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PIMCO MUNICIPAL INCOME FUND II  
Form N-CSR  
January 02, 2004

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 811-07532  
-----

Municipal Advantage Fund Inc.  
-----

(Exact name of registrant as specified in charter)

1345 Avenue of the Americas, New York, New York 10105  
-----

(Address of principal executive offices) (Zip code)

Brian S. Shlissel - 1345 Avenue of the Americas, New York, New York 10105  
-----

(Name and address of agent for service)

Registrant's telephone number, including area code: 212-739-3371  
-----

Date of fiscal year end: October 31  
-----

Date of reporting period: October 31  
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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. REPORT TO SHAREHOLDERS

Annual Report  
10.31.03

MUNICIPAL ADVANTAGE FUND INC.

[MAF LOGO]

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P I M C O  
-----  
ADVISORS

MUNICIPAL ADVANTAGE FUND INC. LETTER TO SHAREHOLDERS

December 3, 2003

Dear Shareholder:

We are pleased to provide you with the annual report of Municipal Advantage Fund Inc. (the "Fund") for the fiscal year ended October 31, 2003.

Please refer to the following page for specific Fund information. If you have any questions regarding the information provided, please contact your financial advisor or call our shareholder services area at 1-800-426-5523. Please note that a wide range of information and resources can be accessed through our Web site, [www.pimcoadvisors.com](http://www.pimcoadvisors.com).

We at the Fund, together with PIMCO Advisors Fund Management LLC, the Fund's investment manager and OpCap Advisors LLC, the Fund's investment adviser, thank

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you for investing with us. We remain dedicated to serving your investment needs.

Sincerely,

/s/ Stephen Treadway  
-----  
Stephen Treadway  
CHAIRMAN

/s/ Brian S. Shlissel  
-----  
Brian S. Shlissel  
PRESIDENT, CHIEF EXECUTIVE OFFICER

| 10.31.03 | Municipal Advantage Fund Annual Report 1

MUNICIPAL ADVANTAGE FUND INC. PERFORMANCE SUMMARY AND STATISTICS  
October 31, 2003 (unaudited)

SYMBOL: MAF	PRIMARY INVESTMENTS: Municipal fixed-income securities, the interest from which is exempt from federal income tax.	INCEPTION DATE: April 30, 1993
OBJECTIVE: Municipal Advantage Fund Inc. seeks a high level of current income exempt from federal income tax.	TOTAL NET ASSETS (1): \$163.3 million	PORTFOLIO MANAGER: Matthew Greenwald

AVERAGE ANNUAL TOTAL RETURN (2):	Market Price	NAV
-----		
1 year	11.04%	6.75%
3 years	12.47%	8.68%
5 years	5.58%	5.32%
10 years	6.23%	6.02%

WEEKLY COMMON SHARE PRICE PERFORMANCE: Commencement of Operations (4/30/93) to 10/31/03 [ ] at Market Price [ ] at NAV	PORTFOLIO STATISTICS: ----- Market Price \$13.57 ----- Net Asset Value \$14.93 ----- Market Price Yield (3) 6.63% -----
--	--

[DATA BELOW REPRESENTS A LINE CHART IN THE ORIGINAL PIECE.]

	At Market Price	At NAV
	-----	-----
4/30/93	15	14.04
	15	14.09
	15	14.08
	15	13.98
	15	14.1
	15	14.11
	15	14.17

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15	14.22
15	14.33
15	14.23
15	14.26
14.75	14.21
14.75	13.96
14.375	14.06
14.25	14.16
14.625	14.36
14.5	14.52
14.5	14.57
14.75	14.73
14.5	14.91
14.25	14.76
14.125	14.73
14.5	14.74
14.375	14.81
14.375	14.98
14.25	14.84
14.125	14.75
14.125	14.38
14	14.4
13.875	14.29
13.625	14.37
14	14.46
14.125	14.63
13.5	14.53
13.875	14.63
13.875	14.64
13.875	14.67
14.125	14.61
14	14.67
13.875	14.85
13.875	14.72
13.875	14.55
13.625	14.35
13.375	14.06
13.125	13.7
13.125	13.53
13	13.64
12.75	13.46
12.25	12.89
12	12.8
11.875	12.74
12	12.88
12	12.83
11.875	12.65
11.875	12.6
11.75	12.84
11.875	13.04
12.375	13.27
12.25	13.35
12.125	13.12
12	12.83
11.875	12.69
11.75	12.69
11.625	12.84
11.25	12.89
11.5	13.1
11.375	12.95
11.125	12.72
11.125	12.89

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11	12.97
11.125	13.08
11	12.77
10.625	12.61
10.125	12.49
10.25	12.44
10.375	12.22
10.375	12.38
10	12.16
9.875	11.79
9.5	11.32
9	10.95
9.625	10.8
10.125	11.02
10.25	11.54
10.125	11.52
10	11.76
9.875	11.7
9.875	11.79
10.5	11.86
10.375	12.07
10.375	12.06
10.875	12.25
11.375	12.66
11.25	12.71
11	12.8
11.25	12.95
11.375	12.95
11.375	12.9
11.125	13.1
11.25	13.09
11.25	13.12
11.375	13.29
11.375	13.31
11.25	13.31
11.125	12.99
11.125	13.24
11.5	13.3
11.375	13.42
11.5	13.59
11.875	13.82
11.625	13.54
11.625	13.31
11.625	13.58
11.5	13.21
11.625	13.53
11.75	13.59
11.75	13.13
11.125	13.21
11.375	13.13
11.375	12.94
11.25	12.95
11.25	13.17
11.375	13.46
11.375	13.52
11.25	13.59
11.375	13.31
11.25	13.44
11.375	13.6
11.5	13.78
11.625	13.73
11.5	13.72

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11.625	13.89
11.75	13.8
11.625	13.91
11.75	13.92
12.125	14.19
12	14.3
11.875	14.1
11.875	14.19
11.875	14.33
12	14.24
12	14.15
12.125	14.29
12.25	14.23
12.375	14.29
12.5	14.42
12.25	14.29
12.125	14.13
12	14.1
11.5	13.65
11.375	13.31
11.625	13.58
11.5	13.6
11.625	13.55
11.25	13.42
11.375	13.52
11.375	13.53
11.125	13.19
11.25	13.37
11.375	13.53
11.375	13.61
11.375	13.36
11.25	13.2
11.125	13.26
11.25	13.28
11.5	13.54
11.125	13.19
11.125	13.49
11.375	13.57
11.5	13.63
12	13.88
11.875	14.02
11.75	13.86
11.75	13.71
11.625	13.58
11.625	13.54
11.625	13.79
11.5	13.65
11.75	13.84
12	14.04
11.875	13.89
12	13.85
11.875	13.77
11.75	13.96
11.875	14.07
12	14.04
12.125	14.11
12.125	14.26
12	14.08
11.875	13.97
11.625	13.99
11.75	14.08
11.875	13.98

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11.875	13.84
11.875	13.82
12	13.81
11.875	13.93
12.125	14.09
12	14.2
12.125	14.14
12.125	14.04
12.25	14
12.125	13.87
12.25	13.82
12.25	13.68
12.125	13.64
11.875	13.55
11.875	13.65
12.125	13.64
12.25	13.86
12.25	13.94
12.25	13.97
12.25	14
12.25	14.05
12.375	14.19
12.625	14.31
12.625	14.34
12.625	14.22
13.25	14.51
13.25	14.55
13.0625	14.67
13.125	14.64
13.1875	14.45
13.0625	14.39
12.875	14.34
13	14.4
13.25	14.43
13.25	14.42
13.0625	14.55
13.4375	14.56
13.5	14.63
13.1875	14.47
13.375	14.37
13.3125	14.47
13.1875	14.64
13.1875	14.57
13	14.56
13.25	14.64
13.25	14.67
13.3125	14.76
13.25	14.83
13.625	14.91
13.6875	14.94
13.8125	14.97
13.8125	15.18
13.875	15.12
13.75	14.99
13.625	15.05
13.75	15.02
13.75	15.04
13.8125	15.04
13.6875	14.95
13.5625	14.83
13.9375	14.88
13.625	14.94

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13.4375	14.92
13.5	15.06
13.5	14.88
13.3125	14.77
13.1875	14.75
13.125	14.8
13.0625	14.84
13.1875	14.92
13.25	15.01
13.4375	15.01
13.625	15.04
13.625	14.98
13.5	14.97
13.5625	14.99
13.6875	15.04
13.5625	14.91
13.625	14.96
13.6875	14.96
13.5625	15.02
13.5	15.07
13.6875	15.17
13.625	15.26
13.4375	15.19
13.625	15.25
13.5625	15.24
13.6875	15.32
14.1875	15.54
14.0625	15.28
14.1875	15.36
14.125	15.2
14.125	15.24
14.1875	15.11
14.1875	15.12
14.1875	15.18
14.375	15.19
14.375	15.27
14.25	15.32
14.375	15.22
14.25	15.09
14.375	15.16
14.4375	15.13
14	15.14
14.125	15.19
14	15.3
14.0625	15.19
13.875	15.11
13.9375	15.16
13.875	15.11
13.9375	15.06
13.875	15.1
13.625	15.09
13.625	15.04
13.75	15.01
13.75	15.09
13.375	15.01
13.5	14.99
13.25	14.96
13.3125	14.88
13.1875	14.71
13.1875	14.75
13.0625	14.71
13	14.64



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12.5625	14.39
12.625	14.41
12.5	14.25
12.75	14.32
12.75	14.33
12.75	14.37
12.75	14.33
12.875	14.21
12.6875	13.98
12.1875	13.7
12.375	13.69
12.375	13.84
12.4375	13.76
12.125	13.78
12	13.66
11.75	13.66
11.875	13.52
11.9375	13.47
11.5625	13.22
11.375	13.09
11.75	13.18
11.9375	13.41
12	13.39
12.25	13.38
12.0625	13.34
11.8125	13.3
11.875	13.31
11.6875	13.07
11.4375	12.99
11.5625	13.02
11.6875	12.95
11.75	12.84
11.6875	12.77
11.875	12.78
12	12.87
11.9375	12.84
11.75	12.9
11.375	13.01
11.25	13.08
11.0625	13.15
11.0625	13.22
11.125	13.43
11.1875	13.43
11.5	13.52
11.3125	13.4
11.4375	13.31
11.4375	13.18
11.3125	12.86
11.125	12.73
11.0625	12.7
10.875	12.83
11.3125	13.1
11.1875	13.23
11.25	13.36
11.0625	13.33
11.125	13.39
11.5625	13.5
11.6875	13.54
11.5625	13.51
11.5	13.57
11.5	13.65
11.6875	13.73

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11.75	13.72
11.6875	13.81
11.75	13.83
11.875	13.85
11.875	13.71
11.75	13.62
11.6875	13.6
11.4375	13.59
11.375	13.62
11.3125	13.71
11.375	13.75
11.4375	13.73
11.4375	13.7
11.375	13.69
11.3125	13.75
11.375	13.85
11.4375	14.08
11.5	14.24
11.875	14.35
12.125	14.36
12.4375	14.58
12.5	14.54
12.5625	14.53
12.5625	14.35
12.75	14.47
12.95	14.49
12.81	14.38
12.8	14.35
12.89	14.42
12.84	14.48
12.85	14.53
12.7	14.57
12.55	14.49
12.57	14.43
12.58	14.27
12.4	14.1
12.34	14.1
12.44	14.09
12.37	14.21
12.39	14.16
12.34	14.21
12.34	14.22
12.39	14.25
12.33	14.29
12.38	14.4
12.45	14.36
12.53	14.38
12.7	14.34
12.78	14.34
12.67	14.33
12.63	14.48
12.72	14.55
12.77	14.62
12.97	14.71
12.97	14.77
13	14.81
13.09	14.89
13.08	14.87
12.55	14.6
12.75	14.66
13.26	14.85
12.94	14.71

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13	14.74
13.05	14.82
13.2	14.98
13.2	14.67
12.98	14.55
13.01	14.54
12.84	14.27
12.61	14.18
12.95	14.19
12.96	14.22
13.04	14.3
13	14.5
13.18	14.56
13.12	14.44
13.23	14.5
13.31	14.57
13.31	14.53
13.12	14.64
13.25	14.63
13	14.37
12.82	14.21
12.63	14.14
12.72	14.14
12.66	14.26
12.65	14.31
12.66	14.29
12.72	14.39
12.76	14.4
12.86	14.43
13	14.33
12.89	14.22
12.79	14.37
12.96	14.46
13.09	14.48
13.12	14.55
13.18	14.58
13.24	14.57
13.3	14.59
13.39	14.68
13.35	14.73
13.44	14.81
13.53	14.79
13.73	14.84
13.48	14.81
13.45	14.81
13.55	14.9
13.75	15.11
13.85	15.13
13.81	15.28
13.82	15.3
13.97	15.35
13.97	15.31
13.7	15.16
12.95	14.64
12.7	14.57
13.15	14.81
13.15	14.98
13.1	14.76
12.98	14.67
13.09	14.64
13.14	14.8
13.09	14.81

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13.09	14.91
13.23	15
13.3	15.09
13.25	15
13.06	14.88
12.96	14.83
13.05	14.89
13.24	14.88
13.44	14.94
13.47	14.92
13.38	14.99
13.47	15.19
13.55	15.3
13.59	15.22
13.51	14.78
13.62	15
13.75	15.09
13.76	14.99
13.57	14.95
13.7	15.04
13.7	15.19
13.97	15.23
13.94	15.39
14.18	15.56
14.17	15.68
14.31	15.6
14.35	15.67
14.35	15.79
14.2	15.41
14.18	15.29
14.21	15.27
14.11	15.21
13.53	14.98
13.49	14.82
13.63	14.42
13.51	14.68
13.42	14.39
13.41	14.46
13.16	14.53
13.41	14.63
13.5	14.8
13.68	14.91
13.53	15
13.55	14.93
13.6	14.77
13.4	14.71
13.5	14.91
10/31/03 13.57	14.93

(1) Inclusive of net assets attributable to Preferred Shares outstanding.

(2) PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. Total return is determined by subtracting the initial investment from the redeemable value at the end of the period and dividing the remainder by the initial investment and expressing the result as a percentage. The calculation assumes that all income dividends and capital gain distributions by the Fund have been reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized.

An investment in the Fund involves risk, including the loss of principal. Investment return, price, yield and net asset value will fluctuate with changes

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in market conditions. This data is provided for information only and is not intended for trading purposes. A portion of the income generated by the Fund may be subject to federal, state and local taxes, and may at times be subject to the alternative minimum tax. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Net asset value is total assets applicable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

(3) Market Price Yield is determined by dividing the annualized current per share dividend payable to common shareholders by the market price per common share at October 31, 2003.

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MUNICIPAL ADVANTAGE FUND INC. SCHEDULE OF INVESTMENTS  
October 31, 2003

Principal Amount (000)		Credit Rating* (Moody's/S&P)	V
-----			
MUNICIPAL BONDS--98.3%			
	ALABAMA--0.7%		
\$1,000	State Docks Dept. Fac. Rev., 6.15%, 10/1/14 (MBIA) +	Aaa/AAA	\$ 1 =====
	ARIZONA--1.8%		
2,540	State Univ. Rev., 5.50%, 7/1/17 (FGIC)	Aaa/AAA	2 =====
	CALIFORNIA--2.0%		
1,000	Burbank Redev. Agcy., 6.00%, 12/1/13	A3/A-	1
1,000	Foothill/Eastern Corridor Agcy., Toll Rd. Rev., 5.75%, 1/15/40	Baa3/BBB-	1
1,000	State Dept. Water Res. Rev., 5.50%, 5/1/16, Ser. A (AMBAC)	Aaa/AAA	1 ----- 3 =====
	COLORADO--4.0%		
1,500	Denver City & Cnty. Airt. Rev., (MBIA), 5.60%, 11/15/25, Ser. C +	Aaa/AAA	1
3,000	5.75%, 11/15/17, Ser. B +	Aaa/AAA	3
1,500	Denver Convention Center Auth. Rev., 5.00%, 12/1/21, Ser. A (XLCA)	Aaa/AAA	1 ----- 6 =====
	DISTRICT OF COLUMBIA--1.4%		
955	State GO, 5.25%, 6/1/27, Ser. A (MBIA) (Pre-refunded @ 101, 6/1/08) ++	Aaa/AAA	

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145	5.25%, 6/1/27 Ser. A (MBIA)	Aaa/AAA	
1,000	World Wildlife Fund, 6.00%, 7/1/18, Ser. A (AMBAC)	Aaa/AAA	1
			----
			2
			=====
	FLORIDA--0.7%		
1,000	Jacksonville Port. Auth. Airpt. Rev., 6.25%, 10/1/24, Ser. A (FGIC) +	Aaa/AAA	1
			=====
	GEORGIA--2.6%		
1,000	Atlanta Dev. Auth. Rev., 5.25%, 7/1/12, Ser. A	A3/NR	1
1,750	Cherokee Cnty. Water & Sewer Auth. Rev., 5.50%, 8/1/23 (MBIA)	Aaa/AAA	1
1,050	Municipal Elec. Auth., 5.00%, 11/1/06, Ser. A (MBIA)	Aaa/AAA	1
			----
			4
			=====
	HAWAII--2.7%		
1,000	State Airpt. Syst. Rev., 5.75%, 7/1/21, Ser. A (FGIC)	Aaa/AAA	1
3,000	State Dept. of Budget & Finance, Hawaiian Elec. Co., 5.75%, 12/1/18, Ser. B (AMBAC)+	Aaa/AAA	3
			----
			4
			=====
	ILLINOIS--9.1%		
1,145	Chicago O' Hare Intl. Airpt. Rev., 5.50%, 1/1/15 (AMBAC)	Aaa/AAA	1

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MUNICIPAL ADVANTAGE FUND INC. SCHEDULE OF INVESTMENTS  
October 31, 2003

Principal Amount (000)		Credit Rating* (Moody's/S&P)	V
-----			
	ILLINOIS--(CONTINUED)		
\$1,000	Chicago Wastewater Transmission Rev., 6.00%, 1/1/17, (MBIA) (Pre-refunded @ 101, 1/1/10) ++	Aaa/AAA	\$ 1
1,000	Chicago Water Rev., 5.25%, 11/1/17 (FGIC)	Aaa/AAA	1
1,000	Health Facs. Auth. Rev., Centegra Health Syst., 5.25%, 9/1/24	NR/A-	
1,000	Madison & St. Clair Cmnty. School Dist., GO, 5.50%, 2/1/16 (FGIC)	Aaa/AAA	1
1,100	McHenry & Lake Cntys. Cmnty. High School Dist., GO, 5.125%, 1/1/19 (FGIC)	Aaa/NR	1
2,500	Metropolitan Pier & Exposition Auth., 5.25%, 6/15/27, Ser. A (AMBAC)	Aaa/AAA	2
1,005	Regional Transmission Auth., 5.50%, 6/1/16, Ser. B (FGIC)	Aaa/AAA	1

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2,300	State GO, 5.50%, 4/1/16	Aaa/AAA	2
1,500	State Sales Tax Rev., 5.375%, 6/15/16	Aa3/AAA	1
			----
			14
			=====
	INDIANA--2.5%		
1,000	Indianapolis Local Pub. Impt., 5.00%, 2/1/17, Ser. A	Aaa/AAA	1
1,040	Indianapolis Marion Cnty. Pub., GO, 5.00%, 7/1/20	Aa2/AAA	1
1,795	Merrillville School Bldg. Corp., 5.00%, 1/5/21 (MBIA)	Aaa/AAA	1
			----
			3
			=====
	KENTUCKY--2.0%		
1,000	Louisville & Jefferson Cnty. Metropolitan Sewer & Drain Syst., 6.50%, 5/15/24, Ser. A (AMBAC) (Pre-refunded @ 102, 11/15/04) ++	Aaa/AAA	1
2,125	Louisville & Jefferson Cnty. Reg. Airpt. Auth. Syst. Rev., 5.375%, 7/1/23, Ser. A (FSA) +	Aaa/AAA	2
			----
			3
			=====
	LOUISIANA--1.0%		
1,500	New Orleans GO, 6.125%, 10/1/16 (AMBAC)	Aaa/AAA	1
			=====
	MASSACHUSETTS--7.5%		
540	State College Bldg. Auth. Proj. Rev., 5.625%, 5/1/16, Ser. A (MBIA)	Aaa/NR	
1,500	State GO, 5.50%, 11/1/20 Ser. C	Aa2/AA-	1
	State Health & Educ. Fac. Auth. Rev.,		
1,000	5.125%, 7/1/19, Ser. B	Aa3/AA-	1
2,250	6.25%, 12/1/22, Ser. G-1	A2/A	2
5,000	State Higher Educ. Dev. Fin. Agy. Rev., Smith College, 5.75%, 7/1/29	Aa1/AA	5
	State Water Poll. Abatement Trust, Ser. A,		
300	6.375%, 2/1/15 (Pre-refunded @ 102, 2/1/04)++	Aaa/AA+	
90	6.375%, 2/1/15	Aaa/AA+	
			----
			11
			=====

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MUNICIPAL ADVANTAGE FUND INC. SCHEDULE OF INVESTMENTS  
October 31, 2003

Principal Amount (000)		Credit Rating* (Moody's/S&P)	V
-----			
\$1,065	MICHIGAN--5.9%		
	Bloomington Pub. School Dist., No. 16, GO,		

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	5.50%, 5/1/19	Aaa/AAA	\$ 1
1,400	Garden City School Dist., GO, 5.50%, 5/1/17	Aaa/AAA	1
2,000	Grand Valley Univ. Rev., 5.50%, 2/1/18 (FGIC)	NR/AAA	2
1,075	Lincoln School Dist., GO, 5.50%, 5/1/19	Aaa/AAA	1
2,000	State Hospital Fin. Auth. Rev.,		
	8.125%, 10/1/21 (Pre-refunded @ 102, 10/1/05) ++	NR/AAA	2
1,000	State Poll. Control. Rev., Gen. Motors Corp.,		
	6.20%, 9/1/20	Baa1/BBB	1
			----
			9
			====
	NEVADA--3.4%		
1,100	Clark Cnty. Park & Regl. Justice Ctr., 5.50%, 11/1/17	Aa2/AA	1
2,000	Clark Cnty. Passenger Fac. Charge Rev.,		
	(MBIA), 5.75%, 7/1/23	Aaa/AAA	2
	Housing Div. Rev.,		
185	5.65%, 4/1/22, Ser. A.	NR/AA	
750	5.95%, 4/1/22	Aa2/AA	
635	6.125%, 4/1/22, Ser. B-2 (FHA)	Aa2/AA	
435	6.20%, 4/1/17, Ser. B-1 (AMBAC)	Aaa/AAA	
			----
			5
			====
	NEW HAMPSHIRE--0.9%		
1,000	Higher Educ. & Health Fac. Auth. Rev.,		
	6.125%, 10/1/13	A3/NR	1
	State Housing Finance Auth.,		
190	6.50%, 7/1/14, Ser. D +	Aa2/NR	
135	6.90%, 7/1/19, Ser. C +	Aa2/NR	
			----
			1
			====
	NEW JERSEY--2.5%		
1,000	Economic Dev. Auth. Heating & Cooling Rev.,		
	6.20%, 12/1/07, Ser. B +	NR/BBB-	
2,000	State Transportation Syst.,		
	6.00%, 12/15/15, Ser. B (MBIA)	Aaa/AAA	2
750	Tobacco Settlement Fin. Corp., 6.75%, 6/1/39	Baa2/BBB	
			----
			4
			====
	NEW YORK--9.8%		
1,000	Central Islip Union Free School Dist., GO,		
	4.00%, 7/15/20, Ser. B (MBIA)	Aaa/NR	
425	Long Island Pwr. Auth. Elec. Syst. Rev.,		
	5.00%, 6/1/06, Ser. B	Baa1/A-	
	Metropolitan Trans. Auth., Ser. A,		
5,000	5.00%, 11/15/30 (FSA)	Aaa/AAA	5
1,000	5.50%, 11/15/14 (AMBAC)	Aaa/AAA	1
1,000	5.75%, 1/1/16	A3/AA-	1

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Principal Amount (000)		Credit Rating* (Moody's/S&P)	V
-----			
	NEW YORK--(CONTINUED)		
	State GO,		
\$ 750	5.25%, 9/15/33, Ser. C	A2/A	\$
1,000	6.00%, 8/1/14, Ser. H	A2/A	1
15	State Medical Care Fac. Fin. Agcy. Rev.,		
	6.50%, 8/15/24	A3/AA-	
1,000	State Mtg. Agcy. Rev., 5.80%, 10/1/12	Aa1/NR	1
1,000	State Urban Dev. Corp. Rev., Personal Income Tax,		
	5.50%, 3/15/18, Ser. C-1 (FGIC)	Aaa/AAA	1
2,825	Triborough Bridge & Tunnel Auth. Revs.,		
	5.125%, 11/15/29, Ser. B	Aa3/AA-	2
			-----
			15
			=====
	NORTH DAKOTA--1.0%		
	State Housing Fin. Agcy. Rev.,		
1,008	5.50%, 7/1/18, Ser. C +	Aa2/NR	1
530	5.85%, 7/1/10, Ser. A +	Aa2/NR	
			-----
			1
			=====
	OHIO--2.1%		
1,155	Akron Sewer Syst. Rev., 5.25%, 12/1/18 (MBIA)	Aaa/NR	1
1,000	Hamilton Cnty. Sewer Syst. Rev.,		
	5.75%, 12/1/25, Ser. A (MBIA)	Aaa/AAA	1
885	Summit Cnty., GO, 6.25%, 12/1/15 (FGIC)	Aaa/AAA	1
			-----
			3
			=====
	PENNSYLVANIA--2.0%		
2,000	Allegheny Cnty. Hosp. Dev. Auth.,		
	6.00%, 7/1/23, Ser. B (MBIA)	Aaa/AAA	2
845	South Wayne Cnty. Water and Sewer,		
	5.95%, 10/15/13 (AMBAC)	Aaa/AAA	
			-----
			3
			=====
	SOUTH CAROLINA--2.5%		
1,250	Charleston Cnty., GO, 6.125%, 9/1/13	Aa1/AA+	1
1,000	State Public Service Auth. Rev., 5.75%, 1/1/15, Ser. A (MBIA)	Aaa/AAA	1
1,450	York Cnty. Ind. Rev., 5.70%, 1/1/24 +	Baa2/BBB	1
			-----
			4
			=====
	SOUTH DAKOTA--0.7%		
960	Heartland Consumer Pwr. Dist. Rev., 7.00%, 1/1/16	Aaa/AAA	1
			-----
			=====
	TENNESSEE--1.2%		
765	Housing Dev. Agcy., 6.375%, 7/1/22 +	Aa2/AA	
960	Memphis-Shelby Cnty. Airpt. Auth. Rev.,		
	6.25%, 3/1/15, Ser. D (AMBAC) +	Aaa/AAA	1
			-----
			1
			=====

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1,000 TEXAS--15.8%  
 Alliance Airprt. Auth. Rev., Fed. Express Corp.,  
 6.375%, 4/1/21 Baa2/BBB

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MUNICIPAL ADVANTAGE FUND INC. SCHEDULE OF INVESTMENTS  
 October 31, 2003

Principal Amount (000)		Credit Rating* (Moody's/S&P)	V
-----			
	TEXAS--(CONTINUED)		
\$1,195	Arlington GO, 5.00%, 8/15/16	Aa2/AA	\$ 1
1,000	Corpus Christi Refin. & Impt., GO, 5.00%, 3/1/21 (FSA)	Aaa/AAA	1
2,000	Cypress-Fairbanks Indpt. School Dist., GO, 5.50%, 2/15/17	Aaa/AAA	2
1,000	Denton Cnty. GO, 5.00%, 7/15/16 (AMBAC)	Aaa/AAA	1
3,400	Fort Bend Indpt. School Dist., GO, 5.25%, 8/15/18	NR/AAA	3
1,900	Hays Indpt. School Dist., GO, 5.50%, 8/15/09	Aaa/AAA	2
1,250	Houston Indpt. School Dist., GO, 4.75%, 2/15/22, Ser. A	Aaa/AAA	1
1,000	Houston Univ. Rev., 5.25%, 2/15/17 (MBIA)	Aaa/AAA	1
	Houston Water Conveyance Syst., CP, (AMBAC)		
1,000	6.25%, 12/15/14, Ser. J	Aaa/AAA	1
1,400	7.50%, 12/15/15, Ser. H	Aaa/AAA	1
1,500	Port Houston Auth., Harris Cnty., GO, 5.75%, 10/1/17 +	Aa1/AA+	1
1,000	South San Antonio Indpt. School Dist., GO, 5.00%, 8/15/21	Aaa/AAA	1
595	State Housing Fin. Assist, GO, 5.15%, 6/1/24, Ser. A	Aa1/AA	
500	State Pub. Fin. Auth. Bldg. Rev., 5.625%, 8/1/19, Ser. B (FSA)	Aaa/AAA	
2,000	Texas Tech Univ. Rev., 5.50%, 8/15/18 (MBIA)	Aaa/AAA	2
	Water Dev. Board Rev.,		
1,000	5.75%, 7/15/14, Ser. B	Aaa/AAA	1
400	5.75%, 7/15/17, Ser. A	Aaa/AAA	
			----- 25 =====
	UTAH--1.9%		
2,000	State Go, Ser. A, 5.00%, 7/1/15	Aaa/AAA	2
	State Housing Fin. Agcy., (FHA),		
140	6.35%, 7/1/11	Aaa/NR	
650	6.55%, 1/1/22-7/1/26	Aaa/AAA	
			----- 2 =====
	VERMONT--0.4%		
690	Housing Fin. Agcy., 5.70%, 5/1/12, Ser. 9 (MBIA) +	Aaa/AAA	
			=====
	VIRGINIA--2.6%		
3,000	Commonwealth Trans. Board Rev., U.S. Rte. 58,		

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1,000	5.25%, 5/15/16 Virginia Beach GO, Ser. A, 4.25%, 5/1/23	Aa1/AA+ Aa1/AA+	3 ----- 4 =====
1,205	WASHINGTON--4.8% Franklin Cnty. Pub. Util. Rev., 5.625%, 9/1/15 (MBIA)	Aaa/AAA	1
1,500	Port Seattle Rev., 5.625%, 2/1/24, Ser. B (MBIA)	Aaa/AAA	1
1,000	Seattle Museum Dev. Auth., 6.30%, 7/1/13	Aa1/AAA	1
500	State GO, 5.00%, 1/1/17, Ser. R-03-A (MBIA)	Aaa/AAA	
3,000	State GO, Motor Vehicle Dept., 5.625%, 7/1/25, Ser. B	Aa1/AA+	3 ----- 7 =====

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MUNICIPAL ADVANTAGE FUND INC. SCHEDULE OF INVESTMENTS  
October 31, 2003

Principal Amount (000)		Credit Rating* (Moody's/S&P)	V
\$2,000	WEST VIRGINIA--1.3% Braxton Cnty. Solid Waste Disp. Rev., Weyerhaeuser Co., 6.125%-6.50%, 4/1/25-4/1/26 +	Baa2/BBB	\$ 2 =====
1,305	WISCONSIN--0.8% State GO, 5.30%, 5/1/23, Ser. B +	Aa3/AA-	1 =====
1,000	WYOMING--0.7% Student Loan Corp. Rev., 6.20%, 6/1/24, Ser. A	NR/AA	1 =====
	Total Municipal Bonds (cost-\$150,017,521)		157 =====
	OTHER MUNICIPAL BONDS--1.7%		
2,460	PUERTO RICO--1.7% Commonwealth Hwy. & Transportation Auth Rev., 5.25%, 7/1/10 (FGIC) (cost-\$2,799,974)	Aaa/AAA	2 =====
	TOTAL INVESTMENTS (cost-\$152,817,49500)--100%		\$159 =====

NOTES TO SCHEDULE OF INVESTMENTS:

\* Unaudited

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- \*\* Long-term debt securities are valued by an independent pricing service authorized by the Board of Directors.
- + Subject to alternative minimum tax
- ++ Pre-refunded bonds are collateralized by U.S. Government or other eligible securities which are held in escrow and used to pay principal and interest and retire the bonds at the earliest refunding date.
- oo The cost basis of portfolio securities for federal income tax purposes is \$152,817,495. Aggregate gross unrealized appreciation for securities in which there is an excess value over tax cost is \$7,588,336; aggregate gross unrealized depreciation for securities in which there is an excess of tax cost over value is \$458,310; net unrealized appreciation for federal income tax purpose is \$7,130,026.

-----  
GLOSSARY:

AMBAC--insured by American Municipal Bond Assurance Corp.  
 CP--Certificates of Participation  
 FGIC--insured by insured Financial Guaranty Insurance Co.  
 FHA--insured by Federal Housing Administration  
 FSA--insured by Financial Security Assurance, Inc.  
 GO--General Obligation Bonds  
 MBIA--insured by Municipal Bond Investors Assurance  
 NR--Not Rated  
 XLCA--insured by XL Capital Assurance

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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MUNICIPAL ADVANTAGE FUND INC. STATEMENT OF ASSETS AND LIABILITIES  
 October 31, 2003

ASSETS:	
Investments, at value (cost-\$152,817,495)	\$159,947,521
-----	-----
Cash	280,883
-----	-----
Interest receivable	2,630,592
-----	-----
Receivable for investments sold	1,200,806
-----	-----
Prepaid expenses	13,338
-----	-----
Total Assets	164,073,140
=====	=====
LIABILITIES:	
Dividends payable to common and preferred shareholders	558,551
-----	-----
Investment management fee payable	82,934

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Accrued expenses	116,960
Total Liabilities	758,445
PREFERRED STOCK (\$0.001 PAR VALUE AND \$50,000 NET ASSET AND LIQUIDATION VALUE PER SHARE APPLICABLE TO 1,100 SHARES ISSUED AND OUTSTANDING)	55,000,000
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS	\$108,314,695
=====	
COMPOSITION OF NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS:	
COMMON STOCK:	
Par value (\$0.001 per share, applicable to 7,257,093 shares issued and outstanding)	\$ 7,257
Paid-in-capital in excess of par	100,618,353
Undistributed net investment income	154,518
Accumulated net realized gain	404,541
Net unrealized appreciation of investments	7,130,026
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS	\$108,314,695
=====	
NET ASSET VALUE PER COMMON SHARE	\$14.93
=====	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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MUNICIPAL ADVANTAGE FUND INC. STATEMENT OF OPERATIONS  
Year ended October 31, 2003

INVESTMENT INCOME:	
Interest	\$8,082,697
=====	
EXPENSES:	
Investment management fees	982,607
Auction agent fees and commissions	147,012
Audit and tax service fees	78,785
New York Stock Exchange listing fee	46,250
Custodian fees	44,212
Transfer agent fees	37,204
=====	

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Reports to shareholders	36,665
-----	-----
Legal fees	35,790
-----	-----
Directors' fees and expenses	28,660
-----	-----
Insurance expense	5,847
-----	-----
Investor relations expense	3,142
-----	-----
Miscellaneous	16,947
-----	-----
Total expenses	1,463,121
-----	-----
Less: expense offset	(2,142)
=====	=====
Net expenses	1,460,979
=====	=====
 NET INVESTMENT INCOME	 6,621,718
=====	=====
 REALIZED AND UNREALIZED GAIN (LOSS):	
Net realized gain on:	
Investments	1,001,615
-----	-----
Futures contracts	164,310
-----	-----
Net change in unrealized appreciation/depreciation of investments	(82,365)
-----	-----
Net realized and unrealized gain on investments and futures contracts	1,083,560
=====	=====
NET INCREASE IN NET ASSETS RESULTING FROM INVESTMENT OPERATIONS	7,705,278
=====	=====
DIVIDENDS ON PREFERRED STOCK FROM NET INVESTMENT INCOME	(604,891)
=====	=====
NET INCREASE IN NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS RESULTING FROM INVESTMENT OPERATIONS	\$7,100,387
=====	=====

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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MUNICIPAL ADVANTAGE FUND INC. STATEMENT OF CHANGES IN NET ASSETS  
APPLICABLE TO COMMON SHAREHOLDERS

Year ended	Year ended
October 31,	October 31,
2003	2002
-----	-----

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INVESTMENT OPERATIONS:		
Net investment income	\$ 6,621,718	\$ 7,227,439
-----		
Net realized gain on investments and futures contracts	1,165,925	85,434
-----		
Net change in unrealized appreciation/depreciation of investments	(82,365)	(270,395)
-----		
Net increase in net assets resulting from investment operations	7,705,278	7,042,478
-----		
DIVIDENDS ON PREFERRED STOCK FROM NET INVESTMENT INCOME	(604,891)	(832,810)
=====		
Net increase in net assets applicable to common shareholders resulting from investment operations.	7,100,387	6,209,668
-----		
DIVIDENDS TO COMMON SHAREHOLDERS FROM NET INVESTMENT INCOME	(6,458,814)	(6,070,558)
=====		
Total increase in net assets applicable to common shareholders	641,573	139,110
-----		
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS:		
Beginning of year	107,673,122	107,534,012
-----		
End of year (including undistributed net investment income of \$154,518, and \$596,505, respectively)	\$108,314,695	\$107,673,122
=====		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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MUNICIPAL ADVANTAGE FUND, INC. NOTES TO FINANCIAL STATEMENTS  
October 31, 2003

### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Municipal Advantage Fund Inc. (the "Fund") was incorporated in the State of Maryland on February 23, 1993 and is registered as a diversified, closed-end management investment company under the Investment Company Act of 1940.

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

In the normal course of business, the Fund enters into contracts that contain a variety of representations which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund expects the risk of any loss to be remote.

The following is a summary of significant accounting policies followed by the Fund:

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### (a) VALUATION OF INVESTMENTS

The Fund determines its net asset value at the close of regular trading (normally 4:00 p.m. Eastern time) on the New York Stock Exchange ("NYSE") on each day the NYSE is open. Debt securities are valued by an independent pricing service approved by the Board of Directors. Certain fixed income securities, including those to be purchased under firm commitment agreements, are normally valued on the basis of quotes obtained from brokers and dealers or independent pricing services. Any security or financial instrument for which market quotations are not readily available is valued as determined in good faith under procedures established by the Board of Directors. Short-term investments having a remaining maturity of sixty days or less are valued at amortized cost, which approximates market value.

### (b) FEDERAL INCOME TAXES

The Fund intends to distribute all of its taxable income and to comply with the other requirements of the U.S. Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, no provision for U.S. federal income taxes is required. In addition, by distributing substantially all of its taxable ordinary income and long-term capital gains, if any, during each calendar year, the Fund intends not to be subject to U.S. federal excise tax.

### (c) INVESTMENT TRANSACTIONS AND INVESTMENT INCOME

Investment transactions are accounted for on the trade date. Realized gains and losses on investments are determined on the identified cost basis. Interest income is recorded on an accrual basis. Original issue discounts and premiums on debt securities purchased are accreted or amortized daily to non-taxable interest income. Market discount, if any, is accreted daily to taxable income.

### (d) DIVIDENDS AND DISTRIBUTIONS--COMMON STOCK

The Fund declares dividends from net investment income monthly to common shareholders. Distributions of net realized capital gains, if any, are paid annually. The Fund records dividends and distributions to its shareholders on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations, which may differ from generally accepted accounting principles. These "book-tax" differences are either considered temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal income tax treatment; temporary differences do not require reclassification. To the extent dividends and/or distributions exceed current and accumulated earnings and profits for federal income tax purposes they are reported as dividends and/or distributions of paid-in-capital in excess of par.

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MUNICIPAL ADVANTAGE FUND, INC. NOTES TO FINANCIAL STATEMENTS  
October 31, 2003

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (concluded)



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### (e) FUTURES CONTRACTS

A futures contract is an agreement between two parties to buy and sell a financial instrument at a set price on a future date. Upon entering into such a contract, the Fund is required to pledge to the broker an amount of cash or securities equal to the minimum "initial margin" requirements of the exchange. Pursuant to the contracts, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contracts. Such receipts or payments are known as "variation margin" and are recorded by the Fund as unrealized appreciation or depreciation. When the contracts are closed, the Fund records a realized gain or loss equal to the difference between the value of the contracts at the time they were opened and the value at the time they were closed. Any unrealized appreciation or depreciation recorded is simultaneously reversed. The Fund invests in futures contracts solely for the purpose of hedging its existing portfolio securities or securities the Fund intends to purchase against fluctuations in value caused by changes in prevailing market interest rates. The use of futures involves the risk of imperfect correlation in the movements in the price of futures contracts, interest rates and the underlying hedged assets, and the possible inability of the counterparties to meet the terms of their contracts. The Fund did not have any futures contracts outstanding at October 31, 2003.

### (f) CUSTODY CREDITS EARNED ON CASH BALANCES

The Fund benefits from an expense offset arrangement with its custodian bank whereby uninvested cash balances earn credits which reduce monthly custodian expenses. Had these cash balances been invested in income producing securities, they would have generated income for the Fund.

## 2. INVESTMENT MANAGER AND INVESTMENT ADVISER

The Fund has an Investment Management Agreement with PIMCO Advisors Fund Management LLC (the "Investment Manager"). The Investment Manager, among other things, supervises the Fund's investment program, including advising and consulting with OpCap Advisors LLC (the "Investment Adviser") regarding the Fund's overall investment strategy. The Investment Manager and Investment Adviser are indirect-wholly-owned subsidiaries of Allianz Dresdner Asset Management of America L.P. ("ADAM"). ADAM is an indirect-majority-owned subsidiary of Allianz AG. The Investment Manager, for its services, receives a monthly fee at an annual rate of 0.60% of the Fund's average weekly net assets, inclusive of net assets attributable to any preferred stock that may be outstanding. The Investment Adviser receives from the Investment Manager (not the Fund) a monthly fee at an annual rate of 0.36% of the Fund's average weekly net assets, inclusive of net assets attributable to any preferred stock that may be outstanding. The Investment Manager informed the Fund that it paid the Investment Adviser \$589,564 for the year ended October 31, 2003.

## 3. INVESTMENTS IN SECURITIES

For the year ended October 31, 2003, aggregate purchases and sales of investments, other than short-term securities, were \$42,331,278 and \$36,129,678, respectively.

## 4. INCOME TAX INFORMATION

The tax character of dividends paid were:

	Year Ended October 31, 2003	Year Ended October 31, 2002
	-----	-----
Ordinary Income	\$ 12,483	\$ 18,359

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Tax Exempt Income	\$7,051,222	\$6,885,009
-------------------	-------------	-------------

At October 31, 2003, the tax character of distributable earnings of \$559,059 was composed of \$154,518 of tax exempt income and \$404,541 of long-term capital gains.

During the year ended October 31, 2003 the Fund utilized \$761,384 of capital losses carried over from prior years.

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MUNICIPAL ADVANTAGE FUND, INC. NOTES TO FINANCIAL STATEMENTS  
October 31, 2003

### 5. CAPITAL

There are 100 million shares of \$0.001 par value common stock authorized.

For the years ended October 31, 2003 and October 31, 2002, there were no transactions in shares of common stock.

### 6. AUCTION RATE PREFERRED STOCK

The Fund has issued 1,100 shares of Preferred Stock with a net asset and liquidation value of \$50,000 per share plus accrued dividends.

Dividends are accumulated daily at an annual rate set through auction procedures. The annualized dividend rate ranged from 0.849% to 1.42% during the year ended October 31, 2003 and was 0.849% at October 31, 2003. Distributions of net realized gains, if any, are paid annually to Preferred Stockholders.

The Fund is subject to certain limitations and restrictions while Preferred Stock is outstanding. Failure to comply with these limitations and restrictions could preclude the Fund from declaring any dividends or distributions to common shareholders or repurchasing common shares and/or could trigger the mandatory redemption of Preferred Stock at its liquidation value.

The Preferred Stock, which is entitled to one vote per share, generally votes with the common stock but votes separately as a class to elect two Directors and on any matters affecting the rights of the Preferred Stock.

### 7. SUBSEQUENT COMMON DIVIDEND DECLARATIONS

On November 3, 2003, a dividend of \$0.075 per share was declared to common shareholders payable December 1, 2003 to shareholders of record on November 14, 2003.

On December 1, 2003, a dividend of \$0.075 per share was declared to common shareholders payable December 31, 2003 to shareholders of record on December 12, 2003.

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### Municipal Advantage Fund Inc. Financial Highlights

For a share of common stock outstanding throughout each year:

Year ended October 31,	2003	2002	2001	2000	1999
	-----	-----	-----	-----	-----
Net asset value, beginning of year	\$ 14.84	\$ 14.82	\$ 13.75	\$ 13.18	\$ 15.23
-----					
INVESTMENT OPERATIONS:					
Net investment income	0.91	0.99	1.03	1.05	1.05
-----					
Net realized and unrealized gain (loss) on investments and futures contracts	0.15	(0.03)	1.04	0.60	(2.04)
-----					
Total from investment operations	1.06	0.96	2.07	1.65	(0.99)
-----					
DIVIDENDS ON PREFERRED STOCK FROM NET INVESTMENT INCOME					
	(0.08)	(0.11)	(0.26)	(0.32)	(0.26)
-----					
Net increase (decrease) in net assets applicable to common shareholders resulting from investment operations	0.98	0.85	1.81	1.33	(1.25)
-----					
DIVIDENDS TO COMMON SHAREHOLDERS FROM NET INVESTMENT INCOME					
	(0.89)	(0.83)	(0.74)	(0.76)	(0.80)
-----					
Net asset value, end of year	\$ 14.93	\$ 14.84	\$ 14.82	\$ 13.75	\$ 13.18
-----					
Market price, end of year	\$ 13.57	\$ 13.04	\$ 13.05	\$ 11.375	\$ 11.75
-----					
TOTAL INVESTMENT RETURN (1)	11.0%	6.4%	20.4%	3.4%	(11.6)%
-----					
RATIOS/SUPPLEMENTAL DATA:					
Net assets applicable to common shareholders, end of year (000's)	\$108,315	\$107,673	\$107,534	\$ 99,778	\$ 95,663
-----					
Ratio of expenses to average net assets (2) (3)	1.35%	1.38%	1.34%	1.44%	1.36%

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Ratio of net investment income to average net assets (2)	6.09%	6.83%	7.17%	7.89%	7.22%
Asset coverage per share of preferred stock	\$148,442	\$147,846	\$147,707	\$140,473	\$136,768
Portfolio turnover	23%	37%	25%	27%	22%

(1) Total investment return is calculated assuming a purchase of common stock at the current market price on the first day of the year and a sale at the current market price on the last day of each year reported. Dividends are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions or sales charges.

(2) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders.

(3) Inclusive of expenses offset by custody credits earned on cash balances at the custodian bank. (See note 1f in Notes to Financial Statements)

### SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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### MUNICIPAL ADVANTAGE FUND INC. REPORT OF INDEPENDENT AUDITORS

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS  
OF MUNICIPAL ADVANTAGE FUND INC.

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets applicable to common shareholders and the financial highlights present fairly, in all material respects, the financial position of Municipal Advantage Fund Inc. (the "Fund") at October 31, 2003, the results of its operations for the year then ended, the changes in its net assets applicable to common shareholders for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our

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audits, which included confirmation of securities at October 31, 2003 by correspondence with the custodian, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
1177 Avenue of the Americas  
New York, New York 10036  
December 16, 2003

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MUNICIPAL ADVANTAGE FUND INC.

### TAX INFORMATION (unaudited):

Subchapter M of the Internal Revenue Code of 1986, as amended, requires the Fund to advise shareholders within 60 days of the Fund's tax year end (October 31, 2003) as to the federal tax status of dividends and distributions received by shareholders during such tax year. Accordingly, the Fund is advising that substantially all dividends paid from net investment income during the tax year ended October 31, 2003 were federally exempt interest dividends, although the Fund did invest in securities which paid interest subject to the federal alternative minimum tax during the tax year. The percentage of dividends paid from net investment income subject to such tax was 35.5%. Additionally, the Fund invested in municipal bonds containing market discount, whose accretion is taxable. Accordingly, 0.18% of the Fund's dividends paid during the fiscal year are taxable. Per share dividends for the tax year ended October 31, were:

DIVIDENDS TO COMMON SHAREHOLDERS FROM NET INVESTMENT INCOME	\$0.885
DIVIDENDS ON PREFERRED STOCK FROM NET INVESTMENT INCOME	\$549.90

Since the Fund's tax year is not the calendar year, another notification will be sent with respect to calendar year 2003. In January 2004, you will be advised on IRS Form 1099 DIV as to the federal tax status of the dividends received in calendar 2003. The amount that will be reported, will be the amount to be used on your 2003 federal income tax return and may differ from the amount which must be reported in connection with the Fund's tax year ended October 31, 2003. Shareholders are advised to consult their tax advisers as to the federal, state and local tax status of the income received from the Fund. An allocation of interest income by state will also be provided which may be of value in reducing a shareholder's state or local tax liability, if any.

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DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN:

The Fund has a Dividend Reinvestment and Cash Purchase Plan (the "Plan") in which all dividends and distributions paid to Common Stockholders are automatically reinvested in additional shares of the Fund (unless a shareholder

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elects to receive cash). EquiServe L.P. ( the "Plan Agent") serves as agent for the holders of Common Stock in administering the Plan. Subsequent to the Fund paying a dividend and/or distribution, the Plan Agent, as agent for the participants, receives cash and uses it to purchase Common Stock in the open market, on the New York Stock Exchange or elsewhere, for the participants' accounts. The Fund does not issue any new shares of Common Stock in connection with the Plan. The Plan Agent's fees for the provision of services in connection with the reinvestment of dividends and distributions is paid by the Fund. Each participant also pays a pro rata share of the brokerage commission incurred with respect to the Plan Agent's open market purchases in connection with the reinvestment. The receipt of dividends and distributions under the Plan does not relieve participants of any income tax which may be payable on such dividends or distributions. Participation in the Plan may be terminated at any time by written notice to the Plan Agent. Participants also have an option to make additional cash payments to the Plan Agent for the purchase of Common Stock with a minimum investment of \$250. All correspondence concerning the Plan including requests for additional information or requests to be included or excluded from the Plan should be addressed to the applicable bank, broker-dealer or other nominee or in the case of shareholders whose shares are registered in their own name to EquiServe L.P., Post Office Box 8200, Boston, Massachusetts 02266 or by calling 1-800-426-5523.

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OTHER INFORMATION:

Since October 31, 2002, there have been no: (i) material changes in the Fund's investment objectives or policies; (ii) changes to the Fund's charter or by-laws; (iii) material changes in the principal risk factors associated with investment in the Fund; or (iv) change in the person primarily responsible for the day-to-day management of the Fund's portfolio.

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MUNICIPAL ADVANTAGE FUND INC. BOARD OF DIRECTORS

BOARD OF DIRECTORS

NAME, POSITION(S)

HELD WITH FUND, AGE AND  
ADDRESS

PRINCIPAL OCCUPATION(S) DURING PAST 5 YEA

STEPHEN TREADWAY, DIRECTOR, CHAIRMAN,  
CHAIRMAN OF THE BOARD

1345 Avenue of the Americas

New York, NY 10105

Age: 56

DIRECTOR SINCE: 1997

TERM OF OFFICE: EXPECTED TO STAND FOR RE-ELECTION AT

Managing Director, Allianz Dresdne  
Management of America L.P.; Managing Dir  
Chief Executive Officer, PIMCO Advis  
Management LLC; Managing Director a  
Executive Officer, PIMCO Advisors Dis  
LLC; Member of the Board of Management o  
Dresdner Asset Management Gmbh; Mr.

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2005 ANNUAL MEETING OF SHAREHOLDERS.  
DIRECTOR/TRUSTEE OF 53 FUNDS IN FUND COMPLEX  
DIRECTOR/TRUSTEE OF NO FUNDS OUTSIDE OF FUND COMPLEX

PAUL BELICA, DIRECTOR  
1345 Avenue of the Americas  
New York, NY 10105  
Age: 82  
TRUSTEE SINCE: 2003  
TERM OF OFFICE: AFTER INITIAL TERM, EXPECTED TO  
STAND FOR ELECTION AT 2004 ANNUAL MEETING  
OF SHAREHOLDERS.  
TRUSTEE OF 16 FUNDS IN FUND COMPLEX  
TRUSTEE OF 2 FUNDS OUTSIDE OF FUND COMPLEX

ROBERT E. CONNOR, DIRECTOR  
1345 Avenue of the Americas  
New York, NY 10105  
Age: 69  
Director since: 2000  
TERM OF OFFICE: EXPECTED TO STAND FOR RE-ELECTION AT  
2004 ANNUAL MEETING OF SHAREHOLDERS.  
DIRECTOR/TRUSTEE OF 18 FUNDS IN FUND COMPLEX  
DIRECTOR/TRUSTEE OF NO FUNDS OUTSIDE OF FUND COMPLEX

RAYMOND D. HORTON, DIRECTOR  
1345 Avenue of the Americas  
New York, NY 10105  
Age: 64  
DIRECTOR SINCE: 1994  
TERM OF OFFICE: EXPECTED TO STAND FOR RE-ELECTION AT  
2006 ANNUAL MEETING OF SHAREHOLDERS.  
DIRECTOR/TRUSTEE OF 1 FUND IN FUND COMPLEX  
DIRECTOR/TRUSTEE OF NO FUNDS OUTSIDE OF FUND COMPLEX

WENDY W. LUERS, DIRECTOR  
1345 Avenue of the Americas  
New York, NY 10105  
Age: 63  
DIRECTOR SINCE: 2001  
TERM OF OFFICE: EXPECTED TO STAND FOR RE-ELECTION AT  
2004 ANNUAL MEETING OF SHAREHOLDERS.  
DIRECTOR/TRUSTEE OF 1 FUND IN FUND COMPLEX  
DIRECTOR/TRUSTEE OF NO FUNDS OUTSIDE OF FUND COMPLEX

serves as a director/trustee and holds executive officer positions in connect Alliantz Dresdner Asset Management of L.P.'s affiliated open- and closed-end funds.

Trustee of fifteen open- and closed-end m investment companies affiliated with Dresdner Asset Management of Ameri Manager, Stratigos Fund, L.L.C., Whist L.L.C., Xanthus Fund, L.L.C., and Wynst L.L.C.; Director, Student Loan Financi Education Loans, Inc., Goal Funding, Inc Loan Funding Inc.; Formerly, Advisor, Smith Barney, Inc.; Director, The Central Value Fund, Inc.; Deck House Inc.

Trustee of seventeen open- and c management investment companies affili Alliantz Dresdner Asset Management of Ame Corporate Affairs Consultant. Formerly Vice President, Corporate Office, Smi Inc.

Professor, Columbia University Graduate Business; Formerly, President, Citizen Commission, Inc. (1986-1998).

Founder and President, The Foundation fo Society, New York, Prague, Bratislava profit foundation which sponsors organizations and programs in the Czech a Republics).

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MUNICIPAL ADVANTAGE FUND INC. PRIVACY POLICY

OUR COMMITMENT TO YOU

We consider customer privacy to be a fundamental aspect of our relationship with

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clients. We are committed to maintaining the confidentiality, integrity, and security of our current, prospective and former clients' personal information. We have developed policies designed to protect this confidentiality, while allowing client needs to be served.

### OBTAINING PERSONAL INFORMATION

In the course of providing you with products and services, we may obtain non-public personal information about you. This information may come from sources such as account applications and other forms, from other written, electronic or verbal correspondence, from your transactions, from your brokerage or financial advisory firm, financial adviser or consultant, and/or from information captured on our internet web sites.

### RESPECTING YOUR PRIVACY

We do not disclose any personal or account information provided by you or gathered by us to non-affiliated third parties, except as required or permitted by law. As is common in the industry, non-affiliated companies may from time to time be used to provide certain services, such as preparing and mailing prospectuses, reports, account statements and other information, conducting research on client satisfaction, and gathering shareholder proxies. We may also retain non-affiliated companies to market our products and enter in joint marketing agreements with other companies. These companies may have access to your personal and account information, but are permitted to use the information solely to provide the specific service or as otherwise permitted by law. We may also provide your personal and account information to your brokerage or financial advisory firm and/or to your financial adviser or consultant.

### SHARING INFORMATION WITH THIRD PARTIES

We do reserve the right to disclose or report personal information to non-affiliated third parties in limited circumstances where we believe in good faith that disclosure is required under law, to cooperate with regulators or law enforcement authorities, to protect our rights or property, or upon reasonable request by any mutual fund in which you have chosen to invest. In addition, we may disclose information about you or your accounts to a non-affiliated third party at your request or if you consent in writing to the disclosure.

### SHARING INFORMATION WITH AFFILIATES

We may share client information with our affiliates in connection with servicing your account or to provide you with information about products and services that we believe may be of interest to you. The information we share may include, for example, your participation in our mutual funds or other investment programs, your ownership of certain types of accounts (such as IRAs), or other data about your accounts. Our affiliates, in turn, are not permitted to share your information with non-affiliated entities, except as required or permitted by law.

### IMPLEMENTATION OF PROCEDURES

We take seriously the obligation to safeguard your non-public personal information. We have implemented procedures designed to restrict access to your non-public personal information to our personnel who need to know that information to provide products or services to you. To guard your non-public personal information, physical, electronic, and procedural safeguards are in place.



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DIRECTORS AND PRINCIPAL OFFICERS

Stephen Treadway  
Director, Chairman, Chairman of the Board

Paul Belica  
Director

Robert E. Connor  
Director

Raymond D. Horton  
Director

Wendy W. Luers  
Director

Brian S. Shlissel  
President & Chief Executive Officer

Matthew Greenwald  
Executive Vice President

Newton B. Schott, Jr.  
Executive Vice President & Secretary

Lawrence G. Altadonna  
Treasurer, Principal Financial & Accounting Officer

INVESTMENT MANAGER

PIMCO Advisors Fund Management LLC  
1345 Avenue of the Americas  
New York, NY 10105

INVESTMENT ADVISER

OpCap Advisors LLC  
1345 Avenue of the Americas  
New York, NY 10105

TRANSFER AGENT, DIVIDEND PAYING AGENT AND REGISTRAR

EquiServe Trust Co. N.A.  
Post Office Box 8200  
Boston, MA 02266

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### INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP  
1177 Avenue of the Americas  
New York, NY 10036

This report, including the financial information herein, is transmitted to the shareholders of Municipal Advantage Fund Inc. for their information. It is not a prospectus, circular or representation intended for use in the purchase of shares of the Fund or any securities mentioned in this report.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that from time to time the Fund may purchase shares of its common stock in the open market.

Daily information on the Fund is available at [www.pimcoadvisors.com](http://www.pimcoadvisors.com) or by calling 1-800-426-5523.

P I M C O

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ADVISORS

MVFCM-AR-10/03

ITEM 2. CODE OF ETHICS As of the end of the period covered by this report, the registrant has adopted a code of ethics (the "Section 406 Standards for Investment Companies -- Ethical Standards for Principal Executive and Financial Officers") that applies to the registrant's Principal Executive Officer and Principal Financial Officer; the registrant's Principal Financial Officer also serves as the Principal Accounting Officer. The registrant undertakes to provide a copy of such code of ethics to any person upon request, without charge, by calling 1-800-426-5523.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT The registrant's Board has determined that Mr. Paul Belica, a member of the Board's Audit Oversight Committee is an "audit committee financial expert," and that he is "independent," for purposes of this Item.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES Disclosure requirement not currently effective

ITEM 5. [RESERVED]

ITEM 6. [RESERVED]

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ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES Not applicable to this registrant

ITEM 8. [RESERVED]

ITEM 9. CONTROLS AND PROCEDURES

- (a) The registrant's President and Chief Executive Officer and Principal Financial Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-2(c) under the Investment Company Act of 1940, as amended) are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.
- (b) There were no significant changes in the registrant's internal controls or in factors that could affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

ITEM 10. EXHIBITS

- (a) Exhibit 99.a - Code of Ethics
- (b) Exhibit 99.Cert. - Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- (c) Exhibit 99.906 Cert. - Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Signature

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.

(Registrant) Municipal Advantage Fund Inc.  
-----

By /s/ Brian S. Shlissel  
-----

President and Chief Executive Officer

Date January 2, 2004  
-----

By /s/ Lawrence G. Altadonna  
-----

Treasurer

Date January 2, 2004  
-----

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/ Brian S. Shlissel

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-----  
President and Chief Executive Officer

Date January 2, 2004  
-----

By /s/ Lawrence G. Altadonna  
-----

Treasurer

Date January 2, 2004  
-----