

BANCROFT FUND LTD  
Form N-CSR  
January 10, 2011

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: 811-02151

---

BANCROFT FUND LTD.

---

(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 FUND LTD.  
65 Madison Avenue  
Morristown, New Jersey 07960-7308

Edgar Filing: BANGCROFT FUND LTD - Form N-CSR

(Name and address of agent for service)

Copy to:

Steven B. King, Esq.

Ballard Spahr LLP

1735 Market Street, 51st Floor

Philadelphia, PA 19103-7599

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

Date of fiscal year end: October 31, 2010

Date of reporting period: October 31, 2010

---

ITEM 1. REPORTS TO STOCKHOLDERS.

---

**BANCROFT FUND LTD.**

2010 Annual Report  
October 31, 2010

---

# Edgar Filing: BANCROFT FUND LTD - Form N-CSR

## 2010 Annual Report October 31, 2010

Bancroft Fund Ltd. 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, to the nature of the securities in which it invests.

### Highlights

#### Performance through October 31, 2010 with dividends reinvested

	Calendar YTD	1 Year	Annualized 5 Years	Annualized 10 Years	10 Year Volatility *
Bancroft market price	12.71%	20.86%	5.74%	4.13%	19.65%
Bancroft net asset value	10.84	19.08	4.44	2.97	18.78
Bank of America/Merrill Lynch All Convertibles Index	12.06	20.78	5.39	3.60	22.57
S&P 500® Index	7.86	16.54	1.74	(0.02)	19.88
Barclays Aggregate Bond Total Return Index	10.90	11.61	4.41	5.36	4.91

Bank of America/Merrill Lynch All Convertibles Index and S&P® 500 Index performance in the table above are from Bloomberg L.P. pricing service. Barclays Aggregate Bond Total Return Index is from Barclays Capital.

Bancroft's performance in the table above has not been adjusted for the fiscal 2004 rights offering (net asset value dilution was 2.38%), or for the 2008 tender offer (the anti-dilutive effect was 0.85%). Performance data represents past results and does not reflect future performance.

\* Volatility is a measure of risk based on the standard deviation of the return. The greater the volatility, the greater the chance of a profit or risk of a loss.

#### Quarterly History of NAV and Market Price

Qtr. Ended	Net Asset Values			Market Prices		
	High	Low	Close	High	Low	Close
1/31/10	\$ 18.00	\$ 16.56	\$ 17.05	\$ 15.63	\$ 14.14	\$ 14.69
4/30/10	18.71	16.87	18.48	16.24	14.44	16.15
7/31/10	18.61	16.91	17.72	16.20	14.41	15.36
10/31/10	18.85	17.52	18.85	16.74	15.31	16.43

#### Dividend Distributions (12 Months)

Record Date	Payment Date	Income	Capital Gains	Total	Corporate Deduction #
11/27/09	12/28/09	\$ 0.256	\$	\$ 0.256	18%
3/11/10	3/25/10	0.150		0.150	22
6/10/10	6/24/10	0.150		0.150	22

Edgar Filing: BANCROFT FUND LTD - Form N-CSR

9/9/10	9/23/10	0.150	0.150	22
--------	---------	-------	-------	----

\$ 0.706	\$	\$ 0.706
----------	----	----------

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

---

BANCROFT FUND LTD. 2010 ANNUAL REPORT TO SHAREHOLDERS

## To Our Shareholders

December 14, 2010

The U.S. convertible securities market is strong and healthy as it continues to provide returns that are ahead of those seen in many of the equity indices. We have counted 84 new convertible issues for a capital raise of \$31.5 billion this year and there are expectations that there may be between 90 and 100 new issues of convertible securities issued by year end. While the overall dollars raised year to date through November 30 may be lower than last year, the overall capitalization of the Bank of America/Merrill Lynch All Convertibles Index (BAML Index) has risen to \$226.6 billion up from \$220.9 billion at year end 2009 and well up for the \$177 billion capitalization at year end 2008. With 581 issues representing all of the major sectors of the economy, there is a diversity of available securities for us to work with. The average current yield on the BAML Index is 3.38%, down from 3.71% at the end of 2009; the average premium to conversion value fell to 63.0% from 68.3%, while the measured parity delta, an indicator of sensitivity to stock price movement, is essentially unchanged at 0.567 (from 0.569).

Convertible securities issuance is down this year. It is possible that issuance is down because our economy has entered a period where there is a greater understanding of the risk of leverage. To reduce risk, individuals will seek to have less debt relative to their income and assets. Companies will also reduce their debt as a percentage of capital and even governments may be forced by necessity to consider reducing their borrowing in order to reduce the risk of default, foreclosure or bankruptcy.

The process of reducing debt levels across the American financial landscape is likely to take years. New regulations, such as those contained in the Basel III accords, will mandate higher bank equity ratios which effectively reduces the debt available through banks. Higher equity ratios among financial firms imply slower, if more sustainable growth rates. If growth remains modest, then low interest and inflation rates are likely to continue into the future. Convertible securities, with the combination of income and equity participation, generally do well in such environments.

Performance for Bancroft Fund's fiscal year was enhanced by its exposure to the Automotive, Computer Hardware and Financial Services industries. Performance was held back, however, by the Fund's exposure to Aerospace and Defense, as well as to the Foods industry.

The Fund's market return outperformed the BAML Index for the year-to-date, one, five and ten years ended October 31, 2010. The Fund's net asset value (NAV) outperformed the BAML Index for the five- and ten-year periods, also ended October 31, 2010 (when the NAV is adjusted for the fiscal 2004 rights offering, the 2008 tender offer and the fact that the Index does not include expenses). However, the Fund underperformed over the calendar year-to-date and one-year periods. For the ten-year performance, the volatility of the Fund's NAV and market return, as measured by standard deviation, was lower than that of the BAML Index. The Fund has sought to provide total returns to shareholders that compare favorably to those provided by the equity markets, but with less volatility. It is therefore worth noting that the Fund's shares and NAV outperformed equities as represented by the S&P 500® Index for all periods presented and did so with lower 10-year volatility as measured by standard deviation.

*continued*

*Page 1*

---

BANCROFT FUND LTD. 2010 ANNUAL REPORT TO SHAREHOLDERS

## To Our Shareholders (continued)

At its November 15, 2010 meeting, the Board of Trustees declared a distribution of \$0.216 per share, consisting of undistributed net investment income. The distribution is payable on December 27, 2010 to shareholders of record on November 26, 2010.

The 2011 annual meeting of shareholders will be held on February 18, 2011. Time and location will be included in the proxy statement, scheduled to be mailed to shareholders on December 30, 2010. All shareholders are welcome to attend and we hope to see you there.

Thomas H. Dinsmore  
Chairman of the Board

*Page 2*

---



BANCROFT FUND LTD. 2010 ANNUAL REPORT TO SHAREHOLDERS

**Largest Investment Holdings** by underlying common stock

	<b>Value (Note 1)</b>	<b>% Total Net Assets</b>
EMC Corp. EMC and its subsidiaries develop, deliver and support the information technology (IT) industry's range of information infrastructure technologies and solutions.	\$ 2,719,375	2.7%
Vale S.A. Vale produces and sells iron ore, pellets, manganese, alloys, gold, bauxite and alumina. The company is based in Brazil, where it owns and operates railroads and maritime terminals.	2,352,550	2.4
Ford Motor Company Ford is a producer of cars and trucks. Ford and its subsidiaries also engage in other businesses, including financing vehicles. It operates under two segments: Automotive and Financial Services.	2,236,500	2.2
Nuance Communications, Inc. Nuance is a provider of speech, imaging and keypad solutions for businesses, organizations and consumers worldwide. The company's solutions are used for tasks and services, such as requesting information from a phone-based, self-service solution, dictating medical records, searching the mobile Web by voice, entering a destination into a navigation system, or working with portable document format (PDF) documents.	2,195,000	2.2
Equinix, Inc. Equinix provides core Internet exchange services to networks, Internet infrastructure companies, enterprises and content providers.	2,166,875	2.2
SunPower Corp. SunPower is a vertically integrated solar products and services company that designs, manufactures and markets high-performance solar electric power technologies.	2,100,000	2.1
Intel Corp. Intel is a semiconductor chip maker. The company is engaged in developing advanced integrated digital technology products, primarily integrated circuits, for industries such as computing and communications.	2,082,125	2.1
Old Republic International Corp. Old Republic is a holding company engaged in the business of insurance underwriting. The company conducts its operations through a number of regulated insurance company subsidiaries organized into three segments: General (property and liability insurance), Mortgage Guaranty, and Title Insurance Groups.	1,899,375	1.9
Wells Fargo & Company Wells Fargo is a diversified financial services company, providing retail, commercial and corporate banking services through banking stores located in 39 states and the District of Columbia.	1,750,000	1.8
Total	\$ 19,501,800	19.6%

BANCROFT FUND LTD. 2010 ANNUAL REPORT TO SHAREHOLDERS

## Major Industry Exposure

	<b>% Total Net Assets</b>
Energy	15.7%
Pharmaceuticals	10.7
Telecommunications	8.9
Healthcare	7.2
Financial Services	6.2
Metals and Mining	5.9
Computer Software	5.3
Semiconductors	4.3
Banking/Savings and Loan	3.9
Automotive	3.5
<b>Total</b>	<b>71.6%</b>

## Major Portfolio Changes by underlying common stock

Six months ended October 31, 2010

### ADDITIONS

Amgen  
 Apache  
 Charles River Laboratories International  
 Chesapeake Energy  
 Digital River  
 Ford Motor Company  
 Gilead Sciences  
 GT Solar International  
 Integra LifeSciences Holdings  
 MGM Mirage  
 National Financial Partners  
 Nextera Energy  
 NII Holdings

### REDUCTIONS

Blackboard  
 Celanese  
 Chesapeake Energy  
 CommScope  
 Euronet Worldwide  
 Finisar  
 Freeport-McMoRan  
 GSI Commerce  
 NII Holdings  
 Salesforce.com  
 SAVVIS  
 SBA Communications  
 Sybase

Owens-Brockway Glass Container

Trina Solar

SanDisk

Whiting Petroleum

*Page 4*

---

BANCROFT FUND LTD. 2010 ANNUAL REPORT TO SHAREHOLDERS

## Portfolio of Investments October 31, 2010

	Principal Amount	Identified Cost	Value (Note 1)
<b>CONVERTIBLE BONDS AND NOTES - 71.2%</b>			
<b>Aerospace and Defense - 1.0%</b>			
Alliant Techsystems Inc., 2.75%, 9/15/11, (B1)	\$ 1,000,000	\$ 1,001,714	\$ 1,018,750
<b>Automotive - 1.3%</b>			
Titan International, Inc., 5.625%, 1/15/17, (NR)	750,000	773,558	1,289,063
<b>Computer Hardware - 3.2%</b>			
EMC Corp., 1.75%, 12/1/13, (A-)	1,900,000	2,096,680	2,719,375
NETAPP, Inc., 1.75%, 6/1/13, (NR)	250,000	216,004	436,250
		2,312,684	3,155,625
<b>Computer Software - 5.3%</b>			
Digital River, Inc., 2.00%, 11/1/30, (NR) (2)	1,000,000	1,000,000	1,010,000
GSI Commerce, Inc., 2.50%, 6/1/27, (NR)	500,000	501,621	551,250
Microsoft Corp., 0.00%, 6/15/13, (Aaa) (1,2)	500,000	500,000	526,250
Nuance Communications Inc., 2.75%, 8/15/27, (B-)	2,000,000	2,132,426	2,195,000
Rovi Corp., 2.625%, 2/15/40, (NR) (2)	750,000	759,861	944,063
		4,893,908	5,226,563
<b>Construction Material - 1.0%</b>			
CEMEX, S.A.B. de C.V., 4.875%, 3/15/15, (NR) (2)	1,000,000	1,037,278	1,007,500
<b>Consumer Goods - 0.8%</b>			
Regis Corp., 5.00%, 7/15/14, (NR)	500,000	500,000	745,625
<b>Containers - 1.0%</b>			
Owens-Brockway Glass Container, Inc., 3.00%, 6/1/15, (BB+) (2)	1,000,000	1,000,000	1,003,750
<b>Data Processing - 1.0%</b>			
CSG Systems International, Inc., 3.00%, 3/1/17, (NR) (2)	1,000,000	1,037,581	1,038,750
<b>Energy - 7.8%</b>			
Covanta Holding Corp., 1.00%, 2/1/27, (Ba3) (3)	1,250,000	1,522,754	1,221,875
Goodrich Petroleum Corp., 5.00%, 10/1/29, (NR)	1,000,000	1,014,499	935,000
Green Plains Renewable Energy Inc., 5.75%, 11/1/15, (NR)(2)	125,000	125,000	125,781
McMoRan Exploration Co., 5.25%, 10/6/11, (NR)	587,000	561,075	700,731
Oil States International, Inc., 2.375%, 7/1/25, (NR)	500,000	495,875	839,375
SunPower Corp., 1.25%, 2/15/27, (NR)	1,500,000	1,525,855	1,410,000
SunPower Corp., 4.50%, 3/15/15, (NR)	750,000	750,000	690,000
Transocean Inc., 1.50%, 12/15/37, (Baa3)	1,000,000	921,584	971,250
Trina Solar Ltd., 4.00%, 7/15/13, (NR)	500,000	447,753	861,875
		7,364,395	7,755,887

Edgar Filing: BANGCROFT FUND LTD - Form N-CSR

**Financial Services - 6.2%**

Coinstar, Inc., 4.00%, 9/1/14, (BB+)	400,000	400,133	649,000
Old Republic International Corp., 8.00%, 5/15/12, (Baa1)	1,500,000	1,542,957	1,899,375
Euronet Worldwide, Inc., 3.50%, 10/15/25, (B+) (3)	1,000,000	1,299,257	988,750
Knight Capital Group, Inc., 3.50%, 3/15/15, (NR)	1,000,000	1,001,750	933,125
National Financial Partners Corp., 4.00%, 6/15/17, (NR) (2)	750,000	750,000	957,188
Tower Group Inc., 5.00%, 9/15/14, (NR) (2)	665,000	710,873	736,488
		5,704,970	6,163,926

**Foods - 1.0%**

Central European Distribution Corp., 3.00%, 3/15/13, (B-)	500,000	382,218	473,750
Chiquita Brands International, 4.25%, 8/15/16, (B)	500,000	485,080	471,250
		867,298	945,000

*See accompanying notes to financial statements*

BANCROFT FUND LTD. 2010 ANNUAL REPORT TO SHAREHOLDERS

**Portfolio of Investments** October 31, 2010 (continued)

	Principal Amount	Identified Cost	Value (Note 1)
<b>CONVERTIBLE BONDS AND NOTES - continued</b>			
<b>Healthcare - 7.2%</b>			
Charles River Laboratories International, Inc., 2.25%, 6/15/13, (BB+)	\$ 1,000,000	\$ 946,323	\$ 988,750
China Medical Technologies, Inc., 4.00%, 8/15/13, (NR)	1,000,000	1,000,000	807,500
Greatbatch, Inc., 2.25%, 6/15/13, (NR) (3)	1,000,000	943,190	937,500
Integra LifeSciences Holdings, 2.375%, 6/1/12, (NR) (2)	1,067,000	1,024,810	1,058,998
Kinetic Concepts, Inc., 3.25%, 4/15/15, (BB-)	1,250,000	1,225,678	1,290,625
LifePoint Hospitals Inc., 3.50%, 5/15/14, (B)	1,000,000	1,012,031	998,750
SonoSite Inc., 3.75%, 7/15/14, (NR)	1,000,000	1,009,165	1,095,000
		7,161,197	7,177,123
<b>Metals and Mining - 3.2%</b>			
Jaguar Mining, Inc., 4.50%, 11/1/14, (NR)	1,050,000	1,064,628	930,563
Kaiser Aluminum Corp., 4.50%, 4/1/15, (NR) (2)	1,000,000	1,021,658	1,164,300
Northgate Minerals Corp., 3.50%, 10/1/16, (NR)	500,000	500,000	498,750
United States Steel Corp., 4.00%, 5/15/14, (Ba2)	375,000	607,085	572,344
		3,193,371	3,165,957
<b>Multi-Industry - 1.9%</b>			
Chemed Corp., 1.875%, 5/15/14, (NR)	590,000	572,477	584,838
LSB Industries, Inc., 5.50%, 7/1/12, (NR)	1,250,000	1,250,000	1,292,188
		1,822,477	1,877,026
<b>Pharmaceuticals - 10.7%</b>			
Amylin Pharmaceutical, Inc., 3.00%, 6/15/14, (NR)	500,000	452,230	433,750
Amgen, Inc., 0.375%, 2/1/13, (A3)	1,000,000	992,126	1,007,500
Cephalon, Inc., 2.50%, 5/1/14, (NR)	1,000,000	1,008,710	1,181,250
Cubist Pharmaceuticals, Inc., 2.25%, 6/15/13, (NR)	750,000	739,976	789,375
Endo Pharmaceuticals Holdings, Inc., 1.75%, 4/15/15, (NR)	750,000	644,248	1,029,900
Gilead Sciences, Inc., 0.50%, 5/1/11, (NR)	500,000	516,106	538,750
Gilead Sciences, Inc., 1.00%, 5/1/14, (NR) (2)	500,000	506,225	542,500
Gilead Sciences, Inc., 1.625%, 5/1/16, (NR) (2)	375,000	375,000	416,719
Millipore Corp. (Merck KGaA), 3.75%, 6/1/26, (BB-) (3,5)	750,000	730,506	935,400
Mylan, Inc., 1.25%, 3/15/12, (BB-)	1,500,000	1,481,541	1,599,375
Onyx Pharmaceuticals, Inc., 4.00%, 8/15/16, (NR)	750,000	774,028	779,060
Teva Pharmaceutical Finance Co. B.V., 1.75%, 2/1/26, (A3)	1,250,000	1,239,603	1,407,813
		9,460,299	10,661,392
<b>Real Estate - 3.1%</b>			
Annaly Capital Management, Inc., 4.00%, 2/15/15, (NR)	1,250,000	1,233,604	1,400,000
Corporate Office Properties, L.P., 4.25%, 4/15/30, (NR) (2)	500,000	495,091	506,250
Lexington Realty Trust, 6.00%, 1/15/30, (NR)	1,000,000	1,000,000	1,210,000

Edgar Filing: BANGCROFT FUND LTD - Form N-CSR

		2,728,695	3,116,250
<b>Semiconductors - 4.3%</b>			
Intel Corp., 2.95%, 12/15/35, (A-) (3)	1,000,000	1,152,674	1,010,000
Intel Corp., 3.25%, 8/1/39, (A-)	900,000	945,945	1,072,125
Micron Technology Inc., 1.875%, 6/1/14, (B)	1,000,000	892,421	962,500
Sandisk Corp., 1.50%, 8/15/17, (NR)	1,000,000	996,954	977,500
Xilinx, Inc., 2.625%, 6/15/17, (BBB-) (2)	250,000	250,000	288,125
		4,237,994	4,310,250

*See accompanying notes to financial statements*

BANCROFT FUND LTD. 2010 ANNUAL REPORT TO SHAREHOLDERS

**Portfolio of Investments** October 31, 2010 (continued)

	Principal Amount	Identified Cost	Value (Note 1)
<b>CONVERTIBLE BONDS AND NOTES - continued</b>			
<b>Telecommunications - 8.4%</b>			
ADC Telecommunications Inc., 3.50%, 7/15/15, (NR)	\$ 1,000,000	\$ 807,326	\$ 992,500
Anixter International Inc., 1.00%, 2/15/13, (BB-)	1,250,000	1,151,416	1,346,875
CommScope, Inc., 3.25%, 7/1/15, (B)	250,000	248,996	328,750
Comtech Telecommunications Corp., 3.00%, 5/1/29, (NR)	500,000	500,000	549,375
Equinix, Inc., 3.00%, 10/15/14, (B-)	1,500,000	1,613,430	1,533,750
Equinix, Inc., 4.75%, 6/15/16, (B-)	500,000	638,219	633,125
Finisar Corp., 5.00%, 10/15/29, (NR)	250,000	257,027	450,625
NII Holdings, Inc., 3.125%, 6/15/12, (B-)	1,000,000	968,337	980,000
SBA Communications Corp., 1.875%, 5/1/13, (NR)	1,000,000	1,034,813	1,111,250
Telecommunications Systems, Inc., 4.50%, 11/1/14, (NR)	500,000	437,464	480,000
		7,657,028	8,406,250
<b>Transportation - 1.3%</b>			
DryShips Inc., 5.00%, 12/1/14, (NR)	750,000	750,000	673,125
ExpressJet Holdings, Inc., 11.25%, 8/1/23, (NR)	617,000	596,495	623,170
		1,346,495	1,296,295
<b>Travel and Leisure - 1.5%</b>			
MGM Mirage, 4.25%, 4/15/15, (Caa1) (2)	750,000	760,997	720,936
Morgans Hotel Group, 2.375%, 10/15/14, (NR)	1,000,000	1,015,248	776,250
		1,776,245	1,497,186
<b>TOTAL CONVERTIBLE BONDS AND NOTES</b>		65,877,187	70,858,168
<b>CORPORATE BONDS AND NOTES - 0.4%</b>			
<b>Finance - 0.4%</b>			
Lehman Brothers Holdings Inc., 6.00%, 10/12/10, (NR)(4)	50,000	1,250,000	168,750
Lehman Brothers Holdings Inc., 1.00%, 3/23/09, (NR)(4)	1,500,000	1,648,286	202,500
		2,898,286	371,250
<b>CONVERTIBLE PREFERRED STOCKS - 10.1%</b>			
	<b>Shares</b>		
<b>Automotive - 2.2%</b>			
Ford Motor Company Capital Trust II, 6.50%, (B3)	45,000	2,097,281	2,236,500



Edgar Filing: BANCROFT FUND LTD - Form N-CSR

**Banking/Savings and Loan - 3.9%**

Bank of America Corp., Ser. L, 7.25%, (Ba3)	1,000	822,525	947,000
New York Community Capital Trust V, 6.00%, (Baa2)	24,000	995,213	1,173,600
Wells Fargo Corp., Ser. L, 7.50%, (Ba1)	1,750	1,012,563	1,750,000

2,830,301 3,870,600

**Energy - 2.0%**

ATP Oil & Gas Corp., 8.00%, (NR)	5,000	501,875	380,000
Chesapeake Energy Corp., 5.00%, (B)	20,000	1,635,625	1,620,000
Whiting Petroleum Corp., 6.25%, (B)	131	13,175	31,424

2,150,675 2,031,424

**Foods - 0.7%**

Bunge Limited, 4.875%, (Ba1)	7,500	669,375	678,750
------------------------------	-------	---------	---------

**Retail - 0.8%**

Amerivon Holdings LLC, Ser. A, 4.00%, (NR) (Acquired 04/01/10; Cost \$1,500,000) (2,5,6)	567,810	1,500,000	756,793
---	---------	-----------	---------

**Telecommunications - 0.5%**

Crown Castle Corp., 6.25%, (NR)	8,000	490,000	481,040
---------------------------------	-------	---------	---------

**TOTAL CONVERTIBLE PREFERRED STOCKS**

9,737,632 10,055,107

*See accompanying notes to financial statements*

BANCROFT FUND LTD. 2010 ANNUAL REPORT TO SHAREHOLDERS

**Portfolio of Investments** October 31, 2010 (continued)

	Shares	Identified Cost	Value (Note 1)
<b>MANDATORY CONVERTIBLE SECURITIES - 10.4% (7)</b>			
<b>Energy - 5.2%</b>			
Apache Corp., Ser. D, 6.00%, 8/1/13, (NR)	20,500	\$ 1,095,700	\$ 1,197,405
Great Plains Energy, Inc., 12.00%, 6/15/12, (NR) (3)	20,000	1,042,307	1,280,000
McMoran Exploration Co., 6.75%, 11/15/10, (NR)	5,000	513,570	575,900
Nextera Energy Inc., 7.00%, 9/1/13, (A-)	20,000	1,002,500	1,012,500
UBS AG (GT Solar International, Inc.), 6.75%, 9/15/13, (NR)	40,000	1,000,000	1,115,000
		4,654,077	5,180,805
<b>Finance - 0.9%</b>			
Citigroup, Inc., 7.50%, 12/12/12, (NR)	7,500	727,748	926,250
<b>Foods - 1.3%</b>			
Dole Food 2009 ACES Trust, 7.00%, 11/1/12, (NR)	130,000	1,471,840	1,273,597
<b>Home Building - 0.3%</b>			
Beazer Homes USA, Inc., 7.25%, 8/15/13, (NR)	17,500	437,500	341,775
<b>Metals and Mining - 2.7%</b>			
AngloGold Ashanti Ltd., 6.00%, 9/15/13, (NR)	5,900	298,465	320,075
Vale Capital II (Vale S.A.), 6.75%, 6/15/12, (BBBH)	19,200	1,605,120	1,744,800
Vale Capital II (Vale S.A.), 6.75%, 6/15/12, (BBBH)	6,500	542,536	607,750
		2,446,121	2,672,625
<b>TOTAL MANDATORY CONVERTIBLE SECURITIES (7)</b>		9,737,286	10,395,052
<b>COMMON STOCK - 0.7%</b>			
<b>Energy - 0.7%</b>			
ConocoPhillips	11,282	1,000,000	670,151
<b>Total Convertible Bonds and Notes - 71.2%</b>		65,877,187	70,858,168
<b>Total Corporate Bonds and Notes - 0.4%</b>		2,898,286	371,250
<b>Total Convertible Preferred Stocks - 10.1%</b>		9,737,632	10,055,107
<b>Total Mandatory Convertible Securities - 10.4%</b>		9,737,286	10,395,052
<b>Total Common Stocks - 0.7%</b>		1,000,000	670,151
<b>Total Investments - 92.8%</b>		\$ 89,250,391	92,349,728

<b>Other assets and liabilities, net - 7.2%</b>	7,171,584
<b>Total Net Assets - 100.0%</b>	<b>\$ 99,521,312</b>

*See accompanying notes to financial statements*

*Page 8*

---

BANCROFT FUND LTD. 2010 ANNUAL REPORT TO SHAREHOLDERS

**Portfolio of Investments** October 31, 2010 (continued)

- (1) Non-income producing security.
- (2) Security not registered under the Securities Act of 1933, as amended (the Securities Act ) (e.g., the security was purchased in a Rule 144A or a Regulation D transaction). The security may be resold only pursuant to an exemption from registration under the Securities Act, typically to qualified institutional buyers. The Fund generally has no rights to demand registration of such securities. The aggregate market value of these unregistered securities at October 31, 2010 was \$12,804,393, which represented 12.8% of the Fund's net assets.
- (3) Contingent payment debt instrument which accrues contingent interest. See Note 1(e).
- (4) Security in default.
- (5) Investment is valued at fair value as determined in good faith pursuant to procedures adopted by the Board of Trustees. It is possible that the estimated value may differ significantly from the amount that might ultimately be realized in the near term, and the difference could be material. The fair value of these securities amounted to \$1,692,193 at October 31, 2010, which represented 1.7% of the Fund's net assets.
- (6) Restricted securities include securities that have not been registered under the Securities Act of 1933, as amended, and securities that are subject to restrictions on resale. The Fund may invest in restricted securities that are consistent with the Fund's investment objective and investment strategies. In some cases, the issuer of restricted securities has agreed to register such securities for resale, at the issuer's expense either upon demand by the Fund or in connection with another registered offering of the securities. Investments in restricted securities are valued at fair value as determined in good faith in accordance with procedures adopted by the Board of Trustees. It is possible that the estimated value may differ significantly from the amount that might ultimately be realized in the near term, and the difference could be material. As of October 31, 2010, the Fund was invested in the following restricted security:

Security	Acquisition Date	Shares	Cost	Price per Share	Value	% Net Assets
Amerivon Holdings LLC Ser. A, 4.00% preferred units	April 1, 2010	567,810	\$ 1,500,000	\$ 1.333	\$ 756,793	0.8%

- (7) Mandatory Convertible Securities are required to be converted on the dates listed; they generally may be converted prior to these dates at the option of the holder. See Note 1(h).

Ratings in parentheses by Moody's Investors Service, Inc. or Standard & Poor's.  
NR is used whenever a rating is unavailable.

**Summary of Portfolio Ratings \***  
% of  
Portfolio

AAA	1
AA	0
A	9
BBB	7
BB	14
B	16
CCC & below	1
Not Rated	52

\* Excludes equity securities and cash.

See accompanying notes to financial statements



BANCROFT FUND LTD. 2010 ANNUAL REPORT TO SHAREHOLDERS

## Statement of Assets and Liabilities

	<b>October 31, 2010</b>
<b>Assets:</b>	
Investments at value (cost \$89,250,391) (Note 1)	\$ 92,349,728
Cash	5,099,567
Receivable for securities sold	2,593,684
Dividends and interest receivable	662,495
Other assets	46,606
<b>Total assets</b>	<b>100,752,080</b>
<b>Liabilities:</b>	
Payable for securities purchased	1,125,000
Accrued management fee (Note 2)	61,715
Accrued expenses	44,053
<b>Total liabilities</b>	<b>1,230,768</b>
<b>Net Assets:</b>	<b>\$ 99,521,312</b>
<b>Net Assets consist of:</b>	
Capital shares (unlimited shares of \$0.01 par value authorized) (Note 3)	\$ 52,805
Additional paid-in capital	109,680,898
Undistributed net investment income	688,004
Accumulated net realized loss from investment transactions	(13,999,732)
Unrealized appreciation on investments	3,099,337
<b>Net Assets</b>	<b>\$ 99,521,312</b>
Net asset value per share (\$99,521,312 ÷ 5,280,533 outstanding shares)	\$ 18.85

## Statement of Operations

*For the Year Ended October 31, 2010*

<b>Investment Income (Note 1):</b>	
Interest	\$ 2,970,117
Dividends	1,217,216
Other	18,150
<b>Total Income</b>	<b>4,205,483</b>
<b>Expenses (Note 2):</b>	
Management fee	699,938

Edgar Filing: BANGCROFT FUND LTD - Form N-CSR

Custodian	14,376
Transfer agent	31,489
Legal fees	68,856
Audit fees	38,100
Trustees fees	83,875
Administrative services fees	46,663
Reports to shareholders	31,148
Insurance	25,519
Other	47,728
<b>Total Expenses</b>	<b>1,087,692</b>
<b>Net Investment Income</b>	<b>3,117,791</b>
<b>Realized and Unrealized Gain on Investments:</b>	
Net realized gain from investment transactions	6,165,064
Net unrealized appreciation (depreciation) of investments	6,556,220
Net gain on investments	12,721,284
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>\$ 15,839,075</b>

*See accompanying notes to financial statements*

BANCROFT FUND LTD. 2010 ANNUAL REPORT TO SHAREHOLDERS

## Statements of Changes in Net Assets

For the Years Ended October 31, 2010 and 2009

	2010	2009
<b>Change in net assets from operations:</b>		
Net investment income	\$ 3,117,791	\$ 3,744,648
Net realized gain (loss) from investment transactions	6,165,064	(13,735,972)
Net change in unrealized appreciation (depreciation) of investments	6,556,220	30,302,453
Net change in net assets resulting from operations	15,839,075	20,311,129
<b>Distributions to shareholders from:</b>		
Net investment income	(3,716,553)	(3,446,808)
<b>Capital share transactions (Note 3)</b>	664,580	465,930
<b>Change in net assets</b>	12,787,102	17,330,251
Net assets at beginning of year	86,734,210	69,403,959
<b>Net assets at end of year</b>	\$ 99,521,312	\$ 86,734,210
Undistributed net investment income at end of year	\$ 688,004	\$ 848,235

## Financial Highlights *Selected data for a share of beneficial interest outstanding:*

	Year Ended October 31,				
	2010	2009	2008	2007	2006
<b>Operating Performance:</b>					
Net asset value, beginning of year	\$ 16.57	\$ 13.37	\$ 24.35	\$ 22.55	\$ 21.05
Net investment income	0.67	0.72	0.78	0.80	0.80
Net realized and unrealized gain (loss)	2.32	3.14	(9.12)	2.37	1.48
Total from investment operations	2.99	3.86	(8.34)	3.17	2.28
<b>Less Distributions:</b>					
Dividends from net investment income	(0.71)	(0.66)	(0.80)	(0.90)	(0.78)
Distributions from realized gains.			(2.01)	(0.47)	



Edgar Filing: BANCROFT FUND LTD - Form N-CSR

Total distributions	(0.71)	(0.66)	(2.81)	(1.37)	(0.78)
---------------------	--------	--------	--------	--------	--------

**Capital Share Transactions:**

Anti-dilutive effect of tender offer	0.17				
--------------------------------------	------	--	--	--	--

Net asset value, end of year	\$ 18.85	\$ 16.57	\$ 13.37	\$ 24.35	\$ 22.55
------------------------------	----------	----------	----------	----------	----------

Market value, end of year	\$ 16.43	\$ 14.23	\$ 11.30	\$ 21.35	\$ 19.30
---------------------------	----------	----------	----------	----------	----------

**Total Return (a):**

Market value (%)	20.9	33.1	(38.7)	18.3	13.3
Net asset value (%)	19.1	31.0	(37.5)	14.5	11.1

**Ratios/Supplemental Data:**

Net assets, end of year (in thousands)	\$ 99,563	\$ 86,734	\$ 69,404	\$ 139,580	\$ 126,847
Ratio of expenses to average net assets (%)	1.2	1.3	1.2	1.1	1.1
Ratio of net investment income to average net assets (%)	3.3	5.1	3.7	3.5	3.7
Portfolio turnover rate (%)	65	79	55	80	58

- (a) Market value total return is calculated assuming a purchase of Fund shares on the opening of the first business day and a sale on the closing of the last business day of each period reported. Dividends and distributions are assumed for the purposes of this calculation to be reinvested at prices obtained under the Fund's Automatic Dividend Investment and Cash Payment Plan. Net asset value total return is calculated on the same basis, except that the Fund's net asset value is used on the purchase and sale dates instead of market value.

*See accompanying notes to financial statements*

BANCROFT FUND LTD. 2010 ANNUAL REPORT TO SHAREHOLDERS

## Notes to Financial Statements

### NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

**(a) Organization** - Bancroft Fund Ltd. (the Fund), is registered under the Investment Company Act of 1940, as amended, as a diversified, closed-end management investment company.

**(b) Indemnification** - Under the Fund's organizational documents, each trustee, officer or other agent of the Fund (including the Fund's investment adviser) is indemnified against certain liabilities that may arise out of performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. The risk of material loss as a result of such indemnification is considered remote.

**(c) Security Valuation** - Investments in securities traded on a national securities exchange are valued at market using the last reported sales price, supplied by an independent pricing service, as of the close of regular trading. 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. Unlisted securities traded in the over-the-counter market are valued using an evaluated quote provided by the independent pricing service, or, if an evaluated quote is unavailable, such securities are valued using prices received from dealers, provided that if the dealer supplies both bid and asked prices, the price to be used is the mean of the bid and asked prices. The independent pricing service derives an evaluated quote by obtaining dealer quotes, analyzing the listed markets, reviewing trade execution data, evaluating the price of the underlying common stock and employing sensitivity analysis. Evaluated quotes may also reflect appropriate factors such as individual characteristics of the issue, broker/dealer quotes, and additional inputs such as benchmark yields, reported trades, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data. Securities for which quotations are not readily available, restricted securities and other assets are valued at fair value as determined in good faith pursuant to procedures approved by the Board of Trustees. Short-term debt securities with original maturities of 60 days or less are valued at amortized cost.

The Fund has adopted authoritative fair valuation accounting standards which establish an authoritative definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion in changes in valuation techniques and related inputs during the period. These inputs are summarized in the three broad levels listed below:

Level 1 - Quoted unadjusted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-driven valuation in which all significant inputs and significant value drivers are observable in active markets. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers, and those received from an independent pricing service.

Level 3 - Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are those inputs that reflect the Fund's own assumptions that market participants would use to price an asset or liability based on the best available information.

BANCROFT FUND LTD. 2010 ANNUAL REPORT TO SHAREHOLDERS

**Notes to Financial Statements (continued)****NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

The following is a summary of the inputs used to value the net assets of Bancroft Fund Ltd. as of October 31, 2010:

	Level 1	Level 2	Level 3	Total
Investments in Securities:				
Common Stocks:				
Energy	\$ 670,151	\$	\$	\$ 670,151
<b>Total Common Stocks</b>	670,151			670,151
Convertible Bonds and Notes		69,922,768	935,400	70,858,168
Convertible Preferred Stocks		9,298,314	756,793	10,055,107
Mandatory Convertible Securities		10,395,052		10,395,052
Corporate Bonds and Notes		371,250		371,250
<b>Total Investments</b>	\$ 670,151	\$ 89,987,384	\$ 1,692,193	\$ 92,349,728

The following is a reconciliation of assets for which Level 3 inputs were used in determining value:

	Convertible Bonds and Notes	Corporate Bonds and Notes	Convertible Preferred Stocks	Total
Beginning balance	\$	\$	\$ 750,000	\$ 750,000
Change in unrealized appreciation (depreciation)				
Net transfers in/out of level 3	935,400		6,793	942,193
Ending balance	\$ 935,400	\$	\$ 756,793	\$ 1,692,193

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of the markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

In January 2010, the FASB issued Accounting Standards Update Improving Disclosures about Fair Value Measurements (ASU). The ASU requires enhanced disclosures about a) transfers into and out of Levels 1 and 2, and b) purchases, sales, issuances, and settlements on a gross basis relating to Level 3 measurements. The first disclosure is effective for the first reporting period beginning after December 15, 2009, and for interim periods within those fiscal years. There were no significant transfers into and out of Levels 1 and 2 during the current period presented.

The second disclosure will become effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Management is currently evaluating the impact this disclosure may have on the Fund's financial statements.



BANCROFT FUND LTD. 2010 ANNUAL REPORT TO SHAREHOLDERS

**Notes to Financial Statements (continued)****NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) 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 Fund recognizes the tax benefits of uncertain tax positions only where the position is more-likely-than-not to be sustained assuming examination by taxing authorities. Management of the Fund has analyzed the Fund's tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years (2007-2009), or expected to be taken in the Fund's 2010 tax returns. The major tax authority for the Fund is the Internal Revenue Service. The Fund is not aware of any tax positions for which it is reasonably likely that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

**(e) Securities Transactions and Related Investment Income** - Securities transactions are accounted for on the trade date (the 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 approximately 8 cents per share for the twelve months ended October 31, 2010. In addition, Federal tax regulations require the Fund to reclassify realized gains on contingent payment debt instruments to interest income. At October 31, 2010, there were unrealized losses of approximately 6 cents per share on contingent payment debt instruments.

**(f) 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 fiscal years ended October 31, 2010 and 2009 were as follows:

	2010	2009
Ordinary income	\$ 3,716,553	\$ 3,446,808
Net realized gain on investments		
	\$ 3,716,553	\$ 3,446,808

At October 31, 2010, the components of distributable earnings and federal tax cost were as follows:

Unrealized appreciation	\$ 9,311,218
Unrealized depreciation	(6,152,257)
Net unrealized appreciation	3,158,961
Undistributed ordinary income	976,835
Capital loss carryforward	(14,348,187)
Total distributable net earnings	(\$ 10,212,391)
Cost for federal income tax purposes	\$ 89,190,767

## Edgar Filing: BANCROFT FUND LTD - Form N-CSR

To the extent the Fund's net realized capital gains, if any, can be offset by capital loss carryforwards, it is the policy of the Fund not to distribute such gains. As determined at October 31, 2010, the Fund had unused capital loss carryforwards of \$14,348,187, of which \$463,279 expires in 2016 and \$13,884,908 expires in 2017, available for federal income tax purposes to offset net realized capital gains.

The differences between book-basis and tax-basis unrealized appreciation/(depreciation) is attributable to differing methods of recognizing interest and ordinary income on bonds for tax purposes.

*Page 14*

---

BANCROFT FUND LTD. 2010 ANNUAL REPORT TO SHAREHOLDERS

## Notes to Financial Statements (continued)

### NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

**(g) Use of Estimates** - 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.

**(h) Market Risk** - It is the Fund's policy to invest at least 65% 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, the Fund's mandatory convertible securities include features which render them more sensitive to price changes of their underlying securities. Thus they expose the Fund to greater downside risk than traditional convertible securities, but generally less than that of the underlying common stock. The market value of those securities was \$10,395,052 at October 31, 2010, representing 10.4% of net assets.

**(i) Reclassification of Capital Accounts** - Accounting principles generally accepted in the United States require that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. At October 31, 2010 the Fund increased net investment income by \$438,531, increased accumulated net realized loss on investments by \$438,119 and decreased paid-in capital by \$412.

### NOTE 2 - MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

The Fund has entered into an investment advisory agreement with Dinsmore Capital Management Co. (Dinsmore Capital). Pursuant to the investment advisory agreement, Dinsmore Capital provides the Fund with investment advice, office space and facilities. Under the terms of the investment advisory agreement, the Fund pays Dinsmore Capital on the last day of each month an advisory fee for such month computed at an annual rate of 0.75% of the first \$100,000,000 and 0.50% of the excess over \$100,000,000 of the Fund's net asset value in such month.

The Fund, pursuant to an administrative services agreement with Dinsmore Capital, has agreed to pay Dinsmore Capital for certain accounting and other administrative services provided to the Fund. Under the administrative services agreement, the Fund pays Dinsmore Capital on the last day of each month a fee for such month computed at an annual rate of 0.05% of the Fund's net asset value in such month.

Certain officers and trustees of the Fund are officers and directors of Dinsmore Capital.

### NOTE 3 - PORTFOLIO ACTIVITY

At October 31, 2010, there were 5,280,533 shares of beneficial interest outstanding, with a par value of \$0.01 per share. During the twelve months ended October 31, 2010, 44,934 shares were issued in connection with reinvestment of dividends from net investment income, resulting in an increase in paid-in capital of \$664,580.

Purchases and sales of investments, exclusive of corporate short-term notes, aggregated \$57,929,883 and \$62,298,214, respectively, for the twelve months ended October 31, 2010.

### NOTE 4 - SUBSEQUENT EVENTS

In preparing the financial statements as of October 31, 2010, management considered the impact of subsequent events for potential recognition or disclosure in these financial statements.

BANCROFT FUND LTD. 2010 ANNUAL REPORT TO SHAREHOLDERS

## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Trustees of  
Bancroft Fund Ltd.

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments of Bancroft Fund Ltd. (the Fund) as of October 31, 2010, and the related statements of operations for the year then ended, the statements of changes in 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. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits 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 and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2010, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Bancroft Fund Ltd. as of October 31, 2010, 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 its 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.

TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania  
December 21, 2010

*Page 16*

---



BANCROFT FUND LTD. 2010 ANNUAL REPORT TO SHAREHOLDERS

## 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 as well as the Plan application 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). For the first three fiscal quarter distributions, 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. For the fourth quarter distribution when the market price is lower, the Fund will issue shares at the market price.

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 Fund share 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 share 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 the 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 share 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 shares on that date.

BANCROFT FUND LTD. 2010 ANNUAL REPORT TO SHAREHOLDERS

## 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 Fund 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 shareholders or former shareholders 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.

### **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 Fund's 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 of portfolio holdings for the first and third fiscal quarters to shareholders, however the schedule is posted to the Fund's 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.

### **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 portfolio securities is available without charge, upon request, by calling (800) 914-1177, 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.

### **Declared Distribution**

A distribution of \$0.216 per share, derived from net investment income, was declared on November 15, 2010, payable December 27, 2010 to shareholders of record at the close of business November 26, 2010.

The Fund is a member of the Closed-End Fund Association (CEFA), a non-profit national trade association ([www.cefa.com](http://www.cefa.com)). Thomas H. Dinsmore, Chairman and Chief Executive Officer of the Fund, is on the executive board.

Pursuant to Section 23 of the Investment Company Act of 1940, notice is hereby given that the Fund may in the future purchase beneficial shares of Bancroft Fund Ltd. 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.

BANCROFT FUND LTD. 2010 ANNUAL REPORT TO SHAREHOLDERS

## Trustees

Each trustee is also a trustee of Ellsworth Fund Ltd. (Ellsworth) (a closed-end management investment company). Dinsmore Capital Management Co. (Dinsmore Capital) 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 trustee oversees two investment companies in the Fund Complex.

**Personal Information**

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

**INDEPENDENT TRUSTEES**

Kinchen C. Bizzell, C.F.A.  
65 Madison Avenue, Suite 550  
Morristown, NJ 07960  
Term expires 2012  
Trustee since 2008 - Age 56

Senior Counselor with Burson-Marsteller (a global public relations and communications firm);  
Trustee of Ellsworth.

Elizabeth C. Bogan, Ph.D.  
65 Madison Avenue, Suite 550  
Morristown, NJ 07960  
Term expires 2012  
Trustee since 1990 - Age 66

Senior Lecturer in Economics at Princeton University; Trustee of Ellsworth.

Daniel D. Harding, C.F.A.  
65 Madison Avenue, Suite 550  
Morristown, NJ 07960  
Term expires 2011  
Trustee since 2007 - Age 58

Since 2008, managing partner of a private investment fund. Prior to 2008, Senior Advisor with Harding Loevner Management LP (an investment advisory firm); Trustee of Ellsworth and Director of Legg Mason Trust Co. (a global asset management firm); General partner of Latitude Capital Partners, LLC (a private investment firm).

Nicolas W. Platt  
65 Madison Avenue, Suite 550  
Morristown, NJ 07960  
Term expires 2013  
Trustee since 1997 - Age 57

Since March 2009, Managing Director, FD Americas, the Strategic Communications segment of FTI Consulting Inc. (an international consulting company). Formerly Managing Director, Rodman & Renshaw, LLC (August 2006 to March 2009). Prior to August 2006, President of CNC-US (an international consulting company); Trustee of Ellsworth.

**INTERESTED TRUSTEES**

Thomas H. Dinsmore, C.F.A. <sup>(1)</sup>  
65 Madison Avenue, Suite 550  
Morristown, NJ 07960  
Term expires 2011  
Trustee since 1986  
Chairman of the Board  
since 1996 - Age 57

Chairman and Chief Executive Officer of the Fund, Ellsworth and Dinsmore Capital; Trustee of Ellsworth and Director of Dinsmore Capital.

Edgar Filing: BANCROFT FUND LTD - Form N-CSR

Jane D. O Keefe<sup>(1)</sup>  
65 Madison Avenue, Suite 550  
Morristown, NJ 07960  
Term expires 2013  
Trustee since 1995 - Age 55

President of the Fund, Ellsworth and Dinsmore Capital; Trustee of Ellsworth and Director of Dinsmore Capital.

(1) Mr. Dinsmore and Ms. O Keefe are considered interested persons because they are officers and directors of Dinsmore Capital. They are brother and sister.

*Page 19*

---

BANCROFT FUND LTD. 2010 ANNUAL REPORT TO SHAREHOLDERS

## Principal Officers

The business address of each officer is 65 Madison Avenue, Suite 550, Morristown, NJ 07960. Officers are elected by and serve at the pleasure of the Board of Trustees. Each officer holds office until the annual meeting to be held in 2011, and thereafter until his or her respective successor is duly elected and qualified.

### Personal Information

### Principal Occupation(s) During Past Five Years

Thomas H. Dinsmore, C.F.A.<sup>(1,3,4)</sup>  
Trustee, Chairman and  
Chief Executive Officer  
Officer since 1984  
Age 57

Trustee, Chairman and Chief Executive Officer of the Fund, Ellsworth and Dinsmore Capital.

Jane D. O'Keefe<sup>(1,4,5)</sup>  
Trustee and President  
Officer since 1994  
Age 55

Trustee and President of the Fund, Ellsworth and Dinsmore Capital.

Gary I. Levine<sup>(2)</sup>  
Executive Vice President,  
Chief Financial Officer and  
Secretary  
Officer since 1986  
Age 53

Executive Vice President and Chief Financial Officer of the Fund, Ellsworth and Dinsmore Capital since 2004. Secretary of the Fund, Ellsworth and Dinsmore Capital. Treasurer of Dinsmore Capital.

James A. Dinsmore, C.F.A.<sup>(3,5)</sup>  
Vice President  
Officer since 2007  
Age 27

Vice President of the Fund, Ellsworth Fund and Dinsmore Capital since 2009.

H. Tucker Lake, Jr.<sup>(4)</sup>  
Vice President  
Officer since 1994  
Age 63

Vice President of the Fund, Ellsworth and Dinsmore Capital.

Germaine M. Ortiz<sup>(2)</sup>  
Vice President  
Officer since 1996  
Age 41

Vice President of the Fund, Ellsworth and Dinsmore Capital.

## Edgar Filing: BANCROFT FUND LTD - Form N-CSR

Mercedes A. Pierre  
Vice President and  
Chief Compliance Officer  
Officer since 1998  
Age 49

Vice President and Chief Compliance Officer of the Fund, Ellsworth and Dinsmore Capital since 2004.

- (1) Mr. Thomas Dinsmore and Ms. O Keefe are brother and sister.
- (2) Ms. Ortiz is the first cousin of Mr. Levine's wife.
- (3) Mr. Thomas Dinsmore is the father of Mr. James Dinsmore.
- (4) Mr. Lake is the first cousin of Mr. Thomas Dinsmore and Ms. O Keefe.
- (5) Ms. O Keefe is the aunt of Mr. James Dinsmore.

*Page 20*

---

***Board of Trustees***

Kinchen C. Bizzell, c.f.a.  
ELIZABETH C. BOGAN, Ph.D.  
Thomas H. Dinsmore, c.f.a.  
Daniel D. Harding, c.f.a.  
Jane D. O Keeffe  
Nicolas W. Platt

***Officers***

Thomas H. Dinsmore, c.f.a.

*Chairman of the Board  
and Chief Executive Officer*

Jane D. O Keeffe  
*President*

Gary I. Levine  
*Executive Vice President, Chief Financial Officer  
and Secretary*

James A. Dinsmore, c.f.a.  
*Vice President*

H. Tucker Lake, Jr.  
*Vice President*

Germaine M. Ortiz  
*Vice President*

Mercedes A. Pierre  
*Vice President and Chief Compliance Officer*

Judith M. Dougherty  
*Assistant Secretary*

Joann Venezia  
*Assistant Vice President and Assistant Secretary*

***Internet***

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

***Investment Adviser***

Dinsmore Capital Management Co.  
65 Madison Avenue, Suite 550  
Morristown, NJ 07960  
(973) 631-1177

***Shareholder Services and Transfer Agent***

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

***Custodian***

Brown Brothers Harriman & Co.

***Beneficial Share Listing***

NYSE Amex Exchange Symbol: BCV

***Legal Counsel***

Ballard Spahr LLP

***Independent Registered Public Accounting Firm***

Tait, Weller & Baker LLP

---



BANCROFT FUND LTD.  
 65 MADISON AVENUE, SUITE 550  
 MORRISTOWN, NEW JERSEY 07960  
 www.bancroftfund.com

ITEM 2. CODE OF ETHICS.

On April 16, 2007, the Board of Trustees of Bancroft Fund Ltd. (the Fund ) adopted a code of ethics that applies to the Fund's principal executive officer (the PEO ) and principal financial officer (the PFO ). The code of ethics is available on the Fund's website at www.bancroftfund.com. Since the code of ethics was adopted, there have been no amendments to it nor have any waivers from any of its provisions been granted.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The Board of Trustees of the Fund has determined that Trustee and Audit Committee Chair, Daniel D. Harding, who is independent as such term is used in Form N-CSR, possesses the attributes required to be considered an audit committee financial expert under applicable federal securities laws.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Set forth in the table below are the aggregate fees billed to the Fund by its principal accountant, Tait, Weller & Baker LLP ( Tait Weller ), for professional services rendered to the Fund during the Fund's last two fiscal years ended October 31, 2010 and 2009.

Fiscal Year-End	Audit	Audit-Related		All Other
September	Fees	Fees (1)	Tax Fees (2)	Fees
2009	\$ 35,100	\$ 0	\$ 3,000	\$ 0
2010	\$ 35,100	\$ 0	\$ 3,000	\$ 0

(1)

The Fund's Audit Committee pre-approves all Audit-Related Fees, with exceptions. For the Fund's last two fiscal years ended October 31, 2010 and 2009, no Audit-Related Fees were approved by the Fund's Audit Committee pursuant to Rule 2.01(c)(7)(i)(C) of Regulation S-X, which waives the pre-approval requirement for certain *de minimus* fees.

- (2) Tax Fees include those fees billed by Tait Weller in connection with its review of the Fund's income tax returns for fiscal years 2009 and 2010. The Fund's Audit Committee pre-approves all Tax Fees, with exceptions. For the Fund's last two fiscal years ended October 31, 2010 and 2009, no Tax Fees were approved by the Fund's Audit Committee pursuant to Rule 2.01(c)(7)(i)(C) of Regulation S-X, which waives the pre-approval requirement for certain *de minimus* fees.

#### Non-Audit Services

During each of the last two fiscal years ended October 31, 2009 and 2010, Tait Weller did not provide any non-audit services to the Fund, with the exception of the services for which the Fund paid the Tax Fees noted above. Tait Weller did not provide any non-audit services to the Fund's investment adviser, Dinsmore Capital Management Co. (Dinsmore Capital) or its affiliates or otherwise bill the Fund or Dinsmore Capital 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 Fund by its independent registered public accountant before they are provided to the Fund. Such pre-approval also includes the proposed fees to be charged by the independent registered public accountant 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 used in Form N-CSR. Any such member's decision to pre-approve audit and/or non-audit services and related fees is presented to the full Audit Committee, solely for informational purposes, at its next scheduled meeting.

The Audit Committee also pre-approves non-audit services to be provided by the Fund's independent registered public accountant to the Fund's investment adviser if the engagement relates directly to the operations and financial reporting of the Fund and if the Fund's independent registered

public accountant is the same as, or affiliated with, the investment adviser's independent registered public accountant.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

(a) The Fund has a separately designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act), and the members of such committee are:

KINCHEN C. BIZZELL

ELIZABETH C. BOGAN, PH.D.

DANIEL D. HARDING (Chair)

(b) Not applicable.

ITEM 6. INVESTMENTS.

The Schedule of Investments in securities of unaffiliated issuers as of October 31, 2010 is included as part of the report to shareholders, filed under Item 1 of this certified shareholder report on Form N-CSR.

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

Bancroft Fund Ltd.

Ellsworth Fund Ltd.

Dinsmore Capital Management Co.

Proxy Voting Guidelines

(Adopted March 26, 2009)

These proxy voting guidelines have been adopted by the Boards of Trustees of Bancroft Fund Ltd. and Ellsworth Fund Ltd. (collectively, the Funds ), as well as by the Board of Directors of Dinsmore Capital Management Co. ( Dinsmore Capital ).

The Boards of Trustees of the Funds have delegated to Dinsmore Capital 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.

Dinsmore Capital exercises its voting responsibility with the overall goal of maximizing the value of the Funds investments. The portfolio managers at Dinsmore Capital 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, Dinsmore Capital 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, Dinsmore Capital 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. Except as provided in Section E.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 Funds 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 or analyst at Dinsmore Capital 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 or analyst at Dinsmore Capital principally responsible for the particular portfolio security.



## G. Material Conflicts of Interest

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

a. Dinsmore Capital may manage a pension plan, administer employee benefit plans, or provide services to a company whose management is soliciting proxies;

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

c. Dinsmore Capital 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 trustees and the proxies will be voted in accordance with direction received from the Audit Committee.

## H. Amendments

1. Any proposed material amendment to these Guidelines shall be submitted for review and approval to:

a. the Funds' Board of Trustees, including a majority of the disinterested trustees; and

b. the Adviser's Board of Directors.

2. Non-material amendments to these Guidelines may be made by the Chair of the Funds, upon consultation with counsel to the Funds and the Funds' Chief Compliance Officer, and will be reported to the Funds' Board of Trustees at their next scheduled in-person meeting.

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

(a) (1) As of January 10, 2011, Mr. Thomas H. Dinsmore, Chairman and Chief Executive Officer, Ms. Jane D. O'Keeffe, President, and Mr. James A. Dinsmore, Vice President, comprise the three-person portfolio management team of the Fund. Mr. Thomas Dinsmore served as portfolio manager since 1996, and Ms. O'Keeffe and Mr. James Dinsmore became co-portfolio managers on January 1, 2011. Ms. O'Keeffe has served as President of the Fund since 1996, and Managing Director of Research for Dinsmore Capital also since 1996. Mr. James Dinsmore has served as Vice President of the Fund since 2007, and has been a research analyst with Dinsmore Capital since 2004. Mr. Thomas Dinsmore is the lead member of the portfolio management team. Messrs. Dinsmore and James A. Dinsmore and Ms. O'Keeffe receive investment recommendations from a team of research analysts prior to making investment decisions about transactions in the portfolio. Generally, the co-portfolio managers make decisions jointly about any transactions in the Fund's portfolio, but may do so independently as well.

(2) The following table provides information relating to other (non-registrant) accounts for which this portfolio management team is primarily responsible for day-to-day management as of January 7, 2011. The portfolio management team does not manage such accounts or assets with performance-based advisory fees.

Edgar Filing: BANGCROFT FUND LTD - Form N-CSR

Portfolio Managers	Registered Investment Companies	Other Pooled Investment Vehicles	Other Accounts
Thomas H. Dinsmore, Jane D. O’Keeffe, James A. Dinsmore	Number: 1	1	n/a
	Total Assets: \$113,580,845	\$275,037	n/a

---



As of January 10, 2011, Mr. Thomas H. Dinsmore, Ms. Jane D. O’Keeffe and Mr. James A. Dinsmore comprise the three-person portfolio management team of two other accounts, Ellsworth Fund Ltd. (“Ellsworth”), a registered investment company with total net assets of \$113,580,845 as of January 7, 2011, and Dinsmore Equity Income Fund LP (“DEI Fund”), an investment company with total net assets of \$275,037 as of January 7, 2011. Mr. Thomas Dinsmore is Chairman and Chief Executive Officer, Ms. O’Keeffe is President and Mr. James Dinsmore is Vice President of Ellsworth. This information is as of October 31, 2010. The Fund and Ellsworth have similar investment objectives and strategies. As a result, material conflicts of interest may arise between the two funds if a security is not available in a sufficient amount to fill open orders for both funds. To deal with these situations, the investment adviser for the Fund and Ellsworth have adopted Trade Allocation Procedures (the “Allocation Procedures”). The Allocation Procedures set forth a method to allocate a partially filled order among the funds. Pursuant to the method, the amount of shares that each fund purchases is allocated *pro rata* based on the dollar amount of each fund’s intended trade or, if the order is subject to a minimum lot size, as closely as possible to such an allocation.

The Allocation Procedures permit Dinsmore Capital to allocate an order in a way that is different from the method set forth above if (i) each fund is treated fairly and equitably and neither fund is given preferential treatment, and (ii) the allocation is reviewed by the chief compliance officer of Dinsmore Capital.

As to DEI Fund, because the Fund and DEI Fund have different investment objectives and strategies, we do not anticipate material conflicts of interest arising between the two funds.

(3) This information is as of January 10, 2011. The Portfolio Management team is compensated by Dinsmore Capital through a three-component plan, consisting of a fixed base salary, annual cash bonus, and benefit retirement plan. Their compensation is reviewed and approved by Dinsmore Capital’s Board of Directors annually. Their compensation may be adjusted from year to year based on the perception of Dinsmore Capital’s Board of Directors of the team’s overall performance and their management responsibilities. Their compensation is not based on (i) a formula specifically tied to the performance of the Fund or Ellsworth, including performance against an index, or (ii) the value of assets held in the Fund’s portfolio.

Because DEI Fund has such a modest level of assets under management, the Portfolio Management team is not being compensated by Dinsmore Capital with respect to DEI Fund at present.

(4) As of January 10, 2011, Mr. Dinsmore’s beneficial ownership in the Fund’s shares was in the range of \$100,001-\$500,000. Ms. O’Keeffe’s beneficial ownership in the Fund’s shares was in the range of \$100,001-\$500,000. Mr. James Dinsmore’s beneficial ownership in the Fund’s shares was in the range of \$50,001-\$100,000.

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

During the period covered by this report, there were no purchases made by or on behalf of the Fund 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 Fund's equity securities registered by the Fund pursuant to Section 12 of the Exchange Act (15 U.S.C. 781).

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

There have been no material changes to the procedures by which shareholders may recommend nominees to the Fund's Board of Trustees since those procedures were last disclosed in response to the requirements of Item 407(c)(2)(iv) of Regulation S-K (17 CFR 229.407) (as required by Item 22(b)(15) of Schedule 14A (17 CFR 240.14a-101)), or Item 10 of Form N-CSR.

ITEM 11. CONTROLS AND PROCEDURES.

Conclusions of principal officers concerning controls and procedures:

(a) As of December 6, 2010, an evaluation was performed under the supervision and with the participation of the officers of the Fund, including the PEO and the PFO, to assess the effectiveness of the Fund's disclosure controls and procedures, as that term is defined in Rule 30a-3(c) (17 CFR 270.30a-3(c)) under the Investment Company Act of 1940 (the Act), as amended. Based on that evaluation, as required by Rule 30a-3(b) under the Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Exchange Act (17 CFR 240.13a-15(b) or 240.15d-15(b)), the Fund's officers, including the PEO and PFO, concluded that, as of December 6, 2010, the Fund's disclosure controls and procedures were reasonably designed so as to ensure: (1) that information required to be disclosed by the Fund on Form N-CSR 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 Fund is made known to the PEO and PFO as appropriate to allow timely decisions regarding required disclosure.

(b) There have been no changes in the Fund'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 second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Fund's internal control over financial reporting.

ITEM 12. EXHIBITS.

(a)(1) Not applicable. See Fund's response to Item 2, above.

(a)(2) Certifications of the principal executive officer and the principal financial officer pursuant to Rule 30a-2(a) under the Act (17 CFR 270.30a-2(a)), are attached hereto.

(a)(3) There were no written solicitations to purchase securities under Rule 23c-1 under the Act (17 CFR 270.23c-1) sent or given during the period covered by the report by or on behalf of the Fund to ten or more persons.

(b) Certifications of the principal executive officer and the principal financial officer, as required by Rule 30a-2(b) under the Act (17 CFR 270.30a-2(b)), Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act (17 CFR 240.13a-14(b) or 240.15d-14(b)), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) are attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities 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 Fund Ltd.

By: /s/ Thomas H. Dinsmore

Thomas H. Dinsmore

Chairman of the Board and

Chief Executive Officer

(Principal Executive Officer)

Date: January 10, 2011

Pursuant to the requirements of the Securities 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: January 10, 2011

By: /s/ Gary I. Levine

Gary I. Levine

Chief Financial Officer

(Principal Financial Officer)

Date: January 10, 2011

---