

Final
Short Form

Allianz Japan Fund

For the year ended 30 April 2014

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 Allianz Japan Fund aims to achieve capital growth through investment in leading Japanese shares and other permitted equity based investment instruments.

The Fund's main emphasis is on companies with larger market capitalisation. Exposure to smaller companies may be obtained either through the purchase of shares or through warrants up to the permitted limit.

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.

Smaller Companies: Smaller companies may be riskier and less liquid than larger companies, which means that their share price may be more volatile.

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

Risk and Reward Profile

The Allianz Japan Fund has a risk reward indicator of 6. Funds of category 6 have shown high volatility in the past. The volatility describes how much the value of the Fund went up and down in the past. The shares of a 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 manager	Kazuyuki Terao			
Launch date	16 May 2002			
Fund benchmark	TOPIX			
Annual charge	1.5%			
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 dates	1 May			
Payment dates	30 June			
Share classes & types	A (Accumulation)		C (Accumulation)	

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

Ongoing Charges Figure

30 April 2014	
'A' Shares	1.75%
'C' Shares	1.07%

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 'C' class was first launched on 3 April 2014, the OCF for the year was estimated based on charges suffered if the share class NAV was £7.5m.

Performance Record (price in pence)

	High	Low	High	Low
Share class	A	A	C ²	C ²
Calendar year				
2009	360.5	276.4	N/A	N/A
2010	414.6	347.4	N/A	N/A
2011	418.6	341.7	N/A	N/A
2012	394.6	349.9	N/A	N/A
2013	512.9	372.0	N/A	N/A
2014 ¹	483.6	412.8	100.0	93.5

¹ For the period to 30 April 2014

² On 3 April 2014, the Fund launched one additional share class, namely 'C' Class (Accumulation)

Summary of Fund Performance

	Net Asset Value		Net Asset Value per share		Change %
	30 Apr 2014 £000s	30 Apr 2013 £000s	30 Apr 2014 (p)	30 Apr 2013 (p)	
'A' Shares	13,493	17,417	414.7	478.2	(13.3)
'C' Shares ¹	3	0	92.4	0	N/A

¹ On 3 April 2014, the Fund launched one additional share class, namely 'C' Class (Accumulation).

The net asset value per share for the class C shares as at 30 April 2014, as stated above, is lower than the 'Lowest Price' as quoted in the Performance Record. 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 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 2014	0.0000
'C' Shares ¹	30 June 2014	0.0000

¹ On 3 April 2014, the Fund launched one additional share class, namely 'C' Class (Accumulation)

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

Investment Review

Performance Summary: Over the year under review, 1 May 2013 to 30 April 2014, the Fund's 'A' class produced a total return of -13.70%. The Fund's benchmark, the TOPIX, produced a total return of -10.59% class over the year.*

The key reasons for this underperformance were financial stocks such as Shinsei Bank and Tokyo Matsuoka. These stocks were regarded as beneficiaries of the Bank of Japan's (BoJ) additional monetary easing but they did not take any action which caused the underperformance on these stocks. Also some technology stocks whose earnings did not meet market expectations impacted on the performance. On the flip side, selective automobile and technology stocks helped performance.

Market Background: The Japanese equity market was volatile. Corporate earnings gained momentum thanks to the depreciation of the Yen and the recovery of the domestic and US economy. The inflation rate picked up after the bold monetary easing by BoJ and due to Japanese companies increasing wages for the first time in 15 years. This improved consumer sentiment and private consumption recovered. However, concern for the possible negative effect from tapering by US Federal Reserve (Fed) and the financial system in China limited the upside of the market. During the period, domestic-related sectors such as paper and construction outperformed on the back of solid earnings prospects. Financial stocks such as banks and brokers underperformed due to concerns over earnings.

Portfolio Review: Due to the market expectations of further easing from the BoJ, we focused on stocks that were expected to be beneficiaries of this. We reduced financials and shifted to the stocks with visible earnings which include land transportation and selective automobile-related stocks. Also we focused on the stocks which are competitive in the industry. These include selective technology and machinery stocks. As the domestic economy started to recover, we increased holdings in domestic-related companies such as construction.

Outlook: The BoJ's policy is likely to remain the key driver of markets and it is expected that they will keep an aggressive easing stance until inflation rate reaches the 2% inflation target. If economic conditions worsen or equity markets drop, the BoJ will likely act immediately to stop it. Depreciation of the Yen should make exporters more competitive in the global market and earnings of exporters may benefit from it in the longer term. There will be an upper house election in summer and the Abe administration should announce their growth strategy before the

Classification of Investments

Ten Largest Holdings as at 30 April 2014	(%)
Softbank	7.34
Japan Tobacco	5.78
Sumitomo Mitsui Financial	5.05
Nidec	4.82
Honda Motor	4.64
Itochu	4.64
Bridestone	4.42
Olympus	4.05
Yaskawa Electric	3.90
Yamaha Motor	3.89
Total	48.53

Ten Largest Holdings as at 30 April 2013	(%)
Sumitomo Mitsui Financial	7.31
Toyota Motor	6.00
Mitsui Fudosan	4.67
Softbank	4.01
Itochu	3.65
Murata Manufacturing	3.62
Japan Tobacco	3.21
Hitachi	3.10
Don Quijote	3.08
Mazda Motor	2.85
Total	41.50

Sector Breakdown as at 30 April 2014	(%)
Automobiles & Parts	15.50
Banks	5.05
Chemicals	2.74
Construction & Materials	4.22
Electronic & Electrical Equipment	7.91
Financial Services	2.50
Fixed Line Telecommunications	0.00
Food Producers	0.00
General Industrials	1.65
General Retailers	6.43
Health Care Equipment & Services	4.05
Household Goods	1.93
Industrial Engineering	9.94
Industrial Transportation	2.48
Leisure Goods	0.00
Life Insurance	1.36
Mobile Telecommunications	7.34
Non-Life Insurance	0.00
Personal Goods	0.00
Pharmaceuticals & Biotechnology	3.76
Real Estate	2.79
Software & Computer Services	0.00
Support Services	4.64
Technology Hardware & Equipment	0.00
Tobacco	5.78
Travel & Leisure	1.91
Net other assets	8.02
Net Assets	100.00

Sector Breakdown as at 30 April 2013	(%)
Automobiles & Parts	10.75
Banks	10.89
Chemicals	5.55
Construction & Materials	2.27
Electronic & Electrical Equipment	6.72
Financial Services	3.87
Fixed Line Telecommunications	1.30
Food Producers	1.98
General Industrials	0.00
General Retailers	10.83
Health Care Equipment & Services	1.26
Household Goods	2.83
Industrial Engineering	8.38
Industrial Transportation	1.64
Leisure Goods	1.16
Life Insurance	0.00
Mobile Telecommunications	4.01
Non-Life Insurance	1.60
Personal Goods	1.07
Pharmaceuticals & Biotechnology	2.61
Real Estate	6.24
Software & Computer Services	1.11
Support Services	4.98
Technology Hardware & Equipment	2.68
Tobacco	3.21
Travel & Leisure	2.49
Net other assets	0.57
Net Assets	100.00

election. This may include deregulation, corporate tax cuts and reforms to the labour markets. These policies are expected to be positive to the macro-economy and equity markets. As Japanese markets performed strongly in the past five months, the upside of the market looks limited in the near term. However, price-to-book ratios would indicate that it is still cheap. Against this backdrop, we think the equity market remains attractive.

16 May 2014

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.

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