

BANCROFT FUND LTD  
Form PRE 14A  
September 01, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A INFORMATION  
PROXY STATEMENT PURSUANT TO  
SECTION 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

**Check the appropriate box:**

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-12

BANCROFT FUND LTD.  
ELLSWORTH GROWTH AND INCOME FUND LTD.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
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| 1) | Amount previously paid:                       |
| 2) | Form, Schedule or Registration Statement No.: |
| 3) | Filing Party:                                 |
| 4) | Date Filed:                                   |

PROXY MATERIALS

BANCROFT FUND LTD.  
ELLSWORTH GROWTH AND INCOME FUND LTD.

To the Shareholders of Bancroft Fund Ltd. and Ellsworth Growth and Income Fund Ltd.:

I am writing to let you know that due to a proposed transaction between Gabelli Funds, LLC (“Gabelli Funds”) and Dinsmore Capital Management Co. (“Dinsmore Capital”) a joint special meeting (the “Meeting”) of shareholders of Bancroft Fund Ltd. (“Bancroft”) and Ellsworth Growth and Income Fund Ltd. (“Ellsworth” and, together with Bancroft, the “Funds”) will be held at The Madison Hotel located at 1 Convent Road, Morristown, New Jersey 07960 on October 19, 2015 at 10:00 a.m. Eastern time. The purpose of the Meeting is to vote on important proposals that affect the Funds and your investment in one or both of them. As a shareholder, you have the opportunity to voice your opinion on the matters that affect your Fund(s).

The Funds’ Boards of Trustees (the “Boards”) are asking you to approve significant changes for the Funds. If approved by the shareholders, these changes will result in a new investment adviser, Gabelli Funds, providing advisory services to the Funds. At the Meeting, Fund shareholders will be asked to approve the new advisory agreements. The Board of Bancroft is also asking shareholders of Bancroft to elect six individuals as new Trustees of Bancroft, and to re-elect as Trustees five of the individuals currently serving as Bancroft Trustees. The Board of Ellsworth is also asking shareholders of Ellsworth to elect seven individuals as new Trustees of Ellsworth, and to re-elect as Trustees four of the individuals currently serving as Ellsworth Trustees. If the Funds’ shareholders do not approve the proposed new investment advisory agreements between the Funds and Gabelli Funds, or if either such proposed new investment advisory agreement does not become effective, any election of Trustees by shareholders at the Meeting will not be effective, and only the current Trustees will continue to serve on the Boards of the Funds, unaffected by any vote taken for election of Trustees.

Please read the enclosed materials and cast your vote on the proxy card(s) or by telephone or over the Internet. **Please vote your shares promptly. Your vote is extremely important, no matter how large or small your holdings may be.**

The proposals have been carefully reviewed by the Boards of Trustees of the Funds. The Trustees, including all of the Trustees who are not affiliated with Dinsmore Capital, believe these proposals are in the best interests of the Funds and the shareholders.

The Trustees recommend that you vote FOR each proposal.

Each of the proposals is described in greater detail in the enclosed Proxy Statement.

**Voting is quick and easy. Everything you need is enclosed.** To cast your vote, simply complete the proxy card(s) enclosed in this package. Be sure to sign the card(s) before mailing it (them) in the postage-paid envelope. You may also vote your shares by telephone or over the Internet. Simply call the toll-free number or visit the website indicated on your proxy card(s) and follow the recorded or online instructions.

If you have any questions before you vote, please call AST Fund Solutions LLC (“AST”), the Funds’ proxy solicitor, at (800) 499-8410. AST will help you get your vote in quickly. Thank you for your participation in this important initiative.

Sincerely,

/s/ Thomas H. Dinsmore  
Thomas H. Dinsmore  
Chairman of the Boards of Trustees of the Funds

September 11, 2015

BANCROFT FUND LTD.  
ELLSWORTH GROWTH AND INCOME FUND LTD.

65 Madison Avenue  
Morristown, New Jersey 07960

NOTICE OF JOINT SPECIAL MEETING OF SHAREHOLDERS  
to be held on October 19, 2015  
10:00 a.m. Eastern Time  
at  
The Madison Hotel located at 1 Convent Road, Morristown, New Jersey 07960

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting  
To Be Held on October 19, 2015: proxy materials are available at  
<http://www.astproxyportal.com/ast/12198/10806>

To the Shareholders of Bancroft Fund Ltd. and Ellsworth Growth and Income Fund Ltd.:

NOTICE IS HEREBY GIVEN that a joint special meeting (the “Meeting”) of shareholders of Bancroft Fund Ltd. (“Bancroft”) and Ellsworth Growth and Income Fund Ltd. (“Ellsworth” and, together with Bancroft, the “Funds”), each of which is issuing proxy solicitation materials, will be held at The Madison Hotel located at 1 Convent Road, Morristown, New Jersey 07960 on October 19, 2015 at 10:00 a.m. Eastern time. The Meeting is being called to vote on:

1. The approval of a proposed new investment advisory agreement for each of the Funds (“Proposal 1”), with each proposed new investment advisory agreement to become effective only if the other Fund’s proposed new investment advisory agreement also receives shareholder approval; and

The election of Trustees to the Boards of the Funds, contingent on Proposal 1’s being approved by shareholders of 2.the Funds, and on the effectiveness of both of the new investment advisory agreements referred to in Proposal 1.  
The nominees for election to each Board of Trustees are:

**Bancroft**

**Ellsworth**

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Kinchen C. Bizzell (current Trustee)	Kinchen C. Bizzell (current Trustee)
Elizabeth C. Bogan, Ph.D. (current Trustee)	Elizabeth C. Bogan, Ph.D. (current Trustee)
James P. Conn	James P. Conn
Frank J. Fahrenkopf, Jr.	Frank J. Fahrenkopf, Jr.
Mario J. Gabelli	James A. Dinsmore
Daniel D. Harding (current Trustee)	Mario J. Gabelli
Michael J. Melarkey	Daniel D. Harding (current Trustee)
Kuni Nakamura	Michael J. Melarkey
Jane D. O'Keeffe (current Trustee)	Kuni Nakamura
Nicolas W. Platt (current Trustee)	Nicolas W. Platt (current Trustee)
Anthonie C. van Ekris	Anthonie C. van Ekris

Shareholders of record of the Funds as of the close of business on September 4, 2015 are entitled to notice of, and to vote at, the Meeting or any adjournment or postponement thereof. **Whether or not you plan to attend the Meeting, please vote your shares by returning the proxy card(s) by mail in the enclosed postage-paid envelope provided, or by voting by telephone or over the Internet. Your vote is important.**

By order of the Boards of Trustees,

/s/ Thomas H. Dinsmore  
Thomas H. Dinsmore  
Chairman of the Boards of Trustees of the Funds

September 11, 2015

**To secure the largest possible representation and to save the expense of further mailings, please mark your proxy card(s), sign, and return it (them) in the enclosed envelope, which requires no postage if mailed from the United States. If you prefer, you may instead vote by telephone or over the Internet. You may revoke your proxy at any time before or at the Meeting or vote in person if you attend the Meeting, as provided in the attached Proxy Statement.**

**SOME SHAREHOLDERS HOLD SHARES IN MORE THAN ONE FUND AND MAY RECEIVE PROXY CARDS AND/OR PROXY MATERIALS FOR EACH FUND OWNED. PLEASE SIGN AND PROMPTLY RETURN EACH PROXY CARD IN THE SELF-ADDRESSED ENVELOPE REGARDLESS OF THE NUMBER OF SHARES OWNED.**

JOINT PROXY STATEMENT

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BANCROFT FUND LTD.  
ELLSWORTH GROWTH AND INCOME FUND LTD.

JOINT PROXY STATEMENT

Dated September 11, 2015

Important Notice Regarding the Availability of Proxy Materials  
for the Shareholder Meeting  
To Be Held on October 19, 2015

This joint Proxy Statement (this “Proxy Statement”) solicits proxies to be voted at a joint special meeting of shareholders (the “Meeting”) of Bancroft Fund Ltd. (“Bancroft”) and Ellsworth Growth and Income Fund Ltd. (“Ellsworth”), both registered closed-end management investment companies (each, a “Fund” and, collectively, the “Funds”).

The Boards of Trustees of the Funds (each, a “Board” and collectively, the “Boards”) determined to call the Meeting as a result of an agreement between GAMCO Investors, Inc. (“GAMCO”), Dinsmore Capital Management Co. (“Dinsmore Capital”), the Funds’ current investment adviser, and certain principals of Dinsmore Capital. This agreement contemplates, among other things, Gabelli Funds, LLC (“Gabelli Funds”) (a GAMCO affiliate) becoming the Funds’ new investment adviser, subject to shareholder approval.

The Boards, therefore, have called the Meeting to hold shareholder votes on the following proposals (the “Proposals”), each of which is described more fully below:

**Proposal**

1. To approve a proposed new investment advisory agreement for each Fund (“Proposal 1”), with each proposed new investment advisory agreement to become effective only if the other Fund’s proposed new investment advisory agreement also receives shareholder approval.
- 2.

**Who votes on the Proposal?**

Shareholders of each Fund, voting separately from shareholders of the other Fund.

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To consider and vote on the election of individuals to serve on the Boards of Trustees of the Funds (“Proposal 2”), with the result of such vote to take effect only if Proposal 1 is approved by shareholders of the Funds and the new investment advisory agreements referred to in Proposal 1 become effective. If Proposal 1 is not so approved or if either of the new investment advisory agreements referred to in Proposal 1 does not become effective, the Boards will continue unaffected by any vote on Proposal 2. Shareholders of each Fund, voting separately from shareholders of each other Fund.

The principal offices of the Funds are located at 65 Madison Avenue, Suite 550, Morristown, NJ 07960. You can reach the offices of the Funds by telephone by calling (800) 914-1177. Each Fund is a Delaware statutory trust registered as a closed-end management investment company under the Investment Company Act of 1940, as amended (the “1940 Act”).

The Meeting will be held at The Madison Hotel located at 1 Convent Road, Morristown, New Jersey 07960 on October 19, 2015 at 10:00 a.m. Eastern time. Only Fund shareholders entitled to vote at the meeting will be admitted to the Meeting. The Boards, on behalf of each Fund, are soliciting these proxies. This Proxy Statement is first being sent to shareholders on or about September 11, 2015.

This Proxy Statement gives you information about the new investment advisory agreements, the Trustee nominees, and other matters that you should know before voting. The Boards of the Funds have determined that the joint use of this Proxy Statement for the Meeting is in the best interests of each Fund and its respective shareholders in light of the similar matters being considered and voted on by the shareholders of the Funds.

For a free copy of the Funds' latest annual and semi-annual report, please contact Gary I. Levine at 65 Madison Avenue, Suite 550, Morristown, NJ 07960 or call (800) 914-1177. Each Fund will furnish its annual and semi-annual report to shareholders free of charge. The reports are also available online at [www.bancroftfund.com](http://www.bancroftfund.com) and [www.ellsworthfund.com](http://www.ellsworthfund.com).

## PROPOSAL 1: APPROVAL OF A NEW INVESTMENT ADVISORY AGREEMENT

### Introduction to Proposal 1

Shareholders of each Fund are being asked to approve a new investment advisory agreement (each, a “New Investment Advisory Agreement”) between such Fund and Gabelli Funds, to become effective within thirty (30) days of the approval of such agreement by the shareholders of such Fund. Dinsmore Capital currently serves as the Funds’ investment adviser. The Funds’ respective shareholders approved the current advisory agreements (each, a “Current Investment Advisory Agreement”) on February 13, 2006 for Bancroft, and on January 13, 2006 for Ellsworth.

The Boards are proposing the approval of the New Investment Advisory Agreements because the Current Investment Advisory Agreements will terminate if the Transaction (as defined below) is completed. As required by the 1940 Act, each Current Investment Advisory Agreement terminates automatically upon its “assignment.” The consummation of the Transaction will result in the assignment and, consequently, the automatic termination of the Current Investment Advisory Agreements. Shareholders of the Funds are therefore being asked to approve New Investment Advisory Agreements for the Funds. Each New Investment Advisory Agreement will become effective only if each New Investment Advisory Agreement is approved by the shareholders of the applicable Fund, and if the Transaction is completed. Although the closing of the Transaction (the “Closing”) is currently expected to occur, if the Transaction is not completed or the Transaction Agreement (as defined below) is terminated, the New Investment Advisory Agreements will not go into effect and the Current Investment Advisory Agreements will continue in effect.

Dinsmore Capital is currently responsible for the provision of administrative services to the Funds pursuant to an administrative services agreement between each Fund and Dinsmore Capital (the “Current Administrative Services Agreements”). The Closing would result in the termination of the Current Administrative Services Agreements. Under the terms of the New Investment Advisory Agreements, Gabelli Funds would become responsible for the provision of administrative services to the Funds.

For a general description of the proposed New Investment Advisory Agreements and a comparison of the proposed New Investment Advisory Agreements and the Current Investment Advisory Agreements, see “New Investment Advisory Agreements” below. The form of the New Investment Advisory Agreements is included in this Proxy Statement as Appendix A.

Current Investment Advisory Agreements and Current Administrative Services Agreements

Under the Current Investment Advisory Agreements, Dinsmore Capital, subject to the supervision of the Board and in conformity with the stated investment objectives, policies and limitations of the Funds, supervises all aspects of the Funds' operations including the investment and reinvestment of cash, securities or other properties comprising the Funds' assets. In this regard Dinsmore Capital is responsible to (a) supervise all aspects of the operations of the Funds; (b) obtain and evaluate pertinent information about significant developments and economic, statistical and financial data, domestic, foreign or otherwise, whether affecting the economy generally or any industry or the Funds or any issuer of securities held or to be purchased by the Funds; (c) determine which issuers and securities shall be represented in the Funds' investment portfolio and regularly report thereon to the Boards; (d) place orders for the purchase and sale of securities for the Funds; and (e) take, on behalf of the Funds, such other actions as may be necessary or appropriate in connection with the above.

In placing orders for the purchase and sale of securities for the Funds, Dinsmore Capital is obligated to obtain the most favorable price and execution available under the circumstances, and may take into account the value of the research provided, execution capability, commission rate, and financial responsibility and responsiveness of the broker-dealer to Dinsmore Capital.

Dinsmore Capital is also responsible for furnishing to the Funds' office space and facilities, paying the salaries of the Funds' executive officers, and furnishing bookkeeping and statistical services to the Company.

The Current Investment Advisory Agreements provide that the Funds will pay or cause to be paid all of the costs and expenses associated with the Funds' operations and activities, except those expressly assumed by Dinsmore Capital. Expenses not assumed by Dinsmore Capital include:

- expenses in connection with the Funds' organization and with the offering of their securities;

fees and expenses of the Funds' Trustees who are not "interested persons" (as such term is defined in Section 2 (a)(19) of the 1940 Act) of Dinsmore Capital and who are not parties to the Current Investment Advisory Agreements or interested persons of any such party (the "Independent Trustees"), and of the Independent Trustees' legal counsel;

- legal and accounting fees, fees of the Funds' custodian, registrar and transfer agent;
- fees of the Funds' dividend disbursing agent and dividend reinvestment plan agent;
- taxes, interest, brokerage commissions; and

direct costs of postage, printing, copying and travel expenses of the Funds' officers attributable to the conduct of the Funds' business.

The Current Investment Advisory Agreements will continue in effect from year to year only if such continuance is specifically approved at least annually by (i) the Boards or by the holders of a majority of the outstanding voting securities of the Funds as defined in the 1940 Act, and (ii) the affirmative vote of a majority of Independent Trustees by votes cast in person at a meeting called for such purpose. Each Current Investment Advisory Agreement provides that the Funds or Dinsmore Capital may terminate the agreement on 60 days' written notice without penalty. Each Current Investment Advisory Agreement terminates automatically in the event of its assignment.

Fees payable to Dinsmore Capital under the Current Investment Advisory Agreements are paid monthly and are computed at an annual rate of 0.75% of the first \$100,000,000 of each Fund's average weekly net assets and 0.50% of each Fund's average weekly net assets in excess of \$100,000,000.

In the 2014 fiscal year and in the first nine months of the 2015 fiscal year, the Funds paid Dinsmore Capital, for investment advisory services, the following amounts:

	<b>2014<sup>(1)</sup></b>		<b>2015<sup>(2)</sup></b>	
	\$	% <sup>(3)</sup>	\$	% <sup>(3)</sup>
Bancroft	\$849,004	0.70%	\$656,322	0.70%
Ellsworth	\$920,566	0.68%	\$692,979	0.69%
Total	\$1,769,570	0.69%	\$1,349,301	0.69%

(1) For the fiscal year ended on September 30, 2014 (Ellsworth) and October 31, 2014 (Bancroft).

(2) For the nine months ended June 30, 2015 (Ellsworth) and July 31, 2015 (Bancroft).

(3) Percentage of average weekly net assets, annualized in the case of the 2015 fiscal year amounts.

Under the Current Administrative Services Agreements, Dinsmore Capital must provide or arrange for the provision of several kinds of services. These services include: principal financial officer services; security valuation; daily



net-asset-value calculations; preparation of periodic reports (including financial statements and schedules of investments); working with auditors; preparing and filing tax returns; furnishing clerical, bookkeeping and statistical services; maintaining books and records; evaluating and reporting on the performance of the custodian, transfer agent and other agents; and supervising relationships with stock exchanges.

For administrative services, each Fund pays Dinsmore Capital a monthly fee computed at an annual rate of 0.05% of average weekly net assets, with a minimum of \$25,000 per year.

In the 2014 fiscal year and in the first nine months of the 2015 fiscal year, the Funds paid Dinsmore Capital, for administrative services, the following amounts:

	2014 <sup>(1)</sup>		2015 <sup>(2)</sup>	
	\$	% <sup>(3)</sup>	\$	% <sup>(3)</sup>
Bancroft	\$60,258	0.05 %	\$46,892	0.05 %
Ellsworth	\$67,402	0.05 %	\$50,548	0.05 %
Total	\$127,660	0.05 %	\$97,440	0.05 %

(1) For the fiscal year ended on September 30, 2014 (Ellsworth) and October 31, 2014 (Bancroft).

(2) For the nine months ended June 30, 2015 (Ellsworth) and July 31, 2015 (Bancroft).

(3) Percentage of average weekly net assets, annualized in the case of the 2015 fiscal year amounts.

#### New Investment Advisory Agreements

The following summary of the material terms of each New Investment Advisory Agreement is qualified in its entirety by reference to the form of New Investment Advisory Agreement, a copy of which is included in this Proxy Statement as [Appendix A](#).

Each Fund's New Investment Advisory Agreement will be similar to its Current Investment Advisory Agreement. There will be no change in the overall fees applicable to each Fund under the New Investment Advisory Agreements. Under the New Investment Advisory Agreements, each Fund will pay Gabelli Funds a monthly fee computed at an annual rate of 0.80% of the first \$100,000,000 of average weekly net assets and 0.55% of average weekly net assets in excess of \$100,000,000. These percentages are the sum of those payable to Dinsmore Capital under the Current Investment Advisory Agreement and Current Administrative Services Agreement. Gabelli Funds has represented to the Boards that Gabelli Funds has no present intention to seek to alter the total net fees that the Funds pay for investment advisory or administrative services for the first two years after becoming investment adviser to the Funds.

Each New Investment Advisory Agreement requires Gabelli Funds to provide substantially the same investment advisory services to the Funds as Dinsmore Capital is required to provide under the Current Investment Advisory Agreements. The terms of the New Investment Advisory Agreements also require Gabelli Funds to provide or arrange for the provision of substantially the same administrative services to the Funds that the Current Administrative Services Agreements require Dinsmore Capital to provide to the Funds. Gabelli Funds has advised the Boards that it expects and intends that the nature and level of investment advisory and administrative services provided to the Funds

will not be diminished as a result of the Transaction or the implementation of the New Investment Advisory Agreements.

The New Investment Advisory Agreements contain an expense limitation provision, which the Current Investment Advisory Agreements do not contain. Under each New Investment Advisory Agreement, Gabelli Funds would either waive fees or reimburse each Fund to the extent necessary to limit the expenses of such Fund for a two-year period commencing on the effective date of the New Investment Advisory Agreements to an amount which, when divided by the Fund's average weekly net assets attributable to common shares plus the liquidation preference of preferred shares of the Fund during such period, would not exceed 1.10%. This expense limitation percentage approximates the annual expenses of the Funds over the past two fiscal years as a percentage of average weekly net assets. The expense limitation contained in the New Investment Advisory Agreement does not apply to certain expenses such as brokerage costs, interest, taxes, acquired fund fees and expenses, expenses chargeable to capital, and extraordinary expenses.

The New Investment Advisory Agreements contain an indemnification provision in favor of Gabelli Funds and each of Gabelli Funds' trustees, officers, employees, agents and controlling persons (collectively, "Indemnitees"). The Current Investment Advisory Agreements do not contain any similar indemnification provision. Under the indemnification provision in each New Investment Advisory Agreement, each Fund agrees to indemnify each Indemnatee against liabilities incurred in connection with any proceeding involving or threatened against such Indemnatee, except with respect to any matter as to which the Indemnatee is adjudicated not to have acted in good faith in the reasonable belief that such Indemnatee's action was in the best interests of the Fund; provided, however, that (1) no indemnification is owed for liabilities arising by reason of (i) willful misfeasance, (ii) bad faith, (iii) gross negligence or (iv) reckless disregard of the Indemnatee's duties (the foregoing conduct, "Disabling Conduct"), (2) as to any matter disposed of by settlement payment by the Indemnatee, no indemnification either for said payment or for any other expenses shall be provided unless there has been a determination that such settlement or compromise is in the best interests of the Fund and that such Indemnatee appears to have acted in good faith in the reasonable belief that the

Indemnitee's action was in the best interests of the Fund and did not involve Disabling Conduct by the Indemnitee and (3) with respect to any proceeding voluntarily prosecuted by any Indemnitee as plaintiff, indemnification shall be mandatory only if the prosecution of such proceeding by the Indemnitee was authorized by a majority of the full Board of the Fund.

Subject to the expense limitation described above, the New Investment Advisory Agreements provide that the Funds will bear certain expenses that the Funds currently do not bear. These costs include compensation and other expenses of certain officers of the Funds, including a Chief Compliance Officer, a Vice President, and an Ombudsman for each Fund. Another new expense that the Funds would bear under the New Investment Advisory Agreements is the cost of computing the Funds' respective net asset value ("NAV") per share. Currently, Dinsmore Capital pays the expenses of performing such computations.

Under the New Investment Advisory Agreements, Gabelli Funds may use a broker that is an affiliate of Gabelli Funds for placing trades for the Funds' investment portfolios, subject to applicable limitations and requirements under the 1940 Act. Currently, Dinsmore Capital does not use the services of any broker that is an affiliate of Dinsmore Capital, and Dinsmore Capital does not have any affiliated brokers.

#### Description of the Transaction

GAMCO, Dinsmore Capital, and each of the members of the current portfolio management team responsible for providing portfolio management services for the Funds (the "Dinsmore Portfolio Management Team") have entered into a Strategic Alliance Agreement (the "Transaction Agreement"), which contemplates a number of transactions among the parties thereto (such transactions, collectively, the "Transaction"). The Dinsmore Portfolio Management Team consists of Thomas Dinsmore, James Dinsmore, and Jane O'Keeffe. GAMCO is the corporate parent of Gabelli Funds.

The following is a summary of the material terms of the Transaction Agreement:

- (i) Dinsmore Capital will use commercially reasonable efforts to have the Boards and the Funds' shareholders approve Gabelli Funds as the new investment adviser to the Funds.
- (ii) The new investment advisory agreement between each Fund and Gabelli Funds is to be on substantially the same economic terms as the existing advisory agreement between Dinsmore Capital and each Fund.

(iii) Dinsmore Capital will recommend to the Boards that they nominate a number of Trustee candidates of GAMCO's suggestion such that the GAMCO-suggested candidates would, if elected, constitute a majority of the Boards.

(iv) GAMCO will establish "The Dinsmore Group, a GAMCO Investors Company" as a division within GAMCO and will offer (or cause Gabelli Funds to offer) employment to the Dinsmore Portfolio Management Team to serve as the portfolio management team for the Funds and as a portfolio management team for the Gabelli Convertible and Income Securities Fund, Inc.

(v) For their services, the Dinsmore Portfolio Management Team will receive an annual draw (net of certain expenses) and the Dinsmore Portfolio Management Team will also be eligible to earn incentive compensation based on specified GAMCO revenues.

(vi) GAMCO will pay Dinsmore Capital a lump sum amount in consideration for certain transition services and other matters. Dinsmore Capital anticipates using substantially more than a majority of the lump sum amount to make severance payments to employees of Dinsmore Capital.

(vii) Dinsmore Capital will assign to GAMCO all of Dinsmore's right, title, and interest in and to all intellectual property owned by Dinsmore Capital with respect to the Funds.

(viii) If the Boards and the Funds' shareholders have not approved new investment advisory agreements within 180 days of the date of the Transaction Agreement (i.e., by December 13, 2015), the Transaction Agreement will terminate.

#### Section 15(f) of the 1940 Act

Section 15(f) of the 1940 Act provides a non-exclusive safe harbor whereby an owner of an investment adviser of an investment company may receive a payment or benefit in connection with the sale of an interest in the business of the investment adviser if two conditions are satisfied. The first condition is that during the three-year period following the transaction, at least 75% of the investment company's board must not be "interested persons" (as defined in the 1940 Act) of the investment adviser or its predecessor. The Funds believe that each Board will meet this test if each Board consists exclusively of the Trustee nominees described below with respect to Proposal 2. Second, no "unfair burden" can be imposed on the investment company as a result of the transaction. An "unfair burden" includes any arrangement during the two-year period after the transaction where the investment adviser (or predecessor or successor adviser), or any of its "interested persons" (as defined in the 1940 Act), receives or is entitled to receive any compensation, directly or indirectly, (i) from any person in connection with the purchase or sale of securities or other property to, from or on behalf of the investment company (other than bona fide ordinary compensation as principal underwriter for the investment company) or (ii) from the investment company or its shareholders (other than fees for bona fide investment advisory or other services). Under the terms of the Transaction Agreement, GAMCO has agreed not to take any action that would render the Section 15(f) safe harbor unavailable.

The Funds have entered into an agreement (the "Reimbursement Agreement") with Dinsmore Capital relating to certain expenses. The Reimbursement Agreement requires Dinsmore Capital to pay or to reimburse the Funds for all reasonable out-of-pocket costs and expenses incurred by the Funds or the Trustees in connection with, among other things, (i) the consideration and review by the Funds' Independent Trustees of the Transaction and its potential impact on the Funds and the shareholders of the Funds, (ii) the preparation of proxy materials relating to the New Investment Advisory Agreements and the election of Trustees, (iii) the purchase of a "tail" policy of directors and officers or errors and omissions insurance covering the Independent Trustees for a time period of not less than three years following the closing of the Transaction for or with respect to all actions taken or omitted (or allegedly taken or omitted) by any of them prior to the closing of the Transaction, and (iv) certain other matters with respect to the Transaction. The Reimbursement Agreement contains representations by Dinsmore Capital concerning legal proceedings, the implementation of policies, compliance with law, and the capitalization of Dinsmore Capital. Under the Reimbursement Agreement, Dinsmore Capital provides covenants as to the accuracy of information to be included in proxy materials relating to the Transaction, other than information provided by or on behalf of GAMCO or its affiliates. Dinsmore Capital agrees to indemnify the Funds and each of their representatives and agents against costs arising out claims based on inaccurate statements on which the Trustees or Fund shareholders rely in deciding whether to approve the New Investment Advisory Agreements. The foregoing summary of the material terms of the Reimbursement Agreement is qualified in its entirety by reference to the Reimbursement Agreement, a copy of which is included in this Proxy Statement as [Appendix B](#). There is no assurance that Dinsmore Capital will have the financial ability to reimburse the Funds as required under the Reimbursement Agreement.

Additional Information about Gabelli Funds and GAMCO

Gabelli Funds is a New York limited liability company which serves as an investment adviser to registered investment companies with combined aggregate net assets of approximately \$24.7 billion as of June 30, 2015. Gabelli Funds is a registered investment adviser under the Investment Advisers Act of 1940, as amended. GAMCO, through its subsidiaries, manages assets of private advisory accounts, mutual funds and closed-end funds, and partnerships and offshore funds, and is known for its Private Market Value with a Catalyst™ style of investment. As of June 30, 2015, GAMCO had \$45.4 billion in assets under management.

For information regarding funds advised by Gabelli Funds that have investment objectives similar to the investment objective of each of the Funds, see [Appendix C](#).

The following table sets forth the name, position and principal occupation of each principal officer of Gabelli Funds. The address of each such person is One Corporate Center, Rye, New York 10580.

<b>Name</b>	<b>Position with Gabelli Funds</b>	<b>Principal Occupation (if different than position with Gabelli Funds)</b>
Mario J. Gabelli	Chief Investment Officer	N/A
Bruce N. Alpert	Executive Vice President and Chief Operating Officer	N/A
Agnes Mullady	Vice President	N/A
David Goldman	Vice President and General Counsel	N/A

All of the membership interests of Gabelli Funds are owned by GAMCO, One Corporate Center, Rye, New York 10580.

## Board Considerations in Approving the New Investment Advisory Agreements

### Introduction

At a meeting held on July 21, 2015, the Boards unanimously approved the New Investment Advisory Agreement for each Fund, and authorized the Funds, subject to shareholder approval, to enter into the New Investment Advisory Agreements with Gabelli Funds. The form of New Investment Advisory Agreement that the Boards approved and which will be voted on by shareholders is included in this Proxy Statement as Appendix A.

These actions were taken by the full Board of each of the Funds, including all of the Independent Trustees. Representatives of the Independent Trustees met with representatives of Gabelli Funds at the latter's Rye, New York offices in June 2015 to discuss the proposed Transaction, and the Independent Trustees met among themselves several times to evaluate the Transaction. Before the meeting on July 21, 2015, the Independent Trustees discussed the Transaction during, among other occasions, meetings held on February 9, 2015, April 20, 2015, May 19, 2015, and July 13, 2015. At their meetings, the Independent Trustees reviewed and discussed materials and information provided by Gabelli Funds and by Dinsmore Capital pursuant to requests for information made by the Independent Trustees. During the course of their meetings, the Independent Trustees discussed their responsibilities in connection with the Transaction. Throughout the process, the Independent Trustees were represented by independent legal counsel who advised the Independent Trustees regarding their responsibilities and specific factors they should consider in connection with considering the proposed New Investment Advisory Agreements.

As part of the process of evaluating the Transaction and the proposed New Investment Advisory Agreements, the Independent Trustees also considered information furnished throughout the year by Dinsmore Capital at regular meetings of the Boards, as well as information that they specifically requested in connection with the Transaction. Such information included reports on the Funds' investment performance, fees and expenses, and portfolio composition. They also evaluated information provided by Gabelli Funds about the scope and quality of services to be provided under the New Investment Advisory Agreements, and they reviewed, in particular, the Transaction Agreement and Reimbursement Agreement (defined and discussed above).

### Nature, Extent and Quality of Services to Be Provided



With respect to the nature, extent and quality of the services to be provided by Gabelli Funds under each of the New Investment Advisory Agreements, the Independent Trustees considered carefully the benefits to the Funds and their shareholders of access to the considerable financial and other resources of Gabelli Funds which far exceed those of Dinsmore Capital. The Independent Trustees concluded that this increase in resources would be a substantial benefit to Fund shareholders. In addition, the Independent Trustees, after reviewing the Transaction Agreement, concluded that, notwithstanding the proposed implementation of the New Investment Advisory Agreements, the Funds would still enjoy the services of the current investment managers of the Funds, the Dinsmore Portfolio Management Team.

The Boards noted that under the New Investment Advisory Agreements, Gabelli Funds would be responsible, among other things, (a) to manage each Fund's assets in accordance with each Fund's investment restrictions and policies; (b) to make and implement all investment decisions for each Fund; (c) to exercise all voting rights in respect of each Fund's assets; (d) to place purchase and sale orders with respect to investments on behalf of each Fund; (d) to provide investment research and supervision of each Fund's investments and conduct a continual program of investment, evaluation and, if appropriate, sale and reinvestment of each Fund's assets; and (e) to furnish each Fund's Trustees with whatever statistical information they may reasonably request with respect to the assets that the respective Funds may hold or contemplate purchasing.

The Independent Trustees also considered Gabelli Funds' compliance and administrative capabilities which exceed those of Dinsmore Capital. They considered Gabelli Funds' practice of assigning an "ombudsman" to each fund managed by Gabelli Funds and understood that an ombudsman would be assigned to each of the Funds under the New Investment Advisory Agreements, which they viewed as beneficial to Fund shareholders. The Independent Trustees reviewed Gabelli Funds' audited financial statements for the two years ended December 31, 2013 and 2014 and were pleased with Gabelli Funds' financial strength. They concluded that the profits realized by Gabelli Funds from its investment management business would provide the financial resources to provide a high quality of services to the Funds. The Boards also anticipated that the Funds' new relationship with Gabelli Funds would have a beneficial effect on the price of the shares of the Funds relative to NAV, due to Gabelli Funds' reputation and name recognition. Overall, the Boards concluded that the nature, extent and quality of the services to be provided by Gabelli Funds to the Funds pursuant to the New Investment Advisory Agreements and the Transaction Agreement would be very good, and still, the Funds would continue to benefit from their relationship with the

Dinsmore Portfolio Management Team. All of these factors supported the Trustees' unanimous decision to authorize the Funds to enter into the New Investment Advisory Agreements, subject to shareholder approval.

#### Investment Performance

Because the Dinsmore Portfolio Management Team would continue to make the investment decisions for the Funds following the implementation of the New Investment Advisory Agreements, the Independent Trustees felt it was appropriate to evaluate the historical investment performance of the Funds because the current individual managers would be performing the same investment management functions for the Funds in the future. The Independent Trustees noted that Bancroft's annualized performance (on a GIPS format basis for purposes of comparison with indices, which do not pay fees) for the one-, three-, five-, and 10-year time periods ended June 30, 2015 was 5.12%, 13.57%, 11.70%, and 7.68%, respectively. The comparable figures for Ellsworth (also on a GIPS format basis) were 5.22%, 13.46%, 12.07%, and 7.97%, respectively. These figures compared favorably to figures for the Barclays U.S. Convertibles: Balanced Sub-Index for all time periods (except the 10-year time period, for which the index data are not available), and were comparable to or better than the performance of the Bank of America Merrill Lynch All U.S. Convertibles Index for several of such time periods.

For purposes of comparing the Funds' performance to the performance of comparable funds, the Independent Trustees considered the Funds' performance at NAV. The Independent Trustees noted Bancroft's annualized performance (at NAV) for the one-, three-, five-, and 10-year time periods ended June 30, 2015, which was 4.91%, 13.13%, 11.11%, and 5.92%, respectively. The comparable figures for Ellsworth (at NAV) were 5.82%, 13.40%, 11.48%, and 7.05%, respectively. Almost all of such performance figures for the Funds were superior to the corresponding figures for the average of closed-end convertible funds (other than the Funds) and the SPDR Barclays Convertible Securities ETF.

Based on the review by the Independent Trustees of the Funds' comparative performance data, including the performance compared to relevant index benchmarks, as well as the investment performance compared to that of other, comparable funds, the Trustees, including all of the Independent Trustees, concluded that the Funds' performance record under the Dinsmore Portfolio Management Team was quite good when compared to those of their peers and appropriate benchmarks. This favorable comparison supported the decision to authorize the Funds to enter into the New Investment Advisory Agreements, subject to shareholder approval.

#### Fees and Costs

The Independent Trustees noted that Gabelli Funds had agreed to provide the Funds with investment management and administrative services of the same nature and level and at substantially the same cost to the Funds as those services

have been provided by Dinsmore Capital pursuant to the Current Investment Advisory Agreements and Current Administrative Services Agreements. The Boards also noted that Dinsmore Capital had agreed under the Reimbursement Agreement to reimburse the Funds for certain expenses incurred in connection with the Transaction, and that Gabelli Funds had agreed under each New Investment Advisory Agreement either to waive fees or to reimburse each Fund to the extent necessary to limit the annual expenses of such Fund during the first two years of the term of each New Investment Advisory Agreement to an amount which, when divided by the Fund's average weekly net assets attributable to common shares plus the liquidation preference of preferred shares of the Fund during such period, would not exceed 1.10%. After comparing the costs and expenses to be incurred by the Funds under these arrangements, the Independent Trustees concluded that the fees and costs to be borne by Fund shareholders, particularly during the first two years following the closing of the Transaction, would be comparable to what the Funds had been paying in the past, and that fees and costs at this level were lower than the costs and expenses incurred by most comparable funds. With respect to any possible increase in fees and costs to be borne by Fund shareholders after the expiration of the two-year expense limitation period, the Independent Trustees considered the fees and costs that other funds advised by Gabelli Funds have typically paid.

By way of comparison to the 1.10% expense limitation provided for in the New Investment Advisory Agreements, the Gabelli Convertible and Income Securities Fund, Inc. had the following annual expense ratios for the fiscal years indicated below, as provided in such fund's annual report dated December 31, 2014:

	2014	2013	2012
Ratio of operating expenses to average net assets including liquidation value of preferred shares <b>before</b> advisory fee waivers, if applicable	1.49%	1.40%	1.47%
Ratio of operating expenses to average net assets including liquidation value of preferred shares <b>net</b> of advisory fee waivers, if applicable	1.27%	1.40%	1.47%

The Gabelli Convertible and Income Securities Fund, Inc. is a fund that Gabelli Funds advises and that has an investment objective and strategy that are similar to those of the Funds. The Independent Trustees concluded that the expected benefits of the New Investment Advisory Agreements, taken as a whole, would outweigh any possible increase in the Funds' fees and costs after the expiration of the two-year expense limitation period.

Subject to Gabelli Funds' commitment to limit expenses for a two-year period, as described above, the New Investment Advisory Agreements provide that the Funds will bear certain expenses that the Funds currently do not bear. These costs include compensation and other expenses of certain officers of the Funds, including a Chief Compliance Officer, a Vice President, and an Ombudsman for each Fund. Another new expense that the Funds would bear under the New Investment Advisory Agreements is the cost of computing the Funds' NAV per share. Currently, Dinsmore Capital pays the expenses of performing such computations.

Although the Independent Trustees observed that the Funds would, subject to the expense limitation, be responsible for the new compensation costs of an ombudsman (subject to the expense limitations during the first two years), they thought the additional services to be made available to Fund shareholders by such an individual were worth the additional costs to be imposed and that it was fair and appropriate that the Funds bear such expense. With respect to the cost of a chief compliance officer (the cost of which is now borne by Dinsmore Capital), the Trustees observed that in many fund complexes the cost of a chief compliance officer with responsibility for the funds in the complex is allocated among, and borne in part, if not entirely, by the funds served. Accordingly, they viewed this additional cost to be reasonable as well. Finally, the Independent Trustees believed the additional cost of NAV calculation to be borne under the New Investment Advisory Agreements would be modest. Accordingly, the Independent Trustees concluded that the fees and costs to be borne by the Funds under the New Investment Advisory Agreements were reasonable, particularly in light of the expense limitation described above.

The Independent Trustees also reviewed the structure of the Funds' advisory fees under the New Investment Advisory Agreements, and noted that each Fund's fee schedule includes one breakpoint for assets in excess of \$100 million. The

Independent Trustees noted that each Fund's assets were above the \$100 million breakpoint. The Independent Trustees concluded that the Funds' fee levels under the New Investment Advisory Agreements therefore would reflect economies of scale, consistent with the current fee structure of the Funds.

#### Other Considerations

The Independent Trustees discussed at length the indemnification provision in favor of Gabelli Funds, contained in each New Investment Advisory Agreement. In connection with this discussion, the Independent Trustees reviewed information about the regulatory and disciplinary record of Ga