

Final
Short Form

Allianz Continental European Fund

For the year ended 31 August 2016

The report below, as prescribed by the Financial Conduct Authority (FCA), aims to provide clear and concise information enabling you to make an informed judgement on your investment, during the year covered. We continually strive to enhance the information we send to you and we would welcome any comments you may have. A long form version of the report and accounts can still be viewed at www.allianzglobalinvestors.co.uk. Alternatively, call our Investor Services team on 0800 317 573 to request a copy. Thank you for your continued investment with Allianz Global Investors.

Investment Objective & Policy

The Fund's objective is to provide investors with long term capital growth by investing in a diversified portfolio of investments in Continental European companies.

The Fund's policy is to invest in shares listed on a Continental European stock exchange. The Fund invests predominantly in larger companies.

Risk Profile

Equity Risk: Equities are generally more risky than fixed interest securities. Considerable fluctuations in equity prices may mean that you do not get all your money back.

Exchange Rates: Exchange rate movements may cause the value of any overseas investments, and any revenue from them, to go up or down.

Risk and Reward Profile

The Allianz Continental European Fund has a risk reward indicator of 6. Funds of category 6 have shown in the past a high volatility. The volatility describes how much the value of the sub-fund went up and down in the past. The shares of a sub-fund of category 6 might be subject to high price fluctuations based on the historical volatilities observed.

The indicator is mapped through an integer number between 1 & 7 and is based on past performance data and is calculated in accordance with European legislation. The categorisation of the Fund is not guaranteed and may change in the future.

Please note, the category stated above is the same for each class of share within the Fund.

Key Facts

Fund managers	Thorsten Winkelmann and Matthias Born		
Launch date	16 May 2002		
Fund benchmark	S&P Europe Ex-UK Large MidCap Growth (British Pound) Net Total Return		
Annual charge	1.50%		
Initial charge	ISA	3%	Direct 4%
Minimum investment	ISA	£1,000	Direct £500
Additional investment	ISA	£1,000	Direct £500
Regular savings plan	ISA	£200	Direct £50
Ex dividend date	1 September		
Payment date	31 October		
Share classes & types	A (Accumulation) I (Accumulation)	C (Accumulation) S (Accumulation) ¹	

Please note: The information shown above is for the 'A' share class of the Fund. 'I' shares are available but are not currently in issue. ¹ On 26 January 2016, class 'S' shares were introduced.

Operating Charges

31 August 2016	
'A' Shares	1.72%
'C' Shares	0.88%
'S' Shares ¹	0.77%

¹ On 26 January 2016, class 'S' shares were introduced. Operating charges have been annualised.

Operating charges represent all operating charges and expenses and is expressed as a percentage of the average net asset value. It includes the annual ACD fee as well as all the administrative expenses including custodial transaction charges incurred by the Fund.

Performance Record (price in pence)

	High	Low	High	Low	High	Low
Share class	A	A	C	C	S ¹	S ¹
Accounting year						
31 August 2014	837.40	769.60	134.22	123.54	N/A	N/A
31 August 2015	956.71	724.57	154.41	116.48	N/A	N/A
31 August 2016	1,091.77	845.93	178.17	137.45	120.39	92.70

¹ On 26 January 2016, class 'S' shares were introduced.

Summary of Fund Performance

	Net Asset Value		Net Asset Value per share		Change %
	31 Aug 2016	31 Aug 2015	31 Aug 2016	31 Aug 2015	
	£000s	£000s	(p)	(p)	
'A' Shares	18,175	19,762	1,054.34	875.62	20.41
'C' Shares	16,557	10,948	172.12	141.75	21.43
'S' Shares ¹	81,309	N/A	116.32	N/A	N/A

¹ On 26 January 2016, class 'S' shares were introduced.

Summary of Distribution

	Payment date	Net distribution per share (p)
'A' Shares	31 October 2016	2.2460
'C' Shares	31 October 2016	1.7681
'S' Shares ¹	31 October 2016	1.5026

¹ On 26 January 2016, class 'S' shares were introduced.

Please note: Investors are reminded that the Fund distributes annually.

Investment Review

Performance Summary: Over the twelve month period under review, 1 September 2015 to 31 August 2016, the Fund's 'A' class produced a total return of 20.46% and the 'C' class produced a total return of 21.47%. The Fund's benchmark, S&P Europe Ex-UK Large MidCap Growth (British Pound) Net Total Return, produced a total return of 18.02% over the period*.

The key reason for this outperformance was the selection of long-term superior high-quality stocks with a structural growth profile. These long-term investments proved resilient in times of rising volatility and market setback and were able to outperform the very moderately rising market to a significant extent.

Performance Summary: Stock selection, the crucial performance driver of the Fund, succeeded in particular in the Industrials sector and in Healthcare, where the selected investments generated considerable excess returns. The sector allocation contributed very positively. Overweight allocation of IT stocks was the main positive factor. Underweight allocation of Healthcare and Telecoms services added to this. On the single stock level, shares of our positions in Infineon Technologies, DSV and Hexagon contributed the most on both active and absolute performance level. Shares of Hugo Boss, Banca Generali and Richemont, however, underperformed.

Market Background: Europe's stock markets advanced on a volatile path over the past twelve months. In quarter 4, 2015 the International Monetary Fund cut its global growth forecast to 3.1% for 2015 and to 3.6% for 2016. The European Central Bank (ECB) extended its Quantitative Easing (QE) programme and crude oil prices fell to a new low. Euro-zone Gross Domestic Product grew by 0.6% in quarter 1, 2016 and by 0.3% in quarter 2, 2016. The ECB cut its main interest rate to zero and reduced banks' deposit rate further into negative territory. The central bank also started to include corporate bonds in its bond purchasing programme. The euro-zone economy showed resilience in July/August 16 following the UK's decision to leave the EU. Stock markets rose in quarter 4, 2015, retreated over quarter 1 and quarter 2, 2016 and recovered in July and August. In the first half of 2016 energy stocks were among those with the strongest gains, helped by signs suggesting that oil prices may have stabilised. The Financial sector fell amid profitability concerns. European equities posted gains in July and August. Germany was one of the strongest markets supported by relatively strong economic growth, strong exports and consumer spending.

* Source: Allianz Global Investors/Datastream. Fund performance based on end of day prices using the mid market price portfolio valuation, net of fees and expenses, with net revenue re-invested in Sterling. Performance for the 'S' class has not been included as it has been in existence for less than twelve months. Benchmark performance based on end of day prices.

Classification of Investments

Ten Largest Holdings as at 31 August 2016	(%)
SAP	5.65
Novo Nordisk 'B' shares	4.66
Infineon Technologies	4.26
Hexagon 'B' shares	3.49
DSV	3.08
Roche	3.08
Fresenius	2.98
Ingenico	2.79
Unilever	2.77
Compagnie Financiere Richemont	2.76
Total	35.52

Ten Largest Holdings as at 31 August 2015	(%)
Novo Nordisk 'B' shares	5.75
SAP	4.42
Cie Financiere Richemont	3.69
Ingenico	3.35
Roche	3.22
Legrand	3.07
Hugo Boss	3.00
Fresenius	2.96
Infineon Technologies	2.90
Hexagon 'B' shares	2.79
Total	35.15

Geographic Breakdown as at 31 August 2016	(%)
Belgium	3.59
Denmark	11.35
Finland	0.00
France	14.00
Germany	24.95
Ireland	7.11
Italy	2.79
Netherlands	6.28
Spain	4.47
Sweden	11.73
Switzerland	13.28
Net other assets	0.45
Net Assets	100.00

Geographic Breakdown as at 31 August 2015	(%)
Belgium	2.40
Denmark	10.91
Finland	1.15
France	20.14
Germany	23.43
Ireland	5.59
Italy	3.53
Netherlands	5.74
Spain	4.86
Sweden	8.62
Switzerland	11.46
Net other assets	2.17
Net Assets	100.00

Italy lagged, affected by its ongoing struggle to address the problems in its banks. Energy companies retreated, undermined by an again falling oil price. The Financial sector benefited from a sector rotation.

Portfolio Review: We stick to all positions of which the investment case remains valid. During the past twelve months, we sold the positions in Sampo, Oinde, Schneider Electric, Atresmedia, Edenred and Biotest. We initiated positions in Kardex, Ryanair, Scout24, VAT, Partners, Assa Abloy and Ontex. The weight of IT, Industrials and Consumer Staples has increased on the portfolio at the expense of Healthcare and Consumer Discretionary.

Outlook: As we are likely to remain in a relatively low beta return environment, we see stock picking alpha becoming increasingly vital to investors total return. Recent equity market's volatility was largely driven by top down factors and characterised by the market's focus on the near term. This also has created inefficiencies in the market which we are looking to exploit through our

disciplined long-term structural growth-orientated process. Consensus European earnings growth for 2016 now stands at -1.7% (down from +8% in January), although much of these downgrades are attributed to banks, where we remain significantly underweight due to structural pressures affecting the industry. While this lack of market earnings growth and key upcoming political events create uncertainty in general, the earnings profile of our strategy remains much clearer. Our focus on companies demonstrating visible, sustainable earnings growth, independently of the economic cycle ensures the Fund displays far less earnings volatility than the broader market.

19 September 2016

The contents of this Investment Review are based on the views of the manager at the time of writing, which may be subject to change.

Investors are reminded that the value of shares within an OEIC fund, and the income from them, may go down as well as up and is not guaranteed. An investor may not get back the amount invested. The past is no guide to future performance.

The opinions expressed here are believed to be accurate and reliable, however these opinions may change without notice. Although the information is believed to be reliable, Allianz Global Investors does not guarantee the timeliness, accuracy or suitability of such information in any way and anyone who acts on the information does so at their own risk. Allianz Global Investors only provides information on our own products and does not give advice based on personal circumstances.

Further Information

The information in this report is designed to enable shareholders to make an informed judgement on the activities of the Fund during the year covered by the report and the results of those activities at the end of the year.

More information on the performance and make-up of this Fund is available on our Fund factsheets, which you can view via our Literature Library on www.allianzglobalinvestors.co.uk. You can also request a valuation at any time by calling 0800 073 2001.

Alternatively, our Investor Services team will be happy to respond to any issues you may wish to raise with them regarding product information and Fund performance. If you have invested via a financial adviser, you should contact them first if you wish to discuss your investment in greater detail.

Price Publication: Prices are published on the AllianzGI website www.allianzgi.co.uk

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