

Bancroft Convertible Fund, Inc.

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

Third Quarter Update - July 31, 1999 (unaudited)

Financial Highlights

Market value 7/31/99	\$23.75
Net asset value (NAV) 7/31/99	\$27.55
Market discount to NAV	(13.79)%
12-Month income distribution	\$0.813
Yield on market price	3.42%
Capital gains distribution 12/30/98	\$2.942
Ratio of expenses to avg. net assets	1.11%*
Ratio of net income to avg. net assets	3.07%*
Portfolio turnover	46.28%
Shares outstanding	3,794,777
* Annualized	

Change in Net Asset Value (NAV)

	Per Share
Beginning NAV (10/31/98)	\$26.89
Changes in NAV from Operations:	
Net Investment Income	0.57
Realized Gain	2.79
Increase in Unrealized Gain	0.82
Total Change from Operations	4.18
Distributions:	
Net Investment Income	(0.58)
Capital Gains	(2.94)
Total Change from Distributions	(3.52)
Total Change	0.66
Ending NAV (7/31/99)	\$27.55

Major Industry Exposure as of 7/31/99

	% of Net Assets
Communications	15.09
Entertainment	12.21
Health Care & Drugs	9.42
Technology	9.19
Energy	8.39
Banking	8.03
Financial & Insurance	5.87
Retail	5.26
Capital Goods	3.32
Aerospace	3.15

Performance thru 6/30/99 with dividends reinvested

	YTD	1 Year	5 Year	10 Year
Bancroft market value	3.11%	(3.96)%	98.24%	257.28
Bancroft net asset value *	7.30	7.93	115.36	238.47
Closed-end conv. fund avg. *	9.88	6.50	89.34	218.44
S&P 500 †	12.38	22.72	241.04	456.60
Russell 2000 †	9.24	1.45	90.47 ‡	173.36 ‡

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

* From Lipper, Inc. Closed-End Fund Performance Analysis, June 30, 1999.

† 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 98	\$26.89	\$24.55	\$26.89	\$27.63	\$22.38	\$26.75
Jan 99	28.24	24.83	27.03	27.56	21.56	22.69
Apr 99	27.86	26.06	27.16	23.75	22.00	22.81
Jul 99	28.73	26.35	27.55	24.00	22.00	23.75

Total Fund Investments as of 7/31/99

	(000's)	% of Net Assets
Convertible Bonds and Notes	\$74,999	71.8
Convertible Preferred Stocks	22,605	21.6
Common Stocks	—	—
Short-term Investments	5,997	5.7
Other Assets	928	0.9
Net Assets	\$104,529	100.0%

Top Ten Holdings as of 7/31/99

	% of Net Assets
NatWest Markets exch. for Lucent Technologies, Inc.	3.16
NTL Communications Corp.	3.04
Bell Atlantic exch. for Telecom Corp. of New Zealand	2.96
Hewlett-Packard Co., Inc.	2.18
Morgan Stanley Dean Witter exch. for basket of tech. stocks	2.17
Jefferson-Pilot Corp. exch. for BankAmerica Corp.	2.14
AES Corp.	2.14
Merrill Lynch Pierce Fenner & Smith exch. for Time Warner	1.96
WBK Trust	1.92
Globalstar Communications, Ltd.	1.83

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.

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To Our Shareholders:

September 17, 1999

One of the most fundamental concepts in economics is that supply must equal demand in any free market. If this is not true at any given moment, then either the price will change, the supply will change or demand will change (or more likely some combination of the three) to make it true. Supply and demand are the primary forces that drive the stock market. Any analysis of the market that leaves out these forces is incomplete.

When we analyze the stock market as a whole, we take into account not just the usual ratios printed in newspapers, but also the forces affecting the demand for stocks and the supply of stocks such as population demographics, taxes and tax incentives, corporate share repurchases and issuances and a host of other factors. With the S&P500 index at 32 times trailing 12 months earnings versus the historical average of roughly 15 times it is clear to us that this is an unusual era. Using the standard price-to-earnings approach to analyze the market, it is clearly overvalued by historic norms. That being said, other methods tell a different story.

On the side of demand for stocks, the United States currently has a population that is getting older and has a great incentive to invest in the stock market. After-tax interest rates are lower than in the previous two decades so stocks may be more attractive than bonds. Further, there are tax incentives now built into nontraditional pension plans (401Ks and IRAs) to favor stocks over other assets.

Initial Public Offerings (IPOs) have been plentiful, adding to the supply of stocks. However, mergers and corporate repurchases of stock have also occurred, reducing shares available. Further, there has been a reduction in issuance of stocks from companies in emerging markets. So supply has not moved strongly in either direction.

Money will flow into stocks as long as there continue to be few attractive alternatives to the U.S. stock market. We have a low inflation, strong growth economy. Companies are expected to show good gains in earnings and this should justify increased stock prices. Disappointments will not be well tolerated. Stock and sector selection should be important to returns. We have been adding to our oils, reducing financials, maintaining pharmaceutical holdings, and keeping a strong participation in communications-related sectors. Retail sales have been very strong and we continue to hold some of the leading companies.

In the most recent edition of its Principia Pro for Closed-End Funds, Morningstar* continued to rate Bancroft at four stars (above average). Shareholders who wish a copy of the June, 1999 report should contact us.

At its July meeting the Board of Directors declared a dividend of twenty cents per share from net investment income. The dividend is payable September 29, 1999 to shareholders of record September 15, 1999.



Chairman

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

Information contained within the letter to Shareholders constitutes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements which reflect the intent, belief or expectations of the Company and its management regarding the anticipated effect of events, circumstances and trends should be considered forward-looking statements. These forward-looking statements are not guarantees of future performance and there are a number of meaningful factors which could cause the 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, changes in individuals' savings rates, changes in the Medicare program, changes in oil prices, problems in the communications sector, a decline in retail sales, an increase in interest rates, inflation or taxes, changes to foreign and domestic markets and economies in general, changes to the market for convertible securities or the inability of the Company's service providers and the companies whose securities the Company buys to resolve any Year 2000 issues.

Shareholder Services and Transfer Agent

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Stock Exchange Listing

AMEX - Symbol: BCV

Portfolio of Investments July 31, 1999

Principal Amount or Shares		Value
	ADVERTISING — 1.3%	
\$1,500,000	Interpublic Group Cos., Inc. 1.87% 2006 cv. sub. deb. 144A (NR)	\$ 1,380,000
	AEROSPACE — 3.1%	
1,500,000	Morgan Stanley Dean Witter Discover & Co. 0% 2000 medium-term exch. notes (Aa3)(exch. for Boeing Company common stock)	1,507,500
125,000	Orbital Sciences Corp. 5% 2002 cv. sub. notes (B2)	136,875
350,000	Orbital Sciences Corp. 5% 2002 cv. sub. notes 144A (B2)	383,250
925,000	Simula, Inc. 8% 2004 sr. cv. sub. notes (NR)	749,250
705,000	SPACEHAB, Inc. 8% 2007 cv. sub. notes 144A (NR)	511,125
		<u>3,288,000</u>
	AUTOMOTIVE — 0.7%	
750,000	Standard Motor Products, Inc. 6 ³ / ₄ % 2009 cv. sub. deb. (B1)	742,500
	BANKING — 8.0%	
50,000	shs CNB Capital Trust I 6% SPuRS (Baa2) (exch. for CNB Bancshares, Inc. common stock)	1,512,500
40,000	shs National Australia Bank Ltd. 7 ⁷ / ₈ % exch. capital units (A1)	1,130,000
65,000	shs WBK Trust 10% STRYPES 144A * (NR) (exch. for Westpac Banking Corp., Ltd. common stock)	2,010,938
1,790,000	BankAtlantic Bancorp 5 ⁵ / ₈ % 2007 cv. sub. deb. (NR)	1,504,719
20,000	Jefferson-Pilot Corp. 7 ¹ / ₄ % 2000 ACES * (A1) (exch. for BankAmerica Corp. common stock)	2,240,000
		<u>8,398,157</u>
	CAPITAL GOODS — 3.3%	
1,700,000	CS First Boston, Inc. 2 ¹ / ₄ % 2003 sr. medium-term exch. notes 144A (A1) (exch. for General Electric Corp. common stock)	1,853,000
500,000	Exchangeable Certificate Corp. 1 ¹ / ₄ % 2004 sr. medium-term exch. notes 144A (AAA)(exch. for General Electric Corp. common stock)	449,375
1,160,000	Robbins & Myers, Inc. 6 ¹ / ₂ % 2003 cv. sub. notes (NR)	1,165,800
		<u>3,468,175</u>
	CHEMICALS — 0.9%	
9,000	Hercules, Inc. 6 ¹ / ₂ % CRESTS (NR) (unit consists of Hercules Trust II pfd. and warrants which can be exercised for Hercules, Inc. common stock)	893,250
	COMMUNICATIONS — 15.1%	
2,500	shs Adelphia Communications Corp. 5 ¹ / ₂ % perpetual pfd. (NR)	462,500
30,000	shs Globalstar Communications, Ltd. 8% cv. pfd. 144A (NR)	1,912,500
3,000,000	Bell Atlantic Financial Services, Inc. 5 ³ / ₄ % 2003 cv. sub. deb. 144A (A1) (exch. for cash equiv. Telecom Corp. of New Zealand common stock)	3,093,750
1,000,000	Bell Atlantic Financial Services, Inc. 4 ¹ / ₄ % 2005 cv. sub. deb. 144A (A1) (exch. for cash equiv. of Cable & Wireless Communications plc common stock)	1,111,250
1,000,000	Exchangeable Certificate Corp. 1 ¹ / ₄ % 2006 medium-term exch. notes 144A (AAA)(exch. for specific telephone and cable common stocks ‡)	1,007,500
15,000	MediaOne Group, Inc. 6 ¹ / ₄ % 2001 PIES-a * (Ba1) (exch. for ADR's representing Vodafone AirTouch PLC common stock)	1,410,000
1,000,000	NatWest Markets 0% 2003 exch. trust securities 144A † (NR) (exch. for Lucent Technologies, Inc. common stock)	3,302,000
1,000,000	Nextel Communications, Inc. 4 ³ / ₄ % 2007 cv. sr. notes 144A (B2)	1,286,250
1,000,000	Telefonos De Mexico, S.A. 4 ¹ / ₄ % cv. sr. deb. (NR)	982,500
1,250,000	UBS AG 1 ¹ / ₂ % 2006 exch. notes (Aa1) (exch. for AT&T Corp. common stock)	1,206,250
		<u>15,774,500</u>
	CONSUMER GOODS — 0.9%	
17,500	shs Newell Financial Trust I 5 ¹ / ₄ % QUIPS 144A (Baa1) (conv. into Newell Rubbermaid, Inc. common stock)	913,281

Portfolio of Investments July 31, 1999 (continued)

Principal Amount or Shares		Value
	DATA-PROCESSING SERVICES — 3.0%	
\$1,100,000	American Express Credit Corp. 1½% 2003 cash exch. notes (Aa3)	\$ 1,332,375
1,750,000	National Data Corp. 5% 2003 cv. sub. notes (Ba3)	<u>1,762,031</u>
		<u>3,094,406</u>
	ELECTRIC UTILITIES — 1.7%	
20,000 shs	NiSource, Inc. PIES-b * (Baa1)	960,000
15,000 shs	Texas Utilities Co. 9¼% FELINE PRIDES * (Baa3)	<u>810,938</u>
		<u>1,770,938</u>
	ENERGY — 8.4%	
25,000 shs	CMS Energy Corp. 8¾% adj. cv. trust securities * (NR)	968,750
40,000 shs	The Coastal Corp. 6⅝% FELINE PRIDES * (Baa2)	1,012,500
1,750,000	AES Corp. 4½% 2005 cv. jr. sub. deb. (Ba1)	2,237,813
22,500	Apache Corp. 6½% 2002 ACES * (Baa2)	871,875
1,050,000	Diamond Offshore Drilling, Inc. 3¾% 2007 cv. sub. notes (Baa2)	1,106,438
45,000	Kerr-McGee Corp. 5½% 2004 DECS * (NR) (exch. for Devon Energy Corp. common stock)	1,560,938
1,000,000	Swiss Life Financial Ltd. 2% 2005 GEMMS 144A (NR) (exch. for Royal Dutch Petroleum common stock)	<u>1,012,500</u>
		<u>8,770,814</u>
	ENTERTAINMENT — 12.2%	
15,000 shs	Houston Industries, Inc. 7% 2000 ACES * (Baa1) (exch. for Time Warner, Inc. common stock)	1,815,938
20,000 shs	UnitedGlobalCom dep. shs. repstg. 7% series C sr. cum. cv. pfd. 144A (NR) . . .	1,083,750
500,000	At Home Corp. 0% 2018 cv. sub. deb. (NR)	340,000
1,500,000	Clear Channel Communications, Inc. 2⅝% 2003 sr. cv. notes (Baa3)	1,894,688
1,000,000	Imax Corp. 5¾% 2003 cv. sub. notes 144A (B1)	1,246,875
2,000,000	Merrill Lynch Pierce Fenner & Smith ¼% 2004 medium term notes (NR) (exch. for Time Warner, Inc. common stock)	2,045,000
1,750,000	NTL Communications Corp. 7% 2008 cv. sub. notes 144A (Caal)	3,176,250
20,000	The Seagram Co. Ltd. 7½% 2002 ACES * (Ba2)	1,010,000
250,000	SportsLine USA, Inc. 5% 2006 cv. sub. notes 144A (NR)	<u>150,625</u>
		<u>12,763,126</u>
	FINANCIAL & INSURANCE — 5.9%	
13,000 shs	American General Delaware, L.L.C. 6% cv. A MIPS (A2)	1,267,500
20,000 shs	Frontier Financing Trust 6¼% cv. trust originated pfd. 144A (Baa3) (conv. into Frontier Insurance Group, Inc. common stock)	885,000
500,000	American International Group 2¼% 2004 cv. notes (Aaa)	690,000
1,000,000	CS First Boston, Inc. 1⅝% 2006 sr. medium-term exch. notes (A1) (exch. for Allstate Corp. common stock)	960,000
375,000	Penn Treaty American Corp. 6¼% 2003 cv. sub. notes (BB+)	369,844
1,375,000	Penn Treaty American Corp. 6¼% 2003 cv. sub. notes 144A (BB+)	1,356,094
13,230	Southwest Securities Group, Inc. 5% 2004 DARTS * (NR) (exch. for Knight/Trimark Group, Inc. Class A common stock)	<u>611,888</u>
		<u>6,140,326</u>
	FOODS — 1.4%	
20,000	Ralston Purina Co. 7% 2000 SAILS * (Baa1) (exch. for Interstate Bakeries Corp. common stock)	952,500
8,000 shs	Wendy's Financing Trust I 5% cv. trust originated pfd. (Baa2) (conv. into Wendy's International, Inc. common stock)	<u>482,000</u>
		<u>1,434,500</u>
	HEALTH CARE & DRUGS — 9.4%	
10,000 shs	Monsanto Co., Inc. 6½% 2001 adj. conv. rate equity security units * (A3)	410,000
2,000,000	The Bear Stearns Cos., Inc. 1% 2006 medium term notes (A2) (conv. into an . . index comprised of Merck & Co., Inc. and Pfizer, Inc. common stocks)	1,640,000
3,000,000	Elan Finance Corp. 0% 2018 LYON 144A (Baa3) (exch. for ADR's representing Elan Corp., plc common stock)	1,593,750

Portfolio of Investments July 31, 1999 (continued)

Principal Amount or Shares		Value
	HEALTH CARE & DRUGS — continued	
\$ 250,000	HealthSouth Corp. 3 ¹ / ₄ % 2003 cv. sub. notes (Ba2)	\$ 205,000
1,000,000	HealthSouth Corp. 3 ¹ / ₄ % 2003 cv. sub. notes 144A (Ba2)	820,000
900,000	Merrill Lynch Pierce Fenner & Smith 1% 2003 euro medium term notes (Aaa) (cv. into Novartis AG common stock)	785,250
1,000,000	Republic National Bank of NY 1 ⁷ / ₈ % 2002 sr. exch. notes (Aa3) (exch. for the cash equivalent of Merck & Co., Inc. common stock)	1,030,000
2,500,000	Roche Holdings, Inc. 0% 2010 LYON 144A (NR)	1,460,938
1,000,000	Sepracor, Inc. 7% 2005 cv. notes 144A (NR)	932,500
1,000,000	Swiss Life Financial Ltd. 2% 2003 GEMMS 144A (NR) (exch. for Glaxo Wellcome PLC common stock)	968,750
		<u>9,846,188</u>
	MANUFACTURED HOUSING — 1.5%	
40,000 shs	Fleetwood Capital Trust 6% cv. trust pfd. 144A (Baa3) (conv. into Fleetwood Enterprises, Inc. common stock)	1,542,500
	OFFICE EQUIPMENT — 0.4%	
750,000	Xerox Corp. 0.57% 2018 cv. sub. deb. (A3)	442,031
	PAPER & PAPER PRODUCTS — 0.9%	
20,000	Georgia-Pacific Corp. 7 ¹ / ₂ % 2002 PEPS * (Baa2)	945,000
	RETAIL — 5.3%	
32,500 shs	Dollar General Trust 8 ¹ / ₂ % STRYPES * (NR) (conv. into Dollar General Corp. common stock)	1,346,719
8,700 shs	Estee Lauder Trust 6 ¹ / ₄ % TRACES II * (NR) (conv. into Estee Lauder Companies, Inc. common stock)	799,856
500,000	Amazon.com, Inc. 4 ³ / ₄ % 2009 cv. sub. notes 144A (Caa3)	408,750
1,190,000	Ann Taylor Stores Corp. 0.55% 2019 cv. sub. deb 144A (B2)	669,375
1,000,000	Costco Companies, Inc. 0% 2017 cv. sub. notes 144A (A3)	890,000
500,000	The Home Depot, Inc. 3 ¹ / ₄ % 2001 cv. sub. notes (A1)	1,385,313
		<u>5,500,013</u>
	STAFFING SERVICES — 0.8%	
1,000,000	Interim Services, Inc. 4 ¹ / ₂ % 2005 cv. sub. deb. (Ba3)	875,625
	TECHNOLOGY — 9.2%	
7,500 shs	PSINet, Inc. 6 ³ / ₄ % cv. pfd. C (NR)	384,375
1,000,000	Citrix Systems, Inc. 0% 2006 cv. sub. deb. 144A (NR)	430,000
1,500,000	CS First Boston, Inc. 1% 2006 medium-term exch. notes (AA) (exch. for Microsoft Corp. common stock)	1,413,750
3,500,000	Hewlett-Packard Co. 0% 2017 LYON 144A (Aa3)	2,279,375
250,000	MindSpring Enterprises, Inc. 5% 2006 cv. sub. notes (B3)	201,250
1,000,000	Morgan Stanley Dean Witter Discover & Co. 0% 2001 technology exch. note trust certificates 144A (A1) (exch. for specific technology common stocks ◊) ..	2,272,500
500,000	Sanmina Corp. 4 ¹ / ₄ % 2004 cv. sub. notes 144A (NR)	511,875
11,000	Times Mirror Company 4 ¹ / ₄ % 2001 PEPS * (A1) (exch. for America Online, Inc. common stock)	836,000
1,250,000	VLSI Technology, Inc. 8 ¹ / ₄ % 2005 cv. sub. notes (B)	1,275,000
		<u>9,604,125</u>
17,000	U.S. TREASURY NOTES — 0.0% 4 ⁷ / ₈ % 3/31/01 **	16,819

Portfolio of Investments July 31, 1999 (continued)

Principal Amount or Shares	Value
	<u>Value</u>
	CORPORATE SHORT-TERM NOTES — 5.7%
\$6,000,000	American Express Credit Corp. (P1) (5.06% maturing 8/2/99) \$ 5,996,627
	Total Convertible Bonds and Notes — 71.8% \$ 74,999,479
	Total Convertible Preferred Stocks — 21.6% 22,604,795
	Total Corporate Short-Term Notes — 5.7% 5,996,627
	Total Investments — 99.1% <u>\$ 103,600,901</u>
	Other assets and liabilities, net — 0.9% 927,666
	Total Net Assets — 100.0% <u><u>\$ 104,528,566</u></u>

* See Note 1(e) Semi-Annual Report dated April 30, 1999

† Guaranteed by National Westminster Bank PLC

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

◇ Ticker symbols: CSCO, EDS, HWP, INTC, MSFT & ORCL

** Collateral for a letter of credit

ACES	Automatic Common Exchange Securities
ADR	American Depositary Receipts
CRESTS	Convertible Redeemable Equity Structured Trust Securities
DARTS	Derivative Adjustable Ratio Securities
DECS	Debt Exchangeable for Common Stock
FELINE	Family of Equity-Linked Income Securities
GEMMS	Guaranteed Exchangeable Monetisation of Multiple Shares
LYON	Liquid Yield Option Note
MIPS	Monthly Income Preferred Securities
PEPS	Premium Equity Participating Securities
PIES-a	Premium Income Exchangeable Securities
PIES-b	Premium Income Equity Securities
PRIDES	Preferred Redeemable Increased Dividend Equity Securities
QUIPS	Quarterly Income Preferred Securities
SAILS	Stock Appreciation Income Linked Securities
SPuRS	Shared Preference Redeemable Securities
STRYPES	Structured Yield Product Exchangeable for Stock
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.