

Bancroft Convertible Fund, Inc.

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Fourth Quarter Update - October 31, 2004 (unaudited)

Financial Highlights

Market price 10/31/04	\$18.23
Net asset value (NAV) 10/31/04	\$20.40
Market discount to NAV	(10.64)%
12-Month income distribution	\$0.72
Yield on market price	3.95%
Ratio of expenses to avg. net assets	1.14%
Ratio of net income to avg. net assets	3.43%
Portfolio turnover	65.89%
Shares outstanding	5,557,138

Change in Net Asset Value (NAV)

	Per Share
Beginning NAV (10/31/03)	\$20.84
Changes in NAV from Operations:	
Net Investment Income	0.70
Realized Gain	0.68
Decrease in Unrealized Gain	(0.60)
Total Change from Operations	0.78
Effect of Rights Offering	(0.50)
Distributions:	
Net Investment Income	(0.72)
Capital Gains	(0.00)
Total Change from Distributions	(0.72)
Total Change	(0.44)
Ending NAV (10/31/04)	\$20.40

Major Industry Exposure as of 10/31/04

	% of Net Assets
Financial & Insurance	11.6
Banking/Savings & Loan	10.2
Pharmaceuticals	9.5
Technology	9.0
Energy	8.8
Retail	7.4
Telecommunications	6.9
Health Care	5.0
Automotive	4.4
Entertainment	4.3

The portfolio holdings and industry exposure are as of October 31, 2004 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 10/31/04 with dividends reinvested

	Calendar			
	YTD	1 Year	5 Years	10 Years
Bancroft market price (a)	0.18%	(3.83)%	34.70%	172.40%
Bancroft net asset value (b)	(0.16)	1.32	14.93	137.12
Closed-end conv. fund avg. (b)	3.44	8.04	21.81	117.15
S&P 500 (a)	3.06	9.42	(10.60)	183.96
Russell 2000 (b)	5.75	11.73	45.19	162.41
Lehman Aggregate Bond Total Return Index (b)	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) From Lipper, Inc. Closed-End Fund Performance Analysis, October 31, 2004.

Quarterly History of NAV and Market Price

Qtr. Ended	Net Asset Values			Market Prices		
	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

Total Fund Investments as of 10/31/04

	(000's)	% of Net Assets
Convertible Bonds and Notes	\$ 63,060	55.6
Convertible Preferred Stocks	21,853	19.3
Mandatory Convertible Securities	21,466	18.9
Short-Term Securities	6,809	6.0
Other Assets	185	0.2
Net Assets	\$113,373	100.0%

Largest Investment Holdings as of 10/31/04

	% of Net Assets
Capital One Financial Corp.	2.1
Sovereign Bancorp, Inc.	2.1
Leucadia National Corp.	2.0
The St. Paul Travelers Companies, Inc.	2.0
Amerada Hess Corp.	1.9
Church & Dwight Co., Inc.	1.9
Conexant Systems, Inc.	1.9
Kerr-McGee Corp.	1.8
Lucent Technologies, Inc.	1.8
The TJX Companies, Inc.	1.8

Portfolio of Investments October 31, 2004 (unaudited)

<u>Principal Amount</u>		<u>Value (Note 1)</u>
	CONVERTIBLE BONDS AND NOTES — 55.6%	
	Advertising — 0.9%	
\$1,000,000	Lamar Advertising Company 2.875% 2010 cv. sub. notes (B2)	<u>\$1,079,375</u>
	Aerospace and Defense — 2.4%	
1,250,000	Armor Holdings, Inc. 2% 2024 sr. sub. cv. notes (B+) ⁽¹⁾	1,240,625
1,500,000	The Goldman Sachs Group, Inc. 1% 2009 exch. equity-linked notes (Aa3) (exch. for General Dynamics Corp. common stock) ⁽¹⁾	<u>1,481,760</u>
		<u>2,722,385</u>
	Automotive — 3.2%	
1,000,000	American Axle & Manufacturing Holdings, Inc. 2% 2024 cv. sr. notes (Baa3) ⁽¹⁾ ..	889,400
3,500,000	Lear Corp. 0% 2022 cv. sr. notes (Baa3)	1,722,656
1,000,000	Titan International, Inc. 5.25% 2009 sr. cv. notes 144A (NR)	<u>1,031,250</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) (exch. for Fifth Third Bancorp common stock) ⁽¹⁾	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⁾	<u>1,168,750</u>
		<u>3,143,131</u>
	Consumer Goods — 1.9%	
1,875,000	Church & Dwight Co., Inc. 5.25% 2033 cv. sr. deb. (Ba3)	<u>2,189,250</u>
	Data-Processing Services — 1.7%	
1,500,000	Pegasus Solutions, Inc. 3.875% 2023 cv. sr. notes (NR)	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⁾	<u>556,000</u>
		<u>1,889,076</u>
	Electrical Supplies — 1.2%	
1,500,000	Graftech International LTD 1.625% 2024 cv. sr. deb. (B2)	<u>1,346,250</u>
	Energy — 2.9%	
1,000,000	Devon Energy Corp. 0% 2020 cv. sr. deb. (BBB)	563,150
1,900,000	Kerr-McGee Corp. 5.25% 2010 cv. sub. deb. (Ba1)	2,034,881
1,000,000	Weatherford International Ltd. 0% 2020 cv. sr. deb. (Baa1)	<u>645,520</u>
		<u>3,243,551</u>
	Entertainment — 1.9%	
1,250,000	Citadel Broadcasting Corp. 1.875% 2011 cv. sub. notes (NR)	1,095,125
1,000,000	The Walt Disney Company 2.125% 2023 cv. sr. notes (Baa1)	<u>1,068,370</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)	2,240,000
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⁾	<u>969,250</u>
		<u>3,209,250</u>

Portfolio of Investments October 31, 2004 (continued)

Principal Amount		Value (Note 1)
CONVERTIBLE BONDS AND NOTES — (continued)		
Health Care — 3.8%		
\$1,000,000	AmerisourceBergen Corp. 5% 2007 cv. sub. notes (B1)	\$ 1,064,850
1,000,000	Community Health Systems, Inc. 4.25% 2008 cv. sub. notes (B3)	1,034,200
500,000	Isolagen, Inc. 3.5% 2024 cv. sub. notes 144A (NR)	521,250
500,000	LifePoint Hospitals, Inc. 4.50% 2009 cv. sub. notes (B3)	498,125
875,000	Mentor Corp. 2.75% 2024 cv. deb. (NR)	1,153,359
		<u>4,271,784</u>
Hotel Services — 1.0%		
1,000,000	Four Seasons Hotels, Inc. 1.875% 2024 cv. sr. notes (Baa3)	<u>1,128,750</u>
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)	<u>1,791,563</u>
Pharmaceuticals — 7.1%		
2,000,000	Alza Corp. 0% 2020 cv. sub. deb. (Aa1) (exch. for Johnson & Johnson common stock)	1,612,500
2,000,000	Amgen, Inc. 0% 2032 LYONs (A2) (1)	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)	1,315,440
500,000	Ivax Corp. 4.50% 2008 cv. sr. sub. notes (NR)	502,500
1,250,000	Ivax Corp. 1.50% 2024 cv. sr. notes (NR) (1)	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)	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)	963,750
		<u>8,102,258</u>
Retail — 7.4%		
1,250,000	Casual Male Retail Group, Inc. 5% 2024 cv. sr. sub. notes (NR)	1,079,688
1,500,000	Charming Shoppes, Inc. 4.75% 2012 sr. cv. notes (B2)	1,625,621
250,000	Costco Wholesale Corp. 0% 2017 cv. sub. notes (A3)	273,345
1,250,000	Dick's Sporting Goods, Inc. 1.6061% 2024 sr. cv. notes (NR)	986,719
1,000,000	Reebok International Ltd. 2% 2024 cv. deb. (BBB) (Acquired 04/27/04; Cost \$1,011,230) (1) (2)	1,022,500
1,500,000	Saks, Inc. 2% 2024 cv. sr. notes (Ba3)	1,328,055
2,400,000	The TJX Companies, Inc. 0% 2021 LYONs (Baa1)	2,056,500
		<u>8,372,428</u>
Technology — 6.1%		
1,500,000	Axcelis Technologies, Inc. 4.25% 2007 cv. sub. notes (NR)	1,478,438
2,191,000	Conexant Systems, Inc. 5.25% 2006 cv. sub. notes (NR)	2,106,099
2,378,000	Hewlett-Packard Co., Inc. 0% 2017 LYONs (Baa1)	1,328,708
2,000,000	International Rectifier Corp. 4.25% 2007 cv. sub. notes (B2)	1,977,500
		<u>6,890,745</u>

Portfolio of Investments October 31, 2004 (continued)

Principal Amount		Value (Note 1)
CONVERTIBLE BONDS AND NOTES — (continued)		
Telecommunications — 6.9%		
\$1,500,000	Comverse Technology, Inc. 0% 2023 ZYPS (BB-) ⁽³⁾	\$ 1,940,250
1,000,000	Lucent Technologies, Inc. 2.75% 2023 series A cv. sr. deb. (B2)	1,335,980
500,000	Lucent Technologies, Inc. 2.75% 2025 series B cv. sr. deb. (B2)	700,025
1,250,000	Nortel Networks Corp. 4.25% 2008 cv. sr. notes (B3)	1,206,250
1,250,000	Tekelec, Inc. 2.25% 2008 cv. sub. discount notes (NR)	1,665,625
1,000,000	UTStarcom, Inc. 0.875% 2008 cv. notes (NR)	1,025,000
		<u>7,873,130</u>
	TOTAL CONVERTIBLE BONDS AND NOTES	<u>\$63,059,727</u>
Shares		
CONVERTIBLE PREFERRED STOCKS — 19.3%		
Automotive — 1.2%		
50,000	General Motors Corp. 6.25% series C cv. sr. deb. (Baa1)	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)	1,092,656
40,000	National Australia Bank Ltd. 7.875% exch. capital units (NR)	1,432,000
30,000	New York Community Bancorp, Inc. 6% BONUSES units (Baa2)	1,605,000
50,000	Sovereign Capital Trust IV 4.375% PIERS (Ba1) (exch. for Sovereign Bancorp, Inc. common stock) ⁽¹⁾	2,400,000
35,000	Washington Mutual Capital Trust PIERS units (Baa1) (exch. for Washington Mutual, Inc. common stock)	1,872,500
		<u>8,402,156</u>
Energy — 2.8%		
7,500	Chesapeake Energy Corp. 6% cum. cv. pfd. (B3)	619,350
1,000	Chesapeake Energy Corp. 4.125% cum. cv. pfd. (B3)	1,137,500
20,000	The Williams Companies, Inc. 5.50% 2033 jr. sub. cv. deb. (B-)	1,445,000
		<u>3,201,850</u>
Entertainment — 2.4%		
22,500	Emmis Communications Corp. 6.25% series A cum. cv. pfd. (Caa1)	957,656
1,750	Radio One, Inc. 6.50% HIGH TIDES (B3)	1,777,781
		<u>2,735,437</u>
Financial and Insurance — 3.0%		
20,000	Reinsurance Group of America, Inc. 5.75% PIERS (Baa2)	1,190,000
100,000	The St. Paul Travelers Companies, Inc. 4.50% 2032 cv. jr. sub. notes (Baa1)	2,211,000
		<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⁾	1,357,490
Mining — 1.3%		
1,500	Freeport-McMoRan Copper and Gold, Inc. 5.50% cv. perpetual pfd. (CCC+)	1,411,220
	TOTAL CONVERTIBLE PREFERRED STOCKS	<u>\$21,853,153</u>

Portfolio of Investments October 31, 2004 (continued)

Principal Amount or Shares		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⁾	\$ 1,024,100
Consumer Goods — 1.5%		
50,000 shs	Constellation Brands, Inc. dep. shs. representing 5.75% series A mand. cv. pfd. (B)	1,650,000
Energy — 3.1%		
30,000 shs	Amerada Hess Corp. 7% mandatory cv. pfd. ACES (Ba3)	2,185,050
30,000 shs	Valero Energy Corp. 2% mandatory cv. pfd. (BB+)	1,289,070
		<u>3,474,120</u>
Financial and Insurance — 5.8%		
45,000 shs	Capital One Financial Corp. 6.25% Upper DECS (Baa3) ⁽¹⁾	2,371,050
15,000 shs	The Chubb Corp. 7% 2005 equity units (A) ⁽¹⁾	419,100
54,000 shs	The Chubb Corp. 7% 2006 equity units (A) ⁽¹⁾	1,525,500
40,000 shs	Platinum Underwriters Holdings, Ltd. 7% equity sec. units (NR) ⁽¹⁾	1,179,600
45,000 shs	XL Capital, Ltd. 6.5% equity security units (A2)	1,091,250
		<u>6,586,500</u>
Foods — 1.3%		
40,000 shs	Albertson's, Inc. 7.25% HITS units (Baa2) ⁽¹⁾	985,000
20,000 shs	Lehman Brothers Holdings, Inc. 6.25% PIES (A) (exch. for General Mills, Inc. common stock)	507,500
		<u>1,492,500</u>
Pharmaceuticals — 2.3%		
31,500 shs	Baxter International, Inc. 7% equity units (Baa1) ⁽¹⁾	1,622,565
20,000 shs	Schering-Plough Corp. 6% mand. cv. pfd. (Baa3)	1,026,000
		<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)	1,402,390
36,395 shs	The Goldman Sachs Group, Inc. 5.625% mand. exch. notes (Aa3) (exch. for Intel Corp. common stock)	831,371
\$2,000,000	Lehman Brothers Holdings, Inc. 6% 2005 YEELDS (A) (linked to LSI Logic Corp. common stock)	1,057,500
		<u>3,291,261</u>
Utilities — 1.1%		
50,000 shs	DTE Energy Co. 8.75% equity security units (BBB) ⁽¹⁾	1,299,000
		<u>1,299,000</u>
	TOTAL MANDATORY CONVERTIBLE SECURITIES ⁽⁴⁾	<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

Portfolio of Investments October 31, 2004 (continued)

Principal Amount		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⁾	\$ 10,976
	TOTAL SHORT-TERM SECURITIES	6,809,692
	Total Convertible Bonds and Notes — 55.6%	63,059,727
	Total Convertible Preferred Stocks — 19.3%	21,853,153
	Total Mandatory Convertible Securities — 18.9%	21,466,046
	Total Short-Term Securities — 6.0%	6,809,692
	Total Investments — 99.8%	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. See Note 1(b) below.
- (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 \$6,823,503, which represented 6.0% of the Fund's net assets.
- (3) Non-income producing security.
- (4) Mandatory convertible. See Note 1(e) below.
- (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 Securities.
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. NR is used whenever a rating is unavailable.

The cost of investments for federal income tax purposes is \$112,450,292 resulting in gross unrealized appreciation and depreciation of \$6,074,008 and \$5,335,682, respectively, or net unrealized appreciation of \$738,326 on a tax cost basis.

Notes to Financial Statements (unaudited)

1. Significant Accounting Policies

Bancroft Convertible Fund, Inc. (the "Fund") 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 twelve months ended October 31, 2004.

(c) Federal Income Taxes

It is the policy of the Fund 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. At October 31, 2003, the net capital loss carryforward of the Fund which may be used to offset possible future net realized gains was approximately \$8,230,848, and expires in 2009, 2010 and 2011.

(d) Dividends and Distributions to Shareholders

The liability for dividends and distributions payable is recorded on the ex-dividend date.

(e) Market Risk

It is the Fund's policy, under normal circumstances, 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. At October 31, 2004, the market value of those securities was \$21,466,046, representing 18.9% of net assets.