

GABELLI CONVERTIBLE & INCOME SECURITIES FUND INC  
Form N-CSRS  
September 06, 2013

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: June 30, 2013

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

Edgar Filing: GABELLI CONVERTIBLE & INCOME SECURITIES FUND INC - Form N-CSRS

Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

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

**Item 1. Reports to Stockholders.**

The Report to Shareholders is attached herewith.

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

**Semiannual Report June 30, 2013**

**To Our Shareholders,**

For the six months ended June 30, 2013, the net asset value ( NAV ) total return of The Gabelli Convertible and Income Securities Fund Inc. was 12.0%, compared with a total return of (2.2%) for the Barclays Government/Credit Bond Index. The total return for the Fund's publicly traded shares was 20.4%. The Fund's NAV per share was \$6.05, while the price of the publicly traded shares closed at \$6.18 on the New York Stock Exchange ( NYSE ). See below for additional performance information.

Enclosed are the schedule of investments and financial statements as of June 30, 2013.

**Comparative Results**

**Average Annual Returns through June 30, 2013 (a) (Unaudited)**

	Year to Date	1 Year	5 Year	10 Year	Since Inception (07/03/89)
<b>Gabelli Convertible and Income Securities Fund</b>					
<b>NAV Total Return (b)</b>	11.96%	17.62%	5.90%	5.51%	6.88%
<b>Investment Total Return (c)</b>	20.42	21.39	5.92	3.81	6.05(d)
Standard & Poor's 500 Index	13.39	20.60	7.01	7.30	9.32(e)
Barclays Government/Credit Bond Index	(2.20)	(0.57)	5.26	4.39	N/A(f)
Lipper Convertible Securities Fund Average	11.22	16.49	5.85	7.06	8.25(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](http://www.gabelli.com) for performance information as of the most recent month end. Performance returns for periods of less than one year are not annualized. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing.** The Standard & Poor's 500 Index is an unmanaged indicator of stock market performance. The 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 mutual 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.

(d) The Fund converted to closed-end status on March 31, 1995 and had no operating history on the NYSE prior to that date.

- (e) *From June 30, 1989, the date closest to the Fund's inception for which data is available.*
- (f) *The 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 June 30, 2013:

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

U.S. Government Obligations	18.0%
Financial Services	16.7%
Health Care	11.1%
Energy and Utilities	10.8%
Diversified Industrial	9.8%
Aerospace	9.0%
Food and Beverage	5.2%
Telecommunications	3.5%
Retail	2.8%
Equipment and Supplies	2.0%
Automotive: Parts and Accessories	1.8%
Hotels and Gaming	1.5%
Consumer Products	1.4%
Computer Hardware	1.2%
Broadcasting	0.9%
Transportation	0.8%
Building and Construction	0.8%
Communications Equipment	0.7%
Automotive	0.6%
Environmental Services	0.4%
Specialty Chemicals	0.3%
Computer Software and Services	0.2%
Wireless Communications	0.1%
Electronics	0.1%
Metals and Mining	0.1%
Cable and Satellite	0.1%
Entertainment	0.1%
	100.0%

**Short Positions**

Aerospace	(1.6)%
-----------	--------

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](http://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](http://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](http://www.sec.gov).

### **Certifications**

The Fund's Chief Executive Officer has certified to the New York Stock Exchange ( NYSE ) that, as of June 10, 2013, he was not aware of any violation by the Fund of applicable NYSE corporate governance listing standards. The Fund reports to the SEC on Form N-CSR which contains certifications by the Fund's principal executive officer and principal financial officer that relate to the Fund's disclosure in such reports and that are required by Rule 30a-2(a) under the 1940 Act.

## The Gabelli Convertible and Income Securities Fund Inc.

## Schedule of Investments June 30, 2013 (Unaudited)

Principal		Market
<u>Amount</u>		<u>Cost</u> <u>Value</u>
	<b>CONVERTIBLE CORPORATE BONDS 14.8%</b>	
	<b>Aerospace 3.1%</b>	
\$ 1,850,000	GenCorp Inc., Sub. Deb. Cv., 4.063%, 12/31/39	\$ 1,495,304      \$ 3,410,937
	<b>Automotive 0.6%</b>	
700,000	Navistar International Corp., Sub. Deb. Cv., 3.000%, 10/15/14	694,214      683,375
	<b>Broadcasting 0.4%</b>	
200,000	Sirius XM Radio Inc., Cv., 7.000%, 12/01/14(a)	190,366      381,250
	<b>Building and Construction 0.8%</b>	
	Lennar Corp., Cv.,	
400,000	2.000%, 12/01/20(a)	391,235      532,500
200,000	2.750%, 12/15/20(a)	204,586      342,875
		595,821      875,375
	<b>Diversified Industrial 5.6%</b>	
3,500,000	Griffon Corp., Sub. Deb. Cv., 4.000%, 01/15/17(a)	3,475,886      3,738,437
1,400,000	Roper Industries Inc., Sub. Deb. Cv. STEP, 0.000%, 01/15/34	887,337      2,189,250
100,000	Trinity Industries Inc., Sub. Deb. Cv., 3.875%, 06/01/36	72,457      117,750
		4,435,680      6,045,437
	<b>Electronics 0.1%</b>	
100,000	Intel Corp., Sub. Deb. Cv., 3.250%, 08/01/39	106,404      127,625
	<b>Energy and Utilities 0.1%</b>	
100,000	McMoRan Exploration Co., Cv., 4.000%, 12/30/17	106,051      117,000
	<b>Entertainment 0.1%</b>	
50,000		50,000      70,969

	Take-Two Interactive Software Inc., Cv., 4.375%, 06/01/14		
100,000	THQ Inc., Cv., 5.000%, 08/15/14	94,400	46,000
		144,400	116,969
	<b>Environmental Services 0.4%</b>		
350,000	Covanta Holding Corp., Cv., 3.250%, 06/01/14	350,000	452,375
	<b>Financial Services 1.5%</b>		
1,500,000	Janus Capital Group Inc., Cv., 3.250%, 07/15/14	1,500,000	1,569,375
	<b>Health Care 0.4%</b>		
100,000	Chemed Corp., Cv., 1.875%, 05/15/14	95,869	105,625
<b>Principal</b>			<b>Market</b>
<b><u>Amount</u></b>		<b><u>Cost</u></b>	<b><u>Value</u></b>
\$ 100,000	NuVasive Inc., Cv., 2.750%, 07/01/17	\$ 96,045	\$ 99,125
250,000	Wright Medical Group Inc., Cv., 2.625%, 12/01/14	239,866	250,156
		431,780	454,906
	<b>Hotels and Gaming 1.5%</b>		
100,000	MGM Resorts International, Cv., 4.250%, 04/15/15	100,536	112,188
100,000	Morgans Hotel Group Co., Sub. Deb. Cv., 2.375%, 10/15/14	95,716	98,625
800,000	Ryman Hospitality Properties Inc., Cv., 3.750%, 10/01/14(a)	790,987	1,430,000
		987,239	1,640,813
	<b>Metals and Mining 0.1%</b>		
100,000	Alcoa Inc., Cv., 5.250%, 03/15/14	100,000	127,063
	<b>Retail 0.1%</b>		
60,000	Costco Wholesale Corp., Sub. Deb. Cv., Zero Coupon, 08/19/17	55,108	150,937
	<b>TOTAL CONVERTIBLE CORPORATE BONDS</b>	11,192,367	16,153,437

**Shares**

	<b>CONVERTIBLE PREFERRED STOCKS 2.0%</b>		
	<b>Communications Equipment 0.4%</b>		
400	Lucent Technologies Capital Trust I, 7.750% Cv. Pfd.	156,750	382,000
	<b>Energy and Utilities 0.3%</b>		
6,000	AES Trust III, 6.750% Cv. Pfd.	229,530	301,920
300	El Paso Energy Capital Trust I, 4.750% Cv. Pfd.	11,460	17,547
		240,990	319,467
	<b>Food and Beverage 0.8%</b>		
8,000	Post Holdings Inc., 3.750% Cv. Pfd. (a)	800,000	891,680
	<b>Health Care 0.0%</b>		
24	Elite Pharmaceuticals Inc., \$2.32 Cv. Pfd., Ser. C (b)	21,952	12,000
	<b>Telecommunications 0.5%</b>		
12,000	Cincinnati Bell Inc., 6.750% Cv. Pfd., Ser. B	298,812	528,000
	<b>TOTAL CONVERTIBLE PREFERRED STOCKS</b>	1,518,504	2,133,147

See accompanying notes to financial statements.

**The Gabelli Convertible and Income Securities Fund Inc.****Schedule of Investments (Continued) June 30, 2013 (Unaudited)**

<u>Shares</u>		<u>Cost</u>	<u>Market Value</u>
	<b>COMMON STOCKS 65.1%</b>		
	<b>Aerospace 5.9%</b>		
400	Rockwell Automation Inc.	\$ 12,017	\$ 33,256
365,000	Rolls-Royce Holdings plc	4,007,841	6,295,401
43,435,000	Rolls-Royce Holdings plc, Cl. C (b)	66,393	66,063
		4,086,251	6,394,720
	<b>Automotive: Parts and Accessories 1.8%</b>		
25,500	Genuine Parts Co.	992,860	1,990,785
	<b>Broadcasting 0.5%</b>		
10,000	Astral Media Inc., Cl. A	475,778	475,040
	<b>Cable and Satellite 0.1%</b>		
3,000	Rogers Communications Inc., Cl. B	68,313	117,600
	<b>Communications Equipment 0.3%</b>		
22,000	Corning Inc.	265,940	313,060
	<b>Computer Hardware 1.2%</b>		
7,000	International Business Machines Corp.	590,718	1,337,770
	<b>Computer Software and Services 0.2%</b>		
6,500	Diebold Inc.	186,610	218,985
	<b>Consumer Products 1.4%</b>		
35,000	Swedish Match AB	695,784	1,242,675
3,500	The Procter & Gamble Co.	216,290	269,465
		912,074	1,512,140
	<b>Diversified Industrial 4.2%</b>		
1,000	Crane Co.	37,560	59,920
30,000	Gardner Denver Inc.	2,252,400	2,255,400
95,000	General Electric Co.	1,616,664	2,203,050
2,075	Textron Inc.	51,917	54,054
		3,958,541	4,572,424

<b>Energy and Utilities 10.3%</b>			
5,000	Anadarko Petroleum Corp.	227,244	429,650
8,000	BP plc, ADR	318,437	333,920
6,000	Chevron Corp.	356,870	710,040
4,000	ConocoPhillips	155,172	242,000
6,000	CONSOL Energy Inc.	214,678	162,600
5,500	Devon Energy Corp.	309,207	285,340
5,000	Duke Energy Corp.	258,290	337,500
15,000	Exxon Mobil Corp.	886,881	1,355,250
1,200,000	GenOn Energy Inc., Escrow	0	0
34,000	Great Plains Energy Inc.	489,182	766,360
5,000	Halliburton Co.	147,980	208,600
17,000	Hess Corp.	998,366	1,130,330
20,000	National Fuel Gas Co.	809,007	1,159,000
21,000	NextEra Energy Inc.	1,114,229	1,711,080
5,000	Northeast Utilities	127,250	210,100
30,000	NV Energy Inc.	705,300	703,800
16,000	Royal Dutch Shell plc, Cl. A, ADR	1,014,367	1,020,800

**Market**

<b>Shares</b>		<b>Cost</b>	<b>Value</b>
8,000	SJW Corp.	\$ 190,741	\$ 209,600
3,000	UNS Energy Corp.	103,916	134,190
10,000	Weatherford International Ltd.	96,850	137,000
		8,523,967	11,247,160

**Equipment and Supplies 2.0%**