
Ellsworth Fund Ltd.

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

To Our Shareholders:

In recent years financial innovations and alternative financing sources have come to provide many companies with the capital necessary to meet their needs. These sources often displaced more traditional forms of capital such as convertible securities. With the continuing recent disruption of the financial markets, many of these newer financing sources and sources such as high yield securities have become less reliable.

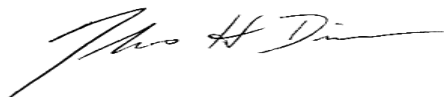
As a consequence of the above, many companies have returned to the convertible market and terms have become more attractive. Current new convertible issues have annual yields averaging over 5% with premiums to conversion value around 30%. An astonishing 26% of the convertible marketplace is made up of issues from financial companies as these issuers seek to improve their balance sheets by issuing convertible preferred shares. Some of these offerings include an annual yield of 7.5% or more. One year ago the average weighted annual yield on the Merrill Lynch All Convertible Securities Index (the "Index") was 3%; today it is 4.1%. Share price declines have caused the average weighted premium to move to 49% up from 30%, evidence of the buffer that convertible securities usually provide to stock movement. Parity delta (a measure of equity sensitivity) has been measured by Merrill Lynch at 63.1, which implies that on average, convertible securities will match about 63% of the movement of underlying equities, an indication that the index is still sensitive to the stocks underlying these securities. Further, with the relatively high yield available on many of these convertible securities they are likely to be less sensitive to downward moves in their underlying common stocks than they are to upward moves. In our opinion, these factors make us agree with Merrill Lynch that the convertible market appears to be undervalued.

The Fund's performance in the recent quarter was enhanced by its exposure to the energy, minerals and mining, and chemicals industries. Among the better

performing issues in the portfolio were McMoRan Exploration and Oil States International, both in the energy industry. Performance was held back by exposure to the insurance and the banking/savings and loan industries.

As indicated in the Performance chart of this Third Quarter Update, Ellsworth's market return outperformed the Index for the six-month and one-year periods ended June 30, 2008, while underperforming for the five- and ten-year periods. The Fund's NAV, after adjustment for fund expenses (the Index includes no expenses) and for the Fund's fiscal 2004 rights offering, outperformed over the one-, five- and ten-year periods while underperforming for the six-month period. In addition, for the ten-year period, the Fund's NAV and market volatility, as measured by standard deviation, were lower than that of the Index. Many market professionals consider the volatility of past returns to be a useful approximation of the past levels of risk. A higher volatility level equates to a higher measure of risk, and thus the Fund's excellent results were achieved with less risk than that implied by the Index. This measure of historic results may not reflect future performance but we believe that it is informative.

At its July meeting, the Board of Trustees declared a dividend of nine cents per share. The dividend consists of undistributed net investment income and will be payable on August 28, 2008 to shareholders of record on August 14, 2008.



Thomas H. Dinsmore
Chairman of the Board

August 19, 2008

Shareholder Services and Transfer Agent

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Stock Exchange Listing

AMEX - Symbol: ECF



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Third Quarter Update - June 30, 2008 (unaudited)

Financial Highlights

Market price 6/30/08	\$7.77
Net asset value (NAV) 6/30/08	\$8.66
Market discount to NAV	(10.28)%
12-Month income distribution	\$0.34
Yield on market price	4.38%
Ratio of expenses to avg. net assets	1.07%*
Ratio of net income to avg. net assets	4.08%*
Portfolio turnover	41.97%
Shares outstanding	13,153,252

* Annualized

Largest Investment Holdings as of 6/30/08

by underlying common stock	% of Net Assets
Prudential Financial, Inc.	3.4
Chesapeake Energy Corp.	3.2
Freeport-McMoRan Copper & Gold Inc.	3.0
Bristol-Myers Squibb Co.	2.6
LSB Industries, Inc.	2.6
Companhia Vale do Rio Doce	2.4
Oil States International, Inc.	2.4
New York Community Bancorp, Inc.	2.3
Wyeth	2.3
The Walt Disney Company	2.2

Major Industry Exposure as of 6/30/08

	% of Net Assets
Energy	13.5
Pharmaceuticals	10.3
Insurance	7.4
Telecommunications	7.0
Minerals and Mining	6.6
Banking/Savings and Loan	5.9
Consumer Goods	5.1
Health Care	5.0
Semiconductors	4.8
Computer Hardware	4.5

Performance through 6/30/08 with dividends reinvested

	6 Months	1 Year	Annualized 5 Years	Annualized 10 Years	10 Year Volatility
Ellsworth market price	(3.55)%	(3.69)%	5.06%	5.51%	9.27%
Ellsworth net asset value	(5.19)	(4.63)	6.10	4.82	9.29
Merrill Lynch All Convertibles Index	(4.18)	(6.36)	6.88	5.84	12.87
S&P 500	(11.91)	(13.12)	7.57	2.88	15.05
Lehman Aggregate Bond Total Return Index	1.13	7.12	4.48	5.68	4.00

The above data is from Bloomberg L.P. pricing service, with the exception of the Lehman Aggregate Bond Total Return Index taken from Lipper's *Closed-End Fund Performance Analysis*, dated June 30, 2008, published by Lipper, Inc.

Ellsworth's performance in the table above has not been adjusted for the fiscal 2004 rights offering. Performance data represent past results and do not reflect future performance.

Quarterly History of NAV and Market Price

Qtr. Ended	Net Asset Values			Market Prices		
	High	Low	Close	High	Low	Close
9/30/07	\$10.46	\$9.62	\$10.27	\$9.45	\$8.04	\$9.09
12/31/07	10.49	8.99	9.32	9.38	7.85	8.16
3/31/08	9.27	8.37	8.52	8.26	7.54	7.70
6/30/08	9.12	8.37	8.66	8.10	7.62	7.77

Total Fund Investments as of 6/30/08

	(000's)	% of Net Assets
Convertible Bonds and Notes	\$ 56,848	49.9
Corporate Bonds and Notes	1,200	1.1
Convertible Preferred Stocks	12,682	11.1
Mandatory Convertible Securities	28,674	25.2
Common Stock	3,291	2.9
Other Assets	11,170	9.8
Net Assets	<u>\$113,865</u>	<u>100.0%</u>

Dividend Distributions (12 Months)

Record Date	Payment Date	Income	Capital Gains	Total
8/16/07	8/30/07	\$0.100	—	\$0.100
10/25/07	11/21/07	0.060	\$0.827	0.887
2/14/08	2/28/08	0.090	—	0.090
5/15/08	5/29/08	0.090	—	0.090
		<u>\$0.340</u>	<u>\$0.827</u>	<u>\$1.167</u>

The portfolio holdings and industry exposure are as of June 30, 2008 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.

Portfolio of Investments June 30, 2008 (unaudited)

	Principal Amount	Value (Note 1)
CONVERTIBLE BONDS AND NOTES — 49.9%		
Aerospace and Defense — 1.1%		
Alliant Techsystems Inc. 2.75%, due 2011 cv. sr. sub. notes (B1)	\$1,000,000	\$ 1,212,500
Computer Hardware — 4.5%		
Credit Suisse, New York Branch 12.90%, due 2008 equity-linked notes (NR) (exchangeable for Corning Inc. common stock)	2,000,000	1,942,200
EMC Corp. 1.75%, due 2011 cv. sr. notes (A-)	1,000,000	1,143,750
EMC Corp. 1.75%, due 2013 cv. sr. notes (A-)	1,000,000	1,146,250
Richardson Electronics, Ltd. 8%, due 2011 cv. sr. sub. notes (NR)	1,000,000	942,500
		<u>5,174,700</u>
Computer Software — 2.9%		
Blackboard Inc. 3.25%, due 2027 cv. sr. notes (B-)	1,000,000	983,750
GSI Commerce, Inc. 2.5%, due 2027 cv. sr. notes (NR)	1,000,000	756,250
Lehman Brothers Holdings Inc. 1%, due 2009 medium-term notes (A1) (performance linked to Microsoft Corp. common stock) (1)	1,500,000	1,512,000
		<u>3,252,000</u>
Consumer Goods — 2.6%		
Chattem, Inc. 1.625%, due 2014 cv. sr. notes (NR)	1,500,000	1,597,500
Church & Dwight Co., Inc. 5.25%, due 2033 cv. sr. deb. (Ba2)	750,000	1,371,563
		<u>2,969,063</u>
Energy — 3.8%		
Covanta Holding Corp. 1%, due 2027 sr. cv. deb. (B1) (1)	1,500,000	1,599,375
Oil States International, Inc. 2.375%, due 2025 contingent cv. sr. notes (NR)	1,325,000	2,782,500
		<u>4,381,875</u>
Financial Services — 1.5%		
Euronet Worldwide, Inc. 3.50%, due 2025 cv. deb. (B+) (1)	2,000,000	1,660,000
Foods — 1.6%		
The Great Atlantic & Pacific Tea Company, Inc. 5.125%, due 2011 cv. sr. notes (Caa1)	500,000	469,375
The Great Atlantic & Pacific Tea Company, Inc. 6.75%, due 2012 cv. sr. notes (Caa1)	1,500,000	1,400,625
		<u>1,870,000</u>
Health Care — 3.7%		
Kinetic Concepts, Inc. 3.25%, due 2015 cv. sr. notes (B+) (Acquired 04/16/08; Cost \$1,500,000) (2)	1,500,000	1,535,625
Omnicare, Inc. 3.25%, due 2035 cv. sr. deb. (B3) (1)	900,000	677,250
SonoSite Inc. 3.75%, due 2014 cv. sr. notes (NR)	1,000,000	1,010,000
St. Jude Medical, Inc. 1.22%, due 2008 cv. sr. deb. (A-)	1,000,000	995,000
		<u>4,217,875</u>
Insurance — 3.4%		
Prudential Financial, Inc. floating rate, due 2036 cv. sr. notes (A3)	3,000,000	2,937,000
Prudential Financial, Inc. floating rate, due 2037 cv. sr. notes (A3) (Acquired 12/07/07; Cost \$988,750) (2)	1,000,000	950,000
		<u>3,887,000</u>
Media and Entertainment — 0.9%		
Virgin Media Inc. 6.5%, due 2016 cv. sr. notes (B-)	1,000,000	1,037,500

Portfolio of Investments June 30, 2008 (continued)

	Principal Amount	Value (Note 1)
CONVERTIBLE BONDS AND NOTES — continued		
Multi-Industry — 2.9%		
Diversa Corp. 5.5%, due 2027 cv. sr. notes (NR) (exchangeable for Verenum Corp. common stock)	\$ 750,000	\$ 266,250
LSB Industries, Inc. 5.5%, due 2012 cv. sr. sub. deb. (NR) (Acquired 06/28/07 - 09/13/07; Cost \$3,037,813) (2)	3,000,000	<u>2,992,500</u> 3,258,750
Pharmaceuticals — 7.1%		
Bristol-Myers Squibb Co. floating rate, due 2023 cv. sr. deb. (A2)	3,000,000	2,998,140
Mylan Inc. 1.25%, due 2012 sr. cv. notes (B-)	1,000,000	842,500
Teva Pharmaceutical Finance Co. B.V. 1.75%, due 2026 cv. sr. deb. (Baa2) (exchangeable for Teva Pharmaceutical Industries Ltd. ADR)	1,500,000	1,674,375
Wyeth floating rate, due 2024 cv. sr. deb. (A3)	2,500,000	<u>2,565,500</u> 8,080,515
Real Estate — 1.6%		
ProLogis 2.25%, due 2037 cv. sr. notes (BBB+) (Acquired 03/20/07 - 05/16/08; Cost \$2,000,163) (2)	2,000,000	<u>1,837,500</u>
Semiconductors — 4.8%		
Agere Systems Inc. 6.5%, due 2009 cv. sub. notes (BB) (exchangeable for LSI Corp.)	2,000,000	2,040,000
Cypress Semiconductor Corp. 1%, due 2009 cv. sr. notes (NR)	1,250,000	1,451,563
Intel Corp. 2.95%, due 2035 jr. sub. cv. deb. (A-) (1)	2,000,000	<u>1,957,500</u> 5,449,063
Telecommunications — 6.1%		
ADC Telecommunications Inc. 3.50%, due 2015 cv. sub. notes (NR)	500,000	508,750
ADC Telecommunications Inc. 3.50%, due 2017 cv. sub. notes (NR)	1,000,000	1,020,000
Anixter International Inc. 1%, due 2013 sr. cv. notes (BB-)	1,000,000	1,102,500
Equinix, Inc. 2.5%, due 2012 cv. sub. notes (CCC+)	2,000,000	2,062,500
General Cable Corp. 1%, due 2012 sr. cv. notes (B1)	1,500,000	1,488,750
SAVVIS, Inc. 3%, due 2012 cv. sr. notes (NR)	1,000,000	<u>730,000</u> 6,912,500
Transportation — 0.9%		
ExpressJet Holdings, Inc. 4.25%, due 2023 cv. notes (NR)	1,400,000	<u>980,000</u>
Travel and Leisure — 0.6%		
Morgans Hotel Group 2.375%, due 2014 sr. sub. cv notes (NR) (Acquired 10/11/07 - 10/12/07; Cost \$1,026,250) (2)	1,000,000	<u>667,500</u>
TOTAL CONVERTIBLE BONDS AND NOTES		<u>56,848,341</u>
CORPORATE BONDS AND NOTES — 1.1%		
Retail — 1.1%		
Amerivon Holdings LLC 4%, due 2010 units (NR) (Acquired 06/01/07; Cost \$1,500,000) (2,3)	1,500,000	<u>1,200,000</u>

Portfolio of Investments June 30, 2008 (continued)

	Shares	Value (Note 1)
CONVERTIBLE PREFERRED STOCKS — 11.1%		
Aerospace and Defense — 0.3%		
Applied Energetics, Inc. 6.5% series A redeemable cv. pfd. (NR) (Acquired 10/27/05; Cost \$1,000,000) (2)	40,000	\$ 310,000
Banking/Savings and Loan — 5.9%		
New York Community Bancorp, Inc. 6% BONUSSES units (Baa1)	54,178	2,596,752
Sovereign Capital Trust IV 4.375% PIERS (Baa2) (exchangeable for Sovereign Bancorp, Inc. common stock) (1)	14,000	434,000
UCBH Holdings, Inc. 8.5% perpetual cv. pfd (NR)	500	350,000
Wachovia Corp. 7.5% series L perpetual cv. pfd (A2)	1,100	969,518
Washington Mutual, Inc. 7.75% series R non-cumulative perpetual cv. pfd. (Ba2) .	1,100	645,700
Webster Financial Corp. 8.5% perpetual pfd (NR)	2,000	1,720,000
		<u>6,715,970</u>
Chemicals — 1.5%		
Celanese Corp. 4.25% cv. perpetual pfd. (NR)	30,000	1,762,500
Energy — 3.2%		
Chesapeake Energy Corp. 4.5% cum. cv. pfd. (B+)	22,800	3,670,800
Telecommunications — 0.2%		
Medis Technologies Ltd. 7.25% series A cum. cv. perpetual pfd. (NR)	100	222,450
TOTAL CONVERTIBLE PREFERRED STOCKS		<u>12,681,720</u>
MANDATORY CONVERTIBLE SECURITIES — 25.2% (4)		
Consumer Goods — 2.5%		
Avery Dennison Corp. 7.875%, due 11/15/10 mandatory cv. pfd. (BBB-)	30,000	1,347,600
The Stanley Works floating rate equity units, due 05/17/12 (A2)	1,750	1,450,750
		<u>2,798,350</u>
Energy — 6.4%		
Bristow Group Inc. 5.5%, due 09/15/09 mandatory cv. pfd. (B)	20,000	1,226,250
McMoRan Exploration Co. 6.75%, due 11/15/10 mandatory cv. pfd. (NR)	10,000	1,871,100
Merrill Lynch & Co., Inc. 5.4%, due 09/27/10 PRIDES (A+) (linked to the performance of ConocoPhillips common stock)	2,000	1,963,800
NATIXIS Financial Products Inc. 7.05%, due 03/02/09 mandatory trigger exchangeable notes (NR) (exchangeable for Nabors Industries, Inc. common stock) (Acquired 05/22/08; Cost \$2,063,500) (2)	50,000	2,207,900
		<u>7,269,050</u>
Media and Entertainment — 2.2%		
Deutsche Bank AG 4.9%, due 04/28/09 mandatory exchangeable notes (NR) (exchangeable for The Walt Disney Company common stock)	82,500	2,547,188

Portfolio of Investments June 30, 2008 (continued)

	Shares	Value (Note 1)
MANDATORY CONVERTIBLE SECURITIES — continued		
Foods — 1.0%		
Lehman Brothers Holdings Inc. 6%, due 10/12/10 PIES (A1) (exchangeable for General Mills, Inc. common stock)	50,000	\$ 1,193,000
Health Care — 1.3%		
NATIXIS Financial Products Inc. 11%, due 01/21/09 mandatory trigger exchangeable notes (NR) (exchangeable for St. Jude Medical, Inc. common stock) (Acquired 04/16/08; Cost \$1,559,485) (2)	35,768	1,529,404
Insurance — 4.0%		
Alleghany Corp. 5.75%, due 06/15/09 mandatory cv. pfd. (BB+)	4,000	1,235,359
Citigroup Funding Inc. variable rate, due 09/27/08 exchangeable notes (Aa3) (exchangeable for Genworth Financial, Inc. common stock)	75,000	1,392,000
MetLife, Inc. 6.375%, due 08/15/08 common equity units (BBB+)	50,000	1,310,500
XL Capital Ltd. 7%, due 02/15/09 equity security units, due 02/15/09 (Baa1)	72,500	649,600
		4,587,459
Minerals and Mining — 5.3%		
Freeport-McMoRan Copper & Gold Inc. 6.75%, due 05/01/10 mandatory cv. pfd. (BB)	20,000	3,362,400
Vale Capital Ltd. 5.5%, due 06/15/10 mandatory convertible notes (NR) (exchangeable for ADS representing Companhia Vale do Rio Doce common stock)	30,000	2,029,500
Vale Capital Ltd. 5.5%, due 06/15/10 mandatory convertible notes (NR) (exchangeable for ADS representing Companhia Vale do Rio Doce Preference A Shares)	10,000	668,125
		6,060,025
Pharmaceuticals — 2.4%		
Mylan Inc. 6.5%, due 11/15/10 mandatory cv. pfd. (B-)	1,000	869,860
Schering-Plough Corp. 6%, due 08/13/10 mandatory cv. pfd. (Baa3)	9,500	1,819,345
		2,689,205
TOTAL MANDATORY CONVERTIBLE SECURITIES (4)		28,673,681
COMMON STOCKS — 2.9%		
Aerospace and Defense — 0.0%		
Applied Energetics, Inc.	7,724	12,281
Minerals and Mining — 1.3%		
Southern Copper Corp.	13,500	1,439,505
Pharmaceuticals — 0.9%		
Johnson & Johnson	15,500	997,270
Telecommunications — 0.7%		
AT&T	25,000	842,250
TOTAL COMMON STOCKS		3,291,306

Portfolio of Investments June 30, 2008 (continued)

	Value (Note 1)
Total Convertible Bonds and Notes — 49.9%	\$ 56,848,341
Total Corporate Bonds and Notes — 1.1%	1,200,000
Total Convertible Preferred Stocks — 11.1%	12,681,720
Total Mandatory Convertible Securities — 25.2%	28,673,681
Total Common Stocks — 2.9%	3,291,306
Total Investments — 90.2%	<u>102,695,048</u>
Other assets and liabilities, net — 9.8%	11,170,053
Total Net Assets — 100.0%	<u>\$113,865,101</u>

- (1) Contingent payment debt instrument which accrues contingent interest. See Note 2.
- (2) Security not registered under the Securities Act of 1933, as amended (i.e., the security was purchased in a Rule 144A or a Regulation D transaction). The security may be resold only pursuant to an exemption from registration under the Securities Act of 1933, typically to qualified institutional buyers. The Fund generally has no rights to demand registration of these securities. The aggregate market value of these securities at June 30, 2008 was \$13,230,429 which represented 11.6% of the Fund's net assets.
- (3) Investment is a restricted security, valued at fair value as determined in good faith in accordance with procedures adopted by the Board of Trustees. It is possible that the estimated value may differ significantly from the amount that might ultimately be realized in the near term, and the difference could be material. The fair value of this security represented 1.1% of the Fund's net assets.
- (4) These securities are required to be converted on the dates listed; they generally may be converted prior to these dates at the option of the holder.

ADR	American Depositary Receipts.
ADS	American Depositary Shares.
BONUSES	Bifurcated Option Note Unit Securities.
PIES	Premium Income Exchangeable Securities.
PIERS	Preferred Income Equity Redeemable Securities.
PRIDES	Preferred Redeemable Income Dividend Equity Securities.

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

Summary of Portfolio Ratings	
(Excludes equity securities and cash)	
	% of Portfolio
Aa	6
A	18
Baa	15
Ba	3
B	19
Caa	4
NR	32

See accompanying notes to financial statements

Selected Notes to Financial Statements (unaudited)

Ellsworth Fund Ltd. (established in 1986) (the “Fund”), is registered under the Investment Company Act of 1940 as a diversified, closed-end management investment company.

Note 1. Security Valuation — Investments in securities traded on a national securities exchange are valued at market using the last reported sales price as of the close of regular trading. Listed securities, for which no sales were reported, are valued at the mean between closing reported bid and asked prices as of the close of regular trading. Unlisted securities traded in the over-the-counter market are valued using an evaluated quote provided by an independent pricing service, or, if an evaluated quote is unavailable, such securities are valued using prices received from dealers, provided that if the dealer supplies both bid and asked prices, the price to be used is the mean of the bid and asked prices. The independent pricing service derives an evaluated quote by obtaining dealer quotes, analyzing the listed markets, reviewing trade execution data and employing sensitivity analysis. Evaluated quotes may also reflect appropriate factors such as individual characteristics of the issue, communications with broker-dealers, and other market data. Securities for which quotations are not readily available, restricted securities and other assets are valued at fair value as determined in good faith pursuant to procedures approved by the Board of Trustees. Short-term debt securities with original maturities of 60 days or less are valued at amortized cost.

Note 2. Securities Transactions and Related Investment Income — Security transactions are accounted for on the trade date (date the order to buy or sell is executed) with gain or loss on the sale of securities being determined based upon identified cost. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis, including accretion of discounts and amortization of non-equity premium. For certain securities, known as “contingent payment debt instruments,” Federal tax regulations require the Fund to record non-cash, “contingent” interest income in addition to interest income actually received.

At June 30, 2008 unrealized appreciation (depreciation) of investment securities on a tax basis were as follows:

Unrealized appreciation	\$ 8,362,233
Unrealized depreciation	<u>(11,346,273)</u>
Net unrealized appreciation	<u>(2,984,040)</u>

Cost for federal income tax purposes	<u>\$105,679,084</u>
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