Allianz RiskMaster Defensive Fund

Final

Final Short Form Report for the period ended 30 April 2013

Dear Investor,

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 period 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.

Fund manager	Allianz RiskMaster Multi-asset team	
Launch date	15 May 2012	
Fund benchmark	n/a	
Annual charge	1.5%	
	ISA	**Direct**
Initial charge	3%	4%
Minimum investment	£1,000	£500
Additional investment	£1,000	£500
Regular savings plan	£200	£50
Ex dividend dates	1 May	
Payment dates	30 June	
Share classes & types	A (Accumulation) C (Accumulation) T (Accumulation)	

Please note: The information shown above is for the 'A' share class of the Fund.

On 14 March 2013, the 'T' share class was launched.

Ongoing Charges Figure

30 April 2013[1]	
'A' Shares	2.65%
'C' Shares	2.05%
'T' Shares[2]	0.90%

Ongoing Charges Figure (OCF) represents 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. As the accounting period is less than a year, the OCFs have been annualised. For the 'T' class shares the OCF has been capped at 0.90%. The OCF calculations in the above table are higher than we estimated in May 2012 when the RiskMaster Fund range was launched. This is largely due to the impact of the fixed costs on the lower than estimated Fund size. We are encouraged that the Funds are growing and that when we re-calculate the OCF based on the latest data there is already a reduction in the OCF. We continue to work on keeping costs down in the Funds and growing the assets, we expect the combined effect of this approach to continue to lower the OCF.

[1] The Fund launched on 15 May 2012
[2] On 14 March 2013, class 'T' shares were launched

Investment Objective & Policy

The Allianz RiskMaster Defensive Fund aims to achieve long term capital growth by maintaining a bias towards investments which are considered lower to medium risk but may hold some investments which are considered higher risk.

The Fund seeks to achieve this objective by (1) actively investing in a broad range of asset classes across all economic sectors worldwide and (2) managing the risks associated with investing in these assets by utilising a broad range of risk management techniques.

The Fund will maintain a bias towards investments which are considered lower to medium risk such as fixed income securities (issued by corporate, government and/or supranational institutions), collective investment schemes (including those with exposure to the property market), cash, near cash and money market instruments but may hold some investments which are considered higher risk, such as equity, equity related securities and (indirectly) alternative asset classes (including commodities indices and hedge fund indices).

The Fund may gain exposure to the above mentioned securities either through direct investment or indirectly by investing in collective investment schemes, including exchange traded funds.

In particularly adverse market conditions the Fund may hold cash deposits up to 100% of the portfolio.

The Fund may also invest in derivative instruments such as futures, options, options on swaps, swap agreements (including equity and/or index based total return swaps, interest rate swaps and credit default swaps) and currency forward contracts. The Fund may use options in order to generate synthetic cash positions.

Derivatives may also be used for the purposes of efficient portfolio management.

Risk Profile

Interest Rates: Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

Credit and Fixed Interest Securities Risk: Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of the capital may fall, and vice versa. Inflation will also decrease the real value of capital.

Exchange Traded Funds (ETFs): Constant attention is given to seeking the most competitively priced solutions to gain market exposure. For this reason, the team manages its exposure to the various asset classes for

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instance through investment in exchange traded funds (ETFs). These are index replicating funds that reflect the performance of an asset class and have a lower fee structure than other mutual funds.

The risk and cost of investing directly in indices can be reduced by gaining indirect exposure through investing in ETFs. The Fund may be exposed to market fluctuations in the relevant indices (upward or downward) and counterparty risk where over the counter derivatives are utilised by the ETF.

Concentrated Portfolio: Lower diversification and active stock selection may give rise to more risk and substantially increase the risk of loss.

Emerging Markets: Emerging markets tend to be more volatile than more established stock markets and therefore your money is at greater risk. Other risk factors such as political and economic conditions should also be considered. Restrictive dealing, custody and settlement practices may be prevalent. A counterparty may not pay or deliver on time or as expected. As a result, settlement may be delayed and the cash or securities could be disadvantaged. Securities of many companies in emerging markets are less liquid and their prices more volatile than securities of comparable companies in more sizeable markets.

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

Derivative Risk: As part of the investment strategy, the Fund may utilise investment techniques involving the use of financial instruments known as derivatives which further enhances the diversification of the Fund. These allow an investment manager to invest artificially in financial securities, such as shares or bonds, or other investments, without owning the physical assets. The use of derivatives can involve a greater element of risk. A positive or negative movement in the value of the underlying asset can have a larger effect on the value of derivatives as these are more sensitive to changes.

If the Fund uses derivatives for investment purposes the level of investment can increase above the level of investment of a Fund that is fully invested in securities. As a result the Fund's risk profile offers potentially greater market risk than that of a Fund with a similar profile that does not invest in derivatives. Although it is intended that the use of derivatives for investment purposes will, over the long term, reduce the risk profile of such a Fund, it may introduce counterparty risk that otherwise would not be present. Investment in derivatives may therefore, to some extent, alter the risk profile of such a Fund.

Risk and Reward Profile

The Allianz RiskMaster Defensive Fund has a risk reward category of 4. Funds of category 4 have shown in the past a medium volatiliy. The volatility describes how much the value of the Fund went up and down in the past. The units of a fund in category 4 might be subject to medium 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.

Investment Review

Performance Summary: Over the period under review, 15 May 2012 to 30 April 2013, the Fund's 'A' class produced a total return of 10.25%, the Fund's 'C' class of 10.96%.*

Market Background: The review period began with equity markets declining as fears grew of a far left political party achieving a majority in the Greek elections and refusing to adhere to the previously agreed austerity measures that accompanied the receipt of bailout funds. Some even feared the disorderly default and exit of Greece from the Eurozone at this time.

* Source: Allianz Global Investors/Datastream. Fund performance based on end of day prices, net of fees and expenses, with net revenue re-invested in Sterling.

Performance Record

		Highest Price (p)	Lowest Price (p)
'A' Shares	2012[1]	106.2	99.6
	2013[2]	110.5	106.3
'C' Shares	2012[1]	106.9	99.6
	2013[2]	111.2	107.0
'T' Shares	2013[3]	101.4	100.2

[1] For the period from 15 May 2012 to 31 December 2012
[2] For the period to 30 April 2013
[3] For the period from 14 March 2013 to 30 April 2013

Summary of Fund Performance

Share class	Net Asset Value 30 April 2013 £000s	Net Asset Value per share 30 April 2013 (p)
'A' Shares	1,491	110.1
'C' Shares	1,425	110.9
'T' Shares	41	100.0

The net asset value per share for the class 'T' shares as at 30 April 2013 as stated above is lower than the 'Lowest Price' as quoted in the Performance Record table. The net asset value quoted above has been calculated using the portfolio valuation and with related accounting adjustments at close of business on the last day of the accounting period, whereas the figure quoted in the Performance Record table is the pence per share price calculated at midday on the last business day of the accounting period.

Summary of Distribution

Share class	Payment date	Net distribution per share (p)
'A' Shares	30 June 2013[1]	0.0000
'C' Shares	30 June 2013[1]	0.6090
'T' Shares	30 June 2013[2]	0.0000

Please note: Investors are reminded that the Fund distributes annually.
[1] For the period from 15 May 2012 to 30 April 2013
[2] For the period from 14 March 2013 to 30 April 2013

This coincided with a reversal in the improvement in US unemployment, and although the housing market showed signs of broad based stabilisation, events in the Eurozone dominated investor sentiment and hence prompted risky assets to depreciate during May 2012. By the end of June the second round of Greek elections resulted in the formation of a coalition government that did not include the left wing Syriza party, diminishing the risk of Greece leaving the Eurozone.

Eurozone growth contracted by 0.2% in the second quarter due to weakness in investment and household consumption, while slowing global activity also saw net external trade contract. Spain became the primary focus of markets as yields approached unsustainable levels for government debt refinancing purposes. The European Central Bank (ECB) initially responded to the weakening economy by reducing interest rates to 75bps in July but by September they finally conceded defeat and announced details of their own version of Quantitative Easing, albeit with conditionality attached, and known as Outright Monetary Transactions (OMT). This announcement was the catalyst for a broad based rally in risk assets that would continue through to the end of the review period. The yields on peripheral Eurozone debt dropped to more sustainable levels as markets began to price out the EU break-up risk premia.

Emerging markets, including China experienced growth deceleration during the second half of 2012 with most regions embarking on interest rate reductions as a result. In the US, where the lack of progress in reducing unemployment was a key focus, the Federal Reserve (Fed) embarked on a 3rd round of Quantitative Easing (QE3) and chose to indicate that interest rates would remain anchored at low levels until late 2014.

The equity market rally stalled in Q4 2012, and even fell back slightly over fears of the impending fiscal cliff that, in the worst case, could see growth reduced by up to 4.0%. European equities, regardless, outperformed due to cheaper valuations and the previously announced OMTs. Risky assets resumed their uptrend in December as investors focused on the additional liquidity provided by QE3 in the US, and the possibility of ECB balance sheet expansion via the OMTs.

China retained an accommodative monetary policy stance into 2013 as growth came in below expectations for Q1 2013 at 7.7%, compared to expectations of 8.0%. The Chinese authorities have attempted to tread a fine line over the review period, stimulating the economy yet ensuring inflation is brought down to more reasonable levels. They successfully achieved the latter as inflation reached 2.1% year on year in March with the help of a broad based decline in global commodity prices during 2013. However, the growth in fixed asset investment continues to be funded by government infrastructure projects and has been insufficient to offset a slower global growth environment.

Global equity markets entered 2013 on an uptrend that began in June 2012 having withstood several European tail risk events. The Italian elections witnessed the defeat of Mario Monti's technocrat government and it was only at the end of April a grand coalition was finally formed. In March, Cyprus became the catalyst for heightened risk as it too requested a bailout from the Troika to restructure its banking system. The conditionality to bail-in large depositors was seen as a worrying development for future bail outs.

Despite the US economy evidencing some weakness in the retail sector due to the expiry of the payroll tax cuts, strength in its real estate sector and a reduction in the fiscal drag from sequestration, allowed risk assets to focus on the expansion of central bank balance sheets and continue their uptrend. This was further supported by the Bank of Japan's (BoJ) announcement that it intended to double the size of its monetary base by the end of 2014 and engage in a significantly expanded Asset Purchase Program.

Portfolio Review: Following the launch of the Fund the cash was gradually invested to ensure the Fund exposure achieved the target volatility bandwidth.

The pro-cyclical indicator of the Fund dominated the asset allocation until July, as risky assets appreciated throughout the summer and so exposure to these assets was increased during this period. Global equity exposure peaked at 23.5% in July, while emerging market equity exposure was brought to nearly 12.0%.

Subsequently, the anti-cyclical indicator has remained quite high and initially led to a reduction in risky assets to 49.0% by September. Despite price momentum remaining extremely positive for those asset classes that benefited most from the BoJ and the Fed balance sheet expansion, the performance of the Fund and the returns on some of these asset classes had reached levels at which it was advantageous to take some profits.

Having fallen back to 49.0% in September 2012, risky assets remained close to this level for the rest of the review period, with a particularly low allocation to commodities that enabled us to avoid most of the poor performance of this asset class in the first four months of 2013 as Chinese growth disappointed.

Within the low risk asset classes emerging market bonds enjoyed particularly positive price momentum that allowed its exposure to increase back to June 2012 levels of 16.0% by April 2013. Corporate bond

Classification of Investments

Ten Largest Holdings as at 30 April 2013	(%)
iShares £ Corporate Bond Fund	17.11
UBS MSCI World Index ETF	16.13
iShares JPMorgan $ Emerging Markets Bond Fund	16.09
db x-trackers - MSCI Emerging Market Index ETF	10.48
db x-trackers - DBLCI-OY Balanced ETF	6.09
Allianz Discovery Europe Strategy Fund	5.82
iShares FTSE EPRA/NAREIT Developed Markets Property Yield Fund	5.18
iShares FTSE EPRA/NAREIT UK Property Fund	5.18
Treasury 2.25% Stock 7/3/2014	4.66
iShares MSCI World Fund	4.16
Total	**90.90**

Sector Breakdown as at 30 April 2013	(%)
Alternative Open-ended Funds	16.18
Commodities Open-ended Funds	6.09
Equities Open-ended Funds	30.77
Fixed Interest Open-ended Funds	33.20
Sterling Denominated Fixed Rate Government Bonds	11.73
Open Forward Exchange Contracts	0.37
Net other assets	1.66
Net Assets	**100.00**

exposure was also maintained at a reasonable level as spread products have generally benefited from the yield carry trade following the BoJ, and US QE3 balance sheet expansions.

Outlook: Price momentum indicators are still highly supportive of allocations to emerging market bonds, real estate and global equities due to investors re-allocating their portfolios towards more risky assets following the expansion in Quantitative Easing. However, with regard to global and emerging market equities, the high performance at the portfolio level has led us not to increase allocation to these stocks in 2013. The anti-cyclical component will continue to limit allocation into high risk assets for the interim.

4 May 2013

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.

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 period covered by the report and the results of those activities at the end of the period.

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.

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