

NICHOLAS APPLGATE CONVERTIBLE & INCOME FUND
Form N-Q
July 26, 2006

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

FORM N-Q

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

Investment Company Act File Number: 811-21284

Registrant Name: NICHOLAS-APPLGATE 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: May 31, 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. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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

May 31, 2006 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody's/S&P) | Value* |
|--|--|--------------------------------|-------------------|
| CORPORATE BONDS & NOTES 40.6% | | | |
| Advertising 0.7% | | | |
| \$ 10,700 | Affinion Group, Inc., 11.50%, 10/15/15 (a) | Caa1/B- | \$ 10,887,250 |
| Apparel 1.1% | | | |
| 2,000 | Levi Strauss & Co., 9.75%, 1/15/15 | B3/B- | 2,075,000 |
| 10,295 | 12.25%, 12/15/12 | B3/B- | 11,581,875 |
| 2,890 | Oxford Industries, Inc., 8.875%, 6/1/11 | B2/B | 2,962,250 |
| | | | <u>16,619,125</u> |
| Auto Manufacturers 0.4% | | | |
| 7,995 | General Motors Corp., 8.375%, 7/15/33 | B3/B | 6,066,206 |
| Automotive 0.6% | | | |
| 11,543 | HLI Operating Co., Inc., 10.50%, 6/15/10 | Caa3/CCC | 9,522,975 |
| Chemicals 2.7% | | | |
| 4,703 | Huntsman LLC, 11.625%, 10/15/10 | Ba3/BB- | 5,220,330 |
| 13,590 | IMC Global, Inc., 11.25%, 6/1/11 | Ba3/BB | 14,354,438 |
| 5,115 | Lyondell Chemical Co., 10.875%, 5/1/09 | B3/B | 5,217,300 |
| 5,435 | 11.125%, 7/15/12 | B1/BB- | 5,978,500 |
| 5,125 | PolyOne Corp., 10.625%, 5/15/10 | B3/B+ | 5,522,187 |
| 4,830 | Rhodia S.A., 10.25%, 6/1/10 | B3/CCC+ | 5,331,113 |
| | | | <u>41,623,868</u> |
| Commercial Services 1.4% | | | |
| 5,400 | Hertz Corp., 10.50%, 1/1/16 (a) | B3/B | 5,845,500 |
| 4,444 | Rent-Way, Inc., 11.875%, 6/15/10 | B3/B- | 4,599,540 |

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| | | | |
|--------|---|---------|------------|
| 11,255 | Vertrue, Inc., 9.25%, 4/1/14 | B2/B | 11,423,825 |
| | | | <hr/> |
| | | | 21,868,865 |
| | | | <hr/> |
| | Computers 0.4% | | |
| 6,475 | Unisys Corp., 8.00%, 10/15/12 | Ba3/BB- | 6,078,406 |
| | | | <hr/> |
| | Electric 2.7% | | |
| 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- | 14,391,562 |
| 11,755 | PSEG Energy Holdings LLC, 10.00%, 10/1/09 | Ba3/BB- | 12,842,338 |
| | | | <hr/> |
| | | | 41,170,650 |
| | | | <hr/> |
| | Electronics 1.6% | | |
| 12,575 | IMAX Corp., 9.625%, 12/1/10 | B3/B- | 13,140,875 |
| 12,170 | Stoneridge, Inc., 11.50%, 5/1/12 | B2/B | 11,683,200 |
| | | | <hr/> |
| | | | 24,824,075 |
| | | | <hr/> |
| | Environmental Control 0.8% | | |
| 10,495 | Aleris International, Inc., 10.375%, 10/15/10 | B2/B+ | 11,465,787 |
| | | | <hr/> |
| | Financial Services 2.2% | | |
| 11,080 | Alamosa Delaware, Inc., 11.00%, 7/31/10 | Caa1/A- | 12,215,700 |
| 7,095 | AMR Holdings Co., 10.00%, 2/15/15 | Caa1/B- | 7,591,650 |
| 10,795 | Ford Motor Credit Co., 7.00%, 10/1/13 | Ba2/BB- | 9,312,037 |
| 3,865 | MedCath Holdings Corp., 9.875%, 7/15/12 | Caa1/B- | 3,932,637 |
| | | | <hr/> |
| | | | 33,052,024 |
| | | | <hr/> |
| | Food Products 1.0% | | |
| 14,885 | Pilgrim's Pride Corp., 9.625%, 9/15/11 | Ba2/BB- | 15,592,038 |
| | | | <hr/> |
| | Healthcare 0.9% | | |
| 7,425 | Alliance Imaging, Inc., 7.25%, 12/15/12 | B3/B- | 6,663,937 |
| 6,475 | Hanger Orthopedic Group, Inc., 10.25%, 6/1/14 (a) | B3/CCC+ | 6,466,906 |
| | | | <hr/> |
| | | | 13,130,843 |
| | | | <hr/> |

Nicholas-Applegate Convertible & Income Fund Schedule of Investments

May 31, 2006 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody's/S&P) | Value* |
|---------------------------------|---|-----------------------------|-------------------|
| Home Builders 1.6% | | | |
| \$ 12,325 | Ryland Group, Inc., 9.125%, 6/15/11 | Ba2/BB+ | \$ 12,879,625 |
| 12,160 | William Lyon Homes, Inc., 10.75%, 4/1/13 | B2/B | 12,053,600 |
| | | | <u>24,933,225</u> |
| Home Furnishings 1.8% | | | |
| 11,370 | Central Garden & Pet Co., 9.125%, 2/1/13 | B2/B | 11,995,350 |
| 14,600 | Jarden Corp., 9.75%, 5/1/12 | B3/B- | 14,892,000 |
| | | | <u>26,887,350</u> |
| Hotels/Gaming 0.7% | | | |
| 10,500 | Mandalay Resort Group, Inc., 10.25%, 8/1/07, Ser. B | Ba3/B+ | 10,998,750 |
| Machinery 0.9% | | | |
| 12,940 | Case New Holland, Inc., 9.25%, 8/1/11 | Ba3/BB | 13,748,750 |
| Manufacturing 0.5% | | | |
| 6,875 | Clarke American Corp., 11.75%, 12/15/13 (a) | B2/B- | 7,253,125 |
| Metals & Mining 2.7% | | | |
| 7,710 | AK Steel Corp., 7.875%, 2/15/09 | B1/B+ | 7,652,175 |
| 11,665 | Freeport-McMoRan Copper & Gold, Inc., 10.125%, 2/1/10 | B1/B+ | 12,423,225 |
| 6,040 | Oregon Steel Mills, Inc., 10.00%, 7/15/09 | Ba3/B+ | 6,342,000 |
| 13,420 | United States Steel LLC, 10.75%, 8/1/08 | Ba1/BB | 14,560,700 |
| | | | <u>40,978,100</u> |
| Miscellaneous 1.5% | | | |
| 22,405 | Dow Jones CDX High Yield, 10.50%, 12/29/09 (a) (b) | NR/NR | 22,880,758 |
| Multi-Media 2.7% | | | |
| 12,870 | CCH I LLC, 11.00%, 10/1/15 | Caa3/CCC- | 11,132,550 |
| 5,700 | Lodgenet Entertainment Corp., 9.50%, 6/15/13 | B3/B- | 6,099,000 |
| 9,340 | Mediacom Broadband LLC, 11.00%, 7/15/13 | B2/B | 9,853,700 |

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| | | | |
|--------|---|-----------|------------|
| 6,665 | Salem Communications Holding Corp., 9.00%, 7/1/11, Ser. B | B2/B- | 6,973,256 |
| 8,140 | Sirius Satellite Radio, Inc., 9.625%, 8/1/13 | Caa1/CCC | 7,733,000 |
| | | | <hr/> |
| | | | 41,791,506 |
| | | | <hr/> |
| | Office/Business Equipment 0.4% | | |
| 5,565 | Xerox Corp., 9.75%, 1/15/09 | Ba2/BB+ | 6,017,156 |
| | | | <hr/> |
| | Office Furnishings 1.1% | | |
| | Interface, Inc., | | |
| 5,375 | 9.50%, 2/1/14 | Caa1/CCC | 5,603,438 |
| 6,490 | 10.375%, 2/1/10 | B2/B- | 7,130,887 |
| 3,791 | Tempur-Pedic, Inc., 10.25%, 8/15/10 | B2/B | 4,018,460 |
| | | | <hr/> |
| | | | 16,752,785 |
| | | | <hr/> |
| | Oil & Gas 0.4% | | |
| 5,000 | Seitel, Inc., 11.75%, 7/15/11 | B3/NR | 5,650,000 |
| | | | <hr/> |
| | Paper Products 1.1% | | |
| 5,096 | Buckeye Technologies, Inc., 9.25%, 9/15/08 | Caa1/B | 5,096,000 |
| 10,250 | NewPage Corp., 12.00%, 5/1/13 | Caa2/CCC+ | 10,967,500 |
| | | | <hr/> |
| | | | 16,063,500 |
| | | | <hr/> |
| | Pharmaceuticals 0.7% | | |
| 10,955 | Leiner Health Products, Inc., 11.00%, 6/1/12 | Caa1/CCC+ | 10,708,513 |
| | | | <hr/> |
| | Pipelines 0.9% | | |
| 13,330 | Sonat, Inc., 7.625%, 7/15/11 | B2/B | 13,579,938 |
| | | | <hr/> |
| | Retail 3.8% | | |
| 14,420 | Bon-Ton Stores, Inc., 10.25%, 3/15/14 (a) | B2/B- | 13,482,700 |
| 5,420 | EPL Finance Corp., 11.75%, 11/15/13 (a) | Caa1/CCC+ | 6,341,400 |
| 6,540 | Mothers Work, Inc., 11.25%, 8/1/10 | Caa1/B- | 6,834,300 |
| 9,710 | Neiman-Marcus Group, Inc., 10.375%, 10/15/15 (a) | B3/B- | 10,219,775 |
| 10,000 | R.H. Donnelley, Inc., 10.875%, 12/15/12 | B2/B | 11,000,000 |
| 9,980 | Star Gas Partners L.P., 10.25%, 2/15/13 | Caa3/B- | 10,379,200 |
| | | | <hr/> |
| | | | 58,257,375 |
| | | | <hr/> |

Nicholas-Applegate Convertible & Income Fund Schedule of Investments

May 31, 2006 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody's/S&P) | Value* |
|--|---|--------------------------------|--------------|
| Semi-Conductors 1.0% | | | |
| | Amkor Technology, Inc., | | |
| \$ 2,695 | 9.25%, 6/1/16 | Caa1/CCC+ | \$ 2,587,200 |
| 12,915 | 10.50%, 5/1/09 | Caa3/CCC | 13,141,013 |
| | | | 15,728,213 |
| Telecommunications 2.0% | | | |
| 7,395 | Hawaiian Telcom Communications, Inc., 12.50%, 5/1/15, Ser.B | Caa1/CCC+ | 7,921,894 |
| 8,120 | Level 3 Financing, Inc., 12.25%, 3/15/13 (a) | B3/CCC- | 8,810,200 |
| 12,180 | Millicom International Cellular S.A., 10.00%, 12/1/13 | B3/B- | 13,641,600 |
| | | | 30,373,694 |
| Transportation 0.3% | | | |
| 4,445 | PHI, Inc., 7.125%, 4/15/13 (a) | B1/BB- | 4,333,875 |
| | Total Corporate Bonds & Notes (cost-\$618,902,390) | | 618,838,725 |
| CONVERTIBLE BONDS & NOTES 27.3% | | | |
| Airlines 1.3% | | | |
| 20,572 | Continental Airlines, Inc., 4.50%, 2/1/07 | Caa2/CCC+ | 20,263,420 |
| Automotive 2.1% | | | |
| 10,890 | Goodyear Tire & Rubber Co., 11.25%, 3/1/11 | B3/B- | 12,196,800 |
| 21,008 | Sonic Automotive, Inc., 5.25%, 5/7/09 | B3/B | 20,587,840 |
| | | | 32,784,640 |
| Commercial Services 3.0% | | | |
| 9,100 | Bowne & Co., Inc., 5.00%, 10/1/33 | B2/B- | 9,725,643 |
| 13,440 | Memberworks, Inc., 5.50%, 10/1/10 | NR/B- | 15,372,000 |
| 1,000 | Quanta Services, Inc., 4.00%, 7/1/07 | NR/NR | 987,500 |
| 20,614 | Quebecor World USA, Inc., 6.00%, 10/1/07 | B2/B | 20,356,325 |
| | | | 46,441,468 |
| Computers 1.2% | | | |
| 16,400 | Maxtor Corp., 6.80%, 4/30/10 | B2/NR | 18,204,000 |

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| | | | |
|--------|---|----------|------------|
| | Electric 1.1% | | |
| 6,075 | PG&E Corp., 9.50%, 6/30/10 | NR/NR | 17,663,062 |
| | Electrical Components & Equipment 0.6% | | |
| 7,250 | Artesyn Technologies, Inc., 5.50%, 8/15/10 | NR/NR | 9,925,975 |
| | Financial Services 0.5% | | |
| 230 | Citigroup Funding, Inc., 5.02%, 9/27/08 (c) | Aa1/AA- | 7,373,800 |
| | Household Products 0.8% | | |
| 7,300 | American Greetings Corp., 7.00%, 7/15/06 | Ba3/NR | 11,880,750 |
| | Insurance 0.2% | | |
| 2,250 | American Equity Investment Life Holding Co., 5.25%, 12/6/24 | NR/BB+ | 2,649,375 |
| | Metals & Mining 0.9% | | |
| 7,490 | Freeport-McMoRan Copper & Gold, Inc., 7.00%, 2/11/11 | NR/B+ | 13,996,938 |
| | Multi-Media 1.3% | | |
| 20,995 | EchoStar Communications Corp., 5.75%, 5/15/08 | B2/B | 20,758,806 |
| | Oil & Gas 1.1% | | |
| 14,100 | Devon Energy Corp., 4.95%, 8/15/08 | Baa2/BBB | 16,849,500 |
| | Pharmaceuticals 1.6% | | |
| 1,700 | Ligand Pharmaceuticals, Inc., 6.00%, 11/16/07 | NR/NR | 3,013,250 |
| 20,950 | Sepracor, Inc., 5.00%, 2/15/07 | NR/B- | 20,897,625 |
| | | | 23,910,875 |
| | Retail 0.4% | | |
| 4,790 | GSC Holdings Corp., 8.00%, 10/1/12 (a) | Ba3/B+ | 4,766,050 |

Nicholas-Applegate Convertible & Income Fund Schedule of Investments

May 31, 2006 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody's/S&P) | Value* |
|--|--|--------------------------------|--------------|
| Semi-Conductors 2.4% | | | |
| \$ 2,363 | Amkor Technology, Inc., 5.00%, 3/15/07 | Caa3/CCC | \$ 2,336,416 |
| 17,379 | 5.75%, 6/1/06 | NR/NR | 17,379,000 |
| 16,750 | Fairchild Semiconductor Corp., 5.00%, 11/1/08 | NR/B | 16,582,500 |
| | | | 36,297,916 |
| Telecommunications 6.4% | | | |
| 19,000 | American Tower Corp., 5.00%, 2/15/10 | B1/BB- | 18,976,250 |
| 15,900 | CenturyTel, Inc., 4.75%, 8/1/32 | Baa2/BBB | 16,456,500 |
| 3,200 | Ciena Corp., 3.75%, 2/1/08 | B2/B | 3,088,000 |
| 8,000 | Level 3 Communications, Inc., 6.00%, 3/15/10 | Ca/CCC- | 6,630,000 |
| 19,800 | Lucent Technologies, Inc., 8.00%, 8/1/31 | B3/CCC+ | 20,022,750 |
| 20,500 | Nextel Communications, Inc., 5.25%, 1/15/10 | Baa2/A- | 20,269,375 |
| 12,345 | Nortel Networks Corp., 4.25%, 9/1/08 | B3/B- | 11,743,181 |
| | | | 97,186,056 |
| Transportation 0.8% | | | |
| 9,150 | YRC Worldwide, Inc., 5.00%, 8/8/23 | Ba1/BBB- | 11,769,188 |
| Trucking/Leasing 1.6% | | | |
| 18,500 | GATX Corp., 7.50%, 2/1/07 | Baa3/BBB | 24,443,125 |
| | Total Convertible Bonds & Notes (cost-\$416,802,107) | | 417,164,944 |
| CONVERTIBLE PREFERRED STOCK 26.9% | | | |
| Shares (000) | | | |
| Automotive 0.6% | | | |
| 244 | Ford Motor Co., Capital Trust II, 6.50%, 1/15/32 | B2/B- | 7,080,967 |
| 100 | General Motors Corp., 6.25%, 7/15/33 | B3/B | 1,999,000 |
| | | | 9,079,967 |

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| | | | |
|---------------------------------|---|----------|-------------|
| Banking 1.1% | | | |
| 302 | Washington Mutual Capital Trust, 5.375%, 5/3/41 | Baa1/BBB | 17,201,260 |
| Commercial Services 1.5% | | | |
| 463 | United Rentals, Inc., 6.50%, 8/1/28 | Caa2/B- | 22,257,813 |
| Electric 2.5% | | | |
| 447 | AES Trust III, 6.75%, 10/15/29 | B3/B | 20,954,920 |
| 70 | NRG Energy, Inc., 5.75%, 3/16/09 | B3/CCC+ | 17,790,812 |
| | | | 38,745,732 |
| Financial Services 7.3% | | | |
| 435 | E* Trade Financial Corp., 6.125%, 11/18/08 | Ba3/NA | 13,702,500 |
| | Lehman Brothers Holdings, Inc., | | |
| 735 | 6.25%, 10/15/07 | A1/A+ | 19,698,000 |
| 505 | 20.00%, 3/17/07 | A1/A+ | 15,983,250 |
| | Morgan Stanley, | | |
| 215 | 20.00%, 12/14/06 | Aa3/A+ | 15,063,975 |
| 280 | 20.00%, 12/22/06 | Aa3/A+ | 15,876,998 |
| 590 | 20.00%, 3/9/07 | Aa3/A+ | 14,811,950 |
| 540 | 20.00%, 6/2/07 | Aa3/A+ | 16,364,700 |
| | | | 111,501,373 |
| Food 0.7% | | | |
| 442 | Albertson's, Inc., 7.25%, 5/16/07 | B2/B | 11,060,000 |
| Insurance 5.2% | | | |
| 460 | Genworth Financial, Inc., 6.00%, 5/16/07 | A2/A | 16,707,200 |
| 777 | Metlife, Inc., 6.375%, 8/15/08 | NR/BBB+ | 21,506,823 |
| 240 | Platinum Underwriters Holdings Ltd., 6.00%, 2/15/09 | NR/BB+ | 6,630,000 |
| 678 | PMI Group, Inc., 5.875, 11/15/06 | A1/A | 17,635,800 |
| 769 | XL Capital Ltd., 6.50%, 5/15/07 | A3/A- | 16,379,700 |
| | | | 78,859,523 |
| Iron/Steel 0.6% | | | |
| 46 | U.S. Steel Corp., 7.00%, 6/15/06, Ser. B | NR/B | 9,775,862 |

Nicholas-Applegate Convertible & Income Fund Schedule of Investments

May 31, 2006 (unaudited)

| Shares (000) | | Credit Rating (Moody's/S&P) | Value* |
|-----------------|---|--------------------------------|---------------|
| | Office/Business Equipment 1.0% | | |
| 137 | Xerox Corp., 6.25%, 7/1/06 | B1/B+ | \$ 15,548,688 |
| | Oil & Gas 2.2% | | |
| 133 | Amerada Hess Corp., 7.00%, 12/01/06 | Ba3/BB | 16,857,750 |
| 153 | Chesapeake Energy Corp., 5.00%, 12/31/49 | NR/B | 15,948,400 |
| | | | 32,806,150 |
| | Pharmaceuticals 1.0% | | |
| 304 | Schering-Plough Corp., 6.00%, 9/14/07 | Baa3/BBB | 15,265,290 |
| | Real Estate 1.1% | | |
| 677 | FelCor Lodging Trust, Inc., 1.95%, 12/31/49, Ser. A, REIT | B2/CCC+ | 16,750,800 |
| | Telecommunications 1.1% | | |
| 305 | Crown Castle International Corp., 6.25%, 8/15/12 | NR/NR | 16,622,500 |
| | Waste Disposal 1.0% | | |
| 45 | Allied Waste Industries, Inc., 6.25%, 3/1/08 | Caa3/B | 14,805,000 |
| | Total Convertible Preferred Stock (cost-\$400,017,595) | | 410,279,958 |
| | U.S. GOVERNMENT SECURITIES 2.0% | | |
| | Principal Amount (000) | | |
| \$ 10,785 | United States Treasury Notes, 10.375%, 11/15/12 | | 11,584,190 |
| 16,275 | 12.00%, 8/15/13 | | 18,625,989 |
| | Total U.S. Government Securities (cost-\$31,816,715) | | 30,210,179 |

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SHORT-TERM INVESTMENTS 3.2%

Corporate Bonds & Notes 1.3%

Chemicals 0.2%

| | | | |
|-------|---|--------|-----------|
| 3,120 | Lyondell Chemical Co., 9.625%, 5/1/07, Ser. A | B1/BB- | 3,209,700 |
|-------|---|--------|-----------|

Real Estate 0.2%

| | | | |
|-------|---|---------|-----------|
| 2,715 | Host Marriot L.P., 9.50%, 1/15/07, Ser. I, REIT | Ba2/BB- | 2,765,906 |
|-------|---|---------|-----------|

Retail 0.9%

| | | | |
|--------|---------------------------------|-------|------------|
| 13,575 | Rite Aid Corp., 12.50%, 9/15/06 | NR/B+ | 13,778,625 |
|--------|---------------------------------|-------|------------|

| | | | |
|---|--|--|------------|
| Total Corporate Bonds & Notes (cost \$21,038,061) | | | 19,754,231 |
|---|--|--|------------|

Time Deposit 1.9%

| | | | |
|--------|---|--|------------|
| 29,311 | Bank of America □ London, 4.36%, 6/1/06 | | 29,310,646 |
|--------|---|--|------------|

| | | | |
|--|--|--|------------|
| Total Short-Term Investments (cost-\$49,347,091) | | | 49,064,877 |
|--|--|--|------------|

| | | | |
|--|--|--|-------------------------|
| Total Investments (cost-\$1,516,885,898) 100.0% | | | \$ 1,525,558,683 |
|--|--|--|-------------------------|

Other Investments:

Interest rate cap agreement outstanding at May 31, 2006:

| Counterparty | Notional Amount (000) | Termination Date | Premium | Payment received by Fund | Unrealized Appreciation |
|--------------|-----------------------------|---------------------|--------------|---|----------------------------|
| UBS AG | \$525,000 | 1/15/08 | \$15,041,250 | 1 month LIBOR-BBA over 3% strike price | \$4,808,750 |

LIBOR □ London Interbank Offered Rate

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, 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 maturity was 60 days or less, or by amortizing their value on the 61st day prior

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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 May 31, 2006.

Glossary:

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-APPLGATE CONVERTIBLE & INCOME FUND

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

Date: July 26, 2006

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

Date: July 26, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

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

Date: July 26, 2006

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

Date: July 26, 2006
