

EAGLE CAPITAL GROWTH FUND, INC.

Form N-Q

October 13, 2010

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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, 2010

Date of reporting period: September 30, 2010

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## ITEM 1. SCHEDULE OF INVESTMENTS

Eagle Capital Growth Fund, Inc.

Portfolio of Investments (as of September 30, 2010) (unaudited)

Common Stock (98.6% of total investments)

Industry

	Shares	Cost	Market Value	% Total Inv.
<b>Consumer</b>				
Colgate-Palmolive Co.	12,000	417,940	922,320	
PepsiCo Inc.	10,000	168,296	664,400	
Procter & Gamble Co.	7,000	420,996	419,790	
			\$2,006,510	(9.0 %)
<b>Data Processing</b>				
Automatic Data Processing, Inc.	34,000	1,278,025	1,429,020	
Paychex Inc.	34,000	907,967	934,660	
Total Systems Services, Inc.	13,065	177,851	199,111	
			\$2,562,791	(11.4 %)
<b>Drug/Medical Device</b>				
Abbott Laboratories Inc.	20,000	1,034,350	1,044,800	
Baxter International	8,000	402,596	381,680	
Johnson & Johnson	15,000	614,274	929,400	
Pfizer Inc.	38,737	522,042	665,114	
Medtronic, Inc.	34,000	1,417,397	1,141,720	
Stryker Corp.	22,000	180,012	1,101,100	
			\$5,263,814	(23.5 %)
<b>Industrial</b>				
General Electric Co.	35,000	401,458	568,750	
Graco Inc.	13,750	349,686	436,288	
Manitowoc Company Inc.	75,000	462,150	908,250	
Sigma Aldrich Corp.	16,000	498,184	966,080	
Waters Corp.*	6,000	302,341	424,680	
			\$3,304,048	(14.8 %)
<b>Mutual Fund Managers</b>				
Eaton Vance Corp.	22,000	483,869	638,880	
Federated Investors, Inc.	40,000	909,365	910,400	
Franklin Resources, Inc.	8,000	743,747	855,200	
T. Rowe Price	12,500	562,209	625,813	
			\$3,030,293	(13.5 %)
<b>Insurance</b>				
AFLAC Inc.	16,500	79,484	853,215	
The Chubb Corporation	16,000	819,772	911,840	
			\$1,765,055	(7.9 %)
<b>Retail/Distribution</b>				
The Home Depot, Inc.	29,500	815,741	934,560	
Lowe's Companies Inc.	35,000	708,771	780,150	
Sysco Corp.	27,000	309,199	770,040	
Hillenbrand, Inc.	22,000	446,356	473,220	
			\$2,957,970	(13.2 %)

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Closed-End Funds				
Claymore Dividend Income Fund	83,000	1,133,654	1,177,770	
			\$1,177,770	(5.3 %)
Total common stock investments			\$22,068,251	
Cash and cash equivalents (1.4% of total investments)			322,066	
Total investments			\$22,390,317	
All other assets less liabilities			32,831	
Total net assets			\$22,423,148	
*Non-dividend paying security				

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Footnote:

The following information is based upon federal income tax cost of portfolio investments as of September 30, 2010:

Gross unrealized appreciation	\$5,888,396
Gross unrealized depreciation	(387,876 )
Net unrealized appreciation	\$5,500,520

Federal income tax basis	\$16,567,731
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## ITEM 2. VALUATION HIERARCHY

### Valuation Hierarchy

The standard 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.

All of the Fund's common stock investments of \$22,068,251 and cash equivalents of \$322,066 are classified within the Level 1 of the valuation hierarchy as quoted prices are available in an active market.

ITEM 3. CONTROLS AND PROCEDURES.

(i) As of October 1, 2010, 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.

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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 13, 2010

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 15, 2010

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

Dated: October 13, 2010