Allianz RiskMaster Defensive Fund

Interim
Short Form

For the period ended 31 October 2013

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.

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 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.

Allianz
Global Investors

Key Facts

Fund manager	Allianz RiskMaster Multi-asset team			
Launch date	15 May 2012			
Fund benchmark	n/a			
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) T (Accumulation)		C (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

31 October 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 was less than a year, the OCFs were 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

Performance Record (price in pence)

	High	Low	High	Low	High	Low
Share class	**A**	**A**	**C**	**C**	**T**	**T**
2012[1]	106.2	99.6	106.9	99.6	n/a	n/a
2013	112.9[2]	104.4[2]	113.7[2]	105.2[2]	103.7[3]	96.0[3]

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

Summary of Fund Performance

	Net Asset Value 31 Oct 2013 £000s	Net Asset Value 30 Apr 2013 £000s	Net Asset Value per share 31 Oct 2013 (p)	Net Asset Value per share 30 Apr 2013 (p)	Change %
'A' Shares	1,717	1,491	107.7	110.1	(2.2)
'C' Shares	1,551	1,425	108.7	110.9	(2.0)
'T' Shares	1,135	41	99.6	100.0	(0.4)

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

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.

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

Investment Review

Performance Summary: Over the six month period under review, 1 May 2013 to 31 October 2013, the Fund's 'A' class produced a total return of -2.27%, the Fund's 'C' class of -1.91%.*

Market Background: Ben Bernanke, Chairman of the US Federal Reserve (Fed), hosted a Q&A session following a statement to Congress in late May in which he implied that the Fed could slow its

* 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.

Classification of Investments

Ten Largest Holdings as at 31 October 2013	(%)
iShares FTSE Gilts UK 0-5 Year Fund	19.08
iShares Markit iBoxx £ Corporate Bond Fund	15.60
UBS MSCI World Index ETF	11.45
iShares JPMorgan $ Emerging Markets Bond Fund	6.27
Allianz Volatility Strategy Fund	5.50
Treasury 2.25% Gilt 7/3/2014	4.54
Treasury 8% Gilt 7/12/2015	4.45
db x-trackers - MSCI World Index ETF	3.86
Treasury 2% Gilt 22/1/2016	3.29
Treasury 0% Gilt 18/11/2013	3.11
Total	**77.15**

Ten Largest Holdings as at 30 April 2013	(%)
iShares Markit iBoxx £ 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% Gilt 7/3/2014	4.66
iShares MSCI World Fund	4.16
Total	**90.90**

Sector Breakdown as at 31 October 2013	(%)
Alternative Open-ended Funds	7.61
Commodities Open-ended Funds	1.50
Equities Open-ended Funds	18.24
Fixed Interest Open-ended Funds	43.81
Sterling Denominated Fixed Rate Government Bonds	26.61
Open Forward Exchange Contracts	0.16
Net other assets	2.07
Net Assets	**100.00**

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**

purchases of assets this year. He later set out a timetable for fading out non-standard measures, halting the appreciation in equities that began in Q2 last year.

During June we observed similarly elevated cross-asset class correlations to March 2009, when the US executed the first phase of Quantitative Easing (QE), with both bond and equity markets declining in value this time. For retail investors, in particular, news the Fed would be reducing its asset purchases led them to expect a higher risk free rate, and higher yielding risky investments, such as emerging market equity and debt, became less attractive.

Market expectations moved quickly to anticipate a tapering in asset purchases by the Fed from September 2013. When it came to it, however, the Fed failed to taper providing support to risky assets once more, and even leading to a partial reversal of the summer sell-off in higher yielding assets, such as emerging markets. Nevertheless, expectations of tapering were only pushed out as far as March 2014, hence a full reversal of prior asset declines was not justified. Developed market equities, having experienced some volatility and small downdrafts during the summer, continued their broad uptrend throughout the review period, underpinned by improving fundamentals.

All the while the market was focused on the "will they won't they" of tapering, Europe was emerging from recession. Initially, we noted an improvement in business sentiment indicators, such as the Eurozone Purchasing Managers Index (PMI) and German IFO (a European research group), and toward the end of the review period there were preliminary indications that a capital spending cycle may be beginning as German capital goods production expanded 1.1% in Q3 2013.

However, third quarter GDP reflected the weakness of the Eurozone, having rebounded to 0.3% quarter on quarter (q/q) in Q2 2013, the region only managed to grow by 0.1% q/q in Q3 2013. This disappointment was led by France, where investment was weak, and Italy, which contracted for the 9th successive quarter.

Elsewhere, the Bank of Japan's attempts to engage in Fed levels of QE, having failed historically, appeared to be gaining traction. Although, much of the improvement in Consumer Price Index (CPI), that reached 1.1% year on year (y/y) in September, has been the result of higher imported energy prices that will fade going forward. Moreover, it is the public sector and inventory build that has enhanced GDP, whilst private consumption, private capex and exports all remained lackluster in Q3 2013.

China suffered its own mini-banking crisis in June as inter-bank liquidity declined rapidly, thought to be related to capital outflows due to fears over Fed tapering. China's growth has been just above its 7.5% target this year, but it has reverted back to traditional growth drivers of public funded infrastructure investment and property to achieve this.

In the UK, the Eurozone recovery led UK manufacturing and service sentiment to improve markedly. Growth was strong over the summer, rebounding from earlier weakness, and reached 1.5% y/y at the end of September. The government has successfully engendered growth in the property sector via a variety of schemes that targeted both the lenders and the borrowers. The result has seen mortgage approvals at their highest levels since the start of 2008 and this has spilled over into consumer confidence, which has also been supported by a reduction in unemployment.

Portfolio Review: The performance momentum measure was reset in May to realise profits over the last 12 months, this resulted in a reduction in risky assets, most notably in Real Estate Investment Trusts (REITs) and emerging market equities. The following month, the unwinding of carry trades related to the expectation of Fed tapering, resulted in a further de-risking of the portfolio due to the return momentum signal deteriorating, and asset price momentum signals turning profoundly negative for emerging market equities and emerging market bonds, and remaining deeply unattractive for commodities.

The money raised in June was invested in low risk assets, such as gilts. Unfortunately due to rising asset correlations these low risk assets also came under pressure and hence declined in value resulting in a performance headwind.

As a result, we modified the asset allocation implementation to invest excess cash in short-dated gilts so as to limit our exposure to interest risk in a "risk-off" scenario. Therefore, as expectations of tapering rose to a peak in September, the Fund clawed back some of the prior underperformance by rotating into low duration gilts.

The Fund remained relatively unchanged from July through to October as the Fund return momentum negative signal prevented a re-risking of the portfolio. Relative to the Strategic Asset Allocations (SAA), however, the portfolio was held underweight of those assets most vulnerable to an unwinding of carry trades such as emerging market bonds, emerging market equities, and real estate.

The Fund ended the review period with a 22% allocation to risky assets compared to 47% at the start, with the basis component driving the investment process at the top line.

Outlook: The ex-post volatility of the Fund is below that which we would have expected given the prevailing asset allocation due to unusually depressed market volatility. Therefore, we expect to implement a new SAA in the coming month that will have a greater exposure to risky assets.

Our price momentum signals at an asset class level continue to support an overweight to developed market equities over emerging market equities. The latter, together with emerging market bonds, are likely to underperform when tapering does eventually occur.

18 November 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.

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.

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.

Authorised Corporate Director (ACD): Allianz Global Investors Europe GmbH, UK Branch, 199 Bishopsgate, London EC2M 3TY

Depositary: J.P. Morgan Trustee and Depositary Company Limited, Chaseside, Bournemouth BH7 7DA

Independent Auditors: PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT

Registrar of Shareholders: International Financial Data Services (UK) Limited, IFDS House, St. Nicholas Lane, Basildon, Essex SS15 5FS

Investor Services: 0800 317 573
investor.services@allianzgi.co.uk

Allianz Global Investors Europe GmbH, UK Branch,
199 Bishopsgate, London EC2M 3TY

Phone: 0800 317 573
Fax: 020 7638 3508
www.allianzglobalinvestors.co.uk

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.

This report is printed on elemental chlorine-free paper, produced from FSC certified forests. The paper is ISO 9001 and ISO 14001 certified. Vegetable based inks are compliant with ISO 12647-2, supplied in recyclable plastic tubes.

Issued by Allianz Global Investors (UK) Ltd. Registered in England No. 1963362. Authorised and regulated by the Financial Conduct Authority. Member of the Investment Management Association. Firm Registered No. 122218.

IFDS Fund code: 127 **CD 1069**