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BANCROFT CONVERTIBLE FUND INC  
Form N-Q  
March 30, 2005

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-2151  
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BANCROFT CONVERTIBLE FUND, INC.

-----  
(Exact name of registrant as specified in charter)

65 Madison Avenue, Morristown, New Jersey 07960-7308  
-----

(Address of principal executive offices) (Zip code)

Thomas H. Dinsmore  
Bancroft Convertible Fund, Inc.  
65 Madison Avenue  
Morristown, New Jersey 07960-7308  
(Name and address of agent for service)

Copy to:  
Martha J. Hays, Esq.  
Ballard Spahr Andrews & Ingersoll, LLP  
1735 Market Street  
Philadelphia, PA 19103-7599

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

Date of fiscal year end: October 31

Date of reporting period: January 31, 2005

ITEM 1. SCHEDULE OF INVESTMENTS.

PORTFOLIO OF INVESTMENTS JANUARY 31, 2005 (UNAUDITED)

Principal Amount -----		Value (Note 1) -----
	CONVERTIBLE BONDS AND NOTES -- 52.9%	
	AEROSPACE AND DEFENSE -- 1.3%	
\$1,500,000	The Goldman Sachs Group, Inc. 1% 2009 exh. equity-linked notes (Aa3) (exch. for General Dynamics Corp. common stock) (1).....	\$ 1,490,9 -----
	AUTOMOTIVE -- 2.4%	
1,000,000	American Axle & Manufacturing Holdings, Inc. 2% 2024 cv. sr. notes	

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	(Baa3) (1).....	861,8
3,500,000	Lear Corp. 0% 2022 cv. sr. notes (Baa3).....	1,699,6
163,000	Titan International, Inc. 5.25% 2009 sr. cv. notes (NR).....	215,9
		-----
		2,777,4
		-----
	BANKING/SAVINGS AND LOAN -- 2.7%	
2,078,000	The Bear Stearns Companies, Inc. 0.25% 2010 medium-term notes (A1) (exch. for Fifth Third Bancorp common stock) (1).....	1,894,7
1,250,000	Ocwen Financial Corp. 3.25% 2024 contingent cv. sr. unsecured notes (B-) (Acquired 07/22/04 - 09/27/04; Cost \$1,263,750) (2).....	1,239,0
		-----
		3,133,8
		-----
	CONSUMER GOODS -- 1.6%	
1,375,000	Church & Dwight Co., Inc. 5.25% 2033 cv. sr. deb. (Ba2).....	1,824,7
		-----
	DATA-PROCESSING SERVICES -- 1.8%	
1,000,000	Open Solutions, Inc. 1.4673% 2035 sr. sub. cv. notes (NR) (Acquired 01/28/05; Cost \$533,560) (2).....	571,8
1,500,000	Pegasus Solutions, Inc. 3.875% 2023 cv. sr. notes (NR).....	1,393,5
125,000	Per-Se Technologies, Inc. 3.25% 2024 cv. sub. deb. (B-) (Acquired 06/24/05 - 06/25/04; Cost \$129,063) (2).....	138,5
		-----
		2,103,9
		-----
	ELECTRICAL SUPPLIES -- 1.1%	
1,500,000	Graftech International Ltd. 1.625% 2024 cv. sr. deb. (B2)	1,293,7
		-----
	ENERGY -- 6.2%	
1,500,000	CMS Energy Corp. 2.875% 2024 cv. sr. notes (B1) .....	1,497,6
3,000,000	Devon Energy Corp. 0% 2020 cv. sr. deb. (BBB) .....	1,685,6
1,900,000	Kerr-McGee Corp. 5.25% 2010 cv. sub. deb. (Bal) .....	2,003,4
750,000	OMI Corp. 2.875% 2024 cv. sr. notes (B+) .....	729,3
2,000,000	Weatherford International Ltd. 0% 2020 cv. sr. deb. (Baal) .....	1,286,9
		-----
		7,203,0
		-----
	ENTERTAINMENT -- 3.3%	
1,250,000	Citadel Broadcasting Corp. 1.875% 2011 cv. sub. notes (NR) .....	1,077,2
2,500,000	The Walt Disney Company 2.125% 2023 cv. sr. notes (Baal) .....	2,796,8
		-----
		3,874,0
		-----
	FINANCIAL AND INSURANCE -- 2.7%	
2,000,000	Leucadia National Corp. 3.75% 2014 cv. sr. sub. notes (Ba3) .....	2,120,0
1,000,000	Swiss Re America Holding Corp. 3.25% 2021 euro. sub. cv. bonds (A1) (conv. into Swiss Reinsurance Company common stock) (Acquired 11/15/01 - 12/05/01; Cost \$1,007,750) (2) .....	964,1
		-----
		3,084,1
		-----

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PORTFOLIO OF INVESTMENTS JANUARY 31, 2005 (CONTINUED)

Principal

Value

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Amount		(Note 1)
	CONVERTIBLE BONDS AND NOTES -- (CONTINUED)	
	HEALTH CARE -- 4.3%	
\$1,500,000	Community Health Systems, Inc. 4.25% 2008 cv. sub. notes (B3) .....	\$1,567,0
1,000,000	Isolagen, Inc. 3.5% 2024 cv. sub. notes (NR) (Acquired 10/29/04 - 11/01/04; Cost \$1,020,000) (2) .....	1,052,5
1,000,000	LifePoint Hospitals, Inc. 4.5% 2009 cv. sub. notes (B3) .....	1,021,5
1,125,000	Mentor Corp. 2.75% 2024 cv. sub. notes (NR) .....	1,350,0
		4,991,0
	METALS -- 0.8%	
1,000,000	Ryerson Tull, Inc. 3.5% 2024 cv. sr. notes (NR) (Acquired 11/05/04 - 12/09/04; Cost \$1,020,000) (2) .....	960,6
	MULTI-INDUSTRY -- 0.9%	
1,000,000	Lehman Brothers Holdings, Inc. 1% 2011 medium-term notes (A) (performance linked to Cendant Corp. common stock) (1) .....	1,002,5
	OFFICE EQUIPMENT -- 1.5%	
1,750,000	IOS Capital, LLC 5% 2007 cv. sub. notes (Ba3) (exch. for IKON Office Solutions, Inc. common stock) (Acquired 05/08/02 - 06/02/03; Cost \$1,746,250) (2) .....	1,779,5
	PHARMACEUTICALS -- 7.1%	
2,000,000	Alza Corp. 0% 2020 cv. sub. deb. (Aa1) (exch. for Johnson & Johnson common stock) .....	1,783,7
2,000,000	Amgen, Inc. 0% 2032 LYONs (A2) (1) .....	1,481,2
1,500,000	Impax Laboratories, Inc. 1.25% 2024 cv. sr. sub. deb. (NR) .....	1,379,2
500,000	Ivax Corp. 4.5% 2008 cv. sr. sub. notes (NR) .....	498,7
1,250,000	Ivax Corp. 1.5% 2024 cv. sr. notes (NR) (1) .....	1,163,9
1,000,000	Teva Pharmaceutical Finance II, LLC series A 0.5% 2024 cv. sr. deb. (BBB) (exch. for ADR representing Teva Pharmaceutical Industries Ltd. common stock) .....	985,0
1,000,000	Teva Pharmaceutical Finance II, LLC series B 0.25% 2024 cv. sr. deb. (BBB) (exch. for ADR representing Teva Pharmaceutical Industries Ltd. common stock) .....	990,0
		8,281,9
	RETAIL -- 4.4%	
1,250,000	Casual Male Retail Group, Inc. 5% 2024 cv. sr. sub. notes (NR) .....	1,126,5
1,000,000	Charming Shoppes, Inc. 4.75% 2012 sr. cv. notes (B2) .....	1,111,8
1,000,000	Dick's Sporting Goods, Inc. 1.6061% 2024 sr. cv. notes (B) .....	749,1
2,400,000	The TJX Companies, Inc. 0% 2021 LYONs (Baal) .....	2,088,0
		5,075,5
	TECHNOLOGY -- 4.8%	
1,000,000	Advanced Micro Devices, Inc. 4.75% 2022 cv. sr. deb. (B3) (1) .....	1,018,7
1,191,000	Conexant Systems, Inc. 5.25% 2006 cv. sub. notes (NR) .....	1,170,1
2,378,000	Hewlett-Packard Co., Inc. 0% 2017 LYONs (Baal) .....	1,349,5
2,000,000	International Rectifier Corp. 4.25% 2007 cv. sub. notes (B2) .....	1,987,5
		5,525,9

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PORTFOLIO OF INVESTMENTS JANUARY 31, 2005 (CONTINUED)

Principal Amount		Value (Note 1)
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	CONVERTIBLE BONDS AND NOTES -- (CONTINUED)	
	TELECOMMUNICATIONS -- 6.0%	
\$1,500,000	Comverse Technology, Inc. 0% 2023 ZYPS (BB-) (3) .....	\$ 2,016,9
1,000,000	Lucent Technologies, Inc. 2.75% 2023 series A cv. sr. deb. (B2) .....	1,245,1
500,000	Lucent Technologies, Inc. 2.75% 2025 series B cv. sr. deb. (B2) .....	655,8
1,250,000	Nortel Networks Corp. 4.25% 2008 cv. sr. notes (B3) .....	1,203,9
750,000	Tekelec, Inc. 2.25% 2008 sr. sub. cv. notes (NR) .....	893,4
1,000,000	UTStarcom, Inc. 0.875% 2008 cv. notes (NR) .....	993,7
		-----
		7,009,0
		-----
	TOTAL CONVERTIBLE BONDS AND NOTES .....	\$61,412,0
		-----
	Shares	
	-----	
	CONVERTIBLE PREFERRED STOCKS -- 20.6%	
	AUTOMOTIVE -- 1.1%	
50,000	General Motors Corp. 6.25% 2033 series C cv. sr. deb. (Baa2) .....	1,260,0
		-----
	BANKING/SAVINGS AND LOAN -- 6.3%	
17,500	Commerce Capital Trust II 5.95% cv. trust pfd. (Baa1) (exch. for Commerce Bancorp, Inc. common stock) .....	1,040,1
40,000	National Australia Bank Ltd. 7.875% exch. capital units (NR) .....	1,544,0
20,000	New York Community Bancorp, Inc. 6% BONUSSES units (Baa2) .....	1,058,4
35,000	Sovereign Capital Trust IV 4.375% PIERS (Ba1) (exch. for Sovereign Bancorp, Inc. common stock) (1) .....	1,732,5
35,000	Washington Mutual Capital Trust PIERS units (Baa1) (exch. for Washington Mutual, Inc. common stock) .....	1,911,8
		-----
		7,286,9
		-----
	ENERGY -- 3.1%	
1,550	Chesapeake Energy Corp. 4.125% cum. cv. pfd. (NR) .....	1,873,5
20,000	The Williams Companies, Inc. 5.5% 2033 jr. sub. cv. deb. (B-) .....	1,721,2
		-----
		3,594,8
		-----
	ENTERTAINMENT -- 2.4%	
22,500	Emmis Communications Corp. 6.25% series A cum. cv. pfd. (Caal) .....	1,009,6
1,750	Radio One, Inc. 6.5% HIGH TIDES (B3) .....	1,771,8
		-----
		2,781,5
		-----
	FINANCIAL AND INSURANCE -- 4.8%	

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20	Fannie Mae 5.375% non-cumulative cv. pfd. (Aa3) .....	2,072,5
20,000	Reinsurance Group of America, Inc. 5.75% PIERS (Baa2) .....	1,215,0
100,000	The St. Paul Travelers Companies, Inc. 4.5% 2032 cv. jr. sub. notes (Baa1) .....	2,307,5
		-----
		5,595,0
		-----
	HEALTH CARE -- 1.3%	
29,000	Omnicare Capital Trust I 4% PIERS (Ba3) (exch. for Omnicare, Inc. common stock) (1) .....	1,457,2
		-----
	MINING -- 1.6%	
2,000	Freeport-McMoRan Copper and Gold, Inc. 5.5% cv. perpetual pfd. (B-) ...	1,909,3
		-----
	TOTAL CONVERTIBLE PREFERRED STOCKS .....	\$23,884,9
		-----

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PORTFOLIO OF INVESTMENTS JANUARY 31, 2005 (CONTINUED)

Principal Amount		Value (Note 1)
-----		-----
	MANDATORY CONVERTIBLE SECURITIES -- 16.9% (4)	
	CONSUMER GOODS -- 1.8%	
50,000 shs	Constellation Brands, Inc. dep. shs. representing 5.75% series A mand. cv. pfd. (B) .....	\$ 2,032,0
		-----
	ENERGY -- 2.7%	
20,000 shs	Amerada Hess Corp. 7% mand. cv. pfd. ACES (Ba3) .....	1,547,0
30,000 shs	Valero Energy Corp. 2% mand. cv. pfd. (BB+) .....	1,553,9
		-----
		3,100,9
		-----
	FINANCIAL AND INSURANCE -- 3.6%	
15,000 shs	The Chubb Corp. 7% 2005 equity units (A) (1) .....	421,5
54,000 shs	The Chubb Corp. 7% 2006 equity units (A2) (1) .....	1,545,4
40,000 shs	Platinum Underwriters Holdings, Ltd. 7% equity security units (NR) (1).	1,161,4
45,000 shs	XL Capital, Ltd. 6.5% equity security units (A2) .....	1,093,8
		-----
		4,222,2
		-----
	FOODS -- 1.8%	
40,000 shs	Albertson's, Inc. 7.25% HITS units (Baa2) (1) .....	981,6
40,000 shs	Lehman Brothers Holdings, Inc. 6.25% PIES (A) (exch. for General Mills, Inc. common stock) .....	1,120,0
		-----
		2,101,6
		-----

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	PHARMACEUTICALS -- 2.8%	
31,500 shs	Baxter International, Inc. 7% equity units (Baa1) (1) .....	1,719,5
30,000 shs	Schering-Plough Corp. 6% mand. cv. pfd. (Baa3) .....	1,548,0
		3,267,5
	TECHNOLOGY -- 3.1%	
105,550 shs	The Goldman Sachs Group, Inc. 7.5% mand. exch. notes (Aa3) (exch. for EMC Corp. common stock) .....	1,407,7
36,395 shs	The Goldman Sachs Group, Inc. 5.625% mand. exch. notes (Aa3) (exch. for Intel Corp. common stock) .....	827,1
\$2,000,000	Lehman Brothers Holdings, Inc. 6% 2005 YEELDS (A) (performance linked to LSI Logic Corp. common stock) .....	1,365,0
		3,599,8
	UTILITIES -- 1.1%	
50,000 shs	DTE Energy Co. 8.75% equity security units (BBB-) (1) .....	1,317,0
	TOTAL MANDATORY CONVERTIBLE SECURITIES (4) .....	\$19,641,2
	SHORT-TERM SECURITIES -- 4.2%	
	COMMERCIAL PAPER -- 4.2%	
4,900,000	American Express Credit Corp. (P1) (2.2% maturing 02/01/05) .....	4,898,8

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PORTFOLIO OF INVESTMENTS JANUARY 31, 2005 (CONTINUED)

Principal Amount -----		Value (Note 1) -----
	SHORT-TERM SECURITIES -- (CONTINUED)	
\$11,000	U.S. GOVERNMENT OBLIGATIONS -- 0.0% U.S. Treasury notes 1.625% 04/30/05 (Aaa) (5) .....	\$ 10,9
	TOTAL SHORT-TERM SECURITIES .....	4,909,7
	TOTAL CONVERTIBLE BONDS AND NOTES -- 52.9% .....	61,412,0
	TOTAL CONVERTIBLE PREFERRED STOCKS -- 20.6% .....	23,884,9
	TOTAL MANDATORY CONVERTIBLE SECURITIES -- 16.9% .....	19,641,2
	TOTAL SHORT-TERM SECURITIES -- 4.2% .....	4,909,7
	TOTAL INVESTMENTS -- 94.6% .....	109,848,0
	OTHER ASSETS AND LIABILITIES, NET -- 5.4% .....	6,250,2
	TOTAL NET ASSETS -- 100.0% .....	116,098,3

=====

- (1) Contingent payment debt instrument. See Note 1(b) below.
- (2) Security not registered under the Securities Act of 1933, as amended (e.g., the security was purchased in a Rule 144A transaction). The security may be resold only pursuant to an exemption from registration under the 1933 Act, typically to qualified institutional buyers. The Fund generally has no rights to demand registration of such securities. The aggregate market value of these unregistered securities at January 31, 2005 was \$6,706,288, which represented 5.8% of the Fund's net assets.
- (3) Non-income producing security.
- (4) Mandatory convertible. See Note 1(e) below.
- (5) Collateral for a letter of credit.

ACES	Automatic Convertible Equity Securities.
ADR	American Depositary Receipts.
BONUSES	Bifurcated Option Note Unit Securities.
HIGH TIDES	Remarketable Term Income Deferrable Equity Securities.
HITS	Hybrid Income Term Securities.
LYONS	Liquid Yield Option Notes.
PIES	Premium Income Exchangeable Securities.
PIERS	Preferred Income Equity Redeemable Securities.
YEELDS	Yield Enhanced Equity Linked Debt Securities.
ZYPS	Zero Yield Puttable Securities.

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

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Notes to Financial Statements (unaudited)

1. Significant Accounting Policies

Bancroft Convertible Fund, Inc. (the "Fund"), established in 1971, is registered under the Investment Company Act of 1940 as a diversified, closed-end management investment company. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements:

(a) Security Valuation

Investments in securities traded on a national securities exchange are valued at market using the last reported sales price as of the close of regular trading. Unlisted securities traded in the over-the-counter market and listed securities for which no sales were reported, are valued at the mean between closing reported bid and asked prices as of the close of regular trading. Securities for which quotations are not readily available, restricted securities and other assets are valued at fair value as determined in good faith by management with the approval of the Board of Directors. Short-term debt securities with original maturities of 60 days or less are valued at amortized cost.

(b) Securities Transactions and Related Investment Income

Security transactions are accounted for on the trade date (date the order to buy or sell is executed) with gain or loss on the sale of securities being determined based upon identified cost. Dividend income is recorded on the ex-

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dividend date and interest income is recorded on the accrual basis, including accretion of discounts and amortization of non-equity premium. For certain securities, known as "contingent payment debt instruments," Federal tax regulations require the Fund to record non-cash, "contingent" interest income in addition to interest income actually received. Contingent interest income amounted to approximately 3 cents per share for the quarter ended January 31, 2005. In addition, Federal tax regulations require the Fund to reclassify realized gains on contingent payment debt instruments to interest income. At January 31, 2005 there were unrealized losses of approximately 7 cents per share on contingent payment debt instruments.

### (c) Federal Income Taxes

The Fund's policy is to distribute substantially all of its taxable income within the prescribed time and to otherwise comply with the provisions of the Internal Revenue Code applicable to regulated investment companies. Therefore, no provision for federal income or excise taxes is believed necessary.

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

### (d) Distributions to Shareholders

Distributions to shareholders from net investment income are recorded by the Fund on the ex-dividend date. Distributions from capital gains, if any, are recorded on the ex-dividend date and paid annually. The amount and character of income and capital gains to be distributed are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles. The tax character of distributions paid during the fiscal years ended October 31, 2004 and 2003 were \$3,826,570 and \$3,445,042, respectively, both from ordinary income.

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## Notes to Financial Statements (continued)

### (e) Market Risk

It is the Fund's policy to invest at least 80% of its assets in convertible securities. Although convertible securities do derive part of their value from that of the securities into which they are convertible, they are not considered derivative financial instruments. However, certain of the Fund's investments include features which render them more sensitive to price changes 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 \$19,641,281 at January 31, 2005, representing 16.9% of net assets.

For the complete Notes to Financial Statements see the Annual Report to Shareholders, dated October 31, 2004.

## ITEM 2. CONTROLS AND PROCEDURES.

Conclusions of principal officers concerning controls and procedures

(a) The Registrant's principal executive officer and principal financial officer, or persons performing similar functions, have concluded that the



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Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "Act"), (17 CFR 270.30a-3(c))) are effective as of March 15, 2005, based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the Act (and 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.15d-15(b))).

(b) There have been no changes in the Registrant'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 Registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

### ITEM 3. EXHIBITS.

Separate certifications of the principal executive officer and the principal financial officer of the Registrant, as required by Rule 30a-2(a) under the Investment Company Act of 1940, are filed herewith.

### 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.

Bancroft Convertible Fund, Inc.

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

Date: March 31, 2005

Pursuant to the requirements of the Securities and 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: March 31, 2005

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

Date: March 31, 2005