

GABELLI CONVERTIBLE & INCOME SECURITIES FUND INC
Form N-CSR
March 07, 2019

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, 2018

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, 2018

(Y)our Portfolio Management Team

Mario J. Gabelli,
CFA
*Chief Investment
Officer*

Thomas H.
Dinsmore, CFA
Portfolio Manager

Jane D. O'Keefe
Portfolio Manager

James A. Dinsmore,
CFA
Portfolio Manager

*BS, Wharton School
of Business*

*BA, University of
New Hampshire*

*BA, Cornell
University*

MA, Fairleigh

*MBA, Rutgers
University*

Dickinson University

To Our Shareholders,

For the fiscal year ended December 31, 2018, the net asset value (NAV) total return of The Gabelli Convertible and Income Securities Fund Inc. was (5.1)%, compared with a total return of (0.5)% for the Bloomberg Barclays Government/Credit Bond Index. The total return for the Fund's publicly traded shares was (14.1)%. The Fund's NAV per share was \$4.83, while the price of the publicly traded shares closed at \$4.39 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, 2018.

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Fund's annual and semiannual shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports. Instead, the reports will be made available on the Fund's website (www.gabelli.com), and you will be notified by mail each time a report is posted and provided with a website link to access the report. If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. To elect to receive all future reports in paper free of charge, please contact your financial intermediary, or, if you invest directly with the Fund, you may call 800-422-3554 or send an email request to info@gabelli.com.

Comparative Results

<u>Average Annual Returns through December 31, 2018 (a) (Unaudited)</u>	1 Year	5 Year	10 Year	15 Year	Since Inception (07/03/89)
Gabelli Convertible and Income Securities Fund					
NAV Total Return (b)	(5.08)%	2.55%	7.80%	4.94%	6.40%
Investment Total Return (c)	(14.12)	3.03	6.81	3.40	5.44(d)
Standard & Poor's (S&P) 500 Index.	(4.38)	8.49	13.12	7.77	9.58(e)
Bloomberg Barclays Government/Credit Bond Index	(0.45)	2.49	3.43	3.81	N/A(f)
Lipper Convertible Securities Fund Average	(1.51)	4.06	10.52	6.05	7.81(e)

- (a) Returns represent past performance and do not guarantee future results. Investment returns and the principal value of an investment will fluctuate. The Fund's use of leverage may magnify the volatility of net asset value changes versus funds that do not employ leverage. 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, 2018:

The Gabelli Convertible and Income Securities Fund Inc.

U.S. Government Obligations	19.8%
Computer Software and Services	14.7%
Financial Services	10.2%
Health Care	9.6%
Energy and Utilities	9.0%
Semiconductors	4.9%
Real Estate Investment Trusts	4.1%
Telecommunications	4.0%
Diversified Industrial	3.6%
Aerospace	2.9%
Electronics	2.6%
Building and Construction	1.6%
Consumer Services	1.4%
Communications Equipment	1.4%
Business Services	1.4%
Wireless Communications	1.3%
Cable and Satellite	1.1%
Transportation	1.0%
Metals and Mining	0.9%
Entertainment	0.9%
Consumer Products	0.7%
Broadcasting	0.6%
Food and Beverage	0.6%
Hotels and Gaming	0.6%
Automotive: Parts and Accessories	0.4%
Computer Hardware	0.3%
Retail	0.2%
Equipment and Supplies	0.2%
	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, 2018**

Principal Amount		Cost	Market Value
CONVERTIBLE CORPORATE BONDS 47.1%			
Aerospace 2.9%			
\$ 1,000,000	Aerojet Rocketdyne Holdings Inc., 2.250%, 12/15/23	\$ 1,033,793	\$ 1,472,002
1,713,000	Kaman Corp., 3.250%, 05/01/24	1,804,370	1,832,946
		2,838,163	3,304,948
Broadcasting 0.5%			
588,000	Liberty Media Corp.-Liberty Formula One, 1.000%, 01/30/23	611,522	607,063
Business Services 1.4%			
515,000	Bristow Group Inc., 4.500%, 06/01/23	547,610	202,137
500,000	Perficient Inc., 2.375%, 09/15/23(a)	500,000	445,590
500,000	Q2 Holdings Inc., 0.750%, 02/15/23(a)	549,321	523,778
356,000	Team Inc., 5.000%, 08/01/23	349,107	355,664
		1,946,038	1,527,169
Cable and Satellite 1.1%			
1,600,000	DISH Network Corp., 3.375%, 08/15/26	1,639,927	1,296,026
Communications Equipment 1.4%			
1,500,000	InterDigital, Inc., 1.500%, 03/01/20	1,474,466	1,579,613
Computer Software and Services 13.7%			
515,000	Apptio Inc., 0.875%, 04/01/23(a)	518,984	582,363
1,300,000	Boingo Wireless Inc., 1.000%, 10/01/23(a)	1,184,020	1,103,895
700,000	Coupa Software Inc., 0.375%, 01/15/23(a)	829,446	1,060,937

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1,500,000	CSG Systems International Inc., 4.250%, 03/15/36	1,521,044	1,494,354
1,084,000	Ctrip.com International Ltd., 1.250%, 09/15/22	1,065,943	1,050,825
500,000	Evolent Health Inc., 1.500%, 10/15/25(a)	499,391	461,995
1,186,000	GDS Holdings Ltd., 2.000%, 06/01/25(a)	964,135	858,071
1,416,000	IAC FinanceCo. Inc., 0.875%, 10/01/22(a)	1,664,260	1,884,375
1,294,000	Lumentum Holdings Inc., 0.250%, 03/15/24	1,292,119	1,304,682
1,500,000	MercadoLibre Inc., 2.000%, 08/15/28(a)	1,468,981	1,353,750
1,092,000	New Relic Inc., 0.500%, 05/01/23(a)	1,144,050	1,095,991
Principal Amount		Cost	Market Value
\$ 565,000	Nice Systems Inc., 1.250%, 01/15/24	\$ 585,414	\$ 774,756
352,000	Okta Inc., 0.250%, 02/15/23(a)	361,583	514,612
1,000,000	PROS Holdings Inc., 2.000%, 06/01/47	891,138	932,895
428,000	Pure Storage Inc., 0.125%, 04/15/23(a)	428,000	399,666
300,000	Sea Ltd., 2.250%, 07/01/23(a)	300,000	260,857
500,000	Splunk Inc., 1.125%, 09/15/25(a)	500,000	493,860
		15,218,508	15,627,884
	Consumer Services 1.4%		
1,500,000	Extra Space Storage LP, 3.125%, 10/01/35(a)	1,562,103	1,625,955
	Diversified Industrial 1.4%		
600,000	Chart Industries Inc., 1.000%, 11/15/24(a)	602,100	747,510
400,000	KBR Inc., 2.500%, 11/01/23(a)	400,000	357,619
500,000	TimkenSteel Corp., 6.000%, 06/01/21	505,898	518,014
		1,507,998	1,623,143
	Electronics 2.6%		
500,000	Intel Corp., Sub. Deb., 3.250%, 08/01/39	720,470	1,143,750
1,800,000	Knowles Corp., 3.250%, 11/01/21	1,874,918	1,859,341

		2,595,388	3,003,091
Energy and Utilities 4.0%			
1,500,000	Cheniere Energy Inc., 4.250%, 03/15/45	1,147,645	1,050,900
1,016,000	Newpark Resources Inc., 4.000%, 12/01/21(a)	1,072,511	1,053,844
2,500,000	SunPower Corp., 4.000%, 01/15/23	2,244,463	2,017,440
500,000	Tesla Energy Operations Inc./DE, 1.625%, 11/01/19	472,934	469,294
		4,937,553	4,591,478
Entertainment 0.9%			
1,000,000	Gannett Co. Inc., 4.750%, 04/15/24(a)	1,101,788	976,029
Financial Services 0.4%			
344,000	LendingTree Inc., 0.625%, 06/01/22	348,950	428,036

See accompanying notes to financial statements.

The Gabelli Convertible and Income Securities Fund Inc.**Schedule of Investments (Continued) December 31, 2018**

Principal Amount		Cost	Market Value
CONVERTIBLE CORPORATE BONDS (Continued)			
Health Care 6.3%			
\$ 500,000	Bayer Capital Corp.BV, 5.625%, 11/22/19(a)	\$ 538,014	\$ 439,229
295,000	DexCom Inc., 0.750%, 12/01/23(a)	295,000	298,704
300,000	Exact Sciences Corp., 1.000%, 01/15/25	318,621	330,180
1,083,000	Intercept Pharmaceuticals Inc., 3.250%, 07/01/23	1,096,352	1,003,265
500,000	Invacare Corp., 4.500%, 06/01/22	503,399	337,176
608,000	Neurocrine Biosciences Inc., 2.250%, 05/15/24	628,197	727,309
750,000	NuVasive Inc., 2.250%, 03/15/21	759,947	791,216
1,000,000	Pacira Pharmaceuticals Inc., 2.375%, 04/01/22	1,030,624	994,375
500,000	Paratek Pharmaceuticals Inc., 4.750%, 05/01/24(a)	495,892	381,963
200,000	Retrophin Inc., 2.500%, 09/15/25	203,892	179,705
500,000	Supernus Pharmaceuticals Inc., 0.625%, 04/01/23(a)	544,815	472,500
600,000	Teladoc Health Inc., 3.000%, 12/15/22	612,322	825,750
300,000	1.375%, 05/15/25(a)	427,556	352,313
		7,454,631	7,133,685
Metals and Mining 0.9%			
1,000,000	Arconic Inc., 1.625%, 10/15/19	986,507	997,500
Semiconductors 4.9%			
750,000	Cypress Semiconductor Corp., 4.500%, 01/15/22	786,392	887,713
1,000,000	Inphi Corp., 1.125%, 12/01/20	1,065,029	1,054,159
800,000	NXP Semiconductors NV, 1.000%, 12/01/19	867,780	802,405
1,947,000		1,840,347	1,698,247

	Rambus Inc., 1.375%, 02/01/23		
1,000,000	Teradyne Inc., 1.250%, 12/15/23	1,054,261	1,188,125
		5,613,809	5,630,649
	Telecommunications 2.4%		
100,000	Gogo Inc., 6.000%, 05/15/22(a)	100,000	87,330
1,700,000	Infinera Corp., 2.125%, 09/01/24	1,541,085	1,238,960
Principal Amount		Cost	Market Value
\$ 1,000,000	Twilio Inc., 0.250%, 06/01/23(a)	\$ 1,001,696	\$ 1,430,031
		2,642,781	2,756,321
	Transportation 0.9%		
1,000,000	Atlas Air Worldwide Holdings Inc., 2.250%, 06/01/22	992,940	968,807
	TOTAL CONVERTIBLE CORPORATE BONDS	53,473,072	53,677,397
	Shares		
	CONVERTIBLE PREFERRED STOCKS 2.8%		
	Real Estate Investment Trusts 2.5%		
16,700	QTS Realty Trust Inc., 6.500%, Ser. B	1,675,741	1,574,476
20,000	Welltower Inc., 6.500%, Ser. I	1,193,400	1,263,000
		2,869,141	2,837,476
	Telecommunications 0.3%		
12,000	Cincinnati Bell Inc., 6.750%, Ser. B	288,687	339,960
	TOTAL CONVERTIBLE PREFERRED STOCKS	3,157,828	3,177,436
	MANDATORY CONVERTIBLE SECURITIES (b) 12.0%		
	Building and Construction 0.8%		
10,638	Stanley Black & Decker Inc., 5.375%, 05/15/20	1,113,788	966,888
	Computer Software and Services 0.4%		
5,000	MTS Systems Corp., 8.750%, 07/01/19	507,605	471,683

Diversified Industrial 2.2%

28,341	International Flavors & Fragrances Inc., 6.000%, 09/15/21	1,520,961	1,436,889
20,100	Rexnord Corp., 5.750%, Ser. A, 11/15/19	1,020,300	1,016,859
		2,541,261	2,453,748

Energy and Utilities 3.9%

23,000	CenterPoint Energy Inc., 7.000%, 09/01/21	1,160,082	1,158,510
300	El Paso Energy Capital Trust I, 4.750%, 03/31/28	11,460	12,525

See accompanying notes to financial statements.

The Gabelli Convertible and Income Securities Fund Inc.

Schedule of Investments (Continued) December 31, 2018

Shares		Cost	Market Value
MANDATORY CONVERTIBLE SECURITIES (b) (Continued)			
Energy and Utilities (Continued)			
20,668	Hess Corp., 8.000%, 02/01/19	\$ 1,166,334	\$ 1,026,166
5,163	Sempra Energy, 6.000%, Ser. A, 01/15/21	526,300	491,053
5,000	6.750%, Ser. B, 07/15/21	509,073	482,200
26,875	South Jersey Industries Inc., 7.250%, 04/15/21	1,428,037	1,253,181
		4,801,286	4,423,635
Financial Services 2.0%			
9,000	Alibaba - Mandatory Exchange Trust, 5.750%, 06/01/19(a)	900,000	1,390,095
9,324	Assurant Inc., 6.500%, Ser. D, 03/15/21	971,085	915,244
		1,871,085	2,305,339
Health Care 1.1%			
22,646	Becton Dickinson and Co., 6.125%, 05/01/20	1,199,932	1,305,995
Real Estate Investment Trusts 1.6%			
1,727	Crown Castle International Corp., 6.875%, Ser. A, 08/01/20	1,800,421	1,817,236
	TOTAL MANDATORY CONVERTIBLE SECURITIES	13,835,378	13,744,524
COMMON STOCKS 18.3%			
Automotive: Parts and Accessories 0.4%			
5,000	Genuine Parts Co.	314,445	480,100
Broadcasting 0.1%			
2,000	Tribune Media Co., Cl. A	75,622	90,760
Building and Construction 0.8%			
5,500	Herc Holdings Inc.	179,478	142,945
17,000	USG Corp.	732,778	725,220
		912,256	868,165

Computer Hardware 0.3%			
3,000	International Business Machines Corp.	259,712	341,010
Computer Software and Services 0.6%			
8,599	Proofpoint Inc.	670,194	720,682
Consumer Products 0.7%			
20,000	Swedish Match AB	426,284	787,774
Energy and Utilities 1.1%			
1,000	Chevron Corp.	57,120	108,790
1,000	Exxon Mobil Corp.	59,125	68,190
2,500	Royal Dutch Shell plc, Cl. A, ADR	154,888	145,675
29,000	Severn Trent plc	771,999	671,070
Shares		Cost	Market Value
1,000,000	Texas Competitive Electric Holdings Co. LLC, Escrow (c)	\$ 0	\$ 0
20,000	The AES Corp.	231,558	289,200
		1,274,690	1,282,925
Equipment and Supplies 0.2%			
8,000	Mueller Industries Inc.	219,131	186,880
Financial Services 7.8%			
2,500	American Express Co.	221,594	238,300
7,000	American International Group Inc.	301,746	275,870
13,113	American Tower Corp., REIT	1,522,914	2,074,345
4,500	Bank of America Corp.	126,347	110,880
6,500	Citigroup Inc.	358,540	338,390
4,500	JPMorgan Chase & Co.	171,414	439,290
7,000	Julius Baer Group Ltd.	204,696	249,334
6,000	Kinnevik AB, Cl. A	171,711	142,842
4,000	Morgan Stanley	128,454	158,600
9,500	State Street Corp.	437,632	599,165
21,000	The Bank of New York Mellon Corp.	554,607	988,470
3,000	The Dun & Bradstreet Corp.	428,856	428,220
17,000	The PNC Financial Services Group Inc.	955,082	1,987,470
20,000	Wells Fargo & Co.	596,413	921,600
		6,180,006	8,952,776
Food and Beverage 0.6%			
2,020	Pernod Ricard SA	170,831	331,656
3,000	Remy Cointreau SA	259,661	340,116
		430,492	671,772
Health Care 2.2%			
11,500	Bristol-Myers Squibb Co.	668,318	597,770

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1,000	Eli Lilly & Co.	50,958	115,720
1,000,000	Elite Pharmaceuticals Inc.	115,596	74,900
1,000	Johnson & Johnson	111,887	129,050
5,000	Merck & Co. Inc.	166,499	382,050
40,000	Roche Holding AG, ADR	913,791	1,243,200
		2,027,049	2,542,690
	Hotels and Gaming 0.6%		
3,500	Pebblebrook Hotel Trust, REIT	124,648	99,085
8,500	Ryman Hospitality Properties Inc., REIT	352,847	566,865
		477,495	665,950
	Retail 0.2%		
800	Costco Wholesale Corp.	34,140	162,968
5,000	Hertz Global Holdings Inc.	85,295	68,250
		119,435	231,218
	Telecommunications 1.3%		
1,600	Swisscom AG	594,885	764,595

See accompanying notes to financial statements.

The Gabelli Convertible and Income Securities Fund Inc.**Schedule of Investments (Continued) December 31, 2018**

Shares		Cost	Market Value
COMMON STOCKS (Continued)			
Telecommunications (Continued)			
13,500	Verizon Communications Inc.	\$ 586,548	\$ 758,970
		1,181,433	1,523,565
Transportation 0.1%			
1,000	GATX Corp.	33,964	70,810
Wireless Communications 1.3%			
22,566	T-Mobile US Inc.	953,116	1,435,423
4,000	Turkcell Iletisim Hizmetleri A/S, ADR	23,743	22,480
		976,859	1,457,903
TOTAL COMMON STOCKS		15,579,067	20,874,980
Principal Amount			
U.S. GOVERNMENT OBLIGATIONS 19.8%			
\$22,673,000	U.S. Treasury Bills, 2.271% to 2.517% , 01/17/19 to 06/20/19	22,586,589	22,588,280
TOTAL INVESTMENTS 100.0%		\$ 108,631,934	114,062,617
Other Assets and Liabilities (Net)			621,133
PREFERRED STOCK			
(965,548 preferred shares outstanding)			(24,138,700)
NET ASSETS COMMON STOCK			
(18,757,524 common shares outstanding)			\$ 90,545,050
NET ASSET VALUE PER COMMON SHARE			
(\$90,545,050 ÷ 18,757,524 shares outstanding)			\$ 4.83

- (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 December 31, 2018, the market value of Rule 144A securities amounted to \$20,652,862 or 18.11% 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.
- (c) Security is valued using significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.
Non-income producing security.
Represents annualized yields at dates of purchase.

ADR American Depositary Receipt

REIT Real Estate Investment Trust

See accompanying notes to financial statements.

The Gabelli Convertible and Income Securities Fund Inc.
Statement of Assets and Liabilities**December 31, 2018****Assets:**

Investments, at value (cost \$108,631,934)	\$ 114,062,617
Cash	8,531
Deposit at brokers	50
Receivable for investments sold	288,000
Dividends and interest receivable	523,149
Deferred offering expense	34,346
Prepaid expenses	1,103

Total Assets	114,917,796
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Liabilities:

Distributions payable	20,116
Payable for investment advisory fees	79,093
Payable for payroll expenses	33,866
Payable for accounting fees	7,500
Payable for legal and audit fees	54,208
Payable for shareholder communications expenses	23,918
Other accrued expenses	15,345

Total Liabilities	234,046
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Preferred Stock:

Series B Cumulative Preferred Stock (6.000%, \$25 liquidation value, \$0.001 par value, 1,995,000 shares authorized with 965,548 shares issued and outstanding)	24,138,700
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Net Assets Attributable to Common Shareholders	\$ 90,545,050
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Net Assets Attributable to Common Shareholders Consist of:

Paid-in capital	\$ 85,895,367
Total distributable earnings(a)	4,649,683

Net Assets	\$ 90,545,050
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Net Asset Value per Common Share:

(\$90,545,050 ÷ 18,757,524 shares outstanding at \$0.001 par value; 998,000,000 shares authorized)	<u>\$4.83</u>
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(a) Effective December 31, 2018, the Fund has adopted disclosure requirements conforming to SEC Rule 6-04.17 of Regulation S-X and discloses total distributable earnings. See Note 2 for further details.

Statement of Operations**For the Year Ended December 31, 2018****Investment Income:**

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Dividends (net of foreign withholding taxes of \$31,028)	\$ 1,301,877
Interest	1,192,136
Total Investment Income	2,494,013
Expenses:	
Investment advisory fees	1,080,209
Legal and audit fees	88,606
Shareholder communications expenses	78,062
Directors' fees	74,406
Payroll expenses	71,335
Accounting fees	45,000
Shareholder services fees	42,431
Custodian fees	15,630
Interest expense	116
Miscellaneous expenses	86,991
Total Expenses	1,582,786
Less:	
Advisory fee reduction (See Note 3)	(241,387)
Expenses paid indirectly by broker (See Note 3)	(716)
Total Reductions and Credits	(242,103)
Net Expenses	1,340,683
Net Investment Income	1,153,330
Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency:	
Net realized gain on investments	7,221,310
Net realized loss on foreign currency transactions	(2,248)
Net realized gain on investments and foreign currency transactions	7,219,062
Net change in unrealized appreciation/depreciation: on investments on foreign currency translations	(11,920,931)
	(1,134)
Net change in unrealized appreciation/depreciation on investments and foreign currency translations	(11,922,065)
Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency	(4,703,003)
Net Decrease in Net Assets Resulting from Operations	(3,549,673)
Total Distributions to Preferred Stock Shareholders	(1,448,322)
Net Decrease in Net Assets Attributable to Common Shareholders Resulting from Operations	\$ (4,997,995)

See accompanying notes to financial statements.

The Gabelli Convertible and Income Securities Fund Inc.**Statement of Changes in Net Assets Attributable to Common Shareholders**

	Year Ended December 31, 2018	Year Ended December 31, 2017
Operations:		
Net investment income	\$ 1,153,330	\$1,214,830
Net realized gain on investments, securities sold short, and foreign currency transactions	7,219,062	7,287,457
Net change in unrealized appreciation/depreciation on investments and foreign currency translations	(11,922,065)	3,598,548
Net Increase/(Decrease) in Net Assets Resulting from Operations	(3,549,673)	12,100,835
Distributions to Preferred Shareholders:(a)	(1,448,322)	(1,448,322)*
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders Resulting from Operations	(4,997,995)	10,652,513
Distributions to Common Shareholders:(a)	(7,399,621)	(6,767,059)**
Fund Share Transactions:		
Net increase in net assets from common shares issued upon reinvestment of distributions	1,221,471	827,168
Net increase from common shares issued in rights offering	22,655,750	
Offering costs for common shares charged to paid-in capital	(241,000)	
Net Increase in Net Assets from Fund Share Transactions	23,636,221	827,168
Net Increase in Net Assets Attributable to Common Shareholders	11,238,605	4,712,622
Net Assets Attributable to Common Shareholders:		
Beginning of year	79,306,445	74,593,823
End of year	\$ 90,545,050	\$ 79,306,445

(a) Effective December 31, 2018, the Fund has adopted disclosure requirements conforming to SEC Rule 6-04.17 of Regulation S-X and discloses total distributable earnings. See Note 2 for further details.

* For the year ended December 31, 2017, the distributions to Preferred shareholders from net investment income and net realized gain were \$366,522 and \$1,081,800, respectively.

** For the year ended December 31, 2017, the distributions to Common shareholders from net investment income and net realized gain were \$1,714,322 and \$5,052,737, respectively.

See accompanying notes to financial statements.

The Gabelli Convertible and Income Securities Fund Inc.**Financial Highlights****Selected data for a common share outstanding throughout each year:**

	2018	Year Ended December 31,			
		2017	2016	2015	2014
Operating Performance:					
Net asset value, beginning of year	\$ 5.57	\$ 5.30	\$ 5.30	\$ 6.09	\$ 6.49
Net investment income	0.09	0.09	0.12	0.07	0.07
Net realized and unrealized gain/(loss) on investments, securities sold short, swap contracts, and foreign currency transactions	(0.22)	0.77	0.39	(0.28)	0.14
Total from investment operations	(0.13)	0.86	0.51	(0.21)	0.21
Distributions to Preferred Shareholders:					
(a)					
Net investment income	(0.02)	(0.03)	(0.03)	(0.01)	(0.03)
Net realized gain	(0.07)	(0.08)	(0.07)	(0.09)	(0.07)
Total distributions to preferred shareholders	(0.09)	(0.11)	(0.10)	(0.10)	(0.10)
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders Resulting from Operations					
	(0.22)	0.75	0.41	(0.31)	0.11
Distributions to Common Shareholders:					
Net investment income	(0.10)	(0.12)	(0.10)	(0.05)	(0.08)
Net realized gain	(0.38)	(0.36)	(0.30)	(0.32)	(0.19)
Return of capital			(0.01)	(0.11)	(0.24)
Total distributions to common shareholders	(0.48)	(0.48)	(0.41)	(0.48)	(0.51)
Fund Share Transactions:					
Decrease in net asset value from common share transactions				(0.00)(b)	(0.00)(b)
Decrease in net asset value from common shares issued in rights offering .	(0.02)				
Increase in net asset value from common shares issued upon reinvestment of distributions	0.00(b)				
Offering costs for common shares charged to paid-in capital	(0.02)				

Total Fund share transactions	(0.04)			(0.00)(b)	(0.00)(b)
Net Asset Value Attributable to Common Shareholders, End of Year	\$ 4.83	\$ 5.57	\$ 5.30	\$ 5.30	\$ 6.09
NAV total return	(5.08)%	14.59%	8.34%	(5.39)%	1.75%
Market value, end of year	\$ 4.39	\$ 5.90	\$ 4.69	\$ 4.78	\$ 6.08
Investment total return	(14.12)%	37.53%	6.97%	(14.18)%	7.07%

See accompanying notes to financial statements.

The Gabelli Convertible and Income Securities Fund Inc.**Financial Highlights (Continued)****Selected data for a common share outstanding throughout each year:**

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Ratios to Average net assets and Supplemental Data:					
Net assets including liquidation value of preferred shares, end of year (in 000 s)	\$114,684	\$103,445	\$98,733	\$98,742	\$109,219
Net assets attributable to common shares, end of year (in 000 s)	\$ 90,545	\$ 79,306	\$74,594	\$74,603	\$ 85,080
Ratio of net investment income to average net assets attributable to common shares before preferred share distributions	1.37%	1.56%	2.37%	1.19%	1.05%
Ratio of operating expenses to average net assets attributable to common shares before fees waived (c)	1.89%(d)	1.96%(d)	1.95%(d)(e)(f)	1.88%(d)(e)	1.90%
Ratio of operating expenses to average net assets attributable to common shares net of advisory fee reduction, if any (g)	1.60%(d)	1.96%(d)	1.95%(d)(e)(f)	1.59%(d)(e)	1.62%
Portfolio turnover rate	42%	27%	71%	24%	22%
Cumulative Preferred Stock:					
6.000% Series B Preferred					
Liquidation value, end of year (in 000 s)	\$ 24,139	\$ 24,139	\$24,139	\$24,139	\$ 24,139
Total shares outstanding (in 000 s)	966	966	966	966	966
Liquidation preference per share	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00

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Average market value					
(h)	\$ 25.91	\$ 26.45	\$ 26.52	\$ 25.81	\$ 25.44
Asset coverage per share	\$ 118.78	\$ 107.14	\$102.26	\$102.26	\$ 113.12
Asset Coverage	475%	429%	409%	409%	452%

Based on net asset value per share, adjusted for reinvestment of distributions at net asset value on the ex-dividend date.

Based on market value per s