

H&Q HEALTHCARE INVESTORS
Form N-Q
August 26, 2005

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

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FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-06565

H&Q Healthcare Investors
(Exact name of registrant as specified in charter)

30 Rowes Wharf, Boston, MA
(Address of principal executive offices)

02110
(Zip code)

(Name and address of agent for service)

Copy to:

Registrant's telephone number, including area code: 617-772-8500

Date of fiscal year end: September 30

Date of reporting period: 6/30/05

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-% (ss.ss. 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b-15 under the Investment Company Act of 1940 (17CFR 270.3b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

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

Item 1. Schedule of Investments.

H&Q HEALTHCARE INVESTORS
SCHEDULE OF INVESTMENTS

JUNE 30, 2005
(Unaudited)

SHARES		VALUE
	CONVERTIBLE SECURITIES 12.2% of Net Assets	
	Convertible Preferred (Restricted) 12.0%	
	<i>Drug Discovery Technologies 1.6%</i>	
2,380,953	Agilix Corporation Series B (a) (b)	\$ 571,429
850,436	Avalon Pharmaceuticals Series B (a)	1,020,523
375,000	Ceres, Inc. Series C (a)	2,250,000
27,443	Ceres, Inc. Series C-1 (a) (c)	164,658
277,967	Ceres, Inc. Series D (a) (c)	1,667,802
1,398,732	Galileo Pharmaceuticals, Inc. Series F-1 (a)	489,556
300,000	Zyomix, Inc. Series A New (a)	30,000
300	Zyomix, Inc. Series B New (a)	30
	<i>Emerging Biopharmaceuticals 3.7%</i>	
952,381	Agensys, Inc. Series C (a)	3,000,000
2,586,207	Corus Pharma, Inc. Series C (a)	3,000,000
1,818,182	Raven biotechnologies, Inc. Series B (a) (b)	1,509,091
2,809,157	Raven biotechnologies, Inc. Series C (a) (b)	2,331,600
3,647,417	Raven biotechnologies, Inc. Series D (a) (b)	1,200,000
47,407	Therion Biologics Corporation Series A (a)	57,837
240,000	Therion Biologics Corporation Series B (a)	292,800
407,712	Therion Biologics Corporation Series C (a) (c)	497,409
33,332	Therion Biologics Corporation Series C-2 (a) (c)	40,665
36,092	Therion Biologics Corporation Sinking Fund (a)	361
2,100,000	Xanthus Life Sciences, Inc. Series B (a) (b)	2,100,000
	<i>Healthcare Services 3.6%</i>	
1,577,144	CardioNet, Inc. Series C (a) (b)	5,520,004
484,829	CytoLogix Corporation Series A (a) (b)	399,984
227,130	CytoLogix Corporation Series B (a) (b) (c)	187,382
160,000	I-trax, Inc. Series A (a)	2,624,000
5,384,615	PHT Corporation Series D (a) (b)	4,200,000
1,204,495	PHT Corporation Series E (a) (b)	939,506
	<i>Medical Devices and Diagnostics 3.1%</i>	
4,852,940	Concentric Medical, Inc. Series B (a) (b) (d)	4,173,528
1,744,186	Concentric Medical, Inc. Series C (a) (b)	1,500,000
222,222	EPR, Inc. Series A (a)	2,222
160,000	Masimo Corporation Series D (a)	1,760,000
1,632,653	OmniSonics Medical Technologies, Inc. Series B (a) (b)	2,181,224
1,547,988	OmniSonics Medical Technologies, Inc. Series C (a) (b)	1,800,000
652,173	TherOx, Inc. Series H (a)	247,826
		\$ 45,759,437

PRINCIPAL
AMOUNT

Convertible Notes (Restricted) 0.2%

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		<i>Drug Discovery Technologies</i> 0.05%	
\$	198,511	Avalon 8% Cvt. Note, due 2006	198,511
		<i>Healthcare Services</i> 0.04%	
	168,337	CytoLogix Corporation 6.75% Cvt. Note (b) (e)	168,337

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PRINCIPAL AMOUNT		VALUE
	CONVERTIBLE SECURITIES continued	
	Convertible Notes (Restricted) continued	
	Medical Devices and Diagnostics 0.08%	
\$ 304,085	TherOx, Inc. 6.0% Cvt. Bridge Note, due 2006 (c)	\$ 304,085
		\$ 670,933
	TOTAL CONVERTIBLE SECURITIES	
	(Cost \$62,823,288)	\$ 46,430,370

SHARES

COMMON STOCKS 77.4%		
Biopharmaceuticals 21.6%		
608,035	Cubist Pharmaceuticals, Inc. (a)	8,007,821
200,001	Cubist Pharmaceuticals, Inc. (Restricted) (a)	2,634,013
155,200	Endo Pharmaceuticals Holdings (a)	4,078,656
97,500	Forest Laboratories, Inc. (a)	3,787,875
20,000	Genentech, Inc. (a)	1,605,600
88,075	Genzyme Corporation (a)	5,292,427
88,200	Gilead Sciences, Inc. (a)	3,879,918
96,700	Imclone Systems, Inc. (a)	2,994,799
69,225	Inspire Pharmaceuticals Inc. (a)	582,875
97,800	Martek Biosciences Corporation (a)	3,711,510
249,400	MedImmune, Inc. (a)	6,663,968
235,000	MGI Pharma, Inc. (a)	5,113,600
615,000	Millennium Pharmaceuticals Inc (a)	5,701,050
315,000	Nabi Biopharmaceuticals (a)	4,797,450
488,740	NPS Pharmaceuticals, Inc. (a)	5,547,199