

Ellsworth Fund Ltd.

~ successor to Ellsworth Convertible Growth and Income Fund ~

65 Madison Avenue Suite 550 • Morristown, New Jersey 07960-7308 • www.ellsworthfund.com

First Quarter Update - December 31, 2005 (unaudited)

Financial Highlights

Market price 12/31/05	\$7.80
Net asset value (NAV) 12/31/05	\$9.10
Market discount to NAV	(14.29)%
12-Month income distribution	\$0.3075
Yield on market price	3.94%
Ratio of expenses to avg. net assets	1.33%*
Ratio of net income to avg. net assets	3.35%*
Portfolio turnover	13.87%
Shares outstanding	12,429,083

* Annualized

Largest Investment Holdings as of 12/31/05

by underlying common stock	% of Net Assets
The Walt Disney Company	2.9
Nuveen Investments, Inc.	2.5
Chesapeake Energy Corp.	2.2
Genworth Financial, Inc.	2.2
The St. Paul Travelers Companies, Inc.	2.2
Teva Pharmaceutical Industries Ltd.	2.2
Freeport-McMoRan Copper and Gold, Inc.	2.1
The TJX Companies, Inc.	2.1
Celanese Corp.	2.0
MetLife, Inc.	2.0

Major Industry Exposure as of 12/31/05

	% of Net Assets
Financial and Insurance	17.9
Technology	12.6
Pharmaceuticals	10.6
Energy	10.3
Banking/Savings and Loan	7.3
Health Care	5.5
Telecommunications	4.9
Retail	4.9
Entertainment	4.2
Chemicals	3.4

Performance through 12/31/05 with dividends reinvested

	3 Months	1 Year	Cumulative	
			5 Years	10 Years
Ellsworth market price (a,b)	0.78%	0.49%	21.06%	136.71%
Ellsworth net asset value (b,c,d)	(0.98)	3.87	15.73	116.91
Closed-end conv. fund avg. (d)	(0.40)	3.51	23.46	102.11
S&P 500 (a)	2.09	4.91	2.74	138.29
Russell 2000 (a)	1.15	4.63	48.94	144.37
Lehman Aggregate Bond Total Return Index (d)	0.59	2.43	33.03	81.89

Performance data represent past results and do not reflect future performance.

(a) From Bloomberg L.P. pricing service.

(b) Performance is not adjusted for dilution due to the rights offering.

(c) Net asset value dilution resulting from the Fund's 2003 rights offering was 2.21%.

(d) From Lipper, Inc. Closed-End Fund Performance Analysis, December 31, 2005.

Quarterly History of NAV and Market Price

Qtr. Ended	Net Asset Values			Market Prices		
	High	Low	Close	High	Low	Close
Mar. 05	\$9.02	\$8.70	\$8.77	\$8.11	\$7.47	\$7.63
Jun. 05	8.80	8.35	8.79	7.74	7.25	7.74
Sep. 05	9.29	8.82	9.29	7.90	7.57	7.84
Dec. 05	9.29	8.82	9.10	7.89	7.42	7.80

Total Fund Investments as of 12/31/05

	(000's)	% of Net Assets
Convertible Bonds and Notes	\$ 57,082	50.5
Convertible Preferred Stocks	26,163	23.1
Mandatory Convertible Securities	21,268	18.8
Common Stock	4,683	4.1
Short-Term Securities	3,109	2.8
Other Assets	808	0.7
Net Assets	<u>\$113,113</u>	<u>100.0%</u>

Dividend Distributions (12 Months)

Record Date	Payment Date	Income	Capital Gains	Total
2/11/05	2/25/05	\$0.0700	—	\$0.0700
5/13/05	5/27/05	0.0700	—	0.0700
8/16/05	8/30/05	0.0700	—	0.0700
10/27/05	11/23/05	0.0975	—	0.0975
		<u>\$0.3075</u>		<u>\$0.3075</u>

The portfolio holdings and industry exposure are as of December 31, 2005 and subject to change without notice. Detailed portfolio information is available on our website (www.ellsworthfund.com). Contact us by e-mail at info@ellsworthfund.com or call us at (973) 631-1177.

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To Our Shareholders:

February 21, 2006

From 2002 into 2004, the yield spread between speculative grade bonds and investment grade bonds reached historically high levels. This was, in part, caused by a flight to safety by investors after the bursting of the internet bubble and the atrocity of September 11, 2001. It was also caused by the Enron and WorldCom scandals as investors questioned the balance sheets of many companies. Since that time, high yield bonds have performed well and the yield spread between speculative bonds and investment grade bonds has narrowed substantially. During this time, many convertibles were priced relative to investment grade bonds and therefore underperformed the high yield market. With yields and yield spreads at current levels, we believe convertible securities are more attractively priced than they have been since 2001.

In 2005 the performance of the Fund was affected by its industry exposure. As we have indicated in previous reports, the energy exposure of the Fund provided the strongest returns. While we still think that energy is undervalued in the stock market, we also believe that this value will be realized over a longer period of time. Energy inventories and the weather will affect short term investor sentiment in this sector.

The industry that held the Fund back the most was telecommunications. However, we believe this industry should grow as more broadband internet access is made available for telephony and video. Unfortunately the industry has become very competitive and any legacy expenses (pensions, retiree health care, older inventories, etc.) seriously hamper the ability of some of these companies to be efficient in this market.

For the one-year and ten-year periods ended December 31, 2005, Ellsworth's NAV has outperformed the average NAV performance of the closed-end funds included in the closed-end convertible fund category tracked by Lipper, Inc. and published in the *Lipper Closed-End Performance Analysis*. However, for the quarter, three years and five years ended December 31, 2005, the Fund underperformed the average of the eleven funds in its category. Of these eleven funds, only four, including the Fund, remain unleveraged convertible funds and only five, including the Fund, have more than 65% of their assets in convertible securities. We believe these factors contributed to the difference in performance between Ellsworth and many of the other funds in the group.

Visit our website, www.ellsworthfund.com, for additional information on the Fund. Further, shareholders who wish to obtain a copy of the most recent report on the Fund issued by Standard and Poor's should contact us.

At the annual meeting of shareholders, directors Robert J. McMullan and Jane D. O'Keeffe were re-elected to three-year terms. The new Investment Advisory Agreement was approved, the elimination of the fundamental investment restriction limiting investments in unseasoned issuers was approved, the proposal concerning the reorganization of the Fund to a Delaware statutory trust was approved and the appointment of Tait, Weller & Baker LLP to serve as the Fund's independent auditors for the 2006 fiscal year was ratified. We thank you for your participation and support.

At its January meeting, the Board of Directors declared a dividend of 7 cents per share payable February 27, 2006 to shareholders of record February 13, 2006.



Thomas H. Dinsmore
Chairman of the Board

Shareholder Services and Transfer Agent

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Stock Exchange Listing

AMEX - Symbol: ECF



Portfolio of Investments December 31, 2005 (unaudited)

<u>Principal Amount</u>		<u>Value (Note 1)</u>
CONVERTIBLE BONDS AND NOTES — 50.5%		
Aerospace and Defense — 1.1%		
\$ 250,000	Ceradyne, Inc. 2.875% 2035 cv. sr. sub. notes (NR) ⁽¹⁾	\$ 256,563
1,000,000	L-3 Communications Holdings, Inc. 3% 2035 CODES (Ba3) ⁽¹⁾	993,750
		<u>1,250,313</u>
Automotive — 1.5%		
4,000,000	Lear Corp. 0% 2022 cv. sr. notes (Ba2)	<u>1,735,000</u>
Banking/Savings and Loan — 2.1%		
1,000,000	The Bear Stearns Companies, Inc. 0.25% 2010 medium-term notes (A1) (exch. for Fifth Third Bancorp common stock) ⁽¹⁾	840,600
1,500,000	U.S. Bancorp floating rate 2035 cv. sr. deb. (Aa2)	<u>1,490,625</u>
		<u>2,331,225</u>
Consumer Goods — 1.5%		
1,375,000	Church & Dwight Co., Inc. 5.25% 2033 cv. sr. deb. (Ba2)	<u>1,662,031</u>
Energy — 2.2%		
1,125,000	Maverick Tube Corp. 1.875% 2025 cv. sr. sub. notes (NR) (Acquired 11/09/05 - 11/11/05; Cost \$1,128,750) ⁽²⁾	1,282,500
1,000,000	Oil States International, Inc. 2.375% 2025 contingent cv. sr. notes (NR)	<u>1,190,000</u>
		<u>2,472,500</u>
Entertainment — 4.2%		
1,500,000	EchoStar Communications Corp. 5.75% 2008 cv. sub. notes (B2)	1,470,000
3,250,000	The Walt Disney Company 2.125% 2023 cv. sr. notes (Baa1)	<u>3,266,250</u>
		<u>4,736,250</u>
Financial and Insurance — 2.4%		
500,000	E*TRADE Financial Corp. 6% 2007 cv. sub. notes (B-)	507,500
1,125,000	FTI Consulting, Inc. 3.75% 2012 cv. sr. sub. notes (Ba3) (Acquired 07/29/05 - 10/10/05; Cost \$1,158,750) ⁽²⁾	1,252,969
1,000,000	Swiss Re America Holding Corp. 3.25% 2021 euro. sub. cv. bonds (A1) (conv. into Swiss Reinsurance Company common stock) (Acquired 11/15/01 - 12/05/01; Cost \$1,007,875) ⁽²⁾	939,750
		<u>2,700,219</u>
Financial Services — 0.9%		
1,000,000	Euronet Worldwide, Inc. 3.50% 2025 cv. deb. (NR) (Acquired 09/28/05 - 09/29/05; Cost \$1,024,635) ^(1,2)	<u>970,000</u>
Foods — 0.9%		
1,000,000	Lehman Brothers Holdings, Inc. 1% 2011 medium-term notes (A1) (performance linked to General Mills, Inc. common stock) ⁽¹⁾	<u>998,400</u>
Health Care — 4.0%		
2,000,000	Manor Care, Inc. 2.125% 2035 cv. sr. notes (Baa3)	2,070,000
1,000,000	Omnicare, Inc. 3.25% 2035 cv. sr. deb. (B1) ⁽¹⁾	997,500
1,500,000	St. Jude Medical, Inc. 2.8% 2035 cv. sr. deb. (BBB+) ⁽¹⁾	<u>1,501,875</u>
		<u>4,569,375</u>
Multi-Industry — 0.8%		
1,000,000	Lehman Brothers Holdings, Inc. 1% 2011 medium-term notes (A1) (performance linked to Cendant Corp. common stock) ⁽¹⁾	<u>877,500</u>

Portfolio of Investments

December 31, 2005 (continued)

Principal Amount		Value (Note 1)
CONVERTIBLE BONDS AND NOTES — continued		
Pharmaceuticals — 7.3%		
\$2,000,000	Amgen, Inc. 0% 2032 LYONs (A2) ⁽¹⁾	\$ 1,570,000
1,500,000	Cephalon, Inc. 2% 2015 cv. sr. sub. notes (B-)	2,223,750
1,250,000	Encysive Pharmaceuticals, Inc. 2.5% 2012 cv. sr. notes (NR)	990,625
1,000,000	Ivax Corp. 4.5% 2008 cv. sr. sub. notes (NR)	1,012,500
1,000,000	Teva Pharmaceutical Finance II, LLC series A 0.5% 2024 cv. sr. deb. (Baa3) (exch. for ADR representing Teva Pharmaceutical Industries Ltd. common stock)	1,192,500
1,000,000	Teva Pharmaceutical Finance II, LLC series B 0.25% 2024 cv. sr. deb. (Baa3) (exch. for ADR representing Teva Pharmaceutical Industries Ltd. common stock)	1,250,000
		<u>8,239,375</u>
Retail — 4.9%		
1,000,000	Amazon.com, Inc. 4.75% 2009 cv. sub. notes (B2)	966,250
1,000,000	Best Buy Co., Inc. 2.25% 2022 cv. sub. deb. (Ba1) ⁽¹⁾	1,067,500
1,250,000	Casual Male Retail Group, Inc. 5% 2024 cv. sr. sub. notes (NR)	1,064,063
3,000,000	The TJX Companies, Inc. 0% 2021 LYONs (Baa1)	2,411,250
		<u>5,509,063</u>
Technology — 11.2%		
1,250,000	Advanced Micro Devices, Inc. 4.75% 2022 cv. sr. deb. (B3) ⁽¹⁾	1,651,563
1,000,000	C&D Technologies, Inc. 5.25% 2025 cv. sr. notes (NR) (Acquired 11/16/05; Cost \$1,000,000) ⁽²⁾	1,098,750
2,000,000	Citigroup Funding, Inc. 1% 2010 medium-term notes (Aa1) (exch. for the cash equivalent of a basket of technology stocks) ⁽¹⁾	1,853,000
1,000,000	Intel Corp. 2.95% 2035 jr. sub. cv. deb. (NR) (Acquired 12/14/05; Cost \$1,001,542) ^(1,2)	981,250
2,250,000	International Rectifier Corp. 4.25% 2007 cv. sub. notes (B2)	2,160,000
1,500,000	LSI Logic Corp. 4% 2010 cv. sub. notes (B)	1,445,625
1,000,000	Richardson Electronics, Ltd. 8% 2011 cv. sr. sub. notes (NR) (Acquired 11/21/05; Cost \$1,000,000) ⁽²⁾	1,010,000
1,500,000	Sybase, Inc. 1.75% 2025 cv. sub. notes (NR)	1,545,000
1,000,000	Vishay Intertechnology, Inc. 3.625% 2023 cv. sub. notes (B3)	980,000
		<u>12,725,188</u>
Telecommunications — 4.0%		
250,000	Comverse Technology, Inc. 0% 2023 ZYPS (BB-) ⁽³⁾	378,438
1,000,000	Lucent Technologies, Inc. 2.75% 2023 series A cv. sr. deb. (B1)	1,002,500
500,000	Lucent Technologies, Inc. 2.75% 2025 series B cv. sr. deb. (B1)	514,375
1,250,000	Nortel Networks Corp. 4.25% 2008 cv. sr. notes (B3)	1,178,125
1,500,000	Tekelec, Inc. 2.25% 2008 sr. sub. cv. notes (NR)	1,479,375
		<u>4,552,813</u>
Utilities — 1.5%		
1,500,000	CMS Energy Corp. 2.875% 2024 cv. sr. notes (B1)	1,753,125
		<u>1,753,125</u>
	TOTAL CONVERTIBLE BONDS AND NOTES	<u>\$57,082,377</u>

Portfolio of Investments

December 31, 2005 (continued)

Shares		Value (Note 1)
CONVERTIBLE PREFERRED STOCKS — 23.1%		
Aerospace and Defense — 1.3%		
60,000	Ionatron, Inc. 6.5% series A cv. pfd. (NR) (Acquired 10/27/05; Cost \$1,500,000) ⁽²⁾	\$ 1,522,500
Banking/Savings and Loan — 5.3%		
40,000	National Australia Bank Ltd. 7.875% exch. capital units (NR)	1,576,000
20,000	New York Community Bancorp, Inc. 6% BONUSES units (Baa2)	934,000
35,000	Sovereign Capital Trust IV 4.375% PIERS (Ba1) (exch. for Sovereign Bancorp, Inc. common stock) ⁽¹⁾	1,540,000
35,000	Washington Mutual Capital Trust 5.375% PIERS units (BBB) (exch. for Washington Mutual, Inc. common stock)	1,910,370
		<u>5,960,370</u>
Chemicals — 2.0%		
80,000	Celanese Corp. 4.25% cv. perp. pfd. (NR)	2,260,000
Energy — 5.3%		
4,000	Chesapeake Energy Corp. 5% cum. cv. pfd. (B)	549,500
20,000	Chesapeake Energy Corp. 4.5% cum. cv. pfd. (B)	1,897,500
10,000	Semco Energy, Inc. 5% series B cv. cum. pfd. (B-)	1,880,000
15,000	The Williams Companies, Inc. 5.5% 2033 jr. sub. cv. deb. (B-)	1,687,500
		<u>6,014,500</u>
Financial and Insurance — 7.1%		
75,000	Citigroup Funding, Inc. variable rate exch. notes (Aa1) (exch. for Genworth Financial, Inc. common stock)	2,463,750
20	Fannie Mae 5.375% non-cumulative cv. pfd. (Aa3) (Acquired 12/29/04 - 01/11/05; Cost \$2,078,125) ⁽²⁾	1,842,815
20,000	Reinsurance Group of America, Inc. 5.75% PIERS (Baa2)	1,222,500
100,000	The St. Paul Travelers Companies, Inc. 4.5% 2032 cv. jr. sub. notes (Baa1)	2,528,000
		<u>8,057,065</u>
Mining — 2.1%		
2,000	Freeport-McMoRan Copper and Gold, Inc. 5.5% cv. perpetual pfd. (B-)	2,348,500
	TOTAL CONVERTIBLE PREFERRED STOCKS	<u>\$26,162,935</u>
MANDATORY CONVERTIBLE SECURITIES — 18.8% ⁽⁴⁾		
Chemicals — 1.4%		
40,000	Huntsman Corp. 5% mand. cv. pfd. 02/16/08 (NR)	1,615,000
Consumer Goods — 1.2%		
35,000	Constellation Brands, Inc. dep. shs. representing 5.75% series A mandatory cv. pfd. 09/01/06 (B)	1,366,050
Energy — 2.8%		
15,000	Amerada Hess Corp. 7% mand. cv. pfd. ACES 12/01/06 (Ba3)	1,614,375
15,000	Valero Energy Corp. 2% mand. cv. pfd. 07/01/06 (BB)	1,537,500
		<u>3,151,875</u>

Portfolio of Investments

December 31, 2005 (continued)

Shares		Value (Note 1)
MANDATORY CONVERTIBLE SECURITIES — continued ⁽⁴⁾		
Financial and Insurance — 8.4%		
25,000	The Chubb Corp. 7% equity units 08/16/06 (A2) ⁽¹⁾	\$ 879,500
43,500	E*TRADE Financial Corp. 6.125% equity units 11/18/08 (B3)	1,250,625
30,000	Merrill Lynch & Co., Inc. 6.75% mandatory exch. securities 10/15/07 (Aa3) (exch. for Nuveen Investments, Inc. common stock)	1,183,530
80,000	MetLife, Inc. 6.375% common equity units 08/15/08 (BBB+)	2,230,000
42,500	Morgan Stanley, Inc. 5.875% mandatory exch. securities 10/15/08 (Aa3) (exch. for Nuveen Investments, Inc. common stock)	1,687,845
40,000	The PMI Group, Inc. 5.875% HITS units 11/15/06 (A1) ⁽¹⁾	995,000
45,000	XL Capital, Ltd. 6.5% equity security units 05/15/07 (A3)	1,024,200
10,000	XL Capital, Ltd. 7% equity security units 02/15/09 (A3)	255,500
		<u>9,506,200</u>
Foods — 1.8%		
40,000	Albertson's, Inc. 7.25% HITS units 05/16/07 (Baa3) ⁽¹⁾	910,000
40,000	Lehman Brothers Holdings, Inc. 6.25% PIES 10/15/07 (A1) (exch. for General Mills, Inc. common stock)	1,060,000
		<u>1,970,000</u>
Pharmaceuticals — 1.9%		
40,000	Schering-Plough Corp. 6% mand. cv. pfd. 09/14/07 (Baa3)	2,151,600
Technology — 1.3%		
37,500	Credit Suisse First Boston (USA), Inc. 5.5% SAILS 11/15/08 (Aa3) (exch. for Equinix, Inc. common stock)	1,507,500
	TOTAL MANDATORY CONVERTIBLE SECURITIES ⁽⁴⁾	<u>\$21,268,225</u>
COMMON STOCKS — 4.1%		
Health Care — 1.5%		
23,462	Community Health Systems, Inc. ⁽³⁾	899,533
21,115	LifePoint Hospitals, Inc. ⁽³⁾	791,813
		<u>1,691,346</u>
Multi-Industry — 0.4%		
25,000	Cendant Corp.	<u>431,250</u>
Pharmaceuticals — 1.4%		
26,300	Johnson & Johnson	<u>1,580,630</u>
Telecommunications — 0.9%		
40,000	AT&T Inc.	<u>979,600</u>
	TOTAL COMMON STOCKS	<u>\$ 4,682,826</u>

Portfolio of Investments December 31, 2005 (continued)

<u>Principal Amount</u>	<u>Value (Note 1)</u>
SHORT-TERM SECURITIES — 2.8%	
Commercial Paper — 2.7%	
\$3,100,000	American Express Credit Corp. (P1) (4.28% maturing 01/03/06) \$ 3,098,157
U.S. Government Obligations — 0.0%	
11,000	U.S. Treasury notes 2.25% 04/30/06 (Aaa) (5) 10,931
TOTAL SHORT-TERM SECURITIES 3,109,088	
Total Convertible Bonds and Notes — 50.5% 57,082,377	
Total Convertible Preferred Stocks — 23.1% 26,162,935	
Total Mandatory Convertible Securities — 18.8% 21,268,225	
Total Common Stocks — 4.1% 4,682,826	
Total Short-Term Securities — 2.8% 3,109,088	
Total Investments — 99.3% 112,305,451	
Other assets and liabilities, net — 0.7% 807,921	
Total Net Assets — 100.0% <u>\$113,113,372</u>	

- (1) Contingent payment debt instrument which accrues contingent interest. See Note 1(b).
- (2) Security not registered under the Securities Act of 1933, as amended (e.g., the security was purchased in a Rule 144A or a Reg D transaction). The security may be resold only pursuant to an exemption from registration under the 1933 Act, typically to qualified institutional buyers. The Fund generally has no rights to demand registration of these securities. The aggregate market value of these securities at December 31, 2005 was \$10,900,534 which represented 9.6% of the Fund's net assets.
- (3) Non-income producing security.
- (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.
- (5) Collateral for a letter of credit.

ACES	Automatic Convertible Equity Securities.
ADR	American Depositary Receipts.
BONUSES	Bifurcated Option Note Unit Securities.
CODES	Convertible Contingent Debt Securities.
HITS	Hybrid Income Term Security.
LYONs	Liquid Yield Option Notes.
PIES	Premium Income Exchangeable Securities.
PIERS	Preferred Income Equity Redeemable Securities.
SAILS	Shared Appreciation Income Linked Securities.
ZYPS	Zero Yield Puttable Securities.

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

Notes to Financial Statements (unaudited)

1. Significant Accounting Policies

Ellsworth Fund Ltd. (successor to Ellsworth Convertible Growth and Income Fund, Inc. (the “Fund”)) is registered under the Investment Company Act of 1940 as a diversified, closed-end management investment company. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements:

(a) 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. Unlisted securities traded in the over-the-counter market and 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. Securities for which quotations are not readily available, restricted securities and other assets are valued at fair value as determined in good faith by management with the approval of the Board of Directors. Short-term debt securities with original maturities of 60 days or less are valued at amortized cost.

(b) 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. Contingent interest income amounted to approximately 2 cents per share for the three months ended December 31, 2005. In addition, Federal tax regulations require the Fund to reclassify realized gains on contingent payment debt instruments to interest income. At December 31, 2005 there were unrealized losses of approximately 2 cents per share on contingent payment debt instruments.