

Edgar Filing: ELLSWORTH FUND LTD - Form N-Q

ELLSWORTH FUND LTD
Form N-Q
August 22, 2008

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-04656

Ellsworth Fund Ltd.

(Exact name of registrant as specified in charter)

65 Madison Avenue, Morristown, New Jersey 07960-7308

(Address of principal executive offices) (Zip code)

Thomas H. Dinsmore
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 Andrews & Ingersoll, 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, 2008

Date of reporting period: June 30, 2008

ITEM 1. SCHEDULE OF INVESTMENTS.

ELLSWORTH FUND LTD.-----
PORTFOLIO OF INVESTMENTS June 30, 2008 (unaudited)-----

| | Principal Amount ----- |
|---|------------------------------|
| CONVERTIBLE BONDS AND NOTES -- 49.9% | |
| Aerospace and Defense -- 1.1% | |
| Alliant Techsystems Inc. 2.75%, due 2011 cv. sr. sub. notes (B1)..... | \$ 1,000,000 |

Edgar Filing: ELLSWORTH FUND LTD - Form N-Q

| | |
|--|-----------|
| Computer Hardware -- 4.5% | |
| Credit Suisse, New York Branch 12.90%, due 2008 equity-linked notes (NR) (exchangeable for Corning Inc. common stock)..... | 2,000,000 |
| EMC Corp. 1.75%, due 2011 cv. sr. notes (A-)..... | 1,000,000 |
| EMC Corp. 1.75%, due 2013 cv. sr. notes (A-)..... | 1,000,000 |
| Richardson Electronics, Ltd. 8%, due 2011 cv. sr. sub. notes (NR)..... | 1,000,000 |
| | |
| Computer Software -- 2.9% | |
| Blackboard Inc. 3.25%, due 2027 cv. sr. notes (B-)..... | 1,000,000 |
| GSI Commerce, Inc. 2.5%, due 2027 cv. sr. notes (NR)..... | 1,000,000 |
| Lehman Brothers Holdings Inc. 1%, due 2009 medium-term notes (A1) (performance linked to Microsoft Corp. common stock) (1)..... | 1,500,000 |
| | |
| Consumer Goods -- 2.6% | |
| Chattem, Inc. 1.625%, due 2014 cv. sr. notes (NR)..... | 1,500,000 |
| Church & Dwight Co., Inc. 5.25%, due 2033 cv. sr. deb. (Ba2)..... | 750,000 |
| | |
| Energy -- 3.8% | |
| Covanta Holding Corp. 1%, due 2027 sr. cv. deb. (B1) (1)..... | 1,500,000 |
| Oil States International, Inc. 2.375%, due 2025 contingent cv. sr. notes (NR).... | 1,325,000 |
| | |
| Financial Services -- 1.5% | |
| Euronet Worldwide, Inc. 3.50%, due 2025 cv. deb. (B+) (1)..... | 2,000,000 |
| | |
| Foods -- 1.6% | |
| The Great Atlantic & Pacific Tea Company, Inc. 5.125%, due 2011 cv. sr. notes (Caal)..... | 500,000 |
| The Great Atlantic & Pacific Tea Company, Inc. 6.75%, due 2012 cv. sr. notes (Caal)..... | 1,500,000 |
| | |
| Health Care -- 3.7% | |
| Kinetic Concepts, Inc. 3.25%, due 2015 cv. sr. notes (B+) (Acquired 04/16/08; Cost \$1,500,000) (2)..... | 1,500,000 |
| Omnicare, Inc. 3.25%, due 2035 cv. sr. deb. (B3) (1)..... | 900,000 |
| SonoSite Inc. 3.75%, due 2014 cv. sr. notes (NR)..... | 1,000,000 |
| St. Jude Medical, Inc. 1.22%, due 2008 cv. sr. deb. (A-)..... | 1,000,000 |
| | |
| Insurance -- 3.4% | |
| Prudential Financial, Inc. floating rate, due 2036 cv. sr. notes (A3)..... | 3,000,000 |
| Prudential Financial, Inc. floating rate, due 2037 cv. sr. notes (A3) (Acquired 12/07/07; Cost \$988,750) (2)..... | 1,000,000 |
| | |
| Media and Entertainment -- 0.9% | |
| Virgin Media Inc. 6.5%, due 2016 cv. sr. notes (B-)..... | 1,000,000 |

Edgar Filing: ELLSWORTH FUND LTD - Form N-Q

ELLSWORTH FUND LTD.-----
 PORTFOLIO OF INVESTMENTS June 30, 2008 (continued)-----

| | Principal Amount |
|--|---------------------|
| | ----- |
| CONVERTIBLE BONDS AND NOTES -- continued | |
| Multi-Industry -- 2.9% | |
| Diversa Corp. 5.5%, due 2027 cv. sr. notes (NR) | |
| (exchangeable for Verenum Corp. common stock)..... | \$ 750,000 |
| LSB Industries, Inc. 5.5%, due 2012 cv. sr. sub. deb. (NR) | |
| (Acquired 06/28/07 - 09/13/07; Cost \$3,037,813) (2)..... | 3,000,000 |
| Pharmaceuticals -- 7.1% | |
| Bristol-Myers Squibb Co. floating rate, due 2023 cv. sr. deb. (A2)..... | 3,000,000 |
| Mylan Inc. 1.25%, due 2012 sr. cv. notes (B-)..... | 1,000,000 |
| Teva Pharmaceutical Finance Co. B.V. 1.75%, due 2026 cv. sr. deb. (Baa2) | |
| (exchangeable for Teva Pharmaceutical Industries Ltd. ADR)..... | 1,500,000 |
| Wyeth floating rate, due 2024 cv. sr. deb. (A3)..... | 2,500,000 |
| Real Estate -- 1.6% | |
| ProLogis 2.25%, due 2037 cv. sr. notes (BBB+) | |
| (Acquired 03/20/07 - 05/16/08; Cost \$2,000,163) (2)..... | 2,000,000 |
| Semiconductors -- 4.8% | |
| Agere Systems Inc. 6.5%, due 2009 cv. sub. notes (BB) | |
| (exchangeable for LSI Corp.)..... | 2,000,000 |
| Cypress Semiconductor Corp. 1%, due 2009 cv. sr. notes (NR)..... | 1,250,000 |
| Intel Corp. 2.95%, due 2035 jr. sub. cv. deb. (A-) (1)..... | 2,000,000 |
| Telecommunications -- 6.1% | |
| ADC Telecommunications Inc. 3.50%, due 2015 cv. sub. notes (NR)..... | 500,000 |
| ADC Telecommunications Inc. 3.50%, due 2017 cv. sub. notes (NR)..... | 1,000,000 |
| Anixter International Inc. 1%, due 2013 sr. cv. notes (BB-)..... | 1,000,000 |
| Equinix, Inc. 2.5%, due 2012 cv. sub. notes (CCC+)..... | 2,000,000 |
| General Cable Corp. 1%, due 2012 sr. cv. notes (B1)..... | 1,500,000 |
| SAVVIS, Inc. 3%, due 2012 cv. sr. notes (NR)..... | 1,000,000 |
| Transportation -- 0.9% | |
| ExpressJet Holdings, Inc. 4.25%, due 2023 cv. notes (NR)..... | 1,400,000 |
| Travel and Leisure -- 0.6% | |
| Morgans Hotel Group 2.375%, due 2014 sr. sub. cv notes (NR) | |
| (Acquired 10/11/07 - 10/12/07; Cost \$1,026,250) (2)..... | 1,000,000 |

Edgar Filing: ELLSWORTH FUND LTD - Form N-Q

TOTAL CONVERTIBLE BONDS AND NOTES.....

CORPORATE BONDS AND NOTES -- 1.1%

Retail -- 1.1%

| | |
|--|-----------|
| Amerivon Holdings LLC 4%, due 2010 units (NR) | |
| (Acquired 06/01/07; Cost \$1,500,000) (2,3)..... | 1,500,000 |

ELLSWORTH FUND LTD.-----
 PORTFOLIO OF INVESTMENTS June 30, 2008 (continued)-----

Shares

CONVERTIBLE PREFERRED STOCKS -- 11.1%

Aerospace and Defense -- 0.3%

| | |
|---|--------|
| Applied Energetics, Inc. 6.5% series A redeemable cv. pfd. (NR) | |
| (Acquired 10/27/05; Cost \$1,000,000) (2)..... | 40,000 |

Banking/Savings and Loan -- 5.9%

| | |
|--|--------|
| New York Community Bancorp, Inc. 6% BONUSES units (Baa1)..... | 54,178 |
| Sovereign Capital Trust IV 4.375% PIERS (Baa2) | |
| (exchangeable for Sovereign Bancorp, Inc. common stock) (1)..... | 14,000 |
| UCBH Holdings, Inc. 8.5% perpetual cv. pfd (NR)..... | 500 |
| Wachovia Corp. 7.5% series L perpetual cv. pfd (A2)..... | 1,100 |
| Washington Mutual, Inc. 7.75% series R non-cumulative perpetual cv. pfd. (Ba2).. | 1,100 |
| Webster Financial Corp. 8.5% perpetual pfd (NR)..... | 2,000 |

Chemicals -- 1.5%

| | |
|---|--------|
| Celanese Corp. 4.25% cv. perpetual pfd. (NR)..... | 30,000 |
|---|--------|

Energy -- 3.2%

| | |
|--|--------|
| Chesapeake Energy Corp. 4.5% cum. cv. pfd. (B+)..... | 22,800 |
|--|--------|

Telecommunications -- 0.2%

| | |
|--|-----|
| Medis Technologies Ltd. 7.25% series A cum. cv. perpetual pfd. (NR)..... | 100 |
|--|-----|

TOTAL CONVERTIBLE PREFERRED STOCKS.....

MANDATORY CONVERTIBLE SECURITIES -- 25.2% (4)

Consumer Goods -- 2.5%

| | |
|--|--------|
| Avery Dennison Corp. 7.875%, due 11/15/10 mandatory cv. pfd. (BBB-)..... | 30,000 |
| The Stanley Works floating rate equity units, due 05/17/12 (A2)..... | 1,750 |

Edgar Filing: ELLSWORTH FUND LTD - Form N-Q

Energy -- 6.4%

| | |
|--|--------|
| Bristow Group Inc. 5.5%, due 09/15/09 mandatory cv. pfd. (B)..... | 20,000 |
| McMoRan Exploration Co. 6.75%, due 11/15/10 mandatory cv. pfd. (NR)..... | 10,000 |
| Merrill Lynch & Co., Inc. 5.4%, due 09/27/10 PRIDES (A+) | |
| (linked to the performance of ConocoPhillips common stock)..... | 2,000 |
| NATIXIS Financial Products Inc. 7.05%, due 03/02/09 | |
| mandatory trigger exchangeable notes | |
| (exchangeable for Nabors Industries, Inc. common stock) | |
| (Acquired 05/22/08; Cost \$2,063,500) (2)..... | 50,000 |

Media and Entertainment -- 2.2%

| | |
|---|--------|
| Deutsche Bank AG 4.9%, due 04/28/09 mandatory exchangeable notes (NR) | |
| (exchangeable for The Walt Disney Company common stock)..... | 82,500 |

ELLSWORTH FUND LTD.-----
 PORTFOLIO OF INVESTMENTS June 30, 2008 (continued)-----

Shares

Foods -- 1.0%

| | |
|--|--------|
| Lehman Brothers Holdings Inc. 6%, due 10/12/10 PIES (A1) | |
| (exchangeable for General Mills, Inc. common stock)..... | 50,000 |

Health Care -- 1.3%

| | |
|--|--------|
| NATIXIS Financial Products Inc. 11%, due 01/21/09 | |
| mandatory trigger exchangeable notes | |
| (exchangeable for St. Jude Medical, Inc. common stock) | |
| (Acquired 04/16/08; Cost \$1,559,485) (2)..... | 35,768 |

Insurance -- 4.0%

| | |
|--|--------|
| Alleghany Corp. 5.75%, due 06/15/09 mandatory cv. pfd. (BB+)..... | 4,000 |
| Citigroup Funding Inc. variable rate, due 09/27/08 exchangeable notes (Aa3) | |
| (exchangeable for Genworth Financial, Inc. common stock)..... | 75,000 |
| MetLife, Inc. 6.375%, due 08/15/08 common equity units (BBB+)..... | 50,000 |
| XL Capital Ltd. 7%, due 02/15/09 equity security units, due 02/15/09 (Baa1)..... | 72,500 |

Minerals and Mining -- 5.3%

| | |
|---|--------|
| Freeport-McMoRan Copper & Gold Inc. 6.75%, due 05/01/10 mandatory cv. pfd. (BB).. | 20,000 |
| Vale Capital Ltd. 5.5%, due 06/15/10 mandatory convertible notes (NR) | |
| (exchangeable for ADS representing Companhia Vale do Rio Doce common stock)..... | 30,000 |
| Vale Capital Ltd. 5.5%, due 06/15/10 mandatory convertible notes (NR) | |
| (exchangeable for ADS representing Companhia Vale do Rio Doce | |
| Preference A Shares)..... | 10,000 |

Edgar Filing: ELLSWORTH FUND LTD - Form N-Q

| | |
|--|-------|
| Pharmaceuticals -- 2.4% | |
| Mylan Inc. 6.5%, due 11/15/10 mandatory cv. pfd. (B-) | 1,000 |
| Schering-Plough Corp. 6%, due 08/13/10 mandatory cv. pfd. (Baa3) | 9,500 |

TOTAL MANDATORY CONVERTIBLE SECURITIES (4).....

COMMON STOCKS -- 2.9%

| | |
|-------------------------------|-------|
| Aerospace and Defense -- 0.0% | |
| Applied Energetics, Inc..... | 7,724 |

| | |
|-----------------------------|--------|
| Minerals and Mining -- 1.3% | |
| Southern Copper Corp..... | 13,500 |

| | |
|-------------------------|--------|
| Pharmaceuticals -- 0.9% | |
| Johnson & Johnson..... | 15,500 |

| | |
|----------------------------|--------|
| Telecommunications -- 0.7% | |
| AT&T..... | 25,000 |

TOTAL COMMON STOCKS.....

ELLSWORTH FUND LTD.-----
 PORTFOLIO OF INVESTMENTS June 30, 2008 (continued)-----

| | |
|---|--|
| Total Convertible Bonds and Notes -- 49.9% | |
| Total Corporate Bonds and Notes -- 1.1% | |
| Total Convertible Preferred Stocks -- 11.1% | |
| Total Mandatory Convertible Securities -- 25.2% | |
| Total Common Stocks -- 2.9% | |
| Total Investments -- 90.2% | |
| Other assets and liabilities, net -- 9.8% | |
| Total Net Assets -- 100.0% | |

Edgar Filing: ELLSWORTH FUND LTD - Form N-Q

- (1) Contingent payment debt instrument which accrues contingent interest. See Note 2.
- (2) Security not registered under the Securities Act of 1933, as amended (i.e., the security was purchased in a Rule 144A or a Regulation D transaction). The security may be resold only pursuant to an exemption from registration under the Securities Act of 1933, typically to qualified institutional buyers. The Fund generally has no rights to demand registration of these securities. The aggregate market value of these unregistered securities at June 30, 2008 was \$13,230,429 which represented 11.6% of the Fund's net assets.
- (3) Investment is a restricted security, valued at fair value as determined in good faith in accordance with procedures adopted by the Board of Trustees. It is possible that the estimated value may differ significantly from the amount that might ultimately be realized in the near term, and the difference could be material. The fair value of this security represented 1.1% of the Fund's net assets.
- (4) These 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.

Investment Abbreviations:

| | |
|---------|--|
| ADR | American Depositary Receipts. |
| ADS | American Depositary Shares. |
| BONUSES | Bifurcated Option Note Unit Securities. |
| PIES | Premium Income Exchangeable Securities. |
| PIERS | Preferred Income Equity Redeemable Securities. |
| PRIDES | Preferred Redeemable Increased Dividend Equity Securities. |

Ratings in parentheses by Moody's Investors Service, Inc. or Standard & Poor's. NR is used whenever a rating is unavailable.

Summary of Portfolio Ratings *

| | % of Portfolio |
|-----|-------------------|
| Aa | 6 |
| A | 18 |
| Baa | 15 |
| Ba | 3 |
| B | 19 |
| Caa | 4 |
| NR | 32 |

* Excludes equity securities and cash.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

ELLSWORTH FUND LTD.-----
SELECTED NOTES TO FINANCIAL STATEMENTS (UNAUDITED)-----

Ellsworth Fund Ltd. (established in 1986) (the "Fund"), is registered under the Investment Company Act of 1940 as a diversified, closed-end management investment company.

Edgar Filing: ELLSWORTH FUND LTD - Form N-Q

Note 1. Security Valuation - Investments in securities traded on a national securities exchange are valued at market using the last reported sales price as of the close of regular trading. Listed securities for which no sales were reported are valued at the mean between closing reported bid and asked prices as of the close of regular trading. Unlisted securities traded in the over-the-counter market are valued using an evaluated quote provided by an independent pricing service, or, if an evaluated quote is unavailable, such securities are valued using prices received from dealers, provided that if the dealer supplies both bid and asked prices, the price to be used is the mean of the bid and asked prices. The independent pricing service derives an evaluated quote by obtaining dealer quotes, analyzing the listed markets, reviewing trade execution data and employing sensitivity analysis. Evaluated quotes may also reflect appropriate factors such as individual characteristics of the issue, communications with broker-dealers, and other market data. Securities for which quotations are not readily available, restricted securities and other assets are valued at fair value as determined in good faith pursuant to procedures approved by the Board of Trustees. Short-term debt securities with original maturities of 60 days or less are valued at amortized cost.

Note 2. Securities Transactions and Related Investment Income - Security transactions are accounted for on the trade date (date the order to buy or sell is executed) with gain or loss on the sale of securities being determined based upon identified cost. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis, including accretion of discounts and amortization of non-equity premium. 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.

At June 30, 2008 unrealized appreciation (depreciation) of investment securities on a tax basis were as follows:

| | |
|--------------------------------------|---------------|
| Unrealized appreciation | \$ 8,362,233 |
| Unrealized depreciation | (11,346,273) |
| | ----- |
| Net unrealized depreciation | (2,984,040) |
| | ===== |
| | |
| Cost for federal income tax purposes | \$105,679,084 |
| | ===== |

ITEM 2. CONTROLS AND PROCEDURES.

Conclusions of principal officers concerning controls and procedures

(a) The Registrant's principal executive officer and principal financial officer, or persons performing similar functions, have concluded that the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "Act"), (17 CFR 270.30a-3(c))) are effective as of August 22, 2008 based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the Act and Rule 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.15d-15(b)).

(b) There have been no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d))) that occurred during the Registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

Edgar Filing: ELLSWORTH FUND LTD - Form N-Q

ITEM 3. EXHIBITS.

Separate certifications of the principal executive officer and the principal financial officer of the Registrant, as required by Rule 30a-2(a) under the Act, are filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Ellsworth Fund Ltd.

By: /s/Thomas H. Dinsmore
Thomas H. Dinsmore
Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

Date: August 22, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/Thomas H. Dinsmore
Thomas H. Dinsmore
Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

Date: August 22, 2008

By: /s/Gary I. Levine
Gary I. Levine
Chief Financial Officer
(Principal Financial Officer)

Date: August 22, 2008