

NFJ DIVIDEND, INTEREST & PREMIUM STRATEGY FUND
Form N-CSRS
October 06, 2005

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

FORM N-CSRS

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

Investment Company Act file number 811-21417

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

1345 Avenue of the Americas, New York, New York 10105
(Address of principal executive offices) (Zip code)

Lawrence G. Altadonna - 1345 Avenue of the Americas, New York, New York 10105
(Name and address of agent for service)

Registrant's telephone number, including area code: 212-739-3371

Date of fiscal year end: January 31, 2006

Date of reporting period: July 31, 2005

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e -1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Report to Shareholders

NFJ Dividend, Interest & Premium Strategy Fund

Semi-Annual Report
July 31, 2005

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NFJ Dividend, Interest & Premium Strategy Fund Letter to Shareholders

September 19, 2005

Dear Shareholder:

We are pleased to provide you with the initial financial report of the NFJ Dividend, Interest & Premium Strategy Fund (the "Fund") for the period February 28, 2005 (commencement of operation) through July 31, 2005.

Please refer to the following page for specific Fund information. If you have any questions regarding the information provided, we encourage you to contact your financial advisor or call the Fund's transfer agent at 1-800-331-1710. Furthermore, note that a wide range of information and resources can be accessed through our Web site, www.allianzinvestors.com.

Together with Allianz Global Investors Fund Management LLC (formerly, PA Fund Management LLC), the Fund's investment manager and NFJ Investment Group ("NFJ"), Nicholas Applegate Capital Management ("NACM") and PEA Capital ("PEA"), the Fund's sub-advisers, we thank you for investing with us.

We remain dedicated to serving your investment needs.

Robert E. Connor
Chairman

Brian S. Shlissel
President & Chief Executive Officer

NFJ Dividend, Interest & Premium Strategy Fund Performance Summary & Statistics

July 31, 2005 (unaudited)

Symbol:

NFJ

Primary Investments:

Dividend-paying common stocks, income producing convertible securities, writing (selling) call options on equity indexes in an attempt to generate gains from option premiums.

Inception Date:

February 28, 2005

Objective:

To seek current income and gains, with a secondary objective of long-term capital appreciation.

Net Assets:

\$2,250.4 million

Portfolio Managers:

Ben Fischer
Douglas Forsyth
Greg Tournant

Total Return⁽¹⁾ :

Market Price

Net Asset Value
(NAV)

Commencement of Operations (2/28/05) to 7/31/05

(2.41)%

1.96%

Market Price/NAV Performance:

Commencement of Operations (2/28/05) to 7/31/05

Market Price/NAV:

Market Price

\$23.86

Net Asset Value

\$23.81

Market Price Yield⁽²⁾

8.80%

Premium to NAV

0.21%

Investment Allocation
(as a percentage of total investments
before call options written)

(1) **Past performance is no guarantee of future results.** Total return is calculated by subtracting the value of an investment in the Fund at the beginning of the specified period from the value at the end of the period and dividing the remainder by the value of the investment at the beginning of the period and expressing the result as a percentage. The calculation assumes that all income dividends and capital gain distributions have been reinvested at prices obtained under the Fund's dividend reinvestment plan. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized.

An investment in the Fund involves risk, including the loss of principal. Total return, price, yield and net asset value will fluctuate with changes in market conditions. This data is provided for information only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Net asset value is total assets less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

(2) Market Price Yield is determined by dividing the annualized current quarterly per share dividend to shareholders by the market price per common share at July 31, 2005.

NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments

July 31, 2005 (unaudited)

Shares (000)		Value
COMMON STOCK 74.7%		
Aerospace/Defense 0.7%		
300	Northrop Grumman Corp.	\$ 16,635,000
Agriculture 6.3%		
1,050	Altria Group, Inc. (a)	70,308,000
850	Reynolds American, Inc. (a)	70,813,500
		141,121,500
Apparel 1.6%		
600	VF Corp.	35,424,000
Banking 7.0%		
1,700	Bank of America Corp.	74,120,000
1,500	Keycorp (a)	51,360,000
950	Regions Financial Corp. (a)	31,958,000
		157,438,000
Chemicals 3.7%		
800	Lyondell Petrochemical Co.	22,352,000
1,250	The Dow Chemical Co. (a)	59,937,500
		82,289,500
Commercial Services 3.0%		
1,706	Deluxe Corp. (a)	68,220,000
Computers 2.0%		
11	Hewlett-Packard Co.	270,820
2,300	Seagate Technology, Inc.	44,551,000
		44,821,820
Diversified Financial Services 3.3%		
1,200	JP Morgan Chase & Co.	42,168,000
600	MBNA Corp. (a)	15,096,000
305	Morgan Stanley Dean Witter & Co.	16,180,250
		73,444,250
Electric 0.8%		
26	DTE Energy Co.	1,222,000

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400	Progress Energy, Inc.	17,844,000
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		19,066,000
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	Food 4.6%	
1,800	Albertson's, Inc. (a)	38,358,000
2,850	ConAgra Foods, Inc. (a)	64,723,500
		<hr/>
		103,081,500
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	Gas 4.2%	
1,661	KeySpan Corp. (a)	67,586,090
650	Sempra Energy	27,625,000
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		95,211,090
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	Hand/Machine Tools 0.9%	
400	The Stanley Works	19,572,000
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	Home Furnishings 0.0%	
6	Whirlpool Corp.	479,880
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NFJ Dividend, Interest & Premium Strategy Fund Schedule of Investments

July 31, 2005 (unaudited)

Shares (000)		Value
	Household Products 1.7%	
600	Kimberly-Clark Corp.	\$ 38,256,000
	Insurance 3.0%	
700	Jefferson-Pilot Corp.	35,119,000
