

# Nicholas-Applegate Equity & Convertible Income Fund<sup>1</sup> (NIE)

## Description

Seeks total return comprised of capital appreciation, current income and gains.

## Fund Inception Date

February 27, 2007

## Total Fund Assets (in millions)

\$415.9

## Management Firm

Nicholas-Applegate Capital Management (NACM)

## Portfolio Managers

Douglas Forsyth, Justin Kass & Michael E. Yee

## Dividend Frequency

Quarterly

## Net Asset Value (NAV) / Market Price at Inception

\$23.83 / \$25.00

## NAV / Market Price (as of 3/31/10)

\$18.65 / \$16.91

## High / Low Ranges (52-Week)

High / Low NAV \$19.01 / \$13.00

High / Low Market Price \$17.21 / \$10.80

## Premium / (Discount) to NAV

-9.33%

## Fund Data (Common Shares)

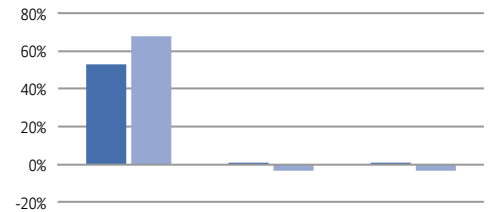
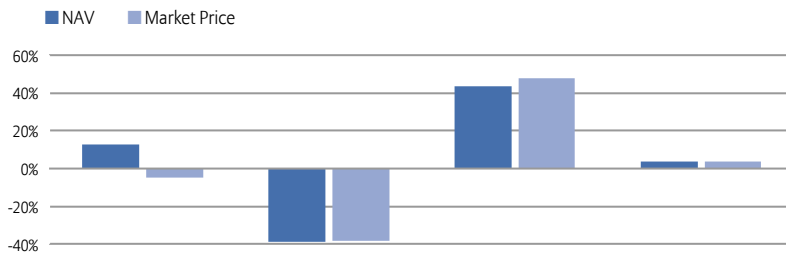
Shares Outstanding 22,304,189

Average Daily Volume 80,417

## Fund Highlights

- Under normal circumstances, the Fund will invest at least 80% of its net assets (plus any borrowings for investment purposes) in a combination of equity securities (the "Equity Component") and income-producing convertible securities (the "Convertible Component").
- The Equity Component may vary from 40-80% and the Convertible Component may vary from 20-60% of its assets.
- Typically employs a strategy of writing (selling) call options on the stocks held in the Equity Component, generally with respect to approximately 70% of the value of each stock position (the "Option Strategy"). The extent to which the fund uses this strategy will vary depending on market conditions and other factors. This strategy is intended to generate current gains from options premiums as a means to enhance distributions payable to the Fund's shareholders and to reduce overall portfolio risk.

## Performance and Dividend Analysis—Common Shares



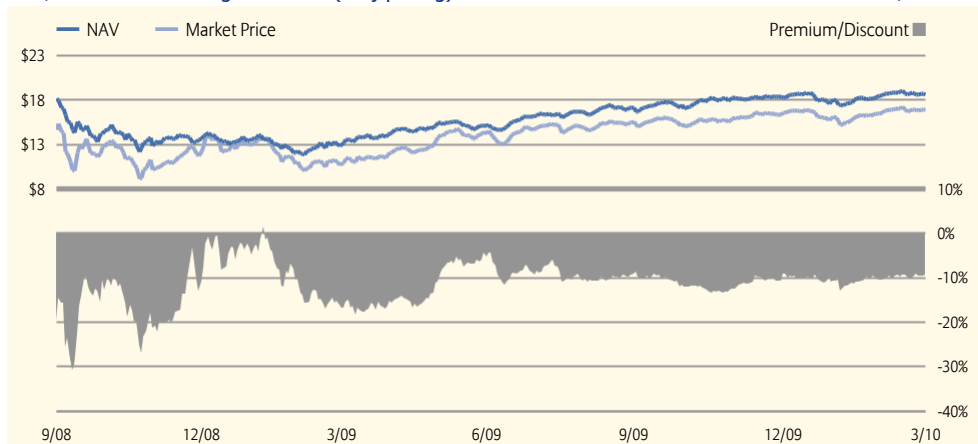
## Calendar Year Returns

	'07 <sup>2</sup>	'08	'09	YTD
NAV	12.5%	-38.5%	43.7%	3.8%
Market Price	-4.3%	-37.7%	47.7%	3.8%

## Average Annual Returns

	1-yr	3-yr	Inception
NAV	53.07%	0.60%	1.02%
Market Price	67.96%	-2.90%	-2.87%

## NAV/Market Price-Trailing 18 Months (daily pricing)



## Fund Premium/Discount

## Current Yield

Market Price Yield (%)	6.62
NAV Yield (%)	6.01

## Distribution History (last six payments)

Declaration Date	Type	Amount Per Share
3/12/10	Dividend	\$0.2800
12/18/09	Dividend	\$0.2800
9/11/09	Dividend	\$0.2800
6/12/09	Dividend	\$0.2800
3/13/09	Dividend	\$0.2800
12/19/08	Dividend	\$0.5625

## Investment Products

Not FDIC Insured | May Lose Value | Not Bank Guaranteed

Visit [www.allianzinvestors.com](http://www.allianzinvestors.com) for more information.

**Past performance is no guarantee of future results.** An investment in the Fund involves risk, including loss of principal. Investment return and the value of shares will fluctuate. Returns are calculated by determining the percentage change in net asset value (NAV) or market share price (as applicable) with all distributions reinvested. The Fund's 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 distributions. The returns do not reflect broker sales charges or commissions. NAV is total assets less total liabilities divided by the number of shares outstanding. This material is presented only to provide information and is not intended for trading purposes. The Fund is a closed-end exchange traded management investment company. A closed-end fund, unlike an open-end fund, is not continuously offered. After the initial public offering, shares are sold on the open market through a stock exchange. Additional information regarding the Fund can be found in the Fund's most recent shareholder report. Distributions may include ordinary income, net capital gains, and/or return of capital. Refer to the most recent Section 19 Notice, if applicable, for distribution composition information. Distribution rates are subject to change and are not a quotation of Fund performance. For the period covered by the most recent shareholder report, the expense ratio is 1.11%.

2. The performance for the year of the Fund's inception is the cumulative return over a partial year.

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Equity Portfolio Analysis		Convertible Portfolio Analysis		Overall Portfolio Analysis	
<b>Top Five Sectors</b>		<b>Top Five Sectors</b>		<b>Covered Call Breakdown (Since Inception)</b>	
Information Tech.	30%	Pharmaceuticals	11%	Weighted Average Strike Distance (%)	4.90
Health Care	15%	Real Estate Investment Trusts (Reits)	10%	Weighted Average Duration	25.8 days
Industrials	12%	Commercial Services/Supplies	9%	% of Equity Covered	69.7
Consumer Staples	9%	Diversified Financial Services	6%	% of Portfolio Covered	50.1
Consumer Disc.	9%	Food Products	6%		
<b>Top Ten Holdings as of 3/31/10</b>		<b>Top Ten Holdings as of 3/31/10</b>		<b>Investment Breakdown</b>	
FREEPORT-MCMORAN COP (FCX)	2.9%	STANLEY WORKS CPR	1.2%	Equity	71.9%
COCA COLA CO (KO)	2.7%	MAXTOR CORP	1.2%	Convertible	23.5%
CISCO SYS INC (CSCO)	2.7%	BOWNE & CO INC 6.0 10/01/33 STP CPN	1.1%	High Yield	2.3%
GOOGLE INC (GOOG)	2.6%	AES TRUST III CPR	1.1%	Liquidity	1.9%
ORACLE SYSTEMS CORP (ORCL)	2.6%	BANK OF AMERICA CORP CPR	1.0%	Fixed Income	0.5%
MCKESSON HBOC INC (MCK)	2.5%	JA SOLAR HOLDINGS CO LTD	0.9%	Derivatives	-0.1%
PROCTER & GAMBLE CO (PG)	2.5%	FELCOR LODGING TRUST CPR	0.9%		
MICROSOFT CORP (MSFT)	2.5%	BUNGE LTD CPR	0.8%	<b>Statistics</b>	
INTEL CORP (INTC)	2.5%	UNITED RENTALS TRUST CPR	0.8%	Average Coupon Rate (%)	5.62
OCCIDENTAL PETE CORP (OXY)	2.5%	ALLIANCE DATA SYSTEMS CO	0.7%	Average Convertible Yield (%)	3.40
				Standard Deviation of NAV	19.42
				Standard Deviation of Market Price	25.00

## Portfolio Management

### Nicholas-Applegate Capital Management (NACM)

Nicholas-Applegate believes that investing in companies undergoing positive change with sustainable characteristics and timely market recognition will result in outstanding investment performance. This investment approach is supported by a foundation of academic research in behavioral finance indicating that investors react inefficiently to changing information. This market inefficiency presents mispricing opportunities that the firm capitalizes on to earn excess return.

### Portfolio Managers

**Douglas Forsyth**, a CFA, is a Managing Director, Senior Portfolio Manager and a member of NACM's Executive Committee. He oversees the firm's Income and Growth Strategies team. Prior to joining the firm in 1994, he worked for AEGON USA. He has a B.B.A. from the University of Iowa.

**Justin Kass**, Managing Director, joined NACM in 2000 with responsibilities for portfolio management and research on the firm's Income and Growth Strategies team. Mr. Kass earned his M.B.A. in finance from The UCLA Anderson School of Management and his B.S. from the University of California, Davis.

**Michael E. Yee** Senior Vice President and Portfolio Manager, joined NACM in 1995, with responsibilities for portfolio management and research on the firm's Income and Growth Strategies team. Mr. Yee earned his M.B.A. from San Diego State University and his B.S. from the University of California, San Diego.

### Investment Process

#### Equity Component

The Fund's manager ordinarily looks for strong fundamental characteristics including, among others: above-average earnings growth, high return on invested capital, a healthy or improving balance sheet, strong competitive advantages, and development of new technologies.

#### Convertible Component

The Fund's manager evaluates each security's potential for capital appreciation, using techniques that focus on the security's equity characteristics as described above. The manager also uses traditional credit analysis in evaluating each convertible security's investment characteristics as an income-producing security.

#### Option Strategy

For the Option Strategy, individual equity call options are generally written 5%-10% "out of the money" to retain the upside potential up to the respective strike price.

1. Effective August 25, 2010, the name of this fund will change to AGIC Equity & Convertible Income Fund.

**Past performance is no guarantee of future results.** Holdings are subject to change daily. The use of leverage may cause a Fund to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet segregation requirements. This may cause a Fund to be more volatile, which may increase the risk of investment loss. This Fund may use derivative instruments for hedging purposes or as part of its investment strategy. Use of these instruments may involve certain costs and risks such as liquidity risk (the risk that illiquid securities may not be able to be sold at an advantageous time or price), interest rate risk (the risk that the value of fixed-income securities will decline if interest rates rise), market risk (the risk that the market price of securities may go up or down, sometimes rapidly or unpredictably), credit risk (the risk that the counterparty to a derivatives contract, repurchase agreement or a loan of portfolio securities, may be unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations), management risk (the risk that investment management decisions may not produce the desired results) and the risk that a fund could not close out a position when it would be most advantageous to do so. Portfolios investing in derivatives could lose more than the principal amount invested in those instruments. Investing in convertibles may entail risk. Funds that invest in convertibles may have to convert before they would otherwise, which may have an adverse effect on the Fund's ability to achieve its investment objective. High-yield bonds typically have a lower credit rating than other bonds. Lower rated bonds generally involve a greater risk to principal than higher rated bonds. The fund may invest in non-U.S. securities which entails additional risks, including political and economic risk and the risk of currency fluctuations; these risks may be enhanced in emerging markets.

Strike Distance measures the difference between the strike price of an option and the market price of the underlying security or index. The Duration of an option is the time period between the purchase (or sale) of the call option and the expiration of that call option. Weighted Average Strike Distance and Weighted Average Duration are weighted averages of all call options sold by the Fund (since inception). Standard deviation is an absolute measure of volatility measuring dispersion about an Average which, for an index, depicts how widely the returns varied over a certain period of time. The greater the degree of dispersion, the greater the risk.

Allianz Global Investors Fund Management LLC serves as the Fund's investment manager, and the sub-advisor is Nicholas-Applegate Capital Management (NACM). Visit [www.allianzinvestors.com](http://www.allianzinvestors.com) for more information.