

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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FILER

INTERCAPITAL CALIFORNIA QUALITY MUNICIPAL SECURITIES

CIK: **898618** | State of Incorporation: **MA** | Fiscal Year End: **1231**
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Mailing Address	Business Address
<i>TWO WORLD TRADE CENTER NEW YORK NY 10048</i>	<i>TWO WORLD TRADE CENTER NEW YORK NY 10048 2123921600</i>

INTERCAPITAL CALIFORNIA QUALITY MUNICIPAL SECURITIES Two World Trade Center,
New York, New York 10048
LETTER TO THE SHAREHOLDERS October 31, 1997

DEAR SHAREHOLDER:

We are pleased to present the annual report on the operations of InterCapital California Quality Municipal Securities (IQC) for the fiscal year ended October 31, 1997.

Stimulated by a resurgence of consumer spending in late 1996, the economy grew at a rapid pace in the first quarter of 1997. This prompted the Federal Reserve Board to tighten its monetary policy in March in a preemptive move against a possible increase in the rate of inflation. Economic growth slowed in the second quarter and the bond market rallied. In addition to more moderate economic growth, low inflation and stable monetary policy, the bond rally through July was supported by a shrinking federal budget deficit and a strong dollar. However, by August the bond market retreated on fears that stronger employment conditions might prompt the Federal Reserve Board to tighten further. Yields declined in October when turmoil in the global stock markets precipitated "flight-to-quality" demand for U.S. Treasuries.

BOND YIELDS 1994-1997

<TABLE>

<CAPTION>

<S>	Insured Municipal Revenue Yields as a Percentage of U.S. Treasury Yields		
	30-Year U.S. Treasury Yields	30-Year Insured Municipal Revenue Yields	
<C>	<C>	<C>	<C>
Dec '93	6.34	5.4	85.17%
	6.24	5.4	86.54%
	6.66	5.8	87.09%
	7.09	6.4	90.27%
	7.32	6.35	86.75%
Jun '94	7.43	6.25	84.12%
	7.61	6.5	85.41%
	7.39	6.25	84.57%
	7.45	6.3	84.56%
	7.81	6.55	83.87%
Dec '94	7.96	6.75	84.80%
	8	7	87.50%
	7.88	6.75	85.66%
	7.7	6.4	83.12%
	7.44	6.15	82.66%
Jun '95	7.43	6.15	82.77%
	7.34	6.2	84.47%
	6.66	5.8	87.09%
	6.62	6.1	92.15%
	6.86	6.1	88.92%
Dec '95	6.66	6	90.08%
	6.48	5.95	91.82%
	6.33	5.75	90.84%
	6.14	5.5	89.56%
	5.94	5.35	90.07%
Jun '96	6.03	5.4	89.55%
	6.46	5.8	86.69%
	6.66	5.85	87.84%
	6.89	5.95	86.36%
	6.99	6.05	86.55%
Dec '96	6.89	5.9	85.63%
	6.97	5.85	83.93%
	7.11	5.9	82.98%
	6.93	5.7	82.25%
	6.64	5.65	85.09%
Jun '97	6.35	5.5	86.61%
	6.63	5.6	84.46%
	6.79	5.7	83.95%
	6.8	5.65	83.08%
	7.1	5.9	83.10%
Oct '97	6.94	5.75	82.85%
	6.91	5.65	81.77%
	6.78	5.6	82.60%
	6.3	5.3	84.00%
	6.61	5.5	83.00%
	6.4	5.4	84.40%
	6.15	5.35	86.90%

</TABLE>

INTERCAPITAL CALIFORNIA QUALITY MUNICIPAL SECURITIES

LETTER TO THE SHAREHOLDERS October 31, 1997, continued

MUNICIPAL MARKET CONDITIONS

Municipal yields followed the trend of Treasury yields, but with less volatility. Long-term insured revenue index yields increased from 5.65 percent to 5.90 percent between October 1996 and March 1997. The bond rally over the past seven months pushed 30-year yields down to 5.35 percent by the end of October 1997. Yields on one-year notes were little changed at 3.75 percent over the 12-month period. Consequently, the yield pickup for extending maturities from 1 to 30 years narrowed from 190 basis points to 160 basis points.

The ratio of 30-year insured revenue bond yields to 30-year U.S. Treasury yields rose from 83 percent at the end of March 1997 to 87 percent in October. A rising ratio means that municipals have underperformed Treasuries and have become relatively more attractive. Over the past four years, this ratio has annually ranged from an average low of 83 percent to an average high of 90 percent.

New-issue underwriting volume was slightly ahead in the first half of 1997. The decline in interest rates subsequently led to a surge in refunding activity. As a result, new-issue municipal volume was up 17 percent during the first 10 months of 1997. Refundings accounted for more than 25 percent of total volume.

PERFORMANCE

During the fiscal year ended October 31, 1997, the Trust's net asset value (NAV) improved from \$13.08 to \$13.90. Based on this NAV change plus reinvestment of tax-free dividends totaling \$0.69 per share, the Trust's total NAV return

LARGEST SECTORS AS OF OCTOBER 31, 1997
(% OF NET ASSETS)

<S>	<C>
WATER & SEWER	29%
EDUCATION	14%
PUBLIC FACILITIES	10%
TAX ALLOCATION	9%
ELECTRIC	8%
TRANSPORTATION	8%
HOSPITAL	7%
ALL OTHERS	15%

PORTFOLIO STRUCTURE IS SUBJECT TO CHANGE.

CREDIT RATINGS AS OF OCTOBER 31, 1997
(% OF TOTAL LONG-TERM PORTFOLIO)

<S>	<C>
Aaa OR AAA	42%
Aa OR AA	35%
A OR A	20%
Baa OR BBB	3%

AS MEASURED BY MOODY'S INVESTORS SERVICE, INC.
OR STANDARD & POOR'S CORP.

PORTFOLIO STRUCTURE IS SUBJECT TO CHANGE.

INTERCAPITAL CALIFORNIA QUALITY MUNICIPAL SECURITIES

LETTER TO THE SHAREHOLDERS October 31, 1997, continued

was 12.70 percent. IQC's market price on the New York Stock Exchange moved from \$11.25 to \$12.6875 per share. Based on this change in market price plus reinvestment of tax-free dividends, the Trust's total market return was 19.60 percent. On October 31, 1997, IQC traded at a 9 percent discount to NAV.

Monthly dividends for the fourth quarter of 1997 were declared in September. Over the past 12 months the level of undistributed net investment income increased from \$0.077 per share to \$0.124 per share. Beginning with the October 1997 payment the monthly dividend was increased from \$0.0575 per share to \$0.06 per share to more closely reflect the Trust's anticipated income.

PORTFOLIO STRUCTURE

IQC remained fully invested in long-term municipal bonds during the period. Investments were diversified among 11 long-term sectors and 38 credits. The Trust's weighted average maturity and call protection were 22 and 7 years respectively. Throughout the fiscal year, high credit quality was maintained with 77 percent of its long-term holdings rated double or triple "A".

THE IMPACT OF LEVERAGING

As discussed in previous reports, the total income available for distribution to common shareholders includes incremental income provided by the Trust's outstanding Auction Rate Preferred Shares (ARPS). ARPS dividends reflect prevailing short-term interest rates on maturities normally ranging from one week to one year. Incremental income to common shareholders depends on two factors. The first factor is the amount of ARPS outstanding, while the second is the spread between the portfolio's cost yield and ARPS expenses (ARPS auction rate and expenses). The greater the spread and the amount of ARPS outstanding, the greater the amount of incremental income available for distribution to common shareholders. The level of net investment income available for distribution to common shareholders varies with the level of short-term interest rates.

During the fiscal year, ARPS leverage contributed approximately \$0.07 per share to common share earnings. Weekly ARPS yields ranged between 2.00 and 5.125 percent. Three ARPS series totaling \$55 million and representing 26 percent of net assets were outstanding.

LOOKING AHEAD

So far this year, long-term municipal bonds have followed the trend of Treasuries toward lower yields. The recent enactment of the Taxpayer Relief Act of 1997 did not impact municipals directly and the long-term benefits of tax-exempt income have remained intact.

4

INTERCAPITAL CALIFORNIA QUALITY MUNICIPAL SECURITIES

LETTER TO THE SHAREHOLDERS October 31, 1997, continued

The Trust's procedure for reinvestment of all dividends and distributions on common shares is through purchases in the open market. This method helps to support the market value of the Trust's shares. In addition, we would like to remind you that the Trustees have approved a procedure whereby the Trust, when appropriate, may purchase shares in the open market or in privately negotiated transactions at a price not above market value or net asset value, whichever is lower at the time of purchase. During the 12-month period ended October 31, 1997, the Trust purchased and retired 284,700 shares of common stock at a weighted average market discount of 11.42 percent. The Trust may also utilize procedures to reduce or eliminate the amount of outstanding ARPS, including their purchase in the open market or in privately negotiated transactions.

We appreciate your ongoing support of InterCapital California Quality Municipal Securities and look forward to continuing to serve your investment needs.

Very truly yours,

/S/ CHARLES A. FIUMEFREDDO

CHARLES A. FIUMEFREDDO
Chairman of the Board

5

INTERCAPITAL CALIFORNIA QUALITY MUNICIPAL SECURITIES

RESULTS OF ANNUAL MEETING (unaudited)

* * *

On May 20, 1997, an annual meeting of the Trust's shareholders was held for the

purpose of voting on three separate matters, the results of which were as follows:

(1) ELECTION OF TRUSTEES BY ALL SHAREHOLDERS:

<TABLE>		<C>
<S>		
Edwin J. Garn		
For.....		8,751,552
Withheld.....		330,752
Wayne E. Hedien		
For.....		8,752,743
Withheld.....		329,561
Michael E. Nugent		
For.....		8,752,652
Withheld.....		329,652
Philip J. Purcell		
For.....		8,752,753
Withheld.....		329,551

</TABLE>

The following Trustees were not standing for reelection at this meeting:
 Michael Bozic, Charles A. Fiumefreddo, John R. Haire, Dr. Manuel H. Johnson
 and John L. Schroeder.

ELECTION OF TRUSTEE BY PREFERRED SHAREHOLDERS:

<TABLE>		<C>
<S>		
John R. Haire		
For.....		585
Withheld.....		1

</TABLE>

(2) APPROVAL OF A NEW INVESTMENT MANAGEMENT AGREEMENT BETWEEN THE TRUST AND DEAN WITTER INTERCAPITAL INC. IN CONNECTION WITH THE MERGER OF MORGAN STANLEY GROUP INC. WITH DEAN WITTER, DISCOVER & CO.:

<TABLE>		<C>
<S>		
For.....		8,376,261
Against.....		210,261
Abstain.....		495,782

</TABLE>

(3) RATIFICATION OF THE SELECTION OF PRICE WATERHOUSE LLP AS INDEPENDENT ACCOUNTANTS:

<TABLE>		<C>
<S>		
For.....		8,639,997
Against.....		53,772
Abstain.....		388,535

</TABLE>

INTERCAPITAL CALIFORNIA QUALITY MUNICIPAL SECURITIES

PORTFOLIO OF INVESTMENTS October 31, 1997

<TABLE>				
<CAPTION>				
PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE	MATURITY DATE	VALUE

<C>	<S>	<C>	<C>	<C>
	CALIFORNIA TAX-EXEMPT MUNICIPAL BONDS (97.8%)			
	General Obligation (2.0%)			
\$ 4,000	California, Various Purpose Dtd 04/01/93.....	5.90%	04/01/23	\$ 4,175,280
	-----			-----
	Educational Facilities Revenue (14.3%)			
	California Educational Facilities Authority,			
6,000	Carnegie Institute of Washington 1993 Ser A.....	5.60	10/01/23	6,053,100
1,500	Culinary Institute of America Ser 1993 (Connie Lee).....	5.30	10/01/23	1,445,520
2,500	Pepperdine University 1993 Ser A (MBIA).....	5.50	06/01/19	2,518,350
4,000	St Mary's College of California Refg Ser 1993.....	5.00	10/01/12	3,905,360
8,000	California Public Works Board, University of California Ser 1993 B.....	5.50	06/01/14	8,103,440

5,000	University of California,			
3,000	UCLA Central Chiller/Cogeneration, Refg Ser 1993 COPs.....	5.50	11/01/14	5,041,800
	UCLA Central Chiller/Cogeneration, Refg Ser 1993 COPs.....	5.60	11/01/20	3,013,440
-----				-----
30,000				30,081,010
-----				-----
	Electric Revenue (8.3%)			
5,000	Los Angeles Department of Water & Power, Issue of 1993 (Secondary			
	AMBAC).....	5.375	09/01/23	4,907,150
8,000	Northern California Transmission Agency, California - Oregon			
	Transmission Refg Ser 1993 A (MBIA).....	5.25	05/01/20	7,844,800
5,000	Southern California Public Power Authority, Mead - Phoenix 1994 Ser A			
	(AMBAC).....	4.875	07/01/20	4,640,300
-----				-----
18,000				17,392,250
-----				-----
	Hospital Revenue (6.7%)			
4,000	Anaheim, Anaheim Memorial Hospital Association COPs (AMBAC).....	5.00	05/15/13	3,957,320
3,000	California Health Facilities Financing Authority, Cedars Sinai Medical			
	Center Ser 1997 A (MBIA).....	5.25	08/01/27	2,937,840
5,000	California Health Facilities Financing Authority, Kaiser Permanente Ser			
	1985.....	5.55	08/15/25	4,964,500
2,000	California Statewide Communities Development Authority, Children's			
	Hospital			
	of Los Angeles Ser 1993 COPs (MBIA).....	6.00	06/01/13	2,191,820
-----				-----
14,000				14,051,480
-----				-----
	Industrial Development/Pollution Control Revenue (3.9%)			
8,000	California Pollution Control Financing Authority, Pacific Gas & Electric			
-----	Co 1993 Ser B (AMT).....	5.85	12/01/23	8,169,840

	Mortgage Revenue - Single Family (4.0%)			
8,305	California Housing Finance Agency, Home 1993 Ser B.....	5.65	08/01/14	8,435,472
-----				-----
	Public Facilities Revenue (10.0%)			
7,000	California Public Works Board, Corrections 1993 Ser D.....	5.375	06/01/12	7,049,490
6,000	Los Angeles Convention & Exhibition Center Authority, 1993 Refg			
	Ser A (MBIA).....	5.125	08/15/13	6,004,860

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS

7

INTERCAPITAL CALIFORNIA QUALITY MUNICIPAL SECURITIES

PORTFOLIO OF INVESTMENTS October 31, 1997, continued

<TABLE>				
<CAPTION>				
PRINCIPAL		COUPON	MATURITY	
AMOUNT IN		RATE	DATE	
THOUSANDS				
<C>	<S>	<C>	<C>	
\$ 5,000	Los Angeles County Public Works Financing Authority, Proj #IV (MBIA)....	5.25%	12/01/16	\$ 5,003,000
3,000	Redding Joint Powers Financing Authority, 1993 Ser A.....	5.50	01/01/13	2,990,580
-----				-----
21,000				21,047,930
-----				-----
	Tax Allocation (9.3%)			
6,870	Garden Grove Community Development Agency, Refg Issue of 1993.....	5.875	10/01/23	6,980,332
7,000	Rosemead Redevelopment Agency, Proj #1 Ser 1993 A.....	5.60	10/01/33	6,935,390
6,000	San Jose Redevelopment Agency, Merged Area Ser 1993 (MBIA).....	5.00	08/01/20	5,702,340
-----				-----
19,870				19,618,062
-----				-----
	Transportation Facilities Revenue (7.7%)			
5,000	Long Beach, Harbor Ser 1993 (AMT).....	5.00	05/15/10	4,999,900
7,000	Los Angeles County Metropolitan Transportation Authority, Sales Tax			
	Refg Ser 1993-A (MBIA).....	5.625	07/01/18	7,136,850
2,000	Los Angeles Harbor Department, Issue of 1996 Ser B (AMT) (MBIA).....	5.375	11/01/19	1,973,340
2,000	San Diego County Regional Transportation Commission, Sales Tax			
	1994 Ser A (FGIC).....	4.75	04/01/08	2,011,360
-----				-----
16,000				16,121,450

Water & Sewer Revenue (29.3%)				
8,000	California Department of Water Resources, Central Valley Ser L.....	5.50	12/01/23	7,977,600
7,000	Eastern Municipal Water District, Ser 1993 A COPs (FGIC).....	5.25	07/01/23	6,779,010
7,000	Los Angeles, Wastewater Refg Ser 1993-D (FGIC).....	5.20	11/01/21	6,822,130
8,000	Los Angeles County Sanitation Districts Financing Authority, 1993 Ser A.....	5.25	10/01/19	7,816,400
3,000	Marin County Municipal Water District, Ser 1993.....	5.65	07/01/23	3,040,680
5,000	Metropolitan Water District of Southern California, Issue of 1992.....	5.50	07/01/13	5,111,450
3,000	Waterworks Ser C.....	5.25	07/01/15	3,014,880
7,000	Moulton-Niguel Water District, 1993 COPs (AMBAC).....	5.30	09/01/23	6,788,810
2,500	Rancho Water District Financing Authority, Refg Ser 1994 (AMBAC).....	5.00	08/15/14	2,455,250
4,000	Sacramento County Sanitation Districts Financing Authority, Ser 1993....	5.00	12/01/16	3,852,200
8,000	San Diego Public Facilities Authority, Ser 1993 A.....	5.25	05/15/20	7,773,360
62,500				61,431,770

Other Revenue (2.3%)				
5,000	California Statewide Communities Development Authority, The J Paul Getty Trust COPs.....	5.00	10/01/23	4,762,650
206,675	TOTAL CALIFORNIA TAX-EXEMPT MUNICIPAL BONDS (Identified Cost \$203,075,397).....			205,287,194

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS

INTERCAPITAL CALIFORNIA QUALITY MUNICIPAL SECURITIES

PORTFOLIO OF INVESTMENTS October 31, 1997, continued

<TABLE> <CAPTION> PRINCIPAL AMOUNT IN THOUSANDS				
		COUPON RATE	MATURITY DATE	VALUE
<C>	<S>	<C>	<C>	<C>
	CALIFORNIA TAX-EXEMPT SHORT-TERM MUNICIPAL OBLIGATION (0.2%)			
\$ 400	California Pollution Control Financing Authority, Pacific Gas & Electric Co Ser 1996 F (Demand 11/03/97) (Identified Cost \$400,000).....	3.90% *	11/01/26	\$ 400,000
\$207,075	TOTAL INVESTMENTS (Identified Cost \$203,475,397) (a).....		98.0%	205,687,194
=====	CASH AND OTHER ASSETS IN EXCESS OF LIABILITIES.....		2.0	4,303,219
	NET ASSETS.....		100.0%	\$209,990,413
			=====	=====

</TABLE>

<TABLE> <C>	
AMT	Alternative Minimum Tax.
COPs	Certificates of Participation.
*	Current coupon of variable rate demand obligation.
(a)	The aggregate cost for federal income tax purposes approximates identified cost. The aggregate gross unrealized appreciation is \$3,052,484 and the aggregate gross unrealized depreciation is \$840,687, resulting in net unrealized appreciation of \$2,211,797.

Bond Insurance:
 AMBAC AMBAC Indemnity Corporation.
 Connie Lee Connie Lee Insurance Company.
 FGIC Financial Guaranty Insurance Company.
 MBIA Municipal Bond Investors Assurance Corporation.

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS

INTERCAPITAL CALIFORNIA QUALITY MUNICIPAL SECURITIES

FINANCIAL STATEMENTS

<TABLE>	
<S>	
STATEMENT OF ASSETS AND LIABILITIES	
October 31, 1997	
ASSETS:	
Investments in securities, at value	
(identified cost \$203,475,397).....	\$205,687,194
Cash.....	1,193,627
Interest receivable.....	3,360,816
Deferred organizational expenses.....	7,098
Prepaid expenses and other assets.....	36,601

TOTAL ASSETS.....	210,285,336

LIABILITIES:	
Payable for:	
Dividends to preferred shareholders.....	101,412
Investment management fee.....	70,064
Common shares of beneficial interest repurchased.....	25,560
Accrued expenses and other payables.....	97,887

TOTAL LIABILITIES.....	294,923

NET ASSETS.....	\$209,990,413
	=====
COMPOSITION OF NET ASSETS:	
Preferred shares of beneficial interest (1,000,000 shares authorized of non-participating \$.01 par value, 1,100 shares outstanding).....	\$ 55,000,000

Common shares of beneficial interest (unlimited shares authorized of \$.01 par value, 11,151,113 shares outstanding).....	159,442,463
Net unrealized appreciation.....	2,211,797
Accumulated undistributed net investment income.....	1,384,162
Accumulated net realized loss.....	(8,048,009)

NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS.....	154,990,413

TOTAL NET ASSETS.....	\$209,990,413
	=====
NET ASSET VALUE PER COMMON SHARE	
(\$154,990,413 divided by 11,151,113 common shares outstanding).....	\$13.90
</TABLE>	

SEE NOTES TO FINANCIAL STATEMENTS

10

INTERCAPITAL CALIFORNIA QUALITY MUNICIPAL SECURITIES
FINANCIAL STATEMENTS, continued

<TABLE>	
<S>	
STATEMENT OF OPERATIONS	
For the year ended October 31, 1997	
NET INVESTMENT INCOME:	
INTEREST INCOME.....	\$11,329,298

EXPENSES	
Investment management fee.....	717,703
Auction commission fees.....	137,663
Professional fees.....	103,011
Shareholder reports and notices.....	43,612
Auction agent fees.....	31,579
Transfer agent fees and expenses.....	27,146
Registration fees.....	24,496
Trustees' fees and expenses.....	14,711
Organizational expenses.....	7,787
Custodian fees.....	4,484
Other.....	21,807

TOTAL EXPENSES.....	1,133,999
Less: expense offset.....	(4,365)

NET EXPENSES.....	1,129,634
NET INVESTMENT INCOME.....	10,199,664
NET REALIZED AND UNREALIZED GAIN (LOSS):	
Net realized loss.....	(1,187,791)
Net change in unrealized depreciation.....	9,463,319
NET GAIN.....	8,275,528
NET INCREASE.....	\$18,475,192
	=====

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS

11

INTERCAPITAL CALIFORNIA QUALITY MUNICIPAL SECURITIES
FINANCIAL STATEMENTS, continued

<TABLE>
<CAPTION>
STATEMENT OF CHANGES IN NET ASSETS

	FOR THE YEAR ENDED OCTOBER 31, 1997	FOR THE YEAR ENDED OCTOBER 31, 1996
<S>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS:		
OPERATIONS:		
Net investment income.....	\$ 10,199,664	\$ 10,448,231
Net realized loss.....	(1,187,791)	(112,902)
Net change in unrealized depreciation.....	9,463,319	3,042,883
NET INCREASE.....	18,475,192	13,378,212
DIVIDENDS TO SHAREHOLDERS FROM NET INVESTMENT INCOME:		
Preferred.....	(1,889,600)	(1,875,384)
Common.....	(7,811,582)	(8,064,705)
TOTAL.....	(9,701,182)	(9,940,089)
Decrease from transactions in common shares of beneficial interest.....	(3,314,760)	(5,520,981)
NET INCREASE (DECREASE).....	5,459,250	(2,082,858)
NET ASSETS:		
Beginning of period.....	204,531,163	206,614,021
END OF PERIOD (Including undistributed net investment income of \$1,384,162 and \$885,680, respectively).....	\$209,990,413	\$204,531,163
	=====	=====

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS

12

INTERCAPITAL CALIFORNIA QUALITY MUNICIPAL SECURITIES

NOTES TO FINANCIAL STATEMENTS October 31, 1997

1. ORGANIZATION AND ACCOUNTING POLICIES

InterCapital California Quality Municipal Securities (the "Trust") is registered under the Investment Company Act of 1940, as amended, as a non-diversified, closed-end management investment company. The Trust's investment objective is to provide current income which is exempt from both federal and California income taxes. The Trust was organized as a Massachusetts business trust on March 3, 1993 and commenced operations on September 29, 1993.

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

The following is a summary of significant accounting policies:

A. VALUATION OF INVESTMENTS -- Portfolio securities are valued by an outside independent pricing service approved by the Trustees. The pricing service has informed the Trust that in valuing the portfolio securities, it uses both a computerized matrix of tax-exempt securities and evaluations by its staff, in each case based on information concerning market transactions and quotations from dealers which reflect the bid side of the market each day. The portfolio securities are thus valued by reference to a combination of transactions and quotations for the same or other securities believed to be comparable in quality, coupon, maturity, type of issue, call provisions, trading characteristics and other features deemed to be relevant. Short-term debt securities having a maturity date of more than sixty days at time of purchase are valued on a mark-to-market basis until sixty days prior to maturity and thereafter at amortized cost based on their value on the 61st day. Short-term debt securities having a maturity date of sixty days or less at the time of purchase are valued at amortized cost.

B. ACCOUNTING FOR INVESTMENTS -- Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Realized gains and losses on security transactions are determined by the identified cost method. The Trust amortizes premiums and accretes discounts over the life of the respective securities. Interest income is accrued daily.

C. FEDERAL INCOME TAX STATUS -- It is the Trust's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable and nontaxable income to its shareholders. Accordingly, no federal income tax provision is required.

D. DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS -- The Trust records dividends and distributions to its shareholders on the ex-dividend date. The amount of dividends and distributions from net

13

INTERCAPITAL CALIFORNIA QUALITY MUNICIPAL SECURITIES

NOTES TO FINANCIAL STATEMENTS October 31, 1997, continued

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 tax-basis treatment; temporary differences do not require reclassification. Dividends and distributions which exceed net investment income and net realized capital gains for financial reporting purposes but not for tax purposes are reported as dividends in excess of net investment income or distributions in excess of net realized capital gains. To the extent they exceed net investment income and net realized capital gains for tax purposes, they are reported as distributions of paid-in-capital.

E. ORGANIZATIONAL EXPENSES -- Dean Witter InterCapital Inc. (the "Investment Manager") paid the organizational expenses of the Trust's common shares in the amount of \$39,000 which have been reimbursed for the full amount thereof. Such expenses have been deferred and are being amortized by the straight-line method over a period not to exceed five years from the commencement of operations.

2. INVESTMENT MANAGEMENT AGREEMENT

Pursuant to an Investment Management Agreement, the Trust pays the Investment Manager a management fee, calculated weekly and payable monthly, by applying the annual rate of 0.35% to the Trust's weekly net assets.

Under the terms of the Agreement, in addition to managing the Trust's investments, the Investment Manager maintains certain of the Trust's books and records and furnishes, at its own expense, office space, facilities, equipment, clerical, bookkeeping and certain legal services and pays the salaries of all personnel, including officers of the Trust who are employees of the Investment Manager. The Investment Manager also bears the cost of telephone services, heat, light, power and other utilities provided to the Trust.

3. SECURITY TRANSACTIONS AND TRANSACTIONS WITH AFFILIATES

The cost of purchases and proceeds from sales of portfolio securities, excluding short-term investments, for the year ended October 31, 1997 aggregated \$12,762,957 and \$15,664,184, respectively.

Dean Witter Trust FSB, an affiliate of the Investment Manager, is the Trust's transfer agent. At October 31, 1997, the Trust had transfer agent fees and expenses payable of approximately \$200.

14

INTERCAPITAL CALIFORNIA QUALITY MUNICIPAL SECURITIES

NOTES TO FINANCIAL STATEMENTS October 31, 1997, continued

The Trust has an unfunded noncontributory defined benefit pension plan covering all independent Trustees of the Trust who will have served as independent Trustees for at least five years at the time of retirement. Benefits under this plan are based on years of service and compensation during the last five years of service. Aggregate pension costs for the year ended October 31, 1997 included in Trustees' fees and expenses in the Statement of Operations amounted to \$4,752. At October 31, 1997, the Trust had an accrued pension liability of \$26,127 which is included in accrued expenses in the Statement of Assets and Liabilities.

4. PREFERRED SHARES OF BENEFICIAL INTEREST

The Trust is authorized to issue up to 1,000,000 non-participating preferred shares of beneficial interest having a par value of \$.01 per share, in one or more series, with rights as determined by the Trustees, without approval of the common shareholders. The Trust has issued Series 1 through 3 Auction Rate Preferred Shares ("Preferred Shares") which have a liquidation value of \$50,000 per share plus the redemption premium, if any, plus accumulated but unpaid dividends, whether or not declared, thereon to the date of distribution. The Trust may redeem such shares, in whole or in part, at the original purchase price of \$50,000 per share plus accumulated but unpaid dividends, whether or not declared, thereon to the date of redemption.

Dividends, which are cumulative, are reset through auction procedures.

<TABLE>

<CAPTION>

SERIES	SHARES*	AMOUNT IN THOUSANDS*	RATE*	RESET DATE	RANGE OF DIVIDEND RATES**
<S>	<C>	<C>	<C>	<C>	<C>
1	260	\$ 13,000	3.00%	11/04/97	2.50% - 4.10%
2	240	12,000	3.70	11/06/97	2.00 - 4.375
3	600	30,000	3.739	01/06/98	2.80 - 5.125

</TABLE>

* As of October 31, 1997.

** For the year ended October 31, 1997.

Subsequent to October 31, 1997 and up through December 5, 1997, the Trust paid dividends to each of the Series 1 through 3 at rates ranging from 2.35% to 3.85% in the aggregate amount of \$162,669.

The Trust is subject to certain restrictions relating to the preferred shares. Failure to comply with these restrictions could preclude the Trust from declaring any distributions to common shareholders or purchasing common shares and/or could trigger the mandatory redemption of preferred shares at liquidation value.

15

INTERCAPITAL CALIFORNIA QUALITY MUNICIPAL SECURITIES

NOTES TO FINANCIAL STATEMENTS October 31, 1997, continued

The preferred shares, which are entitled to one vote per share, generally vote with the common shares but vote separately as a class to elect two Trustees and on any matters affecting the rights of the preferred shares.

5. COMMON SHARES OF BENEFICIAL INTEREST

Transactions in common shares of beneficial interest were as follows:

<TABLE>

<CAPTION>

	SHARES	PAR VALUE	CAPITAL PAID IN EXCESS OF PAR VALUE
<S>	<C>	<C>	<C>

Balance, October 31, 1995.....	11,940,213	\$119,402	\$168,158,802
Treasury shares purchased and retired (weighted average discount 14.12%)*.....	(504,400)	(5,044)	(5,515,937)
Balance, October 31, 1996.....	11,435,813	114,358	162,642,865
Treasury shares purchased and retired (weighted average discount 11.42%)*.....	(284,700)	(2,847)	(3,311,913)
Balance, October 31, 1997.....	11,151,113	\$111,511	\$159,330,952

</TABLE>

* The Trustees have voted to retire the shares purchased.

6. FEDERAL INCOME TAX STATUS

At October 31, 1997, the Trust had a net capital loss carryover of approximately \$8,048,000 to offset future capital gains to the extent provided by regulations, which will be available through October 31 of the following years:

<TABLE>
<CAPTION>

AMOUNT IN THOUSANDS

2002	2003	2004	2005
\$5,735	\$1,012	\$113	\$1,188

</TABLE>

7. DIVIDENDS TO COMMON SHAREHOLDERS

On September 23, 1997, the Trust declared the following dividends from net investment income:

<TABLE>
<CAPTION>

AMOUNT PER SHARE	RECORD DATE	PAYABLE DATE
\$0.06	November 7, 1997	November 21, 1997
\$0.06	December 5, 1997	December 19, 1997

</TABLE>

16

INTERCAPITAL CALIFORNIA QUALITY MUNICIPAL SECURITIES FINANCIAL HIGHLIGHTS

Selected ratios and per share data for a common share of beneficial interest outstanding throughout each period:

<TABLE>
<CAPTION>

	FOR THE YEAR ENDED OCTOBER 31**				FOR THE PERIOD
	1997	1996	1995	1994	SEPTEMBER 29, 1993* THROUGH OCTOBER 31, 1993**
PER SHARE OPERATING PERFORMANCE:					
Net asset value beginning of period.....	\$ 13.08	\$ 12.70	\$ 10.62	\$ 13.96	\$ 14.06
Net investment income.....	0.91	0.89	0.88	0.95	0.03
Net realized and unrealized gain (loss).....	0.74	0.26	2.07	(3.25)	(0.10)
Total from investment operations.....	1.65	1.15	2.95	(2.30)	(0.07)
Less dividends from:					
Net investment income.....	(0.69)	(0.69)	(0.74)	(0.74)	--
Common share equivalent of dividends paid to preferred shareholders.....	(0.17)	(0.16)	(0.17)	(0.18)	--
Total dividends.....	(0.86)	(0.85)	(0.91)	(0.92)	--
Anti-dilutive effect of acquiring treasury shares.....	0.03	0.08	0.04	0.01	--
Offering costs charged against capital.....	--	--	--	(0.13)	(0.03)
Net asset value, end of period.....	\$ 13.90	\$ 13.08	\$ 12.70	\$ 10.62	\$ 13.96

	=====	=====	=====	=====	=====
Market value, end of period.....	\$ 12.688	\$ 11.25	\$ 10.875	\$ 9.75	\$ 15.00
TOTAL INVESTMENT RETURN+.....	19.60%	10.13%	19.73%	(30.89)%	--
RATIOS TO AVERAGE NET ASSETS OF COMMON SHAREHOLDERS:					
Total expenses.....	0.76%	0.78%(2)	0.84%(2)	0.93%	0.52%(1)
Net investment income before preferred stock dividends.....	6.82%	7.02%	7.57%	7.63%	2.32%(1)
Preferred stock dividends.....	1.26%	1.26%	1.48%	1.43%	N/A
Net investment income available to common shareholders.....	5.56%	5.76%	6.09%	6.20%	2.32%(1)
SUPPLEMENTAL DATA:					
Net assets, end of period, in thousands.....	\$209,990	\$204,531	\$206,614	\$203,662	\$176,317
Asset coverage on preferred shares at end of period...	382%	372%	376%	281%	N/A
Portfolio turnover rate.....	6%	--	1%	20%	--

</TABLE>

- * Commencement of operations.
- ** The per share amounts were computed using an average number of shares outstanding during the period.
- + Total investment return is based upon the current market value on the last day of each period reported. Dividends are assumed to be reinvested at the prices obtained under the Trust's dividend reinvestment plan. Total investment return does not reflect brokerage commissions.
- (1) Annualized.
- (2) Does not reflect the effect of expense offset 0.01%.

SEE NOTES TO FINANCIAL STATEMENTS

17

INTERCAPITAL CALIFORNIA QUALITY MUNICIPAL SECURITIES

REPORT OF INDEPENDENT ACCOUNTANTS

TO THE SHAREHOLDERS AND TRUSTEES
OF INTERCAPITAL CALIFORNIA QUALITY MUNICIPAL SECURITIES

In our opinion, the accompanying statement of assets and liabilities, including the portfolio of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of InterCapital California Quality Municipal Securities (the "Trust") at October 31, 1997, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the four years in the period then ended and for the period September 29, 1993 (commencement of operations) through October 31, 1993, in conformity with generally accepted accounting principles. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Trust'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 generally accepted auditing standards 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 audits, which included confirmation of securities at October 31, 1997 by correspondence with the custodian, provide a reasonable basis for the opinion expressed above.

PRICE WATERHOUSE LLP
1177 Avenue of the Americas
New York, New York 10036
December 5, 1997

1997 FEDERAL TAX NOTICE (unaudited)

For the year ended October 31, 1997, all of the Trust's dividends from net investment income received by both common and preferred shareholder classes were exempt interest dividends, excludable from gross income for Federal income tax purposes.

18

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20

TRUSTEES

Michael Bozic
Charles A. Fiumefreddo
Edwin J. Garn
John R. Haire
Wayne E. Hedien
Dr. Manuel H. Johnson
Michael E. Nugent
Philip J. Purcell
John L. Schroeder

OFFICERS

Charles A. Fiumefreddo
Chairman and Chief Executive Officer

Barry Fink
Vice President, Secretary and General Counsel

James F. Willison
Vice President

Thomas F. Caloia
Treasurer

TRANSFER AGENT

Dean Witter Trust FSB
Harborside Financial Center - Plaza Two
Jersey City, New Jersey 07311

INDEPENDENT ACCOUNTANTS

Price Waterhouse LLP
1177 Avenue of the Americas
New York, New York 10036

INVESTMENT MANAGER

Dean Witter InterCapital Inc.
Two World Trade Center
New York, New York 10048

INTERCAPITAL
CALIFORNIA
QUALITY
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SECURITIES

Annual Report
October 31, 1997