

EAGLE CAPITAL GROWTH FUND, INC.

Form N-Q

October 04, 2016

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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)

225 East Mason Street, Suite 802, Milwaukee, WI 53202-3657

(Address of principal executive offices) (zip code)

Luke E. Sims, President

Eagle Capital Growth Fund, Inc.

225 East Mason Street

Suite 802

Milwaukee, WI 53202-3657

(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, 2016

Date of reporting period: September 30, 2016

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ITEM 1. SCHEDULE OF INVESTMENTS

Eagle Capital Growth Fund, Inc.

Portfolio of Investments (as of September 30, 2016) (unaudited)

Common Stock (69.4% of total investments)

| <u>Industry</u>                                 | Shares  | Cost      | LEVEL ONE<br>Market Value | % Total Inv. |
|---|---------|-----------|---------------------------|--------------|
| Consumer  |         |           |                           |              |
| Colgate-Palmolive Co.                           | 12,000  | \$72,938  | \$ 889,680                |              |
| PepsiCo, Inc.                                   | 10,000  | 168,296   | 1,087,700                 |              |
|   |         |           | \$ 1,977,380              | (6.5 %)      |
| Data Processing                                 |         |           |                           |              |
| Automatic Data Processing, Inc.                 | 15,000  | 455,833   | 1,322,775                 |              |
| Paychex, Inc.                                   | 23,000  | 583,060   | 1,331,010                 |              |
|   |         |           | \$ 2,653,785              | (8.7 %)      |
| Health Care/Pharma                              |         |           |                           |              |
| Abbott Laboratories Inc.                        | 7,500   | 175,588   | 317,175                   |              |
| Johnson & Johnson                               | 4,000   | 45,500    | 472,520                   |              |
| Stryker Corp.                                   | 11,000  | 47,141    | 1,280,510                 |              |
|   |         |           | \$ 2,070,205              | (6.8 %)      |
| Industrial                                      |         |           |                           |              |
| CSW Industrials, Inc.*                          | 25,750  | 756,821   | 834,043                   |              |
| Deere & Company                                 | 3,000   | 220,308   | 256,050                   |              |
| Emerson Electric Co.                            | 18,000  | 810,169   | 981,180                   |              |
| Illinois Tool Works Inc.                        | 13,000  | 583,134   | 1,557,920                 |              |
| Waters Corp.*                                   | 6,000   | 302,341   | 950,940                   |              |
|   |         |           | \$ 4,580,133              | (15.0 %)     |
| Insurance                                       |         |           |                           |              |
| Berkshire Hathaway Inc. B*                      | 8,000   | 590,996   | 1,155,760                 |              |
| Markel Corp.*                                   | 1,300   | 831,360   | 1,207,401                 |              |
| White Mountains Insurance Group, Ltd.           | 1,000   | 730,019   | 830,000                   |              |
|   |         |           | \$ 3,193,161              | (10.5 %)     |
| Mutual Fund Managers                            |         |           |                           |              |
| Franklin Resources, Inc.                        | 60,000  | 2,093,152 | 2,134,200                 |              |
| T. Rowe Price Group, Inc.                       | 33,500  | 2,281,865 | 2,227,750                 |              |
|   |         |           | \$ 4,361,950              | (14.3 %)     |
| Retail  |         |           |                           |              |
| eBay Inc.*                                      | 29,500  | 694,959   | 970,550                   |              |
|   |         |           | \$ 970,550                | (3.2 %)      |
| Closed-End Funds                                |         |           |                           |              |
| Full Circle Capital Corp.*                      | 502,268 | 1,339,590 | 1,325,988                 |              |
|   |         |           | \$ 1,325,988              | (4.4 %)      |
| Total common stock investments                  |         |           | \$ 21,133,152             |              |
| Money Market Funds (30.6% of total investments) |         |           | LEVEL ONE                 |              |
| Federated Government Oblig. #5 Inst., 0.26%     |         |           | 9,323,700                 |              |
| Total investments                               |         |           | \$ 30,456,852             |              |
| All other assets less liabilities               |         |           | 41,006                    |              |
| Accrued investment advisory fees                |         |           | (22,538 )                 |              |

Total net assets

\$ 30,475,320

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Footnote:

The following information is based upon federal income tax cost of portfolio investments, excluding money market investments, as of September 30, 2016:

|                               |             |
|-------------------------------|-------------|
| Gross unrealized appreciation | \$8,468,267 |
| Gross unrealized depreciation | 118,185     |
| Net unrealized appreciation   | \$8,350,081 |

|                          |              |
|--------------------------|--------------|
| Federal income tax basis | \$12,783,070 |
|--------------------------|--------------|

ITEM 2. Controls and Procedures

As of October 3, 2016, 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 (a) 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.

Fair Value Accounting—Accounting standards require certain assets and liabilities be reported at fair value in the (b) financial statements and provides a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

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