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GABELLI EQUITY TRUST INC
Form N-CSR
March 11, 2005

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-04700

The Gabelli Equity Trust Inc.

(Exact name of registrant as specified in charter)

One Corporate Center
Rye, New York 10580-1422

(Address of principal executive offices) (Zip code)

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

(Name and address of agent for service)

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

Date of fiscal year end: December 31

Date of reporting period: December 31, 2004

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

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. REPORTS TO STOCKHOLDERS.

The Report to Shareholders is attached herewith.

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[LOGO OMITTED]

THE GABELLI EQUITY TRUST INC.

Annual Report
December 31, 2004

TO OUR SHAREHOLDERS,

The Sarbanes-Oxley Act requires a fund's principal executive and financial officers to certify the entire contents of the semi-annual and annual shareholder reports in a filing with the Securities and Exchange Commission on Form N-CSR. This certification would cover the portfolio manager's commentary and subjective opinions if they are attached to or a part of the financial statements. Many of these comments and opinions would be difficult or impossible to certify.

Because we do not want our portfolio managers to eliminate their opinions and/or restrict their commentary to historical facts, we have separated their commentary from the financial statements and investment portfolio and have sent it to you separately. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com/funds.

Enclosed are the audited financial statements and the investment portfolio as of December 31, 2004.

COMPARATIVE RESULTS

	AVERAGE ANNUAL RETURNS THROUGH DECEMBER 31, 2004 (A)				
	QUARTER	1 YEAR	3 YEAR	5 YEAR	10 YEAR
GABELLI EQUITY TRUST NAV RETURN (B)	16.56%	20.14%	10.52%	4.64%	11.8
GABELLI EQUITY TRUST INVESTMENT RETURN (C) ...	11.77	24.04	4.48	5.05	11.7
S&P 500 Index	9.23	10.87	3.58	(2.30)	12.0
Dow Jones Industrial Average	7.62	5.40	4.73	0.70	13.1
Nasdaq Composite Index	14.69	8.59	3.71	(11.77)	11.2

(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 DATA PRESENTED. VISIT WWW.GABELLI.COM FOR PERFORMANCE INFORMATION AS OF THE MOST RECENT MONTH END. INVESTORS SHOULD CONSIDER THE INVESTMENT OBJECTIVES, RISKS AND CHARGES AND EXPENSES OF THE FUND CAREFULLY BEFORE INVESTING. PERFORMANCE FOR PERIODS LESS THAN ONE YEAR IS NOT ANNUALIZED. THE DOW JONES INDUSTRIAL AVERAGE IS AN UNMANAGED INDEX OF 30 LARGE INDUSTRIAL STOCKS. THE S&P 500 AND THE NASDAQ COMPOSITE INDICES ARE UNMANAGED INDICATORS OF STOCK MARKET PERFORMANCE. DIVIDENDS ARE CONSIDERED REINVESTED (EXCEPT FOR THE NASDAQ COMPOSITE INDEX).

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

Sincerely yours,

/s/ Bruce N. Alpert

Bruce N. Alpert
President

February 24, 2005

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

Under SEC rules, all funds are required to include in their annual and semi-annual shareholder reports a presentation of portfolio holdings in a table, chart or graph by reasonably identifiable categories. The following table which presents portfolio holdings as a percent of total net assets is provided in compliance with such requirement.

Financial Services	7.7%
Food and Beverage	7.7%
Repurchase Agreements	7.1%
Entertainment	6.8%
Telecommunications	6.8%
Publishing	6.5%
Energy and Utilities	6.3%
Diversified Industrial	5.3%
Cable and Satellite	4.3%
Consumer Products	4.2%
Wireless Communications	4.0%
Automotive: Parts and Accessories	3.7%
Health Care	3.4%
Hotels and Gaming	3.3%
Equipment and Supplies	2.8%
Retail	2.1%
Aviation: Parts and Services	1.9%
Consumer Services	1.8%
Aerospace	1.6%
Machinery	1.5%
Agriculture	1.4%
Automotive	1.3%
Communications Equipment	1.3%
Specialty Chemicals	1.2%
Broadcasting	1.1%
Real Estate	1.1%
Environmental Services	0.9%
Electronics	0.8%
Business Services	0.6%

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Metals and Mining	0.5%
Manufactured Housing and Recreational Vehicles	0.3%
Closed-End Funds	0.2%
Paper and Forest Products	0.2%
Real Estate Investment Trusts	0.1%
Transportation	0.1%
U.S. Government Obligations	0.1%
Computer Software and Services	0.0%
Other Assets and Liabilities - Net	0.0%

	100.0%
	=====

THE GABELLI EQUITY TRUST INC. (THE "EQUITY TRUST") FILES A COMPLETE SCHEDULE OF PORTFOLIO HOLDINGS WITH THE SEC FOR THE FIRST AND THIRD QUARTERS OF EACH FISCAL YEAR ON FORM N-Q, THE FIRST OF WHICH WAS FILED FOR THE QUARTER ENDED SEPTEMBER 30, 2004. SHAREHOLDERS MAY OBTAIN THIS INFORMATION AT WWW.GABELLI.COM OR BY CALLING THE EQUITY TRUST AT 800-GABELLI (800-422-3554). THE EQUITY TRUST'S FORM N-Q IS AVAILABLE ON THE SEC'S WEBSITE AT WWW.SEC.GOV AND MAY ALSO BE REVIEWED AND COPIED AT THE COMMISSION'S PUBLIC REFERENCE ROOM IN WASHINGTON, DC. INFORMATION ON THE OPERATION OF THE PUBLIC REFERENCE ROOM MAY BE OBTAINED BY CALLING 1-800-SEC-0330.

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

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THE GABELLI EQUITY TRUST INC.
 PORTFOLIO CHANGES
 QUARTER ENDED DECEMBER 31, 2004
 (UNAUDITED)

	SHARES	OWNERSHIP AT DECEMBER 31, 2004
	-----	-----
NET PURCHASES		
COMMON AND PREFERRED STOCKS		
Agere Systems Inc., Cl. B	230,000	350,000
Ajinomoto Co. Inc.	32,000	85,000
Albertson's Inc.	10,000	180,000
H&R Block Inc.	5,000	10,000
Calamos Asset Management Inc., Cl. A	7,500	7,500
Clorox Co	30,000	30,000
Colgate-Palmolive Co	3,000	3,000
Cooper Industries Ltd., Cl. A	10,000	160,000
Dreyer's Grand Ice Cream		

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Holdings Inc., Cl. A	80,000	200,000
EchoStar Communications Corp., Cl. A	35,000	40,000
Fairchild Corp., Cl. A	4,600	125,000
Freescale Semiconductor Inc., Cl. B (a)	5,000	5,000
Gemstar-TV Guide International Inc.	20,000	420,000
Greif Inc., Cl. B	1,600	5,000
ITT Industries Inc.	2,000	120,000
Kerzner International Ltd. ...	10,200	10,200
Keyence Corp.	1,500	4,500
Lin TV Corp., Cl. A	15,000	35,000
Mandalay Resort Group	20,000	40,000
Matsumotokiyoshi Co. Ltd.	8,000	38,000
Merck & Co. Inc.	15,000	95,000
Modern Times Group, Cl. B	15,000	15,000
Mosaic Co. (b)	10,000	10,000
Mueller Industries Inc.	15,000	15,000
New York Times Co., Cl. A	2,500	117,500
News Corp., Cl. A (c)	1,530,000	1,530,000
News Corp., Cl. B (d)	20,000	20,000
News Corp., Cl. B, CDI (e) ...	60,000	60,000
Nippon Television Network Corp.	1,600	6,800
NiSource Inc. (f)	12,270	12,270
Petroleo Brasileiro SA, ADR ..	15,000	15,000
Pfizer Inc.	155,000	275,000
Rogers Communications Inc., Cl. B, ADR (g)	297,500	407,845
Scripps Co (E.W.) Cl A	5,000	145,000
Sequa Corp., \$5 Cv. Pfd.	100	3,100
Skyline Corp.	14,000	20,000
Smith & Nephew plc	40,000	80,000
Straumann Holding AG	500	4,250
Telecom Italia SpA	400,000	1,720,480
Telesp Celular Participacoes SA, Pfd., Receipts	3,852,990	3,852,990
Telesp Celular Participacoes Sa, ADR	23,417	90,217
Tim Participacoes SA, ADR (h)	32,165	32,165
UBS AG	3,000	23,000
VNU NV	1,000	1,000
William Demant Holding A/S ...	76,800	77,000

NET SALES

COMMON STOCKS

Acuity Brands Inc.	(10,000)	170,000
AGL Resources Inc.	(35,000)	10,000
Aliant Inc.	(5,000)	--
Allstate Corp.	(40,000)	10,000
ALLTEL Corp.	(15,000)	10,000
America Movil SA de CV, Cl. L, ADR(1,000)		85,000
AMETEK Inc.	(10,000)	225,000
Andrew Corp.	(5,000)	70,000
Astrazeneca plc	(16,000)	19,146

OWNERSHIP AT
DECEMBER 31,
2004

SHARES

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AT&T Corp.	(6,000)	294,000
AT&T Wireless		
Services Inc. (i)	(2,332,800)	--
Autonation Inc.	(40,000)	250,000
Biogen Idec Inc.	(2,000)	27,000
Boca Resorts Inc. Cl. A (j) ..	(100,000)	--
Brasil Telecom		
Participacoes SA, ADR	(3,400)	30,000
Burlington Resources Inc.	(5,000)	275,000
Cablevision Systems Corp.,		
Cl. A	(10,000)	1,500,000
Caesars Entertainment Inc. ...	(190,000)	60,000
Catellus Development Corp. ...	(60,000)	10,000
Central Europe and		
Russia Fund Inc.	(1,333)	76,000
CenturyTel Inc.	(90,000)	10,000
Circor International Inc.	(1,000)	94,000
Citizens Communications Co ...	(5,000)	95,000
Clarcor Inc.	0	100,000
Coldwater Creek Inc.	(3,750)	30,000
Commonwealth Telephone		
Enterprises Inc.	(34,800)	220,000
Constellation Energy Group ...	(2,000)	8,000
Corn Products		
International Inc.	(15,000)	60,000
Curtiss-Wright Corp., Cl. B ..	(640)	204,000
Del Monte Foods Co	(3,592)	70,000
Delphi Corp.	(20,000)	--
Deutsche Bank AG, ADR	(3,000)	154,000
Donaldson Co. Inc.	(3,000)	217,000
Duke Energy Corp.	(35,000)	300,000
El Paso Electric Co	(30,000)	370,000
EMC Corp.	(60,000)	--
Energizer Holdings Inc.	(1,000)	34,000
Fedders Corp.	(5,000)	75,000
Ford Motor Co	(7,000)	8,000
Franklin Elec Co., Inc.	(2,000)	24,000
GenCorp Inc.	(40,000)	220,000
General Motors Corp.	(50,000)	90,000
Gillette Co	(55,000)	135,000
GlaxoSmithKline plc	(10,000)	65,036
Greif Inc., Cl. A	(10,000)	235,000
Grupo Televisa SA, ADR	(10,100)	175,000
Harley-Davidson Inc.	(6,000)	44,000
Hershey Foods Corp.	(5,000)	30,000
Hibernia Corp., Cl. A	(2,000)	23,000
IDEX Corp.	(12,500)	250,000
IMC Global Inc. (b)	(10,000)	--
Johnson Controls Inc.	(35,000)	145,000
Kellogg Co	(30,000)	215,000
Lamson & Sessions Co	(8,000)	390,000
Landauer, Inc.	(2,000)	96,000
Leucadia National Corp.	(6,000)	52,000
Liberty Media Corp., Cl. A ...	(6,352)	2,210,000
Liberty Media International		
Inc., Cl. A	(2,980)	130,000
Lockheed Martin Corp.	(22,000)	53,000
Loewen Group Inc.	(40,000)	--
Lufkin Industries Inc.	(6,000)	54,000
Manitoba Telecom Services Inc.	(5,000)	--
Manulife Financial Corp.	(40,000)	--

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Metro-Goldwyn-Mayer Inc.	(82,788)	--
MGM Mirage	(5,000)	65,000
Midland Co	(700)	189,300
Mitsubishi Securities Co. Ltd.	(65,000)	--
Mondavi (Robert) Corp., Cl. A (k)	(42,000)	--
Motorola Inc.	(4,000)	110,000
National Presto Industries Inc.	(4,000)	46,000
Navistar International Corp. .	(50,000)	335,000
Newmont Mining Corp Holding Co	(5,000)	125,000
News Corp. Ltd. (e)	(120,000)	--

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
PORTFOLIO CHANGES (CONTINUED)
QUARTER ENDED DECEMBER 31, 2004
(UNAUDITED)

	SHARES	OWNERSHIP AT DECEMBER 31, 2004
	-----	-----
NET SALES -- (CONTINUED)		
COMMON STOCKS -- (CONTINUED)		
News Corp. Ltd., ADR (d)	(10,000)	--
Nintendo Co. Ltd.	(10,700)	--
NiSource Inc. (SAILS) (f)	(100,000)	--
Novartis AG, Registered	(3,000)	105,000
PACCAR Inc.	(2,000)	43,000
Pactiv Corp.	(5,000)	120,000
Park-Ohio Holdings Corp.	(12,000)	98,000
Paxson Communications Corp. .	(11,000)	129,000
Penton Media Inc.	(100,000)	200,000
PepsiCo Inc.	(15,000)	370,000
Ralcorp Holdings Inc.	(1,100)	58,900
Rogers Wireless Communications Inc., Cl. B (g)	(177,000)	--
Rollins Inc.	(47,600)	630,000
Royce Value Trust Inc.	(2,806)	34,000
RTL Group	(14,375)	--
SBC Communications Inc.	(60,000)	150,000
Six Flags Inc.	(20,000)	180,000
Southwest Gas Corp.	(3,800)	16,200
Sprint Corp.	(50,000)	450,000
St. Joe. Co	(55,000)	185,000
Standard Motor Products Inc. .	(3,000)	160,000
Swedish Match AB	(15,000)	890,000
T. Rowe Price Group Inc.	(1,500)	78,500
Tele Celular Sul Participacoes SA, ADR (h)	(32,166)	--
Tele Centro Oeste Celular Participacoes SA, ADR (l) .	(30,879)	24,787
Tele Leste Celular Participacoes SA, ADR (m)	(1,420)	1,920
Telecom Italia SpA, RNC	(495,130)	--
Telefonica SA, ADR	(11,000)	255,000

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Telefonos de Mexico SA de CV, Cl. L, ADR	(3,000)	32,000
Telephone & Data Systems Inc.	(3,000)	402,000
TELUS Corp.	(5,250)	7,500
TELUS Corp., Non-Voting	(4,250)	--
TELUS Corp., Non-Voting, ADR .	(20,750)	--
Terra Industries Inc.	(5,000)	--
Titan Corp.	(20,000)	100,000
TRW Automotive Holdings Corp.	(45,000)	200,000
TXU Corp.	(5,000)	85,000
Unitrin Inc.	(60,000)	--
Verizon Communications Inc. ..	(120,000)	140,000
Viacom Inc., Cl. A	(5,000)	835,000
Wrigley (Wm.) Jr. Co	(10,000)	170,000
Young Broadcasting Inc., Cl. A	(24,500)	115,500

OWNERSHIP AT
DECEMBER 31,
2004

SHARES

PREFERRED STOCKS

Citizens Communications Co., 5.000% Cv. Pfd.	(9,400)	--
News Corp. Ltd., Pfd., ADR (c)	(770,000)	--

-
- (a) Spin-off -- .110415 shares of Freescale Semiconductor Inc., Cl. B for every 1 share of Motorola Inc
 - (b) Merger -- 1 share of Mosaic Co. for every 1 share of IMC
 - (c) Merger -- 2 shares of News Corp., Cl. A for every 1 share of News Corp. Ltd., Pfd., ADR
 - (d) Merger -- 2 shares of News Corp., Cl. B for every 1 share of News Corp. Ltd., ADR
 - (e) Merger -- 1 share of News Corp., Cl. B, CDI for every 2 shares of News Corp. Ltd
 - (f) Merger -- .1227 share of NiSource Inc. for every 1 share of NiSource SAILS
 - (g) Exchange Shares -- 1.75 shares of Rogers Communications Inc., Cl. B, ADR for 1 share of Rogers Wireless Communications Inc., Cl. B
 - (h) Name change from Tele Celular Sul Par to Tim Participacoes, ADR
 - (i) Cash Merger -- \$15 for every share
 - (j) Cash Merger -- \$24 for every share
 - (k) Cash Merger -- \$56.50 for every share
 - (l) Tender Offer -- \$11.05555 for 1 share
 - (m) Tender Offer -- \$18.97821 for 1 share

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2004

SHARES		COST	MARKET VALUE
-----		----	-----
	COMMON STOCKS -- 92.4%		
	FINANCIAL SERVICES -- 7.7%		
7,000	Allianz AG	\$ 866,497	\$ 928,640
10,000	Allstate Corp.	418,128	517,200

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550,000	American Express Co. ...	21,247,943	31,003,500
34,000	Argonaut Group Inc.+ ...	893,076	718,420
95,000	Aviva plc	935,100	1,145,413
90,000	Banco Santander Central Hispano SA, ADR	322,130	1,113,300
110,000	Bank of Ireland	635,101	1,831,589
77,000	Bank of New York Co. Inc.	2,834,050	2,573,340
275,000	Bankgesellschaft Berlin AG+	5,495,399	755,063
260	Berkshire Hathaway Inc., Cl. A+	1,074,048	22,854,000
7,500	Calamos Asset Management Inc., Cl. A+	135,000	202,500
185,000	Commerzbank AG, ADR+ ...	3,747,342	3,814,663
154,000	Deutsche Bank AG, ADR ..	9,919,608	13,707,540
20,000	Dun and Bradstreet Corp.+	424,266	1,193,000
10,000	H&R Block Inc.	329,930	490,000
23,000	Hibernia Corp., Cl. A ..	184,942	678,730
90,000	Irish Life & Permanent plc	702,922	1,688,188
140,000	Janus Capital Group Inc.	2,177,430	2,353,400
45,000	JPMorgan Chase & Co. ...	1,251,002	1,755,450
155,000	Kinnevik Investment AB, Cl. B	728,053	1,650,202
52,000	Leucadia National Corp.	1,905,290	3,612,960
95,000	Lloyds TSB Group plc ...	775,666	862,708
100,000	Mellon Financial Corp. .	3,140,094	3,111,000
189,300	Midland Co.	1,388,194	5,919,411
30,000	Moody's Corp.	1,024,050	2,605,500
257,500	Nikko Cordial Corp.	1,725,292	1,364,521
150,000	Phoenix Companies Inc. .	2,179,395	1,875,000
2,500	Prudential Financial Inc.	68,750	137,400
46,002	RAS SpA	576,832	1,040,469
60,000	Riggs National Corp. ...	552,538	1,275,600
45,000	Schwab (Charles) Corp. .	657,562	538,200
80,000	State Street Corp.	4,001,480	3,929,600
20,000	SunTrust Banks Inc.	419,333	1,477,600
78,500	T. Rowe Price Group Inc.	4,816,620	4,882,700
23,000	UBS AG	1,094,361	1,928,634
60,000	Waddell & Reed Financial Inc., Cl. A	1,247,250	1,433,400
		-----	-----
		79,894,674	126,968,841
		-----	-----
	FOOD AND BEVERAGE -- 7.7%		
85,000	Ajinomoto Co. Inc.	998,444	1,012,004
30,000	Cadbury Schweppes plc, ADR	746,559	1,131,000
90,000	Campbell Soup Co.	2,383,197	2,690,100
40,000	Coca-Cola Co.	1,871,842	1,665,200
5,000	Coca-Cola Enterprises Inc.	77,194	104,250
40,000	Coca-Cola Hellenic Bottling Co. SA	519,295	977,572
60,000	Corn Products International Inc. ..	1,658,919	3,213,600
70,000	Del Monte Foods Co.+ ...	595,339	771,400
10,108	Denny's Corp.+	14,358	45,486
100,000	Diageo plc	1,037,393	1,426,487
224,000	Diageo plc, ADR	9,660,541	12,965,120
200,000	Dreyer's Grand Ice Cream Holdings Inc., Cl. A	15,737,691	16,086,000
60,000	Flowers Foods Inc.	1,011,842	1,894,800
30,000	Fomento Economico Mexicano SA de		

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	SA, ADR	1,743,257	1,144,500
1,760,000	BT Group plc	7,277,785	6,859,422
4,440,836	Cable & Wireless Jamaica Ltd.+	101,639	119,393
10,000	CenturyTel Inc.	322,000	354,700
950,000	Cincinnati Bell Inc.+ ..	7,398,927	3,942,500
95,000	Citizens Communications Co. ..	1,124,779	1,310,050
220,000	Commonwealth Telephone Enterprises Inc.+ ...	8,359,934	10,925,200
110,000	Compania de Telecomunicaciones de Chile SA, ADR	1,634,847	1,236,400
170,000	Deutsche Telekom AG, ADR+	2,827,195	3,855,600
15,000	Embratel Participacoes SA, ADR+	266,400	157,800
5,000	France Telecom SA, ADR .	146,305	165,400
233	KDDI Corp.	830,434	1,255,158
100,000	KPN NV	232,728	950,115
1,000,000	Qwest Communications International Inc.+ .	3,357,501	4,440,000
407,845	Rogers Communications Inc., Cl. B, New York	5,045,177	10,665,147
9,655	Rogers Communications Inc., Cl. B, Toronto	137,424	253,352
150,000	SBC Communications Inc.	4,625,306	3,865,500
450,000	Sprint Corp.	14,920,599	11,182,500

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2004

SHARES		COST	MARKET VALUE
-----		----	-----
	COMMON STOCKS (CONTINUED)		
	TELECOMMUNICATIONS (CONTINUED)		
186,554	Tele Norte Leste Participacoes SA, ADR \$	2,554,387 \$	3,147,166
50,000	Telecom Argentina SA, Cl. B, ADR+	423,451	548,000
1,720,480	Telecom Italia SpA	6,794,523	7,039,071
255,000	Telefonica SA, ADR	13,102,022	14,407,500
17,595	Telefonica SA, BDR	202,143	324,607
32,000	Telefonos de Mexico SA de CV, Cl. L, ADR ...	482,044	1,226,240
7,500	TELUS Corp.	132,504	226,724
52,500	TELUS Corp., ADR	950,397	1,587,072
140,000	Verizon Communications Inc.	5,617,994	5,671,400
		-----	-----
		107,820,038	110,053,079
		-----	-----
	PUBLISHING -- 6.5%		
20,000	Dow Jones & Co. Inc. ...	1,030,036	861,200
248,266	Independent News &		

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	SA, ADR	586,890		596,700
100,000	Progress Energy Inc., CVO+	52,000		13,000
30,000	SJW Corp.	883,106		1,092,000
16,200	Southwest Gas Corp.	355,942		411,480
8,657	Total SA	1,262,555		1,890,961
85,000	TXU Corp.	1,756,396		5,487,600
255,000	Westar Energy Inc.	4,319,800		5,831,850
		-----		-----
		80,618,037		104,296,432
		-----		-----
	DIVERSIFIED INDUSTRIAL -- 5.3%			
170,000	Acuity Brands Inc.	5,161,361		5,406,000
195,000	Ampco-Pittsburgh Corp. .	2,627,873		2,847,000
25,000	Bouygues SA	724,706		1,155,362
160,000	Cooper Industries Ltd., Cl. A	8,215,442		10,862,400
250,000	Crane Co.	4,841,093		7,210,000
100,500	CRH plc	1,259,458		2,691,110
110,000	GATX Corp.	2,036,677		3,251,600
235,000	Greif Inc., Cl. A	4,433,530		13,160,000
5,000	Greif Inc., Cl. B	135,355		275,000
415,000	Honeywell International Inc.	13,837,698		14,695,150
120,000	ITT Industries Inc.	5,464,172		10,134,000
390,000	Lamson & Sessions Co.+ .	2,380,718		3,549,000
98,000	Park-Ohio Holdings Corp.+	1,023,835		2,538,200
10,000	Smiths Group plc	171,257		157,816
4,000	Sulzer AG	850,053		1,590,889
7,500	Technip SA	721,269		1,386,435
100,000	Thomas Industries Inc. .	1,388,525		3,992,000
50,000	Trinity Industries Inc.	945,000		1,704,000
		-----		-----
		56,218,022		86,605,962
		-----		-----
	CONSUMER PRODUCTS -- 4.2%			
60,000	Altadis SA	885,677		2,748,403
43,000	Christian Dior SA	1,633,717		2,925,309
15,000	Church & Dwight Co. Inc.	99,535		504,300
30,000	Clorox Co.	1,666,387		1,767,900
3,000	Colgate-Palmolive Co. ..	151,130		153,480
90,000	Compagnie Financiere Richemont AG, Cl. A .	1,264,405		2,995,779
50,000	Department 56 Inc.+	524,317		832,500
34,000	Energizer Holdings Inc.+	924,111		1,689,460
35,000	Fortune Brands Inc.	2,451,519		2,701,300
30,000	Gallaher Group plc	274,164		455,880
235,000	Gallaher Group plc, ADR	13,847,386		14,266,850
135,000	Gillette Co.	4,307,149		6,045,300
2,000	Givaudan SA	550,742		1,317,386
44,000	Harley-Davidson Inc. ...	2,044,082		2,673,000
15,000	Matsushita Electric Industrial Co. Ltd., ADR	178,325		240,750
100,000	Mattel Inc.	1,549,565		1,949,000
60,000	Maytag Corp.	1,389,460		1,266,000
46,000	National Presto Industries Inc.	1,654,936		2,093,000
200,000	Procter & Gamble Co. ...	9,738,104		11,016,000
10,000	Swatch Group AG, Cl. B .	584,263		1,467,769
890,000	Swedish Match AB	9,252,561		10,312,397

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	54,971,535	69,421,763

CABLE AND SATELLITE -- 4.2%		
1,500,000 Cablevision Systems Corp., Cl. A+	33,080,007	37,350,000
30,000 Charter Communications Inc., Cl. A+	138,876	67,200
370,000 Comcast Corp., Cl. A+ ..	12,462,292	12,313,600
85,000 Comcast Corp., Cl. A, Special+	756,584	2,791,400
153,444 DIRECTV Group Inc.+	2,214,257	2,568,653
40,000 EchoStar Communications Corp., Cl. A	1,257,465	1,329,600

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2004

SHARES	COST	MARKET VALUE
-----	----	-----
COMMON STOCKS (CONTINUED)		
CABLE AND SATELLITE (CONTINUED)		
130,000 Liberty Media International Inc., Cl. A+	\$ 2,810,764	\$ 6,009,900
50,000 Loral Space & Communications Ltd.+	11,250	8,500
20,000 Shaw Communications Inc., Cl. B	52,983	366,064
80,000 Shaw Communications Inc., Cl. B, Non-Voting	329,198	1,463,200
461,472 UnitedGlobalCom Inc., Cl. A+	2,911,836	4,457,819
	-----	-----
	56,025,512	68,725,936
	-----	-----
WIRELESS COMMUNICATIONS -- 4.0%		
85,000 America Movil SA de CV, Cl. L, ADR	2,429,685	4,449,750
1,760,000 mm02 plc+	2,263,783	4,147,754
100,000 mm02 plc, ADR+	1,149,772	2,357,000
80,000 Nextel Communications Inc., Cl. A+	2,038,544	2,400,000
1,500 NTT DoCoMo Inc.	3,553,937	2,766,663
24,787 Tele Centro Oeste Celular Participacoes SA, ADR	74,303	244,648
1,920 Tele Leste Celular Participacoes SA, ADR+	51,357	23,328
3,340 Tele Norte Celular Participacoes SA, ADR	51,601	30,494
1,400,000 Telecom Italia Mobile SpA	10,157,273	10,466,223
90,000 Telefonica Moviles SA ..	660,946	1,132,799
8,350 Telemig Celular Participacoes SA, ADR	241,320	235,720

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402,000	Telephone & Data Systems Inc.	34,479,935	30,933,900
90,217	Telesp Celular Participacoes SA, ADR+	2,244,813	613,478
3,852,990	Telesp Celular Participacoes SA, Pfd., Receipts+ .	7,173	10,082
32,165	Tim Participacoes SA, ADR	390,212	495,984
30,000	United States Cellular Corp.+	1,006,305	1,342,800
553,888	Vodafone Group plc	975,799	1,502,067
100,000	Vodafone Group plc, ADR	2,378,590	2,738,000
		-----	-----
		64,155,348	65,890,690
		-----	-----

AUTOMOTIVE: PARTS AND ACCESSORIES -- 3.6%

60,000	BorgWarner Inc.	1,326,210	3,250,200
100,000	CLARCOR Inc.	1,597,861	5,477,000
400,000	Dana Corp.	6,377,042	6,932,000
300,000	Genuine Parts Co.	9,098,465	13,218,000
145,000	Johnson Controls Inc. ..	6,514,052	9,198,800
116,000	Midas Inc.+	1,508,953	2,320,000
331,500	Modine Manufacturing Co.	8,839,589	11,194,755
80,500	Scheib (Earl) Inc.+	637,614	263,235
160,000	Standard Motor Products Inc.	1,728,738	2,528,000
20,000	Superior Industries International Inc. ..	510,238	581,000
105,000	TransPro Inc.+	936,807	640,500
200,000	TRW Automotive Holdings Corp.+	5,295,120	4,140,000
		-----	-----
		44,370,689	59,743,490
		-----	-----

HEALTH CARE -- 3.4%

10,000	Abbott Laboratories	398,848	466,500
55,000	Amgen Inc.+	3,215,239	3,528,250
19,146	AstraZeneca plc, Stockholm	710,674	695,783
27,000	Biogen Idec Inc.+	163,601	1,798,470
145,000	Bristol-Myers Squibb Co.	3,777,879	3,714,900
65,036	GlaxoSmithKline plc	1,653,252	1,525,822
4,000	GlaxoSmithKline plc, ADR	216,096	189,560
18,000	Henry Schein Inc.+	775,800	1,253,520

SHARES		COST	MARKET VALUE
-----		-----	-----
1,500	Hospira Inc.+	\$ 36,603	\$ 50,250
16,000	INAMED Corp.+	698,771	1,012,000
47,000	Invitrogen Corp.+	2,339,924	3,155,110
18,750	IVAX Corp.+	170,440	296,625
95,000	Merck & Co. Inc.	4,415,001	3,053,300
2,000	Nobel Biocare Holding AG	286,712	362,325
41,000	Novartis AG	1,292,180	2,066,045
105,000	Novartis AG, ADR	4,622,998	5,306,700
275,000	Pfizer Inc.	7,832,051	7,394,750
18,100	Roche Holding AG	1,644,615	2,083,625
31,808	Sanofi-Aventis	1,786,487	2,542,219
100,000	Schering-Plough Corp. ..	1,917,839	2,088,000
80,000	Smith & Nephew plc	752,722	818,646
4,250	Straumann Holding AG ...	873,571	882,069

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60,000	Sybron Dental Specialties Inc.+ ...	1,230,090		2,122,800
10,000	Synthes Inc.	677,094		1,121,274
23,000	Takeda Pharmaceutical Co. Ltd.	1,140,219		1,158,193
77,000	William Demant Holding A/S+	3,491,923		3,616,047
100,000	Wyeth	4,105,470		4,259,000
		-----		-----
		50,226,099		56,561,783
		-----		-----
	HOTELS AND GAMING -- 3.3%			
110,000	Aztar Corp.+	1,387,188		3,841,200
60,000	Caesars Entertainment Inc.+	771,000		1,208,400
200,000	Gaylord Entertainment Co.+	4,949,319		8,306,000
55,000	Greek Organization of Football Prognostics SA	630,177		1,522,088
16,000	GTECH Holdings Corp. ...	69,219		415,200
2,525,000	Hilton Group plc	9,029,400		13,791,849
650,000	Hilton Hotels Corp.	9,562,105		14,781,000
10,200	Kerzner International Ltd.+	516,352		612,510
40,000	Mandalay Resort Group ..	2,785,464		2,817,200
65,000	MGM Mirage+	2,201,902		4,728,100
40,000	Starwood Hotels & Resorts Worldwide Inc.	920,096		2,336,000
		-----		-----
		32,822,222		54,359,547
		-----		-----
	EQUIPMENT AND SUPPLIES -- 2.8%			
225,000	AMETEK Inc.	5,409,753		8,025,750
2,000	Amphenol Corp., Cl. A+ .	14,775		73,480
94,000	CIRCOR International Inc.	974,241		2,177,040
217,000	Donaldson Co. Inc.	2,993,298		7,069,860
75,000	Fedders Corp.	451,526		271,500
115,000	Flowserve Corp.+	2,167,080		3,167,100
24,000	Franklin Electric Co. Inc.	258,462		1,014,240
100,000	Gerber Scientific Inc.+	1,060,701		761,000
70,000	GrafTech International Ltd.+ .	850,486		662,200
250,000	IDEX Corp.	8,425,135		10,125,000
20,000	Ingersoll-Rand Co., Cl. A	870,760		1,606,000
54,000	Lufkin Industries Inc. .	1,045,848		2,155,032
1,000	Manitowoc Co. Inc.	25,450		37,650
15,000	Mueller Industries Inc.	661,354		483,000
1,000	Sealed Air Corp.+	17,404		53,270
230,000	Watts Water Technologies Inc., Cl. A	3,240,796		7,415,200
100,000	Weir Group plc	420,789		617,248
		-----		-----
		28,887,858		45,714,570
		-----		-----
	RETAIL -- 2.1%			
180,000	Albertson's Inc.	4,755,438		4,298,400
250,000	AutoNation Inc.+	3,160,834		4,802,500
30,000	Coldwater Creek Inc.+ ..	160,768		926,100

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22,000	Ito-Yokado Co. Ltd.	749,555	923,197
38,000	Matsumotokiyoshi Co. Ltd.	1,037,783	1,082,853
323,500	Neiman Marcus Group Inc., Cl. B	7,874,064	21,609,800
		-----	-----
		17,738,442	33,642,850
		-----	-----

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2004

SHARES		COST	MARKET VALUE
-----		----	-----
	COMMON STOCKS (CONTINUED)		
	AVIATION: PARTS AND SERVICES -- 1.9%		
204,000	Curtiss-Wright Corp., Cl. B	\$ 5,811,547	\$ 11,477,040
125,000	Fairchild Corp., Cl. A+	1,043,863	461,250
220,000	GenCorp Inc.	2,587,048	4,085,400
90,000	Precision Castparts Corp.	2,330,982	5,911,200
84,000	Sequa Corp., Cl. A+	3,347,991	5,136,600
74,600	Sequa Corp., Cl. B+	3,852,672	4,606,550
		-----	-----
		18,974,103	31,678,040
		-----	-----
	CONSUMER SERVICES -- 1.8%		
460,000	IAC/InterActiveCorp+ ...	11,367,750	12,705,200
630,000	Rollins Inc.	13,867,915	16,581,600
		-----	-----
		25,235,665	29,286,800
		-----	-----
	MACHINERY -- 1.5%		
10,000	Caterpillar Inc.	136,559	975,100
320,000	Deere & Co.	19,641,708	23,808,000
		-----	-----
		19,778,267	24,783,100
		-----	-----
	AEROSPACE -- 1.5%		
110,000	Boeing Co.	4,638,808	5,694,700
53,000	Lockheed Martin Corp. ..	3,043,828	2,944,150
255,000	Northrop Grumman Corp. .	13,064,361	13,861,800
100,000	Titan Corp.+	2,000,473	1,620,000
		-----	-----
		22,747,470	24,120,650
		-----	-----
	AGRICULTURE -- 1.4%		
1,000,000	Archer-Daniels-Midland Co.	14,500,966	22,310,000
5,000	Delta & Pine Land Co. ..	84,396	136,400
10,000	Mosaic Co.+	139,584	163,200
		-----	-----
		14,724,946	22,609,600
		-----	-----
	AUTOMOTIVE -- 1.3%		

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6,800	Nippon Television Network Corp.	1,083,908	1,021,294
40,375	NRJ Group	384,806	886,307
129,000	Paxson Communications Corp.+	630,594	178,020
100,000	Television Broadcasts Ltd.	396,239	464,446
115,500	Young Broadcasting Inc., Cl. A+	1,966,857	1,219,680
		-----	-----
		17,058,937	18,328,167
		-----	-----
	ENVIRONMENTAL SERVICES -- 0.9%		
65,000	Republic Services Inc. .	875,761	2,180,100
400,000	Waste Management Inc. ..	9,495,206	11,976,000
		-----	-----
		10,370,967	14,156,100
		-----	-----
	ELECTRONICS -- 0.8%		
5,000	Freescall Semiconductor Inc., Cl. B+	69,847	91,800
3,000	Hitachi Ltd., ADR	218,796	208,290
4,500	Keyence Corp.	937,548	1,008,295
20,000	Molex Inc., Cl. A	519,697	533,000
7,500	NEC Corp., ADR	43,625	45,975
9,500	Rohm Co. Ltd.	1,408,684	982,727
38,800	Royal Philips Electronics NV, ADR	53,456	1,028,200
45,000	Sony Corp., ADR	1,340,589	1,753,200
270,000	Texas Instruments Inc. .	6,577,535	6,647,400
14,400	Tokyo Electron Ltd.	783,746	886,737
		-----	-----
		11,953,523	13,185,624
		-----	-----
	BUSINESS SERVICES -- 0.6%		
60,000	ANC Rental Corp.+	578,273	6
150,000	Cendant Corp.	2,981,441	3,507,000
1,000	CheckFree Corp.+	9,040	38,080
212,500	Group 4 Securicor plc+ .	0	571,170
96,000	Landauer Inc.	2,481,528	4,387,200
70,000	Nashua Corp.+	634,028	795,200
25,000	Secom Co. Ltd.	1,095,891	1,000,293
		-----	-----
		7,780,201	10,298,949
		-----	-----
	METALS AND MINING -- 0.5%		
72,500	Harmony Gold Mining Co. Ltd.	347,738	658,886
35,000	Harmony Gold Mining Co. Ltd., ADR	282,733	324,450
125,000	Newmont Mining Corp. ...	2,900,512	5,551,250
50,000	Placer Dome Inc.	487,169	943,000
		-----	-----
		4,018,152	7,477,586
		-----	-----
	MANUFACTURED HOUSING AND RECREATIONAL VEHICLES -- 0.3%		
50,000	Champion Enterprises Inc.+	466,465	591,000
50,000	Fleetwood Enterprises Inc.+	642,160	673,000
32,222	Huttig Building Products Inc.+	81,163	336,720
15,000	Martin Marietta		

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	Materials Inc.	322,688	804,900
10,000	Nobility Homes Inc.	195,123	233,000
80,000	Sekisui House Ltd.	846,007	932,175
20,000	Skyline Corp.	804,043	816,000
1,000	Southern Energy Homes Inc.+	3,900	4,685
		-----	-----
		3,361,549	4,391,480
		-----	-----

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2004

SHARES		COST	MARKET VALUE
-----		----	-----
	COMMON STOCKS (CONTINUED)		
	CLOSED-END FUNDS -- 0.2%		
76,000	Central Europe and Russia Fund Inc.	\$ 1,107,935	\$ 2,128,000
70,000	New Germany Fund Inc. ..	754,518	633,500
34,000	Royce Value Trust Inc. .	420,900	694,960
		-----	-----
		2,283,353	3,456,460
		-----	-----
	PAPER AND FOREST PRODUCTS -- 0.2%		
120,000	Pactiv Corp.+	1,259,210	3,034,800
		-----	-----
	TRANSPORTATION -- 0.1%		
100,000	AMR Corp.+	1,924,248	1,095,000
15,000	Grupo TMM SA, Cl. A, ADR+	80,460	54,900
		-----	-----
		2,004,708	1,149,900
		-----	-----
	REAL ESTATE INVESTMENT TRUSTS -- 0.1%		
10,000	Catellus Development Corp.	216,006	306,000
16,656	Rayonier Inc.	798,811	814,645
		-----	-----
		1,014,817	1,120,645
		-----	-----
	COMPUTER SOFTWARE AND SERVICES -- 0.0%		
25,256	Telecom Italia Media SpA+	26,868	11,432
		-----	-----
	TOTAL COMMON STOCKS	1,195,895,065	1,518,836,386
		-----	-----
	PREFERRED STOCKS -- 0.2%		
	AEROSPACE -- 0.1%		
13,500	Northrop Grumman Corp., 7.000% Cv. Pfd., Ser. B	1,573,020	1,782,135
		-----	-----

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	TELECOMMUNICATIONS -- 0.1%		
26,000	Cincinnati Bell Inc., 6.750% Cv. Pfd., Ser. B	820,366	1,059,500
		-----	-----
	BROADCASTING -- 0.0%		
90	Gray Television Inc., 8.000% Cv. Pfd., Ser. C (a)	900,000	969,423
		-----	-----
	AVIATION: PARTS AND SERVICES -- 0.0%		
3,100	Sequa Corp., \$5.00 Cv. Pfd.	249,355	302,250
		-----	-----
	WIRELESS COMMUNICATIONS -- 0.0%		
10,760,547	Telesp Celular Participacoes SA, Pfd.+	82,623	29,130
		-----	-----
	TOTAL PREFERRED STOCKS	3,625,364	4,142,438
		-----	-----
	PRINCIPAL AMOUNT -----		
	CORPORATE BONDS -- 0.2%		
	CABLE AND SATELLITE -- 0.1%		
\$ 1,000,000	Charter Communications Inc., Cv., 4.750%, 06/01/06	786,240	1,005,000
		-----	-----
	AUTOMOTIVE: PARTS AND ACCESSORIES -- 0.1%		
1,000,000	Standard Motor Products Inc., Sub. Deb. Cv., 6.750%, 07/15/09	950,625	977,500
		-----	-----
	AVIATION: PARTS AND SERVICES -- 0.0%		
803,000	Kaman Corp., Sub. Deb. Cv., 6.000%, 03/15/12	766,877	793,966
		-----	-----
	TOTAL CORPORATE BONDS	2,503,742	2,776,466
		-----	-----
	SHARES	COST	MARKET VALUE
	-----	-----	-----
	WARRANTS -- 0.0%		
	FOOD AND BEVERAGE -- 0.0%		
62,463	Denny's Corp., expires 01/07/05+(a)	\$ 105,603	\$ 0
		-----	-----
	PRINCIPAL AMOUNT -----		
	U.S. GOVERNMENT OBLIGATIONS -- 0.1%		
\$ 1,500,000	U.S. Treasury Bill, 1.786%+, 01/20/05 ..	1,498,607	1,498,607
		-----	-----
	REPURCHASE AGREEMENTS -- 7.1%		

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116,734,000 ABN AMRO, 1.450%, dated 12/31/04, due 01/03/05, proceeds at maturity, \$116,748,105 (b)	116,734,000	116,734,000

TOTAL INVESTMENTS -- 100.0%	\$1,320,362,381	1,643,987,897
		=====
LIABILITIES IN EXCESS OF OTHER ASSETS		(5,762,718)
PREFERRED STOCK		
(9,556,900 preferred shares outstanding)		(418,742,500)

NET ASSETS -- COMMON STOCK		
(140,332,964 common shares outstanding)	\$1,219,482,679	
		=====
NET ASSET VALUE PER COMMON SHARE		
(\$1,219,482,679 / 140,332,964 shares outstanding)		\$8.69
		=====

NUMBER OF CONTRACTS	EXPIRATION DATE	UNREALIZED APPRECIATION
-----	-----	-----
FUTURES CONTRACTS -- SHORT POSITION		
50 S&P 500 Future (c)	03/18/05	\$ 10,500

For Federal tax purposes:	
Aggregate cost	\$1,327,868,107
=====	
Gross unrealized appreciation	\$ 373,563,682
Gross unrealized depreciation	(57,443,892)

Net unrealized appreciation (depreciation)	\$ 316,119,790
=====	

-
- (a) Security fair valued under procedures established by the Board of Directors. At December 31, 2004, the market value of fair valued securities amounted to \$1,012,423 or 0.06% of total investments.
 - (b) Collateralized by U.S. Treasury Bonds, 6.125% and 6.750%, due 11/15/27 and 8/15/26, market value \$119,498,363.
 - (c) Collateralized by U.S. Treasury Bill, due 2/10/05, market value \$810,000.
- + Non-income producing security.
 ++ Represents annualized yield at date of purchase.
 ADR - American Depositary Receipt.
 BDR - Brazilian Depositary Receipt.
 CVO - Contingent Value Obligation.
 CDI - CHES Depositary Interest.

	% OF MARKET VALUE	MARKET VALUE
-----	-----	-----
GEOGRAPHIC DIVERSIFICATION		

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North America	82.5%	\$1,356,730,142
Europe	14.3	235,155,202
Latin America	1.8	30,011,143
Japan	1.1	17,642,325
Asia/Pacific	0.2	3,465,749
South Africa	0.1	983,336
	-----	-----
Total Investments	100.0%	\$1,643,987,897
	=====	=====

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2004

ASSETS:

Investments, at value (cost \$1,320,362,381)	\$1,643,987,897
Cash and foreign currency, at value (cost \$373,179)	372,146
Dividends and interest receivable	1,874,611
Receivable for investments sold	1,576,527
Variation Margin	11,250
Other assets	58,576

TOTAL ASSETS	1,647,881,007

LIABILITIES:

Payable for investments purchased	142,731
Dividends payable	257,141
Unrealized depreciation on swap contracts	3,706,723
Payable for investment advisory fees	5,186,662
Payable for shareholder communications expenses	142,753
Payable to custodian	30,378
Other accrued expenses and liabilities	189,440

TOTAL LIABILITIES	9,655,828

PREFERRED STOCK:

Series B Cumulative Preferred Stock (7.20%, \$25 liquidation value, \$0.001 par value, 6,600,000 shares authorized with 6,600,000 shares issued and outstanding)	165,000,000
Series C Cumulative Preferred Stock (Auction Rate, \$25,000 liquidation value, \$0.001 par value, 5,200 shares authorized with 5,200 shares issued and outstanding)	130,000,000
Series D Cumulative Preferred Stock (5.875%, \$25 liquidation value, \$0.001 par value, 3,000,000 shares authorized with 2,949,700 shares issued and outstanding)	73,742,500
Series E Cumulative Preferred Stock (Auction Rate, \$25,000 liquidation value, \$0.001 par value, 2,000 shares authorized with 2,000 shares issued and	

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outstanding)	50,000,000	

TOTAL PREFERRED STOCK	418,742,500	

NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS	\$1,219,482,679	
		=====
NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS CONSIST OF:		
Capital stock, at par value	\$ 140,333	
Additional paid-in capital	905,217,947	
Accumulated undistributed net investment income	1,703,869	
Accumulated net realized loss on investments, futures contracts, swap contracts and foreign currency transactions	(7,518,727)	
Net unrealized appreciation on investments, futures contracts, swap contracts and foreign currency translations	319,939,257	

TOTAL NET ASSETS	\$1,219,482,679	
		=====
NET ASSET VALUE PER COMMON SHARE (\$1,219,482,679 / 140,332,964 shares outstanding; 182,000,000 shares authorized of \$0.001 par value)		\$8.69
		=====

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2004

INVESTMENT INCOME:		
Dividends (net of foreign taxes of \$565,918)	\$ 23,040,641	
Interest	1,656,259	

TOTAL INVESTMENT INCOME	24,696,900	

EXPENSES:		
Investment advisory fees	15,167,775	
Shareholder communications expenses	678,433	
Payroll	244,001	
Shareholder services fees	221,367	
Custodian fees	196,758	
Directors' fees	140,500	
Legal and audit fees	112,856	
Miscellaneous expenses	787,205	

TOTAL EXPENSES	17,548,895	
LESS: CUSTODIAN FEE CREDIT	(6,868)	

NET EXPENSES	17,542,027	

NET INVESTMENT INCOME	7,154,873	

NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FUTURES CONTRACTS, SWAP CONTRACTS AND FOREIGN CURRENCY:		
Net realized gain on investments	128,015,668	
Net realized gain on foreign currency transactions	108,552	
Net realized loss on swap contracts	(3,804,500)	
Net realized loss on futures contracts	(442,033)	

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Net realized gain on investments, futures contracts, swap contracts and foreign currency transactions .	123,877,687

Net change in unrealized appreciation/depreciation on investments, swap contracts and foreign currency translations	97,428,111

NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS, FUTURES CONTRACTS, SWAP CONTRACTS AND FOREIGN CURRENCY	221,305,798

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	228,460,671
Total Distributions to Preferred Stock Shareholders	(18,946,063)

NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS RESULTING FROM OPERATIONS	\$ 209,514,608
	=====

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS

	YEAR ENDED DECEMBER 31, 2004	YE DECEM
	-----	-----
OPERATIONS:		
Net investment income	\$ 7,154,873*	\$
Net realized gain on investments, futures contracts, swap contracts and foreign currency transactions	123,877,687*	
Net change in unrealized appreciation/depreciation on investments, swap contracts and foreign currency translations	97,428,111*	
	-----	-----
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	228,460,671	
	-----	-----
DISTRIBUTIONS TO PREFERRED STOCK SHAREHOLDERS:		
Net investment income	(200,307)	
Net realized short term gains on investments, futures contracts and foreign currency transactions	(1,205,026)	
Net realized long term gains on investments, futures contracts and foreign currency transactions	(17,540,730)	
	-----	-----
TOTAL DISTRIBUTIONS TO PREFERRED STOCK SHAREHOLDERS	(18,946,063)	
	-----	-----
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS RESULTING FROM OPERATIONS	209,514,608	
	-----	-----
DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS:		
Net investment income	(1,170,403)	
Net realized short term gains on investments, futures contracts and foreign currency transactions	(7,041,045)	

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Net realized long term gains on investments, futures contracts and foreign currency transactions	(102,491,569)	
Return of capital	--	
	(110,703,017)	
TOTAL DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS		
TRUST SHARE TRANSACTIONS:		
Net increase in net assets from common shares issued upon reinvestment of dividends and distributions	25,998,112	
Net increase in net assets from repurchase of preferred shares	72,307	
Offering costs for preferred shares charged to paid-in capital	75,457	
	26,145,876	
NET INCREASE IN NET ASSETS FROM TRUST SHARE TRANSACTIONS		
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS 124,957,467		
NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS:		
Beginning of period	1,094,525,212	
	\$ 1,219,482,679	\$ 1,
End of period (includes undistributed net investment income of \$1,703,869 and \$0, respectively)	\$ 1,219,482,679	\$ 1,

* As a result of changes in generally accepted accounting principles, the Equity Trust has reclassified periodic payments made under interest rate swap agreements, previously included within interest income, as a component of realized and unrealized gain (loss) in the statement of operations. The effect of this reclassification was to increase net investment income and decrease realized and unrealized gain by \$4,044,350 and \$4,302,269 for years ended December 31, 2004 and December 31, 2003, respectively.

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC. NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION. The Gabelli Equity Trust Inc. (the "Equity Trust") is a closed-end, non-diversified management investment company organized as a Maryland corporation on May 20, 1986 and registered under the Investment Company Act of 1940, as amended (the "1940 Act"), whose primary objective is long term growth of capital. The Equity Trust had no operations until August 11, 1986, when it sold 10,696 shares of common stock to Gabelli Funds, LLC (the "Adviser") for \$100,008. Investment operations commenced on August 21, 1986.

Effective August 1, 2002, the Equity Trust modified its non-fundamental investment policy to increase, from 65% to 80%, the portion of its assets that it will invest, under normal market conditions in equity securities (the "80% Policy"). The 80% Policy may be changed without shareholder approval. However, the Equity Trust has adopted a policy to provide shareholders with notice at least 60 days prior to the implementation of any change in the 80% Policy.

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

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

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

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

REPURCHASE AGREEMENTS. The Equity Trust may enter into repurchase agreements with primary government securities dealers recognized by the Federal Reserve Board, with member banks of the Federal Reserve System or with other brokers or dealers that meet credit guidelines established by the Adviser and reviewed by the Board. Under the terms of a typical repurchase agreement, the Equity Trust takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Equity Trust to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Equity Trust's holding period. The Equity Trust will always receive and maintain securities as collateral whose market value, including accrued interest, will be at least equal in value to the dollar amount invested by the Equity Trust in each agreement. The Equity Trust will make payment for such securities only upon physical delivery or upon evidence of book entry transfer of the collateral to the account of the custodian. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to maintain the adequacy of the collateral. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Equity Trust may be delayed or limited.

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

SWAP AGREEMENTS. The Equity Trust may enter into interest rate swap or cap transactions. The use of interest rate swaps and caps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an interest rate swap, the Equity Trust would agree to pay to the other party to the interest rate swap (which is known as the "counterparty") periodically a fixed rate payment in exchange for the counterparty agreeing to pay to the Equity Trust periodically a variable rate payment that is intended to approximate the Equity Trust's variable rate payment obligation on the Series C Preferred Stock. In an interest rate cap, the Equity Trust would pay a premium to the interest rate cap to the counterparty and, to the extent that a specified variable rate index exceeds a predetermined fixed rate, would receive from the counterparty payments of the difference based on the notional amount of such cap. Interest rate swap and cap transactions introduce additional risk because the Equity Trust would remain obligated to pay preferred stock dividends when due in accordance with the Articles Supplementary even if the counterparty defaulted. Depending on the general state of short term interest rates and the returns on the Equity Trust's portfolio securities at that point in time, such a default could negatively affect the Equity Trust's ability to make dividend payments for the Series C Preferred Stock. In addition, at the time an interest rate swap or cap transaction reaches its scheduled termination date, there is a risk that the Equity Trust will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction. If this occurs, it could have a negative impact on the Equity Trust's ability to make dividend payments on the Series C Preferred Stock.

The Equity Trust has entered into one interest rate swap agreement with Citibank N.A. Under the agreement the Equity Trust receives a floating rate of interest and pays a respective fixed rate of interest on the nominal value of the swap. Details of the swap at December 31, 2004 are as follows:

NOTIONAL AMOUNT	FIXED RATE	FLOATING RATE* (RATE RESET MONTHLY)	TERMINATION DATE	UNREALIZED DEPRECIATION
-----	-----	-----	-----	-----
\$130,000,000	4.494%	2.28%	July 2, 2007	\$(3,706,723)

*Based on Libor (London Interbank Offered Rate).

As a result of a FASB Emerging Issues Task Force consensus (and subsequent related SEC staff guidance), the Equity Trust has reclassified periodic payments made under the interest rate swap agreement, previously included within interest income, as a component of realized gain (loss) in the statement of operations. For consistency, similar reclassifications have been made to amounts appearing in the previous year's statement of changes in net assets and the per share amounts in prior years financial highlights. Prior years net investment income ratios in the financial highlights have also been modified accordingly.

This reclassification increased net investment income and decreased net realized and unrealized gains by \$4,044,350, \$4,302,269, and \$1,813,999 for the years ended December 31, 2004, December 31, 2003 and December 31, 2002 respectively, but had no effect on the Equity Trust's net asset value, either in total or per share, or its total increase (decrease) in net assets from operations during any period.

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FUTURES CONTRACTS. The Equity Trust may engage in futures contracts for the purpose of hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase. Such investments will only be made if they are economically appropriate to the reduction of risks involved in the management of the Equity Trust's investments. Upon entering into a futures contract, the Equity Trust is required to deposit with the broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as the "initial margin." Subsequent payments ("variation margin") are made or received by the Equity Trust each day, depending on the daily fluctuation of the value of the contract. The daily changes in the contract are included in unrealized appreciation/depreciation on investments and futures contracts. The Equity Trust recognizes a realized gain or loss when the contract is closed.

There are several risks in connection with the use of futures contracts as a hedging device. The change in value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in value of the hedged investments. In addition, there is the risk the Equity Trust may not be able to enter into a closing transaction because of an illiquid secondary market.

FOREIGN CURRENCY TRANSLATION. The books and records of the Equity Trust are maintained in United States (U.S.) dollars. Foreign currencies, investments and other assets and liabilities are translated into U.S. dollars at the exchange rates prevailing at the end of the period, and purchases and sales of investment securities, income and expenses are translated at the exchange rate prevailing on the respective dates of such transactions. Unrealized gains and losses, which result from changes in foreign exchange rates and/or changes in market prices of securities, have been included in unrealized appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions and the difference between the amounts of interest and dividends recorded on the books of the Equity Trust and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial trade date and subsequent sale trade date is included in realized gain/(loss) on investments.

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

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

SECURITIES TRANSACTIONS AND INVESTMENT INCOME. Securities transactions are accounted for as of the trade date with realized gain or loss on investments determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded as earned. Dividend income is recorded on the ex-dividend date.

DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS. Distributions to shareholders are recorded on the ex-dividend date. Distributions to shareholders of the Equity Trust's 7.20% Series B Cumulative Preferred Stock, Series C Auction Rate

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Cumulative Preferred Stock, 5.875% Series D Cumulative Preferred Stock, and Series E Auction Rate Cumulative Preferred Stock ("Cumulative Preferred Stock") are accrued on a daily basis and are determined as described in Note 5.

Income dividends and capital gain distributions are determined in accordance with Federal income tax regulations which may differ from that determined under U.S. generally accepted accounting principles. These differences are primarily due to differing treatments of income and gains on various investment securities held by the Equity Trust, timing differences and differing characterizations of distributions made by the Equity Trust.

For the year ended December 31, 2004, reclassifications were made to decrease accumulated net investment income by \$3,816,593 and decrease accumulated net realized loss on investments, futures contracts, swap contracts and foreign currency transactions by \$3,816,593.

The tax character of distributions paid during the years ended December 31, 2004 and December 31, 2003 was as follows:

	YEAR ENDED DECEMBER 31, 2004		YEAR ENDED DECEMBER 31, 2003
	COMMON	PREFERRED	COMMON
DISTRIBUTIONS PAID FROM:			
Ordinary income			
(Inclusive of short-term capital gain)	\$ 8,211,448	\$ 1,405,333	\$ 7,596,973
Net long-term capital gain	102,491,569	17,540,730	85,161,394
Non-taxable return of capital	--	--	558,040
	-----	-----	-----
Total distributions paid	\$110,703,017	\$18,946,063	\$93,316,407
	=====	=====	=====

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

As of December 31, 2004, the components of accumulated earnings/(losses) on a tax basis were as follows:

Net unrealized appreciation on investments	\$316,119,790
Net unrealized depreciation on foreign currency translations and interest rate swaps	(3,456,909)
Other	(257,141)
Undistributed ordinary income	1,718,659

Total accumulated gain	\$314,124,399
	=====

Other is primarily due to dividends payable on preferred stock at December 31, 2004.

3. AGREEMENTS AND TRANSACTIONS WITH AFFILIATES. The Equity Trust has entered into an investment advisory agreement (the "Advisory Agreement") with the

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Adviser which provides that the Equity Trust will pay the Adviser a fee, computed weekly and paid monthly, equal on an annual basis to 1.00% of the value of the Equity Trust's average weekly net assets plus liquidation value of preferred stock. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Equity Trust's portfolio and oversees the administration of all aspects of the Equity Trust's business and affairs. The Adviser has agreed to reduce the management fee on the incremental assets attributable to the Cumulative Preferred Stock if the total return of the net asset value of the common shares of the Equity Trust, including distributions and advisory fee subject to reduction, does not exceed the stated dividend rate or corresponding swap rate of the Cumulative Preferred Stock.

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

The Equity Trust's total return on the net asset value of the common shares is monitored on a monthly basis to assess whether the total return on the net asset value of the common shares exceeds the stated dividend rate of the Cumulative Preferred Stock for the period. For the year ended December 31, 2004, the Equity Trust's total return on the net asset value of the common shares exceeded the stated dividend rate or corresponding swap rate of all outstanding preferred stock. Thus management fees were accrued on these assets.

During the year ended December 31, 2004, Gabelli & Company, Inc., ("Gabelli & Company") an affiliate of the Adviser, received \$835,136 in brokerage commissions as a result of executing agency transactions in portfolio securities on behalf of the Equity Trust.

The cost of calculating the Equity Trust's net asset value per share is an Equity Trust expense pursuant to the Investment Advisory Agreement between the Equity Trust and the Adviser. During the year ended December 31, 2004, the Equity Trust reimbursed the Adviser \$34,800 in connection with the cost of computing the Equity Trust's net asset value.

The Equity Trust is assuming its portion of the allocated cost of the Gabelli Funds' Chief Compliance Officer in the amount of \$7,897 for the period of October 1, 2004 through December 31, 2004, which is included in payroll expense on the Statement of Operations.

4. PORTFOLIO SECURITIES. Cost of purchases and proceeds from sales of securities, other than short term securities, for the year ended December 31, 2004 aggregated \$428,157,129 and \$408,373,915, respectively.

5. CAPITAL. The charter permits the Equity Trust to issue 182,000,000 shares of common stock (par value \$0.001). The Board of the Equity Trust has authorized the repurchase of its shares on the open market when the shares are trading at a discount of 10% or more (or such other percentage as the Board may determine from time to time) from the net asset value of the shares. During the year ended December 31, 2004, the Equity Trust did not repurchase any shares of its common stock in the open market.

Transactions in common stock were as follows:

YEAR ENDED DECEMBER 31, 2004		YEAR ENDED DECEMBER 31, 2003	
Shares	Amount	Shares	Amount

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	-----	-----	-----	-----
Shares issued upon reinvestment				
of dividends and distributions	3,143,080	\$25,998,112	3,129,917	\$22,608,759
	-----	-----	-----	-----
Net increase	3,143,080	\$25,998,112	3,129,917	\$22,608,759
	=====	=====	=====	=====

The holders of Cumulative Preferred Stock have voting rights equivalent to those of the holders of common stock (one vote per share) and will vote together with holders of shares of common stock as a single class. In addition, the 1940 Act requires that along with approval of a majority of the holders of common stock, approval of a majority of the holders of any outstanding shares of Cumulative Preferred Stock, voting separately as a class, would be required to (a) adopt any plan of reorganization that would adversely affect the Cumulative Preferred Stock, and (b) take any action requiring a vote of security holders, including, among other things, changes in the Equity Trust's subclassification as a closed-end investment company or changes in its fundamental investment restrictions. The Equity Trust's Articles of Incorporation, as amended, authorize the issuance of up to 16,006,000 shares of \$0.001 par value Cumulative Preferred Stock. The Cumulative Preferred Stock is senior to the common stock and results in the financial leveraging of the common stock. Such leveraging tends to magnify both the risks and opportunities to common shareholders. Dividends on shares of the Cumulative Preferred Stock are cumulative. The Equity Trust is required to meet certain asset coverage tests as required by the 1940 Act and by the Articles Supplementary with respect to the Cumulative Preferred Stock. If the Equity Trust fails to meet these requirements and does not correct such failure, the Equity Trust may be required to redeem, in part or in full, the 7.20% Series B, Series C Auction Rate, 5.875% Series D, and Series E Auction Rate Cumulative Preferred Stock at a redemption price of \$25, \$25,000, \$25, and \$25,000, respectively, per share plus an amount equal to the accumulated and unpaid dividends whether or not declared on such shares in order to meet these requirements. Additionally, failure to meet the foregoing asset requirements could restrict the Equity Trust's ability to pay dividends to common shareholders and could lead to sales of portfolio securities at inopportune times. The income received on the Equity Trust's assets may vary in a manner unrelated to the fixed and variable rates, which could have either a beneficial or detrimental impact on net investment income and gains available to common shareholders.

Under Emerging Issues Task Force (EITF) promulgating Topic D-98, Classification and Measurement of Redeemable Securities, which was issued on July 19, 2001, preferred securities that are redeemable for cash or other assets are to be classified outside of permanent equity to the extent that the redemption is at a fixed or determinable price and at the option of the holder or upon the occurrence of an event that is not solely within the control of the issuer. In accordance with the guidance of the EITF, the Equity Trust's Cumulative Preferred Stock is classified outside of permanent equity (net assets attributable to common stock shareholders) in the accompanying financial statements.

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

The Equity Trust, as authorized by the Board, redeemed all (5,367,900 shares) of its outstanding 7.25% Series A Cumulative Preferred Stock. The redemption date was June 17, 2003 and the redemption price was \$25.4078 per Preferred Share, which consisted of \$25.00 per Preferred Share (the "liquidation

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value") plus accrued dividends through the redemption date of \$0.4078 per Preferred Share. The Preferred Shares were callable at any time at the liquidation value of \$25.00 per share plus accrued dividends following the expiration of the five-year call protection on June 9, 2003.

On June 20, 2001, the Equity Trust received net proceeds of \$159,329,175 (after underwriting discounts of \$5,197,500 and offering expenses of \$473,325) from the public offering of 6,600,000 shares of 7.20% Series B Cumulative Preferred Stock. Commencing June 20, 2006 and thereafter, the Equity Trust, at its option, may redeem the 7.20% Series B Cumulative Preferred Stock in whole or in part at the liquidation value. During the year ended December 31, 2004, the Equity Trust did not repurchase any shares of 7.20% Series B Cumulative Preferred Stock. At December 31, 2004, 6,600,000 shares of the 7.20% Series B Cumulative Preferred Stock were outstanding and accrued dividends amounted to \$165,000.

On June 27, 2002, the Equity Trust received net proceeds of \$128,246,557 (after underwriting discounts of \$1,300,000 and offering expenses of \$453,443) from the public offering of 5,200 shares of Series C Auction Rate Cumulative Preferred Stock. The dividend rate, as set by the auction process, which is generally held every 7 days, is expected to vary with short term interest rates. The Rates of Series C Auction Rate Cumulative Preferred Stock ranged from 1.02% to 2.61% for the year ended December 31, 2004. Existing shareholders may submit an order to hold, bid or sell such shares on each auction date. Series C Auction Rate Cumulative Preferred Stock shareholders may also trade shares in the secondary market. The Equity Trust, at its option, may redeem the Series C Auction Rate Cumulative Preferred Stock in whole or in part at the liquidation value price at any time. During the year ended December 31, 2004, the Equity Trust did not redeem any shares of Series C Auction Rate Cumulative Preferred Stock. At December 31, 2004, 5,200 shares of the Series C Auction Rate Cumulative Preferred Stock were outstanding with an annualized dividend rate of 2.61 percent and accrued dividends amounted to \$28,275.

On October 7, 2003, the Equity Trust received net proceeds of \$72,387,500 (after underwriting discounts of \$2,362,500 and offering expenses of \$264,522) from the public offering of 3,000,000 shares of 5.875% Series D Cumulative Preferred Stock. Commencing October 7, 2008 and thereafter, the Equity Trust, at its option, may redeem the 5.875% Series D Cumulative Preferred Stock in whole or in part at the liquidation value price. During the year ended December 31, 2004, the Equity Trust repurchased 50,300 shares of 5.875% Series D Cumulative Preferred Stock in the open market at a cost of \$1,185,193 and an average discount of approximately 5.83% from its liquidation value of \$25.00 per share. All repurchased shares of 5.875% Series D Cumulative Preferred Stock have been retired. At December 31, 2004, 2,949,700 shares of the 5.785% Series D Cumulative Preferred Stock were outstanding and accrued dividends amounted to \$60,171.

On October 7, 2003, the Equity Trust received net proceeds of \$49,260,000 (after underwriting discounts of \$500,000 and offering expenses of \$149,991) from the public offering of 2,000 shares of Series E Auction Rate Cumulative Preferred Stock. The dividend rate, as set by the auction process, which is generally held every 7 days, is expected to vary with short term interest rates. The Rates of Series E Auction Rate Cumulative Preferred Stock ranged from 1.02% to 2.66% for the year ended December 31, 2004. Existing shareholders may submit an order to hold, bid or sell such shares on each auction date. Series E Auction Rate Cumulative Preferred Stock shareholders may also trade shares in the secondary market. The Equity Trust, at its option, may redeem the Series E Auction Rate Cumulative Preferred Stock in whole or in part at the liquidation value price at any time. During the year ended December 31, 2004, the Equity Trust did not redeem any shares of Series E Auction Rate Cumulative Preferred Stock. At December 31, 2004, 2,000 shares of the Series E Auction Rate Cumulative Preferred Stock were outstanding with an annualized dividend rate of

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2.66 percent and accrued dividends amounted to \$3,695.

6. OTHER MATTERS. The Adviser and/or affiliates have received subpoenas from the Attorney General of the State of New York and the SEC requesting information on mutual fund shares trading practices. Gabelli Asset Management Inc., the Adviser's parent company, is responding to these requests. The Equity Trust does not believe that these matters will have a material adverse effect on the Equity Trust's financial position or the results of its operations.

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

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THE GABELLI EQUITY TRUST INC. FINANCIAL HIGHLIGHTS

SELECTED DATA FOR AN EQUITY TRUST COMMON SHARE OUTSTANDING THROUGHOUT EACH PERIOD:

	YEAR ENDED DECEMBER 31		
	2004 (A) (B) (G)	2003 (A) (B) (G)	2002 (A) (B) (G)
OPERATING PERFORMANCE:			
Net asset value, beginning of period	\$ 7.98	\$ 6.28	\$ 8.00
Net investment income	0.02	0.04	0.00
Net realized and unrealized gain (loss) on investments	1.63	2.50	(1.00)
Total from investment operations	1.65	2.54	(1.00)
DISTRIBUTIONS TO PREFERRED STOCK SHAREHOLDERS:			
Net investment income	(0.00) (c)	(0.00) (c)	(0.00)
Net realized gain on investments	(0.14)	(0.14)	(0.00)
Total distributions to preferred stock shareholders	(0.14)	(0.14)	(0.00)
NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS RESULTING FROM OPERATIONS			
	1.51	2.40	(1.00)
DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS:			
Net investment income	(0.01)	(0.01)	(0.00)
Net realized gain on investments	(0.79)	(0.68)	(0.00)
Return of capital	--	(0.00) (c)	(0.00)
Total distributions to common stock shareholders	(0.80)	(0.69)	(0.00)
CAPITAL SHARE TRANSACTIONS:			
Increase in net asset value from common stock share transactions	0.00 (c)	0.01	0.00
Decrease in net asset value from shares issued in rights offering	--	--	--
Increase in net asset value from repurchase of preferred shares	0.00 (c)	--	--
Offering costs for preferred shares			

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charged to paid-in capital	0.00 (c)	(0.02)	(0.00)
Total capital share transactions	0.00 (c)	(0.01)	0.00
NET ASSET VALUE ATTRIBUTABLE TO COMMON STOCK			
SHAREHOLDERS, END OF PERIOD	\$ 8.69	\$ 7.98	\$ 6.00
Net Asset Value Total Return +	19.81%	39.90%	(21.00)%
Market Value, End of Period	\$ 9.02	\$ 8.00	\$ 6.00
Total Investment Return ++	24.04%	28.58%	(28.00)%
RATIOS AND SUPPLEMENTAL DATA:			
Net assets including liquidation value of preferred shares, end of period (in 000's)	\$1,638,225	\$1,514,525	\$1,271,600
Net assets attributable to common shares, end of period (in 000's)	\$1,219,483	\$1,094,525	\$ 842,400
Ratio of net investment income to average net assets attributable to common shares	0.64%	0.67%	0.00%
Ratio of operating expenses to average net assets attributable to common shares (b) (e)	1.57%	1.62%	1.00%
Ratio of operating expenses to average total net assets including liquidation value of preferred shares (b) (e)	1.14%	1.14%	0.00%
Portfolio turnover rate	28.6%	19.2%	27.00%
PREFERRED STOCK:			
7.25% CUMULATIVE PREFERRED STOCK			
Liquidation value, end of period (in 000's)	--	--	\$ 134,100
Total shares outstanding (in 000's)	--	--	5,300
Liquidation preference per share	--	--	\$ 25.00
Average market value (d)	--	--	\$ 25.00
Asset coverage per share	--	--	\$ 74.00
7.20% CUMULATIVE PREFERRED STOCK			
Liquidation value, end of period (in 000's)	\$ 165,000	\$ 165,000	\$ 165,000
Total shares outstanding (in 000's)	6,600	6,600	6,600
Liquidation preference per share	\$ 25.00	\$ 25.00	\$ 25.00
Average market value (d)	\$ 26.57	\$ 27.06	\$ 26.00
Asset coverage per share	\$ 97.81	\$ 90.15	\$ 74.00
AUCTION RATE SERIES C CUMULATIVE PREFERRED STOCK			
Liquidation value, end of period (in 000's)	\$ 130,000	\$ 130,000	\$ 130,000
Total shares outstanding (in 000's)	5	5	5
Liquidation preference per share	\$ 25,000	\$ 25,000	\$ 25,000
Average market value (d)	\$ 25,000	\$ 25,000	\$ 25,000
Asset coverage per share	\$ 97,806	\$ 90,150	\$ 74,000

See accompanying notes to financial statements.

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YEAR ENDED DECEMBER

2004 (A)

2003 (A)

2002 (A)

5.875% CUMULATIVE PREFERRED STOCK

Liquidation value, end of period (in 000's)