

NICHOLAS APPLGATE CONVERTIBLE & INCOME FUND  
Form N-CSRS  
October 28, 2003

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT  
INVESTMENT COMPANIES

Investment Company Act file number 811-21284  
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Nicholas-Applegate Convertible & Income Fund  
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(Exact name of registrant as specified in charter)

1345 Avenue of the Americas, New York, New York 10105  
-----

(Address of principal executive offices) (Zip code)

Brian Shlissel - 1345 Avenue of the Americas, New York, New York 10105  
-----

(Name and address of agent for service)

Registrant's telephone number, including area code: 212-739-3369  
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Date of fiscal year end: February 29, 2004  
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Date of reporting period: August 31, 2003  
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Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR 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 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. ss. 3507.

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ITEM 1. REPORT(S) TO STOCKHOLDERS

SEMI-ANNUAL REPORT  
8.31.03

NICHOLAS-APPLGATE CONVERTIBLE & INCOME FUND

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[NYSE LOGO OMITTED]

CONTENTS

|   |       |
|---|-------|
| Letter to Shareholders .....              | 1     |
| Performance and Statistics .....          | 2     |
| Schedule of Investments .....             | 3-8   |
| Statement of Assets and Liabilities ..... | 9     |
| Statement of Operations .....             | 10    |
| Statement of Changes in Net Assets .....  | 11    |
| Notes to Financial Statements .....       | 12-13 |
| Financial Highlights .....                | 14    |

[PIMCO LOGO OMITTED]

NICHOLAS-APPLGATE CONVERTIBLE & INCOME FUND LETTER TO SHAREHOLDERS

September 29, 2003

Dear Shareholder:

We are pleased to provide you with the initial financial report of the Nicholas-Applegate Convertible & Income Fund (the "Fund") for the period March 31, 2003 (commencement of operations) through August 31, 2003.

Please refer to the following page for specific Fund information. If you have any questions regarding the information provided, please contact your financial advisor or call our shareholder services area at 1-800-331-1710. Please note that a wide range of information and resources can be accessed through our Web site, [www.pimcoadvisors.com](http://www.pimcoadvisors.com).

We at the Fund, together with PIMCO Advisors Fund Management LLC, the Fund's investment manager and Nicholas-Applegate Capital Management LLC, the Fund's sub-adviser, thank you for investing with us. We remain dedicated to serving your investment needs.

Sincerely,

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/s/ Stephen Treadway

/s/ Brian S. Shlissel

Stephen Treadway  
CHAIRMAN

Brian S. Shlissel  
PRESIDENT, CHIEF EXECUTIVE OFFICER

| 08.31.03 | Nicholas-Applegate Convertible & Income Fund Semi-Annual Report 1

NICHOLAS-APPLGATE CONVERTIBLE & INCOME FUND  
PERFORMANCE AND STATISTICS (UNAUDITED)

-----  
SYMBOL:  
NCV

OBJECTIVE:  
To provide total return through a combination of capital appreciation and high current income.

PRIMARY INVESTMENTS:  
At least 50% of total assets in convertible securities.

FUND INCEPTION DATE:  
3/31/03

TOTAL NET ASSETS(1):  
\$1,538.5 million (as of 8/31/03)

PORTFOLIO MANAGERS:  
Douglas Forsyth

| TOTAL RETURN(2):                                | Market Price | NAV    |
|---|--------------|--------|
| Commencement of Operations (3/31/03) to 8/31/03 | 1.39%        | 11.05% |

[THE FOLLOWING TABLE IS PRESENTED AS A GRAPH IN THE PRINTED DOCUMENT]

COMMON SHARE PRICE PERFORMANCE (WEEKLY):  
For the period 3/31/03 (commencement of operations)  
to 8/31/03

| DATE    | NAV   | MARKET PRICE |
|---------|-------|--------------|
| 3/26/03 | 14.32 | 15           |
|         | 14.32 | 15.01        |
|         | 14.32 | 15           |
|         | 14.31 | 15.01        |
|         | 14.31 | 15.01        |
|         | 14.33 | 15.03        |

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|       |       |
|-------|-------|
| 14.32 | 15.04 |
| 14.33 | 15.04 |
| 14.35 | 15.04 |
| 14.31 | 15.01 |
| 14.23 | 15.03 |
| 14.21 | 15.05 |
| 14.21 | 15.06 |
| 14.28 | 15.04 |
| 14.34 | 15.08 |
| 14.33 | 15.06 |
| 14.39 | 15.1  |
| 14.43 | 15.14 |
| 14.5  | 15.04 |
| 14.57 | 15    |
| 14.61 | 15    |
| 14.58 | 15.02 |
| 14.64 | 15.02 |
| 14.68 | 15    |
| 14.74 | 15.08 |
| 14.73 | 15.07 |
| 14.78 | 15.1  |
| 14.81 | 15.06 |
| 14.83 | 15.02 |
| 14.8  | 14.88 |
| 14.73 | 14.93 |
| 14.79 | 14.99 |
| 14.86 | 14.91 |
| 14.86 | 15    |
| 14.85 | 15.02 |
| 14.87 | 15.12 |
| 14.89 | 15.15 |
| 14.8  | 15.12 |
| 14.78 | 15.14 |
| 14.65 | 15.02 |
| 14.71 | 15    |
| 14.63 | 14.99 |
| 14.71 | 14.81 |
| 14.72 | 14.93 |
| 14.77 | 14.98 |
| 14.89 | 15    |
| 15.01 | 15.06 |
| 14.96 | 15.22 |
| 15.13 | 15.38 |
| 15.25 | 15.24 |
| 15.24 | 15.34 |
| 15.13 | 15.33 |
| 15.18 | 15.4  |
| 15.31 | 15.29 |
| 15.25 | 15.22 |
| 15.18 | 15.3  |
| 15.3  | 15.35 |
| 15.16 | 15.39 |
| 15.4  | 15.25 |
| 15.31 | 15.17 |
| 15.23 | 15.1  |
| 15.08 | 15.01 |
| 15.09 | 15.01 |
| 15.09 | 15.01 |
| 15.13 | 14.97 |
| 15.11 | 14.99 |
| 15.09 | 15    |
| 15.09 | 15.13 |

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|         |       |       |
|---------|-------|-------|
|         | 15.2  | 15.2  |
|         | 15.16 | 15.15 |
|         | 15.29 | 15.25 |
|         | 15.39 | 15.25 |
|         | 15.36 | 15.24 |
|         | 15.26 | 15.17 |
|         | 15.33 | 15.34 |
|         | 15.47 | 15.25 |
|         | 15.44 | 15.24 |
|         | 15.3  | 15.15 |
|         | 15.17 | 15.14 |
|         | 15.24 | 15.1  |
|         | 15.15 | 15.01 |
|         | 15.18 | 15    |
|         | 15.21 | 15    |
|         | 15.2  | 15.02 |
|         | 15.31 | 15.15 |
|         | 15.35 | 14.98 |
|         | 15.27 | 14.98 |
|         | 15.13 | 14.97 |
|         | 15.1  | 14.95 |
|         | 14.96 | 14.95 |
|         | 14.89 | 14.11 |
|         | 14.73 | 14.3  |
|         | 14.64 | 14.58 |
|         | 14.63 | 14.7  |
|         | 14.67 | 14.75 |
|         | 14.74 | 14.75 |
|         | 14.81 | 14.83 |
|         | 14.66 | 14.6  |
|         | 14.64 | 14.58 |
|         | 14.64 | 14.58 |
|         | 14.76 | 14.3  |
|         | 14.92 | 14.29 |
|         | 15.02 | 14.5  |
|         | 15.11 | 14.7  |
|         | 15.06 | 14.69 |
|         | 15.02 | 14.33 |
|         | 15.09 | 14.28 |
|         | 15.19 | 14.45 |
|         | 15.28 | 14.58 |
| 8/29/03 | 15.39 | 14.71 |

PORTFOLIO STATISTICS:

|                       |         |
|-----------------------|---------|
| Market Price          | \$14.71 |
| Net Asset Value       | \$15.39 |
| Market Price Yield(3) | 10.20%  |

(1) Inclusive of net assets attributable to Preferred Shares outstanding.

(2) PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. Total return is determined by subtracting the initial investment from the redeemable value at the end of the period and dividing the remainder by the initial investment and expressing the result as a percentage. The calculation assumes that all income dividends have been reinvested at prices obtained under the Fund's dividend

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reinvestment plan. Total investment return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized.

An investment in the Fund involves risk, including the loss of principal. Investment return, price, yield and net asset value will fluctuate with changes in market conditions. This data is provided for information only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Net asset value is total assets applicable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

(3) Market Price Yield is determined by dividing the annualized current per share dividend to common shareholders by the market price per common share.

2 Nicholas-Applegate Convertible & Income Fund Semi-Annual Report | 08.31.03 |

NICHOLAS-APPLGATE CONVERTIBLE & INCOME FUND SCHEDULE OF INVESTMENTS  
August 31, 2003 (unaudited)

| Principal<br>Amount<br>(000)   |   | Credit Rating<br>(Moody's/S&P) |    |
|--------------------------------|---|--------------------------------|----|
| -----                          |   |                                |    |
| CORPORATE BONDS & NOTES--40.2% |   |                                |    |
| -----                          |   |                                |    |
| AIRLINES--1.2%                 |   |                                |    |
| \$10,505                       | Continental Airlines, Inc., 8.00%, 12/15/05                 | Caa2/CCC+                      | \$ |
| 10,000                         | Delta Airlines, Inc., 7.70%, 12/15/05                       | B3/B                           | -- |
| ==                             |   |                                |    |
| APPAREL--0.8%                  |   |                                |    |
| 3,000                          | Oxford Industries, Inc., 8.875%, 6/1/11 (a)                 | B3/B                           | -- |
| 5,200                          | Phillips-Van Heusen Corp., 9.50%, 5/1/08                    | B3/B+                          | -- |
| 3,500                          | Russell Corp., 9.25%, 5/1/10                                | B1/BB                          | -- |
| ==                             |   |                                |    |
| AUTOMOTIVE--0.4%               |   |                                |    |
| 5,060                          | CSK Auto, Inc., 12.00%, 6/15/06                             | B2/B                           | -- |
| ==                             |   |                                |    |
| COMMERCIAL SERVICES--1.0%      |   |                                |    |
| 12,200                         | United Rentals, Inc., 9.00%, 4/1/09                         | B2/B+                          | 1  |
| 3,000                          | United Rentals North America, Inc., 10.75%, 4/15/08 (a)     | B1/BB-                         | -- |
| --                             |   |                                |    |
| 1                              |   |                                |    |
| ==                             |   |                                |    |
| ELECTRONICS--1.4%              |   |                                |    |
| 7,180                          | Imax Corp., 7.875%, 12/1/05                                 | Caa2/CCC                       | -- |
| 500                            | Integrated Electrical Services, Inc., 9.375%, 2/1/09 Ser. B | B2/B+                          | -- |
| 5,350                          | Salton, Inc., 10.75%, 12/15/05                              | B3/B                           | -- |
| 7,000                          | Sanmina-SCI Corp., 10.375%, 1/15/10                         | Ba2/BB-                        | -- |
| 1,100                          | Stoneridge, Inc., 11.50%, 5/01/12                           | B2/B                           | -- |
| --                             |   |                                |    |

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|        |  |         |  |
|--------|--|---------|--|
|        | ENERGY--0.7%   |         |  |
| 13,500 | Calpine Corp., 8.50%, 2/15/11                            | B1/CCC+ |  |
|        | ENTERTAINMENT--1.7%                                      |         |  |
| 4,350  | Alliance Atlantis Communications, Inc., 13.00%, 12/15/09 | B1/B    |  |
| 13,200 | Argosy Gaming Corp., 10.75%, 6/1/09                      | B2/B+   |  |
| 7,605  | Premier Parks, Inc., 9.75%, 6/15/07                      | B2/B    |  |
|        | HEALTHCARE--2.6%   |         |  |
| 4,000  | Beverly Enterprises, Inc., 9.00%, 2/15/06                | B1/B+   |  |
| 9,710  | Extendicare Health Services, Inc., 9.35%, 12/15/07       | B3/CCC+ |  |
| 4,000  | Hanger Orthopedic Group, Inc., 10.375%, 2/15/09          | B2/B-   |  |
| 5,000  | Province Healthcare Co., 7.50%, 6/1/13                   | B3/B-   |  |
| 6,500  | Select Medical Corp., 9.50%, 6/15/09                     | B2/B    |  |
| 6,000  | Triad Hospitals Holdings, Inc., 11.00%, 5/15/09          | B2/B    |  |
| 2,000  | Vicar Operating, Inc., 9.875%, 12/1/09                   | B3/B-   |  |
|        | HOME BUILDERS--1.1%                                      |         |  |
| 12,325 | Ryland Group, Inc., 9.125%, 6/15/11                      | Ba2/BB- |  |
| 3,500  | Standard-Pacific Corp., 9.50%, 9/15/10                   | Ba2/BB  |  |
|        | HOME FURNISHINGS--0.3%                                   |         |  |
| 4,225  | Central Garden & Pet Co., 9.125%, 2/1/13                 | B2/B+   |  |

| 8.31.03 | Nicholas-Applegate Convertible & Income Fund Semi-Annual Report 3

NICHOLAS-APPLGATE CONVERTIBLE & INCOME FUND SCHEDULE OF INVESTMENTS  
August 31, 2003 (unaudited)

| Principal<br>Amount<br>(000) |  | Credit Rating<br>(Moody's/S&P) |
|------------------------------|--|--------------------------------|
|                              | HOTELS/GAMING--2.0%  |                                |
| \$ 7,750                     | Alliance Gaming Corp., 10.00%, 8/1/07                        | B3/B                           |
| 8,500                        | Mandalay Resort Group, Inc., 10.25%, 8/1/07                  | Ba3/BB-                        |
| 3,000                        | Penn National Gaming, Inc., 11.125%, 3/1/08                  | B3/B-                          |
| 8,430                        | Wynn Resorts Ltd., 12.00%, 11/1/10                           | B3/CCC+                        |
|                              | LEISURE--1.7%  |                                |
| 11,250                       | Bally Total Fitness Holdings Corp., 9.875%, 10/15/07, Ser. D | B3/B-                          |
| 4,000                        | Bally Total Fitness Holdings Corp., 10.50%, 7/15/11 (a)      | B2/B                           |
| 9,900                        | Royal Caribbean Cruises, Inc., 8.75%, 2/2/11                 | Ba2/BB+                        |

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|        |   |           |  |
|--------|---|-----------|--|
|        | MISCELLANEOUS--4.3%   |           |  |
| 64,350 | HYDI 100, 8.00%, 6/20/08 (a)                                | B2/NA     |  |
|        | MULTI-MEDIA--4.3%   |           |  |
| 12,250 | Charter Communications, Inc., 10.75%, 10/1/09               | Ca/CCC-   |  |
| 5,960  | CSC Holdings, Inc., 9.875%, 2/15/13                         | B2/B+     |  |
| 8,115  | CSC Holdings, Inc., Ser. B, 7.625%, 4/1/11                  | B1/BB-    |  |
| 5,000  | DirectTV Holdings, Inc., 8.375% , 3/15/13 (a)               | B1/B      |  |
| 14,600 | Echostar DBS Corp., 10.375%, 10/1/07                        | Ba3/BB-   |  |
| 1,000  | Sinclair Broadcast Group, Inc., 8.75%, 12/15/11             | B2/B      |  |
| 3,000  | Spanish Broadcasting System., 9.625%, 11/1/09               | B3/B-     |  |
| 5,000  | Vivendi Universal SA., 9.25%, 4/15/10 (a)                   | B1/B+     |  |
| 10,600 | Xm Satellite Radio Holdings, Inc., 12.00%, 6/15/10 (a)      | Caa1/CCC+ |  |
|        | OFFICE FURNISHINGS--0.3%                                    |           |  |
| 5,000  | Tempur-Pedic Inc., 10.25%, 8/15/10 (a)                      | B3/B-     |  |
|        | OIL & GAS--2.3%   |           |  |
| 11,900 | Premcor Refining Group, Inc., 8.875%, 11/15/07              | B2/B      |  |
| 14,500 | Sonat, Inc., 7.625%, 7/15/11                                | Caa1/B    |  |
| 10,000 | Williams Cos. Inc., 9.25%, 3/15/04                          | B3/B+     |  |
|        | PAPER PRODUCTS--0.8%  |           |  |
| 12,000 | Georgia-Pacific Corp., 9.375%, 2/1/13 (a)                   | Ba2/BB+   |  |
|        | PHARMACEUTICALS--0.8%                                       |           |  |
| 4,130  | aaiPharma Inc., 11.00%, 4/1/10                              | Caa1/B-   |  |
| 7,000  | Alpharma, Inc., 8.625%, 5/1/11 (a)                          | B3/B+     |  |
|        | RETAIL--1.7%  |           |  |
| 4,500  | Hollywood Entertainment Corp., 9.625%, 3/15/11              | B3/B-     |  |
| 2,820  | Michaels Stores, Inc., 9.25%, 7/1/09                        | Ba1/BB+   |  |
| 14,990 | Rite Aid Corp., 11.25%, 7/1/08                              | Caa2/B-   |  |
| 2,000  | Tuesday Morning Corp., 11.00%, 12/15/07, Ser. B             | Ba3/B     |  |
|        | SEMI-CONDUCTORS--1.4%                                       |           |  |
| 12,625 | Amkor Technology, Inc., 10.50%, 5/1/09                      | B3/CCC+   |  |
| 7,195  | Fairchild Semiconductor International, Inc., 10.50%, 2/1/09 | B2/B      |  |

4 Nicholas-Applegate Convertible & Income Fund Semi-Annual Report | 8.31.03 |

NICHOLAS-APPLGATE CONVERTIBLE & INCOME FUND SCHEDULE OF INVESTMENTS  
August 31, 2003 (unaudited)

Principal



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| Amount<br>(000) |   | Credit Rating<br>(Moody's/S&P) |      |
|-----------------|---|--------------------------------|------|
| =====           |   |                                |      |
|                 | TELECOMMUNICATIONS--7.2%  |                                |      |
| \$13,500        | American Tower Corp., 9.375%, 2/1/09                              | Caa1/CCC                       | \$ 1 |
| 6,000           | Centennial Cellular Operating Co., 10.125%, 6/15/06 (a)           | Caa1/CCC                       |      |
| 14,490          | Crown Castle International, Inc., 9.00%-10.75%,<br>5/15/11-8/1/11 | B3/CCC                         | 1    |
| 11,970          | Nextel Communications, Inc., 12.00%, 11/1/08                      | B2/B+                          | 1    |
| 6,700           | Nextel Partners, Inc., 11.00%, 3/15/10                            | Caa1/CCC+                      |      |
| 12,000          | Nortel Networks Ltd., 6.125%, 2/15/06                             | B3/B                           | 1    |
| 5,500           | Pac-West Telecommunications, Inc., 13.50%, 2/1/09                 | Ca/NR                          |      |
| 10,000          | Spectrasite Inc., 8.25%, 5/15/10 (a)                              | B3/CCC+                        | 1    |
| 15,000          | Time Warner Telecom, Inc., 9.75%-10.125%,<br>7/15/08-2/1/11       | B3/CCC+                        | 1    |
| 13,495          | Triton PCS, Inc., 9.375%, 2/1/11                                  | B3/B-                          | 1    |
|                 |   |                                | ---  |
|                 |   |                                | 11   |
|                 |   |                                | ===  |
|                 | TEXTILES--0.5%  |                                |      |
| 6,426           | Interface, Inc., 9.50%, 11/15/05                                  | B3/CCC+                        |      |
| 2,000           | Interface, Inc., 10.375%, 2/01/10                                 | B2/B                           | ---  |
|                 |   |                                | ===  |
|                 | UTILITIES--0.8%   |                                |      |
| 12,500          | AES Corp., 9.50%, 6/1/09  | B3/B-                          | 1    |
|                 |   |                                | ---  |
|                 | WASTE DISPOSAL--0.9%  |                                |      |
| 12,500          | Allied Waste, Inc., 10.00%, 8/1/09, Ser. B                        | B2/B+                          | 1    |
|                 |   |                                | ---  |
|                 | Total Corporate Bonds & Notes (cost--\$594,248,399)               |                                |      |
|                 |   |                                | 61   |
|                 |   |                                | ===  |
| -----           |   |                                |      |
|                 | CONVERTIBLE BONDS & NOTES--32.1%                                  |                                |      |
| -----           |   |                                |      |
|                 | AEROSPACE--1.6%   |                                |      |
| 8,568           | GenCorp Inc., 5.75%, 4/15/07                                      | B3/B+                          |      |
| 12,899          | L-3 Communications Holdings, Inc., 5.25%, 6/1/09                  | Ba3/BB-                        | 1    |
|                 |   |                                | ---  |
|                 |   |                                | 2    |
|                 |   |                                | ===  |
|                 | AIRLINES--1.1%  |                                |      |
| 20,572          | Continental Airlines Inc., 4.50%, 2/1/07                          | Caa2/CCC+                      | 1    |
|                 |   |                                | ===  |
|                 | BUSINESS SERVICES--1.0%   |                                |      |
| 12,618          | Affiliated Computer Services, Inc., 3.50%, 2/15/06                | Baa2/BBB-                      | 1    |
|                 |   |                                | ===  |
|                 | COMMERCIAL SERVICES--1.0%   |                                |      |
| 14,824          | Quebecor World Color Press, Inc., 6.00%, 10/1/07                  | Baa3/BB+                       | 1    |
|                 |   |                                | ===  |
|                 | COMPUTERS--1.2%   |                                |      |
| 5,485           | Sandisk Corp., 4.50%, 11/15/06                                    | NR/CCC+                        | 1    |
|                 |   |                                | ===  |
|                 | DIVERSIFIED MANUFACTURING--1.1%                                   |                                |      |
| 14,436          | Tyco International Group SA, 3.125%, 1/15/23 (a)                  | Ba2/BBB-                       | 1    |
|                 |   |                                | ===  |
|                 | ELECTRONICS--1.2%   |                                |      |
| 15,923          | Cymer, Inc., 3.50%, 2/15/09                                       | NR/B-                          | 1    |
|                 |   |                                | ===  |

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|        |   |         |   |
|--------|---|---------|---|
| 17,256 | ENERGY--1.0%<br>Calpine Corp., 4.00%, 12/26/06                      | B1/CCC+ | 1 |
| =====  |   |         |   |
| 12,141 | FOOD SERVICES--1.1%<br>Performance Food Group, Co., 5.50%, 10/16/08 | NR/NR   | 1 |
| =====  |   |         |   |

| 8.31.03 | Nicholas-Applegate Convertible & Income Fund Semi-Annual Report 5

NICHOLAS-APPLGATE CONVERTIBLE & INCOME FUND SCHEDULE OF INVESTMENTS  
August 31, 2003 (unaudited)

| Principal<br>Amount<br>(000) |  | Credit Rating<br>(Moody's/S&P) |    |
|------------------------------|--|--------------------------------|----|
| =====                        |  |                                |    |
|                              | HEALTHCARE--0.5%                                     |                                |    |
| \$ 7,750                     | Advanced Medical Optics, Inc., 3.50%, 4/15/03 (a)    | NR/B                           | \$ |
| =====                        |  |                                |    |
|                              | INTERNET--2.3%                                       |                                |    |
| 18,000                       | E*Trade Group Inc., 6.00%, 2/1/07                    | NR/B-                          | 1  |
| 10,055                       | Symantec Corp., 3.00%, 11/1/06                       | NR/B                           | 1  |
| -----                        |  |                                |    |
| 3                            |  |                                |    |
| =====                        |  |                                |    |
|                              | MINING--1.2%   |                                |    |
| 8,757                        | Freeport-McMoRan Cooper & Gold, Inc., 8.25%, 1/31/06 | NR/B-                          | 1  |
| =====                        |  |                                |    |
|                              | MULTI-MEDIA--3.3%                                    |                                |    |
| 22,489                       | Charter Communications, Inc., 5.75%, 10/15/05        | Ca/CCC-                        | 1  |
| 14,245                       | Echostar Communications Corp., 5.75%, 5/15/08        | B2/B                           | 1  |
| 16,796                       | Liberty Media Corp., 3.25%, 3/15/31                  | Baa3/BBB-                      | 1  |
| -----                        |  |                                |    |
| 5                            |  |                                |    |
| =====                        |  |                                |    |
|                              | OIL & GAS--0.6%                                      |                                |    |
| 7,339                        | St. Mary Land & Exploration Corp., 5.75%, 3/15/22    | NR/NR                          |    |
| =====                        |  |                                |    |
|                              | PHARMACEUTICALS--1.9%                                |                                |    |
| 10,617                       | AmerisourceBergen Corp., 5.00%, 12/1/07              | Ba3/BB-                        | 1  |
| 5,529                        | Gilead Sciences, Inc., 5.00%, 12/15/07               | NR/NR                          | 1  |
| -----                        |  |                                |    |
| 2                            |  |                                |    |
| =====                        |  |                                |    |
|                              | REAL ESTATE--1.0%                                    |                                |    |
| 14,828                       | EOP Operating LP, 7.25%, 11/15/08                    | Baa1/BBB+                      | 1  |
| =====                        |  |                                |    |
|                              | RETAIL--2.8%   |                                |    |
| 12,159                       | Gap, Inc., 5.75%, 3/15/09                            | Ba3/BB+                        | 1  |
| 7,600                        | Guitar Center, Inc., 4.00%, 7/15/13                  | B1/B+                          |    |
| 15,708                       | Sonic Automotive, Inc., 5.25%, 5/7/09                | B3/B+                          | 1  |
| -----                        |  |                                |    |
| 4                            |  |                                |    |
| =====                        |  |                                |    |
|                              | SEMI-CONDUCTORS--1.1%                                |                                |    |
| 17,742                       | Ankor Technology, Inc., 5.00%-5.75%, 6/1/06-3/15/07  | B3/CCC+                        | 1  |

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| SOFTWARE--3.0%                                       |   |           |    |
|--|---|-----------|----|
| 12,100   | Computer Associates International, Inc., 5.00%, 3/15/07 | Baa2/BBB+ | 1  |
| 14,043   | HNC Software, Inc., 5.25%, 9/1/08                       | NR/NR     | 1  |
| 13,325   | Network Associates, Inc., 5.25%, 8/15/06                | NR/NR     | 1  |
| TELECOMMUNICATIONS--3.1%                             |   |           |    |
| 17,000   | American Tower Corp., 5.00%, 2/15/10                    | Caa1/CCC  | 1  |
| 13,240   | Crown Castle International, Inc., 4.00%, 7/15/10        | NR/CCC    | 1  |
| 18,730   | Nortel Networks Corp., 4.25%, 9/1/08                    | B3/B      | 1  |
| WASTE DISPOSAL--1.0%                                 |   |           |    |
| 14,063   | Waste Connections, Inc., 5.50%, 4/15/06                 | B2/B+     | 1  |
| Total Convertible Bonds & Notes (cost-\$452,480,009) |   |           | 48 |

6 Nicholas-Applegate Convertible & Income Fund Semi-Annual Report | 8.31.03 |

NICHOLAS-APPLGATE CONVERTIBLE & INCOME FUND SCHEDULE OF INVESTMENTS  
August 31, 2003 (unaudited)

| Shares<br>(000)                    |   | Credit Rating<br>(Moody's/S&P) |      |
|------------------------------------|---|--------------------------------|------|
| CONVERTIBLE PREFERRED STOCK--21.0% |   |                                |      |
| AEROSPACE--1.9%                    |   |                                |      |
| 137                                | Northrop Grumman Corp., 7.25%, 11/16/04           | NR/NR                          | \$ 1 |
| 272                                | Raytheon, Co., 8.25%, 5/15/04                     | NR/BB                          | 1    |
| AUTOMOTIVE--2.2%                   |   |                                |      |
| 334                                | Ford Motor Corp Capital Trust II., 6.50%, 1/15/32 | Baa2/BB+                       | 1    |
| 728                                | General Motors Corp., 6.25%, 7/15/33, Ser. C      | Baa1/BBB                       | 1    |
| BANKING--1.2%                      |   |                                |      |
| 339                                | Washington Mutual, Inc., 5.375%, 5/3/41           | Baa1/BBB-                      | 1    |
| COMMERCIAL SERVICES--1.0%          |   |                                |      |
| 412                                | United Rentals, Inc., 6.50%, 8/1/28               | B3/B                           | 1    |
| CONSUMER SERVICES--1.1%            |   |                                |      |
| 361                                | Cendant Corp., 7.75%, 8/17/04                     | Baa1/BBB                       | 1    |
| ELECTRONICS--1.3%                  |   |                                |      |
| 1,222                              | Solelectron Corp., 7.25%, 11/15/04                | B2/B                           | 2    |

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|       |  |          |  |     |
|-------|--|----------|--|-----|
|       | FINANCIAL SERVICES--2.1%                               |          |  |     |
| 376   | Capital One Financial Corp., 6.25%, 5/17/05            | Baa3/BB+ |  | 1   |
| 273   | Prudential Financial, Inc., 6.75%, 11/15/04            | A3/A-    |  | 1   |
|       |  |          |  | --- |
|       |  |          |  | 3   |
|       |  |          |  | === |
|       | HEALTHCARE--0.9%                                       |          |  |     |
| 161   | Anthem, Inc., 6.00%, 11/15/04                          | NR/BBB-  |  | 1   |
|       |  |          |  | === |
|       | INSURANCE--1.0%  |          |  |     |
| 512   | Platinum Underwriters Holdings, Ltd., 7.00%, 11/16/05  | NR/NR    |  | 1   |
|       |  |          |  | === |
|       | MULTI-MEDIA--1.0%                                      |          |  |     |
| 694   | Equity Securities Trust I, 6.50%, 11/15/04             | NR/NR    |  | 1   |
| **    | Radio One, Inc., 6.50%, 7/15/05                        | B3/CCC+  |  | 1   |
|       |  |          |  | --- |
|       |  |          |  | 1   |
|       |  |          |  | === |
|       | OFFICE EQUIPMENT--1.2%                                 |          |  |     |
| 282   | Xerox Corp., 7.50%, 11/27/21 (a)                       | B3/B-    |  | 1   |
|       |  |          |  | === |
|       | OIL & GAS--2.0%  |          |  |     |
| 260   | Chesapeake Energy Corp., 6.00%, 12/31/49 (a)           | B3/B-    |  | 1   |
| 502   | El Paso Corp., 9.00%, 8/16/05                          | Caal/NR  |  | 1   |
|       |  |          |  | --- |
|       |  |          |  | 3   |
|       |  |          |  | === |
|       | RAILROADS--1.0%  |          |  |     |
| 294   | Union Pacific Capital Trust, 6.25%, 4/1/28             | Ba1/BB+  |  | 1   |
|       |  |          |  | === |
|       | TELECOMMUNICATIONS--2.1%                               |          |  |     |
| 34    | Corning, Inc., 7.00%, 8/16/05                          | B1/BB-   |  | 1   |
| 1     | Nortel Networks Corp., 7.00%, 8/15/05                  | NR/NR    |  | 1   |
| 2,434 | Sprint Corp. (FON Group), 7.125%, 8/17/04              | NR/NR    |  | 1   |
|       |  |          |  | --- |
|       |  |          |  | 3   |
|       |  |          |  | === |
|       | UTILITIES--1.0%  |          |  |     |
| 25    | AES Trust III, 6.75%, 10/15/29                         | Ca/CCC+  |  | 1   |
| 260   | FPL Group, Inc., 8.00%, 2/16/06                        | NR/A-    |  | 1   |
|       |  |          |  | --- |
|       |  |          |  | 1   |
|       |  |          |  | === |
|       | Total Convertible Preferred Stock (cost-\$299,377,305) |          |  | 32  |
|       |  |          |  | === |

| 8.31.03 | Nicholas-Applegate Convertible & Income Fund Semi-Annual Report 7

NICHOLAS-APPLGATE CONVERTIBLE & INCOME FUND SCHEDULE OF INVESTMENTS  
August 31, 2003 (unaudited)

Principal  
Amount  
(000)

=====

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U.S. GOVERNMENT SECURITIES-6.7%

United States Treasury Notes,  
 \$88,000 9.375%-10.75%, 8/15/05-2/15/06, (cost-\$103,440,221)

TOTAL INVESTMENTS (cost-\$1,449,545,934+)--100%

NOTES TO SCHEDULE OF INVESTMENTS:

\* Long-Term debt securities are valued by an independent pricing service authorized by the Board of Trustees.

\*\* Less than 500 shares.

(a) Security exempt from registration under Rule 144a of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically to qualified institutional investors. At August 31, 2003, these securities amounted to \$198,795,371 or 13.0% of investments.

+ The cost basis of portfolio securities for federal income tax purposes is \$1,449,545,934. Aggregate gross unrealized appreciation for securities in which there is an excess of value over tax cost is \$87,037,645; aggregate gross unrealized depreciation for securities in which there is an excess of tax over value is \$10,946,224; net unrealized appreciation for federal income tax purposes is \$76,091,421.

GLOSSARY:

HYDI -- JP Morgan High Yield Debt Index

NR -- Not Rated

8 Nicholas-Applegate Convertible & Income Fund Semi-Annual Report  
 | 8.31.03 | SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NICHOLAS-APPLGATE CONVERTIBLE & INCOME FUND STATEMENT OF ASSETS AND LIABILITIES  
 August 31, 2003 (unaudited)

|  |                      |
|--|----------------------|
| ASSETS:                                      |                      |
| Investments, at value (cost-\$1,449,545,934) | \$1,525,637,355      |
| Cash   | 3,947,281            |
| Interest and dividends receivable            | 19,631,759           |
| Receivable for investments sold              | 8,657,013            |
| Prepaid expenses                             | 69,481               |
| <b>Total Assets</b>                          | <b>1,557,942,889</b> |

LIABILITIES:

Payable for investments purchased 9,922,499

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|   |                 |
|---|-----------------|
| -----   | -----           |
| Dividends payable to common and preferred shareholders  | 8,315,421       |
| -----   | -----           |
| Investment management fees payable  | 895,119         |
| -----   | -----           |
| Common stock and preferred shares offering costs payable  | 178,871         |
| -----   | -----           |
| Accrued expenses  | 163,111         |
| -----   | -----           |
| Total Liabilities   | 19,475,021      |
| -----   | -----           |
| PREFERRED SHARES (\$0.00001 PAR VALUE; \$25,000 NET ASSET<br>AND LIQUIDATION VALUE PER SHARE APPLICABLE TO 21,000<br>SHARES ISSUED AND OUTSTANDING) | 525,000,000     |
| -----   | -----           |
| NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS  | \$1,013,467,868 |
| =====   | =====           |
| COMPOSITION OF NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS:  |                 |
| Common Stock:   |                 |
| Par value (\$0.00001 per share applicable to 65,853,512<br>shares issued and outstanding)   | \$          659 |
| -----   | -----           |
| Paid-in-capital in excess of par  | 936,324,739     |
| -----   | -----           |
| Dividends in excess of net investment income  | (870,181)       |
| -----   | -----           |
| Net realized gain on investments  | 1,921,230       |
| -----   | -----           |
| Net unrealized appreciation of investments  | 76,091,421      |
| -----   | -----           |
| NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS  | \$1,013,467,868 |
| =====   | =====           |
| NET ASSET VALUE PER COMMON SHARE  | \$15.39         |
| =====   | =====           |

Nicholas-Applegate Convertible & Income Fund Semi-Annual Report | 8.31.03 |  
SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS 9

NICHOLAS-APPLGATE CONVERTIBLE & INCOME FUND STATEMENT OF OPERATIONS  
For the period March 31, 2003\* through August 31, 2003 (unaudited)

|                                     |               |
|-------------------------------------|---------------|
| =====                               |               |
| INVESTMENT INCOME:                  |               |
| Interest                            | \$ 27,362,863 |
| -----                               | -----         |
| Dividends                           | 10,664,699    |
| -----                               | -----         |
| Total Investment Income             | 38,027,562    |
| -----                               | =====         |
| EXPENSES:                           |               |
| Investment management fees          | 3,846,365     |
| -----                               | -----         |
| Auction agent fees and commissions  | 359,589       |
| -----                               | -----         |
| Custodian and accounting agent fees | 82,950        |
| -----                               | -----         |

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|  |                |
|--|----------------|
| Audit and tax services   | 31,066         |
| -----  | -----          |
| Shareholder reports  | 21,698         |
| -----  | -----          |
| Trustees' fees and expenses  | 15,400         |
| -----  | -----          |
| Investor relations   | 14,830         |
| -----  | -----          |
| Transfer agent fees  | 12,508         |
| -----  | -----          |
| Legal fees   | 12,492         |
| -----  | -----          |
| New York Stock Exchange listing fee  | 7,347          |
| -----  | -----          |
| Insurance expense  | 4,801          |
| -----  | -----          |
| Miscellaneous  | 4,557          |
| -----  | -----          |
| Total expenses   | 4,413,603      |
| -----  | -----          |
| NET INVESTMENT INCOME  | 33,613,959     |
| =====  | =====          |
| <br>   |                |
| REALIZED AND UNREALIZED GAIN:  |                |
| Net realized gain on investments   | 1,921,230      |
| -----  | -----          |
| Net unrealized appreciation of investments   | 76,091,421     |
| -----  | -----          |
| Net realized and unrealized gain on investments  | 78,012,651     |
| -----  | -----          |
| NET INCREASE IN NET ASSETS RESULTING FROM INVESTMENT OPERATIONS                                      | 111,626,610    |
| =====  | =====          |
| DIVIDENDS ON PREFERRED SHARES FROM NET INVESTMENT INCOME   | (1,680,444)    |
| -----  | -----          |
| NET INCREASE IN NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS<br>RESULTING FROM INVESTMENT OPERATIONS | \$ 109,946,166 |
| =====  | =====          |

\* Commencement of operations

10 Nicholas-Applegate Convertible & Income Fund Semi-Annual Report | 8.31.03 |  
SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

|   |               |
|---|---------------|
| NICHOLAS-APPLGATE CONVERTIBLE & INCOME FUND STATEMENT OF CHANGES IN NET ASSETS<br>APPLICABLE TO COMMON SHAREHOLDERS |               |
| For the period March 31, 2003* through August 31, 2003 (unaudited)  |               |
| =====   |               |
| INVESTMENT OPERATIONS:  |               |
| Net investment income   | \$ 33,613,959 |
| -----   | -----         |
| Net realized gain on investments  | 1,921,230     |
| -----   | -----         |
| Net unrealized appreciation on investments  | 76,091,421    |
| -----   | -----         |
| Net increase in net assets resulting from investment<br>operations  | 111,626,610   |
| =====   | =====         |
| DIVIDENDS ON PREFERRED SHARES FROM NET INVESTMENT INCOME  | (1,680,444)   |
| -----   | -----         |
| Net increase in net assets applicable to common shareholders<br>resulting from investment operations                | 109,946,166   |

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|  |                 |
|--|-----------------|
| -----  | -----           |
| DIVIDENDS TO COMMON SHAREHOLDERS FROM NET INVESTMENT INCOME                                  | (32,803,696)    |
| -----  | -----           |
| CAPITAL SHARE TRANSACTIONS:  |                 |
| Net proceeds from the sale of common stock   | 936,067,125     |
| -----  | -----           |
| Preferred shares underwriting discount charged to paid-in capital in excess of par           | (5,250,000)     |
| -----  | -----           |
| Common stock and preferred shares offering costs charged to paid-in capital in excess of par | (2,125,000)     |
| -----  | -----           |
| Reinvestment of dividends  | 7,533,270       |
| -----  | -----           |
| Net increase from capital share transactions   | 936,225,395     |
| -----  | -----           |
| Total increase in net assets applicable to common shareholders                               | 1,013,367,865   |
| =====  | =====           |
| NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS:  |                 |
| Beginning of period  | 100,003         |
| -----  | -----           |
| End of period (including dividends in excess of net investment income of \$870,181)          | \$1,013,467,868 |
| =====  | =====           |
| COMMON SHARES ISSUED AND REINVESTED:   |                 |
| Issued   | 65,345,000      |
| -----  | -----           |
| Issued in reinvestment of dividends  | 501,531         |
| -----  | -----           |
| NET INCREASE   | 65,846,531      |
| =====  | =====           |
| * Commencement of operations   |                 |

Nicholas-Applegate Convertible & Income Fund Semi-Annual Report | 8.31.03 |  
SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS 11

NICHOLAS-APPLGATE CONVERTIBLE & INCOME FUND NOTES TO FINANCIAL STATEMENTS  
August 31, 2003  
(unaudited)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nicholas-Applegate Convertible & Income Fund (the "Fund") was organized as a Massachusetts business trust on January 17, 2003. Prior to commencing operations on March 31, 2003, the Fund had no operations other than matters relating to its organization and registration as a diversified, closed-end management investment company under the Investment Company Act of 1940, as amended, and the sale and issuance of 6,981 shares of beneficial interest at an aggregate purchase price of \$100,003 to Allianz Dresdner Asset Management of America, L.P. ("ADAM"). PIMCO Advisors Fund Management LLC (the "Investment Manager") serves as the Fund's investment manager and is an indirect wholly-owned subsidiary of ADAM which is an indirect, majority-owned subsidiary of Allianz AG. The Fund has an unlimited amount of \$0.00001 par value common stock authorized.



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The Fund's investment objective is to provide total return through a combination of capital appreciation and high current income. The Fund attempts to achieve this objective by investing in portfolio of convertible securities and non-convertible income-producing securities.

The Fund issued 60,000,000 shares of common stock, in its initial public offering. An additional 5,345,000 shares were issued in connection with the exercise of the underwriters' over-allotment option. These shares were all issued at \$15.00 per share before an underwriting discount of \$0.675 per share. Offering costs of \$1,600,000 (representing \$0.024 per share) were offset against the proceeds of the offering and have been charged to paid-in capital in excess of par. The Investment Manager agreed to pay all common offering costs (other than the sales load) exceeding \$0.03 per share. In addition, the underwriters commission and offering costs associated with the issuance of Preferred Shares in the amounts of \$5,250,000 and \$525,000, respectively, have been charged to paid-in-capital in excess of par.

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates. In the normal course of business, the Fund enters into contracts that contain a variety of representations which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund expects the risk of any loss to be remote.

The following is a summary of significant accounting policies followed by the Fund.

### (a) VALUATION OF INVESTMENTS

Portfolio securities and other assets for which market quotations are readily available are valued each day at market value. Market value is generally determined on the basis of the last reported sales price, or if no sales are reported, based on quotes obtained from a quotation reporting system, established market makers, or independent pricing services approved by the Board of Trustees. Any security or other asset for which market quotations are not readily available is valued at fair value as determined in good faith under procedures established by the Board of Trustees. Short-term debt securities having a remaining maturity of sixty days or less are valued at amortized cost or amortized value, which approximates market value.

### (b) INVESTMENT TRANSACTIONS AND INVESTMENT INCOME

Investment transactions are accounted for on the trade date. Realized gains and losses on investments are determined on the identified cost basis. Interest income is recorded on an accrual basis. Discounts or premiums on debt securities purchased are accreted or amortized to interest income over the lives of the respective securities using the effective interest method.

### (c) FEDERAL INCOME TAXES

The Fund intends to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, no provision for U.S. federal income taxes is required. In addition, by distributing substantially all of its ordinary income and long-term capital gains, if any, during each calendar year, the Fund intends not to be subject to U. S. federal excise tax.

### (d) DIVIDENDS AND DISTRIBUTIONS--COMMON STOCK

The Fund declares dividends from net investment income monthly to common shareholders. Distributions of net realized capital gains, if any, are paid at least annually. The Fund records dividends and distributions to its shareholders

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on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations, which may differ from generally accepted accounting principles. These "book-tax" differences are either considered temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal income tax treatment; temporary differences do not require reclassification. To the extent these dividends and/or distributions exceed current and accumulated earnings and profits for federal income tax purposes they are reported as dividends and/or distributions of paid-in capital in excess of par.

12 Nicholas-Applegate Convertible & Income Fund Semi-Annual Report | 8.31.03 |

NICHOLAS-APPLGATE CONVERTIBLE & INCOME FUND NOTES TO FINANCIAL STATEMENTS  
August 31, 2003  
(unaudited)

### (e) CONCENTRATION OF RISK

It is the Fund's policy to invest the majority of its assets in convertible securities. Although convertible securities do derive part of their value from that of the securities into which they are convertible, they are not considered derivative financial instruments. However, certain of the Fund's investments include features which render them more sensitive to price changes in their underlying securities. Thus they expose the Fund to greater downside risk than traditional convertible securities, but still less than that of the underlying common stock.

### 2. INVESTMENT MANAGER AND SUB-ADVISER

Pursuant to the Investment Management Agreement, the Fund pays the Investment Manager an annual management fee, payable monthly, at the annual rate of 0.70% of the Fund's average daily total managed assets. Total managed assets refer to the total assets of the Fund (including assets attributable to any Preferred Shares or other forms of leverage that may be outstanding) minus accrued liabilities (other than liabilities representing leverage). The Investment Manager has retained its affiliate, Nicholas-Applegate Capital Management LLC ("NACM"), to manage the Fund's investments. For its services, the Investment Manager (not the Fund) will pay NACM a monthly fee equal to (i) 50% of the management fee payable by the Fund to the Investment Manager for such month with respect to the first \$300 million of the Fund's average daily total managed assets and (ii) 75% of the management fee payable by the Fund to the Investment Manager for such month with respect to the Fund's average daily total managed assets in excess of \$300 million; provided however, that the amounts payable under (i) and (ii) above shall be reduced to reflect that NACM will bear 50% and 75%, respectively, of any "Service or Incentive Fees" payable by the Investment Manager for such month with respect to the specified total managed assets. For these purposes, "Service or Incentive Fees" for any period equals the sum of any shareholder servicing fees payable by the Investment Manager to UBS Warburg LLC, the lead underwriter of the Fund's shares, and any incentive fees payable by the Investment Manager to other underwriters for such period.

### 3. INVESTMENT IN SECURITIES

For the period ended August 31, 2003, purchases and sales of investments, other than short-term securities, were \$1,886,185,579 and \$417,165,218, respectively.

### 4. AUCTION PREFERRED SHARES

The Fund has issued 4,200 shares of Preferred Shares Series A, 4,200 shares of Preferred Shares Series B, 4,200 shares of Preferred Shares Series C, 4,200

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shares of Preferred Shares Series D, and 4,200 shares of Preferred Shares Series E each with a net asset and liquidation value of \$25,000 per share plus accrued dividends.

Dividends are accumulated daily at an annual rate set through auction procedures. Distributions of net realized capital gains, if any, are paid annually.

For the period ended August 31, 2003, the annualized dividend rate ranged from:

|          | High  | Low   | At 8/31/03 |
|----------|-------|-------|------------|
| Series A | 1.32% | 1.05% | 1.12%      |
| Series B | 1.30% | 1.03% | 1.12%      |
| Series C | 1.35% | 1.00% | 1.12%      |
| Series D | 1.30% | 1.00% | 1.10%      |
| Series E | 1.30% | 1.05% | 1.12%      |

The Fund is subject to certain limitations and restrictions while preferred shares are outstanding. Failure to comply with these limitations and restrictions could preclude the Fund from declaring any dividends or distributions to common shareholders or repurchasing common shares and/or could trigger the mandatory redemption of Preferred Shares at their liquidation value.

Preferred Shares, which are entitled to one vote per share, generally vote with the common stock but vote separately as a class to elect two Trustees and on any matters affecting the rights of the Preferred Shares.

5. SUBSEQUENT DIVIDEND DECLARATIONS--COMMON SHAREHOLDERS

On September 2, 2003, a dividend of \$0.125 per share was declared to common shareholders payable October 1, 2003 to shareholders of record on September 12, 2003.

On October 1, 2003, a dividend of \$0.125 per share was declared to common shareholders payable November 3, 2003 to shareholders of record on October 10, 2003.

| 8.31.03 | Nicholas-Applegate Convertible & Income Fund Semi-Annual Report 13

NICHOLAS-APPLGATE CONVERTIBLE & INCOME FUND FINANCIAL HIGHLIGHTS

For a share of common stock outstanding for the period March 31, 2003\* through August 31, 2003 (unaudited)

=====

Net asset value, beginning of period

INCOME FROM INVESTMENT OPERATIONS:

Net investment income

Net realized and unrealized gain on investments

Total from investment operations

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### DIVIDENDS ON PREFERRED SHARES FROM NET INVESTMENT INCOME

Net increase in net assets applicable to common shareholders resulting from investment operations

### DIVIDENDS AND DISTRIBUTIONS TO COMMON SHAREHOLDERS FROM NET INVESTMENT INCOME

#### CAPITAL SHARE TRANSACTIONS:

Common stock offering costs charged to paid-in capital in excess of par

Preferred shares offering costs/underwriting discounts charged to paid-in capital in excess of par

Total capital share transactions

Net asset value, end of period

Market price, end of period

TOTAL INVESTMENT RETURN (1)

#### RATIOS/SUPPLEMENTAL DATA:

Net assets applicable to common shareholders, end of period (000)

Ratio of expenses to average net assets (2) (3)

Ratio of net investment income to average net assets (2) (3)

Preferred shares asset coverage per share

Portfolio turnover

\* Commencement of operations

\*\* Initial public offering price of \$15.00 per share less underwriting discount of \$0.675 per share.

(1) Total investment return is calculated assuming a purchase of common stock at the current market price on the first day of the period and a sale at the current market price on the last day of the period reported. Dividends are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions or sales charges. Total investment return for a period of less than one year is not annualized.

(2) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders.

(3) Annualized

14 Nicholas-Applegate Convertible & Income Fund Semi-Annual Report | 8.31.03 |  
SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

#### TRUSTEES AND PRINCIPAL OFFICERS

Stephen Treadway

Chairman

Paul Belica

Trustee

Robert E. Connor

Trustee

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John J. Dalessandro II

Trustee

Brian S. Shlissel

President & Chief Executive Officer

Newton B. Schott, Jr.

Vice President & Secretary

Douglas Forsyth

Vice President

Lawrence G. Altadonna

Treasurer, Principal Financial & Accounting Officer

INVESTMENT MANAGER

PIMCO Advisors Fund Management LLC

1345 Avenue of the Americas

New York, NY 10105

SUB-ADVISER

Nicholas-Applegate Capital Management LLC

600 West Broadway, 30th Flr

San Diego, California 92101

TRANSFER AGENT, DIVIDEND PAYING AGENT AND REGISTRAR

PFPC Inc.

400 Bellevue Parkway

Wilmington, DE 19809

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP

1177 Avenue of the Americas

New York, NY 10036

LEGAL COUNSEL

Ropes & Gray

One International Place

Boston, MA 02210-2624

This report, including the financial information herein, is transmitted to the shareholders of Nicholas Applegate Convertible & Income Fund for their information. It is not a prospectus, circular or representation intended for use in the purchase of shares of the Funds or any securities mentioned in this report.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that from time to time each Fund may purchase shares of its common stock in the open market.

The financial information included herein is taken from the records of the Fund without examination by independent auditors, who did not express an opinion hereon.

Daily information on the Fund is available at [www.pimcoadvisors.com](http://www.pimcoadvisors.com) or by calling 1-800-331-1710.

[LOGO PIMCO ADVISORS]

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ITEM 2. CODE OF ETHICS Not required in this filing

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT Not required in this filing

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES Not required in this filing

ITEM 5. [RESERVED]

ITEM 6. [RESERVED]

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES Not required in this filing

ITEM 8. [RESERVED]

ITEM 9. CONTROLS AND PROCEDURES

- (a) The registrant's President and Chief Executive Officer and Principal Financial Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended) are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.
- (b) There were no significant changes in the registrant's internal controls or in factors that could affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

ITEM 10. EXHIBITS

- (a)(1) CODE OF ETHICS Not required in this filing
- (a)(2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Act (17 CFR 270.30a-2). Attached as Exhibit 99.CERT.
- (b) Certifications for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(b) under the Act (17 CFR 270.30a-2). Furnished as Exhibit 99.906CERT.

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.

Nicholas-Applegate Convertible & Income Fund

By /s/ Brian S. Shlissel

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Brian S. Shlissel, President & Chief Executive Officer

Date: October 28, 2003

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

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dates indicated.

By /s/ Brian S. Shlissel

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Brian S. Shlissel, President & Chief Executive Officer

Date: October 28, 2003

By /s/ Lawrence G. Altadonna

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Lawrence G. Altadonna, Treasurer, Principal Financial & Accounting Officer

Date: October 28, 2003