

Allianz NACM Global Equity 130/30 Fund

A portfolio holding the manager’s best ideas for long and short equity positions, including long positions seeking stocks with greater than average growth rates.



Pedro Marcal
Portfolio Manager

A global stock fund can play an important role in a balanced portfolio, providing long-term growth potential and diversification benefits, which can help moderate overall risk. Traditional global stock funds are “long only”: Managers invest exclusively in companies whose share prices they expect to appreciate over time. However, in today’s sometimes-volatile market, a long-only fund may limit a manager’s opportunity set. **Allianz NACM Global Equity 130/30 Fund**, while primarily a long fund, offers an important difference—an added potential source of return in the form of “short-selling,” a strategy that attempts to identify stocks whose values are expected to decline.

Short-selling: In taking a “short” position an investor—here, the fund manager—borrows securities and sells them in the open market hoping they will subsequently decrease in value. If they do, the investor can later buy them back at a lower price, keeping the difference as profit.

What is the Fund’s strategy?

Managed by Nicholas-Applegate, Allianz NACM Global Equity 130/30 Fund employs a long/short strategy. Specifically, the manager starts by seeking stocks expected to exceed market estimates for earnings growth—the long positions. The manager then takes short positions on approximately 30% of the value of the portfolio, borrowing and selling stocks in which Nicholas-Applegate has a strong negative conviction. The manager uses all of the proceeds from the short sales to purchase additional long positions. This creates the potential to boost returns by giving the fund 130% exposure to the long positions and 30% exposure to the short positions, hence “130/30.”

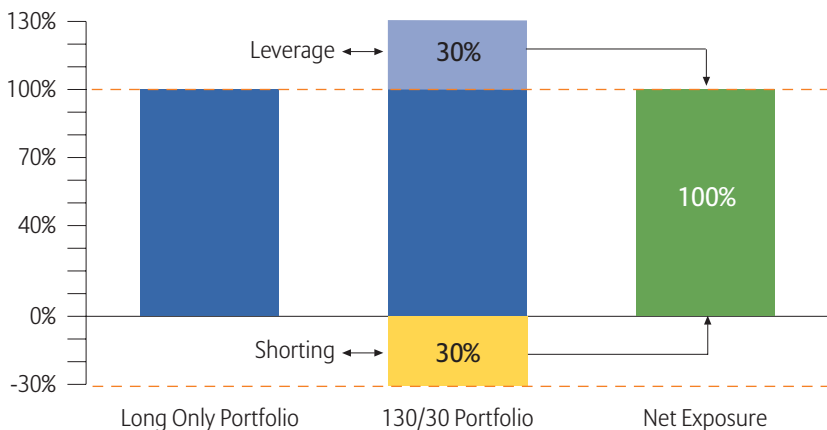
Research by Nicholas-Applegate and others has determined that this 130/30 ratio helps the Fund manager create a highly efficient long/short portfolio—in other words, potentially it offers a strong balance of risk and reward. If the short positions underperform, and the long positions outperform, the portfolio should add value relative to a long-only strategy. Of course, investors should also keep in mind that if the reverse situation occurs, the fund may incur significant losses.

What is the Fund’s investment/research process?

Nicholas Applegate’s Global Equity 130/30 team applies a bottom-up, growth-oriented investment process to a broad opportunity set—an investable universe of 7,000 global companies. The team typically employs three criteria: positive change (improving fundamentals); sustainability (longevity of improving fundamentals); and timeliness (belief that the market will soon reward the trend). The team meets with Nicholas-Applegate’s other portfolio managers and global sector analysts to discuss companies that are current positions or potential positions in the portfolio.

How Allianz NACM Global Equity 130/30 Fund Works

The Fund manager can short 30% of the portfolio’s investments and use the proceeds to buy an additional 30% of long positions, giving the Fund 130% long exposure.



Nicholas-Applegate is particularly suited to employing a 130/30 strategy because the same disciplined research process it employs to identify companies it believes will outperform also allows it to identify companies with dimmer prospects. By utilizing the firm's combined global resources, it narrows a list of investment candidates to 65-130 companies for long-side exposure and 40-70 companies for short-side exposure.

Why invest in the Fund?

There are a number of reasons an investor might consider the Fund:

- Potentially improves the risk/reward balance of a portfolio by serving as a complement to conventional long-only stock investments.
- Enhances return potential in both up and down markets due to the Fund's ability to take both long and short positions.

What are the risks?

Like any stock fund, Allianz NACM Global Equity 130/30 Fund involves the risk that its long positions will not appreciate in price as expected. As a long-short fund, however, it involves another specialized risk: Because shorting is the sale of borrowed shares, it can generate significant, potentially unlimited losses if the stock dramatically outperforms between the date it is sold short and the date the short is covered. Investors should consider this risk when deciding whether the Fund is appropriate for their portfolios.

Who is the portfolio manager of the Fund?

Pedro Marcal is a senior vice president and portfolio manager for Nicholas-Applegate, which he joined in 1994. During his tenure he has been instrumental in forming the firm's global equity strategy, including a seven-year term as lead portfolio manager of the firm's emerging countries strategies.

How can I learn more?

Ask your financial advisor for more information, including a copy of the prospectus. You can also call **Allianz Global Investors** at **1-888-877-4626** or visit www.allianzinvestors.com.

Allianz NACM Global 130/30 Equity Fund Quick Facts		
Objective: Seeks long-term capital appreciation.	Approximate Number of Holdings: 65-130 long positions / 40-70 short positions	Role in an investor's portfolio: <ul style="list-style-type: none"> ■ Specialized growth investment may provide greater return potential than a traditional long-only stock fund, albeit with additional risk ■ May enhance diversification through exposure to stocks around the globe unconstrained by country, sector or capitalization allocation. ■ Taking both long and short positions may make the Fund adaptable to both up and down markets.
Primary Portfolio: Global equities largely unconstrained by country, sector or capitalization allocation.	Investment Firm: Nicholas-Applegate	
Fund Inception: 7/15/08	Portfolio Manager: Pedro Marcal Symbol / CUSIP Class A: AGEAX /01900A767 Class C: AEGCX/01900A759	

Investors should consider the investment objectives, risks, charges and expenses of this Fund carefully before investing. This and other information is contained in the Fund's prospectus, which may be obtained by contacting your financial advisor, by visiting www.allianzinvestors.com or by calling 1-888-877-4626. Please read this prospectus carefully before you invest or send money.

The Fund's investments in non-U.S. securities may be subject to more rapid and extreme changes in value. Non-US markets may be subject to greater political risks of instability and currency fluctuations. Emerging markets may involve these risks to a higher degree, and they may also be more speculative. The Fund's investments in smaller companies and IPOs may involve limited trading histories, and these securities can be highly volatile. The Fund may invest in derivative instruments. Derivatives may involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, and management risk. Derivatives investments can lose more than the principal amount invested.

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