

GABELLI CONVERTIBLE & INCOME SECURITIES FUND INC
Form N-CSR
March 09, 2017

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 811-05715

The Gabelli Convertible and Income Securities Fund 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: December 31, 2016

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, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Reports to Stockholders.

The Report to Shareholders is attached herewith.

**The Gabelli Convertible and Income
Securities Fund Inc.**

Annual Report December 31, 2016

Mario J. Gabelli, CFA <i>Chief Investment Officer</i>	Thomas Dinsmore, CFA <i>Portfolio Manager</i> <i>BS, Wharton School of Business MA, Fairleigh Dickinson University</i>	Jane O'Keeffe <i>Portfolio Manager</i> <i>BA, University of New Hampshire</i>	James Dinsmore, CFA <i>Portfolio Manager</i> <i>BA, Cornell University MBA, Rutgers University</i>
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To Our Shareholders,

For the year ended December 31, 2016, the net asset value (NAV) total return of The Gabelli Convertible and Income Securities Fund Inc. was 8.3%, compared with a total return of 3.0% for the Bloomberg Barclays Government/Credit Bond Index. The total return for the Fund's publicly traded shares was 7.0%. The Fund's NAV per share was \$5.30, while the price of the publicly traded shares closed at \$4.69 on the New York Stock Exchange (NYSE). See below for additional performance information.

Enclosed are the financial statements, including the schedule of investments, as of December 31, 2016.

Comparative Results

Average Annual Returns through December 31, 2016 (a) (Unaudited)

	1 Year	5 Year	10 Year	15 Year	Since Inception (07/03/89)
Gabelli Convertible and Income Securities Fund					
NAV Total Return (b)	8.34%	7.76%	4.26%	4.88%	6.56%
Investment Total Return (c)	6.97	6.89	2.36	3.20	5.14(d)
Standard & Poor's (S&P) 500 Index	11.96	14.66	6.95	6.69	9.70(e)
Bloomberg Barclays Government/Credit Bond Index	3.02	2.25	4.36	4.61	N/A(f)
Lipper Convertible Securities Fund Average	8.35	8.61	5.54	6.26	8.02(e)

(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. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The S&P 500 Index is an unmanaged

indicator of stock market performance. The Bloomberg Barclays Government/Credit Bond Index is a market value weighted index that tracks the performance of fixed rate, publicly placed, dollar denominated obligations. The Lipper Convertible Securities Fund Average reflects the average performance of open-end funds classified in this particular category. Dividends and interest income are considered reinvested. You cannot invest directly in an index.

- (b) Total returns and average annual returns reflect changes in the NAV per share, reinvestment of distributions at NAV on the ex-dividend date, and adjustments for rights offerings and are net of expenses. Since inception return is based on an initial NAV of \$10.00.
- (c) Total returns and average annual returns reflect changes in closing market values on the NYSE, reinvestment of distributions, and adjustments for rights offerings. Since inception return is based on an initial offering price of \$11.25 on March 31, 1995.
- (d) Since inception return is from March 31, 1995 when the Fund converted to closed-end status; before this date, the Fund had no operating history on the NYSE.
- (e) From June 30, 1989, the date closest to the Fund's inception for which data is available.
- (f) The Bloomberg Barclays Government/Credit Bond Index inception date is January 29, 1999.

Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of total investments as of December 31, 2016:

The Gabelli Convertible and Income Securities Fund Inc.

Financial Services	13.2%
Health Care	12.7%
Computer Software and Services	11.6%
Diversified Industrial	9.0%
Energy and Utilities	7.9%
Semiconductors	6.3%
U.S. Government Obligations	4.1%
Consumer Services	4.1%
Food and Beverage	4.0%
Telecommunications	3.0%
Real Estate Investment Trusts	2.8%
Communications Equipment	2.1%
Wireless Communications	2.0%
Cable and Satellite	1.9%
Consumer Products	1.8%
Aerospace	1.8%
Retail	1.7%
Building and Construction	1.7%
Transportation	1.6%
Electronics	1.4%
Metals and Mining	1.0%
Hotels and Gaming	0.9%
Automotive: Parts and Accessories	0.8%
Equipment and Supplies	0.7%
Computer Hardware	0.6%
Entertainment	0.6%
Automotive	0.3%
Specialty Chemicals	0.2%
Publishing	0.2%
	100.0%

The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (the SEC) for the first and third quarters of each fiscal year on Form N-Q. Shareholders may obtain this information at www.gabelli.com or by calling the Fund at 800-GABELLI (800-422-3554). The Fund's Form N-Q is available on the SEC's website at www.sec.gov and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.

Proxy Voting

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

The Gabelli Convertible and Income Securities Fund Inc.**Schedule of Investments December 31, 2016**

Principal		Market
Amount		Cost
		Value
	Convertible Corporate Bonds 49.0%	
	Aerospace 0.7%	
	Aerojet Rocketdyne Holdings Inc.,	
\$ 500,000	2.250%, 12/15/23(a)	\$ 500,000
100,000	4.063%, 12/31/39	103,752
		603,752
		688,188
	Building and Construction 1.3%	
200,000	Ascent Capital Group Inc., 4.000%, 07/15/20	189,147
1,225,000	Layne Christensen Co., 4.250%, 11/15/18	1,219,101
		1,408,248
		1,270,578
	Cable and Satellite 1.9%	
1,600,000	DISH Network Corp., 3.375%, 08/15/26(a)	1,649,337
		1,829,000
	Communications Equipment 2.1%	
1,500,000	InterDigital, Inc., 1.500%, 03/01/20	1,432,541
		2,035,313
	Computer Software and Services 10.9%	
1,000,000	Blucora Inc., 4.250%, 04/01/19	842,358
1,500,000	CSG Systems International Inc., 4.250%, 03/15/36(a)	1,533,045
1,510,000	EnerNOC Inc., 2.250%, 08/15/19	1,166,576
1,250,000	MercadoLibre Inc., 2.250%, 07/01/19	1,310,632
1,000,000	Nuance Communications Inc., 1.000%, 12/15/35	885,880
1,000,000	Proofpoint Inc., 0.750%, 06/15/20	986,087
1,000,000	Synchronoss Technologies Inc., 0.750%, 08/15/19	942,184
1,000,000	The Priceline Group Inc., 1.000%, 03/15/18	1,277,240
500,000	Zillow Group Inc., 2.000%, 12/01/21(a)	509,181
		9,453,183
		10,807,531
	Consumer Services 3.6%	
1,000,000	Carriage Services Inc., 2.750%, 03/15/21	1,107,671
		1,349,375

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584,000	Ctrip.com International Ltd., 1.250%, 09/15/22(a)	574,472	565,020
1,500,000	Extra Space Storage LP, 3.125%, 10/01/35(a)	1,631,784	1,603,125
		3,313,927	3,517,520
Principal			Market
Amount		Cost	Value
	Diversified Industrial 6.6%		
\$ 2,000,000	Griffon Corp., Sub. Deb., 4.000%, 01/15/17(a)	\$ 1,999,719	\$ 3,526,250
1,300,000	Knowles Corp., 3.250%, 11/01/21(a)	1,351,309	1,514,500
583,000	Macquarie Infrastructure Corp., 2.000%, 10/01/23	585,405	589,923
500,000	TimkenSteel Corp., 6.000%, 06/01/21	510,244	729,687
100,000	Trinity Industries Inc., Sub. Deb., 3.875%, 06/01/36	74,277	128,438
		4,520,954	6,488,798
	Electronics 1.4%		
800,000	Intel Corp., Sub. Deb., 3.250%, 08/01/39	1,141,519	1,412,004
	Energy and Utilities 3.5%		
666,000	Newpark Resources Inc., 4.000%, 12/01/21(a)	719,491	730,935
3,000,000	SunPower Corp., 4.000%, 01/15/23	2,675,003	2,154,375
1,000,000	Texas Competitive Electric Holdings Co. LLC, 10.250%, 11/01/18	0	0
500,000	Weatherford International Ltd., 5.875%, 07/01/21	507,283	543,750
		3,901,777	3,429,060
	Entertainment 0.6%		
560,000	World Wrestling Entertainment Inc., 3.375%, 12/15/23(a)	564,972	549,500
	Financial Services 0.5%		
500,000	Blackhawk Network Holdings Inc., 1.500%, 01/15/22(a)	508,665	515,000
	Health Care 7.1%		
500,000	Bayer Capital Corp.BV, 5.625%, 11/22/19(a)	554,351	575,196
1,000,000	Horizon Pharma Investment Ltd., 2.500%, 03/15/22	947,323	956,250
833,000	Intercept Pharmaceuticals Inc., 3.250%, 07/01/23	861,555	746,576
1,000,000	Molina Healthcare Inc., 1.625%, 08/15/44	1,104,110	1,141,875
750,000	NuVasive Inc., 2.250%, 03/15/21(a)	768,720	955,781
666,000	Repligen Corp., 2.125%, 06/01/21	666,000	790,459

See accompanying notes to financial statements.

The Gabelli Convertible and Income Securities Fund Inc.**Schedule of Investments (Continued) December 31, 2016**

Principal		Cost	Market
Amount			Value
CONVERTIBLE CORPORATE BONDS (Continued)			
Health Care (Continued)			
\$ 750,000	Teligent Inc., 3.750%, 12/15/19	\$ 692,449	\$ 699,375
1,250,000	Vitamin Shoppe Inc., 2.250%, 12/01/20	1,234,620	1,158,594
		6,829,128	7,024,106
Metals and Mining 1.0%			
1,000,000	RTI International Metals Inc., 1.625%, 10/15/19	953,686	1,039,375
Semiconductors 6.3%			
550,000	Advanced Micro Devices Inc., 2.125%, 09/01/26	565,851	868,656
1,000,000	Cypress Semiconductor Corp., 4.500%, 01/15/22(a)	1,065,283	1,129,375
2,000,000	Micron Technology Inc., 3.000%, 11/15/43	1,569,708	1,996,250
1,500,000	NXP Semiconductors NV, 1.000%, 12/01/19	1,610,892	1,713,750
500,000	Teradyne Inc., 1.250%, 12/15/23(a)	512,392	530,625
		5,324,126	6,238,656
Transportation 1.5%			
1,500,000	Atlas Air Worldwide Holdings Inc., 2.250%, 06/01/22	1,483,607	1,526,250
	TOTAL CONVERTIBLE CORPORATE BONDS	43,089,422	48,370,879
Shares			
CONVERTIBLE PREFERRED STOCKS 2.7%			
Diversified Industrial 0.1%			
1,100	Sevcon Inc., 4.000%, Ser. A	28,153	28,180
Food and Beverage 0.8%			
4,500	Post Holdings Inc., 3.750%	450,000	785,813
Real Estate Investment Trusts 1.2%			
20,000	Welltower Inc., 6.500%, Ser. I	1,193,400	1,203,600

Telecommunications 0.6%

12,000	Cincinnati Bell Inc., 6.750%, Ser. B	288,687	589,874
			Market
Shares		Cost	Value
100	Iridium Communications Inc., 7.000%	\$ 8,902	\$ 11,237
		297,589	601,111