

The Gabelli Equity Income Fund

Shareholder Commentary March 31, 2017



Mario J. Gabelli, CFA
Portfolio Manager

To Our Shareholders,

For the quarter ended March 31, 2017, the net asset value (“NAV”) per Class AAA Share of The Gabelli Equity Income Fund increased 4.2% compared with an increase of 6.1% for the Standard & Poor’s (“S&P”) 500 Index. See page 2 for additional performance information.

Performance

Of the eleven sectors in the S&P 500, the top two performers were the consumer discretionary and utility sectors, both with returns of 6%, while the two lowest performing sectors were the energy sector and the telecommunications sector, with losses of 7.9% and 4.3%, respectively. The energy sector gave back its gain of the fourth quarter, which occurred after OPEC reached a surprise agreement to reintroduce quotas.

The top five contributors to performance in the Fund in the first quarter were positions in, Apple (0.2% of net assets as of March 31, 2017), Legg Mason (0.7%), Allergan (.06%), Honeywell (1.1%), and Delphi. Those that subtracted the most from the overall return were in the two worst performing sectors, telecommunications and energy – Verizon (0.9%), Halliburton (1.0%) and Occidental Petroleum (0.2%). The contribution of a position to performance is a function of the position’s size and its gains or losses in the quarter.

The Economy and Markets

The chaos of the first few months of the Trump presidency has cast doubt on the ability of the Republican Party, which in addition to the presidency has control of the House and the Senate, to pass constructive legislation. The Republicans and President Trump had promised to immediately repeal and replace the Affordable Care Act. President Trump briefly tried to persuade and then gave an ultimatum to Congress.

Monthly Distributions – \$0.10 per share

The Gabelli Equity Income Fund has a \$0.10 per share monthly distribution policy in place. For more specific dividend and tax information, please visit our website at www.gabelli.com or call 800-GABELLI (800-422-3554). **Shareholders should be aware that a portion of the distribution may represent a non-taxable return of capital.** Such distributions will reduce the cost basis of your shares if you hold them in a taxable account. The distributions should not be confused with the yield or total return of the Fund.

Comparative Results

Average Annual Returns through March 31, 2017 (a) (b) (Unaudited)

	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (1/2/92)
Class AAA (GABEX)	4.21%	13.38%	9.64%	6.31%	7.74%	9.95%
S&P 500 Index	6.07	17.17	13.30	7.51	7.09	9.31(e)
Nasdaq Composite Index	10.13	22.93	15.38	10.60	9.23	9.58(e)
Lipper Equity Income Fund Average	4.03	16.09	11.34	5.93	6.60	8.45
Class A (GCAEX)	4.23	13.39	9.65	6.32	7.74	9.95
With sales charge (c)	(1.76)	6.87	8.35	5.70	7.31	9.69
Class C (GCCEX)	4.04	12.52	8.82	5.53	7.04	9.52
With contingent deferred sales charge (d)	3.04	11.52	8.82	5.53	7.04	9.52
Class I (GCIEX)	4.28	13.67	9.92	6.57	7.91	10.05

In the current prospectuses dated January 27, 2017, the expense ratios for Class AAA, A, C, and I Shares are 1.39%, 1.39%, 2.14%, and 1.14%, respectively. Class AAA and Class I Shares do not have a sales charge. The maximum sales charge for Class A Shares and Class C Shares is 5.75% and 1.00%, respectively.

- (a) *Returns represent past performance and do not guarantee future results. Total returns and average annual returns reflect changes in share price, reinvestment of distributions, and are net of expenses. Investment returns and the principal value of an investment will fluctuate. When shares are redeemed, 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. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days of purchase. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The prospectuses contain information about these and other matters and should be read carefully before investing. To obtain a prospectus, please visit our website at www.gabelli.com. The Class AAA Share NAVs are used to calculate performance for the periods prior to the issuance of Class A Shares and Class C Shares on December 31, 2003 and Class I Shares on January 11, 2008. The actual performance of the Class A Shares and Class C Shares would have been lower due to the additional fees and expenses associated with these classes of shares. The actual performance of the Class I Shares would have been higher due to lower expenses related to this class of shares. The S&P 500 Index is a market capitalization weighted index of 500 large capitalization stocks commonly used to represent the U.S. equity market. The Nasdaq Composite Index is an unmanaged indicator of stock market performance. The Lipper Equity Income Fund Average includes the 30 largest equity funds in this category tracked by Lipper, Inc. Dividends are considered reinvested, except for the Nasdaq Composite Index. You cannot invest directly in an index.*
- (b) The Fund's fiscal year ends September 30.
- (c) Performance results include the effect of the maximum 5.75% sales charge at the beginning of the period.
- (d) Assuming payment of the 1% maximum contingent deferred sales charge imposed on redemptions made within one year of purchase.
- (e) S&P 500 Index and Nasdaq Composite Index since inception performance are as of December 31, 1991.

We have separated the portfolio manager's commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio manager's commentary is unrestricted. The financial statements and investment portfolio are mailed separately from the commentary. Both the commentary and the financial statements, including the portfolio of investments, are available on our website at www.gabelli.com.

However, it quickly became evident that it would be difficult to put together a plan with enough support and the vote was withdrawn just seventeen days after the start of the effort. An earlier initiative, a ban on immigrants from countries perceived as threats, was blocked by federal judges after state attorneys filed lawsuits saying it was a ban on Muslims, and therefore unconstitutional.

While some of the initiatives that President Trump campaigned on, such as tax reform, lower taxes, and infrastructure spending, have broad appeal and could stimulate economic growth and corporate profits, it very much remains to be seen what detailed plans will emerge and whether or not they can get passed.

We reserve some optimism that some of these initiatives will be undertaken in a serious way, and that they could possibly be positive for growth in two or three years. We are not yet incorporating any positives or negatives from new trade policy, as many things have been said but no concrete proposal has emerged. We have also seen various members of the cabinet, and even President Trump himself, say contradictory things on trade, so we must wait to see what emerges.

The Federal Reserve, whose mandate is maximizing employment and managing inflation, is succeeding on both of those goals. Unemployment fell to 4.5% in March and inflation rose over the past twelve months to the Federal Reserve's 2% goal. As a result, the Federal Reserve raised its target interest rate for the second time in three months in March, and at the moment, is expected to raise the rate twice more this year.

Interest rates have risen over the past six months, which is already having a slowing effect on consumer spending. Over the past six months, the 30-year mortgage rate is up 70 basis points. This is equivalent to a 9%, or \$100 increase in the mortgage payment on an average U.S. house. The last time interest rates surged was in 2013, the so-called "taper tantrum". This resulted from a panicked withdrawal of money from the bond market in response to the Federal Reserve announcing that it would be tapering the money it was feeding to the economy. At that time, we saw a surge in home buying for a few months as people anticipated higher rates, but three months later demand began a slide that lasted six months. We expect this decline in affordability to be a headwind on the housing market this year.

We are seeing the same headwind already affecting vehicle sales. Ford Motor raised this red flag in an announcement last week, saying that the increase in auto loan interest rates of 50 basis points has raised the average monthly car payment to over \$500, which in the past has been followed by lower car sales.

Higher interest rates, if they hold, will also crimp spending of the nation's largest borrower, the federal government, over the next few years. The Congressional Budget Office is projecting that federal interest payments will double over the next decade, with less money available to fund mandatory programs and discretionary spending.

Investment Scorecard

During the first quarter of 2017, the overall market was up low single digits, but there were a number of stocks in the portfolio that were up over 10% during the quarter. One of those stocks was one of the largest holdings in (y)our portfolio, Rockwell Automation (0.9%) (ROK). During the most recent fiscal quarter, ROK

continued to perform well and in addition to reporting quarterly results ahead of most expectations, the company also raised its guidance for the full fiscal year. Other companies that were up double digits in the quarter included Viacom (0.9%) (VIA), where the new CEO continues to make changes, and Legg Mason (0.7%) (LM) which was up on improved investment performance at the money manager and improved client flows.

Of course not all stocks in (y)our portfolio were up in the quarter. A number of them were actually down, some of them down double digits. One of the Fund's larger holdings, Halliburton (1.0%) (HAL) was down about 8% on general weakness in the oil services sector, as the outlook for the price of oil weakened. A couple of the stocks that were down by at least double digits, included Hess (0.3%) (HES), which was also hurt by the weakness in the energy sector, and Macy's (0.8%) (M), the large retailer which has faced headwinds from more shoppers moving to on-line shopping, especially with Amazon.

Let's Talk Stocks

The following are specifics on selected holdings of our Fund. Favorable earnings prospects do not necessarily translate into higher stock prices, but they do express a positive trend that we believe will develop over time. Individual securities mentioned are not necessarily representative of the entire portfolio. For the following holdings, the share prices are listed first in United States dollars (USD) and second in the local currency, where applicable, and are presented as of March 31, 2017.

Bank of New York Mellon Corp. (2.9% of net assets as of March 31, 2017) (BK – \$47.23 – NYSE) is a global leader in providing financial services to institutions and individuals. The company operates in more than 100 markets worldwide and strives to be the global provider of choice for investment management and investment services. As of December 31, 2016, the firm had \$30.0 trillion in assets under custody and \$1.7 trillion in assets under management. Going forward, we expect BK to benefit from rising global incomes and the cross border movement of financial transactions. We believe BK is also well positioned to grow earnings in a rising interest rate environment, given its large customer cash deposits and significant loan book.

Deere & Co. - Deere & Co. (0.6%) (DE – \$108.86 - NYSE), headquartered in Moline, IL, is a leading global manufacturer of machinery for agricultural, construction, and forestry usage. Its dominant position in North American agricultural equipment markets optimally positions the company for what is expected to be an increase in demand for agricultural equipment both in the near term given cycle dynamics as well as for the long term, as global population and income growth drive crop demand in the coming decades.

Home Depot Inc. (1.5%) (HD – \$146.83 – NYSE) based in Atlanta, Georgia, is the world's largest home improvement retailer, with fiscal 2016 revenue of \$94.6 billion. Home Depot has 2,278 retail stores, which sell a range of building materials, home improvement products, and lawn and garden products, to do-it-yourself, do-it-for-me, and professional customers. We expect the continued improvement in the housing market to provide uplift to Home Depot's business, encouraging consumers to invest in their homes. Notably, the company generates significant cash flow, has a strong balance sheet, and will continue to benefit as the

housing recovery improves. To make use of its available cash flow, we expect Home Depot will continue to repurchase stock.

Honeywell International Inc. (1.4%) (HON – \$124.87 – NYSE) operates as a diversified technology company with highly engineered products, including turbine propulsion engines, auxiliary power units, turbochargers, brake pads, environmental and combustion controls, sensors, security and life safety products, resins and chemicals, nuclear services, and process technology for the petrochemical and refining industries. One of the key drivers of HON's growth is acquisitions that increase the company's growth profile globally, creating both organic and inorganic opportunities. The company recently acquired Elster Industries, a leading provider of thermal gas solutions, smart meters, software and data analytics for the commercial, industrial and residential heating market. Elster's gas business offers products in high demand among natural gas customers and brings a strong, global distribution network and numerous cross-selling opportunities for existing HON technologies to new customers. Elster's gas, electric, and water meters are highly valued for their reliability, safety and accuracy. The company maintains an installed base of more than 200 million meter modules deployed over the course of the last 10 years that generate significant recurring revenues. We believe acquisitions such as Elster should drive meaningful and sustained growth for HON spurred by global energy efficiency initiatives and natural resource management.

JPMorgan Chase & Co. (1.3%) (JPM – \$87.84 – NYSE) is one of the oldest financial institutions in the U.S. The firm, with assets of over \$2.5 trillion, provides services to millions of consumers, small businesses, and many of the world's largest corporate, institutional, and government clients. The bank is divided into several reporting segments, including investment banking, commercial banking, financial transaction processing, asset management, and private equity. CEO Jamie Dimon is well regarded among corporate leaders, and he has positioned the company for future growth, despite the recent challenges related to the financial crisis, increased regulations, and low interest rates.

Legg Mason Inc. (0.7%) (LM – \$36.11 – NYSE) is a consortium of investment managers, known as affiliates, which operate under separate brand names, including Royce & Associates in small cap equities, Western Asset Management in fixed income, and Permal in alternative strategies. As of December 2016, the firm had approximately \$710 billion of assets under management. The company has generated strong investment performance while improving operating fundamentals. Using free cash flow, the company continues to actively retire shares through repurchases.

Mondelēz International Inc. (2.0%) (MDLZ – \$43.08 – NASDAQ), headquartered in Deerfield, Illinois, is the renamed Kraft Foods Inc. following the tax-free spin-off to shareholders of the North American grocery business on October 1, 2012. Following the contribution of coffee into a new joint venture, nearly 85% of Mondelēz's \$26 billion of revenue is derived from snacking, including leading brands such as Oreo, LU and Ritz biscuits, Trident gum, and Cadbury and Milka chocolates. On July 2, 2015 Mondelēz combined its coffee business with D.E Master Blenders 1753 to form a new coffee company, Jacobs Douwe Egberts. Subsequently, MDLZ exchanged part of its stake in this coffee joint venture for 24% ownership in Keurig Green Mountain, which was acquired by an investor group led by JAB Holding Co. in March 2016. This narrows the

company's product focus, as only 15% of revenue will be outside snacks — mostly Tang beverages and other products including Philadelphia cream cheese, which management may look to divest in the future as it executes on its plan to accelerate growth and improve margins in the faster growing snack business.

National Fuel Gas Co. (0.7%) (NFG – \$59.62 – NYSE) is a diversified natural gas company. NFG owns a regulated gas utility serving the region around Buffalo, New York, gas pipelines that move gas between the Midwest and Canada and from the Marcellus to the Northeast, gathering and processing systems, and an oil and gas exploration and production business. NFG's regulated utility and pipeline businesses, as well as its California oil production business, provide stable earnings and cash flows to support the dividend, while the natural gas production business offers significant upside potential. While natural gas prices have been depressed over the past few years, NFG's ownership of 780,000 acres in the Marcellus Shale, holds enormous natural gas reserve potential and the company has proven to be among the lower cost producers. We continue to expect above average long term earnings and cash flow growth from improving gas prices, growing gas production and strategically located pipeline expansion. The company has increased its dividend for 46 consecutive years.

PNC Financial Services Group Inc. (0.8%) (PNC – \$120.24 – NYSE) is one of the nation's largest diversified financial services organizations, providing retail and business banking, residential mortgage banking, specialized services for corporations and government entities, including corporate banking, real estate finance, asset backed lending, wealth management, and asset management. As of September 30, 2016, the asset management division had approximately \$266 billion under management. The firm has strong corporate leadership with a conservative approach to balance sheet management.

Rockwell Automation - Rockwell Automation Inc. (0.9%) (ROK – \$155.71 – NYSE), headquartered in Milwaukee, provides industrial automation, control, and information solutions. Its Architecture & Software segment offers control platforms that perform multiple control disciplines and monitoring of applications, including discrete, batch, and continuous process. Control Product & Solutions provides electronic motors starters and variable frequency drives, along with more project oriented automation solutions. Rockwell stands out as a pure play automation company with an unmatched focus, a technology orientation, and key strategic partnerships, facilitating above peer growth and margins. Rockwell should continue to outgrow the global automation industry, which, in turn, is outgrowing global industrial production as manufacturers replace labor with capital and embrace machine data to optimize their plants and ensure uptime. Emerging market demand for automation in consumer and automotive industries has also been strong in recent years, aligning well with Rockwell's strengths. The company generates healthy free cash flows, almost all of which it returns to shareholders through dividends and repurchases. Under new CEO Blake Moret, acquisitions could become use of capital, but here too we expected a disciplined and focused approach

In Conclusion

The rise in the stock market over the past two months will ultimately only be justified by a very positive effect from new policies on corporate earnings. The trailing and forward price earnings multiples are at the

upper ends of their longer term ranges. Although we have had strong upwards adjustments for financials and energy, two sectors expected to be winners under Trump, and downward revisions for rate sensitive sectors such as utilities and real estate, we do not yet have policies in place or even outlined that would affect these sectors. We will have to wait to see what new plans or priorities might emerge.

At the same time, companies do not have enough information as to how tax changes, infrastructure spending, changes in regulations, or new tariffs, or health insurance reforms, will affect their sales and earnings, and this uncertainty will continue to hold back capital spending. We can only remain hopeful of the idea that the current aging business cycle and bull market can be extended.

We continue to find good value in many companies that have some combination of long term growth prospects, strong cash flow generation, good balance sheets, as well as shareholder friendly management teams. We thank you for your investment in the Fund and we look forward to serving you in the future.

April 20, 2017

Top Ten Holdings (Percent of Net Assets)
March 31, 2017

Bank of New York Mellon Corp.	2.9%	CVS Health Corp.	1.8%
Swedish Match Ab	2.0%	CBS Corp.	1.5%
Genuine Parts Co.	2.0%	Marsh & McLennan Cos Inc.	1.5%
Mondelēz International Inc.	2.0%	Home Depot Inc.	1.5%
Wells Fargo & Co.	2.0%	Citigroup Inc.	1.4%

Note: The views expressed in this Shareholder Commentary reflect those of the Portfolio Manager only through the end of the period stated in this Shareholder Commentary. The Portfolio Manager's views are subject to change at any time based on market and other conditions. The information in this Portfolio Manager's' Shareholder Commentary represents the opinions of the individual Portfolio Manager and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. Views expressed are those of the Portfolio Manager and may differ from those of other portfolio managers or of the Firm as a whole. This Shareholder Commentary does not constitute an offer of any transaction in any securities. Any recommendation contained herein may not be suitable for all investors. Information contained in this Shareholder Commentary has been obtained from sources we believe to be reliable, but cannot be guaranteed.

Minimum Initial Investment – \$1,000

The Fund's minimum initial investment for regular accounts is \$1,000. There are no subsequent investment minimums. No initial minimum is required for those establishing an Automatic Investment Plan. Additionally, the Fund and other Gabelli/GAMCO Funds are available through the no-transaction fee programs at many major brokerage firms. The Fund imposes a 2% redemption fee on shares sold or exchanged within seven days after the date of purchase. See the prospectuses for more details.

www.gabelli.com

Please visit us on the Internet. Our homepage at www.gabelli.com contains information about GAMCO Investors, Inc., the Gabelli/GAMCO Mutual Funds, IRAs, 401(k)s, current and historical quarterly reports, closing prices, and other current news. We welcome your comments and questions via e-mail at info@gabelli.com.

The Fund's daily NAVs are available in the financial press and each evening after 7:00 PM (Eastern Time) by calling 800-GABELLI (800-422-3554). Please call us during the business day, between 8:00 AM – 7:00 PM (Eastern Time), for further information.

You may sign up for our e-mail alerts at www.gabelli.com and receive early notice of quarterly report availability, news events, media sightings, and mutual fund prices and performance.

e-delivery

We are pleased to offer electronic delivery of Gabelli fund documents. Direct shareholders of our mutual funds can elect to receive their Annual and Semiannual Reports, Manager Commentaries, and Prospectus via e-delivery. For more information or to sign up for e-delivery, please visit our website at www.gabelli.com.

Multi-Class Shares

The Gabelli Equity Income Fund began offering additional classes of Fund shares on December 31, 2003. Class AAA Shares are no-load shares offered directly through selected broker/dealers. Class A and Class C Shares are targeted to the needs of investors who seek advice through financial consultants. Class I Shares are available directly through the Fund's distributor or brokers that have entered into selling agreements specifically with respect to Class I Shares. The Board of Directors determined that expanding the types of Fund shares available through various distribution options will enhance the ability of the Fund to attract additional investors.

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Gabelli/GAMCO Funds and Your Personal Privacy

Who are we?

The Gabelli/GAMCO Funds are investment companies registered with the Securities and Exchange Commission under the Investment Company Act of 1940. We are managed by Gabelli Funds, LLC and GAMCO Asset Management Inc., which are affiliated with GAMCO Investors, Inc. GAMCO Investors, Inc. is a publicly held company that has subsidiaries and affiliates that provide investment advisory services for a variety of clients.

What kind of non-public information do we collect about you if you become a fund shareholder?

If you apply to open an account directly with us, you will be giving us some non-public information about yourself. The non-public information we collect about you is:

- *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, any transactions with our affiliates, and transactions with the entities we hire to provide services to you.* This would include information about the shares that you buy or redeem. 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 website, 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.

Portfolio Manager Biography

Mario J. Gabelli, CFA, is Chairman, Chief Executive Officer, and Chief Investment Officer – Value Portfolios of GAMCO Investors, Inc. that he founded in 1977, and Chief Investment Officer – Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc. He is also Executive Chairman of the Board of Directors of Associated Capital Group, Inc. Mr. Gabelli is a summa cum laude graduate of Fordham University and holds an MBA degree from Columbia Business School, and Honorary Doctorates from Fordham University and Roger Williams University.

Gabelli Equity Series Funds, Inc.
THE GABELLI EQUITY INCOME FUND

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Net Asset Value per share available daily
by calling 800-GABELLI after 7:00 P.M.

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This report is submitted for the general information of the
shareholders of The Gabelli Equity Income Fund. It is not
authorized for distribution to prospective investors unless
preceded or accompanied by an effective prospectus.



GABELLI
FUNDS

THE GABELLI EQUITY INCOME FUND

Shareholder Commentary
March 31, 2017

The Gabelli Equity Income Fund

Semiannual Report — March 31, 2017



Mario J. Gabelli, CFA
Portfolio Manager

To Our Shareholders,

For the six months ended March 31, 2017, the net asset value (“NAV”) per Class AAA Share of The Gabelli Equity Income Fund increased 7.5% compared with an increase of 10.1% for the Standard & Poor’s (“S&P”) 500 Index. See below for additional performance information.

Enclosed are the financial statements, including the schedule of investments, as of March 31, 2017.

Comparative Results

Average Annual Returns through March 31, 2017 (a)(b) (Unaudited)

	Six Months	1 Year	5 Year	10 Year	15 Year	Since Inception (01/02/92)
Class AAA (GABEX)	7.48%	13.38%	9.64%	6.31%	7.74%	9.95%
S&P 500 Index	10.12	17.17	13.30	7.51	7.09	9.31(c)
Nasdaq Composite Index	11.99	22.93	15.38	10.60	9.23	9.58(c)
Lipper Equity Income Fund Average	9.26	16.09	11.34	5.93	6.60	8.45
Class A (GCAEX)	7.51	13.39	9.65	6.32	7.74	9.95
With sales charge (d)	1.33	6.87	8.35	5.70	7.31	9.69
Class C (GCCEX)	7.08	12.52	8.82	5.53	7.04	9.52
With contingent deferred sales charge (e)	6.08	11.52	8.82	5.53	7.04	9.52
Class I (GCIEX)	7.62	13.67	9.92	6.57	7.91	10.05

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(b) The Fund’s fiscal year ends September 30.

(c) S&P 500 Index and Nasdaq Composite Index since inception performance is as of December 31, 1991.

(d) Performance results include the effect of the maximum 5.75% sales charge at the beginning of the period.

(e) Assuming payment of the 1% maximum contingent deferred sales charge imposed on redemptions made within one year of purchase.

The Gabelli Equity Income Fund

Disclosure of Fund Expenses (Unaudited)

For the Six Month Period from October 1, 2016 through March 31, 2017

Expense Table

We believe it is important for you to understand the impact of fees and expenses regarding your investment. All mutual funds have operating expenses. As a shareholder of a fund, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a fund's gross income, directly reduce the investment return of a fund. When a fund's expenses are expressed as a percentage of its average net assets, this figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your Fund and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The Expense Table below illustrates your Fund's costs in two ways:

Actual Fund Return: This section provides information about actual account values and actual expenses. You may use this section to help you to estimate the actual expenses that you paid over the period after any fee waivers and expense reimbursements. The "Ending Account Value" shown is derived from the Fund's **actual** return during the past six months, and the "Expenses Paid During Period" shows the dollar amount that would have been paid by an investor who started with \$1,000 in the Fund. You may use this information, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number given for your Fund under the heading "Expenses Paid During Period" to estimate the expenses you paid during this period.

Hypothetical 5% Return: This section provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio. It assumes a hypothetical annualized return of 5% before expenses during the period shown. In this case – because the hypothetical return used is **not** the Fund's actual return – the results do not apply to your investment and you cannot use the hypothetical account value and expense to estimate the actual ending account balance or expenses you paid for the period. This example is useful in making comparisons of the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs such as sales charges (loads), redemption fees, or exchange fees, if any, which are described in the Prospectus. If these costs were applied to your account, your costs would be higher. Therefore, the 5% hypothetical return is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds.

	Beginning Account Value 10/01/16	Ending Account Value 03/31/17	Annualized Expense Ratio	Expenses Paid During Period*
<i>The Gabelli Equity Income Fund</i>				
Actual Fund Return				
Class AAA	\$1,000.00	\$1,074.80	1.41%	\$ 7.29
Class A	\$1,000.00	\$1,075.10	1.41%	\$ 7.29
Class C	\$1,000.00	\$1,070.80	2.16%	\$11.15
Class I	\$1,000.00	\$1,076.20	1.16%	\$ 6.00
Hypothetical 5% Return				
Class AAA	\$1,000.00	\$1,017.90	1.41%	\$ 7.09
Class A	\$1,000.00	\$1,017.90	1.41%	\$ 7.09
Class C	\$1,000.00	\$1,014.16	2.16%	\$10.85
Class I	\$1,000.00	\$1,019.15	1.16%	\$ 5.84

* Expenses are equal to the Fund's annualized expense ratio for the last six months multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half year (182 days), then divided by 365.

Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of net assets as of March 31, 2017:

The Gabelli Equity Income Fund

Financial Services	21.1%	Computer Hardware	1.0%
Food and Beverage	14.3%	Machinery	0.9%
Health Care	10.5%	Environmental Services	0.9%
Retail	6.9%	Agriculture	0.8%
Consumer Products	4.6%	Wireless Communications	0.8%
Diversified Industrial	4.5%	Metals and Mining	0.7%
Energy and Utilities: Oil	3.3%	Communications Equipment	0.7%
Telecommunications	3.3%	Energy and Utilities: Integrated	0.6%
Automotive: Parts and Accessories	2.4%	Transportation	0.5%
Broadcasting	2.0%	Automotive	0.4%
Aerospace	2.0%	Aviation: Parts and Services	0.4%
Entertainment	1.9%	Energy and Utilities: Electric	0.3%
Equipment and Supplies	1.8%	Hotels and Gaming	0.3%
Computer Software and Services	1.6%	Consumer Services	0.2%
Specialty Chemicals	1.6%	Energy and Utilities: Water	0.2%
Business Services	1.5%	Paper and Forest Products	0.0%*
Energy and Utilities: Services	1.5%	Real Estate	0.0%*
Building and Construction	1.4%	Publishing	0.0%*
Electronics	1.4%	Other Assets and Liabilities (Net)	0.2%
Energy and Utilities: Natural Gas	1.3%		<u>100.0%</u>
Real Estate Investment Trusts	1.1%		
Cable and Satellite	1.1%		

* Amount represents less than 0.05%

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

Proxy Voting

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

The Gabelli Equity Income Fund

Schedule of Investments — March 31, 2017 (Unaudited)

Shares		Cost	Market Value	Shares		Cost	Market Value
	COMMON STOCKS — 99.6%						
	Aerospace — 2.0%						
64,000	Aerojet Rocketdyne Holdings Inc.†	\$ 359,828	\$ 1,388,800	100,000	MasterCard Inc., Cl. A	\$ 864,079	\$ 11,247,000
2,000	Lockheed Martin Corp.	47,350	535,200	2,000	MSC Industrial Direct Co. Inc., Cl. A	132,352	205,520
10,000	Raytheon Co.	279,200	1,525,000	40,000	Pentair plc	1,223,885	2,511,200
97,000	Rockwell Automation Inc.	3,592,399	15,103,870	30,000	S&P Global Inc.	1,225,693	3,922,200
2,000	Rockwell Collins Inc.	15,844	194,320	4,000	Vectrus Inc.†	61,245	89,400
1,400,000	Rolls-Royce Holdings plc	10,045,580	13,225,584			<u>7,556,788</u>	<u>24,526,750</u>
		<u>14,340,201</u>	<u>31,972,774</u>				
	Agriculture — 0.8%				Cable and Satellite — 1.1%		
90,000	Archer Daniels Midland Co.	2,386,667	4,143,600	10,000	AMC Networks Inc., Cl. A†	389,742	586,800
80,000	Monsanto Co.	1,395,675	9,056,000	167,000	DISH Network Corp., Cl. A†	3,388,521	10,602,830
12,000	The Mosaic Co.	186,246	350,160	16,000	EchoStar Corp., Cl. A†	478,840	911,200
		<u>3,968,588</u>	<u>13,549,760</u>	8,181	Liberty Global plc LiLAC, Cl. A†	221,309	181,945
	Automotive — 0.4%			20,030	Liberty Global plc LiLAC, Cl. C†	541,872	461,491
214,000	Navistar International Corp.†	4,167,904	5,268,680	60,000	Scripps Networks Interactive Inc., Cl. A	2,582,949	4,702,200
30,000	PACCAR Inc.	1,348,822	2,016,000			<u>7,603,233</u>	<u>17,446,466</u>
		<u>5,516,726</u>	<u>7,284,680</u>				
	Automotive: Parts and Accessories — 2.4%				Communications Equipment — 0.7%		
15,000	Adient plc	705,000	1,090,050	430,000	Corning Inc.	5,496,825	11,610,000
164,000	Dana Inc.	2,605,637	3,166,840		Computer Hardware — 1.0%		
352,000	Genuine Parts Co.	14,628,700	32,528,320	22,000	Apple Inc.	1,611,288	3,160,520
32,000	Modine Manufacturing Co.†	237,394	390,400	77,000	International Business Machines Corp.	6,120,171	13,408,780
2,500	O'Reilly Automotive Inc.†	62,700	674,600			<u>7,731,459</u>	<u>16,569,300</u>
25,000	Tenneco Inc.	377,913	1,560,500		Computer Software and Services — 1.6%		
		<u>18,617,344</u>	<u>39,410,710</u>	10,000	CDK Global Inc.	151,748	650,100
	Aviation: Parts and Services — 0.4%			100,000	Fidelity National Information Services Inc.	1,648,845	7,962,000
100,000	Arconic Inc.	1,882,016	2,634,000	280,000	Hewlett Packard Enterprise Co.	3,269,102	6,636,000
29,000	United Technologies Corp.	1,453,950	3,254,090	50,000	Microsoft Corp.	1,397,000	3,293,000
		<u>3,335,966</u>	<u>5,888,090</u>	23,000	NetScout Systems Inc.†	371,369	872,850
	Broadcasting — 2.0%			163,000	Yahoo! Inc.†	2,658,679	7,564,830
347,500	CBS Corp., Cl. A, Voting	8,267,956	24,460,525			<u>9,496,743</u>	<u>26,978,780</u>
65,575	Liberty Global plc, Cl. A†	1,481,226	2,352,175		Consumer Products — 4.6%		
158,000	Liberty Global plc, Cl. C†	3,557,432	5,536,320	44,000	Altria Group Inc.	517,039	3,142,480
36,000	MSG Networks Inc., Cl. A†	134,967	840,600	81,000	Edgewell Personal Care Co.†	3,402,906	5,924,340
		<u>13,441,581</u>	<u>33,189,620</u>	60,000	Energizer Holdings Inc.	744,798	3,345,000
	Building and Construction — 1.4%			2,000	National Presto Industries Inc.	60,046	204,400
200,000	Fortune Brands Home & Security Inc.	1,974,872	12,170,000	50,000	Philip Morris International Inc.	1,501,172	5,645,000
49,000	Herc Holdings Inc.†	1,576,954	2,395,610	92,000	Reckitt Benckiser Group plc	2,835,852	8,398,321
218,000	Johnson Controls International plc	4,478,617	9,182,160	25,000	Svenska Cellulosa AB, Cl. A	485,531	823,043
		<u>8,030,443</u>	<u>23,747,770</u>	1,000,000	Swedish Match AB	12,530,354	32,531,122
	Business Services — 1.5%			120,000	The Procter & Gamble Co.	6,634,812	10,782,000
37,000	Automatic Data Processing Inc.	1,358,159	3,788,430	80,000	Unilever NV - NY Shares	1,607,207	3,974,400
90,000	Diebold Nixdorf Inc.	2,691,375	2,763,000			<u>30,319,717</u>	<u>74,770,106</u>
					Consumer Services — 0.2%		
				3,500	Allegion plc	50,080	264,950

See accompanying notes to financial statements.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — March 31, 2017 (Unaudited)

Shares		Cost	Market Value	Shares		Cost	Market Value
	COMMON STOCKS (Continued)						
	Consumer Services (Continued)			12,000	Southwest Gas Holdings Inc....	\$ 246,965	\$ 994,920
76,000	Rollins Inc.	\$ 168,607	\$ 2,821,880			<u>12,690,805</u>	<u>21,417,580</u>
		<u>218,687</u>	<u>3,086,830</u>				
	Diversified Industrial — 4.5%				Energy and Utilities: Oil — 3.3%		
92,000	Crane Co.	3,022,292	6,884,360	170,000	Anadarko Petroleum Corp.	8,487,661	10,540,000
80,000	Eaton Corp. plc	3,769,548	5,932,000	1,500	Apache Corp.	83,360	77,085
635,000	General Electric Co.	10,524,243	18,923,000	60,000	BP plc, ADR	2,465,794	2,071,200
150,000	Honeywell International Inc.	4,338,399	18,730,500	100,000	Chevron Corp.	3,963,114	10,737,000
50,000	ITT Inc.	1,004,526	2,051,000	97,000	ConocoPhillips	1,868,720	4,837,390
50,000	Jardine Matheson Holdings Ltd.	2,372,853	3,212,500	16,000	Denbury Resources Inc.†	47,450	41,280
180,000	Jardine Strategic Holdings Ltd..	4,227,653	7,560,000	39,000	Devon Energy Corp.	1,150,715	1,627,080
120,000	Textron Inc.	763,372	5,710,800	100,000	Exxon Mobil Corp.	2,740,792	8,201,000
350,000	Toray Industries Inc.	2,392,238	3,102,937	106,000	Hess Corp.	6,323,282	5,110,260
37,000	Trinity Industries Inc.	622,753	982,350	24,000	Marathon Oil Corp.	536,370	379,200
		<u>33,037,877</u>	<u>73,089,447</u>	22,000	Marathon Petroleum Corp.	305,868	1,111,880
				44,000	Occidental Petroleum Corp.	1,545,094	2,787,840
				3,000	PetroChina Co. Ltd., ADR	234,161	219,750
				100,000	Royal Dutch Shell plc, Cl. A, ADR	4,387,400	5,273,000
	Electronics — 1.4%			17,000	Total SA, ADR	282,789	857,140
45,000	Sony Corp.	1,174,377	1,522,231			<u>34,422,570</u>	<u>53,871,105</u>
85,000	Sony Corp., ADR.	2,025,391	2,867,050				
74,000	TE Connectivity Ltd.	2,500,525	5,516,700		Energy and Utilities: Services — 1.5%		
160,000	Texas Instruments Inc.	4,058,668	12,889,600	345,000	Halliburton Co.	10,163,305	16,977,450
		<u>9,758,961</u>	<u>22,795,581</u>	93,000	Oceaneering International Inc.	2,001,490	2,518,440
				50,000	Schlumberger Ltd.	1,999,420	3,905,000
				100,000	Weatherford International plc† ..	1,082,690	665,000
						<u>15,246,905</u>	<u>24,065,890</u>
	Energy and Utilities: Electric — 0.3%						
10,000	American Electric Power Co. Inc.	343,190	671,300		Energy and Utilities: Water — 0.2%		
7,000	Avangrid Inc.	137,482	299,180	18,000	Aqua America Inc.	132,783	578,700
45,000	El Paso Electric Co.	351,450	2,272,500	80,000	Severn Trent plc	2,133,400	2,387,521
50,000	Korea Electric Power Corp., ADR†	650,030	1,036,500			<u>2,266,183</u>	<u>2,966,221</u>
105,000	The AES Corp.	518,708	1,173,900				
		<u>2,000,860</u>	<u>5,453,380</u>				
					Entertainment — 1.9%		
	Energy and Utilities: Integrated — 0.6%			140,000	Grupo Televisa SAB, ADR	3,208,156	3,631,600
5,512	California Resources Corp.†	109,927	82,901	12,000	The Madison Square Garden Co. Cl. A†	347,057	2,396,520
5,000	Duke Energy Corp.	232,724	410,050	64,000	Time Warner Inc.	1,538,072	6,253,440
200,000	Energy Transfer Equity LP.	1,172,695	3,946,000	155,000	Twenty-First Century Fox Inc., Cl. B	4,830,463	4,925,900
29,000	Eni SpA.	304,221	474,887	294,000	Viacom Inc., Cl. A.	11,552,581	14,332,500
14,000	Eversource Energy	211,873	822,920			<u>21,476,329</u>	<u>31,539,960</u>
6,500	Iberdrola SA, ADR	98,020	185,900				
64,000	OGE Energy Corp.	853,373	2,238,720		Environmental Services — 0.9%		
59,000	PNM Resources Inc.	607,016	2,183,000	50,000	Republic Services Inc.	1,684,307	3,140,500
		<u>3,589,849</u>	<u>10,344,378</u>	160,000	Waste Management Inc.	5,307,780	11,667,200
						<u>6,992,087</u>	<u>14,807,700</u>
	Energy and Utilities: Natural Gas — 1.3%						
2,000	Atmos Energy Corp.	52,608	157,980		Equipment and Supplies — 1.7%		
82,000	Kinder Morgan Inc.	2,633,430	1,782,680	60,000	A.O. Smith Corp.	208,117	3,069,600
200,000	National Fuel Gas Co.	8,744,249	11,924,000	16,346	Danaher Corp.	476,946	1,398,073
15,000	ONE Gas Inc.	62,574	1,014,000	183,000	Flowserve Corp.	2,365,375	8,860,860
100,000	ONEOK Inc.	950,979	5,544,000	24,000	Graco Inc.	1,307,940	2,259,360

See accompanying notes to financial statements.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — March 31, 2017 (Unaudited)

Shares	Cost	Market Value	Shares	Cost	Market Value
COMMON STOCKS (Continued)					
Equipment and Supplies (Continued)					
12,000	Ingersoll-Rand plc \$ 249,750	\$ 975,840	12,000	SunTrust Banks Inc. \$ 251,737	\$ 663,600
22,000	Minerals Technologies Inc. 757,033	1,685,200	77,000	T. Rowe Price Group Inc. 3,357,105	5,247,550
186,500	Mueller Industries Inc. 3,696,433	6,383,895	100,000	TD Ameritrade Holding Corp. 1,692,686	3,886,000
16,000	Parker-Hannifin Corp. 835,168	2,565,120	1,000,000	The Bank of New York Mellon Corp. 28,005,472	47,230,000
15,000	Tenaris SA, ADR 306,100	512,100	3,000	The Dun & Bradstreet Corp. 105,969	323,820
			18,500	The Goldman Sachs Group Inc. 2,239,746	4,249,820
	<u>10,202,862</u>	<u>27,710,048</u>	134,000	The Hartford Financial Services Group Inc. 4,223,029	6,441,380
Financial Services — 21.1%					
6,500	Alleghany Corp.† 1,001,491	3,995,290	104,500	The PNC Financial Services Group Inc. 5,544,491	12,565,080
220,000	AllianceBernstein Holding LP ... 2,898,171	5,027,000	16,000	The Travelers Companies Inc. ... 636,771	1,928,640
235,000	American Express Co. 8,383,426	18,590,850	50,000	W. R. Berkley Corp. 1,802,579	3,531,500
140,000	American International Group Inc. 3,196,704	8,740,200	108,000	Waddell & Reed Financial Inc., Cl. A 2,182,196	1,836,000
27,000	Argo Group International Holdings Ltd. 605,879	1,830,600	580,000	Wells Fargo & Co. 17,813,900	32,282,800
19,000	Banco Popular Espanol SA† 141,050	18,445	309,000	Wright Investors' Service Holdings Inc.† 757,026	201,159
5,195	Banco Santander Chile, ADR ... 29,250	130,291		<u>184,861,237</u>	<u>346,842,082</u>
93,000	Banco Santander SA, ADR 699,738	564,510	Food and Beverage — 14.3%		
335,000	Bank of America Corp. 3,395,384	7,902,650	1,000	Ajinomoto Co. Inc. 15,519	19,730
13,056	BNP Paribas SA 580,935	869,536	21,000	Anheuser-Busch InBev SA/NV .. 344,388	2,305,255
384,000	Citigroup Inc. 14,216,228	22,970,880	356,000	Brown-Forman Corp., Cl. A. 6,727,526	16,756,920
12,000	Deutsche Bank AG† 197,322	205,920	178,500	Campbell Soup Co. 5,637,633	10,217,340
57,000	Dundee Corp., Cl. A† 681,292	174,448	80,000	Coca-Cola Amatil Ltd., ADR 246,845	659,200
44,000	Eaton Vance Corp. 1,344,334	1,978,240	20,000	Coca-Cola European Partners plc 450,000	753,800
130,000	Federated Investors Inc., Cl. B. . 3,202,051	3,424,200	14,500	Coca-Cola Femsa SAB de CV, ADR 590,410	1,039,650
34,000	Fidelity Southern Corp. 281,974	760,920	9,000	Constellation Brands Inc., Cl. A. 111,631	1,458,630
165,000	H&R Block Inc. 2,657,891	3,836,250	136,000	Danone SA 6,835,990	9,250,635
54,000	Interactive Brokers Group Inc., Cl. A 820,617	1,874,880	570,000	Davide Campari-Milano SpA. 4,009,951	6,609,806
245,000	Janus Capital Group Inc. 2,159,085	3,234,000	96,000	Diageo plc, ADR 5,503,813	11,095,680
240,000	JPMorgan Chase & Co. 8,149,374	21,081,600	50,000	Dr Pepper Snapple Group Inc. ... 909,059	4,896,000
82,000	Julius Baer Group Ltd. 2,712,412	4,093,246	132,000	Fomento Economico Mexicano SAB de CV, ADR 3,153,416	11,684,640
30,000	Kemper Corp. 795,002	1,197,000	220,000	General Mills Inc. 5,882,682	12,982,200
90,100	Kinnevik AB, Cl. A 1,682,511	2,686,716	2,750,000	Grupo Bimbo SAB de CV, Cl. A . 2,204,405	6,837,453
19,000	Kinnevik AB, Cl. B. 278,394	506,771	148,000	Heineken NV 6,988,553	12,599,373
335,000	Legg Mason Inc. 6,681,494	12,096,850	17,000	Heineken NV, ADR 430,190	721,650
15,000	Leucadia National Corp. 263,160	390,000	230,000	ITO EN Ltd. 4,740,133	8,398,006
110,000	Loews Corp. 4,225,687	5,144,700	39,000	Kellogg Co. 2,082,651	2,831,790
134,000	M&T Bank Corp. 9,515,118	20,733,820	2,000	McCormick & Co. Inc., Cl. V. 137,120	194,760
330,000	Marsh & McLennan Companies Inc. 9,904,960	24,383,700	28,000	McCormick & Co. Inc., Non-Voting. 1,282,199	2,731,400
300,000	Morgan Stanley 7,001,380	12,852,000	753,000	Mondelēz International Inc., Cl. A 14,359,651	32,439,240
262,000	Navient Corp. 2,121,415	3,867,120	115,000	Nestlé SA 3,174,203	8,823,192
60,000	Northern Trust Corp. 2,586,193	5,194,800	65,000	Nestlé SA, ADR 3,829,280	4,998,500
60,000	Och-Ziff Capital Management Group LLC, Cl. A 285,790	135,600	112,000	Nissin Foods Holdings Co. Ltd. . 3,674,644	6,207,132
40,000	Oritani Financial Corp. 400,000	680,000			
40,000	Popular Inc. 1,006,510	1,629,200			
280,000	SLM Corp.† 1,288,367	3,388,000			
170,000	State Street Corp. 7,766,302	13,533,700			
284,000	Sterling Bancorp. 3,091,639	6,730,800			

See accompanying notes to financial statements.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — March 31, 2017 (Unaudited)

Shares	Cost	Market Value	Shares	Cost	Market Value
COMMON STOCKS (Continued)			15,200	Wynn Resorts Ltd.	\$ 529,409 \$ 1,742,072
Food and Beverage (Continued)					<u>1,348,597</u> <u>4,335,832</u>
3,500,000	Parmalat SpA \$ 9,623,611	\$ 11,447,865		Machinery — 0.9%	
100,000	PepsiCo Inc.	6,444,340	6,000	Caterpillar Inc.	35,181 556,560
45,000	Pernod Ricard SA	3,674,041	90,000	Deere & Co.	3,930,677 9,797,400
58,000	Remy Cointreau SA	3,534,133	100,000	Xylem Inc.	<u>2,608,556</u> <u>5,022,000</u>
40,000	Sapporo Holdings Ltd.	932,502			<u>6,574,414</u> <u>15,375,960</u>
71,000	The Kraft Heinz Co.	2,125,573		Metals and Mining — 0.7%	
160,000	The Coca-Cola Co.	3,550,158	30,000	Alcoa Corp.	560,214 1,032,000
1,000	The Hershey Co.	36,300	220,000	Freeport-McMoRan Inc.†	2,553,476 2,939,200
91,000	Tootsie Roll Industries Inc.	1,746,636	237,000	Newmont Mining Corp.	<u>7,046,043</u> <u>7,811,520</u>
4,000	Tyson Foods Inc., Cl. A.	31,963			<u>10,159,733</u> <u>11,782,720</u>
118,000	Yakult Honsha Co. Ltd.	<u>3,061,394</u>			
		<u>118,082,543</u>			
		<u>234,772,536</u>			
	Health Care — 10.5%		15,000	Paper and Forest Products — 0.0%	
35,000	Abbott Laboratories.	983,290		International Paper Co.	469,570 761,700
12,000	AbbVie Inc.	298,060		Publishing — 0.0%	
36,000	Aetna Inc.	1,423,297	3,000	Value Line Inc.	41,976 51,630
4,000	Allergan plc.	576,000		Real Estate — 0.0%	
78,000	Baxter International Inc.	1,729,585	9,749	Griffin Industrial Realty Inc.	215,514 301,732
21,000	Bio-Rad Laboratories Inc., Cl. A†	2,151,515		Real Estate Investment Trusts — 1.1%	
80,000	Boston Scientific Corp.†	490,079	45,600	Ryman Hospitality Properties Inc.	1,742,930 2,819,448
420,000	Bristol-Myers Squibb Co.	10,321,764	470,000	Weyerhaeuser Co.	<u>9,844,344</u> <u>15,970,600</u>
200,000	Eli Lilly & Co.	7,008,141			<u>11,587,274</u> <u>18,790,048</u>
20,000	Express Scripts Holding Co.† ..	1,010,819		Retail — 6.9%	
13,000	GlaxoSmithKline plc, ADR.	574,785	16,000	Compagnie Financiere Richemont SA.	540,728 1,265,113
20,600	Henry Schein Inc.†	521,297	24,562	Copart Inc.†	433,098 1,521,125
155,000	Johnson & Johnson	9,420,707	75,000	Costco Wholesale Corp.	3,711,893 12,576,750
3,000	Laboratory Corp. of America Holdings†	192,372	377,000	CVS Health Corp.	13,031,934 29,594,500
50,000	Mead Johnson Nutrition Co.	2,222,899	97,200	Ingles Markets Inc., Cl. A.	1,718,799 4,194,180
345,000	Merck & Co. Inc.	9,819,021	408,000	J.C. Penney Co. Inc.†	4,275,735 2,513,280
236,000	Novartis AG, ADR.	12,898,248	425,000	Macy's Inc.	6,051,219 12,597,000
215,000	Patterson Cos., Inc.	7,565,090	90,000	Seven & i Holdings Co. Ltd.	2,692,986 3,526,273
311,000	Pfizer Inc.	5,302,341	166,000	The Home Depot Inc.	4,640,772 24,373,780
115,000	Roche Holding AG, ADR.	2,186,738	27,000	Tractor Supply Co.	278,125 1,862,190
32,000	Roche Holding AG, Genusschein	4,669,076	115,000	Walgreens Boots Alliance Inc. ...	3,580,660 9,550,750
40,000	Tenet Healthcare Corp.†	918,390	41,000	Wal-Mart Stores Inc.	1,841,970 2,955,280
1,000	UnitedHealth Group Inc.	26,333	10,000	Weis Markets Inc.	300,480 596,500
87,500	William Demant Holding A/S† ..	854,734	180,000	Whole Foods Market Inc.	<u>2,898,304</u> <u>5,349,600</u>
61,854	Wright Medical Group NV†	1,273,574			<u>45,996,703</u> <u>112,476,321</u>
50,000	Zimmer Biomet Holdings Inc. ...	2,907,785			
62,000	Zoetis Inc.	<u>1,793,580</u>			
		<u>89,139,520</u>			
		<u>173,031,730</u>			
	Hotels and Gaming — 0.3%		15,000	Specialty Chemicals — 1.6%	
8,000	Las Vegas Sands Corp.	19,953	6,000	Albemarle Corp.	154,896 1,584,600
78,000	MGM Resorts International.	799,235	180,000	Ashland Global Holdings Inc. ...	275,062 742,859
			8,000	Ferro Corp.†	577,134 2,734,200
			46,000	FMC Corp.	186,076 556,720
				H.B. Fuller Co.	950,216 2,371,760

See accompanying notes to financial statements.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — March 31, 2017 (Unaudited)

Shares		Cost	Market Value	Shares		Cost	Market Value
COMMON STOCKS (Continued)				RIGHTS — 0.0%			
Specialty Chemicals (Continued)				Financial Services — 0.0%			
109,000	International Flavors & Fragrances Inc.	\$ 4,878,552	\$ 14,445,770	12,000	Deutsche Bank AG, expire 04/06/17†	\$ 0	\$ 28,320
2,400	NewMarket Corp.	9,263	1,087,752		Retail — 0.0%		
1,000	Quaker Chemical Corp.	10,797	131,660	250,017	Safeway Casa Ley, CVR, expire 01/30/19†	27,343	95,006
20,000	Sensient Technologies Corp.	395,247	1,585,200	250,017	Safeway PDC, CVR, expire 01/30/18†	1,313	5,000
20,000	The Chemours Co.	210,932	770,000		TOTAL RIGHTS	<u>28,656</u>	<u>128,326</u>
		7,648,175	26,010,521		WARRANTS — 0.0%		
					Retail — 0.0%		
	Telecommunications — 3.2%			105	Sears Holdings Corp., expire 12/15/19†	522	327
5,000	AT&T Inc.	119,500	207,750		Principal Amount		
330,000	BCE Inc.	6,632,294	14,609,100		Convertible Corporate Bonds — 0.0%		
50,000	BT Group plc	204,914	199,336		Building and Construction — 0.0%		
32,000	BT Group plc, ADR	469,025	642,880	\$ 1,025,000	Layne Christensen Co., 4.250%, 11/15/18	1,019,817	908,406
21,000	CenturyLink Inc.	668,888	494,970		Corporate Bonds — 0.1%		
65,000	Cincinnati Bell Inc.†	919,240	1,150,500		Energy and Utilities: Electric — 0.0%		
285,000	Deutsche Telekom AG, ADR	4,233,443	5,001,750	200,000	Texas Competitive Electric Holdings Co. LLC, 10.250%, 11/01/18†	0	0
13,500	Harris Corp.	1,078,762	1,502,145		Equipment and Supplies — 0.1%		
33,000	Loral Space & Communications Inc.†	1,317,447	1,300,200	932,000	Mueller Industries Inc., 6.000%, 03/01/27	932,000	929,670
25,000	Orange SA, ADR	424,798	388,500		Retail — 0.0%		
47,000	Proximus SA	1,462,751	1,474,861	3,000	Sears Holdings Corp., 8.000%, 12/15/19	2,682	2,370
45,010	Telefonica SA, ADR	428,921	503,662		TOTAL CORPORATE BONDS	<u>934,682</u>	<u>932,040</u>
316,000	Telephone & Data Systems Inc.	9,068,289	8,377,160		TOTAL INVESTMENTS — 99.8%	<u>\$822,719,826</u>	<u>1,639,413,468</u>
24,000	TELUS Corp.	185,454	779,095		Other Assets and Liabilities (Net) — 0.2%		<u>2,753,115</u>
25,000	TELUS Corp., New York	561,870	812,000		NET ASSETS — 100.0%		<u>\$1,642,166,583</u>
300,000	Verizon Communications Inc.	10,344,978	14,625,000				
		38,120,574	52,068,909				
	Transportation — 0.5%						
142,500	GATX Corp.	4,719,293	8,686,800				
	Wireless Communications — 0.8%						
9,000	Millicom International Cellular SA	513,014	503,190				
30,000	Millicom International Cellular SA, SDR	2,004,780	1,672,981				
228,000	NTT DoCoMo Inc.	3,309,462	5,309,351				
70,000	Turkcell İletişim Hizmetleri A/S, ADR†	1,018,249	579,600				
26,000	United States Cellular Corp.†	1,060,411	970,580				
134,000	Vodafone Group plc, ADR	5,880,075	3,541,620				
		13,785,991	12,577,322				
	TOTAL COMMON STOCKS	<u>820,110,703</u>	<u>1,635,958,769</u>				
	Convertible Preferred Stocks — 0.1%						
	Telecommunications — 0.1%						
30,000	Cincinnati Bell Inc., 6.750%, Ser. B	625,446	1,485,600				

† Non-income producing security.
ADR American Depositary Receipt
CVR Contingent Value Right
SDR Swedish Depositary Receipt

See accompanying notes to financial statements.

The Gabelli Equity Income Fund

Statement of Assets and Liabilities March 31, 2017 (Unaudited)

Assets:	
Investments, at value (cost \$822,719,826)	\$1,639,413,468
Foreign currency, at value (cost \$11,212)	11,258
Cash	42,015
Receivable for investments sold	5,559,568
Receivable for Fund shares sold	1,185,794
Dividends and interest receivable	4,073,066
Prepaid expenses	62,747
Total Assets	<u>1,650,347,916</u>
Liabilities:	
Payable for Fund shares redeemed	3,317,709
Payable for investment advisory fees	1,415,076
Payable for distribution fees	435,697
Payable for accounting fees	7,500
Line of credit payable	2,549,000
Other accrued expenses	456,351
Total Liabilities	<u>8,181,333</u>
Net Assets	
(applicable to 66,892,847 shares outstanding)	<u>\$1,642,166,583</u>
Net Assets Consist of:	
Paid-in capital	\$ 720,514,339
Distributions in excess of net investment income	(5,357,240)
Accumulated net realized gain on investments and foreign currency transactions	110,350,282
Net unrealized appreciation on investments	816,693,642
Net unrealized depreciation on foreign currency translations	(34,440)
Net Assets	<u>\$1,642,166,583</u>
Shares of Capital Stock, each at \$0.001 par value:	
Class AAA:	
Net Asset Value, offering, and redemption price per share (\$750,100,717 ÷ 30,011,329 shares outstanding; 150,000,000 shares authorized) . . .	<u>\$24.99</u>
Class A:	
Net Asset Value and redemption price per share (\$129,223,798 ÷ 5,192,334 shares outstanding; 50,000,000 shares authorized)	<u>\$24.89</u>
Maximum offering price per share (NAV ÷ 0.9425, based on maximum sales charge of 5.75% of the offering price)	<u>\$26.41</u>
Class C:	
Net Asset Value and offering price per share (\$284,181,541 ÷ 13,151,275 shares outstanding; 50,000,000 shares authorized)	<u>\$21.61(a)</u>
Class I:	
Net Asset Value, offering, and redemption price per share (\$478,660,527 ÷ 18,537,909 shares outstanding; 50,000,000 shares authorized)	<u>\$25.82</u>

(a) Redemption price varies based on the length of time held.

Statement of Operations For the Six Months Ended March 31, 2017 (Unaudited)

Investment Income:	
Dividends (net of foreign withholding taxes of \$466,827)	\$ 21,212,204
Interest	52,472
Other income*	67,326
Total Investment Income	<u>21,332,002</u>
Expenses:	
Investment advisory fees	8,484,161
Distribution fees - Class AAA	983,558
Distribution fees - Class A	187,350
Distribution fees - Class C	1,458,387
Shareholder services fees	754,622
Shareholder communication expenses	138,053
Interest expense	113,338
Custodian fees	106,338
Legal and audit fees	71,116
Registration expenses	48,453
Directors' fees	28,934
Accounting fees	22,500
Miscellaneous expenses	61,491
Total Expenses	<u>12,458,301</u>
Less:	
Expenses paid indirectly by broker (See Note 6)	(7,138)
Net Expenses	<u>12,451,163</u>
Net Investment Income	<u>8,880,839</u>
Net Realized and Unrealized Gain/(Loss) on Investments, Securities Sold Short, and Foreign Currency:	
Net realized gain on investments	144,388,989
Net realized gain on securities sold short	9,861
Net realized loss on foreign currency transactions	(72,040)
Net realized gain on investments, securities sold short, and foreign currency transactions	<u>144,326,810</u>
Net change in unrealized appreciation/depreciation: on investments	(31,622,150)
on foreign currency translations	(7,306)
Net change in unrealized appreciation/ depreciation on investments and foreign currency translations	<u>(31,629,456)</u>
Net Realized and Unrealized Gain/(Loss) on Investments, Securities Sold Short, and Foreign Currency	<u>112,697,354</u>
Net Increase in Net Assets Resulting from Operations	<u>\$121,578,193</u>

* The Fund received a reimbursement of custody expenses paid in prior years.

See accompanying notes to financial statements.

The Gabelli Equity Income Fund

Statement of Changes in Net Assets

	Six Months Ended March 31, 2017 (Unaudited)	Year Ended September 30, 2016
Operations:		
Net investment income	\$ 8,880,839	\$ 18,933,756
Net realized gain on investments, securities sold short, and foreign currency transactions	144,326,810	185,422,705
Net change in unrealized appreciation/depreciation on investments and foreign currency translations	<u>(31,629,456)</u>	<u>10,943,889</u>
Net Increase in Net Assets Resulting from Operations	<u>121,578,193</u>	<u>215,300,350</u>
Distributions to Shareholders:		
Net investment income		
Class AAA	(7,531,552)*	(9,078,082)
Class A	(1,437,288)*	(1,758,236)
Class C	(3,203,327)*	(1,304,743)
Class I	<u>(4,346,638)*</u>	<u>(7,020,663)</u>
	<u>(16,518,805)</u>	<u>(19,161,724)</u>
Net realized gain		
Class AAA	(10,794,156)*	(83,259,250)
Class A	(2,059,909)*	(16,104,680)
Class C	(4,590,981)*	(34,165,941)
Class I	<u>(6,229,564)*</u>	<u>(51,342,435)</u>
	<u>(23,674,610)</u>	<u>(184,872,306)</u>
Return of capital		
Class AAA	(8,493,026)*	(32,303,440)
Class A	(1,620,772)*	(6,305,011)
Class C	(3,612,262)*	(16,125,596)
Class I	<u>(4,901,528)*</u>	<u>(14,445,009)</u>
	<u>(18,627,588)</u>	<u>(69,179,056)</u>
Total Distributions to Shareholders	<u>(58,821,003)</u>	<u>(273,213,086)</u>
Capital Share Transactions:		
Class AAA	(112,753,857)	(127,327,265)
Class A	(37,392,419)	(17,529,218)
Class C	(30,662,380)	(4,788,500)
Class I	<u>(24,183,812)</u>	<u>(170,384,648)</u>
Net Decrease in Net Assets from Capital Share Transactions	<u>(204,992,468)</u>	<u>(320,029,631)</u>
Redemption Fees	656	3,762
Net Decrease in Net Assets	<u>(142,234,622)</u>	<u>(377,938,605)</u>
Net Assets:		
Beginning of year	<u>1,784,401,205</u>	<u>2,162,339,810</u>
End of period (including undistributed net investment income of \$0 and \$2,280,726, respectively)	<u>\$1,642,166,583</u>	<u>\$1,784,401,205</u>

* Based on year to date book income. Amounts are subject to change and recharacterization at year end.

See accompanying notes to financial statements.

The Gabelli Equity Income Fund

Financial Highlights

Selected data for a share of capital stock outstanding throughout each period:

Year Ended September 30	Income from Investment Operations				Distributions			Ratios to Average Net Assets/ Supplemental Data				
	Net Asset Value, Beginning of Year	Net Investment Income (a)	Net Unrealized Gain/(Loss) on Investments	Total from Investment Operations	Net Realized Gain on Investments	Return of Capital	Total Distributions	Net Assets Value, End of Period	Net Assets End of Period (in 000's)	Net Investment Income	Operating Expenses	Portfolio Turnover Rate
Class AAA												
2017(c)	\$24.06	\$0.13	\$ 1.64	\$ 1.77	\$(0.34)	\$(0.26)	\$(0.84)	\$24.99	\$ 750,101	1.10%(d)	1.41%(d)(e)(f)	0%(g)
2016	25.08	0.26	2.72	2.98	(2.35)	(1.39)	(4.00)	24.06	833,154	0.99	1.39(e)	1
2015	28.55	0.25	(1.71)	(1.46)	(1.83)	(0.66)	(2.01)	25.08	985,647	0.88	1.37(e)	3
2014	26.68	0.30	3.05	3.35	(0.38)	(0.66)	(1.48)	28.55	1,604,629	1.06	1.37	4
2013	22.54	0.29	4.49	4.78	—	—	(0.64)	26.68	1,726,724	1.15	1.39	6
2012	18.52	0.25	4.13	4.38	—	(0.01)	(0.36)	22.54	1,603,696	1.17	1.40	6
Class A												
2017(c)	\$23.96	\$0.13	\$ 1.64	\$ 1.77	\$(0.34)	\$(0.26)	\$(0.84)	\$24.89	\$ 129,224	1.08%(d)	1.41%(d)(e)(f)	0%(g)
2016	24.99	0.26	2.71	2.97	(2.35)	(1.39)	(4.00)	23.96	160,593	0.99	1.39(e)	1
2015	28.45	0.26	(1.71)	(1.45)	(1.83)	—	(2.01)	24.99	183,418	0.90	1.37(e)	3
2014	26.59	0.30	3.04	3.34	(0.38)	(0.66)	(1.48)	28.45	209,501	1.07	1.37	4
2013	22.47	0.28	4.48	4.76	—	(0.01)	(0.64)	26.59	215,353	1.14	1.39	6
2012	18.47	0.25	4.11	4.36	—	(0.01)	(0.36)	22.47	164,177	1.19	1.40	6
Class C												
2017(c)	\$20.99	\$0.04	\$ 1.42	\$ 1.46	\$(0.34)	\$(0.26)	\$(0.84)	\$21.61	\$ 284,181	0.36%(d)	2.16%(d)(e)(f)	0%(g)
2016	22.48	0.06	2.45	2.51	(2.35)	(1.56)	(4.00)	20.99	306,349	0.24	2.14(e)	1
2015	25.99	0.04	(1.54)	(1.50)	(1.83)	—	(2.01)	22.48	329,846	0.15	2.12(e)	3
2014	24.59	0.08	2.80	2.88	(0.38)	(0.85)	(1.48)	25.99	321,772	0.31	2.12	4
2013	20.97	0.09	4.17	4.26	—	—	(0.64)	24.59	224,804	0.38	2.14	6
2012	17.38	0.09	3.86	3.95	—	(0.15)	(0.36)	20.97	161,842	0.46	2.15	6
Class I												
2017(c)	\$24.80	\$0.17	\$ 1.69	\$ 1.86	\$(0.34)	\$(0.26)	\$(0.84)	\$25.82	\$ 478,661	1.37%(d)	1.16%(d)(e)(f)	0%(g)
2016	25.68	0.33	2.79	3.12	(2.35)	(1.33)	(4.00)	24.80	484,305	1.24	1.14(e)	1
2015	29.11	0.34	(1.76)	(1.42)	(1.83)	(0.59)	(2.01)	25.68	663,429	1.15	1.12(e)	3
2014	27.11	0.38	3.10	3.48	(0.38)	(0.59)	(1.48)	29.11	652,719	1.28	1.12	4
2013	22.84	0.35	4.56	4.91	—	—	(0.64)	27.11	382,333	1.38	1.14	6
2012	18.71	0.33	4.16	4.49	—	—	(0.36)	22.84	309,157	1.54	1.15	6

+ Total return represents aggregate total return of a hypothetical \$1,000 investment at the beginning of the year and sold at the end of the period including reinvestment of distributions and does not reflect applicable sales charges. Total return for a period of less than one year is not annualized.

- (a) Per share amounts have been calculated using the average shares outstanding method.
- (b) Amount represents less than \$0.005 per share.
- (c) For the six months ended March 31, 2017, unaudited.
- (d) Annualized.
- (e) The Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. For the six months ended March 31, 2017 and the years ended September 30, 2016 and 2015, there was no impact to the expense ratios.
- (f) The Fund incurred interest expense during the six months ended March 31, 2017. If interest expense had not been incurred, the ratio of operating expenses to average net assets would have been 1.39% (Class AAA and Class A), 2.14% (Class C), and 1.14% (Class I). For the years ended September 30, 2016, 2015, 2014, 2013, and 2012, the effect of interest expense was minimal.
- (g) Amount represents less than 0.5%.

See accompanying notes to financial statements.

The Gabelli Equity Income Fund

Notes to Financial Statements (Unaudited)

1. Organization. The Gabelli Equity Income Fund is a series of the Gabelli Equity Series Funds, Inc. (the "Corporation"). The Corporation was incorporated on July 25, 1991 in Maryland. The Fund is a diversified open-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"), and one of three separately managed portfolios of the Corporation. The Fund seeks to provide a high level of total return on its assets with an emphasis on income. The Fund commenced investment operations on January 2, 1992.

2. Significant Accounting Policies. As an investment company, the Fund follows the investment company accounting and reporting guidance, which is part of U.S. generally accepted accounting principles ("GAAP") that may require the use of management estimates and assumptions in the preparation of its financial statements. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

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 a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market, but prior to the close of business on the day the securities are being valued. Debt obligations 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. Such debt obligations are valued through prices provided by a pricing service approved by the Board. Certain securities are valued principally using dealer quotations.

Securities and assets for which market quotations are not readily available are fair valued as determined by 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 with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with the equivalent U.S. dollar value American Depositary Receipt 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.

The Gabelli Equity Income Fund

Notes to Financial Statements (Unaudited) (Continued)

The inputs and valuation techniques used to measure fair value of the Fund's investments are summarized into three levels as described in the hierarchy below:

- Level 1 — quoted prices in active markets for identical securities;
- Level 2 — other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); and
- Level 3 — significant unobservable inputs (including the Board's determinations as to the fair value of investments).

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments in securities by inputs used to value the Fund's investments as of March 31, 2017 is as follows:

	Valuation Inputs			Total Market Value at 3/31/17
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Other Significant Observable Inputs	
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks (a)	\$1,635,958,769	—	—	\$1,635,958,769
Convertible Preferred Stocks (a)	1,485,600	—	—	1,485,600
Rights (a)	28,320	\$ 100,006	—	128,326
Warrants (a)	327	—	—	327
Convertible Corporate Bonds (a)	—	908,406	—	908,406
Corporate Bonds (a)	—	932,040	\$ 0	932,040
TOTAL INVESTMENTS IN SECURITIES – ASSETS	\$1,637,473,016	\$1,940,452	\$ 0	\$1,639,413,468

(a) Please refer to the Schedule of Investments for the industry classifications of these portfolio holdings.

The Fund did not have material transfers among Level 1, Level 2, and Level 3 during the six months ended March 31, 2017. The Fund's policy is to recognize transfers among Levels as of the beginning of the reporting period.

Additional Information to Evaluate Qualitative Information.

General. The Fund uses recognized industry pricing services – approved by the Board and unaffiliated with the Adviser – to value most of its securities, and uses broker quotes provided by market makers of securities not valued by these and other recognized pricing sources. Several different pricing feeds are received to value domestic equity securities, international equity securities, preferred equity securities, and fixed income securities. The data within these feeds are ultimately sourced from major stock exchanges and trading systems where these securities trade. The prices supplied by external sources are checked by obtaining quotations or actual transaction prices from market participants. If a price obtained from the pricing source is deemed unreliable, prices will be sought from another pricing service or from a broker/dealer that trades that security or similar securities.

Fair Valuation. Fair valued securities may be common or preferred equities, warrants, options, rights, or fixed income obligations. Where appropriate, Level 3 securities are those for which market quotations are not

The Gabelli Equity Income Fund

Notes to Financial Statements (Unaudited) (Continued)

available, such as securities not traded for several days, or for which current bids are not available, or which are restricted as to transfer. When fair valuing a security, factors to consider include recent prices of comparable securities that are publicly traded, reliable prices of securities not publicly traded, the use of valuation models, current analyst reports, valuing the income or cash flow of the issuer, or cost if the preceding factors do not apply. A significant change in the unobservable inputs could result in a lower or higher value in Level 3 securities. The circumstances of Level 3 securities are frequently monitored to determine if fair valuation measures continue to apply.

The Adviser reports quarterly to the Board the results of the application of fair valuation policies and procedures. These may include backtesting the prices realized in subsequent trades of these fair valued securities to fair values previously recognized.

Derivative Financial Instruments. The Fund may engage in various portfolio investment strategies by investing in derivative financial instruments for the purposes of increasing the income of the Fund, hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase, or hedging against a specific transaction with respect to either the currency in which the transaction is denominated or another currency. Investing in certain derivative financial instruments, including participation in the options, futures, or swap markets, entails certain execution, liquidity, hedging, tax, and securities, interest, credit, or currency market risks. Losses may arise if the Adviser's prediction of movements in the direction of the securities, foreign currency, and interest rate markets is inaccurate. Losses may also arise if the counterparty does not perform its duties under a contract, or in the event of default, the Fund may be delayed in or prevented from obtaining payments or other contractual remedies owed to it under derivative contracts. The creditworthiness of the counterparties is closely monitored in order to minimize these risks. Participation in derivative transactions involves investment risks, transaction costs, and potential losses to which the Fund would not be subject absent the use of these strategies. The consequences of these risks, transaction costs, and losses may have a negative impact on the Fund's ability to pay distributions.

The Fund's derivative contracts held at March 31, 2017, if any, are not accounted for as hedging instruments under GAAP and are disclosed in the Schedule of Investments together with the related counterparty.

Swap Agreements. The Fund may enter into equity contract for difference swap transactions for the purpose of increasing the income of the Fund. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an equity contract for difference swap, a set of future cash flows is exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. Depending on the general state of short term interest rates and the returns on the Fund's portfolio securities at the time an equity contract for difference swap transaction reaches its scheduled termination date, there is a risk that the Fund 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.

Unrealized gains related to swaps are reported as an asset and unrealized losses are reported as a liability in the Statement of Assets and Liabilities. The change in value of swaps, including the accrual of periodic amounts of interest to be received or paid on swaps, is reported as unrealized gain or loss in the Statement

The Gabelli Equity Income Fund

Notes to Financial Statements (Unaudited) (Continued)

of Operations. A realized gain or loss is recorded upon payment or receipt of a periodic payment or termination of swap agreements. At March 31, 2017, the Fund held no investments in equity contract for difference swap agreements.

Securities Sold Short. The Fund may enter into short sale transactions. Short selling involves selling securities that may or may not be owned and, at times, borrowing the same securities for delivery to the purchaser, with an obligation to replace such borrowed securities at a later date. The proceeds received from short sales are recorded as liabilities and the Fund records an unrealized gain or loss to the extent of the difference between the proceeds received and the value of an open short position on the day of determination. The Fund records a realized gain or loss when the short position is closed out. By entering into a short sale, the Fund bears the market risk of an unfavorable change in the price of the security sold short. Dividends on short sales are recorded as an expense by the Fund on the ex-dividend date and interest expense is recorded on the accrual basis. The broker retains collateral for the value of the open positions, which is adjusted periodically as the value of the position fluctuates. At March 31, 2017, there were no short sales outstanding.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at 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 Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial purchase trade date and subsequent sale trade date is included in realized gain/(loss) on investments.

Foreign Securities. The Fund 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 inability 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 securities of comparable U.S. issuers.

Foreign Taxes. The Fund may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Fund 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 Securities. The Fund may invest up to 15% of its net assets in securities for which the markets are restricted. Restricted securities include securities whose disposition is subject to substantial legal or contractual restrictions. The sale of restricted securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than 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 SEC may be treated as liquid if they satisfy liquidity standards established

The Gabelli Equity Income Fund

Notes to Financial Statements (Unaudited) (Continued)

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. At March 31, 2017, the Fund held no restricted securities.

Securities Transactions and Investment Income. Securities transactions are accounted for on the trade date with realized gain/(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 effective yield to maturity method. Dividend income is recorded on the ex-dividend date, except for certain dividends from foreign securities that are recorded as soon after the ex-dividend date as the Fund becomes aware of such dividends.

Determination of Net Asset Value and Calculation of Expenses. Certain administrative expenses are common to, and allocated among, various affiliated funds. Such allocations are made on the basis of each fund's average net assets or other criteria directly affecting the expenses as determined by the Adviser pursuant to procedures established by the Board.

In calculating the NAV per share of each class, investment income, realized and unrealized gains and losses, redemption fees, and expenses other than class specific expenses are allocated daily to each class of shares based upon the proportion of net assets of each class at the beginning of each day. Distribution expenses are borne solely by the class incurring the expense.

Distributions to Shareholders. Distributions to shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under GAAP. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income for federal income tax purposes include net realized gains on foreign currency transactions. 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 Fund.

The tax character of distributions paid during the year ended September 30, 2016 was as follows:

Distributions paid from:	
Ordinary income	\$ 19,177,983
Net long term capital gains	184,856,047
Return of capital	<u>69,179,056</u>
Total distributions paid	<u>\$273,213,086</u>

The Fund has a fixed distribution policy. Under the policy, the Fund declares and pays monthly distributions from net investment income, capital gains, and paid-in capital. The actual source of the distribution is determined after the end of the calendar year. Pursuant to this policy, distributions during the calendar year are made in excess of required distributions. To the extent such distributions are made from current earnings and profits, they are considered ordinary income or long term capital gains. The Fund's current distribution policy may restrict the Fund's ability to pass through to shareholders all of its net realized long term capital gains as a Capital Gain Dividend, subject to the maximum federal income tax rate of 20%, and may cause such gains to be treated as ordinary income subject to a maximum federal income tax rate of 39.6%. In addition, certain U.S. shareholders who are individuals, estates, or trusts and whose income exceeds certain thresholds will be required

The Gabelli Equity Income Fund

Notes to Financial Statements (Unaudited) (Continued)

to pay 3.8% Medicare tax on their “net investment income,” which includes dividends received from the Fund and capital gains from the sale or other disposition of shares of the Fund. Distributions sourced from paid-in capital should not be considered as dividend yield or the total return from an investment in the Fund. The Board continues to evaluate its distribution policy in light of ongoing economic and market conditions and may change the amount of the monthly distributions in the future.

Provision for Income Taxes. The Fund 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 policy of the Fund 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.

The following summarizes the tax cost of investments and the related net unrealized appreciation at March 31, 2017:

	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
Investments	\$829,778,266	\$827,963,549	\$(18,328,347)	\$809,635,202

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund’s tax returns to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold. For the six months ended March 31, 2017, the Fund did not incur any income tax, interest, or penalties. As of March 31, 2017, the Adviser has reviewed all open tax years and concluded that there was no impact to the Fund’s net assets or results of operations. The Fund’s federal and state tax returns for the prior three fiscal years remain open, subject to examination. On an ongoing basis, the Adviser will monitor the Fund’s tax positions to determine if adjustments to this conclusion are necessary.

3. Investment Advisory Agreement and Other Transactions. The Fund has entered into an investment advisory agreement (the “Advisory Agreement”) with the Adviser which provides that the Fund will pay the Adviser a fee, computed daily and paid monthly, at the annual rate of 1.00% of the value of its average daily net assets. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund’s portfolio, oversees the administration of all aspects of the Fund’s business and affairs, and pays the compensation of all Officers and Directors of the Fund who are affiliated persons of the Adviser.

The Corporation pays each Director who is not considered an affiliated person an annual retainer of \$18,000 plus \$2,000 for each Board meeting attended, and they are reimbursed for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$1,000 per meeting attended. The Chairman of the Audit Committee receives a \$3,000 annual fee, and the Lead Director receives an annual fee of \$2,000. A Director may receive a single meeting fee, allocated among the participating funds, for attending certain meetings held on behalf of multiple funds. Directors who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Corporation.

4. Distribution Plan. The Fund’s Board has adopted a distribution plan (the “Plan”) for each class of shares, except for Class I Shares, pursuant to Rule 12b-1 under the 1940 Act. Under the Class AAA, Class A, and Class C Share Plans, payments are authorized to G.distributors, LLC (the “Distributor”), an affiliate of the Adviser,

The Gabelli Equity Income Fund

Notes to Financial Statements (Unaudited) (Continued)

at annual rates of 0.25%, 0.25%, and 1.00%, respectively, of the average daily net assets of those classes, the annual limitations under each Plan. Such payments are accrued daily and paid monthly.

5. Portfolio Securities. Purchases and sales of securities during the six months ended March 31, 2017, other than short term securities and U.S. Government obligations, aggregated \$7,049,079 and \$313,248,880, respectively.

6. Transactions with Affiliates and Other Arrangements. During the six months ended March 31, 2017, the Fund paid \$148,112 in brokerage commissions on security trades to G.research, LLC, an affiliate of the Adviser. Additionally, the Distributor retained a total of \$66,131 from investors representing commissions (sales charges and underwriting fees) on sales and redemptions of Fund shares.

During the six months ended March 31, 2017, the Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. The amount of such expenses paid through this directed brokerage arrangement during this period was \$7,138.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement. During the six months ended March 31, 2017, the Fund paid or accrued \$22,500 to the Adviser in connection with the cost of computing the Fund's NAV.

During the six months ended March 31, 2017, the Fund engaged in sale transactions with funds that have a common investment adviser. These sale transactions complied with Rule 17a-7 under the Act and amount to \$3,131.

7. Line of Credit. The Fund participates in an unsecured line of credit, which expires on March 8, 2018 and may be renewed annually, of up to \$75,000,000 under which it may borrow up to 10% of its net assets from the custodian for temporary borrowing purposes. Borrowings under this arrangement bear interest at a floating rate equal to the higher of the overnight Federal Funds rate plus 125 basis points or the 30 day LIBOR plus 125 basis points in effect on that day. This amount, if any, would be included in "interest expense" in the Statement of Operations. At March 31, 2017, there was \$2,549,000 outstanding under the line of credit.

The average daily amount of borrowings outstanding under the line of credit during the six months ended March 31, 2017 was \$10,835,692 with a weighted average interest rate of 1.90%. The maximum amount borrowed at any time during the six months ended March 31, 2017 was \$55,607,000.

8. Capital Stock. The Fund offers four classes of shares – Class AAA Shares, Class A Shares, Class C Shares, and Class I Shares. Class AAA and Class I Shares are offered without a sales charge. Class A Shares are subject to a maximum front-end sales charge of 5.75%, and Class C Shares are subject to a 1.00% contingent deferred sales charge for one year after purchase.

The Fund imposes a redemption fee of 2.00% on all classes of shares that are redeemed or exchanged on or before the seventh day after the date of a purchase. The redemption fee is deducted from the proceeds otherwise payable to the redeeming shareholders and is retained by the Fund as an increase in paid-in capital. The redemption fees retained by the Fund during the six months ended March 31, 2017 and the year ended September 30, 2016, if any, can be found in the Statement of Changes in Net Assets under Redemption Fees.

The Gabelli Equity Income Fund

Notes to Financial Statements (Unaudited) (Continued)

Transactions in shares of capital stock were as follows:

	Six Months Ended March 31, 2017 (Unaudited)		Year Ended September 30, 2016	
	Shares	Amount	Shares	Amount
Class AAA				
Shares sold.....	525,162	\$ 12,893,884	1,436,608	\$ 37,106,495
Shares issued upon reinvestment of distributions.....	1,046,912	25,513,491	4,791,800	117,986,705
Shares redeemed	(6,189,179)	(151,161,232)	(10,900,808)	(282,420,465)
Net decrease	<u>(4,617,105)</u>	<u>\$(112,753,857)</u>	<u>(4,672,400)</u>	<u>\$(127,327,265)</u>
Class A				
Shares sold.....	585,984	\$ 14,205,479	1,339,365	\$ 34,432,584
Shares issued upon reinvestment of distributions.....	190,155	4,613,454	883,107	21,644,670
Shares redeemed	(2,286,245)	(56,211,352)	(2,859,662)	(73,606,472)
Net decrease	<u>(1,510,106)</u>	<u>\$(37,392,419)</u>	<u>(637,190)</u>	<u>\$ (17,529,218)</u>
Class C				
Shares sold.....	1,029,149	\$ 21,782,739	2,876,079	\$ 66,322,080
Shares issued upon reinvestment of distributions.....	470,392	9,951,632	2,069,324	44,696,486
Shares redeemed	(2,945,087)	(62,396,751)	(5,019,513)	(115,807,066)
Net decrease	<u>(1,445,546)</u>	<u>\$ (30,662,380)</u>	<u>(74,110)</u>	<u>\$ (4,788,500)</u>
Class I				
Shares sold.....	2,570,885	\$ 65,514,870	2,668,289	\$ 70,894,899
Shares issued upon reinvestment of distributions.....	558,754	14,060,305	2,591,553	65,764,539
Shares redeemed	(4,121,599)	(103,758,987)	(11,564,857)	(307,044,086)
Net decrease	<u>(991,960)</u>	<u>\$ (24,183,812)</u>	<u>(6,305,015)</u>	<u>\$(170,384,648)</u>

9. Indemnifications. The Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts. Management has reviewed the Fund's existing contracts and expects the risk of loss to be remote.

10. Subsequent Events. Management has evaluated the impact on the Fund of all subsequent events occurring through the date the financial statements were issued and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

The Gabelli Equity Income Fund

Board Consideration and Re-Approval of Advisory Agreement (Unaudited)

During the six months ended March 31, 2017, the Board of Directors of the Corporation approved the continuation of the investment advisory agreement with the Adviser for the Fund on the basis of the recommendation by the directors (the “Independent Board Members”) who are not “interested persons” of the Fund. The following paragraphs summarize the material information and factors considered by the Independent Board Members as well as their conclusions relative to such factors.

Nature, Extent, and Quality of Services. The Independent Board Members considered information regarding the portfolio manager, the depth of the analyst pool available to the Adviser and the portfolio manager, the scope of administrative, shareholder, and other services supervised or provided by the Adviser, and the absence of significant service problems reported to the Board. The Independent Board Members noted the experience, length of service, and reputation of the portfolio manager.

Investment Performance. The Independent Board Members reviewed the short, medium, and long term performance of the Fund against a peer group of equity income funds. The Independent Board Members noted that the Fund’s performance was in the third quartile of the funds in its category for the one year and three year periods, and the second quartile for the five year period.

Profitability. The Independent Board Members reviewed summary data regarding the profitability of the Fund to the Adviser both with an administrative overhead charge and without such a charge. The Independent Board Members also noted that a substantial portion of the Fund’s portfolio transactions were executed by an affiliated broker, that another affiliated broker received distribution fees and minor amounts of sales commissions, and that the Adviser received a moderate level of soft dollar research benefits through the Fund’s portfolio brokerage.

Economies of Scale. The Independent Board Members discussed the major elements of the Adviser’s cost structure and the relationship of those elements to potential economies of scale.

Sharing of Economies of Scale. The Independent Board Members noted that the investment management fee schedule for the Fund does not take into account any potential economies of scale that may develop.

Service and Cost Comparisons. The Independent Board Members compared the expense ratios of the investment management fee, other expenses, and total expenses of the Fund with similar expense ratios of the peer group of equity income funds and noted that the Adviser’s management fee includes substantially all administrative services for the Fund as well as investment advisory services. The Independent Board Members noted that the Fund’s expense ratios were above average within this group. The Independent Board Members also noted that the Fund’s size was above average within this group. The Independent Board Members also noted that the management fee structure was the same as that in effect for most of the Gabelli funds. The Independent Board Members did not compare the management fee with the fees for other types of accounts managed by the Adviser.

Conclusions. The Independent Board Members concluded that the Fund enjoyed highly experienced portfolio management services, good ancillary services, and a reasonable performance record. The Independent Board Members also concluded that the Fund’s expense ratios and the profitability to the Adviser of managing the Fund were reasonable, particularly in light of the Fund’s performance, and that economies of scale were not a significant factor in their thinking at this time. The Independent Board Members did not view the potential profitability of ancillary services as material to their decision. On the basis of the foregoing and without assigning

The Gabelli Equity Income Fund

Board Consideration and Re-Approval of Advisory Agreement (Unaudited) (Continued)

particular weight to any single conclusion, the Independent Board Members determined to recommend continuation of the investment management agreement to the full Board.

Based on a consideration of all these factors in their totality, the Board Members, including all of the Independent Board Members, determined that the Fund's advisory fee was fair and reasonable with respect to the quality of services provided and in light of the other factors described above that the Board deemed relevant. Accordingly, the Board Members determined to approve the continuation of the Fund's Advisory Agreement. The Board Members based their decision on evaluations of all these factors as a whole and did not consider any one factor as all important or controlling.

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GABELLI EQUITY INCOME FUND
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Portfolio Manager Biography

Mario J. Gabelli, CFA, is Chairman, Chief Executive Officer, and Chief Investment Officer - Value Portfolios of GAMCO Investors, Inc. that he founded in 1977, and Chief Investment Officer - Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc. He is also Executive Chairman of Associated Capital Group, Inc. Mr. Gabelli is a summa cum laude graduate of Fordham University and holds an MBA degree from Columbia Business School and Honorary Doctorates from Fordham University and Roger Williams University.

We have separated the portfolio manager's commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio manager's commentary is unrestricted. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com.

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Skadden, Arps, Slate, Meagher &
Flom LLP

This report is submitted for the general information of the shareholders of The Gabelli Equity Income Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.

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GABELLI
FUNDS

THE GABELLI EQUITY INCOME FUND

*Semiannual Report
March 31, 2017*

