

EAGLE CAPITAL GROWTH FUND, INC.

Form N-Q

October 05, 2009

United States
Securities and Exchange Commission
Washington, D.C. 20549

Form N-Q

Quarterly Schedule of Portfolio Holdings of Registered
Management Investment Company
Investment Company Act file number: 811-05807
Eagle Capital Growth Fund, Inc.
(Exact name of registrant as specified in charter)

205 E. Wisconsin Ave, Suite 120, Milwaukee, WI 53202
(Address of principal executive offices) (zip code)

Luke E. Sims, President
Eagle Capital Growth Fund, Inc.

205 E. Wisconsin Ave
Suite 120

Milwaukee, WI 53202
(414) 765-1107

(Name and address of agent for service)

Registrant's telephone number, including area code:
(414) 765-1107

Date of fiscal year end: December 31, 2009

Date of reporting period: September 30, 2009

ITEM 1. SCHEDULE OF INVESTMENTS

Eagle Capital Growth Fund, Inc.
Portfolio of Investments (as of September 30, 2009) (unaudited)

Industry

Common Stock (87.3% of Total Investments)

	Shares	Cost	Market Value		
Consumer					
Colgate-Palmolive Co.	13,000	\$ 322,390	\$ 991,640		
Johnson Outdoors	21,158	125,640	190,422		
PepsiCo Inc.	10,000	168,296	586,600		
			\$ 1,768,662	(8.9	%)
Data Processing					
Automatic Data Processing, Inc.	15,000	522,202	589,500		
Paychex Inc.	29,000	796,569	842,450		
Total Systems Services, Inc.	13,065	177,851	210,477		
			\$ 1,642,427	(8.3	%)
Drug/Medical Device					
Johnson & Johnson	17,000	731,295	1,035,130		
Medtronic, Inc.	17,000	850,214	625,600		
Pfizer Inc.	21,500	220,137	355,825		
Stryker Corp.	22,000	180,012	999,460		
Teleflex Inc.	16,000	545,608	772,960		
Wyeth	17,500	786,924	850,150		
Zimmer Holdings Inc.*	1,000	81,859	53,450		
			\$ 4,692,575	(23.7	%)
Bank					
Citigroup Inc.*	17,000	140,100	82,280		
Marshall & Ilsley Corp.	5,000	167,716	40,350		
			\$ 122,630	(0.6	%)
Industrial					
Emerson Electric Co.	20,000	335,278	801,600		
General Electric Co.	35,000	677,544	574,700		
Graco Inc.	28,750	1,061,832	801,263		
Manitowoc Company Inc.	130,000	1,682,558	1,231,100		
Sigma Aldrich Corp.	7,000	58,094	377,860		
Waters Corp.*	6,000	302,341	335,160		
			\$ 4,121,683	(20.8	%)
Mutual Fund Managers					
Eaton Vance Corp.	25,000	601,064	699,750		
Franklin Resources Inc.	8,000	709,459	804,800		
T. Rowe Price	2,000	59,476	91,400		
			\$ 1,595,950	(8.1	%)
Insurance					
AFLAC Inc.	16,500	79,484	705,210		
Berkshire Hathaway Inc ("B" Share)*	250	897,745	830,750		
			\$ 1,535,960	(7.8	%)

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Retail/Distribution

The Home Depot, Inc.	26,500	1,039,592	705,960		
Lowe's Companies Inc.	20,000	454,858	418,800		
Sysco Corp.	27,000	309,199	670,950		
				\$1,795,710	(9.1 %)
Total common stock investments				\$17,275,597	
Cash and cash equivalents (12.7% of total investments)				2,507,338	
Total investments				\$19,782,935	
All other assets less liabilities				1,085	
Total net assets				\$19,784,020	

*Non-dividend paying security

Footnote:

The following information is based upon federal income tax cost of portfolio investments as of September 30, 2009:

Gross unrealized appreciation	\$5,503,235
Gross unrealized depreciation	(2,312,974)
Net unrealized appreciation	\$3,190,261
Federal income tax basis	\$14,085,336

ITEM 2. VALUATION HIERARCHY

SFAS 157 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets in which the Fund can participate.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement, and include inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

A financial instrument’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Assets

Common Stock Investments

All of the Fund’s common stock investments are classified within Level 1 of the valuation hierarchy as quoted prices are available in an active market.

The following table presents the financial instruments carried at fair value as of September 30, 2009, as identified in Item 1., Schedule of Investments and by the SFAS 157 hierarchy (as described above):

Assets measure at fair value on a recurring basis as of September 30, 2009:

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Balance at September 30, 2009
Common Stock Investments	\$17,275,597	\$---	\$ ---	\$17,275,597

ITEM 3. CONTROLS AND PROCEDURES.

(i) As of October 1, 2009, an evaluation of the effectiveness of the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) was performed by management with the participation of the registrant's President and Chief Executive Officer (who is the principal executive officer of the registrant) and the registrant’s Chief Financial Officer (who is the principal financial officer of the registrant). Based on that evaluation, the registrant's President and Chief Executive Officer and Chief Financial Officer concluded that the registrant's disclosure controls and procedures are effectively designed to ensure that information required to be disclosed by the registrant is recorded, processed, summarized and reported within the time periods specified by the Commission's rules and forms, and that information required to be disclosed by the registrant has been accumulated and communicated to the registrant's management, including its principal executive officer and principal financial officer, or persons performing similar functions as appropriate to allow timely decisions regarding required disclosure.

(ii) There has been no change in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act) that occurred during the last fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS

99.1 Certification of principal executive officer as required by Rule 30a-2(a) under the Act.

99.2 Certification of principal financial officer as required by Rule 30a-2(a) under the Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EAGLE CAPITAL GROWTH FUND, INC.

By: /s/ Luke E. Sims
Luke E. Sims
President and Chief Executive Officer

Dated: October 5, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Luke E. Sims
Luke E. Sims
President and Chief Executive Officer (Principal Executive Officer)

Dated: October 5, 2009

By: /s/ David C. Sims
David C. Sims
Chief Financial Officer (Principal Financial Officer)

Date: October 5, 2009
