

Nicholas-Applegate Equity & Convertible Income Fund  
Form N-CSRS  
October 07, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM N-CSRS**

**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, 2009

Date of reporting  
period: July 31, 2008

Form N-CSRS 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-CSRS 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-CSRS 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.

ITEM 1. REPORT TO SHAREHOLDERS

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

Semi-Annual Report  
July 31, 2008

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

**Letter to Shareholders**

September 19, 2008

Dear Shareholder:

We are pleased to provide you with the semiannual report for the NFJ Dividend, Interest & Premium Strategy Fund and the Nicholas-Applegate Equity & Convertible Income Fund (collectively the Funds) for the fiscal six-month period ended July 31, 2008.

U.S. stocks declined through the period on highly volatile performance. Continued weakness in housing and mortgage bond markets along with weak economic growth and slack employment conditions applied downward pressure on broad equity market indexes. Small- and mid-cap stocks outperformed large-caps for the period and growth stocks beat value stocks. Large-cap value stocks, as represented by the Russell 1000 Value Index, returned (10.29)% for the six-month reporting period while large-cap growth stocks, as measured by the Russell 1000 Growth Index, returned (3.24)%.

The Federal Reserve Board (the Fed) reduced short-term interest rates two times during the period, moving the Federal Funds target from 3.00% at the beginning of the reporting period to 2.00% at the period's end. The Fed declined to change rates at its June meeting, citing inflationary pressures. Bonds advanced during the period in most categories, as stocks weakened.

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. You may also find a wide range of information and resources on our Web site, [www.allianzinvestors.com/closedendfunds](http://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 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*

Brian S. Shlissel  
*President & Chief Executive Officer*

**NFJ Dividend, Interest & Premium Strategy Fund Fund Insights/Performance & Statistics**

July 31, 2008 (unaudited)

For the six-month period ended July 31, 2008, the NFJ Dividend, Interest & Premium Strategy Fund returned (4.51)% on net asset value (NAV) and (10.35)% based on market price.

U.S. stocks declined during six months ended July 31, 2008. Concerns over record oil prices, the U.S. credit crisis, slowing growth and rising inflation all contributed to a cautious mood that weighed most on financials and consumer discretionary stocks. Energy stocks advanced along with soaring oil prices. Stock selection decisions and an overweighting in the energy sector contributed positively to Fund's performance. Record oil prices boosted the earnings outlook for oilfield production service companies, including those of Fund holdings Halliburton and Diamond Offshore. Halliburton share prices rose as the services and equipment company increased its presence in the Middle East, Asia and Latin America. Diamond Offshore stock advanced on higher demand for deepwater drilling equipment and services that served to push up rates for Diamond and its competitors.

A significant underweighting in the financials sector proved beneficial to performance as the fallout from mounting losses at large banks and insurers was avoided.

Stock selections in the consumer discretionary sector weighed on performance. Holdings in advertising-dependent companies detracted as a softening economy and competition from online competitors sapped demand. Gannett, the nation's largest newspaper publisher, reported declines in print advertising and announced plans to write down assets by as much as \$3 billion. A decline in automobile advertising hurt CBS stock as did the network's announced decision to buy the growing and profitable Internet company CNET.

Investment-grade convertible bonds underperformed their non investment-grade counterparts during the six-month period. Investors also exhibited a preference for mid- and smaller-capitalized convertibles.

Finally, total return convertibles underperformed yield-oriented or busted convertibles.

New convertible issuance rebounded during the period. Financials continued to dominate new issuance. Year-to-date, \$51.6 billion has been raised in the convertible market.

	<b>Market Price</b>	<b>Net Asset Value ( NAV )</b>	
<b>Total Return<sup>(1)</sup>:</b>			
Six Months	(10.35)%	(4.51	)%
1 year	(7.80)%	(5.36	)%
3 years	3.08%	6.03	%
Commencement of Operations (2/28/05) to 7/31/08	1.97%	5.86	%

**Market Price/NAV Performance:**

Commencement of Operations (2/28/05) to 7/31/08

**Market Price/NAV:**

Market Price	\$19.89
NAV	\$21.75

Discount to NAV	(8.55	)%
Market Price Yield <sup>(2)</sup>	10.56	%

**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 each 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 total return.

The Fund's 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 distributions.

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 typically 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 attributable to common shareholders 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 distribution to common shareholders by the market price per common share at July 31, 2008.

NFJ Dividend, Interest & Premium Strategy Fund

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**Nicholas-Applegate Equity & Convertible Income Fund Insights/Performance & Statistics Fund**

July 31, 2008 (unaudited)

For the six-month period ended July 31, 2008, Nicholas-Applegate Equity & Convertible Income Fund returned (4.38)% on net asset value (NAV) and (9.11)% on market price.

The broad equity and convertible markets traded lower during the period as there were no significant catalysts to drive the markets higher. Slowing corporate profits, widening credit spreads, recession fears, high oil prices, and continued bank write-offs were responsible for the equity market pull-back.

Industry performance was mixed and driven by broad market themes. Financial issuer underperformance was the most severe of any industry in the broad markets. The consumer sector was also negatively affected. The best performing industries during the six month period were energy, telecommunications, and materials. These sectors performed well because of both favorable operating performance as well as an expected flight to quality.

Select companies hurt the equity holdings during the period. Within healthcare, an HMO company came under extreme pressure as fears that medical cost inflation would be much greater than anticipated. In addition, a semiconductor maker was hurt on fears that a slowdown in global handset sales would reduce future revenues.

Select companies helped offset some of the market weakness. A telecommunications company settled an ongoing royalty dispute driving shares higher. In addition, a surgical robotic company reported better than expected unit sales and firm pricing. Lastly, a biotech company had better drug sales and raised its sales expectations for the year.

The average Chicago Board of Exchange (CBOE) Volatility Index (VIX) value for the period was 23.1. The market's volatility hit highs in March, and then re-spiked in July. The CBOE Volatility Index is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices. Since its introduction in 1993, the Index has been considered by many to be the world's premier barometer of investor sentiment and market volatility.

Investment-grade convertible bonds underperformed their non investment-grade counterparts during the period. Investors also exhibited a preference for mid- and smaller-capitalized convertibles. Finally, total return convertibles underperformed yield-oriented or busted convertibles.

New convertible issuance rebounded in the period. Financials continued to dominate new issuance. Year-to-date, \$51.6 billion has been raised in the convertible market.

<b>Total Return<sup>(1)</sup>:</b>	<b>Market Price</b>	<b>Net Asset Value ( NAV )</b>	
Six Months	(9.11)%	(4.38	)%
1 year	(10.54)%	(4.10	)%
Commencement of Operations (2/27/07) to 7/31/08	(10.25)%	0.24	%

**Market Price/NAV Performance:**

Commencement of Operations (2/27/07) to 7/31/08

**Market Price/NAV:**

Market Price	\$18.94	
NAV	\$21.32	
Discount to NAV	(11.16	)%
Market Price Yield <sup>(2)</sup>	11.88	%

**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 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 of more than one year represents the average annual total return.

The Fund's 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 distributions.

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 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 distribution to shareholders by the market price per common share at July 31, 2008.



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

July 31, 2008 (unaudited)

Shares (000)		Value
<b>COMMON STOCK 70.8%</b>		
<b>Chemicals 3.1%</b>		
1,900	Dow Chemical Co. (a)	\$63,289,000
<b>Commercial Banks 3.1%</b>		
800	Bank of America Corp. (a)	26,320,000
528	KeyCorp (a)	5,571,455
1,000	Regions Financial Corp. (a)	9,480,000
775	Wells Fargo & Co.	23,444,115
		64,815,570
<b>Commercial Services &amp; Supplies 1.9%</b>		
400	R.R. Donnelley & Sons Co. (a)	10,680,000
800	Waste Management, Inc.	28,432,000
		39,112,000
<b>Computers &amp; Peripherals 1.7%</b>		
2,300	Seagate Technology, Inc. (a)	34,431,000
<b>Diversified Financial Services 1.2%</b>		
600	JP Morgan Chase & Co. (a)	24,378,000
<b>Diversified Telecommunication Services 6.3%</b>		
700	AT&T, Inc. (a)	21,567,000
700	Verizon Communications, Inc. (a)	23,828,000
7,000	Windstream Corp. (a)	83,440,000
		128,835,000
<b>Energy Equipment &amp; Services 2.5%</b>		
250	Diamond Offshore Drilling, Inc.	29,825,000
450	Halliburton Co.	20,169,000
		49,994,000
<b>Food Products 1.4%</b>		
900	Kraft Foods, Inc. Class A	28,638,000
<b>Household Durables 2.9%</b>		
500	Black & Decker Corp. (a)	30,010,000
400	Whirlpool Corp.	30,280,000
		60,290,000
<b>Household Products 1.4%</b>		
500		