

NICHOLAS APPLGATE CONVERTIBLE & INCOME FUND  
Form N-Q  
January 24, 2007

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM N-Q**

OMB APPROVAL

OMB Number:  
3235-0578  
Expires: February 28,  
2007  
Estimated average  
burden  
hours per response: 20.0

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

Investment Company Act File Number: 811-21284

Registrant Name: Nicholas-Applegate Convertible & Income Fund

Address of Principal Executive Offices: 1345 Avenue of the Americas New York, New York 10105

Name and Address of Agent for Service: Lawrence G. Altadonna 1345 Avenue of the Americas New York, New York 10105

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

Date of Fiscal Year End: February 28, 2007

Date of Reporting Period: November 30, 2006

Form N-Q is to be used by the registered management investment company, other than a small business investment company 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 30b 1-5 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.

Edgar Filing: NICHOLAS APPLGATE CONVERTIBLE & INCOME FUND - Form N-Q

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**

November 30, 2006 (unaudited)

Principal Amount (000)		Credit Rating (Moody's/S&P)	Value*
<b>CORPORATE BONDS &amp; NOTES-41.5%</b>			
<b>Advertising-0.7%</b>			
\$10,700	Affinion Group, Inc., 11.50%, 10/15/15	Caa1/B-	\$11,288,500
<b>Apparel-1.1%</b>			
2,000	Levi Strauss & Co., 9.75%, 1/15/15	B3/B-	2,147,500
12,990	12.25%, 12/15/12	B3/B-	14,500,087
			16,647,587
<b>Automotive-1.2%</b>			
7,485	General Motors Corp., 8.375%, 7/15/33	Caa1/B-	6,820,706
10,890	Goodyear Tire & Rubber Co., 11.25%, 3/1/11	B2/B-	12,060,675
			18,881,381
<b>Chemicals-3.2%</b>			
8,090	Georgia Gulf Corp., 10.75%, 10/15/16 (a)	B2/B	7,705,725
4,703	Huntsman LLC, 11.625%, 10/15/10	Ba3/BB-	5,196,815
5,115	Lyondell Chemical Co., 10.875%, 5/1/09	B2/B	5,217,300
5,435	11.125%, 7/15/12	Ba2/BB	5,883,387
13,590	Mosaic Global Holdings, Inc., 11.25%, 6/1/11, Ser. B	B1/BB	14,354,437
5,125	PolyOne Corp., 10.625%, 5/15/10	B2/B+	5,483,750
4,830	Rhodia S.A., 10.25%, 6/1/10	B2/B-	5,518,275
			49,359,689
<b>Coal-0.5%</b>			
8,170	James River Coal Co., 9.375%, 6/1/12	Caa2/CCC-	7,189,600
<b>Commercial Services-2.1%</b>			
9,905	Cenveo Corp., 7.875%, 12/1/13	B3/B-	9,558,325
9,715	Hertz Corp., 10.50%, 1/1/16 (a)	B2/B	10,589,350
12,335	Vertrue, Inc., 9.25%, 4/1/14	Ba3/B	12,890,075
			33,037,750
<b>Computers-0.5%</b>			
8,515	Unisys Corp., 8.00%, 10/15/12	B2/B+	8,302,125
<b>Electric-2.7%</b>			
13,025	AES Corp., 9.50%, 6/1/09	B1/B	13,936,750
12,750	Mission Energy Holdings Co., 13.50%, 7/15/08	B2/B	14,152,500
12,630	PSEG Energy Holdings LLC, 10.00%, 10/1/09	Ba3/BB-	13,829,850
			41,919,100
<b>Electronics-1.5%</b>			
13,155	IMAX Corp., 9.625%, 12/1/10	Caa1/B-	11,346,187
12,170	Stoneridge, Inc., 11.50%, 5/1/12	B2/B	12,291,700
			23,637,887
<b>Financial Services-2.9%</b>			
11,080	Alamosa Delaware, Inc., 11.00%, 7/31/10	Baa3/BBB+	12,020,703
8,725	AMR Holdings Co., 10.00%, 2/15/15	B3/B-	9,444,812
10,795	Ford Motor Credit Co., 7.00%, 10/1/13	B1/B	10,354,057
4,945	MedCath Holdings Corp., 9.875%, 7/15/12	Caa1/B-	5,315,875
7,550	Sally Holdings LLC, 10.50%, 11/15/16 (a)	Caa1/CCC+	7,748,188
			44,883,635
<b>Food Products-0.9%</b>			

Edgar Filing: NICHOLAS APPLGATE CONVERTIBLE & INCOME FUND - Form N-Q

12,805	Pilgrim's Pride Corp., 9.625%, 9/15/11	Ba3/BB-	13,445,250
	<b>Healthcare-0.9%</b>		
7,275	Alliance Imaging, Inc., 7.25%, 12/15/12	B3/B-	6,765,750
6,475	Hanger Orthopedic Group, Inc., 10.25%, 6/1/14	Caa2/CCC+	6,653,063 13,418,813
	<b>Home Builders-0.7%</b>		
12,160	William Lyon Homes, Inc., 10.75%, 4/1/13	B3/B	11,460,800
	<b>Home Furnishings-1.8%</b>		
11,370	Central Garden & Pet Co., 9.125%, 2/1/13	B2/B	11,824,800
14,600	Jarden Corp., 9.75%, 5/1/12	B3/B-	15,439,500 27,264,300
	<b>Machinery-0.9%</b>		
12,940	Case New Holland, Inc., 9.25%, 8/1/11	Ba3/BB	13,732,575

---

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

November 30, 2006 (unaudited)

Principal Amount (000)		Credit Rating (Moody's/S&P)	Value*
	<b>Manufacturing-0.5%</b>		
\$6,875	Clarke American Corp., 11.75%, 12/15/13	B3/B-	\$7,150,000
	<b>Metals &amp; Mining-2.5%</b>		
7,710	AK Steel Corp., 7.875%, 2/15/09	B2/B+	7,710,000
11,665	Freeport-McMoRan Copper & Gold, Inc., 10.125%, 2/1/10	B1/B+	12,306,575
4,855	PNA Group, Inc., 10.75%, 9/1/16 (a)	B3/B-	5,024,925
13,420	United States Steel LLC, 10.75%, 8/1/08	Ba1/BB	14,594,250
			39,635,750
	<b>Miscellaneous-0.8%</b>		
11,903	Dow Jones CDX High Yield, 10.50%, 12/29/09 (a) (b)	NR/NR	12,661,285
	<b>Multi-Media-1.9%</b>		
12,870	CCH I LLC, 11.00%, 10/1/15	Caa2/CCC-	12,676,950
6,450	Lodgenet Entertainment Corp., 9.50%, 6/15/13	B2/B-	6,901,500
10,835	Sirius Satellite Radio, Inc., 9.625%, 8/1/13	Caa1/CCC	10,753,738
			30,332,188
	<b>Office Furnishings-1.1%</b>		
5,375	Interface, Inc., 9.50%, 2/1/14	B3/CCC+	5,616,875
6,490	10.375%, 2/1/10	B1/B	7,090,325
3,791	Tempur-Pedic, Inc., 10.25%, 8/15/10	B2/B	4,094,280
			16,801,480
	<b>Oil &amp; Gas-0.4%</b>		
5,000	Seitel, Inc., 11.75%, 7/15/11	B3/NR	6,225,000
	<b>Paper Products-1.2%</b>		
5,096	Buckeye Technologies, Inc., 9.25%, 9/15/08	Caa1/B	5,096,000
12,945	NewPage Corp., 12.00%, 5/1/13	Caa1/CCC+	13,656,975
			18,752,975
	<b>Pharmaceuticals-0.5%</b>		
7,180	Leiner Health Products, Inc., 11.00%, 6/1/12	Caa1/CCC	7,287,700
	<b>Pipelines-0.9%</b>		
13,330	Sonat, Inc., 7.625%, 7/15/11	B2/B	13,829,875
	<b>Retail-4.2%</b>		
14,420	Bon-Ton Stores, Inc., 10.25%, 3/15/14	B3/B-	14,852,600
5,420	EPL Finance Corp., 11.75%, 11/15/13	Caa1/CCC+	5,772,300
2,090	GSC Holdings Corp., 8.00%, 10/1/12	B1/B+	2,178,825
8,036	Mothers Work, Inc., 11.25%, 8/1/10	Caa1/B-	8,488,025
9,710	Neiman-Marcus Group, Inc., 10.375%, 10/15/15	B3/B-	10,741,688
10,000	R.H. Donnelley, Inc., 10.875%, 12/15/12	B2/B	10,900,000
11,310	Star Gas Partners L.P., 10.25%, 2/15/13, Ser. B	Caa3/B-	11,719,988
			64,653,426
	<b>Semi-Conductors-0.5%</b>		
8,090	Freescale Semiconductor, Inc., 10.125%, 12/15/16 (a)	B2/B	8,181,012
	<b>Telecommunications-4.2%</b>		
8,475	Hawaiian Telcom Communications, Inc., 12.50%, 5/1/15, Ser. B	B3/CCC+	8,835,188
12,400	Intelsat Bermuda Ltd, 11.25%, 6/15/16 (a)	Caa1/B	13,593,500
12,805	Level 3 Financing, Inc., 12.25%, 3/15/13	B2/CCC-	14,469,650
13,800	Millicom International Cellular S.A., 10.00%, 12/1/13	B2/B-	14,955,750
12,680	Nortel Networks Ltd, 10.75%, 7/15/16 (a)	B3/B-	13,583,450
			65,437,538
	<b>Transportation-0.4%</b>		
5,870	PHI, Inc., 7.125%, 4/15/13 (a)	B2/BB-	5,635,200
	<b>Travel Services-0.8%</b>		
12,940	TDS Investor Corp., 11.875%, 9/1/16 (a)	Caa1/B-	12,713,550
	Total Corporate Bonds & Notes (cost-\$627,168,800)		643,765,971



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

November 30, 2006 (unaudited)

Shares (000)		Credit Rating (Moody's/S&P)	Value*
<b>CONVERTIBLE PREFERRED STOCK-29.4%</b>			
<b>Automotive-2.2%</b>			
511	Ford Motor Co., Capital Trust II, 6.50%, 1/15/32	Caa2/CCC-	\$17,735,170
785	General Motors Corp., 5.25%, 3/6/32, Ser. B	Caa1/B-	16,304,450
			34,039,620
<b>Banking-1.0%</b>			
289	Washington Mutual Capital Trust, 5.375%, 5/3/41	Baa1/BBB	16,083,518
<b>Commercial Services-1.0%</b>			
305	United Rentals, Inc., 6.50%, 8/1/28	B3/B-	14,935,788
<b>Electric-4.6%</b>			
445	AES Trust III, 6.75%, 10/15/29	B3/B	21,923,637
342	Entergy Corp., 7.625%, 2/17/09	NR/BBB	20,195,392
110	NRG Energy, Inc., 5.75%, 3/16/09	B2/CCC+	29,989,187
			72,108,216
<b>Financial Services-10.4%</b>			
560	Citigroup Funding, Inc., 0.00%, 9/27/08, Ser. GNW (c)	Aa1/AA-	17,640,000
410	E*Trade Financial Corp., 6.125%, 11/18/08	Ba3/NA	12,710,000
684	Goldman Sachs Group, Inc., 12.00%, 12/12/07, Ser. CSCO	NR/NR	18,243,438
610	Lehman Brothers Holdings, Inc., 6.25%, 10/15/07, Ser. GIS	A1/A+	16,653,000
505	20.00%, 3/17/07, Ser. HPQ	A1/A+	16,826,600
261	20.00%, 8/15/07, Ser. UTX	A1/A+	15,752,089
215	Morgan Stanley, 20.00%, 12/14/06, Ser. WLP	Aa3/A+	14,560,875
280	20.00%, 12/22/06, Ser. XOM	Aa3/A+	16,803,540
590	20.00%, 3/9/07, Ser. T	Aa3/A+	16,458,050
540	20.00%, 6/2/07, Ser. DIS	Aa3/A+	15,819,300
			161,466,892
<b>Insurance-4.2%</b>			
425	Genworth Financial, Inc., 6.00%, 5/16/07	A2/A	14,994,000
554	Metlife, Inc., 6.375%, 8/15/08	NR/BBB+	16,802,292
540	Platinum Underwriters Holdings Ltd, 6.00%, 2/15/09, Ser. A	NR/BB+	16,335,000
720	XL Capital Ltd, 6.50%, 5/15/07	A3/A-	16,588,800
			64,720,092
<b>Oil &amp; Gas-1.5%</b>			
203	Chesapeake Energy Corp., 5.00%, 12/31/49	NR/B	22,978,550
<b>Pharmaceuticals-1.1%</b>			
306	Schering-Plough Corp., 6.00%, 9/14/07	Baa3/BBB	16,554,871
<b>Real Estate-1.1%</b>			
677	FelCor Lodging Trust, Inc., 1.95%, 12/31/49, Ser. A, REIT	B2/B-	17,173,800
<b>Telecommunications-1.2%</b>			
330	Crown Castle International Corp., 6.25%, 8/15/12	NR/NR	18,397,500
<b>Waste Disposal-1.1%</b>			
51		Caa1/B	17,276,025

Edgar Filing: NICHOLAS APPLGATE CONVERTIBLE & INCOME FUND - Form N-Q

Allied Waste Industries, Inc., 6.25%,  
3/1/08, Ser. D

Total Convertible Preferred Stock  
(cost-\$441,644,762) 455,734,872

**CONVERTIBLE BONDS & NOTES-23.0%**

Principal  
Amount  
(000)

\$20,572	<b>Airlines-1.4%</b> Continental Airlines, Inc., 4.50%, 2/1/07 Caa1/CCC+	22,089,185
14,000	<b>Banks-0.9%</b> UBS AG Jersey Branch, 22.00%, 8/15/07 (a) NR/NR	14,262,500

---



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

November 30, 2006 (unaudited)

Principal Amount (000)		Credit Rating (Moody's/S&P)	Value*
	<b>Commercial Services-2.9%</b>		
\$9,100	Bowne & Co., Inc., 5.00%, 10/1/33	B2/B-	\$9,445,800
13,440	Memberworks, Inc., 5.50%, 10/1/10	NR/B-	15,304,800
20,614	Quebecor World USA, Inc., 6.00%, 10/1/07	B3/B-	20,382,093 45,132,693
	<b>Computers-1.2%</b>		
16,400	Maxtor Corp., 6.80%, 4/30/10	Ba1/NR	18,778,000
	<b>Electric-1.3%</b>		
6,075	PG&E Corp., 9.50%, 6/30/10	NR/NR	20,169,000
	<b>Multi-Media-1.4%</b>		
20,995	EchoStar Communications Corp., 5.75%, 5/15/08	B1/B	21,414,900
	<b>Oil &amp; Gas-1.2%</b>		
14,100	Devon Energy Corp., 4.95%, 8/15/08	Baa2/BBB	19,405,125
	<b>Pharmaceuticals-1.1%</b>		
16,950	Sepracor, Inc., 5.00%, 2/15/07	NR/B-	16,950,000
	<b>Retail-1.3%</b>		
21,008	Sonic Automotive, Inc., 5.25%, 5/7/09	B2/B	20,010,120
	<b>Semi-Conductors-1.4%</b>		
4,363	Amkor Technology, Inc., 5.00%, 3/15/07, Ser. AMKR	Caa3/CCC	4,357,546
16,750	Fairchild Semiconductor Corp., 5.00%, 11/1/08	NR/B	16,687,188 21,044,734
	<b>Telecommunications-7.4%</b>		
19,000	American Tower Corp., 5.00%, 2/15/10	Ba3/BB-	19,023,750
15,900	CenturyTel, Inc., 4.75%, 8/1/32	Baa2/BBB	17,191,875
3,200	Ciena Corp., 3.75%, 2/1/08	B2/B	3,116,000
20,550	Level 3 Communications, Inc., 6.00%, 3/15/10	Caa3/CCC-	18,803,250
19,800	Lucent Technologies, Inc., 8.00%, 8/1/31	B3/B	19,923,750
20,500	Nextel Communications, Inc., 5.25%, 1/15/10	Baa3/BBB+	20,346,250
16,845	Nortel Networks Corp., 4.25%, 9/1/08	B3/B-	16,276,481 114,681,356
	<b>Trucking/Leasing-1.5%</b>		
17,500	GATX Corp., 7.50%, 2/1/07	Baa3/BBB	23,778,125
	Total Convertible Bonds & Notes (cost-\$345,480,212)		357,715,738
	<b>U.S. GOVERNMENT SECURITIES-1.9%</b>		
10,785	United States Treasury Notes, 10.375%, 11/15/12		11,338,162
16,275	12.00%, 8/15/13		18,221,653
	Total U.S. Government Securities (cost-\$32,088,019)		29,559,815
	<b>Common Stock-0.5%</b>		
	Shares		
	<u>(000)</u>		
	<b>Oil &amp; Gas-0.5%</b>		
169	Hess Corp. (cost-\$4,563,348)		8,516,844

Edgar Filing: NICHOLAS APPLGATE CONVERTIBLE & INCOME FUND - Form N-Q

**SHORT-TERM INVESTMENTS-3.7%**

Principal  
Amount  
(000)

	<b>Corporate Bonds &amp; Notes 0.9%</b>		
	<b>Hotels/Gaming-0.7%</b>		
\$10,500	Mandalay Resort Group, Inc., 10.25%, 8/1/07, Ser. B	B1/B+	10,788,750
	<b>Real Estate-0.2%</b>		
2,715	Host Marriot L.P., 9.50%, 1/15/07, Ser. I, REIT	NR/NR	2,725,181
	Total Corporate Bonds & Notes (cost-\$13,450,970)		13,513,931

---

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

November 30, 2006 (unaudited)

Principal  
Amount  
(000)

Principal Amount (000)		Value*
	<b>Time Deposit-2.8%</b>	
\$44,186	Bank of America London, 4.61%, 12/01/06 (cost-\$44,186,232)	\$44,186,232
	Total Short-Term Investments (cost-\$57,637,202)	57,700,163
	<b>Total Investments</b> (cost-\$1,508,582,343) <b>100.0%</b>	<b>\$1,552,993,403</b>

Other Investments:

Interest rate cap agreement outstanding at November 30, 2006:

Counterparty	Notional Amount	Termination Date	Premium	Payment received by Fund 1 month LIBOR-BBA	Unrealized Depreciation
UBS AG	\$525,000,000	1/15/08	\$15,041,250	over 3% strike price	\$(2,692,250)

**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 may significantly impact the value of a security, are fair-valued, in good faith, pursuant to guidelines established by the Board of Trustees. The Fund's investments are valued daily 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 last quoted bid price on corporate bonds and notes or the last quoted mean price on convertible 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 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. The Fund's net asset value is determined daily 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-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 not considered to be illiquid.

(b) Credit-linked trust certificate.

(c) Variable rate security. Interest rate disclosed reflects the rate in effect on November 30, 2006.

**Glossary:**

LIBOR London Interbank Offered Rate  
NR Not Rated  
REIT Real Estate Investment Trust

**Item 2. Controls and Procedures**

(a) The registrant's President and Chief Executive Officer and Principal Financial Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-2(c) under the Investment Company Act of 1940, as amended) 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 or in factors that could affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

**Item 3. Exhibits**

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

---

**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: January 24, 2007

By /s/ Lawrence G. Altadonna

Treasurer, Principal Financial & Accounting Officer

Date: January 24, 2007

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 dated indicated.

By /s/ Brian S. Shlissel

President & Chief Executive Officer

Date: January 24, 2007

By /s/ Lawrence G. Altadonna

Treasurer, Principal Financial & Accounting Officer

Date: January 24, 2007

Glossary:

