

BANCROFT CONVERTIBLE FUND



2001 Semi-Annual Report
April 30, 2001

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Bancroft Convertible Fund, Inc. operates as a closed-end, diversified management investment company and invests primarily in convertible securities, with the objectives of providing income and the potential for capital appreciation -- which objectives the Company considers to be relatively equal, over the long-term, due to the nature of the securities in which it invests.

Highlights

Performance thru 4/30/01 *with dividends reinvested*

	<u>4 Months</u>	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>
Bancroft market value (a)	8.36%	18.51%	103.81%	306.50%
Bancroft net asset value (b)	(0.29)	(3.82)	73.23	234.38
Closed-end convertible fund average (b)	2.69	(5.46)	52.69	211.46
S&P 500 (a)	(5.01)	(12.97)	106.07	313.04
Russell 2000 (a)	0.81	(2.76)	49.38	184.46(c)
Lehman Aggregate Bond Total Return Index (b)	2.61	12.39	43.64	112.33

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, dated April 30, 2001.

(c) Simple appreciation of index.

Quarterly History of NAV and Market Price

Qtr. Ended	Net Asset Values			Market Prices (AMEX, symbol BCV)		
	<u>High</u>	<u>Low</u>	<u>Close</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
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
Apr. 01	23.14	20.72	22.25	21.99	19.10	20.45

Dividend Distributions (12 Months)

<u>Record Date</u>	<u>Payment Date</u>	<u>Income</u>	<u>Capital Gains</u>	<u>Total</u>
6/15/00	6/29/00	\$0.210	\$ —	\$0.210
9/14/00	9/28/00	0.210	—	0.210
11/23/00	12/28/00	0.419	3.096	3.515
3/15/01	3/29/01	0.210	—	0.210
		<u>\$1.049</u>	<u>\$3.096</u>	<u>\$4.145</u>

To Our Shareholders

The rate of growth of the American economy is slowing down. Economic statistics show U.S. factory orders down 3.0% in April, U.S. non-farm productivity down 1.2% in the first quarter of calendar 2001 and unit labor costs rose at a 6.3% annualized rate for that quarter. This negative news appears to be due, in part, to factors such as last year's restrictive monetary policy, rising oil and gas prices, an electric power generating system that is no longer adequate and continuing aftershocks of the bursting of the technology bubble.

If the past is a guide, relief may be on the way. Monetary policy was changed from restrictive to expansionary at the end of 2000. Financial markets have usually responded with an upward move of 10% or more within six months of such a change. This time the stimulus has helped the S&P 500 recover over 15% from its March lows, but it is still down for the year-to-date. The increased money flow has not given the historic 10% return so far.

Fiscal policy was also changed with the passing of the tax cut. While historically this is a modest cut, it will, over time, put money back in the hands of those who earned it and improve after-tax returns on investment. The effect of both of these changes improves the overall economic outlook.

Longer-term improvement in the economic and market outlooks requires increasing the efficiency of energy use, building new generation plants, developing new sources of oil and gas and alternative sources of energy. Further improvement of productivity will require better and broader use of technology.

For shareholders who have access to the Internet, 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 April 30, 2001, Morningstar has continued to rate Bancroft's performance at four stars (above average) on the "Quicktake Report" on their website.** Shareholders who wish a copy of the most recent report on the Fund issued by Standard and Poor's should contact us.

At its May meeting the Board of Directors declared a dividend of 24 cents per share. The dividend is payable June 28, 2001 to shareholders of record June 14, 2001.



Thomas H. Dinsmore
Chairman of the Board

June 6, 2001

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

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

Largest Investment Holdings by underlying common stock

Principal Amount or Shares		Value (Note 1)	% Total Net Assets
3,750,000	AOL Time Warner, Inc. <i>A global company delivering entertainment, news, and Internet brands across converging media platforms. (exchangeable in part from Merrill Lynch 0.25% due 2004)</i>	\$ 3,065,469	3.0 %
40,800	Apache Corp. <i>Explores for and produces natural gas, crude oil and natural gas liquids.</i>	2,205,750	2.1
2,000,000	National Data Corp. <i>A leading provider of information services and systems to the health care and electronic commerce markets.</i>	2,035,000	2.0
2,000,000	Telecom Corp. of New Zealand <i>The principal supplier of telecommunications in New Zealand. (exchangeable from Bell Atlantic Financial Services, Inc. 5.75% due 2003)</i>	1,998,750	1.9
2,150,000	American Express Company <i>Through its subsidiaries, provides travel-related, financial advisory, and international banking services around the world. (exchangeable from Exch. Certificate 0.625% due 2005)</i>	1,940,375	1.9
2,250,000	Costco Wholesale Corp. <i>Operates wholesale membership warehouses in the United States, Taiwan, Canada, Korea, Japan, and the United Kingdom.</i>	1,925,150	1.9
25,750	Calpine Corp. <i>Acquires, develops, owns, and operates power generation facilities, as well as sells electricity in the United States. (exchangeable from Calpine Capital Trust III 5% HIGH TIDES)</i>	1,921,593	1.9
25,000	ACE Limited <i>The holding company for the ACE Group of Companies, a property and casualty insurance business.</i>	1,867,188	1.8
2,000,000	The Walt Disney Corp. <i>A media company with operations in entertainment, theme parks and resorts, and consumer products. (exchangeable from Deutsche Bank Financial 1% due 2007)</i>	<u>1,852,500</u>	<u>1.8</u>
	Total	<u><u>\$18,811,775</u></u>	<u><u>18.3 %</u></u>

Major Industry Exposure

	<u>% Total Net Assets</u>
Energy	11.91%
Telecommunications	10.27
Entertainment	9.12
Health Care & Drugs	8.42
Technology	8.42
Banking	7.22
Cable	6.12
Financial & Insurance	5.90
Retail	4.47
Utilities	4.19
Total	<u>76.04%</u>

Major Portfolio Changes

Three months ended April 30, 2001

	<u>Principal Amount or Shares</u>
ADDITIONS	
Affiliated Computer Services, Inc.	1,000,000
The Bisys Group, Inc.	1,000,000
Cypress Semiconductor Corp.	1,200,000
El Paso Corp.	3,300,000
Exodus Communications, Inc.	1,000,000
Fleming Companies, Inc.	1,000,000
Hanover Compressor Co.	1,000,000
The News Corporation Limited (<i>exchangeable from News America, Inc.</i>)	3,000,000
Sun Microsystems, Inc. (<i>exchangeable from CS First Boston, Inc.</i>)	51,000
Thermo Electron Corp.	1,000,000
Viacom Inc. (<i>exchangeable from Liberty Media Corp.</i>)	1,000,000
Washington Mutual, Inc. (<i>exchangeable from Washington Mutual Capital Trust</i>)	30,000
REDUCTIONS	
Cisco Systems, Inc. (<i>exchangeable from CS First Boston, Inc.</i>)	1,000,000
The Coastal Corp.	25,000
Cypress Semiconductor Corp.	1,300,000
Diamond Offshore Drilling Inc.	1,000,000
Exodus Communications, Inc.	1,000,000
Intel Corp. (<i>exchangeable from Exchangeable Certificates Corp.</i>)	1,000,000
LSI Logic Corp.	1,250,000
MetLife, Inc. (<i>exchangeable from MetLife Capital Trust</i>)	10,000
Nextel Communications, Inc.	1,500,000
Sci Systems, Inc.	1,250,000
Viacom Inc. (<i>exchangeable from Liberty Media Corp.</i>)	1,000,000

Statement of Assets and Liabilities *(unaudited)*

	<u>April 30, 2001</u>
Assets:	
Investments at value (cost \$100,698,496) (Note 1)	\$ 102,026,661
Cash	2,602,993
Receivable for securities sold	221,394
Dividends and interest receivable	618,081
Other assets	<u>30,420</u>
Total assets	<u>105,499,549</u>
Liabilities:	
Payable for securities purchased	2,497,754
Accrued management fee (Note 2)	69,532
Accrued expenses	<u>16,620</u>
Total liabilities	<u>2,583,906</u>
Net Assets	<u>\$ 102,915,643</u>
Net assets consist of:	
Undistributed net investment income	\$ 2,145,999
Accumulated net realized loss from investment transactions	(51,058)
Unrealized appreciation on investments	1,328,165
Capital shares (Note 3)	46,255
Additional paid-in capital	101,034,396
Treasury stock (Note 3)	<u>(1,588,114)</u>
Net Assets	<u>\$ 102,915,643</u>
Net asset value per share (\$102,915,643 ÷ 4,625,918 outstanding shares)	<u>\$ 22.25</u>

Statement of Operations *(unaudited)*

Six Months Ended April 30, 2001

Investment Income (Note 1):	
Interest	\$ 3,053,401
Dividends	<u>670,266</u>
Total Income	<u>3,723,667</u>
Expenses (Note 2):	
Management fee	375,184
Custodian	11,535
Transfer agent	13,571
Professional fees	36,550
Directors' fees	51,000
Reports to shareholders	26,719
Treasurer's office	12,500
Other	<u>49,792</u>
Total Expenses	<u>576,851</u>
Net Investment Income	<u>3,146,816</u>
Realized and Unrealized Loss on Investments:	
Net realized loss from investment transactions	(53,998)
Net change in unrealized appreciation of investments	<u>(5,848,391)</u>
Net loss on investments	<u>(5,902,389)</u>
Net Decrease in Net Assets Resulting from Operations	<u>\$ (2,755,573)</u>

See accompanying notes to financial statements.

Statement of Changes in Net Assets

	Six Months Ended April 30, 2001 (unaudited)	Year Ended October 31, 2001
Change in net assets from operations:		
Net investment income	\$ 3,146,816	\$ 4,259,870
Net realized gain (loss) from investment transactions	(53,998)	12,738,109
Net change in unrealized appreciation of investments	<u>(5,848,391)</u>	<u>(1,551,756)</u>
Net change in net assets resulting from operations	<u>(2,755,573)</u>	<u>15,446,223</u>
Dividends to shareholders from:		
Net investment income	(2,693,237)	(3,249,653)
Net realized gain on investments	<u>(12,722,368)</u>	<u>(10,993,470)</u>
Total dividends	<u>(15,415,605)</u>	<u>(14,243,123)</u>
Capital share transactions (Note 3)		
Value of shares issued on reinvestment of distributions	9,751,270	7,930,327
Cost of shares repurchased	<u>—</u>	<u>(1,588,689)</u>
Change in net assets resulting from capital share transactions	<u>9,751,270</u>	<u>6,341,638</u>
Change in net assets	<u>(8,419,908)</u>	<u>7,544,738</u>
Net assets at beginning of period	<u>111,335,551</u>	<u>103,790,813</u>
Net assets at end of period (including undistributed net investment income of \$2,145,999 and \$1,692,419, respectively)	<u>\$102,915,643</u>	<u>\$111,335,551</u>

Financial Highlights

Selected data for a share of common stock outstanding:

	Six Months Ended April 30, 2001 (unaudited)	Years Ended October 31,				
		2000	1999	1998	1997	1996
Operating Performance:						
Net asset value, beginning of period ..	\$ 27.09	\$ 27.35	\$ 26.89	\$ 30.48	\$ 28.23	\$ 24.84
Net investment income68	1.04	.78	.87	.94	.96
Net realized and unrealized gain (loss)	<u>(1.79)</u>	<u>2.29</u>	<u>3.40</u>	<u>(.01)</u>	<u>4.55</u>	<u>4.19</u>
Total from investment operations	(1.11)	3.33	4.18	(0.86)	5.49	5.15
Less Distributions:						
Dividends from net investment income	(.63)	(.80)	(.78)	(.88)	(.93)	(1.11)
Distributions from realized gains	<u>(3.10)</u>	<u>(2.90)</u>	<u>(2.94)</u>	<u>(3.57)</u>	<u>(2.31)</u>	<u>(.65)</u>
Total distributions	(3.73)	(3.70)	(3.72)	(4.45)	(3.24)	(1.76)
Capital share repurchases	<u>—</u>	<u>.11</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net asset value, end of period	<u>\$ 22.25</u>	<u>\$ 27.09</u>	<u>\$ 27.35</u>	<u>\$ 26.89</u>	<u>\$ 30.48</u>	<u>\$ 28.23</u>
Market value, end of period	\$ 20.45	\$ 22.63	\$ 22.25	\$ 26.75	\$ 26.81	\$ 23.88
Total Net Asset Value Return(a)	(4.32)%	13.62%	16.36%	3.16%	21.18%	21.55%
Total Investment Return(b)	8.29%	20.63%	(2.96)%	18.17%	28.19%	15.65%
Ratios/Supplemental Data:						
Net assets, end of period (\$000's)	102,916	111,336	103,791	93,433	96,187	83,302
Ratio of expenses to average net assets	1.1%(c)	1.1%	1.1%	1.1%	1.2%	1.2%
Ratio of net investment income to average net assets	6.0%(c)	3.8%	3.0%	3.1%	3.3%	3.9%
Portfolio turnover rate	38%	93%	72%	55%	71%	70%

(a) Assumes valuation of the Fund's shares, and reinvestment of dividends, at net asset values.

(b) Assumes valuation of the Fund's shares at market price and reinvestment of dividends at actual reinvestment price.

(c) Annualized.

Notes to Financial Statements (unaudited)

1. Significant Accounting Policies

Bancroft Convertible Fund, Inc. (the "Fund") is registered under the Investment Company Act of 1940 as a diversified, closed-end management investment company. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements:

(a) 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. Securities traded in the over-the-counter market and listed securities for which no sales were reported are valued at the mean between reported bid and asked prices as of the close of regular trading. Where no closing prices are available, value is determined by management, with the approval of the Board of Directors.

(b) 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. For certain securities, Federal tax regulations require the Fund to record non-cash, "contingent" interest income in addition to interest income actually received. Contingent interest income amounted to 14 cents per share for the six months ended April 30, 2001.

(c) Federal Income Taxes

It is the policy of the Fund to distribute substantially all of its taxable income within the prescribed time and to otherwise comply with the provisions of the Internal Revenue Code applicable to regulated investment companies. Therefore, no provision for federal income or excise taxes is believed necessary.

(d) Dividends and Distributions to Shareholders

The liability for dividends and distributions payable is recorded on the ex-dividend date.

(e) Market Risk

It is the Fund's policy to invest the majority of its assets in convertible securities. Although convertible securities do derive part of their value from that of the securities into which they are convertible, they are not considered derivative financial instruments. However, certain of the Fund's investments include features which render them more sensitive to price changes in their underlying securities. Thus they expose the Fund to greater downside risk than traditional convertible securities, but still less than that of the underlying common stock. The market value of those securities was \$12,784,626 at April 30, 2001, representing 12.4% of net assets.

2. Management Fee and Other Transactions with Affiliates

The management fee is paid to the investment adviser, Davis-Dinsmore Management Company (the "Adviser"). The contract provides for payment of a monthly advisory fee, computed at an annual rate of $\frac{3}{4}$ of 1% of the first \$100,000,000 and $\frac{1}{2}$ of 1% of the excess over \$100,000,000 of the Fund's net asset value in such month.

The Adviser furnishes investment advice, office equipment and facilities, and pays the salaries of all executive officers of the Fund, except that the costs associated with personnel and certain non-personnel expenses of the office of the Treasurer, up to a maximum of \$25,000 a year, are reimbursed by the Fund. Such reimbursements amounted to \$12,500 for the six months ended April 30, 2001. The officers of the Fund are also directors, officers or employees of the Adviser, and are compensated by the Adviser.

3. Portfolio Activity

At April 30, 2001 there were 4,625,918 shares of \$.01 par value common stock outstanding, exclusive of 75,900 shares held in Treasury (9,000,000 shares authorized). During the six months ended April 30, 2001, 516,626 shares were issued in connection with reinvestment of dividends from net investment income and capital gains, resulting in an increase in paid-in capital of \$9,751,270. Purchases and sales of investments, exclusive of corporate short-term notes, aggregated \$37,138,000 and \$40,710,493, respectively, for the six months ended April 30, 2001.

A distribution of \$0.24 per share from net investment income was declared on May 16, 2001, payable June 28, 2001 to shareholders of record at the close of business June 14, 2001.

Portfolio of Investments April 30, 2001 (unaudited)

Principal Amount or Shares		Value (Note 1)
	ADVERTISING — 2.8%	
\$1,500,000	The Interpublic Group Cos., Inc. 1.87% 2006 cv. sub. notes 144A (Baa1)	\$ 1,282,500
1,600,000	Young & Rubicam, Inc. 3% 2005 cv. sub. notes (Baa1)	<u>1,583,280</u>
		<u>2,865,780</u>
	AEROSPACE — 1.6%	
1,000,000	L-3 Communications Holdings, Inc. 5.25% 2009 cv. sub. notes 144A (B1)	1,182,500
705,000	SPACEHAB, Inc. 8% 2007 cv. sub. notes 144A (NR)	<u>440,625</u>
		<u>1,623,125</u>
	BANKING — 7.2%	
30,000 shs	CNB Capital Trust I 6% SPuRS (A1) (exch. for Fifth Third Bancorp common stock)	1,050,000
1,000,000	Deutsche Bank Financial, Inc. 1.25% 2007 medium-term exch. notes * (Aa3) (exch. for CitiGroup, Inc. common stock)	1,068,125
1,000,000	JMH Finance, Ltd. 4.75% 2007 guaranteed bonds 144A * (NR) (exch. for J.P. Morgan Chase & Co. common stock)	1,071,875
40,000 shs	National Australia Bank Ltd. 7.875% exch. capital units (A1)	1,144,000
25,000 shs	Sovereign Capital Trust II 7.50% PIERS (B1) (exch. for Sovereign Bancorp, Inc. common stock)	1,569,000
30,000 shs	Washington Mutual Capital Trust PIERS 144A (A3) (exch. for Washington Mutual, Inc. common stock)	<u>1,530,000</u>
		<u>7,433,000</u>
	CABLE — 6.1%	
2,500 shs	Adelphia Communications Corp. 5.50% cv. pfd. (Caa)	290,625
800,000	Adelphia Communications Corp. 6% 2006 cv. sub. notes (B)	738,500
2,000,000	Bell Atlantic Financial Services, Inc. 4.25% 2005 euro. sr. exch. notes * (A1) (exch. for cash equiv. of Cable & Wireless Communications plc and NTL, Inc. common stocks)	2,016,250
1,300,000	Comcast Corp. cv. deb. 0% 2020 (Baa3)	1,088,750
20,000 shs	Cox Communications, Inc. 7% FELINE PRIDES ** (Baa2)	1,220,000
750,000	Cox Communications, Inc. 0.35% 2021 cv. sr. notes 144A (Baa2)	541,965
1,060 shs	UnitedGlobalCom, Inc. common stock	16,990
19,000 shs	UnitedGlobalCom, Inc. dep. shs. representing 7% series D sr. cum. cv. pfd. (Caa2)	<u>382,375</u>
		<u>6,295,455</u>
	CAPITAL GOODS — 3.9%	
1,050,000	Advanced Energy Industries, Inc. 5.25% 2006 cv. sub. notes (NR)	1,038,844
1,500,000	CS First Boston, Inc. 2% 2010 sr. medium-term exch. notes * (A1) (exch. for General Electric Corp. common stock)	1,357,500
500,000	Exchangeable Certificate Corp. 1.25% 2004 exch. certificates 144A (Aaa)(exch. for General Electric Corp. common stock)	488,750
1,000,000	Hanover Compressor Co. 4.75% 2008 cv. notes (Ba3)	<u>1,095,625</u>
		<u>3,980,719</u>
	DATA-PROCESSING SERVICES — 4.0%	
1,000,000	The BISYS Group, Inc. 4% 2006 cv. sub. notes 144A (NR)	992,500
500,000	NCO Group, Inc. 4.75% 2006 cv. sub. notes 144A (NR)	529,688
2,000,000	National Data Corp. 5% 2003 cv. sub. notes (B1)	2,035,000
875,000	Online Resources & Communications Corp. 8% 2005 cv. sub. notes 144A (NR)	<u>542,500</u>
		<u>4,099,688</u>

Portfolio of Investments April 30, 2001 (continued)

Principal Amount or Shares		Value (Note 1)
	DISTRIBUTION — 1.2%	
\$1,000,000	Fleming Companies, Inc. 5.25% 2009 cv. sr. sub. notes 144A (B2)	\$ 1,195,625
	ENERGY — 11.9%	
40,800 shs	Apache Corp. \$2.015 dep. shs. representing ACES pfd. ** (Baa2)	2,205,750
500,000	Devon Energy Corp. 4.90% 2008 cv. sub. deb. * (Baa1) (conv. into Chevron Corp. common stock)	515,938
1,000,000	Devon Energy Corp. 4.95% 2008 cv. sub. deb. * (Baa1) (conv. into Chevron Corp. common stock)	1,033,125
3,300,000	El Paso Corp. 0% cv. deb. 144A (Baa2)	1,505,625
30,000	Enron Corp. 7% 2002 exch. notes ** (Baa1) (exch. for EOG Resources, Inc. common stock)	1,221,000
1,000,000	Exchangeable Certificate Corp. 2% 2005 exch. certificates 144A (AAA)(exch. for Exxon Mobil Corp. common stock)	1,002,500
750,000	Kerr-McGee Corp. 5.25% 2010 cv. sub. deb. (Baa2)	1,000,313
500,000	Kerr-McGee Corp. 7.50% 2014 cv. sub. deb. (Baa2)	500,000
30,000	Kerr-McGee Corp. 5.50% 2004 DECS ** (Baa1) (exch. for Devon Energy Corp. common stock)	1,616,250
1,000,000	Loews Corp. 3.125% 2007 exch. sub. notes (A2) (conv. into Diamond Offshore Drilling, Inc. common stock)	950,000
1,000,000	Pride International, Inc. 0% 2021 cv. sr. deb. (Ba3)	709,820
		<u>12,260,321</u>
	ENTERTAINMENT — 9.1%	
1,750,000	AOL Time Warner, Inc. 0% 2019 cv. sub. notes (Baa2)	950,469
1,500,000	Clear Channel Communications, Inc. 2.625% 2003 sr. cv. notes (Baa3)	1,580,625
2,000,000	Deutsche Bank Financial, Inc. 1% 2007 medium-term exch. notes * (Aa3) (exch. for cash value of The Walt Disney Co. common stock)	1,852,500
2,000,000	Merrill Lynch & Co., Inc. 0.25% 2006 series B medium-term notes * (Aa3) (exch. for AOL Time Warner, Inc. common stock)	2,115,000
3,000,000	News America, Inc. 0% 2021 LYONs 144A (Baa3) (exch. for ADSs representing The News Corp. Limited common stock)	1,550,625
1,000 shs	Radio One Inc. 6.50% HIGH TIDES 144A (Caa2)	1,072,500
250 shs	Radio One Inc. 6.50% HIGH TIDES (Caa2)	268,125
		<u>9,389,844</u>
	FINANCIAL & INSURANCE — 5.9%	
25,000 shs	ACE Limited 8.25% FELINE PRIDES ** (A2)	1,867,188
2,150,000	Exchangeable Certificate Corp. 0.625% 2005 exch. certificates 144A (AAA)(exch. for American Express Company common stock)	1,940,375
125,000	The First American Corp. 4.50% 2008 sr. cv. deb. 144A (Baa2)	129,063
25,000	HFI Trust I 7% MEDS units ** (Baa1) (exch. for Heller Financial, Inc. class A common stock)	631,250
15,000	MetLife Capital Trust I 8% equity security units * ** (A1) (exch. for MetLife, Inc. common stock)	1,372,500
575,000	Penn Treaty American Corp. 6.25% 2003 cv. sub. notes (B-)	129,375
		<u>6,069,751</u>

Portfolio of Investments April 30, 2001 (continued)

Principal Amount or Shares		Value (Note 1)
	HEALTH CARE & DRUGS — 8.4%	
\$ 815,000	Allergan, Inc. 0% LYONs 144A (Baa1)	\$ 511,413
1,000,000	AmeriSource Health Corp. 5% 2007 cv. sub. notes 144A (Ba3)	1,281,250
1,500,000	Elan Finance Corporation Ltd. 0% 2018 LYONs 144A (Baa3) (exch. for ADRs representing Elan Corporation, plc common stock)	1,162,500
500,000	Ivax Corp. 5.50% 2007 cv. sr. sub. notes 144A (NR)	665,938
500,000	Ivax Corp. 5.50% 2007 cv. sr. sub. notes (NR)	665,938
1,000,000	Merrill Lynch & Co., Inc. 2% 2005 medium-term notes * (Aa3) (exch. for Johnson & Johnson common stock)	997,500
1,125,000	Roche Holdings, Inc. 0% 2015 LYONs 144A (NR) (exch. for Genentech, Inc. common stock)	839,531
1,000,000	Sepracor, Inc. 7% 2005 cv. sub. deb. 144A (CCC+)	708,750
250,000	Sepracor, Inc. 7% 2005 cv. sub. deb. (CCC+)	177,188
1,692,000	Sunrise Assisted Living, Inc. 5.50% 2002 cv. sub. notes (B2)	<u>1,651,815</u>
		<u>8,661,823</u>
	INSTRUMENTS — 0.9%	
1,000,000	Thermo Electron Corp. 4.25% 2003 cv. sub. deb. (Baa3)	<u>975,000</u>
	MULTI-INDUSTRY — 2.6%	
1,500,000	Cendant Corp. 0% 2021 sr. cv. CODES 144A * (Baa1)	1,062,188
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>1,645,000</u>
		<u>2,707,188</u>
	RETAIL — 4.5%	
1,000,000	Costco Wholesale Corp. 0% 2017 cv. sub. notes 144A (A3)	855,625
1,250,000	Costco Wholesale Corp. 0% 2017 cv. sub. notes (A3)	1,069,525
12,300	Estee Lauder Trust \$5.40 TRACES II ** (NR) (conv. into Estee Lauder Companies, Inc. common stock)	945,563
2,000,000	Jones Apparel Group, Inc. 0% 2021 cv. sr. notes 144A (Baa2)	1,056,980
1,000,000 shs	Lowe's Companies, Inc. 0% 2021 LYONs 144A (A3)	<u>676,875</u>
		<u>4,604,568</u>
	TECHNOLOGY — 8.4%	
1,000,000	Affiliated Computer Services, Inc. 3.50% 2006 cv. sub. notes 144A (BB+)	1,080,625
1,250,000	Analog Devices, Inc. 4.75% 2005 cv. sub. notes 144A (BBB)	1,142,188
1,500,000	CS First Boston, Inc. 1% 2006 medium-term exch. notes * (A1) (exch. for Microsoft Corp. common stock)	1,335,000
51,000	CS First Boston, Inc. 10% 2002 indexed notes ** (A1) (exch. for Sun Microsystems, Inc. common stock)	898,875
1,200,000	Cypress Semiconductor Corp. 4% 2005 cv. sub. notes (B1)	1,098,000
1,000,000	Exodus Communications, Inc. 5.25% 2008 cv. sub. notes (Caa1)	666,250
1,000,000	The Goldman Sachs Group, Inc. 0.25% 2007 medium-term notes * (A1) (exch. for EMC Corp. common stock)	832,640
2,000,000	Hewlett-Packard Co. 0% 2017 LYONs (Aa3)	1,066,250
1,150,000	Solectron Corp. 0% 2020 LYONs (Baa3)	<u>549,844</u>
		<u>8,669,672</u>

Portfolio of Investments April 30, 2001 (continued)

Principal Amount or Shares		Value (Note 1)
	TELECOMMUNICATIONS — 10.3%	
\$ 700,000	American Tower Corp. 2.25% 2009 cv. notes (Caa1)	\$ 687,750
4,000,000	Anixter International, Inc. 0% 2020 LYONs 144A (Ba3)	1,075,000
2,000,000	Bell Atlantic Financial Services, Inc. 5.75% 2003 sr. exch. notes 144A * (A1) (exch. for cash equiv. Telecom Corp. of New Zealand common stock)	1,998,750
1,000,000	CIENA Corp. 3.75% 2008 cv. notes (Ba3)	876,875
1,000,000	Corning, Inc. 0% 2015 cv. deb. (A2)	599,375
425 shs	Crown Castle International Corp. common stock	10,013
15,000 shs	Crown Castle International Corp. 6.25% 2012 cv. pfd. (Caa1)	650,625
1,000,000	Exchangeable Certificate Corp. 0.25% 2006 exch. certificates 144A (AAA) (exch. for specific telephone and cable common stocks †)	907,500
1,000,000	Liberty Media Corp. 3.75% 2030 sr. exch. deb. 144A * (Baa3) (exch. for Sprint Corporation [PCS Group] common stock)	648,840
25,000	MediaOne Group, Inc. 7% 2002 PIES ** (Baa1) (exch. for ADRs representing Vodafone AirTouch plc common stock)	806,250
1,000,000	Nextel Communications, Inc. 4.75% 2007 cv. sr. notes 144A (B1)	970,000
1,500,000	Tecnost International, N.V. 1% 2005 ADBs 144A (Baa2) (exch. for ADRs representing Telecom Italia S.p.A. common stock)	1,340,400
		<u>10,571,378</u>
	TRANSPORTATION — 2.0%	
20,000 shs	Continental Airlines Finance Trust II 6% cv. pfd. TIDES 144A (B2) (exch. for Continental Airlines, Inc. common stock)	1,052,500
1,000,000	United Parcel Service, Inc. 1.75% 2007 cash-settled cv. sr. notes (AAA)	1,048,750
		<u>2,101,250</u>
	UTILITIES — 4.2%	
16,000 shs	AES Trust VII \$3 trust cv. pfd. securities 144A (Ba3) (conv. into AES Corp. common stock)	985,000
17,500 shs	Calpine Capital Trust III 5% HIGH TIDES 144A (Ba2) (exch. for Calpine Corp. common stock)	1,305,938
8,250 shs	Calpine Capital Trust III 5% HIGH TIDES (Ba2) (exch. for Calpine Corp. common stock)	615,655
1,000,000	International Power (Cayman) Limited 2% 2005 sr. cv. notes 144A (Ba3) (exch. for ADSs representing International Power plc common stock)	1,167,500
250,000	Ogden Corp. 6% 2002 cv. sub. deb. (Baa3) (conv. into Covanta Energy Corp. common stock)	238,750
		<u>4,312,843</u>
	U.S. TREASURY NOTES — 0.0%	
11,000	6.50% 3/31/02 ††	11,241
	CORPORATE SHORT-TERM NOTES — 4.1%	
4,200,000	American Express Credit Corp. (P1) (4.60 maturing 5/3/01)	4,198,390
	Total Convertible Bonds and Notes — 77.4%	79,646,424
	Total Convertible Preferred Stocks — 17.6%	18,154,844
	Total Common Stocks — 0.0%	27,003
	Total Corporate Short-Term Notes — 4.1%	4,198,390
	Total Investments — 99.1%	<u>102,026,661</u>
	Other assets and liabilities, net — 0.9%	888,982
	Total Net Assets — 100.0%	<u>\$102,915,643</u>

Portfolio of Investments April 30, 2001 (continued)

* Contingent payment debt instrument. See Note 1(b).

** See Note 1(e).

† Ticker symbols: CSCO, CMCSK, AOL, 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.
CODES	Contingent Debt Securities.
DECS	Debt Exchangeable for Common Stock.
FELINE	Family of Equity-Linked Income Securities.
HIGH TIDES	Remarkable Term Income Deferrable Equity Securities.
LYONS	Liquid Yield Option Notes.
MEDS	Mandatory Enhanced Securities.
PIERS	Preferred Income Equity Redeemable Securities.
PIES	Premium Income Exchangeable Securities.
PRIDES	Preferred Redeemable Increased Dividend Equity Securities.
SPuRS	Shared Preference Redeemable Securities.
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.

The cost of investments for federal income tax purposes is \$100,698,496 resulting in gross unrealized appreciation and depreciation of \$8,087,561 and \$6,759,396, respectively, or net unrealized appreciation of \$1,328,165 on a tax cost basis.

See accompanying notes to financial statements.

Miscellaneous Notes

Results of the 2001 Annual Shareholders Meeting

The results of the shareholder vote at the Annual Meeting of Shareholders held on February 12, 2001, were:

- All directors nominated by management were elected for terms expiring in 2004.

	<u>Shares Voted for</u>	<u>Shares withheld</u>
Gordon F. Ahalt	3,191,659	48,965
Jane D. O’Keeffe	3,194,677	45,947
Nicolas W. Platt	3,192,843	47,781

- The proposed Investment Advisory Agreement with Davis-Dinsmore Management Company was approved with 3,041,020 shares voted for, 126,704 shares voted against and 72,900 shares abstaining.
- The selection of PricewaterhouseCoopers LLP as independent accountants was ratified with 3,173,209 shares voted for, 24,929 shares voted against and 42,486 shares abstaining.

Important Factors Regarding Forward-Looking Statements

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, changes to the Federal Reserve Board’s monetary policy, increases in energy consumption or a failure to develop new sources of energy, a decline in productivity, an increase in inflation, stable or increasing interest rates, or tax rates, changes to foreign and domestic markets in general or changes to the market for convertible securities.

Bancroft is a member of the Closed-End Fund Association (CEFA). Its website address is www.cefa.com. CEFA is solely responsible for the content of its website.

Pursuant to Section 23 of the Investment Company Act of 1940, notice is hereby given that the Fund may in the future purchase shares of Bancroft Convertible Fund, Inc. Common Stock from time to time, at such times, and in such amounts, as may be deemed advantageous to the Fund. Nothing herein shall be considered a commitment to purchase such shares.

Board of Directors

GORDON F. AHALT	<i>Petroleum Consultant</i>
WILLIAM A. BENTON	<i>Retired Stock Exchange Specialist</i>
ELIZABETH C. BOGAN	<i>Senior Lecturer in Economics at Princeton University</i>
THOMAS H. DINSMORE, C.F.A.	<i>Chairman of the Board of Bancroft</i>
DONALD M. HALSTED, JR.	<i>Investor</i>
GEORGE R. LIEBERMAN	<i>Retired Advertising Executive</i>
DUNCAN O. MCKEE	<i>Retired Attorney</i>
JANE D. O'KEEFFE	<i>President of Bancroft</i>
NICOLAS W. PLATT	<i>Public Relations Executive</i>

Officers

THOMAS H. DINSMORE	<i>Chairman of the Board</i>
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SIGMUND LEVINE	<i>Senior Vice President and Secretary</i>
H. TUCKER LAKE	<i>Vice President, Trading</i>
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GARY I. LEVINE	<i>Treasurer and Assistant Secretary</i>
MERCEDES A. PIERRE	<i>Assistant Treasurer</i>

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Common Stock Listing

American Stock Exchange Symbol: BCV

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