

GABELLI CONVERTIBLE & INCOME SECURITIES FUND INC  
Form N-Q  
November 23, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED**

**MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-05715

The Gabelli Convertible and Income Securities Fund 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: September 30, 2016

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q

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 the Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

**Item 1. Schedule of Investments.**

The Schedule(s) of Investments is attached herewith.

**The Gabelli Convertible and Income****Securities Fund Inc.****Third Quarter Report September 30, 2016****(Y)our Portfolio Management Team****Mario J. Gabelli, CFA Thomas Dinsmore, CFA Jane O'Keefe James Dinsmore, CFA****To Our Shareholders,**

For the quarter ended September 30, 2016, the net asset value ( NAV ) total return of The Gabelli Convertible and Income Securities Fund was 3.6%, compared with a total return of 0.4% for the Bloomberg Barclays Government/Credit Bond Index. The total return for the Fund's publicly traded shares was 9.7%. The Fund's NAV per share was \$5.18, while the price of the publicly traded shares closed at \$4.98 on the New York Stock Exchange ( NYSE ). See below for additional performance information.

Enclosed is the schedule of investments as of September 30, 2016.

**Comparative Results****Average Annual Returns through September 30, 2016 (a) (Unaudited)**

	Quarter	1 Year	5 Year	10 Year	15 Year	Since Inception (07/03/89)
<b>Gabelli Convertible and Income Securities Fund</b>						
<b>NAV Total Return (b)</b>	3.55%	6.26%	8.55%	4.47%	4.87%	6.50%
<b>Investment Total Return (c)</b>	9.68	13.33	8.48	3.38	3.61	5.45(d)
Standard & Poor's ( S&P ) 500 Index	3.85	15.43	16.37	7.24	7.15	9.64(e)
Bloomberg Barclays Government/Credit Bond Index	0.40	5.76	3.20	4.83	4.85	N/A(f)
Lipper Convertible Securities Fund Average	6.11	8.58	9.69	5.97	6.80	8.05(e)

(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](http://www.gabelli.com) for performance information as of the most recent month end. Performance returns for periods of less than one year are not annualized. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The S&P 500 Index is an unmanaged indicator of stock market performance. The Bloomberg Barclays Government/Credit Bond Index is a market value weighted index that tracks the performance of fixed rate, publicly placed, dollar denominated obligations. The Lipper Convertible Securities Fund Average reflects the average performance of open-end funds classified in this particular category. Dividends and interest income are considered reinvested. You cannot invest directly in an index.

(b) Total returns and average annual returns reflect changes in the NAV per share, reinvestment of distributions at NAV on the ex-dividend date, and adjustments for rights offerings and are net of expenses. Since inception

return is based on an initial NAV of \$10.00.

- (c) Total returns and average annual returns reflect changes in closing market values on the NYSE, reinvestment of distributions, and adjustments for rights offerings. Since inception return is based on an initial offering price of \$11.25 on March 31, 1995.
- (d) Since inception return is from March 31, 1995 when the Fund converted to closed-end status; before this date, the Fund had no operating history on the NYSE.
- (e) From June 30, 1989, the date closest to the Fund's inception for which data is available.
- (f) The Bloomberg Barclays Government/Credit Bond Index inception date is January 29, 1999.

**The Gabelli Convertible and Income Securities Fund Inc.****Schedule of Investments September 30, 2016 (Unaudited)**

<b>Principal</b>		<b>Market</b>
<b>Amount</b>		<b>Value</b>
	<b>CONVERTIBLE CORPORATE BONDS 43.4%</b>	
	<b>Aerospace 0.2%</b>	
\$ 100,000	Aerojet Rocketdyne Holdings Inc., Sub. Deb., 4.063%, 12/31/39	\$ 195,375
	<b>Building and Construction 1.3%</b>	
200,000	Ascent Capital Group Inc., 4.000%, 07/15/20	144,500
1,225,000	Layne Christensen Co., 4.250%, 11/15/18	1,086,422
		1,230,922
	<b>Cable and Satellite 1.2%</b>	
1,100,000	DISH Network Corp., 3.375%, 08/15/26(a)	1,210,000
	<b>Communications Equipment 1.9%</b>	
1,500,000	InterDigital, Inc., 1.500%, 03/01/20	1,833,750
	<b>Computer Software and Services 11.9%</b>	
1,000,000	Blucora Inc., 4.250%, 04/01/19	958,750
1,500,000	CSG Systems International Inc., 4.250%, 03/15/36(a)	1,643,437
1,510,000	EnerNOC Inc., 2.250%, 08/15/19	1,073,988
1,250,000	MercadoLibre Inc., 2.250%, 07/01/19	1,955,469
1,000,000	Nuance Communications Inc., 1.000%, 12/15/35(a)	875,000
1,000,000	Proofpoint Inc., 0.750%, 06/15/20	1,161,250
1,000,000	Synchronoss Technologies Inc., 0.750%, 08/15/19	1,060,625
1,000,000		1,587,500

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	The Priceline Group, Inc., 1.000%, 03/15/18	
1,250,000	Verint Systems Inc., 1.500%, 06/01/21	1,190,625
		11,506,644
<b>Consumer Services 3.5%</b>		
1,000,000	Carriage Services Inc., 2.750%, 03/15/21	1,176,875
584,000	Ctrip.com International Ltd., 1.250%, 09/15/22(a)	589,475
1,500,000	Extra Space Storage LP, 3.125%, 10/01/35(a)	1,622,813
		3,389,163
<b>Diversified Industrial 4.1%</b>		
2,000,000	Griffon Corp., Sub. Deb., 4.000%, 01/15/17(a)	2,412,500
800,000	Knowles Corp., 3.250%, 11/01/21(a)	849,000
<b>Principal</b>		<b>Market</b>
<b>Amount</b>		<b>Value</b>
\$ 500,000	TimkenSteel Corp., 6.000%, 06/01/21	\$ 551,875
100,000	Trinity Industries Inc., Sub. Deb., 3.875%, 06/01/36	120,000
		3,933,375
<b>Electronics 1.5%</b>		
800,000	Intel Corp., Sub. Deb., 3.250%, 08/01/39	1,464,504
<b>Energy and Utilities 2.2%</b>		
2,000,000	SunPower Corp., 4.000%, 01/15/23(a)	1,532,500
500,000	Weatherford International Ltd., 5.875%, 07/01/21	562,188
		2,094,688
<b>Entertainment 0.0%</b>		
100,000	THQ Inc., 5.000%, 08/15/17	13,813

<b>Financial Services 0.5%</b>		
500,000	Blackhawk Network Holdings Inc., 1.500%, 01/15/22(a)	478,750
<b>Health Care 6.4%</b>		
1,000,000	Horizon Pharma Investment Ltd., 2.500%, 03/15/22	971,875
333,000	Intercept Pharmaceuticals Inc., 3.250%, 07/01/23	374,001
1,000,000	Molina Healthcare Inc., 1.625%, 08/15/44	1,188,750
750,000	NuVasive Inc., 2.250%, 03/15/21(a)	952,500
666,000	Repligen Corp., 2.125%, 06/01/21	761,321
750,000	Teligent Inc., 3.750%, 12/15/19	716,250
1,250,000	Vitamin Shoppe Inc., 2.250%, 12/01/20(a)	1,182,031
		6,146,728
<b>Metals and Mining 1.1%</b>		
1,000,000	RTI International Metals Inc., 1.625%, 10/15/19	1,071,250
<b>Semiconductors 4.9%</b>		
550,000	Advanced Micro Devices Inc., 2.125%, 09/01/26	599,500
500,000	Cypress Semiconductor Corp., 4.500%, 01/15/22(a)	567,813
2,000,000	Micron Technology Inc., 3.000%, 11/15/43	1,787,500

See accompanying notes to schedule of investments.

**The Gabelli Convertible and Income Securities Fund Inc.****Schedule of Investments (Continued) September 30, 2016 (Unaudited)**

<b>Principal</b>		<b>Market</b>
<b>Amount</b>		<b>Value</b>
	<b>CONVERTIBLE CORPORATE BONDS (Continued)</b>	
	<b>Semiconductors (Continued)</b>	
\$ 1,500,000	NXP Semiconductors NV, 1.000%, 12/01/19	\$ 1,773,750
		4,728,563
	<b>Transportation 1.5%</b>	
1,500,000	Atlas Air Worldwide Holdings Inc., 2.250%, 06/01/22	1,461,563
	<b>Wireless Communications 1.2%</b>	
1,250,000	CalAmp Corp., 1.625%, 05/15/20	1,162,500
	<b>TOTAL CONVERTIBLE CORPORATE BONDS</b>	<b>41,921,588</b>
	<b>Shares</b>	
	<b>CONVERTIBLE PREFERRED STOCKS 2.8%</b>	
	<b>Diversified Industrial 0.0%</b>	
1,100	Sevcon Inc., 4.000%, Ser. A	29,073
	<b>Food and Beverage 0.8%</b>	
4,500	Post Holdings Inc., 3.750%	756,720
	<b>Real Estate Investment Trusts 1.4%</b>	
20,000	Welltower Inc., 6.500%, Ser. I	1,331,000
	<b>Telecommunications 0.6%</b>	
12,000	Cincinnati Bell Inc., 6.750%, Ser. B	601,920
100	Iridium Communications Inc., 7.000%	10,156
		612,076
	<b>TOTAL CONVERTIBLE PREFERRED STOCKS</b>	<b>2,728,869</b>

<b>MANDATORY CONVERTIBLE SECURITIES (b) 18.5%</b>		
<b>Computer Software and Services 0.6%</b>		
5,000	MTS Systems Corp., 8.750%, 07/01/19	544,750
<b>Consumer Services 1.1%</b>		
16,000	Stericycle Inc., 5.250%, 09/15/18	1,060,320
<b>Energy and Utilities 2.3%</b>		
6,000	AES Trust III, 6.750%, 10/15/29	306,000
300	El Paso Energy Capital Trust I, 4.750%, 03/31/28	15,000
15,668	Hess Corp., 8.000%, 02/01/19	1,031,424
		<b>Market</b>
<b>Shares</b>		<b>Value</b>
15,000	NextEra Energy Inc., 6.371%, 09/01/18	\$ 885,600
		2,238,024
<b>Financial Services 2.7%</b>		
20,000	Alibaba - Mandatory Exchange Trust, 5.750%, 06/01/19 (a)	2,583,900
<b>Food and Beverage 1.7%</b>		
20,000	Tyson Foods Inc., 4.750%, 07/15/17	1,637,200
<b>Health Care 5.1%</b>		
2,500	Allergan plc, 5.500%, Ser. A, 03/01/18	2,054,075
30,000	Anthem Inc., 5.250%, Ser. A, 05/01/18	1,304,100
2,000	Teva Pharmaceutical Industries Ltd., 7.000%, 12/15/18	1,626,618
		4,984,793
<b>Real Estate Investment Trusts 1.7%</b>		
15,000	American Tower Corp., 5.500%, 02/15/18	1,643,850

<b>Telecommunications 1.7%</b>		
20,000	Frontier Communications Corp., 11.125%, Ser. A, 06/29/18	1,678,200
<b>Wireless Communications 1.6%</b>		
20,000	T-Mobile US Inc., 5.500%, 12/15/17	1,561,400
<b>TOTAL MANDATORY CONVERTIBLE SECURITIES</b>		17,932,437
<b>COMMON STOCKS 33.3%</b>		
<b>Aerospace 1.9%</b>		
200,000	Rolls-Royce Holdings plc	1,866,445
<b>Automotive: Parts and Accessories 0.5%</b>		
5,000	Genuine Parts Co.	502,250
<b>Building and Construction 0.5%</b>		
8,000	Herc Holdings Inc.	269,600
4,656	Lennar Corp., Cl. A	197,146
		466,746
<b>Computer Hardware 0.6%</b>		
3,500	International Business Machines Corp.	555,975
<b>Computer Software and Services 0.3%</b>		
4,000	Fleetmatics Group plc	239,920

See accompanying notes to schedule of investments.

**The Gabelli Convertible and Income Securities Fund Inc.****Schedule of Investments (Continued) September 30, 2016 (Unaudited)**

Shares		Market Value
<b>COMMON STOCKS (Continued)</b>		
<b>Consumer Products 2.9%</b>		
28,022	Newell Brands Inc.	\$ 1,475,639
35,000	Swedish Match AB	1,284,329
		2,759,968
<b>Diversified Industrial 1.2%</b>		
40,000	General Electric Co.	1,184,800
<b>Energy and Utilities 2.3%</b>		
1,000	Chevron Corp.	102,920
7,000	Exxon Mobil Corp.	610,960
1,400	Great Plains Energy Inc.	38,206
11,000	Royal Dutch Shell plc, Cl. A, ADR	550,770
28,000	Severn Trent plc	909,114
		2,211,970
<b>Equipment and Supplies 0.6%</b>		
3,500	Graco Inc.	259,000
9,500	Mueller Industries Inc.	307,990
		566,990
<b>Financial Services 10.0%</b>		
15,000	American Express Co.	960,600
10,000	American International Group Inc.	593,400
10,000	Citigroup Inc.	472,300
5,000	GAM Holding AG	47,761
8,000	JPMorgan Chase & Co.	532,720
9,000	Julius Baer Group Ltd.	366,207
16,000	Kinnevik AB, Cl. A	445,004
27,000	Morgan Stanley	865,620
13,000	State Street Corp.	905,190
30,000	The Bank of New York Mellon Corp.	1,196,400
20,000	The PNC Financial Services Group Inc.	1,801,800

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30,000	Wells Fargo & Co.	1,328,400
230,000	Wright Investors Service Holdings Inc.	161,000
		9,676,402

**Food and Beverage 2.2%**

440,000	Parmalat SpA	1,165,504
2,020	Pernod Ricard SA	239,058
2,500	Remy Cointreau SA	213,353
10,000	The WhiteWave Foods Co.	544,300
		2,162,215

**Health Care 4.6%**

9,000	Eli Lilly & Co.	722,340
1,080,296	Elite Pharmaceuticals Inc.	190,132
10,000	Johnson & Johnson	1,181,300
8,000	Merck & Co. Inc.	499,280
12,000	Pfizer Inc.	406,440
48,000	Roche Holding AG, ADR	1,486,560
		4,486,052

**Market**

**Shares**

**Value**

**Hotels and Gaming 0.7%**

14,800	Ryman Hospitality Properties Inc.	\$ 712,768
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**Publishing 0.2%**

10,000	The E.W. Scripps Co., Cl. A	159,000
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**Retail 2.1%**

1,001	Costco Wholesale Corp.	152,592
18,000	CVS Health Corp.	1,601,820
6,500	Hertz Global Holdings Inc.	261,040
		2,015,452

**Specialty Chemicals 0.5%**

2,000	International Flavors & Fragrances Inc.	285,940
1,500	The Valspar Corp.	159,105
		445,045

**Telecommunications 1.8%**

1,600	Swisscom AG	760,391
18,000	Verizon Communications Inc.	935,640

		1,696,031
	<b>Transportation 0.3%</b>	
7,000	GATX Corp.	311,850
	<b>Wireless Communications 0.1%</b>	
5,000	Turkcell Iletisim Hizmetleri A/S, ADR	40,300
2,500	United States Cellular Corp.	90,850
		131,150
	<b>TOTAL COMMON STOCKS</b>	32,151,029
	<b>RIGHTS 0.0%</b>	
	<b>Retail 0.0%</b>	
40,000	Safeway Casa Ley, CVR, expire 01/30/19	14,000
40,000	Safeway PDC, CVR, expire 01/30/17	1,952
		15,952
	<b>TOTAL RIGHTS</b>	15,952
<b>Principal</b>		
<b>Amount</b>		
	<b>CORPORATE BONDS 0.4%</b>	
	<b>Automotive 0.3%</b>	
\$ 300,000	Navistar International Corp., 8.250%, 11/01/21	298,500
	<b>Energy and Utilities 0.1%</b>	
1,000,000	Texas Competitive Electric Holdings Co. LLC, Ser. B, 10.250%, 11/01/16	68,750
	<b>TOTAL CORPORATE BONDS</b>	367,250

See accompanying notes to schedule of investments.

**The Gabelli Convertible and Income Securities Fund Inc.****Schedule of Investments (Continued) September 30, 2016 (Unaudited)**

<b>Principal</b>		<b>Market</b>
<b>Amount</b>		<b>Value</b>
	<b>U.S. GOVERNMENT OBLIGATIONS 1.6%</b>	
\$ 1,520,000	U.S. Treasury Bills, 0.265% to 0.426% , 11/10/16 to 03/30/17	\$ 1,518,652
	<b>TOTAL INVESTMENTS 100.0%</b> (Cost \$86,389,783)	\$ 96,635,777
	Aggregate tax cost	\$ 86,793,905
	Gross unrealized appreciation	\$ 13,711,003
	Gross unrealized depreciation	(3,869,131)
	Net unrealized appreciation/depreciation	\$ 9,841,872

(a) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At September 30, 2016, the market value of Rule 144A securities amounted to \$16,499,719 or 17.07% of total investments.

(b) Mandatory Convertible Securities are required to be converted on the dates listed; they generally may be converted prior to these dates at the option of the holder.

Non-income producing security.

Represents annualized yield at date of purchase.

ADR American Depositary Receipt

CVR Contingent Value Right

See accompanying notes to schedule of investments.

## The Gabelli Convertible and Income Securities Fund Inc.

### Notes to Schedule of Investments (Unaudited)

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

**Security Valuation.** Portfolio securities listed or traded on a nationally recognized securities exchange or traded in the U.S. over-the-counter market for which market quotations are readily available are valued at the last quoted sale price or a market's official closing price as of the close of business on the day the securities are being valued. If there were no sales that day, the security is valued at the average of the closing bid and asked prices or, if there were no asked prices quoted on that day, then the security is valued at the closing bid price on that day. If no bid or asked prices are quoted on such day, the security is valued at the most recently available price or, if the Board of Directors (the Board ) so determines, by such other method as the Board shall determine in good faith to reflect its fair market value. Portfolio securities traded on more than one national securities exchange or market are valued according to the broadest and most representative market, as determined by Gabelli Funds, LLC (the Adviser ).

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market, but prior to the close of business on the day the securities are being valued. Debt instruments with remaining maturities of sixty 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 sixty 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. U.S. government obligations with maturities greater than sixty days are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. Certain securities are valued principally using dealer quotations. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with the equivalent U.S. dollar value American Depositary Receipts securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

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

- Level 1 quoted prices in active markets for identical securities;
- Level 2 other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); and



**The Gabelli Convertible and Income Securities Fund Inc.****Notes to Schedule of Investments (Unaudited) (Continued)**

Level 3 significant unobservable inputs (including the Board's determinations as to the fair value of investments).

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments in securities and other financial instruments by inputs used to value the Fund's investments as of September 30, 2016 is as follows:

	<b>Valuation Inputs</b>			<b>Total Market Value at 9/30/16</b>
	<b>Level 1 Quoted Prices</b>	<b>Level 2 Observable Inputs</b>	<b>Other Significant Level 3 Significant Unobservable Inputs</b>	
<b>INVESTMENTS IN SECURITIES:</b>				
<b>ASSETS (Market Value):</b>				
Convertible Corporate Bonds (a)		\$41,907,775	\$13,813	\$41,921,588
Convertible Preferred Stocks:				
Diversified Industrial		29,073		29,073
Food and Beverage		756,720		756,720
Real Estate Investment Trusts	\$ 1,331,000			1,331,000
Telecommunications	601,920	10,156		612,076
<b>Total Convertible Preferred Stocks</b>	<b>1,932,920</b>	<b>795,949</b>		<b>2,728,869</b>
Mandatory Convertible Securities (a)	17,387,687	544,750		17,932,437
Common Stocks (a)	32,151,029			32,151,029
Rights (a)			15,952	15,952
Corporate Bonds (a)		367,250		367,250
U.S. Government Obligations		1,518,652		1,518,652
<b>TOTAL INVESTMENTS IN SECURITIES ASSETS</b>	<b>\$51,471,636</b>	<b>\$45,134,376</b>	<b>\$29,765</b>	<b>\$96,635,777</b>

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

**Additional Information to Evaluate Qualitative Information.**

**General.** The Fund uses recognized industry pricing services approved by the Board and unaffiliated with the Adviser to value most of its securities, and uses broker quotes provided by market makers of securities not valued by these and other recognized pricing sources. Several different pricing feeds are received to value domestic equity securities,

international equity securities, preferred equity securities, and fixed income securities. The data within these feeds is ultimately sourced from major stock exchanges and trading systems where these securities trade. The prices supplied by external sources are checked by obtaining quotations or actual transaction prices from market participants. If a price obtained from the pricing source is deemed unreliable, prices will be sought from another pricing service or from a broker/dealer that trades that security or similar securities.

***Fair Valuation.*** Fair valued securities may be common and preferred equities, warrants, options, rights, and fixed income obligations. Where appropriate, Level 3 securities are those for which market quotations are not available, such as securities not traded for several days, or for which current bids are not available, or which are restricted as to transfer. Among the factors to be considered to fair value a security are recent prices of comparable securities that are publicly traded, reliable prices of securities not publicly traded, the use of valuation models, current analyst reports, valuing the income or cash flow of the issuer, or cost if the preceding factors do not apply. A significant change in the unobservable inputs could result in a lower or higher value in

**The Gabelli Convertible and Income Securities Fund Inc.**

**Notes to Schedule of Investments (Unaudited) (Continued)**

Level 3 securities. The circumstances of Level 3 securities are frequently monitored to determine if fair valuation measures continue to apply.

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

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

The Fund's derivative contracts held at September 30, 2016, if any, are not accounted for as hedging instruments under GAAP and are disclosed in the Schedule of Investments together with the related counterparty.

**Swap Agreements.** The Fund may enter into equity contract for difference swap transactions for the purpose of increasing the income of the Fund. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an equity contract for difference swap, a set of future cash flows is exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. Depending on the general state of short term interest rates and the returns on the Fund's portfolio securities at the time an equity contract for difference swap transaction reaches its scheduled termination date, there is a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction.

**Limitations on the Purchase and Sale of Futures Contracts, Certain Options, and Swaps.** Subject to the guidelines of the Board, the Fund may engage in commodity interest transactions (generally, transactions in futures, certain options, certain currency transactions, and certain types of swaps) only for bona fide hedging or other permissible transactions in accordance with the rules and regulations of the Commodity Futures Trading Commission (CFTC). Pursuant to amendments by the CFTC to Rule 4.5 under the Commodity Exchange Act (CEA), the Adviser has filed a notice of exemption from registration as a commodity pool operator with respect to the Fund. The Fund and the Adviser are therefore not subject to registration or regulation as a commodity pool operator under the CEA. In addition, certain trading restrictions are now applicable to the Fund as of January 1, 2013. These trading restrictions

permit the Fund to engage in commodity interest transactions

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**The Gabelli Convertible and Income Securities Fund Inc.****Notes to Schedule of Investments (Unaudited) (Continued)**

that include (i) bona fide hedging transactions, as that term is defined and interpreted by the CFTC and its staff, without regard to the percentage of the Fund's assets committed to margin and options premiums and (ii) non-bona fide hedging transactions, provided that the Fund does not enter into such non-bona fide hedging transactions if, immediately thereafter, either (a) the sum of the amount of initial margin deposits on the Fund's existing futures positions or swaps positions and option or swaption premiums would exceed 5% of the market value of the Fund's liquidating value, after taking into account unrealized profits and unrealized losses on any such transactions, or (b) the aggregate net notional value of the Fund's commodity interest transactions would not exceed 100% of the market value of the Fund's liquidating value, after taking into account unrealized profits and unrealized losses on any such transactions. Therefore, in order to claim the Rule 4.5 exemption, the Fund is limited in its ability to invest in commodity futures, options, and certain types of swaps (including securities futures, broad based stock index futures, and financial futures contracts). As a result, in the future, the Fund will be more limited in its ability to use these instruments than in the past, and these limitations may have a negative impact on the ability of the Adviser to manage the Fund, and on the Fund's performance.

**Securities Sold Short.** The Fund may enter into short sale transactions. Short selling involves selling securities that may or may not be owned and, at times, borrowing the same securities for delivery to the purchaser, with an obligation to replace such borrowed securities at a later date. The proceeds received from short sales are recorded as liabilities and the Fund records an unrealized gain or loss to the extent of the difference between the proceeds received and the value of an open short position on the day of determination. The Fund records a realized gain or loss when the short position is closed out. By entering into a short sale, the Fund bears the market risk of an unfavorable change in the price of the security sold short. Dividends on short sales are recorded as an expense by the Fund on the ex-dividend date and interest expense is recorded on the accrual basis. The broker retains collateral for the value of the open positions, which is adjusted periodically as the value of the position fluctuates. At September 30, 2016, the Fund did not hold securities sold short.

**Foreign Currency Translations.** The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at current exchange rates. Purchases and sales of investment securities, income, and expenses are translated at the exchange rate prevailing on the respective dates of such transactions. Unrealized gains and losses that result from changes in foreign exchange rates and/or changes in market prices of securities have been included in unrealized appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial purchase trade date and subsequent sale trade date is included in realized gain/(loss) on investments.

**Foreign Securities.** The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the inability to repatriate funds, less complete financial information about companies, and possible future adverse political and economic developments. Moreover, securities of



**The Gabelli Convertible and Income Securities Fund Inc.**

**Notes to Schedule of Investments (Unaudited) (Continued)**

many foreign issuers and their markets may be less liquid and their prices more volatile than securities of comparable U.S. issuers.

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

**Restricted Securities.** The Fund may invest up to 15% of its net assets in securities for which the markets are restricted. Restricted securities include securities whose disposition is subject to substantial legal or contractual restrictions. The sale of restricted securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than 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 SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity. At September 30, 2016, the Fund did not hold restricted securities.

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

**THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.**

**One Corporate Center**

**Rye, NY 10580-1422**

**Portfolio Management Team Biographies**

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

**James A. Dinsmore, CFA**, joined Gabelli Funds, LLC in 2015. He currently serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. Mr. Dinsmore received a B.A. in Economics from Cornell University and an M.B.A. degree from Rutgers University.

**Thomas H. Dinsmore, CFA**, joined Gabelli Funds, LLC in 2015. He currently serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. From 1996 to 2015, Mr. Dinsmore was Chairman and CEO of Dinsmore Capital Management; CEO and Portfolio Manager of Bancroft Fund Ltd; and CEO, Portfolio Manager, and co-founder of Ellsworth Growth and Income Fund Ltd. He received a B.S. in Economics from the Wharton School of Business and an M.A. in Economics from Fairleigh Dickinson University.

**Jane D. O Keeffe** joined Gabelli Funds, LLC in 2015. She currently serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. From 1996 to 2015, Ms. O Keeffe was President and Director of Dinsmore Capital Management where she was also a Portfolio Manager of Bancroft Fund Ltd. and Ellsworth Growth and Income Fund Ltd. Prior to joining Dinsmore Capital Management, Ms. O Keeffe held positions of increasing responsibilities at IDS Progressive Fund, Soros Fund Management Company, Simms Capital Management, and Fiduciary Trust International. She earned a B.A. from the University of New Hampshire and attended the Lubin Graduate School of Business at Pace University.

We have separated the portfolio managers' 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 managers' commentary is unrestricted. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at [www.gabelli.com](http://www.gabelli.com).

The Net Asset Value per share appears in the Publicly Traded Funds column, under the heading Convertible Securities Funds, in Monday's The Wall Street Journal. It is also listed in Barron's Mutual Funds/Closed-End Funds section under the heading Convertible Securities Funds.

The Net Asset Value per share may be obtained each day by calling (914) 921-5070 or visiting [www.gabelli.com](http://www.gabelli.com).

The NASDAQ symbol for the Net Asset Value is XGCVX.

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 its common shares 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 its preferred shares in the open market when the preferred shares are trading at a discount to the liquidation value.

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Chairman and

Chief Executive Officer,

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E. Val Cerutti

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Portfolio Manager,

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TRANSFER AGENT AND

REGISTRAR

Computershare Trust Company, N.A.

Werner J. Roeder, MD

Former Medical Director,

Lawrence Hospital

GCV Q3/2016

**Item 2. 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 last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 3. Exhibits.**

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

