

Edgar Filing: GABELLI EQUITY TRUST INC - Form N-30B-2

GABELLI EQUITY TRUST INC

Form N-30B-2

December 04, 2002

[AMERICAN FLAG GRAPHIC OMITTED]

AMERICAN FLAG

[TETON MOUNTAIN GRAPHIC OMITTED]

THE GABELLI  
EQUITY TRUST INC.

THIRD QUARTER REPORT  
SEPTEMBER 30, 2002

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THE GABELLI  
EQUITY TRUST INC.

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

[STATE FLAG GRAPHICS OMITTED]

ALABAMA	ALASKA	ARIZONA	ARKANSAS	CALIFORNIA	COLORADO	CONNECTICUT	DELAWARE	FLO
HAWAII	IDAHO	ILLINOIS	INDIANA	IOWA	KANSAS	KENTUCKY	LOUISIANA	MAI
MASSACHUSETTS	MICHIGAN	MINNESOTA	MISSISSIPPI	MISSOURI	MONTANA	NEBRASKA	NEVADA	NEW
NEW MEXICO	NEW YORK	N. CAROLINA	N. DAKOTA	OHIO	OKLAHOMA	OREGON	PENNSYLVANIA	RHO
S. DAKOTA	TENNESSEE	TEXAS	UTAH	VERMONT	VIRGINIA	WASHINGTON	WEST VIRGINIA	WIS

INVESTMENT OBJECTIVE:

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

THIS REPORT IS PRINTED ON RECYCLED PAPER.

TO OUR SHAREHOLDERS,

In the third quarter of 2002, ongoing economic uncertainty in part reflecting oil prices over \$30 per barrel, a crisis in confidence in the integrity of corporate America and the increasing probability of military action against Iraq weighed heavily on the stock market. Near panic selling in July pushed market indices to multi-year lows. A brief rally in August gave way to another wave of selling in September, and at the close of the quarter, the leading market indices were re-testing July lows. Although the Gabelli Equity Trust (the "Trust") declined a disappointing 20.15%, positive returns from selected consumer goods, industrial, cable television and media stocks, which were hurt in the second quarter, buoyed performance. Notwithstanding that, we believe we can continue to provide returns over the long term outpacing those achieved in unmanaged baskets of securities by doing what we do best -- picking stocks.

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[MARIO GABELLI GRAPHIC OMITTED]  
MARIO GABELLI

[TETON MOUNTAIN GRAPHIC OMITTED]  
THE GABELLI  
EQUITY TRUST INC.

TABLE I

## COMPARATIVE RESULTS

AVERAGE ANNUAL RETURNS THROUGH SEPTEMBER 30, 2002 (A)					
	QUARTER	YEAR TO DATE	SINCE INCEPTION (B)	10 YEAR	5 YEAR
Gabelli Equity Trust:					
NAV Return (c) .....	(20.15)%	(27.89)%	9.59%	7.75%	(0.28)%
Investment Return (d) .....	(26.56)%	(27.53)%	10.45%	9.97%	4.41%
S&P 500 Index .....	(17.27)%	(28.15)%	10.31%	8.99%	(1.62)%
Dow Jones Industrial Average .....	(17.40)%	(23.11)%	12.00%	11.13%	0.83%
Nasdaq Composite Index .....	(19.90)%	(39.91)%	7.22%	7.23%	(7.01)%

## COMMON STOCK 10% DISTRIBUTION POLICY

The Trust continues to maintain its 10% Distribution Policy whereby the Trust pays out to common stock shareholders 10% of its average net assets each year. Pursuant to this policy, the Trust distributed \$0.27 per share on September 24, 2002.

Under the policy, distributions are made at the annual rate of 10% of the average of the calendar quarter-end net assets of the Trust's common stock at December 2001 and March, June, and September 2002. The Trust currently distributes \$0.27 per share to common stock shareholders at quarter-end in March, June, and September. The fourth quarter distribution is a variable adjusting distribution in December. The adjusting distribution is the greater of the remaining portion of 10% of the average net assets to be distributed (10% of the average net assets less the cumulative \$0.81 per share (\$0.27 x 3) paid in March, June, and September) or the distribution required by IRS regulations.

As of September 30, 2002, there would be no requirement for a fourth quarter distribution to common stock shareholders. 10% of the Trust's average net assets using calendar quarter-end net assets of the Trust's common stock for the past four quarters equates to \$0.78 per share. The distribution of \$0.27 per share paid in September brought the total distribution for 2002 to \$0.81 per share, thus satisfying the Trust's 10% Distribution Policy for 2002. The Board of Directors will determine the amount of any potential distribution of income, capital gains or capital (non-taxable return of principal) to be made at the end of the fourth quarter at a meeting in late November. In any event, the Trust will continue to make every effort to provide our common stock shareholders with consistent distributions throughout the year pursuant to our policy.

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On November 20, 2002, the Board of Directors declared a \$0.14 per share cash distribution payable on December 24, 2002 to common stock shareholders of record on December 16, 2002. Additionally, the Board of Directors declared a \$0.27 per share cash distribution payable on March 25, 2003 to common stock shareholders of record on March 17, 2003, pursuant to the Trust's 10% Distribution Policy. The Board of Directors will continue to monitor the Trust's 10% Distribution Policy in light of the net asset value and the current low interest rate environment.

### PREMIUM / DISCOUNT DISCUSSION

As a refresher to our shareholders, the price of a closed-end mutual fund is determined in the open market by willing buyers and sellers. Shares of the Trust trade on the New York Stock Exchange and may trade at a premium to (higher than) net asset value ("NAV") (the market value of the Trust's underlying portfolio) or a discount to (lower than) net asset value. Of the 519 publicly-traded closed-end funds in the U.S., approximately 27% currently trade at premiums to NAV versus 26% five years ago and 58% ten years ago. For general equity funds such as the Trust, approximately 13% currently trade at premiums to NAV versus 22% five years ago and 29% ten years ago.

Ideally, the Trust's market price will generally track the NAV. The Trust's premium or discount to NAV fluctuates over time. Over our Trust's 16-year history, the range fluctuated from a 38% premium in June 2002 to a 27% discount in December 1987. The average variance from NAV for the Trust since inception is a 0.2% discount to NAV. Beginning in early 2001, the market price of the Trust exceeded the NAV and this premium has gradually increased since. The previous extended period in which a premium existed occurred during a 20-month period from August 1993 to March 1995.

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

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

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September 30, 2002

Net Asset Value	\$ 5.79
Market Price	\$7.06
Premium	21.93%

[GRAPH OMITTED]

EDGAR REPRESENTATION OF PLOT POINTS:

9/30/86	0.0067
10/31/86	0.0046
11/30/86	-0.039
12/31/86	-0.0661
1/31/87	-0.1363
2/28/87	-0.1323
3/31/87	-0.1555
4/30/87	-0.1393

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5/31/87	-0.1788
6/30/87	-0.2028
7/31/87	-0.2
8/31/87	-0.2052
9/30/87	-0.2128
10/31/87	-0.2074
11/30/87	-0.2154
12/31/87	-0.2061
1/31/88	-0.2235
2/29/88	-0.1145
3/31/88	-0.1523
4/30/88	-0.1477
5/31/88	-0.1906
6/30/88	-0.0819
7/31/88	-0.0984
8/31/88	-0.0942
9/30/88	-0.1097
10/31/88	-0.1256
11/30/88	-0.1104
12/31/88	-0.1113
1/31/89	-0.1214
2/28/89	-0.1108
3/31/89	-0.1006
4/30/89	-0.0925
5/31/89	-0.0699
6/30/89	-0.0468
7/31/89	-0.0854
8/31/89	-0.0243
9/30/89	-0.0385
10/31/89	-0.0257
11/30/89	-0.0217
12/31/89	0.0076
1/31/90	0.0534
2/28/90	-0.0156
3/31/90	0.0242
4/30/90	0.0033
5/31/90	-0.0056
6/30/90	-0.0049
7/31/90	-0.0176
8/31/90	-0.018
9/30/90	-0.0348
10/31/90	-0.1187
11/30/90	-0.0327
12/31/90	0.029
1/31/91	-0.0091
2/28/91	0.0269
3/31/91	0.015
4/30/91	-0.0257
5/31/91	-0.01
6/30/91	0.0138
7/31/91	-0.0032
8/31/91	-0.0009
9/30/91	-0.0298
10/31/91	-0.0083
11/30/91	-0.1014
12/31/91	-0.0366
1/31/92	-0.0077
2/29/92	0.0141
3/31/92	0.0045
4/30/92	0.0069
5/31/92	0.0092
6/30/92	0.0032

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7/31/92	0.0165
8/31/92	0.0309
9/30/92	0.0427
10/31/92	-0.0068
11/30/92	-0.0461
12/31/92	-0.0257
1/31/93	-0.0312
2/28/93	-0.0046
3/31/93	0.0265
4/30/93	0.0436
5/31/93	0.012
6/30/93	-0.0207
7/31/93	-0.0093
8/31/93	-0.0358
9/30/93	0.0088
10/31/93	0.0601
11/30/93	0.0659
12/31/93	0.0573
1/31/94	0.0797
2/28/94	0.0673
3/31/94	0.0733
4/30/94	-0.027
5/31/94	0.0524
6/30/94	0.0542
7/31/94	0.0233
8/31/94	0.0597
9/30/94	0.0185
10/31/94	0.0375
11/30/94	0.0622
12/31/94	0.0121
1/31/95	0.0047
2/28/95	0.03
3/31/95	0.017
4/30/95	-0.0122
5/31/95	-0.024
6/30/95	-0.0081
7/31/95	-0.044
8/31/95	-0.0697
9/30/95	-0.0845
10/31/95	-0.1206
11/30/95	-0.075
12/31/95	-0.0578
1/31/96	-0.0625
2/29/96	-0.0821
3/31/96	-0.0385
4/30/96	-0.0732
5/31/96	-0.0916
6/30/96	-0.047
7/31/96	-0.0576
8/31/96	-0.0708
9/30/96	-0.0474
10/31/96	-0.0405
11/30/96	-0.0644
12/31/96	-0.0394
1/31/97	-0.0741
2/28/97	-0.0644
3/31/97	-0.0424
4/30/97	-0.0077
5/31/97	-0.0688
6/30/97	-0.0613
7/31/97	-0.0693
8/31/97	-0.0676

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9/30/97	-0.0397
10/31/97	-0.0636
11/30/97	-0.0175
12/31/97	0.0316
1/31/98	0.0119
2/28/98	-0.0088
3/31/98	-0.022
4/30/98	-0.0788
5/31/98	-0.0885
6/30/98	-0.04
7/31/98	-0.042
8/31/98	-0.0814
9/30/98	-0.0091
10/31/98	0.0025
11/30/98	0.0216
12/31/98	0.0026
1/31/99	0.0103
2/28/99	0.0264
3/31/99	0.0202
4/30/99	-0.0068
5/31/99	-0.006
6/30/99	-0.0163
7/31/99	0.007
8/31/99	0.0159
9/30/99	0.0126
10/31/99	-0.0045
11/30/99	-0.0178
12/31/99	-0.0147
1/31/00	-0.0331
2/29/00	-0.0835
3/31/00	-0.0438
4/30/00	-0.078
5/31/00	-0.046
6/30/00	0.0097
7/31/00	-0.0093
8/31/00	0.0073
9/30/00	-0.0179
10/31/00	-0.0298
11/30/00	0.0332
12/31/00	0.0493
1/31/01	-0.045
2/28/01	-0.0067
3/31/01	0.1048
4/30/01	0.0937
5/31/01	0.1453
6/30/01	0.1596
7/31/01	0.1107
8/31/01	0.1614
9/30/01	0.2041
10/31/01	0.2241
11/30/01	0.2314
12/31/01	0.2029
1/31/02	0.2497
2/28/02	0.2463
3/30/02	0.2311
4/30/02	0.248
5/30/02	0.2955
6/30/02	0.3215
7/31/02	0.3318
8/31/02	0.3392
9/30/02	0.2193

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### COMMENTARY

#### THE ECONOMY: A RECOVERY

Economic growth was quite good in the third quarter. Federal Reserve Board ("Fed") Chairman Alan Greenspan is confident the economy is still on a moderate growth path. Investors aren't so sure. On balance, economic data has been mixed. Consumer spending has remained buoyant. Housing starts, existing home sales and auto sales are still quite healthy. Retail sales have held up well, despite the drag from rising unemployment and the toxic impact of the wealth effect.

Why is the economy treading water? The business sector is acting like a deer caught in headlights. A dearth of capital spending continues to drag on the economy and uncertainty regarding Iraq is also probably having an impact. Oil hovering over \$30 a barrel is taking its toll on all. We saw impressive Gross Domestic Product ("GDP") growth in the first half as companies began rebuilding inventories depleted during the recession and in the aftermath of 9/11. Then the re-stocking of shelves was put on hold as corporate managers devoted much of their time, energy and resources making sure their companies' books were in good order and/or shoring up balance sheets. As these tasks are completed, we should see the inventory rebuilding cycle resume and the economy make more meaningful progress, though the West Coast dock lock-out will mute results. As corporate managers gain confidence that the recovery is for real, we should also see a modest up-tick in capital spending take some of the economic burden off the American consumer's broad shoulders. However, in order for the world economies to gain traction oil would need to be plentiful and priced below \$25 per barrel.

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Higher energy prices are essentially a tax on virtually every business and consumer. At around \$30 per barrel, oil appears to be discounting a serious disruption in supply resulting from a potential war in Iraq, and, closer to home, a threatened strike by Mexican oil workers. It is impossible to predict what will happen in the coming months. However, should the supply lines remain open, we believe oil prices will come down from current levels and no longer pose a serious threat to a global economic recovery. Longer term, the U.S. must consume less and find alternative ways to power our ubiquitous automobile.

The corporate earnings picture remains cloudy. In our second quarter 2002 letter to shareholders, we opined that given steady economic progress, increased productivity, cost cutting, financial re-engineering, a decline in the "everything including the kitchen sink" write-offs taken in 2001 and a weakening dollar, the result would be a favorable impact on 2002 earnings. We went on to say that although stocks did not yet look cheap, rising earnings would make valuations appear more reasonable. Second half 2002 earnings growth will likely provide help to battered stocks. It appears that the earnings recovery is good but not as vigorous as assumed. Equity valuations, however, have come down. Once the economy gains traction, we believe the aforementioned factors will contribute to more substantial earnings growth in 2003 and provide a foundation for equity returns over the balance of this decade.

#### THE STOCK MARKET: WHERE IS THE BOTTOM?

When and where will the stock market bottom out? We wish we knew. At this juncture, stock prices appear to be discounting most if not all of the bad news. In July and again in September, we witnessed the kind of near panic selling that usually foreshadows market bottoms. We believe the old adage that "bull markets climb a wall of worry," and it is apparent that investors have plenty to worry about. We also echo our observation that the two ingredients for a stock market recovery -- low interest rates and a better earnings environment -- are in place.

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### SOME PERSPECTIVE

We have experienced one of the deepest and most prolonged bear markets in history. At the end of the quarter, the S&P 500 Index was off 47% and the technology-heavy Nasdaq Composite Index was down 77% from their respective highs. The S&P 500 Index appears headed for the third straight year of negative returns, the first time this has happened since 1939-41. The causes of this bear market are obvious. Grossly inflated equity valuations ran head on into a rapidly decelerating economy. The tragic events of 9/11 and massive frauds at Enron, Adelphia and WorldCom (among others) further damaged investor psychology. The excessive exuberance Fed Chairman Greenspan warned about in 1996 has given way to despair. Investors who couldn't pay too much for Internet start-ups in the fourth quarter of 1999 and early 2000 are now shunning well established, financially strong companies with dominant positions in their industries. Market cheerleaders forecasting a doubling of the Dow Jones Industrial Average by 2005 have been replaced by doomsayers predicting an extended period of flat to negative equity returns.

We have experienced such periods, most recently from 1966 through 1981, during which the annualized return for the Dow Jones Industrial Average was negative (minus 0.6%). Indeed, in the late 1970s, BUSINESSWEEK heralded "the death of equities" in one of its weekly issues. But, that time period was characterized by high inflation, economic contraction and rising prices, creating a new economic term, stagflation. Inflation, as represented by the Consumer Price Index, averaged nearly 7% a year. At its peak, inflation reached the mid-teens. Long-term interest rates made

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it to the high-teens. In addition, that period also included the final years of the disastrous Vietnam War, a tripling of oil prices imposed by the Organization of Petroleum Exporting Countries ("OPEC") following the 1973 Arab/Israeli War, the Watergate Scandal and President Richard Nixon's resignation. Despite today's economic and political uncertainties, it is difficult to imagine this kind of catastrophic market backdrop developing during the next decade. But, since our economic underpinnings are fragile, the risk of an external event could cause a total collapse in investor confidence. Should this occur, we would find even more bargains.

What do we expect from equity markets over the next five years? Based on an economic model with 3.5% Gross World Product ("GWP") growth (3% in the U.S.) and 3% inflation, we expect after-tax corporate earnings to grow by approximately 6% annually. In addition, now that investors recognize the benefits of dividends, we could see dividends grow by as much as 2% annually. Multiples are unlikely to expand. Under this scenario, ownership of U.S. equities should return close to 8% annually -- hardly inspiring by Roaring 90s standards and below the long-term average, but still a significantly better return than can be expected from most other asset classes.

Of course, through diligent fundamental research focused on identifying high quality companies trading at attractive valuations relative to the "real world" economic value of assets and/or earnings growth prospects, we plan to do better than the market.

### PUTTING HUMPTY DUMPTY BACK TOGETHER

When past market bubbles burst, lots of debris washed ashore. This time, the bubble was bigger and the debris was more hideous and more widespread. Accountants, analysts and investment bankers (among others) lost their checks and balances and did not act as safety nets and buffers.



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We are in a camp that believes that securities analysts do a terrific job. Beginning in May of 1975, a payment mechanism for research was removed with the collapse of fixed price commissions. The conflicts in the late 1990s are directly traceable to "May Day." Where next? When we joined Wall Street in 1967, research that was performed on a brokerage firm's investment banking client was identified as such. To get back there is an easy fix. Regulation Fair Disclosure ("FD") already put analysts back on the fundamental research track.

Accountants should not perform services beyond audit functions, except where the fee is small relative to the audit engagement.

Perhaps we need to revisit the Glass-Steagall Act. The safeguards put in place by that Act were there for a reason.

All in all, we believe that most corporate managers we see come to work every day to grow the intrinsic value of their enterprise and work hard to have the public stock track the underlying value of the business.

Our job remains the same -- to ferret out those companies that Mr. Market puts on the bargain counter.

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[RESEARCH GRAPHIC OMITTED]

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WHAT IS RESEARCH?

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CONGRATULATIONS

TO THE

2002 ALL AMERICAN

INSTITUTIONAL INVESTOR

RESEARCH TEAM

THE FIRM WHERE RESEARCH IS KING.

GABELLI & COMPANY, INC., ONE CORPORATE CENTER, RYE, NY 10580  
914-921-5130 o FAX 914-921-5098 o RESEARCH@GABELLI.COM

[EPS/PMV GRAPHIC OMITTED]  
TRIANGLE  
EPS  
PMV  
MANAGEMENT  
CASH FLOW  
RESEARCH

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Research (ri' surch)

Careful or Diligent Research

Studious inquiry or examination, esp: investigation or experimentation aimed at the discovery or interpretation of facts, revisions of accepted theories or laws in the light of new facts, or practical

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application of such new or revised theories or laws.

INDEPENDENT RESEARCH FOR OVER 25 YEARS

GABELLI & COMPANY, INC., ONE CORPORATE CENTER, RYE, NY 10580  
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[EPS/PMV GRAPHIC OMITTED]

TRIANGLE  
EPS  
PMV  
MANAGEMENT  
CASH FLOW  
RESEARCH

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### SECURITY ANALYSIS

#### OBJECTIVES:

- 1) Seek to present the important facts regarding a publicly held corporate stock or bond issue in a manner most informing and useful to an actual or potential owner.
- 2) Seek to reach a dependable conclusion based upon the facts and applicable standard as to the safety and attractiveness of a given security at the current market price or at some assured price.

SECURITY ANALYSIS PRINCIPLES AND TECHNIQUE, GRAHAM, DODD, COTTLE.

INDEPENDENT RESEARCH FOR OVER 25 YEARS

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EPS  
PMV  
MANAGEMENT  
CASH FLOW  
RESEARCH

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#### SECURITY ANALYST

- o Deals with the past, present and future
- o Describes the business
- o Sets forth strong and weak points
- o Estimates future earnings power
- o Makes elaborate comparisons
- o Finally, expresses an opinion

INDEPENDENT RESEARCH FOR OVER 25 YEARS

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[EPS/PMV GRAPHIC OMITTED]

TRIANGLE

EPS

PMV

MANAGEMENT

CASH FLOW

RESEARCH

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GABELLI ASSET MANAGEMENT INC.  
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### INVESTMENT SCORECARD

We had a few winners in an awful market. Positions in the consumer products sector such as J.M. Smucker, Givaudan and Gallaher Group posted respectable gains. Publishing companies Meredith Corp., PRIMEDIA and McGraw-Hill also buoyed performance. Telecommunications stocks, the worst performing industry sector in recent years, rebounded with wireless operator Nextel Communications and AT&T making our top-ten performance list.

There was no particular industry theme to our laggards list. Amusement park operator Six Flags, telecom equipment manufacturers Lucent Technologies and Corning, cable television provider UnitedGlobalCom and industrial manufacturer Flowserve were among our biggest portfolio disappointments.

### LET'S TALK STOCKS

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

AUTONATION INC. (AN - \$11.52 - NYSE) is the largest automotive retailer in the U.S., with over \$20 billion in annual sales generated from 280 locations covering nearly 400 franchises. In addition to retailing new and used vehicles, the company sells vehicle finance and insurance products from third parties such as GMAC, and provides parts and repair services covered by factory warranties. The company aims to use its enormous size to spread overhead and interest costs over many locations to generate margins in excess of industry averages.

BERKSHIRE HATHAWAY INC. (BRK'A - \$73,900 - NYSE) is Warren Buffett. The company has interests in insurance (notably GEICO and General Re), publishing, aviation, retailing and manufacturing. Its investment portfolio includes over \$28 billion of marketable equity securities. Berkshire has grown rapidly through acquisitions over the past 15 years, including Kirby vacuum cleaners; World Book encyclopedias; H. H. Brown, Dexter and Justin footwear; Executive Jet aviation; Dairy Queen restaurants and snack treats; Johns Manville building products; Benjamin Moore paints; Shaw Industries carpets; MiTek steel connectors; XTRA transportation leasing; GEICO insurance; and General Re reinsurance. GEICO, the sixth largest auto insurer in the U.S., contributes 17% of revenues while General Re, the fourth largest reinsurer globally, contributes 23% of revenues.

CENTURYTEL INC. (CTL - \$22.43 - NYSE), based in Monroe, Louisiana, is the eighth largest local telephone company in the U.S., with over 2.5 million access lines in the South and Midwest including recently closed acquisitions of 676,000 access lines from Verizon for \$2.16 billion. Through acquisitions, CTL has

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created clusters of rural telephone and cellular companies within commuting distance of metropolitan areas in states including Wisconsin, Michigan, Ohio, Louisiana and Arkansas. In July 2001, the company received an unsolicited bid from Alltel Corp. (AT - \$40.13 - NYSE) to acquire CenturyTel for \$43 per share in cash and Alltel stock. CenturyTel management has rejected Alltel's initial offer. CenturyTel recently completed a sale of its wireless operations to Alltel Corp. for \$1.6 billion in cash. The sale of the wireless business to Alltel and acquisition of lines from Verizon has repositioned CenturyTel as a premiere pure-play rural local exchange carrier with over 2.5 million access lines.

CH ENERGY GROUP INC. (CHG - \$46.93 - NYSE) is the last small electric utility in New York State, now that RGS Energy has been acquired by Energy East (EAS - \$19.81 - NYSE). CH Energy serves the territory directly north of New York City that is mainly rural and suburban. There are several potential buyers for whom CH Energy would be a good fit, including Consolidated Edison (ED - \$40.22 - NYSE), Energy East, KeySpan (KSE - \$33.50 - NYSE),

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National Grid (NGG - \$35.60 - NYSE) or Public Service Enterprise Group (PEG - \$30.50 - NYSE). The buyer could create significant savings by rationalizing outside plant operations and eliminating all of the corporate, finance, regulatory and public company overhead, for the benefit of shareholders and customers. Although it is tough to predict when a deal might happen, we would point out that National Grid completed its takeover of Niagara Mohawk several months ago and Grid has typically waited less than a year between takeovers in the U.S. where it has already bought three utilities. Con Edison meanwhile, having done a terrific job in the aftermath of September 11 and with a strong balance sheet and premium stock price valuation, might be ready to make an offer for CH Energy.

CRANE CO. (CR - \$19.76 - NYSE) is a diversified industrial company that focuses on proprietary engineered products in aerospace, fiberboard panels, vending machines, pumps and valves, and industrial controls. CEO Eric Fast is focusing on improving operations by leveraging the firm's intellectual capital by creating a culture where different business groups share experience, improve customer focus and improve operational performance. The company has a strong balance sheet, with a 29% net debt to capital ratio, and generates about \$100 million of free cash flow a year. Crane has \$1 billion available to spend on acquisitions of which half comes from free cash flow and the other half from debt. Acquisitions will focus on strengthening the existing businesses and enhancing earnings growth.

FLOWSERVE CORP. (FLS - \$10.00 - NYSE) is a manufacturer of engineered pumps, control valves and mechanical seals for the petroleum, chemical, power, water and other general industries. After integrating the operations of Ingersoll-Dresser Pump, Flowserve purchased the flow control business from Invensys. Invensys Flow Control (IFC) is a manufacturer of valves and valves automation products, with \$500 million of revenues. The transaction gives Flowserve a better balance of end markets, greater geographical reach, economies of scale and plant consolidation opportunities. Already the second largest global pump company, IFC makes Flowserve the second largest global valve company. The critical mass should allow the company to gain market share as customers are reducing their suppliers and moving to one stop shopping. Consistent with the company's acquisition strategy, the transaction is expected to be accretive in the first year of ownership.

IRISH LIFE & PERMANENT PLC (IPM.I - \$11.36 - DUBLIN STOCK EXCHANGE) is the third largest financial institution in Ireland. The company offers a broad array of financial products to consumers in Ireland. Expansion into overseas markets has been reversed, making Irish Life & Permanent a pure play on the exciting growth prospects for the Irish economy.

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KELLOGG CO. (K - \$33.25 - NYSE), a producer of cereal and convenience foods, completed its largest acquisition in company history in March 2001 with the purchase of Keebler Foods Company. Keebler is the number two cookie and cracker producer in the United States. Along with Keebler's top brands, Kellogg acquired their direct store door (DSD) delivery system, which is now being utilized for its own snack brands. This year Kellogg is focused on the integration of Keebler and has placed a renewed emphasis on profitable sales growth and cash flow. Kellogg's other food brands include Special K, Rice Krispies, Pop-Tarts, Nutri-Grain, Eggo, Cheez-It, Carr's, Morningstar Farms, Famous Amos and Kashi.

SCRIPPS (E.W.) CO. (SSP - \$69.30 - NYSE), headquartered in Cincinnati, Ohio, is a diversified media company with operations throughout the United States combining traditional and new media. The company is the tenth largest newspaper publisher in the U.S. with 21 daily newspapers. Scripps also has 10 television stations, reaching one in every ten homes in America. Additionally, Scripps Networks includes four national cable networks: Home & Garden Television, Food Network, Do It Yourself, and Fine Living. Lastly, the company has a global licensing and syndication business which syndicates more than 150 comic strips and editorial features, including PEANUTS and DILBERT. Scripps is focused on growing and strengthening its cable television business.

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STARWOOD HOTELS & RESORTS WORLDWIDE INC. (HOT - \$22.30 - NYSE) is one of the world's largest hotel and leisure companies with 745 hotels, 225,208 rooms and 14 timeshare resorts in its system. The company's brands primarily compete in the upper-upscale segment of the lodging industry and include St. Regis, The Luxury Collection, Sheraton, Westin, W and Four Points by Sheraton.

### 7.25% TAX ADVANTAGED CUMULATIVE PREFERRED STOCK - DIVIDENDS

The Trust's 7.25% Tax Advantaged Cumulative Preferred Stock paid a cash distribution on September 26, 2002 of \$0.453125 per share. For the twelve months ended September 30, 2002, Preferred Stock shareholders received distributions totaling \$1.8125, the annual dividend rate per share of Preferred Stock. The next distribution is scheduled for December 2002. The Preferred Shares will be callable at any time at the liquidation value of \$25.00 per share plus accrued dividends following the expiration of the five-year call protection on June 9, 2003.

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

The Trust's 7.20% Tax Advantaged Series B Cumulative Preferred Stock paid a cash distribution on September 26, 2002 of \$0.45 per share. The Series B Preferred Shares were issued on June 20, 2001 at \$25.00 per share and will pay distributions quarterly at an annual dividend rate of \$1.80 per share. The next distribution is scheduled for December 2002.

### SERIES C AUCTION RATE CUMULATIVE PREFERRED STOCK

On June 27, 2002, the Trust successfully completed its offering of 5,200 Shares of Series C Auction Rate Cumulative Preferred Stock at \$25,000 per share. The dividend rates for the Series C Preferred Shares ranged from 1.80% to 1.95% during the third quarter. Dividend rates for the Preferred Shares are cumulative at a rate that may be reset every seven days based on the results of an auction. The Preferred Shares do not trade on an exchange.

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Please visit us on the Internet. Our homepage at <http://www.gabelli.com> contains information about Gabelli Asset Management Inc., the Gabelli Mutual

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Funds, IRAs, 401(k)s, quarterly reports, closing prices and other current news. You can send us e-mail at [closedend@gabelli.com](mailto:closedend@gabelli.com).

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

	WHO ---	WHEN ----
Special Chats:	Mario J. Gabelli Howard Ward	First Monday of each month First Tuesday of each month

In addition, every Wednesday will feature a different portfolio manager. The upcoming Wednesday chat schedule is as follows:

	NOVEMBER -----	DECEMBER -----	JANUARY -----
1st Wednesday	Charles Minter & Martin Weiner	Charles Minter & Martin Weiner	Ivan Artea
2nd Wednesday	Caesar Bryan	Walter Walsh & Laura Linehan	Charles Mi
3rd Wednesday	Walter Walsh & Laura Linehan	Hart Woodson	Walter Wal
4th Wednesday	Barbara Marcin		Barbara Ma

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All chat sessions start at 4:15 PM (Eastern Time). Please arrive early, as participation is limited.

You may sign up for our e-mail alerts at [www.gabelli.com](http://www.gabelli.com) and receive early notice of chat sessions, closing mutual fund prices, news events and media sightings.

### IN CONCLUSION

The great irony is that investors' appetite for stocks is always strongest near market tops and weakest near market bottoms. It is important to remember that like bull markets, bear markets always end, usually when least expected. We do not know when the market will bottom. However, we believe low interest rates and increasingly attractive equity valuations point to more fertile days for firms that have focused research efforts.

The goal of every portfolio manager and every analyst is to find well managed, growing companies that are selling at a discount to their intrinsic value, particularly where a catalyst is in place. We have long argued that in a world of rapid change, Mr. Market will provide us with many opportunities to load up our portfolios with these "stock picks." The events of the third quarter will again prove a fertile ground for the type of analysis that Graham and Dodd heralded in the 1930s.

Sincerely,

/S/ MARIO J. GABELLI  
MARIO J. GABELLI, CFA

Portfolio Manager and Chief Investment Officer

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November 1, 2002

## ----- SELECTED HOLDINGS SEPTEMBER 30, 2002 -----

AutoNation Inc.	Flowserve Corp.
Berkshire Hathaway Inc.	Irish Life & Permanent plc
CenturyTel Inc.	Kellogg Co.
CH Energy Group Inc.	Scripps (E.W.) Co.
Crane Co.	Starwood Hotels & Resorts Worldwide Inc.

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NOTE: The views expressed in this report reflect those of the portfolio managers only through the end of the period stated in this report. The managers' views are subject to change at any time based on market and other conditions.

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## THE GABELLI EQUITY TRUST INC. PORTFOLIO CHANGES QUARTER ENDED SEPTEMBER 30, 2002 (UNAUDITED)

	SHARES	OWNERSHIP AT SEPTEMBER 30, 2002
	-----	-----
NET PURCHASES		
COMMON STOCKS		
ATX Communications Inc. (a) .....	40,540	40,540
Aventis SA .....	3,000	15,000
BAE Systems plc .....	25,000	125,000
Boots Co. plc .....	15,000	75,000
BorgWarner Inc. ....	1,000	37,802
Cablevision Systems Corp., Cl. A (b) ...	1,016,443	1,551,443
Cadbury Schweppes plc, ADR .....	4,200	15,000
Campbell Soup Co. ....	10,000	80,000
Carlsberg AS, Cl. B .....	11,000	11,000
ConocoPhillips (c) .....	98,217	98,217
Denny's Corp. ....	62,463	62,463
Denny's Corp., warrants, expires 01/07/05 .....	10,108	10,108
Disney (Walt) Co. ....	40,000	260,000
DPL Inc. ....	5,000	20,000
Duke Energy Corp. ....	580,000	580,000
El Paso Corp. ....	40,000	120,000
EMI Group plc .....	110,000	110,000
Energy East Corp. ....	10,000	30,000
Exxon Mobile Corp. ....	40,000	40,000
Fast Retailing Co. Ltd. ....	10,000	10,000
FleetBoston Financial Corp. ....	50,000	50,000
Gas Natural SDG SA .....	5,000	30,000
Gemstar-TV Guide International Inc. ....	100,000	240,432
Gray Television Inc. ....	25,000	25,000
Gray Television Inc., Cl. A .....	28,000	28,000
Hershey Foods Corp. ....	15,000	15,000
Honeywell International Inc. ....	20,000	400,000
Ito-Yokado Co. Ltd. ....	8,000	8,000
Mellon Financial Corp. ....	15,000	100,000
Midland Co. (d) .....	99,700	199,400

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Nestle SA .....	1,000	1,000
Nikko Cordial Corp. ....	21,000	207,500
NTL Inc., rights (e) .....	298	298
Qwest Communications		
International Inc. ....	500,000	700,000
Royal Dutch Petroleum Co. ....	7,500	7,500
SBC Communications Inc. ....	20,000	225,000
Six Flags Inc. ....	125,000	225,000
TELUS Corp., Non-Voting .....	4,250	4,250
Terumo Corp. ....	20,000	20,000
Texas Instruments Inc. ....	90,000	200,000
Tyco International Ltd. ....	20,000	55,000
Vivendi Universal SA .....	5,000	40,900
Vivendi Universal SA, ADR .....	80,000	310,000
Wrigley (Wm.) Jr. Co. ....	27,000	177,000
Wyeth .....	17,000	55,000
Xcel Energy Inc. ....	60,000	60,000

OWNERSHIP AT  
SEPTEMBER 30,  
2002

SHARES

## PREFERRED STOCKS

Citizens Communications Co.,		
5.000% Cv. Pfd. ....	1,000	21,000
Hercules Trust I, 9.420% Pfd. ....	251,800	273,500

PRINCIPAL  
AMOUNT

## CORPORATE BONDS

Charter Communications Inc.,		
Cv., 4.750%, 06/01/06 .....	\$ 400,000	\$1,300,000

SHARES

## NETSALES

### COMMON STOCKS

Acterna Corp. ....	(8,000)	60,000
Adelphia Communications Corp.,		
Cl. A .....	(20,000)	100,000
Advantica Restaurant Group Inc. ....	(10,108)	--
Advantica Restaurant Group Inc.,		
warrants, expires 01/07/05 .....	(62,463)	--
Allegiance Telecom Inc. ....	(3,000)	6,000
Cheung Kong Life Science		
International Inc., rights .....	(3,000)	--
Compagnie Financiere Richemont AG,		
Cl. A .....	(10,000)	100,000
Conoco Inc. (c) .....	(210,000)	--
CoreComm Ltd. (a) .....	(1,577,000)	--
CRH plc .....	(20,000)	92,500
Energizer Holdings Inc. (f) .....	(345,001)	--
Ferro Corp. ....	(10,000)	330,000
France Telecom SA, ADR .....	(3,000)	24,000
Gray Communications Systems Inc. ....	(28,000)	--
Gray Communications Systems Inc.,		
Cl. B .....	(25,000)	--
HBOS plc .....	(66,000)	--
Leap Wireless International Inc. ....	(17,100)	142,900
Midas Inc. ....	(5,000)	105,000
mm02 plc, ADR .....	(15,200)	125,600
Muenchener Rueckversicherungs-		
Gesellschaft AG .....	(5,000)	--



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Nortek Inc. ....	(2,200)	137,800
Novartis AG .....	(5,000)	41,000
Prudential plc .....	(50,000)	--
Rainbow Media Group, Cl. A (b) .....	(560,000)	--
Rohm and Haas Co. ....	(5,000)	15,000
Superior Industries International Inc. .	(1,000)	24,000
Swiss Re .....	(4,200)	--
Syrtech Corp. ....	(10,425)	--
TELUS Corp., Non-Voting, ADR .....	(4,250)	27,500
THK Co. Ltd. ....	(33,000)	--
Viacom Inc., Cl. A .....	(10,000)	840,000
Winn-Dixie Stores Inc. ....	(15,000)	25,000

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## THE GABELLI EQUITY TRUST INC. PORTFOLIO CHANGES (CONTINUED) QUARTER ENDED SEPTEMBER 30, 2002 (UNAUDITED)

	PRINCIPAL AMOUNT	OWNERSHIP AT SEPTEMBER 30, 2002
	-----	-----
CORPORATE BONDS		
Standard Motor Products Inc., Sub. Deb. Cv., 6.750%, 07/15/09 .....	\$ (100,000)	\$1,400,000

- 
- (a) Merger - 0.0257 shares of ATX Communications Inc. for every 1 share of CoreComm Ltd.
  - (b) Merger - 1.1909 shares of Cablevision Systems Corp., Cl. A for every 1 share of Rainbow Media Group, Cl. A
  - (c) Merger - 0.4677 shares of ConocoPhillips for every 1 share of Conoco Inc.
  - (d) 2 for 1 stock split
  - (e) Spinoff - 0.0149 shares of NTL Inc., rights for every 1 share of NTL Inc.
  - (f) Tender Offer at \$29.00 per share

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## THE GABELLI EQUITY TRUST INC. PORTFOLIO OF INVESTMENTS SEPTEMBER 30, 2002 (UNAUDITED)

SHARES		MARKET VALUE
-----		-----
	COMMON STOCKS -- 84.2%	
	FINANCIAL SERVICES -- 7.7%	
90,000	Allstate Corp. ....	\$ 3,199,500
550,000	American Express Co. ....	17,149,000
36,400	Argonaut Group Inc. ....	627,900
90,000	Banco Santander Central Hispano SA, ADR .....	466,200
110,000	Bank of Ireland .....	1,070,769
80,000	Bank of New York Co. Inc. ....	2,299,200
85,000	Bank One Corp. ....	3,179,000
282,000	Bankgesellschaft Berlin AG+ .....	501,636
260	Berkshire Hathaway Inc., Cl. A+ .....	19,214,000
5,000	Block (H&R) Inc. ....	210,050

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190,000	Commerzbank AG, ADR .....	1,248,661
160,000	Deutsche Bank AG, ADR .....	7,267,200
20,000	Dun and Bradstreet Corp.+ .....	672,200
50,000	FleetBoston Financial Corp. ....	1,016,500
25,000	Hibernia Corp., Cl. A .....	499,750
20,000	Invik & Co. AB, Cl. B .....	314,911
100,000	Irish Life & Permanent plc, Dublin .....	1,136,487
60,000	John Hancock Financial Services Inc. ....	1,668,000
50,000	JP Morgan Chase & Co. ....	949,500
64,000	Leucadia National Corp. ....	2,176,000
100,000	Mellon Financial Corp. ....	2,593,000
199,400	Midland Co. ....	3,355,902
30,000	Moody's Corp. ....	1,455,000
207,500	Nikko Cordial Corp. ....	986,877
185,000	Phoenix Companies Inc. ....	2,519,700
2,500	Prudential Financial Inc.+ .....	71,400
60,000	RAS SpA .....	705,017
60,000	Riggs National Corp. ....	857,400
50,000	Schwab (Charles) Corp. ....	435,000
80,000	State Street Corp. ....	3,091,200
30,000	Stilwell Financial Inc. ....	362,100
20,000	SunTrust Banks Inc. ....	1,229,600
100,000	T. Rowe Price Group Inc. ....	2,496,000
7,000	Travelers Property Casualty Corp., Cl. A+ .....	92,400
58,500	Unitrin Inc. ....	1,795,950
130,000	Wachovia Corp. ....	4,249,700
55,100	Waddell & Reed Financial Inc., Cl. A .....	973,066
		-----
		92,135,776
		-----
TELECOMMUNICATIONS -- 7.6%		
8,132	Aliant Inc. ....	152,415
6,000	Allegiance Telecom Inc.+ .....	4,980
30,000	ALLTEL Corp. ....	1,203,900
1,500,000	AT&T Corp. ....	18,015,000
40,540	ATX Communications Inc.+ .....	15,000
3,333	Avaya Inc.+ .....	4,766
320,000	BCE Inc. ....	5,664,000
33,400	Brasil Telecom Participacoes SA, ADR .....	741,814
850,000	Broadwing Inc.+ .....	1,683,000
SHARES		MARKET
-----		VALUE
1,775,000	BT Group plc .....	\$ 4,591,863
34,000	BT Group plc, ADR .....	878,560
3,338,192	Cable & Wireless Jamaica Ltd. ....	86,087
173,000	Cable & Wireless plc, ADR .....	934,200
130,000	CenturyTel Inc. ....	2,915,900
100,000	Citizens Communications Co.+ .....	678,000
255,466	Commonwealth Telephone Enterprises Inc.+ .....	8,882,553
20,000	Commonwealth Telephone Enterprises Inc., Cl. B+ .....	695,800
45,000	Compania de Telecomunicaciones de Chile SA, ADR .....	393,300
240,278	Deutsche Telekom AG, ADR .....	1,987,099
200,000	Embratel Participacoes SA, ADR+ .....	120,000
24,000	France Telecom SA, ADR .....	167,520
230	Japan Telecom Holdings Co. Ltd. ....	572,449
100,000	KPN NV+ .....	518,831

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700,000	Qwest Communications International Inc.+ .....	1,596,000
110,000	RCN Corp.+ .....	56,100
9,655	Rogers Communications Inc., Cl. B+ .....	60,868
110,345	Rogers Communications Inc., Cl. B, ADR+ .....	692,967
225,000	SBC Communications Inc. ....	4,522,500
350,000	Sprint Corp. - FON Group .....	3,192,000
186,554	Tele Norte Leste Participacoes SA, ADR .....	988,736
40,000	Telecom Argentina Stet France Telecom SA, ADR+ .....	32,800
400,040	Telecom Italia SpA .....	2,850,397
123,000	Telecom Italia SpA, ADR .....	8,776,050
135,000	Telecom Italia SpA, RNC .....	671,071
265,139	Telefonica SA, ADR+ .....	5,923,205
16,912	Telefonica SA, BDR+ .....	121,262
36,000	Telefonos de Mexico SA, Cl. L, ADR .....	1,013,400
12,750	TELUS Corp. ....	94,366
52,500	TELUS Corp., ADR .....	388,565
4,250	TELUS Corp., Non-Voting .....	28,937
27,500	TELUS Corp., Non-Voting, ADR .....	187,238
340,000	Verizon Communications Inc. ....	9,329,600
120,000	WorldCom Inc. - MCI Group .....	19,200
		-----
		91,452,299
		-----
FOOD AND BEVERAGE -- 7.5%		
15,000	Cadbury Schweppes plc, ADR .....	400,050
80,000	Campbell Soup Co. ....	1,766,400
11,000	Carlsberg AS, Cl. B .....	570,815
30,000	Coca-Cola Co. ....	1,438,800
50,000	Coca-Cola Enterprises Inc. ....	1,062,000
20,000	Coca-Cola Hellenic Bottling Co. SA .....	291,336
100,000	Corn Products International Inc. ....	2,875,000
10,108	Denny's Corp.+ .....	7,682
100,000	Diageo plc .....	1,240,799

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## THE GABELLI EQUITY TRUST INC. PORTFOLIO OF INVESTMENTS (CONTINUED) SEPTEMBER 30, 2002 (UNAUDITED)

SHARES		MARKET
-----		VALUE
		-----
COMMON STOCKS (CONTINUED)		
FOOD AND BEVERAGE (CONTINUED)		
224,000	Diageo plc, ADR .....	\$ 11,179,840
20,000	Dreyer's Grand Ice Cream Inc. ....	1,397,200
41,600	Flowers Foods Inc.+ .....	945,568
90,000	General Mills Inc. ....	3,997,800
440,000	Grupo Bimbo SA de CV, Ser. A .....	653,796
20,000	Hain Celestial Group Inc.+ .....	293,000
114,000	Heinz (H.J.) Co. ....	3,804,180
15,000	Hershey Foods Corp. ....	930,750
30,000	Interbrew SA .....	710,947
350,000	Kellogg Co. ....	11,637,500
75,000	Kerry Group plc, Cl. A .....	964,214
60,500	LVMH Moet Hennessy Louis	

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	Vuitton, ADR .....	441,650
41,300	Mondavi (Robert) Corp., Cl. A+ .....	1,257,998
1,000	Nestle SA .....	218,569
150,000	Parmalat Finanziaria SpA .....	410,618
600,595	PepsiAmericas Inc. ....	8,528,449
500,000	PepsiCo Inc. ....	18,475,000
7,000	Pernod-Ricard SA .....	629,515
60,000	Ralcorp Holdings Inc.+ .....	1,276,200
20,000	Sara Lee Corp. ....	365,800
2,000	Smucker (J.M.) Co. ....	73,400
103,854	Tootsie Roll Industries Inc. ....	3,086,541
177,000	Wrigley (Wm.) Jr. Co. ....	8,759,730
		-----
		89,691,147
		-----
	ENERGY AND UTILITIES -- 6.5%	
52,000	AES Corp.+ .....	130,520
70,000	AGL Resources Inc. ....	1,546,300
37,400	Apache Corp. ....	2,223,430
120,000	BP plc .....	802,038
248,800	BP plc, ADR .....	9,927,120
150,000	Burlington Resources Inc. ....	5,754,000
115,000	CH Energy Group Inc. ....	5,396,950
20,000	Cinergy Corp. ....	628,600
98,217	ConocoPhillips .....	4,541,554
10,000	Constellation Energy Group Inc. ....	247,900
2,500	Dominion Resources Inc. ....	126,825
20,000	DPL Inc. ....	329,000
100,000	DQE Inc. ....	1,500,000
30,366	DTE Energy Co. ....	1,235,896
580,000	Duke Energy Corp. ....	11,339,000
120,000	El Paso Corp. ....	992,400
400,000	El Paso Electric Co.+ .....	4,752,000
30,000	Energy East Corp. ....	594,300
40,000	Exxon Mobil Corp. ....	1,276,000
9,400	FPL Group Inc. ....	505,720
30,000	Gas Natural SDG SA .....	508,454
280,000	Halliburton Co. ....	3,614,800
38,632	Kerr-McGee Corp. ....	1,678,174
90,000	Mirant Corp.+ .....	198,900
100,000	NiSource Inc.+ .....	181,000
SHARES		MARKET
-----		VALUE
		-----
250,000	Northeast Utilities .....	\$ 4,225,000
358,200	Pennzoil-Quaker State Co. ....	7,869,654
100,000	Progress Energy Inc., CVO+ .....	21,000
7,500	Royal Dutch Petroleum Co. ....	301,275
10,400	SJW Corp. ....	811,200
14,000	Southwest Gas Corp. ....	311,500
7,907	Total Fina Elf SA .....	1,040,837
260,000	Westar Energy Inc. ....	2,615,600
60,000	Xcel Energy Inc. ....	558,600
		-----
		77,785,547
		-----
	ENTERTAINMENT -- 6.0%	
620,000	AOL Time Warner Inc.+ .....	7,254,000
160,000	Canal Plus, ADR .....	132,192
260,000	Disney (Walt) Co. ....	3,936,400
110,000	EMI Group plc .....	294,080

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100,000	EMI Group plc, ADR .....	534,680
120,000	Fox Entertainment Group Inc., Cl. A+ .....	2,643,600
50,000	GC Companies Inc.+ .....	14,750
240,432	Gemstar-TV Guide International Inc.+ .....	605,889
24,000	Liberty Livewire Corp., Cl. A+ .....	37,680
1,840,000	Liberty Media Corp., Cl. A+ .....	13,211,200
300,000	Metro-Goldwyn-Mayer Inc.+ .....	3,585,000
160,000	Publishing & Broadcasting Ltd. ....	681,572
15,000	Regal Entertainment Group, Cl. A+ .....	267,000
225,000	Six Flags Inc.+ .....	792,000
840,000	Viacom Inc., Cl. A+ .....	34,062,000
40,900	Vivendi Universal SA .....	458,760
310,000	Vivendi Universal SA, ADR .....	3,530,900
		-----
		72,041,703
		-----
PUBLISHING -- 5.1%		
20,000	Dow Jones & Co. Inc. ....	768,200
196,000	Independent News & Media plc, Dublin .....	261,491
15,900	Knight-Ridder Inc. ....	896,919
5,000	McClatchy Co., Cl. A .....	304,750
105,000	McGraw-Hill Companies Inc. ....	6,428,100
400,000	Media General Inc., Cl. A .....	20,340,000
125,000	Meredith Corp. ....	5,381,250
115,000	New York Times Co., Cl. A .....	5,226,750
120,000	News Corp. Ltd. ....	573,120
11,016	News Corp. Ltd., ADR .....	212,058
400,000	Penton Media Inc.+ .....	96,000
350,000	PRIMEDIA Inc.+ .....	486,500
33,000	Pulitzer Inc. ....	1,374,450
140,000	Reader's Digest Association Inc., Cl. B .....	2,592,800
400,000	SCMP Group Ltd. ....	173,087
70,000	Scripps (E.W.) Co., Cl. A .....	4,851,000
91,842	Seat-Pagine Gialle SpA+ .....	53,278
75,000	Thomas Nelson Inc.+ .....	660,000
250,000	Tribune Co. ....	10,452,500
		-----
		61,132,253
		-----

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## THE GABELLI EQUITY TRUST INC. PORTFOLIO OF INVESTMENTS (CONTINUED) SEPTEMBER 30, 2002 (UNAUDITED)

SHARES		MARKET VALUE
-----		-----
COMMON STOCKS (CONTINUED)		
DIVERSIFIED INDUSTRIAL -- 5.0%		
220,000	Acuity Brands Inc. ....	\$ 2,697,200
195,000	Ampco-Pittsburgh Corp. ....	1,912,950
120,000	Cooper Industries Ltd., Cl. A .....	3,642,000
270,000	Crane Co. ....	5,335,200
110,000	GATX Corp. ....	2,178,000
200,000	GenTek Inc. ....	16,000
260,000	Greif Bros. Corp., Cl. A .....	6,370,000
3,400	Greif Bros. Corp., Cl. B .....	91,375
400,000	Honeywell International Inc. ....	8,664,000
120,000	ITT Industries Inc. ....	7,479,600

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400,600	Lamson & Sessions Co.+ .....	1,382,070
34,500	National Service Industries Inc. ....	209,070
83,715	Park-Ohio Holdings Corp.+ .....	334,860
213,800	Sensient Technologies Corp. ....	4,517,594
10,000	Smiths Group plc .....	100,805
6,000	Sulzer AG+ .....	773,815
100,000	Thomas Industries Inc. ....	2,480,000
50,000	Trinity Industries Inc. ....	823,000
170,000	TRW Inc. ....	9,953,500
55,000	Tyco International Ltd. ....	775,500
		-----
		59,736,539
		-----
EQUIPMENT AND SUPPLIES -- 4.9%		
120,000	AMETEK Inc. ....	3,494,400
2,000	Amphenol Corp., Cl. A+ .....	62,000
10,000	Caterpillar Inc. ....	372,200
95,000	CIRCOR International Inc. ....	1,273,000
320,000	Deere & Co. ....	14,544,000
216,000	Donaldson Co. Inc. ....	7,415,280
135,000	Flowserve Corp.+ .....	1,350,000
13,000	Franklin Electric Co. Inc. ....	555,750
100,000	Gerber Scientific Inc.+ .....	385,000
75,000	GrafTech International Ltd.+ .....	543,750
211,300	IDEX Corp. ....	6,032,615
20,000	Ingersoll-Rand Co., Cl. A .....	688,800
60,000	Lufkin Industries Inc. ....	1,476,000
1,000	Manitowoc Co. Inc. ....	27,350
425,000	Navistar International Corp.+ .....	9,214,000
28,000	Olympus Optical Co. Ltd. ....	410,087
30,000	PACCAR Inc. ....	1,013,700
170,000	SPS Technologies Inc.+ .....	4,238,100
60,000	Sybron Dental Specialties Inc.+ .....	839,400
20,000	Terumo Corp. ....	295,712
250,000	Watts Industries Inc., Cl. A .....	4,100,000
100,000	Weir Group plc .....	318,456
		-----
		58,649,600
		-----
CONSUMER PRODUCTS -- 4.0%		
70,000	Altadis SA .....	1,563,411
43,000	Christian Dior SA .....	1,229,798
10,000	Church & Dwight Co. Inc. ....	331,500
100,000	Compagnie Financiere Richemont AG, Cl. A .....	\$ 1,483,146
		-----
SHARES		MARKET
-----		VALUE
50,000	Department 56 Inc.+ .....	522,500
90,000	Fortune Brands Inc. ....	4,256,100
250,000	Gallaher Group plc, ADR .....	9,575,000
300,000	Gillette Co. ....	8,880,000
2,000	Givaudan SA .....	895,996
60,000	Harley-Davidson Inc. ....	2,787,000
15,000	Matsushita Electric Industrial Co. Ltd., ADR .....	155,550
100,000	Mattel Inc. ....	1,801,000
30,000	Maytag Corp. ....	695,400
50,000	National Presto Industries Inc. ....	1,444,000
9,500	Nintendo Co. Ltd. ....	1,106,538
20,000	Philip Morris Companies Inc. ....	776,000

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100,000	Procter & Gamble Co. ....	8,938,000
32,000	Shimano Inc. ....	479,711
15,000	Swatch Group AG, Cl. B ....	1,119,996
		-----
		48,040,646
		-----
	WIRELESS COMMUNICATIONS -- 3.4%	
95,000	America Movil SA de CV, Cl. L, ADR ....	1,147,600
550,170	AT&T Wireless Services Inc.+ ....	2,266,700
142,900	Leap Wireless International Inc.+ ....	32,867
1,775,000	mm02 plc+ ....	1,116,562
125,600	mm02 plc, ADR+ ....	777,464
240,000	Nextel Communications Inc., Cl. A+ ....	1,812,000
1,000	NTT DoCoMo Inc. ....	1,708,559
250,000	Rogers Wireless Communications Inc., Cl. B+ ....	1,365,000
230,000	Sprint Corp. - PCS Group+ ....	450,800
16,700	Tele Celular Sul Participacoes SA, ADR ....	110,220
55,666	Tele Centro Oeste Celular Participacoes SA, ADR ....	129,145
3,340	Tele Leste Celular Participacoes SA, ADR ....	16,533
8,350	Tele Nordeste Celular Participacoes SA, ADR ....	106,880
3,340	Tele Norte Celular Participacoes SA, ADR+ ....	12,291
1,400,000	Telecom Italia Mobile SpA ....	5,451,185
8,350	Telemig Celular Participacoes SA, ADR ....	111,807
450,000	Telephone & Data Systems Inc. ....	22,702,500
66,800	Telesp Celular Participacoes SA, ADR+ ....	120,908
453,888	Vodafone Group plc ....	581,743
100,000	Vodafone Group plc, ADR ....	1,283,000
		-----
		41,303,764
		-----
	AUTOMOTIVE: PARTS AND ACCESSORIES -- 3.2%	
20,000	ArvinMeritor Inc. ....	374,000
37,802	BorgWarner Inc. ....	1,876,491
100,000	CLARCOR Inc. ....	3,070,000
320,061	Dana Corp. ....	4,186,398
65,000	Delphi Corp. ....	555,750

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## THE GABELLI EQUITY TRUST INC. PORTFOLIO OF INVESTMENTS (CONTINUED) SEPTEMBER 30, 2002 (UNAUDITED)

SHARES		MARKET VALUE
-----		-----
	COMMON STOCKS (CONTINUED)	
	AUTOMOTIVE: PARTS AND ACCESSORIES (CONTINUED)	
260,000	GenCorp Inc. ....	\$ 2,615,600
210,000	Genuine Parts Co. ....	6,434,400
114,000	Johnson Controls Inc. ....	8,757,480
105,000	Midas Inc.+ ....	525,000
335,000	Modine Manufacturing Co. ....	6,371,700
20,000	O'Reilly Automotive Inc.+ ....	572,400
70,800	Scheib (Earl) Inc.+ ....	194,700
163,000	Standard Motor Products Inc. ....	1,762,030
24,000	Superior Industries International Inc. ....	1,129,920

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105,000	TransPro Inc.+ .....	514,500
		-----
		38,940,369
		-----
	HEALTH CARE -- 2.6%	
20,000	Abbott Laboratories .....	808,000
60,000	Amgen Inc.+ .....	2,502,000
40,000	Apogent Technologies Inc.+ .....	746,400
10,000	AstraZeneca plc, London .....	303,202
35,146	AstraZeneca plc, Stockholm .....	1,046,139
15,000	Aventis SA .....	785,658
26,000	Biogen Inc.+ .....	761,020
110,000	Bristol-Myers Squibb Co. ....	2,618,000
23,000	Centerpulse AG+ .....	3,465,877
75,036	GlaxoSmithKline plc .....	1,451,441
4,000	GlaxoSmithKline plc, ADR .....	153,720
56,011	Invitrogen Corp.+ .....	1,908,295
40,000	Merck & Co. Inc. ....	1,828,400
41,000	Novartis AG .....	1,621,109
108,000	Novartis AG, Registered .....	4,290,840
65,000	Pfizer Inc. ....	1,886,300
17,900	Roche Holding AG .....	1,210,773
20,000	Sanofi-Synthelabo SA .....	1,127,593
10,000	Schering-Plough Corp. ....	213,200
14,000	Takeda Chemical Industries Ltd. ....	564,646
55,000	Wyeth .....	1,749,000
		-----
		31,041,613
		-----
	HOTELS AND GAMING -- 2.3%	
110,000	Aztar Corp.+ .....	1,453,100
90,000	Boca Resorts Inc., Cl. A+ .....	918,000
240,000	Gaylord Entertainment Co.+ .....	4,540,800
30,000	Greek Organization of Football	
	Prognostics .....	286,988
8,000	GTECH Holdings Corp.+ .....	198,560
2,460,000	Hilton Group plc .....	6,189,844
650,000	Hilton Hotels Corp. ....	7,397,000
60,000	MGM Mirage+ .....	2,238,000
430,000	Park Place Entertainment Corp.+ .....	3,418,500
50,000	Starwood Hotels & Resorts	
	Worldwide Inc. ....	1,115,000
		-----
		27,755,792
		-----
	RETAIL -- 2.0%	
200,000	Albertson's Inc. ....	\$ 4,832,000
300,000	AutoNation Inc.+ .....	3,456,000
75,000	Boots Co. plc .....	623,348
10,000	Coldwater Creek Inc.+ .....	131,800
16,000	Delhaize Le Lion SA, ADR .....	259,040
10,000	Fast Retailing Co. Ltd. ....	257,927
33,000	Gucci Group NV, ADR .....	2,785,530
8,000	Ito-Yokado Co. Ltd. ....	314,112
100,000	Lillian Vernon Corp. ....	549,000
90,000	Neiman Marcus Group Inc., Cl. A+ .....	2,362,500
320,000	Neiman Marcus Group Inc., Cl. B+ .....	7,840,000
7,750	Tod's SpA .....	193,388
25,000	Winn-Dixie Stores Inc. ....	328,000



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		23,932,645
	AEROSPACE -- 1.8%	
125,000	BAE Systems plc .....	377,430
115,000	Boeing Co. ....	3,924,950
100,000	Lockheed Martin Corp. ....	6,467,000
91,000	Northrop Grumman Corp. ....	11,287,640
		22,057,020
	CONSUMER SERVICES -- 1.6%	
40,000	Loewen Group Inc.+ .....	1,200
505,000	Rollins Inc. ....	9,797,000
490,000	USA Interactive Inc.+ .....	9,496,200
		19,294,400
	REAL ESTATE -- 1.6%	
450,000	Catellus Development Corp.+ .....	8,302,500
75,000	Cheung Kong (Holdings) Ltd. ....	473,104
44,000	Florida East Coast Industries Inc., Cl. A ...	1,038,400
58,451	Florida East Coast Industries Inc., Cl. B ...	1,282,999
55,000	Griffin Land & Nurseries Inc.+ .....	737,000
4,753	HomeFed Corp.+ .....	4,706
253,000	St. Joe Co. ....	6,982,800
		18,821,509
	CABLE -- 1.5%	
100,000	Adelphia Communications Corp., Cl. A+ .....	12,500
1,551,443	Cablevision Systems Corp., Cl. A+ .....	14,056,074
30,000	Charter Communications Inc., Cl. A+ .....	55,800
40,000	Comcast Corp., Cl. A+ .....	853,200
85,000	Comcast Corp., Cl. A, Special+ .....	1,773,100
20,000	NTL Inc.+ .....	260
20,000	Shaw Communications Inc., Cl. B .....	164,290
80,000	Shaw Communications Inc., Cl. B, Non-Voting .....	665,600
370,000	UnitedGlobalCom Inc., Cl. A+ .....	606,800
		18,187,624

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## THE GABELLI EQUITY TRUST INC. PORTFOLIO OF INVESTMENTS (CONTINUED) SEPTEMBER 30, 2002 (UNAUDITED)

SHARES		MARKET VALUE
-----		-----
	COMMON STOCKS (CONTINUED)	
	AVIATION: PARTS AND SERVICES -- 1.4%	
101,320	Curtiss-Wright Corp., Cl. B .....	\$ 5,952,550
90,000	Fairchild Corp., Cl. A+ .....	467,100
60,000	Precision Castparts Corp. ....	1,300,800
84,500	Sequa Corp., Cl. A+ .....	4,402,450
78,000	Sequa Corp., Cl. B+ .....	4,485,000

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		16,607,900
		-----
	BROADCASTING -- 1.4%	
15,015	Clear Channel Communications Inc.+ .....	521,771
16,666	Corus Entertainment Inc., Cl. B+ .....	199,523
25,000	Gray Television Inc. ....	273,750
28,000	Gray Television Inc., Cl. A .....	376,600
195,000	Grupo Televisa SA, ADR+ .....	4,970,550
200,000	Liberty Corp. ....	7,160,000
5,000	LIN TV Corp., Cl. A+ .....	123,750
4,000	Nippon Broadcasting System Inc. ....	118,285
40,375	NRJ Group .....	570,578
131,000	Paxson Communications Corp.+ .....	288,200
14,700	RTL Group, Brussels .....	377,709
3,000	RTL Group, New York .....	81,234
100,000	Television Broadcasts Ltd. ....	307,710
110,000	Young Broadcasting Inc., Cl. A+ .....	953,700
		-----
		16,323,360
		-----
	AGRICULTURE -- 1.1%	
1,050,000	Archer-Daniels-Midland Co. ....	13,135,500
5,000	Delta & Pine Land Co. ....	93,700
		-----
		13,229,200
		-----
	SPECIALTY CHEMICALS -- 1.0%	
5,400	Ciba Specialty Chemicals, ADR (b) .....	177,930
10,000	du Pont de Nemours (E.I.) and Co. ....	360,700
330,000	Ferro Corp. ....	7,623,000
40,000	Fuller (H.B.) Co. ....	1,064,000
120,000	Hercules Inc.+ .....	1,105,200
15,000	IVAX Corp.+ .....	184,050
210,000	Omnova Solutions Inc.+ .....	963,900
15,000	Rohm and Haas Co. ....	465,000
11,697	Syngenta AG, ADR .....	126,328
		-----
		12,070,108
		-----
	ELECTRONICS -- 0.9%	
134,393	Agere Systems Inc., Cl. B+ .....	133,049
3,000	Hitachi Ltd., ADR .....	148,680
16,000	Molex Inc., Cl. A .....	335,984
7,500	NEC Corp., ADR .....	35,625
6,000	Rohm Co. Ltd. ....	704,287
38,800	Royal Philips Electronics NV, ADR .....	563,764
47,000	Sony Corp., ADR .....	1,931,700
200,000	Texas Instruments Inc. ....	2,954,000
250,000	Thomas & Betts Corp.+ .....	3,522,500
8,400	Tokyo Electron Ltd. ....	321,538
		-----
		10,651,127
		-----
SHARES		MARKET
-----		VALUE
		-----
	ENVIRONMENTAL SERVICES -- 0.7%	
65,000	Republic Services Inc.+ .....	\$ 1,222,000
300,000	Waste Management Inc. ....	6,996,000
		-----
		8,218,000

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BUILDING AND CONSTRUCTION -- 0.7%		
92,500	CRH plc .....	1,037,539
32,222	Huttig Building Products Inc.+ .....	109,232
15,000	Martin Marietta Materials Inc. ....	488,550
137,800	Nortek Inc.+ .....	5,962,606
5,000	Nortek Inc., Special Common+ (a) .....	216,350
		7,814,277
AUTOMOTIVE -- 0.6%		
20,000	Ford Motor Co. ....	196,000
167,942	General Motors Corp. ....	6,532,944
		6,728,944
BUSINESS SERVICES -- 0.5%		
60,000	ANC Rental Corp.+ .....	6,000
180,000	Cendant Corp.+ .....	1,936,800
1,000	CheckFree Corp.+ .....	11,380
98,000	Landauer Inc. ....	3,248,700
70,000	Nashua Corp.+ .....	485,800
7,000	Secom Co. Ltd. ....	280,023
250,000	Securicor plc .....	397,087
3,500	SYNAVANT Inc.+ .....	2,835
		6,368,625
METALS AND MINING -- 0.4%		
72,500	Harmony Gold Mining Co. Ltd. ....	1,148,727
15,000	Harmony Gold Mining Co. Ltd., ADR .....	234,750
125,000	Newmont Mining Corp. ....	3,438,750
50,000	Placer Dome Inc. ....	456,500
		5,278,727
PAPER AND FOREST PRODUCTS -- 0.4%		
100,000	MeadWestvaco Corp. ....	1,921,000
170,000	Pactiv Corp.+ .....	2,796,500
10,000	Rayonier Inc. ....	419,100
		5,136,600
COMMUNICATIONS EQUIPMENT -- 0.3%		
60,000	Acterna Corp.+ .....	24,000
290,000	Allen Telecom Inc.+ .....	1,548,600
510,000	Corning Inc.+ .....	816,000
130,000	Lucent Technologies Inc.+ .....	98,800
110,000	Motorola Inc. ....	1,119,800
100,000	Nortel Networks Corp.+ .....	54,000
44,000	Scientific-Atlanta Inc. ....	550,440
		4,211,640

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SHARES -----		VALUE -----
	COMMON STOCKS (CONTINUED)	
	CLOSED END FUNDS -- 0.2%	
59,000	Central European Equity Fund Inc. ....	\$ 737,500
18,592	France Growth Fund Inc.+ .....	98,352
54,150	Italy Fund Inc. ....	305,947
68,000	New Germany Fund Inc.+ .....	218,960
70,000	Pimco RCM Europe Fund Inc. ....	411,600
40,000	Royce Value Trust Inc. ....	503,600
		-----
		2,275,959
		-----
	SATELLITE -- 0.1%	
180,323	General Motors Corp., Cl. H+ .....	1,649,955
34,000	Liberty Satellite & Technology Inc., Cl. A+ .....	76,500
190,000	Loral Space & Communications Ltd.+ .....	51,300
		-----
		1,777,755
		-----
	COMPUTER SOFTWARE AND SERVICES -- 0.1%	
20,000	Capcom Co. Ltd. ....	456,711
10,000	Computer Associates International Inc. ....	96,000
160,000	EMC Corp.+ .....	731,200
30,000	Genuity Inc., Cl. A+ .....	8,400
		-----
		1,292,311
		-----
	TRANSPORTATION -- 0.1%	
100,000	AMR Corp.+ .....	418,000
20,000	Grupo TMM SA de CV, Cl. A, ADR+ .....	122,200
7,500	Kansas City Southern+ .....	93,000
29,273	Tsakos Energy Navigation Ltd.+ .....	319,076
		-----
		952,276
		-----
	COMPUTER HARDWARE -- 0.0%	
26,000	Hewlett-Packard Co. ....	303,420
10,000	Xerox Corp.+ .....	49,500
		-----
		352,920
		-----
	TOTAL COMMON STOCKS .....	1,011,289,975
		-----
	PREFERRED STOCKS -- 2.2%	
	PUBLISHING -- 1.1%	
770,499	News Corp. Ltd., Pfd., ADR .....	12,790,281
		-----
	SPECIALTY CHEMICALS -- 0.5%	
273,500	Hercules Trust I, 9.420% Pfd. ....	5,757,175
		-----
	TELECOMMUNICATIONS -- 0.3%	
60,000	Allen Telecom Inc., 7.750% Cv. Pfd., Ser. D .....	2,460,000
31,000	Broadwing Inc., 6.750% Cv. Pfd., Ser. B .....	350,300
21,000	Citizens Communications Co., 5.000% Cv. Pfd. ....	686,910
500	Lucent Technologies Capital Trust I, 7.750% Cv. Pfd.+ (b) .....	112,500

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		-----
		3,609,710
		-----
SHARES		MARKET
-----		VALUE
		-----
	AEROSPACE -- 0.2%	
14,021	Northrop Grumman Corp.,	
	7.000% Cv. Pfd., Ser. B .....	\$ 2,005,003
		-----
	BROADCASTING -- 0.1%	
90	Gray Television Inc.,	
	8.000% Cv. Pfd., Ser. C (b) .....	900,000
100,000	ProSieben Sat.1 Media AG, Pfd. ....	637,421
		-----
		1,537,421
		-----
	AVIATION: PARTS AND SERVICES -- 0.0%	
3,000	Sequa Corp., \$5.00 Cv. Pfd. ....	256,800
		-----
	WIRELESS COMMUNICATIONS -- 0.0%	
10,760,547	Telesp Celular Participacoes SA, Pfd.+ .....	7,440
		-----
	TOTAL PREFERRED STOCKS .....	25,963,830
		-----
PRINCIPAL		
AMOUNT		
-----		
	CORPORATE BONDS -- 0.5%	
	ELECTRONICS -- 0.2%	
\$ 3,500,000	Agere Systems Inc., Sub. Deb. Cv.,	
	6.500%, 12/15/09 .....	1,925,000
		-----
	AUTOMOTIVE: PARTS AND ACCESSORIES -- 0.1%	
1,400,000	Standard Motor Products Inc.,	
	Sub. Deb. Cv.,	
	6.750%, 07/15/09 .....	1,078,000
		-----
	AVIATION: PARTS AND SERVICES -- 0.1%	
933,000	Kaman Corp., Sub. Deb. Cv.,	
	6.000%, 03/15/12 .....	856,028
		-----
	CABLE -- 0.1%	
1,300,000	Charter Communications Inc., Cv.,	
	4.750%, 06/01/06 .....	563,875
		-----
	ENERGY AND UTILITIES -- 0.0%	
1,000,000	Mirant Corp., Sub. Deb. Cv.,	
	2.500%, 06/15/21 .....	441,250
		-----
	WIRELESS COMMUNICATIONS -- 0.0%	
500,000	Nextel Communications Inc.,	
	9.500%, 02/01/11 .....	376,250
		-----
	HOTELS AND GAMING -- 0.0%	
400,000	Hilton Hotels Corp., Sub. Deb. Cv.,	
	5.000%, 05/15/06 .....	368,000
		-----
	CONSUMER PRODUCTS -- 0.0%	
1,000,000	Pillowtex Corp., Sub. Deb.,	
	6.000%, 03/15/12+ (e) .....	0

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TOTAL CORPORATE BONDS .....	5,608,403
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THE GABELLI EQUITY TRUST INC.  
PORTFOLIO OF INVESTMENTS (CONTINUED)  
SEPTEMBER 30, 2002 (UNAUDITED)

SHARES -----		MARKET VALUE -----
	RIGHTS -- 0.0%	
	CABLE -- 0.0%	
298	NTL Inc.+ .....	\$ 0
	WARRANTS -- 0.0%	
62,463	FOOD AND BEVERAGE -- 0.0%	
	Denny's Corp., expires 01/07/05+ .....	1,031
	METALS AND MINING -- 0.0%	
5,000	Harmony Gold Mining Co. Ltd., ADR, expires 06/29/03+ .....	57,450
	TOTAL WARRANTS .....	58,481
PRINCIPAL AMOUNT -----		
\$ 50,000,000	U.S. GOVERNMENT OBLIGATIONS -- 4.1%	
	U.S. Treasury Bills, 1.645%+, 10/24/02 .....	49,947,451
100,000,000	REPURCHASE AGREEMENTS -- 10.6%	
	Agreement with ABN AMRO, 1.850%, dated 09/30/02, due 10/01/02, proceeds at maturity, \$100,000,000 (c) .....	100,000,000
27,467,000	Agreement with State Street Bank and Trust Co., 1.800%, dated 09/30/02, due 10/01/02, proceeds at maturity, \$27,467,000 (c) .....	27,467,000
	TOTAL REPURCHASE AGREEMENTS .....	127,467,000
	TOTAL INVESTMENTS -- 101.6%	
	(Cost \$1,193,141,051) .....	\$1,220,335,140
	OTHER ASSETS, LIABILITIES AND LIQUIDATION VALUE OF CUMULATIVE PREFERRED STOCK -- (37.4)% .....	(448,884,260)
	NET ASSETS -- COMMON STOCK -- 64.2%	
	(133,308,858 common shares outstanding) .....	771,450,880
	NET ASSETS -- PREFERRED STOCK -- 35.8%	
	(11,973,100 preferred shares outstanding) .....	429,197,500
	TOTAL NET ASSETS -- 100.0% .....	\$1,200,648,380

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## NET ASSET VALUE PER COMMON SHARE

(771,450,880 / 133,308,858 shares outstanding) ..... \$5.79

PRINCIPAL AMOUNT	SETTLEMENT DATE	NET UNREALIZED APRECIATION
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FORWARD FOREIGN EXCHANGE CONTRACTS -- 0.0%		
\$ 7,790,000 (d)	Deliver Hong Kong Dollars in exchange for USD 2,627,026 .....	08/01/03 \$863

NOTIONAL AMOUNT	UNREALIZED DEPRECIATION
INTEREST RATE SWAP AGREEMENT -- (0.7)%	
130,000,000	Receive floating rate from Citibank, NA based on the 1-month LIBOR and pay a fixed rate equal to 4.494% Terminates 07/01/07 .....
	\$ (8,490,559)

For Federal tax purposes:  
Aggregate cost ..... \$1,193,141,051

Gross unrealized appreciation ..... \$ 251,792,242  
Gross unrealized depreciation ..... (224,597,290)

Net unrealized appreciation ..... \$ 27,194,952

- (a) Security fair valued under procedures established by the Board of Directors.
- (b) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At September 30, 2002, the market value of Rule 144A securities amounted to \$1,190,430 or 0.1% of total net assets.
- (c) Collateralized by U.S. Treasury Notes, 7.50% to 8.50%, due 02/15/20 to 11/15/24, market value \$128,026,139.
- (d) Principal amount denoted in Hong Kong Dollars.
- (e) Bond in default.
- + Non-income producing security.
- ++ Represents annualized yield at date of purchase.
- ADR - American Depositary Receipt.
- BDR - Brazilian Depositary Receipt.
- CVO - Contingent Value Obligation.
- RNC - Non-Convertible Savings Shares.
- USD - U.S. Dollars.

	% OF MARKET VALUE	MARKET VALUE
GEOGRAPHIC DIVERSIFICATION		
United States .....	85.17%	\$1,039,302,143
Europe .....	10.66	130,130,097
Asia/Pacific Rim .....	2.21	26,994,148
Latin America .....	1.01	12,349,807
Canada .....	0.83	10,175,468

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South Africa .....	0.12	1,383,477
	-----	-----
Total Investments .....	100.0%	\$1,220,335,140
	=====	=====

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### AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLAN

#### ENROLLMENT IN THE PLAN

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

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

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

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

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

The number of shares of Common Stock distributed to participants in the Plan in lieu of cash dividends is determined in the following manner. Under the Plan, whenever the market price of the Equity Trust's Common Stock is equal to or exceeds net asset value at the time shares are valued for purposes of determining the number of shares equivalent to the cash dividends or capital gains distribution, participants are issued shares of Common Stock valued at the greater of (i) the net asset value as most recently determined or (ii) 95% of the then current market price of the Equity Trust's Common Stock. The valuation



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date is the dividend or distribution payment date or, if that date is not a New York Stock Exchange trading day, the next trading day. If the net asset value of the Common Stock at the time of valuation exceeds the market price of the Common Stock, participants will receive shares from the Equity Trust valued at market price. If the Equity Trust should declare a dividend or capital gains distribution payable only in cash, EquiServe will buy Common Stock in the open market, or on the New York Stock Exchange or elsewhere, for the participants' accounts, except that EquiServe will endeavor to terminate purchases in the open market and cause the Equity Trust to issue shares at net asset value if, following the commencement of such purchases, the market value of the Common Stock exceeds the then current net asset value.

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

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

### VOLUNTARY CASH PURCHASE PLAN

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

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

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

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DIRECTORS AND OFFICERS

THE GABELLI EQUITY TRUST INC.

ONE CORPORATE CENTER, RYE, NY 10580-1422

DIRECTORS

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

Dr. Thomas E. Bratter  
PRESIDENT, JOHN DEWEY ACADEMY

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

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

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

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

Karl Otto Pohl  
FORMER PRESIDENT, DEUTSCHE BUNDESBANK

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

Salvatore J. Zizza  
CHAIRMAN, HALLMARK ELECTRICAL SUPPLIES CORP.

### OFFICERS

Mario J. Gabelli, CFA  
PRESIDENT & CHIEF INVESTMENT OFFICER

Bruce N. Alpert  
VICE PRESIDENT & TREASURER

Carter W. Austin  
VICE PRESIDENT

James E. McKee  
SECRETARY

### INVESTMENT ADVISER

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

### CUSTODIAN

Boston Safe Deposit and Trust Company

### COUNSEL

Willkie Farr & Gallagher

### TRANSFER AGENT AND REGISTRAR

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EquiServe Trust Company

### STOCK EXCHANGE LISTING

	COMMON -----	7.25% PREFERRED -----	7.20% PREFERRED -----
NYSE- Symbol:	GAB	GAB Pr	GAB PrB
Shares Outstanding:	133,308,858	5,367,900	6,600,000

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

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

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For general information about the Gabelli Funds,  
call 1-800-GABELLI (1-800-422-3554), fax us at  
914-921-5118, visit Gabelli Funds' Internet  
homepage at: [HTTP://WWW.GABELLI.COM](http://WWW.GABELLI.COM)  
or e-mail us at: [closedend@gabelli.com](mailto:closedend@gabelli.com)  
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Notice is hereby given in accordance with Section 23(c) of the Investment  
Company Act of 1940, as amended, that the Equity Trust may, from time to time,  
purchase shares of its common stock in the open market when the Equity Trust  
shares are trading at a discount of 10% or more from the net asset value of the  
shares. The Equity Trust may also, from time to time, purchase shares of its  
Cumulative Preferred Stock in the open market when the shares are trading at a  
discount to the Liquidation Value of \$25.00.  
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THE GABELLI EQUITY TRUST INC.  
ONE CORPORATE CENTER  
RYE, NY 10580-1422  
(914) 921-5070  
[HTTP://WWW.GABELLI.COM](http://WWW.GABELLI.COM)

THIRD QUARTER REPORT  
SEPTEMBER 30, 2002

GBFCM 09/02