

BANCROFT FUND LTD  
Form N-CSR  
January 02, 2015

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.

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(Exact name of registrant as specified in charter)

65 Madison Avenue, Morristown, New Jersey 07960-7308

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(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, 2014

Date of reporting period: October 31, 2014

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ITEM 1. REPORTS TO STOCKHOLDERS.

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**BANCROFT FUND LTD.**

**2014 Annual Report**  
**October 31, 2014**

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*2014 Annual Report*  
*October 31, 2014*

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 October 31, 2014 with dividends reinvested**

	Calendar YTD	1 Year	Annualized			10 Year Volatility*
			3 Years	5 Years	10 Years	
Bancroft market price	9.97%	12.25%	11.70%	11.00%	6.03%	14.48%
Bancroft net asset value	7.17	9.71	11.96	11.18	6.69	12.71
Barclays Balanced U.S. Convertibles Index	5.14	5.46	11.43	11.84	N/A	N/A
Bank of America Merrill Lynch All U.S. Convertibles Index	9.30	13.48	15.35	13.37	7.73	12.52
S&P 500® Index	10.97	17.23	19.72	16.65	8.19	15.00

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

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 represents past results and does 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 MKT symbol: BCV)		
	High	Low	Close	High	Low	Close
1/31/14	\$23.06	\$21.85	\$22.75	\$19.29	\$18.02	\$18.97
4/30/14	24.02	22.34	23.25	20.07	18.72	19.67
7/31/14	24.19	23.07	23.48	20.34	19.70	20.00
10/31/14	24.21	22.08	23.59	20.59	18.28	20.09

#### **Dividend Distributions (12 Months)**

Record Date	Payment Date	Income	Capital Gains	Total	Corporate Deduction*
11/29/13	12/30/13	\$ 0.20	\$	\$ 0.20	26%

3/13/14	3/27/14	0.12	0.12	21
6/13/14	6/27/14	0.12	0.12	21
9/11/14	9/25/14	0.12	0.12	21
		\$ 0.56	\$	\$ 0.56

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

BANCROFT FUND LTD. 2014 ANNUAL REPORT TO SHAREHOLDERS

## To Our Shareholders

December 19, 2014

We are proud to report that the return to Bancroft Fund Ltd. shareholders from distributions and stock share appreciation in the fiscal year ended October 31, 2014 was 12.25% and that the corresponding annualized return for the five years ended October 31, 2014 was 11.00%. As can be seen from the table on the opposite page, as of October 31, 2014 the Fund's shares and net asset value (NAV) outperformed the Barclays Balanced U.S. Convertible Index (an index of convertible securities determined by Barclays to meet its definition of Total Return convertible securities), for the year-to-date, the fiscal year, and the three-year periods ended October 31, 2014. When adjusted for expenses (because the index pays no expenses), the NAV also outperformed this index for the five-year time period. Further, for fiscal 2014 and the year-to-date the Fund's shares outperformed the Lipper Open-end Convertible Fund index and the average of the ten public closed-end convertible funds.

To maintain a portfolio that seeks to meet the Fund's objectives of both growth and income, Bancroft takes an approach to increase income and reduce risk. Convertible securities that are approaching maturity take on the risk of losing any premium to conversion value. When this is the case, it is appropriate to rotate into newer, more balanced issues. However, due to the strong equity markets of the past several years, the convertible securities market is still skewed towards older, equity-sensitive issues, but the Fund has deemed it prudent to invest in a more balanced portfolio consistent with the Barclays Balanced U.S. Convertibles Index. It is this skew in the convertible securities marketplace that caused the Fund to compare less favorably to the Bank of America Merrill Lynch All U.S. Convertibles Index.

Performance for Bancroft's fourth fiscal quarter ended October 31, 2014 was enhanced by exposure to the Health Care and Financials sectors. Performance was held back, however, by the Fund's exposure to the Energy and Industrials sectors. The Fund's largest sector exposures as of October 31, 2014 were in Information Technology (30.2%), Financials (22.1%), and Health Care (17.2%).

At its November meeting, the Board of Trustees of the Fund declared a distribution of \$0.142 per share, consisting of undistributed net investment income. The distribution is payable on December 29, 2014 to shareholders of record on November 28, 2014.

The Fund's Board of Trustees remains intensely focused on what they believe to be an undervaluation of the Fund's shares. As a result, the Trustees recently took two additional steps to try to reduce the discount. First, the Board recently adopted a 5% minimum dividend distribution policy that begins in 2015. Under the policy, during calendar year 2015, the Fund will, in the aggregate, distribute out of net investment income, realized capital gains, and/or capital at least 5% of the average of the closing prices of Fund shares on the NYSE MKT exchange on the last trading day of each month in the current fiscal year. Second, the Board authorized a second share repurchase program of up to 7% of outstanding Fund shares, increased from 3%. This repurchase program, when completed and when combined with a similar repurchase program announced in 2013 and completed in the spring of 2014, could bring to 10% the number of Fund shares repurchased to the benefit of those who continue to own Fund shares.

*continued on the following page*

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## To Our Shareholders (continued)

As of December 19, 2014, the Fund had purchased 4,800 shares (approximately 0.1% of the shares outstanding at the time the repurchase program was announced) at an average price of \$20.31 pursuant to the repurchase program. This number of repurchased shares is in addition to 154,943 shares that were purchased in fiscal year 2014 under the 2013 repurchase program.

The net assets of Bancroft Fund Ltd. at October 31, 2014 consisted of 72.6% cash-pay convertible bonds and notes, 13.9% mandatory convertible issues, 11.7% convertible preferred stock, and 0.6% common stock. At that date, the bonds had an average current annual yield of 2.15%; the mandatory convertible securities, 5.20%; the preferred shares, 6.05%; and the common shares, 2.58%. The Fund's convertible securities holdings at October 31, 2014 had a median premium-to-conversion value of 20.9%. We calculate that equities and equity-sensitive convertible issues at that date made up 36% of the Fund's portfolio, with credit-sensitive issues accounting for 17% of the Fund's portfolio, and total-return convertible issues at 47%.

Barclays has measured the convertible securities market as of October 31, 2014 at \$225 billion with 520 issues outstanding, consisting of 54% equity sensitive issues, 32% total return issues, 13% credit sensitive issues and 1% distressed issues by market capitalization. Investment grade issues made up 21% of the market with 33% rated below investment grade. The remaining issues were not rated. The top three sectors with convertible securities outstanding include Information Technology at 27%, Health Care at 19% and Financials at 18%.

The 2015 annual meeting of shareholders will be held on February 9, 2015. Information about the location of the meeting will be included in the proxy statement, scheduled to be mailed to shareholders on December 29, 2014. All shareholders are welcome to attend and we hope to see you there.

### Portfolio Managers:

Thomas H. Dinsmore  
Jane D. O'Keeffe  
James A. Dinsmore

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BANCROFT FUND LTD. 2014 ANNUAL REPORT TO SHAREHOLDERS

## Largest Investment Holdings by underlying common stock

	Value (Note 1)	% Total Net Assets
Gilead Sciences, Inc. Gilead Sciences is a research-based biopharmaceutical company that discovers, develops and commercializes medicines. Gilead's primary areas of focus include human immunodeficiency virus (HIV)/AIDS, liver diseases, and cardiovascular/metabolic and respiratory conditions.	\$ 3,936,504	3.2%
Micron Technology, Inc. Micron is a global manufacturer and marketer of semiconductor devices, principally NAND Flash, DRAM and NOR Flash memory, as well as other memory technologies, packaging solutions and semiconductor systems for use in computing, consumer, networking, automotive, industrial, embedded and mobile products.	2,905,312	2.3
Wells Fargo & Co. 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.	2,408,000	1.9

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<p>United Technologies Corp.</p> <p>United Technologies provides high technology products and services to the building systems and aerospace industries worldwide.</p>	2,334,800	1.9
<p>NextEra Energy, Inc.</p> <p>NextEra is an electric power company. The company has over 42,000 megawatts of generating capacity in 26 states in the United States and four provinces in Canada. It also purchases electric power for resale to its customers and provides risk management services related to power and gas consumption for a limited number of customers.</p>	2,296,400	1.9
<p>The Priceline Group Inc.</p> <p>Priceline is an online travel company that offers its customers hotel room reservations at over 295,000 hotels worldwide through the Booking.com, priceline.com and Agoda brands. In the United States, it also offers its customers reservations for car rentals, airline tickets, vacation packages, destination services and cruises through the priceline.com brand.</p>	2,083,125	1.7
<p>American Tower</p> <p>American Tower is a holding company which owns, operates and develops wireless and broadcast communications real estate. Its primary business is leasing antenna space on multi-tenant communications sites to wireless service providers, radio and television broadcast companies, wireless data and data providers, government agencies and municipalities.</p>	2,067,010	1.7
<p>Bank of America Corp.</p> <p>Bank of America is a bank holding company, a financial holding company, and a financial institution, serving individual consumers, small and middle market businesses, corporations and Governments with a range of banking, investing, asset management and other financial and risk management products and services.</p>	2,057,778	1.7
<p>Crown Castle International Corp.</p> <p>Crown Castle is a real estate investment trust (REIT) company. The company owns, operates and leases shared wireless infrastructure, including towers and other structures.</p>	2,032,200	1.6
<b>Total</b>	<b>\$22,121,129</b>	<b>17.9%</b>

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BANCROFT FUND LTD. 2014 ANNUAL REPORT TO SHAREHOLDERS

## Major Industry Exposure

	<u>% Total Net Assets</u>
Software	10.8%
Biotechnology	10.4
Real Estate Investment Trusts	9.4
Semiconductors & Semiconductor Equipment	8.5
Internet Software & Services	5.2
Commercial Banks	3.3
Food Products	3.2

Pharmaceuticals	3.2
Oil, Gas & Consumable Fuels	2.9
Communications Equipment	2.4
Total	59.3%

## Major Portfolio Changes by underlying common stock

Six months ended October 31, 2014

### ADDITIONS

American Tower Corp.

AmSurg Corp.

Cardtronics, Inc.

Carriage Services, Inc.

Crown Castle International Corp.

GT Advanced Technologies Inc.

Incyte Corp.

InvenSense, Inc.

Nuance Communications, Inc.

NVIDIA Corp.

Post Holdings, Inc.

Proofpoint, Inc.

SunEdison, Inc.

Tyson Foods, Inc.

Verint Systems Inc.

Yahoo! Inc.

### REDUCTIONS

AmTrust Financial Services, Inc.

Bristow Group Inc.

DFC Global Corp.

Gilead Sciences, Inc.

GT Advanced Technologies Inc.

Hawaiian Holdings, Inc.

Iconix Brand Group, Inc.

Insulet Corp.

Kaiser Aluminum Corp.

MetLife, Inc.

MGM Resorts International

Nuance Communications, Inc.

PPL Corp.

SBA Communications Corp.

Unisys Corp.

United States Steel Corp.

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# Portfolio of Investments

October 31, 2014

	Principal Amount	Identified Cost	Value (Note 1)
<b>Convertible Bonds and Notes</b> 72.6%			
<b>Airlines</b> 1.6%			
Hawaiian Holdings, Inc., 5.00%, Due 3/15/16, (BBB)	\$ 875,000	\$ 883,424	\$ 1,953,984
<b>Automobiles</b> 0.4%			
Tesla Motors, Inc., 1.25%, Due 3/1/21, (BBB)	500,000	489,119	478,438
<b>Biotechnology</b> 9.1%			
Array BioPharma Inc., 3.00%, Due 6/1/20, (BB)	250,000	253,080	210,156
Cepheid, 1.25%, Due 2/1/21, (A) (1)	800,000	795,412	878,000
Cubist Pharmaceuticals, Inc., 1.875%, Due 9/1/20, (BBB)	1,100,000	1,212,432	1,287,000
Emergent BioSolutions Inc., 2.875%, Due 1/15/21, (BBB)	800,000	810,129	821,500
Exelixis, Inc., 4.25%, Due 8/15/19, (B)	1,000,000	1,106,507	585,000
Gilead Sciences, Inc., 1.625%, Due 5/1/16, (A)	800,000	832,452	3,936,504
Incyte Corp., 1.25%, Due 11/15/20, (BBB)	1,000,000	1,278,197	1,473,125
Merrimack Pharmaceuticals, Inc., 4.50%, Due 7/15/20, (BB)	250,000	258,368	403,594
OPKO Health Inc., 3.00%, Due 2/1/33, (BBB)	400,000	404,382	517,500
Regeneron Pharmaceuticals, Inc., 1.875%, Due 10/1/16, (AA)	250,000	247,959	1,167,969
		7,198,918	11,280,348
<b>Capital Markets</b> 2.1%			
BlackRock Kelso Capital Corp., 5.50%, Due 2/15/18, (BBB)	1,500,000	1,553,575	1,536,562
FXCM Inc., 2.25%, Due 6/15/18, (A)	1,000,000	1,009,569	1,060,000
		2,563,144	2,596,562
<b>Communications Equipment</b> 2.4%			
Infinera Corp., 1.75%, Due 6/1/18, (BBB)	1,250,000	1,319,040	1,617,188
InterDigital, Inc., 2.50%, Due 3/15/16, (A)	1,250,000	1,276,592	1,342,969
		2,595,632	2,960,157
<b>Consumer Finance</b> 1.7%			
Encore Capital Group, Inc., 3.00%, Due 7/1/20, (A)	1,250,000	1,403,848	1,448,438
Portfolio Recovery Associates, Inc., 3.00%, Due 8/1/20, (A)	500,000	500,000	606,900
		1,903,848	2,055,338
<b>Diversified Consumer Services</b> 0.9%			
Carriage Services, Inc., 2.75%, Due 3/15/21, (BBB)	1,000,000	1,023,891	1,078,755
<b>Diversified Telecommunications Services</b> 0.7%			
Alaska Communications Systems Inc., 6.25%, Due 5/1/18, (BB)	1,000,000	946,153	810,000
<b>Electrical Equipment</b> 0.9%			
SolarCity Corp., 2.75%, Due 11/1/18, (BBB)	500,000	634,463	592,188
SolarCity Corp., 1.625%, Due 11/1/19, (BBB) (1)	500,000	500,000	487,500

		1,134,463	1,079,688
<b>Electronic Equipment Instruments 1.2%</b>			
InvenSense, Inc., 1.75%, Due 11/1/18, (BBB)	1,500,000	1,614,095	1,425,938
<b>Energy Equipment &amp; Services 1.3%</b>			
Bristow Group Inc., 3.00%, Due 6/15/38, (BB)	556,000	611,445	632,450
Hornbeck Offshore Services, Inc., 1.50%, Due 9/1/19, (BB)	1,000,000	1,008,775	957,500
		1,620,220	1,589,950
<b>Food Products 0.6%</b>			
Chiquita Brands International, 4.25%, Due 8/15/16, (CCC)	700,000	680,185	703,500
<b>Health Care Equipment &amp; Supplies 0.2%</b>			
The Spectranetics Corp., 2.625%, Due 6/1/34, (BBB)	250,000	250,000	308,594
<b>Health Care Providers &amp; Services 1.3%</b>			
Molina Healthcare Inc., 1.125%, Due 1/15/20, (A)	1,250,000	1,332,717	1,632,031
<b>Health Care Technology 0.6%</b>			
Allscripts Healthcare Solutions, Inc., 1.25%, Due 7/1/20, (A)	750,000	770,836	775,312

*See accompanying notes to financial statements*

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BANCROFT FUND LTD. 2014 ANNUAL REPORT TO SHAREHOLDERS

## Portfolio of Investments October 31, 2014 (continued)

	Principal Amount	Identified Cost	Value (Note 1)
<b>Convertible Bonds and Notes continued</b>			
<b>Hotels, Restaurants &amp; Leisure 0.5%</b>			
MGM Resorts International, 4.25%, Due 4/15/15, (B)	\$ 500,000	\$ 499,716	\$ 642,500
<b>Household Durables 1.5%</b>			
Jarden Corp., 1.875%, Due 9/15/18, (BB)	750,000	787,372	1,103,438
Jarden Corp., 1.125%, Due 3/15/34, (BB) (1)	750,000	760,174	805,312
		1,547,546	1,908,750
<b>Insurance 0.7%</b>			
AmTrust Financial Services, Inc., 5.50%, Due 12/15/21, (A)	500,000	530,358	866,875
<b>Internet &amp; Catalog Retail 1.7%</b>			
The Priceline Group Inc., 1.00%, Due 3/15/18, (BBB)	1,500,000	1,722,156	2,083,125



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**Internet Software & Services 5.2%**

Cardtronics, Inc., 1.00%, Due 12/1/20, (BB)	1,250,000	1,229,431	1,225,788
Equinix Inc., 4.75%, Due 6/15/16, (BB)	750,000	1,582,407	1,948,594
Monster Worldwide, Inc., 3.50%, Due 10/15/19, (BBB) (1)	375,000	375,000	373,125
Twitter, Inc., 1.00%, Due 9/15/21, (BBB) (1)	500,000	498,034	455,312
Web.com Group, Inc., 1.00%, Due 8/15/18, (BBB)	1,375,000	1,372,287	1,286,484
Yahoo! Inc., Due 12/1/18, (BB) (1,2)	1,000,000	998,430	1,080,625
		6,055,589	6,369,928

**IT Services 1.2%**

CSG Systems International, Inc., 3.00%, Due 3/1/17, (A)	1,250,000	1,275,252	1,544,531
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**Life Science Tools & Services 1.4%**

Illumina, Inc., 0.25%, Due 3/15/16, (BBB)	500,000	539,665	1,153,752
Illumina, Inc., 0.50%, Due 6/15/21, (BBB) (1)	500,000	514,235	577,188
		1,053,900	1,730,940

**Machinery 0.6%**

Chart Industries, Inc., 2.00%, Due 8/1/18, (BB)	750,000	789,145	803,438
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**Media 0.8%**

Liberty Media Corp., 1.375%, Due 10/15/23, (A)	1,000,000	1,009,041	999,375
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**Metals & Mining 2.3%**

A.M. Castle & Co., 7.00%, Due 12/15/17, (BB)	400,000	476,136	385,000
Kaiser Aluminum Corp., 4.50%, Due 4/1/15, (BB)	500,000	500,638	730,950
Royal Gold, Inc., 2.875%, Due 6/15/19, (A)	600,000	589,492	600,750
RTI International Metals, Inc., 3.00%, Due 12/1/15, (BBB)	600,000	608,552	616,125
RTI International Metals, Inc., 1.625%, Due 10/15/19, (BBB)	500,000	504,807	480,938
		2,679,625	2,813,763

**Oil, Gas & Consumable Fuels 1.3%**

Clean Energy Fuels Corp., 5.25%, Due 10/1/18, (BB)	500,000	504,510	415,625
Goodrich Petroleum Corp., 5.00%, Due 10/1/32, (CCC)	518,000	526,125	425,408
Ship Finance International Ltd., 3.25%, Due 2/1/18, (BBB)	750,000	754,028	815,156
		1,784,663	1,656,189

**Pharmaceuticals 3.2%**

Depomed, Inc., 2.50%, Due 9/1/21, (BBB)	300,000	314,668	320,062
Mylan Inc., 3.75%, Due 9/15/15, (BBB)	500,000	529,405	2,012,500
Salix Pharmaceuticals, Ltd., 2.75%, Due 5/15/15, (B)	300,000	304,505	928,125
Salix Pharmaceuticals, Ltd., 1.50%, Due 3/15/19, (B)	300,000	418,049	671,812
		1,566,627	3,932,499

**Real Estate Investment Trusts 3.7%**

American Realty Capital Properties, Inc., 3.00%, Due 8/1/18, (A)	1,000,000	996,166	910,000
Colony Financial, Inc., 5.00%, Due 4/15/23, (AA)	1,250,000	1,291,327	1,281,250
IAS Operating Partnership LP, 5.00%, Due 3/15/18, (NR) (exchangeable for Invesco Mortgage Capital Inc. common stock)	1,000,000	987,820	952,500
Lexington Realty Trust, 6.00%, Due 1/15/30, (BBB)	300,000	300,000	485,438

RAIT Financial Trust, 4.00%, Due 10/1/33, (A)	500,000	495,147	458,438
Spirit Realty Capital, Inc., 3.75%, Due 5/15/21, (AA)	500,000	500,000	496,878
		4,570,460	4,584,504

*See accompanying notes to financial statements*

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BANCROFT FUND LTD. 2014 ANNUAL REPORT TO SHAREHOLDERS

## Portfolio of Investments October 31, 2014 (continued)

	Principal Amount	Identified Cost	Value (Note 1)
<b>Convertible Bonds and Notes continued</b>			
<b>Real Estate Management 0.9%</b>			
Forest City Enterprises, Inc., 3.625%, Due 8/15/20, (B)	\$ 1,000,000	\$ 1,003,146	\$ 1,062,500
<b>Semiconductors &amp; Semiconductor Equipment 8.5%</b>			
GT Advanced Technologies Inc., 3.00%, Due 12/15/20, (NR) (3)	750,000	917,590	292,500
JinkoSolar Holding Co., Ltd., 4.00%, Due 2/1/19, (BB)	500,000	504,561	456,875
Micron Technology, Inc., 3.00%, Due 11/15/43, (BB)	2,250,000	2,429,817	2,905,312
NVIDIA Corp., 1.00%, Due 12/1/18, (BB) (1)	1,250,000	1,286,343	1,420,312
Photronics, Inc., 3.25%, Due 4/1/16, (A)	1,000,000	990,711	1,070,625
Rudolph Technologies Inc., 3.75%, Due 7/15/16, (A)	500,000	500,000	520,938
Spansion LLC, 2.00%, Due 9/1/20, (B)	500,000	572,658	803,125
SunEdison, Inc., 2.75%, Due 1/1/21, (BB) (1)	250,000	250,000	377,344
SunEdison, Inc., 0.25%, Due 1/15/20, (BB) (1)	375,000	371,590	375,469
SunPower Corp., 0.875%, Due 6/1/21, (BBB) (1)	1,500,000	1,562,596	1,530,938
Xilinx, Inc., 2.625%, Due 6/15/17, (A)	500,000	584,924	785,625
		9,970,790	10,539,063
<b>Software 10.8%</b>			
Bottomline Technologies, Inc., 1.50%, Due 12/1/17, (A)	1,000,000	1,094,862	1,063,750
EnerNOC, INC., 2.25%, Due 8/15/19, (A) (1)	500,000	501,211	422,812
Mentor Graphics Corp., 4.00%, Due 4/1/31, (A)	1,500,000	1,687,308	1,763,438
MercadoLibre, Inc., 2.25%, Due 7/1/19, (A) (1)	500,000	506,769	625,000
NQ Mobile Inc., 4.00%, Due 10/15/18, (BB)	500,000	500,000	400,000
Nuance Communications, Inc., 2.75%, Due 11/1/31, (BB)	1,500,000	1,492,749	1,470,938
Proofpoint, Inc., 1.25%, Due 12/15/18, (BBB)	1,250,000	1,317,239	1,633,594
Red Hat, Inc., 0.25%, Due 10/1/19, (AA) (1)	725,000	725,000	785,266
Synchronoss Technologies, Inc., 0.75%, Due 8/15/19, (BB)	750,000	780,303	879,375
Take-Two Interactive Software, Inc., 1.75%, Due 12/1/16, (A)	1,000,000	1,030,269	1,460,000
TeleCommunication Systems, Inc., 7.75%, Due 6/30/18, (BBB)	1,000,000	983,631	950,000
TiVo Inc., 2.00%, Due 10/1/21, (A) (1)	500,000	500,000	492,188
Verint Systems Inc., 1.50%, Due 6/1/21, (B)	1,250,000	1,268,718	1,400,776

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		12,388,059	13,347,137
<b>Technology, Hardware &amp; Storage 0.9%</b>			
SanDisk Corp., 0.50%, Due 10/15/20, (BB) (1)	500,000	621,555	591,250
Violin Memory, Inc., 4.25%, Due 10/1/19, (BB) (1)	500,000	500,000	540,000
		1,121,555	1,131,250
<b>Textiles, Apparel &amp; Luxury Goods 1.6%</b>			
Iconix Brand Group, Inc., 2.50%, Due 6/1/16, (A)	750,000	740,667	1,009,688
Iconix Brand Group, Inc., 1.50%, Due 3/15/18, (A)	750,000	750,000	1,015,781
		1,490,667	2,025,469
<b>Trading Companies &amp; Distributors 0.8%</b>			
Kaman Corp., 3.25%, Due 11/15/17, (A)	750,000	800,290	1,022,344
<b>Total Convertible Bonds and Notes</b>		76,865,230	89,792,775
<b>Convertible Preferred Stock 11.7%</b>			
	Shares		
<b>Commercial Banks 3.3%</b>			
Huntington Bancshares, Inc., 8.50%, (BB)	1,250	1,552,500	1,668,750
Wells Fargo & Co., 7.50%, (BBB)	2,000	1,262,262	2,408,000
		2,814,762	4,076,750
<b>Diversified Financial Services 1.7%</b>			
Bank of America Corp., 7.25%, (BB)	1,800	1,626,055	2,057,778
<b>Food Products 1.6%</b>			
Bunge Ltd., 4.875%, (BB)	7,500	669,375	833,490
Post Holdings, Inc., 3.75%, (B)	8,300	874,463	746,004
Post Holdings, Inc., 2.50%, (B)	5,000	500,000	389,688
		2,043,838	1,969,182
<b>Machinery 0.9%</b>			
Stanley Black & Decker, Inc., 6.25%, (BBB)	10,000	1,031,784	1,160,000

*See accompanying notes to financial statements*

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BANCROFT FUND LTD. 2014 ANNUAL REPORT TO SHAREHOLDERS

## Portfolio of Investments October 31, 2014 (continued)

	Shares	Identified Cost	Value (Note 1)
<b>Convertible Preferred Stock continued</b>			

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**Oil, Gas & Consumable Fuels 1.6%**

Chesapeake Energy Corp., 5.75%, (B)	1,550	\$ 1,345,541	\$ 1,697,250
Halcon Resources Corp., 5.75%, (CCC)	500	540,000	337,500
		1,885,541	2,034,750

**Real Estate Investment Trusts 1.0%**

Health Care REIT, Inc., 6.50%, (BB)	20,000	1,068,010	1,240,400
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**Specialty Retail 0.6%**

Amerivon Holdings LLC, 4.00%, (NR) (1,4,5)	666,024	1,500,000	763,605
Amerivon Holdings LLC, common equity units, (NR) (1,4,5)	272,728	0	16,364
		1,500,000	779,969

**Thrift & Mortgage Finance 1.0%**

New York Community Capital Trust V, 6.00%, (BB)	24,000	995,213	1,206,960
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**Total Convertible Preferred Stock**

	12,965,203	14,525,789
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**Mandatory Convertible Securities 13.9% (6)**

**Aerospace & Defense 1.9%**

United Technologies Corp., 7.50%, Due 8/1/15, (BBB)	40,000	2,127,203	2,334,800
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**Biotechnology 1.3%**

AmSurg Corp., 5.25%, Due 7/1/17, (B)	14,000	1,481,442	1,573,250
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**Electric Utilities 1.9%**

NextEra Energy, Inc., 5.799%, Due 9/1/16, (BBB)	30,000	1,612,724	1,663,500
NextEra Energy, Inc., 5.889%, Due 9/1/15, (BBB)	10,000	503,300	632,900
		2,116,024	2,296,400

**Food Products 1.0%**

Post Holdings, Inc., 5.25%, Due 6/1/17, (B)	2,500	250,000	211,318
Tyson Foods, Inc., 4.75%, Due 7/15/17, (BBB)	20,000	991,274	1,003,200
		1,241,274	1,214,518

**Independent Power & Renewables 0.2%**

Dynegy Inc., 5.375%, Due 11/1/17, (NR)	2,500	250,000	251,250
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**Insurance 0.8%**

Maiden Holdings, Ltd., 7.25%, Due 9/15/16, (NR)	22,500	1,131,250	1,046,250
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**Multi-Utilities 1.1%**

Dominion Resources, Inc., 6.125%, Due 4/1/16, (BBB)	12,500	624,575	711,000
Dominion Resources, Inc., 6.00%, Due 7/1/16, (BBB)	12,500	624,692	713,125
		1,249,267	1,424,125

**Real Estate Investment Trusts 4.7%**

American Tower Corp., 5.25%, Due 5/15/17, (BBB)	19,000	2,046,784	2,067,010
Crown Castle International Corp., 4.50%, Due 11/1/16, (B)	20,000	2,028,498	2,032,200

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Weyerhaeuser Co., 6.375%, Due 7/1/16, (BBB)	30,000	1,540,725	1,699,800
		5,616,007	5,799,010
<b>Road &amp; Rail 1.0%</b>			
Genesee & Wyoming, Inc., 5.00%, Due 10/1/15, (NR)	10,000	1,048,515	1,242,500
<b>Total Mandatory Convertible Securities (6)</b>		16,260,982	17,182,103
<b>Common Stock 0.6%</b>			
<b>Insurance 0.6%</b>			
MetLife, Inc.	12,680	540,466	687,763
<b>Total Common Stock</b>		540,466	687,763

*See accompanying notes to financial statements*

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BANCROFT FUND LTD. 2014 ANNUAL REPORT TO SHAREHOLDERS

## Portfolio of Investments October 31, 2014 (continued)

	Identified Cost	Value (Note 1)
<b>Total Convertible Bonds and Notes 72.6%</b>	\$ 76,865,230	\$ 89,792,775
<b>Total Convertible Preferred Stock 11.7%</b>	12,965,203	14,525,789
<b>Total Mandatory Convertible Securities 13.9%</b>	16,260,982	17,182,103
<b>Total Common Stock 0.6%</b>	540,466	687,763
<b>Total Investments 98.8%</b>	\$ 106,631,881	\$ 122,188,430
<b>Other Assets and Liabilities, Net 1.2%</b>		1,478,973
<b>Total Net Assets 100.0%</b>		\$ 123,667,403

- (1) Security not registered under the Securities Act of 1933, as amended (the Securities Act ) (e.g., the security was purchased in a Rule 144A or a Regulation D transaction). The security may be resold only pursuant to an exemption from registration under the Securities Act, typically to qualified institutional buyers. The Fund generally has no rights to demand registration of such securities. The aggregate market value of these unregistered securities at October 31, 2014 was \$12,597,610, which represented 10.2% of the Fund's net assets.
- (2) Non-income producing.
- (3) On October 6, 2014, the company filed for bankruptcy and went into default.
- (4) Investment is valued at fair value as determined in good faith pursuant to procedures adopted by the Board of Trustees. It is possible that the estimated value may differ significantly from the amount that might ultimately be realized in the near term, and the difference could be material. The fair value of these securities amounted to \$779,969 at October 31, 2014, which represented 0.63% of the Fund's net assets.
- (5)

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Restricted securities include securities that have not been registered under the Securities Act, and securities that are subject to restrictions on resale. The Fund may invest in restricted securities that are consistent with the Fund's investment objective and investment strategies. In some cases, the issuer of restricted securities has agreed to register such securities for resale, at the issuer's expense either upon demand by the Fund or in connection with another registered offering of the securities. Investments in restricted securities are valued at fair value as determined in good faith in accordance with procedures adopted by the Board of Trustees. It is possible that the estimated value may differ significantly from the amount that might ultimately be realized in the near term, and the difference could be material. As of October 31, 2014, the Fund was invested in the following restricted securities:

Security	Acquisition Date	Shares	Cost	Price per Share	Value	% Net Assets
Amerivon Holdings LLC series A cv. pfd.	April 1, 2010	666,024	\$ 1,500,000	\$ 1.147	\$ 763,605	0.62%
Amerivon Holdings LLC common equity units	April 1, 2010	272,728	0	0.060	16,364	0.01%

(6) Mandatory Convertible 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. See Note 1(i).

### Portfolio Ratings (unaudited):

### Summary of Portfolio Ratings \*

Where a security is rated by Standard & Poor's (S&P), such rating appears in parentheses next to such security (but without any applicable + or - that might apply).

Where a security is rated by S&P and at least one other rating agency and the Fund believes the ratings to be functionally equivalent to one another, the S&P rating appears in parentheses next to such security (but without any applicable + or - that might apply).

Where a security is rated by S&P and at least one other rating agency and the

Fund believes the ratings not to be functionally equivalent to one another, the Fund puts in parentheses next to such security the S&P rating which it believes approximates the average of all such ratings (but without any applicable + or -

that might apply).

Where a security is not rated by S&P, but is rated by at least one other rating agency, the Fund puts in parentheses next to such security the S&P rating which it believes approximates the average of all such ratings (but without any applicable + or - that might apply). NR is used whenever a rating is unavailable.

*See accompanying notes to financial statements*

	% of Portfolio
AAA	0
AA	3
A	23
BBB	35
BB	23
B	11
CCC & below	1
Not Rated	4

\* Excludes equity stock and cash.

## Statement of Assets and Liabilities

October 31, 2014

<b>Assets:</b>	
Investments at value (cost \$106,631,881) (Note 1)	\$ 122,188,430
Cash	927,456
Receivable for securities sold	265,794
Dividends and interest receivable	638,661
Prepaid insurance	14,568
Total assets	124,034,909
<b>Liabilities:</b>	
Payable for securities purchased	250,000
Accrued management fee (Note 2)	75,926
Accrued audit	31,929
Accrued expenses	9,651
Total liabilities	367,506
<b>Net Assets:</b>	\$ 123,667,403
<b>Net Assets consist of:</b>	
Capital shares (unlimited shares of \$0.01 par value authorized) (Note 3)	\$ 52,423
Additional paid-in capital	108,720,388
Accumulated net investment income loss	(3,251,624)
Accumulated net realized gain from investment transactions	2,589,667
Unrealized appreciation on investments	15,556,549
<b>Net Assets</b>	<b>\$ 123,667,403</b>
Net asset value per share (\$123,667,403 ÷ 5,242,291 outstanding shares)	\$ 23.59

## Statement of Operations

*For the Year Ended October 31, 2014*

<b>Investment Income (Note 1):</b>	
Interest	\$ 694,921
Dividends	1,644,904
Total Income	2,339,825
<b>Expenses (Note 2):</b>	
Management fee	849,004
Custodian	15,459
Transfer agent	33,081
Legal fees	64,109
Audit fees	42,100
Trustees fees	86,000
Administrative services fees	60,258
Reports to shareholders	31,147
Insurance	28,620
Other	57,870
Total Expenses	1,267,648
<b>Net Investment Income</b>	<b>1,072,177</b>
<b>Realized and Unrealized Gain on Investments:</b>	

Net realized gain from investment transactions	12,839,201
Net change in unrealized appreciation of investments	(3,663,666)
Net gain on investments	9,175,535
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>\$ 10,247,712</b>

*See accompanying notes to financial statements*

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BANCROFT FUND LTD. 2014 ANNUAL REPORT TO SHAREHOLDERS

## Statements of Changes in Net Assets

*For the Years Ended October 31, 2014 and 2013*

	<u>2014</u>	<u>2013</u>
<b>Change in net assets from operations:</b>		
Net investment income	\$ 1,072,177	\$ 1,362,619
Net realized gain from investment transactions	12,839,201	3,315,966
Net change in unrealized appreciation of investments	(3,663,666)	14,379,007
Net change in net assets resulting from operations	10,247,712	19,057,592
<b>Distributions to shareholders from:</b>		
Net investment income	(2,963,026)	(2,976,572)
Net realized gain on investments		
Total distributions	(2,963,026)	(2,976,572)
<b>Capital share transactions (Note 3):</b>		
Value of shares issued on reinvestment of distributions	530,096	540,935
Cost of shares purchased	(2,968,847)	(116,719)
Change in net assets resulting from capital share transactions	(2,438,751)	424,216
<b>Change in net assets</b>	<b>4,845,935</b>	<b>16,505,236</b>
Net assets at beginning of year	118,821,468	102,316,232
<b>Net assets at end of year</b>	<b>\$ 123,667,403</b>	<b>\$ 118,821,468</b>
Undistributed net investment income at end of year	\$ (3,251,624)	\$ (1,427,546)

## Financial Highlights *Selected data for a share of beneficial interest outstanding:*

	<u>Years Ended October 31,</u>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Operating Performance:</b>					
Net asset value, beginning of year	\$ 22.13	\$ 19.15	\$ 18.48	\$ 18.85	\$ 16.57
Net investment income	0.19	0.25	0.48	0.48	0.67
Net realized and unrealized gain (loss)	1.74	3.31	0.75	(0.25)	2.32
Total from investment operations	1.93	3.56	1.23	0.23	2.99



**Less Distributions:**

Dividends from net investment income	(0.56)	(0.56)	(0.55)	(0.60)	(0.71)
Distributions from realized gains					
Total distributions	(0.56)	(0.56)	(0.55)	(0.60)	(0.71)

**Capital Share Transactions:**

Anti-dilutive effect of share repurchases	0.11	(b)			
Dilutive effect of dividend reinvestment	(0.02)	(0.02)	(0.01)	(b)	(b)
Net asset value, end of year	\$ 23.59	\$ 22.13	\$ 19.15	\$ 18.48	\$ 18.85
Market value, end of year	\$ 20.09	\$ 18.42	\$ 16.45	\$ 15.85	\$ 16.43

**Total Return (a):**

Market Value Return (%)	12.25	15.64	7.36	0.01	20.9
Net Asset Value Return (%)	9.71	19.35	7.20	1.63	19.1

**Ratios/Supplemental Data:**

Net assets, end of year (in thousands)	\$ 123,667	\$ 118,821	\$ 102,316	\$ 98,208	\$ 99,563
Ratio of expenses to average net assets (%)	1.1	1.1	1.1	1.1	1.2
Ratio of net investment income to average net assets (%)	1.0	1.2	2.6	2.5	3.3
Portfolio turnover rate (%)	43	51	44	43	65

(a) Market value total return is calculated assuming a purchase of Fund shares on the opening of the first business day and a sale on the closing of the last business day of each period reported. Dividends and distributions are assumed for the purposes of this calculation to be reinvested at prices obtained under the Fund's Automatic Dividend Investment and Cash Payment Plan. Net asset value total return is calculated on the same basis, except that the Fund's net asset value is used on the purchase and sale dates instead of market value.

(b) Amount less than \$0.01.

*See accompanying notes to financial statements*

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BANCROFT FUND LTD. 2014 ANNUAL REPORT TO SHAREHOLDERS

## Notes to Financial Statements

### NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

**(a) Organization** Bancroft Fund Ltd. (the Fund), is registered under the Investment Company Act of 1940, as amended, as a diversified, closed-end management investment company.

**(b) Indemnification** Under the Fund's organizational documents, each trustee, officer or other agent of the Fund (including the Fund's investment adviser) is indemnified against certain liabilities that may arise out of performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. The risk of material loss as a result of such indemnification is considered remote.

**(c) Security Valuation** Investments in securities traded on a national securities exchange are valued at market using the last reported sales price, supplied by an independent pricing service, as of the close of regular trading. 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. Unlisted securities traded in the over-the-counter market are valued using an evaluated quote provided by the independent pricing service, or, if an evaluated quote is unavailable, such securities are valued using prices received from dealers, provided that if the dealer supplies both bid and asked prices, the price to be used is the mean of the bid and asked prices. The independent pricing service derives an evaluated quote by obtaining dealer quotes, analyzing the listed markets, reviewing trade execution data and employing sensitivity analysis. Evaluated quotes may also reflect appropriate factors such as individual characteristics of the issue, communications with broker-dealers, and other market data. Securities for which quotations are not readily available, restricted securities and other assets are valued at fair value as determined in good faith pursuant to procedures approved by the Board of Trustees. Short-term debt securities with original maturities of 60 days or less are valued at amortized cost.

The Fund has adopted authoritative fair valuation accounting standards which establish an authoritative definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion in changes in valuation techniques and related inputs during the period. These inputs are summarized in the three broad levels listed below:

Level 1 Quoted unadjusted prices for identical instruments in active markets.

Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-driven valuation in which all significant inputs and significant value drivers are observable in active markets. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers, and those received from an independent pricing service.

Level 3 Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are those inputs that reflect the Fund's own assumptions that market participants would use to price an asset or liability based on the best available information.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of the markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The net change in unrealized appreciation (depreciation) from Level 3 investments held as of October 31, 2014 was (\$55) and is included in net change in unrealized appreciation of investments on the Statement of Operations. Transfers into, or out of, Level 3 are valued utilizing values as of the end of the period. Transfers into Level 3 were due to a decline in market activity (e.g., frequency of trades), which resulted in a lack of available market inputs to determine price.

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BANCROFT FUND LTD. 2014 ANNUAL REPORT TO SHAREHOLDERS

## Notes to Financial Statements (continued)

### NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

The following is a summary of inputs used to value the net assets of Bancroft Fund Ltd. as of October 31, 2014:

	Level 1	Level 2	Level 3	Total
Investments in Securities:				
Common Stock	\$687,763	\$	\$	\$ 687,763
Convertible Bonds and Notes		89,792,775		89,792,775

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Convertible Preferred Stock:

Consumer Discretionary		779,969	779,969
Consumer Staples	1,969,182		1,969,182
Energy	2,034,750		2,034,750
Financials	8,581,888		8,581,888
Industrials	1,160,000		1,160,000
<b>Total Preferred Stock</b>	13,745,820	779,969	14,525,789
Mandatory Convertible Securities	17,182,103		17,182,103
<b>Total Investments</b>	\$ 687,763	\$ 120,720,698	\$ 779,969
			\$ 122,188,430

Refer to the Fund's Portfolio of Investments for a detailed breakdown of Common Stock, Convertible Bonds and Notes, Convertible Preferred Stock and Mandatory Convertible Securities. Transfers between levels are recognized at October 31, 2014, the end of the reporting period. The Fund recognized no transfers to or from levels 1 and 2.

The following is a reconciliation of assets for which Level 3 inputs were used in determining value:

Description	Investments in Securities
Balance as of October 31, 2013	\$ 780,024
Proceeds from sales	
Gain/loss	
Change in unrealized appreciation (depreciation) <sup>(1)</sup>	(55)
Net transfers in/out of Level 3	
<b>Balance as of October 31, 2014</b>	<b>\$ 779,969</b>

(1) Included in the net change in unrealized appreciation of investments in the Statement of Operations.

The following table presents additional information about valuation methodologies and inputs used for investments that are measured at fair value and categorized within Level 3 as of October 31, 2014:

	Fair Value October 31, 2014	Valuation Methodologies	Unobservable Input <sup>(1)</sup>	Impact to Valuation from an Increase in Input <sup>(2)</sup>
Amerivon Holdings LLC series A cv. pfd. and common equity units	\$779,969	Market Comparables/ Sum of the Parts Valuation/ Dividend Analysis	Liquidity Discount	Decrease

(1) In determining certain of these inputs, management evaluates a variety of factors including economic conditions, industry and market developments, market valuations of comparable companies and company specific developments.

(2) This column represents the directional change in the fair value of the Level 3 investments that would result from an increase to the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect.

**(d) 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 Fund recognizes the tax benefits of uncertain tax positions only where the position is more-likely-than-not to be sustained assuming examination by taxing authorities. Management of the Fund has analyzed the Fund's tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years (2011-2013), or expected to be taken in the Fund's 2014 tax returns. The major tax authority for the Fund is the Internal Revenue Service. The Fund is not aware of any tax positions for which it is reasonably likely that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

## BANCROFT FUND LTD. 2014 ANNUAL REPORT TO SHAREHOLDERS

## Notes to Financial Statements (continued)

### NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

**(e) Securities Transactions and Related Investment Income** Securities transactions are accounted for on the trade date (the 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.

**(f) 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 fiscal years ended October 31, 2014 and 2013 were as follows:

	2014	2013
Ordinary income	\$2,963,026	\$2,976,572
Net realized gain on investments		
	\$2,963,026	\$2,976,572

At October 31, 2014, the components of distributable earnings and federal tax cost were as follows:

Unrealized appreciation	\$ 18,388,971
Unrealized depreciation	(4,061,035)
Net unrealized appreciation	14,327,936
Undistributed ordinary income	742,892
Capital loss carryforward	(176,236)
Other losses	
Total distributable net earnings	\$ 14,894,592
Cost for federal income tax purposes	\$ 107,860,494

The differences between book-basis and tax-basis unrealized appreciation/depreciation is attributable to differing methods of recognizing interest and ordinary income on bonds for tax purposes.

To the extent the Fund's net realized capital gains, if any, can be offset by capital loss carryforwards, it is the policy of the Fund not to distribute such gains. As determined at October 31, 2014, the Fund had unused capital loss carryforwards of \$176,236 which expire in 2017, available for federal income tax purposes to offset net realized capital gains.

**(g) Use of Estimates** The preparation of financial statements in conformity with GAAP 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.

**(h) Regulated Investment Company Modernization Act** On December 22, 2010, the Regulated Investment Company Modernization Act of 2010 (the Modernization Act) was signed into law. The Modernization Act modernizes several of the federal income and excise tax provisions related to regulated investment companies ( RICs ).

New capital losses may now be carried forward indefinitely, and retain the character of the original loss. Under pre-enactment law, capital losses could be carried forward for eight years, and carried forward as short-term capital losses, irrespective of the character of the original loss. As a transition rule, the Act requires that post-enactment net capital losses be used before pre-enactment net capital losses.

**(i) Market Risk** It is the Fund's policy to invest at least 65% 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, the Fund's mandatory convertible securities include features which render them more sensitive to price changes of their underlying securities. Thus they expose the Fund to greater downside risk than traditional convertible securities, but generally less than that of the underlying common stock. The market value of those securities was \$17,182,103 at October 31, 2014, representing approximately 13.9% of net assets.

**(j) Reclassification of Capital Accounts** Accounting principles generally accepted in the United States require that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. At October 31, 2014 the Fund decreased net investment income loss by \$66,771 and decreased accumulated net realized gain on investments by \$66,771.

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BANCROFT FUND LTD. 2014 ANNUAL REPORT TO SHAREHOLDERS

## Notes to Financial Statements (continued)

### NOTE 2 MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

The Fund has entered into an investment advisory agreement with Dinsmore Capital Management Co. ( Dinsmore Capital ). Pursuant to the investment advisory agreement, Dinsmore Capital provides the Fund with investment advice, office space and facilities. Under the terms of the investment advisory agreement, the Fund pays Dinsmore Capital on the last day of each month an advisory fee for such month computed at an annual rate of 0.75% of the first \$100,000,000 and 0.50% of the excess over \$100,000,000 of the Fund's net asset value in such month.

The Fund, pursuant to an administrative services agreement with Dinsmore Capital, has agreed to pay Dinsmore Capital for certain accounting and other administrative services provided to the Fund. Under the administrative services agreement, the Fund pays Dinsmore Capital on the last day of each month a fee for such month computed at an annual rate of 0.05% of the Fund's net asset value in such month.

Certain officers and trustees of the Fund are officers and directors of Dinsmore Capital.

### NOTE 3 PORTFOLIO ACTIVITY

At October 31, 2014, there were 5,242,291 shares of beneficial interest outstanding, with a par value of \$0.01 per share. During the years ended October 31, 2014 and 2013, 28,779 shares and 32,903 shares were issued in connection with reinvestment of dividends from net investment income, resulting in an increase in paid-in capital of \$530,096 and \$540,935, respectively.

During the years ended October 31, 2014 and 2013, the Fund repurchased 154,943 and 6,300 capital shares in the open market at a cost of \$2,968,847 and \$116,718, respectively. The weighted average discount of these purchases comparing the average purchase price to net asset value was 16.32% and 16.52%, respectively.

Purchases and sales of investments, exclusive of corporate short-term notes, aggregated \$51,964,164 and \$52,715,652, respectively, for the twelve months ended October 31, 2014.

#### **NOTE 4 NEW ACCOUNTING PRONOUNCEMENT**

In June 2013, the Financial Accounting Standards Board issued guidance that creates a two-tiered approach to assess whether an entity is an investment company. The guidance will also require an investment company to measure non-controlling ownership interest in other investment companies at fair value and will require additional disclosures relating to investment company status, any changes thereto and information about financial support provided or contractually required to be provided to any of the investment company's investees. The guidance is effective for financial statements with fiscal years beginning on or after December 15, 2013 and interim periods within those fiscal years. Management is evaluating the impact of this guidance on the Funds' financial statement disclosures.

#### **NOTE 5 SUBSEQUENT EVENTS**

In preparing the financial statements as of October 31, 2014, management considered the impact of subsequent events for potential recognition or disclosure in these financial statements.

On November 17, 2014 the Board of Trustees of the Fund adopted a new minimum distribution policy. Pursuant to the new minimum distribution policy, the Fund anticipates making a cumulative annual distribution at a rate equal to at least 5% of the Fund's trailing 12-month average month-end market price. This amount may be adjusted from time to time depending on current market conditions and the projected performance of the Fund. The distribution policy will be subject to regular review by the Board of Trustees. There can be no assurance that the amount of the quarterly distributions will be maintained at levels implemented under the policy or that the new distribution policy will not be discontinued or substantially modified in the future. Implementation of the new minimum distribution policy is subject to completion of any regulatory requirements. Distributions may consist of net investment income, net realized capital gains (although capital gains distributions, if any, will only be made once per year) and/or a return of capital for federal income tax purposes. The Form 1099-DIV that your broker or agent will make available to you by the IRS mailing deadline will specify the taxability of our distributions, and will tell you how to report these distributions for federal income tax purposes.

On November 17, 2014 the Trustees authorized a plan to repurchase up to 3% of the Fund's outstanding shares. On December 18, 2014 the Trustees authorized a change to the plan, increasing it to up to 7% (up to approximately 367,000 shares). This repurchase program follows a prior 3% buyback authorization, adopted in 2013 and completed in 2014. As of December 19, 2014, the Fund had purchased 4,800 shares in the open market at a cost of \$97,490 (approximately 0.1% of the original number of outstanding shares) at an average price of \$20.31 pursuant to the repurchase program. The repurchase of shares had an anti-dilutive effect on the net asset value of less than \$.01 per share. The weighted average discount of these purchases comparing the average purchase price to average net asset value was 13.70%.

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BANCROFT FUND LTD. 2014 ANNUAL REPORT TO SHAREHOLDERS

## **Report of Independent Registered Public Accounting Firm**

**To the Shareholders and Board of Trustees of  
Bancroft Fund Ltd.**

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments of Bancroft Fund Ltd. (the Fund) as of October 31, 2014, and the related statement of operations for the year then ended, the statements of changes in 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. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits 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 and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the

amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2014 by correspondence with the custodian and broker or by other appropriate auditing procedures when replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Bancroft Fund Ltd. as of October 31, 2014, 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 its 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.

TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania  
December 19, 2014

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BANCROFT FUND LTD. 2014 ANNUAL REPORT TO SHAREHOLDERS

## Miscellaneous Notes (unaudited)

### 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, Wall Street Station, New York, NY 10269-0560 (the Plan Agent). You may also obtain information about the Plan, as well as the Plan application, by calling the Plan Agent toll free at (877) 208-9514. 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). For shareholder distributions made with respect to income earned during each of the first three fiscal quarters, when the market price of a share of Fund beneficial shares is lower than such share's net asset value, the Plan Agent will combine the distributions of all Plan participants and purchase shares in the open market, thereby taking advantage of the lower commissions on larger purchases. There is no other charge for this service. For shareholder distributions made with respect to capital gains realized during the fiscal year and income earned during the fourth fiscal quarter, when the market price of a share of Fund shares is lower than such share's net asset value, the Fund will issue shares at the market price.

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 Fund share 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 share 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 the 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 share 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 shares on that date.

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BANCROFT FUND LTD. 2014 ANNUAL REPORT TO SHAREHOLDERS

## Miscellaneous Notes (unaudited)(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 Fund 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 shareholders or former shareholders 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.

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### 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 Fund's 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 of portfolio holdings for the first and third fiscal quarters to shareholders, however, the schedules are available without charge, upon request, by calling (800) 914-1177 or at the Fund's public website, [www.bancroftfund.com](http://www.bancroftfund.com). You may obtain the Form N-Q filings by accessing the SEC's website at [www.sec.gov](http://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.

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### 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 (800) 914-1177, or at the Fund's website at [www.bancroftfund.com](http://www.bancroftfund.com). This information is also available on the SEC's website at [www.sec.gov](http://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.

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### Declared Distribution

A distribution of \$0.142 per share, derived from net investment income, was declared on November 17, 2014, and is payable December 29, 2014 to shareholders of record at the close of business November 28, 2014.



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The Fund is a member of the Closed-End Fund Association (CEFA), a non-profit national trade association ([www.cefa.com](http://www.cefa.com)). Thomas H. Dinsmore, Chairman and Chief Executive Officer of the Fund, is on its executive board.

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

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### BANCROFT FUND LTD. 2014 ANNUAL REPORT TO SHAREHOLDERS

## Trustees

Each trustee is also a trustee of Ellsworth Fund Ltd. (Ellsworth)(a closed-end management investment company). Dinsmore Capital Management Co. (Dinsmore Capital) 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 trustee 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 TRUSTEES

Kinchen C. Bizzell, CFA  
65 Madison Avenue, Suite 550  
Morristown, NJ 07960  
Term expires 2015  
Trustee since 2008 Born 1954

Since August 2013, Managing Director of CAVU Securities (an institutional securities broker-dealer). Formerly Senior Counselor with Burson-Marsteller (a global public relations and communications firm) (2004 to 2013); Trustee of Ellsworth.

Elizabeth C. Bogan, Ph.D.  
65 Madison Avenue, Suite 550  
Morristown, NJ 07960  
Term expires 2015  
Trustee since 1990 Born 1944

Senior Lecturer in Economics at Princeton University; Trustee of Ellsworth.

Daniel D. Harding, CFA  
65 Madison Avenue, Suite 550  
Morristown, NJ 07960  
Term expires 2017  
Trustee since 2007 Born 1952

Since 2008, managing partner of a private investment fund. Prior to 2008, Senior Advisor with Harding Loevner Management LP (an investment advisory firm); director of Tax Receivables Corp., a private asset management company, and a general partner of Latitude Capital Partners, LLC, a private investment firm; member of Legg Mason Investment Counsel, LLC (2010 to 2012); Trustee of Ellsworth.

Nicolas W. Platt  
65 Madison Avenue, Suite 550  
Morristown, NJ 07960  
Term expires 2016  
Trustee since 1997 Born 1953

A private investor; formerly Managing Director of FTI Consulting Inc. (an international consulting company) (2009 to 2011) and Managing Director, Rodman & Renshaw, LLC (2006 to 2009); Trustee of Ellsworth.

#### INTERESTED TRUSTEES

Thomas H. Dinsmore, CFA<sup>(1)</sup>  
65 Madison Avenue, Suite 550  
Morristown, NJ 07960

Chairman and Chief Executive Officer of the Fund, Ellsworth and Dinsmore Capital; Trustee of Ellsworth and Director of Dinsmore Capital.

Term expires 2017  
Trustee since 1985  
Chairman of the Board  
since 1996 Born 1953

Jane D. O'Keefe<sup>(1)</sup>  
65 Madison Avenue, Suite 550  
Morristown, NJ 07960  
Term expires 2016  
Trustee since 1995 Born 1955

President of the Fund and Dinsmore Capital; Executive Vice President of Ellsworth since February 2014;  
President of Ellsworth from 1996 to February 2014; Trustee of Ellsworth and Director of Dinsmore Capital.

- (1) Mr. Dinsmore and Ms. O'Keefe are considered interested persons because they are officers and directors of Dinsmore Capital. They are brother and sister.

BANCROFT FUND LTD. 2014 ANNUAL REPORT TO SHAREHOLDERS

## Principal Officers

The business address of each officer is 65 Madison Avenue, Suite 550, Morristown, NJ 07960. Officers are elected by and serve at the pleasure of the Board of Trustees. Each officer holds office until the annual meeting to be held in 2015, and thereafter until his or her respective successor is duly elected and qualified.

Personal Information	Principal Occupation(s) During Past Five Years
Thomas H. Dinsmore, CFA <sup>(1,2,5)</sup> Trustee, Chairman and Chief Executive Officer since 1983 Born 1953	Chairman and Chief Executive Officer of the Fund, Ellsworth and Dinsmore Capital; Trustee of the Fund and Ellsworth; Director of Dinsmore Capital.
Jane D. O'Keefe <sup>(1,3,5)</sup> Trustee and President Officer since 1994 Born 1955	President of the Fund and Dinsmore Capital; Executive Vice President of Ellsworth since February 2014; President of Ellsworth from 1996 to February 2014; Trustee of the Fund and Ellsworth. Director of Dinsmore Capital.
James A. Dinsmore, CFA <sup>(2,3)</sup> Executive Vice President Officer since 2007 Born 1982	Executive Vice President of the Fund and Dinsmore Capital since January 2013; President of Ellsworth since February 2014; Executive Vice President of Ellsworth from January 2013 to February 2014; Vice President of the Fund, Ellsworth and Dinsmore Capital from 2009 through 2012; Director of Dinsmore Capital.
Gary I. Levine <sup>(4)</sup> Executive Vice President, Chief Financial Officer and Secretary Officer since 1986 Born 1957	Executive Vice President, Chief Financial Officer and Secretary of the Fund, Ellsworth and Dinsmore Capital.
H. Tucker Lake, Jr. <sup>(5)</sup> Vice President Officer since 1994 Born 1947	Vice President of the Fund, Ellsworth and Dinsmore Capital.
Germaine M. Ortiz <sup>(4)</sup> Vice President	Vice President of the Fund, Ellsworth and Dinsmore Capital.

Officer since 1998

Born 1969

Mercedes A. Pierre

Vice President and Chief Compliance Officer of the Fund, Ellsworth and Dinsmore Capital.

Vice President and

Chief Compliance Officer

Officer since 1997

Born 1961

- (1) Mr. Thomas Dinsmore and Ms. O Keefe are brother and sister.
- (2) Mr. Thomas Dinsmore is the father of Mr. James Dinsmore.
- (3) Ms. O Keefe is the aunt of Mr. James Dinsmore.
- (4) Ms. Ortiz is the first cousin of Mr. Levine's wife.
- (5) Mr. Lake is the first cousin of Mr. Thomas Dinsmore and Ms. O Keefe.

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***Board of Trustees***

KINCHEN C. BIZZELL, CFA

ELIZABETH C. BOGAN, Ph.D.

THOMAS H. DINSMORE, CFA

DANIEL D. HARDING, CFA

JANE D. O KEEFFE

NICOLAS W. PLATT

***Officers***

THOMAS H. DINSMORE, CFA

*Chairman of the Board*

*and Chief Executive Officer*

JANE D. O KEEFFE

*President*

JAMES A. DINSMORE, CFA

*Executive Vice President*

GARY I. LEVINE

*Executive Vice President, Chief Financial Officer*

*and Secretary*

H. TUCKER LAKE, JR.

***Internet***

www.bancroftfund.com

email: info@bancroftfund.com

***Shareholder Services and Transfer Agent***

American Stock Transfer & Trust Company, LLC

6201 15th Avenue

Brooklyn, NY 11219

(877) 208-9514

www.amstock.com

***Investment Adviser***

Dinsmore Capital Management Co.

65 Madison Avenue, Suite 550

Morristown, NJ 07960

(973) 631-1177

***Custodian of Securities***

Brown Brothers Harriman & Co.

***Beneficial Share Listing***

NYSE MKT Exchange Symbol: BCV

***Legal Counsel***

Ballard Spahr LLP

*Vice President*

***Independent Registered Public Accounting Firm***

Tait, Weller & Baker LLP

GERMAINE M. ORTIZ

*Vice President*

MERCEDES A. PIERRE

*Vice President and Chief Compliance Officer*

JUDITH M. DOUGHERTY

*Assistant Vice President and Assistant Secretary*

JOANN VENEZIA

*Assistant Vice President*

BANCROFT FUND LTD.  
65 MADISON AVENUE, SUITE 550  
MORRISTOWN, NEW JERSEY 07960  
www.bancroftfund.com

ITEM 2. CODE OF ETHICS.

On April 16, 2007, the Board of Trustees of Bancroft Fund Ltd. (the Fund) adopted a code of ethics that applies to the Fund's principal executive officer (the CEO) and principal financial officer (the CFO). The code of ethics is available on the Fund's website at www.bancroftfund.com. Since the code of ethics was adopted, there have been no amendments to it nor have any waivers from any of its provisions been granted.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The Board of Trustees of the Fund has determined that Trustee and Audit Committee Chair, Daniel D. Harding, who is independent as such term is used in Form N-CSR, possesses the attributes required to be considered an audit committee financial expert under applicable federal securities laws.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Set forth in the table below are the aggregate fees billed to the Fund by its principal accountant, Tait, Weller & Baker LLP (Tait Weller), for professional services rendered to the Fund during the Fund's last two fiscal years ended October 31, 2013 and 2014.

Fiscal Year-End October 31	Audit Fees (1)	Audit-Related Fees (2)	Tax Fees (3)	All Other Fees
2013	\$37,500	\$ 0	\$3,500	\$0
2014	\$38,500	\$ 0	\$3,600	\$0

(1) The Fund's Audit Committee pre-approves all Audit Fees, without exception.

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- (2) The Fund's Audit Committee pre-approves all Audit-Related Fees, with exceptions. For the Fund's last two fiscal years ended October 31, 2013 and 2014, no Audit-Related Fees were approved by the Fund's Audit Committee pursuant to Rule 2-01(c)(7)(i)(C) of Regulation S-X, which waives the pre-approval requirement for certain *de minimis* fees.
- (3) Tax Fees include those fees billed by Tait Weller in connection with its review of the Fund's income tax returns for fiscal years 2013 and 2014. The Fund's Audit Committee pre-approves all Tax Fees, with exceptions. For the Fund's last two fiscal years ended October 31, 2013 and 2014, no Tax Fees were approved by the Fund's Audit Committee pursuant to Rule 2-01(c)(7)(i)(C) of Regulation S-X, which waives the pre-approval requirement for certain *de minimis* fees.

### Non-Audit Services

During each of the last two fiscal years ended October 31, 2013 and 2014, Tait Weller did not provide any non-audit services to the Fund, with the exception of the services for which the Fund paid the Tax Fees noted above. Tait Weller did not provide any non-audit services to the Fund's investment adviser, Dinsmore Capital Management Co. ( Dinsmore Capital ) or its affiliates or otherwise bill the Fund or Dinsmore Capital or its affiliates for any such non-audit services.

### Audit Committee Pre-Approval Policies and Procedures

The Audit Committee pre-approves all audit and permissible non-audit services that are proposed to be provided to the Fund by its independent registered public accountant before they are provided to the Fund. Such pre-approval also includes the proposed fees to be charged by the independent registered public accountant for such services. The Audit Committee may delegate the pre-approval of audit and permissible non-audit services and related fees to one or more members of the Audit Committee who are independent, as such term is used in Form N-CSR. Any such member's decision to pre-approve audit and/or non-audit services and related fees is presented to the full Audit Committee, solely for informational purposes, at its next scheduled meeting.

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The Audit Committee also pre-approves non-audit services to be provided by the Fund's independent registered public accountant to the Fund's investment adviser if the engagement relates directly to the operations and financial reporting of the Fund and if the Fund's independent registered public accountant is the same as, or affiliated with, the investment adviser's independent registered public accountant.

### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

(a) The Fund has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act ), and the members of such committee are:

KINCHEN C. BIZZELL

ELIZABETH C. BOGAN, PH.D.

DANIEL D. HARDING (Chair)

(b) Not applicable.

### ITEM 6. INVESTMENTS.

The Schedule of Investments in securities of unaffiliated issuers as of October 31, 2014 is included as part of the report to shareholders, filed under Item 1 of this certified shareholder report on Form N-CSR.

### ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Bancroft Fund Ltd.  
Ellsworth Fund Ltd.  
Dinsmore Capital Management Co.

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## Proxy Voting Guidelines

(Amended July 19, 2012)

These proxy voting guidelines have been adopted by the Boards of Trustees of Bancroft Fund Ltd. and Ellsworth Fund Ltd. (collectively, the Funds ), as well as by the Board of Directors of Dinsmore Capital Management Co. ( Dinsmore ).

The Boards of Trustees of the Funds have delegated to Dinsmore responsibility for voting proxies received by the Funds in their capacities as shareholders of various companies. The Boards recognize that, due to the nature of the Funds' investments, the Funds do not receive proxies on many of their holdings.

Dinsmore exercises its voting responsibility with the overall goal of maximizing the value of the Funds' investments. The portfolio managers at Dinsmore oversee the voting policies and decisions for the Funds. In evaluating voting issues, the portfolio managers may consider information from many sources, including management of a company presenting a proposal, shareholder groups, research analysts, and independent proxy research services.

Set forth below are the proxy voting guidelines:

### **A. Matters Related to the Board of Directors**

1. The Funds generally will support the election of nominees recommended by management for election as directors. In determining whether to support a particular nominee, Dinsmore will consider whether the election of such nominee will cause the board of directors of such nominee's company to have less than a majority of independent directors.

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2. The Funds generally will support proposals to de-classify boards of directors if fewer than 66 2/3% of the directors are independent, and will generally vote against proposals to classify boards of directors.

3. The Funds generally will withhold a vote in favor of a director who has served on a committee which has approved excessive compensation arrangements or proposed equity-based compensation plans that unduly dilute the ownership interests of stockholders.

### **B. Matters Related to Independent Auditors**

1. The Funds generally will vote in favor of independent accountants approved by an issuer. Prior to such vote, however, Dinsmore will take into consideration whether non-audit fees make up more than 50 to 75% of the total fees paid by such issuer to the independent auditors, and the nature of the non-audit services provided.

### **C. Corporate Governance Matters**

1. Except as provided in Section E.1, as a general rule, the Funds will vote against proposals recommended by management of a company that are being made primarily to implement anti-takeover measures, and will vote in favor of proposals to eliminate policies that are primarily intended to act as anti-takeover measures.

2. Subject to the other provisions of these guidelines, including without limitation provision C.1. above, the Funds generally will vote in accordance with management's recommendations regarding routine matters, including the following:

- a. Fixing number of directors;
- b. Stock splits; and
- c. Change of state of incorporation for specific corporate purposes.

### **D. Matters Related to Equity-Based Compensation Plans**

1. The Fund generally will vote in favor of broad-based stock option plans for executives, employees or directors which would not increase the aggregate number of shares of stock available for grant under all currently active plans to over 10% of the total number of shares outstanding.

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2. The Funds generally will vote in favor of employee stock purchase plans and employee stock ownership plans permitting purchase of company stock at 85% or more of fair market value.

### **E. Other Matters**

1. Contested situations will be evaluated on a case by case basis by the portfolio manager or analyst at Dinsmore principally responsible for the particular portfolio security.
  2. The Funds may, in their discretion, abstain from voting shares that have been recently sold.
  3. The Funds generally will abstain from voting on issues relating to social and/or political responsibility.
  4. Proposals that are not covered by the above-stated guidelines will be evaluated on a case by case basis by the portfolio manager or analyst at Dinsmore principally responsible for the particular portfolio security.
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### **F. Material Conflicts of Interest**

1. Conflicts of interest may arise from time to time between Dinsmore and the Funds. Examples of conflicts of interests include:
  - a. Dinsmore may manage a pension plan, administer employee benefit plans, or provide services to a company whose management is soliciting proxies;
  - b. Dinsmore or its officers or directors may have a business or personal relationship with corporate directors, candidates for directorships, or participants in proxy contests;
  - c. Dinsmore may hold a position in a security contrary to shareholder interests.
2. If a conflict of interest arises with respect to a proxy voting matter, the portfolio manager will promptly notify the Funds' Audit Committee and counsel for independent trustees and the proxies will be voted in accordance with direction received from the Audit Committee.

### **G. Amendments**

1. Any proposed material amendment to these Guidelines shall be submitted for review and approval to:
  - a. the Funds' Board of Trustees, including a majority of the disinterested trustees; and
  - b. the Adviser's Board of Directors.
2. Non-material amendments to these Guidelines may be made by the Chair of the Funds, upon consultation with counsel to the Funds and the Funds' Chief Compliance Officer, and will be reported to the Funds' Board of Trustees at their next scheduled in-person meeting.

## **ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.**

(a) (1) As of January 2, 2015, Mr. Thomas H. Dinsmore, Chairman and Chief Executive Officer, Ms. Jane D. O'Keefe, President and Mr. James A. Dinsmore, Executive Vice President, comprise the three-person portfolio management team of the Fund. Mr. Thomas H. Dinsmore has served as portfolio manager since 1996. Mr. James Dinsmore and Ms. O'Keefe have served as portfolio managers since 2011. Mr. Thomas H. Dinsmore is the lead member of the portfolio management team.

Since 1996, Ms. O'Keefe has served as President of the Fund and of Dinsmore Capital (the Advisor), as well as Managing Director of Research for the Advisor. Mr. James A. Dinsmore has served as Executive Vice President of the Fund and of the Advisor since January 2013. Prior to this he served as Vice President of the Fund and the Advisor from 2009 through 2012. He has also been a research analyst for the Advisor since 2004.

Messrs. Thomas H. Dinsmore and James A. Dinsmore and Ms. O'Keefe receive investment recommendations from a team of research analysts prior to making investment decisions about transactions in the portfolio. Generally, the co-portfolio managers make decisions jointly about any

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transactions in the Fund's portfolio, but each co-portfolio manager may do so independently as well.

(2) The portfolio management team comprised of Mr. Thomas H. Dinsmore, Mr. James A. Dinsmore and Ms. Jane D. O'Keefe is also primarily responsible for the day-to-day management of one registered investment company, Ellsworth Fund Ltd. ( Ellsworth ), with total assets of \$137,161,845 as of December 26, 2014. The portfolio management team does not manage any accounts or assets with performance-based advisory fees. Mr. Thomas Dinsmore is Chairman and Chief Executive Officer, Mr. James Dinsmore is President and Ms. O'Keefe is Executive Vice President of Ellsworth. This information is as of January 2, 2015. The Fund and Ellsworth have similar investment objectives and strategies. As a

result, material conflicts of interest may arise between the two funds if a security is not available in a sufficient amount to fill open orders for both funds. To deal with these situations, Trade Allocation Procedures (the Allocation Procedures ) have been adopted by the investment adviser for the Fund and Ellsworth. The Allocation Procedures set forth a method to allocate a partially filled order among the funds. Pursuant to the method, the amount of shares that each fund purchases is allocated *pro rata* based on the dollar amount of each fund's intended trade or, if the order is subject to a minimum lot size, as closely as possible to such an allocation.

The Allocation Procedures permit Dinsmore Capital to allocate an order in a way that is different from the method set forth above if (i) each fund is treated fairly and equitably and neither fund is given preferential treatment, and (ii) the allocation is reviewed by the chief compliance officer of Dinsmore Capital.

(3) This information is as of January 2, 2015. The Portfolio Management team is compensated by Dinsmore Capital through a three-component plan, consisting of a fixed base salary, annual cash bonus, and benefit retirement plan. Their compensation is reviewed and approved by Dinsmore Capital's Board of Directors annually. Their compensation may be adjusted from year to year based on the perception of Dinsmore Capital's Board of Directors of the team's overall performance and their management responsibilities. Their compensation is not based on (i) a formula specifically tied to the performance of the Fund or Ellsworth, including performance against an index or (ii) the value of assets held in the Fund's portfolio.

(4) As of January 2, 2015, Mr. Thomas Dinsmore's beneficial ownership in the Fund's shares was in the range of \$100,001-\$500,000. Ms. O'Keefe's beneficial ownership in the Fund's shares was in the range of \$100,001-\$500,000. Mr. James Dinsmore's beneficial ownership in the Fund's shares was in the range of \$50,001-\$100,000.

### ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

During the period covered by this report, the following purchases were made by or on behalf of the Fund as defined in Rule 10b-18(a)(3) under the Exchange Act (17 CFR 240.10b-18(a)(3)), of shares or other units of any class of the Fund's equity securities registered by the Fund pursuant to Section 12 of the Exchange Act (15 U.S.C. 78l):

#### REGISTRANT PURCHASES OF EQUITY SECURITIES

Period	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans or programs*	(d) Maximum number of shares that may yet be purchased under the plans or programs*
November 1 through November 30, 2013	19,647	\$ 18.48	19,647	135,296
December 1 through December 31, 2013	22,204	\$ 18.34	22,204	113,092
January 1 through January 31, 2014	36,701	\$ 18.90	36,701	76,391
February 1 through February 28, 2014	26,082	\$ 19.41	26,082	50,309
March 1 through March 31, 2014	37,622	\$ 19.83	54,813	12,687



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April 1 through April 30, 2014	12,687	\$ 19.63	15,836
Total	154,943	\$ 19.10	154,943

\*On October 21, 2013, the Board of Trustees approved a share repurchase plan (the Repurchase Plan). Under the

Repurchase Plan, the Fund may purchase, in the open market, up to 3% of its outstanding shares (up to 161,243 shares, based on shares of beneficial interest outstanding as of October 21, 2013).

### ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which shareholders may recommend nominees to the Fund's Board of Trustees since those procedures were last disclosed in response to the requirements of Item 407(c)(2)(iv) of Regulation S-K (17 CFR 229.407) (as required by Item 22(b)(15) of Schedule 14A (17 CFR 240.14a-101)), or Item 10 of this Form N-CSR.

### ITEM 11. CONTROLS AND PROCEDURES.

Conclusions of principal officers concerning the effectiveness of controls and procedures:

(a) As of December 10, 2014, an evaluation was performed under the supervision and with the participation of the officers of the Fund, including the PEO and the PFO, to assess the effectiveness of the Fund's disclosure controls and procedures, as that term is defined in Rule 30a-3(c) (17 CFR 270.30a-3(c)) under the Investment Company Act of 1940, as amended (the Act). Based on that evaluation, as required by Rule 30a-3(b) under the Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Exchange Act (17 CFR 240.13a-15(b) or 240.15d-15(b)), the Fund's officers, including the PEO and PFO, concluded that, as of December 10, 2014, the Fund's disclosure controls and procedures were reasonably designed so as to ensure: (1) that information required to be disclosed by the Fund on Form N-CSR is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Securities and Exchange Commission and (2) that material information relating to the Fund is made known to the PEO and PFO as appropriate to allow timely decisions regarding required disclosure.

(b) There have been no changes in the Fund's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d))) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Fund's internal control over financial reporting.

### ITEM 12. EXHIBITS.

(a) (1) Not applicable. See the Fund's response to Item 2, above.

(a) (2) Certifications of the principal executive officer and the principal financial officer pursuant to Rule 30a-2(a) under the Act (17 CFR 270.30a-2(a)), are attached hereto.

(a) (3) There were no written solicitations to purchase securities under Rule 23c-1 under the Act (17 CFR 270.23c-1) sent or given during the period covered by the report by or on behalf of the Fund to ten or more persons.

(b) Certifications of the principal executive officer and the principal financial officer, as required by Rule 30a-2(b) under the Act (17 CFR 270.30a-2(b)), Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act (17 CFR 240.13a-14(b) or 240.15d-14(b)), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) are attached hereto.

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

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Bancroft Fund Ltd.

By: /s/ Thomas H. Dinsmore  
Thomas H. Dinsmore  
Chairman of the Board and  
Chief Executive Officer  
(Principal Executive Officer)

Date: January 2, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Thomas H. Dinsmore  
Thomas H. Dinsmore  
Chairman of the Board and  
Chief Executive Officer  
(Principal Executive Officer)

Date: January 2, 2015

By: /s/ Gary I. Levine  
Gary I. Levine  
Chief Financial Officer  
(Principal Financial Officer)

Date: January 2, 2015

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