

H&Q HEALTHCARE INVESTORS
Form N-Q
February 28, 2012

**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 811-04889

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

2 Liberty Square, 9th Floor, Boston, MA
(Address of principal executive offices)

02109
(Zip code)

(Name and address of agent for service)

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

Date of fiscal year end: September 30

Date of reporting period: 12/31/2011

Item 1. Schedule of Investments.

H&O HEALTHCARE INVESTORS**SCHEDULE OF INVESTMENTS**

DECEMBER 31, 2011

(Unaudited)

SHARES		VALUE
	CONVERTIBLE SECURITIES AND WARRANTS 7.8% of Net Assets	
	Convertible Preferred and Warrants (Restricted)(a) (b) 7.8%	
	<i>Biotechnologies/Biopharmaceuticals 1.6%</i>	
2,831,651	EBI Life Sciences, Inc. Series A	\$ 56,633
2,831,651	Euthymics Biosciences, Inc. Series A	2,548,486
358,852	MacroGenics, Inc. Series D	234,008
2,831,651	Neurovance, Inc. Series A	226,532
1,533,333	Verastem, Inc. Series C	3,449,999
		6,515,658
	<i>Drug Discovery Technologies 1.2%</i>	
2,380,953	Agilix Corporation Series B (c)	0
375,000	Ceres, Inc. Series C	2,437,500
32,193	Ceres, Inc. Series C-1	209,255
280,105	Ceres, Inc. Series D	1,820,682
40,846	Ceres, Inc. Series F	265,499
8,170	Ceres, Inc. warrants (expiration 9/05/15)	0
		4,732,936
	<i>Healthcare Services 1.3%</i>	
5,384,615	PHT Corporation Series D (c)	4,200,000
1,204,495	PHT Corporation Series E (c)	939,506
149,183	PHT Corporation Series F (c)	116,363
		5,255,869
	<i>Medical Devices and Diagnostics 3.7%</i>	
3,424,756	CardioKinetix, Inc. Series C (c)	890,437
6,155,027	CardioKinetix, Inc. Series D (c)	677,053
12,177,507	CardioKinetix, Inc. Series E (c)	1,217,751
N/A	CardioKinetix, Inc. warrants (expiration 12/11/19) (c) (d)	0
N/A	CardioKinetix, Inc. warrants (expiration 6/03/20) (c) (d)	0
N/A	CardioKinetix, Inc. warrants (expiration 7/07/21) (c) (d)	0
3,669,024	Labcyte, Inc. Series C	1,920,000
3,109,861	Magellan Biosciences, Inc. Series A	2,394,593
142,210	Magellan Biosciences, Inc. warrants (expiration 4/01/19)	0
11,335	Magellan Biosciences, Inc. warrants (expiration 5/06/19)	0
1,547,988	OmniSonics Medical Technologies, Inc. Series A-1	1,548
1,263,099	OmniSonics Medical Technologies, Inc. Series B-1	1,263
13,823,805	Palyon Medical Corporation Series A (c)	2,211,809
65,217	TherOx, Inc. Series H	74,608
149,469	TherOx, Inc. Series I	170,992
4,720,000	Tibion Corporation Series B	2,360,000
3,750,143	Veniti, Inc. Series A (c)	3,244,999
		15,165,053
		31,669,516

The accompanying notes are an integral part of these financial statements.

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PRINCIPAL AMOUNT		VALUE
Convertible Notes(a) 0.0%		
Drug Discovery Technologies 0.0%		
\$ 165,554	Ceres, Inc., Cvt. Promissory Notes, 0.00% due 2/01/12 (Restricted)	\$ 165,554
		165,554
TOTAL CONVERTIBLE SECURITIES AND WARRANTS		
	(Cost \$41,379,214)	31,835,070

SHARES		
COMMON STOCKS AND WARRANTS 83.8%		
Biotechnologies/Biopharmaceuticals 34.2%		
49,775	Acorda Therapeutics, Inc. (b)	1,186,636
205,585	Alexion Pharmaceuticals, Inc. (b)	14,699,327
446,468	Alkermes plc (b)	7,750,684
97,278	Allergan, Inc.	8,535,172
404,585	Amarin Corporation plc (b) (f)	3,030,342
62,608	Amgen, Inc.	4,020,060
5,910,745	Antisoma plc (b) (e)	169,939
277,656	ARIAD Pharmaceuticals, Inc. (b)	3,401,286
118,000	Athersys, Inc. warrants (Restricted, expiration 6/08/12) (a) (b)	0
84,900	Baxter International, Inc.	4,200,852
74,784	Biogen Idec, Inc. (b)	8,229,979
129,041	Celgene Corporation (b)	8,723,172
131,023	Cubist Pharmaceuticals, Inc. (b)	5,191,131
479,424	Dendreon Corporation (b)	3,643,622
298,392	Elan Corporation plc (b) (f)	4,099,906
404,565	Gilead Sciences, Inc. (b)	16,558,845
450,726	Human Genome Sciences, Inc. (b)	3,330,865
326,556	Inhibitex, Inc. (b)	3,572,523
123,234	Momenta Pharmaceuticals, Inc. (b)	2,143,039
701,250	Nektar Therapeutics (b)	3,923,494
611,113	Neurocrine Biosciences, Inc. (b)	5,194,460