

NICHOLAS APPLGATE CONVERTIBLE & INCOME FUND  
Form N-Q  
July 23, 2008

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

**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  
(Exact name of registrant as specified in charter)

1345 Avenue of the Americas, New York, NY  
(Address of principal executive offices)

10105  
(Zip code)

Lawrence G. Altadonna  
1345 Avenue of the Americas,  
New York, NY 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, 2009

Date of reporting period:      May 31, 2008

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 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, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.



**Item 1. Schedule of Investments****Nicholas-Applegate Convertible & Income Fund Schedule of Investments**

May 31, 2008 (unaudited)

| Shares<br>(000)                          |   | Credit Rating<br>(Moody's/S&P) | Value*       |
|--|---|--------------------------------|--------------|
| <b>CONVERTIBLE PREFERRED STOCK—45.7%</b> |   |                                |              |
| <b>Agriculture—1.6%</b>                  |   |                                |              |
|  | Bunge Ltd.,   |                                |              |
| 97                                       | 4.875%, 12/31/49  | Ba1/BB                         | \$13,903,200 |
| 8  | 5.125%, 12/1/10   | NR/BB                          | 8,700,000    |
|  |   |                                | 22,603,200   |
| <b>Automotive—1.4%</b>                   |   |                                |              |
|  | General Motors Corp.,   |                                |              |
| 554                                      | 5.25%, 3/6/32, Ser. B   | Caa1/B                         | 8,984,258    |
| 700                                      | 6.25%, 7/15/33, Ser. C  | Caa1/B                         | 11,557,000   |
|  |   |                                | 20,541,258   |
| <b>Banking—7.6%</b>                      |   |                                |              |
|  | Bank of America Corp.,  |                                |              |
| 19                                       | 7.25%, 12/31/49, Ser. L   | A1/A+                          | 18,743,095   |
| 308                                      | 10.00%, 5/11/09, Ser. JNJ (Johnson & Johnson) (e)                                     | Aa2/AA                         | 20,686,820   |
|  | Wachovia Corp.,   |                                |              |
| 546                                      | 13.15%, 3/30/09, Ser. GE (General Electric Co.) (e)                                   | Aa3/AA-                        | 16,932,569   |
| 440                                      | 14.10%, 4/1/09, Ser. JPM (JP Morgan Chase & Co.) (e)                                  | Aa3/AA-                        | 18,801,170   |
| 315                                      | Washington Mutual Capital Trust, 5.375%, 5/1/41, Ser. UNIT                            | Ba1/BB+                        | 9,134,749    |
| 181                                      | Wells Fargo Co., 8.00%, 6/1/08, Ser. AAPL (Apple, Inc.) (e)                           | Aa1/AA+                        | 24,605,140   |
|  |   |                                | 108,903,543  |
| <b>Commercial Services—0.7%</b>          |   |                                |              |
| 305                                      | United Rentals, Inc., 6.50%, 8/1/28   | B3/B-                          | 9,525,375    |
| <b>Electric—4.5%</b>                     |   |                                |              |
| 441                                      | AES Trust III, 6.75%, 10/15/29  | B3/B-                          | 21,680,492   |
| 322                                      | Entergy Corp., 7.625%, 2/17/09  | NR/BBB                         | 22,769,280   |
| 56                                       | NRG Energy, Inc., 5.75%, 3/16/09  | B2/CCC+                        | 19,770,638   |
|  |   |                                | 64,220,410   |
| <b>Financial Services—13.4%</b>          |   |                                |              |
| 347                                      | Citigroup Funding, Inc., 4.583%, 9/27/08, Ser. GNW (Genworth Financial, Inc.) (d) (e) | Aa3/AA-                        | 8,080,412    |
| 394                                      | Citigroup, Inc., 6.50%, 12/31/49, Ser. T  | A2/A                           | 19,123,845   |
|  | Credit Suisse,  |                                |              |
| 714                                      | 11.00%, 3/16/09, Ser. MSFT (Microsoft Corp.) (e)                                      | Aa1/AA-                        | 19,410,053   |
| 334                                      | 11.00%, 4/25/09, Ser. KO (Coca-Cola Corp.) (e)  | Aa1/AA-                        | 20,873,125   |
|  | Ekspartfinans A/S,  |                                |              |
| 419                                      | 10.00%, 3/12/09, Ser. HPQ (Hewlett Packard Co.) (e)                                   | Aaa/AA+                        | 18,530,400   |
| 1,216                                    | 13.00%, 11/1/08, Ser. TWX (Time Warner, Inc.) (e)                                     | Aaa/A+                         | 18,368,395   |
| 830                                      | Goldman Sachs Group, Inc., 9.75%, 12/19/08, Ser. CSCO (Cisco Systems, Inc.) (e)       | Aa3/NR                         | 21,337,312   |
|  | Lehman Brothers Holdings, Inc.,   |                                |              |
| 892                                      | 6.00%, 10/12/10, Ser. GIS (General Mills, Inc.) (e)                                   | A1/A+                          | 22,093,848   |
| 255                                      | 8.50%, 8/25/08, Ser. UTX (United Technologies Corp.) (e)                              | A1/A+                          | 17,115,726   |
| 139                                      | 28.00%, 3/6/09, Ser. RIG (Transocean, Inc.) (e)                                       | A1/A+                          | 14,906,262   |
| 10                                       | SLM Corp., 7.25%, 12/15/10, Ser. C  | Ba1/NR                         | 11,155,000   |
|  |   |                                | 190,994,378  |

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**Hand/Machine Tools—1.4%**

|                                       |      |            |
|---------------------------------------|------|------------|
| 22 Stanley Works, 4.344%, 5/17/12 (d) | A2/A | 19,442,162 |
|---------------------------------------|------|------------|

**Insurance—3.5%**

|   |         |            |
|---|---------|------------|
| 635 Metlife, Inc., 6.375%, 8/15/08                              | NR/BBB+ | 18,454,168 |
| 687 Platinum Underwriters Holdings Ltd., 6.00%, 2/15/09, Ser. A | NR/BB+  | 21,674,850 |
| 687 XL Capital Ltd., 7.00%, 2/15/09                             | Baa1/A- | 9,566,520  |
|   |         | 49,695,538 |

**Investment Company—1.4%**

|  |       |            |
|--|-------|------------|
| 270 Vale Capital Ltd., 5.50%, 6/15/10, Ser. RIO (Companhia Vale do Rio Doce) (e) | NR/NR | 20,038,366 |
|--|-------|------------|

**Metals & Mining—1.5%**

|   |       |            |
|---|-------|------------|
| 128 Freeport-McMoRan Copper & Gold, Inc., 6.75%, 5/1/10 | NR/BB | 21,124,961 |
|---|-------|------------|

**Oil & Gas—1.4%**

|  |      |            |
|--|------|------------|
| 127 Chesapeake Energy Corp., 5.00%, 12/31/49 | NR/B | 19,660,988 |
|--|------|------------|

**Pharmaceuticals—1.8%**

|   |          |            |
|---|----------|------------|
| 130 Schering-Plough Corp., 6.00%, 8/13/10 | Baa3/BBB | 25,406,281 |
|---|----------|------------|

**Real Estate (REIT)—1.2%**

|   |       |            |
|---|-------|------------|
| 867 FelCor Lodging Trust, Inc., 1.95%, 12/31/49, Ser. A | B2/B- | 17,119,515 |
|---|-------|------------|

**Nicholas-Applegate Convertible & Income Fund Schedule of Investments**

May 31, 2008 (unaudited)

| Shares<br>(000)                |   | Credit Rating<br>(Moody's/S&P) | Value*       |
|--------------------------------|---|--------------------------------|--------------|
| <b>Sovereign—2.9%</b>          |   |                                |              |
|                                | Svensk Exportkredit AB,   |                                |              |
| 511                            | 10.00%, 10/20/08, Ser. TEVA (Teva Pharmaceutical Industries Ltd.) (e) | Aa1/AA+                        | \$21,974,213 |
| 226                            | 12.50%, 12/12/08, Ser. XOM (Exxon Mobil Corp.) (e)                    | Aa1/AA+                        | 18,956,812   |
|                                |   |                                | 40,931,025   |
| <b>Telecommunications—1.4%</b> |   |                                |              |
| 330                            | Crown Castle International Corp., 6.25%, 8/15/12                      | NR/NR                          | 20,047,500   |
|                                | Total Convertible Preferred Stock (cost—\$666,843,589)                |                                | 650,254,500  |

**CORPORATE BONDS & NOTES—41.3%**Principal  
Amount  
(000)

|                                 |  |           |            |
|---------------------------------|--|-----------|------------|
| <b>Advertising—0.8%</b>         |  |           |            |
| \$11,450                        | Affinion Group, Inc., 11.50%, 10/15/15                               | B3/B-     | 11,693,312 |
| <b>Apparel—1.0%</b>             |  |           |            |
| 7,715                           | Levi Strauss & Co., 9.75%, 1/15/15                                   | B2/B+     | 8,120,038  |
| 6,090                           | Oxford Industries, Inc., 8.875%, 6/1/11                              | B1/B+     | 5,937,750  |
|                                 |  |           | 14,057,788 |
| <b>Automotive—2.1%</b>          |  |           |            |
| 8,545                           | Accuride Corp., 8.50%, 2/1/15  | B3/B-     | 7,092,350  |
| 3,615                           | American Axle & Manufacturing, Inc., 7.875%, 3/1/17                  | Ba3/BB-   | 3,090,825  |
| 14,195                          | Exide Technologies, 10.50%, 3/15/13, Ser. B                          | Caa1/CCC+ | 13,840,125 |
| 7,490                           | General Motors Corp., 8.375%, 7/15/33                                | Caa1/B    | 5,168,100  |
|                                 |  |           | 29,191,400 |
| <b>Chemicals—0.3%</b>           |  |           |            |
| 4,890                           | Momentive Performance Materials, Inc., 9.75%, 12/1/14                | B3/B      | 4,559,925  |
| <b>Coal—0.4%</b>                |  |           |            |
| 6,280                           | James River Coal Co., 9.375%, 6/1/12                                 | Ca/CC     | 6,185,800  |
| <b>Commercial Services—1.6%</b> |  |           |            |
| 13,465                          | Cenveo Corp., 7.875%, 12/1/13  | B3/B      | 11,748,213 |
| 11,060                          | Hertz Corp., 10.50%, 1/1/16  | B2/B      | 11,087,650 |
|                                 |  |           | 22,835,863 |
| <b>Computers—0.7%</b>           |  |           |            |
| 10,325                          | Unisys Corp., 8.00%, 10/15/12  | B2/B+     | 9,344,125  |
| <b>Electric—1.9%</b>            |  |           |            |
| 13,275                          | AES Corp., 9.50%, 6/1/09   | B1/BB-    | 13,772,813 |
| 7,560                           | Energy Future Holdings Corp., 10.875%, 11/1/17 (a) (b)               | B3/B-     | 7,919,100  |
| 5,400                           | Texas Competitive Electric Holdings Co. LLC, 10.25%, 11/1/15 (a) (b) | B3/CCC    | 5,541,750  |
|                                 |  |           | 27,233,663 |
| <b>Electronics—0.9%</b>         |  |           |            |
| 12,170                          | Stoneridge, Inc., 11.50%, 5/1/12                                     | B2/B+     | 12,687,225 |

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**Financial Services—3.2%**

|        |  |         |            |
|--------|--|---------|------------|
| 12,725 | AMR Holdings Co., 10.00%, 2/15/15        | B1/B-   | 13,615,750 |
| 10,795 | Ford Motor Credit Co., 7.00%, 10/1/13    | B1/B    | 9,087,663  |
| 8,070  | GMAC LLC, 6.75%, 12/1/14                 | B2/B    | 6,255,597  |
| 9,990  | KAR Holdings, Inc., 8.75%, 5/1/14        | B3/CCC+ | 9,340,650  |
| 3,655  | MedCath Holdings Corp., 9.875%, 7/15/12  | Caa1/B- | 3,819,475  |
| 6,070  | Residential Capital LLC, 6.375%, 6/30/10 | Ca/CC   | 3,277,800  |
|        |  |         | 45,396,935 |

**Healthcare—1.9%**

|       |   |           |            |
|-------|---|-----------|------------|
| 6,735 | Alliance Imaging, Inc., 7.25%, 12/15/12       | B3/B-     | 6,600,300  |
| 9,015 | Hanger Orthopedic Group, Inc., 10.25%, 6/1/14 | Caa1/CCC+ | 9,330,525  |
| 5,385 | HCA, Inc., 9.25%, 11/15/16                    | B2/BB-    | 5,701,369  |
| 3,585 | Health Net, Inc., 6.375%, 6/1/17              | Ba2/BB+   | 3,244,425  |
| 1,350 | Psychiatric Solutions, Inc., 7.75%, 7/15/15   | B3/B-     | 1,390,500  |
|       |   |           | 26,267,119 |

**Home Furnishings—1.4%**

|        |  |           |            |
|--------|--|-----------|------------|
| 10,830 | Central Garden & Pet Co., 9.125%, 2/1/13 | Caa1/CCC+ | 9,828,225  |
| 11,390 | Jarden Corp., 7.50%, 5/1/17              | B3/B      | 10,222,525 |
|        |  |           | 20,050,750 |

**Nicholas-Applegate Convertible & Income Fund Schedule of Investments**

May 31, 2008

| Principal Amount<br>(000)              |   | Credit Rating<br>(Moody's/S&P) | Value*       |
|--|---|--------------------------------|--------------|
| <b>Manufacturing—2.4%</b>              |   |                                |              |
| \$13,610                               | Harland Clarke Holdings Corp., 9.50%, 5/15/15             | Caa1/B-                        | \$11,228,250 |
| 2,155                                  | Park-Ohio Industries, Inc., 8.375%, 11/15/14              | B3/B-                          | 1,866,769    |
| 9,710                                  | Polypore, Inc., 8.75%, 5/15/12                            | B3/B-                          | 9,758,550    |
| 12,115                                 | Sally Holdings LLC, 10.50%, 11/15/16                      | Caa1/CCC+                      | 11,872,700   |
|  |   |                                | 34,726,269   |
| <b>Metals &amp; Mining—1.5%</b>        |   |                                |              |
| 8,310                                  | PNA Group, Inc., 10.75%, 9/1/16                           | B3/B-                          | 8,226,900    |
| 12,735                                 | RathGibson, Inc., 11.25%, 2/15/14                         | B3/B                           | 12,607,650   |
|  |   |                                | 20,834,550   |
| <b>Miscellaneous—0.7%</b>              |   |                                |              |
| 9,477                                  | Dow Jones CDX High Yield, 10.50%, 12/29/09 (a) (b) (c)    | NR/NR                          | 9,939,004    |
| <b>Multi-Media—1.4%</b>                |   |                                |              |
| 11,140                                 | CCH I LLC, 11.00%, 10/1/15                                | Caa3/CCC                       | 9,524,700    |
| 10,640                                 | Mediacom LLC, 9.50%, 1/15/13                              | B3/B-                          | 10,214,400   |
|  |   |                                | 19,739,100   |
| <b>Office Furnishings—0.8%</b>         |   |                                |              |
|  | Interface, Inc.,  |                                |              |
| 4,835                                  | 9.50%, 2/1/14   | B3/B-                          | 5,076,750    |
| 6,600                                  | 10.375%, 2/1/10   | B1/BB-                         | 6,963,000    |
|  |   |                                | 12,039,750   |
| <b>Packaging &amp; Containers—0.5%</b> |   |                                |              |
| 8,080                                  | Smurfit-Stone Container Enterprises, Inc., 8.375%, 7/1/12 | B3/B-                          | 7,554,800    |
| <b>Paper Products—1.6%</b>             |   |                                |              |
| 10,205                                 | Neenah Paper, Inc., 7.375%, 11/15/14                      | B2/B+                          | 9,184,500    |
| 12,945                                 | NewPage Corp., 12.00%, 5/1/13                             | B3/CCC+                        | 13,754,062   |
|  |   |                                | 22,938,562   |
| <b>Pipelines—0.6%</b>                  |   |                                |              |
| 9,100                                  | Dynegy Holdings, Inc., 7.75%, 6/1/19                      | B2/B                           | 8,667,750    |
| <b>Retail—5.0%</b>                     |   |                                |              |
| 8,250                                  | Bon-Ton Stores, Inc., 10.25%, 3/15/14                     | Caa1/CCC+                      | 5,981,250    |
| 7,550                                  | Burlington Coat Factory Warehouse Corp., 11.125%, 4/15/14 | B3/CCC+                        | 6,455,250    |
| 8,405                                  | El Pollo Loco Finance Corp., 11.75%, 11/15/13             | Caa1/CCC+                      | 8,110,825    |
| 12,825                                 | Michaels Stores, Inc., 10.00%, 11/1/14                    | B2/CCC                         | 11,927,250   |
| 13,355                                 | Neiman-Marcus Group, Inc., 10.375%, 10/15/15              | B3/B                           | 13,872,506   |
| 4,695                                  | R.H. Donnelley, Inc., 8.875%, 1/15/16, Ser. A—3           | B3/B-                          | 3,239,550    |
| 12,785                                 | Rite Aid Corp., 8.625%, 3/1/15                            | Caa1/CCC+                      | 10,036,225   |
| 11,440                                 | Star Gas Partners L.P., 10.25%, 2/15/13, Ser. B           | Caa3/CCC                       | 11,382,800   |
|  |   |                                | 71,005,656   |
| <b>Semi-Conductors—1.5%</b>            |   |                                |              |
| 11,245                                 | Amkor Technology, Inc., 9.25%. 6/1/16                     | B1/B+                          | 11,216,887   |
| 12,405                                 | Freescale Semiconductor, Inc., 10.125%, 12/15/16          | B3/B-                          | 10,513,238   |

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|        |  |           |             |
|--------|--|-----------|-------------|
|        |  |           | 21,730,125  |
|        | <b>Software—0.8%</b>   |           |             |
| 12,395 | First Data Corp., 9.875%, 9/24/15 (a) (b)                    | B3/B      | 11,232,969  |
|        | <b>Telecommunications—6.4%</b>                               |           |             |
| 9,705  | Centennial Cellular Operating Co., 10.125%, 6/15/13          | B2/B      | 10,141,725  |
| 5,195  | Centennial Communications Corp., 10.00%, 1/1/13              | Caa1/CCC+ | 5,220,975   |
| 1,075  | Cincinnati Bell, Inc., 8.375%, 1/15/14                       | B2/B-     | 1,075,000   |
| 6,060  | Cricket Communications, Inc., 9.375%, 11/1/14                | B3/B-     | 5,878,200   |
| 13,540 | Hawaiian Telcom Communications, Inc., 12.50%, 5/1/15, Ser. B | Caa3/CCC  | 3,486,550   |
| 13,555 | Level 3 Financing, Inc., 12.25%, 3/15/13                     | Caa1/CCC+ | 14,164,975  |
| 9,685  | MasTec, Inc., 7.625%, 2/1/17                                 | B1/B+     | 8,522,800   |
| 15,700 | Millicom International Cellular S.A., 10.00%, 12/1/13        | B1/BB     | 16,759,750  |
| 12,680 | Nortel Networks Ltd., 10.75%, 7/15/16                        | B3/B-     | 12,584,900  |
| 14,220 | West Corp., 11.00%, 10/15/16                                 | Caa1/B-   | 12,655,800  |
|        |  |           | 90,490,675  |
|        | <b>Theaters—0.9%</b>   |           |             |
| 12,940 | AMC Entertainment, Inc., 11.00%, 2/1/16                      | B2/CCC+   | 13,198,800  |
|        | <b>Travel Services—1.0%</b>                                  |           |             |
| 14,560 | Travelport LLC, 11.875%, 9/1/16                              | Caa1/CCC+ | 13,431,600  |
|        | Total Corporate Bonds & Notes (cost—\$617,132,344)           |           | 587,033,515 |



**Nicholas-Applegate Convertible & Income Fund Schedule of Investments**

May 31, 2008 (unaudited)

| Principal<br>Amount<br>(000)              |   | Credit Rating<br>(Moody's/S&P) | Value*                 |
|---|---|--------------------------------|------------------------|
| <b>CONVERTIBLE BONDS &amp; NOTES—9.0%</b> |   |                                |                        |
| <b>Automotive—1.1%</b>                    |   |                                |                        |
| \$15,930                                  | Ford Motor Co., 4.25%, 12/15/36                               | Caa1/CCC+                      | \$15,233,063           |
| <b>Commercial Services—0.1%</b>           |   |                                |                        |
| 2,100                                     | Bowne & Co., Inc., 5.00%, 10/1/33                             | B1/B-                          | 2,128,980              |
| <b>Computers—1.3%</b>                     |   |                                |                        |
| 17,355                                    | Maxtor Corp., 6.80%, 4/30/10                                  | Ba1/NR                         | 18,569,850             |
| <b>Hotels/Gaming—0.2%</b>                 |   |                                |                        |
| 2,365                                     | Mandalay Resort Group, Inc., 3.349%, 3/21/33 (d)              | Ba2/BB                         | 3,346,475              |
| <b>Internet—1.2%</b>                      |   |                                |                        |
| 15,055                                    | Amazon.com, Inc., 4.75%, 2/1/09                               | Ba2/B+                         | 16,729,869             |
| <b>Real Estate (REIT)—1.1%</b>            |   |                                |                        |
| 16,790                                    | Developers Diversified Realty Corp., 3.00%, 3/15/12           | NR/BBB                         | 15,090,012             |
| <b>Retail—1.4%</b>                        |   |                                |                        |
| 21,008                                    | Sonic Automotive, Inc., 5.25%, 5/7/09                         | B2/B                           | 20,482,805             |
| <b>Telecommunications—2.6%</b>            |   |                                |                        |
| 20,550                                    | Level 3 Communications, Inc., 6.00%, 3/15/10                  | Caa3/CCC                       | 18,751,875             |
| 18,885                                    | Nextel Communications, Inc., 5.25%, 1/15/10                   | Baa3/BB                        | 18,129,600             |
|   |   |                                | 36,881,475             |
|   | Total Convertible Bonds & Notes (cost—\$130,816,043)          |                                | 128,462,529            |
| <b>U.S. GOVERNMENT SECURITIES—2.7%</b>    |   |                                |                        |
| Principal<br>Amount<br>(000)              |   |                                |                        |
|   | United States Treasury Notes,                                 |                                |                        |
| \$ 25,435                                 | 12.00%, 8/15/13   |                                | 25,921,851             |
| 10,775                                    | 13.25%, 5/15/14   |                                | 11,848,298             |
|   | Total U.S. Government Securities (cost—\$41,897,897)          |                                | 37,770,149             |
| <b>SHORT-TERM INVESTMENT—1.3%</b>         |   |                                |                        |
| <b>Time Deposit—1.3%</b>                  |   |                                |                        |
| 19,220                                    | Bank of America—London, 1.46%, 6/2/08<br>(cost—\$19,219,687)  |                                | 19,219,687             |
|   | <b>Total Investments</b> (cost—\$1,475,909,560) <b>100.0%</b> |                                | <b>\$1,422,740,380</b> |



**Nicholas-Applegate Convertible & Income Fund Schedule of Investments**

May 31, 2008 (unaudited)

**Notes to Schedule of Investments:**

- \* Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Portfolio securities and other financial instruments for which market quotations are not readily available or if a development/event occurs that significantly impact the value of a security, are fair valued, in good faith, pursuant to guidelines established by the Board of Trustees or persons acting at their discretion pursuant to procedures approved by the Board of Trustees. The Fund's investments are valued daily at prices supplied by an independent pricing service or dealer quotations, or 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. Short-term securities maturing in 60 days or less are valued at amortized cost, if their original term to maturity was 60 days or less, or by amortizing their value on the 61st day prior to maturity, if the original term 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. 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.
- \*\* Amount less than 500.
- (a) 144A Security-Security 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 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 \$34,632,823, representing 2.43% of total investments.
- (c) Credit-linked trust certificate.
- (d) Variable Rate Notes - Instruments whose interest rates change on specified date (such as a coupon date or interest payment date) and whose interest rates vary with changes in a designated base rate (such as the prime interest rate). The interest rate disclosed reflects the rate in effect on May 31, 2008.
- (e) Securities exchangeable or convertible into securities of an entity different than the issuer. Such entity is identified in the parentheses.

**Glossary:**

NR □ Not Rated

REIT □ Real Estate Investment Trust

**Fair Value Measurements** □ Effective March 1, 2008, the Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("FAS 157"). This standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of the fair value measurements. The three levels of the fair value hierarchy under FAS 157 are described below:

□ Level 1 □ quoted prices in active markets for identical investments

□ Level 2 □ other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

□ Level 3 □ significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

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

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The following is a summary of the inputs used at May 31, 2008 in valuing the Fund's investments carried at value:

| <b>Valuation Inputs</b>                       | <b>Investments in Securities</b> |
|---|----------------------------------|
| Level 1 ☐ Quoted Prices                       | \$ 353,778,157                   |
| Level 2 ☐ Other Significant Observable Inputs | 1,057,388,848                    |
| Level 3 ☐ Significant Unobservable Inputs     | 11,573,375                       |
| <b>Total</b>                                  | <b>\$1,422,740,380</b>           |

A roll forward of fair value measurement using significant unobservable inputs (Level 3) at May 31, 2008, were as follows:

|   | <b>Investments in Securities</b> |
|---|----------------------------------|
| Beginning balance, 2/29/08                | \$ 3,346,475                     |
| Net purchases (sales) and settlements     | -                                |
| Accrued discounts (premiums)              | -                                |
| Total realized and unrealized gain (loss) | 872,550                          |
| Transfers in and/or out of Level 3        | 7,354,350                        |
| Ending balance, 5/31/08                   | \$11,573,375                     |

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**Item 2. Controls and Procedures**

(a) The registrant's President & Chief Executive Officer and Treasurer, Principal Financial & Accounting Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Act (17 CFR 270.30a -3(c))), are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.

(b) There were no significant changes in the registrant's internal controls over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a -3(d))) that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 3. Exhibits**

(a) Exhibit 99.302 Cert.  Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

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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.

Registrant: Nicholas-Applegate Convertible & Income Fund

By /s/ Brian S. Shlissel  
President & Chief Executive Officer

Date: July 23, 2008

By /s/ Lawrence G. Altadonna  
Treasurer, Principal Financial & Accounting  
Officer

Date: July 23, 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/ Brian S. Shlissel  
President & Chief Executive Officer

Date: July 23, 2008

By /s/ Lawrence G. Altadonna  
Treasurer, Principal Financial & Accounting  
Officer

Date: July 23, 2008

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