

GABELLI EQUITY TRUST INC
Form N-CSR
March 09, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT

INVESTMENT COMPANIES

Investment Company Act file number 811-04700

The Gabelli Equity Trust Inc.

(Exact name of registrant as specified in charter)

One Corporate Center

Rye, New York 10580-1422

(Address of principal executive offices) (Zip code)

Bruce N. Alpert

Gabelli Funds, LLC

One Corporate Center

Rye, New York 10580-1422

(Name and address of agent for service)

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

Date of fiscal year end: December 31

Date of reporting period: December 31, 2014

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

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

Item 1. Reports to Stockholders.

The Report to Shareholders is attached herewith.

The Gabelli Equity Trust Inc.**Annual Report December 31, 2014****(Y)our Portfolio Management Team****To Our Shareholders,**

For the year ended December 31, 2014, the net asset value (NAV) total return of The Gabelli Equity Trust Inc. (the Fund) was 4.7%, compared with total returns of 13.7% and 10.0% for the Standard & Poor s (S&P) 500 Index and the Dow Jones Industrial Average, respectively. The total return for the Fund s publicly traded shares was (6.1)%. The Fund s NAV per share was \$6.78, while the price of the publicly traded shares closed at \$6.47 on the New York Stock Exchange (NYSE). See below for additional performance information.

Enclosed are the financial statements, including the schedule of investments, as of December 31, 2014.

Sincerely yours,

Bruce N. Alpert

President

Comparative Results**Average Annual Returns through December 31, 2014 (a) (Unaudited)**

| | <u>1 Year</u> | <u>5 Year</u> | <u>10 Year</u> | <u>20 Year</u> | <u>25 Year</u> | Since Inception (08/21/86) |
|------------------------------------|---------------|---------------|----------------|----------------|----------------|----------------------------------|
| Gabelli Equity Trust | | | | | | |
| NAV Total Return (b) | 4.68% | 17.42% | 9.61% | 10.71% | 10.02% | 11.20% |
| Investment Total Return (c) | (6.08) | 16.51 | 8.70 | 10.23 | 9.47 | 10.71 |
| S&P 500 Index | 13.69 | 15.45 | 7.67 | 9.85 | 9.62 | 10.17(d) |
| Dow Jones Industrial Average | 9.97 | 14.15 | 7.89 | 10.48 | 10.44 | 11.08(d) |
| Nasdaq Composite Index | 14.80 | 17.27 | 9.26 | 10.49 | 9.82 | 9.64(d) |

(a) Returns represent past performance and do not guarantee future results. Investment returns and the principal value of an investment will fluctuate. When shares are sold, they may be worth more or less than their original

cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The Dow Jones Industrial Average is an unmanaged index of 30 large capitalization stocks. The S&P 500 and the Nasdaq Composite Indices are unmanaged indicators of stock market performance. Dividends are considered reinvested except for the Nasdaq Composite Index. You cannot invest directly in an index.

- (b) Total returns and average annual returns reflect changes in the NAV per share, reinvestment of distributions at NAV on the ex-dividend date, adjustments for rights offerings completed, spin-offs, and taxes paid on undistributed long term capital gains and are net of expenses. Since inception return is based on an initial NAV of \$9.34.
- (c) Total returns and average annual returns reflect changes in closing market values on the NYSE, reinvestment of distributions, and adjustments for rights offerings, spin-offs, and taxes paid on undistributed long term capital gains. Since inception return is based on an initial offering price of \$10.00.
- (d) From August 31, 1986, the date closest to the Fund's inception for which data is available.

Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of total investments as of December 31, 2014:

The Gabelli Equity Trust Inc.

| | |
|--|-------|
| Food and Beverage | 9.6% |
| Financial Services | 8.8% |
| Cable and Satellite | 8.0% |
| Entertainment | 7.9% |
| Equipment and Supplies | 5.7% |
| U.S. Government Obligations | 5.3% |
| Diversified Industrial | 5.0% |
| Automotive: Parts and Accessories | 4.4% |
| Energy and Utilities | 4.3% |
| Health Care | 4.3% |
| Consumer Products | 3.6% |
| Retail | 3.5% |
| Consumer Services | 3.2% |
| Telecommunications | 2.8% |
| Business Services | 2.6% |
| Aviation: Parts and Services | 2.5% |
| Aerospace and Defense | 2.2% |
| Machinery | 2.2% |
| Specialty Chemicals | 1.8% |
| Broadcasting | 1.6% |
| Hotels and Gaming | 1.6% |
| Publishing | 1.2% |
| Electronics | 1.1% |
| Wireless Communications | 1.1% |
| Environmental Services | 1.0% |
| Agriculture | 0.7% |
| Automotive | 0.7% |
| Computer Software and Services | 0.7% |
| Communications Equipment | 0.6% |
| Metals and Mining | 0.5% |
| Transportation | 0.4% |
| Real Estate | 0.4% |
| Building and Construction | 0.3% |
| Closed-End Funds | 0.2% |
| Computer Hardware | 0.1% |
| Manufactured Housing and Recreational Vehicles | 0.1% |
| Real Estate Investment Trusts | 0.0%* |

* 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 Trust Inc.**Portfolio Changes Quarter Ended December 31, 2014 (Unaudited)**

| | Shares | Ownership at December 31, 2014 |
|---|-----------|---|
| NET PURCHASES | | |
| Common Stocks | | |
| Ajinomoto Co. Inc. | 2,000 | 3,000 |
| Alere Inc. | 9,450 | 22,450 |
| American International Group Inc. | 50,000 | 50,000 |
| Amphenol Corp., Cl. A(a) | 3,500 | 7,000 |
| Anadarko Petroleum Corp. | 2,000 | 39,000 |
| Ascent Capital Group Inc., Cl. A | 12,000 | 12,000 |
| Assa Abloy AB, Cl. B | 1,000 | 6,000 |
| AutoNation Inc. | 2,700 | 73,300 |
| B/E Aerospace Inc. | 28,000 | 29,000 |
| Brown-Forman Corp., Cl. A | 641 | 53,541 |
| Cable & Wireless Communications plc | 6,000,000 | 9,000,000 |
| Chr Hansen Holding A/S | 35,000 | 50,000 |
| Cincinnati Bell Inc. | 50,000 | 750,000 |
| Cleco Corp. | 30,000 | 30,000 |
| Cliffs Natural Resources Inc. | 18,000 | 30,000 |
| Crane Co. | 1,900 | 196,100 |
| Cullen/Frost Bankers Inc. | 4,000 | 14,000 |
| Dana Holding Corp. | 29,100 | 244,100 |
| Diageo plc, ADR | 4,500 | 197,000 |
| Diebold Inc. | 2,000 | 92,000 |
| DigitalGlobe Inc. | 14,000 | 14,000 |
| EchoStar Corp., Cl. A | 4,000 | 34,440 |
| Energizer Holdings Inc. | 22,000 | 128,000 |
| Exelis Inc. | 5,000 | 230,600 |
| Fortress Investment Group LLC, Cl. A | 40000 | 50000 |
| Freeport-McMoRan Inc. | 14,000 | 40,000 |
| Graham Holdings Co., Cl. B | 1,100 | 1,400 |
| Griffin Land & Nurseries Inc. | 500 | 56,000 |
| H&R Block Inc. | 20,000 | 40,400 |
| H.B. Fuller Co. | 15,000 | 39,000 |
| Heineken NV | 600 | 41,300 |
| Hermes International(b) | 1,381 | 1,381 |
| Hertz Global Holdings Inc. | 75,000 | 75,000 |
| Hospira Inc. | 1,000 | 31,000 |
| Huntsman Corp. | 3,000 | 11,000 |
| Indivior plc(c) | 46,800 | 46,800 |
| International Flavors & Fragrances Inc. | 1,000 | 73,000 |
| Janus Capital Group Inc. | 74,100 | 340,100 |

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| Jarden Corp.(d) | 3,000 | 9,000 |
|---|---------------|---------------------|
| Kennametal Inc. | 6,000 | 8,000 |
| KLX Inc.(e) | 19,500 | 19,500 |
| Layne Christensen Co. | 11,000 | 36,000 |
| Liberty Broadband Corp., Cl. A(f) | 19,250 | 19,250 |
| Liberty Broadband Corp., Cl. C(g) | 48,500 | 48,500 |
| Liberty Ventures, Cl. A(h) | 31,330 | 58,330 |
| | | Ownership |
| | | at |
| | | December 31, |
| | Shares | 2014 |
| Macquarie Infrastructure Co. LLC | 2,000 | 10,000 |
| Maple Leaf Foods Inc. | 5,000 | 45,000 |
| Media General Inc.(i) | 143,123 | 143,123 |
| Millicom International Cellular SA, SDR | 15,000 | 37,000 |
| Mondelēz International Inc., Cl. A | 10,000 | 282,000 |
| Mueller Industries Inc. | 2,500 | 46,500 |
| Myers Industries Inc. | 50,000 | 50,000 |
| National Fuel Gas Co. | 13,000 | 18,000 |
| Navistar International Corp. | 87,674 | 209,774 |
| Nestlé SA | 3,800 | 42,900 |
| Niko Resources Ltd., Toronto | 3,000 | 3,000 |
| Oi SA, ADR(j) | 22,000 | 22,000 |
| Penske Automotive Group Inc. | 10,000 | 25,000 |
| Phillips 66 | 2,900 | 15,100 |
| Post Holdings Inc. | 3,900 | 51,000 |
| Remy Cointreau SA | 500 | 41,000 |
| Republic Services Inc. | 6,400 | 230,800 |
| SGL Carbon SE | 3,000 | 6,000 |
| Superior Industries International Inc. | 3,000 | 73,000 |
| Swedish Match AB | 10,000 | 823,800 |
| The AES Corp. | 45,500 | 101,000 |
| The Bank of New York Mellon Corp. | 6,000 | 210,500 |
| The Cheesecake Factory Inc. | 4,000 | 17,000 |
| The Estee Lauder Companies Inc., Cl. A | 800 | 2,800 |
| The Hain Celestial Group Inc.(k) | 16,000 | 32,000 |
| The Interpublic Group of Companies Inc. | 2,600 | 309,200 |
| The St. Joe Co. | 86,000 | 274,500 |
| T-Mobile US Inc. | 20,000 | 20,000 |
| Tredegar Corp. | 2,000 | 12,000 |
| Tyco International plc(l) | 217,000 | 217,000 |
| Visteon Corp. | 13,000 | 13,000 |
| Vodafone Group plc, ADR | 4,000 | 45,482 |
| Walgreens Boots Alliance Inc.(m) | 52,000 | 52,000 |
| Wynn Resorts Ltd. | 500 | 2,500 |
| Xylem Inc. | 6,400 | 296,000 |
| Zoetis Inc. | 19,000 | 35,000 |
| Rights | | |
| Liberty Broadband Corp., expire 01/09/2015(n) | 13,150 | 13,150 |

NET SALES

Common Stocks

| | | |
|--------------------|----------|--------|
| ABB Ltd., ADR | (5,000) | 11,000 |
| ACCO Brands Corp. | (10,000) | - |
| Actavis plc | (4,600) | 8,000 |
| Acuity Brands Inc. | (2,000) | 500 |

See accompanying notes to financial statements.

The Gabelli Equity Trust Inc.**Portfolio Changes (Continued) Quarter Ended December 31, 2014 (Unaudited)**

| | Shares | Ownership at December 31, 2014 |
|--|---------------|---|
| Allergan Inc. | (6,000) | 4,000 |
| America Movil SAB de CV, Cl. L, ADR | (5,800) | 105,000 |
| AMETEK Inc. | (4,000) | 450,000 |
| Argo Group International Holdings Ltd. | (500) | 12,000 |
| Ashland Inc. | (7,000) | 10,000 |
| Avon Products Inc. | (17,000) | 98,000 |
| Baxter International Inc. | (2,400) | 27,000 |
| Berkshire Hathaway Inc., Cl. A | (3) | 124 |
| Biogen Idec Inc. | (1,500) | 19,200 |
| Blyth Inc. | (1,000) | 119,000 |
| BorgWarner Inc. | (7,000) | 109,600 |
| British Sky Broadcasting Group plc | (20,000) | - |
| Brown-Forman Corp., Cl. B | (700) | 17,975 |
| Cablevision Systems Corp., Cl. A | (15,000) | 1,105,000 |
| Camden Property Trust | (1,800) | - |
| Cisco Systems Inc. | (30,000) | - |
| Clear Channel Outdoor Holdings Inc., Cl. A | (2,000) | 157,000 |
| ConocoPhillips | (5,100) | 195,100 |
| Corning Inc. | (20,000) | 437,100 |
| Coty Inc., Cl. A | (15,000) | 115,000 |
| Covidien plc | (3,000) | 38,600 |
| Crocs Inc. | (10,000) | 5,000 |
| CVS Health Corp. | (2,200) | 117,800 |
| Deere & Co. | (16,000) | 302,000 |
| Deutsche Telekom AG, ADR | (4,900) | 104,000 |
| Duke Energy Corp. | (15,400) | - |
| Eaton Corp. plc | (4,000) | - |
| Electronic Arts Inc. | (9,000) | 6,000 |
| Endo International plc | (1,000) | 9,000 |
| Fortune Brands Home & Security Inc. | (5,000) | 86,000 |
| Franklin Electric Co. Inc. | (3,300) | 37,400 |
| G4S plc | (14,800) | 170,400 |
| General Electric Co. | (25,000) | 149,000 |
| General Mills Inc. | (3,000) | 50,000 |
| Gray Television Inc. | (9,000) | 16,000 |
| Greif Inc., Cl. A | (8,000) | 138,300 |
| Greif Inc., Cl. B | (97) | 12,800 |
| Grupo Televisa SAB, ADR | (2,000) | 605,000 |

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| | | |
|--|---------------|---------------------|
| Hanesbrands Inc. | (17,000) | 27,000 |
| Honeywell International Inc. | (5,000) | 353,000 |
| HSN Inc. | (3,000) | 22,100 |
| Il Sole 24 Ore SpA | (30,000) | 50,000 |
| International Game Technology | (25,000) | 50,000 |
| Kinder Morgan Inc. | (5,600) | - |
| Ladbrokes plc | (150,000) | 829,400 |
| Las Vegas Sands Corp. | (3,800) | 43,000 |
| Liberty TripAdvisor Holdings Inc., Cl. A | (1,000) | 21,000 |
| | | Ownership |
| | | at |
| | | December 31, |
| | | 2014 |
| | Shares | |
| LIN Media LLC, Cl. A(i) | (24,000) | - |
| MasterCard Inc., Cl. A | (5,000) | 322,000 |
| Mead Johnson Nutrition Co. | (9,000) | 25,000 |
| Media General Inc.(i) | (130,000) | - |
| MGM China Holdings Ltd. | (10,000) | 70,000 |
| Modine Manufacturing Co. | (8,000) | 188,000 |
| Monsanto Co. | (1,000) | 16,000 |
| National Presto Industries Inc. | (383) | 11,000 |
| News Corp., Cl. A | (29,900) | 125,000 |
| NextEra Energy Inc. | (800) | 18,000 |
| Nobel Biocare Holding AG(o) | (50,000) | - |
| Northeast Utilities | (10,000) | 30,000 |
| Oi SA, ADR(j) | (309,500) | - |
| Oi SA, Cl. C, ADR(p) | (29,000) | - |
| O Reilly Automotive Inc. | (4,000) | 90,000 |
| Park-Ohio Holdings Corp. | (3,000) | 86,000 |