GABELLI EQUITY TRUST INC
Form N-CSR
March 13, 2006

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, 2005

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, 100 F Street, NE, Washington, DC 20549. 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.

[LOGO]
THE GABELLI
EQUITY TRUST INC.

THE GABELLI EQUITY TRUST INC.
Annual Report
December 31, 2005

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, 2005.

COMPARATIVE RESULTS

AVERAGE ANNUAL RETURNS THROUGH DECEMBER 31, 2005 (a)

	QUARTER	1 YEAR	3 YEAR	5 YEAR	10 Y
GABELLI EQUITY TRUST NAV RETURN (b)	(2.83)%	5.42%	21.44%	6.75%	10.
GABELLI EQUITY TRUST INVESTMENT RETURN (c) ...	(0.31)	0.66	17.02	4.79	10.
S&P 500 Index	2.08	4.91	14.38	0.54	9.
Dow Jones Industrial Average	2.01	1.83	11.24	2.04	9.
Nasdaq Composite Index	2.49	1.37	18.20	(2.25)	7.

(a) RETURNS REPRESENT PAST PERFORMANCE AND DO NOT GUARANTEE FUTURE RESULTS. INVESTMENT RETURNS AND THE PRINCIPAL VALUE OF AN INVESTMENT WILL FLUCTUATE. WHEN SHARES ARE SOLD, THEY MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST. CURRENT PERFORMANCE MAY BE LOWER OR HIGHER THAN THE PERFORMANCE DATA PRESENTED. VISIT WWW.GABELLI.COM FOR PERFORMANCE INFORMATION AS OF THE MOST RECENT MONTH END.

PERFORMANCE FIGURES FOR PERIODS LESS THAN ONE YEAR ARE NOT ANNUALIZED. INVESTORS SHOULD CONSIDER THE INVESTMENT OBJECTIVES, RISKS, CHARGES, AND EXPENSES OF THE FUND CAREFULLY BEFORE INVESTING. 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.

(b) TOTAL RETURNS AND AVERAGE ANNUAL RETURNS REFLECT CHANGES IN 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, 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 13, 2006

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

The following table presents portfolio holdings as a percent of total investments as of December 31, 2005:

Food and Beverage	9.2%
Financial Services	7.9%
Telecommunications	7.5%
Energy and Utilities	7.4%
Entertainment	6.3%
Diversified Industrial	5.4%
Publishing	5.1%
Health Care	4.7%
Cable and Satellite	4.4%
Consumer Products	4.2%
U.S. Government Obligations	4.1%
Hotels and Gaming	3.3%
Automotive: Parts and Accessories	3.2%
Equipment and Supplies	2.8%
Repurchase Agreements	2.6%
Communications Equipment	2.3%
Wireless Communications	2.2%
Aviation: Parts and Services	2.0%
Computer Software and Services	1.8%
Agriculture	1.3%
Consumer Services	1.3%
Aerospace	1.1%
Machinery	1.1%
Broadcasting	1.0%
Specialty Chemicals	1.0%
Retail	1.0%

Real Estate	1.0%
Environmental Services	1.0%
Metals and Mining	0.8%
Electronics	0.8%
Automotive	0.7%
Business Services	0.6%
Manufactured Housing and Recreational Vehicles	0.3%
Closed-End Funds	0.3%
Paper and Forest Products	0.1%
Transportation	0.1%
Real Estate Investment Trusts	0.1%
	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 LAST OF WHICH WAS FILED FOR THE QUARTER ENDED SEPTEMBER 30, 2005. 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, procedures, and how the Equity Trust voted proxies relating to portfolio securities are available without charge, upon request, (i) 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.

THE GABELLI EQUITY TRUST INC.
AND YOUR PERSONAL PRIVACY

WHO ARE WE?

The Gabelli Equity Trust Inc. (the "Trust") is a closed-end investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940. We are managed by Gabelli Funds, LLC, which is affiliated with GAMCO Investors, Inc. GAMCO Investors, Inc. is a publicly held company that has subsidiaries that provide investment advisory or brokerage services for a variety of clients.

WHAT KIND OF NON-PUBLIC INFORMATION DO WE COLLECT ABOUT YOU IF YOU BECOME A GABELLI CUSTOMER?

When you purchase shares of the Trust on the New York Stock Exchange, you have the option of registering directly with our transfer agent in order, for example, to participate in our dividend reinvestment plan.

- INFORMATION YOU GIVE US ON YOUR APPLICATION FORM. This could include your name, address, telephone number, social security number, bank account number, and other information.

- INFORMATION ABOUT YOUR TRANSACTIONS WITH US. This would include information about the shares that you buy or sell, it may also include information about whether you sell or exercise rights that we have issued from time to time. If we hire someone else to provide services--like a transfer agent--we will also have information about the transactions that you conduct through them.

WHAT INFORMATION DO WE DISCLOSE AND TO WHOM DO WE DISCLOSE IT?

We do not disclose any non-public personal information about our customers or former customers to anyone, other than our affiliates, our service providers who need to know such information, and as otherwise permitted by law. If you want to find out what the law permits, you can read the privacy rules adopted by the Securities and Exchange Commission. They are in volume 17 of the Code of Federal Regulations, Part 248. The Commission often posts information about its regulations on its web site, WWW.SEC.GOV.

WHAT DO WE DO TO PROTECT YOUR PERSONAL INFORMATION?

We restrict access to non-public personal information about you to the people who need to know that information in order to provide services to you or the Fund and to ensure that we are complying with the laws governing the securities business. We maintain physical, electronic, and procedural safeguards to keep your personal information confidential.

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THE GABELLI EQUITY TRUST INC.
PORTFOLIO CHANGES
QUARTER ENDED DECEMBER 31, 2005
(UNAUDITED)

	SHARES	OWNERSHIP AT DECEMBER 31, 2005
NET PURCHASES		
COMMON STOCKS		
Albertson's Inc.	40,000	300,000
Ameriprise Financial Inc. (a)	110,000	110,000
Anheuser-Busch Companies Inc.	12,000	20,000
ARIAKE JAPAN Co. Ltd.	27,000	27,000
AT&T Inc. (b)(c)	480,000	480,000
Avon Products Inc.	10,000	60,000
Bristol-Myers Squibb Co.	5,000	140,000
Burlington Resources Inc.	110,000	385,000
Cablevision Systems Corp., Cl. A	110,000	1,610,000
Cadbury Schweppes plc, ADR	20,000	60,000
Campbell Soup Co.	10,000	100,000
Canon Inc.	15,000	15,000
CCE Spinco Inc. (d)	125	125
Chestnut Hill Ventures (e)	2,003	2,003
Chiron Corp.	380,000	380,000
Citigroup Inc.	65,000	110,000
Clear Channel Communications Inc.	1,000	1,000
Clear Channel Outdoor Holdings Inc., Cl. A	15,000	15,000
Coca-Cola Co.	15,000	75,000
Coca-Cola Enterprises Inc.	15,000	20,000
Cooper Industries Ltd., Cl. A	40,000	200,000

Costco Wholesale Corp.	5,000	25,000
Crane Co.	20,000	270,000
Credit Suisse Group	3,000	22,000
Dana Corp.	10,000	400,000
Dave & Buster's Inc.	2,000	2,000
Dow Jones & Co Inc.	32,000	50,000
Dreyer's Grand Ice Cream Holdings Inc., Cl. A	95,300	345,300
El Paso Corp.	60,000	270,000
Energizer Holdings Inc.	85,000	115,000
Fairchild Corp., Cl. A	70,400	200,000
Fedders Corp.	10,000	80,000
Genuine Parts Co.	50,000	350,000
GrafTech International Ltd.	10,000	80,000
Groupe Danone	160,000	200,000
Groupe Danone, ADR	5,000	5,000
GTECH Holdings Corp.	3,000	19,000
Guidant Corp.	65,000	65,000
Heinz (H.J.) Co.	10,000	140,000
Hercules Inc.	80,000	200,000
Hershey Foods Corp.	3,000	28,000
Hisamitsu Pharmaceutical Co. Inc.	16,000	16,000
IDX Systems Corp.	26,200	26,200
Ivanhoe Mines Ltd.	20,000	75,000
Johnson Controls Inc.	20,000	140,000
La Quinta Corp.	450,000	450,000
Las Vegas Sands Corp.	1,000	6,000
Lenox Group Inc.	50,000	50,000
Lin TV Corp., Cl. A	20,000	70,000
MCI Inc.	100,000	100,000
New York Times Co., Cl. A	5,000	85,000
Newmont Mining Corp Holding Co.	5,000	130,000
Nextel Partners Inc., Cl. A	300,000	300,000
NIWS Co. Ltd.	650	650
Novelis Inc.	70,000	110,000
O2 plc	590,000	3,350,000
Oceaneering International Inc.	5,000	5,000
Park-Ohio Holdings Corp.	3,000	101,000
PetroChina Co. Ltd., ADR	1,000	2,000

	SHARES	OWNERSHIP AT DECEMBER 31, 2005
Pfizer Inc.	27,000	310,000
Placer Dome Inc.	70,000	120,000
Procter & Gamble Co. (f)	89,750	269,750
Prosperity REIT	2,187	2,187
Rayonier Inc. (g)	8,328	24,984
Reckitt Benckiser plc	10,000	60,000
Reebok International Ltd.	20,000	20,000
Renal Care Group Inc.	5,000	40,000
Rolls-Royce Group plc, Cl. B (h)	2,672,000	2,672,000
Scientific-Atlanta Inc.	256,000	300,000
Shizuoka Bank Ltd.	80,000	80,000
Siebel Systems Inc.	2,500,000	2,500,000
Skyline Corp.	900	20,900
Southern Energy Homes Inc.	3,600	4,600
Standard Motor Products Inc.	5,000	165,000
Straumann Holding AG	1,000	5,250
TDC A/S	300,000	300,000

Thomas & Betts Corp.	8,000	308,000
Tokai Carbon Co. Ltd.	190,000	190,000
Tribune Co.	14,200	315,000
TXU Corp. (i)	41,000	95,000
Viacom Inc., Cl. A	3,000	845,000
Viacom Inc., Cl. A W/I	35,000	35,000
Westar Energy Inc.	20,000	275,000
Xstrata plc	5,000	50,000
Yahoo! Inc.	10,000	90,000
RIGHTS		
Central Europe and Russia Fund Inc. Rights, expire 01/20/06 (j)	74,200	74,200
NET SALES		
COMMON STOCKS		
Agere Systems Inc.	(2,000)	48,000
Altadis Sa	(15,000)	45,000
America Movil SA de CV, Cl. L, ADR	(2,000)	232,000
AMETEK Inc.	(15,000)	190,000
Archer-Daniels-Midland Co.	(40,000)	960,000
AT&T Corp. (b)	(585,000)	--
ATX Communications Inc.	(90,540)	--
Boeing Co.	(5,000)	105,000
Cendant Corp.	(10,000)	130,000
Central Europe and Russia Fund Inc.	(800)	74,200
Cincinnati Bell Inc.	(70,000)	860,000
CMS Energy Corp.	(1,200)	90,000
Coldwater Creek Inc.	(5,000)	35,000
Comcast Corp., Cl. A	(10,000)	320,000
ConocoPhillips	(159,000)	45,000
Corning Inc.	(10,000)	505,000
Curtiss-Wright Corp.	(2,000)	198,000
Deere & Co.	(60,000)	260,000
Department 56 Inc.	(50,000)	--
Expedia Inc.	(110,000)	--
Fomento Economico Mexicano SA de CV, ADR	(641)	35,000
Fuller (H.B.) Co.	(4,000)	35,000
GC Companies Inc. (e)	(50,000)	--
General Mills Inc.	(10,000)	165,000
Gillette Co. (f)	(110,000)	--
Grupo Televisa SA, ADR	(3,000)	170,000
Hilton Group plc	(200,000)	2,675,000
Hilton Hotels Corp.	(50,000)	550,000

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
PORTFOLIO CHANGES (CONTINUED)
QUARTER ENDED DECEMBER 31, 2005
(UNAUDITED)

	SHARES	OWNERSHIP AT DECEMBER 31, 2005

NET SALES (CONTINUED)
COMMON STOCKS (CONTINUED)

Honeywell International Inc.	(10,000)	405,500
IDEX Corp.	(18,000)	232,000
Irish Life & Permanent plc, Dublin	(10,000)	65,000
IVAX Corp.	(10,000)	--
Janus Capital Group Inc.	(140,000)	60,000
KDDI Corp.	(80)	153
Kellogg Co.	(15,000)	145,000
Kerzner International Ltd.	(200)	10,000
Lamson & Sessions Co.	(240,000)	150,000
Leucadia National Corp.	(8,000)	70,000
Lockheed Martin Corp.	(10,000)	20,000
Loral Space & Communications Ltd.	(50,000)	--
Mattel Inc.	(40,000)	20,000
Maytag Corp.	(10,000)	65,000
MBNA Corp.	(40,000)	60,000
Mediaset SpA	(10,000)	155,000
National Presto Industries Inc.	(6,000)	29,000
Neiman Marcus Group Inc., Cl. B (k)	(320,000)	--
Northrop Grumman Corp.	(45,000)	135,000
Paxson Communications Corp.	(10,000)	100,000
PRIMEDIA Inc.	(5,000)	395,000
Qwest Communications International Inc.	(60,000)	940,000
Rogers Communications Inc., Cl. B, New York	(5,000)	402,845
Rollins Inc.	(5,000)	835,000
Sanofi-Aventis	(2,000)	24,808
SBC Communications Inc. (c)	(130,000)	--
Six Flags Inc.	(63,500)	90,000
Spinnaker Exploration Co. (l)	(75,000)	--
St. Joe. Co.	(1,000)	166,000
Telecom Argentina Stet France Telecom SA, ADR	(2,000)	48,000
Telecom Italia SpA	(300,000)	1,488,075
Telefonica Moviles SA	(90,000)	--
Telefonica SA, BDR	(18,298)	--
TELUS Corp.	(2,500)	--
TELUS Corp., ADR	(12,500)	35,000
Tootsie Roll Industries Inc.	(270)	112,000
TRW Automotive Holdings Corp.	(30,000)	--
Vivendi Universal SA	(10,000)	33,900
VNU NV	(4,000)	--
Vodafone Group plc	(200,000)	353,888
Waste Management Inc.	(10,000)	490,000
Young Broadcasting Inc., Cl. A	(30,000)	100,000

	SHARES	OWNERSHIP AT DECEMBER 31, 2005
PUT OPTION		
SPDR Trust Series 1, Oct. 05/120	(1,000)	--

	PRINCIPAL AMOUNT	
U.S. TREASURY NOTES		
U.S. Treasury Note, 5.750%, 11/15/05	$(1,000,000)	--

(a) Spin-off -- 0.20000 share of Ameriprise Financial Inc. for every 1 share of American Express Co.

(b) Merger -- 0.77942 share of AT&T Inc. for every 1 share of AT&T Corp.

(c) Merger -- 1 share of AT&T Inc. for every 1 share of SBC Communications Inc.

(d) Spin-off -- 0.12500 share of CCE Spinco Inc. for every 1 share of Clear Channel Communications Inc.

(e) Merger -- 0.04005 share of Chestnut Hill Ventures for every 1 share of GC Companies

(f) Merger -- 0.97500 share of Procter & Gamble Co. for every 1 share of Gillette Co.

(g) 3 for 2 stock split

(h) Spin-off -- 33.40000 shares of Rolls-Royce Group plc, Cl. B for every 1 share of Rolls-Royce Group plc

(i) 2 for 1 stock split

(j) Rights Issue -- 1 right for every 1 share of Central Europe and Russia Fund

(k) Cash Merger -- $100.00 for every 1 share

(l) Cash Merger -- $65.50 for every 1 share

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2005

SHARES		COST	MARKET VALUE
	COMMON STOCKS -- 93.0%		
	FOOD AND BEVERAGE -- 9.2%		
85,000	Ajinomoto Co. Inc.	$ 998,444	$ 869,9
20,000	Anheuser-Busch Companies Inc.	895,534	859,2
27,000	ARIAKE JAPAN Co. Ltd.	615,859	665,0
83,000	Cadbury Schweppes plc	855,208	784,6
60,000	Cadbury Schweppes plc, ADR	1,902,198	2,297,4
100,000	Campbell Soup Co.	2,678,697	2,977,0
75,000	Coca-Cola Co.	3,393,098	3,023,2
20,000	Coca-Cola Enterprises Inc.	376,515	383,4
40,000	Coca-Cola Hellenic		

SHARES		COST	MARKET VALUE
	Bottling Co. SA	519,295	1,178,2
100,000	Corn Products International Inc.	1,385,122	2,389,0
60,000	Del Monte Foods Co.+	564,374	625,8
10,108	Denny's Corp.+	14,358	40,7
100,000	Diageo plc	1,467,580	1,449,5
224,000	Diageo plc, ADR	9,660,541	13,059,2
345,300	Dreyer's Grand Ice Cream Holdings Inc., Cl. A	27,702,259	28,618,4
90,000	Flowers Foods Inc.	1,011,842	2,480,4
35,000	Fomento Economico Mexicano SA de CV, ADR	1,378,845	2,537,8
165,000	General Mills Inc.	7,893,483	8,137,8
200,000	Groupe Danone	19,701,934	20,895,7
5,000	Groupe Danone, ADR	100,250	105,2
500,000	Grupo Bimbo SA de CV, Cl. A	1,052,379	1,739,9
20,000	Hain Celestial Group Inc.+	267,663	423,2
140,000	Heinz (H.J.) Co.	5,026,298	4,720,8
28,000	Hershey Co.	1,006,700	1,547,0
145,000	Kellogg Co.	5,202,398	6,266,9
75,000	Kerry Group plc, Cl. A	860,877	1,653,5
12,100	LVMH Moet Hennessy Louis Vuitton SA	419,053	1,075,1
2,500	Nestle SA	513,610	747,6
480,000	PepsiAmericas Inc.	8,563,021	11,164,8
350,000	PepsiCo Inc.	16,929,287	20,678,0
6,750	Pernod-Ricard SA	470,174	1,177,9
68,200	Ralcorp Holdings Inc.+	1,308,415	2,721,8
90,000	Sara Lee Corp.	1,671,270	1,701,0
2,000	Smucker (J.M.) Co.	52,993	88,0
112,000	Tootsie Roll Industries Inc.	1,562,923	3,240,1
170,000	Wrigley (Wm.) Jr. Co.	10,436,095	11,303,3
		138,458,592	163,627,0
	FINANCIAL SERVICES -- 7.9%		
7,000	Allianz AG	866,497	1,060,2
5,000	Allstate Corp.	209,064	270,3
550,000	American Express Co.	26,001,250	28,303,0
110,000	Ameriprise Financial Inc.	2,680,598	4,510,0
32,000	Argonaut Group Inc.+	822,496	1,048,6
95,000	Aviva plc	1,163,351	1,152,2
90,000	Banco Santander Central Hispano SA, ADR	322,130	1,187,1
100,000	Bank of Ireland	584,533	1,575,7
75,000	Bank of New York Co. Inc.	2,749,625	2,388,7
275,000	Bankgesellschaft Berlin AG+	5,495,399	966,9
260	Berkshire Hathaway Inc., Cl. A+	1,074,049	23,041,2
7,500	Calamos Asset Management Inc., Cl. A	135,000	235,8
110,000	Citigroup Inc.	5,299,542	5,338,3
185,000	Commerzbank AG, ADR	3,747,342	5,721,6

SHARES		COST	MARKET VALUE
22,000	Credit Suisse Group	$ 986,436	$ 1,121,7
152,000	Deutsche Bank AG	13,322,073	14,724,2
20,000	Dun and Bradstreet Corp.+	424,266	1,339,2

20,000	H&R Block Inc.	329,930	491,0
65,000	Irish Life & Permanent plc	506,648	1,328,2
60,000	Janus Capital Group Inc.	851,922	1,117,8
55,000	JPMorgan Chase & Co.	1,360,152	2,182,9
70,000	Leucadia National Corp.	1,736,656	3,322,2
60,000	MBNA Corp.	1,551,501	1,629,0
100,000	Mellon Financial Corp.	3,140,094	3,425,0
189,000	Midland Co.	1,386,764	6,811,5
60,000	Moody's Corp.	3,014,407	3,685,2
128,750	Nikko Cordial Corp.	1,725,292	2,039,3
145,000	Phoenix Companies Inc.	2,094,171	1,977,8
2,500	Prudential Financial Inc.	68,750	182,9
45,000	Schwab (Charles) Corp.	657,563	660,1
80,000	Shizuoka Bank Ltd.	791,848	801,7
3,000	St. Paul Travelers Companies Inc.	113,277	134,0
50,000	Standard Chartered plc	954,007	1,114,0
80,000	State Street Corp.	4,001,480	4,435,2
20,000	SunTrust Banks Inc.	419,333	1,455,2
78,500	T. Rowe Price Group Inc.	4,816,620	5,654,3
20,000	UBS AG	1,875,967	1,904,0
70,000	Waddell & Reed Financial Inc., Cl. A	1,439,547	1,467,9
53,000	Westpac Banking Corp.	833,192	883,9
		99,552,772	140,688,8
	TELECOMMUNICATIONS -- 7.4%		
5,000	ALLTEL Corp.	111,101	315,5
480,000	AT&T Inc.	13,847,443	11,755,2
265,000	BCE Inc.	6,947,469	6,346,7
30,000	Brasil Telecom Participacoes SA, ADR	1,743,257	1,120,5
1,760,000	BT Group plc	7,277,785	6,745,0
4,440,836	Cable & Wireless Jamaica Ltd.+	101,639	101,9
860,000	Cincinnati Bell Inc.+	6,295,609	3,018,6
80,000	Citizens Communications Co.	960,550	978,4
170,000	Commonwealth Telephone Enterprises Inc.	6,485,526	5,740,9
110,000	Compania de Telecomunicaciones de Chile SA, ADR	1,634,847	968,0
170,000	Deutsche Telekom AG, ADR	2,827,195	2,827,1
15,000	Embratel Participacoes SA, ADR+	266,400	221,2
5,000	France Telecom SA, ADR	146,305	124,2
153	KDDI Corp.	581,471	882,1
100,000	KPN NV	232,728	1,002,7
100,000	MCI Inc.	2,552,990	1,973,0
940,000	Qwest Communications International Inc.+	3,014,598	5,311,0
532,387	Sprint Nextel Corp.	16,576,895	12,436,5
300,000	TDC A/S	17,773,903	17,970,4
186,554	Tele Norte Leste Participacoes SA, ADR	2,477,755	3,343,0
48,000	Telecom Argentina SA, Cl. B, ADR+	369,540	618,7
1,488,075	Telecom Italia SpA	6,089,193	4,333,8
254,800	Telefonica SA, ADR	12,826,593	11,471,0
64,000	Telefonos de Mexico SA de CV, Cl. L, ADR	482,044	1,579,5

310,000	Telephone & Data Systems Inc.	14,444,104	11,169,3

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2005

SHARES		COST	MARKET VALUE
	COMMON STOCKS (CONTINUED)		
	TELECOMMUNICATIONS (CONTINUED)		
390,000	Telephone & Data Systems Inc., Special	$ 16,299,155	$ 13,497,9
35,000	TELUS Corp., ADR	641,907	1,433,9
140,060	Verizon Communications Inc.	5,505,166	4,218,6
		148,513,168	131,505,3
	ENERGY AND UTILITIES -- 7.4%		
70,000	AES Corp.+	397,267	1,108,1
10,000	AGL Resources Inc.	174,924	348,1
120,000	Allegheny Energy Inc.+	1,557,788	3,798,0
70,000	Apache Corp.	2,728,670	4,796,4
247,000	BP plc, ADR	15,155,797	15,862,3
385,000	Burlington Resources Inc.	23,958,559	33,187,0
115,000	CH Energy Group Inc.	4,749,282	5,278,5
40,000	Cinergy Corp.	1,456,054	1,698,4
90,000	CMS Energy Corp.+	576,290	1,305,9
45,000	ConocoPhillips	2,460,039	2,618,1
8,000	Constellation Energy Group	449,608	460,8
30,000	DPL Inc.	624,493	780,3
14,000	DTE Energy Co.	619,459	604,6
250,000	Duke Energy Corp.	5,835,450	6,862,5
110,000	Duquesne Light Holdings Inc.	1,845,274	1,795,2
270,000	El Paso Corp.	3,253,601	3,283,2
370,000	El Paso Electric Co.+	5,253,285	7,784,8
50,000	Energy East Corp.	1,065,733	1,140,0
80,000	Eni SpA	2,246,480	2,219,0
80,000	Exxon Mobil Corp.	2,750,108	4,493,6
20,000	FPL Group Inc.	556,256	831,2
70,000	Halliburton Co.	1,726,011	4,337,2
19,999	Kerr-McGee Corp.	1,111,848	1,817,1
10,000	Marathon Oil Corp.	242,414	609,7
140,000	Mirant Corp.+	62,690	184,8
10,000	NiSource Inc.	215,500	208,6
300,000	Northeast Utilities	5,838,917	5,907,0
5,000	Oceaneering International Inc.+	262,281	248,9
2,000	PetroChina Co. Ltd., ADR	137,965	163,9
23,000	Petroleo Brasileiro SA, ADR	1,618,258	1,639,2
100,000	Progress Energy Inc., CVO+	52,000	7,2
30,000	Saipem SpA	518,818	492,2

SHARES		COST	MARKET VALUE
30,000	SJW Corp.	883,106	1,365,0
20,000	Southwest Gas Corp.	451,132	528,0
8,657	Total SA	2,218,733	2,174,8
95,000	TXU Corp.	1,113,511	4,768,0
200	Vectren Corp.	5,810	5,4
275,000	Westar Energy Inc.	4,758,248	5,912,5
		98,931,659	130,625,9
	ENTERTAINMENT -- 6.3%		
160,000	Canal Plus, ADR+	34,010	296,0
125	CCE Spinco Inc.+	1,296	1,6
2,003	Chestnut Hill Ventures+ (a)	54,500	43,0
2,000	Dave & Buster's Inc.+	35,000	35,2
220,000	Discovery Holding Co., Cl. A+	3,185,692	3,333,0
1,600	DreamWorks Animation SKG Inc., Cl. A+	39,461	39,2
110,000	EMI Group plc	292,543	458,9
80,000	EMI Group plc, ADR	947,487	666,0
650,000	Gemstar-TV Guide International Inc.+	3,842,787	1,696,5
170,000	Grupo Televisa SA, ADR	6,392,675	13,685,0
2,200,000	Liberty Media Corp., Cl. A+	19,569,251	17,314,0
17,500	Oriental Land Co. Ltd.	1,043,187	954,1
160,000	Publishing & Broadcasting Ltd.	893,720	1,933,0

SHARES		COST	MARKET VALUE
1,629,500	Rank Group plc	$ 7,987,535	$ 8,571,8
12,000	Regal Entertainment Group, Cl. A	165,788	228,2
90,000	Six Flags Inc.+	430,475	693,9
260,000	The Walt Disney Co.	5,453,387	6,232,2
810,000	Time Warner Inc.	17,932,501	14,126,4
845,000	Viacom Inc., Cl. A	34,792,427	27,682,2
35,000	Viacom Inc., Cl. A W/I	1,502,548	1,400,0
33,900	Vivendi Universal SA	1,750,629	1,061,9
330,000	Vivendi Universal SA, ADR	8,718,814	10,371,9
		115,065,713	110,824,4
	DIVERSIFIED INDUSTRIAL -- 5.4%		
170,000	Acuity Brands Inc.	5,161,361	5,406,0
195,000	Ampco-Pittsburgh Corp.	2,627,873	2,829,4
25,000	Bouygues SA	1,244,322	1,222,3
200,000	Cooper Industries Ltd., Cl. A	11,224,646	14,600,0
270,000	Crane Co.	6,053,955	9,522,9
100,500	CRH plc	1,259,458	2,956,6
110,000	GATX Corp.	2,036,677	3,968,8
233,000	Greif Inc., Cl. A	4,735,561	15,443,2
5,000	Greif Inc., Cl. B	135,354	315,0
405,500	Honeywell International Inc.	13,533,476	15,104,8
130,000	ITT Industries Inc.	6,774,340	13,366,6
150,000	Lamson & Sessions Co.+	875,984	3,753,0
101,000	Park-Ohio Holdings Corp.+	1,073,670	1,424,1
4,000	Sulzer AG	850,053	2,118,6
30,000	Technip SA	721,269	1,804,2
50,000	Trinity Industries Inc.	945,000	2,203,5

		59,252,999	96,039,4
	PUBLISHING -- 5.1%		
50,000	Dow Jones & Co. Inc.	2,060,493	1,774,5
348,266	Independent News & Media plc	663,968	1,047,2
20,000	Knight-Ridder Inc.	1,345,264	1,266,0
5,000	McClatchy Co., Cl. A	240,250	295,5
200,000	McGraw-Hill Companies Inc.	7,669,017	10,326,0
330,000	Media General Inc., Cl. A	19,747,873	16,731,0
124,000	Meredith Corp.	5,106,014	6,490,1
85,000	New York Times Co., Cl. A	3,781,383	2,248,2
1,744,800	News Corp., Cl. A	23,233,744	27,131,6
20,000	News Corp., Cl. B	186,274	332,2
200,000	Penton Media Inc.+	439,128	110,0
395,000	PRIMEDIA Inc.+	1,799,175	635,9
175,000	Reader's Digest Association Inc	3,181,221	2,663,5
261,319	SCMP Group Ltd.	191,790	96,8
150,000	Scripps (E.W.) Co., Cl. A	5,032,324	7,203,0
66,585	Seat Pagine Gialle SpA+	177,139	31,0
80,000	Thomas Nelson Inc.	951,267	1,972,0
315,000	Tribune Co.	14,024,758	9,531,9
		89,831,082	89,886,8
	HEALTH CARE -- 4.7%		
10,000	Abbott Laboratories	398,848	394,3
52,000	Amgen Inc.+	3,039,863	4,100,7
19,146	AstraZeneca plc	949,527	936,2
27,000	Biogen Idec Inc.+	163,601	1,223,9
140,000	Bristol-Myers Squibb Co.	3,619,758	3,217,2
380,000	Chiron Corp.+	17,033,462	16,894,8
65,036	GlaxoSmithKline plc	1,653,252	1,643,7
4,000	GlaxoSmithKline plc, ADR	216,096	201,9
65,000	Guidant Corp.	4,368,458	4,208,7
30,000	Henry Schein Inc.+	764,324	1,309,2
16,000	Hisamitsu Pharmaceutical Co. Inc.	389,332	402,9

See accompanying notes to financial statements.

SHARES		COST	MARKET VALUE
	COMMON STOCKS (CONTINUED)		
	HEALTH CARE (CONTINUED)		
10,000	Hospira Inc.+	$ 342,400	$ 427,8
26,200	IDX Systems Corp.+	1,132,031	1,150,7
15,000	INAMED Corp.+	655,449	1,315,2

40,000	Invitrogen Corp.+	2,065,234	2,665,6
100,000	Merck & Co. Inc.	3,922,616	3,181,0
2,000	Nobel Biocare Holding AG	286,712	439,8
41,000	Novartis AG	2,183,149	2,154,4
105,000	Novartis AG, ADR	4,622,998	5,510,4
310,000	Pfizer Inc.	8,792,241	7,229,2
40,000	Renal Care Group Inc.+	1,848,649	1,892,4
18,100	Roche Holding AG	2,855,531	2,717,6
24,808	Sanofi-Aventis	2,223,765	2,173,3
100,000	Schering-Plough Corp.	1,917,839	2,085,0
80,000	Smith & Nephew plc	752,722	737,0
5,250	Straumann Holding AG	1,087,318	1,216,5
60,000	Sybron Dental Specialties Inc.+	1,230,090	2,388,6
10,000	Synthes Inc.	677,094	1,123,2
23,000	Takeda Pharmaceutical Co. Ltd.	1,140,219	1,244,2
82,000	William Demant Holding A/S+	3,730,842	4,534,5
100,000	Wyeth	4,105,470	4,607,0
		78,168,890	83,327,6
	CABLE AND SATELLITE -- 4.4%		
1,610,000	Cablevision Systems Corp., Cl. A+	35,851,186	37,786,7
320,000	Comcast Corp., Cl. A+	10,708,770	8,307,2
85,000	Comcast Corp., Cl. A, Special+	756,584	2,183,6
153,444	DIRECTV Group Inc.+	2,214,257	2,166,6
55,000	EchoStar Communications Corp., Cl. A+	1,722,522	1,494,3
156,770	Liberty Global Inc., Cl. A+	2,194,421	3,527,3
156,770	Liberty Global Inc., Cl. C+	2,108,365	3,323,5
402,845	Rogers Communications Inc., Cl. B, New York	5,014,079	17,024,2
9,655	Rogers Communications Inc., Cl. B, Toronto	137,424	408,6
80,000	Shaw Communications Inc., Cl. B, New York	329,197	1,734,4
20,000	Shaw Communications Inc., Cl. B, Toronto	52,983	434,0
		61,089,788	78,390,7
	CONSUMER PRODUCTS -- 4.2%		
45,000	Altadis SA	1,893,854	2,041,5
60,000	Avon Products Inc.	1,744,667	1,713,0
43,000	Christian Dior SA	1,633,717	3,823,1
15,000	Church & Dwight Co. Inc.	99,536	495,4
33,000	Clorox Co.	1,832,427	1,877,3
10,000	Colgate-Palmolive Co.	513,338	548,5
90,000	Compagnie Financiere Richemont AG, Cl. A	3,755,593	3,917,6
115,000	Energizer Holdings Inc.+	4,952,999	5,725,8
30,000	Fortune Brands Inc.	1,975,224	2,340,6
30,000	Gallaher Group plc	460,656	452,9
234,000	Gallaher Group plc, ADR	13,788,386	14,077,4
2,000	Givaudan SA	550,742	1,355,3
42,000	Harley-Davidson Inc.	1,951,169	2,162,5
50,000	Lenox Group Inc.+	524,317	662,0

SHARES		COST	MARKET VALUE
15,000	Matsushita Electric Industrial Co. Ltd., ADR	$ 178,325	$ 290,7
20,000	Mattel Inc.	360,000	316,4
65,000	Maytag Corp.	1,287,670	1,223,3
29,000	National Presto Industries Inc.	1,010,273	1,286,1
269,750	Procter & Gamble Co.	14,267,671	15,613,1
60,000	Reckitt Benckiser plc	1,849,650	1,982,0
20,000	Reebok International Ltd.	1,162,800	1,164,6
10,000	Swatch Group AG, Cl. B	584,263	1,483,9
890,000	Swedish Match AB	9,252,561	10,474,5
		65,629,838	75,028,1
	HOTELS AND GAMING -- 3.3%		
115,000	Aztar Corp.+	1,531,188	3,494,8
200,000	Gaylord Entertainment Co.+	5,321,414	8,718,0
55,000	Greek Organization of Football Prognostics SA	630,177	1,894,8
19,000	GTECH Holdings Corp.	162,999	603,0
8,000	Harrah's Entertainment Inc.	528,453	570,3
2,675,000	Hilton Group plc	11,189,653	16,729,3
550,000	Hilton Hotels Corp.	9,124,217	13,260,5
10,000	Kerzner International Ltd.+	506,373	687,5
450,000	La Quinta Corp.+	4,934,758	5,013,0
6,000	Las Vegas Sands Corp.+	221,279	236,8
118,000	MGM Mirage+	3,549,795	4,327,0
38,000	Starwood Hotels & Resorts Worldwide Inc.	875,103	2,426,6
		38,575,409	57,962,0
	AUTOMOTIVE: PARTS AND ACCESSORIES -- 3.1%		
60,000	BorgWarner Inc.	1,396,719	3,637,8
200,000	CLARCOR Inc.	1,597,860	5,942,0
400,000	Dana Corp.	5,910,524	2,872,0
350,000	Genuine Parts Co.	12,868,192	15,372,0
140,000	Johnson Controls Inc.	7,103,829	10,207,4
116,000	Midas Inc.+	1,508,953	2,129,7
330,000	Modine Manufacturing Co.	8,428,932	10,754,7
182,774	Proliance International Inc.+	1,294,904	966,8
80,500	Scheib (Earl) Inc.+	637,613	301,8
165,000	Standard Motor Products Inc.	1,776,338	1,522,9
30,000	Superior Industries International Inc.	736,730	667,8
		43,260,594	54,375,1
	EQUIPMENT AND SUPPLIES -- 2.8%		
190,000	AMETEK Inc.	4,767,657	8,082,6
2,000	Amphenol Corp., Cl. A	14,775	88,5
94,000	CIRCOR International Inc.	974,241	2,412,0
213,000	Donaldson Co. Inc.	2,981,627	6,773,4
80,000	Fedders Corp.	430,416	137,6
115,000	Flowserve Corp.+	2,167,080	4,549,4
24,000	Franklin Electric Co. Inc.	258,462	948,9
100,000	Gerber Scientific Inc.+	1,060,700	957,0
80,000	GrafTech International Ltd.+	909,836	497,6
232,000	IDEX Corp.	8,240,167	9,537,5

40,000	Ingersoll-Rand Co. Ltd., Cl. A	855,378	1,614,8
107,000	Lufkin Industries Inc.	1,036,848	5,336,0
1,000	Manitowoc Co. Inc.	25,450	50,2
11,000	Mueller Industries Inc.	485,034	301,6
1,000	Sealed Air Corp.+	17,404	56,1
230,000	Watts Water Technologies Inc., Cl. A	3,450,965	6,966,7
100,000	Weir Group plc	420,789	651,2
		28,096,829	48,961,4

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2005

SHARES		COST	MARKET VALUE
	COMMON STOCKS (CONTINUED)		
	COMMUNICATIONS EQUIPMENT -- 2.3%		
48,000	Agere Systems Inc.+	$ 756,268	$ 619,2
45,000	Andrew Corp.+	491,747	482,8
505,000	Corning Inc.+	4,463,528	9,928,3
180,000	Lucent Technologies Inc.+	949,628	478,8
110,000	Motorola Inc.	1,378,052	2,484,9
150,000	Nortel Networks Corp.+	818,085	459,0
300,000	Scientific-Atlanta Inc.	11,272,055	12,921,0
308,000	Thomas & Betts Corp.+	8,626,418	12,923,6
		28,755,781	40,297,7
	WIRELESS COMMUNICATIONS -- 2.2%		
232,000	America Movil SA de CV, Cl. L, ADR	2,525,138	6,788,3
300,000	Nextel Partners Inc., Cl. A+	8,355,480	8,382,0
1,500	NTT DoCoMo Inc.	3,553,937	2,289,3
3,350,000	O2 plc	11,700,942	11,397,5
24,787	Tele Centro Oeste Celular Participacoes SA, ADR	74,303	278,1
1,920	Tele Leste Celular Participacoes SA, ADR+	51,357	27,1
3,340	Tele Norte Celular Participacoes SA, ADR+	51,601	24,8
8,350	Telemig Celular Participacoes SA, ADR	241,320	329,0
270	Telesp Celular Participacoes SA+	941	9
90,217	Telesp Celular Participacoes SA, ADR	2,244,802	341,0
5,845	Telesp Celular		

	Participacoes SA, Pfd.+	89,789	22,1
32,165	Tim Participacoes SA, ADR	390,212	813,1
100,000	United States Cellular Corp.+	4,333,517	4,940,0
353,888	Vodafone Group plc	761,822	764,1
90,000	Vodafone Group plc, ADR	2,140,731	1,932,3
		36,515,892	38,330,2
	AVIATION: PARTS AND SERVICES -- 2.0%		
198,000	Curtiss-Wright Corp.	5,702,006	10,810,8
200,000	Fairchild Corp., Cl. A+	1,185,348	510,0
220,000	GenCorp Inc.+	2,822,545	3,905,0
180,000	Precision Castparts Corp.	9,256,216	9,325,8
84,000	Sequa Corp., Cl. A+	3,347,991	5,800,2
74,600	Sequa Corp., Cl. B+	3,852,673	5,184,7
		26,166,779	35,536,5
	COMPUTER SOFTWARE AND SERVICES -- 1.8%		
10,000	Check Point Software Technologies Ltd.+	169,874	201,0
146	Computer Associates International Inc.	4,526	4,1
650	NIWS Co. Ltd.	803,310	887,3
2,500,000	Siebel Systems Inc.	26,110,337	26,450,0
25,256	Telecom Italia Media SpA+	26,867	13,3
90,000	Yahoo! Inc.+	3,115,701	3,526,2
		30,230,615	31,082,0
	AGRICULTURE -- 1.3%		
960,000	Archer-Daniels-Midland Co.	18,911,934	23,673,6
5,000	Delta & Pine Land Co.	84,396	115,0
10,000	Mosaic Co.+	139,585	146,3
		19,135,915	23,934,9

SHARES		COST	MARKET VALUE
	CONSUMER SERVICES -- 1.3%		
230,000	IAC/InterActiveCorp+	$ 6,252,263	$ 6,511,3
835,000	Rollins Inc.	12,690,996	16,457,8
		18,943,259	22,969,1
	MACHINERY -- 1.1%		
20,000	Caterpillar Inc.	136,559	1,155,4
260,000	Deere & Co.	15,210,606	17,708,6
		15,347,165	18,864,0
	SPECIALTY CHEMICALS -- 1.0%		
5,400	Ciba Specialty Chemicals AG, ADR	4,285	174,4
20,000	E.I. du Pont de Nemours and Co.	802,600	850,0
325,000	Ferro Corp.	6,928,725	6,097,0
35,000	Fuller (H.B.) Co.	862,031	1,122,4
200,000	Hercules Inc.+	2,421,610	2,260,0

232,300	Omnova Solutions Inc.+	1,879,165	1,115,0
300,000	Sensient Technologies Corp.	5,529,921	5,370,0
10,000	Syngenta AG, ADR	16,177	249,1
190,000	Tokai Carbon Co. Ltd.	779,696	882,8
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		19,224,210	18,120,8
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	RETAIL -- 1.0%		
300,000	Albertson's Inc.	7,397,938	6,405,0
230,000	AutoNation Inc.+	3,028,848	4,997,9
35,000	Coldwater Creek Inc.+	122,882	1,068,5
25,000	Costco Wholesale Corp.	1,141,563	1,236,7
38,000	Matsumotokiyoshi Co. Ltd.	1,037,783	1,201,8
30,000	Next plc	811,183	792,2
44,800	Seven & I Holdings Co. Ltd.+	1,290,992	1,918,3
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		14,831,189	17,620,6
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	REAL ESTATE -- 1.0%		
70,000	Cheung Kong (Holdings) Ltd.	815,521	718,1
98,000	Florida East Coast Industries Inc.	2,113,491	4,152,2
55,000	Griffin Land & Nurseries Inc.+	513,144	1,435,7
166,000	St. Joe Co.	9,480,874	11,158,5
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		12,923,030	17,464,7
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	AEROSPACE -- 1.0%		
105,000	Boeing Co.	6,475,976	7,375,2
20,000	Lockheed Martin Corp.	1,158,328	1,272,6
135,000	Northrop Grumman Corp.	7,203,572	8,114,8
80,000	Rolls-Royce Group plc+	502,486	588,4
2,672,000	Rolls-Royce Group plc, Cl. B	2,712	4,7
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		15,343,074	17,355,7
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	ENVIRONMENTAL SERVICES -- 1.0%		
65,000	Republic Services Inc.	875,761	2,440,7
490,000	Waste Management Inc.	12,220,496	14,871,5
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		13,096,257	17,312,2
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	BROADCASTING -- 1.0%		
1,000	Clear Channel Communications Inc.	31,114	31,4
2,000	Cogeco Inc.	39,014	41,2
16,666	Corus Entertainment Inc., Cl. B	62,035	447,3
120,000	Gray Television Inc.	1,204,736	1,178,4
27,500	Gray Television Inc., Cl. A	370,755	248,8
199,000	Liberty Corp.	8,500,125	9,315,1

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2005

SHARES		COST	M V
	COMMON STOCKS (CONTINUED)		
	BROADCASTING (CONTINUED)		
70,000	Lin TV Corp., Cl. A+	$ 1,187,659	$
155,000	Mediaset SpA	1,664,123	
30,000	Modern Times Group, Cl. B+	823,064	
7,800	Nippon Television Network Corp.	1,232,257	
100,000	Paxson Communications Corp.+	388,012	
100,000	Television Broadcasts Ltd.	396,239	
100,000	Young Broadcasting Inc., Cl. A+	1,331,124	
		17,230,257	1
	METALS AND MINING -- 0.8%		
72,500	Harmony Gold Mining Co. Ltd.+	347,738	
35,000	Harmony Gold Mining Co. Ltd., ADR+	460,008	
75,000	Ivanhoe Mines Ltd.+	560,208	
130,000	Newmont Mining Corp.	3,820,955	
110,000	Novelis Inc.	2,381,034	
120,000	Placer Dome Inc.	2,078,538	
50,000	Xstrata plc	948,090	
		10,596,571	1
	ELECTRONICS -- 0.8%		
10,000	Advanced Micro Devices Inc.+	106,090	
3,000	Hitachi Ltd., ADR	218,796	
5,200	Keyence Corp.	1,092,186	
20,000	Molex Inc., Cl. A	519,697	
7,500	NEC Corp., ADR	43,625	
9,500	Rohm Co. Ltd.	1,408,684	
38,000	Royal Philips Electronics NV, ADR	52,354	
265,000	Texas Instruments Inc.	6,407,535	
17,000	Tokyo Electron Ltd.	917,536	
		10,766,503	1
	AUTOMOTIVE -- 0.7%		
335,000	Navistar International Corp.+	12,403,039	
43,000	PACCAR Inc.	431,444	
		12,834,483	1
	BUSINESS SERVICES -- 0.6%		
7,050	Acco Brands Corp.+	126,069	
60,000	ANC Rental Corp.+	578,273	
15,000	Canon Inc.	865,859	
130,000	Cendant Corp.	2,545,119	
1,000	CheckFree Corp.+	9,040	
15,000	Clear Channel Outdoor Holdings Inc., Cl. A+	289,301	

186,554	Contax Participacoes SA, ADR	76,632	
212,500	Group 4 Securicor plc	0	
95,000	Landauer Inc.	2,518,125	
72,500	Nashua Corp.+	656,627	
25,000	Secom Co. Ltd.	1,095,891	
		8,760,936	1
	MANUFACTURED HOUSING AND RECREATIONAL VEHICLES -- 0.3%		
70,000	Champion Enterprises Inc.+	659,503	
50,000	Fleetwood Enterprises Inc.+	602,670	
32,222	Huttig Building Products Inc.+	81,163	
13,000	Martin Marietta Materials Inc.	274,588	
10,000	Nobility Homes Inc.	195,123	
80,000	Sekisui House Ltd.	846,007	

SHARES		COST	
20,900	Skyline Corp.	$ 840,086	$
4,600	Southern Energy Homes Inc.+	24,312	
		3,523,452	
	CLOSED-END FUNDS -- 0.3%		
74,200	Central Europe and Russia Fund Inc.	1,086,502	
70,000	New Germany Fund Inc.	754,518	
31,500	Royce Value Trust Inc.	388,298	
		2,229,318	
	PAPER AND FOREST PRODUCTS -- 0.1%		
120,000	Pactiv Corp.+	1,259,210	
	TRANSPORTATION -- 0.1%		
100,000	AMR Corp.+	1,924,248	
15,000	Grupo TMM SA, Cl. A, ADR+	80,460	
		2,004,708	
	REAL ESTATE INVESTMENT TRUSTS -- 0.1%		
1,500	Amli Residential Properties Trust	29,822	
6,000	Camden Property Trust	112,470	
2,000	Equity Residential	39,570	
2,187	Prosperity REIT+	616	
24,984	Rayonier Inc.	798,811	
		981,289	
	TOTAL COMMON STOCKS	1,385,127,226	1,64
	CONVERTIBLE PREFERRED STOCKS -- 0.2%		
	AEROSPACE -- 0.1%		
13,500	Northrop Grumman Corp., 7.000% Cv. Pfd., Ser. B	1,573,020	

	TELECOMMUNICATIONS -- 0.1%		
26,000	Cincinnati Bell Inc., 6.750% Cv. Pfd., Ser. B	820,366	
	BROADCASTING -- 0.0%		
90	Gray Television Inc., 8.000% Cv. Pfd., Ser. C (a)(c)(d)	900,000	
	AVIATION: PARTS AND SERVICES -- 0.0%		
3,200	Sequa Corp., $5.00 Cv. Pfd.	258,560	
	TOTAL CONVERTIBLE PREFERRED STOCKS	3,551,946	

PRINCIPAL AMOUNT			
	CONVERTIBLE CORPORATE BONDS -- 0.1%		
	AUTOMOTIVE: PARTS AND ACCESSORIES -- 0.1%		
$ 500,000	Pep Boys - Manny, Moe & Jack, Cv., 4.250%, 06/01/07	489,138	
1,000,000	Standard Motor Products Inc., Sub. Deb. Cv., 6.750%, 07/15/09	959,101	
		1,448,239	

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2005

PRINCIPAL AMOUNT		COST	MARKE VALU
	CONVERTIBLE CORPORATE BONDS (CONTINUED)		
	AEROSPACE --0.0%		
$ 736,000	Kaman Corp., Sub. Deb. Cv., 6.000%, 03/15/12	$ 706,234	$ 7
	CABLE AND SATELLITE -- 0.0%		
500,000	Charter Communications Inc., Cv., 4.750%, 06/01/06	454,157	4
	TOTAL CONVERTIBLE CORPORATE BONDS	2,608,630	2,5

SHARES

	RIGHTS -- 0.0%		
	CLOSED-END FUNDS -- 0.0%		
74,200	Central Europe and Russia Fund Inc. Rights, expire 01/20/06+	0	1
PRINCIPAL AMOUNT			
	U.S. GOVERNMENT & AGENCY OBLIGATIONS -- 0.1%		
	FEDERAL HOME LOAN BANK -- 0.0%		
$ 500,000	3.060%, 04/13/06	500,000	4
	U.S. TREASURY NOTES -- 0.1%		
500,000	5.625%, 02/15/06	503,429	5
300,000	4.625%, 05/15/06	303,221	3
300,000	3.500%, 11/15/06	300,980	2
		1,107,630	1,1
	TOTAL U.S. GOVERNMENT & AGENCY OBLIGATIONS	1,607,630	1,5
	SHORT-TERM OBLIGATIONS -- 6.6%		
	REPURCHASE AGREEMENTS -- 2.6%		
45,807,000	ABN Amro, 3.300%, dated 12/30/05, due 01/03/06, proceeds at maturity, $45,823,796(b)	45,807,000	45,8
	U.S. GOVERNMENT OBLIGATIONS -- 4.0%		
71,135,000	U.S. Treasury Bills, 3.841% to 3.947%++, 01/12/06 to 03/23/06	71,008,207	71,0
	TOTAL SHORT-TERM OBLIGATIONS	116,815,207	116,8
TOTAL INVESTMENTS -- 100.0%		$1,509,710,639	1,770,6
OTHER ASSETS AND LIABILITIES (NET)			(5,9
PREFERRED STOCK (9,556,900 preferred shares outstanding)			(418,7
NET ASSETS -- COMMON STOCK (166,079,270 common shares outstanding)			$ 1,345,8
NET ASSET VALUE PER COMMON SHARE $1,345,891,397 / $166,079,270 shares (outstanding)			

(a) Security fair valued under procedures established by the Board of Directors. At December 31, 2005, the market value of fair valued securities amounted to $952,001 or 0.05% of total investments.

(b) Collateralized by U.S. Treasury Notes, 2.375%, due 08/15/06, market value $46,723,140.

(c) Security exempt from registration under Rule 144A of the Securities Act of

1933, as amended. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2005, the market value of the Rule 144A security amounted to $909,000 or 0.05% of total investments.

(d) At December 31, 2005, the Fund held an investment in a restricted and illiquid security amounting to $909,000 or 0.05% of net assets, which was valued under methods approved by the Board as follows:

ACQUISITION SHARES	ISSUER	ACQUISITION DATE	ACQUISITION COST	12/3 CARRYI PER
90	Gray Television Inc., 8.000% Cv. Pfd., Ser. C	04/23/02	$ 900,000	$ 10,

+ Non-income producing security.

++ Represents annualized yield at date of purchase.

ADR American Depository Receipt

CVO Contingent Value Obligation

W/I When issued

	% OF MARKET VALUE	MARKET VALUE
GEOGRAPHIC DIVERSIFICATION		
North America	79.7%	$1,411,799,237
Europe	15.6	276,134,321
Latin America	3.0	53,364,320
Japan	1.3	23,551,582
Asia/Pacific	0.3	4,327,329
South Africa	0.1	1,429,527
Total Investments	100.0%	$1,770,606,316

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2005

ASSETS:	
Investments, at value (cost $1,509,710,639)	$ 1,770,606,316
Foreign currency, at value (cost $32,744)	31,887
Cash	257,039
Receivable for investments sold	28,548,856

Dividends and interest receivable	2,194,983
Unrealized appreciation on swap contracts	415,025
Other assets	59,409
TOTAL ASSETS	1,802,113,515
LIABILITIES:	
Payable for investments purchased	33,026,956
Payable for investment advisory fees	2,962,877
Payable for shareholder communications expenses	579,680
Dividends payable	304,105
Payable for offering expenses	196,724
Other accrued expenses and liabilities	409,276
TOTAL LIABILITIES	37,479,618
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 outstanding)	50,000,000
TOTAL PREFERRED STOCK	418,742,500
NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS	$ 1,345,891,397
NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS CONSIST OF:	
Capital stock, at $0.001 par value	$ 166,079
Additional paid-in capital	1,091,661,087
Undistributed net investment income	561,527
Accumulated distributions in excess of net realized gain on investments, options, futures contracts, swap contracts, and foreign currency transactions	(7,800,361)
Net unrealized appreciation on investments and swap contracts	261,310,702
Net unrealized depreciation on foreign currency translations	(7,637)
NET ASSETS	$ 1,345,891,397
NET ASSET VALUE PER COMMON SHARE ($1,345,891,397 / 166,079,270 shares outstanding; 182,000,000 shares authorized)	$8.10

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2005

INVESTMENT INCOME:	
Dividends (net of foreign taxes of $552,496)	$ 28,591,567
Interest	4,147,686
TOTAL INVESTMENT INCOME	32,739,253
EXPENSES:	
Investment advisory fees	16,357,998
Shareholder communications expenses	1,259,641
Auction agent fees	449,240
Custodian fees	233,327
Payroll expenses	193,777
Legal and audit fees	152,333
Shareholder services fees	144,160
Directors' fees	139,924
Miscellaneous expenses	601,845
TOTAL EXPENSES	19,532,245
LESS:	
Advisory fee reduction	(2,387,425)
Custodian fee credits	(27,319)
TOTAL REDUCTIONS AND CREDITS	(2,414,744)
TOTAL NET EXPENSES	17,117,501
NET INVESTMENT INCOME	15,621,752
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, OPTIONS, FUTURES CONTRACTS, SWAP CONTRACTS, AND FOREIGN CURRENCY:	
Net realized gain on investments	134,604,868
Net realized gain on options	114,988
Net realized loss on futures contracts	(214,050)
Net realized loss on swap contracts	(1,807,771)
Net realized loss on foreign currency transactions	(141,255)
Net realized gain on investments, options, futures contracts, swap contracts, and foreign currency transactions	132,556,780
Net change in unrealized appreciation/depreciation on investments, options, futures contracts, swap contracts, and foreign currency translations	(60,827,456)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, OPTIONS, FUTURES CONTRACTS, SWAP CONTRACTS, AND FOREIGN CURRENCY	71,729,324
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	87,351,076
Total Distributions to Preferred Stock Shareholders	(22,181,024)
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS RESULTING FROM OPERATIONS	$ 65,170,052

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

	DECE
OPERATIONS:	
Net investment income	$
Net realized gain on investments, options, futures contracts, swap contracts, and foreign currency transactions	
Net change in unrealized appreciation/depreciation on investments, options, futures contracts, swap contracts, and foreign currency translations	
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	
DISTRIBUTIONS TO PREFERRED STOCK SHAREHOLDERS:	
Net investment income	
Net realized short-term gains on investments, futures contracts, and foreign currency transactions	
Net realized long-term gains on investments, futures contracts, and foreign currency transactions	
TOTAL DISTRIBUTIONS TO PREFERRED STOCK SHAREHOLDERS	
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS RESULTING FROM OPERATIONS	
DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS:	
Net investment income	
Net realized short-term gains on investments, options, futures contracts, and foreign currency transactions	
Net realized long-term gains on investments, options, futures contracts, and foreign currency transactions	
TOTAL DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS	
FUND SHARE TRANSACTIONS:	
Net increase in net assets from common shares issued upon reorganization and reinvestment of dividends and distributions	
Net increase in net assets from common shares issued upon rights offering	
Net increase in net assets from repurchase of preferred shares	
Offering costs for preferred shares charged to paid-in capital	
Offering cost for issuance of rights charged to paid-in capital	
NET INCREASE IN NET ASSETS FROM FUND SHARE TRANSACTIONS	
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS	
NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS:	
Beginning of period	1
End of period (includes undistributed net investment income of $561,527 and $1,703,869, respectively)	$1

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION. The Gabelli Equity Trust Inc. (the "Equity Trust") is a non-diversified closed-end 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. Investment operations commenced on August 21, 1986.

The Equity Trust will invest at least 80% of its assets in equity securities under normal market conditions (the "80% Policy"). The 80% Policy may be changed without shareholder approval. The Equity Trust will 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 Equity Trust in the preparation of its financial statements.

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 Gabelli Funds, LLC (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 with remaining maturities of 60 days or less that are not credit impaired are valued at amortized cost, unless the Board determines such amount 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 average of the latest 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.

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 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. If there is a default by the counterparty to a swap contract, the Equity Trust will be limited to contractual remedies pursuant to the agreements related to the transaction.There is no assurance that the swap contract counterparties will be able to meet their obligations pursuant to the swap contracts or that, in the event of default, the Equity Trust will succeed in pursuing contractual remedies. The Equity Trust thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to the swap contracts. The creditworthiness of the swap contract counterparties is closely monitored in order to minimize this risk. 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 use of derivative instruments involves, to varying degrees, elements of market risk in excess of the amount recognized in the Statement of Assets and Liabilities.

Unrealized gains related to swaps are reported as an asset and unrealized losses are reported as a liability on the Statement of Assets and Liabilities. The change in value of swaps, including the accrual of periodic amounts of interest to be paid or received on swaps is reported as unrealized gains or losses in the Statement of Operations. A realized gain or loss is recorded upon payment or receipt of a periodic payment or termination of swap agreements. Swap agreements involve, to varying degrees, elements of market and counterparty risk, and exposure to loss in excess of the related amounts reflected in the Statement of Assets and Liabilities.

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, 2005 are as follows:

NOTIONAL AMOUNT	FIXED RATE	FLOATING RATE* (RATE RESET MONTHLY)	TERMINATION DATE	UNREALIZED APPRECIATION
$130,000,000	4.494%	4.29063%	July 2, 2007	$415,025

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* Based on Libor (London Interbank Offered Rate).

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 instrument. 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. These contracts may involve market risk in excess of the unrealized gain or loss reflected in the Statement of Assets and Liabilities. 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. At December 31, 2005, there were no open futures contracts.

FORWARD FOREIGN EXCHANGE CONTRACTS. The Equity Trust may engage in forward foreign exchange contracts for hedging a specific transaction with respect to either the currency in which the transaction is denominated or another currency as deemed appropriate by the Adviser. Forward foreign exchange contracts are valued at the forward rate and are marked-to-market daily. The change in market value is included in unrealized appreciation/depreciation on investments and foreign currency translations. When the contract is closed, the Equity Trust records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Equity Trust's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. These contracts may involve market risk in excess of the unrealized gain or loss reflected in the Statement of Assets and Liabilities. In addition, the Equity Trust could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. At December 31, 2005, there were no open forward foreign exchange contracts.

FOREIGN CURRENCY TRANSLATIONS. 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 current exchange rates. 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 that 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.

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.

FOREIGN TAXES. The Equity Trust may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Equity Trust will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

RESTRICTED AND ILLIQUID SECURITIES. The Equity Trust may invest up to 10% of its net assets in securities for which the markets are illiquid. Illiquid securities include securities the disposition of which is subject to substantial legal or contractual restrictions. The sale of illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the Securities and Exchange Commission ("SEC") may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity.

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 on the accrual basis. Premiums and discounts on debt securities are amortized using the yield to maturity method. Dividend income is recorded on the ex-dividend date except for certain dividends which are recorded as soon as the Trust is informed of the dividend.

CUSTODIAN FEE CREDITS. When cash balances are maintained in the custody account, the Equity Trust receives credits which are used to offset custodian fees. The gross expenses paid under the custody arrangement are included in custodian fees in the Statement of Operations with the corresponding expense offset shown as "custodian fee credits".

DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS. Distributions to common shareholders are recorded on the ex-dividend date. Income distributions 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, foreign currency transactions, timing differences, and differing characterizations of distributions made by the Equity Trust. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. These reclassifications have no impact on the NAV of the Equity Trust and the calculation of net investment income per share in the Financial Highlights includes these adjustments. For the year ended December 31, 2005, reclassifications were made to decrease accumulated net investment income by $2,052,100 and decrease accumulated distributions in excess of net realized gain on investments, futures contracts, swap contracts, and foreign currency transactions by $2,052,100.

Distributions to shareholders of the Equity Trust's 7.20% Series B Cumulative Preferred Stock, Series C Auction Rate Cumulative Preferred Stock, 5.875% Series D Cumulative Preferred Stock, and Series E Auction Rate Cumulative Preferred Stock ("Cumulative Preferred Stock") are recorded on a daily basis and are determined as described in Note 5.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The tax character of distributions paid during the years ended December 31, 2005 and December 31, 2004 was as follows:

	YEAR ENDED DECEMBER 31, 2005		
	COMMON	PREFERRED	
DISTRIBUTIONS PAID FROM:			
Ordinary income (Inclusive of short-term capital gains)	$ 13,578,966	$ 2,363,772	$
Net long-term capital gains	113,842,518	19,817,252	
Total distributions paid	$127,421,484	$22,181,024	$

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, 2005, the components of accumulated earnings/(losses) on a tax basis were as follows:

Net unrealized appreciation on investments	$ 253,104,499
Net unrealized appreciation on foreign currency and swap contracts	428,687
Distributions payable	(304,105)
Undistributed ordinary income	835,150
Total	$ 254,064,231

The following summarizes the tax cost of investments, swap contracts, and the related unrealized appreciation/depreciation at December 31, 2005:

	COST	GROSS UNREALIZED APPRECIATION	GROSS UNREALIZE DEPRECIATI
Investments	$ 1,517,501,817	$345,287,834	$(92,183,3
Swap contracts	--	415,025	
		$345,702,859	$(92,183,3

3. AGREEMENTS AND TRANSACTIONS WITH AFFILIATES. The Equity Trust has entered into an investment advisory agreement (the "Advisory Agreement") with the 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 including the 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 each particular series of the Cumulative Preferred Stock for the fiscal year.

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 or corresponding swap rate of each particular series of Cumulative Preferred Stock for the period. For the year ended December 31, 2005, the Equity Trust's total return on the net asset value of the common shares exceeded the stated dividend rate or net swap expense of Series C and E Auction Rate Cumulative Preferred Stock. Thus, management fees were accrued on these assets. The Equity Trust's total return on the net asset value of the common shares did not exceed the stated dividend rate or corresponding swap rate of 7.20% Series B and 5.875% Series D Cumulative Preferred Stock. Thus, management fees with respect to the liquidation value of the preferred stock assets were reduced by $2,387,425.

During the year ended December 31, 2005, Gabelli & Company, Inc., ("Gabelli & Company") an affiliate of the Adviser, received $469,081 in brokerage commissions as a result of executing agency transactions in portfolio securities on behalf of the Equity Trust.

In connection with the 2005 Rights Offering ("Rights"), holders of unexercised rights to purchase Common Shares of the Trust were able to instruct the Subscription Agent (Computershare Shareholder Services, Inc.) to sell such Rights on their behalf. The Subscription Agent was permitted to effect such sales through Gabelli & Company, unless the Subscription Agent was able to negotiate a lower commission rate with an independent broker. Total commissions from sales of Rights effected by the Subscription Agent through Gabelli & Company amounted to $93,506 for the year ended December 31, 2005.

The cost of calculating the Equity Trust's net asset value per share is an Equity Trust expense pursuant to the Advisory Agreement. During the year ended December 31, 2005, the Equity Trust reimbursed the Adviser $45,000 in connection with the cost of computing the Equity Trust's net asset value, which is included in miscellaneous expenses in the Statement of Operations.

The Equity Trust is assuming its portion of the allocated cost of the Gabelli Funds' Chief Compliance Officer in the amount of $27,008 for the year ended December 31, 2005, which is included in payroll expenses in the Statement of Operations.

4. PORTFOLIO SECURITIES. Cost of purchases and proceeds from the sales of securities, other than short-term securities, for the year ended December 31,

2005 aggregated $467,095,671 and $343,532,624, respectively.

5. CAPITAL. The charter permits the Equity Trust to issue 182,000,000 shares of common stock (par value $0.001) and authorizes the Board to increase its authorized shares from time to time. 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, 2005, 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, 2005		
	SHARES	AMOUNT	SH
Shares issued upon reinvestment of dividends and distributions	3,242,215	$ 27,277,033	3,1
Shares issued in rights offering	20,525,901	143,081,307	
Shares issued in connection with reorganization of Sterling Capital Corporation	1,978,190	18,306,860	
Net increase	25,746,306	$188,665,200	3,1

The Equity Trust's Articles of Incorporation, as amended, authorize the issuance of up to 18,000,000 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 by the 1940 Act and by the Articles Supplementary to meet certain asset coverage tests 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 redemption prices 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 preferred dividend rates, which could have either a beneficial or detrimental impact on net investment income and gains available to common shareholders.

On September 21, 2005, the Trust distributed one transferable right for each of the 143,681,301 shares of common stock outstanding to shareholders of record on that date. Seven rights were required to purchase one additional common share at the subscription price of $7.00 per share. Shareholders who exercised their full primary subscription rights were eligible for an over-subscription privilege entitling them to subscribe, subject to certain limitations and a pro-rata allotment, for any additional shares not purchased pursuant to the primary subscription plus such additional amounts as authorized by the Board in accordance with the registration statement. The subscription period expired on October 26, 2005. The rights offering was fully subscribed, having received over-subscription requests in excess of the shares available for primary subscription resulting in the issuance of 20,525,901 shares of common stock and proceeds of $143,681,307 to the Equity Trust, prior to the deduction of estimated expenses of $600,000. The net asset value per share of the Trust common shareholders was reduced by approximately $0.15 per share as a result of the issuance of shares below net asset value.

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 redemption price at any time. During the year ended December 31, 2005, the Equity Trust did not repurchase any shares of 7.20% Series B Cumulative Preferred Stock. At December 31, 2005, 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.

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

The dividend rates of Series C Auction Rate Cumulative Preferred Stock ranged from 2.15% to 4.58% for the year ended December 31, 2005. 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 redemption price at any time. During the year ended December 31, 2005, the Equity Trust did not redeem any shares of Series C Auction Rate Cumulative Preferred Stock. At December 31, 2005, 5,200 shares of the Series C Auction Rate Cumulative Preferred Stock were outstanding with an annualized dividend rate of 4.58% per share and accrued dividends amounted to $66,155.

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 redemption price at any time. During the year ended December 31, 2005, the Equity Trust did not repurchase any shares of 5.875% Series D Cumulative Preferred Stock. At December 31, 2005, 2,949,700 shares of the 5.875% Series D Cumulative Preferred Stock were outstanding and accrued dividends amounted to $60,172.

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 dividend rates of Series E Auction Rate Cumulative Preferred Stock ranged from 2.20% to 4.60% for the year ended December 31, 2005. 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 redemption price at any time. During the year ended December 31, 2005, the Equity Trust did not redeem any shares of Series E Auction Rate Cumulative Preferred Stock. At December 31, 2005, 2,000 shares of the Series E Auction Rate Cumulative Preferred Stock were outstanding with an annualized dividend rate of 4.60% and accrued dividends amounted to $12,778.

The holders of Cumulative Preferred Stock generally are entitled to one vote per share held on each matter submitted to a vote of shareholders of the Equity Trust and will vote together with holders of common stock as a single class. The holders of Cumulative Preferred Stock voting together as a single class also have the right currently to elect two Directors and under certain circumstances are entitled to elect a majority of the Board of Directors. In addition, the affirmative vote of a majority of the votes entitled to be cast by holders of all outstanding shares of the preferred stock, voting as a single class, will be required to approve any plan of reorganization adversely affecting the preferred stock, and the approval of two-thirds of each class, voting separately, of the Equity Trust's outstanding voting stock must approve the conversion of the Equity Trust from a closed-end to an open-end investment company. The approval of a majority (as defined in the 1940 Act) of the outstanding preferred stock and a majority (as defined in the 1940 Act) of the Equity Trust's outstanding voting securities are required to approve certain other actions, including changes in the Equity Trust's investment objectives or fundamental investment policies.

6. 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.

7. REORGANIZATION. On September 13, 2005, the Equity Trust acquired substantially all of the net assets of the Sterling Capital Corp. pursuant to a Plan of Reorganization approved by Sterling Capital Corp. on September 12, 2005. The acquisition was accomplished by a tax-free exchange of 1,978,190 common shares of the Equity Trust valued at $18,306,860 for the net assets of the Sterling Capital Corp. on September 12, 2005. Sterling Capital Corp.'s net assets of $18,306,860, including $2,191,264 of unrealized appreciation, were combined with those of the Equity Trust on September 13, 2005. The net assets attributable to common stock shareholders of the Equity Trust immediately before the acquisition were $1,273,163,812.

8. 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 trading practices involving certain funds managed by the Adviser. GAMCO Investors, Inc., the Adviser's parent company, is responding to these requests for documents and testimony. On a separate matter, in September 2005, the Adviser was informed by the staff of the SEC that the staff may recommend to the Commission that an administrative remedy and a monetary penalty be sought from the Adviser in connection with the actions of two of seven closed-end funds managed by the Adviser relating to Section 19(a) and Rule 19a-1 of the 1940 Act. These provisions require registered investment companies to provide written statements to shareholders when a dividend is made from a source other than net investment income. While the two closed-end funds sent annual statements and provided other materials containing this information, the funds did not send written statements to shareholders with each distribution in 2002 and 2003. The Adviser believes that all of the funds are now in compliance. The Adviser believes that these matters would have no effect on the Equity Trust or any material adverse effect on the Adviser or its ability to manage the Equity

Trust. The staff's notice to the Adviser did not relate to the Equity Trust.

THE GABELLI EQUITY TRUST INC.
FINANCIAL HIGHLIGHTS

SELECTED DATA FOR A SHARE OF COMMON STOCK OUTSTANDING THROUGHOUT EACH PERIOD:

	YEAR	
	2005	2004
OPERATING PERFORMANCE:		
Net asset value, beginning of period	$ 8.69	$ 7.98
Net investment income (loss)	0.09	0.02
Net realized and unrealized gain (loss) on investments	0.47	1.63
Total from investment operations	0.56	1.65
DISTRIBUTIONS TO PREFERRED STOCK SHAREHOLDERS:(e)		
Net investment income	(0.01)	(0.00)(a)
Net realized gain on investments	(0.14)	(0.14)
Total distributions to preferred stock shareholders	(0.15)	(0.14)
NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS RESULTING FROM OPERATIONS	0.41	1.51
DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS:		
Net investment income	(0.08)	(0.01)
Net realized gain on investments	(0.77)	(0.79)
Return of capital	--	--
Total distributions to common stock shareholders	(0.85)	(0.80)
CAPITAL SHARE TRANSACTIONS:		
Increase (decrease) in net asset value from common stock share transactions	(0.00)(a)	0.00(a)
Decrease in net asset value from shares issued in rights offering	(0.15)	--
Increase in net asset value from repurchase of preferred shares	--	0.00(a)
Offering costs for preferred shares charged to paid-in capital	(0.00)(a)	0.00(a)
Offering costs for issuance of rights charged to paid-in capital	(0.00)(a)	--
Total capital share transactions	(0.15)	0.00(a)
NET ASSET VALUE ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS, END OF PERIOD	$ 8.10	$ 8.69
Net Asset Value Total Return +	5.50%	19.81%
Market Value, End of Period	$ 8.03	$ 9.02
Total Investment Return ++	0.66%	24.04%

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
FINANCIAL HIGHLIGHTS (CONTINUED)

SELECTED DATA FOR A SHARE OF COMMON STOCK OUTSTANDING THROUGHOUT EACH PERIOD:

	YEAR END		
	2005	2004	
RATIOS AND SUPPLEMENTAL DATA:			
Net assets including liquidation value of preferred shares, end of period (in 000's)	$1,764,634	$1,638,225	$1,
Net assets attributable to common shares, end of period (in 000's)	$1,345,891	$1,219,483	$1,
Ratio of net investment income to average net assets attributable to common shares	1.27%	0.64%	
Ratio of operating expenses to average net assets attributable to common shares net of fee reduction (c)	1.39%	1.57%	
Ratio of operating expenses to average net assets including liquidation value of preferred shares net of fee reduction (c)	1.04%	1.14%	
Portfolio turnover rate	22.4%	28.6%	
PREFERRED STOCK:			
7.25% SERIES A CUMULATIVE PREFERRED STOCK			
Liquidation value, end of period (in 000's)	--	--	
Total shares outstanding (in 000's)	--	--	
Liquidation preference per share	--	--	
Average market value (b)	--	--	
Asset coverage per share	--	--	
7.20% SERIES B CUMULATIVE PREFERRED STOCK			
Liquidation value, end of period (in 000's)	$ 165,000	$ 165,000	$
Total shares outstanding (in 000's)	6,600	6,600	
Liquidation preference per share	$ 25.00	$ 25.00	$
Average market value (b)	$ 25.92	$ 26.57	$
Asset coverage per share	$ 105.35	$ 97.81	$
AUCTION RATE SERIES C CUMULATIVE PREFERRED STOCK			
Liquidation value, end of period (in 000's)	$ 130,000	$ 130,000	$
Total shares outstanding (in 000's)	5	5	
Liquidation preference per share	$ 25,000	$ 25,000	$
Average market value (b)	$ 25,000	$ 25,000	$
Asset coverage per share	$ 105,353	$ 97,806	$
5.875% SERIES D CUMULATIVE PREFERRED STOCK			
Liquidation value, end of period (in 000's)	$ 73,743	$ 73,743	$
Total shares outstanding (in 000's)	2,950	2,950	
Liquidation preference per share	$ 25.00	$ 25.00	$
Average market value (b)	$ 24.82	$ 24.81	$
Asset coverage per share	$ 105.35	$ 97.81	$
AUCTION RATE SERIES E CUMULATIVE PREFERRED STOCK			
Liquidation value, end of period (in 000's)	$ 50,000	$ 50,000	$
Total shares outstanding (in 000's)	2	2	
Liquidation preference per share	$ 25,000	$ 25,000	$
Average market value (b)	$ 25,000	$ 25,000	$

Asset coverage per share	$ 105,353	$ 97,806	$
ASSET COVERAGE (d)	421%	391%	

+ Based on net asset value per share, adjusted for reinvestment of distributions, at prices dependent upon the relationship of the net asset value per share and the market value per share on the ex-dividend dates, including the effect of shares issued pursuant to 2001 and 2005 rights offering, assuming full subscription by shareholder.

++ Based on market value per share, adjusted for reinvestment of distributions, including the effect of shares issued pursuant to 2001 and 2005 rights offering, assuming full subscription by shareholder.

(a) Amount represents less than $0.005 per share.

(b) Based on weekly prices.

(c) The ratios do not include a reduction of expenses for custodian fee credits on cash balances maintained with the custodian. Including such custodian fee credits for the years ended December 31, 2002 and 2001, the ratios of operating expenses to average net assets attributable to common stock net of fee reduction would be 1.19% and 1.11%, respectively, and the ratios of operating expenses to average total net assets including liquidation value of preferred shares net of fee reduction would be 0.87% and 0.94%, respectively. For the fiscal years ended December 31, 2005, 2004, and 2003, the effect of the custodian fee credits was minimal.

(d) Asset coverage is calculated by combining all series of preferred stock.

(e) Calculated based upon average common shares outstanding on the record dates throughout the year.

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
The Gabelli Equity Trust Inc.:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Gabelli Equity Trust Inc. (hereafter referred to as the "Trust") at December 31, 2005, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2005 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, New York
February 28, 2006

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THE GABELLI EQUITY TRUST INC.
ADDITIONAL FUND INFORMATION (UNAUDITED)

The business and affairs of Equity Trust are managed under the direction of the Trust's Board of Directors. Information pertaining to the Directors and officers of the Trust is set forth below. The Trust's Statement of Additional Information includes additional information about The Gabelli Equity Trust Inc. Directors and is available, without charge, upon request, by calling 800-GABELLI (800-422-3554) or by writing to The Gabelli Equity Trust Inc. at One Corporate Center, Rye, NY 10580-1422.

NAME, POSITION(S) ADDRESS 1 AND AGE	TERM OF OFFICE AND LENGTH OF TIME SERVED 2	NUMBER OF FUNDS IN FUND COMPLEX OVERSEEN BY DIRECTOR	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS
INTERESTED DIRECTORS 3:			
MARIO J. GABELLI Director and Chief Investment Officer Age: 63	Since 1986**	24	Chairman of the Board and Chief Executi Officer of GAMCO Investors, Inc. and Chief Investment Officer - Value Portfo of Gabelli Funds, LLC and GAMCO Asset Management Inc.; Chairman and Chief Executive Officer of Lynch Interactive Corporation (multimedia and services)
NON-INTERESTED DIRECTORS:			
THOMAS E. BRATTER Director Age: 66	Since 1986**	3	Director, President and Founder of The Dewey Academy (residential college preparatory therapeutic high school)
ANTHONY J. COLAVITA 4 Director Age: 70	Since 1999***	34	Partner in the law firm of Anthony J. Colavita, P.C.
JAMES P. CONN 4 Director Age: 67	Since 1989*	14	Former Managing Director and Chief Inve Officer of Financial Security Assurance Ltd. (1992-1998)
FRANK J. FAHRENKOPF JR. Director Age: 66	Since 1998***	5	President and Chief Executive Officer o American Gaming Association; Partner in law firm of Hogan & Hartson LLP; Co-Cha of the Commission on Presidential Debat

			Former Chairman of the Republican Natio Committee
ARTHUR V. FERRARA Director Age: 75	Since 2001**	6	Formerly, Chairman of the Board and Chi Executive Officer of The Guardian Life Insurance Company of America from Janua 1993 to December 1995; President, Chief Executive Officer and a Director prior
ANTHONY R. PUSTORINO Director Age: 80	Since 1986*	14	Certified Public Accountant; Professor Emeritus, Pace University
SALVATORE J. ZIZZA Director Age: 60	Since 1986***	25	Chairman of Hallmark Electrical Supplie

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THE GABELLI EQUITY TRUST INC.
ADDITIONAL FUND INFORMATION (CONTINUED) (UNAUDITED)

NAME, POSITION(S) ADDRESS 1 AND AGE	TERM OF OFFICE AND LENGTH OF TIME SERVED 2	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS
OFFICERS:		
BRUCE N. ALPERT President and Treasurer Age: 54	Since 2003	Executive Vice President and Chi Officer of Gabelli Funds, LLC an of all of the registered investm in the Gabelli Funds complex. Di of Gabelli Advisers, Inc.
CARTER W. AUSTIN Vice President Age: 39	Since 2000	Vice President of the Trust sinc of The Gabelli Dividend & Income and The Gabelli Global Gold, Nat & Income Trust since 2005. Vice Gabelli Funds, LLC.
DAWN M. DONATO Assistant Vice President Age: 38	Since 2004	Assistant Vice President of Gabe since 2004, Registered Represent & Company, Inc. since 2002. Prio Sales Representative for Manulif
JAMES E. MCKEE Secretary Age: 42	Since 1995	Vice President, General Counsel of GAMCO Investors, Inc. and GAM Management Inc.; Secretary of al registered investment companies Gabelli Funds complex.

PETER D. GOLDSTEIN Chief Compliance Officer Age: 52	Since 2004	Director of Regulatory Affairs f since 2004; Chief Compliance Off investment companies in the Gabe Vice President of Goldman Sachs from 2000 through 2004.

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1 Address: One Corporate Center, Rye, NY 10580-1422, unless otherwise noted.

2 The Trust's Board of Directors is divided into three classes, each class having a term of three years. Each year the term of office of one class expires and the successor or successors elected to such class serve for a three year term. The three year term for each class expires as follows:

* - Term expires at the Trust's 2006 Annual Meeting of Shareholders and until their successors are duly elected and qualified.

** - Term expires at the Trust's 2007 Annual Meeting of Shareholders and until their successors are duly elected and qualified.

*** - Term expires at the Trust's 2008 Annual Meeting of Shareholders and until their successors are duly elected and qualified.

Each officer will hold office for an indefinite term until the date he or she resigns or retires or until his or her successor is elected and qualified.

3 "Interested person" of the Trust as defined in the Investment Company Act of 1940. Mr. Gabelli is considered an "interested person" because of his affiliation with Gabelli Funds, LLC which acts as the Trust's investment adviser. Effective November 16, 2005, Mr. Karl Otto Pohl resigned from the Board of Directors and now serves as Director Emeritus.

4 Represents holders of the Trust's Preferred Stock.

5 This column includes only directorships of companies required to report to the SEC under the Securities Exchange Act of 1934 (i.e. public companies) or other investment companies registered under the 1940 Act.

CERTIFICATIONS

The Equity Trust's Chief Executive Officer has certified to the New York Stock Exchange that, as of June 6, 2005, he was not aware of any violation by the Equity Trust of applicable NYSE corporate governance listing standards. The Equity Trust reports to the SEC on Form N-CSR which contains certifications by the Equity Trust's principal executive officer and principal financial officer that relate to the Equity Trust's disclosure in such reports and that are required by Rule 30a-2(a) under the Investment Company Act.

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THE GABELLI EQUITY TRUST INC.
INCOME TAX INFORMATION (UNAUDITED)
DECEMBER 31, 2005

CASH DIVIDENDS AND DISTRIBUTIONS

PAYABLE DATE	RECORD DATE	TOTAL AMOUNT PAID PER SHARE (a)	ORDINARY INVESTMENT INCOME (a)	LONG-TERM CAPITAL GAINS (a)	DIVIDEND REINVESTMENT PRICE
COMMON SHARES					
03/24/05	03/16/05	$0.18000	$0.02736	$0.15264	$8.59750
06/24/05	06/16/05	0.18000	0.01798	0.16202	8.48350
09/27/05	09/19/05	0.19000	0.01898	0.17102	8.51000
12/23/05	12/15/05	0.30000	0.02996	0.27004	8.20000
		$0.85000	$0.09428	$0.75572	
7.20% PREFERRED SHARES					
03/28/05	03/18/05	$0.45000	$0.06180	$0.38820	
06/27/05	06/20/05	0.45000	0.04300	0.40700	
09/26/05	09/19/05	0.45000	0.04300	0.40700	
12/27/05	12/19/05	0.45000	0.04300	0.40700	
		$1.80000	$0.19080	$1.60920	
5.875% PREFERRED SHARES					
03/28/05	03/18/05	$0.36719	$0.05037	$0.31682	
06/27/05	06/20/05	0.36719	0.03512	0.33206	
09/26/05	09/19/05	0.36719	0.03513	0.33206	
12/27/05	12/19/05	0.36718	0.03513	0.33206	
		$1.46875	$0.15575	$1.31300	

SERIES C AND E AUCTION RATE PREFERRED SHARES

Auction Rate Preferred Shares pay dividends weekly based on a rate set at auction, usually held every seven days. The percentage of 2005 distributions derived from long-term capital gains for the Series C and Series E Auction Rate Preferred Shares was 89.39%.

A Form 1099-DIV has been mailed to all shareholders of record which sets forth specific amounts to be included in the 2005 tax returns. Ordinary income distributions include net investment income and realized net short-term capital gains. Ordinary income is reported in box 1a of Form 1099-DIV. Capital gain distributions are reported in box 2a of Form 1099-DIV.

CORPORATE DIVIDENDS RECEIVED DEDUCTION, QUALIFIED DIVIDEND INCOME AND U.S. GOVERNMENT SECURITIES INCOME

In 2005, the Equity Trust paid to common, 7.200% Series B, and 5.875% Series D preferred shareholders ordinary income totaling $0.09428, $0.19080, and $0.15575 per share, respectively. The Equity Trust paid weekly distributions to Series C and Series E preferred shareholders at varying rates throughout the year, including an ordinary income dividend totaling $89.74670 and $89.13380 per share, respectively, in 2005. For the fiscal year ended December 31, 2005, 100% of the ordinary income dividend qualified for the dividend received deduction available to corporations, and 100% of the ordinary income distribution was deemed qualified dividend income and is reported in box 1b on Form 1099-DIV. The percentage of the ordinary income dividends paid by the Equity Trust during 2005 derived from U.S. Government Securities was 1.63%. Such income is exempt from state and local tax in all states. However, many states, including New York and California, allow a tax exemption for a portion of the income earned only if a mutual fund has invested at least 50% of its assets at the end of each quarter of the Equity Trust's fiscal year in U.S. Government Securities. The Equity Trust did not meet this strict requirement in 2005. The percentage of U.S. Government Securities held as of December 31, 2005 was 0.00%. The percentage of U.S. Government Securities held as of December 31, 2005 was 4.09%.

THE GABELLI EQUITY TRUST INC.
INCOME TAX INFORMATION (CONTINUED) (UNAUDITED)
DECEMBER 31, 2005
HISTORICAL DISTRIBUTION SUMMARY

	INVESTMENT INCOME	SHORT-TERM CAPITAL GAINS (b)	LONG-TERM CAPITAL GAINS	NON-TAXABLE RETURN OF CAPITAL	UNDISTRIBUTED LONG-TERM CAPITAL GAINS	TAXES PAI UNDISTRIB CAPITA GAINS (
COMMON STOCK						
2005	$ 0.08756	$ 0.00672	$ 0.75572	--	--	--
2004	0.01930	0.04990	0.73080	--	--	--
2003	0.01140	0.04480	0.63380	--	--	--
2002	0.05180	0.01550	0.88270	--	--	--
2001(d)	0.06700	0.06400	0.94900	--	--	--
2000	0.04070	0.15500	1.11430	--	--	--
1999(e)	0.03010	0.21378	0.99561	$0.91176	--	--
1998	0.06420	--	1.10080	--	--	--
1997	0.07610	0.00210	0.93670	0.02510	--	--
1996	0.10480	--	0.78120	0.11400	--	--
1995(f)	0.12890	--	0.49310	0.37800	--	--
1994(g)	0.13536	0.06527	0.30300	1.38262	--	--
1993(h)	0.13050	0.02030	0.72930	0.22990	--	--
1992(i)	0.20530	0.04050	0.29660	0.51760	--	--
1991(j)	0.22590	0.03990	0.14420	0.68000	--	--
1990	0.50470	--	0.22950	0.44580	--	--
1989	0.29100	0.35650	0.66250	--	$0.6288	$0.2138
1988	0.14500	0.20900	0.19600	--	0.2513	0.0854
1987	0.25600	0.49100	0.33500	--	--	--
7.20% PREFERRED STOCK						
2005	$ 0.17650	$ 0.01430	$ 1.60920	--	--	--
2004	0.04340	0.11224	1.64436	--	--	--
2003	0.03000	0.11640	1.65360	--	--	--
2002	0.09800	0.02960	1.67240	--	--	--
2001	0.05870	0.05440	0.81690	--	--	--
5.875% PREFERRED STOCK						
2005	$ 0.14405	$ 0.01170	$ 1.31300	--	--	--
2004	0.03542	0.09159	1.34174	--	--	--
2003	0.00535	0.02086	0.29610	--	--	--
AUCTION RATE PREFERRED C SHARES						
2005	$83.01020	$ 6.73650	$756.60330	--	--	--
2004	9.15570	23.67550	346.83810	--	--	--
2003	5.42000	21.05000	298.41000	--	--	--
2002	12.28350	3.71450	209.89200	--	--	--
AUCTION RATE PREFERRED E SHARES						
2005	$82.44330	$ 6.69050	$751.43620	--	--	--
2004	9.30280	24.05620	352.41090	--	--	--
2003	1.07000	4.18000	59.32000	--	--	--

(a) Total amounts may differ due to rounding.

(b) Taxable as ordinary income.

(c) Net Asset Value was reduced by this amount on the last business day of the year.

(d) On January 10, 2001, the Company also distributed Rights equivalent to $0.56 per share based upon full subscription of all issued shares.

(e) On July 9, 1999, the Company also distributed shares of The Gabelli Utility Trust valued at $9.8125 per share.

(f) On October 19, 1995, the Company also distributed Rights equivalent to $0.37 per share based upon full subscription of all issued shares.

(g) On November 15, 1994, the Company also distributed shares of The Gabelli Global Multimedia Trust Inc. valued at $8.0625 per share.

(h) On July 14, 1993, the Company also distributed Rights equivalent to $0.50 per share based upon full subscription of all issued shares.

(i) On September 28, 1992, the Company also distributed Rights equivalent to $0.36 per share based upon full subscription of all issued shares.

(j) On October 21, 1991, the Company also distributed Rights equivalent to $0.42 per share based upon full subscription of all issued shares.

\- Decrease in cost basis.

\+ Increase in cost basis.

AUTOMATIC DIVIDEND REINVESTMENT
AND VOLUNTARY CASH PURCHASE PLANS

ENROLLMENT IN THE PLAN

It is the policy of The Gabelli Equity Trust Inc. ("Trust") to automatically reinvest dividends payable to common shareholders. As a "registered" shareholder you automatically become a participant in the Trust's Automatic Dividend Reinvestment Plan (the "Plan"). The Plan authorizes the Trust to issue Common Stock 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 Trust. Plan participants may send their stock certificates to Computershare Trust Company N.A. ("Computershare") 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 Computershare
P.O. Box 43010
Providence, RI 02940-3010

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 or requesting a copy of the terms of the Plan may contact Computershare at (800) 336-6983.

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 distributions 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 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 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 ("NYSE") 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 Trust valued at market price. If the Trust should declare a dividend or capital gains distribution payable only in cash, Computershare will buy Common Stock in the open market, or on the NYSE or elsewhere, for the participants' accounts, except that Computershare will endeavor to terminate purchases in the open market and cause the 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.

VOLUNTARY CASH PURCHASE PLAN

The Voluntary Cash Purchase Plan is yet another vehicle for our shareholders to increase their investment in the 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 Computershare for investments in the Trust's Common Stock at the then current market price. Shareholders may send an amount from $250 to $10,000. Computershare will use these funds to purchase shares in the open market on or about the 1st and 15th of each month. Computershare 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 Computershare, P.O. Box 43010, Providence, RI 02940-3010 such that Computershare receives such payments approximately 10 days before the 1st and 15th of the month. Funds not received at least five days before the investment date shall be held for investment until the next purchase date. A payment may be withdrawn without charge if notice is received by Computershare at least 48 hours before such payment is to be invested.

SHAREHOLDERS WISHING TO LIQUIDATE SHARES HELD AT COMPUTERSHARE 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.

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 Trust.

The 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 Computershare on at least 90 days' written notice to participants in the Plan.

The Annual Meeting of The Gabelli Equity Trust's stockholders will be held at 9:00 A.M. on Monday, May 15, 2006 at the Greenwich Library in Greenwich, Connecticut.

[GRAPHIC]

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

DIRECTORS

Mario J. Gabelli, CFA
CHAIRMAN & CHIEF EXECUTIVE OFFICER,
GAMCO INVESTORS, INC.

Dr. Thomas E. Bratter
PRESIDENT, JOHN DEWEY ACADEMY

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

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

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

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

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

Salvatore J. Zizza

CHAIRMAN, HALLMARK ELECTRICAL SUPPLIES CORP.

OFFICERS

Bruce N. Alpert
PRESIDENT & TREASURER

Carter W. Austin
VICE PRESIDENT

Dawn M. Donato
ASSISTANT VICE PRESIDENT

Peter D. Goldstein
CHIEF COMPLIANCE OFFICER

James E. McKee
SECRETARY

INVESTMENT ADVISER

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

CUSTODIAN

Mellon Trust of New England, N.A.

COUNSEL

Willkie Farr & Gallagher LLP

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company, N.A.

STOCK EXCHANGE LISTING

	COMMON	7.20% PREFERRED	5.875% PREFERRED
NYSE-Symbol:	GAB	GAB PrB	GAB PrD
Shares Outstanding:	166,079,270	6,600,000	2,949,700

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) 921-5070.

For general information about the Gabelli Funds, call 800-GABELLI (800-422-3554), fax us at 914-921-5118, visit Gabelli Funds' Internet homepage at: WWW.GABELLI.COM or e-mail us at: 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.

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

PHONE: 800-GABELLI (800-422-3554)
FAX: 914-921-5118 INTERNET: WWW.GABELLI.COM
E-MAIL: CLOSEDEND@GABELLI.COM GAB AR 2005

ITEM 2. CODE OF ETHICS.

(a) The registrant, as of the end of the period covered by this report, has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party.

(c) There have been no amendments, during the period covered by this report, to a provision of the code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party, and that relates to any element of the code of ethics description.

(d) The registrant has not granted any waivers, including an implicit waiver, from a provision of the code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party, that relates to one or more of the items set forth in paragraph (b) of this item's instructions.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

As of the end of the period covered by the report, the registrant's Board of Directors has determined that Anthony R. Pustorino is qualified to serve as an audit committee financial expert serving on its audit committee and that he is "independent," as defined by Item 3 of Form N-CSR.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

AUDIT FEES

(a) The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for the audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years are

$88,558 in 2005 and $60,274 in 2004.

AUDIT-RELATED FEES

(b) The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph (a) of this Item are $20,600 in 3005 and $20,600 in 2004.

Audit-related fees represent services provided in the preparation of Preferred Shares Reports.

TAX FEES

(c) The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning are $2,880 in 2005 and $2,550 in 2004.

Tax fees represent tax compliance services provided in connection with the review of the Registrant's tax returns.

ALL OTHER FEES

(d) The aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant, other than the services reported in paragraphs (a) through (c) of this Item are $0 in 2005 and $0 in 2004.

(e)(1) Disclose the audit committee's pre-approval policies and procedures described in paragraph (c)(7) of Rule 2-01 of Regulation S-X.

Pre-Approval Policies and Procedures. The Audit Committee ("Committee") of the registrant is responsible for pre-approving (i) all audit and permissible non-audit services to be provided by the independent auditors to the registrant and (ii) all permissible non-audit services to be provided by the independent auditors to the Adviser, Gabelli Funds, LLC, and any affiliate of Gabelli Funds, LLC ("Gabelli") that provides services to the registrant (a "Covered Services Provider") if the independent auditors' engagement related directly to the operations and financial reporting of the registrant. The Committee may delegate its responsibility to pre-approve any such audit and permissible non-audit services to the Chairperson of the Committee, and the Chairperson must report to the Committee, at its next regularly scheduled meeting after the Chairperson's pre-approval of such services, his or her decision(s). The Committee may also establish detailed pre-approval policies and procedures for pre-approval of such services in accordance with applicable laws, including the delegation of some or all of the Committee's pre-approval responsibilities to the other persons (other than Gabelli or the registrant's officers). Pre-approval by the Committee of any permissible non-audit services is not required so long as: (i) the aggregate amount of all such permissible non-audit services provided to the registrant, Gabelli and any Covered Services Provider constitutes not more than 5% of the total amount of revenues paid by the registrant to its independent auditors during the fiscal year in which the permissible non-audit services are provided; (ii) the permissible non-audit services were not recognized by the registrant at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Committee and approved by the Committee or Chairperson prior to the completion of the audit.

(e)(2) The percentage of services described in each of paragraphs (b) through (d) of this Item that were approved by the audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X are as follows:

(b) 100%

(c) 100%

(d) N/A

(f) The percentage of hours expended on the principal accountant's engagement to audit the registrant's financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full-time, permanent employees was zero percent (0%).

(g) The aggregate non-audit fees billed by the registrant's accountant for services rendered to the registrant, and rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant for each of the last two fiscal years of the registrant was $0 in 2005 and $0 in 2004.

(h) The registrant's audit committee of the board of directors has considered whether the provision of non-audit services that were rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The registrant has a separately designated audit committee consisting of the following members: Anthony J. Colavita, Anthony R Pustorino and Salvatore J. Zizza.

ITEM 6. SCHEDULE OF INVESTMENTS.

Schedule of Investments in securities of unaffiliated issuers as of the close of the reporting period is included as part of the report to shareholders filed under Item 1 of this form.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

The Proxy Voting Policies are attached herewith.

THE VOTING OF PROXIES ON BEHALF OF CLIENTS

Rules 204(4)-2 and 204-2 under the Investment Advisers Act of 1940 and Rule 30b1-4 under the Investment Company Act of 1940 require investment advisers to adopt written policies and procedures governing the voting of proxies on behalf of their clients.

These procedures will be used by GAMCO Asset Management Inc., Gabelli Funds, LLC, Gabelli Securities, Inc., and Gabelli Advisers, Inc. (collectively, the "Advisers") to determine how to vote proxies relating to portfolio securities held by their clients, including the procedures that the Advisers use when a vote presents a conflict between the interests of the shareholders of an investment company managed by one of the Advisers, on the one hand, and those of the Advisers; the principal underwriter; or any affiliated person of the investment company, the Advisers, or the principal underwriter. These procedures will not apply where the Advisers do not have voting discretion or where the Advisers have agreed to with a client to vote the client's proxies in accordance with specific guidelines or procedures supplied by the client (to the extent permitted by ERISA).

I. PROXY VOTING COMMITTEE

The Proxy Voting Committee was originally formed in April 1989 for the purpose of formulating guidelines and reviewing proxy statements within the parameters set by the substantive proxy voting guidelines originally published by GAMCO Investors, Inc. in 1988 and updated periodically, a copy of which are appended as Exhibit A. The Committee will include representatives of Research, Administration, Legal, and the Advisers. Additional or replacement members of the Committee will be nominated by the Chairman and voted upon by the entire Committee.

Meetings are held as needed basis to form views on the manner in which the Advisers should vote proxies on behalf of their clients.

In general, the Director of Proxy Voting Services, using the Proxy Guidelines, recommendations of Institutional Shareholder Corporate Governance Service ("ISS"), other third-party services and the analysts of Gabelli & Company, Inc., will determine how to vote on each issue. For non-controversial matters, the Director of Proxy Voting Services may vote the proxy if the vote is (1) consistent with the recommendations of the issuer's Board of Directors and not contrary to the Proxy Guidelines; (2) consistent with the recommendations of the issuer's Board of Directors and is a non-controversial issue not covered by the Proxy Guidelines; or (3) the vote is contrary to the recommendations of the Board of Directors but is consistent with the Proxy Guidelines. In those instances, the Director of Proxy Voting Services or the Chairman of the Committee may sign and date the proxy statement indicating how each issue will be voted.

All matters identified by the Chairman of the Committee, the Director of Proxy Voting Services or the Legal Department as controversial, taking into account the recommendations of ISS or other third party services and the analysts of Gabelli & Company, Inc., will be presented to the Proxy Voting Committee. If the Chairman of the Committee, the Director of Proxy Voting Services or the Legal Department has identified the matter as one that (1) is controversial; (2) would benefit from deliberation by the Proxy Voting Committee; or (3) may give rise to a conflict of interest between the Advisers and their clients, the Chairman of the Committee will initially determine what vote to recommend that the Advisers should cast and the matter will go before the Committee.

A. CONFLICTS OF INTEREST.

The Advisers have implemented these proxy voting procedures in order to prevent conflicts of interest from influencing their proxy voting decisions. By following the Proxy Guidelines, as well as the recommendations of ISS, other third-party services and the analysts of Gabelli & Company, the Advisers are able to avoid, wherever possible, the influence of potential conflicts of interest. Nevertheless, circumstances may arise in which one or more of the Advisers are faced with a conflict of interest or the appearance of a conflict of interest in connection with its vote. In general, a conflict of interest may arise when an Adviser knowingly does business with an issuer, and may appear to have a material conflict between its own interests and the interests of the shareholders of an investment company managed by one of the Advisers regarding how the proxy is to be voted. A conflict also may exist when an Adviser has actual knowledge of a material business arrangement between an issuer and an affiliate of the Adviser.

In practical terms, a conflict of interest may arise, for example, when a proxy is voted for a company that is a client of one of the Advisers, such as GAMCO Asset Management Inc. A conflict also may arise when a client of one of the Advisers has made a shareholder proposal in a proxy to be voted upon by one or more of the Advisers. The Director of Proxy Voting Services, together with the Legal Department, will scrutinize all proxies for these or other situations that may give rise to a conflict of interest with respect to the voting of proxies.

A. OPERATION OF PROXY VOTING COMMITTEE.

For matters submitted to the Committee, each member of the Committee will receive, prior to the meeting, a copy of the proxy statement, any relevant third party research, a summary of any views provided by the Chief Investment Officer and any recommendations by Gabelli & Company, Inc. analysts. The Chief Investment Officer or the Gabelli & Company, Inc. analysts may be invited to present their viewpoints. IF THE DIRECTOR OF PROXY VOTING SERVICES or the Legal Department believe that the matter before the committee is one with respect to which a conflict of interest may exist between the Advisers and their clients, counsel will provide an opinion to the Committee concerning the conflict. If the matter is one in which the interests of the clients of one or more of Advisers may diverge, counsel will so advise and the Committee may make different recommendations as to different clients. For any matters where the recommendation may trigger appraisal rights, counsel will provide an opinion concerning the likely risks and merits of such an appraisal action.

Each matter submitted to the Committee will be determined by the vote of a majority of the members present at the meeting. Should the vote concerning one or more recommendations be tied in a vote of the Committee, the Chairman of the Committee will cast the deciding vote. The Committee will notify the proxy department of its decisions and the proxies will be voted accordingly.

Although the Proxy Guidelines express the normal preferences for the voting of any shares not covered by a contrary investment guideline provided by the client, the Committee is not bound by the preferences set forth in the Proxy Guidelines and will review each matter on its own merits. Written minutes of all Proxy Voting Committee meetings will be maintained. The Advisers subscribe to ISS, which supplies current information on companies, matters being voted on, regulations, trends in proxy voting and information on corporate governance issues.

If the vote cast either by the analyst or as a result of the deliberations of the Proxy Voting Committee runs contrary to the recommendation of the Board of Directors of the issuer, the matter will be referred to legal counsel to determine whether an amendment to the most recently filed Schedule 13D is appropriate.

II. SOCIAL ISSUES AND OTHER CLIENT GUIDELINES

If a client has provided special instructions relating to the voting of proxies, they should be noted in the client's account file and forwarded to the proxy department. This is the responsibility of the investment professional or sales assistant for the client. In accordance with Department of Labor guidelines, the Advisers' policy is to vote on behalf of ERISA accounts in the best interest of the plan participants with regard to social issues that carry an economic impact. Where an account is not governed by ERISA, the Advisers will vote shares held on behalf of the client in a manner consistent with any individual investment/voting guidelines provided by the client. Otherwise the Advisers will abstain with respect to those shares.

III. CLIENT RETENTION OF VOTING RIGHTS

If a client chooses to retain the right to vote proxies or if there is any change in voting authority, the following should be notified by the investment professional or sales assistant for the client.

- Operations
- Legal Department
- Proxy Department
- Investment professional assigned to the account

In the event that the Board of Directors (or a Committee thereof) of one or more of the investment companies managed by one of the Advisers has retained direct voting control over any security, the Proxy Voting Department will provide each Board Member (or Committee member) with a copy of the proxy statement together with any other relevant information including recommendations of ISS or other third-party services.

IV. VOTING RECORDS

The Proxy Voting Department will retain a record of matters voted upon by the Advisers for their clients. The Advisers' staff may request proxy-voting records for use in presentations to current or prospective clients. Requests for proxy voting records should be made at least ten days prior to client meetings.

If a client wishes to receive a proxy voting record on a quarterly, semi-annual or annual basis, please notify the Proxy Voting Department. The reports will be available for mailing approximately ten days after the quarter end of the period. First quarter reports may be delayed since the end of the quarter falls during the height of the proxy season.

A letter is sent to the custodians for all clients for which the Advisers have voting responsibility instructing them to forward all proxy materials to:

[Adviser name]
Attn: Proxy Voting Department
One Corporate Center

Rye, New York 10580-1433

The sales assistant sends the letters to the custodians along with the trading/DTC instructions. Proxy voting records will be retained in compliance with Rule 204-2 under the Investment Advisers Act.

V. VOTING PROCEDURES

1. Custodian banks, outside brokerage firms and Wexford Clearing Services Corporation are responsible for forwarding proxies directly to GAMCO.

Proxies are received in one of two forms:

- Shareholder Vote Authorization Forms (VAFs) - Issued by ADP. VAFs must be voted through the issuing institution causing a time lag. ADP is an outside service contracted by the various institutions to issue proxy materials.

- Proxy cards which may be voted directly.

2. Upon receipt of the proxy, the number of shares each form represents is logged into the proxy system according to security.

3. In the case of a discrepancy such as an incorrect number of shares, an improperly signed or dated card, wrong class of security, etc., the issuing custodian is notified by phone. A corrected proxy is requested. Any arrangements are made to insure that a proper proxy is received in time to be voted (overnight delivery, fax, etc.). When securities are out on loan on record date, the custodian is requested to supply written verification.

4. Upon receipt of instructions from the proxy committee (see Administrative), the votes are cast and recorded for each account on an individual basis.

Since January 1, 1992, records have been maintained on the Proxy Edge system. The system is backed up regularly. From 1990 through 1991, records were maintained on the PROXY VOTER system and in hardcopy format. Prior to 1990, records were maintained on diskette and in hardcopy format.

PROXY EDGE records include:

Security Name and Cusip Number
Date and Type of Meeting (Annual, Special, Contest)
Client Name Adviser or Fund Account Number
Directors' Recommendation
How GAMCO voted for the client on each issue
The rationale for the vote when it appropriate

Records prior to the institution of the PROXY EDGE system include:

Security name
Type of Meeting (Annual, Special, Contest)
Date of Meeting
Name of Custodian
Name of Client
Custodian Account Number
Adviser or Fund Account Number
Directors' recommendation
How the Adviser voted for the client on each issue
Date the proxy statement was received and by whom
Name of person posting the vote
Date and method by which the vote was cast

- From these records individual client proxy voting records are compiled. It is our policy to provide institutional clients with a proxy voting record during client reviews. In addition, we will supply a proxy voting record at the request of the client on a quarterly, semi-annual or annual basis.

5. VAFs are kept alphabetically by security. Records for the current proxy season are located in the Proxy Voting Department office. In preparation for the upcoming season, files are transferred to an offsite storage facility during January/February.

6. Shareholder Vote Authorization Forms issued by ADP are always sent directly to a specific individual at ADP.

7. If a proxy card or VAF is received too late to be voted in the conventional matter, every attempt is made to vote on one of the following manners:

- VAFs can be faxed to ADP up until the time of the meeting. This is followed up by mailing the original form.

- When a solicitor has been retained, the solicitor is called. At the solicitor's direction, the proxy is faxed.

8. In the case of a proxy contest, records are maintained for each opposing entity.

9. Voting in Person

a) At times it may be necessary to vote the shares in person. In this case, a "legal proxy" is obtained in the following manner:

- Banks and brokerage firms using the services at ADP:

  The back of the VAF is stamped indicating that we wish to vote in person. The forms are then sent overnight to ADP. ADP issues individual legal proxies and sends them back via overnight (or the Adviser can pay messenger charges). A lead-time of at least two weeks prior to the meeting is needed to do this. Alternatively, the procedures detailed below for banks not using ADP may be implemented.

- Banks and brokerage firms issuing proxies directly:

  The bank is called and/or faxed and a legal proxy is requested.

All legal proxies should appoint:

"REPRESENTATIVE OF [ADVISER NAME] WITH FULL POWER OF SUBSTITUTION."

b) The legal proxies are given to the person attending the meeting along with the following supplemental material:

- A limited Power of Attorney appointing the attendee an Adviser representative.

- A list of all shares being voted by custodian only. Client names and account numbers are not included. This list must be presented, along with the proxies, to the Inspectors of Elections and/or tabulator at least one-half hour prior to the scheduled start of the meeting. The tabulator must "qualify" the votes (i.e. determine if the vote have previously been cast, if the votes have been rescinded, etc. vote have previously been cast, etc.).

- A sample ERISA and Individual contract.

- A sample of the annual authorization to vote proxies form.
- A copy of our most recent Schedule 13D filing (if applicable).

APPENDIX A

PROXY GUIDELINES

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PROXY VOTING GUIDELINES

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GENERAL POLICY STATEMENT

It is the policy of GAMCO INVESTORS, INC. to vote in the best economic interests of our clients. As we state in our Magna Carta of Shareholders Rights, established in May 1988, we are neither for nor against management. We are for shareholders.

At our first proxy committee meeting in 1989, it was decided that each proxy statement should be evaluated on its own merits within the framework first established by our Magna Carta of Shareholders Rights. The attached guidelines serve to enhance that broad framework.

We do not consider any issue routine. We take into consideration all of our research on the company, its directors, and their short and long-term goals for the company. In cases where issues that we generally do not approve of are combined with other issues, the negative aspects of the issues will be factored into the evaluation of the overall proposals but will not necessitate a vote in opposition to the overall proposals.

BOARD OF DIRECTORS

The advisers do not consider the election of the Board of Directors a routine issue. Each slate of directors is evaluated on a case-by-case basis.

Factors taken into consideration include:

- Historical responsiveness to shareholders
  This may include such areas as:
  -Paying greenmail
  -Failure to adopt shareholder resolutions receiving a majority of shareholder votes
- Qualifications
- Nominating committee in place
- Number of outside directors on the board
- Attendance at meetings
- Overall performance

SELECTION OF AUDITORS

In general, we support the Board of Directors' recommendation for audit

BLANK CHECK PREFERRED STOCK

We oppose the issuance of blank check preferred stock.

Blank check preferred stock allows the company to issue stock and establish dividends, voting rights, etc. without further shareholder approval.

CLASSIFIED BOARD

A classified board is one where the directors are divided into classes with overlapping terms. A different class is elected at each annual meeting.

While a classified board promotes continuity of directors facilitating long range planning, we feel directors should be accountable to shareholders on an annual basis. We will look at this proposal on a case-by-case basis taking into consideration the board's historical responsiveness to the rights of shareholders.

Where a classified board is in place we will generally not support attempts to change to an annually elected board.

When an annually elected board is in place, we generally will not support attempts to classify the board.

INCREASE AUTHORIZED COMMON STOCK

The request to increase the amount of outstanding shares is considered on a case-by-case basis.

Factors taken into consideration include:

- Future use of additional shares
  - -Stock split
  - -Stock option or other executive compensation plan
  - -Finance growth of company/strengthen balance sheet
  - -Aid in restructuring
  - -Improve credit rating
  - -Implement a poison pill or other takeover defense
- Amount of stock currently authorized but not yet issued or reserved for stock option plans
- Amount of additional stock to be authorized and its dilutive effect

We will support this proposal if a detailed and verifiable plan for the use of the additional shares is contained in the proxy statement.

CONFIDENTIAL BALLOT

We support the idea that a shareholder's identity and vote should be treated with confidentiality.

However, we look at this issue on a case-by-case basis.

In order to promote confidentiality in the voting process, we endorse the use of independent Inspectors of Election.

CUMULATIVE VOTING

In general, we support cumulative voting.

Cumulative voting is a process by which a shareholder may multiply the number of directors being elected by the number of shares held on record date and cast the total number for one candidate or allocate the voting among two or more candidates.

Where cumulative voting is in place, we will vote against any proposal to rescind this shareholder right.

Cumulative voting may result in a minority block of stock gaining representation on the board. When a proposal is made to institute cumulative voting, the proposal will be reviewed on a case-by-case basis. While we feel that each board member should represent all shareholders, cumulative voting provides minority shareholders an opportunity to have their views represented.

DIRECTOR LIABILITY AND INDEMNIFICATION

We support efforts to attract the best possible directors by limiting the liability and increasing the indemnification of directors, except in the case of insider dealing.

EQUAL ACCESS TO THE PROXY

The SEC's rules provide for shareholder resolutions. However, the resolutions are limited in scope and there is a 500 word limit on proponents' written arguments. Management has no such limitations. While we support equal access to the proxy, we would look at such variables as length of time required to respond, percentage of ownership, etc.

FAIR PRICE PROVISIONS

Charter provisions requiring a bidder to pay all shareholders a fair price are intended to prevent two-tier tender offers that may be abusive. Typically, these provisions do not apply to board-approved transactions.

We support fair price provisions because we feel all shareholders should be entitled to receive the same benefits.

Reviewed on a case-by-case basis.

GOLDEN PARACHUTES

Golden parachutes are severance payments to top executives who are terminated or demoted after a takeover.

We support any proposal that would assure management of its own welfare so that they may continue to make decisions in the best interest of the company and shareholders even if the decision results in them losing their job. We do not, however, support excessive golden parachutes. Therefore, each proposal will be decided on a case-by- case basis.

Note: Congress has imposed a tax on any parachute that is more than three times the executive's average annual compensation.

ANTI-GREENMAIL PROPOSALS

We do not support greenmail. An offer extended to one shareholder should be extended to all shareholders equally across the board.

LIMIT SHAREHOLDERS' RIGHTS TO CALL SPECIAL MEETINGS

We support the right of shareholders to call a special meeting.

CONSIDERATION OF NONFINANCIAL EFFECTS OF A MERGER

This proposal releases the directors from only looking at the financial effects of a merger and allows them the opportunity to consider the merger's effects on employees, the community, and consumers.

As a fiduciary, we are obligated to vote in the best economic interests of our clients. In general, this proposal does not allow us to do that. Therefore, we generally cannot support this proposal.

Reviewed on a case-by-case basis.

MERGERS, BUYOUTS, SPIN-OFFS, RESTRUCTURINGS

Each of the above is considered on a case-by-case basis. According to the Department of Labor, we are not required to vote for a proposal simply because the offering price is at a premium to the current market price. We may take into consideration the long term interests of the shareholders.

MILITARY ISSUES

Shareholder proposals regarding military production must be evaluated on a purely economic set of criteria for our ERISA clients. As such, decisions will be made on a case-by-case basis.

In voting on this proposal for our non-ERISA clients, we will vote according to the client's direction when applicable. Where no direction has been given, we will vote in the best economic interests of our clients. It is not our duty to impose our social judgment on others.

NORTHERN IRELAND

Shareholder proposals requesting the signing of the MacBride principles for the purpose of countering the discrimination of Catholics in hiring practices must be evaluated on a purely economic set of criteria for our ERISA clients. As such, decisions will be made on a case-by-case basis.

In voting on this proposal for our non-ERISA clients, we will vote according to client direction when applicable. Where no direction has been given, we will vote in the best economic interests of our clients. It is not our duty to impose our social judgment on others.

OPT OUT OF STATE ANTI-TAKEOVER LAW

This shareholder proposal requests that a company opt out of the coverage of the state's takeover statutes. Example: Delaware law requires that a buyer must acquire at least 85% of the company's stock before the buyer can exercise control unless the board approves.

We consider this on a case-by-case basis. Our decision will be based on the following:

- State of Incorporation
- Management history of responsiveness to shareholders
- Other mitigating factors

POISON PILL

In general, we do not endorse poison pills.

In certain cases where management has a history of being responsive to the needs of shareholders and the stock is very liquid, we will reconsider this position.

REINCORPORATION

Generally, we support reincorporation for well-defined business reasons. We oppose reincorporation if proposed solely for the purpose of reincorporating in a state with more stringent anti-takeover statutes that may negatively impact the value of the stock.

STOCK OPTION PLANS

Stock option plans are an excellent way to attract, hold and motivate directors and employees. However, each stock option plan must be evaluated on its own merits, taking into consideration the following:

- Dilution of voting power or earnings per share by more than 10%
- Kind of stock to be awarded, to whom, when and how much
- Method of payment
- Amount of stock already authorized but not yet issued under existing stock option plans

SUPERMAJORITY VOTE REQUIREMENTS

Supermajority vote requirements in a company's charter or bylaws require a level of voting approval in excess of a simple majority of the outstanding shares. In general, we oppose supermajority-voting requirements. Supermajority requirements often exceed the average level of shareholder participation. We support proposals' approvals by a simple majority of the shares voting.

LIMIT SHAREHOLDERS RIGHT TO ACT BY WRITTEN CONSENT

Written consent allows shareholders to initiate and carry on a shareholder action without having to wait until the next annual meeting or to call a special meeting. It permits action to be taken by the written consent of the same percentage of the shares that would be required to effect proposed action at a shareholder meeting.

Reviewed on a case-by-case basis.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

PORTFOLIO MANAGER

Mr. Mario J. Gabelli, CFA, is primarily responsible for the day-to-day management of The Gabelli Equity Trust Inc., (the Trust). Mr. Gabelli has served as Chairman, Chief Executive Officer, and Chief Investment Officer -Value Portfolios of GAMCO Investors, Inc. and its affiliates since their organization.

Additionally, Mr. Caesar M. P. Bryan manages a portion of the Trust's assets. Mr. Bryan is a Senior Vice President and Portfolio Manager with GAMCO Asset Management Inc. (a wholly owned subsidiary of GAMCO Investors, Inc.) since 1994.

MANAGEMENT OF OTHER ACCOUNTS

The table below shows the number of other accounts managed by the Portfolio Managers and the total assets in each of the following categories: registered investment companies, other paid investment vehicles and other accounts. For each category, the table also shows the number of accounts and the total assets in the accounts with respect to which the advisory fee is based on account performance.

Name of Portfolio Manager	Type of Accounts	Total # of Accounts Managed	Total Assets	# of Account Managed wit Advisory Fe Based on Performance
1. Mario J. Gabelli	Registered Investment Companies:	24	$11.2B*	5
	Other Pooled Investment Vehicles:	20	$946.4M*	19
	Other Accounts:	1,882	$10.0B	5
2. Caesar M.P. Bryan	Registered Investment Companies:	5	$1.0B	0
	Other Pooled Investment Vehicles:	1	$6.6M	1
	Other Accounts:	5	$45.5M	0

* Represents the portion of assets for which the portfolio manager has primary responsibility in the accounts indicated. The accounts indicated may contain additional assets under the primary responsibility of other portfolio managers.

POTENTIAL CONFLICTS OF INTEREST

As reflected above, the Portfolio Managers manage accounts in addition to the Trust. Actual or apparent conflicts of interest may arise when a Portfolio Manager also has day-to-day management responsibilities with respect to one or more other accounts. These potential conflicts include:

ALLOCATION OF LIMITED TIME AND ATTENTION. As indicated above, the Portfolio Managers manage multiple accounts. As a result, they will not be able to devote all of their time to management of the Trust. The Portfolio Manager, therefore, may not be able to formulate as complete a strategy or identify equally attractive investment opportunities for each of those accounts as might be the case if he were to devote all of his attention to the management of only the Trust.

ALLOCATION OF LIMITED INVESTMENT OPPORTUNITIES. As indicated above, the Portfolio Managers manage managed accounts with investment strategies and/or policies that are similar to the Trust. In these cases, if he identifies an investment opportunity that may be suitable for multiple accounts, a Fund may not be able to take full advantage of that opportunity because the opportunity may be allocated among all or many of these accounts or other accounts managed primarily by other Portfolio Managers of the Adviser, and their affiliates. In addition, in the event the Portfolio Manager determines to purchase a security for more than one account in an aggregate amount that may influence the market price of the security, accounts that purchased or sold the security first may receive a more favorable price than accounts that made subsequent transactions.

SELECTION OF BROKER/DEALERS. Because of Mr. Gabelli's position with the Distributor and his indirect majority ownership interest in the Distributor, he may have an incentive to use the Distributor to execute portfolio transactions for a Fund.

PURSUIT OF DIFFERING STRATEGIES. At times, the Portfolio Manager may determine that an investment opportunity may be appropriate for only some of the accounts for which he exercises investment responsibility, or may decide that certain of the funds or accounts should take differing positions with respect to a particular security. In these cases, he may execute differing or opposite transactions for one or more accounts which may affect the market price of the security or the execution of the transaction, or both, to the detriment of one or more other accounts.

VARIATION IN COMPENSATION. A conflict of interest may arise where the financial or other benefits available to the Portfolio Managers differ among the accounts that they manage. If the structure of the Adviser's management fee or the Portfolio Manager's compensation differs among accounts (such as where certain accounts pay higher management fees or performance-based management fees), the Portfolio Manager may be motivated to favor certain accounts over others. The Portfolio Manager also may be motivated to favor accounts in which he has an investment interest, or in which the Adviser, or their affiliates have investment interests. Similarly, the desire to maintain assets under management or to enhance a Portfolio Manager's performance record or to derive other rewards, financial or otherwise, could influence the Portfolio Manager in affording preferential treatment to those accounts that could most significantly benefit the Portfolio Manager. For example, as reflected above, if the Portfolio Manager manages accounts which have performance fee arrangements, certain portions of his compensation will depend on the achievement of performance milestones on those accounts. The Portfolio Manager could be incented to afford preferential treatment to those accounts and thereby by subject to a potential conflict of interest.

The Adviser, and the Funds have adopted compliance policies and procedures that are designed to address the various conflicts of interest that may arise for the Adviser and their staff members. However, there is no guarantee that such policies and procedures will be able to detect and prevent every situation in which an actual or potential conflict may arise.

COMPENSATION STRUCTURE FOR MARIO J. GABELLI

Mr. Gabelli receives incentive-based variable compensation based on a percentage of net revenues received by the Adviser for managing the Trust. Net revenues are determined by deducting from gross investment management fees the firm's expenses (other than Mr. Gabelli's compensation) allocable to this Trust. Five closed-end registered investment companies (including this Trust) managed by Mr. Gabelli have arrangements whereby the Adviser will only receive its investment advisory fee attributable to the liquidation value of outstanding preferred stock (and Mr. Gabelli would only receive his percentage of such advisory fee) if certain performance levels are met. Additionally, he receives similar incentive based variable compensation for managing other accounts within the firm and its affiliates. This method of compensation is based on the premise that superior long-term performance in managing a portfolio should be rewarded with higher compensation as a result of growth of assets through appreciation and net investment activity. The level of compensation is not determined with specific reference to the performance of any account against any specific benchmark. One of the other registered investment companies managed by Mr. Gabelli has a performance (fulcrum) fee arrangement for which his compensation is adjusted up or down based on the performance of the investment company relative to an index. Mr. Gabelli manages other accounts with performance fees. Compensation for managing these accounts has two components. One component is based on a percentage of net revenues to the investment adviser for managing the account. The second component is based on absolute performance of the account, with respect to which a percentage of such performance fee is paid to Mr. Gabelli. As an executive officer of the Adviser's parent company, GBL, Mr. Gabelli also receives ten percent of the net operating profits of the parent company. He receives no base salary, no annual bonus, and no stock options.

COMPENSATION STRUCTURE FOR CAESAR M. P. BRYAN

The compensation of Mr. Bryan for the Trust is structured to enable the Adviser to attract and retain highly qualified professionals in a competitive environment. The Portfolio Manager receives a compensation package that includes a minimum draw or base salary, equity-based incentive compensation via awards of stock options, and incentive based variable compensation based on a percentage of net revenue received by the Adviser for managing the Trust to the extent that the amount exceeds a minimum level of compensation. Net revenues are determined by deducting from gross investment management fees certain of the firm's expenses (other than the Portfolio Managers' compensation) allocable to the Trust (the incentive-based variable compensation for managing other accounts is also based on a percentage of net revenues to the investment adviser for managing the account). This method of compensation is based on the premise that superior long-term performance in managing a portfolio should be rewarded with higher compensation as a result of growth of assets through appreciation and net investment activity. The level of equity-based incentive and incentive-based variable compensation is based on an evaluation by the Adviser's parent, GBL, of quantitative and qualitative performance evaluation criteria. This evaluation takes into account, in a broad sense, the performance of the accounts managed by the Portfolio Manager, but the level of compensation is not determined with specific reference to the performance of any account against any specific benchmark. Generally, greater consideration is given to the performance of larger accounts and to longer term performance over smaller accounts and short-term performance.

OWNERSHIP OF SHARES IN THE FUND

Mario Gabelli and Caesar M. P. Bryan owned 1,827,970.27 and 0 respectively, of the Trust as of December 31, 2005.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

REGISTRANT PURCHASES OF EQUITY SECURITIES

REGISTRANT PURCHASES OF EQUITY SECURITIES

PERIOD	(A) TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED	(B) AVERAGE PRICE PAID PER SHARE (OR UNIT)	(C) TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	(D) MA APPROXI SHARES (BE PURC O
Month #1 07/01/05 through 07/31/05	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Comm Pref Pref
Month #2 08/01/05 through 08/31/05	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Comm Pref Pref

Month #3 09/01/05 through 09/30/05	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Comm Pref Pref
Month #4 10/01/05 through 10/31/05	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Comm Pref Pref
Month #5 11/01/05 through 11/30/05	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Comm Pref Pref
Month #6 12/01/05 through 12/31/05	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Comm Pref Pref
Total	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	N/A

Footnote columns (c) and (d) of the table, by disclosing the following information in the aggregate for all plans or programs publicly announced:

a. The date each plan or program was announced - The notice of the potential repurchase of common and preferred shares occurs quarterly in the Fund's quarterly report in accordance with Section 23(c) of the Investment Company Act of 1940, as amended.

b. The dollar amount (or share or unit amount) approved - Any or all common shares outstanding may be repurchased when the Fund's common shares are trading at a discount of 10% or more from the net asset value of the shares.

Any or all preferred shares outstanding may be repurchased when the Fund's preferred shares are trading at a discount to the liquidation value of $25.00.

c. The expiration date (if any) of each plan or program - The Fund's repurchase plans are ongoing.

d. Each plan or program that has expired during the period covered by the table - The Fund's repurchase plans are ongoing.

e. Each plan or program the registrant has determined to terminate prior to expiration, or under which the registrant does not intend to make further purchases. - The Fund's repurchase plans are ongoing.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which the shareholders may recommend nominees to the registrant's Board of Directors, where those changes were implemented after the registrant last provided disclosure in response to the requirements of Item 7(d)(2)(ii)(G) of Schedule 14A (17 CFR 240.14a-101), or this Item.

ITEM 11. CONTROLS AND PROCEDURES.

(a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant's second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

(a)(1) Code of ethics, or any amendment thereto, that is the subject of disclosure required by Item 2 is attached hereto.

(a)(2) Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.

(a)(3) Not applicable.

(b) Certifications pursuant to Rule 30a-2(b) under the 1940 Act and Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(registrant) The Gabelli Equity Trust Inc.

By (Signature and Title)* /s/ Bruce N. Alpert

Bruce N. Alpert, Principal Executive Officer

Date March 10, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)* /s/ Bruce N. Alpert

Bruce N. Alpert,
Principal Executive Officer & Principal
Financial Officer

Date March 10, 2006
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* Print the name and title of each signing officer under his or her signature.