

Independent Accountant's Report

Mr. Thomas H. Dinsmore
Dinsmore Capital Management
65 Madison Avenue, Suite 550
Morristown, NJ 07960

Report on Firm-Wide Verification and Performance Examination

We have examined Dinsmore Capital Management's (the "Company") (1) compliance with all the composite construction requirements of the Global Investment Performance Standards (GIPS®) on a firm-wide basis for the periods January 1, 1998 through June 30, 2011, and (2) design of its policies and procedures to calculate and present performance results in compliance with the GIPS standards as of June 30, 2011. We have also examined the accompanying performance presentation and disclosures of the Company's **Dinsmore Capital Management Composite** for the periods January 1, 1998 through June 30, 2011.

Management and Accountant's Responsibility

The Company's management is responsible for compliance with the GIPS standards, the design of its policies and procedures and for the Quarterly Performance and Annual Disclosure Presentations. Our responsibility is to express an opinion based on our examination.

Opinion

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Company's compliance with the above-mentioned requirements; evaluating the design of the Company's policies and procedures referred to above; examining, on a test basis, evidence supporting the accompanying composite performance presentation; and performing the procedures for a verification and a performance examination set forth by the GIPS standards and such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, Dinsmore Capital Management has, in all material respects:

- Complied with all the composite construction requirements of the GIPS standards on a firm-wide basis for the periods January 1, 1998 through June 30, 2011; and
- Designed its policies and procedures to calculate and present performance results in compliance with the GIPS standards as of June 30, 2011.

Also, in our opinion, the and Annual Disclosure Presentation of the Company's **Dinsmore Capital Management Composite** for the periods January 1, 1998 through June 30, 2011, is presented, in all material respects, in conformity with the GIPS standards.

This report does not relate to any composite presentation of the Company other than the Company's **Dinsmore Capital Management Composite**.

Ashland Partners + Company LLP

Ashland Partners & Company LLP
August 18, 2011

DINSMORE CAPITAL MANAGEMENT
DINSMORE CAPITAL MANAGEMENT COMPOSITE
QUARTERLY PERFORMANCE PRESENTATION

Asset-Weighted Returns Gross and Net of Management Fees
Results have been calculated in U.S. Dollars

		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual
2011	Gross	4.99%	(0.31%)			
	Net	4.80%	(0.49%)			
2010	Gross	4.52%	(4.78%)	9.94%	6.63%	16.66%
	Net	4.32%	(4.96%)	9.73%	6.43%	15.80%
2009	Gross	2.66%	16.53%	13.64%	7.25%	45.81%
	Net	2.47%	16.32%	13.42%	7.05%	44.73%
2008	Gross	(7.31%)	3.17%	(16.27%)	(21.63%)	(37.26%)
	Net	(7.48%)	2.99%	(16.43%)	(21.78%)	(37.71%)
2007	Gross	2.42%	6.04%	1.46%	0.17%	10.38%
	Net	2.24%	5.86%	1.28%	0.00%	9.62%
2006	Gross	5.53%	(1.28%)	4.24%	4.68%	13.68%
	Net	5.35%	(1.45%)	4.05%	4.50%	12.89%
2005	Gross	(2.26%)	1.20%	6.62%	(0.47%)	4.96%
	Net	(2.43%)	1.01%	6.43%	(0.65%)	4.21%
2004	Gross	3.44%	(1.75%)	(0.91%)	5.62%	6.36%
	Net	3.26%	(1.93%)	(1.09%)	5.43%	5.60%
2003	Gross	0.81%	9.49%	1.14%	7.74%	20.28%
	Net	0.62%	9.29%	0.95%	7.55%	19.39%
2002	Gross	(0.24%)	(1.49%)	(6.86%)	3.07%	(5.65%)
	Net	(0.43%)	(1.67%)	(7.03%)	2.88%	(6.36%)
2001	Gross	(3.63%)	2.66%	(5.07%)	4.97%	(1.42%)
	Net	(3.81%)	2.47%	(5.25%)	4.77%	(2.15%)
2000	Gross	8.81%	(0.34%)	0.85%	(4.85%)	4.06%
	Net	8.61%	(0.52%)	0.67%	(5.02%)	3.31%
1999	Gross	4.20%	3.33%	(2.86%)	12.66%	17.83%
	Net	4.01%	3.14%	(3.04%)	12.45%	16.97%
1998	Gross	10.00%	1.17%	(10.20%)	14.15%	14.08%
	Net	9.80%	0.98%	(10.37%)	13.95%	13.24%

Past performance is not indicative of future results. The Independent Accountants's Report and the Annual Disclosure Presentation are an integral part of this presentation.

Dinsmore Capital Management Composite Annual Disclosure

Year End	Total Firm Assets (millions)	Composite Assets (USD) (Millions)	Number of Accounts	Bank of America Merrill Lynch All Convertible Index	Annual Performance Results Composite		Composite Dispersion *	BAML All Convertible 3 Year Annualized Standard Deviation	DCM Composite 3 Year Annualized Standard Deviation
					Gross	Net			
2010	216	216	2	16.77%	16.66%	15.80%	N.A.	19.33%	19.07%
2009	193	193	2	49.12%	45.81%	44.73%	N.A.	18.57%	18.21%
2008	140	140	2	(35.73%)	(37.26%)	(37.71%)	N.A.	16.04%	16.19%
2007	253	253	2	4.53%	10.38%	9.62%	N.A.	6.76%	6.61%
2006	250	250	2	12.83%	13.68%	12.89%	N.A.	6.45%	6.47%
2005	232	232	2	1.01%	4.96%	4.21%	N.A.	7.09%	6.98%
2004	231	231	2	9.61%	6.36%	5.60%	N.A.	9.69%	7.88%
2003	226	226	2	27.15%	20.28%	19.39%	N.A.	12.53%	9.08%
2002	172	172	2	(8.58%)	(5.65%)	(6.36%)	N.A.	16.41%	11.78%
2001	190	190	2	(4.44%)	(1.42%)	(2.15%)	N.A.	17.93%	11.90%
2000	203	203	2	(10.00%)	4.06%	3.31%	N.A.	17.94%	13.47%
1999	212	212	2	39.56%	17.83%	16.97%	N.A.		
1998	194	194	2	8.93%	14.08%	13.24%	N.A.		

The notes on the following page are an essential part of this disclosure.

Dinsmore Capital Management Composite Annual Disclosure

- (*) Composite Dispersion is not applicable (N.A.) because the information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.
- DCM is an independent registered investment adviser and focuses on managing balanced portfolios. The firm maintains a complete list and description of composites, which is available upon request. DCM was formally named Davis Dinsmore Management (DD). All of the assets managed by DD are the same assets managed by DCM and these assets constitute the DCM Composite.
- Dinsmore Capital Management (DCM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). DCM has been independently verified for the period January 1, 1998 through June 30, 2011 by Ashland Partners & Company LLP. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The DCM Composite has been examined for the period January 1, 1998 to June 30, 2011. The verification and performance examination reports are available upon request.
- The Dinsmore Capital Management Composite includes all portfolios with a target allocation of at least 65% convertible securities and no more than 35% non convertible securities. The strategy aims to deliver a total return through a combination of income and capital appreciation with lower volatility than the S&P 500. Currently this consists of Bancroft Fund , Ltd. and Ellsworth Fund Ltd. The benchmark is the Bank of America Merrill Lynch All Convertibles Index (VXA0). The VXA0 is an unbiased proxy for the broad U.S. Convertible Market. It is composed of USD denominated Convertibles over \$50mm market value that are convertible into USD denominated common Stock, ADRs ,or cash equivalent. Index returns are calculated on a monthly basis.
- The Dinsmore Capital Management Composite was created June 1, 2008.
- Valuations are computed and performance expressed in U.S. dollars.
- Gross-of-fee results are presented before management and other account fees but after trading expenses. Net-of-fee results have been reduced by the actual management fee in the standard fee schedule reflecting a return net of trading expenses and management fees only, calculated monthly. Returns are presented gross and net of management fees and include the reinvestment of all income.
- The standard investment management fee schedule for the composite is 0.75% for the first \$100,000,000, 0.50% for any assets over \$100,000,000. Actual investment advisory fees incurred by clients may vary.
- The minimum account size for this composite is \$25 million.
- The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year and is only presented for periods with more than 5 accounts in for the entire year. Additional information regarding the firm's policies and procedures for valuing portfolios, calculating and reporting performance results, and preparing compliant presentations is available upon request.
- In January of 2010 it was determined that the methodology used to determine performance did not adequately account for the dilutive effects caused by the issuance or repurchase of shares at prices different than Net Asset Value for the years 1998 through 2008. We have changed the methodology in this Disclosure to properly account for the dilutive effect. Each of those years (1998 – 2008) Gross and Net have been adjusted upward to reflect this change.
- Past performance is not indicative of future results.