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BANCROFT CONVERTIBLE FUND INC
Form N-Q
September 28, 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

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: July 31, 2005

ITEM 1. SCHEDULE OF INVESTMENTS.

PORTFOLIO OF INVESTMENTS JULY 31, 2005 (UNAUDITED)

Principal Amount -----		Value (Note 1) -----
	CONVERTIBLE BONDS AND NOTES -- 51.2%	
	AEROSPACE AND DEFENSE -- 1.3%	
\$1,500,000	L-3 Communications Holdings, Inc. 3% 2035 CODES (Ba3) (Acquired 07/27/05 - 07/28/05; Cost \$1,515,938) (1,2).....	\$1,526,25
	AUTOMOTIVE -- 2.3%	
625,000	CSK Auto, Inc. 3.375% 2025 sr. exch. notes (NR)	

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	(conv. into CSK Auto Corp. common stock)	
	(Acquired 07/26/05; Cost \$637,500) (2).....	654,68
4,500,000	Lear Corp. 0% 2022 cv. sr. notes (Ba2).....	2,055,93

		2,710,62

	BANKING/SAVINGS AND LOAN -- 1.5%	
2,078,000	The Bear Stearns Companies, Inc. 0.25% 2010 medium-term notes (A1)	
	(exch. for Fifth Third Bancorp common stock) (1).....	1,813,67

	CONSUMER GOODS -- 1.6%	
1,375,000	Church & Dwight Co., Inc. 5.25% 2033 cv. sr. deb. (Ba2).....	1,872,69

	ENERGY -- 5.1%	
1,250,000	OMI Corp. 2.875% 2024 cv. sr. notes (B+).....	1,139,06
2,000,000	Oil States International, Inc. 2.375% 2025 contingent cv. sr. notes	
	(NR) (Acquired 06/16/05; Cost \$1,980,000) (2).....	2,288,75
4,000,000	Weatherford International Ltd. 0% 2020 cv. sr. deb. (Baa1).....	2,608,96

		6,036,77

	ENTERTAINMENT -- 2.6%	
3,000,000	The Walt Disney Company 2.125% 2023 cv. sr. notes (Baa1).....	3,105,90

	FINANCIAL AND INSURANCE -- 1.6%	
1,000,000	FTI Consulting, Inc. 3.75% 2012 cv. sr. notes (Ba3)	
	(Acquired 07/29/05; Cost \$1,028,125) (2).....	1,027,50
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).....	930,70

		1,958,20

	HEALTH CARE -- 4.8%	
1,500,000	Community Health Systems, Inc. 4.25% 2008 cv. sub. notes (B3).....	1,750,35
1,750,000	Isolagen, Inc. 3.5% 2024 cv. sub. notes (NR)	
	(Acquired 10/29/04 - 02/17/05; Cost \$1,771,250) (2).....	1,432,81
1,250,000	Manor Care, Inc. 2.125% 2035 cv. sr. notes (Baa3)	
	(Acquired 07/27/05 - 07/28/05; Cost \$1,268,125) (2).....	1,271,87
750,000	Mentor Corp. 2.75% 2024 cv. sub. notes (NR).....	1,301,25

		5,756,28

	MULTI-INDUSTRY -- 0.8%	
1,000,000	Lehman Brothers Holdings, Inc. 1% 2011 medium-term notes (A1)	
	(performance linked to Cendant Corp. common stock) (1).....	950,00

	OFFICE EQUIPMENT -- 1.4%	
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).....	1,728,12

PORTFOLIO OF INVESTMENTS JULY 31, 2005 (CONTINUED)

Principal Amount	Value (Note 1)
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CONVERTIBLE BONDS AND NOTES -- (CONTINUED)

	PHARMACEUTICALS -- 8.3%	
\$2,000,000	Alza Corp. 0% 2020 cv. sub. deb. (Aa1) (exch. for Johnson & Johnson common stock).....	\$ 1,763,4
2,000,000	Amgen, Inc. 0% 2032 LYONS (A2) (1).....	1,565,1
550,000	CV Therapeutics, Inc. 3.25% 2013 sr. sub. cv. notes (NR).....	685,4
1,500,000	Cephalon, Inc. 2% 2015 cv. sr. sub. notes (B-).....	1,558,1
1,250,000	Encysive Pharmaceuticals, Inc. 2.5% 2012 cv. sr. notes (NR).....	1,362,5
1,000,000	Ivax Corp. 4.5% 2008 cv. sr. sub. notes (NR).....	1,010,0
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).....	977,5
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).....	991,2

		9,913,3

	RETAIL -- 3.3%	
1,250,000	Casual Male Retail Group, Inc. 5% 2024 cv. sr. sub. notes (NR).....	1,175,0
1,000,000	Dick's Sporting Goods, Inc. 1.6061% 2024 sr. cv. notes (B).....	789,0
2,400,000	The TJX Companies, Inc. 0% 2021 LYONS (Baa1).....	1,937,1

		3,901,1

	TECHNOLOGY -- 9.6%	
1,250,000	Advanced Micro Devices, Inc. 4.75% 2022 cv. sr. deb. (B3) (1).....	1,310,9
1,250,000	Agilent Technologies, Inc. 3% 2021 sr. cv. deb. (Ba2) (1).....	1,235,9
2,000,000	Citigroup Funding, Inc. 1% 2010 medium-term notes (Aa1) (exch. into cash equivalent of a basket of technology stocks) (1).....	1,964,2
2,750,000	International Rectifier Corp. 4.25% 2007 cv. sub. notes (B2).....	2,719,0
1,500,000	LSI Logic Corp. 4% 2010 cv. sub. notes (B).....	1,582,5
1,500,000	Sybase, Inc. 1.75% 2025 cv. sub. notes (NR) (Acquired 2/15/05 - 04/20/05; Cost \$1,491,557) (2).....	1,536,0
1,000,000	Vishay Intertechnology, Inc. 3.625% 2023 cv. sub. notes (B3).....	1,002,5

		11,351,1

	TELECOMMUNICATIONS -- 5.4%	
1,000,000	Converse Technology, Inc. 0% 2023 ZYPS (BB-) (3).....	1,453,1
1,000,000	Lucent Technologies, Inc. 2.75% 2023 series A cv. sr. deb. (B1).....	1,080,5
500,000	Lucent Technologies, Inc. 2.75% 2025 series B cv. sr. deb. (B1).....	565,0
1,250,000	Nortel Networks Corp. 4.25% 2008 cv. sr. notes (B3).....	1,175,0
2,000,000	Tekelec, Inc. 2.25% 2008 sr. sub. cv. notes (NR).....	2,102,4

		6,376,1

	UTILITIES -- 1.6%	
1,500,000	CMS Energy Corp. 2.875% 2024 cv. sr. notes (B1).....	1,878,7

	TOTAL CONVERTIBLE BONDS AND NOTES.....	\$60,879,0

Shares		

	CONVERTIBLE PREFERRED STOCKS -- 26.7%	
	BANKING/SAVINGS AND LOAN -- 7.9%	
17,500	Commerce Capital Trust II 5.95% cv. trust pfd. (Baa1)	

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	(exch. for Commerce Bancorp, Inc. common stock).....	1,129,2
40,000	National Australia Bank Ltd. 7.875% exch. capital units (NR).....	1,574,0
45,000	New York Community Bancorp, Inc. 6% BONUSES units (Baa2).....	2,317,5
35,000	Sovereign Capital Trust IV 4.375% PIERS (Ba1)	
	(exch. for Sovereign Bancorp, Inc. common stock) (1).....	1,631,8
50,000	Washington Mutual Capital Trust PIERS units (Baa1)	
	(exch. for Washington Mutual, Inc. common stock).....	2,700,0

		9,352,6

PORTFOLIO OF INVESTMENTS JULY 31, 2005 (CONTINUED)

Shares		Value (Note 1)
-----		-----
	CONVERTIBLE PREFERRED STOCKS -- (CONTINUED)	
	CHEMICALS -- 2.0%	
85,000	Celanese Corp. 4.25% cv. perp. pfd. (NR).....	\$ 2,385,9

	ENERGY -- 7.9%	
33,000	Chesapeake Energy Corp. 5% cum. cv. pfd. (B-)	
	(Acquired 04/13/05 - 6/30/05; Cost \$3,482,500) (2).....	4,166,2
13,000	Semco Energy, Inc. 5% series B cv. cum. pfd. (B-)	
	(Acquired 03/09/05 - 07/21/05; Cost \$2,637,904) (2).....	2,712,9
25,000	The Williams Companies, Inc. 5.5% 2033 jr. sub. cv. deb. (B-).....	2,503,1

		9,382,3

	ENTERTAINMENT -- 0.8%	
22,500	Emmis Communications Corp. 6.25% series A cum. cv. pfd. (Caal).....	973,1

	FINANCIAL AND INSURANCE -- 5.0%	
20	Fannie Mae 5.375% non-cumulative cv. pfd. (Aa3)	
	(Acquired 12/29/04 01/11/05; Cost \$2,078,125) (2).....	1,915,0
20,000	Reinsurance Group of America, Inc. 5.75% PIERS (Baa2).....	1,138,4
120,000	The St. Paul Travelers Companies, Inc. 4.5% 2032 cv. jr. sub.	
	notes (Baa1).....	2,881,2

		5,934,6

	HEALTH CARE -- 1.5%	
29,000	Omnicare Capital Trust II 4% PIERS (Ba3)	
	(exch. for Omnicare, Inc. common stock) (1).....	1,811,7

	MINING -- 1.6%	
2,000	Freeport-McMoRan Copper and Gold, Inc. 5.5% cv. perpetual pfd. (B-)....	1,932,1

	TOTAL CONVERTIBLE PREFERRED STOCKS.....	\$31,772,6

	MANDATORY CONVERTIBLE SECURITIES -- 18.1%	
	CHEMICALS -- 1.7%	
40,000	Huntsman Corp. 5% mand. cv. pfd. (NR).....	1,991,9

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	CONSUMER GOODS -- 1.0%	
30,000	Constellation Brands, Inc. dep. shs. representing 5.75% series A mand. cv. pfd. (B).....	1,247,7

	ENERGY -- 3.1%	
20,000	Amerada Hess Corp. 7% mand. cv. pfd. ACES (Ba3).....	2,020,8
20,000	Valero Energy Corp. 2% mand. cv. pfd. (BB).....	1,639,7

		3,660,5

	FINANCIAL AND INSURANCE -- 6.6%	
25,000	The Chubb Corp. 7% 2006 equity units (A2) (1).....	809,2
30,000	Merrill Lynch & Co., Inc. 6.75% mand. exch. sec. (Aa3) (exch. for Nuveen Investments, Inc. common stock).....	1,110,2
80,000	MetLife, Inc. 6.375% common equity units (BBB+).....	2,234,4
42,500	Morgan Stanley, Inc. 5.875% mand. exch. sec. (Aa3) (exch. for Nuveen Investments, Inc. common stock).....	1,559,7
40,000	The PMI Group, Inc. 5.875% HITS units (A1) (1).....	999,0
45,000	XL Capital, Ltd. 6.5% equity security units (A2).....	1,098,0

		7,810,6

PORTFOLIO OF INVESTMENTS JULY 31, 2005 (CONTINUED)

Principal Amount or shares -----		Value (Note 1) -----
	MANDATORY CONVERTIBLE SECURITIES -- (CONTINUED)	
	FOODS -- 1.6%	
40,000 shs	Albertson's, Inc. 7.25% HITS units (Baa2) (1).....	\$ 903,6
40,000 shs	Lehman Brothers Holdings, Inc. 6.25% PIES (A1) (exch. for General Mills, Inc. common stock).....	1,040,0

		1,943,6

	PHARMACEUTICALS -- 3.0%	
20,000 shs	Baxter International, Inc. 7% equity units (Baa1) (1).....	1,130,8
45,000 shs	Schering-Plough Corp. 6% mand. cv. pfd. (Baa3).....	2,461,5

		3,592,3

	UTILITIES -- 1.1%	
50,000 shs	DTE Energy Co. 8.75% equity security units (BBB-) (1).....	1,267,5

	TOTAL MANDATORY CONVERTIBLE SECURITIES.....	\$ 21,514,1

	SHORT-TERM SECURITIES -- 3.4%	
	COMMERCIAL PAPER -- 3.4%	
\$4,000,000	American Express Credit Corp. (P1) (3.18% maturing 08/02/05).....	3,997,9

	U.S. GOVERNMENT OBLIGATIONS -- 0.0%	
11,000	U.S. Treasury notes 2.25% 04/30/06 (Aaa) (4).....	10,8

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TOTAL SHORT-TERM SECURITIES.....	\$ 4,008,7

TOTAL CONVERTIBLE BONDS AND NOTES -- 51.2%.....	60,879,0
TOTAL CONVERTIBLE PREFERRED STOCKS -- 26.7%.....	31,772,6
TOTAL MANDATORY CONVERTIBLE SECURITIES -- 18.1%.....	21,514,1
TOTAL SHORT-TERM SECURITIES -- 3.4%.....	4,008,7

TOTAL INVESTMENTS -- 99.4%.....	118,174,6
OTHER ASSETS AND LIABILITIES, NET -- 0.6%.....	658,3
TOTAL NET ASSETS -- 100.0%.....	\$118,832,9
	=====

- (1) Contingent payment debt instrument which accrues contingent interest. 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 exempt from registration under the 1933 Act, typically to qualified institutional buyers. The Fund generally has no rights to demand registration of these securities. The aggregate market value of these securities at July 31, 2005 was \$21,190,934 which represented 17.8% of the Fund's net assets.
- (3) Non-income producing security.
- (4) Collateral for a letter of credit.

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

At July 31, 2005: (1) the aggregate cost of investments for Federal income tax purposes was \$111,648,222, (2) aggregate gross unrealized appreciation was \$9,346,529, (3) aggregate gross unrealized depreciation was \$2,820,098, and (4) net unrealized appreciation was \$6,526,431.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1. SIGNIFICANT ACCOUNTING POLICIES

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

(A) SECURITY VALUATION

Investments in securities traded on a national securities exchange are valued at market using the last reported sales price as of the close of regular trading.

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

(B) SECURITIES TRANSACTIONS AND RELATED INVESTMENT INCOME

Security transactions are accounted for on the trade date (date the order to buy or sell is executed) with gain or loss on the sale of securities being determined based upon identified cost. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis, including accretion of discounts and amortization of non-equity premium. For certain securities, known as "contingent payment debt instruments," Federal tax regulations require the Fund to record non-cash, "contingent" interest income in addition to interest income actually received. Contingent interest income amounted to 9 cents per share for the nine months ended July 31, 2005. In addition, Federal tax regulations require the Fund to reclassify realized gains on contingent payment debt instruments to interest income. At July 31, 2005 there were unrealized losses of approximately 5 cents per share on contingent payment debt instruments.

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 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 August 10, 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

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(Principal Executive Officer)

Date: September 28, 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: September 28, 2005

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

Date: September 28, 2005