

BANCROFT CONVERTIBLE FUND



2004 Semi-Annual Report
April 30, 2004

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Bancroft Convertible Fund, Inc. (the "Fund") 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 Fund considers to be relatively equal, over the long-term, due to the nature of the securities in which it invests.

Highlights

Performance through April 30, 2004 *with dividends reinvested*

	<u>4 Months</u>	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>
Bancroft market value (a)	(1.01)%	0.41%	32.10%	174.87%
Bancroft net asset value (b)	0.08	9.98	17.79	147.81
Closed-end convertible fund average (b)	1.21	17.18	23.46	122.10
S&P 500 (a)	0.10	22.88	(10.78)	193.25
Russell 2000 (a)	0.85	42.05	38.64	154.61(b)
Lehman Aggregate Bond Total Return Index (b)	(0.01)	1.82	38.03	103.13

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, 2004.

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. 03	\$20.58	\$19.55	\$20.02	\$19.85	\$18.95	\$19.80
Oct. 03	20.84	19.61	20.84	19.70	19.05	19.70
Jan. 04	21.75	20.73	21.51	20.14	18.59	19.59
Apr. 04	21.79	20.79	20.79	19.74	18.35	18.35

Dividend Distributions (12 Months)

<u>Record Date</u>	<u>Payment Date</u>	<u>Income</u>	<u>Capital Gains</u>	<u>Total</u>
6/13/03	6/27/03	\$0.160	\$ —	\$0.160
9/18/03	9/29/03	0.160	—	0.160
11/28/03	12/26/03	0.210	—	0.210
3/16/04	3/30/04	0.170	—	0.170
		<u>\$0.700</u>	<u>—</u>	<u>\$0.700</u>

To Our Shareholders

The economic expansion continues to develop as non-farm payrolls have increased by over one million in 2004. As usually occurs in such expansions, interest rates have gone up. Over the past six months interest rates have gone from approximately 3% to 4% on five year U.S. Treasury bonds, from 4.3% to 5% on five year BBB (investment grade) bonds and from 6.9% to 7.5% on five year B industrial bonds. Other maturities have seen similar rises in rates. So, even though the Federal Reserve Board has not raised rates yet, the bond market has.

Oil prices appear to have topped out for now, but we expect they may remain in a range of \$35-\$40 per barrel rather than the old expectation of \$22-\$28 per barrel. Further, gasoline prices should remain high as the refineries that make gasoline for our cars and trucks are capacity-constrained. No new refinery has been built in the U.S. since 1976 and we have only half of the refineries we had in 1981.

The combination of higher interest rates and higher energy prices leads us to believe that economic growth will be a bit slower than the 4% we expected, but we still expect growth around 3.5% in 2004 and 2005.

From Bancroft Convertible Fund's founding in 1971, the Fund's strategy has been to use convertible securities as an equity alternative to reduce risk and volatility. This strategy tends to outperform in bear markets and lag in bull markets. The net asset value of the Fund has outperformed the S&P 500 stock index for the five years ended April 30, 2004 and underperformed for the one year ended April 30, 2004. The nature of the Fund's convertible securities investments explains much of this difference in performance during these periods. The Fund's NAV slightly underperformed the average of its peer-group for the four months ended April 30, 2004. Our peers consist of the thirteen closed-end convertible funds in the Lipper Closed-End Performance Analysis, but of these thirteen only four of these, including Bancroft, remain unleveraged convertible funds with greater than 80% of their investments in convertible securities. The addition of leverage usually makes portfolios more volatile and the addition of non-convertible debt increases exposure to interest rate risk.

The results of the 2004 annual shareholders' meeting are shown in the Miscellaneous Notes section of this report. We thank you for your participation and support. Additional information on the Fund is available on the Fund's website (www.bancroftfund.com). Further, 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 its May meeting, the Fund's Board of Directors declared a quarterly dividend of 17 cents per share. The dividend consists of undistributed net investment income and will be payable on June 29, 2004 to shareholders of record on June 15, 2004.



Thomas H. Dinsmore
Chairman of the Board

June 14, 2004

Largest Investment Holdings by underlying common stock

	Value (Note 1)	% of Total Net Assets
Teva Pharmaceutical Industries Ltd. <i>Develops, manufactures and markets generic and branded human pharmaceuticals and active pharmaceutical ingredients.</i>	\$ 3,114,000	2.7 %
Amerada Hess Corp. <i>The Company and its subsidiaries explore for, produce, purchase, transport and sell crude oil and natural gas. The Company also manufactures, purchases, transports and markets refined petroleum products.</i>	2,691,600	2.3
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.</i>	2,486,250	2.2
Church & Dwight Co., Inc. <i>Produces sodium bicarbonate and sodium bicarbonate-based products. The Company sells its products primarily under the Arm & Hammer trademark, to consumers and to industrial customers and distributors.</i>	2,484,280	2.2
The St. Paul Travelers Companies, Inc. <i>Provides a broad range of insurance products and services for the commercial and consumer markets.</i>	2,457,000	2.1
Sovereign Bancorp, Inc. <i>A holding company for Sovereign Bank. The Bank's primary business consists of attracting deposits from its network of banking offices, and originating commercial, consumer and residential mortgage loans, as well as automobile loans.</i>	2,350,000	2.0
Conexant Systems, Inc. <i>Provides semiconductor products for communications electronics. The Company offers products for use in wireless communications, network access, network processing, digital entertainment, personal imaging, and personal computing.</i>	2,227,973	1.9
Capital One Financial Corp. <i>Through its subsidiaries, provides credit card products, consumer lending and deposit services.</i>	2,213,100	1.9
The TJX Companies, Inc. <i>Retails off-price apparel and home fashions. The Company currently operates T.J. Maxx, Marshalls, HomeGoods, A.J. Wright, Winners and T.K. Maxx stores.</i>	2,112,000	1.8
Fifth Third Bancorp <i>A diversified financial services company. The Company's principal businesses include retail banking, commercial banking, investment advisory and data processing.</i>	<u>2,059,714</u>	<u>1.8</u>
	<u>\$24,195,917</u>	<u>20.9 %</u>

Major Industry Exposure

	<u>% of Total Net Assets</u>
Pharmaceuticals	11.7%
Technology	11.2
Banking/Savings & Loan	11.0
Financial & Insurance	10.7
Energy	10.0
Retail	7.9
Telecommunications	7.1
Health Care	5.0
Automotive	3.8
Consumer Goods	3.5
Total	<u>81.9%</u>

Major Portfolio Changes

Six months ended April 30, 2004

ADDITIONS

Amerada Hess Corp.
 Casual Male Retail Group, Inc.
 Chesapeake Energy Corp.
 Conexant Systems, Inc.
 EMC Corp.
(exchangeable from The Goldman Sachs Group, Inc.)
 Equinix, Inc.
 Fifth Third Bancorp
(exchangeable from The Bear Stearns Cos., Inc.)
 Graftech International, Ltd.
 Hewlett Packard Co., Inc.
 LSI Logic Corp.
(exchangeable from Lehman Brothers Holdings, Inc.)
 Leucadia National Corp.
 Nortel Networks Corp.
 Sovereign Bancorp, Inc.
(exchangeable from Sovereign Capital Trust IV)
 The TJX Companies, Inc.
 Teva Pharmaceuticals Industries Ltd.
(exchangeable from Teva Pharm. Finance II)

REDUCTIONS

Affiliated Computer Services, Inc.
 American Electric Power Company, Inc.
 Bisys Group, Inc.
 ChevronTexaco Corp.
(exchangeable from Devon Energy Corp.)
 Equinix, Inc.
 Graftech International, Ltd.
 The Interpublic Group of Companies, Inc.
 Ivax Corp.
 News Corp, Inc.
(exchangeable from News America, Inc.)
 Nextel Communications, Inc.
 Raytheon Co.
(exchangeable from RC Trust I)
 Reinsurance Group of America, Inc.
 School Specialty Inc.
 Sunrise Assisted Living, Inc.
 Toys "R" Us, Inc.
 Vishay Intertechnology, Inc.
 XL Capital, Ltd.

Statement of Assets and Liabilities *(unaudited)*

April 30, 2004

Assets:

Investments at value (cost \$111,282,870) (Note 1)	\$ 115,597,141
Cash	90,763
Receivable for securities sold	661,062
Dividends and interest receivable	542,652
Other assets	48,458
Total assets	<u>116,940,076</u>

Liabilities:

Payable for securities purchased	1,305,000
Accrued management fee (Note 2)	72,200
Accrued expenses	10,366
Total liabilities	<u>1,387,566</u>

Net Assets

\$ 115,552,510

Net assets consist of:

Undistributed net investment income	\$ 879,875
Accumulated net realized loss from investment transactions	(5,723,488)
Unrealized appreciation on investments	4,314,271
Capital shares (Note 3)	55,568
Additional paid-in capital	116,026,284

Net Assets

\$ 115,552,510

Net asset value per share (\$115,552,510 ÷ 5,557,138 outstanding shares)

\$ 20.79

Statement of Operations *(unaudited)*

Six Months Ended April 30, 2004

Investment Income (Note 1):

Interest	\$ 1,317,258
Dividends	1,145,172
Total Income	<u>2,462,430</u>

Expenses (Note 2):

Management fee	408,973
Custodian	11,287
Transfer agent	12,446
Professional fees	37,678
Directors' fees	54,300
Reports to shareholders	22,131
Treasurer's office	12,500
Other	56,379
Total Expenses	<u>615,694</u>

Net Investment Income

1,846,736

Realized and Unrealized Gain on Investments:

Net realized gain from investment transactions	2,507,359
Net unrealized depreciation of investments	(28,245)
Net gain on investments	2,479,114
Net Increase in Net Assets Resulting from Operations	<u>\$ 4,325,850</u>

See accompanying notes to financial statements.

Statement of Changes in Net Assets

	Six Months Ended April 30, 2004(a)	Year Ended October 31, 2003
Change in net assets from operations:		
Net investment income	\$ 1,846,736	\$ 3,352,240
Net realized gain (loss) from investment transactions	2,507,359	(424,570)
Net change in unrealized appreciation of investments	<u>(28,245)</u>	<u>11,355,567</u>
Net increase in net assets resulting from operations	<u>4,325,850</u>	<u>14,283,237</u>
Dividends to shareholders from:		
Net investment income	(1,937,144)	(3,445,042)
Capital share transactions (Note 3)		
Value of shares issued on reinvestment of distributions	628,542	742,900
Net proceeds from rights offering	<u>14,049,762</u>	<u>—</u>
Total capital share transactions	<u>14,678,304</u>	<u>742,900</u>
Change in net assets	17,067,010	11,581,095
Net assets at beginning of period	<u>98,485,500</u>	<u>86,904,405</u>
Net assets at end of period (including undistributed net investment income of \$879,875 and \$985,125, respectively)	<u>\$115,552,510</u>	<u>\$98,485,500</u>

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

	Six Months Ended April, 2004(a)	Years Ended October 31,				
		2003	2002	2001	2000	1999
Operating Performance:						
Net asset value, beginning of period	\$20.84	\$18.55	\$20.72	\$27.09	\$27.35	\$26.89
Net investment income	0.33	0.71	0.79	1.07	1.04	0.78
Net realized and unrealized gain (loss)	0.50	2.31	(2.02)	(3.23)	2.29	3.40
Total from investment operations	0.83	3.02	(1.23)	(2.16)	3.33	4.18
Less Distributions:						
Dividends from net investment income ...	(0.38)	(0.73)	(0.94)	(1.11)	(0.80)	(0.78)
Distributions from realized gains	—	—	—	(3.10)	(2.90)	(2.94)
Total distributions	(0.38)	(0.73)	(0.94)	(4.21)	(3.70)	(3.72)
Capital Share Transactions:						
Effect of rights offering	(0.50)	—	—	—	—	—
Capital share repurchases	—	—	—	—	0.11	—
Total capital share transactions	(0.50)	—	—	—	0.11	—
Net asset value, end of period	<u>\$20.79</u>	<u>\$20.84</u>	<u>\$18.55</u>	<u>\$20.72</u>	<u>\$27.09</u>	<u>\$27.35</u>
Market value, end of period	\$18.35	\$19.70	\$17.54	\$18.75	\$22.63	\$22.25
Total Net Asset Value Return %(b)	1.58	16.67	(6.29)	(8.68)	13.62	16.36
Total Investment Return %(c)	(4.99)	16.71	(1.82)	1.31	20.63	(2.96)
Ratios/Supplemental Data:						
Net assets, end of period (in thousands) ...	\$115,553	\$98,486	\$86,904	\$95,864	\$111,336	\$103,791
Ratio of expenses to average net assets (%)	1.1(d)	1.2	1.2	1.1	1.1	1.1
Ratio of net investment income to average net assets (%)	3.3(d)	3.6	4.0	4.9	3.8	3.0
Portfolio turnover rate (%)	45	87	78	83	93	72

(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, 2004 (unaudited)

Principal Amount		Value (Note 1)
	CONVERTIBLE BONDS AND NOTES — 53.6%	
	Advertising — 0.9%	
\$1,000,000	Lamar Advertising Company 2.875% 2010 cv. sub. notes (B2)	\$1,078,125
	Aerospace and Defense — 1.2%	
1,500,000	The Goldman Sachs Group, Inc. 1% 2009 exh. equity-linked notes (Aa3) (exch. for General Dynamics Corp. common stock) ⁽¹⁾	1,438,740
	Automotive — 2.5%	
1,000,000	American Axle & Manufacturing Holdings, Inc. 2% 2024 cv. sr. notes (Baa3) (Acquired 02/06/04 - 02/12/04; Cost \$1,044,500) ^{(1) (2)}	1,010,625
3,500,000	Lear Corp. 0% 2022 cv. sr. notes (Ba1)	1,826,563
		<u>2,837,188</u>
	Banking/Savings and Loan — 1.8%	
2,078,000	The Bear Stearns Companies, Inc. 0.25% 2010 medium term notes (A1) (exch. for Fifth Third Bancorp common stock) ⁽¹⁾	2,059,714
	Consumer Goods — 2.2%	
2,000,000	Church & Dwight Co., Inc. 5.25% 2033 cv. sr. deb. (B1)	2,484,280
	Data-Processing Services — 1.2%	
1,500,000	Pegasus Solutions, Inc. 3.875% 2023 cv. sr. notes (NR)	1,387,500
	Electrical Supplies — 0.8%	
1,000,000	Grafftech International LTD 1.625% 2024 cv. sr. deb. (B2) (Acquired 04/22/04; Cost \$999,375) ⁽²⁾	883,750
	Energy — 1.7%	
1,900,000	Kerr-McGee Corp. 5.25% 2010 cv. sub. deb. (Baa3)	2,006,457
	Entertainment — 1.0%	
1,250,000	Citadel Broadcasting Corp. 1.875% 2011 cv. sub. notes (NR) (Acquired 02/11/04 - 02/25/04; Cost \$1,246,250) ⁽²⁾	1,201,563
	Financial and Insurance — 1.9%	
1,250,000	Leucadia National Corp. 3.75% 2014 cv. sr. sub. notes (Ba3) (Acquired 04/22/04; Cost \$1,265,000) ⁽²⁾	1,270,313
1,000,000	Swiss Re America Holding Corp. 3.25% 2021 euro. sub. cv. bonds (Aa1) (conv. into Swiss Reinsurance Company common stock) (Acquired 11/15/01 - 12/05/01; Cost \$1,007,750) ⁽²⁾	945,625
		<u>2,215,938</u>
	Health Care — 3.4%	
1,000,000	AmerisourceBergen Corp. 5% 2007 cv. sub. notes (B1)	1,177,950
1,000,000	Community Health Systems, Inc. 4.25% 2008 cv. sub. notes (B3)	1,064,100
500,000	LifePoint Hospitals, Inc. 4.50% 2009 cv. sub. notes (B3)	525,000
125,000	Matria Healthcare, Inc. 4.875% 2024 cv. sr. sub. notes (NR) (Acquired 04/30/04; Cost \$125,000) ⁽²⁾	126,094
875,000	Mentor Corp. 2.75% 2024 cv. sub. notes (NR) (Acquired 12/17/03 - 01/30/04; Cost \$941,250) ⁽²⁾	1,095,938
		<u>3,989,082</u>

Portfolio of Investments April 30, 2004 (continued)

Principal Amount		Value (Note 1)
CONVERTIBLE BONDS AND NOTES — (continued)		
Office Equipment — 1.6%		
\$1,750,000	IOS Capital, LLC 5% 2007 cv. sub. notes (Ba3) (exch. for IKON Office Solutions, Inc. common stock) (Acquired 05/08/02 - 06/02/03; Cost \$1,746,250) ⁽²⁾	<u>\$1,828,750</u>
Pharmaceuticals — 10.2%		
2,000,000	Alza Corp. 0% 2020 cv. sub. deb. (Aa1) (exch. for Johnson & Johnson common stock)	1,507,500
2,000,000	Amgen, Inc. 0% 2032 LYONs (A2) ⁽¹⁾	1,478,973
1,250,000	Gilead Sciences, Inc. 2% 2007 cv. sr. notes (NR)	1,744,531
1,125,000	Impax Laboratories, Inc. 1.25% 2024 cv. sr. sub. deb. (NR) (Acquired 03/31/04 - 04/23/04; Cost \$1,208,750) ⁽²⁾	1,157,614
500,000	Ivax Corp. 4.50% 2008 cv. sr. sub. notes (NR)	506,250
1,250,000	Ivax Corp. 1.50% 2024 cv. sr. notes (NR) (Acquired 02/27/04; Cost \$1,262,103) ^{(1) (2)}	1,233,088
1,050,000	Medarex, Inc. 2.25% 2011 cv. sr. notes (NR) (Acquired 04/27/04 - 04/28/04; Cost \$1,055,000) ⁽²⁾	1,031,625
750,000	Teva Pharmaceutical Finance B.V. 0.75% 2021 cv. sub. deb. (BBB) (exch. for ADR representing Teva Pharmaceuticals Industries Ltd. common stock)	1,085,250
1,000,000	Teva Pharmaceutical Finance II, LLC series A 0.50% 2024 cv. sr. deb. (BBB) (exch. for ADR representing Teva Pharmaceuticals Industries Ltd. common stock)	1,010,000
1,000,000	Teva Pharmaceutical Finance II, LLC series B 0.25% 2024 cv. sr. deb. (BBB) (exch. for ADR representing Teva Pharmaceuticals Industries Ltd. common stock)	<u>1,018,750</u>
		<u>11,773,581</u>
Retail — 7.9%		
1,000,000	Casual Male Retail Group, Inc. 5% 2024 cv. sr. sub. notes (NR) (Acquired 11/13/03 - 12/19/03; Cost \$1,015,985) ⁽²⁾	1,165,000
1,500,000	Charming Shoppes, Inc. 4.75% 2012 sr. cv. notes (B2)	1,629,375
1,500,000	Costco Wholesale Corp. 0% 2017 cv. sub. notes (A3)	1,289,063
1,300,000	Dick's Sporting Goods, Inc. 1.6061% 2024 sr. cv. notes (NR) (Acquired 02/11/04 - 03/15/04; Cost \$917,772) ⁽²⁾	882,375
1,000,000	Reebok International Ltd. 2% 2024 cv. deb. (BBB) (Acquired 04/27/04; Cost \$1,004,375) ^{(1) (2)}	1,003,750
1,000,000	Saks, Inc. 2% 2024 cv. sr. notes (Ba3) (Acquired 03/17/04 - 04/23/04; Cost \$1,021,985) ⁽²⁾	1,009,950
2,400,000	The TJX Companies, Inc. 0% 2021 LYONs (Baa1)	<u>2,112,000</u>
		<u>9,091,513</u>
Technology — 7.8%		
1,500,000	Axcelis Technologies, Inc. 4.25% 2007 cv. sub. notes (NR)	1,488,750
2,191,000	Conexant Systems, Inc. 5.25% 2006 cv. sub. notes (NR)	2,227,973
2,378,000	Hewlett-Packard Co., Inc. 0% 2017 LYONs (Baa1)	1,331,680
2,000,000	International Rectifier Corp. 4.25% 2007 cv. sub. notes (B2)	2,002,500
2,000,000	STMicroelectronics, N.V. 0% 2013 sr. cv. bonds (A3) (Acquired 07/29/03 - 12/22/03; Cost \$2,067,500) ^{(2) (3)}	<u>1,980,000</u>
		<u>9,030,903</u>

Portfolio of Investments April 30, 2004 (continued)

Principal Amount		Value (Note 1)
CONVERTIBLE BONDS AND NOTES — (continued)		
Telecommunications — 7.1%		
\$1,500,000	Comverse Technology, Inc. 0% 2023 ZYPS (BB-) ⁽³⁾	\$ 1,706,250
1,000,000	Lucent Technologies, Inc. 2.75% 2023 series A cv. sr. deb. (Caa1)	1,293,340
500,000	Lucent Technologies, Inc. 2.75% 2025 series B cv. sr. deb. (Caa1)	674,950
500,000	NII Holdings, Inc. 2.875% 2034 cv. sr. notes (NR) (Acquired 01/27/04; Cost \$510,313) ⁽²⁾	519,369
1,250,000	Nortel Networks Corp. 4.25% 2008 cv. sr. notes (B3)	1,176,563
1,250,000	Tekelec, Inc. 2.25% 2008 cv. sub. discount notes (NR)	1,490,625
1,000,000	UTStarcom, Inc. 0.875% 2008 cv. notes (NR)	1,308,750
		<u>8,169,847</u>
Transportation — 0.4%		
500,000	ExpressJet Holdings, Inc. 4.25% 2023 cv. notes (NR)	510,480
	TOTAL CONVERTIBLE BONDS AND NOTES	<u>61,987,411</u>
CONVERTIBLE PREFERRED STOCKS — 20.2%		
Automotive — 1.3%		
50,000	General Motors Corp. 6.25% series C cv. sr. deb. (Baa1)	1,515,625
Banking/Savings and Loan — 8.2%		
20,000	Commerce Capital Trust II 5.95% cv. trust pfd. (Baa1) (exch. for Commerce Bancorp, Inc. common stock)	1,237,500
40,000	National Australia Bank Ltd. 7.875% exch. capital units (NR)	1,436,400
30,000	New York Community Bancorp, Inc. 6% BONUSSES units (Baa2)	1,987,500
50,000	Sovereign Capital Trust IV 4.375% PIERS (Ba1) (exch. for Sovereign Bancorp, Inc. common stock) ⁽¹⁾	2,350,000
45,000	Washington Mutual Capital Trust PIERS units (Baa1) (exch. for Washington Mutual, Inc. common stock)	2,486,250
		<u>9,497,650</u>
Energy — 2.9%		
12,500	Chesapeake Energy Corp. 6% cum. cv. pfd. (B3)	942,972
1,000	Chesapeake Energy Corp. 4.125% cum. cv. pfd. (B3) (Acquired 03/24/04; Cost \$1,000,000) ⁽²⁾	1,048,750
20,000	The Williams Companies, Inc. 5.50% 2033 jr. sub. cv. deb. (B-)	1,347,500
		<u>3,339,222</u>
Entertainment — 2.3%		
22,500	Emmis Communications Corp. 6.25% series A cum. cv. pfd. (Caa1)	1,065,938
1,500	Radio One, Inc. 6.50% HIGH TIDES (B3)	1,615,500
		<u>2,681,438</u>
Financial and Insurance — 3.1%		
20,000	Reinsurance Group of America, Inc. 5.75% PIERS (Baa2)	1,148,500
100,000	The St. Paul Travelers Companies, Inc. 4.50% 2032 cv. jr. sub. notes (Baa1)	2,457,000
		<u>3,605,500</u>
Health Care — 1.6%		
29,000	Omnicare Capital Trust I 4% PIERS (Ba3) (exch. for Omnicare, Inc. common stock) ⁽¹⁾	1,798,000
Mining — 0.8%		
1,000	Freeport-McMoRan Copper and Gold, Inc. 5.50% cv. perpetual pfd. (CCC)	882,750
	TOTAL CONVERTIBLE PREFERRED STOCKS	<u>23,320,185</u>

Portfolio of Investments April 30, 2004 (continued)

Principal Amount or Shares		Value (Note 1)
MANDATORY CONVERTIBLE SECURITIES — 21.6% Note 1(e)		
Aerospace and Defense — 1.3%		
15,000 shs	Northrop Grumman Corp. 7.25% equity units (NR) ⁽¹⁾	<u>\$ 1,569,450</u>
Banking/Savings and Loan — 1.0%		
5,000 shs	State Street Corp. 6.75% treasury backed ACES (NR)	<u>1,159,219</u>
Consumer Goods — 1.3%		
50,000 shs	Constellation Brands, Inc. dep. shs. representing 5.75% series A mand. cv. pfd. (B)	<u>1,532,000</u>
Energy — 5.3%		
40,000 shs	Amerada Hess Corp. 7% mandatory cv. pfd. ACES (Ba3)	2,691,600
30,000 shs	Kerr-McGee Corp. 5.50% 2004 DECS (Baa3) (exch. for Devon Energy Corp. common stock)	1,565,700
25,000 shs	Teekay Shipping Corp. 7.25% PEPS units (BB-)	935,250
30,000 shs	Valero Energy Corp. 2% mandatory cv. pfd. (BB+)	<u>971,520</u>
		<u>6,164,070</u>
Financial and Insurance — 5.7%		
45,000 shs	Capital One Financial Corp. 6.25% Upper DECS (Baa3) ⁽¹⁾	2,213,100
15,000 shs	The Chubb Corp. 7% equity units (A) ⁽¹⁾	420,000
54,000 shs	The Chubb Corp. 7% equity units (A) ⁽¹⁾	1,508,625
40,000 shs	Platinum Underwriters Holdings, Ltd. 7% equity security units (NR) ⁽¹⁾	1,298,000
45,000 shs	XL Capital, Ltd. 6.5% equity security units (A2)	<u>1,141,875</u>
		<u>6,581,600</u>
Paper and Paper Products — 1.0%		
20,000 shs	Temple-Inland, Inc. 7.50% Upper DECS (Baa3) ⁽¹⁾	<u>1,122,000</u>
Pharmaceuticals — 1.5%		
31,500 shs	Baxter International, Inc. 7% equity units (A3) ⁽¹⁾	<u>1,700,055</u>
Technology — 3.4%		
105,550 shs	The Goldman Sachs Group, Inc. 7.50% mandatory exch. notes (Aa3) (exch. for EMC Corp. common stock)	1,268,342
36,395 shs	The Goldman Sachs Group, Inc. 5.625% mandatory exch. notes (Aa3) (exch. for Intel Corp. common stock)	952,130
\$2,000,000	Lehman Brothers Holdings, Inc. 6% 2005 YEELDS (A) (linked to LSI Logic Corp. common stock)	<u>1,672,500</u>
		<u>3,892,972</u>
Utilities — 1.1%		
50,000 shs	DTE Energy Co. 8.75% equity security units (BBB) ⁽¹⁾	<u>1,234,500</u>
	TOTAL MANDATORY CONVERTIBLE SECURITIES Note 1(e)	<u>24,955,866</u>
COMMON STOCKS — 0.0%		
Telecommunications — 0.0%		
11,743 shs	Covad Communications Group, Inc. ⁽³⁾	<u>23,486</u>
	TOTAL COMMON STOCKS	<u>23,486</u>

Portfolio of Investments April 30, 2004 (continued)

Principal Amount		Value (Note 1)
SHORT-TERM SECURITIES — 4.6%		
Commercial Paper — 4.6%		
\$2,900,000	American Express Credit Corp. (P1) (0.99% maturing 05/03/04)	\$ 2,899,601
2,400,000	American Express Credit Corp. (P1) (1.02% maturing 05/06/04)	<u>2,399,592</u>
		<u>5,299,193</u>
U.S. Government Obligations — 0.0%		
11,000	U.S. Treasury notes 1.625% 4/30/05 (Aaa) ⁽⁴⁾	<u>11,000</u>
	TOTAL SHORT-TERM SECURITIES	<u>5,310,193</u>
	Total Investments — 100.0%	115,597,141
	Other assets and liabilities, net — (0.0)%	<u>(44,631)</u>
	Total Net Assets — 100.0%	<u>\$115,552,510</u>

- (1) Contingent payment debt instrument which accrues contingent interest income. See Note 1(b).
- (2) Security not registered under the Securities Act of 1933, as amended (e.g., the security was purchased in a Rule 144A transaction or a Regulation D transaction). The security may be resold only pursuant to an exemption from registration under the 1933 Act, typically to qualified institutional buyers. The Fund generally has no rights to demand registration of these securities. The aggregate market value of these securities at April 30, 2004 was \$19,394,179, which represented 16.8% of the Fund's net assets.
- (3) Non-income producing security.
- (4) Collateral for a letter of credit.

ACES	Automatic Convertible Equity Securities.
ADR	American Depositary Receipts.
BONUSES	Bifurcated Option Note Unit Securities.
DECS	Debt Exchangeable for Common Stock.
HIGH TIDES	Remarketable Term Income Deferrable Equity Securities.
LYONs	Liquid Yield Option Notes.
PEPS	Premium Equity Participating Securities.
PIERS	Preferred Income Equity Redeemable Securities.
YEELDS	Yield Enhanced Equity Linked Debt Securities.
ZYPS	Zero Yield Puttable Securities.

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

The cost of investments for federal income tax purposes is \$111,282,870 resulting in gross unrealized appreciation and depreciation of \$7,264,619 and \$2,950,348, respectively, or net unrealized appreciation of \$4,314,271 on a tax cost basis.

The Fund invests primarily in convertible securities. Some convertible securities the Fund invests in may be "restricted securities." Typically, securities are considered "restricted securities" when they are not registered under the Securities Act of 1933, as amended (the "Securities Act") and may be resold only pursuant to an exemption from registration under the Securities Act.

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. Unlisted 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. Securities for which quotations are not readily available, restricted securities and other assets are valued at fair value as determined in good faith by management with the approval of the Board of Directors. Short-term debt securities with initial maturities of 60 days or less are valued at amortized cost.

(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 5 cents per share for the six months ended April 30, 2004.

(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. At October 31, 2003, the net capital loss carryforward of the Fund which may be used to offset possible future net realized gains was approximately \$8,230,848, and expires in 2009, 2010 and 2011.

(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, under normal circumstances, to invest at least 80% 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. At April 30, 2004, the market value of those securities was \$24,955,866, representing 21.6% 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 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, 2004. The officers of the Fund are also directors, officers or employees of the Adviser, and are compensated by the Adviser.

Notes to Financial Statements (continued)

3. Portfolio Activity

At April 30, 2004 there were 5,557,138 shares of \$.01 par value common stock outstanding (9,000,000 shares authorized). During the six months ended April 30, 2004, 33,362 shares were issued in connection with reinvestment of dividends from net investment income, resulting in an increase in paid-in capital of \$628,542.

On December 16, 2003, the Fund completed a rights offering of Common Stock to its stockholders at the rate of one common share for each 6 rights held by stockholders of record on November 13, 2003. The rights offering was fully subscribed, resulting in the issuance of 797,918 common shares at a price of \$17.82, and proceeds of \$14,218,899 to the Fund prior to the deduction of expenses. The net asset value per share of the Fund's Common Stock was reduced by approximately \$0.50 per share as a result of the issuance.

Purchases and sales of investments, exclusive of corporate short-term notes, aggregated \$58,698,124 and \$48,431,018, respectively, for the six months ended April 30, 2004.

A distribution of \$0.17 per share from net investment income was declared on May 18, 2004, payable June 29, 2004 to shareholders of record at the close of business June 15, 2004.

Miscellaneous Notes

Results of the 2004 Annual Shareholders Meeting

The results of the shareholder vote at the Annual Meeting of Shareholders held on February 14, 2004, were:

- All directors nominated by management were elected for terms expiring in 2007.

	<u>Shares voted for</u>	<u>Shares withheld</u>
Gordon F. Ahalt	4,119,528	112,509
Nicolas W. Platt	4,119,832	112,205
Jane D. O'Keeffe	4,117,717	114,320

- The Audit Committee's appointment of PricewaterhouseCoopers LLP as independent accountants was ratified with 4,158,991 shares voted for, 34,785 shares voted against and 38,261 shares abstaining.

Visit us on the Internet at www.bancroftfund.com. The site provides information about the Fund including daily net asset values (NAV), historical dividends and press releases, as well as information about Davis-Dinsmore Management Company, the Fund's adviser. In addition you can send email to us at info@bancroftfund.com.

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

The Fund's Proxy Voting Guidelines (the "Guidelines") are available without charge, by calling the Fund collect at (973) 631-1177. The Guidelines are also posted on the Fund's website at <http://www.bancroftfund.com> and are available on the SEC's website at <http://www.sec.gov>.

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

Officers

THOMAS H. DINSMORE	<i>Chief Executive Officer</i>
JANE D. O'KEEFFE	<i>President</i>
GARY I. LEVINE	<i>Executive Vice President, Chief Financial Officer and Secretary</i>
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GERMAINE M. ORTIZ	<i>Vice President</i>
MERCEDES A. PIERRE	<i>Vice President and Assistant Treasurer</i>
JOSHUA P. LAKE	<i>Treasurer and Assistant Secretary</i>
JESSICA K. LAKE	<i>Assistant Vice President</i>
JOANN VENEZIA	<i>Assistant Vice President</i>

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Shareholder Services and Transfer Agent


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www.amstock.com

Common Stock Listing

American Stock Exchange Symbol: BCV

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