

NICHOLAS APPLGATE CONVERTIBLE & INCOME FUND
Form N-Q
January 19, 2010

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

OMB APPROVAL
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FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act File Number: 811-21284

Nicholas-Applegate Convertible & Income Fund

(Registrant Name)

1345 Avenue of the Americas New York, New York

10105

(Address of Principal Executive Offices)

(Zip code)

Lawrence G. Altadonna 1345 Avenue of the Americas New York, New York 10105

(Name and Address of Agent for Service)

Registrant's telephone number, including area code: 212-739-3371

Date of Fiscal Year End: February 28, 2010

Date of Reporting Period: November 30, 2009

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-2001. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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Item 1. Schedule of Investments

Nicholas-Applegate Convertible & Income Fund Schedule of Investments

November 30, 2009 (unaudited)

Principal Amount (000)		Credit Rating (Moody s/S&P)	Value*
CORPORATE BONDS & NOTES 48.0%			
	Advertising 1.0%		
\$9,410	Affinion Group, Inc., 11.50%, 10/15/15	Caa1/B-	\$ 9,833,450
	Aerospace & Defense 0.9%		
1,730	BE Aerospace, Inc., 8.50%, 7/1/18	Ba3/BB	1,794,875
6,305	DigitalGlobe, Inc., 10.50%, 5/1/14 (a) (b)	Ba3/BB	6,777,875
			8,572,750
	Apparel 1.1%		
10,695	Levi Strauss & Co., 9.75%, 1/15/15	B2/B+	11,256,488
	Auto Components 2.9%		
11,050	Exide Technologies, 10.50%, 3/15/13, Ser. B	B3/B-	11,050,000
11,305	Stoneridge, Inc., 11.50%, 5/1/12	B3/B+	10,852,800
6,553	Tenneco, Inc., 8.625%, 11/15/14	Caa2/CCC	6,454,705
			28,357,505
	Banks 0.6%		
6,456	GMAC LLC, 6.75%, 12/1/14 (a) (b)	Ca/CCC	5,842,680
	Commercial Services & Supplies 2.4%		
10,400	Cenveo Corp., 7.875%, 12/1/13	Caa1/B-	9,581,000
11,810	Hertz Corp., 10.50%, 1/1/16	B3/CCC+	12,341,450
1,420	Interface, Inc., 9.50%, 2/1/14	B3/B-	1,414,675
			23,337,125
	Construction & Engineering 1.1%		
10,835	MasTec, Inc., 7.625%, 2/1/17	B1/B+	10,347,425
	Distribution/Wholesale 0.6%		
5,420	KAR Holdings, Inc., 8.75%, 5/1/14	B3/CCC	5,718,100
	Diversified Financial Services 1.9%		
10,795	Ford Motor Credit Co. LLC, 7.00%, 10/1/13	B3/B-	10,546,866
7,925	9.875%, 8/10/11	B3/B-	8,227,775
			18,774,641
	Diversified Telecommunication 0.9%		
9,150	Cincinnati Bell, Inc., 8.375%, 1/15/14	B2/B-	9,138,562
	Electric 0.5%		
7,415	Energy Future Holdings Corp., 10.875%, 11/1/17	Caa3/B-	5,246,112

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Electrical Components & Equipment 0.8%			
7,500	Anixter, Inc., 10.00%, 3/15/14	Ba2/BB+	8,231,250
Electrical Equipment 0.4%			
3,430	Baldor Electric Co., 8.625%, 2/15/17	B3/B	3,515,750
Entertainment 1.2%			
11,300	AMC Entertainment, Inc., 11.00%, 2/1/16	Caa1/CCC+	11,808,500
Food & Staples Retailing 0.8%			
9,655	Rite Aid Corp., 8.625%, 3/1/15	Caa3/CCC	8,037,787
Health Care Providers & Services 4.6%			
3,051	Alliance HealthCare Services, Inc., 7.25%, 12/15/12	B3/B	3,058,627
5,690	8.00%, 12/1/16 (a) (b)	B3/B	5,633,100
12,725	AMR Holdings Co., Inc., 10.00%, 2/15/15	Ba3/BB+	13,424,875
3,500	Apria Healthcare Group, Inc., 11.25%, 11/1/14 (a) (b)	Ba2/BB+	3,850,000
7,515	Hanger Orthopedic Group, Inc., 10.25%, 6/1/14	B3/B-	8,003,475
7,715	HCA, Inc., 9.25%, 11/15/16	B2/BB-	8,177,900
2,985	Health Net, Inc., 6.375%, 6/1/17	Ba3/BB-	2,671,575
			44,819,552
Home Builders 0.8%			
8,000	K Hovnanian Enterprises, Inc., 10.625%, 10/15/16 (a) (b)	B1/CCC+	8,200,000
Hotels Restaurants & Leisure 0.9%			
9,405	MGM Mirage, 11.375%, 3/1/18 (a) (b)	Caa2/CCC+	8,158,838
700	Royal Caribbean Cruises Ltd., 11.875%, 7/15/15	Ba3/BB-	787,500
			8,946,338
Household Durables 0.8%			
2,250	DR Horton, Inc., 6.50%, 4/15/16	Ba3/BB-	2,171,250
6,100	Jarden Corp., 7.50%, 5/1/17	B3/B-	6,069,500
			8,240,750
Independent Power Producers & Energy Traders 0.2%			
1,860	NRG Energy, Inc., 8.50%, 6/15/19	B1/BB-	1,887,900
Internet Software & Services 0.8%			
7,200	Terremark Worldwide, Inc., 12.00%, 6/15/17 (a) (b)	B2/B-	7,893,000
IT Services 1.2%			
3,295	Stream Global Services, Inc., 11.25%, 10/1/14 (a) (b)	B1/B+	3,286,762
4,704	Unisys Corp. (a) (b), 12.75%, 10/15/14	Ba3/BB-	5,268,480
3,349	14.25%, 9/15/15	Ba3/BB-	3,784,370
			12,339,612
Leisure Time 1.8%			
9,025	NCL Corp., Ltd., 11.75%, 11/15/16 (a) (b)	B3/B+	8,946,031
8,855	Travelport LLC, 11.875%, 9/1/16	Caa1/CC	8,899,275
			17,845,306
Lodging 0.3%			
2,385	Mandalay Resort Group, 1.042%, 3/21/33, FRN (e) (g)	Caa2/CCC+	2,575,929
Metals & Mining 0.6%			

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6,000	Steel Dynamics, Inc., 7.375%, 11/1/12	Ba2/BB+	6,015,000
Miscellaneous Manufacturing 2.0%			
11,500	Harland Clarke Holdings Corp., 9.50%, 5/15/15	Caa1/B-	10,853,125
9,210	Polypore, Inc., 8.75%, 5/15/12	B3/B-	9,140,925
19,994,050			
Oil, Gas & Consumable Fuels 2.4%			
6,510	Chesapeake Energy Corp., 6.875%, 1/15/16	Ba3/BB	6,282,150
10,180	OPTI Canada, Inc., 8.25%, 12/15/14	Caa3/B	8,194,900
8,750	SandRidge Energy, Inc., 9.875%, 5/15/16 (a) (b)	B3/B-	9,012,500
23,489,550			
Packaging & Containers 0.3%			
3,420	Berry Plastics Escrow LLC, 8.875%, 9/15/14 (a) (b)	Caa1/CCC	3,137,850
Paper & Forest Products 2.0%			
2,041	Louisiana-Pacific Corp., 13.00%, 3/15/17 (a) (b)	Ba3/BBB-	2,183,870
11,705	Neenah Paper, Inc., 7.375%, 11/15/14	B2/B+	10,358,925
	NewPage Corp.,		
1,000	11.375%, 12/31/14 (a) (b)	B2/CCC+	990,000
12,945	12.00%, 5/1/13	Caa3/CCC-	6,132,694
19,665,489			
Pipelines 0.8%			
9,100	Dynegy Holdings, Inc., 7.75%, 6/1/19	B3/B	7,484,750
Real Estate 0.3%			
2,250	CB Richard Ellis Services, Inc., 11.625%, 6/15/17	Ba3/B+	2,497,500
Retail 2.2%			
8,405	El Pollo Loco, Inc., 11.75%, 11/15/13	Caa2/CCC	7,606,525
1,870	GameStop Corp., 8.00%, 10/1/12	Ba1/BB+	1,933,113
6,630	Neiman Marcus Group, Inc., 10.375%, 10/15/15	Caa3/CCC+	6,016,725
5,115	Sally Holdings LLC, 10.50%, 11/15/16	Caa1/B-	5,498,625
21,054,988			
Semiconductors & Semiconductor Equipment 1.2%			
11,565	Amkor Technology, Inc., 9.25%, 6/1/16	B2/B+	11,969,775
Software 0.9%			
9,890	First Data Corp., 9.875%, 9/24/15	Caa1/B-	8,851,550
Telecommunications 4.1%			
7,680	Centennial Cellular Operating Co., 10.125%, 6/15/13	WR/A	7,948,800
13,540	Hawaiian Telcom Communications, Inc., 12.50%, 5/1/15, Ser. B (f)	WR/NR	1,354
8,300	Hughes Network Systems LLC, 9.50%, 4/15/14	B1/B	8,424,500
6,895	Intelsat Jackson Holdings Ltd., 9.50%, 6/15/16	B3/B+	7,248,369
8,220	Nextel Communications, Inc., 7.375%, 8/1/15	Ba2/BB	7,644,600
5,385	Sprint Capital Corp., 8.75%, 3/15/32	Ba3/BB	4,637,831
3,980	West Corp., 11.00%, 10/15/16	Caa1/B-	4,029,750
39,935,204			
Textiles Apparel & Luxury Goods 0.7%			
6,020	Oxford Industries, Inc., 11.375%, 7/15/15	B1/BB-	6,591,900
Wireless Telecommunication Services 2.0%			
4,550	Crown Castle International Corp., 9.00%, 1/15/15	B1/B+	4,834,375

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14,200	Millicom International Cellular S.A., 10.00%, 12/1/13	B1/NR	14,714,750
			19,549,125
	Total Corporate Bonds & Notes (cost-\$477,174,632)		471,003,243

Nicholas-Applegate Convertible & Income Fund Schedule of Investments

November 30, 2009 (unaudited)

Principal Amount (000)		Credit Rating (Moody s/S&P)	Value*
CONVERTIBLE BONDS & NOTES 29.7%			
	Aerospace & Defense 0.7%		
\$7,535	Orbital Sciences Corp., 2.438%, 1/15/27	NR/BB-	\$6,564,869
	Banks 0.8%		
7,805	National City Corp., 4.00%, 2/1/11	A3/A	7,902,563
	Commercial Services & Supplies 0.9%		
510	Bowne & Co., Inc., 6.00%, 10/1/33 (c)	B3/CCC+	488,325
8,630	Covanta Holding Corp., 1.00%, 2/1/27	Ba3/B	7,961,175
			8,449,500
	Computers 1.0%		
8,805	Maxtor Corp., 2.375%, 8/15/12	NR/B	9,421,350
	Diversified Telecommunication Services 1.3%		
6,855	QWest Communications International, 3.50%, 11/15/25	B1/B+	6,880,706
5,640	TW Telecom, Inc., 2.375%, 4/1/26	B3/B-	5,724,600
			12,605,306
	Electrical Equipment 2.7%		
9,690	EnerSys, 3.375%, 6/1/38 (c)	B2/BB	8,599,875
8,880	General Cable Corp., 0.875%, 11/15/13	B1/B+	7,714,500
13,875	JA Solar Holdings Co., Ltd., 4.50%, 5/15/13	NR/NR	10,336,875
			26,651,250
	Electronic Equipment, Instruments & Components 0.8%		
8,185	Anixter International, Inc., 1.00%, 2/15/13	NR/BB-	7,591,587
	Energy Equipment & Services 0.5%		
6,185	Hornbeck Offshore Services, Inc., 1.625%, 11/15/26 (c)	NR/BB-	5,226,325
	Entertainment 0.8%		
6,450	Macrovision Corp., 2.625%, 8/15/11	NR/B	7,715,813
	Health Care Equipment & Supplies 0.5%		
4,625	Inverness Medical Innovations, Inc., 3.00%, 5/15/16	NR/B-	5,312,969
	Health Care Providers & Services 0.8%		
9,880	Omnicare, Inc., 3.25%, 12/15/35, Ser. OCR	B3/B+	7,978,100
	Internet Software & Services 1.1%		
7,670	Equinix, Inc., 2.50%, 4/15/12	NR/B-	8,149,375
3,430	VeriSign, Inc., 3.25%, 8/15/37	NR/NR	2,872,625
			11,022,000

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	IT Services 0.9%		
9,135	Alliance Data Systems Corp., 1.75%, 8/1/13	NR/NR	8,986,556
	Life Sciences Tools & Services 0.8%		
6,900	Life Technologies Corp., 3.25%, 6/15/25	NR/BB+	8,073,000
	Machinery 0.9%		
8,565	AGCO Corp., 1.25%, 12/15/36	NR/BB	8,382,994
	Media 2.5%		
7,480	Interpublic Group of Cos, Inc., 4.25%, 3/15/23	Ba3/B+	7,311,700
8,080	Liberty Media LLC, 3.125%, 3/30/23	B1/BB-	8,110,300
9,220	Regal Entertainment Group, 6.25%, 3/15/11 (a) (b)	NR/NR	9,231,525
			24,653,525
	Metals & Mining 0.1%		
1,120	Steel Dynamics, Inc., 5.125%, 6/15/14	NR/BB+	1,374,800
	Oil, Gas & Consumable Fuels 2.6%		
10,155	Nabors Industries, Inc., 0.94%, 5/15/11	NR/BBB+	9,977,288
7,600	Peabody Energy Corp., 4.75%, 12/15/41	Ba3/B+	7,486,000
7,690	Transocean, Inc., 1.625%, 12/15/37	Baa2/BBB+	7,613,100
			25,076,388
	Pharmaceuticals 0.7%		
6,920	Mylan, Inc., 1.25%, 3/15/12	NR/BB-	7,084,350
	Real Estate Investment Trusts (REITs) 5.2%		
8,150	Boston Properties LP, 3.75%, 5/15/36	NR/A-	8,425,062
9,390	Developers Diversified Realty Corp., 3.00%, 3/15/12	NR/BB	8,627,063
7,065	Digital Realty Trust LP, 5.50%, 4/15/29 (a) (b)	NR/NR	9,087,356
6,900	Health Care REIT, Inc., 4.75%, 12/1/26	Baa2/BBB-	7,693,500
7,685	ProLogis, 2.25%, 4/1/37	NR/BBB-	7,137,444
9,825	Vornado Realty Trust, 3.625%, 11/15/26	Baa2/BBB	9,874,125
			50,844,550
	Semiconductors & Semiconductor Equipment 2.8%		
16,715	Advanced Micro Devices, Inc., 5.75%, 8/15/12	NR/B-	16,443,381
2,985	Micron Technology, Inc., 4.25%, 10/15/13	NR/NR	4,925,250
6,010	ON Semiconductor Corp., zero coupon, 4/15/24	NR/B+	6,077,612
			27,446,243
	Software 0.7%		
6,715	Nuance Communications, Inc., 2.75%, 8/15/27	NR/B-	7,277,381
	Textiles, Apparel & Luxury Goods 0.6%		
6,225	Iconix Brand Group, Inc., 1.875%, 6/30/12	B2/B	5,454,656
	Total Convertible Bonds & Notes (cost-\$243,761,356)		291,096,075

Nicholas-Applegate Convertible & Income Fund Schedule of Investments

November 30, 2009 (unaudited)

Shares (000)		Credit Rating (Moody s/S&P)	Value*
CONVERTIBLE PREFERRED STOCK 20.6%			
Capital Markets 0.5%			
892	Lehman Brothers Holdings, Inc. (d) (e) (f), 6.00%, 10/12/10, Ser. GIS (General Mills, Inc.)	WR/NR	\$2,869,882
139	28.00%, 3/6/09, Ser. RIG (Transocean, Inc.)	WR/NR	1,889,980
			4,759,862
Chemicals 0.5%			
123	Celanese Corp., 4.25%, 12/31/49	NR/NR	4,687,866
Commercial Banks 1.7%			
43	Fifth Third Bancorp, 8.50%, 12/31/49, Ser. G	Baa3/BB	5,273,650
13	Wells Fargo & Co., 7.50%, 12/31/49, Ser. L	Ba1/A-	11,640,600
			16,914,250
Commercial Services & Supplies 1.1%			
156	Avery Dennison Corp., 7.875%, 11/15/20	NR/BB+	6,378,450
162	United Rentals, Inc., 6.50%, 8/1/28	Caa2/CCC	4,718,600
			11,097,050
Consumer Finance 0.9%			
15	SLM Corp., 7.25%, 12/15/10	Ba3/BB-	8,878,800
Diversified Financial Services 3.0%			
14	Bank of America Corp., 7.25%, 12/31/49, Ser. L	Ba3/B	11,866,800
370	Credit Suisse Securities USA LLC, 10.00%, 9/1/10	Aa2/A-	8,618,732
272	10.00%, 9/9/10	Aa2/A-	8,989,253
			29,474,785
Electric 1.1%			
240	AES Trust III, 6.75%, 10/15/29	B3/B	10,939,794
Food Products 1.8%			
192	Archer-Daniels-Midland Co., 6.25%, 6/1/11	NR/BBB+	8,134,694
2	Bunge Ltd., 5.125%, 12/1/10	NR/BB	1,420,250
88	4.875%, 12/31/49	Ba1/BB	7,596,037
			17,150,981
Housewares 1.0%			
259	Newell Financial Trust I, 5.25%, 12/1/27	WR/BB	9,499,792
Insurance 1.4%			
48	Assured Guaranty Ltd., 8.50%, 6/1/12	NR/NR	4,468,941

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339	XL Capital Ltd., 10.75%, 8/15/11	Baa2/BBB-	9,538,930
			14,007,871
	Machinery 1.1%		
12	Stanley Works, 5.125%, 5/17/12, FRN	A3/BBB+	10,406,475
	Media 0.3%		
4	Interpublic Group of Cos, 5.25%, 12/31/49	NR/CCC+	2,861,950
	Metals & Mining 1.1%		
93	Freeport-McMoRan Copper & Gold, Inc., 6.75%, 5/1/10	NR/BB	11,017,944
	Oil, Gas & Consumable Fuels 1.7%		
55	ATP Oil & Gas Corp., 8.00%, 12/31/49 (a) (b) (g)	NR/NR	5,284,800
119	Chesapeake Energy Corp., 5.00%, 12/31/49	NR/B	9,778,500
8	Whiting Petroleum Corp., 6.25%, 12/31/49	NR/B	1,220,077
			16,283,377
	Pharmaceuticals 1.0%		
26	Merck & Co., Inc., 6.00%, 8/13/10	A2/A-	6,670,995
3	Mylan, Inc., 6.50%, 11/15/10	NR/B	3,447,851
			10,118,846
	Real Estate Investment Trusts (REITs) 2.4%		
511	Alexandria Real Estate Equities, Inc., 7.00%, 12/31/49	NR/NR	10,259,963
377	FelCor Lodging Trust, Inc., 1.95%, 12/31/49, Ser. A	Caa3/C	4,055,982
151	Simon Property Group, Inc., 6.00%, 12/31/49, Ser. I	Baa1/BBB	9,384,188
			23,700,133
	Total Convertible Preferred Stock (cost-\$227,943,371)		201,799,776

Shares
(000)

COMMON STOCK 0.1%

	IT Services 0.1%		
40	Unisys Corp. (cost-\$627,398) (g)		1,269,512

Principal
Amount
(000)

SHORT-TERM INVESTMENTS 1.6%

	Time Deposit 1.6%		
\$16,266	Citibank- London, 0.03%, 12/1/09 (cost-\$16,265,844)		16,265,844

Total Investments (cost-\$965,772,601) 100.0% **\$981,434,450**

Nicholas-Applegate Convertible & Income Fund Schedule of Investments

November 30, 2009 (unaudited)

Notes to Schedule of Investments:

- * Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Market value is generally determined on the basis of last reported sales prices, or if no sales are reported, on the basis of quotes obtained from a quotation reporting system, established market makers, or independent pricing services.

Portfolio securities and other financial instruments for which market quotations are not readily available or for which a development/event occurs that may significantly impact the value of a security, are fair-valued, in good faith, pursuant to procedures established by the Board of Trustees or persons acting at their discretion pursuant to procedures established by the Board of Trustees. The Fund's investments are valued daily using prices supplied by an independent pricing service or dealer quotations, or by using the last sale price on the exchange that is the primary market for such securities, or the mean between the last quoted bid and ask price for those securities for which the over-the-counter market is the primary market or for listed securities in which there were no sales. Independent pricing services use information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Synthetic convertible securities are valued based on quotations obtained from unaffiliated brokers who are the principal market-makers in such securities. Such valuations are derived by the brokers from proprietary models which are generally based on readily available market information including valuations of the common stock underlying the synthetic security, and the volatility observed in the market on such common stocks. Short-term securities maturing in 60 days or less are valued at amortized cost, if their original term to maturity was 60 days less, or by amortizing their value on the 61st day prior to maturity, if the original term to maturity exceeded 60 days. The prices used by the Fund to value securities may differ from the value that would be realized if the securities were sold and these differences could be material. The Fund's net asset value is normally determined as of the close of regular trading (normally, 4:00 p.m. Eastern time) on the New York Stock Exchange (NYSE) on each day the NYSE is open for business.

- (a) 144A Exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Unless otherwise indicated, these securities are not considered to be illiquid.
- (b) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate market value of \$106,569,037, representing 10.9% of total investments.
- (c) Step Bond Coupon is a fixed rate for an initial period then resets at a specific date and rate.
- (d) Securities exchangeable or convertible into securities of an entity different than the issuer or structured by the issuer to provide exposure to securities of an entity different than the issuer. Such entity is identified in the parenthetical.
- (e) Fair-Valued Securities with an aggregate value of \$7,335,791, representing 0.8% of total investments.
- (f) In default.
- (g) Non-income producing.

Glossary:

FRN Floating Rate Note. The interest rate disclosed reflects the rate in effect on November 30, 2009.

NR Not Rated

WR Withdrawn rating

Nicholas-Applegate Convertible & Income Fund Schedule of Investments

November 30, 2009 (unaudited)

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the exit price) in an orderly transaction between market participants. The three levels of the fair value hierarchy are described below:

- Level 1 quoted prices in active markets for identical investments that the Fund has the ability to access
- Level 2 valuations based on other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.) or quotes from inactive exchanges
- Level 3 valuations based on significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

An investment asset's or liability's level within the fair value hierarchy is based on the lowest level input, individually or in the aggregate, that is significant to fair value measurement. The objective of fair value measurement remains the same even when there is a significant decrease in the volume and level of activity for an asset or liability and regardless of the valuation technique used.

The valuation techniques used by the Fund to measure fair value during the nine months ended November 30, 2009 maximized the use of observable inputs and minimized the use of unobservable inputs. When fair-valuing securities, the Fund utilized multi-dimensional relational pricing models.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

A summary of the inputs used at November 30, 2009 in valuing the Fund's assets and liabilities is listed below:

	Level 1- Quoted Prices	Level 2- Other Significant Observable Inputs	Level 3- Significant Observable Inputs	Value at 11/30/09
Investments in Securities - Assets				
Common Stock	\$1,269,512			\$1,269,512
Convertible Bonds & Notes		\$291,096,075		291,096,075
Convertible Preferred Stock: Capital Markets			\$4,759,862	4,759,862
Diversified Financial Services	11,866,800	17,607,985		29,474,785
All Other Corporate Bonds & Notes: Lodging	167,565,129			167,565,129