

Nicholas-Applegate Equity & Convertible Income Fund
Form N-CSRS
October 09, 2007

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

Nicholas-Applegate Equity & Convertible Income Fund
(Exact name of registrant as specified in charter)

1345 Avenue of the Americas, New York,
(Address of principal executive offices)

New York 10105
(Zip code)

Lawrence G. Altadonna □ 1345 Avenue of the Americas, New York, New York 10105
(Name and address of agent for service)

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

Date of fiscal year end: January 31, 2008

Date of reporting period: July 31, 2007

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

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (□OMB□) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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

Semi-Annual Report
July 31, 2007

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

July 31, 2007

Dear Shareholder:

We are pleased to provide you with the semi-annual report for the NFJ Dividend Interest & Premium Strategy Fund and the Nicholas-Applegate Equity & Convertible Income Fund (collectively the "Funds") for the periods ended July 31, 2007. Nicholas-Applegate Equity & Convertible Income Fund commenced operations on February 27, 2007.

U.S. stocks posted relatively volatile performance during the reporting period. Strong secular growth in the global economy contributed to solid corporate earnings growth and advancing market conditions during the middle of the period. Concerns over housing and credit markets weakness fueled market declines at the beginning and end of the period.

In this environment, large-cap stocks generally outperformed small-cap stocks and growth stocks generally outperformed value stocks. Large-cap value stocks, as represented by the Russell 1000 Value Index, returned 0.05% for the reporting period, while large-cap growth stocks, as measured by the Russell 1000 Growth Index, returned 3.79% .

Following a steady succession of interest-rate increases, the Federal Reserve Board (the "Fed") set short-term interest rates at 5.25%, before the period began, and held firm to that level through the period. During the period, the Fed cited mixed signals in the economy, most notably weakness in housing, elevated levels of core inflation and steady, moderate economic growth.

Please refer to the following pages for specific information on the Funds. If you have any questions regarding the information provided, we encourage you to contact your financial advisor or call the Funds' shareholder servicing agent at (800) 331-1710. In addition, a wide range of information and resources are available on our Web site at www.allianzinvestors.com/closedendfunds.

Together with Allianz Global Investors Fund Management LLC, the Funds' investment manager, and NFJ Investment Group L.P., Nicholas-Applegate Capital Management LLC and Oppenheimer Capital, the Funds' sub-advisers, we thank you for investing with us.

We remain dedicated to serving your investment needs.

Sincerely,

Hans W. Kertess
Chairman

Brian S. Shlissel
President & Chief Executive Officer

NFJ Dividend, Interest & Premium Strategy Fund
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NFJ Dividend, Interest & Premium Strategy Fund Performance & Statistics

July 31, 2007 (unaudited)

□ For the six months ended July 31, NFJ Dividend, Interest & Premium Strategy Fund returned 1.99% on net asset value (NAV) and (4.38)% on market price.

□ Within the equity portion of the portfolio, an overweighting in energy and materials and an underweighting in financials aided Fund performance. Additionally, stock selection within the energy, consumer discretionary and consumer staples sectors contributed positively. Specifically, Occidental Petroleum, Petroleo Brasileiro, Marathon Oil, Whirlpool, VF Corp, Coca-Cola, Kraft Foods and SuperValu posted strong results during the period. Other contributors to performance included TXU in utilities, Dow Chemical in materials and Deluxe Corp in industrials.

□ Detracting from performance within the equity portion during the reporting period was an underweighting in industrials and stock selection in telecommunications and materials. Detractors in these sectors included Windstream, AT&T and Lyondell Chemical. Other performance detractors included Masco in industrials, Pfizer in healthcare and Regions Financial in financials.

□ During the period, the Fund achieved its equity-index option strategy objectives with respect to premiums collected and correlation to the underlying portfolio. Performance was bolstered by increased volatility during the period.

□ The convertible portion of the portfolio followed the broad equity move higher, as corporate profits continued to exceed expectations. Industrial companies benefited from robust first quarter earnings and impressive operating improvements. Energy companies moved higher on solid corporate profits, attractive valuations and higher energy prices. Select financials moved lower on concerns that tighter lending standards would impact future mergers and acquisition activity. The Fund had no exposure to sub-prime mortgages during the reporting period.

Total Return⁽¹⁾ :	Market Price	Net Asset Value (□NAV□)
Six months	(4.38)%	1.99%
1 year	14.21%	13.31%
Commencement of Operations (2/28/05) to 7/31/07	6.30%	10.88%
Market Price/NAV:		
Market Price		\$23.77
NAV		\$25.20
Discount to NAV		(5.67)%
Market Price Yield(2)		8.83%

Market Price/NAV Performance:

Commencement of Operations (2/28/05) to 7/31/07

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

(1) **Past performance is no guarantee of future results.** Total return is calculated by subtracting the value of an investment in the Fund at the beginning of the specified period from the value at the end of the period and dividing the remainder by the value of the investment at the beginning of the period and expressing the result as a percentage. The calculation assumes that all of the Fund's income dividends and capital gain distributions have been reinvested. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period more than one year represents the average annual return.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market yield and net asset value will fluctuate with changes in market conditions. This data is provided for information only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a onetime public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Net asset value is equal to total assets less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

(2) Market Price Yield is determined by dividing the annualized current quarterly per share dividend to shareholders by the market price per common share at July 31, 2007.

NFJ Dividend, Interest & Premium Strategy Fund

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Nicholas-Applegate Equity & Convertible Income Fund Performance & Statistics

July 31, 2007 (unaudited)

□ From the Fund's inception on February 27, 2007 through July 31, 2007, the Nicholas-Applegate Equity & Convertible Income Fund returned 4.82% on net asset value (NAV) and (4.16)% on market price.

□ Within the equity portion of the portfolio, an overweighting in industrials and materials contributed positively to Fund performance. Additionally, stock selection in the consumer discretionary and energy sectors benefitted performance positively. Specifically, CSX Corp, Freeport-McMoRan Copper & Gold, Johnson Controls, Inc. and National Oilwell Varco performed particularly well.

□ Detracting from Fund performance within the equity portion of the portfolio was an overweighting in healthcare and stock selection in financials and consumer staples. Detractors within these sectors included CME Group, Inc., Blackrock, Inc. and Molson Coors Brewing Co. Other performance detractors included Cognizant Technology Solutions in information technology and Bristol-Meyers Squibb in healthcare.

□ The Fund's equity index option strategy enhanced overall performance as volatility increased from historic lows at the start of February. The strategy benefited from moderate volatility during May and June. July was marked with substantially-higher volatility, as liquidity fears and sub-prime mortgage concerns continued to fuel investor pessimism and ultimately resulted in a market sell-off.

□ The convertible portion followed the broad equity move higher, as corporate profits continued to exceed expectations. Industrial companies benefited from robust first quarter earnings and impressive operating improvements. Energy companies moved higher on solid corporate profits, attractive valuations and higher energy prices. Select financials moved lower on concerns that tighter lending standards would impact future merger and acquisition activity. The Fund had no exposure to sub-prime mortgages during the reporting period.

Total Return⁽¹⁾ :

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

Market Price
(4.16)%

Net Asset Value (NAV)
4.82%

Market Price/NAV Performance:

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

Market Price/NAV:
Market Price
NAV
Discount to NAV
Market Price Yield(2)

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(1) **Past performance is no guarantee of future results.** Total return is calculated by subtracting the value of an investment in the Fund at the beginning of the specified period from the value at the end of the period and dividing the remainder by the value of the investment at the beginning of the period and expressing the result as a percentage. The calculation assumes that all income dividends and capital gain distributions have been reinvested. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized.

An investment in the Fund involves risk, including the loss of principal. Total return, price, yield and net asset value will fluctuate with changes in market conditions. This data is provided for information only and is not intended for trading purposes. Closed-end

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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 sold in the open market through a stock exchange. Net asset value is equal to total assets less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

(2) Market Price Yield is determined by dividing the annualized current quarterly per share dividend to shareholders by the market price per common share at July 31, 2007.

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NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments

July 31, 2007 (unaudited)

Shares (000)		Value
COMMON STOCK 74.6%		
Banking 7.5%		
900	Bank of America Corp. (a)	\$ 42,678,000
800	KeyCorp (a)	27,752,000
2,000	Regions Financial Corp. (a)	60,140,000
1,000	Wachovia Corp. (a)	47,210,000
		177,780,000
Beverages 3.4%		
800	Anheuser-Busch Cos., Inc. (a)	39,016,000
800	Coca-Cola Co.	41,688,000
		80,704,000
Capital Markets 1.7%		
550	Merrill Lynch & Co., Inc.	40,810,000
Chemicals 3.7%		
2,000	Dow Chemical Co. (a)	86,960,000
Commercial Services 0.7%		
400	R.R. Donnelley & Sons Co. (a)	16,904,000
Computers & Peripherals 3.7%		
300	International Business Machines Corp.	33,195,000
2,300	Seagate Technology, Inc.	54,073,000
		87,268,000
Diversified Financial Services 0.7%		
400	JP Morgan Chase & Co. (a)	17,604,000
Energy Equipment & Services 1.6%		
545	GlobalSantaFe Corp.	39,110,634
Food 1.6%		
1,137	Kraft Foods, Inc. Cl. A	37,240,320
Gas 1.1%		
677	KeySpan Corp.	28,133,505
Household Durables 1.8%		
102	Black & Decker Corp.	8,812,826
600	Stanley Works	33,198,000
		42,010,826
Household Products 1.3%		
450	Kimberly-Clark Corp.	30,271,500
Independent Power Producers & Energy Traders 1.7%		
625	TXU Corp.	40,800,825
Insurance 3.3%		
700	Allstate Corp. (a)	37,205,000
400	Lincoln National Corp. (a)	24,128,000
350	Travelers Cos., Inc.	17,773,000
		79,106,000
Leisure Equipment & Products 0.4%		
400	Mattel, Inc.	9,164,000

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Media 3.7%

1,200	CBS Corp. Cl. B	38,064,000
1,000	Gannett Co., Inc. (a)	49,900,000
		87,964,000

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NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments

July 31, 2007 (unaudited)

Shares (000)	Value
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NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments

July 31, 2007 (unaudited)

Shares (000)	Credit Rating	Value
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NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments

July 31, 2007 (unaudited)

Shares (000)		Credit Rating (Moody's/S&P)	Value
	Retail 0.2%		
4	Blockbuster, Inc., 7.50%, 12/31/49	NR/NR	\$ 4,203,000
	Telecommunications 0.6%		
239	Crown Castle International Corp., 6.25%, 8/15/12	NR/NR	13,796,186
	Waste Disposal 0.5%		
40	Allied Waste Industries, Inc., 6.25%, 3/1/08, Ser. D	B3/B	13,562,475
	Total Convertible Preferred Stock (cost-\$379,237,266)		387,219,001

CONVERTIBLE BONDS & NOTES 8.1%

Principal Amount (000)			
	Banking 0.4%		
\$ 10,000	UBS AG Jersey, 22.00%, 8/15/07 (b)(c)	NR/NR	9,537,500
	Commercial Services 1.1%		
	Quanta Services, Inc.,		
3,000	3.75%, 4/30/26 (b)(c)	NR/B	4,226,250
7,930	3.75%, 4/30/26, GDR	NR/B	11,171,388
7,500	Vertrue, Inc., 5.50%, 10/1/10	NR/B-	9,750,000
			25,147,638
	Computers 1.7%		
10,000	DST Systems, Inc., 4.125%, 8/15/23	NR/NR	16,275,000
12,950	Electronic Data Systems Corp., 3.875%, 7/15/23	Ba1/BBB-	13,273,750
10,100	Maxtor Corp., 6.80%, 4/30/10	Ba1/NR	10,668,125
			40,216,875
	Electric 0.4%		
3,500	PG&E Corp., 9.50%, 6/30/10	NR	