Allianz Total Return Asian Equity Fund

Interim
Short Form

For the period ended 31 October 2013

The report below, as prescribed by the Financial Conduct Authority (FCA), aims to provide clear and concise information enabling you to make an informed judgement on your investment, during the period covered. We continually strive to enhance the information we send to you and we would welcome any comments you may have. A long form version of the report and accounts can still be viewed at www.allianzglobalinvestors.co.uk. Alternatively, call our Investor Services team on 0800 317 573 to request a copy. Thank you for your continued investment with Allianz Global Investors.

Investment Objective & Policy

The objective of the Fund is to maximise total return through dividend yield and capital appreciation.

The ACD aims to achieve the objective by investing in high yielding or undervalued securities of companies in Asia, excluding Japan. The portfolio will consist of a concentrated range of securities from any sector in the MSCI AC Far East (ex Japan) Index and may include the securities of smaller companies.

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

Risk Profile

Equity Risk: Equities are generally more risky than fixed interest securities. Considerable fluctuations in equity prices may mean that you do not get all your money back.

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

Charges Deducted from Capital: Revenue from the Fund is increased by taking the annual management charge from capital. Because of this, the level of revenue will be higher but the growth potential of the capital value of the investment will be reduced.

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

Risk and Reward Profile

The Allianz Total Return Asian Equity Fund has a risk reward indicator of 6. Funds of category 6 have shown high volatility in the past. The volatility describes how much the value of the Fund went up and down in the past. The shares of a Fund of category 6 might be subject to high price fluctuations based on the historical volatilities observed.

The indicator is mapped through an integer number between 1 & 7 and is based on past performance data and is calculated in accordance with European legislation. The categorisation of the Fund is not guaranteed and may change in the future.

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

Investment Review

Performance Summary: Over the six month period under review, from 1 May 2013 to 31 October 2013, the Fund's 'A' class produced a total return of 1.69% in sterling terms. The Fund's benchmark, the MSCI AC Far East (ex Japan) Index (The Asia 'excluding Japan' stock exchange), produced a total return of 0.48% over the period. *

The key reasons for the relative outperformance were stock selection in China and Hong Kong. On a sector level, contributions mainly came from stock selection in consumer discretionary and IT. On the other side, stock selection in Thailand detracted from relative performance; while stock selection in financials and consumer staples also hurt.

Market Background: During the six month period under review, the global equity markets remained highly volatile, especially for the Asian equities. Developed markets continued to outperform on the back of increasing signs of economic stabilisation and mild recovery; while on the other hand, Asian markets saw significant corrections, particularly in the second quarter in 2013, due to the heightened market concern on a potential scale back of the quantitative easing program by the US Federal Reserve (Fed). The Association of Southeast Asian Nations (ASEAN) equity markets, which have rallied strongly since the second half of 2012 on the back of abundant global liquidity, were faced with profit taking

* 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.

Allianz Global Investors

Key Facts

Fund manager	Pan Yu Ming since October 2013 (previously Ronald Chan)			
Launch date	20 June 2002			
Fund benchmark	MSCI AC Far East (ex Japan) Index			
Annual charge	1.75%			
Initial charge	ISA	3%	Direct	4%
Minimum investment	ISA	£1,000	Direct	£500
Additional investment	ISA	£1,000	Direct	£500
Regular savings plan	ISA	£200	Direct	£50
Ex dividend dates	1 May, 1 November			
Payment dates	30 June, 31 December			
Share classes & types	A (Accumulation)		C (Income)	

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

Ongoing Charges Figure

30 April 2013	
'A' Shares	2.04%
'C' Shares	1.44%

Ongoing Charges Figure (OCF) represents all operating charges and expenses and is expressed as a percentage of the average net asset value. It includes the annual ACD fee as well as all the administrative expenses including custodial transaction charges incurred by the Fund.

Performance Record (price in pence)

	High	Low	High	Low
Share class	**A**	**A**	**C**	**C**
2008	473.9	226.7	470.8	225.9
2009	452.8	270.4	437.9	264.7
2010	576.4	413.2	551.2	399.8
2011	590.2	425.0	564.4	407.0
2012	552.3	478.7	521.5	451.3
2013[1]	595.7	505.8	555.5	471.9

[1] For the period to 31 October 2013

Summary of Fund Performance

	Net Asset Value		Net Asset Value per share		
	31 Oct 2013 £000s	30 Apr 2013 £000s	31 Oct 2013 (p)	30 Apr 2013 (p)	Change %
'A' Shares	35,620	36,308	574.0	564.3	1.7
'C' Shares	2,544	2,589	530.4	526.1	0.8

Summary of Distribution

Share class	Payment date	Net distribution per share (p)
'A' Shares	31 December 2013	7.0967
	30 June 2013	2.1489
'C' Shares	31 December 2013	5.9141
	30 June 2013	1.3694

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

pressure, especially as investors recalled the experience during the Asian Financial Crisis in 1998 and started to question the macro stability of the ASEAN economies under a tighter liquidity scenario. Under such a cautious investor sentiment, the southeast Asian equities corrected across the board, with Indonesia and India being the worst hit markets, weighted down by poor domestic equity performances and weak currency movements. In particular, investors were concerned about the structural problems in select countries with current account deficit and fiscal deficit. Contrary to the correction in southeast Asian markets, the north Asian equities delivered a steady performance, underpinned by sequentially improving economic readings coming from China and increasing signs of economic recovery in developed markets, which in turn should benefit the north Asian exporters. The stabilisation of the Japanese yen also provided some support to its north Asian competitors, particularly South Korea. In terms of the foreign exchange market, most Asian currencies weakened against the US dollar year-to-date 2013; while the Chinese renminbi, as a relatively controlled currency, continued on its steady and mild appreciation path, which attracted investors' attention in the current low interest rate environment. However, market sentiment reversed after the September Federal Open Market Committee (FOMC) meeting, where the Fed surprised the market by postponing its plan to wind down its quantitative easing program, citing conditions in the labour market were still too fragile. The US government shutdown and the debt ceiling discussion in early October also turned out to be a non-event, as global investors seemed to have got used to the uncertainties in news flows. The Asian markets, in general, saw some relief in September and October, with stabilisation in their currencies and a slowdown in capital outflow. In fact, most ASEAN equity markets rebounded after the previous panic-driven over-correction.

We also saw significant developments in Asian domestic economies. In China, the short term inter-bank rates spiked to unprecedented levels ahead of the Dragon boat festival in June, which was regarded as a deliberate move by the regulator to correct the malpractice within the Chinese interbank market. Towards the end of October, investors were focused on the reform agenda coming out of the Communist Party Third Plenary meeting, which is scheduled to be held on 9-12 November. Key economic issues with strong impact on further Chinese development will be discussed during the meeting. In South Korea, we saw a sell-off in the smartphone manufacturer space, particularly in the second quarter, due to slowing growing momentum from the handset business globally. This also weighed on select hardware component manufacturers in Asia, especially those without a clear competitive positioning and product differentiation. In India and Indonesia, the governments have been actively implementing measures to mitigate further currency weakness and capital outflow, while combating heightened inflation pressure. However, given the upcoming elections in both countries in 2014, investors seemed to be relatively cautious on the effectiveness of these near term measure to address structural problems.

Portfolio Review: During the past six months, we have trimmed our position in a South Korean leading smartphone manufacturer, in view of a slowdown in global smart device momentum. In China, we favour the clean energy and environmental sectors and have

Classification of Investments

Ten Largest Holdings as at 31 October 2013	(%)
Naver	5.47
Sands China	5.30
Kasikornbank	4.63
Beijing Enterprise	4.50
Taiwan Semiconductor Manufacturing ADS (each representing 5 ordinary shares)	4.32
CNOOC	4.20
Hankook Tire	4.01
Bank Mandiri Persero	3.28
Tenaga Nasional	3.13
CapitaMalls Asia	3.12
Total	**41.96**

Ten Largest Holdings as at 30 April 2013	(%)
Samsung Electronics	7.68
Taiwan Semiconductor Manufacturing ADS (each representing 5 ordinary shares)	5.77
Industrial & Commercial Bank of China	4.54
Sun Hung Kai Properties	3.72
AIA	3.49
Kasikornbank	3.20
Ping An Insurance	2.98
United Overseas Bank	2.92
Jardine Matheson	2.87
China Resources Gas	2.77
Total	**39.94**

Geographical Breakdown as at 31 October 2013	(%)
Asia Pacific ex Japan	1.12
China	28.57
Hong Kong	13.34
Indonesia	3.28
Malaysia	3.13
Philippines	3.29
Singapore	5.01
South Korea	20.40
Taiwan	12.43
Thailand	4.63
Net other assets	4.80
Net Assets	**100.00**

Geographical Breakdown as at 30 April 2013	(%)
Asia Pacific ex Japan	1.15
China	29.42
Hong Kong	16.65
Indonesia	5.83
Malaysia	3.78
Phillipines	0.00
Singapore	5.45
South Korea	14.57
Taiwan	14.04
Thailand	4.54
Net other assets	4.57
Net Assets	**100.00**

increased exposure to related companies. We were encouraged by the strong gaming revenue increase in Macau casinos; therefore have added exposure to the Macau gaming sector with an emphasis on companies that can benefit the most from the mass market segment. Across north Asia, we have added companies that can benefit from the structural growth on inter-Asia tourism and also companies that can benefit from the rapid penetration of mobile internet services.

Outlook: We continue to stay positive for the Asian market for the rest of the year, on the back of demand pick-up from Organisation for Economic Co-operation and Development countries, as well as a moderate recovery in China. Regarding the upcoming Chinese Communist Party Central Committee Third Plenum session in November, we believe the general direction of the new policies should be pro-growth and support continuous liberalisation in the market, which should be, in the long-term, positive to the economy and the equity market. However, we do expect to see some short term volatilities as investors speculate on the potential outcomes ahead of the meeting. We will continue to focus on our investment themes in China which we believe should benefit from the secular reform agenda and avoid names that are sensitive to short-term sentiment trades. In particular, we continue to favour clean energy related companies in China. We are also well positioned to capture the rapid penetration of mobile internet, smart devices and e-commerce in Asia.

In ASEAN countries, we are overweight in the Philippines, underpinned by its solid macro fundamentals. We are generally neutral or underweight in the rest of the ASEAN countries, especially Indonesia, as we see political headwinds from the upcoming election in 2014.

18 November 2013

The contents of this Investment Review are based on the views of the manager at the time of writing, which may be subject to change.

Investors are reminded that the value of shares within an OEIC fund, and the income from them, may go down as well as up and is not guaranteed. An investor may not get back the amount invested. The past is no guide to future performance.

The opinions expressed here are believed to be accurate and reliable, however these opinions may change without notice. Although the information is believed to be reliable, Allianz Global Investors does not guarantee the timeliness, accuracy or suitability of such information in any way and anyone who acts on the information does so at their own risk. Allianz Global Investors only provides information on our own products and does not give advice based on personal circumstances.

Further Information

The information in this report is designed to enable shareholders to make an informed judgement on the activities of the Fund during the period covered by the report and the results of those activities at the end of the period.

More information on the performance and make-up of this Fund is available on our Fund factsheets, which you can view via our Literature Library on www.allianzglobalinvestors.co.uk. You can also request a valuation at any time by calling 0800 073 2001.

Alternatively, our Investor Services team will be happy to respond to any issues you may wish to raise with them regarding product information and Fund performance. If you have invested via a financial adviser, you should contact them first if you wish to discuss your investment in greater detail.

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