

Bancroft Convertible Fund, Inc.

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

First Quarter Update - January 31, 2001 (unaudited)

Financial Highlights

Market value 1/31/01	\$21.24
Net asset value (NAV) 1/31/01	\$23.16
Market discount to NAV	(8.29)%
12-Month income distribution	\$1.039
Yield on market price	4.89%
Capital gain distribution 12/28/00 *	\$3.096
Ratio of expenses to avg. net assets †	1.09%
Ratio of net income to avg. net assets †	3.81%
Portfolio turnover	14.52%
Shares outstanding	4,625,918
* Includes \$1.80 short-term gains.	
† Annualized.	

Change in Net Asset Value (NAV)

	Per Share
Beginning NAV (10/31/00)	\$27.09
Changes in NAV from Operations:	
Net Investment Income	0.22
Realized Gain	0.54
Decrease in Unrealized Gain	(1.17)
Total Change from Operations	(0.41)
Distributions:	
Net Investment Income	(0.42)
Capital Gains	(3.10)
Total Changes from Distributions	(3.52)
Total Changes	(3.93)
Ending NAV (1/31/01)	\$23.16

Major Industry Exposure as of 1/31/01

	% of Net Assets
Technology	13.30
Telecommunications	11.39
Energy	10.99
Health Care & Drugs	7.72
Entertainment	7.39
Financial & Insurance	7.29
Banking	6.23
Cable	5.43
Retail	4.10
Utilities	3.94

The portfolio holdings and industry exposure are as of January 31, 2001 and subject to change without notice.

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

Performance through 12/31/00 *with dividends reinvested*

	3 Months	1 Year	5 Years	10 Years
Bancroft market value *	(5.03)%	13.79%	89.39%	324.87%
Bancroft net asset value †	(6.71)	2.27	83.96	275.96
Closed-end conv. fund avg. †	(9.89)	(0.82)	59.91	251.16
S&P 500 *	(7.81)	(9.10)	131.93	399.01
Russell 2000 *	(5.09)	(2.92)	64.08	265.76‡
Lehman Aggregate Bond Total Return Index †	4.21	11.63	36.73	115.04

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

* From Bloomberg L.P. pricing service.

† From Lipper, Inc. Closed-End Fund Performance Analysis, December 31, 2000.

‡ 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. 00	\$28.84	\$25.72	\$27.42	\$22.44	\$20.00	\$21.00
Jul. 00	29.01	25.93	27.48	22.63	20.00	22.63
Oct. 00	29.37	26.36	27.09	24.63	21.63	22.63
Jan. 01	27.27	21.85	23.16	23.38	18.38	21.24

Total Fund Investments as of 1/31/01

	(000's)	% of Net Assets
Convertible Bonds and Notes	\$ 78,001	72.8
Convertible Preferred Stocks	18,982	17.7
Common Stocks	61	0.1
Short-term Investments	9,092	8.5
Other Assets	981	0.9
Net Assets	\$107,117	100.0%

Ten Largest Investment Holdings as of 1/31/01

by underlying common stock	% of Net Assets
America Online, Inc.	2.92
MetLife, Inc.	2.40
Costco Companies, Inc.	2.28
Apache Corp.	2.04
Cable & Wireless Communications plc	1.87
ACE Limited	1.86
American Express Company	1.85
Telecom Corp. of New Zealand	1.85
Fifth Third Bancorp	1.82
Cox Communications, Inc.	1.74

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To Our Shareholders:

March 15, 2001

In our last letter, we indicated that we believed that the stock market's volatility was due, at least in part, to the monetary policy of the Federal Reserve Bank. Historically, bear markets tend to end once the Federal Reserve Board starts lowering interest rates and expanding the money supply. Monetary policy became expansionary in December and interest rates were lowered in January, but the market has not improved through March 13. The damage done by the sudden deflating of the ".com" bubble appears to have caused the reversal of the downtrend in stock prices to take longer than expected.

There are reasons to be optimistic about the stock market. Productivity remains high, inflation (other than energy) seems controlled and the Federal Reserve Board is now following an expansionary monetary policy. There are also reasons to be cautious; Japan is in trouble and energy prices have become very unstable. For these reasons we have come to expect the stock market to remain volatile. We are optimistic that the market will respond to the monetary stimulus and to the positive effects of a tax cut.

For shareholders with access to the Internet, the Fund's website, www.bancroftfund.com contains press releases, dividend information and daily net asset values. The information on the back of this report was included in the Fund's February press release and is also available on the website. Other websites with information on the Fund include the Closed-End Fund Association (www.closed-endfunds.com) and Morningstar* (www.morningstar.com)**. While we have no control over the information on these websites, we have found them to be useful.

Based on data through January 31, 2001, Morningstar has continued to rate Bancroft at four stars (above average) on their "Quicktake" report on their website. We have copies of a report on the Fund by Standard & Poor's. Shareholders who wish a copy of this report should contact us.

At the annual meeting of shareholders in February, shareholders elected Gordon F. Ahalt, Nicolas A. Platt and Jane D. O'Keeffe to the Board of Directors. Shareholders also ratified the selection of PricewaterhouseCoopers LLP as independent accountants and approved a new Investment Advisory Agreement with Davis-Dinsmore Management. We thank you for your participation and support.

At its February meeting, the Board of Directors declared a twenty-one cent per share dividend payable on March 29, 2001 to shareholders of record March 15, 2001.



Chairman

* Morningstar is a mutual fund analysis and statistical reporting service that reports on and rates most mutual funds.

** Closed End Fund Association and Morningstar are solely responsible for the content of their sites.

The letter to Shareholders constitutes 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 and its management 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, changes in individuals' savings rates or investment choices, a decline in productivity, an increase in inflation, stable or increasing interest rates, or tax rates, continuation of social security in its current form, changes to foreign and domestic markets and economies 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

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Portfolio of Investments January 31, 2001

Principal Amount or Shares		Value
	ADVERTISING — 2.8%	
\$1,500,000	Interpublic Group Cos., Inc. 1.87% 2006 cv. sub. deb. 144A (Baa1)	\$ 1,387,500
1,600,000	Young & Rubicam, Inc. 3% 2005 cv. sub. notes (Baa1)	1,620,000
		<u>3,007,500</u>
	AEROSPACE — 1.5%	
1,000,000	L-3 Communications Holdings, Inc. 5.25% 2009 cv. sub. notes 144A (B2)	1,176,250
705,000	SPACEHAB, Inc. 8% 2007 cv. sub. notes 144A (NR)	458,250
		<u>1,634,500</u>
	BANKING — 6.2%	
50,000 shs	CNB Capital Trust I 6% SPuRS (Aa3) (exch. for Fifth Third Bancorp common stock)	1,981,000
1,000,000	Deutsche Bank Financial, Inc. 1.25% 2007 medium-term exch. notes (Aa3) (exch. for CitiGroup, Inc. common stock)	1,161,250
1,000,000	JMH Finance, Ltd. 4.75% 2007 guaranteed bonds 144A (NR) (exch. for J.P. Morgan Chase & Co. common stock)	1,118,750
40,000 shs	National Australia Bank Ltd. 7.875% exch. capital units (A1)	1,152,500
25,000 shs	Sovereign Capital Trust II 7.50% PIERS (B1) (exch. for Sovereign Bancorp, Inc. common stock)	1,262,500
		<u>6,676,000</u>
	CABLE — 5.5%	
2,500 shs	Adelphia Communications Corp. 5.50% cv. pfd. (Caa)	327,188
500,000	Adelphia Communications Corp. 6% 2006 cv. sub. notes (NR)	507,015
2,000,000	Bell Atlantic Financial Services, Inc. 4.25% 2005 euro. cv. sub. deb. (A1) (exch. for cash equiv. of Cable & Wireless Communications plc common stock)	2,190,000
650,000	Comcast Corp. cv. sub. notes 0% 2020 (Baa3)	539,500
30,000 shs	Cox Communications, Inc. 7% FELINE PRIDES * (Baa2)	1,845,000
1,738 shs	UnitedGlobalCom common stock	31,827
19,000 shs	UnitedGlobalCom dep. shs. representing 7% series D sr. cum. cv. pfd. (Caa) ...	378,813
		<u>5,819,343</u>
	CAPITAL GOODS — 2.6%	
1,050,000	Advanced Energy Industries, Inc. 5.25% 2006 cv. sub. notes (NR)	958,125
1,500,000	CS First Boston, Inc. 2% 2010 sr. medium-term exch. notes 144A (A1) (exch. for General Electric Corp. common stock)	1,327,500
500,000	Exchangeable Certificate Corp. 1.25% 2004 sr. medium-term exch. notes 144A (AAA)(exch. for General Electric Corp. common stock)	486,250
		<u>2,771,875</u>
	DATA-PROCESSING SERVICES — 2.2%	
1,750,000	National Data Corp. 5% 2003 cv. sub. notes (Ba3)	1,634,063
875,000	Online Resources & Communications Corp. 8% 2005 cv. sub. notes 144A (NR)	700,000
		<u>2,334,063</u>
	ENERGY — 11.0%	
40,800 shs	Apache Corp. \$2.015 dep. shs. representing ACES pfd. * (Baa2)	1,999,200
25,000 shs	The Coastal Corp. 6.625% FELINE PRIDES * (Baa2) (conv. into El Paso Energy common stock)	1,068,750
500,000	Devon Energy Corp. 4.90% 2008 cv. sub. deb. (Baa1) (conv. into Chevron Corp. common stock)	483,750
1,000,000	Devon Energy Corp. 4.95% 2008 cv. sub. deb. (Baa1) (conv. into Chevron Corp. common stock)	968,750
1,000,000	Diamond Offshore Drilling, Inc. 3.75% 2007 cv. sub. notes (Baa1)	1,099,375
30,000	Enron Corp. 7% 2002 exch. notes * (Baa1) (conv. into EOG Resources, Inc. common stock)	1,158,750
1,000,000	Exchangeable Certificate Corp. 2% 2005 medium-term exch. notes 144A (AAA)(exch. for Exxon Mobil Corp. common stock)	977,500
750,000	Kerr-McGee Corp. 5.25% 2010 cv. sub. deb. (Baa2)	925,313
500,000	Kerr-McGee Corp. 7.50% 2014 cv. sub. deb. (Baa2)	493,750
30,000	Kerr-McGee Corp. 5.50% 2004 DECS * (Baa1) (exch. for Devon Energy Corp. common stock)	1,473,750
500,000	Loews Corp. 3.125% 2007 cv. sub. deb. (A2) (conv. into Diamond Offshore Drilling, Inc. common stock)	451,875
1,000,000	Pride International, Inc. 0% 2021 cv. sr. notes (Ba3)	670,860
		<u>11,771,623</u>

Portfolio of Investments January 31, 2001 (continued)

Principal Amount or Shares		Value
	ENTERTAINMENT — 7.4%	
\$1,750,000	America Online, Inc. 0% 2019 cv. sub. deb. (Baa2)	\$ 941,719
1,500,000	Clear Channel Communications, Inc. 2.625% 2003 sr. cv. notes (Baa3)	1,721,250
2,000,000	Deutsche Bank Financial, Inc. 1% 2007 sr. medium-term exch. notes (Aa3) (exch. for cash value of The Walt Disney Corp. common stock)	1,860,000
2,000,000	Merrill Lynch & Co., Inc. 0.25% 2006 series B medium-term notes (Aa3) (exch. for America Online, Inc. common stock)	2,185,000
1,000 shs	Radio One Inc. 6.50% HIGH TIDES 144A (Caa)	970,000
250 shs	Radio One Inc. 6.50% HIGH TIDES (Caa)	242,500
		<u>7,920,469</u>
	FINANCIAL & INSURANCE — 7.3%	
25,000 shs	ACE Limited 8.25% FELINE PRIDES * (A2)	1,947,500
2,150,000	Exchangeable Certificate Corp. 0.625% 2005 medium-term exch. notes 144A (AAA)(exch. for American Express Company common stock)	1,994,125
25,000	MetLife Capital Trust I 8% equity security units * (A1) (exch. for MetLife, Inc. common stock)	2,571,875
925,000	Penn Treaty American Corp. 6.25% 2003 cv. sub. notes 144A (BB-)	772,375
625,000	Penn Treaty American Corp. 6.25% 2003 cv. sub. notes (BB-)	521,875
		<u>7,807,750</u>
	HEALTH CARE & DRUGS — 7.7%	
815,000	Allergan 0% LYON 144A (Baa1)	527,203
1,000,000	Amerisource Health Corp. 5% 2007 cv. sub. notes 144A (Ba3)	1,148,125
1,500,000	Elan Finance Corp. 0% 2018 LYON 144A (Baa3) (exch. for ADRs representing Elan Corp., plc common stock)	1,160,625
500,000	Ivax Corp. 5.50% 2007 cv. senior sub. notes 144A (NR)	582,500
500,000	Ivax Corp. 5.50% 2007 cv. senior sub. notes (NR)	582,500
1,000,000	Merrill Lynch & Co., Inc. 2% 2005 medium-term notes (Aa3) (exch. for Johnson & Johnson common stock)	990,000
1,125,000	Roche Holdings, Inc. 0% 2015 LYON 144A (NR) (exch. for Genentech, Inc. common stock)	880,313
1,000,000	Sepracor, Inc. 7% 2005 cv. notes 144A (CCC+)	1,196,250
250,000	Sepracor, Inc. 7% 2005 cv. notes (CCC+)	299,063
1,000,000	Sunrise Assisted Living, Inc. 5.5% 2002 cv. sub. notes (B2)	902,500
		<u>8,269,079</u>
	MULTI-INDUSTRY — 1.7%	
2,000,000	Lehman Brothers Holdings, Inc. 0% 2003 BASES notes (A2) (based on the value of the performance of the 10 Uncommon Values index) . . .	<u>1,820,000</u>
	RETAIL — 4.1%	
1,000,000	Costco Wholesale Corp. 0% 2017 cv. sub. notes 144A (A3)	1,086,875
1,250,000	Costco Wholesale Corp. 0% 2017 cv. sub. notes (A3)	1,358,594
12,300 shs	Estee Lauder Trust \$5.40 TRACES II * (NR) (conv. into Estee Lauder Companies, Inc. common stock)	911,738
2,000,000	Jones Apparel Group, Inc. 0% 2002 cv. sr. notes (Baa2)	1,035,000
		<u>4,392,207</u>

Portfolio of Investments January 31, 2001 (continued)

Principal Amount or Shares		Value
	TECHNOLOGY — 13.3%	
\$1,250,000	Analog Devices, Inc. 4.75% 2005 cv. sub. notes 144A (BBB)	\$1,202,344
1,000,000	CS First Boston, Inc. 2% 2010 medium-term exch. notes (A1) (exch. for Cisco Systems, Inc. common stock)	910,000
1,500,000	CS First Boston, Inc. 1% 2006 medium-term exch. notes (A1) (exch. for Microsoft Corp. common stock)	1,312,500
1,300,000	Cypress Semiconductor Corp. 3.75% 2005 cv. sub. deb. (B1)	1,069,250
1,000,000	Exchangeable Certificate Corp. 0.25% 2005 medium-term exch. notes 144A (AAA)(exch. for Intel Corp. common stock)	835,000
1,000,000	Exodus Communications, Inc. 4.75% 2008 cv. sub. notes 144A (Caa1)	958,125
448	The Goldman Sachs Group, Inc. 8% 2002 YES notes (A1) (exch. for Brocade Communications Corp. common stock)	841,246
1,000,000	The Goldman Sachs Group, Inc. 0.25% 2007 medium-term notes (A1) (exch. for EMC common stock)	1,119,200
2,000,000	Hewlett-Packard Co. 0% 2017 LYON (Aa3)	1,178,750
1,250,000	LSI Logic Corp. 4% 2005 cv. sub. notes (B1)	1,022,656
500,000	Peregrine Systems, Inc. 5.50% 2007 cv. sub. notes 144A (NR)	722,500
500,000	Rational Software Corp. 5% 2007 cv. sub. notes 144A (NR)	815,000
1,250,000	Sci Systems, Inc. 3% 2007 cv. sub. notes (Ba1)	1,076,563
1,000,000	Solectron Corp. 0% 2019 LYON (Baa3)	661,250
750,000	STMicroelectronics, N.V. 0% 2010 cv. sub. notes 144A (A3)	525,000
		<u>14,249,384</u>
	TELECOMMUNICATIONS — 11.4%	
750,000	American Tower Corp. 5% 2010 cv. sub. deb. 144A (B3)	727,500
4,000,000	Anixter International, Inc. 0% 2020 LYON 144A (Ba3)	1,087,500
2,000,000	Bell Atlantic Financial Services, Inc. 5.75% 2003 cv. sub. deb. 144A (A1) (exch. for cash equiv. Telecom Corp. of New Zealand common stock)	1,985,000
1,000,000	Corning, Inc. 0% 2015 cv. deb. (A2)	750,000
1,050 shs	Crown Castle International Corp. common stock	29,346
15,000 shs	Crown Castle International Corp. 6.25% 2012 cv. pfd. (Caa)	688,125
1,000,000	Exchangeable Certificate Corp. 0.25% 2006 medium-term exch. notes 144A (AAA)(exch. for specific telephone and cable common stocks **)	972,500
980,000	Level 3 Communications, Inc. 6% 2009 cv. sub. notes (Caa1)	816,463
1,000,000	Liberty Media Corp. 3.75% 2030 sr. exch. deb. 144A (Baa3) (exch. for Sprint Corporation PCS common stock)	715,000
25,000	MediaOne Group, Inc. 7% 2002 PIES * (Baa1) (exch. for ADRs representing Vodafone AirTouch plc common stock)	890,625
1,500,000	Nextel Communications, Inc. 5.25% 2010 cv. sr. notes 144A (B1)	1,263,750
1,500,000	Tecnost International, N.V. 1% 2005 ADBs 144A (Baa2) (exch. for ADRs representing Telecom Italia S.p.A. common stock)	1,444,403
500,000	Tekelec 3.25% 2004 cv. sub. discount notes 144A (NR)	834,688
		<u>12,204,900</u>
	TRANSPORTATION — 2.0%	
20,000 shs	Continental Airlines Finance Trust II 6% cv. pfd. TIDES 144A (NR) (exch. for Continental Airlines, Inc. common stock)	1,032,500
1,000,000	United Parcel Service, Inc. 1.75% 2007 cash-settled cv. sr. notes (AAA)	1,091,250
		<u>2,123,750</u>

Portfolio of Investments January 31, 2001 (continued)

Principal Amount or Shares		Value
	UTILITIES — 3.9%	
24,000 shs	AES Trust VII \$3 trust cv. pfd. securities 144A (Ba3) (conv. into AES Corp. common stock)	\$ 1,713,000
17,500 shs	Calpine Capital Trust III 5% HIGH TIDES 144A (Ba2) (exch. for Calpine Corp. common stock)	993,125
8,250 shs	Calpine Capital Trust III 5% HIGH TIDES (Ba2) (exch. for Calpine Corp. common stock)	468,188
\$1,000,000	International Power (Cayman) Limited 2% 2005 sr. cv. notes 144A (Ba3) (exch. for ADSs representing International Power plc common stock)	1,050,000
		<u>4,224,313</u>
	U.S. TREASURY NOTES — 0.0%	
17,000	4.875% 3/31/01 †	16,995
	CORPORATE SHORT-TERM NOTES — 8.5%	
9,100,000	American Express Credit Corp. (P1) (5.47% & 5.80% maturing 2/1/01 & 2/5/01)	9,091,659
	Total Convertible Bonds and Notes — 72.8%	78,000,951
	Total Convertible Preferred Stocks — 17.7%	18,981,627
	Total Common Stocks — 0.1%	61,173
	Total Corporate Short-Term Notes — 8.5%	9,091,659
	Total Investments — 99.1%	<u>106,135,410</u>
	Other assets and liabilities, net — 0.9%	981,938
	Total Net Assets — 100.0%	<u>\$107,117,348</u>

* See Note 1(e) Annual Report to Shareholders, dated October 31, 2000.

** Ticker symbols: CSCO, CMCSK, TWX, IBM, LMGa and WCOM.

† Collateral for a letter of credit.

ACES	Automatically Convertible Equity Securities.
ADBs	American Depositary Bonds.
ADRs	American Depositary Receipts.
ADSs	American Depositary Shares.
BASES	Basket Adjusting Structured Equity Securities.
DECS	Debt Exchangeable for Common Stock.
FELINE	Family of Equity-Linked Income Securities.
HIGH TIDES	Remarketable Term Income Deferrable Equity Securities.
LYON	Liquid Yield Option Note.
PIERS	Preferred Income Equity Redeemable 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.
YES	Yield Enhanced Securities.

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