Allianz Brazil 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 Fund aims to achieve capital growth in the long term by investing mainly in the equity markets of Brazil.

The ACD will invest at least 70% of the Fund's assets in equities and securities equivalent to equities (e.g. American Depositary Receipts, Global Depositary Receipts) issued by companies that have their registered head office in Brazil.

Up to 30% of the Fund's assets may be invested in equities and securities equivalent to equities (e.g. American Depositary Receipts, Global Depositary Receipts) issued by companies that have their registered head office in other Latin American countries or elsewhere internationally. Companies with registered head offices elsewhere internationally may be acquired and included in the 30% limit provided they generate a significant proportion of their sales and/or earnings in Brazil or the ACD reasonably anticipates that an increasing proportion of their sales and/or earnings will be generated in Brazil.

The following may also be acquired and counted towards the above limits; warrants, index certificates, certificates on adequately diversified equity baskets that apply to at least 10 equities and other transferable securities.

The ACD may also utilise deposits in the management of the portfolio. The Fund may also invest in collective investment schemes. Money market instruments may be acquired and their value, together with money market funds, may make up to a maximum of 20% of the Fund's assets. Subject to any constraints imposed by the regulations of the Financial Conduct Authority, exceeding the above limits or failing to reach them is permitted if the overall market risk remains within the limits set out above.

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.

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

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

Emerging Markets and Liquidity: 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	Carlos de Leon			
Launch date	7 October 2010			
Fund benchmark	MCI Brazil 10/40 (Total Return Net)			
Annual charge	1.75%			
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 2013	
'A' Shares	2.14%
'C' Shares	1.77%

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.

Performance Record (price in pence)

	High	Low	High	Low
Share class	**A**	**A**	**C**	**C**
2010[1]	101.6	92.8	101.6	92.9
2011	100.8	71.2	100.9	71.4
2012	93.5	71.6	94.1	72.2
2013[2]	89.9	63.9	90.8	64.7

[1] For the period from 7 October 2010 to 31 December 2010
[2] For the period to 31 October 2013

Summary of Fund Performance

	Net Asset Value		Net Asset Value per share		
	31 Oct 2013 £000s	30 Apr 2013 £000s	31 Oct 2013 (p)	30 Apr 2013 (p)	Change %
'A' Shares	20,212	24,425	74.0	84.2	(12.1)
'C' Shares	847	888	74.9	85.0	(11.9)

Summary of Distribution

Share class	Payment date	Net distribution per share (p)
'A' Shares	30 June 2013	0.8429
'C' Shares	30 June 2013	1.1474

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

Risk and Reward Profile

The Allianz Brazil Fund has a risk reward indicator of 7. Funds of category 7 have shown very 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 7 might be subject to very 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.

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 -12.19%, and the 'C' class of -11.95%. The Fund's benchmark, MSCI Brazil 10/40 Index, produced a total return of -9.28% over the period.

The key reasons for this underperformance were elevated currency volatility and stock selection. The Fund benefited from stock picking in the industrials, information technology and utilities sectors while the positioning in consumer discretionary and materials detracted from performance.*

Market Background: This was a testing period for emerging markets in general, and Brazil in particular. The local equity market was subject to a long list of challenges, including concern over tapering by the US Federal Reserve, a broad wave of street protests, the tightening cycle, and soft economic activity. The Brazilian equity market was also dragged down by currency weakness on the back of the emerging market Foreign Exchange sell-off, with the Brazilian Real sliding meaningfully along with select other emerging market currencies. The widespread street protests experienced in June have mostly ended, except for occasional, isolated events with mostly small gatherings. Market sentiment has since improved meaningfully, and President Dilma Rousseff has recovered some of the popular support she had lost in earlier months. According to recent polls, the approval rating for her administration rebounded to 54%, up from 45% in June.

Over the period under review, the Central Bank raised the benchmark interest rate by 200 basis points, taking the policy rate to 9.5%. Recent inflation data, including food prices, declined meaningfully to 5.8% and remains firmly with the Central Bank's target band. Economic data has mostly been mixed in recent months, and both consumer and industrial confidence continue to lag expectations. Encouragingly, the government recently surprised by announcing the possibility of a new gasoline and diesel pricing formula for the oil industry. If approved, such a policy has potential to significantly improve visibility on price adjustments in response to variations in international prices and could be a net positive for the broader equity market.

* 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	(%)
Banco Bradesco Sponsored ADR (each representing 1 preference share)	9.60
Petrol Brasileiro ADR (each representing 2 ordinary shares)	7.27
Vale Sponsored ADR (each representing 1 preference share)	6.94
Itau Unibanco ADR (each representing 1 preference share)	4.83
Companhia de Bebidas das Amersambev ADR (each representing 1 preference share)	4.61
CIELO	4.45
Itausa - Investimentos Itau	4.39
Ultrapar Participacoes	4.15
Companhia de Concessoes Rodoviarias	3.63
Lojas Renner	3.11
Total	**52.98**

Ten Largest Holdings as at 30 April 2013	(%)
Banco Bradesco Sponsored ADR (each representing 1 preference share)	9.71
Vale Sponsored ADR (each representing 1 preference share)	7.88
Petrol Brasileiro ADR (each representing 2 ordinary shares)	7.75
Itau Unibanco ADR (each representing 1 preference share)	5.01
Ultrapar Participacoes	4.64
Companhia de Bebidas das Amersambev ADR (each representing 1 preference share)	4.61
Itausa - Investimentos Itau	4.17
Companhia de Concessoes Rodoviarias	3.69
Lojas Renner	3.36
Souza Cruz	3.24
Total	**54.06**

Sector Breakdown as at 31 October 2013	(%)
Banks	15.86
Beverages	4.61
Electricity	0.00
Financial Services	12.46
Food & Drug Retailers	4.44
Food Producers	2.82
Gas, Water & Multiutilities	4.15
General Retailers	5.69
Industrial Metals & Mining	9.05
Industrial Transportation	3.63
Mobile Telecommunications	1.23
Oil & Gas Producers	9.73
Personal Goods	2.80
Real Estate	3.54
Software & Computer Services	3.52
Support Services	1.33
Tobacco	2.97
Travel & Leisure	0.00
Chile	2.71
Mexico	8.08
Net other assets	1.38
Net Assets	**100.00**

Sector Breakdown as at 30 April 2013	(%)
Banks	15.82
Beverages	4.61
Electricity	1.10
Financial Services	9.38
Food & Drug Retailers	4.32
Food Producers	2.33
Gas, Water & Multiutilities	6.41
General Retailers	5.80
Industrial Metals & Mining	8.76
Industrial Transportation	3.69
Mobile Telecommunications	0.54
Oil & Gas Producers	9.58
Personal Goods	6.66
Real Estate	4.08
Software & Computer Services	3.92
Support Services	0.93
Tobacco	3.24
Travel & Leisure	2.12
Chile	0.00
Mexico	4.32
Net other assets	2.39
Net Assets	**100.00**

Portfolio Review: The Fund maintains a diversified and defensive positioning with a firm bias to quality companies. The most attractive medium to long-term risk-return positions are seen in the industrial, consumer staples and technology sectors. In the industrial sector, we see attractive growth potential in infrastructure-oriented companies with inflation-adjusted revenues and well-supported growth dynamics. We expect the infrastructure super-cycle to represent a strong, multi-year investment theme, benefiting first-most from a broad-based government push for infrastructure development, which is acutely needed. This involves substantial investment in roads, highways, rail and ports. Spending for the Fifa World Cup in 2014 and the Olympics in 2016 are additional to these plans.

Consumer demand has been a reasonably robust part of the economy over the past year and we expect this to remain the case over the foreseeable future. The Brazilian consumer continues to spend, benefiting particularly from a strong labour market and continued access to credit. Consumer spending is expected to stay solid as long as food price inflation does not increase materially. In the technology sector, the Fund owns companies that exhibit strong competitive positions in attractive sub-industries, well-defined growth plans and solid balance sheets. The Fund remains underweight in regulated industries, including telecoms and utilities.

Outlook: Our long-term outlook for Latin American equity markets remains positive and the promising structural growth dynamics remain mostly unchanged. Specifically, Brazil should continue to appeal to investors for its well-supported long-term growth potential, with strong demographics, good levels of consumer demand and an expanding middle class. Within this context, the authorities face important policy challenges in light of inflationary pressures, a lukewarm pace of economic growth, currency volatility and a low cost competitiveness in the industrial sector. Economic growth has been pedestrian over the past two years, but is expected to accelerate to 2.5% next year and receive a fresh impetus from the Fifa World Cup mid-year and presidential elections in October.

Brazil's oil sector boom has not yet begun, but there are increasingly encouraging signs that upstream infrastructure is coming on stream despite delays, with increased crude production finally expected from the second half of 2014 onwards. The government maintains a firm commitment to push forward economic growth, attract new investment and boost industrial sector competitiveness while keeping a watchful eye on inflation. Credit expansion in the economy continues strong with loan growth running at 15%, according to the latest Central Bank data, and asset quality has steadily been improving since beginning of the year. Corporate earnings growth will begin to look more promising next year, with earnings expected to grow by 15%, up from a more modest growth rate estimate of 7% for this year. The Brazilian consumer remains for the most part in solid shape, supported by a tight labour market. Brazil remains one of the leading countries worldwide in terms of net foreign direct investment inflows, which remain solid at US$61bn or 2.7% of GDP.

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.

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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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