



Allianz Global Investors

Allianz UK & European **Investment Funds**

Interim Report & Accounts (unaudited)
28 February 2014

Allianz 
Global Investors

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Company Information

Status of the Allianz UK & European Investment Funds

Allianz UK & European Investment Funds (the "Company") is an Open-Ended Investment Company with Variable Capital under Regulation 12 of the Open-Ended Investment Companies Regulations 2001. It was incorporated in England and Wales under registered number IC 120 and authorised and regulated by the Financial Services Authority (succeeded by the Financial Conduct Authority from 1 April 2013) on 20 August 2001. The Company has been certified by the Financial Conduct Authority as complying with the conditions necessary for it to enjoy the rights conferred by the EC Directive on Undertakings for Collective Investment in Transferable Securities. The Company has an unlimited duration.

The Company is an umbrella company comprising various sub-funds, each of which is operated as a distinct fund, with its own portfolio of investments. Each sub-fund is a UCITS scheme which complies with COLL 5 of the Financial Conduct Authority's Collective Investment Scheme sourcebook ("COLL").

On 21 December 2011, the Open Ended Investment Companies Regulations 2011 (as amended) ("the Regulations") were amended to introduce a Protected Cell Regime for OEICs. Under the Protected Cell Regime, each sub-fund represents a segregated portfolio of assets and accordingly, the assets of a sub-fund belong exclusively to that sub-fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including any other sub-funds and shall not be available for such purpose.

Accounting policies

The accounting policies applied are consistent with those disclosed in the Audited Final Report & Accounts for the year ended 31 August 2013.

The sub-funds of the Allianz UK & European Investment Funds are:

Sub-fund	Launch date
Allianz UK Corporate Bond Fund	11 October 2001
Allianz Gilt Yield Fund	16 May 2002
Allianz Sterling Total Return Fund	16 May 2002
Allianz Continental European Fund	16 May 2002
Allianz European Equity Income Fund	16 May 2002
Allianz UK Equity Income Fund	20 June 2002
Allianz UK Growth Fund	20 June 2002
Allianz UK Index Fund	20 June 2002
Allianz UK Mid-Cap Fund	20 June 2002
Allianz UK Unconstrained Fund	9 February 2004

The interim accounts for the Allianz UK and European Investment Funds for the six months to 28 February 2014 are on pages 7 and 8 together with the interim accounts of the ten sub-funds that existed during the period.

Classes of share within the sub-funds

Each sub-fund can issue several classes of shares. Each class is distinguished by its criteria for subscription and fee structure. Further details on the share classes can be found in the financial statements for each sub-fund.

Company Information continued

Authorised Corporate Director ("ACD")

Allianz Global Investors Europe GmbH, UK Branch
(previously Allianz Global Investors (UK) Limited)
199 Bishopsgate
London EC2M 3TY

Authorised by the Bundesanstalt für
Finanzdienstleistungsaufsicht (BaFin) and subject to limited
regulation by the Financial Conduct Authority

A member of the Investment Management Association

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

Authorised and regulated by the Financial Conduct
Authority

Depositary

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

Authorised and regulated by the Financial Conduct
Authority

Investment Advisers

Allianz UK Equity Income Fund, Allianz UK Growth Fund,
Allianz UK Index Fund, Allianz UK Mid-Cap Fund & Allianz
UK Unconstrained Fund.

Allianz Global Investors Europe GmbH, UK Branch
(previously RCM (UK) Limited)
199 Bishopsgate, London EC2M 3TY

Authorised by the Bundesanstalt für
Finanzdienstleistungsaufsicht (BaFin) and subject to limited
regulation by the Financial Conduct Authority

A member of the Investment Management Association

Allianz UK Corporate Bond Fund,
Allianz Gilt Yield Fund &
Allianz Sterling Total Return Fund.

PIMCO Europe Limited
11 Baker Street, London W1U 3AH

Authorised and regulated by the Financial Conduct
Authority

Allianz Continental European Fund &
Allianz European Equity Income Fund.

Allianz Global Investors Europe GmbH
(previously Allianz Global Investors
Kapitalanlagegesellschaft mbH)
Mainzer Landstraße 11-13, 60329 Frankfurt am Main,
Germany

Regulated by Bundesanstalt fuer
Finanzdienstleistungsaufsicht in Germany

General Information

Investing in Open-Ended Investment

Companies ("OEICs")

An OEIC is a collective investment vehicle that allows investors to pool their money to obtain a spread of investments and thus reduce their risk in the financial markets of the world without incurring the costs associated with investing individually. It allows investors access to the expertise of professional investment managers, who manage the underlying investments of the sub-funds on a day to day basis.

Investors are allocated shares in proportion to the size of their investment. The price of these shares is calculated by reference to the value of the underlying investments held by the sub-fund, and can fluctuate according to the movements within the portfolio of investments.

Sub-funds have one price per share class which applies regardless of whether investors are buying or selling the shares. The charges for investing are shown separately on the contract note, which makes it easier to see the exact cost of your investment.

Stamp Duty Reserve Tax ("SDRT")

In accordance with the Stamp Duty and Stamp Duty Reserve Tax (Open-Ended Investment Companies) Regulations 1997 as amended by the Stamp Duty and Stamp Duty Reserve Tax (Open-Ended Investment Companies) (Amendment No. 2) Regulations 1999, SDRT is chargeable on the surrender and on certain transfers of shares in the sub-funds. The current rate of SDRT is 0.5% and will be met by the assets of the relevant sub-funds.

Within the Finance Bill 2014, legislation was introduced to abolish Part 2 of Schedule 19 to the Finance Act 1999. With effect from 30 March 2014, SDRT on the surrender of shares will not apply. Non pro-rata in-specie redemptions will be subject to the principle SDRT charge.

Dilution levy

The ACD is allowed (under Financial Conduct Authority regulations) to make a dilution levy provision as part of an entry or exit fee but does not expect to charge this levy frequently.

The policy is to charge a dilution levy on large deals and in accordance with the Prospectus and the Financial Conduct Authority regulations, to pay this levy into the individual sub-funds. Generally, the ACD will charge a dilution levy where a sub-fund is experiencing large levels of net purchases relevant to its size, large levels of net redemptions relevant to its size or on any large deals.

Financial Risk Management

The sub-funds are exposed to financial risk through their financial assets and financial liabilities.

The main risks arising from these are market price risk, liquidity risk, foreign currency risk, credit risk, interest rate risk and derivatives risk. The risk profile and the policies adopted to manage risk did not change materially during the current and preceding year.

The narrative below explains the different types of risks the sub-funds may face.

This information is given so that investors can decide for themselves whether their investment is high or low risk. It also allows them to assess what kind of impact the use of financial instruments (investments, cash/overdraft and borrowings) will have on the performance of the sub-fund.

The sub-funds financial instruments, excluding short-term debtors and creditors, comprise investments and bank balances. The purpose for holding the financial instruments is to meet the individual investment objective. Short-term debtors and creditors are not considered to be financial instruments.

Market price risk

Market price risk arises mainly from the uncertainty about future prices of financial instruments held. It represents the potential loss the sub-funds might suffer through holding market positions in the face of price movements.

A dedicated fund manager has the responsibility for monitoring the existing portfolio selection in accordance with the sub-fund's investment objective and seeks to ensure that individual stocks meet an acceptable risk reward profile.

Liquidity risk

Liquidity risk relates to the capacity to meet liabilities.

The assets of each sub-fund mainly comprise of realisable securities, which can be sold to meet funding requirements if necessary. Short-term flexibility can be achieved through the use of overdraft facilities where necessary.

Foreign currency risk

Foreign currency risk is the risk of movement in the value of overseas financial instruments as a result of fluctuations in exchange rates.

All or part of a sub-fund's investments may be

denominated in currencies other than sterling, therefore both the value of the investments and the revenue from them can be affected by currency movements.

For the Allianz UK Corporate Bond Fund and the Allianz Sterling Total Return Fund, the fund manager seeks to minimise this risk by hedging using forward currency contracts as and when deemed appropriate. For the other sub-funds, no hedge transactions were entered into during the year.

Credit risk

Credit risk is the risk of default by a counterparty in discharging its obligations under transactions that could result in a sub-fund suffering a loss.

Outstanding settlements are subject to credit risk. Credit risk is mitigated by a sub-fund through its decision to transact with counterparties of high credit quality. The sub-fund only buys and sells investments through brokers which are approved counterparties, thus minimising the risk of default during settlement.

The Allianz UK Corporate Bond Fund and Allianz Sterling Total Return Fund may invest in what are considered to be riskier bonds (below investment grade). This increases the risk of default and could affect both the revenue and capital value of these sub-funds. These sub-funds therefore have significant exposure to credit risk.

The Allianz Gilt Yield Fund, which predominantly holds UK fixed rate government bonds, and the remaining sub-funds which predominantly hold equities, have minimal exposure to credit risk.

Interest rate risk

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

The Allianz UK Corporate Bond Fund, Allianz Gilt Yield Fund and Allianz Sterling Total Return Fund all invest predominantly in fixed interest securities, the values of which are directly affected by changes in prevailing market interest rates. These sub-funds therefore have significant exposure to interest rate risk.

The remaining sub-funds invest predominantly in equities, the values of which are not directly affected by changes in prevailing market interest rates. Therefore these sub-funds have minimal exposure to interest rate risk.

Financial Risk Management continued

Derivatives risk

Derivatives may be used for the purposes of Efficient Portfolio Management (EPM). EPM restricts the use of derivatives to the reduction of risk, the reduction of cost and the generation of additional capital or revenue with an acceptably low level of risk. EPM transactions must be economically appropriate and the exposure fully covered. The Allianz UK Equity Income Fund may write covered call options up to 20% of the Net Asset Value of the sub-fund (at the time of writing) as part of its EPM strategy.

Where the investment objective risk profile permits, derivative transactions may be used for the purposes of meeting the investment objective of the relevant sub-fund as well as for EPM. For the purpose of clarity, the use of derivatives for EPM purposes should not lead to an increase in risk to the sub-fund. However, derivatives when used to implement investment policies, may increase volatility of the sub-fund's share price. The Allianz UK Corporate Bond Fund, Allianz Gilt Yield Fund and Allianz Sterling Total Return Fund utilise derivatives to implement the investment policy.

Risk and Reward Profile

	← Typically lower rewards ← Typically lower risk				Typically higher rewards → Typically higher risk →		
Sub-fund	1	2	3	4	5	6	7
Allianz UK Corporate Bond Fund				4			
Allianz Gilt Yield Fund				4			
Allianz Sterling Total Return Fund			3				
Allianz Continental European Fund						6	
Allianz European Equity Income Fund						6	
Allianz UK Equity Income Fund					5		
Allianz UK Growth Fund						6	
Allianz UK Index Fund						6	
Allianz UK Mid-Cap Fund						6	
Allianz UK Unconstrained Fund					5		

Please note, the category stated above is the same for each class of share within the relevant sub-fund.

This risk and reward indicator is based on past performance data and calculated in accordance with European legislation. It may not be a reliable indication of the future risk profile of the sub-fund. The categorisation of the sub-fund is not guaranteed and may change in the future. Even the lowest category 1 does not mean a risk-free investment.

Why is the sub-fund in this category?

Sub-funds of category 3 have shown in the past a low to medium 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 3 might be subject to low to medium price fluctuations based on the historical volatilities observed.

Sub-funds of category 4 have shown in the past a medium 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 4 might be subject to medium price fluctuations based on the historical volatilities observed.

Sub-funds of category 5 have shown in the past a medium to 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 5 might be subject to medium to high price fluctuations based on the historical volatilities observed.

Sub-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.

Statement of the Authorised Corporate Director's responsibilities in relation to the Report and Financial Statements

The financial statements are prepared in accordance with generally accepted accounting principles and applicable accounting standards. The ACD is responsible for keeping such accounting records as are necessary to enable it to ensure that the financial statements comply with the FCA regulations and the Investment Management Association Statement of Recommended Practice ("IMA SORP").

The Open-Ended Investment Companies Regulations 2001 require the ACD to prepare an annual report for each annual accounting period and a half-yearly report for each half-yearly accounting period of the Company.

Additionally, under the requirements of the Collective Investment Schemes sourcebook ("COLL") the ACD has to prepare a short report and a long report for each annual accounting period and half-yearly accounting period of the Company.

The annual long report for the Company is required to contain:

- (i) For each sub-fund:
 - the full accounts for the annual accounting period which must be prepared in accordance with the requirements of the IMA SORP;
 - the report of the ACD in accordance with the COLL requirements; and
 - the comparative table in accordance with the COLL requirements.
- (ii) the aggregation of the accounts for each sub-fund of the Company;
- (iii) the report of the Depositary in accordance with the COLL requirements;
- (iv) the report of the Auditors in accordance with the COLL requirements.

In preparing the financial statements the ACD is required to:

- Select suitable accounting policies and to apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

The ACD is required to ensure that the accounts in the annual long report give a true and fair view of the net revenue (expense) and the net gains (losses) on the property of the Company for the annual accounting period in question and the financial position of the Fund as at the end of that year.

The half-yearly long report for the Company is required to contain:

- (i) For each sub-fund:
 - the full accounts for the half-yearly accounting period which must be prepared in accordance with the requirements of the IMA SORP; and
 - the report of the ACD in accordance with the COLL requirements.
- (ii) the aggregation of the accounts for each sub-fund of the Company.

The Investment Objective and Policy for each sub-fund are set out within the individual accounts for that sub-fund.

Aggregated Statement of Total Return

For the six months ended 28 February 2014

	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Income				
Net capital gains		32,946		20,159
Revenue	15,083		16,075	
Expenses	(4,587)		(4,783)	
Finance costs: Interest	(2)		(1)	
Net revenue before taxation	10,494		11,291	
Taxation	(61)		(65)	
Net revenue after taxation		10,433		11,226
Total return before distributions		43,379		31,385
Finance costs: Distributions		(12,889)		(13,921)
Change in net assets attributable to shareholders from investment activities		30,490		17,464

Aggregated Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 28 February 2014

	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Opening net assets attributable to shareholders		1,278,932		1,373,362
Amounts receivable on issue of shares	75,471		56,734	
Less: Amounts payable on cancellation of shares	(82,185)		(130,583)	
Less: In-specie transaction	0		(2,858)	
		(6,714)		(76,707)
Dilution levy		(2)		0
Stamp duty reserve tax		(13)		(9)
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		30,490		17,464
Retained distribution on accumulation shares		269		229
Unclaimed distributions		49		0
Closing net assets attributable to shareholders		1,303,011		1,314,339

Section 3.30 of the IMA SORP issued in October 2010 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Aggregated Balance Sheet

As at 28 February 2014

	28 February 2014 £000s	28 February 2014 £000s	31 August 2013 £000s	31 August 2013 £000s
Assets				
Investment assets		1,289,194		1,270,335
Debtors	16,630		27,813	
Cash and bank balances	22,499		25,308	
Total other assets		39,129		53,121
Total assets		1,328,323		1,323,456
Liabilities				
Investment liabilities		(50)		(1,456)
Amount held at futures clearing houses and brokers	(214)		(237)	
Bank overdraft	(395)		0	
Creditors	(14,326)		(31,102)	
Distribution payable on income shares (net)	(10,327)		(11,729)	
Total other liabilities		(25,262)		(43,068)
Total liabilities		(25,312)		(44,524)
Net assets attributable to shareholders		1,303,011		1,278,932

Allianz UK Corporate Bond Fund

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Fund Information

Investment Objective and Policy

The objective of the Fund is to maximise total return, consistent with preservation of capital and prudent investment management, primarily through investment in fixed income securities issued by corporate bodies, as well as any other security which is deemed appropriate for the Fund. The Fund may invest internationally, although investment will predominantly be in the United Kingdom and Europe.

Investors should be aware that the Fund's capital is at risk and there is no guarantee that the Fund will achieve its investment objective over any particular period or at all.

The ACD aims to achieve the investment objective by investing primarily in Sterling investment grade fixed income securities (with fixed, variable or floating rates of interest and may vary inversely with respect to a reference rate), but may invest up to 20% of its assets in fixed income securities that are rated below investment grade, but rated at least B by Moody's and S&P (or, if unrated, determined by the ACD to be of comparable quality). The ACD may also utilise deposits, derivatives and other money market instruments in the management of the portfolio. The Fund may also invest in collective investment schemes.

The Fund may use derivative instruments such as futures, options, options on swaps, swap agreements (interest rate swaps, credit default swaps and index swaps) and currency forward contracts.

The Fund may use the derivative instruments listed above for hedging purposes and/or for investment purposes. For example, the Fund may use derivatives (which will be based only on underlying assets or sectors which are permitted under the investment policy of the Fund) (i) to hedge a currency exposure (ii) as a substitute for taking a position in the underlying asset where the ACD believes that a derivative exposure to the underlying asset represents better value than direct (physical) exposure (iii) to tailor the Fund's interest rate exposure to the ACD's outlook for interest rates and/or (iv) to gain an exposure to the composition and performance of a particular index (provided always that the Fund may not have an indirect exposure through an index to an instrument, issuer or currency to which it cannot have direct exposure).

Status of the Allianz UK & European Investment Funds

It is the intention of the ACD that the Allianz UK Corporate Bond Fund (the "Fund") will be managed so as to meet the requirements necessary for it to be included in an Individual Savings Account.

Classes of Share within the sub-funds

There are two classes of share available on the Allianz UK Corporate Bond Fund, being 'A' and 'C'.

Fund Information continued

Fund Details

Fund Manager	Ketish Pothalingam	
Benchmark	BofA ML Sterling Non-Gilts Index	
Underlying Yield to 28 February 2014	A Shares	3.1%
	C Shares	3.1%
Distribution Yield to 28 February 2014	A Shares	4.1%
	C Shares	4.1%
Income allocation dates	Interim	28 February
	Final	31 August
Income pay dates	Interim	30 April
	Final	31 October
Launch dates	Fund	11 October 2001
	A Shares	11 October 2001
	C Shares	11 October 2001
First investment in Fund	A Shares	1 August 2002
	C Shares	29 August 2013
ISA status	Yes (A and C Shares)	
Share Classes and types of Shares	A (Income Shares) C (Income Shares)	
Minimum investment	A Shares	Lump sum £500 Monthly saving £50
	C Shares	Lump sum £500
Initial charge	A Shares	4%
	C Shares	Nil
Annual ACD fee	A Shares	1%
	C Shares	0.5%

Investment Performance

Net Asset Value

Share Class	Period Ended	Net Asset Value (£000s)	Number of Shares in Issue	Net Asset Value per Share (p)
A Shares	31 August 2011	38,494	42,236,828	91.1
	31 August 2012	25,618	25,627,985	100.0
	31 August 2013	16,982	17,321,916	98.0
	28 February 2014	17,125	17,123,249	100.0
C Shares ¹	31 August 2013	7,179	7,332,876	97.9
	28 February 2014	7,440	7,431,977	100.1

¹ On 29 August 2013, class 'C' shares were introduced

Highest and Lowest Prices

Share Class	Calendar Year	Highest Price (p)	Lowest Price (p)
A Shares	2009	91.4	76.5
	2010	98.3	89.5
	2011	96.2	90.2
	2012	103.0	93.8
	2013	106.0	97.1
	2014 ²	101.8	98.9
C Shares ¹	2013	101.3	96.9
	2014 ²	101.9	98.9

¹ On 29 August 2013, class 'C' shares were introduced

² For the period to 28 February 2014

Distribution History

Share Class	Calendar Year	Net Distribution per Share (p)
A Shares	2009	4.3506
	2010	3.8882
	2011	3.9548
	2012	3.6030
	2013	3.2690
	2014 ²	1.5521
C Shares ¹	2013	1.6006
	2014 ²	1.4859

¹ On 29 August 2013, class 'C' shares were introduced

² For the period to 28 February 2014

Investment Performance continued

Ongoing Charges Figure

Share Class	Year Ended	OCF (%)
A Shares	31 August 2012	1.15
	31 August 2013	1.20
C Shares	31 August 2012	N/A
	31 August 2013	0.87

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 29 August 2013, the OCF for the year was estimated based on charges suffered if the share class NAV was £7m.

Distribution Table

For the six months ended 28 February 2014

Interim

Group 1: Shares purchased prior to 1 September 2013

Group 2: Shares purchased on or after 1 September 2013 to 28 February 2014

Share Class	Gross Distribution 30 April 2014 per Share (p)	Income Tax deducted 30 April 2014 per Share (p)	Net Distribution 30 April 2014 per Share (p)	Equalisation 30 April 2014 per Share (p)	Distribution payable 30 April 2014 per Share (p)	Distribution paid 30 April 2013 per Share (p)
Income Shares						
A Shares						
Group 1	1.9401	0.3880	1.5521	-	1.5521	1.6664
Group 2	0.7664	0.1533	0.6131	0.9390	1.5521	1.6664
Income Shares						
C Shares¹						
Group 1	1.8574	0.3715	1.4859	-	1.4859	N/A
Group 2	0.8918	0.1784	0.7134	0.7725	1.4859	N/A

¹ On 23 August 2013, class 'C' shares were introduced.

Investors are reminded that distribution is not guaranteed.

Investment Review

Performance Summary

Over the six-month period under review, 1st September 2013 to 28th February 2014, the fund generated a post fee total return of 3.65% for share class A and 3.32% for share class C. The Fund's benchmark, the BofA ML Sterling Non-Gilt Index, produced a total return of 3.43% over the period.*

The major drivers of performance were:

- An overweight to select industrials, especially the food retail and pub sector, telecommunications and media added to performance as spreads tightened over the period.
- Within duration strategies, off-benchmark exposures to French, German and Dutch duration added to performance, as rates decreased across the curves.
- Off-benchmark exposure to the belly of the US curve added to performance as rates fell. The fund also benefited from rolling down the steepest part of the yield curve.
- Exposure to the belly of the UK nominal yield curve as rates edged higher in the front and belly of the curve detracted from performance.

Market Background

After a buoyant October during which both credit spreads and government yields fell in the UK and both total and excess returns were positive, the final two months of 2013 saw UK credit markets outperform government bonds despite posting negative total returns. During the first two months of 2014 Barclays UK Global Credit index posted a total return of 2.76% as of February end.

During October and November, 10-year UK government bond yields rose, largely due to positive economic data releases. Construction, auto sales and retail sales were amidst the multiple metrics which surprised on the upside during the quarter, contributing to an increase in Q3 2013 GDP growth to 0.8%. In recognition of this positive momentum the IMF upgraded Britain's growth outlook to 1.4% for 2013 and to 1.9% for 2014 in October.

Since the Bank of England during its August meeting tied the performance of the labour market to the initiation of rate increases, the latter has been especially closely followed. The unemployment rate was at 7.6% at the end of Q3, before dropping to a four-year low of 7.4% by the end of

October. In the beginning of 2014 the Bank of England (BoE) decided to remove the link between interest rates and unemployment. Carney unveiled a very optimistic forecast for the UK, saying that the central bank now expects the economy to grow at 3.4% in 2014.

Financials reigned once again as continued strong performance by the insurance sub-sector on the back of strong results helped drive returns for the broader financial sector to 2.2%. On the other hand, media / cable firms struggled, as the possibility of further sector consolidation loomed and continued to spook investors.

Portfolio Review

At the end of the period under review, the portfolio had a duration underweight of -0.3 years. This reflects ongoing volatility in interest rates in the light of policy uncertainty and the market's expectations of higher rates. The average month-end duration relative to the benchmark was -0.2 years over the period under review.

Until September 2013, the portfolio had an underweight to corporate spread relative to the benchmark, but finished the period with a 1.5-year overweight as the economic outlook for the UK and eurozone improved further. During the period under review the portfolio moved from underweight to overweight real estate relative to the benchmark in the first months of 2014. This was driven by adding select UK REITs to the portfolio which was positive for performance.

Within credit, by the end of February banks became our top allocation at almost 7% overweight relative to the benchmark. We continue to focus on parts of the capital structure offering the best relative value such as subordinated bonds and convertible debt in certain UK banks which still offer attractive risk-adjusted returns given the regulatory environment.

Outlook

PIMCO has modestly upgraded its forecasts for global growth over the cyclical horizon, encouraged by a steady accumulation of positive data releases from certain regions. The surprisingly buoyant economic indicators emanating from both the US and the UK in recent quarters have reinforced our confidence that a nascent global recovery is underway. Such economic resilience is expected to have

* 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. Benchmark performance based on end of day prices.

Investment Review continued

favourable knock-on effects on both domestic consumer behaviour and the growth prospects for other export-dependent regions, such as emerging markets and the eurozone.

We remain focused on companies in the UK credit market which are globally diversified, particularly with exposure to the US given that this is where we anticipate the economic rebound to be the strongest over the cyclical horizon. The recent strength shown by UK economic data releases has also raised the attraction of certain domestic sectors:

- Our largest sector overweight remains banks where we continue to invest in subordinated debt and Contingent Convertibles (CoCos). Despite the spread tightening experienced during 2013, we believe that valuations are still attractive given the ongoing regulatory pressure to strengthen balance sheets through deleveraging.
- We also maintain an overweight to the pub sector, with a focus on select names within what is a niche credit sector. Sustained efforts to financially and operationally restructure continue to bear fruit as companies' deleveraging journeys persist and we see upgrade potential for certain names over the medium-term horizon. The sector offers value versus other secured

debt structures due to its lower leverage, low refinancing risk and high asset backing and should benefit from improving consumer confidence.

- Retailers with a developed online presence have delivered strong operational results and we expect them to continue to outperform competitors who have been slow to establish online platforms.
- "Rising stars" which are companies with improving fundamentals that we believe are under-rated by the rating agencies and will be upgraded to investment grade over the medium-term horizon with consequently significant price appreciation.

After the strong performance of the overall UK credit market during 2013, we anticipate focusing our attention on the merits of individual credit stories rather than broad market themes or concentrated sector convictions during 2014.

14 March 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.

Portfolio Statement

As at 28 February 2014

Holding/ Nominal		Market Value £000s	% of Net Assets
Sterling Denominated Fixed Rate Government Bonds 1.54% (2013 - 9.81%)			
£150,000	Treasury 1.25% Guaranteed Bonds 22/7/2018	148	0.60
£100,000	Treasury 3.25% Guaranteed Bonds 22/1/2044	95	0.39
£100,000	Treasury 6% Guaranteed Bonds 7/12/2028	134	0.55
		377	1.54
Sterling Denominated Fixed Rate Corporate Debt Securities 78.10% (2013 - 68.07%)			
£142,000	Abbey National Treasury Services 5.125% Guaranteed European Medium Term Bonds 14/4/2022	161	0.65
£300,000	ABN AMRO Bank 4.875% Guaranteed European Medium Term Notes 16/1/2019	331	1.35
£200,000	American International 5% Guaranteed Senior European Medium Term Notes 26/4/2023	220	0.89
£100,000	Amgen 5.5% Senior Notes 7/12/2026	114	0.46
£160,000	Annington Finance No 4 6.5676% Variable Rate Bonds 10/1/2023	168	0.68
£100,000	ASIF III Jersey 5% Guaranteed European Medium Term Bonds 18/12/2018	112	0.46
£100,000	Aston Martin Capital 9.25% Senior Notes 15/7/2018	109	0.44
£100,000	Arqiva Financing 5.34% Senior Notes 30/12/2037	100	0.41
£250,000	Bank Nederlandse Gemeenten 5.375% Guaranteed Senior European Medium Term Bonds 7/6/2021	292	1.19
£200,000	Bank of America 5.5% Guaranteed Senior European Medium Term Bonds 22/11/2021	220	0.90
£100,000	Bank of America 7% Guaranteed Senior European Medium Term Bonds 31/7/2028	131	0.53
£300,000	Bank of Scotland 9.375% Subordinated Bonds 15/5/2021	385	1.57
£100,000	Barclays Bank 4.25% Guaranteed European Medium Term Bonds 12/1/2022	108	0.44
£100,000	Barclays Bank 10% Guaranteed Subordinated European Medium Term Notes 21/5/2021	132	0.54
£200,000	BAT International Finance 6.375% European Medium Term Notes 12/12/2019	239	0.97
£106,000	BAT International Finance 7.25% Medium Term Notes 12/3/2024	137	0.56
£50,000	BSKYB 6% Guaranteed European Medium Term Bonds 21/5/2027	58	0.24
£100,000	Carlsberg Breweries 7.25% Guaranteed Senior European Medium Term Notes 28/11/2016	115	0.47
£419,000	Citigroup 5.15% Guaranteed Senior European Medium Term Bonds 21/5/2026	470	1.91
£200,000	CNP Assurances 7.375% Medium Term Notes 30/9/2041	223	0.91
£150,000	Co-Operative 6.25% Guaranteed Bonds 8/7/2026	160	0.65
£258,000	CPUK Finance 4.811% Senior European Medium Term Bonds 28/2/2042	277	1.13
£258,000	DNB Bank 4.25% Senior European Medium Term Notes 27/1/2020	277	1.13
£161,000	E.On 6.375% Guaranteed European Medium Term Bonds 7/6/2032	198	0.81
£200,000	Electricite de France 5.5% Senior European Medium Term Bonds 17/10/2041	223	0.91
£53,000	Enterprise Inns 6.5% Bonds 6/12/2018	56	0.23
£100,000	Enterprise Inns 6.875% Bonds 9/5/2025	101	0.41
£335,000	European Investment Bank 5.375% Guaranteed Bonds 7/6/2021	393	1.60
£200,000	European Investment Bank 6% Guaranteed Senior Bonds 7/12/2028	255	1.04
£300,000	Everything Everywhere Finance 4.375% Guaranteed European Medium Term Notes 28/3/2019	314	1.28

Portfolio Statement continued

Holding/ Nominal		Market Value £000s	% of Net Assets
Sterling Denominated Fixed Rate Corporate Debt Securities (continued)			
£132,000	FCE Bank 4.825% Guaranteed Senior European Medium Term Notes 15/2/2017	142	0.58
£316,000	GE Capital 4.375% Senior European Medium Term Notes 31/7/2019	342	1.39
£300,000	GE Capital 4.875% Guaranteed Subordinated European Medium Term Notes 18/9/2037	310	1.26
£200,000	GKN 5.375% Bonds 19/9/2022	218	0.89
£400,000	GlaxoSmithKline 3.375% European Medium Term Bonds 20/12/2027	376	1.53
£100,000	GlaxoSmithKline Capital 5.25% Guaranteed European Medium Term Bonds 19/12/2033	115	0.47
£200,000	Goldman Sachs 6.125% Senior European Medium Term Bonds 14/2/2017	223	0.91
£159,502	Greene King Finance 5.318% Guaranteed Asset Backed Bonds 15/9/2031	179	0.73
£100,000	Heathrow Funding 6% Guaranteed European Medium Term Bonds 20/3/2020	112	0.46
£53,000	HSBC Bank 5.375% European Medium Term Notes 22/8/2033	56	0.23
£158,000	HSBC Bank 6% Guaranteed Subordinated European Medium Term Bonds 29/3/2040	176	0.72
£25,000	HSBC Bank 6.5% Guaranteed Senior European Medium Term Bonds 20/5/2024	31	0.13
£350,000	Iberdrola Finanzas 6% European Medium Term Notes 1/7/2022	398	1.62
£100,000	Imperial Tobacco Finance 4.875% Guaranteed European Medium Term Notes 7/6/2032	103	0.42
£100,000	Imperial Tobacco Finance 5.5% Guaranteed European Medium Term Notes 22/11/2016	110	0.45
£100,000	Imperial Tobacco Finance 6.25% Guaranteed European Medium Term Bonds 4/12/2018	115	0.47
£211,000	Imperial Tobacco Finance 7.75% Guaranteed European Medium Term Notes 24/6/2019	258	1.05
£158,000	ING Bank 5.375% European Medium Term Notes 15/4/2021	178	0.72
£350,000	InterContinental Hotels 3.875% European Medium Term Notes 28/11/2022	352	1.43
£200,000	Intu (SCS) Finance 3.875% Bonds 17/3/2028	198	0.81
£132,000	Koninklijke KPN 5.75% Guaranteed Senior European Medium Term Bonds 17/9/2029	144	0.59
£200,000	Koninklijke KPN 6% Guaranteed Senior European Medium Term Bonds 29/5/2019	227	0.92
£300,000	Kreditanstalt für Wiederaufbau 5% Guaranteed European Medium Term Bonds 9/6/2036	367	1.49
£100,000	Lafarge 8.75% Guaranteed Senior European Medium Term Notes 30/5/2017	120	0.49
£242,000	LCR Finance 4.5% Guaranteed Bonds 7/12/2038	274	1.12
£300,000	Lloyds TSB Bank 4.875% Guaranteed European Medium Term Bonds 30/3/2027	336	1.37
£79,000	London Power Networks 6.125% Senior European Medium Term Bonds 7/6/2027	93	0.38
£100,000	Manchester Airport Funding 4.75% Senior European Medium Term Notes 31/3/2034	102	0.41
£100,000	Marks & Spencer 4.75% European Medium Term Bonds 12/6/2025	101	0.41
£100,000	Metropolitan Life Global Funding I 2.875% European Medium Term Notes 11/1/2023	96	0.39
£100,000	Metropolitan Life Global Funding I 3.5% Medium Term Notes 30/9/2026	98	0.40
£185,000	Mitchells & Butlers Finance 6.469% Asset Backed 15/9/2030	215	0.87

Portfolio Statement continued

Holding/ Nominal		Market Value £000s	% of Net Assets
Sterling Denominated Fixed Rate Corporate Debt Securities (continued)			
£100,000	Motability Operations 4.375% Guaranteed Senior European Medium Term Bonds 8/2/2027	104	0.42
£100,000	Muenchener Rueckversicherungs 6.625% Guaranteed Subordinated Floating Rate European Medium Term Bonds 26/5/2042	115	0.47
£250,000	National Express 6.25% Guaranteed European Medium Term Notes 13/1/2017	276	1.12
£200,000	National Grid 4% European Medium Term Bonds 8/6/2027	197	0.80
£264,000	Network Rail 4.375% Guaranteed European Medium Term Bonds 9/12/2030	291	1.18
£106,000	Northern Gas Networks 5.625% Guaranteed European Medium Term Bonds 23/3/2040	122	0.50
£100,000	Orange 5.25% Guaranteed Senior European Medium Term Bonds 5/12/2025	109	0.44
£50,000	Pfizer 6.5% Guaranteed Senior Bonds 3/6/2038	67	0.27
£100,000	RCI Banque 3.25% Senior European Medium Term Notes 25/4/2018	102	0.41
£300,000	RWE Finance 4.75% Guaranteed European Medium Term Bonds 31/1/2034	298	1.21
£50,000	RWE Finance 5.5% Guaranteed Senior Medium Term Notes 6/7/2022	56	0.23
£106,000	RWE Finance 5.625% Guaranteed European Medium Term Bonds 6/12/2023	119	0.48
£53,000	RWE Finance 6.5% European Medium Term Notes 20/4/2021	62	0.25
£300,000	Santander 3.16% Guaranteed European Medium Term Notes 1/12/2015	306	1.25
£100,000	Segro 5.625% Guaranteed Senior Bonds 7/12/2020	113	0.46
£100,000	Segro 6% Guaranteed Senior Bonds 30/9/2019	115	0.47
£50,000	Segro 6.75% Guaranteed Senior Bonds 23/11/2021	60	0.24
£100,000	Severn Trent 3.625% European Medium Term Bonds 16/1/2026	96	0.39
£264,000	Severn Trent 6.125% Guaranteed Bonds 26/2/2024	313	1.27
£132,000	South Eastern Power Networks 5.625% Senior European Medium Term Bonds 30/9/2030	150	0.61
£200,000	Spirit Funding 5.86% Bonds 28/12/2021	197	0.80
£150,000	Spirit Funding 6.582% Bonds 28/12/2018	155	0.63
£350,000	Standard Chartered 7.75% Guaranteed Subordinated European Medium Term Bonds 3/4/2018	408	1.66
£100,000	Telecom Italia 7.375% Guaranteed Senior European Medium Term Notes 15/12/2017	112	0.46
£100,000	Telefonica Emisiones 5.289% Guaranteed European Medium Term Notes 9/12/2022	107	0.44
£300,000	Telefonica Emisiones 5.375% Guaranteed European Medium Term Bonds 2/2/2018	328	1.33
£98,878	Telereal Securitisation 4.01% Asset Backed Bonds 10/12/2033	98	0.40
£100,000	Telereal Securitisation 7.098% Asset Backed Bonds 10/12/2033	102	0.41
£158,000	Temasek Financial I 5.125% Guaranteed Bonds 26/7/2040	186	0.76
£463,230	Tesco Property Finance 2 6.0517% Guaranteed Mortgage Backed Bonds 13/10/2039	525	2.14
£100,000	Time Warner Cable 5.25% Guaranteed Bonds 15/7/2042	102	0.42
£300,000	Transport for London 2.25% Guaranteed European Medium Term Notes 9/8/2022	282	1.15
£178,471	Unique Pub Finance 5.659% Guaranteed Asset Backed Bonds 30/6/2027	178	0.72
£106,000	United Utilities Water 5.75% Senior European Medium Term Bonds 25/3/2022	122	0.50
£100,000	Wells Fargo Bank 3.5% Medium Term Notes 12/9/2029	95	0.39

Portfolio Statement continued

Holding/ Nominal		Market Value £000s	% of Net Assets
Sterling Denominated Fixed Rate Corporate Debt Securities (continued)			
£79,000	Wells Fargo Bank 4.625% Guaranteed Senior Bonds 2/11/2035	83	0.34
£150,000	Wells Fargo Bank 5.25% Guaranteed Subordinated European Medium Term Bonds 1/8/2023	164	0.67
£100,000	Western Power South Wales 5.75% Guaranteed Bonds 23/3/2040	116	0.47
£300,000	Westfield UK & European Finance Partners 4.25% Guaranteed European Medium Term Notes 11/7/2022	330	1.34
£150,000	Xstrata Canada Finance 7.375% Guaranteed European Medium Term Bonds 27/5/2020	180	0.73
		19,185	78.10
Sterling Denominated Fixed Rate Perpetual Corporate Debt Securities 3.00% (2013 - 2.00%)			
£100,000	Barclays 14% Guaranteed Perpetual Subordinated Floating Rate Bonds	135	0.55
£185,000	HSBC Bank Funding 5.862% Guaranteed Perpetual Floating Rate Bonds	197	0.80
£100,000	Orange 5.875% Perpetual Subordinated Floating Rate Notes	102	0.42
£50,000	QBE Capital Funding 6.857% Guaranteed Perpetual Floating Rate Bonds	43	0.18
£161,000	Rabobank Nederland 6.91% Perpetual Subordinated Floating Rate Bonds	173	0.70
£79,000	Standard Chartered 8.103% Perpetual Step-up Subordinated Bonds	87	0.35
		737	3.00
Sterling Denominated Variable Rate Government Bonds 0.73% (2013 - 8.70%)			
£180,000	Treasury 0% Guaranteed Bonds 19/5/2014	180	0.73
Sterling Denominated Variable Rate Corporate Debt Securities 0.00% (2013 - 0.58%)			
Euro Denominated Fixed Rate Debt Securities 8.12% (2013 - 5.02%)			
€100,000	Atrium European Real Estate 4% Senior Notes 20/4/2020	85	0.35
€300,000	AXA 5.125% Subordinated Floating Rate European Medium Term Notes 4/7/2043	272	1.11
€100,000	AXA 5.25% Guaranteed Subordinated Floating Rate European Medium Term Bonds 16/4/2040	91	0.37
€200,000	Bankia 3.5% Senior European Medium Term Notes 14/12/2015	171	0.70
€100,000	Bankia 4.375% Senior European Medium Term Notes 14/2/2017	88	0.36
€100,000	Corio 3.25% Guaranteed Notes 26/2/2021	85	0.34
€400,000	Deutsch Annigton Senior Notes 8/10/2021	348	1.42
€100,000	Foncière des Régions 3.875% Bonds 16/1/2018	89	0.36
€100,000	HBOS 5.374% Subordinated European Medium Term Notes 30/6/2021	88	0.36
€100,000	Indesit 4.5% Guaranteed Senior Subordinated Notes 26/4/2018	86	0.35
€158,000	Pirelli 5.125% Guaranteed Notes 22/2/2016	139	0.56
€100,000	Prologis 3.375% Guaranteed Notes 20/2/2024	84	0.34
€200,000	Rabobank Nederland 6.875% Senior European Medium Term Bonds 19/3/2020	192	0.78
€100,000	Schaeffler Finance 6.875% Guaranteed Bonds 15/8/2018	88	0.36
€100,000	Wind Acquisition Finance 7.375% Senior Notes 15/2/2018	88	0.36
		1,994	8.12

Portfolio Statement continued

Holding/ Nominal	Market Value £000s	% of Net Assets
Euro Denominated Variable Rate Debt Securities 0.00% (2013 - 0.18%)		
US Dollar Denominated Fixed Rate Debt Securities 6.05% (2013 - 4.41%)		
\$700,000 Barclays 7.625% Notes 21/11/2022	463	1.88
\$450,000 BP Capital Markets 3.245% Guaranteed Notes 6/5/2022	268	1.09
\$158,000 HSBC 6.676% Guaranteed Senior Subordinated Notes 15/1/2021	111	0.45
\$550,000 Shell International Finance 3.4% Bonds 12/8/2023	330	1.34
\$158,000 SLM 6.25% Guaranteed Notes 25/1/2016	102	0.42
\$300,000 UBS Stamford 7.625% Notes 17/8/2022	213	0.87
	1,487	6.05
US Dollar Denominated Fixed Rate Perpetual Debt Securities 2.27% (2013 - 0.57%)		
\$200,000 Credit Agricole 7.875% Perpetual Subordinated Floating Rate Notes	128	0.52
\$200,000 Electricite de France 5.25% Floating Rate Perpetual Bonds	120	0.49
\$300,000 Electricite de France 5.625% Floating Rate Perpetual Bonds	181	0.73
\$158,000 Lloyds TSB Bank 12% Guaranteed Perpetual Subordinated Floating Rate Bonds	130	0.53
	559	2.27
US Dollar Denominated Variable Rate Debt Securities 0.00% (2013 - 0.57%)		
DERIVATIVES 0.05% (2013 - (0.10)%)		
Sterling Open Forward Exchange Contracts 0.04% (2013 - (0.03)%)		
Bought GBP 2,210,704 : Sold EUR 2,689,000	(7)	(0.03)
Bought GBP 2,207,870 : Sold USD 3,670,516	16	0.07
	9	0.04
Sterling Open Futures Contracts 0.02% (2013 - (0.07)%)		
8 Long Gilt June 2014 Futures	5	0.02
Euro Open Forward Exchange Contracts 0.00 % (2013 - 0.00%)		
Bought EUR 225,000 : Sold GBP 185,836	-	-
US Dollar Open Forward Exchange Contracts (0.01)% (2013 - 0.00%)		
Bought USD 257,000 : Sold GBP 155,617	(2)	(0.01)
Investment assets ¹	24,531	99.86
Net other assets	34	0.14
Net assets	24,565	100.00

¹ Includes derivative liabilities.

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

Note: Comparative figures show percentages for each category of holding at 31 August 2013.

Portfolio Statement continued

Bond Ratings

	2014 Market Value £000s	2014 % of Net Assets	2013 Market Value £000s	2013 % of Net Assets
Investment grade	22,312	90.83	22,290	92.25
Sub-investment grade	2,207	8.98	1,851	7.66
Derivatives	12	0.05	(26)	(0.10)
Other assets	34	0.14	46	0.19
Total net assets	24,565	100.00	24,161	100.00

Source: PIMCO

A fixed income security is deemed to be of investment grade, if it is rated BBB- or above.

Summary of Portfolio Changes

For the six months ended 28 February 2014

The summaries below identify those purchases and sales exceeding 2% of the net assets of the Fund at the start of the period, subject to a minimum disclosure of the twenty largest purchases and sales.

Purchases	Cost £000s	Sales	Proceeds £000s
Treasury 1.25% Guaranteed Bonds 22/7/2018	889	Treasury 3.25% Guaranteed Bonds 22/1/2044	1,081
KFW 5.375% Notes 29/1/2014	712	Treasury 1.00% Guaranteed Bonds 7/9/2017	885
Treasury 0% Guaranteed Bonds 17/2/2014	640	Treasury 1.25% Guaranteed Bonds 22/7/2018	735
Treasury 0% Guaranteed Bonds 3/3/2014	499	KFW 5.375% Notes 29/1/2014	701
Barclays 7.625% Notes 21/11/2022	459	Treasury 0% Guaranteed Bonds 2/9/2013	700
Treasury 0% Guaranteed Bonds 19/5/2014	400	Treasury 0% Guaranteed Bonds 17/2/2014	640
Deutsch Annigton Senior Notes 8/10/2021	333	European Investment Bank 6% Guaranteed Senior Bonds 7/12/2028	510
Citigroup 5.15% Guaranteed Senior European Medium Term Bonds 21/5/2026	327	Treasury 0% Guaranteed Bonds 14/10/2013	500
Everything Everywhere Finance 4.375% Guaranteed European Medium Term Notes 28/3/2019	312	Treasury 0% Guaranteed Bonds 3/3/2014	500
Treasury 0% Guaranteed Bonds 25/11/2013	300	Barclays Bank 10% Guaranteed Subordinated European Medium Term Notes 21/5/2021	438
Transport for London 2.25% Guaranteed European Medium Term Notes 9/8/2022	280	Treasury 5% Guaranteed Bonds 7/3/2025	356
GlaxoSmithKline 3.375% European Medium Term Bonds 20/12/2027	278	Treasury 2.25% Guaranteed Bonds 7/3/2014	302
National Express 6.25% Guaranteed European Medium Term Notes 13/1/2017	276	Treasury 0% Guaranteed Bonds 28/10/2013	300
AXA 5.125% Subordinated Floating Rate European Medium Term Notes 4/7/2043	263	Treasury 0% Guaranteed Bonds 18/11/2013	300
Koninklijke KPN 6% Guaranteed Senior European Medium Term Bonds 29/5/2019	226	Treasury 0% Guaranteed Bonds 25/11/2013	300
Iberdrola Finanzas 6% European Medium Term Notes 1/7/2022	223	John Lewis 6.125% Bonds 21/1/2025	300
Bank of America 5.5% Guaranteed Senior European Medium Term Bonds 22/11/2021	217	Heathrow Funding 7.125% European Medium Term Notes 1/3/2017	222
ABN AMRO Bank 4.875% Guaranteed European Medium Term Notes 16/1/2019	217	Treasury 0% Guaranteed Bonds 19/5/2014	220
Santander 3.16% Guaranteed European Medium Term Notes 1/12/2015	204	Telecom Italia 7.375% Guaranteed Senior European Medium Term Notes 15/12/2017	214
AA Bond 4.2487% 31/7/2043	200	AA Bond 4.2487% 31/7/2043	201
Other purchases	4,877	Other sales	2,715
Total purchases for the period	12,132	Total sales for the period	12,120

Statement of Total Return

For the six months ended 28 February 2014

	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Income				
Net capital gains		604		369
Revenue	497		578	
Expenses	(131)		(158)	
Net revenue before taxation	366		420	
Taxation	0		0	
Net revenue after taxation		366		420
Total return before distributions		970		789
Finance costs: Distributions		(469)		(556)
Change in net assets attributable to shareholders from investment activities		501		233

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 28 February 2014

	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Opening net assets attributable to shareholders		24,161		25,618
Amounts receivable on issue of shares	929		3,944	
Less: Amounts payable on cancellation of shares	(1,026)		(5,463)	
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(97)		(1,519)
		501		233
Closing net assets attributable to shareholders		24,565		24,332

Section 3.30 of the IMA SORP issued in October 2010 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance Sheet

As at 28 February 2014

	28 February 2014 £000s	28 February 2014 £000s	31 August 2013 £000s	31 August 2013 £000s
Assets				
Investment assets		24,540		24,145
Debtors	828		465	
Cash and bank balances	30		371	
Total other assets		858		836
Total assets		25,398		24,981
Liabilities				
Investment liabilities		(9)		(30)
Amount held at futures clearing houses and brokers	(4)		0	
Creditors	(444)		(395)	
Distribution payable on income shares (net of income tax at 20%)	(376)		(395)	
Total other liabilities		(824)		(790)
Total liabilities		(833)		(820)
Net assets attributable to shareholders		24,565		24,161

Allianz Gilt Yield Fund

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Fund Information

Investment Objective and Policy

The objective of the Fund is to maximise total return, consistent with preservation of capital and prudent investment management, primarily through investment in British Government Securities.

Investors should be aware that the Fund's capital is at risk and there is no guarantee that the Fund will achieve its investment objective over any particular period or at all.

The ACD will adopt a policy of active management and may invest in gilts, deposits, money market instruments and derivatives. The Fund may also invest in collective investment schemes.

More than 35% of the value of the Fund may be invested in debt securities issued by the United Kingdom Government.

The Fund may use derivative instruments such as futures, options, options on swaps and swap agreements (interest rate swaps).

The Fund may use the derivative instruments listed above for hedging purposes and/or for investment purposes. For

example, the Fund may use derivatives (which will be based only on underlying assets or sectors which are permitted under the investment policy of the Fund) (i) as a substitute for taking a position in the underlying asset where the ACD believes that a derivative exposure to the underlying asset represents better value than direct (physical) exposure (ii) to tailor the Fund's interest rate exposure to the ACD's outlook for interest rates and/or (iii) to gain an exposure to the composition and performance of a particular index (provided always that the Fund may not have an indirect exposure through an index to an instrument, issuer or currency to which it cannot have direct exposure).

Status of the Allianz UK & European Investment Funds

It is the intention of the ACD that the Allianz Gilt Yield Fund (the "Fund") will be managed so as to meet the requirements necessary for it to be included in an Individual Savings Account.

Classes of Share within the sub-funds

There are two classes of share available on the Allianz Gilt Yield Fund, being the 'A' and 'C' class.

Fund Information continued

Fund Details

Fund Manager	Mike Amey	
Benchmark	FTSE UK Govt All Stocks Index	
Underlying Yield to 28 February 2014	A Shares	1.8%
	C Shares	2.0%
Distribution Yield to 28 February 2014	A Shares	2.3%
	C Shares	2.3%
Income allocation dates	Interim	28 February
	Final	31 August
Income pay dates	Interim	30 April
	Final	31 October
Launch dates	A Shares	16 May 2002
	C Shares	16 May 2002
ISA status	Yes (A and C Shares)	
Share Classes and types of Shares	A (Income Shares) C (Income Shares)	
Minimum investment	A Shares	Lump sum £500 Monthly saving £50
	C Shares	Lump sum £10,000 Available only at discretion of ACD
Initial charge	A Shares	4%
	C Shares	Nil
Annual ACD fee	A Shares	0.5%
	C Shares	0.3%

On 6 April 2014 the Class 'A' Shares were renamed Class 'C' Shares and Class 'C' Shares were renamed Class 'I' Shares.

Investment Performance

Net Asset Value

Share Class	Period Ended	Net Asset Value (£000s)	Number of Shares in Issue	Net Asset Value per Share (p)
A Shares	31 August 2011	475,516	315,517,262	150.7
	31 August 2012	588,884	354,965,516	165.9
	31 August 2013	455,185	294,292,745	154.7
	28 February 2014	400,600	258,294,165	155.1
C Shares	31 August 2011	305,428	197,405,154	154.7
	31 August 2012	435,609	255,240,136	170.7
	31 August 2013	452,187	283,614,913	159.4
	28 February 2014	518,601	324,063,310	160.0

Highest and Lowest Prices

Share Class	Calendar Year	Highest Price (p)	Lowest Price (p)
A Shares	2009	146.8	136.8
	2010	152.2	138.4
	2011	163.4	141.1
	2012	168.5	155.5
	2013	167.2	152.5
	2014 ¹	157.1	152.7
C Shares	2009	149.9	139.8
	2010	155.9	141.6
	2011	167.9	144.7
	2012	173.3	159.9
	2013	172.2	157.3
	2014 ¹	162.1	157.5

¹ For the period to 28 February 2014

Investment Performance continued

Distribution History

Share Class	Calendar Year	Net Distribution per Share (p)
A Shares	2009	4.3581
	2010	3.5207
	2011	3.2627
	2012	2.9233
	2013	2.7440
	2014 ¹	1.3108
C Shares	2009	4.4610
	2010	3.6102
	2011	3.3502
	2012	3.0081
	2013	2.8312
	2014 ¹	1.3554

¹ For the period to 28 February 2014

Ongoing Charges Figure

Share Class	Year Ended	OCF (%)
A Shares	31 August 2012	0.53
	31 August 2013	0.53
C Shares	31 August 2012	0.33
	31 August 2013	0.33

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.

Distribution Table

For the six months ended 28 February 2014

Interim

Group 1: Shares purchased prior to 1 September 2013

Group 2: Shares purchased on or after 1 September 2013 to 28 February 2014

Share Class	Gross Distribution 30 April 2014 per Share (p)	Income Tax deducted 30 April 2014 per Share (p)	Net Distribution 30 April 2014 per Share (p)	Equalisation 30 April 2014 per Share (p)	Distribution payable 30 April 2014 per Share (p)	Distribution paid 30 April 2013 per Share (p)
Income Shares						
A Shares						
Group 1	1.6385	0.3277	1.3108	-	1.3108	1.3659
Group 2	0.8891	0.1778	0.7113	0.5995	1.3108	1.3659
Income Shares						
C Shares						
Group 1	1.6943	0.3389	1.3554	-	1.3554	1.4086
Group 2	0.8253	0.1651	0.6602	0.6952	1.3554	1.4086

Investors are reminded that distribution is not guaranteed.

Investment Review

Performance Summary

Over the six-month period under review, 1 September 2013 to 28 February 2014, the fund generated a post fee total return of 1.06% for share class A and 1.41% for share class C. The Fund's benchmark, the FTSE UK Gilts All Stock, produced a total return of 1.52% over the period.*

The key drivers of performance were:

- The biggest single contributor was an off-benchmark position in UK inflation linked bonds, which added alpha in September and October until the position was closed out at the end of October.
- Money market futures which were used to express a view on short-term interest rate expectations contributed positively in late Q3 and early Q4, while detracting from performance in December.

Market Background

UK growth has recently accelerated, primarily as a result of the stabilization in the eurozone and on the back of lower bank funding costs. Combined with increasing consumer confidence, further improvements in the labour market and an accelerating housing sector, this puts the UK economy on solid footing. UK inflation has cooled to the Bank of England's (BoE) 2% target, and despite continued growth in employment, we see little risk of material inflationary pressures in the immediate term.

Mark Carney, the BoE Governor, formally introduced forward guidance during the third quarter of 2013, stipulating a series of economic conditions that would be required before interest rate increases would be considered. The Monetary Policy Committee (MPC) said that it will keep interest rates low and quantitative easing at £375 billion at least until unemployment falls below a threshold of 7%, provided that inflation remains relatively benign over the period.

With unemployment falling to 7.4% in the 3 months to October, and despite an increasingly benign inflation environment, the continued rise in yields suggests that the market's acceptance of this forward guidance has been relatively muted. Chancellor George Osborne's autumn statement emphasized that the UK's fiscal consolidation still has a long way to go, and so while the modest tax

changes announced were largely focused on easing the cost-of-living crisis, they were also broadly fiscally neutral, being paid for through spending cuts elsewhere.

Gross Domestic Product (GDP) expanded by 0.7% over the fourth quarter of 2013, continuing the improving trend for the year. While household spending grew by a strong 0.8% and total investment climbed by 1.4%, a significant fall in exports caused and net trade to detract by 0.9% to drag on what would otherwise have been an extremely strong figure.

Portfolio Review

At the end of the period under review, the portfolio had a duration underweight of 0.5 years, it's largest at month-end since the beginning of 2013. This reflects ongoing volatility in interest rates in the light of policy uncertainty and the market's expectations of higher rates. Throughout the period under review, the portfolio averaged a duration underweight of 0.1 years.

For most of the period under review the portfolio remained overweight the very short-end of the curve, where we believed rates to be anchored by the Bank of England. It was also overweight the steep 3-5 year part of the curve to take advantage of attractive rolldown conditions. The fund was underweight the long-end of the curve as we believed that the longer maturities may not adequately compensate investors for sizeable longer-term inflation risk. While this curve position contributed to performance in September, October and January, it detracted in December, when 5 year UK yields climbed circa 30bp and 10yr yields around 20bp. Stronger than expected economic data (strong growth and job creation, positive industrial production and trade figures) for the UK drove expectations for short-term rates higher, which added to the fund's underperformance in the last two weeks of 2013.

The portfolio closed out its positions in inflation linked bonds in late October, as we expected inflation expectations to fall. The positions in 90 day Sterling futures were closed after the BoE's most recent inflation report was published and hinted that the BoE seeks to abandon forward guidance and will no longer act decisively to keep interest rates at unprecedentedly low levels.

* 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. Benchmark performance based on end of day prices.

Investment Review continued

Outlook

PIMCO's baseline expectation is for 2.5% to 3% real growth in the US, thanks to trends toward growth and spending in the consumer, corporate and public sectors. Rising consumer optimism, fuelled by higher asset prices, steady job growth and gradually easing credit conditions, will likely drive a further fall in household savings rates this year, leading to faster consumption growth. Corporates may for the first time this cycle raise the growth rate of capital spending, especially as the market value of enterprises exceeds book value by a substantial amount. The public sector will no longer be a drag on aggregate demand growth as revenues expand thanks to higher asset prices and faster consumption and investment growth.

In the eurozone, our baseline expectation of 1% to 1.5% real growth calls for a broad-based cyclical improvement in domestic demand amid steady external demand. We expect the reduction in fiscal drag in the eurozone periphery will reinforce gradually improving credit conditions to drive aggregate demand growth from well below potential to up towards potential in the year ahead.

Increasing global confidence in the European Central Bank's (ECB) policy framework will further entice investors to buy European assets, leading to further improvement in valuations in 2014.

Relative to almost any point in the last five years, the UK economy is faced with a far more agreeable backdrop than 12 months ago. UK growth is up, inflation is down and the fiscal deficit is starting to look more manageable. However, we are still faced with questions over the durability of the recovery, the likely path of interest rates and what this means for UK asset markets. With the recovery still in its early stages and the level of output still below its 2008 peak, we expect that this recovery will be allowed to continue and that it will not be derailed by a premature tightening of monetary policy.

14 March 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.

Portfolio Statement

As at 28 February 2014

Holding/ Nominal		Market Value £000s	% of Net Assets
Sterling Denominated Fixed Rate Government Bonds 72.26% (2013 - 47.63%)			
£271,900,000	Treasury 1.25% Gilt 22/7/2018	267,685	29.12
£51,400,000	Treasury 3.75% Stock 7/9/2019	56,298	6.12
£12,200,000	Treasury 1.75% Bonds 7/9/2022	11,431	1.25
£32,500,000	Treasury 4.75% Stock 7/12/2030	38,831	4.22
£36,800,000	Treasury 4.25% Stock 7/6/2032	41,562	4.52
£5,100,000	Treasury 4.5% Stock 7/9/2034	5,950	0.65
£1,200,000	Treasury 4.75% Stock 7/12/2038	1,466	0.16
£3,200,000	Treasury 4.25% Gilt 7/9/2039	3,634	0.40
£34,750,000	Treasury 4.25% Bonds 7/12/2040	39,511	4.30
£207,600,000	Treasury 3.25% Bonds 22/1/2044	197,843	21.52
		664,211	72.26
Sterling Denominated Variable Rate Government Bonds 20.09% (2013 - 44.29%)			
£1,100,000	Treasury 0% Notes 17/3/2014	1,100	0.12
£8,030,000	Treasury 0% Notes 31/3/2014	8,028	0.87
£64,950	Treasury 0% Notes 14/4/2014	65	0.01
£23,000,000	Treasury 0% Notes 22/4/2014	72,966	7.94
£13,500,000	Treasury 0% Notes 28/4/2014	13,493	1.47
£1,800,000	Treasury 0% Notes 12/5/2014	1,799	0.20
£18,300,000	Treasury 0% Notes 19/5/2014	18,288	1.99
£11,000,000	Treasury 0% Notes 9/6/2014	10,988	1.19
£23,000,000	Treasury 0% Notes 23/6/2014	22,974	2.50
£2,845,000	Treasury 0% Notes 28/7/2014	2,840	0.31
£870,000	Treasury 0% Notes 4/8/2014	869	0.09
£31,300,000	Treasury 0% Notes 18/8/2014	31,245	3.40
		184,655	20.09
Sterling Denominated Fixed Rate Corporate Bonds 5.07% (2013 - 8.00%)			
£27,000,000	Barclays Bank 1.5% European Medium Term Notes 4/4/2017	27,149	2.95
£19,400,000	Lloyds TSB Bank 1.5% European Medium Term Notes 2/5/2017	19,506	2.12
		46,655	5.07
Sterling Denominated Variable Rate Corporate Bonds 2.80% (2013 - 0.00%)			
£25,600,000	Network Rail 1.25% European Medium Term Notes 22/1/2015	25,749	2.80
Sterling Open Futures Contracts 0.03% (2013 - (0.14)%)			
406	Long Gilt Futures June 2014	260	0.03
	Investment assets	921,530	100.25
	Net other liabilities	(2,329)	(0.25)
	Net assets	919,201	100.00

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

Note: Comparative figures show percentages for each category of holding at 31st August 2013

Portfolio Statement continued

Bond Ratings

	2014 Market Value £000s	2014 % of Net Assets	2013 Market Value £000s	2013 % of Net Assets
Investment grade	921,270	100.22	906,662	99.92
Derivatives	260	0.03	(1,243)	(0.14)
Other (liabilities) / assets	(2,329)	(0.25)	1,953	0.22
Total net assets	919,201	100.00	907,372	100.00

Source: PIMCO

A fixed income security is deemed to be of investment grade if it is rated BBB- or above.

Summary of Portfolio Changes

For the six months ended 28 February 2014

The summaries below identify those purchases and sales exceeding 2% of the net assets of the Fund at the start of the period, subject to a minimum disclosure of the twenty largest purchases and sales.

Purchases	Cost £000s	Sales	Proceeds £000s
Treasury 2.25% Bonds 7/9/2023	267,788	Treasury 2.25% Bonds 7/9/2023	270,505
Treasury 1.25% Gilt 22/7/2018	202,762	Treasury 3.25% Bonds 22/1/2044	112,085
Treasury 3.25% Bonds 22/1/2044	129,018	Treasury 0% Notes 28/10/2013	86,409
Treasury 0% Notes 22/4/2014	72,972	Treasury 0% Notes 24/2/2014	60,095
Treasury 3.75% Stock 7/9/2019	60,653	Treasury 0% Notes 25/11/2013	59,332
Treasury 0% Notes 24/2/2014	60,091	Treasury 1.875% Bonds 22/11/2022	52,843
Treasury 0% Notes 3/3/2014	40,391	Treasury 0% Notes 16/9/2013	47,400
Treasury 0% Notes 27/1/2014	34,879	Treasury 0% Notes 3/3/2014	40,407
Treasury 1.75% Bonds 7/9/2022	32,244	Treasury 0% Notes 2/9/2013	38,700
Treasury 0% Notes 18/8/2014	31,238	Treasury 0% Notes 27/1/2014	34,896
Treasury 0% Notes 17/3/2014	31,019	Treasury 0% Notes 17/3/2014	29,930
Treasury 0% Notes 25/11/2013	23,937	Treasury 0% Notes 21/10/2013	28,790
Treasury 0% Notes 23/6/2014	22,970	Treasury 3.75% Stock 7/9/2019	26,644
Treasury 0% Notes 10/3/2014	22,561	Treasury 0% Notes 9/12/2013	25,566
Treasury 0% Notes 31/3/2014	20,971	Treasury 0% Notes 23/9/2013	25,183
Treasury 0% Notes 9/12/2013	19,514	Treasury 0% Notes 10/3/2014	22,571
Treasury 0% Notes 19/5/2014	18,283	Treasury 4.75% Stock 7/12/2030	21,222
Treasury 0% Notes 28/4/2014	13,494	Treasury 0% Notes 14/10/2013	20,598
Treasury 0% Notes 14/10/2013	12,599	Treasury 1.75% Bonds 7/9/2022	20,416
Treasury 0% Notes 9/6/2014	10,980	Treasury 0% Notes 18/11/2013	19,096
Other purchases	33,068	Other sales	109,127
Total purchases for the period	1,161,432	Total sales for the period	1,151,815

Statement of Total Return

For the six months ended 28 February 2014

	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Income				
Net capital gains (losses)		4,850		(20,749)
Revenue	9,772		10,422	
Expenses	(1,899)		(2,140)	
Finance costs: interest	(1)		(1)	
Net revenue before taxation	7,872		8,281	
Taxation	0		0	
Net revenue after taxation		7,872		8,281
Total return before distributions		12,722		(12,468)
Finance costs: Distributions		(9,651)		(10,293)
Change in net assets attributable to shareholders from investment activities		3,071		(22,761)

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 28 February 2014

	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Opening net assets attributable to shareholders		907,372		1,024,493
Amounts receivable on issue of shares	61,907		32,390	
Less: Amounts payable on cancellation of shares	(53,151)		(91,456)	
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		8,756		(59,066)
Unclaimed distribution		3,071		(22,761)
		2		0
Closing net assets attributable to shareholders		919,201		942,666

Section 3.30 of the IMA SORP issued in October 2010 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance Sheet

As at 28 February 2014

	28 February 2014 £000s	28 February 2014 £000s	31 August 2013 £000s	31 August 2013 £000s
Assets				
Investment assets		921,530		906,765
Debtors	7,698		4,548	
Cash and bank balances	6,704		15,325	
Total other assets		14,402		19,873
Total assets		935,932		926,638
Liabilities				
Investment liabilities		0		(1,346)
Amount held at futures clearing houses and brokers	(210)		0	
Creditors	(8,743)		(9,829)	
Distribution payable on income shares (net of income tax at 20%)	(7,778)		(8,091)	
Total other liabilities		(16,731)		(17,920)
Total liabilities		(16,731)		(19,266)
Net assets attributable to shareholders		919,201		907,372

Allianz Sterling Total Return Fund

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Fund Information

Investment Objective and Policy

The objective of the Fund is to maximise total return, consistent with preservation of capital and prudent investment management, primarily through investment in fixed income securities issued by corporate, government, supranational institutions and local regional agencies, as well as any other security. The Fund may invest internationally, although investment will predominantly be in the United Kingdom and Europe.

Investors should be aware that the Fund's capital is at risk and there is no guarantee that the Fund will achieve its investment objective over any particular period or at all.

The ACD aims to achieve the investment objective by investing in treasury bills, certificates of deposit, medium term notes, private placements, structured notes, preference shares, convertible bonds, gilts, investment grade and below investment grade bonds, bonds of emerging markets issuers, agency bonds and asset or mortgage backed securities or floating rate notes. The ACD may also utilise deposits, derivatives and other money market instruments in the management of the portfolio. The Fund may also invest in collective investment schemes.

More than 35% of the value of the property of the Fund may be invested in government and public securities issued or guaranteed by any of the following states; the United Kingdom (including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly, the National Assembly of Wales), Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden and Switzerland.

The Fund will invest primarily in investment grade fixed income securities (with fixed, variable or floating rates of

interest and may vary inversely with respect to a reference rate), but may invest in fixed income securities that are rated below investment grade, but rated at least B by Moody's and S&P (or, if unrated, determined by the ACD to be of comparable quality).

The Fund may use derivative instruments such as futures, options, options on swaps, swap agreements (interest rate swaps, credit default swaps and index swaps) and currency forward contracts.

The Fund may use the derivative instruments listed above for hedging purposes and/or for investment purposes. For example, the Fund may use derivatives (which will be based only on underlying assets or sectors which are permitted under the investment policy of the Fund) (i) to hedge a currency exposure (ii) as a substitute for taking a position in the underlying asset where the ACD believes that a derivative exposure to the underlying asset represents better value than direct (physical) exposure (iii) to tailor the Fund's interest rate exposure to the ACD's outlook for interest rates and/or (iv) to gain an exposure to the composition and performance of a particular index (provided always that the Fund may not have an indirect exposure through an index to an instrument, issuer or currency to which it cannot have direct exposure).

Status of the Allianz UK & European Investment Funds

It is the intention of the ACD that the Allianz Sterling Total Return Fund (the "Fund") will be managed so as to meet the requirements necessary for it to be included in an Individual Savings Account.

Classes of Share within the sub-funds

There are two classes of share available on the Allianz Sterling Total Return Fund, being the 'A' and 'C' class.

Fund Information continued

Fund Details

Fund Manager	Ketish Pothalingam	
Benchmark	75% BofA ML Sterling Non-Gilts Index 25% BofA ML European Currency High Yield BB-B Constrained Index	
Underlying Yield to 28 February 2014	A Shares	3.4%
	C Shares	3.9%
Distribution Yield to 28 February 2014	A Shares	3.4%
	C Shares	3.9%
Income allocation dates	Interim	28 February
	Final	31 August
Income pay dates	Interim	30 April
	Final	31 October
Launch dates	Fund	16 May 2002
	A Shares	16 May 2002
	C Shares	1 April 2005
ISA status	Yes (A and C Shares)	
Share Classes and types of Shares	A (Income Shares) C (Income Shares)	
Minimum investment	A Shares	Lump sum £500 Monthly saving £50
	C Shares	Lump sum £500 Available only at discretion of ACD
Initial charge	A Class	4%
	C Class	Nil
Annual ACD fee	A Class	1.25%
	C Class *	0.75%

* The annual ACD fee for the Class C Shares will reduce to 0.60% on 6 April 2014.

Investment Performance

Net Asset Value

Share Class	Period Ended	Net Asset Value (£000s)	Number of Shares in Issue	Net Asset Value per Share (p)
A Shares	31 August 2011	68,397	54,605,012	125.3
	31 August 2012	58,500	42,451,918	137.8
	31 August 2013	54,937	39,636,803	138.6
	28 February 2014	52,211	36,603,971	142.6
C Shares	31 August 2011	9,817	7,816,404	125.6
	31 August 2012	8,895	6,436,084	138.2
	31 August 2013	13,235	9,521,915	139.0
	28 February 2014	13,602	9,507,358	143.1

Highest and Lowest Prices

Share Class	Calendar Year	Highest Price (p)	Lowest Price (p)
A Shares	2009	122.6	97.8
	2010	132.7	121.6
	2011	132.2	123.7
	2012	143.8	128.0
	2013	147.6	137.7
	2014 ¹	144.8	141.1
C Shares	2009	123.1	98.1
	2010	133.2	122.1
	2011	132.9	124.1
	2012	144.4	128.5
	2013	148.2	138.1
	2014 ¹	145.5	141.7

¹ For the period to 28 February 2014

Investment Performance continued

Distribution History

Share Class	Calendar Year	Net Distribution per Share (p)
A Shares	2009	5.6937
	2010	4.5149
	2011	4.5103
	2012	4.1043
	2013	3.9062
	2014 ¹	1.8181
C Shares	2009	6.1827
	2010	5.0365
	2011	5.0456
	2012	4.6434
	2013	4.4767
	2014 ¹	2.1389

¹ For the period to 28 February 2014

Ongoing Charges Figure

Share Class	Year Ended	OCF (%)
A Shares	31 August 2012	1.42
	31 August 2013	1.44
C Shares	31 August 2012	0.93
	31 August 2013	0.96

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.

Distribution Table

For the six months ended 28 February 2014

Interim

Group 1: Shares purchased prior to 1 September 2013

Group 2: Shares purchased on or after 1 September 2013 to 28 February 2014

Share Class	Gross Distribution 30 April 2014 per Share (p)	Income Tax deducted 30 April 2014 per Share (p)	Net Distribution 30 April 2014 per Share (p)	Equalisation 30 April 2014 per Share (p)	Distribution payable 30 April 2014 per Share (p)	Distribution paid 30 April 2013 per Share (p)
Income Shares						
A Shares						
Group 1	2.2726	0.4545	1.8181	-	1.8181	2.0501
Group 2	1.2525	0.2505	1.0020	0.8161	1.8181	2.0501
Income Shares						
C Shares						
Group 1	2.6736	0.5347	2.1389	-	2.1389	2.3452
Group 2	1.2999	0.2600	1.0399	1.0990	2.1389	2.3452

Investors are reminded that distribution is not guaranteed.

Investment Review

Performance Summary

Over the six-month period under review, 1st September 2013 to 28th February 2014, the fund produced a post fee total return of 4.23% after fees for Shareclass A and 4.43% for Shareclass C. The Fund's custom benchmark, which comprises 75% BofA ML Sterling Non-Gilt Index & 25% BofA ML European High Yield Index, produced a total return of 4.48% over the period.*

The major drivers of performance were:

- An overweight to select agency backed securities which performed well over the period.
- An overweight to select industrials, especially the food retail and pub sector and media added to performance as spreads tightened over the period.
- An underweight to tier 2 and tier 1 step bonds within financials detracted from performance, as spreads rallied in Q4 of 2013. The negative performance was partially offset by an overweight to select Contingent Convertibles (CoCo) issues which performed well.
- Within duration strategies, an overweight to German and Mexican duration added to performance, as rates decreased across the curves. An underweight to peripheral Europe, especially Italy and Portugal, detracted from performance.
- Off-benchmark exposure to the belly of the US curve added to performance as rates fell. The fund also benefited from rolling down the steepest part of the yield curve.
- Exposure to the belly of the UK nominal yield curve as rates edged higher in the front and belly of the curve detracted from performance.

Market Background

After a buoyant October during which both credit spreads and government yields fell in the UK and both total and excess returns were positive, the final two months of 2013 saw UK credit markets outperform government bonds despite posting negative total returns. During the first two months of 2014 Barclays UK Global Credit index posted a total return of 2.76% as of February end.

During October and November, 10-year UK government bond yields rose, largely due to positive economic data releases. Construction, auto sales and retail sales were

amidst the multiple metrics which surprised on the upside during the quarter, contributing to an increase in Q3 2013 GDP growth to 0.8%. In recognition of this positive momentum the IMF upgraded Britain's growth outlook to 1.4% for 2013 and to 1.9% for 2014 in October.

Since the Bank of England (BoE) during its August meeting tied the performance of the labour market to the initiation of rate increases, the latter has been especially closely followed. The unemployment rate was at 7.6% at the end of Q3, before dropping to a four-year low of 7.4% by the end of October. In the beginning of 2014 the BoE decided to remove the link between interest rates and unemployment. Carney unveiled a very optimistic forecast for the UK, saying that the central bank now expects the economy to grow at 3.4% in 2014.

Financials reigned once again as continued strong performance by the insurance sub-sector on the back of strong results helped drive returns for the broader financial sector to 2.2%. On the other hand, media / cable firms struggled, as the possibility of further sector consolidation loomed and continued to spook investors.

Portfolio Review

At the end of the period under review, the portfolio had a duration underweight of -0.3 years. This reflects ongoing volatility in interest rates in the light of policy uncertainty and the market's expectations of higher rates. The average month-end duration was flat relative to the benchmark over the period under review.

Until September 2013, the portfolio had an underweight to corporate spread relative to the benchmark, but finished the period with a 1.1 year overweight as the economic outlook for the UK and eurozone improved further. Restaurants and media were our top overweights throughout the period at around 3% and 2 % respectively, relative to the benchmark. On an absolute basis our biggest allocation is in banking where we hold 21% (2% more than the benchmark). We continue to focus on parts of the capital structure offering the best relative value such as subordinated bonds and convertible debt in certain UK banks which still offer attractive risk-adjusted returns given the regulatory environment.

* 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. Benchmark performance based on end of day prices.

Investment Review continued

Outlook

PIMCO has modestly upgraded its forecasts for global growth over the cyclical horizon, encouraged by a steady accumulation of positive data releases from certain regions. The surprisingly buoyant economic indicators emanating from both the US and the UK in recent quarters have reinforced our confidence that a nascent global recovery is underway. Such economic resilience is expected to have favourable knock-on effects on both domestic consumer behaviour and the growth prospects for other export-dependent regions, such as emerging markets and the eurozone.

We remain focused on companies in the UK credit market which are globally diversified, particularly with exposure to the US given that this is where we anticipate the economic rebound to be the strongest over the cyclical horizon. The recent strength shown by UK economic data releases has also raised the attraction of certain domestic sectors:

- Our largest sector overweight remains banks where we continue to invest in subordinated debt and CoCos. Despite the spread tightening experienced during 2013, we believe that valuations are still attractive given

the ongoing regulatory pressure to strengthen balance sheets through deleveraging.

- We maintain an overweight to the pub sector, with a focus on select names within what is a niche credit sector. The sector offers value versus other secured debt structures due to its lower leverage, low refinancing risk and high asset backing and should benefit from improving consumer confidence.
- Retailers with a developed online presence have delivered strong operational results and we expect them to continue to outperform competitors who have been slow to establish online platforms.
- "Rising stars" which are companies with improving fundamentals that we believe are under-rated by the rating agencies and will be upgraded to investment grade over the medium-term horizon with consequently significant price appreciation.

14 March 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.

Portfolio Statement

As at 28 February 2014

Holding/ Nominal		Market Value £000s	% of Net Assets
Sterling Denominated Fixed Rate Government Bonds 1.56% (2013 - 5.16%)			
£330,000	Federal National Mortgage Association 5.375% Guaranteed Bonds 7/12/2028	388	0.59
£650,000	Treasury 1.25% Stock 22/7/2018	640	0.97
		1,028	1.56
Sterling Denominated Fixed Rate Corporate Debt Securities 66.50% (2013 - 59.93%)			
£100,000	AA Bond 4.7201% Senior European Medium Term Notes Bonds 2/7/2043	105	0.16
£150,000	ABN AMRO Bank 4.875% Guaranteed European Medium Term Notes 16/1/2019	166	0.25
£200,000	ABP Finance 6.25% European Medium Term Notes 14/12/2026	235	0.36
£310,000	Akzo Nobel 8% Guaranteed European Medium Term Notes 6/4/2016	351	0.53
£400,000	American International 5% Guaranteed Senior European Medium Term Bonds 26/4/2023	441	0.67
£200,000	Amgen 4% Bonds 13/9/2029	193	0.29
£150,000	Amgen 5.5% Senior Notes 7/12/2026	171	0.26
£100,000	AP Moeller-Maersk 4% Senior European Medium Term Notes 4/4/2025	98	0.15
£200,000	Arkle Master Issuer 3.986% Guaranteed Mortgage Backed Bonds 17/5/2060	213	0.32
£300,000	Arqiva Financing 5.34% Guaranteed Senior European Medium Term Bonds 30/12/2037	301	0.46
£200,000	Aston Martin Capital 9.25% Senior Notes 15/7/2018	218	0.33
£172,000	BAA 7.125% Guaranteed Senior European Medium Term Notes 1/3/2017	190	0.29
£200,000	BAA Funding 5.225% Guaranteed Senior European Medium Term Bonds 15/2/2025	221	0.34
£600,000	Bank of America 7% Guaranteed Senior European Medium Term Bonds 31/7/2028	783	1.19
£256,000	Barclays Bank 10% Guaranteed Subordinated European Medium Term Bonds 21/5/2021	339	0.52
£200,000	BAT International Finance 4% Guaranteed European Medium Term Notes 4/9/2026	202	0.31
£200,000	BAT International Finance 6% Guaranteed European Medium Term Bonds 29/6/2022	237	0.36
£100,000	BAT International Finance 6.375% European Medium Term Notes 12/12/2019	119	0.18
£175,000	BAT International Finance 7.25% Guaranteed European Medium Term Bonds 12/3/2024	225	0.34
£400,000	BG Energy Capital 6.5% Variable Medium Term Notes 30/11/2072	435	0.66
£472,641	British Sky Broadcasting 5.0636% Guaranteed European Medium Term Bonds 10/8/2033	525	0.80
£400,000	British Sky Broadcasting 6% Guaranteed European Medium Term Bonds 21/5/2027	464	0.71
£300,000	British Telecom 5.75% Guaranteed Senior Bonds 7/12/2028	343	0.52
£100,000	Brixton 6% Bonds 30/9/2019	115	0.17
£300,000	Citigroup 5.15% European Medium Term Notes 21/5/2026	336	0.51
£200,000	Citigroup 5.875% Guaranteed Subordinated European Medium Term Bonds 1/7/2024	224	0.34
£500,000	CNP Assurances 7.375% Medium Term Notes 30/9/2041	558	0.85
£400,000	Cpuk Finance 11.625% Bond 28/2/2042	454	0.69
£300,000	Cpuk Finance 4.811% Bonds 28/2/2042	322	0.49

Portfolio Statement continued

Holding/ Nominal		Market Value £000s	% of Net Assets
Sterling Denominated Fixed Rate Corporate Debt Securities (continued)			
£100,000	Danske Bank 5.375% Bonds 29/9/2021	104	0.16
£400,000	Dixons Retail 8.75% Notes 15/9/2017	465	0.71
£600,000	DNB Bank 4.25% Senior European Medium Term Notes 27/1/2020	644	0.98
£200,000	Eastern Power Networks 5.75% Guaranteed Senior European Medium Term Bonds 8/3/2024	230	0.35
£400,000	Electricite de France 5.5% Bonds 17/10/2041	447	0.68
£100,000	Electricite De France 5.875% Guaranteed Senior European Medium Term Bonds 18/7/2031	116	0.18
£100,000	Electricite de France 6.25% Guaranteed Senior European Medium Term Bonds 30/5/2028	120	0.18
£500,000	Enterprise Inns 6.5% Guaranteed Senior Bonds 6/12/2018	528	0.80
£50,000	ENW Capital Finance 6.125% Guaranteed European Medium Term Bonds 21/7/2021	58	0.09
£300,000	ENW Capital Finance 6.75% Guaranteed Senior European Medium Term Notes 20/6/2015	320	0.49
£150,000	European Investment Bank 3.75% Bonds 7/12/2027	153	0.23
£400,000	European Investment Bank 5% Guaranteed Senior Bonds 15/4/2039	475	0.72
£200,000	European Investment Bank 6% Guaranteed Senior Bonds 7/12/2028	255	0.39
£250,000	FCE Bank 5.125% Guaranteed Senior European Medium Term Notes 16/11/2015	265	0.40
£300,000	Finmeccanica Finance 8% Guaranteed European Medium Term Bonds 16/12/2019	340	0.52
£200,000	France Telecom 5.25% Guaranteed Senior European Medium Term Bonds 5/12/2025	217	0.33
£220,000	GE Capital 5.375% Guaranteed Senior European Medium Term Bonds 18/12/2040	255	0.39
£350,000	GE Capital 5.625% Guaranteed Senior European Medium Term Bonds 16/9/2031	409	0.62
£65,222	GE Capital 6.44% European Medium Term Notes 15/11/2022	75	0.11
£200,000	GE Capital UK Funding 4.375% Senior European Medium Term Notes 31/7/2019	216	0.33
£450,000	GE Capital UK Funding 5.875% Guaranteed European Medium Term Bonds 4/11/2020	526	0.80
£800,000	GKN 5.375% Bonds 19/9/2022	872	1.32
£500,000	GlaxoSmithKline 3.375% European Medium Term Bonds 20/12/2027	470	0.71
£100,000	Glaxosmithkline Capital 5.25% Guaranteed European Medium Term Bonds 19/12/2033	115	0.17
£700,000	Grainger 5% Guaranteed Senior Notes 16/12/2020	738	1.12
£464,568	Greene King Finance 5.318% Guaranteed Asset Backed Bonds 15/9/2031	521	0.79
£143,000	Greene King Finance 5.702% Guaranteed Asset Backed Bonds 15/12/2034	131	0.20
£600,000	Heathrow Finance 5.375% European Medium Term Notes 2/9/2019	616	0.94
£100,000	Holmes Master Issuer 4.009% Guaranteed Mortgage Backed European Medium Term Bonds 15/10/2054	109	0.17
£600,000	HSBC Bank 4.75% Guaranteed Subordinated European Medium Term Bonds 24/3/2046	572	0.87
£450,000	HSBC Bank 5.375% Guaranteed Subordinated European Medium Term Bonds 22/8/2033	473	0.72
£500,000	HSBC Holdings 6% Guaranteed Subordinated European Medium Term Bonds 29/3/2040	558	0.85

Portfolio Statement continued

Holding/ Nominal		Market Value £000s	% of Net Assets
Sterling Denominated Fixed Rate Corporate Debt Securities (continued)			
£250,000	Hutchison Whampoa Finance (UK) 5.625% Guaranteed Bonds 24/11/2026	286	0.43
£250,000	Iberdrola Finanzas 6% European Medium Term Notes 1/7/2022	284	0.43
£200,000	Imperial Tobacco Finance 4.875% Guaranteed European Medium Term Notes 7/6/2032	205	0.31
£300,000	Imperial Tobacco Finance 5.5% Medium Term Notes 22/11/2016	329	0.50
£716,000	Imperial Tobacco Finance 7.75% Guaranteed European Medium Term Notes 24/6/2019	875	1.33
£400,000	ING Bank 5.375% Guaranteed Senior European Medium Term Bonds 15/4/2021	451	0.69
£500,000	ING Bank 6.875% Guaranteed Subordinated European Medium Term Bonds 30/5/2023	559	0.85
£750,000	InterContinental Hotels 3.875% European Medium Term Notes 28/11/2022	755	1.15
£450,000	Intu (SGS) Finance 3.875% Guaranteed Senior European Medium Term Bonds 17/3/2028	446	0.68
£300,000	IPIC 6.875% Guaranteed European Medium Term Bonds 14/3/2026	375	0.57
£836,000	John Lewis 6.125% Guaranteed Senior Bonds 21/1/2025	979	1.49
£300,000	JP Morgan Chase 4.25% Guaranteed Senior European Medium Term Notes 25/1/2017	321	0.49
£250,000	JP Morgan Chase 6.125% European Medium Term Notes 30/5/2017	243	0.37
£100,000	Koninklijke KPN 5.75% Guaranteed Senior European Medium Term Bonds 17/9/2029	109	0.17
£200,000	KPN 6.875% Guaranteed Senior Subordinated Floating Rate European Medium Term Bonds 14/3/2073	209	0.32
£800,000	Lafarge 8.75% Guaranteed Senior European Medium Term Notes 30/5/2017	959	1.46
£100,000	LBG Capital No.1 7.5884% Bonds 12/5/2020	107	0.16
£372,000	LBG Capital No.1 7.8673% Guaranteed Bonds 17/12/2019	398	0.61
£500,000	LBG Capital No.1 7.869% Bonds 25/8/2020	535	0.81
£150,000	LBG Capital No.2 7.625% Guaranteed Bonds 9/12/2019	159	0.24
£400,000	Lloyds TSB Bank 4.875% Guaranteed Medium Term Notes 30/3/2027	447	0.68
£700,000	London Power Networks 6.125% Guaranteed Senior European Medium Term Bonds 7/6/2027	828	1.26
£200,000	Manchester Airport Funding 4.75% Senior European Medium Term Notes 31/3/2034	203	0.31
£500,000	Marks & Spencer 4.75% European Medium Term Bonds 12/6/2025	506	0.77
£500,000	Marstons Issuer 5.1774% Guaranteed Bonds 15/4/2027	536	0.81
£200,000	Metropolitan Life Global Funding 3.5% Medium Term Notes 30/9/2026	197	0.30
£300,000	Metropolitan Life Global Funding I 2.875% European Medium Term Notes 11/1/2023	289	0.44
£100,000	Mitchells & Butlers Finance 6.469% Guaranteed Asset Backed Bonds 15/9/2032	116	0.18
£400,000	Munchener Ruckversicherungs 6.625% Guaranteed Subordinated Floating Rate European Medium Term Notes 26/5/2042	462	0.70
£400,000	National Express Group 6.25% Guaranteed European Medium Term Notes 13/1/2017	441	0.67
£100,000	National Grid Electricity 4% Medium Term Notes 8/6/2027	98	0.15
£300,000	Nationwide Building Society 5.625% Guaranteed Senior European Medium Term Notes 9/9/2019	343	0.52

Portfolio Statement continued

Holding/ Nominal		Market Value £000s	% of Net Assets
Sterling Denominated Fixed Rate Corporate Debt Securities (continued)			
£250,000	Northern Gas Networks 5.625% Guaranteed European Medium Term Bonds 23/3/2040	289	0.44
£100,000	PepsiCo 2.5% European Medium Term Notes 1/11/2022	94	0.14
£100,000	Porterbrook Rail Finance 5.5% Guaranteed Senior European Medium Term Notes 20/4/2019	111	0.17
£200,000	Rabobank Nederland 5.25% European Medium Term Bonds 14/9/2027	210	0.32
£200,000	RCI Banque 3.25% Senior European Medium Term Notes 25/4/2018	205	0.31
£200,000	Rio Tinto 4% European Medium Term Bonds 11/12/2029	195	0.30
£200,000	Rolls Royce 3.375% Guaranteed European Medium Term Notes 18/6/2026	191	0.29
£300,000	RWE Finance 4.75% Guaranteed European Medium Term Bonds 31/1/2034	298	0.45
£800,000	RWE Finance 5.5% Guaranteed European Medium Term Bonds 6/7/2022	892	1.36
£100,000	RWE Finance 6.5% Guaranteed European Medium Term Bonds 20/4/2021	118	0.18
£200,000	Severn Trent 3.625% European Medium Term Bonds 16/1/2026	193	0.29
£496,000	Severn Trent 6.125% Guaranteed Bonds 26/2/2024	588	0.89
£200,000	Severn Trent Water Utilities 6.25% Guaranteed Bonds 7/6/2029	245	0.37
£250,000	Silverstone Master Issuer 5.063% Guaranteed Mortgage Backed European Medium Term Bonds 21/1/2055	272	0.41
£150,000	Southern Gas 4.875% Medium Term Notes 21/3/2029	160	0.24
£300,000	Spirit Issuer 5.472% Bonds 28/12/2034	285	0.43
£100,000	Spirit Issuer 5.86% Guaranteed Senior Bonds 28/12/2021	99	0.15
£100,000	Spirit Issuer 6.582% Guaranteed Senior Bonds 28/12/2027	104	0.16
£650,000	Standard Chartered Bank 7.75% Guaranteed Subordinated European Medium Term Bonds 3/4/2018	759	1.15
£300,000	Svenska Handelsbanken 2.75% European Medium Term Notes 5/12/2022	287	0.44
£800,000	Telecom Italia 7.375% Guaranteed Senior European Medium Term Notes 15/12/2017	897	1.36
£550,000	Telefonica Emisiones 5.289% Guaranteed Medium Term Notes 9/12/2022	589	0.89
£200,000	Telefonica Emisiones SAU 5.375% Guaranteed European Medium Term Bonds 2/2/2018	218	0.33
£197,756	Telereal Secured Finance 4.01% Asset Backed Notes 10/12/2033	196	0.30
£300,000	Telereal Securitisation 4.0902% Asset Backed Bonds 10/12/2021	305	0.46
£300,000	Temasek Financial I 5.125% Guaranteed European Medium Term Bonds 26/7/2040	354	0.54
£50,000	Thames Water Utilities 4.375% Guaranteed Medium Term Notes 3/7/2034	49	0.07
£100,000	Time Warner Cable 5.25% Guaranteed Bonds 15/7/2042	102	0.15
£241,177	Unique Pub Finance 5.659% Guaranteed Asset Backed Bonds 30/6/2027	241	0.37
£400,000	United Utilities Water 5.75% Senior European Medium Term Bonds 25/3/2022	462	0.70
£792,000	Virgin Media 5.5% Guaranteed Senior Notes 15/1/2021	822	1.25
£200,000	Volkswagen Financial Services 2.625% Guaranteed European Medium Term Notes 22/7/2019	201	0.30
£200,000	Wells Fargo 3.5% Medium Term Notes 12/9/2029	189	0.29
£250,000	Western Power Distribution South Wales 5.75% Guaranteed Senior Bonds 23/3/2040	290	0.44
£319,233	Whitnash 9% Cumulative Preference Shares ¹	0	0.00
£200,000	William Hill 7.125% European Medium Term Note 11/11/2016	224	0.34
		43,761	66.50

Portfolio Statement continued

Holding/ Nominal		Market Value £000s	% of Net Assets
Sterling Denominated Fixed Rate Perpetual Corporate Debt			
Securities 3.65% (2013 - 1.49%)			
£300,000	Bank of Scotland Capital Funding 6.059% Guaranteed Perpetual Bonds	311	0.47
£200,000	Barclays Bank 14% Guaranteed Perpetual Subordinated Bonds	270	0.41
£200,000	Credit Agricole 8.125% Subordinate Perpetual Bonds	222	0.34
£110,000	HBOS Sterling Finance (Jersey) 7.881% Guaranteed Perpetual Bonds	125	0.19
£200,000	Orange 5.875% Perpetual Subordinated Floating Rate Notes	203	0.31
£900,000	Scottish & Southern Energy 5.453% Guaranteed Perpetual Subordinated Floating Rate European Medium Term Notes	932	1.42
£308,000	Standard Chartered Bank 8.103% Perpetual Bonds	338	0.51
		2,401	3.65
Sterling Denominated Variable Rate Government Bonds 1.37% (2013 - 9.53%)			
£900,000	Treasury 0% Bills 28/4/2014	900	1.37
Sterling Denominated Variable Rate Corporate Debt			
Securities 2.37% (2013 - 2.85%)			
£550,000	Co-Operative 5.625% Guaranteed Notes 8/7/2020	583	0.88
£38,149	Deco 12 - UK 4 0.99281% Guaranteed Bonds 27/1/2020	37	0.06
£250,000	DFS Furniture Holding 6.52519% Guaranteed Senior Notes 15/8/2018	255	0.39
£100,000	Glencore Finance Europe 5.5% Guaranteed Notes 3/4/2022	112	0.17
£73,255	Granite Master Issuer Floating Rate Mortgaged Backed Securities 20/12/2054	73	0.11
£20,543	Granite Mortgages Floating Rate Notes 20/7/2043	20	0.03
£17,924	Indus (Eclipse 2007-1) 1.00281% Guaranteed Bonds 25/1/2020	17	0.02
£18,380	Newgate Funding Series 2007-3 1.42438% Guaranteed Collateralised Mortgage Obligation 15/12/2050	18	0.03
£78,522	Residential Mortgage Securities 25 3.325% Guaranteed Collateralised Mortgage Obligation 16/12/2050	83	0.13
£400,000	Spirit Issuer 1.905% Guaranteed Senior Bonds 28/12/2031	361	0.55
		1,559	2.37
Sterling Denominated Variable Rate Perpetual Corporate Debt			
Securities 0.00% (2013 - 1.79%)			
Euro Denominated Fixed Rate Government Bonds 2.51% (2013 - 2.16%)			
€ 400,000	Autonomous Community of Catalonia 4.75% Guaranteed Senior Notes 4/6/2018	348	0.53
€ 100,000	Banco Nacional de Desenvolvimento 4.125% Guaranteed Senior Notes 15/9/2017	87	0.13
€ 100,000	Castilla Y Leon (Comunidad de) 6.505% Guaranteed Senior Notes 1/3/2019	97	0.15
€ 840,000	Mexico (Government) 2.75% Bonds 22/4/2023	689	1.05
€ 100,000	Slovenia Government International Bond 4.7% Guaranteed Senior Notes 1/11/2016	88	0.14
€ 300,000	Spain (Government) 3.25% Guaranteed Senior European Medium Term Notes 6/7/2015	252	0.38
€ 100,000	Spain (Government) 3.8% Bonds 31/1/2017	88	0.13
		1,649	2.51

Portfolio Statement continued

Holding/ Nominal		Market Value £000s	% of Net Assets
Euro Denominated Fixed Rate Debt Securities 15.22% (2013 - 12.21%)			
€ 300,000	America Movil Sab De 5.125% Guaranteed Subordinated Floating Rate Bonds 6/9/2073	261	0.40
€ 100,000	Aquarius Plus Investments 4.25% European Medium Term Notes 2/10/2043	87	0.13
€ 350,000	Ardagh Packaging Finance 7.375% Guaranteed Senior Notes 15/10/2017	310	0.47
€ 250,000	Atrium European Real Estate 4% Senior Notes 20/4/2020	211	0.32
€ 500,000	AXA 5.125% Subordinated Floating Rate European Medium Term Notes 4/7/2043	453	0.69
€ 400,000	AXA 5.25% Guaranteed Subordinated Floating Rate European Medium Term Bonds 16/4/2040	365	0.55
€ 400,000	Bankia 4.375% Senior Notes 14/2/2017	351	0.53
€ 300,000	Convatec Healthcare 7.375% Guaranteed Senior Notes 15/12/2017	263	0.40
€ 200,000	Corio 3.25% Guaranteed Bonds 26/2/2021	170	0.26
€ 100,000	Crown European 7.125% Guaranteed Notes 15/8/2018	87	0.13
€ 1,000,000	Deutsche Ann Fin 3.625% Guaranteed Notes 8/10/2021	870	1.32
€ 200,000	DNB Bank 4.75% European Medium Term Notes 8/3/2022	179	0.27
€ 100,000	Fonciere Lyonnaise 3.5% Notes 28/11/2017	88	0.13
€ 500,000	Fresenius Finance B.V. 4.25% Senior Notes 15/4/2019	448	0.68
€ 200,000	Gelf Bond 3.125% Guaranteed European Medium Term Notes 3/4/2018	172	0.26
€ 200,000	HBOS 5.374% Subordinated Medium Term Notes 30/6/2021	175	0.27
€ 528,000	Heidelberg Cement Finance 8% Guaranteed Notes 31/1/2017	511	0.78
€ 204,000	Heidelberg Cement Finance 8.5% Guaranteed Bonds 31/10/2019	217	0.33
€ 200,000	Indesit 4.5% Guaranteed Senior Notes 26/4/2018	171	0.26
€ 500,000	LBG Capital No.1 7.625% Guaranteed Bonds 14/10/2020	443	0.68
€ 100,000	Nationwide Building Society 4.125% 20/3/2023	87	0.13
€ 150,000	Pirelli 5.125% Guaranteed Notes 22/2/2016	131	0.20
€ 200,000	Prologis 3.375% Guaranteed Notes 20/2/2024	167	0.26
€ 400,000	Renault 4.625% Notes 25/5/2016	352	0.53
€ 100,000	Royal Bank Of Scotland 10.5% Subordinated Floating Rate European Medium Term Notes 16/3/2022	101	0.15
€ 400,000	RPG BYTY 6.75% Senior Bonds 1/5/2020	342	0.52
€ 400,000	Schaeffler Finance 4.25% Guaranteed Senior Notes 15/5/2018	345	0.52
€ 400,000	Schaeffler Finance 7.75% Notes 15/2/2017	380	0.58
€ 800,000	Unity Media 5.75% Senior Notes 15/1/2023	714	1.08
€ 800,000	UBS 4.75% Floating Rate European Medium Term Notes 12/2/2026	684	1.04
€ 500,000	UPCB Finance 7.625% Guaranteed Senior Notes 15/1/2020	446	0.68
€ 300,000	UPCB Finance II 6.375% Guaranteed Senior Notes 1/7/2020	265	0.40
€ 200,000	Wind Acquisition Finance 7.375% Senior Notes 15/2/2018	176	0.27
		10,022	15.22

Portfolio Statement continued

Holding/ Nominal		Market Value £000s	% of Net Assets
Euro Denominated Variable Rate Government Bonds 0.00% (2013 - 0.44%)			
Euro Denominated Variable Rate Debt Securities 2.28% (2013 - 2.70%)			
€ 200,000	Bankia 5% Mortgaged Bonds 30/10/2014	169	0.26
€ 66,762	Berica Residential 0.485% Floating Rate Notes 31/12/2055	55	0.08
€ 34,717	Eurosail-UK 2007 1.65% Guaranteed Collateralised Mortgage Obligation 13/3/2045	28	0.04
€ 400,000	Goldman Sachs 1.883% Guaranteed Senior Bonds 23/5/2016	328	0.50
€ 300,000	Goldman Sachs 2.045% Guaranteed Senior European Medium Term Bonds 12/8/2015	248	0.38
€ 200,000	Merrill Lynch Floating Rate Subordinated Medium Term Notes 14/9/2018	158	0.24
€ 300,000	Schaeffler Holdings Finance 6.875% Guaranteed Senior Notes 15/8/2018	265	0.40
€ 299,430	Storm 1.658% Floating Rate Notes 22/11/2053	248	0.38
		1,499	2.28
Euro Denominated Fixed Rate Perpetual Corporate Debt Securities 0.26% (2013 - 0.00%)			
€ 200,000	Casino Guichard Perracho 4.87% Guaranteed Perpetual Subordinated Floating Rate European Medium Term Bonds	169	0.26
US Dollar Denominated Fixed Rate Government Bonds 0.38% (2013 - 0.00%)			
\$200,000	Slovenia Government International Bond 5.25% Guaranteed Notes 18/2/2024	122	0.19
\$200,000	Slovenia Government International Bond 5.85% Guaranteed Notes 10/5/2023	128	0.19
		250	0.38
US Dollar Denominated Fixed Rate Debt Securities 1.93% (2013 - 1.12%)			
\$400,000	Barclays 7.625% Notes 21/11/2022	264	0.40
\$206,519	Continental Airlines 2009 2 7.25% Guaranteed Bonds 10/11/2019	143	0.22
\$200,000	Continental Resources 7.125% Guaranteed Senior Notes 1/4/2021	136	0.21
\$200,000	Crédit Agricole 8.125% 19/9/2033	137	0.21
\$200,000	Pioneer Natural Resources 7.5% Senior Notes 15/1/2020	148	0.22
\$350,000	Royal Bank of Scotland 9.5% Subordinated Floating Rate European Medium Term Notes 16/3/2022	247	0.38
\$300,000	SLM 6.25% Guaranteed Notes 25/1/2016	194	0.29
		1,269	1.93
US Dollar Denominated Variable Rate Debt Securities 0.09% (2013 - 0.76%)			
\$100,000	Verizon Communications 2.00185% Floating Rate Notes 14/9/2018	63	0.09

Portfolio Statement continued

Holding/ Nominal		Market Value £000s	% of Net Assets
US Dollar Denominated Fixed Rate Perpetual Debt Securities 1.99% (2013 - 0.91%)			
\$200,000	Electricite de France 5.25% Floating Rate Perpetual Bonds	120	0.18
\$700,000	Electricite de France 5.625% Guaranteed Perpetual Subordinated Floating Rate Bonds	422	0.64
\$740,000	Rabobank Nederland 11% Guaranteed Perpetual Subordinated Bonds	582	0.88
\$300,000	SSE 5.625% Perpetual Bonds	191	0.29
		1,315	1.99
DERIVATIVES 0.08% (2013 - 0.61%)			
Sterling Open Forward Exchange Contracts 0.05% (2013 - 0.62%)			
	Bought GBP 28,396,906 : Sold EUR 34,480,126	(22)	(0.03)
	Bought GBP 5,579,817 : Sold 9,261,540	53	0.08
		31	0.05
Sterling Open Futures Contracts 0.02% (2013 - (0.03)%)			
25	Long Gilt June 2014 Futures	15	0.02
Euro Open Forward Exchange Contracts 0.03% (2013 - (0.02)%)			
	Bought EUR 17,914,063 : Sold GBP 14,745,397	18	0.03
Mexican New Peso Open Forward Exchange Contracts 0.00% (2013 - (0.02)%)			
US Dollar Open Forward Exchange Contracts (0.02)% (2013 - 0.06%)			
	Bought USD 4,534,501 : Sold GBP 2,719,093	(13)	(0.02)
	Investment assets ²	65,936	100.19
	Net other liabilities	(123)	(0.19)
	Net assets	65,813	100.00

¹ Indicates unquoted or delisted securities, stated at ACD's valuation.

² Includes derivative liabilities.

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

Note: Comparative figures show percentages for each category of holding at 31 August 2013.

Bond Ratings

	2014 Market Value £000s	2014 % of Net Assets	2013 Market Value £000s	2013 % of Net Assets
Investment Grade	47,437	72.08	53,162	77.98
Sub-investment Grade	18,448	28.03	15,727	23.07
Derivatives	51	0.08	414	0.61
Other liabilities	(123)	(0.19)	(1,131)	(1.66)
Total net assets	65,813	100.00	68,172	100.00

Source: PIMCO

A fixed income security is deemed to be of investment grade, if it is rated BBB- or above.

Summary of Portfolio Changes

For the six months ended 28 February 2014

The summaries below identify those purchases and sales exceeding 2% of the net assets of the Fund at the start of the period, subject to a minimum disclosure of the twenty largest purchases and sales.

Purchases	Cost £000s	Sales	Proceeds £000s
Treasury 1.25% Stock 22/7/2018	4,120	Treasury 1.25% Stock 22/7/2018	3,489
Treasury 0% Bills 17/3/2014	1,868	Treasury 3.25% Stock 22/1/2044	2,344
Treasury 0% Bills 28/4/2014	999	Treasury 0% Bills 17/3/2014	1,869
Treasury 0% Bills 27/1/2014	949	Treasury 0% Bills 14/10/2013	1,500
Deutsche Ann Fin 3.625% Guaranteed		Treasury 0% Bills 28/10/2013	1,299
Notes 8/10/2021	833	Treasury 0% Bills 2/9/2013	1,100
Telecom Italia 7.375% Guaranteed Senior European		Treasury 0% Bills 16/9/2013	1,100
Medium Term Notes 15/12/2017	769	Tesco Property Finance 6.0517% Guaranteed	
Grainger 5% Guaranteed Senior Notes 16/12/2020	700	Mortgage Backed Bonds 13/10/2039	1,026
UBS 4.75% Floating Rate European Medium Term		Treasury 0% Bills 27/1/2014	950
Notes 12/2/2026	659	BAA 7.125% Guaranteed Senior European	
Heathrow Finance 5.375% European Medium		Medium Term Notes 1/3/2017	658
Term Notes 2/9/2019	617	Barclays Bank 10% Guaranteed Subordinated	
Lafarge 8.75% Guaranteed Senior European		European Medium Term Bonds 21/5/2021	657
Medium Term Notes 30/5/2017	593	Conti-Gummi Finance 6.5% Bonds 15/1/2016	610
RWE Finance 5.5% Guaranteed European		Enterprise Inns 6.5% Guaranteed Senior	
Medium Term Bonds 6/7/2022	559	Bonds 6/12/2018	520
Intu (SGS) Finance 3.875% Guaranteed Senior		Barclays Bank 5.015% Bonds 12/11/2013	504
European Medium Term Bonds 17/3/2028	445	Treasury 0% Bills 25/11/2013	500
National Express Group 6.25% Guaranteed		RWE Finance 4.75% Guaranteed European	
European Medium Term Notes 13/1/2017	442	Medium Term Bonds 31/1/2034	490
Electricite De France 5.625% Guaranteed Perpetual		Tokyo Electric Power 4.5% Bonds 24/3/2014	413
Subordinated Floating Rate Bonds	422	Treasury 0% Bills 23/9/2013	400
Treasury 0% Bills 17/2/2014	400	Treasury 0% Bills 17/2/2014	400
AXA 5.25% Guaranteed Subordinated Floating Rate		Treasury 4.25% Stock 7/3/2036	397
European Medium Term Bonds 16/4/2040	358		
AXA 5.125% Subordinated Floating Rate European			
Medium Term Notes 4/7/2043	351		
Finmeccanica Finance 8% Guaranteed European			
Medium Term Bonds 16/12/2019	337		
Conti-Gummi Finance 2.5% Bonds 20/3/2017	335		
Autonomous Community of Catalonia 4.75%			
Guaranteed Senior Notes 4/6/2018	330		
Other purchases	6,530	Other sales	6,516
Total purchases for the period	22,616	Total sales for the period	26,742

Statement of Total Return

For the six months ended 28 February 2014

	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Income				
Net capital gains		1,944		1,662
Revenue	1,593		1,786	
Expenses	(446)		(475)	
Finance costs: Interest	(1)		-	
Net revenue before taxation	1,146		1,311	
Taxation	0		0	
Net revenue after taxation		1,146		1,311
Total return before distributions		3,090		2,973
Finance costs: Distributions		(1,146)		(1,311)
Change in net assets attributable to shareholders from investment activities		1,944		1,662

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 28 February 2014

	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Opening net assets attributable to shareholders		68,172		67,395
Amounts receivable on issue of shares	4,029		7,882	
Less: Amounts payable on cancellation of shares	(8,342)		(7,756)	
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(4,313)		126
Unclaimed distribution		1,944		1,662
		10		0
Closing net assets attributable to shareholders		65,813		69,183

Section 3.30 of the IMA SORP issued in October 2010 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance Sheet

As at 28 February 2014

	28 February 2014 £000s	28 February 2014 £000s	31 August 2013 £000s	31 August 2013 £000s
Assets				
Investment assets		65,971		69,354
Debtors	1,968		17,113	
Cash and bank balances	149		421	
Total other assets		2,117		17,534
Total assets		68,088		86,888
Liabilities				
Investment liabilities		(35)		(51)
Amount held at futures clearing houses and brokers	0		(237)	
Creditors	(1,371)		(17,489)	
Distribution payable on income shares (net of income tax at 20%)	(869)		(939)	
Total other liabilities		(2,240)		(18,665)
Total liabilities		(2,275)		(18,716)
Net assets attributable to shareholders		65,813		68,172

Allianz Continental European Fund

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Fund Information

Investment Objective and Policy

This 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.

Status of the Allianz UK & European Investment Funds

It is the intention of the ACD that the Allianz Continental European Fund (the "Fund") will be managed so as to meet the requirements necessary for it to be included in an Individual Savings Account.

Classes of Share within the sub-funds

There are three classes of share available on the Allianz Continental European Fund, being 'A', 'C' and 'I' classes.

Fund Details

Fund Manager	Thorsten Winkelmann and Matthias Born	
Benchmark	FTSE Eurofirst 300 (ex UK) Index to 31 March 2014. S&P Europe ex UK Large MidCap Growth (British Pound) Net Total Return from 1 April 2014.	
Income allocation date	31 August	
Income pay date	31 October	
Launch dates	Fund	16 May 2002
	A Shares	16 May 2002
	C Shares	16 April 2012
ISA status	Yes (A and C Shares)	
Share Classes and type of Shares	A (Accumulation Shares) C (Accumulation Shares) I (Accumulation Shares)	
Minimum investment	A Shares Lump sum £500 Monthly saving £50 C Shares Lump sum £500 I Shares Lump sum £10,000,000 Available only at discretion of ACD	
Initial charge	A Shares	4%
	C Shares	Nil
	I Shares	Nil
Annual ACD fee	A Shares	1.50%
	C Shares	0.75%
	I Shares	0.65%

Investment Performance

Net Asset Value

Share Class	Period Ended	Net Asset Value (£000s)	Number of Shares in Issue	Net Asset Value per Share (p)
A Shares	31 August 2011	20,325	3,494,059	581.7
	31 August 2012	21,062	3,223,045	653.5
	31 August 2013	26,552	3,349,017	792.8
	28 February 2014	25,308	3,071,100	824.1
C Shares ¹	31 August 2012	8,617	8,346,351	103.2
	31 August 2013	11,522	9,122,776	126.3
	28 February 2014	9,140	6,935,139	131.8

¹ On 16 April 2012, class 'C' shares were introduced

Highest and Lowest Prices

Share Class	Calendar Year	Highest Price (p)	Lowest Price (p)
A Shares	2009	596.7	358.7
	2010	619.0	498.3
	2011	679.5	512.8
	2012	725.6	572.7
	2013	835.8	722.8
	2014 ²	828.3	780.0
C Shares ¹	2012	115.0	92.5
	2013	132.9	114.5
	2014 ²	132.3	124.7

¹ On 16 April 2012, class 'C' shares were introduced

² For the period to 28 February 2014

Investment Performance continued

Distribution History

Share Class	Calendar Year	Net Distribution per Share (p)
A Shares	2009	8.2537
	2010	5.4090
	2011	2.7459
	2012	2.3016
	2013	2.4388
	2014 ²	-
C Shares ¹	2012	1.0135
	2013	1.3533
	2014 ²	-

¹ On 16 April 2012, class 'C' shares were introduced

² For the period to 28 February 2014

Ongoing Charges Figure

Share Class	Year Ended	OCF (%)
A Shares	31 August 2012	1.83
	31 August 2013	1.83
C Shares	31 August 2012	0.97
	31 August 2013	1.01

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' share class was first issued on 16 April 2012, the comparative OCF was annualised.

Investment Review

Performance Summary

Over the six month period under review, 1st September 2013 to 28th February 2014, the Fund's 'A' class produced a total return of 3.87% and 'C' class produced a total return of 4.28%. The Fund's benchmark, the FTSE Eurofirst 300 ex UK, produced a total return of 11.38% over the period.*

The key reason for this under performance was a strong re-rating of lower quality and peripheral European stocks after the euro area had emerged from the recession.

Shares of Novo-Nordisk, Ingenico and Amadeus IT contributed strongly to the performance. Danone, Richemont and Elekta detracted.

Market Background

Europe has emerged from recession. Central banks gave continued support. Stress in the financial system has eased. There were periods of uncertainty about global growth (China).

Portfolio Review

We are comfortable with all holdings where the investment case remains valid. We sold the positions in Vienna Insurance, Marr, FMC and Outotec. We initiated positions in Kingspan, SCOR and Julius Baer.

Outlook

The European economies will likely grow slightly in 2014, but remain governed by Financial Repression. Profits should rise, but remain – on aggregate – based upon the recovery. At a portfolio level, we are more optimistic on profitability and revenue growth.

20 March 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.

* 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. Benchmark performance based on end of day prices.

Portfolio Statement

As at 28 February 2014

Holding	Market Value £000s	% of Net Assets
OVERSEAS EQUITIES 101.05% (2013 - 97.91%)		
Austria 0.00% (2013 - 1.42%)		
Belgium 2.58% (2013 - 2.52%)		
14,198 Anheuser-Busch InBev	888	2.58
Denmark 11.57% (2013 - 11.04%)		
13,566 Carlsberg 'B' Shares	855	2.48
45,866 DSV	877	2.55
59,538 Novo Nordisk	1,695	4.92
23,686 SimCorp	557	1.62
	3,984	11.57
Finland 1.35% (2013 - 1.91%)		
4,979 Kone	121	0.35
11,417 Sampo series 'A' Shares	345	1.00
	466	1.35
France 24.28% (2013 - 26.22%)		
5,062 BIC	387	1.12
33,587 Bureau Veritas	553	1.61
10,687 Danone	451	1.31
7,217 Dassault Systemes	495	1.44
19,401 Edenred	372	1.08
5,837 Essilor International	364	1.06
11,092 Ingenico	640	1.86
34,233 Legrand	1,268	3.68
6,272 L'Oréal	635	1.84
5,687 LVMH	632	1.83
18,359 Schneider Electric	980	2.85
25,117 SCOR	525	1.52
16,665 Sodexo	1,062	3.08
	8,364	24.28

Portfolio Statement continued

Holding	Market Value £000s	% of Net Assets
Germany 21.28% (2013 - 18.56%)		
4,051 Brenntag	450	1.31
8,052 Fresenius	746	2.17
4,457 Fuchs Petrolub	264	0.77
14,399 Henkel	959	2.78
7,784 Hugo Boss	618	1.79
113,771 Infineon Technologies	769	2.23
5,415 Linde	669	1.94
1,785 Rational	365	1.06
44,743 SAP	2,155	6.26
11,479 Symrise	336	0.97
	7,331	21.28
Ireland 2.61% (2013 - 0.97%)		
11,626 Kerry	520	1.51
31,757 Kingspan	379	1.10
	899	2.61
Italy 1.05% (2013 - 0.33%)		
18,670 Banca Generali	362	1.05
Netherlands 5.27% (2013 - 4.76%)		
10,529 Akzo Nobel	520	1.51
13,466 ASML	699	2.03
25,134 Unilever	595	1.73
	1,814	5.27
Spain 5.34% (2013 - 5.76%)		
24,818 Amadeus IT	652	1.89
13,839 Inditex	1,189	3.45
	1,841	5.34
Sweden 10.90% (2013 - 12.95%)		
55,074 Atlas Copco 'A' Shares	923	2.68
54,799 Elekta 'B' Shares	435	1.26
52,964 Hexagon 'B' Shares	1,122	3.26
7,047 Hexpol	380	1.10
24,789 Swedish Match	469	1.36
36,202 Trelleborg	426	1.24
	3,755	10.90

Portfolio Statement continued

Holding	Market Value £000s	% of Net Assets
Switzerland 14.82% (2013 - 11.47%)		
41,485 Clariant	506	1.47
4,025 DKSH	173	0.50
19,784 Julius Baer (Registered)	553	1.61
153 Lindt & Spruengli	448	1.30
27,258 Richemont	1,617	4.70
6,374 Roche	1,172	3.40
289 Sika	635	1.84
	5,104	14.82
Investment assets	34,808	101.05
Net other liabilities	(360)	(1.05)
Net assets	34,448	100.00

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

Note: Comparative figures show percentages for each category of holding at 31 August 2013.

Summary of Portfolio Changes

For the six months ended 28 February 2014

The summaries below identify those purchases and sales exceeding 2% of the net assets of the Fund at the start of the period, subject to a minimum disclosure of the twenty largest purchases and sales.

Purchases ¹	Cost £000s	Sales	Proceeds £000s
Julius Baer (Registered)	567	Danone	739
SCOR	525	Hennes & Mauritz 'B' Shares	714
Clariant	403	Carlsberg 'B' Shares	524
Kingspan	359	FMC	510
Sampo series 'A' shares	351	Vienna Insurance	467
Infineon Technologies	348	Inditex	406
Symrise	342	SGS	341
Banca Generali	302	Dassault Systemes	302
Hugo Boss	285	L'Oréal	297
Brenntag	227	Schneider Electric	291
Sika	178	Outotec	283
BIC	163	SAP	262
Unilever	152	Ingenico	246
Kerry	142	Kone	206
Amadeus IT	103	Swedish Match	183
Trelleborg	96	Elekta 'B' Shares	174
Swedish Match	88	Compagnie Financiere Richemont	162
Roche	80	Prosegur Compania Seguridad	158
Dassault Systemes	68	Legrand	149
DKSH	35	Novo Nordisk	135
		Other sales	2,396
Total purchases for the period	4,814	Total sales for the period	8,945

¹ The table above shows all the purchases during the period.

Statement of Total Return

For the six months ended 28 February 2014

	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Income				
Net capital gains		1,631		7,685
Revenue	131		119	
Expenses	(258)		(274)	
Net expense before taxation	(127)		(155)	
Taxation	(16)		(14)	
Net expense after taxation		(143)		(169)
Total return before distributions		1,488		7,516
Finance costs: Distributions		0		0
Change in net assets attributable to shareholders from investment activities		1,488		7,516

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 28 February 2014

	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Opening net assets attributable to shareholders		38,074		29,679
Amounts receivable on issue of shares	2,258		10,333	
Less: Amounts payable on cancellation of shares	(7,372)		(2,487)	
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(5,114)		7,846
		1,488		7,516
Closing net assets attributable to shareholders		34,448		45,041

Section 3.30 of the IMA SORP issued in October 2010 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance Sheet

As at 28 February 2014

	28 February 2014 £000s	28 February 2014 £000s	31 August 2013 £000s	31 August 2013 £000s
Assets				
Investment assets		34,808		37,279
Debtors	852		1,309	
Cash and bank balances	24		287	
Total other assets		876		1,596
Total assets		35,684		38,875
Liabilities				
Creditors	(1,058)		(801)	
Bank overdrafts	(178)		0	
Total other liabilities		(1,236)		(801)
Total liabilities		(1,236)		(801)
Net assets attributable to shareholders		34,448		38,074

Allianz European Equity Income Fund

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Fund Information

Investment Objective and Policy

The objective of the Fund is to achieve high and increasing income together with capital growth.

The ACD aims to achieve the investment objective by investing mainly in securities listed on a continental European stock exchange although it may invest internationally.

It is the general intention of the ACD to invest in securities which offer above average current dividend yield or, if not, the prospect of superior long term capital growth.

The ACD may also utilise deposits in the management of the portfolio. The Fund may also invest in collective investment schemes.

Status of the Allianz UK & European Investment Funds

It is the intention of the ACD that the Allianz European Equity Income Fund (the "Fund") will be managed so as to meet the requirements necessary for it to be included in an Individual Savings Account.

Classes of Share within the sub-funds

There are two classes of share available on the Allianz European Equity Income Fund, being 'A' and 'C' class.

Fund Information continued

Fund Details

Fund Manager	Neil Dwane and Joerg de Vries-Hippen	
Benchmark	MSCI Europe (ex UK) Index	
Income allocation dates	1st Interim	30 November
	2nd Interim	28 February
	3rd Interim	31 May
	Final	31 August
Income pay dates	1st Interim	31 December
	2nd Interim	31 March
	3rd Interim	30 June
	Final	30 September
Launch dates	Fund	16 May 2002
	A Shares	30 March 2009
	C Shares	30 March 2009
ISA status	Yes (A and C Shares)	
Share Classes and types of Shares	A (Accumulation Shares) A (Income Shares) C (Accumulation Shares) C (Income Shares)	
Minimum investment	A Shares	Lump sum £500 Monthly saving £50
	C Shares	Lump sum £500
Initial charge	A Shares	4%
	C Shares	Nil
Annual ACD fee	A Shares	1.50%
	C Shares	0.75%

On 30 March 2009, the investment objective and policy of the Fund was changed and the Fund's name changed from Allianz RCM European Index Fund to Allianz RCM European Equity Income Fund. The existing class 'A' shares were renamed as class 'L' shares and new class 'A' shares and class 'C' shares were introduced. Subsequently on 1 December 2009, class 'L' shares were converted via a scheme of consolidation into the new class 'A' shares.

From 30 March 2009, the ACD fee for the Fund was borne by the capital account.

Investment Performance

Net Asset Value

Share Class	Period Ended	Net Asset Value (£000s)	Number of Shares in Issue	Net Asset Value per Share (p)
A Shares (Accumulation)	31 August 2011	18,589	14,561,530	127.7
	31 August 2012	18,006	13,880,967	129.7
	31 August 2013	20,802	12,985,588	160.2
	28 February 2014	22,099	12,338,505	179.1
A Shares (Income)	31 August 2011	4,975	4,650,426	107.0
	31 August 2012	4,728	4,543,603	104.1
	31 August 2013	5,710	4,641,680	123.0
	28 February 2014	6,850	5,011,208	136.7

Highest and Lowest Prices

Share Class	Calendar Year	Highest Price (p)	Lowest Price (p)
A Shares (Accumulation)	2009	135.8	98.9
	2010	139.3	114.8
	2011	149.8	113.9
	2012	140.7	117.3
	2013	177.5	140.5
	2014 ²	179.2	169.6
A Shares (Income)	2009	125.2	93.2
	2010	126.1	101.9
	2011	130.7	95.4
	2012	112.4	94.5
	2013	136.2	112.2
	2014 ²	137.0	129.7
L Shares (Accumulation) ¹	2009	184.5	117.2

¹ On 30 March 2009, the Fund was restructured resulting in changes to the share classes. Class 'A' shares were renamed class 'L' shares and new class 'A' shares (Income and Accumulation) and class 'C' shares (Income and Accumulation) were introduced. On 1 December 2009, class 'L' shares were converted via a scheme of consolidation into the new class 'A' shares.

² For the period to 28 February 2014

Investment Performance continued

Distribution History

Share Class	Calendar Year	Net Distribution per Share (p)
A Shares (Accumulation)	2009	4.7435
	2010	6.0750
	2011	6.2241
	2012	5.2830
	2013	6.9251
	2014 ²	0.3830
A Shares (Income)	2009	4.5238
	2010	4.9327
	2011	5.0176
	2012	3.9951
	2013	5.1313
	2014 ²	0.2278
L Shares (Accumulation) ¹	2009	6.8803

¹ On 30 March 2009, the Fund was restructured resulting in changes to the share classes. Class 'A' shares were renamed class 'L' shares and new class 'A' shares (Income and Accumulation) and class 'C' shares (Income and Accumulation) were introduced. On 1 December 2009, class 'L' shares were converted via a scheme of consolidation into the new class 'A' shares

² For the period to 28 February 2014

Ongoing Charges Figure

Share Class	Year Ended	OCF (%)
A Shares (Accumulation)	31 August 2012	2.25
	31 August 2013	2.29
A Shares (Income)	31 August 2012	2.61
	31 August 2013	2.60

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.

Distribution Table

For the six months ended 28 February 2014

1st Interim

Group 1: Shares purchased prior to 1 September 2013

Group 2: Shares purchased on or after 1 September 2013 to 30 November 2013

Share Class	Net Distribution 31 December 2013 per Share (p)	Equalisation 31 December 2013 per Share (p)	Distribution paid 31 December 2013 per Share (p)	Distribution paid 31 December 2012 per Share (p))
Accumulation Shares				
A Shares				
Group 1	0.6673	-	0.6673	0.5096
Group 2	0.3133	0.3540	0.6673	0.5096
Income Shares				
A Shares				
Group 1	0.4308	-	0.4308	0.3144
Group 2	0.1832	0.2476	0.4308	0.3144

2nd Interim

Group 1: Shares purchased prior to 1 December 2013

Group 2: Shares purchased on or after 1 December 2013 to 28 February 2014

Share Class	Net Distribution 31 March 2014 per Share (p)	Equalisation 31 March 2014 per Share (p)	Distribution payable 31 March 2014 per Share (p)	Distribution paid 31 March 2013 per Share (p)
Accumulation Shares				
A Shares				
Group 1	0.3830	-	0.3830	0.0321
Group 2	0.0000	0.3830	0.3830	0.0321
Income Shares				
A Shares				
Group 1	0.2278	-	0.2278	0.0000
Group 2	0.0000	0.2278	0.2278	0.0000

Investors are reminded that distribution is not guaranteed.

Investment Review

Performance Summary

Over the six month period under review, 1 September 2013 to 28 February 2014, the Fund's 'A' class (Accumulation) produced a total return of 11.72% and 'A' class (Income) produced a total return of 11.32%. The Fund's benchmark, the MSCI Europe ex UK – Total Return Index, produced a total return of 11.73% over the period.*

Sector selection helped performance in Industrials, Energy and Consumer Staples while selection in Financials detracted. Country-wise, selection in France and Germany was strong as opposed to Finland where selection resulted in negative performance contribution. On a single stock level, we benefited from our position in Drillisch, which continued to rally on the back of its undervaluation and improving fundamentals. Our new position in Ziggo also contributed positively to performance by announcing that they would increase their dividend. One of the main detractors was Finish company Kemira.

Market Background

Continental European equity markets have gained strongly over the course of the reporting period.

Markets started the reporting period strongly due to healthy corporate results, a largely favourable economic outlook and, above all, the monetary policies of important central banks. Relief regarding the temporary solution to the US fiscal dispute and the fact that international central banks stayed true to their expansionary monetary policy course provided support. In this context, weaker than expected US labour-market data were regarded as a sign that the US Federal Reserve, (the "Fed") would delay a monetary turnaround further. In Europe, the moderate recovery continued, and news from China were encouraging as well.

Economic data continued to be favourable. Besides higher-than-expected US retail sales data, the ZEW index for the euro area, which marked a four-year high, stood out. The slight increase in third quarter Gross Domestic Product in the euro zone combined with a strengthening European current account appear to confirm an economic recovery in the region. Given the low probability of inflationary pressures, the European Central Bank lowered its benchmark rate to a record low and hinted that they will continue their expansive monetary policy.

At the beginning of December, investors' concerns about potential negative effects of the tapering weighed on sentiment at the beginning of the month, but optimism gained ground from mid-month on the back of the US central bank's statement that it would not hike rates until 2015. European stock markets then broadly declined in January, mainly on the back of unfavourable news from the emerging markets. Emerging markets assets lost across the board as leading indicators from China came in weaker, monetary policy failed to stabilise the currencies of several emerging markets and Egypt, Thailand and Ukraine suffered from political unrest. The additional tapering of the Federal Reserve's bond purchases (while expected) made the situation even more difficult for the emerging markets. In this environment investors generally became more risk-averse, and the change in sentiment affected the markets in the developed countries, too.

However, equity markets recovered strongly in February. Above all, the markets benefited from the fact that US monetary policy looks set to remain loose for a long time to come. The new Fed chairwoman Janet Yellen said that monetary stimulus would be appropriate for some time to come.

Portfolio Review

The fund aims to generate sustainable returns and capital appreciation by investing in continental European dividend stocks where we see the ability and willingness to pay consistent, high dividends.

Our focus lies on solid balance sheets, high free cash flow generation, and strength of business model. A company's willingness to continually pay high dividends is crucial: here, we assess dividend policy, dividend history and management commitment to dividends. The result is a concentrated portfolio of high quality defensive stocks with high and sustainable dividends, lower volatility than the market and the ability to outperform in the long run.

New positions were all focused on company quality and dividend sustainability, as usual. They included banking stocks such as Swedish Nordea Bank and Cembra Money Bank from Switzerland. We have also added positions in Norwegian oil company Statoil, Belgian media technology company EVS and Swedish construction company NCC. Finally, we have built positions in Portuguese postal

* 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. Benchmark performance based on end of day prices.

Investment Review continued

company CTT and Polish power utility Energa. We have increased TDC, Eutelsat and Enagas. On the other hand, we have trimmed the positions in Axel Springer, JM, Euler Hermes and Roche as dividend yields had dropped and valuations had become increasingly stretched after good stock price runs. We have also sold the position in Orkla due to concerns about the business model. We took profits on our positions in RTL, Ziggo, Drillisch and Vinci.

Outlook

In the short term, the smouldering conflict over Ukraine and the Crimea will weigh on capital markets. It is unclear how the situation will develop, which is why the impact on the financial markets and commodity prices in particular (above all oil and gas prices) is impossible to predict. In the longer run, however, many economic indicators paint a favourable picture of the world economy, even though momentum in the emerging markets has slowed. The recovery of the US economy appears to be intact, and data

from Europe suggest that the region is slowly overcoming the recession. Economic data, such as the Purchasing Managers Index, continued to improve in the euro area. The better order/inventory ratio sends a favourable growth signal as well. European stocks might also benefit from international capital inflows. Ongoing expansionary monetary policy globally and better economic momentum should support equity markets in the coming months. Developed markets are preferred over emerging markets because of better cyclical momentum. Valuation remains particularly supportive for European equities compared to other markets. Dividends are expected to remain an important contributor for total returns in a low real yield environment.

14 March 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.

Portfolio Statement

As at 28 February 2014

Holding	Market Value £000s	% of Net Assets
OVERSEAS EQUITIES 88.35% (2013 - 91.36%)		
Austria 3.97% (2013 - 3.92%)		
38,721 Oesterreichische Post	1,150	3.97
Belgium 5.32% (2013 - 3.81%)		
9,300 EVS	345	1.19
94,499 bpost	1,195	4.13
	1,540	5.32
Denmark 2.14% (2013 - 1.57%)		
104,520 TDC	619	2.14
Finland 6.59% (2013 - 7.43%)		
110,868 Kemira	1,024	3.54
81,302 UPM Kymmene	883	3.05
	1,907	6.59
France 18.28% (2013 - 20.51%)		
3,313 Air Liquide	272	0.94
44,800 AXA	699	2.41
22,350 Bouygues	538	1.86
28,360 Eutelsat	552	1.91
59,711 SCOR	1,248	4.31
33,250 Total	1,288	4.45
15,571 Vinci	695	2.40
	5,292	18.28
Germany 12.42% (2013 - 18.18%)		
12,639 Allianz (Registered)	1,346	4.65
5,930 Deutsche Boerse	290	1.00
8,975 Drillisch	187	0.65
9,737 Muenchener Rueckversicherung	1,271	4.39
6,560 RTL	502	1.73
	3,596	12.42
Italy 8.13% (2013 - 7.50%)		
65,958 Marr	748	2.58
209,490 Snam	712	2.46
293,255 Terna	894	3.09
	2,354	8.13

Portfolio Statement continued

Holding		Market Value £000s	% of Net Assets
Luxembourg 2.37% (2013 - 2.15%)			
32,910	Ses Global Fiduciary (each representing 1 'A' Share)	685	2.37
Netherlands 5.86% (2013 - 7.58%)			
65,229	Royal Dutch Shell 'A' Shares	1,422	4.91
10,060	Ziggo	275	0.95
		1,697	5.86
Norway 9.88% (2013 - 9.96%)			
48,280	Statoil	762	2.63
87,449	Telenor	1,155	3.99
38,850	Yara International	942	3.26
		2,859	9.88
Poland 1.03% (2013 - 0.00%)			
85,835	Energa	298	1.03
Portugal 1.18% (2013 - 0.00%)			
57,142	CTT	343	1.18
Spain 3.35% (2013 - 2.64%)			
16,281	Bolsas y Mercados Espanoles	405	1.40
32,449	Enagas	564	1.95
		969	3.35
Sweden 3.51% (2013 - 1.64%)			
12,924	NCC	269	0.93
87,210	Nordea Bank	746	2.58
		1,015	3.51
Switzerland 4.32% (2013 - 4.47%)			
10,786	Cembra Money Bank	433	1.49
2,318	Swisscom	819	2.83
		1,252	4.32
	Investment assets	25,576	88.35
	Net other assets	3,373	11.65
	Net assets	28,949	100.00

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

Note: Comparative figures show percentages for each category of holding at 31 August 2013.

Summary of Portfolio Changes

For the six months ended 28 February 2014

The summaries below identify those purchases and sales exceeding 2% of the net assets of the Fund at the start of the period, subject to a minimum disclosure of the twenty largest purchases and sales.

Purchases ¹	Cost £000s	Sales ¹	Proceeds £000s
Statoil	687	Drillisch	1,006
Nordea Bank	657	Vinci	816
Cembra Money Bank	406	Orkla	661
EVS	368	Ziggo	548
Energa	294	Roche	546
CTT	278	RTL	532
NCC	264	JM	492
bpost	170	Axel Springer	486
TDC	141	UPM Kymmene	284
Telenor	134	Euler Hermes	272
Eutelsat	133	Allianz (Registered)	132
Royal Dutch Shell 'A' Shares	124		
Enagas	88		
SCOR	84		
Bouygues	65		
Yara International	61		
Ses Global Fiduciary (each representing 1 'A' Share)	54		
Total	19		
Total purchases for the period	4,027	Total sales for the period	5,775

¹ The table shows all the purchases and sales during the period.

Statement of Total Return

For the six months ended 28 February 2014

	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Income				
Net capital gains		3,090		3,832
Revenue	285		209	
Expenses	(293)		(288)	
Net expense before taxation	(8)		(79)	
Taxation	(35)		(33)	
Net expense after taxation		(43)		(112)
Total return before distributions		3,047		3,720
Finance costs: Distributions		(164)		(89)
Change in net assets attributable to shareholders from investment activities		2,883		3,631

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 28 February 2014

	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Opening net assets attributable to shareholders		26,512		22,734
Amounts receivable on issue of shares	1,104		297	
Less: Amounts payable on cancellation of shares	(1,679)		(938)	
		(575)		(641)
Dilution Levy		(2)		0
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		2,883		3,631
Retained distribution on accumulation shares		131		74
Closing net assets attributable to shareholders		28,949		25,798

Section 3.30 of the IMA SORP issued in October 2010 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance Sheet

As at 28 February 2014

	28 February 2014 £000s	28 February 2014 £000s	31 August 2013 £000s	31 August 2013 £000s
Assets				
Investment assets		25,576		24,222
Debtors	2,708		1,717	
Cash and bank balances	2,461		1,504	
Total other assets		5,169		3,221
Total assets		30,745		27,443
Liabilities				
Creditors	(1,785)		(908)	
Distribution payable on income shares	(11)		(23)	
Total other liabilities		(1,796)		(931)
Total liabilities		(1,796)		(931)
Net assets attributable to shareholders		28,949		26,512

Allianz UK Equity Income Fund

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Fund Information

Investment Objective and Policy

The Fund aims to achieve high and increasing income together with capital growth.

The ACD aims to achieve the investment objective by investing in securities listed on the London Stock Exchange although it may invest internationally and in all economic sectors. It is the general intention of the ACD to invest in shares which offer above average current dividend income yield or, if not, the prospect of superior long term dividend growth. A small proportion of the Fund's investments may be held in convertibles and investment trust income shares in order to enhance the income yield.

The ACD may also utilise deposits in the management of the portfolio. The Fund may also invest in collective investment schemes.

Status of the Allianz UK & European Investment Funds

It is the intention of the ACD that the Allianz UK Equity Income Fund (the "Fund") will be managed so as to meet the requirements necessary for it to be included in an Individual Savings Account.

Classes of Share within the sub-funds

There are two classes of share available on the Allianz UK Equity Income Fund, being 'A' and 'C'. Share class 'C' is inactive.

Fund Details

Fund Manager	Simon Gergel	
Benchmark	FTSE All Share Index	
Income allocation dates	Interim	28 February
	Final	31 August
Income pay dates	Interim	30 April
	Final	31 October
Fund launch date	20 June 2002	
ISA status	Yes (A and C Shares)	
Share Classes and types of Shares	A (Income Shares)	
	C (Income Shares)	
Minimum investment	A Shares	
	Lump sum £500	
	Monthly saving £50	
	C Shares	
Initial charge	A Shares	4%
	C Shares	Nil
Annual ACD fee	A Shares	1.25%
	C Shares	0.75%

Investment Performance

Net Asset Value

Share Class	Period Ended	Net Asset Value (£000s)	Number of Shares in Issue	Net Asset Value per Share (p)
A Shares	31 August 2011	74,174	34,991,828	212.0
	31 August 2012	70,733	31,317,812	225.9
	31 August 2013	81,860	30,113,589	271.8
	28 February 2014	85,803	29,883,877	287.1

Highest and Lowest Prices

Share Class	Calendar Year	Highest Price (p)	Lowest Price (p)
A Shares	2009	219.5	142.5
	2010	240.0	199.3
	2011	245.8	199.7
	2012	242.7	210.8
	2013	287.6	243.9
	2014 ¹	290.9	275.0

¹ For the period to 28 February 2014

Distribution History

Share Class	Calendar Year	Net Distribution per Share (p)
A Shares	2009	11.4716
	2010	9.9719
	2011	10.8771
	2012	11.0551
	2013	12.0997
	2014 ¹	4.2968

¹ For the period to 28 February 2014

Ongoing Charges Figure

Share Class	Year Ended	OCF (%)
A Shares	31 August 2012	1.41
	31 August 2013	1.40

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.

Distribution Table

For the six months ended 28 February 2014

Interim

Group 1: Shares purchased prior to 1 September 2013

Group 2: Shares purchased on or after 1 September 2013 to 28 February 2014

Share Class	Net Distribution 30 April 2014 per Share (p)	Equalisation 30 April 2014 per Share (p)	Distribution payable 30 April 2014 per Share (p)	Distribution paid 30 April 2013 per Share (p)
Income Shares				
A Shares				
Group 1	4.2968	-	4.2968	4.6146
Group 2	1.6990	2.5978	4.2968	4.6146

Investors are reminded that distribution is not guaranteed.

Investment Review

Performance Summary

Over the six month period under review, 1 September 2013 to 28 February 2014, the Fund's 'A' class produced a total return of 7.1%. The Fund's benchmark, the FTSE All Share Index, produced a total return of 8.8% over the period.*

The key reasons for the underperformance were poor performances from a number of holdings in small and mid-cap stocks, in particular Mothercare, Cineworld and De La Rue.

Market Background

There was a notable improvement in economic conditions in the UK during the period under review. Both Gross Domestic Product (GDP) growth and the level of employment grew and consumer and business confidence improved markedly. In Europe, whilst there was a pick up from a period of overall contraction a year ago, growth was extremely modest, with little improvement in the aggregate employment market.

The US economy continued its slow but steady economic recovery, as the housing market firmed and unemployment continued to fall. One of the main focuses of attention was the level of Quantitative Easing (QE) or money printing by the US Federal Reserve Board and the question of whether and when they would "taper" (reduce) their asset purchases. As QE had arguably been driving down bond yields and driving up asset valuations, concern over tapering increased market and currency volatility. Underlying economic conditions within emerging markets were disappointing with China, India and Brazil all showing signs of economic slowdown.

Equity markets continued their strong performance. The FTSE All Share Index returned 8.8%, with the domestic focussed sectors such as retail, travel and leisure rising particularly strongly. The weakest areas were those exposed to emerging markets, not surprising given the deteriorating macro-economic backdrop.

Portfolio Review

The portfolio comprises of predominantly high yielding UK equities in an effort achieve the objective of delivering high and increasing income together with capital growth. The Fund also has a limited exposure to continental European equities and we write a selective portfolio of covered call

options to supplement the income stream.

The significant divergence in share prices over the period provided us with attractive opportunities to add new holdings and sell out of some positions where valuations had become stretched.

We made four new investments. We bought shares in bpost, the Belgian mail delivery company, at an attractive valuation both in absolute terms and relative to international peers such as Royal Mail. We participated in the equity raise at Sirius Real Estate, a leading German mixed use property company. We bought shares at a significant discount to net asset value (NAV), which we expect to grow over time, with the potential to deliver a high income yield. We also initiated a position in Hammerson, a leading prime retail property company. The company is very well invested and we were able to buy shares at a 10% discount to NAV with an attractive 4% dividend yield. Finally, we added William Hill, following a significant share price fall as the market became increasingly concerned around the threat of regulation of the highly profitable gaming machines.

Taking advantage of share price weakness, we added to a number of existing holdings, such as UBM, Marks & Spencer, Centrica and Mothercare.

Sales from the portfolio predominantly reflected shares that had performed well and approached or even exceeded our assessment of fair value. In telecoms we sold out of the Vodafone position after the announced sale of their stake in Verizon Wireless and speculation of a takeover from AT&T. In aerospace & defence, Meggitt reached our fair value target and was sold, whilst in real estate we sold out of LondonMetric Property after the shares reached a significant premium to NAV. Amongst financials we sold Close Brothers and the Lloyds insurance company Hiscox where we could no longer see material upside potential. Amongst the non-UK holdings, we sold out of both Vivendi and Koninklijke DSM following strong share price performance.

Elsewhere, we took profits on a large part of the media holdings Daily Mail & General Trust and Reed Elsevier, and we also reduced Resolution, Firstgroup, CRH and Tyman following strong share price rises.

* 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. Benchmark performance based on end of day prices.

Investment Review continued

Outlook

The UK and US economies are arguably showing the most convincing signs of recovery since the global financial crisis. However we remain wary of reading too much into this. The fundamental problem of excessive debt in the economic system remains unresolved while the recovery itself remains subdued, despite huge monetary stimulus. Corporate performance is mixed. Most businesses have recovered from the financial crisis but organic profit growth is muted having been held back by lacklustre economic growth in much of Europe and emerging markets like Brazil and India.

The mediocre corporate picture has not prevented the stock market from rising considerably. It is now some five years since the trough of the market in 2009 and FTSE All Share Index has more than doubled since then. This rally has been partly driven by low interest rates and financial repression, effectively forcing money out of bank accounts in search of higher yields elsewhere.

This has led to a significant re-rating of equities such that most long term valuation measures now suggest that stock markets in the developed world are at, or, in the case of the US, some way above fair value. This implies that future returns from the broader equity indices are likely to be lower than historical norms. This is not of great concern to us since our portfolio is quite different to the broader indices. Although we are finding fewer obvious bargains, we still have a healthy flow of new ideas, often in areas of the market other investors are not looking at, and as such we are confident we can continue to achieve our long term investment objectives.

12 March 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.

Portfolio Statement

As at 28 February 2014

Holding	Market Value £000s	% of Net Assets
UNITED KINGDOM 90.17% (2013 - 91.17%)		
United Kingdom Equities 90.17% (2013 - 91.17%)		
Aerospace & Defence 3.00% (2013 - 4.23%)		
625,786 BAE Systems	2,572	3.00
Banks 5.07% (2013 - 5.70%)		
690,748 HSBC	4,350	5.07
Beverages 1.92% (2013 - 1.80%)		
212,429 Britvic	1,651	1.92
Construction & Materials 3.94% (2013 - 3.49%)		
599,142 Balfour Beatty	1,909	2.22
565,294 Tyman	1,472	1.72
	3,381	3.94
Electricity 2.05% (2013 - 2.40%)		
125,704 Scottish & Southern Energy	1,763	2.05
Financial Services 5.48% (2013 - 6.18%)		
291,263 Ashmore	922	1.08
240,720 ICAP	1,056	1.23
169,663 IG	1,073	1.25
702,600 Man	729	0.85
273,995 Tullett Prebon	917	1.07
20,316 W&G Investments ¹	1	0.00
	4,698	5.48
Fixed Line Telecommunications 1.47% (2013 - 0.98%)		
670,000 KCOM	650	0.76
380,282 Manx Telecom	612	0.71
	1,262	1.47
Food & Drug Retailers 3.04% (2013 - 4.12%)		
448,000 Sainsbury (J)	1,535	1.79
325,000 Tesco	1,070	1.25
	2,605	3.04
Gas, Water & Multiutilities 4.98% (2013 - 5.10%)		
512,000 Centrica	1,633	1.90
355,000 Pennon	2,637	3.08
	4,270	4.98

Portfolio Statement continued

Holding	Market Value £000s	% of Net Assets
571,130 General Financial 2.51% (2013 - 2.85%) Resolution	2,157	2.51
85,000 General Industrials 1.35% (2013 - 1.33%) Smiths	1,162	1.35
255,000 General Retailers 2.81% (2013 - 2.68%) Marks & Spencer	1,283	1.49
455,213 Mothercare	1,131	1.32
	2,414	2.81
249,542 Industrial Transportation 0.98% (2013 - 1.12%) BBA Aviation	839	0.98
51,000 Media 5.68% (2013 - 6.10%) Daily Mail & General Trust ('A' Ordinary Shares) 127,302 Reed Elsevier 442,394 UBM	536	0.62
	1,166	1.36
	3,172	3.70
	4,874	5.68
129,184 Mining 2.90% (2013 - 2.96%) BHP Billiton	2,492	2.90
283,828 Mobile Telecommunications 2.30% (2013 - 4.27%) Inmarsat	1,972	2.30
Non-Life Insurance 0.00% (2013 - 0.96%)		
894,865 Oil & Gas Producers 12.47% (2013 - 11.67%) BP 265,822 Royal Dutch Shell 'B' Shares	4,513	5.26
	6,187	7.21
	10,700	12.47
345,317 Pharmaceuticals & Biotechnology 6.73% (2013 - 5.93%) GlaxoSmithKline	5,773	6.73
215,000 Real Estate Investment Trust 4.31% (2013 - 3.61%) Hammerson 1,403,236 Hansteen 250,000 Segro	1,236	1.44
	1,570	1.83
	892	1.04
	3,698	4.31
4,003,061 Real Estate Investment & Services 1.15% (2013 - 0.00%) Sirius Real Estate	990	1.15

Portfolio Statement continued

Holding		Market Value £000s	% of Net Assets
Support Services 4.71% (2013 - 4.53%)			
2,400,000	Begbies Traynor	1,002	1.17
110,000	De La Rue	899	1.05
393,000	Premier Farnell	902	1.05
296,284	SThree	1,237	1.44
		4,040	4.71
Tobacco 2.86% (2013 - 2.40%)			
75,455	British American Tobacco	2,452	2.86
Travel & Leisure 8.46% (2013 - 6.76%)			
59,696	Carnival	1,470	1.71
296,812	Cineworld	941	1.10
970,000	Firstgroup	1,369	1.59
103,600	Greene King	952	1.11
920,000	Ladbroke's	1,535	1.79
250,000	William Hill	993	1.16
		7,260	8.46
OVERSEAS 6.48% (2013 - 7.40%)			
European Equities 6.48% (2013 - 7.40%)			
Belgium 1.33% (2013 - 0.00%)			
90,000	bpost	1,138	1.33
France 1.04% (2013 - 2.27%)			
23,000	Total	891	1.04
Germany 0.91% (2013 - 0.86%)			
6,000	Muenchener Rueckversicherung	783	0.91
Ireland 1.19% (2013 - 1.51%)			
57,873	CRH	1,021	1.19
Netherlands 0.00% (2013 - 1.05%)			
Norway 1.13% (2013 - 0.93%)			
40,000	Yara International	969	1.13
Spain 0.88% (2013 - 0.78%)			
60,000	Ferrovial	756	0.88

Portfolio Statement continued

Holding	Market Value £000s	% of Net Assets
DERIVATIVES 0.00% (2013 - (0.03)%)		
UK Written Call Options 0.00% (2013 - (0.03)%)		
(100) BAE Systems Call Options March 2014	0	0.00
(50) Reed Elsevier Call Options March 2014	(1)	0.00
(20) Royal Dutch Call Options Aprilh 2014	(4)	0.00
(100) Sainsbury (J) Call Options March 2014	(1)	0.00
	(6)	0.00
Investment assets ²	82,927	96.65
Net other assets	2,876	3.35
Net assets	85,803	100.00

¹ Includes unquoted or delisted securities, stated at ACD's valuation

² Includes derivative liabilities

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

Note: Comparative figures show percentages for each category of holding at 31 August 2013.

Summary of Portfolio Changes

For the six months ended 28 February 2014

The summaries below identify those purchases and sales exceeding 2% of the net assets of the Fund at the start of the period, subject to a minimum disclosure of the twenty largest purchases and sales.

Purchases	Cost £000s	Sales	Proceeds £000s
Hammerson	1,104	Vodafone	1,779
bpost	1,068	LondonMetric Property	1,018
UBM	980	Vivendi	1,014
Ladbrokes	951	Reed Elsevier	978
William Hill	865	Koninklijke DSM	854
Sirius Real Estate	858	Hiscox	818
GlaxoSmithKline	796	Close Brothers	791
Marks & Spencer	684	Daily Mail & General Trust ('A' Ordinary Shares)	735
Manx Telecom	540	Meggitt	727
British American Tobacco	451	Firstgroup	719
Royal Dutch Shell 'B' Shares	438	Resolution	570
Centrica	422	CRH	512
Mothercare	413	Tesco	411
Sainsbury (J)	361	National Grid	393
Yara International	262	Marks & Spencer	392
Inmarsat	254	Sainsbury (J)	380
STthree	249	Britvic	323
Pennon	196	KCOM	274
Cineworld	165	Total	258
Carnival	158	BP	246
Other purchases	216	Other sales	1,084
Total purchases for the period	11,431	Total sales for the period	14,276

Statement of Total Return

For the six months ended 28 February 2014

	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Income				
Net capital gains		5,087		8,788
Revenue	1,359		1,504	
Expenses	(577)		(512)	
Net revenue before taxation	782		992	
Taxation	(7)		(15)	
Net revenue after taxation		775		977
Total return before distributions		5,862		9,765
Finance costs: Distributions		(1,291)		(1,418)
Change in net assets attributable to shareholders from investment activities		4,571		8,347

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 28 February 2014

	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Opening net assets attributable to shareholders		81,860		70,733
Amounts receivable on issue of shares	2,806		716	
Less: Amounts payable on cancellation of shares	(3,466)		(3,212)	
Stamp duty reserve tax		(660)		(2,496)
		(5)		(3)
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		4,571		8,347
Unclaimed distributions		37		0
Closing net assets attributable to shareholders		85,803		76,581

Section 3.30 of the IMA SORP issued in October 2010 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance Sheet

As at 28 February 2014

	28 February 2014 £000s	28 February 2014 £000s	31 August 2013 £000s	31 August 2013 £000s
Assets				
Investment assets		82,933		80,695
Debtors	626		1,047	
Cash and bank balances	3,736		3,542	
Total other assets		4,362		4,589
Total assets		87,295		85,284
Liabilities				
Investment liabilities		(6)		(29)
Creditors	(202)		(1,141)	
Distribution payable on income shares	(1,284)		(2,254)	
Total other liabilities		(1,486)		(3,395)
Total liabilities		(1,492)		(3,424)
Net assets attributable to shareholders		85,803		81,860

Allianz UK Growth Fund

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Fund Information

Investment Objective and Policy

The Fund aims to achieve capital growth.

The ACD aims to achieve the investment objective by investing in all economic sectors of the United Kingdom although it may invest internationally. The Fund may also hold fixed income securities. It is the general intention of the ACD to invest in all sectors and stocks of the FTSE All Share Index.

The ACD may also utilise deposits in the management of the portfolio. The Fund may also invest in collective investment schemes.

Status of the Allianz UK & European Investment Funds

It is the intention of the ACD that the Allianz UK Growth Fund (the "Fund") will be managed so as to meet the requirements necessary for it to be included in an Individual Savings Account.

Classes of Share within the sub-funds

There is one class of share available on the Allianz UK Growth Fund, being the 'A' class.

Fund Details

Fund Manager	Matthew Tillet	
Benchmark	FTSE All Share Index	
Income allocation date	31 August	
Income pay date	31 October	
Fund launch date	20 June 2002	
ISA status	Yes	
Share Classes and type of Shares	A (Accumulation Shares) C (Accumulation Shares)	
Minimum investment	A Shares Lump sum £500 Monthly saving £50 C Shares Lump sum £500	
Initial charge	A Shares	4%
	C Shares	Nil
Annual ACD fee	A Shares	1.25%
	C Shares	0.75%

Investment Performance

Net Asset Value

Share Class	Period Ended	Net Asset Value (£000s)	Number of Shares in Issue	Net Asset Value per Share (p)
A Shares	31 August 2011	49,390	1,651,947	2,989.8
	31 August 2012	49,259	1,498,824	3,286.5
	31 August 2013	49,473	1,248,904	3,961.3
	28 February 2014	52,984	1,201,712	4,409.0

Highest and Lowest Prices

Share Class	Calendar Year	Highest Price (p)	Lowest Price (p)
A Shares	2009	2,947.8	1,770.9
	2010	3,324.0	2,757.2
	2011	3,416.8	2,770.4
	2012	3,486.9	3,004.8
	2013	4,254.0	3,509.1
	2014 ¹	4,411.6	4,202.4

¹ For the period to 28 February 2014

Distribution History

Share Class	Calendar Year	Net Distribution per Share (p)
A Shares	2009	66.4646
	2010	57.9802
	2011	63.0540
	2012	83.2810
	2013	93.3916
	2014 ¹	-

¹ For the period to 28 February 2014

Ongoing Charges Figure

Share Class	Year Ended	OCF (%)
A Shares	31 August 2012	1.45
	31 August 2013	1.43

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.

Investment Review

Performance Summary

Over the six month period under review, 1 September 2013 to 28 February 2014, the Fund's 'A' class produced a total return of 11.0%. The Fund's benchmark, the FTSE All Share Index, produced a total return of 8.8% over the period.*

The key reasons for the outperformance were strong performances from a number of conviction holdings in small and mid-cap stocks, in particular Goals Soccer Centres, Xchanging and Hays.

Market Background

There was a notable improvement in economic conditions in the UK during the period under review. Both Gross Domestic Product growth and the level of employment grew and consumer and business confidence improved markedly. In Europe, whilst there was a pick up from a period of overall contraction a year ago, growth was extremely modest, with little improvement in the aggregate employment market.

The US economy continued its slow but steady economic recovery, as the housing market firmed and unemployment continued to fall. One of the main focuses of attention was the level of Quantitative Easing (QE) or money printing by the US Federal Reserve Board and the question of whether and when they would "taper" or reduce their asset purchases. As QE had arguably been driving down bond yields and driving up asset valuations, concern over tapering increased market and currency volatility. Underlying economic conditions within emerging markets were disappointing with China, India and Brazil all showing signs of economic slowdown.

Equity markets continued their strong performance. The FTSE All Share Index returned 8.8%, with the domestic focussed sectors such as retail, travel and leisure rising particularly strongly. The weakest areas were those exposed to emerging markets, not surprising given the deteriorating macro-economic backdrop.

Portfolio Review

As highlighted at the full year review, following the change in lead manager, the fund is being transitioned to an unconstrained strategy, with a greater focus on bottom-up stock picking and less emphasis on managing to a benchmark. The strategy still aims to outperform the

benchmark, but seeks to achieve this over the full market cycle. The manager has been following a similar unconstrained strategy for over 3 years and holds a AA rating from Citywire.

We added three new holdings during the half year period under review.

- Ashmore is a leading emerging markets debt fund management business. Excellently managed, it exhibits all the important attributes we look for in an asset management company – strength and depth in a specific asset class, low staff turnover with high equity ownership, long term focus, loyal and stable client base, high margins and return on capital, and long term structural growth. Market fears around an imminent emerging market crisis caused the share price to sell off significantly, providing us with the opportunity to buy at an attractive price.
- Pennon is a water utility and waste business. The shares had been weak due to problems in the company's recycling business. However we believe this is a relatively minor problem whilst the positives were not at all reflected in the share price. In particular Pennon have invested considerably capital into "Energy from Waste" (EfW) assets which have the potential to earn attractive long term returns once they come on line.
- Baron de Ley is a Spanish listed producer of vintage Rioja wine. It is a very well invested and efficiently managed business operating in a sleepy industry dominated by small, often family run, companies. The business economics are fantastic - pricing power, a low cost base, a growing export business, and a rock solid balance sheet. We were able to buy the shares at a very attractive price due in part to the depressed sentiment towards the Spanish economy, which still represents 50% of sales. We are very excited about the long term prospects for this investment.

Notable complete sales during the period were Man and Vivendi. The latter was sold following strong share price appreciation to levels at or above our estimates of fair value. Man was sold following a review of the investment case which concluded that the fundamental risk facing the company was much higher than we had previously estimated.

Elsewhere, portfolio activity consisted primarily of reducing

* 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. Benchmark performance based on end of day prices.

Investment Review continued

holdings where share price performance had been strong leaving less fundamental upside, in particular amongst the domestically focused cyclical companies such as Tyman, Hays and Firstgroup. We also added to a number of holdings where short term negative news flow caused share price weakness – for example UBM, Centrica and Mothercare.

Outlook

The UK and US economies are arguably showing the most convincing signs of recovery since the global financial crisis. However we remain wary of reading too much into this. The fundamental problem of excessive debt in the economic system remains unresolved while the recovery itself remains subdued, despite huge monetary stimulus. Corporate performance is mixed. Most businesses have recovered from the financial crisis but organic profit growth is muted having been held back by lacklustre economic growth in much of Europe and emerging markets like Brazil and India.

The mediocre corporate picture has not prevented the stock market from rising considerably. It is now some five

years since the trough of the market in 2009 and FTSE All Share Index has more than doubled since then. This rally has been partly driven by low interest rates and financial repression, effectively forcing money out of bank accounts in search of higher yields elsewhere.

This has led to a significant re-rating of equities such that most long term valuation measures now suggest that stock markets in the developed world are at, or, in the case of the US, some way above fair value. This implies that future returns from the broader equity indices are likely to be lower than historical norms. This is not of great concern to us since our portfolio does not look anything like the broader indices. Although we are finding fewer obvious bargains, we still have a healthy flow of new ideas, often in areas of the market other investors are not looking at, and as such we are confident we can continue to achieve our long term investment objectives.

12 March 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.

Portfolio Statement

As at 28 February 2014

Holding	Market Value £000s	% of Net Assets
UNITED KINGDOM EQUITIES 82.04% (2013- 90.46%)		
Aerospace & Defence 1.60% (2013- 1.81%)		
205,842 BAE Systems	846	1.60
Banks 0.00% (2013- 4.70%)		
Construction & Materials 10.59% (2013- 9.85%)		
506,908 Balfour Beatty	1,615	3.05
839,178 Henry Boot	1,876	3.54
814,432 Tyman	2,121	4.00
	5,612	10.59
Equity Investment Instruments 3.90% (2013- 4.22%)		
940,113 Better Capital	1,036	1.96
950,687 Better Capital Funding	1,029	1.94
	2,065	3.90
Food & Drug Retailers 1.69% (2013- 2.90%)		
271,997 Tesco	895	1.69
Food Producers 0.00% (2013- 2.48%)		
Gas, Water & Multiutilities 6.25% (2013- 2.49%)		
627,963 Centrica	2,003	3.78
176,000 Pennon	1,307	2.47
	3,310	6.25
General Financial 8.23% (2013- 7.17%)		
288,000 Ashmore	912	1.72
256,000 ICAP	1,123	2.12
314,758 Resolution	1,188	2.24
339,541 Tullett Prebon	1,136	2.15
8,041 W&G Investments ¹	0	0.00
	4,359	8.23
General Retailers 1.22% (2013- 1.83%)		
260,046 Mothercare	646	1.22
Healthcare Equipment & Services 2.78% (2013- 1.59%)		
154,633 Smith & Nephew	1,471	2.78

Portfolio Statement continued

Holding		Market Value £000s	% of Net Assets
Media 8.41% (2013- 6.11%)			
169,430	Reed Elsevier	1,552	2.93
405,456	UBM	2,907	5.48
		4,459	8.41
Mining 0.00% (2013- 6.21%)			
Mobile Telecommunications 0.00% (2013- 4.83%)			
Oil Equipment, Services & Distribution 0.00% (2013- 1.42%)			
Oil & Gas Producers 11.92% (2013- 13.44%)			
632,227	BP	3,189	6.02
134,267	Royal Dutch Shell 'B' Shares	3,125	5.90
		6,314	11.92
Pharmaceuticals & Biotechnology 5.01% (2013- 6.77%)			
158,671	GlaxoSmithKline	2,653	5.01
Real Estate 6.44% (2013- 3.11%)			
956,923	Hansteen	1,071	2.02
9,481,220	Sirius Real Estate	2,344	4.42
		3,415	6.44
Support Services 8.10% (2013- 6.72%)			
3,128,000	Begbies Traynor	1,306	2.47
1,034,936	Hays	1,480	2.79
852,913	Xchanging	1,506	2.84
		4,292	8.10
Travel & Leisure 5.90% (2013- 2.81%)			
790,000	Firstgroup	1,115	2.11
920,000	Goals Soccer Centres	2,010	3.79
		3,125	5.90
OVERSEAS EQUITIES 8.35% (2013- 4.87%)			
Germany Equities 2.99% (2013- 1.98%)			
24,800	Drägerwerk	1,586	2.99
Ireland Equities 1.84% (2013- 2.89%)			
566,655	Petroceltic International	978	1.84

Portfolio Statement continued

Holding	Market Value £000s	% of Net Assets
30,000 Spain Equities 3.52% (2013- 0.00%) Baron de Ley	1,864	3.52
Investment assets	47,890	90.39
Net other assets	5,094	9.61
Net assets	52,984	100.00

¹ Indicates unquoted or delisted security, stated at ACD'S valuation

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

Note: Comparative figures show percentages for each category of holding at 31 August 2013.

Summary of Portfolio Changes

For the six months ended 28 February 2014

The summaries below identify those purchases and sales exceeding 2% of the net assets of the Fund at the start of the period, subject to a minimum disclosure of the twenty largest purchases and sales.

Purchases ¹	Cost £000s	Sales	Proceeds £000s
Baron de Ley	1,544	HSBC	2,274
Goals Soccer Centres	1,539	Rio Tinto	1,940
UBM	1,527	Vodafone	1,733
Sirius Real Estate	1,267	BHP Billiton	1,280
Pennon	1,144	Unilever	1,206
Centrica	1,023	Vivendi	1,183
Vivendi	1,013	Inmarsat	869
Ashmore	934	BG	860
Drägerwerk	638	AMEC	796
ICAP	504	GlaxoSmithKline	707
Smith & Nephew	381	Shire	608
Tullett Prebon	258	Firstgroup	575
Better Capital Funding	203	Man	476
Xchanging	201	Reed Elsevier	444
Mothercare	138	Tesco	427
Royal Mail	118	Resolution	362
Better Capital	99	Tullett Prebon	313
		Tyman	283
		Xchanging	222
		ICAP	213
		Other sales	288
Total purchases for the period	12,531	Total sales for the period	17,059

¹ The table above shows all the purchases during the period.

Statement of Total Return

For the six months ended 28 February 2014

	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Income				
Net capital gains		5,258		5,441
Revenue	585		654	
Expenses	(359)		(346)	
Net revenue before taxation	226		308	
Taxation	0		0	
Net revenue after taxation		226		308
Total return before distributions		5,484		5,749
Finance costs: Distributions		(7)		(16)
Change in net assets attributable to shareholders from investment activities		5,477		5,733

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 28 February 2014

	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Opening net assets attributable to shareholders		49,473		49,259
Amounts receivable on issue of shares	45		10	
Less: Amounts payable on cancellation of shares	(2,011)		(5,719)	
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(1,966)		(5,709)
		5,477		5,733
Closing net assets attributable to shareholders		52,984		49,283

Section 3.30 of the IMA SORP issued in October 2010 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance Sheet

As at 28 February 2014

	28 February 2014 £000s	28 February 2014 £000s	31 August 2013 £000s	31 August 2013 £000s
Assets				
Investment assets		47,890		47,161
Debtors	130		722	
Cash and bank balances	5,382		1,777	
Total other assets		5,512		2,499
Total assets		53,402		49,660
Liabilities				
Creditors	(418)		(187)	
Total other liabilities		(418)		(187)
Total liabilities		(418)		(187)
Net assets attributable to shareholders		52,984		49,473

Allianz UK Index Fund

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Fund Information

Investment Objective and Policy

The objective of the Fund is to match the capital performance of the UK equity market by tracking the FTSE All Share Index.

The Fund aims to match the performance of the FTSE All Share Index using the method of full replication. The portfolio will therefore normally consist of all of the shares comprising that index in approximate proportion to their respective weightings and in accordance with any constraints imposed by the regulations of the Financial Conduct Authority. Where considered appropriate, the ACD is also able to use sampling techniques to achieve the objective of tracking the index.

Status of the Allianz UK & European Investment Funds

It is the intention of the ACD that the Allianz UK Index Fund (the "Fund") will be managed so as to meet the requirements necessary for it to be included in an Individual Savings Account.

Classes of Share within the sub-funds

There is one class of share available on the Allianz UK Index Fund, being 'A' class.

Fund Details

Fund Manager	Simon Fan	
Benchmark	FTSE All Share Index	
Income allocation date	1st Interim	30 November
	2nd Interim	28 February
	3rd Interim	31 May
	Final	31 August
Income pay date	1st Interim	31 January
	2nd Interim	30 April
	3rd Interim	31 July
	Final	31 October
Fund launch date	Fund	20 June 2002
	A Shares (Inc)	14 March 2003
	A Shares (Acc)	20 June 2002
ISA status	Yes (A and C Shares)	
Share Classes and type of Shares	A (Income Shares)	
	A (Accumulation Shares)	
	C (Income Shares)	
	C(Accumulation Shares)	
Minimum investment	A Shares	
	Lump sum £500 Monthly saving £50	
	C Shares	
	Lump sum £500	
Initial charge	Nil	
Annual ACD fee	A Shares 0.5%	
	C Shares 0.5%	

On 6 April 2014 the Class 'A' Shares were renamed Class 'C' Shares.

Investment Performance

Net Asset Value

Share Class	Period Ended	Net Asset Value (£000s)	Number of Shares in Issue	Net Asset Value per Share (p)
A Shares (Income)	31 August 2011	4,635	466,848	992.8
	31 August 2012	4,336	411,608	1,053.4
	31 August 2013	3,422	283,410	1,207.4
	28 February 2014	3,103	239,156	1,297.3
A Shares (Accumulation)	31 August 2011	18,239	1,433,086	1,272.7
	31 August 2012	16,923	1,212,625	1,395.6
	31 August 2013	16,202	984,136	1,646.3
	28 February 2014	16,037	899,014	1,783.8

The net asset value per share for the class A shares (Accumulation) as at 28 February 2014 as stated above is higher than the 'Highest Price' as quoted in the table below. 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 table below is the pence per share price calculated at midday on the last business day of the accounting period.

Highest and Lowest Prices

Share Class	Calendar Year	Highest Price (p)	Lowest Price (p)
A Shares (Income)	2009	984.2	625.7
	2010	1,100.7	889.2
	2011	1,124.6	908.0
	2012	1,109.5	972.2
	2013	1,284.4	1,119.9
	2014 ¹	1,300.2	1,222.7
A Shares (Accumulation)	2009	1,203.7	746.0
	2010	1,380.6	1,103.4
	2011	1,426.8	1,164.1
	2012	1,478.7	1,276.3
	2013	1,752.1	1,492.7
	2014 ¹	1,782.6	1,675.9

¹ For the period to 28 February 2014

Investment Performance continued

Distribution History

Share Class	Calendar Year	Net Distribution per Share (p)
A Shares (Income)	2009	26.2489
	2010	23.1601
	2011	25.2330
	2012	30.8869
	2013	30.1130
	2014 ¹	8.3288
A Shares (Accumulation)	2009	33.6459
	2010	31.2683
	2011	34.9852
	2012	43.5095
	2013	46.0687
	2014 ¹	14.8585

¹ For the period to 28 February 2014

Ongoing Charges Figure

Share Class	Year Ended	OCF (%)
A Shares (Income)	31 August 2012	1.05
	31 August 2013	1.17
A Shares (Accumulation)	31 August 2012	0.79
	31 August 2013	0.80

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.

Distribution Table

For the six months ended 28 February 2014

1st Interim

Group 1: Shares purchased prior to 1 September 2013

Group 2: Shares purchased on or after 1 September 2013 to 30 November 2013

Share Class	Net Distribution 31 January 2014 per Share (p)	Equalisation 31 January 2014 per Share (p)	Distribution paid 31 January 2014 per Share (p)	Distribution paid 31 January 2013 per Share (p)
Income Shares				
A Shares				
Group 1	4.5636	-	4.5636	5.4829
Group 2	2.9680	1.5956	4.5636	5.4829
Accumulation Shares				
A Shares				
Group 1	7.8853	-	7.8853	8.4984
Group 2	4.5689	3.3164	7.8853	8.4984

2nd Interim

Group 1: Shares purchased prior to 1 December 2013

Group 2: Shares purchased on or after 1 December 2013 to 28 February 2014

Share Class	Net Distribution 30 April 2014 per Share (p)	Equalisation 30 April 2014 per Share (p)	Distribution payable 30 April 2014 per Share (p)	Distribution paid 30 April 2013 per Share (p)
Income Shares				
A Shares				
Group 1	3.7652	-	3.7652	3.5140
Group 2	3.5641	0.2011	3.7652	3.5140
Accumulation Shares				
A Shares				
Group 1	6.9732	-	6.9732	5.9296
Group 2	5.4506	1.5226	6.9732	5.9296

Investors are reminded that distribution is not guaranteed.

Investment Review

Performance Summary

Over the six month period under review, 1st September 2013 to 28th February 2014, the Fund's 'A' Acc class produced a total return of 8.31% and 'A' Inc produced a total return of 7.17%. The Fund's benchmark, the FTSE All Share, produced a total return of 8.19% over the period.*

Market Background

UK real GDP growth strengthened to 1.9%, as the economy continued to demonstrate recovery through the business cycle, and the corporate sector performed accordingly. CPI inflation declined to 2.6%, whilst UK ILO unemployment declined to 7.6%.

Outlook

Economic estimates for 2014 have begun to reflect a more confident outlook regarding the UK growth trajectory, as real GDP continues to see upward revisions towards 2.6%, whilst economists anticipate further improvements in the labour market allowing unemployment to retreat further to below 7.1%. Demand from the eurozone remains weak, acting as a drag for UK growth, whilst government finances are forecasted to fluctuate around a deficit of 5~6% of GDP, deviating from the ~2-3% long term average experienced by the UK in the years preceding the crisis in 2007.

Markets remain focused around the policy reaction function of the Bank Of England, as Governor Mark Carney is confronted by the difficult decision and timing surrounding the exit of unconventional accommodative monetary policy. Asset prices and particularly house prices in many UK regions are vulnerable to distortions created by an extended period of low interest rates, and investors continue to debate whether Mr Carney will pre-emptively raise rates in advance of his American counterparts at the Federal Reserve in order to rein in market exuberance. A further complication arises upon considering the likely consequence of a rise in sterling following monetary tightening, which could act in combination with rising borrowing costs to undermine the UK recovery.

20 March 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.

* 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. Benchmark performance based on end of day prices.

Portfolio Statement

As at 28 February 2014

Holding	Market Value £000s	% of Net Assets
UNITED KINGDOM EQUITIES 94.31% (2013 - 94.94%)		
Aerospace & Defence 2.14% (2013 - 2.39%)		
29,840 BAE Systems	123	0.64
2,800 Chemring	8	0.04
9,928 Cobham	30	0.16
7,224 Meggitt	36	0.19
7,190 QinetiQ	16	0.08
17,223 Rolls-Royce	172	0.90
3,798 Senior	11	0.06
693 Ultra	13	0.07
	409	2.14
Automobiles & Parts 0.32% (2013 - 0.27%)		
14,983 GKN	61	0.32
Banks 10.94% (2013 - 11.56%)		
145,402 Barclays Bank	367	1.92
170,200 HSBC	1,072	5.60
437,068 Lloyds Banking	361	1.89
19,273 Royal Bank of Scotland	63	0.33
18,177 Standard Chartered	230	1.20
	2,093	10.94
Beverages 3.83% (2013 - 4.09%)		
1,164 Barr (AG)	7	0.04
2,060 Britvic	16	0.08
1,937 Coca-Cola HBC	29	0.15
22,770 Diageo	428	2.23
8,692 SABMiller	254	1.33
	734	3.83
Chemicals 0.76% (2013 - 0.70%)		
2,678 Alent	8	0.04
2,400 AZ Electronic Materials	10	0.05
1,241 Croda	32	0.17
4,716 Elementis	14	0.07
1,886 Johnson Matthey	62	0.33
1,927 Synthomer	5	0.03
750 Victrex	14	0.07
	145	0.76

Portfolio Statement continued

Holding	Market Value £000s	% of Net Assets
Construction & Materials 0.87% (2013 - 0.74%)		
6,330 Balfour Beatty	20	0.10
1,050 Costain	3	0.01
6,690 CRH	118	0.62
681 Galliford Try	9	0.05
405 Keller	5	0.03
240 Kier	5	0.03
1,896 Low & Bonar	2	0.01
386 Marshalls	1	0.00
363 Morgan Sindall	3	0.02
	166	0.87
Electricity 0.80% (2013 - 0.90%)		
3,658 DRAX	29	0.15
8,818 Scottish & Southern Energy	124	0.65
	153	0.80
Electronic & Electrical Equipment 0.48% (2013 - 0.48%)		
940 Domino Printing Sciences	8	0.04
2,063 e2v technologies	3	0.01
3,596 Halma	22	0.11
2,140 Laird	7	0.04
2,852 Morgan Crucible	10	0.05
187 Oxford Instruments	3	0.02
348 Renishaw	8	0.04
1,132 Spectris	28	0.15
1,557 TT Electronics	3	0.02
	92	0.48
Equity Investment Instruments 3.18% (2013 - 3.00%)		
5,830 3i Infrastructure	8	0.04
1,700 Aberdeen Asian Income Fund	3	0.02
450 Aberdeen New Dawn Investment Trust	1	0.00
1,193 Aberforth Smaller Companies Trust	15	0.08
1,500 Advance Developing Markets Fund	6	0.03
5,793 Alliance Trust	27	0.14
2,935 Asian Total Return Investment	5	0.03
909 Bankers Investment Trust	5	0.03
410 Baring Emerging Europe	3	0.02
2,052 Beta Global Emerging Markets Investment Trust ¹	0	0.00
250 BH Macro	5	0.03
2,700 Bioscience Investment Trust ¹	0	0.00
480 BlackRock British Smaller Companies Trust	4	0.02
374 BlackRock Emerging Europe	1	0.00
1,944 BlackRock Greater Europe Investment Trust	5	0.03

Portfolio Statement continued

Holding	Market Value £000s	% of Net Assets
Equity Investment Instruments (continued)		
388 BlackRock Greater Europe Investment Trust (Subscription Shares)	0	0.00
270 BlackRock Latin American Investment Trust	1	0.00
2,010 BlackRock World Mining Trust	10	0.05
3,200 Bluecrest Allblue Fund	6	0.03
3,960 British Assets Trust	6	0.03
1,468 British Empire Securities & General Trust	7	0.04
297 Caledonia Investments	6	0.03
610 Candover Investments	3	0.02
2,100 City Merchants High Yield Trust	4	0.02
2,170 City of London Investment Trust	8	0.04
1,348 Dexion Absolute	2	0.01
960 Dexion Equity Alternative ¹	0	0.00
7,196 Diverse Income Trust	6	0.03
128 Dunedin Enterprise Investment Trust	1	0.00
2,250 Dunedin Income Growth Investment Trust	6	0.03
1,874 Edinburgh Dragon Trust	4	0.02
1,937 Edinburgh Investment Trust	12	0.06
1,946 Edinburgh UK Tracker Trust	6	0.03
554 Edinburgh US Tracker Trust	4	0.02
200 Edinburgh Worldwide Investment Trust	1	0.00
426 Electra Investment Trust	12	0.06
1,283 Electric & General Investment Trust ¹	0	0.00
1,000 F&C Capital & Income Investment Trust	3	0.02
521 F&C Global Smaller Companies Investment Trust	4	0.02
1,080 Fidelity Asian Values Investment Trust	2	0.01
389 Fidelity European Values Investment Trust	6	0.03
920 Fidelity Special Values Trust	9	0.05
451 Finsbury Growth & Income Trust	2	0.01
110 Finsbury Worldwide Pharmaceutical Trust	2	0.01
152 Finsbury Worldwide Pharmaceutical Trust (Rights 1/8/2014)	1	0.00
5,698 Foreign & Colonial Investment Trust	22	0.11
500 Gartmore European Investment Trust	5	0.03
210 Gartmore Global Trust	1	0.00
6,077 Govett Strategic Investment Trust ¹	0	0.00
674 Graphite Enterprise Trust	4	0.02
20 Henderson EuroTrust	0	0.00
1,000 Henderson Far East Income Investment Trust	3	0.02
3,000 Henderson High Income Trust	5	0.03
692 Henderson Smaller Companies Investment Trust	4	0.02
799 Herald Investment Trust	6	0.03
487 HG Capital Trust	5	0.03
8,970 HSBC Infrastructure	12	0.06
1,789 Impax Environmental Markets Trust	3	0.02
3,800 ING Global Real Estate Securities	4	0.02
9,555 International Public Partnerships	12	0.06

Portfolio Statement continued

Holding	Market Value £000s	% of Net Assets
Equity Investment Instruments (continued)		
560 Invesco Perpetual UK Smaller Companies Investment Trust	2	0.01
680 JPMorgan American Investment Trust	8	0.04
2,202 JPMorgan Asian Investment Trust	4	0.02
482 JPMorgan Asian Investment Trust (Subscription Shares 21/3/2014)	0	0.00
494 JPMorgan Claverhouse Investment Trust	3	0.02
978 JPMorgan Emerging Markets Investment Trust	5	0.03
413 JPMorgan Emerging Markets Investment Trust (Subscription Shares 1/8/2014)	0	0.00
617 JPMorgan European Fledgling Investment Trust	7	0.04
2,710 JPMorgan European Investment Trust	6	0.03
1,800 JPMorgan Indian Investment Trust	6	0.03
2,024 JPMorgan Japanese Investment Trust	5	0.03
1,700 JPMorgan Japanese Smaller Companies Investment Trust	3	0.02
340 JPMorgan Japanese Smaller Companies Investment Trust (Subscription Shares 31/3/2014)	0	0.00
861 JPMorgan Mercantile Investment Trust	14	0.07
5 JPMorgan Mid-Cap Investment Trust	0	0.00
224 JPMorgan Overseas Investment Trust	2	0.01
44 JPMorgan Overseas Investment Trust (Subscription Shares)	0	0.00
1,200 JPMorgan Russian Securities	5	0.03
900 Jupiter European Opportunities Trust	4	0.02
138 Keystone Investment Trust	2	0.01
1,210 Law Debenture	7	0.04
390 Lowland Investment Trust	6	0.03
1,500 Majedie Investment	3	0.02
1,400 Martin Currie Portfolio Investment Trust	2	0.01
1,456 Merchants Trust	8	0.04
2,535 Monks Investment Trust	10	0.05
490 Murray Income Trust	4	0.02
1,093 Murray International Trust	11	0.06
100 North Atlantic Smaller Companies Investment Trust	2	0.01
1,700 Pacific Assets Trust	3	0.02
636 Pantheon International Participations Fund	7	0.04
1,770 Perpetual Income & Growth Investment Trust	7	0.04
7 Personal Assets Trust	2	0.01
700 Polar Capital Technology Trust	3	0.02
420 Polar Capital Technology Trust (Rights 31/3/2014)	0	0.00
1,436 RIT Capital Partners	18	0.09
920 Schroder Asia Pacific Fund	2	0.01
600 Schroder Income Growth Fund	2	0.01
4,562 Schroder Japan Growth Fund	5	0.03
1,900 Schroder Oriental Income Fund	3	0.02
2,217 Schroder UK Growth Fund	4	0.02
1,331 Scottish American Investment Trust	3	0.02
1,157 Scottish Investment Trust	7	0.04
2,261 Scottish Mortgage Investment Trust	25	0.13
100 Securities Trust of Scotland	0	0.00

Portfolio Statement continued

Holding	Market Value £000s	% of Net Assets
Equity Investment Instruments (continued)		
13,829 Securities Trust of Scotland (Liquidated) ¹	0	0.00
1,327 Shires Income Investment Trust	3	0.02
337 Standard Life Equity Income Trust	1	0.00
2,530 Standard Life European Private Equity Trust	5	0.03
1,032 SVM Global Fund	3	0.01
835 Temple Bar Investment Trust	11	0.06
3,691 Templeton Emerging Markets Investment Trust	19	0.10
596 The European Investment Trust	5	0.03
111 Throgmorton Trust	0	0.00
426 TR European Growth Trust	2	0.01
4,577 TR Property Investment Trust	11	0.06
4,600 Troy Income & Growth Trust	3	0.01
393 Value & Income Trust	1	0.00
1,842 Witan Investment Trust	12	0.06
434 Witan Pacific Investment Trust	1	0.00
110 Worldwide Healthcare Trust	2	0.01
152 Worldwide Healthcare Trust (Subscription Shares 1/8/2014)	1	0.00
	608	3.18
Fixed Line Telecommunications 1.76% (2013 - 1.49%)		
71,180 BT	292	1.53
21,828 Cable & Wireless Communications	12	0.06
2,963 Colt Telecom	4	0.02
4,700 KCOM	5	0.03
5,520 Talktalk Telecom	17	0.09
300 Telecom Plus	6	0.03
	336	1.76
Food & Drug Retailers 1.99% (2013 - 2.21%)		
10,000 Booker	17	0.09
1,150 Greggs	6	0.03
19,914 Morrison (Wm.) Supermarkets	47	0.25
4,169 Ocado	23	0.12
12,844 Sainsbury (J)	44	0.23
73,889 Tesco	243	1.27
	380	1.99
Food Producers 2.17% (2013 - 2.17%)		
3,204 Associated British Foods	96	0.50
690 Cranswick	9	0.04
960 Dairy Crest	5	0.03
1,502 Devro	5	0.03
3,777 Premier Foods	5	0.03
4,448 Tate & Lyle	29	0.15

Portfolio Statement continued

Holding	Market Value £000s	% of Net Assets
Food Producers (continued)		
10,909 Unilever	266	1.39
	415	2.17
Gas, Water & Multiutilities 2.88% (2013 - 3.02%)		
47,367 Centrica	151	0.79
33,751 National Grid	282	1.47
3,534 Pennon	26	0.13
2,192 Severn Trent	41	0.21
6,511 United Utilities	51	0.28
	551	2.88
General Financial 3.32% (2013 - 2.18%)		
8,873 3i	37	0.19
9,027 Aberdeen Asset Management	35	0.18
3,820 Ashmore	12	0.06
2,470 Brewin Dolphin	8	0.04
5 Camellia	0	0.00
1,400 Charles Taylor Consulting	4	0.02
1,358 Close Brothers	20	0.10
2,999 F&C Asset Management	4	0.02
1,940 Hargreaves Lansdown	27	0.14
9,638 Henderson	25	0.13
5,120 ICAP	22	0.11
3,340 IG	21	0.11
3,020 IMI	6	0.03
2,642 IMI	40	0.21
4,349 Intermediate Capital	20	0.10
2,496 International Personal Finance	13	0.07
4,797 Investec	21	0.11
3,055 IP	7	0.04
2,200 Jupiter Fund Management	10	0.05
1,725 London Stock Exchange	35	0.18
17,954 Man	19	0.10
10,454 Melrose Industries	34	0.18
2,640 Paragon	11	0.06
1,273 Provident Financial	24	0.13
424 Rathbone Brothers	7	0.04
12,520 Resolution	47	0.25
1,080 Schroders (Voting Rights)	29	0.15
2,081 SVG Capital	9	0.05
1,755 Tullett Prebon	6	0.03
2,430 Wolseley	84	0.44
	637	3.32

Portfolio Statement continued

Holding	Market Value £000s	% of Net Assets
General Industrials 0.74% (2013 - 0.73%)		
243 British Polythene Industries	2	0.01
7,250 Rexam	36	0.19
1,826 RPC	11	0.05
8,867 Smith (DS)	31	0.16
3,605 Smiths	49	0.26
2,678 Vesuvius	13	0.07
	142	0.74
General Retailers 2.14% (2013 - 2.01%)		
1,526 Brown (N)	9	0.05
333 Carpetright	2	0.01
13,620 Debenhams	10	0.05
398 Dignity	6	0.03
36,061 DSG	19	0.10
770 Dunelm	8	0.04
1,072 Findel	3	0.02
1,800 Halfords	8	0.04
7,605 Home Retail	15	0.08
4,710 Inchcape	30	0.16
300 JD Sports Fashion	5	0.03
4,926 Kesa Electricals	6	0.03
21,778 Kingfisher	86	0.45
5,548 Laura Ashley	1	0.00
3,093 Lookers	4	0.02
14,780 Marks & Spencer	74	0.39
699 Mothercare	2	0.01
1,358 Next	91	0.47
1,540 Sports Direct	12	0.06
100 Ted Baker	2	0.01
2,025 Topps Tiles	3	0.02
1,090 WH Smith	13	0.07
	409	2.14
Healthcare Equipment & Services 0.42% (2013 - 0.34%)		
120 Consort Medical	1	0.00
8,254 Smith & Nephew	79	0.42
	80	0.42
Household Goods 2.59% (2013 - 2.30%)		
637 AGA Rangemaster	1	0.00
9,456 Barratt Developments	42	0.22
1,240 Bellway	21	0.11
1,166 Berkeley	32	0.17
1,090 Bovis Homes	10	0.05

Portfolio Statement continued

Holding	Market Value £000s	% of Net Assets
Household Goods (continued)		
1,200 Headlam	6	0.03
3,115 McBride	3	0.02
3,025 Persimmon	44	0.23
5,832 Reckitt Benckiser	287	1.50
2,789 Redrow	10	0.05
32,165 Taylor Wimpey	40	0.21
	496	2.59
Industrial Engineering 0.68% (2013 - 1.08%)		
2,017 Bodycote	15	0.08
350 Costain (Rights 19/3/2014)	0	0.00
2,223 Fenner	9	0.05
591 Hill & Smith	3	0.01
843 Rotork	23	0.12
6,066 Severfield-Rowen	4	0.02
739 Spirax-Sarco Engineering	23	0.12
174 Vitec	1	0.00
2,072 Weir	53	0.28
	131	0.68
Industrial Transportation 0.37% (2013 - 0.19%)		
4,981 BBA Aviation	17	0.09
168 Braemar Seascopes	1	0.00
200 Clarkson	4	0.02
401 Fisher (James) & Sons	6	0.03
5,603 Royal Mail	34	0.18
3,900 Stobart	6	0.03
2,499 Wincanton	3	0.02
	71	0.37
Leisure Goods 0.06% (2013 - 0.04%)		
2,460 Pace Micro Technology	10	0.05
1,400 Photo-Me	2	0.01
	12	0.06
Life Insurance 4.08% (2013 - 3.57%)		
27,083 Aviva	128	0.67
1,960 Chesnara	7	0.04
53,914 Legal & General	130	0.68
44,956 Old Mutual	89	0.46
1,553 Phoenix	12	0.06
23,079 Prudential	313	1.64
1,945 St. James's Place Capital	17	0.09

Portfolio Statement continued

Holding	Market Value £000s	% of Net Assets
Life Insurance (continued)		
21,645 Standard Life	84	0.44
	780	4.08
Media 3.06% (2013 - 2.99%)		
700 Bloomsbury Publishing	1	0.00
8,792 British Sky Broadcasting	83	0.43
1,150 Centaur	1	0.00
379 Euromoney Institutional Investor	5	0.03
5,773 Informa	30	0.16
1,800 ITE	5	0.03
33,619 ITV	68	0.35
2,010 Moneysupermarket.com	4	0.02
7,476 Pearson	76	0.40
10,928 Reed Elsevier	100	0.52
954 Rightmove	26	0.14
3,231 Trinity Mirror	7	0.04
2,328 UBM	17	0.09
736 Wilmington	2	0.01
12,256 WPP	160	0.84
	585	3.06
Mining 7.11% (2013 - 7.05%)		
12,018 Anglo American	184	0.96
1,500 Anglo Pacific	3	0.02
3,265 Antofagasta	29	0.15
7,133 Aquarius Platinum (Bermuda)	3	0.02
19,084 BHP Billiton	368	1.92
3,500 Evraz	2	0.01
2,680 Ferrexpo	4	0.02
1,670 Gem Diamonds	3	0.02
86,929 Glencore International	286	1.50
9,900 International Ferro Metals	1	0.00
2,708 Kazakhmys	8	0.04
15,000 Kenmare Resources	2	0.01
4,608 Lonmin	14	0.07
1,949 NSM ¹	0	0.00
2,256 Petropavlovsk	2	0.01
2,220 Polymetal International	14	0.07
895 Randgold Resources	42	0.22
11,283 Rio Tinto	387	2.02
1,050 Vedanta Resources	9	0.05
	1,361	7.11

Portfolio Statement continued

Holding	Market Value £000s	% of Net Assets
Mobile Telecommunications 3.27% (2013 - 5.25%)		
3,915 Inmarsat	27	0.14
240,207 Vodafone	598	3.13
	625	3.27
Non-Life Insurance 1.01% (2013 - 0.87%)		
1,842 Admiral	26	0.14
4,938 Amlin	22	0.12
5,151 Beazley	14	0.07
3,100 Catlin	16	0.08
10,308 Direct Line Insurance	27	0.14
3,374 Hiscox	22	0.12
1,100 Jardine Lloyd Thompson	12	0.06
1,750 Lancashire	13	0.07
988 Novae	6	0.03
36,096 RSA Insurance	35	0.18
	193	1.01
Oil & Gas Producers 9.70% (2013 - 10.24%)		
7,100 Afren	12	0.06
30,759 BG	335	1.75
168,637 BP	851	4.45
5,388 Cairn Energy	11	0.06
4,550 Enquest	7	0.04
5,500 Essar	4	0.02
15,600 Fortune Oil	2	0.01
1,600 Hardy Oil & Gas	1	0.00
3,370 Heritage Oil	8	0.04
1,460 JKC Oil & Gas	1	0.00
2,300 Ophir Energy	7	0.04
4,898 Premier Oil	15	0.08
22,426 Royal Dutch Shell 'B' Shares	522	2.73
1,254 Salamander Energy	1	0.00
2,220 SOCO	11	0.06
8,630 Tullow Oil	69	0.36
	1,857	9.70
Oil Equipment, Services & Distribution 0.53% (2013 - 0.53%)		
2,822 AMEC	32	0.17
1,277 Hunting	11	0.06
2,383 Petrofac	33	0.17
3,448 Wood (J)	26	0.13
	102	0.53

Portfolio Statement continued

Holding	Market Value £000s	% of Net Assets
Personal Goods 0.40% (2013 - 0.42%)		
4,228 Burberry	65	0.34
2,920 PZ Cussons	11	0.06
	76	0.40
Pharmaceuticals & Biotechnology 7.42% (2013 - 7.04%)		
11,275 AstraZeneca	460	2.40
3,427 BTG	21	0.11
801 Dechra Pharmaceuticals	6	0.03
700 Genus	8	0.04
43,953 GlaxoSmithKline	735	3.84
1,250 Hikma Pharmaceuticals	18	0.10
5,087 Shire	169	0.88
2,320 Vectura	4	0.02
	1,421	7.42
Real Estate 2.08% (2013 - 1.78%)		
790 Big Yellow	5	0.03
9,531 British Land	66	0.34
6,385 Capital & Counties Properties	24	0.12
6,537 Capital & Regional	3	0.01
154 CLS	2	0.01
30 Daejan	1	0.00
938 Derwent London	26	0.14
1,585 Development Securities	4	0.02
3,829 F&C Commercial Property Trust	5	0.03
2,699 Grainger Trust	7	0.04
3,479 Great Portland Estates	22	0.11
6,774 Hammerson	39	0.20
360 Helical Bar	1	0.00
5,785 Intu Properties	19	0.10
7,163 Land Securities	78	0.41
500 Mapeley ¹	0	0.00
1,500 McKay Securities	3	0.02
417 Mucklow (A&I)	2	0.01
3,429 Picton Property	2	0.01
864 Primary Health Properties	3	0.02
3,812 Quintain Estates & Development	4	0.02
2,100 Safestore	5	0.03
900 Savills	5	0.03
3,564 Schroder Real Estate	2	0.01
7,570 Segro	27	0.14
2,388 Shaftesbury	16	0.08
1,581 St. Modwen Properties	6	0.03
4,300 Standard Life Investment Property Income Trust	3	0.02

Portfolio Statement continued

Holding	Market Value £000s	% of Net Assets
Real Estate (continued)		
1,757 Town Centre Securities	5	0.03
3,060 UK Commercial Property Trust	2	0.01
974 Unite	4	0.02
1,247 Workspace	7	0.04
	398	2.08
Software & Computer Services 0.56% (2013 - 0.70%)		
1,949 Anite	2	0.01
632 AVEVA	14	0.07
855 Computacenter	6	0.03
4,000 Emblaze	2	0.01
280 Fidessa	7	0.04
1,100 Kofax	5	0.03
1,099 Micro Focus International	9	0.05
1,780 Phoenix IT	2	0.01
1,470 RM	2	0.01
10,595 Sage	46	0.24
952 SDL	4	0.02
1,400 Telecity	9	0.04
	108	0.56
Support Services 4.28% (2013 - 4.47%)		
2,458 Aggreko	38	0.20
4,764 Ashtead	42	0.22
960 Atkins (WS)	14	0.07
3,304 Babcock International	49	0.25
1,642 Berendsen	17	0.09
1,064 Brammer	5	0.03
3,171 Bunzl	50	0.26
6,054 Capita	69	0.36
4,204 Carillion	16	0.08
815 DCC	26	0.14
1,083 De La Rue	9	0.05
1,042 Diploma	8	0.04
4,408 Electrocomponents	12	0.06
9,295 Experian	100	0.52
2,312 Filtrona	21	0.11
14,265 G4S	34	0.18
12,783 Hays	18	0.09
3,700 Hogg Robinson	3	0.02
2,732 HomeServe	9	0.04
6,008 Howden Joinery	23	0.12
1,015 Interserve	6	0.03
1,479 Intertek	43	0.22

Portfolio Statement continued

Holding	Market Value £000s	% of Net Assets
Support Services (continued)		
2,730 Lavendon	6	0.03
8,478 Management Consulting	2	0.01
417 Menzies (J)	3	0.02
2,757 Michael Page	14	0.07
3,880 MITIE	13	0.07
1,292 Northgate	8	0.04
621 PayPoint	7	0.04
3,389 Premier Farnell	8	0.04
6,291 Regus	15	0.08
18,212 Rentokil Initial	24	0.13
503 Ricardo	4	0.02
450 Robert Walters	2	0.01
1,750 RPS	6	0.03
4,569 Serco	21	0.11
3,881 Shanks	5	0.03
4,677 SIG	10	0.05
1,700 Smiths News	3	0.02
2,064 St. Ives	4	0.02
1,390 SThree	6	0.03
2,245 Travis Perkins	44	0.23
1,800 Xchanging	3	0.02
	820	4.28
Technology Hardware & Equipment 0.81% (2013 - 0.78%)		
12,853 ARM	130	0.68
1,580 CSR	12	0.06
1,850 Imagination Technologies	3	0.02
6,314 Spirent Communications	7	0.04
2,200 Wolfson Microelectronics	3	0.01
	155	0.81
Tobacco 4.04% (2013 - 4.23%)		
17,081 British American Tobacco	555	2.90
8,962 Imperial Tobacco	218	1.14
	773	4.04
Travel & Leisure 3.52% (2013 - 3.13%)		
690 888.com	1	0.00
700 Betfair	8	0.04
1,743 Carnival	43	0.23
16,253 Compass	153	0.80
2,286 easyJet	39	0.21
6,172 Enterprise Inns	10	0.05
11,990 FirstGroup	17	0.09

Portfolio Statement continued

Holding	Market Value £000s	% of Net Assets
Travel & Leisure (continued)		
285 Fuller Smith & Turner	3	0.02
510 Go-Ahead	11	0.06
2,001 Greene King	18	0.09
2,420 InterContinental Hotels	47	0.25
15,885 International Consolidated Airlines	69	0.36
8,447 Ladbroke's	14	0.07
5,680 Marston's	8	0.04
1,621 Millennium & Copthorne Hotels	9	0.05
2,239 Mitchells & Butlers	11	0.06
4,323 National Express	13	0.07
2,250 PartyGaming	3	0.02
8,867 Punch Taverns	1	0.00
883 Rank	1	0.00
8,867 Spirit Pub	7	0.04
4,632 Stagecoach	18	0.09
1,833 Restaurant	12	0.06
10,494 Thomas Cook	19	0.10
5,011 Tui Travel	22	0.12
1,820 Wembley ¹	0	0.00
715 Wetherspoon (JD)	6	0.03
1,727 Whitbread	77	0.40
8,408 William Hill	33	0.17
	673	3.52
OVERSEAS EQUITIES 4.36% (2013 - 4.35%)		
Egypt Equities 0.04% (2013 - 0.03%)		
14,400 Centamin Egypt	8	0.04
Finland Equities 0.00% (2013 - 0.01%)		
11,970 Talvivaara Mining	1	0.00
Ireland Equities 0.01% (2013 - 0.01%)		
1,267 Petroceltic International	2	0.01
Mexico Equities 0.08% (2013 - 0.11%)		
1,640 Fresnillo	16	0.08
Netherlands Equities 4.04% (2013 - 4.02%)		
35,494 Royal Dutch Shell 'A' Shares	774	4.04
Peru Equities 0.02% (2013 - 0.02%)		
1,360 Hochschild Mining	3	0.02

Portfolio Statement continued

Holding	Market Value £000s	% of Net Assets
3,000 South Africa Equities 0.17% (2013 - 0.15%) Mondi	33	0.17
Investment assets	18,885	98.67
Net other assets	255	1.33
Net assets	19,140	100.00

¹ Indicates unquoted or delisted security stated at the ACD's valuation.

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

Note: Comparative figures show percentages for each category of holding at 31 August 2013.

Summary of Portfolio Changes

For the six months ended 28 February 2014

The summaries below identify those purchases and sales exceeding 2% of the net assets of the Fund at the start of the period, subject to a minimum disclosure of the twenty largest purchases and sales.

Purchases ¹	Cost £000s	Sales	Proceeds £000s
Barclays Bank	59	Verizon Communications	320
Royal Mail	34	Vodafone	103
Coca-Cola HBC	33	HSBC	102
Lloyds Banking	31	BP	99
Glencore International	26	Royal Dutch Shell 'B' Shares	88
Direct Line Insurance	22	GlaxoSmithKline	82
DCC	21	British American Tobacco	66
Ocado	19	Royal Dutch Shell 'A' Shares	50
Schneider Electric	8	Diageo	46
Standard Life Equity Income Trust	1	AstraZeneca	43
		Rio Tinto	40
		BHP Billiton	39
		BG	38
		Invensys	36
		Prudential	33
		Barclays Bank	32
		Reckitt Benckiser	31
		Unilever	30
		BT	30
		Tesco	24
		Other sales	796
Total purchases for the period	254	Total sales for the period	2,128

¹ The table above shows all the purchases during the period.

Statement of Total Return

For the six months ended 28 February 2014

	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Income				
Net capital gains		1,400		2,332
Revenue	244		269	
Expenses	(79)		(81)	
Net revenue before taxation	165		188	
Taxation	(3)		(2)	
Net revenue after taxation		162		186
Total return before distributions		1,562		2,518
Finance costs: Distributions		(162)		(186)
Change in net assets attributable to shareholders from investment activities		1,400		2,332

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 28 February 2014

	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Opening net assets attributable to shareholders		19,624		21,259
Amounts receivable on issue of shares	284		127	
Less: Amounts payable on cancellation of shares	(2,304)		(3,952)	
Stamp duty reserve tax		(2,020)		(3,825)
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(2)		(1)
Retained distribution on accumulation shares		1,400		2,332
		138		150
Closing net assets attributable to shareholders		19,140		19,915

Section 3.30 of the IMA SORP issued in October 2010 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance Sheet

As at 28 February 2014

	28 February 2014 £000s	28 February 2014 £000s	31 August 2013 £000s	31 August 2013 £000s
Assets				
Investment assets		18,885		19,485
Debtors	524		143	
Cash and bank balances	0		75	
Total other assets		524		218
Total assets		19,409		19,703
Liabilities				
Bank overdraft	(217)		0	
Creditors	(43)		(52)	
Distribution payable on income shares	(9)		(27)	
Total other liabilities		(269)		(79)
Total liabilities		(269)		(79)
Net assets attributable to shareholders		19,140		19,624

Allianz UK Mid-Cap Fund

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Fund Information

Investment Objective and Policy

The Fund aims to achieve capital growth.

The ACD aims to achieve the investment objective by investing in securities listed on the London Stock Exchange although it may invest internationally and in all economic sectors. It is the general intention of the ACD to invest in stocks which constitute the FTSE Mid 250 Share Index (excluding investment trusts).

The ACD may also utilise deposits in the management of the portfolio. The Fund may also invest in collective investment schemes.

Status of the Allianz UK & European Investment Funds

It is the intention of the ACD that the Allianz UK Mid-Cap Fund (the "Fund") will be managed so as to meet the requirements necessary for it to be included in an Individual Savings Account.

Classes of Share within the sub-funds

There are two classes of share available on the Allianz UK Mid-Cap Fund, being the 'A' and 'C'.

Fund Details

Fund Manager	Andrew Neville	
Benchmark	FTSE Mid 250 (ex IT) Index	
Income allocation date	31 August	
Income pay date	31 October	
Launch dates	Fund	20 June 2002
	A Shares	20 June 2002
	C Shares	13 February 2013
ISA status	Yes (A and C Shares)	
Share Classes and type of Shares	A (Accumulation Shares) C (Accumulation Shares)	
Minimum investment	A Shares Lump sum £500 Monthly saving £50 C Shares Lump sum £500	
Initial charge	A Shares	4%
	C Shares	Nil
Annual ACD fee	A Shares	1.5%
	C Shares	0.75%

Investment Performance

Net Asset Value

Share Class	Period Ended	Net Asset Value (£000s)	Number of Shares in Issue	Net Asset Value per Share (p)
A Shares	31 August 2011	45,162	1,986,597	2,273.3
	31 August 2012	44,527	1,757,255	2,533.9
	31 August 2013	49,319	1,492,025	3,305.5
	28 February 2014	54,761	1,438,719	3,806.2
C Shares ¹	31 August 2013	3,306	99,603	3,319.2
	28 February 2014	4,987	129,990	3,836.4

¹ On 13 February 2013, class 'C' shares were introduced

The net asset value per share for the class 'A' and 'C' shares as at 28 February 2014 as stated above is higher than the 'Highest Price' as quoted in the table below. 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 table below is the pence per share price calculated at midday on the last business day of the accounting period.

Highest and Lowest Prices

Share Class	Calendar Year	Highest Price (p)	Lowest Price (p)
A Shares	2009	1,966.3	1,166.6
	2010	2,493.4	1,842.0
	2011	2,592.3	2,078.7
	2012	2,748.1	2,278.2
	2013	3,620.4	2,799.6
	2014 ²	3,781.8	3,520.4
C Shares ¹	2013	3,644.4	2,974.8
	2014 ²	3,811.6	3,545.8

¹ On 13 February 2013, class 'C' shares were introduced

² For the period to 28 February 2014

Investment Performance continued

Distribution History

Share Class	Calendar Year	Net Distribution per Share (p)
A Shares	2009	20.7114
	2010	18.9818
	2011	20.7427
	2012	19.5777
	2013	21.0747
	2014 ²	-
C Shares ¹	2013	33.9909
	2014 ²	-

¹ On 13th February 2013, class 'C' shares were introduced

² For the period to 28 February 2014

Ongoing Charges Figure

Share Class	Year Ended	OCF (%)
A Shares	31 August 2012	1.68
	31 August 2013	1.66
C Shares	31 August 2012	N/A
	31 August 2013	0.91

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 issued on 13 February 2013, the OCF has been annualised.

Investment Review

Performance Summary

Over the six month period under review, 1st September 2013 to 28th February 2014, the Fund's 'A' class produced a total return of 15.05% and 'C' class produced a total return of 14.36%. The Fund's benchmark, the FTSE 250 ex Investment Trust index, produced a total return of 16.58% over the period.*

The key reason(s) for this under performance was stock selection, namely a poor trading statement from Dialight and Genus, and not holding Ocado.

Market Background

Early on in the period, events in the US were the main driver of markets, as the US Federal Reserve surprised financial markets by deciding not to taper their asset purchase programme. In the event, this tapering started in December.

As the pace of the UK economic recovery improved, medium sized and more domestically orientated stocks outperformed with cyclical and financial sectors like Construction and General Industrials generally doing well.

The housing market continued to strengthen given the dual support from both the improving economy and direct government action with its Help to Buy program.

We have seen these improvements reflected in the trading updates from companies ranging from house builders, to retailers and to real estate companies.

Whilst the UK economy is improving, living standards remain under pressure. The prices of items we must all buy such as food and utilities continues to rise faster than wages which is putting some pressure on spare cash to spend on discretionary items.

Furthermore, September introduced what I suspect we will see a lot more of going forward – political interference. The leader of the Labour Party stated they would freeze energy prices for a period if they won the next election. I expect we will see more proposals put forward by all Parties from director pay to company hiring as politicians attempt to deflect the rising cost of living from the consumer and attempt to transfer a share of the economy from

companies to employees.

Whilst takeover activity has been low – we would expect this to rise over the coming year as the European economy improves. Improving asset prices, confidence amongst investors, and equity inflows has led to a strong improvement in the new issuance market (IPO). Whilst the companies coming to market are of interest we are struggling to justify the valuations and fully reconcile the business models with the earnings expectations.

Portfolio Review

The strategy of the Fund is to seek stocks mainly within the benchmark whose prospects we believe are undervalued and to avoid stocks whose prospects we believe are overvalued. We seek to buy and sell stocks based on rigorous fundamental research.

We started a new position in Oxford Instruments; an industrial equipment manufacturer whose products are used to analyse and manipulate matter at the atomic level. As a market leader in nanotechnology tools, Oxford Instrument stands to benefit from increasing usage of nanotechnology in both academic research and industrial applications. We started a new position in National Express; a bus and rail company, with a large exposure to Spain and the UK. Trading continues to improve, helped by an improving economy in both its key markets. In addition, National Express is bidding for a number of UK and German rail opportunities which could drive growth. We started a position in Betfair; an online betting company, which has refocused its operations in regulated markets and is developing its Sportsbook capabilities, and plans on expanding in the US. We started a position in St James Place; a financial services business which is growing by expanding its network of independent financial advisors, and benefiting from strong asset prices. We also started a position in Daily Mail & General Trust; a conglomerate of offline and online, business and consumer, media assets, where end markets are improving, and online assets look relatively undervalued.

We sold companies which were promoted into the FTSE 100, namely Sports Direct and Ashted. After a strong performance, we sold positions in DCC, Drax and Great Portland Estate. We also trimmed our position in Close Brothers. After a strong recovery, we sold our position in

* 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. Benchmark performance based on end of day prices.

Investment Review continued

FirstGroup as the company still has a large amount of debt on the balance sheet, and weak cash flow could constrain their ability to pay a dividend. We reduced our exposure to the UK consumer by selling our position in Marston's.

Outlook

The economic environment, remains favourable to UK mid-sized companies. The UK economy is recovering strongly, and our main trading partner, Europe, is starting to recover. Whilst some global economies are experiencing slowing or negative economic growth, this is more than offset with improving economies elsewhere. As a result, companies are generating respectable earnings growth. In the UK we

are approaching the point where monetary conditions are likely to tighten through raising interest rates and relaxing the liquidity schemes put in place after the financial crisis. This is likely to apply downward pressure to UK share prices though history shows us that this downward pressure will be short lived. Company valuations are above their long term average and so the greatest driver of share prices from here will be earnings growth.

20 March 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.

Portfolio Statement

As at 28 February 2014

Holding	Market Value £000s	% of Net Assets
UNITED KINGDOM EQUITIES 94.31% (2013 - 97.27%)		
Aerospace & Defence 4.74% (2013 - 4.86%)		
483,000 Qinetiq	1,107	1.85
280,000 Senior	805	1.35
48,000 Ultra Electronics	923	1.54
	2,835	4.74
Chemicals 3.27% (2013 - 3.12%)		
340,000 Elementis	980	1.64
51,000 Victrex	975	1.63
	1,955	3.27
Construction & Materials 1.97% (2013 - 1.73%)		
370,000 Balfour Beatty	1,179	1.97
Electricity - 0.00% (2013 - 2.38%)		
Electronic & Electrical Equipment 6.66% (2013 - 5.69%)		
45,245 Dialight	386	0.65
200,000 Halma	1,220	2.04
58,000 Spectris	1,425	2.38
66,000 Oxford Instruments	949	1.59
	3,980	6.66
Food Producers 1.25% (2013 - 1.46%)		
240,000 Devro	745	1.25
General Financial 12.61% (2013 - 10.03%)		
450,000 3i	1,894	3.17
102,000 Close Brothers	1,495	2.50
175,000 IG	1,107	1.85
850,000 Man	882	1.48
170,000 St. James's Place	1,488	2.49
200,000 Tullett Prebon	669	1.12
6,685 W&G Investments ¹	0	0.00
	7,535	12.61
General Industrials - 2.48% (2013 - 2.06%)		
420,000 DS Smith	1,482	2.48

Portfolio Statement continued

Holding		Market Value £000s	% of Net Assets
General Retailers 5.20% (2013 - 6.63%)			
118,000	Dunelm	1,172	1.96
210,000	Inchcape	1,318	2.21
76,650	Sports Direct	618	1.03
		3,108	5.20
Household Goods & Home Construction 10.22% (2013 - 8.75%)			
400,000	Barratt Developments	1,760	2.95
92,000	Bellway	1,542	2.58
67,000	Berkeley	1,837	3.07
67,000	Persimmon	969	1.62
		6,108	10.22
Industrial Engineering 4.96% (2013 - 5.30%)			
163,379	Fenner	694	1.16
40,000	Rotork	1,073	1.80
38,518	Spirax-Sarco Engineering	1,194	2.00
		2,961	4.96
Industrial Transportation 1.60% (2013 - 1.65%)			
283,426	BBA Aviation	953	1.60
Media 7.39% (2013 - 6.58%)			
61,000	Daily Mail and General Trust	641	1.07
240,000	Informa	1,253	2.10
55,000	Rightmove	1,516	2.54
140,000	UBM	1,004	1.68
		4,414	7.39
Mobile Telecommunications 2.09% (2013 - 2.37%)			
180,000	Inmarsat	1,251	2.09
Oil & Gas Producers 1.48% (2013 - 2.04%)			
280,000	Premier Oil	883	1.48
Oil Equipment, Services & Distribution 1.28% (2013 - 1.40%)			
90,000	Hunting	763	1.28
Personal Goods - 1.61% (2013 - 1.58%)			
45,000	Ted Baker	960	1.61

Portfolio Statement continued

Holding		Market Value £000s	% of Net Assets
Pharmaceuticals & Biotechnology 3.86% (2013 - 3.70%)			
50,000	Genus	584	0.98
120,000	Hikma Pharmaceuticals	1,721	2.88
		2,305	3.86
Real Estate 4.46% (2013 - 6.27%)			
310,000	Capital & Counties Properties	1,168	1.96
54,000	Derwent London	1,495	2.50
		2,663	4.46
Software & Computer Services 1.61% (2013 - 1.96%)			
44,531	AVEVA	961	1.61
Support Services 7.41% (2013 - 9.17%)			
496,000	Howden	1,883	3.15
180,000	Michael Page	913	1.53
320,000	Premier Farnell	735	1.23
260,000	RPS	900	1.50
		4,431	7.41
Travel & Leisure 8.16% (2013 - 8.54%)			
79,000	Betfair	905	1.51
125,000	Dominos	699	1.17
190,000	Mitchells & Butlers	921	1.54
300,000	National Express	912	1.53
215,000	Restaurant	1,441	2.41
		4,878	8.16
OVERSEAS EQUITIES 0.00% (2013 - 1.07%)			
Ireland Equities 0.00% (2013 - 1.07%)			
Investment assets		56,350	94.31
Net other assets		3,398	5.69
Net assets		59,748	100.00

¹ Indicates unquoted or delisted security, stated at ACD's valuation.

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

Note: Comparative figures show percentages for each category of holding at 31 August 2013.

Summary of Portfolio Changes

For the six months ended 28 February 2014

The summaries below identify those purchases and sales exceeding 2% of the net assets of the Fund at the start of the period, subject to a minimum disclosure of the twenty largest purchases and sales.

Purchases ¹	Cost £000s	Sales ¹	Proceeds £000s
St. James's Place	1,109	Ashtead	1,467
Oxford Instruments	1,034	Drax	1,242
National Express	774	FirstGroup	1,227
Betfair	772	Great Portland Estates	1,203
Daily Mail and General Trust	571	Marston's	740
Royal Mail	32	Sports Direct	648
		DCC	601
		Close Brothers	292
		Borders & Southern	48
		Royal Mail	43
Total purchases for the period	4,292	Total sales for the period	7,511

¹ The tables above shows all the purchases and sales during the period.

Statement of Total Return

For the six months ended 28 February 2014

	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Income				
Net capital gains		7,818		9,184
Revenue	502		355	
Expenses	(435)		(385)	
Net revenue (expense) before taxation	67		(30)	
Taxation	0		(1)	
Net revenue (expense) after taxation		67		(31)
Total return before distributions		7,885		9,153
Finance costs: Distributions		1		(1)
Change in net assets attributable to shareholders from investment activities		7,886		9,152

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 28 February 2014

	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Opening net assets attributable to shareholders		52,625		44,527
Amounts receivable on issue of shares	1,732		965	
Less: Amounts payable on cancellation of shares	(2,490)		(3,330)	
Stamp duty reserve tax		(758)		(2,365)
		(5)		(5)
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		7,886		9,152
Closing net assets attributable to shareholders		59,748		51,309

Section 3.30 of the IMA SORP issued in October 2010 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance Sheet

As at 28 February 2014

	28 February 2014 £000s	28 February 2014 £000s	31 August 2013 £000s	31 August 2013 £000s
Assets				
Investment assets		56,350		51,753
Debtors	1,254		717	
Cash and bank balances	2,256		401	
Total other assets		3,510		1,118
Total assets		59,860		52,871
Liabilities				
Creditors	(112)		(246)	
Total other liabilities		(112)		(246)
Total liabilities		(112)		(246)
Net assets attributable to shareholders		59,748		52,625

Allianz UK Unconstrained Fund

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Fund Information

Investment Objective and Policy

The Fund aims to achieve capital growth over the long term.

The ACD aims to achieve the investment objective by investing in any of the economic sectors of the United Kingdom although it may invest internationally. It is the ACD's general intention to invest the Fund in a concentrated range of companies, normally 16 to 30 companies, from any sector included within the FTSE All Share Index. The ACD will retain a flexible asset allocation policy meaning that the Fund will not be constrained by the benchmark index.

The Fund may also invest in collective investment schemes, government securities, certificates of deposit and other money market instruments and hold up to 20% of the portfolio in cash deposits should the ACD consider such investments and/or deposits to be appropriate in view of market conditions.

Status of the Allianz UK & European Investment Funds

It is the intention of the ACD that the Allianz UK Unconstrained Fund (the "Fund") will be managed so as to meet the requirements necessary for it to be included in an Individual Savings Account.

Classes of Share within the sub-funds

There are two classes of share available on the Allianz UK Unconstrained Fund, being the 'A' and 'C' class. Share class 'C' is inactive.

Fund Details

Fund Manager	Matthew Tillet	
Benchmark	FTSE All Share Index	
Income allocation date	31 August	
Income pay date	31 October	
Launch dates	Fund	9 February 2004
	A Shares	14 May 2004
	C Shares	9 February 2004
ISA status	Yes (A and C Shares)	
Share Classes and types of Shares	A (Accumulation Shares) C (Accumulation Shares)	
Minimum investment	A Shares Lump sum £500 Monthly saving £50 C Shares Lump sum £500	
Initial charge	A Shares	4%
	C Shares	Nil
Annual ACD fee	A Shares	1.5%
	C Shares	0.75%

Investment Performance

Net Asset Value

Share Class	Period Ended	Net Asset Value (£000s)	Number of Shares in Issue	Net Asset Value per Share (p)
A Shares	31 August 2011	9,297	7,191,223	129.3
	31 August 2012	9,519	6,419,629	148.3
	31 August 2013	11,059	5,818,908	190.1
	28 February 2014	12,360	5,829,243	212.0

Highest and Lowest Prices

Share Class	Calendar Year	Highest Price (p)	Lowest Price (p)
A Shares	2009	128.8	74.6
	2010	141.1	117.7
	2011	145.8	120.3
	2012	159.4	130.8
	2013	204.1	160.0
	2014 ¹	212.1	202.6

¹ For the period to 28 February 2014

Distribution History

Share Class	Calendar Year	Net Distribution per Share (p)
A Shares	2009	2.1213
	2010	0.9065
	2011	1.4029
	2012	2.0938
	2013	2.0866
	2014 ¹	-

¹ For the period to 28 February 2014

Ongoing Charges Figure

Share Class	Year Ended	OCF (%)
A Shares	31 August 2012	2.05
	31 August 2013	1.99

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.

Investment Review

Performance Summary

Over the six month period under review, 1 September 2013 to 28 February 2014, the Fund's 'A' class produced a total return of 11.2%. The Fund's benchmark, the FTSE All Share Index, produced a total return of 8.8% over the period.*

The key reasons for the outperformance were strong performances from a number of conviction holdings in small and mid-cap stocks, in particular Goals Soccer Centres, Xchanging and Hays.

Market Background

There was a notable improvement in economic conditions in the UK during the period under review. Both Gross Domestic Product growth and the level of employment grew and consumer and business confidence improved markedly. In Europe, whilst there was a pick up from a period of overall contraction a year ago, growth was extremely modest, with little improvement in the aggregate employment market.

The US economy continued its slow but steady economic recovery, as the housing market firmed and unemployment continued to fall. One of the main focuses of attention was the level of Quantitative Easing (QE) or money printing by the US Federal Reserve Board and the question of whether and when they would "taper" or reduce their asset purchases. As QE had arguably been driving down bond yields and driving up asset valuations, concern over tapering increased market and currency volatility. Underlying economic conditions within emerging markets were disappointing with China, India and Brazil all showing signs of economic slowdown.

Equity markets continued their strong performance. The FTSE All Share Index returned 8.8%, with the domestic focussed sectors such as retail, travel and leisure rising particularly strongly. The weakest areas were those exposed to emerging markets, not surprising given the deteriorating macro-economic backdrop.

Portfolio Review

The portfolio is run to an unconstrained mandate. The strategy aims to give investors an attractive absolute return across an entire economic cycle. We invest in companies where we see a reasonable prospect of a high total

shareholder return over a 3-5 year time horizon, and where we perceive low downside risk. The benchmark is the FTSE All Share Index, but the portfolio is not constructed with reference to this or any other equity index.

We added three new holdings during the half year period under review.

- Ashmore is a leading emerging markets debt fund management business. Excellently managed, it exhibits all the important attributes we look for in an asset management company – strength and depth in a specific asset class, low staff turnover with high equity ownership, long term focus, loyal and stable client base, high margins and return on capital, and long term structural growth. Market fears around an imminent emerging market crisis caused the share price to sell off significantly, providing us with the opportunity to buy at an attractive price.
- Pennon is a water utility and waste business. The shares had been weak due to problems in the company's recycling business. However we believe this is a relatively minor problem whilst the positives were not at all reflected in the share price. In particular Pennon have invested considerably capital into "Energy from Waste" (EfW) assets which have the potential to earn attractive long term returns once they come on line.
- Baron de Ley is a Spanish listed producer of vintage Rioja wine. It is a very well invested and efficiently managed business operating in a sleepy industry dominated by small, often family run, companies. The business economics are fantastic - pricing power, a low cost base, a growing export business, and a rock solid balance sheet. We were able to buy the shares at a very attractive price due in part to the depressed sentiment towards the Spanish economy, which still represents 50% of sales. We are very excited about the long term prospects for this investment.

Notable complete sales during the period were Man, Vivendi and CLS. The latter two were sold following strong share price appreciation to levels at or above our estimates of fair value. Man was sold following a review of the investment case which concluded that the fundamental risk facing the company was much higher than we had previously estimated.

* 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. Benchmark performance based on end of day prices.

Investment Review continued

Elsewhere, portfolio activity consisted primarily of reducing holdings where share price performance had been strong leaving less fundamental upside, in particular amongst the domestically focused cyclical companies such as Tyman, Hays, Boot (H) and Firstgroup. We also added to a number of holdings where short term negative news flow caused share price weakness – for example UBM, Centrica and Mothercare.

Outlook

The UK and US economies are arguably showing the most convincing signs of recovery since the global financial crisis. However we remain wary of reading too much into this. The fundamental problem of excessive debt in the economic system remains unresolved while the recovery itself remains subdued, despite huge monetary stimulus. Corporate performance is mixed. Most businesses have recovered from the financial crisis but organic profit growth is muted having been held back by lacklustre economic growth in much of Europe and emerging markets like Brazil and India.

The mediocre corporate picture has not prevented the stock market from rising considerably. It is now some five years since the trough of the market in 2009 and FTSE All Share Index has more than doubled since then. This rally has been partly driven by low interest rates and financial repression, effectively forcing money out of bank accounts in search of higher yields elsewhere.

This has led to a significant re-rating of equities such that most long term valuation measures now suggest that stock markets in the developed world are at, or, in the case of the US, some way above fair value. This implies that future returns from the broader equity indices are likely to be lower than historical norms. This is not of great concern to us since our portfolio does not look anything like the broader indices. Although we are finding fewer obvious bargains, we still have a healthy flow of new ideas, often in areas of the market other investors are not looking at, and as such we are confident we can continue to achieve our long term investment objectives.

12 March 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.

Portfolio Statement

As at 28 February 2014

Holding	Market Value £000s	% of Net Assets
UNITED KINGDOM EQUITIES 78.78% (2013 - 79.17%)		
Aerospace & Defence 1.73% (2013 - 2.04%)		
52,034 BAE Systems	214	1.73
Construction & Materials 10.63% (2013 - 11.11%)		
119,958 Balfour Beatty	382	3.09
200,367 Boot (H)	448	3.62
186,017 Tyman	484	3.92
	1,314	10.63
Equity Investment Instruments 3.89% (2013 - 5.08%)		
220,063 Better Capital	243	1.97
219,686 Better Capital Funding	238	1.92
	481	3.89
Food & Drug Retailers 1.64% (2013 - 2.04%)		
61,674 Tesco	203	1.64
Gas, Water & Multiutilities 6.13% (2013 - 3.09%)		
146,629 Centrica	468	3.79
39,000 Pennon	290	2.34
	758	6.13
General Financial 7.99% (2013 - 7.80%)		
67,000 Ashmore	212	1.71
58,000 ICAP	254	2.06
71,334 Resolution	269	2.18
75,199 Tullett Prebon	252	2.04
1,789 W&G Investments ¹	0	0.00
	987	7.99
General Retailers 1.15% (2013 - 1.65%)		
57,178 Mothercare	142	1.15
Healthcare Equipment & Services 2.70% (2013 - 2.39%)		
35,149 Smith & Nephew	334	2.70
Media 8.16% (2013 - 6.99%)		
38,493 Reed Elsevier	352	2.85
91,530 UBM	656	5.31
	1,008	8.16

Portfolio Statement continued

Holding	Market Value £000s	% of Net Assets
Oil & Gas Producers 9.76% (2013 - 9.89%)		
128,407 BP	648	5.24
24,000 Royal Dutch Shell 'B' shares	559	4.52
	1,207	9.76
Pharmaceuticals & Biotechnology 5.04% (2013 - 6.58%)		
37,279 GlaxoSmithKline	623	5.04
Real Estate 6.20% (2013 - 6.85%)		
215,659 Hansteen	241	1.95
2,127,261 Sirius Real Estate	526	4.25
	767	6.20
Support Services 7.90% (2013 - 7.45%)		
712,000 Begbies Traynor	297	2.41
236,379 Hays	338	2.73
193,124 Xchanging	341	2.76
	976	7.90
Travel & Leisure 5.86% (2013 - 6.21%)		
180,000 Firstgroup	254	2.06
215,000 Goals Soccer Centres	470	3.80
	724	5.86
OVERSEAS EQUITIES 7.88% (2013 - 6.52%)		
France Equities 0.00% (2013 - 2.49%)		
Germany Equities 2.85% (2013 - 2.36%)		
5,500 Drägerwerk	352	2.85
Ireland Equities 1.76% (2013 - 1.67%)		
125,722 Petroceltic International	217	1.76
Spain Equities 3.27% (2013 - 0.00%)		
6,500 Baron de Ley	404	3.27
Investment assets	10,711	86.66
Net other assets	1,649	13.34
Net assets	12,360	100.00

¹ Indicates unquoted or delisted security, stated at ACD's valuation

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

Note: Comparative figures show percentages for each category of holding at 31 August 2013.

Summary of Portfolio Changes

For the six months ended 28 February 2014

The summaries below identify those purchases and sales exceeding 2% of the net assets of the Fund at the start of the period, subject to a minimum disclosure of the twenty largest purchases and sales.

Purchases ¹	Cost £000s	Sales ¹	Proceeds £000s
Baron de Ley	335	CLS	367
Sirius Real Estate	284	Vivendi	350
Pennon	253	Firstgroup	128
Ashmore	217	Man	118
Centrica	190	GlaxoSmithKline	110
UBM	175	Ashmore	107
Drägerwerk	95	Hansteen	101
Better Capital Funding	58	Tyman	90
Better Capital	55	Boot (H)	77
Tullett Prebon	53	Tullett Prebon	69
Mothercare	41	Goals Soccer Centres	62
Royal Mail	27	ICAP	55
		Xchanging	55
		Hays	55
		Royal Mail	36
		Reed Elsevier	18
		Ashmore	14
Total purchases for the period	1,783	Total sales for the period	1,812

¹ The table above shows all the purchases and sales during the period.

Statement of Total Return

For the six months ended 28 February 2014

	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Income				
Net capital gains		1,264		1,328
Revenue	115		104	
Expenses	(110)		(98)	
Net revenue before taxation	5		6	
Taxation	0		0	
Net revenue after taxation		5		6
Total return before distributions		1,269		1,334
Finance costs: Distributions		0		(1)
Change in net assets attributable to shareholders from investment activities		1,269		1,333

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 28 February 2014

	2014 £000s	2014 £000s	2013 £000s	2013 £000s
Opening net assets attributable to shareholders		11,059		9,519
Amounts receivable on issue of shares	377		8	
Less: Amounts payable on cancellation of shares	(344)		(629)	
Stamp Duty Reserve Tax		33 (1)		(621) 0
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		1,269		1,333
Closing net assets attributable to shareholders		12,360		10,231

Section 3.30 of the IMA SORP issued in October 2010 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance Sheet

As at 28 February 2014

	28 February 2014 £000s	28 February 2014 £000s	31 August 2013 £000s	31 August 2013 £000s
Assets				
Investment assets		10,711		9,476
Debtors	42		32	
Cash and bank balances	1,757		1,605	
Total other assets		1,799		1,637
Total assets		12,510		11,113
Liabilities				
Creditors	(150)		(54)	
Total other liabilities		(150)		(54)
Total liabilities		(150)		(54)
Net assets attributable to shareholders		12,360		11,059

Authorised Corporate Director's Report to the Shareholders

REPORT OF THE AUTHORISED CORPORATE DIRECTOR
TO THE SHAREHOLDERS OF THE ALLIANZ UK &
EUROPEAN INVESTMENT FUNDS FOR SIX MONTHS ENDED
28 FEBRUARY 2014.

In accordance with the requirements of the Regulations,
we hereby certify the report on behalf of the Directors of
Allianz Global Investors Europe GmbH, UK Branch.

G. Hardy
23 April 2014

L. Clark

Additional Information

How will I be kept informed of my investment?

You will receive interim and annual short form reports as at 28 February and 31 August, respectively. You will also receive a full statement of your investments as at 5 April and 5 October sent to you at the end of April and end of October respectively. You can also request a valuation at any time by calling 0800 073 2001.

In addition, the share prices are published daily in The Financial Times and on our website at www.allianzglobalinvestors.co.uk.

Interim and audited annual long form reports as at 28 February and 31 August can be obtained from our website or by calling the number above.

Taxation

Capital gains tax

If your realised gains from all investments do not exceed the capital gains tax exemption (£10,900 for 2013/2014 tax year and £11,000 for 2014/2015 tax year), you will not pay any capital gains tax. From 6 April 2014 gains above the basic rate income tax band of £31,865 will be taxed at 28%. Gains below the basic rate tax band will continue to be taxed at 18%.

Income tax

Distributions, whether they are paid out or accumulated, are treated as income for tax purposes.

Dividend distributions (Equity Funds)

These carry a tax credit of 10%. Non-taxpayers can no longer reclaim this credit. If you are a basic rate taxpayer, you will not pay any further tax. Higher rate and additional rate taxpayers will be liable to income tax on their grossed up dividend income at the rate of 32.5% and 37.5% respectively but may offset the 10% tax credit against this. Higher rate and additional rate taxpayers will therefore be liable to pay income tax equivalents at a rate of 25% and 30.6% respectively of their net receipt. It is not possible for investors to reclaim any amount in respect of the tax credit.

Interest distributions (Bond Funds)

Income tax at the rate of 20% will be deducted from payments of interest distributions to UK resident investors who will then receive a credit for the tax deducted. A basic rate taxpayer has no further tax liability. Higher rate and additional rate (currently 40% and 45% respectively) taxpayers must account to HM Revenue & Customs for any further tax due on the gross amount of the interest. In line with current legislation, we will report all interest distribution payments to HM Revenue & Customs.

Risk warning

Investors are reminded that the value of shares of a sub-fund and the income from the shares may go down as well as up and is not guaranteed. An investor may not get back the amount he/she has invested. The past is no guide to future performance. Details of the risk factors are published in the full prospectus which may be accessed at www.allianzglobalinvestors.co.uk. Alternatively, call our Investor Services team on 0800 317 573 to request a copy free of charge.

Complaints

A copy of our leaflet, "Allianz Global Investors Complaints Process", is available on request. Any eligible complainant having any complaint in respect of the Fund should inform Allianz Global Investors Europe GmbH, UK Branch, in writing of the details of the complaint. This will then be investigated and a reply provided as soon as possible and any appropriate remedial action taken. In addition, eligible complainants will have a right of complaint directly to the Financial Ombudsman Service if he/she is not satisfied with the outcome of the investigation into the complaint. Details of the Financial Services Compensation Scheme established under the Financial Services and Market Act 2000, under which an investor may be entitled to receive compensation if the ACD is unable to meet any of its liabilities to the investor are available on written request from the ACD.

Telephones

For our mutual protection, calls are recorded and may be used for quality control and training purposes, however, Allianz Global Investors Europe GmbH, UK Branch, reserves the right to use such recordings in the event of a dispute.

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