

Dinsmore Capital Management Co.

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This Brochure provides information about the qualifications and business practices of Dinsmore Capital Management Co. ("Dinsmore Capital"). If you have any questions about the contents of this Brochure, please contact us at info@dinsmorecap.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Dinsmore Capital is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Additional information about Dinsmore Capital is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Brochure, dated September 18, 2012, replaces the March 20, 2012 version. There have been no material changes made since.

Additional information about Dinsmore Capital is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Dinsmore Capital who are registered, or are required to be registered, as investment adviser representatives of Dinsmore Capital.

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Item 4 – Advisory Business

4. A. Advisory Firm Description

Dinsmore Capital Management (Dinsmore Capital), formerly Davis-Dinsmore Management, an SEC-registered investment adviser, was founded in 1971. In May 2008 the Davis-Dinsmore entity name was changed to Dinsmore Capital Management Co. (“Dinsmore Capital”).

Principal owners of Dinsmore Capital are Thomas H. Dinsmore, CFA, Jane D. O’Keeffe and Sally J. Finnican. Mr. Dinsmore serves as Chairman and CEO of the adviser.

Dinsmore Capital is one of the longest running convertible securities money management firms. Convertible securities are hybrid securities that take the form of bonds or preferred shares with an imbedded option/conversion feature. They provide investors with growth opportunities linked to the performance of the company’s stock. They tend to have the higher yield, stability and downside protection of bonds.

Dinsmore Capital is a Women’s Business Enterprise (WBE) under the Minority and Women Certification Program of the State of New Jersey. The firm manages two closed-end funds; Bancroft Fund Ltd. (founded in 1971) and Ellsworth Fund Ltd. (founded in 1986). Dinsmore Capital is GIPS compliant verified by Ashland Partners (January 1, 1998 through June 30, 2012.)

4.B. Types of Advisory Services

Dinsmore Capital provides investment management services on a discretionary basis to registered investment companies (“RICs”). Dinsmore Capital also may provide investment advisory services on both a discretionary and non-discretionary basis to individuals, corporations, private funds, trusts and charitable foundations and endowments through separately managed accounts. The emphasis of our portfolio strategy is investment in convertible securities, but may also include investments in common stocks, corporate bonds, preferred stocks, foreign securities, options contracts on securities, RICs and private placements. Dinsmore Capital’s investment advice is limited to these types of investments.

Dinsmore Capital may also provide sub-advisory or dual contract services to certain investment advisers.

4.C. Client Investment Objectives/Restrictions

Investments for RICs are managed in accordance with each fund’s investment objective, strategies and restrictions and are not tailored to the individualized needs of any particular investor in the fund. Investments for private funds would be managed in accordance with the investment objectives set forth in the confidential offering memorandum for each such fund. Investments for separately managed client accounts and sub-advisory accounts would be managed in accordance with each client’s stated investment objective, strategies and

restrictions.

4.D. Wrap Fee Program

Dinsmore Capital does not participate in wrap fee programs.

4.E. Assets Under Management

As of September 18, 2012, assets under management were \$219,789,072. These assets are in two accounts and are managed on a discretionary basis.

Item 5 – Fees and Compensation

Advisory Contracts and Fees

5.A. Adviser Compensation and Fee Schedule

Dinsmore Capital is investment adviser to two RICs, Bancroft Fund Ltd. and Ellsworth Fund Ltd. (the “Funds”), and provides continuous investment advice to them. Under each individual investment advisory agreement, compensation is computed monthly and is payable on the last day of each month at an annual rate of 3/4 of 1% of the first \$100,000,000 of the net asset value, and 1/2 of 1% for any assets over \$100,000,000. Net asset value for the month is the average of the net asset values at the close of business on the last business day on which the New York Stock Exchange is open in each week of the month. Each investment advisory agreement is terminable without penalty by either the Fund or the applicant on sixty days written notice. The advisory contract terminates automatically upon “assignment” as that term is defined in the Investment Company Act of 1940.

Dinsmore Capital’s fees are detailed in each client’s advisory agreement.

Other Advisory Fee Arrangements

Dinsmore Capital is not currently managing any other type of account and therefore does not maintain any standard fee schedule with respect to such services.

Item 6 – Performance-Based Fees and Side-By-Side Management

Dinsmore Capital does not charge *performance-based fees*.

Dinsmore Capital has no supervised persons who manage hedge funds and mutual funds in a side-by-side management scenario.

Item 7 – Types of Clients

Dinsmore Capital generally provides investment management services to RICs. The adviser may in the future provide such services as well investment advice to individuals, high net worth individuals, private funds, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, investment companies, separately managed accounts and other pooled investment vehicles. Dinsmore Capital may provide sub-advisory services as well.

Registered Investment Companies

In advising these funds, Dinsmore Capital is subject to the supervision and direction of the fund's Board of Trustees. The advisory contracts between Dinsmore Capital and the funds may be terminated with respect to the funds by the fund at any time, without the payment of any penalty, by the Board of Trustees of the fund or by vote of a majority of the outstanding voting securities of the fund. The advisory contract terminates automatically upon "assignment" as that term is defined in the Investment Company Act of 1940.

Private Investment Companies

Dinsmore Capital may provide investment management services on a discretionary basis to private investment companies in the future. Such investments would be managed in accordance with each fund's investment objectives. Specific procedures and restrictions apply to withdrawals from, and terminations of, an investor's position in a private fund, would be described in each fund's confidential placement memorandum. Minimum redemption amounts and minimum capital account size may apply in the event of a partial withdrawal. An investor also may be required to redeem all or part of its interest in a private fund upon provision of reasonable notice, or without such notice if necessary to ensure that the fund remains in compliance with applicable law.

This Brochure is designed solely to provide information about Dinsmore Capital and should not be considered to be an offer of interests in any Dinsmore Capital fund.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

8.A. Methods of Analysis and Investment Strategies

Dinsmore Capital is a specialist in convertible securities and its avowed purpose is to make equity investments primarily using senior securities. Using fundamental equity analysis and credit analysis often supplemented by technical analysis, the firm selects securities for potential inclusion in the portfolio. The firm scrutinizes the terms of a convertible security to determine if the premium and yield advantage over the common stock meets the performance standards of the portfolio.

The adviser's main investment strategy is to invest in convertible securities for the purpose of income and the potential for capital appreciation. The short term placement of cash in

commercial paper may be utilized. Writing of covered options and convertible arbitrage strategies may also be used.

Sources of information that the adviser may use in the selection process are electronic financial service providers such as Bloomberg, financial newspapers and magazines, corporate ratings services, annual reports, prospectuses, filings with the SEC, and company press releases. Dinsmore Capital also receives proprietary research from third parties and broker/dealers. Industry or broker sponsored conferences are attended.

Investing in securities involves risk of loss that clients should be prepared to bear.

8.B. Material Risks of Investment Strategies

There can be no guarantee of success of the strategies offered by Dinsmore Capital. Investment portfolios may be adversely affected by general economic and market conditions such as interest rates, currency fluctuations, availability of credit, inflation rates, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of security pricing and the liquidity of an investment.

Dinsmore Capital selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available by the issuers or through sources other than the issuers. Although Dinsmore Capital evaluates this information and data and ordinarily seeks independent corroboration as appropriate and reasonably available, Dinsmore Capital is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available.

8.C. Material Risks of Securities Used in Investment Strategies

The top five risk factors associated with an investment in this product strategy are:

Default Risk – the risk that a company does not pay the allowed coupon or principal as scheduled in the indenture.

Liquidity Risk – the risk that Dinsmore Capital cannot buy or sell a security within a reasonable time frame at a reasonable price. Convertible security liquidity is substantially a function of the liquidity of the underlying common stock.

Lack of New Issuance – the risk that there are few or no new issues in which Dinsmore Capital can invest for a prolonged period of time.

Equity Market Risk – the risk that a downturn in the equity markets will lead to a downturn in the convertible market. Mandatories, preferreds and bonds above their bond floor could all move substantially in line with equities to the downside.

Interest Rate Risk – the risk that a jump in interest rates will lead to lower bond floors and reduced investor interest in lower yielding convertible securities.

Risk management at Dinsmore Capital is bifurcated between risk management within the portfolio and risk management within the company. Within the portfolio we have always viewed our investment objectives within the context of reducing risk as measured by volatility. Convertible bonds have a substantial bias toward capital preservation. These and convertible preferred shares are securities senior in the capital structure to common stock. Due primarily to their seniority in the capital structure these securities have an investment value or “bond floor” that will provide support to the convertible security when the underlying common stock falls substantially. For this to work, the issuer’s creditworthiness must remain intact. At Dinsmore Capital we have enhanced the credit analysis that we do on each holding by using our analysis of the underlying equity. Risk is further reduced by diversification of the portfolio in terms of individual issues and industries.

Risks related to private funds

Private Fund strategies may involve short selling and leverage and do not employ limitations in particular sectors, industries, countries, regions or securities. Trading in the portfolios may affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short sales are speculative transactions and involve special risks. In order to initiate a short position, a security must be borrowed. Strategies that execute short sales may incur a loss if the price of the security sold short increases in value between the date of the short sale and the date when we purchase the security to replace the borrowed security. Losses are potentially unlimited in a short sale transaction.

Investment in these types of securities involves risk and the loss of capital. These strategies may not be suitable for all investors.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of an adviser or the integrity of the adviser’s management. Dinsmore Capital has no disclosure applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

10.A. Registered Representatives

None of Dinsmore Capital’s management persons are registered as a registered representative of a broker-dealer.

10.B. Other Registrations

Management persons of Dinsmore Capital are not registered, nor do any management persons have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

10.C. Material Relationships or Arrangements

Investment Company. Dinsmore Capital is the investment adviser to the following funds:

- Bancroft Fund Ltd. (registered investment company [RIC])
- Ellsworth Fund Ltd. (registered investment company [RIC])

Dinsmore Capital serves as investment manager to the RICs. A possible conflict of interest is the potential for favorable investment treatment of one fund over the other. This conflict is addressed in our Code of Ethics.

(see section 11. A.)

10.D. Recommendation of Other Investment Advisers

Dinsmore Capital does not currently recommend or select other investment advisers for clients and therefore does not receive compensation directly or indirectly from any other advisers, and has no other business relationships with other advisers that might create a material conflict of interest.

Item 11 – Code of Ethics

11.A. Code of Ethics Document

Dinsmore Capital has adopted a Code of Ethics pursuant to SEC rule 204A-1. A basic tenet of the Code of Ethics is that the interests of clients are always placed first. The Code of Ethics includes standards of business conduct requiring covered persons to comply with the federal securities laws and the fiduciary duties an investment adviser owes to its clients. You may obtain a copy of our Code of Ethics by contacting the firm at (973) 631-1177 or emailing info@dinsmorecap.com.

11.B. Recommendations of Securities and Material Financial Interests

The two funds currently managed invest in many of the same securities. Affiliates of Dinsmore Capital serve as officers of the registered investment companies.

In certain circumstances, cross-transactions may reduce execution related costs for participating accounts. Dinsmore Capital and the funds under management have adopted procedures designed to prevent the funds from purchasing or selling securities from or to,

as the case may be, the other (i.e., cross-transactions), thereby eliminating any conflict of interest that might otherwise result from such transactions. The procedures comply with Rule 17a-7 under the Investment Company Act of 1940, and the Compliance Officer ensures that they have been followed.

11.C. Personal Trading

Dinsmore Capital's Code of Ethics intends, among other things, to ensure that personal investing activities by the adviser's employees are consistent with Dinsmore Capital's fiduciary duty to its clients. Dinsmore Capital trades for and recommends to clients securities that may be bought in proprietary and personal accounts. This creates a potential conflict of interest. In order to mitigate this conflict:

- All access persons are required to avoid investing in IPOs and limited offerings in their personal accounts.
- All access persons are required to notify Dinsmore Capital's Chief Compliance Officer in order to pre-clear personal securities transactions in covered securities. Such covered securities include traded securities and exchange-traded funds (ETFs).
- Access persons are required to submit monthly personal securities transactions and annual holdings reports for review by the Chief Compliance Officer, who will, in turn, review these reports for potential trading conflicts with client accounts. Access persons are also required to have copies of all brokerage statements sent to the Chief Compliance Officer, directly from the broker(s), on at least a quarterly basis. The Chief Compliance Officer will maintain documentation of personal securities transactions, including any violations that occur and their resulting actions.

The Code also requires that all covered persons comply with ethical restraints relating to clients and their accounts, including restrictions on gifts and provisions intended to prevent violations of laws prohibiting insider trading.

11.D. Timing of Personal Trading

All personal securities transactions by an access person will be conducted in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility. No access person, including any officer or employee, should take inappropriate advantage of his or her position.

Dinsmore Capital has instituted a general policy requiring pre-clearance of all trades by access persons and members of their households/families. Dinsmore Capital may have securities on a Restricted Securities List, in which trading is prohibited, and has restrictions on investing in securities issued as part of an initial public offering or securities issued as part of an offering that is exempt from registration under the Securities Act.

The Chief Compliance Officer or designee will periodically review personal securities transactions by access persons to identify any trading patterns that may raise concerns for Dinsmore Capital. Material nonpublic trading information means information about proposed or pending trades that could reasonably be expected to affect the market price of a security. It is against Dinsmore Capital's policies for any access person (including their household/family members) to practice front-running by using information about pending client trades for personal benefit.

Item 12 – Brokerage Practices

12.A. Selection of Broker/Dealers

It is the Adviser's general policy in selecting a broker to effect a particular transaction to seek "best execution," which means prompt and efficient execution of the transaction at the best obtainable price with payment of commissions which are reasonable in relation to the value of the brokerage services provided by the broker.

Given the type of markets that convertible securities trade in, seeking competitive bids or offers is generally not an effective way to obtain best execution. Hence, the Adviser's trader will keep in contact with known market makers of securities that the Adviser is interested in purchasing or selling for the Funds.

Through experience, the Adviser has learned that the original underwriter of the security is often one of the more liquid market makers. Further, wherever possible, the Adviser will compare markets through methods that do not tip off the Adviser's interest such as reviewing the markets made on Bloomberg and/or reviewing the prices of given securities at the market close.

Procedures:

Purchases of New Issues. For purchases of new issues, the Adviser will attempt to make such purchases directly through the underwriter.

Purchases/Sales Other than New Issues. For purchases or sales other than new issues, the Adviser will generally make such purchase or sale via a predominant market maker of such issue.

When a decision is made to purchase or sell a security, the trader will consider the above two procedures first. If the market made by the chosen broker is, in the trader's opinion, unsatisfactory, then the trader will contact other market makers for either confirmation of the market or for a better market.

In seeking "best execution," the Adviser will consider the following factors:

- Execution capability of the broker;

- Spread or commission rate;
- Broker commitment of capital;
- Responsiveness of broker; and
- The value of any research services provided.

Using a professional trading staff allows us to receive best execution. From the time that we decide to buy or sell, we monitor prices to determine which brokers have competitive markets. Upon execution, we monitor the market as to quality of price, timeliness of execution and size of execution; by continuously monitoring the market, we are able to determine which brokers we will utilize for most trades. When a trader believes that more than one broker can satisfy the objective of best execution, preference may be given to brokers who provide research services to the Adviser.

Research and Other Soft Dollar Benefits

Dinsmore Capital does not currently trade using soft dollars. If the adviser decides to trade using soft dollars, it would do so in a manner consistent with the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

Brokers who effect transactions for the Funds may, from time to time, provide the Adviser with research and other services. The Adviser, on behalf of the Funds, may make soft dollar payments for both third party research and proprietary research.

The Adviser, on behalf of the Funds, shall be permitted to pay a member of an exchange, broker or dealer an amount of commission in excess of the amount another member of an exchange, broker or dealer would have charged for effecting a transaction provided that:

1. the Adviser determines in good faith that such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such exchange member, broker or dealer viewed in terms of either that particular transaction or the Adviser's overall responsibilities to the Funds, and
2. such information and research received from such exchange member, broker or dealer shall be in addition to, and not in lieu of, the services required to be performed by the Adviser pursuant to its Advisory Agreements with the Funds.

There is generally not a limit on the amount of the Funds' brokerage that can be so directed.

The services described above provide lawful and appropriate assistance in carrying out our investment responsibilities; our Code of Ethics dictates that we act professionally and consider the interests of the shareholders first and foremost.

The Chief Compliance Officer and trading personnel periodically review the adviser's execution policies and assess the quality of brokerage executions.

Brokerage for Client Referrals

Dinsmore Capital does not maintain any brokerage for client referral arrangements.

Directed Brokerage

The current clients of Dinsmore Capital do not direct us to execute transactions through a specified broker-dealer.

12.B. Aggregation of Orders

The Adviser may, but is under no obligation to, aggregate securities sold or purchased in order to obtain the best price and execution for the two registered investment companies, or funds, that it advises. In such event, allocation of the securities purchased or sold, as well as the expenses incurred in the transaction, will be made by the Adviser as follows:

(i) Allocation of Price. Each fund will pay or receive the average of the prices paid or received by the funds.

(ii) Allocation of Transaction Costs. The funds will share pro-rata the transaction costs incurred based on the dollar amount of each Fund's trade.

(iii) Allocation of Securities Purchased or Sold. If an aggregated order is partially filled, the amount of shares that each fund purchases or sells will be allocated pro-rata based on the dollar amount of each fund's intended trade or, if the aggregated order is subject to a minimum lot size, as closely as practicable to pro rata.

(iv) Departures from Allocation Formula. The Adviser may allocate an order on a basis different from that specified above if (i) each fund is treated fairly and equitably, (ii) neither fund is given preferential treatment, and (iii) the procedures set forth in the company's Policies and Procedures are followed.

(b) When entering an aggregated order, the portfolio manager (or trader) for the funds will indicate on the Transaction Order for each fund how the portfolio manager (or trader) intends to allocate the order between the funds. An aggregated order may be allocated on a basis different from that set forth in the company's Policies and Procedures hereof only if the portfolio manager (or trader) includes a written explanation of such deviation in each fund's Transaction Order. Each such completed Transaction Order shall be submitted to the Adviser's Chief Compliance Officer or other designated officer of the Adviser for review no later than one hour after the opening of the applicable market on the trading day following the day the order was executed.

(c) Each fund's books and records will reflect the securities purchased and sold for that Fund on an individual basis.

(d) No officer of either fund, or the Adviser, will receive any additional compensation or remuneration as a result of aggregated orders between the funds.

Item 13 – Review of Accounts

13.A. Frequency and Nature of Review

The regulated investment companies that are advised by Dinsmore Capital are publicly-traded funds and are overseen by board members duly elected by the funds' shareholders for three-year terms (four of the board members are independent from the adviser). The adviser's portfolio managers, analysts and treasurer meet prior to the Board meetings to review the funds' financial reports and investment portfolios. This material is then sent to the board members prior to each meeting date. With management of the adviser in attendance, the Trustees hold Board meetings at least quarterly. In addition the adviser is required to mail, via an intermediary, quarterly, annual and semi-annual reports to the funds' shareholders. Since the funds are registered with the SEC, required reports (N-Q, N-CSR, etc.) are also filed with the SEC via EDGAR.

13.B. Factors That May Trigger An Account Review Outside of Regular Review

More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

Item 14 – Client Referrals and Other Compensation

Dinsmore Capital does not currently maintain solicitation or client referral arrangements.

Item 15 – Custody

Client assets and securities managed by Dinsmore Capital are held at independent, qualified custodians. Monthly statements from the applicable custodians are received in a timely manner and reconciled accordingly.

Item 16 – Investment Discretion

Dinsmore Capital has been retained on a discretionary basis by its clients and is authorized to make the following determinations in accordance with the client's specified investment objectives without client consultation or consent before a transaction is effected:

Item 17 – Voting Client Securities

The adviser's policy is to vote proxies on behalf of client accounts. Dinsmore Capital has adopted Proxy Voting Policies and Procedures. The adviser will act in the best interest of its

clients in determining whether and how to exercise its client's rights as a securities holder, including whether and how to vote on any proxy voting matter and how to respond to corporate actions. Dinsmore Capital will vote the proxies on a case-by-case basis. In general, proxy votes for or against and corporate actions will be based on the probable financial results to the clients. Controversial proposals or situations involving a potential conflict of interest, including a conflict between the interests of a client and Dinsmore Capital, will be reviewed on a case-by-case basis by the appropriate officer and the Chief Compliance Officer.

Dinsmore Capital has written proxy voting policies and procedures as required by Rule 206(4)-6 under the Investment Advisers Act. Under these policies and procedures, in cases where the adviser has proxy voting authority with respect to voting securities held in its clients' accounts, Dinsmore Capital will vote such securities for the exclusive benefit and in the best economic interest of those clients and their beneficiaries as determined by the adviser in good faith, subject to any restrictions or directions from a client. Such voting responsibilities are exercised in accordance with the general antifraud provisions of the Investment Advisers Act, as well as with the adviser's fiduciary duties under federal and state law to act in the best interests of its clients.

If you would like to request a copy of Dinsmore Capital's proxy voting guidelines or records, you can email info@dinsmorecap.com or call (973) 631-1177.

Item 18 – Financial Information

18.A. Advance Payment of Fees.

Dinsmore Capital does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

18.B. Financial Condition

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Dinsmore Capital has no financial commitments that impair its ability to meet contractual commitments and fiduciary commitments to clients.

18.C. No Bankruptcy Proceedings

Dinsmore Capital has not been the subject of a bankruptcy proceeding.