

NICHOLAS APPLGATE CONVERTIBLE & INCOME FUND II
Form N-CSR
May 09, 2006

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 811-21238

Nicholas-Applegate Convertible & Income Fund II
(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)

Lawrence G. Altadonna - 1345 Avenue of the Americas, New York, New York 10105
(Name and address of agent for service)

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

Date of fiscal year end: February 28, 2006

Date of reporting period: February 28, 2006

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. § 3507.

ITEM 1. REPORT TO SHAREHOLDERS

Nicholas-Applegate Convertible & Income Fund

Nicholas-Applegate Convertible & Income Fund II

Annual Report
February 28, 2006

Contents

Letter to Shareholders	1
Performance & Statistics	2-3
Schedules of Investments	4-15
Statements of Assets and Liabilities	16
Statements of Operations	17
Statements of Changes in Net Assets	18-19
Notes to Financial Statements	20-24
Financial Highlights	25-26
Report of Independent Registered Public Accounting Firm	27
Tax Information	28
Privacy Policy and Proxy Voting	
Policies & Procedures	29
Dividend Reinvestment Plan	30
Board of Trustees	31
Principal Officers	32

Nicholas-Applegate Convertible & Income Funds Letter to Shareholders

April 17, 2006

Dear Shareholder:

We are pleased to provide you with the annual report for Nicholas-Applegate Convertible & Income Fund and Nicholas-Applegate Convertible & Income Fund II (the "Funds") for the fiscal periods ended February 28, 2006. Please note that Nicholas-Applegate Convertible & Income Fund II changed its fiscal year-end from June 30 to February 28. Accordingly, the accompanying financial statements cover the eight-month period from July 1, 2005 to February 28, 2006.

The convertible market finished the twelve-month period ended February 28, 2006 on a positive note, as the Merrill Lynch All-Convertible Index increased 11.60%. For this period, the convertible market outperformed the Dow Jones Industrial Average but lagged both the S&P 500 Index and NASDAQ Composite Index. U.S. debt markets, as represented by the Lehman Brothers Aggregate Bond Index, produced positive, though modest, returns during the twelve-month period.

In this environment, Nicholas-Applegate Convertible & Income had a net asset value and market price return of 5.44% and 14.30%, respectively, for the reporting period. Nicholas-Applegate Convertible & Income II had a net asset value and market price return of 9.90% and 12.10%, respectively, for the eight-month period. Careful security selection was a key driver of the Funds' performance. In the convertible portion of the portfolios, top performers were companies with improving operating statistics and those exceeding expectations, while exposure to automotive and transport issues proved to be a drag on performance. In the high-yield portion of the portfolios, upgrades exceeded downgrades across many industries, which was a positive for performance. Some of the more duration-sensitive holdings, however, detracted from performance as interest rates rose slightly over the reporting period.

Please review the following pages for more information on the Funds. If you have any questions regarding the information provided, we encourage you to contact your financial advisor or call the Funds' shareholder servicing agent at (800) 331-1710. You will also find a wide range of information and resources on our Web site, www.allianzinvestors.com/closedendfunds.

Together with Allianz Global Investors Fund Management LLC, the Funds' investment manager, and Nicholas-Applegate Capital Management, the Funds' sub-adviser, we thank you for investing with us.

We remain dedicated to serving your financial needs.

Robert E. Connor
Chairman

Brian S. Shlissel
President & Chief Executive Officer

Nicholas-Applegate Convertible & Income Fund Performance & Statistics

February 28, 2006 (unaudited)

Symbol: NCV	Primary Investments: At least 50% of total assets in convertible securities.	Inception Date: March 31, 2003
Objective: Seeks to provide total return through a combination of capital appreciation and high current income.		Net Assets⁽¹⁾ : \$1,542.8 million
		Portfolio Manager: Douglas Forsyth

Total Return⁽²⁾ :	Market Price	Net Asset Value (NAV)
1 year	14.30%	5.44%
Commencement of Operations (3/31/03) to 2/28/06	15.35%	14.55%

**Market
Price/NAV:**

Market Price	\$15.69
NAV	\$14.69

**Common Share Market Price/NAV
Performance:**

Premium to NAV	6.81%
Commencement of Operations (3/31/03) to 2/28/06	Market Price Yield(3) 9.56%

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

(2) **Past performance is no guarantee of future results.** Total return is calculated by subtracting the value of an investment in the Fund at the beginning of each specified period from the value at the end of the period and dividing the remainder by the value of the investment at the beginning of the period and expressing the result as a percentage. The calculation assumes that

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all income dividends and capital gain distributions have been reinvested at prices obtained under the Fund's dividend reinvestment plan. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual return.

An investment in the Fund involves risk, including the loss of principal. Total 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 at February 28, 2006.

2 Nicholas-Applegate Convertible & Income Funds Annual Report | 2.28.06

Nicholas-Applegate Convertible & Income Fund II Performance & Statistics

February 28, 2006 (unaudited)

Symbol:

NCZ

Primary Investments:

At least 50% of total assets in convertible securities.

Inception Date:

July 31, 2003

Objective:

Seeks to provide total return through a combination of capital appreciation and high current income.

Total Net Assets⁽¹⁾:

\$1,355.8 million

Portfolio Manager:

Douglas Forsyth

Total Return⁽²⁾ :

Market Price Net Asset Value (NAV)

8 months ended February 28, 2006

12.10%

9.90%

Commencement of Operations (7/31/03) to 2/28/06

10.26%

12.40%

Market Price/NAV:

Market Price

\$15.14

NAV

\$14.70

Premium to NAV

2.99%

Common Share Market Price/NAV Performance:

Market Price Yield⁽³⁾

9.16%

Commencement of Operations (7/31/03) to 2/28/06

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

(2) **Past performance is no guarantee of future results.** Total return is calculated by subtracting the value of an investment in the Fund at the beginning of each specified period from the value at the end of the period and dividing the remainder by the value of the investment at the beginning of the period and expressing the result as a percentage. The calculation assumes that all of the Fund's income dividends and capital gain distributions have been reinvested at prices obtained under the dividend reinvestment plan. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual return.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market 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 onetime 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 at February 28, 2006.

Nicholas-Applegate Convertible & Income Fund Schedule of Investments

February 28, 2006

Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
CORPORATE BONDS & NOTES 40.7%			
Apparel 1.5%			
	Levi Strauss & Co.		
\$ 2,000	9.75%, 1/15/15	B3/B-	\$ 2,140,000
10,295	12.25%, 12/15/12	B3/B-	11,762,038
2,890	Oxford Industries, Inc., 8.875%, 6/1/11	B2/B	2,976,700
2,005	Phillips-Van Heusen Corp., 8.125%, 5/1/13	B1/BB	2,140,337
2,965	Warnaco, Inc., 8.875%, 6/15/13	B1/B+	3,172,550
			22,191,625
Automotive 0.6%			
11,543	HLI Operating Co., Inc., 10.50%, 6/15/10	Caa3/B-	9,811,550
Chemicals 4.0%			
5,713	Huntsman LLC, 11.625%, 10/15/10	Ba3/BB-	6,512,820
13,590	IMC Global, Inc., 11.25%, 6/1/11	Ba/BB	14,575,275
	Lyondell Chemical Co.,		
3,120	9.625%, 5/1/07, Ser. A	B1/BB-	3,229,200
5,115	10.875%, 5/1/09	B3/B	5,217,300
5,435	11.125%, 7/15/12	B1/BB-	6,005,675
5,125	PolyOne Corp., 10.625%, 5/15/10	B3/B+	5,496,563
12,450	Resolution Performance Products, Inc., 13.50%, 11/15/10	Caa2/B-	13,321,500
4,830	Rhodia S.A., 10.25%, 6/1/10	B3/CCC+	5,457,900
			59,816,233
Commercial Services 1.1%			
5,400	Hertz Corp., 10.50%, 1/1/16 (a)	B3/B	5,818,500
10,005	Vertrue, Inc., 9.25%, 4/1/14	B2/B	10,255,125
			16,073,625
Computers 0.0%			
600	Unisys Corp., 8.00%, 10/15/12	Ba3/BB-	585,000
Electric 2.8%			
13,025	AES Corp., 9.50%, 6/1/09	B1/B-	14,083,281
12,750	Mission Energy Holdings Co., 13.50%, 7/15/08	B2/CCC+	14,694,375
11,755	PSEG Energy Holdings LLC, 10.00%, 10/1/09	Ba3 /BB-	13,165,600

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			41,943,256
	Electronics	1.6%	
11,795	IMAX Corp., 9.625, 12/1/10	B3/B-	12,178,337
12,170	Stoneridge, Inc., 11.50%, 5/1/12	B2/B+	12,139,575
			24,317,912
	Environmental Control	0.8%	
10,495	Aleris International, Inc., 10.375%, 10/15/10	B2/B+	11,544,500
	Financial Services	2.0%	
11,080	Alamosa Delaware, Inc., 11.00%, 7/31/10	Caa1/A-	12,354,200
7,095	AMR Holdings Co., 10.00%, 2/15/15	Caa1/B-	7,591,650
10,795	Ford Motor Credit Co., 7.00%, 10/1/13	Ba2/BB-	9,486,959
1,000	MedCath Holdings Corp., 9.875%, 7/15/12	Caa1/B-	1,038,750
			30,471,559
	Food Products	0.8%	
11,645	Pilgrim's Pride Corp., 9.625%, 9/15/11	Ba2/BB-	12,329,144

Nicholas-Applegate Convertible & Income Fund Schedule of Investments
February 28, 2006

Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
Healthcare 0.7%			
\$ 7,425	Alliance Imaging, Inc., 7.25%, 12/15/12	B3/B-	\$ 6,218,437
3,941	Hanger Orthopedic Group, Inc., 11.25%, 6/15/09	NR/CCC+	3,916,369
			10,134,806
Home Builders 1.6%			
12,325	Ryland Group, Inc., 9.125%, 6/15/11	Ba2/BB+	12,973,714
11,620	William Lyon Homes, Inc., 10.75%, 4/1/13	B2/B	11,881,450
			24,855,164
Home Furnishings 1.7%			
11,370	Central Garden & Pet Co., 9.125%, 2/1/13	B2/B	11,995,350
14,100	Jarden Corp., 9.75%, 5/1/12	B3/B-	14,452,500
			26,447,850
Hotels/Gaming 0.7%			
10,500	Mandalay Resort Group, Inc., 10.25%, 8/1/07, Ser. B	Ba3/B+	11,143,125
Machinery 0.9%			
12,940	Case New Holland, Inc., 9.25%, 8/1/11	Ba3/BB-	13,878,150
Manufacturing 0.5%			
6,875	Clarke American Corp., 11.75%, 12/15/13 (a)	B2/B-	6,926,562
Metals & Mining 2.7%			
7,710	AK Steel Corp., 7.875%, 2/15/09	B1/B+	7,497,975
11,665	Freeport-McMoRan Copper & Gold, Inc., 10.125%, 2/1/10	B1/B+	12,569,038
6,040	Oregon Steel Mills, Inc., 10.00%, 7/15/09	Ba3/B+	6,417,500
13,420	United States Steel LLC, 10.75%, 8/1/08	Ba2/BB	14,829,100
			41,313,613
Miscellaneous 2.2%			
32,825	Dow Jones CDX High Yield, 10.50%, 12/29/09 (a) (b)	NR/NR	32,948,417
Multi-Media 3.8%			
12,870	CCH I LLC, 11.00%, 10/1/15 (a)	Caa3/CCC-	10,826,888
2,715	CSC Holdings Inc., 10.50%, 5/15/16	B3/B+	2,891,475
5,700	Lodgenet Entertainment Corp., 9.50%, 6/15/13	B3/B-	6,156,000

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9,340	Mediacom Broadband LLC, 11.00%, 7/15/13	B2/B	9,993,800
6,665	Salem Communications Holding Corp., 9.00%, 7/1/11, Ser. B	B2/B-	6,998,250
8,140	Sirius Satellite Radio, Inc., 9.625%, 8/1/13	Caa1/CCC	8,017,900
11,911	XM Satellite Radio, Inc., 12.00%, 6/15/10	Caa1/CCC+	13,310,543
			<hr/>
			58,194,856
			<hr/>
	Office/Business Equipment 0.4%		
5,565	Xerox Corp., 9.75%, 1/15/09	Ba2/BB+	6,107,587
			<hr/>
	Office Furnishings 1.1%		
	Interface, Inc.,		
5,375	9.50%, 2/1/14	Caa1/CCC	5,536,250
6,490	10.375%, 2/1/10	B2/B-	7,090,325
3,791	Tempur-Pedic, Inc., 10.25%, 8/15/10	B2/B	4,056,370
			<hr/>
			16,682,945
			<hr/>
	Oil & Gas 0.4%		
5,000	Seitel, Inc., 11.75%, 7/15/11	B3/NR	5,662,500
			<hr/>

Nicholas-Applegate Convertible & Income Fund Schedule of Investments

February 28, 2006

Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
Paper Products 0.6%			
\$ 5,096	Buckeye Technologies, Inc., 9.25%, 9/15/08	Caa1/B	\$ 5,096,000
3,240	Exopack Holdings Corp., 11.25%, 2/1/14 (a)	B2/B-	3,256,200
			8,352,200
Pharmaceuticals 0.7%			
10,955	Leiner Health Products, Inc., 11.00%, 6/1/12	Caa1/CCC+	10,763,288
Pipelines 1.2%			
4,275	Dynegy Holdings, Inc., 10.125%, 7/15/13 (a)	B1/B-	4,809,375
13,330	Sonat, Inc., 7.625%, 7/15/11	Caa1/B-	13,863,200
			18,672,575
Real Estate 0.2%			
2,715	Host Marriot L.P., 9.50%, 1/15/07, Ser. I, REIT	Ba2/BB-	2,799,844
Retail 3.1%			
5,420	EPL Finance Corp., 11.75%, 11/15/13 (a)	Caa1/CCC+	5,609,700
5,590	Mothers Work, Inc., 11.25%, 8/1/10	Caa1/B-	5,701,800
9,710	Neiman-Marcus Group, Inc., 10.375%, 10/15/15 (a)	B3/B-	10,219,775
10,000	R.H. Donnelley, Inc., 10.875%, 12/15/12	B2/B	11,250,000
13,575	Rite Aid Corp., 12.50%, 9/15/06	NR/B+	14,016,187
			46,797,462
Semi-Conductors 1.0%			
11,265	Amkor Technology, Inc., 10.50%, 5/1/09	Caa3/CCC	11,208,675
3,795	Avago Technologies Finance, 10.125%, 12/1/13 (a)	B3 /B	4,032,187
			15,240,862
Telecommunications 2.0%			
7,395	Hawaiian Telcom Communications, Inc., 12.50%, 5/1/15 (a)	Caa1/CCC+	7,006,762
12,180	Millicom International Cellular S.A., 10.00%, 12/1/13	B3/B-	13,413,225
8,860	Time Warner Telecom, Inc., 10.125%, 2/1/11	Caa1/CCC+	9,303,000
			29,722,987
Total Corporate Bonds & Notes (cost-\$611,209,801)			615,729,197

CONVERTIBLE BONDS & NOTES 31.5%

Airlines 1.3%			
20,572	Continental Airlines, Inc., 4.50%, 2/1/07	Caa2/CCC+	20,160,560
Automotive 1.9%			
10,890	Goodyear Tire & Rubber Co., 11.25%, 3/1/11	B3/NR	12,169,575
11,900	4.00%, 6/15/34 (a)	B3/B-	15,946,000
			28,115,575
Chemicals 0.7%			
6,760	Millennium Chemicals, Inc., 4.00%, 11/15/23	B1/BB-	11,272,300
Commercial Services 3.1%			
9,100	Bowne & Co., Inc., 5.00%, 10/1/33	B2/B-	9,786,140
20,614	Quebecor World USA, Inc., 6.00%, 10/1/07	B2/B	20,227,487
13,440	Memberworks, Inc., 5.50%, 10/1/10	NR/B-	16,497,600
			46,511,227
Computers 1.2%			
16,400	Maxtor Corp., 6.80%, 4/30/10	B2/NR	18,839,500

Nicholas-Applegate Convertible & Income Fund Schedule of Investments
February 28, 2006

Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
	Electric 1.2%		
\$ 6,075	PG&E Corp., 9.50%, 6/30/10	NR/NR	\$ 17,382,094
	Electrical Components & Equipment 0.6%		
7,250	Artesyn Technologies, Inc., 5.50%, 8/15/10	NR/NR	9,823,750
	Financial Services 1.1%		
100	Citigroup Funding, Inc., 5.18%, 9/27/08 (c)	Aa1/AA-	3,199,000
11,800	E*Trade Financial Corp., 6.00%, 2/1/07	NR/B-	13,083,250
			16,282,250
	Household Products 0.7%		
7,300	American Greetings Corp., 7.00%, 7/15/06	Ba2/BB+	11,205,500
	Insurance 0.2%		
2,250	American Equity Investment Life Holding Co., 5.25%, 12/6/24	NR/BB+	2,700,000
	Metals & Mining 1.4%		
12,600	Freeport-McMoRan Copper & Gold, Inc., 7.00%, 2/11/11	NR/B+	21,656,250
	Multi-Media 1.4%		
20,995	EchoStar Communications Corp., 5.75%, 5/15/08	B2/B	20,732,562
	Oil & Gas 1.1%		
14,100	Devon Energy Corp., 4.95%, 8/15/08	Baa2/BBB	16,179,750
	Pharmaceuticals 2.7%		
9,650	Ligand Pharmaceuticals, Inc., 6.00%, 11/16/07	NR/NR	19,517,125
20,950	Sepracor, Inc., 5.00%, 2/15/07	NR/B-	20,897,625
			40,414,750
	Retail 2.3%		
4,790	GSC Holdings Corp., 8.00%, 10/1/12 (a)	Ba3/B+	4,778,028
6,101	Guitar Center, Inc., 4.00%, 7/15/13	B1/BB-	9,304,025
21,008	Sonic Automotive, Inc., 5.25%, 5/7/09	B3/B	20,771,660
			34,853,713
	Semi-Conductors 2.4%		
	Amkor Technology, Inc.		

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2,363	5.00%, 3/15/07	Caa3/CCC	2,312,786
17,379	5.75%, 6/1/06	Caa3/CCC	17,422,447
16,750	Fairchild Semiconductor Corp., 5.00%, 11/1/08	NR/B	16,687,187
			<hr/>
			36,422,420
			<hr/>
	Telecommunications 5.8%		
19,000	American Tower Corp., 5.00%, 2/15/10	B1/BB-	18,881,250
15,900	CenturyTel, Inc., 4.75%, 8/1/32	Baa2/BBB+	16,396,875
19,800	Lucent Technologies, Inc., 8.00%, 8/1/31	B3/CCC+	20,121,750
20,500	Nextel Communications, Inc., 5.25%, 1/15/10	Baa2/A-	20,602,500
12,345	Nortel Networks Corp., 4.25%, 9/1/08	B3 /B-	11,712,318
			<hr/>
			87,714,693
			<hr/>
	Transportation 0.9%		
9,150	YRC Worldwide, Inc., 5.00%, 8/8/23	Ba1/BBB-	13,439,062
			<hr/>
	Trucking/Leasing 1.5%		
18,500	GATX Corp., 7.50%, 2/1/07	Baa3/BBB	22,893,750
			<hr/>
	Total Convertible Bonds & Notes (cost-\$475,544,545)		476,599,706
			<hr/>

Nicholas-Applegate Convertible & Income Fund Schedule of Investments

February 28, 2006

Shares (000)		Credit Rating (Moody's/S&P)*	Value
CONVERTIBLE PREFERRED STOCK 22.7%			
Automotive 0.5%			
244	Ford Motor Co., Capital Trust II, 6.50%, 1/15/32	B2/B-	\$ 7,393,291
Banking 1.2%			
322	Washington Mutual Capital Trust, 5.375%, 5/3/41	Baa1/BBB	17,490,253
Commercial Services 1.5%			
495	United Rentals, Inc., 6.50%, 8/1/28	Caa2/B-	23,141,250
Electric 2.3%			
447	AES Trust III, 6.75%, 10/15/29	B3/CCC+	20,709,180
62	NRG Energy, Inc., 5.75%, 3/16/09	B3/CCC+	14,344,875
			35,054,055
Financial Services 3.7%			
255	E Trade Financial Corp., 6.125%, 11/18/08	B3/NA	8,510,625
560	Lehman Brothers Holdings, Inc., 6.25%, 10/15/07	A1/A+	14,772,800
	Morgan Stanley,		
215	20.00%, 12/14/06	Aa3/A+	15,965,900
280	20.00%, 12/22/06	Aa3/A+	16,561,772
			55,811,097
Food 0.7%			
442	Albertson's, Inc., 7.25%, 5/16/07	Baa3/BBB-	10,953,824
Holding Companies 0.5%			
79	Williams Holdings of Delaware, Inc., 5.50%, 6/1/33	NR/B-	8,048,425
Insurance 5.4%			
460	Genworth Financial, Inc., 6.00%, 5/16/07	A2/A	16,100,000
760	Metlife, Inc., 6.375%, 8/15/08	NR/BBB+	20,899,347
240	Platinum Underwriters Holdings Ltd., 6.00%, 2/15/09	NR/BB+	7,350,000
765	PMI Group, Inc., 5.875, 11/15/06	A1/A	19,507,500
782	XL Capital Ltd., 6.50%, 5/15/07	A3/A-	17,704,480
			81,561,327
Iron/Steel 0.5%			

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46	U.S. Steel Corp., 7.00%, 6/15/06, Ser. B	NR/B	8,006,788
	Office/Business Equipment 1.1%		
137	Xerox Corp., 6.25%, 7/1/06	B1/B+	16,935,840
	Oil & Gas 2.2%		
133	Amerada Hess Corp., 7.00%, 12/01/06	Ba3/BB	15,451,940
100	Chesapeake Energy Corp., 5.00%, 12/31/49	B2/B	18,335,600
			33,787,540
	Pharmaceuticals 0.9%		
274	Schering-Plough Corp., 6.00%, 9/14/07	Baa3/BBB	13,658,670
	Real Estate 0.6%		
336	FelCor Lodging Trust, Inc., 1.95%, 12/31/49, Ser. A, REIT	B3/CCC+	8,494,100
	Telecommunications 1.1%		
300	Crown Castle International Corp., 6.25%, 8/15/12	NR/NR	16,500,000

Nicholas-Applegate Convertible & Income Fund Schedule of Investments

February 28, 2006

Shares (000)		Credit Rating (Moody's/S&P)*	Value
	Waste Disposal 0.5%		
138	Allied Waste Industries, Inc., 6.25%, 4/1/06	Caa3/B	\$ 7,374,125
	Total Convertible Preferred Stock (cost-\$325,771,406)		344,210,585

U.S. GOVERNMENT SECURITIES 2.4%

Principal Amount (000)			
	United States Treasury Notes,		
\$16,275	10.375%, 11/15/12		17,773,455
16,275	12.00%, 8/15/13		19,030,309
	Total U.S. Government Securities (cost-\$38,317,453)		36,803,764

SHORT-TERM INVESTMENT 2.7%

	Time Deposit 2.7%		
40,408	Bank of America □ London, 3.88%, 3/1/06 (cost-\$40,408,127)		40,408,127
	Total Investments (cost-\$1,491,251,332)-100.0%		\$ 1,513,751,379

Nicholas-Applegate Convertible & Income Fund II Schedule of Investments

February 28, 2006

Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
CORPORATE BONDS & NOTES 41.0%			
Apparel 1.4%			
	Levi Strauss & Co.		
\$ 2,000	9.75%, 1/15/15	B3/B-	\$ 2,140,000
8,705	12.25%, 12/15/12	B3/B-	9,945,463
2,610	Oxford Industries, Inc., 8.875%, 6/1/11	B2/B	2,688,300
1,920	Phillips-Van Heusen Corp., 8.125%, 5/1/13	B1/BB	2,049,600
2,030	Warnaco, Inc., 8.875%, 6/15/13	B1/B+	2,172,100
			<u>18,995,463</u>
Automotive 1.4%			
9,260	Goodyear Tire & Rubber Co., 11.25%, 3/1/11	B3/NR	10,348,050
10,030	HLI Operating Co., Inc., 10.50%, 6/15/10	Caa3/B-	8,525,500
			<u>18,873,550</u>
Chemicals 4.0%			
4,988	Huntsman LLC, 11.625%, 10/15/10	Ba3/BB-	5,686,320
11,410	IMC Global, Inc., 11.25%, 6/1/11	Ba/BB	12,237,225
	Lyondell Chemical Co.,		
4,435	9.625%, 5/1/07, Ser. A	B1/BB-	4,590,225
4,315	10.875%, 5/1/09	B3/B	4,401,300
4,565	11.125%, 7/15/12	B1/BB-	5,044,325
4,765	PolyOne Corp., 10.625%, 5/15/10	B3/B+	5,110,463
10,950	Resolution Performance Products, Inc., 13.50%, 11/15/10	Caa2/B-	11,716,500
3,609	Rhodia S.A., 10.25%, 6/1/10	B3/CCC+	4,078,170
			<u>52,864,528</u>
Commercial Services 1.0%			
4,600	Hertz Corp., 10.50%, 1/1/16 (a)	B3/B	4,956,500
8,595	Vertrue, Inc., 9.25%, 4/1/14	B2/B	8,809,875
			<u>13,766,375</u>
Computers 0.0%			
600	Unisys Corp., 8.00%, 10/15/12	Ba3/BB-	585,000
Electric 2.7%			
12,000	AES Corp., 9.50%, 6/1/09	B1/B-	12,975,000

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10,250	Mission Energy Holdings Co., 13.50%, 7/15/08	B2/CCC+	11,813,125
9,820	PSEG Energy Holdings LLC, 10.00%, 10/1/09	Ba3/BB-	10,998,400
			<hr/>
			35,786,525
			<hr/>
	Electronics 1.5%		
9,510	IMAX Corp., 9.625, 12/1/10	B3/B-	9,819,075
10,335	Stoneridge, Inc., 11.50%, 5/1/12	B2/B+	10,309,162
			<hr/>
			20,128,237
			<hr/>
	Environmental Control 0.8%		
9,060	Aleris International, Inc., 10.375%, 10/15/10	B2/B+	9,966,000
			<hr/>
	Financial Services 1.9%		
9,400	Alamosa Delaware, Inc., 11.00%, 7/31/10	Caa1/A-	10,481,000
5,835	AMR Holdings Co., 10.00%, 2/15/15	Caa1/B-	6,243,450
9,205	Ford Motor Credit Co., 7.00%, 10/1/13	Ba2/BB-	8,089,621
1,000	MedCath Holdings Corp., 9.875%, 7/15/12	Caa1/B-	1,038,750
			<hr/>
			25,852,821
			<hr/>

Nicholas-Applegate Convertible & Income Fund II Schedule of Investments
February 28, 2006

Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
	Food Products 0.8%		
\$ 9,815	Pilgrim's Pride Corp., 9.625%, 9/15/11	Ba2/BB-	\$ 10,391,631
	Healthcare 0.7%		
6,325	Alliance Imaging, Inc., 7.25%, 12/15/12	B3/B-	5,297,188
3,550	Hanger Orthopedic Group, Inc., 11.25%, 6/15/09	NR/CCC+	3,527,813
			<u>8,825,001</u>
	Home Builders 1.7%		
11,500	Ryland Group, Inc., 9.125%, 6/15/11	Ba2/BB+	12,105,291
9,800	William Lyon Homes, Inc., 10.75%, 4/1/13	B2/B	10,020,500
			<u>22,125,791</u>
	Home Furnishings 1.7%		
9,670	Central Garden & Pet Co., 9.125%, 2/1/13	B2/B	10,201,850
11,900	Jarden Corp., 9.75%, 5/1/12	B3/B-	12,197,500
			<u>22,399,350</u>
	Hotels/Gaming 0.9%		
11,080	Mandalay Resort Group, Inc., 10.25%, 8/1/07, Ser. B	Ba3/B+	11,758,650
	Machinery 0.9%		
10,730	Case New Holland, Inc., 9.25%, 8/1/11	Ba3/BB-	11,507,925
	Manufacturing 0.4%		
5,825	Clarke American Corp., 11.75%, 12/15/13 (a)	B2/B-	5,868,688
	Metals & Mining 2.7%		
6,490	AK Steel Corp., 7.875%, 2/15/09	B1/B+	6,311,525
9,835	Freeport-McMoRan Copper & Gold, Inc., 10.125%, 2/1/10	B1/B+	10,597,212
5,710	Oregon Steel Mills, Inc., 10.00%, 7/15/09	Ba3/B+	6,066,875
11,450	United States Steel LLC, 10.75%, 8/1/08	Ba2/BB	12,652,250
			<u>35,627,862</u>
	Miscellaneous 2.0%		
25,975	Dow Jones CDX High Yield, 10.50%, 12/29/09 (a) (b)	NR/NR	26,072,062
	Multi-Media 3.6%		

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12,291	CCH I LLC, 11.00%, 10/1/15 (a)	Caa3/CCC-	10,339,804
2,285	CSC Holdings Inc., 10.50%, 5/15/16	B3/B+	2,433,525
2,975	Lodgenet Entertainment Corp., 9.50%, 6/15/13	B3/B-	3,213,000
7,860	Mediacom Broadband LLC, 11.00%, 7/15/13	B2/B	8,410,200
5,735	Salem Communications Holding Corp., 9.00%, 7/1/11, Ser. B	B2/B-	6,021,750
6,860	Sirius Satellite Radio, Inc., 9.625%, 8/1/13	Caa1/CCC	6,757,100
10,055	XM Satellite Radio, Inc., 12.00%, 6/15/10	Caa1/CCC+	11,236,462
			<hr/>
			48,411,841
			<hr/>
	Office/Business Equipment 0.4%		
5,195	Xerox Corp., 9.75%, 1/15/09	Ba2/BB+	5,701,512
			<hr/>
	Office Furnishings 1.1%		
	Interface, Inc.,		
4,625	9.50%, 2/1/14	Caa1/CCC	4,763,750
5,625	10.375%, 2/1/10	B2/B-	6,145,313
3,199	Tempur-Pedic, Inc., 10.25%, 8/15/10	B2/B	3,422,930
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			14,331,993
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Nicholas-Applegate Convertible & Income Fund II Schedule of Investments
February 28, 2006

Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
	Oil & Gas 0.4%		
\$ 5,000	Seitel, Inc., 11.75%, 7/15/11	B3/NR	\$ 5,662,500
	Paper Products 0.5%		
4,013	Buckeye Technologies, Inc., 9.25%, 9/15/08	Caa1/B	4,013,000
2,760	Exopac Holdings Corp., 11.25%, 2/1/14 (a)	B2/B-	2,773,800
			6,786,800
	Pharmaceuticals 0.7%		
9,310	Leiner Health Products, Inc., 11.00%, 6/1/12	Caa1/CCC+	9,147,075
	Pipelines 1.3%		
4,025	Dynegy Holdings, Inc., 10.125%, 7/15/13 (a)	B1/B-	4,528,125
12,240	Sonat, Inc., 7.625%, 7/15/11	Caa1/B-	12,729,600
			17,257,725