

Allianz OCC Equity Premium Strategy Fund

A large-cap core holding that uses covered calls in an attempt to enhance income and reduce volatility.



Robert Urquhart
Portfolio Manager



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Portfolio Manager

Large-cap stocks can be a sound core holding in a diversified portfolio because of their historically strong long-term potential for both growth and dividend income. Allianz OCC Equity Premium Strategy Fund takes this traditional equity investment a step further. In an attempt to enhance current income and reduce overall portfolio volatility, the Fund employs a strategy of writing (selling) call options on securities held in its portfolio.

What is the Fund's Strategy?

Allianz OCC Equity Premium Strategy Fund invests primarily in large-cap equity securities. The Fund's portfolio managers look for 1) companies that exhibit strong earnings growth relative to their current price-to-earnings (P/E) ratio or other valuation measures; 2) companies whose underlying value or growth potential is not yet reflected in the current stock price; and 3) companies that have strong operating fundamentals. The Fund then employs a strategy of writing call options on securities in this equity portfolio, ordinarily representing 50%–90% of its net assets.

What are covered call options?

A covered call option gives its buyer the right to purchase a given amount of stock owned by the seller (in this case, the Fund) at a specified price within a specified period of time. Should the stock not reach this "strike" price before the option expires, the seller keeps the buyer's money, or "premium," which

represents income for the Fund. However, if the stock reaches the strike price before the option expires, and the buyer purchases the stock at the prearranged price, the seller must "cover" the option with its own shares of stock. Using covered calls gives the seller potential for income while helping to manage volatility. Note that a covered call also limits the seller's participation in the underlying stock's upside potential and does not protect the investor from loss if the stock's price declines.

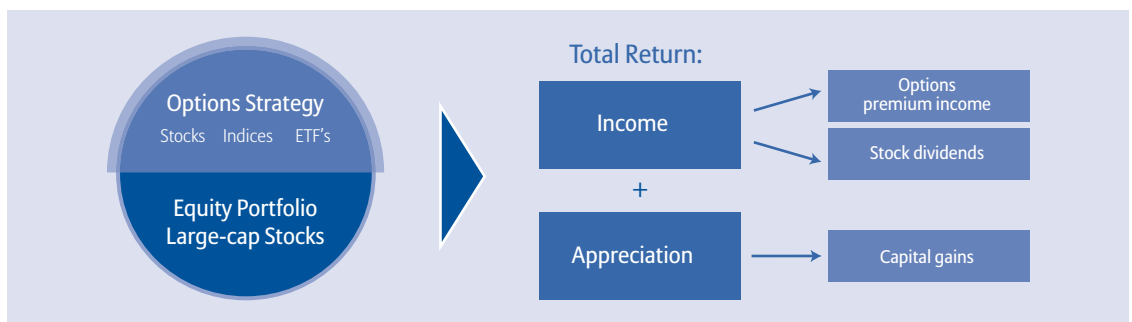
How are covered call options typically used by the Fund?

When the Fund's managers are concerned about substantial volatility in the overall market, a particular sector or an individual stock, they can use this option strategy in a number of ways, including:

- Writing calls on securities that appear vulnerable to a short-term decline so that the premiums received potentially offset some of the volatility.
- Writing options on indices or exchange-traded funds to capture attractive yields when overall market volatility is expected to be high (since premiums go up along with volatility). At the same time they may write fewer calls on individual holdings to fully participate in their capital appreciation potential.

How Allianz OCC Equity Premium Strategy Fund Works

The Fund manages its equity portfolio for capital appreciation potential. It also seeks to generate income via dividends and through its strategy of writing covered call options on stocks held in its portfolio.



Does the Fund favor growth or value stocks?

The Fund focuses on large-cap stocks without specifically targeting growth or value issues. Through fundamental research, the portfolio managers seek to identify companies with strong franchise value, superior management and healthy balance sheets. In addition, they consider companies that may exhibit enhanced earnings or cash flow through cost reductions, asset sales, restructuring or the redeployment of financial assets.

How does the Fund manage risk?

The portfolio is fully diversified, and the Fund's managers constantly monitor portfolio holdings to gain a complete understanding of the risks they are taking and how well they expect to be compensated for taking them.

Why might the Fund be a good long-term investment?

The Fund seeks to identify companies it believes have the greatest mispricings in the market and aggregate them into an efficient, risk-managed portfolio. This helps the Fund function as a long-term, large-cap portfolio holding in many market environments. Further, in volatile or low-return

stock environments, the Fund can also employ its option strategy to earn income from receipt of covered call and index option premiums. The Fund is best used in tax-deferred accounts because any income earned from the covered call option strategy is treated as a capital gain, and thus taxable at potentially higher capital gains tax rates.

Who manages the Fund?

The Fund's equity portfolio is managed by Robert Urquhart, a Managing Director and Senior Portfolio Manager for Oppenheimer Capital (OCC). The option strategy is managed by Stephen Bond-Nelson, a Portfolio Manager who manages several options strategies. In addition to Allianz OCC Equity Premium Strategy Fund, Oppenheimer Capital (OCC) provides a broad range of equity investment strategies for both institutional and individual investors. Founded in 1969, the firm has more than \$22.4 billion in assets under management as of December 31, 2007.

How can I learn more?

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

Allianz OCC Equity Premium Strategy Fund Quick Facts

Objective: Long-term growth of capital and current income by investing in large-cap stocks and using a covered-call writing strategy

Primary Portfolio: Large-cap stocks

Fund Inception: December 28, 1994

Approximate Number of Holdings: 40–80

Investment Firm: Oppenheimer Capital

Portfolio Managers: Robert Urquhart and Stephen Bond-Nelson

Symbol/CUSIP:

Class A: PGRAX / 018918383 Class C: PGNCX / 018918409

Class B: PGRBX / 018918391 Class R: PGIRX / 018918425

Role in an Investor's Portfolio:

- A large-cap core holding that offers potential for long-term growth and income generation.
- Employs an option strategy that may enhance current income and help reduce volatility relative to the S&P 500.
- A sound choice for use in a tax-deferred account.

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 will invest primarily in a portfolio of dividend-paying common stocks selected for their potential for capital growth. The Fund will also employ a strategy of writing (selling) call options on securities held in its equity portfolio and, to a lesser extent, on equity indexes and exchange traded funds (ETFs), ordinarily representing a large portion of the Fund's net assets. This Option Strategy is designed to generate gains from options premiums in an attempt to enhance the Fund's cash flow available for distribution to shareholders and to reduce overall portfolio risk. However, there is no assurance that the call option strategy will achieve its objectives. The Fund may invest in foreign securities, may invest without limit in American Depositary Receipts (ADRs), and may utilize other derivative instruments not previously mentioned. Use of derivative instruments may involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk 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 these instruments. 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.

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