

AGIC Equity & Convertible Income Fund  
Form N-CSRS  
October 01, 2012

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

AGIC Equity & Convertible Income Fund  
(Exact name of registrant as specified in charter)

1633 Broadway, New York, New York  
(Address of principal executive offices)

10019  
(Zip code)

Lawrence G. Altadonna 1633 Broadway, New York, New York 10019  
(Name and address of agent for service)

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

Date of fiscal year January 31, 2013  
end:

Date of reporting period: July 31, 2012

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ITEM 1. REPORT TO SHAREHOLDERS

July 31, 2012

NFJ Dividend, Interest & Premium Strategy Fund

AGIC Equity & Convertible Income Fund



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

Dear Shareholders:

The U.S. economy slowed during the six-month fiscal reporting period ended July 31, 2012. There were a variety of issues behind the slowdown including Europe's ongoing sovereign fiscal crisis and uncertainty about future levels of federal taxes and spending in the United States. Stocks slipped after reaching highs not seen since 2008 as corporate earnings flattened.

Hans W. Kertess  
*Chairman*

Brian S. Shlissel  
*President & CEO*

### **Six Months in Review through July 31, 2012**

For the six-month fiscal period ended July 31, 2012:

- NFJ Dividend, Interest & Premium Strategy Fund returned 1.48% on net asset value ( NAV ) and 2.95% on market price.
- AGIC Equity & Convertible Income Fund returned 0.18% on NAV and 1.92% on market price.

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The Russell 3000 Index, a broad measure of U.S. stock market performance, increased 5.10% during the six-month period. The Russell 1000 Value Index, a measure of large-cap value-style stocks rose 5.80% and the Russell 1000 Growth Index, a measure of growth style stocks gained 5.27% during the reporting period. Convertible securities, as reflected by the BofA Merrill Lynch All U.S. Convertibles Index, returned 1.44%.

As the fiscal reporting period began, U.S. gross domestic product ( GDP ), the value of goods and services produced in the country, the broadest measure of economic activity and the principal indicator of economic performance, expanded at an annual rate of 2.0% between January and March 2012, and at a 1.5% annual pace (preliminary estimate) from April to June 2012. This slowing trend is notable given that during the fourth quarter of 2011, growth registered at a 4.1% annual rate.

U.S. unemployment was flat during the six-month period, beginning and ending at 8.3%. Momentum in private sector hiring present at the beginning of the period diminished. The tepid job market in combination with rising gasoline prices made U.S. consumers, whose spending has historically accounted for approximately two-thirds of U.S. economic activity, increasingly skittish.

As the U.S. economy slowed, many investors moved assets into U.S. Treasury bonds as the asset class was perceived as a safe haven. The yield on the benchmark 10-year Treasury bond fell from 1.83% to 1.51% during the six-month reporting period, at one point reaching a historic low at 1.47%.

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The Federal Reserve (the Fed) revealed that it would maintain its closely watched Fed Funds rate in the 0.0% to 0.25% range through late 2014. In testimony to Congress, Fed Chairman Ben Bernanke cited concern over the slowing U.S. and global economies and indicated that the Fed is prepared to take action to protect the U.S. economy and financial system as needed.

### Outlook

Europe's sovereign debt crisis, which appeared to worsen during the six-month fiscal reporting period contributed to a sharp economic downturn on the continent. Eurozone unemployment, currently at 11.2%, has negatively impacted the U.S. economy, which sends approximately 20% of its exports to Europe. China, the world's third largest economy, also has shown signs of diminished growth.

In the U.S., there is considerable uncertainty regarding future levels of federal taxes and spending. A series of tax cuts are scheduled to expire on December 31, 2012 and major spending reductions are planned to begin in January 2013. The prospect of higher taxes, reduced spending, or both, are likely to adversely impact the economy in 2013.

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

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





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

July 31, 2012 (unaudited)

*For the period of February 1, 2012, through July 31, 2012 as provided by Ben Fischer, Portfolio Manager.*

For the fiscal six-month period ended July 31, 2012, the NFJ Dividend, Interest & Premium Strategy Fund (the Fund) returned 1.48% on net asset value (NAV) and 2.95% on market price.

The equity portion of the Fund delivered positive returns, but failed to surpass the Russell 1000 Value benchmark index, as negative sector allocation overwhelmed strong stock selection during the period. In terms of stock selection, the Fund's holdings in the Consumer Staples, Consumer Discretionary and Information Technology sectors were the most beneficial. Conversely, stock selection was net negative in the Materials, Energy and Financials sectors.

From a sector allocation perspective, overweights in the Materials, Energy and Information Technology sectors, as well as an underweight in Telecommunications services, detracted from the Fund's performance. The Fund's underweight in Financials resulted in a positive contribution to results.

During the six-month reporting period, the equity portion of the Fund's largest overweights relative to the Russell 1000 Value Index were in the Materials, Energy and Information Technology sectors. The Fund's largest relative underweights were in the Financials, Consumer Discretionary and Utilities sectors.

**Options**

*For the period of February 1, 2012, through July 31, 2012 as provided by Stephen Bond-Nelson, Portfolio Manager.*

Levels of implied volatility, as measured by the Chicago Board Options Exchange Volatility Index (VIX), resided between 15 and 21 throughout most of the reporting period. The VIX Index touched below 15 in March, reaching as low as 14.26 as equities performed well to start the year. Heightened levels of volatility, ranging from 21 to 26.66 at its peak, were seen from mid-May to mid-June before normalizing to previous levels, reflecting the uncertainty over the European debt crisis. The average implied volatility throughout the period was 18.7.



## **AGIC Equity & Convertible Income Fund Fund Insights**

July 31, 2012 (unaudited)

*For the period of February 1, 2012, through July 31, 2012 as provided by Michael Yee, Portfolio Manager.*

For the six-months ended, the AGIC Equity & Convertible Income Fund (the Fund ) returned 0.18% on NAV and 1.92% on market price.

### **Market Environment**

Performance over the six-month period can be segmented into three distinct time frames.

During the first two months of the period, the markets reflected, without any real hesitation, that the risks to the U.S. economy had diminished. This sentiment shift was demonstrated by the credit and equity markets rallying and ultimately, the Treasury market selling off. The most obvious factor driving the rally was the decoupling of U.S. and European financial risk. As economic statistics, corporate earnings and specifically, the housing market, showed improvement, the likelihood of a double-dip recession dropped. It also became more apparent that the EU was addressing the crisis, which gave investors more confidence. Besides a positive equity market, an increase in bond floor valuations had a positive impact on the convertible market. Corporate bond spreads tightened as prices rose. Bond prices rose to more accurately reflect the lack of balance sheet risk for the average issuer in the market.

Investor sentiment over the next two months was in stark contrast to the sentiment shift seen in February and March when investors felt the risks to the U.S. economy had diminished. By early May, fear and macro concerns returned. Despite some softening in the broad economic statistics in the U.S., the real focus was on the day-to-day reports regarding the developments throughout Europe. Although the details were laid out in newspapers and on television channels, there was little certainty about which specific event was the most critical. Uncertainty is the primary killer of investor confidence. With little direction and no discernible timetable toward resolution for all of the financial woes across several countries,

## AGIC Equity & Convertible Income Fund Fund Insights

July 31, 2012 (unaudited) (continued)

investors sold risk assets. Convertible securities, like equities, were sold, and investors once again flocked to Treasuries and cash.

Over the remaining two months of the reporting period, markets rebounded sharply on central bank policy speculation, favorable developments in Europe and positive U.S. housing reports, offsetting weakening global economic data reports.

Sector level performance was mixed. In general, countercyclical sectors such as Health Care, Consumer Staples and Telecommunications outperformed economically sensitive issuers. Information Technology issues supported the overall market as well. In contrast, weakening demand and lower prices for commodities led to declines in Materials, while economic slowdown concerns pressured the Industrials sector.

The Chicago Board Options Exchange Volatility Index ( VIX ) started the period at approximately 18.0 and continued to decline into March. The index rose sharply into June corresponding to European macro fears and weak U.S. economic stats. After peaking just below 27.0 in June, the VIX trended lower for the remainder of the reporting period.

## Portfolio Specifics

The Fund followed a pattern of fluctuations similar to the overall markets. Convertible positions in Financials and defensive-oriented sectors such as Utilities, Consumer Staples and Health Care, were among the greatest contributors to the Fund's overall performance. Media and Industrials issues had a positive impact as well. Defensive sectors were the beneficiaries of the general market rotation. Most Media issues were higher as the industry continued to improve. Within Health Care, select pharmaceutical and biotechnology issues performed well as earnings exceeded expectations.

The Fund's weakest convertible performers were concentrated in cyclical sectors including Energy and Transportation, in addition to Telecommunications. Lower oil prices led to declines in Energy issues. In

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**AGIC Equity & Convertible Income Fund Fund Insights**

July 31, 2012 (unaudited) (continued)

general, Transportation companies underperformed due to economic slowdown concerns, despite falling crude oil prices.

Equity positions in Information Technology and counter cyclical sectors such as Telecommunications, Consumer Staples and Health Care, were among the greatest contributors to the Fund's overall performance. Counter cyclical companies outperformed as investors rotated into less volatile, defensive stocks. Select Information Technology equities rallied on favorable earnings prospects.

The Fund's weakest equity performers were concentrated in economically sensitive holdings, including Industrials, Energy and Consumer Discretionary. Energy issuers were lower as weak macro data drove down energy prices and reduced investors' confidence in future earnings. Industrials companies underperformed in anticipation of slower economic growth. Consumer Discretionary stocks were pressured by consumer spending concerns.

The Fund benefitted from many of the single stock options that were written on the equities. There were a few instances of rolling to higher strikes due to the upward move of specific underlying equities. However, the majority of the option positions expired below strike and the Fund was able to retain all the set premiums.

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

July 31, 2012 (unaudited)

<b>NFJ Dividend, Interest &amp; Premium Strategy</b>			
<b>Total Return(1):</b>		<b>Market Price</b>	<b>NAV</b>
Six months		2.95%	1.48%
1 Year		5.40%	2.76%
5 Year		1.51%	0.26%
Commencement of Operations (2/28/05) to 7/31/12		3.05%	3.60%

**Market Price/NAV Performance:**

Commencement of Operations (2/28/05) to 7/31/12  
 Market Price  
 NAV

**Market Price/NAV:**

Market Price \$16.92  
 NAV \$17.39  
 Discount to NAV (2.70)%  
 Market Price Yield(2) 6.06%

**Investment Allocation**

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

**AGIC Equity & Convertible Income**

**Total Return(1):**

Six months  
 1 Year

<b>Market Price</b>	<b>NAV</b>
1.92%	(0.18)%
2.41%	0.17%

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5 Year	2.09%	2.48%
Commencement of Operations (2/27/07) to 7/31/12	1.13%	3.14%

**Market Price/NAV Performance:**

Commencement of Operations (2/27/07) to 7/31/12  
 Market Price  
 NAV

**Market Price/NAV:**

Market Price	\$16.99
NAV	\$18.69
Discount to NAV	(9.10)%
Market Price Yield(2)	6.59%

**Investment Allocation**

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

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

July 31, 2012 (unaudited) (continued)

(1) **Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in NAV or market price (as applicable) in the specified period. The calculation assumes that all income dividends, capital gain and return of capital distributions, if any, have been reinvested. Total return does not reflect broker commissions or sales charges in connection with the purchase or sale of Fund shares. 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 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 each Fund, market conditions, supply and demand for each Fund's shares, or changes in each Fund's dividends.

An investment in each Fund involves risk, including the loss of principal. Total return, market price, market price 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 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 net capital gains, if any) payable to shareholders by the market price per share at July 31, 2012.



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NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments

July 31, 2012 (unaudited)

Shares			Value
<b>COMMON STOCK 72.1%</b>			
<b>Aerospace &amp; Defense 2.6%</b>			
260,000		Lockheed Martin Corp.	\$23,210,200
300,000		Northrop Grumman Corp. (a)	19,860,000
			43,070,200
<b>Beverages 0.8%</b>			
175,000		PepsiCo, Inc. (a)	12,727,750
<b>Capital Markets 1.3%</b>			
400,000		Ameriprise Financial, Inc. (a)	20,688,000
<b>Chemicals 1.5%</b>			
492,800		EI du Pont de Nemours & Co. (a)	24,492,160
<b>Commercial Banks 2.9%</b>			
405,900		PNC Financial Services Group, Inc. (a)	23,988,690
700,000		Wells Fargo & Co. (a)	23,667,000
			47,655,690
<b>Commercial Services &amp; Supplies 2.4%</b>			
1,600,000		Pitney Bowes, Inc.	21,376,000
1,500,000		RR Donnelley & Sons Co. (a)	18,180,000
			39,556,000
<b>Communications Equipment 1.8%</b>			
1,372,400		Cisco Systems, Inc.	21,889,780
174,500		Harris Corp.	7,267,925
			29,157,705
<b>Diversified Financial Services 1.3%</b>			
600,000		JP Morgan Chase & Co.	21,600,000
<b>Diversified Telecommunication Services 0.3%</b>			
150,000		AT&T, Inc.	5,688,000
<b>Electric Utilities 0.8%</b>			
300,000		American Electric Power Co., Inc.	12,672,000
<b>Energy Equipment &amp; Services 3.1%</b>			
400,000		Diamond Offshore Drilling, Inc. (a)	26,168,000
463,300		EnSCO PLC, Class A	25,171,089
			51,339,089
<b>Food &amp; Staples Retailing 0.3%</b>			
75,000		Wal-Mart Stores, Inc.	5,582,250
<b>Food Products 0.2%</b>			
39,038		Bunge Ltd.	2,567,529
<b>Health Care Equipment &amp; Supplies 0.9%</b>			
389,100		Medtronic, Inc. (a)	15,338,322
<b>Household Durables 0.7%</b>			
175,000		Whirlpool Corp. (a)	11,823,000
<b>Household Products 0.8%</b>			
150,000		Kimberly-Clark Corp. (a)	13,036,500

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<b>Industrial Conglomerates 1.8%</b>			
1,443,217		General Electric Co. (a)	29,946,753

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NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments

July 31, 2012 (unaudited) (continued)

Shares			Value
<b>Insurance 6.0%</b>			
57,396		American International Group, Inc. (b)	\$1,794,773
306,117		Assured Guaranty Ltd.	3,667,282
1,103,600		Lincoln National Corp. (a)	22,127,180
500,000		MetLife, Inc.	15,385,000
700,000		The Allstate Corp. (a)	24,010,000
400,000		The Travelers Cos, Inc. (a)	25,060,000
280,505		XL Group PLC, Class A	5,792,428
			97,836,663
<b>Media 0.4%</b>			
150,000		Time Warner, Inc.	5,868,000
<b>Metals &amp; Mining 3.5%</b>			
909,200		Barrick Gold Corp. (a)	29,894,496
810,800		Freeport-McMoRan Copper & Gold, Inc. (a)	27,299,636
			57,194,132
<b>Multi-Utilities 1.4%</b>			
682,600		Ameren Corp. (a)	23,351,746
<b>Office Electronics 1.3%</b>			
3,104,100		Xerox Corp. (a)	21,511,413
<b>Oil, Gas &amp; Consumable Fuels 14.0%</b>			
800,000		Chesapeake Energy Corp. (a)	15,056,000
200,000		Chevron Corp. (a)	21,916,000
850,000		ConocoPhillips (a)	46,274,000
400,000		EnCana Corp.	8,900,000
1,021,200		Marathon Oil Corp. (a)	27,031,164
742,400		Phillips 66	27,914,240
500,000		Royal Dutch Shell PLC, Class A ADR	34,100,000
1,072,800		Total SA ADR (a)	49,295,160
			230,486,564
<b>Paper &amp; Forest Products 3.2%</b>			
1,615,900		International Paper Co. (a)	53,017,679
<b>Pharmaceuticals 12.6%</b>			
607,100		AstraZeneca PLC ADR (a)	28,418,351
1,180,000		GlaxoSmithKline PLC ADR (a)	54,280,000
450,000		Johnson & Johnson (a)	31,149,000
645,100		Merck & Co., Inc.	28,494,067
2,500,000		Pfizer, Inc. (a)	60,100,000
132,342		Teva Pharmaceutical Industries Ltd. ADR	5,411,464
			207,852,882
<b>Real Estate Investment Trust 0.1%</b>			
100,000		Annaly Capital Management, Inc.	1,743,000
<b>Semiconductors &amp; Semiconductor Equipment 1.6%</b>			
1,000,000		Intel Corp. (a)	25,700,000

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<b>Software 1.4%</b>			
928,200		CA, Inc.	22,341,774
<b>Specialty Retail 0.3%</b>			
334,252		Staples, Inc.	4,258,371

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NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments

July 31, 2012 (unaudited) (continued)

Shares			Value
<b>Thrifts &amp; Mortgage Finance 1.7%</b>			
3,498,500		Hudson City Bancorp, Inc. (a)	\$22,215,475
500,000		New York Community Bancorp, Inc.	6,490,000
			28,705,475
<b>Tobacco 1.1%</b>			
400,000		Reynolds American, Inc. (a)	18,508,000
Total Common Stock (cost-\$1,370,516,007)			1,185,316,647
Principal Amount (000s)			
<b>CONVERTIBLE BONDS &amp; NOTES 16.7%</b>			
<b>Aerospace &amp; Defense 0.3%</b>			
\$1,000		AAR Corp., 1.75%, 2/1/26	992,500
3,895		GenCorp, Inc., 4.063%, 12/31/39	4,571,756
			5,564,256
<b>Airlines 0.4%</b>			
4,650		Continental Airlines, Inc., 4.50%, 1/15/15	5,771,813
<b>Apparel 0.2%</b>			
4,000		Iconix Brand Group, Inc., 2.50%, 6/1/16 (c) (d)	3,910,000
<b>Automobiles 0.6%</b>			
6,700		Ford Motor Co., 4.25%, 11/15/16	9,070,125
<b>Building Products 0.3%</b>			
5,125		Griffon Corp., 4.00%, 1/15/17 (c) (d)	4,887,969
<b>Capital Markets 0.9%</b>			
7,580		Ares Capital Corp., 5.75%, 2/1/16	7,987,425
6,795		BGC Partners, Inc., 4.50%, 7/15/16 (c) (d)	6,149,475
			14,136,900
<b>Communications Equipment 0.5%</b>			
		Ciena Corp.,	
4,660		0.875%, 6/15/17	3,995,950
1,800		3.75%, 10/15/18 (c) (d)	2,027,250
2,000		JDS Uniphase Corp., 1.00%, 5/15/26	1,987,500
			8,010,700
<b>Computers &amp; Peripherals 0.1%</b>			
1,500		SanDisk Corp., 1.50%, 8/15/17	1,674,375
<b>Construction &amp; Engineering 0.4%</b>			
5,500		MasTec, Inc., 4.00%, 6/15/14	6,744,375
<b>Construction Materials 0.1%</b>			
1,005		Cemex S.A.B. de C.V., 4.875%, 3/15/15	904,500
<b>Diversified Telecommunication Services 0.6%</b>			
		Level 3 Communications, Inc.,	

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1,250		6.50%, 10/1/16	1,617,188
8,295		15.00%, 1/15/13	8,948,231
			10,565,419

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

July 31, 2012 (unaudited) (continued)

Principal Amount (000s)	Value
<b>Electrical Equipment 0.8%</b>	
\$9,005	EnerSys, 3.375%, 6/1/38 (e)
2,500	General Cable Corp., 4.50%, 11/15/29 (e)
	\$10,265,700
<b>Energy Equipment &amp; Services 0.3%</b>	
4,500	Newpark Resources, Inc., 4.00%, 10/1/17
	4,545,000
<b>Health Care Equipment &amp; Supplies 0.1%</b>	
2,000	Hologic, Inc., 2.00%, 12/15/37 (e)
	2,175,000
<b>Healthcare-Products 0.5%</b>	
9,810	Alere, Inc., 3.00%, 5/15/16
	8,951,625
<b>Hotels, Restaurants &amp; Leisure 0.7%</b>	
9,995	MGM Resorts International, 4.25%, 4/15/15
1,930	Morgans Hotel Group Co., 2.375%, 10/15/14
	9,920,038
	1,705,637
	11,625,675
<b>Household Durables 0.3%</b>	
1,900	Lennar Corp., 3.25%, 11/15/21 (c) (d)
2,500	The Ryland Group, Inc., 1.625%, 5/15/18
	2,778,750
	2,693,750
	5,472,500
<b>Insurance 0.1%</b>	
2,000	American Equity Investment Life Holding Co., 3.50%, 9/15/15 (c) (d)
	2,317,500
<b>Internet Software &amp; Services 0.1%</b>	
1,405	WebMD Health Corp., 2.50%, 1/31/18
	1,146,831
<b>IT Services 0.5%</b>	
4,710	Alliance Data Systems Corp., 1.75%, 8/1/13
	7,853,925
<b>Machinery 2.0%</b>	
1,500	Chart Industries, Inc., 2.00%, 8/1/18
12,440	Greenbrier Cos, Inc., 3.50%, 4/1/18
7,000	Meritor, Inc., 4.625%, 3/1/26 (e)
7,000	Navistar International Corp., 3.00%, 10/15/14
4,500	Terex Corp., 4.00%, 6/1/15
1,500	Wabash National Corp., 3.375%, 5/1/18
	1,813,125
	11,149,350
	6,125,000
	6,221,250
	6,575,625
	1,464,375
	33,348,725
<b>Marine 0.2%</b>	
3,090	DryShips, Inc., 5.00%, 12/1/14
	2,414,062
<b>Media 0.1%</b>	
1,000	XM Satellite Radio, Inc., 7.00%, 12/1/14 (c) (d)
	1,416,250
<b>Metals &amp; Mining 0.3%</b>	
250	Alcoa, Inc., 5.25%, 3/15/14
4,805	Steel Dynamics, Inc., 5.125%, 6/15/14
	366,875
	5,201,413
	5,568,288
<b>Multiline Retail 0.1%</b>	
2,065	Saks, Inc., 2.00%, 3/15/24
	2,126,950
<b>Oil, Gas &amp; Consumable Fuels 1.8%</b>	
10,800	Alpha Natural Resources, Inc., 2.375%, 4/15/15
2,190	Chesapeake Energy Corp., 2.50%, 5/15/37
7,475	Peabody Energy Corp., 4.75%, 12/15/41
	8,694,000
	1,927,200
	5,895,906





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

July 31, 2012 (unaudited) (continued)

Principal Amount (000s)		Value
<b>Oil, Gas &amp; Consumable Fuels (continued)</b>		
\$9,200	PDC Energy, Inc., 3.25%, 5/15/16 (c) (d)	\$8,912,500
2,750	Pioneer Natural Resources Co., 2.875%, 1/15/38	4,042,500
		29,472,106
<b>Pharmaceuticals 0.7%</b>		
2,000	Endo Health Solutions, Inc., 1.75%, 4/15/15	2,367,500
2,835	Valeant Pharmaceuticals International, Inc., 5.375%, 8/1/14 (c) (d)	9,550,406
		11,917,906
<b>Road &amp; Rail 0.3%</b>		
170	Avis Budget Group, Inc., 3.50%, 10/1/14	205,062
3,000	Hertz Global Holdings, Inc., 5.25%, 6/1/14	4,586,250
		4,791,312
<b>Semiconductors &amp; Semiconductor Equipment 1.7%</b>		
6,545	JA Solar Holdings Co., Ltd., 4.50%, 5/15/13	6,021,400
9,250	Micron Technology, Inc., 1.50%, 8/1/31 (c) (d)	8,405,937
5,500	1.875%, 6/1/27	4,895,000
8,500	SunPower Corp., 4.75%, 4/15/14	7,862,500
		27,184,837
<b>Software 1.1%</b>		
5,975	BroadSoft, Inc., 1.50%, 7/1/18	5,526,875
5,540	Electronic Arts, Inc., 0.75%, 7/15/16	4,937,525
5,760	Nuance Communications, Inc., 2.75%, 8/15/27	7,315,200
		17,779,600
<b>Thrifts &amp; Mortgage Finance 0.3%</b>		
8,020	MGIC Investment Corp., 5.00%, 5/1/17	5,142,825
<b>Trading Companies &amp; Distributors 0.3%</b>		
4,725	Titan Machinery, Inc., 3.75%, 5/1/19 (c) (d)	4,642,313
Total Convertible Bonds & Notes (cost-\$309,261,598)		273,985,212
Shares		
<b>CONVERTIBLE PREFERRED STOCK 8.8%</b>		
<b>Airlines 0.4%</b>		
178,685	Continental Airlines Finance Trust II, 6.00%, 11/15/30	5,963,612
<b>Auto Components 0.6%</b>		
218,060	Goodyear Tire & Rubber Co., 5.875%, 4/1/14	9,276,273
<b>Automobiles 0.4%</b>		
198,705	General Motors Co., 4.75%, 12/1/13, Ser. B	6,650,656
<b>Capital Markets 0.6%</b>		
192,820	AMG Capital Trust I, 5.10%, 4/15/36	9,749,461
<b>Diversified Financial Services 1.0%</b>		
9,715	Bank of America Corp., 7.25%, 1/30/13, Ser. L (f)	9,880,155
74,015	Citigroup, Inc., 7.50%, 12/15/12	6,353,448
		16,233,603

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NFJ Dividend, Interest & Premium Strategy Fund

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

July 31, 2012 (unaudited) (continued)

Shares	Value
<b>Electric Utilities 0.2%</b>	
50,000	NextEra Energy, Inc., 7.00%, 9/1/13 \$2,750,000
<b>Food Products 0.7%</b>	
113,830	Bunge Ltd., 4.875%, 12/31/49 (f) 10,974,350
<b>Health Care Providers &amp; Services 0.1%</b>	
2,500	HealthSouth Corp., 6.50%, 12/31/49, Ser. A (f) 2,647,500
<b>Insurance 0.7%</b>	
179,180	MetLife, Inc., 5.00%, 9/11/13 11,232,794
<b>IT Services 0.1%</b>	
31,360	Unisys Corp., 6.25%, 3/1/14 1,862,157
<b>Machinery 0.5%</b>	
67,760	Stanley Black & Decker, Inc., 4.75%, 11/17/15 8,014,653
<b>Metals &amp; Mining 0.3%</b>	
315,000	Thompson Creek Metals Co., Inc., 6.50%, 5/15/15 5,351,850
<b>Multi-Utilities 0.6%</b>	
204,100	AES Trust III, 6.75%, 10/15/29 10,235,615
<b>Oil, Gas &amp; Consumable Fuels 1.0%</b>	
140,100	Apache Corp., 6.00%, 8/1/13 6,804,657
45,100	ATP Oil & Gas Corp., 8.00%, 10/1/14 (c) (d) (f) 462,275
114,950	Chesapeake Energy Corp., 5.00%, 12/31/49 (f) 8,606,881
	15,873,813
<b>Real Estate Investment Trust 0.9%</b>	
176,800	Alexandria Real Estate Equities, Inc., 7.00%, 4/20/13 (f) 4,651,608
352,400	FelCor Lodging Trust, Inc., 1.95%, 12/31/49, Ser. A (f) 8,880,480
35,385	Health Care REIT, Inc., 6.50%, 4/20/18, Ser. I (f) 2,003,145
	15,535,233
<b>Road &amp; Rail 0.7%</b>	
1,362,375	2010 Swift Mandatory Common Exchange Security Trust, 6.00%, 12/31/13 (d) 11,992,306
Total Convertible Preferred Stock (cost-\$171,958,105)	144,343,876
Principal Amount (000s)	
<b>SHORT-TERM INVESTMENTS 3.8%</b>	
<b>Time Deposits 3.8%</b>	
\$46,004	Citibank-London, 0.03%, 8/1/12 46,003,911
17,192	The Bank of New York Mellon Corp. Grand Cayman, 0.03%, 8/1/12 17,191,857
Total Short Term Investments (cost-\$63,195,768)	63,195,768
<b>Total Investments, before call options written</b> (cost-\$1,914,931,478) <b>101.4%</b>	1,666,841,503



## NFJ Dividend, Interest &amp; Premium Strategy Fund Schedule of Investments

July 31, 2012 (unaudited) (continued)

Contracts	Value
<b>CALL OPTIONS WRITTEN (b) (1.2)%</b>	
450 Morgan Stanley Cyclical Index, strike price \$910, expires 9/22/12	\$(1,138,500)
400 strike price \$920, expires 9/22/12	(816,000)
425 strike price \$950, expires 8/18/12	(127,500)
NASDAQ 100 Index,	
130 strike price \$2650, expires 8/18/12	(440,050)
110 strike price \$2650, expires 9/22/12	(713,350)
100 strike price \$2675, expires 8/18/12	(230,000)
Philadelphia Oil Service Sector Flex Index,	
2,000 strike price \$218, expires 8/10/12	(363,575)
1,200 strike price \$225, expires 9/7/12	(160,320)
Philadelphia Oil Service Sector Index,	
2,000 strike price \$210, expires 8/18/12	(1,910,000)
2,000 strike price \$220, expires 8/18/12	(770,000)
2,000 strike price \$225, expires 9/22/12	(1,120,000)
2,000 strike price \$230, expires 9/22/12	(780,000)
1,500 strike price \$235, expires 9/22/12	(393,750)
Philadelphia Stock Exchange KBW Bank Flex Index,	
9,000 strike price \$45.50, expires 8/3/12	(410,486)
9,000 strike price \$47, expires 9/14/12	(968,728)
Philadelphia Stock Exchange KBW Bank Index,	
5,500 strike price \$47, expires 8/18/12	(220,000)
14,000 strike price \$47, expires 9/22/12	(1,330,000)
5,000 strike price \$48, expires 8/18/12	(87,500)
Standard & Poor's 500 Flex Index,	
300 strike price \$1350, expires 8/3/12	(890,107)
300 strike price \$1370, expires 8/10/12	(550,758)
300 strike price \$1370, expires 9/14/12	(1,013,875)
300 strike price \$1380, expires 9/7/12	(761,826)
300 strike price \$1395, expires 9/7/12	(537,789)
Standard & Poor's 500 Index,	
300 strike price \$1360, expires 8/18/12	(847,500)
250 strike price \$1365, expires 8/18/12	(637,500)
250 strike price \$1380, expires 9/22/12	(763,750)
250 strike price \$1385, expires 8/18/12	(362,500)
300 strike price \$1400, expires 9/22/12	(621,000)
Total Call Options Written (premiums received-\$16,188,255)	(18,966,364)
<b>Total Investments, net of call options written</b>	
(cost-\$1,898,743,223) <b>100.2%</b>	1,647,875,139
Other liabilities in excess of other assets (0.2)%	(3,697,791)
<b>Net Assets 100.0%</b>	<b>\$1,644,177,348</b>

NFJ Dividend, Interest & Premium Strategy Fund

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

July 31, 2012 (unaudited)

Shares	Value
<b>COMMON STOCK 71.9%</b>	
<b>Aerospace &amp; Defense 3.2%</b>	
12,383	Engility Holdings, Inc. (b) \$180,792
74,300	L-3 Communications Holdings, Inc. 5,267,127
310,300	Textron, Inc. (a) 8,083,315
	13,531,234
<b>Auto Components 1.8%</b>	
32,973	BorgWarner, Inc. (b) 2,212,488
205,900	Johnson Controls, Inc. 5,075,435
	7,287,923
<b>Automobiles 1.3%</b>	
594,600	Ford Motor Co. 5,494,104
<b>Beverages 5.1%</b>	
98,900	Coca-Cola Co. 7,991,120
127,300	Molson Coors Brewing Co., Class B 5,387,336
108,900	PepsiCo, Inc. (a) 7,920,297
	21,298,753
<b>Biotechnology 2.1%</b>	
164,000	Gilead Sciences, Inc. (a) (b) 8,910,120
<b>Chemicals 0.9%</b>	
42,600	Monsanto Co. (a) 3,647,412
<b>Communications Equipment 4.9%</b>	
38,628	Aviat Networks, Inc. (b) 87,299
409,027	Cisco Systems, Inc. 6,523,981
155,500	Harris Corp. 6,476,575
122,500	Qualcomm, Inc. 7,310,800
	20,398,655
<b>Computers &amp; Peripherals 3.9%</b>	
14,400	Apple, Inc. (a) (b) 8,794,944
289,800	EMC Corp. (b) 7,595,658
	16,390,602
<b>Diversified Financial Services 0.7%</b>	
83,800	JP Morgan Chase & Co. 3,016,800
<b>Diversified Telecommunication Services 1.7%</b>	
48,488	Frontier Communications Corp. 190,073
156,700	Verizon Communications, Inc. (a) 7,073,438
	7,263,511
<b>Electric Utilities 1.7%</b>	
54,202	Entergy Corp. 3,938,860
85,560	Exelon Corp. 3,347,107
	7,285,967
<b>Electronic Equipment, Instruments &amp; Components 1.9%</b>	
133,500	Amphenol Corp., Class A (a) 7,860,480





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

July 31, 2012 (unaudited) (continued)

Shares		Value
<b>Energy Equipment &amp; Services 4.6%</b>		
68,900	Diamond Offshore Drilling, Inc.	\$4,507,438
89,700	National Oilwell Varco, Inc.	6,485,310
96,700	Schlumberger Ltd.	6,890,842
99,113	Weatherford International Ltd. (b)	1,194,312
		19,077,902
<b>Food Products 0.5%</b>		
72,805	Archer-Daniels-Midland Co.	1,899,483
<b>Health Care Equipment &amp; Supplies 3.1%</b>		
111,100	Baxter International, Inc.	6,500,461
13,000	Intuitive Surgical, Inc. (b)	6,259,500
		12,759,961
<b>Health Care Providers &amp; Services 2.0%</b>		
75,100	McKesson Corp. (a)	6,813,823
26,820	WellPoint, Inc.	1,429,238
		8,243,061
<b>Hotels, Restaurants &amp; Leisure 1.6%</b>		
76,200	McDonald's Corp.	6,809,232
<b>Household Products 1.9%</b>		
121,400	Procter & Gamble Co.	7,835,156
<b>Independent Power Producers &amp; Energy Traders 0.7%</b>		
153,999	NRG Energy, Inc.	3,052,260
<b>Industrial Conglomerates 1.7%</b>		
341,159	General Electric Co. (a)	7,079,049
<b>Insurance 2.4%</b>		
18,450	American International Group, Inc. (b)	576,931
107,041	Assured Guaranty Ltd.	1,282,351
53,184	MetLife, Inc.	1,636,472
101,900	Prudential Financial, Inc.	4,919,732
69,652	XL Group PLC, Class A	1,438,314
		9,853,800
<b>Internet Software &amp; Services 1.8%</b>		
11,900	Google, Inc., Class A (b)	7,532,343
<b>IT Services 1.8%</b>		
37,200	International Business Machines Corp.	7,290,456
<b>Machinery 4.2%</b>		
151,500	AGCO Corp. (b)	6,641,760
88,600	Deere & Co.	6,806,252
81,300	Joy Global, Inc.	4,222,722
		17,670,734
<b>Metals &amp; Mining 1.1%</b>		
132,400	Freeport-McMoRan Copper & Gold, Inc.	4,457,908
<b>Multiline Retail 2.4%</b>		
168,053	Target Corp. (a)	10,192,414

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NFJ Dividend, Interest & Premium Strategy Fund

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AGIC Equity & Convertible Income Fund Schedule of Investments

July 31, 2012 (unaudited) (continued)

Shares			Value
<b>Oil, Gas &amp; Consumable Fuels 2.2%</b>			
77,900		Occidental Petroleum Corp.	\$6,779,637
110,100		Peabody Energy Corp.	2,298,888
			9,078,525
<b>Pharmaceuticals 3.9%</b>			
109,500		Abbott Laboratories (a)	7,260,945
106,200		Bristol-Myers Squibb Co. (a)	3,780,720
63,288		Johnson & Johnson	4,380,795
23,345		Teva Pharmaceutical Industries Ltd. ADR	954,577
			16,377,037
<b>Semiconductors &amp; Semiconductor Equipment 3.2%</b>			
270,000		Intel Corp.	6,939,000
239,000		Texas Instruments, Inc.	6,510,360
			13,449,360
<b>Software 3.6%</b>			
247,700		Microsoft Corp.	7,299,719
227,900		Oracle Corp.	6,882,580
42,311		Symantec Corp. (b)	666,398
			14,848,697
Total Common Stock (cost-\$393,752,566)			299,892,939
<b>CONVERTIBLE PREFERRED STOCK 14.6%</b>			
<b>Aerospace &amp; Defense 0.1%</b>			
10,000		United Technologies Corp., 7.50%, 8/1/15	527,500
<b>Airlines 0.7%</b>			
82,015		Continental Airlines Finance Trust II, 6.00%, 11/15/30	2,737,251
<b>Auto Components 0.6%</b>			
59,600		Goodyear Tire & Rubber Co., 5.875%, 4/1/14	2,535,384
<b>Automobiles 0.5%</b>			
63,000		General Motors Co., 4.75%, 12/1/13, Ser. B	2,108,610
<b>Capital Markets 1.2%</b>			
54,100		AMG Capital Trust I, 5.10%, 4/15/36	2,735,431
33,400		Escrow Lehman Brothers Holdings, Inc., 28.00%, 3/6/09, Ser. RIG (b) (g) (i)	556,850
41,745		The Goldman Sachs Group, Inc., 8.00%, 3/14/13 (NetApp, Inc.) (h)	1,536,091
			4,828,372
<b>Commercial Banks 1.2%</b>			
17,805		Fifth Third Bancorp, 8.50%, 6/30/13, Ser. G (f)	2,425,931
2,300		Wells Fargo & Co., 7.50%, 3/15/13, Ser. L (f)	2,661,100
			5,087,031
<b>Commercial Services &amp; Supplies 0.4%</b>			

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34,894		United Rentals, Inc., 6.50%, 8/1/28	1,642,199
<b>Diversified Financial Services 2.2%</b>			
4,225		Bank of America Corp., 7.25%, 1/30/13, Ser. L (f)	4,296,825
28,000		Citigroup, Inc., 7.50%, 12/15/12	2,403,520
46,575		Credit Suisse Securities USA LLC, 7.00%, 8/9/12 (Baxter International, Inc.) (h)	2,482,913
			9,183,258

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AGIC Equity & Convertible Income Fund Schedule of Investments

July 31, 2012 (unaudited) (continued)

Shares			Value
<b>Electric Utilities 0.5%</b>			
38,525		PPL Corp., 9.50%, 7/1/13	\$2,093,834
<b>Food Products 0.9%</b>			
38,800		Bunge Ltd., 4.875%, 12/31/49 (f)	3,740,708
<b>Health Care Providers &amp; Services 0.7%</b>			
2,935		HealthSouth Corp., 6.50%, 12/31/49, Ser. A (f)	3,108,165
<b>Insurance 0.6%</b>			
40,700		MetLife, Inc., 5.00%, 9/11/13	2,551,483
<b>Machinery 0.7%</b>			
23,400		Stanley Black & Decker, Inc., 4.75%, 11/17/15	2,767,752
<b>Multi-Utilities 0.6%</b>			
47,650		AES Trust III, 6.75%, 10/15/29	2,389,648
<b>Oil, Gas &amp; Consumable Fuels 1.0%</b>			
42,900		Apache Corp., 6.00%, 8/1/13	2,083,653
20,300		ATP Oil & Gas Corp., 8.00%, 10/1/14 (c) (d) (f)	208,075
27,350		Chesapeake Energy Corp., 5.00%, 12/31/49 (f)	2,047,831
			4,339,559
<b>Professional Services 0.6%</b>			
46,500		Nielsen Holdings NV, 6.25%, 2/1/13	2,563,313
<b>Real Estate Investment Trust 1.6%</b>			
90,500		Alexandria Real Estate Equities, Inc., 7.00%, 4/20/13 (f)	2,381,055
98,900		FelCor Lodging Trust, Inc., 1.95%, 12/31/49, Ser. A (f)	2,492,280
31,930		Health Care REIT, Inc., 6.50%, 4/20/18, Ser. I (f)	1,807,557
			6,680,892
<b>Road &amp; Rail 0.5%</b>			
246,810		2010 Swift Mandatory Common Exchange Security Trust, 6.00%, 12/31/13 (d)	2,172,545
Total Convertible Preferred Stock (cost-\$75,080,034)			61,057,504
Principal Amount (000s)			
<b>CONVERTIBLE BONDS &amp; NOTES 12.4%</b>			
<b>Capital Markets 1.2%</b>			
\$2,400		Ares Capital Corp., 5.75%, 2/1/16	2,529,000
2,895		BGC Partners, Inc., 4.50%, 7/15/16 (c) (d)	2,619,975
			5,148,975
<b>Construction Materials 0.6%</b>			
2,870		Cemex S.A.B. de C.V., 4.875%, 3/15/15	2,583,000
<b>Diversified Telecommunication Services 0.4%</b>			
1,715		Level 3 Communications, Inc., 15.00%, 1/15/13	1,850,056
<b>Electrical Equipment 0.7%</b>			
2,535		EnerSys, 3.375%, 6/1/38 (e)	2,889,900

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<b>Electronic Equipment, Instruments &amp; Components</b>		<b>0.4%</b>		
1,335		Anixter International, Inc., 1.00%, 2/15/13		1,475,175
<b>Health Care Equipment &amp; Supplies</b>		<b>0.2%</b>		
675		Alere, Inc., 3.00%, 5/15/16		615,938

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

July 31, 2012 (unaudited) (continued)

Principal Amount (000s)		Value
<b>Hotels, Restaurants &amp; Leisure 1.0%</b>		
\$2,545	MGM Resorts International, 4.25%, 4/15/15	\$2,525,912
1,705	Morgans Hotel Group Co., 2.375%, 10/15/14	1,506,794
		4,032,706
<b>Internet Software &amp; Services 0.8%</b>		
1,800	VeriSign, Inc., 3.25%, 8/15/37	2,585,250
850	WebMD Health Corp., 2.50%, 1/31/18	693,813
		3,279,063
<b>IT Services 0.6%</b>		
1,500	Alliance Data Systems Corp., 1.75%, 8/1/13	2,501,250
<b>Machinery 1.2%</b>		
2,800	Greenbrier Cos, Inc., 3.50%, 4/1/18	2,509,500
3,000	Meritor, Inc., 4.625%, 3/1/26 (e)	2,625,000
		5,134,500
<b>Marine 0.2%</b>		
1,100	DryShips, Inc., 5.00%, 12/1/14	859,375
<b>Media 1.2%</b>		
2,265	Liberty Media LLC, 3.125%, 3/30/23	2,828,419
5,200	3.50%, 1/15/31	2,294,500
		5,122,919
<b>Metals &amp; Mining 0.6%</b>		
2,100	Steel Dynamics, Inc., 5.125%, 6/15/14	2,273,250
<b>Oil, Gas &amp; Consumable Fuels 0.6%</b>		
2,765	Endeavour International Corp., 5.50%, 7/15/16	2,419,375
<b>Pharmaceuticals 0.6%</b>		
735	Valeant Pharmaceuticals International, Inc., 5.375%, 8/1/14 (c) (d)	2,476,031
<b>Real Estate Investment Trust 0.6%</b>		
2,000	Boston Properties LP, 3.75%, 5/15/36	2,327,500
<b>Semiconductors &amp; Semiconductor Equipment 0.7%</b>		
500	JA Solar Holdings Co., Ltd., 4.50%, 5/15/13	460,000
2,800	SunPower Corp., 4.75%, 4/15/14	2,590,000
		3,050,000
<b>Software 0.4%</b>		
1,400	Nuance Communications, Inc., 2.75%, 8/15/27	1,778,000
<b>Thrifts &amp; Mortgage Finance 0.4%</b>		
1,700	MGIC Investment Corp., 5.00%, 5/1/17	1,090,125
1,755	9.00%, 4/1/63 (c) (d)	702,000
		1,792,125
Total Convertible Bonds & Notes (cost-\$56,144,694)		51,609,138





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

July 31, 2012 (unaudited) (continued)

Principal Amount (000s)		Value
<b>CORPORATE BONDS &amp; NOTES 0.2%</b>		
<b>Electric 0.2%</b>		
\$2,000	Texas Competitive Electric Holdings Co. LLC, 15.00%, 4/1/21 (cost-\$2,000,000)	\$740,000
<b>SHORT-TERM INVESTMENT 0.9%</b>		
<b>Time Deposit 0.9%</b>		
3,719	The Bank of New York Mellon Corp.-Grand Cayman, 0.03%, 8/1/12 (cost-\$3,719,015)	3,719,015
<b>Total Investments, before call options written</b> (cost-\$530,696,309) <b>100.0%</b>		<b>417,018,596</b>
<b>Contracts</b>		
<b>CALL OPTIONS WRITTEN (b) (0.1)%</b>		
765	Abbott Laboratories, strike price \$67.50, expires 8/18/12	(31,748)
935	Amphenol Corp., strike price \$60, expires 8/18/12	(72,462)
100	Apple, Inc., strike price \$640, expires 8/18/12	(25,850)
745	Bristol-Myers Squibb Co., strike price \$37, expires 8/18/12	(5,215)
1,530	General Electric Co., strike price \$21, expires 8/18/12	(35,190)
1,145	Gilead Sciences, Inc., strike price \$57.50, expires 8/18/12	(17,175)
525	McKesson Corp., strike price \$97.50, expires 8/18/12	(3,938)
300	Monsanto Co., strike price \$87.50, expires 8/18/12	(28,050)
760	PepsiCo, Inc., strike price \$72.50, expires 8/18/12	(68,020)
870	Target Corp., strike price \$65, expires 8/18/12	(9,570)
1,095	Verizon Communications, Inc., strike price \$46, expires 8/18/12	(25,185)
Total Call Options Written (premiums received-\$391,908)		(322,403)
<b>Total Investments, net of call options written</b> (cost-\$530,304,401) <b>99.9%</b>		<b>416,696,193</b>
Other assets less other liabilities 0.1%		173,836
<b>Net Assets 100.0%</b>		<b>\$416,870,029</b>

NFJ Dividend, Interest & Premium Strategy Fund

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

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

July 31, 2012 (unaudited) (continued)

**Notes to Schedules of Investments:**

- (a) All or partial amount segregated for the benefit of the counterparty as collateral for call options written.
- (b) Non-income producing.
- (c) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$55,460,625 and \$6,006,081, representing 3.4% and 1.4% of net assets in NFJ Dividend, Interest & Premium Strategy and AGIC Equity & Convertible Income, respectively.
- (d) 144A 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.
- (e) Step Bond Coupon is a fixed rate for an initial period then resets at a specific date and rate.
- (f) Perpetual maturity. Maturity date shown is the next call date.
- (g) Fair-Valued Security with a value of \$556,850, representing 0.1% of net assets. See Note 1(a) and Note 1(b) in the Notes to Financial Statements.
- (h) 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 (synthetic convertible securities). Such entity is identified in the parenthetical.
- (i) In default.

**Glossary:**

ADR - American Depositary Receipt

REIT - Real Estate Investment Trust

NFJ Dividend, Interest & Premium Strategy Fund

See accompanying Notes to Financial Statements | 7.31.12 | AGIC Equity & Convertible Income Fund Semi-Annual Report 23

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

July 31, 2012 (unaudited)

	NFJ Dividend, Interest & Premium Strategy	AGIC Equity & Convertible Income
<b>Assets:</b>		
Investments, at value (cost-\$1,914,931,478 and \$530,696,309, respectively)	\$1,666,841,503	\$417,018,596
Dividends and interest receivable	4,989,195	1,206,754
Receivable for investments sold	1,818,348	16,238,396
Prepaid expenses	35,727	10,114
<b>Total Assets</b>	<b>1,673,684,773</b>	<b>434,473,860</b>
<b>Liabilities:</b>		
Call options written, at value (premiums received-\$16,188,255 and \$391,908, respectively)	18,966,364	322,403
Payable for investments purchased	8,856,471	16,843,161
Investment management fees payable	1,239,584	348,410
Accrued expenses	445,006	89,857
<b>Total Liabilities</b>	<b>29,507,425</b>	<b>17,603,831</b>
<b>Net Assets</b>	<b>\$1,644,177,348</b>	<b>\$416,870,029</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	2,124,612,834	517,458,932
Undistributed (dividends in excess of) net investment income	(62,454,123)	3,918,728
Accumulated net realized gain (loss)	(167,114,224)	9,100,354
Net unrealized depreciation of investments and call options written	(250,868,084)	(113,608,208)
<b>Net Assets</b>	<b>\$1,644,177,348</b>	<b>\$416,870,029</b>
<b>Net Asset Value Per Share</b>	<b>\$17.39</b>	<b>\$18.69</b>

NFJ Dividend, Interest &amp; Premium Strategy Fund

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

Six Months ended July 31, 2012 (unaudited)

	NFJ Dividend, Interest & Premium Strategy	AGIC Equity & Convertible Income
<b>Investment Income:</b>		
Dividends (net of foreign withholding taxes of \$599,864 and \$8,509, respectively)	\$29,328,285	\$5,355,509
Interest	5,267,153	1,398,371
Total Investment Income	34,595,438	6,753,880
<b>Expenses:</b>		
Investment management fees	7,485,670	2,120,608
Custodian and accounting agent fees	182,000	56,798
Shareholder communications	131,950	35,672
Trustees' fees and expenses	90,454	22,150
Audit and tax services	43,503	34,849
New York Stock Exchange listing fees	38,995	11,090
Miscellaneous	31,741	2,710
Legal fees	28,210	12,012
Insurance expenses	26,539	6,801
Transfer agent fees	17,290	16,662
Total expenses	8,076,352	2,319,352
<b>Net Investment Income</b>	<b>26,519,086</b>	<b>4,434,528</b>
<b>Realized and Change in Unrealized Gain (Loss):</b>		
Net realized gain (loss) on:		
Investments	50,920,944	8,574,665
Call options written	(30,664,441)	(1,109,586)
Net change in unrealized appreciation/depreciation of:		
Investments	(33,791,894)	(12,577,793)
Call options written	9,495,119	(56,303)
Net realized and change in unrealized loss on investments and call options written	(4,040,272)	(5,169,017)
<b>Net Increase (Decrease) in Net Assets Resulting from Investment Operations</b>	<b>\$22,478,814</b>	<b>\$(734,489)</b>

NFJ Dividend, Interest & Premium Strategy Fund

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

**AGIC Equity & Convertible Income Fund Statements of Changes in Net Assets**

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

	Six Months ended July 31, 2012 (unaudited)	Year ended January 31, 2012
<b>Investment Operations:</b>		
Net investment income	\$26,519,086	\$49,007,107
Net realized gain on investments and call options written	20,256,503	109,901,630
Net change in unrealized appreciation/depreciation of investments and call options written	(24,296,775)	(89,666,795)
Net increase in net assets resulting from investment operations	22,478,814	69,241,942
<b>Dividends and Distributions to Shareholders from:</b>		
Net investment income	(85,071,892)	(52,363,547)
Net realized gains		(80,500,219)
Return of capital		(37,280,018)
Total dividends and distributions to shareholders	(85,071,892)	(170,143,784)
Total decrease in net assets	(62,593,078)	(100,901,842)
<b>Net Assets:</b>		
Beginning of period	1,706,770,426	1,807,672,268
End of period (including dividends in excess of net investment income of \$(62,454,123), and \$(3,901,317), respectively)	\$1,644,177,348	\$1,706,770,426

**AGIC Equity & Convertible Income:**

	Six Months ended July 31, 2012 (unaudited)	Year ended January 31, 2012
<b>Investment Operations:</b>		
Net investment income	\$4,434,528	\$8,034,567
Net realized gain on investments and call options written	7,465,079	16,022,292
Net change in unrealized appreciation/depreciation of investments and call options written	(12,634,096)	(21,387,683)
Net increase (decrease) in net assets resulting from investment operations	(734,489)	2,669,176
<b>Dividends and Distributions to Shareholders from:</b>		
Net investment income		(10,189,382)
Net realized gains	(12,490,346)	(14,791,310)
Total dividends and distributions to shareholders	(12,490,346)	(24,980,692)
Total decrease in net assets	(13,224,835)	(22,311,516)
<b>Net Assets:</b>		
Beginning of period	430,094,864	452,406,380
End of period (including undistributed (dividends in excess of) net investment income of \$3,918,728, and \$(515,800), respectively)	\$416,870,029	\$430,094,864

NFJ Dividend, Interest & Premium Strategy Fund

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

July 31, 2012 (unaudited)

**1. Organization and Significant Accounting Policies**

NFJ Dividend, Interest & Premium Strategy Fund and AGIC 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 thereunder, 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 Asset Management of America L.P., (AAM). AAM is an indirect, wholly-owned subsidiary of Allianz SE, a publicly traded European insurance and financial services company. Each Fund has authorized an unlimited amount of common shares with \$0.00001 par value.

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 can be no assurance 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 that 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.

In December 2011, the Financial Accounting Standards Board issued Accounting Standards Update No. 2011-11, "Disclosures About Offsetting Assets and Liabilities", which requires enhanced disclosures that will enable users to evaluate the effect or potential effect of netting arrangements on an entity's financial position, including the effect or potential effect of rights of setoff associated with certain financial and derivative instruments. The amendments are effective for fiscal years beginning on or after January 1, 2013. The Funds' management is currently evaluating the effect that the guidance may have on their financial statements.

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. 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. 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.

The Board of Trustees has adopted methods for valuing portfolio securities and other financial derivative instruments in circumstances where market quotes are not readily available, and has delegated the responsibility for applying the valuation method to the Investment Manager, and NFJ Investment Group LLC ( NFJ ) and Allianz Global Investors Capital LLC ( AGIC ) (the Sub-Advisers ), affiliates of the Investment Manager. The Valuation Committee has been established by the Board of Trustees to oversee the implementation of each Fund's valuation methods and to make fair value determinations on behalf of the Board of Trustees, as instructed. The Sub-Advisers monitor the continual appropriateness of methods applied and determine if adjustments should be made in light of market changes, events

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

July 31, 2012 (unaudited)

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

affecting the issuer, or other factors. If the Sub-Advisers determine that a valuation method may no longer be appropriate, another valuation method may be selected, or the Valuation Committee will be convened to consider the matter and take any appropriate action in accordance with procedures set forth by the Board of Trustees. The Board of Trustees shall review the appropriateness of the valuation methods and these methods may be amended or supplemented from time to time by the Valuation Committee.

If third party evaluated vendor pricing is neither available nor deemed to be reliable of fair value, the Sub-Advisers may elect to obtain market quotations ( broker-quotes ) directly from a broker-dealer.

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.

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 ( NAV ) 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.

**(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, which may include, but are not limited to, quoted prices for similar assets or liabilities, interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates or other market corroborated inputs.

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- Level 3 valuations based on significant unobservable inputs (including the Sub-Advisers' or Valuation Committee's own assumptions and single source broker quotes in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following are certain inputs and techniques that the Funds generally use to evaluate how to classify each major category of assets and liabilities for Level 2 and Level 3, in accordance with GAAP.

Equity Securities (Common and Preferred Stock) Equity securities traded in inactive markets are valued using inputs which include broker-dealer quotes, recently executed transactions adjusted for changes in the benchmark index, or evaluated price quotes received from independent pricing services that take into account the integrity of the market sector and issuer, the individual characteristics of the security, and information received from broker-dealers and other market sources pertaining to the issuer or security. To the extent that these inputs are observable, the values of equity securities are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Convertible Bonds & Notes Convertible bonds & notes are valued by independent pricing services using various inputs and techniques, which include broker-dealer quotations from relevant market makers and recently executed transactions in securities of the issuer or comparable issuers. The broker-dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds and sector-specific trends. To the extent that these inputs are observable, the values of convertible bonds & notes are categorized as Level 2. To the extent that these inputs are unobservable the values are categorized as Level 3.

Corporate Bonds & Notes Corporate bonds & notes are generally comprised of two main categories: investment grade bonds and high yield bonds. Investment grade bonds are valued by independent pricing services using various

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

July 31, 2012 (unaudited)

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

inputs and techniques, which include broker-dealer quotations, live trading levels, recently executed transactions in securities of the issuer or comparable issuers, and option adjusted spread models that include base curve and spread curve inputs. Adjustments to individual bonds can be applied to recognize trading differences compared to other bonds issued by the same issuer. High yield bonds are valued by independent pricing services based primarily on broker-dealer quotations from relevant market makers and recently executed transactions in securities of the issuer or comparable issuers. The broker-dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds and sector-specific trends. To the extent that these inputs are observable, the values of corporate bonds & notes are categorized as Level 2. To the extent that these inputs are unobservable the values are categorized as Level 3.

Option Contracts Option contracts traded over the counter ( OTC ) are valued by independent pricing services based on pricing models that incorporate various inputs such as interest rates, credit spreads, currency exchange rates and volatility measurements for in-the-money, at-the-money, and out-of-the-money contracts based on a given strike price. To the extent that these inputs are observable, the values of OTC option contracts are categorized as Level 2. To the extent that these inputs are unobservable the values are categorized as Level 3.

The valuation techniques used by the Funds to measure fair value during the six months ended July 31, 2012 maximized the use of observable inputs and minimized the use of unobservable inputs.

The Funds' policy is to recognize transfers between levels at the end of the reporting period. An investment asset's or liability's level within the fair value hierarchy is based on the lowest level input, individually or in 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 techniques used. Assets categorized as Level 1 or 2 as of period end may have been transferred between Levels 1 and 2 since the prior period due to changes in the valuation method utilized in valuing the investments.

A summary of the inputs used at July 31, 2012 in valuing each Fund's assets and liabilities is listed below (refer to the Schedules of Investments for more detailed information on Investments in Securities):

NFJ Dividend, Interest & Premium Strategy:

Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Value at 7/31/12
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<b>Investments in Securities Assets</b>			
Common Stock	\$1,185,316,647		\$1,185,316,647
Convertible Bonds & Notes		\$273,985,212	273,985,212
Convertible Preferred Stock:			
Airlines		5,963,612	5,963,612
Capital Markets		9,749,461	9,749,461
Health Care Providers & Services		2,647,500	2,647,500
Oil, Gas & Consumable Fuels	6,804,657	9,069,156	15,873,813
Road & Rail		11,992,306	11,992,306
All Other	98,117,184		98,117,184
Short-Term Investments		63,195,768	63,195,768
<b>Total Investments in Securities Assets</b>	<b>\$1,290,238,488</b>	<b>\$376,603,015</b>	<b>\$1,666,841,503</b>
<b>Investments in Securities Liabilities</b>			
Call Options Written, at value:			
Market price	\$(18,966,364)		\$(18,966,364)
<b>Total Investments</b>	<b>\$1,271,272,124</b>	<b>\$376,603,015</b>	<b>\$1,647,875,139</b>

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

July 31, 2012 (unaudited)

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

AGIC Equity & Convertible Income:

	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Value at 7/31/12
<b>Investments in Securities Assets</b>				
Common Stock	\$299,892,939			\$299,892,939
Convertible Preferred Stock:				
Airlines		\$2,737,251		2,737,251
Capital Markets	1,536,091	2,735,431	\$556,850	4,828,372
Commercial Banks	2,661,100	2,425,931		5,087,031
Commercial Services & Supplies		1,642,199		1,642,199
Health Care Providers & Services		3,108,165		3,108,165
Oil, Gas & Consumable Fuels	2,083,653	2,255,906		4,339,559
Professional Services		2,563,313		2,563,313
Road & Rail		2,172,545		2,172,545
All Other	34,579,069			34,579,069
Convertible Bonds & Notes		51,609,138		51,609,138
Corporate Bonds & Notes		740,000		740,000
Short-Term Investments		3,719,015		3,719,015
<b>Total Investments in Securities Assets</b>	<b>\$340,752,852</b>	<b>\$75,708,894</b>	<b>\$556,850</b>	<b>\$417,018,596</b>
<b>Investments in Securities Liabilities</b>				
Call Options Written, at value:				
Market price	\$(322,403)			\$(322,403)
<b>Total Investments</b>	<b>\$340,430,449</b>	<b>\$75,708,894</b>	<b>\$556,850</b>	<b>\$416,696,193</b>

At July 31, 2012, NFJ Dividend, Interest & Premium Strategy had no transfers between Level 1 and Level 2 and AGIC Equity & Convertible Income transferred \$23,753 from Level 2 to Level 1 due to the availability of a quoted price in an active market.

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for AGIC Equity & Convertible Income for the six months ended July 31, 2012, was as follows:

Beginning Balance 1/31/12	Purchases	Sales	Accrued Discounts (Premiums)	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation/ Depreciation	Transfers into Level 3	Transfers out of Level 3	Ending Balance 7/31/12
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## Edgar Filing: AGIC Equity & Convertible Income Fund - Form N-CSRS

### Investments in Securities Assets

Convertible Preferred Stock:

Capital Markets	\$744,820	\$(187,970)	\$556,850
<b>Total Investments</b>	<b>\$744,820</b>	<b>\$(187,970)</b>	<b>\$556,850</b>

The net change in unrealized appreciation/depreciation of Level 3 investments which AGIC Equity & Convertible Income held at July 31, 2012, was \$(187,970).

Net change in unrealized appreciation/depreciation is reflected on the Statements of Operations.

NFJ Dividend, Interest & Premium Strategy Fund

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

July 31, 2012 (unaudited)

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

The following table presents additional information about valuation techniques and inputs used for investments that were measured at fair value and categorized as Level 3 at July 31, 2012:

<b>Investments in Securities</b>	Ending Balance at 7/31/12	Valuation Technique Used	Unobservable Inputs	Input values
<b>Assets</b>				
Convertible Preferred Stock:				
Capital Markets	\$556,850	Portfolio manager recommendation	price	\$16.67

**(c) Investment Transactions and Investment Income**

Investment transactions are accounted for on the trade date. Realized gains and losses on investments are determined on an identified cost basis. Interest income adjusted for the accretion of discount and amortization of premium is recorded on an accrual basis. Discounts or premiums on debt securities purchased are accreted or amortized, respectively, to interest income over the lives of the respective securities. Dividend income is recorded on the ex-dividend date. 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 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 Subchapter M 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, 2012. The Funds' federal tax returns for the prior three 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 on the ex-dividend date. The amount of dividends and distributions from net investment

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

income and net realized capital gains is determined in accordance with federal income tax regulations, which may differ from GAAP. 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. At July 31, 2012, it is anticipated that NFJ Dividend, Interest & Premium Strategy will have a return of capital at fiscal year-end.

### **(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 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.

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

July 31, 2012 (unaudited)

**2. Principal Risk**

In the normal course of business, the Funds trade financial instruments and enter 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 also are exposed to other risks such as, but not limited to, interest rate, credit and leverage risks.

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.

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.

The market values of securities may decline due to general market conditions (market risk) 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 that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Equity securities generally have greater market price volatility than fixed income securities.

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. The Funds' Sub-Advisers, NFJ and AGIC, seek to minimize counterparty risks to each applicable Fund by performing reviews of each counterparty and by minimizing concentration of counterparty risk by undertaking transactions with multiple customers and counterparties on recognized and reputable exchanges. Delivery of securities sold is only made once the Funds have received payment. Payment is made on a purchase once the securities have been delivered by the counterparty. The trade will fail if either party fails to meet its obligation.

The Funds are exposed to risks associated with leverage. Leverage may cause the value of the Funds' shares to be more volatile than if the Funds did not use leverage. This is because leverage tends to exaggerate the effect of any increase or decrease in the value of the Funds' portfolio securities. The Funds engage in transactions or purchase instruments that give rise to forms of leverage. In addition, to the extent the Funds employ leverage, dividend and interest costs may not be recovered by any appreciation of the securities purchased with the leverage proceeds and could exceed the Funds' investment returns, resulting in greater losses.

AGIC Equity & Convertible Income holds a convertible security with a Lehman Brothers entity as counterparty at the time the relevant Lehman Brothers entity filed for protection or was placed in administration. This security is valued using a previous sale price.

### **3. Financial Derivative Instruments**

Disclosure about derivatives and hedging activities requires qualitative disclosure regarding objectives and strategies for using derivatives, quantitative disclosure about fair value amounts of gains and losses on derivatives, and disclosure about credit-risk related contingent features in derivative agreements. The disclosure requirements distinguish between derivatives which are accounted for as hedges and those that do not qualify for such accounting. Although the Funds 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.

#### **Option Transactions**

The Funds write (sell) call options on securities and indices to earn premiums, for hedging purposes, risk management purposes or otherwise as part of their investment strategies. When an option is written, the premium received is

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

July 31, 2012 (unaudited)

**3. Financial Derivative Instruments** (continued)

recorded as an asset with an equal liability that is subsequently marked to market to reflect the market value of the option written. These liabilities, if any, are reflected as call options written in the Funds' Statements of Assets and Liabilities. Premiums received from writing options which expire unexercised are recorded, if any, 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 purchase 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. 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.

The following is a summary of the fair valuation of the Funds' derivatives categorized by risk exposure.

The effect of derivatives on the Funds' Statements of Assets and Liabilities at July 31, 2012:

Location	NFJ Dividend, Interest & Premium Strategy	AGIC Equity & Convertible Income
<b>Liability derivatives:</b>		
Call options written, at value, Market Price	\$(18,966,364)	\$(322,403)

The effect of derivatives on the Funds' Statements of Operations for the six months ended July 31, 2012:

Location	NFJ Dividend, Interest & Premium Strategy	AGIC Equity & Convertible Income
<b>Net realized gain (loss) on:</b>		
Call options written, Market Price	\$(30,664,441)	\$(1,109,586)
<b>Net change in unrealized appreciation/depreciation of:</b>		
Call options written, Market Price	\$9,495,119	\$(56,303)

The average volume (measured at each fiscal quarter-end) of derivative activity during the six months ended July 31, 2012 was:

NFJ Dividend, Interest & Premium Strategy	Call Options Written Contracts 60,163
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#### 4. Investment Manager/Sub-Advisers

Each Fund has an Investment Management Agreement (each an Agreement) with the Investment Manager. Subject to the supervision of each Fund's 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, NFJ Dividend, Interest & Premium Strategy pays the Investment Manager an annual fee, payable monthly, at the annual rate of 0.90% of its average daily total managed assets. Pursuant to its Agreement, AGIC Equity & Convertible Income pays the Investment Manager an annual fee, payable monthly, at the annual rate of 1.00% of its average daily total managed assets. Total managed assets refer to the total assets of each Fund (including other forms of leverage that may be outstanding) minus accrued liabilities (other than liabilities representing leverage).

The Investment Manager has retained its affiliates NFJ and AGIC, to manage NFJ Dividend, Interest & Premium Strategy. NFJ manages the equity component and AGIC manages the convertible and index option strategy components. AGIC serves as the sole sub-adviser to AGIC Equity & Convertible Income. Subject to the supervision of the Investment Manager, NFJ and AGIC make all of NFJ Dividend, Interest & Premium Strategy's investment decisions

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

July 31, 2012 (unaudited)

**4. Investment Manager/Sub-Advisers** (continued)

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's investment decisions. Pursuant to Sub-Advisory Agreements, the Investment Manager and not the Funds, pays a portion of the fees it receives as Investment Manager to the Sub-Advisers in return for their services.

**5. Investments in Securities**

For the six months ended July 31, 2012, purchases and sales of investments, other than short-term securities were as follows:

	NFJ Dividend, Interest & Premium Strategy	AGIC Equity & Convertible Income
Purchases	\$383,253,316	\$284,506,875
Sales	480,787,689	287,340,475

(a) Transactions in call options written for the six months ended July 31, 2012:

NFJ Dividend, Interest & Premium Strategy:	Contracts	Premiums
Options outstanding, January 31, 2012	62,685	\$14,705,028
Options written	179,485	50,054,616
Options terminated in closing purchase transactions	(85,865)	(21,409,659)
Options expired	(96,640)	(27,161,730)