

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  
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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  
-----

(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

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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

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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

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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
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Energy -- 3.2%

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

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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

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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%	

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- (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.

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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.



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### 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