

To Our Shareholders

June 14, 2010

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

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

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

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

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

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

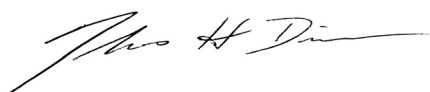
continued on the following page

To Our Shareholders *(continued)*

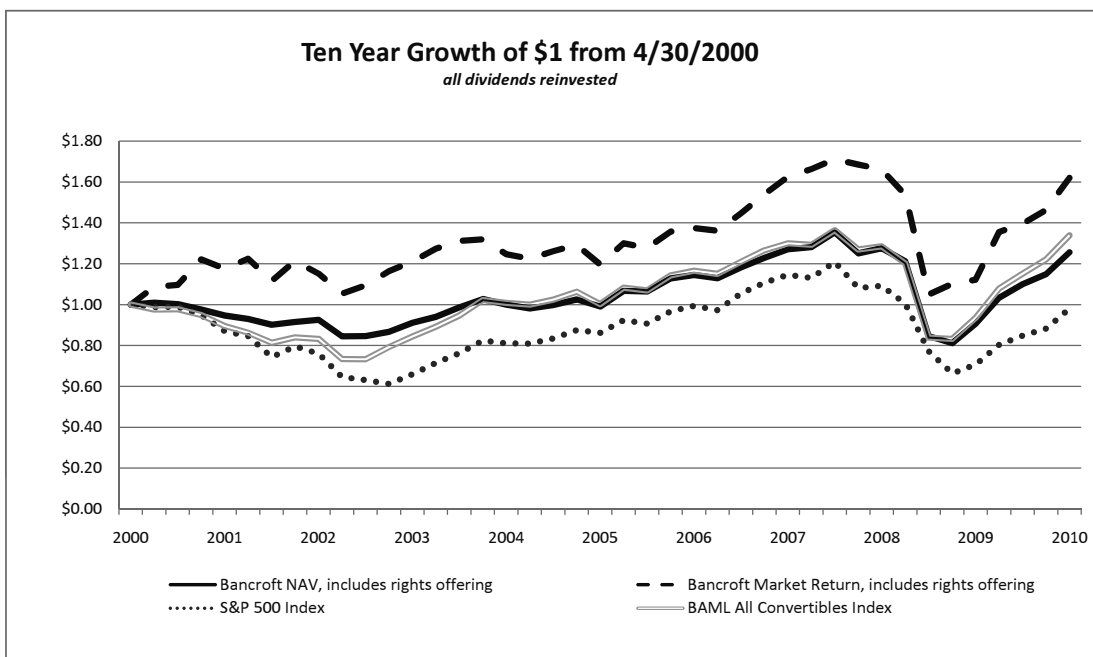
performance, the volatility of the Fund’s NAV and market return, as measured by standard deviation, were lower than that of the BAML Index. The Fund has sought to provide total returns to shareholders that compare favorably to those provided by the equity markets, but with less volatility.

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

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



Thomas H. Dinsmore
Chairman of the Board



2010 Semi-Annual Report April 30, 2010

Bancroft Fund Ltd. operates as a closed-end, diversified management investment company and invests primarily in convertible securities, with the objectives of providing income and the potential for capital appreciation; which objectives the Fund considers to be relatively equal, over the long-term, due to the nature of the securities in which it invests.

Highlights

Performance through April 30, 2010 with dividends reinvested

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

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

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

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

Quarterly History of NAV and Market Price

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

Dividend Distributions (12 Months)

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