

BANCROFT CONVERTIBLE FUND



2002 Semi-Annual Report
April 30, 2002

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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 through 4/30/02 with dividends reinvested

	<u>4 Months</u>	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>
Bancroft market value (a)	(5.99)%	(3.20)%	73.14%	237.64%
Bancroft net asset value (b)	0.01	(2.30)	49.65	180.83
Closed-end convertible fund average (b)	0.08	(0.55)	37.33	153.37
S&P 500 (a)	(5.80)	(12.63)	43.92	216.60
Russell 2000 (a)	4.95	6.80	59.49	160.21(c)
Lehman Aggregate Bond Total Return Index (b)	2.03	7.84	44.65	106.29

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, 2002.

(c) Simple appreciation of index.

Quarterly History of NAV and Market Price

<u>Qtr. Ended</u>	<u>Net Asset Values</u>			<u>Market Prices (AMEX, symbol BCV)</u>		
	<u>High</u>	<u>Low</u>	<u>Close</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
Jul. 01	\$22.66	\$21.18	\$21.61	\$21.55	\$20.40	\$20.85
Oct. 01	21.76	19.84	20.72	22.35	18.70	18.75
Jan. 02	21.22	20.45	20.65	20.80	18.75	20.00
Apr. 02	20.76	20.44	20.68	20.30	18.56	18.80

Dividend Distributions (12 Months)

<u>Record Date</u>	<u>Payment Date</u>	<u>Income</u>	<u>Capital Gains</u>	<u>Total</u>
6/14/01	6/28/01	\$0.240	\$ —	\$0.240
9/13/01	9/27/01	0.240	—	0.240
11/29/01	12/27/01	0.380	—	0.380
3/13/02	3/27/02	0.200	—	0.200
		<u>\$1.060</u>	<u>—</u>	<u>\$1.060</u>

To Our Shareholders

The U.S. stock market today faces a complex array of forces that make it very volatile. Investor confidence has been shaken by the War on Terror, corporate “misgovernance,” conflicted auditors, and other economic warning signs. Some resolution of these issues must occur before investors can feel confident about investing in stocks again.

While many of these issues are being addressed by the politicians, it is important that investors be heard on the issues of corporate governance and auditor objectivity. It is our position that steps must be taken now to restore investor confidence in all publicly owned corporations. Governance issues were addressed in the mutual fund industry a few years ago by strengthening the authority of the independent members of boards of directors. These changes should be extended to all publicly traded corporations. The independent directors should approve executive pay and major asset transactions should be thoroughly reviewed and approved. We would also suggest that random peer review of corporate audits would improve auditor objectivity.

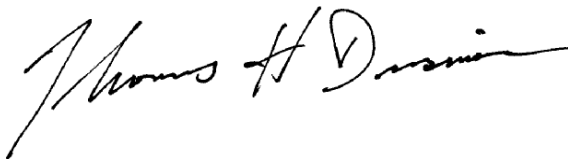
It is our opinion that the stock exchanges are the proper entities to effect these changes. The Chairman of the New York Stock Exchange appears to be assuming this task. The NASDAQ and the American Stock Exchange are also considering such action. As investors, we hope they act.

During the first six months of fiscal 2002 we have had to rebalance the portfolio as the world has changed. Investment decisions made before September 11th have had to be reexamined. The rebalancing of the portfolio has resulted in lower income available for dividends, but the convertibles selected and their underlying common stocks fit our fundamental view of the market.

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-fund funds.* Based upon data through May 31, 2002, Morningstar has continued to rate Bancroft’s performance at four stars (above average) overall as shown 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.

I have been elected Vice President of the Closed-End Fund Association. Also, the Fund now has a seat on the Investment Company Institute’s Closed-End Fund subcommittee. From these positions we hope to advance the Fund’s shareholder interest.

At its May meeting the Board of Directors declared a dividend of 18 cents per share. This dividend will be payable on June 27, 2002 to shareholders of record on June 13, 2002.



Thomas H. Dinsmore
Chairman of the Board

June 10, 2002

* The 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.

See Important Factors Regarding Forward-Looking Statements on page 12 of this report.

Largest Investment Holdings by underlying common stock

	Value (Note 1)	% Total Net Assets
Washington Mutual, Inc. <i>A financial services company that provides a diversified line of products and services to consumers and small to mid-sized businesses. (Value includes that portion of the Fund's investment in Lehman Brothers Holdings BASES, which is attributable to the issuer (\$183,000))</i>	\$ 2,307,000	2.4 %
L-3 Communication Holdings, Inc. <i>A merchant supplier of sophisticated secure communication systems and specialized communication products. Its customers include the United States Department of Defense, and major aerospace and defense contractors.</i>	2,148,000	2.3
National Data Corp. <i>A leading provider of information services and systems to the health care and electronic commerce markets.</i>	2,084,280	2.2
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>	2,021,000	2.1
School Specialty, Inc. <i>Distributes non-textbook educational supplies and furniture for grades pre-kindergarten through 12.</i>	1,975,978	2.0
Capital One Financial Corp. <i>Distributes communications and specialty wire and cable products. Also distributes wiring systems for voice, data, and video networks and electrical power applications.</i>	1,908,880	2.0
Reinsurance Group of America, Inc. <i>An insurance holding company that is engaged in traditional life reinsurance in the United States, Canada and various international markets. The company also provides reinsurance of asset-intensive products and financial reinsurance.</i>	1,905,000	2.0
GenCorp Inc. <i>A producer of value-added systems for the space electronics, aerospace, and defense industries, fine chemicals for the pharmaceutical industry, and integrated vehicle sealing systems for the automotive industry.</i>	1,832,188	1.9
Johnson & Johnson <i>A manufacturer of health care products serving the consumer, pharmaceutical and professional markets. (exchangeable from Alza Corp. 0% due 2020).</i>	<u>1,775,000</u>	<u>1.8</u>
Total	<u>\$17,957,326</u>	<u>18.7 %</u>

Major Industry Exposure

	<u>% Total Net Assets</u>
Financial & Insurance	9.8%
Aerospace & Defense	9.3
Pharmaceuticals	8.0
Health Care	7.8
Technology	7.8
Energy	7.0
Retail	7.0
Telecommunications	6.6
Banking	6.0
Data-Processing Services	4.9
Total	<u>74.2%</u>

Major Portfolio Changes

Six months ended April 30, 2002

	<u>Principal Amount or Shares</u>
ADDITIONS	
Adelphia Communications Corp.	49,800 shs
Capital One Financial Corp.	40,000 shs
The Gap, Inc.	\$1,500,000
General Dynamics Corp. (<i>exchangeable from The Goldman Sachs Group, Inc.</i>)	1,500,000
GenCorp Inc.	1,500,000
Invitrogen Inc.	2,000,000
Ivax Corp.	1,250,000
Northrop Grumman Corp.	12,500 shs
PartnerRe Ltd.	25,000 shs
Reinsurance Group of America, Inc.	40,000 shs
REDUCTIONS	
ACE Limited	15,000 shs
Adelphia Communications Corp.	52,300 shs
American Greetings Corp.	1,750,000
Apache Corp.	20,400 shs
Cablevision Systems New York Group (<i>exchangeable from Equity Securities Trust</i>)	30,000 shs
Interpublic Group Cos., Inc.	1,500,000
Ivax Corp.	1,500,000
Lucent Technologies, Inc.	1,000 shs
PartnerRe Ltd.	25,000 shs
Pride International, Inc.	1,000,000
Sunrise Assisted Living, Inc.	2,692,000

Statement of Assets and Liabilities *(unaudited)*

April 30, 2002

Assets:

Investments at value (cost \$92,983,728) (Note 1)	\$ 94,996,664
Cash	1,165,805
Receivable for securities sold	1,288,545
Dividends and interest receivable	545,836
Other assets	42,238
Total assets	98,039,088

Liabilities:

Payable for securities purchased	1,154,958
Accrued management fee (Note 2)	6,918
Accrued expenses	18,828
Total liabilities	1,180,704

Net Assets **\$ 96,858,384**

Net assets consist of:

Undistributed net investment income	\$ 664,287
Accumulated net realized loss from investment transactions	(6,479,489)
Unrealized appreciation on investments	2,012,936
Capital shares (Note 3)	46,841
Additional paid-in capital	100,613,809

Net Assets **\$ 96,858,384**

Net asset value per share (\$96,858,384 ÷ 4,684,470 outstanding shares) **\$ 20.68**

Statement of Operations *(unaudited)*

Six Months Ended March 31, 2002

Investment Income (Note 1):

Interest	\$ 1,628,231
Dividends	548,273
Total Income	2,176,504

Expenses (Note 2):

Management fee	360,178
Custodian	7,362
Transfer agent	16,022
Professional fees	37,192
Directors' fees	49,400
Reports to shareholders	22,542
Listing Fee	8,571
Treasurer's office	12,500
Other	39,109
Total Expenses	552,876

Net Investment Income **1,623,628**

Realized and Unrealized Gain on Investments:

Net realized loss from investment transactions	(4,153,983)
Net change in unrealized appreciation of investments	5,051,758
Net gain on investments	897,775
Net Increase in Net Assets Resulting from Operations	\$ 2,521,403

See accompanying notes to financial statements.

Statement of Changes in Net Assets

	Six Months Ended April 30, 2002(a)	Year Ended October 31, 2001
Change in net assets from operations:		
Net investment income	\$ 1,623,628	\$ 4,956,660
Net realized loss from investment transactions	(4,153,983)	(2,328,446)
Net change in unrealized appreciation of investments	<u>5,051,758</u>	<u>(10,215,379)</u>
Net change in net assets resulting from operations	<u>2,521,403</u>	<u>(7,587,165)</u>
Dividends to shareholders from:		
Net investment income	(2,694,742)	(4,913,677)
Net realized gain on investments	—	(12,722,368)
Total dividends	<u>(2,694,742)</u>	<u>(17,636,045)</u>
Capital share transactions (Note 3)	<u>1,168,112</u>	<u>9,751,270</u>
Change in net assets	<u>994,773</u>	<u>(15,471,940)</u>
Net assets at beginning of period	<u>95,863,611</u>	<u>111,335,551</u>
Net assets at end of period (including undistributed net investment income of \$664,287 and \$1,735,402, respectively)	<u>\$ 96,858,384</u>	<u>\$ 95,863,611</u>

Financial Highlights *Selected data for a share of common stock outstanding*

	Six Months Ended April 30, 2002(a)	Years Ended October 31,				
		2001	2000	1999	1998	1997
Operating Performance:						
Net asset value, beginning of period	\$20.72	\$27.09	\$27.35	\$26.89	\$30.48	\$28.23
Net investment income	0.35	1.07	1.04	0.78	0.87	0.94
Net realized and unrealized gain (loss)	0.19	(3.23)	2.29	3.40	(0.01)	4.55
Total from investment operations	0.54	(2.16)	3.33	4.18	0.86	5.49
Less Distributions:						
Dividends from net investment income	(0.58)	(1.11)	(0.80)	(0.78)	(0.88)	(0.93)
Distributions from realized gains	—	(3.10)	(2.90)	(2.94)	(3.57)	(2.31)
Total distributions	(0.58)	(4.21)	(3.70)	(3.72)	(4.45)	(3.24)
Capital share repurchases	—	—	0.11	—	—	—
Net asset value, end of period	<u>\$20.68</u>	<u>\$20.72</u>	<u>\$27.09</u>	<u>\$27.35</u>	<u>\$26.89</u>	<u>\$30.48</u>
Market value, end of period	\$18.80	\$18.75	\$22.63	\$22.25	\$26.75	\$26.81
Total Net Asset Value Return %(b)	2.63	(8.68)	13.62	16.36	3.16	21.18
Total Investment Return %(c)	3.22	1.31	20.63	(2.96)	18.17	28.19
Ratios/Supplemental Data:						
Net assets, end of period (in thousands)	\$96,858	\$95,864	\$111,336	\$103,791	\$93,433	\$96,187
Ratio of expenses to average net assets (%)	1.2(d)	1.1	1.1	1.1	1.1	1.2
Ratio of net investment income to average net assets (%)	3.4(d)	4.9	3.8	3.0	3.1	3.3
Portfolio turnover rate (%)	54	83	93	72	55	71

(a) Unaudited.

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

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

(d) Annualized.

See accompanying notes to financial statements.

Portfolio of Investments April 30, 2002 *(unaudited)*

Principal Amount or Shares		Value (Note 1)
	ADVERTISING — 2.9%	
\$1,300,000	The Interpublic Group Cos., Inc. 1.80% 2004 cv. sub. notes (NR)	\$ 1,264,250
1,600,000	Young & Rubicam, Inc. 3% 2005 cv. sub. notes (Baa1)	<u>1,538,000</u>
		<u>2,802,250</u>
	AEROSPACE & DEFENSE — 9.3%	
1,625,000	GenCorp Inc. 5.75% 2007 cv. sub. notes 144A (B1)	1,832,188
1,500,000	The Goldman Sachs Group, Inc. 1.00% 2009 exch. equity-linked notes * (A1) (exch. for General Dynamics Corp. common stock)	1,525,920
750,000	L-3 Communications Holdings, Inc. 5.25% 2009 cv. sr. sub. notes 144A (Ba3) ..	1,263,750
750,000	L-3 Communications Holdings, Inc. 4% 2011 cv. sr. sub. CODES 144A * (Ba3) ..	1,004,063
12,500 shs	Northrop Grumman Corp. 7.25% equity units ** (Baa3)	1,610,938
20,000 shs	RC Trust I 8.25% equity security units ** (Ba2) (exch. for Raytheon Co. class B common stock)	1,392,500
705,000	SPACEHAB, Inc. 8% 2007 cv. sub. notes 144A (NR)	<u>352,500</u>
		<u>8,981,859</u>
	AUTOMOTIVE — 2.7%	
20,000 shs	Ford Motor Co. Capital Trust II 6.50% cv. pfd. (Baa2) (exch. for Ford Motor Co. common stock)	1,112,500
12,500 shs	General Motors Corp. Series B cv. sr. deb. (A3)	359,375
2,500,000	Lear Corp. 0% 2022 cv. sr. notes 144A (Ba1)	<u>1,143,750</u>
		<u>2,615,625</u>
	BANKING — 6.0%	
20,000 shs	Commerce Capital Trust II 5.95% cv. trust pfd. 144A (Baa1) (exch. for Commerce Bancorp common stock)	1,127,500
40,000 shs	National Australia Bank Ltd. 7.875% exch. capital units (A2)	1,340,000
15,000 shs	Sovereign Capital Trust II 7.50% trust PIERS (Ba3) (exch. for Sovereign Bancorp, Inc. common stock)	1,207,500
35,000 shs	Washington Mutual Capital Trust PIERS units 144A (Baa1) (exch. for Washington Mutual Inc. common stock)	1,859,375
5,000 shs	Washington Mutual Capital Trust PIERS units (Baa1) (exch. for Washington Mutual Inc. common stock)	<u>265,625</u>
		<u>5,800,000</u>
	CABLE — 2.8%	
1,000,000	Verizon Global Funding Corp. 4.25% 2005 euro. sr. exch. notes * (A1) (exch. for cash equiv. of Cable & Wireless Communications plc & NTL, Inc. common stocks)	1,006,250
1,000,000	Charter Communications, Inc. 5.75% 2005 cv. sr. notes (B3)	786,400
42,500 shs	Equity Securities Trust II 6.25% ** (NR) (exch. for Rainbow Media Group Class A tracking stock of Cablevision Systems Corp.)	<u>953,594</u>
		<u>2,746,244</u>
	CAPITAL GOODS — 1.3%	
1,500,000	CS First Boston, Inc. 2% 2010 sr. medium-term exch. notes * (Aa3) (exch. for General Electric Corp. common stock)	<u>1,214,063</u>
	DATA-PROCESSING SERVICES — 4.9%	
1,000,000	The BISYS Group, Inc. 4% 2006 cv. sub. notes 144A (NR)	1,195,625
1,000,000	Documentum, Inc. 4.50% 2007 cv. sr. notes 144A (NR)	937,500
2,000,000	National Data Corp. 5% 2003 cv. sub. notes (Ba3)	2,084,280
550,000	Online Resources & Communications Corp. 8% 2005 cv. sub. notes 144A (NR) ..	<u>500,500</u>
		<u>4,717,905</u>

Portfolio of Investments April 30, 2002 (continued)

Principal Amount or Shares		Value (Note 1)
	ENERGY — 7.0%	
20,400 shs	Apache Corp. \$2.015 dep. shs. representing ACES pfd. ** (Baa2)	\$ 1,076,916
\$ 500,000	Devon Energy Corp. 4.90% 2008 cv. sub. deb. * (BBB) (conv. into Chevron Corp. common stock)	496,105
1,000,000	Devon Energy Corp. 4.95% 2008 cv. sub. deb. * (BBB) (conv. into Chevron Corp. common stock)	993,680
3,300,000	El Paso Corp. 0% cv. deb. 144A (Baa2)	1,392,188
1,300,000	Kerr-McGee Corp. 5.25% 2010 cv. sub. deb. (Baa2)	1,499,780
30,000 shs	Kerr-McGee Corp. 5.50% 2004 DECS ** (Baa2) (exch. for Devon Energy Corp. common stock)	<u>1,342,500</u>
		<u>6,801,173</u>
	ENTERTAINMENT — 1.5%	
3,000,000	News America, Inc. 0% 2021 LYONs 144A (Baa3) (exch. for ADSs representing The News Corp. Limited common stock)	<u>1,416,270</u>
	FINANCIAL & INSURANCE — 9.8%	
40,000 shs	Capital One Financial Corp. 6.25% Upper DECS ***,** (Baa3)	1,908,880
1,500,000	Exchangeable Certificate Corp. 0.625% 2005 exch. certificates 144A (Aaa)(exch. for American Express Company common stock)	1,395,000
17,500 shs	Prudential Financial Capital Trust I 6.25% equity security units ***,** (A3) (exch. for Prudential Financial, Inc. common stock)	976,718
40,000 shs	Reinsurance Group of America, Inc. 5.75% PIERS (Baa1)	1,905,000
1,000,000	Swiss Re America Holding Corp. 3.25% 2021 euro. sub. cv. bonds 144A (Aa1) (conv. into Swiss Reinsurance Company common stock)	973,750
40,000 shs	Travelers Property Casualty Corp. 4.50% 2032 cv. jr. sub. nts. (A2)	1,004,000
1,500,000	XL Capital, Ltd. 0% 2021 cv. deb. 144A * (A1)	963,150
500,000	XL Capital, Ltd. 0% 2021 cv. deb. * (A1)	<u>321,050</u>
		<u>9,447,549</u>
	HEALTH CARE — 7.8%	
1,000,000	AmerisourceBergen Corp. 5% 2007 cv. sub. notes 144A (Ba3)	1,626,000
1,500,000	Community Health Systems, Inc. 4.25% 2008 cv. sub. notes (B3)	1,638,525
1,000,000	Invitrogen, Inc. 5.50% 2007 cv. sub. notes (NR)	883,750
1,000,000	Medtronic, Inc. 1.25% 2021 cv. deb. * (A1)	1,015,200
1,250,000	Province Healthcare Company 4.25% 2008 cv. sub. notes 144A (B3)	1,415,625
600,000	Sunrise Assisted Living, Inc. 5.25% 2009 cv. sub. notes 144A (B3)	581,625
400,000	Sunrise Assisted Living, Inc. 5.25% 2009 cv. sub. notes (B3)	<u>387,750</u>
		<u>7,548,475</u>
	HOME BUILDING — 1.1%	
2,500,000	Masco Corp. 0% 2031 cv. sr. notes * (Baa1)	<u>1,074,025</u>
	MULTI-INDUSTRY — 1.9%	
2,000,000	Lehman Brothers Holdings, Inc. 0.25% 2006 BASES notes * (A3) (based on the value of the performance of the 10 Uncommon Values Index †)	<u>1,820,000</u>
	PAPER & PAPER PRODUCTS — 0.8%	
15,000 shs	Temple-Inland, Inc. 7.50% Upper DECS ***,** (Baa3)	<u>767,700</u>

Portfolio of Investments April 30, 2002 (continued)

Principal Amount or Shares		Value (Note 1)
	PHARMACEUTICALS — 8.0%	
\$2,000,000	Alza Corp. 0% 2020 cv. sub. deb. (Aa1) (exch. for Johnson & Johnson common stock)	\$ 1,775,000
1,000,000	Cephalon, Inc. 2.50% 2006 cv. sub. notes 144A (NR)	925,000
1,000,000	Elan Finance Corporation Ltd. 0% 2018 LYONs 144A (Ba3) (exch. for ADRs representing Elan Corporation, plc common stock)	489,590
700,000	Elan Finance Corporation Ltd. 0% 2018 LYONs (Ba3) (exch. for ADRs representing Elan Corporation, plc common stock)	342,713
1,500,000	ICN Pharmaceuticals, Inc. 6.50% 2008 cv. sub. notes 144A (B+)	1,566,563
1,250,000	Ivax Corp. 5.50% 2007 cv. sr. sub. notes (NR)	1,043,750
1,315,000	Roche Holdings, Inc. 0% 2015 LYONs 144A (NR) (exch. for Genentech, Inc. common stock)	913,925
1,000,000	Sepracor, Inc. 7% 2005 cv. sub. deb. 144A (CCC+)	713,750
		7,770,291
	RETAIL — 7.0%	
1,000,000	Brinker International, Inc. 0% 2021 cv. sr. deb. 144A (Baa2)	693,890
500,000	Costco Wholesale Corp. 0% 2017 cv. sub. notes 144A (A3)	463,840
750,000	Costco Wholesale Corp. 0% 2017 cv. sub. notes (A3)	695,760
975,000	Duane Reade, Inc. 2.148% 2022 cv. sr. nts. 144A (Ba3)	575,250
750,000	The Gap, Inc. 5.75% 2009 cv. bonds 144A (Ba3)	839,393
1,000,000	J.C. Penney Co., Inc. 5% 2008 cv. sub. notes 144A (Ba3)	982,500
1,500,000	School Specialty, Inc. 6% 2008 cv. sub. notes 144A (B+)	1,693,695
250,000	School Specialty, Inc. 6% 2008 cv. sub. notes (B+)	282,283
500,000	Skechers U.S.A., Inc. 4.50% 2007 cv. bonds 144A (NR)	540,000
		6,766,611
	TECHNOLOGY — 7.8%	
750,000	Affiliated Computer Services, Inc. 3.50% 2006 cv. sub. notes 144A (Baa2)	1,046,100
1,000,000	Anadigics, Inc. 5% 2006 cv. sr. notes 144A (NR)	805,469
1,250,000	Analog Devices, Inc. 4.75% 2005 cv. sub. notes 144A (Baa1)	1,195,125
1,000,000	Brooks Automation, Inc. 4.75% 2008 cv. sub. notes 144A (NR)	890,000
250,000	Brooks Automation, Inc. 4.75% 2008 cv. sub. notes (NR)	222,500
1,000,000	Computer Associates Int'l, Inc. 5% 2007 cv. sr. notes 144A (Baa2)	1,081,320
1,500,000	CS First Boston, Inc. 1% 2006 medium-term exch. notes * (Aa3) (exch. for Microsoft Corp. common stock)	1,338,750
500,000	Kulicke & Soffa Industries, Inc. 4.75% 2006 cv. sub. notes (B3)	500,000
500,000	Rational Software Corp. 5% 2007 cv. sub. notes (NR)	440,350
		7,519,614
	TELECOMMUNICATIONS — 6.6%	
700,000	American Tower Corp. 2.25% 2009 cv. notes (Caa1)	476,000
4,000,000	Anixter International, Inc. 0% 2020 LYONs 144A (Ba3)	1,150,000
1,700,000	Anixter International, Inc. 0% 2020 LYONs (Ba3)	488,750
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, Ltd. common stock)	2,021,000
1,000 shs	Lucent Technologies, Inc. 8% redeemable cv. pfd. (Caa2)	912,941
1,500,000	Tecnost International, N.V. 1% 2005 ADBs 144A (Baa2) (exch. for ADRs representing Telecom Italia S.p.A. common stock)	1,373,625
		6,422,316

Portfolio of Investments April 30, 2002 (continued)

Principal Amount or Shares		Value (Note 1)
	TRANSPORTATION — 3.8%	
\$1,000,000	Continental Airlines, Inc. 4.50% 2007 cv. notes (B2)	\$ 952,810
1,000,000	GATX Corp. 7.50% 2007 cv. sr. notes 144A (Baa3)	1,171,460
1,500,000	United Parcel Service, Inc. 1.75% 2007 cash-settled cv. sr. notes (Aaa)	1,530,000
		<u>3,654,270</u>
	U.S. TREASURY NOTES — 0.0%	
11,000	4% 4/30/03 #	<u>11,186</u>
	CORPORATE SHORT-TERM NOTES — 5.3%	
5,100,000	American Express Credit Corp. (P1) (1.78% maturing 5/3/02)	<u>5,099,244</u>
	Total Convertible Bonds and Notes — 72.4%	\$ 70,116,358
	Total Convertible Preferred Stocks — 20.4%	19,781,062
	Total Corporate Short-Term Notes — 5.3%	<u>5,099,244</u>
	Total Investments — 98.1%	94,996,664
	Other assets and liabilities, net — 1.9%	1,861,720
	Total Net Assets — 100.0%	<u>\$ 96,858,384</u>

- * Contingent payment debt instrument. See Note 1(b).
- ** Mandatory convertible. See Note 1(e).
- † Ticker symbols: AA, BBBY, CEFT, CMCSK, CSCO, HDI, LMG/A, MIR, WM & WMI.
- # Collateral for a letter of credit.

- ACES Automatically Convertible Equity Securities.
- ADB American Depositary Bonds.
- ADR American Depositary Receipts.
- ADS American Depositary Shares.
- BASES Basket Adjusting Structured Equity Securities.
- CODES Contingent Debt Securities.
- DECS Debt Exchangeable for Common Stock.
- 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.

The cost of investments for federal income tax purposes is \$92,983,728 resulting in gross unrealized appreciation and depreciation of \$6,730,737 and \$4,717,801, respectively, or net unrealized appreciation of \$2,012,936 on a tax cost basis.

See accompanying notes to financial statements.

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 closing 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, 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. Contingent interest income amounted to 6 cents per share for the six months ended April 30, 2002.

(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. The Fund has a capital loss carryover of approximately \$2,328,000 available to offset any future net capital gains which will expire on October 31, 2009.

(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 \$10,029,746 at April 30, 2002, representing 10.4% of net assets.

Notes to Financial Statements (continued)

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 invests the Fund's assets, furnishes 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, 2002. The officers of the Fund are also directors, officers or employees of the Adviser, and are compensated by the Adviser.

3. Capital Stock

At April 30, 2002 there were 4,684,470 shares of \$.01 par value common stock outstanding (9,000,000 shares authorized). During the six months ended April 30, 2002, 58,552 shares were issued in connection with reinvestment of dividends from net investment income, resulting in an increase in paid-in capital of \$1,168,112.

A distribution of \$0.18 per share from net investment income was declared on May 16, 2002, payable June 27, 2002 to shareholders of record at the close of business June 13, 2002.

4. Portfolio Activity

Purchases and sales of investments, exclusive of corporate short-term notes, aggregated \$50,612,526 and \$47,877,081, respectively, for the six months ended April 30, 2002.

Miscellaneous Notes

Results of the 2002 Annual Shareholders Meeting

The results of the shareholder vote at the Annual Meeting of Shareholders held on February 11, 2002, were:

- All directors nominated by management were elected for terms expiring in 2005.

	<u>Shares voted for</u>	<u>Shares withheld</u>
Thomas H. Dinsmore	4,067,971	60,695
Donald M. Halsted, Jr.	4,070,497	58,170
Duncan O. McKee	4,069,971	58,696

- The selection of PricewaterhouseCoopers LLP as independent accountants was ratified with 4,063,267 shares voted for, 29,603 shares voted against and 35,796 shares abstaining.

Important Factors Regarding Forward-Looking Statements

Information contained within 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 Fund 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 Fund'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 (or failure to change) accounting standards and practices, military action and acts of terrorism, a decline in investor confidence, additional evidence of failures of corporate governance, failure of government or the stock exchanges to enact reforms, a decline in economic activity, downturns in industries in which the Fund has invested, increased volatility of securities in general as well as those purchased by the Fund, 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>
JANE D. O'KEEFFE	<i>President</i>
SIGMUND LEVINE	<i>Senior Vice President and Secretary</i>
H. TUCKER LAKE	<i>Vice President, Trading</i>
GARY I. LEVINE	<i>Vice President and Treasurer</i>
GERMAINE M. ORTIZ	<i>Vice President</i>
JOSHUA P. LAKE	<i>Assistant Treasurer and Assistant Secretary</i>
MERCEDES A. PIERRE	<i>Assistant Treasurer</i>

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(973) 631-1177


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www.amstock.com

Common Stock Listing

American Stock Exchange Symbol: BCV

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