

AGIC Convertible & Income Fund II  
Form N-CSRS  
October 29, 2010

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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 811-21338

AGIC Convertible & Income Fund II

(Exact name of registrant as specified in charter)

1345 Avenue of the Americas, New York,

New York 10105

(Address of principal executive offices)

(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 February 28, 2011  
end:

Date of reporting August 31, 2010  
period:

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

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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

Semi-Annual Report

August 31, 2010

**AGIC Convertible & Income Fund**  
(formerly Nicholas-Applegate Convertible & Income Fund)

**AGIC Convertible & Income Fund II**  
(formerly Nicholas-Applegate Convertible & Income Fund II)

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Dear Shareholder:

The six-month fiscal period ended August 31, 2010 was characterized by renewed turbulence in the financial markets, which retreated on evidence that the U.S. and global economies were slowing down.

### The Six Months in Review

For the six-month fiscal period ended August 31, 2010:

The AGIC Convertible & Income Fund (formerly Nicholas-Applegate Convertible & Income Fund) returned 4.85% on net asset value ( NAV ) and 4.43% on market price.

The AGIC Convertible & Income Fund II (formerly Nicholas-Applegate Convertible & Income Fund II) returned 4.95% on NAV and 4.67% on market price.

In comparison, the Merrill Lynch All Convertibles All Qualities Index, an unmanaged index generally representative of the convertible securities market, advanced 1.92%. The S&P 500 Index, an unmanaged index that is generally representative of the U.S. stock market, fell 4.04%. The Barclays Capital U.S. Treasury Bond Index advanced 6.60%.

As the fiscal reporting period began in March, the U.S. economy, as measured by gross domestic product ( GDP ), was growing at a 2.7% annual rate. But during April and June, GDP grew at a 1.6% annual rate. During the last two months of the reporting period, there were several signs of additional deceleration, including soft consumer spending and plunging sales of new and existing homes. Abroad, worries that certain European governments might default on their debt contributed to investor skittishness. In addition, there were indications that China's rapidly-expanding economy was slowing.

Many investors reacted to these developments by shifting out of corporate bonds and stocks and into U.S. Treasury bonds, which are perceived as safe havens in times of uncertainty. Demand for Treasuries was so great that the yield on the benchmark 10-year bond, which had reached 4.01% in April, fell to 2.47% by the end of the six-month fiscal period. Corporate bonds generally suffered as a result, with prices dropping and yields (which move in the opposite direction), rising sharply. As for stocks, after peaking in late April prices slid, with major indices erasing their gains for the year.

The slowing U.S. economy was a matter of increasing concern for the Federal Reserve (the Fed ). The Fed lowered previously robust expectations

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for growth and indicated that it could take until 2016 for economic conditions to get back to what policymakers considered normal.

The Fed maintained the 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, while the discount rate the interest rate charged to banks for direct loans remained at 0.75% during the six-month fiscal period, after being increased from 0.50% in February.

### Positioned To Face Today's Challenges

Six months ago, the possibility of another recession two consecutive quarters of negative economic growth seemed remote. But with the U.S. economy weakening, the odds of a double-dip recession have increased. Deflation the falling prices of goods, services and wages is another concern.

However, another scenario is also possible: the U.S. economy avoids both recession and deflation and muddles along, growing slowly. Regardless of what happens, we believe that with careful research, investment opportunities can be identified.

For specific information on the Funds and their performance, please refer to 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 Allianz Global Investors Capital LLC, the Funds sub-adviser, 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

**AGIC Convertible & Income Funds Fund Insights**

August 31, 2010 (unaudited)

For the six-month fiscal period ended August 31, 2010, AGIC Convertible & Income Fund returned 4.85% on NAV and 4.43% on market price. AGIC Convertible & Income Fund II returned 4.95% on NAV and 4.67% on market price.

The convertible market, as measured by the Merrill Lynch All Convertibles All Quality Index, had positive performance during the reporting period, countering the trend of declines experienced by many broad domestic and international equity benchmarks.

Both Funds' performance benefited from security selection decisions among diversified media and technology companies and among airlines. An underweighting in utilities also contributed positively to returns versus the benchmark.

Security selection decisions in the energy, homebuilding, restaurant and gaming industries detracted from the Funds' relative returns during the period.

Equity markets experienced multiple directional changes during the reporting period. Improved access to capital and stable-to-improving corporate profits contributed to investor optimism, while lingering concerns about European monetary conditions and the sustainability of the global economic recovery fueled pessimism. In the U.S., economic activity decelerated during the reporting period. Private employers added fewer jobs than anticipated and housing figures disappointed.

The high risk-aversion that had severely restricted the availability of credit in recent years was not a significant factor during the reporting period. Companies seeking debt financing experienced a highly accommodative corporate bond market. The easing of the credit crunch coincided with rising bond prices and a tightening of spreads.

Within the high yield universe, performance was broadly positive during the reporting period. On average, securities in every industry, except utilities, recorded gains. Top performing industries within the index during the period included insurance, transportation (ex-rail and air), airlines and banking. Returns in the retail food and drug industry and in technology lagged the benchmark average, along with the declining utilities industry.

Total-return oriented convertibles outperformed the more bond-like busted convertibles during the six-month reporting period. Busted convertibles trade like fixed-income investments because the market price of the common stock they convert to has fallen low enough to render the conversion feature valueless. On a bond-quality basis, speculative grade convertibles outperformed investment-grade securities during the period. On average, convertible securities of mid-cap companies outperformed those of both large-cap and small-cap companies.

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**AGIC Convertible & Income Fund Performance & Statistics**

August 31, 2010 (unaudited)

| <b>Total Return<sup>(1)</sup>:</b>              | <b>Market Price</b> | <b>NAV</b> |
|---|---------------------|------------|
| Six Month                                       | 4.43%               | 4.85%      |
| 1 Year  | 30.20%              | 24.59%     |
| 5 Year  | 2.59%               | 1.97%      |
| Commencement of Operations (3/31/03) to 8/31/10 | 6.59%               | 6.35%      |

**Market Price/NAV Performance:**

Commencement of Operations (3/31/03) to 8/31/10

**Market Price/NAV:**

|                                   |        |
|-----------------------------------|--------|
| Market Price                      | \$9.25 |
| NAV                               | \$8.68 |
| Premium to NAV                    | 6.57%  |
| Market Price Yield <sup>(2)</sup> | 11.68% |

**Moody's Ratings  
(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 returns do not reflect the deduction of taxes that a shareholder would pay on a Fund's distributions or the redemption of a Fund's shares. 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.

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 the Fund's dividends.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market 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 sold in the open market through a stock exchange. NAV 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)

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Market Price Yield is determined by dividing the annualized current monthly per share dividend (comprised of net investment income) payable to common shareholders by the market price per common share at August 31, 2010.

**AGIC Convertible & Income Fund II Performance & Statistics**

August 31, 2010 (unaudited)

| <b>Total Return<sup>(1)</sup>:</b>              | <b>Market Price</b> | <b>NAV</b> |
|---|---------------------|------------|
| Six Month                                       | 4.67%               | 4.95%      |
| 1 Year  | 32.59%              | 25.17%     |
| 5 Year  | 2.18%               | 0.61%      |
| Commencement of Operations (7/31/03) to 8/31/10 | 4.91%               | 4.19%      |

**Market Price/NAV Performance:**

Commencement of Operations (7/31/03) to 8/31/10

**Market Price/NAV:**

|                                   |        |
|-----------------------------------|--------|
| Market Price                      | \$8.64 |
| NAV                               | \$7.90 |
| Premium to NAV                    | 9.37%  |
| Market Price Yield <sup>(2)</sup> | 11.81% |

**Moody's Ratings  
(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 returns do not reflect the deduction of taxes that a shareholder would pay on a Fund's distributions or the redemption of a Fund's shares. 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.

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 the Fund's dividends.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market 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 sold in the open market through a stock exchange. NAV 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)

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Market Price Yield is determined by dividing the annualized current monthly per share dividend (comprised of net investment income) payable to common shareholders by the market price per common share at August 31, 2010.

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**AGIC Convertible & Income Fund** Schedule of Investments

August 31, 2010 (unaudited)

| Principal Amount (000s)                  |   | Credit Rating (Moody s/S&P) | Value       |
|--|---|-----------------------------|-------------|
| <b>CORPORATE BONDS &amp; NOTES 48.9%</b> |   |                             |             |
|  | <b>Advertising 1.0%</b>                               |                             |             |
| \$9,410                                  | Affinion Group, Inc., 11.50%, 10/15/15                | Caa1/B                      | \$9,939,313 |
|  | <b>Aerospace &amp; Defense 0.2%</b>                   |                             |             |
| 1,730                                    | BE Aerospace, Inc., 8.50%, 7/1/18                     | Ba3/BB                      | 1,855,425   |
|  | <b>Airlines 0.7%</b>                                  |                             |             |
| 6,250                                    | United Airlines, Inc., 12.00%, 11/1/13 (a)(b)         | Caa1/CCC                    | 6,718,750   |
|  | <b>Apparel 0.1%</b>                                   |                             |             |
| 750                                      | Quiksilver, Inc., 6.875%, 4/15/15                     | Caa1/CCC                    | 697,500     |
|  | <b>Auto Components 2.2%</b>                           |                             |             |
| 9,910                                    | Exide Technologies, 10.50%, 3/15/13, Ser. B           | B3/B                        | 10,145,362  |
| 11,305                                   | Stoneridge, Inc., 11.50%, 5/1/12                      | B3/B+                       | 11,361,525  |
|  |   |                             | 21,506,887  |
|  | <b>Banks 0.4%</b>                                     |                             |             |
| 3,611                                    | Ally Financial, Inc., 6.75%, 12/1/14                  | B3/B                        | 3,620,027   |
|  | <b>Commercial Services 1.8%</b>                       |                             |             |
| 1,850                                    | Cardtronics, Inc., 8.25%, 9/1/18                      | B2/BB                       | 1,900,875   |
| 5,705                                    | DynCorp International, Inc., 10.375%, 7/1/17 (a)(b)   | B1/B                        | 5,705,000   |
| 10,000                                   | National Money Mart Co., 10.375%, 12/15/16            | B2/B+                       | 10,550,000  |
|  |   |                             | 18,155,875  |
|  | <b>Commercial Services &amp; Supplies 1.8%</b>        |                             |             |
| 5,610                                    | Cenveo Corp., 7.875%, 12/1/13                         | Caa1/B                      | 5,371,575   |
| 11,810                                   | Hertz Corp., 10.50%, 1/1/16                           | B3/CCC+                     | 12,636,700  |
|  |   |                             | 18,008,275  |
|  | <b>Construction &amp; Engineering 1.1%</b>            |                             |             |
| 10,835                                   | MasTec, Inc., 7.625%, 2/1/17                          | B1/B+                       | 10,482,863  |
|  | <b>Consumer Finance 0.3%</b>                          |                             |             |
| 3,775                                    | American General Finance Corp., 6.90%, 12/15/17       | B3/B                        | 2,944,500   |
|  | <b>Distribution/Wholesale 0.7%</b>                    |                             |             |
| 7,055                                    | KAR Holdings, Inc., 8.75%, 5/1/14                     | B3/CCC+                     | 7,284,287   |
|  | <b>Diversified Financial Services 2.0%</b>            |                             |             |
| 9,890                                    | CIT Group Funding Co. of Delaware LLC, 10.25%, 5/1/15 | B3/B+                       | 10,248,512  |
| 5,280                                    | Ford Motor Credit Co. LLC, 9.875%, 8/10/11            | Ba3/B+                      | 5,574,307   |
| 3,995                                    | International Lease Finance Corp., 6.375%, 3/25/13    | B1/BB+                      | 3,880,144   |
|  |   |                             | 19,702,963  |
|  | <b>Diversified Telecommunications 0.7%</b>            |                             |             |
| 7,275                                    | Cincinnati Bell, Inc., 8.75%, 3/15/18                 | B3/B                        | 6,984,000   |
|  | <b>Electric 0.4%</b>                                  |                             |             |
| 5,565                                    | Edison Mission Energy, 7.00%, 5/15/17                 | B3/B                        | 3,825,937   |
|  | <b>Electrical Equipment 0.4%</b>                      |                             |             |
| 3,430                                    | Baldor Electric Co., 8.625%, 2/15/17                  | B3/B                        | 3,644,375   |
|  | <b>Electronics 0.8%</b>                               |                             |             |
| 7,140                                    | Kemet Corp., 10.50%, 5/1/18 (a)(b)                    | B1/B                        | 7,461,300   |
|  | <b>Energy Equipment &amp; Services 0.6%</b>           |                             |             |
| 5,795                                    | Pioneer Drilling Co., 9.875%, 3/15/18 (a)(b)          | B3/B                        | 5,823,975   |



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**AGIC Convertible & Income Fund** Schedule of Investments

August 31, 2010 (unaudited) (continued)

| Principal Amount (000s) |  | Credit Rating (Moody s/S&P) | Value        |
|-------------------------|--|-----------------------------|--------------|
|                         | <b>Entertainment 1.3%</b>                            |                             |              |
| \$11,750                | AMC Entertainment, Inc., 11.00%, 2/1/16              | Caa1/CCC+                   | \$12,484,375 |
|                         | <b>Food &amp; Staples Retailing 0.8%</b>             |                             |              |
| 9,655                   | Rite Aid Corp., 8.625%, 3/1/15                       | Caa3/CCC                    | 7,868,825    |
|                         | <b>Health Care Providers &amp; Services 2.0%</b>     |                             |              |
| 3,500                   | Apria Healthcare Group, Inc., 11.25%, 11/1/14 (a)(b) | Ba2/BB+                     | 3,801,875    |
| 7,515                   | Hanger Orthopedic Group, Inc., 10.25%, 6/1/14        | B3/B                        | 7,928,325    |
| 7,715                   | HCA, Inc., 9.25%, 11/15/16                           | B2/BB                       | 8,293,625    |
|                         |  |                             | 20,023,825   |
|                         | <b>Healthcare-Services 0.5%</b>                      |                             |              |
| 5,280                   | Alliance HealthCare Services, Inc., 8.00%, 12/1/16   | NR/B                        | 4,917,000    |
|                         | <b>Home Builders 1.7%</b>                            |                             |              |
|                         | K Hovnanian Enterprises, Inc.                        |                             |              |
| 7,360                   | 7.50%, 5/15/16                                       | Caa2/CCC                    | 4,912,800    |
| 11,775                  | 10.625%, 10/15/16                                    | B1/CCC+                     | 11,480,625   |
|                         |  |                             | 16,393,425   |
|                         | <b>Hotels, Restaurants &amp; Leisure 1.1%</b>        |                             |              |
| 2,385                   | Mandalay Resort Group, 1.289%, 3/21/33, FRN (c)(d)   | Caa1/CCC+                   | 2,575,929    |
| 9,405                   | MGM Mirage, 11.375%, 3/1/18 (a)(b)                   | Caa1/CCC+                   | 8,558,550    |
|                         |  |                             | 11,134,479   |
|                         | <b>Household Durables 0.4%</b>                       |                             |              |
| 3,950                   | Jarden Corp., 7.50%, 5/1/17                          | B1/B                        | 4,043,813    |
|                         | <b>Independent Power Producer 0.3%</b>               |                             |              |
| 4,150                   | Dynegy Holdings, Inc., 7.75%, 6/1/19                 | B3/B                        | 2,697,500    |
|                         | <b>Internet 0.8%</b>                                 |                             |              |
| 7,200                   | Terremark Worldwide, Inc., 12.00%, 6/15/17           | B1/B                        | 8,172,000    |
|                         | <b>IT Services 1.3%</b>                              |                             |              |
| 3,295                   | Stream Global Services, Inc., 11.25%, 10/1/14        | B1/B+                       | 3,278,525    |
|                         | Unisys Corp., (a)(b)                                 |                             |              |
| 4,704                   | 12.75%, 10/15/14                                     | Ba1/BB                      | 5,503,680    |
| 3,349                   | 14.25%, 9/15/15                                      | Ba2/BB                      | 3,935,075    |
|                         |  |                             | 12,717,280   |
|                         | <b>Leisure Time 2.1%</b>                             |                             |              |
| 10,150                  | NCL Corp. Ltd., 11.75%, 11/15/16                     | B3/B+                       | 11,266,500   |
| 8,855                   | Travelport LLC, 11.875%, 9/1/16                      | Caa1/CCC                    | 9,408,437    |
|                         |  |                             | 20,674,937   |
|                         | <b>Lodging 1.1%</b>                                  |                             |              |
| 12,245                  | Harrah s Operating Co., Inc., 12.75%, 4/15/18 (a)(b) | Ca/CCC                      | 11,265,400   |
|                         | <b>Media 2.2%</b>                                    |                             |              |
| 9,575                   | McClatchy Co., 11.50%, 2/15/17 (a)(b)                | B1/B                        | 9,934,062    |
| 8,240                   | Media General, Inc., 11.75%, 2/15/17                 | B2/B                        | 8,806,500    |
| 2,705                   | Sirius XM Radio, Inc., 8.75%, 4/1/15 (a)(b)          | Caa1/B                      | 2,799,675    |
|                         |  |                             | 21,540,237   |

AGIC Convertible & Income Fund



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**AGIC Convertible & Income Fund** Schedule of Investments

August 31, 2010 (unaudited) (continued)

| Principal Amount (000s) |  | Credit Rating (Moody s/S&P) | Value       |
|-------------------------|--|-----------------------------|-------------|
|                         | <b>Miscellaneous Manufacturing 1.3%</b>                          |                             |             |
| \$10,150                | Harland Clarke Holdings Corp., 9.50%, 5/15/15                    | Caa1/B                      | \$9,718,625 |
| 3,520                   | Polypore, Inc., 8.75%, 5/15/12                                   | B3/B                        | 3,537,600   |
|                         |  |                             | 13,256,225  |
|                         | <b>Oil &amp; Gas Services 0.1%</b>                               |                             |             |
| 500                     | Allis-Chalmers Energy, Inc., 9.00%, 1/15/14                      | Caa1/B                      | 505,000     |
|                         | <b>Oil, Gas &amp; Consumable Fuels 1.7%</b>                      |                             |             |
| 10,180                  | OPTI Canada, Inc., 8.25%, 12/15/14                               | Caa3/B                      | 7,991,300   |
| 8,750                   | SandRidge Energy, Inc., 9.875%, 5/15/16 (a)(b)                   | B3/B+                       | 8,750,000   |
|                         |  |                             | 16,741,300  |
|                         | <b>Paper &amp; Forest Products 1.5%</b>                          |                             |             |
| 2,041                   | Louisiana-Pacific Corp., 13.00%, 3/15/17                         | Ba3/BBB                     | 2,224,690   |
| 11,705                  | Neenah Paper, Inc., 7.375%, 11/15/14                             | B1/BB                       | 11,763,525  |
| 8,530                   | NewPage Corp., 12.00%, 5/1/13                                    | Caa3/CCC                    | 1,236,850   |
|                         |  |                             | 15,225,065  |
|                         | <b>Real Estate 0.3%</b>  |                             |             |
| 2,250                   | CB Richard Ellis Services, Inc., 11.625%, 6/15/17                | Ba3/B+                      | 2,565,000   |
|                         | <b>Retail 1.9%</b>   |                             |             |
| 8,405                   | El Pollo Loco, Inc., 11.75%, 11/15/13                            | Caa3/CC                     | 6,104,131   |
| 6,630                   | Neiman Marcus Group, Inc., 10.375%, 10/15/15                     | Caa2/CCC+                   | 6,779,175   |
| 5,115                   | Sally Holdings LLC, 10.50%, 11/15/16                             | Caa1/B                      | 5,575,350   |
|                         |  |                             | 18,458,656  |
|                         | <b>Semiconductors &amp; Semiconductor Equipment 1.8%</b>         |                             |             |
| 11,565                  | Amkor Technology, Inc., 9.25%, 6/1/16                            | Ba3/BB                      | 12,287,813  |
| 5,695                   | Freescale Semiconductor, Inc., 10.125%, 3/15/18 (a)(b)           | B2/B                        | 5,894,325   |
|                         |  |                             | 18,182,138  |
|                         | <b>Software 0.8%</b>   |                             |             |
| 9,890                   | First Data Corp., 9.875%, 9/24/15                                | Caa1/B                      | 7,565,850   |
|                         | <b>Telecommunications 5.6%</b>                                   |                             |             |
| 6,305                   | DigitalGlobe, Inc., 10.50%, 5/1/14                               | Ba3/BB                      | 6,919,738   |
| 13,540                  | Hawaiian Telcom Communications, Inc., 12.50%, 5/1/15, Ser. B (d) | WR/NR                       | 1,354       |
| 8,550                   | Hughes Network Systems LLC, 9.50%, 4/15/14                       | B1/B                        | 8,870,625   |
| 6,895                   | Intelsat Jackson Holdings Ltd., 9.50%, 6/15/16                   | B3/B+                       | 7,386,269   |
| 5,115                   | ITC Deltacom, Inc., 10.50%, 4/1/16                               | B3/B                        | 5,063,850   |
| 8,220                   | Nextel Communications, Inc., 7.375%, 8/1/15                      | Ba2/BB                      | 8,178,900   |
| 5,090                   | NII Capital Corp., 8.875%, 12/15/19                              | B1/BB                       | 5,522,650   |
| 4,930                   | West Corp., 11.00%, 10/15/16                                     | Caa1/B                      | 5,201,150   |
| 7,965                   | WireCo WorldGroup, 9.50%, 5/15/17 (a)(b)                         | B3/B                        | 8,064,563   |
|                         |  |                             | 55,209,099  |
|                         | <b>Textiles Apparel &amp; Luxury Goods 0.7%</b>                  |                             |             |
| 6,020                   | Oxford Industries, Inc., 11.375%, 7/15/15                        | B1/BB                       | 6,742,400   |
|                         | <b>Trucking &amp; Leasing 0.2%</b>                               |                             |             |
| 2,355                   | Aircastle Ltd., 9.75%, 8/1/18 (a)(b)                             | Ba3/BB+                     | 2,396,213   |



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**AGIC Convertible & Income Fund** Schedule of Investments

August 31, 2010 (unaudited) (continued)

| Principal Amount (000s) |   | Credit Rating (Moody s/S&P) | Value       |
|-------------------------|---|-----------------------------|-------------|
|                         | <b>Wireless Telecommunication Services 2.2%</b>       |                             |             |
| \$6,050                 | Crown Castle International Corp., 9.00%, 1/15/15      | B1/B                        | \$6,594,500 |
| 14,200                  | Millicom International Cellular S.A., 10.00%, 12/1/13 | B1/NR                       | 14,732,500  |
|                         |   |                             | 21,327,000  |
|                         | Total Corporate Bonds & Notes (cost \$486,115,210)    |                             | 480,763,294 |

Shares (000s)

**CONVERTIBLE PREFERRED STOCK 26.9%**

|     |  |          |            |
|-----|--|----------|------------|
|     | <b>Airlines 0.5%</b>   |          |            |
| 155 | Continental Airlines Finance Trust II, 6.00%, 11/15/30                                       | Caa1/NR  | 5,038,070  |
|     | <b>Auto Manufacturers 0.7%</b>   |          |            |
| 151 | Ford Motor Co. Capital Trust II, 6.50%, 1/15/32  | B3/CCC+  | 6,995,039  |
|     | <b>Banks 0.9%</b>  |          |            |
| 185 | Barclays Bank PLC, 10.00%,<br>3/15/11 (Teva Pharmaceuticals Industries Ltd.)(e)              | A1/A+    | 9,389,839  |
|     | <b>Capital Markets 0.5%</b>  |          |            |
| 892 | Lehman Brothers Holdings, Inc. (c)(d)(e),<br>6.00%, 10/12/10, Ser. GIS (General Mills, Inc.) | WR/NR    | 2,869,882  |
| 139 | 28.00%, 3/6/09, Ser. RIG (Transocean, Inc.)  | WR/NR    | 1,889,980  |
|     |  |          | 4,759,862  |
|     | <b>Commercial Banks 1.9%</b>   |          |            |
| 44  | Fifth Third Bancorp, 8.50%, 6/30/13, Ser. G (f)  | Ba1/BB   | 5,494,922  |
| 13  | Wells Fargo & Co., 7.50%, 3/15/13, Ser. L (f)  | Ba1/A    | 12,880,350 |
|     |  |          | 18,375,272 |
|     | <b>Commercial Services &amp; Supplies 1.6%</b>   |          |            |
| 270 | Avery Dennison Corp., 7.875%, 11/15/20   | NR/BB+   | 10,403,278 |
| 162 | United Rentals, Inc., 6.50%, 8/1/28  | Caa2/CCC | 5,133,755  |
|     |  |          | 15,537,033 |
|     | <b>Consumer Finance 0.9%</b>   |          |            |
| 15  | SLM Corp., 7.25%, 12/15/10   | Ba3/BB   | 8,461,467  |
|     | <b>Diversified Financial Services 8.7%</b>   |          |            |
| 106 | AMG Capital Trust I, 5.10%, 4/15/36  | NR/BB    | 4,277,832  |
|     | Bank of America Corp.,<br>7.25%, 1/30/13, Ser. L (f)   | Ba3/BB   | 11,324,000 |
| 204 | 10.00%, 2/3/11 (Gilead Sciences Inc.)(e)   | A2/A     | 7,313,473  |
| 145 | 10.00%, 2/24/11 (Schlumberger Ltd.)(e)   | A2/A     | 8,047,949  |
| 79  | Citigroup, Inc., 7.50%, 12/15/12   | NR/NR    | 9,061,006  |
|     | Credit Suisse Securities USA LLC (e),<br>10.00%, 9/1/10 (Bristol-Myers Squibb Co.)           | A2/A     | 8,429,880  |
| 370 | 10.00%, 9/9/10 (Merck & Co., Inc.)   | A2/A     | 8,527,150  |
| 272 | 10.00%, 1/22/11 (Ford Motor Co.)   | A2/A     | 8,956,222  |
| 857 | JP Morgan Chase & Co. (e),<br>10.00%, 1/14/11 (EMC Corp.)                                    | Aa3/A+   | 9,509,917  |
| 566 | 10.00%, 1/20/11 (Symantec Corp.)   | Aa3/A+   | 9,752,466  |
| 668 |  |          | 85,199,895 |

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AGIC Convertible & Income Fund

10 AGIC Convertible & Income Fund II Semi-Annual Report | 8.31.10 |

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**AGIC Convertible & Income Fund** Schedule of Investments

August 31, 2010 (unaudited) (continued)

| Shares<br>(000s) |   | Credit Rating<br>(Moody s/S&P) | Value       |
|------------------|---|--------------------------------|-------------|
|                  | <b>Electric 1.0%</b>                                      |                                |             |
| 179              | NextEra Energy, Inc., 8.375%, 6/1/12                      | NR/NR                          | \$9,482,021 |
|                  | <b>Electric Utilities 0.9%</b>                            |                                |             |
| 165              | PPL Corp., 9.50%, 7/1/13                                  | NR/NR                          | 9,371,665   |
|                  | <b>Food Products 2.0%</b>                                 |                                |             |
| 243              | Archer-Daniels-Midland Co., 6.25%, 6/1/11<br>Bunge Ltd.   | NR/BBB+                        | 9,948,580   |
| 99               | 4.875%, 12/1/11 (f)                                       | Ba1/BB                         | 8,301,570   |
| 2                | 5.125%, 12/1/10   | NR/BB                          | 1,175,300   |
|                  |   |                                | 19,425,450  |
|                  | <b>Household Durables 1.0%</b>                            |                                |             |
| 259              | Newell Financial Trust I, 5.25%, 12/1/27                  | WR/BB                          | 9,765,657   |
|                  | <b>Insurance 2.0%</b>                                     |                                |             |
| 1,068            | American International Group, Inc., 8.50%, 8/1/11         | Ba2/NR                         | 7,881,840   |
| 35               | Assured Guaranty Ltd., 8.50%, 6/1/12                      | NR/NR                          | 2,317,344   |
| 339              | XL Group PLC, 10.75%, 8/15/11                             | Baa2/BBB                       | 9,163,195   |
|                  |   |                                | 19,362,379  |
|                  | <b>Multi-Utilities 1.1%</b>                               |                                |             |
| 240              | AES Trust III, 6.75%, 10/15/29                            | B3/B                           | 11,263,315  |
|                  | <b>Oil, Gas &amp; Consumable Fuels 0.9%</b>               |                                |             |
| 119              | Chesapeake Energy Corp., 5.00%, 11/15/10 (f)              | NR/B                           | 9,405,844   |
|                  | <b>Pharmaceuticals 0.3%</b>                               |                                |             |
| 3                | Mylan, Inc., 6.50%, 11/15/10                              | NR/B                           | 3,246,878   |
|                  | <b>Real Estate Investment Trust 2.0%</b>                  |                                |             |
| 511              | Alexandria Real Estate Equities, Inc., 7.00%, 4/20/13 (f) | NR/NR                          | 11,848,240  |
| 377              | FelCor Lodging Trust, Inc., 1.95%, 12/31/49, Ser. A (g)   | Caa3/C                         | 7,456,071   |
|                  |   |                                | 19,304,311  |
|                  | Total Convertible Preferred Stock (cost \$304,336,107)    |                                | 264,383,997 |

Principal  
Amount  
(000s)

**CONVERTIBLE BONDS & NOTES 23.7%**

|         |  |       |            |
|---------|--|-------|------------|
|         | <b>Banks 0.5%</b>                                  |       |            |
| \$4,970 | National City Corp., 4.00%, 2/1/11                 | A3/A  | 5,050,762  |
|         | <b>Commercial Services &amp; Supplies 0.8%</b>     |       |            |
| 8,630   | Covanta Holding Corp., 1.00%, 2/1/27               | Ba3/B | 8,209,288  |
|         | <b>Diversified Telecommunication Services 0.7%</b> |       |            |
| 5,640   | tw telecom, Inc., 2.375%, 4/1/26                   | B3/B  | 6,387,300  |
|         | <b>Electrical Equipment 2.6%</b>                   |       |            |
| 9,690   | EnerSys, 3.375%, 6/1/38 (h)                        | B2/BB | 9,266,062  |
| 11,380  | JA Solar Holdings Co., Ltd., 4.50%, 5/15/13        | NR/NR | 10,341,575 |
| 7,645   | SunPower Corp., 4.75%, 4/15/14                     | NR/NR | 6,259,344  |
|         |  |       | 25,866,981 |



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**AGIC Convertible & Income Fund** Schedule of Investments

August 31, 2010 (unaudited) (continued)

| Principal Amount (000s) |  | Credit Rating (Moody s/S&P) | Value       |
|-------------------------|--|-----------------------------|-------------|
|                         | <b>Electronic Equipment, Instruments &amp; Components 0.7%</b> |                             |             |
| \$7,055                 | Anixter International, Inc., 1.00%, 2/15/13                    | NR/B+                       | \$6,772,800 |
|                         | <b>Energy Equipment &amp; Services 1.5%</b>                    |                             |             |
| 7,315                   | Nabors Industries, Inc., 0.94%, 5/15/11                        | NR/BBB+                     | 7,269,281   |
| 7,690                   | Transocean, Inc., 1.625%, 12/15/37                             | Baa3/BBB+                   | 7,603,487   |
|                         |  |                             | 14,872,768  |
|                         | <b>Hotels, Restaurants &amp; Leisure 1.0%</b>                  |                             |             |
| 11,870                  | MGM Mirage, 4.25%, 4/15/15 (a)(b)                              | Caa1/CCC+                   | 9,822,425   |
|                         | <b>Household Durables 0.1%</b>                                 |                             |             |
| 1,000                   | Lennar Corp., 2.00%, 12/1/20 (a)(b)                            | B3/BB                       | 900,000     |
|                         | <b>Internet Software &amp; Services 0.8%</b>                   |                             |             |
| 7,670                   | Equinix, Inc., 2.50%, 4/15/12                                  | NR/B                        | 7,909,688   |
|                         | <b>IT Services 0.9%</b>  |                             |             |
| 8,745                   | Alliance Data Systems Corp., 1.75%, 8/1/13                     | NR/NR                       | 8,417,062   |
|                         | <b>Machinery 1.0%</b>  |                             |             |
| 8,565                   | AGCO Corp., 1.25%, 12/15/36                                    | NR/BB+                      | 9,196,669   |
| 200                     | Titan International, Inc., 5.625%, 1/15/17 (a)(b)              | NR/NR                       | 239,000     |
|                         |  |                             | 9,435,669   |
|                         | <b>Media 3.1%</b>  |                             |             |
| 7,480                   | Interpublic Group of Cos, Inc., 4.25%, 3/15/23                 | Ba2/BB                      | 7,910,100   |
|                         | Liberty Media LLC,   |                             |             |
| 8,080                   | 3.125%, 3/30/23  | B1/BB                       | 8,827,400   |
| 8,520                   | 3.50%, 1/15/31   | B1/BB                       | 4,483,650   |
| 9,220                   | Regal Entertainment Group, 6.25%, 3/15/11 (a)(b)               | NR/NR                       | 9,346,775   |
|                         |  |                             | 30,567,925  |
|                         | <b>Oil, Gas &amp; Consumable Fuels 0.8%</b>                    |                             |             |
| 7,600                   | Peabody Energy Corp., 4.75%, 12/15/41                          | Ba3/B+                      | 7,866,000   |
|                         | <b>Pharmaceuticals 0.7%</b>                                    |                             |             |
| 6,920                   | Mylan, Inc., 1.25%, 3/15/12                                    | NR/BB                       | 7,041,100   |
|                         | <b>Real Estate Investment Trust 3.9%</b>                       |                             |             |
| 8,150                   | Boston Properties LP, 3.75%, 5/15/36                           | NR/A                        | 8,893,687   |
| 8,090                   | Developers Diversified Realty Corp., 3.00%, 3/15/12            | NR/BB                       | 7,887,750   |
| 4,800                   | Digital Realty Trust LP, 5.50%, 4/15/29 (a)(b)                 | NR/NR                       | 7,104,000   |
| 6,900                   | Health Care REIT, Inc., 4.75%, 12/1/26                         | Baa2/BBB                    | 7,555,500   |
| 7,685                   | ProLogis, 2.25%, 4/1/37  | NR/BBB                      | 7,358,388   |
|                         |  |                             | 38,799,325  |
|                         | <b>Retail 0.1%</b>   |                             |             |
| 1,490                   | Saks, Inc., 2.00%, 3/15/24                                     | B3/B+                       | 1,363,350   |
|                         | <b>Semiconductors &amp; Semiconductor Equipment 2.3%</b>       |                             |             |
| 16,715                  | Advanced Micro Devices, Inc., 5.75%, 8/15/12                   | NR/B+                       | 16,861,256  |
| 6,010                   | ON Semiconductor Corp., zero coupon, 4/15/24                   | NR/B+                       | 5,754,575   |
|                         |  |                             | 22,615,831  |
|                         | <b>Software 1.8%</b>   |                             |             |
| 6,450                   | Macrovision Corp., 2.625%, 8/15/11                             | NR/BB                       | 10,166,813  |
| 6,715                   | Nuance Communications, Inc., 2.75%, 8/15/27                    | NR/B                        | 7,050,750   |
|                         |  |                             | 17,217,563  |

AGIC Convertible & Income Fund



**AGIC Convertible & Income Fund** Schedule of Investments

August 31, 2010 (unaudited) (continued)

| Principal<br>Amount<br>(000s)     |   | Credit Rating<br>(Moody s/S&P) | Value                |
|-----------------------------------|---|--------------------------------|----------------------|
|                                   | <b>Thriffs &amp; Mortgage Finance 0.4%</b>                  |                                |                      |
| \$4,530                           | MGIC Investment Corp., 5.00%, 5/1/17                        | NR/CCC+                        | \$ 4,411,087         |
|                                   | Total Convertible Bonds & Notes (cost \$198,991,853)        |                                | 233,526,924          |
| <b>SHORT-TERM INVESTMENT 0.5%</b> |   |                                |                      |
|                                   | <b>Time Deposit 0.5%</b>                                    |                                |                      |
| 4,816                             | Citibank London, 0.03%, 09/1/10 (cost \$4,816,131)          |                                | 4,816,131            |
|                                   | <b>Total Investments</b> (cost \$994,259,301) <b>100.0%</b> |                                | <b>\$983,490,346</b> |

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**AGIC Convertible & Income Fund II** Schedule of Investments

August 31, 2010 (unaudited)

| Principal Amount<br>(000s)               |   | Credit Rating<br>(Moody s/S&P) | Value       |
|--|---|--------------------------------|-------------|
| <b>CORPORATE BONDS &amp; NOTES 48.6%</b> |   |                                |             |
|  | <b>Advertising 1.0%</b>                               |                                |             |
| \$6,940                                  | Affinion Group, Inc., 11.50%, 10/15/15                | Caa1/B-                        | \$7,330,375 |
|  | <b>Aerospace &amp; Defense 0.1%</b>                   |                                |             |
| 620                                      | BE Aerospace, Inc., 8.50%, 7/1/18                     | Ba3/BB                         | 664,950     |
|  | <b>Airlines 0.7%</b>                                  |                                |             |
| 4,750                                    | United Airlines, Inc., 12.00%, 11/1/13 (a)(b)         | Caa1/CCC                       | 5,106,250   |
|  | <b>Apparel 0.1%</b>                                   |                                |             |
| 750                                      | Quiksilver, Inc., 6.875%, 4/15/15                     | Caa1/CCC                       | 697,500     |
|  | <b>Auto Components 2.3%</b>                           |                                |             |
| 7,405                                    | Exide Technologies, 10.50%, 3/15/13, Ser. B           | B3/B                           | 7,580,869   |
| 9,700                                    | Stoneridge, Inc., 11.50%, 5/1/12                      | B3/B+                          | 9,748,500   |
|  |   |                                | 17,329,369  |
|  | <b>Banks 0.4%</b>                                     |                                |             |
| 2,889                                    | Ally Financial, Inc., 6.75%, 12/1/14                  | B3/B                           | 2,896,222   |
|  | <b>Commercial Services 1.9%</b>                       |                                |             |
| 1,485                                    | Cardtronics, Inc., 8.25%, 9/1/18                      | B2/BB                          | 1,525,838   |
| 4,295                                    | DynCorp International, Inc., 10.375%, 7/1/17 (a)(b)   | B1/B                           | 4,295,000   |
| 7,625                                    | National Money Mart Co., 10.375%, 12/15/16            | B2/B+                          | 8,044,375   |
|  |   |                                | 13,865,213  |
|  | <b>Commercial Services &amp; Supplies 2.0%</b>        |                                |             |
| 4,360                                    | Cenveo Corp., 7.875%, 12/1/13                         | Caa1/B                         | 4,174,700   |
| 10,040                                   | Hertz Corp., 10.50%, 1/1/16                           | B3/CCC+                        | 10,742,800  |
|  |   |                                | 14,917,500  |
|  | <b>Construction &amp; Engineering 1.2%</b>            |                                |             |
| 9,240                                    | MasTec, Inc., 7.625%, 2/1/17                          | B1/B+                          | 8,939,700   |
|  | <b>Consumer Finance 0.3%</b>                          |                                |             |
| 2,825                                    | American General Finance Corp., 6.90%, 12/15/17       | B3/B                           | 2,203,500   |
|  | <b>Distribution/Wholesale 0.8%</b>                    |                                |             |
| 5,580                                    | KAR Holdings, Inc., 8.75%, 5/1/14                     | B3/CCC+                        | 5,761,350   |
|  | <b>Diversified Financial Services 1.9%</b>            |                                |             |
| 7,610                                    | CIT Group Funding Co. of Delaware LLC, 10.25%, 5/1/15 | B3/B+                          | 7,885,863   |
| 2,720                                    | Ford Motor Credit Co. LLC, 9.875%, 8/10/11            | Ba3/B+                         | 2,871,613   |
| 3,005                                    | International Lease Finance Corp., 6.375%, 3/25/13    | B1/BB+                         | 2,918,606   |
|  |   |                                | 13,676,082  |
|  | <b>Diversified Telecommunications 0.7%</b>            |                                |             |
| 5,505                                    | Cincinnati Bell, Inc., 8.75%, 3/15/18                 | B3/B                           | 5,284,800   |
|  | <b>Electric 0.4%</b>                                  |                                |             |
| 4,170                                    | Edison Mission Energy, 7.00%, 5/15/17                 | B3/B                           | 2,866,875   |
|  | <b>Electrical Equipment 0.4%</b>                      |                                |             |
| 2,570                                    | Baldor Electric Co., 8.625%, 2/15/17                  | B3/B                           | 2,730,625   |
|  | <b>Electronics 0.8%</b>                               |                                |             |
| 5,815                                    | Kemet Corp., 10.50%, 5/1/18 (a)(b)                    | B1/B                           | 6,076,675   |
|  | <b>Energy Equipment &amp; Services 0.6%</b>           |                                |             |
| 4,505                                    | Pioneer Drilling Co., 9.875%, 3/15/18 (a)(b)          | B3/B                           | 4,527,525   |

AGIC Convertible & Income Fund



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**AGIC Convertible & Income Fund II Schedule of Investments**

August 31, 2010 (unaudited) (continued)

| Principal Amount (000s) |  | Credit Rating (Moody s/S&P) | Value       |
|-------------------------|--|-----------------------------|-------------|
|                         | <b>Entertainment 1.3%</b>                            |                             |             |
| \$9,065                 | AMC Entertainment, Inc., 11.00%, 2/1/16              | Caa1/CCC+                   | \$9,631,562 |
|                         | <b>Food &amp; Staples Retailing 0.8%</b>             |                             |             |
| 7,090                   | Rite Aid Corp., 8.625%, 3/1/15                       | Caa3/CCC                    | 5,778,350   |
|                         | <b>Health Care Providers &amp; Services 1.9%</b>     |                             |             |
| 2,200                   | Apria Healthcare Group, Inc., 11.25%, 11/1/14 (a)(b) | Ba2/BB+                     | 2,389,750   |
| 5,985                   | Hanger Orthopedic Group, Inc., 10.25%, 6/1/14        | B3/B                        | 6,314,175   |
| 5,685                   | HCA, Inc., 9.25%, 11/15/16                           | B2/BB                       | 6,111,375   |
|                         |  |                             | 14,815,300  |
|                         | <b>Healthcare-Services 0.6%</b>                      |                             |             |
| 4,435                   | Alliance HealthCare Services, Inc., 8.00%, 12/1/16   | NR/B                        | 4,130,094   |
|                         | <b>Home Builders 1.7%</b>                            |                             |             |
|                         | K Hovnanian Enterprises, Inc.                        |                             |             |
| 5,575                   | 7.50%, 5/15/16                                       | Caa2/CCC                    | 3,721,312   |
| 9,140                   | 10.625%, 10/15/16                                    | B1/CCC+                     | 8,911,500   |
|                         |  |                             | 12,632,812  |
|                         | <b>Hotels, Restaurants &amp; Leisure 1.2%</b>        |                             |             |
| 2,143                   | Mandalay Resort Group, 1.289%, 3/21/33, FRN (c)(d)   | Caa1/CCC+                   | 2,314,523   |
| 7,195                   | MGM Mirage, 11.375%, 3/1/18 (a)(b)                   | Caa1/CCC+                   | 6,547,450   |
|                         |  |                             | 8,861,973   |
|                         | <b>Household Durables 0.2%</b>                       |                             |             |
| 1,390                   | Jarden Corp., 7.50%, 5/1/17                          | B1/B                        | 1,423,012   |
|                         | <b>Independent Power Producer 0.4%</b>               |                             |             |
| 4,945                   | Dynegy Holdings, Inc., 7.75%, 6/1/19                 | B3/B                        | 3,214,250   |
|                         | <b>Internet 0.8%</b>                                 |                             |             |
| 5,500                   | Terremark Worldwide, Inc., 12.00%, 6/15/17           | B1/B                        | 6,242,500   |
|                         | <b>IT Services 1.4%</b>                              |                             |             |
| 2,505                   | Stream Global Services, Inc., 11.25%, 10/1/14        | B1/B+                       | 2,492,475   |
|                         | Unisys Corp., (a)(b)                                 |                             |             |
| 4,057                   | 12.75%, 10/15/14                                     | Ba1/BB                      | 4,746,690   |
| 2,975                   | 14.25%, 9/15/15                                      | Ba2/BB                      | 3,495,625   |
|                         |  |                             | 10,734,790  |
|                         | <b>Leisure Time 2.3%</b>                             |                             |             |
| 7,570                   | NCL Corp. Ltd., 11.75%, 11/15/16                     | B3/B+                       | 8,402,700   |
| 8,145                   | Travelport LLC, 11.875%, 9/1/16                      | Caa1/CCC                    | 8,654,062   |
|                         |  |                             | 17,056,762  |
|                         | <b>Lodging 1.1%</b>                                  |                             |             |
| 9,255                   | Harrah s Operating Co., Inc., 12.75%, 4/15/18 (a)(b) | Ca/CCC                      | 8,514,600   |
|                         | <b>Media 2.3%</b>                                    |                             |             |
| 7,905                   | McClatchy Co., 11.50%, 2/15/17 (a)(b)                | B1/B                        | 8,201,438   |
| 6,200                   | Media General, Inc., 11.75%, 2/15/17                 | B2/B                        | 6,626,250   |
| 2,045                   | Sirius XM Radio, Inc., 8.75%, 4/1/15 (a)(b)          | Caa1/B                      | 2,116,575   |
|                         |  |                             | 16,944,263  |
|                         | <b>Miscellaneous Manufacturing 1.4%</b>              |                             |             |
| 7,715                   | Harland Clarke Holdings Corp., 9.50%, 5/15/15        | Caa1/B                      | 7,387,113   |
| 3,180                   | Polypore, Inc., 8.75%, 5/15/12                       | B3/B                        | 3,195,900   |
|                         |  |                             | 10,583,013  |



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**AGIC Convertible & Income Fund II Schedule of Investments**

August 31, 2010 (unaudited) (continued)

| Principal Amount<br>(000s) |   | Credit Rating<br>(Moody s/S&P) | Value       |
|----------------------------|---|--------------------------------|-------------|
|                            | <b>Oil &amp; Gas Services 0.1%</b>                                  |                                |             |
| \$500                      | Allis-Chalmers Energy, Inc., 9.00%, 1/15/14                         | Caa1/B                         | \$505,000   |
|                            | <b>Oil, Gas &amp; Consumable Fuels 1.6%</b>                         |                                |             |
| 7,470                      | OPTI Canada, Inc., 8.25%, 12/15/14                                  | Caa3/B                         | 5,863,950   |
| 6,250                      | SandRidge Energy, Inc., 9.875%, 5/15/16 (a)(b)                      | B3/B+                          | 6,250,000   |
|                            |   |                                | 12,113,950  |
|                            | <b>Paper &amp; Forest Products 1.6%</b>                             |                                |             |
| 1,509                      | Louisiana-Pacific Corp., 13.00%, 3/15/17                            | Ba3/BBB                        | 1,644,810   |
| 9,580                      | Neenah Paper, Inc., 7.375%, 11/15/14                                | B1/BB                          | 9,627,900   |
| 6,470                      | NewPage Corp., 12.00%, 5/1/13                                       | Caa3/CCC                       | 938,150     |
|                            |   |                                | 12,210,860  |
|                            | <b>Real Estate 0.3%</b>   |                                |             |
| 1,750                      | CB Richard Ellis Services, Inc., 11.625%, 6/15/17                   | Ba3/B+                         | 1,995,000   |
|                            | <b>Retail 1.2%</b>  |                                |             |
| 2,125                      | El Pollo Loco, Inc., 11.75%, 11/15/13                               | Caa3/CC                        | 1,543,281   |
| 6,665                      | Neiman Marcus Group, Inc., 10.375%, 10/15/15                        | Caa2/CCC+                      | 6,814,963   |
| 885                        | Sally Holdings LLC, 10.50%, 11/15/16                                | Caa1/B                         | 964,650     |
|                            |   |                                | 9,322,894   |
|                            | <b>Semiconductors &amp; Semiconductor Equipment 1.5%</b>            |                                |             |
| 6,570                      | Amkor Technology, Inc., 9.25%, 6/1/16                               | Ba3/BB                         | 6,980,625   |
| 4,305                      | Freescale Semiconductor, Inc., 10.125%, 3/15/18 (a)(b)              | B2/B                           | 4,455,675   |
|                            |   |                                | 11,436,300  |
|                            | <b>Software 0.8%</b>  |                                |             |
| 8,105                      | First Data Corp., 9.875%, 9/24/15                                   | Caa1/B                         | 6,200,325   |
|                            | <b>Telecommunications 5.4%</b>                                      |                                |             |
| 4,060                      | DigitalGlobe, Inc., 10.50%, 5/1/14                                  | Ba3/BB                         | 4,455,850   |
| 11,640                     | Hawaiian Telcom Communications, Inc.,<br>12.50%, 5/1/15, Ser. B (d) | WR/NR                          | 1,164       |
| 6,500                      | Hughes Network Systems LLC, 9.50%, 4/15/14                          | B1/B                           | 6,743,750   |
| 5,255                      | Intelsat Jackson Holdings Ltd., 9.50%, 6/15/16                      | B3/B+                          | 5,629,419   |
| 3,835                      | ITC Deltacom, Inc., 10.50%, 4/1/16                                  | B3/B                           | 3,796,650   |
| 6,130                      | Nextel Communications, Inc., 7.375%, 8/1/15                         | Ba2/BB                         | 6,099,350   |
| 3,860                      | NII Capital Corp., 8.875%, 12/15/19                                 | B1/BB                          | 4,188,100   |
| 3,620                      | West Corp., 11.00%, 10/15/16  | Caa1/B                         | 3,819,100   |
| 6,035                      | WireCo WorldGroup, 9.50%, 5/15/17 (a)(b)                            | B3/B                           | 6,110,438   |
|                            |   |                                | 40,843,821  |
|                            | <b>Textiles Apparel &amp; Luxury Goods 0.7%</b>                     |                                |             |
| 4,535                      | Oxford Industries, Inc., 11.375%, 7/15/15                           | B1/BB                          | 5,079,200   |
|                            | <b>Trucking &amp; Leasing 0.3%</b>                                  |                                |             |
| 2,145                      | Aircastle Ltd., 9.75%, 8/1/18 (a)(b)                                | Ba3/BB+                        | 2,182,537   |
|                            | <b>Wireless Telecommunication Services 2.1%</b>                     |                                |             |
| 4,820                      | Crown Castle International Corp., 9.00%, 1/15/15                    | B1/B                           | 5,253,800   |
| 10,160                     | Millicom International Cellular S.A., 10.00%, 12/1/13               | B1/NR                          | 10,541,000  |
|                            |   |                                | 15,794,800  |
|                            | Total Corporate Bonds & Notes (cost \$368,311,617)                  |                                | 363,122,479 |



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**AGIC Convertible & Income Fund II** Schedule of Investments

August 31, 2010 (unaudited) (continued)

| Shares<br>(000s)                               |  | Credit Rating<br>(Moody s/S&P) | Value       |
|--|--|--------------------------------|-------------|
| <b>CONVERTIBLE PREFERRED STOCK 27.0%</b>       |  |                                |             |
| <b>Airlines 0.5%</b>                           |  |                                |             |
| 119  | Continental Airlines Finance Trust II, 6.00%, 11/15/30                                       | Caa1/NR                        | \$3,866,146 |
| <b>Auto Manufacturers 0.7%</b>                 |  |                                |             |
| 109  | Ford Motor Co. Capital Trust II, 6.50%, 1/15/32  | B3/CCC+                        | 5,019,561   |
| <b>Banks 0.9%</b>                              |  |                                |             |
| 141  | Barclays Bank PLC, 10.00%, 3/15/11<br>(Teva Pharmaceuticals Industries Ltd.)(e)              | A1/A+                          | 7,197,342   |
| <b>Capital Markets 0.6%</b>                    |  |                                |             |
| 802  | Lehman Brothers Holdings, Inc. (c)(d)(e),<br>6.00%, 10/12/10, Ser. GIS (General Mills, Inc.) | WR/NR                          | 2,580,029   |
| 123  | 28.00%, 3/6/09, Ser. RIG (Transocean, Inc.)  | WR/NR                          | 1,672,561   |
|  |  |                                | 4,252,590   |
| <b>Commercial Banks 1.9%</b>                   |  |                                |             |
| 33   | Fifth Third Bancorp, 8.50%, 6/30/13, Ser. G (f)  | Ba1/BB                         | 4,097,445   |
| 10   | Wells Fargo & Co., 7.50%, 3/15/13, Ser. L (f)  | Ba1/A                          | 10,215,450  |
|  |  |                                | 14,312,895  |
| <b>Commercial Services &amp; Supplies 1.4%</b> |  |                                |             |
| 204  | Avery Dennison Corp., 7.875%, 11/15/20   | NR/BB+                         | 7,864,780   |
| 79   | United Rentals, Inc., 6.50%, 8/1/28  | Caa2/CCC                       | 2,516,716   |
|  |  |                                | 10,381,496  |
| <b>Consumer Finance 0.9%</b>                   |  |                                |             |
| 11   | SLM Corp., 7.25%, 12/15/10   | Ba3/BB                         | 6,533,173   |
| <b>Diversified Financial Services 8.8%</b>     |  |                                |             |
| 81   | AMG Capital Trust I, 5.10%, 4/15/36  | NR/BB                          | 3,263,711   |
| 9  | Bank of America Corp.,<br>7.25%, 1/30/13, Ser. L (f)   | Ba3/BB                         | 8,673,500   |
| 157  | 10.00%, 2/3/11 (Gilead Sciences Inc.) (e)  | A2/A                           | 5,616,833   |
| 111  | 10.00%, 2/24/11 (Schlumberger Ltd.) (e)  | A2/A                           | 6,146,211   |
| 60   | Citigroup, Inc., 7.50%, 12/15/12   | NR/NR                          | 6,914,497   |
| 287  | Credit Suisse Securities USA LLC (e),<br>10.00%, 9/1/10 (Bristol-Myers Squibb Co.)           | A2/A                           | 6,526,725   |
| 210  | 10.00%, 9/9/10 (Merck & Co., Inc.)   | A2/A                           | 6,600,562   |
| 664  | 10.00%, 1/22/11 (Ford Motor Co.)   | A2/A                           | 6,930,623   |
| 438  | JP Morgan Chase & Co. (e),<br>10.00%, 1/14/11 (EMC Corp.)                                    | Aa3/A+                         | 7,358,645   |
| 519  | 10.00%, 1/20/11 (Symantec Corp.)   | Aa3/A+                         | 7,574,472   |
|  |  |                                | 65,605,779  |
| <b>Electric 1.0%</b>                           |  |                                |             |
| 137  | NextEra Energy, Inc., 8.375%, 6/1/12   | NR/NR                          | 7,250,179   |
| <b>Electric Utilities 0.9%</b>                 |  |                                |             |
| 126  | PPL Corp., 9.50%, 7/1/13   | NR/NR                          | 7,185,967   |
| <b>Food Products 2.0%</b>                      |  |                                |             |
| 188  | Archer-Daniels-Midland Co., 6.25%, 6/1/11<br>Bunge Ltd.                                      | NR/BBB+                        | 7,724,066   |
| 78   | 4.875%, 12/1/11 (f)  | Ba1/BB                         | 6,544,730   |
| 2  | 5.125%, 12/1/10  | NR/BB                          | 868,700     |



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**AGIC Convertible & Income Fund II** Schedule of Investments

August 31, 2010 (unaudited) (continued)

| Shares<br>(000s) |   | Credit Rating<br>(Moody s/S&P) | Value       |
|------------------|---|--------------------------------|-------------|
|                  | <b>Household Durables 1.0%</b>                            |                                |             |
| 201              | Newell Financial Trust I, 5.25%, 12/1/27                  | WR/BB                          | \$7,562,003 |
|                  | <b>Insurance 2.0%</b>                                     |                                |             |
| 781              | American International Group, Inc., 8.50%, 8/1/11         | Ba2/NR                         | 5,760,459   |
| 28               | Assured Guaranty Ltd., 8.50%, 6/1/12                      | NR/NR                          | 1,872,894   |
| 261              | XL Group PLC, 10.75%, 8/15/11                             | Baa2/BBB                       | 7,057,149   |
|                  |   |                                | 14,690,502  |
|                  | <b>Multi-Utilities 1.2%</b>                               |                                |             |
| 187              | AES Trust III, 6.75%, 10/15/29                            | B3/B                           | 8,768,320   |
|                  | <b>Oil, Gas &amp; Consumable Fuels 1.0%</b>               |                                |             |
| 93               | Chesapeake Energy Corp., 5.00%, 11/15/10 (f)              | NR/B                           | 7,362,981   |
|                  | <b>Pharmaceuticals 0.3%</b>                               |                                |             |
| 2                | Mylan, Inc., 6.50%, 11/15/10                              | NR/B                           | 2,513,712   |
|                  | <b>Real Estate Investment Trust 1.9%</b>                  |                                |             |
| 395              | Alexandria Real Estate Equities, Inc., 7.00%, 4/20/13 (f) | NR/NR                          | 9,168,640   |
| 246              | FelCor Lodging Trust, Inc., 1.95%, 12/31/49, Ser. A (g)   | Caa3/C                         | 4,862,913   |
|                  |   |                                | 14,031,553  |
|                  | Total Convertible Preferred Stock (cost \$234,231,056)    |                                | 201,671,695 |

Principal  
Amount  
(000s)

**CONVERTIBLE BONDS & NOTES 23.8%**

|         |  |           |            |
|---------|--|-----------|------------|
|         | <b>Banks 0.5%</b>  |           |            |
| \$4,030 | National City Corp., 4.00%, 2/1/11                             | A3/A      | 4,095,488  |
|         | <b>Commercial Services &amp; Supplies 0.9%</b>                 |           |            |
| 6,855   | Covanta Holding Corp., 1.00%, 2/1/27                           | Ba3/B     | 6,520,819  |
|         | <b>Diversified Telecommunication Services 0.5%</b>             |           |            |
| 3,305   | tw telecom, Inc., 2.375%, 4/1/26                               | B3/B      | 3,742,912  |
|         | <b>Electrical Equipment 2.5%</b>                               |           |            |
| 7,555   | EnerSys, 3.375%, 6/1/38 (h)                                    | B2/BB     | 7,224,469  |
| 7,055   | JA Solar Holdings Co., Ltd., 4.50%, 5/15/13                    | NR/NR     | 6,411,231  |
| 5,825   | SunPower Corp., 4.75%, 4/15/14                                 | NR/NR     | 4,769,219  |
|         |  |           | 18,404,919 |
|         | <b>Electronic Equipment, Instruments &amp; Components 0.7%</b> |           |            |
| 5,620   | Anixter International, Inc., 1.00%, 2/15/13                    | NR/B+     | 5,395,200  |
|         | <b>Energy Equipment &amp; Services 1.4%</b>                    |           |            |
| 4,740   | Nabors Industries, Inc., 0.94%, 5/15/11                        | NR/BBB+   | 4,710,375  |
| 6,070   | Transocean, Inc., 1.625%, 12/15/37                             | Baa3/BBB+ | 6,001,713  |
|         |  |           | 10,712,088 |
|         | <b>Hotels, Restaurants &amp; Leisure 1.0%</b>                  |           |            |
| 9,130   | MGM Mirage, 4.25%, 4/15/15 (a)(b)                              | Caa1/CCC+ | 7,555,075  |
|         | <b>Household Durables 0.1%</b>                                 |           |            |
| 1,000   | Lennar Corp., 2.00%, 12/1/20 (a)(b)                            | B3/BB     | 900,000    |
|         | <b>Internet Software &amp; Services 0.9%</b>                   |           |            |
| 6,130   | Equinix, Inc., 2.50%, 4/15/12                                  | NR/B      | 6,321,562  |

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AGIC Convertible & Income Fund

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**AGIC Convertible & Income Fund II Schedule of Investments**

August 31, 2010 (unaudited) (continued)

| Principal Amount (000s)           |  | Credit Rating (Moody s/S&P) | Value                |
|-----------------------------------|--|-----------------------------|----------------------|
|                                   | <b>IT Services 0.9%</b>                                  |                             |                      |
| \$6,780                           | Alliance Data Systems Corp., 1.75%, 8/1/13               | NR/NR                       | \$6,525,750          |
|                                   | <b>Machinery 1.0%</b>                                    |                             |                      |
| 6,830                             | AGCO Corp., 1.25%, 12/15/36                              | NR/BB+                      | 7,333,712            |
| 155                               | Titan International, Inc., 5.625%, 1/15/17 (a)(b)        | NR/NR                       | 185,225              |
|                                   |  |                             | 7,518,937            |
|                                   | <b>Media 3.2%</b>  |                             |                      |
| 5,920                             | Interpublic Group of Cos, Inc., 4.25%, 3/15/23           | Ba2/BB                      | 6,260,400            |
|                                   | Liberty Media LLC,                                       |                             |                      |
| 6,420                             | 3.125%, 3/30/23  | B1/BB                       | 7,013,850            |
| 6,480                             | 3.50%, 1/15/31   | B1/BB                       | 3,410,100            |
| 6,920                             | Regal Entertainment Group, 6.25%, 3/15/11 (a)(b)         | NR/NR                       | 7,015,150            |
|                                   |  |                             | 23,699,500           |
|                                   | <b>Oil, Gas &amp; Consumable Fuels 0.9%</b>              |                             |                      |
| 6,325                             | Peabody Energy Corp., 4.75%, 12/15/41                    | Ba3/B+                      | 6,546,375            |
|                                   | <b>Pharmaceuticals 0.8%</b>                              |                             |                      |
| 5,595                             | Mylan, Inc., 1.25%, 3/15/12                              | NR/BB                       | 5,692,912            |
|                                   | <b>Real Estate Investment Trust 3.8%</b>                 |                             |                      |
| 4,550                             | Boston Properties LP, 3.75%, 5/15/36                     | NR/A                        | 4,965,187            |
| 6,275                             | Developers Diversified Realty Corp., 3.00%, 3/15/12      | NR/BB                       | 6,118,125            |
| 3,700                             | Digital Realty Trust LP, 5.50%, 4/15/29 (a)(b)           | NR/NR                       | 5,476,000            |
| 5,480                             | Health Care REIT, Inc., 4.75%, 12/1/26                   | Baa2/BBB                    | 6,000,600            |
| 6,065                             | ProLogis, 2.25%, 4/1/37                                  | NR/BBB                      | 5,807,238            |
|                                   |  |                             | 28,367,150           |
|                                   | <b>Retail 0.1%</b>                                       |                             |                      |
| 1,135                             | Saks, Inc., 2.00%, 3/15/24                               | B3/B+                       | 1,038,525            |
|                                   | <b>Semiconductors &amp; Semiconductor Equipment 2.3%</b> |                             |                      |
| 12,500                            | Advanced Micro Devices, Inc., 5.75%, 8/15/12             | NR/B+                       | 12,609,375           |
| 4,790                             | ON Semiconductor Corp., zero coupon, 4/15/24             | NR/B+                       | 4,586,425            |
|                                   |  |                             | 17,195,800           |
|                                   | <b>Software 1.8%</b>                                     |                             |                      |
| 5,175                             | Macrovision Corp., 2.625%, 8/15/11                       | NR/BB                       | 8,157,094            |
| 5,285                             | Nuance Communications, Inc., 2.75%, 8/15/27              | NR/B                        | 5,549,250            |
|                                   |  |                             | 13,706,344           |
|                                   | <b>Thriffs &amp; Mortgage Finance 0.5%</b>               |                             |                      |
| 3,450                             | MGIC Investment Corp., 5.00%, 5/1/17                     | NR/CCC+                     | 3,359,438            |
|                                   | Total Convertible Bonds & Notes (cost \$150,833,913)     |                             | 177,298,794          |
| <b>SHORT-TERM INVESTMENT 0.6%</b> |  |                             |                      |
|                                   | <b>Time Deposit 0.6%</b>                                 |                             |                      |
| 4,716                             | Citibank London, 0.03%, 09/1/10 (cost \$4,716,382)       |                             | 4,716,382            |
|                                   | <b>Total Investments (cost \$758,092,968) 100.0%</b>     |                             | <b>\$746,809,350</b> |



**AGIC Convertible & Income Funds Schedules of Investments**

August 31, 2010 (unaudited)

**Notes to Schedules of Investments:**

- (a) Private Placement. Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$124,024,643 and \$96,147,678, representing 12.6% and 12.9% of total investments in Convertible & Income and Convertible & Income II, respectively.
- (b) 144A Exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically to qualified institutional buyers. Unless otherwise indicated, these securities are not considered to be illiquid.
- (c) Fair-Valued Securities with an aggregate value of \$7,335,791 and \$6,567,113, representing 0.7% and 0.9% of total investments in Convertible & Income and Convertible & Income II, respectively. See Note 1 (a) and Note 1 (b) in the Notes to Financial Statements.
- (d) In default.
- (e) Securities exchangeable or convertible into securities of an entity different than the issuer or structured by the issuer to provide exposure to securities of an entity different than the issuer. Such entity is identified in the parenthetical.
- (f) Perpetual maturity. Maturity date shown is the first call date.
- (g) Non-income producing.
- (h) Step Bond Coupon is a fixed rate for an initial period then resets at a specific date and rate.

**Glossary:**

FRN Floating Rate Notes. The interest rate disclosed reflects the rate in effect on August 31, 2010.

NR Not Rated

REIT Real Estate Investment Trust

WR Withdrawn Rating

AGIC Convertible & Income Fund

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**AGIC Convertible & Income Funds**    **Statements of Assets and Liabilities**

August 31, 2010 (unaudited)

|  | Convertible<br>& Income | Convertible<br>& Income II |
|--|-------------------------|----------------------------|
| <b>Assets:</b>   |                         |                            |
| Investments, at value (cost \$994,259,301 and \$758,092,968, respectively)   | \$ 983,490,346          | \$ 746,809,350             |
| Interest and dividends receivable  | 17,245,253              | 13,056,234                 |
| Receivable for investments sold  | 10,138,441              | 7,947,907                  |
| Prepaid expenses   | 80,260                  | 40,397                     |
| <b>Total Assets</b>  | <b>1,010,954,300</b>    | <b>767,853,888</b>         |
| <b>Liabilities:</b>  |                         |                            |
| Dividends payable to common and preferred shareholders   | 6,651,332               | 5,208,798                  |
| Payable for investments purchased  | 6,384,448               | 4,864,581                  |
| Investment management fees payable   | 597,932                 | 454,051                    |
| Accrued expenses   | 217,530                 | 187,955                    |
| <b>Total Liabilities</b>   | <b>13,851,242</b>       | <b>10,715,385</b>          |
| <b>Preferred Shares (\$0.00001 par value; \$25,000 liquidation preference per share applicable to an aggregate of 14,280 and 10,960 shares issued and outstanding, respectively)</b> | <b>357,000,000</b>      | <b>274,000,000</b>         |
| <b>Net Assets Applicable to Common Shareholders</b>  | <b>\$ 640,103,058</b>   | <b>\$ 483,138,503</b>      |
| <b>Composition of Net Assets Applicable to Common Shareholders:</b>  |                         |                            |
| Common Shares:   |                         |                            |
| Par value (\$0.00001 per share)  | \$ 738                  | \$ 612                     |
| Paid-in-capital in excess of par   | 1,041,790,114           | 858,023,966                |
| Undistributed net investment income  | 4,840,138               | 2,491,639                  |
| Accumulated net realized loss  | (395,758,977)           | (366,094,096)              |
| Net unrealized depreciation of investments   | (10,768,955)            | (11,283,618)               |
| <b>Net Assets Applicable to Common Shareholders</b>  | <b>\$ 640,103,058</b>   | <b>\$ 483,138,503</b>      |
| Common Shares Issued and Outstanding   | 73,776,158              | 61,184,143                 |
| <b>Net Asset Value Per Common Share</b>  | <b>\$8.68</b>           | <b>\$7.90</b>              |

AGIC Convertible &amp; Income Fund

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**AGIC Convertible & Income Funds** Statements of Operations

Six Months ended August 31, 2010 (unaudited)

|  | Convertible<br>& Income | Convertible<br>& Income II |
|--|-------------------------|----------------------------|
| <b>Investment Income:</b>  |                         |                            |
| Interest   | \$ 34,133,118           | \$ 25,791,932              |
| Dividends  | 14,095,196              | 10,622,676                 |
| Other income   | 270,035                 | 193,240                    |
| Total Investment Income  | 48,498,349              | 36,607,848                 |
| <b>Expenses:</b>   |                         |                            |
| Investment management fees   | 3,559,482               | 2,703,728                  |
| Auction agent fees and commissions   | 282,588                 | 212,011                    |
| Custodian and accounting agent fees  | 73,300                  | 63,174                     |
| Shareholder communications   | 71,670                  | 55,398                     |
| Trustees' fees and expenses  | 42,376                  | 34,040                     |
| Audit and tax services   | 39,192                  | 42,138                     |
| New York Stock Exchange listing fees   | 36,673                  | 30,410                     |
| Transfer agent fees  | 18,008                  | 17,648                     |
| Legal fees   | 17,498                  | 18,402                     |
| Insurance expense  | 13,337                  | 10,271                     |
| Miscellaneous  | 8,142                   | 17,484                     |
| Total Expenses   | 4,162,266               | 3,204,704                  |
| <b>Net Investment Income</b>   | 44,336,083              | 33,403,144                 |
| <b>Realized and Change in Unrealized Gain (Loss):</b>  |                         |                            |
| Net realized gain on investments   | 12,704,186              | 9,690,115                  |
| Net change in unrealized appreciation/depreciation of investments  | (25,907,977)            | (19,499,424)               |
| Net realized and change in unrealized loss on investments  | (13,203,791)            | (9,809,309)                |
| <b>Net Increase in Net Assets Resulting from Investment Operations</b>                                   | 31,132,292              | 23,593,835                 |
| <b>Dividends on Preferred Shares from Net Investment Income</b>  | (504,461)               | (387,176)                  |
| <b>Net Increase in Net Assets Applicable to Common Shareholders Resulting from Investment Operations</b> | \$ 30,627,831           | \$ 23,206,659              |

AGIC Convertible &amp; Income Fund

See accompanying Notes to Financial Statements | 8.31.10 | AGIC Convertible &amp; Income Fund II Semi-Annual Report

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**AGIC Convertible & Income Funds**      **Statements of Changes in Net Assets  
Applicable to Common Shareholders**

| <u>Convertible &amp; Income:</u>   | Six Months<br>ended<br>August 31, 2010<br>(unaudited) | Year ended<br>February 28, 2010 |
|--|---|---------------------------------|
| <b>Investments Operations:</b>   |   |                                 |
| Net investment income  | \$44,336,083  | \$77,895,527                    |
| Net realized gain (loss) on investments  | 12,704,186  | (111,955,883)                   |
| Net change in unrealized appreciation/depreciation of investments  | (25,907,977)  | 403,757,997                     |
| Net increase in net assets resulting from investment operations  | 31,132,292  | 369,697,641                     |
| <b>Dividends on Preferred Shares from Net Investment Income</b>  |   |                                 |
| Net increase in net assets applicable to common shareholders resulting from investment operations        | (504,461)   | (842,503)                       |
|  | 30,627,831  | 368,855,138                     |
| <b>Dividends to Common Shareholders from Net Investment Income</b>                                       |   |                                 |
|  | (39,721,790)  | (78,664,973)                    |
| <b>Common Share Transactions:</b>  |   |                                 |
| Reinvestment of dividends  | 4,789,228   | 5,674,109                       |
| Total increase (decrease) in net assets applicable to common shareholders                                | (4,304,731)   | 295,864,274                     |
| <b>Net Assets Applicable to Common Shareholders:</b>   |   |                                 |
| Beginning of period  | 644,407,789   | 348,543,515                     |
| End of period (including undistributed net investment income of \$4,840,138 and \$730,306, respectively) | \$640,103,058   | \$644,407,789                   |
| <b>Common Shares Issued in Reinvestment of Dividends</b>   | 519,090   | 697,071                         |
| <br>   |   |                                 |
| <u>Convertible &amp; Income II:</u>  | Six Months<br>ended<br>August 31, 2010<br>(unaudited) | Year ended<br>February 28, 2010 |
| <b>Investments Operations:</b>   |   |                                 |
| Net investment income  | \$33,403,144  | \$59,296,824                    |
| Net realized gain (loss) on investments  | 9,690,115   | (94,702,164)                    |
| Net change in unrealized appreciation/depreciation of investments  | (19,499,424)  | 322,931,570                     |
| Net increase in net assets resulting from investment operations  | 23,593,835  | 287,526,230                     |
| <b>Dividends on Preferred Shares from Net Investment Income</b>  |   |                                 |
| Net increase in net assets applicable to common shareholders resulting from investment operations        | (387,176)   | (646,896)                       |
|  | 23,206,659  | 286,879,334                     |
| <b>Dividends to Common Shareholders from Net Investment Income</b>                                       |   |                                 |
|  | (31,107,059)  | (68,553,462)                    |
| <b>Common Share Transactions:</b>  |   |                                 |
| Reinvestment of dividends  | 3,909,214   | 5,584,255                       |
| Total increase (decrease) in net assets applicable to common shareholders                                | (3,991,186)   | 223,910,127                     |
| <b>Net Assets Applicable to Common Shareholders:</b>   |   |                                 |
| Beginning of period  | 487,129,689   | 263,219,562                     |
|  | \$483,138,503   | \$487,129,689                   |

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End of period (including undistributed net investment income of \$2,491,639 and \$582,730, respectively)

**Common Shares Issued in Reinvestment of Dividends**

457,306

732,745

AGIC Convertible & Income Fund

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**AGIC Convertible & Income Funds**    **Notes to Financial Statements**

August 31, 2010 (unaudited)

**1. Organization and Significant Accounting Policies**

AGIC Convertible & Income Fund ( Convertible & Income ) and AGIC Convertible & Income Fund II ( Convertible & Income II ), formerly known as Nicholas-Applegate Convertible & Income Fund and Nicholas-Applegate Convertible & Income Fund II, respectively, each a Fund and collectively referred to as the Funds , were organized as Massachusetts business trusts on January 17, 2003 and April 22, 2003, respectively. In December 2005, Convertible & Income II changed its fiscal year end from June 30 to February 28. Prior to commencing operations on March 31, 2003, and July 31, 2003, respectively, the Funds had no operations other than matters relating to their organization and registration as diversified, closed-end management investment companies under the Investment Company Act of 1940 and the rules and regulations thereunder, as amended. Allianz Global Investors Fund Management LLC (the Investment Manager ) serves as the Funds Investment Manager and is an indirect, wholly-owned subsidiary of Allianz Global Investors of America L.P. ( Allianz Global ). Allianz Global is an indirect, wholly-owned subsidiary of Allianz SE, a publicly traded European insurance and financial services company. Each Fund has an unlimited amount of \$0.00001 par value per share of common shares authorized.

Each Fund s investment objective is to provide total return through a combination of capital appreciation and high current income. The Funds attempt to achieve this objective by investing in a portfolio of convertible securities and non-convertible income-producing securities. There can be no assurance that the Funds will achieve their stated objectives.

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in each Fund s financial statements. Actual results could differ from these estimates.

In the normal course of business, the Funds enter into contracts that contain a variety of representations which provide general indemnifications. The Funds maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Funds that have not yet occurred.

The following is a summary of significant accounting policies consistently followed by the Funds:

**(a) Valuation of Investments**

Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Market value is generally determined on the basis of last reported sales prices, or if no sales are reported, on the basis of quotes obtained from a quotation reporting system, established market makers, or independent pricing services.

Portfolio securities and other financial instruments for which market quotations are not readily available or for which a development/event occurs that may significantly impact the value of a security, are fair-valued, in good faith, pursuant to procedures established by the Board of Trustees, or persons acting at their discretion pursuant to procedures established by the Board of Trustees. The Funds investments are valued daily using prices supplied by an independent pricing service or dealer quotations, or by using the last sale price on the exchange that is the primary market for such securities, or the mean between the last quoted bid and ask price. Independent pricing services use information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Synthetic convertible securities are valued based on quotations obtained from unaffiliated brokers who are the principal market-makers in such securities. Such valuations are derived by the brokers from proprietary models which are generally based on readily available market information including valuations of the common stock underlying the synthetic security. Short-term securities maturing in 60 days or less are valued at amortized cost, if their original term to maturity was 60 days or less, or by amortizing their value on the 61st day prior to maturity, if the original term to maturity exceeded 60 days.

The prices used by the Funds to value securities may differ from the value that would be realized if the securities were sold and these differences could be material to each Fund s financial statements. Each Fund s net asset value is normally determined as of the close of regular trading (normally, 4:00 p.m. Eastern time) on the New York Stock Exchange ( NYSE ) on each day the NYSE is open for business.

**AGIC Convertible & Income Funds**    **Notes to Financial Statements**

August 31, 2010 (unaudited)

**1. Organization and Significant Accounting Policies (continued)**

**(b) Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the exit price) in an orderly transaction between market participants. The three levels of the fair value hierarchy are described below:

Level 1    quoted prices in active markets for identical investments that the Funds have the ability to access

Level 2    valuations based on other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.) or quotes from inactive exchanges

Level 3    valuations based on significant unobservable inputs (including the Funds' own assumptions in determining the fair value of investments)

An investment asset's or liability's level within the fair value hierarchy is based on the lowest level input, individually or in aggregate, that is significant to fair value measurement. The objective of fair value measurement remains the same even when there is a significant decrease in the volume and level of activity for an asset or liability and regardless of the valuation technique used.

The valuation techniques used by the Funds to measure fair value during the six months ended August 31, 2010 maximized the use of observable inputs and minimized the use of unobservable inputs. When fair-valuing securities, the Funds utilized multi-dimensional relational pricing models.

The inputs or methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. The following are certain inputs and techniques that the Funds generally use to evaluate how to classify each major category of assets and liabilities in accordance with Generally Accepted Accounting Principles (GAAP).

Equity Securities (Common and Preferred Stock)    Equity securities traded in inactive markets and certain foreign equity securities are valued using inputs which include broker-dealer quotes, recently executed transactions adjusted for changes in the benchmark index, or evaluated price quotes received from independent pricing services that take into account the integrity of the market sector and issuer, the individual characteristics of the security, and information received from broker-dealers and other market sources pertaining to the issuer or security. To the extent that these inputs are observable, the values of equity securities are categorized as Level 2. To the extent that these inputs are unobservable the values are categorized as Level 3.

Corporate Bonds    Corporate bonds are generally comprised of two main categories consisting of investment grade bonds and high yield bonds. Investment grade bonds are valued by independent pricing services using various inputs and techniques, which include broker-dealer quotations, live trading levels, recently executed transactions in securities of the issuer or comparable issuers, and options adjusted spread models that include base curve and spread curve inputs. Adjustments to individual bonds can be applied to recognize trading differences compared to other bonds issued by the same issuer. High yield bonds are valued by independent pricing services based primarily on broker-dealer quotations from relevant market makers and recently executed transactions in securities of the issuer or comparable issuers. The broker-dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds and sector-specific trends. To the extent that these inputs are observable, the values of corporate bonds are categorized as Level 2. To the extent that these inputs are unobservable the values are categorized as Level 3.

Convertible Bonds    Convertible bonds are valued by independent pricing services using various inputs and techniques, which include broker-dealer quotations from relevant market makers and recently executed transactions in securities of the issuer or comparable issuers. The broker-dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds and sector-specific trends. To the extent that these inputs are observable, the values of convertible bonds are categorized as Level 2. To the extent that these inputs are unobservable the values are categorized as Level 3.

The Funds' policy is to recognize transfers between levels at the end of the reporting period.

AGIC Convertible & Income Fund

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**AGIC Convertible & Income Funds** Notes to Financial Statements

August 31, 2010 (unaudited)

**1. Organization and Significant Accounting Policies (continued)**

A summary of the inputs used at August 31, 2010 in valuing Convertible & Income's assets and liabilities is listed below:

|   | Level 1 -<br>Quoted Prices | Level 2 -<br>Other Significant<br>Observable<br>Inputs | Level 3 -<br>Significant<br>Unobservable<br>Inputs | Value at<br>8/31/10   |
|---|----------------------------|--|--|-----------------------|
| <b>Investments in Securities Assets</b>       |                            |  |  |                       |
| Corporate Bonds & Notes:                      |                            |  |  |                       |
| Hotels, Restaurants & Leisure                 |                            | \$ 8,558,550   | \$2,575,929  | \$ 11,134,479         |
| All Other                                     |                            | 469,628,815  |  | 469,628,815           |
| Convertible Preferred Stock:                  |                            |  |  |                       |
| Banks   |                            | 9,389,839  |  | 9,389,839             |
| Capital Markets                               |                            |  | 4,759,862  | 4,759,862             |
| Diversified Financial Services                | \$ 24,662,838              | 60,537,057   |  | 85,199,895            |
| All Other                                     | 165,034,401                |  |  | 165,034,401           |
| Convertible Bonds & Notes                     |                            | 233,526,924  |  | 233,526,924           |
| Short-Term Investments                        |                            | 4,816,131  |  | 4,816,131             |
| <b>Total Investments in Securities Assets</b> | <b>\$ 189,697,239</b>      | <b>\$ 786,457,316</b>                                  | <b>\$ 7,335,791</b>                                | <b>\$ 983,490,346</b> |

There were no significant transfers between Levels 1 and 2 during the six months ended August 31, 2010.

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for Convertible & Income for the six months ended August 31, 2010, was as follows:

|   | Beginning<br>Balance<br>2/28/10 | Net<br>Purchases<br>(Sales) and<br>Settlements | Net Change<br>in<br>Unrealized<br>Appreciation/<br>Depreciation | Transfers<br>into<br>Level 3* | Transfers<br>out of<br>Level 3* | Ending<br>Balance<br>8/31/10 |
|---|---------------------------------|--|---|-------------------------------|---------------------------------|------------------------------|
| <b>Investments in Securities Assets</b> |                                 |  |   |                               |                                 |                              |
| Corporate Bonds & Notes:                |                                 |  |   |                               |                                 |                              |
| Hotels, Restaurants & Leisure           | \$2,575,929                     |  |   |                               |                                 | \$2,575,929                  |
| Convertible Preferred Stock:            |                                 |  |   |                               |                                 |                              |
| Capital Markets                         | 4,759,862                       |  |   |                               |                                 | 4,759,862                    |
| <b>Total Investments</b>                | <b>\$7,335,791</b>              |  |   |                               |                                 | <b>\$7,335,791</b>           |

There was no change in unrealized appreciation/depreciation of Level 3 investments which the Convertible & Income held at August 31, 2010.

\* There were no transfers into or out of Level 3 during the six months ended August 31, 2010.



**AGIC Convertible & Income Funds** Notes to Financial Statements

August 31, 2010 (unaudited)

**1. Organization and Significant Accounting Policies (continued)**

A summary of the inputs used at August 31, 2010 in valuing Convertible & Income II's assets and liabilities is listed below:

|   | Level 1 -<br>Quoted Prices | Level 2 -<br>Other Significant<br>Observable<br>Inputs | Level 3 -<br>Significant<br>Unobservable<br>Inputs | Value at<br>8/31/10  |
|---|----------------------------|--|--|----------------------|
| <b>Investments in Securities Assets</b>       |                            |  |  |                      |
| Corporate Bonds & Notes:                      |                            |  |  |                      |
| Hotels, Restaurants & Leisure                 |                            | \$ 6,547,450   | \$2,314,523  | \$ 8,861,973         |
| All Other                                     |                            | 354,260,506  |  | 354,260,506          |
| Convertible Preferred Stock:                  |                            |  |  |                      |
| Banks   |                            | 7,197,342  |  | 7,197,342            |
| Capital Markets                               |                            |  | 4,252,590  | 4,252,590            |
| Diversified Financial Services                | \$ 18,851,708              | 46,754,071   |  | 65,605,779           |
| All Others                                    | 124,615,984                |  |  | 124,615,984          |
| Convertible Bonds & Notes                     |                            | 177,298,794  |  | 177,298,794          |
| Short-Term Investments                        |                            | 4,716,382  |  | 4,716,382            |
| <b>Total Investments in Securities Assets</b> | <b>\$143,467,692</b>       | <b>\$596,774,545</b>                                   | <b>\$6,567,113</b>                                 | <b>\$746,809,350</b> |

There were no significant transfers between Levels 1 and 2 during the six months ended August 31, 2010.

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for Convertible & Income II for the six months ended August 31, 2010, was as follows:

|   | Beginning<br>Balance<br>2/28/10 | Net<br>Purchases<br>(Sales) and<br>Settlements | Net Change<br>in Unrealized<br>Appreciation/<br>Depreciation | Transfers<br>into<br>Level 3* | Transfers<br>out of<br>Level 3* | Ending<br>Balance<br>8/31/10 |
|---|---------------------------------|--|--|-------------------------------|---------------------------------|------------------------------|
| <b>Investments in Securities Assets</b> |                                 |  |  |                               |                                 |                              |
| Corporate Bonds & Notes:                |                                 |  |  |                               |                                 |                              |
| Hotels, Restaurants & Leisure           | \$2,314,523                     |  |  |                               |                                 | \$2,314,523                  |
| Convertible Preferred Stock:            |                                 |  |  |                               |                                 |                              |
| Capital Markets                         | 4,252,590                       |  |  |                               |                                 | 4,252,590                    |
| <b>Total Investments</b>                | <b>\$6,567,113</b>              |  |  |                               |                                 | <b>\$6,567,113</b>           |

There was no change in unrealized appreciation/depreciation of Level 3 investments which the Convertible & Income II held at August 31, 2010.

\* There were no transfers into or out of Level 3 during the six months ended August 31, 2010.

**(c) Investment Transactions and Investment Income**

Investment transactions are accounted for on the trade date. Realized gains and losses on investments are determined on the identified cost basis. Dividend income is recorded on the ex-dividend date. Interest income adjusted for the accretion of discount and amortization premiums is recorded on an accrual basis. Discounts or premiums on debt securities purchased are accreted or amortized to interest income over the lives of the

## Edgar Filing: AGIC Convertible & Income Fund II - Form N-CSRS

respective securities. Conversion premium is not amortized. Payments received from certain investments may be comprised of dividends, realized gains and return of capital. These payments may initially be recorded as dividend income and may be subsequently be reclassified as realized gains and/or return of capital upon receipt of information from the issuer. Payments received on synthetic convertible securities are generally included in dividend income.

AGIC Convertible & Income Fund

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**AGIC Convertible & Income Funds** Notes to Financial Statements

August 31, 2010 (unaudited)

**1. Organization and Significant Accounting Policies (continued)****(d) Federal Income Taxes**

The Funds intend to distribute all of their taxable income and to comply with the other requirements of the U.S. Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, no provision for U.S. federal income taxes is required.

Accounting for uncertainty in income taxes establishes for all entities, including pass-through entities such as the Funds, a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction), and requires certain expanded tax disclosures. The Funds' management has determined that its evaluation has resulted in no material impact to the Funds' financial statements at August 31, 2010. The Funds' federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

**(e) Dividends and Distributions - Common Shares**

The Funds declare dividends from net investment income monthly to common shareholders. Distributions of net realized capital gains, if any, are paid at least annually. The Funds record dividends and distributions to their respective shareholders on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations, which may differ from GAAP. These book-tax differences are considered either temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal income tax treatment. Temporary differences do not require reclassification. To the extent dividends and/or distributions exceed current and accumulated earnings and profits for federal income tax purposes, they are reported as dividends and/or distributions to shareholders from return of capital.

**(f) Convertible Securities**

It is the Funds' policy to invest a portion of their assets in convertible securities. Although convertible securities do derive part of their value from that of the securities into which they are convertible, they are not considered derivative financial instruments. However, certain of the Funds' investments in convertible securities include features which render them more sensitive to price changes in their underlying securities. The value of structured/synthetic convertible securities can be affected by interest rate changes and credit risks of the issuer. Such securities may be structured in ways that limit their potential for capital appreciation and the entire value of the security may be at risk of loss depending on the performance of the underlying equity security. Consequently, the Funds are exposed to greater downside risk than traditional convertible securities, but still less than that of the underlying stock.

**2. Principal Risks**

In the normal course of business the Funds trade financial instruments and enter into financial transactions where risk of potential loss exists due to, among other things, changes in the market (market risk) or failure of the other party to a transaction to perform (counterparty risk). The Funds also are exposed to various risks such as, but not limited to, interest rate and credit risks.

Interest rate risk is the risk that fixed income securities will decline in value because of changes in interest rates. As nominal interest rates rise, the value of certain fixed income securities held by the Funds are likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Duration is used primarily as a measure of the sensitivity of a fixed income security's market price to interest rate (i.e. yield) movements.

The Funds are exposed to credit risk which is the risk of losing money if the issuer or guarantor of a fixed income security is unable or unwilling, or is perceived (whether by market participants, rating agencies, pricing services or otherwise) as unable or unwilling, to make timely principal and/or interest payments, or to otherwise honor its obligations. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.

Similar to credit risk, the Funds are exposed to counterparty risk, or the risk that an institution or other entity with which the Funds have unsettled or open transactions will default. The potential loss to the Funds could exceed the value of the financial assets recorded in the Funds' financial statements. Financial assets, which potentially expose the Funds to counterparty risk, consist principally of cash due from counterparties and investments. The Funds' sub-adviser, Allianz Global Investors Capital LLC (AGIC) or the Sub-Adviser, an affiliate of the Investment Manager, seeks to minimize the Funds

**AGIC Convertible & Income Funds**    **Notes to Financial Statements**

August 31, 2010 (unaudited)

**2. Principal Risks (continued)**

counterparty risks by performing reviews of each counterparty and by minimizing concentration of counterparty risk by undertaking transactions with multiple customers and counterparties on recognized and reputable exchanges. Delivery of securities sold is only made once the Funds have received payment. Payment is made on the purchase once the securities have been delivered by the counterparty. The trade will fail if either party fails to meet its obligation.

The market values of equity securities, such as common stock and preferred stock and securities convertible into equity securities, may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Equity securities generally have greater market price volatility than fixed income securities.

During the six months ended August 31, 2010, the Funds held synthetic convertible securities with Lehman Brothers, Inc. as the counterparty. On September 15, 2008 Lehman Brothers Holdings Inc. filed for protection under Chapter 11 of the United States Bankruptcy Code. The value of the relevant securities have been written down to their estimated recoverable values.

**3. Investment Manager/Sub-Adviser**

Each Fund has an Investment Management Agreement (each an Agreement) with the Investment Manager. Subject to the supervision of the Funds Board of Trustees, the Investment Manager is responsible for managing, either directly or through others selected by it, the Funds investment activities, business affairs and administrative matters. Pursuant to each Agreement, the Investment Manager receives an annual fee, payable monthly, at the annual rate of 0.70% of each Fund's average daily total managed assets. Total managed assets refer to the total assets of each Fund (including assets attributable to any preferred shares or other forms of leverage that may be outstanding) minus accrued liabilities (other than liabilities representing leverage).

The Investment Manager has retained the Sub-Adviser to manage the Funds investments. Subject to the supervision of the Investment Manager, the Sub-Adviser is responsible for making all of the Funds investment decisions. The Investment Manager, and not the Funds, pays a portion of the fees it receives as Investment Manager to the Sub-Adviser in return for its services.

Effective August 25, 2010, the Sub-Advisory Agreements between the Investment Manager and Nicholas-Applegate Capital Management LLC (NACM) were novated from NACM to AGIC, the indirect parent of NACM.

The novation coincided with a larger corporate reorganization transferring the advisory businesses of NACM and Oppenheimer Capital LLC (OCC) to AGIC. Since 2009, AGIC has assumed a number of non-advisory functions from both NACM and OCC, and the transaction in August 2010 marked the last step in the full integration of these businesses under a single name and corporate entity.

**4. Investments in Securities**

Purchases and sales of investments, other than short-term securities for the six months ended August 31, 2010 were:

|                         | Purchases      | Sales          |
|-------------------------|----------------|----------------|
| Convertible & Income    | \$ 212,688,932 | \$ 202,638,477 |
| Convertible & Income II | 172,701,436    | 167,437,050    |

**5. Income Tax Information**

The cost basis of investments for federal income tax purposes and gross unrealized appreciation and gross unrealized depreciation of investments at August 31, 2010 were:

|                         | Cost of Investments | Gross Unrealized Appreciation | Gross Unrealized Depreciation | Net Unrealized Depreciation |
|-------------------------|---------------------|-------------------------------|-------------------------------|-----------------------------|
| Convertible & Income    | \$ 999,539,261      | \$ 80,920,124                 | \$ (96,969,039)               | \$ (16,048,915)             |
| Convertible & Income II | 762,464,068         | 63,000,601                    | (78,655,319)                  | (15,654,718)                |

The difference between book and tax cost is attributable to the differing treatment of market premium amortization on corporate bonds.

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AGIC Convertible & Income Fund

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**AGIC Convertible & Income Funds**    **Notes to Financial Statements**

August 31, 2010 (unaudited)

**6. Auction-Rate Preferred Shares**

Convertible & Income has 2,856 shares of Preferred Shares Series A, 2,856 shares of Preferred Shares Series B, 2,856 shares of Preferred Shares Series C, 2,856 shares of Preferred Shares Series D, and 2,856 shares of Preferred Shares Series E outstanding, each with a liquidation preference value of \$25,000 per share plus any accumulated, unpaid dividends.

Convertible & Income II has 2,192 shares of Preferred Shares Series A, 2,192 shares of Preferred Shares Series B, 2,192 shares of Preferred Shares Series C, 2,192 shares of Preferred Shares Series D, and 2,192 shares of Preferred Shares Series E outstanding, each with a liquidation preference value of \$25,000 per share plus any accumulated, unpaid dividends.

Dividends are accumulated daily at an annual rate (typically re-set every seven days) through auction procedures. Distributions of net realized capital gains, if any, are paid annually.

For the six months ended August 31, 2010, the annualized dividend rates for the Funds ranged from:

|          | High   | Low    | At August 31, 2010 |
|----------|--------|--------|--------------------|
| Series A | 0.542% | 0.150% | 0.195%             |
| Series B | 0.422% | 0.105% | 0.270%             |
| Series C | 0.452% | 0.120% | 0.270%             |
| Series D | 0.527% | 0.135% | 0.270%             |
| Series E | 0.452% | 0.135% | 0.225%             |

The Funds are subject to certain limitations and restrictions while Preferred Shares are outstanding. Failure to comply with these limitations and restrictions could preclude the Funds from declaring or paying any dividends or distributions to common shareholders or repurchasing common shares and/or could trigger the mandatory redemption of Preferred Shares at their liquidation value plus any accumulated, unpaid dividends.

Preferred shareholders, who are entitled to one vote per share, generally vote together with the common shareholders but vote separately as a class to elect two Trustees and on any matters affecting the rights of the Preferred Shares.

Since mid-February 2008, holders of auction-rate preferred shares ( ARPS ) issued by the Funds have been directly impacted by an unprecedented lack of liquidity, which has similarly affected ARPS holders in many of the nation's closed-end funds. Since then, regularly scheduled auctions for ARPS issued by the Funds have consistently failed because of insufficient demand (bids to buy shares) to meet the supply (shares offered for sale) at each auction. In a failed auction, ARPS holders cannot sell all, and may not be able to sell any, of their shares tendered for sale. While repeated auction failures have affected the liquidity for ARPS, they do not constitute a default or automatically alter the credit quality of the ARPS, and ARPS holders have continued to receive dividends at the defined maximum rate the 7-day AA Composite Commercial Paper Rate multiplied by 150% (which is a function of short-term interest rates and typically higher than the rate that would have otherwise been set through a successful auction). If the Funds' ARPS auctions continue to fail and the maximum rate payable on the ARPS rises as a result of changes in short-term interest rates, returns for the Funds' common shareholders could be adversely affected.

**7. Legal Proceedings**

In June and September 2004, the Investment Manager and certain of its affiliates (including PEA Capital LLC ( PEA ), Allianz Global Investors Distributors LLC and Allianz Global Investors of America, L.P.), agreed to settle, without admitting or denying the allegations, claims brought by the Securities and Exchange Commission ( SEC ) and the New Jersey Attorney General alleging violations of federal and state securities laws with respect to certain open-end funds for which the Investment Manager serves as investment adviser. The settlements related to an alleged market timing arrangement in certain open-end funds formerly sub-advised by PEA. The Investment Manager and its affiliates agreed to pay a total of \$68 million to settle the claims. In addition to monetary payments, the settling parties agreed to undertake certain corporate governance, compliance and disclosure reforms related to market timing, and consented to cease and desist orders and censures. Subsequent to these events, PEA deregistered as an investment adviser and dissolved. None of the settlements alleged that any inappropriate activity took place with respect to the Funds.

Since February 2004, the Investment Manager and certain of its affiliates and their employees have been named as defendants in a number of pending lawsuits concerning market timing, which allege the same or similar conduct underlying the regulatory settlements discussed above. The market timing lawsuits have been consolidated in a multidistrict litigation proceeding in the U.S. District Court for the District of Maryland (the MDL Court ). After a number of claims in the lawsuits were dismissed by the MDL Court, the parties entered into a stipulation of settlement, which was publicly filed with the MDL Court in April 2010, resolving all remaining claims, but the settlement remains subject to the approval of the MDL Court.



**AGIC Convertible & Income Funds**    **Notes to Financial Statements**

August 31, 2010 (unaudited)

**7. Legal Proceedings (continued)**

Beginning in May 2010, several closed-end funds managed by the Investment Manager, including the Funds, each received a demand letter from a law firm on behalf of certain common shareholders. The demand letters allege that the Investment Manager and certain officers and trustees of the funds breached their fiduciary duties in connection with the redemption at par of a portion of the funds' ARPS and demand that the boards of trustees take certain action to remedy those alleged breaches. After conducting an investigation, in August 2010 the independent trustees of each Fund rejected the demands made in the demand letters.

The Investment Manager and the Sub-Adviser believe that these matters are not likely to have a material adverse effect on the Funds or on their ability to perform their respective investment advisory activities relating to the Funds.

**8. Subsequent Events**

On September 1, 2010 the following monthly dividends were declared to shareholders, payable September 29, 2010 to shareholders of record on September 13, 2010:

|                            |                             |
|----------------------------|-----------------------------|
| Convertible &<br>Income    | \$0.09 per<br>common share  |
| Convertible &<br>Income II | \$0.085 per<br>common share |

On October 1, 2010 the following monthly dividends were declared to shareholders, payable November 1, 2010 to shareholders of record on October 11, 2010:

|                            |                             |
|----------------------------|-----------------------------|
| Convertible &<br>Income    | \$0.09 per<br>common share  |
| Convertible &<br>Income II | \$0.085 per<br>common share |

AGIC Convertible & Income Fund

## Edgar Filing: AGIC Convertible & Income Fund II - Form N-CSRS

### AGIC Convertible & Income Fund Financial Highlights

For a common share outstanding throughout each period:

|  | Six Months                                 | Year ended              |                      |                      |                      |                      |
|--|--|-------------------------|----------------------|----------------------|----------------------|----------------------|
|  | ended<br>August 31,<br>2010<br>(unaudited) | February<br>28,<br>2010 | February 28,<br>2009 | February 29,<br>2008 | February 28,<br>2007 | February 28,<br>2006 |
| Net asset value, beginning of period   | \$8.80                                     | \$4.80                  | \$12.52              | \$14.84              | \$14.69              | \$16.07              |
| <b>Investment Operations:</b>  |  |                         |                      |                      |                      |                      |
| Net investment income  | 0.60                                       | 1.07                    | 1.56                 | 1.62                 | 1.66                 | 1.51                 |
| Net realized and change in unrealized gain (loss) on investments and interest rate caps                      | (0.17)                                     | 4.02                    | (7.75)               | (2.05)               | 0.55                 | (0.48)               |
| Total from investment operations   | 0.43                                       | 5.09                    | (6.19)               | (0.43)               | 2.21                 | 1.03                 |
| <b>Dividends and Distributions on Preferred Shares from:</b>   |  |                         |                      |                      |                      |                      |
| Net investment income  | (0.01)                                     | (0.01)                  | (0.17)               | (0.39)               | (0.34)               | (0.25)               |
| Net realized gain  |  |                         |                      |                      | (0.03)               | (0.02)               |
| Total dividends and distributions on preferred shares  | (0.01)                                     | (0.01)                  | (0.17)               | (0.39)               | (0.37)               | (0.27)               |
| Net increase (decrease) in net assets applicable to common shareholders resulting from investment operations | 0.42                                       | 5.08                    | (6.36)               | (0.82)               | 1.84                 | 0.76                 |
| <b>Dividends and Distributions to Common Shareholders from:</b>  |  |                         |                      |                      |                      |                      |
| Net investment income  | (0.54)                                     | (1.08)                  | (1.36)               | (1.50)               | (1.50)               | (1.91)               |
| Net realized gains   |  |                         |                      |                      | (0.19)               | (0.23)               |
| Total dividends and distributions to common shareholders   | (0.54)                                     | (1.08)                  | (1.36)               | (1.50)               | (1.69)               | (2.14)               |
| Net asset value, end of period   | \$8.68                                     | \$8.80                  | \$4.80               | \$12.52              | \$14.84              | \$14.69              |
| Market price, end of period  | \$9.25                                     | \$9.39                  | \$4.05               | \$12.50              | \$16.08              | \$15.69              |
| Total Investment Return (1)  | 4.43%                                      | 166.37%                 | (61.55)%             | (13.63)%             | 14.60%               | 14.30%               |
| <b>RATIOS/SUPPLEMENTAL DATA:</b>   |  |                         |                      |                      |                      |                      |
| Net assets, applicable to common shareholders, end of period (000s)  | \$640,103                                  | \$644,408               | \$348,544            | \$895,043            | \$1,050,149          | \$1,017,779          |
| Ratio of expenses to average net assets (2)  | 1.27%(4)                                   | 1.39%                   | 1.56%(3)             | 1.26%                | 1.27%                | 1.28%(3)             |
| Ratio of net investment income to average net assets (2)   | 13.50%(4)                                  | 14.21%                  | 16.87%               | 11.26%               | 11.37%               | 10.03%               |
| Preferred shares asset coverage per share  | \$69,824                                   | \$70,125                | \$49,406             | \$67,626             | \$74,981             | \$73,442             |
| Portfolio turnover   | 21%  | 58%                     | 62%                  | 33%                  | 67%                  | 52%                  |

- (1) Total investment return is calculated assuming a purchase of a common share at the current market price on the first day and a sale of a common share at the current market price on the last day of each period reported. Dividends and distributions are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions or sales charges. Total investment return for a period of less than one year is not annualized.
- (2) Calculated on the basis of income and expenses applicable to both common shares and preferred shares relative to the average net assets of common shareholders.
- (3) Ratio of expenses to average net assets of common shareholders, excluding excise tax expense was 1.53% for the year ended February 28, 2009 and 1.26% for the year ended February 28, 2006.
- (4) Annualized.

AGIC Convertible & Income Fund

See accompanying Notes to Financial Statements | 8.31.10 | AGIC Convertible & Income Fund II Semi-Annual Report

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# Edgar Filing: AGIC Convertible & Income Fund II - Form N-CSRS

## AGIC Convertible & Income Fund II Financial Highlights

For a common share outstanding throughout each period:

|  | Six Months ended<br>August 31,<br>2010<br>(unaudited) | February<br>28,<br>2010 | Year ended           |                      | February<br>28,<br>2007 | For the period<br>July 1, 2005<br>through<br>February 28<br>2006* | Year ended<br>June 30, 2005 |
|--|---|-------------------------|----------------------|----------------------|-------------------------|---|-----------------------------|
|  |   |                         | February 28,<br>2009 | February 29,<br>2008 |                         |   |                             |
| Net asset value,<br>beginning of period  | \$8.02  | \$4.39                  | \$12.38              | \$14.91              | \$14.70                 | \$14.61   | \$15.18                     |
| <b>Investment Operations:</b>  |   |                         |                      |                      |                         |   |                             |
| Net investment income  | 0.55  | 0.98                    | 1.55                 | 1.70                 | 1.69                    | 1.04  | 1.59                        |
| Net realized and change<br>in unrealized gain (loss)<br>on investments and<br>interest rate caps                         | (0.15)  | 3.80                    | (8.05)               | (2.17)               | 0.61                    | 0.58  | (0.39)                      |
| Total from investment<br>operations  | 0.40  | 4.78                    | (6.50)               | (0.47)               | 2.30                    | 1.62  | 1.20                        |
| <b>Dividends and Distributions<br/>on Preferred Shares from:</b>   |   |                         |                      |                      |                         |   |                             |
| Net investment income  | (0.01)  | (0.01)                  | (0.20)               | (0.45)               | (0.38)                  | (0.17)  | (0.21)                      |
| Net realized gain  |   |                         |                      |                      | (0.04)                  | (0.05)  | (0.00)**                    |
| Total dividends and<br>distributions on<br>preferred shares  | (0.01)  | (0.01)                  | (0.20)               | (0.45)               | (0.42)                  | (0.22)  | (0.21)                      |
| Net increase (decrease) in<br>net assets applicable to<br>common shareholders<br>resulting from investment<br>operations | 0.39  | 4.77                    | (6.70)               | (0.92)               | 1.88                    | 1.40  | 0.99                        |
| <b>Dividends and Distributions<br/>to<br/>Common Shareholders from:</b>  |   |                         |                      |                      |                         |   |                             |
| Net investment income  | (0.51)  | (1.14)                  | (1.29)               | (1.61)               | (1.42)                  | (1.05)  | (1.42)                      |
| Net realized gains   |   |                         |                      |                      | (0.25)                  | (0.26)  | (0.14)                      |
| Total dividends and<br>distributions to common<br>shareholders   | (0.51)  | (1.14)                  | (1.29)               | (1.61)               | (1.67)                  | (1.31)  | (1.56)                      |
| Net asset value,<br>end of period  | \$7.90  | \$8.02                  | \$4.39               | \$12.38              | \$14.91                 | \$14.70   | \$14.61                     |
| Market price,<br>end of period   | \$8.64  | \$8.76                  | \$3.73               | \$12.09              | \$15.42                 | \$15.14   | \$14.74                     |
| Total Investment Return (1)  | 4.67%   | 174.62%                 | (63.34)%             | (12.08)%             | 13.99%                  | 12.10%  | 16.44%                      |
| <b>RATIOS/SUPPLEMENTAL<br/>DATA:</b>   |   |                         |                      |                      |                         |   |                             |
| Net assets, applicable to<br>common shareholders,<br>end of period (000s)  | \$483,139   | \$487,130               | \$263,220            | \$753,359            | \$879,014               | \$850,769   | \$834,909                   |
| Ratio of expenses to<br>average net assets (2)   | 1.29%(4)  | 1.42%                   | 1.71%(3)             | 1.35%(3)             | 1.34%                   | 137%(3)(4)  | 1.35%                       |
| Ratio of net investment<br>income to average<br>net assets (2)   | 13.46%(4)   | 14.20%                  | 17.26%               | 11.75%               | 11.56%                  | 10.57%(4)   | 9.79%                       |
| Preferred shares asset<br>coverage per share   | \$69,081  | \$69,445                | \$49,015             | \$61,410             | \$68,493                | \$67,096  | \$66,319                    |
| Portfolio turnover   | 22%   | 58%                     | 57%                  | 34%                  | 60%                     | 33%   | 67%                         |

AGIC Convertible & Income Fund

34 AGIC Convertible & Income Fund II Semi-Annual Report | 8.31.10 | See accompanying Notes to Financial Statements



**AGIC Convertible & Income Fund II Financial Highlights**

For a common share outstanding throughout each period:

- \* During the period the Fund's fiscal year-end changed from June 30 to February 28.
- \*\* Less than \$0.005 per common share.
- (1) Total investment return is calculated assuming a purchase of a common share at the current market price on the first day and a sale of a common share at the current market price on the last day of each period reported. Dividends and distributions are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions or sales charges. Total investment return for a period of less than one year is not annualized.
- (2) Calculated on the basis of income and expenses applicable to both common shares and preferred shares relative to the average net assets of common shareholders.
- (3) Ratio of expenses to average net assets of common shareholders, excluding excise tax expense was 1.63% for the year ended February 28, 2009, 1.34% for the year ended February 29, 2008 and 1.35% for the period July 1, 2005 through February 28, 2006.
- (4) Annualized.

AGIC Convertible & Income Fund

**See accompanying Notes to Financial Statements | 8.31.10 | AGIC Convertible & Income Fund II Semi-Annual Report 35**

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**AGIC Convertible & Income Funds**      **Annual Shareholder Meeting Results/Changes to Board of Trustees/Proxy Voting and Procedures**  
(unaudited)

**Annual Shareholder Meeting Results:**

The Funds held their joint annual meeting of shareholders on July 21, 2010. Common/Preferred shareholders voted as indicated below:

|  | Affirmative | Withheld Authority |
|--|-------------|--------------------|
| Convertible & Income   |             |                    |
| Election of James A. Jacobson*    Class II to serve until 2011     | 10,563      | 102                |
| Re-election of Hans W. Kertess    Class I to serve until 2013      | 64,989,435  | 2,087,322          |
| Re-election of William B. Ogden, IV    Class I to serve until 2013 | 64,896,519  | 2,180,238          |
| Election of Alan Rappaport*    Class I to serve until 2013         | 10,563      | 102                |

Messrs. Paul Belica and John C. Maney continue to serve as Trustees of the Fund.

\* Preferred Shares Trustee  
Interested Trustee

|  | Affirmative | Withheld Authority |
|--|-------------|--------------------|
| Convertible & Income II  |             |                    |
| Re-election of Paul Belica    Class I to serve until 2013          | 52,976,212  | 1,837,107          |
| Election of James A. Jacobson*    Class II to serve until 2011     | 8,092       | 121                |
| Re-election of William B. Ogden, IV    Class I to serve until 2013 | 53,015,204  | 1,798,115          |
| Election of Alan Rappaport*    Class I to serve until 2013         | 8,092       | 121                |

Messrs. Hans W. Kertess and John C. Maney continue to serve as Trustees of the Fund.

\* Preferred Shares Trustee  
Interested Trustee

**Changes to Board of Trustees:**

Robert E. Connor served as Trustee of the Funds until his death on April 8, 2010.

Effective June 22, 2010, the Funds Board of Trustees appointed Alan Rappaport as a Trustee.

R. Peter Sullivan, III retired from the Funds Board of Trustees effective July 31, 2010.

Effective September 21, 2010, the Funds Board of Trustees appointed Bradford K. Gallagher as a Class II Trustee to serve until 2011.

**Proxy Voting Policies & Procedures:**

A description of the policies and procedures that the Funds have adopted to determine how to vote proxies relating to portfolio securities and information about how the Funds voted proxies relating to portfolio securities held during the most recent twelve month period ended June 30 is available (i) without charge, upon request, by calling the Funds shareholder servicing agent at (800) 254-5197; (ii) on the Funds website at [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds); and (iii) on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).



**AGIC Convertible & Income Funds Matters Relating to the Trustees Consideration of the Investment Management & Portfolio Management Agreements** (unaudited)

The Investment Company Act of 1940 requires that both the full Board of Trustees (the Trustees) and a majority of the non-interested Trustees (the Independent Trustees), voting separately, annually approve the continuance of the Funds Management Agreements (the Advisory Agreements) with the Investment Manager and Portfolio Management Agreements (the Sub-Advisory Agreements), and together with the Advisory Agreements, the Agreements) between the Investment Manager and the Sub-Adviser. The Trustees met in person on June 22-23, 2010 (the contract review meeting) for the specific purpose of considering whether to approve the continuation of the Advisory Agreements and the Sub-Advisory Agreements. The Independent Trustees were assisted in their evaluation of the Agreements by independent legal counsel, from whom they received separate legal advice and with whom they met separately from Fund management during the contract review meeting.

Based on their evaluation of factors that they deemed to be material, including those factors described below, the Board of Trustees, including a majority of the Independent Trustees, concluded that the continuation of the Funds Advisory Agreements and the Sub-Advisory Agreements, should be approved for a one-year period commencing July 1, 2010.

In connection with their deliberations regarding the continuation of the Agreements, the Trustees, including the Independent Trustees, considered such information and factors as they believed, in light of the legal advice furnished to them and their own business judgment, to be relevant. As described below, the Trustees considered the nature, quality, and extent of the various investment management, administrative and other services performed by the Investment Manager or the Sub-Adviser under the applicable Agreement.

In connection with the contract review meeting, the Trustees received and relied upon materials provided by the Investment Manager which included, among other items: (i) information provided by Lipper Inc. (Lipper) on the total return investment performance (based on net assets) of the Funds for various time periods and the investment performance of a group of funds with substantially similar investment classifications/objectives as the Funds identified by Lipper and the performance of applicable benchmark indices, (ii) information provided by Lipper on the Funds management fees and other expenses and the management fees and other expenses of comparable funds identified by Lipper, (iii) information regarding the investment performance and management fees of comparable portfolios of other clients of the Sub-Adviser, including institutional separate accounts and other clients, (iv) the profitability to the Investment Manager and the Sub-Adviser from their relationship with the Funds for the one year period ended March 31, 2010, (v) descriptions of various functions performed by the Investment Manager and the Sub-Adviser for the Funds, such as portfolio management, compliance monitoring and portfolio trading practices, and (vi) information regarding the overall organization of the Investment Manager and the Sub-Adviser, including information regarding senior management, portfolio managers and other personnel providing investment management, administrative and other services to the Funds.

The Trustees conclusions as to the continuation of the Agreements were based on a comprehensive consideration of all information provided to the Trustees and not the result of any single factor. Some of the factors that figured particularly in the Trustees deliberations are described below, although individual Trustees may have evaluated the information presented differently from one another, giving different weights to various factors.

As part of their review, the Trustees examined the Investment Manager s and the Sub-Adviser s abilities to provide high quality investment management and other services to the Funds. The Trustees considered the investment philosophy and research and decision-making processes of the Sub-Adviser; the experience of key advisory personnel of the Sub-Adviser responsible for portfolio management of the Funds; the ability of the Investment Manager and the Sub-Adviser to attract and retain capable personnel; the capability and integrity of the senior management and staff of the Investment Manager and the Sub-Adviser; and the level of skill required to manage the Funds. In addition, the Trustees reviewed the quality of the Investment Manager s and the Sub-Adviser s services with respect to regulatory compliance and compliance with the investment policies of the Funds; the nature and quality of certain administrative services the Investment Manager is responsible for providing to the Funds; and conditions that might affect the Investment Manager s or the Sub-Adviser s ability to provide high quality services to the Funds in the future under the Agreements, including each organization s respective business reputation, financial condition and operational stability. Based on the foregoing, the Trustees concluded that the Sub-Adviser s investment process, research capabilities and philosophy were well suited to each of the Funds given their respective investment objectives and policies, and that the Investment Manager and the Sub-Adviser would be able to continue to meet any reasonably foreseeable obligations under the Agreements.

**AGIC Convertible & Income Funds**   **Matters Relating to the Trustees' Consideration of the Investment Management & Portfolio Management Agreements** (unaudited)

Based on information provided by Lipper, the Trustees also reviewed each Fund's total return investment performance as well as the performance of comparable funds identified by Lipper. In the course of their deliberations, the Trustees took into account information provided by the Investment Manager in connection with the contract review meeting, as well as during investment review meetings conducted with portfolio management personnel during the course of the year regarding each Fund's performance.

In assessing the reasonableness of each Fund's fees under the Agreements, the Trustees considered, among other information, each Fund's management fee and the total expense ratio as a percentage of average net assets attributable to common and preferred shares and the management fee and total expense ratios of comparable funds identified by Lipper.

For each of the Funds, the Trustees specifically took note of how each Fund compared to its Lipper peers as to performance, management fee expenses and total expenses. The Trustees noted that the Investment Manager had provided a memorandum containing comparative information on the performance and expenses information of the Funds compared to the their Lipper peer categories. The Trustees noted that while the Funds are not charged a separate administration fee, it was not clear whether the peer funds in the Lipper categories were charged such a fee by their investment managers.

Convertible & Income:

The Trustees noted that the expense group for Convertible & Income provided by Lipper is small, consisting of a total of four leveraged closed-end funds, not including Convertible & Income. The Trustees also noted that average net assets of the common shares of the funds in the peer group ranged from \$70 million to \$548.2 million, and that all of the funds are smaller in asset size than the Convertible & Income. The Trustees also noted that Convertible & Income was ranked second out of four funds in the expense peer group for actual management fees and first out of four funds for actual total expenses (with funds ranked first having the lowest fees/expenses and ranked fourth having the highest fees/expenses in the peer group).

With respect to performance, the Trustees also noted that Convertible & Income outperformed its benchmark and had first quintile performance for the one-year period ended March 31, 2010 against a peer group of six funds. The Trustees also noted that Convertible & Income was ranked four out of a peer group of five funds in performance for the three-year and five-year period ended March 31, 2010.

Convertible & Income II:

The Trustees noted that the expense group for Convertible & Income II provided by Lipper is small, consisting of a total of four leveraged closed-end funds, not including Convertible & Income II. The Trustees also noted that average net assets of the common shares of the funds in the peer group ranged from \$70 million to \$548.2 million, and that all of the funds except one is smaller in asset size than Convertible & Income II. The Trustees also noted that Convertible & Income II was ranked second out of four funds in the expense peer group for actual management fees and first out of four funds for actual total expenses (with funds ranked first having the lowest fees/expenses and ranked fourth having the highest fees/expenses in the peer group).

With respect to performance, the Trustees also noted that Convertible & Income II outperformed its benchmark and had first quintile performance for the one-year period ended March 31, 2010 against a peer group of six funds. The Trustees also noted that Convertible & Income II was ranked five out of a peer group of five funds in performance for the three-year and five-year period ended March 31, 2010.

At the request of the Trustees, the Investment Manager and Sub-Adviser agreed to continue to provide performance information related to the Funds on a monthly basis.

After reviewing these and related factors, the Trustees concluded, within the context of their overall conclusions regarding the Agreements, that they were satisfied with the Investment Manager's and the Sub-Adviser's responses and efforts to continue to improve the Funds' investment performance. The Trustees agreed to reassess the services provided by the Investment Manager and Sub-Adviser under the Agreements in light of the Fund's ongoing performance at each quarterly Board meeting.

The Trustees also considered the management fees charged by Sub-Adviser to other clients, including institutional separate accounts with investment strategies similar to those of the Funds. Regarding the institutional separate accounts,



**AGIC Convertible & Income Funds**   **Matters Relating to the Trustees**   **Consideration of  
the Investment Management & Portfolio  
Management Agreements** (unaudited)

they noted that the management fees paid by the Funds are generally higher than the fees paid by these clients of the Sub-Adviser, but the Trustees were advised by the Sub-Adviser that the administrative burden for the Investment Manager and the Sub-Adviser with respect to the Funds are also relatively higher, due in part to the more extensive regulatory regime to which the Funds are subject in comparison to institutional separate accounts. The Trustees noted that the management fees paid by the Funds are generally higher than the fees paid by the open-end funds offered for comparison but were advised that there are additional portfolio management challenges in managing the Funds, such as the use of leverage and meeting a regular dividend.

The Trustees also took into account that the Funds have preferred shares outstanding, which increases the amount of fees received by the Investment Manager and the Sub-Adviser under the Agreements (because the fees are calculated based on either the Funds' net assets or total managed assets, including assets attributable to preferred shares and other forms of leverage outstanding but not deducting any liabilities connected to the leverage). In this regard, the Trustees took into account that the Investment Manager and the Sub-Adviser have a financial incentive for the Funds to continue to have preferred shares outstanding, which may create a conflict of interest between the Investment Manager and the Sub-Adviser, on one hand, and the Funds' common shareholders, on the other. In this regard, the Trustees considered information provided by the Investment Manager and the Sub-Adviser indicating that each Funds' use of leverage through preferred shares continues to be appropriate and in the interests of the respective Fund's common shareholders.

Based on a profitability analysis provided by the Investment Manager, the Trustees also considered the profitability of the Investment Manager and the Sub-Adviser from their relationship with each Fund and determined that such profitability was not excessive.

The Trustees also took into account that, as closed-end investment companies, the Funds do not currently intend to raise additional assets, so the assets of the Funds will grow (if at all) only through the investment performance of each Fund. Therefore, the Trustees did not consider potential economies of scale as a principal factor in assessing the fee rates payable under the Agreements.

Additionally, the Trustees considered so-called "fall-out benefits" to the Investment Manager and the Sub-Adviser, such as reputational value derived from serving as Investment Manager and Sub-Adviser to the Funds.

After reviewing these and other factors described herein, the Trustees concluded with respect to each Fund, within the context of their overall conclusions regarding the Agreements that the fees payable under the Agreements represent reasonable compensation in light of the nature and quality of the services being provided by the Investment Manager and Sub-Adviser to the Funds.

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**Trustees**

Hans W. Kertess  
Chairman of the Board of Trustees  
Paul Belica  
Bradford K. Gallagher  
James A. Jacobson  
John C. Maney  
William B. Ogden, IV  
Alan Rappaport

**Fund Officers**

Brian S. Shlissel  
President & Chief Executive Officer  
Lawrence G. Altadonna  
Treasurer, Principal Financial & Accounting Officer  
Thomas J. Fuccillo  
Vice President, Secretary & Chief Legal Officer  
Scott Whisten  
Assistant Treasurer  
Richard J. Cochran  
Assistant Treasurer  
Youse E. Guia  
Chief Compliance Officer  
Kathleen A. Chapman  
Assistant Secretary  
Lagan Srivastava  
Assistant Secretary

**Investment Manager**

Allianz Global Investors Fund Management LLC  
1345 Avenue of the Americas  
New York, NY 10105

**Sub-Adviser**

Allianz Global Investors Capital LLC  
600 West Broadway, 30th Floor  
San Diego, CA 92101

**Custodian & Accounting Agent**

Brown Brothers Harriman & Co.  
40 Water Street  
Boston, MA 02109

**Transfer Agent, Dividend Paying Agent and Registrar**

BNY Mellon  
P.O. Box 43027  
Providence, RI 02940-3027

**Independent Registered Public Accounting Firm**

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300 Madison Avenue  
New York, NY 10017

**Legal Counsel**

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*This report, including the financial information herein, is transmitted to the shareholders of AGIC Convertible & Income Fund and AGIC Convertible & Income Fund II for their information. It is not a prospectus, circular or representation intended for use in the purchase of shares of the Funds or any securities mentioned in this report.*

*The financial information included herein is taken from the records of the Funds without examination by an independent registered public accounting firm, who did not express an opinion herein.*

*Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that from time to time the Funds may purchase its common shares in the open market.*

*The Funds file their complete schedule of portfolio holdings with the Securities and Exchange Commission ( SEC ) for the first and third quarters of their fiscal year on Form N-Q. Each Fund s Form N-Q is available on the SEC s website at [www.sec.gov](http://www.sec.gov) and may be reviewed and copied at the SEC s Public Reference Room in Washington D.C. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. The information on Form N-Q is also available on the Funds website at [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds).*

## Edgar Filing: AGIC Convertible & Income Fund II - Form N-CSRS

*Information on the Funds is available at [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds) or by calling the Funds' shareholder servicing agent at (800) 254-5197.*

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

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ITEM 2. CODE OF ETHICS

(a) N/A

(b) The CODE OF ETHICS PURSUANT TO SECTION 406 OF THE SARBANES-OXLEY ACT OF 2002 FOR PRINCIPAL EXECUTIVE AND SENIOR FINANCIAL OFFICERS (the Code ) was updated to remove interested trustees from being subject to the Code, which is not required under Section 406 of the Sarbanes-Oxley Act of 2002. The Code also was updated to remove examples of specific conflict of interest situations and to add an annual certification requirement for Covered Officers. In addition, the approval of ratification process for material amendments to the Code was clarified to include approval by a majority of the independent trustees. The registrant undertakes to provide a copy of such code of ethics to any person upon request, without charge, by calling 1-800-254-5197. The Investment manager s code of ethics is included as an exhibit Exhibit 99.CODE ETH hereto.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT

Not required in this filing.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Not required in this filing.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANT

Not required in this filing.

ITEM 6. SCHEDULE OF INVESTMENTS

(a) The registrant s Schedule of Investments is included as part of the report to shareholders filed under Item 1 of this form.

(b) Not Applicable due to no such divestments during the semi-annual period covered since the previous Form N-CSR filing.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED END MANAGEMENT INVESTMENT COMPANIES.

Not required in this filing.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED END MANAGEMENT INVESTMENT COMPANIES

(a) Not required in this filing.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED COMPANIES

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None

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There have been no material changes to the procedures by which shareholders may recommend nominees to the Fund's Board of Trustees since the Fund last provided disclosure in response to this item.

ITEM 11. CONTROLS AND PROCEDURES

(a) The registrant's President and Chief Executive Officer and Treasurer, Principal Financial & Accounting Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-2(c) under the Act (17 CFR 270.3a -3(c))), as amended are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.

(b) There were no significant changes over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.3a -3(d))) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's control over financial reporting.

ITEM 12. EXHIBITS

(a) (1) Exhibit 99.CODE ETH - Code of Ethics

(a)(2) Exhibit 99.302 Cert. - Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

(a)(3) Not Applicable

(b) Exhibit 99.906 Cert. - Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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Signature

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) AGIC Convertible & Income Fund II

By /s/ Brian S. Shlissel  
President and Chief Executive Officer

Date October 29, 2010

By /s/ Lawrence G. Altadonna  
Treasurer, Principal Financial & Accounting Officer

Date October 29, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/ Brian S. Shlissel  
President and Chief Executive Officer

Date October 29, 2010

By /s/ Lawrence G. Altadonna  
Treasurer, Principal Financial & Accounting Officer

Date October 29, 2010

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