881,202 |
| 100,000 | Mellon Financial Corp. | 3,140,094 | 3,443,000 |
| 189,000 | Midland Co. | 1,386,764 | 7,178,220 |
| 65,000 | Moody's Corp. | 3,285,357 | 3,539,900 |
| 108,750 | Nikko Cordial Corp. | 1,351,625 | 1,391,209 |
| 140,000 | Phoenix Companies Inc. | 2,008,948 | 1,971,200 |
| 2,500 | Prudential Financial Inc. | 68,750 | 194,250 |
| 80,000 | Shizuoka Bank Ltd. | 791,848 | 864,034 |
| 3,000 | St. Paul Travelers Companies Inc. | 113,277 | 133,740 |
| 50,000 | Standard Chartered plc | 954,007 | 1,220,482 |
| 80,000 | State Street Corp. | 4,001,480 | 4,647,200 |
| 20,000 | SunTrust Banks Inc. | 419,333 | 1,525,200 |
| 150,000 | T. Rowe Price Group Inc. | 4,610,820 | 5,671,500 |
| 5,000 | The Allstate Corp. | 209,064 | 273,650 |
| 45,000 | The Charles Schwab Corp. | 657,563 | 719,100 |
| 20,000 | UBS AG | 1,875,967 | 2,192,139 |
| 90,000 | UniCredito Italiano SpA | 648,209 | 704,501 |
| 100,000 | Waddell & Reed Financial Inc., Cl. A | 2,058,579 | 2,056,000 |
| 53,000 | Westpac Banking Corp. | 833,192 | 916,869 |
| | | 102,048,820 | 151,270,613 |
| | ENERGY AND UTILITIES -- 8.3% | | |
| 70,000 | AES Corp.+ | 397,267 | 1,291,500 |
| 10,000 | AGL Resources Inc. | 174,924 | 381,200 |

SHARES

COST

MARKET
VALUE

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| | | | |
|---------|--|--------------|--------------|
| 120,000 | Allegheny Energy Inc.+ | \$ 1,557,788 | \$ 4,448,400 |
| 70,000 | Apache Corp. | 2,728,670 | 4,777,500 |
| 247,000 | BP plc, ADR | 15,155,797 | 17,193,670 |
| 115,000 | CH Energy Group Inc. | 4,749,282 | 5,520,000 |
| 80,000 | CMS Energy Corp.+ | 512,403 | 1,035,200 |
| 322,739 | ConocoPhillips | 19,761,780 | 21,149,087 |
| 8,000 | Constellation Energy Group | 449,608 | 436,160 |
| 60,000 | DPL Inc. | 1,411,620 | 1,608,000 |
| 14,000 | DTE Energy Co. | 619,459 | 570,360 |
| 280,000 | Duke Energy Corp. | 6,666,460 | 8,223,600 |
| 110,000 | Duquesne Light Holdings Inc. .. | 1,845,274 | 1,808,400 |
| 270,000 | El Paso Corp. | 3,253,601 | 4,050,000 |
| 360,000 | El Paso Electric Co.+ | 5,167,785 | 7,257,600 |
| 50,000 | Energy East Corp. | 1,065,733 | 1,196,500 |
| 80,000 | Eni SpA | 2,246,480 | 2,356,522 |
| 80,000 | Exxon Mobil Corp. | 2,750,108 | 4,908,000 |
| 20,000 | FPL Group Inc. | 556,256 | 827,600 |
| 70,000 | Halliburton Co. | 1,726,011 | 5,194,700 |
| 27,000 | Imperial Oil Ltd. | 1,010,138 | 986,348 |
| 270,000 | Kerr-McGee Corp. | 16,855,504 | 18,724,500 |
| 3,100 | Kinder Morgan Inc. | 309,752 | 309,659 |
| 10,000 | Marathon Oil Corp. | 242,414 | 833,000 |
| 10,000 | Mirant Corp.+ | 192,014 | 268,000 |
| 1,000 | Niko Resources Ltd. | 57,456 | 56,472 |
| 10,000 | NiSource Inc. | 215,500 | 218,400 |
| 300,000 | Northeast Utilities | 5,838,917 | 6,201,000 |
| 20,000 | Oceaneering International Inc.+ | 538,223 | 917,000 |
| 2,000 | PetroChina Co. Ltd., ADR | 137,965 | 215,940 |
| 18,000 | Petroleo Brasileiro SA, ADR | 1,265,864 | 1,607,580 |
| 100,000 | Progress Energy Inc., CVO+ | 52,000 | 30,000 |
| 60,000 | Saipem SpA | 1,126,995 | 1,365,258 |
| 13,000 | Sasol Ltd. | 500,463 | 498,605 |
| 60,000 | SJW Corp. | 883,106 | 1,527,000 |
| 20,000 | Southwest Gas Corp. | 451,132 | 626,800 |
| 32,628 | Total SA | 1,986,057 | 2,147,156 |
| 86,000 | TXU Corp. | 1,057,261 | 5,141,940 |
| 290,000 | Westar Energy Inc. | 5,079,698 | 6,104,500 |
| 140,000 | Western Gas Resources Inc. | 8,363,350 | 8,379,000 |
| | | ----- | ----- |
| | | 118,960,115 | 150,392,157 |
| | | ----- | ----- |
| | FOOD AND BEVERAGE -- 8.0% | | |
| 85,000 | Ajinomoto Co. Inc. | 998,444 | 941,061 |
| 25,000 | Anheuser-Busch Companies Inc. | 1,109,972 | 1,139,750 |
| 36,000 | ARIAKE JAPAN Co. Ltd. | 857,851 | 795,876 |
| 98,000 | Cadbury Schweppes plc | 1,009,810 | 945,078 |
| 60,000 | Cadbury Schweppes plc, ADR | 1,902,198 | 2,329,200 |
| 100,000 | Campbell Soup Co. | 2,678,697 | 3,711,000 |
| 100,000 | Coca-Cola Co. | 4,461,443 | 4,302,000 |
| 20,000 | Coca-Cola Enterprises Inc. | 376,515 | 407,400 |

See accompanying notes to financial statements.

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SCHEDULE OF INVESTMENTS (CONTINUED) JUNE 30, 2006 (UNAUDITED)

| SHARES | | COST | MARKET VALUE |
|-------------------------------|---|-------------|-----------------|
| COMMON STOCKS (CONTINUED) | | | |
| FOOD AND BEVERAGE (CONTINUED) | | | |
| 40,000 | Coca-Cola Hellenic Bottling Co. SA | \$ 519,295 | \$ 1,192,075 |
| 95,000 | Corn Products International Inc. | 1,310,497 | 2,907,000 |
| 60,000 | Del Monte Foods Co. | 564,374 | 673,800 |
| 10,108 | Denny's Corp.+ | 14,358 | 37,299 |
| 80,000 | Diageo plc | 1,174,064 | 1,345,489 |
| 224,000 | Diageo plc, ADR | 9,660,541 | 15,131,200 |
| 80,000 | Flowers Foods Inc. | 890,243 | 2,291,200 |
| 35,000 | Fomento Economico Mexicano SA de CV, ADR | 1,378,845 | 2,930,200 |
| 165,000 | General Mills Inc. | 7,893,483 | 8,523,900 |
| 200,000 | Groupe Danone | 19,701,934 | 25,414,732 |
| 500,000 | Grupo Bimbo SA de CV, Cl. A | 1,052,379 | 1,498,512 |
| 145,000 | H.J. Heinz Co. | 5,196,338 | 5,976,900 |
| 20,000 | Hain Celestial Group Inc.+ | 267,663 | 515,200 |
| 140,000 | Kellogg Co. | 5,052,167 | 6,780,200 |
| 75,000 | Kerry Group plc, Cl. A | 860,877 | 1,591,633 |
| 12,100 | LVMH Moet Hennessy Louis Vuitton SA | 419,053 | 1,200,977 |
| 2,500 | Nestle SA | 513,610 | 785,244 |
| 465,000 | PepsiAmericas Inc. | 8,320,926 | 10,281,150 |
| 350,000 | PepsiCo Inc. | 16,929,287 | 21,014,000 |
| 6,750 | Pernod-Ricard SA | 470,174 | 1,338,206 |
| 68,200 | Ralcorp Holdings Inc.+ | 1,308,415 | 2,900,546 |
| 90,000 | Sara Lee Corp. | 1,671,269 | 1,441,800 |
| 45,000 | The Hershey Co. | 1,915,127 | 2,478,150 |
| 2,000 | The J.M. Smucker Co. | 52,993 | 89,400 |
| 115,360 | Tootsie Roll Industries Inc. .. | 1,562,923 | 3,360,437 |
| 170,000 | Wm. Wrigley Jr. Co. | 8,244,515 | 7,711,200 |
| 42,500 | Wm. Wrigley Jr. Co., Cl. B | 2,191,580 | 1,925,250 |
| | | 112,531,860 | 145,907,065 |
| TELECOMMUNICATIONS -- 6.5% | | | |
| 5,000 | ALLTEL Corp. | 111,101 | 319,150 |
| 480,000 | AT&T Inc. | 13,847,443 | 13,387,200 |
| 250,000 | BCE Inc. | 6,516,461 | 5,912,500 |
| 30,000 | Brasil Telecom Participacoes SA, ADR | 1,743,257 | 977,100 |
| 1,700,000 | BT Group plc | 7,029,679 | 7,521,220 |
| 4,440,836 | Cable & Wireless Jamaica Ltd.+ | 101,639 | 53,939 |
| 840,000 | Cincinnati Bell Inc.+ | 6,084,948 | 3,444,000 |
| 60,000 | Citizens Communications Co. | 737,671 | 783,000 |
| 170,000 | Commonwealth Telephone Enterprises Inc. | 6,485,526 | 5,637,200 |
| 110,000 | Compania de Telecomunicaciones de Chile SA, ADR | 1,610,859 | 752,400 |
| 170,000 | Deutsche Telekom AG, ADR | 2,827,195 | 2,726,800 |
| SHARES | | COST | MARKET VALUE |

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| | | | |
|-----------|---|--------------|--------------|
| 26,619 | Embarq Corp.+ | \$ 1,491,894 | \$ 1,091,113 |
| 15,000 | Embratel Participacoes SA, ADR | 266,400 | 233,700 |
| 5,000 | France Telecom SA, ADR | 146,305 | 109,300 |
| 100,000 | KPN NV | 232,728 | 1,124,285 |
| 830,000 | Qwest Communications International Inc.+ | 2,459,835 | 6,714,700 |
| 550,000 | Sprint Nextel Corp. | 15,436,707 | 10,994,500 |
| 186,554 | Tele Norte Leste Participacoes SA, ADR | 2,477,755 | 2,378,563 |
| 48,000 | Telecom Argentina SA, Cl. B, ADR+ | 369,540 | 556,800 |
| 1,488,075 | Telecom Italia SpA | 6,089,193 | 4,144,486 |
| 250,001 | Telefonica SA, ADR | 12,790,994 | 12,435,050 |
| 62,000 | Telefonos de Mexico SA de CV, Cl. L, ADR | 469,422 | 1,291,460 |
| 310,000 | Telephone & Data Systems Inc. | 14,444,104 | 12,834,000 |
| 380,000 | Telephone & Data Systems Inc., Special | 16,087,139 | 14,782,000 |
| 27,000 | TELUS Corp., ADR | 500,379 | 1,117,534 |
| 190,000 | Verizon Communications Inc. | 7,436,960 | 6,363,100 |
| | | ----- | ----- |
| | | 127,795,134 | 117,685,100 |
| | | ----- | ----- |
| | DIVERSIFIED INDUSTRIAL -- 5.8% | | |
| 150,000 | Acuity Brands Inc. | 4,553,778 | 5,836,500 |
| 55,000 | Amano Corp. | 956,301 | 817,022 |
| 195,000 | Ampco-Pittsburgh Corp. | 2,627,873 | 5,586,750 |
| 26,000 | Bayer AG | 1,093,829 | 1,195,196 |
| 25,000 | Bouygues SA | 1,244,322 | 1,285,446 |
| 200,000 | Cooper Industries Ltd., Cl. A . | 11,224,646 | 18,584,000 |
| 260,000 | Crane Co. | 5,942,015 | 10,816,000 |
| 77,500 | CRH plc | 1,027,655 | 2,519,793 |
| 228,000 | Greif Inc., Cl. A | 4,647,546 | 17,090,880 |
| 5,000 | Greif Inc., Cl. B | 135,354 | 346,000 |
| 405,500 | Honeywell International Inc. .. | 13,533,476 | 16,341,650 |
| 260,000 | ITT Industries Inc. | 6,774,340 | 12,870,000 |
| 75,000 | Lamson & Sessions Co.+ | 441,734 | 2,127,000 |
| 101,000 | Park-Ohio Holdings Corp.+ | 1,073,670 | 1,744,270 |
| 4,000 | Sulzer AG | 850,053 | 2,997,014 |
| 30,000 | Technip SA | 721,269 | 1,661,487 |
| 75,000 | Trinity Industries Inc. | 945,000 | 3,030,000 |
| | | ----- | ----- |
| | | 57,792,861 | 104,849,008 |
| | | ----- | ----- |
| | PUBLISHING -- 4.9% | | |
| 50,000 | Dow Jones & Co. Inc. | 2,060,493 | 1,750,500 |
| 348,266 | Independent News & Media plc | 663,968 | 1,020,080 |
| 14,212 | McClatchy Co., Cl. A | 730,814 | 570,201 |
| 200,000 | McGraw-Hill Companies Inc. | 7,669,017 | 10,046,000 |
| 322,000 | Media General Inc., Cl. A | 19,271,073 | 13,488,580 |
| 122,000 | Meredith Corp. | 5,066,964 | 6,043,880 |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC. SCHEDULE OF INVESTMENTS (CONTINUED) JUNE 30, 2006 (UNAUDITED)

| SHARES | | COST | MARKET VALUE |
|-----------|---|--------------|-----------------|
| | COMMON STOCKS (CONTINUED) | | |
| | PUBLISHING (CONTINUED) | | |
| 70,000 | New York Times Co., Cl. A | \$ 3,095,394 | \$ 1,717,800 |
| 1,744,800 | News Corp., Cl. A | 23,233,744 | 33,465,264 |
| 20,000 | News Corp., Cl. B | 186,274 | 403,600 |
| 200,000 | Penton Media Inc.+ | 439,128 | 60,000 |
| 387,000 | PRIMEDIA Inc.+ | 1,710,400 | 708,210 |
| 170,000 | Reader's Digest Association Inc. | 3,072,373 | 2,373,200 |
| 261,319 | SCMP Group Ltd. | 191,790 | 88,326 |
| 66,585 | Seat Pagine Gialle SpA | 177,139 | 31,000 |
| 150,000 | The E.W. Scripps Co., Cl. A ... | 5,032,324 | 6,471,000 |
| 340,900 | Tribune Co. | 14,864,484 | 11,055,387 |
| | | 87,465,379 | 89,293,028 |
| | ENTERTAINMENT -- 4.4% | | |
| 32,000 | Canal+ Groupe | 34,011 | 316,795 |
| 2,002 | Chestnut Hill Ventures+ (a) ... | 54,500 | 42,991 |
| 220,000 | Discovery Holding Co., Cl. A+ | 3,185,692 | 3,218,600 |
| 1,600 | DreamWorks Animation SKG Inc., Cl. A+ | 39,461 | 36,640 |
| 110,000 | EMI Group plc | 292,543 | 617,869 |
| 79,500 | EMI Group plc, ADR | 941,481 | 893,270 |
| 630,000 | Gemstar-TV Guide International Inc.+ | 3,223,014 | 2,217,600 |
| 675,000 | Grupo Televisa SA, ADR | 6,364,956 | 13,034,250 |
| 125 | Live Nation Inc.+ | 1,296 | 2,545 |
| 17,500 | Oriental Land Co. Ltd. | 1,043,187 | 984,796 |
| 160,000 | Publishing & Broadcasting Ltd. | 893,720 | 2,165,102 |
| 1,629,500 | Rank Group plc | 7,987,535 | 6,011,525 |
| 12,000 | Regal Entertainment Group, Cl. A | 165,788 | 243,840 |
| 75,000 | Six Flags Inc.+ | 360,725 | 421,500 |
| 260,000 | The Walt Disney Co. | 5,453,387 | 7,800,000 |
| 810,000 | Time Warner Inc. | 17,932,501 | 14,013,000 |
| 19,750 | Triple Crown Media Inc.+ | 230,216 | 171,232 |
| 440,000 | Viacom Inc., Cl. A+ | 21,823,733 | 15,818,000 |
| 33,900 | Vivendi SA | 1,750,629 | 1,188,059 |
| 320,000 | Vivendi SA, ADR | 7,966,482 | 11,171,200 |
| | | 79,744,857 | 80,368,814 |
| | CONSUMER PRODUCTS -- 4.4% | | |
| 24,000 | Altadis SA | 1,010,055 | 1,134,569 |
| 65,000 | Avon Products Inc. | 1,883,408 | 2,015,000 |
| 43,000 | Christian Dior SA | 1,633,717 | 4,215,686 |
| 15,000 | Church & Dwight Co. Inc. | 99,536 | 546,300 |
| 33,000 | Clorox Co. | 1,832,427 | 2,012,010 |
| 10,000 | Colgate-Palmolive Co. | 513,338 | 599,000 |
| 69,000 | Compagnie Financiere Richemont AG, Cl. A | 2,879,288 | 3,160,607 |

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| 115,000 | Energizer Holdings Inc.+ | 4,952,999 | 6,735,550 | | | | |
|--|--|------------|-----------------|--------|--|------|-----------------|
| 50,000 | Fortune Brands Inc. | 3,390,240 | 3,550,500 | | | | |
| <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px dashed black;">SHARES</th> <th></th> <th style="text-align: right; border-bottom: 1px dashed black;">COST</th> <th style="text-align: right; border-bottom: 1px dashed black;">MARKET VALUE</th> </tr> </thead> </table> | | | | SHARES | | COST | MARKET VALUE |
| SHARES | | COST | MARKET VALUE | | | | |
| 50,000 | Gallaher Group plc | \$ 765,150 | \$ 781,293 | | | | |
| 232,000 | Gallaher Group plc, ADR | 13,677,686 | 14,509,280 | | | | |
| 2,000 | Givaudan SA | 550,742 | 1,574,578 | | | | |
| 36,000 | Harley-Davidson Inc. | 1,672,430 | 1,976,040 | | | | |
| 40,000 | Lenox Group Inc.+ | 371,488 | 283,600 | | | | |
| 15,000 | Matsushita Electric Industrial Co. Ltd., ADR | 178,325 | 316,950 | | | | |
| 15,000 | Mattel Inc. | 270,000 | 247,650 | | | | |
| 25,000 | National Presto Industries Inc. | 862,113 | 1,307,000 | | | | |
| 300,000 | Procter & Gamble Co. | 15,983,165 | 16,680,000 | | | | |
| 60,000 | Reckitt Benckiser plc | 1,849,650 | 2,241,249 | | | | |
| 7,500 | Swatch Group AG | 442,219 | 1,266,819 | | | | |
| 890,000 | Swedish Match AB | 9,252,561 | 14,345,364 | | | | |
| | | 64,070,537 | 79,499,045 | | | | |
| | CABLE AND SATELLITE -- 4.2% | | | | | | |
| 1,610,000 | Cablevision Systems Corp., Cl. A+ | 19,751,186 | 34,534,500 | | | | |
| 270,000 | Comcast Corp., Cl. A+ | 8,947,049 | 8,839,800 | | | | |
| 85,000 | Comcast Corp., Cl. A, Special+ | 756,584 | 2,786,300 | | | | |
| 153,444 | DIRECTV Group Inc.+ | 2,214,257 | 2,531,826 | | | | |
| 55,000 | EchoStar Communications Corp., Cl. A+ | 1,722,522 | 1,694,550 | | | | |
| 156,770 | Liberty Global Inc., Cl. A+ ... | 2,194,421 | 3,370,555 | | | | |
| 139,001 | Liberty Global Inc., Cl. C+ ... | 2,087,381 | 2,859,251 | | | | |
| 385,345 | Rogers Communications Inc., Cl. B, New York | 4,905,237 | 15,567,938 | | | | |
| 9,655 | Rogers Communications Inc., Cl. B, Toronto | 137,424 | 388,431 | | | | |
| 80,000 | Shaw Communications Inc., Cl. B, New York | 329,197 | 2,263,200 | | | | |
| 20,000 | Shaw Communications Inc., Cl. B, Toronto | 52,983 | 565,260 | | | | |
| | | 43,098,241 | 75,401,611 | | | | |
| | HEALTH CARE -- 3.3% | | | | | | |
| 10,000 | Abbott Laboratories | 398,848 | 436,100 | | | | |
| 7,023 | Allergan Inc. | 655,380 | 753,287 | | | | |
| 52,000 | Amgen Inc.+ | 3,039,863 | 3,391,960 | | | | |
| 19,146 | AstraZeneca plc | 949,527 | 1,155,930 | | | | |
| 27,000 | Biogen Idec Inc.+ | 163,601 | 1,250,910 | | | | |
| 140,000 | Bristol-Myers Squibb Co. | 3,619,759 | 3,620,400 | | | | |
| 65,036 | GlaxoSmithKline plc | 1,653,252 | 1,817,212 | | | | |
| 4,000 | GlaxoSmithKline plc, ADR | 216,096 | 223,200 | | | | |
| 30,000 | Henry Schein Inc.+ | 764,324 | 1,401,900 | | | | |
| 38,300 | Hisamitsu Pharmaceutical Co. Inc. | 935,510 | 1,174,703 | | | | |
| 10,000 | Hospira Inc.+ | 342,400 | 429,400 | | | | |
| 40,000 | Invitrogen Corp.+ | 2,065,234 | 2,642,800 | | | | |
| 100,000 | Merck & Co. Inc. | 3,922,616 | 3,643,000 | | | | |
| 2,000 | Nobel Biocare Holding AG | 286,712 | 474,827 | | | | |

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39,000 Novartis AG 2,076,654 2,111,816

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
JUNE 30, 2006 (UNAUDITED)

| SHARES | | COST | MARKET VALUE |
|---|---|--------------|--------------|
| ----- | | ---- | ----- |
| COMMON STOCKS (CONTINUED) | | | |
| HEALTH CARE (CONTINUED) | | | |
| 105,000 | Novartis AG, ADR | \$ 4,622,998 | \$ 5,661,600 |
| 310,000 | Pfizer Inc. | 8,792,241 | 7,275,700 |
| 16,400 | Roche Holding AG | 2,587,332 | 2,711,088 |
| 15,108 | Sanofi-Aventis | 1,354,266 | 1,474,413 |
| 100,000 | Schering-Plough Corp. | 1,917,839 | 1,903,000 |
| 80,000 | Smith & Nephew plc | 752,722 | 616,158 |
| 5,250 | Straumann Holding AG | 1,087,318 | 1,338,749 |
| 10,000 | Synthes Inc. | 677,094 | 1,206,495 |
| 23,000 | Takeda Pharmaceutical Co. Ltd. | 1,140,219 | 1,430,968 |
| 20,000 | UnitedHealth Group Inc. | 900,959 | 895,600 |
| 82,000 | William Demant Holding A/S+ | 3,730,842 | 6,130,473 |
| 100,000 | Wyeth | 4,105,470 | 4,441,000 |
| | | ----- | ----- |
| | | 52,759,076 | 59,612,689 |
| | | ----- | ----- |
| EQUIPMENT AND SUPPLIES -- 3.1% | | | |
| 185,000 | AMETEK Inc. | 4,650,728 | 8,765,300 |
| 2,000 | Amphenol Corp., Cl. A | 14,775 | 111,920 |
| 42,000 | Assa Abloy AB, Cl. B | 797,978 | 706,152 |
| 94,000 | CIRCOR International Inc. | 974,241 | 2,866,060 |
| 205,000 | Donaldson Co. Inc. | 2,958,285 | 6,943,350 |
| 70,000 | Fedders Corp.+ | 367,767 | 169,400 |
| 110,000 | Flowserve Corp.+ | 2,075,580 | 6,259,000 |
| 24,000 | Franklin Electric Co. Inc. | 258,462 | 1,239,360 |
| 100,000 | Gerber Scientific Inc.+ | 1,060,701 | 1,301,000 |
| 80,000 | GrafTech International Ltd.+ .. | 859,091 | 464,000 |
| 215,000 | IDEX Corp. | 7,645,560 | 10,148,000 |
| 40,000 | Ingersoll-Rand Co. Ltd., Cl. A | 855,378 | 1,711,200 |
| 106,000 | Lufkin Industries Inc. | 1,027,848 | 6,299,580 |
| 2,000 | Manitowoc Co. Inc. | 25,450 | 89,000 |
| 11,000 | Mueller Industries Inc. | 485,034 | 363,330 |
| 1,000 | Sealed Air Corp. | 17,404 | 52,080 |
| 225,000 | Watts Water Technologies Inc., Cl. A | 3,387,347 | 7,548,750 |
| 100,000 | Weir Group plc | 420,789 | 800,710 |
| | | ----- | ----- |
| | | 27,882,418 | 55,838,192 |
| | | ----- | ----- |
| AUTOMOTIVE: PARTS AND ACCESSORIES -- 2.7% | | | |
| 60,000 | BorgWarner Inc. | 1,396,719 | 3,906,000 |
| 197,300 | CLARCOR Inc. | 1,582,379 | 5,877,567 |
| 460,000 | Dana Corp. | 4,935,123 | 1,214,400 |

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| SHARES | | COST | MARKET VALUE |
|-----------|---|------------|--------------|
| ----- | | ---- | ----- |
| 80,500 | Earl Scheib Inc.+ | 637,614 | 301,875 |
| 350,000 | Genuine Parts Co. | 12,868,192 | 14,581,000 |
| 133,000 | Johnson Controls Inc. | 6,820,679 | 10,935,260 |
| 116,000 | Midas Inc.+ | 1,508,953 | 2,134,400 |
| 317,500 | Modine Manufacturing Co. | 8,027,340 | 7,416,800 |
| 180,000 | Proliance International Inc.+ | 1,288,912 | 831,600 |
| 160,000 | Standard Motor Products Inc. .. | 1,743,588 | 1,334,400 |
| | | | |
| 31,000 | Superior Industries International Inc. | \$ 755,560 | \$ 566,990 |
| | | ----- | ----- |
| | | 41,565,059 | 49,100,292 |
| | | ----- | ----- |
| | HOTELS AND GAMING -- 2.6% | | |
| 40,000 | Aztar Corp.+ | 692,875 | 2,078,400 |
| 190,000 | Gaylord Entertainment Co.+ | 5,061,983 | 8,291,600 |
| 35,000 | Greek Organization of Football Prognostics SA | 438,023 | 1,266,899 |
| 19,000 | GTECH Holdings Corp. | 162,999 | 660,820 |
| 6,000 | Harrah's Entertainment Inc. ... | 441,360 | 427,080 |
| 550,000 | Hilton Hotels Corp. | 9,124,217 | 15,554,000 |
| 10,000 | Kerzner International Ltd.+ ... | 506,373 | 792,800 |
| 1,344,116 | Ladbrokes plc | 14,291,853 | 10,128,655 |
| 6,000 | Las Vegas Sands Corp.+ | 221,279 | 467,160 |
| 118,000 | MGM Mirage+ | 3,549,795 | 4,814,400 |
| 38,000 | Starwood Hotels & Resorts Worldwide Inc. | 580,223 | 2,292,920 |
| | | ----- | ----- |
| | | 35,070,980 | 46,774,734 |
| | | ----- | ----- |
| | AVIATION: PARTS AND SERVICES -- 2.2% | | |
| 396,000 | Curtiss-Wright Corp. | 5,702,006 | 12,228,480 |
| 200,100 | Fairchild Corp., Cl. A+ | 1,185,595 | 416,208 |
| 200,000 | GenCorp Inc.+ | 2,572,011 | 3,206,000 |
| 180,000 | Precision Castparts Corp. | 9,256,216 | 10,756,800 |
| 88,230 | Sequa Corp., Cl. A+ | 3,606,532 | 7,190,745 |
| 74,600 | Sequa Corp., Cl. B+ | 3,852,673 | 6,098,550 |
| | | ----- | ----- |
| | | 26,175,033 | 39,896,783 |
| | | ----- | ----- |
| | CONSUMER SERVICES -- 1.7% | | |
| 230,000 | IAC/InterActiveCorp+ | 6,252,263 | 6,092,700 |
| 550,000 | Liberty Media Holding Corp. - Interactive, Cl. A+ | 11,350,165 | 9,493,000 |
| 820,000 | Rollins Inc. | 12,606,301 | 16,104,800 |
| | | ----- | ----- |
| | | 30,208,729 | 31,690,500 |
| | | ----- | ----- |
| | COMMUNICATIONS EQUIPMENT -- 1.7% | | |
| 48,000 | Agere Systems Inc.+ | 756,267 | 705,600 |
| 10,000 | Andrew Corp.+ | 109,277 | 88,600 |
| 480,000 | Corning Inc.+ | 4,124,295 | 11,611,200 |
| 180,000 | Lucent Technologies Inc.+ | 949,628 | 435,600 |
| 105,000 | Motorola Inc. | 1,288,972 | 2,115,750 |
| 160,000 | Nortel Networks Corp.+ | 848,865 | 358,400 |
| 290,000 | Thomas & Betts Corp.+ | 8,280,958 | 14,877,000 |
| | | ----- | ----- |
| | | 16,358,262 | 30,192,150 |
| | | ----- | ----- |

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| | | ----- | ----- |
|---------|---|------------|------------|
| | BROADCASTING -- 1.5% | | |
| 422,500 | CBS Corp., Cl. A | 13,569,047 | 11,432,850 |
| 1,000 | Clear Channel Communications Inc. | 31,113 | 30,950 |
| 2,000 | Cogeco Inc. | 39,014 | 35,833 |
| 16,666 | Corus Entertainment Inc., Cl. B | 62,035 | 541,201 |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
JUNE 30, 2006 (UNAUDITED)

| SHARES | | COST | MARKET VALUE |
|------------|---|--------------|-----------------|
| ----- | | ---- | ----- |
| | COMMON STOCKS (CONTINUED) | | |
| | BROADCASTING (CONTINUED) | | |
| 120,000 | Gray Television Inc. | \$ 1,060,168 | \$ 694,800 |
| 27,000 | Gray Television Inc., Cl. A ... | 317,211 | 164,970 |
| 100,000 | ION Media Networks Inc.+ | 237,503 | 92,000 |
| 110,000 | Liberty Media Holding Corp. - Capital, Cl. A+ | 8,219,085 | 9,214,700 |
| 75,000 | Lin TV Corp., Cl. A+ | 1,180,678 | 566,250 |
| 120,000 | Mediaset SpA | 1,288,354 | 1,415,141 |
| 30,000 | Modern Times Group AB, Cl. B+ . | 781,911 | 1,577,796 |
| 30,000 | Modern Times Group AB, Cl. B, Redeemable Shares+ | 41,153 | 72,074 |
| 100,000 | Television Broadcasts Ltd. | 396,239 | 618,055 |
| 5,000 | Univision Communications Inc., Cl. A+ | 171,633 | 167,500 |
| 110,000 | Young Broadcasting Inc., Cl. A+ | 1,268,746 | 345,400 |
| | | ----- | ----- |
| | | 28,663,890 | 26,969,520 |
| | | ----- | ----- |
| | AGRICULTURE -- 1.4% | | |
| 605,000 | Archer-Daniels-Midland Co. | 12,881,797 | 24,974,400 |
| 5,000 | Delta & Pine Land Co. | 84,396 | 147,000 |
| 10,000 | Mosaic Co.+ | 139,584 | 156,500 |
| | | ----- | ----- |
| | | 13,105,777 | 25,277,900 |
| | | ----- | ----- |
| | AEROSPACE -- 1.3% | | |
| 105,000 | Boeing Co. | 6,475,976 | 8,600,550 |
| 12,000 | Lockheed Martin Corp. | 699,442 | 860,880 |
| 100,000 | Northrop Grumman Corp. | 5,511,672 | 6,406,000 |
| 1,000,000 | Rolls-Royce Group plc+ | 7,431,061 | 7,655,750 |
| 53,800,000 | Rolls-Royce Group plc, Cl. B .. | 55,145 | 101,975 |
| | | ----- | ----- |
| | | 20,173,296 | 23,625,155 |
| | | ----- | ----- |
| | MACHINERY -- 1.2% | | |
| 20,000 | Caterpillar Inc. | 136,559 | 1,489,600 |
| 235,000 | Deere & Co. | 14,013,106 | 19,620,150 |
| | | ----- | ----- |
| | | 14,149,665 | 21,109,750 |
| | | ----- | ----- |

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| | | |
|---------------------------------|---|----------------------------|
| ENVIRONMENTAL SERVICES -- 1.1% | | |
| 65,000 | Republic Services Inc. | 875,761 2,622,100 |
| 470,000 | Waste Management Inc. | 11,765,637 16,863,600 |
| | | ----- |
| | | 12,641,398 19,485,700 |
| | | ----- |
| SPECIALTY CHEMICALS -- 1.0% | | |
| 815 | Arkema+ | 104,440 31,804 |
| 5,400 | Ciba Specialty Chemicals AG, ADR | 4,285 150,822 |
| 20,000 | E.I. du Pont de Nemours and Co. | 802,600 832,000 |
| 325,000 | Ferro Corp. | 6,928,725 5,187,000 |
| 25,000 | H.B. Fuller Co. | 668,859 1,089,250 |
| 190,000 | Hercules Inc.+ | 2,274,347 2,899,400 |
| 232,300 | Omnova Solutions Inc.+ | 1,879,165 1,319,464 |
| 300,000 | Sensient Technologies Corp. ... | 5,529,921 6,273,000 |
| | | ----- |
| SHARES | COST | MARKET VALUE |
| ----- | ----- | ----- |
| 10,000 | Syngenta AG, ADR | \$ 16,177 \$ 265,600 |
| 165,000 | Tokai Carbon Co. Ltd. | 677,815 924,196 |
| 4,032 | Tronox Inc., Cl. B | 44,467 53,102 |
| | | ----- |
| | | 18,930,801 19,025,638 |
| | | ----- |
| WIRELESS COMMUNICATIONS -- 1.0% | | |
| 200,000 | America Movil SA de CV, Cl. L, ADR | 2,247,380 6,652,000 |
| 1,500 | NTT DoCoMo Inc. | 3,553,937 2,202,027 |
| 3,340 | Tele Norte Celular Participacoes SA, ADR | 51,601 31,396 |
| 8,350 | Telemig Celular Participacoes SA, ADR | 241,320 295,590 |
| 32,165 | Tim Participacoes SA, ADR | 390,212 886,146 |
| 100,000 | United States Cellular Corp.+ | 4,333,517 6,060,000 |
| 270 | Vivo Participacoes SA+ | 941 1,196 |
| 174,122 | Vivo Participacoes SA, ADR | 2,370,462 428,340 |
| 5,845 | Vivo Participacoes SA, Pfd.+ .. | 89,788 14,249 |
| 80,000 | Vodafone Group plc, ADR | 1,902,872 1,704,000 |
| | | ----- |
| | | 15,182,030 18,274,944 |
| | | ----- |
| METALS AND MINING -- 0.9% | | |
| 33,000 | Anglo American plc | 1,250,229 1,353,514 |
| 89,148 | Barrick Gold Corp. | 2,610,253 2,638,781 |
| 72,500 | Harmony Gold Mining Co. Ltd.+ | 347,738 1,153,731 |
| 35,000 | Harmony Gold Mining Co. Ltd., ADR+ | 460,008 570,150 |
| 75,000 | Ivanhoe Mines Ltd.+ | 560,208 511,500 |
| 105,000 | Newmont Mining Corp. | 2,525,310 5,557,650 |
| 110,000 | Novelis Inc. | 2,381,034 2,373,800 |
| 50,000 | Xstrata plc | 948,090 1,895,445 |
| | | ----- |
| | | 11,082,870 16,054,571 |
| | | ----- |
| BUSINESS SERVICES -- 0.9% | | |
| 7,050 | Acco Brands Corp.+ | 126,069 154,395 |
| 60,000 | ANC Rental Corp.+ | 578,273 72 |
| 22,500 | Canon Inc. | 865,859 1,102,980 |
| 80,000 | Cendant Corp. | 1,600,104 1,303,200 |

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| | | | |
|---------|--|------------|------------|
| 1,000 | CheckFree Corp.+ | 9,040 | 49,560 |
| 15,000 | Clear Channel Outdoor Holdings Inc., Cl. A+ | 289,301 | 314,400 |
| 186,554 | Contax Participacoes SA, ADR | 76,632 | 165,492 |
| 200,000 | Group 4 Securicor plc | 0 | 620,411 |
| 94,000 | Landauer Inc. | 2,511,653 | 4,502,600 |
| 119,000 | MasterCard Inc., Cl. A+ | 4,776,000 | 5,712,000 |
| 72,500 | Nashua Corp.+ | 656,627 | 498,075 |
| 25,000 | Secom Co. Ltd. | 1,095,891 | 1,181,842 |
| | | ----- | ----- |
| | | 12,585,449 | 15,605,027 |
| | | ----- | ----- |
| | REAL ESTATE -- 0.8% | | |
| 70,000 | Cheung Kong (Holdings) Ltd. ... | 815,521 | 758,469 |
| 98,000 | Florida East Coast Industries Inc. | 2,113,491 | 5,128,340 |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
JUNE 30, 2006 (UNAUDITED)

| SHARES | | COST | MARKET VALUE |
|---------|---|------------|-----------------|
| ----- | | ---- | ----- |
| | COMMON STOCKS (CONTINUED) | | |
| | REAL ESTATE (CONTINUED) | | |
| 55,000 | Griffin Land & Nurseries Inc.+ | \$ 513,144 | \$ 1,718,750 |
| 160,000 | St. Joe Co. | 9,164,787 | 7,446,400 |
| | | ----- | ----- |
| | | 12,606,943 | 15,051,959 |
| | | ----- | ----- |
| | AUTOMOTIVE -- 0.7% | | |
| 30,000 | General Motors Corp. | 803,468 | 893,700 |
| 360,000 | Navistar International Corp.+ | 13,011,758 | 8,859,600 |
| 43,000 | PACCAR Inc. | 431,444 | 3,542,340 |
| | | ----- | ----- |
| | | 14,246,670 | 13,295,640 |
| | | ----- | ----- |
| | RETAIL -- 0.7% | | |
| 169,252 | AutoNation Inc.+ | 2,279,796 | 3,628,763 |
| 37,000 | Coldwater Creek Inc.+ | 81,293 | 990,120 |
| 25,000 | Costco Wholesale Corp. | 1,141,563 | 1,428,250 |
| 50,000 | Matsumotokiyoshi Co. Ltd. | 1,372,604 | 1,271,408 |
| 30,000 | Next plc | 811,183 | 905,376 |
| 39,800 | Seven & I Holdings Co. Ltd. | 1,114,381 | 1,311,132 |
| 50,960 | SUPERVALU Inc. | 1,516,060 | 1,564,472 |
| 63,000 | Woolworths Ltd. | 872,140 | 943,331 |
| | | ----- | ----- |
| | | 9,189,020 | 12,042,852 |
| | | ----- | ----- |
| | ELECTRONICS -- 0.6% | | |
| 10,000 | Advanced Micro Devices Inc.+ .. | 106,090 | 244,200 |
| 3,000 | Hitachi Ltd., ADR | 218,796 | 198,210 |

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| | | | | |
|--------|---|-----------|----|-----------------|
| | 4,920 Keyence Corp. | 941,170 | | 1,256,225 |
| | 20,000 Molex Inc., Cl. A | 519,697 | | 574,600 |
| | 7,500 NEC Corp., ADR | 43,625 | | 39,975 |
| | 38,000 Royal Philips Electronics NV, ADR | 52,354 | | 1,183,320 |
| | 265,000 Texas Instruments Inc. | 6,407,535 | | 8,026,850 |
| | | ----- | | ----- |
| | | 8,289,267 | | 11,523,380 |
| | | ----- | | ----- |
| | TRANSPORTATION -- 0.4% | | | |
| | 100,000 AMR Corp.+ | 1,924,248 | | 2,542,000 |
| | 110,000 GATX Corp. | 2,036,677 | | 4,675,000 |
| | 15,000 Grupo TMM SA, Cl. A, ADR+ | 80,460 | | 61,050 |
| | | ----- | | ----- |
| | | 4,041,385 | | 7,278,050 |
| | | ----- | | ----- |
| | CLOSED-END FUNDS -- 0.3% | | | |
| | 107,785 Central Europe and Russia Fund Inc. | 2,436,296 | | 4,954,877 |
| | 70,000 New Germany Fund Inc. | 754,518 | | 867,300 |
| | 31,500 Royce Value Trust Inc. | 388,298 | | 609,840 |
| | | ----- | | ----- |
| | | 3,579,112 | | 6,432,017 |
| | | ----- | | ----- |
| | | | | |
| SHARES | | COST | | MARKET VALUE |
| ----- | | ---- | | ----- |
| | COMPUTER SOFTWARE AND SERVICES -- 0.3% | | | |
| | 146 CA Inc. | \$ 4,526 | \$ | 3,000 |
| | 10,000 Check Point Software Technologies Ltd.+ | 169,874 | | 175,800 |
| | 830 NIWS Co. HQ Ltd. | 1,012,369 | | 709,315 |
| | 24,100 Square Enix Co. Ltd. | 648,849 | | 501,206 |
| | 25,256 Telecom Italia Media SpA | 26,868 | | 11,791 |
| | 110,000 Yahoo! Inc.+ | 3,765,954 | | 3,630,000 |
| | | ----- | | ----- |
| | | 5,628,440 | | 5,031,112 |
| | | ----- | | ----- |
| | MANUFACTURED HOUSING AND RECREATIONAL VEHICLES -- 0.2% | | | |
| | 70,000 Champion Enterprises Inc.+ | 659,503 | | 772,800 |
| | 40,000 Fleetwood Enterprises Inc.+ ... | 474,238 | | 301,600 |
| | 31,000 Huttig Building Products Inc.+ | 78,168 | | 251,100 |
| | 13,000 Martin Marietta Materials Inc. | 274,588 | | 1,184,950 |
| | 10,000 Nobility Homes Inc. | 195,123 | | 271,700 |
| | 22,000 Skyline Corp. | 883,239 | | 941,160 |
| | 4,600 Southern Energy Homes Inc.+ ... | 24,312 | | 31,050 |
| | | ----- | | ----- |
| | | 2,589,171 | | 3,754,360 |
| | | ----- | | ----- |
| | PAPER AND FOREST PRODUCTS -- 0.2% | | | |
| | 115,000 Pactiv Corp.+ | 1,207,241 | | 2,846,250 |
| | 4,000 Svenska Cellulosa AB, Cl. B ... | 171,233 | | 165,352 |
| | | ----- | | ----- |
| | | 1,378,474 | | 3,011,602 |
| | | ----- | | ----- |
| | REAL ESTATE INVESTMENT TRUSTS -- 0.1% | | | |
| | 6,000 Camden Property Trust | 112,470 | | 441,300 |
| | 2,000 Equity Residential | 39,570 | | 89,460 |
| | 20,000 Host Hotels & Resorts Inc. | 408,888 | | 437,400 |

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| | | | |
|--------|--|---------------|---------------|
| 2,187 | Prosperity REIT+ | 615 | 470 |
| 24,984 | Rayonier Inc. | 798,811 | 947,144 |
| | | ----- | ----- |
| | | 1,360,354 | 1,915,774 |
| | | ----- | ----- |
| | TOTAL | | |
| | COMMON STOCKS | 1,232,951,373 | 1,572,536,732 |
| | | ----- | ----- |
| | CONVERTIBLE PREFERRED STOCKS -- 0.2% | | |
| | AEROSPACE -- 0.1% | | |
| 13,500 | Northrop Grumman Corp., 7.000% Cv. Pfd., Ser. B | 1,573,020 | 1,707,750 |
| | | ----- | ----- |
| | TELECOMMUNICATIONS -- 0.1% | | |
| 26,000 | Cincinnati Bell Inc., 6.750% Cv. Pfd., Ser. B | 820,367 | 1,118,000 |
| | | ----- | ----- |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
JUNE 30, 2006 (UNAUDITED)

| SHARES | | COST | MARKET VALUE |
|------------|---|------------|--------------|
| ----- | | ---- | ----- |
| | CONVERTIBLE PREFERRED STOCKS (CONTINUED) | | |
| | BROADCASTING -- 0.0% | | |
| 90 | Gray Television Inc., 8.000% Cv. Pfd., Ser. C (a) (b) (c) | \$ 900,000 | \$ 900,000 |
| | | ----- | ----- |
| | TOTAL CONVERTIBLE PREFERRED STOCKS | 3,293,387 | 3,725,750 |
| | | ----- | ----- |
| | PRINCIPAL AMOUNT | | |
| | ----- | | |
| | CONVERTIBLE CORPORATE BONDS -- 0.1% | | |
| | AUTOMOTIVE: PARTS AND ACCESSORIES -- 0.1% | | |
| \$ 500,000 | Pep Boys - Manny, Moe & Jack, Cv., 4.250%, 06/01/07 | 492,866 | 492,500 |
| 1,000,000 | Standard Motor Products Inc., Sub. Deb. Cv., 6.750%, 07/15/09 | 963,806 | 887,500 |
| | | ----- | ----- |
| | | 1,456,672 | 1,380,000 |
| | | ----- | ----- |
| | AEROSPACE -- 0.0% | | |
| 669,000 | Kaman Corp., Sub. Deb. Cv., 6.000%, 03/15/12 | 643,373 | 662,310 |
| | | ----- | ----- |
| | TOTAL CONVERTIBLE CORPORATE BONDS | 2,100,045 | 2,042,310 |
| | | ----- | ----- |

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| SHARES | | |
|--|--|-----------------|
| ----- | | |
| | WARRANTS -- 0.0% | |
| | ENERGY AND UTILITIES -- 0.0% | |
| 12,183 | Mirant Corp., Ser. A, expire 01/03/11+ | 36,353 |
| | | 123,048 |
| | | ----- |
| PRINCIPAL AMOUNT | | |
| ----- | | |
| | U.S. GOVERNMENT OBLIGATIONS -- 0.0% | |
| | U.S. TREASURY NOTES -- 0.0% | |
| \$ 300,000 | 3.500%, 11/15/06 | 300,421 |
| | | 298,184 |
| | | ----- |
| | SHORT-TERM OBLIGATIONS -- 13.0% | |
| | REPURCHASE AGREEMENTS -- 12.7% | |
| 100,000,000 | ABN Amro, 4.480%, dated 06/30/06, due 07/03/06, proceeds at maturity, \$100,037,333 (d) | 100,000,000 |
| | | 100,000,000 |
| 130,789,000 | Barclays Capital Inc., 4.400%, dated 06/30/06, due 07/03/06, proceeds at maturity, \$130,836,956 (e) | 130,789,000 |
| | | 130,789,000 |
| | | ----- |
| | | 230,789,000 |
| | | ----- |
| PRINCIPAL AMOUNT | | COST |
| ----- | | ---- |
| | U.S. GOVERNMENT OBLIGATIONS -- 0.3% | |
| \$ 5,000,000 | U.S. Treasury Bill, 4.704%+, 07/27/06 | \$ 4,983,335 |
| | | \$ 4,983,335 |
| | | ----- |
| | TOTAL SHORT-TERM OBLIGATIONS | 235,772,335 |
| | | ----- |
| TOTAL INVESTMENTS -- 100.0% | \$1,474,453,914 | 1,814,498,359 |
| | ===== | ----- |
| OTHER ASSETS AND LIABILITIES (NET) | | (11,640,323) |
| PREFERRED STOCK | | |
| (7,906,900 preferred shares outstanding) | | (377,492,500) |
| | | ----- |
| NET ASSETS -- COMMON STOCK | | |
| (166,832,166 common shares outstanding) | | \$1,425,365,536 |
| | | ===== |
| NET ASSET VALUE PER COMMON SHARE | | |
| (\$1,425,365,536 / 166,832,166 shares outstanding) | | \$8.54 |
| | | ===== |

-
- (a) Security fair valued under procedures established by the Board of Directors. At June 30, 2006, the market value of fair valued securities amounted to \$942,991 or 0.05% of total investments.
- (b) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. This security may be resold in transactions exempt from

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registration, normally to qualified institutional buyers. At June 30, 2006, the market value of the Rule 144A security amounted to \$900,000 or 0.05% of total investments.

- (c) At June 30, 2006, the Fund held an investment in a restricted and illiquid security amounting to \$900,000 or 0.05% of total investments, which was valued under methods approved by the Board as follows:

| ACQUISITION SHARES | ISSUER | ACQUISITION DATE | ACQUISITION COST | 06/30/06 CARRYING VALUE PER UNIT |
|-----------------------|---|---------------------|---------------------|--|
| ----- | ----- | ---- | ---- | ----- |
| 90 | Gray Television Inc., 8.000% Cv. Pfd., Ser. C | 04/23/02 | \$900,000 | \$10,000.0000 |

- (d) Collateralized by U.S. Treasury Note, 4.875%, due 04/30/08, market value \$102,000,000.
- (e) Collateralized by U.S. Treasury Bonds, 8.125% and 6.125%, due 08/15/21 and 08/15/29, market value \$132,524,520 and \$880,260.
- + Non-income producing security.
- ++ Represents annualized yield at date of purchase.
- ADR American Depository Receipt
- CVO Contingent Value Obligation

| | % OF MARKET VALUE | MARKET VALUE |
|----------------------------|-------------------------|-----------------|
| | ----- | ----- |
| GEOGRAPHIC DIVERSIFICATION | | |
| North America | 80.6% | \$1,461,294,301 |
| Europe | 14.9 | 270,921,913 |
| Latin America | 3.0 | 55,026,288 |
| Japan | 1.1 | 19,415,605 |
| Asia/Pacific | 0.3 | 5,617,766 |
| South Africa | 0.1 | 2,222,486 |
| | ----- | ----- |
| Total Investments | 100.0% | \$1,814,498,359 |
| | ===== | ===== |

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2006 (UNAUDITED)

| | |
|--|-----------------|
| ASSETS: | |
| Investments, at value (cost \$1,243,664,914) | \$1,583,709,359 |
| Repurchase agreements, at value (cost \$230,789,000) | 230,789,000 |
| Foreign currency, at value (cost \$370,767) | 389,565 |
| Cash | 632 |
| Dividends and interest receivable | 1,755,461 |
| Unrealized appreciation on swap contracts | 1,477,325 |
| Receivable for investments sold | 1,194,358 |
| Other assets | 29,554 |
| | ----- |
| TOTAL ASSETS | 1,819,345,254 |
| | ----- |
| LIABILITIES: | |
| Payable for investments purchased | 12,195,137 |

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| | |
|--|-----------------|
| Payable for investment advisory fees | 3,223,267 |
| Payable for shareholder communications expenses | 397,142 |
| Dividends payable | 245,936 |
| Payable for payroll expenses | 78,666 |
| Payable for Directors' fees | 4,943 |
| Other accrued expenses | 342,127 |
| | ----- |
| TOTAL LIABILITIES | 16,487,218 |
| | ----- |
| PREFERRED STOCK: | |
| Series B Cumulative Preferred Stock (7.20%, \$25 liquidation value, \$0.001 par value, 6,600,000 shares authorized with 4,950,000 shares issued and outstanding) | 123,750,000 |
| Series C Cumulative Preferred Stock (Auction Rate, \$25,000 liquidation value, \$0.001 par value, 5,200 shares authorized with 5,200 shares issued and outstanding) | 130,000,000 |
| Series D Cumulative Preferred Stock (5.875%, \$25 liquidation value, \$0.001 par value, 3,000,000 shares authorized with 2,949,700 shares issued and outstanding) | 73,742,500 |
| Series E Cumulative Preferred Stock (Auction Rate, \$25,000 liquidation value, \$0.001 par value, 2,000 shares authorized with 2,000 shares issued and outstanding) | 50,000,000 |
| | ----- |
| TOTAL PREFERRED STOCK | 377,492,500 |
| | ----- |
| NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS | \$1,425,365,536 |
| | ===== |
| NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS CONSIST OF: | |
| Capital stock, at \$0.001 par value | \$ 166,832 |
| Additional paid-in capital | 1,091,442,717 |
| Accumulated distributions in excess of net realized gain on investments, options, futures contracts, swap contracts, and foreign currency transactions | (7,800,361) |
| Net unrealized appreciation on investments and swap contracts | 341,521,770 |
| Net unrealized appreciation on foreign currency translations | 34,578 |
| | ----- |
| NET ASSETS | \$1,425,365,536 |
| | ===== |
| NET ASSET VALUE PER COMMON SHARE | |
| (\$1,425,365,536 / 166,832,166 shares outstanding; 182,000,000 shares authorized) | \$8.54 |
| | ===== |

STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2006 (UNAUDITED)

| | |
|---|---------------|
| INVESTMENT INCOME: | |
| Dividends (net of foreign taxes of \$505,900) | \$ 25,089,114 |
| Interest | 5,066,762 |
| | ----- |
| TOTAL INVESTMENT INCOME | 30,155,876 |
| | ----- |
| EXPENSES: | |
| Investment advisory fees | 9,145,348 |
| Auction agent fees | 224,620 |
| Shareholder communications expenses | 222,122 |

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| | |
|--|---------------|
| Custodian fees | 114,040 |
| Payroll expenses | 113,153 |
| Shareholder services fees | 89,674 |
| Directors' fees | 70,881 |
| Legal and audit fees | 60,512 |
| Interest expense | 861 |
| Miscellaneous expenses | 189,533 |
| | ----- |
| TOTAL EXPENSES | 10,230,744 |
| Less: Custodian fee credits | (24,670) |
| | ----- |
| TOTAL NET EXPENSES | 10,206,074 |
| | ----- |
| NET INVESTMENT INCOME | 19,949,802 |
| | ----- |
| NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FUTURES CONTRACTS, SWAP CONTRACTS, AND FOREIGN CURRENCY: | |
| Net realized gain on investments | 46,099,963 |
| Net realized gain on futures contracts | 2,522,193 |
| Net realized gain on swap contracts | 80,225 |
| Net realized loss on foreign currency transactions | (106,804) |
| | ----- |
| Net realized gain on investments, futures contracts, swap contracts, and foreign currency transactions | 48,595,577 |
| Net change in unrealized appreciation/depreciation on investments, swap contracts, and foreign currency translations | 80,253,283 |
| | ----- |
| NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS, FUTURES CONTRACTS, SWAP CONTRACTS, AND FOREIGN CURRENCY | 128,848,860 |
| | ----- |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | 148,798,662 |
| Total Distributions to Preferred Stock Shareholders | (12,243,848) |
| | ----- |
| NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS RESULTING FROM OPERATIONS | \$136,554,814 |
| | ===== |

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS

| | |
|-----------------------------|---|
| | SIX MONTHS EN JUNE 30, 2012 (UNAUDITED) |
| | ----- |
| OPERATIONS: | |
| Net investment income | \$ 19,949,802 |

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| | |
|---|-------------|
| Net realized gain on investments, options, futures contracts, swap contracts, and foreign currency transactions | 48,595 |
| Net change in unrealized appreciation/depreciation on investments, futures contracts, swap contracts, and foreign currency translations | 80,253 |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | 148,798 |
| DISTRIBUTIONS TO PREFERRED SHAREHOLDERS: | |
| Net investment income | (3,634) |
| Net realized short-term gains on investments, futures contracts, and foreign currency transactions | (1,616) |
| Net realized long-term gains on investments, futures contracts, and foreign currency transactions | (6,993) |
| TOTAL DISTRIBUTIONS TO PREFERRED SHAREHOLDERS | (12,243) |
| NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS RESULTING FROM OPERATIONS | 136,554 |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS: | |
| Net investment income | (16,877) |
| Net realized short-term gains on investments, options, futures contracts, and foreign currency transactions | (7,505) |
| Net realized long-term gains on investments, options, futures contracts, and foreign currency transactions | (32,480) |
| Return of capital | (6,247) |
| TOTAL DISTRIBUTIONS TO COMMON SHAREHOLDERS | (63,110) |
| FUND SHARE TRANSACTIONS: | |
| Net increase in net assets from common shares issued upon reorganization and reinvestment of dividends and distributions | 6,181 |
| Net increase in net assets from common shares issued upon rights offering | 2 |
| Offering costs for preferred shares charged to paid-in capital | (154) |
| Offering costs for issuance of rights charged to paid-in capital | (154) |
| NET INCREASE IN NET ASSETS FROM FUND SHARE TRANSACTIONS | 6,029 |
| NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS | 79,474 |
| NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS: | |
| Beginning of period | 1,345,891 |
| End of period (including undistributed net investment income of \$0 and \$561,527, respectively) | \$1,425,365 |

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

See accompanying notes to financial statements.

1. ORGANIZATION. The Gabelli Equity Trust Inc. (the "Fund") is a non-diversified closed-end management investment company organized as a Maryland corporation on May 20, 1986 and registered under the Investment Company Act of 1940, as amended (the "1940 Act"), whose primary objective is long-term growth of capital.

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Investment operations commenced on August 21, 1986.

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

2. SIGNIFICANT ACCOUNTING POLICIES. The preparation of financial statements in accordance with United States ("U.S.") generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

SECURITY VALUATION. Portfolio securities listed or traded on a nationally recognized securities exchange or traded in the U.S. over-the-counter market for which market quotations are readily available are valued at the last quoted sale price or a market's official closing price as of the close of business on the day the securities are being valued. If there were no sales that day, the security is valued at the average of the closing bid and asked prices or, if there were no asked prices quoted on that day, then the security is valued at the closing bid price on that day. If no bid or asked prices are quoted on such day, the security is valued at the most recently available price or, if the Board of Directors (the "Board") so determines, by such other method as the Board shall determine in good faith to reflect its fair market value. Portfolio securities traded on more than one national securities exchange or market are valued according to the broadest and most representative market, as determined by Gabelli Funds, LLC (the "Adviser").

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market but prior to the close of business on the day the securities are being valued. Debt instruments with remaining maturities of 60 days or less that are not credit impaired are valued at amortized cost, unless the Board determines such amount does not reflect the securities' fair value, in which case these securities will be fair valued as determined by the Board. Debt instruments having a maturity greater than 60 days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded.

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

REPURCHASE AGREEMENTS. The Fund may enter into repurchase agreements with primary government securities dealers recognized by the Federal Reserve Board, with member banks of the Federal Reserve System, or with other brokers or dealers that meet credit guidelines established by the Adviser and reviewed by the Board. Under the terms of a typical repurchase agreement, the Fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. The Fund will always receive and maintain securities as collateral whose market

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value, including accrued interest, will be at least equal to 102% of the dollar amount invested by the Fund in each agreement. The Fund will make

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

payment for such securities only upon physical delivery or upon evidence of book entry transfer of the collateral to the account of the custodian. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to maintain the adequacy of the collateral. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited. At June 30, 2006, the Fund had investments of \$230,789,000 in repurchase agreements.

SWAP AGREEMENTS. The Fund may enter into interest rate swap or cap transactions. The use of swaps and caps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio transactions. Swap agreements may involve, to varying degrees, elements of market and counterparty risk, and exposure to loss in excess of the related amounts reflected in the Statement of Assets and Liabilities. In an interest rate swap, the Fund would agree to pay to the other party to the interest rate swap (which is known as the counterparty) periodically a fixed rate payment in exchange for the counterparty agreeing to pay to the Fund periodically a variable rate payment that is intended to approximate the Fund's variable rate payment obligation on Series C Preferred Stock. In an interest rate cap, the Fund would pay a premium to the counterparty and, to the extent that a specified variable rate index exceeds a predetermined fixed rate, would receive from that counterparty payments of the difference based on the notional amount of such cap. Interest rate swap and cap transactions introduce additional risk because the Fund would remain obligated to pay preferred stock dividends when due in accordance with the Articles Supplementary even if the counterparty defaulted. If there is a default by the counterparty to a swap contract, the Fund will be limited to contractual remedies pursuant to the agreements related to the transaction. There is no assurance that the swap contract counterparties will be able to meet their obligations pursuant to a swap contract or that, in the event of default, the Fund will succeed in pursuing contractual remedies. The Fund thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to a swap contract. The creditworthiness of the swap contract counterparties is closely monitored in order to minimize this risk. Depending on the general state of short-term interest rates and the returns on the Fund's portfolio securities at that point in time, such a default could negatively affect the Fund's ability to make dividend payments for Series C Preferred Stock. In addition, at the time an interest rate swap or cap transaction reaches its scheduled termination date, there is a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction. If this occurs, it could have a negative impact on the Fund's ability to make dividend payments on Series C Preferred Stock.

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

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The Fund has entered into an interest rate swap agreement with Citibank N.A. Under the agreement, the Fund receives a floating rate of interest and pays a respective fixed rate of interest on the nominal value of the swap. Details of the swap at June 30, 2006 are as follows:

| NOTIONAL AMOUNT | FIXED RATE | FLOATING RATE* (RATE RESET MONTHLY) | TERMINATION DATE | UNREALIZED APPRECIATION |
|--------------------|------------|--|---------------------|----------------------------|
| ----- | ----- | ----- | ----- | ----- |
| \$130,000,000 | 4.494% | 5.10906% | July 2, 2007 | \$1,477,325 |

* Based on Libor (London Interbank Offered Rate).

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

FUTURES CONTRACTS. The Fund may engage in futures contracts for the purpose of hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase. Upon entering into a futures contract, the Fund is required to deposit with the broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as the "initial margin". Subsequent payments ("variation margin") are made or received by the Fund each day, depending on the daily fluctuations in the value of the contract, which are included in unrealized appreciation/depreciation on investments and futures contracts. The Fund recognizes a realized gain or loss when the contract is closed.

There are several risks in connection with the use of futures contracts as a hedging instrument. The change in value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in value of the hedged investments. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market. At June 30, 2006, there were no open futures contracts.

FORWARD FOREIGN EXCHANGE CONTRACTS. The Fund may engage in forward foreign exchange contracts for hedging a specific transaction with respect to either the currency in which the transaction is denominated or another currency as deemed appropriate by the Adviser. Forward foreign exchange contracts are valued at the forward rate and are marked-to-market daily. The change in market value is included in unrealized appreciation/depreciation on investments and foreign currency translations. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. At June 30, 2006, there were no open forward foreign exchange contracts.

FOREIGN CURRENCY TRANSLATIONS. The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at the current exchange rates. Purchases and sales of investment securities, income, and expenses are

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

FOREIGN SECURITIES. The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the ability to repatriate funds, less complete financial information about companies, and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. issuers.

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

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

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

SECURITIES TRANSACTIONS AND INVESTMENT INCOME. Securities transactions are accounted for on the trade date with realized gain or loss on investments determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded on the accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on the ex-dividend date except for certain dividends which are recorded as soon as the Fund is informed of the dividend.

CUSTODIAN FEE CREDITS. When cash balances are maintained in the custody account, the Fund receives credits which are used to offset custodian fees. The gross expenses paid under the custody arrangement are included in custodian fees in the Statement of Operations with the corresponding expense offset, if any,

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shown as "custodian fee credits".

DISTRIBUTIONS TO SHAREHOLDERS. Distributions to common shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with Federal income tax regulations, which may differ from income and capital gains as determined under U.S. generally accepted accounting principles. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. These reclassifications have no impact on the net asset value ("NAV") of the Fund. For the fiscal year ended December 31, 2005, reclassifications were made to decrease accumulated net investment income by \$2,052,100 and decrease accumulated distributions in excess of net realized gain on investments, futures contracts, swap contracts, and foreign currency transactions by \$2,052,100.

Distributions to shareholders of the Fund's 7.20% Series B Cumulative Preferred Stock, Series C Auction Rate Cumulative Preferred Stock, 5.875% Series D Cumulative Preferred Stock, and Series E Auction Rate Cumulative Preferred Stock ("Cumulative Preferred Stock") are recorded on a daily basis and are determined as described in Note 5.

The tax character of distributions paid during the fiscal year ended December 31, 2005 was as follows:

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

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

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

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

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

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The following summarizes the tax cost of investments, swap contracts, and the related unrealized appreciation/depreciation at June 30, 2006:

| | COST | GROSS UNREALIZED APPRECIATION | GROSS UNREALIZED DEPRECIATION |
|----------------------|-----------------|-------------------------------------|-------------------------------------|
| | ---- | ----- | ----- |
| Investments | \$1,476,237,136 | \$426,204,428 | \$ (87,943,205) |
| Swap contracts | -- | 1,477,325 | -- |
| | | ----- | ----- |
| | | \$427,681,753 | \$ (87,943,205) |
| | | ===== | ===== |

3. AGREEMENTS AND TRANSACTIONS WITH AFFILIATES. The Fund has entered into an investment advisory agreement (the "Advisory Agreement") with the Adviser which provides that the Fund will pay the Adviser a fee, computed weekly and paid monthly, equal on an annual basis to 1.00% of the value of the Fund's average weekly net assets including the liquidation value of preferred stock. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund's portfolio and oversees the administration of all aspects of the Fund's business and affairs. The Adviser has agreed to reduce the management fee on the incremental assets attributable to the Cumulative Preferred Stock if the total return of the NAV of the common shares of the Fund, including distributions and advisory fee subject to reduction, does not exceed the stated dividend rate or corresponding swap rate of each particular series of the Cumulative Preferred Stock for the fiscal year.

The Fund's total return on the NAV of the common shares is monitored on a monthly basis to assess whether the total return on the NAV of the common shares exceeds the stated dividend rate or corresponding swap rate of each particular series of Cumulative Preferred Stock for the period. For the six months ended June 30, 2006, the Fund's total return on the NAV of the common shares exceeded the stated dividend rate or net swap expense of all outstanding Preferred Stock. Thus, management fees were accrued on these assets.

During the six months ended June 30, 2006, the Fund paid brokerage commissions of \$116,382 to Gabelli & Company, Inc. ("Gabelli & Company"), an affiliate of the Adviser.

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

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

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement between the Fund and the Adviser. During the six months ended June 30, 2006, the Fund paid or accrued \$22,500 to the Adviser in

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connection with the cost of computing the Fund's NAV, which is included in miscellaneous expenses in the Statement of Operations.

The Fund is assuming its portion of the allocated cost of the Gabelli Funds' Chief Compliance Officer in the amount of \$15,334 for the six months ended June 30, 2006, which is included in payroll expenses in the Statement of Operations.

4. PORTFOLIO SECURITIES. Purchases and proceeds from the sales of securities for the six months ended June 30, 2006, other than short-term securities, aggregated \$120,608,180 and \$139,322,820, respectively.

5. CAPITAL. The charter permits the Fund to issue 182,000,000 shares of common stock (par value \$0.001) and authorizes the Board to increase its authorized shares from time to time. The Board has authorized the repurchase of its shares on the open market when the shares are trading at a discount of 10% or more (or such other percentage as the Board may determine from time to time) from the NAV of the shares. During the six months ended June 30, 2006, the Fund did not repurchase any shares of its common stock in the open market.

Transactions in common stock were as follows:

| | SIX MONTHS ENDED JUNE 30, 2006 (UNAUDITED) | | YEAR ENDED DECEMBER 31, 2006 | |
|---|--|-------------|---------------------------------|-----------|
| | Shares | Amount | Shares | Amount |
| Shares issued upon reinvestment of dividends and distributions | 752,896 | \$6,181,276 | 3,242,215 | \$ 27,276 |
| Shares issued in rights offering | -- | -- | 20,525,901 | 143,080 |
| Shares issued in connection with reorganization of Sterling Capital Corporation | -- | -- | 1,978,190 | 18,300 |
| Net increase | 752,896 | \$6,181,276 | 25,746,306 | \$188,656 |
| | ===== | ===== | ===== | ===== |

The Fund's Articles of Incorporation, as amended, authorize the issuance of up to 18,000,000 shares of \$0.001 par value Cumulative Preferred Stock. The Cumulative Preferred Stock is senior to the common stock and results in the financial leveraging of the common stock. Such leveraging tends to magnify both the risks and opportunities to common shareholders. Dividends on shares of the Cumulative Preferred Stock are cumulative. The Fund is required by the 1940 Act and by the Articles Supplementary to meet certain asset coverage tests with respect to the Cumulative Preferred Stock. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the 7.20% Series B, Series C Auction Rate, 5.875% Series D, and Series E Auction Rate Cumulative Preferred Stock at redemption prices of \$25, \$25,000, \$25, and \$25,000, respectively, per share plus an amount equal to the accumulated and unpaid dividends whether or not declared on such shares in order to meet these requirements. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund's ability to pay dividends to common shareholders and could lead to sales of portfolio securities at inopportune times. The income received on the Fund's assets may vary in a manner unrelated to the fixed and variable rates, which could have either a beneficial or detrimental impact on net investment income and gains available to common shareholders.

On September 21, 2005, the Fund distributed one transferable right for each of the 143,681,301 shares of common stock outstanding to shareholders of record

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on that date. Seven rights were required to purchase one additional common share at the subscription price of \$7.00 per share. Shareholders who exercised their full primary subscription rights were

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

eligible for an over-subscription privilege entitling them to subscribe, subject to certain limitations and a pro-rata allotment, for any additional shares not purchased pursuant to the primary subscription plus such additional amounts as authorized by the Board in accordance with the registration statement. The subscription period expired on October 26, 2005. The rights offering was fully subscribed, having received over-subscription requests in excess of the shares available for primary subscription resulting in the issuance of 20,525,901 shares of common stock and proceeds of \$143,681,307 to the Fund, prior to the deduction of estimated expenses of \$754,685. The NAV per share of the Fund common shareholders was reduced by approximately \$0.15 per share as a result of the issuance of shares below NAV.

On June 20, 2001, the Fund received net proceeds of \$159,329,175 (after underwriting discounts of \$5,197,500 and offering expenses of \$473,325) from the public offering of 6,600,000 shares of 7.20% Series B Cumulative Preferred Stock. Commencing June 20, 2006 and thereafter, the Fund, at its option, may redeem the 7.20% Series B Cumulative Preferred Stock in whole or in part at the redemption price at any time. On June 26, 2006, the Fund, as authorized by the Board, redeemed 25% (1,650,000 shares) of its outstanding 7.20% Series B Cumulative Preferred Stock at the redemption price of \$25.00 per share of Preferred Stock (the liquidation value), plus accumulated and unpaid dividends through the redemption date of \$0.45 per Preferred Share. The Preferred Shares were callable at any time at the liquidation value plus accrued dividends following the expiration of the five-year call protection on June 20, 2006. At June 30, 2006, 4,950,000 shares of 7.20% Series B Cumulative Preferred Stock were outstanding and accrued dividends amounted to \$123,750.

On June 27, 2002, the Fund received net proceeds of \$128,246,557 (after underwriting discounts of \$1,300,000 and offering expenses of \$453,443) from the public offering of 5,200 shares of Series C Auction Rate Cumulative Preferred Stock. The dividend rate, as set by the auction process, which is generally held every 7 days, is expected to vary with short-term interest rates. The dividend rates of Series C Auction Rate Cumulative Preferred Stock ranged from 4.21% to 5.25% for the six months ended June 30, 2006. Existing shareholders may submit an order to hold, bid, or sell such shares on each auction date. Series C Auction Rate Cumulative Preferred Stock shareholders may also trade shares in the secondary market. The Fund, at its option, may redeem the Series C Auction Rate Cumulative Preferred Stock in whole or in part at the redemption price at any time. During the six months ended June 30, 2006, the Fund did not redeem any shares of Series C Auction Rate Cumulative Preferred Stock. At June 30, 2006, 5,200 shares of Series C Auction Rate Cumulative Preferred Stock were outstanding with an annualized dividend rate of 5.05% per share and accrued dividends amounted to \$54,708.

On October 7, 2003, the Fund received net proceeds of \$72,387,500 (after underwriting discounts of \$2,362,500 and offering expenses of \$261,658) from the public offering of 3,000,000 shares of 5.875% Series D Cumulative Preferred Stock. Commencing October 7, 2008 and thereafter, the Fund, at its option, may redeem the 5.875% Series D Cumulative Preferred Stock in whole or in part at the redemption price at any time. During the six months ended June 30, 2006, the Fund did not repurchase any shares of 5.875% Series D Cumulative Preferred Stock. At June 30, 2006, 2,949,700 shares of 5.875% Series D Cumulative

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Preferred Stock were outstanding and accrued dividends amounted to \$60,172.

On October 7, 2003, the Fund received net proceeds of \$49,260,000 (after underwriting discounts of \$500,000 and offering expenses of \$149,991) from the public offering of 2,000 shares of Series E Auction Rate Cumulative Preferred Stock. The dividend rate, as set by the auction process, which is generally held every 7 days, is expected to vary with short-term interest rates. The dividend rates of Series E Auction Rate Cumulative Preferred Stock ranged from 4.10% to 5.26% for the six months ended June 30, 2006. Existing shareholders may submit an order to hold, bid, or sell such shares on each auction date. Series E Auction Rate Cumulative Preferred Stock shareholders may also trade shares in the secondary market. The Fund, at its option, may redeem the Series E Auction Rate Cumulative Preferred Stock in whole or in part at the

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

redemption price at any time. During the six months ended June 30, 2006, the Fund did not redeem any shares of Series E Auction Rate Cumulative Preferred Stock. At June 30, 2006, 2,000 shares of Series E Auction Rate Cumulative Preferred Stock were outstanding with an annualized dividend rate of 5.26% per share and accrued dividends amounted to \$7,306.

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

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

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

8. OTHER MATTERS. The Adviser and/or affiliates have received subpoenas from the Attorney General of the State of New York and the SEC requesting information on mutual fund trading practices involving certain funds managed by the Adviser. GAMCO Investors, Inc. ("GAMCO"), the Adviser's parent company, is responding to

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these requests for documents and testimony. In June 2006, GAMCO began discussions with the SEC regarding a possible resolution of their inquiry. Since these discussions are ongoing, it cannot be determined at this time whether they will ultimately result in a settlement of this matter. On a separate matter, in September 2005, the Adviser was informed by the staff of the SEC that the staff may recommend to the Commission that an administrative remedy and a monetary penalty be sought from the Adviser in connection with the actions of two of seven closed-end funds managed by the Adviser relating to Section 19(a) and Rule 19a-1 of the 1940 Act. These provisions require registered investment companies to provide written statements to shareholders when a dividend is made from a source other than net investment income. While the two closed-end funds sent annual statements and provided other materials containing this information, the funds did not send written statements to shareholders with each distribution in 2002 and 2003. The Adviser believes that all of the funds are now in compliance. The Adviser believes that these matters would have no effect on the Fund or any material adverse effect on the Adviser or its ability to manage the Fund. The staff's notice to the Adviser did not relate to the Fund.

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THE GABELLI EQUITY TRUST INC. FINANCIAL HIGHLIGHTS

| SELECTED DATA FOR A COMMON SHARE OUTSTANDING THROUGHOUT EACH PERIOD: | SIX MONTHS ENDED JUNE 30, 2006 (UNAUDITED) | ----- 2005 ----- | YEAR ENDED DE ----- 2004 ----- | ----- 2005 ----- |
|---|--|------------------------|---|------------------------|
| OPERATING PERFORMANCE: | | | | |
| Net asset value, beginning of period | \$ 8.10 | \$ 8.69 | \$ 7.98 | \$ |
| Net investment income | 0.12 | 0.09 | 0.02 | |
| Net realized and unrealized gain (loss) on investments | 0.77 | 0.47 | 1.63 | |
| Total from investment operations | 0.89 | 0.56 | 1.65 | |
| DISTRIBUTIONS TO PREFERRED SHAREHOLDERS: (A) | | | | |
| Net investment income | (0.02) (e) | (0.01) | (0.00) (f) | |
| Net realized gain on investments | (0.05) (e) | (0.14) | (0.14) | |
| Total distributions to preferred shareholders | (0.07) | (0.15) | (0.14) | |
| NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS RESULTING FROM OPERATIONS | | | | |
| | 0.82 | 0.41 | 1.51 | |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS: | | | | |
| Net investment income | (0.10) (e) | (0.08) | (0.01) | |
| Net realized gain on investments | (0.24) (e) | (0.77) | (0.79) | |
| Return of capital | (0.04) (e) | -- | -- | |
| Total distributions to common shareholders | (0.38) | (0.85) | (0.80) | |
| FUND SHARE TRANSACTIONS: | | | | |
| Increase (decrease) in net asset value from common stock share transactions | (0.00) (f) | (0.00) (f) | 0.00 (f) | |
| Decrease in net asset value from shares issued in rights offering | -- | (0.15) | -- | |
| Increase in net asset value from repurchase of | | | | |

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| | | | | |
|---|-----------|-----------|---------|-------|
| preferred shares | -- | -- | 0.00(f) | |
| Offering costs for preferred shares charged to paid-in capital | 0.00(f) | (0.00)(f) | 0.00(f) | (|
| Offering costs for issuance of rights charged to paid-in capital | (0.00)(f) | (0.00)(f) | -- | |
| | ----- | ----- | ----- | ----- |
| Total capital share transactions | (0.00) | (0.15) | 0.00(f) | (|
| | ----- | ----- | ----- | ----- |
| NET ASSET VALUE ATTRIBUTABLE TO COMMON SHAREHOLDERS, END OF PERIOD | \$ 8.54 | \$ 8.10 | \$ 8.69 | \$ |
| | ===== | ===== | ===== | ===== |
| Net Asset Value Total Return + | 10.30% | 5.50% | 19.81% | 3 |
| | ===== | ===== | ===== | ===== |
| Market Value, End of Period | \$ 8.21 | \$ 8.03 | \$ 9.02 | \$ |
| | ===== | ===== | ===== | ===== |
| Total Investment Return ++ | 6.93% | 0.66% | 24.04% | 2 |
| | ===== | ===== | ===== | ===== |

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
FINANCIAL HIGHLIGHTS (CONTINUED)

| SELECTED DATA FOR A COMMON SHARE OUTSTANDING THROUGHOUT EACH PERIOD: | SIX MONTHS ENDED JUNE 30, 2006 (UNAUDITED) | 2005 | YEAR ENDED DE 2004 | 20 |
|--|--|-------------|-----------------------|---------|
| | ----- | ----- | ----- | ----- |
| RATIOS AND SUPPLEMENTAL DATA: | | | | |
| Net assets including liquidation value of preferred shares, end of period (in 000's) | \$1,802,858 | \$1,764,634 | \$1,638,225 | \$1,514 |
| Net assets attributable to common shares, end of period (in 000's) | \$1,425,366 | \$1,345,891 | \$1,219,483 | \$1,094 |
| Ratio of net investment income to average net assets attributable to common shares | 2.82%(g) | 1.27% | 0.64% | |
| Ratio of operating expenses to average net assets attributable to common shares net of fee reduction (b) | 1.45%(g) | 1.39% | 1.57% | |
| Ratio of operating expenses to average net assets including liquidation value of preferred shares net of fee reduction (b) | 1.12%(g) | 1.04% | 1.14% | |
| Portfolio turnover rate | 7.4% | 22.4% | 28.6% | |
| PREFERRED STOCK: | | | | |
| 7.25% CUMULATIVE PREFERRED STOCK | | | | |
| Liquidation value, end of period (in 000's) | -- | -- | -- | |
| Total shares outstanding (in 000's) | -- | -- | -- | |
| Liquidation preference per share | -- | -- | -- | |
| Average market value (c) | -- | -- | -- | |
| Asset coverage per share | -- | -- | -- | |
| 7.20% CUMULATIVE PREFERRED STOCK | | | | |
| Liquidation value, end of period (in 000's) | \$ 123,750 | \$ 165,000 | \$ 165,000 | \$ 165 |
| Total shares outstanding (in 000's) | 4,950 | 6,600 | 6,600 | 6 |
| Liquidation preference per share | \$ 25.00 | \$ 25.00 | \$ 25.00 | \$ 2 |
| Average market value (c) | \$ 25.23 | \$ 25.92 | \$ 26.57 | \$ 2 |
| Asset coverage per share | \$ 119.40 | \$ 105.35 | \$ 97.81 | \$ 9 |

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| | | | | |
|---|------------|------------|------------|------------|
| AUCTION RATE SERIES C CUMULATIVE PREFERRED STOCK | | | | |
| Liquidation value, end of period (in 000's) | \$ 130,000 | \$ 130,000 | \$ 130,000 | \$ 130,000 |
| Total shares outstanding (in 000's) | 5 | 5 | 5 | 5 |
| Liquidation preference per share | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 |
| Average market value (c) | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 |
| Asset coverage per share | \$ 119,397 | \$ 105,353 | \$ 97,806 | \$ 90,000 |
| 5.875% CUMULATIVE PREFERRED STOCK | | | | |
| Liquidation value, end of period (in 000's) | \$ 73,743 | \$ 73,743 | \$ 73,743 | \$ 73,743 |
| Total shares outstanding (in 000's) | 2,950 | 2,950 | 2,950 | 2,950 |
| Liquidation preference per share | \$ 25.00 | \$ 25.00 | \$ 25.00 | \$ 25.00 |
| Average market value (c) | \$ 23.87 | \$ 24.82 | \$ 24.81 | \$ 24.81 |
| Asset coverage per share | \$ 119.40 | \$ 105.35 | \$ 97.81 | \$ 90.00 |
| AUCTION RATE SERIES E CUMULATIVE PREFERRED STOCK | | | | |
| Liquidation value, end of period (in 000's) | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 |
| Total shares outstanding (in 000's) | 2 | 2 | 2 | 2 |
| Liquidation preference per share | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 |
| Average market value (c) | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 |
| Asset coverage per share | \$ 119,397 | \$ 105,353 | \$ 97,806 | \$ 90,000 |
| ASSET COVERAGE (d) | 478% | 421% | 391% | |

-
- + Based on net asset value per share, adjusted for reinvestment of distributions, at prices dependent upon the relationship of the net asset value per share and the market value per share on the ex-dividend dates, including the effect of shares issued pursuant to 2001 and 2005 rights offerings, assuming full subscription by shareholder. Total return for the period of less than one year is not annualized.
 - ++ Based on market value per share, adjusted for reinvestment of distributions, including the effect of shares issued pursuant to 2001 and 2005 rights offerings, assuming full subscription by shareholder. Total return for the period of less than one year is not annualized.
 - (a) Calculated based upon average common shares outstanding on the record dates throughout the periods.
 - (b) The ratios do not include a reduction of expenses for custodian fee credits on cash balances maintained with the custodian. Including such custodian fee credits for the six months ended June 30, 2006 and the years ended December 31, 2002 and 2001, the ratios of operating expenses to average net assets attributable to common shares net of fee reduction would have been 1.44%, 1.19%, and 1.11%, respectively, and the ratios of operating expenses to average total net assets including liquidation value of preferred shares net of fee reduction would have been 1.12%, 0.87%, and 0.94%, respectively. For the fiscal years ended December 31, 2005, 2004, and 2003, the effect of the custodian fee credits was minimal.
 - (c) Based on weekly prices.
 - (d) Asset coverage is calculated by combining all series of preferred stock.
 - (e) Based on fiscal year to date book income. Amounts are subject to change and recharacterization at fiscal year end.
 - (f) Amount represents less than \$0.005 per share.
 - (g) Annualized.

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

BOARD CONSIDERATION AND RE-APPROVAL OF INVESTMENT ADVISORY AGREEMENT (UNAUDITED)

Section 15(c) of the Investment Company Act of 1940, as amended (the "1940 Act"), contemplates that the Board of Directors (the "Board") of The Gabelli

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Equity Trust Inc. (the "Fund"), including a majority of the Directors who have no direct or indirect interest in the investment advisory agreement and are not "interested persons" of the Fund, as defined in the 1940 Act (the "Independent Board Members"), are required to annually review and re-approve the terms of the Fund's existing investment advisory agreement and approve any newly proposed terms therein. In this regard, the Board reviewed and re-approved, during the most recent six month period covered by this report, the Investment Advisory Agreement (the "Advisory Agreement") with Gabelli Funds, LLC (the "Adviser") for the Fund.

More specifically, at a meeting held on May 17, 2006, the Board, including the Independent Board Members, considered the factors and reached the conclusions described below relating to the selection of the Adviser and the re-approval of the Advisory Agreement.

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

INVESTMENT PERFORMANCE OF THE FUND AND ADVISER. The Independent Board Members considered short-term and long-term investment performance for the Fund over various periods of time as compared to both relevant equity indices and the performance of the Fund's Lipper, Inc. peer group, and concluded that the Adviser was delivering satisfactory performance results consistent with the investment strategies being pursued by the Fund.

COSTS OF SERVICES AND PROFITS REALIZED BY THE ADVISER.

(A) **COSTS OF SERVICES TO FUND: FEES AND EXPENSES.** The Independent Board Members considered the Fund's advisory fee rate and expense ratio relative to industry averages for the Fund's peer group category and the advisory fees charged by the Adviser and its affiliates to other fund and non-fund clients. The Independent Board Members noted that the mix of services under the Advisory Agreement are much more extensive than those under the advisory agreements for non-fund clients. The Independent Board Members recognized that the advisory fee paid by the Fund and the Fund's overall expense ratio are higher than the averages for its peer group, but concluded that the fee is acceptable based upon the qualifications, experience, reputation, and performance of the Adviser.

(B) **PROFITABILITY AND COSTS OF SERVICES TO ADVISER.** The Independent Board Members considered the Adviser's overall profitability and costs, and pro-forma estimates of the Adviser's profitability and costs attributable to the Fund (i) as part of the Gabelli fund complex and (ii) assuming the Fund constituted the Adviser's only investment company under its management. The Independent Board Members also considered whether the amount of profit is a fair entrepreneurial profit for the management of the Fund, and noted that the Adviser has substantially increased its resources devoted to Fund matters in response to regulatory requirements and enhanced Fund policies and procedures. The Independent Board Members concluded that the Adviser's profitability was at an acceptable level.

EXTENT OF ECONOMIES OF SCALE AS FUND GROWS. The Independent Board Members

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considered whether there have been economies of scale with respect to the management of the Fund and whether the Fund has appropriately benefited from any economies of scale. The Independent Board Members noted that economies of scale may develop for certain funds as their assets increase and their fund-level expenses decline as a percentage of assets, but that fund-level economies of scale may not necessarily result in Adviser-level economies of scale. Aware that the Adviser waives fees attributable to the liquidation value of the preferred shares if the total return of the common shares does not exceed a specified amount, the Independent Board Members concluded that there was an appropriate sharing of economies of scale.

WHETHER FEE LEVELS REFLECT ECONOMIES OF SCALE. The Independent Board Members also considered whether the advisory fee rate is reasonable in relation to the asset size of the Fund and any economies of scale that may exist, and concluded that it currently was reasonable.

OTHER RELEVANT CONSIDERATIONS.

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

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

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

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

The Gabelli Equity Trust Inc.
c/o Computershare
P.O. Box 43010
Providence, RI 02940-3010

Shareholders requesting this cash election must include the shareholder's name and address as they appear on the share certificate. Shareholders with additional questions regarding the Plan, or requesting a copy of the terms of the Plan may contact Computershare at (800) 336-6983.

If your shares are held in the name of a broker, bank, or nominee, you 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 Fund's common stock is equal to or exceeds net asset value at the time shares are valued for purposes of determining the number of shares equivalent to the cash dividends or capital gains distribution, participants are issued shares of common stock valued at the greater of (i) the net asset value as most recently determined or (ii) 95% of the then current market price of the Fund's common stock. The valuation date is the dividend or distribution payment date or, if that date is not a New York Stock Exchange ("NYSE") trading day, the next trading day. If the net asset value of the common stock at the time of valuation exceeds the market price of the common stock, participants will receive shares from the Fund valued at market price. If the Fund should declare a dividend or capital gains distribution payable only in cash, Computershare will buy common stock in the open market, or on the NYSE or elsewhere, for the participants' accounts, except that Computershare will endeavor to terminate purchases in the open market and cause the Fund 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 Fund reserves the right to amend or terminate the Plan as applied to any

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

VOLUNTARY CASH PURCHASE PLAN

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

Participants in the Voluntary Cash Purchase Plan have the option of making additional cash payments to Computershare for investments in the Fund's shares at the then current market price. Shareholders may send an amount from \$250 to \$10,000. Computershare will use these funds to purchase shares in the open market on or about the 1st and 15th of each month. Computershare will charge each shareholder who participates \$0.75, plus a pro rata share of the brokerage commissions. Brokerage charges for such purchases are expected to be less than the usual brokerage charge for such transactions. It is suggested that any voluntary cash payments be sent to Computershare, P.O. Box 43010, Providence, RI 02940-3010 such that Computershare receives such payments approximately 10 days before the 1st and 15th of the month. Funds not received at least five days before the investment date shall be held for investment until the next purchase date. A payment may be withdrawn without charge if notice is received by Computershare at least 48 hours before such payment is to be invested.

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

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

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

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[GRAPHIC OMITTED]
PICTURE OF FLAGS

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

DIRECTORS

Mario J. Gabelli, CFA
CHAIRMAN & CHIEF EXECUTIVE OFFICER,
GAMCO INVESTORS, INC.

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Dr. Thomas E. Bratter
PRESIDENT, JOHN DEWEY ACADEMY

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

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

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

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

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

Salvatore J. Zizza
CHAIRMAN, HALLMARK ELECTRICAL SUPPLIES CORP.

OFFICERS

Bruce N. Alpert
PRESIDENT

Carter W. Austin
VICE PRESIDENT

Dawn M. Donato
ASSISTANT VICE PRESIDENT & OMBUDSMAN

Peter D. Goldstein
CHIEF COMPLIANCE OFFICER

James E. McKee
SECRETARY

Agnes Mullady
TREASURER

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

CUSTODIAN
Mellon Trust of New England, N.A.

COUNSEL
Willkie Farr & Gallagher LLP

TRANSFER AGENT AND REGISTRAR
Computershare Trust Company, N.A.

STOCK EXCHANGE LISTING

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| | Common | 7.20% Preferred | 5.875% Preferred |
|---------------------|-------------|-----------------|------------------|
| NYSE-Symbol: | GAB | GABPrB | GAB PrD |
| Shares Outstanding: | 166,832,166 | 4,950,000 | 2,949,700 |

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

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

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

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund may, from time to time, purchase shares of its common stock in the open market when the Fund's shares are trading at a discount of 10% or more from the net asset value of the shares. The Fund may also, from time to time, purchase shares of its Series B and Series D 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

SEMI-ANNUAL REPORT
JUNE 30, 2006

GAB SA 2006

ITEM 2. CODE OF ETHICS.

Not applicable.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

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Not applicable.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable.

ITEM 6. SCHEDULE OF INVESTMENTS.

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

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

Not applicable.

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

There has been no change, as of the date of this filing, in any of the portfolio managers identified in response to paragraph (a)(1) of this Item in the registrant's most recently filed annual report on Form N-CSR.

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

REGISTRANT PURCHASES OF EQUITY SECURITIES

| PERIOD | (A) TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED | (B) AVERAGE PRICE PAID PER SHARE (OR UNIT) | (C) TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS | (D) APPROXIMATE NUMBER OF SHARES BEING PURCHASED |
|---|--|--|---|--|
| Month #1 01/01/06 through 01/31/06 | Common - N/A Preferred Series B - N/A Preferred Series D - N/A | Common - N/A Preferred Series B - N/A Preferred Series D - N/A | Common - N/A Preferred Series B - N/A Preferred Series D - N/A | Common Preferred Preferred |
| Month #2 02/01/06 through 02/28/06 | Common - N/A Preferred Series B - N/A Preferred Series D - N/A | Common - N/A Preferred Series B - N/A Preferred Series D - N/A | Common - N/A Preferred Series B - N/A Preferred Series D - N/A | Common Preferred Preferred |
| Month #3 03/01/06 through 03/31/06 | Common - N/A Preferred Series B - N/A | Common - N/A Preferred Series B - N/A | Common - N/A Preferred Series B - N/A | Common Preferred |

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| | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A |
|---|-----------------------------------|---------------------------------|-----------------------------------|------------------------------|
| Month #4 04/01/06 through 04/30/06 | Common - N/A | Common - N/A | Common - N/A | Common - N/A |
| | Preferred Series B - N/A | Preferred Series B - N/A | Preferred Series B - N/A | Preferred Series B - N/A |
| | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A |
| Month #5 05/01/06 through 05/31/06 | Common - N/A | Common - N/A | Common - N/A | Common - N/A |
| | Preferred Series B - N/A | Preferred Series B - N/A | Preferred Series B - N/A | Preferred Series B - N/A |
| | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A |
| Month #6 06/01/06 through 06/30/06 | Common - N/A | Common - N/A | Common - N/A | Common - N/A |
| | Preferred Series B - 1,650,000 | Preferred Series B - \$25.00 | Preferred Series B - 1,650,000 | Preferred Series B - - 1, |
| | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A |
| Total | Common - N/A | Common - N/A | Common - N/A | N/A |
| | Preferred Series B - 1,650,000 | Preferred Series B - \$25.00 | Preferred Series B - 1,650,000 | |
| | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A | Preferred Series D - N/A |

Footnote columns (c) and (d) of the table, by disclosing the following information in the aggregate for all plans or programs publicly announced:

- The date each plan or program was announced - The notice of the potential repurchase of common and preferred shares occurs quarterly in the Fund's quarterly report in accordance with Section 23(c) of the Investment Company Act of 1940, as amended.
- The dollar amount (or share or unit amount) approved - Any or all common shares outstanding may be repurchased when the Fund's common shares are trading at a discount of 10% or more from the net asset value of the shares.
Any or all preferred shares outstanding may be repurchased when the Fund's preferred shares are trading at a discount to the liquidation value of \$25.00.
- The expiration date (if any) of each plan or program - The Fund's repurchase plans are ongoing.
- Each plan or program that has expired during the period covered by the table - The Fund's repurchase plans are ongoing.
- Each plan or program the registrant has determined to terminate prior to expiration, or under which the registrant does not intend to make further purchases. - The Fund's repurchase plans are ongoing.

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

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

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ITEM 11. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).

- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant's second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

- (a) (1) Not applicable.
- (a) (2) Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.
- (a) (3) Not applicable.
- (b) Certifications pursuant to Rule 30a-2(b) under the 1940 Act and Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.

SIGNATURES

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

(registrant) The Gabelli Equity Trust Inc.

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

Bruce N. Alpert, Principal Executive Officer

Date September 1, 2006

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

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

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Bruce N. Alpert, Principal Executive Officer

Date September 1, 2006

By (Signature and Title)* /s/ Agnes Mullady

Agnes Mullady,
Principal Financial Officer and Treasurer

Date September 1, 2006

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