

AGIC Equity & Convertible Income Fund  
Form N-CSR  
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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

**AGIC Equity & Convertible Income Fund**

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(Exact name of registrant as specified in charter)

1345 Avenue of the Americas, New York,

New York 10105

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(Address of principal executive offices)

(Zip code)

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

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(Name and address of agent for service)

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

Date of fiscal year end: January 31, 2011

Date of reporting period: January 31, 2011

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, 100 F Street, NE, Washington, DC 20549-2001. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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Item 1. Report to Shareholders



Annual Report

January 31, 2011

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

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

Dear Shareholder:

The twelve-month period ended January 31, 2011 saw unmistakable evidence that the U.S. economic recovery that began in the summer of 2009 was gathering steam. Financial markets responded accordingly, with stocks ending the fiscal period at highs not seen since the dark days of 2008. In fact, as the fiscal period drew to a close, the Standard & Poor's 500 Index had nearly doubled from its low of March 2009 – the fastest such rise since 1936. The surging stock market lured many investors from the perceived refuge of U.S. Treasury bonds. The yield on the benchmark 10-year bond ended the fiscal period just 21 basis points (0.21%) lower than where it began – this despite falling dramatically during the middle of the twelve-month period.

Hans W. Kertess  
*Chairman*

Brian S. Shlissel  
*President & CEO*

The economy's steady expansion was reflected in gross domestic product (GDP) figures throughout the year. In the first quarter of calendar 2010, GDP grew at a 3.7% annualized rate. This eased to 1.7% between April and June but accelerated the rest of the year expanding at a 2.6% pace during the third quarter and 3.2% during the fourth quarter of 2010. In January 2011, the final month of the fiscal period, most signs pointed to continued strength.

This strength was evident in a variety of ways. Exports increased and manufacturing, approximately one-tenth of the U.S. economy, staged an impressive comeback, *The Wall Street Journal* calling it the shining star of this recovery. However, the housing industry remains troubled and although the unemployment rate has declined, it remains stubbornly high. Supporting this recovery was the continued accommodative stance by the Federal Reserve (the Fed). The Fed revealed plans to purchase up to \$900 billion of U.S. Treasury bonds. The goal of this quantitative easing was to keep stimulating the economy by lowering interest rates. The Fed maintained its closely watched Federal Funds rate, the interest rate banks charge to lend federal funds to other banks, usually on an overnight basis in the 0.0% to 0.25% range. The discount rate, however, the interest rate charged to banks for direct loans was raised to 0.75% from 0.50%.

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

### Twelve Months in Review

For the fiscal period ended January 31, 2011:

The NFJ Dividend, Interest & Premium Strategy Fund rose 16.02% on net asset value ( NAV ) and 28.20% on market price.

The AGIC Equity & Convertible Income Fund rose 22.56% on NAV and 30.16% on market price.

In contrast, the Russell 3000 Index, a broad measure of U.S. stock market performance, rose 23.95% during the twelve-month fiscal period. The Russell 1000 Value Index, a measure of large-cap value-style stocks, returned 21.54% and the Russell 1000 Growth Index, a measure of growth style stocks, gained 25.14% during the reporting period. Convertible securities, as reflected by the Merrill Lynch All Convertibles Index, advanced 21.09% during the fiscal period.

### The Road Ahead

We anticipate that the economic recovery will continue and may, in fact, become more robust. At some point, companies are likely to accelerate hiring, which would boost the expansion still further. We are cautious, however, about interest rates, which have begun to move higher and could act as an economic headwind.

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, [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds).

**Receive this report electronically and eliminate paper mailings. To enroll, go to [www.allianzinvestors.com/edelivery](http://www.allianzinvestors.com/edelivery).**

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

Sincerely,

Hans W. Kertess  
Chairman

Brian S. Shlissel  
President & Chief Executive Officer

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## NFJ Dividend, Interest & Premium Strategy Fund

January 31, 2011 (unaudited)

## Fund Insights

For the fiscal year ended January 31, 2011, NFJ Dividend, Interest & Premium Strategy Fund returned 16.02% on net asset value and 28.20% on market price.

During the 12-month review period, investors' risk appetite returned, supported by a number of factors. In the equity market, the Russell 1000 Value Index, a subset of the broad market measuring value-oriented stocks, advanced strongly during the period. Equities were led by more economically sensitive and commodity-driven sectors such as materials and energy, as well as the consumer discretionary sector. More defensive segments such as utilities and consumer staples underperformed, with health care delivering the lowest returns for the fiscal year. Smaller and mid-size capitalized companies outperformed the largest capitalized firms. The most nimble companies were able to benefit from the improved macroeconomic environment.

Although convertible market sentiment varied throughout the fiscal period, the net result was a solid year. After an impressive return in the fourth quarter of 2010, the Merrill Lynch All Convertibles Index registered another good year of performance advancing 21.09%.

The factors driving fourth quarter and full year performance did not change significantly from earlier in the period. Although several hiccups occurred throughout the period, including mixed economic statistical releases and European sovereign concerns, these risks rose then abated quickly. Ultimately, stronger corporate profitability and an improving economy had the greatest influence on investor sentiment. Improved balance sheets and operating performance of corporations were supplemented by the incredible new corporate issuance volume that bolstered liquidity and reduced high-cost debt. Political risk abated after the November elections, and more accommodative decisions were made in Washington regarding taxes and further monetary policy easing (QE2). These factors also led to a healthy year-end rally in the equity markets and a sell-off in the Treasury market, all of which added to the appetite for convertible and equity investing.

Convertibles moved up in line with their historical equity upside participation during the fourth quarter of the period. Contrary to the first half of the fiscal period whereby credit improvement was the largest driver of performance, equity contribution increased later in the year.

### Portfolio specifics

The equity portion of the portfolio recorded positive performance. At the sector level, both stock selection and overweight positions to telecommunications and consumer staples were strongly positive, as was an overweight to financials. Leading performer in the equity portion of the Fund's portfolio included a significant overweight position in oil firm ConocoPhillips. That said, stock selection in the energy sector overall dampened returns, offsetting the beneficial effects of an overall overweighting to the sector. Stock selection in information technology and industrials also hampered returns. The largest detractors were Diamond Offshore Drilling and GlaxoSmithKline.

In the convertibles segment of the Fund's portfolio, positions in the consumer discretionary, industrials and financial industries benefitted performance during the period. Select consumer discretionary issuers moved higher as automobile sales exceeded expectations and production schedules increased. Industrial issuers performed well on improving operating statistics and solid end-market demand. Financial companies gained on an improving global economic outlook and improving credit metrics.

Healthcare and consumer staples industries hindered relative performance during the reporting period. Generic drug manufacturing companies underperformed as international end-markets deteriorated, negatively impacting earnings. Consumer staples issuers were down as investors rotated into higher beta companies.

At the start of the reporting period, levels of implied volatility, as measured by the Chicago Board Options Exchange VIX Index (the VIX), trended from the mid 20s down to the teens before spiking above 45 in May. One of the instances of increased volatility occurred due to the flash crash on May 6, 2010, where there was a chaotic drop in equity prices during afternoon trading. The equity market would regain strength towards the second half of the reporting period, resulting in declining levels of the VIX, which ended the last few months in the mid teens. The average volatility through the period was 22.29.

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

January 31, 2011 (unaudited)

**Fund Insights** (continued)

**Outlook**

With the expectation for better economic growth and continuing stimulus, we believe stocks should post gains in 2011. We believe this will occur with significant short-term volatility due to profit taking, uncertainties, and other routine but unforeseeable factors. Stock dividends compare well with bond yields and have begun rising, which bodes well for our particular investment style. We believe stock valuations remain attractive and corporate balance sheets are relatively healthy. In this environment we continue to seek to identify and invest in dividend-paying companies presenting stable financials and visibility of cash flow generation.

Our outlook for the convertible market is positive. The improvement in corporate earnings witnessed in the third quarter earnings continued in the fourth quarter of 2010. U.S. corporate cash levels are high, debt levels have been reduced and maturities have been extended. In addition, consumers are spending again and labor conditions are improving.

In 2011, we expect companies may use the high cash levels on their balance sheets and future free cash flow to boost shareholder value. Share buybacks, increased dividends and merger and acquisition activity are possible uses of excess cash. We believe these factors should benefit equity and convertible investors.

While we expect credit spread tightening should continue as high yield credit spreads remain above the historical average, positive convertible returns will be dependent on the equity markets going forward. Even though global and economic risk headlines persist, driving a continuation of choppy directional short-term performance, few companies have seen a change in demand or order patterns. We believe fundamentals remain intact and this should provide a positive backdrop for the U.S. equity markets. In such an environment, convertible bonds should benefit from credit spread tightening and higher equity prices, making them an attractive option for total return investors.

## AGIC Equity & Convertible Income Fund

January 31, 2011 (unaudited)

## Fund Insights

For the fiscal year ended January 31, 2011, AGIC Equity & Convertible Income Fund returned 22.56% on net asset value and 30.16% on market price.

Although market sentiment varied throughout the period, the net result for the equity and convertible markets was a solid year.

The factors driving the Fund's fiscal year end performance did not change significantly from earlier in the period. Although several hiccups occurred throughout the period, including mixed economic statistical releases and European sovereign concerns, these risks rose then abated quickly. Ultimately, stronger corporate profitability and an improving economy had the greatest influence on investor sentiment. Improved balance sheets and operating performance of issuers were supplemented by the incredible new corporate issuance volume that bolstered liquidity and reduced high-cost debt. Political risk abated after the November elections, and more accommodative decisions were made in Washington regarding taxes and further monetary policy easing (QE2). These factors also led to a healthy year-end rally in the equity markets and a sell-off in the Treasury market. All of which added to the appetite for convertible investing.

The equity move higher was broad-based among industries and market capitalizations. Lagging areas of performance included utilities, telecommunications, and healthcare. The best performing sectors were technology, energy and consumer discretionary.

As was the theme throughout the fiscal year, smaller and mid-sized capitalized companies in the Merrill Lynch All Convertibles Index outperformed the largest capitalized firms. The most nimble companies were able to benefit from the improved macroeconomic environment.

Convertibles moved up in line with their historical equity upside participation during the fourth quarter of the reporting period. Unlike the first half of the period, where credit improvement was the bigger driver of returns, equity contributed more later in the year.

The Chicago Board Options Exchange Volatility Index (VIX), a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices, began the fiscal period in the mid twenties, spiked in May and then moved lower with the rising equity market. The VIX's average volatility was 22.3, and remained in the mid to high teens during the last months of the period.

### Portfolio specifics

The Fund's equity positions in technology, industrials, and energy led much of the positive performance during the last fiscal quarter. Semiconductor chip manufacturers with exposure to smart phones and tablets were up on robust sales. Agricultural and mining equipment companies reported better than expected revenues and higher bookings. Energy names benefited from new build order flows that were much higher than analysts' estimates.

The Fund's weakest equity performers were healthcare companies. The market rotated away from the group as inline sales were overshadowed by higher inputs costs and potential pressure on future margins.

Convertible positions in the consumer discretionary, industrials and financial industries contributed positively to performance during the period. Select consumer discretionary issuers were higher as automobile sales exceeded expectations and production schedules increased. Industrial issuers performed well on improving operating statistics and solid end-market demand. Financial companies moved higher on an improving global economic outlook and improving credit metrics.

Convertible positions in the healthcare and consumer staples industries hindered relative performance over the period. Generic drug manufacturing companies underperformed as international end markets deteriorated, negatively impacting earnings. Consumer staples issues declined as investors rotated into higher beta companies.

### Outlook

Our outlook for the equity and convertible markets is positive. The improvement in corporate earnings seen in the third quarter earnings continued in the fourth quarter. U.S. corporate cash levels are high, debt levels have been reduced and maturities have been extended. In addition, consumers are spending again and labor conditions are improving.

In 2011, we expect companies may use the high cash levels on their balance sheets and future free cash flow to help boost shareholder value. Share buybacks, increased dividends and merger and acquisition activity are possible uses of excess cash. We believe these factors will benefit investors in the convertible and equity markets.



## AGIC Equity & Convertible Income Fund

January 31, 2011 (unaudited)

## Fund Insights (continued)

Even though global and economic risk headlines persist, driving a continuation of choppy directional short-term performance, few companies have seen a change in demand or order patterns. We believe fundamentals remain intact and this should provide a positive backdrop for the U.S. equity markets. Convertible bonds should benefit from credit spread tightening and higher equity prices, an attractive option for total return investors.

The Fund's disciplined approach of focusing on companies that are exceeding expectations and improving their credit statistics may be rewarded should those companies differentiate themselves from their peer group. In this environment, we believe companies that have reasonable earnings visibility should command premium valuations relative to other companies.

The portfolio management team continues to build the Fund's portfolio one company at a time, by seeking to identify those that are opportunistically capitalizing on change. In addition, we look to maintain our discipline of seeking to identify the best total return candidates with the optimal risk/reward profile.

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

January 31, 2011 (unaudited)

**Fund Performance & Statistics**

<b>Total Return<sup>(1)</sup>:</b>	<b>Market Price</b>	<b>NAV</b>
1 Year	28.20%	16.02%
5 Year	3.14%	2.50%
Commencement of Operations (2/28/05) to 1/31/11	1.82%	3.54%

**Market Price/NAV Performance:**

Commencement of Operations (2/28/05) to 1/31/11

Market Price

NAV

**Market Price/NAV:**

Market Price	\$17.60
NAV	\$19.12
Discount to NAV	(7.95)%
Market Price Yield <sup>(2)</sup>	10.23%

**Investment Allocation  
(as a % of total investments)**

- (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 income dividends and capital gain 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. Total return for a period of more than one year represents the average annual total return.

Performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's shares, or changes in Fund dividends.

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 onetime public offering and once issued, shares of closed-end funds are traded in the open market through a stock exchange. NAV is equal to total assets less total liabilities divided by the number of shares outstanding. Holdings are subject to change daily.

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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, 2011.

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**AGIC Equity & Convertible Income Fund**

January 31, 2011 (unaudited)

**Fund Performance & Statistics**

<b>Total Return<sup>(1)</sup>:</b>	<b>Market Price</b>	<b>NAV</b>
1 Year	30.16%	22.56%
3 Year	5.12%	3.83%
Commencement of Operations (2/27/07) to 1/31/11	2.36%	4.18%

**Market Price/NAV Performance:**

Commencement of Operations (2/27/07) to 1/31/11

Market Price

NAV

**Market Price/NAV:**

Market Price	\$19.30
NAV	\$20.28
Discount to NAV	(4.83)%
Market Price Yield <sup>(2)</sup>	5.80%

**Investment Allocation  
(as a % of total investments)**

- (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 income dividends, capital gain and return of capital 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. Total return for a period of more than one year represents the average annual total return.

Performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's shares, or changes in Fund dividends.

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 onetime public offering and once issued, shares of closed-end funds are traded in the open market through a stock exchange. NAV is equal to total assets less total liabilities divided by the number of shares outstanding. Holdings are subject to change daily.

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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, 2011.

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

January 31, 2011

## Schedule of Investments

Shares (000s)		Value
<b>COMMON STOCK 69.9%</b>		
<b>Aerospace &amp; Defense 2.1%</b>		
387	Lockheed Martin Corp.	\$ 30,797,240
100	Northrop Grumman Corp.	6,930,000
		37,727,240
<b>Capital Markets 1.4%</b>		
420	Ameriprise Financial, Inc. (a)	25,893,000
<b>Chemicals 0.8%</b>		
135	Lubrizol Corp.	14,507,100
<b>Commercial Banks 3.2%</b>		
456	PNC Financial Services Group, Inc. (a)	27,354,000
918	Wells Fargo & Co. (a)	29,748,592
		57,102,592
<b>Commercial Services &amp; Supplies 2.1%</b>		
486	Pitney Bowes, Inc.	11,797,652
1,500	RR Donnelley & Sons Co. (a)	26,580,000
		38,377,652
<b>Communications Equipment 0.5%</b>		
200	Harris Corp.	9,308,000
<b>Diversified Financial Services 0.6%</b>		
236	JP Morgan Chase & Co.	10,605,256
<b>Diversified Telecommunication Services 2.5%</b>		
750	AT&T, Inc. (a)	20,640,000
150	CenturyLink, Inc.	6,486,000
530	Verizon Communications, Inc. (a)	18,878,600
		46,004,600
<b>Electric Utilities 1.8%</b>		
600	Edison International (a)	21,768,000
152	Entergy Corp.	10,952,086
		32,720,086
<b>Energy Equipment &amp; Services 1.7%</b>		
421	Diamond Offshore Drilling, Inc. (a)	30,204,252
<b>Food &amp; Staples Retailing 0.2%</b>		
600	SUPERVALU, Inc.	4,374,000

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	<b>Food Products 1.2%</b>	
39	Bunge Ltd.	2,657,317
633	Kraft Foods, Inc. Cl. A (a)	19,363,038
		22,020,355
	<b>Health Care Equipment &amp; Supplies 1.9%</b>	
400	Baxter International, Inc. (a)	19,396,000
368		