NUVEEN PREFERRED CONVERTIBLE INCOME FUND 2 Form N-Q May 27, 2005

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-21333

Nuveen Preferred and Convertible Income Fund 2 (Exact name of registrant as specified in charter)

333 West Wacker Drive, Chicago, Illinois 60606 (Address of principal executive offices) (Zip code)

Jessica R. Droeger Vice President and Secretary 333 West Wacker Drive, Chicago, Illinois 60606 (Name and address of agent for service)

Registrant's telephone number, including area code: <u>312-917-7700</u>

Date of fiscal year end: <u>12/31</u>

Date of reporting period: ____03/31/05

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, 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

Portfolio of Investments (Unaudited) Nuveen Preferred and Convertible Income Fund 2 (JQC) March 31, 2005

Shares Description⁽¹⁾

Market Value

						Market
	COMMON STOCKS - 1.3% (0.9% of Total Investments) Communications Equipment - 0.1%					
182,325	Corning Incorporated #					\$ 2,029,277
	Diversified Financial Services - 0.4%					
163,728	Gabelli Asset Management Inc.					7,310,473
	Office Electronics - 0.1%					
110,126	Xerox Corporation #					1,668,409
	Oil & Gas - 0.5%					
40,807	Kerr-McGee Corporation					11,029,412
	Software - 0.2%					
72,555	Computer Associates International, Inc.					4,676,254
	Total Common Stock (cost \$25,160,085)					26,713,825
				Rat	ings*	Market
Shares	Description ⁽¹⁾	Coupon	Maturity	Moody's	S&P	Value
	\$25 PAR (or similar) SECURITIES - 47.0% (31.9% of Total Investments) Auto Components - 0.1%					
84,278	Delphi Trust I	8.250%	Ba3	B+		1,567,571
	Automobiles - 0.0%					
3,000 2,000	DaimlerChrysler AG (CORTS) DaimlerChrysler Corp (PPLUS)	7.875% 7.250%	A3 A3	BBB BBB		75,420 50,600
	Capital Markets - 4.5%					
	Bear Stearns Capital Trust III	7.800%	A2	BBB		2,930,544
112,800 107,600	Bear Stearns Capital Trust III Bear Stearns Companies, Series G (a)	5.490%	A3	BBB		5,439,180
107,600 27,000	Bear Stearns Capital Trust III Bear Stearns Companies, Series G (a) BNY Capital Trust IV, Series E	5.490% 6.875%	A3 A1	BBB A-		5,439,180 680,130
107,600 27,000 306,984	Bear Stearns Capital Trust III Bear Stearns Companies, Series G (a) BNY Capital Trust IV, Series E BNY Capital Trust V, Series F	5.490% 6.875% 5.950%	A3 A1 A1	BBB A- A-		5,439,180 680,130 7,521,108
107,600 27,000 306,984 204,700	Bear Stearns Capital Trust III Bear Stearns Companies, Series G (a) BNY Capital Trust IV, Series E BNY Capital Trust V, Series F Compass Capital Trust III	5.490% 6.875% 5.950% 7.350%	A3 A1	BBB A- A- BBB-		5,439,180 680,130 7,521,108 5,287,401
107,600 27,000 306,984	Bear Stearns Capital Trust III Bear Stearns Companies, Series G (a) BNY Capital Trust IV, Series E BNY Capital Trust V, Series F	5.490% 6.875% 5.950%	A3 A1 A1 A3	BBB A- A-		5,439,180 680,130 7,521,108
07,600 27,000 806,984 204,700 31,000 49,000 22,600	Bear Stearns Capital Trust III Bear Stearns Companies, Series G (a) BNY Capital Trust IV, Series E BNY Capital Trust V, Series F Compass Capital Trust III CSFB USA, Series 2002-10 (SATURNS) First Union Capital II, Series II (CORTS) First Union Institutional Capital II (CORTS)	5.490% 6.875% 5.950% 7.350% 7.000% 7.500% 8.200%	A3 A1 A3 A3 A1 A1	BBB A- BBB- A+ BBB+ BBB+		5,439,180 680,130 7,521,108 5,287,401 809,100 1,264,200 636,077
107,600 27,000 306,984 204,700 31,000 49,000 22,600 18,800	Bear Stearns Capital Trust III Bear Stearns Companies, Series G (a) BNY Capital Trust IV, Series E BNY Capital Trust V, Series F Compass Capital Trust III CSFB USA, Series 2002-10 (SATURNS) First Union Capital II, Series II (CORTS) First Union Institutional Capital II (CORTS) First Union Institutional Capital II, Series III (CORTS)	5.490% 6.875% 5.950% 7.350% 7.000% 7.500% 8.200% 7.500%	A3 A1 A3 A3 A1 A1 A1	BBB A- BBB- A+ BBB+ BBB+ BBB+		5,439,180 680,130 7,521,108 5,287,401 809,100 1,264,200 636,077 477,708
107,600 27,000 306,984 204,700 31,000 49,000 22,600 18,800 12,300	Bear Stearns Capital Trust III Bear Stearns Companies, Series G (a) BNY Capital Trust IV, Series E BNY Capital Trust V, Series F Compass Capital Trust III CSFB USA, Series 2002-10 (SATURNS) First Union Capital II, Series II (CORTS) First Union Institutional Capital II (CORTS) First Union Institutional Capital II, Series III (CORTS) Goldman Sachs Group Inc., Series 2003-06 (SATURNS)	5.490% 6.875% 5.950% 7.350% 7.000% 8.200% 7.500% 6.000%	A3 A1 A3 Aa3 A1 A1 A1 A3	BBB A- BBB- A+ BBB+ BBB+ BBB+ A+		5,439,180 680,130 7,521,108 5,287,401 809,100 1,264,200 636,077 477,708 290,526
107,600 27,000 306,984 204,700 31,000 49,000 22,600 18,800 12,300 22,000	Bear Stearns Capital Trust III Bear Stearns Companies, Series G (a) BNY Capital Trust IV, Series E BNY Capital Trust V, Series F Compass Capital Trust III CSFB USA, Series 2002-10 (SATURNS) First Union Capital II, Series II (CORTS) First Union Institutional Capital II (CORTS) First Union Institutional Capital II, Series III (CORTS) Goldman Sachs Group Inc., Series 2003-06 (SATURNS) JPMorgan Chase Capital Trust IX, Series I	5.490% 6.875% 5.950% 7.350% 7.000% 8.200% 7.500% 6.000% 7.500%	A3 A1 A3 A3 A1 A1 A1 A1 A3 A1	BBB A- BBB- A+ BBB+ BBB+ BBB+ A+ A-		5,439,180 680,130 7,521,108 5,287,401 809,100 1,264,200 636,077 477,708 290,526 572,220
107,600 27,000 306,984 204,700 31,000 49,000 22,600 18,800 12,300 22,000 198,350	Bear Stearns Capital Trust III Bear Stearns Companies, Series G (a) BNY Capital Trust IV, Series E BNY Capital Trust V, Series F Compass Capital Trust III CSFB USA, Series 2002-10 (SATURNS) First Union Capital II, Series II (CORTS) First Union Institutional Capital II (CORTS) First Union Institutional Capital II, Series III (CORTS) Goldman Sachs Group Inc., Series 2003-06 (SATURNS) JPMorgan Chase Capital Trust IX, Series I Lehman Brothers Holdings Inc., Series C (a)	5.490% 6.875% 5.950% 7.350% 7.000% 8.200% 7.500% 6.000% 7.500% 5.940%	A3 A1 A3 A3 A1 A1 A1 A3 A1 A1 NR	BBB A- BBB- A+ BBB+ BBB+ BBB+ A+ A- BBB+		5,439,180 680,130 7,521,108 5,287,401 809,100 1,264,200 636,077 477,708 290,526 572,220 10,314,200
107,600 27,000 306,984 204,700 31,000 49,000 22,600 18,800 12,300 22,000 198,350 96,800	Bear Stearns Capital Trust III Bear Stearns Companies, Series G (a) BNY Capital Trust IV, Series E BNY Capital Trust V, Series F Compass Capital Trust III CSFB USA, Series 2002-10 (SATURNS) First Union Capital II, Series II (CORTS) First Union Institutional Capital II (CORTS) First Union Institutional Capital II, Series III (CORTS) Goldman Sachs Group Inc., Series 2003-06 (SATURNS) JPMorgan Chase Capital Trust IX, Series I Lehman Brothers Holdings Inc., Series C (a) Lehman Brothers Holdings Inc., Series D (a)	5.490% 6.875% 5.950% 7.350% 7.000% 8.200% 7.500% 6.000% 7.500% 5.940% 5.670%	A3 A1 A3 A3 A1 A1 A1 A1 A3 A1 NR A3	BBB A- BBB- A+ BBB+ BBB+ BBB+ A+ A- BBB+ BBB+		5,439,180 680,130 7,521,108 5,287,401 809,100 1,264,200 636,077 477,708 290,526 572,220 10,314,200 4,840,000
107,600 27,000 306,984 204,700 31,000 49,000 22,600 18,800 12,300 22,000 198,350	Bear Stearns Capital Trust III Bear Stearns Companies, Series G (a) BNY Capital Trust IV, Series E BNY Capital Trust V, Series F Compass Capital Trust III CSFB USA, Series 2002-10 (SATURNS) First Union Capital II, Series II (CORTS) First Union Institutional Capital II (CORTS) First Union Institutional Capital II, Series III (CORTS) Goldman Sachs Group Inc., Series 2003-06 (SATURNS) JPMorgan Chase Capital Trust IX, Series I Lehman Brothers Holdings Inc., Series C (a)	5.490% 6.875% 5.950% 7.350% 7.000% 8.200% 7.500% 6.000% 7.500% 5.940%	A3 A1 A3 A3 A1 A1 A1 A3 A1 A1 NR	BBB A- BBB- A+ BBB+ BBB+ BBB+ A+ A- BBB+		5,439,180 680,130 7,521,108 5,287,401 809,100 1,264,200 636,077 477,708 290,526 572,220 10,314,200
107,600 27,000 306,984 204,700 31,000 49,000 22,600 18,800 12,300 22,000 198,350 96,800 425,000	Bear Stearns Capital Trust III Bear Stearns Companies, Series G (a) BNY Capital Trust IV, Series E BNY Capital Trust V, Series F Compass Capital Trust III CSFB USA, Series 2002-10 (SATURNS) First Union Capital II, Series II (CORTS) First Union Institutional Capital II (CORTS) First Union Institutional Capital II, Series III (CORTS) Goldman Sachs Group Inc., Series 2003-06 (SATURNS) JPMorgan Chase Capital Trust IX, Series I Lehman Brothers Holdings Inc., Series C (a) Lehman Brothers Holdings Inc., Series D (a) Lehman Brothers Holdings Inc., Series F (a)	5.490% 6.875% 5.950% 7.350% 7.000% 8.200% 7.500% 6.000% 7.500% 5.940% 5.670% 6.500%	A3 A1 A3 A3 A1 A1 A1 A1 A3 A1 NR A3 A3	BBB A- BBB- A+ BBB+ BBB+ BBB+ A+ A- BBB+ BBB+		5,439,180 680,130 7,521,108 5,287,401 809,100 1,264,200 636,077 477,708 290,526 572,220 10,314,200 4,840,000 11,177,500
107,600 27,000 306,984 204,700 31,000 49,000 22,600 18,800 12,300 22,000 198,350 96,800 425,000 239,000 47,800	Bear Stearns Capital Trust III Bear Stearns Companies, Series G (a) BNY Capital Trust IV, Series E BNY Capital Trust V, Series F Compass Capital Trust III CSFB USA, Series 2002-10 (SATURNS) First Union Capital II, Series II (CORTS) First Union Institutional Capital II (CORTS) First Union Institutional Capital II (CORTS) First Union Institutional Capital II, Series III (CORTS) Goldman Sachs Group Inc., Series 2003-06 (SATURNS) JPMorgan Chase Capital Trust IX, Series I Lehman Brothers Holdings Inc., Series C (a) Lehman Brothers Holdings Inc., Series F (a) Merrill Lynch Capital Trust Merrill Lynch Preferred Capital Trust IV	5.490% 6.875% 5.950% 7.350% 7.000% 7.500% 8.200% 6.000% 7.500% 5.940% 5.670% 6.500% 7.000% 7.750% 7.120%	A3 A1 A3 A3 A1 A1 A1 A1 A3 A1 NR A3 A1 A1 A1	BBB A- BBB- A+ BBB+ BBB+ BBB+ A- BBB+ BBB+		5,439,180 680,130 7,521,108 5,287,401 809,100 1,264,200 636,077 477,708 290,526 572,220 10,314,200 4,840,000 11,177,500 6,142,300 1,249,014 4,813,270
107,600 27,000 306,984 204,700 31,000 49,000 22,600 18,800 12,300 22,000 198,350 96,800 425,000 239,000 47,800 186,200 283,400	Bear Stearns Capital Trust III Bear Stearns Companies, Series G (a) BNY Capital Trust IV, Series E BNY Capital Trust V, Series F Compass Capital Trust III CSFB USA, Series 2002-10 (SATURNS) First Union Capital II, Series II (CORTS) First Union Institutional Capital II (CORTS) First Union Institutional Capital II (CORTS) First Union Institutional Capital II (CORTS) Goldman Sachs Group Inc., Series 2003-06 (SATURNS) JPMorgan Chase Capital Trust IX, Series I Lehman Brothers Holdings Inc., Series C (a) Lehman Brothers Holdings Inc., Series F (a) Merrill Lynch Capital Trust Merrill Lynch Preferred Capital Trust IV Merrill Lynch Preferred Capital Trust V	5.490% 6.875% 5.950% 7.350% 7.000% 7.500% 8.200% 7.500% 6.000% 7.500% 5.940% 6.500% 7.000% 7.750% 7.120% 7.280%	A3 A1 A3 A3 A1 A1 A1 A3 A3 A3 A3 A1 A1 A1 A1	BBB A- BBB- A+ BBB+ BBB+ BBB+ A- A- BBB+ BBB+		5,439,180 680,130 7,521,108 5,287,401 809,100 1,264,200 636,077 477,708 290,526 572,220 10,314,200 4,840,000 11,177,500 6,142,300 1,249,014 4,813,270 7,439,250
107,600 27,000 306,984 204,700 31,000 49,000 22,600 18,800 12,300 22,000 198,350 96,800 425,000 239,000 47,800 186,200 283,400 117,580	Bear Stearns Capital Trust III Bear Stearns Companies, Series G (a) BNY Capital Trust IV, Series E BNY Capital Trust V, Series F Compass Capital Trust III CSFB USA, Series 2002-10 (SATURNS) First Union Capital II, Series II (CORTS) First Union Institutional Capital II (CORTS) First Union Institutional Capital II (CORTS) First Union Institutional Capital II, Series III (CORTS) Goldman Sachs Group Inc., Series 2003-06 (SATURNS) JPMorgan Chase Capital Trust IX, Series I Lehman Brothers Holdings Inc., Series C (a) Lehman Brothers Holdings Inc., Series F (a) Merrill Lynch Capital Trust Merrill Lynch Preferred Capital Trust IV Merrill Lynch Preferred Capital Trust V Morgan Stanley (PPLUS)	5.490% 6.875% 5.950% 7.350% 7.000% 7.500% 8.200% 7.500% 6.000% 7.500% 5.940% 6.500% 7.000% 7.750% 7.120% 7.280% 7.050%	A3 A1 A3 A3 A1 A1 A1 A3 A3 A3 A3 A1 A1 A1 A1 A3	BBB A- BBB- A+ BBB+ BBB+ BBB+ BBB+ BBB+		5,439,180 680,130 7,521,108 5,287,401 809,100 1,264,200 636,077 477,708 290,526 572,220 10,314,200 4,840,000 11,177,500 6,142,300 1,249,014 4,813,270 7,439,250 2,974,774
107,600 27,000 306,984 204,700 31,000 49,000 22,600 18,800 12,300 22,000 198,350 96,800 425,000 239,000 47,800 186,200 283,400 117,580 211,850	Bear Stearns Capital Trust III Bear Stearns Companies, Series G (a) BNY Capital Trust IV, Series E BNY Capital Trust V, Series F Compass Capital Trust III CSFB USA, Series 2002-10 (SATURNS) First Union Capital II, Series II (CORTS) First Union Institutional Capital II (CORTS) First Union Institutional Capital II (CORTS) Goldman Sachs Group Inc., Series 2003-06 (SATURNS) JPMorgan Chase Capital Trust IX, Series I Lehman Brothers Holdings Inc., Series C (a) Lehman Brothers Holdings Inc., Series D (a) Lehman Brothers Holdings Inc., Series F (a) Merrill Lynch Capital Trust Merrill Lynch Preferred Capital Trust IV Merrill Lynch Preferred Capital Trust V Morgan Stanley (PPLUS) Morgan Stanley Capital Trust II	5.490% 6.875% 5.950% 7.350% 7.000% 8.200% 7.500% 6.000% 7.500% 5.940% 6.500% 7.000% 7.750% 7.120% 7.280% 7.250%	A3 A1 A3 A3 A1 A1 A1 A3 A1 A3 A3 A1 A1 A1 A1 A1 A1 A1 A1	BBB A- BBB- A+ BBB+ BBB+ BBB+ A- A- BBB+ BBB+		5,439,180 680,130 7,521,108 5,287,401 809,100 1,264,200 636,077 477,708 290,526 572,220 10,314,200 4,840,000 11,177,500 6,142,300 1,249,014 4,813,270 7,439,250 2,974,774 5,467,849
107,600 27,000 306,984 204,700 31,000 49,000 22,600 18,800 12,300 22,000 198,350 96,800 425,000 239,000 47,800 186,200 283,400 117,580	Bear Stearns Capital Trust III Bear Stearns Companies, Series G (a) BNY Capital Trust IV, Series E BNY Capital Trust V, Series F Compass Capital Trust III CSFB USA, Series 2002-10 (SATURNS) First Union Capital II, Series II (CORTS) First Union Institutional Capital II (CORTS) First Union Institutional Capital II (CORTS) First Union Institutional Capital II, Series III (CORTS) Goldman Sachs Group Inc., Series 2003-06 (SATURNS) JPMorgan Chase Capital Trust IX, Series I Lehman Brothers Holdings Inc., Series C (a) Lehman Brothers Holdings Inc., Series F (a) Merrill Lynch Capital Trust Merrill Lynch Preferred Capital Trust IV Merrill Lynch Preferred Capital Trust V Morgan Stanley (PPLUS)	5.490% 6.875% 5.950% 7.350% 7.000% 7.500% 8.200% 7.500% 6.000% 7.500% 5.940% 6.500% 7.000% 7.750% 7.120% 7.280% 7.050%	A3 A1 A3 A3 A1 A1 A1 A3 A3 A3 A3 A1 A1 A1 A1 A3	BBB A- BBB- A+ BBB+ BBB+ BBB+ BBB+ BBB+		5,439,180 680,130 7,521,108 5,287,401 809,100 1,264,200 636,077 477,708 290,526 572,220 10,314,200 4,840,000 11,177,500 6,142,300 1,249,014 4,813,270 7,439,250 2,974,774

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENZ COMP

Commercial Banks - 10.9% 301:600 Abbey National pic. 7.375% A2 A. 7.901:800 34:200 Abbey National pic. Series B 7.375% A2 A 913:100 50:700 Abbey National pic. Series B 7.375% A2 A 2454:074 80:770 ABN AMHO Capital Fund Trust VI 5.900% A2 A 1.999:281 17:021 ABM AMHO Capital Fund Trust VI 6.000% A2 A 1.580:67 17:021 ABM AMHO Capital Trust Fund VIII 6.000% A2 A 1.458:23 17:030 ABC Capital Trust II 7.000% A33 A 1.252:650 17:000 Barco Totta A Accores Finance, Series A 8.875% A3 NR 1.250:650 17:000 Barco Cotta A Accores Finance, Series A 8.875% A3 NR 1.250:650 17:000 Barco Coctapital Trust II 1.500% A2 NR 4.687:203 13:000 Barco Coctapital Trust II 1.500% A2 NR 4.243:430 <	16,800 16,400	Safeco Capital Trust IV (CORTS) UBS Preferred Funding Trust III	8.375% 7.250%	Baa2 A1	BBB- AA-	Market 445,368 421,480
53.700 Abbeý Natonaj pc. Series B 7.250% A1 A. 13.000 34.200 Abbey Natonaj pc. Series B 7.375% A2 A 20.454,074 80.770 ABN AMRO Capital Fund Trust V 6.260% A2 A 1.999,280 17.021 ABN AMRO Capital Trust Fund VII 6.260% A2 A 415.823 17.011 ABC Capital Trust II 7.00% Aa3 A 5.227,637 650.200 BAC Capital Trust II 7.00% Aa3 A 4.259,761 17.0105 Banco Santance 6.475% A3 NR 1.522,440 17.0106 Banco Santance 6.475% A3 NR 4.949,400 17.010 Banco Capital Trust II 7.000% A1 A 4.949,400 17.010 Banco Capital Trust II 8.000% A1 A 4.947,403 17.000 Banck One Capital Trust II 8.000% A1 A 4.947,000 17.000 Banck One Capital Trust II 7.000% A3 BB+ 1.377,844 17.010 Banck One Capital Trust III 7.		Commercial Banks - 10.9%				
33:200 Abbey National pic, Series B 7.375% A2 A 913;140 68:770 ABN AMRO Capital Fund Trust V 5.90% A2 A 1.989;280 17:021 ABN AMRO Capital Fund Trust IV 6.260% A2 A 1.989;280 17:021 ABN AMRO Capital Trust II 7.625% Baat BBE 2.868,460 203:101 BAC Capital Trust II 7.000% Aa3 A 14.527,857 101:0000 Banco Santander 6.410% A2 BBE+ 2.868,460 101:0000 Banco Totta & Acores Finance, Series A 8.875% A3 NF 1.928,043 101:0000 Banco Totta & Acores Finance, Series A 8.875% A3 NF 1.928,043 101:000 Banco Totta & Acores Finance, Series A 8.875% A3 NF 1.928,043 101:000 Banco Totta & Acores Finance, Series A 8.875% A3 NF 1.928,043 102:000 Banch One Capital Trust II 7.000% A4 N 8.372,00 103:000 Banch One Capital Trust II 8.00% A3 A1 1.937,784 <	,					, ,
863,770 ABN AMPC Capital Fund Trust V 5.900% A2 A 20,454,074 87,779 ABN AMPC Capital Fund Trust V 6.265% A2 A 415,823 113,000 ASEC Capital Trust I 7.605% A2 A 415,823 113,000 ASEC Capital Trust II 7.007% Aa3 A 1.2527,637 101,010 Banco Santancer 6.417% A2 BBB 2.666,500 101,0100 Banco Santancer 6.417% A2 NR 4.269,571 11,010,00 Banco Santancer 6.417% A2 NR 4.92,665,500 11,010,00 Banco Capital Trust II 10.500% A2 NR 4.949,400 12,000 Banck One Capital Trust II 8.000% A1 A 4.343,400 13,400 Banck One Capital Trust II 8.000% Banck One Capital Trust II 7.000% NR NR 7.822,801 14,5600 Chuark Kone Capital Trust II 7.000% A3 BB+ 1.347,443 1.165,600 <						
80,77 ABN AMPC Capital Fund Trust VI 6.250%, A2 A 1,999.280 17,201 ABN AMPC Capital Trust II 7.627 AM ABB- 2,968,460 103,300 ASBC Capital Trust II 7.000%, Aa3 A 14,469,966 163,300 BAC Capital Trust II 7.000%, Aa3 A 14,469,966 10,000 Bano Santander 6.410%, A2 BBH- 25,805,500 11,010,000 Bano Santander 6.410%, A3 A 4.25,805,500 11,010,000 Bano Santander 1.926,043 A 522,403 11,400 Bano Santander 1.926,043 A 4.258,043 11,400 Bano Santander 1.926,043 A 4.347,203 11,400 Bano Santander 1.926,043 A 4.347,203 11,400 Bano Santal Trust II 8.000%, A3 BH- 1.347,243 114,500 Comerica Capital Trust II 8.000%, A3 BH- 2.347,843 145,600 Chitenden Capital Trust II 7.000%, A3 BH- 2.367,870						
17.21 ABN AMRO Capital Trust Fund VII 6.080% A2 A 415.82 17.3,00 ASC Capital Trust I 7.000% Aa3 A 5.227.637 500.200 BAC Capital Trust II 7.000% Aa3 A 4.469.966 101.000 Banco Totta & Acores Finance, Series A 8.875% A3 NR 1.926.043 101.000 Banco Totta & Acores Finance, Series A 8.875% A3 A 4.529.761 117.700 Banco Totta & Acores Finance, Series A 8.875% A3 A 4.522.440 13.400 Banco Totta & Acores Finance, Series A 8.875% A3 A 4.324.434 13.400 Banch Che Capital Trust IV 7.200% A1 A 4.343.430 21.900 Bank Che Capital Trust I 8.000% BB+ 1.377.484 145.600 Chittenden Capital Trust I 8.000% BB+ 2.826.107 110.201 Comerica Capital Trust II 8.000% A3 A 4.97.070 112.602 Chittenden Capital Trust II 7.600% NR NR 1.92.428.107 114.403.000		•				
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108,900 SunTrust Capital Trust V 7.050% A1 A- 2,784,573 664,800 USB Capital Trust III 7.750% Aa3 A- 17,318,040 332,900 USB Capital Trust IV 7.350% Aa3 A- 8,672,045 297,800 USB Capital Trust V 7.250% Aa3 A- 8,672,045 39,100 VNB Capital Trust I 7.750% Baa1 BBB 1,011,908 47,000 Washington Mutual Capital Trust I, Series 2001-22, Class A-1 7.650% Baa1 BBB 1,213,070 (CORTS) 7.000% Aa2 A 1,030,000 40,000 Wells Fargo Capital Trust V 7.000% Aa2 A 1,239,000 40,000 Wells Fargo Capital Trust VI 6.950% Aa2 A 1,295,680 112,800 Wells Fargo Capital Trust VI 6.950% Aa2 A 2,295,680 112,800 Wells Fargo Capital Trust VI 5.850% Aa2 A 5,719,779 117,300 Zions Capital Trust VI 5.850% Aa2 A 5,719,779 117,300 IBM Inc. (CORT						
664,800 USB Capital Trust III 7.750% Aa3 A- 17,318,040 332,900 USB Capital Trust IV 7.350% Aa3 A- 8,672,045 297,800 USB Capital Trust V 7.250% Aa3 A- 7,623,680 39,100 VNB Capital Trust I 7.750% Baa1 BBB 1,011,908 47,000 Washington Mutual Capital Trust I, Series 2001-22, Class A-1 7.650% Baa1 BBB 1,213,070 40,000 Wells Fargo Capital Trust IV 7.000% Aa2 A 1,230,000 40,000 Wells Fargo Capital Trust V 7.000% Aa2 A 1,230,000 40,000 Wells Fargo Capital Trust VI 6.950% Aa2 A 1,285,080 112,800 Wells Fargo Capital Trust VI 5.850% Aa2 A 5,719,779 117,300 Zions Capital Trust VI 5.850% Aa2 A 2,878,656 16,400 IBM Inc. (CORTS) 7.125% A1 A+ 727,560 11,000 IBM Trust II (CORTS)						
332,900 USB Capital Trust IV 7.350% Aa3 A- 8,672,045 297,800 USB Capital Trust I 7.250% Aa3 A- 7,623,680 39,100 VNB Capital Trust I 7.750% Baa1 BBB 1,011,908 47,000 Washington Mutual Capital Trust I, Series 2001-22, Class A-1 (CORTS) 7.650% Baa1 BBB 1,213,070 40,000 Wells Fargo Capital Trust IV 7.000% Aa2 A 1,030,000 480,300 Wells Fargo Capital Trust V 7.000% Aa2 A 12,256.680 112,800 Wells Fargo Capital Trust VI 6.950% Aa2 A- 2,878,656 236,550 Wells Fargo Capital Trust VII 5.850% Aa2 A 5,719,779 117,300 Zions Capital Trust B 8.000% Baa1 BB+ 3,097,893 Computers & Peripherals - 0.1% IBM Inc. (CORTS) 7.125% A1 A+ 426,892 28,200 IBM Inc., Series 2001-1 (SATURNS) 7.125% A1 A+ 283,800 18,300 IBM Trust II (CORTS) 7.125% A1 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>						
297,800 USB Capital Trust V 7.250% Aa3 A- 7,623,680 39,100 VNB Capital Trust I 7.750% Baa1 BBB 1,011,908 47,000 Washington Mutual Capital Trust I, Series 2001-22, Class A-1 7.650% Baa1 BBB 1,213,070 40,000 Wells Fargo Capital Trust IV 7.000% Aa2 A 1,030,000 480,300 Wells Fargo Capital Trust V 7.000% Aa2 A 12,295,680 112,800 Wells Fargo Capital Trust VI 6.950% Aa2 A 2,287,656 236,550 Wells Fargo Capital Trust VII 5.850% Aa2 A 5,719,779 117,300 Zions Capital Trust B 8.000% Baa1 BB+ 3,097,893 Computers & Peripherals - 0.1% If (CORTS) 7.125% A1 A+ 426,892 28,200 IBM Inc. (CORTS) 7.125% A1 A+ 283,800 11,000 IBM Trust IV (CORTS) 7.125% A1 A+ 283,800 18,300 IBM Trust IV (CORTS) 7.000% A1 A+ 483,1						
39,100 VNB Capital Trust I 7.750% Baa1 BBB 1,011,908 47,000 Washington Mutual Capital Trust I, Series 2001-22, Class A-1 7.650% Baa1 BBB 1,213,070 40,000 Wells Fargo Capital Trust IV 7.000% Aa2 A 1,030,000 480,300 Wells Fargo Capital Trust V 7.000% Aa2 A 12,295,680 112,800 Wells Fargo Capital Trust VI 6.950% Aa2 A 2,878,656 236,550 Wells Fargo Capital Trust VI 5.850% Aa2 A 5,719,779 117,300 Zions Capital Trust B 8.000% Baa1 BB+ 3,097,893 Computers & Peripherals - 0.1% Computers & Peripherals - 0.1% Isomotion CORTS) 7.125% A1 A+ 426,892 28,200 IBM Inc. (CORTS) 7.125% A1 A+ 283,800 18,300 IBM Trust II (CORTS) 7.125% A1 A+ 283,800 18,300 IBM Trust IV (CORTS) 7.000% A1 A+ 483,120 Consumer Finance - 0.8%						
47,000 Washington Mutual Capital Trust I, Series 2001-22, Class A-1 7.650% Baa1 BBB 1,213,070 40,000 Wells Fargo Capital Trust IV 7.000% Aa2 A 1,030,000 40,000 Wells Fargo Capital Trust IV 7.000% Aa2 A 1,230,700 40,000 Wells Fargo Capital Trust IV 7.000% Aa2 A 12,295,680 112,800 Wells Fargo Capital Trust VI 6.950% Aa2 A 2,878,656 236,550 Wells Fargo Capital Trust VI 5.850% Aa2 A 5,719,779 117,300 Zions Capital Trust B 8.000% Baa1 BB+ 3,097,893 Computers & Peripherals - 0.1% Computers & Peripherals - 0.1% 16,400 IBM Inc. (CORTS) 7.125% A1 A+ 426,892 28,200 IBM Inc., Series 2001-1 (SATURNS) 7.125% A1 A+ 428,800 18,300 IBM Trust IV (CORTS) 7.125% A1 A+ 428,800 18,300 IBM Trust IV (CORTS) 7.125% A1 A+ 483,120						

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMP

Market

	Diversified Financial Services - 5.0%				
13,800	BBVA Preferred Capital Ltd., Series B	7.750%	A1	A-	353,280
26,500	CIT Group Incorporated (CORTS)	7.750%	A3	BBB+	722,920
268,800	Citigroup Capital Trust IX	6.000%	Aa2	A	6,556,032
193,100	Citigroup Capital Trust VII	7.125%	Aa2	A	4,978,118
1,072,422	Citigroup Capital Trust VIII	6.950%	Aa2 Aa2	Â	27,454,003
24,000	Citigroup Inc., Series H (a)	6.231%	Aa2 Aa3	NR	1,242,000
1,600	Citigroup, Series CIT (CORTS)	6.750%	A3	BBB+	41,104
40,100	General Electric Capital Corporation	6.625%	Aaa	AAA	1,034,981
2,300	Goldman Sachs Group Inc., Series 2004-04 (SATURNS)	6.000%	Aa A1	A-	53,705
5,000	ING Capital Funding Trust II	9.200%	A2	A- A-	126,750
722,775	ING Group NV	7.050%	NR	A-	18,546,407
584,220	ING Group NV	7.200%	A2	A-	15,096,245
43,200	JPM Capital Trust (CORTS)	7.200%	A2	A-	1,104,192
9,900	JPM Capital Trust I, Series 2001-1, Class A-1 (CORTS)	7.850%	A1	A-	255,668
71,965	JPMorgan Chase & Company (PCARS)	7.125%	A2	A-	1,849,860
712,420	JPMorgan Chase Capital Trust X	7.000%	A1	NR	18,380,436
73,600	JPMorgan Chase Trust, Series 2002-6, Class A (SATURNS)	7.125%	A1	A-	1,889,312
71,500	Merrill Lynch Capital Trust II	8.000%	A1	A-	1,893,320
		0.00070	,		.,000,020
	Diversified Telecommunication Services - 0.6%				
		_			
37,400	BellSouth Capital Funding (CORTS)	7.100%	A1	A	958,188
24,600	BellSouth Corporation (CORTS)	7.000%	Aa3	Α	627,792
49,200	BellSouth Corporation, Series 2001-3 (SATURNS)	7.125%	A2	A	1,252,140
30,800	BellSouth Inc. (CORTS)	7.000%	A2	Α	797,720
70,600	BellSouth Telecommunications (PPLUS)	7.300%	Aa3	A	1,808,772
59,800	Deutsche Telekom International Finance B.V., Series 2001-24, Class A-1 (CORTS)	7.875%	Baa1	A-	1,574,534
59,000	SBC Communications Inc.	7.000%	A2	А	1,502,730
26,300	Verizon Communications (CORTS)	7.625%	A2	A+	707,470
47,300	Verizon Communications (CORTS)	7.375%	A2	A+	1,241,625
		11010/0			
50,700	Verizon New England Inc., Series B	7.000%	A2	NR	1.307.046
50,700 29,900	Verizon New England Inc., Series B Verizon South Inc., Series F	7.000% 7.000%	A2 A2	NR A+	1,307,046 761,254
50,700 29,900	Verizon New England Inc., Series B Verizon South Inc., Series F	7.000% 7.000%			1,307,046 761,254
29,900	Verizon South Inc., Series F Electric Utilities - 0.6%	7.000%	A2	A+	761,254
29,900	Verizon South Inc., Series F Electric Utilities - 0.6% Consolidated Edison Company	7.000%	A2 A2	A+ A-	761,254
29,900 5,000 16,300	Verizon South Inc., Series F Electric Utilities - 0.6% Consolidated Edison Company Consolidated Edison Company of New York Inc.	7.000% 7.250% 7.500%	A2 A2 A1	A+ A- A	761,254 129,350 419,888
29,900 5,000 16,300 21,100	Verizon South Inc., Series F Electric Utilities - 0.6% Consolidated Edison Company Consolidated Edison Company of New York Inc. DTE Energy Trust I	7.000% 7.250% 7.500% 7.800%	A2 A2 A1 Baa3	A+ A- A BB+	761,254 129,350 419,888 563,159
29,900 5,000 16,300 21,100 27,400	Verizon South Inc., Series F Electric Utilities - 0.6% Consolidated Edison Company Consolidated Edison Company of New York Inc. DTE Energy Trust I Entergy Louisiana Inc.	7.000% 7.250% 7.500% 7.800% 7.600%	A2 A2 A1 Baa3 Baa1	A+ A- A BB+ A-	761,254 129,350 419,888 563,159 715,140
29,900 5,000 16,300 21,100 27,400 6,900	Verizon South Inc., Series F Electric Utilities - 0.6% Consolidated Edison Company Consolidated Edison Company of New York Inc. DTE Energy Trust I Entergy Louisiana Inc. Entergy Mississippi Inc.	7.000% 7.250% 7.500% 7.800% 7.600% 7.250%	A2 A1 Baa3 Baa1 Baa2	A+ A- A BB+ A- A-	761,254 129,350 419,888 563,159 715,140 180,504
29,900 5,000 16,300 21,100 27,400 6,900 3,000	Verizon South Inc., Series F Electric Utilities - 0.6% Consolidated Edison Company Consolidated Edison Company of New York Inc. DTE Energy Trust I Entergy Louisiana Inc. Entergy Mississippi Inc. Georgia Power Capital Trust V	7.000% 7.250% 7.500% 7.800% 7.600% 7.250% 7.125%	A2 A1 Baa3 Baa1 Baa2 A3	A+ A- BB+ A- A- BBB+	761,254 129,350 419,888 563,159 715,140 180,504 77,400
29,900 5,000 16,300 21,100 27,400 6,900 3,000 130,000	Verizon South Inc., Series F Electric Utilities - 0.6% Consolidated Edison Company Consolidated Edison Company of New York Inc. DTE Energy Trust I Entergy Louisiana Inc. Entergy Mississippi Inc. Georgia Power Capital Trust V Interstate Power and Light Company (a)	7.000% 7.250% 7.500% 7.800% 7.600% 7.250% 7.125% 7.100%	A2 A1 Baa3 Baa1 Baa2 A3 Baa3	A+ A BB+ A- A- BBB+ BBB-	761,254 129,350 419,888 563,159 715,140 180,504 77,400 3,461,900
29,900 5,000 16,300 21,100 27,400 6,900 3,000 130,000 11,000	Verizon South Inc., Series F Electric Utilities - 0.6% Consolidated Edison Company Consolidated Edison Company of New York Inc. DTE Energy Trust I Entergy Louisiana Inc. Entergy Mississippi Inc. Georgia Power Capital Trust V Interstate Power and Light Company (a) Mississippi Power Capital Trust II	7.000% 7.250% 7.500% 7.800% 7.600% 7.250% 7.125% 7.100% 7.200%	A2 A1 Baa3 Baa1 Baa2 A3 Baa3 A2	A+ A BB+ A- A- BBB+ BBB- BBB+ BBB+	761,254 129,350 419,888 563,159 715,140 180,504 77,400 3,461,900 283,195
29,900 5,000 16,300 21,100 27,400 6,900 3,000 130,000 11,000 4,500	Verizon South Inc., Series F Electric Utilities - 0.6% Consolidated Edison Company Consolidated Edison Company of New York Inc. DTE Energy Trust I Entergy Louisiana Inc. Entergy Mississippi Inc. Georgia Power Capital Trust V Interstate Power and Light Company (a) Mississippi Power Capital Trust II National Rural Utilities Cooperative Finance Corporation	7.000% 7.250% 7.500% 7.800% 7.600% 7.250% 7.125% 7.100% 7.200% 7.600%	A2 A1 Baa3 Baa1 Baa2 A3 Baa3 A2 A3	A+ A BB+ A- A- BBB+ BBB+ BBB+ BBB+ BBB+	761,254 129,350 419,888 563,159 715,140 180,504 77,400 3,461,900 283,195 114,750
29,900 5,000 16,300 21,100 27,400 6,900 3,000 130,000 11,000 4,500 41,200	Verizon South Inc., Series F Electric Utilities - 0.6% Consolidated Edison Company Consolidated Edison Company of New York Inc. DTE Energy Trust I Entergy Louisiana Inc. Entergy Mississippi Inc. Georgia Power Capital Trust V Interstate Power and Light Company (a) Mississippi Power Capital Trust II National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation	7.000% 7.250% 7.500% 7.800% 7.600% 7.125% 7.100% 7.200% 7.600% 6.100%	A2 A1 Baa3 Baa1 Baa2 A3 Baa3 A2 A3 A3 A3	A+ A BB+ A- A- BBB+ BBB+ BBB+ BBB+ BBB+	761,254 129,350 419,888 563,159 715,140 180,504 77,400 3,461,900 283,195 114,750 992,096
29,900 5,000 16,300 21,100 27,400 6,900 3,000 130,000 11,000 4,500 41,200 4,000	Verizon South Inc., Series F Electric Utilities - 0.6% Consolidated Edison Company Consolidated Edison Company of New York Inc. DTE Energy Trust I Entergy Louisiana Inc. Entergy Mississippi Inc. Georgia Power Capital Trust V Interstate Power and Light Company (a) Mississippi Power Capital Trust II National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation	7.000% 7.250% 7.500% 7.800% 7.600% 7.125% 7.100% 7.200% 7.600% 6.100% 5.950%	A2 A1 Baa3 Baa1 Baa2 A3 Baa3 A2 A3 A3 A3 A3	A+ A BB+ A- A- BBB+ BBB+ BBB+ BBB+ BBB+	761,254 129,350 419,888 563,159 715,140 180,504 77,400 3,461,900 283,195 114,750 992,096 92,920
29,900 5,000 16,300 21,100 27,400 6,900 3,000 130,000 11,000 4,500 41,200 4,000 33,600	Verizon South Inc., Series F Electric Utilities - 0.6% Consolidated Edison Company Consolidated Edison Company of New York Inc. DTE Energy Trust I Entergy Louisiana Inc. Entergy Mississippi Inc. Georgia Power Capital Trust V Interstate Power and Light Company (a) Mississippi Power Capital Trust II National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation Northern States Power Company	7.000% 7.250% 7.500% 7.600% 7.250% 7.125% 7.100% 7.200% 7.600% 6.100% 5.950% 8.000%	A2 A1 Baa3 Baa1 Baa2 A3 Baa3 A2 A3 A3 A3 A3 A3 A3	A+ A BB+ A- A- BBB+ BBB+ BBB+ BBB+ BBB+	761,254 129,350 419,888 563,159 715,140 180,504 77,400 3,461,900 283,195 114,750 992,096 92,920 899,472
29,900 5,000 16,300 21,100 27,400 6,900 3,000 130,000 11,000 4,500 41,200 4,000 33,600 30,300	Verizon South Inc., Series F Electric Utilities - 0.6% Consolidated Edison Company Consolidated Edison Company of New York Inc. DTE Energy Trust I Entergy Louisiana Inc. Entergy Mississippi Inc. Georgia Power Capital Trust V Interstate Power and Light Company (a) Mississippi Power Capital Trust II National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation Northern States Power Company Southern Company Capital Trust I (CORTS)	7.000% 7.250% 7.500% 7.600% 7.250% 7.125% 7.100% 7.200% 7.600% 6.100% 5.950% 8.000% 7.375%	A2 A1 Baa3 Baa1 Baa2 A3 Baa3 A2 A3 A3 A3 A3 A3 Baa1	A+ A BB+ A- A- BBB+ BBB+ BBB+ BBB+ BBB+	761,254 129,350 419,888 563,159 715,140 180,504 77,400 3,461,900 283,195 114,750 992,096 92,920 899,472 778,862
29,900 5,000 16,300 21,100 27,400 6,900 3,000 130,000 130,000 11,000 4,500 41,200 4,000 33,600 30,300 13,900	Verizon South Inc., Series F Electric Utilities - 0.6% Consolidated Edison Company Consolidated Edison Company of New York Inc. DTE Energy Trust I Entergy Louisiana Inc. Entergy Mississippi Inc. Georgia Power Capital Trust V Interstate Power and Light Company (a) Mississippi Power Capital Trust II National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation Northern States Power Company Southern Company Capital Trust I (CORTS) Southern Company Capital Trust I (CORTS)	7.000% 7.250% 7.500% 7.600% 7.250% 7.125% 7.100% 7.200% 7.600% 6.100% 5.950% 8.000% 7.375% 8.190%	A2 A1 Baa3 Baa1 Baa2 A3 Baa3 A2 A3 A3 A3 A3 A3 Baa1 Baa1	A+ A BB+ A- A- BBB+ BBB+ BBB+ BBB+ BBB+	761,254 129,350 419,888 563,159 715,140 180,504 77,400 3,461,900 283,195 114,750 992,096 92,920 899,472 778,862 375,439
29,900 5,000 16,300 21,100 27,400 6,900 3,000 130,000 11,000 4,500 41,200 4,500 41,200 33,600 30,300 13,900 13,100	Verizon South Inc., Series F Electric Utilities - 0.6% Consolidated Edison Company Consolidated Edison Company of New York Inc. DTE Energy Trust I Entergy Louisiana Inc. Entergy Mississippi Inc. Georgia Power Capital Trust V Interstate Power and Light Company (a) Mississippi Power Capital Trust V Interstate Power and Light Company (a) Mississippi Power Capital Trust II National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation Northern States Power Company Southern Company Capital Trust I (CORTS) Southern Company Capital Trust I (CORTS) Southern Company Capital Trust VI	7.000% 7.250% 7.500% 7.800% 7.600% 7.125% 7.100% 7.200% 7.600% 6.100% 5.950% 8.000% 7.375% 8.190% 7.125%	A2 A1 Baa3 Baa1 Baa2 A3 Baa3 A2 A3 A3 A3 A3 Baa1 Baa1 Baa1 Baa1	A+ A BB+ A- A- BBB+ BBB+ BBB+ BBB+ BBB+	761,254 129,350 419,888 563,159 715,140 180,504 77,400 3,461,900 283,195 114,750 992,096 92,920 899,472 778,862 375,439 337,325
29,900 5,000 16,300 21,100 27,400 6,900 3,000 130,000 130,000 11,000 4,500 41,200 4,000 33,600 30,300 13,900	Verizon South Inc., Series F Electric Utilities - 0.6% Consolidated Edison Company Consolidated Edison Company of New York Inc. DTE Energy Trust I Entergy Louisiana Inc. Entergy Mississippi Inc. Georgia Power Capital Trust V Interstate Power and Light Company (a) Mississippi Power Capital Trust II National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation Northern States Power Company Southern Company Capital Trust I (CORTS) Southern Company Capital Trust I (CORTS)	7.000% 7.250% 7.500% 7.600% 7.250% 7.125% 7.100% 7.200% 7.600% 6.100% 5.950% 8.000% 7.375% 8.190%	A2 A1 Baa3 Baa1 Baa2 A3 Baa3 A2 A3 A3 A3 A3 A3 Baa1 Baa1	A+ A BB+ A- A- BBB+ BBB+ BBB+ BBB+ BBB+	761,254 129,350 419,888 563,159 715,140 180,504 77,400 3,461,900 283,195 114,750 992,096 92,920 899,472 778,862 375,439
29,900 5,000 16,300 21,100 27,400 6,900 3,000 130,000 11,000 4,500 41,200 4,500 33,600 30,300 13,900 13,100 2,000	Verizon South Inc., Series F Electric Utilities - 0.6% Consolidated Edison Company Consolidated Edison Company of New York Inc. DTE Energy Trust I Entergy Louisiana Inc. Entergy Mississippi Inc. Georgia Power Capital Trust V Interstate Power and Light Company (a) Mississippi Power Capital Trust II National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation Northern States Power Company Southern Company Capital Trust I (CORTS) Southern Company Capital Trust I (CORTS) Southern Company Capital Trust VI Tennessee Valley Authority, Series A Virginia Power Capital Trust	7.000% 7.250% 7.500% 7.800% 7.600% 7.125% 7.100% 7.200% 7.600% 6.100% 6.100% 6.100% 8.000% 7.375% 8.190% 7.125% 2.400%	A2 A1 Baa3 Baa1 Baa2 A3 Baa3 A2 A3 A3 A3 A3 A3 Baa1 Baa1 Baa1 Baa1 Aaa	A+ A- A BB+ A- A- BBB+ BBB+ BBB+ BBB+ BB	761,254 129,350 419,888 563,159 715,140 180,504 77,400 3,461,900 283,195 114,750 992,096 92,920 899,472 778,862 375,439 337,325 47,340
29,900 5,000 16,300 21,100 27,400 6,900 3,000 130,000 11,000 4,500 41,200 4,500 33,600 30,300 13,900 13,100 2,000	Verizon South Inc., Series F Electric Utilities - 0.6% Consolidated Edison Company Consolidated Edison Company of New York Inc. DTE Energy Trust I Entergy Louisiana Inc. Entergy Mississippi Inc. Georgia Power Capital Trust V Interstate Power and Light Company (a) Mississippi Power Capital Trust V Interstate Power and Light Company (a) Mississippi Power Capital Trust II National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation Northern States Power Company Southern Company Capital Trust I (CORTS) Southern Company Capital Trust I (CORTS) Southern Company Capital Trust VI Tennessee Valley Authority, Series A	7.000% 7.250% 7.500% 7.800% 7.600% 7.125% 7.100% 7.200% 7.600% 6.100% 6.100% 6.100% 8.000% 7.375% 8.190% 7.125% 2.400%	A2 A1 Baa3 Baa1 Baa2 A3 Baa3 A2 A3 A3 A3 A3 A3 Baa1 Baa1 Baa1 Baa1 Aaa	A+ A- A BB+ A- A- BBB+ BBB+ BBB+ BBB+ BB	761,254 129,350 419,888 563,159 715,140 180,504 77,400 3,461,900 283,195 114,750 992,096 92,920 899,472 778,862 375,439 337,325 47,340
29,900 5,000 16,300 21,100 27,400 6,900 3,000 130,000 11,000 4,500 41,200 4,500 33,600 30,300 13,900 13,100 2,000	Verizon South Inc., Series F Electric Utilities - 0.6% Consolidated Edison Company Consolidated Edison Company of New York Inc. DTE Energy Trust I Entergy Louisiana Inc. Entergy Mississippi Inc. Georgia Power Capital Trust V Interstate Power and Light Company (a) Mississippi Power Capital Trust II National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation Northern States Power Company Southern Company Capital Trust I (CORTS) Southern Company Capital Trust I (CORTS) Southern Company Capital Trust VI Tennessee Valley Authority, Series A Virginia Power Capital Trust	7.000% 7.250% 7.500% 7.800% 7.600% 7.125% 7.100% 7.200% 7.600% 6.100% 6.100% 6.100% 8.000% 7.375% 8.190% 7.125% 2.400%	A2 A1 Baa3 Baa1 Baa2 A3 Baa3 A2 A3 A3 A3 A3 A3 Baa1 Baa1 Baa1 Baa1 Aaa	A+ A- A BB+ A- A- BBB+ BBB+ BBB+ BBB+ BB	761,254 129,350 419,888 563,159 715,140 180,504 77,400 3,461,900 283,195 114,750 992,096 92,920 899,472 778,862 375,439 337,325 47,340
29,900 5,000 16,300 21,100 27,400 6,900 3,000 130,000 11,000 4,500 41,200 4,500 41,200 33,600 30,300 13,900 13,100 2,000 122,500	Verizon South Inc., Series F Electric Utilities - 0.6% Consolidated Edison Company Consolidated Edison Company of New York Inc. DTE Energy Trust I Entergy Louisiana Inc. Entergy Mississippi Inc. Georgia Power Capital Trust V Interstate Power and Light Company (a) Mississippi Power Capital Trust II National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation Nothern States Power Company Southern Company Capital Trust I (CORTS) Southern Company Capital Trust I (CORTS) Southern Company Capital Trust I (CORTS) Southern Company Capital Trust VI Tennessee Valley Authority, Series A Virginia Power Capital Trust	7.000% 7.250% 7.500% 7.800% 7.250% 7.125% 7.100% 7.200% 7.600% 6.100% 5.950% 8.000% 7.375% 8.190% 7.125% 2.400% 7.375%	A2 A1 Baa3 Baa1 Baa2 A3 Baa3 A2 A3 A3 A3 A3 A3 Baa1 Baa1 Baa1 Baa1 Baa1 Baa1 Baa1	A- A BB+ A- A- BBB+ BBB+ BBB+ BBB+ BBB+	761,254 129,350 419,888 563,159 715,140 180,504 77,400 3,461,900 283,195 114,750 992,096 92,920 899,472 778,862 375,439 337,325 47,340 3,203,375
29,900 5,000 16,300 21,100 27,400 6,900 3,000 130,000 11,000 4,500 41,200 4,500 41,200 33,600 30,300 13,900 13,100 2,000 122,500	Verizon South Inc., Series F Electric Utilities - 0.6% Consolidated Edison Company Consolidated Edison Company of New York Inc. DTE Energy Trust I Entergy Louisiana Inc. Entergy Mississippi Inc. Georgia Power Capital Trust V Interstate Power and Light Company (a) Mississippi Power Capital Trust II National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation National Rural Utilities Cooperative Finance Corporation Northern States Power Company Southern Company Capital Trust I (CORTS) Southern Company Capital Trust I (CORTS) Southern Company Capital Trust VI Tennessee Valley Authority, Series A Virginia Power Capital Trust Food Products - 0.4% Dairy Farmers of America Inc., 144A (a)	7.000% 7.250% 7.500% 7.800% 7.250% 7.125% 7.100% 7.200% 7.600% 6.100% 5.950% 8.000% 7.375% 8.190% 7.125% 2.400% 7.375%	A2 A1 Baa3 Baa1 Baa2 A3 Baa3 A2 A3 A3 A3 A3 A3 Baa1 Baa1 Baa1 Baa1 Baa1 Baa1 Baa1	A- A BB+ A- A- BBB+ BBB+ BBB+ BBB+ BBB+	761,254 129,350 419,888 563,159 715,140 180,504 77,400 3,461,900 283,195 114,750 992,096 92,920 899,472 778,862 375,439 337,325 47,340 3,203,375

Health Care Providers & Services - 0.8%

587,500	Aetna Incorporated	8.500%	Baa1	BBB+	Market 15,333,750
	Industrial Conglomerates - 0.0%				
1,500	General Electric Company, Series GE (CORTS)	6.800%	Aaa	AAA	38,220
	Insurance - 7.7%				
157,500	ACE Capital Trust I, Series 1999	8.875%	Baa1	BBB-	3,992,625
1,171,383	Ace Ltd., Series C	7.800%	Baa2	BBB-	30,467,672
6,100	Allstate Corporation (PCARS)	7.150%	A2	A-	156,770
2,300	AMBAC Financial Group Inc.	7.000%	Aa2	AA	58,857
89,800 675,101	AMBAC Financial Group Inc. Delphi Financial Group Inc.	5.950% 8.000%	Aa2 Baa3	AA BBB	2,217,162 17,505,369
194,956	EverestRe Capital Trust II	6.200%	Baa1	BBB	4,466,442
91,500	EverestRe Group Limited	7.850%	Baa1	BBB	2,379,000
11,800	Financial Security Assurance Holdings	6.875%	Aa2	AA	300,900
284,700	Hartford Capital Trust III, Series C	7.450%	Baa1	BBB	7,302,555
43,900	Hartford Life Capital Trust II, Series B	7.625%	Baa1	BBB	1,134,815
56,500	Lincoln National Capital Trust V, Series E	7.650%	Baa1	BBB	1,450,920
1,402,300	Lincoln National Capital Trust VI	6.750%	Baa1	BBB	35,422,098
81,600	PartnerRe Limited	7.900%	A3	BBB+	2,119,152
902,402 80,000	PartnerRe Limited, Series C PLC Capital Trust III	6.750% 7.500%	Baa1 Baa1	BBB+ BBB+	22,560,050 2,065,600
67,200	PLC Capital Trust IV	7.250%	Baa1	BBB+	1,747,200
13,800	PLC Capital Trust V	6.125%	Baa1	BBB+	335,340
38,800	Prudential plc	6.750%	Baa1	A	987,072
3,400	RenaissanceRe Holdings Limited, Series C	6.080%	Baa2	BBB+	80,240
115,800	RenaissanceRe Holdings Ltd., Series A	8.100%	Baa2	BBB+	3,020,064
124,700	RenaissanceRe Holdings Ltd., Series B	7.300%	Baa2	BBB+	3,217,260
24,900	Safeco Capital Trust I (CORTS)	8.700%	Baa2	BBB-	658,854
21,200	Safeco Capital Trust I, Series 2001-4 (CORTS)	8.750%	Baa2	BBB- BBB-	554,380
46,600 37,900	Safeco Capital Trust III (CORTS) Safeco Corporation, Series 2001-7 (SATURNS)	8.072% 8.250%	Baa2 Baa2	BBB-	1,233,036 1,008,140
37,400	Safeco Corporation, Series 2001-7 (SATURNS)	8.250%	Baa2 Baa2	BBB-	997,832
55,300	Torchmark Capital Trust I	7.750%	Baa1	A-	1,437,247
118,600	W.R. Berkley Capital Trust, Series 2002-1, CBTCS	8.125%	Baa3	BBB-	1,243,521
68,800	XL Capital Ltd., Series A	8.000%	Baa1	BBB+	1,816,320
101,100	XL Capital Ltd., Series B	7.625%	Baa1	BBB+	2,628,600
	Media - 0.1%				
52,700	Viacom Inc.	7.300%	A3	A-	1,338,053
	Multi-Utilities & Unregulated Power - 0.2%				
E1 400	Dominion CNG Capital Trust I	7 0000/	Deel	ססס	1 041 540
51,400 30,700	Dominion CNG Capital Trust I Dominion Resources Capital Trust II	7.800% 8.400%	Baa1 Baa2	BBB- BBB-	1,341,540 797,893
85,700	Energy East Capital Trust I	8.250%	Baa3	BBB-	2,245,340
	Oil & Gas - 0.9%				
685,000	Nexen Inc.	7.350%	Baa3	BB+	17,782,600
	Pharmaceuticals - 0.1%				
50,000	Bristol Myers Squibb Company (CORTS)	6.250%	A1	A+	1,275,000
	Real Estate - 11.6%				
318,355	AMB Property Corporation, Series L	6.500%	Baa2	BBB-	7,952,508
77,100	AvalonBay Communities, Inc., Series H	8.700%	Baa2	BBB	2,117,166
220,400	BRE Properties, Series B	8.080%	Baa3	BBB-	5,688,524
251,600	BRE Properties, Series D	6.750%	Baa3	BBB-	6,056,012
1,166,500	CarrAmerica Realty Corporation, Series E	7.500%	Baa3	BBB-	30,049,040

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMP

					Market
104,100	Developers Diversified Realty Corporation, Series G	8.000%	Ba1	BBB-	2,688,903
1,264,845	Developers Diversified Realty Corporation, Series H	7.375%	Ba1	BBB-	31,836,149
21,100	Duke Realty Corporation, Series K	6.500%	Baa2	BBB	511,675
120,000	Duke Realty Corporation, Series L	6.600%	Baa2	BBB	2,876,400
98,000	Duke-Weeks Realty Corporation	6.625%	Baa2	BBB	2,384,340
25,000	Duke-Weeks Realty Corporation, Series B	7.990%	Baa2	BBB	1,278,908
5,400	Duke-Weeks Realty Corporation, Series I	8.450%	Baa2	BBB	138,348
192,100	Equity Office Properties Trust, Series G	7.750%	Baa3	BBB	4,908,155
3,200	Equity Residential Properties Trust, Series C	9.125%	Baa2	BBB	83,264
15,400	Equity Residential Properties Trust, Series D	8.600%	Baa2	BBB	407,330
467,489	Equity Residential Properties Trust, Series N	6.480%	Baa2	BBB	11,303,884
140,000	Federal Realty Investment Trust	8.500%	Baa3	BBB-	3,710,000
11,600	First Industrial Realty Trust, Inc., Series C	8.625%	Baa3	BBB-	306,530
425,129	HRPT Properties Trust, Series A	9.875%	Baa3	BBB-	11,134,129
458,600	HRPT Properties Trust, Series B	8.750%	Baa3	BBB-	12,258,378
99,800	New Plan Excel Realty Trust, Series E	7.625%	NR	BBB-	2,608,772
3,997	Prologis Trust, Series C	8.540%	Baa2	BBB	241,444
96,275	Prologis Trust, Series G	6.750%	Baa2	BBB	2,406,875
299,600	PS Business Parks Inc.	7.000%	Ba1	BBB-	7,274,288
700 240,000	PS Business Parks Inc., Series K PS Business Parks Inc., Series L	7.950% 7.600%	Ba1 Ba1	BBB- BBB-	18,445
240,000 31,400	Public Storage Inc., Series Q	7.600% 8.600%	Baa2	BBB+	6,026,400 806,980
		8.000%		BBB+	
148,750 51,760	Public Storage Inc., Series R Public Storage Inc., Series S	7.875%	Baa2 Baa2	BBB+	3,839,238 1,326,609
42,000	Public Storage Inc., Series T	7.625%	Baa2 Baa2	BBB+	1,071,420
173,800	Public Storage Inc., Series U	7.625%	Baa2 Baa2	BBB+	4,405,830
31,500	Public Storage Inc., Series V	7.500%	Baa2 Baa2	BBB+	4,405,850 807,345
166,100	Regency Centers Corporation			BBB-	
20,500	o i	7.450%	Baa3 Baa2	BBB-	4,177,415
20,500	Simon Property Group, Inc., Series F	8.750% 7.890%		BBB	534,230
165,000	Simon Property Group, Inc., Series G Vornado Realty Trust	7.890% 6.625%	Baa2 Baa3	BBB-	801,810 3,927,000
1,987,734	Wachovia Preferred Funding Corporation	7.250%	A2	BBB+	55,656,552
130,000	Weingarten Realty Trust, Series E	6.950%	Baa1	А-	3,303,300
130,000	Weinganen Healty Hust, Series L	0.95078	Daai	A-	5,505,500
	Specialty Retail - 0.0%				
	Specialty Retail - 0.0%				
27,200	Specialty Retail - 0.0% Sherwin Williams Company, Series III (CORTS)	7.250%	A2	А	707,200
27,200	Sherwin Williams Company, Series III (CORTS)	7.250%	A2	A	707,200
27,200		7.250%	A2	A	707,200
	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7%				
68,900	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS)	8.050%	Baa1	BBB+	1,865,812
68,900 79,000	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS) Countrywide Capital Trust II, Series II (CORTS) (a)	8.050% 8.000%	Baa1 Baa1	BBB+ BBB+	1,865,812 2,093,500
68,900 79,000 666,900	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS) Countrywide Capital Trust II, Series II (CORTS) (a) Countrywide Capital Trust IV	8.050% 8.000% 6.750%	Baa1	BBB+	1,865,812 2,093,500 16,752,528
68,900 79,000 666,900 23,100	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS) Countrywide Capital Trust II, Series II (CORTS) (a) Countrywide Capital Trust IV Fannie Mae (a)	8.050% 8.000% 6.750% 5.125%	Baa1 Baa1 Baa1 Aa3	BBB+ BBB+ BBB+ AA-	1,865,812 2,093,500 16,752,528 964,887
68,900 79,000 666,900	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS) Countrywide Capital Trust II, Series II (CORTS) (a) Countrywide Capital Trust IV Fannie Mae (a) Fannie Mae (a)	8.050% 8.000% 6.750% 5.125% 3.780%	Baa1 Baa1 Baa1 Aa3 Aa3	BBB+ BBB+ BBB+	1,865,812 2,093,500 16,752,528 964,887 2,193,066
68,900 79,000 666,900 23,100 43,800	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS) Countrywide Capital Trust II, Series II (CORTS) (a) Countrywide Capital Trust IV Fannie Mae (a)	8.050% 8.000% 6.750% 5.125%	Baa1 Baa1 Baa1 Aa3	BBB+ BBB+ BBB+ AA- AA-	1,865,812 2,093,500 16,752,528 964,887 2,193,066 2,607,000
68,900 79,000 666,900 23,100 43,800 55,000	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS) Countrywide Capital Trust II, Series II (CORTS) (a) Countrywide Capital Trust IV Fannie Mae (a) Fannie Mae (a) Fannie Mae (a) Fannie Mae	8.050% 8.000% 6.750% 5.125% 3.780% 5.810%	Baa1 Baa1 Baa1 Aa3 Aa3 Aa3	BBB+ BBB+ BBB+ AA- AA- AA-	1,865,812 2,093,500 16,752,528 964,887 2,193,066 2,607,000 2,672,556
68,900 79,000 666,900 23,100 43,800 55,000 48,100	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS) Countrywide Capital Trust II, Series II (CORTS) (a) Countrywide Capital Trust IV Fannie Mae (a) Fannie Mae (a) Fannie Mae (a)	8.050% 8.000% 6.750% 5.125% 3.780% 5.810% 0.000%	Baa1 Baa1 Baa1 Aa3 Aa3 Aa3 Aa3 Aa3	BBB+ BBB+ BBB+ AA- AA- AA- AA- AA-	1,865,812 2,093,500 16,752,528 964,887 2,193,066 2,607,000 2,672,556 3,528,525
68,900 79,000 666,900 23,100 43,800 55,000 48,100 70,500	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS) Countrywide Capital Trust II, Series II (CORTS) (a) Countrywide Capital Trust IV Fannie Mae (a) Fannie Mae (a) Fannie Mae (a) Fannie Mae (a) Fannie Mae (backgroup of the series	8.050% 8.000% 6.750% 5.125% 3.780% 5.810% 0.000% 6.000%	Baa1 Baa1 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3	BBB+ BBB+ BBB+ AA- AA- AA- AA- AA- AA-	1,865,812 2,093,500 16,752,528 964,887 2,193,066 2,607,000 2,672,556
68,900 79,000 666,900 23,100 43,800 55,000 48,100 70,500 26,000	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS) Countrywide Capital Trust II, Series II (CORTS) (a) Countrywide Capital Trust IV Fannie Mae (a) Fannie Mae (a) Fannie Mae (a) Fannie Mae Federal Home Loan Mortgage Corporation (a) Federal Home Loan Mortgage Corporation (a) Federal Home Loan Mortgage Corporation (a)	8.050% 8.000% 6.750% 5.125% 3.780% 5.810% 0.000% 6.000% 5.100%	Baa1 Baa1 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3	BBB+ BBB+ AA- AA- AA- AA- AA- AA- AA- AA-	1,865,812 2,093,500 16,752,528 964,887 2,193,066 2,607,000 2,672,556 3,528,525 1,137,500
68,900 79,000 666,900 23,100 43,800 55,000 48,100 70,500 26,000	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS) Countrywide Capital Trust II, Series II (CORTS) (a) Countrywide Capital Trust IV Fannie Mae (a) Fannie Mae (a) Fannie Mae (a) Fannie Mae Federal Home Loan Mortgage Corporation (a) Federal Home Loan Mortgage Corporation (a)	8.050% 8.000% 6.750% 5.125% 3.780% 5.810% 0.000% 6.000% 5.100%	Baa1 Baa1 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3	BBB+ BBB+ AA- AA- AA- AA- AA- AA- AA- AA-	1,865,812 2,093,500 16,752,528 964,887 2,193,066 2,607,000 2,672,556 3,528,525 1,137,500
68,900 79,000 666,900 23,100 43,800 55,000 48,100 70,500 26,000	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS) Countrywide Capital Trust II, Series II (CORTS) (a) Countrywide Capital Trust IV Fannie Mae (a) Fannie Mae (a) Fannie Mae (a) Fannie Mae Federal Home Loan Mortgage Corporation (a) Federal Home Loan Mortgage Corporation (a)	8.050% 8.000% 6.750% 5.125% 3.780% 5.810% 0.000% 6.000% 5.100% 5.000%	Baa1 Baa1 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3	BBB+ BBB+ AA- AA- AA- AA- AA- AA- AA- AA- AA-	1,865,812 2,093,500 16,752,528 964,887 2,193,066 2,607,000 2,672,556 3,528,525 1,137,500 534,035
68,900 79,000 666,900 23,100 43,800 55,000 48,100 70,500 26,000 12,700	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS) Countrywide Capital Trust II, Series II (CORTS) (a) Countrywide Capital Trust IV Fannie Mae (a) Fannie Mae (a) Fannie Mae (a) Fannie Mae Federal Home Loan Mortgage Corporation (a) Federal Home Loan Mortgage Corporation (a) Federal Home Loan Mortgage Corporation (a)	8.050% 8.000% 6.750% 5.125% 3.780% 5.810% 0.000% 6.000% 5.100%	Baa1 Baa1 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3	BBB+ BBB+ AA- AA- AA- AA- AA- AA- AA- AA-	1,865,812 2,093,500 16,752,528 964,887 2,193,066 2,607,000 2,672,556 3,528,525 1,137,500 534,035
68,900 79,000 666,900 23,100 43,800 55,000 48,100 70,500 26,000 12,700 28,000	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS) Countrywide Capital Trust II, Series II (CORTS) (a) Countrywide Capital Trust IV Fannie Mae (a) Fannie Mae (a) Fannie Mae (a) Fannie Mae Federal Home Loan Mortgage Corporation (a) Federal Home Loan Mortgage Corporation (a)	8.050% 8.000% 6.750% 5.125% 3.780% 5.810% 0.000% 6.000% 5.100% 5.000% 9.250%	Baa1 Baa1 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Baa2	BBB+ BBB+ AA- AA- AA- AA- AA- AA- AA- AA- AA-	1,865,812 2,093,500 16,752,528 964,887 2,193,066 2,607,000 2,672,556 3,528,525 1,137,500 534,035
68,900 79,000 666,900 23,100 43,800 55,000 48,100 70,500 26,000 12,700 28,000 56,300	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS) Countrywide Capital Trust II, Series II (CORTS) (a) Countrywide Capital Trust IV Fannie Mae (a) Fannie Mae (a) Fannie Mae (a) Federal Home Loan Mortgage Corporation (a) Mireless Telecommunication Services - 0.8% AT&T Wireless Services Equity, Series 2002-B (SATURNS) AT&T Wireless, Series 2002-7 (CORTS) Telephone and Data Systems Inc.	8.050% 8.000% 6.750% 5.125% 3.780% 5.810% 0.000% 6.000% 5.100% 5.000% 9.250% 8.000%	Baa1 Baa1 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Baa2 Baa2	BBB+ BBB+ AA- AA- AA- AA- AA- AA- AA- AA- AA- AA	1,865,812 2,093,500 16,752,528 964,887 2,193,066 2,607,000 2,672,556 3,528,525 1,137,500 534,035 754,600 1,503,492 2,997,973
68,900 79,000 666,900 23,100 43,800 55,000 48,100 70,500 26,000 12,700 28,000 56,300 117,200	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS) Countrywide Capital Trust II, Series II (CORTS) (a) Countrywide Capital Trust IV Fannie Mae (a) Fannie Mae (a) Fannie Mae (a) Fannie Mae Federal Home Loan Mortgage Corporation (a) Federal Home Loan (b) Federal Home Loan (b)	8.050% 8.000% 6.750% 5.125% 3.780% 5.810% 0.000% 6.000% 5.100% 5.000% 9.250% 8.000% 7.600%	Baa1 Baa1 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Baa2 Baa2 Baa2 Baa1	BBB+ BBB+ AA- AA- AA- AA- AA- AA- AA- AA- AA- AA	1,865,812 2,093,500 16,752,528 964,887 2,193,066 2,607,000 2,672,556 3,528,525 1,137,500 534,035 754,600 1,503,492
68,900 79,000 666,900 23,100 43,800 55,000 48,100 70,500 26,000 12,700 28,000 56,300 117,200 48,900	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS) Countrywide Capital Trust II, Series II (CORTS) (a) Countrywide Capital Trust IV Fannie Mae (a) Fannie Mae (a) Fannie Mae Federal Home Loan Mortgage Corporation (a) Federal Home Loan Mortgage Corporation (a) Mireless Telecommunication Services - 0.8% AT&T Wireless Services Equity, Series 2002-B (SATURNS) AT&T Wireless, Series 2002-7 (CORTS) Telephone and Data Systems Inc. United States Cellular Corporation United States Cellular Corporation	8.050% 8.000% 6.750% 5.125% 3.780% 5.810% 0.000% 6.000% 5.100% 5.000% 9.250% 8.000% 7.600% 8.750%	Baa1 Baa1 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Baa2 Baa2 Baa2 Baa1 Baa1	BBB+ BBB+ AA- AA- AA- AA- AA- AA- AA- AA- AA- AA	1,865,812 2,093,500 16,752,528 964,887 2,193,066 2,607,000 2,672,556 3,528,525 1,137,500 534,035 754,600 1,503,492 2,997,973 1,330,569 8,901,200
68,900 79,000 666,900 23,100 43,800 55,000 48,100 70,500 26,000 12,700 28,000 56,300 117,200 48,900	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS) Countrywide Capital Trust II, Series II (CORTS) (a) Countrywide Capital Trust IV Fannie Mae (a) Fannie Mae (a) Fannie Mae (a) Federal Home Loan Mortgage Corporation (a) Fed	8.050% 8.000% 6.750% 5.125% 3.780% 5.810% 0.000% 6.000% 5.100% 5.000% 9.250% 8.000% 7.600% 8.750%	Baa1 Baa1 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Baa2 Baa2 Baa2 Baa1 Baa1	BBB+ BBB+ AA- AA- AA- AA- AA- AA- AA- AA- AA- AA	1,865,812 2,093,500 16,752,528 964,887 2,193,066 2,607,000 2,672,556 3,528,525 1,137,500 534,035 754,600 1,503,492 2,997,973 1,330,569
68,900 79,000 666,900 23,100 43,800 55,000 48,100 70,500 26,000 12,700 28,000 56,300 117,200 48,900	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS) Countrywide Capital Trust II, Series II (CORTS) (a) Countrywide Capital Trust IV Fannie Mae (a) Fannie Mae (a) Fannie Mae Federal Home Loan Mortgage Corporation (a) Federal Home Loan Mortgage Corporation (a) Mireless Telecommunication Services - 0.8% AT&T Wireless Services Equity, Series 2002-B (SATURNS) AT&T Wireless, Series 2002-7 (CORTS) Telephone and Data Systems Inc. United States Cellular Corporation United States Cellular Corporation	8.050% 8.000% 6.750% 5.125% 3.780% 5.810% 0.000% 6.000% 5.100% 5.000% 9.250% 8.000% 7.600% 8.750%	Baa1 Baa1 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Baa2 Baa2 Baa2 Baa1 Baa1	BBB+ BBB+ AA- AA- AA- AA- AA- AA- AA- AA- AA- AA	1,865,812 2,093,500 16,752,528 964,887 2,193,066 2,607,000 2,672,556 3,528,525 1,137,500 534,035 754,600 1,503,492 2,997,973 1,330,569 8,901,200
68,900 79,000 666,900 23,100 43,800 55,000 48,100 70,500 26,000 12,700 28,000 56,300 117,200 48,900	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS) Countrywide Capital Trust II, Series II (CORTS) (a) Countrywide Capital Trust IV Fannie Mae (a) Fannie Mae (a) Fannie Mae Federal Home Loan Mortgage Corporation (a) Federal Home Loan Mortgage Corporation (b) Federal	8.050% 8.000% 6.750% 5.125% 3.780% 5.810% 0.000% 6.000% 5.100% 5.000% 9.250% 8.000% 7.600% 8.750%	Baa1 Baa1 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Baa2 Baa2 Baa2 Baa1 Baa1	BBB+ BBB+ AA- AA- AA- AA- AA- AA- AA- AA- AA- AA	1,865,812 2,093,500 16,752,528 964,887 2,193,066 2,607,000 2,672,556 3,528,525 1,137,500 534,035 754,600 1,503,492 2,997,973 1,330,569 8,901,200
68,900 79,000 666,900 23,100 43,800 55,000 48,100 70,500 26,000 12,700 28,000 56,300 117,200 48,900	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS) Countrywide Capital Trust II, Series II (CORTS) (a) Countrywide Capital Trust IV Fannie Mae (a) Fannie Mae (a) Fannie Mae Federal Home Loan Mortgage Corporation (a) Total Szer Cellular Corporation Total \$25 Par (or similar) Securities (cost \$958,549,277) CONVERTIBLE PREFERRED SECURITIES - 18.8% (12.8% of	8.050% 8.000% 6.750% 5.125% 3.780% 5.810% 0.000% 6.000% 5.100% 5.000% 9.250% 8.000% 7.600% 8.750%	Baa1 Baa1 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Baa2 Baa2 Baa2 Baa1 Baa1	BBB+ BBB+ AA- AA- AA- AA- AA- AA- AA- AA- AA- AA	1,865,812 2,093,500 16,752,528 964,887 2,193,066 2,607,000 2,672,556 3,528,525 1,137,500 534,035 754,600 1,503,492 2,997,973 1,330,569 8,901,200
68,900 79,000 666,900 23,100 43,800 55,000 48,100 70,500 26,000 12,700 28,000 56,300 117,200 48,900 340,000	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS) Countrywide Capital Trust II, Series II (CORTS) (a) Countrywide Capital Trust IV Fannie Mae (a) Fannie Mae (a) Fannie Mae Federal Home Loan Mortgage Corporation (a) Federal Home Loan Mortgage Corporation Security Securit	8.050% 8.000% 6.750% 5.125% 3.780% 5.810% 0.000% 6.000% 5.100% 5.000% 9.250% 8.000% 7.600% 8.750% 7.500%	Baa1 Baa1 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Baa2 Baa2 Baa2 Baa2 Baa1 Baa1 Baa1	BBB+ BBB+ AA- AA- AA- AA- AA- AA- AA- AA- A- A- A	1,865,812 2,093,500 16,752,528 964,887 2,193,066 2,607,000 2,672,556 3,528,525 1,137,500 534,035 754,600 1,503,492 2,997,973 1,330,569 8,901,200 948,585,775
68,900 79,000 666,900 23,100 43,800 55,000 48,100 70,500 26,000 12,700 28,000 56,300 117,200 48,900	Sherwin Williams Company, Series III (CORTS) Thrifts & Mortgage Finance - 1.7% Countrywide Capital III (PPLUS) Countrywide Capital Trust II, Series II (CORTS) (a) Countrywide Capital Trust IV Fannie Mae (a) Fannie Mae (a) Fannie Mae Federal Home Loan Mortgage Corporation (a) Federal Home Loan Mortgage Corporation (b) Federal	8.050% 8.000% 6.750% 5.125% 3.780% 5.810% 0.000% 6.000% 5.100% 5.000% 9.250% 8.000% 7.600% 8.750%	Baa1 Baa1 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 Baa2 Baa2 Baa2 Baa1 Baa1	BBB+ BBB+ AA- AA- AA- AA- AA- AA- AA- AA- AA- AA	1,865,812 2,093,500 16,752,528 964,887 2,193,066 2,607,000 2,672,556 3,528,525 1,137,500 534,035 754,600 1,503,492 2,997,973 1,330,569 8,901,200

883,200	General Motors Corporation	6.250%	Baa2	BBB-	Market 18,370,560
	Capital Markets - 0.5%				
394,500 29,725	Goldmand Sachs Group Inc., Series EMC State Street Corporation	6.125% 6.750%	Aa3 NR	NR BB+	4,933,223 5,915,275
	Chemicals - 0.6%				
179,435 152,195	Celanese Corporation Huntsman Corporation	4.250% 5.000%	NR NR	NR NR	4,979,321 7,761,945
	Commercial Banks - 2.3%				
12,090,000 130,500 273,600 217,375 115,725	Fortis Insurance NV, 144A HSBC Finance Corporation National Australia Bank Limited Sovereign Capital Trust IV, Convertible Security Washington Mutual Inc., Unit 1 Trust	7.750% 8.875% 7.875% 4.375% 5.375%	A1 A1 NR Ba1 Baa1	A+ A NR BB BBB	12,908,009 5,644,125 10,041,120 10,298,141 6,129,838
	Communications Equipment - 0.7%				
9,200 115	Lucent Technologies Capital Trust I Nortel Networks Corp	7.750% 7.000%	Caa1 NR	CCC- NR	9,581,800 5,412,058
	Construction Materials - 0.5%				
216,700	TXI Capital Trust I	6.500%	B3	B-	10,325,755
	Consumer Finance - 0.1%				
45,000	Capital One Financial Corporation	6.250%	Baa3	BBB-	2,275,200
	Containers & Packaging - 0.4%				
149,000	Temple Inland Inc.	7.500%	Baa3	BBB	8,650,940
	Diversified Financial Services - 0.6%				
281,600	Citigroup Global Markets	2.000%	Aa1	AA-	11,470,976
	Electric Utilities - 1.5%				
260,000 154,500 2,630,000 38,215	Centerpoint Energy Inc. FPL Group Inc. PG&E Corporation PNM Resources Inc.	2.000% 8.000% 9.500% 6.750%	Ba2 NR NR NR	BBB- A- NR NR	9,213,620 9,580,545 7,094,425 1,903,107
	Electrical Equipment - 0.2%				
60,775	General Cable Corporation, 144A	5.750%	NR	NR	4,360,606
	Electronic Equipment & Instruments - 0.6%				
182,200	Pioneer-Standard Financial Trust	6.750%	B2	NR	11,638,025
	Food & Staples Retailing - 0.2%				
180,520	Albertson's, Inc.	7.250%	Baa2	BBB	4,083,362
	Health Care Equipment & Supplies - 0.3%				
124,000	Baxter International Inc.	7.000%	Baa1	NR	6,677,400

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMP

						Marke
	Hotels Restaurants & Leisure - 0.4%					
157,000	Host Marriott Financial Trust	6.750%	B2	CCC+		8,713,500
	Household Durables - 0.4%					
187,325	Newell Financial Trust I	5.250%	Baa3	BBB-		8,734,028
	Insurance - 2.1%					
108,450	Conseco Inc., Series B	5.500%	Caa2	B-		2,873,92
395,000	Genworth Financial Inc.	6.000%	A2	Ā		12,679,50
167,000	Reinsurance Group of America Inc.	5.750%	Baa2	BBB		9,727,75
147,000	The Chubb Corporation	7.000%	NR	А		4,358,55
100,000	UnumProvident Corporation	8.250%	Ba1	BB+		3,395,00
340,650	XL Capital Ltd.	6.500%	A2	A		8,158,568
	Media - 0.7%					
137,000	Emmis Communications Corporation, Series A	6.250%	Caa1	CCC+		6,014,300
70,350	Interpublic Group, Series A	5.375%	NR	NR		3,198,81
97,500	Sinclair Broadcast Group Inc., Series D	6.000%	Caa1	B-		4,082,813
	Metals & Mining - 0.5%					
24,300	Phelps Dodge Corporation	0.000%	NR	BB+		5,125,35
36,000	United States Steel Corporation, Series B	7.000%	NR	В		5,948,640
	Multi-Utilities & Unregulated Power - 1.9%					
86,975	Aquila Inc.	6.750%	B2	B-		3,021,51
181,625	Dominion Resources Inc.	8.750%	Baa1	BBB+		10,185,53
151,300	Public Service Enterprise Group	10.250%	Baa3	BBB-		10,575,87
442,550	Sempra Energy	8.500%	NR	BBB+		14,630,70
	Oil & Gas - 1.4%					
54,125	Amerada Hess Corporation	7.000%	Ba3	BB		4,540,540
8,955	Chesapeake Energy Corporation, 144A	4.125%	NR	NR		12,929,90
222,100	Teekay Shipping Corporation	7.250%	NR	BB-		11,549,20
	Pharmaceuticals - 0.5%					
217,875	Schering-Plough Corporation	6.000%	Baa3	BBB		10,959,11
	Real Estate - 0.6%					
225,250	Equity Office Properties Trust, Series B	5.250%	Baa2	BBB		11,458,46
	Thrifts & Mortgage Finance - 0.7%					
111	Fannie Mae	5.375%	Aa3	AA-		10,434,00
140,000	PMI Group Inc.	5.875%	A1	А		3,402,000
	Total Convertible Preferred Securities (cost \$352,576,706)					380,339,72
Principal				Rat	ings*	
Amount						Marke
Amount (000)/						Marke

CONVERTIBLE BONDS - 26.4% (17.9% of Total Investments)

	Aerospace & Defense - 0.4%					Market
38,600 49,000	AAR Corporation, 144A EDO Corporation, Convertible Subordinate Note	2.875% 5.250%	2/01/24 4/15/07	B2 NR	BB- NR	3,681,475 5,047,000
	Airlines - 0.2%					
05 500		0.0500/	0/45/05			0 505 005
35,500	Pinnacle Airlines Corporation, 144A	3.250%	2/15/25	NR	NR	3,505,625
	Automobiles - 0.1%					
10,250	Fleetwood Enterprises Inc., 144A	5.000%	12/15/23	B2	В	1,054,469
	Biotechnology - 1.1%					
50,000	Cephalon Inc.	0.000%	6/15/33	NR	B-	4,756,250
37,900 85,000	Imclone Systems Inc., 144A Ivax Corporation, Convertible Senior Subordinated Notes	1.375% 4.500%	5/15/24 5/15/08	NR NR	NR NR	3,230,975 8,553,125
59,750	Ivax Corporation, Convertible Bonds, 144A	1.500%	3/01/24	NR	NR	6,131,844
	Capital Markets - 0.2%					
14,320	Lehman Brothers Holdings Inc., Series GIS	6.250%	10/15/07	A1	А	3,780,480
	Chemicals - 0.5%					
84,400	The Mosaic Company	7.500%	7/01/06	Caa1	NR	9,537,200
	Commercial Services & Supplies - 0.3%					
70,000	Electronic Data Systems, Convertible Senior Notes, 144A	3.875%	7/15/23	Ba1	BBB-	6,947,500
	Communications Equipment - 1.2%					
92,000	Ciena Corporation	3.750%	2/01/08	B2	В	7,900,500
34,810 10,565	Corning Incorporated Liberty Media Corporation, Senior Debentures Exchangeable for	3.500% 3.500%	11/1/08 1/15/31	Ba2 Baa3	BB+ BB+	3,990,096 8,267,113
10,505	Motorola Common Stock	0.00078	1/10/01	Daao	DD+	0,207,110
44,750	Powerwave Technologies Inc.	1.825%	11/15/24	NR	NR	4,234,469
	Computers & Peripherals - 0.2%					
32,500	Mercury Computer Systems Inc., 144A	2.000%	5/01/24	NR	NR	3,522,188
	Construction & Engineering - 0.4%					
85,000	Quanta Services Incorporated	4.000%	7/01/07	NR	В	8,064,375
	Consumer Finance - 0.4%					
80,000	Providian Financial Corporation, Convertible Senior Notes	3.250%	8/15/05	B2	В	8,030,000
	Containers & Packaging - 0.2%					
46,000	Sealed Air Corporation, 144A	3.000%	6/30/33	Baa3	BBB	4,634,500
	Diversified Financial Services - 0.3%					
26,500	JMH Finance Limited	4.750%	9/06/07	NR	NR	2,763,598
26,200	Leucadia National Corporation, 144A	3.750%	4/15/14	Ba3	B+	2,600,350

Electric Utilities - 0.1%

10,350	Unisource Energy Corporation, Convertible Bonds, 144A	4.500%	3/01/35	NR	NR	Market 1,091,925
	Electronic Equipment & Instruments - 0.7%					
21,000 70,200	Anixter International Inc. Vishay Intertechnology Inc.	0.000% 3.625%	6/28/20 8/01/23	Ba3 B3	BB- B+	7,481,250 6,879,600
	Energy Equipment & Services - 2.2%					
34,950 84,000 85,000 71,150 92,500	Cal Dive International Inc. Diamond Offshore Drilling, Inc. Maverick Tube Corporation Pride International Inc. Schlumberger Limited	3.250% 1.500% 4.000% 3.250% 2.125%	12/15/25 4/15/31 6/15/33 5/01/33 6/01/23	NR NR Ba2 A1	NR A- NR BB- A+	3,591,113 9,880,500 11,900,000 8,404,594 9,978,438
62,500	Willbros Group Inc., 144A	2.750%	3/15/24	NR	NR	742,969
	Gas Utilities - 0.1%					
30,150	Southern Union Company, Series B	5.750%	8/16/06	Baa3	NR	2,248,580
	Health Care Equipment & Supplies - 0.7%					
57,450 81,950	Advanced Medical Optics Fisher Scientific International Inc.	2.500% 3.250%	7/15/24 3/01/24	B3 Ba3	B BB+	5,730,638 8,348,656
	Health Care Providers & Services - 0.2%					
42,000	Health Management Associates Inc.	1.500%	8/01/23	Baa3	BBB+	4,609,500
	Hotels Restaurants & Leisure - 3.1%					
18,205 75,000 71,250 16,000 84,750 47,500	Carnival Corporation Hilton Hotels Corporation Kerzner International Limited, 144A Royal Caribbean Cruises Limited, Senior Convertible Zero Coupon Liquid Yield Option Notes Scientific Games Corporation Six Flags Inc. Starwood Hotels and Resorts Worldwide Inc.	1.132% 3.375% 2.375% 0.000% 0.750% 4.500%	4/29/33 4/15/23 4/15/24 2/02/21 12/01/24 5/15/15 5/16/22	A3 Baa3 B2 Ba1 B2 Caa1 B21	A- BBB- BB+ BB+ CCC BB+	14,222,656 8,718,750 8,665,781 8,480,000 8,263,125 4,423,438
77,550		3.500%	5/16/23	Ba1	DD+	9,722,831
46,500 72,000	Industrial Conglomerates - 0.9% Tyco International Group Limited, Convertible Notes, 144A Tyco International Group SA	3.125% 3.125%	1/15/23 1/15/23	Ba1 Baa3	BBB BBB	7,381,875 11,430,000
	Internet & Catalog Retail - 0.2%					
23,950 27,800	Overstock.com, Inc. Overstock.com, Inc.	3.750% 3.750%	12/01/11 12/01/11	NR NR	NR NR	2,206,394 2,561,075
	Internet Software & Services - 0.2%					
78,850	Open Solutions Inc., 144A	1.467%	2/02/35	NR	NR	4,050,919
	IT Services - 0.3%					
71,000	Digital River Inc., 144A	1.250%	1/01/24	NR	NR	6,922,500
	Leisure Equipment & Products - 0.7%					
48,500 70,000 11,650	Collegiate Pacific Inc. Hasbro Inc. K2 Corporation, Convertible Notes, 144A	5.750% 2.750% 5.000%	12/01/09 12/01/21 6/15/10	NR Baa3 NR	NR BBB- NR	5,007,625 7,595,000 1,520,325

	Machinery - 0.3%					
56,350	AGCO Corporation	1.750%	12/31/33	B1	BB-	5,585,69
	Media - 3.8%					
10,400	Charter Communications Inc.	5.875%	11/16/09	Ca	CCC-	900,90
15,000	Comcast Corporation	2.000%	10/15/29	Ba2	BBB-	17,430,00
80,500	The Walt Disney Company, Convertible Senior Notes	2.125%	4/15/23	Baa1	BBB+	8,885,18
45,000	Interpublic Group Companies Inc.	4.500%	3/15/23	Baa3	BB-	5,557,50
26,800	Liberty Media Corporation, Senior Debentures, Exchangeable for PCS Common Stock, Series 1	4.000%	11/15/29	Baa3	BB+	17,822,00
11,000	Liberty Media Corporation, Senior Debentures, Exchangeable	3.250%	3/15/31	Baa3	BB+	9,446,25
,	for Class B Viacom Common Stock	0.20070	0, 10, 01	Dado		0,110,20
6,990	Liberty Media Corporation	0.750%	3/30/23	Baa3	BB+	7,689,00
3,540	Lions Gate Entertainment Corporation, 144A	2.938%	10/15/24	NR	NR	4,079,85
3,300	Lions Gate Entertainment Corporation, 144A	3.625%	3/15/25	NR	NR	3,514,50
	Metals & Mining - 0.2%					
45,100	Trizec Hahn Corporation	3.000%	1/29/21	Ba1	NR	3,568,53
	Oil & Gas - 0.6%					
52.900	Devon Energy Corporation	4.900%	8/15/08	Baa2	BBB	6,096,72
34,400	McMoran Exploration Corporation, Notes, 144A	6.000%	7/02/08	NR	NR	5,478,20
	Pharmaceuticals - 1.9%					
18,450	Abgenix Inc., Senior Convertible Note, 144A	1.750%	12/15/11	NR	NR	1,538,26
45,800	Alexion Pharmaceuticals Inc., 144A	1.375%	2/01/12	NR	NR	4,253,67
95,300	Allergan Inc., Convertible Zero Coupon Senior Notes	0.000%	11/06/22	A3	Α	8,350,6
12,550	Atherogenics, Inc., 144A	4.500%	9/01/08	NR	NR	1,463,64
70,000	OSI Pharmaceuticals, Inc.	3.250%	9/08/23	NR	NR	7,997,50
43,500	Valeant Pharmaceuticals International, 144A	3.000%	8/16/10 11/15/13	NR	B	4,192,3
25,450 85,000	Valeant Pharmaceuticals International, 144A Wyeth, 144A	4.000% 1.000%	1/15/24	NR Baa1	B A	2,459,10 8,756,9
	Real Estate - 0.2%					
36,250	Avatar Holdings Inc., 144A	4.500%	4/01/24	NR	NR	3,878,75
	Semiconductors & Equipment - 1.4%					
78,500	ASM International NV	4.250%	12/6/11	NR	B-	8,065,87
61,800	Advanced Micro Devices Inc.	0.000%	2/01/22	B3	B-	6,141,3
83,250	Agere Systems Inc.	6.500%	12/15/09	B3	В	8,564,34
55,000	ASM Lithography Holding NV	5.750%	10/15/06	B2	NR	6,133,60
	Software - 0.6%					
71,000	Mentor Graphics Corporation, Convertible Subordinate Notes	6.875%	6/15/07	NR	NR	7,348,50
45,250	Sybase Inc., 144A	1.750%	2/22/25	NR	NR	4,406,21
	Specialty Retail - 1.6%					
78,200	Charming Shoppes Inc.	4.750%	6/01/12	B2	BB-	8,250,10
11,450 87,000	Lowe's Companies, Inc.	0.000%	2/16/21	A2	A+	10,805,93
07.000	Sonic Automotive Inc., Convertible Senior Subordinated Notes	5.250%	5/07/09	B3	B+	8,689,12 4,992,87

Textiles & Apparel - 0.3%

60,250	Reebok International Limited, Series B	2.000%	5/01/24	Baa3	BBB	Market 6,454,281
	Wireless Telecommunication Services - 0.6%					
29,750 41,000	NII Holdings Inc., 144A NII Holdings Inc., 144A	3.500% 2.875%	9/15/33 2/01/34	NR NR	NR NR	6,660,281 5,181,375
	Total Convertible Bonds (cost \$512,134,782)					532,932,297
	CORPORATE BONDS - 15.8% (10.8% of Total Investments) Aerospace & Defense - 0.2%					
3,500	K&F Aquisition Inc.	7.750%	11/15/14	Caa1	B-	3,412,500
	Auto Components - 0.4%					
3,550 4,000	Affinia Group Inc. Tenneco Auto, Inc.	9.000% 10.250%	11/30/14 7/15/13	Caa1 B2	B B-	3,301,500 4,480,000
	Automobiles - 1.5%					
7,570	Ford Motor Company, Debenture	7.700%	5/15/97	Baa1	BBB-	6,537,535
17,095 4,814	Ford Motor Company, Debentures General Motors Corporation, Senior Debentures	9.980% 8.375%	2/15/47 7/15/33	Baa1 Baa2	BBB- BBB-	18,835,015 4,129,459
.,	Building Products - 0.2%					.,,
4,000	Jacuzzi Brands Inc.	9.625%	7/01/10	B3	В	4,420,000
	Chemicals - 0.7%					
6,500	OM Group Inc.	9.250%	12/15/11	Caa1	B-	6,727,500
3,500	Resolution Performance Products LLC	8.000%	12/15/09	B2	В	3,692,500
3,000	Rockwood Specialties Group	7.500%	11/15/14	B3	B-	3,015,000
	Commercial Services & Supplies - 0.2%					
1,518	IOS Capital LLC, Senior Notes	7.250%	6/30/08	Ba1	BB	1,584,470
2,000	Williams Scotsman Inc.	10.000%	8/15/08	B2	В	2,150,000
	Construction Materials - 0.1%					
2,000	Texas Industries Inc.	10.250%	6/15/11	B1	BB-	2,275,000
	Containers & Packaging - 0.6%					
2,000	Berry Plastics Corporation	10.750%	7/15/12	B3	B-	2,265,000
3,450 3,000	MDP Acquisitions plc, Senior Notes Owens-Brockway Glass Containers, Guaranteed Senior Note	9.625% 8.250%	10/01/12 5/15/13	B3 B2	B- B	3,726,000 3,187,500
3,000	Owens-Illinois Inc.	7.500%	5/15/10	B3	В	3,105,000
	Electric Utilities - 0.1%					
2,000	Midwest Generation LLC	8.750%	5/01/34	B1	В	2,240,000
	Food & Staples Retailing - 0.1%					
3,000	Stater Brothers Holdings Inc.	8.125%	6/15/12	B1	BB-	2,910,000
	Food Products - 1.0%					
7,610	Del Monte Corporation	8.625%	12/15/12	B2	В	8,275,875
7,000	Dole Foods Company	7.875%	7/15/13	B2	B+	7,525,000

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENZ COMP

1,096 3,250	Dole Foods Company Seminis Vegetable Seeds Inc.	8.625% 10.250%	5/01/09 10/01/13	B2 B3	B+ B-	Market 1,156,280 3,851,250
	Health Care Equipment & Supplies - 0.1%					
2,500	Fisher Scientific International Inc.	8.000%	9/01/13	Ba3	BB+	2,731,250
	Health Care Providers & Services - 0.5%					
3,000	Quintiles Transitional Corporation	10.000%	10/01/13	B3	В	3,390,000
1,000	Select Medical Corporation, 144A	7.625%	2/01/15	B3	B-	1,005,000
2,000	Service Corporation International	7.700%	4/15/09	Ba3	BB	2,070,000
3,000	US Oncology Inc., 144A	10.750%	8/15/14	B3	B-	3,315,000
	Hotels Restaurants & Leisure - 2.2%					
5,190	Aztar Corporation	9.000%	8/15/11	Ba3	B+	5,631,150
2,345	Boyd Gaming Corporation	8.750%	4/15/12	B1	B+	2,550,188
4,075	Boyd Gaming Corporation	7.750%	12/15/12	B1	B+	4,288,938
3,172	Dominos Inc.	8.250%	7/01/11	B2	B-	3,330,600
1,500	Herbst Gaming Inc.	7.000% 7.500%	11/15/14	B3 B1	B-	1,500,000
4,100 2,000	Intrawest Corporation Landry's Restaurants Inc., 144A	7.500%	10/15/13 12/15/14	B2	B+ B	4,130,750 1,950,000
2,000	MGM Mirage, Inc.	6.750%	8/01/07	Ba2	BB+	2,045,000
3,500	Park Place Entertainment	7.875%	12/15/05	Ba2	BB-	3,583,125
1,000	Park Place Entertainment	9.375%	2/15/07	Ba2	BB-	1,066,250
1,000	Park Place Entertainment	7.875%	3/15/10	Ba2	BB-	1,095,000
4,000	Penn National Gaming Inc., Senior Subordinated Notes	8.875%	3/15/10	B2	В	4,260,000
3,000	Pinnacle Entertainment Inc.	8.750%	10/01/13	Caa1	B-	3,120,000
2,000	Pinnacle Entertainment Inc.	8.250%	3/15/12	Caa1	B-	2,010,000
4,000	Universal City Development Partners	11.750%	4/01/10	B2	B-	4,580,000
	Household Durables - 0.6%					
1,000	D.R. Horton, Inc.	10.500%	4/01/05	Ba1	BB+	1,000,000
4,500	K. Hovnanian Enterprises Inc., Senior Subordinate Notes	8.875%	4/01/12	Ba2	B+	4,837,500
5,000	KB Home	8.625%	12/15/08	Ba2	BB-	5,456,360
	Insurance - 0.1%					
2,500	Fairfax Financial Holdings Ltd	7.750%	4/26/12	Ba3	BB	2,425,000
	IT Services - 0.2%					
3,000	Global Cash Access LLC	8.750%	3/15/12	Caa1	B-	3,195,000
	Machinery - 0.3%					
	-					
3,000 3,000	Terex Corporation, Senior Subordinated Notes Terex Corporation, Senior Subordinated Notes	10.375% 9.250%	4/01/11 7/15/11	B3 B3	B B	3,277,500 3,285,000
	Media - 3.9%					
0.000		0.0000/	0/04/44	Do	000	4 000 000
2,000	AMC Entertainment Inc.	8.000%	3/01/14	B3	CCC+	1,920,000
6,900 6,000	Allbritton Communications Company, Series B American Media Operations Inc., Series B	7.750% 10.250%	12/15/12 5/01/09	B3 B3	B- B-	6,831,000 6,210,000
1,345	American Media Operations Inc., Series B American Media Operations Inc.	8.875%	1/15/11	B3	В-	1,392,075
5,000	Cablevision Systems Corporation, Series B	8.125%	8/15/09	B1	BB-	5,300,000
3,000	Cablevision Systems Corporation	7.250%	7/15/08	B1	BB-	3,090,000
2,000	Cablevision Systems Corporation	8.125%	7/15/09	B1	BB-	2,120,000
2,000	Charter Communications Operating LLC., 144A	8.000%	4/30/12	B2	B-	2,000,000
6,000	Cinemark USA Inc.	9.000%	2/01/13	B3	B-	6,540,000
1,000	Dex Media West LLC	8.500%	8/15/10	B1	В	1,072,500
2,198	Dex Media West LLC	9.875%	8/15/13	B2	В	2,461,760
3,000	Loews Cineplex Entertainment Corporation, 144A	9.000%	8/01/14	B3	CCC+	3,000,000

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENUS COMP

						Market
3,855	Mail-Well I Corporation, Senior Unsecured Note, 144A	9.625%	3/15/12	B1	B+	4,124,850
4,000	Medianews Group Inc.	6.375%	4/01/14	B2	B+	3,820,000
1,950	Panamsat Corporation	9.000%	8/15/14	B1	B+	2,067,000
7,000	Primedia Inc., Senior Notes	8.875%	5/15/11	B3	В	7,332,500
2,000	R H Donnelley Finance Corp 1	10.875%	12/15/12	B2	B+	2,315,000
2,000 8,200	Sun Media Corporation Vertis Inc.	7.625% 9.750%	2/15/13 4/01/09	Ba3 B3	B CCC+	2,090,000 8,610,000
5,500	Young Broadcasting Inc., Senior Subordinate Notes	10.000%	3/01/11	Caa1	CCC+ CCC+	5,651,250
1,000	Young Broadcasting Inc.	8.500%	12/15/08	B2	B	1,052,500
2,000	Young Broadcasting Inc.	8.750%	1/15/14	Caa1	CCC+	1,905,000
	Metals & Mining - 0.1%					
1,682	United States Steel Corporation	9.750%	5/15/10	Ba2	BB	1,871,225
	Multiline Retail - 0.2%					
2,000	Saks Inc., Notes	7.500%	12/1/10	Ba3	BB	1,950,000
1,000	Saks Inc.	7.375%	2/15/19	Ba3	BB	900,000
1,000	Saks Inc., Notes	9.875%	10/01/11	Ba3	BB	1,085,000
	Multi-Utilities & Unregulated Power - 0.1%					
1,500	NRG Energy Inc., 144A	8.000%	12/15/13	B1	В	1,593,750
500	Northwestern Corporation	5.875%	11/01/14	Ba1	BB	499,911
	Oil & Gas - 0.5%					
2,563	Chesapeake Energy Corporation	9.000%	8/15/12	Ba3	BB-	2,841,726
2,345	Chesapeake Energy Corporation	7.750%	1/15/15	Ba3	BB-	2,491,561
2,000	Premcor Refining Group Inc.	7.500%	6/15/15	Ba3	BB-	2,065,000
1,000	Tesoro Petroleum Corporation, Senior Subordinate Notes, Series	9.625%	11/01/08	B2	BB-	1,077,500
1,000	B Tesoro Petroleum Corporation	8.000%	4/15/08	Ba2	BBB-	1,050,000
	Paper & Forest Products - 0.4%					
0.000	Convice Desities Conversions Debantures	7 7000/	0/15/15	Del		0 000 500
2,000 5,000	Georgia Pacific Corporation, Debentures Georgia Pacific Corporation, Notes	7.700% 8.125%	6/15/15 5/15/11	Ba3 Ba3	BB+ BB+	2,202,500 5,537,500
5,000	Georgia Pacific Corporation, Notes	0.12376	5/15/11	Dao	DD+	5,557,500
	Real Estate - 0.0%					
1,000	Truststreet Properties Inc, 144A	7.500%	4/01/15	B1	BB-	1,000,000
	Road & Rail - 0.2%					
3,000	Laidlaw International Inc.	10.750%	6/15/11	B2	B+	3,412,500
	Specialty Retail - 0.7%					
6,000	Asbury Automotive Group Inc.	9.000%	6/15/12	B3	В	6,150,000
8,000	Warnaco Inc., Senior Notes	8.875%	6/15/13	B1	В	8,620,000
	Textiles & Apparel - 0.2%					
4,000	Jostens IH Corporation	7.625%	10/01/12	B3	B-	3,980,000
	Trading Companies & Distributors - 0.2%					
1,300	Keystone Automotive Operations Inc.	9.750%	11/01/13	B3	B-	1,313,000
2,000	United Rentals North America Inc.	6.500%	2/15/12	B1	BB-	1,955,000
					·	,,

Wireless Telecommunication Services - 0.2%

4,000	Nextel Communications Inc.	7.375%	8/01/15	Ba3	BB	Market 4,245,000
	Total Corporate Bonds (cost \$317,480,858)					320,677,603
	CAPITAL PREFERRED SECURITIES -36.0% (24.4% of Total Investments) Capital Markets - 5.3%					
$\begin{array}{c} 15,000\\ 2,000\\ 6,273\\ 3,000\\ 3,500\\ 2,000\\ 500\\ 6,000\\ 19,335\\ 32,750\\ 1,250\\ 9,000 \end{array}$	BT Institutional Capital Trust A, 144A BT Institutional Capital Trust B, 144A BT Capital Trust, Series B1 Compass Trust I, Series A First Union Capital Trust II, Series A First Union Institutional Capital Securities I First Union Institutional Capital II Goldman Sachs Group Inc. Mellon Capital Trust I, Series A C.A. Preferred Funding Trust C.A. Preferred Fund Trust II State Street Institutional Capital Trust, 144A	8.090% 7.750% 7.900% 8.230% 7.950% 8.040% 7.850% 6.345% 7.720% 7.000% 8.035%	12/01/26 12/01/26 1/15/27 1/15/27 11/15/29 12/01/26 1/01/27 2/15/34 12/01/26 1/30/49 10/30/49 3/15/27	A2 A2 A3 A1 A1 A1 A1 A1 A1 A1 A1 A1 A1	A- A- BBB- BBB+ BBB+ BBB+ A- A- A A A A	$\begin{array}{c} 16,379,520\\ 2,156,102\\ 6,904,955\\ 3,252,747\\ 4,403,025\\ 2,138,830\\ 533,007\\ 6,169,896\\ 20,780,156\\ 33,526,503\\ 1,286,156\\ 9,779,058 \end{array}$
	Commercial Banks - 18.3%					
2,000 19,250 43,100 12,840 2,600 1,974 5,000 2,000 1,500 21,000 2,200 4,315 6,000 11,550 5,750 4,250 17,000 12,838 14,000 19,605	AB Svensk Exportkredit, 144A Abbey National Capital Trust I AgFirst Farm Credit Bank Bank One Capital III BankAmerica Institutional Capital Trust, Series B, 144A BankAmerica Capital II, Series 2 BankAmerica Institutional Trust, 144A BankBoston Capital Trust I, Series B BanPonce Trust I, Series A Barclays Bank plc, 144A Barnett Capital I CBA Capital Trust I, 144A DBS Capital Funding Corporation, 144A FBS Capital Trust I First Chicago NBD Institutional Capital Trust, Series B, 144A First Chicago NBD Institutional Capital Trust, Series B, 144A First Empire Capital Trust I First Empire Capital Trust I First Midwest Bancorp Inc. Lloyds TSB Bank plc, Subordinate Note HSBC Capital Funding LP, 144A	6.375% 8.963% 7.300% 8.750% 7.700% 8.000% 8.250% 8.327% 8.550% 8.060% 7.657% 8.090% 7.750% 8.277% 8.234% 6.950% 6.900% 9.547% 10.176% 9.860%	10/27/49 12/30/49 12/15/53 9/01/30 12/31/26 12/15/26 12/15/26 2/01/27 6/15/49 12/01/26 12/30/49 3/15/49 11/15/26 12/01/26 12/01/26 12/01/26 6/01/27 2/01/27 12/01/33 11/22/49 12/31/49 6/30/50 11/02/49	Aa3 A2 NR A1 Aa3 Aa3 Aa3 Aa3 Aa3 Aa3 A2 A1 Aa3 A1 Baa1 Baa1 Baa1 Baa1 Baa2 Aa2 A1 A1 A1 A2	AA- A- A A A A BBB- A+ A- A- A- NR BBB BBB- A+ A- A- A- A- A-	2,072,902 27,162,424 45,260,000 17,327,233 2,785,814 2,150,083 5,484,540 2,209,412 1,089,002 1,774,539 543,201 21,062,055 2,495,143 2,525,641 4,577,158 6,460,674 12,722,683 6,303,443 4,710,471 17,442,323 15,502,244 21,572,320 23,563,112
$\begin{array}{c} 19,605\\ 15,000\\ 4,000\\ 1,000\\ 18,500\\ 500\\ 2,000\\ 16,750\\ 2,000\\ 1,202\\ 6,200\\ 3,400\\ 4,472\\ 4,000\\ 13,330\\ 3,800\\ 12,419\\ 2,000\\ \end{array}$	KBC Bank Fund Trust III, 144A KeyCorp Institutional Capital Trust A KeyCorp Capital III Nordbanken AB, 144A North Fork Capital Trust I PNC Institutional Capital Securities, 144A Popular North American Capital Trust I RBS Capital Trust B Reliance Capital Trust I, Series B Republic New York Capital II, Capital Securities Royal Bank of Scotland Group plc Royal Bank of Scotland Group plc St. George Funding Company LLC, 144A SocGen Real Estate Company LLC, 144A Unicredito Italiano Capital Trust, 144A Union Planters Capital Trust A Washington Mutual Capital Trust I Zions Institutional Capital Trust, Series A	9.860% 7.826% 7.750% 8.950% 6.564% 6.800% 8.170% 7.530% 9.118% 7.648% 8.485% 7.640% 9.200% 8.200% 8.375% 8.5365	11/02/49 12/01/26 7/15/29 11/29/49 12/15/27 12/15/26 9/15/34 12/31/49 5/01/28 12/04/26 3/31/49 8/31/49 6/30/47 12/29/49 10/05/49 12/15/26 6/01/27 12/15/26	A2 A3 A3 A2 A3 Baa1 A1 NR A1 A1 A1 Baa1 A1 A1 A1 A1 A1 A1 A1 Baa1 Baa	A- BBB BBB- BBB- BBB- A NR A- A NR A A BBB+ BBB BBB-	$\begin{array}{c} 23,563,112\\ 16,384,875\\ 4,835,048\\ 1,162,734\\ 20,492,709\\ 535,551\\ 2,114,456\\ 17,032,908\\ 2,230,918\\ 1,290,437\\ 7,335,133\\ 4,190,524\\ 4,909,004\\ 4,286,836\\ 15,872,658\\ 4,129,122\\ 13,739,214\\ 2,176,612\\ \end{array}$
	Diversified Financial Services - 5.6%					

A-

A1

967,547

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENTS COMP

1,000 10,000 2,150 15,750 51,900 23,600	Citigroup Capital III ING Capital Funding Trust III JPM Capital Trust II JPM Capital Trust I BNP Paribas Capital Trust HBOS Capital Funding LP, Notes Old Mutual Capital Funding, Notes	7.625% 8.439% 7.950% 7.540% 7.200% 6.850% 8.000%	12/01/36 12/30/49 2/01/27 1/15/27 12/31/49 3/01/49 6/22/53	Aa2 A2 A1 A1 A1 Baa2	A A- A- A+ NR	Market 1,227,201 11,722,080 3,231,051 2,318,577 16,183,566 52,948,899 24,385,479
	Diversified Telecommunication Services - 1.6%					
24	Centaur Funding Corporation, Series B, 144A	9.080%	4/21/20	Baa1	BBB+	31,823,225
	Insurance - 3.9%					
987 10,000 4,980 612 3,750 14,250 13,500 23,000	Allstate Financing II American General Capital II American General Institutional Capital, 144A Berkeley Capital Trust Prudential plc Mangrove Bay, Class 3, 144A Sun Life Canada Capital Trust, Capital Securities, 144A Zurich Capital Trust I, 144A	7.830% 8.500% 8.125% 8.197% 6.500% 6.102% 8.526% 8.376%	12/01/45 7/01/30 3/15/46 12/15/45 6/29/49 7/15/33 5/06/47 6/01/37	A2 Aa2 Baa3 Baa1 Baa1 A1 Baa2	A- AA- BBB- A BBB+ A+ A-	$\begin{array}{c} 1,049,089\\ 13,005,160\\ 6,361,621\\ 634,599\\ 3,660,094\\ 14,178,964\\ 14,839,808\\ 25,157,929\end{array}$
	Oil & Gas - 1.1%					
18,855	KN Capital Trust III	7.630%	4/15/28	Baa3	BB+	21,776,900
	Thrifts & Mortgage Finance - 0.2%					
500 3,365	Countrywide Capital Trust I Great Western Financial Trust II, Series A	8.000% 8.206%	12/15/26 2/01/27	Baa1 Baa1	BBB+ BBB	516,630 3,678,709
	Total Capital Preferred Securities (cost \$728,839,518)					726,492,239
\$ 38,806 41	REPURCHASE AGREEMENTS - 1.9% (1.3% of Total Investments) State Street Bank, 2.400%, dated 3/31/05, due 4/01/05, repurchase price \$38,808,838 collateralized by \$30,915,000 U.S. Treasury Bonds, 7.500%, due 11/15/16, value \$39,587,307 State Street Bank, 2.400%, dated 3/31/05, due 4/01/05, repurchase price \$41,684 collateralized by \$35,000 U.S. Treasury Bonds, 7.625% due 2/25/16, value \$47,449					38,806,251 41,681
	Total Repurchase Agreements (cost \$38,847,932)					38,847,932
	Total Investments (cost \$2,933,589,158) - 147.2%					\$ 2,974,589,398
	COMMON STOCKS SOLD SHORT - (0.3)% Consumer Finance - (0.1)%					
(11,424)	Capital One Financial Corporation					(854,173)
	Multi-Utilities & Unregulated Power - (0.2)%					
(109,198)	Sempra Energy					(4,350,448)
	Total Common Stocks Sold Short (proceeds \$4,668,202)					(5,204,621)

Other Assets Less Liabilities - 0.8%

Market 15,828,825

FundPreferred Shares, at Liquidation Value - (47.7)%

(965,000,000) \$2,020,213,602

Net Assets Applicable to Common Shares - 100%

Interest Rate Swap Contracts outstanding at March 31, 2005:

Counterparty	Notional	Fixed	Floating	Termination	Unrealized
	Amount	Rate	Rate**	Date	Appreciation
Morgan Stanley	\$97,000,000	2.0250%	2.8500%		\$1,317,673
JPMorgan	97,000,000	3.3950	2.7456		593,515
Royal Bank of Canada	97,000,000	2.6790	2.8500		2,425,534
Morgan Stanley	97,000,000	3.0480	2.8500		3,291,112
JPMorgan	97,000,000	3.3595	2.8500		3,758,998

\$11,386,

(1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted. * Ratings below Baa by Moody's Investor Service, Inc. or BBB by Standard and Poor's Group are considered to be below investment grade. ** Based on LIBOR (London Interbank Offered Rate) (a) Security is eligible for the Dividends Received Deduction. 144A securities are those which are exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may only be resold in transactions exempt from registration which ware normally those transactions with gualified institutional buyers. (CBTCS) Corporate Backed Trust Certificates. (CORTS) Corporate Backed Trust Securities. (PCARS) Public Credit and Repackaged Securities. (PPLUS) PreferredPlus Trust. (SATURNS) Structured Asset Trust Unit Repackaging. **Income Tax Information** The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to the recognition of income on certain securities which are treated as debt securities for income tax purposes and equity securities for financial statement purposes, and timing differences in recognizing certain gains and losses on security transactions. At March 31, 2005, the cost of investments was \$2,933,736,060. Gross unrealized appreciation and gross unrealized depreciation of investments at March 31, 2005, were as follows: Gross unrealized: Appreciation \$103,295,105 Depreciation (67, 646, 388)Net unrealized appreciation of investments \$35,648,717

Item 2. Controls and Procedures.

a. The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a

date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (17 CFR 240.13a-15(b) or 240.15d-15(b)).

b. There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

File as exhibits as part of this Form a separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)), exactly as set forth below: EX-99 CERT Attached hereto.

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) Nuveen Preferred and Convertible Income Fund 2

By (Signature and Title)* /s/ Jessica R. Droeger--Vice President and Secretary

Date 05/27/05

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

By (Signature and Title)* _____/s/ Gifford R. Zimmerman--Chief Administrative Officer (principal executive officer)

Date 05/27/05

By (Signature and Title)* /s/ Stephen D. Foy--Vice President and Controller (principal financial officer)

Date 05/27/05

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