

Bancroft Convertible Fund, Inc.

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

Third Quarter Update - July 31, 2000 (unaudited)

Financial Highlights

Market value 7/31/00	\$22.63
Net asset value (NAV) 7/31/00	\$27.48
Market discount to NAV	(17.67)%
12-Month income distribution	\$0.793
Yield on market price	3.50%
Capital gain distribution 12/28/99	\$2.897
Ratio of expenses to avg. net assets *	1.12%
Ratio of net income to avg. net assets *	3.39%
Portfolio turnover	78.48%
Shares outstanding	4,109,292
* Annualized	

Change in Net Asset Value (NAV)

	Per Share
Beginning NAV (10/31/99)	\$27.35
Changes in NAV from Operations:	
Net Investment Income	0.68
Realized Gain	3.81
Decrease in Unrealized Gain	(0.87)
Total Change from Operations	3.62
Distributions:	
Net Investment Income	(0.59)
Capital Gains	(2.90)
Total Changes from Distributions	(3.49)
Total Changes	0.13
Ending NAV (7/31/00)	\$27.48

Major Industry Exposure as of 7/31/00

	% of Net Assets
Technology	17.08
Telecommunications	13.46
Energy	11.75
Entertainment	11.57
Health Care & Drugs	7.50
Financial & Insurance	7.19
Banking	5.27
Capital Goods	4.11
Retail	3.46
Data-Processing Services	3.16

The portfolio holdings and industry exposure are as of the date specified and subject to change without notice.

Detailed portfolio information is available to any shareholder. Visit our website (www.bcvecf.com) to download the data, e-mail us at info@bcvecf.com or call us at (973) 631-1177.

Performance through 7/31/00 *with dividends reinvested*

	7 Months	1 Year	5 Years	10 Years
Bancroft market value †	13.18%	13.02%	111.43%	303.53%
Bancroft net asset value *	7.06	14.37	108.32	267.26
Closed-end conv. fund avg.*	6.35	18.17	84.21	250.16
S&P 500 †	(1.98)	8.97	177.02	407.43
Russell 2000 †	(0.17)	14.05	79.04	209.97‡
Lehman Aggregate Bond				
Total Return Index *	4.93	5.97	36.95	111.27

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

* From Lipper, Inc. Closed-End Fund Performance Analysis, July 31, 2000.

† From Bloomberg L.P. pricing service.

‡ Simple appreciation of index.

Quarterly History of NAV and Market Price

Qtr Ended	Net Asset Values			Market Prices		
	High	Low	Close	High	Low	Close
Oct 99	\$27.69	\$25.97	\$27.35	\$23.88	\$20.75	\$22.25
Jan 00	28.72	24.91	26.04	23.69	19.88	20.81
Apr 00	28.84	25.72	27.42	22.44	20.00	21.00
Jul 00	29.01	25.93	27.48	22.63	20.00	22.63

Total Fund Investments as of 7/31/00

	(000's)	% of Net Assets
Convertible Bonds and Notes	\$ 85,705	76.0
Convertible Preferred Stocks	20,793	18.4
Common Stocks	1,065	0.9
Short-term Investments	4,097	3.6
Other Assets	1,257	1.1
Net Assets	\$112,917	100.0%

Ten Largest Investment Holdings as of 7/31/00

	% of Net Assets
Telecom Corp. of New Zealand	2.58
Cable & Wireless Communications PLC	2.09
Sepracor, Inc.	2.01
Time Warner, Inc.	1.92
American Express Company	1.83
MetLife, Inc.	1.82
The Walt Disney Corp.	1.80
Diamond Offshore Drilling, Inc.	1.75
Clear Channel Communications, Inc.	1.74
General Electric Corp.	1.71

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To Our Shareholders:

September 12, 2000

From 1973 through 1995, U.S. non-farm productivity grew at a rate of 1.1% per year. This was down from 2.6% per year from the previous 23 years. Since 1995 productivity has averaged 2.8% and in the second quarter it grew at a revised 5.8%, the highest rate since 1983. High growth in productivity has long been one of the expected results of the Information Revolution and implies that labor and capital are being used more efficiently. This leads to the prospect of higher rates of sustainable economic growth without inflation.

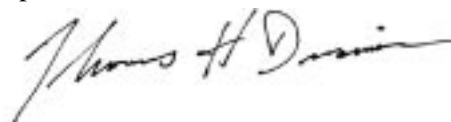
The Federal Reserve Bank has raised interest rates six times since June 1999. The overnight bank lending rate of 6.5% is at a nine-year high as policy makers seek to slow the Economy before inflation takes hold. As a result, consumer spending cooled in the second quarter to the slowest pace since the third quarter of 1999. Also, eleven of the twelve Federal Reserve District Banks have reported some slowing of economic growth (the St. Louis Bank did not report any slowing). The Fed initiated the increases in interest rates last year because consumer spending, driven by increases in consumer debt, an abundance of jobs and rising incomes appeared to be growing fast enough to cause a resurgence of inflation and threatened the long-term health of the Economy. These interest rate hikes also had the effect of bursting the Internet bubble this spring, leading to a 37% drop in the NASDAQ stock index.

We are hopeful that the central bank's hiking of interest rates is over, as high rates of economic growth are sustainable with high rates of productivity growth. If this is the case, then another large drop in the Stock Market would be less likely and the Bond Market would also be less vulnerable. We are optimistic about the Economy, the Stock Market and the Bond Market.

In its most recent edition of its "Quicktake Report", Morningstar* continued to rate Bancroft's performance at four-stars (above average). Shareholders who wish a copy of this report or the most recent report issued by Standard and Poor's on the Fund should contact us. You can also view the Morningstar report on their website, morningstar.com.**

The Fund's website, bcvecf.com, contains a quarter-end holdings list, press releases, dividend information and daily net asset values. The information sheet on Bancroft on the back of this report was included in the Fund's August press release and is available on the website. Also, the Closed-End Fund Association, of which the Fund is a member, has a website (cefa.com) with information on many closed-end funds including Bancroft. While we have no control over the content of their website, we have found it to be useful and shareholders might also.

At its August meeting the Board of Directors declared a dividend of twenty-one cents per share. This dividend is payable September 28, 2000 to shareholders of record September 14, 2000.



Chairman

* Morningstar is an analytical and statistical reporting service that reports on and rates most mutual funds.

**Morningstar is solely responsible for the content of its site.

The letter to Shareholders contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements which reflect the intent, belief or expectations of the Company, its management and the Adviser regarding the anticipated effect of events, circumstances and trends should be considered forward-looking statements. These forward-looking statements are not guarantees of future performance and there are a number of meaningful factors which could cause the Company's results to vary materially from those indicated by any such statements. Factors which could cause actual results to differ from expectations include, among others, a decline in global trading, changes in individuals' savings rates, a decline in productivity or new products, changes in the Federal Reserve Board's monetary policy, an increase in interest rates, inflation or taxes, changes to foreign and domestic markets in general or changes to the market for convertible securities.

Shareholder Services and Transfer Agent

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Stock Exchange Listing

AMEX - Symbol: BCV



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Portfolio of Investments July 31, 2000

Principal Amount or Shares		Value
	ADVERTISING — 2.7%	
\$1,500,000	Interpublic Group Cos., Inc. 1.87% 2006 cv. sub. deb. 144A (Baa1)	\$ 1,423,125
1,000,000	Young & Rubicam 3% 2005 cv. sub. notes 144A (Ba3)	1,023,750
600,000	Young & Rubicam 3% 2005 cv. sub. notes Reg. (Ba3)	614,250
		<u>3,061,125</u>
	AEROSPACE — 0.8%	
925,000	Simula, Inc. 8% 2004 sr. cv. sub. notes (NR)	337,625
705,000	SPACEHAB, Inc. 8% 2007 cv. sub. notes 144A (NR)	511,125
		<u>848,750</u>
	BANKING — 5.3%	
50,000 shs	CNB Capital Trust I 6% SPuRS (A1) (exch. for CNB Bancshares, Inc. common stock)	1,537,500
1,000,000	Deutsche Bank Financial, Inc. 1¼% 2007 medium-term exch. notes (Aa3) (exch. for CitiGroup, Inc. common stock)	1,100,000
40,000 shs	National Australia Bank Ltd. 7⅞% exch. capital units (A1)	1,027,500
25,000 shs	Sovereign Capital Trust II 7½% PIERS (B1) (exch. for Sovereign Bancorp, Inc. common stock)	1,150,000
35,000 shs	WBK Trust 10% STRYPES * (NR) (exch. for Westpac Banking Corp., Ltd. common stock)	<u>1,130,938</u>
		<u>5,945,938</u>
	CABLE — 3.0%	
2,000,000	Bell Atlantic Financial Services, Inc. 4¼% 2005 euro. cv. sub. deb. (A1) (exch. for cash equiv. of Cable & Wireless Communications PLC common stock)	2,355,000
20,000 shs	Cox Communications, Inc. 7% FELINE PRIDES * (Baa2)	<u>1,025,000</u>
		<u>3,380,000</u>
	CAPITAL GOODS — 4.1%	
1,050,000	Advanced Energy Industries, Inc. 5¼% 2006 cv. sub. notes (NR)	1,161,563
1,500,000	CS First Boston, Inc. 2% 2010 sr. medium-term exch. notes 144A (A1) (exch. for General Electric Corp. common stock)	1,417,500
500,000	Exchangeable Certificate Corp. 1¼% 2004 sr. medium-term exch. notes 144A (AAA)(exch. for General Electric Corp. common stock)	513,125
15,000 shs	Hanover Compressor Capital Trust 7¼% cv. pfd. TIDES 144A (B1) (conv. into Hanover Compressor Company common stock)	<u>1,550,625</u>
		<u>4,642,813</u>
	DATA-PROCESSING SERVICES — 3.2%	
2,150,000	Exchangeable Certificate Corp. 0.625% 2005 medium-term exch. notes 144A (AAA)(exch. for American Express Company common stock)	2,058,625
1,750,000	National Data Corp. 5% 2003 cv. sub. notes (Ba3)	<u>1,511,563</u>
		<u>3,570,188</u>
	ELECTRIC UTILITIES — 0.7%	
20,000 shs	TXU Corp. 9¼% FELINE PRIDES * (Baa3)	<u>790,000</u>
	ENERGY — 11.7%	
24,000 shs	AES Trust VII \$3 trust cv. pfd. securities 144A (Ba3) (conv. into AES Corp. common stock)	1,602,000
40,800 shs	Apache Corp. \$2.015 dep. shs. representing series C ACES pfd. * (Baa2)	1,777,350
50,000 shs	The Coastal Corp. 6⅞% FELINE PRIDES * (Baa2)	1,646,875
500,000	Devon Energy Corp. 4.90% 2008 cv. sub. deb. (Baa2) (conv. into Chevron Corp. common stock)	461,875
1,000,000	Devon Energy Corp. 4.95% 2008 cv. sub. deb. (Baa2) (conv. into Chevron Corp. common stock)	927,500
1,450,000	Diamond Offshore Drilling, Inc. 3¾% 2007 cv. sub. notes (Baa1)	1,550,594
50,000	Enron Corp. 7% 2002 exch. notes * (Baa1) (conv. into EOG Resources, Inc. common stock)	1,362,500

Portfolio of Investments July 31, 2000 (continued)

Principal Amount or Shares		Value
	ENERGY — continued	
\$1,000,000	Exchangeable Certificate Corp. 2% 2005 medium-term exh. notes 144A (AAA)(exch. for Exxon Mobil Corp. common stock)	\$ 948,750
750,000	Kerr-McGee Corp. 5¼% 2010 cv. sub. deb. (Baa2)	823,594
500,000	Kerr-McGee Corp. 7½% 2014 cv. sub. deb. (Baa2)	487,500
30,000	Kerr-McGee Corp. 5½% 2004 DECS * (Baa1) (exch. for Devon Energy Corp. common stock)	1,254,375
500,000	Loews Corp. 7¼% 2007 cv. sub. deb. (A2) (conv. into Diamond Offshore Drilling, Inc. common stock)	420,625
		<u>13,263,538</u>
	ENTERTAINMENT — 11.6%	
2,750,000	America Online, Inc. 0% 2019 cv. sub. deb. (Ba3)	1,385,313
750,000	Clear Channel Communications, Inc. 2⅝% 2001 sr. cv. notes (Baa3)	975,469
1,000,000	Clear Channel Communications, Inc. 1½% 2002 sr. cv. notes (Baa3)	990,000
2,000,000	Deutsche Bank Financial, Inc. 1% 2007 sr. medium-term exh. notes (Aa3) (exch. for cash value of The Walt Disney Corp. common stock)	2,037,500
1,000,000	EchoStar Communications Corp. 4⅞% 2007 cv. sub. notes 144A (NR)	1,064,375
1,000,000	Imax Corp. 5¾% 2003 cv. sub. notes 144A (B1)	1,241,875
2,000,000	Merrill Lynch & Co., Inc. 0.25% 2006 series B medium-term notes (Aa3) (exch. for Time Warner, Inc. common stock)	2,172,500
1,000,000	NTL, Inc. 5¾% 2009 cv. sub. notes 144A (Caa1)	700,000
1,000 shs	Radio One Inc. 6½% HIGH TIDES 144A (NR)	1,140,000
29,000 shs	UnitedGlobalCom dep. shs. representing 7% series D sr. cum. cv. pfd. (NR) ...	1,359,375
		<u>13,066,407</u>
	FINANCIAL & INSURANCE — 7.2%	
25,000 shs	ACE Limited 8¼% FELINE PRIDES (BBB)	1,876,953
15,974 shs	American General Delaware, L.L.C. common stock	1,065,266
1,500,000	American International Group 0.50% 2007 cv. notes (AAA)	1,588,125
30,000	MetLife Capital Trust I 8% equity security units (BBB+) (exch. for MetLife, Inc. common stock)	2,064,375
625,000	Penn Treaty American Corp. 6¼% 2003 cv. sub. notes (BB+)	485,938
925,000	Penn Treaty American Corp. 6¼% 2003 cv. sub. notes 144A (BB+)	719,188
10,730	Southwest Securities Group, Inc. 5% 2004 DARTS * (NR) (exch. for Knight/Trimark Group, Inc. Class A common stock)	321,900
		<u>8,121,745</u>
	HEALTH CARE & DRUGS — 7.5%	
2,000,000	The Bear Stearns Cos., Inc. 1% 2006 medium-term notes (A2) (cv. into an index comprised of Merck & Co., Inc. and Pfizer, Inc. common stocks)	1,718,000
2,000,000	Elan Finance Corp. 0% 2018 LYON 144A (Baa3) (exch. for ADR's representing Elan Corp., PLC common stock)	1,592,500
800,000	Human Genome Sciences, Inc. 5% 2007 cv. sub. notes (NR)	613,000
500,000	Ivax Corp. 5½% 2007 cv. senior sub. notes 144A (NR)	761,250
1,000,000	Merrill Lynch & Co., Inc. 2% 2005 medium-term notes (Aa3) (exch. for Johnson & Johnson common stock)	988,750
625,000	Roche Holdings, Inc. 0% 2015 LYON 144A (NR) (exch. for Genentech, Inc. common stock)	528,125
1,000,000	Sepracor, Inc. 7% 2005 cv. notes 144A (CCC+)	1,811,250
250,000	Sepracor, Inc. 7% 2005 cv. notes (CCC+)	452,813
		<u>8,465,688</u>
	MULTI-INDUSTRY — 1.7%	
2,000,000	Lehman Brothers Holdings, Inc. 0% 2003 BASES notes (NR) (based on the value of the performance of the 10 Uncommon Values index) ...	1,905,000
	PAPER & PAPER PRODUCTS — 0.8%	
30,000	Georgia-Pacific Corp. 7½% 2002 PEPS * (Baa2)	928,125

Portfolio of Investments July 31, 2000 (continued)

Principal Amount or Shares		Value
	RETAIL — 3.5%	
\$1,000,000	Costco Companies, Inc. 0% 2017 cv. sub. notes 144A (A3)	\$ 801,875
1,250,000	Costco Companies, Inc. 0% 2017 cv. sub. notes (A3)	1,002,344
32,500 shs	Dollar General Trust 8½% STRYPES * (NR) (conv. into Dollar General Corp. common stock)	1,082,656
12,300 shs	Estee Lauder Trust 6¼% TRACES II * (NR) (conv. into Estee Lauder Companies, Inc. common stock)	1,014,750
		<u>3,901,625</u>
	STAFFING SERVICES — 1.0%	
1,500,000	Interim Services, Inc. 4½% 2005 cv. sub. deb. (Ba3)	<u>1,174,688</u>
	TECHNOLOGY — 17.1%	
1,100,000	Affiliated Computer Services 4% 2005 cv. Sub. Notes 144A (Baa3)	1,309,688
1,000,000	CS First Boston, Inc. 2% 2010 medium-term exch. notes (A1) (exch. for Cisco Systems, Inc. common stock)	1,190,000
1,500,000	CS First Boston, Inc. 1% 2006 medium-term exch. notes (A1) (exch. for Microsoft Corp. common stock)	1,282,500
1,100,000	Cypress Semiconductor Corp. 3¾% 2005 cv. sub. deb. (NR)	997,563
1,000,000	Exchangeable Certificate Corp. 0.25% 2005 medium-term exch. notes 144A (AAA)(exch. for Intel Corp. common stock)	922,500
750,000	Exodus Communications, Inc. 4¾% 2008 cv. sub. notes 144A (NR)	1,065,000
1,000,000	The Goldman Sachs Group, Inc. 0% 2003 medium-term notes, series B (A1) (linked to the GSTI Internet Index)	874,725
1,000,000	The Goldman Sachs Group, Inc. 0.25% 2007 medium-term notes (A1) (exch. for EMC common stock)	1,228,138
2,000,000	Hewlett-Packard Co. 0% 2017 LYON (Aa3)	1,675,000
1,000,000	Juniper Networks, Inc. 4¾% 2007 cv. sub. notes (NR)	1,100,625
1,000,000	LSI Logic Corp. 4% 2005 cv. sub. notes (B)	845,625
1,500,000	Merrill Lynch & Co., Inc. 0.50% 2005 notes (Aa3) (exch. for specific technology common stocks †)	1,533,750
500,000	Rational Software 5% 2007 cv. sub. notes 144A (NR)	790,625
1,250,000	Sci Systems, Inc. 3% 2007 cv. sub. notes (Ba1)	1,321,875
200,000	Siebel Systems, Inc. 5½% 2006 cv. sub. notes. 144A (NR)	639,875
1,000,000	Solectron Corp. 0% 2019 LYON 144A (Baa3)	664,375
1,200,000	STMicroelectronics, N.V. 0% 2009 LYON (Baa1)	1,842,000
		<u>19,283,864</u>
	TELECOMMUNICATIONS — 13.5%	
750,000	American Tower Corp. 5% 2010 cv. sub. deb. 144A (NR)	779,063
4,000,000	Anixter International, Inc. 0% 2020 LYON 144A (BB+)	1,100,000
3,000,000	Bell Atlantic Financial Services, Inc. 5¾% 2003 cv. sub. deb. 144A (A1) (exch. for cash equiv. Telecom Corp. of New Zealand common stock)	2,917,500
800,000	CS First Boston, Inc. 1% 2008 medium-term exch. notes (A1) (exch. for Motorola common stock)	692,000
20,000 shs	Crown Castle International Corp. 6¼% 2012 cv. pfd. (CCC+)	1,081,250
1,000,000	Exchangeable Certificate Corp. 0.25% 2006 medium-term exch. notes 144A (AAA)(exch. for specific telephone and cable common stocks ‡)	1,047,500

Portfolio of Investments July 31, 2000 (continued)

Principal Amount or Shares		Value
	TELECOMMUNICATIONS — continued	
\$1,500,000	Level 3 Communications, Inc. 6% 2010 cv. sub. notes (Caa1)	\$ 1,211,250
1,500,000	Liberty Media Group 3¾% 2030 sr. exch. deb. 144A (Baa3) (exch. for Sprint Corporation PCS common stock)	1,541,250
25,000	MediaOne Group, Inc. 7% 2002 PIES * (Baa3) (exch. for ADR's representing Vodafone AirTouch PLC common stock)	1,034,375
1,750,000	Nextel Communications, Inc. 5¼% 2010 cv. sr. notes 144A (B1)	1,765,313
700,000	Tekelec 3¼% 2004 cv. sub. discount notes 144A (NR)	1,600,813
500,000	Terayon Communication Systems Inc. 5% 2007 cv. sub. notes 144A (NR)	426,250
		<u>15,196,564</u>
	U.S. TREASURY NOTES — 0.0%	
17,000	4⅞% 3/31/01 **	<u>16,825</u>
	CORPORATE SHORT-TERM NOTES — 3.6%	
4,100,000	American Express Credit Corp. (P1) (6.35% & 6.42% maturing 8/1/00)	<u>4,096,717</u>
	Total Convertible Bonds and Notes — 75.8%	85,704,845
	Total Convertible Preferred Stocks — 18.4%	20,792,772
	Total Common Stocks — 0.9%	1,065,266
	Total Corporate Short-Term Notes — 3.6%	4,096,717
	Total Investments — 98.9%	<u>111,659,600</u>
	Other assets and liabilities, net — 1.1%	1,257,824
	Total Net Assets — 100.0%	<u>\$ 112,917,424</u>

* See Note 1(e) Semi-Annual Report dated April 30, 2000

† Ticker symbols: LU, NT & TXN

‡ Ticker symbols: CSCO, CMCSK, TWX, IBM, LMGa, & WCOM

** Collateral for a letter of credit

ACES	Automatically Convertible Equity Securities
ADR	American Depositary Receipts
BASES	Basket Adjusting Structured Equity Securities
DARTS	Derivative Adjustable Ratio Securities
DECS	Debt Exchangeable for Common Stock
FELINE	Family of Equity-Linked Income Securities
LYON	Liquid Yield Option Note
MIPS	Monthly Income Preferred Securities
PEPS	Premium Equity Participating Securities
PIERS	Preferred Income Equity Redeemable Securities
PIES	Premium Income Exchangeable Securities
PRIDES	Preferred Redeemable Increased Dividend Equity Securities
SPuRS	Shared Preference Redeemable Securities
STRYPES	Structured Yield Product Exchangeable for Stock
TIDES	Term Income Deferrable Equity Securities
TRACES	Trust Automatic Common Exchange Securities

Ratings in parentheses by Moody's Investors Service, Inc. or Standard & Poor's, a division of McGraw-Hill Companies, Inc.

The portfolio is as of the date specified. The Fund is under no obligation to continue to hold the securities listed herein.