

Edgar Filing: BANCROFT FUND LTD - Form N-Q

BANCROFT FUND LTD  
Form N-Q  
September 28, 2007

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  
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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 King, Esq.  
Ballard Spahr Andrews & Ingersoll, LLP  
1735 Market Street, 49th Floor  
Philadelphia, PA 19103-7599

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

Date of fiscal year end: October 31, 2007

Date of reporting period: July 31, 2007

ITEM 1. SCHEDULE OF INVESTMENTS.

Portfolio of Investments July 31, 2007 (unaudited)-----

Principal Amount -----		Value (Note 1) -----
	CONVERTIBLE BONDS AND NOTES -- 62.3%	
	Aerospace and Defense -- 3.4%	
\$1,500,000	AAR Corp. 1.75%, due 2026 cv. sr. notes (BB).....	\$ 1,771,875
1,000,000	Alliant Techsystems Inc. 2.75%, due 2011 cv. sr. sub. notes (B1)...	1,173,750

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1,500,000	DRS Technologies, Inc. 2%, due 2026 cv. sr. notes (B1) (Acquired 01/30/06 - 05/16/07; Cost \$1,597,641) (1,2).....	1,571,250
		4,516,875
	Agriculture -- 1.4%	
2,000,000	Merrill Lynch & Co., Inc. 1.5%, due 2012 cv. securities (Aa3) (exchangeable into Archer-Daniels-Midland Co. common stock) (Acquired 02/23/07; Cost \$2,000,000) (2).....	1,916,500
	Banking/Savings and Loan -- 3.4%	
1,000,000	PrivateBancorp, Inc. 3.625%, due 2027 cv. sr. notes (NR).....	955,000
2,500,000	U.S. Bancorp floating rate, due 2035 cv. sr. deb. (Aa2).....	2,518,750
1,000,000	U.S. Bancorp floating rate, due 2037 cv. sr. deb. (Aa2).....	995,600
		4,469,350
	Computer Hardware -- 5.1%	
1,000,000	C&D Technologies, Inc. 5.25%, due 2025 cv. sr. notes (NR).....	940,000
2,000,000	Credit Suisse, New York Branch 13.62%, due 2007 equity-linked notes (Aa3) (exchangeable for Corning Inc. common stock).....	2,190,600
1,000,000	EMC Corp. 1.75%, due 2011 cv. sr. notes (BBB+).....	1,307,500
1,000,000	EMC Corp. 1.75%, due 2013 cv. sr. notes (BBB+).....	1,311,250
1,000,000	Richardson Electronics, Ltd. 8%, due 2011 cv. sr. sub. notes (NR)..	1,050,000
		6,799,350
	Computer Software -- 2.7%	
1,000,000	Blackboard Inc 3.25%, due 2027 cv. sr. notes (NR).....	1,071,250
1,000,000	GSI Commerce, Inc. 2.5%, due 2027 cv. sr. notes (NR) (Acquired 06/27/07; Cost \$1,001,875) (2).....	982,500
1,500,000	Lehman Brothers Holdings Inc. 1%, due 2009 medium-term notes (A1) (performance linked to Microsoft Corp. common stock) (1).....	1,561,350
		3,615,100
	Consumer Goods -- 2.3%	
1,500,000	Chattem, Inc. 1.625%, due 2014 cv. sr. notes (NR).....	1,430,625
1,000,000	Church & Dwight Co., Inc. 5.25%, due 2033 cv. sr. deb. (Bal).....	1,622,500
		3,053,125
	Energy -- 5.3%	
1,000,000	Cameron International Corp. 2.50%, due 2026 cv. sr. notes (Baa1)...	1,300,000
1,500,000	Covanta Holding Corp. 1%, due 2027 sr. cv. deb. (B1) (1).....	1,464,375
1,500,000	Nabors Industries, Inc. 0.94%, due 2011 sr. exchangeable notes (A-) (exchangeable for Nabors Industries Ltd. common stock).....	1,419,375
1,225,000	Oil States International, Inc. 2.375%, due 2025 contingent cv. sr. notes.....	1,877,313
1,250,000	Rentech, Inc. 4%, due 2013 cv. sr. notes (NR).....	1,025,781
		7,086,844
	Financial Services -- 1.4%	
2,000,000	Euronet Worldwide, Inc. 3.50%, due 2025 cv. deb. (B+) (1).....	1,900,000

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Portfolio of Investments July 31, 2007 (continued)-----

Principal Amount -----		Value (Note 1) -----
	CONVERTIBLE BONDS AND NOTES -- continued	
	Health Care -- 3.6%	
\$1,000,000	China Medical Technologies, Inc. 3.5%, due 2011 cv. sr. sub. notes (NR).....	\$ 1,202,500
500,000	LifePoint Hospitals, Inc. 3.25, due 2025 cv. sr. sub. deb. (B2).....	428,750
475,000	LifePoint Hospitals, Inc. 3.50, due 2014 cv. sr. sub. notes (B).....	418,594
1,000,000	Omnicare, Inc. 3.25%, due 2035 cv. sr. deb. (B2) (1).....	811,250
1,000,000	SonoSite Inc. 3.75%, due 2014 cv. sr. notes (NR).....	973,750
1,000,000	St. Jude Medical, Inc. 1.22%, due 2008 cv. sr. deb. (BBB+) (Acquired 04/20/07; Cost \$1,005,938) (2).....	1,016,250
		-----
		4,851,094
		-----
	Insurance -- 2.3%	
3,000,000	Prudential Financial, Inc. floating rate, due 2036 cv. sr. notes (A3).....	3,014,310
		-----
	Media and Entertainment -- 3.7%	
2,000,000	Gannett Co., Inc. floating rate, due 2037 cv. sr. notes (A3).....	1,991,000
2,500,000	The Walt Disney Company 2.125%, due 2023 cv. sr. notes (A2).....	2,918,750
		-----
		4,909,750
		-----
	Minerals and Mining -- 0.8%	
1,000,000	Newmont Mining Corp. 1.625%, due 2017 cv. sr. notes (BBB) (Acquired 07/12/07; Cost \$1,018,750) (2).....	1,073,750
		-----
	Multi-Industry -- 4.4%	
2,000,000	Citigroup Funding Inc. 1%, due 2010 medium-term notes (Aa1) (exchangeable for the cash value of a basket of technology stocks) (1).....	2,063,600
750,000	Diversa Corp. 5.5%, due 2027 cv. sr. notes (NR) (exchangeable for Verenum Corp. common stock) (Acquired 03/23/07; Cost \$750,000) (2).....	742,500
3,000,000	LSB Industries, Inc. 5.5%, due 2012 cv. sr. sub. deb. (NR) (Acquired 06/28/07; Cost \$3,000,000) (2).....	3,045,000
		-----
		5,851,100
		-----
	Pharmaceuticals -- 7.0%	
2,000,000	Alza Corp. 0%, due 2020 cv. sub. deb. (Aa1) (exchangeable for Johnson & Johnson common stock).....	1,672,500
2,500,000	Bristol-Myers Squibb Co. floating rate, due 2023 cv. sr. deb. (A2)..	2,543,750
1,625,000	Mylan Laboratories Inc. 1.25%, due 2012 sr. cv. notes (BB+).....	1,470,625
1,500,000	Teva Pharmaceutical Finance Co. B.V. 1.75%, due 2026 cv. sr. deb. (Baa2) (exchangeable for Teva Pharmaceutical Industries Ltd. ADR).....	1,530,000
2,000,000	Wyeth floating rate, due 2024 cv. sr. deb. (A3).....	2,133,600

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		----- 9,350,475 -----
	Real Estate -- 2.5%	
1,000,000	ProLogis 2.25%, due 2037 cv. sr. notes (BBB+) (Acquired 03/20/07 - 04/16/07; Cost \$982,038) (2).....	948,750
1,000,000	United Dominion Realty Trust, Inc. 3.625%, due 2011 cv. sr. notes (NR).....	935,000
1,500,000	Vornado Realty Trust 2.85%, due 2027 cv. sr. deb. (Baa2).....	1,383,750
		----- 3,267,500 -----
	Retail -- 2.2%	
1,500,000	Amazon.com, Inc. 4.75%, due 2009 cv. sub. notes (Ba3).....	1,616,250
1,500,000	Charming Shoppes, Inc. 1.125%, due 2014 sr. cv notes (BB-) (Acquired 05/02/07 - 05/03/07; Cost \$1,491,125) (2).....	1,256,250
		----- 2,872,500 -----

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Portfolio of Investments July 31, 2007 (continued)-----

Principal Amount		Value (Note 1)
-----		-----
	CONVERTIBLE BONDS AND NOTES -- continued	
	Semiconductors -- 6.9%	
\$2,500,000	Agere Systems Inc. 6.5%, due 2009 cv. sub. notes (B+) (exchangeable for LSI Corp.).....	\$ 2,575,000
1,500,000	Cypress Semiconductor Corp. 1%, due 2009 cv. sr. notes (NR).....	1,760,625
2,000,000	Fairchild Semiconductor Corp. 5%, due 2008 cv. sr. sub. notes (B) (exchangeable into Fairchild Semiconductor International, Inc. common stock).....	1,985,000
2,000,000	Intel Corp. 2.95%, due 2035 jr. sub. cv. deb. (A-) (1).....	1,952,500
1,000,000	LSI Corp. 4%, due 2010 cv. sub. notes (B+).....	966,250
		----- 9,239,375 -----
	Telecommunications -- 2.5%	
1,000,000	Anixter International, Inc. 1%, due 2013 sr. cv. notes (BB-).....	1,395,000
1,000,000	Equinix, Inc. 2.5%, due 2012 cv. sub. notes (NR).....	1,018,750
1,000,000	SAVVIS, Inc. 3%, due 2012 cv. sr. notes (NR).....	902,500
		----- 3,316,250 -----
	Transportation -- 1.5%	
2,000,000	ExpressJet Holdings, Inc. 4.25%, due 2023 cv. notes (NR).....	1,945,000
		-----
	TOTAL CONVERTIBLE BONDS AND NOTES.....	\$ 83,048,248 -----

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	CORPORATE BONDS AND NOTES -- 1.1%	
	Retail -- 1.1%	
1,500,000	Amerivon Holdings LLC 4%, due 2010 units with corporate note and warrants attached (NR) (Acquired 06/01/07; Cost \$1,500,000) (2).....	1,500,000 -----
Shares	CONVERTIBLE PREFERRED STOCKS -- 10.8%	
	Aerospace and Defense -- 0.3%	
40,000	Ionatron, Inc. 6.5% Series A redeemable cv. pfd. (NR) (Acquired 10/27/05; Cost \$1,000,000) (2).....	440,000 -----
	Banking/Savings and Loan -- 4.3%	
59,179	New York Community Bancorp, Inc. 6% BONUSSES units (Baa1).....	2,713,061
20,000	Sovereign Capital Trust IV 4.375% PIERS (Baa1) (exchangeable for Sovereign Bancorp, Inc. common stock) (1).....	900,000
40,000	Washington Mutual Capital Trust 5.375% PIERS units (A3) (exchangeable for Washington Mutual, Inc. common stock).....	2,135,200 -----
		5,748,261 -----
	Chemicals -- 2.0%	
55,000	Celanese Corp. 4.25% cv. perpetual pfd. (NR).....	2,701,875 -----
	Energy -- 1.9%	
25,000	Chesapeake Energy Corp. 4.5% cum. cv. pfd. (B+).....	2,494,000 -----

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Portfolio of Investments July 31, 2007 (continued)-----

Shares		Value (Note 1)
-----		-----
	CONVERTIBLE PREFERRED STOCKS -- continued	
	Insurance -- 1.7%	
75,000	Citigroup Funding Inc. variable rate exch. notes (Aa1) (exchangeable for Genworth Financial, Inc. common stock).....	\$ 2,222,250 -----
	Telecommunications -- 0.6%	
100	Medis Technologies Ltd. 7.25% Series A cum. cv. perpetual pfd. (NR).	744,366 -----
	TOTAL CONVERTIBLE PREFERRED STOCKS.....	\$ 14,350,752

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MANDATORY CONVERTIBLE SECURITIES -- 20.2% (3)		
Chemicals -- 0.7%		
20,000	Huntsman Corp. 5% mandatory cv. pfd., due 02/16/08 (NR).....	976,000
Consumer Goods -- 1.4%		
1,750	The Stanley Works floating rate equity units, due 05/17/12 (A2).....	1,842,453
Energy -- 3.1%		
40,000	Bristow Group Inc. 5.5% mandatory cv. pfd., due 09/15/09 (B).....	2,458,000
1,000	Chesapeake Energy Corp. 6.25% mandatory cv. pfd., due 06/15/09 (B+).	281,855
45,950	NATIXIS Financial Products Inc. 9.55% mandatory trigger exchangeable notes, due 01/26/08 (NR) (exchangeable for Nabors Industries, Inc. common stock) (Acquired 07/23/07; Cost \$1,500,268) (2).....	1,369,930
		4,109,785
Finance -- 1.0%		
25,500	Morgan Stanley, Inc. 5.875% mandatorily exchangeable securities, due 10/15/08 (Aa3) (exchangeable for Nuveen Investments, Inc. common stock).....	1,316,820
Financial Services -- 1.3%		
70,000	E*TRADE Financial Corp. 6.125% equity units, due 11/18/08 (Ba3).....	1,698,900
Foods -- 0.8%		
40,000	Lehman Brothers Holdings Inc. 6.25% PIES, due 10/15/07 (A1) (exchangeable for General Mills, Inc. common stock).....	1,045,200
Health Care -- 1.1%		
35,732	NATIXIS Financial Products Inc. 9.1% mandatory trigger exchangeable notes, due 01/07/08 (NR) (exchangeable for St. Jude Medical, Inc. common stock) (Acquired 07/02/07; Cost \$1,500,029) (2).....	1,516,127
Insurance -- 4.9%		
7,000	Alleghany Corp. 5.75% mandatory cv. pfd., due 06/15/09 (BBB-).....	2,709,000
80,000	MetLife, Inc. 6.375% common equity units, due 08/15/08 (BBB+).....	2,390,400
52,500	XL Capital, Ltd. 7% equity security units, due 02/15/09 (A3).....	1,436,400
		6,535,800

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Shares		Value (Note 1)
-----		-----
	MANDATORY CONVERTIBLE SECURITIES -- continued	
	Minerals and Mining -- 3.7%	
\$20,000	Freeport-McMoRan Copper & Gold Inc. 6.75% mandatorily cv. pfd., due 05/01/10 (B+).....	\$ 2,831,000
30,000	Vale Capital Ltd. 5.5% mandatorily convertible notes, due 06/15/10 (NR) (exchangeable for ADSs representing Companhia Vale Do Rio Doce common stock).....	1,573,800
10,000	Vale Capital Ltd. 5.5% mandatorily convertible notes, due 06/15/10 (NR) (exchangeable for ADSs representing Companhia Vale Do Rio Doce Preference A Shares).....	533,900
		-----
		4,938,700
		-----
	Pharmaceuticals -- 1.4%	
63,012	NATIXIS Financial Products Inc. 8.1% mandatory trigger exchangeable notes, due 12/05/07 (NR) (exchangeable for Sepracor Inc. common stock) (Acquired 05/23/07; Cost \$3,000,000) (2).....	1,867,896
		-----
	Telecommunications -- 0.8%	
14,000	Credit Suisse Securities (USA), Inc. 5.5% SAILS, due 11/15/08 (Aa1) (exchangeable for Equinix, Inc. common stock).....	1,099,420
		-----
	TOTAL MANDATORY CONVERTIBLE SECURITIES (3).....	\$ 26,947,101
		-----
	COMMON STOCKS -- 0.0%	
	Aerospace and Defense -- 0.0%	
4,666	Ionatron, Inc. (NR) (4).....	15,258
		-----
Principal Amount	SHORT-TERM SECURITIES -- 5.0%	
	Commercial Paper -- 5.0%	
\$3,400,000	American Express Credit Corp. 5.27%, due 08/02/07 (P1).....	6,597,102
		-----
	Total Convertible Bonds and Notes -- 62.3%.....	\$ 83,048,248
	Total Corporate Bonds and Notes -- 1.1%.....	1,500,000
	Total Convertible Preferred Stocks -- 10.8%.....	14,350,752
	Total Mandatory Convertible Securities -- 20.2%.....	26,947,101
	Total Common Stocks -- 0.0%.....	15,258
	Total Short-Term Securities -- 5.0%.....	6,597,102
		-----
	Total Investments -- 99.4%.....	132,458,461
	Other assets and liabilities, net -- 0.6%.....	842,372
		-----

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Total Net Assets -- 100.0%..... \$133,300,833  
=====

- (1) Security not registered under the Securities Act of 1933, as amended (e.g., the security was purchased in a Rule 144A or a Reg D transaction). The security may be resold only pursuant to an exemption from registration under the 1933 Act, typically to qualified institutional buyers. The Fund generally has no rights to demand registration of these securities. The aggregate market value of these securities at July 31, 2007 was \$19,246,703 which represented 14.4% of the Fund's net assets.
- (2) Contingent payment debt instrument which accrues contingent interest. See Note 2.
- (3) 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.
- (4) Non-income producing security.

ADR            American Depositary Receipts.  
 ADS            American Depositary Shares.  
 BONUSES      Bifurcated Option Note Unit Securities.  
 PIES           Premium Income Exchangeable Securities.  
 PIERS         Preferred Income Equity Redeemable Securities.  
 SAILS         Shared Appreciation Income Linked Securities.

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
Aa	13
A	19
Baa	15
Ba	9
B	17
NR	27

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(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



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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 by management 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 July 31, 2007 unrealized appreciation (depreciation) of investment securities on a tax basis were as follows:

Unrealized appreciation	\$ 9,113,536
Unrealized depreciation	(5,685,475)
	-----
Net unrealized appreciation	3,428,061

Cost for federal income tax purposes \$129,030,398

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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 August 27, 2007, 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

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financial officer of the Registrant, as required by Rule 30a-2(a) under the Investment Company Act of 1940, 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: September 30, 2007

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

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

Date: September 30, 2007

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

Date: September 30, 2007