

Nicholas-Applegate International & Premium Strategy Fund¹ (NAI)

Description

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

Fund Inception Date

April 29, 2005

Total Fund Assets (in millions)

\$144.6

Management Firm

Nicholas-Applegate Capital Management (NACM)

Portfolio Managers

Steven Tael, Kunal Ghosh & Michael E. Yee

Dividend Frequency

Quarterly

Net Asset Value (NAV) / Market Price at Inception

\$23.88 / \$25.00

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

\$14.65 / \$16.03

High / Low Ranges (52-Week)

High / Low NAV \$15.76 / \$11.51
High / Low Market Price \$17.09 / \$9.70

Premium / (Discount) to NAV

9.42%

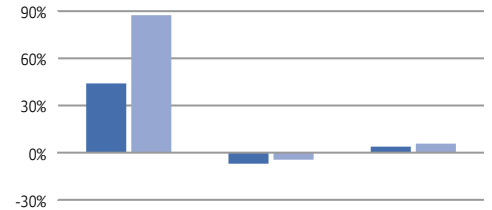
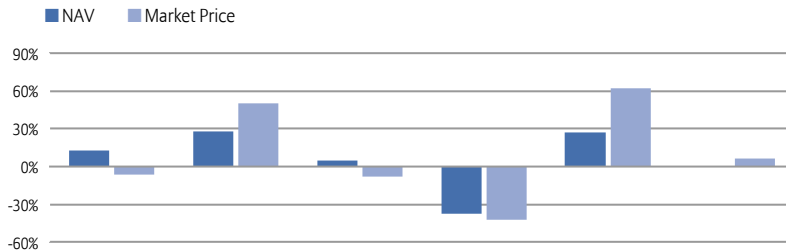
Fund Data (Common Shares)

Shares Outstanding 9,873,169
Average Daily Volume 53,316

Fund Highlights

- Ordinarily invests substantially all of its total assets in a diversified portfolio of equity securities of non-U.S. companies (the "Equity Component").
- Employs a strategy of writing (selling) call options (the "Option Strategy") on individual stocks held in the Equity Component and on equity indexes, generally with respect to approximately 70% of the value of the corresponding securities in the international equity portfolio. 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.
- Equity Component will ordinarily be focused primarily in companies located within the developed countries represented by the MSCI EAFE Index.

Performance and Dividend Analysis—Common Shares



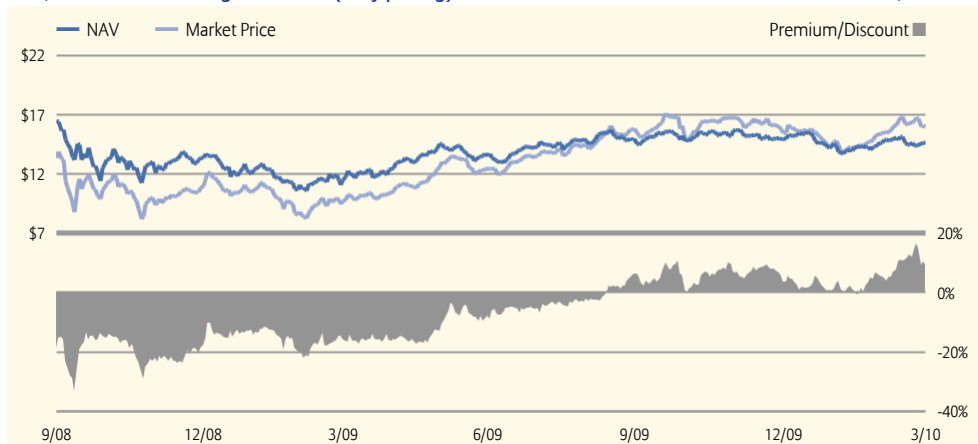
Calendar Year Returns

	'05 ²	'06	'07	'08	'09	YTD
NAV	12.7%	27.9%	4.8%	-37.0%	27.3%	1.1%
Market Price	-5.3%	50.3%	-7.3%	-41.7%	62.0%	6.7%

Average Annual Returns

	1-yr	3-yr	Inception
NAV	44.21%	-6.27%	4.21%
Market Price	87.44%	-3.84%	5.94%

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



Fund Premium/Discount

Current Yield

Market Price Yield (%)	11.48
NAV Yield (%)	12.56

Distribution History (last six payments)

Declaration Date	Type	Amount Per Share
3/12/10	Dividend	\$0.46
12/18/09	Dividend	\$0.46
9/11/09	Dividend	\$0.46
6/12/09	Dividend	\$0.46
3/13/09	Dividend	\$0.46
12/19/08	Dividend	\$0.46

Investment Products

Not FDIC Insured | May Lose Value | Not Bank Guaranteed

Visit 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. The Fund will invest its net assets (plus any borrowings for investment purposes) in dividend-paying or other income-producing equity securities including common stock, preferred stock and other equity-related securities, such as debt instruments and preferred stocks convertible into common stock and related synthetic instruments. The Fund may also invest in non-U.S. securities other than ADRs, including emerging market securities. Investing in non-U.S. securities may entail risk due to foreign economic and political developments; this risk may be enhanced when investing in emerging markets. The convertible component will ordinarily consist of convertible securities, including synthetic convertible securities, and may include convertible securities that are of below investment grade quality. Funds that invest in convertibles may have to convert the securities before they would otherwise, which may have an adverse effect on the Fund's ability to achieve its investment objective. High-yield securities typically have a lower credit rating than other securities which generally involves a greater risk to principal. 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. Closed-end funds, unlike open-end funds, are 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 1.23%.

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

Nicholas-Applegate International & Premium Strategy Fund¹ (NAI)

Equity Portfolio Analysis

Top Five Sectors		Top Five Countries	
Financials	21%	United Kingdom	28%
Industrials	15%	Japan	17%
Consumer Staples	11%	Australia	9%
Materials	11%	Switzerland	8%
Telecomm. Services	10%	Spain	8%

Top Ten Holdings as of 3/31/10		Statistics	
TELEFONICA SA (SPAIN)	3.6%	P/E Ratio	12.8
ZURICH FINANCIAL SERVICES AG (SWITZ.)	3.0%	P/B Ratio	1.7
CSL LTD (ASTRL.)	2.9%	Median Market Cap (in billions)	15.4
UNILEVER PLC (U.K.)	2.7%	Issues in Portfolio	107
COMMONWEALTH BANK OF AUSTRALIA	2.5%	Foreign Holdings (%)	99.2
VODAFONE GROUP PLC (U.K.)	2.5%	Cash (%)	0.8
BANCO SANTANDER SA (SPAIN)	2.4%		
ASTRAZENECA PLC (U.K.)	2.1%		
ROYAL DUTCH SHELL PLC (U.K.)	2.0%		
BP PLC (U.K.)	2.0%		

Overall Portfolio Analysis

Investment Breakdown	
Equity	99.2%
Liquidity	0.8%

Statistics	
Standard Deviation of NAV	21.79
Standard Deviation of Market Price	29.24

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

Steven Tael is a Vice President and Portfolio Manager at Nicholas-Applegate. Before joining the firm in 2005, Mr. Tael was a Research Analyst at Mellon Capital Management and a Systems Engineer for Bank of America. He holds a Ph.D. in applied mathematics and statistics from the SUNY at Stony Brook.

Kunal Ghosh joined NACM as a Senior Vice President and Portfolio Manager in 2006. Prior to that Mr. Ghosh was a Portfolio Manager at Barclays Global Investors and a Quantitative Analyst for the Cayuga Hedge Fund. He also worked for several years as an engineer at Delphi Corporation.

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

For the Equity Component, the Fund uses a systematic investment process to identify non-U.S. companies poised to benefit from positive change, with sustainable fundamentals and timely market recognition. Through a dynamic set of quantitative factors, the Fund uses a proprietary global equity model to generate stock, sector country and currency recommendations from an investment universe composed primarily of companies located within the developed countries represented by the MSCI EAFE Index. The resultant investment ideas are reviewed by the portfolio management team to confirm the investment thesis before final purchase. Model overrides are performed when deemed necessary and the model is rerun to find the optimal alternative. The Fund's risk-management system reviews portfolios daily, using both attribution and performance analysis.

With the Call Option Strategy, individual equity call and index options are generally written 5%–10% "out of the money" to retain the optimal potential upside participation and maximum income potential. The average duration of the options range 30 to 60 days.

1. Effective August 25, 2010, the name of this fund will change to AGIC International & Premium Strategy Fund.

Past performance is no guarantee of future results. Holdings are subject to change daily. The Fund will employ its index option strategy by writing (selling) call options on equity indexes such that the underlying value of the indexes are approximately equal to and do not exceed the value of the equity component of the Fund. The Fund may also utilize other derivative strategies involving call and put options, futures and forward contracts, swap agreements, short sales and other derivative instruments in an attempt to hedge against market and other risks in the portfolio. 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.

P/E is a ratio of security price to earnings per share. Typically, an undervalued security is characterized by a low P/E ratio, while an overvalued security is characterized by a high P/E ratio. P/B is a ratio of the current stock price to the book value. This is used to identify undervalued stocks. 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 for more information.