

Nicholas-Applegate Equity & Convertible Income Fund
Form N-CSR
April 10, 2008

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: January 31, 2008

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

Annual Report
January 31, 2008

Contents

Letter to Shareholders	1
Fund Insights/Performance & Statistics	2-3
Schedules of Investments	4-14
Statements of Assets and Liabilities	15
Statements of Operations	16
Statements of Changes in Net Assets	17
Notes to Financial Statements	18-22
Financial Highlights	23-24
Report of Independent Registered Public Accounting Firm	25
Tax Information/Annual Shareholder Meeting Results/Subsequent Dividend Declarations	26
Privacy Policy/Proxy Voting Policies & Procedures	27
Dividend Reinvestment Plan	28
Board of Trustees	29-30
Principal Officers	31

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

March 10, 2008

Dear Shareholder:

We are pleased to provide you with the annual report of the NFJ Dividend, Interest & Premium Strategy Fund and the Nicholas-Applegate Equity & Convertible Income Fund (collectively the "Funds") for the fiscal year ended January 31, 2008. Nicholas-Applegate Equity & Convertible Income Fund commenced operations on February 27, 2007.

U.S. stocks posted modest declines on highly volatile performance during the reporting period. Concerns over structural imbalances in mortgage and bond markets, combined with weakness in U.S. housing, moved markets lower while strong secular growth in the global economy contributed to advances for companies engaged in energy, industrials and commodities markets.

Large-cap stocks outperformed small-caps for the period and growth stocks beat value stocks. Large-cap value stocks, as represented by the Russell 1000 Value Index, returned -5.38% for the reporting period while large-cap growth stocks, as measured by the Russell 1000 Growth Index, returned 0.51% .

The Federal Reserve reduced short-term interest rates five times during the period, moving the Federal Funds target from 5.25% at the beginning of the reporting period to 3.00% at the period's end, as economic weakness and lack of liquidity threatened to extend economic slowing to recession. 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.

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

January 31, 2008 (unaudited)

- For the 12 months ended January 31, 2008, the NFJ Dividend, Interest & Premium Strategy Fund returned 1.09% on net asset value (NAV) and -1.65% based on market price.
- Within the equity portion of the portfolio, exposure to the energy, industrials and consumer staples sectors contributed positively to returns. Positions in Petrobras, Anadarko Petroleum and Occidental Petroleum improved in the period along with rising energy prices. Petrobras, Brazil's state-run oil firm, benefited from new discovered reserves and record oil output. Anadarko Petroleum also benefited from new offshore discoveries and shares of Occidental Petroleum advanced with higher oil prices. A position in specialty printer Deluxe Corp. contributed to positive returns in the industrials sector. In the consumer staples sector, exposure to tobacco company Altria added to returns with the resolution of litigation and the company's acquisition of greater share in the U.S. cigar market.
- Detracting from performance within the equity portion during the reporting period were positions in the financials, telecommunications and consumer discretionary sectors. Shares of Washington Mutual and Regions Financial weakened among financials as both companies were hit hard by the subprime mortgage crisis. Media company Gannett lost ground in the consumer discretionary sector as the newspaper publisher, broadcaster and outdoor advertising company saw ad dollars turn scarce with a weakening housing market and heightened competition from online providers.
- During the period, the Fund's equity index option strategy was able to achieve its objectives with respect to premiums collected and correlation to the underlying portfolio. High levels of volatility, especially towards the end of the period, allowed us to widen our average strike distance while continuing to meet our premium objectives.
- The convertible portion of the portfolio followed the broad equity market lower during the period, as 2007 closed with no significant new catalysts to drive the market higher. This portion of the portfolio benefited from security selection in many industries during the period. Health care companies rallied in response to better-than-expected corporate profits and positive outlooks. Consumer staple companies benefited from record commodity prices as well as an investor rotation into more defensive industries. Select industries detracted from performance in the convertible portion of the portfolio. Despite positive performance for the year, some technology issuers pulled back during the period on fears of slowing earnings growth. Automotive and retail companies also declined.

Total Return⁽¹⁾ :

	Market Price	Net Asset Value (NAV)
1 year	(1.65)%	1.09%
Commencement of Operations (2/28/05) to 1/31/08	6.20%	8.59%

Market Price/NAV Performance:

Commencement of Operations (2/28/05) to 1/31/08

Market Price/NAV:

Market Price	\$23.26
NAV	\$23.84
Discount to NAV	(2.43)%
Market Price Yield ⁽²⁾	9.03%

**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 at prices obtained under the Fund's dividend reinvestment plan. 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.

Returns are calculated by determining the percentage change in net asset value or market share price (as applicable) with all distributions reinvested. 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 dividend to common shareholders by the market price per common share at January 31, 2008.

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

January 31, 2008 (unaudited)

- From the Fund's inception on February 27, 2007 through January 31, 2008, the Nicholas-Applegate Equity & Convertible Income Fund returned 5.13% on net asset value (NAV) and -5.66% on market price.
- The equity markets finished the fourth quarter down, but ended 2007 in positive territory.
- Within the equity portion of the portfolio, the Fund benefited by the markets' shift to mega-cap names, those with over \$50 billion in capitalization. Several issuers contributed to the positive portfolio performance during the period. Health care companies rallied in response to better-than-expected corporate profits and positive outlooks. Consumer staple companies and some industrials benefited from record commodity prices as well as an investor rotation into more defensive industries.
- Detracting from the Fund's performance within the equity portion were select names in the industrial and retail industries.
- The convertible portion followed the broad equity market lower during the period, as there were no significant new catalysts to drive the market higher.
- Within the convertible portion of the portfolio, the Fund was helped by many industries. Health care companies rallied in response to better-than-expected corporate profits and positive outlooks. Consumer staple companies benefited from record commodity prices as well as an investor rotation into more defensive industries.
- Select industries hurt the convertible portion of the Fund. Despite positive performance for the year, select technology issuers pulled back in the period on fears of slowing earnings growth. Automotive companies moved lower on concerns that weaker-than-expected consumer spending would cause auto sales to fall below expectations in 2008. Retail companies continued their move lower as the challenging economic backdrop weighed on consumer spending.

Total Return⁽¹⁾ :

Commencement of Operations (2/27/07) to 1/31/08

Market Price

(5.66)%

Net Asset Value (NAV)

4.93%

Common Share Market Price/NAV Performance:

Commencement of Operations (2/27/07) to 1/31/08

Market Price/NAV:

Market Price

\$22.02

NAV

\$23.44

Discount to NAV

(6.06)%

Market Price Yield⁽²⁾

10.22%

**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 at prices obtained under the Fund's dividend reinvestment plan. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized.

Returns are calculated by determining the percentage change in net asset value or market share price (as applicable) with all distributions reinvested. 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 dividend to common shareholders by the market price per common share at January 31, 2008.

NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments

January 31, 2008

Shares (000)		Value
COMMON STOCK 72.7%		
Banking 4.5%		
700	Bank of America Corp. (a)	\$ 31,045,000
600	KeyCorp (a)	15,690,000
1,000	Regions Financial Corp. (a)	25,240,000
750	Wachovia Corp. (a)	29,197,500
		101,172,500
Beverages 2.6%		
700	Anheuser-Busch Cos., Inc. (a)	32,564,000
450	Coca-Cola Co.	26,626,500
		59,190,500
Chemicals 3.3%		
1,900	Dow Chemical Co. (a)	73,454,000
Commercial Services 0.6%		
400	R.R. Donnelley & Sons Co. (a)	13,956,000
Commercial Services & Supplies 0.7%		
511	Waste Management, Inc.	16,576,840
Computers & Peripherals 2.0%		
2,246	Seagate Technology, Inc. (a)	45,516,285
Diversified Financial Services 0.8%		
400	JP Morgan Chase & Co. (a)	19,020,000
Diversified Telecommunication Services 6.7%		
1,122	AT&T, Inc. (a)	43,203,158
700	Verizon Communications, Inc. (a)	27,188,000
7,000	Windstream Corp. (a)	81,270,000
		151,661,158
Electronic Equipment & Instruments 1.2%		
236	Diamond Offshore Drilling, Inc.	26,606,308
Energy Equipment & Instruments 1.4%		
944	Halliburton Co.	31,302,529
Food 1.3%		
1,000	Kraft Foods, Inc. Class A	29,260,000
Household Durables 3.5%		
500	Black & Decker Corp.	36,270,000
500	Whirlpool Corp.	42,555,000
		78,825,000
Household Products 1.5%		
500	Kimberly-Clark Corp.	32,825,000
Insurance 4.1%		
700	Allstate Corp. (a)	34,489,000
103	Assurant, Inc.	6,685,597
500	Lincoln National Corp. (a)	27,180,000
500	Travelers Cos., Inc.	24,050,000
		92,404,597
Leisure Equipment & Products 1.9%		
2,000	Mattel, Inc. (a)	42,020,000

- NFJ Dividend, Interest & Premium Strategy Fund
 - 4** Nicholas-Applegate Equity & Convertible Income Fund Annual Report | 1.31.08 |
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NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments

January 31, 2008

Shares (000)		Value
	Machinery-Construction & Mining 2.0%	
650	Caterpillar, Inc. (a)	\$ 46,241,000
	Media 3.0%	
1,200	CBS Corp. Class B	30,228,000
1,000	Gannett Co. (a)	37,000,000
		67,228,000
	Metals & Mining 1.8%	
1,200	Alcoa, Inc.	39,720,000
	Multi-Utilities 2.1%	
683	Ameren Corp.	30,587,306
300	Sempra Energy	16,770,000
		47,357,306
	Oil & Gas 10.1%	
600	Chevron Corp. (a)	50,700,000
400	ConocoPhillips	32,128,000
600	Marathon Oil Corp.	28,110,000
600	Occidental Petroleum Corp.	40,722,000
550	Royal Dutch Shell PLC, ADR	39,275,500
500	Total SA, ADR	36,390,000
		227,325,500
	Pharmaceuticals 8.5%	
1,700	GlaxoSmithKline PLC, ADR (a)	80,546,000
3,600	Pfizer, Inc. (a)	84,204,000
700	Wyeth (a)	27,860,000
		192,610,000
	Road & Rail 1.7%	
700	Norfolk Southern Corp. (a)	38,073,000
	Specialty Retail 2.8%	
2,072	Home Depot, Inc.	63,548,240
	Semi-conductors 1.1%	
1,171	Intel Corp.	24,816,720
	Tobacco 2.6%	
400	Altria Group, Inc. (a)	30,328,000
450	Reynolds American, Inc. (a)	28,498,500
		58,826,500
	Textiles, Apparel & Luxury Goods 0.9%	
250	VF Corp.	19,342,500
	Total Common Stock (cost-\$1,738,189,761)	1,638,879,483

CONVERTIBLE PREFERRED STOCK 16.5%

		Credit Rating (Moody's/S&P)*	
	Agriculture 0.8%		
	Bunge Ltd.,		
97	4.875%, 12/31/49	Ba1/BB	13,970,612

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4	5.125%, 12/01/10	NR/BB	4,380,000
			18,350,612

NFJ Dividend, Interest & Premium Strategy Fund
| 1.31.08 | Nicholas-Applegate Equity & Convertible Income Fund Annual Report **5**

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NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments

January 31, 2008

Shares (000)		Credit Rating (Moody's/S&P)*	Value
	Automotive 0.5%		
575	General Motors Corp., 6.25%, 7/15/33, Ser. C	Caa1/B-	\$ 12,129,335
	Banking 1.0%		
6	Bank of America Corp., 7.25%, 12/31/49	Aa3/A+	6,882,037
129	Wells Fargo & Co., 8.00%, 6/1/08, Ser. AAPL (Apple, Inc.) (f)	Aa1/AA+	15,917,865
			22,799,902
	Commercial Services 0.3%		
161	United Rentals, Inc., 6.50%, 8/1/28	B3/B-	6,446,400
	Diversified Financial Services 4.9%		
131	Citigroup Funding, Inc., 4.583%, 9/27/08, Ser. GNW (Genworth Financial, Inc.) (d) (f)	Aa3/AA-	3,114,348
49	Citigroup, Inc., 6.50%, 12/31/49 Ser. T	A2/A	2,667,367
866	Eksportfinans A/S, 13.00%, 11/1/08, Ser. TWX (Time Warner, Inc.) (f)	Aaa/A+	13,784,424
597	Goldman Sachs Group, Inc., 9.75%, 12/19/08, Ser. CSCO (Cisco Systems, Inc.) (f)	Aa3/NR	15,410,667
356	20.00%, 3/6/08, Ser. DISH (EchoStar Communications Corp.) (f)	Aa3/NR	10,119,857
86	Lazard Ltd., 6.625%, 5/15/08	Ba1/NR	2,868,419
630	Lehman Brothers Holdings, Inc., 6.00%, 10/12/10, Ser. GIS (General Mills, Inc.) (f)	A1/A+	14,986,156
178	8.50%, 8/25/08, Ser. UTX (United Technologies Corp.) (f)	A1/A+	12,417,792
348	20.00%, 2/24/08, Ser. HPQ (Hewlett-Packard Co.) (f)	A1/A+	13,179,181
26	Morgan Stanley, 20.00%, 3/8/08, Ser. GOOG (Google, Inc.) (f)	Aa3/NR	11,304,758
391	20.00%, 3/24/08, Ser. DIS (The Walt Disney Co.) (f)	Aa3/NR	9,818,850
			109,671,819
	Electric 1.9%		
244	AES Trust III, 6.75%, 10/15/29	B3/B-	11,228,600
230	Entergy Corp., 7.625%, 2/17/09	NR/BBB	14,720,000
48	NRG Energy, Inc., 5.75%, 3/16/09	B2/CCC+	16,320,562
			42,269,162
	Hand/Machine Tools 0.4%		
10	Stanley Works, 6.975%, 5/17/12 (d)	A2/A	9,449,700
	Insurance 1.1%		
405	Metlife, Inc., 6.375%, 8/15/08	NR/BBB+	11,788,911
173	Platinum Underwriters Holdings Ltd., 6.00%, 2/15/09, Ser. A	NR/BB+	5,254,875
504	XL Capital Ltd., 7.00%, 2/15/09	Baa1/A-	8,630,847
			25,674,633
	Investment Companies 0.6%		
231	Vale Capital Ltd., 5.50%, 6/15/10, Ser. RIO-P (CompanhiaVale ADS) (f)	NR/NR	10,696,875
	5.50%, 6/15/10, Ser. RIO (Companhia Vale do Rio Doce) (f)	NR/NR	3,353,906
			14,050,781
	Metals & Mining 0.7%		
121	Freeport-McMoRan Copper & Gold, Inc., 6.75%, 5/1/10	NR/B+	16,108,640
	Oil & Gas 0.6%		

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113	Chesapeake Energy Corp., 5.00%, 12/31/49	NR/B	12,715,231
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NFJ Dividend, Interest & Premium Strategy Fund
6 Nicholas-Applegate Equity & Convertible Income Fund Annual Report | 1.31.08 |

NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments

January 31, 2008

Shares (000)		Credit Rating (Moody's/S&P)*	Value
	Packaging & Containers 0.2%		
111	Owens-Illinois, Inc., 4.75%, 12/31/49	Caa1/B-	\$ 5,616,105
	Pharmaceuticals 0.4%		
42	Schering-Plough Corp., 6.00%, 8/13/10	Baa3/BBB	7,982,794
	Real Estate (REIT) 0.5%		
602	FelCor Lodging Trust, Inc., 1.95%, 12/31/49, Ser. A	B2/B-	11,981,736
	Savings & Loans 0.2%		
102	Washington Mutual Capital Trust, 5.375%, 5/3/41	Baa3/BBB-	3,828,224
	Sovereign 1.3%		
362	Svensk Exportkredit AB, 10.00%, 10/20/08, Ser. TEVA (Teva Pharmaceutical Industries Ltd.) (f)	Aa1/AA+	15,817,433
162	12.50%, 12/12/08, Ser. XOM (Exxon Mobil Corp.) (f)	Aa1/AA+	14,026,488
			29,843,921
	Telecommunications 0.6%		
239	Crown Castle International Corp., 6.25%, 8/15/12	NR/NR	13,497,568
	Waste Disposal 0.5%		
40	Allied Waste Industries, Inc., 6.25%, 3/1/08, Ser. D	B3/B	10,416,825
	Total Convertible Preferred Stock (cost-\$383,535,948)		372,833,388

CONVERTIBLE BONDS & NOTES 6.5%Principal
Amount
(000)