

AllianzGI NFJ DIVIDEND, INTEREST & PREMIUM STRATEGY FUND
Form N-CSRS
October 03, 2018

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

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-21417

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund
(Exact name of registrant as specified in charter)

1633 Broadway, New York, New York
(Address of principal executive offices)

10019
(Zip code)

Scott Whisten 1633 Broadway, New York, New York 10019
(Name and address of agent for service)

Registrant's telephone number, including area code: 212-739-3367

Date of fiscal year January 31
end:

Date of reporting period: July 31, 2018

ITEM 1. REPORT TO SHAREHOLDERS

Table of Contents

2	3	Letter from the President
4	9	Fund Insights
10	12	Performance & Statistics
13	51	Schedules of Investments
	52	Statements of Assets and Liabilities
	53	Statements of Operations
54	55	Statements of Changes in Net Assets
	56	Statement of Cash Flows
57	59	Financial Highlights
60	76	Notes to Financial Statements
77	78	Annual Shareholder Meeting Results/Changes to Fund Officers/Proxy Voting Policies & Procedures
79	85	Matters Relating to the Trustees Consideration of the Investment Management Agreements
86	89	Privacy Policy

July 31, 2018 | Semi-Annual Report 1

Letter from the President

Dear Shareholder:

US economic expansion accelerated during the six-month fiscal reporting period ended July 31, 2018. In contrast, economic growth overseas moderated. Against this backdrop, the overall US equity market posted a modest gain, whereas international equities were weak. Elsewhere, the overall US bond market posted a small loss during the reporting period.

For the six-month reporting period ended July 31, 2018

• AllianzGI Diversified Income & Convertible Fund returned 2.61% on net asset value (NAV) and 12.37% on market price.

Thomas J. Fuccillo

• AllianzGI Equity & Convertible Income Fund returned 1.40% on NAV and 8.18% on market price.

*President & Chief
Executive Officer*

• AllianzGI NFJ Dividend, Interest & Premium Strategy Fund returned -1.04% on NAV and -1.48% on market price.

During the six-month period ended July 31, 2018, the Russell 3000 Index, a broad measure of US stock market performance, gained 1.30%; the Russell 1000 Value Index, a measure of large-cap value-style stocks, returned -1.60%; and the Russell 1000 Growth Index, a measure of growth style stocks, gained 3.10%. Convertible securities, as reflected by the ICE BofA Merrill Lynch All Convertibles Index, gained 3.73%.

Turning to the US economy, gross domestic product (GDP), the value of goods and services produced in the country, which is the broadest measure of economic activity and the principal indicator of economic performance, expanded at an annual pace of 2.3% during the fourth quarter of 2017. GDP growth then moderated to an annual pace of 2.2% during the first quarter of 2018. Finally, the Commerce Department's second estimate for the second quarter of 2018 released after the reporting period had ended showed that GDP grew at an annualized pace of 4.2%.

After raising interest rates three times in 2017, the US Federal Reserve (the Fed) again raised rates at its meetings in March and June 2018. The last hike pushed the federal funds rate to a range between 1.75% and 2.00%. At its meeting in June 2018, the Fed announced that it may raise rates an additional two times before the end of the year.

Outlook

Although we believe economic growth is poised to accelerate in the second half of 2018, the end of the economic cycle may be closer than anticipated by the consensus forecast. In our view, a pro-growth mix of economic policies has set conditions conducive to more rapid increases in consumer spending, business investment and labor compensation. Consumer spending is brisk and measures of business optimism seem to break records every month.

Receive this report electronically and eliminate paper mailings.

To enroll, visit:

us.allianzgi.com/edelivery.

Looking ahead to the second half of 2018, however, these outcomes cannot be assured. Households and businesses may well rethink their spending plans over the months ahead as they evaluate the meaning of tax changes, government spending, economic policy adjustments and new risks to their well-being. If capital expenditures by businesses go to unproductive investment, productivity fails to accelerate and inflation-adjusted workers' compensation does not increase, real economic growth could languish.

While Fed monetary policymakers will continue to base their interest-rate decisions on the flow of inflation, wage and labor market data, how the Fed implements monetary policy over the next several years may be at least as important as the timing and magnitude of its policy decisions.

Meanwhile, the interconnectedness of the US economy to other countries remains intricate and deep. Even as trade relations deteriorate, we believe the forces of globalization and technological revolution promise to defeat the forces of nationalism, populism and withdrawal from multilateral arrangements. Even if US-China and US-European Union trade relations play out acrimoniously over the years ahead, for example, we believe a complicated and extensive flow of goods, services, resources and intellectual property between each of the two nations and union, respectively, will continue to be based on a co-dependency built up over the last three decades.

On behalf of Allianz Global Investors U.S. LLC, thank you for investing with us. We encourage you to consult with your financial advisor and to visit our website, us.allianzgi.com/closedendfunds, for additional information. We remain dedicated to serving your investment needs.

Thomas J. Fuccillo

President & Chief Executive Officer

Fund Insights

AllianzGI Diversified Income & Convertible Fund/AllianzGI Equity & Convertible Income Fund/AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2018 (unaudited)

AllianzGI Diversified Income & Convertible Fund

For the period of February 1, 2018 through July 31, 2018, as provided by Doug Forsyth, CFA, Portfolio Manager.

For the six-month period ended July 31, 2018, the AllianzGI Diversified Income & Convertible Fund (the Fund) returned 2.61% on net asset value (NAV) and 12.37% on market price.

During the reporting period, the Russell 1000 Growth Index, a measure of growth style stocks, returned 3.10%; convertible securities, as reflected by the ICE BofA Merrill Lynch All Convertibles All Qualities Index, returned 3.73%; and high yield bonds, as reflected by the ICE BofA Merrill Lynch High Yield Master II Index, returned 0.55%.

Market Environment

A number of factors influenced the high yield bond, convertible bond, and large capitalized equity markets during the reporting period, including improving corporate fundamentals, healthy US economic trends, the US Federal Reserve's (the Fed) actions and commentary, rising interest rates, and the impact of growing geopolitical concerns on international markets.

Corporate fundamentals continued to improve with most issuers reporting better-than-expected financial results and positive outlooks, citing increasing demand, a more favorable regulatory environment and recent tax-reform benefits. In fact, first-quarter earnings growth for US companies increased to 26% on a year-over-year basis, according to Thomson Reuters, one of the strongest quarters in years. In addition, both net leverage and interest coverage ratios improved over the reporting period.

US economic trends remained healthy with low unemployment, home price growth, higher retail sales, rising capital expenditures, and elevated consumer confidence which hit a 14-year high in the first-quarter. Notably, these trends continued to support a positive operating environment for US issuers.

Against this favorable economic and corporate backdrop, the Fed raised its key interest rate 25 basis points in both March 2018 and June 2018 and is at a range of 1.75% to 2.00%. The Fed signaled two more rate hikes by year-end 2018 with continued balance sheet reduction.

Edgar Filing: AllianzGI NFJ DIVIDEND, INTEREST & PREMIUM STRATEGY FUND - Form N-CSRS

While the US economy remained healthy, the global environment was mixed. Global trade tensions, a surging US dollar, Italian government changes, a delayed Brexit agreement and continued conflicts in the Middle East weighed on global markets during the reporting period. While these issues impacted investor sentiment, the US markets remained resilient and reflected a relative safe-haven for investors.

4 Semi-Annual Report | July 31, 2018

Fund Insights

AllianzGI Diversified Income & Convertible Fund/AllianzGI Equity & Convertible Income Fund/AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2018 (unaudited) (continued)

Portfolio Specifics

The Fund provided consistent income, the primary goal of the portfolio, and generated a positive total return over the reporting period.

In the high yield sleeve, industries that aided relative performance were theatres and entertainment, automotive, and banking. In contrast, energy, printing and publishing, and financial services industries hampered relative performance.

In the convertible sleeve, sectors that contributed positively to relative performance were healthcare, technology, and industrials. On the other hand, consumer discretionary, media, and consumer staples sectors pressured relative performance.

In the equity sleeve, energy, consumer staples and materials sectors helped relative performance. Conversely, the information technology, industrials, and consumer discretionary sectors hindered relative performance.

The Fund took advantage of new opportunities provided by the elevated volatility environment over the latter half of the reporting period and was able to retain many of the option premiums within the months.

Outlook

In our view, the US economy remains healthy. We believe growth is supported by elevated consumer and business confidence, low unemployment, favorable lending conditions, government spending growth and tax cuts. In addition, corporate profits are estimated to grow significantly in 2018.

We also believe the Tax Cuts and Jobs Act implemented in December 2017 should provide upside benefits to earnings estimates with tax obligations of US corporations likely moving notably lower. Based on bottom-up estimates, it is our opinion that the current earnings trajectory could result in double-digit year-over-year earnings growth for the S&P 500 Index in 2018. Potential risks to the economy include geopolitical issues, including rising global trade tensions, higher energy prices, a stronger US dollar, monetary policy surprises by the Fed or higher than expected inflation.

The Fed is expected to take a gradual approach toward monetary policy adjustments. Interest-rate hikes and balance-sheet reduction efforts signal confidence in the US economy's ability to grow. The purpose of these adjustments would be to achieve a normalized environment after an extended period of extreme accommodation. Until the Fed either moves aggressively or is well into the tightening cycle, monetary policy should

not be expected to drive an extended sell-off of risk-assets. Overseas, monetary policies continue to be constructive.

Fund Insights

AllianzGI Diversified Income & Convertible Fund/AllianzGI Equity & Convertible Income Fund/AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2018 (unaudited) (continued)

AllianzGI Equity & Convertible Income Fund

For the period of February 1, 2018 through July 31, 2018, as provided by Doug Forsyth, CFA, Portfolio Manager.

For the six-month period ended July 31, 2018, the AllianzGI Equity & Convertible Income Fund (the Fund) returned 1.40% on net asset value (NAV) and 8.18% on market price.

During the reporting period, the Russell 1000 Growth Index, a measure of growth style stocks, returned 3.10%; and convertible securities, as reflected by the ICE BofA Merrill Lynch All Convertibles All Qualities Index, returned 3.73%.

Market Environment

A number of factors influenced the convertible bond and large capitalized equity markets during the reporting period including improving corporate fundamentals, healthy US economic trends, the US Federal Reserve's (the Fed) actions and commentary, rising interest rates, and the impact of growing geopolitical concerns on international markets.

Corporate fundamentals continued to improve with most issuers reporting better-than-expected financial results and positive outlooks, citing increasing demand, a more favorable regulatory environment and recent tax-reform benefits. In fact, first-quarter earnings growth for US companies increased to 26% on a year-over-year basis, according to Thomson Reuters, one of the strongest quarters in years. In addition, both net leverage and interest coverage ratios improved over the reporting period.

US economic trends remained healthy with low unemployment, home price growth, higher retail sales, rising capital expenditures, and elevated consumer confidence which hit a 14-year high in the first-quarter. Notably, these trends continued to support a positive operating environment for US issuers.

Against this favorable economic and corporate backdrop, the Fed raised its key interest rate 25 basis points in both March 2018 and June 2018 and is at a range of 1.75% to 2.00%. The Fed signaled two more rate hikes by year-end 2018 with continued balance sheet reduction.

Edgar Filing: AllianzGI NFJ DIVIDEND, INTEREST & PREMIUM STRATEGY FUND - Form N-CSRS

While the US economy remained healthy, the global environment was mixed. Global trade tensions, a surging US dollar, Italian government changes, a delayed Brexit agreement and continued conflicts in the Middle East weighed on global markets during the reporting period. While these issues impacted investor sentiment, the US markets remained resilient and reflected a relative safe-haven for investors.

Fund Insights

AllianzGI Diversified Income & Convertible Fund/AllianzGI Equity & Convertible Income Fund/AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2018 (unaudited) (continued)

Portfolio Specifics

The Fund provided consistent income, the primary goal of the portfolio, and generated a positive total return over the reporting period.

In the convertible sleeve, sectors that contributed positively to relative performance were healthcare, utilities, and consumer staples. On the other hand, technology, media, and materials sectors pressured relative performance.

In the equity sleeve, energy, materials, and consumer staples sectors helped relative performance. Conversely, the information technology, healthcare, and consumer discretionary sectors hindered relative performance.

The Fund took advantage of new opportunities provided by the elevated volatility environment over the latter half of the reporting period and was able to retain many of the option premiums within the months.

Outlook

In our view, US economy remains healthy. We believe growth is supported by elevated consumer and business confidence, low unemployment, favorable lending conditions, government spending growth and tax cuts. In addition, corporate profits are estimated to grow significantly in 2018.

We also believe the Tax Cuts and Jobs Act implemented in December 2017 should provide upside benefits to earnings estimates with tax obligations of US corporations likely moving notably lower. Based on bottom-up estimates, it is our opinion that the current earnings trajectory could result in double-digit year-over-year earnings growth for the S&P 500 Index in 2018. Potential risks to the economy include geopolitical issues, including rising global trade tensions, higher energy prices, a stronger US dollar, monetary policy surprises by the Fed or higher than expected inflation.

The Fed is expected to take a gradual approach toward monetary policy adjustments. Interest-rate hikes and balance-sheet reduction efforts signal confidence in the US economy's ability to grow. The purpose of these adjustments would be to achieve a normalized environment after an extended period of extreme accommodation. Until the Fed either moves aggressively or is well into the tightening cycle, monetary policy should not be expected to drive an extended sell-off of risk-assets. Overseas, monetary policies continue to be constructive.

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

Edgar Filing: AllianzGI NFJ DIVIDEND, INTEREST & PREMIUM STRATEGY FUND - Form N-CSRS

For the period of February 1, 2018 through July 31, 2018, as provided by the Value Equity, US team.

For the six-month period ended July 31, 2018, the AllianzGI NFJ Dividend Interest & Premium Strategy Fund (the Fund) returned -1.04% on net asset value (NAV) and -1.48% on market price.

July 31, 2018 | Semi-Annual Report 7

Fund Insights

AllianzGI Diversified Income & Convertible Fund/AllianzGI Equity & Convertible Income Fund/AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2018 (unaudited) (continued)

During the reporting period, the Russell 1000 Value Index, a measure of large-cap value style stocks, returned -1.60%; convertible securities, as reflected by the ICE BofA Merrill Lynch All Convertibles All Qualities Index, returned 3.73%.

Market Overview

A number of factors influenced the convertible bond and equity markets during the reporting period including improving corporate fundamentals, healthy US economic trends, the US Federal Reserve's (the Fed) actions and commentary, rising interest rates, and the impact of growing geopolitical concerns on international markets.

Corporate fundamentals continued to improve with most issuers reporting better-than-expected financial results and positive outlooks, citing increasing demand, a more favorable regulatory environment and recent tax-reform benefits. In fact, first-quarter earnings growth for US companies increased to 26% on a year-over-year basis, according to Thomson Reuters, one of the strongest quarters in years. In addition, both net leverage and interest coverage ratios improved over the reporting period.

US economic trends remained healthy with low unemployment, home price growth, higher retail sales, rising capital expenditures, and elevated consumer confidence which hit a 14-year high in the first-quarter. Notably, these trends continued to support a positive operating environment for US issuers.

Against this favorable economic and corporate backdrop, the Fed raised its key interest rate 25 basis points in both March 2018 and June 2018 and is at a range of 1.75% to 2.00%. The Fed signaled two more rate hikes by year-end 2018 with continued balance sheet reduction.

While the US economy remained healthy, the global environment was mixed. Global trade tensions, a surging US dollar, Italian government changes, a delayed Brexit agreement and continued conflicts in the Middle East weighed on global markets during the reporting period. While these issues impacted investor sentiment, the US markets remained resilient and reflected a relative safe-haven for investors.

Within the Russell 1000 Value index, just four of eleven GICS economic sectors delivered positive returns, led by strength across energy, utilities, real estate and health care. In contrast, consumer staples and telecommunications sectors posted the steepest declines, followed by more cyclical value areas of the market, including the financials, industrials and materials sectors.

At the start of the fiscal year, volatility remained elevated for a short period of time as the Chicago Board Options Exchange Volatility Index (CBOE VIX) spiked to 37 in early February. Towards the end of the semi-annual period, strong corporate earnings and

Fund Insights

AllianzGI Diversified Income & Convertible Fund/AllianzGI Equity & Convertible Income Fund/AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2018 (unaudited) (continued)

guidance helped the VIX move back towards lows reached in early 2018.

Portfolio Specifics

The equity portion of the Fund modestly trailed the Russell 1000 Value Index due to slightly negative stock selection and sector allocations. In terms of security selection, equity holdings in the industrials and information technology sectors benefitted performance over the reporting period. However, those gains were overwhelmed by poor selection across the consumer staples and energy sectors. From a sector allocation perspective, an overweight in information technology and underweight in consumer discretionary boosted the Fund's performance. Conversely, underweight positions across more bond proxy-like areas of the market, including real estate and utilities sectors, detracted from results.

In the convertible sleeve, sectors that contributed positively to relative performance were healthcare, utilities, and consumer staples. On the other hand, technology, media, and energy sectors pressured relative performance.

During the period, many option positions expired below strike and the portfolio was able to retain those set premiums. The team continues to implement the single-stock covered call option overlay by maintaining diversification of sector coverage, strike price and maturity dates.

Outlook

In our view, the US economy remains healthy. We believe growth is supported by elevated consumer and business confidence, low unemployment, favorable lending conditions, government spending growth and tax cuts. In addition, corporate profits are estimated to grow significantly in 2018.

We also believe the Tax Cuts and Jobs Act implemented in December 2017 should provide upside benefits to earnings estimates with tax obligations of US corporations likely moving notably lower. Based on bottom-up estimates, it is our opinion that the current earnings trajectory could result in double-digit year-over-year earnings growth for the S&P 500 Index in 2018. Potential risks to the economy include geopolitical issues, including rising global trade tensions, higher energy prices, a stronger US dollar, monetary policy surprises by the Federal Reserve or higher than expected inflation.

The Fed is expected to take a gradual approach toward monetary policy adjustments. Interest-rate hikes and balance-sheet reduction efforts signal confidence in the US economy's ability to grow. The purpose of these adjustments would be to achieve a normalized environment after an extended period of extreme accommodation. Until the Fed either moves aggressively or is well into the tightening cycle, monetary policy should not be expected to drive an extended sell-off of risk-assets. Overseas, monetary policies continue to be constructive.

Performance & Statistics

AllianzGI Diversified Income & Convertible Fund

July 31, 2018 (unaudited)

Total Return(1)	Market Price	NAV
Six Months	12.37%	2.61%
1 Year	21.85%	14.35%
Commencement of Operations (5/27/15) to 7/31/18	8.94%	8.81%

Market Price/NAV Performance

Commencement of Operations (5/27/15) to 7/31/18

Market Price/NAV

Market Price	\$24.09
NAV(2)	\$23.47
Premium to NAV	2.64%
Market Price Yield(3)	8.32%
Leverage Ratio(4)	30.32%

NAV
Market Price

(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 dividends and distributions, if any, have been reinvested. Total return does not reflect broker commissions or sales charges in connection with the purchase or sale of Fund shares and includes the effect of any expense reductions, if any. Total return for a period of more than one year represents the average annual total return. Total return for a period of less than one year is not annualized.

Performance at market price will differ from 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 price yield and NAV will fluctuate with changes in market conditions. This data is provided for information purposes only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are traded in the open market through a stock exchange. NAV is equal to total assets attributable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

Edgar Filing: AllianzGI NFJ DIVIDEND, INTEREST & PREMIUM STRATEGY FUND - Form N-CSRS

- (2) The NAV disclosed in the Fund's financial statements may differ due to accounting principles generally accepted in the United States of America.
- (3) Market Price Yield is determined by dividing the annualized current (declared August 1, 2018) monthly dividend per common share (comprised of net investment income and net capital gains, if any) by the market price per common share at July 31, 2018.
- (4) Represents Mandatory Redeemable Preferred Shares, Senior Secured Notes and amounts drawn under the short-term margin loan facility (Leverage) outstanding, as a percentage of total managed assets. Total managed assets refer to total assets (including assets attributable to Leverage) minus liabilities (other than liabilities representing Leverage).

Performance & Statistics

AllianzGI Equity & Convertible Income Fund

July 31, 2018 (unaudited)

Total Return(1)	Market Price	NAV
Six Months	8.18%	1.40%
1 Year	23.25%	15.97%
5 Year	12.35%	9.63%
10 Year	10.09%	8.43%
Commencement of Operations (2/27/07) to 7/31/18	7.33%	7.37%

Market Price/NAV Performance

Commencement of Operations (2/27/07) to 7/31/18

Market Price/NAV

Market Price	\$23.06
NAV(2)	\$24.09
Discount to NAV	-4.28%
Market Price Yield(3)	6.59%

NAV
Market Price

(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 dividends and distributions, if any, have been reinvested. Total return does not reflect broker commissions or sales charges in connection with the purchase or sale of Fund shares and includes the effect of any expense reductions, if any. Total return for a period of more than one year represents the average annual total return. Total return for a period of less than one year is not annualized.

Performance at market price will differ from 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 price yield and NAV will fluctuate with changes in market conditions. This data is provided for information purposes only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are traded in the open market through a stock exchange. NAV is equal to total assets less total liabilities divided by the number of shares

Edgar Filing: AllianzGI NFJ DIVIDEND, INTEREST & PREMIUM STRATEGY FUND - Form N-CSRS

outstanding. Holdings are subject to change daily.

(2) The NAV disclosed in the Fund's financial statements may differ due to accounting principles generally accepted in the United States of America.

(3) Market Price Yield is determined by dividing the annualized current quarterly dividend per share (comprised of net investment income and net capital gains, if any) by the market price per share at July 31, 2018.

July 31, 2018 | Semi-Annual Report **11**

Performance & Statistics

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2018 (unaudited)

Total Return(1)	Market Price	NAV
Six Months	-1.48%	-1.04%
1 Year	3.82%	7.81%
5 Year	3.58%	4.56%
10 Year	4.79%	