

ELLSWORTH FUND LTD  
Form N-CSRS  
June 01, 2012

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-04656

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ELLSWORTH FUND LTD.

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(Exact name of registrant as specified in charter)

65 Madison Avenue, Morristown, New Jersey 07960-7308

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(Address of principal executive offices) (Zip code)

Thomas H. Dinsmore

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ELLSWORTH FUND LTD.

65 Madison Avenue

Morristown, New Jersey 07960-7308

(Name and address of agent for service)

Copy to:

Steven B. King, Esq.

Ballard Spahr LLP

1735 Market Street, 51st Floor

Philadelphia, PA 19103-7599

Registrant's telephone number, including area code: (973) 631-1177

Date of fiscal year end: September 30, 2012

Date of reporting period: March 31, 2012

ITEM 1.

REPORTS TO STOCKHOLDERS.



ELLSWORTH FUND LTD.

**2012 Semi-Annual Report**  
**March 31, 2012**

2012 Semi-Annual Report  
March 31, 2012

Ellsworth Fund Ltd. operates as a closed-end, diversified management investment company and invests primarily in convertible securities, with the objectives of providing 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.

### Highlights

#### Performance through March 31, 2012 with dividends reinvested

	Calendar	Annualized			10 Year
	YTD	1	5	10	Volatility
		Year	Years	Years	*
Ellsworth market price	12.30	% 0.38	% 3.27	% 4.57	% 16.16
Ellsworth net asset value	9.67	0.43	3.09	4.79	12.43
Bank of America Merrill Lynch All U.S. Convertibles Index	10.22	(0.54)	3.59	6.00	12.90
S&P 500® Index	12.58	8.51	2.01	4.11	16.29

Bank of America Merrill Lynch All U.S. Convertibles Index and S&P 500® Index performance in the table above are from the Bloomberg L.P. pricing service.

Ellsworth's 10 year performance in the table above has not been adjusted for the fiscal 2004 rights offering; net asset value dilution was 2.21%. Performance data represents past results and does not reflect future performance.

\* Volatility is a measure of risk based on the standard deviation of the return. The greater the volatility, the greater the chance of a profit or risk of a loss.

#### Quarterly History of NAV and Market Price

Qtr. Ended	Net Asset Values			Market Prices (NYSE Amex symbol: ECF)		
	High	Low	Close	High	Low	Close
6/30/11	\$8.88	\$8.35	\$8.61	\$7.80	\$7.36	\$7.54
9/30/11	8.74	7.46	7.46	7.71	6.30	6.43
12/31/11	8.04	7.29	7.77	6.79	6.12	6.60
3/31/12	8.49	7.84	8.45	7.41	6.69	7.35

#### Dividend Distributions (12 Months)

Record Date	Payment Date	Income	Capital Gains	Total
5/12/11	5/26/11	\$0.0610	\$ —	—\$0.0610
8/11/11	8/25/11	0.0610	—	0.0610
10/28/11	11/23/11	0.0610	—	0.0610

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2/8/12	2/22/12	0.0625	— 0.0625
		\$0.2455 \$	—\$0.2455

ELLSWORTH FUND LTD. 2012 SEMI-ANNUAL REPORT TO SHAREHOLDERS

**To Our Shareholders**

May 11, 2012

The convertible securities market saw considerable improvement in the first quarter of 2012 compared to its very rough performance in 2011. As shown on the opposite page, the returns generated by the Fund and the Bank of America Merrill Lynch All U.S. Convertibles Index (BAML Index) were towards the upper end of our expectations given the quarter's strong equity performance as evidenced by the S&P 500® Index gains.

Barclay's Research estimates that the size of the convertible securities market at April 30, 2012 was \$211 billion with 542 issues outstanding. These issues have an average yield of 4.2% and an average premium to conversion value of 38.2%. With interest rates as low as they currently are, these are attractive levels of yield and premium.

The number of U.S. convertible issuances has recently shown some signs of improvement. Through May 9, 2012 there have been 21 new issues brought to market this year with a total market capitalization of \$7.24B. The average yield of the offerings was 3.2% with an average premium to conversion value of 33.1%. At this rate the market should expect an annual issuance of \$20B with 50-60 total issues in 2012. These are low levels, but they are higher than those in the second half of 2011. Further, they are consistent with the levels of issuance that could be expected with the very low interest rate environment in our economy.

Some investors may wish to know how convertible securities might react to a substantial rise in interest rates. It has been our experience that they generally do not fall with such increases unless their underlying common stocks fall. We estimate that only about 19% of the issues in the portfolio are fixed income equivalent convertible securities while the remainder are roughly equally split between total return issues (where returns are a function of better yield and underlying stock movement) and equity-equivalent issues where most of the returns will be determined by the performance of the underlying common stock. Two thirds of our holdings have maturities or puts occurring in the next five years which should have the effect of limiting the effect of rising interest rates on the value of the portfolio.

Performance for Ellsworth Fund's second fiscal quarter of 2012 ended March 31, 2012 was enhanced by exposure to the Banking and Computer Hardware industries. Performance was held back, however, by the Fund's exposure to the Healthcare and Utilities industries. As indicated in the performance chart on the opposite page of this Semi-Annual report, the Fund's net asset value (NAV) outperformed the BAML Index for the one- and five-year periods (when the NAV is adjusted for the fiscal 2004 rights offering and the fact that the BAML Index does not include expenses) but underperformed for the three-month and ten-year periods ended March 31, 2012. The Fund's market return outperformed the index for the three-month and one-year periods, but underperformed for the five- and ten-year periods.

Ellsworth seeks to provide total returns to shareholders that compare favorably to those provided by equity markets, but with less volatility. We therefore note that the Fund's NAV and market return outperformed equities, as represented by the S&P 500® Index, for the five and ten years presented and did so with lower ten-year volatility as measured by standard deviation. The Fund's NAV return was also less volatile than the BAML Index for the ten years.

*continued on the following page*

ELLSWORTH FUND LTD. 2012 SEMI-ANNUAL REPORT TO SHAREHOLDERS

**To Our Shareholders (continued)**

The results of the 2012 annual meeting of shareholders are shown in the Miscellaneous Notes section of this report. We thank you for your support. At its April meeting, the Board of Trustees of the Fund declared a distribution of \$0.0625 per share, consisting of undistributed net investment income. The distribution will be payable on May 30, 2012 to shareholders of record on May 16, 2012.

Thomas H. Dinsmore  
Chairman of the Board

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## ELLSWORTH FUND LTD. 2012 SEMI-ANNUAL REPORT TO SHAREHOLDERS

**Largest Investment Holdings** by underlying common stock

	Value (Note 1)	% Total Net Assets	
EMC Corp. EMC and its subsidiaries develop, deliver and support the information technology (IT) industry's range of information infrastructure technologies and solutions.	\$3,576,750	3.1	%
Intel Corp. Intel is a semiconductor chip maker. The company is engaged in developing advanced integrated digital technology products, primarily integrated circuits, for industries such as computing and communications.	3,143,750	2.8	
Equinix, Inc. Equinix provides core Internet exchange services to networks, Internet infrastructure companies, enterprises and content providers.	3,017,500	2.7	
Verizon Communications Inc. Verizon is a provider of communications services. The company has two segments: domestic wireless and wireline. Its domestic wireless communications products and services include wireless voice and data services and equipment sales, which are provided to consumer, business and government customers across the U.S. The wireline communications products and services include voice, Internet access, broadband video and data, Internet protocol network services and other services.	2,293,800	2.0	
Wells Fargo & Co. Wells Fargo is a diversified financial services company, providing retail, commercial and corporate banking services through banking stores located in 39 states and the District of Columbia.	2,233,400	2.0	
Gilead Sciences, Inc. Gilead Sciences is a research-based biopharmaceutical company that discovers, develops and commercializes medicines. Gilead's primary areas of focus include human immunodeficiency virus (HIV)/AIDS, liver diseases, and cardiovascular/metabolic and respiratory conditions.	2,203,125	1.9	
Nuance Communications, Inc.	2,191,875	1.9	

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Nuance is a provider of speech, imaging and keypad solutions for businesses, organizations and consumers worldwide. The company's solutions are used for tasks and services, such as requesting information from a phone-based, self-service solution, dictating medical records, searching the mobile Web by voice, or entering a destination into a navigation system.

AT&T Inc.

2,186,100 1.9

AT&T is a provider of telecommunications services in the U.S. and worldwide. These include wireless communications, local exchange services, long-distance services, data/broadband and Internet services, and video services. It operates in four segments: wireless, which provides both wireless voice and data communications services across the U.S. and in foreign countries; wireline, which provides landline voice and data communication services and managed networking to business customers; advertising solutions; and other, which provides results from customer information services and all corporate and other operations.

Total

\$20,846,300 18.3 %

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## ELLSWORTH FUND LTD. 2012 SEMI-ANNUAL REPORT TO SHAREHOLDERS

**Major Industry Exposure**

	%
	Total
	Net
	Assets
Telecommunications	12.7 %
Pharmaceuticals	11.2
Energy	10.1
Financial Services	8.3
Semiconductors	8.1
Computer Software	7.9
Banking/Savings and Loan	5.9
Metals and Mining	5.0
Computer Hardware	4.4
Healthcare	2.7
Total	76.3 %

**Major Portfolio Changes** by underlying common stock  
Six months ended March 31, 2012

**ADDITIONS**

Amtrust Financial Services, Inc.

ConocoPhillips

Equinix, Inc.

Hawaiian Holdings, Inc.

InterDigital, Inc.

Interpublic Group of Companies, Inc.

Linear Technology Corp.

MetLife, Inc.

Microsoft Corp.

Mylan Inc.

**REDUCTIONS**

Crown Castle International Corp.

Equinix, Inc.

Euronet Worldwide, Inc.

Great Plains Energy Inc.

Human Genome Sciences, Inc.

Integra LifeSciences Holdings Corp.

Kinetic Concepts, Inc.

Mylan Inc.

Nuance Communications, Inc.

Old Republic International Corp.

NetApp Inc.

Regeneron Pharmaceuticals Inc.

Omnicom Group Inc.

RightNow Technologies, Inc.

Pfizer Inc.

SonoSite, Inc.

Priceline.com Inc.

The Hartford Financial Services Group, Inc.

Regeneron Pharmaceuticals Inc.

Transocean Ltd.

Vertex Pharmaceuticals Inc.

WebMD Health Corp.

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## ELLSWORTH FUND LTD. 2012 SEMI-ANNUAL REPORT TO SHAREHOLDERS

**Portfolio of Investments** March 31, 2012 *(unaudited)*

	Principal Amount	Value (Note 1)
<b>CONVERTIBLE BONDS AND NOTES - 64.6%</b>		
<b>Aerospace and Defense - 0.5%</b>		
Kaman Corp., 3.25%, Due 11/15/17, (BBB)	\$ 500,000	\$ 605,625
<b>Automotive - 1.0%</b>		
A123 Systems, Inc., 3.75%, Due 4/15/16, (B)	500,000	162,500
Titan International, Inc., 5.625%, Due 1/15/17, (B)	375,000	961,875
		1,124,375
<b>Computer Hardware - 4.4%</b>		
EMC Corp., 1.75%, Due 12/1/13, (A)	1,900,000	3,576,750
NetApp Inc., 1.75%, Due 6/1/13, (A)	1,000,000	1,453,750
		5,030,500
<b>Computer Software - 6.8%</b>		
Digital River, Inc., 2.00%, Due 11/1/30, (BBB)	1,100,000	1,071,125
Electronic Arts, Inc., 0.75%, Due 7/15/16, (BBB) (1)	1,000,000	925,000
Microsoft Corp., 0.00%, Due 6/15/13, (AAA) (2)	500,000	550,000
Nuance Communications, Inc., 2.75%, Due 8/15/27, (BB)	1,500,000	2,191,875
Priceline.com Inc., 1.25%, Due 3/15/15, (BBB) (1)	200,000	478,250
Priceline.com Inc., 1.00%, Due 3/15/18, (BBB) (1)	1,000,000	1,063,750
Rovi Corp., 2.625%, Due 2/15/40, (BB)	1,000,000	1,053,750
THQ Inc., 5.00%, Due 8/15/14, (CC)	750,000	370,312
		7,704,062
<b>Construction Material - 0.8%</b>		
CEMEX S.A.B. de C.V., 4.875%, Due 3/15/15, (NR)	1,000,000	945,000
<b>Consumer Goods - 0.9%</b>		
Iconix Brand Group, Inc., 2.50%, Due 6/1/16, (BB) (1)	750,000	735,938
Regis Corp., 5.00%, Due 7/15/14, (BBB)	250,000	335,000
		1,070,938
<b>Data Processing - 0.8%</b>		
CSG Systems International, Inc., 3.00%, Due 3/1/17, (BBB) (1)	900,000	877,500
<b>Energy - 4.8%</b>		
Endeavour International Corp., 5.50%, Due 7/15/16, (CCC)	500,000	493,750
Goodrich Petroleum Corp., 5.00%, Due 10/1/29, (CCC)	1,000,000	990,000
JinkoSolar Holding Co., Ltd., 4.00%, Due 5/15/16, (NR)	500,000	285,625
Oil States International, Inc., 2.375%, Due 7/1/25, (BB)	250,000	615,938
ReneSola Ltd., 4.125%, Due 3/15/18, (NR)	500,000	328,750
Stone Energy Corp., 1.75%, Due 3/1/17, (CCC) (1)	250,000	242,500
SunPower Corp., 4.75%, Due 4/15/14, (NR)	500,000	471,250
SunPower Corp., 4.50%, Due 3/15/15, (NR)	1,250,000	1,125,000
Trina Solar Ltd., 4.00%, Due 7/15/13, (NR)	1,000,000	920,000
		5,472,813

**Financial Services - 5.8%**

Am Trust Financial Services, Inc., 5.50%, Due 12/15/21, (AAA) (1)	1,000,000	1,096,000
Annaly Capital Management, Inc., 4.00%, Due 2/15/15, (BBB)	750,000	875,625
BGC Partners, Inc., 4.50%, Due 7/15/16, (BBB)	250,000	252,188
Euronet Worldwide, Inc., 3.50%, Due 10/15/25, (BB) (3)		