

Bancroft Convertible Fund, Inc.

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

Third Quarter Update - July 31, 2003 (unaudited)

Financial Highlights

Market value 7/31/03	\$19.80
Net asset value (NAV) 7/31/03	\$20.02
Market discount to NAV	(1.10)%
12-Month income distribution	\$0.75
Yield on market value	3.79%
Ratio of expenses to avg. net assets	1.17%*
Ratio of net income to avg. net assets	3.42%*
Portfolio turnover	71.68%
Shares outstanding	4,725,858

* Annualized.

Change in Net Asset Value (NAV)

	Per Share
Beginning NAV (10/31/02)	\$18.55
Changes in NAV from Operations:	
Net Investment Income	0.49
Realized Loss	(0.14)
Decrease in Unrealized Loss	1.69
Total Change from Operations	2.04
Distributions:	
Net Investment Income	(0.57)
Capital Gains	(0.00)
Total Change from Distributions	(0.57)
Total Change	1.47
Ending NAV (7/31/03)	\$20.02

Major Industry Exposure as of 7/31/03

	% of Net Assets
Financial & Insurance	11.0
Pharmaceuticals	10.7
Retail	9.4
Banking/Savings & Loan	9.0
Telecommunications	7.1
Energy	6.6
Health Care	6.5
Technology	6.5
Aerospace & Defense	5.9
Entertainment	4.6

The portfolio holdings and industry exposure are as of July 31, 2003 and subject to change without notice.

Detailed portfolio information is available on our website (www.bancroftfund.com). Visit us there or contact us by e-mail at info@bancroftfund.com or call us at (973) 631-1177.

Performance through 7/31/03 with dividends reinvested

	7 Months	1 Year	5 Years	10 Years
Bancroft market value (a)	13.98%	20.96%	30.78%	193.35%
Bancroft net asset value (b)	8.91	11.30	17.77	136.95
Closed-end conv. fund avg. (b)	17.87	19.43	15.38	109.33
S&P 500 (a)	13.73	10.64	(5.15)	165.85
Russell 2000 (a)	25.27	23.12	21.83	101.31(c)
Lehman Aggregate Bond Total Return Index (b)	0.43	5.42	38.74	92.81

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, July 31, 2003.

(c) 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. 02	\$19.11	\$17.82	\$18.55	\$18.40	\$17.05	\$17.54
Jan. 03	19.21	17.58	18.80	19.20	17.53	18.41
Apr. 03	19.55	18.17	19.55	19.25	17.68	18.95
Jul. 03	20.58	19.55	20.02	19.85	18.95	19.80

Total Fund Investments as of 7/31/03

	(000's)	% of Net Assets
Convertible Bonds and Notes	\$53,278	56.3
Mandatory Convertible Securities	17,887	18.9
Convertible Preferred Stocks	17,476	18.5
Short-term Investments	5,110	5.4
Other Assets	848	0.9
Net Assets	\$94,599	100.0%

Largest Investment Holdings as of 7/31/03

	% of Net Assets
New York Community Bancorp, Inc.	2.6
Washington Mutual, Inc.	2.5
Reinsurance Group of America, Inc.	2.3
Capital One Financial Corp.	2.1
Ivax Corp.	2.1
Anixter International, Inc.	2.0
Travelers Property Casualty Corp.	2.0
School Specialty, Inc.	1.9
Charming Shoppes, Inc.	1.7
Lucent Technologies, Inc.	1.7

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To Our Shareholders:

September 10, 2003

From the end of 1993 to the end of 2000 the aggregate earnings of companies in the S&P 500 grew at an annual rate of 11.4%. It is this above average earnings growth coupled with low levels of inflation that prompted the market Price to Earnings (PE) levels to move up from the low 20's in 1994 (16x in 1995) to the mid 30's in 1999. PE's actually fell substantially in 2000 as reported earnings continued to grow while the stock market declined. In 2001 these earnings fell over 25%. This decline in earnings was one of several factors including bad corporate governance and terrorism that drove the stock market into one of its longest bear markets.

Since 2001 these earnings have regained 70% of their decline and appear poised to continue growing. PE's have fallen below 30 and while the market is below its five year average PE of 33x, it is still higher than its long term historical average of roughly 15x. We believe that earnings should continue to recover, and as long as inflation and interest rates remain low, productivity gains continue and barring catastrophic return of terrorism to our shores, this would drive the stock market higher.

The convertible market reacted to the market volatility as we expected it would, that is to say that it was less volatile than the stock market while still participating in the movement of its underlying common stocks. When the stock market fell, the convertible market fell less. Now that the stock market is rising, convertibles are not appreciating as rapidly as the stock market. However, the rise in stock prices is causing the aggregate premium of convertible securities to decline. Lower premiums make it more likely that convertibles could have greater participation in further upward moves while retaining many defensive characteristics should the market decline again.

A basic premise under which the Fund operates is that convertible securities can offer equity-like performance with less volatility over complete market cycles. As indicated on the chart on the facing Highlights page, the Fund's net asset and market values outperformed the Closed-end Convertible Fund average and the S&P 500 Index for the five and ten year periods ended July 31, 2003. We believe that past outperformance of this important index and of our peer category, while no guarantee of future returns, is an historical validation of this premise.

The Fund's website www.bancroftfund.com contains press releases, dividend information and daily net asset values. The Closed-End Fund Association (www.cefa.com), of which the Fund is a member, is another source of information on many closed-end funds.* Based upon data through August 31, 2003, Morningstar** now rates Bancroft's performance at three stars (average) overall as measured on their "Quicktake Report" on their website. 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 August meeting the Board of Directors declared a dividend of 16 cents per share. The dividend consists of undistributed net investment income. This dividend will be payable on September 29, 2003 to shareholders of record on September 18, 2003. The Board also approved a rights offering for this fall. Further information will be forthcoming.




Thomas H. Dinsmore
Chairman of the Board

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

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

Shareholder Services and Transfer Agent

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Stock Exchange Listing

AMEX - Symbol: BCV



Portfolio of Investments July 31, 2003 (unaudited)

Principal Amount or Shares		Value
	ADVERTISING — 2.9%	
\$1,550,000	The Interpublic Group Cos., Inc. 1.80% 2004 cv. sub. notes (NR)	\$1,491,875
750,000	Lamar Advertising Company 2.875% 2010 cv. sub. notes (B2)	724,219
500,000	Omnicom Group, Inc. 0% 2033 zero yield cv. notes 144A * (Baa1)	488,750
		<u>2,704,844</u>
	AEROSPACE & DEFENSE — 5.9%	
1,500,000	The Goldman Sachs Group, Inc. 1.00% 2009 exch. equity-linked notes * (Aa3) (exch. for General Dynamics Corp. common stock)	1,373,835
750,000	L-3 Communications Holdings, Inc. 5.25% 2009 cv. sr. sub. notes 144A (Ba3) ..	937,500
450,000	L-3 Communications Holdings, Inc. 5.25% 2009 cv. sr. sub. notes (Ba3)	562,500
15,000 shs	Northrop Grumman Corp. 7.25% equity units ** (NR)	1,556,250
20,000 shs	RC Trust I 8.25% equity security units ** (BB) (exch. for Raytheon Co. class B common stock)	1,117,500
		<u>5,547,585</u>
	AUTOMOTIVE — 2.3%	
40,000 shs	General Motors Corp. 6.25% series C cv. sr. deb. (Baa1)	992,500
2,500,000	Lear Corp. 0% 2022 cv. sr. notes 144A (Ba1)	1,201,563
		<u>2,194,063</u>
	BANKING/SAVINGS & LOAN — 9.0%	
20,000 shs	Commerce Capital Trust II 5.95% cv. trust pfd. (Baa1) (exch. for Commerce Bancorp, Inc. common stock)	1,060,000
40,000 shs	National Australia Bank Ltd. 7.875% exch. capital units (NR)	1,476,000
40,000 shs	New York Community Bancorp, Inc. 6% BONUSES units (Ba1)	2,457,280
5,000 shs	State Street Corp. 6.75% treasury backed ACES ** (NR)	1,151,250
35,000 shs	Washington Mutual Capital Trust PIERS units 144A (Baa1) (exch. for Washington Mutual, Inc. common stock)	1,872,500
10,000 shs	Washington Mutual Capital Trust PIERS units (Baa1) (exch. for Washington Mutual, Inc. common stock)	535,000
		<u>8,552,030</u>
	CONSUMER GOODS — 0.8%	
16,300 shs	Newell Financial Trust I 5.25% (Baa2) (exch. for Newell Rubbermaid, Inc. common stock)	737,575
	DATA-PROCESSING SERVICES — 2.1%	
965,000	The BISYS Group, Inc. 4% 2006 cv. sub. notes 144A (NR)	929,416
285,000	The BISYS Group, Inc. 4% 2006 cv. sub. notes (NR)	274,491
750,000	Pegasus Solutions, Inc. 3.875% 2023 cv. sr. notes 144A (NR)	757,500
		<u>1,961,407</u>
	ENERGY — 6.6%	
500,000	Devon Energy Corp. 4.90% 2008 cv. sub. deb. * (Baa2) (conv. into ChevronTexaco Corp. common stock)	508,750
1,000,000	Devon Energy Corp. 4.95% 2008 cv. sub. deb. * (Baa2) (conv. into ChevronTexaco Corp. common stock)	1,017,500
1,300,000	Kerr-McGee Corp. 5.25% 2010 cv. sub. deb. (Baa3)	1,353,918
30,000 shs	Kerr-McGee Corp. 5.50% 2004 DECS ** (Baa3) (exch. for Devon Energy Corp. common stock)	1,282,500
37,500 shs	ONEOK, Inc. 8.50% equity units ** (Baa1)	1,091,250
20,000 shs	The Williams Cos., Inc. 5.50% 2033 jr. sub. cv. deb. 144A (B-)	950,000
		<u>6,203,918</u>

Portfolio of Investments July 31, 2003 (continued)

Principal Amount or Shares		Value
	ENTERTAINMENT — 4.6%	
\$ 500,000	Alloy, Inc. 5.375% 2023 cv. sr. deb (NR)	\$ 512,500
22,500 shs	Emmis Communications Corp. 6.25% series A cum. cv. pfd. (Caa1)	933,750
2,500,000	News America, Inc. 0% 2021 LYONs 144A (Baa3) (exch. for ADS representing The News Corp. Limited common stock)	1,388,625
1,500 shs	Radio One, Inc. 6.50% HIGH TIDES (B3)	<u>1,526,625</u>
		<u>4,361,500</u>
	FINANCIAL & INSURANCE — 11.0%	
50,000 shs	Capital One Financial Corp. 6.25% Upper DECS ***(Baa3)	2,002,000
34,000 shs	The Chubb Corp. 7% equity units ***(NR)	913,750
40,000 shs	Platinum Underwriters Holdings, Ltd. 7% equity security units ***(NR)	1,156,000
40,000 shs	Reinsurance Group of America, Inc. 5.75% PIERS (Baa2)	2,206,000
1,000,000	Swiss Re America Holding Corp. 3.25% 2021 euro. sub. cv. bonds 144A (Aa1) (conv. into Swiss Reinsurance Company common stock)	915,000
80,000 shs	Travelers Property Casualty Corp. 4.50% 2032 cv. jr. sub. notes (A3)	1,911,200
1,500,000	XL Capital, Ltd. 0% 2021 cv. deb. 144A * (A1)	954,375
500,000	XL Capital, Ltd. 0% 2021 cv. deb. * (A1)	<u>318,125</u>
		<u>10,376,450</u>
	HEALTH CARE — 6.5%	
750,000	AmerisourceBergen Corp. 5% 2007 cv. sub. notes 144A (Ba3)	997,500
1,000,000	Community Health Systems, Inc. 4.25% 2008 cv. sub. notes (B3)	1,006,000
500,000	Health Management Associates, Inc. 1.50% 2023 cv. sr. notes * (Baa3)	509,375
500,000	LifePoint Hospitals, Inc. 4.50% 2009 cv. sub. notes 144A (B3)	488,750
500,000	LifePoint Hospitals, Inc. 4.50% 2009 cv. sub. notes (B3)	488,750
15,000 shs	Omnicare Capital Trust I 4% PIERS * (Ba3) (exch. for Omnicare, Inc. common stock)	817,200
500,000	Province Healthcare Company 4.25% 2008 cv. sub. notes 144A (B3)	456,250
500,000	Province Healthcare Company 4.25% 2008 cv. sub. notes (B3)	456,250
600,000	Sunrise Assisted Living, Inc. 5.25% 2009 cv. sub. notes 144A (B1)	583,875
400,000	Sunrise Assisted Living, Inc. 5.25% 2009 cv. sub. notes (B1)	<u>389,250</u>
		<u>6,193,200</u>
	OFFICE EQUIPMENT — 2.8%	
1,750,000	IOS Capital, LLC 5% 2007 cv. sub. notes 144A (Ba2) (exch. for IKON Office Solutions, Inc. common stock)	1,590,313
10,000 shs	Xerox Corp. 6.25% series C mandatory cv. pfd. ** (Caa1)	<u>1,072,969</u>
		<u>2,663,282</u>
	PAPER & PAPER PRODUCTS — 1.3%	
25,000 shs	Temple-Inland, Inc. 7.50% Upper DECS ***(Baa3)	<u>1,188,750</u>
	PHARMACEUTICALS — 10.7%	
2,000,000	Alza Corp. 0% 2020 cv. sub. deb. (Aa1) (exch. for Johnson & Johnson common stock)	1,430,000
21,500 shs	Baxter International, Inc. 7% equity units ***(A3)	1,087,578
750,000	Cephalon, Inc. 2.50% 2006 cv. sub. notes 144A (B-)	708,281
250,000	Cephalon, Inc. 2.50% 2006 cv. sub. notes (B-)	236,094
1,000,000	Gilead Sciences, Inc. 2% 2007 cv. sr. notes 144A (NR)	1,554,100
500,000	Guilford Pharmaceuticals, Inc. 5% 2008 cv. sub. notes 144A (NR)	508,050
500,000	Ivax Corp. 4.50% 2008 cv. sr. sub. notes (NR)	496,875
1,500,000	Ivax Corp. 5.50% 2007 cv. sr. sub. notes (NR)	1,516,875

Portfolio of Investments July 31, 2003 (continued)

Principal Amount or Shares		Value
PHARMACEUTICALS — continued		
\$500,000	Protein Design Labs, Inc. 2.75% 2023 cv. sub. notes 144A (NR)	\$ 452,500
750,000	Tekelec, Inc. 2.25% 2008 cv. sub. discount notes 144A (NR)	778,125
1,000,000	Teva Pharmaceutical Finance B.V. 0.75% 2021 cv. sub. deb. (BBB-) (exch. for ADR representing Teva Pharm. Industries Ltd. common stock)	1,378,750
		<u>10,147,228</u>
RETAIL — 9.4%		
1,028,000	Barnes & Noble, Inc. 5.25% 2009 cv. sub. notes (Ba3)	1,031,855
750,000	Brinker International, Inc. 0% 2021 cv. sr. deb. (Baa2)	520,628
1,500,000	Charming Shoppes, Inc. 4.75% 2012 sr. cv. notes 144A (B2)	1,372,500
250,000	Charming Shoppes, Inc. 4.75% 2012 sr. cv. notes (B2)	228,750
20,000 shs	Constellation Brands, Inc. dep. shs. representing 5.75% series A mandatory cv. pfd. ** (Ba2)	521,520
1,750,000	Costco Wholesale Corp. 0% 2017 cv. sub. notes (A3)	1,484,306
1,225,000	Duane Reade, Inc. 2.148% 2022 cv. sr. notes 144A (Ba3)	629,344
750,000	J.C. Penney, Inc. 5% 2008 cv. sub. notes (B1)	744,375
550,000	School Specialty, Inc. 6% 2008 cv. sub. notes 144A (B+)	587,606
250,000	School Specialty, Inc. 6% 2008 cv. sub. notes (B+)	267,094
1,000,000 shs	School Specialty, Inc. 3.75% 2023 cv. sub. notes * (B+)	971,530
15,000	Toys “R” Us, Inc. 6.25% equity securities units **,* (NR)	561,000
		<u>8,920,508</u>
TECHNOLOGY — 6.5%		
250,000	Affiliated Computer Services, Inc. 3.50% 2006 cv. sub. notes 144A (Baa2)	302,375
1,000,000	Affiliated Computer Services, Inc. 3.50% 2006 cv. sub. notes (Baa2)	1,209,500
750,000	Hutchinson Technology, Inc. 2.25% 2010 cv. sub. notes 144A (NR)	906,548
500,000	Kulicke & Soffa Industries, Inc. 4.75% 2006 cv. sub. notes (B3)	441,250
1,000,000	Mercury Interactive Corp. 4.75% 2007 cv. sub. notes (NR)	990,000
1,300,000	Siebel Systems, Inc. 5.50% 2006 cv. sub. notes (B+)	1,322,750
1,000,000	STMicroelectronics, N.V. 0% 2013 sr. cv. bonds 144A # (A3)	992,500
		<u>6,164,923</u>
TELECOMMUNICATIONS — 7.1%		
4,000,000	Anixter International, Inc. 0% 2020 LYONs 144A (Ba3)	1,320,000
1,700,000	Anixter International, Inc. 0% 2020 LYONs (Ba3)	561,000
550,000	Commonwealth Telephone Enterprises, Inc. 3.25% 2023 cv. notes * (NR)	536,938
750,000	Comverse Technology, Inc. 0% 2023 ZYPS 144A # (BB-)	789,375
27,700 shs	The Goldman Sachs Group, Inc. 7.30% mandatory exchangeable notes ** (Aa3) (exch. for Verizon Communications, Inc. common stock)	979,444
1,000,000	Level 3 Communications, Inc. 2.875% 2010 cv. sub. notes (NR)	845,975
1,000,000	Lucent Technologies, Inc. 2.75% 2023 series A cv. sr. deb. (Caa1)	820,630
1,000,000	Lucent Technologies, Inc. 2.75% 2023 series B cv. sr. deb. (Caa1)	829,620
		<u>6,682,982</u>
TRANSPORTATION — 1.9%		
750,000	Continental Airlines, Inc. 4.50% 2007 cv. notes (Caa2)	575,438
250,000	ExpressJet Holdings, Inc. 4.25% 2023 cv. sr. notes (NR)	250,938
1,000,000	United Parcel Service, Inc. 1.75% 2007 cash-settled cv. sr. notes (Aaa)	1,008,750
		<u>1,835,126</u>

Portfolio of Investments July 31, 2003 (continued)

Principal Amount or Shares		Value
	UTILITIES — 2.3%	
25,000 shs	American Electric Power Co., Inc. 9.25% equity units *,** (Baa3)	\$ 1,160,000
40,000 shs	DTE Energy Co. 8.75% equity security units *,** (Baa2)	1,045,600
		<u>2,205,600</u>
	SHORT-TERM SECURITIES — 5.4%	
\$5,100,000	American Express Credit Corp. (P1) (0.98% maturing 8/4/03)	5,099,306
11,000	U.S. Treasury notes 3.375% 4/30/04 † (Aaa)	11,186
		<u>5,110,492</u>
	Total Convertible Bonds and Notes — 56.3%	53,277,980
	Total Convertible Preferred Stocks — 18.5%	17,475,630
	Total Mandatory Convertible Securities — 18.9%	17,887,361
	Total Short-Term Securities — 5.4%	<u>5,110,492</u>
	Total Investments — 99.1%	<u>93,751,463</u>
	Other assets and liabilities, net — 0.9%	847,911
	Total Net Assets — 100.0%	<u>\$94,599,374</u>

* Contingent payment debt instrument. See Note 1(b) Semi-Annual Report to Shareholders, dated April 30, 2003.

** Mandatory convertible. See Note 1(e) Annual and Semi-Annual Reports to Shareholders, dated April 30, 2003.

Non-income producing security.

† Collateral for a letter of credit.

ACES	Automatic Convertible Equity Securities.
ADR	American Depositary Receipts.
ADS	American Depositary Shares.
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.
PIERS	Preferred Income Equity Redeemable 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, Inc. NR is used whenever a rating is unavailable.