

NUVEEN PREFERRED CONVERTIBLE INCOME FUND 2
Form N-CSR
October 08, 2003

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21333

Nuveen Preferred and Convertible Income Fund 2

(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Address of principal executive offices) (Zip code)

Jessica R. Droeger
Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Name and address of agent for service)

Registrant's telephone number, including area code: (312) 917-7700

Date of fiscal year end: July 31, 2003

Date of reporting period: July 31, 2003

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

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ITEM 1. REPORTS TO STOCKHOLDERS.

Nuveen
Closed-End
Exchange-Traded
Funds

ANNUAL REPORT July 31, 2003

NUVEEN
PREFERRED AND
CONVERTIBLE
INCOME FUNDS

JPC
JQC

Photo of: boy in wheat field
Photo of: seaside cabin

HIGH CURRENT INCOME
FROM A PORTFOLIO OF
PREFERRED AND
CONVERTIBLE SECURITIES

Logo: NUVEEN Investments

FASTER INFORMATION
RECEIVE YOUR
NUVEEN FUND REPORT
ELECTRONICALLY

By registering for electronic delivery, you will receive an e-mail as soon as your Nuveen Fund information is available. Click on the link and you will be taken directly to the report. Your Fund report can be viewed and saved on your computer. Your report will arrive faster via e-mail than by traditional mail.

Registering is easy and only takes a few minutes (see instructions at right).

SOME COMMON CONCERNS:

WILL MY E-MAIL ADDRESS BE DISTRIBUTED TO OTHER COMPANIES?

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WHAT IF I CHANGE MY MIND AND WANT TO RECEIVE INVESTOR MATERIALS THROUGH REGULAR MAIL DELIVERY AGAIN?

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COME FROM YOUR FINANCIAL ADVISOR OR BROKERAGE ACCOUNT,

FOLLOW THE STEPS OUTLINED BELOW:

- 1 Go to WWW.INVESTORDELIVERY.COM
- 2 Refer to the address sheet that accompanied this report. Enter the personal 13-CHARACTER ENROLLMENT NUMBER imprinted near your name.
- 3 You'll be taken to a page with several options. Select the NEW ENROLLMENT-CREATE screen. Once there, enter your e-mail address (e.g. yourID@providerID.com), and a personal, 4-digit PIN number of your choice. (Pick a number that's easy to remember.)
- 4 Click Submit. Confirm the information you just entered is correct, then click Submit again.
- 5 You should get a confirmation e-mail within 24 hours. If you do not, go back through these steps to make sure all the information is correct.
- 6 Use this same process if you need to change your registration information or cancel internet viewing.

IF YOUR NUVEEN FUND DIVIDENDS AND STATEMENTS

COME DIRECTLY TO YOU FROM NUVEEN, FOLLOW THE STEPS OUTLINED BELOW:

- 1 Go to WWW.NUVEEN.COM
- 2 Select ACCESS YOUR ACCOUNT. Select the E-REPORT ENROLLMENT section. Click on Enrollment Today.
- 3 You'll be taken to a screen that asks for your Social Security number and e-mail address. Fill in this information, then click Enroll.
- 4 You should get a confirmation e-mail within 24 hours. If you do not, go back through these steps to make sure all the information is correct.
- 5 Use this same process if you need to change your registration information or cancel internet viewing.

Logo: NUVEEN Investments

Photo of: TIMOTHY R. SCHWERTFEGER
CHAIRMAN OF THE BOARD

SIDEBAR TEXT: "WE REMAIN CONVINCED THAT MAINTAINING A WELL-BALANCED PORTFOLIO
..... IS AN IMPORTANT WAY TO HELP YOU REDUCE OVERALL INVESTMENT RISK."

Dear SHAREHOLDER

On behalf of all of us at Nuveen Investments, I'd like to use this first report of the Nuveen Preferred and Convertible Income Funds to welcome you to the growing family of Nuveen investors. For more than 100 years, Nuveen has

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specialized in offering quality investments to those seeking to accumulate and preserve wealth. Our mission continues to be to assist you and your financial advisor by offering the investment services and products that can help you meet your financial objectives. We thank you for choosing Nuveen Investments as a partner as you work toward that goal.

Because your Fund's fiscal year ends on July 31, this "annual" report really covers only about four months of operations for JPC and about one month for JQC. However, we believe both Funds are off to good starts, and are already well positioned to meet their objectives of high current income and total return potential. For more details, I encourage you to read the portfolio managers' interview that immediately follows this letter.

While the oldest of these two Funds was barely more than four months old as of July 31, 2003, both already have experienced a good deal of market price volatility. We know that the ups and downs that come with this volatility may lead some investors to consider increasing or decreasing their investments in their Fund. While we encourage you to take a strong interest in the performance of your investment portfolio, I urge you to first discuss any investment changes with your financial advisor before you act. We remain convinced that maintaining a well-balanced portfolio, structured and monitored with the help of an investment professional, is an important way to help you reduce overall investment risk and position yourself to achieve your long-term financial goals. In this context, the preferred and convertible securities in your Nuveen Fund can be important building blocks in a portfolio crafted to perform well through a variety of market conditions.

I also urge you to consider receiving future Fund reports and other information electronically via the Internet and e-mail rather than in hard copy. Not only will you be able to receive the information faster, but this also may help lower Fund expenses. Sign up is quick and easy -- see the inside front cover of this report for detailed instructions.

Again, thank you for the confidence you have shown in Nuveen Investments. We look forward to reporting on the performance of your Fund in the months and years ahead.

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger
Chairman of the Board

September 15, 2003

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NUVEEN CLOSED-END EXCHANGE-TRADED FUNDS (JPC, JQC)

Managers' PERSPECTIVE

The Nuveen Preferred and Convertible Income Funds are managed by Nuveen Institutional Advisory Corp. (NIAC), and sub-advised by a team of specialists from Spectrum Asset Management, Inc., Froleys, Revy Investment Co., Inc., and NIAC. Spectrum, an affiliate of Principal CapitalSM, manages the preferred securities portions of the Funds' portfolios. Froleys, Revy, one of the oldest firms specializing in convertible securities, manages that portion of both Fund's portfolios, while NIAC manages the high yield and other debt instruments

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in both Funds. Here representatives from Spectrum, Frolely, Revy and NIAC talk about general economic conditions and their management strategy for the period ended July 31, 2003.

WHAT WERE THE GENERAL MARKET CONDITIONS BETWEEN MARCH 2003 (THE INCEPTION OF JPC) AND JULY 31, 2003?

The first months of this period were characterized generally by a steady rise in price and fall in yield for most fixed income investments. This pattern reversed itself dramatically in July 2003, with price declines and yield increases that more than offset the gains of the previous three months.

This can be seen easily in the history of ten-year U.S. Treasury bonds. At the end of March 2003, when JPC began investing its initial assets, the ten-year U.S. Treasury was yielding 3.80%. By the end of June, when JQC began investing its assets, these bonds had continued to rally, pushing their yield to 3.52%. As of July 31, 2003, the ten-year Treasury yield had climbed almost 100 basis points to 4.40%.

These market conditions affected each of the Funds' three asset classes differently. Preferred securities generally performed well when compared with many other types of fixed-income investments from March through July 2003. However, this asset class still suffered across the board price declines. Convertible securities performed much better. During the April - July 2003 time frame, convertible securities generally advanced, with the Merrill Lynch All Convertible Index up 10.95% over those four months. The Merrill Lynch High-Yield Master Index returned 5.62% for the month of April 2003, 1.08% during May and 2.73% in June. However, the Index dropped -1.43% in July.

Generally, there was adequate supply of securities in all three asset classes over this period to facilitate the investing of both Funds' assets.

HOW HAVE YOU BEEN INVESTING THE ASSETS OF BOTH FUNDS?

For JPC, finding attractive yields among the high quality preferred securities we favor was the primary challenge as bonds rallied through much of the spring. A heavy new issuer calendar for preferred securities created some opportunities in both the primary and secondary markets and Spectrum was able to invest in a timely manner. The focus of the convertible securities portion of the Funds, managed by Frolely, Revy, was on balancing income opportunities with the potential for capital appreciation, while maintaining a roughly 50% weight (for this portion of the portfolio) in investment grade securities. For the high yield portion of the portfolio, NIAC focused on credits with strong fundamental business models, diversified revenue streams and limited earnings volatility. Industry and credit diversification were a key focus, with investments coming from sectors such as gaming/lodging, home-building, retail, media and food.

As of July 31, 2003, JQC was only about one month old. All three sub-advisers were still in the process of investing their initial allocations as of the end of the reporting period. The back-up in the fixed-income markets during July 2003 was providing some attractive yield opportunities for preferred and high yield securities, while the building consensus around improved equity market prospects was creating some opportunities for convertible securities investing.

WHAT WILL BE YOUR STRATEGY FOR THE FUNDS GOING FORWARD?

In an uncertain environment, we will continue to invest the Funds' assets in ways that we think will enhance their ability to provide attractive income and total returns. We plan to retain our research-oriented approach toward finding securities within each of the Funds' asset classes, and we will continue to seek opportunities to enhance the diversification of each Fund's portfolio.

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NUVEEN PREFERRED AND CONVERTIBLE INCOME FUND

Performance

OVERVIEW As of July 31, 2003

JPC

PORTFOLIO STATISTICS

Share Price	\$14.57
Common Share Net Asset Value	\$14.12
Net Assets Applicable to Common Shares (\$000)	\$1,412,983

TOP 5 ISSUERS	% OF TOTAL INVESTMENTS
Wachovia Corporation	2.8%
General Motors Corporation	2.3%
Citigroup	2.1%
PartnerRe Limited	1.9%
Morgan Stanley	1.9%

CUMULATIVE TOTAL RETURN
(INCEPTION DATE 3/26/03)

	Market	NAV
Since Inception	-0.89%	0.58%

Bar Chart:

2003 MONTHLY DIVIDENDS PER SHARE

May	0.1005
Jun	0.1005
Jul	0.1005

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

3/28/03	15.03
	15.09
	15.28
	15.4
	15.14

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	15.15
	15.3
	15.32
	15.43
	15.45
	15.37
	15.4
	15.49
	15.4
	15.04
	15.04
7/31/03	14.57

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NUVEEN PREFERRED AND CONVERTIBLE INCOME FUND 2

Performance

OVERVIEW As of July 31, 2003

JQC

PORTFOLIO STATISTICS

Share Price	\$14.69
Common Share Net Asset Value	\$13.83
Net Assets Applicable to Common Shares (\$000)	\$1,950,622

TOP 5 ISSUERS ¹	% OF TOTAL INVESTMENTS
Citigroup	3.5%
Wachovia Corporation	2.2%
ABN AMRO Bank NV	2.0%
Prudential Financial Inc.	1.9%
ING Groep NV	1.7%

CUMULATIVE TOTAL RETURN
(INCEPTION DATE 6/25/03)

	Market	NAV
Since Inception	-2.07%	-3.49%

THE FUND PAID ITS FIRST MONTHLY DIVIDEND OF \$.0975 PER SHARE ON SEPTEMBER 2, 2003.

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Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

6/27/03	15.09
	15.25
	15.01
	15
7/31/03	14.69

1 Excluding U.S. Government and agency obligations.

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Report of

INDEPENDENT AUDITORS

THE BOARD OF TRUSTEES AND SHAREHOLDERS
NUVEEN PREFERRED AND CONVERTIBLE INCOME FUND
NUVEEN PREFERRED AND CONVERTIBLE INCOME FUND 2

We have audited the accompanying statements of assets and liabilities, including the portfolios of investments, of Nuveen Preferred and Convertible Income Fund, and Nuveen Preferred and Convertible Income Fund 2 as of July 31, 2003, and the related statements of operations, changes in net assets and the financial highlights for the periods indicated therein. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of investments owned as of July 31, 2003, by correspondence with the custodian and brokers or by other appropriate auditing procedures when replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of Nuveen Preferred and Convertible Income Fund, and Nuveen Preferred and Convertible Income Fund 2 at July 31, 2003, and the results of their operations, the changes in their net assets and the financial highlights for the periods indicated therein in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

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Chicago, Illinois
September 12, 2003

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Nuveen Preferred and Convertible Income Fund (JPC)

Portfolio of
INVESTMENTS July 31, 2003

SHARES	DESCRIPTION(1)

	EXCHANGE-LISTED PREFERRED SECURITIES - 54.0% (36.3% OF TOTAL INVESTMENTS)
	AGENCY - 0.9%
200,000	Fannie Mae, Series L, 5.125% (a)
129,632	Tennessee Valley Authority, Series D, 6.750%

	AUTO - 2.2%
334,800	Ford Motor Company, Series F, 8.000% (CBTCS)
130,000	Ford Motor Company, Series F, 8.000% (CORTS)
2,100	General Motors Corporation, 7.250%
8,700	General Motors Corporation, 7.375%
6,000	General Motors Corporation, 7.250%
765,200	General Motors Corporation, 7.375%

	AUTO - FOREIGN - 0.0%
7,500	Magna International Inc., Series B, 8.875%

	BANKING - 10.7%
2,000	ABN AMRO North America, Series H-144A, 6.590% (a)
50,600	ASBC Capital I, 7.625%
55,885	BAC Capital Trust I, 7.000%
115,755	BAC Capital Trust II, 7.000%
284,700	BAC Capital Trust III, 7.000%

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264,800	BAC Capital Trust IV, 5.875%
22,800	Bank One Capital V, 8.000%
72,300	Bank One Capital Trust VI, 7.200%
25,700	BankNorth Capital Trust II, 8.000%
500	BNY Capital Trust IV, Series E, 6.875%
736,379	BNY Capital Trust V, Series F, 5.950%
3,000	Chase Capital Trust V, Series E, 7.030%
62,200	Chittenden Capital Trust I, 8.000%
5,900	Citigroup Capital Trust III, 7.100%
22,200	Citigroup Capital Trust VII, 7.100%
186,000	Citigroup Capital Trust VIII, 6.950%
686,786	Citigroup Capital Trust IX, 6.000%
	Citigroup Inc.:
37,000	Series F, 6.365% (a)
100,000	Series G, 6.213% (a)
60,000	Series H, 6.231% (a)
80,000	Series M, 5.864% (a)
70,300	Comerica Capital Trust I, 7.600%
123,600	Compass Capital Trust III, 7.350%
14,500	First Union Capital II, Series II, 7.500% (CORTS)
41,500	First Union Institutional, 8.200% (CORTS)

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SHARES DESCRIPTION(1)

BANKING (continued)

292,579	Fleet Capital Trust VII, 7.200%
337,000	Fleet Capital Trust VIII, 7.200%
3,400	Harris Preferred Capital Corporation, Series A, 7.375%
18,200	JPMorgan Chase Capital Trust, 7.200% (CORTS)
390,067	JPMorgan Chase Capital Trust X, 7.000%
240,000	JPMorgan Chase Capital Trust XI, 5.875%

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39,000	JPMorgan Chase Public Credit and Repackaged Securities, Series 2002, 7.125%
43,800	JPMorgan Chase Trust, Series 2002-6, Class A, 7.125% (SATURNS)
18,800	KeyCorp, Series B, 8.250% (CORTS)
5,900	KeyCorp, Series 2001-7, 7.750% (CORTS)
142,200	National Commerce Capital Trust II, 7.700%
1,000	Regions Finance Trust I, 8.000%
34,300	SunTrust Capital Trust IV, 7.125%
36,500	SunTrust Capital Trust V, 7.050%
32,700	U.S. Bancorp Capital Trust III, 7.750%
152,900	U.S. Bancorp Capital Trust IV, 7.350%
36,200	U.S. Bancorp Capital Trust V, 7.250%
21,500	Valley National Bank Capital Trust I, 7.750%
2,000	Washington Mutual Capital Trust I, Series 2001-22, Class A-1, 7.650% (CORTS)
1,300	Wells Fargo Capital Trust IV, 7.000%
37,600	Wells Fargo Capital Trust V, 7.000%
14,700	Wells Fargo Capital Trust VI, 6.950%
538,329	Wells Fargo Capital Trust VII, 5.850%
50,000	Zions Capital Trust B, 8.000%

BANKING - FOREIGN - 2.1%

97,900	ABN AMRO Capital Funding Trust I, 7.500%
95,600	ABN AMRO Capital Funding Trust II, 7.125%
63,400	Banco Totta & Acores Finance, Series A, 8.875%
186,114	Banesto Holdings, Series A-144A, 10.500%
8,600	BBVA Preferred Capital Ltd., Series B, 7.750%
11,000	BCH Capital Ltd., Series B, 9.430%
	BSCH Finance Ltd.:
56,725	Series F, 8.125%
173,760	Series G, 8.125%
5,500	Series H, 7.790%
19,900	Series J, 7.350%
73,450	Series Q, 8.625%
42,500	Espirito Santo Overseas, 8.500%
3,100	Espirito Santo Overseas, Series A, 8.500%

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21,600	NAB Exchangeable Preferred Trust, 8.000%
32,900	National Westminster Bank plc, Series A, 7.875%
250,000	Royal Bank of Scotland Group plc, 5.750%
9,900	Westpac Capital Trust I, 8.000%

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Nuveen Preferred and Convertible Income Fund (JPC) (continued)
Portfolio of INVESTMENTS July 31, 2003

SHARES	DESCRIPTION(1)

	BROKERAGE - 4.7%
5,900	Bear Stearns Capital Trust II, Series Y, 7.500%
10,100	Bear Stearns Capital Trust III, 7.800%
32,900	Goldman Sachs Group Inc., 6.000% (PPLUS)
16,000	Goldman Sachs Group Inc., Series 2003-06, 6.000% (SATURNS)
526,388	Lehman Brothers Holdings Capital Trust, III, Series K, 6.375%
100,000	Merrill Lynch Capital Trust, 7.000%
23,900	Merrill Lynch Capital Trust II, 8.000%
27,600	Merrill Lynch Preferred Capital Trust, 7.750%
113,600	Merrill Lynch Preferred Capital Trust IV, 7.120%
225,000	Merrill Lynch Preferred Capital Trust V, 7.280%
66,100	Morgan Stanley Capital Trust II, 7.250%
508,239	Morgan Stanley Capital Trust III, 6.250%
1,016,200	Morgan Stanley Capital Trust IV, 6.250%
20,400	Morgan Stanley Trust I, 7.050% (PPLUS)

	COMPUTER - 0.0%
8,000	IBM Inc., 7.125% (CORTS)
2,600	IBM Inc., Series 2001-1, 7.125% (SATURNS)

	ENERGY - FOREIGN - 0.1%

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15,300 EnCana Corporation, 9.500%
 14,700 Talisman Energy Inc., 9.000%
 24,200 Talisman Energy Inc., 8.900%

ENTERTAINMENT - 0.1%

37,600 Viacom Inc., 7.250%

FINANCIAL - 4.4%

53,700 AT&T Capital Corporation, 8.250%
 125,900 AT&T Capital Corporation, 8.125%
 6,800 CIT Group Incorporated, 7.750% (CORTS)
 1,200,200 Countrywide Capital Trust IV, 6.750%
 93,600 Countrywide Trust I, 8.050% (PPLUS)
 13,500 General Electric Capital Corporation, 5.875%
 33,100 General Electric Capital Corporation, 6.625%
 5,600 General Electric Capital Corporation, 6.100%
 137,600 General Motors Acceptance Corporation, 7.350%
 4,800 Household Capital Trust V, Series X, 10.000%
 14,000 Household Capital Trust VI, 8.300%
 39,200 Household Capital Trust VII, 7.500%
 773,900 Household Finance Corporation, 6.875%
 1,300 Philadelphia Authority for Industrial Development, Pennsylvania, Pension, 6.550%

FINANCIAL - FOREIGN - 2.6%

5,800 CSFB, Series 2002-10, 7.000% (SATURNS)
 88,500 ING Capital Funding Trust, 7.700%
 505,118 ING Group NV, 7.200%
 654,975 ING Group NV, 7.050%
 206,600 Swedish Export Credit, 7.375%

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SHARES	DESCRIPTION(1)
	FOOD - FOREIGN - 0.2%
126,300	Grand Metropolitan Delaware LP, 9.420%
	GAS - 0.2%
17,100	AGL Capital Trust II, 8.000%
39,100	Dominion CNG Capital Trust I, 7.800%
35,500	MCN Financing Trust II, 8.625%
2,000	SJG Capital Trust, 8.350%
	GAS - FOREIGN - 0.0%
1,000	TransCanada Pipelines Ltd., 8.250%
	INDUSTRIAL - 0.0%
3,700	Sherwin Williams Company, Series III, 7.250% (CORTS)
	INSURANCE - FINANCIAL - 0.8%
137,357	AMBAC Financial Group Inc., 5.950%
256,942	AMBAC Financial Group Inc., 5.875%
7,200	Financial Security Assurance Holdings, 6.875%
13,000	Financial Security Assurance Holdings, 6.250%
3,400	Financial Security Assurance Holdings, 6.950%
1,300	MBIA Inc., 8.000%
54,300	WR Berkley, 8.125% (CBTCS)
	INSURANCE - LIFE - 2.9%
272,300	Aetna Incorporated, 8.500%
1,216,000	Delphi Financial Group Inc., 8.000%
6,000	Great-West L&A Capital Trust I, Series A, 7.250%
21,600	Lincoln National Capital Trust V, Series E, 7.650%

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66,300 PLC Capital Trust III, 7.500%
 12,900 PLC Capital Trust IV, 7.250%
 12,800 Torchmark Capital Trust I, 7.750%

INSURANCE - MULTILINE - 0.9%

108,360 AIG Capital Securities, Series 2002-11, 6.000% (SATURNS)
 400 Hartford Capital Trust I, Series A, 7.700%
 187,300 Hartford Capital Trust III, Series C, 7.450%
 78,000 Hartford Life Capital Trust I, Series A, 7.200%
 13,600 Hartford Life Capital Trust II, Series B, 7.625%
 13,200 SAFECO Capital Trust I, 8.750% (CORTS)
 4,300 SAFECO Capital Trust I, Series 2001-4, 8.750% (CORTS)
 24,500 SAFECO Capital Trust III, 8.072% (CORTS)
 1,700 SAFECO Capital Trust IV, 8.375% (CORTS)
 38,600 SAFECO Corporation, Series 2001-7, 8.250%
 35,100 SAFECO Corporation, Series 2002-5, 8.250% (SATURNS)

INSURANCE - P&C - 0.2%

91,000 Everest RE Capital Trust, 7.850%

INSURANCE - P&C - FOREIGN - 4.8%

135,000 Ace Ltd., Series C, 7.800%
 224,560 Converium Finance, 8.250%

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Nuveen Preferred and Convertible Income Fund (JPC) (continued)
 Portfolio of INVESTMENTS July 31, 2003

SHARES DESCRIPTION(1)

INSURANCE - P&C - FOREIGN (continued)

72,000 PartnerRe Limited, 7.900%

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1,550,312 PartnerRe Limited, Series C, 6.750%

RenaissanceRe Holdings Ltd.:
 88,800 Series A, 8.100%
 325,310 Series B, 7.300%

XL Capital Ltd.:
 64,000 Series A, 8.000%
 192,600 Series B, 7.625%

PAPER - 0.2%

110,800 International Paper Capital Trust III, 7.875%

PHARMACEUTICALS - FOREIGN - 0.0%

6,800 Rhone-Poulenc Overseas, Series A, 8.125%

REAL ESTATE INVESTMENT TRUSTS - 14.2%

60,000 AMB Property Corporation, Series L, 6.500%

2,500 AvalonBay Communities Inc., Series H, 8.700%

2,100 BRE Properties, Series B, 8.080%

Developers Diversified Realty Corporation:
 14,400 Series F, 8.600%
 656,785 Series G, 8.000%
 55,000 Series H, 7.375%

Equity Office Properties Trust:
 1,900 Series C, 8.625%
 109,081 Series G, 7.750%

6,100 Equity Residential Properties Trust, 9.125%

Equity Residential Properties Trust:
 18,700 Series C, 9.125%
 5,000 Series D, 8.600%
 611,200 Series N, 6.480%

First Industrial Realty Trust Inc.:
 72,900 Series D, 7.950%
 198,900 Series E, 7.900%

708,834 Gables Residential Trust, Series D, 7.500%

HRPT Properties Trust:
 30,000 Series A, 9.875%
 292,600 Series B, 8.750%

953,983 Kimco Realty Corporation, Series F, 6.650%

New Plan Excel Realty Trust:

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13,393	Series D, 7.800%
972,775	Series E, 7.625%
32,982	Prologis Trust, Series C, 8.540%
	Public Storage Inc.:
14,800	Series L, 8.250%
159,400	Series R, 8.000%
28,900	Series S, 7.875%
26,500	Series T, 7.625%
20,500	Series U, 7.625%
32,000	Series V, 7.500%
281,000	Regency Centers Corporation, 7.450%
7,000	Simon Property Group Inc., Series G, 7.890%
1,609,945	Wachovia Preferred Funding Corporation, 7.250%
710,000	Weingarten Realty Trust, Preferred Securities, 6.750%

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SHARES	DESCRIPTION(1)
	TELECOM - 0.9%
5,500	AT&T Wireless, Series 2002-7, 8.000% (CBTCS)
15,000	AT&T Wireless Services, Series 2002-B, 9.250% (SATURNS)
21,900	BellSouth Corporation, Series 2001-3, 7.125% (SATURNS)
6,500	BellSouth Inc., Series BLS, 7.000% (CORTS)
30,500	Citizens Communications, Series 2001-2, 8.625% (SATURNS)
128,500	Citizens Communications Trust I, 8.375% (PPLUS)
21,950	Deutsche Telekom International Finance, B.V., Series 2001-24, Class A-1, 7.875%
15,900	SBC Communications Inc., 7.000%
34,400	TDS Capital Trust I, 8.500%
85,700	TDS Capital Trust II, 8.040%
68,100	Telephone and Data Systems Inc., 7.600%
33,800	U.S. Cellular Corporation, 8.750%
14,800	Verizon Communications, 7.625% (CORTS)
19,500	Verizon Communications, 7.375% (CORTS)
11,500	Verizon New England Inc., Series B, 7.000%

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	UTILITIES - 0.9%
6,400	Atlantic Capital Trust II, Series C, 7.375%
4,100	Consolidated Edison Company of New York, Inc., 7.500%
16,300	Consolidated Edison Inc., 7.250%
3,000	Detroit Edison Company, 7.375%
22,200	DTE Energy Trust I, 7.800%
26,000	Energy East Capital Trust I, 8.250%
30,970	Entergy Louisiana Inc., 7.600%
3,000	Georgia Power Capital Trust IV, 6.850%
43,570	Georgia Power Capital Trust V, 7.125%
249,000	Georgia Power Company, 5.900%
65,000	Mississippi Power Company, 5.625%
8,200	Savannah Electric Capital Trust I, 6.850%
6,000	Virginia Electric and Power Company, Series A, 7.150%
44,000	Virginia Power Capital Trust, 7.375%

	Total Exchange-Listed Preferred Securities (cost \$775,370,159)
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	CONVERTIBLE PREFERRED SECURITIES - 18.6% (12.5% OF TOTAL INVESTMENTS)
	AEROSPACE & DEFENSE - 0.6%
76,000	Northrop Grumman Corporation, 7.250%

	AUTO - 0.7%
224,450	Ford Motor Company Capital Trust II, 6.500%

	BANKING - 1.9%
217,900	Citigroup Global Markets Holdings, 2.000%
56,200	State Street Corporation, 6.750%
144,000	Washington Mutual Inc. Unit 1 Trust, 5.375%

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SHARES	DESCRIPTION(1)

	BROADCAST CABLE - 1.4%
508,250	Cablevision Systems Corp., Trust I, 6.500%
185,000	Emmis Communications Corporation, Series A, 6.250%
10,000	Sinclair Broadcast Group Inc., Series D, 6.000%

	COMMERCIAL SERVICES - 1.1%
330,000	Cendant Corporation, 7.750%

	ELECTRONIC EQUIPMENT & INSTRUMENTS - 0.8%
175,000	Pioneer-Standard Financial Trust, 6.750%
200,000	Solectron Corp., 7.250%

	ENERGY - 0.7%
200,000	Unocal Capital Trust, 6.250%

	ENVIRONMENTAL SERVICES - 0.5%
97,375	Allied Waste Industries Inc., 6.250%

	FINANCIAL - 0.9%
200,000	Affiliated Managers Group Inc., 6.000%
118,000	Capital One Financial Corp., 6.250%
154,000	Gabelli Asset Management Inc., 6.950%

	GAS - 0.4%
185,000	Sempra Energy, 8.500%
4,000	Southern Union Company, Series B, 5.750%

	HEALTH DISTRIBUTORS SERVICES - 0.3%
41,000	Anthem Inc., 6.000%

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	HOUSEHOLD DURABLES - 0.3%
106,675	Newell Financial Trust I, 5.250%

	INSURANCE - LIFE - 0.8%
206,000	Reinsurance Group of America Inc., 5.750%

	INSURANCE - MULTILINE - 1.1%
86,200	Hartford Financial Services Group Inc., 7.000%
140,000	Phoenix Companies Inc., 7.000%
98,000	Prudential Financial Capital Trust I, 6.750%

	IT CONSULTING & SERVICES - 0.4%
239,000	Electronic Data Systems Corporation, 7.625%

	OIL SERVICES - 0.1%
25,000	Hanover Compressor Capital Trust, 7.250%

	REAL ESTATE INVESTMENT TRUSTS - 1.5%
165,000	Equity Office Properties Trust, Convertible Preferred Shares, Series B, 5.250%
55,400	Equity Residential Properties Trust, Series G, 7.250%
250,000	Host Marriott Financial Trust, 6.750%

	RETAIL - 0.7%
225,000	Toys R Us Inc., Convertible Equity Units, 6.250%
53,000	United Rentals Trust I, 6.500%

SHARES	DESCRIPTION(1)

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	STEEL - 0.6%
85,800	TXI Capital Trust I, 6.500%
84,700	United States Steel Corporation, Series B, 7.000%

	TELECOM - 1.2%
131,000	Alltel Corporation, 7.750%
8,310	Lucent Technologies Capital Trust I, 7.750%
633,900	Sprint Corporation, 7.125%

	UTILITIES - 2.6%
157,000	Cinergy Corporation, 9.500%
144,800	Dominion Resources Inc., 8.750%
344,500	DTE Energy Company, 8.750%
217,900	FPL Group Inc., 8.000%

	Total Convertible Preferred Securities (cost \$249,999,376)

	CAPITAL PREFERRED - HYBRID SECURITIES - 4.0% (2.7% OF TOTAL INVESTMENTS)
	BANKING - FOREIGN - 1.1%
15	BBVA Privanza International Gibraltar, Series 144A, 7.764%

	REAL ESTATE INVESTMENT TRUST - 2.0%
300	Union Planters Preferred Fund, Series 144A, 7.750%

	TELECOM - 0.9%
10,857	Centaur Funding Corporation, Series B - 144A, 9.080%

	Total Capital Preferred - Hybrid Securities (cost \$56,224,872)

PRINCIPAL	
AMOUNT (000)/	
SHARES	DESCRIPTION(1)

	CONVERTIBLE BONDS - 28.6% (19.2% OF TOTAL INVESTMENTS)
	AIRLINES - 0.6%

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6,110 Delta Air Lines, Convertible Notes, Series 144A, 8.000%, 6/03/23
 3,200 Northwest Airlines Corporation, Convertible Notes, Series 144A, 6.625%, 5/15/23

 AUTO - 1.0%

General Motors Corporation, Convertible Notes, Senior Debentures:
 185,100 Series A, 4.500%, 3/06/32
 185,250 Series B, 5.250%, 3/06/32
 6,000 Sonic Automotive Inc., Convertible Senior Subordinated Notes, 5.250%, 5/07/09

 BIOTECHNOLOGY - 1.1%

3,000 Cephalon Inc., Convertible Subordinated Notes, 2.500%, 12/15/06
 1,765 Corixa Corporation, Subordinate Notes, Series 144A, 4.250%, 7/01/08
 6,650 Fisher Scientific International Inc., Convertible Senior Notes, 2.500%, 10/01/23
 4,500 Ivax Corporation, Convertible Senior Subordinated Notes, 4.500%, 5/15/08

 BROADCAST CABLE - 1.9%

325,000 Comcast Corporation, Exchangeable Subordinated Debentures, 2.000%, 10/15/29
 4,000 Echostar Communications Corporation, Convertible Subordinated Notes, 5.750%, 5/15/06
 4,000 Liberty Media Corporation, Senior Debentures Exchangeable for Class B, 3.250%, 3/01/06
 6,500 Mediacom Communications Corporation, Convertible Senior Notes, 5.250%, 7/01/06
 3,425 Sinclair Broadcast Group, Convertible Step Coupon, Senior Series 144A, 4.875%, 7/01/06

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Nuveen Preferred and Convertible Income Fund (JPC) (continued)
 Portfolio of INVESTMENTS July 31, 2003

PRINCIPAL
 AMOUNT (000)/
 SHARES

DESCRIPTION(1)

COMPUTER - 4.2%

2,500 Computer Associates International Inc., Convertible Senior Notes, 5.000%, 3/15/07
 6,435 Electronic Data Systems, Convertible Senior Notes, Series 144A, 3.875%, 7/15/23
 4,000 FEI Company, Convertible Notes, 5.500%, 8/15/08
 4,000 General Semiconductor Inc., Convertible Subordinated Notes, 5.750%, 12/15/06

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18,740 Hewlett Packard Company, 0.000%, 10/14/17 (LYONS)
8,000 International Rectifier Corporation, Convertible Subordinated Notes, 4.250%, 7/15
4,250 Lam Research Corporation, Convertible Subordinated Notes, 4.000%, 6/01/06
2,625 Maxtor Corporation, Convertible Senior Notes, Series 144A, 6.800%, 4/30/10
6,600 Mentor Graphics Corporation, Convertible Subordinate Notes, 6.875%, 6/15/07
4,970 Mercury Interactive Corporation, Convertible Subordinated Notes, 4.750%, 7/01/07
2,475 Photronics Inc., Convertible Subordinated Notes, 4.750%, 12/15/06
825 Photronics Inc., Convertible Subordinate Notes, Series 144A, 2.250%, 4/15/08

ELECTRONIC EQUIPMENT & INSTRUMENTS - 1.6%

21,500 Arrow Electronics Inc., Convertible Senior Debentures, 0.000%, 2/21/21
7,700 Celestica Inc., Convertible, 0.000%, 8/01/20 (LYONS)
4,000 Sanmina Corporation, Convertible Subordinated Notes, 4.250%, 5/01/04
4,100 Teradyne Inc., Convertible Senior Notes, 3.750%, 10/15/06

ENERGY - 0.9%

4,750 Hanover Compressor Co., Convertible Senior Notes, 4.750%, 3/15/08
8,275 McMoran Exploration Corporation, Notes, Series 144A, 6.000%, 7/02/08

FINANCIAL - 0.5%

6,900 Providian Financial Corporation, Convertible Senior Notes, 3.250%, 8/15/05

HEALTH CARE EQUIPMENT - 0.5%

7,050 Alza Corporation, Convertible Subordinated Debentures, 0.000%, 7/28/20
3,300 Inhale Therapeutics, Convertible Subordinated Notes, 3.500%, 10/17/07

HEALTH DISTRIBUTORS & SERVICES - 0.3%

4,200 Province Healthcare Inc., Convertible Subordinated Notes, 4.500%, 11/20/05

INDUSTRIAL - 0.9%

2,500 EDO Corporation, Convertible Subordinate Notes, 5.250%, 4/15/07

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7,150	GenCorp Inc., Convertible Notes, 5.750%, 4/15/07
3,387	INCO Limited, Convertible Notes, 7.750%, 3/15/16

INDUSTRIAL CONGLOMERATES - 0.3%	
3,350	Tyco International Group Limited, Convertible Notes, Series 144A, 3.125%, 1/15/23

INSURANCE - P&C - 0.6%	
383,300	Travelers Property and Casualty Company, 4.500%, 4/15/32

IT CONSULTING & SERVICES - 0.4%	
2,090	Acxiom Corporation, Convertible Subordinate Notes, 3.750%, 2/15/09
3,760	First Data Corporation, Senior Convertible Contingent Debt Securities, 2.000%, 3/

LEISURE FACILITIES - 1.0%	
10,500	Carnival Corporation, Senior Notes, 0.000%, 10/24/21 (LYONS)
15,500	Royal Caribbean Cruises Limited, Senior Notes, 0.000%, 2/02/21 (LYONS)

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PRINCIPAL AMOUNT (000)/ SHARES	DESCRIPTION(1)

METALS DIVERSIFICATION - 0.5%	
5,750	Freeport-McMoran Inc., 7.000%, 2/11/11

NETWORK EQUIPMENT - 0.6%	
9,800	Brocade Communication Systems Inc., Convertible Notes, 2.000%, 1/01/07

PHARMACEUTICALS - 0.9%	
3,950	Connectics Inc., Senior Notes, Series 144A, 2.250%, 5/30/08
4,470	Indevus Pharmaceuticals Inc., Convertible Senior Debentures, Series 144A, 6.250%,
2,975	KV Pharmaceutical Company, Convertible Subordinate Notes, Series 144A, 2.500%, 5/

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PHARMACEUTICALS - FOREIGN - 0.7%	
12,290	Roche Holdings Inc., 0.000%, 1/19/15 (LYONS)

PUBLISHING & PRINTING - 0.5%	
96,000	Tribune Company, Exchangeable Subordinated Debentures, 2.000%, 5/15/29

REAL ESTATE INVESTMENT TRUSTS - 0.9%	
11,850	EOP Operating LP, Convertible Notes, 7.250%, 11/15/08

RETAIL - 1.4%	
5,000	Barnes & Noble Inc., Convertible Notes, 5.250%, 3/15/09
4,750	Best Buy Inc., Convertible Subordinate Debentures, 2.250%, 1/15/22
9,500	Brinker International Inc., Convertible Senior Debentures, 0.000%, 10/10/21
3,700	JC Penney Corporation Inc., Convertible Subordinated Notes, 5.000%, 10/15/08

RETAIL - SPECIAL - 1.4%	
1,475	Guitar Center Inc., Convertible Senior Notes, 4.000%, 7/15/13
9,525	K2 Inc., Convertible Notes, Series 144A, 5.000%, 6/15/10
4,665	Venator Group Inc., Convertible Notes, 5.500%, 6/01/08

SEMICONDUCTOR - 2.0%	
4,890	ASM Lithography, Convertible Notes, 5.750%, 10/15/06
3,225	Brooks Automation Inc., Convertible Subordinated Notes, 4.750%, 6/01/08
2,545	Cypress Semiconductor Corporation, Convertible Notes, Series 144A, 1.250%, 6/15/0
4,000	LSI Logic Corporation, Convertible Subordinated Notes, 4.250%, 3/15/04
5,800	PMC-Sierra Inc., Convertible Subordinate Notes, 3.750%, 8/15/06
7,750	RF Micro Devices Inc., Convertible Subordinated Notes, 3.750%, 8/15/05

STEEL - 0.2%	
3,500	Shaw Group Inc., Senior Notes, 0.000%, 5/01/21 (LYONS)

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TELECOM - 1.5%	
5,565	Converse Technology Inc., Series 144A, 0.000%, 5/15/23
4,800	Nextel Communications Inc., Convertible Senior Notes, 6.000%, 6/01/11
19,780	U.S. Cellular Corporation, 0.000%, 6/15/15 (LYONS)

TELECOM EQUIPMENT - 1.7%	
7,757	Ciena Corporation, Convertible Notes, 3.750%, 2/01/08
11,500	Liberty Media Corporation, Senior Debentures Exchangeable for Motorola, 3.500%, 1
10,725	Nortel Networks Corporation, Convertible Senior Notes, 4.250%, 9/01/08

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Nuveen Preferred and Convertible Income Fund (JPC) (continued)
Portfolio of INVESTMENTS July 31, 2003

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)

UTILITIES - 0.5%	
\$ 8,125	Calpine Corporation, Convertible Senior Notes, 4.000%, 12/26/06

Total Convertible Bonds (cost \$387,128,305)	

CORPORATE BONDS - 17.2% (11.5% OF TOTAL INVESTMENTS)	
AUTO - 2.0%	
4,100	Asbury Automotive Group Inc., Senior Subordinated Notes, 9.000%, 6/15/12
3,500	Ford Motor Company 8.900%, 1/15/32
	Ford Motor Company, Debentures:
5,590	9.980%, 2/15/47
10,000	7.700%, 5/15/97
2,000	R.J. Tower Corporation, Series 144A, Senior Notes, 12.000%, 6/01/13
5,500	Tenneco Authomotive Inc., Senior Notes, Series 144A, 10.250%, 7/15/13

BROADCAST CABLE - 1.0%	
4,000	Allbritton Communications Company, Senior Subordinated Notes, Series B, 7.750%, 1
1,000	Cablevision Systems Corporation, Senior Debentures, Series B, 8.125%, 8/15/09

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5,000 CSC Holdings Inc., Senior Notes, 7.250%, 7/15/08
4,000 Young Broadcasting Inc., Senior Subordinate Notes, 10.000%, 3/01/11

COMPUTER - 0.3%

4,050 Juniper Networks, Convertible Subordinated Notes, 4.750%, 3/15/07

ENERGY - 0.3%

Tesoro Petroleum Corporation, Senior Subordinated Notes, Series B:
2,000 9.000%, 7/01/08
2,000 9.625%, 11/01/08

250 Tesoro Petroleum Corporation, Senior Secondary Notes, Series 144A, 8.000%, 4/15/0

ENTERTAINMENT - 1.8%

Boyd Gaming Corporation, Senior Subordinated Notes:
2,000 8.750%, 4/15/12
2,000 7.750%, 12/15/12

3,000 Las Vegas Sands Inc., Venetian Casino Resorts, LLC Mortgage Notes, 11.000%, 6/15/0

2,500 Park Place Entertainment, 7.000%, 4/15/13

1,600 Park Place Entertainment, Senior Subordinate Notes, 8.125%, 5/15/11

4,040 Park Place Entertainment, Unsecured Senior Subordinate Notes, 7.875%, 12/15/05

4,000 Penn National Gaming Inc., Senior Subordinated Notes, 8.875%, 3/15/10

Pinnacle Entertainment Inc., Senior Subordinate Notes, Series B:
2,000 9.250%, 2/15/07
2,349 9.500%, 8/01/07

FINANCIAL - 1.9%

2,500 CBRE Escrow Inc., Senior Notes, Series 144A, 9.750%, 5/15/10

500 Forest City Enterprises, Senior Notes, 7.625%, 6/01/15

19,000 General Motors Acceptance Corporation, Notes, 8.000%, 11/01/31

2,000 MDP Acquisitions plc, Senior Notes, 9.625%, 10/01/12

4,000 Universal City Development Partners, Senior Notes, Series 144A, 11.750%, 4/01/10

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AMOUNT (000)	DESCRIPTION(1)
FOOD - 0.9%	
\$ 5,943	Dole Foods Company, Debentures, 7.875%, 7/15/13
2,000	Ingles Markets Inc., Senior Subordinate Notes, 8.875%, 12/01/11
4,000	Ingles Markets Inc., Senior Subordinated Notes, Series 144A, 8.875%, 12/01/11
HOMEBUILDING - 0.5%	
1,000	Technical Olympic USA Inc., Notes, Series 144A, 10.375%, 7/01/12
3,500	Technical Olympic USA Inc., Senior Subordinate Notes, 10.375%, 7/01/12
2,500	Willima Lyon Homes Inc., Unsecured Senior Notes, 10.750%, 4/01/13
INDUSTRIAL - 1.8%	
1,000	Allied Waste North America Inc., Senior Notes, 7.875%, 4/15/13
6,250	Allied Waste North America Inc., Senior Subordinated Notes, Series B, 10.000%, 8/15/11
1,520	Berry Plastics Corporation, Senior Subordinated Notes, 10.750%, 7/15/12
2,000	Hovnanian K. Enterprises Inc., Senior Subordinate Notes, 8.875%, 4/01/12
3,000	Laidlaw International Inc., Senior Notes, Series 144A, 10.750%, 6/15/11
2,000	Owens-Brockway Glass Containers, Guaranteed Senior Notes, Series 144A, 8.250%, 5/15/11
2,000	Owens-Illinois Inc., 7.800%, 5/15/18
	Terex Corporation, Senior Subordinated Notes:
1,000	8.875%, 4/01/08
1,000	10.375%, 4/01/11
1,000	9.250%, 7/15/11
1,000	Terex Corporation, Senior Subordinated Notes, Series D, 8.875%, 4/01/08
2,000	Texas Industries Inc., Senior Notes, Series 144A, 10.250%, 6/15/11
LEISURE FACILITIES - 0.6%	
	Intrawest Corporation, Senior Notes:
1,280	9.750%, 8/15/08
4,000	10.500%, 2/01/10
2,000	Town Sports International Inc., 9.625%, 4/15/11
MEDICAL PRODUCTS - 0.3%	

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3,000 Iasis Healthcare Corporation, 13.000%, 10/15/09
 1,000 Iasis Healthcare Corporation, Series 144A, 8.500%, 10/15/09

 NETWORK EQUIPMENT - 0.3%

3,500 Avaya Inc., Senior Secured Notes, 11.125%, 4/01/09

 OFFICE ELECTRONICS - 0.6%

4,000 IOS Capital LLC, Senior Notes, 7.250%, 6/30/08
 2,000 Xerox Corporation, Notes, 5.500%, 11/15/03
 3,000 Xerox Corporation, Unsecured Notes, 5.250%, 12/15/03

 OIL SERVICES - 0.2%

2,400 Baytex Energy Limited, Senior Subordinate Notes, Series 144A, 9.625%, 7/15/10

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Nuveen Preferred and Convertible Income Fund (JPC) (continued)
 Portfolio of INVESTMENTS July 31, 2003

PRINCIPAL
 AMOUNT (000) DESCRIPTION(1)

 PAPER - 0.5%

\$ 2,000 Georgia Pacific Corporation, Debentures, 7.700%, 6/15/15
 5,000 Georgia Pacific Corporation, Notes, 8.125%, 5/15/11

 PHARMACEUTICALS - FOREIGN - 0.1%

2,000 Alparma Inc., Senior Notes, Series 144A, 8.625%, 5/01/11

 PUBLISHING & PRINTING - 1.5%

500 CBD Media/CBD Finance, Senior Subordinate Notes, Series 144A, 8.625%, 6/01/11
 5,800 Mail-Well I Corporation, Senior Unsecured Notes, Series 144A, 9.625%, 3/15/12
 Primedia Inc., Senior Notes:
 4,000 7.625%, 4/01/08
 3,000 8.875%, 5/15/11

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6,750 Vertis Inc., Senior Notes, Series 144A, 9.750%, 4/01/09

REAL ESTATE - 0.6%

4,425 LNR Property Corporation, Senior Subordinate Notes, Series 144A, 7.625%, 7/15/13

4,000 Mangrove Bay, Series 144A, Class 3, 6.102%, 7/15/33

RESTAURANTS - 0.0%

500 Dominos Inc., Senior Subordinated Notes, Series 144A, 8.250%, 7/01/11

RETAIL - 1.1%

1,650 Central Garden & Pet Company, Senior Subordinated Notes, 9.125%, 2/01/13

1,000 Phillips-Van Heusen Corporation, Senior Notes, Series 144A, 8.125%, 5/01/13

Saks Inc., Notes:

1,500 8.250%, 11/15/08

2,000 9.875%, 10/01/11

5,000 Toys R Us Inc., Notes, 7.875%, 4/15/13

4,500 Williams Scotsman Inc., Senior Notes, 9.875%, 6/01/07

RETAIL - SPECIAL - 0.4%

5,000 Warnaco Inc., Senior Notes, Series 144A, 8.875%, 6/15/13

SPECIALTY CHEMICALS - 0.1%

1,700 United Industries Corporation, Senior Subordinate Notes, Series D, 9.875%, 4/01/07

TELECOM - 0.2%

3,000 Triton PCS Inc., Senior Notes, Series 144A, 8.500%, 6/01/13

UTILITIES - FOREIGN - 0.2%

2,750 CanWest Media Inc., Senior Notes, 7.625%, 4/15/13

Total Corporate Bonds (cost \$243,065,107)

CAPITAL PREFERRED SECURITIES - 17.6% (11.9% OF TOTAL INVESTMENTS)

BANKING - 8.1%

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3,500	Ahmanson Capital Trust I, 8.360%, 12/01/26
1,000	BankAmerica Capital II, Series 2, 8.000%, 12/15/26
6,000	BankBoston Capital Trust I, Series B, 8.250%, 12/15/26
3,000	Bank One Capital III, 8.750%, 9/01/30
1,500	BanPonce Trust I, Series A, 8.327%, 2/01/27
4,850	BT Institutional Capital Trust A, Series 144A, 8.090%, 12/01/26
3,000	Centura Capital Trust I, Series 144A, 8.845%, 6/01/27

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PRINCIPAL
AMOUNT (000) DESCRIPTION(1)

		BANKING (continued)
\$	18,125	Chase Capital Trust I, Series A, 7.670%, 12/01/26
	13,500	Corestates Capital Trust I, Series 144A, 8.000%, 12/15/26
	6,200	First Empire Capital Trust I, 8.234%, 2/01/27
	6,300	KeyCorp Institutional Capital Trust, Series A, 7.826%, 12/01/26
	20,000	M&I Capital Trust A, 7.650%, 12/01/26
	5,000	NB Capital Trust IV, 8.250%, 4/15/27
	1,000	North Fork Capital Trust I, 8.700%, 12/15/26
	11,000	North Fork Capital Trust II, 8.000%, 12/15/27
	100	Reliance Capital Trust I, Series B, 8.170%, 5/01/28
	100	Wachovia Capital Trust I, Series 144A, 7.640%, 1/15/27
	5,000	Zions Institutional Capital Trust, Series A, 8.536%, 12/15/26

BANKING - FOREIGN - 3.1%

	5,000	Abbey National Capital Trust I, 8.963%, 6/30/20
	12,308	Barclays Bank plc, Series 144A, 6.860%, 6/15/32
	10,000	HSBC Capital Funding LP, 10.176%, 6/30/30
	10,000	Sparebanken Rogaland, Notes, Series 144A, 6.443%, 5/01/13

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 FINANCIAL - 1.3%

18,000 St. George Funding Company LLC, 8.485%, 6/30/17

 GAS - 0.2%

1,000 KN Capital Trust I, 8.560%, 4/15/27

1,145 KN Capital Trust III, 7.630%, 4/15/28

 INSURANCE - FINANCIAL - 1.4%

20,596 Berkeley Capital Trust, 8.197%, 12/20/45

 INSURANCE - LIFE - 0.4%

4,270 American General Institutional Capital, 8.125%, 3/15/46

 INSURANCE - LIFE - FOREIGN - 0.4%

5,000 Sun Life Canada Capital Trust, 8.526%, 5/06/07

 INSURANCE - MULTILINE - 0.8%

4,780 SAFECO Capital Trust I, 8.072%, 7/15/37

6,250 Zurich Capital Trust I, 8.376%, 6/01/37

 SAVINGS & LOAN - 0.3%

3,500 Washington Mutual Capital Trust I, 8.375%, 6/01/27

 SAVINGS & LOAN - THRIFT - 1.0%

12,250 Dime Capital Trust I, Series A, 9.330%, 5/06/27

 UTILITIES - 0.6%

3,000 PECO Energy Capital Trust IV, 5.750%, 6/15/33

6,160 Southern Company Capital Trust I, 8.190%, 2/01/37

 Total Capital Preferred Securities (cost \$268,132,708)

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Nuveen Preferred and Convertible Income Fund (JPC) (continued)
Portfolio of INVESTMENTS July 31, 2003

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)
	CAPITAL PREFERRED - EURO-MARKET LISTED SECURITIES - 8.1% (5.5% OF TOTAL INVESTMENTS)
	BANKING - FOREIGN - 8.0%
\$ 6,000	BNP Paribas Capital Trust Capital Trust, 7.200%, 6/30/07
28,750	C.A. Preferred Funding Trust, 7.000%, 1/30/09
38,500	HBOS Capital Funding LP, Notes, 6.850%, 3/23/09
18,600	Lloyds TSB Bank plc, Subordinate Notes, 6.900%, 11/22/07
23,850	RBSCapital Trust B, 6.800%, 3/31/08
	FINANCIAL - FOREIGN - 0.1%
1,500	Old Mutual Capital Funding, Notes, 8.000%, 12/22/08
	Total Capital Preferred - Euro-Market Listed Securities (cost \$122,454,537)
	SHORT-TERM INVESTMENTS - 0.6% (0.4% OF TOTAL INVESTMENTS)
8,530	State Street Repurchase Agreement, 0.980%, date 7/31/03, due 8/01/03, repurchase price \$8,530,232, collateralized by U.S. Treasury Bonds
	Total Short-Term Investments (cost \$8,530,000)
	Total Investments - 148.7% (cost \$2,110,905,064)
SHARES	DESCRIPTION(1)
	COMMON STOCKS SOLD SHORT - (1.5)%
	BROADCAST CABLE - (0.2)%
(147,000)	Cablevision Systems Corp. - Class A
	ELECTRONIC EQUIPMENT & INSTRUMENTS - (0.1)%
(291,900)	Solectron Corp.

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	FINANCIAL - (0.4)%
(51,000)	Affiliated Managers Group Inc.
(50,000)	Capital One Financial Corp.
	GAS - (0.2)%
(90,000)	Sempra Energy
	INSURANCE - FINANCIAL - (0.2)%
(68,700)	Hilb, Rogal, & Hamilton Companies
	INSURANCE - MULTILINE - (0.2)%
(60,000)	Hartford Financial Services Group Inc.
	RETAIL - SPECIAL - (0.0)%
(25,000)	K2 Inc.
	STEEL - (0.0)%
(30,200)	United States Steel Corporation
	TELECOM - (0.2)%
(400,000)	Sprint Corp. (PCS Group)
	Total Common Stocks Sold Short (proceeds \$21,553,296)
	Other Assets Less Other Liabilities - 2.9%
	Fund Preferred Shares, at Liquidation Value - (50.1)%
	Net Assets Applicable to Common Shares - 100%

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SHARES DESCRIPTION(1)

(1) All percentages shown in the Portfolio of Investments

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are based on net assets applicable to Common shares unless otherwise noted.

(a) Security is eligible for the Dividends Received Deduction.

(CBTCS) Corporate Backed Trust Certificates.

(CORTS) Corporate Backed Trust Securities.

(LYONS) Liquid Yield Option Notes.

(PPLUS) PreferredPlus Trust.

(SATURNS) Structured Asset Trust Unit Repackaging.

See accompanying notes to financial statements.

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Nuveen Preferred and Convertible Income Fund 2 (JQC)

Portfolio of
INVESTMENTS July 31, 2003

SHARES	DESCRIPTION(1)

	EXCHANGE-LISTED PREFERRED SECURITIES - 25.0% (24.5% OF TOTAL INVESTMENTS)
	AUTO - FOREIGN - 0.0%
2,400	Magna International Inc., Series B, 8.875%

	BANKING - 7.7%
57,000	ASBC Capital I, 7.625%
97,310	BAC Capital Trust I, 7.000%
345,200	BAC Capital Trust II, 7.000%
108,000	BAC Capital Trust III, 7.000%
60,000	BAC Capital Trust IV, 5.875%
7,700	BankNorth Capital Trust II, 8.000%
73,800	Bank One Capital Trust VI, 7.200%
306,984	BNY Capital Trust V, Series F, 5.950%
1,300	Chase Capital Trust IV, 7.340%

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8,000	Chittenden Capital Trust I, 8.000%
13,900	Citigroup Capital Trust VI, 6.875%
135,900	Citigroup Capital Trust VII, 7.100%
189,400	Citigroup Capital Trust VIII, 6.950%
678,600	Citigroup Capital Trust IX, 6.000%
33,100	Comerica Capital Trust I, 7.600%
77,000	Compass Capital Trust III, 7.350%
7,000	First Union Capital II, Series II, 7.500% (CORTS)
6,900	First Union Institutional Capital I, 8.200% (CORTS)
3,500	Fleet Capital Trust VI, 8.800%
340,400	Fleet Capital Trust VII, 7.200%
372,600	Fleet Capital Trust VIII, 7.200%
18,900	JPMorgan Chase Capital Trust, 7.200% (CORTS)
483,700	JPMorgan Chase Capital Trust X, 7.000%
352,100	JPMorgan Chase Capital Trust XI, 5.875%
9,500	JPMorgan Chase Public Credit and Repackaged Securities, Series 2002, 7.125%
21,500	JPMorgan Chase Trust, Series 2002-6, Class A, 7.125% (SATURNS)
144,600	KeyCorp Capital Trust V, 5.875%
4,000	KeyCorp Securities Trust, 7.500% (CORTS)
7,400	KeyCorp, Series B, 8.250% (CORTS)
3,900	KeyCorp, Series 2001-7, 7.750% (CORTS)
13,700	National Commerce Capital Trust II, 7.700%
11,000	ONB Capital Trust II, 8.000%
6,000	SunTrust Capital Trust IV, 7.125%

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SHARES DESCRIPTION(1)

BANKING (continued)

33,200 SunTrust Capital Trust V, 7.050%

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586,500	U.S. Bancorp Capital Trust III, 7.750%
258,300	U.S. Bancorp Capital Trust IV, 7.350%
206,900	U.S. Bancorp Capital Trust V, 7.250%
27,400	Valley National Bank Capital Trust I, 7.750%
9,700	Washington Mutual Capital Trust I, Series 2001-22, Class A-1, 7.650% (CORTS)
319,900	Wells Fargo Capital Trust IV, 7.000%
2,100	Wells Fargo Capital Trust V, 7.000%
66,200	Wells Fargo Capital Trust VI, 6.950%
311,550	Wells Fargo Capital Trust VII, 5.850%
18,600	Zions Capital Trust B, 8.000%

BANKING - FOREIGN - 2.8%

5,000	ABN AMRO Capital Funding Trust I, 7.500%
77,300	ABN AMRO Capital Funding Trust II, 7.125%
1,615,270	ABN AMRO Capital Funding Trust V, 5.900%
14,600	ANZ Exchangeable Preferred Trust II, 8.080%
22,000	Banco Totta & Acores Finance, Series A, 8.875%
4,400	BBVA Preferred Capital Ltd., Series B, 7.750%
1,000	BCH Capital Ltd., Series B, 9.430%
	BSCH Finance Ltd.:
13,900	Series F, 8.125%
8,800	Series G, 8.125%
100	Series H, 7.790%
12,500	Series J, 7.350%
27,700	Series Q, 8.625%
7,200	Espirito Santo Overseas, 8.500%
8,000	NAB Exchangeable Preferred Trust, 8.000%
7,500	National Westminster Bank plc, Series A, 7.875%
488,700	Royal Bank of Scotland Group plc, 5.750%

BROKERAGE - 2.7%

10,300	Bear Stearns Capital Trust III, 7.800%
270,600	Bear Stearns Companies, Series G, 5.490% (a)
14,000	Goldman Sachs Group Inc., 6.000% (PPLUS)

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13,000	Goldman Sachs Group Inc., Series 2003-06, 6.000% (SATURNS)
	Lehman Brothers Holdings Inc.:
198,550	Series C, 5.940% (a)
122,500	