

NUVEEN REAL ESTATE INCOME FUND  
Form N-CSRS  
September 08, 2010

**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 **811-10491**  
Nuveen Real Estate Income Fund**

(Exact name of registrant as specified in charter)

Nuveen Investments  
333 West Wacker Drive  
Chicago, IL 60606

(Address of principal executive offices) (Zip code)

Kevin J. McCarthy  
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: December 31

Date of reporting period: June 30, 2010

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 SHAREHOLDERS**

Closed-End Funds

Nuveen Investments

Closed-End Funds

*High Current Income from a Portfolio of Commercial Real Estate Investments*

Semi-Annual Report

June 30, 2010

**Nuveen Real Estate**

**Income Fund**

**JRS**

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## **NUVEEN INVESTMENTS ANNOUNCES STRATEGIC COMBINATION WITH FAF ADVISORS**

On July 29, 2010, Nuveen Investments, Inc. announced that U.S. Bancorp will receive a 9.5% stake in Nuveen Investments and cash consideration in exchange for the long-term asset business of U.S. Bancorp's FAF Advisors (FAF). Nuveen Investments is the parent of Nuveen Asset Management (NAM), the investment adviser for the Funds included in this report.

FAF Advisors, which currently manages about \$25 billion of long-term assets and serves as the advisor of the First American Funds, will be combined with NAM, which currently manages about \$75 billion in municipal fixed income assets. Upon completion of the transaction, Nuveen Investments, which currently manages about \$150 billion of assets across several high-quality affiliates, will manage a combined total of about \$175 billion in institutional and retail assets.

**This combination will not affect the investment objectives, strategies or policies of this Fund.** Over time, Nuveen Investments expects that the combination will provide even more ways to meet the needs of investors who work with financial advisors and consultants by enhancing the multi-boutique model of Nuveen Investments, which also includes highly respected investment teams at NWQ Investment Management, Santa Barbara Asset Management, Symphony Asset Management, Tradewinds Global Investors, Winslow Capital and Nuveen HydePark.

The transaction is expected to close late in 2010, subject to customary conditions.

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Chairman's  
Letter to Shareholders

**Dear Shareholder,**

The economic environment in which your Fund operates reflects continuing but uneven economic recovery. The U.S. and other major industrial countries are experiencing steady but comparatively low levels of economic growth, while emerging market countries are seeing a resumption of relatively strong economic expansion. The potential impact of steps being considered by many governments to counteract the extraordinary governmental spending and credit expansion to deal with the recent financial and economic crisis is injecting uncertainty into global financial markets. The implications for future tax rates, government spending, interest rates and the pace of economic recovery in the U.S. and other leading economies are extremely difficult to predict at the present time. The long term health of the global economy depends on restoring some measure of fiscal discipline around the world, but since all of the corrective steps require economic pain, it is not surprising that governments are reluctant to undertake them.

In the near term, governments remain committed to furthering economic recovery and realizing a meaningful reduction in their national unemployment rates. Such an environment should produce continued economic growth and, consequently, attractive investment opportunities. Over the longer term, the larger uncertainty mentioned earlier carries the risk of unexpected potholes in the road to sustained recovery. For this reason, Nuveen's investment management teams are working hard to balance return and risk by building well-diversified portfolios, among other strategies. I encourage you to read the following commentary on the management of your Fund. As always, I also encourage you to contact your financial consultant if you have any questions about your Nuveen Fund investment. Please consult the Nuveen website for the most recent information on your Nuveen Fund at: [www.nuveen.com](http://www.nuveen.com).

On behalf of the other members of your Fund's Board, we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,  
Robert P. Bremner  
Chairman of the Board  
August 17, 2010

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Portfolio Managers Comments

Nuveen Real Estate Income Fund (JRS)

*The Nuveen Real Estate Income Fund (JRS) is managed by a team of real estate investment professionals at Security Capital Research & Management Incorporated, a wholly-owned subsidiary of JPMorgan Chase & Co. Anthony R. Manno Jr., Kenneth D. Statz and Kevin Bedell, who each have more than 20 years of experience in managing real estate investments, lead the team and have managed JRS since its inception in 2001. Here they talk about their management strategy and performance of the Fund over the six-month period ended June 30, 2010.*

**What key strategies were used to manage the Fund during this reporting period?**

**Certain statements in this report are forward-looking statements. Discussions of specific investments are for illustration only and are not intended as recommendations of individual investments. The forward-looking statements and other views expressed herein are those of the portfolio managers as of the date of this report. Actual future results or occurrences may differ significantly from those anticipated in any forward-looking statements and the views expressed herein are subject to change at any time, due to numerous market and other factors. The Fund disclaims any obligation to update publicly or revise any forward-looking statements or views expressed herein.**

The Fund is designed to invest at least 90% of its assets in income producing common stocks, preferred stocks, convertible preferred stocks and debt securities issued by real estate companies. In managing JRS, we seek to maintain significant property type and geographic diversification while taking into account company credit quality, sector and security-type allocations. Investment decisions are based on a multi-layered analysis of the company, the real estate it owns, its management and the relative price of the security, with a focus on securities that we believe will be best positioned to generate sustainable income and potential price appreciation over the long run. In addition to fundamental security research, the proportion of the Fund invested in common equity versus preferred and fixed income investments is a key tactic we use to manage risk at a portfolio level. In general, in times of strong economic growth, we tilt the portfolio towards more ownership of equity. In highly uncertain times, we tend to favor more allocation toward bonds and preferred securities.

As of June 30, 2010, the portfolio allocation was approximately 62% in Real Estate Investment Trust (REIT) common stocks, 26% in REIT preferred stocks, 10% in bonds and 2% in cash equivalents. This allocation is in line with the long-term normal allocation for managing this portfolio and reflects our strategy of trying to balance growth and risk in an economy experiencing a slow but uneven recovery.

**How did the Fund perform over this six-month period?**

The performance of JRS, as well as that of a comparative benchmark and two indexes, is presented in the accompanying table.



**Average Annual Total Return on Common Share Net Asset Value**

For periods ended 6/30/10

	<b>6-Month</b>	<b>1-Year</b>	<b>5-Year</b>
JRS	9.44%	61.17%	-7.91%
Specialized Real Estate Securities Benchmark <sup>1</sup>	7.00%	50.77%	2.36%
Wilshire U.S. Real Estate Securities Index <sup>2</sup>	5.40%	56.07%	-0.47%
S&P 500 Index <sup>3</sup>	-6.65%	14.43%	-0.79%

Six-month returns are cumulative; all other returns are annualized.

For the six-month period ended June 30, 2010, the total return on common share net asset value for the Fund outperformed both the comparative benchmark and the general market indexes.

In a very volatile period for real estate securities, the Fund's performance benefited from its allocation to preferred stocks, which performed well due to their generally defensive position in a company's capital structure. For equity securities, our research indicated multi-family companies would experience improving fundamentals earlier than other property types and we overweighted these securities in the portfolio. The management of many of these companies raised growth estimates early in 2010 as occupancy rates improved earlier than the market expected and rents began to recover. The resulting rise in equity returns for multi-family properties contributed positively to the Fund's absolute and relative performance.

Past performance is not predictive of future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares.

For additional information, see the Performance Overview page in this report.

1. The Specialized Real Estate Securities Benchmark is based on the preferred stock and highest 50% yielding (based on market capitalization) common stock securities in the SNL Financial LC real estate database through 6/30/2007. Beginning in July 2007, the benchmark is based on preferred and all common stocks in the database. Returns are computed from this database by a third party provider. Returns do not include the effects of any sales charges or management fees. It is not possible to invest directly in this benchmark.
2. The Wilshire U.S. Real Estate Securities Index is an unmanaged index comprised of common shares of publicly-traded REITs and other real estate operating companies. Index returns do not include the effects of any sales charges or management fees. It is not possible to invest directly in an index.
3. The S&P 500 Index is an unmanaged Index generally considered representative of the U.S. Stock Market. Index returns do not include the effects of any sales charges or management fees. It is not possible to invest directly in an index.

Conversely, the Fund's exposure to suburban office, industrial and hotel companies experienced poor relative returns during the first half of 2010 as economic concerns dampened investor interest in these cyclically weak property types.

**IMPACT OF THE FUND'S CAPITAL STRUCTURE AND LEVERAGE STRATEGY ON PERFORMANCE**

One important factor impacting the Fund's return relative to the comparative indexes and benchmark was the Fund's use of financial leverage, primarily through bank borrowings. The Fund uses leverage because its managers believe that, over time, leveraging provides opportunities for additional income and total return for common shareholders. However, use of leverage also can expose common shareholders to additional risk especially when market conditions are unfavorable. For example, as the prices of securities held by a Fund decline, the negative impact of these valuation changes on common share net asset value and common shareholder total return is magnified by the use of leverage. Conversely, leverage may enhance common share returns during periods when the prices of portfolio holdings generally are rising.

Overall, leverage made a positive return contribution to the Fund for this six-month period.

**RECENT EVENTS CONCERNING THE FUND'S REDEMPTION OF AUCTION RATE PREFERRED SHARES**

Shortly after its inception, the Fund issued auction rate preferred shares (ARPS) to create financial leverage. As noted in past shareholder reports, the weekly auctions for those

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ARPS shares began in February 2008 to consistently fail, causing the Fund to pay the so-called maximum rate to ARPS shareholders under the terms of the ARPS in the Fund's charter documents. With the goal of lowering the relative cost of leverage over time for common shareholders and providing liquidity at par for preferred shareholders, the Fund sought to refinance all of its outstanding ARPS beginning shortly thereafter. The Fund completed this refinancing process during 2009 and since then has relied upon bank borrowings to create financial leverage.

In April and May 2010, 30 Nuveen leveraged closed-end funds, including this Fund, received a demand letter from a law firm on behalf of a purported holder of common shares of each fund, alleging that Nuveen and the funds' officers and Board of Directors/Trustees breached their fiduciary duties related to the redemption at par of the funds' ARPS. In response, the Board established an ad hoc Demand Committee consisting of disinterested and independent Board members to investigate the claims. The Demand Committee retained independent counsel to assist it in conducting an extensive investigation.

Upon completion of its review, the Demand Committee found that it was not in the best interests of the Fund or its shareholders to take the actions suggested in the demand letters and recommended that the full Board reject the demands made in the demand letter. After reviewing the findings and recommendations of the Demand Committee, the Board of Trustees for the Fund unanimously adopted the Demand Committee's recommendation to reject the demands contained in the letters. At the time this report was produced, lawsuits pursuing claims made in the demand letter had been filed on behalf of shareholders of several funds, including this Fund, against Nuveen Asset Management, the Nuveen holding company, the majority owner of the holding company, the lone interested trustee, and current and former officers of the various funds. Nuveen Investments and the other named defendants believe these lawsuits to be without merit, and all named parties intend to defend themselves vigorously. The Fund believes that these lawsuits will not have a material effect on the Fund or on Nuveen Asset Management's ability to serve as investment adviser to the Fund.

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## Common Share Distribution and Share Price Information

The following information regarding your Fund's distributions is current as of June 30, 2010, and likely will vary over time based on the Fund's investment activities and portfolio investment value changes.

During the six-month reporting period, the Fund did not make any changes to its quarterly distribution to common shareholders. Some of the important factors affecting the amount and composition of these distributions are summarized below.

The Fund employs financial leverage through the use of bank borrowings. Financial leverage provides the potential for higher earnings (net investment income), total returns and distributions over time, but as noted earlier also increases the variability of common shareholders' net asset value per share in response to changing market conditions. During the current reporting period, the Fund's financial leverage contributed positively to common share income and common share net asset value price return.

The Fund has a managed distribution program. The goal of this program is to provide common shareholders with relatively consistent and predictable cash flow by systematically converting the Fund's expected long-term return potential into regular distributions. As a result, regular common share distributions throughout the year are likely to include a portion of expected long-term gains (both realized and unrealized), along with net investment income.

Important points to understand about the managed distribution program are:

The Fund seeks to establish a relatively stable common share distribution rate that roughly corresponds to the projected total return from its investment strategy over an extended period of time. However, you should not draw any conclusions about the Fund's past or future investment performance from its current distribution rate.

Actual common share returns will differ from projected long-term returns (and therefore the Fund's distribution rate), at least over shorter time periods. Over a specific timeframe, the difference between actual returns and total distributions will be reflected in an increasing (returns exceed distributions) or a decreasing (distributions exceed returns) Fund net asset value. Over both the last five years and the life of the Fund, the Fund's distribution rate has substantially exceeded its actual total returns.

Each distribution is expected to be paid from some or all of the following sources:

- net investment income (regular interest and dividends),
- realized capital gains, and
- unrealized gains, or, in certain cases, a return of principal (non-taxable distributions).

A non-taxable distribution is a payment of a portion of the Fund's capital. When the Fund's returns exceed distributions, it may represent portfolio gains generated, but not realized as a taxable capital gain. In periods when the Fund's returns fall short of



distributions, the shortfall will represent a portion of your original principal, unless the shortfall is offset during other time periods over the life of your investment (previous or subsequent) when the Fund's total return exceeds distributions.

Because distribution source estimates are updated during the year based on the Fund's performance and forecast for its current fiscal year (which is the calendar year for the Fund), estimates on the nature of your distributions provided at the time the distributions are paid may differ from both the tax information reported to you in your Fund's IRS Form 1099 statement provided at year end, as well as the ultimate economic sources of distributions over the life of your investment.

The following table provides estimated information regarding the Fund's common share distributions and total return performance for the six months ended June 30, 2010. The distribution information is presented on a tax basis rather than a generally accepted accounting principles (GAAP) basis. This information is intended to help you better understand whether the Fund's returns for the specified time period were sufficient to meet the Fund's distributions.

4 The Fund elected to retain a portion of its realized long-term capital gains for the tax years ended December 31, 2007 and December 31, 2006, and pay required federal corporate income taxes on these amounts. As reported on Form 2439, Common shareholders on record date must include their pro-rata share of these gains on their applicable federal tax returns, and are entitled to take offsetting tax credits, for their pro-rata share of the taxes paid by the Fund. The total returns including retained gain tax credit/refund include the economic benefit to Common shareholders on record date of these tax credits/refunds. The Fund had no retained capital gains for the tax years ended December 31, 2009 and December 31, 2008.

<b>As of 6/30/10 (Common Shares)</b>	<b>JRS</b>
Inception date	11/15/01
Six months ended June 30, 2010:	
Per share distribution:	
From net investment income	\$0.15
From realized capital gains	0.29
Return of capital	0.00
 Total per share distribution	 \$0.44
 Annualized distribution rate on NAV	 10.44%
 Average annual total returns:	
Excluding retained gain tax credit/refund <sup>4</sup> :	
Six-Month (Cumulative) on NAV	9.44%
1-Year on NAV	61.17%
5-Year on NAV	-7.91%
Since inception on NAV	3.91%
 Including retained gain tax credit/refund <sup>4</sup> :	
Six-Month (Cumulative) on NAV	9.44%
1-Year on NAV	61.17%
5-Year on NAV	-5.47%

Since inception on NAV

5.49%

**Common Share Repurchases and Share Price Information**

Since the inception of the Fund's repurchase program, the Fund has not repurchased any of its outstanding common shares.

As of June 30, 2010, the Fund was trading at a -0.24% discount to its common share net asset value, compared with an average discount of 0.64% for the six-month period.

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**JRS**  
Performance  
OVERVIEW

Nuveen Real Estate  
Income Fund

as of June 30, 2010

**Fund Snapshot**

Common Share Price	\$8.41
Common Share Net Asset Value	\$8.43
Premium/(Discount) to NAV	0.24%
Current Distribution Rate <sup>1</sup>	10.46%
Net Assets Applicable to Common Shares (\$000)	\$239,816

**Portfolio Composition**

(as a % of total investments)

Specialized	25.8%
Office	24.7%
Retail	18.9%
Residential	18.0%
Industrial	5.6%
Diversified	4.7%
Short-Term Investments	2.3%

**Top Five Common Stock Issuers**

(as a % of total investments)

Simon Property Group, Inc.	5.5%
Public Storage, Inc.	4.8%
Health Care Property Investors Inc.	4.7%
Equity Residential	4.3%

Boston Properties, Inc. 4.3%

**Top Five Preferred Stock Issuers**

(as a % of total investments)

Apartment Investment & Management Company 5.2%

Hospitality Properties Trust 4.4%

Highwoods Properties, Inc. 3.9%

PS Business Parks, Inc. 3.1%

Lexington Realty Trust 2.2%

**Average Annual Total Return**

(Inception 11/15/01)

	<b>On Share Price</b>	<b>On NAV</b>
6-Month (Cumulative)	9.46%	9.44%
1-Year	48.01%	61.17%
5-Year	5.17%	7.91%
Since Inception	3.92%	3.91%

**Average Annual Total Return<sup>2</sup>**

(Including retained gain tax credit/refund)

	<b>On Share Price</b>	<b>On NAV</b>
6-Month (Cumulative)	9.46%	9.44%
1-Year	48.01%	61.17%
5-Year	-2.45%	-5.47%
Since Inception	5.45%	5.49%

**Portfolio Allocation (as a % of total investments)**

**2009-2010 Distributions Per Common Share**

**Common Share Price Performance Weekly Closing Price**

Current Distribution Rate is based on the Fund's current annualized quarterly distribution divided by the Fund's current market price. REIT distributions received by the Fund are generally comprised of investment income, long-term and short-term capital gains and a REIT return of capital. The Fund's quarterly 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.

- 2 As previously explained in the Common Share Distribution and Share Price Information section of this report, the Fund elected to retain a portion of its realized long-term capital gains for the tax years ended December 31, 2007 and December 31, 2006, and pay required federal corporate income taxes on these amounts. These standardized total returns include the economic benefit to Common shareholders of record of this tax credit/refund. The Fund had no retained capital gains for the tax years ended December 31, 2009 and December 31, 2008.

Shareholder Meeting Report

The annual meeting of shareholders was held in the offices of Nuveen Investments on April 6, 2010; at this meeting the shareholders were asked to vote on the election of Board Members.

	<b>JRS</b>
	Common Shares
<b>Approval of the Board Members was reached as follows:</b>	
William C. Hunter	
For	24,115,489
Withhold	969,288
Total	25,084,777
Judith M. Stockdale	
For	24,067,376
Withhold	1,017,401
Total	25,084,777
Carole E. Stone	
For	24,034,174
Withhold	1,050,603
Total	25,084,777
William J. Schneider	
For	24,108,696
Withhold	976,081
Total	25,084,777

JRS Nuveen Real Estate Income Fund  
Portfolio of Investments

June 30, 2010 (Unaudited)

Shares	Description (1)	Value
	<b>Real Estate Investment Trust Common Stocks 80.5% (62.6% of Total Investments)</b>	
	<b>Diversified 2.1%</b>	
68,331	Vornado Realty Trust	\$ 4,984,746
	<b>Industrial 4.7%</b>	
362,900	AMB Property Corp.	8,604,359
269,850	ProLogis	2,733,581
	Total Industrial	11,337,940
	<b>Office 15.6%</b>	
186,400	Boston Properties, Inc.	13,297,776
136,650	Corporate Office Properties	5,159,904
216,300	Douglas Emmett Inc.	3,075,786
550,000	HRPT Properties Trust	3,415,500
289,200	Mack-Cali Realty Corporation	8,597,916
70,300	SL Green Realty Corporation	3,869,312
	Total Office	37,416,194
	<b>Residential 16.5%</b>	
322,400	Apartment Investment & Management Company, Class A	6,244,888
106,138	AvalonBay Communities, Inc.	9,910,105
322,300	Equity Residential	13,420,572
103,400	Essex Property Trust Inc.	10,085,636
	Total Residential	39,661,201
	<b>Retail 17.6%</b>	
126,150	Federal Realty Investment Trust	8,864,561

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219,027	Macerich Company	8,174,088
86,350	Regency Centers Corporation	2,970,440
211,969	Simon Property Group, Inc.	17,116,493
137,900	Taubman Centers Inc.	5,189,177
	<b>Total Retail</b>	<b>42,314,759</b>

**Specialized 24.0%**

453,200	Health Care Property Investors Inc.	14,615,700
145,150	Healthcare Realty Trust, Inc.	3,188,946
679,125	Host Hotels & Resorts Inc.	9,154,605
167,800	Public Storage, Inc.	14,751,298
251,450	Senior Housing Properties Trust	5,056,661
416,500	Sunstone Hotel Investors Inc., (2)	4,135,845
143,200	Ventas Inc.	6,723,241
	<b>Total Specialized</b>	<b>57,626,296</b>

**Total Real Estate Investment Trust Common Stocks (cost \$163,707,246) 193,341,136**

Shares	Description (1)	Coupon	Ratings (3)	Value
	<b>Convertible Preferred Securities</b>	<b>1.0% (0.7% of Total Investments)</b>		
	<b>Office 1.0%</b>			
125,000	HRPT Properties Trust, Preferred Convertible Bonds	6.500%	Baa3	\$ 2,332,500
	<b>Total Convertible Preferred Securities (cost \$2,562,938)</b>			<b>2,332,500</b>

Shares	Description (1)	Coupon	Value
	<b>Real Estate Investment Trust Preferred Stocks</b>	<b>33.0% (25.6% of Total Investments)</b>	
	<b>Diversified 4.1%</b>		
400,000	PS Business Parks, Inc., Series O	7.375%	\$ 9,724,000
	<b>Office 9.9%</b>		
12,141	Highwoods Properties, Inc., Series A	8.625%	11,939,156
34,951	HRPT Properties Trust, Series B	8.750%	881,115



JRS Nuveen Real Estate Income Fund (continued)  
Portfolio of Investments June 30, 2010 (Unaudited)

Shares	Description (1)	Coupon		Value	
	<b>Office (continued)</b>				
181,000	HRPT Properties Trust, Series C	7.125%	\$	4,123,180	
335,978	Lexington Realty Trust	7.550%		6,887,549	
	Total Office			23,831,000	
	<b>Residential 6.7%</b>				
511,100	Apartment Investment & Management Company, Series U	7.750%		11,775,744	
179,300	Apartment Investment & Management Company, Series Y	7.875%		4,227,894	
	Total Residential			16,003,638	
	<b>Retail 3.1%</b>				
70,550	Glimcher Realty Trust, Series G	8.125%		1,520,353	
152,800	Saul Centers, Inc.	8.000%		3,832,224	
97,800	Weingarten Realty Trust	6.500%		2,132,040	
	Total Retail			7,484,617	
	<b>Specialized 9.2%</b>				
103,300	Hersha Hospitality Trust, Series A	8.000%		2,282,930	
611,000	Hospitality Properties Trust, Series C	7.000%		13,472,550	
271,452	Sunstone Hotel Investors Inc., Series A	8.000%		6,392,694	
	Total Specialized			22,148,174	
	<b>Total Real Estate Investment Trust Preferred Stocks (cost \$83,182,055)</b>			<b>79,191,429</b>	
<b>Principal Amount (000)</b>	<b>Description (1)</b>	<b>Coupon</b>	<b>Maturity</b>	<b>Ratings (3)</b>	<b>Value</b>
	<b>Convertible Bonds</b>	<b>11.6%</b>	<b>(8.8% of Total Investments)</b>		

**Industrial 2.5%**

\$	6,300	Prologis Trust, Convertible Bonds	2.250%	4/01/37	BBB	\$	5,961,375
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**Office 5.4%**

	7,750	Alexandria Real Estate Equities Inc., Convertible Bonds, 144A	3.700%	1/15/27	N/R		7,604,687
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	2,100	BioMed Realty L.P., Convertible Bond, 144A	4.500%	10/01/26	N/R		2,107,875
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	2,000	Kilroy Realty Limited Partnership, Convertible Bond, 144A	3.250%	4/15/12	N/R		1,958,060
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	1,200	SL Green Realty Corporation, Convertible Bond, 144A	3.000%	3/30/27	N/R		1,170,000
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	13,050	Total Office					12,840,622
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**Retail 3.7%**

	9,000	Macerich Compnay, Convertible Bond, 144A	3.250%	3/15/12	N/R		8,752,500
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\$	28,350	<b>Total Convertible Bonds (cost \$25,202,575)</b>					<b>27,554,497</b>
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**Principal**

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