

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 mandatories 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.

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.

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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

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ELLSWORTH FUND LTD. 2013 SEMI-ANNUAL REPORT TO SHAREHOLDERS

Largest Investment Holdings by underlying common stock

	<u>Value</u> <u>(Note 1)</u>	<u>% Total</u> <u>Net Assets</u>
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.	2,949,000	2.4
AT&T Inc. AT&T is a provider of telecommunications services in the U.S. and worldwide. These include wireless communications, local exchange services, long-distance services,	2,568,300	2.1

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.		

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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.

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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
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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
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SanDisk Corp., 1.50%, Due 8/15/17, (BB)	500,000	646,875
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Construction Materials 0.8%**Consumer Finance 1.1%****Diversified Telecommunications Services 0.6%****Electrical Equipment 0.8%****Energy Equipment & Services 1.8%**

Hornbeck Offshore Services, Inc., 1.50%, Due 9/1/19, (BB) (1)	750,000	876,094
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Food Products 0.5%

Health Care Equipment & Supplies 2.0%

Insulet Corp., 3.75%, Due 6/15/16, (A)	750,000	889,688
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		2,366,469
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Lifepoint Hospitals, Inc., 3.50%, Due 5/15/14, (B)	1,000,000	1,095,625
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		1,598,125
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International Game Technology, 3.25%, Due 5/1/14, (BBB) (1)	500,000	540,312
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Morgans Hotel Group Co., 2.375%, Due 10/15/14, (BB)	1,000,000	947,500
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ELLSWORTH FUND LTD. 2013 SEMI-ANNUAL REPORT TO SHAREHOLDERS

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

	Principal Amount	Value (Note 1)
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Household Durables 1.2%**Insurance 3.3%**

National Financial Partners Corp., 4.00%, Due 6/15/17, (AAA)	500,000	926,562
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		4,021,093
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Priceline.com Inc., 1.25%, Due 3/15/15, (BBB)	450,000	1,025,156
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		1,579,206
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Digital River, Inc., 2.00%, Due 11/1/30, (BBB)	1,100,000	1,082,125
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		2,591,500
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CSG Systems International, Inc., 3.00%, Due 3/1/17, (A)	650,000	731,250
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Chart Industries, Inc., 2.00%, Due 8/1/18, (B)	750,000	1,019,062
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A.M. Castle & Co., 7.00%, Due 12/15/17, (BBB)	250,000	466,250
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Northgate Minerals Corp., 3.50%, Due 10/1/16, (NR) (convertible into AuRico Gold Inc. common stock)	600,000	620,625
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Stillwater Mining Company, 1.75%, Due 10/15/32, (B)	500,000	598,750
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4,307,432

Goodrich Petroleum Corp., 5.00%, Due 10/1/29, (CCC)	1,000,000	999,375
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1,514,687

Mylan Inc., 3.75%, Due 9/15/15, (BBB)	750,000	1,665,469
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2,442,469

Annaly Capital Management, Inc., 4.00%, Due 2/15/15, (BB)	750,000	937,972
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IAS Operating Partnership LP, 5.00%, Due 3/15/18, (NR) (1) (exchangeable for Invesco Mortgage Capital Inc. common stock)	1,000,000	1,004,375
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3,773,441

GT Advanced Technologies, Inc., 3.00%, Due 10/1/17, (B)	750,000	577,031
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JinkoSolar Holding Co. Ltd., 4.00%, Due 5/15/16, (NR)	250,000	156,250
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Micron Technology, Inc., 1.50%, Due 8/1/31, (BB)	625,000	728,125
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Photronics, Inc., 3.25%, Due 4/1/16, (BBB)	1,000,000	1,056,875
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Rudolph Technologies Inc., 3.75%, Due 7/15/16, (A)	500,000	587,500
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SunPower Corp., 4.50%, Due 3/15/15, (BB)	1,250,000	1,258,594
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8,951,801

ELLSWORTH FUND LTD. 2013 SEMI-ANNUAL REPORT TO SHAREHOLDERS

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

	<u>Principal Amount</u>	<u>Value (Note 1)</u>
Bottomline Technologies, Inc., 1.50%, Due 12/1/17, (A)		
	\$ 750,000	\$ 877,500
Mentor Graphics Corp., 4.00%, Due 4/1/31, (A)		
	500,000	589,688
Rovi Corp., 2.625%, Due 2/15/40, (BB)		
	1,000,000	1,021,875
TeleCommunications Systems, Inc., 4.50%, Due 11/1/14, (BB)		
	1,000,000	970,000
Textiles, Apparel & Luxury Goods 1.6%		
Iconix Brand Group, Inc., 1.50%, Due 3/15/18, (A) (1)		
	750,000	811,875
Trading Companies & Distributors 1.3%		
Titan Machinery Inc., 3.75%, Due 5/1/19, (BB) (1)		
	1,000,000	1,010,625
Wireless Telecommunications 1.2%		
TOTAL CONVERTIBLE BONDS AND NOTES		72,628,134
Commercial Banks 4.6%		
Huntington Bancshares, Inc., 8.50%, (BBB)		
	1,000	1,275,000
		5,572,700
Bank of America Corp., 7.25%, (BB)		
	1,600	1,949,056
Post Holdings, Inc., 3.75%, (B) (1)		
	5,000	542,500

		1,341,250
Stanley Black & Decker, Inc., 4.75%, (BBB)	10,000	1,265,900
Chesapeake Energy Corp., 5.75%, (B)	1,550	1,588,750
Health Care REIT, Inc., 5.50%, (BB)	10,000	621,100
Amerivon Holdings LLC, 4.00%, (NR) (1,3,4)	610,778	886,850
		919,577
New York Community Capital Trust V, 6.00%, (BB)	24,000	1,179,600

MANDATORY CONVERTIBLE SECURITIES 9.9% (5)

United Technologies Corp., 7.50%, Due 8/1/22, (BBB)	40,000	2,394,000
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ELLSWORTH FUND LTD. 2013 SEMI-ANNUAL REPORT TO SHAREHOLDERS

Portfolio of Investments March 31, 2013 (continued)

	<u>Shares</u>	<u>Value (Note 1)</u>
Automobiles 1.4%		
Electric Utilities 2.4%		
NextEra Energy, Inc., 5.889%, Due 9/1/18, (BBB)	20,000	1,093,200
		2,898,025

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MetLife, Inc., 5.00%, Due 10/8/14, (BBB)	25,000	1,235,000
Unisys Corp., 6.25%, Due 3/1/14, (B)	10,000	652,100
Apache Corp., 6.00%, Due 8/1/13, (A)	30,000	1,336,200
Genesee & Wyoming, Inc., 5.00%, Due 10/1/15, (NR)	10,000	1,290,400
		1,674,307

COMMON STOCKS 14.5%

Citigroup Inc.	19,546	864,715
AT&T Inc.	70,000	2,568,300
		5,517,300
Walt Disney Co.	15,000	852,000
Newmont Mining Corp.	18,000	754,020
ConocoPhillips	26,782	1,609,598
Abbott Laboratories	18,000	635,760
Bristol Myers Squibb Co.	30,000	1,235,700
Merck & Co., Inc.	32,651	1,444,154
		5,771,954
Intel Corp.	25,000	546,250
Microsoft Corp.	58,600	1,676,546

ELLSWORTH FUND LTD. 2013 SEMI-ANNUAL REPORT TO SHAREHOLDERS

Portfolio of Investments March 31, 2013 (continued)

	Value (Note 1)
Total Convertible Preferred Stocks 11.9%	14,437,933
Total Common Stocks 14.5%	17,592,383
Other Assets and Liabilities, Net 3.8%	4,661,246

- (1) Security not registered under the Securities Act of 1933, as amended (the Securities Act) (e.g., 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, typically to qualified institutional buyers. The Fund generally has no rights to demand registration of such securities. The aggregate market value of these unregistered securities at March 31, 2013 was \$12,406,452, which represented 10.2% of the Fund's net assets.
- (2) Contingent payment debt instrument which accrues contingent interest. See Note 1(e).
- (3) Investment is valued at fair value as determined in good faith pursuant to 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 these securities amounted to \$919,577 at March 31, 2013, which represented 0.8% of the Fund's net assets. See Note 1(c).
- (4) Restricted securities include securities that have not been registered under the Securities Act, and securities that are subject to restrictions on resale. The Fund may invest in restricted securities that are consistent with the Fund's investment objective and investment strategies. In some cases, the issuer of restricted securities has agreed to register such securities for resale, at the issuer's expense either upon demand by the Fund or in connection with another registered offering of the securities. Investments in restricted securities are 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. As of March 31, 2013, the Fund was invested in the following restricted securities:

Security	Acquisition Date	Shares	Cost	Price per Share	Value	% Net Assets
Amerivon Holdings LLC common equity units	April 1, 2010	272,728	0	0.010	32,727	0.03 %

- (5) Mandatory Convertible 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. See Note 1(h).

Portfolio Ratings:**Summary of Portfolio Ratings ***

	% of Portfolio
Where a security is rated by Standard & Poor's (S&P), such rating appears in parentheses next to such security (but without any applicable + or - that might apply). AAA	4
Where a security is rated by S&P and at least one other rating agency AA and the Fund believes the ratings to be functionally equivalent to one another, the S&P rating appears in parentheses next to such security (but without any applicable + or - that might apply). A	3
Where a security is rated by S&P and at least one other rating agency BB and the Fund believes the ratings not to be functionally equivalent to one another, the Fund puts in parentheses next to such security the S&P rating which it believes approximates the average of all such ratings (but without any applicable + or - that might apply). BBB	20
Where a security is rated by S&P and at least one other rating agency BB and the Fund believes the ratings not to be functionally equivalent to one another, the Fund puts in parentheses next to such security the S&P rating which it believes approximates the average of all such ratings (but without any applicable + or - that might apply). B	23
Where a security is not rated by S&P, but is rated by at least one other rating agency, the Fund puts in parentheses next to such security the S&P rating which it believes approximates the average of all such ratings (but without any applicable + or - that might apply). NR is used whenever a rating is unavailable. CCC & below	24
	14
	1
	11

* Excludes common stock and cash.

See accompanying notes to financial statements

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ELLSWORTH FUND LTD. 2013 SEMI-ANNUAL REPORT TO SHAREHOLDERS

Statement of Assets and Liabilities *(unaudited)*

March 31, 2013

Investments at value (cost \$100,719,728) (Note 1)	\$ 116,565,682
Receivable for securities sold	1,172,576
Other assets	2,352
Liabilities:	
Other liabilities	23,741
Net Assets	\$ 121,226,928
Capital shares (unlimited shares of \$0.01 par value authorized) (Note 3)	\$ 135,079
Undistributed net investment income	(822,006)

March 31, 2013

Unrealized appreciation on investments	15,845,954
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Net asset value per share (\$121,226,928 ÷ 13,507,882 outstanding shares)	\$ 8.97
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Statement of Operations *(unaudited)*

For the Six Months Ended March 31, 2013

Investment Income (Note 1):

Dividends	1,185,500
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Expenses (Note 2):

Custodian	6,038
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Legal fees	48,739
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Trustees fees	52,416
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Reports to shareholders	26,603
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Other	31,414
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Net Investment Income	1,445,369
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Net realized loss from investment transactions	(402,463)
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Net gain on investments	7,113,834
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See accompanying notes to financial statements

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ELLSWORTH FUND LTD. 2013 SEMI-ANNUAL REPORT TO SHAREHOLDERS

Statement of Changes in Net Assets

Six Months Ended
March 31, 2013(a)

Year Ended
September 30, 2012

	Six Months Ended March 31, 2013(a)	Year Ended September 30, 2012
Net investment income	\$ 1,445,369	\$ 2,571,950
Net change in unrealized appreciation (depreciation) of investments	7,516,297	16,769,222
Dividends to shareholders from:		
Capital share transactions (Note 3)	373,862	293,079
Net assets at beginning of period	114,153,893	100,007,782
Undistributed net investment income at end of period	\$ (822,006)	\$ (407,345)

Financial Highlights *Selected data for a share of beneficial interest outstanding*

	Six Months Ended March 31, 2013(a)	Years Ended September 30,				
		2012	2011	2010	2009	2008
Net asset value, beginning of period	\$ 8.48	\$ 7.46	\$ 7.95	\$ 7.15	\$ 7.18	\$ 10.27
Net realized and unrealized gain (loss)	0.52	1.08	(0.46)	0.84	(0.04)	(2.24)
Total from investment operations	0.63	1.27	(0.24)	1.10	0.29	(1.93)
Distributions from realized gains						(0.83)
Net asset value, end of period	\$ 8.97	\$ 8.48	\$ 7.46	\$ 7.95	\$ 7.15	\$ 7.18
Total Market Value Return (%) ^(b)	5.96	18.41	(7.13)	21.9	23.9	(33.3)
Ratios/Supplemental Data:						
Ratio of expenses to average net assets (%)	1.1(c)	1.1	1.1	1.1	1.2	1.1

	Six Months Ended March 31,	Years Ended September 30,				
Portfolio turnover rate (%)	23	39	47	62	71	61

(a) Unaudited.

(b) Market value total return is calculated assuming a purchase of Fund shares on the opening of the first business day and a sale on the closing of the last business day of each period reported. Dividends and distributions are assumed for the purposes of this calculation to be reinvested at prices obtained under the Fund's Automatic Dividend Investment and Cash Payment Plan. Net asset value total return is calculated on the same basis, except that the Fund's net asset value is used on the purchase and sale dates instead of market value.

(c) Annualized.

See accompanying notes to financial statements

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ELLSWORTH FUND LTD. 2013 SEMI-ANNUAL REPORT TO SHAREHOLDERS

Notes to Financial Statements *(unaudited)*

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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

(b) Indemnification Under the Fund's organizational documents, each trustee, officer or other agent of the Fund (including the Fund's investment adviser) is indemnified against certain liabilities that may arise out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. The risk of material loss as a result of such indemnification is considered remote.

(c) Security Valuation Investments in securities traded on a national securities exchange are valued at market price using the last reported sales price, supplied by an independent pricing service, 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 the 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.

The Fund has adopted authoritative fair valuation accounting standards which establish an authoritative definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion in changes in valuation techniques and related inputs during the period. These inputs are summarized in the three broad levels listed below:

Level 1 Quoted unadjusted prices for identical instruments in active markets.

Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-driven valuation in which all significant inputs and significant value drivers are observable in active markets. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary

substantially over time or among brokered market makers, and those received from an independent pricing service.

Level 3 Model-derived valuations in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are those inputs that reflect the Fund's own assumptions that market participants would use to price an asset or liability based on the best available information.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of the markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The net change in unrealized appreciation from Level 3 investments held as of March 31, 2013 was \$1,181 and is included in net unrealized appreciation of investments on the Statement of Operations. Transfers into, or out of, Level 3 are valued utilizing values as of the end of the period.

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Notes to Financial Statements *(continued)*

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The following is a summary of the inputs used to value the net assets of Ellsworth Fund Ltd. as of March 31, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stock:				
Diversified Telecommunication Services	5,517,300			5,517,300
Metals & Mining	754,020			754,020
Pharmaceuticals	5,771,954			5,771,954
Software	1,676,546			1,676,546
Convertible Preferred Stock		13,518,356	919,577	14,437,933
Total Investments	\$17,592,383	\$98,053,722	\$919,577	\$116,565,682

The following is a reconciliation of assets for which Level 3 inputs were used in determining value:

<u>Convertible Preferred Stock</u>	<u>Total</u>
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Change in unrealized appreciation (depreciation)	1,181	1,181
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