

NFJ DIVIDEND, INTEREST & PREMIUM STRATEGY FUND
Form N-CSR
April 05, 2010

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 811-21417

NFJ Dividend, Interest & Premium Strategy Fund

(Exact name of registrant as specified in charter)

1345 Avenue of the Americas, New York,

New York 10105

(Address of principal executive offices)

(Zip code)

Lawrence G. Altadonna - 1345 Avenue of the Americas, New York, New York 10105

(Name and address of agent for service)

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

Date of fiscal year end: January 31, 2010

Date of reporting period: January 31, 2010

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office

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of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-2001. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

NFJ Dividend, Interest & Premium Strategy Fund

Nicholas-Applegate Equity & Convertible Income Fund

Annual Report
January 31, 2010

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**NFJ Dividend, Interest & Premium Strategy Fund
Nicholas-Applegate Equity & Convertible Income Fund Letter to Shareholders**

March 15, 2010

Dear Shareholder:

Please find enclosed the annual report for NFJ Dividend, Interest & Premium Strategy Fund and Nicholas-Applegate Equity & Convertible Income Fund (collectively the Funds) for the fiscal year ended January 31, 2010.

U.S. stocks advanced solidly during the fiscal period as investors moved capital into stocks and corporate bonds and away from lower yielding government bonds. The Russell 3000 Index, a broad measure of U.S. stock market performance, gained 35.05% during the twelve-month period. The Russell 1000 Value Index, a measure of large-cap value-style stocks, returned 31.44%; while its growth-style counterpart, the Russell 1000 Growth Index, advanced 37.85%. Convertible securities also rallied, as the Merrill Lynch All Convertibles Index advanced 46.62% during the twelve months ended January 31, 2010.

The Federal Reserve held the Federal Funds Rate, the key target rate on loans between member banks, to a historically low target range of 0.00% to 0.25% during the period and pursued other initiatives designed to inject liquidity into the financial system. Under its policy of quantitative easing, the U.S. monetary authority purchased large amounts of securities (such as mortgage-backed securities and U.S. Treasuries) from commercial banks to encourage lending to consumers and businesses.

Please refer to the following pages for specific information on the Funds. 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. You may also find a wide range of information and resources on our Web site, www.allianzinvestors.com/closedendfunds.

Together with Allianz Global Investors Fund Management LLC, the Funds investment manager, and NFJ Investment Group LLC, Nicholas-Applegate Capital Management LLC and Oppenheimer 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 & Chief Executive Officer

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NFJ Dividend, Interest & Premium Strategy Fund Fund Insights

January 31, 2010 (unaudited)

For the fiscal year ended January 31, 2010, the NFJ Dividend, Interest & Premium Strategy Fund returned 27.38% on net asset value and 17.31% on market price.

U.S. equities advanced during the period. Among large cap value stocks, as represented by the Russell 1000 Value Index, all sectors posted positive returns. Index constituents in the recovering financials and consumer discretionary sectors contributed most significantly to overall gains for the index. On average, utility and energy companies underperformed the benchmark return.

In energy, a gradual rise in crude oil prices during the period served to push share prices higher for exploration and production companies and for oilfield services firms. This benefited NFJ's equity positions in offshore oil contractor Diamond Offshore Drilling and oilfield services firm Halliburton. Production-oriented energy company stocks are typically more sensitive to changes in energy commodity prices than are those of the larger, more vertically integrated refining and retail distribution companies. The Fund's underweighting of integrated oil companies contributed to performance relative to the Russell 1000 Value Index for the period.

In telecommunications, a position in wireless communications tower operator Crown Castle benefited performance relative to the Russell 1000 Value Index. During the period, the company delivered steady returns, outperforming the larger telecommunications services providers that waged a pitched battle for market share throughout the period.

In the equity portion of the portfolio, underweight positions in financials and materials detracted from performance.

After a solid fourth quarter in 2009, the convertible index enjoyed the best-performing year in history. The rally was constructive for the market, as it continued across all industries and qualities. Speculative grade issuers led performance over the time period and smaller-capitalized companies continued to outperform their large- and mid-cap counterparts. While the underlying equity is starting to become a bigger driver of convertible performance, credit was the primary driver of convertible returns during the period.

In addition to broad economic statistics and technical factors such as access to capital, corporate profits took center stage. Quarterly earnings reports were generally better than expected for the last two quarters of 2009. Initially, many companies performed better than they may have if not for more than a year of cost cutting initiatives. As the year progressed, demand emerged.

In 2009, \$37.2 billion was raised in the convertible new issuance market. In the first half of 2009, many companies accessed the corporate debt markets instead of the convertible markets in order to avoid shareholder dilution at depressed stock prices. As the equity markets gained during the second half of 2009, convertible new issuance increased.

The Fund's positions in the Automotive, Energy and Technology industries contributed to performance during the period. Automotive companies benefited from improved consumer demand and continued cost cutting. Ford Motor was a beneficiary. Energy companies were positive over the time period, as earnings and margins came in ahead of expectations. Chesapeake Energy and Whiting Petroleum benefited. Financial issuers Bank of America, Fifth Third Bancorp and Citigroup advanced as the companies improved their balance sheets and credit metric improved over the course of the year.

The Fund's positions in the Healthcare and Utility industries hindered relative performance during the reporting period due to rotation into higher beta industries.

NFJ Dividend, Interest & Premium Strategy Fund

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NFJ Dividend, Interest & Premium Strategy Fund Performance & Statistics

January 31, 2010 (unaudited)

Total Return⁽¹⁾:	Market Price	Net Asset Value (NAV)
1 year	17.31%	27.38%
3 year	(10.53)%	(5.60)%
Commencement of Operations (2/28/05) to 1/31/10	(2.83)%	1.17%

Market Price/NAV Performance:

Commencement of Operations (2/28/05) to 1/31/10

Market Price
NAV

Market Price/NAV:

Market Price	\$ 14.50
NAV	\$ 17.30
Discount to NAV	(16.18)%
Market Price Yield ⁽²⁾	4.14%

**Investment Allocation
(as a percentage of total investments
before call options written)**

(1) **Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in net asset value (NAV) or market price (as applicable) in the specified period. The calculation assumes that all income dividends and capital gain distributions, if any, have been reinvested. Total return does not reflect broker commissions or sales charges. Total return for a period of more than one year represents the average annual total return.

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 dividends.

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An investment in the Fund involves risk, including the loss of principal. Total return, market price, market yield and NAV asset 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 sold in the open market through a stock exchange. NAV is equal to total assets attributable to shareholders less total 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 distribution (comprised of net investment income and short-term capital gains, if any) payable to shareholders by the market price per share at January 31, 2010.

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Nicholas-Applegate Equity & Convertible Income Fund Fund Insights

January 31, 2010 (unaudited)

For the fiscal year ended January 31, 2010, the Nicholas-Applegate Equity & Convertible Income Fund returned 40.81% on net asset value and 30.75% on market price.

During the period equity markets rebounded from the lows experienced in March 2009. In 2008, convertible investors endured the worst-performing year in history. After a solid fourth quarter in 2009, the convertible index enjoyed the best-performing year in history.

The rally was constructive for the equity and credit markets, as it continued across all market capitalizations, industries and qualities. The largest-capitalized companies in the Russell 1000 Growth Index outperformed. Convertible speculative grade issuers led performance over the time period and smaller-capitalized convertible companies continued to outperform their large- and mid-cap counterparts. While underlying equity became a more prominent driver of convertible performance, credit was the primary driver of convertible returns during the reporting period.

In addition to broad economic statistics and technical factors such as access to capital, corporate profits took center stage. Quarterly earnings reports were generally better than expected for the last two quarters of 2009. Initially, many companies performed better than they may have if not for more than a year of cost cutting initiatives. As the year progressed, demand emerged.

Equity positions in the Technology, Energy and Automotive industries benefitted Fund performance over the reporting period. Technology companies benefited from better end market demand and leaner inventories in the semiconductor and software markets. Energy companies benefited from better earnings as a result of improved operating efficiencies and higher commodity prices. Companies in the automotive supply chain benefited from re-ramping production expectations and leaner operations.

Convertible positions in the Automotive, Energy, and Financial industries bolstered Fund performance during the reporting period. Automotive companies benefited from improved consumer demand and continued cost cutting. Energy companies contributed to performance during the reporting period, as earnings and margins came in ahead of expectations. Financial issuers advanced as companies improved their balance sheets and credit metrics improved over the course of the year.

The Fund's equity and convertible positions in the Healthcare and Utilities industries detracted from performance during the period due to a rotation into higher beta industries.

Expectations of market volatility, as measured by the Chicago Board Options Exchange Volatility Index (VIX), averaged 29.7. The VIX Index began the reporting period at the mid forties, and declined to the mid twenties during the reporting period. The Fund was opportunistic and able to capture call option premiums on both index and stock-specific call options.

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Nicholas-Applegate Equity & Convertible Income Fund Performance & Statistics

January 31, 2010 (unaudited)

Total Return⁽¹⁾:	Market Price	Net Asset Value (NAV)
1 Year	30.75%	40.81%
Commencement of Operations (2/27/07) to 1/31/10	(5.71)%	(1.44)%

Market Price/NAV Performance:

Commencement of Operations (2/27/07) to 1/31/10

Market Price
NAV

Market Price/NAV:

Market Price	\$ 15.83
NAV	\$ 17.58
Discount to NAV	(9.95)%
Market Price Yield ⁽²⁾	6.25%

**Investment Allocation
(as a percentage of total investments
before call options written)**

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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 dividends.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market yield and NAV asset 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 sold in the open market through a stock exchange. NAV is equal to total assets attributable to shareholders less total 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 distribution (comprised of net investment income and short-term capital gains, if any) payable to shareholders by the market price per share at January 31, 2010.

NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments

January 31, 2010

Shares (000)		Value
COMMON STOCK 74.0%		
	Aerospace & Defense 2.6%	
700	Boeing Co. (a)	\$42,420,000
	Capital Markets 1.4%	
150	Goldman Sachs Group, Inc.	22,308,000
	Commercial Services & Supplies 1.6%	
400	RR Donnelley & Sons Co. (a)	7,928,000
573	Waste Management, Inc.	18,351,830
		26,279,830
	Communications Equipment 0.5%	
200	Harris Corp.	8,584,000
	Diversified Financial Services 0.8%	
336	JP Morgan Chase & Co. (a)	13,083,334
	Diversified Telecommunication Services 8.2%	
1,200	AT&T, Inc. (a)	30,432,000
700	CenturyTel, Inc.	23,807,000
950	Verizon Communications, Inc. (a)	27,949,000
5,000	Windstream Corp. (a)	51,550,000
		133,738,000
	Electric Utilities 1.1%	
204	Edison International (a)	6,797,280
152	Entergy Corp.	11,580,348
		18,377,628
	Energy Equipment & Services 4.3%	
500	Diamond Offshore Drilling, Inc. (a)	45,765,000
810	Halliburton Co.	23,660,100
		69,425,100
	Food & Drug Retailing 0.9%	
1,000	SUPERVALU, Inc.	14,710,000
	Food Products 1.1%	
633	Kraft Foods, Inc. Cl. A	17,519,844
	Health Care Equipment & Supplies 0.5%	
200	Medtronic, Inc. (a)	8,578,000
	Household Durables 1.7%	
300	Black & Decker Corp. (a)	19,398,000
100	Whirlpool Corp.	7,518,000
		26,916,000
	Household Products 1.3%	
350	Kimberly-Clark Corp.	20,786,500
	Industrial Conglomerates 2.4%	
200	3M Co.	16,098,000
1,439	General Electric Co. (a)	23,137,785
		39,235,785

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NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments

January 31, 2010

Shares (000)		Value
	Insurance 6.2%	
700	Allstate Corp. (a)	\$20,951,000
1,303	Lincoln National Corp. (a)	32,017,908
680	MetLife, Inc.	24,016,223
490	Travelers Cos, Inc.	24,828,300
19	XL Capital Ltd. Cl. A	322,487
		102,135,918
	Leisure Equipment & Products 1.7%	
1,400	Mattel, Inc. (a)	27,608,000
	Machinery 1.3%	
400	Caterpillar, Inc. (a)	20,896,000
	Media 1.2%	
1,501	CBS Corp. Cl. B	19,402,758
	Metals & Mining 1.3%	
325	Freeport-McMoRan Copper & Gold, Inc. (a)	21,674,250
	Multi-Utilities 1.3%	
800	Ameren Corp. (a)	20,440,000
	Office Electronics 1.1%	
2,125	Xerox Corp.	18,530,000
	Oil, Gas & Consumable Fuels 12.6%	
506	Genovus Energy, Inc.	11,713,900
1,000	Chesapeake Energy Corp.	24,780,000
300	Chevron Corp. (a)	21,636,000
525	ConocoPhillips (a)	25,200,000
500	EnCana Corp.	15,295,000
900	Marathon Oil Corp. (a)	26,829,000
550	Royal Dutch Shell PLC Cl. A - ADR	30,464,500
500	Total SA - ADR	28,795,000
1,200	Valero Energy Corp. (a)	22,104,000
		206,817,400
	Pharmaceuticals 6.3%	
1,180	GlaxoSmithKline PLC - ADR (a)	46,035,701
169	Johnson & Johnson	10,599,327
2,500	Pfizer, Inc. (a)	46,650,000
		103,285,028
	Real Estate Investment Trust 3.2%	
3,000	Annaly Capital Management, Inc.	52,140,000
	Specialty Retail 1.9%	
1,104	Home Depot, Inc. (a)	30,928,642
	Textiles, Apparel & Luxury Goods 0.9%	
200	VF Corp. (a)	14,406,000
	Thriffs & Mortgage Finance 3.6%	
2,000	Hudson City Bancorp, Inc. (a)	26,540,000
2,200	New York Community Bancorp, Inc. (a)	33,066,000
		59,606,000

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January 31, 2010

Shares (000)		Credit Rating (Moody s/S&P)*	Value
	Tobacco 3.0%		
1,300	Altria Group, Inc. (a)		\$25,818,000
450	Reynolds American, Inc. (a)		23,940,000
			49,758,000
	Total Common Stock (cost- \$1,501,533,438)		1,209,590,017
CONVERTIBLE PREFERRED STOCK 13.6%			
	Airlines 0.0%		
24	Continental Airlines Finance Trust II, 6.00%, 11/15/30	Caa1/CCC	620,575
	Capital Markets 0.2%		
630	Lehman Brothers Holdings, Inc. (c)(g)(i), 6.00%, 10/12/10, Ser. GIS (General Mills, Inc.)	WR/NR	2,028,488
98	28.00%, 3/6/09, Ser. RIG (Transocean, Inc.)	WR/NR	1,331,778
			3,360,266
	Chemicals 0.3%		
130	Celanese Corp., 4.25%, 2/1/10 (k)	NR/NR	4,770,150
	Commercial Banks 0.9%		
42	Fifth Third Bancorp, 8.50%, 6/30/13, Ser. G (k)	Baa3/BB	5,742,326
10	Wells Fargo & Co., 7.50%, 3/15/13, Ser. L (k)	Ba1/A-	9,096,090
			14,838,416
	Commercial Services & Supplies 0.4%		
62	Avery Dennison Corp., 7.875%, 11/15/20	NR/BB+	2,259,350
161	United Rentals, Inc., 6.50%, 8/1/28	Caa2/CCC	4,562,842
			6,822,192
	Consumer Finance 0.5%		
16	SLM Corp., 7.25%, 12/15/10	Ba3/BB-	9,008,220
	Diversified Financial Services 4.5%		
	Bank of America Corp.,		
10	7.25%, 1/30/13, Ser. L (k)	Ba3/BB	8,597,500
189	10.00%, 2/3/11 (Gilead Sciences, Inc.) (i)	A2/A	9,011,357
102	Citigroup, Inc., 7.50%, 12/15/12	NR/NR	10,621,264
	Credit Suisse Securities USA LLC (i),		
367	10.00%, 9/1/10 (Bristol-Myers Squibb Co.)	Aa2/A-	8,270,661
239	10.00%, 9/9/10 (Merck & Co., Inc.)	Aa2/A-	8,008,291
879	10.00%, 1/22/11 (Ford Motor Co.)	Aa2/A-	9,730,530
	JP Morgan Chase & Co. (i),		
577	10.00%, 1/14/11 (EMC Corp.)	Aa3/A+	9,828,914
518	10.00%, 1/20/11 (Symantec Corp.)	Aa3/A+	9,074,995
			73,143,512
	Electric Utilities 0.0%		
18	FPL Group, Inc., 8.375%, 6/1/12	NR/NR	925,650
	Food Products 0.9%		
99	Archer-Daniels-Midland Co., 6.25%, 6/1/11	NR/BBB+	4,262,973
	Bunge Ltd.,		
96	4.875%, 12/1/11 (k)	Ba1/BB	8,466,756
4	5.125%, 12/1/10	NR/BB	2,370,000
			15,099,729

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NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments

January 31, 2010

Shares (000)		Credit Rating (Moody s/S&P)*	Value
	Household Durables 1.1%		
98	Newell Financial Trust I, 5.25%, 4/19/10	NR/BB	\$3,438,738
16	Stanley Works, 5.125%, 5/17/12 (h)	A3/BBB+	14,304,100
			17,742,838
	Insurance 0.8%		
39	Assured Guaranty Ltd., 8.50%, 6/1/12	NR/NR	3,616,305
347	XL Capital Ltd., 10.75%, 8/15/11	Baa2/BBB-	8,984,745
			12,601,050
	Media 0.2%		
4	Interpublic Group of Cos, 5.25%, 10/15/10 (k)	NR/CCC+	2,993,550
	Metals & Mining 0.6%		
82	Freeport-McMoRan Copper & Gold, Inc., 6.75%, 5/1/10	NR/BB	8,055,671
	Vale Capital Ltd.,		
21	5.50%, 6/15/10, Ser. RIO (Compania Vale do Rio Doce) (i)	NR/NR	1,085,875
			9,141,546
	Multi-Utilities 0.7%		
244	AES Trust III, 6.75%, 10/15/29	B3/B	11,179,780
	Oil, Gas & Consumable Fuels 0.7%		
45	ATP Oil & Gas Corp., 8.00%, 10/1/14 (e)(f)(k)	NR/NR	4,042,088
85	Chesapeake Energy Corp., 5.00%, 11/15/10 (k)	NR/B	7,220,750
			11,262,838
	Pharmaceuticals 0.6%		
39	Merck & Co., Inc., 6.00%, 8/13/10	A2/A-	9,880,943
	Real Estate Investment Trust 1.2%		
177	Alexandria Real Estate Equities, Inc., 7.00%, 4/20/13 (k)	NR/NR	3,801,200
602	FelCor Lodging Trust, Inc., 1.95%, 12/31/49, Ser. A (c)	Caa3/C	7,409,520
131	Simon Property Group, Inc., 6.00%, 4/14/10, Ser. I (k)	Baa1/BBB	8,078,770
			19,289,490
	Total Convertible Preferred Stock (cost-\$260,139,740)		222,680,745

CONVERTIBLE BONDS & NOTES 11.5%

Principal Amount (000)			
\$ 2,200	Auto Components 0.2% BorgWarner, Inc., 3.50%, 4/15/12	NR/BBB	2,769,250
3,000	Automobiles 0.2% Ford Motor Co., 4.25%, 12/15/36	Caa1/CCC	4,027,500
7,000	Commercial Services & Supplies 0.5% Covanta Holding Corp., 3.25%, 6/1/14 (e)(f)	Ba3/B	7,910,000
2,000	Communications Equipment 0.2% Finisar Corp., 5.00%, 10/15/29 (e)(f)	NR/NR	2,450,000
8,125	Computers & Peripherals 0.6% Maxtor Corp., 2.375%, 8/15/12	NR/B	9,018,750
2,000	Diversified Consumer Services 0.1% Coinstar, Inc., 4.00%, 9/1/14	NR/BB	1,925,000

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January 31, 2010

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
	Diversified Telecommunication Services 0.4%		
\$ 6,495	tw telecom, Inc., 2.375%, 4/1/26	B3/B-	\$6,754,800
	Electrical Equipment 1.7%		
9,780	EnerSys, 3.375%, 6/1/38 (d)	B2/BB	8,410,800
7,510	General Cable Corp., 0.875%, 11/15/13	Ba3/B+	6,590,025
14,000	JA Solar Holdings Co., Ltd., 4.50%, 5/15/13	NR/NR	11,532,500
1,000	SunPower Corp., 4.75%, 4/15/14	NR/NR	1,041,250
			27,574,575
	Energy Equipment & Services 0.4%		
8,480	Hornbeck Offshore Services, Inc., 1.625%, 11/15/26 (d)	NR/BB-	7,009,568
	Health Care Equipment & Supplies 0.2%		
1,000	China Medical Technologies, Inc., 4.00%, 8/15/13, Ser. CMT	NR/NR	618,750
3,000	Inverness Medical Innovations, Inc., 3.00%, 5/15/16	NR/B-	3,420,000
			4,038,750
	Hotels, Restaurants & Leisure 0.5%		
5,495	International Game Technology, 3.25%, 5/1/14 (e)(f)	Baa2/BBB	6,525,313
1,402	Mandalay Resort Group, 1.003%, 3/21/33 (c)(g)(h)	Caa2/CCC+	1,513,970
			8,039,283
	Household Durables 0.1%		
750	Newell Rubbermaid, Inc., 5.50%, 3/15/14	NR/BBB-	1,295,625
	Internet Software & Services 0.3%		
4,200	Equinix, Inc., 2.50%, 4/15/12	NR/B-	4,431,000
	IT Services 0.8%		
8,020	Alliance Data Systems Corp., 1.75%, 8/1/13	NR/NR	7,739,300
2,000	4.75%, 5/15/14 (e)(f)	NR/NR	2,867,500
2,540	DST Systems, Inc., 4.125%, 8/15/23	NR/NR	2,797,175
			13,403,975
	Machinery 0.4%		
6,035	AGCO Corp., 1.25%, 12/15/36	NR/BB	6,193,419
	Media 0.2%		
3,765	Liberty Media LLC, 3.125%, 3/30/23	B1/BB-	3,906,187
	Metals & Mining 0.6%		
2,500	Steel Dynamics, Inc., 5.125%, 6/15/14	NR/BB+	2,887,500
4,000	United States Steel Corp., 4.00%, 5/15/14	Ba3/BB	6,310,000
			9,197,500
	Oil, Gas & Consumable Fuels 0.8%		
3,500	Chesapeake Energy Corp., 2.50%, 5/15/37	Ba3/BB	2,988,125
9,675	Peabody Energy Corp., 4.75%, 12/15/41	Ba3/B+	9,662,906
			12,651,031
	Pharmaceuticals 0.6%		
5,500	Biovail Corp., 5.375%, 8/1/14 (e)(f)	NR/NR	6,551,875
3,000	Valeant Pharmaceuticals International, 4.00%, 11/15/13	NR/B-	3,682,500
			10,234,375

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

January 31, 2010

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
	Real Estate Investment Trust 1.1%		
\$ 2,950	Boston Properties LP, 3.75%, 5/15/36	NR/A-	\$2,975,812
45	Developers Diversified Realty Corp., 3.00%, 3/15/12	NR/BB	41,963
5,800	Digital Realty Trust LP, 4.125%, 8/15/26 (e)(f)	NR/NR	8,783,375
5,000	Health Care REIT, Inc., 4.75%, 12/1/26	Baa2/BBB-	5,468,750
			17,269,900
	Road & Rail 0.1%		
1,500	Hertz Global Holdings, Inc., 5.25%, 6/1/14	NR/CCC+	2,175,000
	Semiconductors & Semiconductor Equipment 0.7%		
11,785	Advanced Micro Devices, Inc., 5.75%, 8/15/12	NR/B-	11,637,687
	Software 0.8%		
5,000	Lawson Software, Inc., 2.50%, 4/15/12	NR/NR	4,950,000
8,500	Nuance Communications, Inc., 2.75%, 8/15/27	NR/B-	8,893,125
			13,843,125
	Total Convertible Bonds & Notes (cost-\$180,737,461)		187,756,300
SHORT-TERM INVESTMENTS 1.5%			
	Time Deposits 1.5%		
14,616	Bank of America-Toronto, 0.03%, 2/1/10		14,615,822
10,433	Societe Generale-Paris, 0.03%, 2/1/10 (cost-\$25,048,970)		10,433,148
			25,048,970
	Total Investments, before call options written (cost-\$1,967,459,609 100.6%)		1,645,076,032
CALL OPTIONS WRITTEN (b) (0.4)%			
Contracts			
400	American Stock Exchange Morgan Stanley Cyclical Index, strike price \$880, expires 3/19/10		(160,000)
20,000	iShares Dow Jones U.S. Telecommunications, strike price \$19, expires 3/19/10		(600,000)
400	Morgan Stanley Cyclical Flex Index, strike price \$840, expires 2/5/10		(2,080)
400	strike price \$865, expires 2/12/10		(5,560)
350	strike price \$920, expires 3/5/10		(7,735)
350	strike price \$925, expires 3/12/10		(14,070)
400	Morgan Stanley Cyclical Index strike price \$870, expires 2/19/10		(164,000)
6,000	New York Stock Exchange Arca Mini Oil Flex Index, strike price \$54, expires 2/12/10		(24,000)
6,000	strike price \$55, expires 2/5/10		(59,400)
6,000	strike price \$56, expires 3/5/10		(91,800)
6,000	strike price \$56, expires 3/12/10		(91,800)
Fund			
NFJ Dividend, Interest & Premium Strategy			
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NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments

January 31, 2010

Contracts	Value
1,500 New York Stock Exchange Arca Mini Oil Index, strike price \$52.50, expires 3/19/10	\$(172,500)
15,000 strike price \$55, expires 2/19/10	(375,000)
4,500 strike price \$55, expires 3/19/10	(157,500)
3,000 strike price \$57.50, expires 2/19/10	(90,000)
7,000 Philadelphia Stock Exchange KBW Bank Flex Index, strike price \$49.50, expires 3/12/10	(589,400)
2,000 Philadelphia Stock Exchange KBW Bank Index, strike price \$45, expires 2/19/10	(485,000)
5,000 strike price \$46, expires 2/19/10	(875,000)
9,500 strike price \$50, expires 3/19/10	(878,750)
9,500 strike price \$51, expires 3/19/10	(641,250)
300 Standard & Poor s 500 Flex Index, strike price \$1125, expires 2/12/10	(25,530)
300 strike price \$1130, expires 2/5/10	
250 strike price \$1160, expires 3/5/10	(43,550)
300 Standard & Poor s 500 Index, strike price \$1120, expires 3/19/10	(363,000)
300 strike price \$1130, expires 2/19/10	(81,000)
600 strike price \$1130, expires 3/19/10	(558,000)
300 strike price \$1135, expires 2/19/10	(64,500)
Total Call Options Written (premiums received-\$15,703,026)	(6,528,625)
Total Investments, net of call options written (cost-\$1,951,756,583) 100.2%	1,638,547,407
Other liabilities in excess of other assets (0.2)%	(2,819,805)
Net Assets 100.0%	\$1,635,727,602

NFJ Dividend, Interest & Premium Strategy Fund
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Nicholas-Applegate Equity & Convertible Income Fund Schedule of Investments

January 31, 2010

Shares (000)		Value
COMMON STOCK 70.7%		
	Aerospace & Defense 1.6%	
74	L-3 Communications Holdings, Inc.	\$6,192,162
	Auto Components 1.6%	
226	Johnson Controls, Inc.	6,286,797
	Automobiles 1.4%	
497	Ford Motor Co. (a)(b)	5,391,816
	Beverages 5.1%	
149	Coca-Cola Co. (a)	8,056,125
127	Molson Coors Brewing Co. Cl. B	5,346,600
114	PepsiCo, Inc.	6,796,680
		20,199,405
	Biotechnology 2.0%	
164	Gilead Sciences, Inc. (b)	7,916,280
	Communications Equipment 6.0%	
39	Aviat Networks, Inc. (b)	277,735
314	Cisco Systems, Inc. (b)	7,048,839
156	Harris Corp.	6,674,060
142	Qualcomm, Inc.	5,557,142
61	Research In Motion Ltd. (b)	3,827,968
		23,385,744
	Computers & Peripherals 4.7%	
25	Apple, Inc. (a)(b)	4,879,848
379	EMC Corp. (a)(b)	6,311,262
58	International Business Machines Corp. (a)	7,061,903
		18,253,013
	Diversified Financial Services 0.8%	
84	JP Morgan Chase & Co.	3,263,172
	Diversified Telecommunication Services 1.5%	
202	Verizon Communications, Inc.	5,942,840
	Electric Utilities 1.1%	
54	Entergy Corp.	4,136,154
	Electronic Equipment, Instruments & Components 1.5%	
149	Amphenol Corp. Cl. A	5,936,160
	Energy Equipment & Services 3.9%	
69	Diamond Offshore Drilling, Inc.	6,306,417
96	National Oilwell Varco, Inc.	3,918,220
81	Schlumberger Ltd.	5,165,644
		15,390,281
	Health Care Equipment & Supplies 3.9%	
111	Baxter International, Inc.	6,398,249
27	Intuitive Surgical, Inc. (b)	8,847,778
		15,246,027
	Health Care Providers & Services 4.2%	
140	McKesson Corp. (a)	8,234,800
133	Medco Health Solutions, Inc. (a)(b)	8,152,248
		16,387,048

Nicholas-Applegate Equity & Convertible Income Fund Schedule of Investments

January 31, 2010

Shares (000)		Value
	Hotels Restaurants & Leisure 1.9%	
119	McDonald's Corp. (a)	\$7,410,441
	Household Products 1.9%	
121	Procter & Gamble Co. (a)	7,472,170
	Independent Power Producers & Energy Traders 1.7%	
92	Constellation Energy Group, Inc.	2,969,760
154	NRG Energy, Inc. (b)	3,712,916
		6,682,676
	Industrial Conglomerates 1.5%	
122	General Electric Co.	1,969,141
209	Textron, Inc. (a)	4,079,817
		6,048,958
	Insurance 1.6%	
53	MetLife, Inc.	1,878,459
87	Prudential Financial, Inc.	4,349,130
		6,227,589
	Internet Software & Services 1.9%	
14	Google, Inc. Cl. A (a)(b)	7,411,880
	Machinery 4.2%	
176	AGCO Corp. (a)(b)	5,430,887
101	Deere & Co.	5,039,955
133	Joy Global, Inc. (a)	6,101,716
		16,572,558
	Metals & Mining 1.8%	
105	Freeport-McMoRan Copper & Gold, Inc.	7,015,788
	Multiline Retail 1.8%	
139	Target Corp.	7,106,022
	Oil, Gas & Consumable Fuels 3.1%	
90	Occidental Petroleum Corp.	7,034,932
121	Peabody Energy Corp. (a)	5,100,732
		12,135,664
	Pharmaceuticals 2.9%	
137	Abbott Laboratories	7,252,780
63	Johnson & Johnson	3,978,284
		11,231,064
	Semiconductors & Semiconductor Equipment 3.4%	
355	Intel Corp. (a)	6,877,300
289	Texas Instruments, Inc.	6,498,000
		13,375,300
	Software 3.7%	
261	Microsoft Corp. (a)	7,340,890
305	Oracle Corp. (a)	7,035,606
		14,376,496
	Total Common Stock (cost-\$374,808,443)	276,993,505

NFJ Dividend, Interest & Premium Strategy Fund

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Nicholas-Applegate Equity & Convertible Income Fund Schedule of Investments

January 31, 2010

Shares (000)		Credit Rating (Moody s/S&P)*	Value
CONVERTIBLE PREFERRED STOCK 15.7%			
Capital Markets 0.3%			
209	Lehman Brothers Holdings, Inc. (c)(g)(i), 6.00%, 10/12/10, Ser. GIS (General Mills, Inc.)	WR/NR	\$673,534
33	28.00%, 3/6/09, Ser. RIG (Transocean, Inc.)	WR/NR	455,286
			1,128,820
Chemicals 0.5%			
49	Celanese Corp., 4.25%, 2/1/10 (k)	NR/NR	1,782,375
Commercial Banks 1.1%			
14	Fifth Third Bancorp, 8.50%, 6/30/13, Ser. G (k)	Baa3/BB	1,957,455
3	Wells Fargo & Co., 7.50%, 3/15/13, Ser. L (k)	Ba1/A-	2,545,020
			4,502,475
Commercial Services & Supplies 1.2%			
49	Avery Dennison Corp., 7.875%, 11/15/20	NR/BB+	1,788,500
102	United Rentals, Inc., 6.50%, 8/1/28	Caa2/CCC	2,900,615
			4,689,115
Consumer Finance 0.6%			
4	SLM Corp., 7.25%, 12/15/10	Ba3/BB-	2,309,800
Diversified Financial Services 3.0%			
4	Bank of America Corp., 7.25%, 1/30/13, Ser. L (k)	Ba3/BB	3,823,625
25	Citigroup, Inc., 7.50%, 12/15/12	NR/NR	2,603,046
70	Credit Suisse Securities USA LLC (i), 10.00%, 9/1/10 (Bristol-Myers Squibb Co.)	Aa2/A-	1,568,436
51	10.00%, 9/9/10 (Merck & Co., Inc.)	Aa2/A-	1,719,120
(j)	GMAC, Inc., 7.00%, 12/31/11, Ser. G (e)(f)(k)	NR/C	71,475
113	JP Morgan Chase & Co., 10.00%, 1/20/11 (Symantec Corp.) (i)	Aa3/A+	1,978,630
			11,764,332
Electric Utilities 0.2%			
18	FPL Group, Inc., 8.375%, 6/1/12	NR/NR	938,400
Food Products 1.5%			
58	Archer-Daniels-Midland Co., 6.25%, 6/1/11	NR/BBB+	2,475,330
39	Bunge Ltd., 4.875%, 12/1/11 (k)	Ba1/BB	3,409,550
			5,884,880
Household Durables 1.2%			
5	Stanley Works, 5.125%, 5/17/12 (h)	A3/BBB+	4,752,800
Insurance 1.0%			
28	Assured Guaranty Ltd., 8.50%, 6/1/12	NR/NR	2,583,075
53	XL Capital Ltd., 10.75%, 8/15/11	Baa2/BBB-	1,363,918
			3,946,993
Multi-Utilities 1.2%			
102	AES Trust III, 6.75%, 10/15/29	B3/B	4,692,210
Oil, Gas & Consumable Fuels 1.1%			
20	ATP Oil & Gas Corp., 8.00%, 10/1/14 (e)(f)(k)	NR/NR	1,819,388
27	Chesapeake Energy Corp., 5.00%, 11/15/10 (k)	NR/B	2,324,750
			4,144,138

Nicholas-Applegate Equity & Convertible Income Fund Schedule of Investments

January 31, 2010

Shares (000)		Credit Rating (Moody s/S&P)*	Value
	Pharmaceuticals 1.1%		
8	Merck & Co., Inc., 6.00%, 8/13/10	A2/A-	\$2,127,414
2	Mylan, Inc., 6.50%, 11/15/10	NR/B	2,248,320
			4,375,734
	Real Estate Investment Trust 1.7%		
121	Alexandria Real Estate Equities, Inc., 7.00%, 4/20/13 (k)	NR/NR	2,595,050
207	FelCor Lodging Trust, Inc., 1.95%, 12/31/49, Ser. A (c)	Caa3/C	2,549,790
24	Simon Property Group, Inc., 6.00%, 4/14/10, Ser. I (k)	Baa1/BBB	1,480,080
			6,624,920
	Total Convertible Preferred Stock (cost-\$83,759,033)		61,536,992

CONVERTIBLE BONDS & NOTES 9.7%

Principal Amount (000)			
	Auto Components 0.5%		
\$1,425	BorgWarner, Inc., 3.50%, 4/15/12	NR/BBB	1,793,719
	Commercial Services & Supplies 1.2%		
4,800	Bowne & Co., Inc., 6.00%, 10/1/33 (d)	B3/CCC+	4,626,000
	Computers 1.3%		
4,925	Maxtor Corp., 6.80%, 4/30/10	Ba3/NR	4,998,875
	Diversified Consumer Services 0.5%		
2,000	Coinstar, Inc., 4.00%, 9/1/14	NR/BB	1,925,000
	Electrical Equipment 1.4%		
1,830	EnerSys, 3.375%, 6/1/38 (d)	B2/BB	1,573,800
4,605	JA Solar Holdings Co., Ltd., 4.50%, 5/15/13	NR/NR	3,793,369
			5,367,169
	Electronic Equipment, Instruments & Components 0.3%		
1,335	Anixter International, Inc., 1.00%, 2/15/13	NR/BB-	1,228,200
	Energy Equipment & Services 0.3%		
1,625	Hornbeck Offshore Services, Inc., 1.625%, 11/15/26 (d)	NR/BB-	1,343,225
	Health Care Providers & Services 0.4%		
1,850	Omnicare, Inc., 3.25%, 12/15/35, Ser. OCR	B3/B+	1,517,000
	Internet Software & Services 0.5%		
2,300	VeriSign, Inc., 3.25%, 8/15/37	NR/NR	1,929,125
	IT Services 0.7%		
2,850	Alliance Data Systems Corp., 1.75%, 8/1/13	NR/NR	2,750,250
	Pharmaceuticals 0.5%		
1,675	Biovail Corp., 5.375%, 8/1/14 (e)(f)	NR/NR	1,995,344
	Real Estate Investment Trust 1.0%		
2,000	Boston Properties LP, 3.75%, 5/15/36	NR/A-	2,017,500
2,200	Developers Diversified Realty Corp., 3.00%, 3/15/12	NR/BB	2,051,500
			4,069,000
	Semiconductors & Semiconductor Equipment 0.4%		
1,950	Micron Technology, Inc., 1.875%, 6/1/14	NR/B-	1,708,687

NFJ Dividend, Interest & Premium Strategy Fund

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Nicholas-Applegate Equity & Convertible Income Fund Schedule of Investments

January 31, 2010

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
	Software 0.7%		
\$1,100	Macrovision Corp., 2.625%, 8/15/11	NR/B	\$1,276,000
1,400	Nuance Communications, Inc., 2.75%, 8/15/27	NR/B-	1,464,750
			2,740,750
	Total Convertible Bonds & Notes (cost-\$40,544,611)		37,992,344
CORPORATE BONDS & NOTES 2.4%			
	Banks 0.1%		
400	GMAC LLC, 6.75%, 12/1/14	Ca/B	393,000
	Paper & Forest Products 0.2%		
1,000	Neenah Paper, Inc., 7.375%, 11/15/14	B2/B+	935,000
	Pipelines 0.9%		
4,340	Dynegy Holdings, Inc., 7.75%, 6/1/19	B3/B	3,493,700
	Wireless Telecommunication Services 1.2%		
4,600	Millicom International Cellular S.A., 10.00%, 12/1/13	B1/NR	4,772,500
	Total Corporate Bonds & Notes (cost-\$9,992,462)		9,594,200
SHORT-TERM INVESTMENT 1.3%			
	Time Deposit 1.3%		
5,251	Citibank-London, 0.03%, 2/1/10 (cost-\$5,251,208)		5,251,208
	Total Investments, before call options written (cost-\$514,355,757 99.8%)		391,368,249
CALL OPTIONS WRITTEN (b) (0.0)%			
Contracts			
270	AGCO Corp., strike price \$35, expires 2/19/10		(5,670)
175	Apple, Inc., strike price \$230, expires 2/19/10		(3,325)
2,650	EMC Corp., strike price \$19, expires 2/19/10		(5,300)
3,480	Ford Motor Co., strike price \$12, expires 2/19/10		(45,240)
100	Google, Inc. Cl. A, strike price \$630, expires 2/19/10		(2,500)
2,480	Intel Corp., strike price \$22, expires 2/19/10		(9,920)
400	International Business Machines Corp., strike price \$140, expires 2/19/10		(1,600)
180	Joy Global, Inc., strike price \$60, expires 2/19/10		(1,440)
830	McDonald's Corp., strike price \$65, expires 2/19/10		(14,940)
980	McKesson Corp., strike price \$65, expires 2/19/10		(8,820)

Nicholas-Applegate Equity & Convertible Income Fund Schedule of Investments

January 31, 2010

Contracts	Value
925 Medco Health Solutions, Inc., strike price \$65, expires 2/19/10	\$(37,000)
1,825 Microsoft Corp., strike price \$32, expires 2/19/10	(7,300)
2,135 Oracle Corp., strike price \$26, expires 2/19/10	(6,405)
170 Peabody Energy Corp., strike price \$55, expires 2/19/10	(340)
465 Textron, Inc., strike price \$24, expires 2/19/10	(2,325)
Total Call Options Written (premiums received-\$878,695)	(152,125)
Total Investments, net of call options written (cost-\$513,477,062) 99.8%	391,216,124
Other assets less other liabilities 0.2%	875,709
Net Assets 100.0%	\$392,091,833

Notes to Schedules of Investments:

- * Unaudited.
- (a) All or partial amount segregated as collateral for call options written.
- (b) Non-income producing.
- (c) In default.
- (d) Step Bond: Coupon is a fixed rate for an initial period then resets at a specific date and rate.
- (e) Private Placement. Restricted as to resale and may not have a readily available market. Securities in NFJ Dividend, Interest and Premium Strategy Fund and Nicholas-Applegate Equity & Convertible Income Fund, with an aggregate market value of \$39,130,151 and \$3,886,207, representing 2.39% and 0.99% of net assets, respectively.
- (f) 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.
- (g) Fair-valued. Securities in NFJ Dividend, Interest and Premium Strategy Fund and Nicholas-Applegate Equity & Convertible Income Fund, with an aggregate value of \$4,874,236 and \$1,128,820, representing 0.30% and 0.29% of net assets, respectively. See Note 1(b) in the Notes to Financial Statements.
- (h) Variable rate security. Interest rate disclosed reflects the rate in effect on January 31, 2010.
- (i) 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. Such entity is identified in the parenthetical.
- (j) Amount less than \$500.
- (k) Perpetual maturity: Maturity date shown is the first call date.

Glossary:

ADR American Depositary Receipt

NR Not Rated

WR Withdrawn Rating

**NFJ Dividend, Interest & Premium Strategy Fund
Nicholas-Applegate Equity & Convertible Income
Fund**

Statements of Assets and Liabilities

January 31, 2010

	NFJ Dividend, Interest & Premium Strategy	Nicholas-Applegate Equity & Convertible Income
Assets:		
Investments, at value (cost \$1,967,459,609 and \$514,355,757, respectively)	\$1,645,076,032	\$391,368,249
Receivable for investments sold	6,284,647	
Dividends and interest receivable	3,906,232	1,336,760
Prepaid expenses	21,586	5,387
Total Assets	1,655,288,497	392,710,396
Liabilities:		
Call options written, at value (premiums received \$15,703,026 and \$878,695, respectively)	6,528,625	152,125
Payable for investments purchased	11,525,849	
Investment management fees payable	1,293,673	349,053
Accrued expenses	212,748	117,385
Total Liabilities	19,560,895	618,563
Net Assets	\$1,635,727,602	\$392,091,833
Composition of Net Assets		
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	2,253,811,959	517,458,932
Undistributed (dividends in excess of) net investment income	7,833,420	(647,147)
Accumulated net realized loss	(312,709,546)	(2,459,237)
Net unrealized depreciation of investments and call options written	(313,209,176)	(122,260,938)
Net Assets	\$1,635,727,602	\$392,091,833
Net Asset Value Per Share	\$17.30	\$17.58

NFJ Dividend, Interest & Premium Strategy Fund

See accompanying Notes to Financial Statements | 1.31.10 | Nicholas-Applegate Equity & Convertible Income Fund Annual Report 19

NFJ Dividend, Interest & Premium Strategy Fund
Nicholas-Applegate Equity & Convertible Income Fund **Statements of Operations**

For the year ended January 31, 2010

	NFJ Dividend, Interest & Premium Strategy	Nicholas-Applegate Equity & Convertible Income
Investment Income:		
Dividends (net of foreign withholding taxes of \$648,109 and \$0, respectively)	\$60,041,662	\$8,630,558
Interest	12,383,808	4,251,291
Consent and other fee income	24,764	3,492
Total Investment Income	72,450,234	12,885,341
Expenses:		
Investment management fees	13,225,770	3,538,834
Shareholder communications	319,315	70,961
Custodian and accounting agent fees	313,587	76,864
Trustees' fees and expenses	153,771	36,223
Legal fees	83,190	20,966
Audit and tax services	75,723	65,010
New York Stock Exchange listing fees	74,722	21,250
Insurance expenses	53,551	13,584
Transfer agent fees	29,273	30,316
Miscellaneous	16,545	6,544
Total expenses	14,345,447	3,880,552
Net Investment Income	58,104,787	9,004,789
Realized and Change in Unrealized Gain (Loss):		
Net realized gain (loss) on:		
Investments	(53,576,114)	14,472,556
Call options written	(104,838,530)	933,141
Net change in unrealized appreciation/depreciation of:		
Investments	459,640,837	94,008,778
Call options written	(1,624,149)	(472,612)
Net realized and change in unrealized gain on investments and call options written	299,602,044	108,941,863
Net Increase in Net Assets Resulting from Investment Operations	\$357,706,831	\$117,946,652

NFJ Dividend, Interest & Premium Strategy Fund
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NFJ Dividend, Interest & Premium Strategy Fund
Nicholas-Applegate Equity & Convertible Income Fund **Statements of Changes in Net Assets**

	NFJ Dividend, Interest & Premium Strategy		Nicholas-Applegate Equity & Convertible Income	
	Year ended January 31,		Year ended January 31,	
	2010	2009	2010	2009
Investment Operations:				
Net investment income	\$58,104,787	\$84,406,751	\$9,004,789	\$14,885,809
Net realized gain (loss) on investments and call options written	(158,414,644)	(145,432,489)	15,405,697	(16,646,180)
Net change in unrealized appreciation/depreciation of investments and call options written	458,016,688	(670,259,789)	93,536,166	(170,382,972)
Net increase (decrease) in net assets resulting from investment operations	357,706,831	(731,285,527)	117,946,652	(172,143,343)
Dividends and Distributions to Shareholders from:				
Net investment income	(56,714,595)	(82,700,334)	(22,085,355)	(14,481,526)
Net realized gains		(104,930,451)		(37,096,911)
Return of capital			(2,895,337)	
Total dividends and distributions to shareholders	(56,714,595)	(187,630,785)	(24,980,692)	(51,578,437)
Total increase (decrease) in net assets	300,992,236	(918,916,312)	92,965,960	(223,721,780)
Net Assets				
Beginning of year	1,334,735,366	2,253,651,678	299,125,873	522,847,653
End of year (including undistributed (dividends in excess of) net investment income of \$7,833,420, \$4,106,110, \$(647,147), and \$252,924, respectively)	\$1,635,727,602	\$1,334,735,366	\$392,091,833	\$299,125,873

NFJ Dividend, Interest & Premium Strategy Fund

See accompanying Notes to Financial Statements | 1.31.10 | Nicholas-Applegate Equity & Convertible Income Fund Annual Report 21

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

January 31, 2010

1. Organization and Significant Accounting Policies

NFJ Dividend, Interest & Premium Strategy Fund and Nicholas-Applegate 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 there under, 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 Global Investors of America L.P. (Allianz Global). Allianz Global is an indirect, wholly-owned subsidiary of Allianz SE, a publicly traded European insurance and financial services company. Each Fund has an unlimited amount of \$0.00001 par value common stock authorized.

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.

Nicholas Applegate 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.

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 financial statements. Actual results could differ from these estimates.

In the normal course of business, the Funds enter into contracts that contain a variety of representations which 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.

The following is a summary of significant accounting policies 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.

Portfolio securities and other financial instruments for which market quotations are not readily available or for which a development/event occurs that may significantly impact the value of a security, are fair-valued, in good faith, pursuant to procedures established by the Board of Trustees or persons acting at their discretion pursuant to procedures established by the Board of Trustees. 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 for those securities for which the over-the-counter market is the primary market or for listed securities in which there were no sales. 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. 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.

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

January 31, 2010

1. Organization and Significant Accounting Policies (continued)

(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 under 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 (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.) or quotes from inactive exchanges

Level 3 valuations based on significant unobservable inputs (including the Funds' own assumptions in determining the fair value of investments)

An investment asset's or liability's level within the fair value hierarchy is based on the lowest level input, individually or in the 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 technique method.

The valuation techniques used by the Funds to measure fair value during the fiscal year ended January 31, 2010 maximized the use of observable inputs and minimized the use of unobservable inputs. When fair-valuing securities, the Funds utilized multi-dimensional relational pricing models.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

A summary of the inputs used at January 31, 2010 in valuing each Fund's assets and liabilities were:

NFJ Dividend, Interest & Premium Strategy:

	Level 1 - Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Value at 1/31/2010
Investments in Securities - Assets				
Common Stock	\$ 1,209,590,017			\$ 1,209,590,017
Convertible Preferred Stock:				
Airlines		\$ 620,575		620,575
Capital Markets			\$ 3,360,266	3,360,266
Commercial Services & Supplies	2,259,350	4,562,842		6,822,192
Consumer Finance		9,008,220		9,008,220
Diversified Financial Services	19,218,764	53,924,748		73,143,512
Household Durables	14,304,100	3,438,738		17,742,838
Insurance	8,984,745	3,616,305		12,601,050
Oil, Gas & Consumable Fuels	7,220,750	4,042,088		11,262,838
All Other	88,119,254			88,119,254
Convertible Bonds & Notes:				
Hotels, Restaurants & Leisure		6,525,313	1,513,970	8,039,283
All Other		179,717,017		179,717,017
Short-Term Investments		25,048,970		25,048,970
Total Investments in Securities - Assets	\$ 1,349,696,980	\$ 290,504,816	\$ 4,874,236	\$ 1,645,076,032
Investments in Securities - Liabilities				
Call Options Written	\$ (5,665,500)	\$ (863,125)		\$ (6,528,625)
Total Investments	\$ 1,344,031,480	\$ 289,641,691	\$ 4,874,236	\$ 1,638,547,407

NFJ Dividend, Interest & Premium Strategy Fund
Nicholas-Applegate Equity & Convertible Income Fund Notes to Financial Statements
January 31, 2010

1. Organization and Significant Accounting Policies (continued)

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the fiscal year ended January 31, 2010, were as follows:

	Beginning Balance 1/31/2009	Net Purchases (Sales) and Settlements	Net Change in Unrealized Appreciation/ Depreciation	Ending Balance 1/31/2010
Investments in Securities - Assets				
Convertible Preferred Stock: Capital Markets	\$ 21,508,497	\$ (24,948,141)	\$ 6,799,910	\$ 3,360,266
Convertible Bonds & Notes: Hotels, Restaurants & Leisure	1,513,970			1,513,970
Total Investments	\$ 23,022,467	\$ (24,948,141)	\$ 6,799,910	\$ 4,874,236

There was no change in unrealized appreciation/depreciation of investments which the Fund held at January 31, 2010.

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

Nicholas-Applegate Equity & Convertible Income:

	Level 1 - Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Value at 1/31/2010
Investments in Securities - Assets				
Common Stock	\$ 276,993,505			\$ 276,993,505
Convertible Preferred Stock: Capital Markets			\$ 1,128,820	1,128,820
Commercial Services & Supplies	1,788,500	\$ 2,900,615		4,689,115
Consumer Finance		2,309,800		2,309,800
Diversified Financial Services	6,426,671	5,337,661		11,764,332
Insurance	1,363,918	2,583,075		3,946,993
Oil, Gas & Consumable Fuels	2,324,750	1,819,388		4,144,138
All Other	33,553,794			33,553,794
Convertible Bonds & Notes		37,992,344		37,992,344
Corporate Bonds & Notes		9,594,200		9,594,200
Short-Term Investment		5,251,208		5,251,208
Total Investments in Securities - Assets	\$ 322,451,138	\$ 67,788,291	\$ 1,128,820	\$ 391,368,249

Investments in Securities - Liabilities

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Call Options Written	\$ (152,125)			\$ (152,125)
Total Investments	\$ 322,299,013	\$ 67,788,291	\$ 1,128,820	\$ 391,216,124

NFJ Dividend, Interest & Premium Strategy Fund
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NFJ Dividend, Interest & Premium Strategy Fund
Nicholas-Applegate Equity & Convertible Income Fund Notes to Financial Statements

January 31, 2010

1. Organization and Significant Accounting Policies (continued)

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the year ended January 31, 2010, were as follows:

	Beginning Balance 1/31/2009	Net Purchases (Sales) and Settlements	Net Change in Unrealized Appreciation/ Depreciation	Ending Balance 1/31/2010
Investments in Securities - Assets				
Convertible Preferred Stock: Capital Markets	\$7,854,048	\$(9,225,491)	\$2,500,263	\$1,128,820

There was no change in unrealized appreciation/depreciation of investments which the Fund held at January 31, 2010.

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

In January 2010, the Financial Accounting Standards Board released ASU 2010-06, Improving Disclosures About Fair Value Measurements. ASU 2010-06 is effective for annual and interim reporting periods beginning after December 15, 2009. At this time, Fund management is in the process of reviewing ASU 2010-06 to determine future applicability.

(c) Investment Transactions and Investment Income

Investment transactions are accounted for on the trade date. Realized gains and losses on investments are determined on the identified cost basis. Dividend income is recorded on the ex-dividend date. Interest income, adjusted for the accretion of discount and amortization of premiums, is recorded on an accrual basis. Discounts or premiums on debt securities purchased are accreted or amortized to interest income over the lives of the respective securities using the effective interest method. 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 be 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 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 January 31, 2010. The Funds federal tax returns for the prior three fiscal 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 to its shareholders on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations, which may differ from generally accepted accounting principles. 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.

(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

NFJ Dividend, Interest & Premium Strategy Fund
Nicholas-Applegate Equity & Convertible Income Fund Notes to Financial Statements
January 31, 2010

1. Organization and Significant Accounting Policies (continued)

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.

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 (credit/counterparty risk). The Funds are exposed to various risks such as, but not limited to, interest rate, market price and credit/counterparty 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 useful primarily as a measure of the sensitivity of a fixed income security's market price to interest rate (i.e. yield) movements.

The market values of equity securities, such as common and preferred stock or equity-related investments, such as options, may decline due to general market conditions 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 which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Equity securities and equity-related investments generally have greater market price volatility than fixed income securities.

The Funds are exposed to credit risk on parties with whom they trade and will also bear the risk of settlement default. The Funds seek to minimize concentrations of credit risk by undertaking transactions with a large number of customers and counterparties on reorganized and reputable exchanges. The Funds could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivatives contract, is 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.

Similar to credit risk, 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. NFJ Investment Group LLC (NFJ), Oppenheimer Capital LLC (OCC) and Nicholas-Applegate Capital Management LLC (NACM), as the investment sub-advisers, seek to minimize counterparty risks to each applicable Fund by performing reviews of each counterparty. Delivery of securities sold is only made once the Funds have received payment. Payment is made on the purchase once the securities have been delivered by the counterparty. The trade will fail if either party fails to meet its obligation.

During the year ended January 31, 2010, the Funds held synthetic convertible securities with Lehman Brothers, Inc. as the counterparty. On September 15, 2008 Lehman Brothers Holdings Inc. filed for protection under Chapter 11 of the United States Bankruptcy Code. The value of the relevant securities have been written down to their estimated recoverable values.

3. Financial Derivatives Instruments

Disclosure about derivative instruments and hedging activities require qualitative disclosures regarding objectives and strategies for using derivatives, quantitative disclosure about fair value amounts of gains and losses on derivative instruments, 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 may 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. Derivative notional amounts and values as of January 31, 2010, which are disclosed in the accompanying Notes to Financial Statements, are indicative of the volume of the Funds' derivatives activities over the reporting period.

NFJ Dividend, Interest & Premium Strategy Fund
Nicholas-Applegate Equity & Convertible Income Fund Notes to Financial Statements
 January 31, 2010

3. Financial Derivatives Instruments (continued)

Option Transactions

The Funds purchase and write (sell) put and call options on securities and indices for hedging purposes, risk management purposes or otherwise as part of their investment strategies. The risk associated with purchasing an option is that the Funds pay a premium whether or not the option is exercised. Additionally, the Funds bear the risk of loss of premiums and changes in market value should the counterparty not perform under the contract. Put and call options purchased are accounted for in the same manner as portfolio securities. The cost of securities acquired through the exercise of call options is increased by the premiums paid. The proceeds from securities sold through the exercise of put options is decreased by the premiums paid.

When an option is written, the premium received is recorded as an asset with an equal liability which is subsequently marked to market to reflect the market value of the option written. These liabilities are reflected as options written in the Funds' Statements of Assets and Liabilities. Premiums received from writing options which expire unexercised are recorded 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 purchased 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. If a put option written is exercised, the premium reduces the cost basis of the security. 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.

Fair Value of Derivative Instruments as of January 31, 2010

The following is a summary of the fair valuations of the Funds' derivative instruments categorized by risk exposure. The effect of derivative instruments on the Funds' Statements of Assets and Liabilities at January 31, 2010:

NFJ Dividend, Interest & Premium Strategy:

Location	Market price
Liability Derivatives	
Call options written, at value	\$(6,528,625)

Nicholas-Applegate Equity & Convertible Income:

Location	Market price
Liability Derivatives	
Call options written, at value	\$(152,125)

The effect of derivative instruments on the Funds' Statements of Operations for the year ended January 31, 2010:

	NFJ Dividend, Interest & Premium Strategy	Nicholas-Applegate Equity & Convertible Income
Location		
Realized gain (loss) on:		
Call options written	\$(104,838,530)	\$933,141
Net change in unrealized appreciation/depreciation of:		
Call options written	\$(1,624,149)	\$(472,612)

NFJ Dividend, Interest & Premium Strategy Fund
Nicholas-Applegate Equity & Convertible Income Fund Notes to Financial Statements
 January 31, 2010

4. Investment Manager/Sub-Advisers

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

The Investment Manager has retained its affiliates, NFJ, NACM and OCC (the "Sub-Advisers"), to manage the NFJ Dividend, Interest & Premium Strategy Fund's equity component, convertible component and index option strategy, respectively. NACM serves as the sole sub-adviser to the Nicholas-Applegate Equity & Convertible Income Fund. Subject to the supervision of the Investment Manager, NFJ, NACM and OCC make all of NFJ Dividend, Interest & Premium Strategy Fund's investment decisions in connection with their respective components of the applicable Fund's investments. Subject to the supervision of the Investment Manager, NACM is responsible for making all of Nicholas-Applegate Equity & Convertible Income Fund's investment decisions. Pursuant to the Sub-Advisory Agreements, the Investment Manager and not the Funds, pays each of the Sub-Advisers an annual fee payable on a monthly basis.

5. Investment in Securities

For the year ended January 31, 2010, purchases and sales of investments, other than short-term securities and U.S. government obligations were:

	NFJ Dividend, Interest & Premium Strategy	Nicholas-Applegate Equity & Convertible Income
Purchases	\$802,651,140	\$324,345,423
Sales	816,861,877	336,899,543

For the year ended January 31, 2010, purchases and sales of U.S government obligations were:

	NFJ Dividend, Interest & Premium Strategy	Nicholas-Applegate Equity & Convertible Income
Purchases		
Sales		\$2,000,000

(a) Transactions in call options written for the year ended January 31, 2010:

	Contracts	Premiums
NFJ Dividend, Interest & Premium Strategy:		
Options outstanding, January 31, 2009	28,100	\$ 16,215,450
Options written	315,080	116,920,918
Options terminated in closing purchase transactions	(82,779)	(59,936,664)
Options expired	(154,750)	(57,496,642)
Options exercised	(1)	(36)
Options outstanding, January 31, 2010	105,650	\$ 15,703,026
Nicholas-Applegate Equity & Convertible Income:		
Options outstanding, January 31, 2009	1,682	\$ 1,451,482
Options written	68,818	13,191,577
Options terminated in closing purchase transactions	(23,442)	(4,910,864)
Options expired	(29,993)	(8,853,500)
Options outstanding, January 31, 2010	17,065	\$ 878,695

NFJ Dividend, Interest & Premium Strategy Fund
Nicholas-Applegate Equity & Convertible Income Fund Notes to Financial Statements
January 31, 2010

6. Income Tax Information

The tax character of dividends and distributions paid were:

	Year ended January 31, 2010	Year ended January 31, 2009
NFJ Dividend, Interest & Premium Strategy:		
Ordinary Income	\$56,714,595	\$185,116,740
Long-term Capital Gains		2,514,045

At January 31, 2010, the tax character of distributable earnings was \$8,931,497 of ordinary income.

For the year ended January 31, 2010, permanent differences are primarily attributable to the differing treatment of convertible preferred securities. These adjustments were to increase undistributed net investment income and increase accumulated net realized losses by \$2,337,118.

At January 31, 2010, the Fund had a capital loss carryforward of \$308,882,840, \$55,893,418 of which will expire in 2017 and \$252,989,422 of which will expire in 2018, and is available as a reduction, to the extent provided in the regulations, of any future net realized gains. To the extent that these losses are used to offset future realized capital gains, such gains will not be distributed.