

AllianzGI Equity & Convertible Income Fund  
Form N-CSR  
April 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 811-21989

AllianzGI Equity & Convertible Income 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, 2014  
end:

Date of reporting period: January 31, 2014

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ITEM 1. REPORT TO SHAREHOLDERS



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

Dear Shareholder:

The US economy expanded throughout the fiscal 12-month reporting period ended January 31, 2014. Bond yields moved higher as the Federal Reserve (the Fed) adjusted monetary policy and stocks posted impressive gains.

**For the 12-month reporting period ended January 31, 2014:**

- AllianzGI NFJ Dividend, Interest & Premium Strategy Fund increased 12.09% on net asset value (NAV) and 18.83% on market price.
- AllianzGI Equity & Convertible Income Fund increased 15.48% on NAV and 12.35% on market price.

During the reporting period, the Russell 3000 Index, a broad measure of US stock market performance, increased 22.60%; the Russell 1000 Value Index, a measure of large-cap value-style stocks, rose 20.02%; and the Russell 1000 Growth Index, a measure of growth style stocks, advanced 24.35%. Convertible securities, as reflected by the BofA Merrill Lynch All Convertibles Index, returned 22.33%.

During the reporting period, US economic growth accelerated. Gross domestic product (GDP), the value of goods and services produced in the country, the broadest measure of US economic activity and the principal indicator of economic performance, grew at an annual pace of 1.1% during the first quarter of 2013. GDP growth, on an annual basis, increased to 2.5% and 4.1% during the second and third quarters of 2013, respectively. The US Commerce Department reported that third quarter 2013 GDP growth was the highest since the fourth quarter of 2011. This improvement was partially due to an increase in private inventory and decelerating imports. According to the US Commerce Department, fourth quarter 2013 GDP growth expanded at a 2.4% annual pace.

The Fed maintained an accommodative monetary policy during the reporting period. However, at its meeting in December 2013, the Fed announced that it would begin tapering its asset purchase program beginning in January 2014, from \$85 billion to \$75 billion. The Fed also reiterated that tapering did not signify that it would raise interest rates any time soon, indicating, it likely will be appropriate to maintain the current target range for the federal funds rate well past the time that the unemployment rate declines below 6.5%.

The US was highly resilient and appeared to overcome the headwinds associated with higher taxes, the sequestration, a partial federal government shutdown and rising interest rates. Barring unanticipated strengthening of US labor markets and accelerating inflation, we expect the central bank to take a measured approach to the reduction of purchases in 2014. Tapering of asset purchases, as well as concerns about global growth, ongoing geopolitical issues and dysfunction in Washington DC, will likely contribute to increased market volatility.

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

**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*

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## Fund Insights

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

January 31, 2014 (unaudited)

In the reporting period, convertible bonds largely benefited from higher equity prices, and to a lesser extent, credit spread tightening. Healthy corporate earnings, continued global economic improvement and ongoing accommodative global central bank policies supported the stock market's advance. In addition, convertible bonds benefited from a lack of credit risk. Solid balance sheets were confirmed in the reporting season. The new-issue corporate-bond market produced a lower semi-annual interest-expense burden for issuers, and again proved the widespread availability of new capital. Furthermore, the majority of the new issues' use-of-proceeds continued to be refinancing, which helps eliminate near-term amortization risk in the market.

Despite a significant rise in convertible bonds overall, there were periods of uncertainty. Market weakness was generally more macro in nature than fundamentally driven. In particular, headlines focused on the Fed led to episodes of volatility. What had been perceived by investors as a unilaterally accommodative global monetary policy was tempered by the language, not the actions, of the US Federal Reserve. The Fed's statements in June rattled the markets in general, but they also specifically impacted longer-dated Treasuries.

The latter half of the period was transitional, as several structural and fundamental drivers of investor sentiment moved away from speculation and toward certainty. Risk assets, including the equity and convertible markets, responded positively to these stabilizing factors, which restored confidence among investors in the US and global economy. Among the macro factors that contributed to performance: the Fed announced tapering, the House and Senate passed a budget, the media circus associated with the government shutdown proved to be overblown, US economic statistics continued to surprise on the upside, and, in the euro zone, the majority of economies and financial conditions stabilized.

As the period came to a close, convertibles weathered a decline in both sentiment and the equity markets as investors faced economic data indicating slower growth and emerging-market headwinds.

Against this backdrop the convertible market outperformed fixed-income asset classes during the period due to their low and even negative correlations with interest rates. Additionally, US equities ended 2013 on a particularly high note, with the S&P 500 Index up 32.4% for the calendar year. These annual returns marked the index's best year since 1997 and 11th best year since 1926.

Levels of implied volatility, as measured by the Chicago Board Options Exchange Volatility Index ( VIX ), were muted compared to previous years. During the reporting period the VIX traded in a tight range, fluctuating between 11 and 22. The most elevated readings were

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concurrent with economic uncertainty, tapering concerns, the government closure and debt ceiling fears. After beginning the period at 14.28, the VIX closed at 18.41.

Sector level performance was positive within the Russell 1000 Value Index. Information Technology, Industrials, Consumer Discretionary and Health Care were among the strongest-performing sectors. In contrast, Telecom Services, Energy, Utilities and Materials issuers underperformed on a relative basis.

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

#### **Fund Insights**

*For the period of February 1, 2013 through January 31, 2014 as provided by Ben Fischer, CFA, Portfolio Manager.*

For the twelve month period ended January 31, 2014, AllianzGI NFJ Dividend, Interest & Premium Strategy Fund (the Fund) returned 12.09% on net asset value (NAV) and 18.83% on market price.

#### **Portfolio specifics**

The Fund rallied with the market during the reporting period. Strength was evident in a variety of holdings and industries. 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 convertibles sleeve, stronger issue-specific performance helped in the Industrials and Consumer Discretionary sectors. Furthermore, an overweight in Transportation and an underweight in Financials aided returns. In contrast, weaker relative performance and an underweight in the Health Care sector detracted. Additionally, Technology issues underperformed their respective counterparts.

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

#### **Fund Insights**

*For the period of February 1, 2013 through January 31, 2014 as provided by Doug Forsyth, CFA, Portfolio Manager.*



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For the twelve month period ended January 31, 2014, AllianzGI Equity & Convertible Income Fund (the Fund ) returned 15.48% on NAV and 12.35% on market price.

### **Portfolio specifics**

On January 27, 2014, the AllianzGI Global Equity and Convertible Income Fund was reorganized into the AllianzGI Equity & Convertible Income Fund. We do not anticipate the merger to impact the overall performance of the Fund. More details on the reorganization can be found in Note 7 to the Financial Statements starting on page 41.

The Fund rallied with the market during the reporting period. Strength was evident in a variety of holdings and industries. 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 Financials and Telecom Services sectors benefited the Fund. Additionally, an overweight in Information Technology and an underweight in Consumer Staples led to better relative returns. Conversely, security selection within Energy and Industrials hampered performance, followed by Consumer Discretionary and Health Care.

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

The portfolio benefitted from opportunistically over-writing on individual equity positions. Single stock implied volatilities for the front month continued to be low. Despite the challenging volatility, acceptable single stock premiums were recognized. As select equity holdings moved higher, the covered calls were actively managed to higher strikes.

**Performance & Statistics**

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

January 31, 2014 (unaudited)

| <b>Total Return<sup>(1)</sup></b>               | <b>Market Price</b> | <b>NAV</b> |
|---|---------------------|------------|
| 1 Year  | 18.83%              | 12.09%     |
| 5 Year  | 15.80%              | 13.65%     |
| Commencement of Operations (2/28/05) to 1/31/14 | 4.97%               | 5.24%      |

**Market Price/NAV Performance**

Commencement of Operations (2/28/05) to 1/31/14

**Market Price/NAV**

|                                   |         |
|-----------------------------------|---------|
| Market Price                      | \$17.86 |
| NAV                               | \$18.19 |
| Discount to NAV                   | (1.81)% |
| Market Price Yield <sup>(2)</sup> | 3.02%   |

NAV

Market Price

(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.

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 the Fund, market conditions, supply and demand for the Fund's shares, or changes in the Fund's dividends.

An investment in the 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

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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 current quarterly per share dividend (comprised of net investment income and net capital gains, if any) payable to shareholders by the market price per share at January 31, 2014.

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**Performance & Statistics**

**AllianzGI Equity & Convertible Income Fund**

January 31, 2014 (unaudited)

| <b>Total Return<sup>(1)</sup></b>               | <b>Market Price</b> | <b>NAV</b> |
|---|---------------------|------------|
| 1 Year  | 12.35%              | 15.48%     |
| 5 Year  | 15.07%              | 17.30%     |
| Commencement of Operations (2/27/07) to 1/31/14 | 3.85%               | 6.15%      |

**Market Price/NAV Performance**

Commencement of Operations (2/27/07) to 1/31/14

**Market Price/NAV**

|                                   |          |
|-----------------------------------|----------|
| Market Price                      | \$18.73  |
| NAV                               | \$21.79  |
| Discount to NAV                   | (14.04)% |
| Market Price Yield <sup>(2)</sup> | 5.98%    |

NAV  
Market Price

(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 expense reductions, if any. Total return for a period of more than one year represents the average annual total return.

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 the Fund, market conditions, supply and demand for the Fund's shares, or changes in the Fund's dividends.

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(2) Market Price Yield is determined by dividing the annualized current quarterly per share dividend (comprised of net investment income and net capital gains, if any) payable to shareholders by the market price per share at January 31, 2014.

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**Schedule of Investments**

AllianzGI NFJ Dividend, Interest &amp; Premium Strategy Fund

January 31, 2014

| Common Stock | Shares       |  | Value        |
|--------------|--------------|--|--------------|
|              | <b>67.1%</b> |  |              |
|              | 85,000       | <b>Aerospace &amp; Defense 1.8%</b>                | \$12,827,350 |
|              | 150,000      | Lockheed Martin Corp.                              | 17,332,500   |
|              |              | Northrop Grumman Corp. (a)                         | 30,159,850   |
|              |              | <b>Automobiles 2.1%</b>                            |              |
|              | 2,100,000    | Ford Motor Co. (a)                                 | 31,416,000   |
|              | 144,179      | General Motors Co. (b)                             | 5,201,978    |
|              |              |  | 36,617,978   |
|              |              | <b>Beverages 0.8%</b>                              |              |
|              | 253,800      | Molson Coors Brewing Co., Class B                  | 13,360,032   |
|              |              | <b>Capital Markets 1.2%</b>                        |              |
|              | 200,000      | Ameriprise Financial, Inc. (a)                     | 21,128,000   |
|              |              | <b>Chemicals 0.7%</b>                              |              |
|              | 200,000      | EI du Pont de Nemours & Co. (a)                    | 12,202,000   |
|              |              | <b>Commercial Banks 6.1%</b>                       |              |
|              | 1,300,000    | Fifth Third Bancorp (a)                            | 27,326,000   |
|              | 300,000      | PNC Financial Services Group, Inc. (a)             | 23,964,000   |
|              | 1,164,900    | Wells Fargo & Co. (a)                              | 52,816,566   |
|              |              |  | 104,106,566  |
|              |              | <b>Communications Equipment 1.2%</b>               |              |
|              | 830,900      | Cisco Systems, Inc. (a)                            | 18,205,019   |
|              | 24,500       | Harris Corp.                                       | 1,698,830    |
|              |              |  | 19,903,849   |
|              |              | <b>Consumer Finance 1.3%</b>                       |              |
|              | 1,010,000    | SLM Corp. (a)                                      | 22,987,600   |
|              |              | <b>Diversified Financial Services 3.6%</b>         |              |
|              | 630,200      | Citigroup, Inc. (a)                                | 29,890,386   |
|              | 590,000      | JP Morgan Chase & Co. (a)                          | 32,662,400   |
|              |              |  | 62,552,786   |
|              |              | <b>Diversified Telecommunication Services 1.4%</b> |              |
|              | 715,500      | AT&T, Inc.   | 23,840,460   |
|              |              | <b>Electric Utilities 0.0%</b>                     |              |
|              | 500          | American Electric Power Co., Inc.                  | 24,405       |
|              |              | <b>Energy Equipment &amp; Services 0.9%</b>        |              |
|              | 172,000      | Diamond Offshore Drilling, Inc.                    | 8,348,880    |
|              | 150,000      | Ensc0 PLC, Class A                                 | 7,555,500    |
|              |              |  | 15,904,380   |
|              |              | <b>Food &amp; Staples Retailing 0.3%</b>           |              |
|              | 75,000       | Wal-Mart Stores, Inc.                              | 5,601,000    |
|              |              | <b>Food Products 0.2%</b>                          |              |
|              | 39,038       | Bunge Ltd.   | 2,957,519    |
|              |              | <b>Health Care Equipment &amp; Supplies 1.4%</b>   |              |
|              | 364,100      | Baxter International, Inc. (a)                     | 24,868,030   |





**Schedule of Investments**

AllianzGI NFJ Dividend, Interest &amp; Premium Strategy Fund

January 31, 2014 (continued)

| Shares    |  | Value        |
|-----------|--|--------------|
|           | <b>Household Durables 0.9%</b>                           |              |
| 498,100   | Newell Rubbermaid, Inc. (a)                              | \$15,391,290 |
|           | <b>Industrial Conglomerates 2.0%</b>                     |              |
| 1,353,217 | General Electric Co. (a)                                 | 34,006,343   |
|           | <b>Insurance 5.7%</b>                                    |              |
| 57,396    | American International Group, Inc.                       | 2,752,712    |
| 1,022,100 | MetLife, Inc. (a)  | 50,134,005   |
| 550,000   | The Allstate Corp. (a)                                   | 28,160,000   |
| 200,000   | The Travelers Cos, Inc. (a)                              | 16,256,000   |
|           |  | 97,302,717   |
|           | <b>IT Services 1.3%</b>                                  |              |
| 2,125,000 | Xerox Corp. (a)  | 23,056,250   |
|           | <b>Metals &amp; Mining 4.4%</b>                          |              |
| 2,029,900 | Barrick Gold Corp. (a)                                   | 39,136,472   |
| 1,130,700 | Freeport-McMoRan Copper & Gold, Inc. (a)                 | 36,645,987   |
|           |  | 75,782,459   |
|           | <b>Multi-Utilities 1.5%</b>                              |              |
| 682,600   | Ameren Corp. (a)   | 25,829,584   |
|           | <b>Oil, Gas &amp; Consumable Fuels 10.1%</b>             |              |
| 79,781    | Apache Corp.   | 6,403,223    |
| 200,000   | Chevron Corp. (a)  | 22,326,000   |
| 650,000   | ConocoPhillips (a)                                       | 42,217,500   |
| 700,000   | Marathon Oil Corp. (a)                                   | 22,953,000   |
| 500,500   | Royal Dutch Shell PLC, Class A, ADR (a)                  | 34,584,550   |
| 800,000   | Total SA, ADR (a)  | 45,736,000   |
|           |  | 174,220,273  |
|           | <b>Paper &amp; Forest Products 1.4%</b>                  |              |
| 500,000   | International Paper Co. (a)                              | 23,870,000   |
|           | <b>Pharmaceuticals 7.2%</b>                              |              |
| 370,000   | AstraZeneca PLC, ADR (a)                                 | 23,495,000   |
| 250,000   | Johnson & Johnson (a)                                    | 22,117,500   |
| 430,200   | Merck & Co., Inc. (a)                                    | 22,787,694   |
| 800,000   | Pfizer, Inc. (a)   | 24,320,000   |
| 690,942   | Teva Pharmaceutical Industries Ltd., ADR (a)             | 30,836,742   |
|           |  | 123,556,936  |
|           | <b>Real Estate Investment Trust 1.4%</b>                 |              |
| 2,219,000 | Annaly Capital Management, Inc. (a)                      | 23,898,630   |
|           | <b>Road &amp; Rail 1.0%</b>                              |              |
| 184,100   | Norfolk Southern Corp. (a)                               | 17,045,819   |
|           | <b>Semiconductors &amp; Semiconductor Equipment 2.3%</b> |              |
| 1,597,800 | Intel Corp. (a)  | 39,210,012   |
|           | <b>Software 2.8%</b>                                     |              |
| 600,000   | CA, Inc. (a)   | 19,248,000   |
| 770,000   | Microsoft Corp.  | 29,144,500   |
|           |  | 48,392,500   |



**Schedule of Investments**

AllianzGI NFJ Dividend, Interest &amp; Premium Strategy Fund

January 31, 2014 (continued)

| Shares                                     |  | Value         |
|--|--|---------------|
| 1,700,000                                  | <b>Specialty Retail 1.3%</b><br>Staples, Inc.  | \$22,372,000  |
| 300,000                                    | <b>Tobacco 0.8%</b><br>Reynolds American, Inc. (a)                                     | 14,550,000    |
| Total Common Stock (cost-\$1,117,668,651)  |  | 1,154,699,268 |
| Principal Amount (000s)                    |  |               |
| <b>Convertible Bonds &amp; Notes 18.5%</b> |  |               |
| \$3,000                                    | <b>Aerospace &amp; Defense 0.3%</b><br>Alliant Techsystems, Inc., 3.00%, 8/15/24       | 5,613,750     |
| 1,760                                      | <b>Airlines 0.5%</b><br>United Continental Holdings, Inc., 6.00%, 10/15/29             | 9,377,500     |
| 2,800                                      | <b>Automobiles 0.3%</b><br>Ford Motor Co., 4.25%, 11/15/16                             | 4,989,250     |
| 2,265                                      | <b>Biotechnology 1.1%</b><br>BioMarin Pharmaceutical, Inc.,<br>0.75%, 10/15/18         | 2,427,797     |
| 2,000                                      | 1.50%, 10/15/20<br>Cubist Pharmaceuticals, Inc.,<br>1.125%, 9/1/18 (c)(d)              | 2,180,000     |
| 195  | 1.875%, 9/1/20 (c)(d)  | 230,466       |
| 3,500                                      | 2.50%, 11/1/17   | 4,145,312     |
| 1,265                                      | Emergent Biosolutions, Inc., 2.875%, 1/15/21 (c)(d)                                    | 3,236,028     |
| 4,000                                      | Medivation, Inc., 2.625%, 4/1/17   | 4,175,000     |
| 1,640                                      |  | 2,722,400     |
|  |  | 19,117,003    |
| 7,580                                      | <b>Capital Markets 0.9%</b><br>Ares Capital Corp., 5.75%, 2/1/16                       | 8,233,775     |
| 6,795                                      | BGC Partners, Inc., 4.50%, 7/15/16   | 7,147,491     |
|  |  | 15,381,266    |
| 3,640                                      | <b>Commercial Services 0.2%</b><br>Cenveo Corp., 7.00%, 5/15/17                        | 4,017,650     |
| 1,000                                      | <b>Communications Equipment 0.7%</b><br>Finisar Corp., 0.50%, 12/15/33 (c)(d)          | 1,058,750     |
| 10,250                                     | Ixia, 3.00%, 12/15/15  | 10,839,375    |
|  |  | 11,898,125    |
| 2,945                                      | <b>Computers &amp; Peripherals 0.2%</b><br>SanDisk Corp., 0.50%, 10/15/20 (c)(d)       | 2,956,044     |
| 1,005                                      | <b>Construction Materials 0.1%</b><br>Cemex S.A.B. de C.V., 4.875%, 3/15/15            | 1,215,422     |
| 4,000                                      | <b>Energy Equipment &amp; Services 0.6%</b><br>Exterran Holdings, Inc., 4.25%, 6/15/14 | 6,037,500     |
| 2,500                                      | Helix Energy Solutions Group, Inc., 3.25%, 3/15/32                                     | 2,834,375     |
| 2,000                                      | Hornbeck Offshore Services, Inc., 1.50%, 9/1/19  | 2,218,750     |
|  |  | 11,090,625    |



**Schedule of Investments**

AllianzGI NFJ Dividend, Interest &amp; Premium Strategy Fund

January 31, 2014 (continued)

| Principal<br>Amount<br>(000s) |   | Value       |
|-------------------------------|---|-------------|
|                               | <b>Health Care Providers &amp; Services 0.3%</b>            |             |
| \$2,725                       | Healthways, Inc., 1.50%, 7/1/18 (c)(d)                      | \$2,738,625 |
| 2,200                         | Molina Healthcare, Inc., 1.125%, 1/15/20 (c)(d)             | 2,391,125   |
| 610                           | Omnicare, Inc., 3.50%, 2/15/44                              | 637,450     |
|                               |   | 5,767,200   |
|                               | <b>Health Care Technology 0.2%</b>                          |             |
| 2,000                         | Allscripts Healthcare Solutions, Inc., 1.25%, 7/1/20 (c)(d) | 2,352,500   |
| 1,000                         | Medidata Solutions, Inc., 1.00%, 8/1/18 (c)(d)              | 1,316,875   |
|                               |   | 3,669,375   |
|                               | <b>Hotels, Restaurants &amp; Leisure 0.6%</b>               |             |
| 5,995                         | MGM Resorts International, 4.25%, 4/15/15                   | 8,426,722   |
| 1,930                         | Morgans Hotel Group Co., 2.375%, 10/15/14                   | 1,898,637   |
|                               |   | 10,325,359  |
|                               | <b>Household Durables 1.1%</b>                              |             |
| 4,265                         | DR Horton, Inc., 2.00%, 5/15/14                             | 7,703,656   |
| 2,000                         | KB Home, 1.375%, 2/1/19                                     | 2,083,750   |
| 1,500                         | Lennar Corp., 3.25%, 11/15/21 (c)(d)                        | 2,740,313   |
| 6,500                         | The Ryland Group, Inc., 0.25%, 6/1/19                       | 6,231,875   |
|                               |   | 18,759,594  |
|                               | <b>Insurance 0.6%</b>                                       |             |
| 4,500                         | Amtrust Financial Services, Inc., 5.50%, 12/15/21           | 5,866,875   |
| 4,000                         | HCI Group, Inc., 3.875%, 3/15/19 (c)(d)                     | 3,802,500   |
|                               |   | 9,669,375   |
|                               | <b>Internet &amp; Catalog Retail 0.2%</b>                   |             |
| 3,000                         | Ctrip.com International Ltd., 1.25%, 10/15/18 (c)(d)        | 2,746,875   |
|                               | <b>Internet Software &amp; Services 1.6%</b>                |             |
| 1,000                         | Blucora, Inc., 4.25%, 4/1/19 (c)(d)                         | 1,355,000   |
| 4,500                         | Dealertrack Technologies, Inc., 1.50%, 3/15/17              | 6,145,312   |
| 4,500                         | Equinix, Inc., 4.75%, 6/15/16                               | 10,262,812  |
| 3,835                         | Qihoo 360 Technology Co., Ltd., 2.50%, 9/15/18 (c)(d)       | 4,477,363   |
| 1,000                         | SINA Corp., 1.00%, 12/1/18 (c)(d)                           | 933,750     |
| 4,000                         | Web.com Group, Inc., 1.00%, 8/15/18                         | 4,722,500   |
|                               |   | 27,896,737  |
|                               | <b>Liesure Equipment &amp; Products 0.1%</b>                |             |
| 1,155                         | JAKKS Pacific, Inc., 4.25%, 8/1/18 (c)(d)                   | 1,034,447   |
|                               | <b>Machinery 2.0%</b>                                       |             |
| 5,190                         | Greenbrier Cos, Inc., 3.50%, 4/1/18                         | 6,614,006   |
|                               | Meritor, Inc.,  |             |
| 7,000                         | 4.625%, 3/1/26 (e)  | 7,231,875   |
| 5,020                         | 7.875%, 3/1/26  | 7,313,513   |
| 7,000                         | Navistar International Corp., 3.00%, 10/15/14               | 7,048,125   |
| 4,450                         | Wabash National Corp., 3.375%, 5/1/18                       | 6,163,250   |
|                               |   | 34,370,769  |
|                               | <b>Marine 0.2%</b>  |             |
| 3,090                         | DryShips, Inc., 5.00%, 12/1/14                              | 3,070,688   |



## Schedule of Investments

AllianzGI NFJ Dividend, Interest &amp; Premium Strategy Fund

January 31, 2014 (continued)

| Principal<br>Amount<br>(000s) |   | Value              |
|-------------------------------|---|--------------------|
|                               | <b>Media 0.1%</b>   |                    |
| \$4,000                       | Liberty Interactive LLC, 3.50%, 1/15/31                         | \$2,140,000        |
|                               | <b>Metals &amp; Mining 0.3%</b>                                 |                    |
| 250                           | Alcoa, Inc., 5.25%, 3/15/14                                     | 447,345            |
| 4,805                         | Steel Dynamics, Inc., 5.125%, 6/15/14                           | 5,120,328          |
|                               |   | 5,567,673          |
|                               | <b>Oil, Gas &amp; Consumable Fuels 1.1%</b>                     |                    |
| 2,000                         | Chesapeake Energy Corp., 2.50%, 5/15/37                         | 2,035,000          |
| 5,500                         | Cobalt International Energy, Inc., 2.625%, 12/1/19              | 4,901,875          |
| 8,975                         | Peabody Energy Corp., 4.75%, 12/15/41                           | 7,056,594          |
| 2,000                         | Stone Energy Corp., 1.75%, 3/1/17                               | 2,148,750          |
| 750                           | Western Refining, Inc., 5.75%, 6/15/14                          | 3,068,437          |
|                               |   | 19,210,656         |
|                               | <b>Pharmaceuticals 0.2%</b>                                     |                    |
| 1,500                         | Auxilium Pharmaceuticals, Inc., 1.50%, 7/15/18                  | 1,876,875          |
| 740                           | Pacira Pharmaceuticals, Inc., 3.25%, 2/1/19                     | 2,092,350          |
|                               |   | 3,969,225          |
|                               | <b>Real Estate Investment Trust 0.4%</b>                        |                    |
| 6,000                         | Redwood Trust, Inc., 4.625%, 4/15/18                            | 6,206,250          |
|                               | <b>Road &amp; Rail 0.6%</b>                                     |                    |
| 3,000                         | Avis Budget Group, Inc., 3.50%, 10/1/14                         | 7,057,500          |
| 1,000                         | Hertz Global Holdings, Inc., 5.25%, 6/1/14                      | 3,155,630          |
|                               |   | 10,213,130         |
|                               | <b>Semiconductors &amp; Semiconductor Equipment 1.4%</b>        |                    |
| 2,495                         | GT Advanced Technologies, Inc., 3.00%, 12/15/20                 | 2,809,994          |
| 5,000                         | Intel Corp., 3.25%, 8/1/39                                      | 6,609,400          |
| 2,000                         | JinkoSolar Holding Co., Ltd., 4.00%, 2/1/19 (c)(d)              | 1,810,000          |
| 1,500                         | Novellus Systems, Inc., 2.625%, 5/15/41                         | 2,374,687          |
| 2,000                         | ON Semiconductor Corp., 2.625%, 12/15/26                        | 2,260,000          |
| 6,500                         | SunPower Corp., 4.75%, 4/15/14                                  | 8,116,875          |
|                               |   | 23,980,956         |
|                               | <b>Software 2.3%</b>  |                    |
| 3,015                         | Bottomline Technologies (DE), Inc., 1.50%, 12/1/17              | 3,977,916          |
| 3,875                         | Cadence Design Systems, Inc., 2.625%, 6/1/15                    | 7,331,016          |
| 2,250                         | Concur Technologies, Inc., 0.50%, 6/15/18 (c)(d)                | 2,910,937          |
| 2,000                         | NetSuite, Inc., 0.25%, 6/1/18 (c)(d)                            | 2,252,500          |
| 2,900                         | Nuance Communications, Inc., 2.75%, 8/15/27                     | 3,026,875          |
| 11,000                        | Salesforce.com, Inc., 0.25%, 4/1/18 (c)(d)                      | 12,629,375         |
| 3,000                         | Take-Two Interactive Software, Inc., 1.75%, 12/1/16             | 3,631,875          |
| 3,230                         | TeleCommunication Systems, Inc., 7.75%, 6/30/18                 | 3,149,250          |
|                               |   | 38,909,744         |
|                               | <b>Thriffs &amp; Mortgage Finance 0.3%</b>                      |                    |
| 3,000                         | Radian Group, Inc., 2.25%, 3/1/19                               | 4,556,250          |
|                               | <b>Total Convertible Bonds &amp; Notes (cost-\$314,055,884)</b> | <b>317,720,938</b> |





**Schedule of Investments**

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

January 31, 2014 (continued)

| Shares                             |  | Value       |
|------------------------------------|--|-------------|
| <b>Convertible Preferred Stock</b> | <b>8.7%</b>  |             |
|                                    | <b>Aerospace &amp; Defense 0.2%</b>  |             |
| 44,500                             | United Technologies Corp., 7.50%, 8/1/15   | \$2,867,135 |
|                                    | <b>Airlines 0.7%</b>   |             |
| 228,685                            | Continental Airlines Finance Trust II, 6.00%, 11/15/30                           | 11,655,800  |
|                                    | <b>Auto Components 0.5%</b>  |             |
| 121,700                            | Goodyear Tire & Rubber Co., 5.875%, 4/1/14                                       | 7,989,605   |
|                                    | <b>Biotechnology 0.6%</b>  |             |
| 148,560                            | Credit Suisse (Gilead Sciences, Inc.) (f),<br>8.00%, 5/9/14                      | 10,088,709  |
| 9,535                              | 12.00%, 12/15/14   | 642,754     |
|                                    |  | 10,731,463  |
|                                    | <b>Capital Markets 0.4%</b>  |             |
| 109,470                            | AMG Capital Trust I, 5.10%, 4/15/36  | 7,313,964   |
|                                    | <b>Commercial Banks 0.4%</b>   |             |
| 3,525                              | Huntington Bancshares, Inc., 8.50% (g)   | 4,462,650   |
| 2,790                              | Wells Fargo & Co., 7.50%, Ser. L (g)   | 3,229,425   |
|                                    |  | 7,692,075   |
|                                    | <b>Diversified Financial Services 0.5%</b>                                       |             |
| 7,665                              | Bank of America Corp., 7.25%, Ser. L (g)   | 8,574,146   |
|                                    | <b>Diversified Telecommunication Services 0.1%</b>                               |             |
| 50,000                             | Intelsat SA, 5.75%, 5/1/16   | 2,626,250   |
|                                    | <b>Food Products 0.6%</b>  |             |
| 78,830                             | Bunge Ltd., 4.875% (g)   | 8,158,905   |
| 25,500                             | Post Holdings, Inc., 2.50% (c)(d)(g)   | 2,715,750   |
|                                    |  | 10,874,655  |
|                                    | <b>Health Care Equipment &amp; Services 0.1%</b>                                 |             |
| 7,000                              | Alere, Inc., 3.00% (g)   | 2,061,710   |
|                                    | <b>Insurance 0.6%</b>  |             |
| 133,805                            | JPMorgan Chase & Co., 7.00%, 3/10/14 (American International<br>Group, Inc.) (f) | 5,575,655   |
| 155,875                            | MetLife, Inc., 5.00%, 3/26/14  | 4,543,756   |
|                                    |  | 10,119,411  |
|                                    | <b>IT Services 0.2%</b>  |             |
| 31,360                             | Unisys Corp., 6.25%, 3/1/14  | 2,902,995   |
|                                    | <b>Machinery 0.3%</b>  |             |
| 40,000                             | Stanley Black & Decker, Inc., 4.75%, 11/17/15                                    | 4,805,600   |
|                                    | <b>Metals &amp; Mining 1.2%</b>  |             |
| 470,810                            | ArcelorMittal, 6.00%, 1/15/16  | 11,623,122  |
| 220,000                            | Cliffs Natural Resources, Inc., 7.00%, 2/1/16                                    | 4,177,800   |
| 300,000                            | Thompson Creek Metals Co., Inc., 6.50%, 5/15/15                                  | 4,327,500   |
|                                    |  | 20,128,422  |
|                                    | <b>Multi-Utilities 0.6%</b>  |             |
| 204,100                            | AES Trust III, 6.75%, 10/15/29   | 10,229,492  |



**Schedule of Investments**

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

January 31, 2014 (continued)

| Shares       |   | Value                |
|--------------|---|----------------------|
|              | <b>Oil, Gas &amp; Consumable Fuels 1.1%</b>   |                      |
| 45,100       | ATP Oil & Gas Corp., 8.00%, 10/1/14 (c)(d)(g)   | \$3,653              |
| 99,950       | Chesapeake Energy Corp. (g),<br>5.00 %  | 9,613,941            |
| 2,000        | 5.75 %, (c)(d)  | 2,303,750            |
| 16,265       | Energy XXI Bermuda Ltd., 5.625% (g)   | 4,383,925            |
| 30,000       | Sanchez Energy Corp., 4.875% (g)  | 2,062,500            |
|              |   | 18,367,769           |
|              | <b>Real Estate Investment Trust 0.4%</b>  |                      |
| 176,800      | Alexandria Real Estate Equities, Inc., 7.00% (g)  | 4,619,784            |
| 35,385       | Health Care REIT, Inc., 6.50%, 4/20/18, Ser. I (g)  | 1,921,052            |
|              |   | 6,540,836            |
|              | <b>Road &amp; Rail 0.1%</b>   |                      |
| 12,300       | Genesee & Wyoming, Inc., 5.00%, 10/1/15   | 1,506,135            |
|              | <b>Wireless Telecommunication Services 0.1%</b>   |                      |
| 25,000       | Crown Castle International Corp., 4.50%, 11/1/16  | 2,452,250            |
|              | <b>Total Convertible Preferred Stock (cost-\$155,828,564)</b>                             | <b>149,439,713</b>   |
|              | <b>Principal Amount (000s)</b>  |                      |
|              | <b>Short-Term Investments 6.1%</b>  |                      |
|              | <b>Time Deposits 6.1%</b>   |                      |
| \$11,176,629 | Citibank-Nassau, 0.03%, 2/3/14  | 11,176,629           |
| 93,666,635   | Wells Fargo-Grand Cayman, 0.03%, 2/3/14   | 93,666,635           |
|              | <b>Total Short Term Investments (cost-\$104,843,264)</b>                                  | <b>104,843,264</b>   |
|              | <b>Total Investments, before call options written (cost-\$1,692,396,363) 100.4%</b>       | <b>1,726,703,183</b> |
|              | <b>Contracts</b>  |                      |
|              | <b>Call Options Written (b) (0.3)%</b>  |                      |
| 425          | Morgan Stanley Cyclical Index, (ASE),<br>strike price \$1440, expires 3/22/14             | (1,011,500)          |
| 250          | strike price \$1480, expires 2/22/14  | (65,000)             |
| 275          | strike price \$1500, expires 2/22/14  | (99,000)             |
| 100          | NASDAQ 100 Flex Index, (CBOE),<br>strike price \$3665, expires 3/7/14                     | (138,460)            |
| 125          | NASDAQ 100 Index, (CBOE),<br>strike price \$3640, expires 2/22/14                         | (127,500)            |
| 125          | strike price \$3650, expires 2/22/14  | (110,000)            |
| 1,600        | Philadelphia Oil Service Sector Flex Index, (CBOE),<br>strike price \$283, expires 2/7/14 | (4,953)              |
| 1,400        | strike price \$288, expires 2/14/14   | (12,744)             |



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**Schedule of Investments**

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

January 31, 2014 (continued)

| Contracts   |  | Value                  |
|---|--|------------------------|
|   | Philadelphia Oil Service Sector Index, (PHL),            |                        |
| 1,800   | strike price \$270, expires 3/22/14                      | \$(864,000)            |
| 1,600   | strike price \$285, expires 2/22/14                      | (296,000)              |
|   | Philadelphia Stock Exchange KBW Bank Flex Index, (CBOE), |                        |
| 6,000   | strike price \$68.5, expires 2/7/14                      | (142,193)              |
| 5,000   | strike price \$69.5, expires 3/14/14                     | (360,495)              |
| 5,000   | strike price \$70.5, expires 2/7/14                      | (3,619)                |
| 5,000   | strike price \$70.5, expires 2/14/14                     | (31,681)               |
| 6,000   | strike price \$72, expires 3/7/14                        | (77,066)               |
|   | Philadelphia Stock Exchange KBW Bank Index, (PHL),       |                        |
| 6,000   | strike price \$70, expires 2/22/14                       | (285,000)              |
| 50  | strike price \$70, expires 3/22/14                       | (7,000)                |
|   | Standard & Poor s 500 Flex Index, (CBOE),                |                        |
| 225   | strike price \$1825, expires 2/7/14                      | (33,759)               |
| 225   | strike price \$1835, expires 2/7/14                      | (16,503)               |
| 225   | strike price \$1840, expires 2/14/14                     | (48,336)               |
| 200   | strike price \$1870, expires 2/14/14                     | (9,423)                |
|   | Standard & Poor s 500 Index, (CBOE),                     |                        |
| 225   | strike price \$1810, expires 3/7/14                      | (405,000)              |
| 225   | strike price \$1815, expires 3/14/14                     | (415,125)              |
| 200   | strike price \$1855, expires 2/22/14                     | (35,500)               |
| 225   | strike price \$1860, expires 2/28/14                     | (61,313)               |
| Total Call Options Written (premiums received-\$11,202,100) |  | (4,661,170)            |
| <b>Total Investments, net of call options written</b>       |  |                        |
| (cost-\$1,681,194,263) <b>100.1%</b>                        |  | 1,722,042,013          |
| Other liabilities in excess of other assets (0.1)%          |  | (2,553,269)            |
| <b>Net Assets 100.0%</b>                                    |  | <b>\$1,719,488,744</b> |

**Notes to Schedule of Investments:**

- (a) All or partial amount segregated for the benefit of the counterparty as collateral for call options written. 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 \$63,080,910, representing 3.7% 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) 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.
- (g) Perpetual maturity. The date shown, if any, is the next call date.
- (h) Transactions in call options written for the year ended January 31, 2014:

|                                       |           |              |
|---------------------------------------|-----------|--------------|
| Options outstanding, January 31, 2013 | Contracts | Premiums     |
|                                       | 54,662    | \$14,374,714 |

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|  |           |              |
|--|-----------|--------------|
| Options written                            | 318,090   | 89,739,687   |
| Options terminated in closing transactions | (235,792) | (71,761,529) |
| Options expired                            | (94,460)  | (21,150,772) |
| Options outstanding, January 31, 2014      | 42,500    | \$11,202,100 |

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**Schedule of Investments**

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

January 31, 2014 (continued)

(i) 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>1/31/14 |
|--|--------------------------|--|--|---------------------|
| <b>Investments in Securities Assets</b>      |                          |  |  |                     |
| Common Stock                                 | \$1,154,699,268          | \$   | \$   | \$1,154,699,268     |
| Convertible Bonds & Notes                    |                          | 317,720,938  |  | 317,720,938         |
| Convertible Preferred Stock:                 |                          |  |  |                     |
| Airlines                                     |                          | 11,655,800   |  | 11,655,800          |
| Biotechnology                                |                          |  | 10,731,463                                       | 10,731,463          |
| Capital Markets                              |                          | 7,313,964  |  | 7,313,964           |
| Diversified Telecommunication Services       |                          | 2,626,250  |  | 2,626,250           |
| Food Products                                | 8,158,905                | 2,715,750  |  | 10,874,655          |
| Insurance                                    | 4,543,756                |  | 5,575,655  | 10,119,411          |
| Metals & Mining                              | 8,505,300                | 11,623,122   |  | 20,128,422          |
| Oil, Gas & Consumable Fuels                  |                          | 18,367,769   |  | 18,367,769          |
| All Other                                    | 57,621,979               |  |  | 57,621,979          |
| Short-Term Investments                       |                          | 104,843,264  |  | 104,843,264         |
|  | 1,233,529,208            | 476,866,857  | 16,307,118                                       | 1,726,703,183       |
| <b>Investments in Securities Liabilities</b> |                          |  |  |                     |
| Call Options Written, at value:              |                          |  |  |                     |
| Market price                                 | \$(3,781,938)            | \$(879,232)  |  | \$(4,661,170)       |
| <b>Totals</b>                                | \$1,229,747,270          | \$475,987,625  | \$16,307,118                                     | \$1,722,042,013     |

At January 31, 2014, a security valued at \$2,303,750 was transferred from Level 1 to Level 2. This transfer was due to the unavailability of an exchange-traded price at January 31, 2014.

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

| Beginning<br>Balance<br>1/31/13 | Purchases | Sales | Accrued<br>Discounts<br>(Premiums) | Net<br>Realized<br>Gain | Net<br>Change in<br>Unrealized | Transfers<br>into<br>Level 3 | Transfers<br>out of<br>Level 3 | Ending<br>Balance<br>1/31/14 |
|---------------------------------|-----------|-------|------------------------------------|-------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|
|---------------------------------|-----------|-------|------------------------------------|-------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|

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|                                  |                     | (Loss) | Appreciation/<br>(Depreciation) |                     |
|----------------------------------|---------------------|--------|---------------------------------|---------------------|
| <b>Investments in Securities</b> | <b>Assets</b>       |        |                                 |                     |
| Convertible Preferred Stock:     |                     |        |                                 |                     |
| Biotechnology                    | \$8,942,522         |        | \$1,788,941                     | \$10,731,463        |
| Insurance                        | 5,712,002           |        | (136,347)                       | 5,575,655           |
| <b>Totals</b>                    | <b>\$14,654,524</b> |        | <b>\$1,652,594</b>              | <b>\$16,307,118</b> |

The net change in unrealized appreciation/depreciation of Level 3 investments held at January 31, 2014 was \$1,652,594. Net change in unrealized appreciation/depreciation is reflected on the Statements of Operations.

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**Schedule of Investments**

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

January 31, 2014 (continued)

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 January 31, 2014:

| <b>Investments in Securities</b> | Ending Balance<br>at 1/31/14 | Valuaton<br>Technique Used | Unobservable<br>Inputs | Input<br>Values |
|----------------------------------|------------------------------|----------------------------|------------------------|-----------------|
| <b>Assets</b>                    |                              |                            |                        |                 |
| Convertible Preferred Stock      | \$16,307,118                 | Third-Party Pricing Vendor | Single Broker Quote    | \$41.67 \$67.91 |

(j) 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 January 31, 2014:

|                                |               |
|--------------------------------|---------------|
| Location                       | Market Price  |
| <b>Liability derivatives:</b>  |               |
| Call options written, at value | \$(4,661,170) |

The effect of derivatives on the Fund's Statement of Operations for the year ended January 31, 2014:

|   |                |
|---|----------------|
| Location  | Market Price   |
| <b>Net realized loss on:</b>                                  |                |
| Call options written  | \$(89,442,990) |
| <b>Net change in unrealized appreciation/depreciation of:</b> |                |
| Call options written  | \$28,059,531   |

The average volume (measured at each fiscal quarter-end) of derivative activity during the year ended January 31, 2014 was 48,110 call options written contracts.

**Glossary:**

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

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**Schedule of Investments**

AllianzGI Equity &amp; Convertible Income Fund

January 31, 2014

| Common Stock | Shares       |  | Value       |
|--------------|--------------|--|-------------|
|              | <b>66.0%</b> |  |             |
|              | 84,600       | <b>Aerospace &amp; Defense 2.9%</b>                            |             |
|              | 227,800      | L-3 Communications Holdings, Inc.                              | \$9,396,522 |
|              |              | Textron, Inc. (a)  | 8,086,900   |
|              |              |  | 17,483,422  |
|              | 197,600      | <b>Auto Components 1.5%</b>                                    |             |
|              |              | Johnson Controls, Inc. (a)                                     | 9,113,312   |
|              | 547,300      | <b>Automobiles 2.0%</b>  |             |
|              | 108,581      | Ford Motor Co.   | 8,187,608   |
|              |              | General Motors Co. (b)   | 3,917,603   |
|              |              |  | 12,105,211  |
|              | 205,700      | <b>Beverages 3.9%</b>  |             |
|              | 142,700      | Coca-Cola Co.  | 7,779,574   |
|              | 101,300      | Molson Coors Brewing Co., Class B                              | 7,511,728   |
|              |              | PepsiCo, Inc.  | 8,140,468   |
|              |              |  | 23,431,770  |
|              | 30,700       | <b>Biotechnology 2.4%</b>                                      |             |
|              | 136,100      | Amgen, Inc.  | 3,651,765   |
|              |              | Gilead Sciences, Inc. (b)                                      | 10,976,465  |
|              |              |  | 14,628,230  |
|              | 47,600       | <b>Chemicals 0.8%</b>  |             |
|              |              | Monsanto Co.   | 5,071,780   |
|              | 329,000      | <b>Communications Equipment 4.1%</b>                           |             |
|              | 122,400      | Cisco Systems, Inc.  | 7,208,390   |
|              | 125,000      | Harris Corp.   | 8,487,216   |
|              |              | Qualcomm, Inc. (a)   | 9,277,500   |
|              |              |  | 24,973,106  |
|              | 15,800       | <b>Computers &amp; Peripherals 2.7%</b>                        |             |
|              | 341,500      | Apple, Inc.  | 7,909,480   |
|              |              | EMC Corp.  | 8,277,960   |
|              |              |  | 16,187,440  |
|              | 15,200       | <b>Construction &amp; Engineering 0.2%</b>                     |             |
|              |              | Fluor Corp.  | 1,154,592   |
|              | 170,800      | <b>Diversified Telecommunication Services 1.4%</b>             |             |
|              |              | Verizon Communications, Inc.                                   | 8,201,816   |
|              | 68,057       | <b>Electric Utilities 1.6%</b>                                 |             |
|              | 97,185       | Entergy Corp.  | 4,289,633   |
|              | 73,796       | Exelon Corp.   | 2,818,365   |
|              |              | PPL Corp.  | 2,255,944   |
|              |              |  | 9,363,942   |
|              | 106,200      | <b>Electronic Equipment, Instruments &amp; Components 1.5%</b> |             |
|              |              | Amphenol Corp., Class A  | 9,226,656   |
|              | 78,600       | <b>Energy Equipment &amp; Services 3.9%</b>                    |             |
|              |              | Diamond Offshore Drilling, Inc.                                | 3,815,244   |



**Schedule of Investments**

AllianzGI Equity &amp; Convertible Income Fund

January 31, 2014 (continued)

| Shares  |  | Value       |
|---------|--|-------------|
|         | <b>Energy Equipment &amp; Services (continued)</b>           |             |
| 105,200 | National Oilwell Varco, Inc.                                 | \$7,891,052 |
| 116,800 | Schlumberger Ltd.  | 10,228,176  |
| 119,760 | Weatherford International Ltd. (b)                           | 1,621,550   |
|         |  | 23,556,022  |
|         | <b>Food &amp; Staples Retailing 0.6%</b>                     |             |
| 29,900  | Costco Wholesale Corp.                                       | 3,359,564   |
|         | <b>Food Products 0.1%</b>                                    |             |
| 20,500  | Archer-Daniels-Midland Co.                                   | 809,340     |
|         | <b>Health Care Equipment &amp; Supplies 2.1%</b>             |             |
| 126,700 | Baxter International, Inc.                                   | 8,653,610   |
| 10,600  | Intuitive Surgical, Inc. (b)                                 | 4,320,348   |
|         |  | 12,973,958  |
|         | <b>Health Care Providers &amp; Services 1.8%</b>             |             |
| 61,700  | McKesson Corp.   | 10,761,097  |
|         | <b>Hotels, Restaurants &amp; Leisure 2.1%</b>                |             |
| 88,100  | McDonald's Corp.   | 8,296,377   |
| 57,400  | Starbucks Corp.  | 4,082,288   |
|         |  | 12,378,665  |
|         | <b>Household Products 1.5%</b>                               |             |
| 115,100 | Procter & Gamble Co.   | 8,818,962   |
|         | <b>Independent Power Producers &amp; Energy Traders 0.9%</b> |             |
| 192,460 | NRG Energy, Inc.   | 5,360,011   |
|         | <b>Industrial Conglomerates 1.6%</b>                         |             |
| 388,085 | General Electric Co.   | 9,752,576   |
|         | <b>Insurance 2.5%</b>  |             |
| 21,129  | American International Group, Inc.                           | 1,013,347   |
| 101,980 | Assured Guaranty Ltd.  | 2,156,877   |
| 46,000  | Genworth Financial, Inc., Class A (b)                        | 678,500     |
| 11,760  | MetLife, Inc.  | 576,828     |
| 116,700 | Prudential Financial, Inc.                                   | 9,848,313   |
| 19,230  | XL Group PLC, Class A  | 552,670     |
|         |  | 14,826,535  |
|         | <b>Internet &amp; Catalog Retail 0.7%</b>                    |             |
| 11,800  | Amazon.com, Inc. (a)(b)                                      | 4,232,542   |
|         | <b>Internet Software &amp; Services 2.1%</b>                 |             |
| 10,800  | Google, Inc., Class A (b)                                    | 12,754,476  |
|         | <b>IT Services 2.0%</b>                                      |             |
| 42,400  | International Business Machines Corp.                        | 7,491,232   |
| 21,800  | Visa, Inc., Class A  | 4,696,374   |
|         |  | 12,187,606  |
|         | <b>Machinery 3.7%</b>  |             |
| 170,200 | AGCO Corp.   | 9,076,766   |
| 94,500  | Deere & Co.  | 8,123,220   |

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96,200 Joy Global, Inc.

5,078,398  
22,278,384

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**Schedule of Investments**

AllianzGI Equity & Convertible Income Fund

January 31, 2014 (continued)

| Shares                                  |   | Value       |
|---|---|-------------|
|   | <b>Media 0.4%</b>   |             |
| 39,300                                  | Comcast Corp., Class A  | \$2,139,885 |
|   | <b>Metals &amp; Mining 0.8%</b>                                     |             |
| 155,800                                 | Freeport-McMoRan Copper & Gold, Inc.                                | 5,049,478   |
|   | <b>Multiline Retail 1.3%</b>  |             |
| 135,700                                 | Target Corp.  | 7,686,048   |
|   | <b>Multi-Utilities 0.2%</b>   |             |
| 28,169                                  | PG&E Corp.  | 1,187,323   |
|   | <b>Oil, Gas &amp; Consumable Fuels 3.0%</b>                         |             |
| 29,155                                  | Apache Corp.  | 2,339,980   |
| 83,400                                  | Occidental Petroleum Corp.  | 7,303,338   |
| 129,500                                 | Peabody Energy Corp.  | 2,207,975   |
| 127,700                                 | Valero Energy Corp. (a)   | 6,525,470   |
|   |   | 18,376,763  |
|   | <b>Pharmaceuticals 1.7%</b>   |             |
| 161,900                                 | Bristol-Myers Squibb Co.  | 8,090,143   |
| 21,200                                  | Merck & Co., Inc.   | 1,122,964   |
| 26,846                                  | Teva Pharmaceutical Industries Ltd., ADR                            | 1,198,137   |
|   |   | 10,411,244  |
|   | <b>Road &amp; Rail 0.9%</b>   |             |
| 240,400                                 | Swift Transportation Co., Class A (b)                               | 5,240,720   |
|   | <b>Semiconductors &amp; Semiconductor Equipment 2.9%</b>            |             |
| 318,000                                 | Intel Corp.   | 7,803,720   |
| 234,800                                 | Texas Instruments, Inc.   | 9,955,520   |
|   |   | 17,759,240  |
|   | <b>Software 3.3%</b>  |             |
| 275,700                                 | Microsoft Corp. (a)   | 10,435,245  |
| 264,800                                 | Oracle Corp.  | 9,771,120   |
|   |   | 20,206,365  |
|   | <b>Specialty Retail 0.9%</b>  |             |
| 73,400                                  | Home Depot, Inc.  | 5,640,790   |
| Total Common Stock (cost-\$460,875,053) |   | 398,688,871 |
|   | <b>Convertible Preferred Stock 19.8%</b>                            |             |
|   | <b>Aerospace &amp; Defense 0.6%</b>                                 |             |
| 58,250                                  | United Technologies Corp., 7.50%, 8/1/15                            | 3,753,048   |
|   | <b>Airlines 0.8%</b>  |             |
| 97,000                                  | Continental Airlines Finance Trust II, 6.00%, 11/15/30              | 4,943,974   |
|   | <b>Auto Components 0.8%</b>   |             |
| 70,300                                  | Goodyear Tire & Rubber Co., 5.875%, 4/1/14                          | 4,615,195   |
|   | <b>Automobiles 0.6%</b>   |             |
| 60,000                                  | Escrow GM Corp., 7/15/33 (b)(c)                                     |             |
| 96,715                                  | The Goldman Sachs Group, Inc., 8.50%, 12/16/14 (General Motors) (d) | 3,604,568   |
|   |   | 3,604,568   |





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**Schedule of Investments**

AllianzGI Equity & Convertible Income Fund

January 31, 2014 (continued)

| Shares  |   | Value       |
|---------|---|-------------|
|         | <b>Biotechnology 0.7%</b>   |             |
| 61,410  | Credit Suisse, 8.00%, 5/9/14 (Gilead Sciences, Inc.) (d)                      | \$4,170,353 |
|         | <b>Capital Markets 0.7%</b>   |             |
| 58,700  | AMG Capital Trust I, 5.10%, 4/15/36   | 3,921,894   |
| 42,200  | Escrow Lehman Brothers Holdings, Inc. (b)(c)(e),<br>6.00%, 10/12/10, Ser. GIS | 13,949      |
| 42,700  | 28.00%, 3/6/09, Ser. RIG  | 129,697     |
|         |   | 4,065,540   |
|         | <b>Commercial Banks 1.9%</b>  |             |
| 3,050   | Huntington Bancshares, Inc., 8.50% (f)  | 3,861,300   |
| 108,500 | The Goldman Sachs Group, Inc., 8.00%, 1/14/15 (Citigroup, Inc.) (d)           | 5,469,485   |
| 2,000   | Wells Fargo & Co., 7.50%, Ser. L (f)  | 2,315,000   |
|         |   | 11,645,785  |
|         | <b>Computers &amp; Peripherals 0.6%</b>                                       |             |
| 146,225 | JPMorgan Chase & Co., 7.50%, 3/24/14 (EMC Corp.) (d)                          | 3,287,138   |
|         | <b>Diversified Financial Services 0.9%</b>                                    |             |
| 4,825   | Bank of America Corp., 7.25%, Ser. L (f)                                      | 5,397,293   |
|         | <b>Electric Utilities 0.9%</b>  |             |
| 47,900  | NextEra Energy, Inc., 5.599%, 6/1/15  | 2,929,085   |
| 50,000  | PPL Corp., 8.75%, 5/1/14  | 2,575,500   |
|         |   | 5,504,585   |
|         | <b>Energy Equipment &amp; Services 0.9%</b>                                   |             |
| 113,965 | Wells Fargo & Co., 8.00%, 8/6/14 (Halliburton) (d)                            | 5,235,552   |
|         | <b>Food Products 0.8%</b>   |             |
| 48,800  | Bunge Ltd., 4.875% (f)  | 5,050,800   |
|         | <b>Household Durables 1.0%</b>  |             |
| 158,410 | Wells Fargo & Co., 8.00%, 6/20/14 (Lennar Corp.) (d)                          | 5,724,938   |
|         | <b>Insurance 1.0%</b>   |             |
| 103,455 | JPMorgan Chase & Co., 7.00%, 3/10/14 (American International Group, Inc.) (d) | 4,310,970   |
| 68,200  | MetLife, Inc., 5.00%, 3/26/14   | 1,988,030   |
|         |   | 6,299,000   |
|         | <b>Internet &amp; Catalog Retail 1.0%</b>                                     |             |
| 5,960   | Credit Suisse, 8.00%, 5/21/14 (Priceline.com) (d)                             | 5,736,202   |
|         | <b>IT Services 0.7%</b>   |             |
| 45,500  | Unisys Corp., 6.25%, 3/1/14   | 4,211,935   |
|         | <b>Machinery 0.8%</b>   |             |
| 25,400  | Stanley Black & Decker, Inc.,<br>4.75%, 11/17/15                              | 3,051,556   |
| 18,415  | 6.25%, 11/17/16   | 1,873,726   |
|         |   | 4,925,282   |
|         | <b>Metals &amp; Mining 1.2%</b>   |             |
| 178,300 | ArcelorMittal, 6.00%, 1/15/16   | 4,401,781   |
| 161,000 | Cliffs Natural Resources, Inc., 7.00%, 2/1/16                                 | 3,057,390   |
|         |   | 7,459,171   |



**Schedule of Investments**

AllianzGI Equity &amp; Convertible Income Fund

January 31, 2014 (continued)

| Shares                  |  | Value       |
|-------------------------|--|-------------|
|                         | <b>Multiline Retail 1.0%</b>                               |             |
| 111,600                 | The Goldman Sachs Group, Inc., 8.00%, 1/12/15 (Macy s) (d) | \$5,989,572 |
|                         | <b>Multi-Utilities 0.5%</b>                                |             |
| 58,650                  | AES Trust III, 6.75%, 10/15/29                             | 2,939,538   |
|                         | <b>Oil, Gas &amp; Consumable Fuels 0.8%</b>                |             |
| 25,000                  | ATP Oil & Gas Corp., 8.00%, 10/1/14 (f)(g)(h)              | 2,025       |
| 34,050                  | Chesapeake Energy Corp., 5.00% (f)                         | 3,275,184   |
| 15,000                  | SandRidge Energy, Inc., 7.00% (f)                          | 1,495,313   |
|                         |  | 4,772,522   |
|                         | <b>Real Estate Investment Trust 1.6%</b>                   |             |
| 131,200                 | Alexandria Real Estate Equities, Inc., 7.00% (f)           | 3,428,256   |
| 98,900                  | FelCor Lodging Trust, Inc., 1.95%, Ser. A (f)              | 2,393,380   |
| 75,000                  | Health Care REIT, Inc., 6.50%, 4/20/18, Ser. I (f)         | 4,071,750   |
|                         |  | 9,893,386   |
|                         | Total Convertible Preferred Stock (cost-\$120,974,805)     | 119,225,377 |
|                         | <b>Convertible Bonds &amp; Notes 8.4%</b>                  |             |
| Principal Amount (000s) |  |             |
|                         | <b>Biotechnology 0.0%</b>                                  |             |
| \$150                   | Dendreon Corp., 2.875%, 1/15/16                            | 108,375     |
|                         | <b>Capital Markets 1.1%</b>                                |             |
| 2,900                   | Ares Capital Corp., 5.75%, 2/1/16                          | 3,150,125   |
| 3,370                   | BGC Partners, Inc., 4.50%, 7/15/16                         | 3,544,819   |
|                         |  | 6,694,944   |
|                         | <b>Construction Materials 0.7%</b>                         |             |
| 3,375                   | Cemex S.A.B. de C.V., 4.875%, 3/15/15                      | 4,081,641   |
|                         | <b>Health Care Providers &amp; Services 0.6%</b>           |             |
| 3,224                   | HealthSouth Corp., 2.00%, 12/1/43                          | 3,274,375   |
|                         | <b>Hotels, Restaurants &amp; Leisure 1.0%</b>              |             |
| 2,995                   | MGM Resorts International, 4.25%, 4/15/15                  | 4,209,847   |
| 2,000                   | Morgans Hotel Group Co., 2.375%, 10/15/14                  | 1,967,500   |
|                         |  | 6,177,347   |
|                         | <b>Internet Software &amp; Services 0.1%</b>               |             |
| 475                     | Qihoo 360 Technology Co., Ltd., 2.50%, 9/15/18 (g)(h)      | 554,562     |
|                         | <b>Machinery 2.0%</b>                                      |             |
| 3,315                   | Greenbrier Cos, Inc., 3.50%, 4/1/18                        | 4,224,553   |
|                         | Meritor, Inc.,   |             |
| 3,000                   | 4.625%, 3/1/26 (i)   | 3,099,375   |
| 1,000                   | 7.875%, 3/1/26   | 1,456,875   |
| 3,450                   | Navistar International Corp., 3.00%, 10/15/14              | 3,473,719   |
|                         |  | 12,254,522  |
|                         | <b>Marine 0.3%</b>   |             |

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1,650

DryShips, Inc., 5.00%, 12/1/14

1,639,687

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**Schedule of Investments**

AllianzGI Equity & Convertible Income Fund

January 31, 2014 (continued)

| Principal<br>Amount<br>(000s)   |  | Value                |
|---|--|----------------------|
|   | <b>Media 0.6%</b>  |                      |
| \$6,200   | Liberty Interactive LLC, 3.50%, 1/15/31  | \$3,317,000          |
|   | <b>Metals &amp; Mining 0.4%</b>  |                      |
| 2,300   | Steel Dynamics, Inc., 5.125%, 6/15/14  | 2,450,938            |
|   | <b>Oil, Gas &amp; Consumable Fuels 0.5%</b>  |                      |
| 3,250   | Endeavour International Corp., 5.50%, 7/15/16  | 2,815,312            |
|   | <b>Semiconductors &amp; Semiconductor Equipment 0.6%</b>                                   |                      |
| 3,100   | SunPower Corp., 4.75%, 4/15/14   | 3,871,125            |
|   | <b>Software 0.5%</b>   |                      |
| 3,125   | TeleCommunication Systems, Inc., 7.75%, 6/30/18  | 3,046,875            |
|   | <b>Thriffs &amp; Mortgage Finance 0.0%</b>   |                      |
| 200   | MGIC Investment Corp., 5.00%, 5/1/17   | 231,750              |
| Total Convertible Bonds & Notes (cost-\$46,367,287)   |  | 50,518,453           |
|   | <b>Warrants (b) 0.0%</b>   |                      |
| Units<br>11,116   | General Motors Co., expires 7/10/16 (cost-\$775,632)                                       | 253,056              |
|   | <b>Short-Term Investments 7.6%</b>   |                      |
| Principal<br>Amount<br>(000s)<br>\$46,068,249   | <b>Time Deposit 7.6%</b><br>JPMorgan Chase & Co.-Nassau, 0.03%, 2/3/14 (cost-\$46,068,249) | 46,068,249           |
| <b>Total Investments, before call options written</b><br>(cost-\$675,061,026) <b>101.8%</b> |  | 614,754,006          |
|   | <b>Call Options Written (b) (0.0%)</b>   |                      |
| Contracts<br>65   | Amazon.com, Inc., (ASE),<br>strike price \$435, expires 2/22/14                            | (1,235)              |
| 830   | Johnson Controls, Inc., (ASE),<br>strike price \$55, expires 2/22/14                       | (6,225)              |
| 1,640   | Microsoft Corp., (ASE),<br>strike price \$39, expires 2/22/14                              | (50,020)             |
| 750   | Qualcomm, Inc., (ASE),<br>strike price \$75, expires 2/22/14                               | (60,750)             |
| 545   | Valero Energy Corp., (ASE),<br>strike price \$55, expires 2/22/14                          | (22,345)             |
| Total Call Options Written (premiums received-\$220,497)                                    |  | (140,575)            |
| <b>Total Investments, net of call options written</b><br>(cost-\$674,840,529) <b>101.8%</b> |  | 614,613,431          |
| Other liabilities in excess of other assets (1.8)%  |  | (10,827,756)         |
| <b>Net Assets 100.0%</b>  |  | <b>\$603,785,675</b> |



**Schedule of Investments**

AllianzGI Equity & Convertible Income Fund

January 31, 2014 (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 \$143,646, representing 0.02% of net assets. 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 \$556,587, representing 0.1% 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 year ended January 31, 2014:

|  | Contracts | Premiums    |
|--|-----------|-------------|
| Options outstanding, January 31, 2013      | 5,740     | \$306,244   |
| Options written                            | 59,625    | 3,692,442   |
| Options terminated in closing transactions | (27,120)  | (1,630,575) |
| Options expired                            | (34,415)  | (2,147,614) |
| Options outstanding, January 31, 2014      | 3,830     | \$220,497   |

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

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|   | 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>1/31/14 |
|---|--------------------------|--|--|---------------------|
| <b>Investments in Securities Assets</b> |                          |  |  |                     |
| Common Stock                            | \$398,688,871            | \$   | \$   | \$398,688,871       |
| Convertible Preferred Stock:            |                          |  |  |                     |
| Airlines                                |                          | 4,943,974  |  | 4,943,974           |
| Automobiles                             |                          |  | 3,604,568  | 3,604,568           |
| Biotechnology                           |                          |  | 4,170,353  | 4,170,353           |
| Capital Markets                         |                          | 3,921,894  | 143,646  | 4,065,540           |
| Commercial Banks                        | 6,176,300                |  | 5,469,485  | 11,645,785          |
| Computers & Peripherals                 |                          |  | 3,287,138  | 3,287,138           |
| Energy Equipment & Services             |                          |  | 5,235,552  | 5,235,552           |
| Household Durables                      |                          |  | 5,724,938  | 5,724,938           |
| Insurance                               | 1,988,030                |  | 4,310,970  | 6,299,000           |
| Internet & Catalog Retail               |                          |  | 5,736,202  | 5,736,202           |
| Metals & Mining                         | 3,057,390                | 4,401,781  |  | 7,459,171           |
| Multiline Retail                        |                          |  | 5,989,572  | 5,989,572           |
| Oil, Gas & Consumable Fuels             |                          | 4,772,522  |  | 4,772,522           |
| All Other                               | 46,291,062               |  |  | 46,291,062          |
| Convertible Bonds & Notes               |                          | 50,518,453   |  | 50,518,453          |
| Warrants                                | 253,056                  |  |  | 253,056             |
| Short-Term Investments                  | 456,454,709              | 46,068,249   |  | 46,068,249          |
|   |                          | 114,626,873  | 43,672,424                                       | 614,754,006         |

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**Schedule of Investments**

AllianzGI Equity & Convertible Income Fund

January 31, 2014 (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>1/31/14 |
|----------------------------------|--------------------------|--|--|---------------------|
| <b>Investments in Securities</b> |                          |  |  |                     |
| <b>Liabilities</b>               |                          |  |  |                     |
| Call Options Written, at value:  |                          |  |  |                     |

At January 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 year ended January 31, 2014, was as follows:

|                                  | Beginning<br>Balance<br>1/31/13 | 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>1/31/14 |
|----------------------------------|---------------------------------|--------------|---------------|------------------------------------|-----------------------------------|---|------------------------------|--------------------------------|------------------------------|
| <b>Investments in Securities</b> |                                 |              |               |                                    |                                   |   |                              |                                |                              |
| <b>Assets</b>                    |                                 |              |               |                                    |                                   |   |                              |                                |                              |
| Convertible Preferred Stock:     |                                 |              |               |                                    |                                   |   |                              |                                |                              |
| Automobiles                      | \$                              | \$ 4,032,048 | \$            |                                    |                                   | \$(427,480)   |                              |                                | \$ 3,604,568                 |
| Biotechnology                    |                                 | 3,399,842*   |               |                                    |                                   | 770,511   |                              |                                | 4,170,353                    |
| Capital Markets                  | 1,895,942                       | 42,197*      | (1,610,522)   |                                    |                                   | (183,971)   |                              |                                | 143,646                      |
| Commercial Banks                 |                                 | 5,505,182    |               |                                    |                                   | (35,697)  |                              |                                | 5,469,485                    |
| Computers & Peripherals          |                                 | 3,501,021*   |               |                                    |                                   | (213,883)   |                              |                                | 3,287,138                    |
| Energy Equipment &<br>Services   |                                 | 5,325,881*   |               |                                    |                                   | (90,329)  |                              |                                | 5,235,552                    |
| Household Durables               |                                 | 5,846,907*   |               |                                    |                                   | (121,969)   |                              |                                | 5,724,938                    |
| Insurance                        |                                 | 4,122,811*   |               |                                    |                                   | 188,159   |                              |                                | 4,310,970                    |
| Internet & Catalog Retail        |                                 | 4,976,675*   |               |                                    |                                   | 759,527   |                              |                                | 5,736,202                    |
| Multiline Retail                 |                                 | 6,164,851    |               |                                    |                                   | (175,279)   |                              |                                | 5,989,572                    |
| <b>Totals</b>                    | \$1,895,942                     | \$42,917,415 | \$(1,610,522) |                                    |                                   | \$469,589   |                              |                                | \$43,672,424                 |

\* Includes securities valued at \$3,184,112 which were obtained pursuant to the reorganization with AllianzGI Global Equity & Convertible Income Fund (see Note 7 of the Financial Statements).

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The net change in unrealized appreciation/depreciation of Level 3 investments held at January 31, 2014 was \$317,721. Net 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 January 31, 2014:

| <b>Investments in Securities</b> | <b>Assets</b> | Ending Balance<br>at 1/31/14 | Valuaton<br>Technique Used                                   | Unobservable<br>Inputs     | Input<br>Values |          |
|----------------------------------|---------------|------------------------------|--|----------------------------|-----------------|----------|
| Convertible Preferred Stock      |               | \$43,528,778                 | Third-Party Pricing Vendor                                   | Single Broker Quote        | \$22.48         | \$962.45 |
| Convertible Preferred Stock      |               | 143,646                      | Fundamental Analytical<br>Data Relating to the<br>Investment | Expected Recovery<br>Value | \$0.33          | \$3.04   |

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**Schedule of Investments**

AllianzGI Equity & Convertible Income Fund

January 31, 2014 (continued)

(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 January 31, 2014:

| Location                       | Market Price |
|--------------------------------|--------------|
| <b>Liability derivatives:</b>  |              |
| Call options written, at value | \$(140,575)  |

The effect of derivatives on the Fund's Statement of Operations for the year ended January 31, 2014:

| Location  | Market Price  |
|---|---------------|
| <b>Net realized loss on:</b>                                  |               |
| Call options written  | \$(1,180,424) |
| <b>Net change in unrealized appreciation/depreciation of:</b> |               |
| Call options written  | \$90,201      |

The average volume (measured at each fiscal quarter-end) of derivative activity during the year ended January 31, 2014 was 5,413 call options written contracts.

**Glossary:**

ADR - American Depositary Receipt

ASE - American Stock Exchange

REIT - Real Estate Investment Trust



**Statements of Assets and Liabilities**

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

AllianzGI Equity & Convertible Income Fund

January 31, 2014

|   | Dividend,<br>Interest &<br>Premium<br>Strategy | Equity &<br>Convertible<br>Income |
|---|--|-----------------------------------|
| <b>Assets:</b>  |  |                                   |
| Investments, at value (cost-\$1,692,396,363 and \$675,061,026, respectively)  | \$1,726,703,183                                | \$614,754,006                     |
| Receivable for investments sold   | 5,862,612                                      |                                   |
| Dividends and interest receivable   | 3,845,555                                      | 1,419,868                         |
| Prepaid expenses  | 22,491   | 8,363                             |
| <b>Total Assets</b>   | <b>1,736,433,841</b>                           | <b>616,182,237</b>                |
| <b>Liabilities:</b>   |  |                                   |
| Payable for investments purchased   | 10,371,047                                     | 11,363,881                        |
| Call options written, at value (premiums received-\$11,202,100 and \$220,497, respectively)                         | 4,661,170                                      | 140,575                           |
| Investment management fees payable  | 1,337,628                                      | 437,273                           |
| Accrued expenses  | 575,252  | 454,833                           |
| <b>Total Liabilities</b>  | <b>16,945,097</b>                              | <b>12,396,562</b>                 |
| <b>Net Assets</b>   | <b>\$1,719,488,744</b>                         | <b>\$603,785,675</b>              |
| <b>Composition of Net Assets:</b>   |  |                                   |
| Common Stock:   |  |                                   |
| Par value (\$0.00001 per share applicable to 94,524,325 and 27,708,965 shares issued and outstanding, respectively) | \$945  | \$277                             |
| Paid-in-capital in excess of par  | 1,887,631,283                                  | 672,310,676                       |
| Dividends in excess of net investment income  | (4,327,378)                                    | (1,527,062)                       |
| Accumulated net realized loss   | (204,663,856)                                  | (6,770,985)                       |
| Net unrealized appreciation/depreciation  | 40,847,750                                     | (60,227,231)                      |
| <b>Net Assets</b>   | <b>\$1,719,488,744</b>                         | <b>\$603,785,675</b>              |
| <b>Net Asset Value Per Share</b>  | <b>\$18.19</b>                                 | <b>\$21.79</b>                    |

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**Statements of Operations**

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

AllianzGI Equity & Convertible Income Fund

Year ended January 31, 2014

|   | Dividend,<br>Interest &<br>Premium<br>Strategy | Equity &<br>Convertible<br>Income |
|---|--|-----------------------------------|
| <b>Investment Income:</b>   |  |                                   |
| Dividends (net of foreign withholding taxes of \$827,334 and \$1,048, respectively) | \$53,049,540                                   | \$12,392,198                      |
| Interest  | 9,302,804                                      | 4,169,741                         |
| Total Investment Income   | 62,352,344                                     | 16,561,939                        |
| <b>Expenses:</b>  |  |                                   |
| Investment management   | 15,456,990                                     | 4,752,366                         |
| Custodian and accounting agent  | 349,675  | 108,447                           |
| Shareholder communications  | 213,000  | 204,919                           |
| Trustees  | 101,250  | 30,830                            |
| Audit and tax services  | 92,075   | 72,954                            |
| New York Stock Exchange listing   | 74,721   | 21,250                            |
| Legal   | 52,885   | 46,962                            |
| Insurance   | 33,530   | 12,066                            |
| Transfer agent  | 24,697   | 22,090                            |
| Miscellaneous   | 74,352   | 18,890                            |
| Total Expenses  | 16,473,175                                     | 5,290,774                         |
| Less: Reimbursement from Investment Manager (see Note 4)                            | (343,450)                                      | (99,601)                          |
| Net Expenses  | 16,129,725                                     | 5,191,173                         |
| <b>Net Investment Income</b>  | <b>46,222,619</b>                              | <b>11,370,766</b>                 |
| <b>Realized and Change in Unrealized Gain (Loss):</b>                               |  |                                   |
| Net realized gain (loss) on:  |  |                                   |
| Investments   | 67,347,330                                     | 24,673,382                        |
| Call options written  | (89,442,990)                                   | (1,180,424)                       |
| Net change in unrealized appreciation/depreciation of:                              |  |                                   |
| Investments   | 144,787,474                                    | 32,797,842                        |
| Call options written  | 28,059,531                                     | 90,201                            |
| Foreign currency transactions   |  | (133)                             |
| Net realized and change in unrealized gain  | 150,751,345                                    | 56,380,868                        |
| <b>Net Increase in Net Assets Resulting from Investment Operations</b>              | <b>\$196,973,964</b>                           | <b>\$67,751,634</b>               |

See accompanying Notes to Financial Statements | January 31, 2014 | 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:**

|   | Year ended January 31, |                 |
|---|------------------------|-----------------|
|   | 2014                   | 2013            |
| <b>Investment Operations:</b>                                   |                        |                 |
| Net investment income   | \$46,222,619           | \$49,689,000    |
| Net realized gain (loss)  | (22,095,660)           | 11,770,870      |
| Net change in unrealized appreciation/depreciation              | 172,847,005            | 94,572,054      |
| Net increase in net assets resulting from investment operations | 196,973,964            | 156,031,924     |
| <b>Dividends and Distributions to Shareholders from:</b>        |                        |                 |
| Net investment income   | (51,191,451)           | (62,994,233)    |
| Return of capital   | (118,952,335)          | (107,149,551)   |
| Total dividends and distributions to shareholders               | (170,143,786)          | (170,143,784)   |
| Total increase (decrease) in net assets                         | 26,830,178             | (14,111,860)    |
| <b>Net Assets:</b>  |                        |                 |
| Beginning of year   | 1,692,658,566          | 1,706,770,426   |
| End of year*  | \$1,719,488,744        | \$1,692,658,566 |
| *Including dividends in excess of net investment income of:     | \$(4,327,378)          | \$(3,494,252)   |

**Equity & Convertible Income:**

|  | Year ended January 31, |               |
|--|------------------------|---------------|
|  | 2014                   | 2013          |
| <b>Investment Operations:</b>  |                        |               |
| Net investment income  | \$11,370,766           | \$8,809,673   |
| Net realized gain  | 23,492,958             | 14,894,241    |
| Net change in unrealized appreciation/depreciation                           | 32,887,910             | 19,565,500    |
| Net increase in net assets resulting from investment operations              | 67,751,634             | 43,269,414    |
| <b>Dividends and Distributions to Shareholders from:</b>                     |                        |               |
| Net investment income  | (20,570,690)           | (6,245,173)   |
| Net realized gains   | (9,763,007)            | (18,735,519)  |
| Total dividends and distributions to shareholders                            | (30,333,697)           | (24,980,692)  |
| <b>Capital Share Transactions:</b>   |                        |               |
| Issued in reorganization (see Note 7)  | 117,984,152            |               |
| Total increase in net assets   | 155,402,089            | 18,288,722    |
| <b>Net Assets:</b>   |                        |               |
| Beginning of year  | 448,383,586            | 430,094,864   |
| End of year*   | \$603,785,675          | \$448,383,586 |
| * Including undistributed (dividends in excess of) net investment income of: | \$(1,527,062)          | \$3,187,252   |

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## Notes to Financial Statements

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

January 31, 2014

### 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.

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 requires the Funds management to make estimates and assumptions that affect the reported amounts and disclosures in the Funds 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.

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

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## Notes to Financial Statements

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

January 31, 2014

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

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 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 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.

## Notes to Financial Statements

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

January 31, 2014

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

The prices of certain portfolio securities may be determined at a time prior to the close of regular trading on the NYSE. When fair-valuing the securities, the Funds may, among other things, consider significant events (which may be considered to include changes in the value of U.S. securities or securities indices) that occur after the close of the relevant market and before the time each Fund's NAV is calculated. This service utilizes statistics and programs based on historical performance of markets and other economic data to assist in making fair value estimates. Fair value estimates used by the Funds for foreign securities may differ from the value realized from the sale of those securities and these differences could be material to the financial statements. Fair value pricing may require subjective determinations about the value of a security or other asset, and fair values used to determine each Fund's NAV may differ from quoted or published prices, or from prices that are used by others, for the same investments. In addition, the use of fair value pricing may not always result in adjustments to the prices of securities or other assets held by the Funds.

#### (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 year ended January 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. Investments 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.

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

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## Notes to Financial Statements

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

January 31, 2014

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

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 Generally Accepted Accounting Principles ( 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 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. Payments received on synthetic convertible securities are generally included in dividends.



**Notes to Financial Statements**

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

January 31, 2014

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

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 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 January 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 and distributions from net investment income and net realized capital gains is determined in accordance with federal income tax regulations, which may differ from 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 dividends and/or distributions to shareholders from return of capital.

**(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

## Notes to Financial Statements

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

January 31, 2014

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

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 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 a Fund 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 and credit 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.



## Notes to Financial Statements

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

January 31, 2014

### 2. Principal Risks (continued)

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 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, changes in the general outlook for corporate earnings, changes in interest or currency rates, adverse 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. 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.

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 into escrow. These securities are valued using a discounted amount on previous sale prices and estimated remaining distributions.



## Notes to Financial Statements

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

January 31, 2014

### 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 the Funds' 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, 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 borrowings that may be outstanding) minus accrued liabilities (other than liabilities representing borrowings).

**Notes to Financial Statements**

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

January 31, 2014

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

The Investment Manager has retained the Sub-Advisers to manage Dividend, Interest & Premium Strategy. NFJ manages the equity component 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. Pursuant to Sub-Advisory Agreements, the Investment Manager, and not the Funds, pays a portion of the fees it receives as Investment Manager to the Sub-Advisers in return for their services.

The Investment Manager reimbursed Dividend, Interest & Premium Strategy and Equity & Convertible Income in the amounts of \$343,450 and \$99,601, respectively, due to certain expenses borne by each Fund that should have been incurred by the Investment Manager. These amounts, which include interest, are presented as Reimbursement from Investment Manager on the Statements of Operations.

Effective July 1, 2013, the Investment Manager entered into Amended and Restated Portfolio Management Agreements with Allianz Global Investors U.S. LLC with respect to each Fund (the Amended Agreements). The Amended Agreements reflect recent changes in the names of the Funds and Allianz Global Investors U.S. LLC. The Amended Agreements are otherwise substantially identical to the previous Portfolio Management Agreements.

**5. Investments in Securities**

For the year ended January 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 | \$1,025,571,527                             | \$497,472,832                     |
| Sales     | 1,286,528,309                               | 504,078,150                       |

**6. Income Tax Information**

The tax character of dividends and distributions paid were:

Year ended January 31, 2014

Year ended January 31, 2013

Edgar Filing: AllianzGI Equity & Convertible Income Fund - Form N-CSR

|  | Ordinary<br>Income(1) | Long-Term<br>Capital Gains | Return of<br>Capital | Ordinary<br>Income(1) | Long-Term<br>Capital Gains | Return of<br>Capital |
|--|-----------------------|----------------------------|----------------------|-----------------------|----------------------------|----------------------|
| Dividend, Interest &<br>Premium Strategy<br>Equity & Convertible<br>Income | \$51,191,451          |                            | \$118,952,335        | \$62,994,233          |                            | \$107,149,551        |
|  | 30,333,697            |                            |                      | 24,980,692            |                            |                      |

(1) Includes short-term gains, if any.

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**Notes to Financial Statements**

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

January 31, 2014

**6. Income Tax Information (continued)**

At January 31, 2014, the components of distributable earnings were:

|  | Ordinary<br>Income | Capital Loss<br>Carryforwards(2) | Post-October<br>Capital Loss(3) |             |
|--|--------------------|----------------------------------|---------------------------------|-------------|
|  |                    |                                  | Short-Term                      | Long-Term   |
| Dividend, Interest & Premium Strategy<br>Equity & Convertible Income | \$18,004,535       | \$190,237,650<br>24,180,535*     | \$1,682,570                     | \$4,931,073 |

\* Subject to limitations under IRC Sections 381-384 due to the merger with AllianzGI Global Equity & Convertible Income Fund (NGZ).

(2) Capital loss carryforwards available as a reduction, to the extent provided in the regulations, of any future net realized gains. To the extent that these losses are used to offset future realized capital gains, such gains will not be disbursed.

(3) Capital losses realized during the period November 1, 2013 through January 31, 2014 which the Funds elected to defer to the following taxable year pursuant to income tax regulations.

Under the Regulated Investment Company Modernization Act of 2010, the Funds will be permitted to carryforward capital losses incurred in taxable years beginning after December 22, 2010, for an unlimited period. However, any losses incurred during those future taxable years will be required to be utilized prior to the losses incurred in pre-enactment taxable years. As a result, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term capital losses.

At January 31, 2014, capital loss carryforward amounts were:

| 2018 | Short-Term | No Expiration(4)<br>Long-Term |
|------|------------|-------------------------------|
|------|------------|-------------------------------|

## Edgar Filing: AllianzGI Equity & Convertible Income Fund - Form N-CSR

|                                       |               |              |
|---------------------------------------|---------------|--------------|
| Dividend, Interest & Premium Strategy | \$178,206,547 | \$12,031,103 |
| Equity & Convertible Income           |               | 24,180,535   |

(4) Carryforward amounts are subject to the provision of the Regulated Investment Company Modernization Act of 2010.

For the year ended January 31, 2014, Equity & Convertible Income had capital loss carryforward which was utilized:

|                             |  |
|-----------------------------|--|
| Equity & Convertible Income | Post-Enactment Utilized<br>Long-Term<br>\$78,969 |
|-----------------------------|--|

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**Notes to Financial Statements**

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

AllianzGI Equity & Convertible Income Fund

January 31, 2014

**6. Income Tax Information (continued)**

For the year ended January 31, 2014, permanent book tax adjustments were:

|  | Dividends<br>in Excess of<br>Net Investment<br>Income | Accumulated<br>Net Realized<br>Loss | Paid-in-Capital |
|--|---|-------------------------------------|-----------------|
| Dividend, Interest & Premium Strategy (a)(b) | \$4,135,706   | \$ (4,135,706)                      | \$              |
| Equity & Convertible Income (a)(b)(c)(d)(e)  | 4,485,610   | (29,638,306)                        | 25,152,696      |

These permanent book-tax differences were primarily attributable to:

- (a) Reclassification of contingent debt
- (b) Treatment of convertible securities
- (c) Reclass of dividends
- (d) Reclassification of non-deductible merger expenses
- (e) NGZ book-tax difference

Net investment income, net realized gains or losses and net assets were not affected by these adjustments.

At January 31, 2014, the aggregate cost basis and the net unrealized appreciation/depreciation of investments for federal income tax purposes were as follows:

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|                                       | Federal Tax     | Unrealized    | Unrealized    | Net Unrealized                 |
|---------------------------------------|-----------------|---------------|---------------|--------------------------------|
|                                       | Cost Basis (5)  | Appreciation  | Depreciation  | Appreciation<br>(Depreciation) |
| Dividend, Interest & Premium Strategy | \$1,697,566,286 | \$176,519,537 | \$147,382,640 | \$29,136,897                   |
| Equity & Convertible Income           | 677,001,059     | 30,186,790    | 92,433,843    | (62,247,053)                   |

(5) Differences between book and tax cost basis are primarily attributable to the differing treatment of convertible securities and wash sale loss deferrals.

### 7. 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

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**Notes to Financial Statements**

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

AllianzGI Equity & Convertible Income Fund

January 31, 2014

**7. Reorganization (continued)**

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   |

**8. Subsequent Events**

## Edgar Filing: AllianzGI Equity & Convertible Income Fund - Form N-CSR

On March 7, 2014 the following quarterly dividends were declared to shareholders, payable March 28, 2014 to shareholders of record on March 17, 2014:

|                                       |                  |
|---------------------------------------|------------------|
| Dividend, Interest & Premium Strategy | \$0.45 per share |
| Equity & Convertible Income           | \$0.28 per share |

Effective March 14, 2014, Julian F. Sluyters became President and Chief Executive Officer of the Funds.

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

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**Financial Highlights**

AllianzGI NFJ Dividend, Interest &amp; Premium Strategy Fund

For a share outstanding throughout each year:

|  | Year ended January 31, |             |             |             |             |
|--|------------------------|-------------|-------------|-------------|-------------|
|  | 2014                   | 2013        | 2012        | 2011        | 2010        |
| Net asset value, beginning of year                       | \$17.91                | \$18.06     | \$19.12     | \$17.30     | \$14.12     |
| <b>Investment Operations:</b>                            |                        |             |             |             |             |
| Net investment income                                    | 0.49                   | 0.53        | 0.52        | 0.64        | 0.61        |
| Net realized and change in unrealized gain (loss)        | 1.59                   | 1.12        | 0.22        | 2.08        | 3.17        |
| Total from investment operations                         | 2.08                   | 1.65        | 0.74        | 2.72        | 3.78        |
| <b>Dividends and Distributions to Shareholders from:</b> |                        |             |             |             |             |
| Net investment income                                    | (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        | (1.80)                 | (1.80)      | (1.80)      | (0.90)      | (0.60)      |
| Net asset value, end of year                             | \$18.19                | \$17.91     | \$18.06     | \$19.12     | \$17.30     |
| Market price, end of year                                | \$17.86                | \$16.65     | \$17.30     | \$17.60     | \$14.50     |
| <b>Total Investment Return (1)</b>                       | 18.83%                 | 6.83%       | 9.07%       | 28.20%      | 17.31%      |
| <b>RATIOS/SUPPLEMENTAL DATA:</b>                         |                        |             |             |             |             |
| Net assets, end of year (000 s)                          | \$1,719,489            | \$1,692,659 | \$1,706,770 | \$1,807,672 | \$1,635,728 |
| Ratio of expenses to average net assets                  | 0.94%(2)               | 0.97%       | 0.97%       | 0.97%       | 0.98%       |
| Ratio of net investment income to average net assets     | 2.69%(2)               | 2.97%       | 2.83%       | 3.54%       | 3.95%       |
| Portfolio turnover rate                                  | 48%                    | 46%         | 50%         | 65%         | 57%         |

(1) 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 year 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.

(2) Inclusive of Reimbursement from Investment Manager (see Note 4 in the Notes to Financial Statements) of 0.02%.

See accompanying Notes to Financial Statements | January 31, 2014 | Annual Report 43

**Financial Highlights**

AllianzGI Equity &amp; Convertible Income Fund

For a share outstanding throughout each year:

|  | 2014      | 2013      | Year ended January 31, |           | 2010      |
|--|-----------|-----------|------------------------|-----------|-----------|
|  |           |           | 2012                   | 2011      |           |
| Net asset value, beginning of year                       | \$20.10   | \$19.28   | \$20.28                | \$17.58   | \$13.41   |
| <b>Investment Operations:</b>                            |           |           |                        |           |           |
| Net investment income                                    | 0.56      | 0.39      | 0.36                   | 0.40      | 0.40      |
| Net realized and change in unrealized gain (loss)        | 2.49      | 1.55      | (0.24)                 | 3.42      | 4.89      |
| Total from investment operations                         | 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                                       | (0.44)    | (0.84)    | (0.66)                 | (0.71)    |           |
| Return of capital  |           |           |                        |           | (0.13)    |
| Total dividends and distributions to shareholders        | (1.36)    | (1.12)    | (1.12)                 | (1.12)    | (1.12)    |
| Net asset value, end of year                             | \$21.79   | \$20.10   | \$19.28                | \$20.28   | \$17.58   |
| Market price, end of year                                | \$18.73   | \$17.91   | \$17.22                | \$19.30   | \$15.83   |
| <b>Total Investment Return (1)</b>                       | 12.35%    | 10.92%    | (4.85)%                | 30.16%    | 30.75%    |
| <b>RATIOS/SUPPLEMENTAL DATA:</b>                         |           |           |                        |           |           |
| Net assets, end of year (000 s)                          | \$603,786 | \$448,384 | \$430,095              | \$452,406 | \$392,092 |
| Ratio of expenses to average net assets                  | 1.09%(2)  | 1.09%     | 1.08%                  | 1.10%     | 1.10%     |
| Ratio of net investment income to average net assets     | 2.39%(2)  | 2.06%     | 1.87%                  | 2.16%     | 2.54%     |
| Portfolio turnover rate                                  | 82%       | 122%      | 118%                   | 168%      | 94%       |

(1) 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 year 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.

(2) Inclusive of Reimbursement from Investment Manager (see Note 4 in the Notes to Financial Statements) of 0.02%.



**Report of Independent Registered Public Accounting Firm**

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

**To the Shareholders and Board of Trustees of  
AllianzGI NFJ Dividend, Interest & Premium Strategy Fund  
AllianzGI Equity & Convertible Income Fund**

In our opinion, the accompanying statements of assets and liabilities, including the schedules of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of AllianzGI NFJ Dividend, Interest & Premium Strategy Fund and AllianzGI Equity & Convertible Income Fund (the Funds) at January 31, 2014, the results of each of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended and their financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as financial statements) are the responsibility of the Funds management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at January 31, 2014 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
New York, New York  
March 25, 2014

January 31, 2014 | Annual Report 45

**Tax Information** (unaudited)

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

AllianzGI Equity & Convertible Income Fund

**Tax Information:**

As required by the Internal Revenue Code, shareholders must be notified regarding certain tax attributes of distributions made by each Fund.

Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, the following percentages of ordinary dividends paid during the fiscal year ended January 31, 2014, are designated as qualified dividend income (or the maximum amount allowable):

|                                       |        |
|---------------------------------------|--------|
| Dividend, Interest & Premium Strategy | 93.96% |
| Equity & Convertible Income           | 35.19% |

Corporate shareholders are generally entitled to take the dividend received deduction on the portion of a Fund's dividend distribution that qualifies under tax law. The percentage of the following Funds' ordinary income dividends paid during the fiscal year ended January 31, 2014, that qualify for the corporate dividend received deduction is set below (or the maximum amount allowable):

|                                       |        |
|---------------------------------------|--------|
| Dividend, Interest & Premium Strategy | 69.74% |
| Equity & Convertible Income           | 34.71% |

Since the Funds' tax year is not the calendar year, another notification will be sent with respect to calendar year 2014. In January 2015, shareholders will be advised on IRS Form 1099 DIV as to the federal tax status of dividends and distributions received during calendar 2014. The amount that will be reported will be the amount to use on the shareholders' 2014 federal income tax return and may differ from the amount which must be reported in connection with the Funds' tax year ended January 31, 2014. Shareholders are advised to consult their tax advisers as to the federal, state and local tax status of the dividend income received from the Funds.

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

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

**Shareholder Meeting Results:**

The Funds held their meeting of shareholders on July 17, 2013. Shareholders voted as indicated below:

Dividend, Interest & Premium Strategy:

|   | Affirmative | Withheld Authority |
|---|-------------|--------------------|
| Re-election of Deborah A. DeCotis Class II to serve until the Annual Meeting for the 2016-2017 fiscal year    | 82,096,009  | 2,245,050          |
| Re-election of Bradford K. Gallagher Class II to serve until the Annual Meeting for the 2016-2017 fiscal year | 82,197,690  | 2,143,369          |
| Re-election of James A. Jacobson Class II to serve until the Annual Meeting for the 2016-2017 fiscal year     | 82,212,171  | 2,128,888          |

The other members of the Board of Trustees at the time of this meeting, namely, Hans W. Kertess, John C. Maney , William B. Ogden, IV and Alan Rappaport continue to serve as Trustees.

Equity & Convertible Income:

|  | Affirmative | Withheld Authority |
|--|-------------|--------------------|
| Re-election of Deborah A. DeCotis Class III to serve until the Annual Meeting for the 2016-2017 fiscal year    | 19,213,312  | 955,177            |
| Re-election of Bradford K. Gallagher Class III to serve until the Annual Meeting for the 2016-2017 fiscal year | 19,212,639  | 955,850            |

The other members of the Board of Trustees at the time of the meeting, namely, James A. Jacobson, Hans W. Kertess, John C. Maney , William B. Ogden, IV, and Alan Rappaport continue to serve as Trustees.

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Interested Trustee

Equity & Convertible Income held a special meeting of shareholders on January 14, 2014. Shareholders voted as indicated below:

|  | For       | Against | Abstain |
|--|-----------|---------|---------|
| Proposal to approve an Agreement and Plan of Reorganization between NIE and NGZ, including the issuance by NIE of additional common shares of beneficial interest in connection therewith. | 8,016,629 | 280,165 | 207,087 |

**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.

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**Privacy Policy** (unaudited)

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

**Privacy Policy**

**Our Commitment to You**

We consider customer privacy to be a fundamental aspect of our relationship with shareholders and are committed to maintaining the confidentiality, integrity, and security of our current, prospective and former shareholders' personal information. To ensure our shareholders' privacy, we have developed policies that are designed to protect this confidentiality, while allowing shareholders' needs to be served.

**Obtaining Personal Information**

In the course of providing shareholders with products and services, we may obtain non-public personal information about shareholders, which may come from sources such as account applications and other forms, from other written, electronic or verbal correspondence, from shareholder transactions, from a shareholder's brokerage or financial advisory firm, financial adviser or consultant, and/or from information captured on our internet web sites.

**Respecting Your Privacy**

As a matter of policy, we do not disclose any personal or account information provided by shareholders or gathered by us to non-affiliated third parties, except as required for everyday business purposes, such as to process transactions or service a shareholder's account, or as otherwise permitted by law. As is common in the industry, non-affiliated companies may from time to time be used to provide certain services, such as preparing and mailing prospectuses, reports, account statements and other information, and gathering shareholder proxies. We may also retain non-affiliated financial services providers, such as broker-dealers, to market our shares and products and we may enter in joint-marketing agreements with them and other financial companies. We may also retain marketing and research service firms to conduct research on shareholder satisfaction. These companies may have access to a shareholder's personal and account information, but are permitted to use the information solely to provide the specific service or as otherwise permitted by law. We may also provide a shareholder's personal and account information to their respective brokerage or financial advisory firm, Custodian, and/or to their financial adviser or consultant.

**Sharing Information with Third Parties**

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We reserve the right to disclose or report personal information to non-affiliated third parties, in limited circumstances, where we believe in good faith that disclosure is required under law to cooperate with regulators or law enforcement authorities, to protect our rights or property or upon reasonable request by any Fund in which a shareholder has chosen to invest. In addition, we may disclose information about a shareholder or shareholder's accounts to a non-affiliated third party only if we receive a shareholder's written request or consent.

### **Sharing Information with Affiliates**

We may share shareholder information with our affiliates in connection with our affiliates' everyday business purposes, such as servicing a shareholder's account, but our affiliates may not use this information to market products and services to you except in conformance with applicable laws or regulations. The information we share includes information about our experiences and transactions with a

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**Privacy Policy** (unaudited) (continued)

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

shareholder and may include, for example, shareholder's participation in one of the Funds or in other investment programs, a shareholder's ownership of certain types of accounts (such as IRAs), or other data about a shareholder's transactions or accounts. Our affiliates, in turn, are not permitted to share shareholder information with non-affiliated entities, except as required or permitted by law.

**Procedures to Safeguard Private Information**

We take seriously the obligation to safeguard shareholder non-public personal information. In addition to this policy, we have also implemented procedures that are designed to restrict access to a shareholder's non-public personal information only to internal personnel who need to know that information in order to provide products or services to such shareholders. In addition, we have physical, electronic and procedural safeguards in place to guard a shareholder's non-public personal information.

**Disposal of Confidential Records**

We will dispose of records, if any, that are knowingly derived from data received from a consumer reporting agency regarding a shareholder that is an individual in a manner that ensures the confidentiality of the data is maintained. Such records include, among other things, copies of consumer reports and notes of conversations with individuals at consumer reporting agencies.

**Dividend Reinvestment Plan** (unaudited)

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

Each Fund has adopted a Dividend Reinvestment Plan (the Plan) which allows common shareholders to reinvest Fund distributions in additional common shares of the Fund. American Stock Transfer & Trust Company, LLC (the Plan Agent) serves as agent for common shareholders in administering the Plan. It is important to note that participation in the Plan and automatic reinvestment of Fund distributions does not ensure a profit, nor does it protect against losses in a declining market.

**Automatic enrollment/voluntary participation.** Under the Plan, common shareholders whose shares are registered with the Plan Agent (registered shareholders) are automatically enrolled as participants in the Plan and will have all Fund distributions of income, capital gains and returns of capital (together, distributions) reinvested by the Plan Agent in additional common shares of the Funds, unless the shareholder elects to receive cash. Registered shareholders who elect not to participate in the Plan will receive all distributions in cash paid by check and mailed directly to the shareholder of record (or if the shares are held in street or other nominee name, to the nominee) by the Plan Agent. Participation in the Plan is voluntary. Participants may terminate or resume their enrollment in the Plan at any time without penalty by notifying the Plan Agent online at [www.amstock.com](http://www.amstock.com), by calling (800) 254-5197, by writing to the Plan Agent, American Stock Transfer & Trust Company, LLC, at P.O. Box 922, Wall Street Station, New York, NY 10269-0560, or, as applicable, by completing and returning the transaction form attached to a Plan statement. A proper notification will be effective immediately and apply to the Funds' next distribution if received by the Plan Agent at least three (3) days prior to the record date for the distribution; otherwise, a notification will be effective shortly following the Funds' next distribution and will apply to the Funds' next succeeding distribution thereafter. If you withdraw from the Plan and so request, the Plan Agent will arrange for the sale of your shares and send you the proceeds, minus a transaction fee and brokerage commissions.

**How shares are purchased under the Plan.** For each Fund distribution, the Plan Agent will acquire common shares for participants either (i) through receipt of newly issued common shares from the Funds (newly issued shares) or (ii) by purchasing common shares of the Funds on the open market (open market purchases). If, on a distribution payment date, the net asset value per common share of the Funds (NAV) is equal to or less than the market price per common share plus estimated brokerage commissions (often referred to as a market premium), the Plan Agent will invest the distribution amount on behalf of participants in newly issued shares at a price equal to the greater of (i) NAV or (ii) 95% of the market price per common share on the payment date. If the NAV is greater than the market price per common share plus estimated brokerage commissions (often referred to as a market discount) on a distribution payment date, the Plan agent will instead attempt to invest the distribution amount through open market purchases. If the Plan Agent is unable to invest the full distribution amount in open market purchases, or if the market discount shifts to a market premium during the purchase period, the Plan Agent will invest any un-invested portion of the distribution in newly issued shares at a price equal to the greater of (i) NAV or (ii) 95% of the



**Dividend Reinvestment Plan** (unaudited) (continued)

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

market price per share as of the last business day immediately prior to the purchase date (which, in either case, may be a price greater or lesser than the NAV per common share on the distribution payment date). No interest will be paid on distributions awaiting reinvestment. Under the Plan, the market price of common shares on a particular date is the last sales price on the exchange where the shares are listed on that date or, if there is no sale on the exchange on that date, the mean between the closing bid and asked quotations for the shares on the exchange on that date. The NAV per common share on a particular date is the amount calculated on that date (normally at the close of regular trading on the New York Stock Exchange) in accordance with the Funds' then current policies.

**Fees and expenses.** No brokerage charges are imposed on reinvestments in newly issued shares under the Plan. However, all participants will pay a pro rata share of brokerage commissions incurred by the Plan Agent when it makes open market purchases. There are currently no direct service charges imposed on participants in the Plan, although the Funds reserve the right to amend the Plan to include such charges. The Plan Agent imposes a transaction fee (in addition to brokerage commissions that are incurred) if it arranges for the sale of your common shares held under the Plan.

**Shares held through nominees.** In the case of a registered shareholder such as a broker, bank or other nominee (together, a nominee) that holds common shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of common shares certified by the nominee/record shareholder as representing the total amount registered in such shareholder's name and held for the account of beneficial owners who participate in the Plan. If your common shares are held through a broker, bank or other nominee and are not registered with the Plan Agent, neither you nor the nominee will be participants in or have distributions reinvested under the Plan. If you are a beneficial owner of common shares and wish to participate in the Plan, and your nominee is unable or unwilling to become a registered shareholder and a Plan participant on your behalf, you may request that your nominee arrange to have all or a portion of your shares re-registered with the Plan Agent in your name so that you may be enrolled as a participant in the Plan. Please contact your nominee for details or for other possible alternatives. Participants whose shares are registered with the Plan Agent in the name of one nominee firm may not be able to transfer the shares to another firm and continue to participate in the Plan.

**Tax consequences.** Automatically reinvested dividends and distributions are taxed in the same manner as cash dividends and distributions *i.e.*, automatic reinvestment in additional shares does not relieve shareholders of, or defer the need to pay, any income tax that may be payable (or that is required to be withheld) on Fund dividends and distributions. The Funds and the Plan Agent reserve the right to amend or terminate the Plan. Additional information about the Plan, as well as a copy of the full Plan itself, may be obtained from the Plan Agent, American Stock Transfer & Trust Company, LLC., P.O. Box 922, Wall Street Station, New York, NY 10269-0560; telephone number: (800) 254-5197; web site: [www.amstock.com](http://www.amstock.com).

**Board of Trustees** (unaudited)

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

**Name, Year of Birth, Position(s) Held with Funds,  
Length of Service, Other Trusteeships/  
Directorships Held by Trustee; Number of  
Portfolios in Fund Complex/Outside Fund  
Complexes Currently Overseen by Trustee**

**Principal Occupation(s) During Past 5 Years:**

The address of each trustee is 1633 Broadway, New York, NY 10019.

**Hans W. Kertess**

Year of Birth: 1939

Chairman of the Board of Trustees since: 2007

Trustee since: 2005 NFJ/ 2007 NIE

President, H. Kertess & Co., a financial advisory company. Formerly, Managing Director, Royal Bank of Canada Capital Markets.

Term of office: Expected to stand for re-election at annual meeting of shareholders for the 2015-2016 NFJ/ 2014 2015 NIE fiscal year.

Trustee/Director of 65 funds in Fund Complex;  
Trustee/Director of no funds outside of Fund Complex

**Deborah A. DeCotis**

Year of Birth: 1952

Trustee since: 2011

Advisory Director, Morgan Stanley & Co., Inc. (since 1996); Co-Chair Special Projects Committee, Memorial Sloan Kettering (since 2005); Board Member and Member of the Investment and Finance Committees, Henry Street Settlement (since 2007); Trustee, Stanford University (since 2010). Formerly, Director, Helena Rubenstein Foundation (1997-2012); and Advisory Council, Stanford Business School (2002-2008).

Term of office: Expected to stand for re-election at annual meeting of shareholders for the 2016-2017 fiscal year.

Trustee/Director of 65 funds in Fund Complex  
Trustee/Director of no funds outside of Fund Complex

**Bradford K. Gallagher**

Year of Birth: 1944

Trustee since: 2010

Retired. Chairman and Trustee, Atlantic Maritime Heritage Foundation (since 2007); Chairman and Trustee, The Common Fund (since 2005); Founder, Spyglass Investments LLC, a private investment vehicle (since 2001); and Founder, President and CEO, Cypress Holding Company and Cypress Tree Investment Management Company (since 1995). Formerly, Partner, New Technology Ventures Capital Management LLC, a venture capital fund (2011-2013).

Term of office: Expected to stand for re-election at annual meeting of shareholders for the 2016-2017 fiscal year.

Trustee/Director of 65 funds in Fund Complex  
Trustee/Director of no funds outside of Fund Complex

Formerly, Chairman and Trustee of Grail Advisors ETF Trust (2009-2010) and Trustee of Nicholas-Applegate Institutional Funds (2007-2010)

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### **James A. Jacobson**

Year of Birth: 1945

Trustee since: 2009

Retired. Formerly, Vice Chairman and Managing Director, Spear, Leeds & Kellogg Specialists, LLC, a specialist firm on the New York Stock Exchange.

Term of office: Expected to stand for re-election at annual meeting of shareholders for the 2016-2017 NFJ/ 2015 2016-NIE fiscal year.

Trustee/Director of 65 funds in Fund Complex

Trustee/Director of 17 funds in Alpine Mutual Funds Complex

### **William B. Ogden, IV**

Year of Birth: 1945

Trustee since: 2006 NFJ/ 2007 NIE

Asset Management Industry Consultant. Formerly, Managing Director, Investment Banking Division of Citigroup Global Markets Inc.

Term of office: Expected to stand for re-election at annual meeting of shareholders for the 2015-2016 NFJ/ 2014 2015 NIE fiscal year.

Trustee/Director of 65 funds in Fund Complex;

Trustee/Director of no funds outside of Fund Complex

**Board of Trustees** (unaudited) (continued)

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

**Name, Year of Birth, Position(s) Held with Funds,  
Length of Service, Other Trusteeships/  
Directorships Held by Trustee; Number of  
Portfolios in Fund Complex/Outside Fund  
Complexes Currently Overseen by Trustee**

**Principal Occupation(s) During Past 5 Years:**

**Alan Rappaport**

Year of Birth: 1953  
Trustee since: 2010

Term of office: Expected to stand for re-election at annual meeting of shareholders for the 2014-2015 fiscal year.

Trustee/Director of 65 funds in Fund Complex  
Trustee/Director of no funds outside of Fund Complex

Advisory Director (formerly Vice Chairman) (since 2009), Roundtable Investment Partners; Chairman (formerly President), Private Bank of Bank of America; Vice Chairman, US Trust (2001-2008); Adjunct Professor, New York University Stern School of Business (since 2011); Lecturer, Stanford University Graduate School of Business (since 2013); Trustee, American Museum of Natural History (since 2005) and Trustee, NYU Langone Medical Center (since 2007).

**John C. Maney**

Year of Birth: 1959  
Trustee since: 2006 NFJ/2007 NIE

Term of office: Expected to stand for re-election at annual meeting of shareholders for the 2014-2015 NFJ/2015 2016 NIE fiscal year.

Trustee/Director of 85 funds in Fund Complex  
Trustee/Director of no funds outside the Fund Complex

Member of the Management Board and a Managing Director of Allianz Global Investors Fund Management LLC; Managing Director of Allianz Asset Management of America L.P. (since January 2005) and a member of the Management Board and Chief Operating Officer of Allianz Asset Management of America L.P. (since November 2006).

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Mr. Maney is an interested person of the Trust, as defined in Section 2(a)(19) of the 1940 Act, due to his affiliation with Allianz Asset Management of America L.P. and its affiliates.

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### Fund Officers (unaudited)

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

#### Name, Year of Birth, Position(s) Held with Funds.

##### **Julian Sluyters**

Year of Birth: 1960  
President & Chief Executive Officer since: 2014 Trustee  
of 20 funds in the Fund Complex

##### **Lawrence G. Altadonna**

Year of Birth: 1966  
Treasurer, Principal Financial and Accounting Officer  
since: 2005 NFJ/2007 NIE

##### **Thomas J. Fuccillo**

Year of Birth: 1968  
Vice President, Secretary & Chief Legal Officer  
since: 2005 NFJ/2007 NIE

##### **Scott Whisten**

Year of Birth: 1971  
Assistant Treasurer since: 2007

##### **Orhan Dzemaili**

Year of Birth: 1974  
Assistant Treasurer since: 2011

##### **Richard J. Cochran**

Year of Birth: 1961  
Assistant Treasurer since: 2008

##### **Thomas L. Harter, CFA**

Year of Birth: 1975  
Chief Compliance Officer since: 2013

##### **Lagan Srivastava**

Year of Birth: 1977  
Assistant Secretary since: 2006 NFJ/2007 NIE

#### Principal Occupation(s) During Past 5 Years:

Chairman of the Management Board of Allianz Global Investors Fund Management LLC (since 2013); Chief Operating Officer, Managing Director, and member of the Executive Committee of Allianz Global Investors U.S. Holdings LLC (since 2012); President and Chief Executive Officer of 85 funds in the Fund Complex. Formerly, President and Chief Executive Officer, Old Mutual Capital Inc. (2008-2012).

Director, Director of Fund Administration of Allianz Global Investors Fund Management LLC; Treasurer, Principal Financial and Accounting Officer of 85 funds in the Fund Complex and of The Korea Fund, Inc. Formerly, Assistant Treasurer of 50 funds in the Fund Complex (2005-2010).

Managing Director, Chief Legal Officer and Secretary of Allianz Global Investors Fund Management LLC and Allianz Global Investors Distributors LLC; Managing Director and Chief Regulatory Counsel of Allianz Global Investors U.S. Holdings LLC; Vice President, Secretary and Chief Legal Officer of 85 funds in the Fund Complex; and Secretary and Chief Legal Officer of The Korea Fund, Inc.

Director of Allianz Global Investors Fund Management LLC; and Assistant Treasurer of 85 funds in the Fund Complex.

Director of Allianz Global Investors Fund Management LLC; and Assistant Treasurer of 85 funds in the Fund Complex.

Vice President of Allianz Global Investors Fund Management LLC; Assistant Treasurer of 85 funds in the Fund Complex and of The Korea Fund, Inc.

Director of Allianz Global Investors U.S. Holdings LLC; and Chief Compliance Officer of 83 funds in the Fund Complex and of The Korea Fund, Inc. Formerly, Vice President and Compliance Manager (2005-2012).

Vice President of Allianz Global Investors U.S. Holdings LLC; Assistant Secretary of 85 funds in the Fund Complex and of The Korea Fund, Inc.

Officers hold office at the pleasure of the Board and until their successors are appointed and qualified or until their earlier resignation or removal.



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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. Carter

*Chief Compliance Officer*

Lagan Srivastava

*Assistant Secretary*

**Investment Manager**

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

**Sub-Advisers**

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 02109

**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

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*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.*

*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 Funds 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-2014-02-06-8919

Allianz Global Investors Distributors LLC

AZ601AR\_013114

ITEM 2. CODE OF ETHICS

(a) As of the end of the period covered by this report, the registrant has adopted a code of ethics (the Section 406 Standards for Investment Companies Ethical Standards for Principal Executive and Financial Officers ) that applies to the registrant's Principal Executive Officer and Principal Financial Officer; the registrant's Principal Financial Officer also serves as the Principal Accounting Officer. The registrant undertakes to provide a copy of such code of ethics to any person upon request, without charge, by calling 1-800-254-5197. The code of ethics is included as an Exhibit 99.CODEETH hereto.

(b) During the period covered by this report, there were not any amendments to a provision of the code of ethics adopted in 2(a) above.

(c) During the period covered by this report, there were not any waivers or implicit waivers to a provision of the code of ethics adopted in 2(a) above.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT

The registrant's Board has determined that Mr. James A. Jacobson, a member of the Board's Audit Oversight Committee is an audit committee financial expert, and that he is independent, for purposes of this Item.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES

a) Audit fees. The aggregate fees billed for each of the last two fiscal years (the Reporting Periods ) for professional services rendered by the Registrant's principal accountant (the Auditor ) for the audit of the Registrant's annual financial statements, or services that are normally provided by the Auditor in connection with the statutory and regulatory filings or engagements for the Reporting Periods, were \$59,000 in 2013 and \$60,000 in 2014.

b) Audit-Related Fees. There were no audit related fees billed for each of the last two fiscal years.

c) Tax Fees. The aggregate fees billed in the Reporting Periods for professional services rendered by the Auditor for tax compliance,

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tax service and tax planning ( Tax Services ) were \$15,000 in 2013 and \$14,160 in 2014. These services consisted of review or preparation of U.S. federal, state, local and excise tax returns and calculation of excise tax distributions.

d) All Other Fees. There were no other fees billed in the Reporting Periods for products and services provided by the Auditor to the Registrant.

e) 1. Audit Committee Pre-Approval Policies and Procedures. The Registrant's Audit Committee has established policies and procedures for pre-approval of all audit and permissible non-audit services by the Auditor for the Registrant, as well as the Auditor's engagements related directly to the operations and financial reporting of the Registrant. The Registrant's policy is stated below.

AllianzGI Equity & Convertible Income Fund (the Fund )

**AUDIT OVERSIGHT COMMITTEE POLICY FOR PRE-APPROVAL OF SERVICES PROVIDED BY THE INDEPENDENT ACCOUNTANTS**

The Fund's Audit Oversight Committee ( Committee ) is charged with the oversight of the Fund's financial reporting policies and practices and their internal controls. As part of this responsibility, the Committee must pre-approve any independent accounting firm's engagement to render audit and/or permissible non-audit services, as required by law. In evaluating a proposed engagement by the independent accountants, the Committee will assess the effect that the engagement might reasonably be expected to have on the accountant's independence. The Committee's evaluation will be based on:

a review of the nature of the professional services expected to be provided, the fees to be charged in connection with the services expected to be provided, a review of the safeguards put into place by the accounting firm to safeguard independence, and periodic meetings with the accounting firm.

**POLICY FOR AUDIT AND NON-AUDIT SERVICES TO BE PROVIDED TO THE FUND**

On an annual basis, the Fund's Committee will review and pre-approve the scope of the audits of the Fund and proposed audit fees and permitted non-audit (including audit-related) services that may be performed by the Fund's independent accountants. At least annually, the Committee will receive a report of all audit and non-audit services that were rendered in the previous calendar year pursuant to this Policy. In addition to the Committee's

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pre-approval of services pursuant to this Policy, the engagement of the independent accounting firm for any permitted non-audit service provided to the Fund will also require the separate written pre-approval of the President of the Fund, who will confirm, independently, that the accounting firm's engagement will not adversely affect the firm's independence. All non-audit services performed by the independent accounting firm will be disclosed, as required, in filings with the Securities and Exchange Commission.

### AUDIT SERVICES

The categories of audit services and related fees to be reviewed and pre-approved annually by the Committee are:

Annual Fund financial statement audits

Seed audits (related to new product filings, as required)

SEC and regulatory filings and consents

### AUDIT-RELATED SERVICES

The following categories of audit-related services are considered to be consistent with the role of the Fund's independent accountants and services falling under one of these categories will be pre-approved by the Committee on an annual basis if the Committee deems those services to be consistent with the accounting firm's independence:

Accounting consultations

Fund merger support services

Agreed upon procedure reports

Other attestation reports

Comfort letters

Other internal control reports

Individual audit-related services that fall within one of these categories and are not presented to the Committee as part of the annual pre-approval process described above, may be pre-approved, if deemed consistent with the accounting firm's independence, by the Committee Chair (or any other Committee member who is a disinterested trustee under the Investment Company Act to whom this responsibility has been delegated) so long as the estimated fee for those services does not exceed \$250,000. Any such pre-approval shall be reported to the full Committee at its next regularly scheduled meeting.

TAX SERVICES

The following categories of tax services are considered to be consistent with the role of the Fund's independent accountants and services falling under one of these categories will be pre-approved by the Committee on an annual basis if the Committee deems those services to be consistent with the accounting firm's independence:

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Tax compliance services related to the filing or amendment of the following:

Federal, state and local income tax compliance; and, sales and use tax compliance

Timely RIC qualification reviews

Tax distribution analysis and planning

Tax authority examination services

Tax appeals support services

Accounting methods studies

Fund merger support service

Other tax consulting services and related projects

Individual tax services that fall within one of these categories and are not presented to the Committee as part of the annual pre-approval process described above, may be pre-approved, if deemed consistent with the accounting firm's independence, by the Committee Chairman (or any other Committee member who is a disinterested trustee under the Investment Company Act to whom this responsibility has been delegated) so long as the estimated fee for those services does not exceed \$250,000. Any such pre-approval shall be reported to the full Committee at its next regularly scheduled meeting.

### PROSCRIBED SERVICES

The Fund's independent accountants will not render services in the following categories of non-audit services:

Bookkeeping or other services related to the accounting records or financial statements of the Fund

Financial information systems design and implementation

Appraisal or valuation services, fairness opinions, or contribution-in-kind reports

Actuarial services

Internal audit outsourcing services

Management functions or human resources

Broker or dealer, investment adviser or investment banking services

Legal services and expert services unrelated to the audit

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Any other service that the Public Company Accounting Oversight Board determines, by regulation, is impermissible

### PRE-APPROVAL OF NON-AUDIT SERVICES PROVIDED TO OTHER ENTITIES WITHIN THE FUND COMPLEX

The Committee will pre-approve annually any permitted non-audit services to be provided to Allianz Global Investors Fund Management LLC or any other investment manager to the Fund (but not including any sub-adviser whose role is primarily portfolio management and is sub-contracted by the investment manager) (the Investment Manager ) and any entity

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controlling, controlled by, or under common control with the Investment Manager that provides ongoing services to the Fund (including affiliated sub-advisers to the Fund), provided, in each case, that the engagement relates directly to the operations and financial reporting of the Fund (such entities, including the Investment Manager, shall be referred to herein as the Accounting Affiliates). Individual projects that are not presented to the Committee as part of the annual pre-approval process, may be pre-approved, if deemed consistent with the accounting firm's independence, by the Committee Chairman (or any other Committee member who is a disinterested trustee under the Investment Company Act to whom this responsibility has been delegated) so long as the estimated fee for those services does not exceed \$250,000. Any such pre-approval shall be reported to the full Committee at its next regularly scheduled meeting.

Although the Committee will not pre-approve all services provided to the Investment Manager and its affiliates, the Committee will receive an annual report from the Fund's independent accounting firm showing the aggregate fees for all services provided to the Investment Manager and its affiliates.

### DE MINIMUS EXCEPTION TO REQUIREMENT OF PRE-APPROVAL OF NON-AUDIT SERVICES

With respect to the provision of permitted non-audit services to a Fund or Accounting Affiliates, the pre-approval requirement is waived if:

(1) The aggregate amount of all such permitted non-audit services provided constitutes no more than (i) with respect to such services provided to the Fund, five percent (5%) of the total amount of revenues paid by the Fund to its independent accountant during the fiscal year in which the services are provided, and (ii) with respect to such services provided to Accounting Affiliates, five percent (5%) of the total amount of revenues paid to the Fund's independent accountant by the Fund and the Accounting Affiliates during the fiscal year in which the services are provided;

(2) Such services were not recognized by the Fund at the time of the engagement for such services to be non-audit services; and

(3) Such services are promptly brought to the attention of the Committee and approved prior to the completion of the audit by the Committee or by the Committee Chairman (or any other Committee member who is a disinterested trustee under the Investment Company Act to whom this Committee Chairman or other delegate shall be reported to the full Committee at its next regularly scheduled meeting.

e) 2. No services were approved pursuant to the procedures contained in paragraph (C) (7) (i) (C) of Rule 2-01 of Registration S-X.

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f) Not applicable

g) Non-audit fees. The aggregate non-audit fees billed by the Auditor for services rendered to the Registrant, and rendered to the Adviser, for the 2013 Reporting Period was \$3,920,962 and the 2014 Reporting Period was \$4,768,496.

h) Auditor Independence. The Registrant's Audit Oversight Committee has considered whether the provision of non-audit services that were rendered to the Adviser which were not pre-approved is compatible with maintaining the Auditor's independence.

#### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANT

The Fund has a separately designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The audit committee of the Fund is comprised of Deborah A. DeCortis, Bradford K. Gallagher, James A. Jacobson, Hans W. Kertess, William B. Ogden, IV and Alan Rappaport.

#### 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.

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

### **ALLIANZGI EQUITY & CONVERTIBLE INCOME FUND**

**(the Trust )**

#### **PROXY VOTING POLICY**

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1. It is the policy of the Trust that proxies should be voted in the interest of its shareholders, as determined by those who are in the best position to make this determination. The Trust believes that the firms and/or persons purchasing and selling securities for the Trust and analyzing the performance of the Trust's securities are in the best position and have the information necessary to vote proxies in the best interests of the Trust and its shareholders, including in situations where conflicts of interest may arise between the interests of shareholders, on one hand, and the interests of the investment adviser, a sub-adviser and/or any other affiliated person of the Trust, on the other. Accordingly, the Trust's policy shall be to delegate proxy voting responsibility to those entities with portfolio management responsibility for the Trust.
  2. The Trust delegates the responsibility for voting proxies to Allianz Global Investors Fund Management LLC ( AGIFM ), which will in turn delegate such responsibility to the sub-adviser of the particular Trust. AGIFM's Proxy Voting Policy Summary is attached as Appendix A hereto. Summaries of the detailed proxy voting policies of the Trust's current sub-adviser is set forth in Appendix B attached hereto. Such summaries may be revised from time to time to reflect changes to the sub-adviser's detailed proxy voting policies.
  3. The party voting the proxies (i.e., the sub-adviser) shall vote such proxies in accordance with such party's proxy voting policies and, to the extent consistent with such policies, may rely on information and/or recommendations supplied by others.
  4. AGIFM and the sub-adviser of the Trust with proxy voting authority shall deliver a copy of its respective proxy voting policies and any material amendments thereto to the applicable Board of the Trust promptly after the adoption or amendment of any such policies.
  5. The party voting the proxy shall: (i) maintain such records and provide such voting information as is required for the Trust's regulatory filings including, without limitation, Form N-PX and the required disclosure of policy called for by Item 18 of Form N-2 and Item 7 of Form N-CSR; and (ii) shall provide such additional information as may be requested, from time to time, by the Board or the Trust's Chief Compliance Officer.
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6. This Proxy Voting Policy Statement, the Proxy Voting Policy Summary of AGIFM and summaries of the detailed proxy voting policies of each sub-adviser of a Trust with proxy voting authority and how the Trust voted proxies relating to portfolio securities held during the most recent twelve month period ending June 30, shall be made available (i) without charge, upon request, by calling 1-800-254-5197; (ii) on the Trust's website at [us.allianzgi.com](http://us.allianzgi.com); and (iii) on the Securities and Exchange Commission's (SEC's) website at [www.sec.gov](http://www.sec.gov). In addition, to the extent required by applicable law or determined by the Trust's Chief Compliance Officer or Board of Trustees, the Proxy Voting Policy Summary of AGIFM and summaries of the detailed proxy voting policies of the sub-adviser with proxy voting authority shall also be included in the Trust's Registration Statements or Form N-CSR filings.

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**ALLIANZ GLOBAL INVESTORS FUND MANAGEMENT LLC ( AGIFM )**

**PROXY VOTING POLICY SUMMARY**

1. It is the policy of AGIFM that proxies should be voted in the interest of the shareholders of the applicable fund, as determined by those who are in the best position to make this determination. AGIFM believes that the firms and/or persons purchasing and selling securities for the funds and analyzing the performance of the funds' securities are in the best position and have the information necessary to vote proxies in the best interests of the funds and their shareholders, including in situations where conflicts of interest may arise between the interests of shareholders, on one hand, and the interests of the investment adviser, a sub-adviser and/or any other affiliated person of the fund, on the other. Accordingly, AGIFM's policy shall be to delegate proxy voting responsibility to those entities with portfolio management responsibility for the funds.
2. AGIFM, for each fund for which it acts as investment adviser, delegates the responsibility for voting proxies to the sub-adviser for the respective fund.
3. The party voting proxies (e.g., the sub-adviser) vote the proxies in accordance with their proxy voting policies and, to the extent consistent with their policies, may rely on information and/or recommendations supplied by others.
4. AGIFM and each sub-adviser of a fund will deliver a copy of their respective proxy voting policies and any material amendments thereto to the board of the relevant fund promptly after the adoption or amendment of any such policies.
5. The party voting the proxy will: (i) maintain such records and provide such voting information as is required for such funds' regulatory filings including, without limitation, Form N-PX and the required disclosure of policy called for by Item 18 of Form N-2 and Item 7 of Form N-CSR; and (ii) will provide additional information as may be requested, from time to time, by the funds' respective boards or chief compliance officers.
6. Summaries of the proxy voting policies for AGIFM and each sub-adviser of a fund advised by AGIFM and how each fund voted proxies relating to portfolio securities held during the most recent twelve month period ended June 30 will be available (i) without charge, upon request, by calling 1-800-254-5197; (ii) on the Allianz Global Investors Distributors Web site at [us.allianzgi.com](http://us.allianzgi.com); and (iii) on the Securities and Exchange Commission's (SEC's) website at [www.sec.gov](http://www.sec.gov). In addition, to the extent required by applicable law or determined by the relevant fund's board of directors/trustees or chief compliance officer, summaries of the detailed proxy voting policies of AGIFM, each sub-adviser and each other entity with proxy voting authority for a fund advised by AGIFM shall also be included in the Registration Statement or Form N-CSR filings for the relevant fund.



**Allianz Global Investors U.S. LLC ( AllianzGI U.S. )**

**Description of Proxy Voting Policy and Procedures**

AllianzGI U.S. typically votes proxies as part of its discretionary authority to manage accounts, unless the client has explicitly reserved the authority for itself. To ensure that the proxies are voted in the best interests of its clients, AllianzGI U.S. has adopted proxy voting procedures and guidelines for voting proxies on specific types of issues. When voting proxies, AllianzGI U.S. seeks to make voting decisions solely in the best interests of its clients and to enhance the economic value of the underlying portfolio securities held in its clients' accounts. AllianzGI U.S. will not be responsible for voting of proxies that AllianzGI U.S. has not been notified of on a timely basis by the client's custodian.

AllianzGI U.S. has adopted written Proxy Policy Guidelines and Procedures (the "Proxy Guidelines") that are reasonably designed to ensure that the firm is voting in the best interest of its clients. The Proxy Guidelines reflect AllianzGI U.S.'s general voting positions on specific corporate governance issues and corporate actions. AllianzGI U.S. has retained two independent third party service providers (the "Proxy Providers"), to support two different groups of portfolio management teams, to assist in the proxy voting process by implementing the votes in accordance with the Proxy Guidelines as well as assisting in the administrative process. The services provided offer a variety of proxy-related services to assist in AllianzGI U.S.'s handling of proxy voting responsibilities. Although both Proxy Providers have been instructed to follow the Proxy Guidelines, it is possible that in certain circumstances the Proxy Providers may interpret the Proxy Guidelines in different ways, and as a result AllianzGI U.S. may cast votes on behalf of one client account that are different than votes cast for the same shares held by another client account.

In certain circumstances, a client may request in writing that AllianzGI U.S. vote proxies for its account in accordance with a set of guidelines which differs from the Proxy Guidelines. For example, a client may wish to have proxies voted for its account in accordance with the Taft-Hartley proxy voting guidelines. In that case, AllianzGI U.S. will vote the shares held by such client accounts in accordance with their direction, which may be different from the vote cast for shares held on behalf of other client accounts that vote in accordance with the Proxy Guidelines.

AllianzGI U.S. will generally refrain from voting proxies on non-U.S. securities that are subject to share blocking restrictions. Certain countries require the freezing of shares for trading purposes at the custodian/sub-custodian bank level in order to vote proxies to ensure that shareholders voting at meetings continue to hold the shares through the actual shareholder meeting. However, because AllianzGI U.S. cannot anticipate every proxy proposal that may arise (including a proxy proposal that an analyst and/or portfolio manager believes has the potential to significantly affect the economic value of the underlying security, such as proxies relating to mergers and acquisitions), AllianzGI U.S.

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may, from time to time, instruct the Proxy Providers to cast a vote for a proxy proposal in a share blocked country.

The Proxy Guidelines also provide for oversight of the proxy voting process by a Proxy Committee. The Proxy Guidelines summarize AllianzGI U.S.'s position on various issues, including issues of corporate governance and corporate actions, and give general indication as to how AllianzGI U.S. will vote shares on such issues. Occasionally, there may be instances when AllianzGI U.S. may not vote proxies in strict adherence to the Proxy Guidelines. To the extent that the Proxy Guidelines do not cover potential voting issues or a case arises of a potential material conflict between AllianzGI U.S.'s interest and those of a client with respect to proxy voting, the Proxy Committee will convene to discuss the issues. In evaluating issues, the Proxy Committee may consider information from many sources, including the portfolio management team, the analyst responsible for monitoring the stock of the company at issue, management of a company presenting a proposal, shareholder groups and independent proxy research services. In situations in which the Proxy Guidelines do not give clear guidance on an issue, an analyst or portfolio manager and/or the Proxy Committee will review the issue. In the event that either the analyst or portfolio manager wishes to override the Proxy Guidelines, the proposal will be presented to the Proxy Committee for a final decision. Any deviations from the Proxy Guidelines will be documented and maintained in accordance with Rule 204-2 under the Advisers Act.

In accordance with the Proxy Guidelines, AllianzGI U.S. may review additional criteria associated with voting proxies and evaluate the expected benefit to its clients when making an overall determination on how or whether to vote a proxy. Upon receipt of a client's written request, AllianzGI U.S. may also vote proxies for that client's account in a particular manner that may differ from the Proxy Guidelines. In addition, AllianzGI U.S. may refrain from voting a proxy on behalf of its clients' accounts due to de-minimis holdings, immaterial impact on the portfolio, items relating to non-U.S. issuers (such as those described below), non-discretionary holdings not covered by AllianzGI U.S., timing issues related to the opening/closing of accounts, securities lending issues (see below), contractual arrangements with clients and/or their authorized delegate, the timing of receipt of information, or where circumstances beyond its control prevent it from voting. For example, AllianzGI U.S. may refrain from voting a proxy of a non-U.S. issuer due to logistical considerations that may impair AllianzGI U.S.'s ability to vote the proxy. These issues may include, but are not limited to: (i) proxy statements and ballots being written in a language other than English, (ii) untimely notice of a shareholder meeting, (iii) requirements to vote proxies in person, (iv) restrictions on non-U.S. person's ability to exercise votes, (v) restrictions on the sale of securities for a period of time in proximity to the shareholder meeting, or (vi) requirements to provide local agents with power of attorney to facilitate the voting instructions. Such proxies are voted on a best-efforts basis.

AllianzGI U.S. may vote in accordance with the proxy guidelines of its affiliate advisers when voting in connection with Wrap Programs. The affiliated adviser's guidelines may differ and in fact be in conflict with AllianzGI U.S.'s voting guidelines.

If a client has decided to participate in a securities lending program, AllianzGI U.S. will defer to the client's determination and not attempt to recall securities on loan solely for

the purpose of voting routine proxies as this could impact the returns received from securities lending and make the client a less desirable lender in the marketplace. If the participating client requests, AllianzGI U.S. will use reasonable efforts to notify the client of proxy measures that AllianzGI U.S. deems material.

The ability to timely identify material events and recommend recall of shares for proxy voting purposes is not within the control of AllianzGI U.S. and requires the cooperation of the client and its other service providers. Efforts to recall loaned securities are not always effective and there can be no guarantee that any such securities can be retrieved in a timely manner for purposes of voting the securities.

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

(a)(1)

As of April 1, 2014, the following individual has primary responsibility for the day-to-day implementation of the AllianzGI Equity & Convertible Income Fund ( "NIE" or the "Fund" ):

**Douglas G. Forsyth, CFA**

*Managing Director, Chief Investment Officer, Fixed Income U.S.*

Mr. Forsyth is a portfolio manager, a managing director and CIO Fixed Income US with Allianz Global Investors, which he joined in 1994. He is the head of the firm's Income and Growth Strategies team and a member of the firm's US Executive Committee. Mr. Forsyth has portfolio management, trading and research responsibilities, and oversees all aspects of the Income and Growth platform's business, including product development and implementation. He has been the lead portfolio manager for the firm's High Yield Bond strategy since its inception in 1994 and assumed lead portfolio management responsibility for the firm's Convertible strategy in 1998. In addition to management responsibility for institutional clients worldwide, Mr. Forsyth supervises multiple open-end and closed-end mutual funds. He has more than 21 years of investment-industry experience and was previously an analyst at AEGON USA. Mr. Forsyth has a B.B.A. from the University of Iowa and is a CFA charterholder.

**Justin Kass, CFA**

*Managing Director, Portfolio Manager*

Mr. Kass is a portfolio manager and managing director with Allianz Global Investors, which he joined in 2000. He has portfolio management and research responsibilities for the Income and Growth Strategies team and was previously an intern on the team, adding significant depth to their proprietary Upgrade Alert Model. He has more than 15 years of investment-industry experience and previously worked at Universal Studios, Ocean Realty and the Center for Cooperatives. Mr. Kass has a B.S. from the University of California, Davis, and an M.B.A. from the UCLA Anderson School of Management. He is a CFA charterholder.

**Michael E. Yee**

*Director, Portfolio Manager*

Mr. Yee is a portfolio manager and director with Allianz Global Investors, which he joined in 1995. He has portfolio-management and research responsibilities for the Income and Growth Strategies team; prior to that, he was an analyst for the Global and Systematic team and previously worked in global and domestic portfolio administration and in client service. Mr. Yee has more than 19 years of investment-industry experience. He was previously a financial consultant for Priority One Financial/Liberty Foundation. Mr. Yee has a B.S. from the University of California, San Diego, and an M.B.A. from San Diego State University.





ALLIANZGI U.S.

(a) (2)

The following summarizes information regarding each of the accounts, excluding the Fund, that were managed by the Portfolio Managers as of January 31, 2014 including accounts managed by a team, committee, or other group that includes the Portfolio Managers.

| PM                      | # | Other RICs<br>AUM(\$million) | #  | Other Accounts<br>AUM(\$million) | # | Other Pooled<br>AUM(\$million) |
|-------------------------|---|------------------------------|----|----------------------------------|---|--------------------------------|
| Douglas G. Forsyth, CFA | 6 | 7,428.8                      | 17 | 2,922.8*                         | 7 | 13,360.3**                     |
| Justin Kass, CFA        | 6 | 7,428.8                      | 17 | 2,922.8*                         | 7 | 13,360.3**                     |
| Michael E. Yee          | 6 | 7,428.8                      | 17 | 2,922.8*                         | 7 | 13,360.3**                     |

\*Of the Other Accounts, one account totaling \$221.5 million in assets pay an advisory fee that is based on the performance of the account.

\*\*Of these other pooled investment vehicles, two accounts totaling \$569.8million in assets pay an advisory fee that is based in part on the performance of the account.

Like other investment professionals with multiple clients, a portfolio manager for a Fund may face certain potential conflicts of interest in connection with managing both the Fund and other accounts at the same time. The paragraphs below describe some of these potential conflicts, which AllianzGI U.S. believes are faced by investment professionals at most major financial firms.

AllianzGI U.S. has adopted compliance policies and procedures that address certain of these potential conflicts. The management of accounts with different advisory fee rates and/or fee structures, including accounts that pay advisory fees based on account performance ( performance fee accounts ), may raise potential conflicts of interest by creating an incentive to favor higher-fee accounts. These potential conflicts may include, among others:

- The most attractive investments could be allocated to higher-fee accounts or performance fee accounts.
- The trading of higher-fee accounts could be favored as to timing and/or execution price. For example, higher-fee accounts could be permitted to sell securities earlier

than other accounts when a prompt sale is desirable or to buy securities at an earlier and more opportune time.

- The investment management team could focus their time and efforts primarily on higher-fee accounts due to a personal stake in compensation.

When AllianzGI U.S. considers the purchase or sale of a security to be in the best interests of a Fund as well as other accounts, AllianzGI U.S.'s trading desk may, to the extent permitted by applicable laws and regulations, aggregate the securities to be sold or purchased. Aggregation of trades may create the potential for unfairness to a Fund or another account if one account is favored over another in allocating the securities purchased or sold—for example, by allocating a disproportionate amount of a security that is likely to increase in value to a favored account. AllianzGI U.S. considers many factors when allocating securities among accounts, including the account's investment style, applicable investment restrictions, availability of securities, available cash and other current holdings. AllianzGI U.S. attempts to allocate investment opportunities among accounts in a fair and equitable manner. However, accounts are not assured of participating equally or at all in particular investment allocations due to such factors as noted above. Cross trades, in which one AllianzGI U.S. account sells a particular security to another account (potentially saving transaction costs for both accounts), may also pose a potential conflict of interest when cross trades are effected in a manner perceived to favor one client over another. For example, AllianzGI U.S. may cross a trade between performance fee account and a fixed fee account that results in a benefit to the performance fee account and a detriment to the fixed fee account. AllianzGI U.S. has adopted compliance procedures that provide that all cross trades are to be made at an independent current market price, as required by law.

Another potential conflict of interest may arise from the different investment objectives and strategies of a Fund and other accounts. For example, another account may have a shorter-term investment horizon or different investment objectives, policies or restrictions than a Fund. Depending on another account's objectives or other factors, a portfolio manager may give advice and make decisions that may differ from advice given, or the timing or nature of decisions made, with respect to a Fund. In addition, investment decisions are subject to suitability for the particular account involved. Thus, a particular security may not be bought or sold for certain accounts even though it was bought or sold for other accounts at the same time. More rarely, a particular security may be bought for one or more accounts managed by a portfolio manager when one or more other accounts are selling the security (including short sales). There may be circumstances when purchases or sales of portfolio securities for one or more accounts may have an adverse effect on other accounts. AllianzGI U.S. maintains trading policies designed to provide portfolio managers an opportunity to minimize the effect that short sales in one portfolio may have on holdings in other portfolios.

A portfolio manager who is responsible for managing multiple accounts may devote unequal time and attention to the management of those accounts. As a result, the portfolio manager may not be able to formulate as complete a strategy or identify equally attractive investment opportunities for each of those accounts as might be the case if he or she were to devote substantially more attention to the management of a single fund. The effects of

this potential conflict may be more pronounced where funds and/or accounts overseen by a particular portfolio manager have different investment strategies.

A Fund's portfolio manager(s) may be able to select or influence the selection of the broker/dealers that are used to execute securities transactions for the Fund. In addition to executing trades, some brokers and dealers provide AllianzGI U.S. with brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934), which may result in the payment of higher brokerage fees than might have otherwise be available. These services may be more beneficial to certain funds or accounts than to others. In order to be assured of continuing to receive services considered of value to its clients, AllianzGI U.S. has adopted a brokerage allocation policy embodying the concepts of Section 28(e) of the Securities Exchange Act of 1934. The payment of brokerage commissions is subject to the requirement that the portfolio manager determine in good faith that the commissions are reasonable in relation to the value of the brokerage and research services provided to the Fund.

A Fund's portfolio manager(s) may also face other potential conflicts of interest in managing a Fund, and the description above is not a complete description of every conflict that could be deemed to exist in managing both the Funds and other accounts. In addition, a Fund's portfolio manager may also manage other accounts (including their personal assets or the assets of family members) in their personal capacity.

AllianzGI U.S.'s investment personnel, including each Fund's portfolio manager, are subject to restrictions on engaging in personal securities transactions pursuant to AGI U.S.'s Code of Business Conduct and Codes of Ethics, (the Code) which contain provisions and requirements designed to identify and address conflicts of interest between personal investment activities and the interests of the Funds. The Code is designed to ensure that the personal securities transactions, activities and interests of the employees of AllianzGI U.S. will not interfere with (i) making decisions in the best interest of advisory clients (including the Funds) or (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

(a) (3)

As of January 31, 2014 the following explains the compensation structure of each individual who shares primary responsibility for day-to-day portfolio management of the Fund:

Our compensation system is designed to support our corporate values and culture. While we acknowledge the importance of financial incentives and seek to pay top quartile compensation for top quartile performance, we also believe that compensation is only one of a number of critically important elements that allow the emergence of a strong, winning culture that attracts, retains and motivates talented investors and teams.

The primary components of compensation are the base salary and an annual discretionary variable compensation payment. This variable compensation component typically comprises a cash bonus that pays out immediately as well as a deferred component, for

members of staff whose variable compensation exceeds a certain threshold. The deferred component for most recipients would be a notional award of the Long Term Incentive Program (LTIP); for members of staff whose variable compensation exceeds an additional threshold, the deferred compensation is itself split 50%/50% between the LTIP and a Deferral into Funds program (DIF). Currently, the marginal rate of deferral of the variable compensation can reach 42% for those in the highest variable compensation bracket. Overall awards, splits and components are regularly reviewed to ensure they meet industry best practice and, where applicable, at a minimum comply with regulatory standards.

**Base salary** typically reflects scope, responsibilities and experience required in a particular role, be it on the investment side or any other function in our company. Base compensation is regularly reviewed against peers with the help of compensation survey data. Base compensation is typically a greater percentage of total compensation for more junior positions, while for the most senior roles it will be a comparatively small component, often capped and only adjusted every few years.

**Discretionary variable compensation** is primarily designed to reflect the achievements of an individual against set goals, over a certain time period. For an investment professional these goals will typically be 70% quantitative and 30% qualitative. The former will reflect a weighted average of investment performance over a three-year rolling time period (one-year (25%) and three year (75%) results) and the latter reflects contributions to broader team goals, contributions made to client review meetings, product development or product refinement initiatives. Portfolio managers have their performance metric aligned with the benchmarks of the client portfolios they manage.

**The LTIP element of the variable compensation** cliff vests three years after each (typically annual) award. Its value is directly tied to the operating result of Allianz Global Investors over the three year period of the award.

**The DIF element of the variable compensation** cliff vests three years after each (typically annual) award and enables these members of staff to invest in a range of Allianz Global Investors funds (investment professionals are encouraged to invest into their own funds or funds where they may be influential from a research or product group relationship perspective). Again, the value of the DIF awards is determined by the growth of the fund(s) value over the three year period covering each award.

Assuming an annual deferral of 33% over a three year period, a typical member of staff will have roughly one year's variable compensation (3x33%) as a deferred component in the bank. Three years after the first award, and for as long as deferred components were awarded without break, cash payments in each year will consist of the annual cash bonus for that current year's performance as well as a payout from LTIP/DIF commensurate with the prior cumulative three-year performance.

There are a small number of revenue sharing arrangements that generate variable compensation for specialist investment teams, as well as commission payments for a limited number of members of staff in distribution. These payments are subject to the

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same deferral rules and deferred instruments as described above for the discretionary compensation element.

In addition to competitive compensation, the firm's approach to retention includes providing a challenging career path for each professional, a supportive culture to ensure each employee's progress and a full benefits package.

(a)(4)

The following summarizes the dollar range of securities each portfolio manager for the Fund beneficially owned of the Fund that he managed as of January 31, 2014.

### AllianzGI Equity & Convertible Income Fund

|                    | <b>PM Ownership</b>   |
|--------------------|-----------------------|
| Douglas G. Forsyth | \$100,001 - \$500,000 |
| Justin Kass        | None                  |
| Michael Yee        | \$10,001 - \$50,000   |

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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.

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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))), as amended 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 the registrant's 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 materially affected, or is reasonably likely to affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS

(a) (1) Exhibit 99.CODE ETH - Code of Ethics

(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.

AllianzGI Equity & Convertible Income Fund

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

Date: April 1, 2014

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

Date: April 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 and Chief Executive  
Officer

Date: April 1, 2014

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

Date: April 1, 2014

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