

AllianzGI Equity & Convertible Income Fund

Form 497

November 26, 2013

Table of Contents

Allianz Global Investors Fund Management LLC

1633 Broadway

New York, New York 10019

November 26, 2013

Dear Shareholder:

We are proposing to merge AllianzGI Global Equity & Convertible Income Fund (NGZ) into AllianzGI Equity & Convertible Income Fund (NIE and, together with NGZ, the Funds). In this merger (the Merger), common shares of NGZ would, in effect, be exchanged for new common shares of NIE with an equal aggregate net asset value. The Merger is intended to be tax-free for U.S. federal income tax purposes. The Merger would combine two funds with identical investment objectives that are managed by Allianz Global Investors Fund Management LLC (AGIFM) and sub-advised by Allianz Global Investors U.S. LLC (AGI U.S.) utilizing similar portfolio management strategies into a single, larger fund, which may provide the opportunity for increased economies of scale resulting, potentially, in lower total operating expenses than NGZ s current operating expenses, slightly lower or the same total operating expenses than NIE s current operating expenses, and improved net earnings as compared to the net earnings either NIE or NGZ currently experience.

We expect the proposed Merger will offer you the following advantages:

Larger asset base and potentially enhanced earnings. AGIFM and AGI U.S. expect that NIE s investment team will be able to deploy the assets received from NGZ in the Merger in a fashion that would improve the combined fund s net earnings as compared to each of NGZ s and NIE s current net earnings.

Equivalent or lower expenses. Shareholders of both Funds are expected to benefit from economies of scale resulting from a larger combined fund with a lower estimated total annual fund operating expense ratio than NGZ s current total annual fund operating expense ratio and equal to or slightly less than NIE s current total annual fund operating expense ratio.

Improved secondary market trading. The combined fund s greater volume of common shares may result in increased market liquidity, which may lead to narrower bid-ask spreads and smaller trade-to-price increments. The potential for higher common share net earnings and enhanced total returns over time may increase investor interest in the combined fund and potentially increase market liquidity for its common shares.

Continuity of Fund management. The Merger would allow shareholders of NGZ to continue investing in a fund advised by AGIFM and sub-advised by AGI U.S. AGI U.S. is responsible for making day-to-day investment decisions for NGZ as well as NIE. The investment objectives of the Funds are identical and the

investment strategies of the Funds are substantially similar, though NGZ's investment strategies currently include a focus on

Table of Contents

investing in non-U.S. securities, while NIE and the combined fund will not. In addition, three of NGZ's current portfolio managers, Douglas Forsyth, Justin Kass and Michael Yee, are also portfolio managers of NIE and will continue to serve as portfolio managers of the combined fund following the Merger.

Tax-free reorganization. The Merger is intended to be tax-free for U.S. federal income tax purposes. Provided that the Merger is tax-free, no gain or loss will be recognized by NGZ shareholders on the distribution to them of shares of NIE, and the aggregate tax basis of NIE shares received by an NGZ shareholder will be the same as the aggregate tax basis of his or her NGZ shares.

While this Merger will bring about some changes, many of the current benefits of NGZ will stay the same:

Continued listing of common shares on the New York Stock Exchange. Common shares of NIE are currently listed on the New York Stock Exchange under the symbol NIE, which would remain the symbol of the common shares of the combined fund.

Continued excellent shareholder services. As a shareholder of NIE, you will continue to receive the high level of shareholder services you receive as a shareholder of NGZ.

Continued commitment to shareholders. AGIFM, AGI U.S. and their affiliates remain committed to shareholders in terms of fund performance, communications and service.

Your vote is important.

After reviewing the proposal and considering various alternatives, each Fund's Board of Trustees unanimously agreed that the proposed Merger is in the best interests of shareholders of each Fund and voted to approve the transaction as more fully described in the accompanying Joint Prospectus/Proxy Statement. Now it is your turn to review the proposal and vote. We urge you to read the accompanying Joint Prospectus/Proxy Statement, which contains important information about the proposed Merger.

In addition to asking shareholders of NGZ to approve the Merger, the Board of Trustees of NGZ is also asking shareholders of NGZ to re-elect certain Trustees of NGZ at NGZ's annual shareholders' meeting scheduled to be held on the same day as the separate joint meeting is held to consider the Merger. The composition of the Board of Trustees of NGZ is identical to that of NIE. Although the Board of Trustees of NGZ will no longer exist if the Merger is approved and consummated, shareholders of NGZ are being asked to re-elect certain of its Trustees in the event the Merger is not approved or its approval is delayed. **Please note that shareholders of NGZ will receive two separate proxy cards, one relating to the Merger and one relating to the re-election of Trustees. We request that NGZ shareholders please complete and return both proxy cards.**

Table of Contents

A joint meeting of the shareholders of the Funds will be held at 10:30 a.m., Eastern time, on January 14, 2014 for shareholders of both Funds to vote on the proposed Merger. In addition, a separate annual meeting of the shareholders of NGZ will be held at 11:00 a.m., Eastern time, on January 14, 2014, for shareholders of NGZ to vote on the re-election of certain Trustees of NGZ. The meetings will be held at the offices of Allianz Global Investors Fund Management LLC, 1633 Broadway, between West 50th and West 51st Streets, 42nd Floor, New York, New York 10019. If you are not able to attend the relevant meetings, please use the enclosed proxies and envelope to cast your votes so that you will be represented.

No matter how many shares you own, your timely vote is important. If you are unable to attend the meetings, please complete, sign, date and mail the enclosed proxy card(s) (of which there are two in the case of NGZ) promptly, in order to avoid the expense of additional mailings or having our proxy solicitor, AST Fund Solutions, LLC, telephone you. If you have any questions regarding the Joint Prospectus/Proxy Statement, please call us at (800) 591-6313.

Thank you in advance for your participation in this important event.

Sincerely,

Brian Shlissel
President & Chief Executive Officer of the Funds

Table of Contents

NOTICE OF MEETINGS OF SHAREHOLDERS

TO BE HELD ON JANUARY 14, 2014

ALLIANZGI GLOBAL EQUITY & CONVERTIBLE INCOME FUND

ALLIANZGI EQUITY & CONVERTIBLE INCOME FUND

1633 Broadway

New York, New York 10019

To the Shareholders of AllianzGI Global Equity & Convertible Income Fund (NGZ) and AllianzGI Equity & Convertible Income Fund (NIE and, together with NGZ, the Funds):

Notice is hereby given that a Joint Meeting of Shareholders of NIE and NGZ (the Joint Special Meeting) will be held on January 14, 2014, at 10:30 a.m., Eastern time, and a separate Annual Meeting of Shareholders of NGZ (the NGZ Annual Meeting and, together with the Joint Special Meeting, the Meetings) will be held on January 14, 2014, at 11:00 a.m., Eastern time. The Meetings will be held at the offices of Allianz Global Investors Fund Management LLC, 1633 Broadway, between West 50th and West 51st Streets, 42nd Floor, New York, New York 10019, for the following purposes:

Joint Special Meeting

Shareholders of NGZ

1. To approve an Agreement and Plan of Reorganization (the Merger Agreement) providing for the transfer of all of the assets of NGZ to NIE in exchange for common shares of NIE and the assumption by NIE of all of the liabilities of NGZ, and the distribution of such shares to the shareholders of NGZ in complete liquidation of NGZ, all as described in more detail in the attached Joint Prospectus/Proxy Statement.
2. To consider and act upon such other matters as may properly come before the Joint Special Meeting and any adjourned session thereof.

Shareholders of NIE

1. To approve the Merger Agreement and the issuance of additional common shares of NIE to be issued in connection with the Merger.
2. To consider and act upon such other matters as may properly come before the Joint Special Meeting and any adjourned session thereof.

Table of Contents

NGZ Annual Meeting

1. To elect the Trustees of NGZ, each to hold office for the term indicated and until his or her successor shall have been elected and qualified.
2. To consider and act upon such other matters as may properly come before the NGZ Annual Meeting and any adjourned session thereof.

Shareholders of record as of the close of business on November 12, 2013 are entitled to notice of, and to vote at, both the Joint Special Meeting and the NGZ Annual Meeting.

By order of the Boards of Trustees of the Funds,

Thomas J. Fuccillo

Secretary of the Funds

New York, New York

November 26, 2013

It is important that your shares be represented at the Meetings in person or by proxy, no matter how many shares you own. If you do not expect to attend the Meetings, please complete, date, sign and return the applicable enclosed proxy or proxies in the accompanying envelope, which requires no postage if mailed in the United States. Please mark and mail your proxy or proxies promptly in order to save the Funds any additional costs of further proxy solicitations and in order for the Meetings to be held as scheduled.

Table of Contents

ALLIANZGI GLOBAL EQUITY & CONVERTIBLE INCOME FUND

ALLIANZGI EQUITY & CONVERTIBLE INCOME FUND

1633 Broadway

New York, New York 10019

(800) 254-5197

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE MEETINGS OF SHAREHOLDERS TO BE HELD ON JANUARY 14, 2014

This Joint Prospectus/Proxy Statement and the Annual Reports to Shareholders for the fiscal years ended January 31, 2013 for NIE and August 31, 2013 for NGZ are also available at us.allianzgi.com/closedendfunds.

JOINT PROSPECTUS/PROXY STATEMENT

November 26, 2013

FOR THE MEETINGS OF SHAREHOLDERS TO BE HELD ON JANUARY 14, 2014

INTRODUCTION

This Joint Prospectus/Proxy Statement is furnished to you as a shareholder of AllianzGI Global Equity & Convertible Income Fund (NGZ) and/or AllianzGI Equity & Convertible Income Fund (NIE and, together with NGZ, the Funds). Each Fund is a diversified, closed-end investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act), and is organized as a voluntary association under Massachusetts law (commonly referred to as a Massachusetts business trust).

This Joint Prospectus/Proxy Statement relates to (1) the proposed reorganization (the Merger) of NGZ into NIE and (2) the re-election of certain Trustees of NGZ. The Merger is to be effected through the transfer of all of the assets of NGZ to NIE in exchange for common shares of beneficial interest of NIE (the Merger Shares) and the assumption by NIE of all of the liabilities of NGZ, followed by the distribution of the Merger Shares to the shareholders of NGZ in complete liquidation of NGZ. As a result of the proposed Merger, NGZ will cease to be a separate fund.

In addition to asking shareholders of NGZ to approve the Merger, the Board of Trustees of NGZ is also asking shareholders of NGZ to re-elect certain Trustees of NGZ at NGZ 's annual shareholders meeting scheduled to be held on the same day as

Table of Contents

the separate meeting is held to consider the Merger. The composition of the Board of Trustees of NGZ is identical to that of NIE. Although the Board of Trustees of NGZ will no longer exist if the Merger is approved and consummated, shareholders of NGZ are being asked to re-elect certain of its Trustees in the event the Merger is not approved or its approval is delayed. **Please note that shareholders of NGZ will receive two separate proxy cards, one relating to the Merger and one relating to the re-election of Trustees. We request that NGZ shareholders please complete and return both proxy cards.**

Because NGZ shareholders are being asked to approve transactions that will result in their holding NIE shares, this document also serves as a Prospectus for the Merger Shares to be issued by NIE. The investment objective of each Fund is to seek total return comprised of capital appreciation, current income and gains. Under normal circumstances, each Fund will invest at least 80% of its net assets (plus any borrowings for investment purposes) in a combination of equity securities and income-producing convertible securities. Unlike open-end funds, exchange-traded, closed-end funds like the Funds are not continuously offered. After the initial public offering, shares are sold on the open market through a stock exchange. This Joint Prospectus/Proxy Statement explains concisely what you should know before voting to approve the Merger or investing in NIE. Please read it and keep it for future reference. This Joint Prospectus/Proxy Statement is first being mailed to shareholders of NGZ and NIE on or about November 26, 2013.

A joint meeting of the shareholders of the Funds will be held at 10:30 a.m., Eastern time, on January 14, 2014, for shareholders of both Funds to vote on the proposed Merger and for shareholders of NIE to vote on the proposed issuance of the Merger Shares (the Joint Special Meeting). In addition, a separate annual meeting of the shareholders of NGZ will be held at 11:00 a.m., Eastern time, on January 14, 2014, for shareholders of NGZ to vote on the election of certain Trustees of NGZ (the NGZ Annual Meeting and, together with the Joint Special Meeting, the Meetings). The Meetings will be held at the offices of Allianz Global Investors Fund Management LLC (AGIFM or the Manager), 1633 Broadway, between West 50th and West 51st Streets, 42nd Floor, New York, New York 10019. If you are not able to attend the Meetings or any adjournment or postponement thereof, please use the enclosed proxies and envelope to cast your votes so that you will be represented.

The Board of Trustees of each Fund (the Board, the Board of Trustees or the Trustees) has fixed the close of business on November 12, 2013 as the record date (the Record Date) for the determination of shareholders of each Fund entitled to notice of, and to vote at, the Meetings and any adjournment(s) or postponement(s) thereof. Shareholders of each Fund on the Record Date will be entitled to one vote per share on each matter to which they are entitled to vote and that is to be voted on by shareholders of the Fund, and a fractional vote with respect to fractional shares, with no cumulative voting rights in the election of Trustees.

Table of Contents

The following table sets forth the number of common shares issued and outstanding of each Fund at the close of business on the Record Date:

	Outstanding Common Shares
NIE	22,304,189
NGZ	7,019,923

The classes of Shares listed for each Fund in the table above are the only classes of shares currently authorized by that Fund.

The shareholders of NGZ, voting together as a single class, and the shareholders of NIE, voting together as a single class, have the right to vote on the proposals as summarized in the table below (the Proposals).

Proposal	NGZ Common Shareholders	NIE Common Shareholders
Proposal I(a): Approval of the Merger Agreement	ü	
Proposal I(b): Approval of the Merger Agreement and the issuance of Merger Shares		ü
Proposal II: Re-Election of NGZ Trustees		
Re-election of James A. Jacobson	ü	
Re-election of Bradford K. Gallagher	ü	

A Statement of Additional Information dated November 26, 2013 relating to the Joint Prospectus/Proxy Statement (the Merger SAI) has been filed with the Securities and Exchange Commission (the SEC) and is hereby incorporated into this Joint Prospectus/Proxy statement by reference (File No. 333-191818). The Merger SAI is available upon oral or written request and without charge from the Funds at the phone number and address provided above and on the Funds website at us.allianzgi.com/closedendfunds.

The following documents have been filed with the SEC and are incorporated into the Merger SAI by reference, which means they are considered legally a part of the Merger SAI:

The audited financial statements of NGZ and related report of the independent registered public accounting firm for the fiscal year ended August 31, 2013 included in the Annual Report to shareholders of NGZ (File No. 811-22067).

Table of Contents

The audited financial statements of NIE and related report of the independent registered public accounting firm for the fiscal year ended January 31, 2013 included in the Annual Report to shareholders of NIE (File No. 811-21989).

The unaudited financial statements of NIE for the six months ended July 31, 2013 included in the Semi-Annual Report to shareholders of NIE (File No. 811-21989).

This document will give you the information you need to vote on the Proposals. Much of the information is required under the rules of the SEC; some of it is technical. If there is anything you don't understand, please contact us at (800) 591-6313 or call your financial advisor.

Both Funds list their common shares on the New York Stock Exchange (the NYSE). The common shares of NIE are listed on the NYSE under the symbol NIE and the common shares of NGZ are listed on the NYSE under the symbol NGZ. You may inspect reports, proxy material and other information concerning either Fund at the NYSE.

The principal executive offices of the Funds are located at 1633 Broadway, New York, New York 10019. AGIFM serves as the investment manager of each Fund and retains its affiliate, Allianz Global Investors U.S. LLC (AGI U.S. or the Sub-Adviser), to serve as the sub-adviser to the Funds. Additional information regarding the Manager and the Sub-Adviser may be found under Additional Information Investment Manager and Sub-Adviser below.

Unless a Fund receives contrary instructions, only one copy of this Joint Prospectus/Proxy Statement will be mailed to a given address where two or more shareholders share that address. Additional copies of the Joint Prospectus/Proxy Statement will be delivered promptly upon request. Requests may be sent to the Secretary of the Fund c/o Allianz Global Investors Fund Management LLC, 1633 Broadway, New York, New York 10019, or by calling (800) 591-6313 on any business day.

The Merger SAI, each Fund's most recent annual and semi-annual report, and other information about the Funds can be obtained by calling toll free (800) 254-5197 or by writing to the Funds at c/o Allianz Global Investors Fund Management LLC, 1633 Broadway, New York, New York 10019. The Funds are subject to the informational requirements of the Securities Exchange Act of 1934 and, in accordance therewith, file reports, proxy statements, proxy materials and other information with the SEC. You may obtain a copy of the Merger SAI and other materials that have been filed with the SEC from the SEC's Public Reference Room in Washington, D.C. by calling (202) 551-8090. You may also request copies of these materials, upon payment at the prescribed rates of a duplicating fee, by electronic request to the SEC's e-mail address (publicinfo@sec.gov) or by writing the Public Reference Branch, Office of Consumer

Table of Contents

Affairs and Information Services, Securities and Exchange Commission, Washington, D.C. 20549-0102. The Merger SAI and each Fund's most recent annual and semiannual reports are available, free of charge, on the Funds' website (us.allianzgi.com). You can obtain the same information, free of charge, from the SEC's web site (<http://www.sec.gov>).

The Securities and Exchange Commission has not approved or disapproved the Merger Shares or passed upon the adequacy of the Joint Prospectus/Proxy Statement. Any representation to the contrary is a criminal offense.

An investment in NIE is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

Table of Contents

TABLE OF CONTENTS

I. <u>PROPOSALS I(A) & I(B): THE MERGER AND THE ISSUANCE OF ADDITIONAL SHARES OF NIE</u>	1
A. <u>Overview</u>	1
B. <u>Principal Risk Factors</u>	16
C. <u>Information About the Proposed Merger</u>	39
<u>Background and Reasons for the Proposed Merger</u>	39
<u>Information About the Merger</u>	42
II. <u>PROPOSAL II: ELECTION OF NGZ TRUSTEES</u>	48
III. <u>ADDITIONAL INFORMATION ABOUT THE FUNDS</u>	61
IV. <u>OTHER INFORMATION</u>	63
<u>Voting Information; Ownership of the Funds</u>	67
<u>Adjournments</u>	69
<u>Methods of Voting</u>	69
<u>Shareholder Proposals for 2014-2015 Annual Meeting of NGZ</u>	70
<u>Other Matters</u>	71
<u>APPENDIX A: AUDIT OVERSIGHT COMMITTEE CHARTER</u>	A-1
<u>APPENDIX B: REPORT OF THE AUDIT COMMITTEE OF NGZ</u>	B-1
<u>APPENDIX C: INFORMATION ABOUT THE FUNDS</u>	C-1
<u>APPENDIX D: AGREEMENT AND PLAN OF REORGANIZATION</u>	D-1
<u>APPENDIX E: FINANCIAL HIGHLIGHTS</u>	E-1

Table of Contents

I. PROPOSALS I(A) & I(B): THE MERGER AND THE ISSUANCE OF ADDITIONAL SHARES OF NIE

A. OVERVIEW

The responses to the questions that follow provide an overview of key points NIE and NGZ believe are typically of interest to shareholders considering a transaction such as the Merger. For a more complete understanding, please refer to the remainder of the Joint Prospectus/Proxy Statement, which contains additional information and further details about the proposed Merger.

1. What is being proposed?

The Boards of Trustees of NIE and NGZ are unanimously recommending that you approve the proposed reorganization of NGZ into NIE (the Merger). The Merger is proposed to be accomplished pursuant to an Agreement and Plan of Reorganization (the Merger Agreement) and will be effected through the transfer of all of the assets of NGZ to NIE in exchange for common shares of beneficial interest of NIE (the Merger Shares) and the assumption by NIE of all of the liabilities of NGZ, followed by the distribution of the Merger Shares to the shareholders of NGZ in complete liquidation of NGZ. As a result of the proposed transaction, NGZ will cease to be a separate fund. The term Combined Fund as used herein refers to NIE as the surviving Fund after the Merger. The completion of these transactions will result in (i) the termination of NGZ as a separate fund and (ii) each NGZ shareholder becoming a shareholder of NIE.

In addition, shareholders of NIE are being asked to approve the issuance of the Merger Shares (*i.e.*, additional common shares of NIE) to be issued to shareholders of NGZ in connection with the Merger (the Issuance).

In the event the Merger is consummated, shareholders of the Combined Fund, including former shareholders of NGZ, would be subject to the investment policies of NIE. See Question 4 below and [Appendix C](#) to this Joint Prospectus/Proxy Statement for a comparison of, and more information on, the Funds' investment objectives and significant investment strategies and operating policies.

2. What will happen to my NGZ shares as a result of the proposed Merger?

Your NGZ shares are expected to be exchanged on a tax-free basis for Merger Shares of NIE with an equal aggregate net asset value on the Exchange Date (as defined in Section 4(a) of the Merger Agreement).

Table of Contents

3. Why is the Merger being proposed at this time?

The Trustees of each Fund, including a majority of those Trustees who are not interested persons (as defined in the 1940 Act) of the Funds (the Independent Trustees), carefully considered the anticipated benefits and costs of the proposed Merger and approved the Merger at a meeting held on September 24, 2013.

In approving the Merger, the Trustees of each Fund determined that the Fund's participation in the proposed Merger would be in the best interests of the Fund and that the interests of the Fund's shareholders would not be diluted as a result of the Merger. The Trustees of each Fund considered that the proposed Merger is expected to offer shareholders of the Funds the following advantages:

Larger asset base and potentially enhanced earnings. AGIFM and AGI U.S. expect that NIE's investment team will be able to deploy the assets received from NGZ in the Merger in a fashion that would improve the Combined Fund's net earnings as compared to each of NGZ's and NIE's current net earnings.

Equivalent or lower expenses. Shareholders of both Funds are expected to benefit from economies of scale resulting from a larger Combined Fund with a lower estimated total annual fund operating expense ratio than NGZ's current total annual fund operating expense ratio and equal to or slightly less than NIE's current total annual fund operating expense ratio.

Improved secondary market trading. The Combined Fund's greater volume of common shares may result in increased market liquidity, which may lead to narrower bid-ask spreads and smaller trade-to-price increments. The potential for higher common share net earnings and enhanced total returns over time may increase investor interest in the Combined Fund and potentially increase market liquidity for its common shares.

Continuity of Fund management. The Merger would allow shareholders of NGZ to continue investing in a fund advised by AGIFM and sub-advised by AGI U.S. AGI U.S. is responsible for making day-to-day investment decisions for NGZ as well as NIE. The investment objectives of the Funds are identical and the investment strategies of the Funds are substantially similar, though NGZ's investment strategies currently include a focus on investing in non-U.S. securities, while NIE and the Combined Fund will not. In addition, the portfolio managers of NIE currently serve as portfolio managers of NGZ.

Tax-free reorganization. The Merger is intended to be tax-free for U.S. federal income tax purposes. Provided that the Merger is tax-free, no gain or loss will be recognized by NGZ shareholders on the distribution to them of shares of NIE, and the aggregate tax basis of NIE shares received by an NGZ shareholder will be the same as the aggregate tax basis of his or her NGZ shares.

Table of Contents

The Trustees of each Fund recommend that shareholders of the Fund vote **FOR** approval of the proposed Merger and the Issuance, as applicable. For a more detailed discussion of the Trustees' deliberations, see Background and Reasons for the Proposed Merger.

If the Merger is not approved by either Fund, the Manager and Sub-Adviser may, in connection with ongoing management of the Funds, recommend alternative proposals to the Boards of NGZ and NIE.

4. How do the investment objectives, policies and restrictions of NGZ and NIE compare?

The investment objective of NGZ is identical to that of NIE, and the investment strategies of the Funds are substantially similar, though not identical. A comparison of the investment objectives and strategies for NIE and NGZ is set forth in the table below. As noted in the table below, the principal difference between the strategies of the two Funds is that NIE ordinarily invests principally in U.S. issuers, while NGZ normally invests at least 40% of its assets in non-U.S. securities. A more detailed description of each Fund's investment strategies is set forth in Appendix C to this Joint Prospectus/Proxy Statement.

	NIE	NGZ
Investment Objective	NIE's investment objective is to seek total return comprised of capital appreciation, current income and gains.	The same as NIE.
Investment Strategies	NIE pursues its investment objective by investing in a diversified portfolio of equity securities (the Equity Component) and income-producing convertible securities (the Convertible Component). NIE also employs a strategy of writing (selling) call options on the stocks held in the Equity Component as well as on equity indexes, generally with respect to approximately 70% of the value of the securities in the Equity Component (the Option Strategy). The	The same as NIE, except that NGZ intends to invest, under normal circumstances, at least 40% of its total assets in securities of issuers that are tied economically to countries other than the United States, and to have exposure to at least eight different countries (including the United States). NGZ may invest up to 10% of its total assets in issuers that are tied economically to developing or emerging market countries. See Foreign (non-U.S.) Securities below.

Table of Contents

NIE

NGZ

extent of NIE's use of the Option Strategy will vary depending on market conditions and other factors, and NIE may determine from time to time to write call options on only a portion, or none, of the stocks in the Equity Component. The Option Strategy is designed to generate gains from option premiums in an attempt to enhance distributions payable to NIE's shareholders and to reduce overall portfolio risk.

Asset Allocation. The percentage of NIE's total assets represented by each Component is expected to vary based on relative investment performance and the Sub-Adviser's views regarding market conditions and other factors. NIE expects that each Component will generally vary within the following ranges: 40% to 80% for the Equity Component and 20% to 60% for the Convertible Component. The risk/return profile of NIE (taken as a whole) will vary according to the level of total assets allocated to each Component.

80% Policy

Under normal circumstances, NIE will invest at least 80% of its net assets (plus any borrowings for investment purposes) in

The same as NIE.

Table of Contents

	NIE	NGZ
	a combination of equity securities and income-producing convertible securities.	
Foreign (non-U.S.) Securities	NIE will ordinarily invest principally in securities of U.S. issuers. NIE may invest without limit in securities of non-U.S. issuers that trade on U.S. securities markets, such as American Depository Receipts (ADRs). Up to 20% of NIE s total assets may be invested in other non-U.S. equity and debt securities, including securities of issuers that are organized or headquartered in developing or emerging market countries.	NGZ invests, under normal circumstances, at least 40% of its total assets in securities of issuers that are tied economically to countries other than the United States, and to have exposure to at least eight different countries (including the United States). NGZ may invest up to 10% of its total assets in issuers that are tied economically to developing or emerging market countries.
Equity Component	The Equity Component will ordinarily consist of common stocks, but may also include other types of equity securities, including preferred stocks, depository receipts, rights and warrants. NIE may invest in securities of companies with any size market capitalization, but ordinarily expects to focus its equity investments in companies with market capitalizations of \$3 billion or more at the time of investment. NIE may purchase securities in initial public offerings (IPOs).	The same as NIE.
Convertible Component	The Convertible Component will ordinarily consist principally of income-producing convertible	The same as NIE.

Table of Contents

	NIE	NGZ
	securities, including bonds, debentures, notes, preferred stocks, and other securities or investments that may be converted or exchanged (by the holder or issuer) into equity securities of the issuer (or cash or securities of equivalent value), as well as synthetic convertible securities.	
Credit Rating	<p>AGI U.S. will normally attempt to maintain the portfolio of the Convertible Component with an average credit quality that is investment grade <i>i.e.</i>, rated at least Baa3 by Moody's Investors Service, Inc. (Moody's) or BBB- by either Standard & Poor's Ratings Services (S&P) or Fitch, Inc. (Fitch), or, with respect to unrated securities, based on comparable credit quality determinations made by AGI U.S. Average credit quality for these purposes is determined by reference to the credit- and dollar-weighted quality of convertible and other debt securities in the Fund's portfolio. For example, using Moody's ratings, a bond rated Aa3 together with two bonds rated Ba3, all three of the same value, would produce an average credit quality of Baa3. NIE may invest a portion of the Convertible Component in convertible and other debt</p>	The same as NIE.

Table of Contents

	NIE	NGZ
	<p>securities that are of below investment grade quality, including unrated securities and distressed securities that are in default or the issuers of which are in bankruptcy. Securities of below investment grade quality are regarded as having predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal when due, and are commonly referred to as high yield securities or junk bonds. The Convertible Component normally will have an average credit quality that is investment grade, although it may include convertible and other debt securities that are of below investment grade quality.</p>	
Weighted Average Maturity	<p>The weighted average maturity of securities comprising the Convertible Component will typically range from 5 to 10 years, although it may be shorter or longer at any time and from time to time depending upon market conditions.</p>	<p>The same as NIE.</p>
Non-Convertible Fixed Income Securities	<p>NIE may also invest up to 20% of its total assets in non-convertible income-producing securities including, but not limited to, bonds, debentures, notes, government securities, mortgage-related securities and other types of debt</p>	<p>The same as NIE.</p>

Table of Contents

	NIE	NGZ
	instruments. To the extent that NIE does so, the non-convertible income-producing securities will be treated as being part of the Convertible Component for purposes of the asset-allocation, maturity and credit quality parameters.	
Illiquid Securities	NIE may invest up to 10% of its total assets in illiquid securities (determined using the SEC's standard applicable to open-end investment companies, <i>i.e.</i> , securities that cannot be disposed of within seven days in the ordinary course of business at approximately the value at which the Fund has valued the securities). NIE may invest a significant portion of its total assets in securities that have not been registered for public sale, but that are eligible for purchase and sale pursuant to Rule 144A under the Securities Act of 1933, as amended (the Securities Act).	The same as NIE.
Other Investment Companies	NIE may invest in securities of other investment companies, including exchange traded funds, and may invest in real estate investment trusts.	The same as NIE.
Diversification	As a diversified fund, NIE generally may not, with respect to 75% of its total assets, purchase the securities of any issuer, except securities issued or	The same as NIE.

Table of Contents

	NIE	NGZ
	<p>guaranteed by the U.S. Government or any of its agencies or instrumentalities or securities of other investment companies, if, as a result, (i) more than 5% of NIE's total assets would be invested in the securities of that issuer, or (ii) NIE would hold more than 10% of the outstanding voting securities of that issuer.</p>	
Concentration	<p>NIE will not concentrate its investments in a particular industry by investing more than 25% of its total assets in that industry.</p>	<p>The same as NIE.</p>
Leverage	<p>Although it has no current intention to do so, the Fund reserves the flexibility to issue preferred shares or debt securities or to engage in borrowings to add leverage to its portfolio. The Fund may also enter into derivative transactions that may in some circumstances produce effects similar to leverage. Any leverage used by the Fund would be limited to approximately 35% of the Fund's total assets (including the proceeds of the leverage) at the time utilized.</p>	<p>The same as NIE.</p>

Following approval of the Merger Agreement by the shareholders of each Fund, but before the Valuation Time (as defined in Section 4(b) of the Merger Agreement), it is expected that NGZ will restructure its investment portfolio by selling the majority of its non-U.S. holdings and making certain other adjustments to better facilitate the Merger. Based on NGZ's assets as of August 31, 2013, AGIFM and AGI U.S. expect that such repositioning of NGZ's portfolio will involve the sale of approximately 30% of NGZ's assets and will result in NGZ realizing a capital loss of approximately \$30

Table of Contents

million. AGIFM and AGI U.S. estimate that the commissions and related transaction costs associated with the repositioning will be approximately \$82,000, all of which will be borne by NGZ. Such repositioning may result in NGZ having less than 40% of its assets invested in securities of issuers that are tied economically to countries other than the United States, or having exposure to fewer than eight different countries (including the United States) during the period between shareholder approval of the Merger and the consummation of the Merger. For a discussion of the tax consequences of this potential repositioning, see *Information About the Proposed Merger* *Information About the Merger* *Federal Income Tax Consequences*.

NIE and NGZ have adopted certain fundamental investment policies. Fundamental investment policies cannot be changed as to a Fund without the approval of the holders of a majority, as such term is defined in the 1940 Act, of the Fund's outstanding common shares, voting together as a single class; other investment policies can be changed without shareholder consent. The fundamental investment policies of NIE and NGZ are identical. Please see the Merger SAI for more information on the Funds' fundamental investment policies.

5. How do the management fees and other expenses of NGZ and NIE compare, and what are they estimated to be following the proposed Merger?

The following tables compare the advisory fees and other expenses of NGZ and NIE and the estimated *pro forma* expenses that AGIFM estimates NIE will bear in the first year following the Merger. **The annual contractual advisory fee rate payable by NIE currently and after the Merger (1.00% of average daily total managed assets) is the same as the annual contractual advisory fee rate payable by NGZ (1.00% of average daily total managed assets).** Total managed assets means the total assets of a Fund (including assets attributable to any preferred shares and borrowings that may be outstanding) minus accrued liabilities (other than liabilities representing borrowings). The table below sets forth (i) the expenses paid by each Fund for the 12-month period ended July 31, 2013 and (ii) the *pro forma* expenses for the Combined Fund, assuming the Merger had taken place on July 31, 2013. It is expected that NIE's Total Annual Expenses will stay the same or decrease slightly as a result of the Merger. The *pro forma* expenses of the Combined Fund (taking into account the Merger) are expected to be lower than NGZ's expenses as reflected in the right-most column of the expense tables below.

	NGZ	NIE	NIE Pro Forma Combined Fund(1)
Shareholder Transaction Expenses			
Sales Load (as a percentage of offering price)(2)	None	None	None
Dividend Reinvestment Plan Fees(3)	None	None	None

Table of Contents

	NGZ	NIE	NIE Pro Forma Combined Fund(1)
Annual Expenses (as a percentage of net assets attributable to common shares)			
Management Fees	1.00%	1.00%	1.00%
Other Expenses	0.29%	0.08%	0.07%
Total Annual Expenses	1.29%	1.08%	1.07%

- (1) Assumes the Merger took place on July 31, 2013.
- (2) Shares of each Fund purchased on the secondary market are not subject to sales loads, but may be subject to brokerage commissions or other charges. The table does not include any underwriting commission paid by shareholders in the initial offering of each Fund.
- (3) You will pay brokerage charges if you direct the plan agent to sell your common shares held in a dividend reinvestment account.

Example

The following example is intended to help you compare the costs of investing in the common shares of the Combined Fund *pro forma* if the Merger is completed with the costs of investing in NGZ and NIE without the Merger. An investor in common shares would pay the following expenses on a \$10,000 investment, assuming (1) the Total Annual Expenses ratio for each Fund set forth in the table above and (2) a 5% annual return throughout the period:

	1 Year	3 Years	5 Years	10 Years
Common Shares:				
NGZ (Current)	\$ 131	\$ 409	\$ 708	\$ 1,556
NIE (Current)	\$ 110	\$ 343	\$ 595	\$ 1,317
NIE Pro Forma Combined Fund	\$ 109	\$ 340	\$ 590	\$ 1,306

The examples set forth above assume common shares of each Fund were owned as of the completion of the Merger and the reinvestment of all dividends and distributions and uses a 5% annual rate of return as mandated by SEC regulations. **The examples above should not be considered a representation of future expenses. Actual expenses may be higher or lower than those assumed. Moreover, the actual rate of return may be greater or less than the hypothetical 5% annual return shown in the examples.**

6. Will my dividends be affected by the proposed Merger?

NGZ's regular distributions during fiscal years 2009, 2010, 2012 and 2013, in addition to including income and net realized gains, have also included return of capital (RoC) as one of their components. Assuming a constant distribution rate, the Manager and Sub-Adviser believe that RoC will continue to constitute a percentage of

Table of Contents

NGZ's total distributions in future years if the Merger is not approved and consummated. During the same periods (with the exception of fiscal year 2010), NIE's distributions have generally comprised income and net realized gains and have not included RoC as a component of the Fund's total distributions.

In part as a result of the repositioning of NGZ's portfolio securities in connection with the Merger, the Combined Fund's earnings are expected to be higher than those of each Fund prior to the Merger; however, the Combined Fund's earnings and distribution rate may change over time, and depending on market conditions, may be significantly higher or lower than each Fund's earnings and distribution rate prior to the Merger. There can be no assurance that the Combined Fund's distributions will not include RoC following the Merger.

A Fund's earnings and net investment income vary over time and depend on many factors, including its asset mix, portfolio turnover level, the movement of interest rates and general market conditions. There can be no assurance that the future earnings of a Fund, including the Combined Fund after the Merger, will remain constant or will not decline.

7. At what prices have common shares of NGZ and NIE historically traded?

As of September 30, 2013 and on a historical average basis, NIE's common shares have traded at a wider discount to net asset value (*i.e.*, the market price of the Fund's common shares is below the Fund's net asset value per share) than that of NGZ's common shares. Depending on the relative discount or premium of the common shares of one Fund to the common shares of the other Fund at the time of the Merger, the discount of a Fund's common shares may widen or the premium of a Fund's common shares may narrow (*i.e.*, the market price of the common shares may decrease relative to its net asset value (NAV)), which may result in the Merger Shares received by NGZ shareholders and/or the Combined Fund's common shares held by NIE shareholders following the Merger having an aggregate market value that is less than the aggregate market value of the NGZ common shares that are exchanged in the Merger or than the market value of the NIE common shares prior to the Merger, respectively. There can be no assurance that, after the Merger, common shares of the Combined Fund will trade at, above or below NAV. In the Merger, shareholders of NGZ will receive common shares of NIE based on the relative net asset values (not the market values) of each NIE's common shares. The market value of the common shares of the Combined Fund may be less than the market value of the common shares of NIE or NGZ prior to the Merger.

Trading Information. Common shares of each Fund are expected to continue to be traded on the NYSE until the Valuation Time (as defined in Section 4(b) of the Merger Agreement) and common shares of NIE are expected to continue to be traded on the NYSE after the Merger. Shares of the Funds may at times trade at a market price greater or less than net asset value. The Trustees regularly monitor the relationship between the market price and net asset value of the common shares of

Table of Contents

each Fund. If the common shares of a Fund were to trade at a substantial discount to net asset value for an extended period of time, the Trustees may consider the repurchase of its common shares on the open market or in private transactions, the making of a tender offer for such shares, or the conversion of such Fund to an open end investment company. The Funds cannot assure you that the Trustees will decide to take or propose any of these actions, or that share repurchases or tender offers will actually reduce market discount. Depending on market conditions immediately prior to the Merger, common shares of NIE may trade at a greater or smaller discount or premium to net asset value than common shares of NGZ, which would cause the Merger Shares to have an aggregate market value that is greater or less than the then current market value of the common shares of NGZ that are exchanged in the Merger. The following tables set forth the high and low market prices for common shares of each Fund on the NYSE, for each full quarterly period within each Fund's two most recent fiscal years and each full quarter since the beginning of each Fund's current fiscal year, along with the NAV and discount or premium to NAV for each quotation.

NGZ

Quarter	Common share market price⁽¹⁾		Common share net asset value		Premium (discount) as a % of net asset value	
	High	Low	High	Low	High	Low
Quarter ended November 30, 2011	\$ 14.87	\$ 12.43	\$ 15.74	\$ 13.34	2.39%	-9.66%
Quarter ended February 29, 2012	\$ 14.71	\$ 12.80	\$ 16.10	\$ 14.19	-6.49%	-11.86%
Quarter ended May 31, 2012	\$ 14.69	\$ 12.50	\$ 16.13	\$ 14.11	-8.24%	-12.12%
Quarter ended August 31, 2012	\$ 13.59	\$ 12.16	\$ 15.04	\$ 13.86	-9.28%	-12.30%
Quarter ended November 30, 2012	\$ 13.69	\$ 12.32	\$ 15.34	\$ 14.35	-8.49%	-14.15%
Quarter ended February 28, 2013	\$ 14.30	\$ 13.11	\$ 15.90	\$ 14.79	-8.17%	-12.13%
Quarter ended May 31, 2013	\$ 15.19	\$ 14.06	\$ 16.66	\$ 15.37	-5.83%	-10.45%
Quarter ended August 31, 2013	\$ 14.62	\$ 13.43	\$ 16.37	\$ 15.19	-9.27%	-12.69%

NIE