

GABELLI CONVERTIBLE & INCOME SECURITIES FUND INC
Form N-CSR
March 09, 2012

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 811-05715

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: December 31, 2011

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,

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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. § 3507.

Item 1. Reports to Stockholders.

The Report to Shareholders is attached herewith.

The Gabelli Convertible and Income Securities Fund Inc.

Annual Report

December 31, 2011

Mario J. Gabelli, CFA

To Our Shareholders,

The Sarbanes-Oxley Act requires a fund's principal executive and financial officers to certify the entire contents of the semiannual and annual shareholder reports in a filing with the Securities and Exchange Commission (SEC) on Form N-CSR. This certification would cover the portfolio manager's commentary and subjective opinions if they are attached to or a part of the financial statements. Many of these comments and opinions would be difficult or impossible to certify.

Because we do not want our portfolio manager to eliminate his opinions and/or restrict his commentary to historical facts, we have separated his commentary from the financial statements and investment portfolio and have sent it to you separately. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com.

Investment Performance

For the year ended December 31, 2011, the net asset value (NAV) total return of The Gabelli Convertible and Income Securities Fund Inc. was (0.9)%, compared with a total return of 8.7% for the Barclays Capital Government/Corporate Bond Index. The total return for the Fund's publicly traded shares was (9.1)%. On December 31, 2011, the Fund's NAV per share was \$5.48, while the price of the publicly traded shares closed at \$5.11 on the New York Stock Exchange (NYSE).

Enclosed are the schedule of investments and financial statements as of December 31, 2011.

Sincerely yours,

Bruce N. Alpert

President

February 22, 2012

Comparative Results

Average Annual Returns through December 31, 2011 (a) (Unaudited)

	1 Year	5 Year	10 Year	Since Inception (07/03/89)
Gabelli Convertible and Income Securities Fund				

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NAV Total Return (b)	(0.86)%	0.87%	3.47%	6.30%
Investment Total Return (c)	(9.11)	(1.98)	1.40	4.63(d)
Standard & Poor's 500 Index	2.11	(0.25)	2.92	8.62(e)
Barclays Capital Government/Corporate Bond Index	8.71	6.52	5.81	N/A(f)
Lipper Convertible Securities Fund Average	(5.23)	2.56	5.10	7.88(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 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 Standard & Poor's 500 Index is an unmanaged indicator of stock market performance. The Barclays Capital Government/Corporate Bond Index is an unmanaged market value weighted index that tracks the total return performance of fixed rate, publicly placed, dollar denominated obligations. The Lipper Convertible Securities Fund Average reflects the average performance of open-end mutual 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.
- (d) The Fund converted to closed-end status on March 31, 1995 and had no operating history on the NYSE prior to that date.
- (e) From June 30, 1989, the date closest to the Fund's inception for which data is available.
- (f) The Barclays Capital Government/Corporate Bond Index inception date is December 31, 1998.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.**Summary of Portfolio Holdings (Unaudited)**

The following table presents portfolio holdings as a percent of total investments as of December 31, 2011:

U.S. Government Obligations	22.4%
Energy and Utilities	12.1%
Financial Services	11.3%
Health Care	8.8%
Diversified Industrial	7.8%
Telecommunications	6.7%
Computer Hardware	5.3%
Aerospace	5.1%
Food and Beverage	3.6%
Retail	3.2%
Consumer Products	1.9%
Business Services	1.8%
Automotive: Parts and Accessories	1.7%
Hotels and Gaming	1.2%
Electronics	1.1%
Computer Software and Services	0.9%
Transportation	0.9%
Automotive	0.7%
Building and Construction	0.6%
Insurance	0.6%
Communications Equipment	0.5%
Specialty Chemicals	0.5%
Environmental Services	0.4%
Broadcasting	0.3%
Metals and Mining	0.2%
Cable and Satellite	0.1%
Entertainment	0.1%
Equipment and Supplies	0.1%
Wireless Communications	0.1%
Machinery	0.0%
Manufactured Housing and Recreational Vehicles	0.0%
	100.0%

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. Shareholders may obtain this information at www.gabelli.com or by calling the Fund at 800-GABELLI (800-422-3554). The Fund's Form N-Q is available on the SEC's website at www.sec.gov and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.

Proxy Voting

The Fund files Form N-PX with its complete proxy voting record for the twelve months ended June 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, by (i) calling 800-GABELLI (800-422-3554); (ii) writing to the Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; or (iii) visiting the SEC's website at www.sec.gov.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.

SCHEDULE OF INVESTMENTS

December 31, 2011

Principal Amount		Cost	Market Value
CONVERTIBLE CORPORATE BONDS 22.4%			
Aerospace 1.7%			
\$ 1,850,000	GenCorp Inc., Sub. Deb. Cv., 4.063%, 12/31/39	\$ 1,486,821	\$ 1,676,562
Automotive 0.7%			
600,000	Navistar International Corp., Sub. Deb. Cv., 3.000%, 10/15/14	597,220	649,500
Broadcasting 0.3%			
200,000	Sirius XM Radio Inc., Sub. Deb. Cv., 7.000%, 12/01/14 (a)	182,055	259,500
Building and Construction 0.6%			
400,000	Lennar Corp., Cv., 2.000%, 12/01/20 (a)	389,683	404,000
200,000	2.750%, 12/15/20 (a)	205,557	224,000
		595,240	628,000
Business Services 1.8%			
1,700,000	The Interpublic Group of Companies Inc., Cv., 4.250%, 03/15/23	1,656,602	1,727,625
Cable and Satellite 0.0%			
400,000	Adelphia Communications Corp., Sub. Deb. Cv., 3.250%, 05/01/21 (b)	92,711	0
Computer Hardware 4.0%			
4,000,000	SanDisk Corp., Cv., 1.000%, 05/15/13	3,362,547	3,915,000
Consumer Products 0.1%			
250,000	Eastman Kodak Co., Cv., 7.000%, 04/01/17	194,831	66,875
Diversified Industrial 5.1%			
3,500,000	Griffon Corp., Sub. Deb. Cv., 4.000%, 01/15/17 (a)	3,467,012	3,325,000
1,400,000	Roper Industries Inc., Sub. Deb. Cv. (STEP), Zero Coupon, 01/15/34	850,098	1,526,000
50,000	Textron Inc., Ser. TXT, Cv., 4.500%, 05/01/13	50,000	77,000
100,000		71,812	98,250

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	Trinity Industries Inc., Sub. Deb. Cv., 3.875%, 06/01/36		4,438,922	5,026,250
Electronics 0.1%				
100,000	Intel Corp., Sub. Deb. Cv., 3.250%, 08/01/39		106,645	125,750
Energy and Utilities 0.5%				
400,000	UniSource Energy Corp., Cv., 4.500%, 03/01/35 (a)		398,469	432,500
Entertainment 0.1%				
50,000	Take-Two Interactive Software Inc., Cv., 4.375%, 06/01/14		50,000	72,125
100,000	THQ Inc., Cv., 5.000%, 08/15/14		92,849	47,500
			142,849	119,625
Environmental Services 0.4%				
350,000	Covanta Holding Corp., Cv., 3.250%, 06/01/14		350,000	366,625
Principal				Market
Amount			Cost	Value
Financial Services 1.5%				
\$ 1,500,000	Janus Capital Group Inc., Cv., 3.250%, 07/15/14		\$ 1,500,000	\$ 1,481,250
Health Care 0.3%				
100,000	Chemed Corp., Cv., 1.875%, 05/15/14		89,326	94,250
250,000	Wright Medical Group Inc., Cv., 2.625%, 12/01/14		230,031	233,750
			319,357	328,000
Hotels and Gaming 1.2%				
900,000	Gaylord Entertainment Co., Cv., 3.750%, 10/01/14 (a)		881,026	1,005,750
100,000	MGM Resorts International, Cv., 4.250%, 04/15/15		100,955	95,125
100,000	Morgans Hotel Group Co., Sub. Deb. Cv., 2.375%, 10/15/14		91,137	81,750
			1,073,118	1,182,625
Metals and Mining 0.2%				
100,000	Alcoa Inc., Cv., 5.250%, 03/15/14		100,000	151,750
Retail 0.7%				
60,000	Costco Wholesale Corp., Sub. Deb. Cv., Zero Coupon, 08/19/17		53,442	113,850
630,000			550,098	584,325

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Spartan Stores Inc., Cv.,
3.375%, 05/15/27

		603,540	698,175
	Telecommunications 3.1%		
3,000,000	NII Holdings Inc., Cv., 3.125%, 06/15/12	2,990,687	3,033,750
	TOTAL CONVERTIBLE CORPORATE BONDS	20,191,614	21,869,362
Shares			
	CONVERTIBLE PREFERRED STOCKS 1.7%		
	Business Services 0.0%		
20,000	Key3Media Group Inc. (STEP), 5.500% Cv. Pfd., Ser. B (b)	499,993	117
	Communications Equipment 0.2%		
400	Lucent Technologies Capital Trust I, 7.750% Cv. Pfd.	156,750	245,600
	Energy and Utilities 0.3%		
6,000	AES Trust III, 6.750% Cv. Pfd.	229,530	294,540
300	El Paso Energy Capital Trust I, 4.750% Cv. Pfd.	11,460	13,812
5	Whiting Petroleum Corp., 6.250%, Cv. Pfd.	500	1,100
		241,490	309,452
	Health Care 0.0%		
100	Elite Pharmaceuticals Inc., \$2.32 Cv. Pfd., Ser. C (b)(c)	91,465	48,667
	Telecommunications 0.6%		
14,000	Cincinnati Bell Inc., 6.750% Cv. Pfd., Ser. B	350,962	544,040
	Transportation 0.6%		
2,500	GATX Corp., \$2.50 Cv. Pfd., Ser. A (b)	360,275	545,750
	TOTAL CONVERTIBLE PREFERRED STOCKS	1,700,935	1,693,626

See accompanying notes to financial statements.

THE GABELLI CONVERTIBLE AND INCOME SECURITIES FUND INC.

SCHEDULE OF INVESTMENTS (Continued)

December 31, 2011

Shares		Cost	Market Value
COMMON STOCKS 53.1%			
Aerospace 3.4%			
20,000	Goodrich Corp.	\$ 2,434,622	\$ 2,474,000
1,000	Rockwell Automation Inc.	30,042	73,370
65,000	Rolls-Royce Holdings plc	560,739	753,549
4,485,000	Rolls-Royce Holdings plc, Cl. C (c)	7,137	6,965
		3,032,540	3,307,884
Automotive: Parts and Accessories 1.7%			
27,000	Genuine Parts Co.	1,051,306	1,652,400
Cable and Satellite 0.1%			
493,409	Adelphia Recovery Trust (b)	0	0
2,000	Rogers Communications Inc., Cl. B	28,913	77,020
		28,913	77,020
Communications Equipment 0.3%			
22,000	Corning Inc.	265,940	285,560
Computer Hardware 1.3%			
7,000	International Business Machines Corp.	590,718	1,287,160
Computer Software and Services 0.9%			
11,000	Diebold Inc.	296,571	330,770
20,000	Microsoft Corp.	545,275	519,200
		841,846	849,970
Consumer Products 1.8%			
2,000	Kimberly-Clark Corp.	122,696	147,120
40,000	Swedish Match AB	785,618	1,419,926
3,500	The Procter & Gamble Co.	216,289	233,485
		1,124,603	1,800,531
Diversified Industrial 2.7%			
5,000	Crane Co.	218,032	233,550
99,000	General Electric Co.	1,746,544	1,773,090
355,000	National Patent Development Corp.	887,500	670,950
880	Textron Inc.	7,502	16,271
		2,859,578	2,693,861

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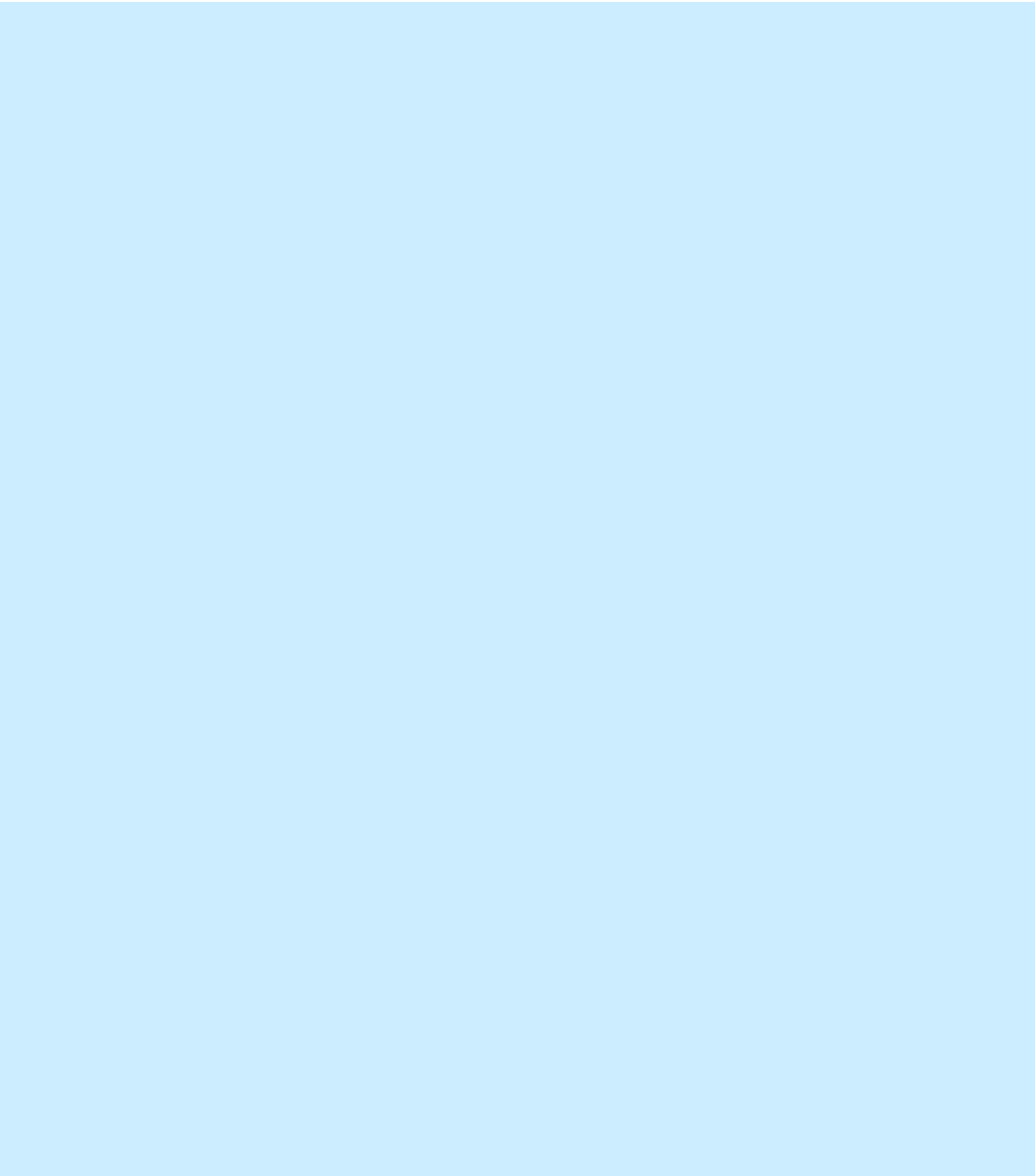
Electronics 1.0%			
20,000	Netlogic Microsystems Inc.	962,235	991,400
Energy and Utilities 11.0%			
4,000	Anadarko Petroleum Corp.	140,104	305,320
6,000	BP plc, ADR	236,937	256,440
1,500	CH Energy Group Inc.	54,441	87,570
7,200	Chevron Corp.	431,846	766,080
4,500	ConocoPhillips	232,747	327,915
6,000	CONSOL Energy Inc.	214,678	220,200
3,000	Devon Energy Corp.	174,764	186,000
20,000	El Paso Corp.	243,630	531,400
15,000	Exxon Mobil Corp.	886,881	1,271,400
55,000	GenOn Energy Inc.	240,714	143,550
1,200,000	GenOn Energy Inc., Escrow (b)	0	0
38,000	Great Plains Energy Inc.	602,542	827,640
5,000	Halliburton Co.	147,980	172,550
9,000	Hess Corp.	686,377	511,200
20,000	National Fuel Gas Co.	809,007	1,111,600
21,000	NextEra Energy Inc.	1,114,229	1,278,480
12,000	Northeast Utilities	260,850	432,840
10,000	Progress Energy Inc.	449,854	560,200
10,000	Progress Energy Inc., CVO	5,200	7,340
16,000	Royal Dutch Shell plc, Cl. A, ADR	1,014,367	1,169,440
12,000	SJW Corp.	260,028	283,680
7,000	Southern Union Co.	232,820	294,770
		8,439,996	10,745,615

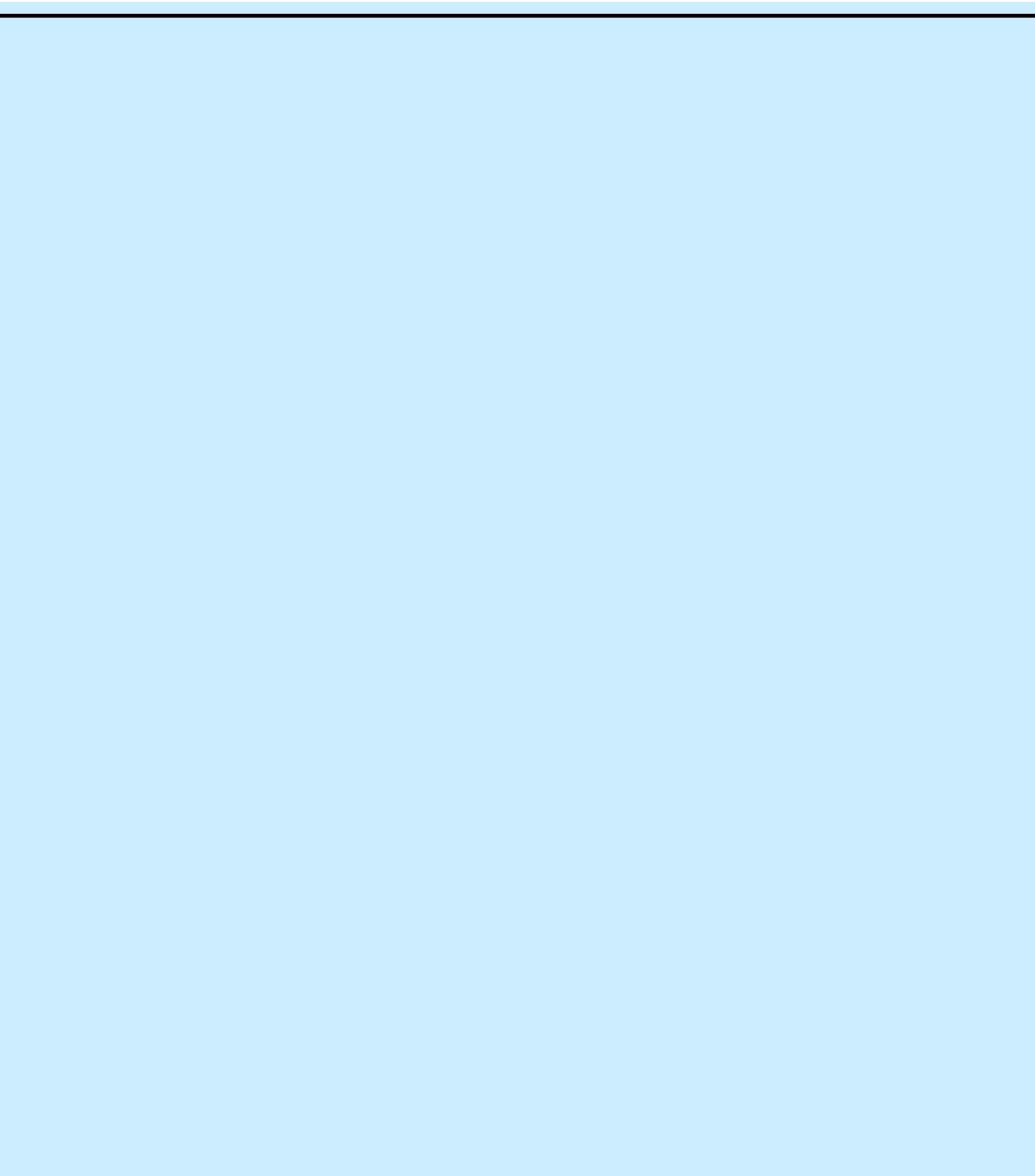
y would have become vested during the 12-month period following the date of such termination had he remained employed by us through such period. In the event of

d payments may be subject to a delay of up to six months as necessary to avoid the imposition of additional tax under Section 409A of the Code. In addition, if any p

ngoing benefits and payments may be subject to a delay of up to six months as necessary to avoid the imposition of additional tax under Section 409A of the Code. In

ng benefits and payments may be subject to a delay of up to six months as necessary to avoid the imposition of additional tax under Section 409A of the Code. In add





COMPENSATION OF NON-EMPLOYEE DIRECTORS

the second and third years following the vesting commencement date. All outstanding options granted to Eligible Directors will vest in full upon a change of control.

board committee service may not exceed 10,000 shares of our common stock per year, regardless of the number of committees served on or chaired. All options desc

SECURITY OWNERSHIP

Taiwan, Republic of China.

CORPORATE GOVERNANCE AND BOARD OF DIRECTORS MATTERS

ial expert as defined under the applicable rules of the SEC and has the requisite financial sophistication as defined under the applicable rules and regulations of NASD

considers many factors, including, issues of character, judgment, independence, age, expertise, diversity of experience, length of service, other commitments and other s

EXECUTIVE OFFICERS

August 1997, Mr. McNamara served as Chief Financial Officer of Target Therapeutics Inc., a medical device company. Mr. McNamara currently sits on the board of

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

of employment. The foregoing benefits and payments may be subject to a delay of up to six months as necessary to avoid the imposition of additional tax under Section

able immediately prior to the effective time of such termination of employment. The foregoing benefits and payments may be subject to a delay of up to 6 months as

WHERE YOU CAN FIND ADDITIONAL INFORMATION

OTHER MATTERS

APPENDIX A

ACCURAY INCORPORATED

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

**AUDIT COMMITTEE CHARTER
of the Audit Committee
of ACCURAY INCORPORATED**

... (employee or audit or accounting firms engaged to provide internal audit services)(the "internal auditor") and the Company's independent auditor) from which the Committee

Committee shall be an "audit committee financial expert" within the definition adopted by the Securities and Exchange Commission (the "SEC") or, following such time

t services) also will not be required if such services fall within available exceptions established by the SEC.

APPENDIX B

ACCURAY INCORPORATED

2007 INCENTIVE AWARD PLAN

ARTICLE 1.

PURPOSE

ARTICLE 2.

DEFINITIONS AND CONSTRUCTION

B-1

B-2

B-3

B-4

ARTICLE 3.

SHARES SUBJECT TO THE PLAN

withstanding the provisions of this Section 3.1(b), no shares of Stock may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail

of the Company under Section 12 of the Exchange Act; or (e) such other date required by Section 162(m) of the Code and the rules and regulations promulgated thereunder.

B-5

ARTICLE 4.

ELIGIBILITY AND PARTICIPATION

e any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act, the Code, any securities law or governing statute or any other applicab

ARTICLE 5.

STOCK OPTIONS

B-6

B-7

ARTICLE 6.

RESTRICTED STOCK AWARDS

ARTICLE 7.

STOCK APPRECIATION RIGHTS

B-8

ARTICLE 8.
OTHER TYPES OF AWARDS

B-9

B-10

ARTICLE 9.

PERFORMANCE-BASED AWARDS

ance Period. In determining the amount earned by a Covered Employee, the Committee shall have the right to reduce or eliminate (but not to increase) the amount p

B-11

ARTICLE 10.

PROVISIONS APPLICABLE TO AWARDS

atisfactory to it that the transfer is being made for estate and/or tax planning purposes (or to a "blind trust" in connection with the Participant's termination of employ

Participant at any time provided the change or revocation is filed with the Committee.

B-12

ARTICLE 11.
CHANGES IN CAPITAL STRUCTURE

B-13

y such terms) shall be of no force or effect.

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ARTICLE 12.

ADMINISTRATION

g the foregoing: (a) the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to all Awards gran

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ARTICLE 13.

EFFECTIVE AND EXPIRATION DATE

ARTICLE 14.

AMENDMENT, MODIFICATION, AND TERMINATION

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ARTICLE 15.

GENERAL PROVISIONS

ect to the issuance, vesting, exercise or payment of the Award shall be limited to the number of shares which have a Fair Market Value on the date of withholding or

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**ACCURAY INCORPORATED
2007 INCENTIVE AWARD PLAN
STOCK OPTION GRANT NOTICE AND
STOCK OPTION AGREEMENT**

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EXHIBIT A
TO STOCK OPTION GRANT NOTICE
ACCURAY INCORPORATED STOCK OPTION AGREEMENT

ARTICLE I.

GENERAL

shall constitute a Termination of Employment if, and to the extent that, such leave of absence, change in status or

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ARTICLE II.
GRANT OF OPTION

ARTICLE III.
PERIOD OF EXERCISABILITY

B-23

ARTICLE IV.
EXERCISE OF OPTION

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ARTICLE V.
OTHER PROVISIONS

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more than fifty percent of the voting interests, or any other transferee specifically approved by the Committee after taking into account any state or federal tax or sec

**ACCURAY INCORPORATED
2007 INCENTIVE AWARD PLAN**

**RESTRICTED STOCK AWARD GRANT NOTICE AND
RESTRICTED STOCK AWARD AGREEMENT**

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EXHIBIT A

TO RESTRICTED STOCK AWARD GRANT NOTICE

ACCURAY INCORPORATED RESTRICTED STOCK AWARD AGREEMENT

ARTICLE I.

GENERAL

ARTICLE II.

AWARD OF RESTRICTED STOCK

B-30

ARTICLE III.
OTHER PROVISIONS

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**EXHIBIT B
TO RESTRICTED STOCK AWARD GRANT NOTICE**

CONSENT OF SPOUSE

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APPENDIX B

**ACCURAY INCORPORATED
2007 INCENTIVE AWARD PLAN**

RESTRICTED STOCK UNIT GRANT NOTICE

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**APPENDIX A
TO RESTRICTED STOCK UNIT GRANT NOTICE
RESTRICTED STOCK UNIT AGREEMENT**

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and regulations and the rules of any national securities exchange or automated quotation system on which the shares of Stock are listed, quoted, or traded. The Comm

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EXHIBIT B
TO RESTRICTED STOCK UNIT GRANT NOTICE
CONSENT OF SPOUSE

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PROXY

ACCURAY INCORPORATED

PROXY FOR 2007 ANNUAL MEETING OF STOCKHOLDERS

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

**PLEASE VOTE, DATE AND SIGN ON REVERSE SIDE
AND RETURN
PROMPTLY IN THE ENCLOSED ENVELOPE**

Address Change/Comments (Mark the corresponding box on the reverse side)

/*\ FOLD AND DETACH HERE /*

AGAINST
o
AGAINST
o

/*\ FOLD AND DETACH HERE /*\

**WE ENCOURAGE YOU TO TAKE ADVANTAGE OF INTERNET OR TELEPHONE VOTING,
BOTH ARE AVAILABLE 24 HOURS A DAY, 7 DAYS A WEEK.**

**Internet and telephone voting is available through 11:59 PM Eastern Time
the day prior to annual meeting day.**

**Your Internet or telephone vote authorizes the named proxies to vote your shares in the same manner
as if you marked, signed and returned your proxy card.**

