

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: 811-2151

BANCROFT CONVERTIBLE FUND, INC.

(Exact name of registrant as specified in charter)

65 Madison Avenue, Morristown, New Jersey 07960-7308

(Address of principal executive offices) (Zip code)

Thomas H. Dinsmore  
Bancroft Convertible Fund, Inc.  
65 Madison Avenue  
Morristown, New Jersey 07960-7308  
(Name and address of agent for service)

Copy to:  
Martha J. Hays, Esq.  
Ballard Spahr Andrews & Ingersoll, LLP  
1735 Market Street  
Philadelphia, PA 19103-7599

Registrant's telephone number, including area code: (973) 631-1177

Date of fiscal year end: October 31

Date of reporting period: October 31, 2004

## ITEM 1. REPORTS TO STOCKHOLDERS.

-----BANCROFT CONVERTIBLE FUND, INC.-----

[LOGO]

2004 Annual Report  
October 31, 2004

2004 ANNUAL REPORT  
OCTOBER 31, 2004

BANCROFT CONVERTIBLE FUND, INC. (THE "FUND") OPERATES AS A CLOSED-END, DIVERSIFIED MANAGEMENT INVESTMENT COMPANY AND INVESTS PRIMARILY IN CONVERTIBLE SECURITIES, WITH THE OBJECTIVES OF PROVIDING INCOME AND THE POTENTIAL FOR CAPITAL APPRECIATION -- WHICH OBJECTIVES THE FUND CONSIDERS TO BE RELATIVELY EQUAL, OVER THE LONG-TERM, DUE TO THE NATURE OF THE SECURITIES IN WHICH IT INVESTS.

## HIGHLIGHTS

PERFORMANCE THROUGH OCTOBER 31, 2004 WITH DIVIDENDS REINVESTED

	Calendar	YTD	1 Year	5 Years	10 Years
	-----	-----	-----	-----	-----
Bancroft market price (a,b) .....	0.18%	(3.83)%	34.70%	172.40%	
Bancroft net asset value (b,c,d) .....	(0.16)	1.32	14.93	137.12	
Closed-end convertible fund average (d) .....	3.44	8.04	21.81	117.15	
S&P 500 (a) .....	3.06	9.42	(10.60)	183.96	
Russell 2000 (d) .....	5.75	11.73	45.19	162.41	
Lehman Aggregate Bond Total Return Index (d) .....	4.22	5.53	44.10	111.12	

PERFORMANCE DATA REPRESENT PAST RESULTS AND DO NOT REFLECT FUTURE PERFORMANCE.

- (a) From Bloomberg L.P. pricing service.
  - (b) Performance is not adjusted for dilution due to the rights offering.
  - (c) Net asset value dilution resulting from the Bancroft rights offering was 2.38%.
  - (d) From Lipper, Inc. Closed-End Fund Performance Analysis, dated October 31, 2004.
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QUARTERLY HISTORY OF NAV AND MARKET PRICE

Qtr. Ended	Net Asset Values			Market Prices (AMEX, symbol BCV)		
	High	Low	Close	High	Low	Close
Jan. 04	\$21.75	\$20.73	\$21.51	\$20.14	\$18.59	\$19.59
Apr. 04	21.79	20.79	20.79	19.74	18.35	18.35
Jul. 04	20.98	20.06	20.23	18.71	17.87	17.87
Oct. 04	20.65	19.79	20.40	18.50	17.65	18.23

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DIVIDEND DISTRIBUTIONS (12 MONTHS)

Record Date	Payment Date	Income	Capital Gains	*Corporate Deduction
11/28/03	12/26/03	\$0.21	--	6%
3/16/04	3/30/04	0.17	--	12
6/15/04	6/29/04	0.17	--	12
9/15/04	9/29/04	0.17	--	12
		\$0.72		
		=====		

\*Percentage of each ordinary income distribution qualifying for the corporate dividend received tax deduction.

TO OUR SHAREHOLDERS  
December 6, 2004

The election is over. Investors can now turn their attention to the economy and the war on terror. The economy has grown this year through strong personal consumption and productivity growth. The 3.9% growth in the third quarter would have been greater, but for high oil prices, sluggish business investment and the growing trade deficit. In addition, next year's growth could be slowed by reduced federal fiscal stimulus as the government seeks to reduce its deficit and by the low personal savings rate. Finally, as the dollar declines in value versus almost all other currencies (including the euro, the yen, the Mexican peso and many others) we expect U.S. exports to pick up and imports to become more expensive. Inflation has not been an issue because of the competition of imported goods and the growth of productivity at a rate greater than labor costs. This may not continue and many economists have predicted that inflation is likely to increase. Unless oil prices spike up again we do not believe that inflation will become a problem next year.

This last year has been one of great change. Because of the malfeasance of some, the legislators, litigators and the regulators have put in place substantial changes to the corporate governance of all public companies. In the end, investors should see more ethical corporate governance from these new rules. We have spent great time, effort and money in our effort to comply with all of these new requirements. As investors, we are looking forward to seeing if the requirements lead to better and more productive corporate governance.

Performance of the Fund was affected by its industry exposure. Energy companies, led by Amerada Hess Corp. and Valero Energy Corp., provided the best performance for the Fund as energy prices rose most of the year. Lagging industries such as the automotive industry and the banking/savings & loan industry held back performance. Both of these industries have been hurt by the expected rise in interest rates and by slower than expected economic growth.

George R. Lieberman retired from the Fund's Board of Directors in October. He served as an independent director for nearly seventeen years. In a period of great change in corporate governance his experience, ethical drive and calm were of great help to the Board and to management. We wish him well.

Bancroft Convertible Fund is the oldest closed-end convertible fund. Founded in 1971, the Fund's strategy has consistently been to use convertible securities as an equity alternative to reduce risk and volatility. This strategy tends to outperform in bear markets and lag in bull markets. The Fund underperformed the average of its peer-group for the quarter ended October 31, 2004. Our peers consist of the thirteen closed-end convertible funds in the LIPPER CLOSED-END PERFORMANCE ANALYSIS survey. Of these thirteen funds, only four, including the Fund, remain unleveraged convertible funds. In addition, we believe that many of our competitors have greater exposure to non-convertible, low-rated, high yield debt than we do. We believe these factors contributed to the difference in performance between Bancroft and many of the other funds in the group.

Visit our website, [www.bancroftfund.com](http://www.bancroftfund.com), for additional information on the Fund. In addition, shareholders who wish to obtain a copy of the most recent report on the Fund issued by Standard and Poor's should contact us.

CONTINUED ON THE FOLLOWING PAGE

PAGE 1

TO OUR SHAREHOLDERS (CONTINUED)

At its November 22, 2004 meeting, the Board of Directors declared a dividend of 18.8 cents (\$0.188) per share. The dividend consists of undistributed net investment income and will be payable on December 28, 2004 to shareholders of record on December 3, 2004.

The 2005 annual meeting of shareholders will be held at our offices in Morristown, New Jersey on February 14, 2005. Time and location will be included in the proxy statement, scheduled to be mailed to shareholders on December 28, 2004. All shareholders are welcome to attend, we hope to see you there.

/s/ Thomas H. Dinsmore

Thomas H. Dinsmore  
Chairman of the Board

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MAJOR PORTFOLIO CHANGES by underlying common stock  
Six months ended October 31, 2004

## ADDITIONS

Albertson's, Inc.  
Allscripts Healthcare Solutions, Inc.  
Armor Holdings, Inc.  
Devon Energy Corp.  
Four Seasons Hotels, Inc.  
General Mills, Inc.  
(EXCHANGEABLE FROM LEHMAN BROTHERS HOLDINGS, INC.)  
ImClone Systems, Inc.  
Kulicke & Soffa Industries, Inc.  
Leucadia National Corp.  
Novell, Inc.  
Ocwen Financial Corp.  
Per-Se Technologies, Inc.  
Schering-Plough Corp.  
Titan International, Inc.  
The Walt Disney Company  
Weatherford International Ltd.

## REDUCTIONS

Allscripts Healthcare Solutions, Inc.  
Amerada Hess Corp.  
Costco Wholesale Corp.  
Devon Energy Corp.  
(EXCHANGEABLE FROM KERR-MCGEE CORP.)  
Gilead Sciences, Inc.  
ImClone Systems, Inc.  
Kulicke & Soffa Industries, Inc.  
McMoRan Exploration Co.  
Medarex, Inc.  
Novell, Inc.  
State Street Corp.  
STMicroelectronics, N.V.  
Teekay Shipping Corp.  
Temple-Inland, Inc.  
Teva Pharmaceuticals Industries Ltd.  
(EXCHANGEABLE FROM TEVA PHARM. FINANCE B.V.)  
Washington Mutual, Inc.

## LARGEST INVESTMENT HOLDINGS by underlying common stock

	Value (Note 1)	% Total Net Assets
Sovereign Bancorp, Inc. .... A HOLDING COMPANY FOR SOVEREIGN BANK. THE BANK'S PRIMARY BUSINESS CONSISTS OF ATTRACTING DEPOSITS FROM ITS NETWORK OF BANKING OFFICES, AND ORIGINATING COMMERCIAL, CONSUMER AND RESIDENTIAL MORTGAGE LOANS, AS WELL AS AUTOMOBILE LOANS.	\$ 2,400,000	2.1 %
Capital One Financial Corp. .... THROUGH ITS SUBSIDIARIES, PROVIDES CREDIT CARD PRODUCTS, CERTAIN CONSUMER LENDING AND DEPOSIT SERVICES.	2,371,050	2.1
Leucadia National Corp. .... A DIVERSIFIED HOLDING COMPANY THAT PROVIDES BANKING AND LENDING SERVICES, MANUFACTURING, REAL ESTATE ACTIVITIES, WINERY OPERATIONS, DEVELOPMENT OF A COPPER MINE AND PROPERTY AND CASUALTY REINSURANCE.	2,240,000	2.0
The St. Paul Travelers Companies, Inc. .... PROVIDES A BROAD RANGE OF INSURANCE PRODUCTS AND SERVICES FOR THE COMMERCIAL AND CONSUMER MARKETS.	2,211,000	2.0
Church & Dwight Co., Inc. .... PRODUCES SODIUM BICARBONATE AND SODIUM BICARBONATE-BASED PRODUCTS. THE COMPANY SELLS ITS PRODUCTS PRIMARILY UNDER THE ARM & HAMMER TRADEMARK, TO CONSUMERS AND TO INDUSTRIAL CUSTOMERS AND DISTRIBUTORS.	2,189,250	1.9
Amerada Hess Corp. .... TOGETHER WITH ITS SUBSIDIARIES EXPLORES FOR, PRODUCES, PURCHASES, TRANSPORTS AND SELLS CRUDE OIL AND NATURAL GAS. THE COMPANY ALSO MANUFACTURES, PURCHASES, TRANSPORTS AND MARKETS REFINED PETROLEUM PRODUCTS.	2,185,050	1.9
Conexant Systems, Inc. .... PROVIDES SEMICONDUCTOR PRODUCTS FOR COMMUNICATIONS ELECTRONICS. THE COMPANY OFFERS PRODUCTS FOR USE IN WIRELESS COMMUNICATIONS, NETWORK ACCESS AND PROCESSING, DIGITAL ENTERTAINMENT, AND PERSONAL COMPUTING.	2,106,099	1.9
The TJX Companies, Inc. .... RETAILS OFF-PRICE APPAREL AND HOME FASHIONS. THE COMPANY CURRENTLY OPERATES T.J. MAXX, MARSHALLS, HOMEGOODS, A.J. WRIGHT, WINNERS AND T.K. MAXX STORES.	2,056,500	1.8
Lucent Technologies, Inc. .... DESIGNS, BUILDS AND DELIVERS A WIDE RANGE OF PUBLIC AND PRIVATE NETWORKS, COMMUNICATIONS SYSTEMS AND SOFTWARE, BUSINESS TELEPHONE SYSTEMS AND DATA NETWORKING SYSTEMS.	2,036,005	1.8
Kerr-McGee Corp. .... EXPLORES FOR AND PRODUCES OIL AND NATURAL GAS IN VARIOUS COUNTRIES AROUND THE WORLD. THE COMPANY FOCUSES ON OFFSHORE ACTIVITES PRIMARILY IN THE GULF OF MEXICO AND THE NORTH SEA.	2,034,881	1.8
Total ....	\$21,829,835	19.3%

## MAJOR INDUSTRY EXPOSURE

Automotive	4.4%
Banking/Savings & Loan	10.2%

Energy		8.8%	
Entertainment		4.3%	
Financial & Insurance		11.6%	
Health Care		5.0%	
Pharmaceuticals		9.4%	
Retail		7.4%	
Technology		9.0%	
Telecommunications		6.9%	

DIVERSIFICATION OF ASSETS

			% Total Net Assets October 31,	
	Cost	Value (Note 1)	2004	2003
Advertising .....	\$ 980,625	\$ 1,079,375	0.9%	2.5%
Aerospace & Defense .....	4,051,736	3,746,485	3.3	4.9
Automotive .....	5,030,505	4,987,306	4.4	2.4
Banking/Savings & Loan .....	11,402,075	11,545,287	10.2	10.6
Consumer Goods .....	3,265,210	3,839,250	3.4	3.1
Data-Processing Services ...	1,939,687	1,889,076	1.7	2.0
Electrical Supplies .....	1,472,188	1,346,250	1.2	--
Energy .....	8,222,351	9,919,521	8.8	7.6
Entertainment .....	5,004,635	4,898,932	4.3	4.5
Financial & Insurance .....	12,939,839	13,196,750	11.6	10.9
Foods .....	1,509,343	1,492,500	1.3	--
Health Care .....	5,722,902	5,629,274	5.0	6.7
Hotel Services .....	1,045,000	1,128,750	1.0	--
Mining .....	1,481,988	1,411,220	1.3	--
Office Equipment .....	1,746,250	1,791,563	1.6	1.7
Paper and Paper Products ...	--	--	--	1.3
Pharmaceuticals .....	11,143,900	10,750,823	9.4	9.4
Retail .....	8,366,932	8,372,428	7.4	9.5
Technology .....	11,668,207	10,182,006	9.0	7.3
Telecommunications .....	7,371,769	7,873,130	6.9	9.9
Transportation .....	--	--	--	2.0
Utilities .....	1,275,424	1,299,000	1.1	2.3
Short-Term Securities .....	6,809,726	6,809,692	6.0	0.0
TOTAL INVESTMENTS .....	112,450,292	113,188,618	99.8	98.6
Other Assets, Net of Liabilities .....	--	184,864	0.2	1.4
TOTAL NET ASSETS .....	\$112,450,292	\$113,373,482	100.0%	100.0%

## PORTFOLIO OF INVESTMENTS October 31, 2004

Principal Amount		Identified Cost	Value (Note 1)
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	CONVERTIBLE BONDS AND NOTES -- 55.6%		
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	ADVERTISING -- 0.9%		
\$1,000,000	Lamar Advertising Company 2.875% 2010 cv. sub. notes (B2) .....	\$ 980,625	\$1,079,375
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	AEROSPACE AND DEFENSE -- 2.4%		
1,250,000	Armor Holdings, Inc. 2% 2024 sr. sub. cv. notes (B+) (1) .....	1,237,500	1,240,625
1,500,000	The Goldman Sachs Group, Inc. 1% 2009 exch. equity-linked notes (Aa3) (exch. for General Dynamics Corp. common stock) (1) .....	1,721,213	1,481,760
		2,958,713	2,722,385
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	AUTOMOTIVE -- 3.2%		
1,000,000	American Axle & Manufacturing Holdings, Inc. 2% 2024 cv. sr. notes (Baa3) (1) .....	1,060,053	889,400
3,500,000	Lear Corp. 0% 2022 cv. sr. notes (Baa3) .....	1,654,014	1,722,656
1,000,000	Titan International, Inc. 5.25% 2009 sr. cv. notes (NR) .....	1,000,938	1,031,250
		3,715,005	3,643,306
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	BANKING/SAVINGS AND LOAN -- 2.8%		
2,078,000	The Bear Stearns Companies, Inc. 0.25% 2010 medium term notes (A1) (exch. for Fifth Third Bancorp common stock) (1) .....	2,299,565	1,974,381
1,250,000	Ocwen Financial Corp. 3.25% 2024 contingent cv. sr. unsecured notes (B-) (Acquired 07/22/04 - 09/27/04; Cost \$1,263,750) (2) .....	1,263,750	1,168,750
		3,563,315	3,143,131
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	CONSUMER GOODS -- 1.9%		
1,875,000	Church & Dwight Co., Inc. 5.25% 2033 cv. sr. deb. (Ba3) .....	1,875,000	2,189,250
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	DATA-PROCESSING SERVICES -- 1.7%		
1,500,000	Pegasus Solutions, Inc. 3.875% 2023 cv. sr. notes (NR) .....	1,431,562	1,333,076
500,000	Per-Se Technologies, Inc. 3.25% 2024 cv. sub. deb. (B-) (Acquired 06/24/04 - 06/25/04; Cost \$508,125) (2) .....	508,125	556,000
		1,939,687	1,889,076
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	ELECTRICAL SUPPLIES -- 1.2%		
1,500,000	Graftech International LTD 1.625% 2024 cv. sr. deb. (B2) .....	1,472,188	1,346,250
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	ENERGY -- 2.9%		
1,000,000	Devon Energy Corp. 0% 2020 cv. sr. deb. (BBB) .....	562,365	563,150
1,900,000	Kerr-McGee Corp. 5.25% 2010 cv. sub. deb. (Ba1) .....	1,992,938	2,034,881
1,000,000	Weatherford International Ltd. 0% 2020 cv. sr. deb. (Ba1) .....	639,338	645,520
		3,194,641	3,243,551
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	ENTERTAINMENT -- 1.9%		
1,250,000	Citadel Broadcasting Corp. 1.875% 2011 cv. sub. notes (NR) .....	1,246,250	1,095,125
1,000,000	The Walt Disney Company 2.125% 2023 cv. sr. notes (Ba1) .....	1,053,800	1,068,370
		2,300,050	2,163,495
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	FINANCIAL AND INSURANCE -- 2.8%		
2,000,000	Leucadia National Corp. 3.75% 2014 cv. sr. sub. notes (Ba3) .....	2,038,123	2,240,000
1,000,000	Swiss Re America Holding Corp. 3.25% 2021 euro. sub. cv. bonds (Aa1) (conv. into Swiss Reinsurance Company common stock) (Acquired 11/15/01 - 12/05/01; Cost \$1,007,750) (2) .....	1,007,750	969,250
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## PORTFOLIO OF INVESTMENTS October 31, 2004 (continued)

Principal Amount		Identified Cost	Value (Note 1)
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CONVERTIBLE BONDS AND NOTES -- CONTINUED			
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HEALTH CARE -- 3.8%			
\$1,000,000	AmerisourceBergen Corp. 5% 2007 cv. sub. notes (B1) .....	\$1,103,673	\$1,064,850
1,000,000	Community Health Systems, Inc. 4.25% 2008 cv. sub. notes (B3) .....	988,600	1,034,200
500,000	Isolagen, Inc. 3.5% 2024 cv. sub. notes 144A (NR) (Acquired 10/29/04; Cost \$500,000) (2).....	500,000	521,250
500,000	LifePoint Hospitals, Inc. 4.50% 2009 cv. sub. notes (B3) .....	490,000	498,125
875,000	Mentor Corp. 2.75% 2024 cv. deb. (NR) .....	941,250	1,153,359
		-----	-----
		4,023,523	4,271,784
		-----	-----
HOTEL SERVICES -- 1.0%			
1,000,000	Four Seasons Hotels, Inc. 1.875% 2024 cv. sr. notes (Baa3) .....	1,045,000	1,128,750
		-----	-----
OFFICE EQUIPMENT -- 1.6%			
1,750,000	IOS Capital, LLC 5% 2007 cv. sub. notes (Ba3) (exch. for IKON Office Solutions, Inc. common stock) (Acquired 05/08/02 - 06/02/03; Cost \$1,746,250) (2) .....	1,746,250	1,791,563
		-----	-----
PHARMACEUTICALS -- 7.1%			
2,000,000	Alza Corp. 0% 2020 cv. sub. deb. (Aa1) (exch. for Johnson & Johnson common stock) .....	1,633,292	1,612,500
2,000,000	Amgen, Inc. 0% 2032 LYONS (A2) (1) .....	1,614,756	1,478,980
1,500,000	Impax Laboratories, Inc. 1.25% 2024 cv. sr. sub. deb. (NR) (Acquired 03/31/04 - 07/21/04; Cost \$1,543,813) (2) .....	1,543,813	1,315,440
500,000	Ivax Corp. 4.50% 2008 cv. sr. sub. notes (NR) .....	495,000	502,500
1,250,000	Ivax Corp. 1.50% 2024 cv. sr. notes (NR) (1) .....	1,297,218	1,269,088
1,000,000	Teva Pharmaceutical Finance II, LLC series A 0.50% 2024 cv. sr. deb. (BBB) (exch. for Teva Pharmaceuticals Industries Ltd. ADR) .....	1,000,000	960,000
1,000,000	Teva Pharmaceutical Finance II, LLC series B 0.25% 2024 cv. sr. deb. (BBB) (exch. for Teva Pharmaceuticals Industries Ltd. ADR) .....	1,000,000	963,750
		-----	-----
		8,584,079	8,102,258
		-----	-----
RETAIL -- 7.4%			
1,250,000	Casual Male Retail Group, Inc. 5% 2024 cv. sr. sub. notes (NR) .....	1,261,073	1,079,688
1,500,000	Charming Shoppes, Inc. 4.75% 2012 sr. cv. notes (B2) .....	1,539,180	1,625,621
250,000	Costco Wholesale Corp. 0% 2017 cv. sub. notes (A3) .....	186,483	273,345
1,250,000	Dick's Sporting Goods, Inc. 1.6061% 2024 sr. cv. notes (NR) .....	859,705	986,719
1,000,000	Reebok International Ltd. 2% 2024 cv. deb. (BBB) (Acquired 04/27/04; Cost \$1,011,230) (1) (2) .....	1,017,937	1,022,500
1,500,000	Saks, Inc. 2% 2024 cv. sr. notes (Ba3) .....	1,483,785	1,328,055
2,400,000	The TJX Companies, Inc. 0% 2021 LYONS (Ba1) .....	2,018,769	2,056,500
		-----	-----
		8,366,932	8,372,428
		-----	-----
TECHNOLOGY -- 6.1%			
1,500,000	Axcelis Technologies, Inc. 4.25% 2007 cv. sub. notes (NR) .....	1,437,188	1,478,438
2,191,000	Conexant Systems, Inc. 5.25% 2006 cv. sub. notes (NR) .....	2,226,604	2,106,099
2,378,000	Hewlett-Packard Co., Inc. 0% 2017 LYONS (Ba1) .....	1,360,808	1,328,708
2,000,000	International Rectifier Corp. 4.25% 2007 cv. sub. notes (B2) .....	1,988,750	1,977,500
		-----	-----
		7,013,350	6,890,745
		-----	-----

## PORTFOLIO OF INVESTMENTS October 31, 2004 (continued)

Principal Amount		Identified Cost	Value (Note 1)
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CONVERTIBLE BONDS AND NOTES -- CONTINUED			
TELECOMMUNICATIONS -- 6.9%			
\$1,500,000	Comverse Technology, Inc. 0% 2023 ZYPS (BB-) (3) .....	\$ 1,631,775	\$ 1,940,250
1,000,000	Lucent Technologies, Inc. 2.75% 2023 series A cv. sr. deb. (B2) .....	1,000,000	1,335,980
500,000	Lucent Technologies, Inc. 2.75% 2025 series B cv. sr. deb. (B2) .....	500,000	700,025
1,250,000	Nortel Networks Corp. 4.25% 2008 cv. sr. notes (B3) .....	1,287,500	1,206,250
1,250,000	Tekelec, Inc. 2.25% 2008 cv. sub. discount notes (NR) .....	1,315,469	1,665,625
1,000,000	UTStarcom, Inc. 0.875% 2008 cv. notes (NR) .....	1,637,025	1,025,000
			-----
		7,371,769	7,873,130
	TOTAL CONVERTIBLE BONDS AND NOTES .....	\$63,196,000	\$63,059,727
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Shares			
-----			
CONVERTIBLE PREFERRED STOCKS -- 19.3%			
AUTOMOTIVE -- 1.2%			
50,000	General Motors Corp. 6.25% series C cv. sr. deb. (Ba1) .....	1,315,500	1,344,000
-----			
BANKING/SAVINGS AND LOAN -- 7.4%			
17,500	Commerce Capital Trust II 5.95% cv. trust pfd. (Baa1) (exch. for Commerce Bancorp, Inc. common stock) .....	939,531	1,092,656
40,000	National Australia Bank Ltd. 7.875% exch. capital units (NR) .....	1,038,700	1,432,000
30,000	New York Community Bancorp, Inc. 6% BONUSES units (Baa2) .....	1,504,706	1,605,000
50,000	Sovereign Capital Trust IV 4.375% PIERS (Ba1) (exch. for Sovereign Bancorp, Inc. common stock) (1) .....	2,582,698	2,400,000
35,000	Washington Mutual Capital Trust PIERS units (Ba1) (exch. for Washington Mutual, Inc. common stock) .....	1,773,125	1,872,500
			-----
		7,838,760	8,402,156
		-----	-----
ENERGY -- 2.8%			
7,500	Chesapeake Energy Corp. 6% cum. cv. pfd. (B3) .....	489,375	619,350
1,000	Chesapeake Energy Corp. 4.125% cum. cv. pfd. (B3) .....	1,000,000	1,137,500
20,000	The Williams Companies, Inc. 5.50% 2033 jr. sub. cv. deb. (B-) .....	1,015,000	1,445,000
			-----
		2,504,375	3,201,850
		-----	-----
ENTERTAINMENT -- 2.4%			
22,500	Emmis Communications Corp. 6.25% series A cum. cv. pfd. (Ca1) .....	919,590	957,656
1,750	Radio One, Inc. 6.50% HIGH TIDES (B3) .....	1,784,995	1,777,781
			-----
		2,704,585	2,735,437
		-----	-----
FINANCIAL AND INSURANCE -- 3.0%			
20,000	Reinsurance Group of America, Inc. 5.75% PIERS (Baa2) .....	1,000,000	1,190,000
100,000	The St. Paul Travelers Companies, Inc. 4.50% 2032 cv. jr. sub. notes (Baa1) .....	2,478,055	2,211,000
			-----
		3,478,055	3,401,000
		-----	-----
HEALTH CARE -- 1.2%			
29,000	Omnicare Capital Trust I 4% PIERS (Ba3) (exch. for Omnicare, Inc. common stock) (1) .....	1,699,379	1,357,490
		-----	-----
MINING -- 1.3%			
1,500	Freeport-McMoRan Copper and Gold, Inc. 5.50% cv. perpetual pfd.		

(CCC+) .....	1,481,988	1,411,220
TOTAL CONVERTIBLE PREFERRED STOCKS .....	\$21,022,642	\$21,853,153

## PORTFOLIO OF INVESTMENTS October 31, 2004 (continued)

Principal Amount or Shares		Identified Cost	Value (Note 1)
-----			
	MANDATORY CONVERTIBLE SECURITIES -- 18.9% (4)		
-----			
	AEROSPACE AND DEFENSE -- 0.9%		
10,000 shs	Northrop Grumman Corp. 7.25% equity units (NR) (1) .....	\$ 1,093,023	\$ 1,024,100
-----			
	CONSUMER GOODS -- 1.5%		
50,000 shs	Constellation Brands, Inc. dep. shs. representing 5.75% series A mand. cv. pfd. (B) .....	1,390,210	1,650,000
-----			
	ENERGY -- 3.1%		
30,000 shs	Amerada Hess Corp. 7% mandatory cv. pfd. ACES (Ba3) .....	1,597,685	2,185,050
30,000 shs	Valero Energy Corp. 2% mandatory cv. pfd. (BB+) .....	925,650	1,289,070
		2,523,335	3,474,120
-----			
	FINANCIAL AND INSURANCE -- 5.8%		
45,000 shs	Capital One Financial Corp. 6.25% Upper DECS (Baa3) (1) .....	2,247,456	2,371,050
15,000 shs	The Chubb Corp. 7% 2005 equity units (A) (1) .....	419,784	419,100
54,000 shs	The Chubb Corp. 7% 2006 equity units (A) (1) .....	1,480,683	1,525,500
40,000 shs	Platinum Underwriters Holdings, Ltd. 7% eq. sec. units (NR) (1) ..	1,130,988	1,179,600
45,000 shs	XL Capital, Ltd. 6.5% equity security units (A2) .....	1,137,000	1,091,250
		6,415,911	6,586,500
-----			
	FOODS -- 1.3%		
40,000 shs	Albertson's, Inc. 7.25% HITS units (Baa2) (1) .....	1,005,343	985,000
20,000 shs	Lehman Brothers Holdings, Inc. 6.25% PIES (A) (exch. for General Mills, Inc. common stock) .....	504,000	507,500
		1,509,343	1,492,500
-----			
	PHARMACEUTICALS -- 2.3%		
31,500 shs	Baxter International, Inc. 7% equity units (Ba1) (1) .....	1,535,071	1,622,565
20,000 shs	Schering-Plough Corp. 6% mand. cv. pfd. (Baa3) .....	1,024,750	1,026,000
		2,559,821	2,648,565
-----			
	TECHNOLOGY -- 2.9%		
105,550 shs	The Goldman Sachs Group, Inc. 7.50% mand. exch. notes (Aa3) (exch. for EMC Corp. common stock) .....	1,500,086	1,402,390
36,395 shs	The Goldman Sachs Group, Inc. 5.625% mand. exch. notes (Aa3) (exch. for Intel Corp. common stock) .....	999,771	831,371
\$2,000,000	Lehman Brothers Holdings, Inc. 6% 2005 YEEELDS (A) (performance linked to LSI Logic Corp. common stock) .....	2,155,000	1,057,500
		4,654,857	3,291,261
-----			
	UTILITIES -- 1.1%		
50,000 shs	DTE Energy Co. 8.75% equity security units (BBB) (1) .....	1,275,424	1,299,000
-----			
	TOTAL MANDATORY CONVERTIBLE SECURITIES (4) .....	\$21,421,924	\$21,466,046
-----			
	SHORT-TERM SECURITIES -- 6.0%		
	COMMERCIAL PAPER -- 6.0%		
6,800,000	American Express Credit Corp. (P1) (1.70% maturing 11/02/04) .....	6,798,716	6,798,716

## PORTFOLIO OF INVESTMENTS October 31, 2004 (continued)

Principal Amount		Identified Cost	Value (Note 1)
SHORT-TERM SECURITIES -- CONTINUED			
\$11,000	U.S. GOVERNMENT OBLIGATIONS -- 0.0%		
	U.S. Treasury notes 1.625% 04/30/05 (Aaa) (5) .....	\$ 11,010	\$ 10,976
	TOTAL SHORT-TERM SECURITIES .....	\$ 6,809,726	\$ 6,809,692
	TOTAL CONVERTIBLE BONDS AND NOTES -- 55.6% .....	63,196,000	63,059,727
	TOTAL CONVERTIBLE PREFERRED STOCKS -- 19.3% .....	21,022,642	21,853,153
	TOTAL MANDATORY CONVERTIBLE SECURITIES -- 18.9% .....	21,421,924	21,466,046
	TOTAL SHORT-TERM SECURITIES -- 6.0% .....	6,809,726	6,809,692
	TOTAL INVESTMENTS -- 99.8% .....	\$112,450,292	113,188,618
	OTHER ASSETS AND LIABILITIES, NET -- 0.2% .....		184,864
	TOTAL NET ASSETS -- 100.0% .....		\$113,373,482

(1) Contingent payment debt instrument which accrues contingent interest.

See Note 1(b).

(2) Security not registered under the Securities Act of 1933, as amended (e.g., the security was purchased in a Rule 144A transaction). The security may be resold only pursuant to an exemption from registration under the 1933 Act, typically to qualified institutional buyers. The Fund generally has no rights to demand registration of these securities. The aggregate market value of these securities at October 31, 2004 was \$7,344,753 which represented 6.5% of the Fund's net assets.

(3) Non-income producing security.

(4) Mandatory convertible. See Note 1(e).

(5) Collateral for a letter of credit.

ACES	Automatic Convertible Equity Securities.
ADR	American Depository Receipts.
BONUSES	Bifurcated Option Note Unit Securities.
DECS	Debt Exchangeable for Common Stock.
HIGH TIDES	Remarketable Term Income Deferrable Equity Securities.
HITS	Hybrid Income Term Security.
LYONS	Liquid Yield Option Notes.
PIES	Premium Income Exchangeable Securities.
PIERS	Preferred Income Equity Redeemable Securities.
YEELDS	Yield Enhanced Equity Linked Debt Securities.
ZYPS	Zero Yield Puttable Securities.

Ratings in parentheses by Moody's Investors Service, Inc. or Standard & Poor's, a division of McGraw-Hill Companies, Inc., have been obtained from sources believed reliable but have not been examined by PricewaterhouseCoopers LLP. NR is used whenever a rating is unavailable.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

## STATEMENT OF ASSETS AND LIABILITIES

OCTOBER 31, 2004

## ASSETS:

Investments at value (cost \$112,450,292) (Note 1) .....	\$113,188,618
Cash .....	358,754
Dividends and interest receivable .....	648,618
Other assets .....	31,058
-----	-----
Total assets .....	114,227,048
-----	-----

## LIABILITIES:

Payable for securities purchased .....	730,270
Accrued management fee (Note 2) .....	73,866
Accrued expenses .....	29,116
Other liabilities .....	20,314
-----	-----
Total liabilities .....	853,566
-----	-----

NET ASSETS .....	\$113,373,482
=====	

## NET ASSETS CONSIST OF:

Undistributed net investment income .....	\$ 1,037,260
Accumulated net realized loss from investment transactions .....	(4,470,204)
Unrealized appreciation on investments .....	738,326
Capital shares (Note 3) .....	55,571
Additional paid-in capital .....	116,012,529
-----	-----

NET ASSETS .....	\$113,373,482
=====	

Net asset value per share (\$113,373,482 / 5,557,138 outstanding shares) .	\$ 20.40
=====	

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED OCTOBER 31, 2004

## INVESTMENT INCOME (NOTE 1):

Interest .....	\$ 2,816,757
Dividends .....	2,352,552
-----	-----
Total Income .....	
-----	-----
Total Income .....	5,169,309
-----	-----

## EXPENSES (NOTE 2):

Management fee .....	823,572
Custodian .....	33,680
Transfer agent .....	27,923
Professional fees .....	119,478
Directors' fees .....	112,600
Reports to shareholders .....	33,838
Insurance .....	29,440
Treasurer's office .....	25,000
Other .....	85,073
-----	-----
Total Expenses .....	1,290,604
-----	-----

NET INVESTMENT INCOME .....	3,878,705
=====	

## REALIZED AND UNREALIZED GAIN ON INVESTMENTS:

Net realized gain from investment transactions .....	3,760,644
Net change in unrealized appreciation of investments .....	(3,604,190)
-----	-----
Net gain on investments .....	
-----	-----
Net gain on investments .....	156,454
-----	-----

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS .....	\$ 4,035,159
=====	

STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEARS ENDED OCTOBER, 2004 AND 2003

	2004	2003
CHANGE IN NET ASSETS FROM OPERATIONS:		
Net investment income .....	\$ 3,878,705	\$ 3,352,240
Net realized gain (loss) from investment transactions .....	3,760,644	(424,570)
Net change in unrealized appreciation of investments .....	(3,604,190)	11,355,567
	-----	-----
Net increase in net assets resulting from operations ....	4,035,159	14,283,237
	-----	-----
DIVIDENDS TO SHAREHOLDERS FROM:		
Net investment income .....	(3,826,570)	(3,445,042)
CAPITAL SHARE TRANSACTIONS (NOTE 3)		
Value of shares issued on reinvestment of distributions .....	628,542	742,900
Net proceeds from rights offering .....	14,050,851	--
	-----	-----
Total capital share transactions .....	14,679,393	742,900
	-----	-----
CHANGE IN NET ASSETS .....	14,887,982	11,581,095
Net assets at beginning of period .....	98,485,500	86,904,405
	-----	-----
NET ASSETS AT END OF PERIOD (including undistributed net investment income of \$1,037,260 and \$985,125, respectively) .....	\$113,373,482	\$ 98,485,500
	=====	=====

**Financial Highlights**

**SELECTED DATA FOR A SHARE OF COMMON STOCK OUTSTANDING:  
YEARS ENDED OCTOBER 31,**

	2004	2003	2002	2001	2000
<b>OPERATING PERFORMANCE:</b>					
Net asset value, beginning of year .....	\$20.84	\$18.55	\$20.72	\$27.09	\$27.35
Net investment income .....	0.70	0.71	0.79	1.07	1.04
Net realized and unrealized gain (loss) .....	0.08	2.31	(2.02)	(3.23)	2.29
Total from investment operations .....	0.78	3.02	(1.23)	(2.16)	3.33
<b>LESS DISTRIBUTIONS:</b>					
Dividends from net investment income ....	(0.72)	(0.73)	(0.94)	(1.11)	(0.80)
Distributions from realized gains .....	--	--	--	(3.10)	(2.90)
Total distributions .....	(0.72)	(0.73)	(0.94)	(4.21)	(3.70)
<b>CAPITAL SHARE TRANSACTIONS:</b>					
Effect of rights offering .....	(0.50)	--	--	--	--
Capital share repurchases .....	--	--	--	--	0.11
Total capital share transactions .....	(0.50)	--	--	--	0.11
Net asset value, end of year .....	\$20.40	\$20.84	\$18.55	\$20.72	\$27.09
Market value, end of year .....	\$18.23	\$19.70	\$17.54	\$18.75	\$22.63
Total Net Asset Value Return (%) (a,c) ...	1.3	16.7	(6.3)	(8.7)	13.6
Total Investment Return (%) (b,c) .....	(3.8)	16.7	(1.8)	1.3	20.6
<b>RATIOS/SUPPLEMENTAL DATA:</b>					
Net assets, end of year (\$000's) .....	\$113,373	\$98,486	\$86,904	\$95,864	\$111,336
Ratio of expenses to average net assets (%) .....	1.1	1.2	1.2	1.1	1.1
Ratio of net investment income to average net assets (%) .....	3.4	3.6	4.0	4.9	3.8
Portfolio turnover rate (%) .....	66	87	78	83	93

- (a) Assumes valuation of the Fund's shares, and reinvestment of dividends, at net asset values.
- (b) Assumes valuation of the Fund's shares at market price and reinvestment of dividends at actual reinvestment price.
- (c) Return is not adjusted for dilution due to the 2004 rights offering.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

PAGE 11

NOTES TO FINANCIAL STATEMENTS

**1. SIGNIFICANT ACCOUNTING POLICIES**

Bancroft Convertible Fund, Inc. (the "Fund"), established in 1971, is registered under the Investment Company Act of 1940 as a diversified, closed-end management investment company. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements:

**(A) SECURITY VALUATION**

Investments in securities traded on a national securities exchange are valued at market using the last reported sales price as of the close of regular trading. Unlisted securities traded in the over-the-counter market and listed securities for which no sales were reported, are valued at the mean between closing

reported bid and asked prices as of the close of regular trading. Securities for which quotations are not readily available, restricted securities and other assets are valued at fair value as determined in good faith by management with the approval of the Board of Directors. Short-term debt securities with initial maturities of 60 days or less are valued at amortized cost.

(B) SECURITIES TRANSACTIONS AND RELATED INVESTMENT INCOME

Security transactions are accounted for on the trade date (date the order to buy or sell is executed) with gain or loss on the sale of securities being determined based upon identified cost. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis, including accretion of discounts and amortization of non-equity premium. For certain securities, known as "contingent payment debt instruments," Federal tax regulations require the Fund to record non-cash, "contingent" interest income in addition to interest income actually received. Contingent interest income amounted to 11 cents per share for the year ended October 31, 2004. In addition, Federal tax regulations require the Fund to reclassify realized gains on contingent payment debt instruments to interest income. At October 31, 2004 there were unrealized losses of approximately 4 cent per share on contingent payment debt instruments.

(C) FEDERAL INCOME TAXES

The Fund's policy is to distribute substantially all of its taxable income within the prescribed time and to otherwise comply with the provisions of the Internal Revenue Code applicable to regulated investment companies. Therefore, no provision for federal income or excise taxes is believed necessary.

The capital loss carryforward represents tax basis capital losses which may be carried over to offset future realized capital gains. To the extent that the carryforward is used, no capital gains distributions will be made. At October 31, 2004, the Fund had available for federal income tax purposes unused capital losses of \$4,470,204, available to offset future net capital gains, \$4,045,634 of which expires in 2010 and \$424,570 of which expires in 2011. The Fund utilized net capital loss carryforwards of \$3,760,644 during the year ended October 31, 2004.

PAGE 12

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(D) DISTRIBUTIONS TO SHAREHOLDERS

Distributions to shareholders from net investment income are recorded by the Fund on the ex-dividend date. Distributions from capital gains, if any, are recorded on the ex-dividend date and paid annually. The amount and character of income and capital gains to be distributed are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles. The tax character of distributions paid during the years ended October 31, 2004 and 2003 were \$3,826,570 and \$3,445,042, respectively, both from ordinary income.

At October 31, 2004 the components of distributable net assets and the federal tax cost were as follows:

Unrealized appreciation	\$ 6,074,008
Unrealized depreciation	(5,335,682)
-----	
Net unrealized appreciation	738,326
Undistributed ordinary income	1,037,260
Tax basis capital loss carryforward	(4,470,204)
Cost for federal income tax purposes	\$112,450,292

(E) MARKET RISK

It is the Fund's policy to invest at least 80% of its assets in convertible securities. Although convertible securities do derive part of their value from that of the securities into which they are convertible, they are not considered derivative financial instruments. However, certain of the Fund's investments include features which render them more sensitive to price changes in their underlying securities. Thus they expose the Fund to greater downside risk than traditional convertible securities, but still less than that of the underlying common stock. The market value of those securities was \$21,466,046 at October 31, 2004, representing 18.9% of net assets.

## 2. MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

The management fee is paid to the investment adviser, Davis-Dinsmore Management Company (the "Adviser"). The contract provides for payment of a monthly advisory fee, computed at an annual rate of 3/4 of 1% of the first \$100,000,000 and 1/2 of 1% of the excess over \$100,000,000 of the Fund's net asset value in such month.

The Adviser furnishes investment advice, office equipment and facilities, and pays the salaries of all executive officers of the Fund. The Fund pays all expenses incurred by it and not assumed by the Adviser and in addition will pay the costs and expenses of its Treasurer's office, up to a maximum of \$25,000 per year, incurred in connection with its performance of certain services for the Fund. These services include the valuation of securities owned by the Fund, and the preparation of financial statements and schedules of the Fund's investments for inclusion in certain periodic reports to the Fund's Board of Directors and to the U.S. Securities and Exchange Commission.

PAGE 13

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 3. CAPITAL STOCK

At October 31, 2004 there were 5,557,138 shares of \$.01 par value common stock outstanding, (9,000,000 shares authorized). During the years ended October 31, 2004 and 2003, 33,362 shares and 41,388 shares were issued in connection with reinvestment of dividends from net investment income, resulting in an increase in paid-in capital of \$628,542 and \$742,900 respectively.

On December 16, 2003, the Fund completed a rights offering of Common Stock to its stockholders at the rate of one common share for each 6 rights held by stockholders of record on November 13, 2003. The rights offering was fully subscribed, resulting in the issuance of 797,918 common shares at a price of \$17.82, and proceeds of \$14,218,899 to the Fund prior to the deduction of offering costs. These offering costs, of approximately \$169,000 (\$0.04 per share), were charged to paid-in capital in excess of par value upon completion of the offering. The net asset value per share of the Fund's Common Stock was reduced by approximately \$0.50 per share as a result of the issuance.

### 4. PORTFOLIO ACTIVITY

Purchases and sales of investments, exclusive of corporate short-term notes, aggregated \$79,249,157 and \$71,187,359, respectively, for the year ended October 31, 2004.

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## FEDERAL TAX INFORMATION (UNAUDITED)

In accordance with subchapter M of the Internal Revenue Code of 1986, as amended, for the year ended October 31, 2004, 12.2% of the dividends paid from ordinary income qualified for the dividends received deduction for corporations. Certain dividends paid by the Fund for the fiscal year ended October 31, 2004 may be subject to a maximum tax rate of 15%, as provided for by the Jobs and Growth Tax Relief Reconciliation Act of 2003. The Fund intends to designate up to a maximum amount of \$465,743 as taxed at a maximum rate of 15%.

Shareholders should not use the above information to prepare their tax returns. Since the Fund's fiscal year is not the calendar year, another notification will be sent with respect to calendar year 2004. Such notification, which will reflect the amount to be used by taxpayers on their federal income tax returns, will be made in conjunction with Form 1099 DIV and will be mailed in January 2005. Shareholders are advised to consult their own tax advisers with respect to the tax consequences of their investment in the Fund.

PAGE 14

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF  
BANCROFT CONVERTIBLE FUND, INC.

In our opinion, the accompanying statement of assets and liabilities, including the portfolio of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Bancroft Convertible Fund, Inc.

(the "Fund") at October 31, 2004, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at October 31, 2004 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

New York, New York  
November 19, 2004

PAGE 15

#### MISCELLANEOUS NOTES

##### AUTOMATIC DIVIDEND INVESTMENT AND CASH PAYMENT PLAN

The Fund has an Automatic Dividend Investment and Cash Payment Plan (the "Plan"). Any shareholder may elect to join the Plan by sending an application to American Stock Transfer & Trust Company, P.O. Box 922, Church Street Station, NY 10269-0560 (the "Plan Agent"). You may also obtain additional information about the Plan by calling the Plan Agent toll free at (800) 937-5449. If your shares are held by a broker or other nominee, you should instruct the nominee to join the Plan on your behalf. Some brokers may require that your shares be taken out of the broker's "street name" and re-registered in your own name. Shareholders should also contact their broker to determine whether shares acquired through participation in the Plan can be transferred to another broker, and thereafter, whether the shareholder can continue to participate in the Plan.

Under the Plan, all dividends and distributions are automatically invested in additional Fund shares. Depending on the circumstances, shares may either be issued by the Fund or acquired through open market purchases at the current market price or net asset value, whichever is lower (but not less than 95% of market price). When the market price is lower, the Plan Agent will combine your dividends with those of other Plan participants and purchase shares in the market, thereby taking advantage of the lower commissions on larger purchases. There is no other charge for this service.

All dividends and distributions made by the Fund (including capital gain dividends and dividends designated as qualified dividend income, which are eligible for taxation at lower rates) remain taxable to Plan participants, regardless of whether such dividends and distributions are reinvested in additional shares of the Fund through open market purchases or through the issuance of new shares. Plan participants will be treated as receiving the cash used to purchase shares on the open market and, in the case of any dividend or distribution made in the form of newly issued shares, will be treated as receiving an amount equal to the fair market value of such shares as of the reinvestment date. Accordingly, a shareholder may incur a tax liability even though such shareholder has not received a cash distribution with which to pay the tax.

Plan participants may also voluntarily send cash payments of \$100 to \$10,000 per month to the Plan Agent, to be combined with other Plan monies, for purchase of additional Fund shares in the open market. You pay only a bank service charge of \$1.25 per transaction, plus your proportionate share of the brokerage commission. All shares and fractional shares purchased will be held by the Plan Agent in your dividend reinvestment account. You may deposit with the Plan Agent any Bancroft stock certificates you hold, for a one-time fee of \$7.50.

At any time, a Plan participant may instruct the Plan Agent to liquidate all or any portion of such Plan participant's account. To do so, a Plan participant must deliver written notice to the Plan Agent prior to the record date of any

dividend or distribution requesting either liquidation or a stock certificate. The Plan Agent will combine all liquidation requests it receives from Plan participants on a particular day and will then sell shares of the Fund that are subject to liquidation requests in the open market. The amount of proceeds a Plan participant will receive shall be determined by the average sales price per share, after deducting brokerage commissions, of all shares sold by the Plan Agent for all Plan participants who have given the Plan Agent liquidation requests.

The Plan Agent or the Fund may terminate the Plan for any reason at any time by sending written notice addressed to Plan participant's address as shown on the Plan Agent's records. Following the date of termination, the Plan Agent shall send the Plan participant either the proceeds of liquidation, or a stock certificate or certificates for the full shares held by the Plan Agent in the Plan participant's account. Additionally, a check will be sent for the value of any fractional interest in the Plan participant's account based on the market price of the Fund's Common Stock on that date.

PAGE 16

MISCELLANEOUS NOTES (CONTINUED)

NOTICE OF PRIVACY POLICY

The Fund has adopted a privacy policy in order to protect the confidentiality of nonpublic personal information that we have about you. We receive personal information, such as your name, address and account balances, when transactions occur in Bancroft shares registered in your name.

We may disclose this information to companies that perform services for the Fund, such as the Fund's transfer agent or proxy solicitors. These companies may only use this information in connection with the services they provide to the Fund, and not for any other purpose. We will not otherwise disclose any nonpublic personal information about our stockholders or former stockholders to anyone else, except as required by law.

Access to nonpublic information about you is restricted to our employees and service providers who need that information in order to provide services to you. We maintain physical, electronic and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

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FOR MORE INFORMATION ABOUT PORTFOLIO HOLDINGS

In addition to the semi-annual and annual reports that Bancroft delivers to shareholders and makes available through the Bancroft public website, the Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the Fund's first and third fiscal quarters on Form N-Q. Bancroft does not deliver the schedule for the first and third fiscal quarters to shareholders, however the schedule is posted to the Bancroft public website, [www.bancroftfund.com](http://www.bancroftfund.com). You may obtain the Form N-Q filings by accessing the SEC's website at [www.sec.gov](http://www.sec.gov). You may also review and copy them at the SEC's Public Reference Room in Washington, DC. Information on the operation of the SEC's Public Reference Room may be obtained by calling the SEC at (800) SEC-0330. You can also request copies of this information, upon payment of a fee for duplication, at the SEC's email address ([publicinfo@sec.gov](mailto:publicinfo@sec.gov)) or by writing the Public Reference section of the SEC, Washington, DC 20549-0102.

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PROXY VOTING POLICIES AND PROCEDURES / PROXY VOTING RECORD

The Fund's policies and procedures with respect to the voting of proxies relating to the Fund's porfolio securities is available without charge, upon request, by calling (973) 631-1177, or at our website at [www.bancroftfund.com](http://www.bancroftfund.com). This information is also available on the SEC's website at [www.sec.gov](http://www.sec.gov). In addition, information on how the Fund voted such proxies relating to portfolio securities during the most recent twelve-month period ended June 30, is available without charge at the above sources.

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Pursuant to Section 23 of the Investment Company Act of 1940, notice is hereby given that the Fund may in the future, purchase shares of its own Common Stock from time to time, at such times, and in such amounts, as may be deemed advantageous to the Fund. Nothing herein shall be considered a commitment to

purchase such shares.

The Fund is a member of the Closed-End Fund Association (CEFA). Its website address is [www.cefa.com](http://www.cefa.com). CEFA is solely responsible for the content of its website.

PAGE 17

-----DIRECTORS-----

Each director is also a director of Ellsworth Convertible Growth & Income Fund, Inc. (Ellsworth) (a closed-end management investment company). Davis-Dinsmore Management Company (Davis-Dinsmore) is the Fund's investment adviser and is also the investment adviser to Ellsworth. Because of this connection, the Fund and Ellsworth make up a Fund Complex. Therefore, each director oversees two investment companies in the Fund Complex.

Personal Information Principal Occupation(s) During Past Five Years;  
Other Directorship(s)

INDEPENDENT DIRECTORS

Gordon F. Ahalt Retired. Prior to 2001, President of G.F.A. Inc.  
65 Madison Avenue (petroleum industry consulting company).  
Suite 550 Director of Ellsworth and CalDive International.  
Morristown, NJ 07960  
Term expires 2007  
Director since 1982  
Age 76

William A. Benton Retired. Prior to 2001, Partner of BE Partners  
65 Madison Avenue (small options market maker). Prior to 2000,  
Suite 550 Limited Partner of Gavin, Benton & Co.  
Morristown, NJ 07960 (NYSE specialist); Director of Ellsworth.  
Term expires 2006  
Director since 1994  
Age 71

Elizabeth C. Bogan, Ph.D. Senior Lecturer in Economics at Princeton  
65 Madison Avenue University; Director of Ellsworth.  
Suite 550  
Morristown, NJ 07960  
Term expires 2006  
Director since 1990  
Age 60

Donald M. Halsted, Jr. Retired Business Executive; Director of  
65 Madison Avenue Ellsworth.  
Suite 550  
Morristown, NJ 07960  
Term expires 2005  
Director since 1970  
Age 77

Duncan O. McKee Retired Attorney; Director of Ellsworth.  
65 Madison Avenue  
Suite 550  
Morristown, NJ 07960  
Term expires 2005  
Director since 1996  
Age 73

PAGE 18

-----DIRECTORS (CONTINUED)-----

Personal Information Principal Occupation(s) During Past Five Years;  
Other Directorship(s)

INDEPENDENT DIRECTORS (CONTINUED)

Nicolas W. Platt Since January 2003, President of CNC-US (an

65 Madison Avenue  
Suite 550  
Morristown, NJ 07960  
Term expires 2007  
Director since 1997  
Age 51

international consulting company). Prior to January 2003, Senior Partner of Platt & Rickenbach (public relations firm). Prior to May 2001, with WPP Group, UK, as Executive Vice President of Ogilvy Public Relations Worldwide; Director of Ellsworth.

INTERESTED DIRECTORS

Thomas H. Dinsmore, C.F.A. (1) Chairman and Chief Executive Officer of the Fund, Ellsworth and Davis-Dinsmore; Director of Ellsworth and Davis-Dinsmore.  
65 Madison Avenue  
Suite 550  
Morristown, NJ 07960  
Term expires 2005  
Director since 1985  
Age 51

Jane D. O'Keeffe (1) President of the Fund, Ellsworth and Davis-Dinsmore; Director of Ellsworth and Davis-Dinsmore.  
65 Madison Avenue  
Suite 550  
Morristown, NJ 07960  
Term expires 2007  
Director since 1995  
Age 49

George R. Lieberman retired as Director of the Fund as of October 18, 2004.

As of the date of this report, the Board of Directors did not have an audit committee financial expert serving on its audit committee as the Board was still in the process of identifying an appropriate candidate. However, the Fund's directors subsequently elected Robert J. McMullan to the Board of Directors, effective November 15, 2004, and have appointed Mr. McMullan to serve on the Fund's audit committee. The Board of Directors has determined that Mr. McMullan possesses the attributes required to be considered an audit committee financial expert under applicable federal securities laws. Mr. McMullan's background and experience will be included in the Proxy Statement for the Fund's 2005 annual meeting, at which time shareholders will vote to approve the election of Mr. McMullan as a director.

(1) Mr. Dinsmore and Ms. O'Keeffe are considered interested persons because they are officers and directors of Davis-Dinsmore. They are brother and sister.

PAGE 19

-----PRINCIPAL OFFICERS-----

The business address of each officer is 65 Madison Avenue, Suite 550, Morristown, NJ 07960-7308. Officers are elected by and serve at the pleasure of the Board of Directors. Each officer holds office until the annual meeting to be held in 2005, and thereafter until his or her respective successor is duly elected and qualified.

Personal Information Principal Occupation(s) During Past Five Years;  
Other Directorship(s)

Thomas H. Dinsmore, C.F. A (1,2,3)  
Director, Chairman and Chief Executive Officer of the Fund, Ellsworth and Davis-Dinsmore.  
Officer since 1986  
Age 51

Jane D. O'Keeffe (1,2,3)  
Director and President of the Fund, Ellsworth and Davis-Dinsmore.  
Officer since 1994  
Age 49

Gary I. Levine Since 2004, Executive Vice President and Chief Financial Officer, and since 2003 Secretary, and prior thereto, Treasurer and Assistant Secretary of the Fund, Ellsworth and Davis-Dinsmore.  
Executive Vice President,  
Chief Financial Officer and  
Secretary  
Officer since 1993

H. Tucker Lake, Jr. (2,4) Since 2002, Vice President, and prior thereto  
Vice President Vice President, Trading, of the Fund, Ellsworth  
Officer since 1994 and Davis-Dinsmore.  
Age 57

Germaine M. Ortiz Since 1999, Vice President of the Fund,  
Vice President Ellsworth and Davis-Dinsmore.  
Officer since 1996  
Age 35

Mercedes A. Pierre Vice President and Chief Compliance Officer  
Vice President, Chief since 2004, and Assistant Treasurer since 1998  
Compliance Officer and of the Fund, Ellsworth and Davis-Dinsmore. Prior  
Assistant Treasurer thereto Assistant Treasurer of Davis-Dinsmore.  
Officer since 1998  
Age 43

Joshua P. Lake (3,4) Since 2004, Treasurer and Assistant Secretary.  
Treasurer and Assistant Prior to 2004, Assistant Treasurer and Assistant  
Secretary Secretary and prior to 2002 Research Associate  
Officer since 2002 of the Fund, Ellsworth and Davis-Dinsmore.  
Age 28

- (1) Mr. Dinsmore and Ms. O'Keefe are brother and sister.  
(2) Mr. H. Tucker Lake is the cousin of Mr. Dinsmore and Ms. O'Keefe.  
(3) Mr. Joshua Lake is the cousin of Mr. Dinsmore and Ms. O'Keefe.  
(4) Mr. H. Tucker Lake is the father of Mr. Joshua Lake.

PAGE 20

#### BOARD OF DIRECTORS

GORDON F. AHALT PETROLEUM CONSULTANT  
WILLIAM A. BENTON RETIRED STOCK EXCHANGE SPECIALIST  
ELIZABETH C. BOGAN SENIOR LECTURER IN ECONOMICS AT PRINCETON  
UNIVERSITY  
THOMAS H. DINSMORE, C.F.A. CHAIRMAN OF THE BOARD OF BANCROFT  
DONALD M. HALSTED, JR. INVESTOR  
GEORGE R. LIEBERMAN RETIRED ADVERTISING EXECUTIVE  
Mr. Lieberman retired as a director as of October 18, 2004.

DUNCAN O. MCKEE RETIRED ATTORNEY  
JANE D. O'KEEFFE PRESIDENT OF BANCROFT  
NICOLAS W. PLATT PUBLIC RELATIONS EXECUTIVE

#### OFFICERS

THOMAS H. DINSMORE CHAIRMAN OF THE BOARD  
JANE D. O'KEEFFE PRESIDENT  
GARY I. LEVINE EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER  
AND SECRETARY  
H. TUCKER LAKE VICE PRESIDENT  
GERMAINE M. ORTIZ VICE PRESIDENT  
MERCEDES A. PIERRE VICE PRESIDENT, CHIEF COMPLIANCE OFFICER AND  
ASSISTANT TREASURER  
JOSHUA P. LAKE TREASURER AND ASSISTANT SECRETARY  
JESSICA K. LAKE ASSISTANT VICE PRESIDENT  
JOANN VENEZIA ASSISTANT VICE PRESIDENT

#### INTERNET

www.bancroftfund.com  
email: info@bancroftfund.com

#### INVESTMENT ADVISER

Davis-Dinsmore Management Company  
65 Madison Avenue, Morristown, NJ 07960-7308  
(973) 631-1177

SHAREHOLDER SERVICES AND TRANSFER AGENT

American Stock Transfer & Trust Company  
59 Maiden Lane  
New York, NY 10038  
(800) 937-5449  
[www.amstock.com](http://www.amstock.com)

COMMON STOCK LISTING  
American Stock Exchange Symbol: BCV

BANCROFT CONVERTIBLE FUND, INC.  
65 MADISON AVENUE, SUITE 550  
MORRISTOWN, NEW JERSEY 07960  
[www.bancroftfund.com](http://www.bancroftfund.com)

[LOGO]  
AMERICAN  
STOCK EXCHANGE (R)  
LISTED  
BCV(TM)

ITEM 2. CODE OF ETHICS.

Effective May 15, 2003, the Board of Directors of the Fund has adopted a code of ethics that applies to the Fund's principal executive officer and principal financial officer. See attached Exhibit EX-99.CODE ETH.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

As of the date of this report, the Board of Directors did not have an audit committee financial expert serving on its audit committee as the Board was still in the process of identifying an appropriate candidate. However, the Fund's directors subsequently elected Robert J. McMullan to the Board of Directors, effective November 15, 2004, and have appointed Mr. McMullan to serve on the Fund's audit committee. Mr. McMullan is an independent director. The Board of Directors has determined that Mr. McMullan possesses the attributes required to be considered an audit committee financial expert under applicable federal securities laws. Mr. McMullan's background and experience will be included in the Proxy Statement for the Fund's 2005 annual meeting, at which time shareholders will vote to approve the election of Mr. McMullan as a director.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Set forth in the table below are the aggregate fees billed to the Company by PricewaterhouseCoopers LLP ("PwC") for services rendered to the Company during the Company's last two fiscal years ended October 31, 2003 and October 31, 2004.

Fiscal YE	Audit	Audit-Related	All Other	
	Fees	Fees (1)	Tax Fees (2)	Fees
October 31 2003	\$32,847	\$0	\$2,200	\$0
2004	\$34,400	\$9,785	\$2,500	\$0

(1) "Audit-Related Fees" include those fees billed to the Company by PwC in connection with its review of the Company's Registration Statement on Form N-2 relating to the Company's Rights Offering. All Audit-Related Fees were pre-approved by the Company's audit committee and no Audit-Related Fees were approved by the Company's audit committee pursuant to section 2.01(c)(7)(i)(C) of Regulation S-X, which waives the pre-approval requirement for certain de minimis fees.

(2) "Tax Fees" include those fees billed by PwC in connection with its review of the Company's income tax returns. All Tax Fees were pre-approved by the Company's audit committee and no Tax Fees were approved by the Company's audit committee pursuant to section 2.01(c)(7)(i)(C) of Regulation S-X, which waives the pre-approval requirement for certain de minimis fees.

Non-Audit Services

During each of the last two fiscal years ended October 31, 2003 and October 31, 2004, PwC did not provide any non-audit services to the Company or Davis-Dinsmore or its affiliates or otherwise bill the Company or Davis-Dinsmore or its affiliates for any such non-audit services.

## Audit Committee Pre-Approval Policies and Procedures

The Audit Committee pre-approves all audit and permissible non-audit services that are proposed to be provided to the Company by its independent auditors before they are provided to the Company. Such pre-approval also includes the proposed fees to be charged by the independent auditors for such services. The Audit Committee may delegate the pre-approval of audit and permissible non-audit services and related fees to one or more members of the Audit Committee who are "independent," as such term is defined in Rule 10A-3(b) (1)(iii) under the Exchange Act. Any such member's decision to pre-approve audit and/or non-audit services and related fees shall be presented to the full Audit Committee, solely for informational purposes, at their next scheduled meeting.

The Audit Committee also pre-approves non-audit services to be provided by the Company's independent auditors to the Company's investment adviser if the engagement relates directly to the operations and financial reporting of the Company and if the Company's independent auditors are the same as, or affiliated with, the investment adviser's auditors.

### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

(a) The Fund has a designated Audit Committee in accordance with Section 3(a)(58)(A) of the Exchange Act. The members of the Audit Committee include:

WILLIAM A. BENTON

ELIZABETH C. BOGAN, PH.D.

DONALD M. HALSTED, JR.

George R. Lieberman was a member of the Audit Committee through October 18, 2004, on which date Mr. Lieberman retired as a director of the Fund. Mr. Lieberman will be replaced on the Audit Committee by Robert J. McMullan.

(b) Not applicable.

### ITEM 6. SCHEDULE OF INVESTMENTS.

The Schedule of Investments in securities of unaffiliated issuers is included as part of the report to shareholders, filed under Item 1 of this Form.

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

Bancroft Convertible Fund, Inc.  
Ellsworth Convertible Growth and Income Fund, Inc.  
Davis-Dinsmore Management Company  
Proxy Voting Guidelines

(Adopted April 14, 2003)

These proxy voting guidelines have been adopted by the Boards of Directors of Bancroft Convertible Fund, Inc. and Ellsworth Convertible Growth and Income Fund, Inc. (collectively, the "Funds"), as well as by the Board of Directors of Davis-Dinsmore Management ("Davis-Dinsmore").

The Boards of Directors of the Funds have delegated to Davis-Dinsmore responsibility for voting proxies received by the Funds in their capacities as shareholders of various companies. The Boards recognize that, due to the nature of the Funds' investments, the Funds do not frequently receive proxies.

Davis-Dinsmore exercises its voting responsibility with the overall goal of maximizing the value of the Funds' investments. The portfolio managers at Davis-Dinsmore oversee the voting policies and decisions for the Funds. In evaluating voting issues, the portfolio managers may consider information from many sources, including management of a company presenting a proposal, shareholder groups, research analysts, and independent proxy research services.

Set forth below are the proxy voting guidelines:

#### A. Matters Related to the Board of Directors

1. The Funds generally will support the election of nominees recommended

by management for election as directors. In determining whether to support a particular nominee, Davis-Dinsmore will consider whether the election of that nominee will cause a company to have less than a majority of independent directors.

2. The Funds generally will support proposals to de-classify boards of directors if fewer than 66 2/3% of the directors are independent, and will generally vote against proposals to classify boards of directors.

3. The Funds generally will withhold a vote in favor of a director who has served on a committee which has approved excessive compensation arrangements or proposed equity-based compensation plans that unduly dilute the ownership interests of stockholders.

#### B. Matters Related to Independent Auditors

1. The Funds generally will vote in favor of independent accountants approved by the company. Prior to such vote, however, Davis-Dinsmore will take into consideration whether non-audit fees make up more than 50 to 75% of the total fees paid by the company to the independent auditors, and the nature of the non-audit services provided.

#### C. Corporate Governance Matters

1. As a general rule, the Funds will vote against proposals recommended by management of a company that are being made primarily to implement anti-takeover measures, and will vote in favor of proposals to eliminate policies that are primarily intended to act as anti-takeover measures.

2. Subject to the other provisions of these guidelines, including without limitation provision C.1. above, the Funds generally will vote in accordance with management's recommendations regarding routine matters, including the following:

- a. Fixing number of directors;
- b. Stock splits; and
- c. Change of state of incorporation for specific corporate purposes.

#### D. Matters Related to Equity-Based Compensation Plans

1. The Fund generally will vote in favor of broad-based stock option plans for executives, employees or directors which would not increase the aggregate number of shares of stock available for grant under all currently active plans to over 10% of the total number of shares outstanding.

2. The Funds generally will vote in favor of employee stock purchase plans and employee stock ownership plans permitting purchase of company stock at 85% or more of fair market value.

#### E. Contested Matters

1. Contested situations will be evaluated on a case by case basis by the portfolio manager at Davis-Dinsmore principally responsible for the particular portfolio security.

#### F. Miscellaneous Matters

1. The Funds may in their discretion abstain from voting shares that have been recently sold.

2. The Funds generally will abstain from voting on issues relating to social and/or political responsibility.

3. Proposals that are not covered by the above-stated guidelines will be evaluated on a case by case basis by the portfolio manager at Davis-Dinsmore principally responsible for the particular portfolio security.

#### G. Material Conflicts of Interest

1. Conflicts of interest may arise from time to time between Davis-Dinsmore and the Funds. Examples of conflicts of interests include:

- a. Davis-Dinsmore may manage a pension plan, administer employee benefit plans, or provide services to a company whose management is

soliciting proxies;

b. Davis-Dinsmore or its officers or directors may have a business or personal relationship with corporate directors, candidates for directorships, or participants in proxy contests;

c. Davis-Dinsmore may hold a position in a security contrary to shareholder interests.

2. If a conflict of interest arises with respect to a proxy voting matter, the portfolio manager will promptly notify the Funds' Audit Committee and counsel for independent directors and the proxies will be voted in accordance with direction received from the Audit Committee.

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

Not currently applicable to registrant.

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

There were no purchases made by or on behalf of the registrant or any "affiliated purchaser," as defined in Rule 10b-18(a)(3) under the Exchange Act (17 CFR 240.10b-18(a)(3)), of shares or other units of any class of the registrant's equity securities that is registered by the registrant pursuant to Section 12 of the Exchange Act (15 U.S.C. 78l).

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

The registrant adopted Shareholder Communication Procedures (the "Procedures") as amended effective July 22, 2004. The Procedures are intended to set forth the process by which shareholders of the registrant may send communications to the Board. If a shareholder sends a recommendation of a nominee to the Board or to an individual director, such communication would be covered by the Procedures. Shareholder proposals submitted pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "1934 Act"), and communications made in connection with such proposals are not subject to the Procedures. The Registrant's Bylaws also contain provisions requiring a shareholder to provide advance notice of his or her intention to nominate, at the Registrant's annual meeting of shareholders, an individual for election as director.

Pursuant to the Procedures, shareholders should send their communications to the Shareholder Relations Group. Communications may be sent by regular mail or delivery service to the following address: 65 Madison Avenue, Suite 550, Morristown, NJ 07960. Email communications may be sent to: info@bancroftfund.com. All shareholder communications received by the Shareholder Relations Group shall be promptly forwarded to the individual director of the registrant to whom they were addressed or to the full Board, as applicable. Copies of all such shareholder communications will also be distributed to the Chairs of each of the registrant's Audit Committee, and Nominating and Administration Committee, and to counsel for the registrant and for the independent directors. Counsel for the registrant and for the independent directors, upon receipt of its copy of a shareholder communication, shall work with such Chairs and counsel for the independent directors to determine whether such shareholder communication should be distributed to any directors to whom it was not sent and whether and in what manner the directors should respond to such shareholder communication. Responses, if any, to shareholder communications shall be coordinated by counsel for the registrant and for the independent directors, working with the Chairs.

#### ITEM 11. CONTROLS AND PROCEDURES

Conclusions of principal officers concerning controls and procedures

(a) As of December 15, 2004, an evaluation was performed under the supervision and with the participation of the officers of Bancroft Convertible Fund, Inc. (the "Registrant"), including the Principal Executive Officer ("PEO") and Principal Financial Officer ("PFO"), to assess the effectiveness of the Registrant's disclosure controls and procedures, as that term is defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "Act"). Based on that evaluation, the Registrant's officers, including the PEO and PFO, concluded that, as of December 15, 2004, the Registrant's disclosure controls and procedures were reasonably designed so as to ensure: (1) that information required to be disclosed by the Registrant on Form N-CSR and Form N-Q is recorded, processed, summarized and reported within the time periods specified

by the rules and forms of the Securities and Exchange Commission; and (2) that material information relating to the Registrant is made known to the PEO and PFO as appropriate to allow timely decisions regarding required disclosure.

(b) There have been no significant changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d)) that occurred during the Registrant's second fiscal half-year that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

ITEM 12. EXHIBITS

(a) (1) A code of ethics, effective May 15, 2003, that applies to the Fund's principal executive officer and principal financial officer is attached hereto.

(a) (2) Certifications of the principal executive officer and the principal financial officer pursuant to Rule 30a-2(a) under the Investment Company Act of 1940, are attached hereto.

(a) (3) There were no written solicitations to purchase securities under Rule 23c-1 under the Investment Company Act of 1940 during the period covered by the report.

(b) Certifications of the principal executive officer and the principal financial officer, as required by Rule 30a-2(b) under the Investment Company Act of 1940, are attached hereto.

SIGNATURES

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

Bancroft Convertible Fund, Inc.

By: /s/Thomas H. Dinsmore  
Thomas H. Dinsmore  
Chairman of the Board and  
Chief Executive Officer  
(Principal Executive Officer)

Date: December 21, 2004

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

By: /s/Thomas H. Dinsmore  
Thomas H. Dinsmore  
Chairman of the Board and  
Chief Executive Officer  
(Principal Executive Officer)

Date: December 21, 2004

By: /s/Gary I. Levine  
Gary I. Levine  
Chief Financial Officer  
(Principal Financial Officer)

Date: December 21, 2004

## **DOCUMENT TYPE: EX-99.CODE ETH**

### **EX-99.CODE ETH**

Bancroft Convertible Fund, Inc.  
Ellsworth Convertible Growth and Income Fund, Inc.

Code of Ethics for Principal Officers

Adopted Effective May 15, 2003

#### **I. Preamble**

This Code of Ethics ("Code") is adopted by the Board of Directors of Bancroft Convertible Fund, Inc. and Ellsworth Convertible Growth and Income Fund, Inc. (the "Funds") in accordance with Section 406 of the Sarbanes-Oxley Act of 2002 and the code of ethics standards established in applicable rules and regulations under the Investment Company Act of 1940, as amended. The Funds are adopting this Code to establish as a policy of the Funds written standards that are reasonably designed to deter wrongdoing and to promote:

1. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
2. Full, fair, accurate, timely, and understandable disclosure in reports and documents that the Funds file with, or submit to, the Securities and Exchange Commission (the "Commission" or "SEC") and in other public communications made by the Funds;
3. Compliance with applicable governmental laws, rules, and regulations;
4. The prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code; and
5. Accountability for adherence to the Code.

#### **II. Applicability**

The provisions of this Code shall apply to all Principal Officers of the Funds.

#### **III. Definitions**

Principal Officer means the principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions on behalf of the Funds regardless of whether these individuals are employed by the Funds or by a third party, including Davis-Dinsmore Management Company ("Davis-Dinsmore").

Compliance Officer means the Chief Compliance Officer of the Funds or his/her designee.

Independent Directors means the directors of the Funds who are not "interested persons" of the Funds, as defined in the Investment Company Act.

Investment Company Act means the Investment Company Act of 1940, as amended.

#### **IV. Principal Officers Should Act Honestly and Candidly**

Each Principal Officer owes a duty to the Funds to act with integrity. Integrity requires, among other things, being honest and candid. Deceit and subordination of principle are inconsistent with integrity. Each Principal Officer must:

1. Act with integrity, including being honest and candid while still maintaining the confidentiality of information where required by law or the Funds' policies;
2. Observe both the form and spirit of laws and governmental rules and regulations, accounting standards and Fund policies;
3. Adhere to a high standard of business ethics; and
4. Place the interests of the Funds before the Principal Officer's own personal interests.

All activities of Principal Officers should be guided by and adhere to these fiduciary standards.

#### **V. Principal Officers Should Handle Actual and Apparent Conflicts of Interest Ethically**

A "conflict of interest" occurs when a Principal Officer's private interest interferes with the interests of, or his service to, the Funds. For example, a conflict of interest would arise if a Principal Officer, or a member of his family, receives improper personal benefits as a result of his position in the Funds.

Certain conflicts of interest covered by this Code arise out of the relationships between Principal Officers and the Funds that already are subject to conflict of interest provisions in the Investment Company Act and the Investment Advisers Act of 1940. The Funds' and Davis-Dinsmore's compliance

programs and procedures are designed to prevent, or identify and correct, violations of these provisions. This Code does not, and is not intended to, repeat or replace these programs and procedures.

Although typically not presenting an opportunity for improper personal benefit, conflicts arise from, or as a result of, the contractual relationship between the Funds and Davis-Dinsmore of which the Principal Officers are also officers or employees. As a result, this Code recognizes that the Principal Officers will, in the normal course of their duties (whether formally for the Funds or for Davis-Dinsmore, or for both), be involved in establishing policies and implementing decisions which will have different effects on Davis-Dinsmore and the Funds. The participation of the Principal Officers in such activities is inherent in the contractual relationship between the Funds and Davis-Dinsmore and is consistent with the performance by the Principal Officers of their duties as officers of the Funds and, if addressed in conformity with the provisions of the Investment Company Act and the Investment Advisers Act, will be deemed to have been handled ethically. In addition, it is recognized by the Board of Directors that the Principal Officers may also be officers or employees of one or more other investment companies covered by this or other Codes.

Other conflicts of interest are covered by the Code, even if such conflicts of interest are not subject to provisions in the Investment Company Act and the Investment Advisers Act. In reading the following examples of conflicts of interest under the Code, Principal Officers should keep in mind that such a list cannot ever be exhaustive by covering every possible scenario.

It follows that the overarching principle - that the personal interest of a Principal Officer should not be placed improperly before the interest of the Funds - should be the guiding principle in all circumstances.

Each Principal Officer must:

1. Avoid conflicts of interest wherever possible;
2. Handle any actual or apparent conflict of interest ethically;
3. Not use his or her personal influence or personal relationships to influence investment decisions or financial reporting by an investment company whereby the Principal Officer would benefit personally to the detriment of the Funds;
4. Not cause the Funds to take action, or fail to take action, for the personal benefit of the Principal Officer rather than to benefit such Funds;
5. Not use material non-public knowledge of portfolio transactions made or contemplated for the Funds to profit personally, or cause others to profit, from the market effect of such transactions;
6. Discuss any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest with the Compliance Officer; and
7. Complete annually all sections of the Funds' Directors and Officers Questionnaire pertaining to affiliations or other relationships related to conflicts of interest.

Types of conflict of interest situations that should be discussed with the Compliance Officer, if material, are:

- \* any outside business activity that detracts from an individual's ability to devote appropriate time and attention to his responsibilities with the Funds;
- \* service as a director on the board of any public or private company;
- \* the receipt of any non-nominal gifts;
- \* the receipt of any entertainment from any company with which the Funds have current or prospective business dealings unless such entertainment is business-related, reasonable in cost, appropriate as to time and place, and not so frequent as to raise any question of impropriety;
- \* any ownership interest in, or any consulting or employment relationship with, any of the Funds' service providers, other than Davis-Dinsmore or any affiliated person thereof;
- \* a direct or indirect financial interest in commissions, transaction charges or spreads paid by the Funds for effecting portfolio transactions or for selling or redeeming shares other than an interest arising from the Principal Officer's employment, such as compensation or equity ownership.

#### VI. Disclosure

Each Principal Officer must:

1. Familiarize himself with the disclosure requirements applicable to the Funds as well as the business and financial operations of the Funds; and
2. Not knowingly misrepresent, or cause others to misrepresent, facts about the Funds to others, whether within or outside the Funds, including to the Funds' directors and auditors, and to governmental regulators and self-regulatory organizations.

3. To the extent appropriate within his area of responsibility, consult with other officers and employees of the Funds and Davis-Dinsmore and take other appropriate steps with the goal of promoting full, fair, accurate, timely and understandable disclosure in the reports and documents the Funds file with, or submit to, the SEC and in other public communications made by the Funds.

#### VII. Compliance

It is the Funds' policy to comply with all applicable laws and governmental rules and regulations. It is the personal responsibility of each Principal Officer to adhere to the standards and restrictions imposed by those laws, rules and regulations.

#### VIII. Reporting and Accountability

Each Principal Officer must:

1. Upon receipt of the Code, sign and submit to the Compliance Officer an Acknowledgement stating that he or she has received, read, and understands the Code.

2. By April 30 of each year submit an Acknowledgement Form to the Compliance Officer confirming that he or she has received, read and understands the Code and has complied with the requirements of the Code as of the date of signing.

3. Not retaliate against any employee or Principal Officer for reports of potential violations that are made in good faith; and

4. Notify the Compliance Officer promptly if he becomes aware of any existing or potential violation of this Code. Failure to do so is itself a violation of this Code.

#### IX. Review and Enforcement Procedures

Except as described otherwise below, the Compliance Officer is responsible for applying this Code to specific situations in which questions are presented to it and has the authority to interpret this Code in any particular situation. The following procedures apply in investigating and enforcing this Code, and in reporting on the Code:

1. The Compliance Officer will take all appropriate action to investigate any violations reported to it;

2. Violations and potential violations will be reported to the Audit Committee (the "Committee"), counsel to the Funds and counsel to the Independent Directors after such investigation;

3. If the Committee determines that a violation has occurred, it will inform the Independent Directors who will take all appropriate disciplinary or preventive action;

4. Appropriate disciplinary or preventive action may include a review of and appropriate modifications to applicable policies and procedures, notification of appropriate personnel at Davis-Dinsmore, a letter of censure, or recommendation of suspension or dismissal;

5. The Independent Directors will be responsible for granting waivers, as appropriate; and

6. Any changes to or waivers of this Code will, to the extent required, be disclosed on Form N-CSR as provided by SEC rules.

#### X. Periodic Review

At least annually, the Principal Officers and the Compliance Officer will prepare a written report to the Boards of Directors of the Funds describing any issues arising under this Code or procedures, including but not limited to, information about material violations of this Code or procedures and any sanctions imposed in response to those material violations.

The Boards of Directors of the Funds will review this Code on an annual basis.

#### XI. Other Policies and Procedures

The Funds' and Davis-Dinsmore's codes of ethics under Rule 17j-1 under the Investment Company Act are separate documents applying to Principal Officers and others, and are not part of this Code.

#### XII. Amendments

This Code may not be amended except in written form, which is specifically approved by a majority vote of the Funds' Boards of Directors, including a majority of independent directors.

#### XIII. Confidentiality

All reports and records prepared or maintained pursuant to this Code shall be considered confidential and shall be maintained and protected accordingly. Except as otherwise required by law or this Code, such matters shall not be disclosed to anyone other than the Funds, Davis-Dinsmore, the Board of Directors, and counsel to the foregoing.

#### XIV. Internal Use

The Code is intended solely for the internal use by the Funds and does not constitute an admission, by or on behalf of the Funds, as to any fact, circumstance, or legal conclusion.

CODE OF ETHICS--ACKNOWLEDGEMENT

The undersigned hereby acknowledges that (i) he or she is a Principal Officer of the Funds, (ii) that he or she has read and will abide by the Code of Ethics effective as of May 15, 2003, and (iii) that he or she has complied with the requirements of this Code as of the date set forth below.

The undersigned recognizes his or her obligation to promote:

1. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
2. Full, fair, accurate, timely, and understandable disclosure in reports and documents that the Funds file with, or submit to, the Commission and in other public communications made by the Funds; and
3. Compliance with applicable governmental laws, rules, and regulations.

/s/Thomas H. Dinsmore

Name

Title: Chairman of the Board  
(principal executive officer)

October 31, 2004

Date

Bancroft Convertible Fund, Inc.

Ellsworth Convertible Growth and Income Fund, Inc.

CODE OF ETHICS--ACKNOWLEDGEMENT

The undersigned hereby acknowledges that (i) he or she is a Principal Officer of the Funds, (ii) that he or she has read and will abide by the Code of Ethics effective as of May 15, 2003, and (iii) that he or she has complied with the requirements of this Code as of the date set forth below.

The undersigned recognizes his or her obligation to promote:

1. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
2. Full, fair, accurate, timely, and understandable disclosure in reports and documents that the Funds file with, or submit to, the Commission and in other public communications made by the Funds; and
3. Compliance with applicable governmental laws, rules, and regulations.

/s/Gary I. Levine

Name

Title: Executive Vice President and Chief Financial Officer  
(principal financial officer)

October 31, 2004

Date

**DOCUMENT TYPE: EX-99.CERT**

EX-99.CERT

EXHIBIT 99.CERT

CERTIFICATION

CERTIFICATIONS

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I, Thomas H. Dinsmore, certify that:

1. I have reviewed this report on Form N-CSR of Bancroft Convertible Fund, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, changes in net assets, and cash flows (if the financial statements are required to include a statement of cash flows) of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 21, 2004

/s/Thomas H. Dinsmore  
Thomas H. Dinsmore  
Chairman of the Board and  
Chief Executive Officer  
(Principal Executive Officer)

CERTIFICATIONS  
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I, Gary I. Levine certify that:

1. I have reviewed this report on Form N-CSR of Bancroft Convertible Fund, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, changes in net assets, and cash flows (if the financial statements are required to include a statement of cash flows) of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 21, 2004

/s/Gary I. Levine  
Gary I. Levine  
Chief Financial Officer

(Principal Financial Officer)

**DOCUMENT TYPE: EX-99.906 CERT**

EX-99.906CERT

Certification of Principal Executive Officer

In connection with the Certified Shareholder Report of Bancroft Convertible Fund, Inc. (the "Company") on Form N-CSR for the period ended October 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas H. Dinsmore, Chairman of the Board of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 21, 2004

/s/Thomas H. Dinsmore  
Thomas H. Dinsmore  
Chairman of the Board and  
Chief Executive Officer  
(Principal Executive Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Certification of Principal Financial Officer

In connection with the Certified Shareholder Report of Bancroft Convertible Fund, Inc. (the "Company") on Form N-CSR for the period ended October 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gary I. Levine, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 21, 2004

/s/Gary I. Levine  
Gary I. Levine  
Chief Financial Officer  
(Principal Financial Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.