

July 21, 2009



## CBSX Trader News Update

### CBSX to Add New Stocks for Trading

TO: Members

SUBJECT: Allianz Exchange-Traded Funds to begin trading Thursday, July 23, 2009

Compliance and supervisory personnel should note that, among other things, this Information Bulletin discusses the need to deliver a prospectus to customers purchasing shares ("Shares") of the six (6) exchange-traded funds ("Funds") listed below issued by Allianz Global Investors. Please forward this Information Bulletin to other interested persons within your organization.

The following securities have been approved for trading on CBSX:

<u>Exchange-Traded Funds</u>	<u>Symbol</u>
Nicholas-Applegate Equity & Convertible Income Fund	NIE
Nicholas-Applegate Convertible & Income Fund	NVC
Nicholas-Applegate Convertible & Income Fund II	NCZ
Nicholas-Applegate Global Equity & Convertible Income Fund	NGZ
Nicholas-Applegate International & Premium Strategy Fund	NAI
NFJ Dividend Interest & Premium Strategy Fund	NFJ

### **Background Information on the Fund**

Allianz Global Investors (the "Trust") is a management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"), consisting of several investment portfolios. This circular relates only to the Nicholas-Applegate Equity & Convertible Income Fund, Nicholas-Applegate Convertible & Income Fund, Nicholas-Applegate Convertible & Income Fund II, Nicholas-Applegate Global Equity & Convertible Income Fund, Nicholas-Applegate International & Premium Strategy Fund, and Dividend Interest & Premium

Strategy Fund (the "Funds"). The shares of the Fund are referred to herein as "Shares." Nicholas-Applegate Capital Management LLC (the "Adviser") is the investment adviser to the Fund.

The Nicholas-Applegate Equity & Convertible Income Fund is a closed-end exchange traded investment company. The material on this website is presented only to provide information and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. After the initial public offering, shares of closed-end funds are sold in the open market through a stock exchange. For additional information, contact your financial advisor or call 1-800-254-5197. Investment policies, management fees and other matters of interest to prospective investors may be found in each closed-end fund prospectus.

The primary objective of the Fund is to seek total return comprised of capital appreciation, current income and gains. The Fund's Equity Component will ordinarily consist of common stocks, but may also include other types of equity securities, including preferred stocks, depository receipts, rights and warrants. The Fund may invest in securities of companies with any size market capitalization, but ordinarily expects to focus its equity investments in companies with market capitalizations of \$3 billion or more at the time of investment. The Fund may purchase securities in initial public offerings ("IPOs").

The Fund's Convertible Component will ordinarily consist principally of income-producing convertible securities, including bonds, debentures, notes, preferred stocks, and other securities or investments that may be converted or exchanged (by the holder or issuer) into equity securities of the issuer (or cash or securities of equivalent value), as well as synthetic convertible securities. Investing in convertible securities may entail risk. The Funds that invest in convertibles may have to convert the securities before they would otherwise, which may have an adverse effect on the Fund's ability to achieve its investment objective. The Convertible Component may include convertible and other debt securities that are of below investment grade quality. High-yield bonds typically have a lower credit rating than other bonds. Lower rated bonds generally involve a greater risk to principal than higher rated bonds.

The Fund will ordinarily invest principally in securities of U.S. issuers. The Fund may invest without limit in securities of non-U.S. issuers that trade on U.S. securities markets, such as American Depositary Receipts ("ADRs"). Up to 20% of the Fund's total assets may be invested in other non-U.S. equity and debt securities, including securities of issuers that are organized or headquartered in developing or "emerging market" countries. Investing in non-U.S. securities entails additional risks, including political and economic risk and the risk of currency fluctuations; these risks may be enhanced in emerging markets.

The Fund will employ its Option Strategy by writing (selling) call options on stocks held in the Equity Component. The Fund may also utilize other derivative strategies involving call and put options, futures and forward contracts, swap agreements, short sales and other derivative instruments for investment purposes or in an attempt to hedge against market and other risks in the portfolio. Use of derivative instruments may involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk and the risk that a fund could not close out a position when it would be most advantageous to do so. Portfolios investing in derivatives could lose more than the principal amount invested in these instruments.

The Nicholas-Applegate Convertible & Income Fund's primary investment objective is to provide total return through a combination of capital appreciation and high current income. Investing in convertible securities may entail risk. Funds that invest in convertibles may have to convert the securities before they would otherwise, which may have an adverse effect on the Fund's ability to achieve its investment objective. High-yield bonds typically have a lower credit rating than other bonds. Lower rated bonds generally involve a greater risk to principal than higher rated bonds. The use of leverage may cause a fund to liquidate portfolio positions at a disadvantageous time to satisfy its obligations or to meet segregation requirements. Leverage, including borrowing, may cause a fund to be more volatile than if the fund had not been leveraged, which may increase the risk of investment loss. This Fund may use derivative instruments for hedging purposes or as part of its investment strategy. Use of these instruments may involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk and the risk that a fund could not close out a position when it would be most advantageous to do so. Portfolios investing in derivatives could lose more than the principal amount invested in those instruments.

Returns are calculated by subtracting the value of a share at the beginning of the period from the value at the end and dividing the difference by the initial value, expressing the result as a percent change. The calculation assumes that all distributions during the period have been reinvested on the payable dates, at NAV or at market price according to how the returns are labeled. The returns do not reflect broker sales charges or commissions. Net asset value (NAV) is total assets less total liabilities divided by the number of shares outstanding.

The Nicholas-Applegate Convertible & Income Fund II's primary investment objective is to provide total return through a combination of capital appreciation and high current income. Investing in convertible securities may entail risk. Funds that invest in convertibles may have to convert the securities before they would otherwise, which may have an adverse effect on the Fund's ability to achieve its investment objective. High-yield bonds typically have a lower credit

rating than other bonds. Lower rated bonds generally involve a greater risk to principal than higher rated bonds. The use of leverage may cause a fund to liquidate portfolio positions at a disadvantageous time to satisfy its obligations or to meet segregation requirements. Leverage, including borrowing, may cause a fund to be more volatile than if the fund had not been leveraged, which may increase the risk of investment loss. This Fund may use derivative instruments for hedging purposes or as part of its investment strategy. Use of these instruments may involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk and the risk that a fund could not close out a position when it would be most advantageous to do so. Portfolios investing in derivatives could lose more than the principal amount invested in those instruments.

Returns are calculated by subtracting the value of a share at the beginning of the period from the value at the end and dividing the difference by the initial value, expressing the result as a percent change. The calculation assumes that all distributions during the period have been reinvested on the payable dates, at NAV or at market price according to how the returns are labeled. The returns do not reflect broker sales charges or commissions. Net asset value (NAV) is total assets less total liabilities divided by the number of shares outstanding.

The primary objective of the Nicholas-Applegate Global Equity & Convertible Income Fund is to seek total return comprised of capital appreciation, current income and gains. The Fund's Equity Component will ordinarily consist of common stocks, but may also include other types of equity securities, including preferred stocks, depository receipts, rights and warrants. The Fund ordinarily expects to focus its equity investments in companies with larger market capitalizations in relation to other companies in their particular markets, but may invest in securities of companies of any size. The non-U.S. companies in which the Fund invests may have market capitalizations that are small in relation to larger U.S. companies. Investing in non-U.S. securities entails additional risks, including political and economic risk and the risk of currency fluctuations; these risks may be enhanced in emerging markets. The Fund may purchase securities in initial public offerings.

The Fund's Convertible Component will ordinarily consist principally of income-producing convertible securities of U.S and non-U.S. issuers, including bonds, debentures, notes, preferred stocks, and other securities or investments that may be converted or exchanged (by the holder or issuer) into equity securities of the issuer (or cash or securities of equivalent value), as well as synthetic convertible securities. Investing in convertible securities may entail risk. The Funds that invest in convertibles may have to convert the securities before they would otherwise, which may have an adverse effect on the Fund's ability to achieve its investment objective. The Convertible Component may include

convertible and other debt securities that are of below investment grade quality. High-yield bonds typically have a lower credit rating than other bonds. Lower rated bonds generally involve a greater risk to principal than higher rated bonds.

The Fund will employ its Option Strategy by writing (selling) call options on stocks held in the Equity Component and on equity indexes. The Fund may also utilize other derivative strategies involving call and put options, futures and forward contracts, swap agreements, short sales and other derivative instruments for investment purposes or in an attempt to hedge against market and other risks in the portfolio. Use of derivative instruments may involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk and the risk that a fund could not close out a position when it would be most advantageous to do so. Portfolios investing in derivatives could lose more than the principal amount invested in these instruments.

When using index options, Nicholas-Applegate Capital Management LLC ("NACM") will attempt to maintain for the Fund written call options positions on equity indexes whose price movements, taken in the aggregate, are closely correlated with the price movements of corresponding stocks and other securities held in the Fund's Equity Component. However, this strategy involves significant risk that the changes in value of the indexes underlying the Fund's written index call options positions will not correlate closely with changes in the market value of securities held by the Fund. To the extent that there is a lack of correlation, movements in the indexes underlying the options positions may result in net losses to the Fund which exceed any gains received by the Fund from options premiums and any increase in value of the Fund's corresponding portfolio securities.

Returns are calculated by subtracting the value of a share at the beginning of the period from the value at the end and dividing the difference by the initial value, expressing the result as a percent change. The calculation assumes that all distributions during the period have been reinvested on the payable dates, at NAV or at market price according to how the returns are labeled. The returns do not reflect broker sales charges or commissions. Net asset value (NAV) is total assets less total liabilities divided by the number of shares outstanding.

The Nicholas-Applegate International & Premium Strategy Fund ordinarily will invest in common stocks and also may invest in other types of equity securities, such as depositary receipts and preferred stocks. The Fund's equity investments will ordinarily be focused primarily in companies located in countries represented in the Morgan Stanley Capital International Europe Australasia Far East Index (the MSCI EAFE Index). The Fund has the flexibility to invest up to 15% of its total assets in securities of companies located in developing or emerging market countries. Investing in non-U.S. securities may entail risk due to foreign

economic and political developments; this risk may be enhanced when investing in emerging markets. The Morgan Stanley Capital International (MSCI) Europe, Australasia, Far East Index (EAFE) is an unmanaged index of over 900 companies, and is a generally accepted benchmark for major overseas markets. Index weightings represent the relative capitalizations of those markets included in the index on a U.S. dollar adjusted basis. The Fund may invest up to 10% of its total assets in securities of companies located in the United States.

The Fund employs a strategy of writing (selling) call options on individual securities in the Equity Component. The Fund may also utilize other derivative strategies involving call and put options, futures and forward contracts, swap agreements, short sales and other derivative instruments for investment purposes or in an effort to hedge against market and other risks in the portfolio. Use of these instruments may involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk and the risk that a fund could not close out a position when it would be most advantageous to do so. Portfolios investing in derivatives could lose more than the principal amount invested in those instruments.

Returns are calculated by subtracting the value of a share at the beginning of the period from the value at the end and dividing the difference by the initial value, expressing the result as a percent change. The calculation assumes that all distributions during the period have been reinvested on the payable dates, at NAV or at market price according to how the returns are labeled. The returns do not reflect broker sales charges or commissions. Net asset value (NAV) is total assets less total liabilities divided by the number of shares outstanding.

The primary objective of the NFJ Dividend Interest and Premium Strategy Fund is to seek current income, with a secondary objective of capital appreciation. The Fund will invest its net assets (plus any borrowings for investment purposes) in dividend-paying or other income-producing equity securities including common stock, preferred stock and other equity-related securities, such as debt instruments and preferred stocks convertible into common stock and related synthetic instruments. The Fund may also invest in non-U.S. securities other than ADRs, including emerging market securities. Investing in non-U.S. securities may entail risk due to foreign economic and political developments; this risk may be enhanced when investing in emerging markets.

The convertible component will ordinarily consist of convertible securities, including synthetic convertible securities, and may include convertible securities that are of below investment grade quality. Funds that invest in convertibles may have to convert the securities before they would otherwise, which may have an adverse effect on the Fund's ability to achieve its investment objective. High-

yield securities typically have a lower credit rating than other securities which generally involves a greater risk to principal.

The Fund will employ its index option strategy by writing (selling) call options on equity indexes such that the underlying value of the indexes are approximately equal to and do not exceed the value of the equity component of the Fund. The Fund may also utilize other derivative strategies involving call and put options, futures and forward contracts, swap agreements, short sales and other derivative instruments in an attempt to hedge against market and other risks in the portfolio. Use of these instruments may involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk and the risk that a fund could not close out a position when it would be most advantageous to do so. Portfolios investing in derivatives could lose more than the principal amount invested in these instruments.

Returns are calculated by subtracting the value of a share at the beginning of the period from the value at the end and dividing the difference by the initial value, expressing the result as a percent change. The calculation assumes that all distributions during the period have been reinvested on the payable dates, at NAV or at market price according to how the returns are labeled. The returns do not reflect broker sales charges or commissions. Net asset value (NAV) is total assets less total liabilities divided by the number of shares outstanding.

The Funds are closed-end exchange traded investment companies. The material on this website is presented only to provide information and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. After the initial public offering, shares are sold on the open market through a stock exchange. Investment policies, management fees and other matters of interest to prospective investors may be found in each closed-end fund prospectus. For additional information, please contact your financial advisor. This update is distributed by Allianz Global Investors Distributors LLC, 1345 Avenue of the Americas, New York, NY 10105-4800.

Allianz Global Investors Fund Management LLC, is an indirect, majority-owned subsidiary of Allianz Global Investors of America L.P., and is a member of Munich-based Allianz Group (NYSE | AZ). Allianz is a leading global financial services company. Allianz Global Investors Fund Management LLC serves as the Funds' investment manager, and the sub-advisor is Nicholas Applegate Capital Management LLC (NACM).

The registration statement for the Funds describes the various fees and expenses for the Funds' Shares. For a more complete description of the Funds and the underlying indexes, visit the Funds' website at [www.allianz.com](http://www.allianz.com).

## **Exchange Rules Applicable to Trading the Shares**

The Shares are considered equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities.

## **Principal Risks**

Interested persons are referred to the discussion in the prospectus for the Fund of the principal risks of an investment in the Fund. These include tracking error risk (factors causing the Fund's performance to not match the performance of the underlying index), market trading risk (for example, trading halts, trading above or below net asset value), investment style risk, sector risk, investment approach risk, non-diversification risk, issuer-specific risk, management risk, credit risk, interest rate risk, liquidity risk, derivatives risk and leveraging risk.

## **Trading Hours**

The values of each index underlying the Shares are disseminated to data vendors every 15 seconds. The Shares will trade on the CBSX from 8:15 a.m. CT until 3:00 p.m. CT. The trading increment for the Fund's Shares will be \$0.01.

## **Extended Hours Trading**

Members are reminded that trading in the Fund's Shares prior to 8:30 a.m. may result in additional trading risks which include: (1) that the current underlying index value may not be updated, (2) the intraday indicative value may not be updated, (3) lower liquidity may impact pricing, (4) higher volatility may impact pricing, (5) wider spreads may occur, and (6), since the intraday indicative value is not calculated or widely disseminated, an investor who is unable calculate an implied value for an ETF in those sessions may be at a disadvantage to market professionals.

## **Trading Halts**

The Exchange will halt trading in the Shares based on Rule 52.3 and/or because dissemination of the intraday indicative value of the Shares and/or the underlying value of the index has ceased.

## **Suitability**

Members are reminded of their obligation under Rule 53.6 whereby the Member shall use due diligence to learn the essential facts relative to every customer prior to trading the Shares or recommending a transaction in the Shares that an

investment in the Shares is suitable for the customer. Members should adopt appropriate procedures for the opening and maintaining of accounts, including the maintaining of records prescribed by any applicable regulatory organization and by the rules and regulations of the Commission.

### **Delivery of a Prospectus**

Consistent with the requirements of the Securities Act and the rules thereunder, investors purchasing Shares in the initial public offering and anyone purchasing Shares directly from a Fund (by delivery of the designated securities) must receive a Prospectus. In addition, Members are required to deliver a Prospectus to all purchasers of newly-issued Shares (i.e. during the initial public offering). Members purchasing shares from a Fund for resale to investors will deliver a Prospectus to such investors.

Prospectuses may be obtained through the Fund's website. The Prospectus does not contain all of the information set forth in the Registration Statement (including the exhibits to the Registration Statement), parts of which have been omitted in accordance with the rules and regulations of the Commission. For further information about a Fund, please refer to the Registration Statement.

In the event that a Fund relies upon an order by the Commission exempting the Shares from certain Prospectus delivery requirements under Section 24(d) of the 1940 Act and makes available a written product description, the Exchange requires that Members provide to all purchasers of Shares a written description of the terms and characteristics of such securities, in a form prepared by the Trust, no later than the time a confirmation of the first transaction in the Shares, is delivered to such purchaser. In addition, ETP Holders shall include such a written description with any sales material relating to the Shares that is provided to customers or the public. Any other written materials provided by a Member to customers or the public making specific reference to the Shares as an investment vehicle must include a statement in substantially the following form: "A circular describing the terms and characteristics of Shares of the Fund has been prepared by the Trust and is available from your broker. It is recommended that you obtain and review such circular before purchasing Shares of the Fund. In addition, upon request you may obtain from your broker a prospectus for Shares of the Fund."

An Member carrying an omnibus account for a non-Member is required to inform such non-Member that execution of an order to purchase Shares for such omnibus account will be deemed to constitute agreement by the non-Member to make such written description available to its customers on the same terms as are directly applicable to Members under this rule.

Upon request of a customer, Members shall also provide a copy of the Prospectus.

This Information Bulletin is not a statutory Prospectus. Members should consult the Trust's Registration Statement, SAI, Prospectus and the Fund's website for relevant information.

Inquiries regarding this Information Bulletin should be directed to David Reed, 866.458.2279.

