

AllianzGI NFJ DIVIDEND, INTEREST & PREMIUM STRATEGY FUND  
Form N-CSRS  
October 01, 2014

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

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund  
(Exact name of registrant as specified in charter)

1633 Broadway, New York, New York  
(Address of principal executive offices)

10019  
(Zip code)

Lawrence G. Altadonna 1633 Broadway, New York, New York 10019  
(Name and address of agent for service)

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

Date of fiscal year January 31, 2015  
end:

Date of reporting period: July 31, 2014

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Item 1. Report to Shareholders



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**Letter from Chairman of the Board & President**

Dear Shareholder:

After three years of generally moderate growth, the US economy contracted during the first quarter of 2014. However, this proved to be a temporary setback as the economy again expanded during the second quarter of the year. Longer-term bond yields declined and stocks produced very strong returns during the six months ended July 31, 2014.

**Six Months in Review through July 31, 2014**

For the six-month reporting period ended July 31, 2014:

**Hans W. Kertess**

*Chairman*

• AllianzGI NFJ Dividend, Interest & Premium Strategy Fund rose 6.98% on net asset value ( NAV ) and 8.19% on market price.

• AllianzGI Equity & Convertible Income Fund increased 7.50% on NAV and returned 9.09% on market price.

During the reporting period, the Russell 3000 Index, a broad measure of US stock market performance, increased 8.25%; the Russell 1000 Value Index, a measure of large-cap value-style stocks, rose 10.35%; and the Russell 1000 Growth Index, a measure of large-cap growth style stocks, advanced 7.75%. Convertible securities, as reflected by the BofA Merrill Lynch All Convertibles Index, returned 5.48%.

**Julian Sluyters**

*President & CEO*

After several years of positive growth, severe winter weather in parts of the United States constrained the US economy in early 2014. Looking back, gross domestic product ( GDP ), the value of goods and services produced in the country, the broadest measure of economic activity and the principal indicator of economic performance, expanded at a revised 3.5% annual pace during the fourth quarter of 2013. GDP contracted at an annual pace of 2.1% during the first quarter of 2014 and then expanded at an estimated 4.2% annual pace during the second quarter of 2014.

The Federal Reserve (the Fed ) maintained an accommodative monetary stance during the reporting period. Announcements and actions related to the reduction of the Fed s monthly asset purchase program contributed to bond-yield volatility during the December to May period. The markets have also been scrutinizing Fed statements related to when interest rates would begin to rise. In July, the Fed repeated that it would not raise rates in the near future, saying that it likely will be appropriate to maintain the current target range for the federal funds rate for a

considerable time after the asset purchase program ends, especially if projected inflation continues to run below the Committee's 2 percent longer-run goal, and provided that longer-term inflation expectations remain well anchored.

**Receive this report electronically and eliminate paper mailings.**

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**Outlook**

We remain optimistic on the US economic recovery, as confirmed by the meaningful bounce in GDP during the second quarter. Fed officials have tied the outlook for monetary policy to incoming economic data. Based on our forecasts for growth, we believe that Fed asset purchases will end in the fourth quarter of 2014, with lift-off in the fed funds rate possible in mid-2015.

**To enroll, visit:**  
[us.allianzgi.com/edelivery](http://us.allianzgi.com/edelivery).

For specific information on the Funds and their performance, please review the following pages. 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. In addition, a wide range of information and resources is available on our website, [us.allianzgi.com/closedendfunds](http://us.allianzgi.com/closedendfunds).

Together with Allianz Global Investors Fund Management LLC, the Funds' investment manager, and NFJ Investment Group LLC and Allianz Global Investors U.S. 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 of the Board of Trustees*

Julian Sluyters  
*President & Chief Executive Officer*

## Fund Insights

### AllianzGI NFJ Dividend, Interest & Premium Strategy Fund/AllianzGI Equity & Convertible Income Fund Market Environment

July 31, 2014 (unaudited)

In the reporting period, investors gravitated towards equities, which fueled stock market gains. The S&P 500 index reached new all-time highs throughout the period. Convertible bonds benefited from higher equity prices and credit spread tightening.

With credit risk continuing to be minimal, the external factors that had the greatest identifiable influence on the market's psychology and direction included economic data points and corporate profits, Treasury rates, geopolitical uncertainty from Russia, and the Fed outlook.

The first two external factors that influenced the markets were economic statistics and corporate profits. Most investors looked past the final GDP number for the first quarter and viewed the data as an anomaly, due to an upward trajectory for the majority of second quarter statistics. Additionally, the majority of corporate earnings continued to meet or exceed expectations.

The convertible market was influenced by a decline in Treasury yields. Convertible bonds have a low or even negative correlation with Treasury bonds on a historical basis. However, some parts of the convertible market (such as bond-like or busted convertibles) are correlated with Treasuries. This combination of higher correlation and the unexpected nature of the interest-rate move had a meaningfully positive influence on this part of the convertible market.

In terms of geopolitical uncertainty, the focus shifted from Russia and Ukraine to Iraq. The added day-to-day volatility did not help the equity market, but the concerns added to a flight-to-quality bid for the Treasury market.

Finally, global central banks remained generally accommodative and Fed Chair Janet Yellen maintained a dovish stance. This position has aided not only the renewed interest in buying Treasury bonds, but also reduced market volatility. Credit markets responded positively to these observations.

Against this backdrop, share buyback and dividend announcements were prevalent, M&A activity was elevated and the IPO market was robust. These trends confirmed a healthy corporate earnings environment.

Levels of implied volatility, as measured by the Chicago Board Options Exchange Volatility Index ( VIX ), generally trended lower throughout the period. The index reached multi-year lows in early July but rose sharply into the end of the period. The most elevated readings occurred in early February and late July, coinciding with equity market weakness. After beginning the period at 18.4, the VIX closed at 17.0.

**AllianzGI NFJ Dividend, Interest & Premium Strategy Fund Fund Insights**

*For the period of February 1, 2014 through July 31, 2014 as provided by Ben Fischer, CFA, Portfolio Manager.*

For the six month period ended July 31, 2014, AllianzGI NFJ Dividend, Interest & Premium



Strategy Fund (the Fund ) returned 6.98% on net asset value ( NAV ) and 8.19% on market price.

The equity portion of the Fund delivered positive returns and outpaced the Russell 1000 Value benchmark index. Positive sector allocation drove relative outperformance, with stock selection a net contributor as well, but to a lesser extent. In terms of stock selection, the Fund's holdings in the Energy, Consumer Staples and Industrials sectors were the most beneficial. Conversely, stock selection was net negative in the Materials, Consumer Discretionary and Information Technology sectors.

From a sector allocation perspective, an overweight in the Information Technology sector, as well as underweight positions in Industrials and Utilities, boosted the Fund's performance. The Fund's overweight in Health Care marginally detracted from results.

The convertible bonds portion of the Fund provided upside participation during the equity market advance and helped to cushion the Fund from downside volatility when stocks declined.

Sector allocations that helped relative performance in the period included Energy, Financials and Industrials. Security selection in the Energy and Financials sectors was beneficial. An overweight and relative outperformance in Industrials had a positive impact. In contrast, Technology, Health Care and Transportation exposure weighed on relative performance. In particular, negative security selection within the Technology and Health Care sectors detracted. An overweight in Transportation was additive, but only partially offset weaker issuer-specific performance.

As the markets advanced during the majority of the six-month period, market index and sector index volatility drifted lower. As a result of the rising markets and lower levels of implied volatility, very little premium was retained during the period. However, the volatility spike at the very end of the period allowed newer positions to be taken at more attractive strike distances.

#### **AllianzGI Equity & Convertible Income Fund Fund Insights**

*For the period of February 1, 2014 through July 31, 2014 as provided by Doug Forsyth, CFA, Portfolio Manager.*

For the six month period ended July 31, 2014, AllianzGI Equity & Convertible Income Fund (the Fund ) returned 7.50% on NAV and 9.09% on market price.

Exposure to convertible bonds provided upside participation during the equity advance and helped to cushion the fund from downside volatility when stocks declined.

In the equity sleeve, stock picking within the Information Technology, Utilities and Health Care sectors benefited the Fund. Additionally, an overweight in Energy and an underweight in Consumer Discretionary led to better relative returns. Conversely, security selection within Energy,

Financials and Industrials hampered performance, followed by Telecommunication Services.

In the convertibles sleeve, stronger issue-specific performance helped in the Health Care, Industrials and Consumer Staples sectors. Furthermore, an underweight in Health Care aided returns. In contrast, weaker relative performance and an underweight in the Technology sector detracted from relative returns. Additionally, Utilities issues underperformed their respective counterparts.

Individual stock implied volatilities trended lower in-line with the overall VIX trend line. Healthy option premia was retained during the period, only to be offset by positions that were actively purchased-to-close as the equity positions moved beyond the initial strike price. These near term losses were more than offset by the capital growth from the underlying equity moving higher.

**Performance & Statistics**

**AllianzGI NFJ Dividend, Interest & Premium Strategy Fund**

July 31, 2014 (unaudited)

| <b>Total Return(1)</b>                          | <b>Market Price</b> | <b>NAV</b> |
|---|---------------------|------------|
| Six Months                                      | 8.19%               | 6.98%      |
| 1 Year  | 16.46%              | 11.78%     |
| 5 Year  | 17.62%              | 12.33%     |
| Commencement of Operations (2/28/05) to 7/31/14 | 5.58%               | 5.71%      |

**Market Price/NAV Performance**

Commencement of Operations (2/28/05) to 7/31/14

NAV  
Market Price

**Market Price/NAV**

Market Price \$18.42  
 NAV \$18.54  
 Discount to NAV (0.65)%  
 Market Price Yield(2) 2.57%

**Performance & Statistics**

**AllianzGI Equity & Convertible Income Fund**

July 31, 2014 (unaudited)

| <b>Total Return(1)</b>                          | <b>Market Price</b> | <b>NAV</b> |
|---|---------------------|------------|
| Six Months                                      | 9.09%               | 7.50%      |
| 1 Year  | 13.13%              | 14.19%     |
| 5 Year  | 13.17%              | 13.64%     |
| Commencement of Operations (2/27/07) to 7/31/14 | 4.81%               | 6.76%      |

**Market Price/NAV Performance**

Commencement of Operations (2/27/07) to 7/31/14

NAV  
Market Price

**Market Price/NAV**

Market Price \$19.87  
NAV \$22.85  
Discount to NAV (13.04)%  
Market Price Yield(2) 5.64%

(1) **Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in NAV or market price (as applicable) in the specified period. The calculation assumes that all dividends and distributions, if any, have been reinvested. Total return does not reflect broker commissions or sales charges in connection with the purchase or sale of Fund shares and includes the effect of any expense reductions, if any. Total return for a period of more than one year represents the average annual total return. Total return for a period of less than one year is not annualized.

Performance at market price will differ from 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 each Fund, market conditions, supply and demand for each Fund's shares, or changes in each Fund's dividends.

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An investment in each Fund involves risk, including the loss of principal. Total return, market price, market price yield and NAV 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 one-time public offering and once issued, shares of closed-end funds are traded in the open market through a stock exchange. NAV is equal to total assets 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 June quarterly per share dividend (comprised of net investment income and net short-term capital gains, if any) payable to shareholders by the market price per share at July 31, 2014.

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## Schedule of Investments

## AllianzGI NFJ Dividend, Interest &amp; Premium Strategy Fund

July 31, 2014 (unaudited)

| Common Stock | Shares       |  | Value        |
|--------------|--------------|--|--------------|
|              | <b>71.5%</b> |  |              |
|              | 85,000       | <b>Aerospace &amp; Defense 1.9%</b>                |              |
|              | 150,000      | Lockheed Martin Corp.                              | \$14,192,450 |
|              |              | Northrop Grumman Corp. (a)                         | 18,490,500   |
|              |              |  | 32,682,950   |
|              |              | <b>Automobiles 2.7%</b>                            |              |
| 2,497,200    |              | Ford Motor Co. (a)                                 | 42,502,344   |
| 144,179      |              | General Motors Co.                                 | 4,876,134    |
|              |              |  | 47,378,478   |
|              |              | <b>Beverages 1.0%</b>                              |              |
| 253,800      |              | Molson Coors Brewing Co., Class B                  | 17,139,114   |
|              |              | <b>Capital Markets 1.4%</b>                        |              |
| 200,000      |              | Ameriprise Financial, Inc. (a)                     | 23,920,000   |
|              |              | <b>Chemicals 0.7%</b>                              |              |
| 200,000      |              | EI du Pont de Nemours & Co. (a)                    | 12,862,000   |
|              |              | <b>Commercial Banks 5.1%</b>                       |              |
| 1,300,000    |              | Fifth Third Bancorp (a)                            | 26,624,000   |
| 300,000      |              | PNC Financial Services Group, Inc. (a)             | 24,768,000   |
| 767,000      |              | Wells Fargo & Co. (a)                              | 39,040,300   |
|              |              |  | 90,432,300   |
|              |              | <b>Communications Equipment 1.3%</b>               |              |
| 830,900      |              | Cisco Systems, Inc. (a)                            | 20,963,607   |
| 24,500       |              | Harris Corp.                                       | 1,672,615    |
|              |              |  | 22,636,222   |
|              |              | <b>Consumer Finance 1.5%</b>                       |              |
| 1,513,000    |              | Navient Corp. (a)                                  | 26,023,600   |
|              |              | <b>Diversified Financial Services 3.7%</b>         |              |
| 630,200      |              | Citigroup, Inc. (a)                                | 30,823,082   |
| 590,000      |              | JP Morgan Chase & Co. (a)                          | 34,025,300   |
|              |              |  | 64,848,382   |
|              |              | <b>Diversified Telecommunication Services 4.5%</b> |              |
| 1,482,300    |              | AT&T, Inc.   | 52,755,057   |
| 522,500      |              | Verizon Communications, Inc.                       | 26,344,450   |
|              |              |  | 79,099,507   |
|              |              | <b>Electric Utilities 0.0%</b>                     |              |
| 500          |              | American Electric Power Co., Inc.                  | 25,995       |
|              |              | <b>Food &amp; Staples Retailing 0.3%</b>           |              |
| 75,000       |              | Wal-Mart Stores, Inc.                              | 5,518,500    |
|              |              | <b>Food Products 0.2%</b>                          |              |
| 39,038       |              | Bunge Ltd.   | 3,077,756    |
|              |              | <b>Health Care Equipment &amp; Supplies 1.5%</b>   |              |
| 364,100      |              | Baxter International, Inc. (a)                     | 27,194,629   |



## Schedule of Investments

## AllianzGI NFJ Dividend, Interest &amp; Premium Strategy Fund

July 31, 2014 (unaudited) (continued)

| Shares    |  | Value        |
|-----------|--|--------------|
|           | <b>Health Care Providers &amp; Services 1.6%</b> |              |
| 254,300   | WellPoint, Inc. (a)                              | \$27,924,683 |
|           | <b>Industrial Conglomerates 1.9%</b>             |              |
| 1,353,217 | General Electric Co. (a)                         | 34,033,408   |
|           | <b>Insurance 4.6%</b>                            |              |
| 57,396    | American International Group, Inc.               | 2,983,444    |
| 800,000   | MetLife, Inc. (a)                                | 42,080,000   |
| 300,000   | The Allstate Corp. (a)                           | 17,535,000   |
| 200,000   | The Travelers Cos, Inc. (a)                      | 17,912,000   |
|           |  | 80,510,444   |
|           | <b>IT Services 1.6%</b>                          |              |
| 83,784    | Unisys Corp. (b)                                 | 1,783,761    |
| 2,000,000 | Xerox Corp. (a)                                  | 26,520,000   |
|           |  | 28,303,761   |
|           | <b>Metals &amp; Mining 5.1%</b>                  |              |
| 19,197    | Alcoa, Inc.                                      | 314,639      |
| 2,029,900 | Barrick Gold Corp. (a)                           | 36,700,592   |
| 1,130,700 | Freeport-McMoRan Copper & Gold, Inc. (a)         | 42,084,654   |
| 280,963   | Steel Dynamics, Inc.                             | 5,959,225    |
| 1,753,740 | Thompson Creek Metals Co., Inc. (b)              | 4,875,397    |
|           |  | 89,934,507   |
|           | <b>Multi-Utilities 1.5%</b>                      |              |
| 682,600   | Ameren Corp. (a)                                 | 26,245,970   |
|           | <b>Oil, Gas &amp; Consumable Fuels 12.3%</b>     |              |
| 79,781    | Apache Corp.                                     | 8,190,317    |
| 200,000   | Chevron Corp. (a)                                | 25,848,000   |
| 650,000   | ConocoPhillips (a)                               | 53,625,000   |
| 700,000   | Marathon Oil Corp. (a)                           | 27,125,000   |
| 254,600   | Occidental Petroleum Corp. (a)                   | 24,876,966   |
| 450,500   | Royal Dutch Shell PLC, Class A, ADR (a)          | 36,864,415   |
| 600,000   | Total SA, ADR (a)                                | 38,700,000   |
|           |  | 215,229,698  |
|           | <b>Paper &amp; Forest Products 1.3%</b>          |              |
| 500,000   | International Paper Co. (a)                      | 23,750,000   |
|           | <b>Pharmaceuticals 7.7%</b>                      |              |
| 599,000   | GlaxoSmithKline PLC, ADR (a)                     | 28,973,630   |
| 250,000   | Johnson & Johnson (a)                            | 25,022,500   |
| 400,000   | Merck & Co., Inc. (a)                            | 22,696,000   |
| 800,000   | Pfizer, Inc. (a)                                 | 22,960,000   |
| 658,442   | Teva Pharmaceutical Industries Ltd., ADR (a)     | 35,226,647   |
|           |  | 134,878,777  |
|           | <b>Real Estate Investment Trust 1.2%</b>         |              |
| 1,885,000 | Annaly Capital Management, Inc. (a)              | 20,923,500   |





**Schedule of Investments**

**AllianzGI NFJ Dividend, Interest & Premium Strategy Fund**

July 31, 2014 (unaudited) (continued)

| Shares                                     |  | Value         |
|--|--|---------------|
| 184,100                                    | <b>Road &amp; Rail 1.1%</b><br>Norfolk Southern Corp. (a)                        | \$18,715,606  |
| 1,597,800                                  | <b>Semiconductors &amp; Semiconductor Equipment 3.1%</b><br>Intel Corp. (a)      | 54,149,442    |
| 870,000                                    | <b>Software 2.7%</b><br>CA, Inc. (a)   | 25,125,600    |
| 500,000                                    | Microsoft Corp.  | 21,580,000    |
|  |  | 46,705,600    |
| Total Common Stock (cost-\$1,128,638,561)  |  | 1,254,144,829 |
|  |  |               |
| Principal<br>Amount<br>(000s)              |  |               |
| <b>Convertible Bonds &amp; Notes 18.0%</b> |  |               |
| \$2,800                                    | <b>Automobiles 0.9%</b><br>Ford Motor Co., 4.25%, 11/15/16                       | 5,530,000     |
| 10,000                                     | Tesla Motors, Inc., 0.25%, 3/1/19  | 9,456,250     |
|  |  | 14,986,250    |
| 3,000                                      | <b>Biotechnology 1.3%</b><br>ARIAD Pharmaceuticals, Inc., 3.625%, 6/15/19 (c)(d) | 2,775,000     |
| 2,265                                      | BioMarin Pharmaceutical, Inc., 0.75%, 10/15/18                                   | 2,330,119     |
| 3,500                                      | Cepheid, 1.25%, 2/1/21 (c)(d)  | 3,307,500     |
| 500  | Cubist Pharmaceuticals, Inc., 1.875%, 9/1/20 (c)(d)                              | 539,062       |
| 4,000                                      | Emergent Biosolutions, Inc., 2.875%, 1/15/21 (c)(d)                              | 4,135,000     |
| 6,000                                      | Incyte Corp. (c)(d),<br>0.375%, 11/15/18   | 7,248,750     |
| 1,500                                      | 1.25%, 11/15/20  | 1,814,063     |
|  |  | 22,149,494    |
| 7,580                                      | <b>Capital Markets 1.2%</b><br>Ares Capital Corp., 5.75%, 2/1/16                 | 8,105,862     |
| 6,795                                      | BGC Partners, Inc., 4.50%, 7/15/16   | 7,300,378     |
| 6,615                                      | Walter Investment Management Corp., 4.50%, 11/1/19                               | 6,135,413     |
|  |  | 21,541,653    |
| 3,640                                      | <b>Commercial Services 0.2%</b><br>Cenveo Corp., 7.00%, 5/15/17                  | 4,247,425     |
|  | <b>Communications Equipment 1.0%</b><br>Ciena Corp.,<br>0.875%, 6/15/17          | 995,625       |
| 1,000                                      | 3.75%, 10/15/18 (c)(d)   | 3,888,750     |
| 3,000                                      | Finisar Corp., 0.50%, 12/15/33 (c)(d)  | 2,938,125     |
| 10,250                                     | Ixia, 3.00%, 12/15/15  | 10,262,812    |
|  |  | 18,085,312    |



## Schedule of Investments

## AllianzGI NFJ Dividend, Interest &amp; Premium Strategy Fund

July 31, 2014 (unaudited) (continued)

| Principal<br>Amount<br>(000s) |  | Value       |
|-------------------------------|--|-------------|
|                               | <b>Computers &amp; Peripherals 0.9%</b>                        |             |
| \$7,945                       | SanDisk Corp., 0.50%, 10/15/20 (c)(d)                          | \$9,280,753 |
| 4,000                         | Spanion LLC, 2.00%, 9/1/20 (c)(d)                              | 6,102,500   |
|                               |  | 15,383,253  |
|                               | <b>Construction Materials 0.1%</b>                             |             |
| 1,005                         | Cemex S.A.B. de C.V., 4.875%, 3/15/15                          | 1,204,116   |
|                               | <b>Consumer Finance 0.3%</b>                                   |             |
| 4,000                         | Ezcorp, Inc., 2.125%, 6/15/19 (c)(d)                           | 3,617,500   |
| 1,000                         | Portfolio Recovery Associates, Inc., 3.00%, 8/1/20 (c)(d)      | 1,180,000   |
|                               |  | 4,797,500   |
|                               | <b>Diversified Telecommunications Services 0.2%</b>            |             |
| 2,610                         | Level 3 Communications, Inc., 7.00%, 3/15/15                   | 4,339,125   |
|                               | <b>Electric Utilities 0.2%</b>                                 |             |
| 2,500                         | NRG Yield, Inc., 3.50%, 2/1/19 (c)(d)                          | 3,031,250   |
|                               | <b>Electronic Equipment, Instruments &amp; Components 0.3%</b> |             |
| 4,600                         | InvenSense, Inc., 1.75%, 11/1/18 (c)(d)                        | 5,525,750   |
|                               | <b>Energy Equipment &amp; Services 0.5%</b>                    |             |
| 1,845                         | Bristow Group, Inc., 3.00%, 6/15/38                            | 2,100,994   |
| 2,000                         | Hornbeck Offshore Services, Inc., 1.50%, 9/1/19                | 2,328,750   |
| 4,400                         | SEACOR Holdings, Inc., 3.00%, 11/15/28 (c)(d)                  | 4,246,000   |
|                               |  | 8,675,744   |
|                               | <b>Health Care Equipment &amp; Supplies 0.1%</b>               |             |
| 1,000                         | NuVasive, Inc., 2.75%, 7/1/17                                  | 1,166,250   |
|                               | <b>Health Care Providers &amp; Services 0.4%</b>               |             |
| 2,200                         | Molina Healthcare, Inc., 1.125%, 1/15/20                       | 2,589,125   |
| 610                           | Omnicare, Inc., 3.50%, 2/15/44                                 | 673,669     |
| 2,500                         | WellPoint, Inc., 2.75%, 10/15/42                               | 3,926,562   |
|                               |  | 7,189,356   |
|                               | <b>Health Care Technology 0.1%</b>                             |             |
| 2,000                         | Allscripts Healthcare Solutions, Inc., 1.25%, 7/1/20 (c)(d)    | 2,282,500   |
|                               | <b>Household Durables 1.0%</b>                                 |             |
| 2,510                         | Jarden Corp., 1.125%, 3/15/34 (c)(d)                           | 2,491,175   |
| 2,000                         | KB Home, 1.375%, 2/1/19  | 1,943,750   |
| 4,500                         | Lennar Corp., 3.25%, 11/15/21 (c)(d)                           | 7,318,125   |
| 6,500                         | The Ryland Group, Inc., 0.25%, 6/1/19                          | 6,020,625   |
|                               |  | 17,773,675  |
|                               | <b>Insurance 0.2%</b>  |             |
| 4,000                         | HCI Group, Inc., 3.875%, 3/15/19 (c)(d)                        | 3,722,500   |
|                               | <b>Internet &amp; Catalog Retail 0.2%</b>                      |             |
| 3,000                         | Ctrip.com International Ltd., 1.25%, 10/15/18 (c)(d)           | 3,294,375   |
|                               | <b>Internet Software &amp; Services 1.5%</b>                   |             |
| 6,000                         | Akamai Technologies, Inc., %, 2/15/19 (c)(d)                   | 6,090,030   |
| 6,000                         | Dealertrack Technologies, Inc., 1.50%, 3/15/17                 | 7,215,000   |
| 2,335                         | Qihoo 360 Technology Co., Ltd., 2.50%, 9/15/18 (c)(d)          | 2,623,956   |



## Schedule of Investments

## AllianzGI NFJ Dividend, Interest &amp; Premium Strategy Fund

July 31, 2014 (unaudited) (continued)

| Principal Amount<br>(000s) |  | Value      |
|----------------------------|--|------------|
|                            | <b>Internet Software &amp; Services (continued)</b>    |            |
| \$1,000                    | SINA Corp., 1.00%, 12/1/18 (c)(d)                      | \$924,375  |
| 4,000                      | Web.com Group, Inc., 1.00%, 8/15/18                    | 4,137,500  |
| 5,000                      | YY, Inc., 2.25%, 4/1/19 (c)(d)                         | 4,990,625  |
|                            |  | 25,981,486 |
|                            | <b>IT Services 0.0%</b>                                |            |
| 500                        | Cardtronics, Inc., 1.00%, 12/1/20 (c)(d)               | 496,565    |
|                            | <b>Leisure Products 0.1%</b>                           |            |
| 2,650                      | JAKKS Pacific, Inc., 4.875%, 6/1/20 (c)(d)             | 2,227,656  |
|                            | <b>Life Science Tools &amp; Services 0.5%</b>          |            |
| 5,500                      | Fluidigm Corp., 2.75%, 2/1/34                          | 5,125,313  |
| 3,000                      | Illumina, Inc., %, 6/15/19 (c)(d)                      | 2,996,250  |
|                            |  | 8,121,563  |
|                            | <b>Machinery 1.5%</b>                                  |            |
|                            | Meritor, Inc.,   |            |
| 7,000                      | 4.625%, 3/1/26 (e)                                     | 7,590,625  |
| 5,020                      | 7.875%, 3/1/26   | 7,975,525  |
| 7,000                      | Navistar International Corp., 3.00%, 10/15/14          | 7,096,250  |
| 2,810                      | Wabash National Corp., 3.375%, 5/1/18                  | 3,877,800  |
|                            |  | 26,540,200 |
|                            | <b>Marine 0.2%</b>                                     |            |
| 3,090                      | DryShips, Inc., 5.00%, 12/1/14                         | 3,086,138  |
|                            | <b>Media 0.2%</b>                                      |            |
| 4,000                      | Liberty Interactive LLC, 3.50%, 1/15/31                | 2,272,500  |
| 1,000                      | Live Nation Entertainment, Inc., 2.50%, 5/15/19 (c)(d) | 1,028,750  |
|                            |  | 3,301,250  |
|                            | <b>Metal &amp; Mining 0.1%</b>                         |            |
| 1,500                      | United States Steel Corp., 2.75%, 4/1/19               | 2,183,438  |
|                            | <b>Oil, Gas &amp; Consumable Fuels 1.0%</b>            |            |
| 2,000                      | Chesapeake Energy Corp., 2.50%, 5/15/37                | 2,117,500  |
| 5,500                      | Cobalt International Energy, Inc., 2.625%, 12/1/19     | 4,895,000  |
| 2,500                      | Goodrich Petroleum Corp., 5.00%, 10/1/32               | 2,825,000  |
| 9,975                      | Peabody Energy Corp., 4.75%, 12/15/41                  | 7,182,000  |
|                            |  | 17,019,500 |
|                            | <b>Personal Products 0.2%</b>                          |            |
| 3,950                      | Herbalife Ltd., 2.00%, 8/15/19 (c)(d)                  | 3,239,020  |
|                            | <b>Pharmaceuticals 0.1%</b>                            |            |
| 340                        | Auxilium Pharmaceuticals, Inc., 1.50%, 7/15/18         | 362,950    |
| 1,000                      | Endo Health Solutions, Inc., 1.75%, 4/15/15            | 2,297,500  |
|                            |  | 2,660,450  |
|                            | <b>Real Estate Investment Trust 0.4%</b>               |            |
| 6,000                      | Redwood Trust, Inc., 4.625%, 4/15/18                   | 6,213,750  |



## Schedule of Investments

## AllianzGI NFJ Dividend, Interest &amp; Premium Strategy Fund

July 31, 2014 (unaudited) (continued)

| Principal<br>Amount<br>(000s) |  | Value       |
|-------------------------------|--|-------------|
|                               | <b>Semiconductors &amp; Semiconductor Equipment 1.6%</b> |             |
| \$3,840                       | Intel Corp., 3.25%, 8/1/39                               | \$6,369,619 |
| 5,000                         | JinkoSolar Holding Co. Ltd., 4.00%, 2/1/19 (c)(d)        | 4,718,750   |
| 3,345                         | Micron Technology, Inc., 3.00%, 11/15/43                 | 4,124,803   |
| 4,500                         | NVIDIA Corp., 1.00%, 12/1/18 (c)(d)                      | 4,893,750   |
| 2,000                         | ON Semiconductor Corp., 2.625%, 12/15/26                 | 2,280,000   |
| 4,000                         | SunEdison, Inc., 0.25%, 1/15/20 (c)(d)                   | 4,037,500   |
| 2,000                         | SunPower Corp., 0.875%, 6/1/21 (c)(d)                    | 2,261,250   |
|                               |  | 28,685,672  |
|                               | <b>Software 1.3%</b>                                     |             |
| 3,015                         | Bottomline Technologies (DE), Inc., 1.50%, 12/1/17       | 3,455,944   |
| 1,000                         | NetSuite, Inc., 0.25%, 6/1/18                            | 1,019,375   |
| 2,900                         | Nuance Communications, Inc., 2.75%, 8/15/27              | 2,974,312   |
| 5,000                         | Salesforce.com, Inc., 0.75%, 1/15/15                     | 12,678,125  |
| 3,230                         | TeleCommunication Systems, Inc., 7.75%, 6/30/18          | 3,181,550   |
|                               |  | 23,309,306  |
|                               | <b>Thriffs &amp; Mortgage Finance 0.2%</b>               |             |
| 3,000                         | Radian Group, Inc., 2.25%, 3/1/19                        | 4,005,000   |
|                               | Total Convertible Bonds & Notes (cost-\$328,512,955)     | 316,466,522 |
|                               | <b>Convertible Preferred Stock 8.3%</b>                  |             |
|                               | <b>Airlines 0.7%</b>                                     |             |
| 228,685                       | Continental Airlines Finance Trust II, 6.00%, 11/15/30   | 11,298,457  |
|                               | <b>Commercial Banks 0.5%</b>                             |             |
| 3,525                         | Huntington Bancshares, Inc., 8.50%, (f)                  | 4,688,250   |
| 2,790                         | Wells Fargo & Co., 7.50%, Ser. L (f)                     | 3,375,900   |
|                               |  | 8,064,150   |
|                               | <b>Diversified Financial Services 0.5%</b>               |             |
| 7,665                         | Bank of America Corp., 7.25%, Ser. L (f)                 | 8,853,075   |
|                               | <b>Diversified Telecommunication Services 0.1%</b>       |             |
| 50,000                        | Intelsat SA, 5.75%, 5/1/16                               | 2,462,500   |
|                               | <b>Energy Equipment &amp; Services 0.1%</b>              |             |
| 18,650                        | Credit Suisse, 8.00%, 3/5/15 (Baker Hughes)(g)           | 1,194,719   |
|                               | <b>Food Products 1.2%</b>                                |             |
| 78,830                        | Bunge Ltd., 4.875%, (f)                                  | 8,411,161   |
| 25,500                        | Post Holdings, Inc., 2.50%, (c)(d)(f)                    | 2,344,406   |
| 200                           | Tyson Foods, Inc., 4.75%, 7/15/17                        | 9,720,000   |
|                               |  | 20,475,567  |
|                               | <b>Health Care Equipment &amp; Services 0.1%</b>         |             |
| 7,000                         | Alere, Inc., 3.00%, (f)                                  | 2,334,045   |
|                               | <b>Health Care Providers &amp; Services 0.2%</b>         |             |
| 40,000                        | Amsurg Corp., 5.25%, 7/1/17                              | 4,175,000   |





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

July 31, 2014 (unaudited) (continued)

| Shares  |   | Value                |
|---------|---|----------------------|
|         | <b>Insurance 0.3%</b>   |                      |
| 25,000  | Maiden Holdings Ltd., 7.25%, 9/15/16                          | \$1,175,000          |
| 155,875 | MetLife, Inc., 5.00%, 10/8/14                                 | 4,716,778            |
|         |   | 5,891,778            |
|         | <b>Machinery 0.7%</b>   |                      |
| 90,000  | Stanley Black & Decker, Inc., 4.75%, 11/17/15                 | 11,803,500           |
|         | <b>Metals &amp; Mining 0.8%</b>                               |                      |
| 470,810 | ArcelorMittal, 6.00%, 1/15/16                                 | 10,938,988           |
| 220,000 | Cliffs Natural Resources, Inc., 7.00%, 2/1/16                 | 3,546,400            |
|         |   | 14,485,388           |
|         | <b>Multi-Utilities 1.0%</b>                                   |                      |
| 204,100 | AES Trust III, 6.75%, 10/15/29                                | 10,421,346           |
| 121,500 | Dominion Resources, Inc., 6.375%, 7/1/17                      | 6,160,050            |
|         |   | 16,581,396           |
|         | <b>Oil, Gas &amp; Consumable Fuels 1.0%</b>                   |                      |
| 45,100  | ATP Oil & Gas Corp., 8.00%, 10/1/14 (b)(c)(d)(f)(h)           | 4,510                |
| 99,950  | Chesapeake Energy Corp., 5.00%, (f)                           | 10,163,665           |
| 36,330  | Credit Suisse, 8.00%, 3/5/15 (Occidental Petroleum Corp.)(g)  | 3,401,941            |
| 16,265  | Energy XXI Bermuda Ltd., 5.625%, (f)                          | 4,157,741            |
|         |   | 17,727,857           |
|         | <b>Real Estate Investment Trust 0.7%</b>                      |                      |
| 176,800 | Alexandria Real Estate Equities, Inc., 7.00%, (f)             | 4,854,928            |
| 50,000  | American Tower Corp., 5.25%, 5/15/17                          | 5,531,250            |
| 35,385  | Health Care REIT, Inc., 6.50%, 4/20/18, Ser. I (f)            | 2,051,976            |
|         |   | 12,438,154           |
|         | <b>Specialty Retail 0.4%</b>                                  |                      |
| 5,500   | Barnes & Noble, Inc., 7.75%, 8/18/21 (c)(d)                   | 7,481,719            |
|         | <b>Total Convertible Preferred Stock (cost-\$151,760,756)</b> | <b>145,267,305</b>   |
|         | <b>Short-Term Investments 3.2%</b>                            |                      |
|         | <b>Time Deposits 3.2%</b>                                     |                      |
|         | Citibank-London, 0.03%, 8/1/14                                | 44,165,291           |
|         | Wells Fargo-Grand Cayman, 0.03%, 8/1/14                       | 11,947,816           |
|         |   | 56,113,107           |
|         | <b>Total Short-Term Investments (cost-\$56,113,107)</b>       | <b>56,113,107</b>    |
|         | <b>Total Investments, before call options written</b>         |                      |
|         | (cost-\$1,665,025,379) <b>101.0%</b>                          | <b>1,771,991,763</b> |



**Schedule of Investments**

**AllianzGI NFJ Dividend, Interest & Premium Strategy Fund**

July 31, 2014 (unaudited) (continued)

| Contracts   | Value                  |
|---|------------------------|
| <b>Call Options Written (b) (0.5)%</b>  |                        |
| 6,000 KBW Bank Index, (PHL),<br>strike price \$72, expires 8/16/14                                    | \$(1,560,000)          |
| 6,000 strike price \$72, expires 9/20/14<br>NASDAQ 100 Index, (CBOE),                                 | (1,560,000)            |
| 100 strike price \$3825, expires 8/1/14   | (790,500)              |
| 70 strike price \$3860, expires 8/8/14  | (429,450)              |
| 65 strike price \$3875, expires 8/16/14   | (402,675)              |
| 55 strike price \$3925, expires 8/22/14   | (223,575)              |
| 55 strike price \$3950, expires 8/22/14<br>Philadelphia Oil Service Sector Flex Index, (CBOE),        | (160,600)              |
| 1,600 strike price \$310, expires 8/22/14<br>Philadelphia Oil Service Sector Index, (PHL),            | (34,739)               |
| 3,000 strike price \$305, expires 8/16/14   | (622,500)              |
| 1,500 strike price \$310, expires 9/20/14<br>Philadelphia Stock Exchange KBW Bank Flex Index, (CBOE), | (345,000)              |
| 6,000 strike price \$72, expires 8/8/14   | (35,791)               |
| 6,000 strike price \$72, expires 9/12/14  | (387,062)              |
| 5,000 strike price \$72.50, expires 8/22/14   | (102,532)              |
| 6,000 strike price \$73, expires 9/5/14<br>Standard & Poor's 500 Index, (CBOE),                       | (172,299)              |
| 200 strike price \$1950, expires 8/1/14   | (33,500)               |
| 225 strike price \$1955, expires 8/1/14   | (21,937)               |
| 425 strike price \$1965, expires 8/8/14   | (167,875)              |
| 225 strike price \$1965, expires 8/16/14  | (145,125)              |
| 225 strike price \$1970, expires 8/1/14   | (3,937)                |
| 200 strike price \$1980, expires 8/16/14  | (59,000)               |
| 225 strike price \$1980, expires 8/22/14  | (115,875)              |
| 225 strike price \$1990, expires 8/22/14  | (73,125)               |
| 200 strike price \$1990, expires 9/5/14   | (133,000)              |
| 225 strike price \$1995, expires 8/22/14  | (56,813)               |
| Total Call Options Written (premiums received-\$11,656,755)   | (7,636,910)            |
| <b>Total Investments, net of call options written</b>   |                        |
| (cost-\$1,653,368,624) <b>100.5%</b>  | 1,764,354,853          |
| Other liabilities in excess of other assets (0.5)%  | (9,552,497)            |
| <b>Net Assets 100.0%</b>  | <b>\$1,754,802,356</b> |

**Schedule of Investments**

**AllianzGI NFJ Dividend, Interest & Premium Strategy Fund**

July 31, 2014 (unaudited) (continued)

**Notes to Schedule of Investments:**

- (a) All or partial amount segregated for the benefit of the counterparty as collateral for call options written.
- (b) Non-income producing.
- (c) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$129,097,790, representing 7.4% of net assets.
- (d) 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.
- (e) Step Bond Coupon is a fixed rate for an initial period then resets at a specific date and rate.
- (f) Perpetual maturity. The date shown, if any, is the next call date.
- (g) 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 (synthetic convertible securities). Such entity is identified in the parenthetical.
- (h) In default.
- (i) Transactions in call options written for the six months ended July 31, 2014:

|  | Contracts | Premiums     |
|--|-----------|--------------|
| Options outstanding, January 31, 2014      | 42,500    | \$11,202,100 |
| Options written                            | 155,225   | 43,888,863   |
| Options terminated in closing transactions | (70,415)  | (24,024,848) |
| Options expired                            | (82,490)  | (19,012,360) |
| Options exercised                          | (1,000)   | (397,000)    |
| Options outstanding, July 31, 2014         | 43,820    | \$11,656,755 |

- (j) Fair Value Measurements See Note 1(b) in Notes to Financial Statements.

|  | Level 1<br>Quoted Prices | Level 2<br>Other Significant<br>Observable<br>Inputs | Level 3<br>Significant<br>Unobservable<br>Inputs | Value at<br>7/31/14    |
|--|--------------------------|--|--|------------------------|
| <b>Investments in Securities Assets</b>      |                          |  |  |                        |
| Common Stock                                 | \$1,254,144,829          | \$   | \$   | \$1,254,144,829        |
| Convertible Bonds & Notes                    |                          | 316,466,522  |  | 316,466,522            |
| Convertible Preferred Stock:                 |                          |  |  |                        |
| Airlines                                     |                          | 11,298,457   |  | 11,298,457             |
| Diversified Telecommunication Services       |                          | 2,462,500  |  | 2,462,500              |
| Energy Equipment & Services                  |                          |  | 1,194,719  | 1,194,719              |
| Food Products                                | 18,131,161               | 2,344,406  |  | 20,475,567             |
| Metals & Mining                              | 3,546,400                | 10,938,988   |  | 14,485,388             |
| Oil, Gas & Consumable Fuels                  |                          | 14,325,916   | 3,401,941  | 17,727,857             |
| All Other                                    | 77,622,817               |  |  | 77,622,817             |
| Short-Term Investments                       |                          | 56,113,107   |  | 56,113,107             |
|  | 1,353,445,207            | 413,949,896  | 4,596,660  | 1,771,991,763          |
| <b>Investments in Securities Liabilities</b> |                          |  |  |                        |
| Call Options Written, at value:              |                          |  |  |                        |
| Market price                                 | \$(6,904,487)            | \$(732,423)  | \$   | \$(7,636,910)          |
| <b>Totals</b>                                | <b>\$1,346,540,720</b>   | <b>\$413,217,473</b>                                 | <b>\$4,596,660</b>                               | <b>\$1,764,354,853</b> |

At July 31, 2014, the Fund had no transfers between Levels 1 and 2.

**Schedule of Investments**

**AllianzGI NFJ Dividend, Interest & Premium Strategy Fund**

July 31, 2014 (unaudited) (continued)

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the six months ended July 31, 2014, was as follows:

|                                  | Beginning<br>Balance<br>1/31/14 | Purchases   | Sales           | Accrued<br>Discounts<br>(Premiums) | Net<br>Realized<br>Gain<br>(Loss) | Net<br>Change in<br>Unrealized<br>Appreciation/<br>(Depreciation) | Transfers<br>into<br>Level 3 | Transfers<br>out of<br>Level 3 | Ending<br>Balance<br>7/31/14 |
|----------------------------------|---------------------------------|-------------|-----------------|------------------------------------|-----------------------------------|---|------------------------------|--------------------------------|------------------------------|
| <b>Investments in Securities</b> |                                 |             |                 |                                    |                                   |   |                              |                                |                              |
| <b>Assets</b>                    |                                 |             |                 |                                    |                                   |   |                              |                                |                              |
| Convertible Preferred<br>Stock:  |                                 |             |                 |                                    |                                   |   |                              |                                |                              |
| Biotechnology                    | \$10,731,463                    |             | \$ (10,382,652) | \$                                 | \$1,440,130                       | \$(1,788,941)   | \$                           | \$                             | \$                           |
| Energy Equipment &<br>Services   |                                 | 1,159,843   |                 |                                    |                                   | 34,876  |                              |                                | 1,194,719                    |
| Insurance                        | 5,575,655                       |             | (5,793,384)     |                                    | 81,382                            | 136,347   |                              |                                |                              |
| Oil, Gas &<br>Consumable Fuels   |                                 | 3,456,799   |                 |                                    |                                   | (54,858)  |                              |                                | 3,401,941                    |
| <b>Totals</b>                    | \$16,307,118                    | \$4,616,642 | \$(16,176,036)  | \$                                 | \$1,521,512                       | \$(1,672,576)   | \$                           | \$                             | \$4,596,660                  |

The net change in unrealized appreciation/depreciation of Level 3 investments held at July 31, 2014 was \$(19,982). Net realized gain (loss) and change in unrealized appreciation/depreciation is reflected on the Statements of Operations.

The following table presents additional information about valuation techniques and inputs used for investments that are measured at fair value and categorized within Level 3 at July 31, 2014:

|                                  | Ending Balance<br>at 7/31/14 | Valuation<br>Technique Used | Unobservable<br>Inputs | Input<br>Values |
|----------------------------------|------------------------------|-----------------------------|------------------------|-----------------|
| <b>Investments in Securities</b> |                              |                             |                        |                 |
| <b>Assets</b>                    |                              |                             |                        |                 |
| Convertible Preferred Stock      | \$4,596,660                  | Third-Party Pricing Vendor  | Single Broker Quote    | \$64.06 \$93.64 |

(k) The following is a summary of the fair valuation of the Fund's derivative instruments categorized by risk exposure:

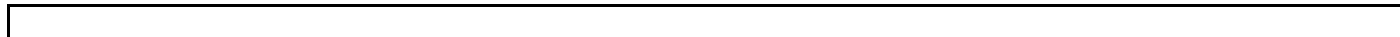
The effect of derivatives on the Fund's Statement of Assets and Liabilities at July 31, 2014:

| Location                       | Market Price  |
|--------------------------------|---------------|
| <b>Liability derivatives:</b>  |               |
| Call options written, at value | \$(7,636,910) |

The effect of derivatives on the Fund's Statement of Operations for the six months ended July 31, 2014:

| Location  | Market Price   |
|---|----------------|
| <b>Net realized loss on:</b>                                  |                |
| Call options written  | \$(19,065,992) |
| <b>Net change in unrealized appreciation/depreciation of:</b> |                |
| Call options written  | \$(2,521,085)  |

The average volume (measured at each fiscal quarter-end) of derivative activity during the six months ended July 31, 2014 was 43,850 call options written contracts.



**Glossary:**

- ADR - American Depositary Receipt
- CBOE - Chicago Board Options Exchange
- PHL - Philadelphia Stock Exchange
- REIT - Real Estate Investment Trust

See accompanying Notes to Financial Statements | July 31, 2014 | Semi-Annual Report **17**



## Schedule of Investments

## AllianzGI Equity &amp; Convertible Income Fund

July 31, 2014 (unaudited)

| Common Stock | Shares       |  | Value       |
|--------------|--------------|--|-------------|
|              | <b>66.2%</b> |  |             |
|              | 39,800       | <b>Aerospace &amp; Defense 2.8%</b>                |             |
|              | 72,400       | Boeing Co.   | \$4,795,104 |
|              | 142,400      | L-3 Communications Holdings, Inc.                  | 7,599,104   |
|              |              | Textron, Inc. (a)                                  | 5,179,088   |
|              |              |  | 17,573,296  |
|              | 197,600      | <b>Auto Components 1.5%</b>                        |             |
|              |              | Johnson Controls, Inc.                             | 9,334,624   |
|              | 547,300      | <b>Automobiles 1.9%</b>                            |             |
|              | 81,109       | Ford Motor Co.                                     | 9,315,046   |
|              |              | General Motors Co.                                 | 2,743,106   |
|              |              |  | 12,058,152  |
|              | 205,700      | <b>Beverages 2.7%</b>                              |             |
|              | 101,300      | Coca-Cola Co.                                      | 8,081,953   |
|              |              | PepsiCo, Inc.                                      | 8,924,530   |
|              |              |  | 17,006,483  |
|              | 38,600       | <b>Biotechnology 2.6%</b>                          |             |
|              | 128,700      | Amgen, Inc. (a)                                    | 4,917,254   |
|              |              | Gilead Sciences, Inc. (a)(b)                       | 11,782,485  |
|              |              |  | 16,699,739  |
|              | 47,600       | <b>Chemicals 0.8%</b>                              |             |
|              |              | Monsanto Co.                                       | 5,383,084   |
|              | 61,600       | <b>Commercial Banks 0.5%</b>                       |             |
|              |              | Wells Fargo & Co.                                  | 3,135,440   |
|              | 329,000      | <b>Communications Equipment 4.0%</b>               |             |
|              | 108,600      | Cisco Systems, Inc.                                | 8,300,670   |
|              | 128,100      | Harris Corp.                                       | 7,414,122   |
|              |              | Qualcomm, Inc. (a)                                 | 9,440,970   |
|              |              |  | 25,155,762  |
|              | 110,600      | <b>Computers &amp; Peripherals 3.2%</b>            |             |
|              | 341,500      | Apple, Inc. (a)                                    | 10,570,042  |
|              |              | EMC Corp.  | 10,005,950  |
|              |              |  | 20,575,992  |
|              | 15,200       | <b>Construction &amp; Engineering 0.2%</b>         |             |
|              |              | Fluor Corp.  | 1,107,624   |
|              | 170,800      | <b>Diversified Telecommunication Services 1.3%</b> |             |
|              |              | Verizon Communications, Inc.                       | 8,611,736   |
|              | 68,057       | <b>Electric Utilities 1.2%</b>                     |             |
|              | 97,185       | Entergy Corp.                                      | 4,956,591   |
|              |              | Exelon Corp.                                       | 3,020,510   |
|              |              |  | 7,977,101   |



**Schedule of Investments****AllianzGI Equity & Convertible Income Fund**

July 31, 2014 (unaudited) (continued)

| Shares  |  | Value        |
|---------|--|--------------|
|         | <b>Electronic Equipment, Instruments &amp; Components 1.6%</b> |              |
| 106,200 | Amphenol Corp., Class A  | \$10,213,254 |
|         | <b>Energy Equipment &amp; Services 3.6%</b>                    |              |
| 78,600  | Diamond Offshore Drilling, Inc.                                | 3,677,694    |
| 105,200 | National Oilwell Varco, Inc.                                   | 8,525,408    |
| 72,000  | Schlumberger Ltd.  | 7,804,080    |
| 119,760 | Weatherford International PLC (b)                              | 2,679,031    |
|         |  | 22,686,213   |
|         | <b>Food &amp; Staples Retailing 2.3%</b>                       |              |
| 38,400  | Costco Wholesale Corp.   | 4,513,536    |
| 96,300  | Kroger Co.   | 4,716,774    |
| 74,100  | Walgreen Co. (a)   | 5,095,857    |
|         |  | 14,326,167   |
|         | <b>Health Care Equipment &amp; Supplies 2.3%</b>               |              |
| 126,700 | Baxter International, Inc.                                     | 9,463,223    |
| 10,600  | Intuitive Surgical, Inc. (b)                                   | 4,850,030    |
|         |  | 14,313,253   |
|         | <b>Health Care Providers &amp; Services 1.7%</b>               |              |
| 55,300  | McKesson Corp.   | 10,609,858   |
|         | <b>Hotels, Restaurants &amp; Leisure 2.2%</b>                  |              |
| 88,100  | McDonald's Corp.   | 8,330,736    |
| 70,400  | Starbucks Corp.  | 5,468,672    |
|         |  | 13,799,408   |
|         | <b>Household Products 1.4%</b>                                 |              |
| 115,100 | Procter & Gamble Co.   | 8,899,532    |
|         | <b>Industrial Conglomerates 1.5%</b>                           |              |
| 388,085 | General Electric Co.   | 9,760,338    |
|         | <b>Insurance 2.1%</b>  |              |
| 21,129  | American International Group, Inc.                             | 1,098,286    |
| 46,000  | Genworth Financial, Inc., Class A (b)                          | 602,600      |
| 11,760  | MetLife, Inc.  | 618,576      |
| 116,700 | Prudential Financial, Inc. (a)                                 | 10,149,399   |
| 19,230  | XL Group PLC, Class A  | 619,975      |
|         |  | 13,088,836   |
|         | <b>Internet &amp; Catalog Retail 0.9%</b>                      |              |
| 17,500  | Amazon.com, Inc. (a)(b)  | 5,477,325    |
|         | <b>Internet Software &amp; Services 2.0%</b>                   |              |
|         | Google, Inc. (b),  |              |
| 10,800  | Class A  | 6,259,140    |
| 10,800  | Class C  | 6,173,280    |
|         |  | 12,432,420   |



## Schedule of Investments

## AllianzGI Equity &amp; Convertible Income Fund

July 31, 2014 (unaudited) (continued)

| Shares                                  |  | Value       |
|---|--|-------------|
|   | <b>IT Services 2.1%</b>                                  |             |
| 42,400                                  | International Business Machines Corp.                    | \$8,126,808 |
| 26,100                                  | Visa, Inc., Class A                                      | 5,507,361   |
|   |  | 13,634,169  |
|   | <b>Machinery 3.5%</b>                                    |             |
| 170,200                                 | AGCO Corp.   | 8,290,442   |
| 94,500                                  | Deere & Co.  | 8,042,895   |
| 96,200                                  | Joy Global, Inc.   | 5,700,812   |
|   |  | 22,034,149  |
|   | <b>Media 1.2%</b>  |             |
| 78,300                                  | Comcast Corp., Class A                                   | 4,207,059   |
| 37,100                                  | The Walt Disney Co.                                      | 3,186,148   |
|   |  | 7,393,207   |
|   | <b>Metals &amp; Mining 1.4%</b>                          |             |
| 155,800                                 | Freeport-McMoRan Copper & Gold, Inc.                     | 5,798,876   |
| 134,488                                 | Steel Dynamics, Inc.                                     | 2,852,491   |
|   |  | 8,651,367   |
|   | <b>Multiline Retail 1.3%</b>                             |             |
| 135,700                                 | Target Corp.   | 8,086,363   |
|   | <b>Multi-Utilities 0.2%</b>                              |             |
| 28,169                                  | PG&E Corp.   | 1,258,309   |
|   | <b>Oil, Gas &amp; Consumable Fuels 3.1%</b>              |             |
| 29,155                                  | Apache Corp.   | 2,993,052   |
| 83,400                                  | Occidental Petroleum Corp.                               | 8,149,014   |
| 129,500                                 | Peabody Energy Corp.                                     | 1,964,515   |
| 127,700                                 | Valero Energy Corp.                                      | 6,487,160   |
|   |  | 19,593,741  |
|   | <b>Pharmaceuticals 1.5%</b>                              |             |
| 161,900                                 | Bristol-Myers Squibb Co.                                 | 8,195,378   |
| 26,846                                  | Teva Pharmaceutical Industries Ltd., ADR                 | 1,436,261   |
|   |  | 9,631,639   |
|   | <b>Semiconductors &amp; Semiconductor Equipment 3.2%</b> |             |
| 306,300                                 | Intel Corp.  | 10,380,507  |
| 218,100                                 | Texas Instruments, Inc.                                  | 10,087,125  |
|   |  | 20,467,632  |
|   | <b>Software 3.5%</b>                                     |             |
| 281,700                                 | Microsoft Corp.  | 12,158,172  |
| 254,000                                 | Oracle Corp.   | 10,259,060  |
|   |  | 22,417,232  |
|   | <b>Specialty Retail 0.9%</b>                             |             |
| 73,400                                  | Home Depot, Inc.   | 5,934,390   |
| Total Common Stock (cost-\$470,634,472) |  | 419,327,835 |



## Schedule of Investments

## AllianzGI Equity &amp; Convertible Income Fund

July 31, 2014 (unaudited) (continued)

| Shares                             |  | Value       |
|------------------------------------|--|-------------|
| <b>Convertible Preferred Stock</b> | <b>25.2%</b>   |             |
|                                    | <b>Aerospace &amp; Defense 0.8%</b>  |             |
| 88,250                             | United Technologies Corp., 7.50%, 8/1/15                                   | \$5,234,990 |
|                                    | <b>Airlines 0.7%</b>   |             |
| 97,000                             | Continental Airlines Finance Trust II, 6.00%, 11/15/30                     | 4,792,401   |
|                                    | <b>Automobiles 0.8%</b>  |             |
| 60,000                             | Escrow GM Corp., 7/15/33 (b)(c)  |             |
| 149,215                            | The Goldman Sachs Group, Inc., 8.50%, 12/16/14 (General Motors) (d)        | 5,024,815   |
|                                    |  | 5,024,815   |
|                                    | <b>Capital Markets 0.0%</b>  |             |
| 42,200                             | Escrow Lehman Brothers Holdings, Inc. (b)(c)(e), 6.00%, 10/12/10, Ser. GIS |             |
| 42,700                             | 28.00%, 3/6/09, Ser. RIG   |             |
|                                    | <b>Commercial Banks 2.5%</b>   |             |
| 3,050                              | Huntington Bancshares, Inc., 8.50%, (f)                                    | 4,056,500   |
| 124,870                            | The Goldman Sachs Group, Inc., 8.00%, 1/14/15 (Citigroup Inc.) (d)         | 5,991,013   |
| 5,000                              | Wells Fargo & Co., 7.50%, Ser. L (f)                                       | 6,050,000   |
|                                    |  | 16,097,513  |
|                                    | <b>Diversified Financial Services 0.9%</b>                                 |             |
| 4,825                              | Bank of America Corp., 7.25%, Ser. L (f)                                   | 5,572,875   |
|                                    | <b>Electric Utilities 1.3%</b>   |             |
| 105,000                            | Exelon Corp., 6.50%, 6/1/17  | 5,155,500   |
| 47,900                             | NextEra Energy, Inc., 5.599%, 6/1/15                                       | 3,003,330   |
|                                    |  | 8,158,830   |
|                                    | <b>Energy Equipment &amp; Services 2.2%</b>                                |             |
| 112,460                            | Credit Suisse, 8.00%, 3/5/15 (Baker Hughes) (d)                            | 7,204,188   |
| 113,965                            | Wells Fargo & Co., 8.00%, 8/6/14 (Halliburton) (d)                         | 6,492,586   |
|                                    |  | 13,696,774  |
|                                    | <b>Food Products 1.0%</b>  |             |
| 48,800                             | Bunge Ltd., 4.875%, (f)  | 5,206,960   |
| 31,430                             | Tyson Foods, Inc., 4.75%, 7/15/17  | 1,527,498   |
|                                    |  | 6,734,458   |
|                                    | <b>Health Care Equipment &amp; Supplies 0.5%</b>                           |             |
| 51,500                             | Credit Suisse AG, 8.00%, 6/23/15 (Medtronic, Inc.) (d)                     | 3,180,640   |
|                                    | <b>Health Care Providers &amp; Services 1.0%</b>                           |             |
| 107,100                            | JPMorgan Chase & Co., 8.00%, 5/5/15 (HCA Holdings, Inc.) (d)               | 6,256,782   |
|                                    | <b>Insurance 0.9%</b>  |             |
| 189,400                            | MetLife, Inc., 5.00%, 10/8/14  | 5,731,244   |





## Schedule of Investments

## AllianzGI Equity &amp; Convertible Income Fund

July 31, 2014 (unaudited) (continued)

| Shares  |   | Value       |
|---------|---|-------------|
|         | <b>Machinery 1.1%</b>   |             |
|         | Stanley Black & Decker, Inc.,                                   |             |
| 25,400  | 4.75%, 11/17/15   | \$3,331,210 |
| 29,415  | 6.25%, 11/17/16   | 3,335,661   |
|         |   | 6,666,871   |
|         | <b>Metals &amp; Mining 1.1%</b>                                 |             |
| 178,300 | ArcelorMittal, 6.00%, 1/15/16                                   | 4,142,694   |
| 161,000 | Cliffs Natural Resources, Inc., 7.00%, 2/1/16                   | 2,595,320   |
|         |   | 6,738,014   |
|         | <b>Multiline Retail 1.0%</b>                                    |             |
| 111,600 | The Goldman Sachs Group, Inc., 8.00%, 1/12/15 (Macy's) (d)      | 6,064,567   |
|         | <b>Multi-Utilities 0.5%</b>                                     |             |
| 58,650  | AES Trust III, 6.75%, 10/15/29                                  | 2,994,669   |
|         | <b>Oil, Gas &amp; Consumable Fuels 1.7%</b>                     |             |
| 25,000  | ATP Oil & Gas Corp., 8.00%, 10/1/14 (b)(e)(f)(g)(h)             | 2,500       |
| 34,050  | Chesapeake Energy Corp., 5.00% (f)                              | 3,462,459   |
| 59,825  | Credit Suisse, 8.00%, 3/5/15 (Occidental Petroleum Corp.) (d)   | 5,602,013   |
| 15,000  | SandRidge Energy, Inc., 7.00% (f)                               | 1,530,000   |
|         |   | 10,596,972  |
|         | <b>Pharmaceuticals 1.9%</b>                                     |             |
| 49,900  | Bank of America Corp., 8.00%, 2/10/15 (Allergan, Inc.) (d)      | 6,870,731   |
| 111,040 | JPMorgan Chase & Co., 8.00%, 4/30/15 (Mylan, Inc.) (d)          | 5,214,438   |
|         |   | 12,085,169  |
|         | <b>Real Estate Investment Trust 2.5%</b>                        |             |
| 131,200 | Alexandria Real Estate Equities, Inc., 7.00%, (f)               | 3,602,752   |
| 98,900  | FelCor Lodging Trust, Inc., 1.95%, Ser. A (f)                   | 2,492,280   |
| 75,000  | Health Care REIT, Inc., 6.50%, 4/20/18, Ser. I (f)              | 4,349,250   |
| 103,455 | Weyerhaeuser Co., 6.375%, 7/1/16                                | 5,588,639   |
|         |   | 16,032,921  |
|         | <b>Semiconductors &amp; Semiconductor Equipment 0.8%</b>        |             |
| 173,000 | Wells Fargo & Co., 8.00%, 6/18/15 (Micron Technology, Inc.) (d) | 5,350,890   |
|         | <b>Specialty Retail 1.1%</b>                                    |             |
| 5,000   | Barnes & Noble, Inc., 7.75%, 8/18/21 (g)(h)                     | 6,801,563   |
|         | <b>Technology Hardware, Storage &amp; Peripherals 0.9%</b>      |             |
| 9,325   | Bank of America Corp., 8.00%, 5/12/15 (Apple, Inc.) (d)         | 5,894,053   |
|         | Total Convertible Preferred Stock (cost-\$163,276,756)          | 159,707,011 |



## Schedule of Investments

## AllianzGI Equity &amp; Convertible Income Fund

July 31, 2014 (unaudited) (continued)

| Principal Amount<br>(000s) |   | Value      |
|----------------------------|---|------------|
|                            | <b>Convertible Bonds &amp; Notes 7.8%</b>             |            |
|                            | <b>Biotechnology 0.0%</b>                             |            |
| \$150                      | Dendreon Corp., 2.875%, 1/15/16                       | \$103,594  |
|                            | <b>Capital Markets 1.2%</b>                           |            |
| 2,900                      | Ares Capital Corp., 5.75%, 2/1/16                     | 3,101,187  |
| 3,370                      | BGC Partners, Inc., 4.50%, 7/15/16                    | 3,620,644  |
| 1,200                      | Walter Investment Management Corp., 4.50%, 11/1/19    | 1,113,000  |
|                            |   | 7,834,831  |
|                            | <b>Construction Materials 0.6%</b>                    |            |
| 3,375                      | Cemex S.A.B. de C.V., 4.875%, 3/15/15                 | 4,043,672  |
|                            | <b>Diversified Telecommunications Services 0.2%</b>   |            |
| 920                        | Level 3 Communications, Inc., 7.00%, 3/15/15          | 1,529,500  |
|                            | <b>Hotels, Restaurants &amp; Leisure 0.7%</b>         |            |
| 2,995                      | MGM Resorts International, 4.25%, 4/15/15             | 4,453,191  |
|                            | <b>Internet Software &amp; Services 0.3%</b>          |            |
| 1,400                      | Qihoo 360 Technology Co., Ltd., 2.50%, 9/15/18 (g)(h) | 1,573,250  |
|                            | <b>Machinery 2.3%</b>                                 |            |
| 3,315                      | Greenbrier Cos, Inc., 3.50%, 4/1/18                   | 6,083,025  |
|                            | Meritor, Inc.,  |            |
| 3,000                      | 4.625%, 3/1/26 (i)                                    | 3,253,125  |
| 1,000                      | 7.875%, 3/1/26  | 1,588,750  |
| 3,450                      | Navistar International Corp., 3.00%, 10/15/14         | 3,497,437  |
|                            |   | 14,422,337 |
|                            | <b>Marine 0.3%</b>                                    |            |
| 1,650                      | DryShips, Inc., 5.00%, 12/1/14                        | 1,647,937  |
|                            | <b>Media 0.6%</b>                                     |            |
| 6,200                      | Liberty Interactive LLC, 3.50%, 1/15/31               | 3,522,375  |
|                            | <b>Oil, Gas &amp; Consumable Fuels 0.8%</b>           |            |
|                            | Cobalt International Energy, Inc.,                    |            |
| 1,750                      | 2.625%, 12/1/19                                       | 1,557,500  |
| 1,550                      | 3.125%, 5/15/24                                       | 1,529,656  |
| 3,250                      | Endeavour International Corp., 5.50%, 7/15/16         | 1,657,500  |
|                            |   | 4,744,656  |
|                            | <b>Software 0.5%</b>                                  |            |
| 3,125                      | TeleCommunication Systems, Inc., 7.75%, 6/30/18       | 3,078,125  |
|                            | <b>Thriffs &amp; Mortgage Finance 0.0%</b>            |            |
| 200                        | MGIC Investment Corp., 5.00%, 5/1/17                  | 220,875    |
|                            | <b>Tobacco 0.3%</b>                                   |            |
| 1,700                      | Vector Group Ltd., 1.75%, 4/15/20                     | 1,824,313  |
|                            |   | 48,998,656 |
|                            | Total Convertible Bonds & Notes (cost-\$44,507,001)   |            |



**Schedule of Investments**

**AllianzGI Equity & Convertible Income Fund**

July 31, 2014 (unaudited) (continued)

| Units  |  | Value              |
|--|--|--------------------|
| <b>WARRANTS (b) 0.0%</b>   |  |                    |
| 11,116   | General Motors Co., expires 7/10/16 (cost-\$775,632)   | \$230,379          |
| Principal Amount (000s)  |  |                    |
| <b>Short-Term Investment 0.5%</b>  |  |                    |
| \$3,256  | <b>Time Deposit 0.5%</b><br>The Bank of New York Mellon Corp.-Grand Cayman, 0.03%, 8/1/14 (cost-\$3,255,555) | 3,255,555          |
| <b>Total Investments, before call options written</b><br>(cost-\$682,449,416) <b>99.7%</b> |  | <b>631,519,436</b> |
| <b>Contracts</b>   |  |                    |
| <b>Call Options Written (b) (0.0%)</b>   |  |                    |
| 35   | Amazon.com, Inc., (ASE),<br>strike price \$395, expires 8/16/14  | (157)              |
| 180  | Amgen, Inc., (ASE),<br>strike price \$127, expires 8/16/14   | (41,400)           |
| 660  | Apple, Inc., (ASE),<br>strike price \$103, expires 8/16/14   | (9,240)            |
| 185  | Disney Walt Co., (ASE),<br>strike price \$90, expires 8/16/14  | (4,718)            |
| 2,050  | EMC Corp., (ASE),<br>strike price \$31, expires 9/20/14  | (63,550)           |
| 900  | Gilead Sciences, Inc., (ASE),<br>strike price \$95, expires 8/16/14  | (72,000)           |
| 65   | Google, Inc., (ASE),<br>strike price \$615, expires 9/20/14  | (34,775)           |
| 725  | Prudential Financial, Inc., (ASE),<br>strike price \$95, expires 8/16/14                                     | (11,600)           |
| 640  | Qualcomm, Inc., (ASE),<br>strike price \$82.50, expires 8/16/14  | (1,600)            |
| 650  | Valero Energy Corp., (ASE),<br>strike price \$55, expires 9/20/14  | (43,225)           |
| 520  | Walgreen Co., (ASE),<br>strike price \$79, expires 8/16/14   | (17,160)           |
| Total Call Options Written (premiums received-\$420,426)                                   |  | (299,425)          |
| <b>Total Investments, net of call options written</b><br>(cost-\$682,028,990) <b>99.7%</b> |  | <b>631,220,011</b> |
| Other assets less other liabilities 0.3%   |  | 1,935,978          |

Net Assets 100.0%

\$633,155,989

**Schedule of Investments**

**AllianzGI Equity & Convertible Income Fund**

July 31, 2014 (unaudited) (continued)

**Notes to Schedule of Investments:**

- (a) All or partial amount segregated for the benefit of the counterparty as collateral for call options written.
- (b) Non-income producing.
- (c) Fair-Valued Securities with an aggregate value of \$0. See Note 1(a) and Note 1(b) in the Notes to Financial Statements.
- (d) 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 (synthetic convertible securities). Such entity is identified in the parenthetical.
- (e) In default.
- (f) Perpetual maturity. The date shown, if any, is the next call date.
- (g) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$8,377,313, representing 1.3% of net assets.
- (h) 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.
- (i) Step Bond Coupon is a fixed rate for an initial period then resets at a specific date and rate.
- (j) Transactions in call options written for the six months ended July 31, 2014:

|  | Contracts | Premiums  |
|--|-----------|-----------|
| Options outstanding, January 31, 2014      | 3,830     | \$220,497 |
| Options written                            | 24,220    | 1,277,824 |
| Options terminated in closing transactions | (6,275)   | (248,675) |
| Options expired                            | (15,165)  | (829,220) |
| Options outstanding, July 31, 2014         | 6,610     | \$420,426 |

- (k) Fair Value Measurements See Note 1(b) in Notes to Financial Statements.

|  | Level 1<br>Quoted Prices | Level 2<br>Other Significant<br>Observable<br>Inputs | Level 3<br>Significant<br>Unobservable<br>Inputs | Value at<br>7/31/14 |
|--|--------------------------|--|--|---------------------|
| <b>Investments in Securities Assets</b>    |                          |  |  |                     |
| Common Stock                               | \$419,327,835            | \$   | \$   | \$419,327,835       |
| Convertible Preferred Stock:               |                          |  |  |                     |
| Airlines                                   |                          | 4,792,401  |  | 4,792,401           |
| Automobiles                                |                          |  | 5,024,815  | 5,024,815           |
| Capital Markets                            |                          |  | *  | *                   |
| Commercial Banks                           | 10,106,500               |  | 5,991,013  | 16,097,513          |
| Energy Equipment & Services                |                          |  | 13,696,774                                       | 13,696,774          |
| Health Care Equipment & Supplies           |                          |  | 3,180,640  | 3,180,640           |
| Health Care Providers & Services           |                          |  | 6,256,782  | 6,256,782           |
| Metals & Mining                            | 2,595,320                | 4,142,694  |  | 6,738,014           |
| Multiline Retail                           |                          |  | 6,064,567  | 6,064,567           |
| Oil, Gas & Consumable Fuels                |                          | 4,994,959  | 5,602,013  | 10,596,972          |
| Pharmaceuticals                            |                          |  | 12,085,169                                       | 12,085,169          |
| Semiconductors & Semiconductor Equipment   |                          |  | 5,350,890  | 5,350,890           |
| Technology Hardware, Storage & Peripherals |                          |  | 5,894,053  | 5,894,053           |
| All Other                                  | 63,928,421               |  |  | 63,928,421          |
| Convertible Bonds & Notes                  |                          | 48,998,656   |  | 48,998,656          |
| Warrants                                   | 230,379                  |  |  | 230,379             |
| Short-Term Investment                      |                          | 3,255,555  |  | 3,255,555           |
|  | 496,188,455              | 66,184,265   | 69,146,716                                       | 631,519,436         |

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**Schedule of Investments**

**AllianzGI Equity & Convertible Income Fund**

July 31, 2014 (unaudited) (continued)

|                                  | Level 1<br>Quoted Prices | Level 2<br>Other Significant<br>Observable<br>Inputs | Level 3<br>Significant<br>Unobservable<br>Inputs | Value at<br>7/31/14 |
|----------------------------------|--------------------------|--|--|---------------------|
| <b>Investments in Securities</b> |                          |  |  |                     |
| <b>Liabilities</b>               |                          |  |  |                     |
| Call Options Written, at value:  |                          |  |  |                     |
| Market price                     | \$(299,425)              | \$   | \$   | \$(299,425)         |
| <b>Totals</b>                    | \$495,889,030            | \$ 66,184,265  | \$ 69,146,716                                    | \$631,220,011       |

At July 31, 2014, the Fund had no transfers between Levels 1 and 2.

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the six months ended July 31, 2014, was as follows:

|                                  | Beginning<br>Balance<br>1/31/14 | Purchases    | Sales       | Accrued<br>Discounts<br>(Premiums) | Net<br>Realized<br>Gain<br>(Loss) | Net<br>Change in<br>Unrealized<br>Appreciation/<br>(Depreciation) | Transfers<br>into<br>Level 3 | Transfers<br>out of<br>Level 3 | Ending<br>Balance<br>7/31/14 |
|----------------------------------|---------------------------------|--------------|-------------|------------------------------------|-----------------------------------|---|------------------------------|--------------------------------|------------------------------|
| <b>Investments in Securities</b> |                                 |              |             |                                    |                                   |   |                              |                                |                              |
| <b>Assets</b>                    |                                 |              |             |                                    |                                   |   |                              |                                |                              |
| Convertible Preferred Stock:     |                                 |              |             |                                    |                                   |   |                              |                                |                              |
| Automobiles                      | \$ 3,604,568                    | \$ 1,942,605 |             | \$                                 | \$                                | \$(522,358)   | \$                           | \$                             | \$5,024,815                  |
| Biotechnology                    | 4,170,353                       |              | (4,022,539) |                                    | 622,697                           | (770,511)   |                              |                                |                              |
| Capital Markets                  | 143,646                         |              |             |                                    |                                   | (143,646)   |                              |                                | *                            |
| Commercial Banks                 | 5,469,485                       | 838,733      |             |                                    |                                   | (317,205)   |                              |                                | 5,991,013                    |
| Computers & Peripherals          | 3,287,138                       | 2,213,120    | (5,714,141) |                                    |                                   | 213,883   |                              |                                |                              |
| Energy Equipment & Services      | 5,235,552                       | 7,034,561    |             |                                    |                                   | 1,426,661   |                              |                                | 13,696,774                   |
| Health Care Equipment & Supplies |                                 | 3,340,805    |             |                                    |                                   | (160,165)   |                              |                                | 3,180,640                    |
| Health Care Providers & Services |                                 | 5,688,595    |             |                                    |                                   | 568,187   |                              |                                | 6,256,782                    |
| Household Durables               | 5,724,938                       |              | (5,846,907) |                                    |                                   | 121,969   |                              |                                |                              |
| Insurance                        | 4,310,970                       |              | (4,479,313) |                                    | 356,502                           | (188,159)   |                              |                                |                              |
| Internet & Catalog Retail        | 5,736,202                       |              | (5,696,806) |                                    | 720,131                           | (759,527)   |                              |                                |                              |
| Multiline Retail                 | 5,989,572                       |              |             |                                    |                                   | 74,995  |                              |                                | 6,064,567                    |
| Oil, Gas & Consumable Fuels      |                                 | 5,729,078    |             |                                    |                                   | (127,065)   |                              |                                | 5,602,013                    |



**Schedule of Investments**

**AllianzGI Equity & Convertible Income Fund**

July 31, 2014 (unaudited) (continued)

The net change in unrealized appreciation/depreciation of Level 3 investments held at July 31, 2014 was \$1,622,411. Net realized gain (loss) and change in unrealized appreciation/depreciation is reflected on the Statements of Operations.

The following table presents additional information about valuation techniques and inputs used for investments that are measured at fair value and categorized within Level 3 at July 31, 2014:

| <b>Investments in Securities</b> | <b>Assets</b> | Ending Balance<br>at 7/31/14 | Valuation<br>Technique Used | Unobservable<br>Inputs | Input<br>Values  |
|----------------------------------|---------------|------------------------------|-----------------------------|------------------------|------------------|
| Convertible Preferred Stock      |               | \$69,146,716                 | Third-Party Pricing Vendor  | Single Broker Quote    | \$30.93 \$632.07 |

(l) The following is a summary of the fair valuation of the Fund's derivative instruments categorized by risk exposure:

The effect of derivatives on the Fund's Statement of Assets and Liabilities at July 31, 2014:

| Location                       | Market Price |
|--------------------------------|--------------|
| <b>Liability derivatives:</b>  |              |
| Call options written, at value | \$(299,425)  |

The effect of derivatives on the Fund's Statement of Operations for the six months ended July 31, 2014:

| Location  | Market Price |
|---|--------------|
| <b>Net realized gain on:</b>                                  |              |
| Call options written  | \$55,420     |
| <b>Net change in unrealized appreciation/depreciation of:</b> |              |
| Call options written  | \$41,079     |

The average volume (measured at each fiscal quarter-end) of derivative activity during the six months ended July 31, 2014 was 5,677 call options written contracts.

**Glossary :**

ADR - American Depositary Receipt  
ASE - American Stock Exchange  
REIT - Real Estate Investment Trust

See accompanying Notes to Financial Statements | July 31, 2014 | Semi-Annual Report 27

**Statements of Assets and Liabilities**

**AllianzGI NFJ Dividend, Interest & Premium Strategy Fund**

**AllianzGI Equity & Convertible Income Fund**

July 31, 2014 (unaudited)

|   | Dividend,<br>Interest &<br>Premium<br>Strategy | Equity &<br>Convertible<br>Income |
|---|--|-----------------------------------|
| <b>Assets:</b>  |  |                                   |
| Investments, at value (cost-\$1,665,025,379 and \$682,449,416, respectively)  | \$1,771,991,763                                | \$631,519,436                     |
| Receivable for investments sold   | 14,064,304                                     | 2,503,827                         |
| Dividends and interest receivable   | 5,274,075                                      | 1,641,327                         |
| Prepaid expenses  | 42,428   | 21,652                            |
| <b>Total Assets</b>   | <b>1,791,372,570</b>                           | <b>635,686,242</b>                |
| <b>Liabilities:</b>   |  |                                   |
| Payable for investments purchased   | 27,096,028                                     | 1,560,098                         |
| Call options written, at value (premiums received-\$11,656,755 and \$420,426, respectively)                         | 7,636,910                                      | 299,425                           |
| Investment management fees payable  | 1,361,122                                      | 547,987                           |
| Accrued expenses  | 476,154  | 122,743                           |
| <b>Total Liabilities</b>  | <b>36,570,214</b>                              | <b>2,530,253</b>                  |
| <b>Net Assets</b>   | <b>\$1,754,802,356</b>                         | <b>\$633,155,989</b>              |
| <b>Composition of Net Assets:</b>   |  |                                   |
| Common Stock:   |  |                                   |
| Par value (\$0.00001 per share applicable to 94,661,924 and 27,708,965 shares issued and outstanding, respectively) | \$947  | \$277                             |
| Paid-in-capital in excess of par  | 1,890,211,254                                  | 672,310,676                       |
| Undistributed (dividends in excess of) net investment income  | (68,549,436)                                   | 6,101,331                         |
| Accumulated net realized gain (loss)  | (177,846,638)                                  | 5,554,118                         |
| Net unrealized appreciation/depreciation  | 110,986,229                                    | (50,810,413)                      |
| <b>Net Assets</b>   | <b>\$1,754,802,356</b>                         | <b>\$633,155,989</b>              |
| <b>Net Asset Value Per Share</b>  | <b>\$18.54</b>                                 | <b>\$22.85</b>                    |

**Statements of Operations****AllianzGI NFJ Dividend, Interest & Premium Strategy Fund****AllianzGI Equity & Convertible Income Fund**

Six Months ended July 31, 2014 (unaudited)

|   | Dividend,<br>Interest &<br>Premium<br>Strategy | Equity &<br>Convertible<br>Income |
|---|--|-----------------------------------|
| <b>Investment Income:</b>   |  |                                   |
| Dividends (net of foreign withholding taxes of \$820,854 and \$2,871, respectively) | \$24,396,545                                   | \$9,533,257                       |
| Interest  | 4,631,682                                      | 1,463,755                         |
| Miscellaneous   | 149,625  |                                   |
| <b>Total Investment Income</b>  | <b>29,177,852</b>                              | <b>10,997,012</b>                 |
| <b>Expenses:</b>  |  |                                   |
| Investment management   | 7,859,421                                      | 3,114,086                         |
| Custodian and accounting agent  | 169,804  | 64,621                            |
| Shareholder communications  | 76,280   | 40,170                            |
| Audit and tax services  | 46,743   | 38,800                            |
| New York Stock Exchange listing   | 45,479   | 18,515                            |
| Trustees  | 41,603   | 13,090                            |
| Legal   | 30,215   | 55,116                            |
| Insurance   | 22,491   | 8,363                             |
| Transfer agent  | 13,110   | 13,110                            |
| Miscellaneous   | 22,871   | 2,748                             |
| <b>Total Expenses</b>   | <b>8,328,017</b>                               | <b>3,368,619</b>                  |
| <b>Net Investment Income</b>  | <b>20,849,835</b>                              | <b>7,628,393</b>                  |
| <b>Realized and Change in Unrealized Gain (Loss):</b>                               |  |                                   |
| Net realized gain (loss) on:  |  |                                   |
| Investments   | 44,610,473                                     | 27,771,214                        |
| Call options written  | (19,065,992)                                   | 55,420                            |
| Foreign currency transactions   |  | 143                               |
| Payments from affiliates (See Note 7)   | 1,272,737                                      | 15,346                            |
| Net change in unrealized appreciation/depreciation of:                              |  |                                   |
| Investments   | 72,659,564                                     | 9,377,040                         |
| Call options written  | (2,521,085)                                    | 41,079                            |
| Foreign currency transactions   |  | (1,301)                           |
| Net realized and change in unrealized gain  | 96,955,697                                     | 37,258,941                        |
| <b>Net Increase in Net Assets Resulting from Investment Operations</b>              | <b>\$117,805,532</b>                           | <b>\$44,887,334</b>               |

See accompanying Notes to Financial Statements | July 31, 2014 | Semi-Annual Report 29

**Statements of Changes in Net Assets**

**AllianzGI NFJ Dividend, Interest & Premium Strategy Fund**

**AllianzGI Equity & Convertible Income Fund**

**Dividend, Interest & Premium Strategy:**

|   | Six Months ended<br>July 31, 2014<br>(unaudited) | Year ended<br>January 31, 2014 |
|---|--|--------------------------------|
| <b>Investment Operations:</b>                                       |  |                                |
| Net investment income   | \$20,849,835                                     | \$46,222,619                   |
| Net realized gain (loss)  | 26,817,218                                       | (22,095,660)                   |
| Net change in unrealized appreciation/depreciation                  | 70,138,479                                       | 172,847,005                    |
| Net increase in net assets resulting from investment operations     | 117,805,532                                      | 196,973,964                    |
| <b>Dividends and Distributions to Shareholders from:</b>            |  |                                |
| Net investment income   | (85,071,893)                                     | (51,191,451)                   |
| Return of capital   |  | (118,952,335)                  |
| Total dividends and distributions to shareholders                   | (85,071,893)                                     | (170,143,786)                  |
| <b>Capital Share Transactions:</b>                                  |  |                                |
| Reinvestment of dividends   | 2,579,973  |                                |
| Total increase in net assets  | 35,313,612                                       | 26,830,178                     |
| <b>Net Assets:</b>  |  |                                |
| Beginning of period   | 1,719,488,744                                    | 1,692,658,566                  |
| End of period*  | \$1,754,802,356                                  | \$1,719,488,744                |
| *Including dividends in excess of net investment income of:         | \$(68,549,436)                                   | \$(4,327,378)                  |
| <b>Shares Issued in Reinvestment of Dividends and Distributions</b> | 137,599  |                                |

**Equity & Convertible Income:**

|   | Six Months ended<br>July 31, 2014<br>(unaudited) | Year ended<br>January 31, 2014 |
|---|--|--------------------------------|
| <b>Investment Operations:</b>   |  |                                |
| Net investment income   | \$7,628,393                                      | \$11,370,766                   |
| Net realized gain   | 27,842,123                                       | 23,492,958                     |
| Net change in unrealized appreciation/depreciation                          | 9,416,818  | 32,887,910                     |
| Net increase in net assets resulting from investment operations             | 44,887,334                                       | 67,751,634                     |
| <b>Dividends and Distributions to Shareholders from:</b>                    |  |                                |
| Net investment income   |  | (20,570,690)                   |
| Net realized gains  | (15,517,020)                                     | (9,763,007)                    |
| Total dividends and distributions to shareholders                           | (15,517,020)                                     | (30,333,697)                   |
| <b>Capital Share Transactions:</b>  |  |                                |
| Issued in reorganization (See Note 8)                                       |  | 117,984,152                    |
| Total increase in net assets  | 29,370,314                                       | 155,402,089                    |
| <b>Net Assets:</b>  |  |                                |
| Beginning of period   | 603,785,675                                      | 448,383,586                    |
| End of period*  | \$633,155,989                                    | \$603,785,675                  |
| *Including undistributed (dividends in excess of) net investment income of: | \$6,101,331                                      | \$(1,527,062)                  |

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## Notes to Financial Statements

### AllianzGI NFJ Dividend, Interest & Premium Strategy Fund AllianzGI Equity & Convertible Income Fund

July 31, 2014 (unaudited)

#### 1. Organization and Significant Accounting Policies

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund ( Dividend, Interest & Premium Strategy ) and AllianzGI Equity & Convertible Income Fund (Equity & Convertible Income ) (each a Fund and collectively 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 registered under the Investment Company Act of 1940 and the rules and regulations thereunder, 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 Asset Management of America L.P., ( AAM ). AAM is an indirect, wholly-owned subsidiary of Allianz SE, a publicly traded European insurance and financial services company. Each Fund has authorized an unlimited amount of common shares with \$0.00001 par value.

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.

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 as well as on equity indexes.

There can be no assurance that the Funds will meet their stated objectives.

The preparation of the Funds financial statements in accordance with accounting principles generally accepted in the United States of America ( U.S. GAAP ) requires the Funds management to make estimates and assumptions that affect the reported amounts and disclosures in each Fund s financial statements. Actual results could differ from those estimates.

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



**Notes to Financial Statements**

**AllianzGI NFJ Dividend, Interest & Premium Strategy Fund  
AllianzGI Equity & Convertible Income Fund**

July 31, 2014 (unaudited)

**1. Organization and Significant Accounting Policies (continued)**

The following is a summary of significant accounting policies consistently 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. 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. 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.

The Board of Trustees (the Board) has adopted procedures for valuing portfolio securities and other financial instruments in circumstances where market quotes are not readily available, and has delegated the responsibility for applying the valuation methods to the Investment Manager, and to NFJ Investment Group LLC (NFJ) and Allianz Global Investors U.S. LLC (Allianz Global Investors) (each, a Sub-Adviser and collectively, the Sub-Advisers), affiliates of the Investment Manager. The Funds' Valuation Committee was established by the Board to oversee the implementation of the Funds' valuation methods and to make fair value determinations on behalf of the Board, as instructed. The Sub-Advisers monitor the continued appropriateness of methods applied and determine if adjustments should be made in light of market changes, events affecting the issuer, or other factors. If the Sub-Advisers determine that a valuation method may no longer be appropriate, another valuation method may be selected, or the Valuation Committee will be convened to consider the matter and take any appropriate action in accordance with procedures set forth by the Board. The Board shall review the appropriateness of the valuation methods and these methods may be amended or supplemented from time to time by the Valuation Committee.

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 premium or discount based on 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 investments may differ from the value that



**Notes to Financial Statements**

**AllianzGI NFJ Dividend, Interest & Premium Strategy Fund  
AllianzGI Equity & Convertible Income Fund**

July 31, 2014 (unaudited)

**1. Organization and Significant Accounting Policies (continued)**

would be realized if the investments were sold, and these differences could be material to the Funds' financial statements. Each Fund's net asset value (NAV) is normally determined at 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.

**(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 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, which may include, but are not limited to, quoted prices for similar assets or liabilities, interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates or other market corroborated inputs
- Level 3 – valuations based on significant unobservable inputs (including the Sub-Advisers' or Valuation Committee's own assumptions and securities whose price was determined by using a single broker's quote)

The valuation techniques used by the Funds to measure fair value during the six months ended July 31, 2014 were intended to maximize the use of observable inputs and to minimize the use of unobservable inputs.

The Funds' policy is to recognize transfers between levels at the end of the reporting period. An investment asset's or liability's level within the fair value hierarchy is based on the lowest level input, individually or in 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 techniques used. Assets categorized as Level 1 or 2 as of period end may have been transferred between Levels 1 and 2 since the prior period due to changes in the valuation method utilized in valuing the investments.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following are certain inputs and techniques that the Funds generally use to evaluate how to classify each major category of assets and liabilities for Level 2 and Level 3, in accordance with U.S. GAAP.

Equity Securities (Common and Preferred Stock) Equity securities traded in inactive markets are valued using inputs which include broker-dealer quotes, recently executed transactions adjusted for changes in the benchmark index, or evaluated price quotes received from independent pricing services that take into account the integrity of the market sector and issuer, the individual characteristics of the security, and information received from broker-dealers and other market sources pertaining to the

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**Notes to Financial Statements**

**AllianzGI NFJ Dividend, Interest & Premium Strategy Fund  
AllianzGI Equity & Convertible Income Fund**

July 31, 2014 (unaudited)

**1. Organization and Significant Accounting Policies (continued)**

issuer or security. To the extent that these inputs are observable, the values of equity securities are categorized as Level 2. To the extent that these inputs are unobservable the values are categorized as Level 3.

**Convertible Bonds & Notes** Convertible bonds & notes are valued by independent pricing services using various inputs and techniques, which include broker-dealer quotations from relevant market makers and recently executed transactions in securities of the issuer or comparable issuers. The broker-dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds and sector-specific trends. To the extent that these inputs are observable, the values of convertible bonds & notes are categorized as Level 2. To the extent that these inputs are unobservable the values are categorized as Level 3.

**Option Contracts** Option contracts traded over-the-counter ( OTC ) and FLEXible EXchange ( FLEX ) are valued by independent pricing services based on pricing models that incorporate various inputs such as interest rates, credit spreads, currency exchange rates and volatility measurements for in-the-money, at-the-money, and out-of-the-money contracts based on a given strike price. To the extent that these inputs are observable, the values of OTC and FLEX option contracts are categorized as Level 2. To the extent that these inputs are unobservable the values are categorized as Level 3.

**(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. Interest income adjusted for the accretion of discount and amortization of premium is recorded on an accrual basis. Discounts or premiums on debt securities purchased are accreted or amortized, respectively, to interest income. Conversion premium is not amortized. Dividend income is recorded on the ex-dividend date, except for certain dividends from foreign securities where the ex-dividend date may have passed, and then are recorded as soon after the ex-dividend date as the Fund, using reasonable diligence, becomes aware of such dividends. Consent fees relating to corporate actions are recorded as miscellaneous income upon receipt. Payments received on synthetic convertible securities are generally included in dividends. 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 subsequently be reclassified as realized gains and/or return of capital upon receipt of information from the issuer.

**(d) Federal Income Taxes**

The Funds intend to distribute all of their taxable income and to comply with the other requirements of Subchapter M of the U.S. Internal Revenue Code of 1986, as amended, applicable to regulated investment





**Notes to Financial Statements**

**AllianzGI NFJ Dividend, Interest & Premium Strategy Fund  
AllianzGI Equity & Convertible Income Fund**

July 31, 2014 (unaudited)

**1. Organization and Significant Accounting Policies (continued)**

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. In accordance with provisions set forth under U.S. GAAP, the Investment Manager has reviewed the Funds' tax positions for all open tax years. As of July 31, 2014, the Funds have recorded no liability for net unrecognized tax benefits relating to uncertain income tax positions they have taken. The Funds' federal tax returns for the prior three years remain subject to examination by the Internal Revenue Service.

**(e) Dividends and Distributions**

The Funds declare dividends and distributions on a quarterly basis. These dividends and distributions may be comprised in varying proportions of net investment income, gains from option premiums and the sale of portfolio securities and return of capital. The Funds record dividends and distributions on the ex-dividend date. The amount of dividends from net investment income and distributions from net realized capital gains or return of capital is determined in accordance with federal income tax regulations, which may differ from U.S. GAAP. 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 distributions to shareholders from return of capital. At July 31, 2014, it is anticipated that Dividend, Interest & Premium Strategy will have a return of capital at fiscal year-end.

**(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 the securities into which they are convertible, they are not considered derivative financial 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.

**(g) Warrants**

The Funds may receive warrants. Warrants are securities that are usually issued together



## Notes to Financial Statements

### AllianzGI NFJ Dividend, Interest & Premium Strategy Fund AllianzGI Equity & Convertible Income Fund

July 31, 2014 (unaudited)

#### 1. Organization and Significant Accounting Policies (continued)

with a debt security or preferred stock and that give the holder the right to buy a proportionate amount of common stock at a specified price. Warrants are freely transferable and are often traded on major exchanges. Warrants normally have a life that is measured in years and entitle the holder to buy common stock of a company at a price that is usually higher than the market price at the time the warrant is issued. Warrants may entail greater risks than certain other types of investments. Generally, warrants do not carry the right to receive dividends or exercise voting rights with respect to the underlying securities, and they do not represent any rights in the assets of the issuer. In addition, their value does not necessarily change with the value of the underlying securities, and they cease to have value if they are not exercised on or before their expiration date. If the market price of the underlying stock does not exceed the exercise price during the life of the warrant, the warrant will expire worthless. Warrants may increase the potential profit or loss to be realized from the investment as compared with investing the same amount in the underlying securities. Similarly, the percentage increase or decrease in the value of an equity security warrant may be greater than the percentage increase or decrease in the value of the underlying common stock. Warrants may relate to the purchase of equity or debt securities. Debt obligations with warrants attached to purchase equity securities have many characteristics of convertible securities and their prices may, to some degree, reflect the performance of the underlying stock. Debt obligations also may be issued with warrants attached to purchase additional debt securities at the same coupon rate. A decline in interest rates would permit the Funds to sell such warrants at a profit. If interest rates rise, these warrants would generally expire with no value.

#### 2. Principal Risks

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 (counterparty risk). The Funds also are exposed to other risks such as, but not limited to, interest rate, credit and leverage 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 values 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 used primarily as a measure of the sensitivity of a fixed income security's market price to interest rate (*i.e.* yield) movements. Interest rate changes can be sudden and unpredictable, and a Fund may lose money as a result of movements in interest rates. A Fund may not be able to hedge against changes in interest rates or may choose not to

## Notes to Financial Statements

### AllianzGI NFJ Dividend, Interest & Premium Strategy Fund AllianzGI Equity & Convertible Income Fund

July 31, 2014 (unaudited)

#### 2. Principal Risks (continued)

do so for cost or other reasons. In addition, any hedges may not work as intended.

The Funds are exposed to credit risk, which is the risk of losing money if the issuer or guarantor of a fixed income security is unable or unwilling, or is perceived (whether by market participants, rating agencies, pricing services or otherwise) as 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.

The market values of securities may decline due to general market conditions (market risk) which are not specifically related to a particular company, such as real or perceived adverse economic conditions, adverse changes in the general outlook for corporate earnings, changes in interest or currency rates, changes to credit markets or adverse investor sentiment. They may also decline due to factors that 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, although under certain market conditions fixed income securities may have comparable or greater price volatility. Credit ratings downgrades may also negatively affect securities held by a Fund. Even when markets perform well, there is no assurance that the investments held by a Fund will increase in value along with the broader market. In addition, market risk includes the risk that geopolitical events will disrupt the economy on a national or global level.

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. The Sub-Advisers seek to minimize the Funds' counterparty risk by performing reviews of each counterparty and by minimizing concentration of counterparty risk by undertaking transactions with multiple customers and counterparties on recognized and reputable exchanges. Delivery of securities sold is only made once the Funds have received payment. Payment is made on a purchase once the securities have been delivered by the counterparty. The trade will fail if either party fails to meet its obligation.

The Funds may hold defaulted securities that may involve special considerations including bankruptcy proceedings, other regulatory and legal restrictions affecting the Funds' ability to trade, and the availability of prices from independent pricing services or dealer quotations. Defaulted securities are often illiquid and may not be actively traded. Sale of securities in bankrupt companies at an acceptable price may be difficult and differences compared to the value of the securities used by the Funds could be material. A Fund may incur additional

## Notes to Financial Statements

### AllianzGI NFJ Dividend, Interest & Premium Strategy Fund AllianzGI Equity & Convertible Income Fund

July 31, 2014 (unaudited)

#### 2. Principal Risks (continued)

expenses to the extent it is required to seek recovery upon a portfolio security's default in the payment of principal or interest. In any bankruptcy proceeding relating to a defaulted investment, a Fund may lose its entire investment or may be required to accept cash or securities with a value substantially less than its original investment.

Equity & Convertible Income held convertible securities with a Lehman Brothers entity as counterparty at the time the relevant Lehman Brothers entity filed for protection. The underlying securities were subsequently moved to escrow.

#### 3. Financial Derivative Instruments

Disclosure about derivatives and hedging activities requires qualitative disclosure regarding objectives and strategies for using derivatives, quantitative disclosure about fair value amounts of gains and losses on derivatives, 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 at times 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.

#### Option Transactions

The Funds write (sell) call options on securities and indices to earn premiums, for hedging purposes, risk management purposes or otherwise as part of their investment strategies. When an option is written, the premium received is recorded as an asset with an equal liability that is subsequently marked to market to reflect the market value of the option written. These liabilities are reflected as call 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 purchase 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.

#### 4. Investment Manager/Sub-Advisers

Each Fund has an Investment Management Agreement (each an "Agreement") with the Investment Manager. Subject to the supervision of each Fund's Board, 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, Dividend,



**Notes to Financial Statements**

**AllianzGI NFJ Dividend, Interest & Premium Strategy Fund  
AllianzGI Equity & Convertible Income Fund**

July 31, 2014 (unaudited)

**4. Investment Manager/Sub-Advisers (continued)**

Interest & Premium Strategy pays the Investment Manager an annual fee, payable monthly, at an annual rate of 0.90% of its average daily total managed assets. Pursuant to its Agreement, Equity & Convertible Income pays the Investment Manager an annual fee, payable monthly, at an annual rate of 1.00% of its average daily total managed assets. Total managed assets refer to the total assets of each Fund (including assets attributable to any borrowings that may be outstanding) minus accrued liabilities (other than liabilities representing any borrowings).

The Investment Manager has retained the Sub-Advisers to manage Dividend, Interest & Premium Strategy. NFJ manages the equity component of the Fund and Allianz Global Investors manages the convertible and index option strategy components of the Fund. Allianz Global Investors serves as the sole sub-adviser to Equity & Convertible Income. The Investment Manager, not the Funds, pays a portion of the fees it receives as Investment Manager to the Sub-Advisers in return for their services.

**5. Investments in Securities**

For the six months ended July 31, 2014, purchases and sales of investments, other than short-term securities were:

|           | Dividend,<br>Interest & Premium<br>Strategy | Equity &<br>Convertible<br>Income |
|-----------|---|-----------------------------------|
| Purchases | \$420,294,725                               | \$238,852,832                     |
| Sales     | 440,041,175                                 | 216,479,264                       |

**6. Income Tax Information**

At July 31, 2014, the cost basis and the net unrealized appreciation/(depreciation) of portfolio securities (before call options written) for federal income tax purposes were as follows:

|                                       | Federal Tax<br>Cost Basis (1) | Unrealized<br>Appreciation | Unrealized<br>Depreciation | Net Unrealized<br>Appreciation<br>(Depreciation) |
|---------------------------------------|-------------------------------|----------------------------|----------------------------|--|
| Dividend, Interest & Premium Strategy | \$1,666,010,996               | \$218,632,347              | \$112,651,580              | \$105,980,767                                    |
| Equity & Convertible Income           | 682,604,103                   | 26,127,527                 | 77,212,194                 | (51,084,667)                                     |

(1) The difference between book and tax cost, if any, was attributable to wash sale loss deferrals.

**7. Payments from Affiliates**

During the six months ended July 31, 2014, Allianz Global Investors reimbursed Dividend, Interest & Premium Strategy and Equity & Convertible Income \$1,272,737 and \$15,346 (of which \$4,775 pertained to AllianzGI Global Equity & Convertible Income Fund), respectively, for realized losses resulting from trading errors.



**Notes to Financial Statements**

**AllianzGI NFJ Dividend, Interest & Premium Strategy Fund  
AllianzGI Equity & Convertible Income Fund**

July 31, 2014 (unaudited)

**8. Reorganization**

On September 24, 2013, the Boards of Trustees of Equity & Convertible Income ( NIE ) and AllianzGI Global Equity & Convertible Income Fund ( NGZ ) approved the reorganization of NGZ into NIE, pursuant to which NIE would continue as the surviving fund (the Reorganization ). At a shareholder meeting on January 14, 2014, shareholders of NIE and NGZ approved the Reorganization, and shareholders of NIE approved the issuance of additional shares of NIE in connection with the Reorganization.

Prior to the opening of business on January 27, 2014, NIE acquired all assets and assumed the liabilities of NGZ. The effect of the transaction was to combine two funds managed by the Investment Manager, and sub-advised by Allianz Global Investors, with comparable investment objectives and strategies. The Reorganization was accomplished by a tax-free exchange of shares of NGZ, valued at \$117,984,152 in total, for shares of NIE as follows:

| Fund  | NAV/Share  | Conversion (\$) | Ratio | Shares Issued |
|---|------------|-----------------|-------|---------------|
| AllianzGI Equity & Convertible Income Fund (NIE)        | \$21.82961 | N/A             |       | 5,404,776     |
| AllianzGI Global Equity & Convertible Income Fund (NGZ) | \$16.80705 | 0.76991984      |       | N/A           |

Pursuant to the Reorganization, each shareholder of NGZ received shares of NIE in an amount equal to the aggregate NAV of such shareholder's shares of NGZ, as determined at the close of business on January 24, 2014. Cash was distributed for any fractional shares.

The investment portfolio of NGZ, with a market value of \$79,732,908 and identified cost of \$91,487,651 at January 24, 2014, was the principal asset acquired by NIE. For financial reporting purposes, assets received and shares issued by NIE were recorded at net asset value; however, the cost basis of the investments received from NGZ was carried forward to align ongoing reporting of NIE's realized and unrealized gains and losses with amounts distributable to shareholders for tax purposes. Immediately prior to the reorganization, NIE's net assets were \$486,891,792. NGZ's net unrealized depreciation at the reorganization date was \$11,754,743.

Assuming the reorganization had been completed on February 1, 2013, the beginning of NIE's annual reporting period, NIE's pro forma results of operations for the year ended January 31, 2014, would be as follows:

|  |              |
|--|--------------|
| Net Investment Income                                | \$13,681,496 |
| Net Realized and Change in Unrealized Gain (Loss)    | 68,934,601   |
| Net Increase in Net Assets Resulting from Operations | 82,616,097   |



**Notes to Financial Statements**

**AllianzGI NFJ Dividend, Interest & Premium Strategy Fund  
AllianzGI Equity & Convertible Income Fund**

July 31, 2014 (unaudited)

**9. Subsequent Events**

In preparing these financial statements, the Funds' management has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued.

On September 5, 2014, the following quarterly distributions were declared to shareholders, payable September 26, 2014 to shareholders of record on September 15, 2014:

|                                       |                  |
|---------------------------------------|------------------|
| Dividend, Interest & Premium Strategy | \$0.45 per share |
| Equity & Convertible Income           | \$0.38 per share |

There were no other subsequent events identified that require recognition or disclosure.

**Financial Highlights****AllianzGI NFJ Dividend, Interest & Premium Strategy Fund**

For a share outstanding throughout each period:

|  | Six Months<br>ended<br>July 31, 2014<br>(unaudited) | 2014        | 2013        | Year ended January 31<br>2012 | 2011        | 2010        |
|--|---|-------------|-------------|-------------------------------|-------------|-------------|
| Net asset value, beginning of period                     | \$18.19   | \$17.91     | \$18.06     | \$19.12                       | \$17.30     | \$14.12     |
| <b>Investment Operations:</b>                            |   |             |             |                               |             |             |
| Net investment income                                    | 0.22  | 0.49        | 0.53        | 0.52                          | 0.64        | 0.61        |
| Net realized and change in unrealized gain               | 1.03  | 1.59        | 1.12        | 0.22                          | 2.08        | 3.17        |
| Total from investment operations                         | 1.25  | 2.08        | 1.65        | 0.74                          | 2.72        | 3.78        |
| <b>Dividends and Distributions to Shareholders from:</b> |   |             |             |                               |             |             |
| Net investment income                                    | (0.90)  | (0.54)      | (0.67)      | (0.56)                        | (0.90)      | (0.60)      |
| Net realized gains                                       |   |             |             | (0.85)                        |             |             |
| Return of capital  |   | (1.26)      | (1.13)      | (0.39)                        |             |             |
| Total dividends and distributions to shareholders        | (0.90)  | (1.80)      | (1.80)      | (1.80)                        | (0.90)      | (0.60)      |
| Net asset value, end of period                           | \$18.54(1)  | \$18.19     | \$17.91     | \$18.06                       | \$19.12     | \$17.30     |
| Market price, end of period                              | \$18.42   | \$17.86     | \$16.65     | \$17.30                       | \$17.60     | \$14.50     |
| <b>Total Investment Return (2)</b>                       | 8.19%   | 18.83%      | 6.83%       | 9.07%                         | 28.20%      | 17.31%      |
| <b>RATIOS/SUPPLEMENTAL DATA:</b>                         |   |             |             |                               |             |             |
| Net assets, end of period (000 s)                        | \$1,754,802   | \$1,719,489 | \$1,692,659 | \$1,706,770                   | \$1,807,672 | \$1,635,728 |
| Ratio of expenses to average net assets                  | 0.95%(3)  | 0.94%(4)    | 0.97%       | 0.97%                         | 0.97%       | 0.98%       |
| Ratio of net investment income to average net assets     | 2.39%(3)  | 2.69%(4)    | 2.97%       | 2.83%                         | 3.54%       | 3.95%       |
| Portfolio turnover rate                                  | 25%   | 48%         | 46%         | 50%                           | 65%         | 57%         |

(1) Payment from affiliates increased the net asset value by \$0.02.

(2) Total investment return is calculated assuming a purchase of a share at the market price on the first day and a sale of a share at the market price on the last day of each period reported. Dividends and distributions, if any, are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions or sales charges in connection with the purchase or sale of Fund shares. Total return for less than one year is not annualized.

(3) Annualized.

(4) Inclusive of reimbursement from Investment Manager of 0.02%.



**Financial Highlights**
**AllianzGI Equity & Convertible Income Fund**

For a share outstanding throughout each period:

|  | Six Months<br>ended<br>July 31, 2014<br>(unaudited) | 2014      | 2013      | Year ended January 31,<br>2012 | 2011      | 2010      |
|--|---|-----------|-----------|--------------------------------|-----------|-----------|
| Net asset value, beginning of period                     | \$21.79   | \$20.10   | \$19.28   | \$20.28                        | \$17.58   | \$13.41   |
| <b>Investment Operations:</b>                            |   |           |           |                                |           |           |
| Net investment income                                    | 0.28  | 0.56      | 0.39      | 0.36                           | 0.40      | 0.40      |
| Net realized and change in unrealized gain (loss)        | 1.34  | 2.49      | 1.55      | (0.24)                         | 3.42      | 4.89      |
| Total from investment operations                         | 1.62  | 3.05      | 1.94      | 0.12                           | 3.82      | 5.29      |
| <b>Dividends and Distributions to Shareholders from:</b> |   |           |           |                                |           |           |
| Net investment income                                    |   | (0.92)    | (0.28)    | (0.46)                         | (0.41)    | (0.99)    |
| Net realized gains                                       | (0.56)  | (0.44)    | (0.84)    | (0.66)                         | (0.71)    |           |
| Return of capital  |   |           |           |                                |           | (0.13)    |
| Total dividends and distributions to shareholders        | (0.56)  | (1.36)    | (1.12)    | (1.12)                         | (1.12)    | (1.12)    |
| Net asset value, end of period                           | \$22.85(1)  | \$21.79   | \$20.10   | \$19.28                        | \$20.28   | \$17.58   |
| Market price, end of period                              | \$19.87   | \$18.73   | \$17.91   | \$17.22                        | \$19.30   | \$15.83   |
| <b>Total Investment Return (2)</b>                       | 9.09%   | 12.35%    | 10.92%    | (4.85)%                        | 30.16%    | 30.75%    |
| <b>RATIOS/SUPPLEMENTAL DATA:</b>                         |   |           |           |                                |           |           |
| Net assets, end of period (000 s)                        | \$633,156   | \$603,786 | \$448,384 | \$430,095                      | \$452,406 | \$392,092 |
| Ratio of expenses to average net assets                  | 1.08%(3)  | 1.09%(4)  | 1.09%     | 1.08%                          | 1.10%     | 1.10%     |
| Ratio of net investment income to average net assets     | 2.45%(3)  | 2.39%(4)  | 2.06%     | 1.87%                          | 2.16%     | 2.54%     |
| Portfolio turnover rate                                  | 35%   | 82%       | 122%      | 118%                           | 168%      | 94%       |

(1) Payment from affiliates increased the net asset value by less than \$0.01.

(2) Total investment return is calculated assuming a purchase of a share at the market price on the first day and a sale of a share at the market price on the last day of each period reported. Dividends and distributions, if any, are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions or sales charges in connection with the purchase or sale of Fund shares. Total return for less than one year is not annualized.

(3) Annualized.

(4) Inclusive of Reimbursement from Investment Manager of 0.02%.



**Annual Shareholder Meeting Results/Proxy Voting Policies & Procedures/Changes in Investment Policy** (unaudited)

**AllianzGI NFJ Dividend, Interest & Premium Strategy Fund  
AllianzGI Equity & Convertible Income Fund**

**Annual Shareholder Meeting Results:**

The Funds held their meeting of shareholders on July 17, 2014. Shareholders voted as indicated below:

Dividend, Interest & Premium Strategy:

|   | Affirmative | Withheld Authority |
|---|-------------|--------------------|
| Re-election of Alan Rappaport Class III to serve until the annual meeting for the 2017-2018 fiscal year | 83,237,097  | 1,672,738          |
| Re-election of John C. Maney Class III to serve until the annual meeting for the 2017-2018 fiscal year  | 83,246,744  | 1,663,091          |

The other members of the Board of Trustees at the time of the meeting, namely, Ms. Deborah A. DeCotis and Messrs. Hans W. Kertess, James A. Jacobson, Bradford K. Gallagher, and William B. Ogden, IV continued to serve as Trustees of the Fund.

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Interested Trustee

Equity & Convertible Income:

|   | Affirmative | Withheld Authority |
|---|-------------|--------------------|
| Re-election of Hans W. Kertess Class I to serve until the annual meeting for the 2017-2018 fiscal year      | 22,666,214  | 2,214,678          |
| Re-election of William B. Ogden, IV Class I to serve until the annual meeting for the 2017-2018 fiscal year | 22,679,440  | 2,201,452          |
| Re-election of Alan Rappaport Class I to serve until the annual meeting for the 2017-2018 fiscal year       | 22,681,801  | 2,199,091          |

The other members of the Board of Trustees at the time of the meeting, namely, Ms. Deborah A. DeCotis and Messrs. Bradford K. Gallagher, James A. Jacobson and John C. Maney continued to serve as Trustees of the Fund.

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Interested Trustee



**Proxy Voting Policies & Procedures:**

A description of the policies and procedures that the Funds have adopted to determine how to vote proxies relating to portfolio securities and information about how the Funds voted proxies relating to portfolio securities held during the most recent twelve month period ended June 30 is available (i) without charge, upon request, by calling the Funds' shareholder servicing agent at (800) 254-5197; (ii) on the Funds' website at [us.allianzgi.com/closedendfunds](http://us.allianzgi.com/closedendfunds); and (iii) on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

**Changes in Investment Policy – Equity & Convertible Income**

Effective March 11, 2014, Equity & Convertible Income rescinded its non-fundamental investment policy to maintain a weighted average maturity typically ranging from five to ten years with respect to the portion of its portfolio allocated to income-producing convertible securities.

**Matters Relating to the Trustees Consideration of the Investment Management & Portfolio Management Agreements** (unaudited)

**AllianzGI NFJ Dividend, Interest & Premium Strategy Fund  
AllianzGI Equity & Convertible Income Fund**

The Investment Company Act of 1940, as amended, requires that both the full Board of Trustees (the Trustees ) and a majority of the non-interested Trustees (the Independent Trustees ), voting separately, approve each Fund s Investment Management Agreement with the Investment Manager (the Advisory Agreements ) and Portfolio Management Agreements between the Investment Manager and the applicable Sub-Advisers (the Sub-Advisory Agreements, and together with the Advisory Agreements, the Agreements ). The Trustees met in person on June 23-24, 2014 (the contract review meeting ) for the specific purpose of considering whether to approve the continuation of the Advisory Agreements and the Sub-Advisory Agreements. The Independent Trustees were assisted in their evaluation of the Agreements by independent legal counsel, from whom they received separate legal advice and with whom they met separately from Fund management during the contract review meeting.

In connection with their deliberations regarding the continuation of the Agreements, the Trustees, including the Independent Trustees, considered such information and factors as they believed, in light of the legal advice furnished to them and their own business judgment, to be relevant. As described below, the Trustees considered the nature, quality, and extent of the various investment management, administrative and other services performed by the Investment Manager or the Sub-Advisers under the applicable Agreement.

In connection with their contract review meeting, the Trustees received and relied upon materials provided by the Investment Manager which included, among other items: (i) information provided by Lipper Inc. ( Lipper ), an independent third party, on the total return investment performance (based on net assets) of the Funds for various time periods, the investment performance of a group of funds with investment classifications/objectives comparable to those of the Funds identified by Lipper (the Lipper performance universe ) and with respect to NFJ only, the performance of an applicable benchmark index, (ii) information provided by Lipper on the Funds management fees and other expenses and the management fees and other expenses of comparable funds identified by Lipper, (iii) information regarding the investment performance and management fees for other funds and accounts managed by the Investment Manager and/or the Sub-Advisers with strategies that have similarities (but none of which are substantially similar) to those of the Funds, (iv) the estimated profitability to the Investment Manager from its relationship with the Funds for the one year period ended December 31, 2013, (v) descriptions of various functions performed by the Investment Manager and the Sub-Advisers for the Funds, such as portfolio management, compliance monitoring and portfolio trading practices, and (vi) information regarding the overall organization of the Investment Manager and the Sub-Advisers, including information regarding senior management, portfolio managers and other personnel providing

**Matters Relating to the Trustees Consideration of the Investment Management & Portfolio Management Agreements** (unaudited) (continued)

**AllianzGI NFJ Dividend, Interest & Premium Strategy Fund  
AllianzGI Equity & Convertible Income Fund**

investment management, administrative and other services to the Funds.

The Trustees' conclusions as to the continuation of the Agreements were based on a comprehensive consideration of all information provided to the Trustees and were not the result of any single factor. Some of the factors that figured particularly in the Trustees' deliberations are described below, although individual Trustees may have evaluated the information presented differently from one another, attributing different weights to various factors. The Trustees recognized that the fee arrangements for the Funds are in many cases the result of review and discussion in prior years between the Independent Trustees and the Investment Manager, that certain aspects of such arrangements may receive greater scrutiny in some years than in others, and that the Trustees' conclusions may be based, in part, on their consideration of these same arrangements during the course of the year and in prior years.

Fund-specific performance results for the Funds reviewed by the Trustees are discussed below. The comparative performance information was prepared and provided by Lipper and was not independently verified by the Trustees. The Trustees reviewed, among other information, comparative information showing performance of each Fund against its respective Lipper performance universe for the one-year, three-year and five-year periods ended March 31, 2014.

In addition, it was noted that the Trustees considered matters bearing on the Funds and their advisory arrangements at their meetings throughout the year, including a review of performance data at each regular meeting.

As part of their review, the Trustees examined the Investment Manager's and the Sub-Advisers' abilities to provide high-quality investment management and other services to the Funds. Among other information, the Trustees considered the investment philosophy and research and decision-making processes of the Sub-Advisers; the experience of key advisory personnel of the Sub-Advisers responsible for portfolio management of the Funds; the ability of the Investment Manager and the Sub-Advisers to attract and retain capable personnel; and the capability of the senior management and staff of the Investment Manager and the Sub-Advisers. In addition, the Trustees reviewed the quality of the Investment Manager's and the Sub-Advisers' services with respect to regulatory compliance and compliance with the investment policies of the Funds; the nature and quality of certain administrative services the Investment Manager is responsible for providing to the Funds; and conditions that might affect the Investment Manager's or the Sub-Advisers' ability to provide high quality services to the Funds in the future under the Agreements, including each organization's respective financial condition and operational stability. Based on the foregoing, the Trustees concluded that the Sub-Advisers' investment process, research capabilities and philosophy were well suited to each of the Funds given their respective investment objectives and policies, and that the Investment Manager and the Sub-Advisers would be able to continue to

**Matters Relating to the Trustees Consideration of the Investment  
Management & Portfolio Management Agreements** (unaudited) (continued)

**AllianzGI NFJ Dividend, Interest & Premium Strategy Fund  
AllianzGI Equity & Convertible Income Fund**

meet any reasonably foreseeable obligations under the Agreements.

In assessing the reasonableness of each Fund's fees under the Agreements, the Trustees considered, among other information, each Fund's management fee and its total expense ratio as a percentage of average net assets attributable to common shares and the management fee and total expense ratios of peer expense groups of funds based on information provided by Lipper. The Fund-specific fee and expense results discussed below were prepared and provided by Lipper and were not independently verified by the Trustees.

The Trustees specifically took note of how each Fund compared to its Lipper peers as to performance and management fee and total net expenses. The Trustees noted that while the Funds are not charged a separate administration fee (recognizing that their management fee includes a component for administrative services), it was not clear in all cases whether the peer funds in the Lipper categories were separately charged such a fee by their investment managers, so that the total expense ratio (rather than any individual expense component) represented the most relevant comparison. It was noted that the total expense ratio comparisons reflect the effect of expense waivers/reimbursements (although none exist for the Funds).

**Dividend, Interest & Premium Strategy**

The Trustees noted that the expense group for the Fund provided by Lipper consisted of a total of six closed-end funds, including the Fund. The Trustees noted that only non-leveraged closed-end funds were considered for inclusion in the group. The Trustees also noted that average net assets of the common shares of the six funds in the expense group ranged from \$287.2 million to \$1.717 billion, and that no funds in the group were larger in asset size than the Fund. The Trustees also noted that the Fund was ranked second out of six funds in the expense group for total expense ratio based on common share assets and third out of six funds in the expense group for actual management fees based on common share assets (with funds ranked first having the lowest fees/expenses and ranked sixth having the highest fees/expenses in the expense group).

With respect to Fund total return performance relative to its Lipper performance universe (based on net asset value), the Trustees noted that the Fund had third quintile performance for the one-year period, fourth quintile performance for the three-year period and second quintile performance for the five-year period ended March 31, 2013.

**Equity & Convertible Income**

The Trustees noted that the expense group for the Fund provided by Lipper consisted of a total of seven closed-end funds, including the Fund. The Trustees noted that only non-leveraged closed-end funds were considered for inclusion in the group. The Trustees also noted that average net assets of the common shares of the seven funds in the expense group ranged from \$226.9 million to \$636.8 million, and that three of the funds in the group were larger in asset size than the Fund. The Trustees also noted that the Fund was ranked fourth out of seven funds in the



**Matters Relating to the Trustees Consideration of the Investment Management & Portfolio Management Agreements** (unaudited) (continued)

**AllianzGI NFJ Dividend, Interest & Premium Strategy Fund**  
**AllianzGI Equity & Convertible Income Fund**

expense group both for total expense ratio based on common share assets and for actual management fees based on common share assets (with funds ranked first having the lowest fees/expenses and ranked seventh having the highest fees/expenses in the expense group).

With respect to Fund total return performance relative to its Lipper performance universe (based on net asset value), the Trustees noted that the Fund ranked first out of four funds for the one-year, three-year and five-year periods ended March 31, 2014.

In addition to their review of Fund performance based on net asset value, the Trustees also considered the market value performance of each Fund's common shares and related share price premium and/or discount information based on the materials provided by Lipper and management.

The Trustees were advised that the Investment Manager and the Sub-Advisers do not manage any funds or accounts, including institutional or separate accounts, with investment strategies and return profiles similar to those of the Funds. However, the Trustees considered the management fees charged by the Investment Manager and/or Sub-Advisers to other funds and accounts with strategies that have similarities (but none of which are substantially similar) to those of the Funds, including open-end funds and, in some cases, separate accounts, advised by the Sub-Advisers. The Trustees noted that the management fees paid by the Funds are generally higher than the fees paid by such separate account clients. However, the Trustees were advised by the Sub-Advisers that they generally provide broader and more extensive services to the Funds in comparison to separate accounts, and incur additional expenses in connection with the more extensive regulatory regime to which the Funds are subject in comparison to separate accounts generally. The Trustees noted that the management fees paid by the Funds are generally higher than the fees paid by the open-end funds offered for comparison but were advised by the Investment Manager that there are additional portfolio management challenges in managing the Funds, such as attempting to meet a regular dividend.

Based on a profitability analysis provided by the Investment Manager, the Trustees also considered the estimated profitability to the Investment Manager from its relationship with each Fund and determined that such profitability did not appear to be excessive.

The Trustees also took into account that, as closed-end investment companies, the Funds do not currently intend to raise additional assets, so the assets of the Funds will grow (if at all) principally through the investment performance of each Fund. Therefore, the Trustees did not consider potential economies of scale as a principal factor in assessing the fee rates payable under the Agreements.

Additionally, the Trustees considered so-called "fall-out benefits" to the Investment Manager and the Sub-Advisers, such as reputational value derived from serving as Investment Manager and Sub-Advisers to the Funds.

**Matters Relating to the Trustees Consideration of the Investment  
Management & Portfolio Management Agreements** (unaudited) (continued)

**AllianzGI NFJ Dividend, Interest & Premium Strategy Fund  
AllianzGI Equity & Convertible Income Fund**

After reviewing these and other factors described herein, the Trustees concluded with respect to each Fund, within the context of their overall conclusions regarding the Agreements and based on the information provided and related representations made by management, that they were satisfied with the Investment Manager's and the Sub-Advisers' responses and efforts relating to the investment performance of the Funds. The Trustees also concluded that the fees payable under each Agreement represent reasonable compensation in light of the nature, extent and quality of services provided by the Investment Manager or Sub-Adviser, as the case may be. Based on their evaluation of factors that they deemed to be material, including those factors described above, the Trustees, including the Independent Trustees, unanimously concluded that the continuation of the Agreements with respect to each Fund was in the interests of the Fund and its shareholders, and should be approved.

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**Trustees**

Hans W. Kertess  
*Chairman of the Board of Trustees*  
Deborah A. DeCotis  
Bradford K. Gallagher  
James A. Jacobson  
John C. Maney  
William B. Ogden, IV  
Alan Rappaport

**Fund Officers**

Julian Sluyters  
*President & Chief Executive Officer*  
Lawrence G. Altadonna  
*Treasurer, Principal Financial & Accounting Officer*  
Thomas J. Fuccillo  
*Vice President, Secretary & Chief Legal Officer*  
Scott Whisten  
*Assistant Treasurer*  
Richard J. Cochran  
*Assistant Treasurer*  
Orhan Dzemaili  
*Assistant Treasurer*  
Thomas L. Harter  
*Chief Compliance Officer*  
Lagan Srivastava  
*Assistant Secretary*

**Investment Manager**

Allianz Global Investors Fund Management LLC  
1633 Broadway  
New York, NY 10019

**Sub-Advisors**

Allianz Global Investors U.S. LLC  
1633 Broadway  
New York, NY, 10019

NFJ Investment Group LLC  
2100 Ross Avenue, Suite 700  
Dallas, TX 75201

**Custodian & Accounting Agent**

Brown Brothers Harriman & Co.  
50 Post Office Square  
Boston, MA 02110

**Transfer Agent, Dividend Paying Agent and Registrar**

American Stock Transfer & Trust Company, LLC  
6201 15th Avenue  
Brooklyn, NY 11219

**Independent Registered Public Accounting Firm**

PricewaterhouseCoopers LLP  
300 Madison Avenue  
New York, NY 10017

**Legal Counsel**

Ropes & Gray LLP  
Prudential Tower  
800 Boylston Street  
Boston, MA 02199

*This report, including the financial information herein, is transmitted to the shareholders of AllianzGI NFJ Dividend, Interest & Premium Strategy Fund and AllianzGI Equity & Convertible Income Fund for their information. It is not a prospectus, circular or representation intended for use in the purchase of shares of the Funds or any securities mentioned in this report.*

*The financial information included herein is taken from the records of the Funds without examination by an independent registered public accounting firm, who did not express an opinion herein.*

*Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that from time to time the Funds may purchase shares of their stock in the open market.*

*The Funds file their complete schedule of portfolio holdings with the Securities and Exchange Commission ( SEC ) for the first and third quarters of their fiscal year on Form N-Q. Each Fund's Form N-Q is available on the SEC's website at [www.sec.gov](http://www.sec.gov) and may be reviewed and copied at the SEC's Public Reference Room in Washington D.C. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. The information on Form N-Q is also available on the Funds' website at [us.allianzgi.com/closedendfunds](http://us.allianzgi.com/closedendfunds).*

*Information on the Funds is available at [us.allianzgi.com/closedendfunds](http://us.allianzgi.com/closedendfunds) or by calling the Funds shareholder servicing agent at (800) 254-5197.*

**Receive this report electronically and eliminate paper mailings.**

To enroll, go to [us.allianzgi.com/edelivery](http://us.allianzgi.com/edelivery).

AGI-2014-08-06-10323

Allianz Global Investors Distributors LLC

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ITEM 2. CODE OF ETHICS

Not required in this filing.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT

Not required in this filing.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Not required in this filing

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANT

Not required in this filing

ITEM 6. SCHEDULE OF INVESTMENTS

(a) The registrant's Schedule of Investments is included as part of the report to shareholders filed under Item 1 of this form.

(b) Not applicable.

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ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES

Not required in this filing

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES

Not required in this filing

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED COMPANIES

None

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There have been no material changes to the procedures by which shareholders may recommend nominees to the Fund's Board of Trustees since the Fund last provided disclosure in response to this item.

ITEM 11. CONTROLS AND PROCEDURES

(a) The registrant's President and Chief Executive Officer and Treasurer, Principal Financial & Accounting Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Act (17 CFR 270.30a-3(c))), are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.

(b) There were no significant changes in internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d))) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS

Edgar Filing: AllianzGI NFJ DIVIDEND, INTEREST & PREMIUM STRATEGY FUND - Form N-CSRS

(a) (1) Not required in this filing.

(a) (2) Exhibit 99.302 Cert. Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

(a) (3) Not Applicable

(b) Exhibit 99.906 Cert. Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

By: /s/ Julian Sluyters  
Julian Sluyters, President & Chief Executive Officer

Date: October 1, 2014

By: /s/ Lawrence G. Altadonna  
Lawrence G. Altadonna, Treasurer,  
Principal Financial & Accounting Officer

Date: October 1, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Julian Sluyters  
Julian Sluyters, President & Chief Executive Officer

Date: October 1, 2014

By: /s/ Lawrence G. Altadonna  
Lawrence G. Altadonna, Treasurer,  
Principal Financial & Accounting Officer

Date: October 1, 2014

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