

EAGLE CAPITAL GROWTH FUND, INC.

Form N-Q

October 07, 2008

OMB Approval

OMB Number:

3235-0578

Expires:

April 30, 2010

Estimated average
burden hours per
response: 10.5

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, 2008

Date of reporting period: September 30, 2008

**Common Stock (84.0% of Total
Investments)**

Bank/Financial	Shares		Cost	Market Value	% Total Inv.
CIT Group, Inc.	20,000	\$	587,335	\$ 139,200	
Citigroup Inc.	22,000		368,636	451,220	
Marshall & Ilsley Corporation	5,000		167,716	100,750	
State Street Corp.	6,000		54,688	341,280	
				\$ 1,032,450	(4.7%)
Data/Payroll Processing					
Automatic Data Processing, Inc.	1,000	\$	39,989	\$ 42,750	
Metavante Technologies, Inc.*	1,666		43,292	32,087	
Paychex Inc.	10,000		320,955	330,300	
Total Systems Services, Inc.	13,065		177,851	214,266	
				\$ 619,403	(2.8%)
Consumer					
Colgate-Palmolive	13,000	\$	324,220	\$ 979,550	
PepsiCo Inc.	10,000		168,296	712,700	
				\$ 1,692,250	(7.7%)
Health Care					
Abbott Laboratories	15,000	\$	638,677	\$ 863,700	
Johnson & Johnson	17,000		731,295	1,177,760	
Pfizer Inc.	33,000		701,800	608,520	
Teleflex Inc.	16,000		545,608	1,015,840	
				\$ 3,665,820	(16.6%)
Industrial					
Emerson Electric Co.	20,000	\$	335,278	\$ 815,800	
General Electric Co.	40,000		957,881	1,020,000	
Graco Inc.	25,000		987,169	890,250	
Manitowoc Company Inc.	35,000		930,517	544,250	
Sigma Aldrich Corp.	7,000		58,094	366,940	
				\$ 3,637,240	(16.4%)
Medical Device					
Medtronic, Inc.	17,000	\$	850,214	\$ 851,700	
Stryker Corp.	22,000		180,012	1,370,600	
Zimmer Holdings Inc.*	1,000		81,859	64,560	
				\$ 2,286,860	(10.3%)
Mutual Fund Managers					
Eaton Vance Corp.	20,000	\$	742,643	\$ 704,600	
Franklin Resources Inc.	10,000		935,109	881,300	
				\$ 1,585,900	(7.2%)
Insurance					
AFLAC Inc.	16,500	\$	79,484	\$ 969,375	
				\$ 969,375	(4.4%)
Retail/Distribution					
The Home Depot, Inc.	26,500	\$	1,039,592	\$ 686,085	
Lowe's Companies, Inc.	10,000		254,089	236,900	
O'Reilly Automotive Inc.*	30,000		189,637	803,100	
Sysco Corp	22,000		204,950	678,260	
				\$ 2,404,345	(10.9%)

Software/Data Processing

Jack Henry & Associates Inc.	34,000	\$	626,877	\$	691,220	
				\$	691,220	(3.1%)
Total common stock investments				\$	18,584,863	
Cash and cash equivalents (16.0% of total investments)					3,530,537	
Total investments				\$	22,115,400	
All other assets less liabilities					8,375	
Total net assets				\$	22,123,775	

*Non-dividend paying security

Footnotes:

The following information is based upon federal income tax cost of portfolio investments as of September 30, 2008:

Gross unrealized appreciation	\$ 6,843,719
Gross unrealized depreciation	(1,582,528)
Net unrealized appreciation	<u>\$ 5,261,191</u>
Federal income tax basis	\$16,091,233

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, 2008, 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, 2008:

	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, 2008
Common Stock Investments	\$18,584,863	\$ —	\$ —	\$18,584,863

ITEM 2. CONTROLS AND PROCEDURES.

(i) As of October 1, 2008, 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 6, 2008

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 6, 2008

By: /s/ David C. Sims

David C. Sims

Chief Financial Officer (Principal Financial Officer)

Date: October 6, 2008