

Bancroft Fund Ltd.

Shareholder Commentary – September 30, 2017

(Y)our Portfolio Management Team



Thomas Dinsmore, CFA Jane O'Keeffe James Dinsmore, CFA

To Our Shareholders,

For the calendar quarter ended September 30, 2017, the net asset value (“NAV”) total return of the Bancroft Fund was 3.3%, compared with total returns of 3.8% and 0.9% for the Bank of America Merrill Lynch U.S. Convertibles Index and the Bloomberg Barclays Balanced U.S. Convertibles Index, respectively. The total return for the Fund’s publicly traded shares was 2.4%. The Fund’s NAV per share was \$24.11, while the price of the publicly traded shares closed at \$21.89 on the NYSE American.

Comparative Results

Average Annual Returns through September 30, 2017 (a)(b)

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>Since Inception (4/20/71)</u>
Bancroft Fund Ltd.						
NAV Total Return (c)	3.31%	12.85%	7.52%	9.69%	5.74%	8.91%
Investment Total Return (d)	2.41	10.69	10.53	11.05	6.20	9.58
Bank of America Merrill Lynch U.S. Convertibles Index	3.77	14.30	6.82	11.01	6.82	N/A (e)
Bloomberg Barclays Balanced U.S. Convertibles Index	0.93	7.68	3.25	6.63	4.56	N/A (f)
Standard & Poor’s (S&P) 500 Index	4.48	18.61	10.81	14.22	7.44	10.36 (g)

(a) Returns represent past performance and do not guarantee future results. Investment returns and the principal value of an investment will fluctuate. When shares are sold, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. Performance returns for periods of less than one year are not annualized. NAV total returns would have been lower had Gabelli Funds, LLC (the “Adviser”) not reimbursed certain expenses of the Fund. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing. The Bank of America Merrill Lynch U.S. Convertibles Index is a market value weighted index of all dollar denominated convertible securities that are exchangeable into U.S. equities that have a market value of more than \$50 million. The Bloomberg Barclays Balanced U.S. Convertibles Index is a market value weighted index that tracks the performance of publicly placed, dollar denominated convertible securities that are between 40% and 80% sensitive to movements in their underlying common stocks. The S&P 500 Index is an unmanaged indicator of stock market performance. Dividends and interest income are considered reinvested. You cannot invest directly in an index.

(b) The Fund’s fiscal year ends on October 31.

(c) Total returns and average annual returns reflect changes in the NAV per share, reinvestment of distributions at NAV on the ex-dividend date for the period beginning November 2015, and are net of expenses. For the period December 2008 through October 2015, distributions were reinvested on the payable date using market prices. For the period May 2006 through November 2008, distributions were reinvested on the payable date using NAV. Total returns and average annual returns were adjusted for the 1987 tender offering (no adjustments were made for the 1982 and 2007 tender offers nor for the 1987 or 2003 rights offerings). Since inception return is based on an initial NAV of \$22.92.

(d) Total returns and average annual returns reflect changes in closing market values on the NYSE American and reinvestment of distributions. Total returns and average annual returns were adjusted for the 1987 rights offering (no adjustments were made for the 1982 and 2007 tender offers nor for the 1987 or 2003 rights offerings). Since inception return is based on an initial offering price of \$25.00.

(e) The Bank of America Merrill Lynch U.S. Convertibles Index inception date is December 31, 1994.

(f) The Bloomberg Barclays Balanced U.S. Convertibles Index inception date is January 1, 2003.

(g) From April 30, 1971, the date closest to the Fund’s inception for which data is available.

Investment Objective

The Bancroft Fund is a closed-end, diversified management investment company whose investment objective is to provide income, with potential for capital appreciation. The Fund considers these objectives to be relatively equal, over the long term, due to the nature of the securities in which the Fund invests. Under normal market conditions, the Fund invests at least 65% of its net assets in convertible securities.

Our mandate is to preserve and enhance our shareholders' wealth through a conservative and disciplined approach to investing primarily in convertible securities. Our goal is to generate profitable returns in strong markets and protect principal in weak markets by taking advantage of the unique characteristics of convertible securities.

Convertible Securities are "Hybrids"

It is important to understand our stock selection discipline, because price movement in the underlying equity will generally have the greatest impact on convertible securities pricing. The convertible securities market consists of bonds, debentures, corporate notes, preferred stocks, and warrants or other similar securities, which may be converted into or exchanged for a prescribed amount of common stock or other equity security of the same or a different issuer within a particular period of time, at a specified price or formula.

Converts are "hybrid" securities that combine the capital appreciation potential of equities with the higher yield of fixed income instruments. Our strategy incorporates the purchase of convertible securities that are trading at a premium (above parity) with the common stock, but which generally provide a higher yield, and, over time, capital appreciation.

Commentary on Convertibles

Markets have continued to make gains in the third quarter, showing tremendous resilience despite belligerence from North Korea, an extraordinarily destructive hurricane season, a devastating earthquake in Mexico, and terrorism weighing on the world. The optimism in the domestic financial markets appears to stem from the focus on tax reform contributing to earnings and fueling economic growth. This has caused the more economically sensitive companies to rally. Tax reform should help smaller, domestically focused companies, as well as those who would benefit from the ability to repatriate global cash due to a lower tax burden. Other economic indicators seem to support the markets uptrend, such as improved factory orders and continued low unemployment. Slightly higher oil prices contributed to a strong move in the energy sector. Interest rates have moved slightly higher and have contributed to an uptrend in the financial sector.

We continue to see new issuance in the convertible market, with ten launching in September. This brings the year to date total to \$31.3 billion across eighty-two issues. Technology issues continue to dominate, but we are seeing some new participants from other sectors. The convertible market still provides an attractive way to participate in the upside of the strong equity markets while providing downside protection should the markets

decline. Convertibles as an asset class have done well in 2017, as they have been more equity sensitive overall. The average current yield of the convertible market is 3.0% and the average premium is 26.82%. Duration is 2.94 years (a measure of interest rate sensitivity). We expect convertibles to provide asymmetric returns, participating in more of the upside of the equity markets as they rise, with the yield and short duration providing support should the equity markets fall.

Bancroft Fund has participated well with the markets in the third quarter and year to date. The Fund's portfolio has a weighted average current yield of 3.12% and a median premium of 25.1% as of September 30, 2017. The characteristics of the holdings are 34% equity sensitive, 43.1% total return, and 22.9% fixed income surrogates. Convertible bonds make up about 73% of the portfolio, with the rest being mandatory convertibles (16%) and convertible preferreds (9%). Bancroft Fund remains invested entirely in convertible securities.

Conclusion

We believe that convertibles offer a good way to continue to participate in the rising equity market. The strong new issuance this year provides a broadening investment opportunity and is the sign of a healthy convertible market. We remain focused on total return for our shareholders through a mix of income and capital appreciation and we believe the characteristics of the asset class support continued positive asymmetric returns.

Let's Talk Investments

The following are specifics on selected security holdings of our Fund. Favorable earnings prospects do not necessarily translate into higher stock prices, but they do express a positive trend that we believe will develop over time. Individual securities mentioned are not necessarily representative of the entire portfolio. For the following holdings, the convertible bond prices are listed in points, the convertible preferred shares are listed in United States dollars (USD) and the underlying share prices are listed first in USD and second in the local currency, where applicable, and are presented as of September 30, 2017.

Neurocrine Biosciences Inc. (Cv. 2.25%, 5/15/24) is a biotechnology company based in San Diego, California. The company is advancing small molecule therapies for neurologic, psychiatric, and endocrine disorders. This year the company received approval from the FDA for Ingrezza as a treatment for tardive dyskinesia, which it has begun to commercialize. The company has several other compounds in phase three development and has partnered with AbbVie with Elagolix in womens health. Other phase three products include Opicapone in Parkinson's disease and Ingrezza for Tourette's Syndrome. These convertible bonds are fairly sensitive to the underlying equity and provide a yield advantage over the common stock, which does not pay a dividend.

Rexnord Corp. (5.75%, 11/15/19) is a company that designs, manufactures, and distributes a wide range of products, including drive systems, bearings, seals, and plumbing equipment for use in industrial, food and beverage, energy, construction, and water infrastructure applications. The company's products possess strong cash generating properties due to their large installed bases, consistent replacement cycles, established sales

and distribution networks, and scale. The company recently completed the multi-year reduction of its manufacturing footprint, which will provide approximately \$30 million of annualized cost savings and a meaningful operating tailwind going forward. In late 2016, Rexnord raised \$390 million through a mandatory convertible financing transaction, allowing the company to continue to deleverage its balance sheet, as well as provide the flexibility to pursue additional bolt-on transactions. This mandatory convertible preferred provides a yield of 4.94%, and represents an attractive alternative approach to investing in Rexnord, which has no common dividend.

SunPower Corp. (Cv. 4.00%, 1/15/23) is an integrated solar products and services company headquartered in San Jose, California. The company offers high efficiency solar energy solutions for homeowner, corporate, and government customers, as well as utility scale solar power plants. The company offers some of the most efficient systems in the industry, allowing for more power to be generated from a smaller footprint. SunPower should benefit over the long term as the world moves to generate more energy from renewable resources. French energy giant Total S.A. owns a majority of the shares outstanding, and has invested in many of SunPower's debt offerings. This convertible is trading below par, and offers a very attractive yield. Given the company's prospects and the backing of Total, we expect to achieve the 8% yield to maturity, with the potential for growth beyond that, as the solar industry expands.

Team Inc. (5.00%, 8/1/23) is a leading provider of mechanical and inspection services. The company operates roughly 220 locations around the world, to perform on-site, emergency, and turnaround functions for a variety of industrial customers, including those in refining, petrochemical, power, and downstream energy. Team merged with smaller rival Furmanite Inc. in 2016, via an all-stock transaction designed to increase scale and enhance service offerings. Continued delays in customer spending, notably in turnaround activity, along with the ongoing integration of the businesses, has proven to be a challenge, and revenues and profits have been below management's and investor's expectations. Gary Yesavage, who has vast experience in the refinery industry and retired from Chevron Corp. (CVX) after more than 40 years, was named interim CEO in September while the company searches for a permanent CEO. This 5% coupon convertible bond has a 6.05% yield to maturity, which provides an attractive alternative approach to investing in Team Inc. which has no common dividend.

Teladoc (Cv. 3.00%, 12/15/22) TDOC is a network of physicians, psychiatrists, and other licensed therapists who provide medical services through proprietary telehealth clinical guidelines. The company has partnered with payers and consumers to provide virtual care solutions for healthcare. They have recently signed contracts to provide services for the Blue Cross Blue Shield Federal Employee program. The Chronic Act, a bill that has recently gained traction in Congress, would broaden the use of telemedicine services across Medicare. These convertible bonds provide upside potential with the equity and offer a yield advantage over the common stock, which does not pay a dividend.

October 31, 2017

Top Ten Holdings
September 30, 2017

Alibaba Mandatory Exchangeable Trust, Cv., 5.75%, 06/01/2019	Lumentum Holdings Inc., 0.25%, 03/15/2024
MercadoLibre Inc., 2.25%, 07/01/2019	DISH Network Corp., 3.38%, 08/15/2026
Inphi Corp., 1.13%, 12/01/2020	CSG Systems International Inc., 4.25%, 03/15/2036
Aerojet Rocketdyne Holdings Inc., 2.25%, 12/15/23	Wells Fargo & Co.
The Priceline Group Inc., 1.00%, 03/15/2018	Cypress Semiconductor Co, 4.50%, 01/15/2022

Note: The views expressed in this Shareholder Commentary reflect those of the Portfolio Managers only through the end of the period stated in this Shareholder Commentary. The Portfolio Managers' views are subject to change at any time based on market and other conditions. The information in this Shareholder Commentary represents the opinions of the individual Portfolio Managers and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. Views expressed are those of the Portfolio Managers and may differ from those of other portfolio managers or of the Firm as a whole. This Shareholder Commentary does not constitute an offer of any transaction in any securities. Any recommendation contained herein may not be suitable for all investors. Information contained in this Shareholder Commentary has been obtained from sources we believe to be reliable, but cannot be guaranteed.

Common Stock Repurchase Plan

On November 19, 2015, The Board of Trustees of the Fund (the "Board") voted to enhance the Fund's Share Repurchase Program and authorize the repurchase of the Fund's shares of beneficial interest in the open market from time to time when the shares are trading at a discount of 10% or more from NAV. In total through September 30, 2017, the Fund has repurchased and retired 455,430 shares in the open market, at an average investment of \$19.80 per share and an average discount of approximately 16% from its NAV. The Fund did not repurchase any common shares in the third quarter of 2017.

5% Distribution Policy for Common Stockholders

The Board of Directors of the Fund (the "Board") has reaffirmed the continuation of the Fund's 5% distribution policy. Pursuant to its distribution policy, the Fund paid a \$0.25 per share cash distribution on September 22, 2017 to common stockholders of record on September 15, 2017.

The Fund intends to pay a quarterly distribution of an amount determined each quarter by the Board. Under the Fund's current distribution policy, the Fund intends to pay a minimum annual distribution of 5% of the Fund's trailing twelve-month average month-end market price or an amount sufficient to satisfy the minimum distribution requirements of the Internal Revenue Code for regulated investment companies.

If the Fund does not generate sufficient earnings (dividends and interest income and realized net capital gain) equal to or in excess of the aggregate distributions paid by the Fund in a given year, then the amount distributed in excess of the Fund's earnings would be deemed a return of capital. Since this would be considered a return of a portion of a shareholder's original investment, it is generally not taxable and is treated as a reduction in the shareholder's cost basis. Despite the challenges of the extra recordkeeping, a distribution that incorporates a return of capital serves as a smoothing mechanism resulting in a more stable and consistent cash flow available to shareholders.

Long term capital gains, qualified dividend income, ordinary income, and paid-in capital, if any, will be allocated on a pro-rata basis to all distributions to common shareholders for the year. Based on the accounting records of the Fund currently available, the current distribution paid to common shareholders in 2017 would include approximately 23% from net investment income and 77% from net capital gains on a book basis. The estimated components of each distribution are updated and provided to shareholders of record in a notice accompanying the distribution and are available on our website (www.gabelli.com). The final determination of the sources of all distributions in 2017 will be made after year end and can vary from the quarterly estimates. All shareholders with taxable accounts will receive written notification regarding the components and tax treatment for all 2017 distributions in early 2018 via Form 1099-DIV.

5.375% Series A Cumulative Preferred Shares

The Fund's 5.375% Series A Cumulative Preferred Shares paid a \$0.3359375 per share cash distribution on September 26, 2017 to preferred shareholders of record on September 19, 2017. The Series A Preferred Shares, which trade on the NYSE American under the symbol "BCV Pr A", are rated "A1" by Moody's Investors Service and have an annual dividend rate of \$1.34375 per share. The Series A Preferred Shares were issued on August 9, 2016, at \$25.00 per share and pay distributions quarterly. The Series A Preferred Shares will be callable at any time at the liquidation value of \$25.00 per share plus accrued dividends following the expiration of the five year call protection on August 9, 2021. The next distribution is scheduled for December 2017.

The Board shares the Investment Adviser's view that the issuance of the Preferred Shares is designed to benefit the common shareholders. To the extent that the Fund earns in excess of the dividend rate on the Preferred Shares, additional value will thereby be created for its common shareholders.

Long-term capital gains, qualified dividend income, and ordinary income, if any, will be allocated on a pro-rata basis to all distributions to preferred shareholders for the year. Based on the accounting records of the Fund currently available, the current distribution paid to preferred shareholders represents approximately 23% from net investment income and 77% from net capital gains on a book basis. This does not currently represent information for tax reporting purposes. The estimated components of each distribution are updated and provided to shareholders of record in a notice accompanying the distribution and are available on our website (www.gabelli.com). The final determination of the sources of all distributions in 2017 will be made after year end

and can vary from the quarterly estimates. All shareholders with taxable accounts will receive written notification regarding the components and tax treatment for all 2017 distributions in early 2018 via Form 1099-DIV.

Tax Treatment of Distributions to Common and Preferred Shareholders

All or part of the distributions may be treated as long term capital gain or qualified dividend income (or a combination of both) for individuals, each subject to the maximum federal income tax rate, which is currently 20% in taxable accounts for individuals. In addition, certain U.S. shareholders who are individuals, estates, or trusts and whose income exceeds certain thresholds will be required to pay a 3.8% Medicare surcharge on their “net investment income,” which includes dividends received from the Fund and capital gains from the sale or other disposition of shares of the Fund.

www.gabelli.com

Please visit us on the Internet. Our homepage at www.gabelli.com contains information about GAMCO Investors, Inc., the Gabelli/GAMCO Closed-End Funds and Mutual Funds, IRAs, 401(k)s, current and historical quarterly reports, closing prices, and other current news. We welcome your comments and questions via e-mail at closedend@gabelli.com.

You may sign up for our e-mail alerts at www.gabelli.com and receive early notice of quarterly report availability, news events, media sightings, and mutual fund prices and performance.

e-delivery

We are pleased to offer electronic delivery of Gabelli fund documents. Shareholders of our closed-end funds can now elect to receive e-mail announcements regarding available materials, including shareholder commentaries and Fund reports. For more information or to register for e-delivery, please visit our website at www.gabelli.com.

BANCROFT FUND LTD. AND YOUR PERSONAL PRIVACY

Who are we?

Bancroft Fund Ltd. (the “Fund”) is a closed-end management investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940. We are managed by Gabelli Funds, LLC, which is affiliated with GAMCO Investors, Inc. GAMCO Investors, Inc. is a publicly held company that has subsidiaries and affiliates that provide investment advisory services for a variety of clients.

What kind of non-public information do we collect about you if you become a fund shareholder?

When you purchase shares of the Fund on the NYSE American Exchange, you have the option of registering directly with our transfer agent in order, for example, to participate in our dividend reinvestment plan.

- *Information you give us on your application form.* This could include your name, address, telephone number, social security number, bank account number, and other information.
- *Information about your transactions with us.* This would include information about the shares that you buy or sell; it may also include information about whether you sell or exercise rights that we have issued from time to time. If we hire someone else to provide services—like a transfer agent—we will also have information about the transactions that you conduct through them.

What information do we disclose and to whom do we disclose it?

We do not disclose any non-public personal information about our customers or former customers to anyone other than our affiliates, our service providers who need to know such information, and as otherwise permitted by law. If you want to find out what the law permits, you can read the privacy rules adopted by the Securities and Exchange Commission. They are in volume 17 of the Code of Federal Regulations, Part 248. The Commission often posts information about its regulations on its website, www.sec.gov.

What do we do to protect your personal information?

We restrict access to non-public personal information about you to the people who need to know that information in order to provide services to you or the fund and to ensure that we are complying with the laws governing the securities business. We maintain physical, electronic, and procedural safeguards to keep your personal information confidential.

AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLANS

Enrollment in the Plan

It is the policy of Bancroft Fund Ltd. (the “Fund”) to automatically reinvest dividends payable to common shareholders. As a “registered” shareholder you automatically become a participant in the Fund’s Automatic Dividend Reinvestment Plan (the “Plan”). The Plan authorizes the Fund to credit common shares to participants upon an income dividend or a capital gains distribution regardless of whether the shares are trading at a discount or a premium to net asset value. All distributions to shareholders whose shares are registered in their own names will be automatically reinvested pursuant to the Plan in additional shares of the Fund. Plan participants may send their share certificates to American Stock Transfer & Trust Company (“AST”) to be held in their dividend reinvestment account. Registered shareholders wishing to receive their distributions in cash must submit this request in writing to:

Bancroft Fund Ltd.
c/o American Stock Transfer & Trust Company
P.O. Box 922, Wall Street Station
New York, NY 10269-0560

Shareholders requesting this cash election must include the shareholder’s name and address as they appear on the share certificate. Shareholders with additional questions regarding the Plan or requesting a copy of the terms of the Plan may contact AST at (888) 422-3262.

If your shares are held in the name of a broker, bank, or nominee, you should contact such institution. If such institution is not participating in the Plan, your account will be credited with a cash dividend. In order to participate in the Plan through such institution, it may be necessary for you to have your shares taken out of “street name” and re-registered in your own name. Once registered in your own name your distributions will be automatically reinvested. Certain brokers participate in the Plan. Shareholders holding shares in “street name” at participating institutions will have dividends automatically reinvested. Shareholders wanting a cash dividend at such institution must contact their broker to make this change.

The number of common shares distributed to participants in the Plan in lieu of cash dividends is determined in the following manner. Under the Plan, whenever the market price of the Fund’s common shares is equal to or exceeds net asset value at the time shares are valued for purposes of determining the number of shares equivalent to the cash dividends or capital gains distribution, participants are issued common shares valued at the greater of (i) the net asset value as most recently determined or (ii) 95% of the then current market price of the Fund’s common shares. The valuation date is the dividend or distribution payment date or, if that date is not a NYSE American trading day, the next trading day. If the net asset value of the common shares at the time of valuation exceeds the market price of the common shares, participants will receive common shares from the Fund valued at market price. If the Fund should declare a dividend or capital gains distribution payable only in cash, AST will buy common shares in the open market, or on the NYSE American, or elsewhere, for the participants’ accounts, except that AST will endeavor to terminate purchases in the open market and cause the Fund to issue shares at net asset value if, following the commencement of such purchases, the market value of the common shares exceeds the then current net asset value.

The automatic reinvestment of dividends and capital gains distributions will not relieve participants of any income tax which may be payable on such distributions. A participant in the Plan will be treated for federal income tax purposes as having received, on a dividend payment date, a dividend or distribution in an amount equal to the cash the participant could have received instead of shares.

Voluntary Cash Purchase Plan

The Voluntary Cash Purchase Plan is yet another vehicle for our shareholders to increase their investment in the Fund. In order to participate in the Voluntary Cash Purchase Plan, shareholders must have their shares registered in their own name.

Participants in the Voluntary Cash Purchase Plan have the option of making additional cash payments to AST for investments in the Fund's common shares at the then current market price. Shareholders may send an amount from \$100 to \$10,000. AST will use these funds to purchase shares in the open market on or about the 15th of each month. AST will charge each participating shareholder \$1.25 per transaction, plus the brokerage commission incurred. Brokerage charges for such purchases are expected to be less than the usual brokerage charge for such transactions. It is suggested that any voluntary cash payments be sent to American Stock Transfer & Trust Company, P.O. Box 922, Wall Street Station, New York, NY 10269-0560 such that AST receives such payments approximately 10 days before the investment date. Funds not received at least five days before the investment date shall be held for investment until the next purchase date. A payment may be withdrawn without charge if notice is received by AST at least 48 hours before such payment is to be invested.

Shareholders wishing to liquidate shares held at AST must do so in writing or by telephone. Please submit your request to the above mentioned address or telephone number. Include in your request your name, address, and account number. The cost to liquidate shares is the pro rata share of the brokerage commission incurred. Brokerage charges are expected to be less than the usual brokerage charge for such transactions.

For more information regarding the Automatic Dividend Reinvestment Plan and Voluntary Cash Purchase Plan, brochures are available by calling (914) 921-5070 or by writing directly to the Fund.

The Fund reserves the right to amend or terminate the Plan as applied to any voluntary cash payments made and any dividend or distribution paid subsequent to written notice of the change sent to the members of the Plan at least 90 days before the record date for such dividend or distribution. The Plan also may be amended or terminated by AST on at least 90 days written notice to participants in the Plan.

BANCROFT FUND LTD.

**One Corporate Center
Rye, NY 10580-1422**

Portfolio Management Team Biographies

Thomas Dinsmore, CFA, joined Gabelli Funds LLC in 2015. He currently serves as portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. From 1996 to 2015 Mr. Dinsmore was Chairman and CEO of Dinsmore Capital Management; CEO and Portfolio Manager of Bancroft Fund Ltd; and CEO, Portfolio Manager and co-founder of Ellsworth Growth and Income Fund Ltd. He has a B.S. in Economics from the Wharton School of Business, and an M.A. in Economics from Fairleigh Dickinson University.

Jane O’Keeffe joined Gabelli Funds LLC in 2015. She currently serves as a portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. From 1996 to 2015 Ms. O’Keeffe was President and Director of Dinsmore Capital Management where she was also a Portfolio Manager of Bancroft Fund Ltd. and Ellsworth Growth and Income Fund Ltd. In 1980, Ms. O’Keeffe began as an assistant to the portfolio manager of IDS Progressive Fund. From 1983 through March 1986, she had research and portfolio management responsibilities at Soros Fund Management Company. In 1986, she was a portfolio manager and research analyst at Simms Capital Management until she joined Fiduciary Trust International in 1988 where she became a Vice President and Portfolio Manager for individuals, endowments, and foundations. She has a B.A. from the University of New Hampshire and attended the Lubin Graduate School of Business at Pace University.

James Dinsmore, CFA, joined Gabelli Funds LLC in 2015. He currently serves as portfolio manager of Gabelli Funds, LLC and manages several funds within the Gabelli/GAMCO Funds Complex. Mr. Dinsmore received a BA in Economics from Cornell University and an MBA from Rutgers University.

We have separated the portfolio managers’ commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio managers’ commentary is unrestricted. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com.

The Net Asset Value per share appears in the Publicly Traded Funds column, under the heading “Specialized Equity Funds,” in Monday’s The Wall Street Journal. It is also listed in Barron’s Mutual Funds/Closed End Funds section under the heading “Specialized Equity Funds.”

The Net Asset Value per share may be obtained each day by calling (914) 921-5070 or visiting www.gabelli.com. The NASDAQ symbol for the Net Asset Value per share is “XBCVX.”

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund may from time to time purchase its common shares in the open market when the Fund’s shares are trading at a discount of 10% or more from the net asset value of the shares. The Fund may also from time to time purchase its preferred shares in the open market when the preferred shares are trading at a discount to the liquidation value.

This report is printed on recycled paper.

BANCROFT FUND LTD.

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BCV

Shareholder Commentary
September 30, 2017

Bancroft Fund Ltd.

Annual Report — October 31, 2017

(Y)our Portfolio Management Team



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

To Our Shareholders,

For the fiscal year ended October 31, 2017, the net asset value (“NAV”) total return of the Bancroft Fund Ltd. was 16.3%, compared with total returns of 18.1% and 8.7% for the ICE Bank of America Merrill Lynch U.S. Convertibles Index and the Bloomberg Barclays Balanced U.S. Convertibles Index, respectively. The total return for the Fund’s publicly traded shares was 11.8%. The Fund’s NAV per share was \$24.24, while the price of the publicly traded shares closed at \$21.90 on the NYSE American. See below for additional performance information.

Enclosed are the financial statements, including the schedule of investments, as of October 31, 2017.

Comparative Results

Average Annual Returns through October 31, 2017 (a)(b)

	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>Since Inception (04/20/71)</u>
Bancroft Fund Ltd.					
NAV Total Return (c)	16.29%	7.10%	9.98%	5.53%	8.87%
Investment Total Return (d)	11.75	9.93	11.52	6.21	9.53
ICE Bank of America Merrill Lynch U.S. Convertibles Index	18.13	6.86	11.41	6.79	N/A(e)
Bloomberg Barclays Balanced U.S. Convertibles Index	8.72	2.93	6.51	4.37	N/A(f)
Standard & Poor’s (“S&P”) 500 Index	23.63	10.77	15.18	7.51	10.39(g)

(a) *Returns represent past performance and do not guarantee future results. Investment returns and the principal value of an investment will fluctuate. When shares are sold, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. NAV returns would have been lower had Gabelli Funds, LLC (the “Adviser”) not reimbursed certain expenses of the Fund. Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing.* The ICE Bank of America Merrill Lynch U.S. Convertibles Index is a market value weighted index of all dollar denominated convertible securities that are exchangeable into U.S. equities that have a market value of more than \$50 million. The Bloomberg Barclays Balanced U.S. Convertibles Index is a market value weighted index that tracks the performance of publicly placed, dollar denominated convertible securities that are between 40% and 80% sensitive to movements in their underlying common stocks. The S&P 500 Index is an unmanaged indicator of stock market performance, commonly used to represent the U.S. equity market. Dividends and interest income are considered reinvested. You cannot invest directly in an index.

(b) The Fund’s fiscal year ends on October 31.

(c) Total returns and average annual returns reflect changes in the NAV per share, reinvestment of distributions at NAV on the ex-dividend date for the period beginning November 2015, and are net of expenses. For the period December 2008 through October 2015, distributions were reinvested on the payable date using market prices. For the period May 2006 through November 2008, distributions were reinvested on payable date using NAV. Total returns and average annual returns were adjusted for the 1987 tender offering (no adjustments were made for the 1982 and 2007 tender offers nor for the 1987 or 2003 rights offerings). Since inception return is based on an initial NAV of \$22.92.

(d) Total returns and average annual returns reflect changes in closing market values on the NYSE American and reinvestment of distributions. Total returns and average annual returns were adjusted for the 1987 rights offering (no adjustments were made for the 1982 and 2007 tender offers nor for the 1987 or 2003 rights offerings). Since inception return is based on an initial offering price of \$25.00.

(e) The ICE Bank of America Merrill Lynch U.S. Convertibles Index inception date is December 31, 1994.

(f) The Bloomberg Barclays Balanced U.S. Convertibles Index inception date is January 1, 2003.

(g) From April 30, 1971, the date closest to the Fund’s inception for which data are available.

Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of total investments as of October 31, 2017:

Bancroft Fund Ltd.

Computer Software and Services	15.3%	Aerospace	1.8%
Health Care	13.9%	Transportation	1.6%
Financial Services	13.5%	Consumer Products	1.4%
Semiconductors	10.8%	Wireless Communications	1.2%
Energy and Utilities	9.9%	Agriculture	0.8%
Real Estate Investment Trusts	6.0%	Metals and Mining	0.8%
Communications Equipment	4.4%	Building and Construction	0.8%
Diversified Industrial	3.8%	Telecommunications	0.8%
U.S. Government Obligations	2.9%	Automotive	0.7%
Business Services	2.6%	Food and Beverage	0.6%
Consumer Services	2.4%		<u>100.0%</u>
Entertainment	2.0%		
Cable and Satellite	2.0%		

The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission (the “SEC”) for the first and third quarters of each fiscal year on Form N-Q. Shareholders may obtain this information at www.gabelli.com or by calling the Fund at 800-GABELLI (800-422-3554). The Fund’s Form N-Q is available on the SEC’s website at www.sec.gov and may also be reviewed and copied at the SEC’s Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.

Proxy Voting

The Fund files Form N-PX with its complete proxy voting record for the twelve months ended June 30, no later than August 31 of each year. A description of the Fund’s proxy voting policies, procedures, and how the Fund voted proxies relating to portfolio securities is available without charge, upon request, by (i) calling 800-GABELLI (800-422-3554); (ii) writing to The Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; or (iii) visiting the SEC’s website at www.sec.gov.

Bancroft Fund Ltd.
Schedule of Investments — October 31, 2017

<u>Principal Amount</u>		<u>Cost</u>	<u>Market Value</u>	<u>Principal Amount</u>		<u>Cost</u>	<u>Market Value</u>
	CONVERTIBLE CORPORATE BONDS — 72.1%			\$ 1,500,000	The Priceline Group Inc.,		
	Aerospace — 1.8%				1.000%, 03/15/18	\$ 1,521,902	\$ 3,028,125
\$ 2,000,000	Aerojet Rocketdyne Holdings Inc.,					<u>18,198,535</u>	<u>22,756,835</u>
	2.250%, 12/15/23(a)	\$ 2,052,385	\$ 2,771,250				
	Automotive — 0.7%			1,313,000	Consumer Products — 1.4%		
1,000,000	Tesla Inc.,				GoPro Inc.,		
	1.250%, 03/01/21	906,479	1,117,500		3.500%, 04/15/22(a)	1,313,000	1,528,004
	Business Services — 2.3%			616,000	JAKKS Pacific Inc.,		
2,084,000	Macquarie Infrastructure Corp.,				4.875%, 06/01/20(a)	649,079	478,555
	2.000%, 10/01/23	2,100,120	2,008,455	260,000	Wayfair Inc.,		
910,000	Square Inc.,				0.375%, 09/01/22(a)	260,000	254,637
	0.375%, 03/01/22(a)	966,033	1,543,587			<u>2,222,079</u>	<u>2,261,196</u>
		<u>3,066,153</u>	<u>3,552,042</u>		Consumer Services — 2.4%		
	Cable and Satellite — 2.0%			1,250,000	Carriage Services Inc.,		
2,925,000	DISH Network Corp.,				2.750%, 03/15/21	1,298,451	1,578,125
	3.375%, 08/15/26	3,035,235	3,160,828	2,000,000	Extra Space Storage LP,		
					3.125%, 10/01/35(a)	2,053,284	2,183,750
	Communications Equipment — 4.4%					<u>3,351,735</u>	<u>3,761,875</u>
1,500,000	Harmonic Inc.,				Diversified Industrial — 2.7%		
	4.000%, 12/01/20	1,557,235	1,431,563	1,349,000	Kaman Corp.,		
2,000,000	InterDigital, Inc.,				3.250%, 05/01/24(a)	1,346,139	1,464,508
	1.500%, 03/01/20	2,050,717	2,341,250	1,457,000	Team Inc.,		
2,459,000	Lumentum Holdings Inc.,				5.000%, 08/01/23(a)	1,426,564	1,346,814
	0.250%, 03/15/24(a)	2,494,431	3,129,077	1,000,000	TimkenSteel Corp.,		
		<u>6,102,383</u>	<u>6,901,890</u>		6.000%, 06/01/21	1,035,350	1,421,875
	Computer Software and Services — 14.5%					<u>3,808,053</u>	<u>4,233,197</u>
2,500,000	CSG Systems International Inc.,				Energy and Utilities — 4.9%		
	4.250%, 03/15/36	2,596,607	2,721,875	2,000,000	Cheniere Energy Inc.,		
977,000	HubSpot Inc.,				4.250%, 03/15/45	1,286,707	1,401,250
	0.250%, 06/01/22(a)	977,975	1,104,010	1,500,000	Chesapeake Energy Corp.,		
487,000	IAC FinanceCo. Inc.,				5.500%, 09/15/26(a)	1,509,097	1,335,937
	0.875%, 10/01/22(a)	503,253	526,873	750,000	Clean Energy Fuels Corp.,		
450,000	Maxwell Technologies Inc.,				5.250%, 10/01/18(a)	716,204	741,563
	5.500%, 09/15/22(a)	450,000	439,875	259,000	Goodrich Petroleum Escrow		
2,000,000	MercadoLibre Inc.,				Bond,		
	2.250%, 07/01/19	2,251,327	3,897,500		Zero Coupon,		
1,548,000	Nice Systems Inc.,				12/31/21 †(a)(b)(c)(d)	0	0
	1.250%, 01/15/24(a)	1,622,059	1,788,907	667,000	Newpark Resources Inc.,		
2,000,000	Proofpoint Inc.,				4.000%, 12/01/21(a)	711,654	812,073
	0.750%, 06/15/20	2,129,112	2,586,250	3,000,000	SunPower Corp.,		
1,000,000	PROS Holdings Inc.,				4.000%, 01/15/23	2,393,880	2,385,000
	2.000%, 12/01/19	1,016,073	1,002,500	1,000,000	Weatherford International Ltd.,		
1,500,000					5.875%, 07/01/21	1,059,685	1,011,250
1,026,000	RealPage Inc.,					<u>7,677,227</u>	<u>7,687,073</u>
	1.500%, 11/15/22(a)	1,051,773	1,263,904		Entertainment — 2.0%		
725,000	Red Hat Inc.,			1,625,000	Global Eagle Entertainment Inc.,		
	0.250%, 10/01/19	725,000	1,205,766		3.250%, 02/15/35	1,357,517	1,009,531
2,000,000	Synchronoss Technologies Inc.,						
	0.750%, 08/15/19	2,028,209	1,878,750				

See accompanying notes to financial statements.

Bancroft Fund Ltd.
Schedule of Investments (Continued) — October 31, 2017

Principal Amount		Cost	Market Value	Principal Amount		Cost	Market Value
	CONVERTIBLE CORPORATE BONDS (Continued)						
\$ 1,750,000	Entertainment (Continued)			\$ 1,000,000	Theravance Biopharma Inc., 3.250%, 11/01/23	\$ 1,000,000	\$ 1,106,875
	World Wrestling Entertainment Inc., 3.375%, 12/15/23(a)	\$ 1,775,914	\$ 2,159,063	1,000,000	Vitamin Shoppe Inc., 2.250%, 12/01/20	978,421	689,375
		<u>3,133,431</u>	<u>3,168,594</u>			<u>19,846,466</u>	<u>20,802,411</u>
	Financial Services — 3.7%				Metals and Mining — 0.8%		
1,000,000	Blackhawk Network Holdings Inc., 1.500%, 01/15/22	1,015,802	1,004,375	600,000	Royal Gold Inc., 2.875%, 06/15/19	596,053	660,375
	Encore Capital Group Inc., 3.000%, 07/01/20	1,072,396	1,472,656	500,000	RTI International Metals Inc., 1.625%, 10/15/19	501,943	554,687
1,250,000		431,000	513,429			<u>1,097,996</u>	<u>1,215,062</u>
431,000	Heritage Insurance Holdings Inc., 5.875%, 08/01/37(a)	1,000,000	1,244,375		Real Estate Investment Trusts — 2.0%		
1,000,000	LendingTree Inc., 0.625%, 06/01/22(a)	1,177,030	1,584,720	1,000,000	Colony NorthStar Inc., 5.000%, 04/15/23	1,026,837	1,033,750
1,116,000		<u>4,696,228</u>	<u>5,819,555</u>	2,000,000	IAS Operating Partnership LP, 5.000%, 03/15/18(a)	1,998,707	2,027,500
						<u>3,025,544</u>	<u>3,061,250</u>
	Health Care — 13.3%				Semiconductors — 10.8%		
750,000	Amicus Therapeutics Inc., 3.000%, 12/15/23(a)	750,000	1,849,687	750,000	Advanced Micro Devices Inc., 2.125%, 09/01/26	792,444	1,184,063
1,000,000	ANI Pharmaceuticals Inc., 3.000%, 12/01/19	1,070,186	1,105,000	2,000,000	Cypress Semiconductor Corp., 4.500%, 01/15/22	2,135,300	2,695,000
1,550,000	BioMarin Pharmaceutical Inc., 0.599%, 08/01/24	1,519,962	1,485,094	2,500,000	Inphi Corp., 1.125%, 12/01/20	2,747,178	3,109,375
750,000	Horizon Pharma Investment Ltd., 2.500%, 03/15/22	789,121	689,063	2,000,000	Knowles Corp., 3.250%, 11/01/21	2,062,535	2,360,000
1,000,000	Intercept Pharmaceuticals Inc., 3.250%, 07/01/23	1,008,214	785,625	1,000,000	Microchip Technology Inc., 1.625%, 02/15/27(a)	997,940	1,264,375
500,000	Invacare Corp., 4.500%, 06/01/22(a)	503,175	595,313	1,500,000	Micron Technology Inc., 3.000%, 11/15/43	1,370,052	2,332,500
1,500,000	Ironwood Pharmaceuticals Inc., 2.250%, 06/15/22	1,662,744	1,766,250	1,215,000	Silicon Laboratories Inc., 1.375%, 03/01/22(a)	1,266,412	1,462,556
500,000	Jazz Investments I Ltd., 1.875%, 08/15/21	539,208	516,250	1,750,000	Teradyne Inc., 1.250%, 12/15/23(a)	1,849,959	2,529,844
1,750,000	Molina Healthcare Inc., 1.625%, 08/15/44	1,877,954	2,168,906			<u>13,221,820</u>	<u>16,937,713</u>
1,384,000	Neurocrine Biosciences Inc., 2.250%, 05/15/24(a)	1,439,632	1,589,005		Telecommunications — 0.8%		
1,000,000	NuVasive Inc., 2.250%, 03/15/21	1,058,154	1,162,500	1,000,000	Dycom Industries Inc., 0.750%, 09/15/21	1,002,841	1,166,250
1,500,000	Pacira Pharmaceuticals Inc., 2.375%, 04/01/22(a)	1,555,371	1,395,937		Transportation — 1.6%		
1,000,000	Sucampo Pharmaceuticals Inc., 3.250%, 12/15/21(a)	1,000,000	971,250	195,000	Air Transport Services Group Inc., 1.125%, 10/15/24(a)	195,000	204,384
1,200,000	Teladoc Inc., 3.000%, 12/15/22(a)	1,229,759	1,296,750	2,000,000	Atlas Air Worldwide Holdings Inc., 2.250%, 06/01/22	1,951,242	2,337,500
1,000,000	Teligent Inc., 3.750%, 12/15/19	1,001,890	923,125			<u>2,146,242</u>	<u>2,541,884</u>
750,000	The Medicines Co., 2.750%, 07/15/23	862,675	706,406		TOTAL CONVERTIBLE CORPORATE BONDS	<u>98,590,832</u>	<u>112,916,405</u>

See accompanying notes to financial statements.

Bancroft Fund Ltd.
Schedule of Investments (Continued) — October 31, 2017

<u>Shares</u>		<u>Cost</u>	<u>Market Value</u>	<u>Shares</u>		<u>Cost</u>	<u>Market Value</u>
	CONVERTIBLE PREFERRED STOCKS — 7.2%				Financial Services — 5.3%		
	Agriculture — 0.8%			30,000	Alibaba - Mandatory Exchange Trust,		
12,500	Bunge Ltd., 4.875%	\$ 1,219,405	\$ 1,302,500		5.750%, 06/03/19 (a)	\$ 3,225,000	\$ 6,291,450
	Business Services — 0.3%			40,000	New York Community Capital Trust V,		
711,039	Amerivon Holdings LLC,				6.000%, 11/01/51	1,798,573	2,020,000
	4.000% (b)	1,294,693	433,734				
272,728	Amerivon Holdings LLC,						
	common equity units (b)	0	16,364				
		<u>1,294,693</u>	<u>450,098</u>			<u>5,023,573</u>	<u>8,311,450</u>
	Financial Services — 4.5%				Health Care — 0.6%		
2,000	Bank of America Corp., 7.250% ..	1,972,540	2,593,920	17,747	Becton Dickinson and Co.,		
1,250	Huntington Bancshares, Inc.,				6.125%, 05/01/20	915,562	1,007,497
	8.500%	1,552,500	1,756,250				
2,000	Wells Fargo & Co., 7.500%	1,679,238	2,620,000		Real Estate Investment Trusts — 3.0%		
		<u>5,204,278</u>	<u>6,970,170</u>	20,000	American Tower Corp.,		
					5.500%, 02/15/18	2,011,250	2,523,400
	Food and Beverage — 0.6%			1,960	Crown Castle International Corp.,		
5,000	Post Holdings Inc., 3.750%	522,102	888,750		6.875%, 08/01/20	2,079,309	2,155,824
	Real Estate Investment Trusts — 1.0%					<u>4,090,559</u>	<u>4,679,224</u>
26,500	Welltower Inc., 6.500%	1,483,460	1,625,245				
	TOTAL CONVERTIBLE PREFERRED STOCKS	<u>9,723,938</u>	<u>11,236,763</u>	20,000	Wireless Communications — 1.2%		
					T-Mobile US Inc.,		
					5.500%, 12/15/17	1,113,947	1,936,000
	MANDATORY CONVERTIBLE SECURITIES (e) — 17.8%				TOTAL MANDATORY CONVERTIBLE SECURITIES ...	<u>22,013,470</u>	<u>27,858,392</u>
	Building and Construction — 0.8%				COMMON STOCKS — 0.0%		
10,014	Stanley Black & Decker Inc.,				Energy and Utilities — 0.0%		
	5.375%, 05/15/20	1,018,556	1,184,356	92	Goodrich Petroleum Corp.†	925	903
	Computer Software and Services — 0.8%				WARRANTS — 0.0%		
10,000	MTS Systems Corp.,				Energy and Utilities — 0.0%		
	8.750%, 07/01/19	1,048,578	1,181,700	784	Goodrich Petroleum Corp.,		
	Diversified Industrial — 1.1%				expire 10/12/26†(b)	0	0
30,100	Rexnord Corp.,						
	5.750%, 11/15/19	1,549,480	1,731,954		Principal Amount		
	Energy and Utilities — 5.0%				\$ 4,640,000		
20,000	Anadarko Petroleum Corp.,				U.S. GOVERNMENT OBLIGATIONS — 2.9%		
	7.500%, 06/07/18	783,093	760,000		U.S. Treasury Bills,		
40,000	Dominion Energy, Inc.,				1.038% to 1.067%††,		
	6.750%, 08/15/19	1,984,893	2,093,200		12/28/17 to 01/18/18	4,630,686	4,630,699
18,600	DTE Energy Co.,				TOTAL INVESTMENTS — 100.0%	<u>\$ 134,959,851</u>	<u>156,643,162</u>
	6.500%, 10/01/19	960,300	1,021,698				
29,666	Hess Corp.,						
	8.000%, 02/01/19	1,779,424	1,637,563				
	NextEra Energy Inc.,						
25,000	6.371%, 09/01/18	1,246,875	1,743,750				
10,000	6.123%, 09/01/19	498,630	570,000				
		<u>7,253,215</u>	<u>7,826,211</u>				

See accompanying notes to financial statements.

Bancroft Fund Ltd.
Schedule of Investments (Continued) — October 31, 2017

	Market Value
Other Assets and Liabilities (Net)	\$ 610,762
PREFERRED STOCK	
(1,200,000 preferred shares outstanding)	<u>(30,000,000)</u>
NET ASSETS — COMMON STOCK	
(5,249,900 common shares outstanding)	<u>\$127,253,924</u>
NET ASSET VALUE PER COMMON SHARE	
(\$127,253,924 ÷ 5,249,900 shares outstanding)	<u>\$ 24.24</u>

- (a) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. This security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At October 31, 2017, the market value of the Rule 144A security amounted to \$51,005,462 or 32.56% of total investments.
- (b) Security is valued using significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.
- (c) At October 31, 2017, the Fund held an investment in a restricted and illiquid security amounting to \$0 or 0.0% of total investments which was valued under methods approved by the Board of Trustees as follows:

<u>Acquisition Principal Amount</u>	<u>Issuer</u>	<u>Acquisition Date</u>	<u>Acquisition Cost</u>	<u>10/31/17 Carrying Value Per Bond</u>
\$259,000	Goodrich Petroleum Escrow Bond, Zero Coupon, 12/31/21	12/14/16	\$0	\$0.0000

- (d) Security in default.
- (e) 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.
- † Non-income producing security.
- †† Represents annualized yield at date of purchase.

See accompanying notes to financial statements.

Bancroft Fund Ltd.

Statement of Assets and Liabilities October 31, 2017

Assets:	
Investments, at value (cost \$134,959,851)	\$156,643,162
Cash	38,983
Dividends and interest receivable	868,055
Deferred offering expense	71,161
Prepaid expenses	311
Total Assets	<u>157,621,672</u>
Liabilities:	
Distributions payable	161,250
Payable for investment advisory fees	94,547
Payable for payroll expenses	31,512
Payable for accounting fees	15,000
Payable for legal and audit fees	28,095
Payable for shareholder communications expenses	19,766
Other accrued expenses	17,578
Total Liabilities	<u>367,748</u>
Preferred Shares:	
Series A Cumulative Preferred Shares (5.375%, \$25 liquidation value, \$0.01 par value, unlimited shares authorized with 1,200,000 shares issued and outstanding)	<u>30,000,000</u>
Net Assets Attributable to Common Shareholders	<u>\$127,253,924</u>
Net Assets Attributable to Common Shareholders Consist of:	
Paid-in capital	\$107,499,355
Distributions in excess of net investment income	(5,482,662)
Accumulated net realized gain on investments ..	3,553,920
Net unrealized appreciation on investments	21,683,311
Net Assets	<u>\$127,253,924</u>
Net Asset Value per Common Share:	
(\$127,253,924 ÷ 5,249,900 shares outstanding at \$0.01 par value; unlimited number of shares authorized)	<u>\$24.24</u>

Statement of Operations For the Year Ended October 31, 2017

Investment Income:	
Dividends (net of foreign withholding taxes of \$10,500)	\$ 2,189,282
Interest	1,935,341
Total Investment Income	<u>4,124,623</u>
Expenses:	
Investment advisory fees	1,087,948
Trustees' fees	124,000
Payroll expenses	88,755
Shareholder communications expenses	79,882
Accounting fees	45,000
Legal and audit fees	31,251
Shareholder services fees	27,103
Custodian fees	12,184
Miscellaneous expenses	73,313
Total Expenses	<u>1,569,436</u>
Less:	
Expenses paid indirectly by broker (See Note 3)	(1,954)
Net Expenses	<u>1,567,482</u>
Net Investment Income	<u>2,557,141</u>
Net Realized and Unrealized Gain on Investments:	
Net realized gain on investments	<u>4,328,918</u>
Net change in unrealized appreciation on investments	<u>13,220,829</u>
Net Realized and Unrealized Gain on Investments	<u>17,549,747</u>
Net Increase in Net Assets Resulting from Operations	<u>20,106,888</u>
Total Distributions to Preferred Stock Shareholders	(1,612,500)
Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations	<u>\$18,494,388</u>

See accompanying notes to financial statements.

Bancroft Fund Ltd.

Statement of Changes in Net Assets Attributable to Common Shareholders

	<u>Year Ended</u> <u>October 31, 2017</u>	<u>Year Ended</u> <u>October 31, 2016</u>
Operations:		
Net investment income.....	\$ 2,557,141	\$ 2,230,693
Net realized gain on investments.....	4,328,918	4,109,102
Net change in unrealized appreciation/depreciation on investments.....	<u>13,220,829</u>	<u>(1,398,347)</u>
Net Increase in Net Assets Resulting from Operations.....	<u>20,106,888</u>	<u>4,941,448</u>
Distributions to Preferred Shareholders:		
Net investment income.....	(362,097)	(179,284)
Net realized gain.....	<u>(1,250,403)</u>	<u>(192,487)</u>
Total Distributions to Preferred Shareholders.....	<u>(1,612,500)</u>	<u>(371,771)</u>
Net Increase in Net Assets Attributable to Common Shareholders		
Resulting from Operations.....	<u>18,494,388</u>	<u>4,569,677</u>
Distributions to Common Shareholders:		
Net investment income.....	(1,488,992)	(4,407,199)
Net realized gain.....	<u>(5,141,825)</u>	<u>(4,731,760)</u>
Total Distributions to Common Shareholders.....	<u>(6,630,817)</u>	<u>(9,138,959)</u>
Fund Share Transactions:		
Net increase in net assets from common shares issued upon reinvestment of distributions.....	1,425,677	2,516,260
Net decrease from repurchase of common shares (includes transaction costs).....	—	(1,251,803)
Net decrease from costs charged for issuance of preferred shares.....	<u>(75,574)</u>	<u>(1,090,000)</u>
Net Increase in Net Assets from Fund Share Transactions.....	<u>1,350,103</u>	<u>174,457</u>
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders.....	13,213,674	(4,394,825)
Net Assets Attributable to Common Shareholders:		
Beginning of year.....	<u>114,040,250</u>	<u>118,435,075</u>
End of year (including undistributed net investment income of \$0 and \$0, respectively) .	<u>\$127,253,924</u>	<u>\$114,040,250</u>

See accompanying notes to financial statements.

Bancroft Fund Ltd.

Financial Highlights

Selected data for a common share of beneficial interest outstanding throughout each year:

	Year Ended October 31,				
	2017	2016	2015	2014	2013
Operating Performance:					
Net asset value, beginning of year	\$22.02	\$23.19	\$23.59	\$22.13	\$19.15
Net investment income	0.51	0.44	0.17	0.19	0.25
Net realized and unrealized gain on investments	3.33	0.50	0.23	1.74	3.31
Total from investment operations	3.84	0.94	0.40	1.93	3.56
Distributions to Preferred Shareholders: (a)					
Net investment income	(0.07)	(0.03)	—	—	—
Net realized gain	(0.24)	(0.04)	—	—	—
Total distributions to preferred shareholders	(0.31)	(0.07)	—	—	—
Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations					
	<u>3.53</u>	<u>0.87</u>	<u>0.40</u>	<u>1.93</u>	<u>3.56</u>
Distributions to Common Shareholders:					
Net investment income	(0.29)	(0.85)	(0.39)	(0.56)	(0.56)
Net realized gains	(0.98)	(0.92)	(0.51)	—	—
Total distributions to common shareholders	(1.27)	(1.77)	(0.90)	(0.56)	(0.56)
Fund Share Transactions:					
Increase in net asset value from repurchase of common shares	—	0.04	0.10	0.11	0.00(b)
Decrease in net asset value from common shares issued upon reinvestment of distributions	(0.03)	(0.10)	(0.00)(b)	(0.02)	(0.02)
Offering costs for preferred shares charged to paid-in capital	(0.01)	(0.21)	—	—	—
Total Fund share transactions	(0.04)	(0.27)	0.10	0.09	(0.02)
Net Asset Value Attributable to Common Shareholders, End of Year					
	<u>\$24.24</u>	<u>\$22.02</u>	<u>\$23.19</u>	<u>\$23.59</u>	<u>\$22.13</u>
NAV total return†	16.29%	2.85%	2.71%	9.71%	19.35%
Market value, end of year	<u>\$21.90</u>	<u>\$20.81</u>	<u>\$19.50</u>	<u>\$20.09</u>	<u>\$18.42</u>
Investment total return††	11.75%	17.23%	1.42%	12.25%	15.64%

See accompanying notes to financial statements.

Bancroft Fund Ltd.
Financial Highlights (Continued)

Selected data for a common share of beneficial interest outstanding throughout each year:

	Year Ended October 31,				
	2017	2016	2015	2014	2013
Ratios to Average Net Assets and Supplemental Data:					
Net assets including liquidation value of preferred shares, end of year (in 000's)	\$157,254	\$144,040	—	—	—
Net assets attributable to common shares, end of period (in 000's)	\$127,254	\$114,040	\$118,435	\$123,667	\$118,821
Ratio of net investment income to average net assets attributable to common shares before preferred distributions	2.09%	1.98%	0.80%	1.00%	1.20%
Ratio of operating expenses to average net assets attributable to common shares	1.28%(c)	1.15%(c)	1.10%	1.10%	1.10%
Ratio of operating expenses to average net assets including liquidation value of preferred shares	1.03%(c)	1.08%(c)	1.10%	1.10%	1.10%
Portfolio turnover rate	33.0%	50.0%	48.0%	43.0%	51.0%
Cumulative Preferred Shares:					
5.375% Series A Preferred					
Liquidation value, end of year (in 000's)	\$ 30,000	\$ 30,000	—	—	—
Total shares outstanding (in 000's)	1,200	1,200	—	—	—
Liquidation preference per share	\$ 25.00	\$ 25.00	—	—	—
Average market value (d)	\$ 25.11	\$ 25.49	—	—	—
Asset coverage per share	\$ 131.04	\$ 120.03	—	—	—
Asset Coverage	524%	480%	—	—	—

† Based on net asset value per share, adjusted for reinvestment of distributions at prices determined under the Fund's dividend reinvestment plan. Prior to November 1, 2015, reinvestments of distributions were at market prices on the payable date.

†† Based on market value per share, adjusted for reinvestment of distributions at prices determined under the Fund's dividend reinvestment plan.

(a) Calculated based on average common shares outstanding on the record dates throughout the years.

(b) Amount represents less than \$0.005 per share.

(c) The Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. For the years ended October 31, 2017 and 2016, there was no impact on the expense ratios.

(d) Based on weekly prices.

See accompanying notes to financial statements.

Bancroft Fund Ltd.

Notes to Financial Statements

1. Organization. Bancroft Fund Ltd. currently operates as a diversified closed-end management investment company organized as a Delaware statutory trust and is registered under the Investment Company Act of 1940, as amended (the “1940 Act”). Investment operations commenced in April 1971.

The Fund’s primary investment objective is to provide 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. The Fund invests primarily in convertible and equity securities.

2. Significant Accounting Policies. As an investment company, the Fund follows the investment company accounting and reporting guidance, which is part of U.S. generally accepted accounting principles (“GAAP”) that may require the use of management estimates and assumptions in the preparation of its financial statements. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

Security Valuation. Portfolio securities listed or traded on a nationally recognized securities exchange or traded in the U.S. over-the-counter market for which market quotations are readily available are valued at the last quoted sale price or a market’s official closing price as of the close of business on the day the securities are being valued. If there were no sales that day, the security is valued at the average of the closing bid and asked prices or, if there were no asked prices quoted on that day, then the security is valued at the closing bid price on that day. If no bid or asked prices are quoted on such day, the security is valued at the most recently available price or, if the Board of Trustees (the “Board”) so determines, by such other method as the Board shall determine in good faith to reflect its fair market value. Portfolio securities traded on more than one national securities exchange or market are valued according to the broadest and most representative market, as determined by Gabelli Funds, LLC (the “Adviser”).

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market, but prior to the close of business on the day the securities are being valued. Debt obligations for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price, unless the Board determines such amount does not reflect the securities’ fair value, in which case these securities will be fair valued as determined by the Board. Certain securities are valued principally using dealer quotations. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded. OTC futures and options on futures for which market quotations are readily available will be valued by quotations received from a pricing service or, if no quotations are available from a pricing service, by quotations obtained from one or more dealers in the instrument in question by the Adviser.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with the equivalent U.S. dollar value American Depositary Receipt securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

Bancroft Fund Ltd.
Notes to Financial Statements (Continued)

The inputs and valuation techniques used to measure fair value of the Fund's investments are summarized into three levels as described in the hierarchy below:

- Level 1 — quoted prices in active markets for identical securities;
- Level 2 — other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); and
- Level 3 — significant unobservable inputs (including the Board's determinations as to the fair value of investments).

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments in securities by inputs used to value the Fund's investments as of October 31, 2017 is as follows:

	Valuation Inputs			Total Market Value at 10/31/17
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Convertible Corporate Bonds				
Energy and Utilities	—	\$ 7,687,073	\$ 0	\$ 7,687,073
Other Industries (a)	—	105,229,332	—	105,229,332
Total Convertible Corporate Bonds	—	112,916,405	0	112,916,405
Convertible Preferred Stocks:				
Business Services	—	—	450,098	450,098
Food and Beverage	—	888,750	—	888,750
Other Industries (a)	\$ 9,897,915	—	—	9,897,915
Total Convertible Preferred Stocks	9,897,915	888,750	450,098	11,236,763
Mandatory Convertible Securities:				
Computer Software and Services	—	1,181,700	—	1,181,700
Financial Services	2,020,000	6,291,450	—	8,311,450
Real Estate Investment Trusts	—	2,155,824	—	2,155,824
Other Industries (a)	16,209,418	—	—	16,209,418
Total Mandatory Convertible Securities	18,229,418	9,628,974	—	27,858,392
Common Stocks (a)	903	—	—	903
Warrants (a)	—	—	0	0
U.S. Government Obligations	—	4,630,699	—	4,630,699
TOTAL INVESTMENTS IN SECURITIES	\$28,128,236	\$128,064,828	\$450,098	\$156,643,162

(a) Please refer to the Schedule of Investments ("SOI") for the industry classifications of these portfolio holdings.

The Fund did not have transfers among Level 1, Level 2, and Level 3 during the fiscal year ended October 31, 2017. The Fund's policy is to recognize transfers among Levels as of the beginning of the reporting period.

Bancroft Fund Ltd.

Notes to Financial Statements (Continued)

Additional Information to Evaluate Qualitative Information.

General. The Fund uses recognized industry pricing services – approved by the Board and unaffiliated with the Adviser – to value most of its securities, and uses broker quotes provided by market makers of securities not valued by these and other recognized pricing sources. Several different pricing feeds are received to value domestic equity securities, international equity securities, preferred equity securities, and fixed income securities. The data within these feeds are ultimately sourced from major stock exchanges and trading systems where these securities trade. The prices supplied by external sources are checked by obtaining quotations or actual transaction prices from market participants. If a price obtained from the pricing source is deemed unreliable, prices will be sought from another pricing service or from a broker/dealer that trades that security or similar securities.

Fair Valuation. Fair valued securities may be common or preferred equities, warrants, options, rights, or fixed income obligations. Where appropriate, Level 3 securities are those for which market quotations are not available, such as securities not traded for several days, or for which current bids are not available, or which are restricted as to transfer. When fair valuing a security, factors to consider include recent prices of comparable securities that are publicly traded, reliable prices of securities not publicly traded, the use of valuation models, current analyst reports, valuing the income or cash flow of the issuer, or cost if the preceding factors do not apply. A significant change in the unobservable inputs could result in a lower or higher value in Level 3 securities. The circumstances of Level 3 securities are frequently monitored to determine if fair valuation measures continue to apply.

The Adviser reports quarterly to the Board the results of the application of fair valuation policies and procedures. These may include backtesting the prices realized in subsequent trades of these fair valued securities to fair values previously recognized.

Investments in Other Investment Companies. The Fund may invest, from time to time, in shares of other investment companies (or entities that would be considered investment companies but are excluded from the definition pursuant to certain exceptions under the 1940 Act) (the “Acquired Funds”) in accordance with the 1940 Act and related rules. Shareholders in the Fund would bear the pro rata portion of the periodic expenses of the Acquired Funds in addition to the Fund’s expenses. For the year ended October 31, 2017, the Fund’s pro rata portion of the periodic expenses charged by the Acquired Funds was less than one basis point.

Foreign Currency Translations. The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at current exchange rates. Purchases and sales of investment securities, income, and expenses are translated at the exchange rate prevailing on the respective dates of such transactions. Unrealized gains and losses that result from changes in foreign exchange rates and/or changes in market prices of securities have been included in unrealized appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial purchase trade date and subsequent sale trade date is included in realized gain/(loss) on investments.

Bancroft Fund Ltd.

Notes to Financial Statements (Continued)

Foreign Securities. The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the inability to repatriate funds, less complete financial information about companies, and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than securities of comparable U.S. issuers.

Foreign Taxes. The Fund may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

Restricted Securities. The Fund may invest up to 15% of its net assets in securities for which the markets are restricted. Restricted securities include securities whose disposition is subject to substantial legal or contractual restrictions. The sale of restricted securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Securities freely saleable among qualified institutional investors under special rules adopted by the SEC may be treated as liquid if they satisfy liquidity standards established by the Board. The continued liquidity of such securities is not as well assured as that of publicly traded securities, and accordingly the Board will monitor their liquidity. For the restricted securities as of October 31, 2017, please refer to the Schedule of Investments.

Securities Transactions and Investment Income. Securities transactions are accounted for on the trade date with realized gain/(loss) on investments determined by using the identified cost method. Interest income (including amortization of premium and accretion of discount) is recorded on the accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on the ex-dividend date, except for certain dividends from foreign securities that are recorded as soon after the ex-dividend date as the Fund becomes aware of such dividends. 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. For the year ended October 31, 2017, the Fund had no contingent interest income.

Custodian Fee Credits. When cash balances are maintained in the custody account, the Fund receives credits which are used to offset custodian fees. The gross expenses paid under the custody arrangement are included in custodian fees in the Statement of Operations with the corresponding expense offset, if any, shown as “Custodian fee credits.”

Distributions to Shareholders. Distributions to common shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with federal income tax regulations, which may differ from income and capital gains as determined under GAAP. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income for federal income tax purposes include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in

Bancroft Fund Ltd.
Notes to Financial Statements (Continued)

the period when the differences arise. Permanent differences were primarily due to redesignation of dividends paid. These reclassifications have no impact on the NAV of the Fund. For the year ended October 31, 2017, reclassifications were made to decrease accumulated net investment loss by \$389,686 and decrease accumulated net realized gain on investments by \$389,686.

The Fund declares and pays quarterly distributions from net investment income, capital gains, and paid-in capital. The actual source of the distribution is determined after the end of the year. Distributions during the year may be made in excess of required distributions. To the extent such distributions are made from current earnings and profits, they are considered ordinary income or long term capital gains. This may restrict the Fund's ability to pass through to shareholders all of its net realized long term capital gains as a Capital Gain Dividend and may cause such gains to be treated as ordinary income, subject to the maximum federal income tax rate. Distributions sourced from paid-in capital should not be considered as dividend yield or the total return from an investment in the Fund. The Board will continue to monitor the Fund's distribution level, taking into consideration the Fund's NAV and the financial market environment. The Fund's distribution policy is subject to modification by the Board at any time.

The tax character of distributions paid during the years ended October 31, 2017 and 2016 was as follows:

	Year Ended October 31, 2017		Year Ended October 31, 2016	
	Common	Preferred	Common	Preferred
Distributions paid from:				
Ordinary income	\$1,980,039	\$ 481,511	\$4,407,199	\$179,284
Net long term capital gains	4,650,778	1,130,989	4,731,760	192,487
Total distributions paid	<u>\$6,630,817</u>	<u>\$1,612,500</u>	<u>\$9,138,959</u>	<u>\$371,771</u>

Provision for Income Taxes. The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). It is the policy of the Fund to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of its net investment company taxable income and net capital gains. Therefore, no provision for federal income taxes is required.

As of October 31, 2017, the components of accumulated earnings on a tax basis were as follows:

Undistributed ordinary income	\$ 1,752,906
Undistributed long term capital gains	662,778
Net unrealized appreciation on investments	17,338,885
Total	<u>\$19,754,569</u>

At October 31, 2017, the temporary differences between book basis and tax basis unrealized appreciation on investments were primarily due to differing methods of recognizing interest and ordinary income on bonds and deferral of losses from wash sales for tax purposes.

Bancroft Fund Ltd.
Notes to Financial Statements (Continued)

The following summarizes the tax cost of investments and the related net unrealized appreciation at October 31, 2017:

	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
Investments	\$139,304,277	\$25,229,272	\$(7,890,387)	\$17,338,885

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold. For the year ended October 31, 2017, the Fund did not incur any income tax, interest, or penalties. As of October 31, 2017, the Adviser has reviewed all open tax years and concluded that there was no impact to the Fund's net assets or results of operations. The Fund's federal and state tax returns for the prior three fiscal years remain open, subject to examination. On an ongoing basis, the Adviser will monitor the Fund's tax positions to determine if adjustments to this conclusion are necessary.

3. Investment Advisory Agreement and Other Transactions. The Fund has entered into an investment advisory agreement (the "Advisory Agreement") with the Adviser which provides that the Fund will pay the Adviser a fee, computed daily and paid monthly, equal on an annual basis to 0.80% of the first \$100,000,000 of the Fund's average weekly net assets and 0.55% of the Fund's average weekly net assets in excess of \$100,000,000. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund's portfolio and oversees the administration of all aspects of the Fund's business and affairs.

During the fiscal year ended October 31, 2017, the Fund paid \$461 in brokerage commissions on security trades to G. research, LLC, an affiliate of the Adviser.

During the fiscal year ended October 31, 2017, the Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. The amount of such expenses paid through this directed brokerage arrangement during this period was \$1,954.

Through October 31, 2017, the Adviser contractually agreed to waive fees or reimburse expenses of the Fund to the extent the total expenses of the Fund (excluding brokers costs, interest, taxes, acquired fund fees and expenses, expenses chargeable to capital, and extraordinary expenses) exceed 1.10% of the weekly average net assets of the Fund. During the fiscal year ended October 31, 2017, there were no fees waived or expenses reimbursed.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement between the Fund and the Adviser. During the fiscal year ended October 31, 2017, the Fund paid or accrued \$45,000 to the Adviser in connection with the cost of computing the Fund's NAV.

As per the approval of the Board, the Fund compensates officers of the Fund, who are employed by the Fund and are not employed by the Adviser (although the officers may receive incentive based variable compensation from affiliates of the Adviser). For the fiscal year ended October 31, 2017, the Fund paid or accrued \$88,755 in payroll expenses in the Statement of Operations.

The Fund pays each Trustee who is not considered an affiliated person an annual retainer of \$8,500 plus \$1,000 for each Board meeting attended. Each Trustee is reimbursed by the Fund for any out of pocket expenses

Bancroft Fund Ltd.
Notes to Financial Statements (Continued)

incurred in attending meetings. All Board committee members receive \$500 per meeting attended. The Lead Independent Trustee receives an annual fee of \$1,000 and the Audit and Nominating Committee Chairmen each receive an annual fee of \$2,000. A Trustee may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. Trustees who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund

During the fiscal year ended October 31, 2017, the Fund engaged in sale transactions with funds that have a common investment adviser. These sale transactions complied with Rule 17a-7 under the Act and amount to \$86,375.

4. Portfolio Securities. Purchases and sales of securities during the fiscal year ended October 31, 2017, other than short term securities and U.S. Government obligations, aggregated \$49,209,127 and \$49,558,542, respectively.

5. Capital. The Fund is authorized to issue an unlimited number of common shares of beneficial interest (par value \$0.01). The Board has authorized the repurchase of its shares in the open market when the shares are trading at a discount of 10.0% or more (or such other percentage as the Board may determine from time to time) from the NAV of the shares. During the fiscal year ended 2017, the Fund did not repurchase any shares.

Transactions in common shares of beneficial interest for the years ended October 31, 2017 and October 31, 2016 were as follows:

	Year Ended October 31, 2017		Year Ended October 31, 2016	
	Shares	Amount	Shares	Amount
Net increase in net assets from common shares issued upon reinvestment of distributions	70,300	\$1,425,677	140,967	\$ 2,516,260
Net decrease from repurchase of common shares (includes transaction costs)	—	—	(68,389)	(1,251,803)
Net increase from transactions in Fund shares	<u>70,300</u>	<u>\$1,425,677</u>	<u>72,578</u>	<u>\$ 1,264,457</u>

On August 9, 2016, the Fund issued 1,200,000 Series A Preferred, receiving \$28,834,426, after the deduction of offering expenses and underwriting fees of \$1,165,574.

The liquidation value of Series A Preferred is \$25 per share. The Series A Preferred has an annual dividend rate of 5.375%. The Series A Preferred is noncallable before August 9, 2021. At October 31, 2017, 1,200,000 Series A Preferred were outstanding and accrued dividends amounted to \$161,250.

The Fund's Declaration of Trust, as amended, authorizes the issuance of an unlimited number of Series A Preferred, par value \$0.01. The Series A Preferred are senior to the common shares and result in the financial leveraging of the common shares. Such leveraging tends to magnify both the risks and opportunities to common shareholders. Dividends on the Series A Preferred are cumulative. The Fund is required by the 1940 Act and by the Statement of Preferences to meet certain asset coverage tests with respect to the Series A Preferred. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the Series A Preferred at the redemption price of \$25 per share plus an amount equal to the accumulated and unpaid dividends whether or not declared on such shares in order to meet these requirements. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund's ability to pay dividends to common shareholders and could lead to sales of portfolio securities at inopportune times. The

Bancroft Fund Ltd.

Notes to Financial Statements (Continued)

income received on the Fund's assets may vary in a manner unrelated to the fixed rate, which could have either a beneficial or detrimental impact on net investment income and gains available to common shareholders.

The holders of Series A Preferred generally are entitled to one vote per share held on each matter submitted to a vote of shareholders of the Fund and will vote together with holders of common shares as a single class. The holders of Series A Preferred voting together as a single class also currently have the right to elect two Trustees and under certain circumstances are entitled to elect a majority of the Board of Trustees. In addition, the affirmative vote of a majority of the votes entitled to be cast by holders of all outstanding shares of the Series A Preferred, voting as a single class, will be required to approve any plan of reorganization adversely affecting the Series A Preferred, and the approval of two-thirds of each class, voting separately, of the Fund's outstanding voting stock must approve the conversion of the Fund from a closed-end to an open-end investment company. The approval of a majority (as defined in the 1940 Act) of the outstanding Series A Preferred and a majority (as defined in the 1940 Act) of the Fund's outstanding voting securities are required to approve certain other actions, including changes in the Fund's investment objectives or fundamental investment policies.

6. Convertible Securities Concentration. 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.

7. Indemnifications. The Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts. Management has reviewed the Fund's existing contracts and expects the risk of loss to be remote.

8. Subsequent Events. Management has evaluated the impact on the Fund of all subsequent events occurring through the date the financial statements were issued and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

Bancroft Fund Ltd.

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying statement of assets and liabilities, including the schedule of investments of the Bancroft Fund Ltd. as of October 31, 2017, 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 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, 2017, by correspondence with the custodian and brokers. 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 the Bancroft Fund Ltd. as of October 31, 2017, 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, presented in conformity with accounting principles generally accepted in the United States of America.

Tait, Weller & Baker LLP
Philadelphia, Pennsylvania
December 21, 2017

Bancroft Fund Ltd. Additional Fund Information (Unaudited)

The business and affairs of the Fund are managed under the direction of the Fund's Board of Trustees. Information pertaining to the Trustees and officers of the Fund is set forth below. The Fund's Statement of Additional Information includes additional information about the Fund's Trustees and is available without charge, upon request, by calling 800-GABELLI (800-422-3554) or by writing to Bancroft Fund Ltd. at One Corporate Center, Rye, NY 10580-1422.

<u>Name, Position(s) Address¹ and Age</u>	<u>Term of Office and Length of Time Served²</u>	<u>Number of Funds in Fund Complex Overseen by Trustee³</u>	<u>Principal Occupation(s) During Past Five Years</u>	<u>Other Directorships Held by Trustee⁴</u>
INTERESTED TRUSTEES⁵:				
Mario J. Gabelli, CFA Trustee and Chairman Age: 75	Since 2015*	32	Chairman, Chief Executive Officer, and Chief Investment Officer— Value Portfolios of GAMCO Investors, Inc. and Chief Investment Officer— Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc.; Director/ Trustee or Chief Investment Officer of other registered investment companies within the Gabelli/GAMCO/Teton Fund Complex; Chief Executive Officer of GGCP, Inc.; Executive Chairman of Associated Capital Group, Inc.	Director of Morgan Group Holdings, Inc. (holding company); Chairman of the Board and Chief Executive Officer of LICOT Corp. (multimedia and communication services company); Director of CIBL, Inc. (broadcasting and wireless communications); Director of ICTC Group Inc. (communications); Director of RLJ Acquisition, Inc. (blank check company) (2011-2012)
Jane D. O'Keeffe Trustee Age: 62	Since 1995**	1	President of the Bancroft Fund Ltd.; Portfolio Manager for Gabelli Funds, LLC; Executive Vice President of the Ellsworth Growth and Income Fund Ltd. (2014-2015); President of Dinsmore Capital Management (1996-2015); President of the Ellsworth Growth and Income Fund Ltd. (1996-2014)	—
INDEPENDENT TRUSTEES⁶:				
Kinchen C. Bizzell, CFA Trustee Age: 63	Since 2008***	2	Private Investor; Managing Director of CAVU Securities (securities broker-dealer) (2013-2016); Investor Relations Managing Director (1998-2003) and Senior Counselor (2004-2013) at Burson-Marsteller (global public relations and communications)	—
Elizabeth C. Bogan, PhD Trustee Age: 73	Since 1990**	3	Senior Lecturer in Economics at Princeton University	—
James P. Conn Trustee Age: 79	Since 2015***	27	Former Managing Director and Chief Investment Officer of Financial Security Assurance Holdings Ltd. (1992-1998)	—
Frank J. Fahrenkopf, Jr. Trustee Age: 78	Since 2015***	12	Co-Chairman of the Commission on Presidential Debates; Former President and Chief Executive Officer of the American Gaming Association (1995-2013); Former Chairman of the Republican National Committee (1983-1989)	Director of First Republic Bank (banking)

Bancroft Fund Ltd.
Additional Fund Information (Continued) (Unaudited)

Name, Position(s) Address¹ and Age	Term of Office and Length of Time Served²	Number of Funds in Fund Complex Overseen by Trustee³	Principal Occupation(s) During Past Five Years	Other Directorships Held by Trustee⁴
Daniel D. Harding, CFA Trustee Age: 65	Since 2007*	3	Managing General Partner of the Global Equity Income Fund (private investment fund); Director of TRC (private asset management); General Partner of Latitude Capital Partners, LLC (private investment); Director of Legg Mason Investment Counsel, LLC and Chair of Investment Committee (2010-2012)	Director of Morristown Medical Center, Atlantic Health Systems, Ocean Reef Community Foundation and Ocean Reef Medical Center Foundation
Michael J. Melarkey Trustee Age: 68	Since 2015***	23	Owner in Pioneer Crossing Casino Group; Of Counsel in the law firm of McDonald Carano Wilson LLP; previously partner in the law firm of Avansino, Melarkey, Knobel, Mulligan & McKenzie (1980-2015)	Director of Southwest Gas Corporation (natural gas utility)
Kuni Nakamura Trustee Age: 49	Since 2015*	33	President of Advanced Polymer, Inc. (chemical manufacturing company); President of KEN Enterprises, Inc. (real estate)	—
Nicholas W. Platt Trustee Age: 64	Since 1997*	2	Private Investor; Member of NYSE MKT LLC Committee on Securities; currently Mayor of Township of Harding, New Jersey; Managing Director of FTI Consulting Inc. (international consulting company) (March 2009-May 2011)	—
Anthonie C. van Ekris⁷ Trustee Age: 83	Since 2015**	22	Chairman and Chief Executive Officer of BALMAC International, Inc. (global import/export company)	—

Name, Position(s) Address¹ and Age	Term of Office and Length of Time Served⁸	Principal Occupation(s) During Past Five Years
OFFICERS:		
Jane D. O’Keeffe President Age: 62	Since 1995	President of the Bancroft Fund Ltd.; Portfolio Manager for Gabelli Funds, LLC; Executive Vice President of the Ellsworth Growth and Income Fund Ltd. (2014-2015); President of Dinsmore Capital Management (1996-2015); President of the Ellsworth Growth and Income Fund Ltd. (1996-2014)
Agnes Mullady Vice President Age: 59	Since 2015	Officer of all of the registered investment companies within the Gabelli/GAMCO/Teton Fund Complex since 2006; President and Chief Operating Officer of the Fund Division of Gabelli Funds, LLC since 2015; Chief Executive Officer of G.distributors, LLC since 2010; Senior Vice President of GAMCO Investors, Inc. since 2009; Vice President of Gabelli Funds, LLC since 2007; Executive Vice President of Associated Capital Group, Inc. since 2016
John C. Ball Treasurer Age: 41	Since May 2017	Treasurer of funds within the Gabelli/GAMCO/Teton Fund Complex (closed-end funds since May 2017 and open-end funds since February 2017); Vice President and Assistant Treasurer of AMG Funds, 2014-2017; Vice President of State Street Corporation, 2007-2014
Andrea R. Mango Vice President and Secretary Age: 45	Since 2015	Vice President of GAMCO Investors, Inc. since 2016; Counsel of Gabelli Funds, LLC since 2013; Secretary of all registered investment companies within the Gabelli/GAMCO/Teton Fund Complex since 2013; Vice President of all closed-end funds within the Gabelli/GAMCO/Teton Fund Complex since 2014; Corporate Vice President within the Corporate Compliance Department of New York Life Insurance Company, 2011-2013; Vice President and Counsel of Deutsche Bank, 2006-2011

Bancroft Fund Ltd. Additional Fund Information (Continued) (Unaudited)

<u>Name, Position(s) Address¹ and Age</u>	<u>Term of Office and Length of Time Served⁸</u>	<u>Principal Occupation(s) During Past Five Years</u>
Laurissa M. Martire Vice President and Ombudsman Age: 41	Since 2015	Vice President and/or Ombudsman of closed-end funds within the Gabelli/GAMCO/Teton Fund Complex; Assistant Vice President of GAMCO Investors, Inc. since 2003
Bethany A. Uhlein Assistant Vice President and Ombudsman Age: 27	Since May 2017	Assistant Vice President and/or Ombudsman of closed-end funds within the Gabelli/GAMCO Fund Complex since May 2017; Assistant Vice President (since January 2015) and Associate (2013 - January 2015) for GAMCO Asset Management Inc.; Operations Associate for GAMCO Investors, Inc. (2012 – 2013)
Richard J. Walz Chief Compliance Officer Age: 58	Since 2015	Chief Compliance Officer of all of the registered investment companies within the Gabelli/GAMCO/Teton Fund Complex since 2013; Chief Compliance Officer of AEGON USA Investment Management, 2011-2013; Chief Compliance Officer of Cutwater Asset Management, 2004-2011

1 Address: One Corporate Center, Rye, NY 10580-1422, unless otherwise noted.

2 The Fund's Board of Trustees is divided into three classes, each class having a term of three years. Each year the term of office of one class expires and the successor or successors elected to such class serve for a three year term. The three year term for each class expires as follows:

* — Term expires at the Fund's 2018 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

** — Term expires at the Fund's 2019 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

*** — Term expires at the Fund's 2020 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

Each officer will hold office for an indefinite term until the date he or she resigns or retires or until his or her successor is elected and qualified.

3 The "Fund Complex" or the "Gabelli/GAMCO/Teton Fund Complex" includes all the U.S. registered investment companies that are considered part of the same fund complex as the Fund because they have common or affiliated investment advisers.

4 This column includes only directorships of companies required to report to the SEC under the Securities Exchange Act of 1934, as amended, i.e., public companies, or other investment companies registered under the 1940 Act.

5 "Interested person" of the Fund, as defined in the 1940 Act. Mr. Gabelli and Ms. O'Keeffe are each considered to be an "interested person" of the Fund because of their affiliation with the Fund's Adviser.

6 Trustees who are not considered to be "interested persons" of the Fund as defined in the 1940 Act are considered to be "Independent" Trustees.

7 Mr. van Ekris is an independent director of Gabelli International Ltd., Gabelli Fund LDC, Gama Capital Opportunities Master Ltd., and GAMCO International SICAV, which may be deemed to be controlled by Mario J. Gabelli and/or affiliates and, in that event, would be deemed to be under common control with the Fund's Adviser.

8 Each officer will hold office for an indefinite term until the date he or she resigns and retires or until his or her successor is duly elected and qualifies.

Bancroft Fund Ltd.

Annual Approval of Continuance of Investment Advisory Agreement (Unaudited)

At its meeting on August 24, 2017, the Board of Trustees (“Board”) of the Fund approved the continuation of the investment advisory agreement with the Adviser for the Fund on the basis of the recommendation by the trustees who are not “interested persons” of the Fund (the “Independent Board Members”). The following paragraphs summarize the material information and factors considered by the Independent Board Members as well as their conclusions relative to such factors:

Nature, Extent, and Quality of Services.

The Independent Board Members considered information regarding the portfolio managers, the depth of the analyst pool available to the Adviser and the portfolio managers, the scope of administrative, shareholder and other services supervised or provided by the Adviser and the absence of significant service problems reported to the Board. The Independent Board Members noted the experience, length of service, and reputation of the portfolio managers.

Investment Performance.

The Independent Board Members reviewed the performance of the Fund for the one, three, and five year periods (as of June 30, 2017) against a peer group of 14 convertible funds prepared by the Adviser (the “Adviser Peer Group”) and against a larger peer group of 29 closed-end funds constituting the Fund’s Lipper category (Closed-End Core, Convertible and Value Equity Funds) (the “Lipper Peer Group”). The Independent Board Members noted that the Fund’s performance was in the third quartile for the one year period and in the second quartile for the three year and five year periods for the Adviser Peer Group, and in the third quartile for the one year period, the second quartile for the three year period, and the third quartile for the five year period for the Lipper Peer Group.

Profitability.

The Independent Board Members reviewed summary data regarding the profitability of the Fund to the Adviser both with an administrative overhead charge and without such a charge and noted the Adviser’s estimated pre-tax operating margin attributable to the Fund in both scenarios.

Economies of Scale.

The Independent Board Members discussed the major elements of the Adviser’s cost structure and the relationship of those elements to potential economies of scale.

Sharing of Economies of Scale.

The Independent Board Members noted that the Fund’s advisory fee contained a reduction for assets in excess of \$100 million, which would indicate a sharing even if economies of scale were not experienced at such a low asset level.

Service and Cost Comparisons.

The Independent Board Members compared the expense ratios of the investment management fee, other expenses, and total expenses of the Fund to similar expense ratios of the Adviser Peer Group and the Lipper Peer Group. The Independent Board Members noted that the Adviser’s management fee includes substantially all administrative services for the Fund as well as investment advisory services. The Independent Board Members noted that within the Adviser Peer Group, the Fund’s investment management fee and total expense ratio were slightly

Bancroft Fund Ltd.

Annual Approval of Continuance of Investment Advisory Agreement (Unaudited) (Continued)

above the Adviser Peer Group average. The Independent Board Members further noted that both the Fund's investment management fee and total expense ratio were slightly below the Lipper Peer Group average. The Independent Board Members also noted that the management fee structure was different from that in effect for most of the Gabelli funds, in that it contains a reduction for assets in excess of \$100 million and is lower than the management fees in effect for most other Gabelli funds due to the retention of the Fund's historical fee structure when the Adviser assumed the management of the Fund in 2015. The Independent Board Members recognized that the Adviser and its affiliates did not manage other accounts with similar strategies that had fees lower than those charged for the Fund.

Conclusions.

The Independent Board Members concluded that the Fund enjoyed highly experienced portfolio management services and good ancillary services, and that the Fund's performance record has been acceptable. The Independent Board Members concluded that the profitability to the Adviser of managing the Fund was reasonable and that economies of scale were not a significant factor in their thinking at this point. The Independent Board Members did not view the potential profitability of ancillary services as material to their decision. On the basis of the foregoing and without assigning particular weight to any single conclusion, the Independent Board Members determined to recommend continuation of the Advisory Agreement to the full Board. Based on a consideration of all these factors in their totality, the Board Members, including all of the Independent Board Members, determined that the Fund's advisory fee was fair and reasonable with respect to the quality of services provided and in light of the other factors described above that the Board deemed relevant. Accordingly, the Board Members determined to approve the continuation of the Fund's Advisory Agreement. The Board Members based its decision on evaluations of all these factors as a whole and did not consider any one factor as all-important or controlling.

BANCROFT FUND LTD.
INCOME TAX INFORMATION (Unaudited)
October 31, 2017

Cash Dividends and Distributions

	Payable Date	Record Date	Total Amount Paid Per Share (a)	Ordinary Investment Income (a)	Long Term Capital Gains (a)	Dividend Reinvestment Price
Common Stock	12/29/16	11/28/16	\$0.52000	\$0.09500	\$0.22250	20.28000
	03/24/17	03/17/17	0.25000	0.09500	0.22250	20.92000
	06/23/17	06/16/17	0.25000	0.09500	0.22250	21.73000
	09/22/17	09/15/17	0.25000	0.09500	0.22250	21.85000
			\$1.27000	\$0.38000	\$0.89000	
5.375% Series A Cumulative Preferred	12/27/16	12/19/16	\$0.33590	\$0.08237	\$0.25357	
	03/27/17	03/20/17	0.33594	0.05546	0.28047	
	06/26/17	06/19/17	0.33594	0.07303	0.26290	
	09/26/17	09/19/17	0.33594	0.07675	0.25919	
			\$1.34371	\$0.28761	\$1.05613	

Corporate Dividends Received Deduction, Qualified Dividend Income, and U.S. Government Securities Income

For the year ended October 31, 2017, the Fund paid to shareholders ordinary income distributions (inclusive of short term capital gains) totaling \$0.28 per share. For the year ended October 31, 2017, 44.72% of the ordinary income distribution qualifies for the dividends received deduction available to corporations. The Fund designates 47.83% of the ordinary income distribution as qualified dividend income pursuant to the Jobs and Growth Tax Relief Reconciliation Act of 2003. The Fund designates 37.84% of the ordinary income distribution as qualified interest income and short term distributions totaling \$610,461 pursuant to the Tax Relief, Unemployment Reauthorization, and Job Creation Act of 2010. The percentage of ordinary income dividends paid by the Fund during 2017 derived from U.S. Government securities was 0.15%. Such income is exempt from state and local taxes in all states. However, many states, including New York and California, allow a tax exemption for a portion of the income earned only if a mutual fund has invested at least 50% of its assets at the end of each quarter of its fiscal year in U.S. Government securities. The Fund did not meet this strict requirement in 2017. The percentage of U.S. Government securities held as of October 31, 2017 was 2.96%.

Historical Distribution Summary

	Investment Income (b)	Short Term Capital Gains (b)	Long Term Capital Gains	Total Distributions (a)
Common Shares				
2017	\$0.28460	\$0.09380	\$0.88890	\$1.26730
2016	0.85110	—	0.92390	1.77500
5.375% Series A Cumulative Preferred				
2017	\$0.28761	—	\$1.05613	\$1.34374
2016	0.08412	—	0.09131	0.17543

(a) Total amounts may differ due to rounding.

(b) Taxable as ordinary income for Federal tax purposes.

All designations are based on financial information available as of the date of this annual report and, accordingly, are subject to change. For each item, it is the intention of the Fund to designate the maximum amount permitted under the Internal Revenue Code and the regulations thereunder.

AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLANS

Enrollment in the Plan

It is the policy of Bancroft Fund Ltd. to automatically reinvest dividends payable to common shareholders. As a "registered" shareholder you automatically become a participant in the Fund's Automatic Dividend Reinvestment Plan (the "Plan"). The Plan authorizes the Fund to credit common shares to participants upon an income dividend or a capital gains distribution regardless of whether the shares are trading at a discount or a premium to net asset value. All distributions to shareholders whose shares are registered in their own names will be automatically reinvested pursuant to the Plan in additional shares of the Fund. Plan participants may send their share certificates to American Stock Transfer ("AST") to be held in their dividend reinvestment account. Registered shareholders wishing to receive their distributions in cash must submit this request in writing to:

Bancroft Fund Ltd.
c/o American Stock Transfer
6201 15th Avenue
Brooklyn, NY 11219

Shareholders requesting this cash election must include the shareholder's name and address as they appear on the share certificate. Shareholders with additional questions regarding the Plan or requesting a copy of the terms of the Plan, may contact AST at (888) 422-3262.

If your shares are held in the name of a broker, bank, or nominee, you should contact such institution. If such institution is not participating in the Plan, your account will be credited with a cash dividend. In order to participate in the Plan through such institution, it may be necessary for you to have your shares taken out of "street name" and re-registered in your own name. Once registered in your own name your distributions will be automatically reinvested. Certain brokers participate in the Plan. Shareholders holding shares in "street name" at participating institutions will have dividends automatically reinvested. Shareholders wishing a cash dividend at such institution must contact their broker to make this change.

The number of common shares distributed to participants in the Plan in lieu of cash dividends is determined in the following manner. Under the Plan, whenever the market price of the Fund's common shares is equal to or exceeds net asset value at the time shares are valued for purposes of determining the number of shares equivalent to the cash dividends or capital gains distribution, participants are issued common shares valued at the greater of (i) the net asset value as most recently determined or (ii) 95% of the then current market price of the Fund's common shares. The valuation date is the dividend or distribution payment date or, if that date is not a NYSE Amex trading day, the next trading day. If the net asset value of the common shares at the time of valuation exceeds the market price of the common shares, participants will receive common shares from the Fund valued at market price. If the Fund should declare a dividend or capital gains distribution payable only in cash, AST will buy common shares in the open market, or on the NYSE Amex, or elsewhere, for the participants' accounts, except that AST will endeavor to terminate purchases in the open market and cause the Fund to issue shares at net asset value if, following the commencement of such purchases, the market value of the common shares exceeds the then current net asset value.

The automatic reinvestment of dividends and capital gains distributions will not relieve participants of any income tax which may be payable on such distributions. A participant in the Plan will be treated for federal income tax purposes as having received, on a dividend payment date, a dividend or distribution in an amount equal to the cash the participant could have received instead of shares.

Voluntary Cash Purchase Plan

The Voluntary Cash Purchase Plan is yet another vehicle for our shareholders to increase their investment in the Fund. In order to participate in the Voluntary Cash Purchase Plan, shareholders must have their shares registered in their own name.

Participants in the Voluntary Cash Purchase Plan have the option of making additional cash payments to AST for investments in the Fund's common shares at the then current market price. Shareholders may send an amount from \$100 to \$10,000. AST will use these funds to purchase shares in the open market on or about the 15th of each month. AST will charge each shareholder who participates a pro rata share of the brokerage commissions. Brokerage charges for such purchases are expected to be less than the usual brokerage charge for such transactions. It is suggested that any voluntary cash payments be sent to American Stock Transfer, 6201 15th Avenue, Brooklyn, NY 11219 such that AST receives such payments approximately 10 days before the investment date. Funds not received at least five days before the investment date shall be held for investment until the next purchase date. A payment may be withdrawn without charge if notice is received by AST at least 48 hours before such payment is to be invested.

Shareholders wishing to liquidate shares held at AST must do so in writing or by telephone. Please submit your request to the above mentioned address or telephone number. Include in your request your name, address, and account number. Brokerage charges are expected to be less than the usual brokerage charge for such transactions.

For more information regarding the Automatic Dividend Reinvestment Plan and Voluntary Cash Purchase Plan, brochures are available by calling (914) 921-5070 or by writing directly to the Fund.

The Fund reserves the right to amend or terminate the Plan as applied to any voluntary cash payments made and any dividend or distribution paid subsequent to written notice of the change sent to the members of the Plan at least 90 days before the record date for such dividend or distribution. The Plan also may be amended or terminated by AST on at least 90 days written notice to participants in the Plan.

**Bancroft Fund Ltd.
One Corporate Center
Rye, NY 10580-1422**

Portfolio Management Team Biographies

Thomas H. Dinsmore, CFA, joined Gabelli Funds, LLC in 2015. He currently serves as a portfolio manager of Gabelli Funds, LLC and manages other funds within the Gabelli/GAMCO Funds Complex. From 1996 to 2015, Mr. Dinsmore was Chairman and CEO of Dinsmore Capital Management; CEO and Portfolio Manager of Bancroft Fund Ltd; and CEO, Portfolio Manager, and co-founder of Ellsworth Growth and Income Fund Ltd. He received a B.S. in Economics from the Wharton School of Business and an M.A. degree in Economics from Fairleigh Dickinson University.

Jane D. O’Keeffe joined Gabelli Funds, LLC in 2015. She currently serves as a portfolio manager of Gabelli Funds, LLC and manages other funds within the Gabelli/GAMCO Funds Complex. From 1996 to 2015, Ms. O’Keeffe was President and Director of Dinsmore Capital Management where she was also a Portfolio Manager of Bancroft Fund Ltd. and Ellsworth Growth and Income Fund Ltd. Prior to joining Dinsmore Capital Management, Ms. O’Keeffe held positions of increasing responsibilities at IDS Progressive Fund, Soros Fund Management Company, Simms Capital Management, and Fiduciary Trust International. She earned a B.A. from the University of New Hampshire and attended the Lubin Graduate School of Business at Pace University.

James A. Dinsmore, CFA, joined Gabelli Funds, LLC in 2015. He currently serves as a portfolio manager of Gabelli Funds, LLC and manages other funds within the Gabelli/GAMCO Funds Complex. Mr. Dinsmore received a B.A. in Economics from Cornell University and an MBA degree from Rutgers University.

We have separated the portfolio managers’ commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio managers’ commentary is unrestricted. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com.

The Net Asset Value per share appears in the Publicly Traded Funds column, under the heading “Convertible Securities Funds,” in Monday’s The Wall Street Journal. It is also listed in Barron’s Mutual Funds/Closed End Funds section under the heading “Convertible Securities Funds.”

The Net Asset Value per share may be obtained each day by calling (914) 921-5070 or visiting www.gabelli.com.

The NASDAQ symbol for the Net Asset Value is “XBCVX.”

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund may from time to time purchase its common shares in the open market when the Fund’s shares are trading at a discount of 10% or more from the net asset value of the shares. The Fund may also, from time to time, purchase its preferred shares in the open market when the preferred shares are trading at a discount to the liquidation value.

BANCROFT FUND LTD.

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e info@gabelli.com

GABELLI.COM

TRUSTEES

Mario J. Gabelli, CFA
Chairman and
Chief Executive Officer,
GAMCO Investors, Inc.
Executive Chairman,
Associated Capital Group Inc.

Kinchen C. Bizzell, CFA
Managing Director,
CAVU Securities

Elizabeth C. Bogan, Ph.D
Senior Lecturer, Economics
Princeton University

James P. Conn
Former Managing Director &
Chief Investment Officer,
Financial Security Assurance
Holdings Ltd.

Frank J. Fahrenkopf, Jr.
Former President &
Chief Executive Officer,
American Gaming Association

Daniel D. Harding, CFA
Managing General Director,
Global Equity Income Fund

Michael J. Melarkey
Of Counsel,
McDonald Carano Wilson LLP

Kuni Nakamura
President,
Advanced Polymer, Inc.

Jane D. O'Keefe
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Gabelli Funds, LLC

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FTI Consulting Inc.

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OFFICERS

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Treasurer

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Laurissa M. Martire
Ombudsman & Vice President

Bethany A. Uhlein
Assistant Vice President & Ombudsman

Richard J. Walz
Chief Compliance Officer

INVESTMENT ADVISER

Gabelli Funds, LLC

CUSTODIAN

State Street Bank and Trust
Company

COUNSEL

Skadden, Arps, Slate, Meagher &
Flom LLP

TRANSFER AGENT AND REGISTRAR

American Stock Transfer and
Trust Company



GABELLI
FUNDS

BANCROFT FUND LTD.

BCV

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October 31, 2017