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H&Q HEALTHCARE INVESTORS
Form N-CSRS
May 27, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-4889

H&Q Healthcare Investors
(Exact name of registrant as specified in charter)

30 Rowes Wharf, Fourth Floor, Boston, MA 02110-3328
(Address of principal executive offices)

30 Rowes Wharf, Fourth Floor, Boston, MA 02110-3328
(Name and address of agent for service)

Registrant's telephone number, including area code: 617-772-8500

Date of fiscal year end: September 30

Date of reporting period: October 1, 2004 to March 31, 2005

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR 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 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. Section 3507.

ITEM 1. REPORTS TO STOCKHOLDERS

H&Q HEALTHCARE INVESTORS

[GRAPHIC]

SEMIANNUAL REPORT
March 31, 2005

To our Shareholders:

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On March 31, 2005, the net asset value per share of the Fund was \$17.36. During the six month period ending March 31, 2005, total return at net asset value of the Fund was -0.07%. During the most recent quarter ending March 31, 2005, the total return at net asset value of the Fund was -5.22%. The total investment return at market was -6.35% during the six month period ended March 31, 2005 and was -9.04% during the quarter ended March 31, 2005. Comparisons to relevant indices are listed below:

	QUARTER ENDED 3/31/05	SIX MONTHS ENDED 3/31/05
TOTAL RETURNS		

Investment Return at Market	-9.04%	-6.35%
Investment Return at Net Asset Value	-5.22%	-0.07%
NASDAQ Biotech Index (NBI)	-15.35%	-8.96%
S&P 500 Index	-2.15%	+6.88%

The Fund's Market Return exceeded the NBI during both the most recent quarter and the six month period ended March 31, 2005. In addition, the NAV return significantly exceeded that of the index during each of these periods.

The last six months has been quite volatile for the NBI. It advanced notably (up 7.6%) during the fourth calendar quarter of 2004 before declining even more prominently (down 15.35%) during the first calendar quarter of 2005. While the Fund's NAV and Market Price out-performed this index during the full six-month period, both the Fund's NAV and market price trailed the index during the first three months before outpacing the Index during the second three-month period. The Fund's underperformance during the first three months was in part due to underweighting Amgen in the portfolio. Amgen's stock performed well and consists of approximately 16% of the NBI. Outperformance during the second three months was due in part to the fact that the Fund did not own Biogen Idec, the NBI's greatest declining stock during the period. Separate from assessing our performance relative to the NBI, we also note that both the NBI and the Fund's NAV and Market Price trailed the broad S&P 500 Index.

During the six-month period ended March 31, 2005, the Fund established positions in Abgenix, Amylin Pharmaceuticals, Barrier Therapeutics, Chiron Corporation, Connetics Corporation, Cytokinetix, DOV Pharmaceutical, Eclipsys Corporation, Emageon, Genentech, HCA, Momenta Pharmaceuticals, Neurogen Corporation, NPS Pharmaceuticals, Nuvelo, OSI Pharmaceuticals, Penwest Pharmaceuticals, Pharmion

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Corporation, Protein Design Labs, Tenet Healthcare, Tercica, and The Medicines Company. During the same six month period, the Fund exited its positions in Biofield, Boston Scientific, Charles River Laboratories, Corixa, CTI Molecular Imaging, CV Therapeutics, Enzon Pharmaceuticals, Guilford Pharmaceuticals, King Pharmaceuticals, Lexicon Genetics, Neurocrine Biosciences, Pharmacyclics, Rigel Pharmaceuticals, and Vicuron Pharmaceuticals. During the quarter, the Fund made no new investments in its venture portfolio.

In evaluating the Fund's portfolio, we are in aggregate pleased with the individual company components. The Fund invests in a significant number of small, emerging healthcare companies. The stock prices of such companies can be volatile. It is not uncommon for the stock of a given company to be among the Fund's best performers at one point and then be a trailing performer (or visa versa) within a relatively short period of time. We attempt to mitigate the

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effect of such volatility by appropriate buying and selling, but in general we seek to invest a significant percentage of the Fund's assets in small/mid size companies with excellent growth potential. This is probably most evident in the Fund's venture portfolio. Over the last several years, the healthcare venture market, including many of our venture investments, has not performed well. However, we are seeing much improved performance in the venture portfolio of late. In fact, during the six-month period described in this report, three companies, Idun Pharmaceuticals, Theravance and Conor were the best performing assets in the portfolio. Each of these companies were until recently in our restricted stock portfolio. Idun was acquired by Pfizer very recently. Theravance and Conor completed successful initial public offerings (IPOs) in the fall of 2004. In fact since the early part of 2004, there have been seven exits from the venture portfolio. In addition to those already mentioned, Novacept was acquired and Senomyx, VNUS Medical and Acadia all completed IPOs. Overall we think these companies have significant growth potential.

Beyond our portfolio, the past six months have been notable for the biotechnology sector in particular and for the healthcare sector in general. In the biotechnology sector, events surrounding Genentech, Biogen Idec and Elan have been notable.

Genentech was one of the earliest biotechnology companies. It has produced a number of impressive products through its lifetime. In 2004, its Avastin product was approved to treat colorectal cancer after having demonstrated (unexpectedly to some) to have impressive effects on this very difficult-to-treat disease. Broad use of Avastin in this indication in colorectal cancer is now widely anticipated; the drug is generally thought of as having blockbuster potential. Most recently (in May of 2005), Genentech demonstrated that Avastin may well also be useful to treat both non-small cell lung cancer as well as breast cancer. We feel that the utility

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of such a drug in three such common and insidious forms of cancer may turn out to have been a catalyst for the sector. The Fund took a position in Genentech during the first calendar quarter of 2005.

Conversely, the travails of Tysabri, a drug that has been marketed by Biogen Idec and Elan to treat multiple sclerosis, may turn out to be a memorable disappointment for the biotechnology sector. Tysabri was approved in 2004 after demonstrating very impressive efficacy data in treating multiple sclerosis. Initial launch of the drug was impressive to us, both in terms of reported sales and in market share attained. Tysabri was expected to be a multi-billion dollar product in a relatively short time. And while it was apparent that Tysabri was an efficacious drug, during the first quarter of 2005, Elan and Biogen Idec announced that two patients on Tysabri had developed a rare and often fatal condition. This development led to the removal of Tysabri from the marketplace pending additional study. We think it will be difficult for this once heralded drug to re-enter the market with anything like the previously anticipated sales expectations. We feel that recent events surrounding Tysabri have had a sobering effect on the biotech sector. And while the Fund has not had a recent position in Biogen Idec, it did have a position in Elan from which it profitably exited in 2004.

In general the biotech sector has been volatile in recent months with no clear long-term upward or downward trend. We think that this uncertainty in direction has been a response to a combination of both encouraging and discouraging factors such as the events surrounding Avastin and Tysabri. We feel that in the long run the positives will outweigh the negatives, but in the near future we see a bit more uncertainty in the biotechnology sector.

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There have also been events in the pharmaceutical sector that may have broad impact on healthcare and potentially on the biotechnology sector. Events surrounding a group of drugs in the so called COX-2 drugs in particular bear note. Several large pharmaceutical companies including Merck and Pfizer have marketed drugs in this class primarily to treat pain in arthritis patients. These drugs had been thought to have gastrointestinal side effect advantages over previously available drugs. Over the last few years, the COX-2 drugs have exhibited excellent sales growth. Unfortunately, in the fall of 2004, Merck elected to withdraw its COX-2 product from the market after it determined that the drug might have unwanted cardiovascular side effects. This led to a more generalized evaluation of other drugs in the class. Ultimately, two other COX-2 drugs were either removed from the market or exhibited substantially reduced use.

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Certainly, events surrounding the COX-2 drugs have had negative effects on the companies that marketed them. However, there may also be a broader impact. We have some concern that the combined effects of the safety issues surrounding Tysabri and the COX-2 drugs may produce, at least in the short term, a more cautious approach by the FDA in reviewing new product applications. It is too early to know for sure but we will continue to look for telltale signs.

As always, if you have any questions please call us at 617-772 8500. Thank you.

/s/ Daniel R. Omstead

Daniel R. Omstead
President

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PRIVACY NOTICE

If you are a registered shareholder of the Fund, the Fund and Hambrecht & Quist Capital Management LLC, the Fund's investment adviser, may receive nonpublic personal information about you from the information collected by the transfer agent from your transactions in Fund shares. Any nonpublic personal information is not disclosed to third parties, except as permitted or required by law. In connection with servicing your account and effecting transactions, the information received may be shared with the investment adviser and non-affiliates, including transfer agents, custodians, or other service companies. Access to your nonpublic personal information is restricted to employees who need to know that information to provide products or services to you. To maintain the security of your nonpublic personal information, physical, electronic, and procedural safeguards are in place that complies with federal standards. The policies and practices described above apply to both current and former shareholders.

If your Fund shares are held in "street name" at a bank or brokerage, we do not have access to your personal information and you should refer to your bank's or broker's privacy policies for a statement of the treatment of your personal information

FOR MORE INFORMATION

A description of the Fund's proxy voting policies and procedures and information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, is available (i) without charge, upon

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request by calling 1-800-451-2597; (ii) by writing to Hambrecht & Quist Capital Management LLC at 30 Rowes Wharf, Boston, MA 02110-3328; (iii) on the Fund's website at www.hqcm.com; and (iv) on the Securities Exchange Commission's website at www.sec.gov.

The Fund's complete Schedule of Investments for the first and third quarters of its fiscal year will be filed quarterly with the Securities and Exchange Commission ("SEC") on Form N-Q. This Schedule of Investments will also be available on the Fund's website at www.hqcm.com, or the SEC's website at www.sec.gov. The Fund's Form N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC or by calling 1-800-SEC-0330.

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H&Q HEALTHCARE INVESTORS

LARGEST HOLDINGS AS OF MARCH 31, 2005

	% OF NET ASSETS
Conor Medsystems, Inc. (Restricted)	3.64%
Cubist Pharmaceuticals, Inc.	3.00%
Genzyme Corporation	2.75%
Gilead Sciences, Inc.	2.69%
Idun Pharmaceuticals, Inc. (Restricted)	2.57%
IDEXX Laboratories, Inc.	2.49%
Connetics Corporation	2.28%
Teva Pharmaceutical Industries, Ltd.	2.23%
MedImmune, Inc.	2.17%
Theravance, Inc. (Restricted and unrestricted)	2.07%

H&Q HEALTHCARE INVESTORS

[CHART]

PORTFOLIO AS OF MARCH 31, 2005

	RESTRICTED	
BIOPHARMACEUTICALS	0.00%	26.83%
DRUG DELIVERY	0.00%	4.21%
DRUG DISCOVERY	4.29%	1.28%
EMERGING BIOPHARM.	4.83%	17.98%
GENERIC PHARMACEUTICALS	0.00%	9.22%
HEALTHCARE SERVICES	4.96%	5.42%
MEDICAL DEVICES AND DIAGNOSTICS	6.87%	5.16%
SHORT-TERM INVESTMENTS	0.00%	10.51%

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H&Q HEALTHCARE INVESTORS

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SCHEDULE OF INVESTMENTS MARCH 31, 2005 (UNAUDITED)

SHARES		VALUE
	CONVERTIBLE SECURITIES - 15.1% OF NET ASSETS	
	CONVERTIBLE PREFERRED (RESTRICTED) - 14.9%	
	DRUG DISCOVERY TECHNOLOGIES - 4.3%	
2,380,953	Agilix Corporation Series B*^	\$ 571,429
850,436	Avalon Pharmaceuticals Series B*	1,020,523
375,000	Ceres, Inc. Series C*	2,250,000
27,443	Ceres, Inc. Series C-1*#	164,658
277,967	Ceres, Inc. Series D*#	1,667,802
1,398,732	Galileo Pharmaceuticals, Inc. Series F-1*	489,556
1,212,709	Idun Pharmaceuticals, Inc. Series A-1*^	7,154,983
462,963	Idun Pharmaceuticals, Inc. Series B-1*^	2,138,889
1,750,000	Triad Therapeutics, Inc. Series A*^	1,750
525,000	Triad Therapeutics, Inc. Series B*^	525
1,200,000	Triad Therapeutics, Inc. Series C*^	24,000
300,000	Zyomyx, Inc. Series A New*	30,000
300	Zyomyx, Inc. Series B New*	30
	EMERGING BIOPHARMACEUTICALS - 3.6%	
952,381	Agensys, Inc. Series C*	3,000,000
2,586,207	Corus Pharma, Inc. Series C*	3,000,000
1,818,182	Raven biotechnologies Series B*^	1,509,091
2,809,157	Raven biotechnologies Series C*^	2,331,600
47,407	Therion Biologics Corporation Series A*	57,837
240,000	Therion Biologics Corporation Series B*#	292,800
407,712	Therion Biologics Corporation Series C*	497,409
33,332	Therion Biologics Corporation Series C-2*	40,665
36,092	Therion Biologics Corporation Sinking Fund*	361
2,100,000	Xanthus Life Sciences, Inc. Series B*^	2,100,000
	HEALTHCARE SERVICES - 3.8%	
1,577,144	CardioNet, Inc. Series C*^	5,520,004
484,829	CytoLogix Corporation Series A*^	399,984
227,130	CytoLogix Corporation Series B*#^	187,382
160,000	I-trax, Inc. Series A*	2,512,000
5,384,615	PHT Corporation Series D*^	4,200,000
1,204,495	PHT Corporation Series E*^	939,506
	MEDICAL DEVICES AND DIAGNOSTICS - 3.2%	
4,852,940	Concentric Medical, Inc. Series B*^	4,173,528
1,744,186	Concentric Medical, Inc. Series C*^	1,500,000
222,222	EPR, Inc. Series A*	2,222
160,000	Masimo Corporation Series D*	1,760,000
1,632,653	OmniSonics Medical Technologies, Inc. Series B*^	2,181,224
1,547,988	OmniSonics Medical Technologies, Inc. Series C*^	1,800,000
652,173	TherOx Series H*	247,826
		\$ 53,767,584

The accompanying notes are an integral part of these financial statements.

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PRINCIPAL AMOUNT		VALUE
-----		-----
	CONVERTIBLE SECURITIES - CONTINUED	
	CONVERTIBLE NOTES (RESTRICTED) - 0.2%	
	DRUG DISCOVERY TECHNOLOGIES - 0.05%	
\$ 198,511	Avalon, variable ranging from 15.0% to 8.0% Cvt. Note, due 2006	\$ 198,511
	HEALTHCARE SERVICES - 0.05%	
168,337	CytoLogix Corporation 6.75% Cvt. Note##^	168,337
	MEDICAL DEVICES AND DIAGNOSTICS - 0.1%	
304,085	TherOx 6.0% Cvt. Bridge Note, due 2006#	304,085

		670,933

	TOTAL CONVERTIBLE SECURITIES AND NOTES	
	(Cost \$69,092,932)	\$ 54,438,517

	SHARES	

	COMMON STOCKS - 76.2%	
	BIOPHARMACEUTICALS - 26.8%	
94,836	Amgen, Inc.*	\$ 5,520,404
200,000	Amylin Pharmaceuticals, Inc.	3,498,000
78,900	Celgene Corporation*	2,686,545
143,600	Chiron Corporation	5,034,616
1,021,657	Cubist Pharmaceuticals, Inc.*	10,849,997
250,000	Endo Pharmaceuticals Holdings*	5,637,500
67,000	Genentech, Inc.	3,792,870
173,500	Genzyme Corporation*	9,931,140
271,090	Gilead Sciences, Inc.*	9,705,022
138,000	Imclone Systems, Inc.*	4,761,000
329,000	MedImmune, Inc.*	7,833,490
360,000	Millennium Pharmaceuticals, Inc.*	3,031,200
333,300	NPS Pharmaceuticals, Inc.*	4,206,246
100,000	OSI Pharmaceuticals, Inc.*	4,134,000
150,000	Pharmion Corporation*	4,350,000
224,400	Pfizer, Inc.	5,894,988
252,800	Pozen, Inc.*	1,317,088
150,000	The Medicines Company*	3,394,755
464,900	Vivus, Inc.*	1,390,051

		96,968,912

	DRUG DELIVERY - 4.2%	
326,040	Connetics Corporation*	8,245,552
749,933	DepoMed, Inc.*	2,954,736
324,920	Penwest Pharmaceuticals Co.*	4,016,011

		15,216,299

	DRUG DISCOVERY TECHNOLOGIES - 1.3%	
238,660	deCODE Genetics, Inc.*	1,360,362
273,043	Senomyx, Inc.*	3,251,942
300,000	Zyomyx, Inc. (Restricted)*	3,000

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4,615,304

The accompanying notes are an integral part of these financial statements.

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SHARES		VALUE
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	EMERGING BIOPHARMACEUTICALS - 19.3%	
396,000	Abgenix, Inc.*	\$ 2,772,000
565,000	ACADIA Pharmaceuticals, Inc.*	3,898,500
424,100	Adolor Corporation*	4,215,554
633,041	Ariad Pharmaceuticals, Inc.*	3,545,030
245,000	Barrier Therapeutics, Inc.	3,795,050
400,118	Cytokinetics, Inc.*	2,624,774
264,000	DOV Pharmaceutical, Inc.*	3,611,520
415,102	Dyax Corporation*	1,336,628
912,000	Exelixis, Inc.*	6,183,360
568,600	Kosan Biosciences, Inc.*	2,331,260
547,760	Momenta Pharmaceuticals, Inc.*	4,639,527
510,880	Myogen, Inc.*	4,030,843
102,176	Myogen, Inc., Warrants*	9,196
214,810	Neurogen Corporation*	1,520,855
492,656	Nuvelo, Inc.*	3,202,264
312,000	Protein Design Labs, Inc.*	4,988,880
616,380	Seattle Genetics, Inc.*	3,168,193
225,619	Telik, Inc.*	3,402,335
368,086	Tercica, Inc.*	2,808,496
157,887	Theravance, Inc.*	2,881,438
265,654	Theravance, Inc. (Restricted)*	4,605,776
226,760	Therion Biologics Corporation (Restricted)*	2,268

		69,573,747

	GENERIC PHARMACEUTICALS - 9.2%	
124,700	Barr Pharmaceuticals, Inc.*	6,089,101
418,154	Impax Laboratories, Inc.*^^	6,690,464
358,250	IVAX Corporation*	7,082,603
161,500	Par Pharmaceutical Companies, Inc.*	5,400,560
260,200	Teva Pharmaceutical Industries, Ltd. ADR	8,066,200

		33,328,928

	HEALTHCARE SERVICES - 6.6%	
26,125	DakoCytomation, Inc. (Restricted)@	271,961
245,000	Eclipsys Corporation*	3,792,600
121,770	Emageon, Inc.*	2,186,989
70,000	HCA, Inc.*	3,713,500
260,000	Provident Senior Living Trust (Restricted)~+	3,900,000
306,208	Syntiro Healthcare Services (Restricted)*#	3,062
300,000	Tenet Healthcare Corporation*	3,472,500
754,500	WebMD Corporation*	6,413,250

		23,753,862

	MEDICAL DEVICES AND DIAGNOSTICS - 8.8%	

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949,200	Conor Medsystems, Inc. (Restricted)*	13,143,098
166,020	IDEXX Laboratories, Inc.*	8,991,643

The accompanying notes are an integral part of these financial statements.

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SHARES -----		VALUE -----
	MEDICAL DEVICES AND DIAGNOSTICS - CONTINUED	
160,000	Masimo Corporation (Restricted)*	\$ 1,600
1,071,150	Orthovita, Inc.*	3,641,910
208,529	Songbird Hearing, Inc. (Restricted)*	2,085
546,875	VNUS Medical Technologies, Inc. (Restricted)*	6,016,172

		31,796,508

	TOTAL COMMON STOCKS	
	(Cost \$237,661,129)	\$ 275,253,560

PRINCIPAL AMOUNT -----		
	SHORT-TERM INVESTMENTS - 10.5%	
\$ 1,900,000	American Express Credit Corp.; 2.65%, due 4/1/05	\$ 1,900,000
6,800,000	American Express Credit Corp.; 2.67%, due 4/4/05	6,798,487
4,500,000	American Express Credit Corp.; 2.73%, due 4/11/05	4,496,588
1,100,000	American Express Credit Corp.; 2.70%, due 4/13/05	1,099,010
2,500,000	American Express Credit Corp.; 2.75%, due 4/15/05	2,497,326
2,500,000	American Express Credit Corp.; 2.73%, due 4/18/05	2,496,777
4,700,000	American Express Credit Corp.; 2.74%, due 4/20/05	4,693,203
12,900,000	General Electric Capital Corp.; 2.76% due 4/6/05	12,895,055
1,100,000	General Electric Capital Corp.; 2.76% due 4/8/05	1,099,410

	TOTAL SHORT-TERM INVESTMENTS	
	(Cost \$37,975,856)	\$ 37,975,856

	TOTAL INVESTMENTS - 101.8%	
	(Cost \$344,729,917)	\$ 367,667,933

	LIABILITIES, NET OF CASH AND OTHER ASSETS - (1.8%)	(6,279,448)

	NET ASSETS - 100%	\$ 361,388,485
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 * Non income-producing security.
 # Including associated warrants.
 @ Foreign security.
 ## Variable maturity.
 + Exchange traded security fair valued by the Valuation Committee of the Board of Trustees.
 ^ Affiliated issuers in which the Fund holds 5% or more of the voting securities (Total Market Value of \$36,902,233).
 ~ Real Estate Investment Trust.
 ^^ Includes 17,297 restricted shares.
 ADR American Depository Receipt.

The accompanying notes are an integral part of these financial statements.

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H&Q HEALTHCARE INVESTORS

STATEMENT OF ASSETS AND LIABILITIES
 MARCH 31, 2005
 (UNAUDITED)

ASSETS:

Investments in non affiliated issuers, at value (identified cost \$304,524,246; see Schedule of Investments)	\$ 330,765,700
Investments in affiliated issuers, at value (identified cost \$40,205,671; see Schedule of Investments)	36,902,233
Cash	59,741
Interest receivable	50,174
Receivable for investments sold	7,195,451
Prepaid expenses	56,965

Total assets	\$ 375,030,264

LIABILITIES:

Payable for investments purchased	\$ 13,008,822
Accrued advisory fee	404,190
Accrued audit fee	36,707
Accrued legal fees	82,048
Accrued shareholder reporting fees	44,710
Accrued other	65,302

Total liabilities	\$ 13,641,779

NET ASSETS	\$ 361,388,485
	=====

SOURCES OF NET ASSETS:

Shares of beneficial interest, par value \$.01 per share, unlimited number of shares authorized, amount paid in on 20,820,269 shares issued and outstanding	\$ 340,620,938
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Accumulated net investment loss	(2,316,382)
Accumulated net realized gain on investments	145,913
Net unrealized gain on investments	22,938,016

Total net assets (equivalent to \$17.36 per share based on 20,820,269 shares outstanding)	\$ 361,388,485
	=====

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF OPERATIONS FOR THE SIX MONTHS ENDED MARCH 31, 2005 (UNAUDITED)

INVESTMENT INCOME:

Dividend income (net of foreign tax of \$6,640)	\$ 180,714
Interest income from non affiliated issuers	456,064
Interest income from affiliated issuers	5,713

Total investment income	\$ 642,491

EXPENSES:

Advisory fees	\$ 2,416,498
Legal fees	132,604
Trustees' fees and expenses	77,485
Shareholder reporting	52,264
Custodian fees	45,377
Accounting and auditing fees	36,707
Transfer agent fees	26,236
Stock exchange listing fee	13,948
Other (see note (3))	157,754

Total expenses	2,958,873

Net investment loss	\$ (2,316,382)

NET REALIZED AND UNREALIZED GAIN ON
INVESTMENTS:

Net realized gain on investments from non affiliated issuers	\$ 5,707,435
Decrease in net unrealized gain on investments	(3,892,734)

Net realized and unrealized gain on investments	\$ 1,814,701

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Net decrease in net assets resulting from operations	\$ (501,681) =====
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The accompanying notes are an integral part of these financial statements.

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STATEMENTS OF CHANGE IN NET ASSETS

	FOR THE SIX MONTHS ENDED MARCH 31, 2005 (UNAUDITED)	FOR THE YEAR ENDED SEPTEMBER 30, 2004
	-----	-----
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS:		
Net investment loss	\$ (2,316,382)	\$ (4,494,628)
Net realized gain on investments	5,707,435	33,306,313
Decrease in net unrealized gain on investments	(3,892,734)	(15,448,108)
	-----	-----
Net (decrease) increase in net assets resulting from operations	\$ (501,681)	\$ 13,363,577
	-----	-----
DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Net realized capital gains	\$ (14,954,054)	\$ (28,746,611)
	-----	-----
CAPITAL SHARE TRANSACTIONS:		
Value of shares issued in reinvestment of distributions (439,824 and 970,841 shares, respectively)	\$ 7,541,144	\$ 17,775,555
Value of 4,800,652 shares issued in rights offering	--	80,650,954
Offering costs charged to paid-in-capital	--	(495,253)
	-----	-----
Net increase in net assets resulting from capital share transactions	\$ 7,541,144	\$ 97,931,256
	-----	-----
Net (decrease) increase in net assets	\$ (7,914,591)	\$ 82,548,222
	-----	-----
NET ASSETS:		
Beginning of period	369,303,076	286,754,854
	-----	-----
End of period	\$ 361,388,485	\$ 369,303,076
	=====	=====

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Accumulated net investment				
loss included in net assets at				
end of year	\$	(2,316,382)	--	
		=====	=====	

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED MARCH 31, 2005 (UNAUDITED)

CASH FLOWS USED IN OPERATING ACTIVITIES:	
Interest income received	\$ 16,973
Dividends received	180,714
Operating expenses paid	(2,871,767)

Net cash used in operating activities	\$ (2,674,080)

CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of portfolio securities	\$ (130,049,127)
Net purchases of temporary cash investments	22,529,635
Sales and maturities of portfolio securities	117,422,131

Net cash provided from investing activities	\$ 9,902,639

CASH FLOWS USED IN FINANCING ACTIVITIES:	
Cash distributions paid, net	\$ (7,412,910)

Net cash used in financing activities	\$ (7,412,910)

NET DECREASE IN CASH	\$ (184,351)
CASH AT BEGINNING OF PERIOD	244,092

CASH AT END OF PERIOD	\$ 59,741
	=====
RECONCILIATION OF NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:	
Net decrease in net assets resulting from operations	\$ (501,681)
Accretion of discount	(429,256)
Net realized gain on investments	(5,707,435)
Decrease in net unrealized gain on investments	3,892,734
Decrease in interest receivable	(15,550)
Increase in accrued expenses	59,376
Increase in prepaid expenses	27,732

Net cash used in operating activities	\$ (2,674,080)
	=====

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Noncash financing activities not included herein consist of reinvested distributions of \$7,541,144

Noncash investing activities not included herein consist of three conversions of restricted preferred stock with a cost of \$11,007,833 to restricted common stock each of the same issuer.

The accompanying notes are an integral part of these financial statements.

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H&Q HEALTHCARE INVESTORS

FINANCIAL HIGHLIGHTS (SELECTED DATA FOR EACH SHARE OF BENEFICIAL INTEREST OUTSTANDING THROUGHOUT THE PERIOD INDICATED)

	FOR THE SIX MONTHS ENDED MARCH 31, 2005 (UNAUDITED)	----- 2004 -----	FOR THE YEAR ENDED SEPTEMBER ----- 2003 -----	2002 (1) -----
Net asset value per share:				
Beginning of period	\$ 18.12	\$ 19.63	\$ 18.16	\$ 27.35
Net investment loss	\$ (0.11) (2)	\$ (0.28) (2)	\$ (0.23) (2)	\$ (0.28) (2)
Net realized and unrealized gain (loss) on investments	0.07	0.57	3.87	(5.73)
Total (decrease) increase from investment operations	\$ (0.04)	\$ 0.29	\$ 3.64	\$ (6.01)
Capital gains distributions to shareholders	\$ (0.72)	\$ (1.80)	\$ (2.17)	\$ (3.18)
Net asset value per share:				
End of period	\$ 17.36	\$ 18.12	\$ 19.63	\$ 18.16
Per share market value:				
End of period	\$ 16.26	\$ 18.11	\$ 17.66	\$ 14.10
Total investment return at market value	(6.35%)	12.99%	43.49%	(25.24%)
RATIOS AND SUPPLEMENTAL DATA:				
Net assets at end of period	\$ 361,388,485	\$ 369,303,076	\$ 286,754,854	\$ 242,005,778

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Ratio of operating expenses to average net assets	1.60%*	1.63%	1.65%	1.64%
Ratio of net investment loss to average net assets	(1.25%)*	(1.42%)	(1.27%)	(1.16%)
Portfolio turnover rate	37.49%	33.65%	32.80%	17.40%
Number of shares outstanding at end of period	20,820,269	20,380,445	14,608,952	13,323,483

(1) In 2002, the Fund adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies and began accreting discounts and amortizing premiums on all debt securities. The effect of this change for the year ended September 30, 2002 was a decrease in net investment loss per share of \$.009, an increase in net realized and unrealized loss on investments per share of \$.009, and a decrease in the ratio of net investment loss to average net assets from (1.20%) to (1.16%). Per share data and ratios for the periods prior to October 1, 2001 have not been restated to reflect this change in presentation.

(2) Net investment loss per share has been computed using average shares outstanding.

* Annualized.

The accompanying notes are an integral part of these financial statements.

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H&Q HEALTHCARE INVESTORS

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2005 (UNAUDITED)

(1) ORGANIZATION

H&Q Healthcare Investors (the Fund) is a Massachusetts business trust registered under the Investment Company Act of 1940 as a diversified closed-end management investment company. The Fund's investment objective is long-term capital appreciation through investment in securities of companies in the healthcare industries. The Fund invests primarily in securities of public and private companies that are believed to have significant potential for above-average growth. The Fund was organized on October 31, 1986 and commenced operations on April 22, 1987.

The Fund has adopted investment policies (non-fundamental investment policies) which may be changed by action of the Board of Trustees without shareholder approval. In June 2004, the Board of Trustees took action to make the following change (as indicated by the strikethrough) to one of the Fund's non fundamental investment policies: "investments will not be made in any company with the objective of exercising control over that company's management, [BEGINSTRIKETHROUGH]and the fund generally will not provide managerial assistance to any such company as is normally the case with venture capital funds.[ENDSTRIKETHROUGH] The Fund, however, may make investments as a co-investor with other venture capital groups that may

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provide issuers with significant managerial assistance."

In June and September, 2004, the Board of Trustees amended the Fund's by-laws to provide for the office of Chief Compliance Officer and to require that all matters put to vote of shareholders shall be decided by a vote of the majority of all votes validly cast at a meeting at which a quorum is present, unless otherwise specifically required by the Fund's Declaration of Trust of By-Laws.

The preparation of these financial statements requires the use of certain estimates by management in determining the entity's assets, liabilities, revenues and expenses. Actual results could differ from these estimates. The following is a summary of significant accounting policies consistently followed by the Fund, which are in conformity with accounting principals generally accepted in the United States of America.

INVESTMENT SECURITIES

Investments traded on national securities exchanges or in the over-the-counter market that are National Market System securities are valued at the last sale price or, lacking any sales, at the mean between the last bid and asked prices. Other over-the-counter securities are valued at the most recent bid prices as obtained from one or more dealers that make markets in the securities. Exchange traded investments for which market quotations are not readily available are valued at fair value as determined in good faith by the Trustees of the Fund. The value of venture capital and other restricted securities is determined in good faith by the Trustees. However, because of the uncertainty of venture capital and other restricted security valuations, these estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. See note 4 below. Temporary investments with maturity of 60 days or less are valued at amortized cost.

Investment transactions are recorded on a trade date basis. Gains and losses from sales of investments are recorded using the "identified cost" method. Interest income is recorded on the accrual basis, adjusted for amortization of premiums and accretion of discounts. Dividend income is recorded on the ex-dividend date. Income and realized gains or losses on investments from affiliated issuers are identified in the Statement of Operations. Affiliated issuers are issuers in which the Fund holds 5% or more of the voting securities and are separately identified in the Schedule of Investments.

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REPURCHASE AGREEMENTS

From time to time, in connection with managing cash and short-term investments the Fund may enter into transactions in repurchase agreements. When such transactions are entered into, the Fund's custodian takes possession of the underlying collateral securities, the market value of which is at least equal to the principal, including accrued interest, of the repurchase transaction at all times. In the event of default or bankruptcy by the other party to the agreement, realization and/or retention of the collateral by the Fund may be delayed or limited.

FEDERAL INCOME TAXES

It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute to its shareholders substantially all of its taxable income and its net

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realized capital gains, if any. Therefore, no Federal income or excise tax provision is required.

DISTRIBUTIONS

The Fund records all distributions to shareholders from net investment income, if any, and realized gains on the ex-dividend date. Such distributions are determined in conformity with income tax regulations. Due to permanent book/tax differences in accounting for certain transactions, certain distributions may be treated as distributions from capital as opposed to distributions of net investment income or realized capital gains.

DISTRIBUTION POLICY

Distributions will automatically be paid in newly issued shares of the Fund unless otherwise instructed by the shareholder. Pursuant to an SEC exemptive order, the Fund has implemented a fixed distribution policy that permits the Fund to make quarterly distributions at a rate of 2% of the Fund's net assets to shareholders of record. The Fund intends to use net realized capital gains when making quarterly distributions. This could result in a return of capital to shareholders if the amount of the distribution exceeds the Fund's net investment income and realized capital gains. It is anticipated that net realized capital gains in excess of the total distributed under this policy would be included in the December distribution.

STATEMENT OF CASH FLOWS

The cash amount shown in the Statement of Cash Flows is the amount included in the Fund's Statement of Assets and Liabilities and represents cash on hand at its custodian and does not include temporary cash investments at March 31, 2005.

INDEMNIFICATIONS

Under the Fund's organizational documents, its officers and Trustees may be indemnified against certain liabilities and expenses arising out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into agreements with service providers that may contain indemnification clauses. The Fund's maximum exposure under these agreements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

(2) SECURITIES TRANSACTIONS

The aggregate cost of purchases and proceeds from sales of investment securities (other than temporary cash investments) for the six months ended March 31, 2005 totaled \$141,626,014 and \$124,035,583 respectively.

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At March 31, 2005, the total cost of securities for Federal income tax purposes was \$344,729,917. The net unrealized gain on securities held by the Fund was \$22,938,016, including gross unrealized gain of \$78,256,415 and gross unrealized loss of \$55,318,399.

(3) INVESTMENT ADVISORY FEES AND OTHER TRANSACTIONS WITH AFFILIATES

The Fund has entered into an Investment Advisory Agreement (the Advisory Agreement) with Hambrecht & Quist Capital Management LLC (the Adviser).

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Pursuant to the terms of the Advisory Agreement, the Fund pays the Adviser a monthly fee at the rate when annualized of (i) 2.5% of the average net assets for the month of its venture capital and other restricted securities up to 25% of net assets and (ii) for the month, for all other assets, 1.0% of the average net assets up to \$250 million, 0.9% of the average net assets for the next \$250 million, 0.8% of the average net assets for the next \$500 million and 0.7% of the average net assets thereafter. The aggregate fee may not exceed a rate when annualized of 1.375%.

The Fund has entered into a Services Agreement (the "Agreement") with the Adviser. Pursuant to the terms of the Agreement, the Fund reimburses the Adviser for certain services related to a portion of the payment of salary and provision of benefits to the Fund's Chief Compliance Officer. During the six months ended March 31, 2005 these payments amounted to \$70,341 and are included in "Other" under the heading "EXPENSES" in the Statement of Operations. These expenses along with insurance expenses of \$52,224 incurred to unaffiliated entities are the major components of "Other" under the heading "EXPENSES" in the Statement of Operations. Expenses incurred pursuant to the Agreement as well as certain expenses paid for by the Adviser are allocated in an equitable fashion to the Fund.

Certain officers and Trustees of the Fund are also officers of the Adviser. Trustees who are not affiliates of the Adviser receive an annual fee of \$20,000 plus \$500 for each Committee on which they serve and \$1,000 for each meeting attended.

(4) VENTURE CAPITAL AND OTHER RESTRICTED SECURITIES

The Fund may invest in venture capital and other restricted securities if these securities would currently comprise 40% or less of net assets. The value of these securities represents 22.80% of the Fund's net assets at March 31, 2005.

The Fund maintains an investment restriction that prohibits the Fund from purchasing more than 10% of the outstanding voting securities of any issuer. In order to clarify that restriction, the Board of Trustees, (effective September 30, 2004) has determined that, for purposes of that restriction, the Fund will consider outstanding voting securities of an issuer to include any security of the issuer that entitles the owner or holder to vote for the election of directors of the issuer (a "voting security") and any other outstanding security of the issuer that is exercisable for or convertible into a voting security within 60 days from the date of the calculation.

During the year ended September 30, 2004, a restricted security was exchanged for cash in connection with a corporate action, a portion of which has been retained by the issuer in an escrow account pending resolution of certain contingencies and whose estimated value of \$211,284 at March 31, 2005 has also been determined by the Trustees. The value of the escrow account is included in the Receivable for Investments Sold in the Statement of Assets and Liabilities.

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The following table details the acquisition date, cost, carrying value per unit, and value of the Fund's venture capital and other restricted securities at March 31, 2005, as determined by the Trustees of the Fund.

SECURITY	ACQUISITION DATE	COST	CARRYING VALUE PER UNIT
----------	---------------------	------	----------------------------

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Agensys, Inc.				
Series C Cvt. Pfd.	2/14/02	\$ 3,005,073	\$	3.15
Agilix Corporation^				
Series B Cvt. Pfd.	11/8/01	3,014,260		0.24
Avalon Pharmaceuticals				
Series B Cvt. Pfd.	10/22/01	3,008,325		1.20
Bridge Loan	2/11/05	198,511		1.00
CardioNet, Inc.^				
Series C Cvt. Pfd.	5/3/01 - 3/25/03	5,549,183		3.50
Ceres, Inc.				
Series C Cvt. Pfd.	12/23/98	1,502,620		6.00
Series C-1 Cvt. Pfd.#	3/31/01	111,488		6.00
Series D Cvt. Pfd.#	3/14/01	1,668,122		6.00
Concentric Medical, Inc.^				
Series B Cvt. Pfd.	5/7/02 - 1/24/03	3,329,210		0.86
Series C Cvt. Pfd.	12/19/03	1,500,000		0.86
Conor MedSystems, Inc.				
Restricted Common	10/23/2003 - 8/6/04	3,056,876		13.85
Corus Pharma, Inc.				
Series C Cvt. Pfd.	4/8/04	3,002,344		1.16
CytoLogix Corporation^				
Series A Cvt. Pfd.	1/13/98 - 7/21/99	1,622,895		0.83
Series B Cvt. Pfd.*#	1/11/01	760,284		0.83
Cvt. Note#	5/29/02	168,337		1.00
DakoCytomation, Inc.				
Restricted Common	6/14/04	1,102,920		10.41
EPR, Inc.				
Series A Cvt. Pfd.	3/9/94	1,000,409		0.01
Galileo Pharmaceuticals, Inc.				
Series F-1 Cvt. Pfd.	8/18/00	3,002,895		0.35
Idun Pharmaceuticals, Inc.^				
Series A-1 Cvt. Pfd.	11/26/02	3,001,966		5.90
Series B-1 Cvt. Pfd.	5/24/04	741,719		4.62
I-trax, Inc.				
Series A Cvt. Pfd.	3/18/04	4,003,650		15.70
Masimo Corporation				
Series D Cvt. Pfd.	8/14/96	1,120,041		11.00
Restricted Common	3/31/98	0		0.01
OmniSonics Medical Technologies, Inc.^				
Series B Cvt. Pfd.	5/24/01	2,409,023		1.34
Series C Cvt. Pfd.	10/1/03	1,800,336		1.16
PHT Corporation^				
Series D Cvt. Pfd.	7/23/01	4,205,754		0.78
Series E Cvt. Pfd.	9/12/03 - 10/14/04	941,669		0.78
Provident Senior Living Trust				
Restricted Common	7/26/04	3,900,871		15.00
Raven biotechnologies, Inc.^				
Series B Cvt. Pfd.	12/12/00	3,001,725		0.83
Series C Cvt. Pfd.	11/26/02	2,331,600		0.83
Songbird Hearing, Inc.				
Restricted Common	12/14/00	3,004,861		0.01
Syntiro Heathcare Services				
Restricted Common	2/5/97	1,200,325		0.01

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SECURITY	ACQUISITION DATE	COST	CARRYING VALUE PER UNIT
Theravance, Inc. Restricted Common	2/5/99 - 8/28/00	\$ 3,603,382	\$ 17.34
Therion Biologics Corporation Series A Cvt. Pfd.	8/20/96 - 10/16/96	444,850	1.22
Series B Cvt. Pfd.#	6/22/99	900,914	1.22
Series C Cvt. Pfd.	9/26/01 - 10/15/01	1,529,348	1.22
Series C-2 Units#	8/13/03	59,998	1.22
Sinking Fund Cvt. Pfd.	10/18/94 - 8/20/96	721,291	0.01
Restricted Common	7/12/90 - 1/25/96	511,365	0.01
TherOx, Inc. Series H Cvt. Pfd.	9/11/00	3,002,506	0.38
Bridge Note#	1/28/04	304,085	1.00
Triad Therapeutics, Inc.^ Series A Cvt. Pfd.	6/8/99	1,752,359	0.00
Series B Cvt. Pfd.	1/10/03	1,053,135	0.00
Series C Cvt. Pfd.	12/20/00 - 11/25/02	920,897	0.02
VNUS Medical Technologies, Inc. Restricted Common	8/20/01	4,200,003	11.00
Xanthus Life Sciences, Inc.^ Series B Cvt. Pfd.	12/5/03	2,101,320	1.00
Zyomyx, Inc. New Common	2/19/99 - 7/22/04	3,602,065	0.01
Series A New Cvt. Pfd.	1/12/04	299,700	0.10
Series B New Cvt. Pfd.	2/19/99 - 1/12/04	468	0.10

		\$ 93,274,977	\$
		=====	

With warrants attached

^ Affiliated issuers in which the Fund holds 5% or more of the voting securities

(5) SOURCES OF NET ASSETS

The changes in the sources of net assets for the period from October 1, 2004 through March 31, 2005 are as follows:

	CAPITAL PAID IN ON SHARES OF BENEFICIAL INTEREST	ACCUMULATED NET INVESTMENT LOSS	ACCUMULATED NET REALIZED GAIN ON INVESTMENTS	NET UNREALIZED GAIN ON INVESTMENTS
As of October 1, 2004	\$ 333,079,794	\$ --	\$ 9,392,532	\$ 26,830,750
Net investment loss for the period from October 1, 2004 through March 31, 2005		(2,316,382)		
Net realized gains for the period from October 1, 2004 through March 31, 2005			5,707,435	
Distributions, net of reinvestments paid				

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during the period from October 1, 2004 through March 31, 2005				(14,954,054)
Value of shares issued in reinvestment of distributions	7,541,144			
Decrease in net unrealized gain on investments				(3,892,734)
As of March 31, 2005	----- \$ 340,620,938 =====	----- \$ (2,316,382) =====	----- \$ 145,913 =====	----- \$ 22,938,016 =====

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H&Q HEALTHCARE INVESTORS

New York Stock Exchange Symbol: HQH

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OFFICERS

Daniel R. Omstead, Ph.D., President
Kathleen Eckert, Secretary, Treasurer and
Chief Compliance Officer

TRUSTEES

Lawrence S. Lewin
Robert P. Mack, M.D.
Eric Oddleifson
Daniel R. Omstead, Ph.D.
Oleg M. Pohotsky
Uwe E. Reinhardt, Ph.D.
Henri A. Termeer

INVESTMENT ADVISER

Hambrecht & Quist Capital Management LLC

CUSTODIAN

State Street Bank and Trust Company

TRANSFER AGENT

EquiServe Trust Company, N.A.

LEGAL COUNSEL

Dechert LLP

Shareholders with questions regarding share transfers may call

1-800-426-5523

Interim daily net asset value may be obtained from
our website (www.hqcm.com) or by calling

1-800-451-2597

For copies of the Fund's
DIVIDEND REINVESTMENT PLAN,

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please contact the Plan Agent, EquiServe Trust Company, N.A.
PO Box 43010 Providence, RI 02940-3010
Telephone: 1-800-426-5523

HAMBRECHT & QUIST CAPITAL MANAGEMENT LLC
30 Rowes Wharf
Boston, MA 02110-3328

HQHCM-SAR-05

ITEM 2. CODE OF ETHICS.

Not applicable to this semi-annual filing.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable to this semi-annual filing.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable to this semi-annual filing.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

No applicable to this semi-annual filing.

ITEM 6. SCHEDULE OF INVESTMENTS.

The Registrant's Schedule of Investments is included as part of the Report to Shareholders filed under Item 1 of this form.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable to this semi-annual filing.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES

Not applicable to this semi-annual filing.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

None.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which the shareholders may recommend nominees to the registrant's Board of Trustees, where those changes were implemented after the registrant last provided disclosure in response to the requirements of Item 7(d)(2)(ii)(G) of Schedule 14A, or this Item.

ITEM 11. CONTROLS AND PROCEDURES.

(a) In the opinion of the principal executive officer and principal

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financial officer, based on their evaluation which took place within 90 days of this filing, the Registrant's disclosure controls and procedures are adequately designed and are operating effectively to ensure (i) that material information relating to the Registrant, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which this report is being prepared; and (ii) that information required to be disclosed by the registrant on Form N-CSR is recorded, processed, summarized and reported within the time period specified in the Securities and Exchange Commission's rules and forms.

- (b) There were no changes in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal half-year that may have materially affected or are reasonably likely to materially affect, the Registrant's internal control.

ITEM 12. EXHIBITS

(a) (1) CODE OF ETHICS: NOT APPLICABLE TO THIS SEMI-ANNUAL FILING.

(a) (2) CERTIFICATION: FILED AS AN ATTACHMENT TO THIS FILING.

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)

H&Q HEALTHCARE INVESTORS

By (Signature and Title)* /s/ Daniel R. Omstead

Daniel R. Omstead, President

Date: 5/27/05

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 (Signature and Title)* /s/ Kathleen Eckert

Kathleen Eckert, Treasurer

Date: 5/27/05

By (Signature and Title)*

Date:

* Print the name and title of each signing officer under his or her signature.