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GABELLI EQUITY TRUST INC
Form N-CSRS
September 06, 2006

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-04700

The Gabelli Equity Trust Inc.

(Exact name of registrant as specified in charter)

One Corporate Center
Rye, New York 10580-1422

(Address of principal executive offices) (Zip code)

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

(Name and address of agent for service)

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

Date of fiscal year end: December 31

Date of reporting period: June 30, 2006

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

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

ITEM 1. REPORTS TO STOCKHOLDERS.

The Report to Shareholders is attached herewith.

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[LOGO OMITTED]
 THE GABELLI
 EQUITY TRUST INC.

THE GABELLI EQUITY TRUST INC.

Semi-Annual Report
 June 30, 2006

TO OUR SHAREHOLDERS,

During the second quarter of 2006, the Gabelli Equity Trust's (the "Fund") total return was 1.5% on a net asset value ("NAV") basis while the Standard & Poor's ("S&P") 500 Index declined 1.4% and the Dow Jones Industrial Average ("DJIA") rose 0.9%. For the six month period ended June 30, 2006, the Fund's NAV total return was 10.3% versus gains of 2.7% and 5.3% for the S&P 500 Index and the DJIA, respectively. For the one year period ended June 30, 2006, the Fund's NAV total return was 15.6% versus increases for the S&P 500 Index and DJIA of 8.6% and 11.1%, respectively. The Fund's market price on June 30, 2006 was \$8.21, which equates to a 3.9% discount to its NAV of \$8.54. The Fund's market price declined 1.1% during the second quarter and has risen 6.9% and 3.7%, respectively, for the six and twelve month periods ended June 30, 2006.

Enclosed are the financial statements and the investment portfolio as of June 30, 2006.

COMPARATIVE RESULTS

AVERAGE ANNUAL RETURNS THROUGH JUNE 30, 2006 (A)

	Quarter	Year to Date	1 Year	3 Year	5 Year	10 Year

GABELLI EQUITY TRUST						
NAV RETURN (B)	1.52%	10.30%	15.62%	19.52%	8.65%	10.72%
INVESTMENT RETURN (C)	(1.06)	6.93	3.70	14.00	4.02	10.45
S&P 500 Index	(1.44)	2.71	8.62	11.21	2.49	8.32
Dow Jones Industrial Average	0.93	5.25	11.07	9.95	3.47	9.17
Nasdaq Composite Index	(7.17)	(1.51)	5.60	10.21	0.10	6.25

(a) RETURNS REPRESENT PAST PERFORMANCE AND DO NOT GUARANTEE FUTURE RESULTS. INVESTMENT RETURNS AND THE PRINCIPAL VALUE OF AN INVESTMENT WILL FLUCTUATE. WHEN SHARES ARE SOLD, THEY MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST. CURRENT PERFORMANCE MAY BE LOWER OR HIGHER THAN THE PERFORMANCE DATA PRESENTED. VISIT WWW.GABELLI.COM FOR PERFORMANCE INFORMATION AS OF THE MOST RECENT MONTH END. PERFORMANCE RETURNS FOR LESS THAN ONE YEAR ARE NOT ANNUALIZED. 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 INDUSTRIAL STOCKS. THE S&P 500 AND THE NASDAQ COMPOSITE INDICES ARE UNMANAGED INDICATORS OF STOCK MARKET PERFORMANCE. DIVIDENDS ARE CONSIDERED REINVESTED EXCEPT FOR THE

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NASDAQ COMPOSITE INDEX.

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

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, will be available on our website at www.gabelli.com/funds.

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

The following table presents portfolio holdings as a percent of total investments as of June 30, 2006:

Repurchase Agreements	12.7%
Financial Services	8.3%
Energy and Utilities	8.3%
Food and Beverage	8.0%
Telecommunications	6.6%
Diversified Industrial	5.8%
Publishing	4.9%
Entertainment	4.4%
Consumer Products	4.4%
Cable and Satellite	4.2%
Health Care	3.3%
Equipment and Supplies	3.1%
Automotive: Parts and Accessories	2.8%
Hotels and Gaming	2.6%
Aviation: Parts and Services	2.2%
Consumer Services	1.7%
Communications Equipment	1.7%
Broadcasting	1.5%
Aerospace	1.4%
Agriculture	1.4%
Machinery	1.2%
Environmental Services	1.1%
Specialty Chemicals	1.0%
Wireless Communications	1.0%
Metals and Mining	0.9%
Business Services	0.9%
Real Estate	0.8%
Automotive	0.7%
Retail	0.7%
Electronics	0.6%
Transportation	0.4%
Closed-End Funds	0.3%

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Computer Software and Services	0.3%
U.S. Government Obligations	0.3%
Manufactured Housing and Recreational Vehicles	0.2%
Paper and Forest Products	0.2%
Real Estate Investment Trusts	0.1%

	100.0%
	=====

THE GABELLI EQUITY TRUST INC. (THE "FUND") FILES A COMPLETE SCHEDULE OF PORTFOLIO HOLDINGS WITH THE SEC FOR THE FIRST AND THIRD QUARTERS OF EACH FISCAL YEAR ON FORM N-Q, THE LAST OF WHICH WAS FILED FOR THE QUARTER ENDED MARCH 31, 2006. 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 COMMISSION'S PUBLIC REFERENCE ROOM IN WASHINGTON, DC. INFORMATION ON THE OPERATION OF THE PUBLIC REFERENCE ROOM MAY BE OBTAINED BY CALLING 1-800-SEC-0330.

PROXY VOTING

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

SHAREHOLDER MEETING - MAY 15, 2006 - FINAL RESULTS

The Annual Meeting of Shareholders was held on May 15, 2006 at the Greenwich Library in Greenwich, Connecticut. At that meeting, common and preferred shareholders voting together as a single class elected Anthony R. Pustorino as a Director of the Fund. There were 154,489,180 votes cast in favor of Mr. Pustorino and 2,492,111 votes withheld. In addition, preferred shareholders voting as a single class elected James P. Conn as a Director. There were 9,118,257 votes cast in favor of Mr. Conn and 83,386 votes withheld.

Mario J. Gabelli, Thomas E. Bratter, Anthony J. Colavita, Frank J. Fahrenkopf, Jr., Arthur V. Ferrara, and Salvatore J. Zizza continue to serve in their capacities as Directors.

We thank you for your participation and appreciate your continued support.

THE GABELLI EQUITY TRUST INC.
PORTFOLIO CHANGES
QUARTER ENDED JUNE 30, 2006 (UNAUDITED)

	SHARES	OWNERSHIP AT JUNE 30, 2006
	-----	-----
NET PURCHASES		
COMMON STOCKS		
ARIAKE JAPAN Co. Ltd.	2,000	36,000

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Arkema (a)	815	815
Assa Abloy AB, Cl. B	42,000	42,000
Bayer AG	26,000	26,000
Canon Inc. (b)	7,500	22,500
Citigroup Inc.	25,000	150,000
Coca-Cola Co.	20,000	100,000
ConocoPhillips (c)	277,739	322,739
Curtiss-Wright Corp. (d)	198,000	396,000
Duke Energy Corp. (e)	280,000	280,000
Embarq Corp. (f)	26,619	26,619
Fortune Brands Inc.	20,000	50,000
Gallaher Group plc	20,000	50,000
General Motors Corp.	30,000	30,000
Host Hotels & Resorts Inc. (g)	20,000	20,000
Imperial Oil Ltd. (h)	27,000	27,000
Janus Capital Group Inc.	20,000	80,000
Kerr-McGee Corp. (d)	250,001	270,000
Kinder Morgan Inc.	3,100	3,100
Ladbroke plc (i)	1,344,116	1,344,116
Leucadia National Corp. (d)	66,000	136,000
Liberty Media Holding Corp. - Capital, Cl. A (j)	110,000	110,000
Liberty Media Holding Corp. - Interactive, Cl. A (j)	550,000	550,000
Manitowoc Co. Inc. (d)	1,000	2,000
MasterCard Inc., Cl. A	119,000	119,000
McClatchy Co., Cl. A (k)	9,212	14,212
Mirant Corp.	6,206	10,000
Modern Times Group AB, Cl. B (l)	30,000	30,000
Modern Times Group AB, Cl. B, Redeemable Shares (l)	30,000	30,000
Moody's Corp.	5,000	65,000
Navistar International Corp.	30,000	360,000
Niko Resources Ltd.	1,000	1,000
Oceaneering International Inc. (d)	10,000	20,000
Procter & Gamble Co.	30,250	300,000
Sasol Ltd.	13,000	13,000
Sequa Corp., Cl. A (m)	4,230	88,230
Sprint Nextel Corp.	17,613	550,000
Superior Industries International Inc.	1,000	31,000
SUPERVALU Inc. (n)	50,960	50,960
Svenska Cellulosa AB, Cl. B	4,000	4,000
T. Rowe Price Group Inc. (d)	75,000	150,000
Total SA (o)	32,628	32,628
Tribune Co.	25,900	340,900
Trinity Industries Inc. (p)	25,000	75,000
UniCredito Italiano SpA	90,000	90,000
UnitedHealth Group Inc.	20,000	20,000
Univision Communications Inc., Cl. A	5,000	5,000
Waddell & Reed Financial Inc., Cl. A	30,000	100,000
Western Gas Resources Inc.	140,000	140,000
		OWNERSHIP AT
		JUNE 30,
	SHARES	2006
	-----	-----
Woolworths Ltd.	43,000	63,000
Wm. Wrigley Jr. Co., Cl. B (q)	42,500	42,500

NET SALES
COMMON STOCKS

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Abgenix Inc. (r)	(133,700)	--
Acuity Brands Inc.	(10,000)	150,000
Albertson's Inc. (n)	(280,000)	--
Allergan Inc.	(1)	7,023
Altadis SA	(6,000)	24,000
America Movil SA de CV, Cl. L, ADR	(10,000)	200,000
Ameriprise Financial Inc.	(10,000)	100,000
AMETEK Inc.	(3,000)	185,000
Andrew Corp.	(15,000)	10,000
Archer-Daniels-Midland Co.	(335,000)	605,000
Arden Realty Inc. (s)	(100,000)	--
Autonation Inc. (t)	(60,748)	169,252
Aztar Corp.	(75,000)	40,000
Bank of America Corp.	(5,000)	10,000
BCE Inc.	(10,000)	250,000
BT Group plc	(60,000)	1,700,000
Burlington Resources Inc. (c)	(385,000)	--
Cendant Corp.	(20,000)	80,000
Chiron Corp. (u)	(400,000)	--
Cincinnati Bell Inc.	(20,000)	840,000
Cinergy Corp. (e)	(40,000)	--
Citizens Communications Co.	(10,000)	60,000
CLARCOR Inc.	(2,700)	197,300
CMS Energy Corp.	(5,000)	80,000
Coldwater Creek Inc.	(14,000)	37,000
Comcast Corp., Cl. A	(50,000)	270,000
Compagnie Financiere Richemont AG, Cl. A ...	(21,000)	69,000
Corning Inc.	(10,000)	480,000
Crane Co.	(10,000)	260,000
CRH plc	(23,000)	77,500
Dana Corp.	(40,000)	460,000
Deere & Co.	(20,000)	235,000
Deutsche Bank AG, ADR	(2,000)	150,000
Donaldson Co. Inc.	(3,000)	205,000
Duke Energy Corp.	(250,000)	--
Dun & Bradstreet Corp.	(2,000)	18,000
El Paso Electric Co.	(7,000)	360,000
EMI Group plc, ADR	(500)	79,500
Fedders Corp.	(5,000)	70,000
Fleetwood Enterprises	(10,000)	40,000
Flowers Foods Inc.	(5,000)	80,000
H.B. Fuller Co.	(5,000)	25,000
Gemstar-TV Guide International Inc.	(10,000)	630,000
GrafTech International Ltd.	(5,000)	80,000
Gray Television Inc., Cl. A	(500)	27,000
Greek Organization of Football Prognostics SA	(20,000)	35,000
Greif Inc., Cl. A	(2,000)	228,000

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
PORTFOLIO CHANGES (CONTINUED)
QUARTER ENDED JUNE 30, 2006 (UNAUDITED)

OWNERSHIP AT
JUNE 30,
2006

SHARES

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NET SALES (CONTINUED)

COMMON STOCKS (CONTINUED)

Group 4 Securicor plc	(12,500)	200,000
Grupo Televisa SA, ADR	(5,000)	675,000
Harley-Davidson Inc.	(4,000)	36,000
Hercules Inc.	(10,000)	190,000
Huttig Building Products Inc.	(1,222)	31,000
IDEX Corp.	(5,000)	215,000
Johnson Controls Inc.	(7,000)	133,000
Kellogg Co.	(5,000)	140,000
Keyence Corp.	(800)	4,920
Knight-Ridder Inc. (k)	(18,000)	--
Lamson & Sessions Co.	(50,000)	75,000
Landauer Inc.	(1,000)	94,000
Lenox Group Inc.	(10,000)	40,000
Liberty Global Inc., Cl. C	(10,999)	139,001
Liberty Media Corp., Cl. A (j)	(2,200,000)	--
Lockheed Martin Corp.	(1,000)	12,000
Media General Inc., Cl. A	(8,000)	322,000
Meredith Corp.	(2,000)	122,000
Modern Times Group, Cl. B	(30,000)	--
Modine Manufacturing Co.	(12,500)	317,500
Motorola Inc.	(5,000)	105,000
National Presto Industries Inc.	(2,000)	25,000
New York Times Co., Cl. A	(5,000)	70,000
Newmont Mining Corp.	(25,000)	105,000
Nextel Partners Inc., Cl. A (v)	(600,000)	--
Nikko Cordial Corp.	(20,000)	108,750
Nippon Television Network Corp.	(7,800)	--
Northrop Grumman Corp.	(5,000)	100,000
PepsiAmericas Inc.	(15,000)	465,000
Petroleo Brasileiro SA, ADR	(5,000)	18,000
Phoenix Companies Inc.	(5,000)	140,000
PRIMEDIA Inc.	(3,000)	387,000
Qwest Communications International Inc.	(70,000)	830,000
Roche Holding AG	(1,700)	16,400
Rogers Communications Inc., Cl. B, New York	(10,000)	385,345
Rohm Co. Ltd.	(9,500)	--
Sanofi-Aventis	(8,700)	15,108
Schering AG	(9,600)	--
Seven & I Holdings Co. Ltd.	(5,000)	39,800
Six Flags Inc.	(5,000)	75,000
St. Joe. Co.	(5,000)	160,000
Standard Motor Products Inc.	(5,000)	160,000
Sybron Dental Specialties Inc. (w)	(50,000)	--
Telefonica SA, ADR	(4,799)	250,001
Telephone & Data Systems Inc., Special	(10,000)	380,000
TELUS Corp., ADR	(3,000)	27,000
Thomas & Betts Corp.	(18,000)	290,000
Thomas Nelson Inc. (x)	(80,000)	--
Tokai Carbon Co. Ltd.	(25,000)	165,000

SHARES/ PRINCIPAL AMOUNT	OWNERSHIP AT JUNE 30, 2006
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Tronox Inc., Cl. B	(1)	4,032
TXU Corp.	(6,000)	86,000
Viacom Inc., Cl. A	(10,000)	440,000
Vivo Participacoes SA, ADR	(1)	174,122
Vodafone Group plc, ADR	(10,000)	80,000
Waste Management Inc.	(20,000)	470,000
Watts Water Technologies Inc., Cl. A	(5,000)	225,000

CONVERTIBLE PREFERRED STOCKS

Sequa Corp., \$5 Cv. Pfd. (m)	(3,200)	--
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CONVERTIBLE CORPORATE BONDS

Charter Communications Inc., Cv., 4.750%, 06/01/06	\$ (500,000)	--
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U.S. GOVERNMENT & AGENCY OBLIGATIONS

FHLB, 3.060%, 04/13/06	(500,000)	--
U.S. Treasury Note, 4.625%, 05/15/06	(300,000)	--

-
- (a) Rights Exercised - 1 share of Arkema for every 10 rights issued by Total SA
 - (b) 50% stock dividend
 - (c) Cash and Stock Merger - \$46.50 for every 1 share and 0.7214 share of ConocoPhillips for every 1 share of Burlington Resources Inc.
 - (d) 2 for 1 stock split
 - (e) Merger - 1.5600 shares of Duke Energy Corp for every 1 share of Cinergy Corp.
 - (f) Spin-off - 1 share of Embarq Corp. for every 20 shares of Sprint Nextel Corp.
 - (g) Spin-off - 0.6122 share of Host Hotels & Resorts Inc. for every 1 share of Starwood Hotel & Resorts Worldwide Inc.
 - (h) 3 for 1 stock split
 - (i) Reverse Split - 6:17
 - (j) Merger - 0.2500 share of Liberty Media Holding Corp. - Interactive, Cl. A and 0.0500 share of Liberty Media Holding Corp. - Capital, Cl. A for every 1 share of Liberty Media Corp., Cl. A
 - (k) Cash and Stock Merger - \$40.00 for every 1 share and 0.5118 share of McClatchy Co., Cl. A for every 1 share of Knight-Ridder Inc.
 - (l) Spin-off - 1 share of Modern Times Group AB, Cl. B, Redeemable Shares for every 1 share of Modern Times Group AB, Cl. B
 - (m) Exchange Shares - 1.3220 shares of Sequa Corp., Cl. A for 1 share Sequa Corp., \$5.00 Cv. Pfd.
 - (n) Merger - 0.1820 share of SUPERVALU Inc. for every 1 share of Ablertson's Inc.
 - (o) 4 for 1 stock split
 - (p) 3 for 2 stock split
 - (q) Spin-off - 0.2500 share of Wm. Wrigley Jr. Co., Cl. B for every 1 share of Wm. Wrigley Jr. Co.
 - (r) Cash Merger - \$22.50 for every 1 share
 - (s) Cash Merger - \$45.25 for every 1 share
 - (t) Pro-rated Tender Offer - \$23.00 for every .26412 share
 - (u) Cash Merger - \$48.00 for every 1 share
 - (v) Cash Merger - \$28.50 for every 1 share
 - (w) Tender Offer - \$47.00 for every 1 share
 - (x) Cash Merger - \$29.85 for every 1 share

See accompanying notes to financial statements.

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JUNE 30, 2006 (UNAUDITED)

SHARES		COST	MARKET VALUE
	COMMON STOCKS -- 86.7%		
	FINANCIAL SERVICES -- 8.3%		
7,000	Allianz AG	\$ 866,497	\$ 1,105,918
550,000	American Express Co.	26,001,250	29,271,000
100,000	Ameriprise Financial Inc.	2,466,156	4,467,000
30,000	Argonaut Group Inc.+	752,879	901,200
95,000	Aviva plc	1,163,351	1,344,795
90,000	Banco Santander Central Hispano SA, ADR	322,130	1,315,800
10,000	Bank of America Corp.	469,200	481,000
100,000	Bank of Ireland	584,533	1,784,275
75,000	Bank of New York Co. Inc.	2,749,625	2,415,000
275,000	Bankgesellschaft Berlin AG+ ...	5,495,399	1,565,238
260	Berkshire Hathaway Inc., Cl. A+	1,074,049	23,831,340
7,500	Calamos Asset Management Inc., Cl. A	135,000	217,425
150,000	Citigroup Inc.	7,216,958	7,236,000
185,000	Commerzbank AG, ADR	3,747,342	6,715,704
22,000	Credit Suisse Group	986,436	1,230,870
150,000	Deutsche Bank AG	13,166,572	16,875,000
18,000	Dun and Bradstreet Corp.+	395,898	1,254,240
20,000	H&R Block Inc.	329,930	477,200
65,000	Irish Life & Permanent plc	506,648	1,546,372
80,000	Janus Capital Group Inc.	1,217,298	1,432,000
55,000	JPMorgan Chase & Co.	1,360,152	2,310,000
136,000	Leucadia National Corp.	1,694,497	3,969,840
45,000	Mediobanca SpA	932,143	881,202
100,000	Mellon Financial Corp.	3,140,094	3,443,000
189,000	Midland Co.	1,386,764	7,178,220
65,000	Moody's Corp.	3,285,357	3,539,900
108,750	Nikko Cordial Corp.	1,351,625	1,391,209
140,000	Phoenix Companies Inc.	2,008,948	1,971,200
2,500	Prudential Financial Inc.	68,750	194,250
80,000	Shizuoka Bank Ltd.	791,848	864,034
3,000	St. Paul Travelers Companies Inc.	113,277	133,740
50,000	Standard Chartered plc	954,007	1,220,482
80,000	State Street Corp.	4,001,480	4,647,200
20,000	SunTrust Banks Inc.	419,333	1,525,200
150,000	T. Rowe Price Group Inc.	4,610,820	5,671,500
5,000	The Allstate Corp.	209,064	273,650
45,000	The Charles Schwab Corp.	657,563	719,100
20,000	UBS AG	1,875,967	2,192,139
90,000	UniCredito Italiano SpA	648,209	704,501
100,000	Waddell & Reed Financial Inc., Cl. A	2,058,579	2,056,000
53,000	Westpac Banking Corp.	833,192	916,869
		102,048,820	151,270,613
	ENERGY AND UTILITIES -- 8.3%		
70,000	AES Corp.+	397,267	1,291,500
10,000	AGL Resources Inc.	174,924	381,200

SHARES

COST

MARKET
VALUE

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120,000	Allegheny Energy Inc.+	\$ 1,557,788	\$ 4,448,400
70,000	Apache Corp.	2,728,670	4,777,500
247,000	BP plc, ADR	15,155,797	17,193,670
115,000	CH Energy Group Inc.	4,749,282	5,520,000
80,000	CMS Energy Corp.+	512,403	1,035,200
322,739	ConocoPhillips	19,761,780	21,149,087
8,000	Constellation Energy Group	449,608	436,160
60,000	DPL Inc.	1,411,620	1,608,000
14,000	DTE Energy Co.	619,459	570,360
280,000	Duke Energy Corp.	6,666,460	8,223,600
110,000	Duquesne Light Holdings Inc. ..	1,845,274	1,808,400
270,000	El Paso Corp.	3,253,601	4,050,000
360,000	El Paso Electric Co.+	5,167,785	7,257,600
50,000	Energy East Corp.	1,065,733	1,196,500
80,000	Eni SpA	2,246,480	2,356,522
80,000	Exxon Mobil Corp.	2,750,108	4,908,000
20,000	FPL Group Inc.	556,256	827,600
70,000	Halliburton Co.	1,726,011	5,194,700
27,000	Imperial Oil Ltd.	1,010,138	986,348
270,000	Kerr-McGee Corp.	16,855,504	18,724,500
3,100	Kinder Morgan Inc.	309,752	309,659
10,000	Marathon Oil Corp.	242,414	833,000
10,000	Mirant Corp.+	192,014	268,000
1,000	Niko Resources Ltd.	57,456	56,472
10,000	NiSource Inc.	215,500	218,400
300,000	Northeast Utilities	5,838,917	6,201,000
20,000	Oceaneering International Inc.+	538,223	917,000
2,000	PetroChina Co. Ltd., ADR	137,965	215,940
18,000	Petroleo Brasileiro SA, ADR	1,265,864	1,607,580
100,000	Progress Energy Inc., CVO+	52,000	30,000
60,000	Saipem SpA	1,126,995	1,365,258
13,000	Sasol Ltd.	500,463	498,605
60,000	SJW Corp.	883,106	1,527,000
20,000	Southwest Gas Corp.	451,132	626,800
32,628	Total SA	1,986,057	2,147,156
86,000	TXU Corp.	1,057,261	5,141,940
290,000	Westar Energy Inc.	5,079,698	6,104,500
140,000	Western Gas Resources Inc.	8,363,350	8,379,000
		-----	-----
		118,960,115	150,392,157
		-----	-----
	FOOD AND BEVERAGE -- 8.0%		
85,000	Ajinomoto Co. Inc.	998,444	941,061
25,000	Anheuser-Busch Companies Inc.	1,109,972	1,139,750
36,000	ARIAKE JAPAN Co. Ltd.	857,851	795,876
98,000	Cadbury Schweppes plc	1,009,810	945,078
60,000	Cadbury Schweppes plc, ADR	1,902,198	2,329,200
100,000	Campbell Soup Co.	2,678,697	3,711,000
100,000	Coca-Cola Co.	4,461,443	4,302,000
20,000	Coca-Cola Enterprises Inc.	376,515	407,400

See accompanying notes to financial statements.

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SCHEDULE OF INVESTMENTS (CONTINUED) JUNE 30, 2006 (UNAUDITED)

SHARES		COST	MARKET VALUE
COMMON STOCKS (CONTINUED)			
FOOD AND BEVERAGE (CONTINUED)			
40,000	Coca-Cola Hellenic Bottling Co. SA	\$ 519,295	\$ 1,192,075
95,000	Corn Products International Inc.	1,310,497	2,907,000
60,000	Del Monte Foods Co.	564,374	673,800
10,108	Denny's Corp.+	14,358	37,299
80,000	Diageo plc	1,174,064	1,345,489
224,000	Diageo plc, ADR	9,660,541	15,131,200
80,000	Flowers Foods Inc.	890,243	2,291,200
35,000	Fomento Economico Mexicano SA de CV, ADR	1,378,845	2,930,200
165,000	General Mills Inc.	7,893,483	8,523,900
200,000	Groupe Danone	19,701,934	25,414,732
500,000	Grupo Bimbo SA de CV, Cl. A	1,052,379	1,498,512
145,000	H.J. Heinz Co.	5,196,338	5,976,900
20,000	Hain Celestial Group Inc.+	267,663	515,200
140,000	Kellogg Co.	5,052,167	6,780,200
75,000	Kerry Group plc, Cl. A	860,877	1,591,633
12,100	LVMH Moet Hennessy Louis Vuitton SA	419,053	1,200,977
2,500	Nestle SA	513,610	785,244
465,000	PepsiAmericas Inc.	8,320,926	10,281,150
350,000	PepsiCo Inc.	16,929,287	21,014,000
6,750	Pernod-Ricard SA	470,174	1,338,206
68,200	Ralcorp Holdings Inc.+	1,308,415	2,900,546
90,000	Sara Lee Corp.	1,671,269	1,441,800
45,000	The Hershey Co.	1,915,127	2,478,150
2,000	The J.M. Smucker Co.	52,993	89,400
115,360	Tootsie Roll Industries Inc. ..	1,562,923	3,360,437
170,000	Wm. Wrigley Jr. Co.	8,244,515	7,711,200
42,500	Wm. Wrigley Jr. Co., Cl. B	2,191,580	1,925,250
		112,531,860	145,907,065
TELECOMMUNICATIONS -- 6.5%			
5,000	ALLTEL Corp.	111,101	319,150
480,000	AT&T Inc.	13,847,443	13,387,200
250,000	BCE Inc.	6,516,461	5,912,500
30,000	Brasil Telecom Participacoes SA, ADR	1,743,257	977,100
1,700,000	BT Group plc	7,029,679	7,521,220
4,440,836	Cable & Wireless Jamaica Ltd.+	101,639	53,939
840,000	Cincinnati Bell Inc.+	6,084,948	3,444,000
60,000	Citizens Communications Co.	737,671	783,000
170,000	Commonwealth Telephone Enterprises Inc.	6,485,526	5,637,200
110,000	Compania de Telecomunicaciones de Chile SA, ADR	1,610,859	752,400
170,000	Deutsche Telekom AG, ADR	2,827,195	2,726,800
SHARES		COST	MARKET VALUE

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26,619	Embarq Corp.+	\$ 1,491,894	\$ 1,091,113
15,000	Embratel Participacoes SA, ADR	266,400	233,700
5,000	France Telecom SA, ADR	146,305	109,300
100,000	KPN NV	232,728	1,124,285
830,000	Qwest Communications International Inc.+	2,459,835	6,714,700
550,000	Sprint Nextel Corp.	15,436,707	10,994,500
186,554	Tele Norte Leste Participacoes SA, ADR	2,477,755	2,378,563
48,000	Telecom Argentina SA, Cl. B, ADR+	369,540	556,800
1,488,075	Telecom Italia SpA	6,089,193	4,144,486
250,001	Telefonica SA, ADR	12,790,994	12,435,050
62,000	Telefonos de Mexico SA de CV, Cl. L, ADR	469,422	1,291,460
310,000	Telephone & Data Systems Inc.	14,444,104	12,834,000
380,000	Telephone & Data Systems Inc., Special	16,087,139	14,782,000
27,000	TELUS Corp., ADR	500,379	1,117,534
190,000	Verizon Communications Inc.	7,436,960	6,363,100
		-----	-----
		127,795,134	117,685,100
		-----	-----
	DIVERSIFIED INDUSTRIAL -- 5.8%		
150,000	Acuity Brands Inc.	4,553,778	5,836,500
55,000	Amano Corp.	956,301	817,022
195,000	Ampco-Pittsburgh Corp.	2,627,873	5,586,750
26,000	Bayer AG	1,093,829	1,195,196
25,000	Bouygues SA	1,244,322	1,285,446
200,000	Cooper Industries Ltd., Cl. A .	11,224,646	18,584,000
260,000	Crane Co.	5,942,015	10,816,000
77,500	CRH plc	1,027,655	2,519,793
228,000	Greif Inc., Cl. A	4,647,546	17,090,880
5,000	Greif Inc., Cl. B	135,354	346,000
405,500	Honeywell International Inc. ..	13,533,476	16,341,650
260,000	ITT Industries Inc.	6,774,340	12,870,000
75,000	Lamson & Sessions Co.+	441,734	2,127,000
101,000	Park-Ohio Holdings Corp.+	1,073,670	1,744,270
4,000	Sulzer AG	850,053	2,997,014
30,000	Technip SA	721,269	1,661,487
75,000	Trinity Industries Inc.	945,000	3,030,000
		-----	-----
		57,792,861	104,849,008
		-----	-----
	PUBLISHING -- 4.9%		
50,000	Dow Jones & Co. Inc.	2,060,493	1,750,500
348,266	Independent News & Media plc	663,968	1,020,080
14,212	McClatchy Co., Cl. A	730,814	570,201
200,000	McGraw-Hill Companies Inc.	7,669,017	10,046,000
322,000	Media General Inc., Cl. A	19,271,073	13,488,580
122,000	Meredith Corp.	5,066,964	6,043,880

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
JUNE 30, 2006 (UNAUDITED)

SHARES		COST	MARKET VALUE
-----		----	-----
	COMMON STOCKS (CONTINUED)		
	PUBLISHING (CONTINUED)		
70,000	New York Times Co., Cl. A	\$ 3,095,394	\$ 1,717,800
1,744,800	News Corp., Cl. A	23,233,744	33,465,264
20,000	News Corp., Cl. B	186,274	403,600
200,000	Penton Media Inc.+	439,128	60,000
387,000	PRIMEDIA Inc.+	1,710,400	708,210
170,000	Reader's Digest Association Inc.	3,072,373	2,373,200
261,319	SCMP Group Ltd.	191,790	88,326
66,585	Seat Pagine Gialle SpA	177,139	31,000
150,000	The E.W. Scripps Co., Cl. A ...	5,032,324	6,471,000
340,900	Tribune Co.	14,864,484	11,055,387
		-----	-----
		87,465,379	89,293,028
		-----	-----
	ENTERTAINMENT -- 4.4%		
32,000	Canal+ Groupe	34,011	316,795
2,002	Chestnut Hill Ventures+ (a) ...	54,500	42,991
220,000	Discovery Holding Co., Cl. A+	3,185,692	3,218,600
1,600	DreamWorks Animation SKG Inc., Cl. A+	39,461	36,640
110,000	EMI Group plc	292,543	617,869
79,500	EMI Group plc, ADR	941,481	893,270
630,000	Gemstar-TV Guide International Inc.+	3,223,014	2,217,600
675,000	Grupo Televisa SA, ADR	6,364,956	13,034,250
125	Live Nation Inc.+	1,296	2,545
17,500	Oriental Land Co. Ltd.	1,043,187	984,796
160,000	Publishing & Broadcasting Ltd.	893,720	2,165,102
1,629,500	Rank Group plc	7,987,535	6,011,525
12,000	Regal Entertainment Group, Cl. A	165,788	243,840
75,000	Six Flags Inc.+	360,725	421,500
260,000	The Walt Disney Co.	5,453,387	7,800,000
810,000	Time Warner Inc.	17,932,501	14,013,000
19,750	Triple Crown Media Inc.+	230,216	171,232
440,000	Viacom Inc., Cl. A+	21,823,733	15,818,000
33,900	Vivendi SA	1,750,629	1,188,059
320,000	Vivendi SA, ADR	7,966,482	11,171,200
		-----	-----
		79,744,857	80,368,814
		-----	-----
	CONSUMER PRODUCTS -- 4.4%		
24,000	Altadis SA	1,010,055	1,134,569
65,000	Avon Products Inc.	1,883,408	2,015,000
43,000	Christian Dior SA	1,633,717	4,215,686
15,000	Church & Dwight Co. Inc.	99,536	546,300
33,000	Clorox Co.	1,832,427	2,012,010
10,000	Colgate-Palmolive Co.	513,338	599,000
69,000	Compagnie Financiere Richemont AG, Cl. A	2,879,288	3,160,607

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115,000	Energizer Holdings Inc.+	4,952,999	6,735,550				
50,000	Fortune Brands Inc.	3,390,240	3,550,500				
<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px dashed black;">SHARES</th> <th></th> <th style="text-align: right; border-bottom: 1px dashed black;">COST</th> <th style="text-align: right; border-bottom: 1px dashed black;">MARKET VALUE</th> </tr> </thead> </table>				SHARES		COST	MARKET VALUE
SHARES		COST	MARKET VALUE				
50,000	Gallaher Group plc	\$ 765,150	\$ 781,293				
232,000	Gallaher Group plc, ADR	13,677,686	14,509,280				
2,000	Givaudan SA	550,742	1,574,578				
36,000	Harley-Davidson Inc.	1,672,430	1,976,040				
40,000	Lenox Group Inc.+	371,488	283,600				
15,000	Matsushita Electric Industrial Co. Ltd., ADR	178,325	316,950				
15,000	Mattel Inc.	270,000	247,650				
25,000	National Presto Industries Inc.	862,113	1,307,000				
300,000	Procter & Gamble Co.	15,983,165	16,680,000				
60,000	Reckitt Benckiser plc	1,849,650	2,241,249				
7,500	Swatch Group AG	442,219	1,266,819				
890,000	Swedish Match AB	9,252,561	14,345,364				
		64,070,537	79,499,045				
	CABLE AND SATELLITE -- 4.2%						
1,610,000	Cablevision Systems Corp., Cl. A+	19,751,186	34,534,500				
270,000	Comcast Corp., Cl. A+	8,947,049	8,839,800				
85,000	Comcast Corp., Cl. A, Special+	756,584	2,786,300				
153,444	DIRECTV Group Inc.+	2,214,257	2,531,826				
55,000	EchoStar Communications Corp., Cl. A+	1,722,522	1,694,550				
156,770	Liberty Global Inc., Cl. A+ ...	2,194,421	3,370,555				
139,001	Liberty Global Inc., Cl. C+ ...	2,087,381	2,859,251				
385,345	Rogers Communications Inc., Cl. B, New York	4,905,237	15,567,938				
9,655	Rogers Communications Inc., Cl. B, Toronto	137,424	388,431				
80,000	Shaw Communications Inc., Cl. B, New York	329,197	2,263,200				
20,000	Shaw Communications Inc., Cl. B, Toronto	52,983	565,260				
		43,098,241	75,401,611				
	HEALTH CARE -- 3.3%						
10,000	Abbott Laboratories	398,848	436,100				
7,023	Allergan Inc.	655,380	753,287				
52,000	Amgen Inc.+	3,039,863	3,391,960				
19,146	AstraZeneca plc	949,527	1,155,930				
27,000	Biogen Idec Inc.+	163,601	1,250,910				
140,000	Bristol-Myers Squibb Co.	3,619,759	3,620,400				
65,036	GlaxoSmithKline plc	1,653,252	1,817,212				
4,000	GlaxoSmithKline plc, ADR	216,096	223,200				
30,000	Henry Schein Inc.+	764,324	1,401,900				
38,300	Hisamitsu Pharmaceutical Co. Inc.	935,510	1,174,703				
10,000	Hospira Inc.+	342,400	429,400				
40,000	Invitrogen Corp.+	2,065,234	2,642,800				
100,000	Merck & Co. Inc.	3,922,616	3,643,000				
2,000	Nobel Biocare Holding AG	286,712	474,827				

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39,000	Novartis AG	2,076,654	2,111,816
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See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC. SCHEDULE OF INVESTMENTS (CONTINUED) JUNE 30, 2006 (UNAUDITED)

SHARES		COST	MARKET VALUE
COMMON STOCKS (CONTINUED)			
HEALTH CARE (CONTINUED)			
105,000	Novartis AG, ADR	\$ 4,622,998	\$ 5,661,600
310,000	Pfizer Inc.	8,792,241	7,275,700
16,400	Roche Holding AG	2,587,332	2,711,088
15,108	Sanofi-Aventis	1,354,266	1,474,413
100,000	Schering-Plough Corp.	1,917,839	1,903,000
80,000	Smith & Nephew plc	752,722	616,158
5,250	Straumann Holding AG	1,087,318	1,338,749
10,000	Synthes Inc.	677,094	1,206,495
23,000	Takeda Pharmaceutical Co. Ltd.	1,140,219	1,430,968
20,000	UnitedHealth Group Inc.	900,959	895,600
82,000	William Demant Holding A/S+	3,730,842	6,130,473
100,000	Wyeth	4,105,470	4,441,000
		52,759,076	59,612,689
EQUIPMENT AND SUPPLIES -- 3.1%			
185,000	AMETEK Inc.	4,650,728	8,765,300
2,000	Amphenol Corp., Cl. A	14,775	111,920
42,000	Assa Abloy AB, Cl. B	797,978	706,152
94,000	CIRCOR International Inc.	974,241	2,866,060
205,000	Donaldson Co. Inc.	2,958,285	6,943,350
70,000	Fedders Corp.+	367,767	169,400
110,000	Flowserve Corp.+	2,075,580	6,259,000
24,000	Franklin Electric Co. Inc.	258,462	1,239,360
100,000	Gerber Scientific Inc.+	1,060,701	1,301,000
80,000	GrafTech International Ltd.+ ..	859,091	464,000
215,000	IDEX Corp.	7,645,560	10,148,000
40,000	Ingersoll-Rand Co. Ltd., Cl. A	855,378	1,711,200
106,000	Lufkin Industries Inc.	1,027,848	6,299,580
2,000	Manitowoc Co. Inc.	25,450	89,000
11,000	Mueller Industries Inc.	485,034	363,330
1,000	Sealed Air Corp.	17,404	52,080
225,000	Watts Water Technologies Inc., Cl. A	3,387,347	7,548,750
100,000	Weir Group plc	420,789	800,710
		27,882,418	55,838,192
AUTOMOTIVE: PARTS AND ACCESSORIES -- 2.7%			
60,000	BorgWarner Inc.	1,396,719	3,906,000
197,300	CLARCOR Inc.	1,582,379	5,877,567
460,000	Dana Corp.	4,935,123	1,214,400

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	BROADCASTING -- 1.5%		
422,500	CBS Corp., Cl. A	13,569,047	11,432,850
1,000	Clear Channel Communications Inc.	31,113	30,950
2,000	Cogeco Inc.	39,014	35,833
16,666	Corus Entertainment Inc., Cl. B	62,035	541,201

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
JUNE 30, 2006 (UNAUDITED)

SHARES		COST	MARKET VALUE
-----		----	-----
	COMMON STOCKS (CONTINUED)		
	BROADCASTING (CONTINUED)		
120,000	Gray Television Inc.	\$ 1,060,168	\$ 694,800
27,000	Gray Television Inc., Cl. A ...	317,211	164,970
100,000	ION Media Networks Inc.+	237,503	92,000
110,000	Liberty Media Holding Corp. - Capital, Cl. A+	8,219,085	9,214,700
75,000	Lin TV Corp., Cl. A+	1,180,678	566,250
120,000	Mediaset SpA	1,288,354	1,415,141
30,000	Modern Times Group AB, Cl. B+ .	781,911	1,577,796
30,000	Modern Times Group AB, Cl. B, Redeemable Shares+	41,153	72,074
100,000	Television Broadcasts Ltd.	396,239	618,055
5,000	Univision Communications Inc., Cl. A+	171,633	167,500
110,000	Young Broadcasting Inc., Cl. A+	1,268,746	345,400
		-----	-----
		28,663,890	26,969,520
		-----	-----
	AGRICULTURE -- 1.4%		
605,000	Archer-Daniels-Midland Co.	12,881,797	24,974,400
5,000	Delta & Pine Land Co.	84,396	147,000
10,000	Mosaic Co.+	139,584	156,500
		-----	-----
		13,105,777	25,277,900
		-----	-----
	AEROSPACE -- 1.3%		
105,000	Boeing Co.	6,475,976	8,600,550
12,000	Lockheed Martin Corp.	699,442	860,880
100,000	Northrop Grumman Corp.	5,511,672	6,406,000
1,000,000	Rolls-Royce Group plc+	7,431,061	7,655,750
53,800,000	Rolls-Royce Group plc, Cl. B ..	55,145	101,975
		-----	-----
		20,173,296	23,625,155
		-----	-----
	MACHINERY -- 1.2%		
20,000	Caterpillar Inc.	136,559	1,489,600
235,000	Deere & Co.	14,013,106	19,620,150
		-----	-----
		14,149,665	21,109,750
		-----	-----

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ENVIRONMENTAL SERVICES -- 1.1%		
65,000	Republic Services Inc.	875,761 2,622,100
470,000	Waste Management Inc.	11,765,637 16,863,600

		12,641,398 19,485,700

SPECIALTY CHEMICALS -- 1.0%		
815	Arkema+	104,440 31,804
5,400	Ciba Specialty Chemicals AG, ADR	4,285 150,822
20,000	E.I. du Pont de Nemours and Co.	802,600 832,000
325,000	Ferro Corp.	6,928,725 5,187,000
25,000	H.B. Fuller Co.	668,859 1,089,250
190,000	Hercules Inc.+	2,274,347 2,899,400
232,300	Omnova Solutions Inc.+	1,879,165 1,319,464
300,000	Sensient Technologies Corp. ...	5,529,921 6,273,000

SHARES	COST	MARKET VALUE
-----	-----	-----
10,000	Syngenta AG, ADR	\$ 16,177 \$ 265,600
165,000	Tokai Carbon Co. Ltd.	677,815 924,196
4,032	Tronox Inc., Cl. B	44,467 53,102

		18,930,801 19,025,638

WIRELESS COMMUNICATIONS -- 1.0%		
200,000	America Movil SA de CV, Cl. L, ADR	2,247,380 6,652,000
1,500	NTT DoCoMo Inc.	3,553,937 2,202,027
3,340	Tele Norte Celular Participacoes SA, ADR	51,601 31,396
8,350	Telemig Celular Participacoes SA, ADR	241,320 295,590
32,165	Tim Participacoes SA, ADR	390,212 886,146
100,000	United States Cellular Corp.+	4,333,517 6,060,000
270	Vivo Participacoes SA+	941 1,196
174,122	Vivo Participacoes SA, ADR	2,370,462 428,340
5,845	Vivo Participacoes SA, Pfd.+ ..	89,788 14,249
80,000	Vodafone Group plc, ADR	1,902,872 1,704,000

		15,182,030 18,274,944

METALS AND MINING -- 0.9%		
33,000	Anglo American plc	1,250,229 1,353,514
89,148	Barrick Gold Corp.	2,610,253 2,638,781
72,500	Harmony Gold Mining Co. Ltd.+	347,738 1,153,731
35,000	Harmony Gold Mining Co. Ltd., ADR+	460,008 570,150
75,000	Ivanhoe Mines Ltd.+	560,208 511,500
105,000	Newmont Mining Corp.	2,525,310 5,557,650
110,000	Novelis Inc.	2,381,034 2,373,800
50,000	Xstrata plc	948,090 1,895,445

		11,082,870 16,054,571

BUSINESS SERVICES -- 0.9%		
7,050	Acco Brands Corp.+	126,069 154,395
60,000	ANC Rental Corp.+	578,273 72
22,500	Canon Inc.	865,859 1,102,980
80,000	Cendant Corp.	1,600,104 1,303,200

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1,000	CheckFree Corp.+	9,040	49,560
15,000	Clear Channel Outdoor Holdings Inc., Cl. A+	289,301	314,400
186,554	Contax Participacoes SA, ADR	76,632	165,492
200,000	Group 4 Securicor plc	0	620,411
94,000	Landauer Inc.	2,511,653	4,502,600
119,000	MasterCard Inc., Cl. A+	4,776,000	5,712,000
72,500	Nashua Corp.+	656,627	498,075
25,000	Secom Co. Ltd.	1,095,891	1,181,842
		-----	-----
		12,585,449	15,605,027
		-----	-----
	REAL ESTATE -- 0.8%		
70,000	Cheung Kong (Holdings) Ltd. ...	815,521	758,469
98,000	Florida East Coast Industries Inc.	2,113,491	5,128,340

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
JUNE 30, 2006 (UNAUDITED)

SHARES		COST	MARKET VALUE
-----		----	-----
	COMMON STOCKS (CONTINUED)		
	REAL ESTATE (CONTINUED)		
55,000	Griffin Land & Nurseries Inc.+	\$ 513,144	\$ 1,718,750
160,000	St. Joe Co.	9,164,787	7,446,400
		-----	-----
		12,606,943	15,051,959
		-----	-----
	AUTOMOTIVE -- 0.7%		
30,000	General Motors Corp.	803,468	893,700
360,000	Navistar International Corp.+	13,011,758	8,859,600
43,000	PACCAR Inc.	431,444	3,542,340
		-----	-----
		14,246,670	13,295,640
		-----	-----
	RETAIL -- 0.7%		
169,252	AutoNation Inc.+	2,279,796	3,628,763
37,000	Coldwater Creek Inc.+	81,293	990,120
25,000	Costco Wholesale Corp.	1,141,563	1,428,250
50,000	Matsumotokiyoshi Co. Ltd.	1,372,604	1,271,408
30,000	Next plc	811,183	905,376
39,800	Seven & I Holdings Co. Ltd.	1,114,381	1,311,132
50,960	SUPERVALU Inc.	1,516,060	1,564,472
63,000	Woolworths Ltd.	872,140	943,331
		-----	-----
		9,189,020	12,042,852
		-----	-----
	ELECTRONICS -- 0.6%		
10,000	Advanced Micro Devices Inc.+ ..	106,090	244,200
3,000	Hitachi Ltd., ADR	218,796	198,210

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2,187	Prosperity REIT+	615	470
24,984	Rayonier Inc.	798,811	947,144
		-----	-----
		1,360,354	1,915,774
		-----	-----
	TOTAL		
	COMMON STOCKS	1,232,951,373	1,572,536,732
		-----	-----
	CONVERTIBLE PREFERRED STOCKS -- 0.2%		
	AEROSPACE -- 0.1%		
13,500	Northrop Grumman Corp., 7.000% Cv. Pfd., Ser. B	1,573,020	1,707,750
		-----	-----
	TELECOMMUNICATIONS -- 0.1%		
26,000	Cincinnati Bell Inc., 6.750% Cv. Pfd., Ser. B	820,367	1,118,000
		-----	-----

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
SCHEDULE OF INVESTMENTS (CONTINUED)
JUNE 30, 2006 (UNAUDITED)

SHARES		COST	MARKET VALUE
-----		----	-----
	CONVERTIBLE PREFERRED STOCKS (CONTINUED)		
	BROADCASTING -- 0.0%		
90	Gray Television Inc., 8.000% Cv. Pfd., Ser. C (a) (b) (c)	\$ 900,000	\$ 900,000
		-----	-----
	TOTAL CONVERTIBLE PREFERRED STOCKS	3,293,387	3,725,750
		-----	-----
	PRINCIPAL AMOUNT		

	CONVERTIBLE CORPORATE BONDS -- 0.1%		
	AUTOMOTIVE: PARTS AND ACCESSORIES -- 0.1%		
\$ 500,000	Pep Boys - Manny, Moe & Jack, Cv., 4.250%, 06/01/07	492,866	492,500
1,000,000	Standard Motor Products Inc., Sub. Deb. Cv., 6.750%, 07/15/09	963,806	887,500
		-----	-----
		1,456,672	1,380,000
		-----	-----
	AEROSPACE -- 0.0%		
669,000	Kaman Corp., Sub. Deb. Cv., 6.000%, 03/15/12	643,373	662,310
		-----	-----
	TOTAL CONVERTIBLE CORPORATE BONDS	2,100,045	2,042,310
		-----	-----

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SHARES		

	WARRANTS -- 0.0%	
	ENERGY AND UTILITIES -- 0.0%	
12,183	Mirant Corp., Ser. A, expire 01/03/11+	36,353
		123,048
	-----	-----
PRINCIPAL AMOUNT		

	U.S. GOVERNMENT OBLIGATIONS -- 0.0%	
	U.S. TREASURY NOTES -- 0.0%	
\$ 300,000	3.500%, 11/15/06	300,421
		298,184
	-----	-----
	SHORT-TERM OBLIGATIONS -- 13.0%	
	REPURCHASE AGREEMENTS -- 12.7%	
100,000,000	ABN Amro, 4.480%, dated 06/30/06, due 07/03/06, proceeds at maturity, \$100,037,333 (d)	100,000,000
		100,000,000
130,789,000	Barclays Capital Inc., 4.400%, dated 06/30/06, due 07/03/06, proceeds at maturity, \$130,836,956 (e)	130,789,000
		130,789,000
	-----	-----
		230,789,000
	-----	-----
PRINCIPAL AMOUNT		

	U.S. GOVERNMENT OBLIGATIONS -- 0.3%	
\$ 5,000,000	U.S. Treasury Bill, 4.704%+, 07/27/06	\$ 4,983,335
		\$ 4,983,335
	-----	-----
	TOTAL SHORT-TERM OBLIGATIONS	235,772,335
		235,772,335
	-----	-----
TOTAL INVESTMENTS -- 100.0%	\$1,474,453,914	1,814,498,359
	=====	=====
OTHER ASSETS AND LIABILITIES (NET)		
		(11,640,323)
PREFERRED STOCK		
	(7,906,900 preferred shares outstanding)	(377,492,500)

NET ASSETS -- COMMON STOCK		
	(166,832,166 common shares outstanding)	\$1,425,365,536
		=====
NET ASSET VALUE PER COMMON SHARE		
	(\$1,425,365,536 / 166,832,166 shares outstanding)	\$8.54
		=====

- (a) Security fair valued under procedures established by the Board of Directors. At June 30, 2006, the market value of fair valued securities amounted to \$942,991 or 0.05% of total investments.
- (b) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. This security may be resold in transactions exempt from

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registration, normally to qualified institutional buyers. At June 30, 2006, the market value of the Rule 144A security amounted to \$900,000 or 0.05% of total investments.

- (c) At June 30, 2006, the Fund held an investment in a restricted and illiquid security amounting to \$900,000 or 0.05% of total investments, which was valued under methods approved by the Board as follows:

ACQUISITION SHARES	ISSUER	ACQUISITION DATE	ACQUISITION COST	06/30/06 CARRYING VALUE PER UNIT
-----	-----	----	----	-----
90	Gray Television Inc., 8.000% Cv. Pfd., Ser. C	04/23/02	\$900,000	\$10,000.0000

- (d) Collateralized by U.S. Treasury Note, 4.875%, due 04/30/08, market value \$102,000,000.
- (e) Collateralized by U.S. Treasury Bonds, 8.125% and 6.125%, due 08/15/21 and 08/15/29, market value \$132,524,520 and \$880,260.
- + Non-income producing security.
- ++ Represents annualized yield at date of purchase.
- ADR American Depository Receipt
- CVO Contingent Value Obligation

	% OF MARKET VALUE	MARKET VALUE
	-----	-----
GEOGRAPHIC DIVERSIFICATION		
North America	80.6%	\$1,461,294,301
Europe	14.9	270,921,913
Latin America	3.0	55,026,288
Japan	1.1	19,415,605
Asia/Pacific	0.3	5,617,766
South Africa	0.1	2,222,486
Total Investments	100.0%	\$1,814,498,359
	=====	=====

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.

STATEMENT OF ASSETS AND LIABILITIES JUNE 30, 2006 (UNAUDITED)

ASSETS:	
Investments, at value (cost \$1,243,664,914)	\$1,583,709,359
Repurchase agreements, at value (cost \$230,789,000)	230,789,000
Foreign currency, at value (cost \$370,767)	389,565
Cash	632
Dividends and interest receivable	1,755,461
Unrealized appreciation on swap contracts	1,477,325
Receivable for investments sold	1,194,358
Other assets	29,554

TOTAL ASSETS	1,819,345,254

LIABILITIES:	
Payable for investments purchased	12,195,137

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Payable for investment advisory fees	3,223,267
Payable for shareholder communications expenses	397,142
Dividends payable	245,936
Payable for payroll expenses	78,666
Payable for Directors' fees	4,943
Other accrued expenses	342,127

TOTAL LIABILITIES	16,487,218

PREFERRED STOCK:	
Series B Cumulative Preferred Stock (7.20%, \$25 liquidation value, \$0.001 par value, 6,600,000 shares authorized with 4,950,000 shares issued and outstanding)	123,750,000
Series C Cumulative Preferred Stock (Auction Rate, \$25,000 liquidation value, \$0.001 par value, 5,200 shares authorized with 5,200 shares issued and outstanding)	130,000,000
Series D Cumulative Preferred Stock (5.875%, \$25 liquidation value, \$0.001 par value, 3,000,000 shares authorized with 2,949,700 shares issued and outstanding)	73,742,500
Series E Cumulative Preferred Stock (Auction Rate, \$25,000 liquidation value, \$0.001 par value, 2,000 shares authorized with 2,000 shares issued and outstanding)	50,000,000

TOTAL PREFERRED STOCK	377,492,500

NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS	\$1,425,365,536
	=====
NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS CONSIST OF:	
Capital stock, at \$0.001 par value	\$ 166,832
Additional paid-in capital	1,091,442,717
Accumulated distributions in excess of net realized gain on investments, options, futures contracts, swap contracts, and foreign currency transactions	(7,800,361)
Net unrealized appreciation on investments and swap contracts	341,521,770
Net unrealized appreciation on foreign currency translations	34,578

NET ASSETS	\$1,425,365,536
	=====
NET ASSET VALUE PER COMMON SHARE	
(\$1,425,365,536 / 166,832,166 shares outstanding; 182,000,000 shares authorized)	\$8.54
	=====

STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2006 (UNAUDITED)

INVESTMENT INCOME:	
Dividends (net of foreign taxes of \$505,900)	\$ 25,089,114
Interest	5,066,762

TOTAL INVESTMENT INCOME	30,155,876

EXPENSES:	
Investment advisory fees	9,145,348
Auction agent fees	224,620
Shareholder communications expenses	222,122

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Custodian fees	114,040
Payroll expenses	113,153
Shareholder services fees	89,674
Directors' fees	70,881
Legal and audit fees	60,512
Interest expense	861
Miscellaneous expenses	189,533

TOTAL EXPENSES	10,230,744
Less: Custodian fee credits	(24,670)

TOTAL NET EXPENSES	10,206,074

NET INVESTMENT INCOME	19,949,802

NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FUTURES CONTRACTS, SWAP CONTRACTS, AND FOREIGN CURRENCY:	
Net realized gain on investments	46,099,963
Net realized gain on futures contracts	2,522,193
Net realized gain on swap contracts	80,225
Net realized loss on foreign currency transactions	(106,804)

Net realized gain on investments, futures contracts, swap contracts, and foreign currency transactions	48,595,577
Net change in unrealized appreciation/depreciation on investments, swap contracts, and foreign currency translations	80,253,283

NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS, FUTURES CONTRACTS, SWAP CONTRACTS, AND FOREIGN CURRENCY	128,848,860

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	148,798,662
Total Distributions to Preferred Stock Shareholders	(12,243,848)

NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON STOCK SHAREHOLDERS RESULTING FROM OPERATIONS	\$136,554,814
	=====

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS

	SIX MONTHS ENDED
	JUNE 30, 2012
	(UNAUDITED)

OPERATIONS:	
Net investment income	\$ 19,949,802

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Net realized gain on investments, options, futures contracts, swap contracts, and foreign currency transactions	48,595
Net change in unrealized appreciation/depreciation on investments, futures contracts, swap contracts, and foreign currency translations	80,253
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	148,798
DISTRIBUTIONS TO PREFERRED SHAREHOLDERS:	
Net investment income	(3,634)
Net realized short-term gains on investments, futures contracts, and foreign currency transactions	(1,616)
Net realized long-term gains on investments, futures contracts, and foreign currency transactions	(6,993)
TOTAL DISTRIBUTIONS TO PREFERRED SHAREHOLDERS	(12,243)
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS RESULTING FROM OPERATIONS	136,554
DISTRIBUTIONS TO COMMON SHAREHOLDERS:	
Net investment income	(16,877)
Net realized short-term gains on investments, options, futures contracts, and foreign currency transactions	(7,505)
Net realized long-term gains on investments, options, futures contracts, and foreign currency transactions	(32,480)
Return of capital	(6,247)
TOTAL DISTRIBUTIONS TO COMMON SHAREHOLDERS	(63,110)
FUND SHARE TRANSACTIONS:	
Net increase in net assets from common shares issued upon reorganization and reinvestment of dividends and distributions	6,181
Net increase in net assets from common shares issued upon rights offering	2
Offering costs for preferred shares charged to paid-in capital	(154)
Offering costs for issuance of rights charged to paid-in capital	(154)
NET INCREASE IN NET ASSETS FROM FUND SHARE TRANSACTIONS	6,029
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS	79,474
NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS:	
Beginning of period	1,345,891
End of period (including undistributed net investment income of \$0 and \$561,527, respectively)	\$1,425,365

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

See accompanying notes to financial statements.

1. ORGANIZATION. The Gabelli Equity Trust Inc. (the "Fund") is a non-diversified closed-end management investment company organized as a Maryland corporation on May 20, 1986 and registered under the Investment Company Act of 1940, as amended (the "1940 Act"), whose primary objective is long-term growth of capital.

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Investment operations commenced on August 21, 1986.

The Fund will invest at least 80% of its assets in equity securities under normal market conditions (the "80% Policy"). The 80% Policy may be changed without shareholder approval. The Fund will provide shareholders with notice at least 60 days prior to the implementation of any change in the 80% Policy.

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

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 instruments with remaining maturities of 60 days or less that are not credit impaired are valued at amortized cost, unless the Board determines such amount does not reflect the securities' fair value, in which case these securities will be fair valued as determined by the Board. Debt instruments having a maturity greater than 60 days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded.

Securities and assets for which market quotations are not readily available are 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 to the valuation and changes in valuation of similar securities, including a comparison of foreign securities to the equivalent U.S. dollar value ADR securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

REPURCHASE AGREEMENTS. The Fund may enter into repurchase agreements with primary government securities dealers recognized by the Federal Reserve Board, with member banks of the Federal Reserve System, or with other brokers or dealers that meet credit guidelines established by the Adviser and reviewed by the Board. Under the terms of a typical repurchase agreement, the Fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. The Fund will always receive and maintain securities as collateral whose market

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value, including accrued interest, will be at least equal to 102% of the dollar amount invested by the Fund in each agreement. The Fund will make

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

payment for such securities only upon physical delivery or upon evidence of book entry transfer of the collateral to the account of the custodian. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to maintain the adequacy of the collateral. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited. At June 30, 2006, the Fund had investments of \$230,789,000 in repurchase agreements.

SWAP AGREEMENTS. The Fund may enter into interest rate swap or cap transactions. The use of swaps and caps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio transactions. Swap agreements may involve, to varying degrees, elements of market and counterparty risk, and exposure to loss in excess of the related amounts reflected in the Statement of Assets and Liabilities. In an interest rate swap, the Fund would agree to pay to the other party to the interest rate swap (which is known as the counterparty) periodically a fixed rate payment in exchange for the counterparty agreeing to pay to the Fund periodically a variable rate payment that is intended to approximate the Fund's variable rate payment obligation on Series C Preferred Stock. In an interest rate cap, the Fund would pay a premium to the counterparty and, to the extent that a specified variable rate index exceeds a predetermined fixed rate, would receive from that counterparty payments of the difference based on the notional amount of such cap. Interest rate swap and cap transactions introduce additional risk because the Fund would remain obligated to pay preferred stock dividends when due in accordance with the Articles Supplementary even if the counterparty defaulted. If there is a default by the counterparty to a swap contract, the Fund will be limited to contractual remedies pursuant to the agreements related to the transaction. There is no assurance that the swap contract counterparties will be able to meet their obligations pursuant to a swap contract or that, in the event of default, the Fund will succeed in pursuing contractual remedies. The Fund thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to a swap contract. The creditworthiness of the swap contract counterparties is closely monitored in order to minimize this risk. Depending on the general state of short-term interest rates and the returns on the Fund's portfolio securities at that point in time, such a default could negatively affect the Fund's ability to make dividend payments for Series C Preferred Stock. In addition, at the time an interest rate swap or cap transaction reaches its scheduled termination date, there is a risk that the 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. If this occurs, it could have a negative impact on the Fund's ability to make dividend payments on Series C Preferred Stock.

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 paid or received on swaps is reported as unrealized gains or losses in the Statement of Operations. A realized gain or loss is recorded upon payment or receipt of a periodic payment or termination of swap agreements.

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The Fund has entered into an interest rate swap agreement with Citibank N.A. Under the agreement, the Fund receives a floating rate of interest and pays a respective fixed rate of interest on the nominal value of the swap. Details of the swap at June 30, 2006 are as follows:

NOTIONAL AMOUNT	FIXED RATE	FLOATING RATE* (RATE RESET MONTHLY)	TERMINATION DATE	UNREALIZED APPRECIATION
\$130,000,000	4.494%	5.10906%	July 2, 2007	\$1,477,325

* Based on Libor (London Interbank Offered Rate).

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

FUTURES CONTRACTS. The Fund may engage in futures contracts for the purpose of hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase. Upon entering into a futures contract, the Fund is required to deposit with the broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as the "initial margin". Subsequent payments ("variation margin") are made or received by the Fund each day, depending on the daily fluctuations in the value of the contract, which are included in unrealized appreciation/depreciation on investments and futures contracts. The Fund recognizes a realized gain or loss when the contract is closed.

There are several risks in connection with the use of futures contracts as a hedging instrument. The change in value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in value of the hedged investments. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market. At June 30, 2006, there were no open futures contracts.

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

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. At June 30, 2006, there were no open forward foreign exchange contracts.

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 the current exchange rates. Purchases and sales of investment securities, income, and expenses are

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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 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 ability to repatriate funds, less complete financial information about companies, and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. issuers.

FOREIGN TAXES. The 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.

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

RESTRICTED AND ILLIQUID SECURITIES. The Fund may invest up to 10% of its net assets in securities for which the markets are illiquid. Illiquid securities include securities the disposition of which is subject to substantial legal or contractual restrictions. The sale of illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the Securities and Exchange Commission (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.

SECURITIES TRANSACTIONS AND INVESTMENT INCOME. Securities transactions are accounted for on the trade date with realized gain or loss on investments determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded on the accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on the ex-dividend date except for certain dividends which are recorded as soon as the Fund is informed of the dividend.

CUSTODIAN FEE CREDITS. When cash balances are maintained in the custody account, the Fund receives credits which are used to offset custodian fees. The gross expenses paid under the custody arrangement are included in custodian fees in the Statement of Operations with the corresponding expense offset, if any,

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shown as "custodian fee credits".

DISTRIBUTIONS TO SHAREHOLDERS. Distributions to common 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 U.S. generally accepted accounting principles. 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 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 net asset value ("NAV") of the Fund. For the fiscal year ended December 31, 2005, reclassifications were made to decrease accumulated net investment income by \$2,052,100 and decrease accumulated distributions in excess of net realized gain on investments, futures contracts, swap contracts, and foreign currency transactions by \$2,052,100.

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

The tax character of distributions paid during the fiscal year ended December 31, 2005 was as follows:

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

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

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.

As of December 31, 2005, the components of accumulated earnings/(losses) on a tax basis were as follows:

Net unrealized appreciation on investments	\$253,104,499
Net unrealized appreciation on foreign currency and swap contracts	428,687
Dividend payable	(304,105)
Undistributed ordinary income	835,150

Total	\$254,064,231

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The following summarizes the tax cost of investments, swap contracts, and the related unrealized appreciation/depreciation at June 30, 2006:

	COST	GROSS UNREALIZED APPRECIATION	GROSS UNREALIZED DEPRECIATION
	----	-----	-----
Investments	\$1,476,237,136	\$426,204,428	\$ (87,943,205)
Swap contracts	--	1,477,325	--
		-----	-----
		\$427,681,753	\$ (87,943,205)
		=====	=====

3. AGREEMENTS AND TRANSACTIONS WITH AFFILIATES. 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 weekly and paid monthly, equal on an annual basis to 1.00% of the value of the Fund's average weekly net assets including the liquidation value of preferred stock. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund's portfolio and oversees the administration of all aspects of the Fund's business and affairs. The Adviser has agreed to reduce the management fee on the incremental assets attributable to the Cumulative Preferred Stock if the total return of the NAV of the common shares of the Fund, including distributions and advisory fee subject to reduction, does not exceed the stated dividend rate or corresponding swap rate of each particular series of the Cumulative Preferred Stock for the fiscal year.

The Fund's total return on the NAV of the common shares is monitored on a monthly basis to assess whether the total return on the NAV of the common shares exceeds the stated dividend rate or corresponding swap rate of each particular series of Cumulative Preferred Stock for the period. For the six months ended June 30, 2006, the Fund's total return on the NAV of the common shares exceeded the stated dividend rate or net swap expense of all outstanding Preferred Stock. Thus, management fees were accrued on these assets.

During the six months ended June 30, 2006, the Fund paid brokerage commissions of \$116,382 to Gabelli & Company, Inc. ("Gabelli & Company"), an affiliate of the Adviser.

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

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

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement between the Fund and the Adviser. During the six months ended June 30, 2006, the Fund paid or accrued \$22,500 to the Adviser in

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connection with the cost of computing the Fund's NAV, which is included in miscellaneous expenses in the Statement of Operations.

The Fund is assuming its portion of the allocated cost of the Gabelli Funds' Chief Compliance Officer in the amount of \$15,334 for the six months ended June 30, 2006, which is included in payroll expenses in the Statement of Operations.

4. PORTFOLIO SECURITIES. Purchases and proceeds from the sales of securities for the six months ended June 30, 2006, other than short-term securities, aggregated \$120,608,180 and \$139,322,820, respectively.

5. CAPITAL. The charter permits the Fund to issue 182,000,000 shares of common stock (par value \$0.001) and authorizes the Board to increase its authorized shares from time to time. The Board has authorized the repurchase of its shares on the open market when the shares are trading at a discount of 10% or more (or such other percentage as the Board may determine from time to time) from the NAV of the shares. During the six months ended June 30, 2006, the Fund did not repurchase any shares of its common stock in the open market.

Transactions in common stock were as follows:

	SIX MONTHS ENDED JUNE 30, 2006 (UNAUDITED)		YEAR ENDED DECEMBER 31, 2005	
	Shares	Amount	Shares	Amount
Shares issued upon reinvestment of dividends and distributions	752,896	\$6,181,276	3,242,215	\$ 27,270
Shares issued in rights offering	--	--	20,525,901	143,080
Shares issued in connection with reorganization of Sterling Capital Corporation	--	--	1,978,190	18,300
Net increase	752,896	\$6,181,276	25,746,306	\$188,650
	=====	=====	=====	=====

The Fund's Articles of Incorporation, as amended, authorize the issuance of up to 18,000,000 shares of \$0.001 par value Cumulative Preferred Stock. The Cumulative Preferred Stock is senior to the common stock and results in the financial leveraging of the common stock. Such leveraging tends to magnify both the risks and opportunities to common shareholders. Dividends on shares of the Cumulative Preferred Stock are cumulative. The Fund is required by the 1940 Act and by the Articles Supplementary to meet certain asset coverage tests with respect to the Cumulative Preferred Stock. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the 7.20% Series B, Series C Auction Rate, 5.875% Series D, and Series E Auction Rate Cumulative Preferred Stock at redemption prices of \$25, \$25,000, \$25, and \$25,000, respectively, per share plus an amount equal to the accumulated and unpaid dividends whether or not declared on such shares in order to meet these requirements. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund's ability to pay dividends to common shareholders and could lead to sales of portfolio securities at inopportune times. The income received on the Fund's assets may vary in a manner unrelated to the fixed and variable rates, which could have either a beneficial or detrimental impact on net investment income and gains available to common shareholders.

On September 21, 2005, the Fund distributed one transferable right for each of the 143,681,301 shares of common stock outstanding to shareholders of record

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on that date. Seven rights were required to purchase one additional common share at the subscription price of \$7.00 per share. Shareholders who exercised their full primary subscription rights were

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

eligible for an over-subscription privilege entitling them to subscribe, subject to certain limitations and a pro-rata allotment, for any additional shares not purchased pursuant to the primary subscription plus such additional amounts as authorized by the Board in accordance with the registration statement. The subscription period expired on October 26, 2005. The rights offering was fully subscribed, having received over-subscription requests in excess of the shares available for primary subscription resulting in the issuance of 20,525,901 shares of common stock and proceeds of \$143,681,307 to the Fund, prior to the deduction of estimated expenses of \$754,685. The NAV per share of the Fund common shareholders was reduced by approximately \$0.15 per share as a result of the issuance of shares below NAV.

On June 20, 2001, the Fund received net proceeds of \$159,329,175 (after underwriting discounts of \$5,197,500 and offering expenses of \$473,325) from the public offering of 6,600,000 shares of 7.20% Series B Cumulative Preferred Stock. Commencing June 20, 2006 and thereafter, the Fund, at its option, may redeem the 7.20% Series B Cumulative Preferred Stock in whole or in part at the redemption price at any time. On June 26, 2006, the Fund, as authorized by the Board, redeemed 25% (1,650,000 shares) of its outstanding 7.20% Series B Cumulative Preferred Stock at the redemption price of \$25.00 per share of Preferred Stock (the liquidation value), plus accumulated and unpaid dividends through the redemption date of \$0.45 per Preferred Share. The Preferred Shares were callable at any time at the liquidation value plus accrued dividends following the expiration of the five-year call protection on June 20, 2006. At June 30, 2006, 4,950,000 shares of 7.20% Series B Cumulative Preferred Stock were outstanding and accrued dividends amounted to \$123,750.

On June 27, 2002, the Fund received net proceeds of \$128,246,557 (after underwriting discounts of \$1,300,000 and offering expenses of \$453,443) from the public offering of 5,200 shares of Series C Auction Rate Cumulative Preferred Stock. The dividend rate, as set by the auction process, which is generally held every 7 days, is expected to vary with short-term interest rates. The dividend rates of Series C Auction Rate Cumulative Preferred Stock ranged from 4.21% to 5.25% for the six months ended June 30, 2006. Existing shareholders may submit an order to hold, bid, or sell such shares on each auction date. Series C Auction Rate Cumulative Preferred Stock shareholders may also trade shares in the secondary market. The Fund, at its option, may redeem the Series C Auction Rate Cumulative Preferred Stock in whole or in part at the redemption price at any time. During the six months ended June 30, 2006, the Fund did not redeem any shares of Series C Auction Rate Cumulative Preferred Stock. At June 30, 2006, 5,200 shares of Series C Auction Rate Cumulative Preferred Stock were outstanding with an annualized dividend rate of 5.05% per share and accrued dividends amounted to \$54,708.

On October 7, 2003, the Fund received net proceeds of \$72,387,500 (after underwriting discounts of \$2,362,500 and offering expenses of \$261,658) from the public offering of 3,000,000 shares of 5.875% Series D Cumulative Preferred Stock. Commencing October 7, 2008 and thereafter, the Fund, at its option, may redeem the 5.875% Series D Cumulative Preferred Stock in whole or in part at the redemption price at any time. During the six months ended June 30, 2006, the Fund did not repurchase any shares of 5.875% Series D Cumulative Preferred Stock. At June 30, 2006, 2,949,700 shares of 5.875% Series D Cumulative

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Preferred Stock were outstanding and accrued dividends amounted to \$60,172.

On October 7, 2003, the Fund received net proceeds of \$49,260,000 (after underwriting discounts of \$500,000 and offering expenses of \$149,991) from the public offering of 2,000 shares of Series E Auction Rate Cumulative Preferred Stock. The dividend rate, as set by the auction process, which is generally held every 7 days, is expected to vary with short-term interest rates. The dividend rates of Series E Auction Rate Cumulative Preferred Stock ranged from 4.10% to 5.26% for the six months ended June 30, 2006. Existing shareholders may submit an order to hold, bid, or sell such shares on each auction date. Series E Auction Rate Cumulative Preferred Stock shareholders may also trade shares in the secondary market. The Fund, at its option, may redeem the Series E Auction Rate Cumulative Preferred Stock in whole or in part at the

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

redemption price at any time. During the six months ended June 30, 2006, the Fund did not redeem any shares of Series E Auction Rate Cumulative Preferred Stock. At June 30, 2006, 2,000 shares of Series E Auction Rate Cumulative Preferred Stock were outstanding with an annualized dividend rate of 5.26% per share and accrued dividends amounted to \$7,306.

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

6. 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 and expects the risk of loss to be remote.

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

8. OTHER MATTERS. The Adviser and/or affiliates have received subpoenas from the Attorney General of the State of New York and the SEC requesting information on mutual fund trading practices involving certain funds managed by the Adviser. GAMCO Investors, Inc. ("GAMCO"), the Adviser's parent company, is responding to

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these requests for documents and testimony. In June 2006, GAMCO began discussions with the SEC regarding a possible resolution of their inquiry. Since these discussions are ongoing, it cannot be determined at this time whether they will ultimately result in a settlement of this matter. On a separate matter, in September 2005, the Adviser was informed by the staff of the SEC that the staff may recommend to the Commission that an administrative remedy and a monetary penalty be sought from the Adviser in connection with the actions of two of seven closed-end funds managed by the Adviser relating to Section 19(a) and Rule 19a-1 of the 1940 Act. These provisions require registered investment companies to provide written statements to shareholders when a dividend is made from a source other than net investment income. While the two closed-end funds sent annual statements and provided other materials containing this information, the funds did not send written statements to shareholders with each distribution in 2002 and 2003. The Adviser believes that all of the funds are now in compliance. The Adviser believes that these matters would have no effect on the Fund or any material adverse effect on the Adviser or its ability to manage the Fund. The staff's notice to the Adviser did not relate to the Fund.

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THE GABELLI EQUITY TRUST INC.
FINANCIAL HIGHLIGHTS

SELECTED DATA FOR A COMMON SHARE OUTSTANDING THROUGHOUT EACH PERIOD:	SIX MONTHS ENDED JUNE 30, 2006 (UNAUDITED)	2005	2004	2003
OPERATING PERFORMANCE:				
Net asset value, beginning of period	\$ 8.10	\$ 8.69	\$ 7.98	\$ 7.98
Net investment income	0.12	0.09	0.02	0.02
Net realized and unrealized gain (loss) on investments	0.77	0.47	1.63	1.63
Total from investment operations	0.89	0.56	1.65	1.65
DISTRIBUTIONS TO PREFERRED SHAREHOLDERS: (A)				
Net investment income	(0.02) (e)	(0.01)	(0.00) (f)	(0.00) (f)
Net realized gain on investments	(0.05) (e)	(0.14)	(0.14)	(0.14)
Total distributions to preferred shareholders	(0.07)	(0.15)	(0.14)	(0.14)
NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS RESULTING FROM OPERATIONS				
	0.82	0.41	1.51	1.51
DISTRIBUTIONS TO COMMON SHAREHOLDERS:				
Net investment income	(0.10) (e)	(0.08)	(0.01)	(0.01)
Net realized gain on investments	(0.24) (e)	(0.77)	(0.79)	(0.79)
Return of capital	(0.04) (e)	--	--	--
Total distributions to common shareholders	(0.38)	(0.85)	(0.80)	(0.80)
FUND SHARE TRANSACTIONS:				
Increase (decrease) in net asset value from common stock share transactions	(0.00) (f)	(0.00) (f)	0.00 (f)	0.00 (f)
Decrease in net asset value from shares issued in rights offering	--	(0.15)	--	--
Increase in net asset value from repurchase of				

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preferred shares	--	--	0.00(f)	
Offering costs for preferred shares charged to paid-in capital	0.00(f)	(0.00)(f)	0.00(f)	(
Offering costs for issuance of rights charged to paid-in capital	(0.00)(f)	(0.00)(f)	--	
	-----	-----	-----	-----
Total capital share transactions	(0.00)	(0.15)	0.00(f)	(
	-----	-----	-----	-----
NET ASSET VALUE ATTRIBUTABLE TO COMMON SHAREHOLDERS, END OF PERIOD	\$ 8.54	\$ 8.10	\$ 8.69	\$
	=====	=====	=====	=====
Net Asset Value Total Return +	10.30%	5.50%	19.81%	3
	=====	=====	=====	=====
Market Value, End of Period	\$ 8.21	\$ 8.03	\$ 9.02	\$
	=====	=====	=====	=====
Total Investment Return ++	6.93%	0.66%	24.04%	2
	=====	=====	=====	=====

See accompanying notes to financial statements.

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THE GABELLI EQUITY TRUST INC.
FINANCIAL HIGHLIGHTS (CONTINUED)

SELECTED DATA FOR A COMMON SHARE OUTSTANDING THROUGHOUT EACH PERIOD:	SIX MONTHS ENDED JUNE 30, 2006 (UNAUDITED)	2005	YEAR ENDED DE 2004	20
	-----	-----	-----	-----
RATIOS AND SUPPLEMENTAL DATA:				
Net assets including liquidation value of preferred shares, end of period (in 000's)	\$1,802,858	\$1,764,634	\$1,638,225	\$1,514
Net assets attributable to common shares, end of period (in 000's)	\$1,425,366	\$1,345,891	\$1,219,483	\$1,094
Ratio of net investment income to average net assets attributable to common shares	2.82%(g)	1.27%	0.64%	
Ratio of operating expenses to average net assets attributable to common shares net of fee reduction (b)	1.45%(g)	1.39%	1.57%	
Ratio of operating expenses to average net assets including liquidation value of preferred shares net of fee reduction (b)	1.12%(g)	1.04%	1.14%	
Portfolio turnover rate	7.4%	22.4%	28.6%	
PREFERRED STOCK:				
7.25% CUMULATIVE PREFERRED STOCK				
Liquidation value, end of period (in 000's)	--	--	--	
Total shares outstanding (in 000's)	--	--	--	
Liquidation preference per share	--	--	--	
Average market value (c)	--	--	--	
Asset coverage per share	--	--	--	
7.20% CUMULATIVE PREFERRED STOCK				
Liquidation value, end of period (in 000's)	\$ 123,750	\$ 165,000	\$ 165,000	\$ 165
Total shares outstanding (in 000's)	4,950	6,600	6,600	6
Liquidation preference per share	\$ 25.00	\$ 25.00	\$ 25.00	\$ 2
Average market value (c)	\$ 25.23	\$ 25.92	\$ 26.57	\$ 2
Asset coverage per share	\$ 119.40	\$ 105.35	\$ 97.81	\$ 9

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AUCTION RATE SERIES C CUMULATIVE PREFERRED STOCK				
Liquidation value, end of period (in 000's)	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000
Total shares outstanding (in 000's)	5	5	5	5
Liquidation preference per share	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Average market value (c)	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Asset coverage per share	\$ 119,397	\$ 105,353	\$ 97,806	\$ 90,000
5.875% CUMULATIVE PREFERRED STOCK				
Liquidation value, end of period (in 000's)	\$ 73,743	\$ 73,743	\$ 73,743	\$ 73,743
Total shares outstanding (in 000's)	2,950	2,950	2,950	2,950
Liquidation preference per share	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Average market value (c)	\$ 23.87	\$ 24.82	\$ 24.81	\$ 24.81
Asset coverage per share	\$ 119.40	\$ 105.35	\$ 97.81	\$ 90.00
AUCTION RATE SERIES E CUMULATIVE PREFERRED STOCK				
Liquidation value, end of period (in 000's)	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Total shares outstanding (in 000's)	2	2	2	2
Liquidation preference per share	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Average market value (c)	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Asset coverage per share	\$ 119,397	\$ 105,353	\$ 97,806	\$ 90,000
ASSET COVERAGE (d)	478%	421%	391%	

-
- + Based on net asset value per share, adjusted for reinvestment of distributions, at prices dependent upon the relationship of the net asset value per share and the market value per share on the ex-dividend dates, including the effect of shares issued pursuant to 2001 and 2005 rights offerings, assuming full subscription by shareholder. Total return for the period of less than one year is not annualized.
 - ++ Based on market value per share, adjusted for reinvestment of distributions, including the effect of shares issued pursuant to 2001 and 2005 rights offerings, assuming full subscription by shareholder. Total return for the period of less than one year is not annualized.
 - (a) Calculated based upon average common shares outstanding on the record dates throughout the periods.
 - (b) The ratios do not include a reduction of expenses for custodian fee credits on cash balances maintained with the custodian. Including such custodian fee credits for the six months ended June 30, 2006 and the years ended December 31, 2002 and 2001, the ratios of operating expenses to average net assets attributable to common shares net of fee reduction would have been 1.44%, 1.19%, and 1.11%, respectively, and the ratios of operating expenses to average total net assets including liquidation value of preferred shares net of fee reduction would have been 1.12%, 0.87%, and 0.94%, respectively. For the fiscal years ended December 31, 2005, 2004, and 2003, the effect of the custodian fee credits was minimal.
 - (c) Based on weekly prices.
 - (d) Asset coverage is calculated by combining all series of preferred stock.
 - (e) Based on fiscal year to date book income. Amounts are subject to change and recharacterization at fiscal year end.
 - (f) Amount represents less than \$0.005 per share.
 - (g) Annualized.

See accompanying notes to financial statements.

THE GABELLI EQUITY TRUST INC.

BOARD CONSIDERATION AND RE-APPROVAL OF INVESTMENT ADVISORY AGREEMENT (UNAUDITED)

Section 15(c) of the Investment Company Act of 1940, as amended (the "1940 Act"), contemplates that the Board of Directors (the "Board") of The Gabelli

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Equity Trust Inc. (the "Fund"), including a majority of the Directors who have no direct or indirect interest in the investment advisory agreement and are not "interested persons" of the Fund, as defined in the 1940 Act (the "Independent Board Members"), are required to annually review and re-approve the terms of the Fund's existing investment advisory agreement and approve any newly proposed terms therein. In this regard, the Board reviewed and re-approved, during the most recent six month period covered by this report, the Investment Advisory Agreement (the "Advisory Agreement") with Gabelli Funds, LLC (the "Adviser") for the Fund.

More specifically, at a meeting held on May 17, 2006, the Board, including the Independent Board Members, considered the factors and reached the conclusions described below relating to the selection of the Adviser and the re-approval of the Advisory Agreement.

NATURE, EXTENT, AND QUALITY OF SERVICES. The Independent Board Members considered the nature, quality, and extent of administrative and shareholder services performed by the Adviser, including portfolio management, supervision of Fund operations and compliance and regulatory filings and disclosures to shareholders, general oversight of other service providers, review of Fund legal issues, assisting the Independent Board Members in their capacity as directors, and other services. The Independent Board Members concluded that the services are extensive in nature and that the Adviser consistently delivered a high level of service.

INVESTMENT PERFORMANCE OF THE FUND AND ADVISER. The Independent Board Members considered short-term and long-term investment performance for the Fund over various periods of time as compared to both relevant equity indices and the performance of the Fund's Lipper, Inc. peer group, and concluded that the Adviser was delivering satisfactory performance results consistent with the investment strategies being pursued by the Fund.

COSTS OF SERVICES AND PROFITS REALIZED BY THE ADVISER.

(A) **COSTS OF SERVICES TO FUND: FEES AND EXPENSES.** The Independent Board Members considered the Fund's advisory fee rate and expense ratio relative to industry averages for the Fund's peer group category and the advisory fees charged by the Adviser and its affiliates to other fund and non-fund clients. The Independent Board Members noted that the mix of services under the Advisory Agreement are much more extensive than those under the advisory agreements for non-fund clients. The Independent Board Members recognized that the advisory fee paid by the Fund and the Fund's overall expense ratio are higher than the averages for its peer group, but concluded that the fee is acceptable based upon the qualifications, experience, reputation, and performance of the Adviser.

(B) **PROFITABILITY AND COSTS OF SERVICES TO ADVISER.** The Independent Board Members considered the Adviser's overall profitability and costs, and pro-forma estimates of the Adviser's profitability and costs attributable to the Fund (i) as part of the Gabelli fund complex and (ii) assuming the Fund constituted the Adviser's only investment company under its management. The Independent Board Members also considered whether the amount of profit is a fair entrepreneurial profit for the management of the Fund, and noted that the Adviser has substantially increased its resources devoted to Fund matters in response to regulatory requirements and enhanced Fund policies and procedures. The Independent Board Members concluded that the Adviser's profitability was at an acceptable level.

EXTENT OF ECONOMIES OF SCALE AS FUND GROWS. The Independent Board Members

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considered whether there have been economies of scale with respect to the management of the Fund and whether the Fund has appropriately benefited from any economies of scale. The Independent Board Members noted that economies of scale may develop for certain funds as their assets increase and their fund-level expenses decline as a percentage of assets, but that fund-level economies of scale may not necessarily result in Adviser-level economies of scale. Aware that the Adviser waives fees attributable to the liquidation value of the preferred shares if the total return of the common shares does not exceed a specified amount, the Independent Board Members concluded that there was an appropriate sharing of economies of scale.

WHETHER FEE LEVELS REFLECT ECONOMIES OF SCALE. The Independent Board Members also considered whether the advisory fee rate is reasonable in relation to the asset size of the Fund and any economies of scale that may exist, and concluded that it currently was reasonable.

OTHER RELEVANT CONSIDERATIONS.

(A) ADVISER PERSONNEL AND METHODS. The Independent Board Members considered the size, education, and experience of the Adviser's staff, the Adviser's fundamental research capabilities, and the Adviser's approach to recruiting, training, and retaining portfolio managers and other research and management personnel, and concluded that in each of these areas the Adviser was structured in such a way to support the high level of services being provided to the Fund.

(B) OTHER BENEFITS TO THE ADVISER. The Independent Board Members also considered the character and amount of other incidental benefits received by the Adviser and its affiliates from its association with the Fund. The Independent Board Members considered the brokerage commissions paid to an affiliate of the Adviser. The Independent Board Members concluded that potential "fall-out" benefits that the Adviser and its affiliates may receive, such as affiliated brokerage commissions, greater name recognition, or increased ability to obtain research services, appear to be reasonable.

CONCLUSIONS. In considering the Advisory Agreement, the Independent Board Members did not identify any factor as all-important or all-controlling and instead considered these factors collectively in light of the Fund's surrounding circumstances. Based on this review, it was the judgment of the Independent Board Members that shareholders had received over the long term satisfactory absolute and relative performance at reasonable fees and, therefore, re-approval of the Advisory Agreement was in the best interests of the Fund and its shareholders. As a part of its decision making process, the Independent Board Members noted that the Adviser has managed the Fund since its inception, and the Independent Board Members believe that a long-term relationship with a capable, conscientious adviser is in the best interests of the Fund. The Independent Board Members considered, generally, that shareholders invested in the Fund knowing that the Adviser managed the Fund and knowing its advisory fee schedule. As such, the Independent Board Members considered, in particular, whether the Adviser managed the Fund in accordance with its investment objectives and policies as disclosed to shareholders. The Independent Board Members concluded that the Fund was managed by the Adviser consistent with its investment objectives and policies. Upon conclusion of their review and discussion, the Independent Board Members unanimously agreed to recommend the continuation of the Investment Advisory Agreement for the Fund.

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It is the policy of The Gabelli Equity Trust Inc. (the "Fund") to automatically reinvest dividends. As a "registered" shareholder you automatically become a participant in the Fund's Automatic Dividend Reinvestment Plan (the "Plan"). The Plan authorizes the Fund to issue shares of common stock to participants upon an income dividend or a capital gains distribution regardless of whether the shares are trading at a discount or a premium to net asset value. All distributions to shareholders whose shares are registered in their own names will be automatically reinvested pursuant to the Plan in additional shares of the Fund. Plan participants may send their stock certificates to Computershare Trust Company, N.A. ("Computershare") to be held in their dividend reinvestment account. Registered shareholders wishing to receive their distribution in cash must submit this request in writing to:

The Gabelli Equity Trust Inc.
c/o Computershare
P.O. Box 43010
Providence, RI 02940-3010

Shareholders requesting this cash election must include the shareholder's name and address as they appear on the share certificate. Shareholders with additional questions regarding the Plan, or requesting a copy of the terms of the Plan may contact Computershare at (800) 336-6983.

If your shares are held in the name of a broker, bank, or nominee, you should contact such institution. If such institution is not participating in the Plan, your account will be credited with a cash dividend. In order to participate in the Plan through such institution, it may be necessary for you to have your shares taken out of "street name" and re-registered in your own name. Once registered in your own name your dividends will be automatically reinvested. Certain brokers participate in the Plan. Shareholders holding shares in "street name" at participating institutions will have dividends automatically reinvested. Shareholders wishing a cash dividend at such institution must contact their broker to make this change.

The number of shares of common stock distributed to participants in the Plan in lieu of cash dividends is determined in the following manner. Under the Plan, whenever the market price of the Fund's common stock is equal to or exceeds net asset value at the time shares are valued for purposes of determining the number of shares equivalent to the cash dividends or capital gains distribution, participants are issued shares of common stock valued at the greater of (i) the net asset value as most recently determined or (ii) 95% of the then current market price of the Fund's common stock. The valuation date is the dividend or distribution payment date or, if that date is not a New York Stock Exchange ("NYSE") trading day, the next trading day. If the net asset value of the common stock at the time of valuation exceeds the market price of the common stock, participants will receive shares from the Fund valued at market price. If the Fund should declare a dividend or capital gains distribution payable only in cash, Computershare will buy common stock in the open market, or on the NYSE or elsewhere, for the participants' accounts, except that Computershare will endeavor to terminate purchases in the open market and cause the Fund to issue shares at net asset value if, following the commencement of such purchases, the market value of the common stock exceeds the then current net asset value.

The automatic reinvestment of dividends and capital gains distributions will not relieve participants of any income tax which may be payable on such distributions. A participant in the Plan will be treated for Federal income tax purposes as having received, on a dividend payment date, a dividend or distribution in an amount equal to the cash the participant could have received instead of shares.

The Fund reserves the right to amend or terminate the Plan as applied to any

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voluntary cash payments made and any dividend or distribution paid subsequent to written notice of the change sent to the members of the Plan at least 90 days before the record date for such dividend or distribution. The Plan also may be amended or terminated by Computershare on at least 90 days' written notice to participants in the Plan.

VOLUNTARY CASH PURCHASE PLAN

The Voluntary Cash Purchase Plan is yet another vehicle for our shareholders to increase their investment in the Fund. In order to participate in the Voluntary Cash Purchase Plan, shareholders must have their shares registered in their own name.

Participants in the Voluntary Cash Purchase Plan have the option of making additional cash payments to Computershare for investments in the Fund's shares at the then current market price. Shareholders may send an amount from \$250 to \$10,000. Computershare will use these funds to purchase shares in the open market on or about the 1st and 15th of each month. Computershare will charge each shareholder who participates \$0.75, plus a pro rata share of the brokerage commissions. Brokerage charges for such purchases are expected to be less than the usual brokerage charge for such transactions. It is suggested that any voluntary cash payments be sent to Computershare, P.O. Box 43010, Providence, RI 02940-3010 such that Computershare receives such payments approximately 10 days before the 1st and 15th of the month. Funds not received at least five days before the investment date shall be held for investment until the next purchase date. A payment may be withdrawn without charge if notice is received by Computershare at least 48 hours before such payment is to be invested.

SHAREHOLDERS WISHING TO LIQUIDATE SHARES HELD AT COMPUTERSHARE must do so in writing or by telephone. Please submit your request to the above mentioned address or telephone number. Include in your request your name, address and account number. The cost to liquidate shares is \$2.50 per transaction as well as the brokerage commission incurred. Brokerage charges are expected to be less than the usual brokerage charge for such transactions.

For more information regarding the Dividend Reinvestment Plan and Voluntary Cash Purchase Plan, brochures are available by calling (914) 921-5070 or by writing directly to the Fund.

The Fund reserves the right to amend or terminate the Plans as applied to any voluntary cash payments made and any dividend or distribution paid subsequent to written notice of the change sent to the members of the Plan at least 90 days before the record date for such dividend or distribution. The Plan also may be amended or terminated by Computershare on at least 90 days' written notice to participants in the Plan.

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[GRAPHIC OMITTED]
PICTURE OF FLAGS

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

DIRECTORS

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

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Dr. Thomas E. Bratter
PRESIDENT, JOHN DEWEY ACADEMY

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

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

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

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

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

Salvatore J. Zizza
CHAIRMAN, HALLMARK ELECTRICAL SUPPLIES CORP.

OFFICERS

Bruce N. Alpert
PRESIDENT

Carter W. Austin
VICE PRESIDENT

Dawn M. Donato
ASSISTANT VICE PRESIDENT & OMBUDSMAN

Peter D. Goldstein
CHIEF COMPLIANCE OFFICER

James E. McKee
SECRETARY

Agnes Mullady
TREASURER

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

CUSTODIAN
Mellon Trust of New England, N.A.

COUNSEL
Willkie Farr & Gallagher LLP

TRANSFER AGENT AND REGISTRAR
Computershare Trust Company, N.A.

STOCK EXCHANGE LISTING

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	Common	7.20% Preferred	5.875% Preferred
NYSE-Symbol:	GAB	GABPrB	GAB PrD
Shares Outstanding:	166,832,166	4,950,000	2,949,700

The Net Asset Value appears in the Publicly Traded Funds column, under the heading "General Equity Funds," in Sunday's The New York Times and in Monday's The Wall Street Journal. It is also listed in Barron's Mutual Funds/Closed End Funds section under the heading "General Equity Funds".

The Net Asset Value may be obtained each day by calling (914) 921-5070.

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

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund may, from time to time, purchase shares of its common stock in the open market when the Fund's shares are trading at a discount of 10% or more from the net asset value of the shares. The Fund may also, from time to time, purchase shares of its Series B and Series D Cumulative Preferred Stock in the open market when the shares are trading at a discount to the Liquidation Value of \$25.00.

THE GABELLI EQUITY TRUST INC.
ONE CORPORATE CENTER
RYE, NY 10580-1422
(914) 921-5070
WWW.GABELLI.COM

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GAB SA 2006

ITEM 2. CODE OF ETHICS.

Not applicable.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

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Not applicable.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable.

ITEM 6. SCHEDULE OF INVESTMENTS.

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

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

Not applicable.

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

There has been no change, as of the date of this filing, in any of the portfolio managers identified in response to paragraph (a)(1) of this Item in the registrant's most recently filed annual report on Form N-CSR.

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

REGISTRANT PURCHASES OF EQUITY SECURITIES

PERIOD	(A) TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED	(B) AVERAGE PRICE PAID PER SHARE (OR UNIT)	(C) TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	(D) APPROXIMATE NUMBER OF SHARES BE PURCHASED
Month #1 01/01/06 through 01/31/06	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common Preferred Preferred
Month #2 02/01/06 through 02/28/06	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common - N/A Preferred Series B - N/A Preferred Series D - N/A	Common Preferred Preferred
Month #3 03/01/06 through 03/31/06	Common - N/A Preferred Series B - N/A	Common - N/A Preferred Series B - N/A	Common - N/A Preferred Series B - N/A	Common Preferred

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	Preferred Series D - N/A	Preferred Series D - N/A	Preferred Series D - N/A	Preferred Series D - N/A
Month #4 04/01/06 through 04/30/06	Common - N/A	Common - N/A	Common - N/A	Common - N/A
	Preferred Series B - N/A	Preferred Series B - N/A	Preferred Series B - N/A	Preferred Series B - N/A
	Preferred Series D - N/A	Preferred Series D - N/A	Preferred Series D - N/A	Preferred Series D - N/A
Month #5 05/01/06 through 05/31/06	Common - N/A	Common - N/A	Common - N/A	Common - N/A
	Preferred Series B - N/A	Preferred Series B - N/A	Preferred Series B - N/A	Preferred Series B - N/A
	Preferred Series D - N/A	Preferred Series D - N/A	Preferred Series D - N/A	Preferred Series D - N/A
Month #6 06/01/06 through 06/30/06	Common - N/A	Common - N/A	Common - N/A	Common - N/A
	Preferred Series B - 1,650,000	Preferred Series B - \$25.00	Preferred Series B - 1,650,000	Preferred Series B - - 1,
	Preferred Series D - N/A	Preferred Series D - N/A	Preferred Series D - N/A	Preferred Series D - N/A
Total	Common - N/A	Common - N/A	Common - N/A	N/A
	Preferred Series B - 1,650,000	Preferred Series B - \$25.00	Preferred Series B - 1,650,000	
	Preferred Series D - N/A	Preferred Series D - N/A	Preferred Series D - N/A	Preferred Series D - N/A

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

- a. The date each plan or program was announced - The notice of the potential repurchase of common and preferred shares occurs quarterly in the Fund's quarterly report in accordance with Section 23(c) of the Investment Company Act of 1940, as amended.
- b. The dollar amount (or share or unit amount) approved - Any or all common shares outstanding may be repurchased when the Fund's common shares are trading at a discount of 10% or more from the net asset value of the shares.
Any or all preferred shares outstanding may be repurchased when the Fund's preferred shares are trading at a discount to the liquidation value of \$25.00.
- c. The expiration date (if any) of each plan or program - The Fund's repurchase plans are ongoing.
- d. Each plan or program that has expired during the period covered by the table - The Fund's repurchase plans are ongoing.
- e. Each plan or program the registrant has determined to terminate prior to expiration, or under which the registrant does not intend to make further purchases. - The Fund's repurchase plans are ongoing.

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

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

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ITEM 11. CONTROLS AND PROCEDURES.

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

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

ITEM 12. EXHIBITS.

- (a) (1) Not applicable.
- (a) (2) Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.
- (a) (3) Not applicable.
- (b) Certifications pursuant to Rule 30a-2(b) under the 1940 Act and Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.

SIGNATURES

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

(registrant) The Gabelli Equity Trust Inc.

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

Bruce N. Alpert, Principal Executive Officer

Date September 1, 2006

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

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

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Bruce N. Alpert, Principal Executive Officer

Date September 1, 2006

By (Signature and Title)* /s/ Agnes Mullady

Agnes Mullady,
Principal Financial Officer and Treasurer

Date September 1, 2006

* Print the name and title of each signing officer under his or her signature.