

H&Q LIFE SCIENCES INVESTORS
Form N-Q
August 29, 2007

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

OMB APPROVAL
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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 Life Sciences 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)

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

Date of fiscal year end: September 30

Date of reporting period: 6/30/07

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 (17 CFR 270.30b1-5). 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&O LIFE SCIENCES INVESTORS**SCHEDULE OF INVESTMENTS**

JUNE 30, 2007

(Unaudited)

| SHARES | | VALUE |
|-----------|---|-----------|
| | CONVERTIBLE SECURITIES AND WARRANTS 15.2% of Net Assets | |
| | Convertible Preferred (Restricted) (c) 13.7% | |
| | Drug Discovery Technologies 0.9% | |
| 1,587,302 | Agilix Corporation Series B (a) (b) | \$ 94,540 |
| 250,000 | Ceres, Inc. Series C (a) | 1,500,000 |
| 21,462 | Ceres, Inc. Series C-1 (a) | 128,772 |
| 175,540 | Ceres, Inc. Series D (a) | 1,053,240 |
| 932,488 | Galileo Pharmaceuticals, Inc. Series F-1 (a) | 93 |
| 200,000 | Zyomyx, Inc. Series A New (a) | 20,000 |
| 200 | Zyomyx, Inc. Series B New (a) | 20 |
| | Emerging Biopharmaceuticals 3.9% | |
| 744,921 | Agensys, Inc. Series C (a) | 2,681,716 |
| 138,261 | Agensys, Inc. Series D (a) | 497,740 |
| 1,212,121 | Raven biotechnologies, Inc. Series B (a) | 1,006,060 |
| 1,872,772 | Raven biotechnologies, Inc. Series C (a) | 1,554,400 |
| 2,722,014 | Raven biotechnologies, Inc. Series D (a) | 800,000 |
| 1,415,385 | TargeGen, Inc. Series C (a) | 1,840,001 |
| 407,825 | TargeGen, Inc. Series D (a) | 530,173 |
| 30,920 | Therion Biologics Corporation Series A (a) | 31 |
| 160,000 | Therion Biologics Corporation Series B (a) | 160 |
| 271,808 | Therion Biologics Corporation Series C (a) | 272 |
| 22,224 | Therion Biologics Corporation Series C-2 (a) | 22 |
| 28,991 | Therion Biologics Corporation Sinking Fund (a) | 29 |
| 16,668 | Therion Biologics Corporation warrants (expiration 8/18/08) (a) | 0 |
| 2,649,902 | Xanthus Pharmaceuticals, Inc. Series B (a) | 2,649,902 |
| | Healthcare Services 2.8% | |
| 635 | CardioNet, Inc. Mandatorily Cvt. Pfd. (a) | 644,902 |
| 1,051,429 | CardioNet, Inc. Series C (a) | 3,680,001 |
| 35,254 | CardioNet, Inc. warrants (expiration 5/01/11) (a) | 0 |
| 1,390 | CardioNet, Inc. warrants (expiration 8/29/11) (a) | 0 |
| 322,168 | CytoLogix Corporation Series A (a) (b) | 265,789 |
| 151,420 | CytoLogix Corporation Series B (a) (b) | 124,922 |
| 3,589,744 | PHT Corporation Series D (a) (b) | 2,800,000 |
| 802,996 | PHT Corporation Series E (a) (b) | 626,337 |
| | Medical Devices and Diagnostics 6.1% | |
| 3,235,293 | Concentric Medical, Inc. Series B (a) (b) | 4,529,410 |
| 1,162,790 | Concentric Medical, Inc. Series C (a) (b) | 1,627,906 |
| 455,333 | Concentric Medical, Inc. Series D (a) (b) | 637,466 |
| 177,778 | EPR, Inc. Series A (a) | 1,778 |
| 2,446,016 | Labcyte Inc. Series C (a) | 1,280,000 |
| 2,050,000 | Magellan Biosciences, Inc. Series A (a) | 2,050,000 |
| 130,000 | Masimo Corporation Series D | 3,991,000 |
| 1,031,992 | OmniSonics Medical Technologies, Inc. Series A-1 (a) | 781,218 |
| 438,873 | OmniSonics Medical Technologies, Inc. Series B-1 (a) | 332,227 |

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| SHARES | | VALUE |
|---------|--|---------------|
| | Medical Devices and Diagnostics continued | |
| 43,478 | TherOx, Inc. Series H (a) | \$ 167,869 |
| 99,646 | TherOx, Inc. Series I (a) | 384,733 |
| 2,813 | TherOx, Inc. warrants (expiration 1/26/10) (a) | 0 |
| 5,427 | TherOx, Inc. warrants (expiration 6/09/09) (a) | 0 |
| 640,625 | Xoft, Inc. Series D (a) | 2,050,000 |
| | | \$ 40,332,729 |

PRINCIPAL AMOUNT

| | | |
|--------------|---|----------------------|
| | Convertible Notes 1.5% | |
| | Biopharmaceuticals 0.5% | |
| \$ 2,100,000 | Encysive Pharmaceuticals, Inc., 2.50% due 2012 | 1,328,250 |
| | Drug Discovery Technologies 1.0% | |
| 700,000 | deCODE Genetics, Inc., 3.50% due 2011 | 509,250 |
| 1,583,334 | Matritech Inc. Series A, 15.00% due 2009 (Restricted) (b) (c) | 1,546,867 |
| 1,000,000 | Matritech Inc. Series B, 15.00% due 2007 (Restricted) (b) (c) | 901,517 |
| | | \$ 4,285,884 |
| | TOTAL CONVERTIBLE SECURITIES AND WARRANTS | |
| | (Cost \$49,380,523) | \$ 44,618,613 |

SHARES

| | | |
|---------|---|------------|
| | COMMON STOCKS AND WARRANTS 75.7% | |
| | Biopharmaceuticals 29.2% | |
| 117,550 | Adams Respiratory Therapeutics, Inc. (a) | 4,630,294 |
| 320,571 | Akorn, Inc. (a) | 2,240,791 |
| 108,889 | Akorn, Inc. warrants (expiration 3/07/11) (a) (c) | 173,133 |
| 145,000 | Alnylam Pharmaceuticals, Inc. (a) | 2,202,550 |
| 140,657 | Amgen Inc. (a) | 7,776,926 |
| 110,970 | Amylin Pharmaceuticals, Inc. (a) | 4,567,525 |
| 80,000 | Array BioPharma, Inc. (a) | 933,600 |
| 59,000 | Biogen Idec Inc. (a) | 3,156,500 |
| 231,700 | BioMarin Pharmaceuticals, Inc. (a) | 4,156,698 |
| 456,205 | Critical Therapeutics, Inc. (a) | 994,527 |
| 159,672 | Critical Therapeutics, Inc. warrants (expiration 6/06/10) (a) (c) | 36,725 |
| 246,053 | Cubist Pharmaceuticals, Inc. (a) | 4,849,705 |
| 36,970 | Genentech, Inc. (a) | 2,797,150 |
| 99,832 | Genzyme Corporation (a) | 6,429,181 |
| 311,350 | Gilead Sciences, Inc. (a) | 12,071,039 |
| 200,000 | Indevus Pharmaceuticals, Inc. (a) | 1,346,000 |
| 198,786 | Inspire Pharmaceuticals, Inc. (a) | 1,256,328 |
| 99,286 | Martek Biosciences Corporation (a) | 2,578,457 |

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| SHARES | | VALUE |
|-----------|---|--------------|
| | Biopharmaceuticals continued | |
| 184,700 | Medarex, Inc. (a) | \$ 2,639,363 |
| 98,800 | Mentor Corporation | 4,019,184 |
| 175,880 | MiddleBrook Pharmaceuticals, Inc. warrants (expiration 4/29/10) (a) (c) | 93,216 |
| 38,500 | Omrix Biopharmaceuticals, Inc. (a) | 1,184,118 |
| 303,000 | Panacos Pharmaceuticals, Inc. (a) | 978,690 |
| 97,367 | PDL BioPharma, Inc. (a) | 2,268,651 |
| 234,299 | Synta Pharmaceuticals Corp. (a) | 1,944,682 |
| 174,250 | Vertex Pharmaceuticals, Inc. (a) | 4,976,580 |
| 117,400 | Xenoport, Inc. (a) | 5,214,908 |
| | | 85,516,521 |
| | Biotechnology 1.5% | |
| 328,000 | Athersys, Inc. (Restricted) (a) (c) | 1,640,000 |
| 82,000 | BTHC VI, Inc. warrants (Restricted expiration 6/08/12) (a) (c) | 0 |
| 284,931 | Momenta Pharmaceuticals, Inc. (a) | 2,872,104 |
| | | 4,512,104 |
| | Drug Delivery 0.7% | |
| 130,700 | Alkermes, Inc. (a) | 1,908,220 |
| | Drug Discovery Technologies 6.8% | |
| 162,288 | Avalon Pharmaceuticals, Inc. (a) | 692,970 |
| 156,630 | Celgene Corporation (a) | 8,979,598 |
| 52,524 | Cougar Biotechnology, Inc. (a) | 1,239,566 |
| 1,601,039 | Matritech, Inc. (a) (b) | 528,343 |
| 1,846,154 | Matritech, Inc. warrants (expiration 1/17/11) (a) (b) (c) | 92,308 |
| 952,381 | Matritech, Inc. warrants (expiration 1/22/12) (a) (b) (c) | 57,143 |
| 174,250 | Senomyx, Inc. (a) | 2,352,375 |
| 37,575 | Sepracor Inc. (a) | 1,541,326 |
| 60,250 | Shire PLC (d) | 4,466,332 |
| 200,000 | Zyomyx, Inc. (Restricted) (a) (c) | 2,000 |
| | | 19,951,961 |
| | Emerging Biopharmaceuticals 4.5% | |
| 437,770 | ACADIA Pharmaceuticals Inc. (a) | 5,984,316 |
| 82,320 | DOV Pharmaceutical, Inc. (a) | 25,519 |
| 90,552 | DOV Pharmaceutical, Inc. warrants (expiration 12/31/09)(a)(c) | 16,299 |
| 261,080 | Exelixis, Inc. (a) | 3,159,068 |
| 814,191 | Lexicon Pharmaceuticals, Inc. (a) | 2,613,553 |
| 242,522 | NitroMed, Inc. (a) | 533,549 |
| 146,982 | Therion Biologics Corporation (Restricted) (a) (c) | 147 |
| 67,765 | XTENT, Inc. (a) | 677,650 |
| | | 13,010,101 |

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| SHARES | | VALUE |
|--|--|-----------------------|
| Generic Pharmaceuticals 5.0% | | |
| 220,100 | Caraco Pharmaceutical Laboratories, Ltd. (a) | \$ 3,341,118 |
| 178,362 | Impax Laboratories, Inc. (a) | 2,140,344 |
| 220,808 | Teva Pharmaceutical Industries, Ltd. (d) | 9,108,330 |
| | | 14,589,792 |
| Healthcare Services 7.6% | | |
| 148,148 | Aveta, Inc. (Restricted) (a) (c) | 2,370,368 |
| 30,478 | Dako A/S (Restricted) (c) (e) | 578,777 |
| 325,090 | Emageon Inc. (a) | 2,932,312 |
| 52,500 | HealthExtras, Inc. (a) | 1,552,950 |
| 32,500 | Medco Health Solutions, Inc. (a) (f) | 2,534,675 |
| 16,475 | National Medical Health Card Systems, Inc. (a) | 262,941 |
| 48,700 | PAREXEL International Corporation (a) | 2,048,322 |
| 204,139 | Syntiro Healthcare Services (Restricted) (a) (c) | 204 |
| 52,050 | UnitedHealth Group, Inc. | 2,661,837 |
| 59,950 | WellPoint, Inc. (a) | 4,785,809 |
| 1,049,500 | Zix Corporation (a) | 1,941,575 |
| 1,485,000 | Zix Corporation Warrants (expiration 10/05/11) (a) (c) | 460,350 |
| | | 22,130,120 |
| Medical Devices and Diagnostics 20.4% | | |
| 253,960 | Align Technology, Inc. (a) | 6,135,674 |
| 152,550 | Applied Biosystems Group | 4,658,877 |
| 57,540 | Becton, Dickinson and Company | 4,286,730 |
| 90,860 | Cytec Corporation (a) | 3,916,975 |
| 321,840 | eResearch Technology, Inc. (a) | 3,060,698 |
| 62,821 | IDEXX Laboratories, Inc. (a) | 5,944,751 |
| 50,843 | Inverness Medical Innovations, Inc. (a) | 2,594,010 |
| 40,800 | Laboratory Corporation of America Holdings (a) | 3,193,008 |
| 130,000 | Masimo Laboratories, Inc. (Restricted) (c) | 1,300 |
| 447,080 | Medwave, Inc. (a) | 120,712 |
| 111,770 | Medwave, Inc. warrants (expiration 8/21/11) (a) (c) | 11,177 |
| 257,600 | Natus Medical, Inc. (a) | 4,100,992 |
| 54,421 | OmniSonics Medical Technologies, Inc. (Restricted) (a) (c) | 544 |
| 180,400 | PerkinElmer, Inc. | 4,701,224 |
| 139,019 | Songbird Hearing, Inc. (Restricted) (a) (c) | 1,390 |
| 58,425 | Stryker Corporation | 3,686,033 |
| 186,400 | Symmetry Medical Inc. (a) | 2,984,264 |
| 101,000 | Thermo Fisher Scientific Inc. (a) | 5,223,720 |
| 450,073 | Third Wave Technologies, Inc. (a) | 2,632,927 |
| 181,916 | VNUS Medical Technologies, Inc. (a) | 2,437,674 |
| | | 59,692,680 |
| TOTAL COMMON STOCKS AND WARRANTS | | |
| (Cost \$197,270,153) | | \$ 221,311,499 |

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| PRINCIPAL AMOUNT | | VALUE |
|---|--|------------------------|
| SHORT-TERM INVESTMENTS 10.9% | | |
| \$ 11,845,000 | American Express Corporation; 5.25% due 7/3/07-7/9/07 | \$ 11,835,683 |
| 13,173,000 | General Electric Company; 5.25%-5.26% due 7/6/07-7/13/07 | 13,157,584 |
| 5,360,000 | Intesa Funding LLC; 5.29% due 07/10/07 | 5,352,912 |
| 1,637,000 | Repurchase Agreement, State Street Bank and Trust Co. (collateralized by U.S. Treasury Bond 5.25%, 11/15/28, market value \$1,670,375); 2.55% due 07/02/07 | 1,637,000 |
| TOTAL SHORT-TERM INVESTMENTS (Cost \$31,983,179) | | \$ 31,983,179 |
| TOTAL INVESTMENTS 101.8% | | |
| (Cost \$278,633,855) | | \$ 297,913,291 |
| OTHER LIABILITIES IN EXCESS OF ASSETS (1.8%) | | \$ (5,229,202) |
| NET ASSETS 100% | | \$ 292,684,089 |

-
- (a) Non-income producing security.
 - (b) Affiliated issuers in which the Fund holds 5% or more of the voting securities (Total Market Value of \$13,832,548).
 - (c) Security fair valued by the Valuation Committee of the Board of Trustees.
 - (d) American Depository Receipt
 - (e) Foreign Security.
 - (f) A portion of security is pledged as collateral for call options written.

SCHEDULE OF WRITTEN OPTIONS

| NUMBER OF CONTRACTS (100 SHARES EACH) | | EXPIRATION DATE | CURRENT VALUE |
|--|---|-----------------|---------------|
| CALL OPTIONS WRITTEN | | | |
| 80 | Medco Health Solutions, Inc., strike @ 75 | Oct-2007 | \$ (51,200) |
| PUT OPTIONS WRITTEN | | | |
| 80 | Medco Health Solutions, Inc., strike @ 70 | Oct-2007 | \$ (13,200) |
| | | | \$ (64,400) |

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Investment Securities Valuation - Investments traded on national securities exchanges or in the over-the-counter market that are National Market System securities are valued at the last sale price or, lacking any sales, at the mean between the last bid and asked prices. Other over-the-counter securities are valued at the most recent bid prices as obtained from one or more dealers that make markets in the securities. Publicly-traded investments for which market quotations are not readily available or whose quoted price may otherwise not reflect fair value are valued at fair value as determined in good faith by the Trustees of the Fund. The fair value of venture capital and other restricted securities is determined in good faith by the Trustees. However, because of the uncertainty of fair valuations these estimated values may differ significantly from the values that would have been used had a ready market for these securities existed, and the differences could be material. Each such fair value determination is based on a consideration of relevant factors. Factors the Trustees consider may include (i) the existence of any contractual restrictions on the disposition of securities; (ii) information obtained from the issuer which may include an analysis of the company's financial condition, the company's products or intended markets or the company's technologies; and (iii) the price of a security negotiated at arm's length in an issuer's completed subsequent round of financing. Short-term investments with maturity of 60 days or less are valued at amortized cost.

Venture Capital and Other Restricted Securities - The following table details the acquisition date, cost, carrying value per unit, and value of the Fund's venture capital and other restricted securities at June 30, 2007 as determined by the Trustees of the Fund. The Fund may invest up to 40% of its net assets in venture capital and other restricted securities. The values of these securities represent 16% of the Fund's net assets at June 30, 2007. The Fund on its own does not have the right to demand that such securities be registered.

| Security (g) | Acquisition Date | Cost | Carrying Value per Unit | Value |
|-------------------------------|---------------------|--------------|-------------------------------|--------------|
| Agensys, Inc. | | | | |
| Series C Cvt. Pfd. | 2/14/02, 9/27/05 | \$ 2,204,684 | \$ 3.60 | \$ 2,681,716 |
| Series D Cvt. Pfd. | 6/28/2007 | 497,740 | \$ 3.60 | 497,740 |
| Agilix Corporation | | | | |
| Series B Cvt. Pfd. | 11/8/01 | 1,663,667 | 0.06 | 94,540 |
| Athersys, Inc. | | | | |
| Restricted Common | 6/7/07 | 1,640,000 | 5.00 | 1,640,000 |
| Aveta, Inc. | | | | |
| Restricted Common | 12/21/05 | 2,000,103 | 16.00 | 2,370,368 |
| BTHC VI, Inc. | | | | |
| Warrants (expiration 6/08/12) | 6/7/07 | 0 | 0.00 | 0 |
| CardioNet, Inc. | | | | |
| Series C Cvt. Pfd. | 5/3/01-3/25/03 | 3,701,714 | 3.50 | 3,680,001 |
| Mandatorily Cvt. Pfd. | 8/15/05-3/7/07 | 635,872 | 1,015.59 | 644,902 |
| Warrants (expiration 5/01/11) | 5/1/06 | 0 | 0.00 | 0 |
| Warrants (expiration 8/29/11) | 8/29/06 | 0 | 0.00 | 0 |
| Ceres, Inc. | | | | |
| Series C Cvt. Pfd. | 12/23/98 | 1,000,875 | 6.00 | 1,500,000 |
| Series C-1 Cvt. Pfd. | 3/31/01 | 74,339 | 6.00 | 128,772 |
| Series D Cvt. Pfd. | 3/14/01 | 1,046,887 | 6.00 | 1,053,240 |
| Concentric Medical, Inc. | | | | |
| Series B Cvt. Pfd. | 5/7/02, 1/24/03 | 2,219,473 | 1.40 | 4,529,410 |
| Series C Cvt. Pfd. | 12/19/03 | 999,999 | 1.40 | 1,627,906 |
| Series D Cvt. Pfd. | 9/30/05 | 638,511 | 1.40 | 637,466 |
| CytoLogix Corporation | | | | |
| Series A Cvt. Pfd. | 1/13/98-7/21/99 | 1,077,912 | 0.83 | 265,789 |
| Series B Cvt. Pfd. | 1/11/01 | 506,622 | 0.83 | 124,922 |
| Dako A/S | | | | |
| Restricted Common | 6/14/04 | 870,888 | 18.99 | 578,777 |
| EPR, Inc. | | | | |
| Series A Cvt. Pfd. | 3/9/94 | 800,331 | 0.01 | 1,778 |
| Galileo Pharmaceuticals, Inc. | | | | |
| Series F-1 Cvt. Pfd. | 8/18/00 | 2,002,559 | 0.0001 | 93 |
| Labcyte Inc. | | | | |
| Series C Cvt. Pfd. | 7/18/05 | 1,282,337 | 0.52 | 1,280,000 |
| Magellan Biosciences, Inc. | | | | |
| Series A Cvt. Pfd. | 11/28/06 | 2,052,648 | 1.00 | 2,050,000 |
| Masimo Corporation | | | | |
| Series D Cvt. Pfd. | 8/14/96 | 910,530 | 30.70 | 3,991,000 |

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| | | | | |
|---------------------------------------|------------------|-----------|-------|-----------|
| Restricted Common | 3/31/98 | 0 | 0.01 | 1,300 |
| Matritech, Inc. | | | | |
| Series A Convertible Note | 1/17/06 | 1,594,151 | 97.70 | 1,546,867 |
| Series B Convertible Note | 1/22/07 | 1,002,258 | 90.15 | 901,517 |
| Omnisonics Medical Technologies, Inc. | | | | |
| Series A-1 Cvt. Pfd. | 10/1/03 | 1,200,224 | 0.76 | 781,218 |
| Series B-1 Cvt. Pfd. | 6/4/07 | 332,227 | 0.76 | 332,227 |
| Restricted Common | 5/24/01 | 1,606,312 | 0.01 | 544 |
| PHT Corporation | | | | |
| Series D Cvt. Pfd. | 7/23/01 | 2,803,841 | 0.78 | 2,800,000 |
| Series E Cvt. Pfd. | 9/12/03-12/17/03 | 627,472 | 0.78 | 626,337 |

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| Security (g) | Acquisition Date | Cost | Carrying Value per Unit | Value |
|-------------------------------|------------------|---------------|-------------------------|---------------|
| Raven biotechnologies, Inc. | | | | |
| Series B Cvt. Pfd. | 12/12/00 | \$ 2,001,150 | \$ 0.83 | \$ 1,006,060 |
| Series C Cvt. Pfd. | 11/26/02 | 1,554,400 | 0.83 | 1,554,400 |
| Series D Cvt. Pfd. | 6/23/05 | 803,610 | 0.29 | 800,000 |
| Songbird Hearing, Inc. | | | | |
| Restricted Common | 12/14/00 | 2,003,239 | 0.01 | 1,390 |
| Syntiro Healthcare Services | | | | |
| Restricted Common | 2/5/97 | 800,325 | 0.001 | 204 |
| TargeGen, Inc. | | | | |
| Series C Cvt. Pfd. | 8/30/05 | 1,842,331 | 1.30 | 1,840,001 |
| Series D Cvt. Pfd. | 5/8/07 | 530,173 | 1.30 | 530,173 |
| Therion Biologics Corporation | | | | |
| Series A Cvt. Pfd. | 8/20/96-10/16/96 | 289,847 | 0.001 | 31 |
| Series B Cvt. Pfd. | 6/22/99 | 600,929 | 0.001 | 160 |
| Series C Cvt. Pfd. | 9/26/01-10/15/01 | 1,019,568 | 0.001 | 272 |
| Series C-2 Cvt. Pfd. | 8/13/03 | 40,003 | 0.001 | 22 |
| Warrants (expiration 8/18/08) | 8/18/03 | 0 | 0.000 | 0 |
| Sinking Fund Cvt. Pfd. | 10/18/94-4/3/96 | 582,505 | 0.001 | 29 |
| Restricted Common | 6/30/93 | 251,642 | 0.001 | 147 |
| TherOx, Inc. | | | | |
| Series H Cvt. Pfd. | 9/11/00 | 2,001,626 | 3.86 | 167,869 |
| Series I Cvt. Pfd. | 7/8/05 | 386,273 | 3.86 | 384,733 |
| Warrants (expiration 1/26/10) | 1/26/05 | 0 | 0.00 | 0 |
| Warrants (expiration 6/09/09) | 6/9/04 | 0 | 0.00 | 0 |
| Xanthus Pharmaceuticals, Inc. | | | | |
| Series B Cvt. Pfd. | 12/5/03-11/15/06 | 2,652,476 | 1.00 | 2,649,902 |
| Xoft, Inc. | | | | |
| Series D Cvt. Pfd. | 3/23/07 | 2,050,000 | 3.20 | 2,050,000 |
| Zyomyx, Inc. | | | | |
| Series A New Cvt. Pfd. | 2/19/99, 1/12/04 | 199,800 | 0.10 | 20,000 |
| Series B New Cvt. Pfd. | 3/31/04 | 112 | 0.10 | 20 |
| New Restricted Common | 2/19/99-7/22/02 | 2,401,101 | 0.01 | 2,000 |
| | | \$ 59,005,286 | | \$ 47,375,843 |

(g) See Schedule of Investments and corresponding footnotes for more information on each issuer.

Federal Income Tax Cost- At June 30, 2007, the total cost of securities for Federal income tax purposes was \$278,633,855. The net unrealized gain on securities held by the Fund was \$19,279,436 including gross unrealized gain of \$50,489,961 and gross unrealized loss of \$31,210,525.

Affiliate Transactions An affiliate issuer is a company in which the Fund holds 5% or more of the voting securities. Transactions with such companies during the nine months ended June 30, 2007 were as follows:

| Issuer | Value on October 1, 2006 | Purchases | Sales | Income | Value on June 30, 2007 |
|--------------------------|--------------------------|--------------|------------|------------|------------------------|
| Agilix Corporation | \$ 94,540 | \$ | \$ | \$ | \$ 94,540 |
| Concentric Medical, Inc. | 6,794,782 | | | | 6,794,782 |
| CytoLogix Corporation | 502,935 | | 112,224 | | 390,711 |
| Matritech, Inc. (h) | 2,625,846 | 1,806,872 | 416,667 | 287,393 | 3,126,178 |
| PHT Corporation | 3,426,337 | | | | 3,426,337 |
| | \$ 13,444,440 | \$ 1,806,872 | \$ 528,891 | \$ 287,393 | \$ 13,832,548 |

(h) Includes restricted convertible notes, common stock and warrants.

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Item 2. Controls and Procedures.

(a.) The registrant's principal executive officer and principal financial officer have concluded, based on their evaluation of the registrant's disclosure controls and procedures as conducted within 90 days of the filing date of this report, that these disclosure controls and procedures are adequately designed and are operating effectively to ensure that information required to be disclosed by the registrant on Form N-Q is (i) accumulated and communicated to the investment company's management, including its certifying officers, to allow timely decisions regarding required disclosure; and (ii) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

(b.) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

Separate certifications for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Act (17 CFR 270.30a-2(a)). Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities and 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.

(Registrant)

H&Q Life Sciences Investors

By (Signature and Title)

/s/ Daniel Omstead
Daniel Omstead, President

Date 8/29/07

Pursuant to the requirements of the Securities and 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 (Signature and Title)

/s/ Carolyn Haley
Carolyn Haley, Treasurer

Date 8/29/07
