

Bancroft Convertible Fund, Inc.

65 Madison Avenue Suite 550 • Morristown, New Jersey 07960-7308 • www.bcvecf.com

First Quarter Update - January 31, 2000 (unaudited)

Financial Highlights

Market value 1/31/00	\$20.81
Net asset value (NAV) 1/31/00	\$26.04
Market discount to NAV	(20.07)%
12-Month income distribution	\$0.783
Yield on market price	3.76%
Capital gains distribution 12/28/99	\$2.897
Ratio of expenses to avg. net assets *	1.13%
Ratio of net income to avg. net assets *	3.09%
Portfolio turnover	37.22%
Shares outstanding	4,154,592
* Annualized	

Change in Net Asset Value (NAV)

	Per Share
Beginning NAV (10/31/99)	\$27.35
Changes in NAV from Operations:	
Net Investment Income	0.19
Realized Gain	1.65
Decrease in Unrealized Gain	(0.07)
Total Change from Operations	1.77
Distributions:	
Net Investment Income	(0.18)
Capital Gains	(2.90)
Total Changes from Distributions	(3.08)
Total Changes	(1.31)
Ending NAV (1/31/00)	\$26.04

Major Industry Exposure as of 1/31/00

	% of Net Assets
Technology	17.44
Entertainment	14.85
Telecommunications	13.95
Energy	10.77
Health Care & Drugs	7.60
Retail	6.18
Cable	4.88
Banking	4.85
Financial & Insurance	3.77
Capital Goods	3.69

The portfolio holdings and industry exposure are as of the date specified and subject to change without notice.

Detailed portfolio information is available to any shareholder. Visit our website (www.bcvecf.com) to download the data, e-mail us at info@bcvecf.com or call us at (973) 631-1177.

Performance through 1/31/00 *with dividends reinvested*

	3 Months	1 Year	5 Years	10 Years
Bancroft market value	7.94%	8.66%	112.42%	276.11%
Bancroft net asset value *	6.78	10.47	124.27	256.41
Closed-end conv. fund avg.*	10.65	18.62	108.42	247.86
S&P 500 †	2.61	10.35	224.88	441.59
Russell 2000 †	16.18	17.85	101.02‡	223.78‡
Lehman Aggregate Bond Total Return Index *	(0.82)	(1.85)	41.84	111.74

Performance data represent past results and do not reflect future performance.

* From Lipper, Inc. Closed-End Fund Performance Analysis, January 31, 2000.

† From Bloomberg L.P. pricing service.

‡ Simple appreciation of index.

Quarterly History of NAV and Market Price

Qtr Ended	Net Asset Values			Market Prices		
	High	Low	Close	High	Low	Close
Apr 99	\$27.86	\$26.06	\$27.16	\$23.75	\$22.00	\$22.81
Jul 99	28.73	26.35	27.55	24.00	22.00	23.75
Oct 99	27.69	25.97	27.35	23.88	20.75	22.25
Jan 00	28.72	24.91	26.04	23.69	19.88	20.81

Total Fund Investments as of 1/31/00

	(000's)	% of Net Assets
Convertible Bonds and Notes	\$ 82,289	76.1
Convertible Preferred Stocks	21,651	20.0
Common Stocks	—	—
Short-term Investments	3,198	3.0
Other Assets	1,031	0.9
Net Assets	\$108,169	100.0%

Ten Largest Investment Holdings as of 1/31/00

	% of Net Assets
Cable & Wireless Communications	3.66
Time Warner, Inc.	3.25
Telecom Corp. of New Zealand	2.77
AES Corp.	2.53
Costco Companies, Inc.	2.09
Siebel Systems, Inc.	1.95
Lucent Technologies, Inc.	1.94
Clear Channel Communications, Inc.	1.88
Walt Disney Corp.	1.83
Level 3 Communications, Inc.	1.79

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To Our Shareholders:

March 15, 2000

The U.S. economy grew at an annual rate of 6.9% in the last quarter of 1999, the highest rate in three years. Inflation seems to be rising slowly and the dramatic rise in oil prices is likely to contribute to higher prices throughout the economy. This leads to a very reasonable apprehension that the Federal Reserve Bank is going to continue to raise interest rates, perhaps more than once. Historically, such increases in interest rates and energy prices would slow down the "old economy" of manufacturing and services, but we are unsure of how it will affect the "new economy" of internet and information related concerns. If we do indeed see \$2 a gallon gasoline prices this summer, many people may choose to drive less and "surf" the Internet more, thus boosting the "new economy" while interest rate increases alone might only slow down the expansion of the Internet infrastructure. The current volatility in the stock market may be an indication that other market participants are apprehensive as well.

I have been nominated to serve on the Executive Committee of the Closed-End Fund Association. This group was formed two years ago to raise the profile of its members. There has been a reduction in coverage of closed-end funds by some brokerage firms and by Morningstar*. With this drop in coverage has come a reduction in the visibility of closed-end funds, which may be contributing to a less efficient market for closed-end funds. The first major initiative taken by the group has been the creation of a web site (www.cefa.com) that provides data on over 500 closed-end funds. The association also participated in January at "The Money Show" in Orlando. Further initiatives are under consideration by the group.

In its February 2000 edition of the Principia Pro for Closed-End Funds, Morningstar continued to rate Bancroft at four stars (above average). Shareholders who wish a copy of the January 2000 Morningstar report or the Standard and Poor's January 2000 report should contact us.

At its February meeting, the Board of Directors declared a dividend of twenty cents per share from net investment income. The dividend is payable March 30, 2000 to shareholders of record March 16, 2000.

At the annual meeting, shareholders elected William A. Benton, Elizabeth C. Bogan, Ph.D. and George R. Lieberman to the Board of Directors. Shareholders also ratified the Board's appointment of PricewaterhouseCoopers LLP as independent accountants for fiscal year 2000. We thank you for your participation and support.

Management intends to participate in "The Money Show" in Las Vegas, May 16 through 18, 2000. We hope to see some of you there.



Chairman

* Morningstar is an analytical and statistical reporting service that reports on and rates most mutual funds.

The letter to Shareholders contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements which reflect the intent, belief or expectations of the Company, its management and the Adviser regarding the anticipated effect of events, circumstances and trends should be considered forward-looking statements. These forward-looking statements are not guarantees of future performance and there are a number of meaningful factors which could cause the Company's results to vary materially from those indicated by any such statements. Factors which could cause actual results to differ from expectations include, among others, a decline in global trading, changes in individuals' savings rates, a decline in productivity or new products, changes in the Federal Reserve Board's monetary policy, an increase in interest rates, inflation or taxes, changes to foreign and domestic markets in general or changes to the market for convertible securities.

Shareholder Services and Transfer Agent


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Stock Exchange Listing

AMEX - Symbol: BCV

 Printed on recycled paper

Portfolio of Investments January 31, 2000

Principal Amount or Shares		Value
	ADVERTISING — 2.3%	
\$1,500,000	Interpublic Group Cos., Inc. 1.87% 2006 cv. sub. deb. 144A (NR)	\$ 1,516,875
1,000,000	Young & Rubicam 3% 2005 cv. sub. notes 144A (NR)	1,010,000
		<u>2,526,875</u>
	AEROSPACE — 1.1%	
925,000	Simula, Inc. 8% 2004 sr. cv. sub. notes (NR)	633,625
705,000	SPACEHAB, Inc. 8% 2007 cv. sub. notes 144A (NR)	521,700
		<u>1,155,325</u>
	BANKING — 4.9%	
565,000	BankAtlantic Bancorp 5 ⁵ / ₈ % 2007 cv. sub. deb. (NR)	392,675
50,000 shs	CNB Capital Trust I 6% SPuRS (A1) (exch. for CNB Bancshares, Inc. common stock)	1,575,000
40,000 shs	National Australia Bank Ltd. 7 ⁷ / ₈ % exch. capital units (A1)	1,022,500
25,000 shs	Sovereign Capital Trust II 7 ¹ / ₂ % PIERS (B1) (exch. for Sovereign Bancorp, Inc. common stock)	1,171,875
35,000 shs	WBK Trust 10% STRYPES * (NR) (exch. for Westpac Banking Corp., Ltd. common stock)	1,087,188
		<u>5,249,238</u>
	CABLE — 4.9%	
1,000,000	Bell Atlantic Financial Services, Inc. 4 ¹ / ₄ % 2005 cv. sub. deb. 144A (A1) (exch. for cash equiv. of Cable & Wireless Communications plc common stock)	1,318,750
2,000,000	Bell Atlantic Financial Services, Inc. 4 ¹ / ₄ % 2005 euro. cv. sub. deb. (A1) (exch. for cash equiv. of Cable & Wireless Communications plc common stock)	2,637,500
20,000 shs	Cox Communications, Inc. 7% FELINE PRIDES * (Baa2)	1,318,750
		<u>5,275,000</u>
	CAPITAL GOODS — 3.7%	
1,050,000	Advanced Energy Industries, Inc. 5 ¹ / ₄ % 2006 cv. sub. notes (NR)	1,283,625
1,000,000	CS First Boston, Inc. 2 ¹ / ₄ % 2003 sr. medium-term exch. notes 144A (A1) (exch. for General Electric Corp. common stock)	1,255,000
500,000	Exchangeable Certificate Corp. 1 ¹ / ₄ % 2004 sr. medium-term exch. notes 144A (AAA)(exch. for General Electric Corp. common stock)	483,750
15,000 shs	Hanover Compressor Capital Trust 7 ¹ / ₄ % cv. pfd. TIDES 144A (NR) (conv. into Hanover Compressor Company common stock)	965,625
		<u>3,988,000</u>
	DATA-PROCESSING SERVICES — 1.4%	
1,750,000	National Data Corp. 5% 2003 cv. sub. notes (Ba3)	1,555,313
	ELECTRIC UTILITIES — 0.8%	
20,000 shs	Texas Utilities Co. 9 ¹ / ₄ % FELINE PRIDES * (Baa2)	875,000
	ENERGY — 10.8%	
42,000 shs	AES Trust III trust cv. pfd. securities (Ba3) (conv. into AES Corp. common stock)	2,732,625
40,800 shs	Apache Corp. \$2.015 dep. shs. repstg. series C ACES-b pfd. * (Baa2)	1,425,450
59,250 shs	The Coastal Corp. 6 ⁵ / ₈ % FELINE PRIDES * (Baa2)	1,381,266
1,000,000	Devon Energy Corp. 4.95% 2008 cv. sub. deb. (Baa2) (conv. into Chevron Corp. common stock)	948,750
1,450,000	Diamond Offshore Drilling, Inc. 3 ³ / ₄ % 2007 cv. sub. notes (Baa1)	1,408,313
70,000	Enron Corp. 7% 2002 exch. notes * (Baa) (conv. into EOG Resources, Inc. common stock)	1,190,000
45,000	Kerr-McGee Corp. 5 ¹ / ₂ % 2004 DECS * (Baa1) (exch. for Devon Energy Corp. common stock)	1,608,750
1,000,000	Swiss Life Financial Ltd. 2% 2005 GEMMS 144A (NR) (exch. for Royal Dutch Petroleum common stock)	953,750
		<u>11,648,904</u>

Portfolio of Investments January 31, 2000 (continued)

Principal Amount or Shares		Value
	ENTERTAINMENT — 14.8%	
\$2,750,000	America Online, Inc. 0% 2019 cv. sub. deb. (Ba3)	\$1,402,500
1,000,000	At Home Corp. 4 ³ / ₄ % 2006 cv. sub. deb. 144A (B3)	847,500
2,000,000	Clear Channel Communications, Inc. 1 ¹ / ₂ % 2002 sr. cv. notes (Baa3)	2,035,000
2,000,000	Deutsche Bank Financial, Inc. 1% 2007 sr. medium-term exch. notes (Aa3) (exch. for cash value of Walt Disney Corp. common stock)	1,982,252
1,000,000	EchoStar Communications Corp. 4 ⁷ / ₈ % 2007 cv. sub. notes 144A (NR)	1,082,500
10,000 shs	Houston Industries, Inc. 7% 2000 ACES * (Baa1) (exch. for Time Warner, Inc. common stock)	1,332,500
1,000,000	Imax Corp. 5 ³ / ₄ % 2003 cv. sub. notes 144A (B1)	1,171,875
2,000,000	Merrill Lynch & Co., Inc. 0.25% 2006 series B medium-term notes (Aa3) (exch. for Time Warner, Inc. common stock)	2,180,000
1,000,000	NTL, Inc. 5 ³ / ₄ % 2009 cv. sub. notes 144A (Caa1)	1,102,500
20,000	The Seagram Co. Ltd. 7 ¹ / ₂ % 2002 adj. cv.-rate equity security units * (Ba2)	1,110,000
29,000 shs	UnitedGlobalCom dep. shs. repstg. 7% series D sr. cum. cv. pfd. (NR)	1,812,500
		<u>16,059,127</u>
	FINANCIAL & INSURANCE — 3.8%	
13,000 shs	American General Delaware, L.L.C. 6% cv. A MIPS (A2)	964,438
1,000,000	American International Group 2 ¹ / ₄ % 2004 cv. notes (Aaa)	1,489,375
625,000	Penn Treaty American Corp. 6 ¹ / ₄ % 2003 cv. sub. notes (BB+)	441,406
1,175,000	Penn Treaty American Corp. 6 ¹ / ₄ % 2003 cv. sub. notes 144A (BB+)	829,844
10,730	Southwest Securities Group, Inc. 5% 2004 DARTS * (NR) (exch. for Knight/Trimark Group, Inc. Class A common stock)	355,431
		<u>4,080,494</u>
	HEALTH CARE & DRUGS — 7.6%	
378,000	Athena Neurosciences, Inc. 4 ³ / ₄ % 2004 cv. sub. notes (Baa3) (exch. for ADR's representing Elan Corp., plc common stock)	387,450
2,000,000	The Bear Stearns Cos., Inc. 1% 2006 medium-term notes (A2) (conv. into an index comprised of Merck & Co., Inc. and Pfizer, Inc. common stocks)	1,668,000
750,000	Curagen 6% 2007 cv. sub. notes 144A (NR)	693,750
2,250,000	Elan Finance Corp. 0% 2018 LYON 144A (Baa3) (exch. for ADR's representing Elan Corp., plc common stock)	1,189,688
750,000	Human Genome Sciences, Inc. 5% 2007 cv. sub. notes 144A (NR)	783,750
500,000	Millennium Pharmaceutical, Inc. 5 ¹ / ₂ % 2007 cv. sub. notes 144A (NR)	647,813
1,250,000	Roche Holdings, Inc. 0% 2010 LYON 144A (Aa2)	712,500
625,000	Roche Holdings, Inc. 0% 2015 LYON 144A (NR) (exch. for Genentech, Inc. common stock)	492,188
1,000,000	Sepracor, Inc. 7% 2005 cv. notes 144A (CCC+)	1,312,500
250,000	Sepracor, Inc. 7% 2005 cv. notes (CCC+)	328,125
		<u>8,215,764</u>
	PAPER & PAPER PRODUCTS — 1.2%	
30,000 shs	Georgia-Pacific Corp. 7 ¹ / ₂ % 2002 PEPS * (Baa2)	1,305,000
	RETAIL — 6.2%	
1,000,000	Costco Companies, Inc. 0% 2017 cv. sub. notes 144A (A3)	1,132,500
1,000,000	Costco Companies, Inc. 0% 2017 cv. sub. notes (A3)	1,132,500
15,200 shs	CVS Auto. Common Exch. Security Trust \$4.23 TRACES * (NR) (exch. for CVS Corp. common stock)	978,500
32,500 shs	Dollar General Trust 8 ¹ / ₂ % STRYPES * (NR) (conv. into Dollar General Corp. common stock)	1,115,156
750,000	E-Toys 6 ¹ / ₄ % 2004 cv. sub. notes 144A (NR)	376,875
12,300	Estee Lauder Trust 6 ¹ / ₄ % TRACES II * (NR) (conv. into Estee Lauder Companies, Inc. common stock)	1,168,500
1,250,000	Office Depot, Inc. 0% 2007 LYON (Baa2)	784,375
		<u>6,688,406</u>

Portfolio of Investments January 31, 2000 (continued)

Principal Amount or Shares		Value
	STAFFING SERVICES — 1.2%	
\$1,500,000	Interim Services, Inc. 4½% 2005 cv. sub. deb. (Ba3)	\$ 1,344,375
	TECHNOLOGY — 17.4%	
500,000	Bea Systems, Inc. 4% 2006 cv. sub. notes 144A (NR)	628,438
500,000	Citrix Systems, Inc. 0% 2019 cv. sub. deb. 144A (NR)	490,000
1,000,000	CS First Boston, Inc. 2% 2010 medium-term exch. notes (A1) (exch. for Cisco Systems, Inc. common stock)	1,050,000
1,500,000	CS First Boston, Inc. 1% 2006 medium-term exch. notes (A1) (exch. for Microsoft Corp. common stock)	1,477,500
1,000,000	CS First Boston, Inc. 1% 2010 medium-term exch. notes (A1) (exch. for Sun Microsystems, Inc. common stock)	955,000
375,000	Cypress Semiconductor Corp. 4% 2005 cv. sub. notes 144A (NR)	384,375
750,000	Exodus Communications, Inc. 4¾% 2008 cv. sub. notes 144A (NR)	1,317,188
1,000,000	The Goldman Sachs Group, Inc. 0% 2003 medium-term notes, series B (A1) (linked to the GSTI Internet Index)	1,002,100
2,500,000	Hewlett-Packard Co. 0% 2017 LYON 144A (Aa3)	1,662,500
500,000	Internet Capital Group, Inc. 5½% 2004 cv. sub. notes 144A (NR)	547,500
1,500,000	Merrill Lynch & Co., Inc. 0.50% 2005 notes (Aa3) (exch. for specific technology common stocks †)	1,471,875
750,000	NatWest Markets 0% 2003 exch. trust securities 144A ‡ (NR) (exch. for Lucent Technologies, Inc. common stock)	2,103,750
500,000	Rational Software 5% 2007 cv. sub. notes 144A (NR)	494,063
1,000,000	Sanmina Corp. 4¼% 2004 cv. sub. notes (B1)	1,370,000
1,000,000	Siebel Systems, Inc. 5½% 2006 cv. sub. notes. 144A (NR)	2,105,000
1,200,000	STMicroelectronics, N.V. 0% 2009 LYON (Baa1)	1,807,500
	<u>18,866,789</u>	
	TELECOMMUNICATIONS — 13.9%	
3,000,000	Bell Atlantic Financial Services, Inc. 5¾% 2003 cv. sub. deb. 144A (A1) (exch. for cash equiv. Telecom Corp. of New Zealand common stock)	2,992,500
500,000	CoreComm, Ltd. 6% 2006 cv. sub. notes 144A (NR)	741,875
800,000	CS First Boston, Inc. 1% 2008 medium-term exch. notes (A1) (exch. for Motorola common stock)	788,000
1,000,000	Exchangeable Certificate Corp. 0.25% 2006 medium-term exch. notes 144A (AAA)(exch. for specific telephone and cable common stocks **)	1,075,000
10,000 shs	Globalstar Communications, Ltd. 9% cv. pfd. 144A (NR)	723,750
1,000,000	Level 3 Communications, Inc. 6% 2009 cv. sr. notes (Caa1)	1,933,125
25,000 shs	MediaOne Group, Inc. 7% 2002 PIES * (Baa3) (exch. for ADR's representing Vodafone AirTouch plc common stock)	1,287,500
1,750,000	Nextel Communications, Inc. 5¼% 2010 cv. sr. notes 144A (B1)	1,671,250
1,000,000	Tekelec 3¼% 2004 cv. sub. discount notes 144A (NR)	1,456,250
1,000,000	Telefonos De Mexico, S.A. 4¼% cv. sr. deb. (BB)	1,252,500
1,250,000	UBS AG 1½% 2006 exch. notes (Aa1) (exch. for AT&T Corp. common stock)	1,167,188
	<u>15,088,938</u>	
	U.S. TREASURY NOTES — 0.0%	
17,000	4¾% 3/31/01 ††	16,697

Portfolio of Investments January 31, 2000 (continued)

Principal Amount or Shares	Value
	<u>Value</u>
	CORPORATE SHORT-TERM NOTES — 3.9%
\$2,400,000	American Express Credit Corp. (P1) (5¾% maturing 2/3/00)
	\$ 2,398,850
	Total Convertible Bonds and Notes — 76.0%
	82,288,622
	Total Convertible Preferred Stocks — 20.0%
	21,650,623
	Total Corporate Short-Term Notes — 3.0%
	3,197,801
	Total Investments — 99.0%
	107,137,046
	Other assets and liabilities, net — 1.0%
	1,031,496
	Total Net Assets — 100.0%
	<u>\$ 108,168,542</u>

* See Note 1(e) Annual Report dated October 31, 2000
 † Ticker symbols: LU, NT & TXN
 ‡ Guaranteed by National Westminster Bank PLC
 ** Ticker symbols: CSCO, CMCSK, TWX, IBM, LMGa, & WCOM
 †† Collateral for a letter of credit

- ACES-a Automatic Common Exchange Securities
- ACES-b Automatically Convertible Equity Securities
- ADR American Depositary Receipts
- DARTS Derivative Adjustable Ratio Securities
- DECS Debt Exchangeable for Common Stock
- FELINE Family of Equity-Linked Income Securities
- GEMMS Guaranteed Exchangeable Monetisation of Multiple Shares
- LYON Liquid Yield Option Note
- MIPS Monthly Income Preferred Securities
- PEPS Premium Equity Participating Securities
- PIES Premium Income Exchangeable Securities
- PRIDES Preferred Redeemable Increased Dividend Equity Securities
- SPuRS Shared Preference Redeemable Securities
- STRYPES Structured Yield Product Exchangeable for Stock
- TIDES Term Income Deferrable Equity Securities
- TRACES Trust Automatic Common Exchange Securities

Ratings in parentheses by Moody's Investors Service, Inc. or Standard & Poor's, a division of McGraw-Hill Companies, Inc.

The portfolio is as of the date specified. The Fund is under no obligation to continue to hold the securities listed herein.