

The Gabelli Equity Income Fund

Shareholder Commentary

June 30, 2017



Mario J. Gabelli, CFA
Portfolio Manager

To Our Shareholders,

For the quarter ended June 30, 2017, the net asset value (“NAV”) per Class AAA Share of The Gabelli Equity Income Fund increased 2.6% compared with an increase of 3.1% for the Standard & Poor’s (“S&P”) 500 Index. See page 2 for additional performance information.

Performance

The second quarter represented the first full quarter of President Trump’s new administration and the stock market continued on its rise to new all-time highs. Ever since the election of President Trump, the market has been on an upswing, powered by investors hope that there will be more pro-growth policies coming out of Washington, such as tax reform, less burdensome regulation and stimulus spending centered around infrastructure spending.

Unfortunately, these policies has not actually happened yet, as the administration has been having trouble getting new health care legislation through the Congress. Of course, to the extent that investors do not have to worry about higher taxes and more burdensome regulations, that alone is a plus for most investors. Although we feel the administration will have trouble actually passing into legislation much of what it hopes to propose, we do feel modest tax reform and increased infrastructure spending will ultimately happen in Washington D.C.

As difficult as it is to try to predict the future here in the U.S., it is not easier to try and predict in Europe. The process of figuring out how the British will withdraw from the European Union (EU) (Brexit), still needs to be worked on and various other countries are debating if they too, want to break away from the EU. The French recently re-affirmed their desire to stay within the EU and anti-EU rhetoric seems to be on the wane for now.

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 June 30, 2017 (a) (b) (Unaudited)

	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (1/2/92)
Class AAA (GABEX)	2.59%	11.93%	10.75%	5.89%	8.42%	9.96%
S&P 500 Index	3.09	17.90	14.63	7.18	8.34	9.34(c)
Nasdaq Composite Index	4.20	28.37	17.45	10.23	11.22	9.64(c)
Lipper Equity Income Fund Average	2.17	14.43	12.30	5.54	7.46	8.45
Class A (GCAEX)	2.58	11.95	10.76	5.90	8.41	9.95
With sales charge (d)	(3.32)	5.51	9.46	5.27	7.99	9.70
Class C (GCCEX)	2.41	11.11	9.94	5.11	7.70	9.53
With contingent deferred sales charge (e)	1.41	10.11	9.94	5.11	7.70	9.53
Class I (GCIEX)	2.68	12.25	11.04	6.16	8.60	10.06

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) S&P 500 Index and Nasdaq Composite Index since inception performance are 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.

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, are available on our website at www.gabelli.com.

The Economy

The U.S. economy continues to grow at a modest pace. The days of 4% real gross domestic product (GDP) growth are over and it has been a long time since we saw a year of 3% growth. Part of the slowdown in real GDP growth can be attributed to demographics, slower population growth and an aging workforce. We seem to be stuck in a yearly real growth range of 1.5% to 2.5%. That has been the case since this recovery commenced in July 2009 and nothing in the forecast suggests anything different. Although the Trump administration would like to get the economy growing at a 3% real rate once again, the odds of that happening in 2017 are very dim. Growth this year will be about 2%, once again. The bad news is this is the slowest expansion on record. The good news is it is one of the longest. Slow and steady is a recipe for enduring growth. There are certainly policy prescriptions that could elevate us out of this 2% growth range, some of which the Trump administration is advancing, but debating the merits of those is beyond the scope of this commentary (for that you should be glad).

The Markets

The Federal Reserve has been on a path of slowly rising short term interest rates back up to a more normalized level. After the financial crisis, The Federal Reserve slashed short term interest rates down to about zero, but now rates are at 1.25%, after three increases over the past three quarters by the Federal Reserve. We expect that gradual increases will continue and that by this time next year, short term rates will be around 2.0%. In addition to gradually raising short term interest rates, the Federal Reserve will also probably start to unwind its massive \$4.5 trillion asset portfolio, which it built up during the QE, or quantitative easing, period. We expect the unwinding will be a very gradual approach whereby some maturing securities will not be reinvested and the whole process will go on for many years.

Investors are facing an acute shortage of good income generating opportunities. While not a realistic choice for some investors, stocks must play a larger role overall in meeting investors' income needs. At this writing, a majority of the stocks in the S&P 500 have dividend yields that are equal to or higher than the 10-year Treasury yield, which is right around 2.2%. The overall S&P 500 has a dividend yield of right around 2%, not much different from that of the U.S. 10-year Treasury yield. Stocks offer compelling current income and growth of income for investors that can tolerate stock market volatility. Stocks also offer the potential for growth in capital over time. It is hard to imagine growing capital by investing in bonds at historically low interest rates. We are probably in the final inning of a 35 year bull market in bonds.

Investment Scorecard

During the second quarter of 2017, the S&P 500 was up about 3% on a total return basis and most of the sectors that make up the S&P 500 index were also up. In fact, there were only two S&P 500 sectors that were down in the second quarter: telecom and energy, both down just over 6%. Declining oil prices during the quarter weighted down the energy sector. The best performing sector was the health care sector, up about 7% and the industrial sector was the second best performing, up almost 5%.

Some of the stocks that helped performance the most in The Gabelli Equity Income Fund during the second quarter were Whole Foods Inc. (0.3% of net asset as of June 30, 2017), Bank of New York Corp. (3.1%) and Citigroup (1.6%). Whole Foods Inc., which is a supermarket for natural and organic foods, and has over 450 stores, agreed to be acquired by Amazon.com Inc. in an all-cash transaction. During the quarter, Whole Foods Inc. was actually the best performing stock in the S&P 500. Both Bank of New York Corp. and Citigroup Inc. are financial companies that we believe will benefit from rising interest rates. In addition, both companies are large positions in (y)our portfolio and performed well in the second quarter as short term interest rates did move up.

A few of the worst performing stocks in the Fund during the second quarter were, Halliburton Co.(0.9%), Anadarko Petroleum Corp. (0.5%), and Schlumberger LTD (0.2%). These three stocks were each down over 10%, and each stock is an energy company. Both Halliburton Co. and Schlumberger LTD are oil service companies, meaning that they help the exploration and production energy companies drill for oil and natural gas. These stocks were pulled down with the overall sector in the second quarter.

Let's Talk Stocks

The following are stock 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 June 30, 2017.

American Express Co. (1.2% of net asset as of June 30, 2017) (AXP – \$84.24 – NYSE) is the largest closed loop credit card company in the world. The company operates its eponymous premiere branded payment network and lends to its largely affluent customer base. American Express Co. has 112 million cards in force and nearly \$65 billion in loans, while its customers charged \$1.0 trillion of spending on their cards in 2016. The company's strong consumer brand has allowed American Express Co. to enter the deposit gathering market as an alternate source of funding, while the company's affluent customers have picked up spending. Longer term, American Express Co. should capitalize on its higher spending customer base and continue to expand into other payment related businesses, such as corporate purchasing, while also growing in emerging markets. Similarly, the company is looking at the growing success of social media as an opportunity to expand its product base and payment options.

Bank of New York Mellon Corp. (3.1%) (BK – \$51.02 – 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 March 2017, the firm had \$30.6 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 Bank of New York Mellon Corp. is also well positioned to grow earnings in a rising interest rate environment, given its large customer cash deposits and significant loan book.

Brown-Forman Corp. (1.1%) (BF – \$49.30 – NYSE) is a leading global distilled spirits producer. Spirits is an advantaged category that enjoys high margins, low capital requirements, strong free cash flow generation and good pricing power. The company's global brands include Jack Daniel's Tennessee whiskey, Finlandia vodka, Woodford Reserve bourbon, and el Jimador and Herradura tequilas. Jack Daniel's is one of the world's most valuable spirits brands, enjoying strong growth both in the U.S. and internationally as consumers increasingly choose to drink American whiskies. The company has also successfully expanded the brand into the fast growing flavored whiskey category. While Brown-Forman Corp. does face some near term headwinds from negative foreign currency exposure and a slowdown in emerging markets, the company is positioned to grow revenues and profits substantially over the next several years, and has significant balance sheet flexibility. While the company is family controlled, we believe that if it ever became available for sale it would be highly coveted by other large global spirits players. This was evidenced during the quarter when the stock rose on news that Constellation Brands made an overture for the company, which was rejected by Brown Forman's board.

CVS Health Corp. (1.9%) (CVS – \$80.46 – NYSE) is the leading pharmacy and pharmacy benefits manager in the country, with over \$150 billion in annual revenue. This year is a challenging one for CVS as they deal with stronger competition from Walgreens and respond to attacks on the value of pharmacy benefits managers (PBM) in the industry. We believe that PBM's do help lower costs and they have successfully responded to these attacks in the past, improving the transparency of their business models. CVS should return to strong earnings growth in 2018 and continues to return its prodigious free cash flow to shareholders via dividends and share repurchases.

Halliburton Co. (0.9%) (HAL – \$42.71 – NYSE), based in Houston, Texas, is one of the leading providers of services and products to the energy industry related to the exploration, development, and production of oil and natural gas. As West Texas Intermediate crude prices recovered from a low of \$26 in February 2016 to near \$45 currently, U.S. independent exploration and production operators have resumed drilling. U.S. rig count increased from a low of 380 rigs in May 2016 to near 920 rigs currently while drilled but uncompleted wells have increased for six consecutive months and stand at nearly 6,000 wells across the seven key U.S. basins. HAL is well positioned to benefit from the upcoming surge in well completion activity. The company accelerated equipment and service line activations in the first half of 2017 to meet demand, lock in more attractive contract terms and roll its current customers' fleets onto leading edge pricing. Accordingly, North America land is expected to drive HAL's near term growth and offset stagnant activity on international land and declining activity in offshore markets. Our Private Market Value for Halliburton Co. is \$63 per share

Honeywell International Inc. (1.2%) (HON – \$133.29 – 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 Honeywell

International Inc. 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 Honeywell International Inc. spurred by global energy efficiency initiatives and natural resource management.

JPMorgan Chase & Co. (1.3%) (JPM – \$91.40 – 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

Mondelez International Inc. (2.1%) (MDLZ – \$43.19 – 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 Mondelez'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 Mondelez combined its coffee business with D.E Master Blenders 1753 to form a new coffee company, Jacobs Douwe Egberts. Subsequently, Mondelez International Inc. 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.

In Conclusion

While change is constant, the fundamental underpinnings of common stock value investing remain unchanged. Our stock selection process is based on the investment principles first articulated in 1934 by the fathers of security analysis, Benjamin Graham and David Dodd. Their work provided the framework for value investing. Our firm contributed to the academic and empirical research on value investing by introducing the concept of Private Market Value (PMV) with a Catalyst™. This is our proprietary research methodology that focuses on individual stock selection by identifying stocks of firms selling at a discount to intrinsic value per share with a reasonable probability of realizing their PMVs. We define PMV as the price a strategic acquirer would likely be willing to pay for the entire enterprise. Catalysts are specific events or circumstances with varying time horizons that can trigger a narrowing of the difference between the market price of a stock and its estimated PMV per share. Price appreciation can occur instantly, as in the case in an announced takeover, or more gradually over time. There are a variety of catalysts that can cause change. Some general categories include: company specific, industry, regulatory, demographic, political and economic. 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.

July 21, 2017

Top Ten Holdings (Percent of Net Assets)
June 30, 2017

Bank of New York Mellon Corp.	3.1%	CVS Health Corp.	1.9%
Swedish Match AB	2.2%	Marsh & McLennan Cos Inc.	1.6%
Genuine Parts Co.	2.0%	Citigroup Inc.	1.6%
Mondelez International Inc.	2.0%	Bristol-Myers Squibb Co.	1.4%
Wells Fargo & Co.	1.9%	CBS Corp.	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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GABELLI.COM

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
June 30, 2017

The Gabelli Equity Income Fund

Third Quarter Report — June 30, 2017



Mario J. Gabelli, CFA
Portfolio Manager

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Enclosed is the schedule of investments as of June 30, 2017.

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The Gabelli Equity Income Fund

Schedule of Investments — June 30, 2017 (Unaudited)

Shares		Market Value	Shares		Market Value
COMMON STOCKS — 99.3%					
Aerospace — 2.0%					
64,000	Aerojet Rocketdyne Holdings Inc.†	\$ 1,331,200	30,000	S&P Global Inc.	\$ 4,379,700
2,000	Lockheed Martin Corp.	555,220	4,000	Vectrus Inc.†	129,280
10,000	Raytheon Co.	1,614,800			<u>25,658,520</u>
80,000	Rockwell Automation Inc.	12,956,800	10,000	Cable and Satellite — 1.1%	
2,000	Rockwell Collins Inc.	210,160	165,000	AMC Networks Inc., Cl. A†	534,100
1,300,000	Rolls-Royce Holdings plc	15,086,353	16,000	DISH Network Corp., Cl. A†	10,355,400
97,625,000	Rolls-Royce Holdings plc, Cl. C†	127,152	16,000	EchoStar Corp., Cl. A†	971,200
		<u>31,881,685</u>	9,581	Liberty Global plc LiLAC, Cl. A†	208,578
			20,030	Liberty Global plc LiLAC, Cl. C†	428,842
			60,000	Scripps Networks Interactive Inc., Cl. A	4,098,600
					<u>16,596,720</u>
Agriculture — 0.7%					
90,000	Archer Daniels Midland Co.	3,724,200	Communications Equipment — 0.4%		
57,000	Monsanto Co.	6,746,520	220,000	Corning Inc.	6,611,000
12,000	The Mosaic Co.	273,960			
		<u>10,744,680</u>	Computer Hardware — 0.9%		
Automotive — 0.5%					
214,000	Navistar International Corp.†	5,613,220	22,000	Apple Inc.	3,168,440
30,000	PACCAR Inc.	1,981,200	76,000	International Business Machines Corp.	11,691,080
		<u>7,594,420</u>			<u>14,859,520</u>
Automotive: Parts and Accessories — 2.5%					
11,500	Adient plc	751,870	10,000	CDK Global Inc.	620,600
164,000	Dana Inc.	3,662,120	100,000	Fidelity National Information Services Inc.	8,540,000
350,000	Genuine Parts Co.	32,466,000	280,000	Hewlett Packard Enterprise Co.	4,645,200
28,000	Modine Manufacturing Co.†	463,400	50,000	Microsoft Corp.	3,446,500
1,200	O'Reilly Automotive Inc.†	262,488	23,000	NetScout Systems Inc.†	791,200
20,000	Tenneco Inc.	1,156,600			<u>18,043,500</u>
		<u>38,762,478</u>	Consumer Products — 5.0%		
Aviation: Parts and Services — 0.4%					
100,000	Arconic Inc.	2,265,000	44,000	Altria Group Inc.	3,276,680
29,000	United Technologies Corp.	3,541,190	80,000	Edgewell Personal Care Co.†	6,081,600
		<u>5,806,190</u>	60,000	Engelizer Holdings Inc.	2,881,200
Broadcasting — 1.9%					
347,000	CBS Corp., Cl. A, Voting	22,489,070	25,000	Essity AB, Cl. A†	684,891
65,575	Liberty Global plc, Cl. A†	2,106,269	2,000	National Presto Industries Inc.	221,000
158,000	Liberty Global plc, Cl. C†	4,926,440	50,000	Philip Morris International Inc.	5,872,500
36,000	MSG Networks Inc., Cl. A†	808,200	90,000	Reckitt Benckiser Group plc	9,124,489
		<u>30,329,979</u>	25,000	Svenska Cellulosa AB, Cl. A	216,625
Building and Construction — 1.5%					
200,000	Fortune Brands Home & Security Inc.	13,048,000	1,000,000	Swedish Match AB	35,217,871
49,000	Herc Holdings Inc.†	1,926,680	118,000	The Procter & Gamble Co	10,283,700
218,000	Johnson Controls International plc	9,452,480	78,000	Unilever NV - NY Shares	4,311,060
		<u>24,427,160</u>			<u>78,171,616</u>
Business Services — 1.6%					
37,000	Automatic Data Processing Inc.	3,791,020	Consumer Services — 0.2%		
85,000	Diebold Nixdorf Inc.	2,380,000	3,500	Allegion plc	283,920
100,000	Mastercard Inc., Cl. A	12,145,000	56,500	Rollins Inc.	2,300,115
2,000	MSC Industrial Direct Co. Inc., Cl. A	171,920			<u>2,584,035</u>
40,000	Pentair plc	2,661,600	Diversified Industrial — 4.5%		
			92,000	Crane Co.	7,302,960
			80,000	Eaton Corp. plc	6,226,400
			635,000	General Electric Co.	17,151,350
			140,000	Honeywell International Inc.	18,660,600
			50,000	ITT Inc.	2,009,000
			50,000	Jardine Matheson Holdings Ltd.	3,210,000

See accompanying notes to schedule of investments.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — June 30, 2017 (Unaudited)

Shares		Market Value	Shares		Market Value
	COMMON STOCKS (Continued)				
	Diversified Industrial (Continued)		22,000	Marathon Petroleum Corp.	\$ 1,151,260
180,000	Jardine Strategic Holdings Ltd.	\$ 7,504,200	44,000	Occidental Petroleum Corp.	2,634,280
120,000	Textron Inc.	5,652,000	3,000	PetroChina Co. Ltd., ADR	183,840
350,000	Toray Industries Inc.	2,926,028	100,000	Royal Dutch Shell plc, Cl. A, ADR	5,319,000
37,000	Trinity Industries Inc.	1,037,110	17,000	Total SA, ADR	843,030
		<u>71,679,648</u>			<u>46,024,520</u>
	Electronics — 1.5%			Energy and Utilities: Services — 1.3%	
45,000	Sony Corp.	1,714,781	345,000	Halliburton Co.	14,734,950
85,000	Sony Corp., ADR.	3,246,150	93,000	Oceaneering International Inc.	2,124,120
74,000	TE Connectivity Ltd.	5,822,320	44,000	Schlumberger Ltd.	2,896,960
160,000	Texas Instruments Inc.	12,308,800	90,000	Weatherford International plc†	348,300
		<u>23,092,051</u>			<u>20,104,330</u>
	Energy and Utilities: Electric — 0.3%			Energy and Utilities: Water — 0.2%	
10,000	American Electric Power Co. Inc.	694,700	17,000	Aqua America Inc.	566,100
7,000	Avangrid Inc.	309,050	80,000	Severn Trent plc	2,273,568
45,000	El Paso Electric Co.	2,326,500			<u>2,839,668</u>
50,000	Korea Electric Power Corp., ADR	898,500		Entertainment — 1.6%	
105,000	The AES Corp.	1,166,550	132,000	Grupo Televisa SAB, ADR	3,216,840
		<u>5,395,300</u>	12,000	The Madison Square Garden Co, Cl. A†	2,362,800
	Energy and Utilities: Integrated — 0.6%		34,000	Time Warner Inc.	3,413,940
5,512	California Resources Corp.†	47,128	155,000	Twenty-First Century Fox Inc., Cl. B.	4,319,850
4,000	Duke Energy Corp.	334,360	294,000	Viacom Inc., Cl. A.	11,186,700
188,000	Energy Transfer Equity LP	3,376,480			<u>24,500,130</u>
29,000	Eni SpA.	435,891		Environmental Services — 0.8%	
13,000	Eversource Energy	789,230	50,000	Republic Services Inc.	3,186,500
6,500	Iberdrola SA, ADR	206,213	130,000	Waste Management Inc.	9,535,500
64,000	OGE Energy Corp.	2,226,560			<u>12,722,000</u>
59,000	PNM Resources Inc.	2,256,750		Equipment and Supplies — 1.7%	
		<u>9,672,612</u>	57,500	A.O. Smith Corp.	3,238,975
	Energy and Utilities: Natural Gas — 1.3%		16,346	Danaher Corp.	1,379,439
2,000	Atmos Energy Corp.	165,900	179,000	Flowserve Corp.	8,310,970
80,000	Kinder Morgan Inc.	1,532,800	22,500	Graco Inc.	2,458,800
200,000	National Fuel Gas Co.	11,168,000	12,000	Ingersoll-Rand plc	1,096,680
15,000	ONE Gas Inc.	1,047,150	22,000	Minerals Technologies Inc.	1,610,400
100,000	ONEOK Inc.	5,216,000	186,500	Mueller Industries Inc.	5,678,925
12,000	Southwest Gas Holdings Inc.	876,720	16,000	Parker-Hannifin Corp.	2,557,120
		<u>20,006,570</u>	15,000	Tenaris SA, ADR	467,100
	Energy and Utilities: Oil — 2.9%				<u>26,798,409</u>
170,000	Anadarko Petroleum Corp.	7,707,800		Financial Services — 21.8%	
1,500	Apache Corp.	71,895	6,500	Alleghany Corp.†	3,866,200
44,000	BP plc, ADR	1,524,600	209,000	AllianceBernstein Holding LP	4,942,850
100,000	Chevron Corp.	10,433,000	228,000	American Express Co.	19,206,720
95,000	ConocoPhillips	4,176,200	128,000	American International Group Inc.	8,002,560
25,000	Denbury Resources Inc.†	38,250	26,000	Argo Group International Holdings Ltd.	1,575,600
39,000	Devon Energy Corp.	1,246,830	5,195	Banco Santander Chile, ADR	132,005
73,000	Exxon Mobil Corp.	5,893,290	93,000	Banco Santander SA, ADR	622,170
103,500	Hess Corp.	4,540,545	335,000	Bank of America Corp.	8,127,100
22,000	Marathon Oil Corp.	260,700	13,056	BNP Paribas SA.	940,347

See accompanying notes to schedule of investments.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — June 30, 2017 (Unaudited)

Shares	Market Value	Shares	Market Value
COMMON STOCKS (Continued)			
Financial Services (Continued)			
380,000	Citigroup Inc. \$ 25,414,400	128,000	Danone SA
18,000	Deutsche Bank AG	1,140,000	Daveide Campari-Milano SpA
40,000	Dundee Corp., Cl. A†	96,000	Diageo plc, ADR
44,000	Eaton Vance Corp. 2,082,080	50,000	Dr Pepper Snapple Group Inc.
130,000	Federated Investors Inc., Cl. B	128,000	Fomento Economico Mexicano SAB de CV, ADR
34,000	Fidelity Southern Corp. 777,240	220,000	General Mills Inc.
92,000	H&R Block Inc. 2,843,720	2,750,000	Grupo Bimbo SAB de CV, Cl. A
54,000	Interactive Brokers Group Inc., Cl. A	147,000	Heineken NV
230,000	JPMorgan Chase & Co. 21,022,000	17,000	Heineken NV, ADR
82,000	Julius Baer Group Ltd. 4,314,214	230,000	ITO EN Ltd.
30,000	Kemper Corp. 1,158,000	39,000	Kellogg Co.
90,100	Kinnevik AB, Cl. A	2,000	McCormick & Co. Inc., Cl. V.
19,000	Kinnevik AB, Cl. B	28,000	McCormick & Co. Inc., Non-Voting
235,000	Legg Mason Inc. 8,967,600	750,000	Mondelēz International Inc., Cl. A
15,000	Leucadia National Corp. 392,400	115,000	Nestlé SA
110,000	Loews Corp. 5,149,100	65,000	Nestlé SA, ADR
132,000	M&T Bank Corp. 21,377,400	112,000	Nissin Foods Holdings Co. Ltd.
330,000	Marsh & McLennan Companies Inc.	3,080,000	Parmalat SpA
280,000	Morgan Stanley	100,000	PepsiCo Inc.
220,000	Navient Corp. 3,663,000	45,000	Pernod Ricard SA
8,000	Northern Trust Corp. 777,680	58,000	Remy Cointreau SA
60,000	Och-Ziff Capital Management Group LLC, Cl. A	40,000	Sapporo Holdings Ltd.
38,000	Oritani Financial Corp. 647,900	68,000	The Kraft Heinz Co.
40,000	Popular Inc. 1,668,400	90,000	The Coca-Cola Co.
265,000	SLM Corp.†	1,000	The Hershey Co.
170,000	State Street Corp. 15,254,100	84,000	Tootsie Roll Industries Inc.
284,000	Sterling Bancorp. 6,603,000	4,000	Tyson Foods Inc., Cl. A
12,000	SunTrust Banks Inc. 680,640	104,000	Yakult Honsha Co. Ltd.
77,000	T. Rowe Price Group Inc. 5,714,170		<u>237,065,947</u>
100,000	TD Ameritrade Holding Corp. 4,299,000	Health Care — 10.5%	
970,000	The Bank of New York Mellon Corp.	14,000	Abbott Laboratories
3,000	The Dun & Bradstreet Corp. 324,450	10,000	AbbVie Inc.
18,500	The Goldman Sachs Group Inc. 4,105,150	34,000	Aetna Inc.
130,000	The Hartford Financial Services Group Inc.	4,000	Allergan plc.
104,500	The PNC Financial Services Group Inc.	78,000	Baxter International Inc.
16,000	The Travelers Companies Inc. 2,024,480	20,000	Bio-Rad Laboratories Inc., Cl. A†
50,000	W. R. Berkley Corp. 3,458,500	50,000	Boston Scientific Corp.†
104,000	Waddell & Reed Financial Inc., Cl. A	408,000	Bristol-Myers Squibb Co.
550,000	Wells Fargo & Co. 30,475,500	177,000	Eli Lilly & Co.
275,000	Wright Investors' Service Holdings Inc.†	20,000	Express Scripts Holding Co.†
	<u>343,404,233</u>	13,000	GlaxoSmithKline plc, ADR
		20,000	Henry Schein Inc.†
		140,000	Johnson & Johnson
1,000	Ajinomoto Co. Inc. 21,574	3,000	Laboratory Corp. of America Holdings†
4,500	Anheuser-Busch InBev SA/NV	327,000	Merck & Co. Inc.
355,500	Brown-Forman Corp., Cl. A	232,000	Novartis AG, ADR
172,000	Campbell Soup Co. 8,969,800	215,000	Patterson Cos., Inc.
80,000	Coca-Cola Amatil Ltd., ADR	280,000	Pfizer Inc.
20,000	Coca-Cola European Partners plc.	115,000	Roche Holding AG, ADR
14,500	Coca-Cola Femsa SAB de CV, ADR	28,000	Roche Holding AG, Genuschein
7,700	Constellation Brands Inc., Cl. A		

See accompanying notes to schedule of investments.

The Gabelli Equity Income Fund

Schedule of Investments (Continued) — June 30, 2017 (Unaudited)

Shares		Market Value	Shares		Market Value
	COMMON STOCKS (Continued)				
	Health Care (Continued)		106,000	Whole Foods Market Inc.....	\$ 4,463,660
38,000	Tenet Healthcare Corp.†	\$ 734,920			<u>98,568,902</u>
1,000	UnitedHealth Group Inc.....	185,420		Specialty Chemicals — 1.5%	
87,500	William Demant Holding A/S†	2,264,663	13,000	Albemarle Corp.	1,372,020
61,854	Wright Medical Group NV†	1,700,366	6,000	Ashland Global Holdings Inc.....	395,460
50,000	Zimmer Biomet Holdings Inc.	6,420,000	160,000	Ferro Corp.†	2,926,400
62,000	Zoetis Inc.....	<u>3,867,560</u>	8,000	FMC Corp.	584,400
		<u>165,738,700</u>	46,000	H.B. Fuller Co.	2,351,060
			89,000	International Flavors & Fragrances Inc.	12,015,000
	Hotels and Gaming — 0.3%		2,400	NewMarket Corp.	1,105,152
7,500	Las Vegas Sands Corp.	479,175	1,000	Quaker Chemical Corp.....	145,230
78,000	MGM Resorts International.....	2,440,620	12,000	Sensient Technologies Corp.	966,360
17,000	Wynn Resorts Ltd.....	<u>2,280,040</u>	20,000	The Chemours Co.	758,400
		<u>5,199,835</u>	21,000	Valvoline Inc.	<u>498,120</u>
					<u>23,117,602</u>
	Machinery — 1.0%			Telecommunications — 3.2%	
6,000	Caterpillar Inc.....	644,760	2,000	AT&T Inc.	75,460
90,000	Deere & Co.	11,123,100	300,000	BCE Inc.	13,512,000
72,500	Xylem Inc.....	<u>4,018,675</u>	50,000	BT Group plc	191,950
		<u>15,786,535</u>	32,000	BT Group plc, ADR.....	621,120
			21,000	CenturyLink Inc.	501,480
	Metals and Mining — 0.6%		65,000	Cincinnati Bell Inc.†	1,270,750
220,000	Freeport-McMoRan Inc.†	2,642,200	285,000	Deutsche Telekom AG, ADR	5,134,275
233,000	Newmont Mining Corp.	<u>7,546,870</u>	10,000	Harris Corp.	1,090,800
		<u>10,189,070</u>	33,000	Loral Space & Communications Inc.†	1,371,150
			25,000	Orange SA, ADR	399,500
	Paper and Forest Products — 0.1%		47,000	Proximus SA	1,644,254
15,000	International Paper Co.....	<u>849,150</u>	45,010	Telefonica SA, ADR	467,654
			316,000	Telephone & Data Systems Inc.....	8,769,000
	Publishing — 0.0%		24,000	TELUS Corp.....	828,563
3,000	Value Line Inc.....	<u>54,900</u>	25,000	TELUS Corp., New York	863,000
			295,000	Verizon Communications Inc.	<u>13,174,700</u>
	Real Estate — 0.0%				<u>49,915,656</u>
10,049	Griffin Industrial Realty Inc.	<u>315,237</u>		Transportation — 0.6%	
			142,500	GATX Corp.....	<u>9,158,475</u>
	Real Estate Investment Trusts — 1.1%			Wireless Communications — 0.9%	
45,600	Ryman Hospitality Properties Inc.	2,918,856	9,000	Millicom International Cellular SA	535,500
422,000	Weyerhaeuser Co.	<u>14,137,000</u>	32,000	Millicom International Cellular SA, SDR.....	1,890,061
		<u>17,055,856</u>	228,000	NTT DoCoMo Inc.....	5,375,915
			66,000	Turkcell Iletisim Hizmetleri A/S, ADR.....	541,200
	Retail — 6.2%		39,846	United States Cellular Corp.†	1,526,899
16,000	Compagnie Financiere Richemont SA	1,318,177	140,000	Vodafone Group plc, ADR	<u>4,022,200</u>
49,124	Copart Inc.†	1,561,652			<u>13,891,775</u>
68,000	Costco Wholesale Corp.....	10,875,240		TOTAL COMMON STOCKS	<u>1,565,218,614</u>
373,000	CVS Health Corp.	30,011,580		CLOSED-END FUNDS — 0.5%	
97,200	Ingles Markets Inc., Cl. A	3,236,760	161,000	Altaba Inc.†	<u>8,771,280</u>
380,000	J.C. Penney Co. Inc.†	1,767,000			
425,000	Macy's Inc.	9,877,000			
90,000	Seven & i Holdings Co. Ltd.	3,703,223			
115,000	The Home Depot Inc.	17,641,000			
28,000	Tractor Supply Co.	1,517,880			
115,000	Walgreens Boots Alliance Inc.	9,005,650			
41,000	Wal-Mart Stores Inc.....	3,102,880			
10,000	Weis Markets Inc.....	487,200			

See accompanying notes to schedule of investments.

The Gabelli Equity Income Fund
Schedule of Investments (Continued) — June 30, 2017 (Unaudited)

<u>Shares</u>		<u>Market Value</u>	<u>Principal Amount</u>	<u>Market Value</u>
	CONVERTIBLE PREFERRED STOCKS — 0.1%			
	Telecommunications — 0.1%			
30,000	Cincinnati Bell Inc., 6.750%, Ser. B	\$ 1,500,300	\$ 1,025,000	
				CONVERTIBLE CORPORATE BONDS — 0.1%
				Building and Construction — 0.1%
				Layne Christensen Co.,
				4.250%, 11/15/18
				\$ 916,734
	RIGHTS — 0.0%			
	Retail — 0.0%			
250,017	Safeway Casa Ley, CVR, expire 01/30/19†	121,258		
250,017	Safeway PDC, CVR, expire 01/30/18†	3,750	200,000	
		<u>125,008</u>		
	TOTAL RIGHTS	<u>125,008</u>		
	WARRANTS — 0.0%			
	Retail — 0.0%			
105	Sears Holdings Corp., expire 12/15/19†	214	3,000	
				Sears Holdings Corp.,
				8.000%, 12/15/19
				2,363
				TOTAL CORPORATE BONDS
				<u>2,363</u>
				TOTAL INVESTMENTS — 100.0%
				(Cost \$774,182,326)
				<u>\$1,576,534,513</u>
				Aggregate tax cost
				\$ 781,142,636
				Gross unrealized appreciation
				\$ 814,606,738
				Gross unrealized depreciation
				(19,214,861)
				Net unrealized appreciation/depreciation
				<u>\$ 795,391,877</u>

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

See accompanying notes to schedule of investments.

The Gabelli Equity Income Fund

Notes to Schedule of Investments (Unaudited)

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 schedule of investments. 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 schedule of investments.

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, unless the Board determines such amount does not reflect the securities’ fair value, in which case these securities will be fair valued as determined by the Board. Certain securities are valued principally using dealer quotations. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded. OTC futures and options on futures for which market quotations are readily available will be valued by quotations received from a pricing service or, if no quotations are available from a pricing service, by quotations obtained from one or more dealers in the instrument in question by the Adviser.

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 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).

The Gabelli Equity Income Fund

Notes to Schedule of Investments (Unaudited) (Continued)

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 June 30, 2017 is as follows:

	Valuation Inputs			Total Market Value at 6/30/17
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Other Significant Observable Inputs	
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks				
Aerospace	\$ 31,754,533	—	\$127,152	\$ 31,881,685
Financial Services	343,221,358	\$ 182,875	—	343,404,233
Other Industries (a)	1,189,932,696	—	—	1,189,932,696
Total Common Stocks	1,564,908,587	182,875	127,152	1,565,218,614
Closed-End Funds	8,771,280	—	—	8,771,280
Convertible Preferred Stocks (a)	1,500,300	—	—	1,500,300
Rights (a)	—	125,008	—	125,008
Warrants (a)	214	—	—	214
Convertible Corporate Bonds (a)	—	916,734	—	916,734
Corporate Bonds (a)	—	2,363	0	2,363
TOTAL INVESTMENTS IN SECURITIES – ASSETS	\$1,575,180,381	\$1,226,980	\$127,152	\$1,576,534,513

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

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 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 Gabelli Equity Income Fund

Notes to Schedule of Investments (Unaudited) (Continued)

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 June 30, 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. At June 30, 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 Gabelli Equity Income Fund

Notes to Schedule of Investments (Unaudited) (Continued)

The broker retains collateral for the value of the open positions, which is adjusted periodically as the value of the position fluctuates. At June 30, 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 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 June 30, 2017, the Fund held no restricted securities.

Tax Information. The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended.

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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THE GABELLI EQUITY INCOME FUND

*Third Quarter Report
June 30, 2017*

