

4Q

Allianz Global Investors Capital

NFJ Global Dividend Value

Fourth Quarter 2011 Commentary

Market Overview

Global equities were up for the quarter, though Europe's sovereign debt crisis remains unresolved and many international indices could not keep pace with the double-digit gains seen in the U.S. The emerging markets also experienced their strongest quarterly advance in 2011. Within the MSCI ACWI, a particularly strong October was enough to see the index end the quarter on a positive note, after recovering from a sharp downturn during the third quarter and negative returns in November and December.

For the year, global markets suffered with many indices experiencing declines, including the MSCI ACWI, which fell by over -6%. As headlines drove markets around the world, investors sought to protect assets by piling into German bunds, U.S. Treasuries and Japanese bonds, thereby driving down yields on fixed income. Countries like Switzerland and Sweden saw their currencies rise and export competitiveness negatively impacted, as investors treated strong, non-Euro currencies as safe havens. With yields from German, U.S. and U.K. 10-year bonds dipping below inflation, investors relied on equities for return. Much of that focus was on dividend paying equities, as the dividend yield on the MSCI ACWI surpassed the Barclays Capital Global Aggregate yield and unlike fixed income,

dividends can grow in excess of inflation. For the year, dividend payers within the MSCI ACWI protected on the downside and outperformed non-dividend payers by 2.9 percentage points, according to FactSet.

Portfolio Overview

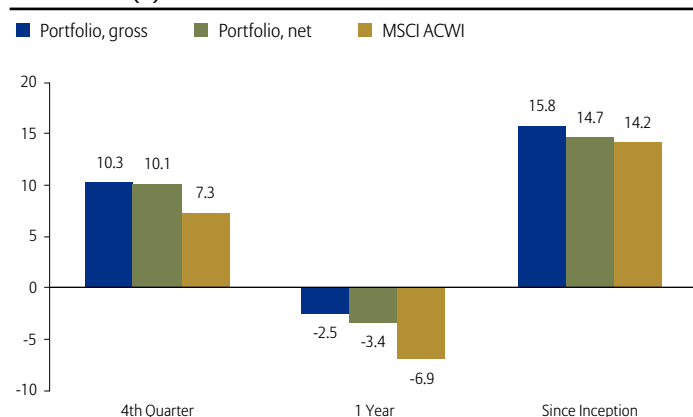
The NFJ Global Dividend Value portfolio returned 10.3% during the quarter, soundly outperforming the MSCI ACWI, which was up 7.3%. Stock selection was almost exclusively responsible for this outperformance, though sector allocation was slightly positive. Holdings in the Information Technology sectors generated gains, in part from the after-effects of a tragic flood that hit Thailand in late October. The flood temporarily crippled the world's hard drive supply and ratcheted up demand. Stocks in the Materials sector, particularly within the paper and forest products and chemicals industries, were beneficial, though issues in Industrials detracted. An overweight in Energy and Materials allowed the portfolio to reap rewards from a surge in these sectors. By region, selection was strongest in North America and Europe, excluding the U.K., with many American, French and Nordic standouts for the quarter. Pacific, excluding Japan, and Emerging Markets names also contributed, though selection in the U.K. detracted. An underweight in Japan was additive, as this was one of the few

countries to post negative returns during an otherwise positive quarter. Currency exposure did not significantly impact the portfolio.

For the year, the portfolio outperformed relative to the benchmark by 432 basis points. Stock selection was almost exclusively responsible for this outperformance, though sector allocation did contribute to returns as well. Despite losses throughout the sector, Financials stocks within the portfolio ascended as investors rewarded firms that exhibited financial strength in a sector buffeted by headwinds. Issue selection in Energy contributed to returns, largely due to higher oil prices. Information Technology and Consumer Staples stocks were advantageous, while Telecomm Services and Industrials holdings detracted. An overweight in Telecomm Services was contributive, however, being underweight the more defensive Consumer Staples sector detracted. In the face of the year's volatility and uncertainty in Europe, stocks outside of the Eurozone appreciated. In particular, the portfolio benefited from holdings in the North American, Pacific, excluding Japan, and Emerging Markets regions. Though holdings in Japan detracted from returns, an underweight to the country was contributive. Currency exposure had a slightly negative impact on the portfolio, as exchange rates ebbed and flowed with volatility and weakness in the global markets.

Five Largest Contributors	Avg Wgt (%)	Contrib. (bps)
Seagate Technology	2.1	108
Sasol	4.0	77
Total SA	3.9	72
Marathon Oil Corp	2.1	66
International Paper	2.0	51
Five Largest Detractors	Avg Wgt (%)	Contrib. (bps)
R.R. Donnelley & Sons	1.1	-21
Mizuho Financial Group	2.0	-19
Credit Suisse Group	1.9	-14
Banco Santander SA	1.9	-13
SK Telecom	3.9	-9

Performance (%)



All data as of December 31, 2011, unless otherwise noted. Composite inception date: May 1, 2009. Contributors and Detractors do not represent all of the securities purchased, sold or recommended for advisory clients during the stated measurement period. A list of all recommendations made, and every holding's contribution to the representative account's performance during the past 12 months is available upon request. Portfolio contributions are calculated by multiplying the portfolio weight by the rate of return during the measurement period. Performance of less than one year has not been annualized. Past performance is not indicative of future results. Source: Allianz Global Investors Capital

Allianz 
Global Investors

NFJ Global Dividend Value

Contributors

Shares of **Seagate Technology** surged in part on news of severe flooding in Thailand, which temporarily halted a portion of the world's hard disk drive production. Seagate's facilities were left in comparatively better shape than many competitors, and this drop in supply spurred demand for the company's products.

Many Energy stocks appreciated as oil prices trended upward from last quarter's lows, including South African global leader in synthetic fuel technology **Sasol**. The company reported increased earnings, largely from improved operations, a weaker domestic currency and higher oil prices.

A detractor during the third quarter, France-based oil and gas major **Total SA**, experienced gains in part from posting year-over-year revenue growth of 48.4%. Total decisively surpassed the industry average of 31.9%.

Marathon Oil also benefited from improved pricing conditions. Additionally, the firm was rewarded by the market for divesting assets that do not complement its long-term growth plan.

International Paper recovered from lows in the previous quarter after beating Wall Street's expectations and reporting a 30.5% year-over-year increase in net income for the third quarter.

Detractors

R.R. Donnelley & Sons was a recent purchase that entered the portfolio in November; we believe the company's solid operating fundamentals will allow the firm to weather the current economic environment. The stock trades at 7.7x forward earnings and offers investors a 6.8% dividend yield.

Financial services firm **Mizuho Financial** was down on a sluggish Japanese economy as well as reduced fees and commissions. The stock trades at 6.2x forward earnings and pays an impressive 7.7% dividend yield.

Many Europe-based financial firms have been hurt by the European sovereign debt crisis and fears of financial contagion among Eurozone

financial firms. We believe several of these firms, including **Credit Suisse** and **Banco Santander**, are being punished more for where they are headquartered, with investors overlooking the banks' underlying fundamentals. We believe Credit Suisse is one of the most sound financial firms in Europe. The company is subject to Swiss banking regulations, which are more stringent than those required of Credit Suisse's European peers, yet the stock trades at 7.3x forward earnings. Spanish-based Banco Santander has greater worldwide exposure than many realize and receives almost two thirds of its revenues from outside of continental Europe. The company trades at 6.6x forward earnings and yields an outsized 10.4% dividend.

South Korean-based wireless telecommunications firm **SK Telecom** announced a drop in net income for the third quarter on higher investment costs. The stock trades at 6.0x forward earnings and yields a 7.2% dividend.

Purchases & Sales

Swedish appliance maker **Electrolux** was sold on poor price momentum, and a position in **Yue Yuen** was initiated. Yue Yuen makes shoes for familiar brands such as Nike and Adidas, and demonstrates compelling valuation measures. Shares of **KLA-Tencor Corporation** were sold after identifying the more attractively valued **R.R. Donnelley & Sons**.

We swapped **Seadrill** for **Enasco** on the basis of a superior forward earnings multiple. Enasco also offers a 2.9% yield, which compares favorably to the oil services industry average of 1.6%.

Outlook

Few markets or investments were safe from the extreme levels of volatility characteristic of 2011, and to a large degree, we expect this will continue into the new year. Countless reasons have been given to explain why investors experienced such pronounced market movements. Everything from natural disasters, sovereign debt crises and political action, or inaction in some instances, caused indices to rise and fall as company fundamentals went largely

unheeded. Faltering monetary systems only served to make matters worse, while high velocity traders seeking returns with short-term tactical moves heightened market swings. For the year, the S&P 500 experienced 32 trading days where the daily price changes exceeded two standard deviations. Amplifying uncertainty in 2012 will be whether or not European leaders identify a workable solution for the fiscal crisis and upcoming presidential elections in the U.S. and France. In such an environment, investors should expect to pay a premium for less volatility, and in our view, should favor dividend paying securities. Our internal research indicates that historically, dividend payers demonstrate a lower volatility of returns than their non-dividend paying peers. Because companies that yield a dividend tend to have stronger balance sheets and more consistent cash flows, they often are better able to weather market instability. We believe this will continue as investors prefer dividend yielding companies for offering evidence of a positive earnings outlook and an ability to generate future earnings.

Although we are bottom-up investors and do not incorporate a top-down macro forecast into our strategies, we expect to see slow growth in the U.S. and flat to negative growth in Europe during 2012. While many U.S. companies have strong balance sheets and excess cash on hand, it may take years for Europe to cure their debt overhang and repair balance sheets. During periods of slow, or even negative, economic growth, corporate profits can be limited, making dividend pay-outs an increasingly important portion of an equity investor's total return.

With future outcomes in the world's economic and political situations uncertain and fixed income yields consistently below inflationary rates, we believe our dividend paying strategies are well positioned to help investors access real returns and growth potential in 2012. As the investment environment appears murky, we continue to invest cautiously and seek attractive entry points for dividend paying, high quality securities that can be held over the long term.

Allianz Global Investors Capital ("AGIC") was formed from the combination of three affiliates: NFJ Investment Group ("NFJ"), Nicholas-Applegate ("NACM"), and Oppenheimer Capital ("OpCap"). In July 2010, all employees of NACM and OpCap became employees of AGIC, and the transition of management of client assets from NACM and OpCap to AGI Capital was initiated. AGIC provides oversight with respect to the investment management services provided by NFJ, as well as non-investment functions including marketing, operations, technology, legal/compliance, and client service. AGIC and NFJ are SEC registered investment advisers.

AGIC claims compliance with the Global Investment Performance Standards (GIPS). AGIC is an SEC registered investment adviser that provides investment management and advisory services primarily to separate accounts of institutional clients, and registered and unregistered investment funds. For GIPS purposes, the Firm is defined and held out to the public as the investment management and advisory services provided by AGIC and its SEC registered investment adviser subsidiary NFJ Investment Group LLC; excluding (i) administrative and/or sub adviser oversight services, and (ii) separately managed account (wrap) services. The firm's list of composite descriptions, as well as information regarding the firm's policies for valuing investments, calculating performance, and preparing compliant presentations, are available upon request by contacting (214) 754-1780.

Past performance is not indicative of future results. The strategy may not achieve its desired results. Gross returns do not give effect to investment advisory fees, which would reduce such returns. All returns presented are calculated using U.S. dollars unless otherwise noted. Advisory fees are deducted periodically from the account and have an impact on performance. As an example, the effect of investment advisory fees on the total value of a portfolio assuming (a) \$1,000,000 investment, (b) portfolio return of 5% per year, and (c) 1.00% annual investment advisory fee would be \$10,268.81 in the first year, \$56,741.68 over five years, and \$129,160.05 over ten years. Actual fees charged may vary by portfolio due to various conditions, including account size. Investment advisory fees are described further in Form ADV Part 2A Brochure. Where "net of fee" performance is indicated, actual fees charged were used for performance calculations. The asset and industry reports contained herein are unaudited. The summation of dollar values and percentages reported may not equal the total values, due to rounding discrepancies. Portfolio characteristics are derived using currently available data from independent research resources that are believed to be accurate. Estimates (est.) are preliminary and unaudited. Unless otherwise noted, AGIC is the source of illustrations, performance data, and characteristics. Contributors and Detractors are the holdings or recommendations of a representative portfolio that had the greatest positive (and negative) impact on performance over the quarter, relative to the impact of that security to the performance of the indicated benchmark index. Purchases reflect the top three new positions during the period. Sales are based on position size at quarter-end compared to the prior quarter-end. To exclude rebalancing, only new additions to the portfolio and completely liquidated positions are considered. For a description of these inclusion methodologies, and a complete list of all representative buys and sells for the last 12 months, please contact NFJ at (214) 754-1780.

References to specific securities and their characteristics are examples of securities held in the portfolio and are not intended to be, and should not be interpreted as an offer, solicitation or recommendation to purchase or sell any financial instrument, or representative of the composition or performance of the portfolio. This material contains the current opinions of the author, which are subject to change without notice. Statements concerning financial market trends are based on current market conditions, which will fluctuate. Forecasts are inherently limited and should not be relied upon as an indicator of future results. Unless otherwise noted, equity index performance is calculated with gross dividends reinvested and estimated tax withheld, and bond index performance include all payments to bondholders, if any. Indexes may not represent the investment style of the composite. Index calculations do not reflect fees, brokerage commissions or other expenses of investing. Investors may not make direct investments into any index. Currency conversions are provided by Russell Performance Universe and are based on monthly linked performance converted from U.S. dollar. Exchange rates are provided by the Federal Reserve Statistical Release as of month end.

Certain characteristics of the securities held in a representative account ("Representative Account") (and included in the relevant Composite) are displayed. On any given date, any particular portfolio managed in an NFJ strategy may include securities not held by the Representative Account for such strategy and may not hold each security held in the Representative Account for such strategy. A security included in the Representative Account may not be available for purchase at a time in the future, or if available, the prices or other characteristics of the securities may have changed. Consequently, any particular account may have portfolio characteristics and performance that differ from those of the relevant Representative Account. Indices are referred to for comparative purposes only and are not intended to parallel the risk or investment style of the portfolios in any Composite. Unless otherwise noted, index returns reflect the reinvestment of income dividends and capital gains, if any, but do not reflect fees, brokerage commissions or other expenses of investing. Investors may not make direct investments into any index.