

# Bancroft Convertible Fund, Inc.

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## Fourth Quarter Update - October 31, 2002 (unaudited)

### Financial Highlights

Market value 10/31/02	\$17.54
Net asset value (NAV) 10/31/02	\$18.55
Market discount to NAV	(5.44)%
12-Month income distribution	\$0.94
Yield on market value	5.36%
Capital gains distribution 12/27/01	\$0.00
Ratio of expenses to avg. net assets	1.17%*
Ratio of net income to avg. net assets	3.96%*
Portfolio turnover	78.15%
Shares outstanding	4,684,470

\* Annualized.

### Change in Net Asset Value (NAV)

	Per Share
Beginning NAV (10/31/01)	\$20.72
Changes in NAV from Operations:	
Net Investment Income	0.79
Realized Loss	(1.17)
Decrease in Unrealized Loss	(0.85)
Total Change from Operations	(1.23)
Distributions:	
Net Investment Income	(0.94)
Capital Gains	(0.00)
Total Change from Distributions	(0.94)
Total Change	(2.17)
Ending NAV (10/31/02)	\$18.55

### Major Industry Exposure as of 10/31/02

	% of Net Assets
Financial & Insurance	10.5
Retail	9.8
Aerospace & Defense	8.5
Health Care	7.8
Pharmaceuticals	7.2
Technology	7.0
Banking/Savings & Loan	6.5
Telecommunications	6.0
Energy	4.9
Advertising	4.3

The portfolio holdings and industry exposure are as of October 31, 2002 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 10/31/02 *with dividends reinvested*

	10 Months	1 Year	5 Years	10 Years
Bancroft market value (a)	(10.58)%	(1.82)%	35.58%	187.89%
Bancroft net asset value (b)	(8.63)	(6.29)	17.24	141.61
Closed-end conv. fund avg. (b)	(14.69)	(10.69)	4.10	108.03
S&P 500 (a)	(21.84)	(15.11)	3.71	156.41
Russell 2000 (a)	(22.69)	(11.56)	(7.60)	87.78(c)
Lehman Aggregate Bond Total Return Index (b)	8.05	5.89	43.07	105.51

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, October 31, 2002.

(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
Jan. 02	\$21.22	\$20.45	\$20.65	\$20.80	\$18.75	\$20.00
Apr. 02	20.76	20.44	20.68	20.30	18.56	18.80
Jul. 02	20.86	18.02	18.71	19.50	16.50	17.04
Oct. 02	19.11	17.82	18.55	18.40	17.05	17.54

### Total Fund Investments as of 10/31/02

	(000's)	% of Net Assets
Convertible Bonds and Notes	\$62,298	71.7
Mandatory Convertible Securities	11,158	12.8
Convertible Preferred Stocks	9,746	11.2
Short-term Investments	5,310	6.1
Other Assets	(1,608)	(1.8)
Net Assets	\$86,904	100.0%

### Largest Investment Holdings as of 10/31/02

	% of Net Assets
Washington Mutual, Inc.	2.7
Telecom Corp. of New Zealand	2.3
Costco Wholesale Corp.	2.1
Reinsurance Group of America, Inc.	2.1
Johnson & Johnson	2.0
Affiliated Computer Services, Inc.	1.9
Anixter International, Inc.	1.9
Capital One Financial Corp.	1.9
Cephalon, Inc.	1.9
Northrop Grumman Corp.	1.9

# Portfolio of Investments October 31, 2002 (unaudited)

Principal Amount or Shares		Value
	<b>ADVERTISING — 4.3%</b>	
\$1,550,000	The Interpublic Group Cos., Inc. 1.80% 2004 cv. sub. notes (NR) .....	\$ 1,243,875
1,000,000	Omnicom Group, Inc. 0% 2031 LYONS * (A3) .....	987,500
1,600,000	Young & Rubicam, Inc. 3% 2005 cv. sub. notes (Baa1) .....	1,473,200
		<u>3,704,575</u>
	<b>AEROSPACE &amp; DEFENSE — 8.5%</b>	
1,625,000	GenCorp Inc. 5.75% 2007 cv. sub. notes 144A (B1) .....	1,355,859
1,500,000	The Goldman Sachs Group, Inc. 1.00% 2009 exch. equity-linked notes * (Aa3) (exch. for General Dynamics Corp. common stock) .....	1,447,230
750,000	L-3 Communications Holdings, Inc. 5.25% 2009 cv. sr. sub. notes 144A (Ba3) ..	1,000,313
500,000	L-3 Communications Holdings, Inc. 4.40% 2011 sr. sub. cv. CODES * (Ba3) ...	568,125
15,000 shs	Northrop Grumman Corp. 7.25% equity units ***(NR) .....	1,669,350
20,000 shs	RC Trust I 8.25% equity security units ***(Ba2) (exch. for Raytheon Co. class B common stock) .....	1,053,800
705,000	SPACEHAB, Inc. 8% 2007 cv. sub. notes 144A (NR) .....	317,250
		<u>7,411,927</u>
	<b>AUTOMOTIVE — 2.9%</b>	
20,000 shs	Ford Motor Co. Capital Trust II 6.50% cv. pfd. (Baa2) (exch. for Ford Motor Co. common stock) .....	734,000
35,500 shs	General Motors Corp. Series B cv. sr. deb. (A3) .....	735,915
2,500,000	Lear Corp. 0% 2022 cv. sr. notes 144A (Ba1) .....	1,050,000
		<u>2,519,915</u>
	<b>BANKING/SAVINGS &amp; LOAN — 6.5%</b>	
20,000 shs	Commerce Capital Trust II 5.95% cv. trust pfd. 144A (Baa1) (exch. for Commerce Bancorp common stock) .....	1,141,250
40,000 shs	National Australia Bank Ltd. 7.875% exch. capital units (A2) .....	1,356,000
15,000 shs	New York Community Bancorp, Inc. 6% BONUSSES units (Ba1) .....	763,905
35,000 shs	Washington Mutual Capital Trust PIERS units 144A (Baa1) (exch. for Washington Mutual Inc. common stock) .....	1,833,125
10,000 shs	Washington Mutual Capital Trust PIERS units (Baa1) (exch. for Washington Mutual Inc. common stock) .....	523,750
		<u>5,618,030</u>
	<b>CABLE — 2.1%</b>	
1,000,000	Charter Communications, Inc. 5.75% 2005 cv. sr. notes (Caa2) .....	220,000
42,500 shs	Equity Securities Trust II 6.25% ** (NR) (exch. for Cablevision Systems Corp. common stock) .....	550,508
1,000,000	Verizon Global Funding Corp. 4.25% 2005 euro. sr. exch. notes * (A1) (exch. for cash equiv. of Cable & Wireless Communications plc & NTL, Inc. common stocks) .....	1,043,125
		<u>1,813,633</u>
	<b>CAPITAL GOODS — 1.5%</b>	
1,500,000	CS First Boston, Inc. 2% 2010 sr. medium-term exch. notes * (Aa3) (exch. for General Electric Corp. common stock) .....	1,311,563
	<b>DATA-PROCESSING SERVICES — 3.8%</b>	
1,000,000	The BISYS Group, Inc. 4% 2006 cv. sub. notes 144A (NR) .....	946,250
250,000	The BISYS Group, Inc. 4% 2006 cv. sub. notes (NR) .....	236,563
1,000,000	Documentum, Inc. 4.50% 2007 cv. sr. notes 144A (NR) .....	867,500
1,250,000	National Data Corp. 5% 2003 cv. sub. notes (B2) .....	1,252,038
		<u>3,302,351</u>

# Portfolio of Investments October 31, 2002 (continued)

Principal Amount or Shares		Value
	<b>ENERGY — 4.9%</b>	
\$ 500,000	Devon Energy Corp. 4.90% 2008 cv. sub. deb. * (Baa2) (conv. into Chevron Corp. common stock) . . . . .	\$ 500,100
1,000,000	Devon Energy Corp. 4.95% 2008 cv. sub. deb. * (Baa2) (conv. into Chevron Corp. common stock) . . . . .	1,002,700
1,300,000	Kerr-McGee Corp. 5.25% 2010 cv. sub. deb. (Baa2) . . . . .	1,407,562
30,000	Kerr-McGee Corp. 5.50% 2004 DECS ** (Baa2) (exch. for Devon Energy Corp. common stock) . . . . .	1,361,250
		<u>4,271,612</u>
	<b>ENTERTAINMENT — 1.7%</b>	
3,000,000	News America, Inc. 0% 2021 LYONs 144A (Baa3) (exch. for ADSs representing The News Corp. Limited common stock) . . . . .	1,448,190
	<b>FINANCIAL &amp; INSURANCE — 10.5%</b>	
50,000 shs	Capital One Financial Corp. 6.25% Upper DECS ***,** (Baa3) . . . . .	1,472,000
1,500,000	Exchangeable Certificate Corp. 0.625% 2005 exch. certificates 144A (Aaa)(exch. for American Express Company common stock) . . . . .	1,440,000
20,000 shs	Platinum Underwriters Holdings, Ltd. 7% equity security units ***,** (NR) . . . . .	555,000
17,500 shs	Prudential Financial Capital Trust I 6.25% equity security units ***,** (A3) (exch. for Prudential Financial, Inc. common stock) . . . . .	887,031
40,000 shs	Reinsurance Group of America, Inc. 5.75% PIERS (Baa2) . . . . .	1,808,800
1,000,000	Swiss Re America Holding Corp. 3.25% 2021 euro. sub. cv. bonds 144A (Aa1) (conv. into Swiss Reinsurance Company common stock) . . . . .	865,000
40,000 shs	Travelers Property Casualty Corp. 4.50% 2032 cv. jr. sub. notes (A2) . . . . .	849,000
1,500,000	XL Capital, Ltd. 0% 2021 cv. deb. 144A * (A1) . . . . .	939,375
500,000	XL Capital, Ltd. 0% 2021 cv. deb. * (A1) . . . . .	313,125
		<u>9,129,331</u>
	<b>FOODS — 1.2%</b>	
1,500,000	General Mills, Inc. 0% 2022 zero coupon cv. sr. debentures 144A * (Baa2) . . . . .	1,014,375
	<b>HEALTH CARE — 7.8%</b>	
750,000	AmerisourceBergen Corp. 5% 2007 cv. sub. notes 144A (Ba3) . . . . .	1,158,150
1,000,000	Community Health Systems, Inc. 4.25% 2008 cv. sub. notes (B3) . . . . .	1,021,700
1,000,000	Invitrogen, Inc. 5.50% 2007 cv. sub. notes (NR) . . . . .	876,250
500,000	LifePoint Hospitals, Inc. 4.50% 2009 cv. sub. notes 144A (B3) . . . . .	498,750
500,000	LifePoint Hospitals, Inc. 4.50% 2009 cv. sub. notes (B3) . . . . .	498,750
1,000,000	Medtronic, Inc. 1.25% 2021 cv. deb. * (A1) . . . . .	1,043,350
1,000,000	Province Healthcare Company 4.25% 2008 cv. sub. notes 144A (B3) . . . . .	825,000
600,000	Sunrise Assisted Living, Inc. 5.25% 2009 cv. sub. notes 144A (B1) . . . . .	510,000
400,000	Sunrise Assisted Living, Inc. 5.25% 2009 cv. sub. notes (B1) . . . . .	340,000
		<u>6,771,950</u>
	<b>MULTI-INDUSTRY — 2.1%</b>	
2,000,000	Lehman Brothers Holdings, Inc. 0.25% 2006 BASES notes * (A3) (based on the value of the performance of the 10 Uncommon Values Index †) . . . . .	1,805,000
	<b>OFFICE EQUIPMENT — 1.2%</b>	
1,250,000	IOS Capital, LLC 5% 2007 cv. sub. notes 144A (Baa3) (exch. for IKON Office Solutions, Inc. common stock) . . . . .	1,019,531

# Portfolio of Investments October 31, 2002 (continued)

Principal  
Amount  
or Shares

	<u>Value</u>
<b>PAPER &amp; PAPER PRODUCTS — 1.2%</b>	
\$25,000 shs Temple-Inland Inc. 7.50% Upper DECS **,** (Baa3) . . . . .	<u>\$1,082,500</u>
<b>PHARMACEUTICALS — 7.2%</b>	
2,000,000 Alza Corp. 0% 2020 cv. sub. deb. (Aa1) (exch. for Johnson & Johnson common stock) . . . . .	1,700,000
1,000,000 Cephalon, Inc. 2.50% 2006 cv. sub. notes 144A (NR) . . . . .	929,375
750,000 Cephalon, Inc. 2.50% 2006 cv. sub. notes (NR) . . . . .	697,031
1,500,000 Ivax Corp. 5.50% 2007 cv. sr. sub. notes (NR) . . . . .	1,323,750
1,315,000 Roche Holdings, Inc. 0% 2015 LYONs 144A (NR) (exch. for Genentech, Inc. common stock) . . . . .	940,225
800,000 Sepracor, Inc. 7% 2005 cv. sub. deb. 144A (CCC+) . . . . .	<u>656,000</u>
	<u>6,246,381</u>
<b>RETAIL — 9.8%</b>	
578,000 Barnes & Noble, Inc. 5.25% 2009 cv. sub. notes (Ba3) . . . . .	575,833
500,000 Brinker International, Inc. 0% 2021 cv. sr. deb. 144A (Baa2) . . . . .	328,360
750,000 Brinker International, Inc. 0% 2021 cv. sr. deb. (Baa2) . . . . .	492,540
1,500,000 Charming Shoppes, Inc. 4.75% 2012 sr. cv. notes 144A (B2) . . . . .	1,215,000
500,000 Costco Wholesale Corp. 0% 2017 cv. sub. notes 144A (A3) . . . . .	401,455
1,750,000 Costco Wholesale Corp. 0% 2017 cv. sub. notes (A3) . . . . .	1,405,093
1,725,000 Duane Reade Inc. 2.148% 2022 cv. sr. notes 144A (Ba3) . . . . .	829,075
525,000 Duane Reade Inc. 2.148% 2022 cv. sr. notes (Ba3) . . . . .	252,328
750,000 The Gap, Inc. 5.75% 2009 cv. bonds (Ba3) . . . . .	779,063
250,000 J.C. Penney Co., Inc. 5% 2008 cv. sub. notes (B1) . . . . .	239,375
850,000 School Specialty, Inc. 6% 2008 cv. sub. notes 144A (B+) . . . . .	882,164
250,000 School Specialty, Inc. 6% 2008 cv. sub. notes (B+) . . . . .	259,460
500,000 Skechers U.S.A., Inc. 4.50% 2007 cv. bonds 144A (NR) . . . . .	377,500
15,000 shs Toys "R" Us, Inc. 6.25% equity securities units **,** (Baa3) . . . . .	<u>508,500</u>
	<u>8,545,746</u>
<b>TECHNOLOGY — 7.0%</b>	
750,000 Affiliated Computer Services, Inc. 3.50% 2006 cv. sub. notes 144A (Baa2) . . . . .	974,175
500,000 Affiliated Computer Services, Inc. 3.50% 2006 cv. sub. notes (Baa2) . . . . .	649,450
1,250,000 Analog Devices, Inc. 4.75% 2005 cv. sub. notes 144A (Baa1) . . . . .	1,229,250
1,000,000 Brooks Automation, Inc. 4.75% 2008 cv. sub. notes 144A (NR) . . . . .	755,000
250,000 Brooks Automation, Inc. 4.75% 2008 cv. sub. notes (NR) . . . . .	188,750
1,500,000 CS First Boston, Inc. 1% 2006 medium-term exch. notes * (Aa3) (exch. for Microsoft Corp. common stock) . . . . .	1,432,500
500,000 Kulicke & Soffa Industries, Inc. 4.75% 2006 cv. sub. notes (B3) . . . . .	218,750
750,000 STMicroelectronics N.V. 0% 2009 LYONs (Baa1) . . . . .	<u>643,594</u>
	<u>6,091,469</u>
<b>TELECOMMUNICATIONS — 6.0%</b>	
4,000,000 Anixter International, Inc. 0% 2020 LYONs 144A (Ba3) . . . . .	1,130,000
1,700,000 Anixter International, Inc. 0% 2020 LYONs (Ba3) . . . . .	480,250
2,000,000 Bell Atlantic Financial Services, Inc. 5.75% 2003 sr. exch. notes 144A * (A1) (exch. for cash equiv. Telecom Corp. of New Zealand, Ltd. common stock) . . . . .	2,012,500
1,500,000 Tecnost International, N.V. 1% 2005 ADBs 144A (Baa2) (exch. for ADRs representing Telecom Italia S.p.A. common stock) . . . . .	<u>1,549,350</u>
	<u>5,172,100</u>

# Portfolio of Investments October 31, 2002 (continued)

Principal Amount or Shares		Value
	<b>TRANSPORTATION — 3.3%</b>	
\$1,000,000	Continental Airlines, Inc. 4.50% 2007 cv. notes (B2) .....	\$ 371,250
750,000	GATX Corp. 7.50% 2007 cv. sr. notes 144A (Baa3) .....	746,025
750,000	GATX Corp. 7.50% 2007 cv. sr. notes (Baa3) .....	746,025
1,000,000	United Parcel Service, Inc. 1.75% 2007 cash-settled cv. sr. notes (Aaa) . . .	1,040,625
		<u>2,903,925</u>
	<b>UTILITIES — 2.3%</b>	
25,000 shs	American Electric Power Co., Inc. 9.25% Equity Units **,* (Baa1) .....	910,938
40,000 shs	DTE Energy Co. 8.75% Equity Security Units **,* (Baa2) .....	1,106,800
		<u>2,017,738</u>
	<b>SHORT-TERM SECURITIES — 6.1%</b>	
5,300,000	American Express Credit Corp. (P1) (1.65% maturing 11/01/02) .....	5,299,271
11,000	U.S. Treasury Notes 4.00% 4/30/03 # (Aaa) .....	11,151
		<u>5,310,422</u>
	<b>Total Convertible Bonds and Notes — 71.7%</b> .....	62,298,420
	<b>Total Convertible Preferred Stocks — 11.2%</b> .....	9,745,745
	<b>Total Mandatory Convertible Securities — 12.8%</b> .....	11,157,677
	<b>Total Short-Term Securities — 6.1%</b> .....	5,310,422
	<b>Total Investments — 101.8%</b> .....	<u>88,512,264</u>
	<b>Other assets and liabilities, net — (1.8)%</b> .....	-1,607,859
	<b>Total Net Assets — 100.0%</b> .....	<u>\$86,904,405</u>

\* Contingent payment debt instrument. See Note 1(b) Semi-Annual Report to Shareholders, April 30, 2002.  
 \*\* Mandatory convertible. See Note 1(e) Semi-Annual Reports to Shareholders, April 30, 2002.  
 † Ticker symbols: AIG, APOL, BBBY, COF, HRC, KLAC, MCK, PFE, WEN & WY.  
 # Collateral for a letter of credit.

ADBs American Depositary Bonds.  
 ADRs American Depositary Receipts.  
 ADSs American Depositary Shares.  
 BASES Basket Adjusting Structured Equity Securities.  
 BONUSES Bifurcated Option Note Unit Securities.  
 CODES Contingent Debt Securities.  
 DECS Debt Exchangeable for Common Stock.  
 LYONs Liquid Yield Option Notes.  
 PIERS Preferred Income Equity Redeemable Securities.