

COLGATE PALMOLIVE CO  
Form 4  
May 08, 2009

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
LEWIS DELANO E

(Last) (First) (Middle)

C/O COLGATE PALMOLIVE COMPANY, 300 PARK AVENUE

(Street)

NEW YORK, NY 10022

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
COLGATE PALMOLIVE CO [CL]

3. Date of Earliest Transaction (Month/Day/Year)  
05/06/2009

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common Stock	05/06/2009		S	340 D \$ 62.2	13,055	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Nu...
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## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LEWIS DELANO E C/O COLGATE PALMOLIVE COMPANY 300 PARK AVENUE NEW YORK, NY 10022	X			

## Signatures

Nina D. Gillman by power of attorney 05/08/2009

\*\*Signature of Reporting Person Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. Board of Trustees approved an open market share repurchase program, as part of a broad, ongoing effort designed to support the market prices of the Funds' common shares. Under the terms of the program, each Fund may repurchase up to 10% of its outstanding common shares. As of June 30, 2006, JPC had repurchased 432,200 common shares and JQC had repurchased 511,200 common shares. As of June 30, 2006, the Funds' common shares were trading at discounts to their NAVs as shown in the accompanying chart: AS OF 6/30/06 6-MONTH AVERAGE DISCOUNT DISCOUNT ----- JPC -9.90%  
-11.75% ----- JQC -10.43% -12.42%

----- 9 Nuveen Preferred and Convertible Income Fund  
JPC Performance OVERVIEW As of June 30, 2006 PORTFOLIO APPLICATION (as a % of total investments)  
----- \$25 par (or Similar) Preferred Securities 33.4%  
----- Convertible Bonds 24.2%  
----- Capital Preferred Securities 19.4%  
----- Corporate Bonds 9.4%  
----- Convertible Preferred Securities 7.1%  
----- Short-Term Investments 3.0%

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----- Common Stocks 2.7%  
 ----- Investment Companies 0.7%  
 ----- Variable Rate Senior Loan Interests 0.1%  
 ----- Bar Chart: 2005-2006 MONTHLY  
 DISTRIBUTIONS PER SHARE Jul 0.090 Aug 0.090 Sep 0.085 Oct 0.085 Nov 0.085 Dec 0.085 Jan 0.085 Feb 0.085  
 Mar 0.085 Apr 0.085 May 0.095 Jun 0.095 Line Chart: SHARE PRICE PERFORMANCE Weekly Closing Price Past  
 performance is not predictive of future results. 7/01/05 13.34 13.46 13.52 13.38 13.72 13.46 13.18 13.13 13.20 13.31  
 13.21 12.81 12.49 12.63 12.37 11.99 12.05 11.99 12.09 12.03 12.12 12.16 11.98 11.88 11.97 12.37 12.47 12.51 12.53  
 12.71 12.76 12.70 12.71 12.75 12.53 12.53 12.62 12.38 12.27 11.98 12.03 12.12 12.45 12.45 12.43 12.36 12.51 12.41  
 12.22 12.28 6/30/06 12.29 FUND SNAPSHOT ----- Common  
 Share Price \$12.29 ----- Common Share Net Asset Value  
 \$13.64 ----- Premium/(Discount) to NAV -9.90%  
 ----- Current Distribution Rate(1) 9.28%  
 ----- Net Assets Applicable to Common Shares (\$000)  
 \$1,359,421 ----- AVERAGE ANNUAL TOTAL RETURN  
 (Inception 3/26/03) ----- ON SHARE PRICE ON  
 NAV ----- 6-Month (Cumulative) 7.13% -0.13%  
 ----- 1-Year 1.80% 1.89%  
 ----- Since Inception 3.13% 7.32%  
 ----- INDUSTRIES (as a % of total investments)  
 ----- Commercial Banks 20.2%  
 ----- Insurance 13.0%  
 ----- Real Estate 9.4%  
 ----- Capital Markets 6.9%  
 ----- Diversified Financial Services 4.7%  
 ----- Media 4.5%  
 ----- Hotels Restaurants & Leisure 2.8%  
 ----- Thrifts & Mortgage Finance 2.6%  
 ----- Oil, Gas, & Consumable Fuels 2.6%  
 ----- Specialty Retail 2.2%  
 ----- Communications Equipment 2.2%  
 ----- Pharmaceuticals 1.6%  
 ----- Diversified Telecommunication Services 1.6%  
 ----- Biotechnology 1.4%  
 ----- Aerospace & Defense 1.2%  
 ----- Software 1.2%  
 ----- Electric Utilities 1.2%  
 ----- Energy Equipment & Services 1.2%  
 ----- Semiconductors & Equipment 1.2%  
 ----- Health Care Providers & Services 1.1%  
 ----- Short-Term Investments 3.0%  
 ----- Other 14.2%  
 ----- TOP FIVE ISSUERS (EXCLUDING SHORT-TERM  
 INVESTMENTS) (as a % of total investments) ----- Wachovia  
 Corporation 1.9% ----- ING Group NV 1.7%  
 ----- Union Planters Corporation 1.5%  
 ----- Delphi Financial Group Inc. 1.5%  
 ----- Countryside Financial Corporation 1.5%

----- 1 Current Distribution Rate is based on the Fund's current  
 annualized monthly distribution divided by the Fund's current market price. The Fund's monthly distributions to its  
 shareholders may be comprised of ordinary income, net realized capital gains and, if at the end of the calendar year the

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Fund's cumulative net ordinary income and net realized gains are less than the amount of the Fund's distributions, a return of capital for tax purposes. 10 Nuveen Preferred and Convertible Income Fund 2 JQC Performance

OVERVIEW As of June 30, 2006 PORTFOLIO APPLICATION (as a % of total investments)

-----	\$25 Par (or similar) Preferred Securities	31.4%
-----	Convertible Bonds	24.2%
-----	Capital Preferred Securities	21.0%
-----	Corporate Bonds	9.6%
-----	Convertible Preferred Securities	7.1%
-----	Common Stocks	3.0%
-----	Short-Term Investments	2.8%
-----	Investment Companies	0.8%
-----	Variable Rate Senior Loan Interests	0.1%
-----	Bar Chart: 2005-2006 MONTHLY	

DISTRIBUTIONS PER SHARE Jul 0.0885 Aug 0.0885 Sep 0.0840 Oct 0.0840 Nov 0.0840 Dec 0.0840 Jan 0.0840 Feb 0.0840 Mar 0.0840 Apr 0.0840 May 0.0950 Jun 0.0950 Line Chart: SHARE PRICE PERFORMANCE Weekly Closing Price Past performance is not predictive of future results. 7/01/05 13.10 13.32 13.35 13.28 13.48 13.24 13.02 12.98 13.05 13.17 13.04 12.76 12.37 12.54 12.29 11.86 11.89 11.84 11.91 11.87 12.02 12.04 11.85 11.70 12.11 12.43 12.49 12.50 12.44 12.49 12.64 12.55 12.57 12.58 12.30 12.38 12.43 12.34 12.26 11.97 12.02 12.10 12.38 12.35 12.32 12.37 12.52 12.47 12.27 12.26 6/30/06 12.28 FUND SNAPSHOT

-----	Common Share Price	\$12.28
-----	Common Share Net Asset Value	\$13.71
-----	Premium/(Discount) to NAV	-10.43%
-----	Current Distribution Rate(1)	9.28%
-----	Net Assets Applicable to Common Shares (\$000)	
\$1,925,851	-----	AVERAGE ANNUAL TOTAL RETURN
(Inception 6/25/03)	-----	ON SHARE PRICE ON
NAV	-----	6-Month (Cumulative) 5.79% 0.42%
	-----	1-Year 2.97% 2.67%
	-----	Since Inception 1.72% 6.50%
	-----	INDUSTRIES (as a % of total investments)

-----	Commercial Banks	20.3%
-----	Insurance	13.5%
-----	Real Estate	7.9%
-----	Capital Markets	7.4%
-----	Media	5.4%
-----	Diversified Financial Services	5.4%
-----	Hotels, Restaurants & Leisure	2.9%
-----	Oil, Gas & Consumable Fuels	2.6%
-----	Specialty Retail	2.2%
-----	Communications Equipment	2.2%
-----	Diversified Telecommunication Services	1.8%
-----	Pharmaceuticals	1.6%
-----	Biotechnology	1.4%
-----	Thriffs & Mortgage Finance	1.4%
-----	Semiconductors & Equipment	1.3%
-----	Energy Equipment & Services	1.2%
-----	Aerospace & Defense	1.2%
-----	Short-Term Investments	2.8%
-----	Other	17.5%
-----	TOP FIVE ISSUERS (EXCLUDING SHORT-TERM	

INVESTMENTS) (as a % of total investments) ----- Wachovia

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Corporation 2.0% ----- JPMorgan Chase & Company 1.9%  
 ----- Washington Mutual 1.8%  
 ----- AgFirst Farm Credit Bank 1.5%  
 ----- Banco Santander 1.4%

----- 1 Current Distribution Rate is based on the Fund's current annualized monthly distribution divided by the Fund's current market price. The Fund's monthly distributions to its shareholders may be comprised of ordinary income, net realized capital gains and, if at the end of the calendar year the Fund's cumulative net ordinary income and net realized gains are less than the amount of the Fund's distributions, a return of capital for tax purposes. 11 Shareholder MEETING REPORT The shareholder meeting was held in the offices of Nuveen Investments on March 29, 2006. JPC JQC

----- APPROVAL OF THE BOARD MEMBERS WAS REACHED AS FOLLOWS: Common and Common and Preferred Preferred Preferred Preferred shares voting shares voting shares voting shares voting together together together together as a class as a class as a class as a class

----- Robert P. Bremner For 92,225,342 -- 130,477,986 -- Withhold 1,694,956 -- 2,328,749 --

----- Total  
 93,920,298 -- 132,806,735 --

----- Lawrence H. Brown For 92,433,983 -- 130,523,271 -- Withhold 1,486,315 -- 2,283,464 --

----- Total  
 93,920,298 -- 132,806,735 --

----- Jack B. Evans For 92,485,474 -- 130,592,203 -- Withhold 1,434,824 -- 2,214,532 --

----- Total  
 93,920,298 -- 132,806,735 --

----- William C. Hunter For 92,377,688 -- 130,508,167 -- Withhold 1,542,610 -- 2,298,568 --

----- Total  
 93,920,298 -- 132,806,735 --

----- David J. Kundert For 92,372,431 -- 130,487,045 -- Withhold 1,547,867 -- 2,319,690 --

----- Total  
 93,920,298 -- 132,806,735 --

----- William J. Schneider For -- 25,032 -- 34,363 Withhold -- 129 -- 230

----- Total --  
 25,161 -- 34,593

----- Timothy R. Schwertfeger For -- 25,036 -- 34,358 Withhold -- 125 -- 235

----- Total --  
 25,161 -- 34,593

----- Judith M. Stockdale For 92,429,685 -- 130,605,309 -- Withhold 1,490,613 -- 2,201,426 --

----- Total  
 93,920,298 -- 132,806,735 --

----- Eugene S. Sunshine For 92,484,421 -- 130,572,910 -- Withhold 1,435,877 -- 2,233,825 --

----- Total  
 93,920,298 -- 132,806,735 --

----- 12 Nuveen

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Preferred and Convertible Income Fund (JPC) Portfolio of INVESTMENTS June 30, 2006 (Unaudited) SHARES  
DESCRIPTION (1) VALUE

----- COMMON	
STOCKS - 4.2% (2.7% OF TOTAL INVESTMENTS) AEROSPACE & DEFENSE - 0.1%	3,547 Hexcel Corporation, (2) \$ 55,723 7,816 Lockheed Martin Corporation 560,720 2,470 Precision Castparts Corporation 147,607
----- Total	
Aerospace & Defense	764,050
----- AIR FREIGHT &	
LOGISTICS - 0.1%	9,682 FedEx Corporation 1,131,439 4,970 Ryder System Inc. 290,397
----- Total Air	
Freight & Logistics	1,421,836
----- AIRLINES - 0.0%	
Southwest Airlines Co.	132,008 8,064
----- BEVERAGES	
- 0.1%	11,660 Coca-Cola Company 501,613 9,436 Pepsi Bottling Group Inc. 303,367 3,436 PepsiCo, Inc. 206,297
----- Total	
Beverages	1,011,277
----- BIOTECHNOLOGY - 0.1%	
5,533 Genentech, Inc., (2) 452,599 9,188 Gilead Sciences, Inc., (2) 543,562	
----- Total	
Biotechnology	996,161
----- CAPITAL MARKETS - 0.1%	
3,875 Calamos Asset Management, Inc. Class A 112,336 2,631 Greenhill & Co Inc. 159,860 7,110 Lehman Brothers Holdings Inc. 463,217 1,493 OptionsXpress Holdings Inc. 34,802	
----- Total Capital	
Markets	770,215
----- CHEMICALS - 0.0%	
7,600 Airgas, Inc.	283,100
----- COMMERCIAL BANKS - 0.3%	
9,230 Bank of Hawaii Corporation 457,808 2,361 Boston Private Financial Holdings Inc. 65,872 6,050 Colonial BancGroup Inc. 155,364 3,064 Greater Bay Bancorp 88,090 4,450 Marshall and Ilsley Corporation 203,543 4,000 Northern Trust Corporation 221,200 13,140 PNC Financial Services Group, Inc. 922,034 8,007 Washington Mutual, Inc. 364,959 7,270 Whitney Holding Corporation 257,140 4,980 Zions Bancorporation 388,141	
----- Total	
Commercial Banks	3,124,151
----- COMMERCIAL SERVICES & SUPPLIES - 0.3%	
2,560 Administaff, Inc. 91,674 1,803 American Ecology Corporation 47,780 3,146 Consolidated Graphics Inc., (2) 163,781 8,739 Corporate Executive Board Company 875,648 5,780 Equifax Inc. 198,485 10,869 Global Payments Inc. 527,690 15,808 R.R. Donnelley & Sons Company 505,066 13 Nuveen Preferred and Convertible Income Fund (JPC) (continued) Portfolio of INVESTMENTS June 30, 2006 (Unaudited)	
SHARES DESCRIPTION (1) VALUE	
----- COMMERCIAL SERVICES & SUPPLIES (continued) 12,560 Republic Services, Inc. \$ 506,670 2,640 SEI Investments Company 129,043	
----- Total	
Commercial Services & Supplies	3,045,837
----- COMMUNICATIONS	
EQUIPMENT - 0.2%	15,270 Comverse Technology, Inc., (2) 301,888 34,990 Corning Incorporated, (2) 846,408 1,463 Harris Corporation 60,729 21,340 QUALCOMM Inc. 855,094
----- Total	
Communications Equipment	2,064,119
----- COMPUTERS &	
PERIPHERALS - 0.1%	11,321 Apple Computer, Inc., (2) 646,656 16,010 Hewlett-Packard Company 507,197 1,050

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Komag Inc., (2) 48,489	4,973 Network Appliance Inc., (2) 175,547	
-----		Total
Computers & Peripherals	1,377,889	
-----		CONSTRUCTION &
ENGINEERING - 0.0%	953 Shaw Group Inc., (2) 26,493	
-----		CONSUMER
FINANCE - 0.1%	51,105 Americredit Corp., (2) 1,426,852	5,510 Capital One Financial Corporation 470,830
-----		Total
Consumer Finance	1,897,682	
-----		DISTRIBUTORS - 0.0%
944 Keystone Automotive Industries Inc., (2)	39,856	
-----		DIVERSIFIED
CONSUMER SERVICES - 0.0%	4,279 Jackson Hewitt Tax Services Inc.	134,147
-----		DIVERSIFIED
FINANCIAL SERVICES - 0.0%	4,230 CBOT Holdings, Inc. Class A, (2) 505,866	2,743 Moody's Corporation 149,384
-----		Total
Diversified Financial Services	655,250	
-----		DIVERSIFIED
TELECOMMUNICATION SERVICES - 0.1%	39,410 Sprint Nextel Corporation	787,806
-----		ELECTRIC
UTILITIES - 0.2%	14,670 PG&E Corporation 576,238	25,414 TXU Corporation 1,519,503
-----		Total Electric
Utilities	2,095,741	
-----		ELECTRICAL EQUIPMENT - 0.1%
8,760 Emerson Electric Co.	734,176	1,744 Ormat Technologies Inc. 66,534
2,543 Smith AO Corporation	117,893	
-----		Total Electrical
Equipment	918,603	
-----		ELECTRONIC EQUIPMENT & INSTRUMENTS - 0.1%
1,944 Itron Inc., (2) 115,201	3,848 Millipore Corporation,	(2) 242,386
4,497 Parker Hannifin Corporation	348,967	4,224 Plexus Corporation, (2) 144,503
4,247 Teledyne Technologies Inc., (2) 139,132	6,664 Waters Corporation,	(2) 295,882
-----		Total
Electronic Equipment & Instruments	1,286,071	
-----		ENERGY EQUIPMENT
& SERVICES - 0.0%	2,915 Helix Energy Solutions Group, (2) 117,649	3,249 Unit Corporation, (2) 184,836
Veritas DGC Inc., (2) 157,319		3,050
-----		Total Energy
Equipment & Services	459,804	
-----		FOOD & STAPLES
RETAILING - 0.0%	6,240 Whole Foods Market, Inc.	403,354
-----		14 SHARES
DESCRIPTION (1)	VALUE	
-----		FOOD
PRODUCTS - 0.2%	15,842 Archer-Daniels-Midland Company \$ 653,958	24,040 Monsanto Company 2,023,928
-----		Total Food
Products	2,677,886	
-----		GAS
UTILITIES - 0.1%	32,280 Energen Corporation	1,239,875
-----		HEALTH
CARE EQUIPMENT & SUPPLIES - 0.2%	4,896 American Medical Systems Holdings, Inc., (2) 81,518	12,760
Baxter International Inc.	469,058	6,810 Dade Behring Holdings Inc. 283,568
2,962 Express Scripts, Inc., (2) 212,494	21,250 Hospira Inc., (2) 912,475	6,573 Kinetic Concepts Inc., (2) 290,198
-----		Total Health

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Care Equipment & Supplies 2,249,311

----- HEALTH CARE

PROVIDERS & SERVICES - 0.2% 4,206 Healthways Inc., (2) 221,404 6,220 Humana Inc., (2) 334,014 14,187  
 Quest Diagnostics Incorporated 850,085 16,240 Sierra Health Services Inc., (2) 731,287 4,272 Surmodics Inc., (2)  
 154,262 1,753 Wellcare Health Plans Inc., (2) 85,985

----- Total Health

Care Providers & Services 2,377,037

----- HOTELS,

RESTAURANTS & LEISURE - 0.1% 14,546 Choice Hotels International, Inc. 881,488 2,657 Panera Bread  
 Company, (2) 178,657 4,754 Starbucks Corporation, (2) 179,511 4,967 Station Casinos Inc. 338,153

----- Total Hotels,

Restaurants & Leisure 1,577,809

----- HOUSEHOLD

DURABLES - 0.1% 43,271 Newell Rubbermaid Inc. 1,117,690 1,960 Stanley Works 92,551

----- Total

Household Durables 1,210,241

----- HOUSEHOLD

PRODUCTS - 0.1% 12,510 Colgate-Palmolive Company 749,349 5,577 Kimberly-Clark Corporation 344,101

----- Total

Household Products 1,093,450

----- INDUSTRIAL

CONGLOMERATES - 0.1% 6,740 3M Co. 544,390 8,870 General Electric Company 292,355

----- Total Industrial

Conglomerates 836,745

INSURANCE - 0.2% 15,295 AFLAC Incorporated 708,923 1,021 First American Corporation 43,158 14,553 HCC  
 Insurance Holdings Inc. 428,440 2,387 Philadelphia Consolidated Holding Corporation, (2) 72,469 2,104 Tower  
 Group Inc. 63,646 53,510 W.R. Berkley Corporation 1,826,296

----- Total Insurance

3,142,932

----- INTERNET &

CATALOG RETAIL - 0.0% 5,536 Coldwater Creek Inc., (2) 148,143 3,631 MSC Industrial Direct Inc., Class A  
 172,727

----- Total

Internet & Catalog Retail 320,870

----- INTERNET SOFTWARE

& SERVICES - 0.0% 516 Google Inc., Class A, (2) 216,374 2,128 j2 Global Communications, Inc., (2) 66,436

----- Total Internet

Software & Services 282,810

----- 15 Nuveen Preferred and

Convertible Income Fund (JPC) (continued) Portfolio of INVESTMENTS June 30, 2006 (Unaudited) SHARES

DESCRIPTION (1) VALUE

----- IT SERVICES

- 0.0% 3,582 Websense Inc., (2) \$ 73,574

----- MACHINERY

- 0.0% 887 Freightcar America Inc. 49,237 4,123 Harsco Corporation 321,429 2,990 Joy Global Inc. 155,749 1,600  
 Paccar Inc. 131,808

----- Total

Machinery 658,223

MEDIA - 0.2% 8,010 Cablevision Systems Corporation, (2) 171,815 3,984 Comcast Corporation, Class A, (2)  
 130,436 21,340 DIRECTV Group, Inc., (2) 352,110 7,967 John Wiley and Sons Inc., Class A 264,504 6,356 Liberty  
 Global Inc, A Shares, (2) 136,654 6,360 Liberty Global Inc., Class C, (2) 130,825 1,391 Lodgenet Entertainment  
 Corporation, (2) 25,942 8,510 McGraw-Hill Companies, Inc. 427,457 36,390 Time Warner Inc. 629,547

----- Total Media

Explanation of Responses:



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2,269,290	-----	METALS & MINING - 0.0%	921 Phelps Dodge Corporation 75,669 2,748 Quanex Corporation 118,356
	-----		Total Metals & Mining 194,025
	-----	MULTILINE RETAIL - 0.1%	3,992 Casey's General Stores, Inc. 99,840 8,620 Dollar Tree Stores Inc., (2) 228,430 14,600 Kohl's Corporation, (2) 863,152
	-----		Total Multiline Retail 1,191,422
	-----	OIL, GAS & CONSUMABLE FUELS - 0.1%	10,290 EOG Resources, Inc. 713,509 1,550 Frontier Oil Corporation 50,220 1,860 Houston Exploration Company, (2) 113,813 2,046 Parallel Petroleum Corporation, (2) 50,557 3,086 Pioneer Drilling Company, (2) 47,648 8,495 Sunoco, Inc. 588,619 4,802 Valero Energy Corporation 319,429 3,252 W&T Offshore Inc. 126,470
	-----		Total Oil, Gas & Consumable Fuels 2,010,265
	-----	PAPER & FOREST PRODUCTS - 0.0%	7,800 Plum Creek Timber Company 276,900
	-----	PHARMACEUTICALS - 0.1%	4,170 Allergan Inc. 447,274 4,261 Alpharma Inc. 102,434 39,230 King Pharmaceuticals Inc., (2) 666,910
	-----		Total Pharmaceuticals 1,216,618
	-----	REAL ESTATE - 0.1%	1,250 American Home Mortgage Investment Corp. 46,075 2,450 Camden Property Trust 180,198 3,771 Equity Inns Inc. 62,448 3,390 Health Care Property Investors Inc. 90,649 2,606 LaSalle Hotel Properties 120,658 3,436 Public Storage, Inc. 260,792 2,481 SL Green Realty Corporation 271,595 5,621 Tanger Factory Outlet Centers 181,952 793 Taubman Centers Inc. 32,434 4,073 United Dominion Realty Trust 114,085
	-----		Total Real Estate 1,360,886
	-----	ROAD & RAIL - 0.0%	5,172 Burlington Northern Santa Fe Corporation 409,881
	-----		16 SHARES
DESCRIPTION (1) VALUE			
	-----	SEMICONDUCTORS & EQUIPMENT - 0.1%	9,378 Advanced Micro Devices, Inc., (2) \$ 229,011 9,149 Entegris Inc., (2) 87,190 13,629 Freescale Semiconductor, Inc., Class B, (2) 400,693 16,560 Micron Technology, Inc., (2) 249,394 2,128 Microsemi Corporation, (2) 51,881 28,780 National Semiconductor Corporation 686,403 1,168 Netlogic Microsystems Inc., (2) 37,668 12,600 QLogic Corporation, (2) 217,224 1,079 Silicon Laboratories Inc., (2) 37,927
	-----		Total Semiconductors & Equipment 1,997,391
	-----	SOFTWARE - 0.1%	3,315 Aspen Technology Inc., (2) 43,493 14,199 Autodesk, Inc., (2) 489,298 2,338 Blackbaud, Inc. 53,073 27,980 BMC Software Inc., (2) 668,722 7,350 Intuit Inc., (2) 443,867 6,690 Reynolds and Reynolds Company 205,182 4,313 Salesforce.com, Inc., (2) 114,985
	-----		Total Software 2,018,620
	-----	SPECIALTY RETAIL - 0.1%	18,680 Ann Taylor Stores Corporation, (2) 810,338 2,156 Build-A-Bear-Workshop, Inc., (2) 46,376 2,776 Childrens Place Retail Stores Inc., (2) 166,699 11,140 Circuit City Stores, Inc. 303,231 5,226 Claire's Stores, Inc. 133,315 7,490 Select Comfort Corporation, (2) 172,057 10,594 Staples, Inc. 257,646
	-----		Total Specialty Retail 1,889,662
	-----	TEXTILES, APPAREL & LUXURY GOODS - 0.0%	4,309 Guess Inc., (2) 179,901 2,239 Nike Inc., Class B 181,359 1,601 Skechers USA Inc., (2) 38,600

-----	Total Textiles,
Apparel & Luxury Goods 399,860	
-----	THRIFTS &
MORTGAGE FINANCE - 0.0% 6,020 Washington Federal Inc. 139,604	
-----	TRADING
COMPANIES & DISTRIBUTORS - 0.0% 2,164 GATX Corporation 91,970	
-----	TOTAL
COMMON STOCKS (COST \$56,545,344) 56,902,607	
-----	SHARES DESCRIPTION
(1) COUPON RATINGS (3) VALUE	
-----	
CONVERTIBLE PREFERRED SECURITIES - 10.8% (7.1% OF TOTAL INVESTMENTS) AUTOMOBILES -	
0.6% 174,725 Ford Motor Company Capital Trust II 6.500% CCC+ \$ 4,857,355 General Motors Corporation,	
Convertible Notes, 180,820 Senior Debentures, Series B 5.250% B- 3,345,170	
-----	Total
Automobiles 8,202,525	
-----	
CAPITAL MARKETS - 1.2% 97,750 Affiliated Managers Group Inc. 5.100% BB 4,594,250 212,750 E*Trade	
Financial Corporation 6.125% Ba3 6,369,735 130,005 Lazard Limited 6.625% Ba1 4,680,180	
-----	Total Capital
Markets 15,644,165	
-----	
CHEMICALS - 0.7% 223,800 Celanese Corporation 4.250% N/R 6,671,478 85,255 Huntsman Corporation 5.000%	
N/R 3,312,157	
-----	Total
Chemicals 9,983,635	
-----	
COMMERCIAL BANKS - 1.7% 3,900,000 Fortis Insurance NV, 144A 7.750% A+ 5,061,342 257,400 Marshall and	
Ilsley Corporation 6.500% A2 6,916,338 17 Nuveen Preferred and Convertible Income Fund (JPC) (continued)	
Portfolio of INVESTMENTS June 30, 2006 (Unaudited) SHARES DESCRIPTION (1) COUPON RATINGS (3)	
VALUE	
-----	
COMMERCIAL BANKS (continued) 126,000 National Australia Bank Limited 7.875% N/R \$ 5,353,740 105,800	
Washington Mutual, Inc., Unit 1 Trust 5.375% Baa1 6,017,904	
-----	Total
Commercial Banks 23,349,324	
-----	CONSUMER
FINANCE - 0.7% 9,800,000 SLM Corporation 5.050% A 9,938,278	
-----	ELECTRIC
UTILITIES - 0.4% 66,200 Entergy Corporation 7.625% BBB 3,324,564 56,800 PNM Resources Inc. 6.750% Baa3	
2,788,880	
-----	Total Electric Utilities 6,113,444
-----	HEALTH CARE
PROVIDERS & SERVICES - 0.2% 38,110 Omnicare Capital Trust II, Series B 4.000% BB 2,403,217	
-----	
INSURANCE - 3.6% 138,190 Aspen Insurance Holdings Limited 5.625% BBB- 6,857,679 202,250 Chubb	
Corporation 7.000% A 7,125,267 368,765 Genworth Financial Inc. 6.000% A 13,884,002 61,200 Hartford Financial	
Services Group, Inc. 7.000% A 4,593,060 154,345 IPC Holdings Limited 7.250% BBB- 3,839,332 418,700 MetLife	
Inc., Convertible, Series B 6.375% BBB+ 11,543,559	
-----	Total
Insurance 47,842,899	
-----	
MEDIA - 0.2% 96,750 Interpublic Group Companies Inc., Series A 5.375% N/R 3,096,000	
-----	METALS &
MINING - 0.2% 1,755 Freeport McMoran Copper & Gold, Inc. 5.500% B- 2,199,234	
-----	OIL, GAS &

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CONSUMABLE FUELS - 0.6% 35,460 Chesapeake Energy Corporation, 144A 5.000% B 3,630,218 37,000 Chesapeake Energy Corporation 4.500% B+ 3,468,750 12,965 Hess Corporation 7.000% BB 1,720,455		
-----	Total Oil,	
Gas & Consumable Fuels 8,819,423		
-----	THRIFTS &	
MORTGAGE FINANCE - 0.7% 63,350 New York Community Bancorp Inc Capital Trust V 6.000% Baa2 2,974,283 239,350 PMI Group Inc. 5.875% A1 6,086,670		
-----	Total Thrifts	
& Mortgage Finance 9,060,953		
-----	TOTAL	
CONVERTIBLE PREFERRED SECURITIES (COST \$140,507,095) 146,653,097		
-----	SHARES	
DESCRIPTION (1) COUPON RATINGS (3) VALUE		
-----	\$25 PAR (OR	
SIMILAR) PREFERRED SECURITIES - 50.7% (33.4% OF TOTAL INVESTMENTS) CAPITAL MARKETS - 4.8% 270,987 BNY Capital Trust V, Series F 5.950% A1 \$ 6,118,886 148,200 Compass Capital Trust III 7.350% A3 3,675,360 11,300 CSFB USA, Series 2002-10 (SATURNS) 7.000% AA- 279,110 41,500 First Union Institutional Capital II (CORTS) 8.200% A1 1,109,918 4,000 Goldman Sachs Capital I, Series A (CORTS) 6.000% A1 87,480 3,800 Goldman Sachs Group Inc., Series 2004-06 (SATURNS) 6.000% A1 83,106 39,600 Goldman Sachs Group Inc., Series 2004-4 (CORTS) 6.000% A1 859,716 5,000 Goldman Sachs Group Inc., Series GSC-3 (PLUS) 6.000% A1 109,500 3,000 Goldman Sachs Group Incorporated (SATURNS) 5.750% Aa3 63,930 Lehman Brothers Holdings Capital Trust III, Series 528,988 K 6.375% A2 12,219,623 Lehman Brothers Holdings Capital Trust IV, Series 2,400 L 6.375% A2 55,800 29,900 Merrill Lynch Capital Trust II 8.000% A1 758,264 149,500 Merrill Lynch Preferred Capital Trust III 7.000% A1 3,718,065 124,400 Merrill Lynch Preferred Capital Trust IV 7.120% A1 3,123,684 242,500 Merrill Lynch Preferred Capital Trust V 7.280% A1 6,159,500 29,000 Merrill Lynch Preferred Capital Trust 7.750% A1 738,050 71,100 Morgan Stanley Capital Trust II 7.250% A1 1,794,564 333,722 Morgan Stanley Capital Trust III 6.250% A1 7,542,117 18 SHARES DESCRIPTION (1) COUPON RATINGS (3) VALUE		
-----	CAPITAL	
MARKETS (continued) 717,800 Morgan Stanley Capital Trust IV 6.250% A1 \$ 16,200,746 18,200 Morgan Stanley Capital Trust V 5.750% A+ 382,018		
-----	Total Capital	
Markets 65,079,437		
-----	COMMERCIAL BANKS - 9.2% 20,700 Abbey National PLC, Series B 7.375% A 541,512 63,400 Abbey National PLC, Series B 7.250% A1 1,592,608 173,100 Abbey National PLC, Series C 7.375% A2 4,431,360 35,700 ABN AMRO Capital Fund Trust V 5.900% A 776,832 10,000 ABN AMRO Capital Trust Fund VII 6.080% A 226,400 73,500 ASBC Capital I 7.625% Baa1 1,865,430 68,785 BAC Capital Trust I 7.000% Aa3 1,698,990 136,755 BAC Capital Trust II 7.000% Aa3 3,417,507 284,700 BAC Capital Trust III 7.000% Aa3 7,148,817 52,569 Banco Santander 6.410% A2 1,261,656 63,400 Banco Totta & Acores Finance, Series A 8.875% A3 1,618,684 9,100 BancorpSouth Capital Trust I 8.150% Baa2 228,683 231,600 Banesto Holdings, Series A, 144A 10.500% A2 7,005,900 81,700 Bank One Capital Trust VI 7.200% A1 2,058,840 35,700 BankNorth Capital Trust II 8.000% A3 902,139 6,600,000 BOI Capital Funding 3, 144A 6.107% A2 6,157,199 62,300 Chittenden Capital Trust I 8.000% Baa1 1,596,749 107,000 Cobank ABC, 144A, (6) 7.000% N/R 5,446,407 85,900 Comerica Capital Trust I 7.600% A3 2,148,359 306,079 Fleet Capital Trust VII 1.800% Aa3 7,636,671 338,700 Fleet Capital Trust VIII 7.200% Aa3 8,555,562 775,520 HSBC Finance Corporation 6.875% Aa3 19,341,469 164,700 National Commerce Capital Trust II 7.700% A1 4,150,440 43,550 PNC Capital Trust 6.125% A3 962,455 117,538 Royal Bank of Scotland Group PLC, Series L 5.750% A1 2,529,418 91,395 Royal Bank of Scotland Group PLC, Series N 6.350% A1 2,161,492 87,500 SunTrust Capital Trust IV 7.125% A1 2,163,875 74,300 SunTrust Capital Trust V 7.050% A1 1,834,467 199,300 USB Capital Trust IV 7.350% Aa3 5,034,318 81,200 USB Capital Trust V 7.250% Aa3 2,036,496 400,700 USB Capital Trust VI 5.750% Aa3 8,462,784 36,050 USB Capital Trust VII 5.875% Aa3 776,878 33,400 VNB Capital Trust I 7.750% Baa1 841,012 47,100 Well Fargo Capital Trust IX 5.625% Aa2 996,636 10,400 Wells Fargo Capital Trust IV 7.000% Aa2 258,960 80,735 Wells Fargo Capital Trust V 7.000% Aa2 2,004,650 15,100 Wells Fargo	

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Capital Trust VI 6.950% Aa2 372,064 127,369 Wells Fargo Capital Trust VII 5.850% Aa2 2,802,118 80,700 Zions  
Capital Trust B 8.000% Baa1 2,088,516

----- Total

Commercial Banks 125,134,353

----- COMPUTERS &  
PERIPHERALS - 0.1% 22,200 IBM Inc., Series 2001-1 (SATURNS) 7.125% A+ 550,338 4,600 IBM Inc., Trust  
Certificates, Series 2001-2 7.100% A+ 114,057 2,400 IBM Trust II (CORTS) 7.125% A+ 59,448 9,400 IBM Trust III  
(CORTS) 7.200% A+ 234,812 2,900 IBM Trust IV (CORTS) 7.000% A+ 71,920

----- Total

Computers & Peripherals 1,030,575

----- CONSUMER

FINANCE - 0.1% 39,600 Household Capital Trust VII 7.500% A1 999,108 39,700 SLM Corporation 6.000% A  
860,696

----- Total

Consumer Finance 1,859,804

----- DIVERSIFIED

FINANCIAL SERVICES - 5.2% 15,100 BBVA Preferred Capital Ltd., Series B 7.750% A1 377,953 110,100 CIT  
Group Inc., Series A, (6) 6.350% BBB+ 2,698,551 16,500 CIT Group Incorporated (CORTS) 7.750% A3 437,415  
63,960 Citigroup Capital Trust IX 6.000% Aa2 1,428,866 86,500 Citigroup Capital Trust VII 7.125% Aa2 2,167,690  
307,064 Citigroup Capital Trust VIII 6.950% Aa2 7,572,198 66,300 Citigroup Inc., Series G, (6) 6.213% Aa3  
3,315,000 19 Nuveen Preferred and Convertible Income Fund (JPC) (continued) Portfolio of INVESTMENTS June  
30, 2006 (Unaudited) SHARES DESCRIPTION (1) COUPON RATINGS (3) VALUE

DIVERSIFIED FINANCIAL SERVICES (continued) 63,600 Citigroup Inc., Series M, (6) 5.864% Aa3 \$ 3,136,116  
13,000 Citigroup, Series CIT (CORTS) 6.750% A3 318,110 4,100 General Electric Capital Corporation (CORTS)  
6.000% AAA 94,505 33,100 General Electric Capital Corporation 6.625% AAA 816,246 575,518 ING Group N.V.  
7.200% A 14,681,464 786,475 ING Group N.V. 7.050% A 19,842,764 16,800 ING Group N.V. 6.200% A 385,896  
32,700 JPM Capital Trust (CORTS) 7.200% A1 828,618 54,000 JPMorgan Chase & Company (PCARS) 7.125% A2  
1,331,100 395,367 JPMorgan Chase Capital Trust X 7.000% A1 9,824,870 22,800 JPMorgan Chase Capital Trust  
XVI 6.350% A1 528,732 JPMorgan Chase Trust, Series 2002-6, Class A 48,200 (SATURNS) 7.125% A1 1,232,956

----- Total

Diversified Financial Services 71,019,050

----- DIVERSIFIED

TELECOMMUNICATION SERVICES - 0.5% 21,400 BellSouth Capital Funding (CORTS) 7.100% A 535,000  
17,400 BellSouth Corporation (CORTS) 7.000% Aa3 424,038 33,200 BellSouth Corporation, Series 2001-3  
(SATURNS) 7.125% A 796,800 11,900 BellSouth Corporation 7.125% A 285,124 10,000 BellSouth Inc. (CORTS)  
7.000% A 248,000 18,300 BellSouth Telecommunications (PPLUS) 7.300% A 448,533 Deutsche Telekom  
International Finance B.V., 45,050 Series 2001-24, Class A-1 (CORTS) 7.875% A- 1,138,864 17,500 Verizon  
Communications (CORTS) 7.625% A 444,675 22,200 Verizon Communications (CORTS) 7.375% A 560,994 4,700  
Verizon Communications, Series 2004-1 (SATURNS) 6.125% A+ 102,507 Verizon Global Funding Corporation  
Trust III, 1,300 Series III (CORTS) 6.250% A 28,470 13,900 Verizon New England Inc., Series B 7.000% A3  
344,164 45,155 Verizon South Inc., Series F 7.000% A 1,100,427

----- Total

Diversified Telecommunication Services 6,457,596

----- ELECTRIC UTILITIES

- 0.8% 7,000 Consolidated Edison Company of New York Inc. 7.500% A1 175,070 10,000 Consolidated Edison, Inc.  
7.250% A2 250,900 22,200 DTE Energy Trust I 7.800% Baa3 562,548 40,670 Entergy Louisiana LLC 7.600% A-  
1,016,750 44,570 Georgia Power Capital Trust V 7.125% A3 1,116,479 153,100 Georgia Power Company 5.900% A  
3,466,184 3,700 Georgia Power Company 5.750% A 78,958 National Rural Utilities Cooperative Finance 1,100  
Corporation 7.400% A3 27,786 National Rural Utilities Cooperative Finance 6,600 Corporation 6.100% A3 147,840  
National Rural Utilities Cooperative Finance 4,900 Corporation 5.950% A3 106,918 2,100 Southern Company Capital  
Trust I (CORTS) 7.375% BBB+ 53,949 2,800 Southern Company Capital Trust VI 7.125% BBB+ 70,280 134,400

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Virginia Power Capital Trust 7.375% Baa2 3,373,440

----- Total Electric  
Utilities 10,447,102 -----

FOOD PRODUCTS - 0.4% 58,000 Dairy Farmers of America Inc., 144A, (6) 7.875% BBB- 5,607,875

-----  
INSURANCE - 11.4% 556,210 Ace Ltd., Series C 7.800% Baa2 14,378,029 50,080 Aegon N.V. 6.500% A-  
1,192,906 982,000 Aegon N.V. 6.375% A- 23,018,080 18,000 Allstate Insurance Company (CORTS) 8.000% A2  
472,500 26,600 AMBAC Financial Group Inc. 5.950% AA 578,816 252,200 Arch Capital Group Limited 8.000%  
Baa3 6,415,968 1,221,100 Delphi Financial Group, Inc. 8.000% BBB 31,357,848 322,955 EverestRe Capital Trust II  
6.200% Baa1 6,888,630 110,400 EverestRe Group Limited 7.850% Baa1 2,798,640 82,200 Financial Security  
Assurance Holdings 6.250% AA 1,865,118 225,500 Hartford Capital Trust III, Series C 7.450% BBB+ 5,621,715  
38,400 Lincoln National Capital Trust V, Series E 7.650% A- 961,920 7,100 Lincoln National Capital Trust VI  
6.750% A- 173,098 122,400 MetLife Inc., Series B, (6) 6.500% Baa1 3,014,712 860,950 PartnerRe Limited, Series C  
6.750% BBB+ 20,593,924 4,300 PartnerRe Limited 7.900% A3 108,145 82,200 PLC Capital Trust III 7.500% BBB+  
2,061,576 20 SHARES DESCRIPTION (1) COUPON RATINGS (3) VALUE

-----  
INSURANCE (continued) 39,700 PLC Capital Trust IV 7.250% BBB+ \$ 977,414 8,300 PLC Capital Trust V 6.125%  
BBB+ 186,750 37,400 Prudential PLC 6.750% A 915,178 325,410 RenaissanceRe Holdings Limited, Series B  
7.300% BBB 7,972,545 12,000 RenaissanceRe Holdings Limited, Series C 6.080% BBB+ 262,320 96,100  
RenaissanceRe Holdings Ltd., Series A 8.100% BBB+ 2,414,032 26,300 Safeco Capital Trust I (CORTS) 8.750%  
Baa2 773,746 39,100 Safeco Capital Trust III (CORTS) 8.072% Baa2 1,021,488 14,700 Safeco Capital Trust IV  
(CORTS) 8.375% Baa2 388,080 47,400 Safeco Corporation, Series 2001-7 (SATURNS) 8.250% Baa2 1,202,538  
44,900 Safeco Corporation, Series 2002-5 (SATURNS) 8.250% Baa2 1,137,542 75,500 Saint Paul Capital Trust I  
7.600% Baa1 1,913,170 34,100 Torchmark Capital Trust I 7.750% A- 865,799 1,300 Torchmark Capital Trust II  
7.750% A- 33,020 74,000 W.R. Berkley Capital Trust, Series 2002-1 (CBTCS) 8.125% BBB- 746,660 15,000 W.R.  
Berkley Corporation 6.750% BBB- 352,050 151,100 XL Capital Ltd, Series A 8.000% Baa1 3,830,385 340,500 XL  
Capital Ltd, Series B 7.625% Baa1 8,614,650

----- Total  
Insurance 155,108,992 -----

MEDIA - 0.1% 43,700 CBS Corporation 7.250% BBB+ 1,075,020 3,700 Walt Disney Company 7.000% A- 92,574

----- Total Media  
1,167,594 -----

MULTI-UTILITIES - 0.2% 55,600 Dominion CNG Capital Trust I 7.800% Baa2 1,410,016 57,400 Energy East  
Capital Trust I 8.250% BBB- 1,456,238

----- Total  
Multi-Utilities 2,866,254 -----

----- OIL, GAS &  
CONSUMABLE FUELS - 0.9% 477,200 Nexen Inc. 7.350% Baa3 11,944,316

----- REAL  
ESTATE - 14.0% 10,700 AvalonBay Communities, Inc., Series H 8.700% BBB 286,653 3,000 BRE Properties,  
Series B 8.080% BBB- 75,660 22,500 BRE Properties, Series C 6.750% BBB- 525,375 327,949 CarrAmerica Realty  
Corporation, Series E 7.500% BBB- 8,280,712 Developers Diversified Realty Corporation, Series 20,600 F 8.600%  
BBB- 523,240 Developers Diversified Realty Corporation, Series 658,185 G 8.000% BBB- 16,915,355 Developers  
Diversified Realty Corporation, Series 74,900 H 7.375% BBB- 1,827,560 81,100 Duke Realty Corporation, Series L  
6.600% BBB 1,896,929 15,700 Duke-Weeks Realty Corporation 6.950% BBB 385,435 208,656 Equity Office  
Properties Trust, Series G 7.750% BBB- 5,331,161 19,200 Equity Residential Properties Trust, Series C 9.125% BBB  
481,920 11,800 Equity Residential Properties Trust, Series D 8.600% BBB 300,664 424,173 Equity Residential  
Properties Trust, Series N 6.480% BBB 9,688,111 268,200 First Industrial Realty Trust, Inc., Series J 7.250% BBB-  
6,611,130 311,700 HRPT Properties Trust, Series B 8.750% BBB- 8,104,200 652,100 HRPT Properties Trust, Series  
C 7.125% BBB- 16,009,055 465,187 Kimco Realty Corporation, Series F 6.650% BBB+ 11,127,273 13,693 New  
Plan Excel Realty Trust, Series D 7.800% BBB- 678,659 904,075 New Plan Excel Realty Trust, Series E 7.625%

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BBB- 23,053,913 32,982 Prologis Trust, Series C 8.540% BBB 1,751,140 13,600 Prologis Trust, Series G 6.750%  
 BBB 320,824 13,000 PS Business Parks, Inc., Series F 8.750% BBB- 329,550 2,000 PS Business Parks, Inc., Series K  
 7.950% BBB- 51,600 900 Public Storage Inc, Series G 7.000% BBB+ 22,032 149,000 Public Storage Inc., Series I  
 7.250% BBB+ 3,695,200 51,900 Public Storage, Inc., Series E 6.750% BBB+ 1,213,941 15,000 Public Storage, Inc.,  
 Series F 6.450% BBB+ 336,750 97,600 Public Storage, Inc., Series H 6.950% BBB+ 2,366,800 159,800 Public  
 Storage, Inc., Series R 8.000% BBB+ 4,010,980 34,900 Public Storage, Inc., Series S 7.875% BBB+ 877,386 28,200  
 Public Storage, Inc., Series T 7.625% BBB+ 705,846 30,200 Public Storage, Inc., Series U 7.625% BBB+ 758,020  
 32,300 Public Storage, Inc., Series V 7.500% BBB+ 826,880 3,000 Public Storage, Inc., Series X 6.450% BBB+  
 67,980 21 Nuveen Preferred and Convertible Income Fund (JPC) (continued) Portfolio of INVESTMENTS June 30,  
 2006 (Unaudited) SHARES DESCRIPTION (1) COUPON RATINGS (3) VALUE

----- REAL  
 ESTATE (continued) 186,500 Regency Centers Corporation 7.450% BBB- \$ 4,802,375 9,100 Regency Centers  
 Corporation 7.250% BBB- 228,911 32,000 Regency Centers Corporation 6.700% BBB- 749,440 7,000 Simon  
 Property Group, Inc., Series G 7.890% BBB 357,000 2,800 Vornado Realty Trust, Series F 6.750% BBB- 66,220  
 16,800 Vornado Realty Trust, Series G 6.625% BBB- 386,400 3,400 Vornado Realty Trust, Series H 6.750% BBB-  
 79,560 54,200 Vornado Realty Trust, Series I 6.625% BBB- 1,248,226 1,462,445 Wachovia Preferred Funding  
 Corporation 7.250% A2 38,506,177 636,930 Weingarten Realty Trust, Preferred Securities 6.750% A- 15,923,250  
 ----- Total Real

Estate 191,785,493 -----  
 THRIFTS & MORTGAGE FINANCE - 2.3% 4,300 Countrywide Capital Trust II, Series II (CORTS) 8.000% BBB+  
 108,360 99,500 Countrywide Capital Trust III (PPLUS) 8.050% BBB+ 2,562,125 1,201,200 Countrywide Capital  
 Trust IV 6.750% BBB+ 28,312,284

----- Total Thrifts  
 & Mortgage Finance 30,982,769

----- WIRELESS  
 TELECOMMUNICATION SERVICES - 0.7% 34,100 AT&T Wireless (CORTS) 8.000% A 876,370 18,300 AT&T  
 Wireless, Series 2002-B (SATURNS) 9.250% A 488,610 33,900 United States Cellular Corporation 8.750% A-  
 883,095 272,100 United States Cellular Corporation 7.500% A- 6,851,478

----- Total  
 Wireless Telecommunication Services 9,099,553

----- TOTAL \$25 PAR (OR  
 SIMILAR) PREFERRED SECURITIES (COST \$717,889,379) 689,590,763

----- PRINCIPAL AMOUNT  
 (000) DESCRIPTION (1) COUPON MATURITY (4) RATINGS (3) VALUE

VARIABLE RATE SENIOR LOAN INTERESTS - 0.2% (0.1% OF TOTAL INVESTMENTS) (5) MEDIA - 0.1% \$  
 1,000 Philadelphia Newspapers, Term Loan B, WI/DD TBD TBD B \$ 1,000,000

----- PAPER  
 & FOREST PRODUCTS - 0.1% Bluegrass Container Company, LLC, Term Loan B, 1,155 WI/DD TBD TBD BB-  
 1,507,500 -----

TOTAL VARIABLE RATE SENIOR LOAN INTERESTS (COST 2,155 \$2,500,000) 2,507,500

----- PRINCIPAL AMOUNT (000) DESCRIPTION (1) COUPON MATURITY RATINGS (3) VALUE

-----  
 CONVERTIBLE BONDS - 36.8% (24.2% OF TOTAL INVESTMENTS) AEROSPACE & DEFENSE - 1.6% \$  
 4,500 AAR Corporation, 144A, (7) 1.750% 2/01/26 BB- \$ 4,336,875 5,205 Armor Holdings Inc. 2.000% 11/01/24 B+  
 6,219,975 3,410 L-3 Communications Corporation, Series 144A 3.000% 8/01/35 BB+ 3,341,800 6,460 Lockheed  
 Martin Corporation 4.920% 8/15/33 BBB+ 7,374,478

----- 19,575  
 Total Aerospace & Defense 21,273,128

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AIRLINES - 0.4% 1,225 AMR Corporation, Convertible Bonds 4.500% 2/15/24 CCC+ 1,643,031 1,000 Continental Airlines, Inc. 5.000% 6/15/23 CCC+ 1,701,250 1,650 JetBlue Airways Corporation 3.750% 3/15/35 B- 1,612,875  
----- 3,875

Total Airlines 4,957,156

----- AUTO  
COMPONENTS - 0.5% 6,695 ArvinMeritor Inc., 144A 4.625% 3/01/26 BB- 7,105,069

-----  
AUTOMOBILES - 0.1% 785 Fleetwood Enterprises Inc., 144A 5.000% 12/15/23 B2 758,506

-----  
BIOTECHNOLOGY - 2.1% 7,760 Amgen Inc., 144A 0.125% 2/01/11 A+ 7,294,400 4,000 Cephalon, Inc. 0.000% 6/15/33 B- 4,675,000 7,855 Genzyme Corporation 1.250% 12/01/23 BBB 8,198,656 22 PRINCIPAL AMOUNT  
(000) DESCRIPTION (1) COUPON MATURITY RATINGS (3) VALUE

-----  
BIOTECHNOLOGY (continued) \$ 5,470 Gilead Sciences Inc., 144A 0.625% 5/01/13 N/R \$ 5,237,525 2,680  
Medimmune Inc. 1.000% 7/15/23 BBB 2,686,700

----- 27,765

Total Biotechnology 28,092,281

----- CAPITAL  
MARKETS - 0.5% 6,600 Goldman Sachs Group Inc. 0.125% 6/28/11 Aa3 6,946,302

-----  
COMMERCIAL BANKS - 0.2% 2,510 Wells Fargo & Company, Convertible Bond 5.396% 5/01/33 Aa1 2,519,413

-----  
COMMUNICATIONS EQUIPMENT - 3.2% 2,560 ADC Telecommunications Inc. 1.000% 6/15/08 N/R 2,419,200  
4,475 ADC Telecommunications Inc. 5.795% 6/15/13 N/R 4,296,000 7,057 Cienna Corporation 3.750% 2/01/08 B  
6,783,541 3,675 CommScope Inc. 1.000% 3/15/24 B+ 5,475,750 5,565 Comverse Technology, Inc. 0.000% 5/15/23  
BB- 6,740,606 2,500 Finisar Corporation, Series 144A 2.500% 10/15/10 N/R 2,918,750 1,820 JDS Uniphase  
Corporation 0.000% 11/15/10 N/R 1,667,575 Juniper Networks Inc., Convertible Subordinated 2,520 Notes 0.000%  
6/15/08 BB 2,529,450 5,325 Lucent Technologies Inc. 2.750% 6/15/23 B1 5,225,156 2,985 Nortel Networks Corp.  
4.250% 9/01/08 B- 2,828,288 1,240 Powerwave Technologies Inc. 1.875% 11/15/24 N/R 1,298,900 1,055 Powerwave  
Technologies Inc. 1.825% 11/15/24 N/R 1,105,113

----- 40,777

Total Communications Equipment 43,288,329

-----  
CONSTRUCTION & ENGINEERING - 0.2% 3,250 Quanta Services Inc., Series 144A 3.750% 4/30/26 N/R  
3,396,250

-----  
CONSUMER FINANCE - 0.2% 3,225 American Express Company, Convertible Bond 1.850% 12/01/33 A+  
3,317,719

-----  
DIVERSIFIED FINANCIAL SERVICES - 0.9% 7,500 CapitalSource Inc. 3.500% 7/15/34 BBB- 7,415,625 4,545  
Merrill Lynch & Co. Inc., Convertible Bond 0.000% 3/13/32 Aa3 4,976,775

----- 12,045

Total Diversified Financial Services 12,392,400

-----  
DIVERSIFIED TELECOMMUNICATION SERVICES - 0.8% 4,100 Broadwing Corporation, 144A 3.125% 5/15/26  
N/R 3,813,000 2,425 CenturyTel Inc. 4.750% 8/01/32 BBB 2,518,969 4,345 Time Warner Telecom Inc. 2.375%  
4/01/26 CCC+ 4,513,369

----- 10,870

Total Diversified Telecommunication Services 10,845,338

-----  
ELECTRONIC EQUIPMENT & INSTRUMENTS - 0.9% 4,250 Coherent Inc., 144A 2.750% 3/01/11 N/R 4,611,250  
13,125 Roper Industries Inc. 1.481% 1/15/34 BB- 8,039,063

----- 17,375

Explanation of Responses:

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Total Electronic Equipment & Instruments 12,650,313

----- ENERGY  
EQUIPMENT & SERVICES - 1.6% 830 Cal Dive International Inc. 3.250% 12/15/25 N/R 1,237,738 4,375 Cooper  
Cameron Corporation 1.500% 5/15/24 BBB+ 6,480,469 3,125 Hanover Compressor Company 4.750% 1/15/14 B  
4,468,750 3,100 Nabors Industries Inc. 0.000% 6/15/23 N/R 3,410,000 1,785 Oil States International Inc., Series  
144A 2.375% 7/01/25 N/R 2,313,806 2,440 Schlumberger Limited 2.125% 6/01/23 A+ 4,114,450  
----- 15,655

Total Energy Equipment & Services 22,025,213

----- GAS  
UTILITIES - 0.2% 40 Southern Union Company, Series B 5.750% 8/16/06 Baa3 3,197,888

----- HEALTH  
CARE EQUIPMENT & SUPPLIES - 1.1% 8,835 Fisher Scientific International Inc. 3.250% 3/01/24 BB+ 9,873,113  
5,450 Lincare Holdings Inc. 3.000% 6/15/33 N/R 5,334,188  
----- 14,285

Total Health Care Equipment & Supplies 15,207,301

----- 23 Nuveen  
Preferred and Convertible Income Fund (JPC) (continued) Portfolio of INVESTMENTS June 30, 2006 (Unaudited)  
PRINCIPAL AMOUNT (000) DESCRIPTION (1) COUPON MATURITY RATINGS (3) VALUE

----- HEALTH  
CARE PROVIDERS & SERVICES - 1.0% \$ 6,600 Laboratory Corporation of America Holdings 0.000% 9/11/21  
BBB- \$ 5,593,500 2,165 Manor Care, Inc. 2.125% 8/01/35 BBB 2,435,625 6,210 Roche Holdings Inc., 144A 0.000%  
7/25/21 N/R 5,527,707  
----- 14,975

Total Health Care Providers & Services 13,556,832

----- HOTELS,  
RESTAURANTS & LEISURE - 2.4% 5,770 Caesars Entertainment Inc. 5.028% 4/15/24 BBB- 7,285,779 14,850  
Carnival Corporation 1.132% 4/29/33 A- 9,745,313 1,560 Four Seasons Hotel Inc. 1.875% 7/30/24 BBB- 1,647,750  
5,800 Hilton Hotels Corporation 3.375% 4/15/23 BB 7,641,500 2,955 Kerzner International Limited, 144A 2.375%  
4/15/24 B 4,029,881 2,150 Scientific Games Corporation 0.750% 12/01/24 B+ 2,803,063  
----- 33,085

Total Hotels, Restaurants & Leisure 33,153,286

----- INDUSTRIAL CONGLOMERATES - 0.5% 6,980 3M Company 0.000% 11/21/32 Aa1 6,334,350

----- INSURANCE - 1.5% 24 Alleghany Corporation, Convertible Bond 5.750% 6/15/09 BBB- 6,515,541 4,840 American  
Equity Investment Life Holding Company 5.250% 12/06/24 BB+ 5,075,950 9,000 American Financial Group Inc.  
1.486% 6/02/33 BBB 4,623,750 4,730 Prudential Financial Inc. 2.411% 11/15/35 A 4,746,319  
----- 18,594

Total Insurance 20,961,560

----- INTERNET  
SOFTWARE & SERVICES - 0.6% 5,845 Open Solutions Inc., 144A 1.467% 2/02/35 N/R 3,441,244 7,100 Open  
Solutions Inc. 1.467% 2/02/35 N/R 4,180,125  
----- 12,945

Total Internet Software & Services 7,621,369

----- IT  
SERVICES - 0.1% 1,515 Digital River Inc. 1.250% 1/01/24 N/R 1,717,631

----- LEISURE  
EQUIPMENT & PRODUCTS - 0.5% 6,195 K2 Corporation, Convertible Notes, 144A 5.000% 6/15/10 N/R  
6,481,519

----- MEDIA - 3.8% 215 Comcast Corporation 2.000% 10/15/29 BBB 8,553,803 3,700 Grey Global Group Inc. 5.000%  
10/15/33 N/R 4,601,875 Liberty Media Corporation, Senior Debentures 10,850 Exchangeable for Motorola Common

Explanation of Responses:



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Stock 3.500% 1/15/31 BB+ 10,348,188 8,400 Liberty Media Corporation 0.750% 3/30/23 BB+ 8,956,500 1,775 Lions Gate Entertainment Corporation, 144A 2.938% 10/15/24 N/R 1,657,406 2,500 Lions Gate Entertainment Corporation, 144A 3.625% 3/15/25 N/R 2,137,500 3,340 Omnicom Group Inc. 0.000% 6/15/33 A- 3,356,700 3,240 Sirius Satellite Radio Inc. 3.250% 10/15/11 CCC 3,730,050 6,425 Walt Disney Company, Convertible Senior Notes 2.125% 4/15/23 A- 7,107,656

----- 40,445

Total Media 50,449,678

----- METALS

& MINING - 0.4% 2,875 Century Aluminum Company 1.750% 8/01/24 BB- 3,892,031 1,475 Placer Dome Inc. 2.750% 10/15/23 A- 1,961,750

----- 4,350 Total

Metals & Mining 5,853,781

MULTI-UTILITIES - 0.5% 6,325 Dominion Resources Inc., Series C 2.125% 12/15/23 BBB 6,704,500

----- OIL, GAS

& CONSUMABLE FUELS - 1.0% 900 Cheniere Energy Inc. 2.250% 8/01/12 N/R 1,093,500 1,600 Chesapeake Energy Corporation, 144A 2.750% 11/15/35 BB 1,646,000 8,775 Devon Energy Corporation 4.900% 8/15/08 BBB 10,694,531

----- 11,275 Total Oil, Gas & Consumable Fuels 13,434,031

PHARMACEUTICALS - 2.4% 3,390 Alexion Pharmaceuticals Inc., 144A 1.375% 2/01/12 N/R 4,449,375 3,250 Alexion Pharmaceuticals Inc. 1.375% 2/01/12 N/R 4,265,625 3,925 BioMarin Pharmaceutical Inc. 2.500% 3/29/13 CCC 4,346,938 4,225 Cubist Pharmaceuticals Inc. 2.250% 6/15/13 N/R 4,425,688 24 PRINCIPAL AMOUNT (000) DESCRIPTION (1) COUPON MATURITY RATINGS (3) VALUE

PHARMACEUTICALS (continued) \$ 4,525 First Horizon Pharmaceutical Corporation 1.750% 3/08/24 N/R \$ 5,079,313 3,415 Teva Pharmaceutical Finance, Series A 0.500% 2/01/24 BBB 3,491,838 6,400 Wyeth, 144A 1.000% 1/15/24 A 6,694,400

----- 29,130

Total Pharmaceuticals 32,753,177

----- ROAD &

RAIL - 0.7% 7,700 CSX Corporation 0.000% 10/30/21 BBB 9,721,250

SEMICONDUCTORS & EQUIPMENT - 1.5% 3,100 Agere Systems Inc. 6.500% 12/15/09 B 3,080,625 2,295 ASM International NV 4.250% 12/06/11 B- 2,229,019 4,000 Intel Corporation, 144A 2.950% 12/15/35 A- 3,385,000 3,240 LSI Logic Corporation 4.000% 5/15/10 Ba3 3,308,850 2,825 Photronics Inc., Convertible Notes 2.250% 4/15/08 B 3,160,469 5,775 RF Micro Devices, Inc. 1.500% 7/01/10 B- 5,746,125

----- 21,235

Total Semiconductors & Equipment 20,910,088

SOFTWARE - 1.7% 7,200 Amdocs Limited 0.500% 3/15/24 BBB- 7,326,000 3,045 Cadence Design Systems, Inc. 0.000% 8/15/23 N/R 3,494,138 3,375 Informatica Corporation, 144A 3.000% 3/15/26 N/R 3,328,594 2,850 Red Hat Inc., Convertible Bond 0.500% 1/15/24 B 3,102,938 3,350 Sybase, Inc., 144A 1.750% 2/22/25 N/R 3,241,125 3,005 Sybase, Inc. 1.750% 2/22/25 N/R 2,907,338

----- 22,825

Total Software 23,400,133

SPECIALTY RETAIL - 2.4% 2,880 Best Buy Co., Inc. 2.250% 1/15/22 BBB- 3,567,600 2,200 Charming Shoppes Inc. 4.750% 6/01/12 BB- 2,714,250 4,510 Dick's Sporting Goods Inc. 1.606% 2/18/24 B 3,455,788 4,600 Lowes Companies, Inc. 0.861% 10/19/21 A+ 4,864,500 Sonic Automotive Inc., Convertible Senior 3,545 Subordinated Notes 5.250% 5/07/09 B 3,487,394 8,775 TJX Companies, Inc. 0.000% 2/13/21 A- 6,998,063 6,750 United Auto Group

Explanation of Responses:

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Inc., Series 144A 3.500% 4/01/26 B 7,290,000	
-----	33,260
Total Specialty Retail 32,377,595	
-----	TRADING
COMPANIES & DISTRIBUTORS - 0.4% 4,300 GATX Corporation 7.500% 2/01/07 BBB 5,439,500	
-----	WIRELESS
TELECOMMUNICATION SERVICES -- 0.9% 1,790 American Tower Corporation 3.000% 8/15/12 BB- 2,928,888	
6,500 NII Holdings Inc., 144A 2.750% 8/15/25 N/R 8,645,000	
-----	8,290 Total
Wireless Telecommunication Services 11,573,888	
-----	468,751
TOTAL CONVERTIBLE BONDS (COST \$478,955,222) 500,416,774	
-----	
PRINCIPAL AMOUNT (000) DESCRIPTION (1) COUPON MATURITY RATINGS (3) VALUE	
-----	CORPORATE
BONDS - 14.4% (9.4% OF TOTAL INVESTMENTS) AEROSPACE & DEFENSE - 0.3% \$ 1,000 Hexcel Corporation, Term Loan 6.750% 2/01/15 B \$ 940,000 2,500 K&F Acquisition Inc. 7.750% 11/15/14 B- 2,475,000	
-----	3,500 Total
Aerospace & Defense 3,415,000	
-----	AUTO
COMPONENTS - 0.5% 1,600 Affinia Group Inc. 9.000% 11/30/14 CCC+ 1,460,000 Keystone Automotive Operations 2,575 Inc. 9.750% 11/01/13 B- 2,446,250 2,500 Tenneco Auto, Inc. 10.250% 7/15/13 B 2,753,125	
-----	6,675 Total Auto
Components 6,659,375	
-----	CHEMICALS -
0.6% 2,000 Freeport-McMoran Resources 7.000% 2/15/08 Ba3 2,015,000 2,000 Ineos Group Holdings PLC, 144A 8.500% 2/15/16 B2 1,882,500 1,000 Nell AF Sarl 8.375% 8/15/15 B2 966,250 25 Nuveen Preferred and Convertible Income Fund (JPC) (continued) Portfolio of INVESTMENTS June 30, 2006 (Unaudited) PRINCIPAL AMOUNT (000) DESCRIPTION (1) COUPON MATURITY RATINGS (3) VALUE	
-----	CHEMICALS
(continued) \$ 1,335 OM Group Inc. 9.250% 12/15/11 B- \$ 1,381,725 Rockwood Specialties Group 1,500 Inc., Series WI 7.500% 11/15/14 B- 1,477,500	
-----	7,835 Total
Chemicals 7,722,975	
-----	COMMERCIAL
BANKS - 0.3% 4,500 HBOS PLC, Series 144A 6.413% 9/29/49 A1 4,043,367	
-----	COMMERCIAL
SERVICES & SUPPLIES - 0.4% Allied Waste North America, 667 Series B 9.250% 9/01/12 BB- 710,355 1,000 Allied Waste North America 7.875% 4/15/13 BB- 1,005,000 2,740 DST Systems Inc. 4.125% 8/15/23 N/R 3,637,350 600 Williams Scotsman Inc., 144A 8.500% 10/01/15 B+ 595,500	
-----	Total
Commercial Services & 5,007 Supplies 5,948,205	
-----	COMPUTERS
& PERIPHERALS - 0.1% 1,000 GSC Holdings Corporation, 144A 8.000% 10/01/12 Ba3 1,005,000	
-----	CONTAINERS
& PACKAGING - 0.6% 1,520 Berry Plastics Corporation 10.750% 7/15/12 B- 1,653,000 MDP Acquisitions PLC, Senior 2,000 Notes 9.625% 10/01/12 B- 2,070,000 Owens-Brockway Glass Containers, Guaranteed Senior 2,000 Note 8.250% 5/15/13 B 2,015,000 2,000 Owens-Illinois Inc. 7.800% 5/15/18 B 1,890,000	
-----	7,520 Total
Containers & Packaging 7,628,000	
-----	DIVERSIFIED

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TELECOMMUNICATION SERVICES - 0.3% Intelsat Subsidiary Holding 2,000 Company Limited 8.500% 1/15/13 B+ 1,995,000 Valor Telecommunications 1,500 Enterprises LLC 7.750% 2/15/15 Ba2 1,556,250

----- Total Diversified  
3,500 Telecommunication Services 3,551,250

----- ELECTRIC UTILITIES - 0.5% 3,000 Midwest Generation LLC 8.750% 5/01/34 Ba3 3,195,000 Mirant North America LLC., 500 144A 7.375% 12/31/13 B2 485,000 Sierra Pacific Resources, 3,000 Series 2006 6.750% 8/15/17 B1 2,849,463

----- 6,500 Total  
Electric Utilities 6,529,463

----- ENERGY EQUIPMENT & SERVICES - 0.2% 1,200 Hanover Compressor Company 7.500% 4/15/13 B 1,182,000 1,500 Pride International Inc. 7.375% 7/15/14 Ba2 1,515,000

----- Total Energy  
Equipment & 2,700 Services 2,697,000

----- FOOD & STAPLES RETAILING - 0.1% 2,000 Stater Brothers Holdings Inc. 8.125% 6/15/12 B+ 1,985,000

----- FOOD PRODUCTS - 0.4% 356 Dole Foods Company 8.875% 3/15/11 B 335,530 5,943 Dole Foods Company 7.875% 7/15/13 B 5,378,415

----- 6,299 Total Food  
Products 5,713,945

----- HEALTH CARE EQUIPMENT & SUPPLIES - 0.1% 1,300 Select Medical Corporation 7.625% 2/01/15 B- 1,137,500

----- HEALTH CARE PROVIDERS & SERVICES - 0.3% 1,000 US Oncology Inc. 9.000% 8/15/12 B1 1,045,000 2,500 US Oncology Inc. 10.750% 8/15/14 B- 2,725,000

----- Total Health  
Care Providers & 3,500 Services 3,770,000

----- HOTELS, RESTAURANTS & LEISURE - 1.7% 2,000 Boyd Gaming Corporation 8.750% 4/15/12 B+ 2,105,000 2,000 Boyd Gaming Corporation 7.750% 12/15/12 B+ 2,027,500 1,500 Herbst Gaming Inc. 7.000% 11/15/14 B- 1,432,500 2,900 Intrawest Corporation 7.500% 10/15/13 B+ 2,900,000 Jacob's Entertainment Inc., 700 144A 9.750% 6/15/14 B- 707,000 Landry's Restaurants Inc., 2,000 Series B 7.500% 12/15/14 B 1,845,000 1,600 Park Place Entertainment 8.125% 5/15/11 BB+ 1,694,000 2,500 Park Place Entertainment 7.000% 4/15/13 BBB- 2,548,000 2,000 Pinnacle Entertainment Inc. 8.250% 3/15/12 B- 2,015,000 750 Pinnacle Entertainment Inc. 8.750% 10/01/13 B- 785,625 26 PRINCIPAL AMOUNT (000) DESCRIPTION (1) COUPON MATURITY RATINGS (3) VALUE

----- HOTELS, RESTAURANTS & LEISURE (continued) \$ 1,283 Town Sports International Inc. 9.625% 4/15/11 B2 \$ 1,331,113 Universal City Development 4,000 Partners 11.750% 4/01/10 B2 4,375,000

----- Total Hotels,  
Restaurants & 23,233 Leisure 23,765,738

----- HOUSEHOLD DURABLES - 0.7% K. Hovnanian Enterprises Inc., 2,000 Senior Subordinated Notes 8.875% 4/01/12 Ba2 2,000,000 3,000 KB Home 8.625% 12/15/08 Ba2 3,123,756 Technical Olympic USA Inc., 4,675 Senior Subordinated Notes 10.375% 7/01/12 B2 4,511,375

----- 9,675 Total  
Household Durables 9,635,131

----- HOUSEHOLD PRODUCTS - 0.1% 1,650 Central Garden & Pet Company 9.125% 2/01/13 B 1,707,750

----- INDEPENDENT POWER PRODUCERS & ENERGY TRADERS - 0.1% 400 NRG Energy Inc. 7.250% 2/01/14 B1 391,000 400 NRG

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Energy Inc. 7.375% 2/01/16 B1 391,000	
-----	Total
Independent Power 800 Producers & Energy Traders 782,000	
-----	IT SERVICES -
0.5% 1,625 Global Cash Access LLC 8.750% 3/15/12 B- 1,720,469 SunGard Data Systems Inc., 4,750 Series 144A	
9.125% 8/15/13 B- 4,951,875	
-----	6,375 Total IT
Services 6,672,344	
-----	MACHINERY -
0.7% 2,000 Greenbrier Companies, Inc. 8.375% 5/15/15 B+ 2,052,500 Terex Corporation, Senior 813 Subordinated	
Notes 10.375% 4/01/11 B+ 863,813 Terex Corporation, Senior 6,095 Subordinated Notes 9.250% 7/15/11 B+	
6,506,413	----- 8,908
Total Machinery 9,422,726	
-----	MEDIA - 2.4%
Allbritton Communications 4,000 Company, Series B 7.750% 12/15/12 B- 3,980,000 American Media Operations	
2,880 Inc., Series B 10.250% 5/01/09 Caa1 2,700,000 2,000 American Media Operations Inc. 8.875% 1/15/11 Caa1	
1,780,000 Cablevision Systems 1,000 Corporation, Series B 8.125% 8/15/09 B+ 1,022,500 Cablevision Systems 5,000	
Corporation 7.250% 7/15/08 B+ 5,031,250 Charter Communications 2,000 Operating LLC, 144A 8.000% 4/30/12 B2	
2,000,000 1,975 Medianews Group Inc. 6.375% 4/01/14 B 1,738,000 2,950 Panamsat Corporation 9.000% 8/15/14 B	
1,989,000 7,000 Primedia Inc., Senior Notes 8.875% 5/15/11 B 5,790,000 4,550 Vertis Inc. 9.750% 4/01/09 B3	
4,652,375 Young Broadcasting Inc., 4,000 Senior Subordinated Note 10.000% 3/01/11 Caa2 3,580,000	
-----	37,355 Total
Media 34,263,125	
-----	METALS &
MINING - 0.2% 2,000 Chaparral Steel Company 10.000% 7/15/13 B1 2,190,000	
-----	MULTILINE
RETAIL - 0.2% Bon-Ton Department Stores 2,400 Inc., 144A 10.250% 3/15/14 B2 2,238,000	
-----	
MULTI-UTILITIES - 0.1% 1,600 Dynegy Holdings Inc., 144A 8.375% 5/01/16 B2 1,584,000	
-----	OIL, GAS &
CONSUMABLE FUELS - 0.8% 2,400 Baytex Energy Ltd 9.625% 7/15/10 B- 2,490,000 400 Chaparral Energy Inc.,	
144A 8.500% 12/01/15 B 400,000 2,345 Chesapeake Energy Corporation 7.750% 1/15/15 BB 2,362,588 200 Copano	
Energy LLC, 144A 8.125% 3/01/16 B 200,000 Hilcorp Energy I LP/Hilcorp 2,000 Finance Company, Series 144A	
7.750% 11/01/15 B 1,920,000 2,000 SemGroup LP, 144A 8.750% 11/15/15 B1 2,000,000 1,000 Whiting Petroleum	
Corporation 7.000% 2/01/14 B 950,000	
-----	Total Oil, Gas &
Consumable 10,345 Fuels 10,322,588	
-----	PAPER &
FOREST PRODUCTS - 0.5% Georgia Pacific Corporation, 2,000 Debentures 7.700% 6/15/15 B 1,920,000 Georgia	
Pacific Corporation, 5,000 Notes 8.125% 5/15/11 B 5,000,000	
-----	7,000 Total
Paper & Forest Products 6,920,000	
-----	27 Nuveen
Preferred and Convertible Income Fund (JPC) (continued) Portfolio of INVESTMENTS June 30, 2006 (Unaudited)	
PRINCIPAL AMOUNT (000) DESCRIPTION (1) COUPON MATURITY RATINGS (3) VALUE	
-----	PERSONAL
PRODUCTS - 0.1% \$ 1,500 Prestige Brands Inc. 9.250% 4/15/12 B- \$ 1,477,500	
-----	REAL ESTATE
- 0.2% 600 Saxon Capital Inc., 144A 12.000% 5/01/14 B 607,500 1,000 Trustreet Properties, Inc. 7.500% 4/01/15 B+	
990,000 500 Ventas Realty LP, Series WI 7.125% 6/01/15 BB+ 502,500	
-----	2,100 Total Real

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Estate 2,100,000 -----  
 REAL ESTATE MANAGEMENT & DEVELOPMENT - 0.1% 1,625 CB Richard Ellis Services Inc. 9.750% 5/15/10  
 BB+ 1,746,875 -----  
 SEMICONDUCTORS & EQUIPMENT - 0.1% Avago Technologies Finance Pte. Ltd., Floating Rate Note, 5.500%  
 plus three-month 2,600 LIBOR, 144A 10.125% 12/01/13 B 1,692,000

----- SPECIALTY  
 RETAIL - 0.8% 5,100 Asbury Automotive Group Inc. 9.000% 6/15/12 B 4,079,500 Stripes Acquisition/Susser  
 Finance Corporation, Series 2,000 144A 10.625% 12/15/13 B 2,120,000 5,000 Warnaco Inc., Senior Notes 8.875%  
 6/15/13 B+ 5,100,000

----- 12,100 Total  
 Specialty Retail 11,299,500

----- TEXTILES,  
 APPAREL & LUXURY GOODS - 0.2% 3,000 Jostens IH Corporation 7.625% 10/01/12 B- 2,925,000  
 ----- THRIFTS &  
 MORTGAGE FINANCE - 0.1% Caisse Nationale Des Caisses 1,000 d'Epargne et de Prevoyance 6.750% 1/27/49 A+  
 949,955 -----

TRADING COMPANIES & DISTRIBUTORS - 0.1% United Rentals North America 2,000 Inc. 6.500% 2/15/12 B+  
 1,900,000 -----

TOTAL CORPORATE BONDS (COST 199,102 \$200,831,982) 195,400,312

----- PRINCIPAL  
 AMOUNT (000)/ SHARES DESCRIPTION (1) COUPON MATURITY RATINGS (3) VALUE

----- CAPITAL  
 PREFERRED SECURITIES - 29.5% (19.4% OF TOTAL INVESTMENTS) CAPITAL MARKETS - 3.8% 1,000 BT  
 Capital Trust, Series B1 7.900% 1/15/27 A2 \$ 1,042,817 4,850 BT Institutional Capital Trust A, 144A 8.090%  
 12/01/26 A2 5,081,704 3,000 BT Institutional Capital Trust B, 144A 7.750% 12/01/26 A2 3,134,352 1,250 C.A.  
 Preferred Fund Trust II 7.000% 10/30/49 A1 1,223,634 27,500 C.A. Preferred Funding Trust 7.000% 1/30/49 A1  
 26,921,290 3,000 First Security Capital I 8.410% 12/15/26 Aa2 3,151,293 8,000 UBS Preferred Funding Trust I  
 8.622% 10/29/49 AA- 8,759,152 3,800 Washington Mutual Capital Trust I 8.375% 6/01/27 Baa1 4,016,505

----- Total  
 Capital Markets 53,330,747

----- COMMERCIAL  
 BANKS - 19.0% 3,000 AB Svensk Exportkredit, 144A 6.375% 10/27/49 AA- 2,952,747 9,500 Abbey National  
 Capital Trust I 8.963% 6/30/50 A 11,557,700 6,500 AgFirst Farm Credit Bank 7.300% 12/15/53 N/R 6,589,564 3,000  
 Bank One Capital III 8.750% 9/01/30 A1 3,712,083 1,000 BankAmerica Capital II, Series 2 8.000% 12/15/26 Aa3  
 1,047,417 6,000 BankBoston Capital Trust I, Series B 8.250% 12/15/26 Aa3 6,299,784 2,000 BanPonce Trust I,  
 Series A 8.327% 2/01/27 Baa1 2,098,472 13,030 Barclays Bank PLC, 144A 8.550% 6/15/49 Aa3 14,382,788 200  
 Barclays Bank PLC 6.278% 12/15/55 Aa3 176,500 3,000 Centura Capital Trust I, 144A 8.845% 6/01/27 A2  
 3,196,623 1,500 DBS Capital Funding Corporation, 144A 7.657% 3/15/49 A1 1,599,426 6,200 First Empire Capital  
 Trust I 8.234% 2/01/27 Baa1 6,511,544 2,000 First Midwest Bancorp Inc. 6.950% 12/01/33 Baa2 1,974,736 23,500  
 HBOS Capital Funding LP, Notes 6.850% 3/23/49 A1 22,621,711 2,400 HSBC Capital Funding LP, 144A 9.547%  
 12/31/49 A1 2,691,773 5,750 HSBC Capital Funding LP, Debt 10.176% 6/30/50 A1 7,879,823 11,000 KBC Bank  
 Fund Trust III, 144A 9.860% 5/02/50 A2 12,224,432 6,300 KeyCorp Institutional Capital Trust A+ 7.826% 12/01/26  
 A3 6,581,994 18,600 Lloyds TSB Bank PLC, Subordinated Note 6.900% 11/22/49 Aa2 18,231,664 28 PRINCIPAL  
 AMOUNT (000)/ SHARES DESCRIPTION (1) COUPON MATURITY RATINGS (3) VALUE

-----  
 COMMERCIAL BANKS (continued) 20,000 M&I Capital Trust A 7.650% 12/01/26 A2 \$ 20,839,720 5,000 NB  
 Capital Trust IV 8.250% 4/15/27 Aa3 5,260,020 1,000 North Fork Capital Trust I, Capital Securities 8.700% 12/15/26  
 A3 1,050,969 8,000 North Fork Capital Trust II 8.000% 12/15/27 A3 8,480,064 1,000 Popular North American  
 Capital Trust I 6.564% 9/15/34 Baa1 913,059 15,500 RBS Capital Trust B 6.800% 12/31/49 A1 14,941,225 100  
 Reliance Capital Trust I, Series B 8.170% 5/01/28 N/R 106,666 8,000 Sparebanken Rogaland, Notes, 144A 6.443%  
 5/01/49 Baa1 7,719,032 10,500 St. George Funding Company LLC 8.485% 6/30/17 Baa1 11,088,021 1,650

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Swedbank ForeningsSparbanken AB, 144A 9.000% 9/17/50 A2 1,841,888 2,000 Unicredito Italiano Capital Trust, 144A 9.200% 4/05/51 A- 2,226,618 300 Union Planters Preferred Fund, 144A 7.750% 7/15/53 A2 31,715,625 Washington Mutual Preferred Funding Cayman, Series 12,800 A-1, 144A 7.250% 3/15/49 BBB 12,194,202 Washington Mutual Preferred Funding Delaware, 3,000 Series A-1, 144A 6.534% 3/15/49 BBB 2,884,221 5,000 Zions Institutional Capital Trust, Series A 8.536% 12/15/26 Baa1 5,253,175

----- Total  
Commercial Banks 258,845,286

----- DIVERSIFIED  
FINANCIAL SERVICES - 1.0% 4,000 BNP Paribas Capital Trust 7.200% 12/31/49 A+ 4,001,556 5,000 Chase Capital Trust I, Series A 7.670% 12/01/26 A1 5,216,475 14,500 Citigroup Capital X 6.100% 9/30/33 Aa2 328,570 1,700 Fulton Capital Trust I 6.290% 2/01/36 A3 1,545,310 2,800 Old Mutual Capital Funding, Notes 8.000% 6/22/53 Baa2 2,878,282

----- Total  
Diversified Financial Services 13,970,193

----- DIVERSIFIED  
TELECOMMUNICATION SERVICES - 0.9% 9,957 Centaur Funding Corporation, Series B, 144A 9.080% 4/21/20 BBB 11,696,363

-----  
HOUSEHOLD DURABLES - 0.3% 4,000 Stanley Works Capital Trust I, 144A 5.902% 12/01/45 Baa1 3,734,636

-----  
INSURANCE - 3.1% 2,300 American General Capital II 8.500% 7/01/30 Aa3 2,863,601 4,000 Mangrove Bay, Class 3, 144A 6.102% 7/15/33 BBB+ 3,826,148 3,000 Oil Insurance Limited, 144A 7.550% 12/30/49 Baa1 2,995,950 7,250 Prudential PLC 6.500% 6/29/49 A 6,685,051 Sun Life Canada Capital Trust, Capital Securities, 9,500 144A 8.526% 5/06/47 A+ 10,057,783 11,000 ZFS FINANCE USA TRUST II 144A 6.450% 12/15/65 Baa2 10,081,852 4,750 Zurich Capital Trust I, 144A 8.376% 6/01/37 A- 5,022,422

----- Total  
Insurance 41,532,807

-----  
OIL, GAS & CONSUMABLE FUELS - 0.5% 1,200 KN Capital Trust I, Preferred Securities 8.560% 4/15/27 Baa3 1,126,598 6,110 KN Capital Trust III 7.630% 4/15/28 Baa3 5,126,577

----- Total Oil,  
Gas & Consumable Fuels 6,253,175

----- THRIFTS &  
MORTGAGE FINANCE - 0.9% 10,000 Dime Capital Trust I, Series A 9.330% 5/06/27 Baa1 10,704,370 1,000 Great Western Financial Trust II, Series A 8.206% 2/01/27 Baa1 1,051,061

----- Total  
Thrifths & Mortgage Finance 11,755,431

----- TOTAL CAPITAL  
PREFERRED SECURITIES (COST \$425,940,756) 401,118,638

----- SHARES  
DESCRIPTION (1) VALUE

-----  
INVESTMENT COMPANIES -- 1.0% (0.7% OF TOTAL INVESTMENTS) Flaherty and Crumrine/Claymore Preferred 133,517 Securities Income Fund Inc. 2,603,582 Flaherty and Crumrine/Claymore Total Return Fund 100,204 Inc. 1,915,900 5,894 John Hancock Preferred Income Fund 132,556 10,867 John Hancock Preferred Income Fund II 240,704 191,204 John Hancock Preferred Income Fund III 3,774,367 50,155 Preferred and Corporate Strategies Fund Inc. 1,000,091 211,094 Preferred Income Strategies Fund Inc. 4,002,342

----- TOTAL  
INVESTMENT COMPANIES (COST \$13,887,936) 13,669,542

----- 29 Nuveen Preferred  
and Convertible Income Fund (JPC) (continued) Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000) DESCRIPTION (1) COUPON MATURITY VALUE

-----	
SHORT-TERM INVESTMENTS - 4.6% (3.0% OF TOTAL INVESTMENTS) Repurchase Agreement with State Street Bank, dated \$ 63,089 6/30/06, repurchase price 4.130% 7/03/06 \$ 63,088,906 \$63,110,619, collateralized by: \$85,000 U.S. Treasury Notes, 4.000%, due 2/15/14, value \$79,900, \$19,085,000 U.S. Treasury Notes, 3.875%, due 5/15/09, value \$18,521,401, \$45,750,000 U.S. Treasury Notes, 4.625%, due 3/31/08, value \$45,750,000 -----	TOTAL
SHORT-TERM INVESTMENTS (COST \$63,088,906) 63,088,906	TOTAL INVESTMENTS
-----	
(COST \$2,100,146,620) - 152.2% 2,069,348,139	OTHER ASSETS LESS
-----	
LIABILITIES - (0.1)% (1,926,851)	PREFERRED SHARES,
-----	
AT LIQUIDATION VALUE - (52.1)% (708,000,000)	NET ASSETS
-----	
APPLICABLE TO COMMON SHARES - 100% \$1,359,421,288	INTEREST RATE
-----	
SWAPS OUTSTANDING AT JUNE 30, 2006: FIXED RATE PAID FIXED RATE FLOATING RATE FLOATING RATE UNREALIZED NOTIONAL BY THE FUND PAYMENT RECEIVED PAYMENT TERMINATION APPRECIATION COUNTERPARTY AMOUNT (ANNUALIZED) FREQUENCY BY THE FUND (8) FREQUENCY DATE (DEPRECIATION)	
-----	
	JPMorgan Chase
\$71,000,000 3.395% Monthly 5.138% Monthly 7/06/06 \$ 89,706 JPMorgan Chase 71,000,000 2.994 Monthly 5.294 Monthly 1/22/08 2,764,623 Morgan Stanley 71,000,000 2.567 Monthly 5.294 Monthly 1/22/07 1,221,001 Morgan Stanley 71,000,000 3.406 Monthly 5.294 Monthly 1/22/09 3,662,422	
-----	\$ 7,737,752
-----	(1) All percentages

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INVESTMENTS June 30, 2006 (Unaudited) SHARES DESCRIPTION (1) VALUE

----- COMMON	
STOCKS - 4.5% (3.0% OF TOTAL INVESTMENTS) AEROSPACE & DEFENSE - 0.1%	5,423 Hexcel Corporation, (2) \$ 85,195 11,982 Lockheed Martin Corporation 859,589 3,792 Precision Castparts Corporation 226,610 ----- Total Aerospace & Defense 1,171,394
----- AIR FREIGHT & LOGISTICS - 0.1%	14,832 FedEx Corporation 1,733,268 7,617 Ryder System Inc. 445,061 ----- Total Air Freight & Logistics 2,178,329
----- AIRLINES - 0.0%	12,351 Southwest Airlines Co. 202,186
----- BEVERAGES - 0.1%	17,860 Coca-Cola Company 768,337 14,451 Pepsi Bottling Group Inc. 464,600 5,271 PepsiCo, Inc. 316,471 ----- Total Beverages 1,549,408
----- BIOTECHNOLOGY - 0.1%	8,478 Genentech, Inc., (2) 693,500 14,067 Gilead Sciences, Inc., (2) 832,204 ----- Total Biotechnology 1,525,704
----- CAPITAL MARKETS - 0.1%	5,934 Calamos Asset Management, Inc. Class A 172,027 4,037 Greenhill & Co Inc. 245,288 10,890 Lehman Brothers Holdings Inc. 709,484 2,287 OptionsXpress Holdings Inc. 53,310 ----- Total Capital Markets 1,180,109
----- CHEMICALS - 0.0%	11,658 Airgas, Inc. 434,261
----- COMMERCIAL BANKS - 0.1%	14,130 Bank of Hawaii Corporation 700,848 3,608 Boston Private Financial Holdings Inc. 100,663 9,270 Colonial BancGroup Inc. 238,054 4,685 Greater Bay Bancorp 134,694 6,810 Marshall and Ilsley Corporation 311,489 6,130 Northern Trust Corporation 338,989 20,120 PNC Financial Services Group, Inc. 1,411,820 12,256 Washington Mutual, Inc. 558,628 11,132 Whitney Holding Corporation 393,739 7,627 Zions Bancorporation 594,448 ----- Total Commercial Banks 4,783,372
----- COMMERCIAL SERVICES & SUPPLIES - 0.1%	3,920 Administaff, Inc. 140,375 2,752 American Ecology Corporation 72,928 4,818 Consolidated Graphics Inc., (2) 250,825 13,382 Corporate Executive Board Company 1,340,876 8,850 Equifax Inc. 303,909 16,633 Global Payments Inc. 807,532 24,209 R.R. Donnelley & Sons Company 773,478 19,240 Republic Services, Inc. 776,142 31 Nuveen Preferred and Convertible Income Fund 2 (JQC) (continued) Portfolio of INVESTMENTS June 30, 2006 (Unaudited) SHARES DESCRIPTION (1) VALUE
----- COMMERCIAL SERVICES & SUPPLIES (continued)	4,040 SEI Investments Company \$ 197,475 ----- Total Commercial Services & Supplies 4,663,540
----- COMMUNICATIONS EQUIPMENT - 0.2%	23,390 Comverse Technology, Inc., (2) 462,420 53,600 Corning Incorporated, (2) 1,296,584 2,249 Harris Corporation 93,356 32,690 QUALCOMM Inc. 1,309,888 ----- Total Communications Equipment 3,162,248
----- COMPUTERS & PERIPHERALS - 0.1%	17,330 Apple Computer, Inc., (2) 989,890 24,510 Hewlett-Packard Company 776,477 1,611 Komag Inc., (2) 74,396 7,614 Network Appliance Inc., (2) 268,774 ----- Total



Computers & Peripherals 2,109,537	
-----	CONSTRUCTION &
ENGINEERING - 0.0% 1,471 Shaw Group Inc., (2) 40,894	
-----	CONSUMER
FINANCE - 0.2% 78,276 Americredit Corp., (2) 2,185,466 8,440 Capital One Financial Corporation 721,198	
-----	Total
Consumer Finance 2,906,664	
-----	DISTRIBUTORS - 0.0%
1,456 Keystone Automotive Industries Inc., (2) 61,472	
-----	DIVERSIFIED
CONSUMER SERVICES - 0.0% 6,544 Jackson Hewitt Tax Services Inc. 205,154	
-----	DIVERSIFIED
FINANCIAL SERVICES - 0.1% 6,490 CBOT Holdings, Inc. Class A, (2) 776,139 4,215 Moody's Corporation 229,549	
-----	Total
Diversified Financial Services 1,005,688	
-----	DIVERSIFIED
TELECOMMUNICATION SERVICES - 0.1% 60,360 Sprint Nextel Corporation 1,206,596	
-----	ELECTRIC
UTILITIES - 0.2% 22,470 PG&E Corporation 882,622 38,902 TXU Corporation 2,325,951	
-----	Total Electric
Utilities 3,208,573	
-----	ELECTRICAL EQUIPMENT
ELECTRICAL EQUIPMENT - 0.1% 13,422 Emerson Electric Co. 1,124,898 2,666 Ormat Technologies Inc. 101,708 3,888 Smith AO Corporation 180,248	
-----	Total Electrical
Equipment 1,406,854	
-----	ELECTRONIC EQUIPMENT & INSTRUMENTS - 0.1%
ELECTRONIC EQUIPMENT & INSTRUMENTS - 0.1% 2,984 Itron Inc., (2) 176,832 5,897 Millipore Corporation, (2) 371,452 6,875 Parker Hannifin Corporation 533,500 6,461 Plexus Corporation, (2) 221,031 6,511 Teledyne Technologies Inc., (2) 213,300 10,215 Waters Corporation, (2) 453,546	
-----	Total
Electronic Equipment & Instruments 1,969,661	
-----	ENERGY EQUIPMENT
& SERVICES - 0.0% 4,461 Helix Energy Solutions Group, (2) 180,046 4,984 Unit Corporation, (2) 283,540 4,671 Veritas DGC Inc., (2) 240,930	
-----	Total Energy
Equipment & Services 704,516	
-----	32 SHARES
DESCRIPTION (1) VALUE	
-----	FOOD &
STAPLES RETAILING - 0.0% 9,550 Whole Foods Market, Inc. \$ 617,312	
-----	FOOD
PRODUCTS -- 0.2% 24,268 Archer-Daniels-Midland Company 1,001,783 36,820 Monsanto Company 3,099,876	
-----	Total Food
Products 4,101,659	
-----	GAS
UTILITIES - 0.1% 49,463 Energen Corporation 1,899,874	
-----	HEALTH
CARE EQUIPMENT & SUPPLIES - 0.2% 7,500 American Medical Systems Holdings, Inc., (2) 124,875 19,560 Baxter International Inc. 719,026 10,414 Dade Behring Holdings Inc. 433,639 4,544 Express Scripts, Inc., (2) 325,987 32,530 Hospira Inc., (2) 1,396,838 10,062 Kinetic Concepts Inc., (2) 444,237	
-----	Total Health
Care Equipment & Supplies 3,444,602	
-----	HEALTH CARE

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PROVIDERS & SERVICES - 0.2% 6,449 Healthways Inc., (2) 339,475 9,530 Humana Inc., (2) 511,761 21,734  
 Quest Diagnostics Incorporated 1,302,301 24,886 Sierra Health Services Inc., (2) 1,120,617 6,539 Surmodics Inc., (2)  
 236,123 2,693 Wellcare Health Plans Inc., (2) 132,092

----- Total Health  
 Care Providers & Services 3,642,369

----- HOTELS,  
 RESTAURANTS & LEISURE - 0.1% 22,266 Choice Hotels International, Inc. 1,349,320 4,080 Panera Bread  
 Company, (2) 274,339 7,287 Starbucks Corporation, (2) 275,157 7,615 Station Casinos Inc. 518,429

----- Total Hotels,  
 Restaurants & Leisure 2,417,245

----- HOUSEHOLD  
 DURABLES - 0.1% 66,302 Newell Rubbermaid Inc. 1,712,581 3,000 Stanley Works 141,660

----- Total  
 Household Durables 1,854,241

----- HOUSEHOLD  
 PRODUCTS - 0.1% 19,160 Colgate-Palmolive Company 1,147,684 8,547 Kimberly-Clark Corporation 527,350

----- Total  
 Household Products 1,675,034

----- INDUSTRIAL  
 CONGLOMERATES - 0.1% 10,320 3M Co. 833,546 13,580 General Electric Company 447,597

----- Total Industrial  
 Conglomerates 1,281,143

INSURANCE - 0.2% 23,438 AFLAC Incorporated 1,086,351 1,566 First American Corporation 66,195 22,284 HCC  
 Insurance Holdings Inc. 656,041 3,654 Philadelphia Consolidated Holding Corporation, (2) 110,935 3,210 Tower  
 Group Inc. 97,103 81,960 W.R. Berkley Corporation 2,797,295

----- Total Insurance  
 4,813,920

----- INTERNET &  
 CATALOG RETAIL - 0.0% 8,486 Coldwater Creek Inc., (2) 227,085 5,559 MSC Industrial Direct Inc., Class A  
 264,442

----- Total  
 Internet & Catalog Retail 491,527

----- 33 Nuveen Preferred and  
 Convertible Income Fund 2 (JQC) (continued) Portfolio of INVESTMENTS June 30, 2006 (Unaudited) SHARES  
 DESCRIPTION (1) VALUE

----- INTERNET  
 SOFTWARE & SERVICES - 0.0% 794 Google Inc., Class A, (2) \$ 332,948 3,248 j2 Global Communications, Inc.,  
 (2) 101,403

Total Internet Software & Services 434,351

----- IT SERVICES - 0.0%  
 5,486 Websense Inc., (2) 112,682

----- MACHINERY  
 - 0.1% 1,366 Freightcar America Inc. 75,827 6,324 Harsco Corporation 493,019 4,585 Joy Global Inc. 238,833 2,450  
 Paccar Inc. 201,831

----- Total  
 Machinery 1,009,510

MEDIA - 0.2% 12,270 Cablevision Systems Corporation, (2) 263,192 6,095 Comcast Corporation, Class A, (2)  
 199,550 32,680 DIRECTV Group, Inc., (2) 539,220 12,214 John Wiley and Sons Inc., Class A 405,505 9,740 Liberty  
 Global Inc, A Shares, (2) 209,410 9,738 Liberty Global Inc., Class C, (2) 200,311 2,124 Lodgenet Entertainment  
 Corporation, (2) 39,613 13,040 McGraw-Hill Companies, Inc. 654,999 55,730 Time Warner Inc. 964,129

----- Total Media  
 3,475,929

----- METALS &  
 MINING - 0.0% 1,398 Phelps Dodge Corporation 114,860 4,202 Quanex Corporation 180,980

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-----		Total Metals &	
Mining 295,840	-----		
MULTILINE RETAIL - 0.1%	6,117 Casey's General Stores, Inc. 152,986	13,210 Dollar Tree Stores Inc., (2) 350,065	
22,370 Kohl's Corporation, (2) 1,322,514	-----		
-----		Total Multiline	
Retail 1,825,565	-----		
-----		OIL,	
GAS & CONSUMABLE FUELS - 0.2%	15,760 EOG Resources, Inc. 1,092,798	2,378 Frontier Oil Corporation	
77,047 2,852 Houston Exploration Company, (2) 174,514	3,126 Parallel Petroleum Corporation, (2) 77,243	4,717 Pioneer Drilling Company, (2) 72,830	
13,011 Sunoco, Inc. 901,532	7,352 Valero Energy Corporation	489,055 4,972 W&T Offshore Inc. 193,361	
-----		Total Oil, Gas	
& Consumable Fuels 3,078,380	-----		
-----		PAPER & FOREST	
PRODUCTS - 0.0%	11,950 Plum Creek Timber Company	424,225	
-----			
PHARMACEUTICALS - 0.1%	6,387 Allergan Inc. 685,070	6,524 Alpharma Inc. 156,837	
60,110 King Pharmaceuticals Inc., (2) 1,021,870	-----		
-----		Total	
Pharmaceuticals 1,863,777	-----		
-----		REAL ESTATE - 0.1%	
1,913 American Home Mortgage Investment Corp. 70,513	3,750 Camden Property Trust 275,813	5,763 Equity Inns Inc. 95,435	
5,190 Health Care Property Investors Inc. 138,781	3,987 LaSalle Hotel Properties 184,598	5,271 Public Storage, Inc. 400,069	
3,794 SL Green Realty Corporation 415,329	8,597 Tanger Factory Outlet Centers 278,285	1,214 Taubman Centers Inc. 49,653	
34 SHARES DESCRIPTION (1) VALUE	-----		
-----		REAL	
ESTATE (continued) 6,244 United Dominion Realty Trust \$ 174,894	-----		
-----		Total Real	
Estate 2,083,370	-----		
-----		ROAD	
& RAIL - 0.0%	7,913 Burlington Northern Santa Fe Corporation	627,105	
-----			
SEMICONDUCTORS & EQUIPMENT - 0.2%	14,370 Advanced Micro Devices, Inc., (2) 350,915	14,017 Entegris Inc., (2) 133,582	
20,885 Freescale Semiconductor, Inc., Class B, (2) 614,019	25,370 Micron Technology, Inc., (2) 382,072	3,248 Microsemi Corporation, (2) 79,186	
44,090 National Semiconductor Corporation 1,051,547	1,796 Netlogic Microsystems Inc., (2) 57,921	19,300 QLogic Corporation, (2) 332,732	
1,656 Silicon Laboratories Inc., (2) 58,208	-----		
-----		Total	
Semiconductors & Equipment 3,060,182	-----		
-----		SOFTWARE - 0.2%	
5,075 Aspen Technology Inc., (2) 66,584	21,751 Autodesk, Inc., (2) 749,539	3,584 Blackbaud, Inc. 81,357	
42,850 BMC Software Inc., (2) 1,024,115	11,260 Intuit Inc., (2) 679,991	10,250 Reynolds and Reynolds Company 314,368	
6,601 Salesforce.com, Inc., (2) 175,983	-----		
-----		Total Software	
3,091,937	-----		
-----		SPECIALTY	
RETAIL - 0.2%	28,606 Ann Taylor Stores Corporation, (2) 1,240,928	3,294 Build-A-Bear-Workshop, Inc., (2) 70,854	
4,253 Childrens Place Retail Stores Inc., (2) 255,393	17,067 Circuit City Stores, Inc. 464,564	8,011 Claire's Stores, Inc. 204,361	
11,468 Select Comfort Corporation, (2) 263,420	16,241 Staples, Inc. 394,981	-----	
-----		Total Specialty	
Retail 2,894,501	-----		
-----		TEXTILES APPAREL & LUXURY GOODS - 0.0%	
6,599 Guess Inc., (2) 275,508	3,425 Nike Inc., Class B 277,425	2,456 Skechers USA Inc., (2) 59,214	
-----		Total Textiles	
Apparel & Luxury Goods 612,147	-----		

-----		THRIFTS &
MORTGAGE FINANCE - 0.0%	9,230 Washington Federal Inc.	214,044
-----		TRADING
COMPANIES & DISTRIBUTORS - 0.0%	3,314 GATX Corporation	140,845
-----		TOTAL
COMMON STOCKS (COST \$86,609,968)		87,159,476
-----		SHARES DESCRIPTION
(1) COUPON RATINGS (3) VALUE		
-----		
CONVERTIBLE PREFERRED SECURITIES - 10.6% (7.1% OF TOTAL INVESTMENTS)	AUTOMOBILES -	
0.6%	244,850 Ford Motor Company Capital Trust II	6.500% CCC+ \$ 6,806,830
	General Motors Corporation,	Convertible Notes, 252,740 Senior Debentures, Series B
	5.250% B-	4,675,690
-----		Total
Automobiles		11,482,520
-----		CAPITAL MARKETS - 1.1%
	137,000 Affiliated Managers Group Inc.	5.100% B 6,439,000
	298,000 E*Trade Financial Corporation	6.125% Ba3 8,922,120
	182,435 Lazard Limited	6.625% Ba1 6,567,660
-----		Total Capital
Markets		21,928,780
-----		35
Nuveen Preferred and Convertible Income Fund 2 (JQC) (continued) Portfolio of INVESTMENTS June 30, 2006 (Unaudited) SHARES DESCRIPTION (1) COUPON RATINGS (3) VALUE		
-----		
CHEMICALS - 0.7%	313,585 Celanese Corporation	4.250% N/R \$ 9,347,969
	89,905 Huntsman Corporation	5.000% N/R 3,492,809
-----		Total
Chemicals		12,840,778
-----		COMMERCIAL BANKS - 1.8%
	5,475,000 Fortis Insurance NV, 144A	7.750% A+ 7,105,345
	351,450 Marshall and Ilsley Corporation	6.500% A2 9,443,462
	211,500 National Australia Bank Limited	7.875% N/R 8,986,635
	150,000 Washington Mutual, Inc., Unit 1 Trust	5.375% Baa1 8,532,000
-----		Total
Commercial Banks		34,067,442
-----		CONSUMER
FINANCE - 0.7%	13,400,000 SLM Corporation	5.050% A 13,589,074
-----		ELECTRIC
UTILITIES - 0.4%	90,550 Entergy Corporation	7.625% BBB 4,547,421
	76,430 PNM Resources Inc.	6.750% Baa3 3,752,713
-----		Total Electric Utilities
		8,300,134
-----		GAS UTILITIES - 0.1%
	37,500 Southern Union Company	5.000% BBB 1,991,250
-----		HEALTH
CARE PROVIDERS & SERVICES - 0.2%	53,570 Omnicare Capital Trust II, Series B	4.000% BB 3,378,124
-----		INSURANCE - 3.3%
	193,015 Aspen Insurance Holdings Limited	5.625% BBB- 9,578,369
	276,200 Chubb Corporation	7.000% A 9,730,526
	503,775 Genworth Financial Inc.	6.000% A 18,967,129
	85,000 Hartford Financial Services Group, Inc.	6.000% A- 6,323,150
	188,920 IPC Holdings Limited	7.250% BBB- 4,699,385
	570,475 MetLife Inc., Convertible, Series B	6.375% BBB+ 15,727,996
-----		Total
Insurance		65,026,555
-----		MEDIA - 0.2%
	135,700 Interpublic Group Companies Inc., Series A	5.375% N/R 4,342,400
-----		METALS &
MINING - 0.2%	2,400 Freeport McMoran Copper & Gold, Inc.	5.500% B- 3,007,500
-----		OIL, GAS &

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CONSUMABLE FUELS - 0.6%	48,335 Chesapeake Energy Corporation, 144A	5.000%	B	4,948,296	51,000
Chesapeake Energy Corporation	4.500%	B+	4,781,250	17,370	Hess Corporation 7.000%
					BB 2,304,999
-----					
					Total Oil,
Gas & Consumable Fuels	12,034,545				
-----					
					THRIFTS &
MORTGAGE FINANCE - 0.7%	86,650 New York Community Bancorp Inc Capital Trust V	6.000%	Baa2	4,068,218	
337,845 PMI Group Inc.	5.875%	A1	8,591,398		
-----					
					Total Thrifts
& Mortgage Finance	12,659,616				
-----					
					TOTAL
CONVERTIBLE PREFERRED SECURITIES (COST \$197,580,088)	204,648,718				
-----					
					SHARES
-----					
DESCRIPTION (1) COUPON RATINGS (3) VALUE					
-----					
					\$25 PAR (OR
SIMILAR) PREFERRED SECURITIES - 47.5%	(31.4% OF TOTAL INVESTMENTS)	AUTOMOBILES - 0.0%			
3,000 DaimlerChrysler AG (CORTS)	7.875%	A3	\$ 74,070	2,200	DaimlerChrysler Corp. (PPLUS) 7.250%
					A3 54,142
-----					
					Total
Automobiles	128,212				
-----					
CAPITAL MARKETS - 4.0%	269,511 BNY Capital Trust V, Series F	5.950%	A1	6,085,558	219,600
Compass Capital Trust III	7.350%	A3	5,446,080	31,600	CSFB USA, Series 2002-10 (SATURNS) 7.000%
First Union Institutional Capital II (CORTS)	8.200%	A1	604,437	5,300	Goldman Sachs Capital I (CORTS) 6.000%
A1	115,805	36	SHARES	DESCRIPTION (1) COUPON RATINGS (3) VALUE	
-----					
					CAPITAL
MARKETS (continued)	4,400	Goldman Sachs Capital I, Series A (CORTS)	6.000%	A1	\$ 96,228
4,800	Goldman Sachs Group Inc., Series 2004-04 (SATURNS)	6.000%	A1	105,120	2,100
Goldman Sachs Group Inc., Series 2004-06 (SATURNS)	6.000%	A1	45,927	11,800	Goldman Sachs Group Inc., Series GSC-3 (PPLUS) 6.000%
A1	258,420	198,350	Lehman Brothers Holdings Inc., Series C, (6)	5.940%	BBB+
9,470,221	82,300	Lehman Brothers Holdings Inc., Series D, (6)	5.670%	A3	3,783,743
71,500	Merrill Lynch Capital Trust II	8.000%	A1	1,813,240	267,200
Merrill Lynch Preferred Capital Trust III	7.000%	A1	6,645,264	189,600	Merrill Lynch Preferred Capital Trust IV
7.120%	A1	4,760,856	283,400	Merrill Lynch Preferred Capital Trust V	7.280%
A1	7,198,360	48,400	Merrill Lynch Preferred Capital Trust	7.750%	A1
1,231,780	211,850	Morgan Stanley Capital Trust II	7.250%	A1	5,347,094
185,370	Morgan Stanley Capital Trust III	6.250%	A1	4,189,362	138,400
Morgan Stanley Capital Trust IV	6.250%	A1	3,123,688	14,100	Morgan Stanley Capital Trust V
5.750%	A+	295,959	327,800	Morgan Stanley Capital Trust VI	6.600%
A1	7,814,752	315,200	Morgan Stanley, Series 2006A, WI/DD	5.777%	A2
					7,968,666
-----					
					Total Capital
Markets	77,181,080				
-----					
COMMERCIAL BANKS - 10.1%	36,200 Abbey National PLC, Series B	7.375%	A	946,992	40,000
Abbey National PLC, Series B	7.250%	A1	1,004,800	303,200	Abbey National PLC, Series C
7.375%	A2	7,761,920	715,800	ABN AMRO Capital Fund Trust V	5.900%
A	15,575,808	79,579	ABN AMRO Capital Fund Trust VI	6.250%	A
1,866,128	17,021	ABN AMRO Capital Trust Fund VII	6.080%	A	385,355
115,200	ASBC Capital I	7.625%	Baa1	2,923,776	203,410
BAC Capital Trust I	7.000%	Aa3	5,024,227	560,200	BAC Capital Trust II
7.000%	Aa3	13,999,398	153,900	BAC Capital Trust III	7.000%
Aa3	3,864,429	888,611	Banco Santander	6.410%	A2
21,326,664	71,750	Banco Totta & Acores Finance, Series A	8.875%	A3	1,831,871
6,700	BancorpSouth Capital Trust I	8.150%	Baa2	168,371	28,800
Banesto Holdings, Series A, 144A	10.500%	A2	871,200	167,700	Bank One Capital Trust VI
7.200%	A1	4,226,040	51,900	BankNorth Capital Trust II	8.000%
A3	1,311,513	91,042	Barclays Bank PLC	6.625%	Aa3
2,278,781	9,900,000	BOI Capital Funding 3, 144A	6.107%	A2	9,235,799
146,100	Chittenden Capital Trust I	8.000%	Baa1	3,744,543	146,500
Cobank ABC, 144A, (6)	7.000%	N/R	7,456,997	119,100	Comerica Capital Trust I
7.600%	A3	2,978,691	512,200	Fleet Capital Trust VII	1.800%
Aa3	12,779,390	430,300	Fleet Capital Trust VIII	7.200%	Aa3
10,869,378	62,400	HSBC Finance Corporation	6.875%	Aa3	1,556,256
38,200	KeyCorp (PCARS)	7.500%	A3	963,595	90,467
KeyCorp Capital Trust V	5.875%	A3	1,960,420	92,600	National Commerce Capital Trust II
7.700%	A1	2,333,520	21,700	ONB Capital Trust II	8.000%
Baa2	555,520	27,500	PNC Capital Trust	6.125%	A3
					607,750

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180,674 Royal Bank of Scotland Group PLC, Series L 5.750% A1 3,888,104 124,740 Royal Bank of Scotland Group PLC, Series N 6.350% A1 2,950,101 160,600 SunTrust Capital Trust IV 7.125% A1 3,971,638 110,300 SunTrust Capital Trust V 7.050% A1 2,723,307 356,700 USB Capital Trust IV 7.350% Aa3 9,010,242 301,200 USB Capital Trust V 7.250% Aa3 7,554,096 31,800 USB Capital Trust VI 5.750% Aa3 671,616 40,100 USB Capital Trust VII 5.875% Aa3 864,155 39,300 VNB Capital Trust I 7.750% Baa1 989,574 11,000 Wells Fargo Capital Trust IX 5.625% Aa2 232,760 40,000 Wells Fargo Capital Trust IV 7.000% Aa2 996,000 483,400 Wells Fargo Capital Trust V 7.000% Aa2 12,002,822 115,100 Wells Fargo Capital Trust VI 6.950% Aa2 2,836,064 129,309 Wells Fargo Capital Trust VII 5.850% Aa2 2,844,798 117,800 Zions Capital Trust B 8.000% Baa1 3,048,664

----- Total

Commercial Banks 194,993,073

----- 37 Nuveen Preferred  
and Convertible Income Fund 2 (JQC) (continued) Portfolio of INVESTMENTS June 30, 2006 (Unaudited) SHARES  
DESCRIPTION (1) COUPON RATINGS (3) VALUE

-----  
COMPUTERS & PERIPHERALS - 0.1% 29,900 IBM Inc., Series 2001-1 (SATURNS) 7.125% A+ \$ 741,221 14,000  
IBM Trust II (CORTS) 7.125% A+ 346,780 8,000 IBM Trust III (CORTS) 7.200% A+ 199,840 24,800 IBM Trust IV  
(CORTS) 7.000% A+ 615,040

----- Total

Computers & Peripherals 1,902,881

----- CONSUMER

FINANCE - 0.6% 99,400 Household Capital Trust VII 7.500% A1 2,507,862 168,600 SLM Corporation, Series A, (6)  
6.970% BBB+ 8,986,380 14,200 SLM Corporation 6.000% A 307,856

----- Total

Consumer Finance 11,802,098

----- DIVERSIFIED

FINANCIAL SERVICES - 5.0% 13,800 BBVA Preferred Capital Ltd., Series B 7.750% A1 345,414 168,100 CIT  
Group Inc., Series A, (6) 6.350% BBB+ 4,120,131 27,700 CIT Group Incorporated (CORTS) 7.750% A3 734,327  
108,880 Citigroup Capital Trust IX 6.000% Aa2 2,432,379 197,400 Citigroup Capital Trust VII 7.125% Aa2  
4,946,844 949,572 Citigroup Capital Trust VIII 6.950% Aa2 23,416,446 5,700 Citigroup, Series CIT (CORTS)  
6.750% A3 139,479 1,400 General Electric Capital Corporation (CORTS) 6.000% AAA 32,270 40,500 General  
Electric Capital Corporation 6.625% AAA 998,730 592,320 ING Group N.V. 7.200% A 15,110,083 755,475 ING  
Group N.V. 7.050% A 19,060,634 43,200 JPM Capital Trust (CORTS) 7.200% A1 1,094,688 71,965 JPMorgan  
Chase & Company (PCARS) 7.125% A2 1,773,937 712,420 JPMorgan Chase Capital Trust X 7.000% A1 17,703,637  
32,200 JPMorgan Chase Capital Trust XVI 6.350% A1 746,718 JPMorgan Chase Trust, Series 2002-6, Class A  
73,600 (SATURNS) 7.125% A1 1,882,688 Royal Bank of Scotland Public Limited Company, 60,000 Series 2006Q  
6.750% A1 1,516,800

----- Total

Diversified Financial Services 96,055,205

----- DIVERSIFIED

TELECOMMUNICATION SERVICES - 0.6% 38,500 BellSouth Capital Funding (CORTS) 7.100% A 962,500  
29,900 BellSouth Corporation (CORTS) 7.000% Aa3 728,663 50,600 BellSouth Corporation, Series 2001-3  
(SATURNS) 7.125% A 1,214,400 32,600 BellSouth Inc. (CORTS) 7.000% A 808,480 71,100 BellSouth  
Telecommunications (PPLUS) 7.300% A 1,742,661 Deutsche Telekom International Finance B.V., 60,600 Series  
2001-24, Class A-1 (CORTS) 7.875% A- 1,531,968 27,300 Verizon Communications (CORTS) 7.625% A 693,693  
48,100 Verizon Communications (CORTS) 7.375% A 1,215,487 50,700 Verizon New England Inc., Series B 7.000%  
A3 1,255,332 30,400 Verizon South Inc., Series F 7.000% A 740,848

----- Total

Diversified Telecommunication Services 10,894,032

----- ELECTRIC UTILITIES

- 0.4% 16,300 Consolidated Edison Company of New York Inc. 7.500% A1 407,663 6,000 Consolidated Edison, Inc.  
7.250% A2 150,540 21,100 DTE Energy Trust I 7.800% Baa3 534,674 28,900 Entergy Louisiana LLC 7.600% A-

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722,500 8,300 Entergy Mississippi Inc. 7.250% A- 208,745 3,000 Georgia Power Capital Trust V 7.125% A3 75,150  
 11,700 Mississippi Power Capital Trust II 7.200% A2 292,676 National Rural Utilities Cooperative Finance 5,200  
 Corporation 7.400% A3 131,352 National Rural Utilities Cooperative Finance 1,500 Corporation 6.100% A3 33,600  
 National Rural Utilities Cooperative Finance 1,900 Corporation 5.950% A3 41,458 33,600 Northern States Power  
 Company 8.000% A3 853,440 15,400 Southern Company Capital Trust I (CORTS) 8.190% BBB+ 415,569 35,700  
 Southern Company Capital Trust I (CORTS) 7.375% BBB+ 917,133 13,100 Southern Company Capital Trust VI  
 7.125% BBB+ 328,810 122,500 Virginia Power Capital Trust 7.375% Baa2 3,074,750

----- Total Electric  
 Utilities 8,188,060 -----

FOOD PRODUCTS - 0.4% 75,000 Dairy Farmers of America Inc., 144A, (6) 7.875% BBB- 7,251,563

----- 38 SHARES  
 DESCRIPTION (1) COUPON RATINGS (3) VALUE

-----  
 HOUSEHOLD DURABLES - 0.1% 72,700 Pulte Homes Inc. 7.375% BBB \$ 1,819,776

-----  
 INDUSTRIAL CONGLOMERATES - 0.0% 5,000 General Electric Company, Series GE (CORTS) 6.800% AAA  
 126,500 -----

INSURANCE - 11.4% 1,211,633 Ace Ltd., Series C 7.800% Baa2 31,320,713 1,398,400 Aegon N.V. 6.375% A-  
 32,778,496 6,500 Allstate Corporation (PCARS) 7.150% A2 164,060 37,600 AMBAC Financial Group Inc. 5.950%  
 A 818,176 324,173 Arch Capital Group Limited 8.000% Baa3 8,246,961 236,713 Arch Capital Group Limited, Series  
 B 7.875% Baa3 5,846,811 676,401 Delphi Financial Group, Inc. 8.000% BBB 17,369,978 200,456 EverestRe Capital  
 Trust II 6.200% Baa1 4,275,726 97,100 EverestRe Group Limited 7.850% Baa1 2,461,485 339,100 Hartford Capital  
 Trust III, Series C 7.450% BBB+ 8,453,763 56,500 Lincoln National Capital Trust V, Series E 7.650% A- 1,415,325  
 1,404,200 Lincoln National Capital Trust VI 6.750% A- 34,234,396 175,200 MetLife Inc., Series B, (6) 6.500% Baa1  
 4,315,176 903,702 PartnerRe Limited, Series C 6.750% BBB+ 21,616,552 82,700 PartnerRe Limited 7.900% A3  
 2,079,905 80,900 PLC Capital Trust III 7.500% BBB+ 2,028,972 70,500 PLC Capital Trust IV 7.250% BBB+  
 1,735,710 23,900 PLC Capital Trust V 6.125% BBB+ 537,750 38,800 Prudential PLC 6.750% A 949,436 124,700  
 RenaissanceRe Holdings Limited, Series B 7.300% BBB 3,055,150 3,400 RenaissanceRe Holdings Limited, Series C  
 6.080% BBB+ 74,324 115,800 RenaissanceRe Holdings Ltd., Series A 8.100% BBB+ 2,908,896 23,700 Safeco  
 Capital Trust I (CORTS) 8.750% Baa2 697,254 47,500 Safeco Capital Trust III (CORTS) 8.072% Baa2 1,240,938  
 17,400 Safeco Capital Trust IV (CORTS) 8.375% Baa2 459,360 40,200 Safeco Corporation, Series 2001-7  
 (SATURNS) 8.250% Baa2 1,019,874 38,800 Safeco Corporation, Series 2002-5 (SATURNS) 8.250% Baa2 982,998  
 97,100 Saint Paul Capital Trust I 7.600% Baa1 2,460,514 61,600 Torchmark Capital Trust I 7.750% A- 1,564,024  
 121,900 W.R. Berkley Capital Trust, Series 2002-1 (CBTCS) 8.125% BBB- 1,229,971 709,600 W.R. Berkley  
 Corporation 6.750% BBB- 16,654,312 68,800 XL Capital Ltd, Series A 8.000% Baa1 1,744,080 215,640 XL Capital  
 Ltd, Series B 7.625% Baa1 5,455,692

----- Total  
 Insurance 220,196,778 -----

IT SERVICES - 0.0% 2,500 Vertex Industries Inc. (PPLUS) 7.625% A 63,150

----- MEDIA -  
 0.1% 52,700 CBS Corporation 7.250% BBB+ 1,296,420 4,200 Walt Disney Company (CORTS) 6.875% A- 105,252  
 6,300 Walt Disney Company 7.000% A- 157,626

----- Total Media  
 1,559,298 -----

MULTI-UTILITIES - 0.2% 52,400 Dominion CNG Capital Trust I 7.800% Baa2 1,328,864 30,700 Dominion  
 Resources Capital Trust II 8.400% Baa3 780,701 88,100 Energy East Capital Trust I 8.250% BBB- 2,235,097  
 ----- Total

Multi-Utilities 4,344,662

----- OIL, GAS &  
 CONSUMABLE FUELS - 0.9% 678,700 Nexen Inc. 7.350% Baa3 16,987,861

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PHARMACEUTICALS - 0.1% 50,800 Bristol Myers Squibb Company (CORTS) 6.250% A+ 1,180,592

----- REAL  
 ESTATE - 11.8% 77,100 AvalonBay Communities, Inc., Series H 8.700% BBB 2,065,509 166,283 BRE Properties, Series B 8.080% BBB- 4,193,657 111,466 BRE Properties, Series D 6.750% BBB- 2,614,435 480,908 CarrAmerica Realty Corporation, Series E 7.500% BBB- 12,142,927 39 Nuveen Preferred and Convertible Income Fund 2 (JQC) (continued) Portfolio of INVESTMENTS June 30, 2006 (Unaudited) SHARES DESCRIPTION (1) COUPON RATINGS (3) VALUE

----- REAL  
 ESTATE (continued) Developers Diversified Realty Corporation, Series 104,300 G 8.000% BBB- \$ 2,680,510 Developers Diversified Realty Corporation, Series 1,264,845 H 7.375% BBB- 30,862,218 125,600 Duke Realty Corporation, Series L 6.600% BBB 2,937,784 25,000 Duke-Weeks Realty Corporation, Series B 7.990% BBB 1,267,970 82,800 Duke-Weeks Realty Corporation 6.950% BBB 2,032,740 98,000 Duke-Weeks Realty Corporation 6.625% BBB 2,267,720 193,200 Equity Office Properties Trust, Series G 7.750% BBB- 4,936,260 3,200 Equity Residential Properties Trust, Series C 9.125% BBB 80,320 15,400 Equity Residential Properties Trust, Series D 8.600% BBB 392,392 348,522 Equity Residential Properties Trust, Series N 6.480% BBB 7,960,242 140,000 Federal Realty Investment Trust 8.500% BBB- 3,565,800 10,400 First Industrial Realty Trust, Inc., Series C 8.625% BBB- 282,880 744,100 HRPT Properties Trust, Series B 8.750% BBB- 19,346,600 532,700 HRPT Properties Trust, Series C 7.125% BBB- 13,077,785 99,800 New Plan Excel Realty Trust, Series E 7.625% BBB- 2,544,900 3,997 Prologis Trust, Series C 8.540% BBB 212,216 96,275 Prologis Trust, Series G 6.750% BBB 2,271,127 125,700 PS Business Park Inc., Series O 7.375% BBB- 3,162,147 2,000 PS Business Parks, Inc., Series F 8.750% BBB- 50,700 700 PS Business Parks, Inc., Series K 7.950% BBB- 18,060 243,000 PS Business Parks, Inc., Series L 7.600% BBB- 6,075,000 299,600 PS Business Parks, Inc. 7.000% BBB- 7,250,320 149,000 Public Storage, Inc., Series E 6.750% BBB+ 3,485,110 18,400 Public Storage, Inc., Series F 6.450% BBB+ 413,080 195,600 Public Storage, Inc., Series H 6.950% BBB+ 4,743,300 158,950 Public Storage, Inc., Series R 8.000% BBB+ 3,989,645 55,860 Public Storage, Inc., Series S 7.875% BBB+ 1,404,320 45,000 Public Storage, Inc., Series T 7.625% BBB+ 1,126,350 174,500 Public Storage, Inc., Series U 7.625% BBB+ 4,379,950 31,500 Public Storage, Inc., Series V 7.500% BBB+ 806,400 166,100 Regency Centers Corporation 7.450% BBB- 4,277,075 20,500 Simon Property Group, Inc., Series F 8.750% Baa2 517,215 20,650 Simon Property Group, Inc., Series G 7.890% BBB 1,053,150 2,600 United Dominion Realty Trust 8.600% BBB- 66,300 30,000 Vornado Realty Trust, Series E 7.000% BBB- 732,900 1,200 Vornado Realty Trust, Series F 6.750% BBB- 28,380 165,000 Vornado Realty Trust, Series G 6.625% BBB- 3,795,000 183,000 Vornado Realty Trust, Series H 6.750% BBB- 4,282,200 1,987,734 Wachovia Preferred Funding Corporation 7.250% A2 52,337,036 130,300 Weingarten Realty Trust, Series E 6.950% A- 3,231,440

----- Total Real Estate 224,961,070 -----  
 THRIFTS & MORTGAGE FINANCE - 1.1% 81,500 Countrywide Capital Trust II, Series II (CORTS) 8.000% BBB+ 2,053,800 70,800 Countrywide Capital Trust III (PPLUS) 8.050% BBB+ 1,823,100 733,343 Countrywide Capital Trust IV 6.750% BBB+ 17,284,895 Countrywide Financial Corporation Capital Trust I 8,400 (CORTS) 8.000% BBB+ 210,924

----- Total Thrifts & Mortgage Finance 21,372,719

----- WIRELESS  
 TELECOMMUNICATION SERVICES - 0.6% 60,100 AT&T Wireless (CORTS) 8.000% A 1,544,570 28,000 AT&T Wireless, Series 2002-B (SATURNS) 9.250% A 747,600 50,600 United States Cellular Corporation 8.750% A- 1,318,130 344,100 United States Cellular Corporation 7.500% A- 8,664,438

----- Total Wireless Telecommunication Services 12,274,738 -----  
 TOTAL \$25 PAR (OR SIMILAR) PREFERRED SECURITIES (COST \$953,509,053) 913,283,348

----- PRINCIPAL AMOUNT (000) DESCRIPTION (1) COUPON MATURITY (4) RATINGS (3) VALUE



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VARIABLE RATE SENIOR LOAN INTERESTS - 0.1% (0.1% OF TOTAL INVESTMENTS) (5) MEDIA - 0.0% \$ 1,000 Philadelphia Newspapers, Term Loan B, WI/DD TBD TBD B \$ 1,000,000

----- 40  
 PRINCIPAL AMOUNT (000) DESCRIPTION (1) COUPON MATURITY (4) RATINGS (3) VALUE  
 ----- PAPER  
 & FOREST PRODUCTS - 0.1% Bluegrass Container Company, LLC, Term Loan B, \$ 1,155 WI/DD TBD TBD BB- \$ 1,507,500  
 ----- TOTAL  
 VARIABLE RATE SENIOR LOAN INTERESTS (COST 2,155 \$2,500,000) 2,507,500

PRINCIPAL AMOUNT (000) DESCRIPTION (1) COUPON MATURITY RATINGS (3) VALUE

-----  
 CONVERTIBLE BONDS - 36.4% (24.2% OF TOTAL INVESTMENTS) AEROSPACE & DEFENSE - 1.5% \$ 6,275 AAR Corporation, 144A, (7) 1.750% 2/01/26 BB- \$ 6,047,531 7,250 Armor Holdings Inc. 2.000% 11/01/24 B+ 8,663,750 4,670 L-3 Communications Corporation, Series 144A 3.000% 8/01/35 BB+ 4,576,600 8,815 Lockheed Martin Corporation 4.920% 8/15/33 BBB+ 10,062,851  
 ----- 27,010

Total Aerospace & Defense 29,350,732

-----  
 AIRLINES - 0.4% 1,700 AMR Corporation, Convertible Bonds 4.500% 2/15/24 CCC+ 2,280,125 1,400 Continental Airlines, Inc. 5.000% 6/15/23 CCC+ 2,381,750 2,320 JetBlue Airways Corporation 3.750% 3/15/35 B- 2,267,800  
 ----- 5,420

Total Airlines 6,929,675

----- AUTO  
 COMPONENTS - 0.5% 9,305 ArvinMeritor Inc., 144A 4.625% 3/01/26 BB- 9,874,931

-----  
 AUTOMOBILES - 0.1% 1,025 Fleetwood Enterprises Inc., 144A 5.000% 12/15/23 B2 990,406

-----  
 BIOTECHNOLOGY - 2.0% 10,850 Amgen Inc., 144A 0.125% 2/01/11 A+ 10,199,000 5,000 Cephalon, Inc. 0.000% 6/15/33 B- 5,843,750 10,700 Genzyme Corporation 1.250% 12/01/23 BBB 11,168,125 7,700 Gilead Sciences Inc., 144A 0.625% 5/01/13 N/R 7,372,750 3,670 Medimmune Inc. 1.000% 7/15/23 BBB 3,679,175  
 ----- 37,920

Total Biotechnology 38,262,800

-----  
 CAPITAL MARKETS - 0.5% 9,300 Goldman Sachs Group Inc. 0.125% 6/28/11 Aa3 9,787,971

-----  
 COMMERCIAL BANKS - 0.2% 3,515 Wells Fargo & Company, Convertible Bond 5.396% 5/01/33 Aa1 3,528,181

-----  
 COMMUNICATIONS EQUIPMENT - 3.1% 3,570 ADC Telecommunications Inc. 1.000% 6/15/08 N/R 3,373,650 6,265 ADC Telecommunications Inc. 5.795% 6/15/13 N/R 6,014,400 9,200 Cienna Corporation 3.750% 2/01/08 B 8,843,500 5,150 CommScope Inc. 1.000% 3/15/24 B+ 7,673,500 7,800 Comverse Technology, Inc. 0.000% 5/15/23 BB- 9,447,750 3,500 Finisar Corporation, Series 144A 2.500% 10/15/10 N/R 4,086,250 2,535 JDS Uniphase Corporation 0.000% 11/15/10 N/R 2,322,694 Juniper Networks Inc., Convertible Subordinated 3,515 Notes 0.000% 6/15/08 BB 3,528,181 7,450 Lucent Technologies Inc. 2.750% 6/15/23 B1 7,310,313 3,905 Nortel Networks Corp. 4.250% 9/01/08 B- 3,699,988 1,700 Powerwave Technologies Inc. 1.875% 11/15/24 N/R 1,780,750 1,390 Powerwave Technologies Inc. 1.825% 11/15/24 N/R 1,456,025  
 ----- 55,980

Total Communications Equipment 59,537,001

-----  
 CONSTRUCTION & ENGINEERING - 0.4% 4,545 Quanta Services Inc., Series 144A 3.750% 4/30/26 N/R 4,749,525 3,500 Quanta Services Incorporated 4.000% 7/01/07 B 3,456,250

Explanation of Responses:

	8,045
-----	
Total Construction & Engineering 8,205,775	
-----	
CONSUMER FINANCE - 0.2% 4,550 American Express Company, Convertible Bond 1.850% 12/01/33 A+	
4,680,813	
-----	
DIVERSIFIED FINANCIAL SERVICES - 1.0% 10,325 CapitalSource Inc. 3.500% 7/15/34 BBB- 10,208,844 41	
Nuveen Preferred and Convertible Income Fund 2 (JQC) (continued) Portfolio of INVESTMENTS June 30, 2006	
(Unaudited) PRINCIPAL AMOUNT (000) DESCRIPTION (1) COUPON MATURITY RATINGS (3) VALUE	
-----	
DIVERSIFIED FINANCIAL SERVICES (continued) \$ 2,650 JMH Finance Limited 4.750% 9/06/07 N/R \$ 2,658,782	
6,375 Merrill Lynch & Co. Inc., Convertible Bond 0.000% 3/13/32 Aa3 6,980,625	
	19,350
-----	
Total Diversified Financial Services 19,848,251	
-----	
DIVERSIFIED TELECOMMUNICATION SERVICES - 0.8% 5,750 Broadwing Corporation, 144A 3.125% 5/15/26	
N/R 5,347,500 3,325 CenturyTel Inc. 4.750% 8/01/32 BBB 3,453,844 6,075 Time Warner Telecom Inc. 2.375%	
4/01/26 CCC+ 6,310,406	
	15,150
-----	
Total Diversified Telecommunication Services 15,111,750	
-----	
ELECTRONIC EQUIPMENT & INSTRUMENTS - 0.9% 5,925 Coherent Inc., 144A 2.750% 3/01/11 N/R 6,428,625	
17,940 Roper Industries Inc. 1.481% 1/15/34 BB- 10,988,250	
	23,865
-----	
Total Electronic Equipment & Instruments 17,416,875	
-----	
	ENERGY
EQUIPMENT & SERVICES - 1.6% 1,115 Cal Dive International Inc. 3.250% 12/15/25 N/R 1,662,744 6,150 Cooper	
Cameron Corporation 1.500% 5/15/24 BBB+ 9,109,688 4,375 Hanover Compressor Company 4.750% 1/15/14 B	
6,256,250 4,350 Nabors Industries Inc. 0.000% 6/15/23 N/R 4,785,000 2,445 Oil States International Inc., Series	
144A 2.375% 7/01/25 N/R 3,169,331 3,325 Schlumberger Limited 2.125% 6/01/23 A+ 5,606,781	
	21,760
-----	
Total Energy Equipment & Services 30,589,794	
-----	
	GAS
UTILITIES - 0.1% 30 Southern Union Company, Series B 5.750% 8/16/06 Baa3 2,425,568	
-----	
	HEALTH
CARE EQUIPMENT & SUPPLIES - 1.1% 12,300 Fisher Scientific International Inc. 3.250% 3/01/24 BB+	
13,745,250 7,650 Lincare Holdings Inc. 3.000% 6/15/33 N/R 7,487,438	
	19,950
-----	
Total Health Care Equipment & Supplies 21,232,688	
-----	
	HEALTH
CARE PROVIDERS & SERVICES - 1.0% 9,200 Laboratory Corporation of America Holdings 0.000% 9/11/21	
BBB- 7,797,000 3,045 Manor Care, Inc. 2.125% 8/01/35 BBB 3,425,625 8,510 Roche Holdings Inc., 144A 0.000%	
7/25/21 N/R 7,575,006	
	20,755
-----	
Total Health Care Providers & Services 18,797,631	
-----	
	HOTELS
RESTAURANTS & LEISURE - 2.4% 7,875 Caesars Entertainment Inc. 5.028% 4/15/24 BBB- 9,943,763 20,750	
Carnival Corporation 1.132% 4/29/33 A- 13,617,188 2,170 Four Seasons Hotel Inc. 1.875% 7/30/24 BBB- 2,292,063	
8,535 Hilton Hotels Corporation 3.375% 4/15/23 BB 11,244,863 3,895 Kerzner International Limited, 144A 2.375%	
4/15/24 B 5,311,806 3,000 Scientific Games Corporation 0.750% 12/01/24 B+ 3,911,250	
	46,225
-----	
Total Hotels Restaurants & Leisure 46,320,933	

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-----  
INDUSTRIAL CONGLOMERATES - 0.7% 14,250 3M Company 0.000% 11/21/32 Aa1 12,931,875  
-----

INSURANCE - 1.4% 33 Alleghany Corporation, Convertible Bond 5.750% 6/15/09 BBB- 9,120,375 6,725 American  
Equity Investment Life Holding Company 5.250% 12/06/24 BB+ 7,052,844 12,640 American Financial Group Inc.  
1.486% 6/02/33 BBB 6,493,800 3,840 Prudential Financial Inc. 2.411% 11/15/35 A 3,853,248  
-----

23,238

Total Insurance 26,520,267

----- INTERNET

SOFTWARE & SERVICES - 0.5% 7,885 Open Solutions Inc., 144A 1.467% 2/02/35 N/R 4,642,294 7,800 Open  
Solutions Inc. 1.467% 2/02/35 N/R 4,592,250  
-----

15,685

Total Internet Software & Services 9,234,544

----- IT

SERVICES - 0.1% 2,090 Digital River Inc. 1.250% 1/01/24 N/R 2,369,538  
-----

42

PRINCIPAL AMOUNT (000) DESCRIPTION (1) COUPON MATURITY RATINGS (3) VALUE  
-----

LEISURE

EQUIPMENT & PRODUCTS - 0.1% \$ 1,165 K2 Corporation, Convertible Notes, 144A 5.000% 6/15/10 N/R \$  
1,218,881  
-----

MEDIA - 4.2% 275 Comcast Corporation 2.000% 10/15/29 BBB 10,923,698 5,200 Grey Global Group Inc. 5.000%  
10/15/33 N/R 6,467,500 Liberty Media Corporation, Senior Debentures 14,725 Exchangeable for Motorola Common  
Stock 3.500% 1/15/31 BB+ 14,043,969 Liberty Media Corporation, Senior Debentures, 21,800 Exchangeable for PCS  
Common Stock, Series 1 4.000% 11/15/29 BB+ 13,516,000 11,700 Liberty Media Corporation 0.750% 3/30/23 BB+  
12,475,125 2,395 Lions Gate Entertainment Corporation, 144A 2.938% 10/15/24 N/R 2,236,331 3,300 Lions Gate  
Entertainment Corporation, 144A 3.625% 3/15/25 N/R 2,821,500 4,660 Omnicom Group Inc. 0.000% 6/15/33 A-  
4,683,300 4,505 Sirius Satellite Radio Inc. 3.250% 10/15/11 CCC 5,186,381 8,950 Walt Disney Company,  
Convertible Senior Notes 2.125% 4/15/23 A- 9,900,938  
-----

77,510

Total Media 82,254,742

----- METALS

& MINING - 0.4% 4,025 Century Aluminum Company 1.750% 8/01/24 BB- 5,448,844 2,065 Placer Dome Inc.  
2.750% 10/15/23 A- 2,746,450  
-----

6,090 Total

Metals & Mining 8,195,294

MULTI-UTILITIES - 0.5% 8,625 Dominion Resources Inc., Series C 2.125% 12/15/23 BBB 9,142,500  
-----

OIL, GAS

& CONSUMABLE FUELS - 1.0% 1,275 Cheniere Energy Inc. 2.250% 8/01/12 N/R 1,549,125 2,250 Chesapeake  
Energy Corporation, 144A 2.750% 11/15/35 BB 2,314,688 12,300 Devon Energy Corporation 4.900% 8/15/08 BBB  
14,990,625  
-----

15,825 Total Oil, Gas & Consumable Fuels 18,854,438

PHARMACEUTICALS - 2.3% 4,580 Alexion Pharmaceuticals Inc., 144A 1.375% 2/01/12 N/R 6,011,250 4,150  
Alexion Pharmaceuticals Inc. 1.375% 2/01/12 N/R 5,446,875 5,450 BioMarin Pharmaceutical Inc. 2.500% 3/29/13  
CCC 6,035,875 5,945 Cubist Pharmaceuticals Inc. 2.250% 6/15/13 N/R 6,227,388 6,350 First Horizon Pharmaceutical  
Corporation 1.750% 3/08/24 N/R 7,127,875 4,780 Teva Pharmaceutical Finance, Series A 0.500% 2/01/24 BBB  
4,887,550 8,500 Wyeth, 144A 1.000% 1/15/24 A 8,891,000  
-----

39,755

Total Pharmaceuticals 44,627,813

----- ROAD &

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RAIL - 0.7% 10,500 CSX Corporation 0.000% 10/30/21 BBB 13,256,250

SEMICONDUCTORS & EQUIPMENT - 1.7% 8,325 Agere Systems Inc. 6.500% 12/15/09 B 8,272,969 3,075 ASM International NV 4.250% 12/06/11 B- 2,986,594 5,650 Intel Corporation, 144A 2.950% 12/15/35 A- 4,781,313 4,610 LSI Logic Corporation 4.000% 5/15/10 Ba3 4,707,963 3,965 Photronics Inc., Convertible Notes 2.250% 4/15/08 B 4,435,844 7,370 RF Micro Devices, Inc. 1.500% 7/01/10 B- 7,333,150

32,995

Total Semiconductors & Equipment 32,517,833

SOFTWARE - 1.5% 10,025 Amdocs Limited 0.500% 3/15/24 BBB- 10,200,438 4,255 Cadence Design Systems, Inc. 0.000% 8/15/23 N/R 4,882,613 4,725 Informatica Corporation, 144A 3.000% 3/15/26 N/R 4,660,031 3,990 Red Hat Inc., Convertible Bond 0.500% 1/15/24 B 4,344,113 4,215 Sybase, Inc. 1.750% 2/22/25 N/R 4,078,013

27,210

Total Software 28,165,208

SPECIALTY RETAIL - 2.3% 4,030 Best Buy Co., Inc. 2.250% 1/15/22 BBB- 4,992,163 3,100 Charming Shoppes Inc. 4.750% 6/01/12 BB- 3,824,625 6,130 Dick's Sporting Goods Inc. 1.606% 2/18/24 B 4,697,113 6,450 Lowes Companies, Inc. 0.861% 10/19/21 A+ 6,820,875 43 Nuveen Preferred and Convertible Income Fund 2 (JQC) (continued) Portfolio of INVESTMENTS June 30, 2006 (Unaudited) PRINCIPAL AMOUNT (000) DESCRIPTION (1) COUPON MATURITY RATINGS (3) VALUE

SPECIALTY RETAIL (continued) Sonic Automotive Inc., Convertible Senior \$ 5,135 Subordinated Notes 5.250% 5/07/09 B \$ 5,051,556 11,975 TJX Companies, Inc. 0.000% 2/13/21 A- 9,550,063 9,425 United Auto Group Inc., Series 144A 3.500% 4/01/26 B 10,179,000

46,245

Total Specialty Retail 45,115,395

TRADING

COMPANIES & DISTRIBUTORS - 0.4% 5,925 GATX Corporation 7.500% 2/01/07 BBB 7,495,125

WIRELESS

TELECOMMUNICATION SERVICES - 0.8% 2,435 American Tower Corporation 3.000% 8/15/12 BB- 3,984,269 9,000 NII Holdings Inc., 144A 2.750% 8/15/25 N/R 11,970,000

11,435

Total Wireless Telecommunication Services 15,954,269

667,698

TOTAL CONVERTIBLE BONDS (COST \$674,999,637) 700,745,747

PRINCIPAL AMOUNT (000) DESCRIPTION (1) COUPON MATURITY RATINGS (3) VALUE

CORPORATE BONDS - 14.4% (9.6% OF TOTAL INVESTMENTS) AEROSPACE & DEFENSE - 0.2% \$ 1,000 Hexcel Corporation, Term Loan 6.750% 2/01/15 B \$ 940,000 2,500 K&F Acquisition Inc. 7.750% 11/15/14 B- 2,475,000

3,500 Total Aerospace & Defense 3,415,000

AUTO

COMPONENTS - 0.2% 1,950 Affinia Group Inc. 9.000% 11/30/14 CCC+ 1,779,375 1,300 Keystone Automotive Operations Inc. 9.750% 11/01/13 B- 1,235,000

3,250 Total

Auto Components 3,014,375

BUILDING

PRODUCTS - 0.2% 4,000 Jacuzzi Brands, Inc. 9.625% 7/01/10 B 4,245,000

CHEMICALS - 0.7% 3,000 Ineos Group Holdings PLC, 144A 8.500% 2/15/16 B2 2,823,750 2,000 Nell AF Sarl

Explanation of Responses:

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8.375% 8/15/15 B2 1,932,500 6,500 OM Group Inc. 9.250% 12/15/11 B- 6,727,500 3,000 Rockwood Specialties Group Inc., Series WI 7.500% 11/15/14 B- 2,955,000	14,500
-----	
Total Chemicals 14,438,750	
-----	
COMMERCIAL BANKS - 0.3% 6,000 HBOS PLC, Series 144A 6.413% 9/29/49 A1 5,391,156	
-----	
COMMERCIAL SERVICES & SUPPLIES - 0.4% 5,000 DST Systems Inc. 4.125% 8/15/23 N/R 6,637,500 900 Williams Scotsman Inc., 144A 8.500% 10/01/15 B+ 893,250	
-----	
Commercial Services & Supplies 7,530,750	5,900 Total
-----	
COMPUTERS & PERIPHERALS - 0.1% 1,000 GSC Holdings Corporation, 144A 8.000% 10/01/12 Ba3 1,005,000	
-----	
CONTAINERS & PACKAGING - 0.6% 2,000 Berry Plastics Corporation 10.750% 7/15/12 B- 2,175,000 3,450 MDP Acquisitions PLC, Senior Notes 9.625% 10/01/12 B- 3,570,750 Owens-Brockway Glass Containers, Guaranteed Senior 3,000 Note 8.250% 5/15/13 B 3,022,500 3,000 Owens-Illinois Inc. 7.500% 5/15/10 B 2,947,500	
-----	
Total Containers & Packaging 11,715,750	11,450
-----	
DIVERSIFIED CONSUMER SERVICES - 0.1% 2,000 Service Corporation International 7.700% 4/15/09 BB 2,020,000	
-----	
DIVERSIFIED TELECOMMUNICATION SERVICES - 0.1% 2,000 Intelsat Subsidiary Holding Company Limited 8.500% 1/15/13 B+ 1,995,000 750 Syniverse Technologies Inc., Series B 7.750% 8/15/13 B 733,125	
-----	
Diversified Telecommunication Services 2,728,125	2,750 Total
-----	
	44
-----	
PRINCIPAL AMOUNT (000) DESCRIPTION (1) COUPON MATURITY RATINGS (3) VALUE	
-----	
UTILITIES - 0.2% \$ 2,000 Midwest Generation LLC 8.750% 5/01/34 Ba3 \$ 2,130,000 500 Mirant North America LLC., 144A 7.375% 12/31/13 B2 485,000 1,000 Sierra Pacific Resources, Series 2006 6.750% 8/15/17 B1 949,821	
-----	
Electric Utilities 3,564,821	3,500 Total
-----	
	ENERGY
-----	
EQUIPMENT & SERVICES - 0.2% 1,800 Hanover Compressor Company 7.500% 4/15/13 B 1,773,000 2,500 Pride International Inc. 7.375% 7/15/14 Ba2 2,525,000	
-----	
Energy Equipment & Services 4,298,000	4,300 Total
-----	
	FOOD &
-----	
STAPLES RETAILING - 0.2% 3,000 Stater Brothers Holdings Inc. 8.125% 6/15/12 B+ 2,977,500	
-----	
	FOOD
-----	
PRODUCTS - 0.8% 7,610 Del Monte Corporation 8.625% 12/15/12 B 7,876,350 1,096 Dole Foods Company 8.625% 5/01/09 B 1,052,160 7,000 Dole Foods Company 7.875% 7/15/13 B 6,335,000	
-----	
Total Food Products 15,263,510	15,706
-----	
	HEALTH
-----	
CARE EQUIPMENT & SUPPLIES - 0.0% 700 Select Medical Corporation 7.625% 2/01/15 B- 612,500	
-----	
	HEALTH
-----	
CARE PROVIDERS & SERVICES - 0.2% 3,000 US Oncology Inc. 10.750% 8/15/14 B- 3,270,000	
-----	
	HOTELS,
-----	
RESTAURANTS & LEISURE - 1.7% 5,190 Aztar Corporation 9.000% 8/15/11 Ba3 5,462,475 2,345 Boyd Gaming	

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Corporation 8.750% 4/15/12 B+ 2,468,113 4,075 Boyd Gaming Corporation 7.750% 12/15/12 B+ 4,131,031 1,500  
 Herbst Gaming Inc. 7.000% 11/15/14 B- 1,432,500 4,100 Intrawest Corporation 7.500% 10/15/13 B- 4,100,000 800  
 Jacob's Entertainment Inc., 144A 9.750% 6/15/14 B- 808,000 2,000 Landry's Restaurants Inc., Series B 7.500%  
 12/15/14 B 1,845,000 2,000 MGM Mirage, Inc. 6.750% 8/01/07 BB 2,017,500 1,000 Park Place Entertainment  
 9.375% 2/15/07 BB+ 1,020,000 1,000 Park Place Entertainment 7.875% 3/15/10 BB+ 1,042,500 2,000 Pinnacle  
 Entertainment Inc. 8.250% 3/15/12 B- 2,015,000 3,000 Pinnacle Entertainment Inc. 8.750% 10/01/13 B- 3,142,500  
 4,000 Universal City Development Partners 11.750% 4/01/10 B2 4,375,000

----- 33,010

Total Hotels, Restaurants & Leisure 33,859,619

HOUSEHOLD DURABLES - 0.5% K. Hovnanian Enterprises Inc., Senior Subordinated 4,500 Notes 8.875% 4/01/12  
 Ba2 4,500,000 5,000 KB Home 8.625% 12/15/08 Ba2 5,206,260

----- 9,500 Total

Household Durables 9,706,260

INDEPENDENT POWER PRODUCERS & ENERGY TRADERS - 0.1% 600 NRG Energy Inc. 7.250% 2/01/14 B1  
 586,500 600 NRG Energy Inc. 7.375% 2/01/16 B1 586,500

----- 1,200 Total

Independent Power Producers & Energy Traders 1,173,000

INSURANCE - 0.1% 1,000 Great West Life and Annuity Insurance Company 7.153% 5/16/46 A- 978,430

----- IT

SERVICES - 0.4% 1,950 Global Cash Access LLC 8.750% 3/15/12 B- 2,064,563 4,750 SunGard Data Systems Inc.,  
 Series 144A 9.125% 8/15/13 B- 4,951,875

----- 6,700 Total

IT Services 7,016,438

MACHINERY - 0.4% 3,000 Greenbrier Companies, Inc. 8.375% 5/15/15 B+ 3,078,750 2,000 Terex Corporation,  
 Senior Subordinated Notes 10.375% 4/01/11 B+ 2,125,000 3,000 Terex Corporation, Senior Subordinated Notes  
 9.250% 7/15/11 B+ 3,202,500

----- 8,000 Total

Machinery 8,406,250

----- 45 Nuveen

Preferred and Convertible Income Fund 2 (JQC) (continued) Portfolio of INVESTMENTS June 30, 2006 (Unaudited)  
 PRINCIPAL AMOUNT (000) DESCRIPTION (1) COUPON MATURITY RATINGS (3) VALUE

----- MEDIA -

3.3% \$ 6,900 Allbritton Communications Company, Series B 7.750% 12/15/12 B- \$ 6,865,500 2,000 AMC  
 Entertainment Inc. 8.000% 3/01/14 B3 1,842,500 4,200 American Media Operations Inc., Series B 10.250% 5/01/09  
 Caa1 3,937,500 1,345 American Media Operations Inc. 8.875% 1/15/11 Caa1 1,197,050 5,000 Cablevision Systems  
 Corporation, Series B 8.125% 8/15/09 B+ 5,112,500 3,000 Cablevision Systems Corporation 7.250% 7/15/08 B+  
 3,018,750 2,000 Cablevision Systems Corporation 8.125% 7/15/09 B+ 2,045,000 2,000 Charter Communications  
 Operating LLC, 144A 8.000% 4/30/12 B2 2,000,000 6,000 Cinemark USA Inc. 9.000% 2/01/13 B- 6,330,000 1,000  
 Dex Media West LLC 8.500% 8/15/10 B1 1,042,500 2,198 Dex Media West LLC 9.875% 8/15/13 B 2,393,062 4,000  
 Medianews Group Inc. 6.375% 4/01/14 B 3,520,000 2,950 Panamsat Corporation 9.000% 8/15/14 B 1,989,000 8,000  
 Primedia Inc., Senior Notes 8.875% 5/15/11 B 6,755,000 2,000 R. H. Donnelley Finance Corp 1 10.875% 12/15/12 B  
 2,205,000 2,000 Sun Media Corporation 7.625% 2/15/13 Ba3 2,022,500 6,200 Vertis Inc. 9.750% 4/01/09 B3  
 6,339,500 5,500 Young Broadcasting Inc., Senior Subordinated Note 10.000% 3/01/11 Caa2 4,922,500 2,000 Young  
 Broadcasting Inc. 8.750% 1/15/14 Caa2 1,680,000

----- 68,293

Total Media 65,217,862

----- METALS

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& MINING - 0.3% 3,000 Chaparral Steel Company 10.000% 7/15/13 B1 3,285,000 1,682 United States Steel Corporation 9.750% 5/15/10 Ba1 1,799,740	
-----	4,682 Total
Metals & Mining 5,084,740	
MULTILINE RETAIL - 0.2% 3,600 Bon-Ton Department Stores Inc., 144A 10.250% 3/15/14 B2 3,357,000	
MULTI-UTILITIES - 0.1% 2,400 Dynegy Holdings Inc., 144A 8.375% 5/01/16 B2 2,376,000 500 Northwestern Corporation 5.875% 11/01/14 BBB- 492,359	
-----	2,900 Total
Multi-Utilities 2,868,359	
OIL, GAS & CONSUMABLE FUELS - 0.7% 600 Chaparral Energy Inc., 144A 8.500% 12/01/15 B 600,000 4,345 Chesapeake Energy Corporation 7.750% 1/15/15 BB 4,377,588 300 Copano Energy LLC, 144A 8.125% 3/01/16 B 300,000 Hilcorp Energy I LP/Hilcorp Finance Company, 2,000 Series 144A 7.750% 11/01/15 B 1,920,000 2,000 Premcor Refining Group Inc. 7.500% 6/15/15 BBB- 2,067,684 3,000 SemGroup LP, 144A 8.750% 11/15/15 B1 3,000,000 1,500 Whiting Petroleum Corporation 7.000% 2/01/14 B 1,425,000	
-----	13,745
Total Oil, Gas, & Consumable Fuels 13,690,272	
PAPER & FOREST PRODUCTS - 0.4% 2,000 Georgia Pacific Corporation, Debentures 7.700% 6/15/15 B 1,920,000 5,000 Georgia Pacific Corporation, Notes 8.125% 5/15/11 B 5,000,000	
-----	7,000 Total
Paper & Forest Products 6,920,000	
PERSONAL PRODUCTS - 0.1% 1,600 Prestige Brands Inc. 9.250% 4/15/12 B- 1,576,000	
REAL ESTATE - 0.1% 900 Saxon Capital Inc., 144A 12.000% 5/01/14 B 911,250 1,000 Trustreet Properties, Inc. 7.500% 4/01/15 B+ 990,000 500 Ventas Realty LP, Series WI 7.125% 6/01/15 BB+ 502,500	
-----	2,400 Total
Real Estate 2,403,750	
SEMICONDUCTORS & EQUIPMENT - 0.1% Avago Technologies Finance Pte. Ltd., Floating 3,400 Rate Note, 5.500% plus three-month LIBOR, 144A 10.125% 12/01/13 B 2,538,000	
SPECIALTY RETAIL - 0.8% 7,000 Asbury Automotive Group Inc. 9.000% 6/15/12 B 5,970,000 1,000 Quiksilver Inc. 6.875% 4/15/15 BB- 935,000 46 PRINCIPAL AMOUNT (000) DESCRIPTION (1) COUPON MATURITY RATINGS (3) VALUE	
SPECIALTY RETAIL (continued) \$ 8,000 Warnaco Inc., Senior Notes 8.875% 6/15/13 B+ \$ 8,160,000	
-----	16,000
Total Specialty Retail 15,065,000	
TEXTILES APPAREL & LUXURY GOODS - 0.2% 4,000 Jostens IH Corporation 7.625% 10/01/12 B- 3,900,000	
THRIFTS & MORTGAGE FINANCE - 0.1% Caisse Nationale Des Caisses d'Epargne et de 2,000 Prevoyance 6.750% 1/27/49 A+ 1,899,910	
TRADING COS & DISTRIBUTORS - 0.1% 2,000 United Rentals North America Inc. 6.500% 2/15/12 B+ 1,900,000	
WIRELESS TELECOMMUNICATION SERVICES - 0.2% 4,000 Nextel Communications, Inc., Series D 7.375% 8/01/15 A-	

4,074,268 -----  
 279,586 TOTAL CORPORATE BONDS (COST \$284,616,783) 277,125,395

-----  
 PRINCIPAL AMOUNT (000)/SHARES DESCRIPTION (1) COUPON MATURITY RATINGS (3) VALUE

----- CAPITAL  
 PREFERRED SECURITIES - 31.5% (21.0% OF TOTAL INVESTMENTS) CAPITAL MARKETS - 5.5% 6,273 BT  
 Capital Trust, Series B1 7.900% 1/15/27 A2 \$ 6,541,591 15,000 BT Institutional Capital Trust A, 144A 8.090%  
 12/01/26 A2 15,716,610 2,000 BT Institutional Capital Trust B, 144A 7.750% 12/01/26 A2 2,089,568 1,250 C.A.  
 Preferred Fund Trust II 7.000% 10/30/49 A1 1,223,634 32,750 C.A. Preferred Funding Trust 7.000% 1/30/49 A1  
 32,060,809 3,000 Compass Trust I, Series A+ 8.230% 1/15/27 A3 3,151,527 3,500 First Union Capital Trust II, Series  
 A 7.950% 11/15/29 A1 4,056,514 2,000 First Union Institutional Capital Securities I 8.040% 12/01/26 A1 2,092,348  
 15,500 Mellon Capital Trust I, Series A 7.720% 12/01/26 A2 16,190,711 9,000 State Street Institutional Capital Trust,  
 144A 8.035% 3/15/27 A1 9,463,329 12,419 Washington Mutual Capital Trust I 8.375% 6/01/27 Baa1 13,126,573  
 ----- Total  
 Capital Markets 105,713,214

----- COMMERCIAL  
 BANKS - 17.8% 2,000 AB Svensk Exportkredit, 144A 6.375% 10/27/49 AA- 1,968,498 8,000 Abbey National  
 Capital Trust I 8.963% 6/30/50 A 9,732,800 43,100 AgFirst Farm Credit Bank 7.300% 12/15/53 N/R 43,693,875  
 12,120 Bank One Capital III 8.750% 9/01/30 A1 14,996,815 1,974 BankAmerica Capital II, Series 2 8.000% 12/15/26  
 Aa3 2,067,601 BankAmerica Institutional Capital Trust, Series B, 2,600 144A 7.700% 12/31/26 Aa3 2,716,267 5,000  
 BankAmerica Institutional Trust, 144A 8.070% 12/31/26 Aa3 5,244,170 2,000 BankBoston Capital Trust I, Series B  
 8.250% 12/15/26 Aa3 2,099,928 1,000 BanPonce Trust I, Series A 8.327% 2/01/27 Baa1 1,049,236 4,000 Barclays  
 Bank PLC, 144A 8.550% 6/15/49 Aa3 4,415,284 700 Barclays Bank PLC 6.278% 12/15/55 Aa3 617,750 2,200 DBS  
 Capital Funding Corporation, 144A 7.657% 3/15/49 A1 2,345,825 First Chicago NBD Institutional Capital Trust,  
 4,315 Series B, 144A 7.750% 12/01/26 A1 4,501,503 5,000 First Chicago NBD Institutional Capital, 144A 7.950%  
 12/01/26 A1 5,219,905 5,750 First Empire Capital Trust I 8.234% 2/01/27 Baa1 6,038,932 11,000 First Empire  
 Capital Trust II 8.277% 6/01/27 Baa1 11,619,388 4,250 First Midwest Bancorp Inc. 6.950% 12/01/33 Baa2 4,196,314  
 36,150 HBOS Capital Funding LP, Notes 6.850% 3/23/49 A1 34,798,930 12,838 HSBC Capital Funding LP, 144A  
 9.547% 12/31/49 A1 14,398,741 14,000 HSBC Capital Funding LP, Debt 10.176% 6/30/50 A1 19,185,656 19,605  
 KBC Bank Fund Trust III, 144A 9.860% 5/02/50 A2 21,787,272 4,000 KeyCorp Capital III 7.750% 7/15/29 A3  
 4,426,884 15,000 KeyCorp Institutional Capital Trust A 7.826% 12/01/26 A3 15,671,415 17,000 Lloyds TSB Bank  
 PLC, Subordinated Note 6.900% 11/22/49 Aa2 16,663,349 1,000 Nordbanken AB, 144A 8.950% 11/29/49 A  
 1,087,171 12,500 North Fork Capital Trust II 8.000% 12/15/27 A3 13,250,100 2,000 Popular North American Capital  
 Trust I 6.564% 9/15/34 Baa1 1,826,118 14,750 RBS Capital Trust B 6.800% 12/31/49 A1 14,218,263 2,000 Reliance  
 Capital Trust I, Series B 8.170% 5/01/28 N/R 2,133,316 1,202 Republic New York Capital II, Capital Securities  
 7.530% 12/04/26 A1 1,252,537 47 Nuveen Preferred and Convertible Income Fund 2 (JQC) (continued) Portfolio of  
 INVESTMENTS June 30, 2006 (Unaudited) PRINCIPAL AMOUNT (000)/SHARES DESCRIPTION (1) COUPON  
 MATURITY RATINGS (3) VALUE

-----  
 COMMERCIAL BANKS (continued) 6,200 Royal Bank of Scotland Group PLC 9.118% 3/31/49 A1 \$ 6,814,234  
 4,472 St. George Funding Company LLC, 144A 8.485% 12/31/47 A3 4,751,469 2,250 Swedbank  
 ForeningsSparbanken AB, 144A 9.000% 9/17/50 A2 2,511,666 13,330 Unicredito Italiano Capital Trust, 144A  
 9.200% 4/05/51 A- 14,840,409 3,800 Union Planters Capital Trust A 8.200% 12/15/26 A2 3,975,351 Washington  
 Mutual Preferred Funding Cayman, Series 21,300 A-1, 144A 7.250% 3/15/49 BBB 20,291,914 Washington Mutual  
 Preferred Funding Delaware, 7,200 Series A-1, 144A 6.534% 3/15/49 BBB 6,922,130 2,000 Zions Institutional  
 Capital Trust, Series A 8.536% 12/15/26 Baa1 2,101,270  
 ----- Total  
 Commercial Banks 345,432,286

----- DIVERSIFIED  
 FINANCIAL SERVICES - 2.1% 9,000 BNP Paribas Capital Trust 7.200% 12/31/49 A+ 9,003,501 1,000 Citigroup  
 Capital III 7.625% 12/01/36 Aa2 1,095,154 2,500 Fulton Capital Trust I 6.290% 2/01/36 A3 2,272,515 3,000 JPM



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Capital Trust II 7.950% 2/01/27 A1 3,145,767 23,600 Old Mutual Capital Funding, Notes 8.000% 6/22/53 Baa2 24,259,809 -----	
Total Diversified Financial Services 39,776,746	
-----	DIVERSIFIED
TELECOMMUNICATION SERVICES - 1.2% 19,080 Centaur Funding Corporation, Series B, 144A 9.080% 4/21/20 BBB 22,413,038	
-----	
HOUSEHOLD DURABLES - 0.3% 5,700 Stanley Works Capital Trust I, 144A 5.902% 12/01/45 Baa1 5,321,856	
-----	
INSURANCE - 3.9% 10,000 American General Capital II 8.500% 7/01/30 Aa3 12,450,440 4,980 American General Institutional Capital, 144A 8.125% 3/15/46 Aa3 5,886,021 14,250 Mangrove Bay, Class 3, 144A 6.102% 7/15/33 BBB+ 13,630,652 5,000 Oil Insurance Limited, 144A 7.550% 12/30/49 Baa1 4,993,250 3,750 Prudential PLC 6.500% 6/29/49 A+ 3,457,785 Sun Life Canada Capital Trust, Capital Securities, 13,500 144A 8.526% 5/06/47 A+ 14,292,639 18,859 Zurich Capital Trust I, 144A 8.376% 6/01/37 A- 19,940,601	
-----	Total
Insurance 74,651,388 -----	
OIL, GAS, & CONSUMABLE FUELS - 0.5% 12,355 KN Capital Trust III 7.630% 4/15/28 Baa3 10,366,426	
-----	THRIFTS
& MORTGAGE FINANCE - 0.2% 3,365 Great Western Financial Trust II, Series A 8.206% 2/01/27 Baa1 3,536,882	
-----	TOTAL
CAPITAL PREFERRED SECURITIES (COST \$644,929,279) 607,211,836	
-----	SHARES
DESCRIPTION (1) VALUE	
-----	
INVESTMENT COMPANIES -- 1.2% (0.8% OF TOTAL INVESTMENTS) Flaherty and Crumrine/Claymore Preferred 268,582 Securities Income Fund Inc. \$ 5,237,349 Flaherty and Crumrine/Claymore Total Return Fund 150,633 Inc. 2,880,103 6,495 John Hancock Preferred Income Fund 146,073 24,372 John Hancock Preferred Income Fund II 539,840 330,281 John Hancock Preferred Income Fund III 6,519,747 95,073 Preferred and Corporate Strategies Fund Inc. 1,895,756 353,379 Preferred Income Strategies Fund Inc. 6,700,066	
-----	TOTAL
INVESTMENT COMPANIES (COST \$24,205,922) 23,918,934	
-----	48 PRINCIPAL
AMOUNT (000) DESCRIPTION (1) COUPON MATURITY VALUE	
-----	
SHORT-TERM INVESTMENTS - 4.2% (2.8% OF TOTAL INVESTMENTS) Repurchase Agreement with State Street Bank, dated \$ 80,684 6/30/06, repurchase price 4.130% 7/03/06 \$ 80,684,441 \$80,712,210, collateralized by \$82,715,000, U.S. Treasury Notes 4.875%, due 4/30/11, value \$82,301,425 -----	
-----	TOTAL
SHORT-TERM INVESTMENTS (COST \$80,684,441) 80,684,441	
-----	TOTAL INVESTMENTS
(COST \$2,949,635,171) - 150.4% 2,897,285,395	
-----	OTHER ASSETS LESS
LIABILITIES - (0.3)% (6,434,070)	
-----	PREFERRED SHARES,
AT LIQUIDATION VALUE - (50.1)% (965,000,000)	
-----	NET ASSETS
APPLICABLE TO COMMON SHARES - 100% \$1,925,851,325	
-----	INTEREST RATE
SWAPS OUTSTANDING AT JUNE 30, 2006: FIXED RATE PAID FIXED RATE FLOATING RATE FLOATING RATE UNREALIZED NOTIONAL BY THE FUND PAYMENT RECEIVED PAYMENT TERMINATION APPRECIATION COUNTERPARTY AMOUNT (ANNUALIZED) FREQUENCY BY THE FUND (8)	

## FREQUENCY DATE (DEPRECIATION)

----- JPMorgan Chase  
 \$97,000,000 3.395% Monthly 5.138% Monthly 7/06/06 \$ (209,668) JPMorgan Chase 97,000,000 3.360 Monthly  
 5.302 Monthly 1/23/09 5,111,266 Morgan Stanley 97,000,000 3.048 Monthly 5.302 Monthly 1/23/08 3,697,312 Royal  
 Bank of Canada 97,000,000 2.679 Monthly 5.302 Monthly 1/23/07 1,607,648

----- \$10,206,558

----- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted. (2) Non-income producing. (3) Ratings: Using the higher of Standard & Poor's or Moody's rating. Ratings below BBB by Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered to be below investment grade. (4) Senior Loans in the Fund's portfolio generally are subject to mandatory and/or optional prepayment. Because of these mandatory prepayment conditions and because there may be significant economic incentives for a Borrower to prepay, prepayments of Senior Loans in the Fund's portfolio may occur. As a result, the actual remaining maturity of Senior Loans held in the Fund's portfolio may be substantially less than the stated maturities shown. (5) Senior Loans in which the Fund invests generally pay interest at rates which are periodically adjusted by reference to a base short-term, floating lending rate plus an assigned fixed rate. These floating lending rates are generally (i) the lending rate referenced by the London Inter-Bank Offered Rate ('LIBOR'), or (ii) the prime rate offered by one or more major United States banks. Senior Loans may be considered restricted in that the Fund ordinarily is contractually obligated to receive approval from the Agent Bank and/or Borrower prior to the disposition of a Senior Loan. (6) Investment is eligible for the Dividends Received Deduction. (7) Non-income producing security, in the case of a bond, generally denotes that the issuer has defaulted on the payment of principal or interest or has filed for bankruptcy. (8) Based on USD-LIBOR (United States Dollar-London Interbank Offered Rate). N/R Not rated. WI/DD Purchased on a when-issued or delayed delivery basis. 144A Investment is exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These investments may only be resold in transactions exempt from registration which are normally those transactions with qualified 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. TBD Senior Loan purchased on a when-issued or delayed-delivery basis. Certain details associated with this purchase are not known prior to the settlement date of the transaction. In addition, Senior Loans typically trade without accrued interest and therefore a weighted average coupon rate is not available prior to settlement. At settlement, if still unknown, the borrower or counterparty will provide the Fund with the final weighted average coupon rate and maturity date. See accompanying notes to financial statements. 49 Statement of ASSETS AND LIABILITIES June 30, 2006 (Unaudited) PREFERRED AND PREFERRED AND CONVERTIBLE CONVERTIBLE INCOME INCOME 2 (JPC) (JQC)

----- ASSETS Investments, at value (cost  
 \$2,100,146,620 and \$2,949,635,171, respectively) \$2,069,348,139 \$2,897,285,395 Cash 71,805 -- Unrealized  
 appreciation on interest rate swaps 7,737,752 10,206,558 Receivables: Dividends 2,584,116 2,534,504 Interest  
 10,480,195 16,199,507 Investments sold 12,871,245 27,140,834 Reclaims -- 69,108 Other assets 131,462 123,298  
 ----- Total assets 2,103,224,714

2,953,559,204 ----- LIABILITIES  
 Payable for investments purchased 34,203,812 60,616,057 Accrued expenses: Management fees 898,356 1,215,309  
 Other 378,927 470,566 FundPreferred shares dividends payable 322,331 405,947

----- Total liabilities 35,803,426  
 62,707,879 ----- FundPreferred shares, at  
 liquidation value 708,000,000 965,000,000

----- Net assets applicable to Common  
 shares \$1,359,421,288 \$1,925,851,325

----- Common shares outstanding  
 99,690,977 140,495,800 ----- Net asset  
 value per Common share outstanding (net assets applicable to Common shares, divided by Common shares  
 outstanding) \$ 13.64 \$ 13.71 ----- NET

ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:

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----- Common shares, \$.01 par value per share \$ 996,910 \$ 1,404,958 Paid-in surplus 1,411,120,142 1,990,088,778 Undistributed (Over-distribution of) net investment income (41,403,764) (47,101,918) Accumulated net realized gain (loss) from investments and derivative transactions 11,768,729 23,602,725 Net unrealized appreciation (depreciation) of investments and derivative transactions (23,060,729) (42,143,218)

----- Net assets applicable to Common shares \$1,359,421,288 \$1,925,851,325

----- Authorized shares: Common Unlimited Unlimited FundPreferred Unlimited Unlimited

----- See accompanying notes to financial statements. 50 Statement of OPERATIONS Six Months Ended June 30, 2006 (Unaudited) PREFERRED AND PREFERRED AND CONVERTIBLE CONVERTIBLE INCOME INCOME 2 (JPC) (JQC)

----- INVESTMENT INCOME Dividends \$ 29,750,741 \$ 39,340,145 Interest 29,156,019 44,951,951

----- Total investment income 58,906,760 84,292,096 ----- EXPENSES Management fees 8,891,662 12,166,761 FundPreferred shares - auction fees 877,727 1,196,336 FundPreferred shares - dividend disbursing agent fees 17,989 26,531 Shareholders' servicing agent fees and expenses 7,160 7,438 Custodian's fees and expenses 257,475 340,356 Trustees' fees and expenses 30,457 35,741 Professional fees 33,036 60,004 Shareholders' reports - printing and mailing expenses 129,265 181,179 Stock exchange listing fees 18,144 25,553 Investor relations expense 58,056 84,777 Other expenses 27,466 35,120

----- Total expenses before custodian fee credit and expense reimbursement 10,348,437 14,159,796 Custodian fee credit (18,244) (7,411) Expense reimbursement (3,355,587) (4,684,184) ----- Net expenses 6,974,606 9,468,201 ----- Net investment income 51,932,154 74,823,895

----- REALIZED AND UNREALIZED GAIN (LOSS) Net realized gain (loss) from: Investments 9,027,476 20,573,173 Interest rate swaps 2,833,738 3,358,315 Change in net unrealized appreciation (depreciation) of: Investments (50,398,217) (72,955,745) Interest rate swaps 97,991 (148,092) ----- Net realized and unrealized gain (loss) (38,439,012) (49,172,349)

----- DISTRIBUTIONS TO FUNDPREFERRED SHAREHOLDERS From and in excess of net investment income (15,645,314) (21,502,164) From accumulated net realized gains -- --

----- Decrease in net assets applicable to Common shares from distributions to FundPreferred shareholders (15,645,314) (21,502,164)

----- Net increase (decrease) in net assets applicable to Common shares from operations \$ (2,152,172) \$ 4,149,382

----- See accompanying notes to financial statements. 51 Statement of CHANGES IN NET ASSETS (Unaudited) PREFERRED AND PREFERRED AND CONVERTIBLE INCOME (JPC) CONVERTIBLE INCOME 2 (JQC) -----

----- SIX MONTHS SIX MONTHS ENDED YEAR ENDED ENDED YEAR ENDED 6/30/06 12/31/05 6/30/06 12/31/05

----- OPERATIONS Net investment income \$ 51,932,154 \$ 112,807,428 \$ 74,823,895 \$ 157,318,683 Net realized gain (loss) from: Investments 9,027,476 19,497,960 20,573,173 12,860,799 Futures -- (425,117) -- 245,100 Interest rate swaps 2,833,738 1,556,692 3,358,315 2,000,191 Change in net unrealized appreciation (depreciation) of: Investments (50,398,217) (96,969,970) (72,955,745) (119,738,770) Futures -- 325,875 -- 424,500 Interest rate swaps 97,991 3,055,918 (148,092) 4,331,569 Distributions to FundPreferred shareholders: From and in excess of net investment income (15,645,314) -- (21,502,164) -- From net investment income -- (21,981,246) -- (29,789,687) From accumulated net realized gains -- (482,035) -- (944,714)

----- OPERATIONS Net investment income \$ 51,932,154 \$ 112,807,428 \$ 74,823,895 \$ 157,318,683 Net realized gain (loss) from: Investments 9,027,476 19,497,960 20,573,173 12,860,799 Futures -- (425,117) -- 245,100 Interest rate swaps 2,833,738 1,556,692 3,358,315 2,000,191 Change in net unrealized appreciation (depreciation) of: Investments (50,398,217) (96,969,970) (72,955,745) (119,738,770) Futures -- 325,875 -- 424,500 Interest rate swaps 97,991 3,055,918 (148,092) 4,331,569 Distributions to FundPreferred shareholders: From and in excess of net investment income (15,645,314) -- (21,502,164) -- From net investment income -- (21,981,246) -- (29,789,687) From accumulated net realized gains -- (482,035) -- (944,714)

----- OPERATIONS Net investment income \$ 51,932,154 \$ 112,807,428 \$ 74,823,895 \$ 157,318,683 Net realized gain (loss) from: Investments 9,027,476 19,497,960 20,573,173 12,860,799 Futures -- (425,117) -- 245,100 Interest rate swaps 2,833,738 1,556,692 3,358,315 2,000,191 Change in net unrealized appreciation (depreciation) of: Investments (50,398,217) (96,969,970) (72,955,745) (119,738,770) Futures -- 325,875 -- 424,500 Interest rate swaps 97,991 3,055,918 (148,092) 4,331,569 Distributions to FundPreferred shareholders: From and in excess of net investment income (15,645,314) -- (21,502,164) -- From net investment income -- (21,981,246) -- (29,789,687) From accumulated net realized gains -- (482,035) -- (944,714)

----- OPERATIONS Net investment income \$ 51,932,154 \$ 112,807,428 \$ 74,823,895 \$ 157,318,683 Net realized gain (loss) from: Investments 9,027,476 19,497,960 20,573,173 12,860,799 Futures -- (425,117) -- 245,100 Interest rate swaps 2,833,738 1,556,692 3,358,315 2,000,191 Change in net unrealized appreciation (depreciation) of: Investments (50,398,217) (96,969,970) (72,955,745) (119,738,770) Futures -- 325,875 -- 424,500 Interest rate swaps 97,991 3,055,918 (148,092) 4,331,569 Distributions to FundPreferred shareholders: From and in excess of net investment income (15,645,314) -- (21,502,164) -- From net investment income -- (21,981,246) -- (29,789,687) From accumulated net realized gains -- (482,035) -- (944,714)

----- Net  
 increase (decrease) in net assets applicable to Common shares from operations (2,152,172) 17,385,505 4,149,382  
 26,707,671

-----  
 DISTRIBUTIONS TO COMMON SHAREHOLDERS From and in excess of net investment income (52,914,790) --  
 (73,988,630) -- From net investment income -- (114,775,658) -- (153,140,768) From accumulated net realized gains --  
 (16,385,704) -- (12,048,934)

----- Decrease  
 in net assets applicable to Common shares from distributions to Common shareholders (52,914,790) (131,161,362)  
 (73,988,630) (165,189,702)

----- CAPITAL  
 SHARE TRANSACTIONS Common shares repurchased (5,457,666) -- (6,388,907) -- FundPreferred shares offering  
 costs adjustments -- -- -- (1,595)

----- Net  
 increase (decrease) in net assets applicable to Common shares from capital share transactions (5,457,666) --  
 (6,388,907) (1,595)

----- Net  
 increase (decrease) in net assets applicable to Common shares (60,524,628) (113,775,857) (76,228,155) (138,483,626)  
 Net assets applicable to Common shares at the beginning of period 1,419,945,916 1,533,721,773 2,002,079,480  
 2,140,563,106

----- Net assets  
 applicable to Common shares at the end of period \$1,359,421,288 \$1,419,945,916 \$1,925,851,325 \$2,002,079,480

-----  
 Undistributed (Over-distribution of) net investment income at the end of period \$ (41,403,764) \$ (24,775,814) \$  
 (47,101,918) \$ (26,435,019)

----- See  
 accompanying notes to financial statements. 52 Notes to FINANCIAL STATEMENTS (Unaudited) 1. GENERAL  
 INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES The funds (the "Funds") covered in this report  
 and their corresponding Common share New York Stock Exchange symbols are Nuveen Preferred and Convertible  
 Income Fund (JPC) and Nuveen Preferred and Convertible Income Fund 2 (JQC). The Funds are registered under the  
 Investment Company Act of 1940, as amended, as diversified, closed-end management investment companies. Each  
 Fund seeks to provide high income by investing primarily in a portfolio of preferred securities, convertible securities,  
 and, to a lesser degree, high yield and equity securities. The following is a summary of significant accounting policies  
 followed by the Funds in the preparation of their financial statements in accordance with U.S. generally accepted  
 accounting principles. Investment Valuation Exchange-listed securities and instruments, other than futures, are  
 generally valued at the last sales price on the exchange on which such securities or instruments are primarily traded.  
 Securities or instruments traded on an exchange for which there are no transactions on a given day or securities or  
 instruments not listed on an exchange are valued at the mean of the closing bid and asked prices. Securities traded on  
 Nasdaq are valued at the Nasdaq Official Closing Price. Futures contracts are valued using the closing settlement price  
 or, in the absence of such a price, at the mean of the bid and asked prices. Prices of other derivative instruments are  
 provided by an independent pricing service approved by the Funds' Board of Trustees. The prices of fixed-income  
 securities are generally also provided by an independent pricing service approved by the Funds' Board of Trustees and  
 based on the mean between the bid and asked prices. When price quotes are not readily available, the pricing service  
 or, in the absence of a pricing service for a particular security or instrument, the Board of Trustees of the Funds, or its  
 designee, may establish fair market value using a wide variety of market data including yields or prices of securities of  
 comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security  
 dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and  
 analysis, including the obligor's credit characteristics considered relevant by the pricing service or the Board of  
 Trustee's designee. Short-term investments are valued at amortized cost, which approximates market value.  
 Investment Transactions Investment transactions are recorded on a trade date basis. Realized gains and losses from  
 investment transactions are determined on the specific identification method. Investments purchased on a when-issued

or delayed delivery basis may have extended settlement periods. Any investments so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to segregate assets with a current value at least equal to the amount of the when-issued/delayed delivery purchase commitments. At June 30, 2006, Preferred and Convertible Income (JPC) and Preferred and Convertible Income 2 (JQC) had outstanding when-issued purchase commitments of \$2,500,000 and \$10,364,688, respectively. Investment Income Dividend income on securities purchased and dividend expense on securities sold short are recorded on the ex-dividend date or, for foreign securities, when information is available. Interest income, which includes the amortization of premiums and accretion of discounts for financial reporting purposes, is recorded on an accrual basis. Federal Income Taxes Each Fund is a separate taxpayer for federal income tax purposes. Each Fund intends to distribute substantially all net investment income and net capital gains to shareholders and to otherwise comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies. Therefore, no federal income tax provision is required. Dividends and Distributions to Common Shareholders Distributions to Common shareholders are recorded on the ex-dividend date. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from accounting principles generally accepted in the United States. 53 Notes to FINANCIAL STATEMENTS (Unaudited) (continued) The Funds make monthly cash distributions to Common shareholders of a stated dollar amount per share. Effective with the distribution payable June 1, 2006, and subject to approval and oversight by the Funds' Board of Trustees, each Fund began to make distributions that seek to maintain a stable distribution level designed to deliver the long-term return potential of each Fund's investment strategy through regular monthly distributions (a "Managed Distribution Policy"). Total distributions during a calendar year generally will be made from each Fund's net investment income, net realized capital gains and net unrealized capital gains in the Fund's portfolio, if any. The portion of distributions paid from net unrealized gains, if any, would be distributed from the Fund's assets and would be treated by shareholders as a non-taxable distribution for tax purposes. If a Fund's total return on net asset value exceeds total distributions during a calendar year, the excess will be reflected as an increase in net asset value per share. In the event that total distributions during a calendar year exceed a Fund's total return on net asset value, the difference will be treated as a return of capital for tax purposes and will reduce net asset value per share. The final determination of the source and character of all distributions for the fiscal year are made after the end of the fiscal year and reflected in the financial statements contained in the annual report as of December 31 each year. Real Estate Investment Trust ("REIT") distributions received by the Funds are generally comprised of ordinary income, long-term and short-term capital gains, and a return of REIT capital. The actual character of amounts received during the period are not known until after the fiscal year-end. For the fiscal year ended December 31, 2005, the character of distributions to the Funds from the REITs was as follows: PREFERRED PREFERRED AND AND CONVERTIBLE CONVERTIBLE INCOME INCOME 2 (JPC) (JQC)

----- Ordinary income 66.92%  
 71.62% Long-term and short-term capital gains 33.08 28.38 Return of REIT capital -- --

----- For the fiscal year ended December 31, 2005, the Funds applied the actual character of distributions reported by the REITs in which the Funds invest to their receipts from the REITs. If a REIT held in the portfolio of investments did not report the actual character of its distributions during the period, the Funds treated the distributions as ordinary income. For the six months ended June 30, 2006, the Funds applied the actual percentages for the twelve months ended December 31, 2005, described above, to its receipts from the REITs and treated as income in the Statement of Operations only the amount of ordinary income so calculated. The Funds adjust that estimated breakdown of income type (and consequently their net investment income) as necessary early in the following calendar year when the REITs inform their shareholders of the actual breakdown of income type. The actual character of distributions made by the Funds during the fiscal year ended December 31, 2005, are reflected in the accompanying financial statements. The distributions made by the Funds during the six months ended June 30, 2006, are provisionally classified as being "From and in excess of net investment income", and those distributions will be classified as being from net investment income, net realized capital gains and/or a return of capital for tax purposes after the fiscal year end. For purposes of calculating "Undistributed (Over- distribution of) net investment income as of June 30, 2006, the distribution amounts provisionally classified as "From and in excess of net investment income" were treated as being entirely from net investment income. Consequently, the financial statements at June 30, 2006, reflect an over-distribution of net investment income. 54 FundPreferred Shares The Funds have issued and outstanding FundPreferred shares, \$25,000

stated value per share, as a means of effecting financial leverage. Each Fund's FundPreferred shares are issued in more than one Series. The dividend rate paid by the Funds on each Series is determined every seven days, pursuant to a dutch auction process overseen by the auction agent, and is payable at the end of each rate period. The number of FundPreferred shares outstanding, by Series and in total, for each Fund is as follows: PREFERRED PREFERRED AND AND CONVERTIBLE CONVERTIBLE INCOME INCOME 2 (JPC) (JQC)

	----- Number of shares: Series M	
4,720	3,860	Series M2 -- 3,860
Series T	4,720	3,860
Series T2	-- 3,860	Series W
4,720	3,860	Series W2 -- 3,860
Series TH	4,720	3,860
Series TH2	-- 3,860	Series F
4,720	3,860	Series F2
4,720	3,860	
-----		Total 28,320 38,600

----- Interest Rate Swap Transactions

The Funds are authorized to invest in certain derivative financial instruments. The Funds' use of interest rate swap transactions is intended to mitigate the negative impact that an increase in short-term interest rates could have on Common share net earnings as a result of leverage. Interest rate swap transactions involve each Fund's agreement with the counterparty to pay a fixed rate payment in exchange for the counterparty paying the Fund a variable rate payment that is intended to approximate each Fund's variable rate payment obligation on FundPreferred shares or any variable rate borrowing. The payment obligation is based on the notional amount of the interest rate swap contract. Interest rate swaps do not involve the delivery of securities or other underlying assets or principal. Accordingly, the risk of loss with respect to the swap counterparty on such transactions is limited to the net amount of interest payments that each Fund is to receive. Interest rate swap positions are valued daily. Although there are economic advantages of entering into interest rate swap transactions, there are also additional risks. The Funds help manage the credit risks associated with interest rate swap transactions by entering into agreements only with counterparties the Adviser believes have the financial resources to honor their obligations and by having the Adviser continually monitor the financial stability of the swap counterparties. Futures Contracts Each Fund may use futures contracts to hedge against changes in the values of securities the Fund owns. Each Fund bears the market risk arising from changes in the value of these financial instruments. At the time a Fund enters into a futures contract, the Fund deposits and maintains as collateral an initial margin as required by the exchange on which the transaction is affected. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized gains or losses on futures contracts. Risk may arise from the potential inability of the counterparty to meet the terms of the contract. When a contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the time it was closed. At June 30, 2006, there were no open futures contracts in either Fund. Short Sales The Funds are authorized to make short sales of securities if the Funds own at least an equal amount of such securities or securities convertible into securities of the same issuer. To secure its obligation to deliver securities sold short, the Funds have instructed the custodian to segregate assets in an equivalent amount of the securities sold short or securities convertible into or exchangeable for such securities. The Fund is obligated to pay to the party to which the securities were sold short, dividends declared on the stock by the issuer and records such amounts as expense in the Statement of Operations. Short sales are valued daily and the corresponding unrealized gains or losses are included in "Change in net unrealized appreciation (depreciation) of investments." At June 30, 2006, there were no outstanding short sales in either Fund. Repurchase Agreements In connection with transactions in repurchase agreements, it is the Funds' policy that its custodian take possession of the underlying collateral securities, the fair value of which exceeds the principal amount of the repurchase transaction, including accrued interest, at all times. If the seller defaults, and the fair value of the collateral declines, realization of the collateral may be delayed or limited. 55 Notes to FINANCIAL STATEMENTS (Unaudited) (continued) Custodian Fee Credit Each Fund has an arrangement with the custodian bank whereby certain custodian fees and expenses are reduced by credits earned on each Fund's cash on deposit with the bank. Such deposit arrangements are an alternative to overnight investments. Indemnifications Under the Funds' organizational documents, their Officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Funds. In addition, in the normal course of business, the Funds enter into contracts that provide general indemnifications to other parties. The Funds' maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred. However, the Funds have not had prior claims or losses pursuant to these contracts and expect the risk of loss to be remote. Use of Estimates The preparation of financial statements in conformity with

U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets applicable to Common shares from operations during the reporting period. Actual results may differ from those estimates. 2. FUND SHARES On February 3, 2006, the Funds' Board of Trustees approved an open market share repurchase program a part of a broad, ongoing effort designed to support the market prices of the Funds' common shares. Under the terms of the program, each Fund may repurchase up to 10% of its outstanding common shares. Transactions in Common shares were as follows: PREFERRED AND PREFERRED AND CONVERTIBLE INCOME (JPC) CONVERTIBLE INCOME 2 (JQC) -----

	SIX MONTHS YEAR ENDED 12/31/05	SIX MONTHS YEAR ENDED 6/30/06	SIX MONTHS YEAR ENDED 12/31/05	SIX MONTHS YEAR ENDED 6/30/06
Shares repurchased	(432,200)	--	(511,200)	--
Average price per share repurchased	\$12.63	--	\$12.50	--

3. INVESTMENT TRANSACTIONS Purchases and sales (including maturities but excluding short-term investments and derivative transactions) during the six months ended June 30, 2006, were as follows: PREFERRED AND PREFERRED AND AND CONVERTIBLE INCOME (JPC) CONVERTIBLE INCOME 2 (JQC) -----

Purchases	\$582,569,539
Sales and maturities	613,364,057 858,999,010

4. INCOME TAX INFORMATION The following information is presented on an income tax basis based on the information currently available to the Funds. Differences between amounts for financial statement and federal income tax purposes are primarily due to timing differences in the recognition of income and timing differences in recognizing certain gains and losses on investment transactions. At June 30, 2006, the cost of investments was as follows: PREFERRED AND PREFERRED AND AND CONVERTIBLE INCOME (JPC) CONVERTIBLE INCOME 2 (JQC) -----

Cost of investments	\$2,120,399,922	\$2,979,465,155
Gross unrealized appreciation and gross unrealized depreciation of investments at June 30, 2006, were as follows:		
Gross unrealized: Appreciation	\$ 47,136,170	\$ 53,019,304
Depreciation	(98,187,953)	(135,199,064)

Net unrealized appreciation (depreciation) of investments \$ (51,051,783) \$ (82,179,760) -----

The tax components of undistributed net ordinary income and net long-term capital gains at December 31, 2005, the Funds' last tax year end, were as follows: PREFERRED AND PREFERRED AND AND CONVERTIBLE INCOME (JPC) CONVERTIBLE INCOME 2 (JQC) -----

Undistributed net ordinary income * \$247,471	\$1,795,011	Undistributed net long-term capital gains -- --
* Net ordinary income consists of net taxable income derived from dividends, interest, and net short-term capital gains, if any. The tax character of distributions paid during the Funds' last tax year ended December 31, 2005, was designated for purposes of the dividends paid deduction as follows: PREFERRED AND PREFERRED AND AND CONVERTIBLE INCOME (JPC) CONVERTIBLE INCOME 2 (JQC) -----		

Distributions from ordinary income \* \$136,580,519 \$182,688,579 Distributions from net long-term capital gains 16,867,739 12,933,648 -----

\* Net ordinary income consists of net taxable income derived from dividends, interest, and net short-term capital gains, if any. Calculation of certain of the amounts presented above (namely, undistributed net ordinary income for tax purposes) involves the application of complex aspects of the Internal Revenue Code to certain securities held by the Funds. In calculating the amount of taxable income derived from these securities, management made assumptions as to the correct tax treatment of certain

of those securities and made estimates about the tax characteristics of income received from those securities, based on information currently available to the Funds. The use of these assumptions and estimates will not affect the qualification of the Funds as regulated investment companies under Subchapter M of the Internal Revenue Code, nor is it expected that these assumptions and estimates will be used in computing taxable income for purposes of preparing the federal and state income and excise tax returns.

**5. MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES** Each Fund's management fee is separated into two components -- a complex-level component, based on the aggregate amount of all fund assets managed by Nuveen Asset Management (the "Adviser"), a wholly owned subsidiary of Nuveen Investments, Inc. ("Nuveen"), and a specific fund-level component, based only on the amount of assets within each individual fund. This pricing structure enables Nuveen fund shareholders to benefit from growth in the assets within each individual fund as well as from growth in the amount of complex-wide assets managed by the Adviser.

**57 Notes to FINANCIAL STATEMENTS (Unaudited) (continued)** The annual fund-level fee, payable monthly, for each Fund is based upon the average daily Managed Assets of each Fund as follows:

AVERAGE DAILY MANAGED ASSETS	FUND-LEVEL FEE RATE
For the first \$500 million	.7000%
For the next \$500 million	.6750
For the next \$500 million	.6500
For the next \$500 million	.6250
For Managed Assets over \$2 billion	.6000

The annual complex-level fee, payable monthly, which is additive to the fund-level fee, for all Nuveen sponsored funds in the U.S., is based on the aggregate amount of total fund assets managed as stated in the table below. As of June 30, 2006, the complex-level fee rate was .1887%.

COMPLEX-LEVEL ASSETS(1)	COMPLEX-LEVEL FEE RATE
For the first \$55 billion	.2000%
For the next \$1 billion	.1800
For the next \$1 billion	.1600
For the next \$3 billion	.1425
For the next \$3 billion	.1325
For the next \$3 billion	.1250
For the next \$5 billion	.1200
For the next \$5 billion	.1175
For the next \$15 billion	.1150
For Managed Assets over \$91 billion(2)	.1400

(1) The complex-level fee component of the management fee for the funds is calculated based upon the aggregate Managed Assets ("Managed Assets" means the average daily net assets of each fund including assets attributable to all types of leverage used by the Nuveen funds) of Nuveen-sponsored funds in the U.S. (2) With respect to the complex-wide Managed Assets over \$91 billion, the fee rate or rates that will apply to such assets will be determined at a later date. In the unlikely event that complex-wide Managed Assets reach \$91 billion prior to a determination of the complex-level fee rate or rates to be applied to Managed Assets in excess of \$91 billion, the complex-level fee rate for such complex-wide Managed Assets shall be .1400% until such time as a different rate or rates is determined. The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. The Adviser is responsible for the overall strategy and asset allocation decisions. The Adviser has entered into Sub-Advisory Agreements with Spectrum Asset Management, Inc. ("Spectrum"), Frolely, Revy Investment Co., Inc. ("Frolely, Revy") and Symphony Asset Management, LLC ("Symphony"). Spectrum manages the portion of the Funds' investment portfolios allocated to preferred securities. Frolely, Revy manages the portion of the Funds' investment portfolios allocated to convertible securities. Symphony manages the portion of the Funds' investment portfolios allocated to debt securities. Spectrum, Frolely, Revy and Symphony are compensated for their services to the Funds from the management fees paid to the Adviser. Spectrum also receives compensation on certain portfolio transactions for providing brokerage services to the Funds. The Funds pay no compensation directly to those of their Trustees who are affiliated with the Adviser or to its Officers, all of whom receive remuneration for their services to the Funds from the Adviser or its affiliates. The Board of Trustees has adopted a deferred compensation plan for independent Trustees that enables Trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from certain Nuveen advised Funds. Under the plan, deferred amounts are treated as though equal dollar amounts had been invested in shares of select Nuveen advised Funds.

**58** For the first eight years of Preferred and Convertible Income's (JPC) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily Managed Assets, for fees and expenses in the amounts and for the time periods set forth below:

YEAR ENDING	YEAR ENDING MARCH 31, MARCH 31,	-----
2003	* .32%	2008 .32%
2004	.32	2009 .24
2005	.32	2010 .16
2006	.32	2011 .08
2007	.32	

\* From the commencement of operations. The Adviser has not agreed to reimburse Preferred and Convertible Income (JPC) for any portion of its fees and expenses beyond March 31, 2011. For the first eight years of Preferred and Convertible



Income 2's (JQC) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily Managed Assets, for fees and expenses in the amounts and for the time periods set forth below: YEAR ENDING YEAR ENDING JUNE 30, JUNE 30, ----- 2003 \* .32% 2008 .32% 2004 .32

2009 .24 2005 .32 2010 .16 2006 .32 2011 .08 2007 .32 ----- \* From the commencement of operations. The Adviser has not agreed to reimburse Preferred and Convertible Income 2 (JQC) for any portion of its fees and expenses beyond June 30, 2011. 6. NEW ACCOUNTING PRONOUNCEMENT On July 13, 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. 48 Accounting for Uncertainty in Income Taxes (FIN 48). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. Adoption of FIN 48 is required for fiscal years beginning after December 15, 2006 and is to be applied to all open tax years as of the effective date. At this time, management is evaluating the implications of FIN 48 and does not expect the adoption of FIN 48 will have a significant impact on the net assets or results of operations of the Funds. 7. SUBSEQUENT EVENT Distributions to Common Shareholders The Funds declared Common share distributions which were paid on August 1, 2006, to shareholders of record on July 15, 2006, as follows: PREFERRED PREFERRED AND AND CONVERTIBLE CONVERTIBLE INCOME INCOME 2 (JPC) (JQC)

----- Distribution per share \$.0950  
\$.0950 ----- 59 Financial

HIGHLIGHTS (Unaudited) Selected data for a Common share outstanding throughout each period: Investment Operations ----- Distributions from Net Distributions Beginning Investment from Capital Common Net Income to Gains to Share Net Realized/ FundPreferred FundPreferred Net Asset Investment Unrealized Share- Share- Value Income(b) Gain (Loss) holders+ holders+ Total

----- PREFERRED AND CONVERTIBLE INCOME (JPC)

----- Year Ended 12/31: 2006(a) \$ 14.18 \$ .52 \$ (.37) \$ (.16)\* \$ -- \$ (.01) 2005 15.32 1.13 (.74) (.22) -- .17 8/01/04-12/31/04 14.73 .52 .85 (.04) (.01) 1.32 Year Ended 7/31: 2004 14.12 1.25 .71 (.08) -- 1.88 2003(c) 14.33 .30 (.02) (.02) -- .26 PREFERRED AND CONVERTIBLE INCOME 2 (JQC)

----- Year Ended 12/31: 2006(a) 14.20 .53 (.34) (.15)\* -- .04 2005 15.18 1.12 (.70) (.21) (.01) .20 8/01/04-12/31/04 14.33 .51 .90 (.05) -- 1.36 Year Ended 7/31: 2004 13.83 1.16 .73 (.08) -- 1.81 2003(d) 14.33 .04 (.53) -- -- (.49)

----- Less Distributions  
----- Net Offering Investment Capital Costs and Ending Income to Gains to FundPreferred Common Common Common Share Share Ending Share- Share- Underwriting Net Asset Market holders Total Discounts Value Value ----- PREFERRED AND CONVERT

----- Year Ended 12/31: 2006(a) \$ (.53)\* \$ -- \$ (.53) \$ -- \$ 13.64 \$ 12.29 2005 (1.15) (.16) (1.31) -- 14.18 11.97 8/01/04-12/31/04 (.50) (.23) (.73) -- 15.32 14.33 Year Ended 7/31: 2004 (1.22) (.05) (1.27) -- 14.73 13.95 2003(c) (.30) -- (.30) (.17) 14.12 14.57 PREFERRED AND CONVERT ----- Year Ended 12/31: 2006(a) (.53)\* -- (.53) -- 13.71 12.28 2005 (1.09) (.09) (1.18) -- 14.20 12.11 8/01/04-12/31/04 (.49) (.02) (.51) -- 15.18 13.87 Year Ended 7/31: 2004 (1.17) -- (1.17) (.14) 14.33 13.54 2003(d) -- -- -- (.01) 13.83 14.69

----- \* Represents distributions paid "From and in excess of net investment income" for the six months ended June 30, 2006. \*\* Annualized. \*\*\* Total Return on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. Total Return on Common Share Net Asset Value is the combination of changes in Common Share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. Total returns are not annualized. \*\*\*\* After custodian fee credit and expense reimbursement, where applicable. + The amounts shown are based on Common share equivalents. ++ - Ratios do not reflect the effect of dividend payments to FundPreferred shareholders. - Income ratios reflect income earned on assets attributable to FundPreferred shares. - Each ratio includes the effect of the dividend

expense on securities sold short as follows: Ratio of Dividend Expense on Securities Sold Short to Average Net Assets Applicable to Common Shares ----- PREFERRED AND CONVERTIBLE INCOME (JPC) Year Ended 12/31: 2005 .01% 8/01/04-12/31/04 .04\*\* Year Ended 7/31: 2004 .03 2003(c) -- PREFERRED AND CONVERTIBLE INCOME 2 (JQC) Year Ended 12/31: 2005 .01% 8/01/04-12/31/04 .05\*\* Year Ended 7/31: 2004 .03 2003(d) -- (a) For the six months ended June 30, 2006. (b) Per share Net Investment Income is calculated using the average daily shares method. (c) For the period March 26, 2003 (commencement of operations) through July 31, 2003. (d) For the period June 25, 2003 (commencement of operations) through July 31, 2003. 60 Ratios/Supplemental Data ----- Total Returns Before Credit/Reimbursement After Credit/Reimbursement\*\*\*\* ----- Ratio of Net Ratio of Net Based Ratio of Investment Ratio of Investment on Expenses Income to Expenses Income to Common Ending Net to Average Average to Average Average Based Share Assets Net Assets Net Assets Net Assets Net Assets on Net Applicable Applicable Applicable Applicable Applicable Portfolio Market Asset to Common to Common to Common to Common to Common Turnover Value\*\*\* Value\*\*\* Shares (000) Shares++ Shares++ Shares++ Shares++ Rate

----- 7.13% (.13)% \$  
 1,359,421 1.50%\*\* 7.02%\*\* 1.01%\*\* 7.51%\*\* 28% (7.63) 1.32 1,419,946 1.50 7.25 1.03 7.72 37 8.06 9.07  
 1,533,722 1.51\*\* 7.66\*\* 1.04\*\* 8.13\*\* 13 4.34 13.44 1,474,983 1.53 7.90 1.05 8.37 19 (.89) .58 1,412,983 1.29\*\*  
 5.67\*\* .87\*\* 6.09\*\* 21  
 ----- 5.79 .42 1,925,851  
 1.45\*\* 7.17\*\* .97\*\* 7.65\*\* 29 (4.40) 1.41 2,002,079 1.46 7.25 .99 7.72 34 6.20 9.59 2,140,563 1.47\*\* 7.81\*\* 1.00\*\*  
 8.28\*\* 13 .10 12.25 2,021,258 1.47 7.51 1.00 7.98 27 (2.07) (3.49) 1,950,622 .97\*\* 2.86\*\* .65\*\* 3.18\*\* 5

----- Fund Preferred Shares  
 at End of Period ----- Aggregate Liquidation Amount and Market Asset Outstanding  
 Value Per Coverage (000) Share Per Share --- \$ 708,000 \$ 25,000 \$ 73,002  
 708,000 25,000 75,139 708,000 25,000 79,157 708,000 25,000 77,083 708,000 25,000 74,893 --- 965,000 25,000  
 74,893 965,000 25,000 76,867 965,000 25,000 80,455 965,000 25,000 77,364 -- -- -- See accompanying notes to  
 financial statements. 61 ANNUAL INVESTMENT MANAGEMENT AGREEMENT APPROVAL PROCESS The  
 Board of Trustees is responsible for overseeing the performance of the investment adviser to the Funds and  
 determining whether to continue the advisory arrangements. At a meeting held on May 23-25, 2006 (the "May  
 Meeting"), the Board of Trustees of the Funds, including the independent Trustees, unanimously approved the  
 continuance of the Investment Management Agreement between each Fund and NAM and the Sub-Advisory  
 Agreements between NAM and Spectrum, Frolely, Revy and Symphony, respectively (each, a "Sub-Adviser"). NAM  
 and the Sub-Advisers are each a "Fund Adviser." THE APPROVAL PROCESS During the course of the year, the  
 Board received a wide variety of materials relating to the services provided by the Fund Advisers and the performance  
 of each Fund. To assist the Board in its evaluation of the advisory contract with a Fund Adviser at the May Meeting,  
 the independent Trustees received extensive materials in advance of their meeting which outlined, among other things:  
 - the nature, extent and quality of services provided by the Fund Adviser; - the organization and business operations of  
 the Fund Adviser, including the responsibilities of various departments and key personnel; - the Fund's past  
 performance, the Fund's performance compared to funds of similar investment objectives compiled by an independent  
 third party and with recognized and/or customized benchmarks (as appropriate); - the profitability of the Fund Adviser  
 and certain industry profitability analyses for unaffiliated advisers; - the expenses of the Fund Adviser in providing the  
 various services; - the advisory fees (gross and net management fees) and total expense ratios of the Fund, including  
 comparisons of such fees and expenses with those of comparable, unaffiliated funds based on information and data  
 provided by Lipper (the "Peer Universe") as well as compared to a subset of funds within the Peer Universe (the "Peer  
 Group") to the respective Fund (as applicable); - the advisory fees the Fund Adviser assesses to other types of  
 investment products or clients; - the soft dollar practices of the Fund Adviser, if any; and - from independent legal  
 counsel, a legal memorandum describing, among other things, the duties of the Trustees under the Investment  
 Company Act of 1940 (the "1940 Act") as well as the general principles of relevant state law in reviewing and  
 approving advisory contracts; the requirements of the 1940 Act in such matters; an adviser's fiduciary duty with  
 respect to advisory agreements and compensation; the standards used by courts in determining whether investment

company boards of directors have fulfilled their duties and factors to be considered by the board in voting on advisory agreements. At the May Meeting, NAM made a presentation to and responded to questions from the Board. After the presentations and after reviewing the written materials, the independent Trustees met privately with their legal counsel to review the Board's duties in reviewing advisory contracts and consider the renewal of the advisory contracts. It is with this background that the Trustees considered each advisory contract (which includes the Sub-Advisory Agreements) with the respective Fund Adviser. The independent Trustees, in consultation with independent counsel, reviewed the factors set out in judicial decisions and SEC directives relating to the renewal of advisory contracts. As outlined in more detail below, the Trustees considered all factors they believed relevant with respect to each Fund, including the following: (a) the nature, extent and quality of the services to be provided by the Fund Adviser; (b) the investment performance of the Fund and the Fund Adviser; (c) the costs of the services to be provided and profitability of the Fund Adviser and its affiliates; (d) the extent to which economies of scale would be realized as the Fund grows; and (e) whether fee levels reflect these economies of scale for the benefit of Fund investors. A.

**NATURE, EXTENT AND QUALITY OF SERVICES** In reviewing the Fund Advisers, the Trustees considered the nature, extent and quality of the respective Fund Adviser's services. The Trustees reviewed materials outlining, among other things, the Fund Adviser's organization and business; the types of services that the Fund Adviser or its affiliates provide and are expected to provide to the Funds; the performance record of the applicable Fund (as described in further detail below); and any initiatives Nuveen has taken for its fund product line. In connection with their continued service as Trustees, the Trustees also have a good understanding of each Fund Adviser's organization, operations and personnel. In this regard, the Trustees are familiar with and have evaluated the professional experience, qualifications and credentials of the Fund Adviser's personnel. With respect to each Sub-Adviser, the Trustees also received and reviewed an evaluation of the Sub-Adviser from NAM. Such evaluation outlined, among other things, the Sub-Adviser's organizational history, client base, product mix, investment team and any changes thereto, investment process and any changes to its investment strategy, the Fund's investment objectives and performance (as applicable). The Trustees noted that NAM recommended the renewal of the 62 Sub-Advisory Agreements and considered the basis for such recommendation and any qualifications in connection therewith. Given the Trustees' experience with the Funds (including any other Nuveen funds advised by a Fund Adviser) and each Fund Adviser, the Trustees recognized and considered the quality of their investment processes in making portfolio management decisions as well as any refinements or improvements thereto. In this regard, the Trustees considered the continued quality of the Fund Adviser's investment process in making portfolio management decisions as well as any additional refinements and improvements adopted to the portfolio management processes. In addition to advisory services, the independent Trustees considered the quality of any administrative or non-advisory services provided. With respect to each Sub-Adviser, the independent Trustees noted that each respective Sub-Advisory Agreement was essentially an agreement for portfolio management services only and the Sub-Adviser was not expected to supply other significant administrative services to the Funds. With respect to NAM, NAM provides the Funds with such administrative and other services (exclusive of, and in addition to, any such services provided by others for the Funds) and officers and other personnel as are necessary for the operations of the respective Fund. In connection with the review of the Investment Management Agreement, the Trustees considered the extent and quality of these other services which include, among other things, providing: product management (e.g., product positioning, performance benchmarking, risk management); fund administration (e.g., daily net asset value pricing and reconciliation, tax reporting, fulfilling regulatory filing requirements); oversight of third party service providers; administration of board relations (e.g., organizing board meetings and preparing related materials); compliance (e.g., monitoring compliance with investment policies and guidelines and regulatory requirements); and legal support (e.g., helping prepare and file registration statements, amendments thereto, proxy statements and responding to regulatory requests and/or inquiries). As the Funds operate in a highly regulated industry and given the importance of compliance, the Trustees considered, in particular, the additions of experienced personnel to the compliance teams and the enhancements to technology and related systems to support the compliance activities for the Funds (including a new reporting system for quarterly portfolio holdings). In addition to the above, because the Funds utilize Sub-Advisers, the Trustees also considered NAM's ability and procedures to monitor each respective Sub-Adviser's performance, business practices and compliance policies and procedures. In this regard, the Trustees noted the enhancements in the investment oversight process, including increased site visits and departments participating in investment oversight. In addition to the foregoing, the Trustees also noted the additional services that the Fund Adviser or its affiliates provide to closed-end

funds, including, in particular, secondary market support activities. The Trustees recognized Nuveen's continued commitment to supporting the secondary market for the common shares of its closed-end funds through a variety of initiatives designed to raise investor and analyst awareness and understanding of closed-end funds. These efforts include providing advertising and other media relations programs, continued contact with analysts, maintaining and enhancing its website for closed-end funds, and targeted advisor communication programs. With respect to Funds that utilize leverage through the issuance of preferred shares, the Trustees noted Nuveen's continued support for the preferred shares by maintaining, among other things, an in-house preferred trading desk; designating a product manager whose responsibilities include creating and disseminating product information and managing relations in connection with the preferred share auction; and maintaining systems necessary to test compliance with rating agency requirements. Based on their review, the Trustees found that, overall, the nature, extent and quality of services provided (and expected to be provided) to the respective Funds under the Investment Management Agreement or Sub-Advisory Agreement, as applicable, were of a high level and were satisfactory.

**B. THE INVESTMENT PERFORMANCE OF THE FUND AND FUND ADVISERS** The Board considered the investment performance for each Fund, including the Fund's historic performance as well as its performance compared to funds with similar investment objectives identified by an independent third party (the "Performance Peer Group") and recognized and/or customized benchmarks (as applicable). In evaluating the performance information, in certain instances, the Trustees noted that the closest Performance Peer Group for a Fund still may not adequately reflect such Fund's investment objectives, strategies and portfolio duration, thereby limiting the usefulness of the comparisons of such Fund's performance with that of the Performance Peer Group (such as, the Nuveen Diversified Dividend and Income Fund, Nuveen Preferred and Convertible Income Fund, Nuveen Preferred and Convertible Income Fund 2, Nuveen Tax-Advantaged Floating Rate Fund, and the Nuveen Real Estate Income Fund). In reviewing performance, the Trustees reviewed performance information including, among other things, total return information compared with the Fund's Performance Peer Group as well as recognized and/or customized benchmarks (as appropriate) for the one-, three- and five-year periods (as applicable) ending December 31, 2005. This information supplements the Fund performance information provided to the Board at each of their quarterly meetings. Based on their review, the Trustees determined that the respective Fund's absolute and relative investment performance over time had been satisfactory.

**C. FEES, EXPENSES AND PROFITABILITY**

**1. FEES AND EXPENSES** In evaluating the management fees and expenses of a Fund, the Board reviewed, among other things, the Fund's advisory fees (net and gross management fees) and total expense ratios (before and after expense reimbursements and/or waivers) in absolute terms as well as comparisons to the gross management fees (before waivers), net management fees (after waivers) and total expense ratios (before and after waivers) of comparable funds in the Peer Universe and the Peer Group. The Trustees reviewed data regarding the construction of Peer Groups as well as the methods of measurement for the fee and expense analysis and the performance analysis. In certain cases, due to the small number of peers in the Peer Universe, the Peer 63 ANNUAL INVESTMENT MANAGEMENT AGREEMENT APPROVAL PROCESS (continued) Universe and the Peer Group may be the same. Further, the Trustees recognized that in certain cases the closest Peer Universe and/or Peer Group may not adequately reflect the Fund's investment objectives and strategies limiting the usefulness of comparisons. In reviewing comparisons, the Trustees also considered the size of the Peer Universe and/or Peer Group, the composition of the Peer Group (including differences in the use of leverage) as well as differing levels of fee waivers and/or expense reimbursements. In this regard, the Trustees considered the fund-level and complex-wide breakpoint schedules (described in further detail below) and any fee waivers and reimbursements provided by Nuveen (applicable, in particular, for certain funds launched since 1999). Based on their review of the fee and expense information provided, the Trustees determined that each Fund's net total expense ratio was within an acceptable range compared to peers.

**2. COMPARISONS WITH THE FEES OF OTHER CLIENTS** The Trustees further reviewed data comparing the advisory fees of NAM with fees NAM charges to other clients (such as separate managed accounts and funds that are not offered by Nuveen Investments but are sub-advised by one of Nuveen's investment management teams). In general, the advisory fees charged for separate accounts are somewhat lower than the advisory fees assessed to the Funds. The Trustees recognized that the differences in fees are attributable to a variety of factors, including the differences in services provided, product distribution, portfolio investment policies, investor profiles, account sizes and regulatory requirements. The Trustees noted, in particular, that the range of services provided to the Funds is more extensive than that provided to managed separate accounts. As described in further detail above, such additional services include, but are not limited to, providing: product management, fund

administration, oversight of third party service providers, administration of board relations, and legal support. Funds further operate in a highly regulated industry requiring extensive compliance functions compared to the other investment products. In addition to the costs of the additional services, administrative costs may also be greater for funds as the average account size for separate accounts is notably larger than the retail accounts of funds. Given the differences in the product structures, particularly the extensive services provided to closed-end funds, the Trustees believe such facts justify the different levels of fees. In considering the advisory fees of a Sub-Adviser, the Trustees also considered the pricing schedule that the Sub-Adviser charges for similar investment management services for other sponsors or clients. With respect to Symphony, the Trustees reviewed the generally higher fees for hedge funds and accounts it manages, which include performance fees.

**3. PROFITABILITY OF FUND ADVISERS** In conjunction with its review of fees, the Trustees also considered the profitability of Nuveen Investments for advisory activities (which incorporated Nuveen's wholly-owned affiliated sub-advisers). The Trustees reviewed data comparing Nuveen's profitability with other fund sponsors prepared by three independent third party service providers as well as comparisons of the revenues, expenses and profits margins of various unaffiliated management firms with similar amounts of assets under management prepared by Nuveen. The Trustees further reviewed the 2005 Annual Report for Nuveen Investments. In considering profitability, the Trustees recognized the inherent limitations in determining profitability as well as the difficulties in comparing the profitability of other unaffiliated advisers. Profitability may be affected by numerous factors, including the methodology for allocating expenses, the adviser's business mix, the types of funds managed, the adviser's capital structure and cost of capital. Further, individual fund or product line profitability of other sponsors is generally not publicly available. Accordingly, the profitability information that is publicly available from various investment advisory or management firms may not be representative of the industry. Notwithstanding the foregoing, in reviewing profitability, the Trustees reviewed Nuveen's methodology and assumptions for allocating expenses across product lines to determine profitability. In this regard, the methods of allocation used appeared reasonable. The Trustees also, to the extent available, compared Nuveen's profitability margins (including pre- and post-marketing profit margins) with the profitability of various unaffiliated management firms. The Trustees noted that Nuveen's profitability is enhanced due to its efficient internal business model. The Trustees also recognized that while a number of factors affect profitability, Nuveen's profitability may change as fee waivers and/or expense reimbursement commitments of Nuveen to various funds in the Nuveen complex expire. To keep apprised of profitability and developments that may affect profitability, the Trustees have requested profitability analysis be provided periodically during the year. With respect to unaffiliated Sub-Advisers (i.e., Spectrum and Froley, Revy), the Trustees also considered the Sub-Adviser's revenues from serving as a Sub-Adviser to the Funds, expenses (including the basis for allocating expenses) and profitability margins (pre- and post-tax). Based on their review, the Trustees were satisfied that the respective Fund Adviser's level of profitability was reasonable in light of the services provided. In evaluating the reasonableness of the compensation, the Trustees also considered any other revenues paid to a Fund Adviser as well as any indirect benefits (such as soft dollar arrangements, if any) the Fund Adviser and its affiliates are expected to receive that are directly attributable to their management of the Funds, if any. See Section E below for additional information. Based on their review of the overall fee arrangements of the applicable Fund, the Trustees determined that the advisory fees and expenses of the respective Fund were reasonable.

**64 D. ECONOMIES OF SCALE AND WHETHER FEE LEVELS REFLECT THESE ECONOMIES OF SCALE** With respect to economies of scale, the Trustees recognized the potential benefits resulting from the costs of a fund being spread over a larger asset base as a fund grows. To help ensure the shareholders share in these benefits, the Trustees have reviewed and considered the breakpoints in the advisory fee schedules that reduce advisory fees as the applicable Fund's assets grow. In addition to advisory fee breakpoints as assets in a respective Fund rise, after lengthy discussions with management, the Board also approved a complex-wide fee arrangement that was introduced on August 1, 2004. Pursuant to the complex-wide fee arrangement, the fees of the funds in the Nuveen complex, including the Funds, are reduced as the assets in the fund complex reach certain levels. In evaluating the complex-wide fee arrangement, the Trustees considered, among other things, the historic and expected fee savings to shareholders as assets grow, the amount of fee reductions at various asset levels, and that the arrangement would extend to all funds in the Nuveen complex. The Trustees noted that 2005 was the first full year to reflect the fee reductions from the complex wide fee arrangement. The Trustees also considered the impact, if any, the complex-wide fee arrangement may have on the level of services provided. Based on their review, the Trustees concluded that the breakpoint schedule and complex-wide fee arrangement currently was acceptable and desirable in providing benefits

from economies of scale to shareholders. E. **INDIRECT BENEFITS** In evaluating fees, the Trustees also considered any indirect benefits or profits the Fund Adviser or its affiliates may receive as a result of its relationship with each Fund. In this regard, the Trustees considered revenues received by affiliates of the Fund Adviser for serving as agent at Nuveen's preferred trading desk and for serving as a co-manager in the initial public offering of new closed-end exchange traded funds. In addition to the above, the Trustees considered whether the Fund Adviser received any benefits from soft dollar arrangements. With respect to NAM, the Trustees noted that NAM does not currently have any soft dollar arrangements and does not pay excess brokerage commissions (or spreads on principal transactions) in order to receive research services; however, NAM may from time to time receive and have access to research generally provided to institutional clients. The Trustees also considered the soft dollar arrangements, if any, of the Sub-Advisers. With respect to Frole, Revy, the Trustees noted such Sub-Adviser has engaged in soft dollar arrangements. The Trustees recognize this Sub-Adviser benefits from its soft dollar arrangements pursuant to which it receives research from brokers that execute the Fund's portfolio transactions. At the May Meeting and in prior meetings, the Trustees have received and reviewed materials concerning such Sub-Adviser's soft dollar arrangements, including the type of research received. Such Sub-Adviser has agreed to limit the type of research received with the use of soft dollars to that with intellectual content. The Trustees note that such Sub-Adviser's profitability may be lower if it was required to pay for this research with hard dollars. With respect to Spectrum, such Sub-Adviser does not currently use soft dollar arrangements. Finally, with respect to Symphony, Symphony currently does not enter into soft dollar arrangements; however, it has adopted a soft dollar policy in the event it does so in the future. The Trustees did not identify any single factor discussed previously as all-important or controlling. The Trustees, including a majority of independent Trustees, concluded that the terms of the Investment Management Agreement and Sub-Advisory Agreements were fair and reasonable, that the respective Fund Adviser's fees are reasonable in light of the services provided to each Fund, and that the renewal of the respective Investment Management Agreement and Sub-Advisory Agreements should be approved.

**65 Reinvest Automatically EASILY AND CONVENIENTLY**

**NUVEEN EXCHANGE-TRADED CLOSED-END FUNDS DIVIDEND REINVESTMENT PLAN** Your Nuveen Exchange-Traded Closed-End Fund allows you to conveniently reinvest dividends and/or capital gains distributions in additional fund shares. By choosing to reinvest, you'll be able to invest money regularly and automatically, and watch your investment grow through the power of compounding. It is important to note that an automatic reinvestment plan does not ensure a profit, nor does it protect you against loss in a declining market.

**EASY AND CONVENIENT** To make recordkeeping easy and convenient, each month you'll receive a statement showing your total dividends and distributions, the date of investment, the shares acquired and the price per share, and the total number of shares you own.

**HOW SHARES ARE PURCHASED NUVEEN MAKES REINVESTING EASY. A PHONE CALL IS ALL IT TAKES TO SET UP YOUR REINVESTMENT ACCOUNT.** The shares you acquire by reinvesting will either be purchased on the open market or newly issued by the Fund. If the shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at the greater of the net asset value or 95% of the then-current market price. If the shares are trading at less than net asset value, shares for your account will be purchased on the open market. Dividends and distributions received to purchase shares in the open market will normally be invested shortly after the dividend payment date. No interest will be paid on dividends and distributions awaiting reinvestment. Because the market price of the shares may increase before purchases are completed, the average purchase price per share may exceed the market price at the time of valuation, resulting in the acquisition of fewer shares than if the dividend or distribution had been paid in shares issued by the Fund. A pro rata portion of any applicable brokerage commissions on open market purchases will be paid by Plan participants. These commissions usually will be lower than those charged on individual transactions.

**FLEXIBLE** You may change your distribution option or withdraw from the Plan at any time, should your needs or situation change. Should you withdraw, you can receive a certificate for all whole shares credited to your reinvestment account and cash payment for fractional shares, or cash payment for all reinvestment account shares, less brokerage commissions and a \$2.50 service fee. You can reinvest whether your shares are registered in your name, or in the name of a brokerage firm, bank, or other nominee. Ask your investment advisor if his or her firm will participate on your behalf. Participants whose shares are registered in the name of one firm may not be able to transfer the shares to another firm and continue to participate in the Plan. The Fund reserves the right to amend or terminate the Plan at any time. Although the Fund reserves the right to amend the Plan to include a service charge payable by the participants, there is no direct service charge to participants in the Plan at this time.

**CALL TODAY TO START REINVESTING DIVIDENDS AND/OR DISTRIBUTIONS** For more information on the

Nuveen Automatic Reinvestment Plan or to enroll in or withdraw from the Plan, speak with your financial advisor or call us at (800) 257-8787. 66 AUTOMATIC DIVIDEND REINVESTMENT PLAN NOTICE OF AMENDMENT TO THE TERMS AND CONDITIONS The Fund is amending the terms and conditions of its Automatic Dividend Reinvestment Plan (the "Plan") as further described below effective with the close of business on December 1, 2006. THESE CHANGES ARE INTENDED TO ENABLE PLAN PARTICIPANTS UNDER CERTAIN CIRCUMSTANCES TO REINVEST FUND DISTRIBUTIONS AT A LOWER AGGREGATE COST THAN IS POSSIBLE UNDER THE EXISTING PLAN. Shareholders who do not wish to continue as participants under the amended Plan may withdraw from the Plan by notifying the Plan Agent prior to the effective date of the amendments. Participants should refer to their Plan document for notification instructions, or may simply call Nuveen at (800) 257-8787. Fund shareholders who elect to participate in the Plan are able to have Fund distributions consisting of income dividends, realized capital gains and returns of capital automatically reinvested in additional Fund shares. Under the Plan's existing terms, the Plan Agent purchases Fund shares in the open market if the Fund's shares are trading at a discount to their net asset value on the payable date for the distribution. If the Fund's shares are trading at or above their net asset value on the payable date for the distribution, the Plan Agent purchases newly-issued Fund shares directly from the Fund at a price equal to the greater of the shares' net asset value or 95% of the shares' market value. Under the Plan's amended terms, if the Plan Agent begins purchasing Fund shares on the open market while shares are trading below net asset value, but the Fund's shares subsequently trade at or above their net asset value before the Plan Agent is able to complete its purchases, the Plan Agent may cease open-market purchases and may invest the uninvested portion of the distribution in newly-issued Fund shares at a price equal to the greater of the shares' net asset value or 95% of the shares' market value. This change will permit Plan participants under these circumstances to reinvest Fund distributions at a lower aggregate cost than is possible under the existing Plan. 67 Notes 68 Notes 69 Notes 70 OTHER USEFUL INFORMATION QUARTERLY PORTFOLIO OF INVESTMENTS AND PROXY VOTING INFORMATION The Fund's (i) quarterly portfolio of investments, (ii) information regarding how the Funds voted proxies relating to portfolio securities held during the most recent 12-month period ended June 30, 2006, and (iii) a description of the policies and procedures that the Fund used to determine how to vote proxies relating to portfolio securities are available without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's website at [www.nuveen.com](http://www.nuveen.com). You may also obtain this and other Fund information directly from the Securities and Exchange Commission ("SEC"). The SEC may charge a copying fee for this information. Visit the SEC on-line at <http://www.sec.gov> or in person at the SEC's Public Reference Room in Washington, D.C. Call the SEC at 1-202-942-8090 for room hours and operation. You may also request Fund information by sending an e-mail request to [publicinfo@sec.gov](mailto:publicinfo@sec.gov) or by writing to the SEC's Public Reference Section at 450 Fifth Street NW, Washington, D.C. 20549. GLOSSARY OF TERMS USED IN THIS REPORT AVERAGE ANNUAL TOTAL RETURN: This is a commonly used method to express an investment's performance over a particular, usually multi-year time period. It expresses the return that would have been necessary each year to equal the investment's actual cumulative performance (including change in NAV or market price and reinvested dividends and capital gains distributions, if any) over the time period being considered. MARKET YIELD: Market yield is based on the Fund's current annualized monthly distribution divided by the Fund's current market price. The Fund's monthly distributions to its shareholders may be comprised of ordinary income, net realized capital gains and, if at the end of the calendar year the Funds' cumulative net ordinary income and net realized gains are less than the amount of the Fund's distributions, a tax return of capital. NET ASSET VALUE (NAV): A Fund's common share NAV per share is calculated by subtracting the liabilities of the Fund (including any MuniPreferred shares issued in order to leverage the Fund) from its total assets and then dividing the remainder by the number of shares outstanding. Fund NAVs are calculated at the end of each business day. BOARD OF TRUSTEES Robert P. Bremner Lawrence H. Brown Jack B. Evans William C. Hunter David J. Kundert William J. Schneider Timothy R. Schwertfeger Judith M. Stockdale Eugene S. Sunshine FUND MANAGER Nuveen Asset Management 333 West Wacker Drive Chicago, IL 60606 CUSTODIAN State Street Bank & Trust Company Boston, MA TRANSFER AGENT AND SHAREHOLDER SERVICES State Street Bank & Trust Company Nuveen Funds P.O. Box 43071 Providence, RI 02940-3071 (800) 257-8787 LEGAL COUNSEL Chapman and Cutler LLP Chicago, IL INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM Ernst & Young LLP Chicago, IL The Fund intends to repurchase shares of its own common or preferred stock in the future at such times and in such amounts as is deemed advisable. During the period covered by this report JPC and JQC repurchased 432,200 and 511,200 of common shares, respectively. Any future repurchases

will be reported to shareholders in the next annual or semiannual report. 71 (back cover photo) NUVEEN INVESTMENTS: SERVING INVESTORS FOR GENERATIONS Since 1898, financial advisors and their clients have relied on Nuveen Investments to provide dependable investment solutions. For the past century, Nuveen Investments has adhered to the belief that the best approach to investing is to apply conservative risk-management principles to help minimize volatility. Building on this tradition, we today offer a range of high quality equity and fixed-income solutions that are integral to a well-diversified core portfolio. Our clients have come to appreciate this diversity, as well as our continued adherence to proven, long-term investing principles. WE OFFER MANY DIFFERENT INVESTING SOLUTIONS FOR OUR CLIENTS' DIFFERENT NEEDS. Managing more than \$149 billion in assets, Nuveen Investments offers access to a number of different asset classes and investing solutions through a variety of products. Nuveen Investments markets its capabilities under six distinct brands: Nuveen, a leader in fixed-income investments; NWQ, a leader in value-style equities; Rittenhouse, a leader in growth-style equities; Symphony, a leading institutional manager of market-neutral alternative investment portfolios; Santa Barbara, a leader in growth equities; and Tradewinds, NWQ a leader in global equities. FIND OUT HOW WE CAN HELP YOU REACH YOUR FINANCIAL GOALS. To learn more about the products and services Nuveen Investments offers, talk to your financial advisor, or call us at (800) 257-8787. Please read the information provided carefully before you invest. Be sure to obtain a prospectus, where applicable. Investors should consider the investment objective and policies, risk considerations, charges and expenses of the Fund carefully before investing. The prospectus contains this and other information relevant to an investment in the Fund. For a prospectus, please contact your securities representative or Nuveen Investments, 333 W. Wacker Dr., Chicago, IL 60606. Please read the prospectus carefully before you invest or send money. - Share prices - Fund details - Daily financial news - Investor education - Interactive planning tools LEARN MORE ABOUT NUVEEN FUNDS AT WWW.NUVEEN.COM/CEF ESA-F-0606D

NUVEEN LOGO ITEM 2. CODE OF ETHICS. Not applicable to this filing. ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT. Not applicable to this filing. ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES. Not applicable to this filing. ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS. Not applicable to this filing. ITEM 6. SCHEDULE OF INVESTMENTS. See Portfolio of Investments in Item 1. ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES. Not applicable to this filing. ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES. Not applicable to this filing. ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS. PERIOD\* (a) (b) (c) (d) TOTAL NUMBER OF AVERAGE TOTAL NUMBER OF SHARES MAXIMUM NUMBER (OR SHARES (OR PRICE PAID (OR UNITS) PURCHASED AS APPROXIMATE DOLLAR VALUE) OF UNITS) PER SHARE PART OF PUBLICLY SHARES (OR UNITS) THAT MAY YET PURCHASED (OR ANNOUNCED PLANS OR BE PURCHASED UNDER THE PLANS OR UNIT) PROGRAMS

PERIOD	(a)	(b)	(c)	(d)	TOTAL	AVERAGE	MAXIMUM
FEBRUARY 3-28, 2006	304,800	\$12.57	304,800	13,695,200	MARCH 1-31, 2006	175,200	\$12.38
APRIL 1-30, 2006	20,000	\$12.01	500,000	13,500,000	MAY 1-31, 2006	11,200	\$12.31
JUNE 1-30, 2006	0	\$0	511,200	13,488,800	TOTAL	511,200	

\* The registrant's repurchase program was announced February 3, 2006. The registrant's repurchase program authorized the repurchase of 14,000,000 shares. The repurchases made by the registrant pursuant to the program were all made through open-market transactions. ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS. During this reporting period, the registrant's Board of Trustees implemented a change to the procedures by which shareholders may recommend nominees to the registrant's board of trustees by amending the registrant's by-laws to include a provision specifying the date by which shareholder nominations for election as trustee at a subsequent meeting must be submitted to the registrant. Shareholders must deliver or mail notice to the registrant not less than forty-five days nor more than sixty days prior to the first anniversary date of the date on which the registrant first mailed its proxy materials for the prior year's annual meeting; provided, however, if and only if the annual meeting is not scheduled to be held within a period that commences thirty days before the first anniversary date of the annual meeting for the preceding year and ends thirty days after such anniversary date (an annual meeting date outside such period being referred to as an "Other Annual Meeting Date" hereafter), the shareholder notice must be given no later than the close of business on the date forty-five days prior to such Other Annual Meeting Date or the tenth business day following the date such Other Annual Meeting Date is first publicly announced or disclosed. The shareholder's notice must be in writing and set forth the name, age, date of birth, business address, residence address and nationality of the person(s) being nominated



and the class or series, number of all shares of the registrant owned of record or beneficially by each such person(s), any other information regarding such person required by Item 401 of Regulation S-K or Item 22 of Rule 14a-101 (Schedule 14A) under the Securities Exchange Act of 1934, as amended, any other information regarding the person(s) to be nominated that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitation of proxies for election of trustees, and whether such shareholder believes any nominee is or will be an "interested person" (as that term is defined in the Investment Company Act of 1940, as amended) of the registrant or sufficient information to enable the registrant to make that determination and the written and signed consent of the person(s) to be nominated.

**ITEM 11. 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 Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")(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 second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**ITEM 12. EXHIBITS.** File the exhibits listed below as part of this Form. (a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable to 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 1940 Act (17 CFR 270.30a-2(a)) in the exact form set forth below: Ex-99.CERT attached hereto. (a)(3) Any written solicitation to purchase securities under Rule 23c-1 under the 1940 Act (17 CFR 270.23c-1) sent or given during the period covered by the report by or on behalf of the registrant to 10 or more persons: Not applicable. (b) If the report is filed under Section 13(a) or 15(d) of the Exchange Act, provide the certifications required by Rule 30a-2(b) under the 1940 Act (17 CFR 270.30a-2(b)); Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act (17 CFR 240.13a-14(b) or 240.15d-14(b)), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) as an exhibit. A certification furnished pursuant to this paragraph will not be deemed "filed" for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

Ex-99.906 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 ----- Jessica R. Droeger Vice President and Secretary Date: September 8, 2006 Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. By (Signature and Title)\* /s/ Gifford R. Zimmerman ----- Gifford R. Zimmerman Chief Administrative Officer (principal executive officer) Date: September 8, 2006 By (Signature and Title)\* /s/ Stephen D. Foy ----- Stephen D. Foy Vice President and Controller (principal financial officer) Date: September 8, 2006 \* Print the name and title of each signing officer under his or her signature.