

Bancroft Convertible Fund, Inc.

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

First Quarter Update - January 31, 2003 (unaudited)

Financial Highlights

Market value 1/31/03	\$18.41
Net asset value (NAV) 1/31/03	\$18.80
Market discount to NAV	(2.07)%
12-Month income distribution	\$0.79
Yield on market value	4.30%
Ratio of expenses to avg. net assets	1.07%*
Ratio of net income to avg. net assets	3.15%*
Portfolio turnover	19.56%
Shares outstanding	4,725,858

* Annualized.

Change in Net Asset Value (NAV)

	Per Share
Beginning NAV (10/31/02)	\$18.55
Changes in NAV from Operations:	
Net Investment Income	0.15
Realized Loss	(0.06)
Decrease in Unrealized Loss	0.39
Total Change from Operations	0.48
Distributions:	
Net Investment Income	(0.23)
Capital Gains	(0.00)
Total Change from Distributions	(0.23)
Total Change	0.25
Ending NAV (1/31/03)	\$18.80

Major Industry Exposure as of 1/31/03

	% of Net Assets
Financial & Insurance	12.3
Retail	8.5
Pharmaceuticals	8.3
Banking/Savings & Loan	7.7
Technology	7.1
Energy	7.0
Aerospace & Defense	6.6
Health Care	6.4
Telecommunications	4.2
Entertainment	3.5

The portfolio holdings and industry exposure are as of January 31, 2003 and subject to change without notice.

Detailed portfolio information is available on our website (www.bancroftfund.com). Visit us there or contact us by e-mail at info@bancroftfund.com or call us at (973) 631-1177.

Performance through 1/31/03 with dividends reinvested

	3 Months	1 Year	5 Years	10 Years
Bancroft market value (a)	6.23%	(4.05)%	30.81%	189.08%
Bancroft net asset value (b)	2.59	(5.26)	18.19	134.45
Closed-end conv. fund avg. (b)	7.05	(8.73)	9.04	106.00
S&P 500 (a)	(2.95)	(23.01)	(6.45)	135.80
Russell 2000 (a)	0.03	(21.86)	(7.17)	63.16(c)
Lehman Aggregate Bond Total Return Index (b)	2.13	9.46	42.16	102.66

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

(a) From Bloomberg L.P. pricing service.

(b) From Lipper, Inc. Closed-End Fund Performance Analysis, January 31, 2003.

(c) 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. 02	\$20.76	\$20.44	\$ 20.68	\$20.30	\$18.56	\$ 18.80
Jul. 02	20.86	18.02	18.71	19.50	16.50	17.04
Oct. 02	19.11	17.82	18.55	18.40	17.05	17.54
Jan. 03	19.21	17.58	18.80	19.20	17.53	18.41

Total Fund Investments as of 1/31/03

	(000's)	% of Net Assets
Convertible Bonds and Notes	\$51,966	58.5
Mandatory Convertible Securities	15,038	16.9
Convertible Preferred Stocks	14,042	15.8
Short-term Investments	7,110	8.0
Other Assets	692	0.8
Net Assets	\$88,848	100.0%

Largest Investment Holdings as of 1/31/03

	% of Net Assets
Washington Mutual, Inc.	2.6
Reinsurance Group of America, Inc.	2.3
Telecom Corp. of New Zealand	2.3
Travelers Property Casualty Corp.	2.2
Anixter International, Inc.	1.9
Costco Wholesale Corp.	1.8
Johnson & Johnson	1.8
The News Corp. Limited	1.8
Northrop Grumman Corp.	1.8
WPP Group plc	1.7

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To Our Shareholders:

March 11, 2003

March 11, 2000 marked the beginning of the long-term market decline that does not appear to have ended yet. The over-exuberance of the 1990's has been replaced by a wariness that is warranted. Iraq, the war on terror, weapons of mass destruction in the hands of non-democratic regimes, oil prices rising above \$35 per barrel, instability in Venezuela; all of these make for extreme uncertainty.

Fortunately, our economy is not collapsing as it might have in such an environment in the past. The economy is going to be the driver of the next bull market and when it starts its recovery, the stock market should also begin to recover. We remain wary but hopeful.

As indicated in the Performance chart of this First Quarter Update, the Fund outperformed the Lipper Closed-end Convertible Fund average, the S&P 500 index and the Russell 2000 index for the one year and five years ended January 31, 2003. As always, past performance is not a guarantee of future returns.

The Fund's website www.bancroftfund.com contains press releases, dividend information and daily net asset values. The Closed-End Fund Association (www.cefa.com), of which the Fund is a member, is another source of information on many closed-end funds.* Based upon data through February 28, 2003, Morningstar** has continued to rate Bancroft's performance at four stars (above average) overall as measured on their "Quicktake Report" on their website. Shareholders who wish to obtain a copy of the most recent report on the Fund issued by Standard and Poor's should contact us.

At the February meeting of shareholders, William A. Benton, Elizabeth C. Bogan and George R. Lieberman were elected to three-year terms as directors of the Company. PricewaterhouseCoopers, LLP was ratified as the Company's independent accountants for the 2003 fiscal year. We thank you for your participation and support.

At its February meeting, the Board of Directors declared a dividend of 18 cents per share payable March 28, 2003 to shareholders of record March 14, 2003.

January 31 marked the partial retirement of our Chief Financial Officer, Sigmund Levine, who has been at his post since 1982. He has played an important role in the Fund's success over the years. He will continue on as Secretary of the Fund. We wish him well. Sigmund is succeeded as Chief Financial Officer by Gary I. Levine, who has served as Treasurer of the Fund since 1993 and was elected Vice President in 2002.




Thomas H. Dinsmore
Chairman of the Board

* The Closed-End Fund Association is solely responsible for the content of its website.

** Morningstar is a mutual fund analysis and statistical reporting service that reports on and rates most mutual funds. It is solely responsible for the content of its website.

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Stock Exchange Listing

AMEX - Symbol: BCV



Portfolio of Investments January 31, 2003 (unaudited)

Principal Amount or Shares		Value
	ADVERTISING — 3.3%	
\$1,550,000	The Interpublic Group Cos., Inc. 1.80% 2004 cv. sub. notes (BB+)	\$ 1,365,938
1,600,000	WPP Group plc 3% 2005 cv. sub. notes (Baa1)	1,545,344
		<u>2,911,282</u>
	AEROSPACE & DEFENSE — 6.6%	
1,500,000	The Goldman Sachs Group, Inc. 1.00% 2009 exh. equity-linked notes * (Aa3) (exch. for General Dynamics Corp. common stock)	1,350,180
750,000	L-3 Communications Holdings, Inc. 5.25% 2009 cv. sr. sub. notes 144A (Ba3) ..	969,375
500,000	L-3 Communications Holdings, Inc. 4.40% 2011 sr. sub. cv. CODES * (Ba3) ...	564,375
15,000 shs	Northrop Grumman Corp. 7.25% equity units ***(NR)	1,557,750
20,000 shs	RC Trust I 8.25% equity security units ***(Ba2)	
	(exch. for Raytheon Co. class B common stock)	1,084,000
705,000	SPACEHAB, Inc. 8% 2007 cv. sub. notes 144A (NR)	317,250
		<u>5,842,930</u>
	AUTOMOTIVE — 3.3%	
20,000 shs	Ford Motor Co. Capital Trust II 6.50% cv. pfd. (Baa2) (exch. for Ford Motor Co. common stock)	830,000
40,500 shs	General Motors Corp. series B cv. sr. deb. (A3)	961,875
2,500,000	Lear Corp. 0% 2022 cv. sr. notes 144A (Ba1)	1,126,563
		<u>2,918,438</u>
	BANKING/SAVINGS & LOAN — 7.7%	
20,000 shs	Commerce Capital Trust II 5.95% cv. trust pfd. 144A (Baa1) (exch. for Commerce Bancorp common stock)	1,141,250
40,000 shs	National Australia Bank Ltd. 7.875% exh. capital units (A2)	1,346,000
20,000 shs	New York Community Bancorp, Inc. 6% BONUSSES units (Ba1)	1,020,360
5,000 shs	State Street Corp. 6.75% treasury backed ACES (NR)	1,023,625
35,000 shs	Washington Mutual Capital Trust PIERS units 144A (Baa1) (exch. for Washington Mutual, Inc. common stock)	1,802,500
10,000 shs	Washington Mutual Capital Trust PIERS units (Baa1) (exch. for Washington Mutual, Inc. common stock)	515,000
		<u>6,848,735</u>
	CABLE — 2.4%	
1,000,000	Charter Communications, Inc. 5.75% 2005 cv. sr. notes (Ca)	230,000
42,500 shs	Equity Securities Trust II 6.25% ** (NR) (exch. for Cablevision Systems Corp. common stock)	858,633
1,000,000	Verizon Global Funding Corp. 4.25% 2005 euro. sr. exh. notes * (A2) (exch. for cash equiv. of Cable & Wireless Communications plc & NTL, Inc. common stocks)	1,052,500
		<u>2,141,133</u>
	CONSUMER GOODS — 1.2%	
16,300 shs	Newell Financial Trust I 5.25% (Baa2) (exch. for Newell Rubbermaid, Inc. common stock)	749,067
	DATA-PROCESSING SERVICES — 1.3%	
1,000,000	The BISYS Group, Inc. 4% 2006 cv. sub. notes 144A (NR)	957,500
250,000	The BISYS Group, Inc. 4% 2006 cv. sub. notes (NR)	239,375
		<u>1,196,875</u>
	ENERGY — 7.0%	
500,000	Devon Energy Corp. 4.90% 2008 cv. sub. deb. * (Baa2) (conv. into ChevronTexaco Corp. common stock)	506,995
1,000,000	Devon Energy Corp. 4.95% 2008 cv. sub. deb. * (Baa2) (conv. into ChevronTexaco Corp. common stock)	1,016,490

Portfolio of Investments January 31, 2003 (continued)

Principal Amount or Shares		Value
	ENERGY — continued	
\$1,300,000	Kerr-McGee Corp. 5.25% 2010 cv. sub. deb. (Baa2)	\$1,399,346
30,000	Kerr-McGee Corp. 5.50% 2004 DECS ** (Baa2) (exch. for Devon Energy Corp. common stock)	1,251,000
1,000,000	Offshore Logistics, Inc. 6% 2003 cv. sub. notes (B2)	1,051,250
37,500 shs	ONEOK, Inc. 8.50% equity units **,* (Baa1)	954,750
		<u>6,179,831</u>
	ENTERTAINMENT — 3.5%	
10,000 shs	Emmis Communications Corp. 6.25% series A cum.cv. pfd. (Caa1)	440,000
3,000,000	News America, Inc. 0% 2021 LYONs 144A (Baa3) (exch. for ADSs representing The News Corp. Limited common stock)	1,589,100
1,000 shs	Radio One, Inc. 6.50% HIGH TIDES (B3)	1,045,813
		<u>3,074,913</u>
	FINANCIAL & INSURANCE — 12.3%	
50,000 shs	Capital One Financial Corp. 6.25% Upper DECS **,* (Baa3)	1,497,500
40,000 shs	The Chubb Corp. 7% equity units **,* (A1)	990,000
40,000 shs	Platinum Underwriters Holdings, Ltd. 7% equity security units **,* (NR)	1,094,000
22,500 shs	Prudential Financial Capital Trust I 6.25% equity security units **,* (A3) (exch. for Prudential Financial, Inc. common stock)	1,224,844
40,000 shs	Reinsurance Group of America, Inc. 5.75% PIERS (Baa2)	2,000,000
1,000,000	Swiss Re America Holding Corp. 3.25% 2021 euro. sub. cv. bonds 144A (Aa1) (conv. into Swiss Reinsurance Company common stock)	875,000
80,000 shs	Travelers Property Casualty Corp. 4.50% 2032 cv. jr. sub. notes (A3)	1,929,200
1,500,000	XL Capital, Ltd. 0% 2021 cv. deb. 144A * (A1)	958,125
500,000	XL Capital, Ltd. 0% 2021 cv. deb. * (A1)	319,375
		<u>10,888,044</u>
	FOODS — 1.6%	
2,000,000	General Mills, Inc. 0% 2022 cv. sr. deb. 144A * (Baa2)	1,425,000
	HEALTH CARE — 6.4%	
750,000	AmerisourceBergen Corp. 5% 2007 cv. sub. notes 144A (Ba3)	1,012,275
1,000,000	Community Health Systems, Inc. 4.25% 2008 cv. sub. notes (B3)	973,750
500,000	LifePoint Hospitals, Inc. 4.50% 2009 cv. sub. notes 144A (B3)	484,375
500,000	LifePoint Hospitals, Inc. 4.50% 2009 cv. sub. notes (B3)	484,375
1,000,000	Medtronic, Inc. 1.25% 2021 cv. deb. * (A1)	1,047,150
1,000,000	Province Healthcare Company 4.25% 2008 cv. sub. notes 144A (B3)	760,000
600,000	Sunrise Assisted Living, Inc. 5.25% 2009 cv. sub. notes 144A (B1)	559,125
400,000	Sunrise Assisted Living, Inc. 5.25% 2009 cv. sub. notes (B1)	372,750
		<u>5,693,800</u>
	MINING — 0.3%	
5,000 shs	Arch Coal, Inc. 5% perpetual cumulative cv. pfd. * (B1)	260,625
	OFFICE EQUIPMENT — 1.7%	
1,250,000	IOS Capital, LLC 5% 2007 cv. sub. notes 144A (Baa3) (exch. for IKON Office Solutions, Inc. common stock)	1,192,969
500,000	Xerox Corp. 0.57% 2018 cv. sub. deb. (B3)	321,250
		<u>1,514,219</u>
	PAPER & PAPER PRODUCTS — 1.2%	
25,000 shs	Temple-Inland, Inc. 7.50% Upper DECS **,* (Baa3)	1,107,500

Portfolio of Investments January 31, 2003 (continued)

Principal Amount or Shares		Value
	PHARMACEUTICALS — 8.3%	
\$2,000,000	Alza Corp. 0% 2020 cv. sub. deb. (Aa1) (exch. for Johnson & Johnson common stock)	\$1,555,000
750,000	Cephalon, Inc. 2.50% 2006 cv. sub. notes 144A (NR)	688,125
750,000	Cephalon, Inc. 2.50% 2006 cv. sub. notes (NR)	688,125
500,000	Gilead Sciences, Inc. 2% 2007 cv. sr. notes (NR)	525,000
1,500,000	Ivax Corp. 5.50% 2007 cv. sr. sub. notes (NR)	1,402,500
750,000	Ligand Pharmaceuticals, Inc. 6% 2007 cv. sr. sub. notes 144A (NR)	766,875
800,000	Sepracor, Inc. 7% 2005 cv. sub. deb. 144A (CCC+)	702,000
1,000,000	Teva Pharmaceutical Finance B.V. 0.375% 2022 cv. sub. deb. (BBB-) (exch. for Teva Pharmaceuticals Industries Ltd. ADRs)	1,065,000
		<u>7,392,625</u>
	RETAIL — 8.5%	
1,028,000	Barnes & Noble, Inc. 5.25% 2009 cv. sub. notes (Ba3)	976,600
500,000	Brinker International, Inc. 0% 2021 cv. sr. deb. 144A (Baa2)	334,135
750,000	Brinker International, Inc. 0% 2021 cv. sr. deb. (Baa2)	501,203
1,500,000	Charming Shoppes, Inc. 4.75% 2012 sr. cv. notes 144A (B2)	1,124,063
250,000	Charming Shoppes, Inc. 4.75% 2012 sr. cv. notes (B2)	187,344
500,000	Costco Wholesale Corp. 0% 2017 cv. sub. notes 144A (A3)	360,745
1,750,000	Costco Wholesale Corp. 0% 2017 cv. sub. notes (A3)	1,262,608
1,225,000	Duane Reade, Inc. 2.148% 2022 cv. sr. notes 144A (Ba3)	581,875
525,000	Duane Reade, Inc. 2.148% 2022 cv. sr. notes (Ba3)	249,375
850,000	School Specialty, Inc. 6% 2008 cv. sub. notes 144A (B+)	826,804
250,000	School Specialty, Inc. 6% 2008 cv. sub. notes (B+)	243,178
500,000	Skechers U.S.A., Inc. 4.50% 2007 cv. bonds 144A (NR)	403,125
15,000 shs	Toys "R" Us, Inc. 6.25% equity securities units **,* (BBB)	463,200
		<u>7,514,255</u>
	TECHNOLOGY — 7.1%	
250,000	Affiliated Computer Services, Inc. 3.50% 2006 cv. sub. notes 144A (Baa2)	349,825
500,000	Affiliated Computer Services, Inc. 3.50% 2006 cv. sub. notes (Baa2)	699,650
1,250,000	Analog Devices, Inc. 4.75% 2005 cv. sub. notes 144A (Baa1)	1,254,688
1,000,000	Brooks Automation, Inc. 4.75% 2008 cv. sub. notes 144A (NR)	741,875
250,000	Brooks Automation, Inc. 4.75% 2008 cv. sub. notes (NR)	185,469
1,500,000	CS First Boston, Inc. 1% 2006 medium-term exch. notes * (Aa3) (exch. for Microsoft Corp. common stock)	1,435,313
500,000	Kulicke & Soffa Industries, Inc. 4.75% 2006 cv. sub. notes (B3)	307,500
1,500,000	STMicroelectronics N.V. 0% 2009 LYONs (Baa1)	1,301,250
		<u>6,275,570</u>
	TELECOMMUNICATIONS — 4.2%	
4,000,000	Anixter International, Inc. 0% 2020 LYONs 144A (Ba3)	1,180,000
1,700,000	Anixter International, Inc. 0% 2020 LYONs (Ba3)	501,500
2,000,000	Bell Atlantic Financial Services, Inc. 5.75% 2003 sr. exch. notes 144A * (A2) (exch. for cash equiv. Telecom Corp. of New Zealand, Ltd. common stock)	2,009,500
		<u>3,691,000</u>
	TRANSPORTATION — 1.7%	
1,000,000	Continental Airlines, Inc. 4.50% 2007 cv. notes (B2)	454,000
1,000,000	United Parcel Service, Inc. 1.75% 2007 cash-settled cv. sr. notes (Aaa)	1,035,000
		<u>1,489,000</u>

Portfolio of Investments January 31, 2003 (continued)

Principal Amount or Shares		Value
	UTILITIES — 2.2%	
25,000 shs	American Electric Power Co., Inc. 9.25% equity units ** (Baa2)	\$ 901,500
40,000 shs	DTE Energy Co. 8.75% equity security units *** (Baa2)	1,029,600
		<u>1,931,100</u>
	SHORT-TERM SECURITIES — 8.0%	
\$7,100,000	American Express Credit Corp. (P1) (1.18% maturing 2/4/03)	7,099,069
11,000	U.S. Treasury notes 4.00% 4/30/03 # (Aaa)	11,076
		<u>7,110,145</u>
	Total Convertible Bonds and Notes — 58.5%	51,966,350
	Total Convertible Preferred Stocks — 15.8%	14,041,690
	Total Mandatory Convertible Securities — 16.9%	15,037,902
	Total Short-Term Securities — 8.0%	7,110,145
	Total Investments — 99.2%	<u>88,156,087</u>
	Other assets and liabilities, net — 0.8%	691,425
	Total Net Assets — 100.0%	<u><u>\$88,847,512</u></u>

* Contingent payment debt instrument. See Note 1(b) Annual Report to Shareholders, October 31, 2002.
 ** Mandatory convertible. See Note 1(e) Annual Report to Shareholders, October 31, 2002.
 # Collateral for a letter of credit.

ACES Automatic Convertible Equity Securities.
 ADRs American Depositary Receipts.
 ADSs American Depositary Shares.
 BONUSES Bifurcated Option Note Unit Securities.
 CODES Contingent Debt Securities.
 DECS Debt Exchangeable for Common Stock.
 HIGH TIDES Remarketable Term Income Deferrable Equity Securities.
 LYONs Liquid Yield Option Notes.
 PIERs Preferred Income Equity Redeemable Securities.

Ratings in parentheses by Moody's Investors Service, Inc. or Standard & Poor's, a division of McGraw-Hill Companies, Inc. NR is used whenever a rating is unavailable.