

AGIC Equity & Convertible Income Fund  
Form N-CSRS  
October 04, 2010

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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 811-21989

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**AGIC Equity & Convertible Income Fund**

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(Exact name of registrant as specified in charter)

1345 Avenue of the Americas, New York, NY

10105

(Address of principal executive offices)

(Zip code)

Lawrence G. Altadonna - 1345 Avenue of the Americas, New York, NY 10105

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(Name and address of agent for service)

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

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Date of fiscal year end: January 31, 2011

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Date of reporting period: July 31, 2010

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, 100 F Street, NE, Washington, DC 20549-2001. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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# Semi-Annual Report

July 31, 2010

NFJ Dividend, Interest & Premium Strategy Fund

**AGIC Equity & Convertible Income Fund**  
(formerly Nicholas-Applegate Equity & Convertible Income Fund)

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## Edgar Filing: AGIC Equity & Convertible Income Fund - Form N-CSRS

Dear Shareholder:

The fiscal six-month period ended July 31, 2010, was marked by renewed turbulence in the financial markets, with most asset classes rising and falling, and moving in and out of favor, as investors navigated through a thicket of economic news, much of which appeared to be negative.

Economic indicators pointed conclusively to a U.S. economy that was running out of steam. After expanding as much as 5.0% on an annual basis at the end of 2009, gross domestic product (GDP) slowed to a 3.7% pace between January and March 2010, and a 2.4% rate between April and June 2010. Foreclosures continued to rise, pressuring the unstable housing market. Unemployment, while regarded as a lagging economic indicator, hovered at just under 10%. Meanwhile, Americans retrenched, saving more and paying off debt. This was not positive for the overall economy, which is heavily dependent on consumer spending.

All of this was accompanied by a steady succession of warnings. A double-dip recession was possible, as was deflation – a downward spiral of prices and wages. Investors responded by shifting out of riskier asset classes such as corporate bonds and small-cap stocks and into investments perceived as safer, namely U.S. Treasury bonds. Treasuries, which had fallen out of favor during the first half of the reporting period, surged.

The slowing economy indicated that interest rates were not likely to increase any time soon. Indeed, the Federal Reserve (the Fed) maintained the widely-watched Federal Funds Rate – the interest rate banks charge to lend federal funds to other banks, usually on an overnight basis – in the 0.0% to 0.25% range. In February, when it appeared as if things were improving, the Fed did raise the discount-rate – the interest rate charged to banks for direct loans – 25 basis points to 0.75%. Policymakers also warned of a long, uphill slog for the economy, indicating it could take as long as six years for it to return to what they regard as normal. It was also mentioned that new stimulus measures may be necessary if conditions were to worsen appreciably.

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**Six Months in Review**

For the fiscal six-month period ended July 31, 2010:

NFJ Dividend, Interest & Premium Strategy Fund returned 3.28% on net asset value ( NAV ) and 3.73% on market price.

AGIC Equity & Convertible Income Fund returned 2.77% on net asset value and 6.58% on market price. Effective August 25, 2010, the Fund's name changed from Nicholas-Applegate Equity & Convertible Income Fund.

In contrast, the Russell 3000 Index, a broad measure of U.S. stock market performance, rose 4.23%. The Russell 1000 Value Index, a measure of large-cap value-style stocks, returned 4.24%; while its growth-style counterpart, the Russell 1000 Growth Index, gained 3.46%. Meanwhile, convertible securities, as reflected by the Merrill Lynch All Convertibles Index, advanced 5.92% during the period.

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**Positioned To Face Today's Challenges**

Forecasting what will happen to the economy and financial markets is just that – forecasting. There are no guarantees. There is one thing, however, of which we are confident: the renewed market volatility experienced of late is likely to be with us for a while. The economy is likely to remain weak for the near future, and it will be a struggle for the markets to regain their footing. As they often do, the markets may fluctuate sometimes sharply – on even a snippet of news, good or bad.

Although the U.S. economy is slowing down, it has nevertheless grown for four consecutive quarters – not because of robust underlying conditions, but in spite of them. This is not insignificant. It is important to remember that we are just a year or so removed from what was arguably the worst downturn since the 1930s. It will take time – and most likely a few more fits and starts – before we can say with complete confidence that we are out of the woods.

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For specific information on the Funds and their performance, please review the following pages. If you have any questions regarding the information provided, we encourage you to contact your financial advisor or call the Funds' shareholder servicing agent at (800) 254-5197. In addition, a wide range of information and resources is available on our website, [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds).

Together with Allianz Global Investors Fund Management LLC, the Funds' investment manager, and NFJ Investment Group LLC and Allianz Global Investors Capital LLC, the Funds' sub-advisers, we thank you for investing with us.

We remain dedicated to serving your investment needs.

Sincerely,

Hans W. Kertess  
Chairman

Brian S. Shlissel  
President & CEO

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## NFJ Dividend, Interest & Premium Strategy Fund Fund Insights

July 31, 2010 (unaudited)

For the fiscal six-month period ended July 31, 2010, NFJ Dividend, Interest & Premium Strategy Fund returned 3.28% on net asset value and 3.73% on market price.

U.S. equities traced a rolling path during the period, advancing, then declining and then rallying again en route to moderate gains. Entering the reporting period, the equity market had staged an impressive rally. It turned down sharply midway through the period, as concerns about the sustainability of global economic growth and monetary weakness in Europe combined to fuel investors' risk aversion. Although corporations continued to report earnings improvement and growing cash balances, signs of a fragile recovery persisted in stagnant employment growth and deteriorating confidence. Among large-cap value stocks, as represented by the Russell 1000 Value Index, all sectors except health care and energy posted positive returns. Index constituents in the consumer discretionary, financials and industrials sectors contributed most significantly to overall gains for the index. Stocks in the health care and energy sectors underperformed the index return.

In the equity portion of the Fund, stock selection decisions in the energy, industrials and consumer discretionary sectors detracted from performance. Fund holdings in the consumer discretionary, materials and financials sectors contributed positively to returns.

Within the energy sector, the BP Gulf oil spill contributed to an adverse environment for companies involved in the exploration and production of offshore oil and gas reserves. The Fund's position in contractor Diamond Offshore fell after analysts cut earnings and price targets for most offshore drillers in the wake of the BP Horizon well failure in the Gulf. Integrated oil and gas companies fared relatively better during the period as a result of improving refinery margins and the outlook for higher gasoline demand that accompanies the summer driving season. Shares of integrated oil giant Total SA underperformed in this environment, as the company's refinery throughput declined and improvements in Total's quarterly earnings lagged those of others in the group.

In industrials, RR Donnelley shares fell as the firm's credit deteriorated, approaching a below-investment-grade rating. The industrial printer has steadily increased debt over the last decade, buying up smaller companies to increase efficiency and share. But with demand for publishing services down and customers increasingly turning to paperless applications the outlook has dimmed. Defense contractor Lockheed Martin saw its stock price fall after the company reported weak margins in its information systems and global services segment.

In the consumer staples sector, tobacco company stocks outperformed the sector average after the U.S. Supreme Court opted not to hear an appeal over whether tobacco makers concealed smoking dangers. In so doing, the high court rejected an effort to require the industry to fund a mega-billion dollar government campaign to curb smoking. This benefited the Fund's positions in market leaders Altria and Reynolds.

After a strong start, the convertible markets declined in the second half of the period giving back some early gains. Much of the weakness was generated from news overseas. European shares declined, as budget deficit concerns cascaded into sovereign debt downgrades, economic austerity and anti-government protests. The Euro declined to a four-year low against the dollar, gold prices rose to record highs and Treasury yields fell to record lows. In addition to the European debt crisis, sluggish economic news in the U.S. sparked concern over prospects for a double-dip recession. Economic activity decelerated throughout the second half of the period with private employers adding fewer jobs than anticipated and housing sales reports reflecting still-sluggish conditions.

Leadership shifted abruptly within the convertibles market during the period. Issues in the industrials, materials and consumer discretionary industries figured prominently both among the leaders of the rally that opened the period and among the laggards of the period's closing months. Likewise, speculative-grade and smaller cap securities outperformed at the beginning of the period but underperformed at the end. Conversely, utilities convertible securities lagged in the opening months of the period and outperformed at the end of the period.

The Fund's positions in convertible securities in the energy industry hindered relative performance during the reporting period as low natural gas prices and a government imposed drilling moratorium following the BP Horizon well failure caused investor sentiment to remain subdued.





## **NFJ Dividend, Interest & Premium Strategy Fund Fund Insights**

July 31, 2010 (unaudited) (continued)

The Fund's positions in convertible securities in the financials and health care industries contributed positively to performance during the period. Within health care, both branded and generic pharmaceuticals makers benefited from improving fundamentals early in the period, as better visibility of earnings translated into gains in bond prices. A pickup in merger and acquisition activity later in the period helped solidify improvement for the group. Among financials companies, a lower level of charge-offs and improving expectations boosted returns at the beginning of the period. Lower borrowing costs for real estate investment trusts ( REITs ) in the closing weeks contributed to outperformance for the Fund's REIT holdings.

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## NFJ Dividend, Interest & Premium Strategy Fund Performance & Statistics

July 31, 2010 (unaudited)

|   | <b>Market<br/>Price</b> | <b>Net Asset<br/>Value<br/>( NAV )</b> |
|---|-------------------------|--|
| <b>Total Return<sup>(1)</sup>:</b>              |                         |  |
| Six Month                                       | 3.73%                   | 3.28%                                  |
| 1 Year  | 21.61%                  | 15.96%                                 |
| 5 Year  | (1.59)%                 | 1.42%                                  |
| Commencement of Operations (2/28/05) to 7/31/10 | (1.91)%                 | 1.67%                                  |

### Market Price/NAV Performance:

Commencement of Operations (2/28/05) to 7/31/10

### Market Price/NAV:

|                                   |          |
|-----------------------------------|----------|
| Market Price                      | \$14.74  |
| NAV                               | \$17.56  |
| Discount to NAV                   | (16.06)% |
| Market Price Yield <sup>(2)</sup> | 4.07%    |

### Investment Allocation (as a % of total investments before call options written)

- (1) **Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in net asset value ( NAV ) or market price (as applicable) in the specified period. The calculation assumes that all income dividends and capital gain distributions if any, have been reinvested. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual total return.

Performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's shares, or changes in Fund dividends.

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An investment in the Fund involves risk, including the loss of principal. Total return, market price, market yield and NAV will fluctuate with changes in market conditions. This data is provided for information purposes only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a onetime public offering and once issued, shares of closed-end funds are traded in the open market through a stock exchange. NAV is equal to total assets less total liabilities divided by the number of shares outstanding. Holdings are subject to change daily.

- (2) Market Price Yield is determined by dividing the annualized current quarterly per share dividend (comprised of net investment income and short-term capital gains, if any) payable to shareholders by the market price per share at July 31, 2010.

## AGIC Equity & Convertible Income Fund Fund Insights

July 31, 2010 (unaudited)

For the fiscal six-month period ended July 31, 2010, AGIC Equity & Convertible Income Fund returned 2.77% on net asset value and 6.58% on market price.

U.S. equities traced a rolling path during the period, advancing, then declining and then rallying again en route to moderate gains. Among large-cap growth stocks, represented by the Russell 1000 Growth Index, all sectors except energy, utilities and health care posted positive returns. Entering the period, the equity market had staged an impressive rally. It turned down sharply midway through the period, as concerns about the sustainability of global economic growth and monetary weakness in Europe combined to fuel investors' risk aversion. Although corporations continued to report earnings improvement and growing cash balances, signs of a fragile recovery persisted in stagnant employment growth and deteriorating confidence.

Security selection decisions in the energy and health care sectors detracted from performance versus the benchmark, as did an underweighting of the industrials sector. Security selections among financials companies and an underweighting in the consumer staples sector contributed positively to returns.

In the financials sector, the Fund's equity positions in insurers outperformed the benchmark's sector constituents, which are weighted toward more economically sensitive money-center banks and capital markets companies. Within the energy sector, the Gulf of Mexico oil spill contributed to an adverse environment for companies involved in the exploration and production of offshore oil and gas reserves. The Fund's equity position in one offshore drilling contractor detracted from returns after analysts cut earnings and price targets for the group in the wake of the BP Horizon well failure. The Fund's equity positions in biopharmaceutical and medical device companies also detracted from relative performance during the period, as investors remained cautious of the effects of the national health insurance overhaul legislation.

After a strong start, the convertible market declined in the second half of the period giving back some of its early gains. Much of the weakness was generated from news overseas. European shares declined, as budget deficit concerns cascaded into sovereign debt downgrades, economic austerity and anti-government protests. The Euro declined to a four-year low against the dollar, gold prices rose to record highs and Treasury yields fell to record lows. In addition to the European debt crisis, sluggish economic news in the U.S. sparked concern over prospects for a double-dip recession. Economic activity decelerated throughout the second half of the period with private employers adding fewer jobs than anticipated and housing sales reports reflecting still-sluggish conditions.

Leadership shifted abruptly within the convertibles market during the period. Issues in the industrials, materials and consumer discretionary industries figured prominently both among the leaders of the rally that opened the period and among the laggards of the period's closing months. Likewise, speculative-grade and smaller cap securities outperformed at the beginning of the period but underperformed at the end. Conversely, utilities industry convertible securities lagged in the opening months of the period and outperformed at the end of the period.

The convertibles new issuance market remained slow during the reporting period. Many companies accessed the corporate debt market instead of the convertible debt market in order to avoid shareholder dilution.

The Fund's positions in convertible securities in the financials and health care industries contributed positively to performance during the period. Within health care, both branded and generic pharmaceuticals makers benefited from improving fundamentals early in the period, as better visibility of earnings translated into gains in bond prices. A pickup in merger and acquisition activity later in the period helped solidify improvement for the group. Among financials companies, a lower level of charge-offs and improving expectations boosted returns at the beginning of the period. Lower borrowing costs for real estate investment trusts ( REITs ) in the closing weeks contributed to outperformance for the Fund's REIT holdings.

The Fund's positions in convertible securities in the energy industry hindered performance during the reporting period, as low natural gas prices and a government imposed drilling moratorium following the BP Horizon well failure caused investor sentiment to remain subdued on the group.

Expectations of market volatility, as measured by the Chicago Board Options Exchange Volatility Index ( VIX ), opened and closed the period at relatively low levels, 24.6 and 23.5, respectively. However, in late May the barometer spiked to 46.4, its highest level in more than a year. With the increase in index-level volatility, single-company call option premiums remained attractive, and the Fund opportunistically captured premiums throughout the period.

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**AGIC Equity & Convertible Income Fund Performance & Statistics**

July 31, 2010 (unaudited)

| <b>Total Return<sup>(1)</sup>:</b>              | <b>Market Price</b> | <b>Net Asset Value ( NAV )</b> |
|---|---------------------|--------------------------------|
| Six Month                                       | 6.58%               | 2.77%                          |
| 1 Year  | 17.53%              | 14.87%                         |
| Commencement of Operations (2/27/07) to 7/31/10 | (3.12)%             | (0.44)%                        |

**Market Price/NAV Performance:**

Commencement of Operations (2/27/07) to 7/31/10

**Market Price/NAV:**

|                                   |         |
|-----------------------------------|---------|
| Market Price                      | \$16.30 |
| NAV                               | \$17.52 |
| Discount to NAV                   | (6.96)% |
| Market Price Yield <sup>(2)</sup> | 6.87%   |

**Investment Allocation  
(as a % of total investments  
before call options written)**

- (1) **Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in net asset value ( NAV ) or market price (as applicable) in the specified period. The calculation assumes that all income dividends and capital gain distributions if any, have been reinvested. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual total return.

Performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's shares, or changes in Fund dividends.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market yield and NAV will fluctuate with changes in market conditions. This data is provided for information purposes only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a onetime public offering and once issued, shares of closed-end funds are traded in the open market through a stock exchange. NAV is equal to total assets less

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total liabilities divided by the number of shares outstanding. Holdings are subject to change daily.

- (2) Market Price Yield is determined by dividing the annualized current quarterly per share dividend (comprised of net investment income and short-term capital gains, if any) payable to shareholders by the market price per share at July 31, 2010.



**NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments**

July 31, 2010 (unaudited)

| Shares<br>(000s)                                   |                                     | Value        |
|--|-------------------------------------|--------------|
| <b>COMMON STOCK 73.1%</b>                          |                                     |              |
| <b>Aerospace &amp; Defense 2.3%</b>                |                                     |              |
| 350  | Lockheed Martin Corp.               | \$26,302,500 |
| 200  | Northrop Grumman Corp.              | 11,728,000   |
|  |                                     | 38,030,500   |
| <b>Beverages 1.4%</b>                              |                                     |              |
| 415  | Coca-Cola Co.                       | 22,892,694   |
| <b>Capital Markets 1.8%</b>                        |                                     |              |
| 200  | Goldman Sachs Group, Inc.           | 30,164,000   |
| <b>Chemicals 0.8%</b>                              |                                     |              |
| 135  | Lubrizol Corp.                      | 12,621,150   |
| <b>Commercial Services &amp; Supplies 1.3%</b>     |                                     |              |
| 850  | RR Donnelley & Sons Co. (a)         | 14,339,500   |
| 200  | Waste Management, Inc.              | 6,790,000    |
|  |                                     | 21,129,500   |
| <b>Communications Equipment 0.5%</b>               |                                     |              |
| 200  | Harris Corp.                        | 8,906,000    |
| <b>Diversified Financial Services 0.6%</b>         |                                     |              |
| 236  | JP Morgan Chase & Co.               | 9,505,556    |
| <b>Diversified Telecommunication Services 6.9%</b> |                                     |              |
| 900  | AT&T, Inc. (a)                      | 23,346,000   |
| 150  | CenturyLink, Inc.                   | 5,343,000    |
| 228  | Frontier Communications Corp.       | 1,742,203    |
| 950  | Verizon Communications, Inc. (a)    | 27,607,000   |
| 5,000  | Windstream Corp. (a)                | 57,000,000   |
|  |                                     | 115,038,203  |
| <b>Electric Utilities 1.3%</b>                     |                                     |              |
| 275  | Edison International (a)            | 9,116,250    |
| 152  | Entergy Corp.                       | 11,762,452   |
|  |                                     | 20,878,702   |
| <b>Energy Equipment &amp; Services 4.1%</b>        |                                     |              |
| 750  | Diamond Offshore Drilling, Inc. (a) | 44,617,500   |
| 810  | Halliburton Co.                     | 24,202,800   |
|  |                                     | 68,820,300   |
| <b>Food &amp; Staples Retailing 0.4%</b>           |                                     |              |
| 600  | SUPERVALU, Inc.                     | 6,768,000    |
| <b>Food Products 1.1%</b>                          |                                     |              |
| 633  | Kraft Foods, Inc. Cl. A (a)         | 18,501,614   |
| <b>Health Care Equipment &amp; Supplies 1.8%</b>   |                                     |              |
| 519  | Baxter International, Inc.          | 22,694,745   |
| 200  | Medtronic, Inc. (a)                 | 7,394,000    |
|  |                                     | 30,088,745   |
| <b>Household Durables 1.3%</b>                     |                                     |              |
| 373  | Stanley Black & Decker, Inc.        | 21,631,480   |
| <b>Household Products 1.7%</b>                     |                                     |              |
| 450  | Kimberly-Clark Corp.                | 28,854,000   |



**NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments**

July 31, 2010 (unaudited) (continued)

| Shares<br>(000s) |  | Value        |
|------------------|--|--------------|
|                  | <b>Industrial Conglomerates 1.4%</b>                     |              |
| 1,439            | General Electric Co. (a)                                 | \$23,195,342 |
|                  | <b>Insurance 5.8%</b>                                    |              |
| 800              | Allstate Corp. (a)                                       | 22,592,000   |
| 1,104            | Lincoln National Corp. (a)                               | 28,737,744   |
| 480              | MetLife, Inc.  | 20,187,160   |
| 490              | Travelers Cos, Inc.                                      | 24,720,500   |
| 19               | XL Group PLC Cl. A                                       | 340,948      |
|                  |  | 96,578,352   |
|                  | <b>IT Services 0.6%</b>                                  |              |
| 75               | International Business Machines Corp.                    | 9,630,000    |
|                  | <b>Leisure Equipment &amp; Products 1.3%</b>             |              |
| 1,000            | Mattel, Inc. (a)   | 21,160,000   |
|                  | <b>Machinery 1.5%</b>                                    |              |
| 350              | Caterpillar, Inc.  | 24,412,500   |
|                  | <b>Media 1.5%</b>  |              |
| 1,501            | CBS Corp. Cl. B  | 22,178,868   |
| 100              | McGraw-Hill Cos, Inc.                                    | 3,069,000    |
|                  |  | 25,247,868   |
|                  | <b>Metals &amp; Mining 1.4%</b>                          |              |
| 335              | Freeport-McMoRan Copper & Gold, Inc. (a)                 | 23,965,900   |
|                  | <b>Multi-Utilities 1.1%</b>                              |              |
| 745              | Ameren Corp. (a)   | 18,900,650   |
|                  | <b>Office Electronics 1.3%</b>                           |              |
| 2,125            | Xerox Corp. (a)  | 20,697,500   |
|                  | <b>Oil, Gas &amp; Consumable Fuels 14.4%</b>             |              |
| 350              | Cenovus Energy, Inc.                                     | 9,870,000    |
| 1,100            | Chesapeake Energy Corp. (a)                              | 23,133,000   |
| 361              | Chevron Corp. (a)  | 27,534,673   |
| 975              | ConocoPhillips (a)                                       | 53,839,500   |
| 400              | EnCana Corp.   | 12,212,000   |
| 900              | Marathon Oil Corp.(a)                                    | 30,105,000   |
| 550              | Royal Dutch Shell PLC Cl. A - ADR (a)                    | 30,481,000   |
| 1,025            | Total SA - ADR (a)                                       | 51,895,750   |
|                  |  | 239,070,923  |
|                  | <b>Pharmaceuticals 7.5%</b>                              |              |
| 1,300            | GlaxoSmithKline PLC - ADR (a)                            | 45,721,000   |
| 569              | Johnson & Johnson  | 33,031,020   |
| 3,000            | Pfizer, Inc. (a)   | 45,000,000   |
|                  |  | 123,752,020  |
|                  | <b>Real Estate Investment Trust 0.4%</b>                 |              |
| 400              | Annaly Capital Management, Inc.                          | 6,960,000    |
|                  | <b>Semiconductors &amp; Semiconductor Equipment 0.5%</b> |              |
| 400              | Intel Corp. (a)  | 8,240,000    |
|                  | <b>Textiles, Apparel &amp; Luxury Goods 0.5%</b>         |              |
| 100              | VF Corp.   | 7,933,000    |



**NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments**

July 31, 2010 (unaudited) (continued)

| Shares<br>(000s)                         |  |                                | Value         |
|--|--|--------------------------------|---------------|
|  | <b>Thriffs &amp; Mortgage Finance 2.5%</b>   |                                |               |
| 2,000                                    | Hudson City Bancorp, Inc. (a)  |                                | \$24,840,000  |
| 1,000                                    | New York Community Bancorp, Inc. (a)   |                                | 17,260,000    |
|  |  |                                | 42,100,000    |
|  | <b>Tobacco 4.1%</b>  |                                |               |
| 1,900                                    | Altria Group, Inc. (a)   |                                | 42,104,000    |
| 450                                      | Reynolds American, Inc. (a)  |                                | 26,019,000    |
|  |  |                                | 68,123,000    |
|  | Total Common Stock (cost \$1,504,212,210)  |                                | 1,213,797,499 |
|  |  | Credit Rating<br>(Moody s/S&P) |               |
| <b>CONVERTIBLE PREFERRED STOCK 12.9%</b> |  |                                |               |
|  | <b>Airlines 0.1%</b>   |                                |               |
| 73                                       | Continental Airlines Finance Trust II, 6.00%, 11/15/30                                       | Caa1/CCC                       | 2,347,503     |
|  | <b>Banks 0.5%</b>  |                                |               |
| 147                                      | Barclays Bank PLC, 10.00%, 3/15/11<br>(Teva Pharmaceutical Industries Ltd.) (b)              | A1/A+                          | 7,477,095     |
|  | <b>Capital Markets 0.2%</b>  |                                |               |
| 630                                      | Lehman Brothers Holdings, Inc. (b)(c)(d),<br>6.00%, 10/12/10, Ser. GIS (General Mills, Inc.) | WR/NR                          | 2,028,488     |
| 98                                       | 28.00%, 3/6/09, Ser. RIG (Transocean, Inc.)  | WR/NR                          | 1,331,778     |
|  |  |                                | 3,360,266     |
|  | <b>Commercial Banks 0.8%</b>   |                                |               |
| 47                                       | Fifth Third Bancorp, 8.50%, 6/30/13, Ser. G (e)  | Ba1/BB                         | 6,401,867     |
| 7  | Wells Fargo & Co., 7.50%, 3/15/13, Ser. L (e)  | Ba1/A                          | 6,825,000     |
|  |  |                                | 13,226,867    |
|  | <b>Commercial Services &amp; Supplies 0.8%</b>   |                                |               |
| 187                                      | Avery Dennison Corp., 7.875%, 11/15/20   | NR/BB+                         | 7,287,195     |
| 161                                      | United Rentals, Inc., 6.50%, 8/1/28  | Caa2/CCC                       | 5,288,063     |
|  |  |                                | 12,575,258    |
|  | <b>Consumer Finance 0.6%</b>   |                                |               |
| 16                                       | SLM Corp., 7.25%, 12/15/10   | Ba3/BB                         | 9,874,332     |
|  | <b>Diversified Financial Services 4.8%</b>   |                                |               |
| 74                                       | AMG Capital Trust I, 5.10%, 4/15/36  | NR/BB                          | 3,082,562     |
| 10                                       | Bank of America Corp.,<br>7.25%, 1/30/13, Ser. L (e)   | Ba3/BB                         | 8,740,000     |
| 189                                      | 10.00%, 2/3/11, Ser. GILD (Gilead Sciences Inc.) (b)   | A2/A                           | 6,880,518     |
| 134                                      | 10.00%, 2/24/11, Ser. SLB (Schlumberger Ltd.) (b)  | A2/A                           | 7,927,590     |
| 74                                       | Citigroup, Inc., 7.50%, 12/15/12   | NR/NR                          | 9,007,625     |
| 367                                      | Credit Suisse Securities USA LLC (b),<br>10.00%, 9/1/10 (Bristol-Myers Squibb Co.)           | Aa2/A                          | 8,244,970     |
| 239                                      | 10.00%, 9/9/10 (Merck & Co., Inc.)   | Aa2/A                          | 7,414,289     |
| 879                                      | 10.00%, 1/22/11 (Ford Motor Co.)   | Aa2/A                          | 9,937,095     |



**NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments**

July 31, 2010 (unaudited) (continued)

| Shares<br>(000s)                           |   | Credit Rating<br>(Moody s/S&P) | Value        |
|--|---|--------------------------------|--------------|
|  | <b>Diversified Financial Services (continued)</b>         |                                |              |
| 577  | JP Morgan Chase & Co. (b),<br>10.00%, 1/14/11 (EMC Corp.) | Aa3/A+                         | \$10,252,748 |
| 518  | 10.00%, 1/20/11 (Symantec Corp.)                          | Aa3/A+                         | 7,494,257    |
|  |   |                                | 78,981,654   |
|  | <b>Electric 0.3%</b>                                      |                                |              |
| 88   | NextEra Energy, Inc., 8.375%, 6/1/12                      | NR/NR                          | 4,512,920    |
|  | <b>Food Products 1.0%</b>                                 |                                |              |
| 154  | Archer-Daniels-Midland Co., 6.25%, 6/1/11                 | NR/BBB+                        |              |
|  | Bunge Ltd.,   |                                | 5,906,114    |
| 96   | 4.875%, 12/1/11 (e)                                       | Ba1/BB                         | 8,045,225    |
| 4  | 5.125%, 12/1/10   | NR/BB                          | 2,036,000    |
|  |   |                                | 15,987,339   |
|  | <b>Household Durables 0.2%</b>                            |                                |              |
| 98   | Newell Financial Trust I, 5.25%, 12/1/27 (e)              | WR/BB                          | 3,610,062    |
|  | <b>Insurance 1.0%</b>                                     |                                |              |
| 460  | American International Group, Inc., 8.50%, 8/1/11         | Ba2/NR                         | 3,553,902    |
| 66   | Assured Guaranty Ltd., 8.50%, 6/1/12                      | NR/NR                          | 4,413,882    |
| 347  | XL Group PLC, 10.75%, 8/15/11                             | Baa2/BBB                       | 9,182,250    |
|  |   |                                | 17,150,034   |
|  | <b>Multi-Utilities 0.7%</b>                               |                                |              |
| 244  | AES Trust III, 6.75%, 10/15/29                            | B3/B                           | 11,331,122   |
|  | <b>Oil, Gas &amp; Consumable Fuels 0.5%</b>               |                                |              |
| 45   | ATP Oil & Gas Corp., 8.00%, 10/1/14 (e)(f)(g)             | NR/NR                          | 2,491,775    |
| 85   | Chesapeake Energy Corp., 5.00%, 11/15/10 (e)              | NR/B                           | 6,636,719    |
|  |   |                                | 9,128,494    |
|  | <b>Pharmaceuticals 0.4%</b>                               |                                |              |
| 30   | Merck & Co., Inc., 6.00%, 8/13/10                         | A2/A                           | 7,441,500    |
|  | <b>Real Estate Investment Trust 1.0%</b>                  |                                |              |
| 177  | Alexandria Real Estate Equities, Inc., 7.00%, 4/20/13 (e) | NR/NR                          | 4,119,440    |
| 602  | FelCor Lodging Trust, Inc., 1.95%, 12/31/49, Ser. A (h)   | Caa3/C                         | 12,481,728   |
|  |   |                                | 16,601,168   |
|  | Total Convertible Preferred Stock (cost \$261,577,737)    |                                | 213,605,614  |
| Principal<br>Amount<br>(000s)              |   |                                |              |
| <b>CONVERTIBLE BONDS &amp; NOTES 11.9%</b> |   |                                |              |
|  | <b>Auto Components 0.2%</b>                               |                                |              |
| \$ 2,200                                   | BorgWarner, Inc., 3.50%, 4/15/12                          | NR/BBB                         | 3,132,250    |
|  | <b>Communications Equipment 0.1%</b>                      |                                |              |
| 1,300                                      | Finisar Corp., 5.00%, 10/15/29                            | NR/NR                          | 2,224,625    |
|  | <b>Diversified Consumer Services 0.3%</b>                 |                                |              |
| 3,435                                      | Coinstar, Inc., 4.00%, 9/1/14                             | NR/BB+                         | 4,534,200    |
|  | <b>Diversified Telecommunication Services 0.5%</b>        |                                |              |
| 6,495                                      | tw telecom, Inc., 2.375%, 4/1/26                          | B3/B                           | 7,680,338    |





**NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments**

July 31, 2010 (unaudited) (continued)

| Principal Amount<br>(000s) |  | Credit Rating<br>(Moody s/S&P) | Value       |
|----------------------------|--|--------------------------------|-------------|
|                            | <b>Electrical Equipment 1.7%</b>                       |                                |             |
| \$9,780                    | EnerSys, 3.375%, 6/1/38 (i)                            | B2/BB                          | \$9,303,225 |
| 7,510                      | General Cable Corp., 0.875%, 11/15/13                  | Ba3/B+                         | 6,721,450   |
| 13,315                     | JA Solar Holdings Co., Ltd., 4.50%, 5/15/13            | NR/NR                          | 11,733,844  |
| 1,000                      | SunPower Corp., 4.75%, 4/15/14                         | NR/NR                          | 818,750     |
|                            |  |                                | 28,577,269  |
|                            | <b>Energy Equipment &amp; Services 0.3%</b>            |                                |             |
| 6,480                      | Hornbeck Offshore Services, Inc., 1.625%, 11/15/26 (i) | NR/B+                          | 5,193,720   |
|                            | <b>Food Products 0.3%</b>                              |                                |             |
| 3,680                      | Tyson Foods, Inc., 3.25%, 10/15/13                     | NR/BB                          | 4,512,600   |
|                            | <b>Healthcare-Products 0.2%</b>                        |                                |             |
| 3,000                      | Alere, Inc., 3.00%, 5/15/16                            | NR/B                           | 2,700,000   |
|                            | <b>Hotels, Restaurants &amp; Leisure 0.9%</b>          |                                |             |
| 4,495                      | International Game Technology, 3.25%, 5/1/14           | Baa2/BBB                       | 4,978,212   |
| 1,402                      | Mandalay Resort Group, 1.289%, 3/21/33, FRN (c)(d)(e)  | Caa1/CCC+                      | 1,513,970   |
| 9,955                      | MGM Mirage, 4.25%, 4/15/15 (f)(g)                      | Caa1/CCC+                      | 8,909,725   |
|                            |  |                                | 15,401,907  |
|                            | <b>Household Durables 1.0%</b>                         |                                |             |
| 6,820                      | Lennar Corp., 2.00%, 12/1/20 (f)(g)                    | B3/BB                          | 6,206,200   |
| 750                        | Newell Rubbermaid, Inc., 5.50%, 3/15/14                | NR/BBB                         | 1,442,812   |
| 8,675                      | Stanley Black & Decker, Inc., 0.00%, 5/17/12, FRN      | Baa1/A                         | 9,358,590   |
|                            |  |                                | 17,007,602  |
|                            | <b>Internet 0.1%</b>                                   |                                |             |
| 2,000                      | Symantec Corp., 1.00%, 6/15/13                         | NR/NR                          | 2,042,500   |
|                            | <b>Internet Software &amp; Services 0.3%</b>           |                                |             |
| 4,200                      | Equinix, Inc., 2.50%, 4/15/12                          | NR/B                           | 4,383,750   |
|                            | <b>IT Services 0.6%</b>                                |                                |             |
| 7,655                      | Alliance Data Systems Corp., 1.75%, 8/1/13             | NR/NR                          | 7,434,919   |
| 2,540                      | DST Systems, Inc., 4.125%, 8/15/23 (j)                 | NR/NR                          | 2,638,425   |
|                            |  |                                | 10,073,344  |
|                            | <b>Lodging 0.1%</b>                                    |                                |             |
| 1,000                      | Gaylord Entertainment Co., 3.75%, 10/1/14 (f)(g)       | NR/NR                          | 1,248,750   |
|                            | <b>Machinery 0.5%</b>                                  |                                |             |
| 6,035                      | AGCO Corp., 1.25%, 12/15/36                            | NR/BB+                         | 6,449,906   |
| 1,790                      | Titan International, Inc., 5.625%, 1/15/17 (f)(g)      | NR/NR                          | 2,264,350   |
|                            |  |                                | 8,714,256   |
|                            | <b>Media 0.2%</b>                                      |                                |             |
| 3,765                      | Liberty Media LLC, 3.125%, 3/30/23                     | B1/BB                          | 4,146,206   |
|                            | <b>Metals &amp; Mining 0.7%</b>                        |                                |             |
| 4,000                      | Steel Dynamics, Inc., 5.125%, 6/15/14                  | NR/BB+                         | 4,560,000   |
| 4,350                      | United States Steel Corp., 4.00%, 5/15/14              | Ba2/BB                         | 6,802,313   |
|                            |  |                                | 11,362,313  |
|                            | <b>Oil &amp; Gas Services 0.1%</b>                     |                                |             |
| 1,000                      | Exterran Holdings, Inc., 4.25%, 6/15/14                | NR/BB                          | 1,332,500   |
|                            | <b>Oil, Gas &amp; Consumable Fuels 0.6%</b>            |                                |             |
| 8,675                      | Peabody Energy Corp., 4.75%, 12/15/41                  | Ba3/B+                         | 9,260,563   |



**NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments**

July 31, 2010 (unaudited) (continued)

| Principal Amount (000s)            |  | Credit Rating (Moody s/S&P) | Value                |
|------------------------------------|--|-----------------------------|----------------------|
|                                    | <b>Pharmaceuticals 0.5%</b>  |                             |                      |
| \$ 4,975                           | Biovail Corp., 5.375%, 8/1/14 (f)(g)   | NR/NR                       | \$7,841,844          |
|                                    | <b>Real Estate Investment Trust 1.0%</b>   |                             |                      |
| 2,950                              | Boston Properties LP, 3.75%, 5/15/36   | NR/A                        | 3,200,750            |
| 4,300                              | Digital Realty Trust LP, 4.125%, 8/15/26 (f)(g)  | NR/NR                       | 8,538,187            |
| 5,000                              | Health Care REIT, Inc., 4.75%, 12/1/26   | Baa2/BBB                    | 5,487,500            |
|                                    |  |                             | 17,226,437           |
|                                    | <b>Road &amp; Rail 0.1%</b>  |                             |                      |
| 1,500                              | Hertz Global Holdings, Inc., 5.25%, 6/1/14   | NR/CCC+                     | 2,368,125            |
|                                    | <b>Semiconductors &amp; Semiconductor Equipment 0.1%</b>                                     |                             |                      |
| 500                                | Teradyne, Inc., 4.50%, 3/15/14   | NR/NR                       | 1,040,625            |
|                                    | <b>Software 1.0%</b>   |                             |                      |
| 5,000                              | Lawson Software, Inc., 2.50%, 4/15/12  | NR/NR                       | 5,018,750            |
| 7,500                              | Nuance Communications, Inc., 2.75%, 8/15/27  | NR/B                        | 8,287,500            |
| 2,500                              | Salesforce.com, Inc., 0.75%, 1/15/15 (f)(g)  | NR/NR                       | 3,209,375            |
|                                    |  |                             | 16,515,625           |
|                                    | <b>Telecommunications 0.2%</b>   |                             |                      |
| 4,000                              | Ciena Corp., 4.00%, 3/15/15 (f)(g)   | NR/NR                       | 3,885,000            |
|                                    | <b>Thriffs &amp; Mortgage Finance 0.3%</b>   |                             |                      |
| 4,020                              | MGIC Investment Corp., 5.00%, 5/1/17   | NR/CCC+                     | 4,145,625            |
| 1,000                              | The PMI Group, Inc., 4.50%, 4/15/20  | NR/CCC+                     | 760,000              |
|                                    |  |                             | 4,905,625            |
|                                    | Total Convertible Bonds & Notes (cost \$192,321,430)   |                             | 197,311,974          |
| <b>SHORT-TERM INVESTMENTS 2.6%</b> |  |                             |                      |
|                                    | <b>Time Deposits 2.6%</b>  |                             |                      |
| 26,376                             | Citibank-Nassau, 0.03%, 8/2/10   |                             | 26,376,152           |
| 17,325                             | Societe Generale Paris, 0.03%, 8/2/10  |                             | 17,324,573           |
|                                    | Total Short Term Investments (cost \$43,700,725)   |                             | 43,700,725           |
|                                    | <b>Total Investments before call options written</b><br>(cost \$2,001,812,102) <b>100.5%</b> |                             | <b>1,668,415,812</b> |

Contracts

**CALL OPTIONS WRITTEN (h) (1.0)%**

|        |   |             |
|--------|---|-------------|
| 15,000 | iShares Dow Jones U.S. Telecommunications Sector Index,<br>strike price \$20, expires 9/17/10 | (1,087,500) |
| 400    | Morgan Stanley Cyclical Flex Index,<br>strike price \$880, expires 8/27/10                    | (823,716)   |
| 500    | Morgan Stanley Cyclical Index,<br>strike price \$830, expires 8/20/10                         | (2,190,000) |
| 300    | strike price \$850, expires 8/20/10   | (900,000)   |
| 250    | strike price \$920, expires 9/17/10   | (262,500)   |
| 250    | strike price \$930, expires 9/17/10   | (197,500)   |
| 100    | NASDAQ 100 Flex Index,<br>strike price \$1915, expires 8/27/10                                | (208,439)   |

**NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments**

July 31, 2010 (unaudited) (continued)

| Contracts  | Value                        |
|--|------------------------------|
| 6,500 New York Stock Exchange Arca Mini Oil Flex Index,<br>strike price \$49.50, expires 8/13/10 | \$ (439,985)                 |
| 6,000 strike price \$50, expires 9/10/10   | (724,440)                    |
| 6,000 strike price \$51, expires 8/6/10  | (37,980)                     |
| 6,500 strike price \$51, expires 8/13/10   | (144,430)                    |
| 6,500 strike price \$51.50, expires 8/6/10   | (19,825)                     |
| 6,500 New York Stock Exchange Arca Mini Oil Index,<br>strike price \$50, expires 9/17/10         | (780,000)                    |
| 5,000 Pharmaceutical HOLDRs Flex Index,<br>strike price \$61.50, expires 9/10/10                 | (433,100)                    |
| 6,000 Pharmaceutical HOLDRs Index,<br>strike price \$62, expires 9/17/10                         | (345,000)                    |
| 6,000 Philadelphia Stock Exchange KBW Bank Flex Index,<br>strike price \$51.50, expires 9/10/10  | (433,800)                    |
| 7,000 strike price \$55, expires 8/27/10   | (41,020)                     |
| 10,500 Philadelphia Stock Exchange KBW Bank Index,<br>strike price \$52, expires 9/17/10         | (1,076,250)                  |
| 300 Standard & Poor s 500 Flex Index,<br>strike price \$1110, expires 9/3/10                     | (677,004)                    |
| 300 strike price \$1113, expires 9/3/10  | (633,480)                    |
| 300 strike price \$1130, expires 9/10/10   | (500,550)                    |
| 300 strike price \$1133, expires 8/13/10   | (146,796)                    |
| 300 strike price \$1148, expires 8/6/10  | (16,578)                     |
| 300 strike price \$1150, expires 8/6/10  | (14,034)                     |
| 300 strike price \$1155, expires 8/13/10   | (49,212)                     |
| 300 Standard & Poor s 500 Index,<br>strike price \$1075, expires 8/20/10                         | (1,119,000)                  |
| 300 strike price \$1085, expires 8/20/10   | (906,000)                    |
| 300 strike price \$1095, expires 8/20/10   | (711,000)                    |
| 300 strike price \$1130, expires 9/17/10   | (552,000)                    |
| 300 strike price \$1140, expires 9/17/10   | (435,000)                    |
| 300 strike price \$1145, expires 9/17/10   | (384,000)                    |
| <br>Total Call Options Written (premiums received \$14,622,254)                                  | <br>(16,290,139)             |
| <br><b>Total Investments net of call options written</b><br>(cost \$1,987,189,848) <b>99.5%</b>  | <br><br><b>1,652,125,673</b> |
| <br>Other assets less other liabilities 0.5%   | <br>7,957,724                |
| <br><b>Net Assets 100.0%</b>   | <br><b>\$1,660,083,397</b>   |



**AGIC Equity & Convertible Income Fund Schedule of Investments**

July 31, 2010 (unaudited)

| Shares<br>(000s)          |  | Value       |
|---------------------------|--|-------------|
| <b>COMMON STOCK 71.7%</b> |  |             |
|                           | <b>Aerospace &amp; Defense 1.4%</b>                            |             |
| 74                        | L-3 Communications Holdings, Inc.                              | \$5,426,872 |
|                           | <b>Auto Components 1.7%</b>                                    |             |
| 226                       | Johnson Controls, Inc.   | 6,508,179   |
|                           | <b>Automobiles 1.6%</b>  |             |
| 497                       | Ford Motor Co. (h)   | 6,351,798   |
|                           | <b>Beverages 5.5%</b>  |             |
| 149                       | Coca-Cola Co.  | 8,183,835   |
| 127                       | Molson Coors Brewing Co. Cl. B                                 | 5,729,773   |
| 114                       | PepsiCo, Inc.  | 7,399,740   |
|                           |  | 21,313,348  |
|                           | <b>Biotechnology 1.4%</b>                                      |             |
| 164                       | Gilead Sciences, Inc. (h)                                      | 5,464,480   |
|                           | <b>Communications Equipment 5.8%</b>                           |             |
| 39                        | Aviat Networks, Inc. (h)                                       | 156,057     |
| 284                       | Cisco Systems, Inc. (h)  | 6,556,494   |
| 156                       | Harris Corp.   | 6,924,415   |
| 142                       | Qualcomm, Inc.   | 5,399,744   |
| 61                        | Research In Motion Ltd. (h)                                    | 3,497,824   |
|                           |  | 22,534,534  |
|                           | <b>Computers &amp; Peripherals 5.5%</b>                        |             |
| 29                        | Apple, Inc. (a)(h)   | 7,434,525   |
| 344                       | EMC Corp. (a)(h)   | 6,811,718   |
| 58                        | International Business Machines Corp. (a)                      | 7,408,680   |
|                           |  | 21,654,923  |
|                           | <b>Diversified Financial Services 0.9%</b>                     |             |
| 84                        | JP Morgan Chase & Co.  | 3,375,464   |
|                           | <b>Diversified Telecommunication Services 1.5%</b>             |             |
| 202                       | Verizon Communications, Inc.                                   | 5,870,120   |
|                           | <b>Electric Utilities 1.1%</b>                                 |             |
| 54                        | Entergy Corp.  | 4,201,197   |
|                           | <b>Electronic Equipment, Instruments &amp; Components 1.7%</b> |             |

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|     |  |            |
|-----|--|------------|
| 149 | Amphenol Corp. Cl. A                             | 6,675,200  |
|     | <b>Energy Equipment &amp; Services 3.3%</b>      |            |
| 69  | Diamond Offshore Drilling, Inc.                  | 4,098,861  |
| 96  | National Oilwell Varco, Inc.                     | 3,751,528  |
| 81  | Schlumberger Ltd.                                | 4,856,324  |
|     |  | 12,706,713 |
|     | <b>Health Care Equipment &amp; Supplies 3.0%</b> |            |
| 111 | Baxter International, Inc.                       | 4,862,847  |
| 20  | Intuitive Surgical, Inc. (h)                     | 6,715,167  |
|     |  | 11,578,014 |



**AGIC Equity & Convertible Income Fund Schedule of Investments**

July 31, 2010 (unaudited) (continued)

| Shares<br>(000s) |  | Value       |
|------------------|--|-------------|
|                  | <b>Health Care Providers &amp; Services 3.0%</b>             |             |
| 101              | McKesson Corp. (a)   | \$6,313,410 |
| 116              | Medco Health Solutions, Inc. (h)                             | 5,563,200   |
|                  |  | 11,876,610  |
|                  | <b>Hotels, Restaurants &amp; Leisure 2.0%</b>                |             |
| 114              | McDonald's Corp. (a)   | 7,928,301   |
|                  | <b>Household Durables 0.5%</b>                               |             |
| 34               | Stanley Black & Decker, Inc.                                 | 1,972,622   |
|                  | <b>Household Products 1.9%</b>                               |             |
| 121              | Procter & Gamble Co.   | 7,424,824   |
|                  | <b>Independent Power Producers &amp; Energy Traders 1.6%</b> |             |
| 92               | Constellation Energy Group, Inc.                             | 2,907,200   |
| 154              | NRG Energy, Inc. (h)   | 3,492,697   |
|                  |  | 6,399,897   |
|                  | <b>Industrial Conglomerates 2.7%</b>                         |             |
| 290              | General Electric Co.   | 4,677,363   |
| 277              | Textron, Inc. (a)  | 5,754,672   |
|                  |  | 10,432,035  |
|                  | <b>Insurance 1.8%</b>  |             |
| 53               | MetLife, Inc.  | 2,236,919   |
| 87               | Prudential Financial, Inc.                                   | 4,984,230   |
|                  |  | 7,221,149   |
|                  | <b>Internet Software &amp; Services 1.7%</b>                 |             |
| 14               | Google, Inc. Cl. A (h)                                       | 6,787,900   |
|                  | <b>Machinery 5.3%</b>  |             |
| 176              | AGCO Corp. (h)   | 6,107,332   |
| 101              | Deere & Co.  | 6,728,012   |
| 133              | Joy Global, Inc.   | 7,919,958   |
|                  |  | 20,755,302  |
|                  | <b>Metals &amp; Mining 1.9%</b>                              |             |
| 105              | Freeport-McMoRan Copper & Gold, Inc.                         | 7,526,008   |

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|     |  |            |
|-----|--|------------|
|     | <b>Multiline Retail 1.8%</b>                             |            |
| 139 | Target Corp.   | 7,112,952  |
|     | <b>Oil, Gas &amp; Consumable Fuels 3.2%</b>              |            |
| 90  | Occidental Petroleum Corp.                               | 6,998,114  |
| 121 | Peabody Energy Corp.                                     | 5,467,665  |
|     |  | 12,465,779 |
|     | <b>Pharmaceuticals 2.7%</b>                              |            |
| 137 | Abbott Laboratories                                      | 6,723,960  |
| 63  | Johnson & Johnson  | 3,676,400  |
|     |  | 10,400,360 |
|     | <b>Semiconductors &amp; Semiconductor Equipment 3.6%</b> |            |
| 342 | Intel Corp.  | 7,049,320  |
| 289 | Texas Instruments, Inc.                                  | 7,130,472  |
|     |  | 14,179,792 |

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 AGIC Equity & Convertible Income Fund Semi-Annual Report | 7.31.10 |

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**AGIC Equity & Convertible Income Fund Schedule of Investments**

July 31, 2010 (unaudited) (continued)

| Shares<br>(000s) |   | Value       |
|------------------|---|-------------|
|                  | <b>Software 3.5%</b>                    |             |
| 248              | Microsoft Corp.                         | \$6,393,137 |
| 305              | Oracle Corp.                            | 7,212,564   |
|                  |   | 13,605,701  |
|                  | <b>Telecommunications 0.1%</b>          |             |
| 48               | Frontier Communications Corp.           | 370,448     |
|                  | Total Common Stock (cost \$381,777,045) | 280,120,522 |

Credit Rating  
(Moody s/S&P)**CONVERTIBLE PREFERRED STOCK 15.4%**

|     |  |          |            |
|-----|--|----------|------------|
|     | <b>Airlines 0.1%</b>   |          |            |
| 10  | Continental Airlines Finance Trust II, 6.00%, 11/15/30                                       | Caa1/CCC | 316,662    |
|     | <b>Banks 0.3%</b>  |          |            |
| 26  | Barclays Bank PLC, 10.00%, 3/15/11<br>(Teva Pharmaceutical Industries Ltd.) (b)              | A1/A+    | 1,318,980  |
|     | <b>Capital Markets 0.3%</b>  |          |            |
| 209 | Lehman Brothers Holdings, Inc. (b)(c)(d),<br>6.00%, 10/12/10, Ser. GIS (General Mills, Inc.) | WR/NR    | 673,534    |
| 33  | 28.00%, 3/6/09, Ser. RIG (Transocean, Inc.)  | WR/NR    | 455,286    |
|     |  |          | 1,128,820  |
|     | <b>Commercial Banks 1.2%</b>   |          |            |
| 14  | Fifth Third Bancorp, 8.50%, 6/30/13, Ser. G (e)  | Ba1/BB   | 1,949,876  |
| 3   | Wells Fargo & Co., 7.50%, 3/15/13, Ser. L (e)  | Ba1/A-   | 2,632,500  |
|     |  |          | 4,582,376  |
|     | <b>Commercial Services &amp; Supplies 1.4%</b>   |          |            |
| 53  | Avery Dennison Corp., 7.875%, 11/15/20   | NR/BB+   | 2,057,616  |
| 102 | United Rentals, Inc., 6.50%, 8/1/28  | Caa2/CCC | 3,361,641  |
|     |  |          | 5,419,257  |
|     | <b>Consumer Finance 0.5%</b>   |          |            |
| 3   | SLM Corp., 7.25%, 12/15/10   | Ba3/BB-  | 1,962,207  |
|     | <b>Diversified Financial Services 3.7%</b>   |          |            |
| 20  | AMG Capital Trust I, 5.10%, 4/15/36  | NR/BB    | 849,787    |
|     | Bank of America Corp.,   |          |            |
| 4   | 7.25%, 1/30/13, Ser. L (e)   | Ba3/BB   | 3,887,000  |
| 31  | 10.00%, 2/24/11, Ser. SLB (Schlumberger Ltd.) (b)  | A2/A     | 1,830,811  |
| 19  | Citigroup, Inc., 7.50%, 12/15/12   | NR/NR    | 2,312,300  |
|     | Credit Suisse Securities USA LLC (b),  |          |            |
| 70  | 10.00%, 9/1/10 (Bristol-Myers Squibb Co.)  | Aa2/A    | 1,563,564  |
| 51  | 10.00%, 9/9/10 (Merck & Co., Inc.)   | Aa2/A    | 1,591,607  |
| 178 | JP Morgan Chase & Co., 10.00%, 1/20/11 (Symantec Corp.) (b)                                  | Aa3/A+   | 2,579,664  |
|     |  |          | 14,614,733 |
|     | <b>Electric 0.2%</b>   |          |            |
| 18  | NextEra Energy, Inc., 8.375%, 6/1/12   | NR/NR    | 945,760    |

NFJ Dividend, Interest &amp; Premium Strategy Fund

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**AGIC Equity & Convertible Income Fund Schedule of Investments**

July 31, 2010 (unaudited) (continued)

| Shares<br>(000s)              |  | Credit Rating<br>(Moody s/S&P) | Value       |
|-------------------------------|--|--------------------------------|-------------|
|                               | <b>Food Products 1.4%</b>  |                                |             |
| 58                            | Archer-Daniels-Midland Co., 6.25%, 6/1/11                          | NR/BBB+                        | \$2,216,257 |
| 39                            | Bunge Ltd., 4.875%, 12/1/11 (e)                                    | Ba1/BB                         | 3,239,800   |
|                               |  |                                | 5,456,057   |
|                               | <b>Household Durables 0.5%</b>                                     |                                |             |
| 41                            | Newell Financial Trust I, 5.25%, 12/1/27                           | WR/BB                          | 1,511,875   |
|                               | <b>Insurance 1.1%</b>  |                                |             |
| 148                           | American International Group, Inc., 8.50%, 8/1/11                  | Ba2/NR                         | 1,142,560   |
| 28                            | Assured Guaranty Ltd., 8.50%, 6/1/12                               | NR/NR                          | 1,839,118   |
| 53                            | XL Group PLC, 10.75%, 8/15/11                                      | Baa2/BBB                       | 1,393,900   |
|                               |  |                                | 4,375,578   |
|                               | <b>Multi-Utilities 1.2%</b>  |                                |             |
| 102                           | AES Trust III, 6.75%, 10/15/29                                     | B3/B                           | 4,755,729   |
|                               | <b>Oil, Gas &amp; Consumable Fuels 0.8%</b>                        |                                |             |
| 20                            | ATP Oil & Gas Corp., 8.00%, 10/1/14 (e)(f)(g)                      | NR/NR                          | 1,121,575   |
| 27                            | Chesapeake Energy Corp., 5.00%, 11/15/10 (e)                       | NR/B                           | 2,136,719   |
|                               |  |                                | 3,258,294   |
|                               | <b>Pharmaceuticals 1.1%</b>  |                                |             |
| 8                             | Merck & Co., Inc., 6.00%, 8/13/10                                  | A2/A-                          | 2,041,800   |
| 2                             | Mylan, Inc., 6.50%, 11/15/10                                       | NR/B                           | 2,119,500   |
|                               |  |                                | 4,161,300   |
|                               | <b>Real Estate Investment Trust 1.6%</b>                           |                                |             |
| 91                            | Alexandria Real Estate Equities, Inc., 7.00%, 4/20/13 (e)          | NR/NR                          | 2,108,650   |
| 207                           | FelCor Lodging Trust, Inc., 1.95%, 12/31/49, Ser. A (h)            | Caa3/C                         | 4,295,256   |
|                               |  |                                | 6,403,906   |
|                               | Total Convertible Preferred Stock (cost \$84,414,896)              |                                | 60,211,534  |
| Principal<br>Amount<br>(000s) |  |                                |             |
|                               | <b>CONVERTIBLE BONDS &amp; NOTES 9.7%</b>                          |                                |             |
|                               | <b>Auto Components 0.5%</b>  |                                |             |
| \$1,425                       | BorgWarner, Inc., 3.50%, 4/15/12                                   | NR/BBB                         | 2,028,844   |
|                               | <b>Commercial Services &amp; Supplies 1.2%</b>                     |                                |             |
| 4,800                         | Bowne & Co., Inc., 5.00%, 10/1/33 (i)                              | B3/CCC+                        | 4,764,000   |
|                               | <b>Electrical Equipment 1.5%</b>                                   |                                |             |
| 1,880                         | EnerSys, 3.375%, 6/1/38 (i)  | B2/BB                          | 1,788,350   |
| 4,605                         | JA Solar Holdings Co., Ltd., 4.50%, 5/15/13                        | NR/NR                          | 4,058,156   |
|                               |  |                                | 5,846,506   |
|                               | <b>Electronic Equipment, Instruments &amp; Components 0.3%</b>     |                                |             |
| 1,335                         | Anixter International, Inc., 1.00%, 2/15/13                        | NR/B+                          | 1,301,625   |
|                               | <b>Energy Equipment &amp; Services 0.3%</b>                        |                                |             |
| 1,625                         | Hornbeck Offshore Services, Inc., 1.625%, 11/15/26 (i)             | NR/B+                          | 1,302,438   |
|                               | <b>Household Durables 0.6%</b>                                     |                                |             |
| 2,100                         | Stanley Black & Decker, Inc., 0.00%, 5/17/12, FRN                  | Baa1/A                         | 2,265,480   |
|                               | NFJ Dividend, Interest & Premium Strategy Fund                     |                                |             |
| 20                            | AGIC Equity & Convertible Income Fund Semi-Annual Report   7.31.10 |                                |             |



**AGIC Equity & Convertible Income Fund Schedule of Investments**

July 31, 2010 (unaudited) (continued)

| Principal Amount<br>(000s)              |   | Credit Rating<br>(Moody s/S&P) | Value              |
|---|---|--------------------------------|--------------------|
|   | <b>Internet Software &amp; Services 0.5%</b>  |                                |                    |
| \$1,800                                 | VeriSign, Inc., 3.25%, 8/15/37  | NR/NR                          | \$1,719,000        |
|   | <b>IT Services 0.5%</b>   |                                |                    |
| 2,110                                   | Alliance Data Systems Corp., 1.75%, 8/1/13  | NR/NR                          | 2,049,337          |
|   | <b>Machinery 0.4%</b>   |                                |                    |
| 1,200                                   | Titan International, Inc., 5.625%, 1/15/17 (f)(g)   | NR/NR                          | 1,518,000          |
|   | <b>Media 0.8%</b>   |                                |                    |
| 1,365                                   | Liberty Media LLC, 3.125%, 3/30/23  | B1/BB                          | 1,503,206          |
| 1,600                                   | Regal Entertainment Group, 6.25%, 3/15/11 (f)(g)  | NR/NR                          | 1,628,000          |
|   |   |                                | 3,131,206          |
|   | <b>Pharmaceuticals 0.6%</b>   |                                |                    |
| 1,500                                   | Biovail Corp., 5.375%, 8/1/14 (f)(g)  | NR/NR                          | 2,364,375          |
|   | <b>Real Estate Investment Trust 1.2%</b>  |                                |                    |
| 2,000                                   | Boston Properties LP, 3.75%, 5/15/36  | NR/A                           | 2,170,000          |
| 2,100                                   | Health Care REIT, Inc., 4.75%, 12/1/26  | Baa2/BBB                       | 2,304,750          |
|   |   |                                | 4,474,750          |
|   | <b>Semiconductors &amp; Semiconductor Equipment 0.4%</b>                                  |                                |                    |
| 1,950                                   | Micron Technology, Inc., 1.875%, 6/1/14   | NR/B                           | 1,701,375          |
|   | <b>Software 0.4%</b>  |                                |                    |
| 1,400                                   | Nuance Communications, Inc., 2.75%, 8/15/27   | NR/B                           | 1,547,000          |
|   | <b>Thriffs &amp; Mortgage Finance 0.5%</b>  |                                |                    |
| 1,700                                   | MGIC Investment Corp., 5.00%, 5/1/17  | NR/CCC+                        | 1,753,125          |
|   | Total Convertible Bonds & Notes (cost \$38,951,362)                                       |                                | 37,767,061         |
| <b>CORPORATE BONDS &amp; NOTES 2.2%</b> |   |                                |                    |
|   | <b>Independent Power Producer 0.8%</b>  |                                |                    |
| 4,340                                   | Dynegy Holdings, Inc., 7.75%, 6/1/19  | B3/B                           | 3,059,700          |
|   | <b>Paper &amp; Forest Products 0.2%</b>   |                                |                    |
| 1,000                                   | Neenah Paper, Inc., 7.375%, 11/15/14  | B1/BB                          | 987,500            |
|   | <b>Wireless Telecommunication Services 1.2%</b>   |                                |                    |
| 4,600                                   | Millicom International Cellular S.A., 10.00%, 12/1/13                                     | B1/NR                          | 4,761,000          |
|   | Total Corporate Bonds & Notes (cost \$9,587,371)  |                                | 8,808,200          |
| <b>SHORT-TERM INVESTMENT 0.7%</b>       |   |                                |                    |
|   | <b>Time Deposit 0.7%</b>  |                                |                    |
| 2,935                                   | Wells Fargo-Grand Cayman, 0.03%, 8/2/10 (cost \$2,934,682)                                |                                | 2,934,682          |
|   | <b>Total Investments before call options written</b><br>(cost \$517,665,356) <b>99.7%</b> |                                | <b>389,841,999</b> |

**AGIC Equity & Convertible Income Fund Schedule of Investments**

July 31, 2010 (unaudited) (continued)

| Contracts   | Value                |
|---|----------------------|
| <b>CALL OPTIONS WRITTEN (h) (0.0%)</b>  |                      |
| 200 Apple, Inc.,<br>strike price \$280, expires 8/21/10                                   | \$ (13,000)          |
| 2,410 EMC Corp.,<br>strike price \$21, expires 8/21/10                                    | (21,690)             |
| 400 International Business Machines Corp.,<br>strike price \$135, expires 8/21/10         | (6,000)              |
| 795 McDonald's Corp.,<br>strike price \$72.5, expires 8/21/10                             | (14,310)             |
| 700 McKesson Corp.,<br>strike price \$70, expires 8/21/10                                 | (3,500)              |
| Total Call Options Written (premiums received \$302,435)                                  | (58,500)             |
| <b>Total Investments net of call options written</b><br>(cost \$517,362,921) <b>99.7%</b> | <b>389,783,499</b>   |
| Other assets less other liabilities 0.3%  | 1,047,031            |
| <b>Net Assets 100.0%</b>  | <b>\$390,830,530</b> |

**Notes to Schedules of Investments:**

- (a) All or partial amount segregated as collateral for call options written.
- (b) Securities exchangeable or convertible into securities of an entity different than the issuer or structured by the issuer to provide exposure to securities of an entity different than the issuer. Such entity is identified in the parenthetical.
- (c) Fair-Valued Securities in NFJ Dividend, Interest & Premium Strategy and AGIC Equity & Convertible Income Fund, with an aggregate value of \$4,874,236 and \$1,128,820, representing 0.29% and 0.29% of net assets, respectively. See Note 1 (a) and Note 1 (b) in the Notes to Financial Statements.
- (d) In default.
- (e) Perpetual maturity. Maturity date shown is the first call date.
- (f) Private Placement Restricted as to resale and may not have a readily available market. Securities in NFJ Dividend, Interest & Premium Strategy Fund and AGIC Equity & Convertible Income Fund, with an aggregate market value of \$44,595,206 and \$6,631,950, representing 2.69% and 1.70% of net assets, respectively.
- (g) 144A Security Exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Unless otherwise indicated, these securities are not considered to be illiquid.
- (h) Non-income producing.
- (i) Step-Bond Coupon is a fixed rate for an initial period then resets at a specific date and rate.
- (j) Variable rate security. Interest rate disclosed reflects the rate in effect on July 31, 2010.

**Glossary:**

ADR American Depositary Receipt  
 FRN Floating Rate Notes. The interest rate disclosed reflects the rate in effect on July 31, 2010.  
 NR Not Rated  
 WR Withdrawn Rating





## NFJ Dividend, Interest & Premium Strategy Fund / AGIC Equity & Convertible Income Fund Statements of Assets and Liabilities

July 31, 2010 (unaudited)

|   | NFJ Dividend,<br>Interest &<br>Premium<br>Strategy | AGIC Equity<br>& Convertible<br>Income |
|---|--|--|
| <b>Assets:</b>  |  |  |
| Investments, at value (cost - \$2,001,812,102 and \$517,665,356, respectively)                                      | \$1,668,415,812                                    | \$389,841,999                          |
| Dividends and interest receivable   | 6,492,131  | 1,479,526                              |
| Receivable for investments sold   | 4,317,355  |  |
| Prepaid expenses  | 78,122   | 21,112                                 |
| <b>Total Assets</b>   | <b>1,679,303,420</b>                               | <b>391,342,637</b>                     |
| <b>Liabilities:</b>   |  |  |
| Call options written, at value (premiums received - \$14,622,254 and \$302,435, respectively)                       | 16,290,139   | 58,500                                 |
| Payable for investments purchased   | 1,320,104  |  |
| Investment management fees payable  | 1,233,412  | 323,426                                |
| Accrued expenses  | 376,368  | 130,181                                |
| <b>Total Liabilities</b>  | <b>19,220,023</b>                                  | <b>512,107</b>                         |
| <b>Net Assets</b>   | <b>\$1,660,083,397</b>                             | <b>\$390,830,530</b>                   |
| <b>Composition of Net Assets:</b>   |  |  |
| Common Stock:   |  |  |
| Par value (\$0.00001 per share applicable to 94,524,325 and 22,304,189 shares issued and outstanding, respectively) | \$ 945   | \$ 223                                 |
| Paid-in-capital in excess of par  | 2,253,811,959                                      | 517,458,932                            |
| Undistributed (dividends in excess of) net investment income  | 14,025,359   | (647,147)                              |
| Accumulated net realized gain (loss)  | (272,690,691)                                      | 1,597,944                              |
| Net unrealized depreciation of investments and call options written   | (335,064,175)                                      | (127,579,422)                          |
| <b>Net Assets</b>   | <b>\$1,660,083,397</b>                             | <b>\$390,830,530</b>                   |
| <b>Net Asset Value Per Share</b>  | <b>\$17.56</b>                                     | <b>\$17.52</b>                         |

NFJ Dividend, Interest & Premium Strategy Fund

See accompanying Notes to Financial Statements | 7.31.10 | AGIC Equity & Convertible Income Fund Semi-Annual Report **23**

## NFJ Dividend, Interest & Premium Strategy Fund / AGIC Equity & Convertible Income Fund Statements of Operations

Six Months ended July 31, 2010 (unaudited)

|  | NFJ Dividend,<br>Interest &<br>Premium<br>Strategy | AGIC Equity<br>& Convertible<br>Income |
|--|--|--|
| <b>Investment Income:</b>  |  |  |
| Dividends (net of foreign withholding taxes of \$506,040 and \$0, respectively)    | \$ 38,031,759                                      | \$ 5,162,284                           |
| Interest   | 3,939,554  | 1,245,018                              |
| Fee income   | 596,060  | 22,434                                 |
| Total Investment Income  | 42,567,373   | 6,429,736                              |
| <b>Expenses:</b>   |  |  |
| Investment management fees   | 7,428,019  | 1,989,245                              |
| Shareholder communications   | 191,296  | 38,191                                 |
| Custodian and accounting agent fees  | 164,500  | 49,051                                 |
| Trustees fees and expenses   | 75,115   | 17,557                                 |
| Audit and tax services   | 40,092   | 33,485                                 |
| Legal fees   | 38,339   | 11,946                                 |
| New York Stock Exchange listing fees   | 37,114   | 10,555                                 |
| Insurance expenses   | 22,200   | 5,546                                  |
| Transfer agent fees  | 14,842   | 14,661                                 |
| Miscellaneous  | 6,619  | 2,353                                  |
| Total expenses   | 8,018,136  | 2,172,590                              |
| <b>Net Investment Income</b>   | <b>34,549,237</b>                                  | <b>4,257,146</b>                       |
| <b>Realized and Change in Unrealized Gain (Loss):</b>                              |  |  |
| Net realized gain (loss) on:   |  |  |
| Investments  | 43,282,274   | 11,271,776                             |
| Call options written   | (3,263,419)  | 1,018,605                              |
| Net change in unrealized appreciation/depreciation of:                             |  |  |
| Investments  | (11,012,713)                                       | (4,835,849)                            |
| Call options written   | (10,842,286)                                       | (482,635)                              |
| Net realized and change in unrealized gain on investments and call options written | 18,163,856   | 6,971,897                              |
| <b>Net Increase in Net Assets Resulting from Investment Operations</b>             | <b>\$52,713,093</b>                                | <b>\$11,229,043</b>                    |

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AGIC Equity & Convertible Income Fund Semi-Annual Report | 7.31.10 | See accompanying Notes to Financial Statements

**NFJ Dividend, Interest & Premium Strategy Fund /  
AGIC Equity & Convertible Income Fund Statement of Changes in Net Assets**

| <b>NFJ Dividend, Interest &amp; Premium Strategy</b>   | Six Months<br>ended<br>July 31, 2010<br>(unaudited) | Year ended<br>January 31,<br>2010 |
|--|---|-----------------------------------|
| <b>Investments Operations:</b>   |   |                                   |
| Net investment income  | \$34,549,237  | \$58,104,787                      |
| Net realized gain (loss) on investments and call options written   | 40,018,855  | (158,414,644)                     |
| Net change in unrealized appreciation/depreciation of investments and call options written                             | (21,854,999)  | 458,016,688                       |
| Net increase in net assets resulting from investment operations  | 52,713,093  | 357,706,831                       |
| <b>Dividends to Shareholders from<br/>Net investment income</b>  |   |                                   |
|  | (28,357,298)  | (56,714,595)                      |
| Total increase in net assets   | 24,355,795  | 300,992,236                       |
| <b>Net Assets:</b>   |   |                                   |
| Beginning of period  | 1,635,727,602                                       | 1,334,735,366                     |
| End of period (including undistributed net investment income of \$14,025,359, \$7,833,420, respectively)               | \$1,660,083,397                                     | \$1,635,727,602                   |
| <br>   |   |                                   |
| <b>AGIC Equity &amp; Convertible Income</b>  | Six Months<br>ended<br>July 31, 2010<br>(unaudited) | Year ended<br>January 31,<br>2010 |
| <b>Investments Operations:</b>   |   |                                   |
| Net investment income  | \$4,257,146   | \$9,004,789                       |
| Net realized gain on investments and call options written  | 12,290,381  | 15,405,697                        |
| Net change in unrealized appreciation/depreciation of investments and call options written                             | (5,318,484)   | 93,536,166                        |
| Net increase in net assets resulting from investment operations  | 11,229,043  | 117,946,652                       |
| <b>Dividends and Distributions to Shareholders from:</b>   |   |                                   |
| Net investment income  | (4,257,146)   | (22,085,355)                      |
| Net realized gains   | (8,233,200)   |                                   |
| Return of capital  |   | (2,895,337)                       |
| Total dividends and distributions to shareholders  | (12,490,346)  | (24,980,692)                      |
| Total increase (decrease) in net assets  | (1,261,303)   | 92,965,960                        |
| <b>Net Assets:</b>   |   |                                   |
| Beginning of period  | 392,091,833   | 299,125,873                       |
| End of period (including dividends in excess of net investment income of \$(2,635,174), and \$(647,147), respectively) | \$390,830,530                                       | \$392,091,833                     |

## NFJ Dividend, Interest & Premium Strategy Fund / AGIC Equity & Convertible Income Fund Notes to Financial Statements

July 31, 2010 (unaudited)

### 1. Organization and Significant Accounting Policies

NFJ Dividend, Interest & Premium Strategy Fund and AGIC Equity & Convertible Income Fund, formerly known as Nicholas-Applegate Equity & Convertible Income Fund (collectively referred to as the Funds) were organized as Massachusetts business trusts on August 20, 2003 and December 12, 2006, respectively. Prior to commencing operations on February 28, 2005 and February 27, 2007, respectively, the Funds had no operations other than matters relating to their organization and registration as diversified, closed-end management investment companies under the Investment Company Act of 1940 and the rules and regulations there under, as amended. Allianz Global Investors Fund Management LLC (the Investment Manager) serves as the Funds' Investment Manager and is an indirect wholly-owned subsidiary of Allianz Global Investors of America L.P. (Allianz Global). Allianz Global is an indirect, wholly-owned subsidiary of Allianz SE, a publicly traded European insurance and financial services company. Each Fund has an unlimited amount of \$0.00001 par value common stock authorized.

NFJ Dividend, Interest & Premium Strategy's primary investment objective is to seek current income and gains, with a secondary objective of long-term capital appreciation. Under normal market conditions the Fund pursues its investment objectives by investing in a diversified portfolio of dividend-paying common stocks and income-producing convertible securities. The Fund will also employ a strategy of writing (selling) call options on equity indexes in an attempt to generate gains from option premiums.

AGIC Equity & Convertible Income's investment objective is to seek total return comprised of capital appreciation, current income and gains. Under normal market conditions the Fund pursues its objective by investing in a diversified portfolio of equity securities and income producing convertible securities. The Fund will also employ a strategy of writing (selling) call options on the equity securities held by the Fund.

There is no guarantee that the Funds will meet their stated objectives.

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 Funds' financial statements. Actual results could differ from those estimates.

In the normal course of business, the Funds enter into contracts that contain a variety of representations which provide general indemnifications. The Funds' maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred.

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

#### (a) Valuation of Investments

Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Market value is generally determined on the basis of last reported sales prices, or if no sales are reported, on the basis of quotes obtained from a quotation reporting system, established market makers, or independent pricing services.

Portfolio securities and other financial instruments for which market quotations are not readily available or for which a development/event occurs that may significantly impact the value of a security, are fair-valued, in good faith, pursuant to procedures established by the Board of Trustees, or persons acting at their discretion pursuant to procedures established by the Board of Trustees. The Funds' investments are valued daily using prices supplied by an independent pricing service or dealer quotations, or by using the last sale price on the exchange that is the primary market for such securities, or the mean between the last quoted bid and ask price for those securities for which the over-the-counter market is the primary market or for listed securities in which there were no sales. Independent pricing services use information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Synthetic convertible securities are valued based on quotations obtained from unaffiliated brokers who are the principal market-makers in such securities. Such valuations are derived by the brokers from proprietary models which are generally based on readily available market information including valuations of the common stock underlying the synthetic security. Short-term securities maturing in 60 days or less are valued at amortized cost, if their original term to maturity was 60 days or less, or by amortizing their value on the 61st day prior to maturity, if the original term to maturity exceeded 60 days.

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The prices used by the Funds to value securities may differ from the value that would be realized if the securities were sold and these differences could be material to each Fund's financial statements. Each Fund's net asset value is normally determined as of 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 for business.

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## NFJ Dividend, Interest & Premium Strategy Fund / AGIC Equity & Convertible Income Fund

### Notes to Financial Statements

July 31, 2010 (unaudited)

#### 1. Organization and Significant Accounting Policies (continued)

##### (b) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the exit price) in an orderly transaction between market participants. The three levels of the fair value hierarchy are described below:

Level 1 quoted prices in active markets for identical investments that the Funds have the ability to access

Level 2 valuations based on other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.) or quotes from inactive exchanges

Level 3 valuations based on significant unobservable inputs (including the Funds' own assumptions in determining the fair value of investments)

An investment asset's or liability's level within the fair value hierarchy is based on the lowest level input, individually or in the aggregate, that is significant to fair value measurement. The objective of fair value measurement remains the same even when there is a significant decrease in the volume and level of activity for an asset or liability and regardless of the valuation technique method.

The valuation techniques used by the Funds to measure fair value during the six months ended July 31, 2010 maximized the use of observable inputs and minimized the use of unobservable inputs. When fair-valuing securities, the Funds utilized multi-dimensional relational pricing models.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The Funds' policy is to recognize transfers between levels at the end of the reporting period.

A summary of the inputs used at July 31, 2010 in valuing each Fund's assets and liabilities is listed below:

#### NFJ Dividend, Interest & Premium Strategy:

|   | Level 1 -<br>Quoted Prices | Level 2 -<br>Other<br>Significant<br>Observable<br>Inputs | Level 3 -<br>Significant<br>Unobservable<br>Inputs | Value at<br>7/31/10     |
|---|----------------------------|---|--|-------------------------|
| <b>Investments in Securities Assets</b>       |                            |   |  |                         |
| Common Stock                                  | \$ 1,213,797,499           |   |  | \$ 1,213,797,499        |
| Convertible Preferred Stock:                  |                            |   |  |                         |
| Banks   |                            | \$ 7,477,095  |  | 7,477,095               |
| Capital Markets                               |                            |   | \$ 3,360,266                                       | 3,360,266               |
| Diversified Financial Services                | 17,747,625                 | 61,234,029  |  | 78,981,654              |
| All Other                                     | 123,786,599                |   |  | 123,786,599             |
| Convertible Bonds & Notes:                    |                            |   |  |                         |
| Hotels, Restaurants & Leisure                 |                            | 13,887,937  | 1,513,970  | 15,401,907              |
| All Other                                     |                            | 181,910,067   |  | 181,910,067             |
| Short-Term Investments                        |                            | 43,700,725  |  | 43,700,725              |
| <b>Total Investments in Securities Assets</b> | <b>\$ 1,355,331,723</b>    | <b>\$ 308,209,853</b>                                     | <b>\$ 4,874,236</b>                                | <b>\$ 1,668,415,812</b> |
| <b>Investments in Securities Liabilities</b>  |                            |   |  |                         |
|   | \$(10,945,750)             | \$(5,344,389)   |  | \$(16,290,139)          |

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Call options written, at value

Market price

|                          |                 |               |              |                 |
|--------------------------|-----------------|---------------|--------------|-----------------|
| <b>Total Investments</b> | \$1,344,385,973 | \$302,865,464 | \$ 4,874,236 | \$1,652,125,673 |
|--------------------------|-----------------|---------------|--------------|-----------------|

There were no significant transfers into and out of Levels 1 and 2 during the six months ended July 31, 2010.

## NFJ Dividend, Interest & Premium Strategy Fund / AGIC Equity & Convertible Income Fund

### Notes to Financial Statements

July 31, 2010 (unaudited)

#### 1. Organization and Significant Accounting Policies (continued)

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the six months ended July 31, 2010, were as follows:

|   | Beginning<br>Balance<br>1/31/10 | Net<br>Purchases<br>(Sales) and<br>Settlements | Net Change<br>in<br>Unrealized<br>Appreciation/<br>Depreciation | Transfer<br>into<br>Level 3* | Transfer<br>out of<br>Level 3* | Ending<br>Balance<br>7/31/10 |
|---|---------------------------------|--|---|------------------------------|--------------------------------|------------------------------|
| <b>Investments in Securities Assets</b> |                                 |  |   |                              |                                |                              |
| Convertible Preferred Stock:            |                                 |  |   |                              |                                |                              |
| Capital Markets                         | \$ 3,360,266                    |  |   |                              |                                | \$ 3,360,266                 |
| Convertible Bonds & Notes:              |                                 |  |   |                              |                                |                              |
| Hotels, Restaurants & Leisure           | 1,513,970                       |  |   |                              |                                | 1,513,970                    |
| <b>Total Investments</b>                | <b>\$ 4,874,236</b>             |  |   |                              |                                | <b>\$ 4,874,236</b>          |

There was no change in unrealized appreciation/depreciation of Level 3 investments which the Fund held at July 31, 2010.

\*There were no transfers into and out of Level 3 during the six months ended July 31, 2010.

#### AGIC Equity & Convertible Income:

|   | Level 1 -<br>Quoted Prices | Level 2 -<br>Other Significant<br>Observable<br>Inputs | Level 3 -<br>Significant<br>Unobservable<br>Inputs | Value at<br>7/31/10  |
|---|----------------------------|--|--|----------------------|
| <b>Investments in Securities Assets</b>       |                            |  |  |                      |
| Common Stock                                  | \$280,120,522              |  |  | \$280,120,522        |
| Convertible Preferred Stock:                  |                            |  |  |                      |
| Banks   |                            | \$1,318,980  |  | 1,318,980            |
| Capital Markets                               |                            |  | \$1,128,820  | 1,128,820            |
| Diversified Financial Services                | 6,199,300                  | 8,415,433  | 14,614,733   | 43,149,001           |
| All Other                                     | 43,149,001                 |  |  | 43,149,001           |
| Convertible Bonds & Notes                     |                            | 37,767,061   |  | 37,767,061           |
| Corporate Bonds & Notes                       |                            | 8,808,200  |  | 8,808,200            |
| Short-Term Investment                         |                            | 2,934,682  |  | 2,934,682            |
| <b>Total Investments in Securities Assets</b> | <b>\$329,468,823</b>       | <b>\$59,244,356</b>                                    | <b>\$1,128,820</b>                                 | <b>\$389,841,999</b> |
| <b>Investments in Securities Liabilities</b>  |                            |  |  |                      |
| Call options written, at value Market price   |                            | \$(58,500)   |  | \$(58,500)           |
| <b>Total Investments</b>                      | <b>\$329,410,323</b>       | <b>\$59,244,356</b>                                    | <b>\$1,128,820</b>                                 | <b>\$389,783,499</b> |



## Edgar Filing: AGIC Equity & Convertible Income Fund - Form N-CSRS

There were no significant transfers into and out of Levels 1 and 2 during the six months ended July 31, 2010.

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## NFJ Dividend, Interest & Premium Strategy Fund / AGIC Equity & Convertible Income Fund

### Notes to Financial Statements

July 31, 2010 (unaudited)

#### 1. Organization and Significant Accounting Policies (continued)

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the six months ended July 31, 2010, were as follows:

|   | Beginning<br>Balance<br>1/31/10 | Net<br>Purchases<br>(Sales)<br>and<br>Settlements | Net Change<br>in<br>Unrealized<br>Appreciation/<br>Depreciation | Transfer<br>into<br>Level 3* | Transfer<br>out of<br>Level 3* | Ending<br>Balance<br>7/31/10 |
|---|---------------------------------|---|---|------------------------------|--------------------------------|------------------------------|
| <b>Investments in Securities Assets</b>         |                                 |   |   |                              |                                |                              |
| Convertible Preferred Stock:<br>Capital Markets | \$1,128,820                     |   |   |                              |                                | \$1,128,820                  |
| <b>Total Investments</b>                        | \$1,128,820                     |   |   |                              |                                | \$1,128,820                  |

There was no change in unrealized appreciation/depreciation of Level 3 investments which the Fund held at July 31, 2010.

\*There were no transfers into and out of Level 3 during the six months ended July 31, 2010.

#### (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. Dividend income is recorded on the ex-dividend date. Interest income, adjusted for the accretion of discount and amortization premiums, is recorded on an accrual basis. Discounts or premiums on debt securities purchased are accreted or amortized to interest income over the lives of the respective securities using the effective interest method. Conversion premium is not amortized. Payments received from certain investments may be comprised of dividends, realized gains and return of capital. These payments may initially be recorded as dividend income and may be subsequently be reclassified as realized gains and/or return of capital upon receipt of information from the issuer. Payments received on synthetic convertible securities are generally included in dividends.

#### (d) Federal Income Taxes

The Funds intend to distribute all of their 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.

Accounting for uncertainty in income taxes establishes for all entities, including pass-through entities such as the Funds, a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction), and requires certain expanded tax disclosures. The Funds' management has determined that its evaluation has resulted in no material impact on the Funds' financial statements at July 31, 2010. The Funds' federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

#### (e) Dividends and Distributions

The Funds declare quarterly dividends and distributions from net investment income and gains from option premiums and the sale of portfolio securities. The Funds record 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 considered either 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.

**(f) Convertible Securities**

It is the Funds' policy to invest a portion of their assets in convertible securities. Although convertible securities do derive part of their value from that of the securities into which they are convertible, they are not considered derivative financial instruments. However, certain of the Funds' investments in convertible securities include features which render them more

## NFJ Dividend, Interest & Premium Strategy Fund / AGIC Equity & Convertible Income Fund

### Notes to Financial Statements

July 31, 2010 (unaudited)

#### 1. Organization and Significant Accounting Policies (continued)

sensitive to price changes in their underlying securities. The value of structured/synthetic convertible securities can be affected by interest rate changes and credit risks of the issuer. Such securities may be structured in ways that limit their potential for capital appreciation and the entire value of the security may be at risk of loss depending on the performance of the underlying equity security. Consequently, the Funds are exposed to greater downside risk than traditional convertible securities, but still less than that of the underlying stock.

#### 2. Principal Risks

In the normal course of business the Funds trade financial instruments and enters into financial transactions where risk of potential loss exists due to, among other things, changes in the market (market risk) or failure of the other party to a transaction to perform (counterparty risk). The Funds are exposed to various risks such as, but not limited to, interest rate, market price and credit risks.

The market values of equity securities, such as common and preferred stock or equity-related investments such as options and securities convertible into equity securities, may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Equity securities and equity-related investments generally have greater market price volatility than fixed income securities.

Interest rate risk is the risk that fixed income securities will decline in value because of changes in interest rates. As nominal interest rates rise, the value of certain fixed income securities held by the Funds are likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Duration is used primarily as a measure of the sensitivity of a fixed income security's market price to interest rate (i.e. yield) movements.

Variable and floating rate securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities will not generally increase in value if interest rates decline. Inverse floating rate securities, may decrease in value if interest rates increase. Inverse floating rate securities may also exhibit greater price volatility than a fixed rate obligation with similar credit quality. When a Fund holds variable or floating rate securities, a decrease (or, in the case of inverse floating rate securities, an increase) in market interest rates will adversely affect the income received from such securities and the net asset value of the Fund's shares.

The Funds are exposed to credit risk, which is the risk of losing money if the issuer or guarantor of a fixed income security is unable or unwilling, or is perceived (whether by market participants, rating agencies, pricing services or otherwise) as unable or unwilling, to make timely principal and/or interest payments, or to otherwise honor its obligations. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.

Similar to credit risk, the Funds are exposed to counterparty risk, or the risk that an institution or other entity with which the Funds have unsettled or open transactions will default. The potential loss to the Funds could exceed the value of the financial assets recorded in the Funds' financial statements. Financial assets, which potentially expose the Funds to counterparty risk, consist principally of cash due from counterparties and investments. NFJ Investment Group LLC ( NFJ ), and Allianz Global Investors Capital LLC ( AGIC ) as the investment sub-advisers seek to minimize counterparty risks to each applicable Fund by performing reviews of each counterparty. Delivery of securities sold is only made once the Funds have received payment. Payment is made on the purchase once the securities have been delivered by the counterparty. The trade will fail if either party fails to meet its obligation.

During the six months ended July 31, 2010, the Funds held synthetic convertible securities with Lehman Brothers, Inc. as the counterparty. On September 15, 2008 Lehman Brothers Holdings Inc. filed for protection under Chapter 11 of the United States Bankruptcy Code. The value of the relevant securities have been written down to their estimated recoverable values.

#### 3. Financial Derivatives Instruments

Disclosure about derivative instruments and hedging activities require qualitative disclosures regarding objectives and strategies for

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using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments, and disclosure about credit-risk related contingent features in derivative agreements. The disclosure requirements distinguish

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## NFJ Dividend, Interest & Premium Strategy Fund / AGIC Equity & Convertible Income Fund

### Notes to Financial Statements

July 31, 2010 (unaudited)

between derivatives which are accounted for as hedges and those that do not qualify for such accounting. Although the Funds may sometimes use derivatives for hedging purposes, the Funds reflect derivatives at fair value and recognize changes in fair value through the Funds' Statements of Operations, and such derivatives do not qualify for hedge accounting treatment. Derivative contract amounts and values as of July 31, 2010, which are disclosed in the accompanying Notes to Financial Statements, are indicative of the volume of the Funds' derivatives activities during the reporting period.

#### Option Transactions

The Funds purchase and write (sell) put and call options on securities and indices for hedging purposes, risk management purposes or otherwise as part of its investment strategies. The risk associated with purchasing an option is that the Funds pay a premium whether or not the option is exercised. Additionally, the Funds bear the risk of loss of premiums and changes in market value should the counterparty not perform under the contract. Put and call options purchased are accounted for in the same manner as portfolio securities. The cost of securities acquired through the exercise of call options is increased by the premiums paid. The proceeds from securities sold through the exercise of put options is decreased by the premiums paid.

When an option is written, the premium received is recorded as an asset with an equal liability which is subsequently marked to market to reflect the market value of the option written. These liabilities are reflected as call options written in the Funds' Statements of Assets and Liabilities. Premiums received from writing options which expire unexercised are recorded on the expiration date as a realized gain. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium is less than the amount paid for the closing purchased transactions, as a realized loss. If a call option written is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss. If a put option written is exercised, the premium reduces the cost basis of the security. In writing an option, the Funds bear the market risk of an unfavorable change in the price of the security underlying the written option. Exercise of a written option could result in the Funds purchasing a security at a price different from its current market value.

#### Fair Value of Derivative Instruments as of July 31, 2010

The following is a summary of the fair valuations of the Funds' derivative instruments categorized by risk exposure. The effect of derivative investments on the Funds' Statements of Assets and Liabilities at July 31, 2010:

#### NFJ Dividend, Interest & Premium Strategy:

|                                |                |
|--------------------------------|----------------|
| Location                       | Market Price   |
| <b>Liability Derivatives:</b>  |                |
| Call options written, at value | \$(16,290,139) |

#### AGIC Equity & Convertible Income:

|                                |              |
|--------------------------------|--------------|
| Location                       | Market Price |
| <b>Liability Derivatives:</b>  |              |
| Call options written, at value | \$(58,500)   |

The effect of derivative instruments on the Funds' Statements of Operations for the six months ended July 31, 2010:

|          |   |  |
|----------|---|--|
| Location | NFJ Dividend,<br>Interest & Premium<br>Strategy | AGIC<br>Equity & Convertible<br>Income |
|----------|---|--|

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**Net realized gain (loss) on:**

|                                    |               |             |
|------------------------------------|---------------|-------------|
| Call options written, Market Price | \$(3,263,419) | \$1,018,605 |
|------------------------------------|---------------|-------------|

**Net change in unrealized appreciation/depreciation of:**

|                                    |                |             |
|------------------------------------|----------------|-------------|
| Call options written, Market Price | \$(10,842,286) | \$(482,635) |
|------------------------------------|----------------|-------------|

## NFJ Dividend, Interest & Premium Strategy Fund / AGIC Equity & Convertible Income Fund

### Notes to Financial Statements

July 31, 2010 (unaudited)

#### 4. Investment Manager/Sub-Advisers

Each Fund has an Investment Management Agreement (the Agreement) with the Investment Manager. Subject to the supervision of the Funds Board of Trustees, the Investment Manager is responsible for managing, either directly or through others selected by it, the Funds investment activities, business affairs and administrative matters. Pursuant to its Agreement, the NFJ Dividend, Interest & Premium Strategy Fund pays the Investment Manager an annual fee, payable monthly, at the annual rate of 0.90% of the Fund's average daily total managed assets. Pursuant to its Agreement, the AGIC Equity & Convertible Income Fund pays the Investment Manager an annual fee, payable monthly, at the annual rate of 1.00% of the Fund's average daily total managed assets. Total managed assets refer to the total assets of each Fund (including borrowings that may be outstanding) minus accrued liabilities (other than liabilities representing borrowings).

The Investment Manager has retained its affiliates NFJ and AGIC (the Sub-Advisers), to manage NFJ Dividend, Interest & Premium Strategy Fund. NFJ manages the equity component while AGIC manages the convertible and index option strategy component. AGIC serves as the sole sub-adviser to the AGIC Equity & Convertible Income Fund. Subject to the supervision of the Investment Manager, NFJ and AGIC makes all of NFJ Dividend, Interest & Premium Strategy Fund's investment decisions in connection with their respective components of the Fund's investments. Subject to the supervision of the Investment Manager, AGIC is responsible for making all of AGIC Equity & Convertible Income Fund's investment decisions. Pursuant to Sub-Advisory Agreements, the Investment Manager and not the Funds, pays each of the Sub-Advisers an annual fee payable on a monthly basis.

Effective August 25, 2010, the Sub-Advisory Agreement between the Investment Manager and Nicholas-Applegate Capital Management LLC (NACM) and the Sub-Advisory Agreement between the Investment Manager and Oppenheimer Capital LLC (OCC) were novated from NACM and OCC, respectively, to AGIC, the indirect parent of NACM and OCC and an affiliate of the investment manager.

The novations coincided with a larger corporate reorganization transferring the advisory businesses of NACM and OCC to AGIC. Since 2009, AGIC has assumed a number of non-advisory functions from both NACM and OCC, and the transactions in August 2010 marked the last step in the full integration of these businesses under a single name.

#### 5. Investment in Securities

For the six months ended July 31, 2010, purchases and sales of investments, other than short-term securities were:

|           | NFJ Dividend,<br>Interest & Premium<br>Strategy | AGIC<br>Equity & Convertible<br>Income |
|-----------|---|--|
| Purchases | \$412,851,364                                   | \$249,219,046                          |
| Sales     | 441,468,682                                     | 256,614,625                            |

(a) Transactions in call options written for the six months ended July 31, 2010:

| NFJ Dividend, Interest & Premium Strategy:          | Contracts | Premiums      |
|---|-----------|---------------|
| Options outstanding, January 31, 2010               | 105,650   | \$ 15,703,026 |
| Options written                                     | 344,775   | 52,496,094    |
| Options terminated in closing purchase transactions | (118,850) | (15,563,527)  |
| Options expired                                     | (238,375) | (38,013,339)  |
| Options outstanding, July 31, 2010                  | 93,200    | \$ 14,622,254 |



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| AGIC Equity & Convertible Income:                   | Contracts | Premiums    |
|---|-----------|-------------|
| Options outstanding, January 31, 2010               | 17,065    | \$ 878,695  |
| Options written                                     | 69,045    | 2,869,234   |
| Options terminated in closing purchase transactions | (27,945)  | (968,271)   |
| Options expired                                     | (53,660)  | (2,477,223) |
| Options outstanding, July 31, 2010                  | 4,505     | \$ 302,435  |

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## NFJ Dividend, Interest & Premium Strategy Fund / AGIC Equity & Convertible Income Fund

### Notes to Financial Statements

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#### 6. Income Tax Information

The cost basis of investments is substantially the same for both federal income tax purposes and financial reporting purposes. Gross unrealized appreciation and gross unrealized depreciation of investments at July 31, 2010 were:

|   | Cost of<br>Investments | Gross<br>Unrealized<br>Appreciation | Gross<br>Unrealized<br>Depreciation | Net<br>Unrealized<br>Depreciation |
|---|------------------------|-------------------------------------|-------------------------------------|-----------------------------------|
| NFJ Dividend, Interest & Premium Strategy | \$2,001,812,102        | \$44,158,167                        | \$(377,554,457)                     | \$(333,396,290)                   |
| AGIC Equity & Convertible Income          | 517,665,356            | 699,148                             | (128,522,505)                       | (127,823,357)                     |

#### 7. Legal Proceedings

In June and September 2004, the Investment Manager and certain of its affiliates (including PEA Capital LLC ( PEA ), Allianz Global Investors Distributors LLC and Allianz Global Investors of America, L.P.), agreed to settle, without admitting or denying the allegations, claims brought by the Securities and Exchange Commission ( SEC ) and the New Jersey Attorney General alleging violations of federal and state securities laws with respect to certain open-end funds for which the Investment Manager serves as investment adviser. The settlements related to an alleged market timing arrangement in certain open-end funds formerly sub-advised by PEA. The Investment Manager and its affiliates agreed to pay a total of \$68 million to settle the claims. In addition to monetary payments, the settling parties agreed to undertake certain corporate governance, compliance and disclosure reforms related to market timing, and consented to cease and desist orders and censures. Subsequent to these events, PEA deregistered as an investment adviser and dissolved. None of the settlements alleged that any inappropriate activity took place with respect to the Funds.

Since February 2004, the Investment Manager and certain of its affiliates and their employees have been named as defendants in a number of pending lawsuits concerning market timing, which allege the same or similar conduct underlying the regulatory settlements discussed above. The market timing lawsuits have been consolidated in a multidistrict litigation proceeding in the U.S. District Court for the District of Maryland (the MDL Court ). After a number of claims in the lawsuits were dismissed by the MDL Court, the parties entered into a stipulation of settlement, which was publicly filed with the MDL Court in April 2010, resolving all remaining claims, but the settlement remains subject to the approval of the MDL Court.

In addition, the Sub-Advisers is the subject of a lawsuit in the Northern District of Illinois Eastern Division in which the complaint alleges that plaintiffs each purchased and sold a 10-year Treasury note futures contract and suffered damages from an alleged shortage when the Sub-Adviser held both physical and futures positions in 10-year Treasury notes for its client accounts. In July 2007, the court granted class certification of a class consisting of those persons who purchased futures contracts to offset short positions between May 9, 2005 and June 30, 2005. The Sub-Advisers currently believes that the complaint is without merit and the Sub-Advisers intend to vigorously defend against this action.

The Investment Manager and the Sub-Adviser believe that these matters are not likely to have a material adverse effect on the Funds or on their ability to perform their respective investment advisory activities relating to the Funds.

#### 8. Subsequent Events

On September 10, 2010 the following quarterly dividends were declared to shareholders, payable September 29, 2010 to shareholders of record on September 20, 2010:

|   |                  |
|---|------------------|
| NFJ Dividend, Interest & Premium Strategy | \$0.15 per share |
| AGIC Equity & Convertible Income          | \$0.28 per share |

On August 25, 2010 Nicholas-Applegate Equity & Convertible Income Fund changed its name to AGIC Equity & Convertible Income Fund and AGIC replaced NACM as the subadviser to the Fund. Also effective August 25, 2010, AGIC replaced NACM and OCC as the sub-adviser to NFJ Dividend, Interest & Premium Strategy Fund.



**NFJ Dividend, Interest & Premium Strategy Fund Financial Highlights**

For a share outstanding throughout each period:

|  | Six Months<br>ended<br>July 31, 2010<br>(unaudited) | Year ended January 31, |             |             |             | For the Period<br>February 28,<br>2005*<br>through<br>January 31, 2006 |
|--|---|------------------------|-------------|-------------|-------------|--|
|  | 2010  | 2009                   | 2008        | 2007        |             |  |
| Net asset value, beginning of period   | \$17.30   | \$14.12                | \$23.84     | \$25.72     | \$24.18     | \$23.88**  |
| <b>Investment Operations:</b>  |   |                        |             |             |             |  |
| Net investment income  | 0.37  | 0.61                   | 0.89        | 0.80        | 0.75        | 0.70   |
| Net realized and change in unrealized gain (loss) on investments, call options written and short sales | 0.19  | 3.17                   | (8.63)      | (0.44)      | 2.89        | 1.28   |
| Total from investment operations   | 0.56  | 3.78                   | (7.74)      | 0.36        | 3.64        | 1.98   |
| <b>Dividends and Distributions to Shareholders from:</b>   |   |                        |             |             |             |  |
| Net investment income  | (0.30)  | (0.60)                 | (0.87)      | (1.01)      | (0.73)      | (0.65)   |
| Net realized gains   |   |                        | (1.11)      | (1.23)      | (1.37)      | (1.00)   |
| Total dividends and distributions to shareholders  | (0.30)  | (0.60)                 | (1.98)      | (2.24)      | (2.10)      | (1.65)   |
| <b>Capital Share Transactions:</b>   |   |                        |             |             |             |  |
| Offering costs charged to paid-in capital in excess of par   |   |                        |             |             |             | (0.03)   |
| Net asset value, end of period   | \$17.56   | \$17.30                | \$14.12     | \$23.84     | \$25.72     | \$24.18  |
| Market price, end of period  | \$14.74   | \$14.50                | \$12.97     | \$23.26     | \$25.87     | \$22.20  |
| Total Investment Return (1)  | 3.73%   | 17.31%                 | (37.93)%    | (1.65)%     | 27.15%      | (4.65)%  |
| <b>RATIOS/SUPPLEMENTAL DATA:</b>   |   |                        |             |             |             |  |
| Net assets, end of period (000 s)  | \$1,660,083   | \$1,635,728            | \$1,334,735 | \$2,253,652 | \$2,431,595 | \$2,285,652  |
| Ratio of expenses to average net assets  | 0.97%(2)  | 0.98%                  | 0.97%       | 0.95%       | 0.95%       | 0.94%(2)   |
| Ratio of net investment income to average net assets   | 4.19%(2)  | 3.95%                  | 4.40%       | 3.13%       | 3.08%       | 3.27%(2)   |
| Portfolio turnover rate  | 25%   | 57%                    | 48%         | 82%         | 69%         | 97%  |

\* Commencement of operations.

\*\* Initial public offering price of \$25.00 per share less underwriting discount of \$1.125 per share.

(1) Total investment return is calculated assuming a purchase of a share of common stock at the current market price on the first day of each period and a sale of a share of common stock at the current market price on the last day of each period reported. Dividends and distributions

## Edgar Filing: AGIC Equity & Convertible Income Fund - Form N-CSRS

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. Total investment return for a period of less than one year is not annualized.

(2) Annualized.

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AGIC Equity & Convertible Income Fund Semi-Annual Report | 7.31.10 | **See accompanying Notes to Financial Statements**

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**AGIC Equity & Convertible Income Fund Financial Highlights**

For a share outstanding throughout each period:

|  | Six Months<br>ended<br>July 31, 2010<br>(unaudited) | Year ended<br>January 31, 2010 | Year ended<br>January 31, 2009 | For the period<br>February 27,<br>2007* through<br>January 31, 2008 |
|--|---|--------------------------------|--------------------------------|---|
| Net asset value, beginning of period   | \$17.58   | \$13.41                        | \$23.44                        | \$23.88**   |
| <b>Investment Operations:</b>  |   |                                |                                |   |
| Net investment income  | 0.19  | 0.40                           | 0.67                           | 0.62  |
| Net realized and change in unrealized<br>gain (loss) on investments,<br>call options written and short sales | 0.31  | 4.89                           | (8.39)                         | 0.68  |
| Total from investment operations   | 0.50  | 5.29                           | (7.72)                         | 1.30  |
| <b>Dividends and Distributions to<br/>Shareholders from:</b>   |   |                                |                                |   |
| Net investment income  | (0.19)  | (0.99)                         | (0.65)                         | (0.70)  |
| Net realized gains   | (0.37)  |                                | (1.66)                         | (0.99)  |
| Return of capital  |   | (0.13)                         |                                |   |
| Total dividends and distributions<br>to shareholders   | (0.56)  | (1.12)                         | (2.31)                         | (1.69)  |
| <b>Capital Share Transactions:</b>   |   |                                |                                |   |
| Offering costs charged to paid-in<br>capital in excess of par  |   |                                |                                | (0.05)  |
| Net asset value, end of period   | \$17.52   | \$17.58                        | \$13.41                        | \$23.44   |
| Market price, end of period  | \$16.30   | \$15.83                        | \$13.10                        | \$22.02   |
| Total Investment Return (1)  | 6.58%   | 30.75%                         | (31.75)%                       | (5.66)%   |
| <b>RATIOS/SUPPLEMENTAL DATA:</b>   |   |                                |                                |   |
| Net assets, end of period (000 s)  | \$390,831   | \$392,092                      | \$299,126                      | \$522,848   |
| Ratio of expenses to average net assets  | 1.09%(2)  | 1.10%                          | 1.07%                          | 1.08%(2)  |
| Ratio of net investment income to<br>average net assets  | 2.14%(2)  | 2.54%                          | 3.42%                          | 2.73%(2)  |
| Portfolio turnover rate  | 64%   | 94%                            | 86%                            | 241%  |

\* Commencement of operations.

\*\* Initial public offering price of \$25.00 per share less underwriting discount of \$1.125 per share.

(1)

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Total investment return is calculated assuming a purchase of a share of common stock at the current market price on the first day of each period and a sale of a share of common stock at the current market price on the last day of each period reported. Dividends and distributions 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. Total investment return for a period of less than one year is not annualized.

(2) Annualized.

See accompanying Notes to Financial Statements | 7.31.10 | NFJ Dividend, Interest & Premium Strategy Fund  
AGIC Equity & Convertible Income Fund Semi-Annual Report

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**NFJ Dividend, Interest & Premium Strategy Fund  
AGIC Equity & Convertible Income Fund**

July 31, 2010 (unaudited)

**Annual Shareholder Meeting  
Results/Changes to the Board of  
Trustees/Change in Portfolio  
Manager/Proxy Voting Policies  
& Procedures/Changes in  
Investment Policy**

**Annual Shareholder Meeting Results:**

The Funds held their joint annual meeting of shareholders on July 21, 2010. Common shareholders voted as indicated below:

|   | Affirmative | Withheld<br>Authority |
|---|-------------|-----------------------|
| <u>NFJ Dividend, Interest &amp; Premium Strategy</u>                |             |                       |
| Re-election of Paul Belica - Class I to serve until 2012            | 82,137,502  | 6,447,365             |
| Re-election of Hans W. Kertess - Class I to serve until 2012        | 82,260,364  | 6,324,503             |
| Re-election of William B. Ogden, IV - Class I to serve until 2012   | 82,240,577  | 6,344,290             |
| Re-election of R. Peter Sullivan III - Class II to serve until 2013 | 82,286,373  | 6,298,494             |
| Election of Alan Rappaport - Class III to serve until 2011          | 82,290,170  | 6,294,697             |
| Election of James A. Jacobson - Class II to serve until 2013        | 82,294,420  | 6,290,447             |

Mr. John C. Maney continues to serve as a Trustee of the Fund.

Interested Trustee

|  | Affirmative | Withheld<br>Authority |
|--|-------------|-----------------------|
| <u>AGIC Equity &amp; Convertible Income</u>                          |             |                       |
| Re-election of Paul Belica - Class III to serve until 2013           | 20,373,540  | 431,257               |
| Re-election of R. Peter Sullivan III - Class III to serve until 2013 | 20,383,082  | 421,714               |
| Election of Alan Rappaport - Class I to serve until 2011             | 20,393,694  | 411,102               |
| Election of James A. Jacobson - Class II to serve until 2012         | 20,389,533  | 415,263               |

Messrs. Hans W. Kertess, John C. Maney and William B. Ogden, IV continue to serve as Trustees of the Fund.

Interested Trustee

**Changes in Board of Trustees:**



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Robert E. Connor served as Trustee of the Funds until his death on April 8, 2010.

Effective June 22, 2010, the Funds Board of Trustees appointed Alan Rappaport as a Trustee.

R. Peter Sullivan, III retired from the Funds Board of Trustees effective July 31, 2010.

Effective September 21, 2010, the Funds Board of Trustees appointed Brad Gallagher as a Trustee.

### **NFJ Portfolio Manager Change**

Effective May 14, 2010, Mr. Baxter Hines replaced Mr. Jeff Partenheimer as a portfolio manager on the Fund's Equity Component. Mr. Ben Fischer continues to be the lead portfolio manager of the Equity Component.

Mr. Baxter Hines is a Vice President and Portfolio Manager at NFJ Investment Group LLC, one of the Fund's two sub-advisers. He has over 5 years experience in equity research and investment consulting. Prior to joining NFJ Investment Group LLC in 2008, Mr. Hines attended the University of Texas where he received an MBA from the McCombs School of Business. Before attending business school, Mr. Hines worked as a market data specialist for Reuters. He received a BA in Economics from the University of Virginia in 2001.

**NFJ Dividend, Interest & Premium Strategy Fund  
AGIC Equity & Convertible Income Fund**

July 31, 2010 (unaudited) (continued)

**Annual Shareholder Meeting  
Results/Changes to the Board of  
Trustees/Change in Portfolio  
Manager/Proxy Voting Policies  
& Procedures/Changes in  
Investment Policy**

**Proxy Voting Policies & Procedures:**

A description of the policies and procedures that the Funds have adopted to determine how to vote proxies relating to portfolio securities and information about how the Funds voted proxies relating to portfolio securities held during the most recent twelve month period ended June 30 is available (i) without charge, upon request, by calling the Funds' shareholder servicing agent at (800) 254-5197; (ii) on the Funds' website at [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds); and (iii) on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

**Changes to NIE's Investment Policy**

NIE employs its Option Strategy by writing (selling) call options on stocks held in the Fund's equity securities portfolio (the Equity Component). When the Fund writes a call option on an individual stock held in the Equity Component, it will ordinarily do so with respect to approximately 70% of the value of the position. Therefore, if the Fund determines to write call options on all or substantially all of the individual stocks held in the Equity Component, it is expected that the Fund will have written call options positions with respect to approximately 70% of the aggregate value of the Equity Component. However, the extent of the Fund's use of the Option Strategy will vary depending on market conditions and other factors, and the Fund may determine from time to time to write call options on only a portion, or none, of the individual stocks held in the Equity Component.

NIE's Option Strategy, to the extent utilized, is designed to generate gains from option premiums in an attempt to enhance distributions payable to the Fund's shareholders and to reduce overall portfolio risk. However, there is no assurance that the Fund's Option Strategy will achieve its objectives.

There are various risks associated with the NIE's Option Strategies, including that the Fund forgoes, during the life of a written call option, the opportunity to profit from increases in the market value of the underlying security or securities held by the Fund (in the case of an index option, to the extent the performance of the index is correlated with the corresponding securities held by the Fund) with respect to which the option was written above the sum of the premium and the strike price of the call. Therefore, an Option Strategy generally limits the Fund's ability to benefit from the full upside potential of its equity holdings, while the Fund retains the risk of loss (net of premiums received) should the price of the Fund's portfolio securities decline. The use of written call options by the Fund also potentially involves correlation, liquidity, valuation, tax and other risks.

**NFJ Dividend, Interest & Premium Strategy Fund  
AGIC Equity & Convertible Income Fund**

**Matters Relating to the Trustees  
Consideration of the Investment  
Management & Portfolio Management  
Agreements** (unaudited)

The Investment Company Act of 1940 requires that both the full Board of Trustees (the Trustees ) and a majority of the non-interested Trustees (the Independent Trustees ), voting separately, annually approve the continuance of the Funds Management Agreements (the Advisory Agreements ) with the Investment Manager and Portfolio Management Agreements (the Sub-Advisory Agreements ), and together with the Advisory Agreements, the Agreements ) between the Investment Manager and the Sub-Advisers. The Trustees met in person on June 22-23, 2010 (the contract review meeting ) for the specific purpose of considering whether to approve the continuation of the Advisory Agreements and the Sub-Advisory Agreements. The Independent Trustees were assisted in their evaluation of the Agreements by independent legal counsel, from whom they received separate legal advice and with whom they met separately from Fund management during the contract review meeting.

Based on their evaluation of factors that they deemed to be material, including those factors described below, the Board of Trustees, including a majority of the Independent Trustees, concluded that the continuation of the Funds Advisory Agreements and the Sub-Advisory Agreements, as amended, should be approved for a one-year period commencing July 1, 2010.

In connection with their deliberations regarding the continuation of the Agreements, the Trustees, including the Independent Trustees, considered such information and factors as they believed, in light of the legal advice furnished to them and their own business judgment, to be relevant. As described below, the Trustees considered the nature, quality, and extent of the various investment management, administrative and other services performed by the Investment Manager or the Sub-Advisers under the applicable Agreement.

In connection with the contract review meeting, the Trustees received and relied upon materials provided by the Investment Manager which included, among other items: (i) information provided by Lipper Inc. ( Lipper ) on the total return investment performance (based on net assets) of the Funds for various time periods and the investment performance of a group of funds with substantially similar investment classifications/objectives as the Funds identified by Lipper and the performance of applicable benchmark indices, (ii) information provided by Lipper on the Funds management fees and other expenses and the management fees and other expenses of comparable funds identified by Lipper, (iii) information regarding the investment performance and management fees of comparable portfolios of other clients of the Sub-Advisers, including institutional separate accounts and other clients, (iv) the profitability to the Investment Manager and the Sub-Advisers from their relationship with the Funds for the one year period ended March 31, 2010, (v) descriptions of various functions performed by the Investment Manager and the Sub-Advisers for the Funds, such as portfolio management, compliance monitoring and portfolio trading practices, and (vi) information regarding the overall organization of the Investment Manager and the Sub-Advisers, including information regarding senior management, portfolio managers and other personnel providing investment management, administrative and other services to the Funds.

The Trustees conclusions as to the continuation of the Agreements were based on a comprehensive consideration of all information provided to the Trustees and not the result of any single factor. Some of the factors that figured particularly in the Trustees deliberations are described below, although individual Trustees may have evaluated the information presented differently from one another, giving different weights to various factors.

As part of their review, the Trustees examined the Investment Manager s and the Sub-Advisers abilities to provide high quality investment management and other services to the Funds. The Trustees considered the investment philosophy and research and decision-making processes of the Sub-Advisers; the experience of key advisory personnel of the Sub-Advisers responsible for portfolio management of the Funds; the ability of the Investment Manager and the Sub-Advisers to attract and retain capable personnel; the capability and integrity of the senior management and staff of the Investment Manager and the Sub-Advisers; and the level of skill required to manage the Funds. In addition, the Trustees reviewed the quality of the Investment Manager s and the Sub-Advisers services with respect to regulatory compliance and compliance with the investment policies of the Funds; the nature and quality of certain administrative services the Investment Manager is responsible for providing to the Funds; and conditions that might affect the Investment Manager s or the Sub-Advisers ability to provide high quality services to the Funds in the future under the Agreements, including each organization s respective business reputation, financial condition and operational stability. Based on the foregoing, the Trustees concluded that the Sub-Advisers investment process, research capabilities and philosophy were well suited to each of the Funds given their respective investment objectives and policies, and that the Investment Manager and the Sub-Advisers would be able to continue to meet any reasonably foreseeable obligations under the Agreements.



**NFJ Dividend, Interest & Premium Strategy Fund  
AGIC Equity & Convertible Income Fund**

**Matters Relating to the Trustees  
Consideration of the Investment  
Management & Portfolio Management  
Agreements** (unaudited)

Based on information provided by Lipper, the Trustees also reviewed each Fund's total return investment performance as well as the performance of comparable funds identified by Lipper. In the course of their deliberations, the Trustees took into account information provided by the Investment Manager in connection with the contract review meeting, as well as during investment review meetings conducted with portfolio management personnel during the course of the year regarding each Fund's performance.

In assessing the reasonableness of each Fund's fees under the Agreements, the Trustees considered, among other information, each Fund's management fee and the total expense ratio as a percentage of average net assets attributable to common shares and the management fee and total expense ratios of comparable funds identified by Lipper.

For each of the Funds, the Trustees specifically took note of how each Fund compared to its Lipper peers as to performance, management fee expenses and total expenses. The Trustees noted that the Investment Manager had provided a memorandum containing comparative information on the performance and expenses information of the Funds compared to their Lipper peer categories. The Trustees noted that while the Funds are not charged a separate administration fee, it was not clear whether the peer funds in the Lipper categories were charged such a fee by their investment managers.

NFJ Dividend, Interest & Premium Strategy Fund ( NFJ )

The Trustees noted that the expense group for NFJ provided by Lipper is small, consisting of a total of six non-leveraged closed-end funds, not including NFJ. The Trustees also noted that average net assets of the common shares of the funds in the peer group ranged from \$221.2 million to \$1.470 billion, and that all of the funds are smaller in asset size than NFJ. The Trustees also noted that NFJ was ranked second out of six funds in the expense peer group for actual management fees and also for actual total expenses (with funds ranked first having the lowest fees/expenses and ranked sixth having the highest fees/expenses in the peer group).

With respect to performance, the Trustees also noted that NFJ outperformed its benchmark and had third quintile performance for the one-year period ended March 31, 2010 against a peer group of thirty four funds. The Trustees also noted that NFJ had fifth quintile performance for the three-year period against a peer group of thirty funds and fourth quintile performance for the five-year period ended March 31, 2010 against a peer group of twelve funds.

The Trustees noted that, while NFJ's net asset value and market price performance had improved versus its peer group for the one-year period, the Fund's longer-term comparative performance is below its peer group. The Trustees have requested that management consider options to attempt to reduce the discount to net asset value at which NFJ's shares trade. In approving the NFJ Agreements, the Trustees noted that they will closely monitor NFJ's future performance and discount.

AGIC Equity & Convertible Income Fund ( NIE )

The Trustees noted that the expense group for NIE provided by Lipper is small, consisting of a total of six non-leveraged closed-end funds, not including NIE. The Trustees also noted that average net assets of the common shares of the funds in the peer group ranged from \$221.2 million to \$1.47 billion, and that four of the funds are larger in asset size than the Fund. The Trustees also noted that NIE was ranked five out of six funds in the expense peer group for actual management fees and second out of six funds for actual total expenses (with funds ranked first having the lowest fees/expenses and ranked sixth having the highest fees/expenses in the peer group).

With respect to performance, the Trustees also noted that NIE outperformed its benchmark and had first quintile performance for the one-year period ended March 31, 2010 against a peer group of thirty four funds. The Trustees also noted that NIE had first quintile performance for the three-year period ended March 31, 2010 against a peer group of thirty funds.

At the request of the Trustees, the Investment Manager and Sub-Adviser agreed to continue to provide performance information related to the Funds on a monthly basis.

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After reviewing these and related factors, the Trustees concluded, within the context of their overall conclusions regarding the Agreements, that they were satisfied with the Investment Manager's and the Sub-Advisers' responses and efforts to continue to improve the Funds' investment performance. The Trustees agreed to reassess the services provided by the Investment Manager and Sub-Advisers under the Agreements in light of the Fund's ongoing performance at each quarterly Board meeting.

**NFJ Dividend, Interest & Premium Strategy Fund  
AGIC Equity & Convertible Income Fund**

**Matters Relating to the Trustees  
Consideration of the Investment  
Management & Portfolio Management  
Agreements** (unaudited)

The Trustees also considered the management fees charged by Sub-Advisers to other clients, including institutional separate accounts with investment strategies similar to those of the Funds. Regarding the institutional separate accounts, they noted that the management fees paid by the Funds are generally higher than the fees paid by these clients of the Sub-Advisers, but the Trustees were advised by the Sub-Advisers that the administrative burden for the Investment Manager and the Sub-Advisers with respect to the Funds are also relatively higher, due in part to the more extensive regulatory regime to which the Funds are subject in comparison to institutional separate accounts. The Trustees noted that the management fees paid by the Funds are generally higher than the fees paid by the open-end funds offered for comparison but were advised that there are additional portfolio management challenges in managing the Funds, such as meeting a regular dividend.

Based on a profitability analysis provided by the Investment Manager, the Trustees also considered the profitability of the Investment Manager and the Sub-Advisers from their relationship with each Fund and determined that such profitability was not excessive.

The Trustees also took into account that, as closed-end investment companies, the Funds do not currently intend to raise additional assets, so the assets of the Funds will grow (if at all) only through the investment performance of each Fund. Therefore, the Trustees did not consider potential economies of scale as a principal factor in assessing the fee rates payable under the Agreements.

Additionally, the Trustees considered so-called fall-out benefits to the Investment Manager and the Sub-Advisers, such as reputational value derived from serving as Investment Manager and Sub-Advisers to the Funds.

After reviewing these and other factors described herein, the Trustees concluded with respect to each Fund, within the context of their overall conclusions regarding the Agreements, that the fees payable under the Agreements represent reasonable compensation in light of the nature and quality of the services being provided by the Investment Manager and Sub-Advisers to the Funds.

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**Trustees**

Hans W. Kertess  
Chairman of the Board of Trustees  
Paul Belica  
Brad Gallagher  
James A. Jacobson  
John C. Maney  
William B. Ogden, IV  
Alan Rappaport  
R. Peter Sullivan, III

**Fund Officers**

Brian S. Shlissel  
President & Chief Executive Officer  
Lawrence G. Altadonna  
Treasurer, Principal Financial & Accounting Officer  
Thomas J. Fuccillo  
Vice President, Secretary & Chief Legal Officer  
Scott Whisten  
Assistant Treasurer  
Richard J. Cochran  
Assistant Treasurer  
Youse E. Guia  
Chief Compliance Officer  
Kathleen A. Chapman  
Assistant Secretary  
Lagan Srivastava  
Assistant Secretary

**Investment Manager**

Allianz Global Investors Fund Management LLC  
1345 Avenue of the Americas  
New York, NY 10105

**Sub-Advisers**

NFJ Investment Group LLC  
2100 Ross Avenue, Suite 1840  
Dallas, TX 75201

Allianz Global Investors Capital LLC  
600 West Broadway, 30th Floor SP  
San Diego, CA 92101

Oppenheimer Capital LLC (until 8/25/10)  
1345 Avenue of the Americas  
New York, NY 10105

**Custodian & Accounting Agent**

Brown Brothers Harriman & Co.  
40 Water Street  
Boston, MA 02109

**Transfer Agent, Dividend Paying Agent and Registrar**

BNY Mellon  
P.O. Box 43027  
Providence, RI 02940-3027

**Independent Registered Public Accounting Firm**

PricewaterhouseCoopers LLP  
300 Madison Avenue  
New York, NY 10017

**Legal Counsel**

Ropes & Gray LLP  
One International Place  
Boston, MA 02210-2624

*This report, including the financial information herein, is transmitted to the shareholders of NFJ Dividend, Interest & Premium Strategy Fund and AGIC Equity & Convertible Fund for their information. It is not a prospectus, circular or representation intended for use in the purchase of shares of the Funds or any securities mentioned in this report.*

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*The financial information included herein is taken from the records of the Funds without examination by an independent registered public accounting firm, who did not express an opinion herein.*

*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 Funds may purchase shares of its stock in the open market.*

*The Funds file their complete schedule of portfolio holdings with the Securities and Exchange Commission ( SEC ) for the first and third quarters of their fiscal year on Form N-Q. Each Funds Form N-Q is available on the SEC s website at [www.sec.gov](http://www.sec.gov) and may be reviewed and copied at the SEC s Public Reference Room in Washington D.C. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. The information on Form N-Q is also available on the Funds website at [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds).*

*Information on the Funds is available at [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds) or by calling the Funds shareholder servicing agent at (800) 254-5197.*

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Receive this report electronically and eliminate paper mailings. To enroll, go to [www.allianzinvestors.com/edelivery](http://www.allianzinvestors.com/edelivery).

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## Edgar Filing: AGIC Equity & Convertible Income Fund - Form N-CSRS

### ITEM 2. CODE OF ETHICS

(a) N/A

(b) The CODE OF ETHICS PURSUANT TO SECTION 406 OF THE SARBANES-OXLEY ACT OF 2002 FOR PRINCIPAL EXECUTIVE AND SENIOR FINANCIAL OFFICERS (the Code ) was updated to remove interested trustees from being subject to the Code, which is not required under Section 406 of the Sarbanes-Oxley Act of 2002. The Code also was updated to remove examples of specific conflict of interest situations and to add an annual certification requirement for Covered Officers. In addition, the approval of ratification process for material amendments to the Code was clarified to include approval by a majority of the independent trustees. The registrant undertakes to provide a copy of such code of ethics to any person upon request, without charge, by calling 1-800-254-5197. The Investment Manager s code of ethics is included as an exhibit Exhibit 99.CODE ETH hereto.

### ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT

Not required in this filing.

### ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Not required in this filing.

### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANT

Not required in this filing.

### ITEM 6. SCHEDULE OF INVESTMENTS

Schedule of Investments is included as part of the Report to Shareholders filed under Item 1 of this form.

### ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES

Not required in this filing.

### ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES

Not required in this filing.

### ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED COMPANIES

None

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## Edgar Filing: AGIC Equity & Convertible Income Fund - Form N-CSRS

### ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There have been no material changes to the procedures by which shareholders may recommend nominees to the Fund's Board of Trustees since the Fund last provided disclosure in response to this item.

### ITEM 11. CONTROLS AND PROCEDURES

- (a) The registrant's President and Chief Executive Officer and Treasurer, Principal Financial & Accounting Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-2(c) under the Act (17 CFR 270.30a-3(c))), 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 (over financial reporting as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d))) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's control over financial reporting.

### ITEM 12. EXHIBITS

- (a) (1) Exhibit 99.CODE ETH Code of Ethics
  - (a) (2) Exhibit 99.302 Cert. Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
  - (b) Exhibit 99.906 Cert. Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
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Signatures

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) AGIC Equity & Convertible Income Fund

By /s/ Brian S. Shlissel

President and Chief Executive Officer

Date: October 4, 2010

By /s/ Lawrence G. Altadonna

Treasurer, Principal Financial & Accounting Officer

Date: October 4, 2010

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

President and Chief Executive Officer

Date: October 4, 2010

By /s/ Lawrence G. Altadonna

Treasurer, Principal Financial & Accounting Officer

Date: October 4, 2010

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