

Edgar Filing: APEX MUNICIPAL FUND INC - Form N-Q

APEX MUNICIPAL FUND INC
 Form N-Q
 November 28, 2005

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
 MANAGEMENT INVESTMENT COMPANY

Investment Company Act File Number 811-5227

Name of Fund: Apex Municipal Fund, Inc.

Fund Address: P.O. Box 9011
 Princeton, NJ 08543-9011

Name and address of agent for service: Robert C. Doll, Jr., Chief Executive
 Officer, Apex Municipal Fund, Inc., 800 Scudders Mill Road, Plainsboro,
 NJ 08536. Mailing address: P.O. Box 9011, Princeton, NJ 08543-9011

Registrant's telephone number, including area code: (609) 282-2800

Date of fiscal year end: 06/30/06

Date of reporting period: 07/01/05 - 09/30/05

Item 1 - Schedule of Investments

Apex Municipal Fund, Inc.
 Schedule of Investments as of September 30, 2005 (in Thousands)

| State | Face Amount | Municipal Bonds |
|----------------|-------------|---|
| Alabama - 1.1% | \$ 1,000 | Brewton, Alabama, IDB, PCR, Refunding (Container Corporati America-Jefferson Smurfit Corp. Project), 8% due 4/01/2009 |
| | 1,200 | Sylacauga, Alabama, Health Care Authority Revenue Bonds (Coosa Valley Medical Center), Series A, 6% due 8/01/2035 |
| Alaska - 0.9% | 2,000 | Alaska Industrial Development and Export Authority Revenue (Williams Lynxs Alaska Cargoport), AMT, 8% due 5/01/2023 |
| Arizona - 3.4% | 1,000 | Maricopa County, Arizona, IDA, Education Revenue Bonds (Arizona Charter Schools Project 1), Series A, 6.625% due |
| | 80 | Maricopa County, Arizona, IDA, M/F Housing Revenue Bonds (Sun King Apartments Project), Series A: 5.875% due 11/01/2008 |
| | 20 | 6% due 11/01/2010 |
| | 1,020 | 6.75% due 5/01/2031 |
| | 4,000 | Phoenix, Arizona, IDA, Airport Facility, Revenue Refunding (America West Airlines Inc. Project), AMT, 6.30% due 4/01/ |
| | 1,000 | Pima County, Arizona, IDA, Education Revenue Bonds (Arizona Charter Schools Project), Series E, 7.25% due 7/0 |

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| | | |
|-------------------|-------|--|
| | 500 | Yavapai County, Arizona, IDA, Hospital Facility Revenue Bonds (Yavapai Regional Medical Center), Series A, 6% due 8/01/2023 |
| ----- | | |
| California - 3.3% | 1,800 | California State, GO, 5% due 2/01/2033 |
| | 1,300 | California State, Various Purpose, GO, 5.25% due 11/01/2023 |
| | 1,000 | Fontana, California, Special Tax, Refunding (Community Facilities District Number 22 - Sierra), 6% due 11/01/2023 |
| | 1,860 | Golden State Tobacco Securitization Corporation of California, Tobacco Settlement Revenue Bonds, Series B, 5.25% due 6/01/2013 (a) |
| ----- | | |
| Colorado - 5.5% | 2,765 | Denver, Colorado, Urban Renewal Authority, Tax Incremental Revenue Bonds (Pavilions), AMT, 7.75% due 9/01/2016 |
| | 2,800 | Elk Valley, Colorado, Public Improvement Revenue Bonds (Public Improvement Fee), Series A, 7.30% due 9/01/2022 |
| | 1,235 | North Range, Colorado, Metropolitan District Number 1, GO, 7.25% due 12/15/2031 |
| | 2,000 | Plaza Metropolitan District Number. 1, Colorado, Tax Allocation Revenue Bonds (Public Improvement Fees), 8% due 12/01/2025 |
| | 830 | Southlands, Colorado, Medical District, GO (Metropolitan District Number 1), 7.125% due 12/01/2034 |
| ----- | | |

Portfolio Abbreviations

To simplify the listings of Apex Municipal Fund, Inc.'s portfolio holdings in the Schedule of Investments, we have abbreviated the names of many of the securities according to the list below.

| | |
|------|--------------------------------------|
| AMT | Alternative Minimum Tax (subject to) |
| EDA | Economic Development Authority |
| GO | General Obligation Bonds |
| IDA | Industrial Development Authority |
| IDB | Industrial Development Board |
| IDR | Industrial Development Revenue Bonds |
| M/F | Multi-Family |
| PCR | Pollution Control Revenue Bonds |
| VRDN | Variable Rate Demand Notes |

Apex Municipal Fund, Inc.

Schedule of Investments as of September 30, 2005

(in Thousands)

| State | Face Amount | Municipal Bonds |
|--------------------|-------------|---|
| ----- | | |
| Connecticut - 1.7% | \$ 1,650 | Bridgeport, Connecticut, Senior Living Facilities Revenue Bonds (3030 Park Retirement Community Project), 7.25% due 4/01/2017 |
| | 490 | Connecticut State Development Authority, Airport Facility Revenue Bonds (LearJet Inc. Project), AMT, 7.95% due 4/01/2026 |
| | 1,160 | New Haven, Connecticut, Facility Revenue Bonds (Hill Health Corporation Project), 9.25% due 5/01/2017 |
| ----- | | |
| Florida - 8.0% | 805 | Arbor Greene Community Development District, Florida, Special Revenue Bonds, 7.60% due 5/01/2018 |
| | 800 | Capital Projects Finance Authority, Florida, Continuing Care Retirement Community Revenue Bonds, 7.25% due 11/01/2018 |

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| | | |
|-----------------|-------|---|
| | 2,500 | Revenue Bonds (Glenridge on Palmer Ranch), Series A, 8% due Hillsborough County, Florida, IDA, Exempt Facilities Revenue (National Gypsum), AMT, Series A, 7.125% due 4/01/2030 |
| | 870 | Lakewood Ranch, Florida, Community Development District Nu Assessment Revenue Refunding Bonds, Series A, 6.70% due 5/ Midtown Miami, Florida, Community Development District, Sp Revenue Bonds, Series A: |
| | 1,500 | 6% due 5/01/2024 |
| | 1,350 | 6.25% due 5/01/2037 |
| | 1,580 | Orlando, Florida, Urban Community Development District, Ca Improvement Special Assessment Bonds, Series A, 6.95% due |
| | 1,700 | Santa Rosa Bay Bridge Authority, Florida, Revenue Bonds, 6 due 7/01/2028 |
| | 2,640 | Tampa Palms, Florida, Open Space and Transportation Commun District Revenue Bonds, Capital Improvement (Richmond Plac 7.50% due 5/01/2018 |
| | 685 | Tern Bay Community Development District, Florida, Capital Revenue Refunding Bonds, Series A, 5.375% due 5/01/2037 |
| ----- | | |
| Georgia - 3.3% | | Atlanta, Georgia, Tax Allocation Bonds: |
| | 2,000 | (Atlantic Station Project), 7.90% due 12/01/2024 |
| | 410 | (Eastside Project), Series B, 5.40% due 1/01/2020 |
| | | Brunswick and Glynn County, Georgia, Development Authority Revenue Bonds (Coastal Community Retirement Corporation Pr Series A: |
| | 830 | 7.125% due 1/01/2025 |
| | 1,185 | 7.25% due 1/01/2035 |
| | 700 | Fulton County, Georgia, Development Authority, PCR (General Motors Corporation), Refunding, VRDN, 5.78% due 4 |
| | 830 | Savannah, Georgia, EDA, Revenue Bonds (Marshes of Skidaway First Mortgage, Series A, 7.40% due 1/01/2034 |
| ----- | | |
| Idaho - 0.8% | 1,470 | Idaho Health Facilities Authority, Revenue Refunding Bonds (Valley Vista Care Corporation), Series A, 7.75% due 11/15 |
| ----- | | |
| Illinois - 6.5% | 1,845 | Caseyville, Illinois, Senior Tax Increment Revenue Bonds (Forest Lakes Project), 7% due 12/30/2022 |
| | 3,000 | Chicago, Illinois, O'Hare International Airport, Special F Refunding Bonds (American Airlines Inc. Project), 8.20% du |

Apex Municipal Fund, Inc.

Schedule of Investments as of September 30, 2005

(in Thousands)

| State | Face Amount | Municipal Bonds |
|-------|-------------|---|
| | | Illinois Development Finance Authority Revenue Bonds (Prim Centers Facilities Acquisition Program): |
| | \$ 585 | 7.75% due 12/01/2006 (a) |
| | 2,605 | 7.75% due 12/01/2016 |
| | 490 | Illinois State Finance Authority Revenue Bonds (Primary He Centers Program), 6.60% due 7/01/2024 |
| | 755 | Lincolnshire, Illinois, Special Service Area Number. 1, Sp (Sedgebrook Project), 6.25% due 3/01/2034 |
| | 2,400 | Lombard, Illinois, Public Facilities Corporation, First Ti (Conference Center and Hotel), Series A-1, 7.125% due 1/01 |

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| | | |
|----------------------|-------|--|
| | 760 | Village of Wheeling, Illinois, Revenue Bonds (North Milwaukee Tax Increment Financing (TIF) Redevelopment Project), 6% due 10/01/2025 |
| Iowa - 2.5% | 3,855 | Iowa Finance Authority, Health Care Facilities, Revenue Refunding Bonds (Care Initiatives Project), 9.25% due 7/01/2025 |
| Maine - 0.4% | 840 | Maine Finance Authority, Solid Waste Recycling Facilities (Great Northern Paper Project-Bowater), AMT, 7.75% due 10/01/2025 |
| Maryland - 0.8% | 1,500 | Maryland State Energy Financing Administration, Limited Obligation Bonds (Cogeneration-AES Warrior Run), AMT, 7.40% due 9/01/2025 |
| Massachusetts - 5.0% | 1,845 | Massachusetts State Development Finance Agency, First Mortgage Bonds (Overlook Communities Inc.), Series A, 6.25% due 7/01/2025 |
| | 1,245 | Massachusetts State Development Finance Agency, Revenue Refunding Bonds (Eastern Nazarene College): 5.625% due 4/01/2019 |
| | 1,220 | 5.625% due 4/01/2029 |
| | 850 | Massachusetts State Health and Educational Facilities Authority Bonds (Jordan Hospital), Series E, 6.75% due 10/01/2033 |
| | 2,100 | Massachusetts State Health and Educational Facilities Authority Refunding Bonds: (Bay Cove Human Services Issue), Series A, 5.90% due 4/01/2025 |
| | 1,000 | (Milton Hospital), Series, 5.50% due 7/01/2016 |
| | 1,200 | Massachusetts State Industrial Finance Agency Revenue Refunding Bonds Facility (Resource Control Composting), AMT, 9.25% due 6/01/2025 |
| Michigan - 0.6% | 1,150 | Macomb County, Michigan, Hospital Finance Authority, Hospital Bonds (Mount Clemens General Hospital), Series B, 5.875% due 10/01/2025 |
| Minnesota - 0.7% | 1,230 | Saint Paul, Minnesota, Port Authority, Hotel Facility, Revenue Refunding Bonds (Radisson Kellogg Project), Series 2, 7.375% due 8/01/2025 |
| Missouri - 1.2% | 1,200 | Fenton, Missouri, Tax Increment Revenue Refunding and Improvement Bonds (Gravois Bluffs), 7% due 10/01/2021 |
| | 1,000 | Kansas City, Missouri, IDA, First Mortgage Health Facilities (Bishop Spencer Place), Series A, 6.50% due 1/01/2035 |
| Nevada - 0.2% | 430 | Clark County, Nevada, Improvement District Number 142 Special Bonds, 6.375% due 8/01/2023 |
| New Jersey - 14.6% | | Camden County, New Jersey, Improvement Authority, Lease Refunding Bonds (Holt Hauling & Warehousing), AMT, Series A (b) (c): |
| | 2,000 | 9.625% due 1/01/2011 |
| | 4,500 | 9.875% due 1/01/2021 |

Apex Municipal Fund, Inc.

Schedule of Investments as of September 30, 2005

(in Thousands)

| State | Face Amount | Municipal Bonds |
|-------|-------------|--|
| | \$ 6,000 | Camden County, New Jersey, Pollution Control Financing Authority Solid Waste Resource Recovery, Revenue Refunding Bonds, AMT, 7.50% due 12/01/2010 |
| | 2,170 | New Jersey EDA, Cigarette Tax Revenue Bonds, 5.50% due 6/1/2025 |

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| | | |
|-----------------------|-------|---|
| | 1,500 | New Jersey EDA, IDR, Refunding (Newark Airport Marriott Ho 7% due 10/01/2014 |
| | | New Jersey EDA, Retirement Community Revenue Bonds, Series |
| | 1,000 | (Cedar Crest Village Inc. Facility), 7.25% due 11/15/2 |
| | 3,700 | (Seabrook Village Inc.), 8.125% due 11/15/2023 |
| | | New Jersey EDA, Special Facility Revenue Bonds |
| | | (Continental Airlines Inc. Project), AMT: |
| | 3,050 | 6.625% due 9/15/2012 |
| | 4,045 | 6.25% due 9/15/2029 |
| | 1,870 | New Jersey Health Care Facilities Financing Authority Reve (Pascack Valley Hospital Association), 6.625% due 7/01/203 |
| | | Tobacco Settlement Financing Corporation of New Jersey, As |
| | | Revenue Bonds: |
| | 2,540 | 5.75% due 6/01/2032 |
| | 1,075 | 7% due 6/01/2041 |
| ----- | | |
| New Mexico - 2.7% | 5,000 | Farmington, New Mexico, PCR, Refunding (Tucson Electric Power Co.-San Juan Project), Series A, 6. due 10/01/2020 |
| ----- | | |
| New York - 5.6% | 1,000 | Dutchess County, New York, IDA, Civic Facility Revenue Bon (Saint Francis Hospital), Series B, 7.50% due 3/01/2029 |
| | 350 | New York City, New York, City IDA, Civic Facility Revenue Series C, 6.80% due 6/01/2028 |
| | 1,495 | (Special Needs Facility Pooled Program), Series C-1, 6 due 7/01/2024 |
| | 1,730 | New York City, New York, City IDA, Special Facility Revenu (British Airways Plc Project), AMT, 7.625% due 12/01/2032 |
| | 2,080 | New York State Dormitory Authority, Non-State Supported De Bonds (Mount Sinai-NYU Medical Center Health System), 5.50 |
| | 1,865 | New York State Dormitory Authority, Non-State Supported De Refunding Bonds (Mount Sinai Hospital), Series C, 5.50% du |
| | 635 | Utica, New York, GO, Public Improvement, 9.25% due 8/15/20 |
| | 1,180 | Westchester County, New York, IDA, Continuing Care Retirem Revenue Bonds (Kendal on Hudson Project), Series A, 6.50% |
| ----- | | |
| North Carolina - 0.6% | 1,000 | North Carolina Medical Care Commission, Retirement Facilit Mortgage Revenue Bonds (Givens Estates Project), Series A, due 7/01/2032 |
| ----- | | |
| Oregon - 0.7% | 1,310 | Western Generation Agency, Oregon, Cogeneration Project Re (Wauna Cogeneration Project), AMT, Series B, 7.40% due 1/0 |
| ----- | | |

Apex Municipal Fund, Inc.

Schedule of Investments as of September 30, 2005

(in Thousands)

| State | Face Amount | Municipal Bonds |
|---------------------|----------------|--|
| ----- | | |
| Pennsylvania - 6.2% | \$ 1,750 | Chester County, Pennsylvania, Health and Education Facilit Senior Living Revenue Refunding Bonds (Jenners Pond Inc. P due 7/01/2034 Montgomery County, Pennsylvania, Higher Education and Heal Revenue Bonds (Faulkeways at Gwynedd Project): |

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| | | |
|----------------------|--------|---|
| | 900 | 6.75% due 11/15/2024 |
| | 925 | 6.75% due 11/15/2030 |
| | 1,700 | Montgomery County, Pennsylvania, IDA Revenue Bonds (Whitemarsh Continuing Care Project), 6.25% due 2/01/2035 |
| | | Philadelphia, Pennsylvania, Authority for IDR: |
| | 1,600 | (Air Cargo), AMT, Series A, 7.50% due 1/01/2025 |
| | 4,460 | Commercial Development, 7.75% due 12/01/2017 |
| ----- | | |
| Rhode Island - 0.9% | 1,750 | Central Falls, Rhode Island, Detention Facility Corporation Detention Facility, Revenue Refunding Bonds, 7.25% due 7/1 |
| ----- | | |
| Tennessee - 1.0% | 1,800 | Shelby County, Tennessee, Health, Educational and Housing Board Revenue Bonds (Germantown Village), Series A, 7.25% |
| ----- | | |
| Texas - 8.3% | 1,000 | Austin, Texas, Convention Center Revenue Bonds (Convention Enterprises Inc.), First Tier, Series A, 6.70% due 1/01/2028 |
| | | Brazos River Authority, Texas, PCR, AMT, Refunding: |
| | 2,530 | (Texas Utility Company), Series A, 7.70% due 4/01/2033 |
| | 2,760 | (Utilities Electric Company), Series B, 5.05% due 6/01 |
| | 1,220 | Brazos River Authority, Texas, Revenue Refunding Bonds (Reliant Energy Inc. Project), Series B, 7.75% due 12/01/2 |
| | 1,660 | Grand Prairie, Texas, Housing Finance Corporation Revenue (Independent Senior Living Center), 7.75% due 1/01/2034 |
| | 1,000 | Houston, Texas, Health Facilities Development Corporation, Facility Revenue Bonds (Buckingham Senior Living Community 7.125% due 2/15/2034 |
| | 2,310 | Matagorda County, Texas, Navigation District Number 1, Rev Bonds (Reliant Energy Inc.), Series C, 8% due 5/01/2029 |
| | 1,330 | Port Corpus Christi, Texas, Individual Development Corpora Environmental Facilities Revenue Bonds (Citgo Petroleum Co Project), AMT, 8.25% due 11/01/2031 |
| | 785 | Travis County, Texas, Health Facilities Development Corpor Retirement Facilities Revenue Bonds (Querencia Barton Cree 5.65% due 11/15/2035 |
| ----- | | |
| Utah - 1.2% | 2,240 | Carbon County, Utah, Solid Waste Disposal, Revenue Refundi (Laidlaw Environmental), AMT, Series A, 7.45% due 7/01/201 |
| ----- | | |
| Virginia - 5.3% | 2,480 | Dulles Town Center, Virginia, Community Development Author Assessment Tax (Dulles Town Center Project), 6.25% due 3/0 |
| | 22,600 | Pocahontas Parkway Association, Virginia, Toll Road Revenue Series B, 5.888%** due 8/15/2025 |
| | 245 | Virginia Beach, Virginia, Development Authority, Residenti Facilities, Mortgage Revenue Refunding Bonds (Westminster 5.375% due 11/01/2032 |
| ----- | | |
| West Virginia - 0.4% | 875 | Princeton, West Virginia, Hospital Revenue Refunding Bonds (Community Hospital Association Inc. Project), 6.20% due 5 |
| ----- | | |

Apex Municipal Fund, Inc.

Schedule of Investments as of September 30, 2005

(in Thousands)

| State | Face Amount | Municipal Bonds |
|-------|-------------|-----------------|
| ----- | | |

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| | | |
|----------------------------|----------|---|
| Wisconsin - 0.7% | \$ 1,320 | Wisconsin State Health and Educational Facilities Authority (New Castle Place Project), Series A, 7% due 12/01/2031 |
| Wyoming - 0.9% | 1,800 | Sweetwater County, Wyoming, Solid Waste Disposal Revenue Bonds (FMC Corporation Project), AMT, Series A, 7% due 6/01/2024 |
| U.S. Virgin Islands - 1.2% | 2,100 | Virgin Islands Government Refinery Facilities, Revenue Refund Bonds (Hovensa Coker Project), AMT, 6.50% due 7/01/2021 |
| | | Total Municipal Bonds (Cost - \$180,209) - 96.2% |

| Shares Held | Short-Term Securities |
|---|---|
| 3,500 | Merrill Lynch Institutional Tax-Exempt Fund (d) |
| Total Short-Term Securities (Cost - \$3,500) - 1.8% | |
| Total Investments (Cost - \$183,709*) - 98.0% | |
| Other Assets Less Liabilities - 2.0% | |
| Net Assets - 100.0% | |

* The cost and unrealized appreciation (depreciation) of investments as of September 30, 2005, as computed for federal income tax purposes, were as follows:

| | |
|-------------------------------|------------|
| Aggregate cost | \$ 183,690 |
| Gross unrealized appreciation | \$ 12,031 |
| Gross unrealized depreciation | (7,464) |
| Net unrealized appreciation | \$ 4,567 |

** Represents a zero coupon bond; the interest rate shown reflects the effective yield at the time of purchase.

- (a) Prerefunded.
- (b) Non-income producing security; issuer filed for bankruptcy or is in default of interest payments.
- (c) Restricted securities as to resale, representing 0.4% of net assets were as follows:

| Issue | Acquisition Date(s) |
|---|---------------------|
| Camden County, New Jersey, Improvement Authority, Lease Revenue Bonds | |

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| | |
|---|------------|
| (Holt Hauling & Warehousing), AMT, Series A, 9.625% due 1/01/2011 | 1/29/1997 |
| Camden County, New Jersey, Improvement Authority, Lease Revenue Bonds | 2/06/1996- |
| (Holt Hauling & Warehousing), AMT, Series A, 9.875% due 1/01/2021 | 1/29/1997 |
| ----- | |
| Total | |

Apex Municipal Fund, Inc.

Schedule of Investments as of September 30, 2005

(in Thousands)

- (d) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| Affiliate | Net Activity | Interest Income |
|---|-----------------|--------------------|
| Merrill Lynch Institutional Tax-Exempt Fund | \$ (200) | \$ 23 |

- (e) Security may have a maturity of more than one year at time of issuance, but has variable rate and demand features that qualify it as a short-term security. The rate disclosed is that currently in effect. This rate changes periodically based upon prevailing market rates.

Item 2 - Controls and Procedures

- 2(a) - The registrant's certifying officers have reasonably designed such disclosure controls and procedures to ensure material information relating to the registrant is made known to us by others particularly during the period in which this report is being prepared. The registrant's certifying officers have determined that the registrant's disclosure controls and procedures are effective based on our evaluation of these controls and procedures as of a date within 90 days prior to the filing date of this report.
- 2(b) - There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d)) that occurred during the last 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 3 - Exhibits

Certifications - Attached hereto

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.

Apex Municipal Fund, Inc.

By: /s/ Robert C. Doll, Jr.

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Robert C. Doll, Jr.
Chief Executive Officer
Apex Municipal Fund, Inc.

Date: November 17, 2005

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: /s/ Robert C. Doll, Jr.

Robert C. Doll, Jr.
Chief Executive Officer
Apex Municipal Fund, Inc.

Date: November 17, 2005

By: /s/ Donald C. Burke

Donald C. Burke
Chief Financial Officer
Apex Municipal Fund, Inc.

Date: November 17, 2005