

# Bancroft Fund Ltd.

## Shareholder Commentary – March 31, 2018

### (Y)our Portfolio Management Team



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

#### To Our Shareholders,

For the quarter ended March 31, 2018, the net asset value (“NAV”) total return of the Bancroft Fund Ltd. (the “Fund”) was 2.8%, compared with total returns of 2.4% and 0.8% 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 (2.4)%. The Fund’s NAV per share was \$24.55, while the price of the publicly traded shares closed at \$20.99 on the NYSE.

#### Comparative Results

#### Average Annual Returns through March 31, 2018 (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>
<b>Bancroft Fund Ltd.</b>						
NAV Total Return (c) .....	2.78%	10.54%	7.05%	9.04%	7.00%	8.91%
Investment Total Return (d) .....	(2.41)	5.21	7.32	9.46	6.62	9.45
ICE Bank of America Merrill Lynch U.S. Convertibles Index	2.40	10.63	6.59	9.66	8.23	N/A (e)
Bloomberg Barclays Balanced U.S. Convertibles Index . . . .	0.82	3.18	2.63	5.34	5.62	N/A (f)
Standard & Poor’s (S&P) 500 Index .....	(0.76)	13.99	10.78	13.31	9.49	10.38 (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](http://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” or the former 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. 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 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 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**

Volatility returned to the markets in the first quarter of 2018. Rising interest rates and global trade uncertainty caused investors and traders to add and remove risk from portfolios in a rather dramatic fashion. Convertibles maintained much greater stability over the course of the first quarter, leading them to outperform other asset classes. This supports our investment thesis for convertibles, which allow investors to keep equity exposure during this period of uncertain movements in the stock market. Technology issues continue to dominate the convertible market and, along with Healthcare, was the subject of strong issuance in the first quarter. There were thirty-five new issues, which raised \$12.4 billion in a strong start to this year. Most of these were in the form of convertible bonds, with a small portion being mandatory preferred stock. We are expecting continued strong issuance of convertibles this year as rates remain low and tax code changes limiting deductibility of interest make the structure attractive for issuers.

The U.S. convertible market has a current yield of 2.8% and an average premium of 28.7%. The market size is \$218 billion, with 452 issues outstanding. The duration ( a measure of interest rate sensitivity) of 2.88 years allows for some dampening of volatility due to rising rates as the Fed continues to raise rates at a

measured pace in 2018. Company earnings are expected to improve this year, leaving room for equity upside. Given the recent movement of the stock market, we have been focusing our portfolio investments on a higher weighting in total return convertibles, offering a balanced mix of growth and income.

Bancroft Fund had a strong first quarter of 2018, with the NAV up 2.78%. This compares to a decline of 0.76% for the S&P 500 and a decline of 1.3% for 5 to 7 year U.S. Treasury notes during the same period. The weighted average current yield at quarter end was 2.83% and the median premium was 23.3%. The characteristics of the portfolio included 35.9% equity sensitive holdings, 50.6% total return and 13.5% fixed income surrogates.

## **Conclusion**

We continue to believe that convertibles offer a good way to remain invested in volatile markets as they provide positive returns in rising equity markets and offer downside protection during corrections.

## **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 March 31, 2018.

*Apptio Inc. (Cv. Bond, 0.875%, 4/1/2023)*, headquartered in Bellevue, Washington, is a software-as-a-service company focused on Technology Business Management. Their cloud-based software is designed to help IT departments run more efficiently, with greater cost transparency and better tools for analysis and optimization of vendor relationships and technology investment. As the world moves to a hybrid cloud infrastructure, Apptio's software will be an integral part of the management of IT departments. The company's recurring revenue, solid balance sheet, and large growth potential make a compelling combination, and this convertible offers us a way to invest in the transition to a hybrid cloud infrastructure with little downside.

*Bunge Ltd. (Cv. Pfd., 4.88%, 06/01/2166)* is a global agricultural trading company headquartered in White Plains, New York. The company has extensive infrastructure for trading, transporting, and adding value to agricultural commodities, including grains, soybeans, and edible oils. Bunge owns mills, crushing facilities, and refineries, as well as grain elevators and port terminals that operate in Brazil, China, India, the Pacific Northwest, Vietnam, and Australia. The growing global population will require increased food production through sustainable farming methods to best maintain natural resources. Bunge is at the forefront in helping to improve efficiency and productivity of farms around the world. The Bunge convertible preferred offers a yield advantage over the common stock, and is higher in the capital structure of the company. Given the volatility of the commodity markets, we feel this is a good way to maintain investment exposure to this vital area.

*Cheniere Energy Inc. (Cv. Bond, 4.25%, 3/15/2045)*, based in Houston, Texas, owns and operates the Sabine Pass LNG receiving terminal, the Creole Trail Pipeline and, through subsidiaries, operates the Sabine Pass LNG terminal, which includes four operating trains, with one more under construction. It is developing another liquefaction facility in Corpus Christi, Texas, and is also engaged in the LNG and natural gas marketing business. This bond has a high yield of 5.48% and a yield to maturity of 5.93% with a high premium to conversion value, which makes it less sensitive to stock price movements.

*Coupa Software Inc. (Cv. Bond, 0.375%, 1/15/2023)*, headquartered in San Mateo, California, is a software-as-a-service provider of business spend management. Coupa's platform provides a suite of solutions for optimizing procurement, invoicing, expense management, budgeting, sourcing, inventory, and contracts, among other potential cost centers for businesses. Coupa's customers use the software to become more efficient and to find cost savings in nearly any aspect of their businesses by channeling their spending through the system. As more customers sign on, Coupa's products should become better at identifying potential costs and ways to avoid them, building a strong knowledge base of ways to efficiently do business. We believe this is a very sticky solution, as companies will be unlikely to turn their back on cost savings, particularly if we were to see a recession in the coming years. This convertible is a way for us to gain exposure to this attractive recurring revenue business, which we believe may see substantial cash flow growth through maturity.

*Neurocrine Biosciences Inc. (Cv. Bond, 2.25%, 5/15/2024)* is a biotech company based in San Diego, California. The company developed Ingrezza, which is currently marketed for Tardive dyskinesia and is in trials for other indications. Most recently, NBIX has announced a third quarter date for FDA review of Elagolix, which they have developed for treatment of uterine fibroids and endometriosis. This drug will be marketed by AbbVie, with NBIX receiving a significant royalty. These convertible bonds are a good way to participate in the upside of the underlying equity, while offering a current yield. The stock does not pay a dividend.

*TimkenSteel Corp. (Cv. Bond, 6.00%, 6/1/2021)*, based in Canton, Ohio, manufactures alloy steel and carbon steel products that tend to be specialized in nature, specifically bar quality steel and seamless mechanical tube. Its products are used in engines, transmissions, and drivelines, mining and construction, drilling, energy and other equipment, including bearings. U.S. onshore energy production is a key growth market. The company was spun off from Timken Bearings in 2014, but remains a major supplier to the bearings company. TimkenSteel is the only U.S. producer capable of producing wide diameter bar and seamless mechanical tube through an integrated production process (i.e., without a forging step). Recently announced steel tariffs have the potential to improve volumes, utilization, and pricing for many grades of steel, depending on the final details. Also, if tariffs are ultimately diluted, TimkenSteel, with a sub-\$1 billion total capitalization, is one of the few standalone steel properties in North America that could be acquired by a domestic or international steel producer. The TimkenSteel bond has high equity sensitivity and a high yield.

April 23, 2018

**Top Ten Holdings**  
**March 31, 2018**

Alibaba Mandatory Exchangeable Trust, Cv., 5.75%, 06/01/2019	CSG Systems International Inc., 4.25%, 03/15/2036
MercadoLibre Inc., 2.25%, 07/01/2019	Teradyne Inc., 1.25%, 12/15/2023
Lumentum Holdings Inc., 0.25%, 03/15/2024	Inphi Corp., 1.125%, 12/01/2020
Proofpoint Inc., 0.75%, 06/15/2020	Pros Holdings Inc., 2.00%, 12/01/2019
DISH Network Corp., 3.375%, 08/15/2026	Wells Fargo & Co.

**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 March 31, 2018, the Fund has repurchased and retired 473,931 shares in the open market, at an average investment of \$19.88 per share and an average discount of approximately 16% from its NAV.

### **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 March 22, 2018 to common stockholders of record on March 15, 2018.

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 2018 would include approximately 9% from net investment income and 91% 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](http://www.gabelli.com)). All shareholders with taxable accounts will receive written notification regarding the components and tax treatment for all 2018 distributions in early 2019 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 March 26, 2018 to preferred shareholders of record on March 19, 2018. 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 June 2018.

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 9% from net investment income and 91% 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](http://www.gabelli.com)). All shareholders with taxable accounts will receive written notification regarding the components and tax treatment for all 2018 distributions in early 2019 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](http://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](mailto:closedend@gabelli.com).

You may sign up for our e-mail alerts at [www.gabelli.com](http://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](http://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](http://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 CASH PAYMENT PLAN**

The Fund has an Automatic Dividend Investment and Cash Payment Plan (the “Plan”). Any shareholder may elect to join the Plan by sending an application to:

Bancroft Fund Ltd.  
c/o American Stock Transfer & Trust Company  
6201 15<sup>th</sup> Avenue  
Brooklyn, NY 11219

You may also obtain information about the Plan, as well as the Plan application, by calling American Stock Transfer & Trust Company (the “Plan Agent”) toll free at (877) 208-9514. If your shares are held by a broker or other nominee, you should instruct the nominee to join the Plan on your behalf. Some brokers may require that your shares be taken out of the broker’s “street name” and re-registered in your own name. Shareholders should also contact their broker to determine whether shares acquired through participation in the Plan can be transferred to another broker and thereafter, whether the shareholder can continue to participate in the Plan.

Under the Plan, all dividends and distributions are automatically invested in additional Fund shares. Depending on the circumstances, shares may either be issued by the Fund or acquired through open market purchases at the current market price or net asset value, whichever is lower (but not less than 95% of market price). For shareholder distributions made with respect to income earned during each of the first three fiscal quarters, when the market price of a share of Fund beneficial shares is lower than such share’s net asset value, the Plan Agent will combine the distributions of all Plan participants and purchase shares in the open market, thereby taking advantage of the lower commissions on larger purchases. There is no other charge for this service. For shareholder distributions made with respect to capital gains realized during the fiscal year and income earned during the fourth fiscal quarter, when the market price of a share of Fund shares is lower than such share’s net asset value, the Fund will issue shares at the market price.

All dividends and distributions made by the Fund (including capital gain dividends and dividends designated as qualified dividend income, which are eligible for taxation at lower rates) remain taxable to Plan participants, regardless of whether such dividends and distributions are reinvested in additional shares of the Fund through open market purchases or through the issuance of new shares. Plan participants will be treated as receiving the cash used to purchase shares on the open market and, in the case of any dividend or distribution made in the form of newly issued shares, will be treated as receiving an amount equal to the fair market value of such shares as of the reinvestment date. Accordingly, a shareholder may incur a tax liability even though such shareholder has not received a cash distribution with which to pay the tax.

Plan participants may also voluntarily send cash payments of \$100 to \$10,000 per month to the Plan Agent, to be combined with other Plan monies, for purchase of additional Fund shares in the open market. You pay only a bank service charge of \$1.25 per transaction, plus your proportionate share of the brokerage commission. All shares and fractional shares purchased will be held by the Plan Agent in your dividend reinvestment account. You may deposit with the Plan Agent any Fund share certificates you hold, for a one-time fee of \$7.50.

At any time, a Plan participant may instruct the Plan Agent to liquidate all or any portion of such Plan participant's account. To do so, a Plan participant must deliver written notice to the Plan Agent prior to the record date of any dividend or distribution requesting either liquidation or a share certificate. The Plan Agent will combine all liquidation requests it receives from Plan participants on a particular day and will then sell shares of the Fund that are subject to liquidation requests in the open market. The amount of proceeds a Plan participant will receive shall be determined by the average sales price per share, after deducting brokerage commissions, of all shares sold by the Plan Agent for all Plan participants who have given the Plan Agent liquidation requests.

## **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 a 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 a 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](http://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](http://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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Princeton University

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

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

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Nicholas W. Platt  
Former Managing Director,  
FTI Consulting Inc.

Anthonie C. van Ekris  
Chairman & Chief Executive Officer,  
BALMAC International, Inc.

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Agnes Mullady  
Vice President

Andrea R. Mango  
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John C. Ball  
Treasurer

Richard J. Walz  
Chief Compliance Officer

Laurissa M. Martire  
Vice President & Ombudsman

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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

*Shareholder Commentary*  
*March 31, 2018*

# Bancroft Fund Ltd.

## Semiannual Report — April 30, 2018

(Y)our Portfolio Management Team



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

### To Our Shareholders,

For the six months ended April 30, 2018, the net asset value (“NAV”) total return of the Bancroft Fund was 3.5%, compared with total returns of 2.1% and 0.8% 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 0.2%. The Fund’s NAV per share was \$24.44, while the price of the publicly traded shares closed at \$21.29 on the NYSE American. See below for additional performance information.

Enclosed are the financial statements, including the schedule of investments, as of April 30, 2018.

### Comparative Results

#### Average Annual Returns through April 30, 2018 (a)(b) (Unaudited)

	Six Months	1 Year	3 Year	5 Year	10 Year	Since Inception (04/20/71)
<b>Bancroft Fund Ltd.</b>						
NAV Total Return (c) . . . . .	3.54%	9.57%	6.62%	8.74%	6.47%	8.87%
Investment Total Return (d) . . . . .	0.21	5.41	7.27	9.75	6.54	9.45
ICE Bank of America Merrill Lynch U.S. Convertibles Index . .	2.11	9.14	6.24	9.24	7.65	N/A(e)
Bloomberg Barclays Balanced U.S. Convertibles Index . . . . .	0.81	2.25	1.86	4.95	5.14	N/A(f)
Standard & Poor’s (“S&P”) 500 Index. . . . .	3.82	13.27	10.57	12.96	9.02	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](http://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 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 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 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 April 30, 2018:

### Bancroft Fund Ltd.

Computer Software and Services . . . . .	19.5%	Cable and Satellite . . . . .	1.7%
Financial Services . . . . .	13.1%	Aerospace . . . . .	1.6%
Health Care . . . . .	13.1%	U.S. Government Obligations . . . . .	1.2%
Semiconductors . . . . .	10.7%	Consumer Products . . . . .	0.9%
Energy and Utilities . . . . .	8.8%	Agriculture . . . . .	0.9%
Business Services . . . . .	5.2%	Food and Beverage . . . . .	0.8%
Diversified Industrial . . . . .	4.6%	Telecommunications . . . . .	0.8%
Communications Equipment . . . . .	4.1%	Building and Construction . . . . .	0.7%
Consumer Services . . . . .	3.4%	Metals and Mining . . . . .	0.7%
Entertainment . . . . .	3.4%	Automotive . . . . .	0.6%
Real Estate Investment Trusts . . . . .	2.1%		<u>100.0%</u>
Transportation . . . . .	2.1%		

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](http://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](http://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](http://www.sec.gov).

### Certifications

The Fund’s Chief Executive Officer has certified to the NYSE MKT that, as of June 13, 2018, she was not aware of any violation by the Fund of applicable NYSE corporate governance listing standards. The Fund reports to the SEC on Form N-CSR which contains certifications by the Fund’s principal executive officer and principal financial officer that relate to the Fund’s disclosure in such reports and that are required by Rule 30a-2(a) under the 1940 Act.

# Bancroft Fund Ltd.

## Schedule of Investments — April 30, 2018 (Unaudited)

Principal Amount		Cost	Market Value	Principal Amount		Cost	Market Value
	<b>Convertible Corporate Bonds — 77.9%</b>			\$ 800,000	Okta Inc.,		
	<b>Aerospace — 1.6%</b>				0.250%, 02/15/23(a) .....	\$ 825,606	\$ 919,221
\$ 2,000,000	Aerojet Rocketdyne Holdings Inc.,			1,600,000	Proofpoint Inc.,		
	2.250%, 12/15/23 .....	\$ 2,048,265	\$ 2,539,600		0.750%, 06/15/20 .....	1,699,537	2,422,058
	<b>Automotive — 0.6%</b>			1,000,000	PROS Holdings Inc.,		
1,000,000	Tesla Inc.,				2.000%, 12/01/19 .....	1,012,268	1,074,872
	1.250%, 03/01/21 .....	919,616	1,030,518	1,500,000	2.000%, 08/01/19 .....	1,327,224	1,397,622
	<b>Business Services — 4.4%</b>			973,000	Pure Storage Inc.,		
1,527,000	Bristow Group Inc.,				0.125%, 04/15/23(a) .....	973,000	1,010,691
	4.500%, 06/01/23 .....	1,678,037	1,928,364	1,026,000	RealPage Inc.,		
2,084,000	Macquarie Infrastructure Corp.,				1.500%, 11/15/22(a) .....	1,049,262	1,437,683
	2.000%, 10/01/23 .....	2,098,832	1,878,503	725,000	Red Hat Inc.,		
392,000	Q2 Holdings Inc.,				0.250%, 10/01/19 .....	725,000	1,609,051
	0.750%, 02/15/23(a) .....	399,572	418,264	2,000,000	Synchronoss Technologies Inc.,		
1,040,000	RingCentral Inc.,				0.750%, 08/01/19 .....	2,020,295	1,900,398
	Zero Coupon, 03/15/23(a) .....	1,039,913	1,087,840	1,500,000	The Priceline Group Inc.,		
800,000	Square Inc.,				0.350%, 06/15/20 .....	1,970,871	2,511,660
	0.375%, 03/01/22 .....	848,951	1,696,880			23,920,107	29,747,829
		6,065,305	7,009,851		<b>Consumer Products — 0.9%</b>		
	<b>Cable and Satellite — 1.7%</b>			1,313,000	GoPro Inc.,		
2,975,000	DISH Network Corp.,				3.500%, 04/15/22 .....	1,313,000	1,117,577
	3.375%, 08/15/26 .....	3,084,130	2,707,312	366,000	JAKKS Pacific Inc.,		
	<b>Communications Equipment — 4.1%</b>				4.875%, 06/01/20(a) .....	382,619	310,766
1,500,000	Harmonic Inc.,					1,695,619	1,428,343
	4.000%, 12/01/20 .....	1,547,919	1,465,122		<b>Consumer Services — 3.4%</b>		
2,000,000	InterDigital, Inc.,			1,250,000	Carriage Services Inc.,		
	1.500%, 03/01/20 .....	2,039,759	2,339,000		2.750%, 03/15/21 .....	1,291,250	1,569,256
2,459,000	Lumentum Holdings Inc.,			2,000,000	Extra Space Storage LP,		
	0.250%, 03/15/24 .....	2,491,620	2,745,473		3.125%, 10/01/35(a) .....	2,044,373	2,233,000
		6,079,298	6,549,595	1,440,000	Quotient Technology Inc.,		
	<b>Computer Software and Services — 18.8%</b>				1.750%, 12/01/22(a) .....	1,414,800	1,519,442
1,972,000	Apptio Inc.,					4,750,423	5,321,698
	0.875%, 04/01/23(a) .....	1,967,904	2,011,440		<b>Diversified Industrial — 3.5%</b>		
662,000	Coupa Software Inc.,			750,000	Chart Industries Inc.,		
	0.375%, 01/15/23(a) .....	669,332	807,529		1.000%, 11/15/24(a) .....	752,915	866,989
2,500,000	CSG Systems International Inc.,			1,349,000	Kaman Corp.,		
	4.250%, 03/15/36 .....	2,586,202	2,695,010		3.250%, 05/01/24(a) .....	1,346,338	1,519,464
195,000	Guidewire Software Inc.,			1,457,000	Team Inc.,		
	1.250%, 03/15/25 .....	195,000	198,272		5.000%, 08/01/23(a) .....	1,428,735	1,577,640
1,487,000	IAC FinanceCo. Inc.,			1,000,000	TimkenSteel Corp.,		
	0.875%, 10/01/22(a) .....	1,673,845	1,824,574		6.000%, 06/01/21 .....	1,030,779	1,578,031
450,000	Maxwell Technologies Inc.,					4,558,767	5,542,124
	5.500%, 09/15/22(a)(b) .....	450,000	471,967		<b>Energy and Utilities — 4.7%</b>		
1,250,000	MercadoLibre Inc.,			2,000,000	Cheniere Energy Inc.,		
	2.250%, 07/01/19 .....	1,410,498	3,367,625		4.250%, 03/15/45 .....	1,290,950	1,569,678
1,548,000	Nice Systems Inc.,			1,500,000	Chesapeake Energy Corp.,		
	1.250%, 01/15/24 .....	1,616,198	1,944,745		5.500%, 09/15/26 .....	1,508,690	1,317,900
1,728,000	Nutanix Inc.,			750,000	Clean Energy Fuels Corp.,		
	Zero Coupon, 01/15/23(a) .....	1,748,065	2,143,411		5.250%, 10/01/18(a) .....	734,098	740,625

See accompanying notes to financial statements.

# Bancroft Fund Ltd.

## Schedule of Investments (Continued) — April 30, 2018 (Unaudited)

Principal Amount		Cost	Market Value	Principal Amount		Cost	Market Value
	<b>Convertible Corporate Bonds (Continued)</b>						
	<b>Energy and Utilities (Continued)</b>			\$ 500,000	Invacare Corp.,		
\$ 259,000	Goodrich Petroleum Escrow Bond, Zero Coupon, 12/31/21†(a)(b)(c)(d).....	\$ 0	\$ 0		4.500%, 06/01/22(a) .....	\$ 502,860	\$ 662,752
917,000	Newpark Resources Inc., 4.000%, 12/01/21(a) .....	996,225	1,255,422	1,250,000	Ironwood Pharmaceuticals Inc., 2.250%, 06/15/22 .....	1,367,160	1,637,500
3,000,000	SunPower Corp., 4.000%, 01/15/23 .....	2,440,517	2,561,220	1,384,000	Neurocrine Biosciences Inc., 2.250%, 05/15/24(a) .....	1,435,577	1,792,964
		<u>6,970,480</u>	<u>7,444,845</u>	1,000,000	NuVasive Inc., 2.250%, 03/15/21 .....	1,049,367	1,105,625
	<b>Entertainment — 3.4%</b>			1,500,000	Pacira Pharmaceuticals Inc., 2.375%, 04/01/22 .....	1,549,306	1,416,545
750,000	Gannett Co. Inc., 4.750%, 04/15/24(a) .....	750,000	780,600	388,000	Paratek Pharmaceuticals Inc., 4.750%, 05/01/24(a) .....	388,000	387,757
1,625,000	Global Eagle Entertainment Inc., 2.750%, 02/15/35 .....	1,362,693	1,048,117	538,000	Supernus Pharmaceuticals Inc., 0.625%, 04/01/23(a) .....	560,591	586,283
1,568,000	Liberty Media Corp., 2.125%, 03/31/48(a) .....	1,568,000	1,553,300	1,200,000	Teladoc Inc., 3.000%, 12/15/22(a) .....	1,227,016	1,486,428
1,150,000	World Wrestling Entertainment Inc., 3.375%, 12/15/23(a) .....	1,168,997	1,945,379	1,000,000	Teligent Inc., 3.750%, 12/15/19 .....	1,001,448	949,998
		<u>4,849,690</u>	<u>5,327,396</u>	1,000,000	Theravance Biopharma Inc., 3.250%, 11/01/23 .....	1,000,000	1,026,930
	<b>Financial Services — 4.1%</b>			1,000,000	Vitamin Shoppe Inc., 2.250%, 12/01/20 .....	981,760	751,338
1,250,000	Encore Capital Group Inc., 3.000%, 07/01/20 .....	1,102,432	1,416,875			<u>19,368,916</u>	<u>19,633,109</u>
431,000	3.250%, 03/15/22 .....	431,000	496,943		<b>Metals and Mining — 0.7%</b>		
2,000,000	GSV Capital Corp., 4.750%, 03/28/23 .....	2,000,000	1,905,202	500,000	Arcenic Inc., 1.625%, 10/15/19 .....	501,453	500,152
1,000,000	Heritage Insurance Holdings Inc., 5.875%, 08/01/37(a) .....	1,000,000	1,218,389	600,000	Royal Gold Inc., 2.875%, 06/15/19 .....	597,241	643,500
1,116,000	LendingTree Inc., 0.625%, 06/01/22(a) .....	1,170,198	1,466,224			<u>1,098,694</u>	<u>1,143,652</u>
		<u>5,703,630</u>	<u>6,503,633</u>		<b>Semiconductors — 10.7%</b>		
1,559,000	Accelerate Diagnostics Inc., 2.500%, 03/15/23(a) .....	1,559,000	1,453,912	750,000	Advanced Micro Devices Inc., 2.125%, 09/01/26 .....	790,187	1,165,735
1,000,000	ANI Pharmaceuticals Inc., 3.000%, 12/01/19 .....	1,053,368	1,112,733	1,500,000	Cypress Semiconductor Corp., 4.500%, 01/15/22 .....	1,607,857	1,931,484
550,000	Array BioPharma Inc., 2.625%, 12/01/24(a) .....	641,613	652,838	2,500,000	Inphi Corp., 1.125%, 12/01/20 .....	2,705,566	2,571,875
1,550,000	BioMarin Pharmaceutical Inc., 0.599%, 08/01/24 .....	1,522,108	1,494,710	2,000,000	Knowles Corp., 3.250%, 11/01/21 .....	2,055,021	2,107,000
500,000	Dermira Inc., 3.000%, 05/15/22(a) .....	551,115	404,625	1,000,000	Microchip Technology Inc., 1.625%, 02/15/27 .....	998,042	1,130,300
750,000	Horizon Pharma Investment Ltd., 2.500%, 03/15/22 .....	784,485	677,681	500,000	Micron Technology Inc., 3.000%, 11/15/43 .....	420,360	794,033
1,066,000	Insulet Corp., 1.375%, 11/15/24(a) .....	1,186,666	1,208,577	1,000,000	NXP Semiconductors NV, 1.000%, 12/01/19 .....	1,167,610	1,186,375
1,000,000	Intercept Pharmaceuticals Inc., 3.250%, 07/01/23 .....	1,007,476	823,913	2,386,000	Rambus Inc., 1.375%, 02/01/23(a) .....	2,389,971	2,378,246
				1,309,000	Silicon Laboratories Inc., 1.375%, 03/01/22 .....	1,368,692	1,554,438

See accompanying notes to financial statements.

**Bancroft Fund Ltd.**  
**Schedule of Investments (Continued) — April 30, 2018 (Unaudited)**

Principal Amount		Cost	Market Value	Shares		Cost	Market Value
	<b>Convertible Corporate Bonds (Continued)</b>				<b>Computer Software and Services — 0.7%</b>		
	<b>Semiconductors (Continued)</b>			10,000	MTS Systems Corp., 8.750%, 07/01/19 .....	\$ 1,048,578	\$ 1,160,436
\$ 1,750,000	Teradyne Inc., 1.250%, 12/15/23 .....	\$ 1,841,783	\$ 2,139,314				
		<u>15,345,089</u>	<u>16,958,800</u>				
	<b>Telecommunications — 0.8%</b>			30,100	<b>Diversified Industrial — 1.1%</b>		
1,000,000	Dycom Industries Inc., 0.750%, 09/15/21 .....	1,002,479	1,234,384		Rexnord Corp., 5.750%, 11/15/19 .....	1,549,480	1,803,141
	<b>Transportation — 2.1%</b>			20,000	<b>Energy and Utilities — 4.1%</b>		
1,000,000	Air Transport Services Group Inc., 1.125%, 10/15/24(a) .....	1,049,535	949,852		Anadarko Petroleum Corp., 7.500%, 06/07/18 .....	783,094	613,000
2,000,000	Atlas Air Worldwide Holdings Inc., 2.250%, 06/01/22 .....	1,956,144	2,349,932	40,000	Dominion Energy, Inc., 6.750%, 08/15/19 .....	1,984,893	1,837,600
		<u>3,005,679</u>	<u>3,299,784</u>	18,600	DTE Energy Co., 6.500%, 10/01/19 .....	960,300	976,314
	<b>TOTAL CONVERTIBLE CORPORATE BONDS</b> .....	<u>110,466,187</u>	<u>123,422,473</u>	29,666	Hess Corp., 8.000%, 02/01/19 .....	1,779,424	1,928,883
				10,000	NextEra Energy Inc., 6.123%, 09/01/19 .....	571,990	578,000
	<b>Shares</b>			5,369	Sempra Energy, 6.000%, 01/15/21 .....	546,900	551,235
	<b>Convertible Preferred Stocks — 7.2%</b>					<u>6,626,601</u>	<u>6,485,032</u>
	<b>Agriculture — 0.9%</b>				<b>Financial Services — 5.2%</b>		
12,500	Bunge Ltd., 4.875% .....	1,219,405	1,356,250	10,000	2017 Mandatory Exchangeable Trust, 5.188%, 12/01/20 .....	1,000,000	1,163,750
	<b>Business Services — 0.8%</b>			20,000	Alibaba - Mandatory Exchange Trust, 5.750%, 06/03/19 (a) .....	2,225,000	4,036,006
711,039	Amerivon Holdings LLC, 4.000% (c) .....	1,294,693	433,734	9,800	Assurant Inc., 6.500%, 03/15/21 .....	984,312	1,034,488
272,728	Amerivon Holdings LLC, common equity units (c) .....	0	16,364	40,000	New York Community Capital Trust V, 6.000%, 11/01/51 .....	1,798,573	1,950,000
15,530	South Jersey Industries Inc., 7.250% .....	795,291	807,560			<u>6,007,885</u>	<u>8,184,244</u>
		<u>2,089,984</u>	<u>1,257,658</u>		<b>Health Care — 0.7%</b>		
	<b>Financial Services — 3.8%</b>			17,747	Becton Dickinson and Co., 6.125%, 05/01/20 .....	915,562	1,071,031
2,000	Bank of America Corp., 7.250% ..	1,972,540	2,546,000		<b>Real Estate Investment Trusts — 1.2%</b>		
40,000	Landmark Infrastructure Partners LP, 7.000% .....	1,000,000	930,000	1,960	Crown Castle International Corp., 6.875%, 08/01/20 .....	2,079,309	1,970,927
2,000	Wells Fargo & Co., 7.500% .....	1,679,238	2,561,220			<u>19,245,971</u>	<u>21,751,316</u>
		<u>4,651,778</u>	<u>6,037,220</u>		<b>TOTAL MANDATORY CONVERTIBLE SECURITIES</b> ...		
	<b>Food and Beverage — 0.8%</b>						
8,000	Post Holdings Inc., 2.500% .....	1,192,236	1,201,944				
	<b>Real Estate Investment Trusts — 0.9%</b>						
26,500	Welltower Inc., 6.500% .....	1,483,460	1,483,470				
	<b>TOTAL CONVERTIBLE PREFERRED STOCKS</b> .....	<u>10,636,863</u>	<u>11,336,542</u>				
	<b>Mandatory Convertible Securities (e) — 13.7%</b>						
	<b>Building and Construction — 0.7%</b>						
10,014	Stanley Black & Decker Inc., 5.375%, 05/15/20 .....	1,018,556	1,076,505				

See accompanying notes to financial statements.

**Bancroft Fund Ltd.**  
**Schedule of Investments (Continued) — April 30, 2018 (Unaudited)**

<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>
<b>COMMON STOCKS — 0.0%</b>		
<b>Energy and Utilities — 0.0%</b>		
92	Goodrich Petroleum Corp.†..... \$ 925	\$ 1,167
<b>WARRANTS — 0.0%</b>		
<b>Energy and Utilities — 0.0%</b>		
784	Goodrich Petroleum Corp., expire 10/12/26†(c)..... 0	0
<b>Principal Amount</b>		
<b>U.S. GOVERNMENT OBLIGATIONS — 1.2%</b>		
\$ 1,923,000	U.S. Treasury Bills, 1.774% to 1.779%††, 07/19/18 to 07/26/18 .....	1,915,344 1,915,396
<b>TOTAL INVESTMENTS — 100.0%</b>	<b>\$142,265,290</b>	<b>158,426,894</b>
<b>Other Assets and Liabilities (Net)</b>		<b>612,589</b>
<b>PREFERRED STOCK</b>		
(1,200,000 preferred shares outstanding)		<u>(30,000,000)</u>
<b>NET ASSETS — COMMON STOCK</b>		
(5,279,307 common shares outstanding)		<u>\$129,039,483</u>
<b>NET ASSET VALUE PER COMMON SHARE</b>		
(\$129,039,483 ÷ 5,279,307 shares outstanding)		<u>\$ 24.44</u>

- (a) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At April 30, 2018, the market value of Rule 144A securities amounted to \$46,517,722 or 29.36% of total investments.
- (b) At April 30, 2018, the Fund held investments in restricted and illiquid securities amounting to \$471,967 or 0.30% of total investments which were 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>04/30/18 Carrying Value Per Bond</u>
\$259,000	Goodrich Petroleum Escrow Bond, Zero Coupon, 12/31/21 .....	12/14/16	\$0	\$ 0.00
450,000	Maxwell Technologies Inc., 5.500%, 09/15/22 .....	09/21/17	450,000	\$ 104.88

- (c) Security is valued using significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.
- (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 April 30, 2018 (Unaudited)

<b>Assets:</b>	
Investments, at value (cost \$142,265,290) .....	\$158,426,894
Receivable for investments sold .....	1,723,200
Dividends and interest receivable .....	854,437
Deferred offering expense .....	71,161
Prepaid expenses .....	1,893
<b>Total Assets</b> .....	<u>161,077,585</u>
<b>Liabilities:</b>	
Payable to custodian .....	1,676,287
Distributions payable .....	156,771
Payable for investment advisory fees .....	92,900
Payable for payroll expenses .....	40,672
Payable for accounting fees .....	7,500
Other accrued expenses .....	63,972
<b>Total Liabilities</b> .....	<u>2,038,102</u>
<b>Preferred Shares:</b>	
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) .....	30,000,000
<b>Net Assets Attributable to Common Shareholders</b> .....	<u>\$129,039,483</u>
<b>Net Assets Attributable to Common Shareholders Consist of:</b>	
Paid-in capital .....	\$108,136,726
Distributions in excess of net investment income .....	(5,732,111)
Accumulated net realized gain on investments ..	10,473,264
Net unrealized appreciation on investments .....	16,161,604
<b>Net Assets</b> .....	<u>\$129,039,483</u>
<b>Net Asset Value per Common Share:</b>	
(\$129,039,483 ÷ 5,279,307 shares outstanding at \$0.01 par value; unlimited number of shares authorized) .....	<u>\$24.44</u>

### Statement of Operations For the Six Months Ended April 30, 2018 (Unaudited)

<b>Investment Income:</b>	
Dividends .....	\$ 922,459
Interest .....	892,665
<b>Total Investment Income</b> .....	<u>1,815,124</u>
<b>Expenses:</b>	
Investment advisory fees .....	559,825
Trustees' fees .....	60,957
Shareholder communications expenses .....	36,999
Payroll expenses .....	33,513
Accounting fees .....	22,500
Legal and audit fees .....	17,526
Shareholder services fees .....	12,871
Custodian fees .....	5,491
Miscellaneous expenses .....	37,926
<b>Total Expenses</b> .....	<u>787,608</u>
Less:	
Expenses paid indirectly by broker (See Note 3) .....	(701)
<b>Net Expenses</b> .....	<u>786,907</u>
<b>Net Investment Income</b> .....	<u>1,028,217</u>
<b>Net Realized and Unrealized Gain/(Loss) on Investments:</b>	
Net realized gain on investments .....	9,918,310
Net change in unrealized appreciation on investments .....	(5,521,707)
<b>Net Realized and Unrealized Gain/(Loss) on Investments</b> .....	<u>4,396,603</u>
<b>Net Increase in Net Assets Resulting from Operations</b> .....	<u>5,424,820</u>
Total Distributions to Preferred Shareholders .....	(801,771)
<b>Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations</b> .....	<u>\$ 4,623,049</u>

See accompanying notes to financial statements.

# Bancroft Fund Ltd.

## Statement of Changes in Net Assets Attributable to Common Shareholders

	Six Months Ended April 30, 2018 (Unaudited)	Year Ended October 31, 2017
<b>Operations:</b>		
Net investment income .....	\$ 1,028,217	\$ 2,557,141
Net realized gain on investments .....	9,918,310	4,328,918
Net change in unrealized appreciation on investments .....	<u>(5,521,707)</u>	<u>13,220,829</u>
<b>Net Increase in Net Assets Resulting from Operations .....</b>	<b><u>5,424,820</u></b>	<b><u>20,106,888</u></b>
<b>Distributions to Preferred Shareholders:</b>		
Net investment income .....	(96,213)*	(362,097)
Net realized gain .....	<u>(705,558)*</u>	<u>(1,250,403)</u>
<b>Total Distributions to Preferred Shareholders .....</b>	<b><u>(801,771)</u></b>	<b><u>(1,612,500)</u></b>
<b>Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations .....</b>	<b><u>4,623,049</u></b>	<b><u>18,494,388</u></b>
<b>Distributions to Common Shareholders:</b>		
Net investment income .....	(1,181,453)*	(1,488,992)
Net realized gain .....	<u>(2,293,408)*</u>	<u>(5,141,825)</u>
<b>Total Distributions to Common Shareholders .....</b>	<b><u>(3,474,861)</u></b>	<b><u>(6,630,817)</u></b>
<b>Fund Share Transactions:</b>		
Net increase in net assets from common shares issued upon reinvestment of distributions .....	1,080,809	1,425,677
Net decrease from repurchase of common shares (includes transaction costs) .....	(443,438)	—
Net decrease from costs charged for issuance of preferred shares .....	<u>—</u>	<u>(75,574)</u>
<b>Net Increase in Net Assets from Fund Share Transactions .....</b>	<b><u>637,371</u></b>	<b><u>1,350,103</u></b>
<b>Net Increase in Net Assets Attributable to Common Shareholders .....</b>	<b>1,785,559</b>	<b>13,213,674</b>
<b>Net Assets Attributable to Common Shareholders:</b>		
Beginning of year .....	<u>127,253,924</u>	<u>114,040,250</u>
End of period (including undistributed net investment income of \$0 and \$0, respectively) .....	<b><u>\$129,039,483</u></b>	<b><u>\$127,253,924</u></b>

\* Based on year to date book income. Amounts are subject to change and recharacterization at year end.

See accompanying notes to financial statements.

# Bancroft Fund Ltd.

## Financial Highlights

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

	Six Months Ended	Year Ended October 31,				
	April 30, 2018 (Unaudited)	2017	2016	2015	2014	2013
<b>Operating Performance:</b>						
Net asset value, beginning of year . . . . .	\$24.24	\$22.02	\$23.19	\$23.59	\$22.13	\$19.15
Net investment income . . . . .	0.20	0.51	0.44	0.17	0.19	0.25
Net realized and unrealized gain on investments . . . . .	0.82	3.33	0.50	0.23	1.74	3.31
Total from investment operations . . . . .	1.02	3.84	0.94	0.40	1.93	3.56
<b>Distributions to Preferred Shareholders: (a)</b>						
Net investment income . . . . .	(0.02)*	(0.07)	(0.03)	—	—	—
Net realized gain . . . . .	(0.13)*	(0.24)	(0.04)	—	—	—
Total distributions to preferred shareholders . . . . .	(0.15)	(0.31)	(0.07)	—	—	—
<b>Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations . . . . .</b>						
	0.87	3.53	0.87	0.40	1.93	3.56
<b>Distributions to Common Shareholders:</b>						
Net investment income . . . . .	(0.22)*	(0.29)	(0.85)	(0.39)	(0.56)	(0.56)
Net realized gain . . . . .	(0.44)*	(0.98)	(0.92)	(0.51)	—	—
Total distributions to common shareholders . . . . .	(0.66)	(1.27)	(1.77)	(0.90)	(0.56)	(0.56)
<b>Fund Share Transactions:</b>						
Increase in net asset value from repurchase of common shares . . . . .	0.01	—	0.04	0.10	0.11	0.00(b)
Decrease in net asset value from common shares issued upon reinvestment of distributions . . . . .	(0.02)	(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 . . . . .	(0.01)	(0.04)	(0.27)	0.10	0.09	(0.02)
<b>Net Asset Value Attributable to Common Shareholders, End of Period . . . . .</b>						
	\$24.44	\$24.24	\$22.02	\$23.19	\$23.59	\$22.13
NAV total return† . . . . .	3.54%	16.29%	2.85%	2.71%	9.71%	19.35%
Market value, end of period . . . . .	\$21.29	\$21.90	\$20.81	\$19.50	\$20.09	\$18.42
Investment total return†† . . . . .	0.21%	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 period:**

	Six Months Ended	Year Ended October 31,				
	April 30, 2018 (Unaudited)	2017	2016	2015	2014	2013
<b>Ratios to Average Net Assets and Supplemental Data:</b>						
Net assets including liquidation value of preferred shares, end of period (in 000's) . . . . .	\$159,039	\$157,254	\$144,040	—	—	—
Net assets attributable to common shares, end of period (in 000's) . . . . .	\$129,039	\$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 . . . . .	1.60%(c)	2.09%	1.98%	0.80%	1.00%	1.20%
Ratio of operating expenses to average net assets attributable to common shares . . . . .	1.22%(d)(e)	1.28%(d)(e)	1.15%(d)(e)	1.10%	1.10%	1.10%
Portfolio turnover rate . . . . .	23.0%	33.0%	50.0%	48.0%	43.0%	51.0%
<b>Cumulative Preferred Shares:</b>						
<b>5.375% Series A Preferred</b>						
Liquidation value, end of period (in 000's) . . . . .	\$ 30,000	\$ 30,000	\$ 30,000	—	—	—
Total shares outstanding (in 000's) . . . . .	1,200	1,200	1,200	—	—	—
Liquidation preference per share . . . . .	\$ 25.00	\$ 25.00	\$ 25.00	—	—	—
Average market value (f) . . . . .	\$ 25.42	\$ 25.11	\$ 25.49	—	—	—
Asset coverage per share . . . . .	\$ 132.53	\$ 131.04	\$ 120.03	—	—	—
Asset Coverage . . . . .	530%	524%	480%	—	—	—

† Based on net asset value per share, adjusted for reinvestment of distributions at prices determined under the Fund's dividend reinvestment plan. Total return for a period of less than one year is not annualized. 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. Total return for a period of less than one year is not annualized.

\* Based on year to date book income. Amounts are subject to change and recharacterization at year end.

(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) Annualized.

(d) Ratios of operating expenses to average net assets including liquidation value of preferred shares for the six months ended April 30, 2018 and the years ended October 30, 2017 and 2016 were 0.99%, 1.03%, and 1.08%, respectively.

(e) The Fund received credits from a designated broker who agreed to pay certain Fund operating expenses. For the six months ended April 30, 2018 and the years ended October 31, 2017 and 2016, there was no impact on the expense ratios.

(f) Based on weekly prices.

See accompanying notes to financial statements.

## **Bancroft Fund Ltd.**

### **Notes to Financial Statements (Unaudited)**

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**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 (Unaudited) (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 April 30, 2018 is as follows:

	Valuation Inputs			Total Market Value at 4/30/18
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	
<b>INVESTMENTS IN SECURITIES:</b>				
<b>ASSETS (Market Value):</b>				
Convertible Corporate Bonds				
Energy and Utilities	—	\$ 7,444,845	\$ 0	\$ 7,444,845
Other Industries (a)	—	115,977,628	—	115,977,628
Total Convertible Corporate Bonds	—	123,422,473	0	123,422,473
Convertible Preferred Stocks:				
Business Services	\$ 807,560	—	450,098	1,257,658
Food and Beverage	—	1,201,944	—	1,201,944
Other Industries (a)	8,876,940	—	—	8,876,940
Total Convertible Preferred Stocks	9,684,500	1,201,944	450,098	11,336,542
Mandatory Convertible Securities:				
Computer Software and Services	—	1,160,436	—	1,160,436
Diversified Industrial	—	1,803,141	—	1,803,141
Energy and Utilities	5,933,797	551,235	—	6,485,032
Financial Services	2,984,488	5,199,756	—	8,184,244
Real Estate Investment Trusts	—	1,970,927	—	1,970,927
Other Industries (a)	2,147,536	—	—	2,147,536
Total Mandatory Convertible Securities	11,065,821	10,685,495	—	21,751,316
Common Stocks (a)	1,167	—	—	1,167
Warrants (a)	—	—	0	0
U.S. Government Obligations	—	1,915,396	—	1,915,396
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>\$20,751,488</b>	<b>\$137,225,308</b>	<b>\$450,098</b>	<b>\$158,426,894</b>

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

During the six months ended April 30, 2018, the Fund had transfers from Level 1 to Level 2 of \$1,731,954 or 1.36% of net assets as of October 31, 2017. Transfers from Level 1 to Level 2 are due to a decrease in market activity, e.g., frequency of trades, which resulted in a decrease in available market inputs to determine the price. 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 (Unaudited) (Continued)**

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#### **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. During the six months ended April 30, 2018, the Fund held no investments in other investment companies.

**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 (Unaudited) (Continued)**

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**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 April 30, 2018, 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.

**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. The characterization of distributions to shareholders is 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

**Bancroft Fund Ltd.**  
**Notes to Financial Statements (Unaudited) (Continued)**

or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. These reclassifications have no impact on the NAV of the Fund.

Under the Fund’s current common share distribution policy, 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. Pursuant to this policy, 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. The Fund’s current distribution policy 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.

Distributions to 5.375% Series A Preferred Shares are recorded on a daily basis and are determined as described in Note 5.

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

	<u>Common</u>	<u>Preferred</u>
<b>Distributions paid from:</b>		
Ordinary income . . . . .	\$1,980,039	\$ 481,511
Net long term capital gains . . . . .	<u>4,650,778</u>	<u>1,130,989</u>
Total distributions paid . . . . .	<u>\$6,630,817</u>	<u>\$1,612,500</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.

The following summarizes the tax cost of investments and the related net unrealized appreciation at April 30, 2018:

	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
Investments . . . . .	\$142,271,814	\$20,430,945	\$(4,275,865)	\$16,155,080

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. During the six months ended April 30, 2018, the Fund did not incur any income tax, interest, or penalties. As of April 30, 2018, 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

## **Bancroft Fund Ltd.**

### **Notes to Financial Statements (Unaudited) (Continued)**

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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 six months ended April 30, 2018, the Fund paid \$959 in brokerage commissions on security trades to G. research, LLC, an affiliate of the Adviser.

During the six months ended April 30, 2018, 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 \$701.

Through October 31, 2017, the Adviser waived fees or reimbursed 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. This 1.10% expense cap expired on October 31, 2017.

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 six months ended April 30, 2018, the Fund paid or accrued \$22,500 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). During the six months ended April 30, 2018, the Fund paid or accrued \$33,513 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 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 receives 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 six months ended April 30, 2018, the Fund engaged in a purchase transaction with a fund that has a common investment adviser. This purchase transaction complied with Rule 17a-7 under the Act and amounted to \$108,981.

**4. Portfolio Securities.** Purchases and sales of securities during the six months ended April 30, 2018, other than short term securities and U.S. Government obligations, aggregated \$36,443,513 and \$35,914,134, respectively.

**Bancroft Fund Ltd.**  
**Notes to Financial Statements (Unaudited) (Continued)**

**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 year ended October 31, 2017, the Fund did not repurchase any shares.

Transactions in common shares of beneficial interest for the six months ended April 30, 2018 and the year ended October 31, 2017 were as follows:

	<b>Six Months Ended April 30, 2018 (Unaudited)</b>		<b>Year Ended October 31, 2017</b>	
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>
Net increase in net assets from common shares issued upon reinvestment of distributions .....	49,807	\$1,080,809	70,300	\$1,425,677
Net decrease from repurchase of common shares.....	<u>(20,400)</u>	<u>(443,438)</u>	<u>—</u>	<u>—</u>
Net increase from transactions in Fund shares.....	<u>29,407</u>	<u>\$ 637,371</u>	<u>70,300</u>	<u>\$1,425,677</u>

The Fund has an effective shelf registration authorizing the offering of an additional \$100 million of common or preferred shares. As of April 30, 2018, after considering the Series A offering, the Fund has approximately \$70 million available for issuance under the current shelf registration.

On August 9, 2016, the Fund issued 1,200,000 shares of 5.375% Series A Cumulative Preferred Shares (“Series A Preferred”), receiving \$28,834,426, after the deduction of offering expenses of \$945,000 and underwriting fees of \$220,574. 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 April 30, 2018, 1,200,000 Series A Preferred were outstanding and accrued dividends amounted to \$156,771.

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 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

## **Bancroft Fund Ltd.**

### **Notes to Financial Statements (Unaudited) (Continued)**

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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. Change in Independent Registered Public Accounting Firm.** On December 29, 2017, Tait, Weller & Baker LLP ("Tait") resigned, at the request of the Fund, as the independent registered public accounting firm to the Fund. The Audit Committee of the Fund's Board of Trustees participated in, and approved, the decision to change the independent registered public accounting firm. Tait's reports on the Fund's financial statements for the fiscal periods ended October 31, 2017 and October 31, 2016 contained no adverse opinion or disclaimer of opinion nor were they qualified or modified as to uncertainty, audit scope, or accounting principle. During the Fund's fiscal periods ended October 31, 2017 and October 31, 2016 and the subsequent interim period through December 29, 2017, (i) there were no disagreements with Tait on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Tait, would have caused them to make reference to the subject matter of the disagreements in connection with their reports on the Fund's financial statements for such periods, and (ii) there were no "reportable events" of the kind described in Item 304(a)(1)(v) of Regulation S-K under the Securities Exchange Act of 1934, as amended.

The Audit Committee of the Fund's Board of Trustees approved the engagement of PricewaterhouseCoopers LLP ("PwC") as the Fund's independent registered public accounting firm for the fiscal year ending October 31, 2018. The selection of PwC does not reflect any disagreements with or dissatisfaction by the Fund or the Board of Trustees with the performance of the Fund's prior independent registered public accounting firm, Tait. During the Fund's fiscal periods ended October 31, 2017 and October 31, 2016 and the subsequent interim period through December 29, 2017, neither the Fund, nor anyone on its behalf, consulted with PwC on items which: (i) concerned the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Fund's financial statements; or (ii) concerned the subject of a disagreement (as defined in paragraph (a)(1)(iv) of Item 304 of Regulation S-K) or reportable events (as described in paragraph (a)(1)(v) of said Item 304).

**Bancroft Fund Ltd.**  
**Notes to Financial Statements (Unaudited) (Continued)**

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**9. 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.

**Shareholder Meeting – May 14, 2018 – Final Results**

The Fund's Annual Meeting of Shareholders was held on May 14, 2018 at the Greenwich Library in Greenwich, Connecticut. At the meeting, common and preferred shareholders, voting together as a single class, elected Mario J. Gabelli, Daniel D. Harding, and Nicolas W. Platt as Trustees of the Fund. A total of 4,672,699 votes, 5,303,375 votes, and 5,301,994 votes were cast in favor of these Trustees, and 847,330 votes, 216,655 votes, and 218,036 votes were withheld for these Trustees, respectively.

In addition, preferred shareholders, voting as a separate class, elected Kuni Nakamura as Trustee of the Fund. A total of 1,164,045 votes were cast in favor and 13,414 votes were withheld for this Trustee.

Kinchen C. Bizzell, Elizabeth C. Bogan, James P. Conn, Frank J. Fahrenkopf, Jr., Michael J. Melarkey, Jane D. O'Keeffe, and Anthonie C. van Ekris continue to serve in their capacities as Trustees of the Fund.

We thank you for your participation and appreciate your continued support.

## **BANCROFT FUND LTD. AND YOUR PERSONAL PRIVACY**

### **Who are we?**

The Bancroft Fund Ltd. 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 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 MKT, 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](http://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.

**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 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 received a BS in Economics from the Wharton School of Business and an MA 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 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. 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 BA 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 several funds within the Gabelli/GAMCO Funds Complex. Mr. Dinsmore received a BA 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](http://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](http://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.

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### TRUSTEES

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

Kinchen C. Bizzell  
Managing Director,  
CAVU Securities

Elizabeth C. Bogan  
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  
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'Keeffe  
Portfolio Manager,  
Gabelli Funds, LLC

Nicolas W. Platt  
Former Managing Director,  
FTI Consulting Inc.

Anthonie C. van Ekris  
Chairman,  
BALMAC International Inc.

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Agnes Mullady  
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Richard J. Walz  
Chief Compliance Officer

Laurissa M. Martire  
Vice President & Ombudsman

Bethany A. Uhlein  
Assistant Vice President & Ombudsman

### 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



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# BANCROFT FUND LTD.

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*April 30, 2018*