

BANCROFT FUND LTD
Form N-CSRS
June 28, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-02151

BANCROFT FUND LTD.

(Exact name of registrant as specified in charter)

65 Madison Avenue, Morristown, New Jersey 07960-7308

(Address of principal executive offices) (Zip code)

Thomas H. Dinsmore
BANCROFT FUND LTD.
65 Madison Avenue
Morristown, New Jersey 07960-7308
(Name and address of agent for service)

Copy to:

Steven B. King, Esq.
Ballard Spahr LLP
1735 Market Street, 51st Floor
Philadelphia, PA 19103-7599

Registrant's telephone number, including area code: (973) 631-1177

Date of fiscal year end: October 31, 2010

Date of reporting period: April 30, 2010

ITEM 1. REPORTS TO STOCKHOLDERS.

BANCROFT FUND LTD.

2010 Semi-Annual Report April 30, 2010

*2010 Semi-Annual Report
April 30, 2010*

Bancroft Fund Ltd. 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 April 30, 2010 with dividends reinvested

	Calendar YTD	Annualized			10 Year Volatility *
		1 Year	5 Years	10 Years	
Bancroft market price	8.68%	44.99%	6.41%	4.71%	20.06%
Bancroft net asset value	6.60	39.33	5.04	2.37	17.54
Bank of America Merrill Lynch All Convertibles Index	7.88	43.15	5.97	2.97	19.26
S&P 500® Index	7.05	38.81	2.63	(0.19)	18.60
Barclays Aggregate Bond Total Return Index	1.78	7.69	5.44	6.29	3.75

Bank of America Merrill Lynch All Convertibles Index and S&P 500® Index performance in the table above are from Bloomberg L.P. pricing service. Barclays Aggregate Bond Total Return Index is from Barclays Capital.

Bancroft's performance in the table above has not been adjusted for the fiscal 2004 rights offering (net asset value dilution was 2.38%), or for the 2008 tender offer (the anti-dilutive effect was 0.85%). Performance data represent past results and do not reflect future performance.

* Volatility is a measure of risk based on the standard deviation of the return. The greater the volatility, the greater the chance of a profit or risk of a loss.

Quarterly History of NAV and Market Price

Qtr. Ended	Net Asset Values			Market Prices (NYSE Amex: symbol BCV)		
	High	Low	Close	High	Low	Close
7/31/09	\$15.70	\$13.97	\$15.70	\$13.97	\$12.04	\$13.94
10/31/09	17.12	15.71	16.57	14.91	13.52	14.23
1/31/10	18.00	16.56	17.05	15.63	14.14	14.69
4/30/10	18.71	16.87	18.48	16.24	14.44	16.15

Dividend Distributions (12 Months)

Record Date	Payment Date	Income	Capital Gains	Total
6/11/09	6/25/09	\$0.170		\$0.170
9/10/09	9/24/09	0.130		0.130
11/27/09	12/28/09	0.256		0.256
3/11/10	3/25/10	0.150		0.150
		\$0.706		\$0.706

To Our Shareholders

June 14, 2010

Convertible security indices and equity indices such as the S&P 500[®] Index enjoyed a substantial recovery trend that came to an end in May. The decline in prices since then, precipitated by global problems both new and old caused most market participants to consider whether the economy and the markets really have returned to a solid footing yet. While such reflection is worthwhile, it is our position that this is a necessary pause in the continuing market and economic recovery and we do not see the market as having been damaged by the recent pullback.

The convertible securities market at the end of May 2010 was roughly where it was at the beginning of the year. The Bank of America Merrill Lynch All Convertible Index (the BAML Index) had a market capitalization of \$220B at the end of 2009 and also at the end of May 2010. As indicated in the following table, many statistical comparisons at those two dates were exceedingly close as well. Bancroft Fund's corresponding statistics were in all cases better than those of the BAML Index at May 31, 2010.

	BAML Index December 31, 2009	BAML Index May 31, 2010	Bancroft May 31, 2010
Average Yield	3.71%	3.68%	3.95%
Average Conversion Premium	68.3%	63.1%	55.9%
Parity Delta (a measure of equity sensitivity)	0.569	0.560	0.600

The BAML Index outperformed and has been less volatile than the S&P 500[®] Index this year and convertible securities have paid us a higher yield than could have been obtained in the equity markets. We continue to believe that convertible securities are well positioned to compete strongly with the total return provided by equities.

The overall make-up of Bancroft's portfolio is balanced. At May 31, 2010 the Fund had a weighted average current yield of 3.95%, a median premium to conversion value of 28.8%, an average premium to conversion value of 55.9%, an average delta of 0.60, and an average rating of BB. This compares to the BAML Index which had an average current yield of 3.68, a 63.1% average premium to conversion value, a 0.56 average delta, and an average rating of BB. Bancroft's portfolio has a higher yield, a lower premium, higher equity sensitivity, and a similar rating to the BAML Index. Although past performance is no guarantee of future returns, we believe the Fund's portfolio is well positioned to provide an attractive mix of returns from yield and capital gains.

Performance for the Fund's second quarter was enhanced by its exposure to the Banking/Savings and Loan, as well as to the Chemicals and Healthcare industries. Performance was held back, however, by its exposure to the Foods and Pharmaceuticals industries. As indicated in the performance chart on the opposite page of this Semi-Annual Report, the Fund's market return outperformed the BAML Index over the four-month, one-, five- and ten-year periods ended April 30, 2010. Return on the Fund's net asset value (NAV) outperformed the BAML Index for ten years and performed in line for five years (when adjusted for expenses, the fiscal 2004 rights offering and the 2008 tender), but underperformed for the four-month and one-year periods, also ended April 30, 2010. For the ten-year

- 1 -

To Our Shareholders (continued)

performance, the volatility of the Fund's NAV and market return, as measured by standard deviation, were lower than that of the BAML Index. The Fund has sought to provide total returns to shareholders that compare favorably to those provided by the equity markets, but with less volatility.

Posted on the Fund's website is a recently updated white paper on convertible securities written by Dinsmore Capital Management Co., which we believe you will find informative and educational.

The results of the 2010 annual meeting of shareholders are shown in the Miscellaneous Notes section of this report. We thank you for your support. At its May meeting, the Board of Trustees declared a dividend of \$0.15 per share. The dividend consists of undistributed net investment income and will be payable on June 24, 2010 to shareholders of record on June 10, 2010.

Thomas H. Dinsmore
Chairman of the Board

- 2 -

Largest Investment Holdings by underlying common stock

	Value (Note 1)	% Total Net Assets
EMC Corp. EMC and its subsidiaries develop, deliver and support the information technology (IT) industry's range of information infrastructure technologies and solutions.	\$2,484,250	2.5%
Equinix, Inc. Equinix provides core Internet exchange services to networks, Internet infrastructure companies, enterprises and content providers.	2,402,244	2.5
Nuance Communications, Inc. Nuance is a provider of speech, imaging and keypad solutions for businesses, organizations and consumers worldwide. The company's solutions are used for tasks and services, such as requesting information from a phone-based, self-service solution, dictating medical records, searching the mobile Web by voice, entering a destination into a navigation system, or working with portable document format (PDF) documents.	2,285,000	2.3
Vale S.A. Vale produces and sells iron ore, pellets, manganese, alloys, gold, bauxite and alumina. The company is based in Brazil, where it owns and operates railroads and maritime terminals.	2,248,754	2.3
Intel Corp. Intel is a semiconductor chip maker. The company is engaged in developing advanced integrated digital technology products, primarily integrated circuits, for industries such as computing and communications.	2,123,375	2.2
Old Republic International Corporation	2,077,500	2.1

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Old Republic is a holding company engaged in the business of insurance underwriting. The company conducts its operations through a number of regulated insurance company subsidiaries organized into three segments: General (property and liability insurance), Mortgage Guaranty, and Title Insurance Groups.

Wells Fargo & Company	1,972,000	2.0
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Wells Fargo is a diversified financial services company, providing retail, commercial and corporate banking services through banking stores located in 39 states and the District of Columbia.

Euronet Worldwide, Inc.	1,920,000	2.0
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Euronet is an electronic payments provider. The company offers automated teller machine (ATM), point-of-sale (POS) and card outsourcing services, integrated electronic financial transaction (EFT) software, network gateways, and electronic distribution of top-up services for prepaid mobile airtime and other prepaid products.

SAVVIS, Inc.	1,905,000	2.0
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SAVVIS provides information technology (IT), services including cloud services, managed hosting, managed security, colocation, professional services, and network services, through its global infrastructure to businesses and government agencies around the world.

Total	\$19,418,123	19.9%
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- 3 -

Major Industry Exposure

	% Total Net Assets
Energy	15.9%
Telecommunications	13.3
Computer Software	9.6
Healthcare	7.6
Pharmaceuticals	7.5
Financial Services	6.5
Metals and Mining	5.1
Banking/Savings and Loan	4.2
Foods	3.9
Computer Hardware	3.2
Total	76.8%

Major Portfolio Changes by underlying common stock

Six months ended April 30, 2010

ADDITIONS

Amylin Pharmaceuticals, Inc.
Annaly Capital Management, Inc.
CEMEX, S.A.B. de C.V.

REDUCTIONS

Chattem, Inc.
Freeport-McMoRan Copper & Gold, Inc.
Goldcorp Inc.

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CSG Systems International, Inc.	JAKKS Pacific, Inc.
Dole Food Company, Inc.	JetBlue Airways Corp.
DryShips Inc.	LSB Industries, Inc.
EMC Corp.	Merck & Company, Inc.
Knight Capital Group, Inc.	Millipore Corp.
Lexington Realty Trust	Mylan, Inc.
LifePoint Hospitals, Inc.	NETAPP, Inc.
MGM MIRAGE	NII Holdings, Inc.
Mylan Inc.	Oil States International, Inc.
Rovi Corp.	Richardson Electronics, Ltd.
Salesforce.com, Inc.	TeleCommunication Systems, Inc.
Titan International, Inc.	The Great Atlantic & Pacific Tea Company

- 4 -

Portfolio of Investments April 30, 2010 *(unaudited)*

	Principal Amount	Value (Note 1)
CONVERTIBLE BONDS AND NOTES 76.1%		
Aerospace and Defense 1.1%		
Alliant Techsystems Inc. 2.75%, due 2011 cv. sr. sub. notes (B1)	\$1,000,000	\$1,030,000
Automotive 1.4%		
Titan International, Inc. 5.625%, due 2017 cv. sr. sub. notes (NR) (1)	1,000,000	1,412,500
Computer Hardware 3.2%		
EMC Corp. 1.75%, due 2013 cv. sr. notes (A-)	1,900,000	2,484,250
NETAPP, Inc. 1.75%, due 2013 cv. sr. notes (NR)	500,000	623,750
		3,108,000
Computer Software 9.6%		
Blackboard Inc. 3.25%, due 2027 cv. sr. notes (BB-)	1,500,000	1,530,000
GSI Commerce, Inc. 2.5%, due 2027 cv. sr. notes (NR)	1,500,000	1,670,625
Nuance Communications Inc. 2.75%, due 2027 cv. sr. deb. (B-)	2,000,000	2,285,000
Rovi Corp. 2.625%, due 2040 cv. sr. notes (NR) (1)	1,000,000	1,043,750
Salesforce.com, Inc. 0.75%, due 2015 cv. sr. notes (NR) (1)	1,000,000	1,142,500
Sybase, Inc. 3.5%, due 2029 cv. sr. notes (NR)	1,500,000	1,728,750
		9,400,625
Construction Material 1.2%		
CEMEX, S.A.B. de C.V. 4.875%, due 2015 cv. sub. notes (NR) (1)		

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(exchangeable for ADS representing common shares) 1,000,000 1,152,500

Consumer Goods 1.1%

Regis Corp. 5%, due 2014 cv. sr. notes (NR) 750,000 1,046,250

Data Processing 1.1%

CSG Systems International, Inc. 3%, due 2017 cv. sr. sub. notes (NR) (1) 1,000,000 1,117,500

Energy 8.8%

Covanta Holding Corp. 1%, due 2027 cv. sr. deb. (Ba3) (2) 1,500,000 1,440,000

Goodrich Petroleum Corp. 5%, due 2029 cv. sr. notes (NR) 1,000,000 910,000

McMoRan Exploration Co. 5.25%, due 2011 cv. sr. notes (NR) 1,087,000 1,112,816

Oil States International, Inc. 2.375%, due 2025 contingent cv. sr. notes (NR) 800,000 1,271,000

SunPower Corp. 1.25%, due 2027 cv. sr. deb. (NR) 1,500,000 1,355,625

SunPower Corp. 4.5%, due 2015 sr. cash cv. deb. (NR) (1) 750,000 694,650

Trina Solar Ltd. 4%, due 2013 cv. sr. notes (NR)

(exchangeable for ADS representing common shares) 1,000,000 1,658,750

Verenium Corp. 9%, due 2027 cv. sr. secured notes (NR) 337,000 193,775

8,636,616

Financial Services 6.5%

Coinstar, Inc. 4%, due 2014 cv. sr. notes (BB) 1,000,000 1,323,750

Old Republic International Corp. 8%, due 2012 cv. sr. notes (Baa1) 1,500,000 2,077,500

Euronet Worldwide, Inc. 3.5%, due 2025 cv. deb. (B+) (2) 2,000,000 1,920,000

Knight Capital Group, Inc. 3.5%, due 2015 cash cv. sr. sub. notes (NR) (1) 1,000,000 993,900

6,315,150

Foods 1.3%

Central European Distribution Corp. 3%, due 2013 cv. sr. notes (B-) 1,400,000 1,267,000

Healthcare 7.6%

China Medical Technologies, Inc. 4%, due 2013 cv. sr. sub. notes (NR)

(exchangeable for ADS representing common stock) 1,500,000 1,033,125

Greatbatch, Inc. 2.25%, due 2013 cv. sub. deb. (NR) (2) 1,500,000 1,389,375

Kinetic Concepts, Inc. 3.25%, due 2015 cv. sr. notes (B+) 1,500,000 1,593,750

LifePoint Hospitals Inc. 3.5%, due 2014 cv. sub. notes (B) 1,000,000 1,042,500

Millipore Corp. 3.75%, due 2026 cv. sr. notes (BB-) (2) 1,000,000 1,257,500

SonoSite Inc. 3.75%, due 2014 cv. sr. notes (NR) 1,000,000 1,090,000

7,406,250

- 5 -

Portfolio of Investments April 30, 2010 *(continued)*

Principal Amount Value (Note 1)

CONVERTIBLE BONDS AND NOTES continued

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Metals and Mining 2.0%

Jaguar Mining, Inc. 4.5%, due 2014 cv. sr. notes (NR)	\$1,000,000	\$1,118,750
Kaiser Aluminum Corp. 4.5%, due 2015 cash cv. sr. notes (NR) (1)	750,000	790,125
		1,908,875

Multi-Industry 1.5%

LSB Industries, Inc. 5.5%, due 2012 cv. sr. sub. deb. (NR)	1,500,000	1,507,500
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Pharmaceuticals 7.5%

Amylin Pharmaceutical, Inc. 3%, due 2014 cv. sr. notes (NR)	1,000,000	885,000
Cephalon, Inc. 2.5%, due 2014 cv. sr. sub. notes (NR)	1,000,000	1,123,750
Endo Pharmaceuticals Holdings, Inc. 1.75%, due 2015 cv. sr. sub. notes (NR)	1,000,000	967,500
Mylan Laboratories, Inc. 1.25%, due 2012 cv. sr. notes (BB-) (convertible into Mylan Inc. common stock)	1,500,000	1,668,750
Onyx Pharmaceuticals, Inc. 4%, due 2016 cv. sr. notes (NR)	750,000	800,625
Teva Pharmaceutical Finance Co. B.V. 1.75%, due 2026 cv. sr. deb. (A3) (exchangeable for Teva Pharmaceutical Industries Ltd. ADR)	1,500,000	1,830,000
		7,275,625

Real Estate 3.0%

Annaly Capital Management, Inc. 4%, due 2015 cv. sr. notes (NR)	1,250,000	1,290,625
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