

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

APEX MUNICIPAL FUND INC  
 Form N-Q  
 May 26, 2006

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT  
 INVESTMENT COMPANY

Investment Company Act File number 811-5227

Name of Fund: Apex Municipal Fund, Inc.

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

Name and address of agent for service: Robert C. Doll, Jr., Chief Executive  
 Officer, Apex Municipal Fund, Inc., 800 Scudders Mill Road, Plainsboro,  
 NJ 08536. Mailing address: P.O. Box 9011, Princeton, NJ 08543-9011

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

Date of fiscal year end: 06/30/2006

Date of reporting period: 01/01/06 - 03/31/06

Item 1 - Schedule of Investments

Apex Municipal Fund, Inc.  
 Schedule of Investments as of March 31, 2006 (in Thousands)

State	Face Amount	Municipal Bonds
Alabama - 0.5%	\$ 1,000	Brewton, Alabama, IDB, PCR, Refunding (Container Corporation of Smurfit Corp. Project), 8% due 4/01/2009
Alaska - 1.0%	2,000	Alaska Industrial Development and Export Authority Revenue Bonds (Alaska Cargoport), AMT, 8% due 5/01/2023
Arizona - 3.7%	1,000	Maricopa County, Arizona, IDA, Education Revenue Bonds (Arizona Project 1), Series A, 6.625% due 7/01/2020
	80	Maricopa County, Arizona, IDA, M/F Housing Revenue Bonds (Sun Ki Project), Series A, 5.875% due 11/01/2008
	20	Maricopa County, Arizona, IDA, M/F Housing Revenue Bonds (Sun Ki Project), Series A, 6% due 11/01/2010
	1,020	Maricopa County, Arizona, IDA, M/F Housing Revenue Bonds (Sun Ki Project), Series A, 6.75% due 5/01/2031
	4,000	Phoenix, Arizona, IDA, Airport Facility, Revenue Refunding Bonds (Airlines Inc. Project), AMT, 6.30% due 4/01/2023
	1,000	Pima County, Arizona, IDA, Education Revenue Bonds (Arizona Char Project), Series E, 7.25% due 7/01/2031
	500	Yavapai County, Arizona, IDA, Hospital Facility Revenue Bonds (Y

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Medical Center), Series A, 6% due 8/01/2033		
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California - 2.2%	1,800 1,300 1,000	California State, GO, 5% due 2/01/2033 California State, Various Purpose, GO, 5.25% due 11/01/2025 Fontana, California, Special Tax, Refunding (Community Facilities 22 - Sierra), 6% due 9/01/2034
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Colorado - 5.6%	2,765 2,800 1,235 2,000 500 830	Denver, Colorado, Urban Renewal Authority, Tax Increment Revenue AMT, 7.75% due 9/01/2016 Elk Valley, Colorado, Public Improvement Revenue Bonds (Public I Series A, 7.30% due 9/01/2022 North Range, Colorado, Metropolitan District Number 1, GO, 7.25% Plaza Metropolitan District Number 1, Colorado, Tax Allocation R (Public Improvement Fees), 8% due 12/01/2025 Plaza Metropolitan District Number 1, Colorado, Tax Allocation R (Public Improvement Fees), 8.125% due 12/01/2025 Southlands, Colorado, Medical District, GO (Metropolitan Distric due 12/01/2034
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Connecticut - 1.6%	1,650	Bridgeport, Connecticut, Senior Living Facilities Revenue Bonds Retirement Community Project), 7.25% due 4/01/2035

### Portfolio Abbreviations

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

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

Apex Municipal Fund, Inc.

Schedule of Investments as of March 31, 2006

(in Thousands)

	Face Amount	
State	\$ 490 1,160	Connecticut State Development Authority, Airport Facility Revenue (LearJet Inc. Project), AMT, 7.95% due 4/01/2026 New Haven, Connecticut, Facility Revenue Bonds (Hill Health Corp 9.25% due 5/01/2017
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Florida - 8.0%	785 800 2,500	Arbor Greene Community Development District, Florida, Special As Bonds, 7.60% due 5/01/2018 Capital Projects Finance Authority, Florida, Continuing Care Ret Bonds (Glenridge on Palmer Ranch), Series A, 8% due 6/01/2032 Hillsborough County, Florida, IDA, Exempt Facilities Revenue Bon Gypsum), AMT, Series A, 7.125% due 4/01/2030

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	845	Lakewood Ranch, Florida, Community Development District Number 5 Assessment Revenue Refunding Bonds, Series A, 6.70% due 5/01/2033
	1,500	Midtown Miami, Florida, Community Development District, Special Bonds, Series A, 6% due 5/01/2024
	1,350	Midtown Miami, Florida, Community Development District, Special Bonds, Series A, 6.25% due 5/01/2037
	820	Orlando, Florida, Greater Orlando Aviation Authority, Airport Facility Bonds (JetBlue Airways Corp.), AMT, 6.375% due 11/15/2026
	1,555	Orlando, Florida, Urban Community Development District, Capital Assessment Bonds, Series A, 6.95% due 5/01/2033
	1,895	Santa Rosa Bay Bridge Authority, Florida, Revenue Bonds, 6.25% due 5/01/2033
	2,640	Tampa Palms, Florida, Open Space and Transportation Community Development Revenue Bonds, Capital Improvement (Richmond Place Project), 7.5% due 5/01/2033
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Georgia - 4.0%	2,000	Atlanta, Georgia, Tax Allocation Bonds (Atlantic Station Project), due 12/01/2024
	410	Atlanta, Georgia, Tax Allocation Bonds (Eastside Project), Series A, due 1/01/2020
	495	Atlanta, Georgia, Tax Allocation Bonds (Princeton Lakes Project), due 1/01/2031
	830	Brunswick & Glynn County, Georgia, Development Authority, First Bonds (Coastal Community Retirement Corporation Project), Series A, due 1/01/2025
	1,185	Brunswick & Glynn County, Georgia, Development Authority, First Bonds (Coastal Community Retirement Corporation Project), Series A, due 1/01/2035
	1,580	Fulton County, Georgia, Development Authority, PCR (General Motors) Refunding, VRDN, 8% due 4/01/2010 (e)
	830	Savannah, Georgia, EDA, Revenue Bonds (Marshes of Skidaway), First Series A, 7.40% due 1/01/2034
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Idaho - 0.8%	1,470	Idaho Health Facilities Authority, Revenue Refunding Bonds (Vallée Corporation), Series A, 7.75% due 11/15/2016
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Illinois - 8.0%	1,845	Caseyville, Illinois, Senior Tax Increment Revenue Bonds (Forest Park), due 12/30/2022
	3,000	Chicago, Illinois, O'Hare International Airport, Special Facilities Bonds (American Airlines Inc. Project), 8.20% due 12/01/2024
	585	Illinois Development Finance Authority Revenue Bonds (Primary Health Facilities Acquisition Program), 7.75% due 12/01/2006 (a)

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Schedule of Investments as of March 31, 2006

(in Thousands)

State	Face Amount	Municipal Bonds
	\$ 2,605	Illinois Development Finance Authority Revenue Bonds (Primary Health Facilities Acquisition Program), 7.75% due 12/01/2016
	2,050	Illinois State Finance Authority Revenue Bonds (Clare At Water Tower), Series A, 6.125% due 5/15/2038
	430	Illinois State Finance Authority Revenue Bonds (Landing At Plymouth), Series A, 6% due 5/15/2037
	490	Illinois State Finance Authority Revenue Bonds (Primary Health Care Program), 6.60% due 7/01/2024
	755	Lincolnshire, Illinois, Special Service Area Number 1, Special Tax

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		(Sedgebrook Project), 6.25% due 3/01/2034
	2,400	Lombard, Illinois, Public Facilities Corporation, First Tier Revenue Bonds (Conference Center and Hotel), Series A-1, 7.125% due 1/01/2036
	265	Naperville, Illinois, IDR (General Motors Corporation), Refunding Bonds due 12/01/2012 (e)
	760	Village of Wheeling, Illinois, Revenue Bonds (North Milwaukee/Laurens Increment Financing (TIF) Redevelopment Project), 6% due 1/01/2012
Iowa - 2.4%	3,855	Iowa Finance Authority, Health Care Facilities, Revenue Refunding Bonds (Iowa Health Care Initiatives Project), 9.25% due 7/01/2025
Kansas - 0.5%	1,230	Wyandotte County, Kansas, Kansas City Unified Government Revenue Bonds (General Motors Corporation Project), 6% due 6/01/2025
Louisiana - 1.3%	1,300	Louisiana Public Facilities Authority, Hospital Revenue Bonds (Fiduciary Missionaries of Our Lady Health System, Inc.), Series A, 5.25% due 1/01/2012
	1,290	New Orleans, Louisiana, Sewer Service Revenue Notes, BAN, 3% due 1/01/2012
Maine - 0.4%	840	Maine Finance Authority, Solid Waste Recycling Facilities Revenue Bonds (Northern Paper Project-Bowater), AMT, 7.75% due 10/01/2022
Maryland - 1.0%	385	Baltimore, Maryland, Convention Center Hotel Revenue Bonds, Sub-Series A, due 9/01/2039
	1,500	Maryland State Energy Financing Administration, Limited Obligation Revenue Bonds (Cogeneration-AES Warrior Run), AMT, 7.40% due 9/01/2019
Massachusetts - 4.7%	1,845	Massachusetts State Development Finance Agency, First Mortgage Revenue Bonds (Overlook Communities Inc.), Series A, 6.25% due 7/01/2034
	1,245	Massachusetts State Development Finance Agency, Revenue Refunding Bonds (Nazarene College), 5.625% due 4/01/2019
	1,220	Massachusetts State Development Finance Agency, Revenue Refunding Bonds (Nazarene College), 5.625% due 4/01/2029
	850	Massachusetts State Health and Educational Facilities Authority, Revenue Bonds (Jordan Hospital), Series E, 6.75% due 10/01/2033
	2,100	Massachusetts State Health and Educational Facilities Authority, Revenue Bonds (Bay Cove Human Services Issue), Series A, 5.90% due 4/01/2016
	500	Massachusetts State Health and Educational Facilities Authority, Revenue Bonds (Milton Hospital), Series, 5.50% due 7/01/2016
	1,200	Massachusetts State Industrial Finance Agency Revenue Bonds, Sewer Treatment (Resource Control Composting), AMT, 9.25% due 6/01/2010

Apex Municipal Fund, Inc.

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(in Thousands)

State	Face Amount	Municipal Bonds
Michigan - 0.6%	\$ 1,150	Macomb County, Michigan, Hospital Finance Authority, Hospital Revenue Bonds (Clemens General Hospital), Series B, 5.875% due 11/15/2034
Minnesota - 0.7%	1,230	Saint Paul, Minnesota, Port Authority, Hotel Facility, Revenue Bonds (Radisson Kellogg Project), Series 2, 7.375% due 8/01/2008 (a)
Missouri - 1.2%	1,155	Fenton, Missouri, Tax Increment Revenue Refunding and Improvement Bonds (Bluffs), 7% due 10/01/2011 (a)

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	1,000	Kansas City, Missouri, IDA, First Mortgage Health Facilities Rev (Spencer Place), Series A, 6.50% due 1/01/2035
Nevada - 0.2%	430	Clark County, Nevada, Improvement District Number 142, Special A 6.375% due 8/01/2023
New Jersey - 13.7%	2,000	Camden County, New Jersey, Improvement Authority, Lease Revenue (Hauling & Warehousing), AMT, Series A, 9.625% due 1/01/2011 (b) (1)
	4,500	Camden County, New Jersey, Improvement Authority, Lease Revenue (Hauling & Warehousing), AMT, Series A, 9.875% due 1/01/2021 (b) (1)
	6,000	Camden County, New Jersey, Pollution Control Financing Authority Resource Recovery, Revenue Refunding Bonds, AMT, Series A, 7.50% due 1/01/2021
	2,170	New Jersey EDA, Cigarette Tax Revenue Bonds, 5.50% due 6/15/2024
	1,500	New Jersey EDA, IDR, Refunding (Newark Airport Marriott Hotel), Series A, 7.25% due 11/15/2031
	1,000	New Jersey EDA, Retirement Community Revenue Bonds (Cedar Crest Facility), Series A, 7.25% due 11/15/2031
	3,700	New Jersey EDA, Retirement Community Revenue Bonds (Seabrook Village), Series A, 8.125% due 11/15/2023
	3,050	New Jersey EDA, Special Facility Revenue Bonds (Continental Airline), AMT, 6.625% due 9/15/2012
	3,000	New Jersey EDA, Special Facility Revenue Bonds (Continental Airline), AMT, 6.25% due 9/15/2029
	1,870	New Jersey Health Care Facilities Financing Authority Revenue Bonds (Hospital Association), 6.625% due 7/01/2036
	1,265	Tobacco Settlement Financing Corporation of New Jersey, Asset-Based, 5.75% due 6/01/2032
	1,075	Tobacco Settlement Financing Corporation of New Jersey, Asset-Based, 7% due 6/01/2041
New Mexico - 3.5%	1,680	Farmington, New Mexico, PCR, Refunding (Public Service Company of New Mexico Juan Project), Series B, 4.875% due 4/01/2033
	5,000	Farmington, New Mexico, PCR, Refunding (Tucson Electric Power Company Project), Series A, 6.95% due 10/01/2020
New York - 5.5%	1,000	Dutchess County, New York, IDA, Civic Facility Revenue Bonds (Saratoga Hospital), Series b, 7.50% due 3/01/2029
	350	New York City, New York, City IDA, Civic Facility Revenue Bonds, Series A, due 6/01/2028
	1,495	New York City, New York, City IDA, Civic Facility Revenue Bonds (Facility Pooled Program), Series C-1, 6.50% due 7/01/2024
	1,730	New York City, New York, City IDA, Special Facility Revenue Bonds (Plc Project), AMT, 7.625% due 12/01/2032
	2,080	New York State Dormitory Authority, Non-State Supported Debt, Revenue Bonds (Mount Sinai-NYU Medical Center Health System), 5.50% due 7/01/2026

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(in Thousands)

State	Face Amount	Municipal Bonds
	\$ 1,865	New York State Dormitory Authority, Non-State Supported Debt, Revenue Bonds (Mount Sinai Hospital), Series C, 5.50% due 7/01/2026
	635	Utica, New York, GO, Public Improvement, 9.25% due 8/15/2006
	1,180	Westchester County, New York, IDA, Continuing Care Retirement, Revenue Bonds (Kendal on Hudson Project), Series A, 6.50% due 1/01/2034

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North Carolina - 0.5%	1,000	North Carolina Medical Care Commission, Retirement Facilities, Revenue Bonds (Givens Estates Project), Series A, 6.50% due 7/01/2029
Oklahoma - 0.4%	750	Norman, Oklahoma, Regional Hospital Authority, Hospital Revenue Bonds due 9/01/2029
Oregon - 0.7%	1,310	Western Generation Agency, Oregon, Cogeneration Project Revenue Bonds (Cogeneration Project), AMT, Series B, 7.40% due 1/01/2016
Pennsylvania - 6.8%	1,160	Bucks County, Pennsylvania, IDA, Retirement Community Revenue Bonds (Living Revenue Refunding Bonds (Jenners Pond Inc. Project), Series A, 6.125% due 1/01/2025
	1,750	Chester County, Pennsylvania, Health and Education Facilities Authority, Living Revenue Refunding Bonds (Jenners Pond Inc. Project), 7.625% due 1/01/2025
	900	Montgomery County, Pennsylvania, Higher Education and Health Authority, Bonds (Faulkeways at Gwynedd Project), 6.75% due 11/15/2024
	925	Montgomery County, Pennsylvania, Higher Education and Health Authority, Bonds (Faulkeways at Gwynedd Project), 6.75% due 11/15/2030
	1,700	Montgomery County, Pennsylvania, IDA, Revenue Bonds (Whitemarsh Project), 6.25% due 2/01/2035
	1,600	Philadelphia, Pennsylvania, Authority for IDR (Air Cargo), AMT, due 1/01/2025
	4,460	Philadelphia, Pennsylvania, Authority for IDR, Commercial Development Revenue Bonds due 12/01/2017
Rhode Island - 1.0%	1,750	Central Falls, Rhode Island, Detention Facility Corporation, Detention Facility Revenue Refunding Bonds, 7.25% due 7/15/2035
Tennessee - 1.0%	1,800	Shelby County, Tennessee, Health, Educational and Housing Facilities Authority, Bonds (Germantown Village), Series A, 7.25% due 12/01/2034
Texas - 7.7%	1,000	Austin, Texas, Convention Center Revenue Bonds (Convention Center Project), Tier, Series A, 6.70% due 1/01/2028
	2,530	Brazos River Authority, Texas, PCR, Refunding (Texas Utility Commission Project), Series A, 7.70% due 4/01/2033
	2,760	Brazos River Authority, Texas, PCR, Refunding (Utilities Electric Project), Series B, 5.05% due 6/01/2030
	1,220	Brazos River Authority, Texas, Revenue Refunding Bonds (Reliant Energy Project), Series B, 7.75% due 12/01/2018
	830	Grand Prairie, Texas, Housing Finance Corporation Revenue Bonds (Living Center), 7.75% due 1/01/2034
	1,000	Houston, Texas, Health Facilities Development Corporation, Retirement Revenue Bonds (Buckingham Senior Living Community), Series A, 7.75% due 1/01/2029
	875	Kerrville, Texas, Health Facilities Development Corporation, Hospital Revenue Bonds (Sid Peterson Memorial Hospital Project), 5.375% due 8/15/2035

Apex Municipal Fund, Inc.

Schedule of Investments as of March 31, 2006

(in Thousands)

State	Face Amount	Municipal Bonds
	\$ 2,310	Matagorda County, Texas, Navigation District Number 1, Revenue Bonds (Reliant Energy Inc.), Series C, 8% due 5/01/2029
	1,330	Port Corpus Christi, Texas, Individual Development Corporation, Facilities Revenue Bonds (Citgo Petroleum Corporation Project),

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11/01/2031

Utah - 1.2%	2,240	Carbon County, Utah, Solid Waste Disposal, Revenue Refunding Bonds (Environmental), AMT, Series A, 7.45% due 7/01/2017
Virginia - 5.2%	2,470	Dulles Town Center, Virginia, Community Development Authority, Sales Tax (Dulles Town Center Project), 6.25% due 3/01/2026
	22,600	Pocahontas Parkway Association, Virginia, Toll Road Revenue Bonds 5.888%** due 8/15/2025
West Virginia - 0.6%	1,125	Princeton, West Virginia, Hospital Revenue Refunding Bonds (Community Association Inc. Project), 6.20% due 5/01/2013
Wisconsin - 0.7%	1,320	Wisconsin State Health and Educational Facilities Authority Revenue Bonds (Castle Place Project), Series A, 7% due 12/01/2031
U.S. Virgin Islands - 1.2%	2,100	Virgin Islands Government Refinery Facilities, Revenue Refunding Bonds (Coker Project), AMT, 6.50% due 7/01/2021
Total Municipal Bonds (Cost - \$184,663) - 98.1%		

Shares Held Short-Term Securities

1,500	Merrill Lynch Institutional Tax-Exempt Fund, 3.02% (d) (f)
Total Short-Term Securities (Cost - \$1,500) - 0.8%	
Total Investments (Cost - \$186,163*) - 98.9%	
Other Assets Less Liabilities - 1.1%	
Net Assets - 100.0%	

\* The cost and unrealized appreciation (depreciation) of investments as of March 31, 2006, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 186,144
Gross unrealized appreciation	\$ 12,551
Gross unrealized depreciation	(6,711)
Net unrealized appreciation	\$ 5,840

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

(a) Prerefunded.

(b) Non-income producing security; issuer filed for bankruptcy or is in default of interest payments.

Apex Municipal Fund, Inc.  
Schedule of Investments as of March 31, 2006

(in Thousands)

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- (c) Restricted securities as to resale, representing 0.5% of net assets were as follows:

Issue	Acquisition Date (s)
Camden County, New Jersey Improvement Authority, Lease Revenue Bonds (Holt Hauling & Warehousing), AMT, Series A, 9.625% due 1/01/2011	1/29/19
Camden County, New Jersey Improvement Authority, Lease Revenue Bonds (Holt Hauling & Warehousing), AMT, Series A, 9.875% due 1/01/2021	2/06/199 1/29/19
Total	

- (d) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Net Activity	Dividend Income
Merrill Lynch Institutional Tax-Exempt Fund	(2,200)	\$ 56

- (e) Security may have a maturity of more than one year at time of issuance, but has variable rate and demand features that qualify it as a short-term security. The rate disclosed is that currently in effect. This rate changes periodically based upon prevailing market rates.
- (f) Floating rate security.

Item 2 - Controls and Procedures

- 2(a) - The registrant's certifying officers have reasonably designed such disclosure controls and procedures to ensure material information relating to the registrant is made known to us by others particularly during the period in which this report is being prepared. The registrant's certifying officers have determined that the registrant's disclosure controls and procedures are effective based on our evaluation of these controls and procedures as of a date within 90 days prior to the filing date of this report.
- 2(b) - There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d)) that occurred during the last fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3 - Exhibits

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Certifications - Attached hereto

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

Apex Municipal Fund, Inc.

By: /s/ Robert C. Doll, Jr.

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Robert C. Doll, Jr.  
Chief Executive Officer  
Apex Municipal Fund, Inc.

Date: May 22, 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/ Robert C. Doll, Jr.

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Robert C. Doll, Jr.  
Chief Executive Officer  
Apex Municipal Fund, Inc.

Date: May 22, 2006

By: /s/ Donald C. Burke

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

Date: May 22, 2006