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EAGLE CAPITAL GROWTH FUND, INC.

Form N-Q

April 09, 2009

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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)

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: March 31, 2009

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ITEM 1. SCHEDULE OF INVESTMENTS

Eagle Capital Growth Fund, Inc.

Portfolio of Investments (as of March 31, 2009) (unaudited)

Common Stock (98.2% of Total Investments)

| Industry                        | Shares | Cost      | Market Value         |
|---------------------------------|--------|-----------|----------------------|
| <b>Consumer</b>                 |        |           |                      |
| Alcon Inc.                      | 4,000  | 360,012   | 363,640              |
| Colgate-Palmolive Co.           | 13,000 | 322,390   | 766,740              |
| PepsiCo Inc.                    | 10,000 | 168,296   | 514,800              |
|                                 |        |           | \$ 1,645,180 (11.6%) |
| <b>Data Processing</b>          |        |           |                      |
| Automatic Data Processing, Inc. | 12,000 | 417,172   | 421,920              |
| Jack Henry & Associates Inc.    | 34,000 | 626,877   | 554,880              |
| Metavante Technologies, Inc. *  | 1,666  | 43,292    | 33,253               |
| Paychex Inc.                    | 29,000 | 796,569   | 744,430              |
| Total Systems Services, Inc.    | 13,065 | 177,851   | 180,428              |
|                                 |        |           | \$ 1,934,911 (13.6%) |
| <b>Drug/Medical Device</b>      |        |           |                      |
| Johnson & Johnson               | 17,000 | 731,295   | 894,200              |
| Medtronic, Inc.                 | 17,000 | 850,214   | 500,990              |
| Pfizer Inc.                     | 39,000 | 796,655   | 531,180              |
| Stryker Corp.                   | 22,000 | 180,012   | 748,880              |
| Teleflex Inc.                   | 16,000 | 545,608   | 625,440              |
| Zimmer Holdings Inc. *          | 1,000  | 81,859    | 36,500               |
|                                 |        |           | \$ 3,337,190 (23.5%) |
| <b>Bank</b>                     |        |           |                      |
| CIT Group, Inc.                 | 20,000 | 587,335   | 57,000               |
| Citigroup Inc.                  | 22,000 | 368,636   | 55,660               |
| Marshall & Ilsley Corp.         | 5,000  | 167,716   | 28,150               |
| State Street Corp.              | 6,000  | 54,688    | 184,680              |
|                                 |        |           | \$ 325,490 (2.3%)    |
| <b>Industrial</b>               |        |           |                      |
| Emerson Electric Co.            | 20,000 | 335,278   | 571,600              |
| General Electric Co.            | 50,000 | 1,179,979 | 505,500              |
| Graco Inc.                      | 25,000 | 987,169   | 426,750              |
| Manitowoc Company Inc.          | 65,000 | 1,269,708 | 212,550              |
| Sigma Aldrich Corp.             | 7,000  | 58,094    | 264,530              |
|                                 |        |           | \$ 1,980,930 (13.9%) |
| <b>Mutual Fund Managers</b>     |        |           |                      |
| Eaton Vance Corp.               | 36,000 | 1,032,875 | 822,600              |
| Franklin Resources Inc.         | 13,000 | 1,190,124 | 700,310              |
| T. Rowe Price                   | 19,000 | 633,571   | 548,340              |
|                                 |        |           | \$ 2,071,250 (14.6%) |
| <b>Insurance</b>                |        |           |                      |
| AFLAC Inc.                      | 16,500 | 79,484    | 319,440              |
| Berkshire Hathaway B *          | 200    | 751,847   | 564,000              |

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|   |        |           |    |            |         |
|---|--------|-----------|----|------------|---------|
|   |        |           | \$ | 883,440    | (6.2%)  |
| <b>Retail/Distribution</b>                            |        |           |    |            |         |
| The Home Depot, Inc.                                  | 26,500 | 1,039,592 |    | 624,340    |         |
| Lowe's Companies Inc.                                 | 10,000 | 254,089   |    | 182,500    |         |
| Sysco Corp.   | 27,000 | 309,199   |    | 615,600    |         |
|   |        |           | \$ | 1,422,440  | (10.0%) |
| <b>Software</b>                                       |        |           |    |            |         |
| Microsoft Corporation                                 | 19,000 | 372,659   |    | 349,030    |         |
|   |        |           | \$ | 349,030    | (2.5%)  |
| <b>Total common stock investments</b>                 |        |           | \$ | 13,949,861 |         |
| Cash and cash equivalents (1.8% of total investments) |        |           |    | 256,266    |         |
| <b>Total investments</b>                              |        |           | \$ | 14,206,127 |         |
| All other assets less liabilities                     |        |           |    | 11,824     |         |
| <b>Total net assets</b>                               |        |           | \$ | 14,217,951 |         |

\*Non-dividend paying security

Footnote:

The following information is based upon federal income tax cost of portfolio investments as of March 31, 2009:

|                               |              |
|-------------------------------|--------------|
| Gross unrealized appreciation | \$ 2,732,520 |
| Gross unrealized depreciation | (5,552,803)  |

|                             |                |
|-----------------------------|----------------|
| Net unrealized depreciation | \$ (2,820,283) |
|-----------------------------|----------------|

|                          |               |
|--------------------------|---------------|
| Federal income tax basis | \$ 16,770,145 |
|--------------------------|---------------|

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.

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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 March 31, 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 March 31, 2009:

|                          | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets<br>Level 1 | Significant<br>Other<br>Observable<br>Inputs<br>Level 2 | Significant<br>Unobservable<br>Inputs<br>Level 3 | Balance at<br>September 30,<br>2008 |
|--------------------------|--|---|--|-------------------------------------|
| Common Stock Investments | \$ 13,949,861  | \$  | \$   | \$ 13,949,861                       |

### ITEM 3. CONTROLS AND PROCEDURES.

(i) As of April 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.

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(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: April 8, 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: April 8, 2009

By: /s/ David C. Sims

David C. Sims  
Chief Financial Officer (Principal Financial Officer)

Date: April 8, 2009

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