

NICHOLAS APPLGATE CONVERTIBLE & INCOME FUND  
Form N-Q  
July 19, 2010

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

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**FORM N-Q**

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

Investment Company Act File Number: 811-21284

Nicholas-Applegate Convertible & Income Fund

(Registrant Name)

1345 Avenue of the Americas New York, New York

10105

(Address of Principal Executive Offices)

(Zip code)

Lawrence G. Altadonna 1345 Avenue of the Americas New York, New York 10105

(Name and Address of Agent for Service)

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

Date of Fiscal Year End: February 28, 2011

Date of Reporting Period: May 31, 2010

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond 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, 100 F Street, NE, Washington, DC 20549-2001. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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## Item 1. Schedule of Investments

## Nicholas-Applegate Convertible &amp; Income Fund Schedule of Investments

May 31, 2010 (unaudited)

Principal Amount (000)		Credit Rating (Moody s/S&P)	Value*
<b>CORPORATE BONDS &amp; NOTES 47.9%</b>			
	<b>Advertising 1.0%</b>		
\$9,410	Affinion Group, Inc., 11.50%, 10/15/15	Caa1/B-	\$9,762,875
	<b>Aerospace &amp; Defense 0.9%</b>		
1,730	BE Aerospace, Inc., 8.50%, 7/1/18	Ba3/BB	1,794,875
6,305	DigitalGlobe, Inc., 10.50%, 5/1/14 (a)(b)	Ba3/BB	6,777,875
			8,572,750
	<b>Airlines 0.6%</b>		
6,250	United Airlines, Inc., 12.00%, 11/1/13 (a)(b)	Caa2/CCC	6,421,875
	<b>Auto Components 2.2%</b>		
9,910	Exide Technologies, 10.50%, 3/15/13, Ser. B	B3/B-	9,885,225
11,305	Stoneridge, Inc., 11.50%, 5/1/12	B3/B+	11,361,525
			21,246,750
	<b>Banks 0.6%</b>		
6,456	Ally Financial, Inc., 6.75%, 12/1/14	B3/B	6,213,900
	<b>Commercial Services &amp; Supplies 2.8%</b>		
5,610	Cenveo Corp., 7.875%, 12/1/13	Caa1/B-	5,469,750
11,810	Hertz Corp., 10.50%, 1/1/16	B3/CCC+	12,282,400
10,000	National Money Mart Co., 10.375%, 12/15/16 (a)(b)	B2/B+	10,150,000
			27,902,150
	<b>Construction &amp; Engineering 1.1%</b>		
10,835	MasTec, Inc., 7.625%, 2/1/17	B1/B+	10,523,494
	<b>Consumer Finance 0.5%</b>		
6,620	American General Finance Corp., 6.90%, 12/15/17	B2/B	5,296,000
	<b>Distribution/Wholesale 0.7%</b>		
7,055	KAR Holdings, Inc., 8.75%, 5/1/14	B3/CCC+	7,019,725
	<b>Diversified Financial Services 2.4%</b>		
8,180	CIT Group Funding Co. of Delaware LLC, 10.25%, 5/1/15	B3/B+	8,404,950
	Ford Motor Credit Co. LLC,		
5,260	7.00%, 10/1/13	Ba3/B-	5,309,418
5,280	9.875%, 8/10/11	Ba3/B-	5,507,637
3,995	International Lease Finance Corp., 6.375%, 3/25/13	B1/BB+	3,655,425
			22,877,430
	<b>Diversified Telecommunications 1.0%</b>		
7,275	Cincinnati Bell, Inc., 8.75%, 3/15/18	B3/B-	6,765,750

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2,845	ITC Deltacom, Inc., 10.50%, 4/1/16 (a)(b)	B3/B-	2,745,425
			9,511,175
	<b>Electric 1.0%</b>		
5,565	Edison Mission Energy, 7.00%, 5/15/17	B2/B-	3,791,156
8,555	Energy Future Holdings Corp., 10.875%, 11/1/17 (c)	Caa3/B-	6,330,700
			10,121,856
	<b>Electrical Equipment 0.4%</b>		
3,430	Baldor Electric Co., 8.625%, 2/15/17	B3/B	3,507,175
	<b>Electronics 0.7%</b>		
7,140	Kemet Corp., 10.50%, 5/1/18 (a)(b)	B1/B	6,774,075
	<b>Energy Equipment &amp; Services 0.6%</b>		
5,795	Pioneer Drilling Co., 9.875%, 3/15/18 (a)(b)	B3/B	5,766,025
	<b>Entertainment 1.2%</b>		
11,300	AMC Entertainment, Inc., 11.00%, 2/1/16	Caa1/CCC+	11,639,000
	<b>Food &amp; Staples Retailing 0.8%</b>		
9,655	Rite Aid Corp., 8.625%, 3/1/15	Caa3/CCC	7,868,825
	<b>Health Care Providers &amp; Services 2.5%</b>		
5,280	Alliance HealthCare Services, Inc., 8.00%, 12/1/16 (a)(b)	B3/B	4,857,600
3,500	Apria Healthcare Group, Inc., 11.25%, 11/1/14 (a)(b)	Ba2/BB+	3,701,250
7,515	Hanger Orthopedic Group, Inc., 10.25%, 6/1/14	B3/B-	7,928,325
7,715	HCA, Inc., 9.25%, 11/15/16	B2/BB-	8,100,750
			24,587,925
	<b>Home Builders 1.1%</b>		
	K Hovnanian Enterprises, Inc.		
4,515	7.50%, 5/15/16	Caa2/CCC-	3,408,825
8,000	10.625%, 10/15/16	B1/CCC+	8,220,000
			11,628,825
	<b>Hotels, Restaurants &amp; Leisure 1.2%</b>		
2,385	Mandalay Resort Group, 1.021%, 3/21/33, FRN (d)(f)	Caa1/CCC+	2,575,929
9,405	MGM Mirage, 11.375%, 3/1/18 (a)(b)	Caa1/CCC+	8,746,650
			11,322,579
	<b>Household Durables 0.4%</b>		
3,950	Jarden Corp., 7.50%, 5/1/17	B3/B	3,890,750
	<b>Internet Software &amp; Services 0.8%</b>		
7,200	Terremark Worldwide, Inc., 12.25%, 6/15/17 (a)(b)(c)	B1/B-	8,208,000
	<b>IT Services 1.2%</b>		
3,295	Stream Global Services, Inc., 11.25%, 10/1/14	B1/B+	3,319,712
	Unisys Corp., (a)(b)		
4,704	12.75%, 10/15/14	Ba3/BB-	5,409,600
3,349	14.25%, 9/15/15	Ba3/BB-	3,935,075
			12,664,387
	<b>Leisure Time 2.0%</b>		
10,150	NCL Corp., Ltd., 11.75%, 11/15/16 (a)(b)	B3/B+	10,911,250

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8,855	Travelport LLC, 11.875%, 9/1/16	Caa1/CCC	8,965,687
			19,876,937
	<b>Lodging 1.0%</b>		
10,245	Harrah's Operating Co., Inc., 12.75%, 4/15/18 (a)(b)	Ca/CCC	9,527,850
	<b>Media 2.1%</b>		
9,575	McClatchy Co., 11.50%, 2/15/17 (a)(b)	B1/B-	9,670,750
8,240	Media General, Inc., 11.75%, 2/15/17 (a)(b)	B2/B	7,992,800
2,705	Sirius XM Radio, Inc., 8.75%, 4/1/15 (a)(b)	Caa1/B	2,637,375
			20,300,925
	<b>Miscellaneous Manufacturing 1.3%</b>		
10,150	Harland Clarke Holdings Corp., 9.50%, 5/15/15	Caa1/B-	9,109,625
3,520	Polypore, Inc., 8.75%, 5/15/12	B3/B-	3,528,800
			12,638,425
	<b>Oil, Gas &amp; Consumable Fuels 1.9%</b>		
1,155	Chesapeake Energy Corp., 6.875%, 1/15/16	Ba3/BB	1,180,988
10,180	OPTI Canada, Inc., 8.25%, 12/15/14	Caa3/B	8,754,800
8,750	SandRidge Energy, Inc., 9.875%, 5/15/16 (a)(b)	B3/B+	8,662,500
			18,598,288
	<b>Paper &amp; Forest Products 1.8%</b>		
2,041	Louisiana-Pacific Corp., 13.00%, 3/15/17	Ba3/BBB-	2,188,973
11,705	Neenah Paper, Inc., 7.375%, 11/15/14	B1/BB-	11,500,163
	NewPage Corp.,		
2,225	11.375%, 12/31/14	B2/CCC+	2,091,500
8,530	12.00%, 5/1/13	Caa3/CCC-	2,175,150
			17,955,786
	<b>Pipelines 0.3%</b>		
4,150	Dynegy Holdings, Inc., 7.75%, 6/1/19	B3/B-	3,019,125
	<b>Real Estate 0.3%</b>		
2,250	CB Richard Ellis Services, Inc., 11.625%, 6/15/17	Ba3/B+	2,520,000
	<b>Retail 2.0%</b>		
8,405	El Pollo Loco, Inc., 11.75%, 11/15/13	Caa2/CC	6,513,875
6,630	Neiman Marcus Group, Inc., 10.375%, 10/15/15	Caa3/CCC+	6,563,700
5,115	Sally Holdings LLC, 10.50%, 11/15/16	Caa1/B	5,447,475
			18,525,050
	<b>Semiconductors &amp; Semiconductor Equipment 1.8%</b>		
11,565	Amkor Technology, Inc., 9.25%, 6/1/16	Ba3/B+	12,186,619
5,695	Freescale Semiconductor, Inc., 10.125%, 3/15/18 (a)(b)	B2/B-	5,937,037
			18,123,656
	<b>Software 0.8%</b>		
9,890	First Data Corp., 9.875%, 9/24/15	Caa1/B-	8,109,800
	<b>Telecommunications 4.2%</b>		
13,540	Hawaiian Telcom Communications, Inc., 12.50%, 5/1/15, Ser. B (d)	WR/NR	1,354
8,550	Hughes Network Systems LLC, 9.50%, 4/15/14	B1/B	8,550,000
6,895	Intelsat Jackson Holdings Ltd., 9.50%, 6/15/16	B3/B+	7,136,325
8,220	Nextel Communications, Inc., 7.375%, 8/1/15	Ba2/BB-	7,788,450

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5,090	NII Capital Corp., 8.875%, 12/15/19	B1/BB-	5,204,525
4,930	West Corp., 11.00%, 10/15/16	Caa1/B-	5,003,950
7,965	WireCo WorldGroup, 9.50%, 5/15/17 (a)(b)	B3/B	7,815,656
			41,500,260
	<b>Textiles Apparel &amp; Luxury Goods 0.7%</b>		
6,020	Oxford Industries, Inc., 11.375%, 7/15/15	B1/BB-	6,591,900
	<b>Wireless Telecommunication Services 2.0%</b>		
4,550	Crown Castle International Corp., 9.00%, 1/15/15	B1/B-	4,805,937
14,200	Millicom International Cellular S.A., 10.00%, 12/1/13	B1/NR	14,732,500
			19,538,437
	Total Corporate Bonds & Notes (cost-\$481,930,916)		470,153,985

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

May 31, 2010 (unaudited)

Principal Amount (000)		Credit Rating (Moody's/S&P)	Value*
<b>CONVERTIBLE BONDS &amp; NOTES 25.0%</b>			
	<b>Aerospace &amp; Defense 0.7%</b>		
\$570	AAR Corp., 1.75%, 2/1/26	NR/BB	\$524,400
7,535	Orbital Sciences Corp., 2.438%, 1/15/27	NR/BB-	7,148,831
			7,673,231
	<b>Banks 0.5%</b>		
4,970	National City Corp., 4.00%, 2/1/11	A3/A	5,032,125
	<b>Commercial Services &amp; Supplies 0.8%</b>		
8,630	Covanta Holding Corp., 1.00%, 2/1/27	Ba3/B	8,069,050
	<b>Computers 0.9%</b>		
8,405	Maxtor Corp., 2.375%, 8/15/12	NR/B	8,793,731
	<b>Diversified Telecommunication Services 0.6%</b>		
5,640	tw telecom, Inc., 2.375%, 4/1/26	B3/B-	6,218,100
	<b>Electrical Equipment 1.9%</b>		
9,690	EnerSys, 3.375%, 6/1/38 (c)	B2/BB	8,781,563
11,380	JA Solar Holdings Co., Ltd., 4.50%, 5/15/13	NR/NR	9,644,550
			18,426,113
	<b>Electronic Equipment, Instruments &amp; Components 0.7%</b>		
7,055	Anixter International, Inc., 1.00%, 2/15/13	NR/BB-	6,799,256
	<b>Energy Equipment &amp; Services 1.8%</b>		
10,155	Nabors Industries, Inc., 0.94%, 5/15/11	NR/BBB+	10,104,225
7,690	Transocean, Inc., 1.625%, 12/15/37	Baa2/BBB+	7,516,975
			17,621,200
	<b>Health Care Equipment &amp; Supplies 0.5%</b>		
4,625	Inverness Medical Innovations, Inc., 3.00%, 5/15/16	NR/B-	4,677,031
	<b>Hotels, Restaurants &amp; Leisure 0.3%</b>		
3,405	MGM Mirage, 4.25%, 4/15/15 (a)(b)	Caa1/CCC+	3,141,113
	<b>Household Durables 1.4%</b>		
1,000	Lennar Corp., 2.00%, 12/1/20 (a)(b)	B3/BB-	940,500
11,690	Stanley Black & Decker, Inc., 0.00%, 5/17/12, FRN	Baa1/A-	12,401,921
			13,342,421
	<b>Internet Software &amp; Services 0.8%</b>		
7,670	Equinix, Inc., 2.50%, 4/15/12	NR/B-	8,015,150

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	<b>IT Services 0.9%</b>		
8,745	Alliance Data Systems Corp., 1.75%, 8/1/13	NR/NR	9,193,181
	<b>Machinery 0.9%</b>		
8,565	AGCO Corp., 1.25%, 12/15/36	NR/BB+	8,393,700
200	Titan International, Inc., 5.625%, 1/15/17 (a)(b)	NR/NR	249,500
			8,643,200
	<b>Media 2.7%</b>		
7,480	Interpublic Group of Cos, Inc., 4.25%, 3/15/23	Ba2/BB	7,835,300
8,080	Liberty Media LLC, 3.125%, 3/30/23	B1/BB-	8,574,900
9,220	Regal Entertainment Group, 6.25%, 3/15/11 (a)(b)	NR/NR	9,438,975
			25,849,175
	<b>Oil, Gas &amp; Consumable Fuels 0.8%</b>		
7,600	Peabody Energy Corp., 4.75%, 12/15/41	Ba3/B+	7,657,000
	<b>Pharmaceuticals 0.7%</b>		
6,920	Mylan, Inc., 1.25%, 3/15/12	NR/BB-	7,231,400
	<b>Real Estate Investment Trust 3.8%</b>		
8,150	Boston Properties LP, 3.75%, 5/15/36	NR/A-	8,496,375
8,090	Developers Diversified Realty Corp., 3.00%, 3/15/12	NR/BB	7,746,175
4,800	Digital Realty Trust LP, 5.50%, 4/15/29 (a)(b)	NR/NR	6,714,000
6,900	Health Care REIT, Inc., 4.75%, 12/1/26	Baa2/BBB-	7,391,625
7,685	ProLogis, 2.25%, 4/1/37	NR/BBB-	7,252,719
			37,600,894
	<b>Semiconductors &amp; Semiconductor Equipment 2.3%</b>		
16,715	Advanced Micro Devices, Inc., 5.75%, 8/15/12	NR/B-	16,694,106
6,010	ON Semiconductor Corp., zero coupon, 4/15/24	NR/B+	5,874,775
			22,568,881
	<b>Software 1.6%</b>		
6,450	Macrovision Corp., 2.625%, 8/15/11	NR/BB-	8,844,562
6,715	Nuance Communications, Inc., 2.75%, 8/15/27	NR/B-	7,352,925
			16,197,487
	<b>Thriffs &amp; Mortgage Finance 0.4%</b>		
3,680	MGIC Investment Corp., 5.00%, 5/1/17	NR/CCC+	3,822,600
	Total Convertible Bonds & Notes (cost-\$209,038,091)		246,572,339

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

May 31, 2010 (unaudited)

Shares (000)		Credit Rating (Moody s/S&P)	Value*
<b>CONVERTIBLE PREFERRED STOCK 24.9%</b>			
<b>Airlines 0.3%</b>			
108	Continental Airlines Finance Trust II, 6.00%, 11/15/30	Caa1/CCC	\$3,244,462
<b>Banks 0.9%</b>			
157	Barclays Bank PLC, 10.00%, 3/15/11 (Teva Pharmaceuticals Industries Ltd.) (e)	A1/A+	8,801,299
<b>Capital Markets 0.5%</b>			
892	Lehman Brothers Holdings, Inc. (d)(e)(f), 6.00%, 10/12/10, Ser. GIS (General Mills, Inc.)	WR/NR	2,869,882
139	28.00%, 3/6/09, Ser. RIG (Transocean, Inc.)	WR/NR	1,889,980
			4,759,862
<b>Commercial Banks 1.8%</b>			
44	Fifth Third Bancorp, 8.50%, 6/30/13, Ser. G (g)	Ba1/BB	5,841,660
13	Wells Fargo & Co., 7.50%, 3/15/13, Ser. L (g)	Ba1/A-	12,267,000
			18,108,660
<b>Commercial Services &amp; Supplies 1.5%</b>			
252	Avery Dennison Corp., 7.875%, 11/15/20	NR/BB+	9,659,116
162	United Rentals, Inc., 6.50%, 8/1/28	Caa2/CCC	5,235,013
			14,894,129
<b>Consumer Finance 0.9%</b>			
15	SLM Corp., 7.25%, 12/15/10	Ba3/BB-	8,548,491
<b>Diversified Financial Services 8.4%</b>			
58	AMG Capital Trust I, 5.10%, 4/15/36	NR/BB	2,503,425
12	Bank of America Corp., 7.25%, 1/30/13, Ser. L (g)	Ba3/BB	11,026,119
204	10.00%, 2/3/11 (Gilead Sciences Inc.) (e)	A2/A	7,924,523
145	10.00%, 2/24/11 (Schlumberger Ltd.) (e)	A2/A	8,574,392
79	Citigroup, Inc., 7.50%, 12/15/12	NR/NR	9,471,899
370	Credit Suisse Securities USA LLC (e), 10.00%, 9/1/10 (Bristol-Myers Squibb Co.)	A2/A	7,937,380
272	10.00%, 9/9/10 (Merck & Co., Inc.)	A2/A	8,349,105
857	10.00%, 1/22/11 (Ford Motor Co.)	A2/A	9,573,597
566	JP Morgan Chase & Co. (e), 10.00%, 1/14/11 (EMC Corp.)	Aa3/A+	9,880,801
496	10.00%, 1/20/11 (Systematic Corp.)	Aa3/A+	7,669,998
			82,911,239
<b>Electric Utilities 0.6%</b>			
114	FPL Group, Inc., 8.375%, 6/1/12	NR/NR	5,650,890
<b>Food Products 1.5%</b>			
192	Archer-Daniels-Midland Co., 6.25%, 6/1/11	NR/BBB+	6,981,081



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	Bunge Ltd.		
88	4.875%, 12/1/11 (g)	Ba1/BB	7,045,600
2	5.125%, 12/1/10	NR/BB	1,115,500
			15,142,181
	<b>Household Durables 0.9%</b>		
259	Newell Financial Trust I, 5.25%, 12/1/27 (g)	WR/BB	8,754,075
	<b>Insurance 2.2%</b>		
1,068	American International Group, Inc., 8.50%, 8/1/11	Ba2/NR	9,953,760
35	Assured Guaranty Ltd., 8.50%, 6/1/12	NR/NR	2,491,390
339	XL Capital Ltd., 10.75%, 8/15/11	Baa2/BBB-	9,142,885
			21,588,035
	<b>Multi-Utilities 1.1%</b>		
240	AES Trust III, 6.75%, 10/15/29	B3/B	10,304,735
	<b>Oil, Gas &amp; Consumable Fuels 1.4%</b>		
54	ATP Oil & Gas Corp., 8.00%, 10/1/14 (a)(b)(g)	NR/NR	3,999,700
119	Chesapeake Energy Corp., 5.00%, 11/15/10 (g)	NR/B	9,346,219
			13,345,919
	<b>Pharmaceuticals 0.9%</b>		
22	Merck & Co., Inc., 6.00%, 8/13/10	A2/A-	5,503,380
3	Mylan, Inc., 6.50%, 11/15/10	NR/B	3,651,149
			9,154,529
	<b>Real Estate Investment Trust 2.0%</b>		
511	Alexandria Real Estate Equities, Inc., 7.00%, 4/20/13 (g)	NR/NR	11,485,643
377	FelCor Lodging Trust, Inc., 1.95%, 12/31/49, Ser. A (h)	Caa3/C	7,727,475
			19,213,118
	Total Convertible Preferred Stock (cost-\$284,525,161)		244,421,624
	Principal Amount (000)		
<b>SHORT-TERM INVESTMENT 2.2%</b>			
	<b>Time Deposit 2.2%</b>		
\$21,689	Citibank - London, 0.03%, 06/01/10 (cost-\$21,689,357)		21,689,357
	<b>Total Investments (cost-\$997,183,525) 100.0%</b>		<b>\$982,837,305</b>

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

May 31, 2010 (unaudited)

### Notes to Schedule of Investments:

- \* Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Market value is generally determined on the basis of last reported sales prices, or if no sales are reported, on the basis of quotes obtained from a quotation reporting system, established market makers, or independent pricing services.

Portfolio securities and other financial instruments for which market quotations are not readily available or for which a development/event occurs that may significantly impact the value of a security, are fair-valued, in good faith, pursuant to procedures established by the Board of Trustees, or persons acting at their discretion pursuant to procedures established by the Board of Trustees. The Fund's investments are valued daily using prices supplied by an independent pricing service or dealer quotations, or by using the last sale price on the exchange that is the primary market for such securities, or the mean between the last quoted bid and ask price for those securities for which the over-the-counter market is the primary market or for listed securities in which there were no sales. Independent pricing services use information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Synthetic convertible securities are valued based on quotations obtained from unaffiliated brokers who are the principal market-makers in such securities. Such valuations are derived by the brokers from proprietary models which are generally based on readily available market information including valuations of the common stock underlying the synthetic security. Short-term securities maturing in 60 days or less are valued at amortized cost, if their original term to maturity was 60 days less or less, or by amortizing their value on the 61st day prior to maturity, if the original term to maturity exceeded 60 days.

The prices used by the Fund to value securities may differ from the value that would be realized if the securities were sold and these differences could be material. The Fund's net asset value is normally determined as of the close of regular trading (normally, 4:00 p.m. Eastern time) on the New York Stock Exchange ( NYSE ) on each day the NYSE is open for business.

- (a) Private Placement. Restricted as to resale and may not have a readily available market. Securities with an aggregate market value of \$161,132,456, representing 16.4% of total investments.
- (b) 144A 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.
- (c) Step Bond: Coupon is a fixed rate for an initial period then resets at a specific date and rate.
- (d) In default.
- (e) Securities exchangeable or convertible into securities of an entity different than the issuer or structured by the issuer to provide exposure to securities of an entity different than the issuer. Such entity is identified in the parenthetical.
- (f) Fair-Valued Securities with an aggregate value of \$7,335,791, representing 0.7% of total investments.
- (g) Perpetual maturity. Maturity date shown is the first call date.
- (h) Non-income producing.

### Glossary:

FRN Floating Rate Note. The interest rate disclosed reflects the rate in effect on May 31, 2010.

NR Not Rated

WR Withdrawn rating

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

May 31, 2010 (unaudited)

### Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the exit price) in an orderly transaction between market participants. The three levels of the fair value hierarchy under are described below:

- Level 1 quoted prices in active markets for identical investments that the Fund has the ability to access
- Level 2 valuations based on other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.) or quotes from inactive exchanges
- Level 3 valuations based on significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

An investment asset's or liability's level within the fair value hierarchy is based on the lowest level input, individually or in the aggregate, that is significant to fair value measurement. The objective of fair value measurement remains the same even when there is a significant decrease in the volume and level of activity for an asset or liability and regardless of the valuation technique used.

The valuation techniques used by the Fund to measure fair value during the three months ended May 31, 2010 maximized the use of observable inputs and minimized the use of unobservable inputs. When fair-valuing securities, the Fund utilized multi-dimensional relational pricing models.

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

The Fund's policy is to recognize transfers between levels at the end of the reporting period.

A summary of the inputs used at May 31, 2010 in valuing the Fund's assets and liabilities is listed below:

	Level 1- Quoted Prices	Level 2- Other Significant Observable Inputs	Level 3- Significant Observable Inputs	Value at 5/31/2010
<b>Investments in Securities - Assets</b>				
Corporate Bonds & Notes:				
Hotels, Restaurants & Leisure		\$8,746,650	\$2,575,929	\$11,322,579
All Other		458,831,406		458,831,406
Convertible Bonds & Notes		246,572,339		246,572,339
Convertible Preferred Stock:				
Banks		8,801,299		8,801,299
Capital Markets			4,759,862	4,759,862
Diversified Financial Services	\$ 23,001,443	59,909,796		82,911,239
All Other	147,949,224			147,949,224
Short-Term Investments		21,689,357		21,689,357
<b>Total Investments in Securities - Assets</b>	<b>\$170,950,667</b>	<b>\$804,550,847</b>	<b>\$7,335,791</b>	<b>\$982,837,305</b>

There were no significant transfers into and out of Levels 1 and 2 during the three months ended May 31, 2010.

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the three months ended May 31, 2010, were as follows:

Beginning Balance 2/28/2010	Net Purchases (Sales) and Settlements	Accrued Discounts	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation/ Depreciation	Transfers Into Level 3	Transfers Out of Level 3	Ending Balance 5/31/2010
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### Investments in Securities - Assets

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Corporate Bonds & Notes:

Hotels, Restaurants & Leisure	\$2,575,929	\$2,575,929
Convertible Preferred Stock:		
Capital Markets	4,759,862	4,759,862
<b>Total Investments</b>	<b>\$7,335,791</b>	<b>\$7,335,791</b>

There was no change in net unrealized appreciation/depreciation of investments which the Fund held at May 31, 2010.

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**Item 2. Controls and Procedures**

(a) The registrant's President & Chief Executive Officer and Treasurer, Principal Financial & Accounting Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Act (17 CFR 270.30a -3(c))), 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 over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a -3(d))) that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 3. Exhibits**

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

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant: Nicholas-Applegate Convertible & Income Fund

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

Date: July 19, 2010

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

Date: July 19, 2010

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 19, 2010

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

Date: July 19, 2010

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