

# Bancroft Fund Ltd.

## Annual Report — October 31, 2018

(Y)our Portfolio Management Team



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

### To Our Shareholders,

For the fiscal year ended October 31, 2018, the net asset value (NAV) total return of the Bancroft Fund Ltd. was 4.6%, compared with total returns of 3.7% and 3.1% 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 (1.8)%. The Fund's NAV per share was \$24.22, while the price of the publicly traded shares closed at \$20.41 on the NYSE American. See below for additional performance information.

Enclosed are the financial statements, including the schedule of investments, as of October 31, 2018.

### Comparative Results

#### Average Annual Returns through October 31, 2018 (a)(b) (Unaudited)

	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>Since Inception (04/20/71)</u>
<b>Bancroft Fund Ltd.</b>					
<b>NAV Total Return (c)</b> .....	4.58%	7.75%	7.11%	11.08%	8.81%
<b>Investment Total Return (d)</b> .....	(1.77)	8.77	7.94	11.33	9.31
ICE Bank of America Merrill Lynch U.S. Convertibles Index .....	3.67	8.19	7.50	12.52	N/A(e)
Bloomberg Barclays Balanced U.S. Convertibles Index .....	3.07	4.60	3.39	9.95	N/A(f)
Standard & Poor's (S&P) 500 Index .....	11.28	9.43	12.83	14.85	9.46(g)

(a) *Returns represent past performance and do not guarantee future results. Investment returns and the principal value of an investment will fluctuate. The Fund's use of leverage may magnify the volatility of net asset value changes versus funds that do not employ leverage. 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. 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 is available.

## Summary of Portfolio Holdings (Unaudited)

The following table presents portfolio holdings as a percent of total investments as of October 31, 2018:

### Bancroft Fund Ltd.

Computer Software and Services . . . . .	18.9%	Consumer Services . . . . .	2.5%
Health Care . . . . .	14.5%	Real Estate Investment Trusts . . . . .	2.1%
Financial Services . . . . .	12.4%	Aerospace . . . . .	1.9%
Semiconductors . . . . .	8.9%	Transportation . . . . .	1.4%
Energy and Utilities . . . . .	8.8%	Food and Beverage . . . . .	0.9%
U.S. Government Obligations . . . . .	6.0%	Agriculture . . . . .	0.8%
Diversified Industrial . . . . .	5.8%	Automotive . . . . .	0.7%
Communications Equipment . . . . .	4.4%	Metals and Mining . . . . .	0.7%
Telecommunications . . . . .	3.4%		<u>100.0%</u>
Business Services . . . . .	3.1%		
Entertainment . . . . .	2.8%		

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).

**Bancroft Fund Ltd.**  
**Schedule of Investments — October 31, 2018**

<b>Principal Amount</b>		<b>Cost</b>	<b>Market Value</b>	<b>Principal Amount</b>		<b>Cost</b>	<b>Market Value</b>
	<b>CONVERTIBLE CORPORATE BONDS — 71.0%</b>			\$ 800,000	Okta Inc.,		
	<b>Aerospace — 1.9%</b>				0.250%, 02/15/23(a) .....	\$ 822,850	\$ 1,092,273
\$ 2,000,000	Aerojet Rocketdyne Holdings Inc.,			1,500,000	PROS Holdings Inc.,		
	2.250%, 12/15/23 .....	\$ 2,044,065	\$ 2,943,538		2.000%, 06/01/47 .....	1,329,257	1,426,722
	<b>Automotive — 0.7%</b>			973,000	Pure Storage Inc.,		
1,000,000	Tesla Inc.,				0.125%, 04/15/23(a) .....	973,000	997,299
	1.250%, 03/01/21 .....	933,184	1,123,348	1,135,000	Splunk Inc.,		
	<b>Business Services — 2.8%</b>				1.125%, 09/15/25(a) .....	1,135,000	1,077,199
1,000,000	Perficient Inc.,			1,500,000	The Priceline Group Inc.,		
	2.375%, 09/15/23(a) .....	1,000,000	919,579		0.350%, 06/15/20 .....	1,847,812	2,169,627
400,000	Q2 Holdings Inc.,			514,000	Vocera Communications Inc.,		
	0.750%, 02/15/23(a) .....	407,960	439,851		1.500%, 05/15/23(a) .....	551,769	626,321
1,040,000	RingCentral Inc.,					22,722,492	26,113,787
	Zero Coupon, 03/15/23(a) .....	1,039,922	1,180,192		<b>Consumer Services — 2.5%</b>		
1,500,000	Square Inc.,			2,000,000	Extra Space Storage LP,		
	0.500%, 05/15/23(a) .....	1,681,999	1,800,503		3.125%, 10/01/35(a) .....	2,035,291	2,160,088
		4,129,881	4,340,125	1,600,000	Quotient Technology Inc.,		
	<b>Communications Equipment — 4.4%</b>				1.750%, 12/01/22(a) .....	1,585,786	1,636,514
1,500,000	Harmonic Inc.,					3,621,077	3,796,602
	4.000%, 12/01/20 .....	1,538,518	1,743,567		<b>Diversified Industrial — 3.6%</b>		
2,000,000	InterDigital, Inc.,			750,000	Chart Industries Inc.,		
	1.500%, 03/01/20 .....	2,028,759	2,188,262		1.000%, 11/15/24(a) .....	752,698	969,333
2,459,000	Lumentum Holdings Inc.,			1,349,000	Kaman Corp.,		
	0.250%, 03/15/24 .....	2,488,793	2,802,237		3.250%, 05/01/24 .....	1,346,541	1,540,874
		6,056,070	6,734,066	1,457,000	Team Inc.,		
	<b>Computer Software and Services — 17.0%</b>				5.000%, 08/01/23 .....	1,431,013	1,709,623
1,972,000	Apptio Inc.,			1,000,000	TimkenSteel Corp.,		
	0.875%, 04/01/23(a) .....	1,968,296	1,892,154		6.000%, 06/01/21 .....	1,026,044	1,221,404
225,000	Boingo Wireless Inc.,					4,556,296	5,441,234
	1.000%, 10/01/23(a) .....	225,000	227,010		<b>Energy and Utilities — 4.2%</b>		
1,000,000	Coupa Software Inc.,			2,000,000	Cheniere Energy Inc.,		
	0.375%, 01/15/23(a) .....	1,137,884	1,547,500		4.250%, 03/15/45 .....	1,295,385	1,540,234
2,500,000	CSG Systems International Inc.,			1,500,000	Chesapeake Energy Corp.,		
	4.250%, 03/15/36 .....	2,575,557	2,567,080		5.500%, 09/15/26 .....	1,508,271	1,413,939
227,000	DocuSign Inc.,			259,000	Goodrich Petroleum Escrow		
	0.500%, 09/15/23(a) .....	227,000	213,947		Bond,		
500,000	GDS Holdings Ltd.,				Zero Coupon,		
	2.000%, 06/01/25(a) .....	450,703	367,281		12/31/21 †(a)(b)(c)(d).....	0	0
1,987,000	IAC FinanceCo. Inc.,			917,000	Newpark Resources Inc.,		
	0.875%, 10/01/22(a) .....	2,234,239	2,781,252		4.000%, 12/01/21(a) .....	985,215	1,051,341
850,000	MercadoLibre Inc.,			3,000,000	SunPower Corp.,		
	2.250%, 07/01/19 .....	929,891	2,190,809		4.000%, 01/15/23 .....	2,489,913	2,461,500
1,133,000		1,133,000	1,094,465			6,278,784	6,467,014
1,776,000	New Relic Inc.,				<b>Entertainment — 2.8%</b>		
	0.500%, 05/01/23(a) .....	1,852,102	1,868,242	2,000,000	DISH Network Corp.,		
1,548,000	Nice Systems Inc.,				3.375%, 08/15/26 .....	1,876,139	1,786,900
	1.250%, 01/15/24 .....	1,610,245	2,096,573	1,250,000	Gannett Co. Inc.,		
1,701,000	Nutanix Inc.,				4.750%, 04/15/24(a) .....	1,302,399	1,286,474
	Zero Coupon, 01/15/23(a) .....	1,718,887	1,878,033				

See accompanying notes to financial statements.

# Bancroft Fund Ltd.

## Schedule of Investments (Continued) — October 31, 2018

Principal Amount		Cost	Market Value	Principal Amount		Cost	Market Value
	<b>Convertible Corporate Bonds (Continued)</b>						
	<b>Entertainment (Continued)</b>			\$ 1,000,000	Teligent Inc.,		
\$ 1,625,000	Global Eagle Entertainment Inc.,			1,000,000	3.750%, 12/15/19 .....	\$ 1,001,000	\$ 957,500
	2.750%, 02/15/35 .....	\$ 1,368,245	\$ 1,243,125		3.250%, 11/01/23 .....	1,000,000	1,006,150
		<u>4,546,783</u>	<u>4,316,499</u>			<u>18,834,159</u>	<u>20,593,495</u>
	<b>Financial Services — 3.3%</b>				<b>Metals and Mining — 0.7%</b>		
1,250,000	Encore Capital Group Inc.,			500,000	Arconic Inc.,		
	3.000%, 07/01/20 .....	1,134,185	1,155,625		1.625%, 10/15/19 .....	500,954	503,414
1,500,000	GSV Capital Corp.,			600,000	Royal Gold Inc.,		
	4.750%, 03/28/23 .....	1,500,000	1,465,103		2.875%, 06/15/19 .....	598,465	606,308
1,000,000	Heritage Insurance Holdings Inc.,					<u>1,099,419</u>	<u>1,109,722</u>
	5.875%, 08/01/37 .....	1,000,000	1,134,587		<b>Semiconductors — 8.9%</b>		
1,116,000	LendingTree Inc.,			750,000	Advanced Micro Devices Inc.,		
	0.625%, 06/01/22 .....	1,163,330	1,316,553		2.125%, 09/01/26 .....	787,889	1,787,633
		<u>4,797,515</u>	<u>5,071,868</u>	1,500,000	Cypress Semiconductor Corp.,		
	<b>Health Care — 13.4%</b>				4.500%, 01/15/22 .....	1,593,775	1,774,877
875,000	ANI Pharmaceuticals Inc.,			1,500,000	Inphi Corp.,		
	3.000%, 12/01/19 .....	906,178	887,268		1.125%, 12/01/20 .....	1,560,007	1,575,000
550,000	Array BioPharma Inc.,			2,000,000	Knowles Corp.,		
	2.625%, 12/01/24(a) .....	634,631	725,047		3.250%, 11/01/21 .....	2,047,422	2,250,128
1,550,000	BioMarin Pharmaceutical Inc.,			500,000	NXP Semiconductors NV,		
	0.599%, 08/01/24 .....	1,524,299	1,612,902		1.000%, 12/01/19 .....	541,024	506,830
1,000,000	Evolent Health Inc.,			2,386,000	Rambus Inc.,		
	1.500%, 10/15/25(a) .....	1,012,459	967,000		1.375%, 02/01/23(a) .....	2,389,512	2,098,043
1,350,000	Exact Sciences Corp.,			1,309,000	Silicon Laboratories Inc.,		
	1.000%, 01/15/25 .....	1,418,406	1,580,175		1.375%, 03/01/22 .....	1,360,810	1,415,676
250,000	Horizon Pharma Investment Ltd.,			1,750,000	Teradyne Inc.,		
	2.500%, 03/15/22 .....	240,480	244,361		1.250%, 12/15/23 .....	1,833,507	2,202,009
1,066,000	Insulet Corp.,					<u>12,113,946</u>	<u>13,610,196</u>
	1.375%, 11/15/24(a) .....	1,177,312	1,205,896		<b>Telecommunications — 3.4%</b>		
500,000	Intercept Pharmaceuticals Inc.,			1,000,000	Dycom Industries Inc.,		
	3.250%, 07/01/23 .....	485,814	469,787		0.750%, 09/15/21 .....	1,002,113	1,012,317
500,000	Invacare Corp.,			1,700,000	Infinera Corp.,		
	4.500%, 06/01/22 .....	502,533	527,031		2.125%, 09/01/24 .....	1,698,319	1,504,500
250,000	K2M Group Holdings Inc.,			2,164,000	Twilio Inc.,		
	3.000%, 06/30/25(a) .....	250,000	295,475		0.250%, 06/01/23(a) .....	2,167,466	2,704,375
1,384,000	Neurocrine Biosciences Inc.,					<u>4,867,898</u>	<u>5,221,192</u>
	2.250%, 05/15/24 .....	1,431,479	2,136,117		<b>Transportation — 1.4%</b>		
1,000,000	NuVasive Inc.,			2,000,000	Atlas Air Worldwide Holdings		
	2.250%, 03/15/21 .....	1,040,576	1,119,420		Inc.,		
1,500,000	Pacira Pharmaceuticals Inc.,				2.250%, 06/01/22 .....	1,961,200	2,087,500
	2.375%, 04/01/22 .....	1,543,124	1,575,318		<b>TOTAL CONVERTIBLE CORPORATE BONDS</b>	<u>98,562,769</u>	<u>108,970,186</u>
2,000,000	Paratek Pharmaceuticals Inc.,				<b>Shares</b>		
	4.750%, 05/01/24(a) .....	1,945,458	1,725,800		<b>Convertible Preferred Stocks — 7.4%</b>		
400,000	Retrophin Inc.,				<b>Agriculture — 0.8%</b>		
	2.500%, 09/15/25 .....	407,212	389,433	12,500	Bunge Ltd., 4.875% .....	1,219,405	1,293,750
1,000,000	Supernus Pharmaceuticals Inc.,						
	0.625%, 04/01/23(a) .....	1,088,995	1,085,821				
1,200,000	Teladoc Health Inc.,						
	3.000%, 12/15/22 .....	1,224,203	2,082,994				

See accompanying notes to financial statements.



**Bancroft Fund Ltd.**  
**Schedule of Investments (Continued) — October 31, 2018**

	<u>Market Value</u>
Other Assets and Liabilities (Net) .....	\$ 413,300
<b>PREFERRED STOCK</b>	
(1,200,000 preferred shares outstanding) .....	<u>(30,000,000)</u>
<b>NET ASSETS — COMMON STOCK</b>	
(5,116,834 common shares outstanding) .....	<u>\$123,925,834</u>
<b>NET ASSET VALUE PER COMMON SHARE</b>	
(\$123,925,834 ÷ 5,116,834 shares outstanding) .....	<u>\$ 24.22</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 October 31, 2018, the market value of Rule 144A securities amounted to \$41,143,408 or 26.80% of total investments.
- (b) Security is valued using significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.
- (c) At October 31, 2018, the Fund held investments in a restricted and illiquid security amounting to \$0 or 0.00% of total investments which was valued under methods approved by the Board of Trustees as follows:

<u>Acquisition Principal Amount</u>	<u>Issuer</u>	<u>Acquisition Date</u>	<u>Acquisition Cost</u>	<u>10/31/18 Carrying Value Per Bond</u>
\$259,000	Goodrich Petroleum Escrow Bond, Zero Coupon, 12/31/21 .....	12/14/16	\$ 0	\$ 0.00

- (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 yields at dates of purchase.

See accompanying notes to financial statements.

## Bancroft Fund Ltd.

### Statement of Assets and Liabilities October 31, 2018

<b>Assets:</b>	
Investments, at value (cost \$140,054,075) .....	\$153,512,534
Cash .....	4,073
Dividends and interest receivable .....	779,860
Deferred offering expense .....	71,161
Prepaid expenses .....	353
<b>Total Assets</b> .....	<u>154,367,981</u>
<b>Liabilities:</b>	
Distributions payable .....	161,250
Payable for Fund shares repurchased .....	76,497
Payable for investment advisory fees .....	94,389
Payable for payroll expenses .....	30,350
Payable for accounting fees .....	7,500
Payable for legal and audit fees .....	31,186
Payable for shareholder communications expenses .....	23,220
Other accrued expenses .....	17,755
<b>Total Liabilities</b> .....	<u>442,147</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) .....	<u>30,000,000</u>
<b>Net Assets Attributable to Common Shareholders</b> .....	<u>\$123,925,834</u>
<b>Net Assets Attributable to Common Shareholders Consist of:</b>	
Paid-in capital .....	\$103,078,221
Total distributable earnings(a) .....	20,847,613
<b>Net Assets</b> .....	<u>\$123,925,834</u>
<b>Net Asset Value per Common Share:</b>	
(\$123,925,834 ÷ 5,116,834 shares outstanding at \$0.01 par value; unlimited number of shares authorized) .....	<u>\$24.22</u>

(a) Effective October 31, 2018, the Fund has adopted disclosure requirements conforming to SEC Rule 6-04.17 of Regulation S-X and discloses total distributable earnings. See Note 2 for further details.

### Statement of Operations For the Year Ended October 31, 2018

<b>Investment Income:</b>	
Dividends .....	\$ 1,479,644
Interest .....	1,678,953
<b>Total Investment Income</b> .....	<u>3,158,597</u>
<b>Expenses:</b>	
Investment advisory fees .....	1,139,667
Trustees' fees .....	122,000
Shareholder communications expenses .....	79,680
Payroll expenses .....	67,537
Legal and audit fees .....	53,497
Accounting fees .....	45,000
Shareholder services fees .....	30,903
Custodian fees .....	13,414
Interest expense .....	143
Miscellaneous expenses .....	58,801
<b>Total Expenses</b> .....	<u>1,610,642</u>
Less:	
Expenses paid indirectly by broker (See Note 3) .....	(1,404)
<b>Net Expenses</b> .....	<u>1,609,238</u>
<b>Net Investment Income</b> .....	<u>1,549,359</u>
<b>Net Realized and Unrealized Gain/(Loss) on Investments:</b>	
Net realized gain on investments .....	13,969,337
Net change in unrealized appreciation on investments .....	(8,224,852)
<b>Net Realized and Unrealized Gain/(Loss) on Investments</b> .....	<u>5,744,485</u>
<b>Net Increase in Net Assets Resulting from Operations</b> .....	
Total Distributions to Preferred Shareholders .....	(1,612,500)
<b>Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations</b> .....	<u>\$ 5,681,344</u>

See accompanying notes to financial statements.

# Bancroft Fund Ltd.

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

	<u>Year Ended October 31, 2018</u>	<u>Year Ended October 31, 2017</u>
<b>Operations:</b>		
Net investment income.....	\$ 1,549,359	\$ 2,557,141
Net realized gain on investments.....	13,969,337	4,328,918
Net change in unrealized appreciation on investments.....	<u>(8,224,852)</u>	<u>13,220,829</u>
<b>Net Increase in Net Assets Resulting from Operations.....</b>	<b>7,293,844</b>	<b>20,106,888</b>
<b>Distributions to Preferred Shareholders(a).....</b>	<b><u>(1,612,500)</u></b>	<b><u>(1,612,500)*</u></b>
<b>Net Increase in Net Asset Attributable to Common Shareholders Resulting from Operations.....</b>	<b>5,681,344</b>	<b>18,494,388</b>
<b>Distributions to Common Shareholders(a).....</b>	<b><u>(6,091,072)</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).....	(3,999,171)	—
Net decrease from costs charged for issuance of preferred shares.....	<u>—</u>	<u>(75,574)</u>
<b>Net Increase/(Decrease) in Net Assets from Fund Share Transactions.....</b>	<b><u>(2,918,362)</u></b>	<b><u>1,350,103</u></b>
<b>Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders.....</b>	<b>(3,328,090)</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 year.....	<b><u>\$123,925,834</u></b>	<b><u>\$127,253,924</u></b>

(a) Effective October 31, 2018, the Fund has adopted disclosure requirements conforming to SEC Rule 6-04.17 of Regulation S-X. See Note 2 for further details.

\* For the year ended October 31, 2017, the distributions to Preferred Shareholders from net investment income and net realized gain were \$362,097 and \$1,250,403, respectively.

\*\* For the year ended October 31, 2017, the distributions to Common Shareholders from net investment income and net realized gain were \$1,488,992 and \$5,141,825, respectively.

See accompanying notes to financial statements.



# Bancroft Fund Ltd.

## Financial Highlights

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

	Year Ended October 31,				
	2018	2017	2016	2015	2014
<b>Operating Performance:</b>					
Net asset value, beginning of year . . . . .	\$24.24	\$22.02	\$23.19	\$23.59	\$22.13
Net investment income . . . . .	0.25	0.51	0.44	0.17	0.19
Net realized and unrealized gain on investments . . . . .	1.11	3.33	0.50	0.23	1.74
Total from investment operations . . . . .	1.36	3.84	0.94	0.40	1.93
<b>Distributions to Preferred Shareholders: (a)</b>					
Net investment income . . . . .	(0.19)	(0.07)	(0.03)	—	—
Net realized gain . . . . .	(0.12)	(0.24)	(0.04)	—	—
Total distributions to preferred shareholders . . . . .	(0.31)	(0.31)	(0.07)	—	—
<b>Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations . . . . .</b>					
	1.05	3.53	0.87	0.40	1.93
<b>Distributions to Common Shareholders:</b>					
Net investment income . . . . .	(0.71)	(0.29)	(0.85)	(0.39)	(0.56)
Net realized gain . . . . .	(0.45)	(0.98)	(0.92)	(0.51)	—
Total distributions to common shareholders . . . . .	(1.16)	(1.27)	(1.77)	(0.90)	(0.56)
<b>Fund Share Transactions:</b>					
Increase in net asset value from repurchase of common shares . . . . .	0.11	—	0.04	0.10	0.11
Decrease in net asset value from common shares issued upon reinvestment of distributions . . . . .	(0.02)	(0.03)	(0.10)	(0.00)(b)	(0.02)
Offering costs for preferred shares charged to paid-in capital . . . . .	(0.00)	(0.01)	(0.21)	—	—
Total Fund share transactions . . . . .	0.09	(0.04)	(0.27)	0.10	0.09
<b>Net Asset Value Attributable to Common Shareholders, End of Year . . . .</b>	<b>\$24.22</b>	<b>\$24.24</b>	<b>\$22.02</b>	<b>\$23.19</b>	<b>\$23.59</b>
NAV total return† . . . . .	4.58%	16.29%	2.85%	2.71%	9.71%
Market value, end of year . . . . .	\$20.41	\$21.90	\$20.81	\$19.50	\$20.09
Investment total return†† . . . . .	(1.77)%	11.75%	17.23%	1.42%	12.25%

See accompanying notes to financial statements.

# Bancroft Fund Ltd.

## Financial Highlights (Continued)

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

	Year Ended October 31,				
	2018	2017	2016	2015	2014
<b>Ratios to Average Net Assets and Supplemental Data:</b>					
Net assets including liquidation value of preferred shares, end of year (in 000's) . . . . .	\$153,926	\$157,254	\$144,040	—	—
Net assets attributable to common shares, end of year (in 000's) . . . . .	\$123,926	\$127,254	\$114,040	\$118,435	\$123,667
Ratio of net investment income to average net assets attributable to common shares before preferred distributions . . . . .	1.17%	2.09%	1.98%	0.80%	1.00%
Ratio of operating expenses to average net assets attributable to common shares . . . . .	1.22%(c)(d)	1.28%(c)(d)	1.15%(c)(d)	1.10%	1.10%
Portfolio turnover rate . . . . .	43.0%	33.0%	50.0%	48.0%	43.0%
<b>Cumulative Preferred Shares:</b>					
<b>5.375% Series A Preferred</b>					
Liquidation value, end of year (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 (e) . . . . .	\$ 25.24	\$ 25.11	\$ 25.49	—	—
Asset coverage per share . . . . .	\$ 128.27	\$ 131.04	\$ 120.03	—	—
Asset Coverage . . . . .	513%	524%	480%	—	—

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

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

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

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

(c) Ratios of operating expenses to average net assets including liquidation value of preferred shares for the years ended October 31, 2018, 2017, and 2016 were 0.99%, 1.03%, and 1.08%, respectively.

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

(e) Based on weekly prices.

See accompanying notes to financial statements.

## **Bancroft Fund Ltd.**

### **Notes to Financial Statements**

---

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

The Fund's primary investment objective is to provide income and the potential for capital appreciation, which objectives the Fund considers to be relatively equal over the long term due to the nature of the securities in which it invests. The Fund invests primarily in convertible and equity securities.

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

**New Accounting Pronouncements.** The SEC recently adopted changes to Regulation S-X to simplify the reporting of information by registered investment companies in financial statements. The amendments require presentation of the total, rather than the components, of distributable earnings on the Statement of Assets and Liabilities and also require presentation of the total, rather than the components, of distributions to shareholders, except for tax return of capital distributions, if any, on the Statement of Changes in Net Assets. The amendments also removed the requirement for parenthetical disclosure of undistributed net investment income on the Statement of Changes in Net Assets. These Regulation S-X amendments are reflected in the Fund's financial statements for the year ended October 31, 2018. As a result of adopting these amendments, the distributions to shareholders in the October 31, 2017 Statement of Changes in Net Assets presented herein have been reclassified to conform to the current year presentation.

To improve the effectiveness of fair value disclosure requirements, the Financial Accounting Standards Board recently issued Accounting Standard Update (ASU) 2018-13, Fair Value Measurement Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement (ASU 2018-13), which adds, removes, and modifies certain aspects relating to fair value disclosure. ASU 2018-13 is effective for interim and annual reporting periods beginning after December 15, 2019; early adoption of the additions relating to ASU 2018-13 is not required, even if early adoption is elected for the removals under ASU 2018-13. Management has early adopted the removals set forth in ASU 2018-13 in these financial statements and has not early adopted the additions set forth in ASU 2018-13.

**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).

## **Bancroft Fund Ltd.**

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

---

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.

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).

## Bancroft Fund Ltd.

### Notes to Financial Statements (Continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund's investments in securities by inputs used to value the Fund's investments as of October 31, 2018 is as follows:

	Valuation Inputs			Total Market Value at 10/31/18
	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	—	\$ 6,467,014	\$ 0	\$ 6,467,014
Other Industries (a)	—	102,503,172	—	102,503,172
Total Convertible Corporate Bonds	—	108,970,186	0	108,970,186
Convertible Preferred Stocks:				
Business Services	—	—	450,098	450,098
Food and Beverage	—	1,321,336	—	1,321,336
Other Industries (a)	\$ 9,593,135	—	—	9,593,135
Total Convertible Preferred Stocks	9,593,135	1,321,336	450,098	11,364,569
Mandatory Convertible Securities:				
Financial Services	2,689,560	4,487,600	—	7,177,160
Other Industries (a)	14,899,184	—	—	14,899,184
Total Mandatory Convertible Securities	17,588,744	4,487,600	—	22,076,344
Common Stocks (a)	1,855,311	—	—	1,855,311
Warrants (a)	—	—	0	0
U.S. Government Obligations	—	9,246,124	—	9,246,124
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>\$29,037,190</b>	<b>\$124,025,246</b>	<b>\$450,098</b>	<b>\$153,512,534</b>

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

During the fiscal year ended October 31, 2018, the Fund did not have transfers into or out of Level 3. The following table reconciles Level 3 investments for the Fund for which significant unobservable inputs were used to determine fair value

	Balance as of 10/31/17	Accrued discounts/ (premiums)	Realized gain/ (loss)	Change in unrealized appreciation/ depreciation†	Purchases	Sales	Transfers into Level 3	Transfers out of Level 3	Balance as of 10/31/18	Net change in unrealized appreciation/ depreciation during the period on Level 3 investments still held at 10/31/18†
<b>INVESTMENTS IN SECURITIES:</b>										
<b>ASSETS (Market Value):</b>										
Convertible Corporate Bonds(a)	\$ 0	—	—	—	—	—	—	—	\$ 0	—
Convertible Preferred Stocks(a)	450,098	—	—	—	—	—	—	—	450,098	—
Warrants(a)	0	—	—	—	—	—	—	—	0	—
<b>TOTAL INVESTMENTS IN SECURITIES</b>	<b>\$450,098</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>\$450,098</b>	<b>—</b>

† Net change in unrealized appreciation/depreciation on investments is included in the Statement of Operations.

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

## Bancroft Fund Ltd.

### Notes to Financial Statements (Continued)

The following tables summarize the valuation techniques used and unobservable inputs utilized to determine the value of certain of the Fund's Level 3 investments as of October 31, 2018.

Description	Balance at 10/31/18	Valuation Technique	Unobservable Input	Range
<b>INVESTMENTS IN SECURITIES:</b>				
<b>ASSETS (Market Value):</b>				
Convertible Corporate Bonds (a)	\$ 0	Bankruptcy	Discount Range	0%
Convertible Preferred Stock (a)	450,098	Acquisition price/cash flow analysis	Discount Range	0%
Warrants (a)	0	Bankruptcy	Discount Range	0%
<b>TOTAL INVESTMENTS IN LEVEL 3 SECURITIES</b>	<u>\$450,098</u>			

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

Unobservable Input	Impact to Value if Input Increases	Impact to Value if Input Decreases
Discount Range	Decrease	Increase

#### 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

## **Bancroft Fund Ltd.**

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

---

the Acquired Funds in addition to the Fund's expenses. During the fiscal year ended October 31, 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.

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

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

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

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

**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 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. Permanent differences were primarily due to redesignation of dividends and reclassification of convertible bond premiums at disposition. These reclassifications have no impact on the NAV of the Fund. For the fiscal year ended October 31, 2018, reclassifications were made to decrease paid-in capital by \$1,502,772 with an offsetting adjustment to total distributable earnings.

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 years ended October 31, 2018 and 2017 was as follows:

	Year Ended October 31, 2018		Year Ended October 31, 2017	
	Common	Preferred	Common	Preferred
<b>Distributions paid from:</b>				
Ordinary income (inclusive of short term capital gains) .....	\$4,270,313	\$1,130,488	\$1,980,039	\$ 481,511
Net long term capital gains .....	1,820,759	482,013	4,650,778	1,130,989
Total distributions paid .....	<u>\$6,091,072</u>	<u>\$1,612,501</u>	<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



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

substantially all of its net investment company taxable income and net capital gains. Therefore, no provision for federal income taxes is required.

As of October 31, 2018, the components of accumulated earnings on a tax basis were as follows:

Undistributed ordinary income .....	\$ 50,652
Undistributed long term capital gains .....	8,861,042
Net unrealized appreciation on investments .....	12,097,169
Other temporary differences* .....	(161,250)
<u>Total .....</u>	<u>\$20,847,613</u>

\* Other temporary differences were due to current year dividends payable.

At October 31, 2018, the temporary differences between book basis and tax basis unrealized appreciation on investments were primarily due to amortization of bond premium.

The following summarizes the tax cost of investments and the related net unrealized appreciation at October 31, 2018:

	<u>Cost</u>	<u>Gross Unrealized Appreciation</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
Investments.....	\$141,415,365	\$16,355,274	\$(4,258,105)	\$12,097,169

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 fiscal year ended October 31, 2018, the Fund did not incur any income tax, interest, or penalties. As of October 31, 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 three fiscal years remain open, subject to examination. On an ongoing basis, the Adviser will monitor the Fund's tax positions to determine if adjustments to this conclusion are necessary.

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

During the fiscal year ended October 31, 2018, the Fund paid \$959 in brokerage commissions on security trades to G. research, LLC, an affiliate of the Adviser.

During the fiscal year ended October 31, 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 \$1,404.

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

## **Bancroft Fund Ltd.**

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

---

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 fiscal year ended October 31, 2018, the Fund accrued \$45,000 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 fiscal year ended October 31, 2018, the Fund paid or accrued \$67,537 in payroll expenses in the Statement of Operations.

The Fund pays each Trustee who is not considered an affiliated person an annual retainer of \$9,000 plus \$2,000 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 \$1,000 per meeting attended. The Lead Independent Trustee receives an annual fee of \$2,000 and the Audit and Nominating Committee Chairmen each receives an annual fee of \$3,000. A Trustee may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. Trustees who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

During the fiscal year ended October 31, 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 fiscal year ended October 31, 2018, other than short term securities and U.S. Government obligations, aggregated \$66,823,268 and \$78,986,213, respectively.

**5. Capital.** The Fund is authorized to issue an unlimited number of common shares of beneficial interest (par value \$0.01). The Board has authorized the repurchase of its shares in the open market when the shares are trading at a discount of 10.0% or more (or such other percentage as the Board may determine from time to time) from the NAV of the shares. During the fiscal year ended October 31, 2018, the Fund repurchased and retired 182,873 of its common shares at an investment of \$3,999,171 and an average discount of 13.58%, from its net asset value.

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

Transactions in common shares of beneficial interest for the years ended October 31, 2018 and 2017 were as follows:

	Year Ended October 31, 2018		Year Ended October 31, 2017	
	Shares	Amount	Shares	Amount
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 . . . . .	(182,873)	(3,999,171)	—	—
Net increase/(decrease) from transactions in Fund shares . . . . .	<u>(133,066)</u>	<u>\$(2,918,362)</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 October 31, 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 October 31, 2018, 1,200,000 Series A Preferred were outstanding and accrued dividends amounted to \$161,250.

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

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

## **Bancroft Fund Ltd.**

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

---

a majority (as defined in the 1940 Act) of the Fund's outstanding voting securities are required to approve certain other actions, including changes in the Fund's investment objectives or fundamental investment policies.

**6. Convertible Securities Concentration.** It is the Fund's policy to invest at least 65% of its assets in convertible securities. Although convertible securities do derive part of their value from that of the securities into which they are convertible, they are not considered derivative financial instruments. However, the Fund's mandatory convertible securities include features which render them more sensitive to price changes of their underlying securities. Thus they expose the Fund to greater downside risk than traditional convertible securities, but generally less than that of the underlying common stock.

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

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

# **Bancroft Fund Ltd.**

## **Report of Independent Registered Public Accounting Firm**

---

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

### **Opinion on the Financial Statements**

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Bancroft Fund Ltd. (the “Fund”) as of October 31, 2018, the related statement of operations, statement of changes in net assets attributable to common shareholders, and the financial highlights for the year then ended, including the related notes, (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of October 31, 2018, the results of its operations, of changes in its net assets attributable to common shareholders, and its financial highlights for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements of the Fund as of and for the year ended October 31, 2017 and the financial highlights for each of the periods ended on or prior to October 31, 2017 (not presented herein, other than the statement of changes in net assets attributable to common shareholders and the financial highlights) were audited by other auditors whose report dated December 21, 2017 expressed an unqualified opinion on those financial statements and financial highlights.

### **Basis for Opinion**

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of October 31, 2018 by correspondence with the custodian. We believe that our audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
New York, New York  
December 21, 2018

We have served as the auditor of one or more investment companies in Gabelli/GAMCO Fund Complex since 1986.

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

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

<u>Name, Position(s) Address<sup>1</sup> and Age</u>	<u>Term of Office and Length of Time Served<sup>2</sup></u>	<u>Number of Funds in Fund Complex Overseen by Trustee<sup>3</sup></u>	<u>Principal Occupation(s) During Past Five Years</u>	<u>Other Directorships Held by Trustee<sup>4</sup></u>
<b>INTERESTED TRUSTEES<sup>5</sup>:</b>				
<b>Mario J. Gabelli, CFA</b> Trustee and Chairman Age: 76	Since 2015***	35	Chairman, Chief Executive Officer, and Chief Investment Officer— Value Portfolios of GAMCO Investors, Inc. and Chief Investment Officer— Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc.; Director/ Trustee or Chief Investment Officer of other registered investment companies within the Gabelli/GAMCO Fund Complex; Chief Executive Officer of GGCP, Inc.; Executive Chairman of Associated Capital Group, Inc.	Director of Morgan Group Holdings, Inc. (holding company); Chairman of the Board and Chief Executive Officer of LICT Corp. (multimedia and communication services company); Director of CIBL, Inc. (broadcasting and wireless communications); Director of ICTC Group Inc. (communications)
<b>Jane D. O'Keeffe</b> Trustee and President Age: 63	Since 1995*	1	President of the Bancroft Fund Ltd.; Portfolio Manager for Gabelli Funds, LLC; Executive Vice President of the Ellsworth Growth and Income Fund Ltd. (2014-2015); President of Dinsmore Capital Management (1996-2015); President of the Ellsworth Growth and Income Fund Ltd. (1996-2014)	—
<b>INDEPENDENT TRUSTEES<sup>6</sup>:</b>				
<b>Kinchen C. Bizzell, CFA</b> Trustee Age: 64	Since 2008**	2	Private Investor; Managing Director of CAVU Securities (securities broker-dealer) (2013-2016); Investor Relations Managing Director (1998-2003) and Senior Counselor (2004-2013) at Burson-Marsteller (global public relations and communications)	—
<b>Elizabeth C. Bogan, PhD</b> Trustee Age: 74	Since 1990*	4	Senior Lecturer in Economics at Princeton University	—
<b>James P. Conn</b> Trustee Age: 80	Since 2015*	26	Former Managing Director and Chief Investment Officer of Financial Security Assurance Holdings Ltd. (1992-1998)	—
<b>Frank J. Fahrenkopf, Jr.<sup>7</sup></b> Trustee Age: 79	Since 2015**	14	Co-Chairman of the Commission on Presidential Debates; Former President and Chief Executive Officer of the American Gaming Association (1995-2013); Former Chairman of the Republican National Committee (1983-1989)	Director of First Republic Bank (banking); Director of Eldorado Resorts, Inc. (casino entertainment company)

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

<u>Name, Position(s) Address<sup>1</sup> and Age</u>	<u>Term of Office and Length of Time Served<sup>2</sup></u>	<u>Number of Funds in Fund Complex Overseen by Trustee<sup>3</sup></u>	<u>Principal Occupation(s) During Past Five Years</u>	<u>Other Directorships Held by Trustee<sup>4</sup></u>
<b>Daniel D. Harding</b> Trustee Age: 66	Since 2007***	3	Managing General Partner of the Global Equity Income Fund (private investment fund); Director of TRC (private asset management); General Partner of Latitude Capital Partners, LLC (private investment); Director of Legg Mason Investment Counsel, LLC and Chair of Investment Committee (2010-2012)	—
<b>Michael J. Melarkey</b> Trustee Age: 69	Since 2015**	25	Of Counsel in the law firm of McDonald Carano Wilson LLP; Partner in the law firm of Avansino, Melarkey, Knobel, Mulligan & McKenzie (1980-2015)	Director of Southwest Gas Corporation (natural gas utility)
<b>Kuni Nakamura<sup>7,8</sup></b> Trustee Age: 50	Since 2015***	37	President of Advanced Polymer, Inc. (chemical manufacturing company); President of KEN Enterprises, Inc. (real estate)	—
<b>Nicolas W. Platt</b> Trustee Age: 65	Since 1997***	2	Private Investor; Member of NYSE MKT LLC Committee on Securities; Township Committee Member, Harding, New Jersey; former Mayor of Township of Harding, New Jersey (2013-2016); Managing Director of FTI Consulting Inc. (international consulting company) (March 2009-May 2011)	—
<b>Anthonie C. van Ekris<sup>7</sup></b> Trustee Age: 84	Since 2015*	23	Chairman and Chief Executive Officer of BALMAC International, Inc. (global import/export company)	—

<u>Name, Position(s) Address<sup>1</sup> and Age</u>	<u>Term of Office and Length of Time Served<sup>9</sup></u>	<u>Principal Occupation(s) During Past Five Years</u>
<b>OFFICERS:</b>		
<b>John C. Ball</b> Treasurer Age: 42	Since 2017	Treasurer of registered investment companies within the Gabelli/GAMCO Fund Complex since 2017; Vice President and Assistant Treasurer of AMG Funds, 2014-2017; Vice President of State Street Corporation, 2007-2014
<b>Agnes Mullady</b> Vice President Age: 60	Since 2015	Officer of registered investment companies within the Gabelli/GAMCO Fund Complex since 2006; President and Chief Operating Officer of the Fund Division of Gabelli Funds, LLC since 2015; Chief Executive Officer of G.distributors, LLC since 2010; Senior Vice President of GAMCO Investors, Inc. since 2009; Vice President of Gabelli Funds, LLC since 2007; Executive Vice President of Associated Capital Group, Inc. since 2016
<b>Andrea R. Mango</b> Secretary and Vice President Age: 46	Since 2015	Vice President of GAMCO Investors, Inc. since 2016; Counsel of Gabelli Funds, LLC since 2013; Secretary of registered investment companies within the Gabelli/GAMCO Fund Complex since 2013; Vice President of closed-end funds within the Gabelli/GAMCO Fund Complex since 2014; Corporate Vice President within the Corporate Compliance Department of New York Life Insurance Company, 2011-2013
<b>Richard J. Walz</b> Chief Compliance Officer Age: 59	Since 2015	Chief Compliance Officer of registered investment companies within the Gabelli/GAMCO Fund Complex since 2013; Chief Compliance Officer of AEGON USA Investment Management, 2011-2013
<b>Laurissa M. Martire</b> Vice President and Ombudsman Age: 42	Since 2015	Vice President and/or Ombudsman of closed-end funds within the Gabelli/GAMCO Fund Complex; Vice President (since 2016) and Assistant Vice President (2003-2016) of GAMCO Investors, Inc.

## **Bancroft Fund Ltd.**

### **Additional Fund Information (Continued) (Unaudited)**

---

- 1 Address: One Corporate Center, Rye, NY 10580-1422, unless otherwise noted.
- 2 The Fund's Board of Trustees is divided into three classes, each class having a term of three years. Each year the term of office of one class expires and the successor or successors elected to such class serve for a three year term. The three year term for each class expires as follows:
- \* — Term expires at the Fund's 2019 Annual Meeting of Shareholders or until their successors are duly elected and qualified.
  - \*\* — Term expires at the Fund's 2020 Annual Meeting of Shareholders or until their successors are duly elected and qualified.
  - \*\*\* — Term expires at the Fund's 2021 Annual Meeting of Shareholders or until their successors are duly elected and qualified.
- Each officer will hold office for an indefinite term until the date he or she resigns or retires or until his or her successor is elected and qualified.
- 3 The "Fund Complex" or the "Gabelli/GAMCO Fund Complex" includes all the U.S. registered investment companies that are considered part of the same fund complex as the Fund because they have common or affiliated investment advisers.
- 4 This column includes directorships of companies required to report to the SEC under the Securities Exchange Act of 1934, as amended, i.e., public companies, other investment companies registered under the 1940 Act, and other noteworthy directorships.
- 5 "Interested person" of the Fund, as defined in the 1940 Act. Mr. Gabelli and Ms. O'Keeffe are each considered to be an "interested person" of the Fund because of their affiliation with the Fund's Adviser.
- 6 Trustees who are not considered to be "interested persons" of the Fund as defined in the 1940 Act are considered to be "Independent" Trustees.
- 7 Mr. Fahrenkopf's daughter, Lesle. F. Foley, serves as a director of other funds in the Fund Complex. Mr. van Ekris is an independent director of Gabelli International Ltd., Gabelli Fund LDC, Gama Capital Opportunities Master Ltd., and GAMCO International SICAV, and Mr. Nakamura is a director of Gabelli Merger Plus+ Trust Plc, all of which may be deemed to be controlled by Mario J. Gabelli and/or affiliates and, in that event, would be deemed to be under common control with the Fund's Adviser.
- 8 This Trustee is elected solely by and represents the shareholders of the Preferred Shares issues by the Fund.
- 9 Includes time served in prior officer positions with the Fund. Each officer will hold office for an indefinite term until the date he or she resigns and retires or until his or her successor is duly elected and qualifies.



## **Bancroft Fund Ltd.**

### **Annual Approval of Continuance of Investment Advisory Agreement (Unaudited)**

At its meeting on August 22, 2018, the Board of Trustees (Board) of the Fund approved the continuation of the investment advisory agreement with the Adviser for the Fund on the basis of the recommendation by the trustees who are not “interested persons” of the Fund (the Independent Board Members). The following paragraphs summarize the material information and factors considered by the Independent Board Members as well as their conclusions relative to such factors.

#### **Nature, Extent, and Quality of Services.**

The Independent Board Members considered information regarding the portfolio managers, the depth of the analyst pool available to the Adviser and the portfolio managers, the scope of administrative, shareholder and other services supervised or provided by the Adviser, and the absence of significant service problems reported to the Board. The Independent Board Members noted the experience, length of service, and reputation of the portfolio managers as well as the Independent Board Members’ satisfaction with the performance of the portfolio managers since the Adviser assumed control of the Fund in 2015. The Independent Board Members also noted that they were impressed with the overall quality of the materials relating to the Board’s consideration of the Advisory Agreement.

#### **Investment Performance.**

The Independent Board Members reviewed the performance of the Fund for the one, three, and five year periods (as of June 30, 2018) against a peer group of 14 convertible funds prepared by the Adviser (the Adviser Peer Group) and against a larger peer group of 29 closed-end funds constituting the Fund’s Lipper category (Closed-End Core, Convertible, and Value Equity Funds) (the Lipper Peer Group). The Independent Board Members noted that the Fund’s performance was in the first quartile for the one year, three year, and five year periods for the Adviser Peer Group, and in the first quartile for the one year period and the second quartile for the three year and five year periods for the Lipper Peer Group.

#### **Profitability.**

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

#### **Economies of Scale.**

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

#### **Sharing of Economies of Scale.**

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

#### **Service and Cost Comparisons.**

The Independent Board Members compared the expense ratios of the investment management fee, other expenses, and total expenses of the Fund with similar expense ratios of the Adviser Peer Group and the Lipper Peer Group. The Independent Board Members noted that the Adviser’s management fee includes substantially all

## **Bancroft Fund Ltd.**

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

administrative services for the Fund as well as investment advisory services. The Independent Board Members noted that within the Adviser Peer Group, the Fund's investment management fee and total expense ratio were slightly above the Adviser Peer Group average. The Independent Board Members further noted that both the Fund's investment management fee and total expense ratio were slightly above the Lipper Peer Group average. The Independent Board Members also noted that the management fee structure was different from that in effect for most of the Gabelli funds, in that it contains a reduction for assets in excess of \$100 million and is lower than the management fees in effect for most other Gabelli funds due to the retention of the Fund's historical fee structure when the Adviser assumed the management of the Fund in 2015.

#### **Conclusions.**

The Independent Board Members concluded that the Fund enjoyed highly experienced portfolio management services and good ancillary services, and that the Fund's performance record has been acceptable since the Adviser assumed control of the Fund in 2015. The Independent Board Members concluded that the profitability to the Adviser of managing the Fund was reasonable and that economies of scale were not a significant factor in their thinking at this point. The Independent Board Members did not view the potential profitability of ancillary services as material to their decision. On the basis of the foregoing and without assigning particular weight to any single conclusion, the Independent Board Members determined to recommend continuation of the Advisory Agreement to the full Board. Based on a consideration of all these factors in their totality, the Board Members, including all of the Independent Board Members, determined that the Fund's advisory fee was fair and reasonable with respect to the quality of services provided and in light of the other factors described above that the Board deemed relevant. Accordingly, the Board Members determined to approve the continuation of the Fund's Advisory Agreement. The Board Members based their decision on evaluations of all these factors as a whole and did not consider any one factor as all important or controlling.

**BANCROFT FUND LTD.**  
**INCOME TAX INFORMATION (Unaudited)**  
October 31, 2018

**Cash Dividends and Distributions**

	Payable Date	Record Date	Total Amount Paid Per Share (a)	Ordinary Investment Income (a)	Long Term Capital Gains (a)	Dividend Reinvestment Price
<b>Common Stock</b>	12/27/17	11/28/17	\$0.41000	\$0.28630	\$0.12370	21.70000
	03/22/18	03/15/18	0.25000	0.17460	0.07540	21.36140
	06/22/18	06/15/18	0.25000	0.17460	0.07540	21.96610
	09/21/18	09/14/18	0.25000	0.17450	0.07550	22.79090
			\$1.16000	\$0.81000	\$0.35000	
<b>5.375% Series A Cumulative Preferred</b>	12/26/17	12/18/17	\$0.33594	\$0.05200	\$0.28394	
	03/26/18	03/19/18	0.33594	0.02982	0.30612	
	06/26/18	06/19/18	0.33594	0.02773	0.30821	
	09/26/18	09/19/18	0.33594	0.02436	0.31158	
			\$1.34375	\$0.13390	\$1.20985	

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

For the fiscal year ended October 31, 2018, the Fund paid to common shareholders ordinary income distributions (inclusive of short term capital gains) totaling \$0.8100 per share, and long term capital gains totaling \$2,302,772. For the fiscal year ended October 31, 2018, 41.60% of the ordinary income distribution qualifies for the dividends received deduction available to corporations. The Fund designates 42.70% of the ordinary income distribution as qualified dividend income pursuant to the Jobs and Growth Tax Relief Reconciliation Act of 2003. The Fund designates 39.09% of the ordinary income distribution as qualified interest income and short term distributions totaling \$651,240 pursuant to the Tax Relief, Unemployment Reauthorization, and Job Creation Act of 2010. The percentage of ordinary income dividends paid by the Fund during 2018 derived from U.S. Government securities was 0.52%. Such income is exempt from state and local taxes in all states. However, many states, including New York and California, allow a tax exemption for a portion of the income earned only if a mutual fund has invested at least 50% of its assets at the end of each quarter of its fiscal year in U.S. Government securities. The Fund did not meet this strict requirement in 2018. The percentage of U.S. Government securities held as of October 31, 2018 was 6.0%.

**Historical Distribution Summary**

	Investment Income (b)	Short Term Capital Gains (b)	Long Term Capital Gains	Total Distributions (a)
<b>Common Shares</b>				
2018 .....	\$0.71000	\$0.10000	\$0.35000	\$1.16000
2017 .....	0.28460	0.09380	0.88890	1.26730
2016 .....	0.85110	—	0.92390	1.77500
<b>5.375% Series A Cumulative Preferred</b>				
2018 .....	\$0.13390	—	\$1.20985	\$1.34375
2017 .....	0.28761	—	1.05613	1.34374
2016 .....	0.08412	—	0.09131	0.17543

(a) Total amounts may differ due to rounding.

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

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

## **AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLANS**

### **Enrollment in the Plan**

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

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

Shareholders requesting this cash election must include the shareholder's name and address as they appear on the share certificate. Shareholders with additional questions regarding the Plan or requesting a copy of the terms of the Plan, may contact AST at (877) 208-9514.

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

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

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

### **Voluntary Cash Purchase Plan**

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

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

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

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

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

## **BANCROFT FUND LTD. 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, 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.

This page was intentionally left blank.

**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. Previously 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. Previously 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.

## BANCROFT FUND LTD.

One Corporate Center  
Rye, NY 10580-1422

t 800-GABELLI (800-422-3554)

f 914-921-5118

e [info@gabelli.com](mailto:info@gabelli.com)  
[GABELLI.COM](http://GABELLI.COM)

### TRUSTEES

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

Kinchen C. Bizzell  
Former 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.

### OFFICERS

Jane D. O'Keeffe  
President

John C. Ball  
Treasurer

Agnes Mullady  
Vice President

Andrea R. Mango  
Secretary & Vice President

Richard J. Walz  
Chief Compliance Officer

Laurissa M. Martire  
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



GABELLI  
FUNDS

# BANCROFT FUND LTD.

BCV

*Annual Report*  
*October 31, 2018*