

GABELLI CONVERTIBLE & INCOME SECURITIES FUND INC
Form N-CSR
March 09, 2018

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, 2017

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, 450 Fifth Street, NW, Washington, DC 20549-0609. 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, 2017

(Y)our Portfolio Management Team

Mario J. Gabelli, CFA <i>Chief Investment Officer</i>	Thomas H. Dinsmore, CFA <i>Portfolio Manager</i>	Jane D. O'Keefe <i>Portfolio Manager</i>	James A. Dinsmore, CFA <i>Portfolio Manager</i>
	<i>BS, Wharton School of Business MA, Fairleigh Dickinson University</i>	<i>BA, University of New Hampshire</i>	<i>BA, Cornell University MBA, Rutgers University</i>

To Our Shareholders,

For the year ended December 31, 2017, the net asset value (NAV) total return of The Gabelli Convertible and Income Securities Fund Inc. was 14.6%, compared with a total return of 3.9% for the Bloomberg Barclays Government/Credit Bond Index. The total return for the Fund's publicly traded shares was 37.5%. The Fund's NAV per share was \$5.57, while the price of the publicly traded shares closed at \$5.90 on the New York Stock Exchange (NYSE). See below for additional performance information.

Enclosed are the financial statements, including the schedule of investments, as of December 31, 2017.

Comparative Results

<u>Average Annual Returns through December 31, 2017 (a) (Unaudited)</u>	Since Inception (07/03/89)				
	1 Year	5 Year	10 Year	15 Year	
Gabelli Convertible and Income Securities Fund					
NAV Total Return (b)	14.59%	8.33%	5.21%	6.31%	6.83%
Investment Total Return (c)	37.53	11.02	6.31	6.51	6.39(d)
Standard & Poor's (S&P) 500 Index	21.83	15.79	8.50	9.92	10.10(e)
Bloomberg Barclays Government/Credit Bond Index	3.91	2.12	4.04	4.16	N/A(f)
Lipper Convertible Securities Fund Average	12.12	8.73	5.93	7.78	8.16(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. 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 are available.
- (f) The Bloomberg Barclays Government/Credit Bond Index inception date is January 29, 1999.

Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of total investments as of December 31, 2017:

The Gabelli Convertible and Income Securities Fund Inc.

Financial Services	15.2%
Health Care	14.2%
U.S. Government Obligations	9.5%
Computer Software and Services	9.3%
Energy and Utilities	6.7%
Semiconductors	6.0%
Real Estate Investment Trusts	3.4%
Diversified Industrial	3.3%
Electronics	3.3%
Communications Equipment	3.1%
Aerospace	3.1%
Consumer Services	2.8%
Telecommunications	2.4%
Building and Construction	2.4%
Consumer Products	1.9%
Transportation	1.9%
Cable and Satellite	1.7%
Wireless Communications	1.5%
Entertainment	1.3%
Business Services	1.3%
Metals and Mining	1.1%
Food and Beverage	1.0%
Hotels and Gaming	1.0%
Retail	0.7%
Broadcasting	0.6%
Automotive: Parts and Accessories	0.5%
Computer Hardware	0.4%
Equipment and Supplies	0.3%
Specialty Chemicals	0.1%
	100.0%

The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (the SEC) for the first and third quarters of each fiscal year on Form N-Q. Shareholders may obtain this information at www.gabelli.com or by calling the Fund at 800-GABELLI (800-422-3554). The Fund's Form N-Q is available on the SEC's website at www.sec.gov and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.

Proxy Voting

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

The Gabelli Convertible and Income Securities Fund Inc.**Schedule of Investments December 31, 2017**

Principal			Market
Amount		Cost	Value
Convertible Corporate Bonds 51.3%			
Aerospace 3.1%			
\$ 1,500,000	Aerojet Rocketdyne Holdings Inc., 2.250%, 12/15/23	\$ 1,540,321	\$ 2,072,813
1,013,000	Kaman Corp., 3.250%, 05/01/24(a)	1,020,845	1,131,394
		2,561,166	3,204,207
Broadcasting 0.6%			
588,000	Liberty Media Corp.-Liberty Formula One, 1.000%, 01/30/23(a)	617,310	659,295
Building and Construction 0.8%			
200,000	Ascent Capital Group Inc., 4.000%, 07/15/20	191,612	158,875
725,000	Layne Christensen Co., 4.250%, 11/15/18	722,107	708,234
		913,719	867,109
Business Services 1.3%			
315,000	Bristow Group Inc., 4.500%, 06/01/23	325,060	348,272
594,000	Square Inc., 0.375%, 03/01/22(a)	601,339	971,561
		926,399	1,319,833
Cable and Satellite 1.7%			
1,600,000	DISH Network Corp., 3.375%, 08/15/26	1,644,682	1,745,000
Communications Equipment 3.1%			
1,500,000	InterDigital, Inc., 1.500%, 03/01/20	1,453,191	1,792,500
1,294,000		1,291,787	1,441,193

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Lumentum Holdings Inc.,
0.250%, 03/15/24(a)

		2,744,978	3,233,693
	Computer Software and Services 8.4%		
1,500,000	CSG Systems International Inc., 4.250%, 03/15/36	1,527,149	1,638,750
584,000	Ctrip.com International Ltd., 1.250%, 09/15/22	576,081	597,870
593,000	HubSpot Inc., 0.250%, 06/01/22(a)	593,616	683,803
216,000	IAC FinanceCo. Inc., 0.875%, 10/01/22(a)	222,967	228,690
600,000	MercadoLibre Inc., 2.250%, 07/01/19	619,886	1,504,125
565,000	Nice Systems Inc., 1.250%, 01/15/24(a)	589,414	698,834
1,000,000	Proofpoint Inc., 0.750%, 06/15/20	990,059	1,256,250
Principal			Market
Amount		Cost	Value
\$ 1,000,000	PROS Holdings Inc., 2.000%, 06/01/47(a)	\$ 888,548	\$ 910,000
907,000	RealPage Inc., 1.500%, 11/15/22(a)	931,884	1,126,947
		6,939,604	8,645,269
	Consumer Products 0.6%		
600,000	GoPro Inc., 3.500%, 04/15/22(a)	600,000	584,625
	Consumer Services 2.8%		
1,000,000	Carriage Services Inc., 2.750%, 03/15/21	1,082,065	1,250,625
1,500,000	Extra Space Storage LP, 3.125%, 10/01/35(a)	1,597,072	1,683,750
		2,679,137	2,934,375
	Diversified Industrial 1.8%		
600,000	Chart Industries Inc., 1.000%, 11/15/24(a)	602,447	630,375
356,000	Team Inc., 5.000%, 08/01/23(a)	347,862	361,563
500,000	TimkenSteel Corp., 6.000%, 06/01/21	508,129	750,000
100,000	Trinity Industries Inc., Sub. Deb., 3.875%, 06/01/36	74,887	157,937
		1,533,325	1,899,875
	Electronics 3.3%		
800,000	Intel Corp., Sub. Deb., 3.250%, 08/01/39	1,127,863	1,778,504
1,500,000	Knowles Corp., 3.250%, 11/01/21	1,574,972	1,670,625

		2,702,835	3,449,129
	Energy and Utilities 3.3%		
1,016,000	Newpark Resources Inc., 4.000%, 12/01/21(a)	1,091,284	1,212,215
2,500,000	SunPower Corp., 4.000%, 01/15/23	2,196,396	2,139,063
		3,287,680	3,351,278
	Entertainment 1.3%		
1,000,000	World Wrestling Entertainment Inc., 3.375%, 12/15/23(a)	1,034,934	1,382,500
	Financial Services 2.1%		
500,000	Blackhawk Network Holdings Inc., 1.500%, 01/15/22	506,982	510,313
988,000	Encore Capital Group Inc., 3.250%, 03/15/22(a)	960,479	1,105,943

See accompanying notes to financial statements.

The Gabelli Convertible and Income Securities Fund Inc.**Schedule of Investments (Continued) December 31, 2017**

Principal		Market
Amount		Cost Value
CONVERTIBLE CORPORATE BONDS (Continued)		
Financial Services (Continued)		
\$ 344,000	LendingTree Inc., 0.625%, 06/01/22(a)	\$ 350,398 \$ 593,830
		1,817,859 2,210,086
Health Care 8.2%		
500,000	Bayer Capital Corp.BV, 5.625%, 11/22/19(a)	546,455 675,699
1,083,000	Intercept Pharmaceuticals Inc., 3.250%, 07/01/23	1,099,200 866,400
500,000	Invacare Corp., 4.500%, 06/01/22(a)	504,306 628,750
1,000,000	Molina Healthcare Inc., 1.625%, 08/15/44	1,039,492 1,375,625
608,000	Neurocrine Biosciences Inc., 2.250%, 05/15/24(a)	631,779 777,860
750,000	NuVasive Inc., 2.250%, 03/15/21	764,364 883,125
1,000,000	Pacira Pharmaceuticals Inc., 2.375%, 04/01/22(a)	1,039,796 1,050,000
600,000	Teladoc Inc., 3.000%, 12/15/22(a)	615,276 677,625
1,000,000	Teligent Inc., 3.750%, 12/15/19	956,165 878,125
1,000,000	Vitamin Shoppe Inc., 2.250%, 12/01/20	989,844 640,000
		8,186,677 8,453,209
Metals and Mining 1.1%		
1,000,000	RTI International Metals Inc., 1.625%, 10/15/19	969,820 1,146,250
Semiconductors 6.0%		

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500,000	Advanced Micro Devices Inc., 2.125%, 09/01/26	514,332	752,187
1,000,000	Cypress Semiconductor Corp., 4.500%, 01/15/22	1,053,018	1,315,000
1,000,000	Inphi Corp., 1.125%, 12/01/20	1,100,084	1,163,125
1,000,000	Micron Technology Inc., 3.000%, 11/15/43	719,111	1,446,875
94,000	Silicon Laboratories Inc., 1.375%, 03/01/22(a)	94,000	108,629
1,000,000	Teradyne Inc., 1.250%, 12/15/23	1,065,330	1,441,560
		4,545,875	6,227,376
Transportation 1.8%			
87,000	Air Transport Services Group Inc., 1.125%, 10/15/24(a)	87,000	90,045
Principal			Market
Amount		Cost	Value
\$ 1,500,000	Atlas Air Worldwide Holdings Inc., 2.250%, 06/01/22	\$ 1,486,473	\$ 1,727,813
		1,573,473	1,817,858
TOTAL CONVERTIBLE CORPORATE BONDS		45,279,473	53,130,967
Shares			
CONVERTIBLE PREFERRED STOCKS 1.8%			
Real Estate Investment Trusts 1.2%			
20,000	Welltower Inc., 6.500%, Ser. I	1,193,400	1,197,400
Telecommunications 0.6%			
12,000	Cincinnati Bell Inc., 6.750%, Ser. B	288,687	612,000
100	Iridium Communications Inc., 7.000%	8,902	12,781
		297,589	624,781
TOTAL CONVERTIBLE PREFERRED STOCKS		1,490,989	1,822,181
MANDATORY CONVERTIBLE SECURITIES (b) 12.6%			
Building and Construction 1.3%			
10,638	Stanley Black & Decker Inc., 5.375%, 05/15/20	1,113,788	1,305,815

Computer Software and Services 0.6%			
5,000	MTS Systems Corp., 8.750%, 07/01/19	507,605	598,600
Diversified Industrial 1.1%			
20,100	Rexnord Corp., 5.750%, Ser. A, 11/15/19	1,020,300	1,173,237
Energy and Utilities 2.1%			
300	El Paso Energy Capital Trust I, 4.750%, 03/31/28	11,460	14,443
20,668	Hess Corp., 8.000%, 02/01/19	1,166,334	1,196,264
16,000	NextEra Energy Inc., 6.123%, 09/01/19	915,114	899,200
		2,092,908	2,109,907
Financial Services 2.8%			
15,000	Alibaba - Mandatory Exchange Trust, 5.750%, 06/03/19(a)	1,500,000	2,923,275

See accompanying notes to financial statements.

The Gabelli Convertible and Income Securities Fund Inc.**Schedule of Investments (Continued) December 31, 2017**

Shares		Cost	Market Value
MANDATORY CONVERTIBLE SECURITIES (b) (Continued)			
Health Care 2.3%			
1,250	Allergan plc, 5.500%, Ser. A, 03/01/18	\$ 1,136,067	\$ 732,813
22,646	Becton Dickinson and Co., 6.125%, 05/01/20	1,199,932	1,311,203
1,000	Teva Pharmaceutical Industries Ltd., 7.000%, 12/15/18	899,052	354,820
		3,235,051	2,398,836
Real Estate Investment Trusts 2.2%			
15,000	American Tower Corp., 5.500%, 02/15/18	1,522,914	1,886,250
327	Crown Castle International Corp., 6.875%, Ser. A, 08/01/20	338,700	369,731
		1,861,614	2,255,981
Telecommunications 0.2%			
20,845	Frontier Communications Corp., 11.125%, Ser. A, 06/29/18	1,489,305	225,543
	TOTAL MANDATORY CONVERTIBLE SECURITIES	12,820,571	12,991,194
COMMON STOCKS 24.8%			
Automotive: Parts and Accessories 0.5%			
5,000	Genuine Parts Co.	288,877	475,050
Building and Construction 0.3%			
5,500	Herc Holdings Inc.	179,478	344,355
Computer Hardware 0.4%			
3,000	International Business Machines Corp.	259,712	460,260

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Computer Software and Services 0.3%			
5,000	BroadSoft Inc.	273,825	274,500
Consumer Products 1.3%			
35,000	Swedish Match AB	695,784	1,378,991
Diversified Industrial 0.4%			
24,000	General Electric Co.	397,029	418,800
Energy and Utilities 1.3%			
1,000	Chevron Corp.	57,120	125,190
1,500	Exxon Mobil Corp.	88,688	125,460
4,500	Royal Dutch Shell plc, Cl. A, ADR	281,312	300,195
28,000	Severn Trent plc	747,482	817,325
1,000,000	Texas Competitive Electric Holdings Co. LLC, Escrow (c)	0	0
		1,174,602	1,368,170
			Market
Shares		Cost	Value
Equipment and Supplies 0.3%			
8,000	Mueller Industries Inc.	\$ 219,131	\$ 283,440
Financial Services 10.3%			
4,800	American Express Co.	424,180	476,688
7,000	American International Group Inc.	301,746	417,060
5,000	Bank of America Corp.	133,704	147,600
10,000	Citigroup Inc.	551,600	744,100
6,000	JPMorgan Chase & Co.	232,651	641,640
8,000	Julius Baer Group Ltd.	235,030	489,302
16,000	Kinnevik AB, Cl. A	418,589	558,033
5,000	Morgan Stanley	156,260	262,350
13,000	State Street Corp.	601,481	1,268,930
26,000	The Bank of New York Mellon Corp.	703,379	1,400,360
17,000	The PNC Financial Services Group Inc.	955,082	2,452,930
29,000	Wells Fargo & Co.	917,631	1,759,430
126,125	Wright Investors Service Holdings Inc.	315,313	65,585
		5,946,646	10,684,008
Food and Beverage 1.0%			
100,000	Parmalat SpA	279,857	371,952

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2,020	Pernod Ricard SA	170,831	319,806
2,500	Remy Cointreau SA	193,594	346,455
		644,282	1,038,213
Health Care 3.7%			
8,000	Bristol-Myers Squibb Co.	495,229	490,240
6,000	Eli Lilly & Co.	258,105	506,760
1,000,000	Elite Pharmaceuticals Inc.	115,596	91,960
8,000	Exactech Inc.	334,385	395,600
2,500	Johnson & Johnson	260,125	349,300
7,200	Merck & Co. Inc.	239,531	405,144
5,000	Pfizer Inc.	156,748	181,100
44,000	Roche Holding AG, ADR	987,079	1,389,520
		2,846,798	3,809,624
Hotels and Gaming 1.0%			
14,800	Ryman Hospitality Properties Inc.	588,777	1,021,496
Retail 0.7%			
1,000	Costco Wholesale Corp.	42,698	186,120
6,800	CVS Health Corp.	640,805	493,000
		683,503	679,120
Specialty Chemicals 0.1%			
400	International Flavors & Fragrances Inc.	44,039	61,044
Telecommunications 1.6%			
1,600	Swisscom AG	594,885	851,352

See accompanying notes to financial statements.

The Gabelli Convertible and Income Securities Fund Inc.**Schedule of Investments (Continued) December 31, 2017**

			Market
Shares		Cost	Value
COMMON STOCKS (Continued)			
Telecommunications (Continued)			
16,000	Verizon Communications Inc.	\$ 675,634	\$ 846,880
		1,270,519	1,698,232
Transportation 0.1%			
1,000	GATX Corp.	33,964	62,160
Wireless Communications 1.5%			
22,566	T-Mobile US Inc.	953,116	1,433,167
4,000	Turkcell Iletisim Hizmetleri A/S, ADR	43,760	40,800
2,500	United States Cellular Corp.	98,444	94,075
		1,095,320	1,568,042
TOTAL COMMON STOCKS		16,642,286	25,625,505
RIGHTS 0.0%			
Retail 0.0%			
40,000	Safeway Casa Ley, CVR	6,797	21,400
40,000	Safeway PDC, CVR	0	600
TOTAL RIGHTS		6,797	22,000
Principal		Market	
Amount		Cost	Value
U.S. GOVERNMENT OBLIGATIONS 9.5%			
\$ 9,903,000	U.S. Treasury Bills, 1.057% to 1.542% , 01/11/18 to 06/28/18	\$ 9,865,840	\$ 9,865,723
TOTAL INVESTMENTS 100.0%		\$ 86,105,956	103,457,570
Other Assets and Liabilities (Net)			(12,425)
			(24,138,700)

PREFERRED STOCK

(965,548 preferred shares outstanding)

NET ASSETS COMMON STOCK

(14,228,119 common shares outstanding)

\$ 79,306,445

NET ASSET VALUE PER COMMON SHARE

(\$79,306,445 ÷ 14,228,119 shares outstanding)

\$ 5.57