

GABELLI EQUITY TRUST INC

Form N-30B-2

June 05, 2002

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LOGO OF MOUNTAIN AND THE GABELLI EQUITY TRUST INC. OMITTED

FIRST QUARTER REPORT  
MARCH 31, 2002

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LOGO OF MOUNTAIN AND THE GABELLI EQUITY TRUST INC. OMITTED

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

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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.

[PHOTO OMITTED]  
PHOTO OF MARIO J. GABELLI OMITTED

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GRAPHIC OF THE GABELLI EQUITY TRUST OMITTED

TO OUR SHAREHOLDERS,

The overall economic and stock market unfolded along the lines we anticipated in our year-end report and in our interview with Barron's which we shared with you.

We articulated that a combination of dynamics would converge to cause economic activity, particularly in the first quarter, to be above the long-term Gross Domestic Product ("GDP") growth of 3% to 4% that we had anticipated for the balance of this decade.

In addition, we were and are in a camp of those that indicated that earnings would surge upwards in 2002 driven by the higher volume, lower energy, better inter-relationships between price/cost/productivity gains, the absence of "the Kitchen Sink," and Financial Accounting Standards Board ("FASB") 142.

On the other side, we argued that we needed the rising earnings to provide the underpinnings for a market that could readily be weighed down by concerns from "Enronitis", analyst conflicts, Mid-East issues, the continuing war effort and high equity valuations. The overall market would make little progress rising

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some 5% or declining some 10% on the year -- this was our scenario.

### SO WHAT HAPPENED?

Solid evidence that the economy had emerged from recession spawned a stock market rally in late February/early March. However, the market stalled in late March as investors waited to see if the brightening economic outlook would translate into good first quarter earnings. At quarter-end, the leading market indices were virtually unchanged, with the Dow Jones Industrial Average and the Standard & Poor's ("S&P") 500 Index posting modest gains. Large cap stocks continued to be battered as momentum investors abandoned this style of speculation for investments in value-type stocks, particularly among lesser known (and owned) small cap companies. Buoyed by good performance from industrial goods, specialty chemicals and advertising-supported media shares, our Trust enjoyed a roughly 3% appreciation in value.

### COMPARATIVE RESULTS

#### AVERAGE ANNUAL RETURNS THROUGH MARCH 31, 2002 (A)

	QUARTER	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Gabelli Equity Trust NAV Return (c) .....	3.40%	5.36%	6.46%	11.95%	12.17%
Gabelli Equity Trust Investment Return (d)	5.32%	14.96%	12.40%	17.00%	14.28%
Dow Jones Industrial Average .....	4.29%	7.23%	3.78%	11.47%	14.87%
S&P 500 Index .....	0.28%	0.24%	(2.53)%	10.18%	13.25%
Nasdaq Composite Index .....	(5.39)%	0.28%	(9.16)%	8.60%	11.82%

### 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 470 closed-end funds in the U.S., approximately 31% currently trade at premiums to NAV versus 21% five years ago and 61% ten years ago. For general equity funds such as the Trust, approximately 31% currently trade at premiums to NAV versus 13% five years and 19% 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 15-year history, the range fluctuated from a 28% premium in February 2002 to a 27% discount in December 1987. The average variance from NAV for the Trust since inception is a 1% 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.

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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 13% since inception. However, it is important to remember that "Mr. Market" is a pendulum that swings both ways. As the market moves away from momentum investing and back to basics, we believe that an excessive premium for the Trust is not likely to be sustainable.

### PREMIUM/DISCOUNT SINCE INCEPTION

MARCH 31, 2002  
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Net Asset Value	\$ 9.00
Market Price	\$11.08
Premium	23.11%

[EDGAR REPRESENTATION OF GRAPH]  
PLOT POINTS TO BE ADDED

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
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

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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
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

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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
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

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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
3/31/02	0.025
	0.0246
	0.0231

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### COMMENTARY

#### THE ECONOMY: READY TO RUMBLE?

Impressive first and perhaps second quarter GDP growth appears to be "in the bag" -- largely the result of the lift in manufacturing schedules from the absence of "the inventory drag" in output. However, looking farther ahead, there are marked differences of opinion on how strong the nascent economic recovery will be. The optimists expect business investment, especially information technology capital spending, to rebound in the second half, providing "legs" to the consumer-led recovery. The pessimists contend that with the consumer having spent freely throughout the modest and short-lived recession, end demand will not be impressive enough to inspire corporations to invest more in their businesses. Consequently, they anticipate an anemic recovery at best, and if consumer spending flags, perhaps even a double-dip recession.

The realists -- we generously put ourselves in this category -- fall in between. It is certainly true that strong economic recoveries are generally propelled by pent-up consumer demand (housing, autos, and so on). But, we don't expect the consumer to roll over and play dead. The Federal Reserve Board ("Fed") will probably hike interest rates later in the year -- "taking back" the post 9/11 cuts -- but interest rates should remain relatively low. Mortgage re-financing will abate as rates rise, but lower mortgage payments will continue to have a positive effect on household cash flow. In addition, the 2001 tax cuts that took place in 2002 continue to bolster workers' "take home" pay. Political dynamics, volatility in oil prices and in the U.S. dollar will act as a drag on consumer psychology. Our concerns center on the U.S. dollar, the Fed's stop-go/stop-go policy and the "what if?" if the housing sector gets crimped.

We don't anticipate a surge in business investment this year and doubt that technology capital spending will increase significantly. However, because corporations reduced inventories so aggressively following the terrorist attacks, capital outlays on cost saving equipment should increase as production is ramped up to meet current retail activity. Should inventories be restocked, this would put added zest to the manufacturing schedule. For example, General Motors' "Keep America Rolling" campaign removed a million units from auto industry inventories. The company has to increase production, which is below demand, or inventories will be depleted even further. Our conclusion is that

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business investment will trend higher, particularly as the year unfolds, providing enough additional support to sustain an economic recovery muted by higher oil prices. Finally, we observe that exports to Europe and Japan will help in 2003, as will continued pick-up in defense-related spending.

### EARNINGS, VALUATIONS AND INTEREST RATES CALL THE MARKET TUNE

The outlook for the economy certainly has an impact on investor psychology. To wit, the late February/early March market surge was sparked by the release of encouraging economic data and Fed Chairman Alan Greenspan's uncharacteristically upbeat comments to Congress. However, earnings, valuations and interest rates, not GDP growth rates, call the stock market tune.

The positive impact of cost cutting and improved productivity is never apparent when the economy is in recession, but is magnified in profits when the economy recovers. Corporations have been aggressively cutting costs and improving productivity, and we believe earnings leverage will result in stronger than expected profit growth in the year ahead. Also, corporations took maximum advantage of the recession and the turmoil caused by the 9/11 tragedy to write off everything including the kitchen sink. Going forward, we won't see the level of write-offs that have penalized earnings in recent years. Finally, FASB Statement 142, which does not require companies to amortize goodwill, should provide a meaningful boost to reported earnings. After the surge in profits this year, we see U.S.

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corporate earnings growing on a secular basis in the 6% to 8% range in the years ahead. S&P 500 earnings outside the U.S. should grow materially faster should the U.S. dollar weaken, as we expect. The fact that we are entering a period of easy year-to-year earnings comparisons should improve investors' moods.

Fed Chairman Greenspan has followed a policy of stop-go/stop-go/stop-go type of monetary policy. In the past, this has been proven to be a difficult course to pursue. Our conclusion is that the stock market can make halting progress over the balance of 2002, but that stock selection will be the primary determinant of investment returns for the foreseeable future.

### PENT-UP DEAL DEMAND

While consumers have spent freely despite the recession and 9/11, corporate acquirers have been sitting on their wallets. Deal activity, already diminished by economic uncertainty and the declining value of equity as a deal currency, came to an abrupt halt in the wake of the 9/11 crisis. As the political, economic, and stock market dust settles, we expect pent-up deal demand to be unleashed in a variety of industries.

The ability to grow via acquisition in a slower growth economy, the need to preserve profit margins through realizing economies of scale, a government now more concerned with economic growth than potentially anti-competitive business combinations, more stable stock prices, and a change in accounting rules diminishing the impact of goodwill on reported earnings are powerful forces contributing to the "urge to merge."

### TAKING THE HANDCUFFS OFF MEDIA

In recent shareholder letters we have discussed how regulatory changes in the media industry should promote increased deal activity. On February 19, 2002 the District of Columbia Court of Appeals struck down Federal Communications Commission ("FCC") restrictions on the ownership of cable and broadcast television properties in the same markets. This would allow cable giants like AOL Time Warner to bid for broadcast properties. The court ruling also paved the

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way for raising the current cap above the 35% national "footprint" for television broadcasters, in effect putting a bounty on the small group broadcasters in our portfolio. We expect rules currently preventing companies from owning television stations and newspapers in the same market to be modified or eliminated. This should also spur further consolidation in the media industry.

Thus far this year, just one of our media holdings, Ackerley Group, has been taken out. We expect more media deals at more attractive premiums to reward us in the year ahead.

### THINNING THE WIRELESS HERD

Many years ago, we coined the phrase "Buffalo Investing," referring to our strategy of buying small cable television companies in front of what we believed would be massive consolidation in the industry. Our rationale was that as the herd was thinned out, the cost of hunting and therefore the value of the remaining buffalos would soar. When the industry was freed from the pricing regulation that had been strangling cash flow, the hunt was on and we were grandly rewarded.

We believe that the currently depressed wireless communications industry is also ripe for consolidation. There are simply too many players battling for market share. We expect to see the herd thinned out considerably in the years ahead both by financial starvation of the weakest players and by bigger predators taking down smaller competitors. Once again, we were somewhat disappointed by the only deal we've seen this year -- Alltel's purchase of

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CenturyTel's cellular properties at about 8 to 9 times cash flow -- a substantial discount to the Street's prevailing valuation of 10 to 12 times cash flow appraisal of wireless franchise values.

### INTERNATIONAL OUTLOOK

A portion of the Trust's portfolio continues to be managed by Caesar Bryan. Caesar is the portfolio manager of the Gabelli International Growth Fund and the co-portfolio manager of The Gabelli Global Opportunity Fund and The Gabelli Global Growth Fund. Caesar's thoughts on international markets and global economies are provided below:

The overriding investment theme that seemed to dominate equity markets during the first quarter was the strength of the economic recovery. This recovery, having started in the U.S., is expected to spread to her trading partners.

Looking at the GDP numbers, it appears that the recession in the U.S. was short and shallow. It started in March 2001 and ended sometime last winter with GDP, adjusted for inflation, falling by a tiny 0.3%. However, a story lies behind the numbers. Since March 2001 about 1.4 million jobs have been lost which is a fall of 1.1% in total employment. So a significant number of jobs were lost when output hardly fell. The result was a rapid increase in productivity.

Two factors probably combined to limit the fall in output. First, government spending rose sharply in response to the terrorist attacks on 9/11 and secondly, record low interest rates allowed the auto companies to offer zero financing to consumers. These factors then led to a period of inventory rebuilding.

Recent stock market price action suggests that investors remain skeptical as to the strength of the recovery. Concerns center around the ability and



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willingness of corporate America to begin to spend again. And this, in turn, depends heavily on corporate profits. On the plus side, the consumer remains in good spirits, the housing market is booming, and inflation is low and falling. In this environment the Fed is likely to err on the side of maintaining interest rates at a low level until more evidence of a sustained recovery appears. In the background is the issue of the level of the dollar. The U.S. needs inflows of \$1.5 billion a day to finance its current account deficit. So foreign confidence needs to be maintained, yet many U.S. industrialists are starting to squeal about the painful side effects of a strong dollar on U.S. industrial competitiveness. Should the dollar weaken, inflationary expectations may rise and the Fed will be under some pressure to raise rates.

In contrast to the Fed, the European Central Bank ("ECB") has adopted a more hawkish stance. This is probably because inflation is a little bit more sticky in Europe than in the U.S. The ECB is now less confident that inflation will fall below 2% in the coming months and believes risks to price stability lie more on the upside than on the downside. The ECB is concerned because of the strong Purchasing Managers Index report for April which also contained a large jump in the "prices paid" component. It is possible that interest rates could rise in Euroland from their current 3.25% before the Fed raises U.S. short-term rates. The United Kingdom is probably the best performing of the larger European economies. The consumer remains confident as the country is in the grip of a housing boom.

There was a huge collective sigh of relief in early April emanating from Japan as the fiscal year came to a close without a financial meltdown. Indeed, a decent rally in the stock market in March helped shore up year-end balance sheets. We believe Japan presents an interesting investment opportunity. There are many world-class manufacturing companies which are attractively priced ranked on a global basis, as well as domestic companies which will benefit from restructuring and improved demand. There are signs that the Japanese economy is undergoing a mild cyclical recovery. Of course, structural reform remains a necessity. The banking problem is not yet fixed and there remains

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over-capacity. Through higher demand and the reduction of capacity, Japanese corporate profitability must be improved. Increasingly, we see evidence that this challenge is being met.

Global economies are recovering, but the strength of the recovery may disappoint the market. Many sectors will continue to suffer from over-capacity and severe competition. We do expect a rebound in corporate profitability, but this is based more on cost cutting than revenue growth. Of course, should there be a more robust recovery, with a sharply higher level of corporate fixed investment, profit growth could be explosive. But at this point, that scenario is a little too rosy to reasonably expect. On the plus side, equity valuations are now much more interesting, and many excellent companies are trading at reasonable valuations. This is a level from which we hope to achieve reasonable gains over the next year.

### INVESTMENT SCORECARD

In anticipation of better earnings as the economy recovers, our industrial cyclical holdings performed well, with stocks such as Dana Corp. and Nortek near the top of our performance list. Small group broadcasters Young Broadcasting and Gray Communications rebounded nicely this quarter, as did newspaper publishers including Media General, McClatchy, and Scripps. Investments in lodging/gaming companies like Hilton Hotels, Aztar, and Starwood Hotels and Resorts rewarded us as the travel and tourism industry recovered from the shock of 9/11.

Telecommunications, wired and wireless, as well as cable holdings

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continued to be the portfolio's albatross, with a substantial percentage of our biggest laggards coming from this sector, which has witnessed the dumping of their shares by growth and momentum-oriented portfolio managers. Longer term, as growth in demand overtakes excess capacity, we believe our patience in the telecom arena will be satisfactorily rewarded. In the interim, we believe consolidation in the industry will help surface values. We believe AOL Time Warner will continue to be a multimedia powerhouse and that Cablevision will ultimately be the target of one of the dominant cable players.

### 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.

AMERICAN EXPRESS CO. (AXP - \$40.96 - NYSE), one of the most widely recognized brands around the world, is focused on increasingly cross-selling financial products and services to its customers. The company consists of three segments: its Travel Related Services business, which contributes 80% of revenues, provides charge cards, credit cards, travelers cheques, and travel services to corporations and consumers; American Express Financial Advisors, which contributes 17% of revenues, provides investment advisory services and financial products such as mutual funds, insurance, and annuities; finally, American Express Bank, which accounts for 3% of revenues, offers banking services to other financial institutions, wholesale banking for corporations, and private banking for high net worth individuals. The company's long-term goal is to deliver revenue growth of at least 8% and earnings per share ("EPS") growth between 12% and 15%.

BERKSHIRE HATHAWAY INC. (BRK'A - \$71,100 - 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

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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 19% of revenues while General Re, the fourth largest reinsurer globally, contributes 30% of revenues.

GUCCI GROUP NV (GUC - \$92.52 - NYSE), Pinault Printemps (PPR - \$118.32 - Paris Stock Exchange) and LVMH Moët Hennessy Louis Vuitton (LVMHY - \$10.15 - Nasdaq) have signed a three-step agreement under which PPR will take control of Gucci. In the first step, PPR has raised its stake in Gucci by buying 8.6 million shares from LVMH. Gucci has also already paid to holders a dividend of \$7 per share. The final step will enable Gucci public shareholders to "put" (sell) their shares to PPR at \$101.50 per share in March 2004. At the current price, the yield to the put date for Gucci shareholders, including dividends, is approximately 5% annualized.

LIBERTY MEDIA CORP. (L - \$12.64 - NYSE), run by savvy media investor John Malone, is engaged in businesses that provide programming services (including production, acquisition and distribution through all media formats) as well as businesses engaged in electronic retailing, direct marketing and other services. Liberty Media holds interests in globally branded entertainment networks such as the Discovery Channel, USA Networks, QVC, Encore and STARZ!. Liberty's

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investment portfolio also includes interests in international video distribution businesses, international telephony and domestic wireless companies, plant and equipment manufacturers, and other businesses related to broadband services.

MEDIA GENERAL INC. (MEG - \$63.50 - NYSE) is a Richmond, Virginia-based communications company that is primarily focused on the Southeast. Its newspaper publishing operations include the Richmond Times-Dispatch, the Winston-Salem Journal, the Tampa Tribune, and 22 other daily newspapers. This includes 5 daily newspapers, clustered in Alabama and South Carolina, which the company bought from Thomson Corp. for \$238 million in August 2000. The company also owns a 20 percent interest in the Denver Post. Media General also operates 26 television stations primarily located in Southeastern markets, including 13 purchased from Spartan Communications on March 27, 2000 for \$605 million.

NAVISTAR INTERNATIONAL CORP. (NAV - \$44.30 - NYSE), with world headquarters outside of Chicago, is a leading North American manufacturer and marketer of medium and heavy trucks and school buses, and a worldwide leader in the manufacture of mid-range diesel engines, produced in a range of 160 to 300 horsepower for the International[R] brand. The company is also a private label designer and manufacturer of diesel engines for the full-size pickup truck and van markets. The company's products, parts and services are sold through a network of 1,000 International[R] brand dealer outlets in the United States, Canada, Brazil and Mexico, and through more than 90 separate dealers in 75 countries. Navistar provides financing for its customers and distributors principally through its wholly-owned subsidiary, Navistar Financial Corporation.

PEPSICO INC. (PEP - \$51.50 - NYSE) is a \$25 billion food and beverage company after the acquisition of Quaker Oats was completed on August 2, 2001. PepsiCo added several products to its existing portfolio of the Pepsi-Cola and Frito Lay brands, such as Gatorade and the Quaker Oat snack and food businesses. The company is focused on the faster growing convenience category, improving their distribution systems and extracting the synergies expected from the merger. PepsiCo is also benefiting from the introduction of new products such as Mountain Dew Code Red, Pepsi with Lemon, Bistro chips and the continued robust growth of Aquafina.

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SPS TECHNOLOGIES INC. (ST - \$42.37 - NYSE) is a leading manufacturer of fasteners, superalloys and magnetic materials for the aerospace, automotive and industrial markets. The Precision Fasteners and Components group produces high strength fasteners for the aerospace, automotive and machinery markets. The Specialty Materials and Alloys group makes superalloys for the aerospace and industrial gas turbine markets and the Magnetic Products group produces magnetic materials used in automotive, electronics and other specialty applications. Under the leadership of CEO Charlie Grigg, SPS has made 18 acquisitions since 1996 and has positioned the nearly \$1 billion company to be a strategic global supplier in the fastener and component industry. We believe the company will continue to use its strong cash flow to augment internal revenue and earnings growth with acquisitions.

STANDARD MOTOR PRODUCTS INC. (SMP - \$14.60 - NYSE), headquartered in Long Island City, New York, supplies functional replacement parts for the engine management, electrical and climate control systems of cars, trucks and buses. The company services all makes and models, both new and old cars, imported and domestic. SMP has two primary divisions -- engine management and temperature control -- and believes it is the number one supplier to the North American aftermarket in each of these lines.

TELEPHONE & DATA SYSTEMS INC. (TDS - \$88.25 - AMEX) provides mobile and local phone services to 3.6 million customers in 35 states. TDS conducts its cellular operations through an 81%-owned United States Cellular (USM - \$41.00 - AMEX) and

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its wireline telephone operations through its wholly owned TDS Telecommunications ("TDS Telecom") subsidiary, a full-service local exchange carrier. Having completed a merger of its 82%-owned PCS subsidiary Aerial Communications with VoiceStream Wireless, which was acquired by Deutsche Telekom (DT - \$14.98 - NYSE), a former German phone monopoly, TDS now owns 131.6 million shares of Deutsche Telekom valued at almost \$2 billion. As part of the VoiceStream/Deutsche Telekom deal, TDS also received \$570 million in cash.

THOMAS & BETTS CORP. (TNB - \$21.16 - NYSE) primarily manufactures electrical components and connectors. This business is suffering from its exposure to the technology and telecommunications industries. Management is cutting costs and restructuring the business to be profitable at the current lower revenue levels. Any or all of the 3 smaller business segments -- Steel Structures (utility poles), Communications (CATV equipment), and HVAC -- could be sold to raise cash and streamline the company. We also expect management to monetize the 20% investment in Leviton Manufacturing, a private company on Long Island, NY.

VIACOM INC. (VIA - \$48.60 - NYSE) is a diversified media company with businesses across many media platforms. The firm operates cable networks (including VH1, MTV, Showtime and Nickelodeon), television networks and stations (including the CBS and UPN Television networks and numerous affiliated TV stations in major markets), major market radio stations and outdoor advertising (through Infinity Broadcasting), a movie studio (Paramount), a publishing house (Simon and Schuster), amusement parks (Paramount Parks) and video rental operations (Blockbuster). The company focuses on high growth businesses and aims to deliver cash flow growth that is above the industry average.

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### 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 March 25, 2002. The next distribution is scheduled for June 2002.

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

The Trust's 7.25% Tax Advantaged Cumulative Preferred Stock paid a cash distribution on March 26, 2002 of \$0.453125 per share. For the twelve months ended March 31, 2002, Preferred Stock shareholders received distributions totaling 1.8125, the annual dividend rate per share of Preferred Stock. The next distribution is scheduled for June 2002.

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

The Trust's 7.20% Tax Advantaged Series B Cumulative Preferred Stock paid a cash distribution on March 26, 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 June 2002.

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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 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.

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	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:

	MAY ---	JUNE ----	JULY ---
1st Wednesday	Ivan Arteaga	Henry Van der Eb	Ivan
2nd Wednesday	Charles Minter & Martin Weiner	Caesar Bryan	Caesar
3rd Wednesday	Walter Walsh & Laura Linehan	Ivan Arteaga	Lyn
4th Wednesday	Hart Woodson	Barbara Marcini	Hen
5th Wednesday	Barbara Marcini		Bar

All chat sessions start at 4:15 ET. Please arrive early, as participation is limited.

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

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IN CONCLUSION

In the first quarter of 2002, equity investors responded favorably to encouraging economic news. Indeed, the economy appears back on solid footing and we should see earnings rebound nicely. Our concern is that much of this good news is already reflected in stock prices and that as the Fed raises interest rates later in the year, equity valuations may come under pressure. So, while the worst may be over, we don't see smooth sailing for equities going forward. Stock picking will remain the key to returns and we believe our focus on companies selling at deep discounts to intrinsic value will be rewarded as merger and acquisition activity heats up in the year ahead.

Sincerely,  
/S/ Mario J. Gabelli  
MARIO J. GABELLI, CFA  
Portfolio Manager and Chief Investment Officer

May 6, 2002

-----  
SELECTED HOLDINGS  
MARCH 31, 2002  
-----

American Express Co.	Navistar International Corp.
Berkshire Hathaway Inc.	PepsiCo Inc.
Gucci Group NV	Telephone & Data Systems Inc.

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Liberty Media Corp.  
Media General Inc.

Thomas & Betts Corp.  
Viacom Inc.

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 MARCH 31, 2002  
(UNAUDITED)

	SHARES	OWNERSHIP AT MARCH 31, 2002
	-----	-----
NET PURCHASES		
COMMON STOCKS		
American Express Co. ....	70,000	550,000
AOL Time Warner Inc. ....	110,000	575,000
AT&T Wireless Services Inc. ....	130,000	500,170
BAE Systems plc ....	25,000	150,000
Bank of Ireland, London ....	11,000	11,000
BCE Inc. ....	45,000	320,000
Broadwing Inc. ....	130,000	810,000
Burlington Resources Inc. ....	15,000	150,000
Cable & Wireless plc, ADR ....	3,000	173,000
Campbell Soup Co. ....	45,000	65,000
Coca-Cola Co. ....	15,000	30,000
Cooper Industries Inc. ....	5,000	120,000
CoreComm Ltd. ....	577,000	1,577,000
Corning Inc. ....	60,000	460,000
Curtiss-Wright Corp., Cl. B ....	92,000	98,320
Dana Corp. ....	69,900	320,061
DTE Energy Co. ....	18,000	30,366
Embratel Participacoes SA, ADR ....	5,000	215,000
Flowers Foods Inc. (a) ....	26,600	41,600
Fox Entertainment Group Inc., Cl. A ....	10,000	120,000
FPL Group Inc. ....	9,400	9,400
France Telecom SA, ADR ....	2,000	27,000
Franklin Electric Co. Inc. (b) ....	6,500	13,000
Fuller (H.B.) Co. ....	16,000	40,000
General Motors Corp. ....	10,000	167,942
Genuity Inc. ....	20,000	180,000
Grupo Bimbo, SA de CV, Ser. A ....	184,300	351,000
Gucci Group NV, ADR ....	3,000	33,000
Halliburton Co. ....	100,000	300,000
Heinz (H.J.) Co. ....	5,000	85,000
Hilton Group plc ....	200,000	1,650,000
Honeywell International Inc. ....	5,000	380,000
John Hancock Financial Services Inc. ....	20,000	60,000
Leap Wireless International Inc. ....	10,000	140,000
Liberty Media Corp., Cl. A ....	100,000	1,800,000
MeadWestvaco Corp. (c) ....	100,000	100,000
Merck & Co. Inc. ....	35,000	35,000
Metro-Goldwyn-Mayer Inc. ....	290,000	300,000
Mirant Corp. ....	60,000	60,000
mm02 plc, ADR ....	14,500	130,000
Motorola Inc. ....	10,000	110,000

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Newmont Mining Corp. Holding Co. ....	25,000	125,000
News Corp. Ltd., ADR (d) .....	6,017	11,017
Nikko Cordial Co. ....	15,000	186,500
Northeast Utilities .....	55,000	250,000
NTT DoCoMo Inc. (e) .....	100	200
NTT DoCoMo Inc. - W/I (e) .....	800	800
Pennzoil-Quaker State Co. ....	50,000	213,400
PRIMEDIA Inc. ....	87,000	300,000
Qwest Communications International Inc. ....	20,000	20,000
Rainbow Media Group .....	50,000	550,000
RAS SpA .....	10,000	60,000

	SHARES	OWNERSHIP AT MARCH 31, 2002
	-----	-----
Sara Lee Corp. ....	10,000	20,000
Schwab (Charles) Corp. ....	50,000	50,000
Sensient Technologies Corp. ....	13,800	213,800
SJW Corp. ....	200	10,400
Sprint Corp. - PCS Group .....	30,000	250,000
Telecom Argentina Stet France Telecom SA, ADR .....	20,000	40,000
Telefonica SA, ADR (f) .....	13,775	279,024
Telefonica SA, BDR (g) .....	657	16,913
Texas Instruments Inc. ....	40,000	40,000
Thomas Industries Inc. ....	23,000	100,000
Tootsie Roll Industries Inc. (h) .....	3,025	103,855
Total Fina Elf SA .....	2,000	6,907
Travelers Property Casualty Corp. ....	7,000	7,000
TRW Inc. ....	170,000	170,000
PREFERRED STOCKS		
Allen Telecom Inc., 7.750%, Cv. Pfd., Ser. D .....	60,000	60,000
Lucent Technologies Capital Trust I, 7.750% Cv. Pfd. ....	500	500
News Corp. Ltd., Pfd., ADR (i) .....	3,008	770,499
ProSieben Sat.1 Media AG, Pfd. ....	57,000	100,000

	PRINCIPAL AMOUNT	
	-----	
CORPORATE BONDS		
Charter Communications Inc., Cv., 4.750%, 06/01/06 .....	\$100,000	\$500,000
Hilton Hotels Corp., Sub. Deb. Cv., 5.000%, 05/15/06 .....	170,000	400,000
Nextel Communications Inc., 9.500%, 02/01/11 .....	500,000	500,000

	SHARES	
	-----	
NET SALES		
COMMON STOCKS		
Ackerley Group Inc. ....	(7,100)	42,900
Aetna Inc. ....	(50,000)	0
AGL Resources Inc. ....	(3,400)	70,000
Allstate Corp. ....	(5,000)	90,000
Amphenol Corp., Cl. A .....	(3,000)	2,000
AutoNation Inc. ....	(20,000)	300,000

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Aztar Corp. ....	(10,000)	110,000
Bank of New York Co. Inc. ....	(5,000)	80,000
Bank One Corp. ....	(5,000)	105,000
Benesse Corp. ....	(14,000)	0
Boeing Co. ....	(3,000)	115,000
Cable & Wireless plc ....	(95,000)	0
CH Energy Group Inc. ....	(5,000)	115,000
CLARCOR Inc. ....	(7,000)	100,000
Coca-Cola Enterprises Inc. ....	(20,000)	50,000
Curtiss-Wright Corp. ....	(98,000)	0
Dominion Resources Inc. ....	(3,000)	5,000
Donaldson Co. Inc. ....	(6,000)	219,000
Friends Provident plc ....	(126,000)	0
General Mills Inc. ....	(5,000)	90,000
GTECH Holdings Corp. ....	(1,000)	4,000

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THE GABELLI EQUITY TRUST INC.  
 PORTFOLIO CHANGES (CONTINUED)  
 QUARTER ENDED MARCH 31, 2002  
 (UNAUDITED)

	SHARES	OWNERSHIP AT MARCH 31, 2002
	-----	-----
NET SALES (CONTINUED)		
COMMON STOCKS (CONTINUED)		
Harley Davidson Inc. ....	(10,000)	60,000
Hilton Hotels Corp. ....	(40,000)	660,000
IDEX Corp. ....	(47,000)	250,000
Independent News & Media plc, Dublin. ....	(235,000)	411,000
ITT Industries Inc. ....	(5,000)	125,000
Jafco Co. Ltd. ....	(10,000)	0
Loral Space & Communications Ltd. ....	(10,000)	190,000
MGM Mirage Inc. ....	(25,000)	90,000
National Service Industries Inc. (j) ....	(105,000)	35,000
Navistar International Corp. ....	(5,000)	425,000
Nextel Communications Inc., Cl. A ....	(10,000)	240,000
Niagara Mohawk Holdings Inc. (k) ....	(210,000)	0
Nortek Inc. ....	(4,000)	140,000
NRJ Group ....	(10,000)	40,375
NTL Inc. ....	(20,000)	40,000
Obic Co. Ltd. ....	(1,000)	1,500
Pactiv Corp. ....	(10,000)	170,000
Procter & Gamble Co. ....	(10,000)	100,000
RCN Corp. ....	(20,000)	130,000
Rohm and Haas Co. ....	(73,000)	100,000
Rollins Inc. ....	(5,000)	505,000
Royce Value Trust Inc. ....	(4,000)	40,000
Sammy Corp. ....	(3,300)	0
Scheib (Earl) Inc. ....	(4,200)	70,800
Scripps (E.W.) Co., Cl. A ....	(1,000)	70,000
Secom Co. Ltd. ....	(3,000)	7,000
Smith Group plc ....	(2,420)	10,000
Starwood Hotels & Resorts		
Worldwide Inc. ....	(10,000)	50,000
Superior Industries International Inc. ....	(10,000)	60,000
THK Co. Ltd. ....	(4,000)	44,000



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Tokyo Electron Ltd. ....	(3,000)	9,400
Tyson Foods Inc., Cl. A .....	(110,000)	90,000
Waste Management Inc. ....	(10,000)	300,000
Westvaco Corp. (c) .....	(105,000)	0
Willamette Industries Inc. (l) .....	(322,000)	0
Winn-Dixie Stores Inc. ....	(10,000)	50,000
Wyeth .....	(2,000)	38,000
Xerox Corp. ....	(2,000)	10,000

	PRINCIPAL AMOUNT	OWNERSHIP AT MARCH 31, 2002
	-----	-----
CORPORATE BONDS		
Kaman Corp., Sub. Deb. Cv., 6.000%, 03/15/12 .....	\$ (67,000)	\$ 933,000
News America Holdings Inc., Sub. Deb. Cv., Zero Coupon (d) (i) .....	(200,000)	0
Waste Management Inc., Sub. Deb. Cv., 4.000%, 02/01/02 .....	(2,039,000)	0

- 
- (a) 3 for 2 stock split
  - (b) 2 for 1 stock split
  - (c) Merger - 0.97 shares of MeadWestvaco Corp. for every 1 share of Westvaco Corp.
  - (d) Merger - 0.0301 shares of News Corp. Ltd., ADR for every 1 share of News America Holdings Inc., Cvt.
  - (e) 5 for 1 stock split
  - (f) 2% Stock dividend
  - (g) 2% Stock dividend
  - (h) 3% Stock dividend
  - (i) Merger - 0.0150 shares of News Corp. Ltd., Pfd., ADR for every 1 share of News America Holdings Inc., Cvt.
  - (j) 1 for 4 stock split
  - (k) Cash merger at \$18.89 a share
  - (l) Tender Offer at \$55.50 per share

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THE GABELLI EQUITY TRUST INC.  
PORTFOLIO OF INVESTMENTS  
MARCH 31, 2002 (UNAUDITED)

SHARES		MARKET VALUE
-----		-----
	COMMON STOCKS -- 88.5%	
	ENTERTAINMENT -- 8.8%	
575,000	AOL Time Warner Inc.+ .....	\$ 13,598,750
160,000	Canal Plus, ADR .....	106,640
220,000	Disney (Walt) Co. ....	5,077,600
100,000	EMI Group plc, ADR .....	1,029,550
120,000	Fox Entertainment Group Inc., Cl. A+ .....	2,838,000
50,000	GC Companies Inc.+ .....	8,000
30,432	Gemstar-TV Guide International Inc.+ .....	450,089
195,000	Grupo Televisa SA, ADR+ .....	9,459,450
24,000	Liberty Livewire Corp., Cl. A+ .....	138,720
1,800,000	Liberty Media Corp., Cl. A+ .....	22,752,000
300,000	Metro-Goldwyn-Mayer Inc.+ .....	4,986,000
160,000	Publishing & Broadcasting Ltd. ....	849,641
100,000	Six Flags Inc.+ .....	1,786,000

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495,000	USA Networks Inc.+ .....	15,726,150
850,000	Viacom Inc., Cl. A+ .....	41,310,000
30,900	Vivendi Universal SA .....	1,201,743
210,000	Vivendi Universal SA, ADR .....	8,085,000
		-----
		129,403,333
		-----
	TELECOMMUNICATIONS -- 8.6%	
8,132	Aliant Inc. ....	135,837
7,500	Allegiance Telecom Inc.+ .....	22,500
30,000	ALLTEL Corp. ....	1,666,500
50,000	AT&T Canada Inc., Cl. B+ .....	1,346,500
1,500,000	AT&T Corp. ....	23,550,000
3,333	Avaya Inc.+ .....	24,598
320,000	BCE Inc. ....	5,638,400
33,400	Brasil Telecom Participacoes SA, ADR .....	1,332,660
810,000	Broadwing Inc.+ .....	5,661,900
1,775,000	BT Group plc+ .....	7,077,350
29,000	BT Group plc, ADR+ .....	1,165,220
3,338,192	Cable & Wireless Jamaica Ltd. ....	121,337
173,000	Cable & Wireless plc, ADR .....	1,702,320
130,000	CenturyTel Inc. ....	4,420,000
100,000	Citizens Communications Co.+ .....	1,075,000
255,466	Commonwealth Telephone Enterprises Inc.+ .....	9,771,574
20,000	Commonwealth Telephone Enterprises Inc., Cl. B+ .....	870,000
45,000	Compania de Telecomunicaciones de Chile SA, ADR+ .....	673,650
1,577,000	CoreComm Ltd.+ .....	157,700
240,278	Deutsche Telekom AG, ADR .....	3,599,364
215,000	Embratel Participacoes SA, ADR .....	741,750
27,000	France Telecom SA, ADR .....	821,070
265	Japan Telecom Co. Ltd. ....	819,783
100,000	KPN NV+ .....	512,096
		MARKET
SHARES		VALUE
		-----
20,000	Qwest Communications International Inc. ....	\$ 164,400
130,000	RCN Corp.+ .....	183,300
9,655	Rogers Communications Inc., Cl. B+ .....	131,926
110,345	Rogers Communications Inc., Cl. B, ADR+ .....	1,511,727
115,000	SBC Communications Inc. ....	4,305,600
350,000	Sprint Corp. - FON Group .....	5,351,500
186,554	Tele Norte Leste Participacoes SA, ADR .....	2,343,118
40,000	Telecom Argentina Stet France Telecom SA, ADR .....	114,400
400,040	Telecom Italia SpA .....	3,294,492
123,000	Telecom Italia SpA, ADR .....	10,055,250
135,000	Telecom Italia SpA, RNC .....	741,972
279,024	Telefonica SA, ADR+ .....	9,238,487
16,913	Telefonica SA, BDR+ .....	190,303
36,000	Telefonos de Mexico SA, Cl. L, ADR .....	1,454,040
12,750	TELUS Corp. ....	145,926
52,500	TELUS Corp., ADR .....	600,872
4,250	TELUS Corp., Non-Voting .....	44,673
27,500	TELUS Corp., Non-Voting, ADR .....	289,060

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295,000	Verizon Communications Inc. ....	13,466,750
100,000	WorldCom Inc. - MCI Group .....	591,000
		-----
		127,125,905
		-----
	FINANCIAL SERVICES -- 8.0%	
26,000	Aegon NV .....	634,650
4,100	Allianz AG .....	976,472
90,000	Allstate Corp. ....	3,399,300
550,000	American Express Co. ....	22,528,000
36,400	Argonaut Group Inc. ....	769,496
90,000	Banco Santander Central Hispano SA, ADR .....	739,800
99,000	Bank of Ireland, Ireland .....	1,071,816
11,000	Bank of Ireland, London .....	122,353
80,000	Bank of New York Co. Inc. ....	3,361,600
105,000	Bank One Corp. ....	4,386,900
282,000	Bankgesellschaft Berlin AG+ .....	519,092
260	Berkshire Hathaway Inc., Cl. A+ .....	18,486,000
5,000	Block (H&R) Inc. ....	222,250
190,000	Commerzbank AG, ADR .....	3,401,266
160,000	Deutsche Bank AG, ADR+ .....	10,304,000
20,000	Dun and Bradstreet Corp.+ .....	800,200
56,000	HBOS plc .....	604,864
25,000	Hibernia Corp., Cl. A .....	477,500
20,000	Invik & Co. AB, Cl. B .....	1,032,997
100,000	Irish Life & Permanent plc, Dublin .....	1,260,611
60,000	John Hancock Financial Services Inc. ....	2,291,400
50,000	JP Morgan Chase & Co. ....	1,782,500
64,000	Leucadia National Corp. ....	2,288,000

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THE GABELLI EQUITY TRUST INC.  
PORTFOLIO OF INVESTMENTS (CONTINUED)  
MARCH 31, 2002 (UNAUDITED)

SHARES		MARKET VALUE
-----		-----
	COMMON STOCKS (CONTINUED)	
	FINANCIAL SERVICES (CONTINUED)	
83,100	Mellon Financial Corp. ....	\$ 3,206,829
100,000	Midland Co. ....	4,260,000
30,000	Moody's Corp. ....	1,233,000
186,500	Nikko Cordial Corp. ....	823,197
185,000	Phoenix Companies Inc.+ .....	3,552,000
2,500	Prudential Financial Inc.+ .....	77,625
50,000	Prudential plc .....	504,101
60,000	RAS SpA .....	785,155
60,000	Riggs National Corp. ....	921,000
50,000	Schwab (Charles) Corp. ....	654,500
80,000	State Street Corp. ....	4,430,400
30,000	Stilwell Financial Inc. ....	734,700
20,000	SunTrust Banks Inc. ....	1,334,600
10,200	Swiss Re .....	938,542
100,000	T. Rowe Price Group Inc. ....	3,893,000
7,000	Travelers Property Casualty Corp.+ .....	140,000
50,000	Unitrin Inc. ....	2,010,000
130,000	Wachovia Corp. ....	4,820,400
55,100	Waddell & Reed Financial Inc., Cl. A .....	1,679,448
		-----

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		117,459,564
		-----
	FOOD AND BEVERAGE -- 6.7%	
10,108	Advantica Restaurant Group Inc.+ .....	10,209
10,800	Cadbury Schweppes plc, ADR .....	299,700
65,000	Campbell Soup Co. ....	1,742,000
30,000	Coca-Cola Co. ....	1,567,800
50,000	Coca-Cola Enterprises Inc. ....	939,000
150,940	Compass Group plc .....	1,010,221
100,000	Corn Products International Inc. ....	3,220,000
100,000	Diageo plc .....	1,307,245
224,000	Diageo plc, ADR .....	11,753,280
41,600	Flowers Foods Inc.+ .....	1,059,552
90,000	General Mills Inc. ....	4,396,500
351,000	Grupo Bimbo,SA de CV, Ser. A .....	934,283
20,000	Hain Celestial Group Inc.+ .....	445,000
85,000	Heinz (H.J.) Co. ....	3,527,500
30,000	Interbrew SA .....	830,956
350,000	Kellogg Co. ....	11,749,500
75,000	Kerry Group plc, Cl. A .....	1,009,270
60,500	LVMH Moet Hennessy	
	Louis Vuitton, ADR .....	614,075
41,300	Mondavi (Robert) Corp., Cl. A+ .....	1,484,322
600,595	PepsiAmericas Inc. ....	8,660,580
525,000	PepsiCo Inc. ....	27,037,500
60,000	Ralcorp Holdings Inc.+ .....	1,632,000
20,000	Sara Lee Corp. ....	415,200
103,855	Tootsie Roll Industries Inc. ....	4,776,287
90,000	Tyson Foods Inc., Cl. A .....	1,123,200
		MARKET
SHARES		VALUE
-----		-----
150,000	Wrigley (Wm.) Jr. Co. ....	\$ 7,996,500
		-----
		99,541,680
		-----
	EQUIPMENT AND SUPPLIES-- 6.5%	
120,000	AMETEK Inc. ....	4,465,200
2,000	Amphenol Corp., Cl. A+ .....	93,600
10,000	Caterpillar Inc. ....	568,500
95,000	CIRCOR International Inc. ....	1,971,250
100,000	CLARCOR Inc. ....	3,200,000
320,000	Deere & Co. ....	14,576,000
219,000	Donaldson Co. Inc. ....	8,805,990
150,000	Flowserve Corp.+ .....	4,801,500
13,000	Franklin Electric Co. Inc. ....	658,580
105,000	Gerber Scientific Inc.+ .....	771,750
250,000	IDEX Corp. ....	9,250,000
20,000	Ingersoll-Rand Co., Cl. A .....	1,000,400
60,000	Lufkin Industries Inc. ....	1,620,000
1,000	Manitowoc Co. Inc. ....	39,500
425,000	Navistar International Corp.+ .....	18,827,500
28,000	Olympus Optical Co. Ltd. ....	348,587
20,000	PACCAR Inc. ....	1,464,200
84,500	Sequa Corp., Cl. A+ .....	4,410,900
75,000	Sequa Corp., Cl. B+ .....	4,425,000
170,000	SPS Technologies Inc.+ .....	7,202,900
60,000	Sybron Dental Specialties Inc.+ .....	1,206,000
44,000	THK Co. Ltd. ....	836,609
75,000	UCAR International Inc.+ .....	1,065,000
250,000	Watts Industries Inc., Cl. A .....	4,200,000

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100,000	Weir Group plc .....	414,388
		-----
		96,223,354
		-----
	DIVERSIFIED INDUSTRIAL -- 5.2%	
220,000	Acuity Brands Inc. ....	3,636,600
195,000	Ampco-Pittsburgh Corp. ....	2,271,750
120,000	Cooper Industries Inc. ....	5,034,000
270,000	Crane Co. ....	7,381,800
110,000	GATX Corp. ....	3,498,000
200,000	GenTek Inc. ....	60,000
260,000	Greif Bros. Corp., Cl. A ....	9,282,000
3,400	Greif Bros. Corp., Cl. B ....	113,050
380,000	Honeywell International Inc. ....	14,542,600
125,000	ITT Industries Inc. ....	7,880,000
400,600	Lamson & Sessions Co.+ ....	2,303,450
35,000	National Service Industries Inc. ....	365,400
83,715	Park-Ohio Holdings Corp.+ ....	375,043
213,800	Sensient Technologies Corp. ....	4,921,676
10,000	Smiths Group plc .....	115,488
6,000	Sulzer AG .....	1,314,655
100,000	Thomas Industries Inc. ....	2,925,000
50,000	Trinity Industries Inc. ....	1,215,500
170,000	TRW Inc. ....	8,749,900
		-----
		75,985,912
		-----

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THE GABELLI EQUITY TRUST INC.  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 MARCH 31, 2002 (UNAUDITED)

SHARES		MARKET VALUE
-----		-----
	COMMON STOCKS (CONTINUED)	
	PUBLISHING -- 5.1%	
20,000	Dow Jones & Co. Inc. ....	\$ 1,164,400
411,000	Independent News & Media plc, Dublin .....	788,819
5,000	McClatchy Co., Cl. A .....	296,850
105,000	McGraw-Hill Companies Inc. ....	7,166,250
400,000	Media General Inc., Cl. A .....	25,400,000
125,000	Meredith Corp. ....	5,313,750
115,000	New York Times Co., Cl. A .....	5,503,900
120,000	News Corp. Ltd. ....	840,248
11,017	News Corp. Ltd., ADR .....	313,922
400,000	Penton Media Inc. ....	3,020,000
300,000	PRIMEDIA Inc.+ .....	951,000
33,000	Pulitzer Inc. ....	1,765,500
185,000	Reader's Digest Association Inc., Cl. B .....	4,403,000
400,000	SCMP Group Ltd. ....	225,647
70,000	Scripps (E.W.) Co., Cl. A .....	5,748,400
91,842	Seat-Pagine Gialle SpA+ .....	71,069
75,000	Thomas Nelson Inc. ....	911,250
250,000	Tribune Co. ....	11,365,000
		-----
		75,249,005
		-----
	ENERGY AND UTILITIES -- 4.9%	

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70,000	AGL Resources Inc. ....	1,645,000
37,400	Apache Corp. ....	2,127,312
120,000	BP plc ....	1,068,010
248,800	BP plc, ADR ....	13,211,280
150,000	Burlington Resources Inc. ....	6,013,500
115,000	CH Energy Group Inc. ....	5,456,750
20,000	Cinergy Corp. ....	715,000
210,000	Conoco Inc. ....	6,127,800
10,000	Constellation Energy Group Inc. ....	308,500
5,000	Dominion Resources Inc. ....	325,800
15,000	DPL Inc. ....	383,250
50,000	DQE Inc. ....	1,065,500
30,366	DTE Energy Co. ....	1,381,653
400,000	El Paso Electric Co.+ ....	6,260,000
20,000	Energy East Corp. ....	435,000
9,400	FPL Group Inc. ....	559,770
300,000	Halliburton Co. ....	5,121,000
38,632	Kerr-McGee Corp. ....	2,428,021
60,000	Mirant Corp.+ ....	867,000
100,000	NiSource Inc.+ ....	232,000
250,000	Northeast Utilities ....	4,967,500
213,400	Pennzoil-Quaker State Co. ....	4,581,698
100,000	Progress Energy Inc.+ ....	27,500
10,400	SJW Corp. ....	844,480
14,000	Southwest Gas Corp. ....	350,000
6,907	Total Fina Elf SA ....	1,066,537
		MARKET
SHARES		VALUE
-----		-----
250,000	Western Resources Inc. ....	\$ 4,287,500
		-----
		71,857,361
		-----
	WIRELESS COMMUNICATIONS -- 4.8%	
95,000	America Movil SA de CV, Cl. L, ADR ....	1,886,700
500,170	AT&T Wireless Services Inc.+ ....	4,476,521
140,000	Leap Wireless International Inc.+ ....	1,178,800
1,775,000	mm02 plc+ ....	1,725,104
130,000	mm02 plc, ADR+ ....	1,272,700
240,000	Nextel Communications Inc., Cl. A+ ....	1,291,200
200	NTT DoCoMo Inc. ....	543,253
800	NTT DoCoMo Inc. - W/I+ ....	2,166,974
250,000	Rogers Wireless Communications Inc., Cl. B+ ....	2,850,000
250,000	Sprint Corp. - PCS Group+ ....	2,572,500
16,700	Tele Celular Sul Participacoes SA, ADR ....	222,945
55,666	Tele Centro Oeste Celular Participacoes SA, ADR ....	335,666
3,340	Tele Leste Celular Participacoes SA, ADR+ ....	58,951
8,350	Tele Nordeste Celular Participacoes SA, ADR ....	201,653
3,340	Tele Norte Celular Participacoes SA, ADR ....	53,273
1,400,000	Telecom Italia Mobile SpA ....	6,790,721
8,350	Telemig Celular Participacoes SA, ADR ....	237,140
450,000	Telephone & Data Systems Inc. ....	39,712,500
66,800	Telesp Celular Participacoes SA, ADR ....	422,844
553,888	Vodafone Group plc ....	1,023,396

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100,000	Vodafone Group plc, ADR .....	1,843,000
		-----
		70,865,841
		-----
	CONSUMER PRODUCTS -- 4.0%	
70,000	Altadis SA .....	1,285,474
43,000	Christian Dior SA .....	1,626,187
10,000	Church & Dwight Co. Inc. ....	294,600
110,000	Compagnie Financiere Richemont AG, Cl. A .....	2,534,472
50,000	Department 56 Inc.+ .....	700,000
350,001	Energizer Holdings Inc.+ .....	8,312,524
90,000	Fortune Brands Inc. ....	4,443,300
250,000	Gallaher Group plc, ADR .....	7,712,500
300,000	Gillette Co. ....	10,203,000
2,000	Givaudan SA .....	642,165
60,000	Harley Davidson Inc. ....	3,307,800
15,000	Matsushita Electric Industrial Co. Ltd., ADR .....	185,250
100,000	Mattel Inc. ....	2,084,000
30,000	Maytag Corp. ....	1,327,500

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THE GABELLI EQUITY TRUST INC.  
PORTFOLIO OF INVESTMENTS (CONTINUED)  
MARCH 31, 2002 (UNAUDITED)

SHARES		MARKET VALUE
-----		-----
	COMMON STOCKS (CONTINUED)	
	CONSUMER PRODUCTS (CONTINUED)	
50,000	National Presto Industries Inc. ....	\$ 1,438,000
9,500	Nintendo Co. Ltd. ....	1,397,744
20,000	Philip Morris Companies Inc. ....	1,053,400
100,000	Procter & Gamble Co. ....	9,009,000
32,000	Shimano Inc. ....	393,556
15,000	Swatch Group AG, Cl. B+ .....	1,527,372
10,425	Syratech Corp.+(a) .....	5,265
		-----
		59,483,109
		-----
	AUTOMOTIVE: PARTS AND ACCESSORIES -- 3.4%	
20,000	ArvinMeritor Inc. ....	571,000
36,802	BorgWarner Inc. ....	2,315,582
320,061	Dana Corp. ....	6,871,710
65,000	Delphi Corp. ....	1,039,350
260,000	GenCorp Inc. ....	4,087,200
210,000	Genuine Parts Co. ....	7,721,700
114,000	Johnson Controls Inc. ....	10,067,340
110,000	Midas Inc. ....	1,568,600
335,000	Modine Manufacturing Co. ....	9,041,650
20,000	O'Reilly Automotive Inc.+ .....	631,400
70,800	Scheib (Earl) Inc.+ .....	187,974
163,000	Standard Motor Products Inc. ....	2,379,800
60,000	Superior Industries International Inc. ....	2,926,800
105,000	TransPro Inc.+ .....	453,600
		-----
		49,863,706
		-----
	CABLE -- 2.6%	

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515,000	Cablevision Systems Corp., Cl. A+ .....	17,510,000
40,000	Comcast Corp., Cl. A+ .....	1,338,000
85,000	Comcast Corp., Cl. A, Special+ .....	2,703,000
40,000	NTL Inc.+ .....	8,000
550,000	Rainbow Media Group+ .....	13,574,000
20,000	Shaw Communications Inc., Cl. B .....	358,273
80,000	Shaw Communications Inc., Cl. B, Non-Voting .....	1,438,400
370,000	UnitedGlobalCom Inc., Cl. A+ .....	2,001,700
		-----
		38,931,373
		-----
	HOTELS AND GAMING -- 2.4%	
110,000	Aztar Corp.+ .....	2,409,000
90,000	Boca Resorts Inc., Cl. A+ .....	1,164,600
240,000	Gaylord Entertainment Co.+ .....	6,384,000
4,000	GTECH Holdings Corp.+ .....	195,000
1,650,000	Hilton Group plc .....	5,856,436
660,000	Hilton Hotels Corp. ....	9,438,000
90,000	MGM Mirage Inc.+ .....	3,260,700
430,000	Park Place Entertainment Corp.+ .....	4,536,500
50,000	Starwood Hotels & Resorts Worldwide Inc. ....	1,880,500
		-----
		35,124,736
		-----
		MARKET
SHARES		VALUE
-----		-----
	HEALTH CARE -- 2.2%	
60,000	Amgen Inc.+ .....	\$ 3,580,800
40,000	Apogent Technologies Inc.+ .....	987,200
10,000	AstraZeneca plc, London .....	496,554
35,146	AstraZeneca plc, Stockholm .....	1,747,424
12,000	Aventis SA .....	829,124
26,000	Biogen Inc.+ .....	1,275,560
75,036	GlaxoSmithKline plc .....	1,767,337
4,000	GlaxoSmithKline plc, ADR .....	188,000
56,011	Invitrogen Corp.+ .....	1,922,298
35,000	Merck & Co. Inc. ....	2,015,300
46,000	Novartis AG .....	1,809,301
108,000	Novartis AG, Registered .....	4,276,800
65,000	Pfizer Inc. ....	2,583,100
17,900	Roche Holding AG .....	1,391,611
20,000	Sanofi-Synthelabo SA .....	1,284,165
10,000	Schering-Plough Corp. ....	313,000
23,000	Sulzer Medica AG .....	2,119,740
14,000	Takeda Chemical Industries Ltd. ....	567,246
38,000	Wyeth .....	2,494,700
		-----
		31,649,260
		-----
	RETAIL -- 2.1%	
200,000	Albertson's Inc. ....	6,628,000
300,000	AutoNation Inc.+ .....	4,176,000
10,000	Coldwater Creek Inc.+ .....	177,600
16,000	Delhaize Le Lion SA, ADR .....	731,680
33,000	Gucci Group NV, ADR .....	3,053,160
100,000	Lillian Vernon Corp. ....	640,000
104,500	Neiman Marcus Group Inc., Cl. A+ .....	3,600,025
320,000	Neiman Marcus Group Inc., Cl. B+ .....	10,480,000



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50,000	Winn-Dixie Stores Inc. ....	802,000
		-----
		30,288,465
		-----
	AEROSPACE -- 1.6%	
150,000	BAE Systems plc .....	715,567
115,000	Boeing Co. ....	5,548,750
100,000	Lockheed Martin Corp. ....	5,758,000
97,978	Northrop Grumman Corp. ....	11,076,413
		-----
		23,098,730
		-----
	SPECIALTY CHEMICALS -- 1.3%	
5,400	Ciba Specialty Chemicals, ADR(b) .....	204,120
10,000	E.I. du Pont de Nemours and Co. ....	471,500
315,000	Ferro Corp. ....	9,072,000
40,000	Fuller (H.B.) Co. ....	1,198,000
120,000	Hercules Inc.+ .....	1,597,200
210,000	Omnova Solutions Inc. ....	1,743,000
100,000	Rohm and Haas Co. ....	4,227,000
11,697	Syngenta AG, ADR+ .....	143,873
		-----
		18,656,693
		-----

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THE GABELLI EQUITY TRUST INC.  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 MARCH 31, 2002 (UNAUDITED)

SHARES		MARKET VALUE
-----		-----
	COMMON STOCKS (CONTINUED)	
	BROADCASTING -- 1.1%	
42,900	Ackerley Group Inc.+ .....	\$ 766,194
16,666	Corus Entertainment Inc., Cl. B+ .....	383,894
28,000	Gray Communications Systems Inc. ....	448,560
25,000	Gray Communications Systems Inc., Cl. B .....	362,250
200,000	Liberty Corp. ....	7,964,000
4,000	Nippon Broadcasting System Inc. ....	128,871
40,375	NRJ Group .....	876,699
131,000	Paxson Communications Corp.+ .....	1,435,760
14,700	RTL Group (Brussels) .....	569,395
3,000	RTL Group (New York) .....	116,988
100,000	Television Broadcasts Ltd. ....	465,398
110,000	Young Broadcasting Inc., Cl. A+ .....	2,748,900
		-----
		16,266,909
		-----
	PAPER AND FOREST PRODUCTS -- 1.0%	
100,000	MeadWestvaco Corp. ....	3,315,000
170,000	Pactiv Corp.+ .....	3,403,400
10,000	Rayonier Inc. ....	532,800
253,000	St. Joe Co. ....	7,590,000
		-----
		14,841,200
		-----
	AGRICULTURE -- 1.0%	
1,050,000	Archer-Daniels-Midland Co. ....	14,626,500

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5,000	Delta & Pine Land Co. ....	94,850
		-----
		14,721,350
		-----
	REAL ESTATE -- 0.9%	
450,000	Catellus Development Corp.+ .....	8,851,500
75,000	Cheung Kong (Holdings) Ltd. ....	670,692
44,000	Florida East Coast Industries	
	Inc., Cl. A .....	1,245,640
58,451	Florida East Coast Industries	
	Inc., Cl. B .....	1,532,001
55,000	Griffin Land & Nurseries Inc.+ .....	819,500
4,753	HomeFed Corp.+ .....	4,182
		-----
		13,123,515
		-----
	ELECTRONICS -- 0.9%	
3,000	Hitachi Ltd., ADR .....	220,650
16,000	Molex Inc., Cl. A .....	489,440
7,500	NEC Corp., ADR .....	62,625
38,800	Philips Electronics NV, ADR .....	1,172,536
7,400	Rohm Co. Ltd. ....	1,111,102
47,000	Sony Corp., ADR .....	2,429,900
40,000	Texas Instruments Inc. ....	1,324,000
250,000	Thomas & Betts Corp. ....	5,290,000
9,400	Tokyo Electron Ltd. ....	653,216
		-----
		12,753,469
		-----
		MARKET
SHARES		VALUE
-----		-----
	CONSUMER SERVICES -- 0.7%	
40,000	Loewen Group Inc.+ .....	\$ 1,200
505,000	Rollins Inc. ....	10,655,500
		-----
		10,656,700
		-----
	AUTOMOTIVE -- 0.7%	
15,000	Ford Motor Co. ....	247,350
167,942	General Motors Corp. ....	10,152,094
		-----
		10,399,444
		-----
	ENVIRONMENTAL SERVICES -- 0.6%	
65,000	Republic Services Inc.+ .....	1,214,200
300,000	Waste Management Inc. ....	8,175,000
		-----
		9,389,200
		-----
	COMMUNICATIONS EQUIPMENT -- 0.6%	
68,000	Acterna Corp.+ .....	102,000
290,000	Allen Telecom Inc.+ .....	1,937,200
460,000	Corning Inc. ....	3,505,200
130,000	Lucent Technologies Inc. ....	614,900
110,000	Motorola Inc. ....	1,562,000
100,000	Nortel Networks Corp. ....	449,000
44,000	Scientific-Atlanta Inc. ....	1,016,400
		-----
		9,186,700
		-----

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	BUSINESS SERVICES -- 0.6%	
60,000	ANC Rental Corp.+ .....	21,000
180,000	Cendant Corp.+ .....	3,456,000
1,000	CheckFree Corp.+ .....	15,330
98,000	Landauer Inc. ....	3,719,100
70,000	Nashua Corp.+ .....	413,000
10,833	Reuters Group plc, ADR .....	511,210
7,000	Secom Co. Ltd. ....	309,503
250,000	Securicor plc .....	434,324
3,500	SYNAVANT Inc.+ .....	11,795
		-----
		8,891,262
		-----
	AVIATION: PARTS AND SERVICES -- 0.6%	
98,320	Curtiss-Wright Corp., Cl. B .....	6,415,380
90,000	Fairchild Corp., Cl. A+ .....	226,800
60,000	Precision Castparts Corp. ....	2,124,600
		-----
		8,766,780
		-----
	BUILDING AND CONSTRUCTION -- 0.5%	
112,500	CRH plc .....	1,982,517
32,222	Huttig Building Products Inc.+ .....	178,510
15,000	Martin Marietta Materials Inc. ....	633,300
140,000	Nortek Inc.+ .....	5,040,000
5,000	Nortek Inc., Special Common+(a) .....	180,000
		-----
		8,014,327
		-----

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THE GABELLI EQUITY TRUST INC.  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 MARCH 31, 2002 (UNAUDITED)

SHARES		MARKET VALUE
-----		-----
	COMMON STOCKS (CONTINUED)	
	METALS AND MINING -- 0.3%	
72,500	Harmony Gold Mining Co. Ltd. ....	\$ 812,713
15,000	Harmony Gold Mining Co. Ltd., ADR .....	169,500
125,000	Newmont Mining Corp. Holding Co. ....	3,461,250
50,000	Placer Dome Inc. ....	612,500
		-----
		5,055,963
		-----
	SATELLITE -- 0.2%	
180,323	General Motors Corp., Cl. H+ .....	2,966,313
340,000	Liberty Satellite & Technology Inc., Cl. A+ .....	197,200
190,000	Loral Space & Communications Ltd.+ .....	408,500
		-----
		3,572,013
		-----
	TRANSPORTATION -- 0.2%	
100,000	AMR Corp.+ .....	2,641,000
7,500	Kansas City Southern Industries Inc.+ .....	119,550
31,273	Tsakos Energy Navigation Ltd.+ .....	467,413
		-----
		3,227,963

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	COMPUTER SOFTWARE AND SERVICES -- 0.2%	
20,000	Capcom Co. Ltd. ....	534,198
10,000	Computer Associates International Inc. ....	218,900
170,000	EMC Corp.+ .....	2,026,400
180,000	Genuity Inc.+ .....	156,600
1,500	Obic Co. Ltd. ....	283,510
		3,219,608
	CLOSED END FUNDS -- 0.2%	
59,000	Central European Equity Fund Inc. ....	782,930
18,592	France Growth Fund Inc. ....	139,254
54,150	Italy Fund Inc. ....	372,552
68,000	New Germany Fund Inc.+ .....	402,560
70,000	Pimco RCM Europe Fund Inc. ....	535,500
40,000	Royce Value Trust Inc. ....	718,000
		2,950,796
	COMPUTER HARDWARE -- 0.0%	
26,000	Hewlett-Packard Co. ....	466,440
10,000	Xerox Corp.+ .....	107,500
		573,940
	TOTAL COMMON STOCKS .....	1,306,419,166
	PREFERRED STOCKS -- 1.8%	
	PUBLISHING -- 1.2%	
770,499	News Corp. Ltd., Pfd., ADR, .....	18,490,419
		MARKET VALUE
SHARES		
	TELECOMMUNICATIONS -- 0.4%	
60,000	Allen Telecom Inc., 7.750% Cv. Pfd., Ser. D .....	\$ 2,851,200
31,000	Broadwing Inc., 6.750% Cv. Pfd., Ser. B .....	1,010,600
20,000	Citizens Communications Co., 5.000% Cv. Pfd. ....	940,400
500	Lucent Technologies Capital Trust I, 7.750% Cv. Pfd.+ (b) .....	474,125
		5,276,325
	AEROSPACE -- 0.1%	
14,021	Northrop Grumman Corp., 7.000% Cv. Pfd., Ser. B .....	1,859,185
	BROADCASTING -- 0.1%	
100,000	ProSieben Sat.1 Media AG, Pfd. ....	873,267
	EQUIPMENT AND SUPPLIES -- 0.0%	
3,000	Sequa Corp., \$5.00 Cv. Pfd. ....	252,750
	WIRELESS COMMUNICATIONS -- 0.0%	

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10,760,547	Telesp Celular Participacoes SA, Pfd. ....	26,670
		-----
	TOTAL PREFERRED STOCKS .....	26,778,616
		-----
PRINCIPAL AMOUNT -----		
	CORPORATE BONDS -- 0.3%	
	AUTOMOTIVE: PARTS AND ACCESSORIES -- 0.1%	
\$1,500,000	Standard Motor Products Inc., Sub. Deb. Cv., 6.750%, 07/15/09 .....	1,115,625
		-----
933,000	AVIATION: PARTS AND SERVICES -- 0.1%	
	Kaman Corp., Sub. Deb. Cv., 6.000%, 03/15/12 .....	912,007
		-----
1,000,000	ENERGY AND UTILITIES -- 0.1%	
	Mirant Corp., Sub. Deb. Cv., 2.500%, 06/15/21 .....	810,000
		-----
500,000	CABLE -- 0.0%	
	Charter Communications Inc., Cv., 4.750%, 06/01/06 .....	391,250
		-----
400,000	HOTELS AND GAMING -- 0.0%	
	Hilton Hotels Corp., Sub. Deb. Cv., 5.000%, 05/15/06 .....	381,000
		-----

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THE GABELLI EQUITY TRUST INC.  
PORTFOLIO OF INVESTMENTS (CONTINUED)  
MARCH 31, 2002 (UNAUDITED)

PRINCIPAL AMOUNT -----		MARKET VALUE -----
	CORPORATE BONDS (CONTINUED)	
	WIRELESS COMMUNICATIONS -- 0.0%	
\$ 500,000	Nextel Communications Inc., 9.500%, 02/01/11 .....	\$ 323,750
		-----
1,000,000	CONSUMER PRODUCTS -- 0.0%	
	Pillowtex Corp., Sub. Deb. Cv., 6.000%, 03/15/12+ (e) .....	0
		-----
	TOTAL CORPORATE BONDS .....	3,933,632
		-----
SHARES -----		
	WARRANTS -- 0.0%	
	FOOD AND BEVERAGE -- 0.0%	
62,463	Advantica Restaurant Group Inc., expires 01/07/05+ .....	1,249
		-----
5,000	METALS AND MINING -- 0.0%	
	Harmony Gold Mining Co. Ltd., ADR, expires 06/29/03+ .....	38,250
		-----

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	TOTAL WARRANTS .....	39,499	-----
PRINCIPAL AMOUNT			
-----			
\$100,000,000	U.S. GOVERNMENT OBLIGATIONS -- 6.8% U.S. Treasury Bills, 1.660% to 1.770%+, 04/25/02 to 07/11/02 .....	99,653,744	-----
42,000,000	REPURCHASE AGREEMENT -- 2.8% State Street Bank & Trust Co., 1.770%, dated 03/28/02, due 04/01/02, proceeds at maturity \$42,008,260 (c) .....	42,000,000	-----
TOTAL INVESTMENTS -- 100.2%	(Cost \$1,109,848,786) .....	1,478,824,657	
OTHER ASSETS, LIABILITIES AND LIQUIDATION VALUE OF CUMULATIVE PREFERRED STOCK -- (20.4)% .....		(301,425,621)	-----
NET ASSETS -- COMMON STOCK -- 79.7%	(130,831,966 common shares outstanding) .....	1,177,399,036	-----
NET ASSETS -- PREFERRED STOCK -- 20.3%	(11,967,900 preferred shares outstanding) .....	299,197,500	-----
TOTAL NET ASSETS -- 100.0% .....		\$1,476,596,536	=====
NET ASSET VALUE PER COMMON SHARE ((\$1,177,399,036 / 130,831,966 shares outstanding) .....		\$9.00	=====
PRINCIPAL AMOUNT	SETTLEMENT DATE	NET UNREALIZED APPRECIATION	
-----	-----	-----	
FORWARD FOREIGN EXCHANGE CONTRACTS -- 0.0%			
\$4,992,000 (d) Deliver Hong Kong Dollars in exchange for USD 639,820 .....	08/01/02	\$374	=====
NUMBER OF CONTRACTS			
-----			
20	FUTURE CONTRACTS - SHORT POSITION S&P 500 Index Futures .....	84,000	=====
-----			
	For Federal tax purposes:		
	Aggregate cost .....	\$1,109,848,786	=====
	Gross unrealized appreciation .....	\$ 436,350,184	
	Gross unrealized depreciation .....	(67,374,313)	

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Net unrealized appreciation ..... \$ 368,975,871  
 =====

- 
- + Non-income producing security.
  - ++ Represents annualized yield at date of purchase.
  - (a) Security fair valued under procedures established by the Board of Directors.
  - (b) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At March 31, 2002, the market value of Rule 144A securities amounted to \$678,245 or 0.0% of total net assets.
  - (c) Collateralized by U.S. Treasury Notes, 5.50% to 5.75%, due 04/30/03 to 05/31/03, market value \$42,844,368.
  - (d) Principal amount denoted in Hong Kong Dollars.
  - (e) Bond in default.
- ADR - American Depositary Receipt.  
 BDR - Brazilian Depositary Receipt.  
 RNC - Non-Convertible Savings Shares.  
 USD - U.S. Dollars.  
 W/I - When Issued.

	% OF MARKET VALUE	MARKET VALUE
	-----	-----
GEOGRAPHIC DIVERSIFICATION		
United States .....	83.7%	\$1,237,952,444
Europe .....	11.2	166,199,880
Asia/Pacific Rim .....	2.5	37,131,402
Latin America .....	1.4	20,620,530
Canada .....	1.1	15,938,188
South Africa .....	0.1	982,213
	-----	-----
Total Investments .....	100.0%	\$1,478,824,657
	=====	=====

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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

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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 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



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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, RI02940-3011 such that EquiServe receives such payments approximately 10 days before the investment date. Funds not received at least five days before the investment date shall be held for investment in the following month. A payment may be withdrawn without charge if notice is received by EquiServe at least 48 hours before such payment is to be invested.

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

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### DIRECTORS AND OFFICERS

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

#### DIRECTORS

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

Dr. Thomas E. Bratter  
PRESIDENT, JOHN DEWEY ACADEMY

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

James P. Conn  
FORMER MANAGING DIRECTOR 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

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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 ADVISOR

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

EquiServe Trust Company

STOCK EXCHANGE LISTING

	COMMON	7.25% PREFERRED	7.20% PREFERRED
	-----	-----	-----
NYSE-			
Symbol:	GAB	GAB Pr	GAB PrB
Shares			
Outstanding:	130,831,966	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)

FIRST QUARTER REPORT  
MARCH 31, 2002

GBFCM 03/02