

AGIC Equity & Convertible Income Fund  
Form N-Q  
December 19, 2012

**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 811-21989

AGIC Equity & Convertible Income Fund  
(Exact name of registrant as specified in charter)

1633 Broadway New York, New York 10019  
(Address of principal executive offices) (Zip code)

Lawrence G. Altadonna 1633 Broadway New York, New York 10019  
(Name and address of agent for service)

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

Date of fiscal year January 31, 2013  
end:

Date of reporting period: October 31, 2012

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Item 1. Schedule of Investments

AGIC Equity & Convertible Income Fund Schedule of Investments

October 31, 2012 (unaudited)

Shares		Value*
<b>COMMON STOCK</b>	<b>71.7%</b>	
	<b>Aerospace &amp; Defense 3.2%</b>	
12,383	Engility Holdings, Inc. (a)	\$235,277
74,300	L-3 Communications Holdings, Inc.	5,483,340
310,300	Textron, Inc. (b)	7,822,663
		13,541,280
	<b>Auto Components 1.8%</b>	
32,973	BorgWarner, Inc. (a)	2,170,283
205,900	Johnson Controls, Inc.	5,301,925
		7,472,208
	<b>Automobiles 1.6%</b>	
594,600	Ford Motor Co.	6,635,736
	<b>Beverages 4.8%</b>	
197,800	Coca-Cola Co. (b)	7,354,204
127,300	Molson Coors Brewing Co., Class B	5,491,722
108,900	PepsiCo, Inc.	7,540,236
		20,386,162
	<b>Biotechnology 1.8%</b>	
114,200	Gilead Sciences, Inc. (a)	7,669,672
	<b>Chemicals 0.9%</b>	
42,600	Monsanto Co.	3,666,582
	<b>Communications Equipment 5.0%</b>	
38,628	Aviat Networks, Inc. (a)	88,072
409,027	Cisco Systems, Inc.	7,010,723
155,500	Harris Corp.	7,118,790
122,500	Qualcomm, Inc.	7,175,437
		21,393,022
	<b>Computers &amp; Peripherals 3.5%</b>	
13,400	Apple, Inc. (b)	7,974,340
289,800	EMC Corp. (a)	7,076,916
		15,051,256
	<b>Diversified Financial Services 0.8%</b>	
83,800	JP Morgan Chase & Co.	3,492,784
	<b>Diversified Telecommunication Services 1.7%</b>	
48,488	Frontier Communications Corp.	228,863
156,700	Verizon Communications, Inc.	6,995,088
		7,223,951
	<b>Electric Utilities 1.6%</b>	
54,202	Entergy Corp.	3,933,981
85,560	Exelon Corp.	3,061,337
		6,995,318
	<b>Electronic Equipment, Instruments &amp; Components 1.9%</b>	

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133,500	Amphenol Corp., Class A	8,027,355
	<b>Energy Equipment &amp; Services 4.5%</b>	
68,900	Diamond Offshore Drilling, Inc.	4,770,636
89,700	National Oilwell Varco, Inc. (b)	6,610,890
96,700	Schlumberger Ltd.	6,723,551
99,113	Weatherford International Ltd. (a)	1,119,977
		19,225,054
	<b>Food Products 0.5%</b>	
72,805	Archer-Daniels-Midland Co.	1,954,086
	<b>Health Care Equipment &amp; Supplies 3.3%</b>	
111,100	Baxter International, Inc.	6,958,193
13,000	Intuitive Surgical, Inc. (a)	7,048,860
		14,007,053
	<b>Health Care Providers &amp; Services 2.0%</b>	
75,100	McKesson Corp.	7,007,581
26,820	WellPoint, Inc.	1,643,530
		8,651,111
	<b>Hotels, Restaurants &amp; Leisure 1.6%</b>	
76,200	McDonald's Corp.	6,614,160
	<b>Household Products 2.0%</b>	
121,400	Procter & Gamble Co. (b)	8,405,736
	<b>Independent Power Producers &amp; Energy Traders 0.8%</b>	
153,999	NRG Energy, Inc.	3,320,218
	<b>Industrial Conglomerates 1.7%</b>	
341,159	General Electric Co.	7,184,809

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**AGIC Equity & Convertible Income Fund Schedule of Investments**

October 31, 2012 (unaudited) (continued)

Shares		Value*
<b>Insurance 2.9%</b>		
18,450	American International Group, Inc. (a)	\$644,459
107,041	Assured Guaranty Ltd.	1,486,799
81,910	MetLife, Inc.	2,906,986
101,900	Prudential Financial, Inc. (b)	5,813,395
69,652	XL Group PLC, Class A	1,723,190
		12,574,829
<b>Internet Software &amp; Services 1.7%</b>		
10,700	Google, Inc., Class A (a)	7,273,539
<b>IT Services 1.7%</b>		
37,200	International Business Machines Corp.	7,236,516
<b>Machinery 4.6%</b>		
151,500	AGCO Corp. (a)	6,894,765
88,600	Deere & Co.	7,569,984
81,300	Joy Global, Inc.	5,077,185
		19,541,934
<b>Metals &amp; Mining 1.2%</b>		
132,400	Freeport-McMoRan Copper & Gold, Inc.	5,147,712
<b>Multiline Retail 1.9%</b>		
124,200	Target Corp.	7,917,750
<b>Oil, Gas &amp; Consumable Fuels 2.6%</b>		
77,900	Occidental Petroleum Corp.	6,150,984
110,100	Peabody Energy Corp.	3,071,790
70,500	Valero Energy Corp.	2,051,550
		11,274,324
<b>Pharmaceuticals 3.7%</b>		
105,100	Abbott Laboratories (b)	6,886,152
106,200	Bristol-Myers Squibb Co.	3,531,150
63,288	Johnson & Johnson	4,482,056
23,345	Teva Pharmaceutical Industries Ltd., ADR	943,605
		15,842,963
<b>Semiconductors &amp; Semiconductor Equipment 2.9%</b>		
270,000	Intel Corp.	5,838,750
239,000	Texas Instruments, Inc.	6,713,510
		12,552,260
<b>Software 3.5%</b>		
247,700	Microsoft Corp.	7,068,120
227,900	Oracle Corp.	7,076,295
42,311	Symantec Corp. (a)	769,637
		14,914,052
	Total Common Stock (cost-\$395,156,979)	305,193,432
<b>CONVERTIBLE PREFERRED STOCK 14.9%</b>		
<b>Aerospace &amp; Defense 0.1%</b>		
10,000	United Technologies Corp., 7.50%, 8/1/15	543,800

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	<b>Airlines 0.6%</b>	
82,015	Continental Airlines Finance Trust II, 6.00%, 11/15/30	2,729,558
	<b>Auto Components 0.6%</b>	
59,600	Goodyear Tire & Rubber Co., 5.875%, 4/1/14	2,506,180
	<b>Automobiles 0.6%</b>	
63,000	General Motors Co., 4.75%, 12/1/13, Ser. B	2,559,060
	<b>Capital Markets 1.1%</b>	
54,100	AMG Capital Trust I, 5.10%, 4/15/36	2,875,750
33,400	Escrow Lehman Brothers Holdings, Inc., 28.00%, 3/6/09, Ser. RIG (a)(c)(d)	437,288
41,745	The Goldman Sachs Group, Inc., 8.00%, 3/14/13 (NetApp, Inc.) (e)	1,439,743
		4,752,781
	<b>Commercial Banks 1.1%</b>	
17,805	Fifth Third Bancorp, 8.50%, 6/30/13, Ser. G (f)	2,443,736
1,750	Wells Fargo & Co., 7.50%, 3/15/13, Ser. L (f)	2,187,500
		4,631,236
	<b>Commercial Services &amp; Supplies 0.4%</b>	
34,894	United Rentals, Inc., 6.50%, 8/1/28	1,841,747
	<b>Diversified Financial Services 1.8%</b>	
4,225	Bank of America Corp., 7.25%, 1/30/13, Ser. L (f)	4,709,734
28,000	Citigroup, Inc., 7.50%, 12/15/12	2,861,600
		7,571,334

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AGIC Equity & Convertible Income Fund Schedule of Investments

October 31, 2012 (unaudited) (continued)

Shares		Value*
	<b>Electric Utilities 1.0%</b>	
43,000	NextEra Energy, Inc., 5.599%, 6/1/15	\$2,193,000
38,525	PPL Corp., 9.50%, 7/1/13	2,093,063
		4,286,063
	<b>Food Products 0.9%</b>	
38,800	Bunge Ltd., 4.875%, 12/31/49 (f)	3,925,668
	<b>Health Care Providers &amp; Services 0.7%</b>	
2,935	HealthSouth Corp., 6.50%, 12/31/49, Ser. A (f)	3,062,306
	<b>Insurance 0.5%</b>	
40,700	MetLife, Inc., 5.00%, 9/11/13	1,892,143
	<b>IT Services 0.4%</b>	
33,000	Unisys Corp., 6.25%, 3/1/14	1,761,870
	<b>Machinery 0.7%</b>	
23,400	Stanley Black & Decker, Inc., 4.75%, 11/17/15	2,833,038
	<b>Multi-Utilities 0.6%</b>	
47,650	AES Trust III, 6.75%, 10/15/29	2,368,682
	<b>Oil, Gas &amp; Consumable Fuels 1.0%</b>	
42,900	Apache Corp., 6.00%, 8/1/13	2,001,714
20,300	ATP Oil & Gas Corp., 8.00%, 10/1/14 (f)(g)(h)	25,375
27,350	Chesapeake Energy Corp., 5.00%, 12/31/49 (f)	2,235,862
		4,262,951
	<b>Professional Services 0.6%</b>	
46,500	Nielsen Holdings NV, 6.25%, 2/1/13	2,541,513
	<b>Real Estate Investment Trust 1.6%</b>	
90,500	Alexandria Real Estate Equities, Inc., 7.00%, 4/20/13 (f)	2,485,221
98,900	FelCor Lodging Trust, Inc., 1.95%, 12/31/49, Ser. A (f)	2,456,676
31,930	Health Care REIT, Inc., 6.50%, 4/20/18, Ser. I (f)	1,797,659
		6,739,556
	<b>Road &amp; Rail 0.6%</b>	
246,810	2010 Swift Mandatory Common Exchange Security Trust, 6.00%, 12/31/13 (h)	2,440,655
	Total Convertible Preferred Stock (cost-\$74,938,624)	63,250,141

Principal Amount (000s)		
	<b>Convertible Bonds &amp; Notes 12.2%</b>	
	<b>Capital Markets 1.2%</b>	
\$2,400	Ares Capital Corp., 5.75%, 2/1/16	2,557,500
2,895	BGC Partners, Inc., 4.50%, 7/15/16	2,717,681
		5,275,181
	<b>Construction Materials 0.7%</b>	
2,870	Cemex S.A.B. de C.V., 4.875%, 3/15/15	2,991,975

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<b>Diversified Telecommunication Services 0.4%</b>		
1,715	Level 3 Communications, Inc., 15.00%, 1/15/13	1,822,188
<b>Electrical Equipment 0.7%</b>		
2,535	EnerSys, 3.375%, 6/1/38 (i)	2,856,628
<b>Electronic Equipment, Instruments &amp; Components 0.3%</b>		
1,335	Anixter International, Inc., 1.00%, 2/15/13	1,440,131
<b>Hotels, Restaurants &amp; Leisure 1.0%</b>		
2,545	MGM Resorts International, 4.25%, 4/15/15	2,614,988
1,705	Morgans Hotel Group Co., 2.375%, 10/15/14	1,568,600
		4,183,588
<b>Internet Software &amp; Services 0.7%</b>		
1,800	VeriSign, Inc., 3.25%, 8/15/37	2,237,625
850	WebMD Health Corp., 2.50%, 1/31/18	723,563
		2,961,188
<b>IT Services 0.6%</b>		
1,500	Alliance Data Systems Corp., 1.75%, 8/1/13	2,735,625
<b>Machinery 1.7%</b>		
2,800	Greenbrier Cos, Inc., 3.50%, 4/1/18	2,593,500
3,000	Meritor, Inc., 4.625%, 3/1/26 (i)	2,613,750
2,200	Navistar International Corp., 3.00%, 10/15/14	1,927,750
		7,135,000
<b>Marine 0.2%</b>		
1,100	DryShips, Inc., 5.00%, 12/1/14	904,062
<b>Media 1.3%</b>		
	Liberty Interactive LLC,	
2,265	3.125%, 3/30/23	3,121,453
5,200	3.50%, 1/15/31	2,509,000
		5,630,453
<b>Metals &amp; Mining 0.5%</b>		
2,100	Steel Dynamics, Inc., 5.125%, 6/15/14	2,243,063
<b>Oil, Gas &amp; Consumable Fuels 0.6%</b>		
2,765	Endeavour International Corp., 5.50%, 7/15/16	2,438,384

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**AGIC Equity & Convertible Income Fund Schedule of Investments**

October 31, 2012 (unaudited) (continued)

Principal Amount (000s)		Value*
	<b>Real Estate Investment Trust 0.5%</b>	
\$2,000	Boston Properties LP, 3.75%, 5/15/36	\$2,220,000
	<b>Semiconductors &amp; Semiconductor Equipment 0.8%</b>	
500	JA Solar Holdings Co., Ltd., 4.50%, 5/15/13	474,687
2,800	SunPower Corp., 4.75%, 4/15/14	2,691,500
		3,166,187
	<b>Software 0.5%</b>	
1,400	Nuance Communications, Inc., 2.75%, 8/15/27	1,863,750
275	TeleCommunication Systems, Inc., 4.50%, 11/1/14 (g)(h)	240,625
		2,104,375
	<b>Thriffs &amp; Mortgage Finance 0.1%</b>	
1,000	MGIC Investment Corp., 9.00%, 4/1/63 (g)(h)	335,625
	<b>Trading Companies &amp; Distributors 0.4%</b>	
1,800	Titan Machinery, Inc., 3.75%, 5/1/19 (g)(h)	1,666,125
	Total Convertible Bonds & Notes (cost-\$54,130,251)	52,109,778
	<b>CORPORATE BONDS &amp; NOTES 0.1%</b>	
	<b>Electric 0.1%</b>	
2,000	Texas Competitive Electric Holdings Co. LLC, 15.00%, 4/1/21 (cost-\$2,000,000)	590,000
	<b>SHORT-TERM INVESTMENTS 0.6%</b>	
	<b>Time Deposit 0.6%</b>	
2,422	Wells Fargo-Grand Cayman, 0.03%, 11/1/12 (cost-\$2,422,495)	2,422,495
	<b>Total Investments, before call options written</b> (cost-\$528,648,349) (j) <b>99.5%</b>	423,565,846
	<b>Contracts</b>	
	<b>CALL OPTIONS WRITTEN (a) (0.0)%</b>	
735	Abbott Laboratories, strike price \$72.50, expires 11/17/12	(2,205)
93	Apple, Inc., strike price \$695, expires 11/17/12	(2,092)
1,530	General Electric Co., strike price \$22, expires 11/17/12	(11,475)
625	National Oilwell Varco, Inc., strike price \$87.50, expires 11/17/12	(1,563)
105	Prudential Financial, Inc., strike price \$60, expires 11/17/12	(6,090)
	Total Call Options Written (premiums received-\$111,148)	(23,425)
	<b>Total Investments, net of call options written</b> (cost-\$528,537,201) <b>99.5%</b>	423,542,421



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Other assets less other liabilities	0.5%	2,263,004
<b>Net Assets</b>	<b>100.0%</b>	<b>\$425,805,425</b>

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### 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. 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. 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.

The Board of Trustees (the Board) has adopted procedures for valuing portfolio securities and other financial derivative instruments in circumstances where market quotes are not readily available, and has delegated the responsibility for applying the valuation method to Allianz Global Investors Fund Management LLC (the Investment Manager) and Allianz Global Investors Capital LLC (AGIC) (the Sub-Adviser), an affiliate of the Investment Manager. The Valuation Committee has been established by the Board to oversee the implementation of the Fund's valuation methods and to make fair value determinations on behalf of the Board, as instructed. The Sub-Adviser monitors the continual appropriateness of methods applied and determines if adjustments should be made in light of market changes, events affecting the issuer, or other factors. If the Sub-Adviser determines that a valuation method may no longer be appropriate, another valuation method may be selected, or the Valuation Committee will be convened to consider the matter and take any appropriate action in accordance with procedures set forth by the Board. The Board shall review the appropriateness of the valuation methods and these methods may be amended or supplemented from time to time by the Valuation Committee.

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 or less, or by amortizing their value on the 61st day prior to maturity, if the original term to maturity exceeded 60 days.

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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 ( NAV ) 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.

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## Edgar Filing: AGIC Equity & Convertible Income Fund - Form N-Q

- (a) Non-income producing.
- (b) All or partial amount segregated for the benefit of the counterparty as collateral for call options written.
- (c) In default.
- (d) Fair-Valued Security with an aggregate value of \$437,288, representing 0.1% of net assets.
- (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 (synthetic convertible securities). Such entity is identified in the parenthetical.
- (f) Perpetual maturity. The date shown is the next call date.
- (g) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate market value of \$2,267,750, representing 0.5% of net assets.
- (h) 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.
- (i) Step Bond Coupon is a fixed rate for an initial period then resets at a specific date and rate.
- (j) At October 31, 2012, the cost basis of investments (before call options written) for federal income tax purposes was \$528,648,375. Gross unrealized appreciation was \$2,790,488; gross unrealized depreciation was \$107,873,017 and net unrealized depreciation was \$105,082,529. The difference between book and tax cost basis was attributable to wash sale loss deferrals.

### Glossary:

ADR American Depositary Receipt

REIT Real Estate Investment Trust

### Other Investments:

Transactions in call options written for the nine months ended October 31, 2012:

	Contracts	Premiums
Options outstanding, January 31, 2012	4,760	\$228,176
Options written	74,349	4,107,963
Options terminated in closing purchase transactions	(52,571)	(2,335,143)
Options expired	(23,450)	(1,889,848)
Options outstanding, October 31, 2012	3,088	\$111,148

### Fair Value Measurements

## Edgar Filing: AGIC Equity & Convertible Income Fund - Form N-Q

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 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, which may include, but are not limited to, quoted prices for similar assets or liabilities, interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates or other market corroborated inputs.
- Level 3 valuations based on significant unobservable inputs (including the Sub-Adviser's or Valuation Committees' own assumptions and single broker quotes in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following are certain inputs and techniques that the Fund generally uses to evaluate how to classify each major category of assets and liabilities for Level 2 and Level 3, in accordance with Generally Accepted Accounting Principles.

Equity Securities (Common and Preferred Stock) Equity securities traded in inactive markets are valued using inputs which include broker-dealer quotes, recently executed transactions adjusted for changes in the benchmark index, or evaluated price quotes received from independent pricing services that take into account the integrity of the market sector and issuer, the individual characteristics of the security, and information received from broker-dealers and other market sources pertaining to the issuer or security. To the extent that these inputs are observable, the values of equity securities are categorized as Level 2. To the extent that these inputs are unobservable the values are categorized as Level 3.

Convertible Bonds & Notes Convertible bonds & notes are valued by independent pricing services using various inputs and techniques, which include broker-dealer quotations from relevant market makers and recently executed transactions in securities of the issuer or comparable issuers. The broker-dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds and sector-specific trends. To the extent that these inputs are observable, the values of convertible bonds & notes are categorized as Level 2. To the extent that these inputs are unobservable the values are categorized as Level 3.

Corporate Bonds & Notes Corporate bonds & notes are generally comprised of two main categories: investment grade bonds and high yield bonds. Investment grade bonds are valued by independent pricing services using various inputs and techniques, which include broker-dealer quotations, live trading levels, recently executed transactions in securities of the issuer or comparable issuers, and option adjusted spread models that include base curve and spread curve inputs. Adjustments to individual bonds can be applied to recognize trading differences compared to other bonds issued by the same issuer. High yield bonds are valued by independent pricing services based primarily on broker-dealer quotations from relevant market makers and recently executed transactions in securities of the issuer or comparable issuers. The broker-dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds and sector-specific trends. To the extent that these inputs are observable, the values of corporate bonds & notes are categorized as Level 2. To the extent that these inputs are unobservable the values are categorized as Level 3.

Option Contracts Option contracts traded over the counter (OTC) are valued by independent pricing services based on pricing models that incorporate various inputs such as interest rates, credit spreads, currency exchange rates and volatility measurements for in-the-money, at-the-money, and out-of-the-money contracts based on a given strike price. To the extent that these inputs are observable, the values of OTC option contracts are categorized as Level 2. To the extent that these inputs are unobservable the values are categorized as Level 3.

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The valuation techniques used by the Fund to measure fair value during the nine months ended October 31, 2012 were intended to maximize the use of observable inputs and minimized the use of unobservable inputs.

The Fund's policy is to recognize transfers between levels at the end of the reporting period. An investment asset's or liability's level within the fair value hierarchy is based on the lowest level input, individually or in 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 techniques used. Assets categorized as Level 1 or 2 as of period end may have been transferred between Levels 1 and 2 since the prior period due to changes in the valuation method utilized in valuing the investments.

A summary of the inputs used at October 31, 2012 in valuing the Fund's assets and liabilities is listed below (refer to the Schedule of Investments for more detailed information on Investments in Securities):

	Level 1 - Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Value at 10/31/12
<b>Investments in Securities - Assets</b>				
Common Stock	\$305,193,432			\$305,193,432
Convertible Preferred Stock:				
Airlines		\$2,729,558		2,729,558
Capital Markets	1,439,743	2,875,750	\$437,288	4,752,781
Commercial Banks	2,187,500	2,443,736		4,631,236
Commercial Services & Supplies		1,841,747		1,841,747
Health Care Providers & Services		3,062,306		3,062,306
Oil, Gas & Consumable Fuels	2,001,714	2,261,237		4,262,951
Professional Services		2,541,513		2,541,513
Road & Rail		2,440,655		2,440,655
All Other	36,987,394			36,987,394
Convertible Bonds & Notes		52,109,778		52,109,778
Corporate Bonds & Notes		590,000		590,000
Short-Term Investments		2,422,495		2,422,495
<b>Total Investments in Securities - Assets</b>	<b>\$347,809,783</b>	<b>\$75,318,775</b>	<b>\$437,288</b>	<b>\$423,565,846</b>
<b>Investments in Securities - Liabilities</b>				
Call Options Written, at value:				
Market price	\$(23,425)			\$(23,425)
<b>Total Investments</b>	<b>\$347,786,358</b>	<b>\$75,318,775</b>	<b>\$437,288</b>	<b>\$423,542,421</b>

At October 31, 2012, there were no transfers between Levels 1 and 2.

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the nine months ended October 31, 2012, was as follows:

Beginning Balance	Accrued Discounts	Net Realized Gain	Net Change in Unrealized Appreciation/	Transfers into	Transfers out of	Ending Balance
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	1/31/12	Purchases	Sales	(Premiums)	(Loss)	(Depreciation)	Level 3	Level 3	10/31/12
<b>Investments in Securities - Assets</b>									
Convertible Preferred Stock:									
Capital Markets	\$744,820		\$		\$	\$(307,532)			\$437,288
<b>Total Investments</b>	\$744,820		\$		\$	\$(307,532)			\$437,288

The net change in unrealized appreciation/depreciation of Level 3 investments which the Fund held at October 31, 2012, was \$(307,532).

The following table presents additional information about valuation techniques and inputs used for investments that are measured at fair value and categorized as Level 3 at October 31, 2012:

	Ending Balance at 10/31/12	Valuaton Technique Used	Unobservable Inputs	Input Values
<b>Investments in Securities - Assets</b>				
Convertible Preferred Stock:				
Capital Markets	\$437,288	Portfolio manager recommendation	price	\$13.09

**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 CFR270.3a-3(c))), 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 control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR270.30a-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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