

Edgar Filing: BANCROFT FUND LTD - Form N-Q

BANCROFT FUND LTD  
Form N-Q  
April 01, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

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  
(Name and address of agent for service)

Copy to:  
Steven B. King, Esq.  
Ballard Spahr Andrews & Ingersoll, 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, 2008

Date of reporting period: January 31, 2008

ITEM 1. SCHEDULE OF INVESTMENTS.

BANCROFT FUND LTD.-----  
PORTFOLIO OF INVESTMENTS January 31, 2008 (unaudited)-----

Principal  
Amount  
-----

Convertible Bonds and Notes -- 54.5%  
Aerospace and Defense -- 2.3%  
\$ 1,000,000 Alliant Techsystems Inc. 2.75%, due 2011 cv. sr. sub. notes (B1)..... \$ 1

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|           |  |       |
|-----------|--|-------|
| 1,500,000 | DRS Technologies, Inc. 2%, due 2026 cv. sr. notes (B1).....  | 1     |
|           | (Acquired 01/30/06 - 05/16/07; Cost \$1,658,682) (1,2).....  | 2     |
|           |  | ----- |
|           | Computer Hardware -- 5.2%  |       |
| 1,000,000 | C&D Technologies, Inc. 5.25%, due 2025 cv. sr. notes (NR).....   | 1     |
| 2,000,000 | Credit Suisse, New York Branch 14.00%, due 2008 equity-linked notes (NR)<br>(exchangeable for Corning Inc. common stock).....      | 2     |
| 1,000,000 | EMC Corp. 1.75%, due 2011 cv. sr. notes (BBB+).....  | 1     |
| 1,000,000 | EMC Corp. 1.75%, due 2013 cv. sr. notes (BBB+).....  | 1     |
| 1,000,000 | Richardson Electronics, Ltd. 8%, due 2011 cv. sr. sub. notes (NR).....   | ----- |
|           |  | 6     |
|           |  | ----- |
|           | Computer Software -- 2.8%  |       |
| 1,000,000 | Blackboard Inc. 3.25%, due 2027 cv. sr. notes (B-).....  | ----- |
| 1,000,000 | GSI Commerce, Inc. 2.5%, due 2027 cv. sr. notes (NR).....  | 3     |
| 1,500,000 | Lehman Brothers Holdings Inc. 1%, due 2009 medium-term notes (A1)<br>(performance linked to Microsoft Corp. common stock) (1)..... | 1     |
|           |  | ----- |
|           |  | 3     |
|           |  | ----- |
|           | Consumer Goods -- 2.0%   |       |
| 1,000,000 | Chattem, Inc. 1.625%, due 2014 cv. sr. notes (NR).....   | 1     |
| 750,000   | Church & Dwight Co., Inc. 5.25%, due 2033 cv. sr. deb. (Bal).....  | 1     |
|           |  | ----- |
|           |  | 2     |
|           |  | ----- |
|           | Energy -- 4.8%   |       |
| 1,000,000 | Canadian Solar Inc. 6%, due 2017 cv. sr. notes (NR)<br>(Acquired 12/04/07; Cost \$1,000,000) (2).....                              | ----- |
| 1,500,000 | Covanta Holding Corp. 1%, due 2027 sr. cv. deb. (B1) (1).....  | 1     |
| 1,325,000 | Oil States International, Inc. 2.375%, due 2025 contingent cv. sr. notes (NR)..  | 1     |
| 1,250,000 | Rentech, Inc. 4%, due 2013 cv. sr. notes (NR).....   | ----- |
| 1,000,000 | USEC Inc. 3%, due 2014 cv. sr. notes (CCC).....  | 6     |
|           |  | ----- |
|           |  | 6     |
|           |  | ----- |
|           | Financial Services -- 1.6%   |       |
| 2,000,000 | Euronet Worldwide, Inc. 3.50%, due 2025 cv. deb. (B+) (1).....   | 1     |
|           |  | ----- |
|           |  | 1     |
|           |  | ----- |
|           | Foods -- 1.7%  |       |
| 500,000   | The Great Atlantic & Pacific Tea Company, Inc. 5.125%, due 2011<br>cv. sr. notes (Caal).....                                       | ----- |
| 1,500,000 | The Great Atlantic & Pacific Tea Company, Inc. 6.75%, due 2012<br>cv. sr. notes (Caal).....  | 1     |
|           |  | ----- |
|           |  | 2     |
|           |  | ----- |
|           | Health Care -- 2.3%  |       |
| 1,000,000 | Omnicare, Inc. 3.25%, due 2035 cv. sr. deb. (B2) (1).....  | ----- |
| 1,000,000 | SonoSite Inc. 3.75%, due 2014 cv. sr. notes (NR).....  | 1     |
| 1,000,000 | St. Jude Medical, Inc. 1.22%, due 2008 cv. sr. deb. (BBB+).....  | 1     |
|           |  | ----- |
|           |  | 2     |
|           |  | ----- |
|           | Insurance -- 3.1%  |       |
| 3,000,000 | Prudential Financial, Inc. floating rate, due 2036 cv. sr. notes (A3).....   | 2     |
| 1,000,000 | Prudential Financial, Inc. floating rate, due 2037 cv. sr. notes (A3)<br>(Acquired 12/07/07; Cost \$988,750) (2).....              | ----- |

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BANCROFT FUND LTD.-----  
 PORTFOLIO OF INVESTMENTS January 31, 2008 (continued)-----

| Principal<br>Amount<br>----- |   | V<br>(N<br>-----         |
|------------------------------|---|--------------------------|
|                              | CONVERTIBLE BONDS AND NOTES -- continued  |                          |
|                              | Media and Entertainment -- 2.2%   |                          |
| \$ 2,500,000                 | The Walt Disney Company 2.125%, due 2023 cv. sr. notes (A2).....  | \$ 2                     |
|                              | Minerals and Mining -- 1.1%   |                          |
| 1,000,000                    | Newmont Mining Corp. 1.625%, due 2017 cv. sr. notes (BBB+).....   | 1                        |
|                              | Multi-Industry -- 3.3%  |                          |
| 750,000                      | Diversa Corp. 5.5%, due 2027 cv. sr. notes (NR)<br>(exchangeable for Verenum Corp. common stock).....   |                          |
| 3,000,000                    | LSB Industries, Inc. 5.5%, due 2012 cv. sr. sub. deb. (NR)<br>(Acquired 06/28/07; Cost \$3,000,000) (2).....  | 3<br>-----<br>4<br>----- |
|                              | Pharmaceuticals -- 7.6%   |                          |
| 2,000,000                    | Alza Corp. 0%, due 2020 cv. sub. deb. (Aa1)<br>(exchangeable for Johnson & Johnson common stock).....   | 1                        |
| 3,000,000                    | Bristol-Myers Squibb Co. floating rate, due 2023 cv. sr. deb. (A2).....   | 3                        |
| 1,000,000                    | Mylan Inc. 1.25%, due 2012 sr. cv. notes (B-).....  |                          |
| 1,500,000                    | Teva Pharmaceutical Finance Co. B.V. 1.75%, due 2026 cv. sr. deb. (Baa2)<br>(exchangeable for Teva Pharmaceutical Industries Ltd. ADR).....         | 1                        |
| 2,000,000                    | Wyeth floating rate, due 2024 cv. sr. deb. (A3).....  | 2<br>-----<br>9<br>----- |
|                              | Real Estate -- 0.8%   |                          |
| 1,000,000                    | ProLogis 2.25%, due 2037 cv. sr. notes (BBB+)<br>(Acquired 03/20/07 - 04/16/07; Cost \$982,038) (2).....  |                          |
|                              | Semiconductors -- 6.2%  |                          |
| 2,500,000                    | Agere Systems Inc. 6.5%, due 2009 cv. sub. notes (B+)<br>(exchangeable for LSI Corp.).....  | 2                        |
| 1,000,000                    | Cypress Semiconductor Corp. 1%, due 2009 cv. sr. notes (NR).....  | 1                        |
| 2,000,000                    | Fairchild Semiconductor Corp. 5%, due 2008 cv. sr. sub. notes (B)<br>(exchangeable into Fairchild Semiconductor International, Inc. common stock).. | 2                        |
| 2,000,000                    | Intel Corp. 2.95%, due 2035 jr. sub. cv. deb. (A-) (1).....   | 2<br>-----<br>7<br>----- |

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|           |  |       |
|-----------|--|-------|
|           | Telecommunications -- 5.2%   |       |
| 500,000   | ADC Telecommunications Inc. 3.50%, due 2015 cv. sub. notes (NR).....   | 1     |
| 1,000,000 | ADC Telecommunications Inc. 3.50%, due 2017 cv. sub. notes (NR).....   | 1     |
| 1,000,000 | Anixter International Inc. 1%, due 2013 sr. cv. notes (BB-).....   | 1     |
| 2,000,000 | Equinix, Inc. 2.5%, due 2012 cv. sub. notes (CCC+).....  | 1     |
| 1,000,000 | General Cable Corp. 1%, due 2012 sr. cv. notes (B1).....   | 1     |
| 1,000,000 | SAVVIS, Inc. 3%, due 2012 cv. sr. notes (NR).....  | 6     |
|           | Transportation -- 1.6%   |       |
| 2,000,000 | ExpressJet Holdings, Inc. 4.25%, due 2023 cv. notes (NR).....  | 1     |
|           | Travel and Leisure -- 0.6%   |       |
| 1,000,000 | Morgans Hotel Group 2.375%, due 2014 sr. sub. cv notes (NR)<br>(Acquired 10/11/07 - 10/12/07; Cost \$1,026,250) (2)..... |       |
|           | TOTAL CONVERTIBLE BONDS AND NOTES.....   | \$ 67 |

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BANCROFT FUND LTD.-----  
 PORTFOLIO OF INVESTMENTS January 31, 2008 (continued)-----

|                     |  |          |
|---------------------|--|----------|
| Principal<br>Amount |  | V<br>(N) |
| -----               |  | -----    |
|                     | CORPORATE BONDS AND NOTES -- 1.2%  |          |
|                     | Retail -- 1.2%   |          |
| \$ 1,500,000        | Amerivon Holdings LLC 4%, due 2010 units (NR)<br>(Acquired 06/01/07; Cost \$1,500,000) (2,3).....                  | \$ 1     |
|                     | Shares   |          |
| -----               |  |          |
|                     | CONVERTIBLE PREFERRED STOCKS -- 9.5%   |          |
|                     | Aerospace and Defense -- 0.2%  |          |
| 40,000              | Ionatron, Inc. 6.5% series A redeemable cv. pfd. (NR)<br>(Acquired 10/27/05; Cost \$1,000,000) (2).....            |          |
|                     | Banking/Savings and Loan -- 4.1%   |          |
| 59,179              | New York Community Bancorp, Inc. 6% BONUSSES units (Baal).....   | 2        |
| 20,000              | Sovereign Capital Trust IV 4.375% PIERS (Baal)<br>(exchangeable for Sovereign Bancorp, Inc. common stock) (1)..... |          |
| 1,200               | Washington Mutual, Inc. 7.75% series R non-cumulative perpetual cv. pfd. (Ba1).                                    | 1        |
|                     |  | 5        |

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|        |  |       |   |
|--------|--|-------|---|
|        | Chemicals -- 1.5%  |       |   |
| 40,000 | Celanese Corp. 4.25% cv. perpetual pfd. (NR).....  |       | 1 |
|        | Finance -- 0.4%  |       |   |
| 10,000 | Citigroup Inc. 6.5% depositary shares<br>(representing series T non-cumulative cv. pfd.) (A2).....   |       |   |
|        | Energy -- 2.7%   |       |   |
| 27,800 | Chesapeake Energy Corp. 4.5% cum. cv. pfd. (B+).....   |       | 2 |
| 9,000  | PetroQuest Energy, Inc. 6.875% cum. cv. perpetual pfd. (NR).....   |       |   |
|        | Telecommunications -- 0.5%   |       |   |
| 100    | Medis Technologies Ltd. 7.25% series A cum. cv. perpetual pfd. (NR).....   |       |   |
|        | TOTAL CONVERTIBLE PREFERRED STOCKS.....  | \$ 11 |   |
|        | MANDATORY CONVERTIBLE SECURITIES -- 22.1% (4)  |       |   |
|        | Consumer Goods -- 2.5%   |       |   |
| 30,000 | Avery Dennison Corp. 7.875%, due 11/15/10 mandatory cv. pfd. (BBB-).....   |       | 1 |
| 1,750  | The Stanley Works floating rate, due 05/17/12 equity units (A2).....   |       | 1 |
|        | Energy -- 6.2%   |       |   |
| 30,000 | Bristow Group Inc. 5.5%, due 09/15/09 mandatory cv. pfd. (B).....  |       | 1 |
| 10,000 | McMoRan Exploration Co. 6.75%, due 11/15/10 mandatory cv. pfd. (NR).....   |       | 1 |
| 2,000  | Merrill Lynch & Co., Inc. 5.4%, due 09/27/10 PRIDES (A+)<br>(linked to the performance of ConocoPhillips common stock).....  |       | 1 |
| 41,135 | Merrill Lynch & Co., Inc. 12%, due 06/27/08 capped appreciation notes (NR)<br>(linked to the performance of Tesoro Corp. common stock).....  |       | 1 |
| 47,138 | NATIXIS Financial Products Inc. 11.25%, due 10/28/08<br>mandatory trigger exchangeable notes (NR)<br>(exchangeable for Nabors Industries, Inc. common stock)<br>(Acquired 01/23/08; Cost \$1,137,906) (2)..... |       | 1 |

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BANCROFT FUND LTD.-----  
 PORTFOLIO OF INVESTMENTS January 31, 2008 (continued)-----

Shares  
 -----

MANDATORY CONVERTIBLE SECURITIES -- continued

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|   |   |       |
|---|---|-------|
| Foods -- 1.0%                                   |   |       |
| 50,000  | Lehman Brothers Holdings Inc. 6%, due 10/12/10 PIES (A1)<br>(exchangeable for General Mills, Inc. common stock).....  | \$ 1  |
| Health Care -- 1.1%                             |   |       |
| 33,950  | NATIXIS Financial Products Inc. 9%, due 04/22/08<br>mandatory trigger exchangeable notes (NR)<br>(exchangeable for St. Jude Medical, Inc. common stock)<br>(Acquired 10/17/07; Cost \$1,533,182) (2)..... | 1     |
| Insurance -- 4.9%                               |   |       |
| 4,000   | Alleghany Corp. 5.75%, due 06/15/09 mandatory cv. pfd. (BBB-).....  | 1     |
| 75,000  | Citigroup Funding Inc. variable rate, due 10/27/08 exchangeable notes (Aa3)<br>(exchangeable for Genworth Financial, Inc. common stock).....  | 1     |
| 70,000  | MetLife, Inc. 6.375%, due 08/15/08 common equity units (BBB+).....  | 2     |
| 52,500  | XL Capital Ltd. 7%, due 02/15/09 equity security units (A3).....  |       |
|   |   | 6     |
| Minerals and Mining -- 4.0%                     |   |       |
| 20,000  | Freeport-McMoRan Copper & Gold Inc. 6.75%,<br>due 05/01/10 mandatory cv. pfd. (B+).....   | 2     |
| 30,000  | Vale Capital Ltd. 5.5%, due 06/15/10 mandatory convertible notes (NR)<br>(exchangeable for Companhia Vale do Rio Doce ADS).....   | 1     |
| 10,000  | Vale Capital Ltd. 5.5%, due 06/15/10 mandatory convertible notes (NR)<br>(exchangeable for Companhia Vale do Rio Doce Preference A ADS).....  |       |
|   |   | 5     |
| Pharmaceuticals -- 2.3%                         |   |       |
| 1,000   | Mylan Inc. 6.5%, due 11/15/10 mandatory cv. pfd. (B-).....  | 1     |
| 9,500   | Schering-Plough Corp. 6%, due 08/13/10 mandatory cv. pfd. (Baa3).....   | 1     |
|   |   | 2     |
| TOTAL MANDATORY CONVERTIBLE SECURITIES (4)..... |   | \$ 27 |
| COMMON STOCKS -- 0.0%                           |   |       |
| Aerospace and Defense -- 0.0%                   |   |       |
| 6,330   | Ionatron, Inc. (5).....   |       |

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BANCROFT FUND LTD.-----  
PORTFOLIO OF INVESTMENTS January 31, 2008 (continued)-----

Principal

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| Amount       |  | (N)   |
|--------------|--|-------|
|              |  |       |
|              | SHORT-TERM SECURITIES -- 8.9%                            |       |
|              | Commercial Paper -- 8.9%                                 |       |
| \$11,100,000 | American Express Credit Corp. 3%, due 02/01/08 (P1)..... | \$ 11 |
|              | Total Convertible Bonds and Notes -- 54.5%.....          | \$ 67 |
|              | Total Corporate Bonds and Notes -- 1.2%.....             | 1     |
|              | Total Convertible Preferred Stocks -- 9.5%.....          | 11    |
|              | Total Mandatory Convertible Securities -- 22.1%.....     | 27    |
|              | Total Common Stocks -- 0.0%.....                         | 11    |
|              | Total Short-Term Securities -- 8.9%.....                 | 119   |
|              | Total Investments -- 96.2%.....                          | 4     |
|              | Other assets and liabilities, net -- 3.8%.....           | \$124 |
|              | Total Net Assets -- 100.0%.....                          | ====  |

- (1) Contingent payment debt instrument which accrues contingent interest. See Note 2.
- (2) Security not registered under the Securities Act of 1933, as amended (i.e., 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 of 1933, 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 January 31, 2008 was \$13,226,567 which represented 10.6% of the Fund's net assets.
- (3) Investment is a restricted security, 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. The fair value of this security represented 1.2% of the Fund's net assets.
- (4) These 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.
- (5) Non-income producing security.

ADR American Depositary Receipts.  
 ADS American Depositary Shares.  
 BONUSES Bifurcated Option Note Unit Securities.  
 PIERS Premium Income Exchangeable Securities.  
 PIERS Preferred Income Equity Redeemable Securities.  
 PRIDES Preferred Redeemable Income Dividend Equity Securities.

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

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### Summary of Portfolio Ratings

|     | % of<br>Portfolio |
|-----|-------------------|
| Aa  | 3                 |
| A   | 20                |
| Baa | 17                |
| Ba  | 4                 |
| B   | 21                |
| Caa | 5                 |
| NR  | 30                |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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BANCROFT FUND LTD.-----  
 SELECTED NOTES TO FINANCIAL STATEMENTS (UNAUDITED)-----

Bancroft Fund Ltd. (established in 1971) (the "Fund"), is registered under the Investment Company Act of 1940 as a diversified, closed-end management investment company.

Note 1. 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. 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 an 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 and employing sensitivity analysis. Evaluated quotes may also reflect appropriate factors such as individual characteristics of the issue, communications with broker-dealers, and other market 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.

Note 2. 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.

At January 31, 2008 unrealized appreciation (depreciation) of investment securities on a tax basis were as follows:

|                             |              |
|-----------------------------|--------------|
| Unrealized appreciation     | \$ 6,682,758 |
| Unrealized depreciation     | (6,897,567)  |
|                             | -----        |
| Net unrealized depreciation | (214,809)    |
|                             | =====        |



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Cost for federal income tax purposes \$120,071,221  
=====

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ITEM 2. CONTROLS AND PROCEDURES.

Conclusions of principal officers concerning controls and procedures

(a) The Registrant's principal executive officer and principal financial officer, or persons performing similar functions, have concluded that the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "Act"), (17 CFR 270.30a-3(c))) are effective as of February 27, 2008 based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the Act and Rule 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.15d-15(b)).

(b) There have been no 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 last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

Separate certifications of the principal executive officer and the principal financial officer of the Registrant, as required by Rule 30a-2(a) under the Act, are filed herewith.

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: March 31, 2008

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)

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Date: March 31, 2008

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

Date: March 31, 2008