

ELLSWORTH FUND LTD
Form N-CSRS
June 06, 2013

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

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 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, 2013

Date of reporting period: March 31, 2013

ITEM 1.

REPORTS TO STOCKHOLDERS.

ELLSWORTH FUND LTD.

2013 Semi-Annual Report

March 31, 2013

2013 Semi-Annual Report March 31, 2013

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, 2013 with dividends reinvested

	Calendar		Annualized			10 Year
	YTD	1 Year	3 Years	5 Years	10 Years	Volatility
						*
Ellsworth net asset value	7.17	10.13	8.80	5.40	6.45	12.27
S&P 500® Index	10.60	13.95	12.68	5.81	8.52	14.94

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 MKT symbol: ECF)		
	High	Low	Close	High	Low	Close
9/30/12	8.57	8.06	8.48	7.35	7.00	7.35
3/31/13	8.97	8.55	8.97	7.66	7.28	7.64

Dividend Distributions (12 Months)

Record Date	Payment Date	Income	Capital Gains	Total
8/16/12	8/30/12	0.0625		0.0625
2/13/13	2/27/13	0.0630		0.0630

ELLSWORTH FUND LTD. 2013 SEMI-ANNUAL REPORT TO SHAREHOLDERS

To Our Shareholders

May 13, 2013

The goal of Ellsworth Fund Ltd. is to provide shareholders with income and the potential for capital gains. To achieve this goal, Ellsworth invests primarily in convertible securities and, to a lesser extent, in dividend paying common stocks. Management seeks a balanced portfolio of convertibles and other securities that provide a mix of income and equity sensitivity. The best performance in the convertible securities marketplace this calendar year has come from equity sensitive convertibles and the worst from fixed income (or credit sensitive) equivalent issues. The largest group of convertible issues held in the Ellsworth portfolio falls into the total return category (a middle category with some yield and some equity sensitivity); the portfolio is less represented by equity sensitive issues than the convertible indices are. This is also true in the case of many convertible mutual funds, so while Ellsworth was not able to beat the Bank of America Merrill Lynch All U.S. Convertibles Index (BAML Index) for the twelve months ended March 31, 2013, the Fund's performance did exceed that of the Lipper average of convertible mutual funds.

A convertible portfolio dominated by total return issues carries less risk of significant decline in an equity bear market than a convertible portfolio overweighted with equity sensitive securities. Further, the portfolio's common stocks are of a very high quality with good yields and have so far enhanced the Fund's returns. Consequently, we believe the current portfolio represents a mix of securities that can meet the Fund's objectives in all markets.

As of May 1, 2013 Barclay's research calculated the cumulative value of the 503 U.S. Convertible securities outstanding at \$219 billion with 78% of the issues in the form of cash-pay bonds. 44% of the market represented large capitalization issuers, 36% small capitalization, and 20% mid-capitalization issuers. The large capitalization issues in the BAML Index have achieved the best performance this year.

Issuance of new convertible securities in 2013 (through May 10) has improved over any period of comparable length in 2012. There have been 38 new issues with proceeds of \$13.7 billion and an average size of \$360 million. All of these statistics are up from last year and well ahead of all of 2012's 68 issues with proceeds of \$21 billion and average issue size of \$306 million. This is a welcome change as the convertible securities market has been enduring reduced issuance since 2007.

Ellsworth's portfolio at quarter end consisted of 59.9% in cash-pay convertible bonds, 9.9% in mandatory convertible issues, 11.9% in preferred stock and 14.5% in dividend paying common stock. The bonds yielded an average of 2.74%, the mandates yielded 6.04%, the preferred shares yielded 5.67%, and the common shares, 4.85%. The Fund's median to conversion value was 26.2%. Equity sensitive convertibles and common stock holdings made up 29.5% of the portfolio with credit sensitive issues accounting for 23.8% and total return issues at 46.7%.

Performance for Ellsworth's second fiscal quarter of 2013 ended March 31, 2013 was enhanced by exposure to the Health Care and Industrials sectors. Performance was held back, however, by the Fund's exposure to the Utility and Information Technology sectors. When adjusted for expenses and dilution to make performance comparable to the BAML Index, the Fund's net assets outperformed the index for the three- and ten-year periods, but underperformed for the three-month, and one- and five-year periods ended March 31, 2013. The Fund's market return also outperformed the BAML Index for the three-month period ended March 31, 2013.

Edgar Filing: ELLSWORTH FUND LTD - Form N-CSRS

Ellsworth invests in convertible securities 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 was less volatile than the S&P 500® Index as measured by their 10-year standard deviations. Moreover, the Fund's NAV outperformed that common stock index over five years.

continued on the following page

- 1 -

ELLSWORTH FUND LTD. 2013 SEMI-ANNUAL REPORT TO SHAREHOLDERS

To Our Shareholders *(continued)*

The results of the 2013 annual meeting of shareholders are shown in the Miscellaneous Notes section of this report. We thank you for your participation and support. At its April meeting, the Board of Trustees of the Fund declared a distribution of \$0.06 per share, consisting of undistributed net investment income. The distribution is payable on May 30, 2013, to shareholders of record on May 16, 2013.

Thomas H. Dinsmore
Chairman of the Board

- 2 -

ELLSWORTH FUND LTD. 2013 SEMI-ANNUAL REPORT TO SHAREHOLDERS

Largest Investment Holdings by underlying common stock

	Value (Note 1)	% Total Net Assets
<div>Verizon Communications Inc. is a telecommunications company that has been developed into a communications services company. The company's primary services include wireless communications services, including voice, data, and video services, and wireline communications services, including voice, data, and video services.</div>		
Verizon Communications Inc.	2,949,000	2.4
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.		
<div>AT&T Intellectual Property is a provider of telecommunications services in the U.S. and worldwide. These services include wireless communications, local exchange services, long-distance services, and other services.</div>		
AT&T Inc.	2,568,300	2.1
AT&T is a provider of telecommunications services in the U.S. and worldwide. These services include wireless communications, local exchange services, long-distance services, and other services.		

Edgar Filing: ELLSWORTH FUND LTD - Form N-CSRS

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.

Intel Corp.	2,141,875	1.8
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.		

Bank of America Corp.	1,949,056	1.6
Bank of America is a bank holding company, a financial holding company, and a financial institution, serving individual consumers, small and middle market businesses, corporations and Governments with a range of banking, investing, asset management and other financial and risk management products and services.		

- 3 -

ELLSWORTH FUND LTD. 2013 SEMI-ANNUAL REPORT TO SHAREHOLDERS

Major Industry Exposure

	<u>% Total Net Assets</u>
Software	6.9
Diversified Telecommunications Services	5.1
Oil, Gas & Consumable Fuels	5.0
Insurance	4.3
Real Estate Investment Trusts	3.6

Major Portfolio Changes by underlying common stock

Six months ended March 31, 2013

ADDITIONS

Bottomline Technologies, Inc.

Bristow Group Inc.

Cliffs Natural Resources Inc.

DFC Global Corp.

Eli Lilly & Co.

Encore Capital Group, Inc.

Huntington Bancshares, Inc.

Invesco Mortgage Capital Inc.

Iconix Brand Group, Inc.

International Game Technology

Ixia

Lifepoint Hospitals, Inc.

OPKO Health Inc.

Stillwater Mining Company

Volcano Corp.

WellPoint, Inc.

REDUCTIONS

Amgen Inc.

Chesapeake Energy Corp.

Cliffs Natural Resources Inc.

Endo Health Solutions Inc.

Intel Corp.

Interpublic Group of Companies, Inc.

ISIS Pharmaceuticals, Inc.

Linear Technology Corp.

Medicis Pharmaceutical Corp.

SBA Communications Corp.

TIBCO Software Inc.

Titan International, Inc.

Trina Solar Ltd.

Ultrapetrol

Vertex Pharmaceuticals Inc.

WellPoint, Inc.

- 4 -

ELLSWORTH FUND LTD. 2013 SEMI-ANNUAL REPORT TO SHAREHOLDERS

Portfolio of Investments March 31, 2013 (*unaudited*)

**Principal
Amount**

**Value
(Note 1)**

Airlines 1.2%

Biotechnology 5.0%

Gilead Sciences, Inc., 1.00%, Due 5/1/14, (A)	750,000	1,627,969
OPKO Health Inc., 3.00%, Due 2/1/33, (AA) (1)	625,000	693,750
Theravance, Inc., 2.125%, Due 1/15/23, (BBB)	500,000	550,312

Capital Markets 1.7%

Prospect Capital Corp., 5.75%, Due 3/15/18, (BBB) (1)	1,500,000	1,562,812
---	-----------	-----------

Commercial Services & Supplies 0.9%

Communications Equipment 1.3%

Ixia, 3.00%, Due 12/15/15, (A)	250,000	330,625
		1,574,609

EMC Corp., 1.75%, Due 12/1/13, (A)	1,400,000	2,090,382
SanDisk Corp., 1.50%, Due 8/15/17, (BB)	500,000	646,875