

Bancroft Convertible Fund, Inc.

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

Fourth Quarter Update - October 31, 2005 (unaudited)

Financial Highlights

Market price 10/31/05	\$17.77
Net asset value (NAV) 10/31/05	\$21.05
Market discount to NAV	(15.58)%
12-Month income distribution	\$0.698
Yield on market price	3.93%
Ratio of expenses to avg. net assets	1.22%
Ratio of net income to avg. net assets	3.60%
Portfolio turnover	87.21%
Shares outstanding	5,588,453

Largest Investment Holdings as of 10/31/05

by underlying common stock	% of Net Assets
Chesapeake Energy Corp.	3.2
The Walt Disney Company	3.0
The St. Paul Travelers Companies, Inc.	2.5
Nuveen Investments, Inc.	2.4
International Rectifier Corp.	2.3
Semco Energy, Inc.	2.2
Washington Mutual, Inc.	2.2
U.S. Bancorp	2.1
Schering-Plough Corp.	2.0
The TJX Companies, Inc.	2.0

Major Industry Exposure as of 10/31/05

	% of Net Assets
Financial and Insurance	15.5
Energy	13.1
Pharmaceuticals	10.5
Banking/Savings and Loan	9.6
Technology	8.4
Retail	6.4
Telecommunications	5.2
Entertainment	4.3
Chemicals	3.4
Health Care	3.1

Performance through 10/31/05 *with dividends reinvested*

	Calendar		Cumulative	
	YTD	1 Year	5 Years	10 Years
Bancroft market price (a,b)	(4.38)%	1.27%	13.32%	129.13%
Bancroft net asset value (b,c,d)	1.55	6.68	7.91	118.37
Closed-end conv. fund avg. (d)	1.43	7.61	17.29	106.30
S&P 500 (a)	1.05	8.72	(8.38)	144.21
Russell 2000 (a)	0.24	12.20	39.11	150.44
Lehman Aggregate Bond Total Return Index (d)	1.02	1.13	35.81	84.63

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 Fund's 2003 rights offering was 2.38%.

(d) From Lipper, Inc. Closed-End Fund Performance Analysis, October 31, 2005.

Quarterly History of NAV and Market Price

Qtr. Ended	Net Asset Values			Market Prices		
	High	Low	Close	High	Low	Close
Jan. 05	\$21.24	\$20.36	\$20.77	\$19.11	\$18.08	\$18.49
Apr. 05	21.28	19.86	19.92	18.60	16.95	16.95
Jul. 05	21.26	19.72	21.26	18.25	16.99	18.25
Oct. 05	21.75	20.79	21.05	18.55	17.52	17.77

Total Fund Investments as of 10/31/05

	(000's)	% of Net Assets
Convertible Bonds and Notes	\$ 61,484	52.3
Convertible Preferred Stocks	30,592	26.0
Mandatory Convertible Securities	18,840	16.0
Short-Term Securities	4,809	4.1
Other Assets	1,897	1.6
Net Assets	<u>\$117,622</u>	<u>100.0%</u>

Dividend Distributions (12 Months)

Record Date	Payment Date	Income	Capital Gains	Total
12/03/04	12/28/04	\$0.188	—	\$0.188
3/16/05	3/30/05	0.170	—	0.170
6/15/05	6/29/05	0.170	—	0.170
9/15/05	9/29/05	0.170	—	0.170
		<u>\$0.698</u>		<u>\$0.698</u>

The portfolio holdings and industry exposure are as of October 31, 2005 and subject to change without notice. Detailed portfolio information is available on our website (www.bancroftfund.com). Contact us at info@bancroftfund.com or call us at (973) 631-1177.

Portfolio of Investments October 31, 2005 (unaudited)

<u>Principal Amount</u>		<u>Value (Note 1)</u>
CONVERTIBLE BONDS AND NOTES — 52.3%		
Aerospace and Defense — 1.3%		
\$1,500,000	L-3 Communications Holdings, Inc. 3% 2035 CODES (Ba3) (Acquired 07/27/05 - 07/28/05; Cost \$1,529,094) ^(1,2)	<u>\$1,513,125</u>
Automotive — 2.2%		
625,000	CSK Auto Inc. 3.375% 2025 sr. exch. notes (NR) (conv. into CSK Auto Corp. common stock) (Acquired 07/26/05; Cost \$637,500) ⁽²⁾	590,875
4,500,000	Lear Corp. 0% 2022 cv. sr. notes (Ba2)	<u>2,010,938</u>
		<u>2,601,813</u>
Banking/Savings and Loan — 2.8%		
1,000,000	The Bear Stearns Companies, Inc. 0.25% 2010 medium-term notes (A1) (exch. for Fifth Third Bancorp common stock) ⁽¹⁾	848,797
2,500,000	U.S. Bancorp floating rate 2035 cv. sr. deb. (Aa2) (Acquired 08/10/05; Cost \$2,468,750) ⁽²⁾	<u>2,471,875</u>
		<u>3,320,672</u>
Consumer Goods — 1.5%		
1,375,000	Church & Dwight Co., Inc. 5.25% 2033 cv. sr. deb. (Ba2)	<u>1,771,413</u>
Energy — 2.9%		
1,250,000	OMI Corp. 2.875% 2024 cv. sr. notes (B+)	1,159,375
1,750,000	Oil States International, Inc. 2.375% 2025 contingent cv. sr. notes (NR) (Acquired 06/16/05 - 10/20/05; Cost \$1,780,676) ⁽²⁾	<u>2,185,313</u>
		<u>3,344,688</u>
Entertainment — 4.3%		
1,500,000	EchoStar Communications Corp. 5.75% 2008 cv. sub. notes (B2)	1,477,500
3,500,000	The Walt Disney Company 2.125% 2023 cv. sr. notes (Baa1)	<u>3,532,690</u>
		<u>5,010,190</u>
Financial and Insurance — 1.9%		
1,125,000	FTI Consulting, Inc. 3.75% 2012 cv. sr. sub. notes (Ba3) (Acquired 07/29/05 - 10/10/05; Cost \$1,158,750) ⁽²⁾	1,253,588
1,000,000	Swiss Re America Holding Corp. 3.25% 2021 euro. sub. cv. bonds (A1) (conv. into Swiss Reinsurance Company common stock) (Acquired 11/15/01 - 12/05/01; Cost \$1,007,750) ⁽²⁾	926,950
		<u>2,180,538</u>
Financial Services — 0.8%		
1,000,000	Euronet Worldwide, Inc. 3.50% 2025 cv. deb. (NR) (Acquired 09/28/05 - 09/29/05; Cost \$1,015,651) ^(1,2)	<u>981,500</u>
Foods — 0.8%		
1,000,000	Lehman Brothers Holdings, Inc. 3% 2012 medium-term notes (A1) (performance linked to General Mills, Inc. common stock) ⁽¹⁾	<u>996,900</u>
Health Care — 3.1%		
1,500,000	Community Health Systems, Inc. 4.25% 2008 cv. sub. notes (B3)	1,680,150
2,000,000	Manor Care, Inc. 2.125% 2035 cv. sr. notes (Baa3) (Acquired 07/27/05 - 09/20/05; Cost \$2,044,878) ⁽²⁾	<u>2,002,500</u>
		<u>3,682,650</u>

Portfolio of Investments October 31, 2005 (continued)

Principal Amount		Value (Note 1)
	CONVERTIBLE BONDS AND NOTES — continued	
	Multi-Industry — 0.7%	
\$1,000,000	Lehman Brothers Holdings, Inc. 1% 2011 medium-term notes (A1) (performance linked to Cendant Corp. common stock) ⁽¹⁾	\$ 856,400
	Pharmaceuticals — 8.5%	
2,000,000	Alza Corp. 0% 2020 cv. sub. deb. (Aa1) (exch. for Johnson & Johnson common stock)	1,727,500
2,000,000	Amgen, Inc. 0% 2032 LYONs (A2) ⁽¹⁾	1,544,110
550,000	CV Therapeutics, Inc. 3.25% 2013 sr. sub. cv. notes (NR)	622,875
1,500,000	Cephalon, Inc. 2% 2015 cv. sr. sub. notes (B-)	1,651,875
1,250,000	Encysive Pharmaceuticals, Inc. 2.5% 2012 cv. sr. notes (NR)	1,204,688
1,000,000	Ivax Corp. 4.5% 2008 cv. sr. sub. notes (NR)	1,002,500
1,000,000	Teva Pharmaceutical Finance II, LLC series A 0.5% 2024 cv. sr. deb. (BBB) (exch. for Teva Pharmaceutical Industries Ltd. ADR)	1,075,000
1,000,000	Teva Pharmaceutical Finance II, LLC series B 0.25% 2024 cv. sr. deb. (BBB) (exch. Teva Pharmaceutical Industries Ltd. ADR)	1,123,750
		<u>9,952,298</u>
	Retail — 6.4%	
1,000,000	Amazon.com, Inc. 4.75% 2009 cv. sub. notes (B3)	968,000
2,000,000	Best Buy Co., Inc. 2.25% 2022 cv. sub. deb. (Ba1) ⁽¹⁾	2,214,920
1,250,000	Casual Male Retail Group, Inc. 5% 2024 cv. sr. sub. notes (NR)	1,090,625
1,250,000	Dick's Sporting Goods, Inc. 1.6061% 2024 sr. cv. notes (B)	834,375
3,000,000	The TJX Companies, Inc. 0% 2021 LYONs (Baa1)	2,355,720
		<u>7,463,640</u>
	Technology — 8.4%	
1,250,000	Advanced Micro Devices, Inc. 4.75% 2022 cv. sr. deb. (B3) ⁽¹⁾	1,371,094
2,000,000	Citigroup Funding, Inc. 1% 2010 medium-term notes (Aa1) (exch. into cash equivalent of a basket of technology stocks) ⁽¹⁾	1,851,600
2,750,000	International Rectifier Corp. 4.25% 2007 cv. sub. notes (B2)	2,672,656
1,500,000	LSI Logic Corp. 4% 2010 cv. sub. notes (B)	1,449,450
1,500,000	Sybase, Inc. 1.75% 2025 cv. sub. notes (NR)	1,581,735
1,000,000	Vishay Intertechnology, Inc. 3.625% 2023 cv. sub. notes (B3)	942,500
		<u>9,869,035</u>
	Telecommunications — 5.2%	
1,000,000	Comverse Technology, Inc. 0% 2023 ZYPS (BB-) ⁽³⁾	1,444,750
1,000,000	Lucent Technologies, Inc. 2.75% 2023 series A cv. sr. deb. (B1)	1,041,650
500,000	Lucent Technologies, Inc. 2.75% 2025 series B cv. sr. deb. (B1)	540,830
1,250,000	Nortel Networks Corp. 4.25% 2008 cv. sr. notes (B3)	1,173,500
2,000,000	Tekelec, Inc. 2.25% 2008 sr. sub. cv. notes (NR)	1,935,000
		<u>6,135,730</u>
	Utilities — 1.5%	
1,500,000	CMS Energy Corp. 2.875% 2024 cv. sr. notes (B1)	1,803,750
	TOTAL CONVERTIBLE BONDS AND NOTES	<u>\$61,484,342</u>
Shares	CONVERTIBLE PREFERRED STOCKS — 26.0%	
	Aerospace and Defense — 1.3%	
60,000	Ionatron, Inc. 6.5% series A cv. pfd. (NR) (Acquired 10/27/05; Cost \$1,500,000) ⁽²⁾	1,500,000

Portfolio of Investments October 31, 2005 (continued)

Shares		Value (Note 1)
CONVERTIBLE PREFERRED STOCKS — continued		
Banking/Savings and Loan — 6.7%		
40,000	National Australia Bank Ltd. 7.875% exch. capital units (NR)	\$ 1,626,400
45,000	New York Community Bancorp, Inc. 6% BONUSES units (Baa2)	2,137,500
35,000	Sovereign Capital Trust IV 4.375% PIERS (Ba1) (exch. for Sovereign Bancorp, Inc. common stock) ⁽¹⁾	1,570,625
50,000	Washington Mutual Capital Trust 5.375% PIERS units (Baa1) (exch. for Washington Mutual, Inc. common stock)	2,581,250
		<u>7,915,775</u>
Chemicals — 1.9%		
85,000	Celanese Corp. 4.25% cv. perp. pfd. (NR)	<u>2,259,725</u>
Energy — 7.1%		
11,500	Chesapeake Energy Corp. 5% cum. cv. pfd. (B)	1,684,750
20,000	Chesapeake Energy Corp. 4.5% cum. cv. pfd. (B)	2,045,000
13,000	Semco Energy, Inc. 5% series B cv. cum. pfd. (B-)	2,534,188
20,000	The Williams Companies, Inc. 5.5% 2033 jr. sub. cv. deb. (B-)	2,100,000
		<u>8,363,938</u>
Financial and Insurance — 7.1%		
75,000	Citigroup Funding, Inc. variable rate 2008 exch. notes (Aa1) (exch. for Genworth Financial, Inc. common stock)	2,330,475
20	Fannie Mae 5.375% non-cumulative cv. pfd. (Aa3) (Acquired 12/29/04 - 01/11/05; Cost \$2,078,125) ⁽²⁾	1,822,500
20,000	Reinsurance Group of America, Inc. 5.75% PIERS (Baa2)	1,196,500
120,000	The St. Paul Travelers Co.s, Inc. 4.5% 2032 cv. jr. sub. notes (Baa1)	2,989,800
		<u>8,339,275</u>
Mining — 1.9%		
2,000	Freeport-McMoRan Copper and Gold, Inc. 5.5% cv. perp. pfd. (B-)	<u>2,212,960</u>
TOTAL CONVERTIBLE PREFERRED STOCKS		<u>\$30,591,673</u>
MANDATORY CONVERTIBLE SECURITIES — 16.0% ⁽⁴⁾		
Chemicals — 1.5%		
40,000	Huntsman Corp. 5% mand. cv. pfd. 02/16/08 (NR)	<u>1,754,240</u>
Consumer Goods — 1.1%		
35,000	Constellation Brands, Inc. dep. shs. representing 5.75% series A mand. cv. pfd. 09/01/06 (B)	<u>1,245,440</u>
Energy — 3.1%		
20,000	Amerada Hess Corp. 7% mand. cv. pfd. ACES 12/01/06 (Ba3)	2,128,600
15,000	Valero Energy Corp. 2% mand. cv. pfd. 07/01/06 (BB)	1,563,240
		<u>3,691,840</u>
Financial and Insurance — 6.6%		
25,000	The Chubb Corp. 7% equity units 08/16/06 (A2) ⁽¹⁾	840,750
30,000	Merrill Lynch & Co., Inc. 6.75% mand. exch. sec. 10/15/07 (Aa3) (exch. for Nuveen Investments, Inc. common stock)	1,150,470
80,000	MetLife, Inc. 6.375% common equity units 08/15/08 (BBB+)	2,192,800
42,500	Morgan Stanley, Inc. 5.875% mand. exch. sec. 10/15/08 (Aa3) (exch. for Nuveen Investments, Inc. common stock)	1,624,775
40,000	The PMI Group, Inc. 5.875% HITS units 11/15/06 (A1) ⁽¹⁾	978,000
45,000	XL Capital, Ltd. 6.5% equity security units 05/15/07 (A2)	968,850
		<u>7,755,645</u>

Portfolio of Investments October 31, 2005 (continued)

Principal Amount or Shares		Value (Note 1)
MANDATORY CONVERTIBLE SECURITIES — continued		
Foods — 1.7%		
40,000 shs	Albertson's, Inc. 7.25% HITS units 05/16/07 (Baa3) ⁽¹⁾	\$ 976,800
40,000 shs	Lehman Brothers Holdings, Inc. 6.25% PIES 10/15/07 (A1) (exch. for General Mills, Inc. common stock)	1,044,000
		<u>2,020,800</u>
Pharmaceuticals — 2.0%		
45,000 shs	Schering-Plough Corp. 6% mand. cv. pfd. 09/14/07 (Baa3)	<u>2,372,400</u>
	TOTAL MANDATORY CONVERTIBLE SECURITIES ⁽⁴⁾	\$ 18,840,365
SHORT-TERM SECURITIES — 4.1%		
Commercial Paper — 4.1%		
\$4,800,000	American Express Credit Corp. (P1) (3.78% maturing 11/01/05)	<u>4,797,984</u>
U.S. Government Obligations — 0.0%		
11,000	U.S. Treasury notes 2.25% 04/30/06 (Aaa) ⁽⁵⁾	<u>10,897</u>
	TOTAL SHORT-TERM SECURITIES	\$ 4,808,881
	Total Convertible Bonds and Notes — 52.3%	61,484,342
	Total Convertible Preferred Stocks — 26.0%	30,591,673
	Total Mandatory Convertible Securities — 16.0%	18,840,365
	Total Short-Term Securities — 4.1%	4,808,881
	Total Investments — 98.4%	115,725,261
	Other assets and liabilities, net — 1.6%	1,896,869
	Total Net Assets — 100.0%	<u>\$117,622,130</u>

(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 or a Reg D 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, 2005 was \$15,248,226 which represented 13.0% of the Fund's net assets.

(3) Non-income producing security.

(4) These securities are required to be converted on the dates listed; they generally may be converted prior to these dates at the option of the holder.

(5) Collateral for a letter of credit.

ACES	Automatic Convertible Equity Securities	LYONs	Liquid Yield Option Notes
ADR	American Depositary Receipts	PIES	Premium Income Exchangeable Securities
BONUSES	Bifurcated Option Note Unit Securities	PIERS	Preferred Income Equity Redeemable Securities
CODES	Convertible Contingent Debt Securities	ZYPS	Zero Yield Puttable Securities
HITS	Hybrid Income Term Security		

Ratings in parentheses by Moody's Investors Service, Inc. or Standard & Poor's
NR is used whenever a rating is unavailable

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 original 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 12 cents per share for the year ended October 31, 2005. In addition, Federal tax regulations require the Fund to reclassify realized gains on contingent payment debt instruments to interest income. At October 31, 2005 there were unrealized losses of approximately 8 cents per share on contingent payment debt instruments.