

2019

BRUCE FUND, INC.

SEMI-ANNUAL

REPORT

Report to Shareholders

December 31, 2019

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Fund's shareholder reports like this one may no longer be sent by mail, unless you specifically request paper copies of the reports from the Fund or from the financial intermediary that services your shareholder account. Instead, the reports may be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may be eligible to elect to receive shareholder reports and other communications from the Fund or the financial intermediary that services your shareholder account electronically. If you would like to sign up for electronic delivery of shareholder communications, please contact the Fund or your financial intermediary for instructions.

You may elect to receive all future reports in paper free of charge. You can inform the Fund that you wish to continue receiving paper copies of your shareholder reports by calling Shareholder Services at (800) 872-7823. If you hold your account with a financial intermediary, you will need to contact that intermediary or follow instructions included with this document to continue receiving paper copies of shareholder reports. Your election to receive reports in paper will apply to all funds held with your financial intermediary.

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Management's Discussion and Analysis (Unaudited)

The Bruce Fund (the "Fund") shares produced a total return of 8.59% for the six months ended December 31, 2019, compared to a total return of 10.92% for the S&P 500® Index for the same period. Stock markets continued to rise in the period as well as for the the year and the Fund lagged the broader Index. Government bond prices in the portfolio showed a gain in the six month period while the corporate bonds also had small gains as well. The Fund's equities were also up in the period.

The worldwide economy has slowed, and yet stock markets have looked beyond the trade tensions and continued to rise despite the slower economic activity. Given the excessive debt levels, the geopolitical, economic and policy uncertainties, we feel caution is warranted. Valuations for some companies show compelling long term opportunities but the market overall is very expensive and any further slowdown might expose the lofty multiples so we believe a more conservative posture is warranted.

Management continues to screen investment opportunities for their long-term capital appreciation potential versus the risks that investment might present. The bonds as well as the stocks in the portfolio encompass significant investment risks, which are again outlined in the prospectus.

Shareholders are invited to use the toll-free number (800) 872-7823 to obtain any Fund information (including the proxy voting record), or can visit www.thebrucefund.com, to obtain the same.

Investment Results (Unaudited)

Average Annual Total Returns for the Periods Ended December 31, 2019

Fund/Index	Six Months	1 Year	5 Year	10 Year
Bruce Fund	8.59%	22.42%	7.20%	10.62%
S&P 500* Index*	10.92%	31.49%	11.70%	13.56%

The net expense ratio as of the most recent prospectus dated October 28, 2019 was 0.68%, which represented the fiscal year ended June 30, 2019. Additional information pertaining to the Fund's expense ratios as of December 31, 2019 can be found in the financial highlights.

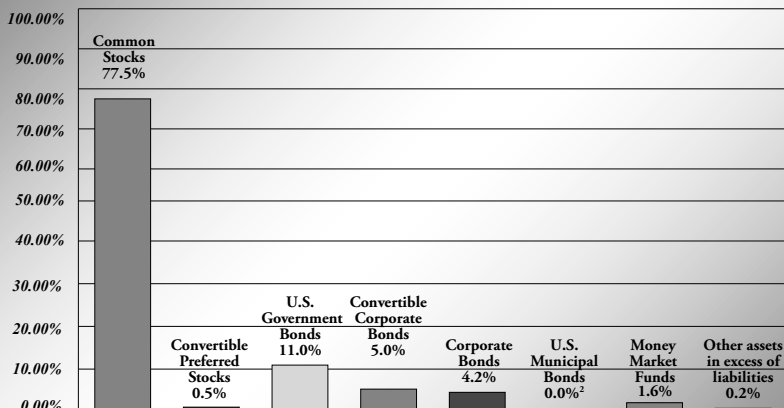
The performance quoted represents past performance, which does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The returns shown do not reflect deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Current performance of the Fund may be lower or higher than the performance quoted. The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. Performance data current to the most recent month end may be obtained by calling 1-800-872-7823. Total returns for periods less than one year are not annualized.

* The S&P 500* Index (the "Index") is an unmanaged index that assumes reinvestment of all distributions and excludes the effect of taxes and fees. The Index is a widely recognized unmanaged index of equity prices and is representative of a broader market and range of securities than is found in the Fund's portfolio. Individuals cannot invest directly in the Index; however, an individual may invest in exchange-traded funds or other investment vehicles that attempt to track the performance of a benchmark index.

The Fund is distributed by Ultimus Fund Distributors, LLC, member FINRA/SIPC.

Fund Holdings (Unaudited)

Bruce Fund Portfolio Analysis as of December 31, 2019¹



¹ As a percent of net assets.

² Ratio rounds to less than 0.05%.

Investment Objective

The investment objective of the Bruce Fund is long-term capital appreciation.

Availability of Portfolio Schedule

The Fund files its complete schedule of investments with the Securities and Exchange Commission (“SEC”) for the first and third quarters of each fiscal year on Form N-Q. The Fund’s Form N-Q is available at the SEC’s website at www.sec.gov. The Fund’s Form N-Qs are also available by calling the Fund at (800) 872-7823.

Bruce Fund

Schedule of Investments (Unaudited)

December 31, 2019

	Shares/ Principal Amount	Fair Value
COMMON STOCKS — 77.5%		
Communication Services — 1.8%		
Actua Corporation ^{(a)(b)(c)}	130,000	\$ 45,500
Sirius XM Holdings, Inc.	1,357,843	<u>9,708,577</u>
		<u>9,754,077</u>
Consumer Discretionary — 1.3%		
General Motors Company	200,000	<u>7,320,000</u>
Energy — 0.0%		
Aspire Holdings, LLC. ^{(a)(b)(c)}	193,069	1,931
PetroQuest Energy, Inc. ^{(a)(b)(c)}	252,248	<u>2,522</u>
		<u>4,453</u>
Financials — 5.7%		
Allstate Corporation (The)	275,000	<u>30,923,750</u>
Health Care — 24.0%		
Abbott Laboratories	164,500	14,288,471
AbbVie, Inc.	164,500	14,564,830
Allergan p.l.c. (Ireland)	60,000	11,470,200
Bausch Health Companies, Inc. (Canada) ^(b)	1,000,000	29,919,999
EDAP TMS SA - ADR (France) ^(b)	733,094	3,247,606
Fate Therapeutics, Inc. ^(b)	50,000	978,500
MannKind Corporation ^(b)	1,375,723	1,774,683
Merck & Company, Inc.	300,000	27,285,000
Paratek Pharmaceuticals, Inc. ^(b)	266,552	1,074,205
Pfizer, Inc.	450,000	17,631,000
Prothena Corporation p.l.c. (Ireland) ^(b)	3,170	50,181
Supernus Pharmaceuticals, Inc. ^(b)	352,105	8,351,931
Xtant Medical Holdings, Inc. ^(b)	182,972	<u>292,755</u>
		<u>130,929,361</u>
Industrials — 10.3%		
AMERCO	124,167	46,664,442
General Electric Company	800,000	8,928,000
Insteel Industries, Inc.	27,100	<u>582,379</u>
		<u>56,174,821</u>
Information Technology — 6.8%		
Apple, Inc.	80,000	23,492,000
International Business Machines Corporation	100,000	<u>13,404,000</u>
		<u>36,896,000</u>

Bruce Fund

Schedule of Investments (Unaudited) (continued)

December 31, 2019

	Shares/ Principal Amount	Fair Value
COMMON STOCKS — (continued)		
Materials — 2.9%		
Ashland Global Holdings, Inc.	25,000	\$ 1,913,250
Compass Minerals International, Inc.	140,000	8,534,399
Florek Industries, Inc. ^(b)	590,671	1,181,342
Newmont Goldcorp Corporation	65,600	2,850,320
Solitario Exploration & Royalty Corporation ^(b)	199,270	59,801
Valvoline, Inc.	68,633	1,469,433
		<u>16,008,545</u>
Utilities — 24.7%		
Avista Corporation	200,000	9,618,000
CMS Energy Corporation	450,000	28,278,000
Duke Energy Corporation	300,000	27,363,000
NextEra Energy, Inc.	175,000	42,378,000
WEC Energy Group, Inc.	22,560	2,080,709
Xcel Energy, Inc.	400,000	25,396,000
		<u>135,113,709</u>
<i>Total Common Stocks (Cost \$228,566,999)</i>		<u>423,124,716</u>
CONVERTIBLE PREFERRED STOCKS — 0.5%		
Consumer Staples — 0.5%		
Bunge Ltd. (Bermuda), 4.88%	27,400	2,881,384
<i>Total Convertible Preferred Stocks (Cost \$2,864,600)</i>		<u>2,881,384</u>
U.S. GOVERNMENT BONDS — 11.0%		
U.S. Treasury “Strips”, 0.00%, 8/15/2029	\$ 30,000,000	25,067,001
U.S. Treasury “Strips”, 0.00%, 2/15/2036	20,000,000	14,288,102
U.S. Treasury “Strips”, 0.00%, 2/15/2041	10,000,000	6,138,824
U.S. Treasury “Strips”, 0.00%, 5/15/2049	30,000,000	14,833,559
<i>Total U.S. Government Bonds (Cost \$49,453,289)</i>		<u>60,327,486</u>
CONVERTIBLE CORPORATE BONDS — 5.0%		
Health Care — 4.8%		
Acorda Therapeutics, Inc., 1.75%, 6/15/2021	11,000,000	8,322,849
Inotek Pharmaceuticals Corporation, 5.75%, 8/1/2021	2,000,000	2,194,624
MannKind Corporation, 5.75%, 10/23/2024 ^{(a)(c)}	5,000,000	3,750,000
Novavax, Inc., 3.75%, 2/1/2023	3,000,000	1,215,000
Paratek Pharmaceuticals, Inc., 4.75%, 5/1/2024	15,000,000	10,837,501
Synergy Pharmaceuticals, Inc., 7.50%, 11/1/2019 ^{(a)(d)(e)}	1,500,000	150
		<u>26,320,124</u>

See accompanying notes which are an integral part of these financial statements.

Bruce Fund

Schedule of Investments (Unaudited) (continued)

December 31, 2019

	Shares/ Principal Amount	Fair Value
CONVERTIBLE CORPORATE BONDS — (continued)		
Industrials — 0.2%		
Team, Inc., 5.00%, 8/1/2023 ^(d)	\$ 1,000,000	\$ 1,049,428
<i>Total Convertible Corporate Bonds (Cost \$33,700,046)</i>		<u>27,369,552</u>
CORPORATE BONDS — 4.2%		
Consumer Discretionary — 0.3%		
Land O'Lakes Capital Trust I, 7.45%, 3/15/2028 ^(d)	1,500,000	<u>1,691,250</u>
Energy — 0.5%		
ONEOK, Inc., 6.00%, 6/15/2035	1,000,000	1,202,056
PetroQuest Energy, Inc., 10.00%, 2/15/2024 ^{(a)(c)(f)}	2,385,177	<u>1,192,589</u>
		<u>2,394,645</u>
Financials — 0.7%		
Security Benefit Life Insurance Company, 7.45%, 10/1/2033 ^(d)	3,000,000	<u>3,900,948</u>
Health Care — 1.7%		
MannKind Corporation, 0.00%, 6/30/2020 ^{(a)(c)}	2,630,750	2,630,750
MannKind Corporation, 0.00%, 12/30/2020 ^{(a)(c)}	2,630,750	2,630,750
Valeant Pharmaceuticals International, Inc. (Canada), 6.13%, 4/15/2025 ^(d)	4,000,000	<u>4,141,260</u>
		<u>9,402,760</u>
Utilities — 1.0%		
Constellation Energy Group, Inc., 7.60%, 4/1/2032	4,000,000	<u>5,529,737</u>
<i>Total Corporate Bonds (Cost \$19,512,537)</i>		<u>22,919,340</u>
U.S. MUNICIPAL BONDS — 0.0%		
Indianapolis Airport Authority, 6.50%, 11/15/2031 ^{(a)(b)(c)}	972,551	<u>292</u>
<i>Total U.S. Municipal Bonds (Cost \$162,383)</i>		<u>292</u>

Bruce Fund

Schedule of Investments (Unaudited) (continued)

December 31, 2019

	Shares/ Principal Amount	Fair Value
MONEY MARKET FUNDS - 1.6%		
Morgan Stanley Institutional Liquidity Government Portfolio, Institutional Class, 1.51% ^(e)	8,596,946	\$ 8,596,946
<i>Total Money Market Funds (Cost \$8,596,946)</i>		<u>8,596,946</u>
<i>Total Investments — 99.8% (Cost \$342,856,800)</i>		<u>545,219,716</u>
<i>Other Assets in Excess of Liabilities — 0.2%</i>		<u>997,288</u>
NET ASSETS — 100.0%		<u>\$ 546,217,004</u>

- (a) Illiquid security. The total fair value of these securities as of December 31, 2019 was \$10,254,484, representing 1.88% of net assets.
- (b) Non-income producing security.
- (c) Security is currently being valued according to the fair value procedures approved by the Board of Directors.
- (d) Security exempt from registration under Rule 144A or Section 4(2) of the Securities Act of 1933. The security may be resold in transactions exempt from registration, normally to qualified institutional buyers. The total fair value of these securities as December 31, 2019 was \$10,783,036, representing 1.97% of net assets.
- (e) In default.
- (f) Payment in kind security which may pay interest in additional principal.
- (g) Rate disclosed is the seven day effective yield as of December 31, 2019.
- ADR – American Depositary Receipt

The sectors shown on the schedule of investments are based on the Global Industry Classification Standard, or GICS[®] (“GICS”). The GICS was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor’s Financial Services LLC (“S&P”). GICS is a service mark of MSCI, Inc. and S&P and has been licensed for use by Ultimus Fund Solutions, LLC.

Bruce Fund

Statement of Assets and Liabilities (Unaudited)

December 31, 2019

Assets	
Investments in securities, at market value (cost \$342,856,800)	\$ 545,219,716
Cash	273,131
Dividends and interest receivable	1,228,809
Receivable for fund shares sold	1,882
Prepaid expenses	10,628
Total Assets	546,734,166
Liabilities	
Payable for fund shares redeemed	130,067
Accrued investment advisory fees	244,451
Payable to Administrator	86,154
Payable to trustees	2,011
Other accrued expenses	54,479
Total Liabilities	517,162
Net Assets	\$ 546,217,004
Net Assets consist of	
Capital stock (924,991 shares of \$1 par value capital stock issued and outstanding)	\$ 924,991
Paid-in capital	342,971,055
Accumulated earnings	202,320,958
Net Assets	\$ 546,217,004
Shares outstanding: 2,000,000 shares authorized	924,991
Net asset value, offering and redemption price per share	\$ 590.51

Bruce Fund

Statement of Operations (Unaudited)

For the Six Months Ended December 31, 2019

Investment Income	
Dividend income	\$ 4,582,417
Interest income	3,141,064
Total investment income	7,723,481
Expenses	
Investment advisory	1,419,881
Administration	132,593
Transfer agent	73,424
Fund accounting	49,230
Audit and tax preparation	28,729
Custodian	22,642
Postage	18,584
Registration	16,859
Printing	10,094
Director	2,011
Insurance	738
Other	1,793
Net operating expenses	1,776,578
Net investment income	5,946,903
Net Realized and Change in Unrealized Gain (Loss) on Investments	
Net realized gain on investment securities	6,317,958
Change in unrealized appreciation on investment securities	31,513,402
Net realized and change in unrealized gain on investments	37,831,360
Net increase in net assets resulting from operations	\$ 43,778,263

See accompanying notes which are an integral part of these financial statements.

Bruce Fund

Statements of Changes in Net Assets

	For the Six Months Ended December 31, 2019 (Unaudited)	For the Year Ended June 30, 2019
Increase (Decrease) in Net Assets due to:		
Operations		
Net investment income	\$ 5,946,903	\$ 10,723,670
Net realized gain (loss) on investment securities	6,317,958	(1,163,647)
Net change in unrealized appreciation of investment securities	31,513,402	33,748,505
Net increase in net assets resulting from operations	43,778,263	43,308,528
Distributions to Shareholders from		
Earnings	(10,912,657)	(11,819,986)
Total distributions	(10,912,657)	(11,819,986)
Capital Transactions		
Proceeds from shares sold	2,995,991	13,578,418
Reinvestment of distributions	10,092,925	11,014,714
Amount paid for shares redeemed	(20,314,064)	(69,463,403)
Net decrease in net assets resulting from capital transactions	(7,225,148)	(44,870,271)
Total Increase (Decrease) in Net Assets	25,640,458	(13,381,729)
Net Assets		
Beginning of period	520,576,546	533,958,275
End of period	\$ 546,217,004	\$ 520,576,546
Share Transactions		
Shares sold	5,241	25,337
Shares issued in reinvestment of distributions	17,318	21,961
Shares redeemed	(35,546)	(131,178)
Net decrease in shares outstanding	(12,987)	(83,880)

Bruce Fund

Financial Highlights

Selected data for each share of capital stock outstanding through each period is presented below

	For the Six Months Ended December 31, 2019		For the Year Ended June 30,			
	(Unaudited)	2019	2018	2017	2016	2015
Selected Per Share Data						
Net asset value, beginning of period	\$ 555.00	\$ 522.54	\$ 522.91	\$ 535.76	\$ 515.63	\$ 537.94
Investment operations:						
Net investment income	6.73	11.64	12.71	10.67	9.92	6.66
Net realized and unrealized gain (loss)	40.80	33.09	8.52	6.89	33.18	(13.08)
Total from investment operations	47.53	44.73	21.23	17.56	43.10	(6.42)
Less distributions to shareholders from:						
Net investment income	(12.02)	(12.27)	(11.69)	(10.08)	(8.45)	(8.81)
Net realized gains	—	—	(9.91)	(20.33)	(14.52)	(7.08)
Total distributions	(12.02)	(12.27)	(21.60)	(30.41)	(22.97)	(15.89)
Net asset value, end of period	\$ 590.51	\$ 555.00	\$ 522.54	\$ 522.91	\$ 535.76	\$ 515.63
Total Return^(a)	8.59% ^(b)	8.81%	4.01%	3.74%	8.73%	(1.13)%
Ratios and Supplemental Data:						
Net assets, end of period (\$ millions)	\$ 546.22	\$ 520.58	\$ 534.04	\$ 575.20	\$ 594.78	\$ 545.30
Ratio of expenses to average net assets	0.67% ^(c)	0.67%	0.67%	0.67%	0.67%	0.68%
Ratio of net investment income to average net assets	2.23% ^(c)	2.08%	2.31%	2.04%	1.94%	1.30%
Portfolio turnover rate	10% ^(b)	7%	20%	5%	26%	14%

^(a) Total return represents the rate that the investor would have earned or lost on an investment in the Fund, assuming reinvestment of distributions.

^(b) Not annualized.

^(c) Annualized.

Bruce Fund

Notes to the Financial Statements (Unaudited)

December 31, 2019

NOTE A – ORGANIZATION

Bruce Fund, Inc. (the “Fund”) is a Maryland corporation incorporated on June 20, 1967. The Fund is an open end diversified management investment company and the Fund’s primary investment objective is long-term capital appreciation. The investment adviser to the Fund is Bruce and Co., Inc. (the “Adviser”).

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation – The Fund is an investment company and follows accounting and reporting guidance under Financial Accounting Standards Board Accounting Standards Codification (“ASC”) Topic 946, “Financial Services-Investment Companies”. The following is a summary of significant accounting policies followed by the Fund in preparation of its financial statements. These policies are in conformity with the generally accepted accounting principles in the United States of America (“GAAP”).

Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

Securities Valuation – All investments in securities are recorded at their fair value as described in Note C.

Federal Income Taxes – The Fund makes no provision for federal income or excise tax. The Fund has qualified and intends to qualify each year as a regulated investment company (“RIC”) under subchapter M of the Internal Revenue Code of 1986, as amended, by complying with the requirements applicable to RICs and by distributing substantially all of its taxable income. The Fund also intends to distribute sufficient net investment income and net capital gains, if any, so that it will not be subject to excise tax on undistributed income and gains. If the required amount of net investment income or gains is not distributed, the Fund could incur a tax expense.

As of and during the six months ended December 31, 2019, the Fund did not have a liability for any unrecognized tax benefits. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the statement of operations. During the period, the Fund did not incur any interest or penalties.

Security Transactions and Related Income – Investment transactions are accounted for no later than the first calculation of the Net Asset Value (“NAV”) on the business day following the trade date. For financial reporting purposes, however, security transactions are accounted for on the trade date on the last business day of the reporting period. The specific identification method is used for determining gains or losses for financial statements and income tax purposes. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Discounts and premiums on securities purchased are accreted or amortized using

Bruce Fund

Notes to the Financial Statements (Unaudited) (continued)

December 31, 2019

the effective interest method. Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates. The ability of issuers of debt securities held by the Fund to meet their obligations may be affected by economic and political development in specific country or region.

Distributions – Distributions to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date. The Fund intends to distribute substantially all of its net investment income as dividends and distributions to its shareholders on at least an annual basis. The Fund intends to distribute its net realized long-term capital gains and its net realized short-term capital gains at least once a year. The treatment for financial reporting purposes of distributions made to shareholders during the year from net investment income or net realized capital gains may differ from their ultimate treatment for federal income tax purposes. These differences are caused primarily by differences in the timing of the recognition of certain components of income, expenses or realized capital gain for federal income tax purposes. Where such differences are permanent in nature, they are reclassified in the components of the net assets based on their ultimate characterization for federal income tax purposes. Any such reclassifications will have no effect on net assets, results of operations or net asset values per share of the Fund.

NOTE C – SUMMARY OF SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS

In accordance with Accounting Standards Codification 820, "Fair Value Measurements and Disclosures" ("ASC 820"), fair value is defined as the price that the Fund would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. ASC 820 established a three-tier hierarchy to maximize the use of the observable market data and minimize the use of unobservable inputs and to establish classification of the fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk (the risk inherent in a particular valuation technique used to measure fair value such as pricing model and/or the risk inherent in the inputs to the valuation technique). Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability, developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – unadjusted quoted prices in active markets for identical investments and/or registered investment companies where the value per share is determined and published and is the basis for current transactions for identical assets or liabilities at the valuation date

Bruce Fund

Notes to the Financial Statements (Unaudited) (continued)

December 31, 2019

- Level 2 – other significant observable inputs (including, but not limited to, quoted prices for an identical security in an inactive market, quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund’s own assumptions in determining fair value of investments based on the best information available)

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Equity securities, including common stocks, convertible preferred stocks, and American Depositary Receipts (ADR’s), are generally valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Adviser believes such prices more accurately reflect the fair value of such securities. Securities that are traded on any stock exchange are generally valued by the pricing service at the last quoted sale price. Lacking a last sale price, an exchange traded security is generally valued by the pricing service at its last bid price. Securities traded in the NASDAQ over-the-counter market are generally valued by the pricing service at the NASDAQ Official Closing Price. When using the market quotations or close prices provided by the pricing service and when the market is considered active, the security will be classified as a Level 1 security. Sometimes, an equity security owned by the Fund will be valued by the pricing service with factors other than market quotations or when the market is considered inactive. When this happens, the security will be classified as a Level 2 security.

When market quotations are not readily available, when the Adviser determines that the market quotation or the price provided by the pricing service does not accurately reflect the current fair value, or when restricted or illiquid securities are being valued, such securities are valued as determined by the Adviser, in conformity with guidelines adopted by and subject to review by the Board of Directors (the “Board”). These securities are generally categorized as Level 3 securities.

Investments in mutual funds, including money market mutual funds, are generally priced at the ending NAV provided by the service agent of the funds. These securities will be categorized as Level 1 securities.

Fixed income securities, including corporate bonds, convertible corporate bonds, U.S. government bonds, and U.S. municipal bonds are valued using market quotations in an active market, will be categorized as Level 2 securities. However, they may be valued on the basis of prices furnished by a pricing service when the Adviser believes such prices more accurately reflect the fair value of such securities. A pricing service uses various inputs and techniques, which include broker-dealer quotations, live trading levels, recently executed transactions in securities of the issuer or comparable issuers, and option adjusted spread

Bruce Fund

Notes to the Financial Statements (Unaudited) (continued)

December 31, 2019

models that include base curve and spread curve inputs. Adjustments to individual bonds can be applied to recognize trading differences compared to other bonds issued by the same issuer. The broker-dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds and sector-specific trends. To the extent that these inputs are observable, the fixed income securities are categorized as Level 2 securities. If the Adviser decides that a price provided by the pricing service does not accurately reflect the fair value of the securities, when prices are not readily available from a pricing service, or when restricted or illiquid securities are being valued, securities are valued at fair value as determined in good faith by the Adviser, in conformity with guidelines adopted by and subject to review of the Board. These securities are generally categorized as Level 3 securities.

The following is a summary of the inputs used to value the Fund's investments as of December 31, 2019, based on the three levels defined previously:

	Level 1	Level 2	Level 3	Total
Common Stocks				
Communication Services	\$ 9,708,577	\$ —	\$ 45,500	\$ 9,754,077
Consumer Discretionary	7,320,000	—	—	7,320,000
Energy	—	—	4,453	4,453
Financials	30,923,750	—	—	30,923,750
Health Care	130,929,361	—	—	130,929,361
Industrials	56,174,821	—	—	56,174,821
Information Technology	36,896,000	—	—	36,896,000
Materials	16,008,545	—	—	16,008,545
Utilities	135,113,709	—	—	135,113,709
Convertible Preferred Stocks				
Consumer Staples	2,881,384	—	—	2,881,384
U.S. Government Bonds				
U.S. Treasury Strips	—	60,327,486	—	60,327,486
Convertible Corporate Bonds				
Health Care	—	22,569,974	3,750,150	26,320,124
Industrials	—	1,049,428	—	1,049,428
Corporate Bonds				
Consumer Discretionary	—	1,691,250	—	1,691,250
Energy	—	1,202,056	1,192,589	2,394,645
Financials	—	3,900,948	—	3,900,948
Health Care	—	4,141,260	5,261,500	9,402,760
Utilities	—	5,529,737	—	5,529,737
U.S. Municipal Bonds	—	292	—	292
Money Market Funds	8,596,946	—	—	8,596,946
Total	\$ 434,553,093	\$ 100,412,431	\$ 10,254,192	\$ 545,219,716

Bruce Fund

Notes to the Financial Statements (Unaudited) (continued)

December 31, 2019

In the absence of a listed price quote, or a supplied price quote which is deemed to be unrepresentative of the actual market price, the Adviser shall use any or all of the following criteria to value Level 3 securities:

- Last sales price
- Price given by pricing service
- Last quoted bid & asked price
- Third party bid & asked price
- Indicated opening range

The significant unobservable inputs that may be used in the fair value measurement of the Fund's investments in common stock, corporate bonds and convertible corporate bonds for which market quotations are not readily available include: broker quotes, discounts from the most recent trade or "stale price" and estimates from trustees (in bankruptcies) on disbursements. A change in the assumption used for each of the inputs listed above may indicate a directionally similar change in the fair value of the investment.

The following provides quantitative information about the Fund's significant Level 3 fair value measurements as of December 31, 2019:

Quantitative Information about Significant Level 3 Fair Value Measurements

Asset Category	Fair Value At December 31, 2019	Valuation Techniques	Unobservable Input(s)	Range
Common Stocks	\$ 4,453	Adjusted Broker Quotes	Non-Binding Broker Quotes	N/A
	45,500	Asset Liquidation Analysis	Liquidation Proceeds	N/A
Convertible Corporate Bonds	3,750,150	Adjusted Broker Quotes	Non-Binding Broker Quotes	N/A
			Discount for Lack of Marketability	1%-20%
		Comparable Security Analysis	Matrix Pricing Range Common Stock Valuation	N/A N/A
Corporate Bonds	6,454,089	Price at Par	Liquidation/ Reorganization Valuation	50%-100%

Bruce Fund

Notes to the Financial Statements (Unaudited) (continued)

December 31, 2019

Following is a reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value for the Fund:

	Balance as of June 30, 2019	Realized gain (loss)	Amortization/ Accretion	Change in unrealized appreciation (depreciation)
Common Stock	\$ 636,427	\$ —	\$ —	\$ (586,474)
Convertible Corporate Bonds	13,658,700	(2,702,043)	—	3,864,426
Corporate Bonds	—	—	—	—
Total	\$ 14,295,127	\$ (2,702,043)	\$ —	\$ 3,277,952

	Purchases	Sales	Transfer in Level 3 ^{*(a)}	Transfer out Level 3 ^{*(b)}	Balance as of December 31, 2019
Common Stock	\$ —	\$ —	\$ —	\$ —	\$ 49,953
Convertible Corporate Bonds	5,000,000	(16,070,933)	—	—	3,750,150
Corporate Bonds	5,261,500	—	1,192,589	—	6,454,089
Total	\$ 10,261,500	\$ (16,070,933)	\$ 1,192,589	\$ —	\$ 10,254,192

* The amount of transfers in and/or out are reflected at the reporting period end.

(a) Transfers in relate primarily to securities for which observable inputs became unavailable during the period. Therefore, the securities were valued at fair value by the Adviser, in conformity with guidelines adopted by and subject to review by the Board, and are categorized as Level 3 inputs as of December 31, 2019.

(b) Transfer out relate primarily to securities for which observable inputs became available during the period, and as of December 31, 2019, the Fund was able to obtain quotes from its pricing service. These quotes represent Level 2 inputs, which is the level of the fair value hierarchy in which these securities are included as of December 31, 2019.

The total change in unrealized depreciation included in the Statement of Operations attributable to Level 3 investments still held at December 31, 2019 was as follows:

	Total Change in Unrealized Appreciation
Common Stock	\$ (586,474)
Convertible Corporate Bonds	3,864,426
Corporate Bonds	—
Total	\$ 3,277,952

Bruce Fund

Notes to the Financial Statements (Unaudited) (continued)

December 31, 2019

NOTE D – PURCHASES AND SALES OF SECURITIES

For the six months ended December 31, 2019, cost of purchases and proceeds from maturities and sales of securities, other than short-term investments and short-term U.S. Government obligations were as follows:

	Other	U.S. Government Obligations
Purchases	\$ 34,362,765	\$ 15,811,000
Sales	\$ 37,343,825	\$ 26,295,000

NOTE E – RELATED PARTIES

Bruce & Co., Inc., an Illinois corporation, is the investment adviser of the Fund and furnishes investment advice. In addition, it provides office space and facilities and pays the cost of all prospectuses and financial reports (other than those mailed to current shareholders). Compensation to the Adviser for its services under the Investment Advisory Contract is paid monthly based on the following:

Annual Percentage Fee	Applied to Average Net Assets of Fund
1.00%	Up to \$20,000,000; plus
0.60%	\$20,000,000 to \$100,000,000; plus
0.50%	over \$100,000,000

At December 31, 2019, Robert B. Bruce was the beneficial owner of 19,216 Fund shares, R. Jeffrey Bruce was the beneficial owner of 23,444 Fund shares, Robert DeBartolo was the beneficial owner of 24 Fund shares, and W. Martin Johnson was the beneficial owner of 5 Fund shares. Robert B. Bruce, Robert DeBartolo, and W. Martin Johnson are directors of the Fund; both Robert B. Bruce and R. Jeffrey Bruce are officers of the Fund and are officers, directors and owners of the Adviser.

NOTE F – FEDERAL INCOME TAXES

At December 31, 2019, the breakdown of net unrealized appreciation and tax cost of investments for federal income tax purpose is as follows:

Gross Unrealized Appreciation	\$ 218,302,654
Gross Unrealized Depreciation	(15,938,937)
Net Unrealized Appreciation on Investments	\$ 202,363,717
Tax Cost	\$ 342,855,999

Bruce Fund

Notes to the Financial Statements (Unaudited) (continued)

December 31, 2019

At June 30, 2019, the Fund's most recent fiscal year end, the components of distributable earnings (accumulated losses) on a tax basis were as follows:

Undistributed Ordinary Income	\$ 4,903,576
Undistributed Long-Term Capital Gains	—
Accumulated Capital and Other Losses	(6,298,539)
Unrealized Appreciation	170,850,315
Total	\$ 169,455,352

As of June 30, 2019, the Fund had long-term capital loss carryforwards available to offset future gains, not subject to expiration, in the amount of \$6,298,539.

The tax character of distributions paid during the fiscal year 2019 was as follows:

Distributions paid from:	
Ordinary Income	\$ 11,819,986
Long-Term Capital Gain	—
	\$ 11,819,986

NOTE G – RESTRICTED SECURITIES

The Fund has acquired several securities, the sale of which is restricted, through private placement. At December 31, 2019, the aggregate market value of such securities listed below amounted to \$10,783,036, or 1.97% of the Fund's net assets. 100% of the restricted securities are valued using quoted market prices, while the other 0.00% are valued according to fair value procedures approved by the Board. 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 chart below shows the restricted securities held by the Fund as of December 31, 2019:

Issuer Description	Acquisition Date	Principal Amount	Cost	Value
Corporate Bonds				
Land O' Lakes Capital Trust I, 7.45%, 3/15/28	1/23/09	\$ 1,500,000	\$ 1,123,496	\$ 1,691,250
Security Benefit Life Insurance Company, 7.45%, 10/1/33	(a)	3,000,000	2,782,690	3,900,948
Valeant Pharmaceuticals International, Inc. 6.13%, 4/15/25	(b)	4,000,000	3,552,259	4,141,260
Convertible Corporate Bonds				
Synergy Pharmaceuticals, Inc., 7.50%, 11/1/19	3/4/15	1,500,000	932,534	150
Team, Inc., 5.00%, 8/1/23	8/24/17	1,000,000	916,153	1,049,428

(a) Purchased multiple taxlots beginning on 4/21/11.

(b) Purchased multiple taxlots beginning on 5/11/17.

Bruce Fund

Notes to the Financial Statements (Unaudited) (continued)

December 31, 2019

NOTE H – SUBSEQUENT EVENTS

In accordance with GAAP, management has evaluated subsequent events through the date these financial statements were issued. All subsequent events determined to be relevant and material to the financial statements as a whole have been accordingly disclosed.

Shareholder Expense Example (Unaudited)

As a shareholder of the Fund, you incur ongoing costs, including management fees and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the period (July 1, 2019) and held for the entire period (through December 31, 2019).

Actual Expenses

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = \$8.60), then multiply the result by the number in the first line under the heading entitled “Expenses Paid During the Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as redemption fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds.

	<u>Beginning Account Value</u>	<u>Ending Account Value</u>	<u>Expenses Paid During the Period^(a)</u>
	<u>July 1, 2019</u>	<u>December 31, 2019</u>	<u>July 1 – December 31, 2019</u>
Actual	\$ 1,000.00	\$ 1,085.90	\$ 3.51
Hypothetical ^(b)	\$ 1,000.00	\$ 1,021.77	\$ 3.40

^(a) Expenses are equal to the Fund’s six month annualized expense ratio of 0.67%, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the partial year period).

^(b) Assumes a 5% return before expenses.

Approval of Management Agreement (Unaudited)

Information Considered: Director Independence, Fund Activities and Shareholder benefit, Auditor selection.

Director Discussion: Director DeBartolo and Director Johnson represented and verified that they continued to be independent directors and have not recently bought or sold any additional shares in the Fund. R. Jeffrey Bruce presented the performance, turnover, and expenses of the Fund to determine whether the Fund activities were being conducted for the benefit of the Shareholders. The Board discussed and reviewed the presentation and Independent Directors Johnson and DeBartolo reviewed the Fund's activities and performance and stated that the performance of the Fund over the long term validates the Fund's objective of long-term capital appreciation. The Independent Directors' noted that the Funds returns and high rankings of "cautious funds" in a recent Morningstar report speaks for itself and the good returns, low expense, reasonable fees and consistent approach of management have all supported the high rankings and reinforced the Fund's overall investment strategy. The Directors then reviewed and discussed the selection of Grant Thornton as Auditor.

Director Vote: Director Johnson made a motion to approve and renew the Investment Advisory Contract (Chairman Bruce and Director R. Jeffrey Bruce abstained), seconded by Director DeBartolo, unanimously approved. Director Bruce moved (seconded by Director DeBartolo) to approve and confirmed the selection of Grant Thornton as Auditor, which motion unanimously carried.

Privacy Policy

The following is a description of the Fund's policies regarding disclosure of nonpublic personal information that you provide to the Fund or that the Fund collects from other sources. In the event that you hold shares of the Fund through a broker-dealer or other financial intermediary, the privacy policy of your financial intermediary would govern how your nonpublic personal information would be shared with unaffiliated third parties.

Categories of Information the Fund Collects. The Fund collects the following nonpublic personal information about you:

- Information the Fund receives from you on or in applications or other forms, correspondence, or conversations (such as your name, address, phone number, social security number, assets, income and date of birth); and
- Information about your transactions with the Fund, or others (such as your account number and balance, payment history, parties to transactions, cost basis information, and other financial information).

Categories of Information the Fund Discloses. The Fund does not disclose any nonpublic personal information about its current or former shareholders to unaffiliated third parties, except as required or permitted by law. The Fund is permitted by law to disclose all of the information it collects, as described above, to its service providers (such as the Fund's custodian, administrator and transfer agent) to process your transactions and otherwise provide services to you.

Confidentiality and Security. The Fund restricts access to your nonpublic personal information to those persons who require such information to provide products or services to you. The Fund maintains physical, electronic and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

Disposal of Information. The Fund, through its transfer agent, has taken steps to reasonably ensure that the privacy of your nonpublic personal information is maintained at all times, including in connection with the disposal of information that is no longer required to be maintained by the Fund. Such steps shall include whenever possible, shredding paper documents and records prior to disposal, requiring off-site storage vendors to shred documents maintained in such locations prior to disposal, and erasing and/or obliterating any data contained on electronic media in such a manner that the information can no longer be read or reconstructed.

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Proxy Voting

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities and information regarding how the Fund voted those proxies during the most recent twelve month period ended June 30, are available (1) without charge upon request by calling the Fund at (800) 872-7823 and (2) in Fund documents filed with the Securities and Exchange Commission ("SEC") on the SEC's website at www.sec.gov.

BRUCE FUND OFFICERS AND DIRECTORS

Robert B. Bruce

President and Treasurer

R. Jeffrey Bruce

Vice President and Secretary

Robert DeBartolo

Director

W. Martin Johnson

Director

Investment Adviser

Bruce and Co., Inc.

Chicago, Illinois

Custodian

Huntington National Bank

Columbus, Ohio

Administrator, Transfer Agent and Fund Accountant

Ultimus Asset Services, LLC

Cincinnati, Ohio

Distributor

Ultimus Fund Distributors, LLC

Indianapolis, Indiana

Counsel

Klevatt & Associates

Chicago, Illinois

Independent Registered Public Accounting Firm

Grant Thornton LLP

Chicago, Illinois

This report is intended only for the information of shareholders or those who have received the Fund's prospectus which contains information about the Fund's management fees and expenses. Please read the prospectus carefully before investing.

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