

Edgar Filing: APEX MUNICIPAL FUND INC - Form N-Q

APEX MUNICIPAL FUND INC  
 Form N-Q  
 November 29, 2004

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 811-5227

Name of Fund: Apex Municipal Fund, Inc.

Fund Address: P.O. Box 9011  
 Princeton, NJ 08543-9011

Name and address of agent for service: Terry K. Glenn, President, Apex Municipal  
 Fund, Inc., 800 Scudders Mill Road, Plainsboro, NJ 08536. Mailing  
 address: P.O. Box 9011, Princeton, NJ 08543-9011

Registrant's telephone number, including area code: (609) 282-2800

Date of fiscal year end: 06/30/04

Date of reporting period: 07/01/04 - 09/30/04

Item 1 - Schedule of Investments

Apex Municipal Fund, Inc.

Schedule of Investments as of September 30, 2004 (in Thousands)

| State          | S&P<br>Ratings | Moody's<br>Ratings | Face<br>Amount | Municipal Bonds   |
|----------------|----------------|--------------------|----------------|---|
| Alabama - 0.6% | B              | NR*                | \$ 1,000       | Brewton, Alabama, IDB, PCR, Refunding (Container Co<br>Jefferson Smurfit Corp. Project), 8% due 4/01/2009             |
| Alaska - 1.1%  | NR*            | NR*                | 2,000          | Alaska Industrial Development and Export Authority<br>(Williams Lynxs Alaska Cargoport), AMT, 8% due 5/01/2009        |
| Arizona - 3.5% |                |                    |                | Maricopa County, Arizona, IDA, M/F Housing Revenue<br>Apartments Project):  |
|                | NR*            | Ba1                | 80             | Series A, 5.875% due 11/01/2008   |
|                | NR*            | Ba1                | 920            | Series A, 6.75% due 5/01/2031   |
|                | NR*            | NR*                | 1,500          | Sub-Series C, 9.50% due 11/01/2031  |
|                | NR*            | Caa2               | 4,000          | Phoenix, Arizona, IDA, Airport Facility Revenue Ref<br>(America West Airlines Inc. Project), AMT, 6.30% due 5/01/2031 |
|                | NR*            | Baa3               | 1,000          | Pima County, Arizona, IDA, Education Revenue Bonds<br>Project), Series E, 7.25% due 7/01/2031                         |
|                | NR*            | Baa2               | 500            | Yavapai County, Arizona, IDA, Hospital Facility Rev<br>(Yavapai Regional Medical Center), Series A, 6% due 7/01/2031  |

Edgar Filing: APEX MUNICIPAL FUND INC - Form N-Q

|                   |     |      |       |  |
|-------------------|-----|------|-------|--|
| California - 4.3% | A   | A3   | 1,800 | California State, GO, 5% due 2/01/2033   |
|                   |     |      |       | California State, Various Purpose, GO:   |
|                   | A   | A3   | 1,300 | 5.25% due 11/01/2025   |
|                   | A   | A3   | 820   | 5.25% due 4/01/2034  |
|                   | NR* | NR*  | 1,000 | Fontana, California, Special Tax, Refunding (Commun<br>Number 22 - Sierra), 6% due 9/01/2034 |
|                   |     |      |       | Golden State Tobacco Securitization Corporation of<br>Settlement Revenue Bonds:              |
|                   | BBB | Baa3 | 1,075 | Series 2003-A-1, 6.75% due 6/01/2039   |
|                   | A-  | Baa1 | 1,860 | Series B, 5.50% due 6/01/2043  |
| -----             |     |      |       |  |
| Colorado - 5.6%   | NR* | Baa2 | 3,000 | Denver, Colorado, Urban Renewal Authority, Tax Incr<br>(Pavilions), AMT, 7.75% due 9/01/2016 |
|                   | NR* | NR*  | 2,800 | Elk Valley, Colorado, Public Improvement Revenue Bo<br>Fee), Series A, 7.30% due 9/01/2022   |
| -----             |     |      |       |  |

Portfolio Abbreviations

To simplify the listings of Apex Municipal Fund, Inc.'s portfolio holdings in the Schedule of Investments, we have abbreviated the names of many of the securities according to the list below.

|      |                                      |
|------|--------------------------------------|
| AMT  | Alternative Minimum Tax (subject to) |
| EDA  | Economic Development Authority       |
| GO   | General Obligation Bonds             |
| IDA  | Industrial Development Authority     |
| IDB  | Industrial Development Board         |
| IDR  | Industrial Development Revenue Bonds |
| M/F  | Multi-Family                         |
| PCR  | Pollution Control Revenue Bonds      |
| VRDN | Variable Rate Demand Notes           |

1

Apex Municipal Fund, Inc.

Schedule of Investments as of September 30, 2004 (continued) (in Thousands)

| State                   | S&P Ratings | Moody's Ratings | Face Amount | Municipal Bonds   |
|-------------------------|-------------|-----------------|-------------|---|
| -----                   |             |                 |             |   |
| Colorado<br>(concluded) | NR*         | NR*             | \$ 1,235    | North Range, Colorado, Metropolitan District Number<br>due 12/15/2031                                   |
|                         | NR*         | NR*             | 2,000       | Plaza Metropolitan District No. 1, Colorado, Tax AL<br>(Public Improvement Fees), 8% due 12/01/2025     |
|                         | NR*         | NR*             | 830         | Southlands, Colorado, Medical District, GO (Metropo<br>7.125% due 12/01/2034                            |
| -----                   |             |                 |             |   |
| Connecticut -<br>1.0%   | BBB-        | Baa3            | 490         | Connecticut State Development Authority, Airport Fa<br>(LearJet Inc. Project), AMT, 7.95% due 4/01/2026 |
|                         | NR*         | B1              | 1,220       | New Haven, Connecticut, Facility Revenue Bonds (Hil<br>Project), 9.25% due 5/01/2017                    |
| -----                   |             |                 |             |   |

Edgar Filing: APEX MUNICIPAL FUND INC - Form N-Q

|                 |     |      |       |   |
|-----------------|-----|------|-------|---|
| Florida - 7.8%  | NR* | NR*  | 865   | Arbor Greene Community Development District, Florida Revenue Bonds, 7.60% due 5/01/2018   |
|                 | NR* | NR*  | 800   | Capital Projects Finance Authority, Florida, Contin Revenue Bonds (Glenridge on Palmer Ranch), Series A   |
|                 | NR* | NR*  | 2,500 | Hillsborough County, Florida, IDA, Exempt Facilities (National Gypsum), AMT, Series A, 7.125% due 4/01/2  |
|                 | NR* | NR*  | 895   | Lakewood Ranch, Florida, Community Development Dist Assessment Revenue Refunding Bonds, Series A, 6.70%   |
|                 |     |      |       | Midtown Miami, Florida, Community Development Distr Revenue Bonds, Series A:  |
|                 | NR* | NR*  | 1,500 | 6% due 5/01/2024  |
|                 | NR* | NR*  | 1,350 | 6.25% due 5/01/2037   |
|                 | NR* | NR*  | 1,605 | Orlando, Florida, Urban Community Development Distr Special Assessment Bonds, Series A, 6.95% due 5/01/   |
|                 | B-  | B1   | 1,700 | Santa Rosa Bay Bridge Authority, Florida, Revenue B due 7/01/2028   |
|                 | NR* | NR*  | 2,760 | Tampa Palms, Florida, Open Space and Transportation District Revenue Bonds, Capital Improvement (Richmo due 5/01/2018   |
| -----           |     |      |       |   |
| Georgia - 3.5%  | NR* | NR*  | 2,000 | Atlanta, Georgia, Tax Allocation Revenue Bonds (Atl 7.90% due 12/01/2024 Brunswick & Glynn County, Geor Authority, First Mortgage Revenue Bonds (Coastal Co Corporation Project), Series A: |
|                 | NR* | NR*  | 830   | 7.125% due 1/01/2025  |
|                 | NR* | NR*  | 1,185 | 7.25% due 1/01/2035   |
|                 | BBB | NR*  | 1,500 | Milledgeville-Baldwin County, Georgia, Development (Georgia College and State University Foundation),   |
|                 | NR* | NR*  | 830   | Savannah, Georgia, EDA, Revenue Bonds (Marshes of S Mortgage, Series A, 7.40% due 1/01/2034   |
| -----           |     |      |       |   |
| Idaho - 0.8%    | NR* | NR*  | 1,470 | Idaho Health Facilities Authority Revenue Refunding Care Corporation), Series A, 7.75% due 11/15/2016   |
| -----           |     |      |       |   |
| Illinois - 4.1% | CCC | Caa2 | 3,000 | Chicago, Illinois, O'Hare International Airport, Sp Refunding Bonds (American Airlines Inc. Project), 8   |
|                 | NR* | NR*  | 400   | Chicago, Illinois, Special Assessment Bonds (Lake S due 12/01/2032  |

2

Apex Municipal Fund, Inc.

Schedule of Investments as of September 30, 2004 (continued) (in Thousands)

| State                | S&P Ratings | Moody's Ratings | Face Amount | Municipal Bonds  |
|----------------------|-------------|-----------------|-------------|--|
| Illinois (concluded) | NR*         | NR*             | \$ 3,190    | Illinois Development Finance Authority Revenue Bond Centers Facilities Acquisition Program), 7.75% due   |
|                      | A-1+        | VMIG-1+         | 1,400       | Illinois Health Facilities Authority, Revenue Refun of Chicago Hospitals), VRDN, 1.65% due 8/01/2026 (a) |
| -----                |             |                 |             |  |
| Indiana - 0.4%       | NR*         | NR*             | 1,820       | Indianapolis, Indiana, M/F Revenue Bonds (Lake Nora Series B, 7.50% due 10/01/2029 (c)                   |
| -----                |             |                 |             |  |

Edgar Filing: APEX MUNICIPAL FUND INC - Form N-Q

|                         |      |     |       |   |
|-------------------------|------|-----|-------|---|
| Iowa - 2.6%             | NR*  | NR* | 3,910 | Iowa Finance Authority, Health Care Facilities, Rev<br>(Care Initiatives Project), 9.25% due 7/01/2025  |
| Louisiana - 3.1%        | BB-  | NR* | 5,500 | Port New Orleans, Louisiana, IDR, Refunding (Contin<br>Project), 7.50% due 7/01/2013  |
| Maine - 0.5%            | BB   | Ba2 | 840   | Maine Finance Authority, Solid Waste Recycling Faci<br>(Great Northern Paper Project-Bowater), AMT, 7.75%   |
| Maryland - 0.8%         | NR*  | NR* | 1,500 | Maryland State Energy Financing Administration, Lim<br>Bonds (Cogeneration-AES Warrior Run), AMT, 7.40% du  |
| Massachusetts -<br>4.0% |      |     |       | Massachusetts State Development Finance Agency, Rev<br>(Eastern Nazarine College):  |
|                         | BB+  | NR* | 1,245 | 5.625% due 4/01/2019  |
|                         | BB+  | NR* | 1,220 | 5.625% due 4/01/2029  |
|                         | BBB- | NR* | 850   | Massachusetts State Health and Educational Faciliti<br>Bonds (Jordan Hospital), Series E, 6.75% due 10/01/<br>Massachusetts State Health and Educational Faciliti<br>Refunding Bonds: |
|                         | NR*  | Ba2 | 2,115 | (Bay Cove Human Services Issue), Series A, 5.9  |
|                         | BBB  | NR* | 1,000 | (Milton Hospital), Series, 5.50% due 7/01/2016  |
|                         | NR*  | NR* | 1,300 | Massachusetts State Industrial Finance Agency Reven<br>(Resource Control Composting), AMT, 9.25% due 6/01/  |
| Michigan - 1.1%         | A    | NR* | 1,000 | Flint, Michigan, Hospital Building Authority, Reven<br>(Hurley Medical Center), Series A, 6% due 7/01/2020  |
|                         | B    | Ba3 | 1,000 | Michigan State Hospital Finance Authority, Revenue<br>Medical Center Obligation Group), Series A, 6.50% d   |
| Minnesota - 0.7%        | NR*  | NR* | 1,230 | Saint Paul, Minnesota, Port Authority, Hotel Facili<br>Bonds (Radisson Kellog Project), Series 2, 7.375% d  |
| Missouri - 1.3%         | NR*  | NR* | 1,200 | Fenton, Missouri, Tax Increment Revenue Refunding a<br>(Gravois Bluffs), 7% due 10/01/2021  |
|                         | NR*  | NR* | 1,000 | Kansas City, Missouri, IDA, First Mortgage Health F<br>(Bishop Spencer Place), Series A, 6.50% due 1/01/20  |
| Nevada - 0.2%           | NR*  | NR* | 430   | Clark County, Nevada, Improvement District No. 142<br>6.375% due 8/01/2023  |
| New Jersey -<br>13.3%   |      |     |       | Camden County, New Jersey, Improvement Authority, L<br>(Holt Hauling & Warehousing), AMT, Series A (c):   |
|                         | NR*  | NR* | 2,000 | 9.625% due 1/01/2011  |
|                         | NR*  | NR* | 4,500 | 9.875% due 1/01/2021  |

3

Apex Municipal Fund, Inc.

Schedule of Investments as of September 30, 2004 (continued) (in Thousands)

| State      | S&P<br>Ratings | Moody's<br>Ratings | Face<br>Amount | Municipal Bonds                                     |
|------------|----------------|--------------------|----------------|---|
| New Jersey | CCC            | B2                 | \$ 6,000       | Camden County, New Jersey, Pollution Control Financ |

Edgar Filing: APEX MUNICIPAL FUND INC - Form N-Q

|                       |     |      |       |   |
|-----------------------|-----|------|-------|---|
| (concluded)           |     |      |       | Waste Resource Recovery, Revenue Refunding Bonds, A due 12/01/2010  |
|                       | NR* | Ba3  | 1,500 | New Jersey EDA, IDR, Refunding (Newark Airport Marr due 10/01/2014  |
|                       | NR* | NR*  | 1,000 | New Jersey EDA, Retirement Community Revenue Bonds, (Cedar Crest Village Inc. Facility), 7.25% due                      |
|                       | NR* | NR*  | 3,700 | (Seabrook Village Inc.), 8.125% due 11/15/2023  |
|                       |     |      |       | New Jersey EDA, Special Facility Revenue Bonds (Con Project), AMT:  |
|                       | B   | Caa2 | 3,050 | 6.625% due 9/15/2012  |
|                       | B   | Caa2 | 5,135 | 6.25% due 9/15/2029   |
|                       | B+  | NR*  | 1,870 | New Jersey Health Care Facilities Financing Authori (Pascack Valley Hospital Association), 6.625% due 7                 |
|                       | BBB | Baa3 | 3,025 | Tobacco Settlement Financing Corporation of New Jer 6.75% due 6/01/2039   |
| -----                 |     |      |       |   |
| New Mexico - 2.9%     | B+  | Ba3  | 5,000 | Farmington, New Mexico, PCR, Refunding (Tucson Elec Project), Series A, 6.95% due 10/01/2020                            |
| -----                 |     |      |       |   |
| New York - 3.9%       | NR* | NR*  | 1,000 | Dutchess County, New York, IDA, Civic Facility Reve Hospital), Series B, 7.50% due 3/01/2029                            |
|                       | NR* | NR*  | 350   | New York City, New York, City IDA, Civic Facility R Series C, 6.80% due 6/01/2028                                       |
|                       | NR* | NR*  | 1,495 | (Special Needs Facility Pooled Program), Serie due 7/01/2024  |
|                       | BB- | Ba2  | 1,730 | New York City, New York, City IDA, Special Facility (British Airways PLC Project), AMT, 7.625% due 12/0                 |
|                       | BBB | Baa3 | 700   | Utica, New York, GO, Public Improvement: 9.25% due 8/15/2005  |
|                       | BBB | Baa3 | 635   | 9.25% due 8/15/2006   |
|                       | NR* | NR*  | 1,180 | Westchester County, New York, IDA, Continuing Care Revenue Bonds (Kendal on Hudson Project), Series A,                  |
| -----                 |     |      |       |   |
| North Carolina - 0.6% | NR* | NR*  | 1,000 | North Carolina Medical Care Commission, Retirement Mortgage Revenue Bonds (Givens Estates Project), Se due 7/01/2032    |
| -----                 |     |      |       |   |
| Oklahoma - 0.2%       | B-  | Caa2 | 420   | Tulsa, Oklahoma, Municipal Airport Trust, Revenue R Corporation), AMT, Series A, 5.80% due 6/01/2035                    |
| -----                 |     |      |       |   |
| Oregon - 0.7%         | NR* | NR*  | 1,310 | Western Generation Agency, Oregon, Cogeneration Pro (Wauna Cogeneration Project), AMT, Series B, 7.40%                  |
| -----                 |     |      |       |   |
| Pennsylvania - 5.4%   | NR* | NR*  | 1,750 | Chester County, Pennsylvania, Health and Education Senior Living Revenue Refunding Bonds (Jenners Pond due 7/01/2034    |
|                       | BBB | NR*  | 900   | Montgomery County, Pennsylvania, Higher Education a Revenue Bonds (Faulkeways at Gwynedd Project): 6.75% due 11/15/2024 |
|                       | BBB | NR*  | 925   | 6.75% due 11/15/2030  |

Edgar Filing: APEX MUNICIPAL FUND INC - Form N-Q

| State                    | S&P Ratings | Moody's Ratings | Face Amount | Municipal Bonds  |
|--------------------------|-------------|-----------------|-------------|--|
| Pennsylvania (concluded) | NR*         | Ba1             | \$ 1,600    | Philadelphia, Pennsylvania, Authority for IDR (Air 7.50% due 1/01/2025   |
|                          | NR*         | NR*             | 4,460       | Philadelphia, Pennsylvania, Authority for IDR, Comm 7.75% due 12/01/2017   |
| Tennessee - 1.0%         | NR*         | NR*             | 1,800       | Shelby County, Tennessee, Health, Educational and H Revenue Bonds (Germantown Village), Series A, 7.25%                                    |
| Texas - 10.8%            | BBB-        | Baa3            | 1,000       | Austin, Texas, Convention Center Revenue Bonds (Con Inc.), First Tier, Series A, 6.70% due 1/01/2028                                       |
|                          | BBB         | Baa2            | 2,530       | Brazos River Authority, Texas, PCR, Refunding, AMT: (Texas Utility Company), Series A, 7.70% due 4   |
|                          | BBB         | Baa2            | 2,760       | (Utilitlies Electric Company), Series B, 5.05%   |
|                          | BBB-        | NR*             | 1,220       | Brazos River Authority, Texas, Revenue Refunding Bo Project), Series B, 7.75% due 12/01/2018   |
|                          | BBB-        | Baa3            | 475         | Dallas-Fort Worth, Texas, International Airport Fac Corporation Revenue Bonds (Learjet Inc.), AMT, Seri due 1/01/2016                      |
|                          | NR*         | NR*             | 1,660       | Grand Prairie, Texas, Housing Finance Corporation R (Independent Senior Living Center), 7.75% due 1/01/                                    |
|                          | NR*         | NR*             | 1,000       | Houston, Texas, Health Facilities Development Corpo Facility Revenue Bonds (Buckingham Senior Living Co 7.125% due 2/15/2034               |
|                          | A-          | A3              | 1,440       | Lower Colorado River Authority, Texas, PCR (Samsung AMT, 6.375% due 4/01/2027  |
|                          | BBB         | NR*             | 945         | Lufkin, Texas, Health Facilities Development Corpor Revenue Bonds (Memorial Health System of East Texas                                    |
|                          | BBB-        | Ba2             | 2,310       | Matagorda County, Texas, Navigation District Number Bonds (Reliant Energy Inc.), Series C, 8% due 5/01/                                    |
|                          | BB          | Ba2             | 1,330       | Port Corpus Christi, Texas, Individual Development Environmental Facilities Revenue Bonds (Citgo Petro Project), AMT, 8.25% due 11/01/2031 |
|                          | B-          | Ba3             | 2,000       | Port Corpus Christi, Texas, Revenue Refunding Bonds AMT, Series B, 6.70% due 11/01/2030  |
| Utah - 1.3%              | NR*         | NR*             | 2,240       | Carbon County, Utah, Solid Waste Disposal, Revenue Environmental), AMT, Series A, 7.45% due 7/01/2017                                      |
| Virginia - 5.6%          | NR*         | NR*             | 2,490       | Dulles Town Center, Virginia, Community Development Assessment Tax (Dulles Town Center Project), 6.25%                                     |
|                          | BB          | Ba2             | 32,600      | Pocahontas Parkway Association, Virginia, Toll Road Series B, 5.875%*** due 8/15/2025  |
| West Virginia - 0.4%     | B-          | B2              | 875         | Princeton, West Virginia, Hospital Revenue Refundin Hospital Association Inc. Project), 6.20% due 5/01/                                    |
| Wisconsin - 0.7%         | NR*         | NR*             | 1,320       | Wisconsin State Health and Educational Facilities A (New Castle Place Project), Series A, 7% due 12/01/                                    |
| Wyoming - 1.0%           | BB+         | Ba3             | 1,800       | Sweetwater County, Wyoming, Solid Waste Disposal Re Corporation Project), AMT, Series A, 7% due 6/01/20                                    |

Edgar Filing: APEX MUNICIPAL FUND INC - Form N-Q

Apex Municipal Fund, Inc.

Schedule of Investments as of September 30, 2004 (concluded) (in Thousands)

|                          | S&P<br>Ratings | Moody's<br>Ratings | Face<br>Amount | Municipal Bonds  |
|--------------------------|----------------|--------------------|----------------|--|
| Virgin Islands -<br>1.2% | BBB-           | Baa3               | \$ 2,100       | Virgin Islands Government Refinery Facilities Revenue<br>(Hovensa Coker Project), AMT, 6.50% due 7/01/2021 |
|                          |                |                    |                | Total Municipal Bonds (Cost - \$179,958) - 96.0%   |
|                          |                |                    |                | Total Investments (Cost - \$179,958**) - 96.0%   |
|                          |                |                    |                | Other Assets Less Liabilities - 4.0%   |
|                          |                |                    |                | Net Assets - 100.0%  |

- (a) MBIA Insured.
- (b) The interest rate is subject to change periodically based upon prevailing market rates. The interest rate shown is the rate in effect at September 30, 2004.
- (c) Non-income producing security: issuer filed bankruptcy or is in default of interest payments.

\* Not Rated.

\*\* The cost and unrealized appreciation/depreciation of investments as of September 30, 2004 as computed for federal income tax purposes were as follows:

|                               | (in Thousands) |
|-------------------------------|----------------|
| Aggregate cost                | \$ 179,977     |
| Gross unrealized appreciation | \$ 8,188       |
| Gross unrealized depreciation | (11,539)       |
| Net unrealized depreciation   | \$ (3,351)     |

\*\*\* Represents a zero coupon bond: the interest rate shown reflects the effective yield at the time of purchase by the fund.

+ Highest short-term rating by Moody's Investors Service, Inc.

Item 2 - Controls and Procedures

2(a) - The registrant's certifying officers have reasonably designed such disclosure controls and procedures to ensure material information relating to the registrant is made known to us by others particularly during the period in which this report is being prepared. The registrant's certifying officers have determined that the registrant's disclosure controls and procedures are effective based on our evaluation of these controls and procedures as of a date within 90 days prior to the filing date of this report.

Edgar Filing: APEX MUNICIPAL FUND INC - Form N-Q

2(b) - There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d)) 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

Certifications - Attached hereto

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.

Apex Municipal Fund, Inc.

By: /s/ Terry K. Glenn

-----  
Terry K. Glenn,  
President  
Apex Municipal Fund, Inc.

Date: November 19, 2004

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/ Terry K. Glenn

-----  
Terry K. Glenn  
President  
Apex Municipal Fund, Inc.

Date: November 19, 2004

By: /s/ Donald C. Burke

-----  
Donald C. Burke  
Chief Financial Officer  
Apex Municipal Fund, Inc.

Date: November 19, 2004