

BANCROFT CONVERTIBLE FUND



2004 Annual Report
October 31, 2004

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Bancroft Convertible Fund, Inc. (the "Fund") 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 October 31, 2004 with dividends reinvested

	Calendar			
	YTD	1 Year	5 Years	10 Years
Bancroft market price (a,b)	0.18%	(3.83)%	34.70%	172.40%
Bancroft net asset value (b,c,d)	(0.16)	1.32	14.93	137.12
Closed-end convertible fund average (d)	3.44	8.04	21.81	117.15
S&P 500 (a)	3.06	9.42	(10.60)	183.96
Russell 2000 (d)	5.75	11.73	45.19	162.41
Lehman Aggregate Bond Total Return Index (d)	4.22	5.53	44.10	111.12

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

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

(b) Performance is not adjusted for dilution due to the rights offering.

(c) Net asset value dilution resulting from the Bancroft rights offering was 2.38%.

(d) From Lipper, Inc. Closed-End Fund Performance Analysis, dated October 31, 2004.

Quarterly History of NAV and Market Price

Qtr. Ended	Net Asset Values			Market Prices (AMEX, symbol BCV)		
	High	Low	Close	High	Low	Close
Jan. 04	\$21.75	\$20.73	\$21.51	\$20.14	\$18.59	\$19.59
Apr. 04	21.79	20.79	20.79	19.74	18.35	18.35
Jul. 04	20.98	20.06	20.23	18.71	17.87	17.87
Oct. 04	20.65	19.79	20.40	18.50	17.65	18.23

Dividend Distributions (12 Months)

Record Date	Payment Date	Income	Capital Gains	* Corporate Deduction
11/28/03	12/26/03	\$0.21	—	6%
3/16/04	3/30/04	0.17	—	12
6/15/04	6/29/04	0.17	—	12
9/15/04	9/29/04	0.17	—	12
		<u>\$0.72</u>		

* Percentage of each ordinary income distribution qualifying for the corporate dividend received tax deduction.

To Our Shareholders

December 6, 2004

The election is over. Investors can now turn their attention to the economy and the war on terror. The economy has grown this year through strong personal consumption and productivity growth. The 3.9% growth in the third quarter would have been greater, but for high oil prices, sluggish business investment and the growing trade deficit. In addition, next year's growth could be slowed by reduced federal fiscal stimulus as the government seeks to reduce its deficit and by the low personal savings rate. Finally, as the dollar declines in value versus almost all other currencies (including the euro, the yen, the Mexican peso and many others) we expect U.S. exports to pick up and imports to become more expensive. Inflation has not been an issue because of the competition of imported goods and the growth of productivity at a rate greater than labor costs. This may not continue and many economists have predicted that inflation is likely to increase. Unless oil prices spike up again we do not believe that inflation will become a problem next year.

This last year has been one of great change. Because of the malfeasance of some, the legislators, litigators and the regulators have put in place substantial changes to the corporate governance of all public companies. In the end, investors should see more ethical corporate governance from these new rules. We have spent great time, effort and money in our effort to comply with all of these new requirements. As investors, we are looking forward to seeing if the requirements lead to better and more productive corporate governance.

Performance of the Fund was affected by its industry exposure. Energy companies, led by Amerada Hess Corp. and Valero Energy Corp., provided the best performance for the Fund as energy prices rose most of the year. Lagging industries such as the automotive industry and the banking/savings & loan industry held back performance. Both of these industries have been hurt by the expected rise in interest rates and by slower than expected economic growth.

George R. Lieberman retired from the Fund's Board of Directors in October. He served as an independent director for nearly seventeen years. In a period of great change in corporate governance his experience, ethical drive and calm were of great help to the Board and to management. We wish him well.

Bancroft Convertible Fund is the oldest closed-end convertible fund. Founded in 1971, the Fund's strategy has consistently been to use convertible securities as an equity alternative to reduce risk and volatility. This strategy tends to outperform in bear markets and lag in bull markets. The Fund underperformed the average of its peer-group for the quarter ended October 31, 2004. Our peers consist of the thirteen closed-end convertible funds in the *Lipper Closed-End Performance Analysis* survey. Of these thirteen funds, only four, including the Fund, remain unleveraged convertible funds. In addition, we believe that many of our competitors have greater exposure to non-convertible, low-rated, high yield debt than we do. We believe these factors contributed to the difference in performance between Bancroft and many of the other funds in the group.

Visit our website, www.bancroftfund.com, for additional information on the Fund. In addition, shareholders who wish to obtain a copy of the most recent report on the Fund issued by Standard and Poor's should contact us.

continued on the following page

To Our Shareholders (continued)

At its November 22, 2004 meeting, the Board of Directors declared a dividend of 18.8 cents (\$0.188) per share. The dividend consists of undistributed net investment income and will be payable on December 28, 2004 to shareholders of record on December 3, 2004.

The 2005 annual meeting of shareholders will be held at our offices in Morristown, New Jersey on February 14, 2005. Time and location will be included in the proxy statement, scheduled to be mailed to shareholders on December 28, 2004. All shareholders are welcome to attend, we hope to see you there.



Thomas H. Dinsmore
Chairman of the Board

Major Portfolio Changes by underlying common stock Six months ended October 31, 2004

ADDITIONS

Albertson's, Inc.
Allscripts Healthcare Solutions, Inc.
Armor Holdings, Inc.
Devon Energy Corp.
Four Seasons Hotels, Inc.
General Mills, Inc.
(exchangeable from Lehman Brothers Holdings, Inc.)
ImClone Systems, Inc.
Kulicke & Soffa Industries, Inc.
Leucadia National Corp.
Novell, Inc.
Ocwen Financial Corp.
Per-Se Technologies, Inc.
Schering-Plough Corp.
Titan International, Inc.
The Walt Disney Company
Weatherford International Ltd.

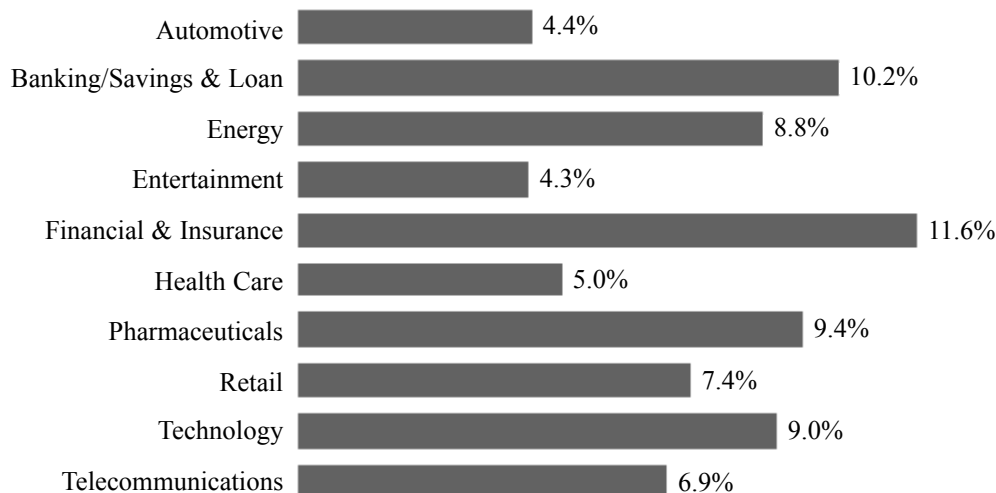
REDUCTIONS

Allscripts Healthcare Solutions, Inc.
Amerada Hess Corp.
Costco Wholesale Corp.
Devon Energy Corp.
(exchangeable from Kerr-McGee Corp.)
Gilead Sciences, Inc.
ImClone Systems, Inc.
Kulicke & Soffa Industries, Inc.
McMoRan Exploration Co.
Medarex, Inc.
Novell, Inc.
State Street Corp.
STMicroelectronics, N.V.
Teekay Shipping Corp.
Temple-Inland, Inc.
Teva Pharmaceuticals Industries Ltd.
(exchangeable from Teva Pharm. Finance B.V.)
Washington Mutual, Inc.

Largest Investment Holdings by underlying common stock

	Value (Note 1)	% Total Net Assets
Sovereign Bancorp, Inc. <i>A holding company for Sovereign Bank. The bank's primary business consists of attracting deposits from its network of banking offices, and originating commercial, consumer and residential mortgage loans, as well as automobile loans.</i>	\$ 2,400,000	2.1 %
Capital One Financial Corp. <i>Through its subsidiaries, provides credit card products, certain consumer lending and deposit services.</i>	2,371,050	2.1
Leucadia National Corp. <i>A diversified holding company that provides banking and lending services, manufacturing, real estate activities, winery operations, development of a copper mine and property and casualty reinsurance.</i>	2,240,000	2.0
The St. Paul Travelers Companies, Inc. <i>Provides a broad range of insurance products and services for the commercial and consumer markets.</i>	2,211,000	2.0
Church & Dwight Co., Inc. <i>Produces sodium bicarbonate and sodium bicarbonate-based products. The company sells its products primarily under the Arm & Hammer trademark, to consumers and to industrial customers and distributors.</i>	2,189,250	1.9
Amerada Hess Corp. <i>Together with its subsidiaries explores for, produces, purchases, transports and sells crude oil and natural gas. The company also manufactures, purchases, transports and markets refined petroleum products.</i>	2,185,050	1.9
Conexant Systems, Inc. <i>Provides semiconductor products for communications electronics. The company offers products for use in wireless communications, network access and processing, digital entertainment, and personal computing.</i>	2,106,099	1.9
The TJX Companies, Inc. <i>Retails off-price apparel and home fashions. The company currently operates T.J. Maxx, Marshalls, HomeGoods, A.J. Wright, Winners and T.K. Maxx stores.</i>	2,056,500	1.8
Lucent Technologies, Inc. <i>Designs, builds and delivers a wide range of public and private networks, communications systems and software, business telephone systems and data networking systems.</i>	2,036,005	1.8
Kerr-McGee Corp. <i>Explores for and produces oil and natural gas in various countries around the world. The company focuses on offshore activities primarily in the Gulf of Mexico and the North Sea.</i>	<u>2,034,881</u>	<u>1.8</u>
Total	<u>\$21,829,835</u>	<u>19.3 %</u>

Major Industry Exposure



Diversification of Assets

	Cost	Value (Note 1)	% Total Net Assets October 31,	
			2004	2003
Advertising	\$ 980,625	\$ 1,079,375	0.9%	2.5%
Aerospace & Defense	4,051,736	3,746,485	3.3	4.9
Automotive	5,030,505	4,987,306	4.4	2.4
Banking/Savings & Loan	11,402,075	11,545,287	10.2	10.6
Consumer Goods	3,265,210	3,839,250	3.4	3.1
Data-Processing Services	1,939,687	1,889,076	1.7	2.0
Electrical Supplies	1,472,188	1,346,250	1.2	—
Energy	8,222,351	9,919,521	8.8	7.6
Entertainment	5,004,635	4,898,932	4.3	4.5
Financial & Insurance	12,939,839	13,196,750	11.6	10.9
Foods	1,509,343	1,492,500	1.3	—
Health Care	5,722,902	5,629,274	5.0	6.7
Hotel Services	1,045,000	1,128,750	1.0	—
Mining	1,481,988	1,411,220	1.3	—
Office Equipment	1,746,250	1,791,563	1.6	1.7
Paper and Paper Products	—	—	—	1.3
Pharmaceuticals	11,143,900	10,750,823	9.4	9.4
Retail	8,366,932	8,372,428	7.4	9.5
Technology	11,668,207	10,182,006	9.0	7.3
Telecommunications	7,371,769	7,873,130	6.9	9.9
Transportation	—	—	—	2.0
Utilities	1,275,424	1,299,000	1.1	2.3
Short-Term Securities	6,809,726	6,809,692	6.0	0.0
Total Investments	112,450,292	113,188,618	99.8	98.6
Other Assets, Net of Liabilities	—	184,864	0.2	1.4
Total Net Assets	\$112,450,292	\$113,373,482	100.0%	100.0%

Portfolio of Investments October 31, 2004

Principal Amount		Identified Cost	Value (Note 1)
CONVERTIBLE BONDS AND NOTES — 55.6%			
Advertising — 0.9%			
\$1,000,000	Lamar Advertising Company 2.875% 2010 cv. sub. notes (B2)	\$ 980,625	\$1,079,375
Aerospace and Defense — 2.4%			
1,250,000	Armor Holdings, Inc. 2% 2024 sr. sub. cv. notes (B+) ⁽¹⁾	1,237,500	1,240,625
1,500,000	The Goldman Sachs Group, Inc. 1% 2009 exh. equity-linked notes (Aa3) (exh. for General Dynamics Corp. common stock) ⁽¹⁾	1,721,213	1,481,760
		<u>2,958,713</u>	<u>2,722,385</u>
Automotive — 3.2%			
1,000,000	American Axle & Manufacturing Holdings, Inc. 2% 2024 cv. sr. notes (Baa3) ⁽¹⁾	1,060,053	889,400
3,500,000	Lear Corp. 0% 2022 cv. sr. notes (Baa3)	1,654,014	1,722,656
1,000,000	Titan International, Inc. 5.25% 2009 sr. cv. notes (NR)	1,000,938	1,031,250
		<u>3,715,005</u>	<u>3,643,306</u>
Banking/Savings and Loan — 2.8%			
2,078,000	The Bear Stearns Companies, Inc. 0.25% 2010 medium term notes (A1) (exh. for Fifth Third Bancorp common stock) ⁽¹⁾	2,299,565	1,974,381
1,250,000	Ocwen Financial Corp. 3.25% 2024 contingent cv. sr. unsecured notes (B-) (Acquired 07/22/04 - 09/27/04; Cost \$1,263,750) ⁽²⁾	1,263,750	1,168,750
		<u>3,563,315</u>	<u>3,143,131</u>
Consumer Goods — 1.9%			
1,875,000	Church & Dwight Co., Inc. 5.25% 2033 cv. sr. deb. (Ba3)	1,875,000	2,189,250
Data-Processing Services — 1.7%			
1,500,000	Pegasus Solutions, Inc. 3.875% 2023 cv. sr. notes (NR)	1,431,562	1,333,076
500,000	Per-Se Technologies, Inc. 3.25% 2024 cv. sub. deb. (B-) (Acquired 06/24/04 - 06/25/04; Cost \$508,125) ⁽²⁾	508,125	556,000
		<u>1,939,687</u>	<u>1,889,076</u>
Electrical Supplies — 1.2%			
1,500,000	Graftech International LTD 1.625% 2024 cv. sr. deb. (B2)	1,472,188	1,346,250
Energy — 2.9%			
1,000,000	Devon Energy Corp. 0% 2020 cv. sr. deb. (BBB)	562,365	563,150
1,900,000	Kerr-McGee Corp. 5.25% 2010 cv. sub. deb. (Ba1)	1,992,938	2,034,881
1,000,000	Weatherford International Ltd. 0% 2020 cv. sr. deb. (Baa1)	639,338	645,520
		<u>3,194,641</u>	<u>3,243,551</u>
Entertainment — 1.9%			
1,250,000	Citadel Broadcasting Corp. 1.875% 2011 cv. sub. notes (NR)	1,246,250	1,095,125
1,000,000	The Walt Disney Company 2.125% 2023 cv. sr. notes (Baa1)	1,053,800	1,068,370
		<u>2,300,050</u>	<u>2,163,495</u>
Financial and Insurance — 2.8%			
2,000,000	Leucadia National Corp. 3.75% 2014 cv. sr. sub. notes (Ba3)	2,038,123	2,240,000
1,000,000	Swiss Re America Holding Corp. 3.25% 2021 euro. sub. cv. bonds (Aa1) (conv. into Swiss Reinsurance Company common stock) (Acquired 11/15/01 - 12/05/01; Cost \$1,007,750) ⁽²⁾	1,007,750	969,250
		<u>3,045,873</u>	<u>3,209,250</u>

Portfolio of Investments October 31, 2004 (continued)

Principal Amount		Identified Cost	Value (Note 1)
CONVERTIBLE BONDS AND NOTES — continued			
Health Care — 3.8%			
\$1,000,000	AmerisourceBergen Corp. 5% 2007 cv. sub. notes (B1)	\$1,103,673	\$1,064,850
1,000,000	Community Health Systems, Inc. 4.25% 2008 cv. sub. notes (B3)	988,600	1,034,200
500,000	Isolagen, Inc. 3.5% 2024 cv. sub. notes (NR) (Acquired 10/29/04; Cost \$500,000) ⁽²⁾	500,000	521,250
500,000	LifePoint Hospitals, Inc. 4.50% 2009 cv. sub. notes (B3)	490,000	498,125
875,000	Mentor Corp. 2.75% 2024 cv. deb. (NR)	941,250	1,153,359
		<u>4,023,523</u>	<u>4,271,784</u>
Hotel Services — 1.0%			
1,000,000	Four Seasons Hotels, Inc. 1.875% 2024 cv. sr. notes (Baa3)	1,045,000	1,128,750
Office Equipment — 1.6%			
1,750,000	IOS Capital, LLC 5% 2007 cv. sub. notes (Ba3) (exch. for IKON Office Solutions, Inc. common stock) (Acquired 05/08/02 - 06/02/03; Cost \$1,746,250) ⁽²⁾	1,746,250	1,791,563
Pharmaceuticals — 7.1%			
2,000,000	Alza Corp. 0% 2020 cv. sub. deb. (Aa1) (exch. for Johnson & Johnson common stock)	1,633,292	1,612,500
2,000,000	Amgen, Inc. 0% 2032 LYONs (A2) (1)	1,614,756	1,478,980
1,500,000	Impax Laboratories, Inc. 1.25% 2024 cv. sr. sub. deb. (NR) (Acquired 03/31/04 - 07/21/04; Cost \$1,543,813) ⁽²⁾	1,543,813	1,315,440
500,000	Ivax Corp. 4.50% 2008 cv. sr. sub. notes (NR)	495,000	502,500
1,250,000	Ivax Corp. 1.50% 2024 cv. sr. notes (NR) ⁽¹⁾	1,297,218	1,269,088
1,000,000	Teva Pharmaceutical Finance II, LLC series A 0.50% 2024 cv. sr. deb. (BBB) (exch. for Teva Pharmaceuticals Industries Ltd. ADR)	1,000,000	960,000
1,000,000	Teva Pharmaceutical Finance II, LLC series B 0.25% 2024 cv. sr. deb. (BBB) (exch. for Teva Pharmaceuticals Industries Ltd. ADR)	1,000,000	963,750
		<u>8,584,079</u>	<u>8,102,258</u>
Retail — 7.4%			
1,250,000	Casual Male Retail Group, Inc. 5% 2024 cv. sr. sub. notes (NR)	1,261,073	1,079,688
1,500,000	Charming Shoppes, Inc. 4.75% 2012 sr. cv. notes (B2)	1,539,180	1,625,621
250,000	Costco Wholesale Corp. 0% 2017 cv. sub. notes (A3)	186,483	273,345
1,250,000	Dick's Sporting Goods, Inc. 1.6061% 2024 sr. cv. notes (NR)	859,705	986,719
1,000,000	Reebok International Ltd. 2% 2024 cv. deb. (BBB) (Acquired 04/27/04; Cost \$1,011,230) ^{(1) (2)}	1,017,937	1,022,500
1,500,000	Saks, Inc. 2% 2024 cv. sr. notes (Ba3)	1,483,785	1,328,055
2,400,000	The TJX Companies, Inc. 0% 2021 LYONs (Baa1)	2,018,769	2,056,500
		<u>8,366,932</u>	<u>8,372,428</u>
Technology — 6.1%			
1,500,000	Axelis Technologies, Inc. 4.25% 2007 cv. sub. notes (NR)	1,437,188	1,478,438
2,191,000	Conexant Systems, Inc. 5.25% 2006 cv. sub. notes (NR)	2,226,604	2,106,099
2,378,000	Hewlett-Packard Co., Inc. 0% 2017 LYONs (Baa1)	1,360,808	1,328,708
2,000,000	International Rectifier Corp. 4.25% 2007 cv. sub. notes (B2)	1,988,750	1,977,500
		<u>7,013,350</u>	<u>6,890,745</u>

Portfolio of Investments October 31, 2004 (continued)

Principal Amount		Identified Cost	Value (Note 1)
CONVERTIBLE BONDS AND NOTES — continued			
Telecommunications — 6.9%			
\$1,500,000	Comverse Technology, Inc. 0% 2023 ZYPS (BB-) ⁽³⁾	\$ 1,631,775	\$ 1,940,250
1,000,000	Lucent Technologies, Inc. 2.75% 2023 series A cv. sr. deb. (B2)	1,000,000	1,335,980
500,000	Lucent Technologies, Inc. 2.75% 2025 series B cv. sr. deb. (B2)	500,000	700,025
1,250,000	Nortel Networks Corp. 4.25% 2008 cv. sr. notes (B3)	1,287,500	1,206,250
1,250,000	Tekelec, Inc. 2.25% 2008 cv. sub. discount notes (NR)	1,315,469	1,665,625
1,000,000	UTStarcom, Inc. 0.875% 2008 cv. notes (NR)	1,637,025	1,025,000
		<u>7,371,769</u>	<u>7,873,130</u>
	TOTAL CONVERTIBLE BONDS AND NOTES	\$63,196,000	\$63,059,727
Shares			
CONVERTIBLE PREFERRED STOCKS — 19.3%			
Automotive — 1.2%			
50,000	General Motors Corp. 6.25% series C cv. sr. deb. (Baa1)	1,315,500	1,344,000
Banking/Savings and Loan — 7.4%			
17,500	Commerce Capital Trust II 5.95% cv. trust pfd. (Baa1) (exch. for Commerce Bancorp, Inc. common stock)	939,531	1,092,656
40,000	National Australia Bank Ltd. 7.875% exch. capital units (NR)	1,038,700	1,432,000
30,000	New York Community Bancorp, Inc. 6% BONUSSES units (Baa2)	1,504,706	1,605,000
50,000	Sovereign Capital Trust IV 4.375% PIERS (Ba1) (exch. for Sovereign Bancorp, Inc. common stock) ⁽¹⁾	2,582,698	2,400,000
35,000	Washington Mutual Capital Trust PIERS units (Baa1) (exch. for Washington Mutual, Inc. common stock)	1,773,125	1,872,500
		<u>7,838,760</u>	<u>8,402,156</u>
Energy — 2.8%			
7,500	Chesapeake Energy Corp. 6% cum. cv. pfd. (B3)	489,375	619,350
1,000	Chesapeake Energy Corp. 4.125% cum. cv. pfd. (B3)	1,000,000	1,137,500
20,000	The Williams Companies, Inc. 5.50% 2033 jr. sub. cv. deb. (B-)	1,015,000	1,445,000
		<u>2,504,375</u>	<u>3,201,850</u>
Entertainment — 2.4%			
22,500	Emmis Communications Corp. 6.25% series A cum. cv. pfd. (Caa1)	919,590	957,656
1,750	Radio One, Inc. 6.50% HIGH TIDES (B3)	1,784,995	1,777,781
		<u>2,704,585</u>	<u>2,735,437</u>
Financial and Insurance — 3.0%			
20,000	Reinsurance Group of America, Inc. 5.75% PIERS (Baa2)	1,000,000	1,190,000
100,000	The St. Paul Travelers Companies, Inc. 4.50% 2032 cv. jr. sub. notes (Baa1)	2,478,055	2,211,000
		<u>3,478,055</u>	<u>3,401,000</u>
Health Care — 1.2%			
29,000	Omnicare Capital Trust I 4% PIERS (Ba3) (exch. for Omnicare, Inc. common stock) ⁽¹⁾	1,699,379	1,357,490
Mining — 1.3%			
1,500	Freeport-McMoRan Copper and Gold, Inc. 5.50% cv. perpetual pfd. (CCC+)	1,481,988	1,411,220
	TOTAL CONVERTIBLE PREFERRED STOCKS	\$21,022,642	\$21,853,153

Portfolio of Investments October 31, 2004 (continued)

Principal Amount or Shares		Identified Cost	Value (Note 1)
MANDATORY CONVERTIBLE SECURITIES — 18.9% ⁽⁴⁾			
Aerospace and Defense — 0.9%			
10,000 shs	Northrop Grumman Corp. 7.25% equity units (NR) ⁽¹⁾	\$ 1,093,023	\$ 1,024,100
Consumer Goods — 1.5%			
50,000 shs	Constellation Brands, Inc. dep. shs. representing 5.75% series A mand. cv. pfd. (B)	1,390,210	1,650,000
Energy — 3.1%			
30,000 shs	Amerada Hess Corp. 7% mandatory cv. pfd. ACES (Ba3)	1,597,685	2,185,050
30,000 shs	Valero Energy Corp. 2% mandatory cv. pfd. (BB+)	925,650	1,289,070
		<u>2,523,335</u>	<u>3,474,120</u>
Financial and Insurance — 5.8%			
45,000 shs	Capital One Financial Corp. 6.25% Upper DECS (Baa3) ⁽¹⁾	2,247,456	2,371,050
15,000 shs	The Chubb Corp. 7% 2005 equity units (A) ⁽¹⁾	419,784	419,100
54,000 shs	The Chubb Corp. 7% 2006 equity units (A) ⁽¹⁾	1,480,683	1,525,500
40,000 shs	Platinum Underwriters Holdings, Ltd. 7% eq. sec. units (NR) ⁽¹⁾	1,130,988	1,179,600
45,000 shs	XL Capital, Ltd. 6.5% equity security units (A2)	1,137,000	1,091,250
		<u>6,415,911</u>	<u>6,586,500</u>
Foods — 1.3%			
40,000 shs	Albertson's, Inc. 7.25% HITS units (Baa2) ⁽¹⁾	1,005,343	985,000
20,000 shs	Lehman Brothers Holdings, Inc. 6.25% PIES (A) (exch. for General Mills, Inc. common stock)	504,000	507,500
		<u>1,509,343</u>	<u>1,492,500</u>
Pharmaceuticals — 2.3%			
31,500 shs	Baxter International, Inc. 7% equity units (Baa1) ⁽¹⁾	1,535,071	1,622,565
20,000 shs	Schering-Plough Corp. 6% mand. cv. pfd. (Baa3)	1,024,750	1,026,000
		<u>2,559,821</u>	<u>2,648,565</u>
Technology — 2.9%			
105,550 shs	The Goldman Sachs Group, Inc. 7.50% mand. exch. notes (Aa3) (exch. for EMC Corp. common stock)	1,500,086	1,402,390
36,395 shs	The Goldman Sachs Group, Inc. 5.625% mand. exch. notes (Aa3) (exch. for Intel Corp. common stock)	999,771	831,371
\$2,000,000	Lehman Brothers Holdings, Inc. 6% 2005 YEELDS (A) (performance linked to LSI Logic Corp. common stock)	2,155,000	1,057,500
		<u>4,654,857</u>	<u>3,291,261</u>
Utilities — 1.1%			
50,000 shs	DTE Energy Co. 8.75% equity security units (BBB) ⁽¹⁾	1,275,424	1,299,000
		<u>1,275,424</u>	<u>1,299,000</u>
	TOTAL MANDATORY CONVERTIBLE SECURITIES ⁽⁴⁾ . . .	<u>\$21,421,924</u>	<u>\$21,466,046</u>
SHORT-TERM SECURITIES — 6.0%			
Commercial Paper — 6.0%			
6,800,000	American Express Credit Corp. (P1) (1.70% maturing 11/02/04)	6,798,716	6,798,716

Portfolio of Investments October 31, 2004 (continued)

Principal Amount		Identified Cost	Value (Note 1)
SHORT-TERM SECURITIES — continued			
U.S. Government Obligations — 0.0%			
\$11,000	U.S. Treasury notes 1.625% 04/30/05 (Aaa) ⁽⁵⁾	\$ 11,010	\$ 10,976
	TOTAL SHORT-TERM SECURITIES	\$ 6,809,726	\$ 6,809,692
	Total Convertible Bonds and Notes — 55.6%	63,196,000	63,059,727
	Total Convertible Preferred Stocks — 19.3%	21,022,642	21,853,153
	Total Mandatory Convertible Securities — 18.9%	21,421,924	21,466,046
	Total Short-Term Securities — 6.0%	6,809,726	6,809,692
	Total Investments — 99.8%	\$112,450,292	113,188,618
	Other assets and liabilities, net — 0.2%		184,864
	Total Net Assets — 100.0%		\$113,373,482

- (1) Contingent payment debt instrument which accrues contingent interest. See Note 1(b).
- (2) Security not registered under the Securities Act of 1933, as amended (e.g., the security was purchased in a Rule 144A 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 October 31, 2004 was \$7,344,753 which represented 6.5% of the Fund's net assets.
- (3) Non-income producing security.
- (4) Mandatory convertible. See Note 1(e).
- (5) Collateral for a letter of credit.

ACES	Automatic Convertible Equity Securities.
ADR	American Depositary Receipts.
BONUSES	Bifurcated Option Note Unit Securities.
DECS	Debt Exchangeable for Common Stock.
HIGH TIDES	Remarketable Term Income Deferrable Equity Securities.
HITS	Hybrid Income Term Security.
LYONs	Liquid Yield Option Notes.
PIES	Premium Income Exchangeable Securities.
PIERS	Preferred Income Equity Redeemable Securities.
YEELDS	Yield Enhanced Equity Linked Debt 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., have been obtained from sources believed reliable but have not been examined by PricewaterhouseCoopers LLP. NR is used whenever a rating is unavailable.

See accompanying notes to financial statements

Statement of Assets and Liabilities

October 31, 2004

Assets:

Investments at value (cost \$112,450,292) (Note 1)	\$113,188,618
Cash	358,754
Dividends and interest receivable	648,618
Other assets	31,058
Total assets	<u>114,227,048</u>

Liabilities:

Payable for securities purchased	730,270
Accrued management fee (Note 2)	73,866
Accrued expenses	29,116
Other liabilities	20,314
Total liabilities	<u>853,566</u>

Net Assets

\$113,373,482

Net assets consist of:

Undistributed net investment income	\$ 1,037,260
Accumulated net realized loss from investment transactions	(4,470,204)
Unrealized appreciation on investments	738,326
Capital shares (Note 3)	55,571
Additional paid-in capital	<u>116,012,529</u>

Net Assets

\$113,373,482

Net asset value per share (\$113,373,482 ÷ 5,557,138 outstanding shares)

\$ 20.40

Statement of Operations

For the Year Ended October 31, 2004

Investment Income (Note 1):

Interest	\$ 2,816,757
Dividends	<u>2,352,552</u>
Total Income	<u>5,169,309</u>

Expenses (Note 2):

Management fee	823,572
Custodian	33,680
Transfer agent	27,923
Professional fees	119,478
Directors' fees	112,600
Reports to shareholders	33,838
Insurance	29,440
Treasurer's office	25,000
Other	85,073
Total Expenses	<u>1,290,604</u>

Net Investment Income

3,878,705

Realized and Unrealized Gain on Investments:

Net realized gain from investment transactions	3,760,644
Net change in unrealized appreciation of investments	<u>(3,604,190)</u>
Net gain on investments	<u>156,454</u>

Net Increase in Net Assets Resulting from Operations

\$ 4,035,159

See accompanying notes to financial statements

Statement of Changes in Net Assets

For the Years Ended October, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Change in net assets from operations:		
Net investment income	\$ 3,878,705	\$ 3,352,240
Net realized gain (loss) from investment transactions	3,760,644	(424,570)
Net change in unrealized appreciation of investments	<u>(3,604,190)</u>	<u>11,355,567</u>
Net increase in net assets resulting from operations	<u>4,035,159</u>	<u>14,283,237</u>
Dividends to shareholders from:		
Net investment income	(3,826,570)	(3,445,042)
Capital share transactions (Note 3)		
Value of shares issued on reinvestment of distributions	628,542	742,900
Net proceeds from rights offering	<u>14,050,851</u>	<u>—</u>
Total capital share transactions	<u>14,679,393</u>	<u>742,900</u>
Change in net assets	14,887,982	11,581,095
Net assets at beginning of period	<u>98,485,500</u>	<u>86,904,405</u>
Net assets at end of period (including undistributed net investment income of \$1,037,260 and \$985,125, respectively)	<u>\$113,373,482</u>	<u>\$98,485,500</u>

Financial Highlights

Selected data for a share of common stock outstanding:

Years Ended October 31,

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Operating Performance:					
Net asset value, beginning of year	\$20.84	\$18.55	\$20.72	\$27.09	\$27.35
Net investment income	0.70	0.71	0.79	1.07	1.04
Net realized and unrealized gain (loss)	0.08	2.31	(2.02)	(3.23)	2.29
Total from investment operations	0.78	3.02	(1.23)	(2.16)	3.33
Less Distributions:					
Dividends from net investment income	(0.72)	(0.73)	(0.94)	(1.11)	(0.80)
Distributions from realized gains	—	—	—	(3.10)	(2.90)
Total distributions	(0.72)	(0.73)	(0.94)	(4.21)	(3.70)
Capital share transactions:					
Effect of rights offering	(0.50)	—	—	—	—
Capital share repurchases	—	—	—	—	0.11
Total capital share transactions	(0.50)	—	—	—	0.11
Net asset value, end of year	<u>\$20.40</u>	<u>\$20.84</u>	<u>\$18.55</u>	<u>\$20.72</u>	<u>\$27.09</u>
Market value, end of year	\$18.23	\$19.70	\$17.54	\$18.75	\$22.63
Total Net Asset Value Return (°)(a,c)	1.3	16.7	(6.3)	(8.7)	13.6
Total Investment Return (°)(b,c)	(3.8)	16.7	(1.8)	1.3	20.6
Ratios/Supplemental Data:					
Net assets, end of year (\$000's)	\$113,373	\$98,486	\$86,904	\$95,864	\$111,336
Ratio of expenses to average net assets (°) ...	1.1	1.2	1.2	1.1	1.1
Ratio of net investment income to average net assets (°)	3.4	3.6	4.0	4.9	3.8
Portfolio turnover rate (°)	66	87	78	83	93

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

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

(c) Return is not adjusted for dilution due to the 2004 rights offering.

See accompanying notes to financial statements

Notes to Financial Statements

1. Significant Accounting Policies

Bancroft Convertible Fund, Inc. (the "Fund"), established in 1971, is registered under the Investment Company Act of 1940 as a diversified, closed-end management investment company. 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. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements:

(a) 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. Unlisted securities traded in the over-the-counter market and 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. 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 with the approval of the Board of Directors. Short-term debt securities with initial maturities of 60 days or less are valued at amortized cost.

(b) 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 11 cents per share for the year ended October 31, 2004. In addition, Federal tax regulations require the Fund to reclassify realized gains on contingent payment debt instruments to interest income. At October 31, 2004 there were unrealized losses of approximately 4 cent per share on contingent payment debt instruments.

(c) 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.

The capital loss carryforward represents tax basis capital losses which may be carried over to offset future realized capital gains. To the extent that the carryforward is used, no capital gains distributions will be made. At October 31, 2004, the Fund had available for federal income tax purposes unused capital losses of \$4,470,204, available to offset future net capital gains, \$4,045,634 of which expires in 2010 and \$424,570 of which expires in 2011. The Fund utilized net capital loss carryforwards of \$3,760,644 during the year ended October 31, 2004.

Notes to Financial Statements (continued)

(d) 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 years ended October 31, 2004 and 2003 were \$3,826,570 and \$3,445,042, respectively, both from ordinary income.

At October 31, 2004 the components of distributable net assets and the federal tax cost were as follows:

Unrealized appreciation	\$ 6,074,008
Unrealized depreciation	(5,335,682)
Net unrealized appreciation	<u>738,326</u>
Undistributed ordinary income	1,037,260
Tax basis capital loss carryforward	(4,470,204)
Cost for federal income tax purposes	\$112,450,292

(e) Market Risk

It is the Fund's policy to invest at least 80% of its assets in convertible securities. Although convertible securities do derive part of their value from that of the securities into which they are convertible, they are not considered derivative financial instruments. However, certain of the Fund's investments include features which render them more sensitive to price changes in their underlying securities. Thus they expose the Fund to greater downside risk than traditional convertible securities, but still less than that of the underlying common stock. The market value of those securities was \$21,466,046 at October 31, 2004, representing 18.9% of net assets.

2. Management Fee and Other Transactions with Affiliates

The management fee is paid to the investment adviser, Davis-Dinsmore Management Company (the "Adviser"). The contract provides for payment of a monthly advisory fee, computed at an annual rate of $\frac{3}{4}$ of 1% of the first \$100,000,000 and $\frac{1}{2}$ of 1% of the excess over \$100,000,000 of the Fund's net asset value in such month.

The Adviser furnishes investment advice, office equipment and facilities, and pays the salaries of all executive officers of the Fund. The Fund pays all expenses incurred by it and not assumed by the Adviser and in addition will pay the costs and expenses of its Treasurer's office, up to a maximum of \$25,000 per year, incurred in connection with its performance of certain services for the Fund. These services include the valuation of securities owned by the Fund, and the preparation of financial statements and schedules of the Fund's investments for inclusion in certain periodic reports to the Fund's Board of Directors and to the U.S. Securities and Exchange Commission.

Notes to Financial Statements (continued)

3. Capital Stock

At October 31, 2004 there were 5,557,138 shares of \$.01 par value common stock outstanding, (9,000,000 shares authorized). During the years ended October 31, 2004 and 2003, 33,362 shares and 41,388 shares were issued in connection with reinvestment of dividends from net investment income, resulting in an increase in paid-in capital of \$628,542 and \$742,900 respectively.

On December 16, 2003, the Fund completed a rights offering of Common Stock to its stockholders at the rate of one common share for each 6 rights held by stockholders of record on November 13, 2003. The rights offering was fully subscribed, resulting in the issuance of 797,918 common shares at a price of \$17.82, and proceeds of \$14,218,899 to the Fund prior to the deduction of offering costs. These offering costs, of approximately \$169,000 (\$0.04 per share), were charged to paid-in capital in excess of par value upon completion of the offering. The net asset value per share of the Fund's Common Stock was reduced by approximately \$0.50 per share as a result of the issuance.

4. Portfolio Activity

Purchases and sales of investments, exclusive of corporate short-term notes, aggregated \$79,249,157 and \$71,187,359, respectively, for the year ended October 31, 2004.

Federal Tax Information (unaudited)

In accordance with subchapter M of the Internal Revenue Code of 1986, as amended, for the year ended October 31, 2004, 12.2% of the dividends paid from ordinary income qualified for the dividends received deduction for corporations. Certain dividends paid by the Fund for the fiscal year ended October 31, 2004 may be subject to a maximum tax rate of 15%, as provided for by the Jobs and Growth Tax Relief Reconciliation Act of 2003. The Fund intends to designate up to a maximum amount of \$465,743 as taxed at a maximum rate of 15%.

Shareholders should not use the above information to prepare their tax returns. Since the Fund's fiscal year is not the calendar year, another notification will be sent with respect to calendar year 2004. Such notification, which will reflect the amount to be used by taxpayers on their federal income tax returns, will be made in conjunction with Form 1099 DIV and will be mailed in January 2005. Shareholders are advised to consult their own tax advisers with respect to the tax consequences of their investment in the Fund.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Bancroft Convertible Fund, Inc.

In our opinion, the accompanying statement of assets and liabilities, including the portfolio of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Bancroft Convertible Fund, Inc. (the "Fund") at October 31, 2004, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at October 31, 2004 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

New York, New York
November 19, 2004

Miscellaneous Notes

Automatic Dividend Investment and Cash Payment Plan

The Fund has an Automatic Dividend Investment and Cash Payment Plan (the “Plan”). Any shareholder may elect to join the Plan by sending an application to American Stock Transfer & Trust Company, P.O. Box 922, Church Street Station, NY 10269-0560 (the “Plan Agent”). You may also obtain additional information about the Plan by calling the Plan Agent toll free at (800) 937-5449. If your shares are held by a broker or other nominee, you should instruct the nominee to join the Plan on your behalf. Some brokers may require that your shares be taken out of the broker’s “street name” and re-registered in your own name. Shareholders should also contact their broker to determine whether shares acquired through participation in the Plan can be transferred to another broker, and thereafter, whether the shareholder can continue to participate in the Plan.

Under the Plan, all dividends and distributions are automatically invested in additional Fund shares. Depending on the circumstances, shares may either be issued by the Fund or acquired through open market purchases at the current market price or net asset value, whichever is lower (but not less than 95% of market price). When the market price is lower, the Plan Agent will combine your dividends with those of other Plan participants and purchase shares in the market, thereby taking advantage of the lower commissions on larger purchases. There is no other charge for this service.

All dividends and distributions made by the Fund (including capital gain dividends and dividends designated as qualified dividend income, which are eligible for taxation at lower rates) remain taxable to Plan participants, regardless of whether such dividends and distributions are reinvested in additional shares of the Fund through open market purchases or through the issuance of new shares. Plan participants will be treated as receiving the cash used to purchase shares on the open market and, in the case of any dividend or distribution made in the form of newly issued shares, will be treated as receiving an amount equal to the fair market value of such shares as of the reinvestment date. Accordingly, a shareholder may incur a tax liability even though such shareholder has not received a cash distribution with which to pay the tax.

Plan participants may also voluntarily send cash payments of \$100 to \$10,000 per month to the Plan Agent, to be combined with other Plan monies, for purchase of additional Fund shares in the open market. You pay only a bank service charge of \$1.25 per transaction, plus your proportionate share of the brokerage commission. All shares and fractional shares purchased will be held by the Plan Agent in your dividend reinvestment account. You may deposit with the Plan Agent any Bancroft stock certificates you hold, for a one-time fee of \$7.50.

At any time, a Plan participant may instruct the Plan Agent to liquidate all or any portion of such Plan participant’s account. To do so, a Plan participant must deliver written notice to the Plan Agent prior to the record date of any dividend or distribution requesting either liquidation or a stock certificate. The Plan Agent will combine all liquidation requests it receives from Plan participants on a particular day and will then sell shares of the Fund that are subject to liquidation requests in the open market. The amount of proceeds a Plan participant will receive shall be determined by the average sales price per share, after deducting brokerage commissions, of all shares sold by the Plan Agent for all Plan participants who have given the Plan Agent liquidation requests.

The Plan Agent or the Fund may terminate the Plan for any reason at any time by sending written notice addressed to Plan participant’s address as shown on the Plan Agent’s records. Following the date of termination, the Plan Agent shall send the Plan participant either the proceeds of liquidation, or a stock certificate or certificates for the full shares held by the Plan Agent in the Plan participant’s account. Additionally, a check will be sent for the value of any fractional interest in the Plan participant’s account based on the market price of the Fund’s Common Stock on that date.

Miscellaneous Notes (continued)

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 Bancroft 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 stockholders or former stockholders 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.

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 Bancroft 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 for the first and third fiscal quarters to shareholders, however the schedule is posted to the Bancroft 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. You can also request copies of this information, upon payment of a fee for duplication, at the SEC's email address (publicinfo@sec.gov) or by writing the Public Reference section of the SEC, Washington, DC 20549-0102.

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 without charge, upon request, by calling (973) 631-1177, or at our website at www.bancroftfund.com. 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.

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

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

Directors

Each director is also a director of Ellsworth Convertible Growth & Income Fund, Inc. (Ellsworth) (a closed-end management investment company). Davis-Dinsmore Management Company (Davis-Dinsmore) is the Fund's investment adviser and is also the investment adviser to Ellsworth. Because of this connection, the Fund and Ellsworth make up a Fund Complex. Therefore, each director oversees two investment companies in the Fund Complex.

Personal Information	Principal Occupation(s) During Past Five Years; Other Directorship(s)
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INDEPENDENT DIRECTORS

<p>Gordon F. Ahalt 65 Madison Avenue Suite 550 Morristown, NJ 07960 Term expires 2007 Director since 1982 Age 76</p>	<p>Retired. Prior to 2001, President of G.F.A. Inc. (petroleum industry consulting company). Director of Ellsworth and CalDive International.</p>
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<p>William A. Benton 65 Madison Avenue Suite 550 Morristown, NJ 07960 Term expires 2006 Director since 1994 Age 71</p>	<p>Retired. Prior to 2001, Partner of BE Partners (small options market maker). Prior to 2000, Limited Partner of Gavin, Benton & Co. (NYSE specialist); Director of Ellsworth.</p>
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<p>Elizabeth C. Bogan, Ph.D. 65 Madison Avenue Suite 550 Morristown, NJ 07960 Term expires 2006 Director since 1990 Age 60</p>	<p>Senior Lecturer in Economics at Princeton University; Director of Ellsworth.</p>
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<p>Donald M. Halsted, Jr. 65 Madison Avenue Suite 550 Morristown, NJ 07960 Term expires 2005 Director since 1970 Age 77</p>	<p>Retired Business Executive; Director of Ellsworth.</p>
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<p>Duncan O. McKee 65 Madison Avenue Suite 550 Morristown, NJ 07960 Term expires 2005 Director since 1996 Age 73</p>	<p>Retired Attorney; Director of Ellsworth.</p>
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Directors (continued)

Personal Information	Principal Occupation(s) During Past Five Years; Other Directorship(s)
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INDEPENDENT DIRECTORS (continued)

Nicolas W. Platt 65 Madison Avenue Suite 550 Morristown, NJ 07960 Term expires 2007 Director since 1997 Age 51	Since January 2003, President of CNC-US (an international consulting company). Prior to January 2003, Senior Partner of Platt & Rickenbach (public relations firm). Prior to May 2001, with WPP Group, UK, as Executive Vice President of Ogilvy Public Relations Worldwide; Director of Ellsworth.
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INTERESTED DIRECTORS

Thomas H. Dinsmore, C.F.A. ⁽¹⁾ 65 Madison Avenue Suite 550 Morristown, NJ 07960 Term expires 2005 Director since 1985 Age 51	Chairman and Chief Executive Officer of the Fund, Ellsworth and Davis-Dinsmore; Director of Ellsworth and Davis-Dinsmore.
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Jane D. O’Keeffe ⁽¹⁾ 65 Madison Avenue Suite 550 Morristown, NJ 07960 Term expires 2007 Director since 1995 Age 49	President of the Fund, Ellsworth and Davis-Dinsmore; Director of Ellsworth and Davis-Dinsmore.
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George R. Lieberman retired as Director of the Fund as of October 18, 2004.

As of the date of this report, the Board of Directors did not have an audit committee financial expert serving on its audit committee as the Board was still in the process of identifying an appropriate candidate. However, the Fund’s directors subsequently elected Robert J. McMullan to the Board of Directors, effective November 15, 2004, and have appointed Mr. McMullan to serve on the Fund’s audit committee. The Board of Directors has determined that Mr. McMullan possesses the attributes required to be considered an audit committee financial expert under applicable federal securities laws. Mr. McMullan’s background and experience will be included in the Proxy Statement for the Fund’s 2005 annual meeting, at which time shareholders will vote to approve the election of Mr. McMullan as a director.

(1) Mr. Dinsmore and Ms. O’Keeffe are considered interested persons because they are officers and directors of Davis-Dinsmore. They are brother and sister.

Principal Officers

The business address of each officer is 65 Madison Avenue, Suite 550, Morristown, NJ 07960-7308. Officers are elected by and serve at the pleasure of the Board of Directors. Each officer holds office until the annual meeting to be held in 2005, and thereafter until his or her respective successor is duly elected and qualified.

Personal Information	Principal Occupation(s) During Past Five Years; Other Directorship(s)
Thomas H. Dinsmore, C.F.A. ^(1,2,3) Director, Chairman and Chief Executive Officer since 1986 Age 51	Director, Chairman and Chief Executive Officer of the Fund, Ellsworth and Davis-Dinsmore.
Jane D. O’Keeffe ^(1,2,3) Director and President Officer since 1994 Age 49	Director and President of the Fund, Ellsworth and Davis-Dinsmore.
Gary I. Levine Executive Vice President, Chief Financial Officer and Secretary Officer since 1993 Age 47	Since 2004, Executive Vice President and Chief Financial Officer, and since 2003 Secretary, and prior thereto, Treasurer and Assistant Secretary of the Fund, Ellsworth and Davis-Dinsmore.
H. Tucker Lake, Jr. ^(2,4) Vice President Officer since 1994 Age 57	Since 2002, Vice President, and prior thereto Vice President, Trading, of the Fund, Ellsworth and Davis-Dinsmore.
Germaine M. Ortiz Vice President Officer since 1996 Age 35	Since 1999, Vice President of the Fund, Ellsworth and Davis-Dinsmore.
Mercedes A. Pierre Vice President, Chief Compliance Officer and Assistant Treasurer Officer since 1998 Age 43	Vice President and Chief Compliance Officer since 2004, and Assistant Treasurer since 1998 of the Fund, Ellsworth and Davis-Dinsmore. Prior thereto Assistant Treasurer of Davis-Dinsmore.
Joshua P. Lake ^(3,4) Treasurer and Assistant Secretary Officer since 2002 Age 28	Since 2004, Treasurer and Assistant Secretary. Prior to 2004, Assistant Treasurer and Assistant Secretary and prior to 2002 Research Associate of the Fund, Ellsworth and Davis-Dinsmore.

(1) Mr. Dinsmore and Ms. O’Keeffe are brother and sister.

(2) Mr. H. Tucker Lake is the cousin of Mr. Dinsmore and Ms. O’Keeffe.

(3) Mr. Joshua Lake is the cousin of Mr. Dinsmore and Ms. O’Keeffe.

(4) Mr. H. Tucker Lake is the father of Mr. Joshua Lake.

Board of Directors

GORDON F. AHALT	<i>Petroleum Consultant</i>
WILLIAM A. BENTON	<i>Retired Stock Exchange Specialist</i>
ELIZABETH C. BOGAN	<i>Senior Lecturer in Economics at Princeton University</i>
THOMAS H. DINSMORE, C.F.A.	<i>Chairman of the Board of Bancroft</i>
DONALD M. HALSTED, JR.	<i>Investor</i>
GEORGE R. LIEBERMAN	<i>Retired Advertising Executive</i>
Mr. Lieberman retired as a director as of October 18, 2004.	
DUNCAN O. MCKEE	<i>Retired Attorney</i>
JANE D. O'KEEFFE	<i>President of Bancroft</i>
NICOLAS W. PLATT	<i>Public Relations Executive</i>

Officers

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JANE D. O'KEEFFE	<i>President</i>
GARY I. LEVINE	<i>Executive Vice President, Chief Financial Officer and Secretary</i>
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JOSHUA P. LAKE	<i>Treasurer and Assistant Secretary</i>
JESSICA K. LAKE	<i>Assistant Vice President</i>
JOANN VENEZIA	<i>Assistant Vice President</i>

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Common Stock Listing

American Stock Exchange Symbol: BCV

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