

BANCROFT FUND LTD.



2006 Semi-Annual Report
April 30, 2006

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Bancroft Fund Ltd. (successor to 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 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, 2006 with dividends reinvested

	Calendar		Cumulative	Cumulative
	YTD	1 Year	5 Years	10 Years
Bancroft market price (a)	4.55%	15.01%	12.72%	129.73%
Bancroft net asset value (b)	5.62	15.52	21.08	109.74
Closed-end convertible fund average (b)	5.87	16.05	31.86	104.28
S&P 500 (a)	5.61	15.41	14.22	135.36
Merrill Lynch All Convertibles Index (a)	6.21	16.39	30.23	128.33
Lehman Aggregate Bond Total Return Index (b)	(0.83)	0.71	28.57	84.68

Performance data represent past results and do not reflect future performance. Bancroft's performance in the table above has not been adjusted for the fiscal 2004 rights offering; net asset value dilution was 2.38%.

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

(b) From Lipper, Inc. *Closed-End Fund Performance Analysis*, dated April 30, 2006.

Quarterly History of NAV and Market Price

Qtr. Ended	Net Asset Values			Market Prices (AMEX, symbol BCV)		
	High	Low	Close	High	Low	Close
Jul. 05	\$21.26	\$19.72	\$21.26	\$18.25	\$16.99	\$18.25
Oct. 05	21.75	20.79	21.05	18.55	17.52	17.77
Jan. 06	22.06	20.90	22.06	18.65	17.53	18.62
Apr. 06	22.23	21.69	22.20	18.90	18.41	18.69

Dividend Distributions (12 Months)

Record Date	Payment Date	Income	Capital Gains	Income
6/15/05	6/29/05	\$0.170	—	\$0.170
9/15/05	9/29/05	0.170	—	0.170
12/02/05	12/27/05	0.243	—	0.243
3/16/06	3/30/06	0.180	—	0.180
		<u>\$0.763</u>		<u>\$0.763</u>

To Our Shareholders

June 12, 2006

This is our first shareholder report since the Fund reorganized as a Delaware statutory trust, and changed its name to Bancroft Fund Ltd. As a Delaware statutory trust, the amount of state taxes that the Fund will pay annually will be reduced, and the Fund will enjoy a higher flexibility in governance. For example, from time to time, in between scheduled meetings of the Board, the trustees are asked to approve certain matters affecting the Fund. Formerly, all board members were required to sign a consent approving such matters. As a Delaware statutory trust, the trustees are permitted to act between regular meetings by a consent signed by at least 75% of the trustees. This will permit the Board to act in a timelier manner if a trustee is unavailable to approve such action.

The convertible market has undergone many major changes over the thirty-five years that Bancroft has existed. One of the most significant was the creation of mandatory conversion securities (a type of convertible that has a required conversion or redemption feature). These convertibles usually provide a much higher yield than their underlying common stock, but rather than the holder having the option of taking the shares or cash at maturity or redemption, the holder must convert even if conversion value is less than issue price. Issues of this type became a sizeable portion of the convertible market starting in the '90s. While these issues (sometimes known as DECS, PERCS, or ELKS) tend to be more volatile than traditional convertibles, they have performed well as a group. According to Citigroup, since December 1994 the mandatory portion of the convertible market has provided the best performance, followed by cash coupon convertible bonds, convertible preferreds and zero coupon bonds (which also tend to be the least volatile).

The convertible securities market also has undergone substantial changes over the last two years. According to Citigroup, the average premium-to-conversion value (the positive difference between the market price of a convertible security and the value of the underlying common stock) for May 2004 was 42.9%; by May 2005 it had fallen to 35.2% and this May it was 30.3%. Citigroup also measured a decline in current yield from 3.9% in 2004 and 2005 to 3.5% in May 2006. Much of this premium compression and current yield decline was due to rising equity prices. The higher premium and current yield levels in 2004 made for a convertible market that was less equity sensitive and more interest rate sensitive than it is now. The convertible market also appears to have ended its decline in total market value over the last three years. New issues and market appreciation were greater than redemptions as Merrill Lynch measured a rise in the market value from \$263 billion in 2005 to \$266 billion in May 2006.

The Fund's performance based on industry exposure has changed recently. While positive returns continue to come from the energy sector, we have also seen better performance in our aerospace and defense exposure. Underperforming industries have been health care and pharmaceuticals. We believe these underperforming industries lagged due to the perception that there will be greater government involvement in these businesses.

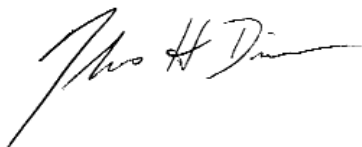
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To Our Shareholders (continued)

For the ten-year period ended April 30, 2006, Bancroft's net asset value (NAV) had outperformed the average NAV performance of the closed-end funds included in the closed-end convertible fund category tracked by Lipper, Inc. and published in the *Lipper Closed-End Performance Analysis*. However, for the one-year, three-years and five-years ended April 30, 2006, the Fund underperformed the average NAV of the eleven funds in its category.

Visit our website, www.bancroftfund.com, for additional information on the Fund, such as a monthly portfolio summary which lists the Fund's largest holdings. Quarterly updates may be found in the Financial Reports section, and other financial data is often included in press releases.

The results of the 2006 annual meeting of shareholders are shown in the Miscellaneous Notes section of this report. We thank you for your support. At its May meeting, the Board of Trustees declared a dividend of \$0.18 per share. The dividend consists of undistributed net investment income and will be payable on June 29, 2006 to shareholders of record on June 15, 2006.



Thomas H. Dinsmore
Chairman of the Board

Major Portfolio Changes by underlying common stock

Six months ended April 30, 2006

ADDITIONS

DRS Technologies, Inc.
E*TRADE Financial Corp.
Equinix, Inc.
(exchangeable from Credit Suisse First Boston (USA), Inc.)
Intel Corp.
LSB Industries, Inc.
Maverick Tube Corp.
Microsoft Corp.
(exchangeable from Lehman Brothers Holdings, Inc.)
St. Jude Medical, Inc.
Texas Industries, Inc.
(exchangeable from TXI Capital Trust I)

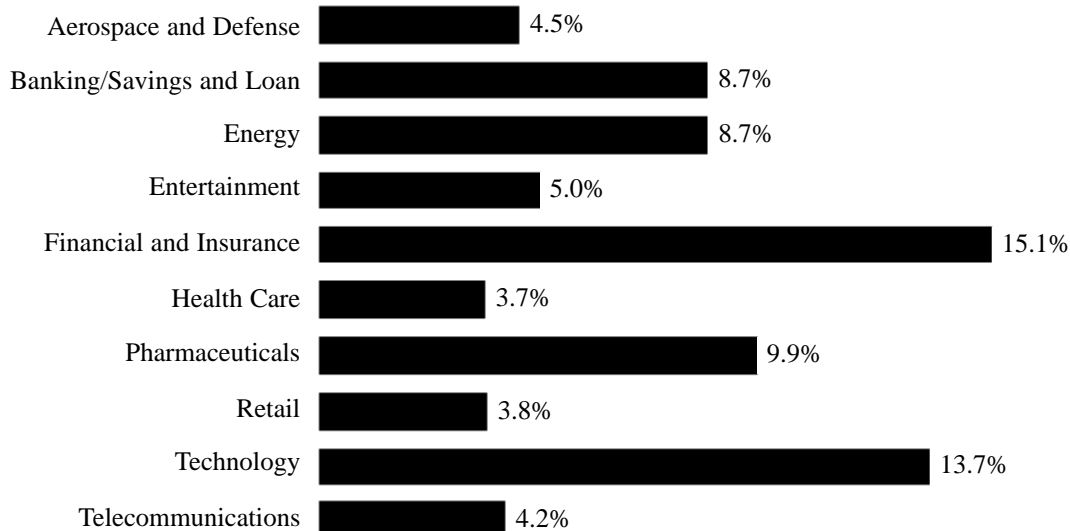
REDUCTIONS

Advanced Micro Devices, Inc.
Best Buy Co., Inc.
Chesapeake Energy Corp.
Community Health Systems, Inc.
Comverse Technology, Inc.
L-3 Communications Holdings, Inc.
Lear Corp.
OMI Corp.
Nortel Networks Corp.
The Williams Companies, Inc.
Valero Energy Corp.

Largest Investment Holdings by underlying common stock

	Value (Note 1)	% Total Net Assets
The Walt Disney Company An entertainment company which conducts operations in media networks, studio entertainment, theme parks and resorts, consumer products, and Internet and direct marketing.	\$ 4,270,000	3.4 %
Teva Pharmaceutical Industries Ltd. Develops, manufactures and markets generic and branded human pharmaceuticals and active pharmaceutical ingredients. (exchangeable from Ivax Corp., Teva Pharmaceutical Finance Co. B.V. and Teva Pharmaceutical Finance Co., LLC)	3,236,875	2.6
Nuveen Investments, Inc. The company's principal activities are asset management and related research, and the development, marketing and distribution of investment products and services. (exchangeable from Merrill Lynch & Co., Inc. and Morgan Stanley, Inc.)	3,142,478	2.5
The St. Paul Travelers Companies, Inc. Provides a broad range of insurance products and services for the commercial and consumer markets.	3,018,000	2.4
Washington Mutual, Inc. A financial services company that provides a diversified line of products and services to consumers and small- to mid-sized businesses.	2,803,500	2.3
Freeport-McMoRan Copper and Gold, Inc. Is involved in mineral exploration and development, mining, and milling of copper, gold and silver. The company is also involved in smelting and refining copper concentrates.	2,794,500	2.2
Celanese Corp. A global industrial chemicals company that processes raw materials and natural products into chemicals and chemical-based products.	2,624,375	2.1
U.S. Bancorp. A diversified financial services company that provides lending and depository services, cash management, foreign exchange, trust and investment management services.	2,500,000	2.0
The TJX Companies, Inc. Retailers off-price apparel and home fashions. The company currently operates T.J. Maxx, Marshalls, HomeGoods, A.J. Wright, Winners and T.K. Maxx stores.	2,482,500	2.0
Genworth Financial, Inc. Provides life insurance products, long-term care insurance and mortgage guarantee insurance coverage on residential mortgage loans. (exchangeable from Citigroup Funding, Inc.)	<u>2,432,250</u>	<u>2.0</u>
Total	<u>\$29,304,478</u>	<u>23.5 %</u>

Major Industry Exposure



Diversification of Assets

	Value (Note 1)	% Total Net Assets	
		Six Months Ended April 30, 2006	Year Ended October 31, 2005
Aerospace and Defense	\$ 5,618,014	4.5%	2.6%
Automotive	—	—	2.2
Banking/Savings and Loan	10,893,578	8.7	9.6
Building Products	1,848,945	1.5	—
Chemicals	4,354,375	3.5	3.4
Consumer Goods	3,061,797	2.5	2.6
Energy	10,904,250	8.7	13.1
Entertainment	6,252,500	5.0	4.3
Financial and Insurance	18,881,677	15.1	15.4
Financial Services	2,285,000	1.8	0.8
Foods	2,018,600	1.6	2.6
Health Care	4,636,250	3.7	3.1
Mining	2,794,500	2.2	1.9
Multi-Industry	2,448,750	2.0	0.7
Pharmaceuticals	12,325,999	9.9	10.5
Retail	4,725,625	3.8	6.4
Technology	17,113,178	13.7	8.4
Telecommunications	5,226,466	4.2	5.2
Utilities	1,644,375	1.3	1.5
Short-Term Securities	6,507,469	5.2	4.1
Total Investments	<u>123,541,348</u>	<u>98.9</u>	<u>98.4</u>
Other Assets, Net of Liabilities	1,356,745	1.1	1.6
Total Net Assets	<u>\$124,898,093</u>	<u>100.0%</u>	<u>100.0%</u>

Portfolio of Investments April 30, 2006 (unaudited)

<u>Principal Amount</u>		<u>Value (Note 1)</u>
CONVERTIBLE BONDS AND NOTES — 55.7%		
Aerospace and Defense — 3.5%		
\$1,000,000	AAR Corp. 1.75% 2026 cv. sr. notes (BB-) (Acquired 01/26/06 - 01/27/06; Cost \$1,013,597) ⁽¹⁾	\$1,086,250
1,000,000	Ceradyne, Inc. 2.875% 2035 sr. sub. cv. notes (NR) ⁽²⁾	1,162,500
2,000,000	DRS Technologies, Inc. 2% 2026 cv. sr. notes (B2) (Acquired 01/30/06; Cost \$2,026,875) ^(1,2)	<u>2,132,500</u>
		<u>4,381,250</u>
Banking/Savings and Loan — 2.0%		
2,500,000	U.S. Bancorp floating rate 2035 cv. sr. deb. (Aa2)	<u>2,500,000</u>
Consumer Goods — 1.4%		
1,375,000	Church & Dwight Co., Inc. 5.25% 2033 cv. sr. deb. (Ba2)	<u>1,777,188</u>
Energy — 4.9%		
1,500,000	Maverick Tube Corp. 1.875% 2025 cv. sr. sub. notes (B)	2,214,375
1,500,000	Oil States International, Inc. 2.375% 2025 contingent cv. sr. notes (NR)	2,173,125
1,500,000	Rentech, Inc. 4% 2013 cv. sr. notes (NR)	<u>1,792,500</u>
		<u>6,180,000</u>
Entertainment — 5.0%		
2,000,000	EchoStar Communications Corp. 5.75% 2008 cv. sub. notes (B2)	1,982,500
4,000,000	The Walt Disney Company 2.125% 2023 cv. sr. notes (A3)	<u>4,270,000</u>
		<u>6,252,500</u>
Financial and Insurance — 1.0%		
1,125,000	FTI Consulting, Inc. 3.75% 2012 cv. sr. sub. notes (Ba3)	<u>1,307,813</u>
Financial Services — 1.8%		
2,000,000	Euronet Worldwide, Inc. 3.50% 2025 cv. deb. (NR) ⁽²⁾	<u>2,285,000</u>
Foods — 0.8%		
1,000,000	Lehman Brothers Holdings, Inc. 3% 2012 medium-term notes (A1) (performance linked to General Mills, Inc. common stock) ⁽²⁾	<u>963,600</u>
Health Care — 3.7%		
2,000,000	Manor Care, Inc. 2.125% 2035 cv. sr. notes (Baa3)	2,165,000
1,000,000	Omnicare, Inc. 3.25% 2035 cv. sr. deb. (B1) ⁽²⁾	986,250
1,500,000	St. Jude Medical, Inc. 2.8% 2035 cv. sr. deb. (BBB+) ⁽²⁾	<u>1,485,000</u>
		<u>4,636,250</u>
Multi-Industry — 2.0%		
1,500,000	LSB Industries, Inc 7% 2011 cv. sr. sub. deb. (NR) (Acquired 03/01/06; Cost \$1,500,000) ⁽¹⁾	1,593,750
1,000,000	Lehman Brothers Holdings, Inc. 1% 2011 medium-term notes (A1) (performance linked to Cendant Corp. common stock) ⁽²⁾	<u>855,000</u>
		<u>2,448,750</u>

Portfolio of Investments April 30, 2006 (continued)

Principal Amount		Value (Note 1)
CONVERTIBLE BONDS AND NOTES — continued		
Pharmaceuticals — 8.0%		
\$2,000,000	Alza Corp. 0% 2020 cv. sub. deb. (Aa1) (exch. for Johnson & Johnson common stock)	\$ 1,620,000
1,250,000	Amgen, Inc. 0.125% 2011 cv. sr. notes (A2) (Acquired 02/14/06 - 02/15/06; Cost \$1,253,607) ⁽¹⁾	1,196,875
500,000	Amgen, Inc. 0.375% 2013 cv. sr. notes (A2) (Acquired 02/14/06; Cost \$500,000) ⁽¹⁾	477,500
462,000	BioMarin Pharmaceutical, Inc. 2.5% 2013 cv. sr. sub. notes (NR)	463,733
1,000,000	Bristol-Myers Squibb Co. floating rate 2023 cv. sr. deb. (A1)	1,003,750
1,000,000	Cephalon, Inc. 2% 2015 cv. sr. sub. notes (B-)	1,511,250
1,000,000	Ivax Corp. 4.5% 2008 cv. sr. sub. notes (NR) (exch. for Teva Pharmaceutical Industries Ltd. ADR and cash)	1,012,500
1,000,000	Teva Pharmaceutical Finance Co., LLC 0.25% 2026 cv. sr. deb. (Baa2) (exch. for Teva Pharmaceutical Industries Ltd. ADR)	1,002,500
1,750,000	Teva Pharmaceutical Finance Co. B.V. 1.75% 2026 cv. sr. deb. (Baa2) (exch. for Teva Pharmaceutical Industries Ltd. ADR)	1,728,125
		<u>10,016,233</u>
Retail — 3.8%		
1,000,000	Amazon.com, Inc. 4.75% 2009 cv. sub. notes (B2)	952,500
1,250,000	Casual Male Retail Group, Inc. 5% 2024 cv. sr. sub. notes (NR)	1,290,625
3,000,000	The TJX Companies, Inc. 0% 2021 LYONs (Baa1)	2,482,500
		<u>4,725,625</u>
Technology — 12.3%		
1,000,000	C&D Technologies, Inc. 5.25% 2025 cv. sr. notes (NR) (Acquired 11/16/05; Cost \$1,000,000) ⁽¹⁾	1,182,500
2,000,000	Citigroup Funding, Inc. 1% 2010 medium-term notes (Aa1) (exch. for the cash equivalent of a basket of technology stocks) ⁽²⁾	1,860,400
1,000,000	Coherent, Inc. 2.75% 2011 cv. sub. notes (NR) (Acquired 03/07/06 - 03/08/06; Cost \$1,012,181) ⁽¹⁾	1,161,250
1,000,000	Conexant Systems, Inc. 4% 2026 cv. sub. notes (NR) (Acquired 03/02/06; Cost \$987,838) ⁽¹⁾	1,047,500
1,500,000	Intel Corp. 2.95% 2035 jr. sub. cv. deb. (A-) ⁽²⁾	1,288,125
2,250,000	International Rectifier Corp. 4.25% 2007 cv. sub. notes (B2)	2,202,188
1,500,000	LSI Logic Corp. 4% 2010 cv. sub. notes (B)	1,610,625
1,500,000	Lehman Brothers Holdings, Inc. 1% 2009 medium-term notes (A1) (performance linked to Microsoft Corp. common stock) ⁽²⁾	1,408,275
1,000,000	Richardson Electronics, Ltd. 8% 2011 cv. sr. sub. notes (NR) (Acquired 11/21/05; Cost \$1,000,000) ⁽¹⁾	980,000
1,500,000	Sybase, Inc. 1.75% 2025 cv. sub. notes (NR)	1,528,125
1,000,000	Vishay Intertechnology, Inc. 3.625% 2023 cv. sub. notes (B3)	1,037,500
		<u>15,306,488</u>
Telecommunications — 4.2%		
750,000	Comverse Technology, Inc. 0% 2023 ZYPS (BB-) ⁽³⁾	1,003,125
1,000,000	Lucent Technologies, Inc. 2.75% 2023 series A cv. sr. deb. (B1)	1,021,250
2,000,000	Tekelec, Inc. 2.25% 2008 sr. sub. cv. notes (NR)	2,027,500
1,057,000	Time Warner Telecom, Inc. 2.375% 2026 cv. sr. deb. (Caa1)	1,174,591
		<u>5,226,466</u>

Portfolio of Investments April 30, 2006 (continued)

<u>Principal Amount</u>		<u>Value (Note 1)</u>
CONVERTIBLE BONDS AND NOTES — continued		
Utilities — 1.3%		
\$1,500,000	CMS Energy Corp. 2.875% 2024 cv. sr. notes (B1)	1,644,375
	TOTAL CONVERTIBLE BONDS AND NOTES	<u>\$69,651,538</u>
<u>Shares</u>	CONVERTIBLE PREFERRED STOCKS — 22.8%	
Aerospace and Defense — 1.0%		
40,000	Ionatron, Inc. 6.5% series A redeemable cv. pfd. (NR) (Acquired 10/27/05; Cost \$970,253) ⁽¹⁾	1,200,000
Banking/Savings and Loan — 6.7%		
40,000	National Australia Bank Ltd. 7.875% exch. capital units (NR)	1,855,625
45,000	New York Community Bancorp, Inc. 6% BONUUSES units (Baa2)	2,115,703
35,000	Sovereign Capital Trust IV 4.375% PIERS (Ba1) (exch. for Sovereign Bancorp, Inc. common stock) ⁽²⁾	1,618,750
50,000	Washington Mutual Capital Trust 5.375% PIERS units (BBB) (exch. for Washington Mutual, Inc. common stock)	<u>2,803,500</u>
		<u>8,393,578</u>
Building Products — 1.5%		
32,500	TXI Capital Trust I 5.5% SPuRS (B2) (exch. for Texas Industries, Inc. common stock)	1,848,945
Chemicals — 2.1%		
85,000	Celanese Corp. 4.25% cv. perp. pfd. (NR)	<u>2,624,375</u>
Energy — 2.8%		
20,000	Chesapeake Energy Corp. 4.5% cum. cv. pfd. (B+)	1,900,000
9,000	Semco Energy, Inc. 5% series B cv. cum. pfd. (B-)	<u>1,615,500</u>
		<u>3,515,500</u>
Financial and Insurance — 6.5%		
75,000	Citigroup Funding, Inc. variable rate exch. notes (Aa1) (exch. for Genworth Financial, Inc. common stock)	2,432,250
15	Fannie Mae 5.375% non-cumulative cv. pfd. (Aa3) (Acquired 12/30/04 - 01/11/05; Cost \$1,578,125) ⁽¹⁾	1,432,003
20,000	Reinsurance Group of America, Inc. 5.75% PIERS (Baa2)	1,212,500
120,000	The St. Paul Travelers Companies, Inc. 4.5% 2032 cv. jr. sub. notes (Baa1)	<u>3,018,000</u>
		<u>8,094,753</u>
Mining — 2.2%		
2,000	Freeport-McMoRan Copper and Gold, Inc. 5.5% cv. perpetual pfd. (B-)	<u>2,794,500</u>
	TOTAL CONVERTIBLE PREFERRED STOCKS	<u>\$28,471,651</u>

Portfolio of Investments April 30, 2006 (continued)

Shares		Value (Note 1)
	MANDATORY CONVERTIBLE SECURITIES — 14.7% ⁽⁴⁾	
	Chemicals — 1.4%	
40,000	Huntsman Corp. 5% mandatory cv. pfd. 02/16/08 (NR)	\$ 1,730,000
	Consumer Goods — 1.0%	
35,000	Constellation Brands, Inc. dep. shs. representing 5.75% series A mandatory cv. pfd. 09/01/06 (B)	1,284,609
	Energy — 1.0%	
10,000	Amerada Hess Corp. 7% mandatory cv. pfd. ACES 12/01/06 (Ba3)	1,208,750
	Financial and Insurance — 7.2%	
25,000	The Chubb Corp. 7% equity units 08/16/06 (A2) ⁽²⁾	906,250
43,500	E*TRADE Financial Corp. 6.125% equity units 11/18/08 (B3)	1,402,875
30,000	Merrill Lynch & Co., Inc. 6.75% mandatory exch. securities 10/15/07 (Aa3) (exch. for Nuveen Investments, Inc. common stock)	1,293,090
80,000	MetLife, Inc. 6.375% common equity units 08/15/08 (BBB+)	2,260,000
42,500	Morgan Stanley, Inc. 5.875% mandatory exch. securities 10/15/08 (Aa3) (exch. for Nuveen Investments, Inc. common stock)	1,849,388
45,000	XL Capital, Ltd. 6.5% equity security units 05/15/07 (A3)	990,225
10,000	XL Capital, Ltd. 7% equity security units 02/15/09 (A3)	250,200
		8,952,028
	Foods — 0.8%	
40,000	Lehman Brothers Holdings, Inc. 6.25% PIES 10/15/07 (A1) (exch. for General Mills, Inc. common stock)	1,055,000
	Pharmaceuticals — 1.8%	
45,000	Schering-Plough Corp. 6% mandatory cv. pfd. 09/14/07 (Baa3)	2,309,766
	Technology — 1.4%	
30,000	Credit Suisse First Boston (USA), Inc. 5.5% SAILS 11/15/08 (Aa3) (exch. for Equinix, Inc. common stock)	1,806,690
	TOTAL MANDATORY CONVERTIBLE SECURITIES ⁽⁴⁾	\$18,346,843
	COMMON STOCKS — 0.5%	
	Aerospace and Defense — 0.0%	
2,643	Ionatron, Inc. (Acquired 04/17/06; Cost \$29,747) ^(1,3)	36,764
	Financial and Insurance — 0.4%	
21,185	E*TRADE Financial Corp. ⁽³⁾	527,083
	TOTAL COMMON STOCKS	\$ 563,847

Portfolio of Investments April 30, 2006 (continued)

<u>Principal Amount</u>		<u>Value (Note 1)</u>
	SHORT-TERM SECURITIES — 5.2%	
	Commercial Paper — 5.2%	
\$6,500,000	American Express Credit Corp. 4.70% 05/01/06 (P1)	\$ 6,496,606
	U.S. Government Obligations — 0.0%	
11,000	U.S. Treasury notes 3.625% 04/30/07 (Aaa) ⁽⁵⁾	10,863
	TOTAL SHORT-TERM SECURITIES	<u>6,507,469</u>
	Total Convertible Bonds and Notes — 55.7%	69,651,538
	Total Convertible Preferred Stocks — 22.8%	28,471,651
	Total Mandatory Convertible Securities — 14.7%	18,346,843
	Total Common Stocks — 0.5%	563,847
	Total Short-Term Securities — 5.2%	<u>6,507,469</u>
	Total Investments — 98.9%	123,541,348
	Other assets and liabilities, net — 1.1%	<u>1,356,745</u>
	Total Net Assets — 100.0%	<u>\$ 124,898,093</u>

- (1) Security not registered under the Securities Act of 1933, as amended (e.g., the security was purchased in a Rule 144A or a Reg 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, 2006 was \$13,526,892 which represented 10.8% of the Fund's net assets.
- (2) Contingent payment debt instrument which accrues contingent interest. See Note 1(f).
- (3) Non-income producing security.
- (4) These securities are required to be converted on the dates listed; they generally may be converted prior to these dates at the option of the holder.
- (5) Collateral for a letter of credit.

Investment Abbreviations:

ACES	Automatic Convertible Equity Securities.
ADR	American Depositary Receipts.
BONUSES	Bifurcated Option Note Unit Securities.
LYONs	Liquid Yield Option Notes.
PIES	Premium Income Exchangeable Securities.
PIERS	Preferred Income Equity Redeemable Securities.
SAILS	Shared Appreciation Income Linked Securities.
SPuRS	Shared Preference Redeemable Securities.
ZYPS	Zero Yield Puttable Securities.

Ratings in parentheses by Moody's Investors Service, Inc. or Standard & Poor's. NR is used whenever a rating is unavailable.

See accompanying notes to financial statements

Statement of Assets and Liabilities *(unaudited)*

	<u>April 30, 2006</u>
Assets:	
Investments at value (cost \$116,161,711) (Note 1)	\$123,541,345
Cash	75,237
Receivable for securities sold	561,107
Dividends and interest receivable	748,134
Other assets	47,554
Total assets	<u>124,973,377</u>
Liabilities:	
Accrued management fee (Note 2)	72,590
Other liabilities	2,694
Total liabilities	<u>75,284</u>
Net Assets	<u>\$124,898,093</u>
Net assets consist of:	
Undistributed net investment income	\$ 634,745
Accumulated net realized loss from investment transactions	(422,354)
Unrealized appreciation on investments	7,379,634
Capital shares (Note 3)	56,251
Additional paid-in capital	<u>117,249,817</u>
Net Assets	<u>\$124,898,093</u>
Net asset value per share (\$124,898,093 ÷ 5,625,134 outstanding shares)	<u>\$ 22.20</u>

Statement of Operations *(unaudited)*

For the Six Months Ended April 30, 2006

Investment Income (Note 1):	
Interest	\$ 1,733,501
Dividends	1,251,320
Total Income	<u>2,984,821</u>
Expenses (Note 2):	
Management fee	421,196
Custodian	8,144
Transfer agent	16,623
Professional fees	45,113
Trustees' fees	66,875
Reports to shareholders	42,500
Administrative services fees	12,500
Other	77,778
Total Expenses	<u>690,729</u>
Net Investment Income	<u>2,294,092</u>
Realized and Unrealized Gain on Investments:	
Net realized gain from investment transactions	3,632,940
Net unrealized appreciation of investments	3,063,957
Net gain on investments	<u>6,696,897</u>
Net Increase in Net Assets Resulting from Operations	<u>\$ 8,990,989</u>

See accompanying notes to financial statements

Statement of Changes in Net Assets

	Six Months Ended April 30, 2006(a)	Year Ended October 31, 2005
Change in net assets from operations:		
Net investment income	\$ 2,294,092	\$ 3,568,764
Net realized gain from investment transactions	3,632,940	414,909
Net gain in appreciation of investments	<u>3,063,957</u>	<u>3,577,352</u>
Net increase in net assets resulting from operations	<u>8,990,989</u>	<u>7,561,025</u>
Dividends to shareholders from:		
Net investment income	<u>(2,370,518)</u>	<u>(3,894,853)</u>
Capital share transactions (Note 3)	<u>655,492</u>	<u>582,476</u>
Change in net assets	7,275,963	4,248,648
Net assets at beginning of period	<u>117,622,130</u>	<u>113,373,482</u>
Net assets at end of period	<u>\$124,898,093</u>	<u>\$117,622,130</u>
Undistributed net investment income at end of period	<u>\$ 634,745</u>	<u>\$ 659,011</u>

(a) Unaudited.

Notes to Financial Statements (unaudited)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Organization — Bancroft Fund Ltd. (successor to Bancroft Convertible Fund, Inc. (established in 1971)) (the “Fund”), is registered under the Investment Company Act of 1940 as a diversified, closed-end management investment company. On March 17, 2006, the Fund was reorganized as a Delaware statutory trust from a Delaware corporation.

(b) Use of Estimates — 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.

(c) Indemnification — Under the Fund’s organizational documents, each trustee, officer or other agent of the Fund (including the Fund’s investment adviser) is indemnified against certain liabilities that may arise out of performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of indemnification clauses. The Fund’s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. The risk of material loss as a result of such indemnification is considered remote.

Notes to Financial Statements (continued)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Federal Income Taxes — The Fund's policy is 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, 2005, the Fund had a capital loss carryforward of \$4,596,296 available to the extent allowed by tax law to offset future net capital gains, if any. To the extent that the carryforward is used, no capital gains distributions will be made. \$4,045,634 of the total carryforward expires in 2010, \$424,570 expires in 2011 and \$126,092 expires in 2013.

(e) 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. 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. Unlisted securities traded in the over-the-counter market are valued using an evaluated quote provided by an independent pricing service. The independent pricing service derives an evaluated quote by obtaining dealer quotes, analyzing the listed markets, reviewing trade execution data and employing sensitivity analysis. Evaluated quotes may also reflect appropriate factors such as individual characteristics of the issue, communications with broker-dealers, and other market data. 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 pursuant to procedures approved by the Board of Trustees. Short-term debt securities with original maturities of 60 days or less are valued at amortized cost.

(f) 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, 2006. In addition, Federal tax regulations require the Fund to reclassify realized gains on contingent payment debt instruments to interest income. At April 30, 2006 there were unrealized gains of approximately 1 cent per share on contingent payment debt instruments.

(g) Change in Method of Accounting — Effective November 1, 2004, the Fund began amortizing discounts and premiums on all debt securities. Prior to November 1, 2004, the Fund amortized discounts on original issue discount debt securities. The new method of amortization was adopted in accordance with the provisions of the *AICPA Audit and Accounting Guide, Audits of Investment Companies* and the financial highlights and statement of changes in net assets presented herein have been restated to reflect the new method retroactive to November 1, 2001. The effect of this accounting change is included in the financial highlights for the years ended October 31, 2002, 2003 and 2004. The cumulative effect of this accounting change had no impact on the total net assets of the Fund or on distributions for tax purposes, but resulted in a \$103,986 increase in the cost of securities held and a corresponding \$103,986 reduction in the net unrealized gains based on the securities held on November 1, 2001. These changes had no effect on previously reported total net assets or total returns.

Notes to Financial Statements (continued)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Distributions to Shareholders — Distributions to shareholders from net investment income are recorded by the Fund on the ex-dividend date. Distributions from capital gains, if any, are recorded on the ex-dividend date and paid annually. The amount and character of income and capital gains to be distributed are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles. The tax character of distributions paid during the fiscal years ended October 31, 2005 and 2004 were \$3,894,853 and \$3,826,570, respectively, both from ordinary income.

NOTE 2 - MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

The Fund has entered into an investment advisory agreement with Davis-Dinsmore Management Company (“Davis-Dinsmore”). Pursuant to the investment advisory agreement, Davis-Dinsmore provides the Fund with investment advice, office space and facilities. Under the terms of the investment advisory agreement, the Fund pays Davis-Dinsmore on the last day of each month an advisory fee for such month computed at an annual rate of 0.75% of the first \$100,000,000 and 0.50% of the excess over \$100,000,000 of the Fund’s net assets in such month.

The Fund, pursuant to an administrative services agreement with Davis-Dinsmore, has agreed to pay Davis-Dinsmore for certain accounting and other administrative services provided to the Fund. Under the administrative services agreement, the Fund pays Davis-Dinsmore compensation in the amount of \$25,000 per year, payable on a monthly basis.

Certain officers and trustees of the Fund are officers and directors of Davis-Dinsmore.

NOTE 3 - PORTFOLIO ACTIVITY

At April 30, 2006 there were 5,625,134 shares of beneficial interest outstanding, with a par value of \$0.01 per share. During the six months ended April 30, 2006, 36,681 shares were issued in connection with reinvestment of dividends from net investment income, resulting in an increase in paid-in capital of \$655,492.

Purchases and sales of investments, exclusive of corporate short-term notes, aggregated \$37,881,705 and \$39,268,807, respectively, for the six months ended April 30, 2006.

A distribution of \$0.18 per share from net investment income was declared on May 16, 2006, payable June 29, 2006 to shareholders of record at the close of business June 15, 2006.

At April 30, 2006 unrealized appreciation (depreciation) of investment securities on a tax basis were as follows:

Unrealized appreciation	\$ 10,067,850
Unrealized depreciation	<u>(2,716,138)</u>
Net unrealized appreciation	7,351,712
Cost for federal income tax purposes	\$109,693,028

Financial Highlights Selected data for a share of beneficial interest outstanding:

	Six Months					
	Ended April 30, 2006 (a)	Year Ended October 31,				
	2005	2004	2003	2002	2001	
Operating Performance:						
Net asset value, beginning of period . . .	\$21.05	\$20.40	\$20.84	\$18.55	\$20.72	\$27.09
Net investment income	0.41	0.64	0.70 (b)	0.71 (b)	0.79 (b)	1.07
Adjustment for change in amortization policy	—	—	(0.02)	(0.02)	—	—
Net investment income, as adjusted	0.41	0.64	0.68	0.69	0.79	1.07
Net realized and unrealized gain (loss) .	1.16	0.71	0.08 (b)	2.31 (b)	(2.02)(b)	(3.23)
Adjustment for change in amortization policy	—	—	0.02	0.02	—	—
Net realized and unrealized gain (loss), as adjusted	1.16	0.71	0.10	2.33	(2.02)	(3.23)
Total from investment operations	1.57	1.35	0.78	3.02	(1.23)	(2.16)
Less Distributions:						
Dividends from net investment income .	(0.42)	(0.70)	(0.72)	(0.73)	(0.94)	(1.11)
Distributions from realized gains	—	—	—	—	—	(3.10)
Total distributions	(0.42)	(0.70)	(0.72)	(0.73)	(0.94)	(4.21)
Capital Share Transactions:						
Effect of rights offering	—	—	(0.50)	—	—	—
Capital share repurchases	—	—	—	—	—	—
Total capital share transactions	—	—	(0.50)	—	—	—
Net asset value, end of period	\$22.20	\$21.05	\$20.40	\$20.84	\$18.55	\$20.72
Market value, end of period	\$18.69	\$17.77	\$18.23	\$19.70	\$17.54	\$18.75
Total Net Asset Value Return (%) (c) . . .	7.5	6.7	1.3	16.7	(6.3)	(8.7)
Total Investment Return (%) (d)	7.6	1.3	(3.8)	16.7	(1.8)	1.3
Ratios/Supplemental Data:						
Net assets, end of period (in thousands)	\$124,898	\$117,622	\$113,373	\$98,486	\$86,904	\$95,864
Ratio of expenses to average net assets (%)	1.1	1.2	1.1	1.2	1.2	1.1
Ratio of net investment income to average net assets (%)	3.8	3.1	3.3 (e)	3.6 (e)	4.0 (e)	4.9
Portfolio turnover rate (%)	33	86	66	87	78	83

(a) Unaudited.

(b) As previously reported. See Note 1(g).

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

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

(e) Ratios for 2004, 2003 and 2002 reflect ratios adjusted for change in amortization policy. Ratios previously reported for 2004, 2003 and 2002 were 3.4%, 3.6% and 4.0%, respectively.

See accompanying notes to financial statements

Miscellaneous Notes

Results of the 2006 Annual Shareholders Meeting

The Annual Meeting of Shareholders of the Fund was held on February 13, 2006. The results of the shareholder vote were:

1. All persons nominated were elected for terms expiring in 2009.

	<u>Shares voted for</u>	<u>Shares withheld</u>
Elizabeth C. Bogan, Ph.D.	3,773,977	368,086
Robert J. McMullan	3,769,615	372,448

2. The proposal to approve a new Investment Advisory Agreement with Davis-Dinsmore Management Company passed, as 2,990,015 shares voted for, 461,649 shares voted against, 132,817 shares abstained, and 557,582 shares were broker non-votes.
3. The proposed Agreement of Merger, which provides for the reorganization of the Fund as a Delaware statutory trust, was approved at the reconvened annual meeting held on March 14, 2006, as 3,738,107 shares voted for, 258,139 shares voted against, 225,244 shares abstained, and 522,456 shares were broker non-votes.
4. The Audit Committee's appointment of Tait, Weller & Baker LLP as independent accountants was ratified, as 3,835,936 shares voted for, 146,035 shares voted against and 160,092 shares abstained.

Notice of Privacy Policy

The Fund has adopted a privacy policy in order to protect the confidentiality of nonpublic personal information that we have about you. We receive personal information, such as your name, address and account balances, when transactions occur in Fund shares registered in your name.

We may disclose this information to companies that perform services for the Fund, such as the Fund's transfer agent or proxy solicitors. These companies may only use this information in connection with the services they provide to the Fund, and not for any other purpose. We will not otherwise disclose any nonpublic personal information about our shareholders or former shareholders to anyone else, except as required by law.

Access to nonpublic information about you is restricted to our employees and service providers who need that information in order to provide services to you. We maintain physical, electronic and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

Proxy Voting Policies and Procedures / Proxy Voting Record

The Fund's policies and procedures with respect to the voting of proxies relating to the Fund's portfolio securities is available at our website at www.bancroftfund.com, or without charge, upon request, by calling (973) 631-1177. This information is also available on the SEC's website at www.sec.gov. In addition, information on how the Fund voted such proxies relating to portfolio securities during the most recent twelve-month period ended June 30, is available without charge at the above sources.

Miscellaneous Notes (continued)

For More Information About Portfolio Holdings

In addition to the semi-annual and annual reports that Bancroft delivers to shareholders and makes available through the Fund's public website, the Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the Fund's first and third fiscal quarters on Form N-Q. Bancroft does not deliver the schedule of portfolio holdings for the first and third fiscal quarters to shareholders, however the schedule is posted to the Fund's public website, www.bancroftfund.com. You may obtain the Form N-Q filings by accessing the SEC's website at www.sec.gov. You may also review and copy them at the SEC's Public Reference Room in Washington, DC. Information on the operation of the SEC's Public Reference Room may be obtained by calling the SEC at (800) SEC-0330.

The Fund is a member of the Closed-End Fund Association. Its website address is www.cefa.com. *The association is solely responsible for the content of its website.*

Disclosure of Portfolio Holdings to Broker-Dealers

From time to time, brokers with whom the Fund's Adviser, Davis-Dinsmore Management Company, has a pre-existing relationship may request that Davis-Dinsmore disclose Fund portfolio holdings to such broker in advance of the public disclosure of such portfolio holdings. Davis-Dinsmore may make such disclosure under the following conditions: (i) the specific purpose of the disclosure is to assist Davis-Dinsmore in identifying potential investment opportunities for the Fund; (ii) prior to the receipt of nonpublic portfolio holdings, the broker, by means of email or other written communication, shall agree to keep the nonpublic portfolio holdings confidential and not to use the information for the broker's own benefit, except in connection with the above described purpose for which it was disclosed; (iii) Davis-Dinsmore shall keep written records of its agreement with each broker to which it distributes nonpublic portfolio holdings; and (iv) Davis-Dinsmore will secure a new agreement with a broker any time the broker directs the nonpublic portfolio holdings to be sent to a new recipient.

Pursuant to Section 23 of the Investment Company Act of 1940, notice is hereby given that the Fund may in the future purchase its own shares 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.

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Independent Accountants

Tait, Weller & Baker LLP

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