

Allianz UK & European Investment Funds

Final Report and Financial Statements

31 August 2022

Allianz Global Investors

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* Collectively, these comprise the ACD's Report.

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 Conduct Authority 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 subfunds, each of which is operated as a distinct fund, with its own portfolio of investments. Each subfund 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 subfund represents a segregated portfolio of assets and accordingly, the assets of a subfund belong exclusively to that subfund 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 subfunds and shall not be available for such purpose.

The subfunds of the Allianz UK & European Investment Funds are:

| Subfund | Launch date |
|--------------------------------------|-----------------|
| Allianz Continental European Fund | 16 May 2002 |
| Allianz Gilt Yield Fund | 16 May 2002 |
| Allianz Strategic Bond Fund | 16 May 2002 |
| Allianz UK Listed Equity Income Fund | 16 May 2002 |
| Allianz UK Mid-Cap Fund* | 16 May 2002 |
| Allianz UK Listed Opportunities Fund | 16 May 2002 |
| Allianz Index-Linked Gilt Fund | 1 February 2018 |

*Allianz UK Mid Cap Fund was merged into the Allianz UK Listed Opportunities Fund on 26 August 2022.

Remuneration Policy

In accordance with the UCITS Remuneration Code and corresponding changes to the FCA Handbook for Collective Investment Schemes (COLL), the Allianz UK & European Investment Funds are required to disclose details of the remuneration paid by the Authorised Corporate Director (ACD) to its staff for the financial year.

The compensation structure at AllianzGI GmbH is set up to avoid any kind of excessive risk-taking. Variable compensation awards are delivered via deferral programs to ensure they are linked to sustainable performance. In addition any compensation decisions have to be reviewed and approved by our Functional, Regional and Global Compensation Committees on both, aggregate and individual basis, to further ensure effective risk mitigation.

Company Information continued

AllianzGI GmbH, Compensation 2021 (All numbers are in EUR)

Number of employees 1,668

| | | thereof Risk Taker | thereof Board Member | thereof Other Risk Taker | thereof Employees with Control Function | thereof Employees with Comparable Compensation |
|-----------------------|-------------|--------------------|----------------------|--------------------------|---|--|
| Fixed remuneration | 155,709,850 | 6,149,684 | 853,418 | 1,430,671 | 220,480 | 3,645,115 |
| Variable remuneration | 103,775,068 | 10,383,891 | 746,730 | 1,949,415 | 155,462 | 7,532,283 |
| Total remuneration | 259,484,918 | 16,533,575 | 1,600,148 | 3,380,086 | 375,942 | 11,177,398 |

Information about the Authorised Corporate Director (“ACD”)

Allianz Global Investors GmbH (“AllianzGI”) is an investment company with limited liability incorporated in Germany. It has its registered office at Bockenheimer Landstrasse 42-44, 60323 Frankfurt/M and is registered with the local court Frankfurt/M under HRB 9340. It is authorised and regulated by the German Federal Financial Supervisory Authority (the Bundesanstalt für Financial Services Authority, “BaFin”).

AllianzGI has established a branch in the United Kingdom, Allianz Global Investors GmbH, UK branch, which is located at 199 Bishopsgate, London, EC2M 3TY. The UK branch of AllianzGI is deemed authorised and regulated by the Financial Conduct Authority (the “FCA”) under the UK’s Temporary Permissions Regime (the “TPR”). Details of the Temporary Permissions Regime are available on the Financial Conduct Authority’s website.

The TPR was designed to help firms and investment funds continue their UK business with minimal disruption when the EU passporting regime came to an expiry at the end of the transition period agreed between the EU and the UK following the UK leaving the European Union. It allows European Economic Area (EEA) based firms, such as AllianzGI, to continue operating in the United Kingdom for a limited period while seeking full authorisation from the FCA.

AllianzGI has established a new UK subsidiary, Allianz Global Investors UK Ltd (“AllianzGI UK”). AllianzGI UK is currently in the process of seeking authorisation from the FCA to act as an authorised fund manager and it is planned that following such authorisation AllianzGI UK will take over as Authorised Fund Manager (“AFM”). This may also be known as the Authorised Corporate Director (ACD) for the Funds. For further details on the application of the TPR to AllianzGI please refer to the section headed “Implications of Brexit” in the Funds’ Prospectuses which can be found on the following link: uk.allianzgi.com/B2C

Classes of share within the subfunds

Each subfund 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 subfund.

Securities Financing Transactions Regulation

The Securities Financing Transactions Regulation, as published by the European Securities and Markets Authority, aims to improve the transparency of the securities financing markets. Disclosures regarding exposure to Securities Financing Transactions (SFTs) or total return swaps will be required in all reports & accounts published after 13 January 2017. The Allianz UK & European Investment Funds were not invested in any securities financing transactions (as defined in Article 3 of Regulation (EU) 2015/2365, as amended by the Transparency of Securities Financing Transactions and Reuse (Amendment) (EUR Exit) Regulations 2019) during the reporting period, therefore the following Report & Financial Statements contains no information on this type of transaction.

Company Information continued

Authorised Corporate Director (“ACD”) Allianz Global Investors GmbH, UK Branch

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 Association

Independent Auditors PricewaterhouseCoopers LLP

144 Morrison St
Edinburgh EH3 8EX

Registrar of Shareholders SS&C Financial Services Europe Limited

SS&C House
St. Nicholas Lane
Basildon
Essex SS15 5FS

Authorised and regulated by the Financial Conduct Authority

Depository State Street Trustees Limited

20 Churchill Place
London E14 5HJ

Authorised and regulated by the Financial Conduct Authority.

Investment Advisers

Allianz UK Listed Equity Income Fund, Allianz UK Mid-Cap
Fund, Allianz Index-Linked Gilt Fund, Allianz UK Opportunities
Fund, Allianz Strategic Bond Fund & Allianz Gilt Yield Fund

Allianz Global Investors GmbH, UK Branch

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 Association

Allianz Continental European Fund & Allianz European Equity Income Fund

Allianz Global Investors GmbH

Mainzer Landstraße 11-13, 60329 Frankfurt am Main,
Germany

Regulated by Bundesanstalt für 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 (the ACD, the Investment Advisers and other companies within the Allianz group may from time to time, act as investment managers), who manage the underlying investments of the subfunds 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 subfund, and can fluctuate according to the movements within the portfolio of investments.

Subfunds 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 investment.

Shareholders of the company are not liable for the debts of the company.

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 subfunds. The ACD will charge a dilution levy where a subfund 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. Historically, the ACD has not charged a dilution levy frequently.

Statement of the Authorised Corporate Director's Responsibilities

The Financial Statements are prepared in accordance with UK 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 Financial Conduct Authority ("FCA") regulations and The Statement of Recommended Practice 'Financial Statements of UK Authorised Funds 2014' issued by the Investment Management Association (now The Investment Association) "IMA SORP" and Amendments to the SORP issued in June 2017.

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

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

- (i) For each subfund:
 - the full Financial Statements for the annual accounting year 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 report of the Depository in accordance with the COLL requirements;
- (iii) 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any

material departures disclosed and explained in the Financial Statements;

- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

- (i) For each subfund:
 - the full Financial Statements 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.

The Investment Objective and Policy for each subfund are set out within the individual Financial Statements for that subfund.

Collective Notes to the Final Report and Financial Statements

1. Accounting policies

Allianz UK Mid Cap Fund was merged into the Allianz UK Listed Opportunities Fund on 26 August 2022. This subfund will be terminated in the near future upon receipt of FCA approval and therefore has been accounted for on a basis other than going concern. The assets were valued at fair value, being the realisable value of the assets. All costs associated with the closure and pending termination of the funds will be borne by the Manager.

The Financial Statements of the remaining subfunds have been prepared on a going concern basis in accordance with FRS 102 and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Management Association in May 2014 ('IMA SORP') and Amendments to the SORP issued in June 2017.

Revenue: Dividends and withholding tax recoverable from overseas authorities are treated as receivable on the date on which the security is quoted ex-dividend where the amounts can be reasonably determined. Foreign dividends are grossed up at the appropriate rate of tax. Bank interest is accounted for on an accruals basis. Underwriting commission is recognised when the issue underwritten closes. Option premiums received by the Company are amortised to revenue or capital over the period to maturity depending on the motive and circumstance of the Option and whether it is written in or out of the money. Gains and losses arising on derivative securities are treated as revenue or capital, reflecting the underlying intent and circumstances of the transaction.

Interest on debt securities is recognised on an accruals basis, taking into account the effective yield on the investment and is treated as revenue. The effective yield basis amortises any discount or premium on the debt element of the purchase or an investment over its remaining life based on contractual cash flows.

For the Allianz Index-Linked Gilt Fund, amortisation revenue on inflation linked bonds is calculated each month with reference to the most recently published UK RPI (or equivalent international) rate. This is used to forecast the future coupon rates and final principal redemption value from which the effective yield is derived.

Accrued interest purchased and sold on interest bearing

securities is excluded from the capital cost of these securities and dealt with as part of the revenue of each subfund. Returns from bond futures, equity futures and credit default swaps are apportioned into revenue and capital components in order to reflect the nature of the financial instrument.

- a. Stock dividends: Ordinary stock dividends are recognised wholly as revenue and are based on the market value of the shares on the dates they are quoted ex-dividend. Where an enhancement is offered, the amount by which market value of the shares (on the day they are quoted ex-dividend) exceeds the cash dividend is taken to capital.
- b. Special dividends: The underlying circumstances behind special dividends are reviewed in determining whether the receipt is revenue or capital in nature. Special dividends recognised as revenue will form part of the distribution. Any tax treatment will follow the accounting treatment of the principal amount.
- c. Valuation: The investments held by the Allianz Continental European Equity Fund and the Allianz Index Linked Gilt Fund have been valued at close of business on the last working day of the accounting year, at the bid market price net of any accrued interest. For these subfunds, the ACD determined that there had been material movements since the previous valuation point and thus an additional valuation was required in line with the IMA SORP. For all other subfunds, the investments have been valued as at 12 noon (UK time) on the last working day of the accounting year at the bid market price net of any accrued interest. Unlisted, suspended and unapproved investments are shown at the ACD's valuation. The net movement in NAV between 12 noon and close of business is deemed immaterial. All prices being stale for more than a predefined amount of days must be investigated. A price for a specific asset may be stale over a certain time span as it has not been adjusted by the respective pricing source or an updated price is no longer available. To achieve an adequate and reasonable price, these assets need to be reviewed with regard to the underlying reason for the stale prices (e.g. unquoted/unlisted/delisted/suspended securities, corporate actions, illiquid securities with low trading levels or simply securities that have (by chance) traded at the same price for a period of time). If necessary and where available, a new price source has to be defined.

Collective Notes to the Final Report and Financial Statements continued

In case no price source is available, the asset's price needs to be verified through other procedures, e.g. by mark-to-model valuation or to be discussed in the Evaluation Committee.

- d. Foreign currencies: Assets and liabilities have been translated into sterling at the exchange rates prevailing at close of business on the last working day of the accounting year. Transactions denominated in foreign currencies are translated into sterling at the exchange rates ruling at the date of the transactions. The resulting exchange differences are included in the Statement of Total Return.
- e. Taxation: The standard rate of corporation tax for a subfund of an OEIC is 20%, with relief for double taxation taken where applicable. The tax accounting treatment follows the principal amounts involved.
- f. Deferred tax: Full provision is made for deferred taxation except to the extent that deferred tax assets are considered to be irrecoverable.
- g. Expenses: Expenses are recognised on an accruals basis and charged against revenue. The ACD's annual fee for Allianz Gilt Yield Fund, Allianz Index-Linked Gilt Fund and the Allianz UK Listed Equity Income Fund is deducted from the capital account for the purpose of the distribution.
- h. Allocation of revenue and expenses to multiple share classes: With the exception of the ACD's annual fee, distribution costs, printing costs, and the registration fees, which are directly attributable to individual share classes, all revenue and expenses are allocated to share classes pro rata to the value of the net assets of the relevant share class on the day that the revenue or expense is incurred.
- i. The Outperformance Fee is calculated and accrued as follows: The first Performance Period commences on the date that Class O Shares are first issued, and ends on the immediately following accounting year end of the relevant Fund. Thereafter, each subsequent Performance Period commences on the day immediately following the end of the previous Performance Period and ends on the immediately following accounting year end of the relevant Fund, or on the date that the final investor in Class O Shares fully redeems his holding if earlier.

2. Distribution policies

- a. For the Allianz Gilt Yield Fund, Allianz Strategic Bond Fund, Allianz Index-Linked Fund and Allianz UK Equity Income Fund, the ACD pays an interim distribution at its discretion. Otherwise, for all subfunds, net revenue is accumulated in the subfund throughout the year and distributed at the year end. Should expenses exceed revenue there will be no distribution and the shortfall will be transferred from capital.
- b. The ordinary element of a stock dividend is treated as revenue but does not form part of the distribution, with the exception of the Allianz UK Listed Equity Income Fund where the ordinary element of a stock dividend is treated as revenue and forms part of the distribution.
- c. The Allianz Gilt Yield Fund, Allianz Index-Linked Gilt Fund and the Allianz Strategic Bond Fund distribute revenue on debt securities on an effective yield basis. Indexation is recognised on UK Government index-linked securities therefore for the purposes of calculating the distribution on Allianz Index-Linked Gilt Fund, revenue is computed on an effective yield basis utilising the exemption set out in the Financial Conduct Authority's COLL 6.8.3 (for funds whose policy is to invest predominantly in index-linked securities) to treat capital indexation as non-distributable.
- d. The ACD's annual fee for the Allianz Gilt Yield Fund, the Allianz Index-Linked Gilt Fund and the Allianz UK Listed Equity Income Fund is deducted from the capital account for the purpose of the distribution.

3. Financial Risk Management

The subfunds 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, derivatives risk and counterparty 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 subfunds may face.

Collective Notes to the Final Report and Financial Statements continued

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 subfund.

The subfunds' 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 subfunds 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 subfund'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 subfund 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 subfund'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 Strategic Bond Fund, Allianz Index-Linked Gilt Fund and the Allianz Gilt Yield Fund, the fund manager seeks to minimise this risk by hedging using forward currency

contracts as and when deemed appropriate. For the other subfunds, no hedge transactions were entered into during the period.

Credit risk

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

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

The Allianz Strategic Bond 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 the subfund. The subfund therefore has significant exposure to credit risk. The subfund invests in credit default swaps, which will reduce credit risk.

The Allianz Gilt Yield Fund and Allianz Index-Linked Gilt Fund, which predominantly holds UK fixed rate government bonds, and the remaining subfunds 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 Gilt Yield Fund, Allianz Index-Linked Gilt Fund and Allianz Strategic Bond Fund all invest predominantly in fixed and variable interest securities, the values of which are directly affected by changes in prevailing market interest rates. These subfunds therefore have significant exposure to interest rate risk.

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

Collective Notes to the Final Report and Financial Statements continued

Derivative 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 Listed Equity Income Fund may write covered call options up to 20% of the Net Asset Value of the subfund (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 subfund 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 subfund. However, derivatives when used to implement investment policies, may increase volatility of the subfund's share price. The Allianz Gilt Yield Fund, Allianz Index-Linked Gilt Fund and Allianz Strategic Bond Fund utilise derivatives to implement the investment policy.

The underlying exposure to open futures, forwards, options and swap contracts as at the balance sheet date is as listed below:

Underlying exposure for derivatives

| Fund | Counterparty | Future contracts | FX Forward contracts | Written Call Options | Written Put Options | Swaps | Total |
|--------------------------------|--------------------|------------------|----------------------|----------------------|---------------------|---------|---------|
| | | £000s | £000s | £000s | £000s | £000s | £000s |
| Allianz Gilt Yield Fund | Bank of New York | - | 137 | - | - | - | 137 |
| | Societe Generale | - | 28 | - | - | - | 28 |
| | | - | 165 | - | - | - | 165 |
| Allianz Index Linked Gilt Fund | Standard Chartered | - | 40 | - | - | - | 40 |
| | | - | 40 | - | - | - | 40 |
| Allianz Strategic Bond Fund | Bank of America | - | - | - | - | 42,290 | 42,290 |
| | Bank of New York | - | - | - | 588 | - | 588 |
| | Barclays | - | 752 | 6 | 529 | 9,502 | 10,789 |
| | BNP Paribas | - | - | - | - | 10,404 | 10,404 |
| | Credit Suisse | - | - | - | - | 8,036 | 8,036 |
| | Goldman Sachs | - | 9,915 | - | - | 68,055 | 77,970 |
| | JP Morgan | - | 1,861 | - | - | - | 1,861 |
| | Morgan Stanley | 20,226 | - | - | - | - | 20,226 |
| | Societe Generale | - | 2,575 | - | - | - | 2,575 |
| | Standard Chartered | - | 3,651 | - | - | - | 3,651 |
| | Toronto Dominion | - | 5,445 | - | - | - | 5,445 |
| | UBS | - | 372 | - | - | 6,632 | 7,004 |
| | | 20,226 | 24,571 | 6 | 1,117 | 144,919 | 190,839 |
| | | 20,226 | 24,611 | 6 | 1,117 | 144,919 | 191,044 |

Counterparty risk

A subfund conducts transactions through or with brokers, clearing houses, market counterparties and other agents. A subfund will therefore be subject to the risk of the inability of any such counterparty to perform its obligations, whether due to insolvency, bankruptcy or other causes.

A subfund may invest into instruments such as notes, swaps or warrants, the performance of which is linked to a market or investment to which the subfund seeks to be exposed. Such instruments are issued by a range of counterparties and through its investment the subfund will be subject to the counterparty risk of the issuer, in addition to the investment exposure it seeks.

The subfunds will only enter into Over the Counter (OTC) derivatives transactions and efficient portfolio management techniques with reputable institutions which are subject to prudential supervision and specialising in these types of transactions. In principle, the counterparty risk for such transactions and techniques should not exceed 10% of the relevant subfund's net assets when the counterparty is an approved bank or 5% of its net assets in other cases. However, if a counterparty defaults, the actual losses may exceed these limits. If a counterparty were to default on its obligations this may have an adverse impact on the performance of the

Collective Notes to the Final Report and Financial Statements continued

relevant subfund causing loss to investors. The subfunds exposure to its counterparty will be mitigated by the fact that the counterparty will forfeit its collateral if it defaults on the transaction.

Risk and Reward Profile

| Subfund | Typically lower rewards Typically lower risk | | | | Typically higher rewards Typically higher risk | | |
|--------------------------------------|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Allianz Gilt Yield Fund | | | | 4 | | | |
| Allianz Strategic Bond Fund | | | | 4 | | | |
| Allianz Continental European Fund | | | | | | 6 | |
| Allianz UK Listed Equity Income Fund | | | | | | 6 | |
| Allianz UK Mid-Cap Fund | | | | | | 6 | |
| Allianz UK Opportunities Fund | | | | | | 6 | |
| Allianz Index-Linked Gilt Fund | | | | | 5 | | |

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

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 subfund. The categorisation of the subfund is not guaranteed and may change in the future. Even the lowest category 1 does not mean a risk-free investment.

Why is the subfund in this category?

Subfunds of category 4 have shown in the past a medium volatility. The volatility describes how much the value of the subfund went up and down in the past. The shares of a subfund of category 4 might be subject to medium price fluctuations based on the historical volatilities observed.

Subfunds of category 5 have shown in the past a medium to high volatility. The volatility describes how much the value of the subfund went up and down in the past. The shares of a subfund of category 5 might be subject to medium to high price fluctuations based on historical volatilities observed.

Subfunds of category 6 have shown in the past a high volatility. The volatility describes how much the value of the subfund went up and down in the past. The shares of a subfund of category 6 might be subject to high price fluctuations based on the historical volatilities observed.

Collective Notes to the Final Report and Financial Statements continued

Value at Risk (VaR)

VaR is a measure of the potential portfolio loss over a specific time horizon at a given confidence level under normal market conditions. It is a measure of market risk. Relative VaR is defined as the VaR of the subfund divided by the VaR of a benchmark or a reference portfolio (i.e. a similar portfolio with no derivatives). This can be an actual benchmark portfolio (such as an index) or a fictitious benchmark portfolio. The VaR on the subfund should not exceed twice the VaR on a comparable benchmark portfolio.

The table below details the VaR approach for the Allianz Gilt Yield Fund, Allianz Index-Linked Gilt Fund, Allianz Strategic Bond Fund and the Reference Portfolio. The table also details minimum, maximum and average monthly VaR utilisation that occurred.

| Fund Name | Method used to calculate global exposure | Time period | Type of Model | Global Exposure | | VaR limits | | | | Leverage |
|--------------------------------|--|-------------------------|---------------|--|--|------------|---------|---------|----------------|------------------|
| | | | | Parameters (Confidence Interval, holding period, observation period) | Reference Portfolio | Lowest | Highest | Average | Maximum limits | Leverage average |
| | | | | | | % | % | % | % | % |
| Allianz Gilt Yield Fund | Relative VaR | 01.09.2021 - 31.08.2022 | Delta Normal | 99% Confidence, 10 days, 260 days | FTSE Actuaries UK Conventional Gilts All Stocks Index | 2,75 | 5,45 | 3,93 | | 1,19 |
| Allianz Strategic Bond Fund | Absolute VaR | 01.09.2021 - 31.08.2022 | Delta Normal | 99% Confidence, 10 days, 260 days | N/A | 1,19 | 3,86 | 2,13 | 14,14 | 7,37 |
| Allianz Index-Linked Gilt Fund | Relative VaR | 01.09.2021 - 31.08.2022 | Delta Normal | 99% Confidence, 10 days, 260 days | FTSE Actuaries UK Government Index-Linked All Stocks Total Return GB Middy Index | 4,89 | 8,78 | 6,42 | | 1,28 |

Post balance sheet events

Allianz Gilt Yield

As at 20 December 2022, the Net Asset value of the fund is £1,369,313,389 which is a drop of 26.22% from the balance sheet date. The fall in NAV is mostly related to net outflows from the fund. The movements are considered to be a non-adjusting post balance sheet event and therefore no adjustments to the financial statements were required as a result.

Allianz UK Opportunities

As at 20 December 2022, the Net Asset value of the fund is £238,665,479 which is a drop of 10.10% from the balance sheet date. The fall in NAV is mostly related to net outflows from the fund. The movements are considered to be a non-adjusting post balance sheet event and therefore no adjustments to the financial statements were required as a result.

Fund Information

Investment Objective and Policy

This Fund's objective is to provide investors with long term capital growth over a rolling five year period.

The ACD aims to achieve the investment objective by investing in a diversified portfolio of investments in European companies (excluding the United Kingdom). At least 70 % of Fund's assets will be invested in Continental Europe.

The Fund's policy is to invest in shares listed on a European stock exchange. The Fund invests predominantly in larger companies.

The ACD may also utilise deposits and money market instruments in the management of the portfolio. The Fund may also invest up to 10 % of Fund's assets in collective investment schemes.

Fund Details

| | | |
|--|--|-------------------------------------|
| Fund Manager | Marcus Morris-Eyton | |
| Benchmark | S&P Europe Ex-UK LargeMidCap Growth Index Net Total Return GBP | |
| Income allocation date | Interim | 28 February |
| | Final | 31 August |
| Income pay date | Interim | 30 April |
| | Final | 31 December (normally 31 October) |
| Launch dates | Fund | 16 May 2002 |
| | A Shares | 16 May 2002 |
| | C Shares | 18 April 2012 |
| | S Shares | 26 January 2016 |
| ISA status | Yes | |
| Share Classes and types of Shares | A (Accumulation Shares) | |
| | C (Accumulation Shares) | |
| | S (Accumulation Shares) | |
| | S (Income Shares) | |
| | S (Income Shares) (EUR) | |
| Minimum investment | A Shares | Lump sum £500 Monthly saving £50 |
| | C Shares | Lump sum £500 Monthly saving £50 |
| | S Shares | Lump sum £10,000,000 |
| Initial charge | A Shares | Nil |
| | C Shares | Nil |
| | S Shares | Nil |
| Annual ACD fee | A Shares | 1.50% |
| | C Shares | 0.75% |
| | S Shares | 0.45% |

Comparative Tables

For the year ended 31 August 2022

| | A Shares Accumulation | | | C Shares Accumulation | | |
|--|-----------------------|-------------|-------------|-----------------------|-------------|-------------|
| | 2022 (p) | 2021 (p) | 2020 (p) | 2022 (p) | 2021 (p) | 2020 (p) |
| Opening net asset value per share | 2,223.60 | 1,651.46 | 1,367.09 | 377.44 | 278.51 | 228.78 |
| Return before operating charges | (641.27) | 599.75 | 306.63 | (109.20) | 101.48 | 51.63 |
| Operating charges | (28.59) | (27.61) | (22.26) | (2.52) | (2.55) | (1.90) |
| Return after operating charges | (669.86) | 572.14 | 284.37 | (111.72) | 98.93 | 49.73 |
| Distributions | - | - | - | (1.02) | (0.60) | (0.73) |
| Retained distributions on accumulation shares | - | - | - | 1.02 | 0.60 | 0.73 |
| Closing net asset value per share | 1,553.74 | 2,223.60 | 1,651.46 | 265.72 | 377.44 | 278.51 |
| After direct transaction costs of ¹ | (0.69) | (1.33) | (0.06) | (0.12) | (0.24) | (0.01) |
| Performance | | | | | | |
| Return after operating charges | (30.13)% | 34.64% | 20.80% | (29.60)% | 35.52% | 21.74% |
| Other information | | | | | | |
| Closing net asset value (£'000) | 1,633 | 1,440 | 18,564 | 161,029 | 226,929 | 69,542 |
| Closing number of shares | 105,145 | 64,768 | 1,124,098 | 60,601,107 | 60,122,870 | 24,969,619 |
| Operating charges | 1.54% | 1.54% | 1.57% | 0.79% | 0.79% | 0.79% |
| Direct transaction costs | 0.04% | 0.07% | - | 0.04% | 0.07% | - |
| Prices | | | | | | |
| Highest share price | 2,267.89 | 2,224.36 | 1,675.68 | 385.55 | 377.57 | 282.58 |
| Lowest share price | 1,452.75 | 1,598.64 | 1,087.84 | 248.10 | 269.95 | 182.86 |

¹ Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the subfund and share class returns before operating charges.

Operating charges 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 subfund.

Comparative Tables continued

For the year ended 31 August 2022

| | S Shares Income | | | S Shares Accumulation | | |
|--|-----------------|-------------|-------------|-----------------------|-------------|-------------|
| | 2022 (p) | 2021 (p) | 2020 (p) | 2022 (p) | 2021 (p) | 2020 (p) |
| Opening net asset value per share | 136.61 | 100.91 | 100.00 | 258.96 | 190.50 | 156.02 |
| Return before operating charges | (39.60) | 36.86* | 0.99 | (75.04) | 69.50 | 35.29 |
| Operating charges | (0.55) | (0.58) | (0.05) | (1.05) | (1.04) | (0.81) |
| Return after operating charges | (40.15) | 36.28 | 0.94 | (76.09) | 68.46 | 34.48 |
| Distributions | (0.72) | (0.58) | (0.03) | (1.36) | (1.01) | (0.98) |
| Retained distributions on accumulation shares | - | - | - | 1.36 | 1.01 | 0.98 |
| Closing net asset value per share | 95.74 | 136.61 | 100.91 | 182.87 | 258.96 | 190.50 |
| After direct transaction costs of ¹ | (0.04) | (0.09) | - | (0.08) | (0.16) | (0.01) |
| Performance | | | | | | |
| Return after operating charges | (29.39)% | 35.95% | 0.94% | (29.38)% | 35.94% | 22.10% |
| Other information | | | | | | |
| Closing net asset value (£'000) | 5,342 | 4,421 | 405 | 110,959 | 143,054 | 128,756 |
| Closing number of shares | 5,579,500 | 3,235,923 | 400,894 | 60,675,942 | 55,240,795 | 67,589,717 |
| Operating charges | 0.49% | 0.49% | 0.54% | 0.48% | 0.49% | 0.49% |
| Direct transaction costs | 0.04% | 0.07% | - | 0.04% | 0.07% | - |
| Prices | | | | | | |
| Highest share price | 139.63 | 137.19 | 102.42 | 264.70 | 259.05 | 193.28 |
| Lowest share price | 90.01 | 97.87 | 97.39 | 170.64 | 184.74 | 124.91 |

* Prior year figure restated from 2021 figures published.

¹ Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the subfund and share class returns before operating charges.

Comparative Tables continued

For the year ended 31 August 2022

Operating charges 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 subfund.

Share Class S Income was launched on 27 July 2020.

| S EUR Shares Income | | |
|--|-------------|-------------|
| | 2022 (c) | 2021 (c) |
| Opening net asset value per share | 124.11 | 100.00 |
| Return before operating charges | (35.92) | 24.30 |
| Operating charges | (0.42) | (0.19) |
| Return after operating charges | (36.34) | 24.11 |
| Distributions | (1.20) | - |
| Closing net asset value per share | 86.57 | 124.11 |
| After direct transaction costs of ¹ | (0.03) | (0.07) |
| Performance | | |
| Return after operating charges | (29.28)% | 24.11% |
| Other information | | |
| Closing net asset value (€'000) | 2,308 | 4 |
| Closing number of shares | 2,665,892 | 3,000 |
| Operating charges | 0.48% | 0.41% |
| Direct transaction costs | 0.04% | 0.06% |
| Prices | | |
| Highest share price | 129.74 | 124.15 |
| Lowest share price | 81.44 | 100.01 |

¹ Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the subfund and share class returns before operating charges.

Operating charges 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 subfund.

Share Class S EUR Income was launched on 15 March 2021.

Distribution Tables

For the year ended 31 August 2022

Interim Distribution in pence per share

Group 1 Shares purchased prior to 1 September 2021

Group 2 Shares purchased on or after 1 September 2021 to 28 February 2022

| | Net revenue (p) | Equalisation (p) | Distribution paid 30/04/22 (p) | Distribution paid 30/04/21 (p) |
|------------------------------|-----------------------|---------------------|---|---|
| A Shares Accumulation | | | | |
| Group 1 | - | - | - | - |
| Group 2 | - | - | - | - |
| C Shares Accumulation | | | | |
| Group 1 | - | - | - | - |
| Group 2 | - | - | - | - |
| S Shares Income | | | | |
| Group 1 | - | - | - | 0.0453 |
| Group 2 | - | - | - | 0.0453 |
| S Shares Accumulation | | | | |
| Group 1 | - | - | - | - |
| Group 2 | - | - | - | - |
| | (c) | (c) | (c) | (c) |
| S EUR Shares Income | | | | |
| Group 1 | 0.5187 | - | 0.5187 | - |
| Group 2 | 0.0016 | 0.5171 | 0.5187 | - |

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 March 2022

Group 2 Shares purchased on or after 1 March 2022 to 31 August 2022

| | Net revenue (p) | Equalisation (p) | Distribution payable 31/10/22 (p) | Distribution paid 31/10/21 (p) |
|------------------------------|-----------------------|---------------------|--|---|
| A Shares Accumulation | | | | |
| Group 1 | - | - | - | - |
| Group 2 | - | - | - | - |
| C Shares Accumulation | | | | |
| Group 1 | 1.0207 | - | 1.0207 | 0.6042 |
| Group 2 | 0.7898 | 0.2309 | 1.0207 | 0.6042 |
| S Shares Income | | | | |
| Group 1 | 0.7229 | - | 0.7229 | 0.5336 |
| Group 2 | 0.4840 | 0.2389 | 0.7229 | 0.5336 |
| S Shares Accumulation | | | | |
| Group 1 | 1.3553 | - | 1.3553 | 1.0149 |
| Group 2 | 1.0754 | 0.2799 | 1.3553 | 1.0149 |
| | (c) | (c) | (c) | (c) |
| S EUR Shares Income | | | | |
| Group 1 | 0.6823 | - | 0.6823 | - |
| Group 2 | 0.1388 | 0.5435 | 0.6823 | - |

Share Class S EUR Income was launched on 15 March 2021.

Investors are reminded that distribution is not guaranteed.

Investment Review

Performance Summary

Over the one-year period under review, from 1st September 2021 to 31st August 2022, the Fund's 'A' class produced a total return of -29.74% and 'C' shares produced a total return of -29.21% (midday prices net of fees in GBP). The Fund's benchmark, S&P Europe ex UK Growth Total Return, produced a total return of -16.73% over the period.

Allianz Continental European Fund was affected by the global selloff in 2022 and underperformed its benchmark over the one-year period, given its sharper Growth orientation and having no exposure to Energy, the top winning European sector. In almost all cases, the underperformance of our holdings has been driven by valuation multiple de-rating rather than earnings downgrades. Through reporting seasons, we observed not only earnings beats, but also numerous guidance upgrades across the portfolio: including DSV (logistics), Infineon (semiconductors), Dassault Systemes (engineering software), Symrise (ingredients), and Legrand (industrials), selecting a few diverse examples which also delivered against doubtful market expectations. The slowdown was more evident for consumer oriented Zalando (online shopping) and Adidas (sportswear), although both had sold off prior. The top active contributor was Novo Nordisk (insulin), while Zalando detracted most from performance, followed by Netcompany (IT solutions). Netcompany was an exception where Q2 revenues disappointed, mostly due to a temporarily higher level of sickness in Denmark and Norway while their pipeline increased. Looking ahead, our structural (rather than cyclical) Growth, and Quality orientation, should see our companies better able to uphold their above market earnings in a deteriorating macro environment. Also, we highlight our companies' high revenues ex Europe, and significant Consumer sector underweights.

Market Background

Continental European equities recorded steep declines (in GBP terms) over the one-year period.

An increasingly challenging market environment for Growth investors marked the period under review. We observed extreme style and sector rotation, with the principal driver having been the Federal Reserve's increasingly hawkish response to inflation prints that are at 40-year highs in many markets. The higher discount rate has an over proportional

impact on Growth companies, valued on their higher future cashflows. The Russia and Ukraine conflict, Energy Crisis and a resurgence of Covid in key Chinese cities have amplified the rotation. This is well reflected in the c. 60% performance dispersion YTD between the previously out of favour Energy sector, and Growth favourite the IT sector. Other core Value sectors such as Consumer Staples, Telecoms and Utilities were also stand-out performers.

In August, the flash estimate of S&P Global's Eurozone composite purchasing managers' index (PMI) fell to an 18-month low of 49.2. This marked the second consecutive month that the index has been in contraction territory, with higher inflation sapping demand in the services sector. Headline inflation continued to accelerate, rising to a fresh record high of 9.1% in August. European Central Bank officials indicated that another large hike in Eurozone interest rates was likely in early-September: while a 50-basis-point hike is the most likely outcome, there was growing speculation that the increase may be even larger. Eurozone GDP growth remained at a slow pace after expanding 2.2% in the third quarters of 2021. The reimposition of Covid restrictions hit services activity in the fourth quarter, where the Eurozone economy grew 0.3%. In 2022, the region's GDP increased by 0.6% in the first quarter, helped by a rise in exports and fall in imports, and by 0.7% in the second quarter, with tourism helping to spur growth in France, Italy and Spain, while German economy flatlined.

Portfolio Review

The Continental European Fund strategy seeks consistent long-term outperformance across the business cycle through a well-researched investment process based on bottom-up fundamental stock selection. We identify stocks with above average structural earnings and cash flow growth, which the market has not yet fully anticipated, with strong franchises which are able to benefit from their unique competitive position in order to sustain superior returns over the long term.

During the past 12 months, we purchased new stocks Datwyler (elastomer product), Eurofins (lab testing), Rational (kitchen appliance) and Trelleborg (polymer solution) to the portfolio, while exiting our positions in MTU Aero Engines (aircraft engine), Fresenius (healthcare), and Amadeus IT (travel software) on lower conviction. We also added to names where we believe the de-rating has been overdone (Adyen, Epiroc,

Investment Review continued

Sika, Carl Zeiss for example), trimmed stocks where relative performance has been strong but the valuation now looks more rich (Novo Nordisk), and cut back names selectively where our conviction has decreased (Temenos, DCC).

Outlook

At the start of August, weaker economic expectations had the effect of boosting global equity markets. Hopes that softer growth would spur a return to accommodative monetary policy were enough to buoy growth stocks which had been otherwise leaden year to date. As autumn begins however, bad news really is proving to be bad news.

In the US, August's S&P Global composite purchasing managers' index (PMI) tumbled to 45.0, its lowest reading since May 2020, the height of the pandemic. Data in Europe and China is turning similarly negative. What has changed however, is the market's perception of how willing central banks are to keep raising interest rates in the face of such negativity.

Such doggedness from central banks reflects the persistent nature of inflation. In the UK for example, a combination of supranormal energy prices and rising labour costs has pushed inflation to a 40-year high of 10.1%, with the expectation that it will top 13% later this year. Combined with weaker growth, the resulting stagflationary environment will have the likely effect of reducing consumer spending power and eroding corporate margins.

Nonetheless, there are glimmers of hope. M2 money supply began reducing in February 2021, and is often a leading indicator for deflation. Similarly, as post-Covid supply chains begin to normalise, so too have prices for commodities like lumber, copper and steel. The latter may also reflect the impact of high prices, which are themselves a cure for high prices. Signs of companies reducing inventories, many of which were built during periods of elevated costs, also bode well in this respect.

Amid these conflicting expectations, our focus on fundamentals remains steadfast. Historically, our preference for quality stocks means that, even in the event of a full-blown recession, underlying earnings remain robust. Companies with high value-add products, pricing power and strong

management teams tend to out-earn the broader market in these conditions. At the same time, in a world in which global growth slows, companies which can expand earnings independently of the broader cycle will become more valuable. With valuations having become progressively more attractive, we remain confident that these characteristics will come to be appreciated by the market longer-term.

Portfolio Statement

As at 31 August 2022

| Holding | | Market Value £'000 | % of Net Assets |
|---------|---|-----------------------|--------------------|
| | OVERSEAS EQUITIES - 99.78% (2021 - 98.64%) | | |
| | Denmark - 20.53% (2021 - 21.44%) | | |
| 334,408 | Ambu | 2,911 | 1.04 |
| 83,929 | Chr Hansen | 4,227 | 1.50 |
| 96,683 | Coloplast | 9,594 | 3.42 |
| 114,142 | DSV | 14,503 | 5.16 |
| 184,250 | GN Store Nord | 4,524 | 1.61 |
| 105,412 | Netcompany | 3,706 | 1.32 |
| 181,485 | Novo Nordisk | 16,659 | 5.93 |
| 33,896 | SimCorp | 2,142 | 0.76 |
| | | 58,266 | 20.74 |
| | France - 15.17% (2021 - 11.82%) | | |
| 234,897 | Dassault Systemes | 7,827 | 2.79 |
| 61,313 | Legrand | 3,829 | 1.36 |
| 27,057 | L'Oréal | 8,023 | 2.86 |
| 25,038 | LVMH Moet Hennessy Louis Vuitton | 14,010 | 4.99 |
| 28,478 | Sartorius Stedim Biotech | 8,978 | 3.19 |
| | | 42,667 | 15.19 |
| | Germany - 13.97% (2021 - 17.81%) | | |
| 49,662 | adidas | 6,371 | 2.27 |
| 93,855 | Bechtle | 3,104 | 1.10 |
| 35,237 | CANCOM | 850 | 0.30 |
| 30,251 | Carl Zeiss Meditec | 3,251 | 1.16 |
| 392,852 | Infineon Technologies | 8,221 | 2.92 |
| 42,866 | Knorr-Bremse | 1,792 | 0.64 |
| 69,879 | Nemetschek | 3,563 | 1.27 |
| 2,268 | Rational | 1,057 | 0.38 |
| 64,313 | SAP | 4,716 | 1.68 |
| 37,446 | Symrise | 3,361 | 1.20 |
| 139,862 | Zalando | 2,794 | 0.99 |
| | | 39,080 | 13.91 |
| | Ireland - 5.63% (2021 - 7.02%) | | |
| 60,726 | DCC | 3,014 | 1.07 |
| 50,645 | Kerry | 4,499 | 1.60 |
| 151,817 | Kingspan Dublin Quoted | 7,431 | 2.64 |
| 19,238 | Kingspan London Quoted | 947 | 0.34 |
| | | 15,912 | 5.65 |
| | Italy - 2.19% (2021 - 2.60%) | | |
| 220,004 | Amplifon | 4,955 | 1.76 |
| 82,616 | De' Longhi | 1,251 | 0.45 |
| | | 6,206 | 2.21 |
| | Luxembourg - 0.61% (2021 - 0.00%) | | |
| 28,670 | Eurofins Scientific | 1,707 | 0.61 |
| | | 1,707 | 0.61 |
| | Netherlands - 11.28% (2021 - 9.29%) | | |
| 7,624 | Adyen | 10,179 | 3.62 |
| 49,963 | ASML | 20,926 | 7.45 |
| | | 31,105 | 11.07 |
| | Spain - 0.82% (2021 - 1.46%) | | |
| 125,996 | Industria de Diseno Textil | 2,346 | 0.84 |
| | | 2,346 | 0.84 |
| | Sweden - 14.08% (2021 - 11.70%) | | |
| 240,459 | AddTech | 2,909 | 1.04 |
| 373,173 | Assa Abloy | 6,563 | 2.34 |
| 943,840 | Atlas Copco | 8,301 | 2.95 |
| 271,007 | Elekta | 1,342 | 0.48 |
| 583,623 | Epiroc | 7,741 | 2.75 |
| 659,120 | Hexagon | 5,847 | 2.08 |
| 639,818 | Hexpol | 4,894 | 1.74 |
| 104,663 | Trelleborg | 1,885 | 0.67 |
| | | 39,482 | 14.05 |

Portfolio Statement continued

As at 31 August 2022

| Holding | | Market Value £'000 | % of Net Assets |
|---|------------------------------------|-----------------------|--------------------|
| Switzerland - 15.50% (2021 - 15.50%) | | | |
| 439 | Chocoladefabriken Lindt & Sprüngli | 3,989 | 1.42 |
| 14,992 | Dätwyler | 2,577 | 0.92 |
| 23,484 | Kardex | 3,545 | 1.26 |
| 9,316 | Lonza | 4,292 | 1.53 |
| 10,539 | Partners | 8,783 | 3.12 |
| 60,517 | Sika | 11,740 | 4.18 |
| 32,583 | Temenos | 2,298 | 0.82 |
| 30,748 | VAT | 6,347 | 2.26 |
| | | 43,571 | 15.51 |
| | Investment assets | 280,321 | 99.78 |
| | Net other assets | 625 | 0.22 |
| | Net assets | 280,946 | 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 2021.

Statement of Total Return

For the year ended 31 August 2022

| | Notes | 2022 £000s | 2022 £000s | 2021 £000s | 2021 £000s |
|---|-------|---------------|------------------|---------------|---------------|
| Income: | | | | | |
| Net capital (losses)/gains | 2 | | (123,913) | | 81,169 |
| Revenue | 3 | 4,371 | | 2,696 | |
| Expenses | 4 | (2,277) | | (1,684) | |
| Interest payable and similar charges | 6 | (1) | | (1) | |
| Net revenue before taxation | | 2,093 | | 1,011 | |
| Taxation | 5 | (472) | | (283) | |
| Net revenue after taxation | | | 1,621 | | 728 |
| Total return before distributions | | | (122,292) | | 81,897 |
| Distributions | 6 | | (1,628) | | (737) |
| Change in net assets attributable to shareholders from investment activities | | | (123,920) | | 81,160 |

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 August 2022

| | 2022 £000s | 2022 £000s | 2021 £000s | 2021 £000s |
|---|---------------|------------------|---------------|----------------|
| Opening net assets attributable to shareholders | | 375,846 | | 217,267 |
| Amounts receivable on issue of shares | 95,868 | | 136,928 | |
| Amounts payable on cancellation of shares | (68,289) | | (60,449) | |
| | | 27,579 | | 76,479 |
| Dilution adjustment | | - | | 19 |
| Change in net assets attributable to shareholders from investment activities (see above) | | (123,920) | | 81,160 |
| Retained distributions on accumulation shares | | 1,441 | | 921 |
| Closing net assets attributable to shareholders | | 280,946 | | 375,846 |

Notes to the final report and Financial Statements are from page 25 to 32.

Balance Sheet

As at 31 August 2022

| | Notes | 2022 £000s | 2022 £000s | 2021 £000s | 2021 £000s |
|--|-------|---------------|----------------|---------------|----------------|
| Assets: | | | | | |
| Fixed assets: | | | | | |
| Investments | | | 280,321 | | 370,735 |
| Current assets: | | | | | |
| Debtors | 7 | 579 | | 2,667 | |
| Cash and bank balances | 8 | 1,271 | | 2,717 | |
| Total assets | | | 282,171 | | 376,119 |
| Liabilities: | | | | | |
| Creditors: | | | | | |
| Distribution payable | 9 | (56) | | (17) | |
| Other creditors | 9 | (1,169) | | (256) | |
| Total liabilities | | | (1,225) | | (273) |
| Net assets attributable to shareholders | | | 280,946 | | 375,846 |

Notes to the final report and Financial Statements are from page 25 to 32.

Notes to the Final Report and Financial Statements

1. Accounting Basis and Policies

The applicable accounting policies adopted by the Allianz Continental European Fund are included on pages 8 to 13 of the Collective Notes to the Final Report and Financial Statements.

2. Net capital (losses)/gains

| | 2022 £000s | 2021 £000s |
|---|------------------|---------------|
| (Losses)/gains on non-derivative securities | (123,759) | 81,404 |
| Losses on currency | (141) | (225) |
| Handling charges | (13) | (10) |
| Net capital (losses)/gains | (123,913) | 81,169 |

3. Revenue

| | 2022 £000s | 2021 £000s |
|----------------------------------|---------------|---------------|
| Bank interest | 10 | - |
| Overseas dividends - non-taxable | 4,359 | 2,653 |
| Overseas dividends - taxable | 2 | 9 |
| Fokus Bank Claiming | - | 34 |
| Total revenue | 4,371 | 2,696 |

Notes to the Final Report and Financial Statements continued

4. Expenses

| | 2022 | 2021 |
|---|--------------|--------------|
| | £000s | £000s |
| Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them: | | |
| ACD's annual fee | 2,165 | 1,592 |
| Company secretarial costs | - | (1) |
| | 2,165 | 1,591 |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Depositary's fees | 60 | 46 |
| Safe custody fees | 22 | 16 |
| | 82 | 62 |
| Other expenses: | | |
| Audit fees | 13 | 12 |
| Distribution costs | 4 | 2 |
| Printing costs | 2 | - |
| Registration fees | 11 | 12 |
| Other expenses | - | 5 |
| | 30 | 31 |
| Total expenses | 2,277 | 1,684 |

All expenditure stated above is inclusive of VAT where applicable.

The Audit fee for the year, excluding VAT, was £9,800 (2021 - £9,800).

Notes to the Final Report and Financial Statements continued

5. Taxation

| | 2022 | 2021 |
|--|------------|------------|
| | £000s | £000s |
| a. Analysis of the taxation charge for the year: | | |
| Overseas tax suffered | 472 | 283 |
| Total taxation for the year (see Note 5(b)) | 472 | 283 |
| b. Factors affecting taxation charge for the year: | | |
| The taxation assessed for the year is higher than the standard rate of corporation tax in the UK for a subfund of an Open-Ended Investment Company (20%) (2021 - 20%). | | |
| The differences are explained below: | | |
| Net revenue before taxation | 2,093 | 1,011 |
| Corporation tax at 20% | 419 | 202 |
| Effects of: | | |
| Overseas dividends - non-taxable | (872) | (531) |
| Overseas tax suffered | 472 | 283 |
| Surplus allowable expenses arising in the year | 459 | 329 |
| Surplus allowable expenses adjusted in respect of prior years | (6) | - |
| Total taxation charge for the year (see Note 5(a)) | 472 | 283 |

OEICs are exempt from tax on capital gains in the UK, therefore capital returns are not included within the reconciliation.

c. Deferred tax

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

d. Factors that may affect future tax charges

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £2,215,000 (2021 : £1,756,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the creation of Shares and revenue deducted on the cancellation of Shares and comprise:

| | 2022 | 2021 |
|---|--------------|------------|
| | £000s | £000s |
| Interim | 12 | 1 |
| Final | 1,497 | 938 |
| Add: Revenue deducted on cancellation of shares | 197 | 54 |
| Deduct: Revenue received on creation of shares | (78) | (256) |
| Net distributions for the year | 1,628 | 737 |
| Reconciliation of net revenue after taxation to net distributions for the year | | |
| Net revenue after taxation | 1,621 | 728 |
| Net revenue shortfall taken to capital | 7 | 9 |
| Net distributions for the year | 1,628 | 737 |

Notes to the Final Report and Financial Statements continued

7. Debtors

| | 2022 | 2021 |
|--|------------|--------------|
| | £000s | £000s |
| Accrued revenue | 60 | 39 |
| Amounts receivable on creation of shares | - | 2,270 |
| Overseas tax recoverable | 519 | 358 |
| | 579 | 2,667 |

8. Cash and bank balances

| | 2022 | 2021 |
|------------------------|--------------|--------------|
| | £000s | £000s |
| Cash and bank balances | 1,271 | 2,717 |
| | 1,271 | 2,717 |

9. Other creditors

| | 2022 | 2021 |
|---|--------------|------------|
| | £000s | £000s |
| a. Distribution payable | | |
| Net distribution payable | 56 | 17 |
| b. Other creditors | | |
| Accrued ACD's annual fee | 160 | 197 |
| Amounts payable on cancellation of shares | 989 | 30 |
| Other accrued expenses | 20 | 29 |
| | 1,169 | 256 |

10. Related party transactions

The ACD is deemed to be a related party under the definition of Financial Reporting Standard 102, which requires the disclosure of details of material transactions between the subfund and any related party.

Details of any related party transactions occurring during the year including commissions paid and any balances due at the year end are disclosed in the Balance Sheet, the Statement of Change in Net Assets Attributable to Shareholders and Notes 4, 7 and 9 to the financial statements. All creations and cancellations were transacted with the ACD.

Notes to the Final Report and Financial Statements continued

11. Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of net revenue included in the purchase price of all Group 2 shares. In the case of Accumulation shares, it is automatically reinvested in the subfund at the first distribution payment date after the shares were purchased. Being a capital repayment it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

12. Shareholders' funds

The subfund currently has three share classes: A, C and S. The ACD's annual fee on these share classes are as follows:

| | |
|---------------|-------|
| Class A : | 1.50% |
| Class C : | 0.75% |
| Class S : | 0.45% |
| Class S EUR : | 0.45% |

The net asset value per share and the number of shares in issue are given in the Comparative Tables on page 15 to 17.

The distribution per share is given in the Distribution Table on page 18.

Revenue available for allocation will be allocated between the share classes based on the respective proportionate interests represented by those share classes on a daily basis and taxation is computed by reference to the net revenue after expenses attributable to each class. All share classes have the same rights on winding up.

For the year ended 31 August 2022:

| | Class A Shares Accumulation | Class C Shares Accumulation | Class S Shares Income | Class S Shares Accumulation | Class S EUR Shares Income |
|-----------------------|--------------------------------|--------------------------------|--------------------------|--------------------------------|------------------------------|
| Opening shares | 64,768 | 60,122,870 | 3,235,923 | 55,240,795 | 3,000 |
| Shares created | 67,555 | 13,609,836 | 4,549,271 | 19,297,871 | 3,140,222 |
| Shares cancelled | (27,178) | (13,124,387) | (2,207,211) | (13,872,417) | (477,330) |
| Shares converted | - | (7,212) | 1,517 | 9,693 | - |
| Closing shares | 105,145 | 60,601,107 | 5,579,500 | 60,675,942 | 2,665,892 |

13. Contingent liabilities and commitments

As at 31 August 2022 there were no contingent liabilities (2021: £Nil).

Notes to the Final Report and Financial Statements continued

14. Derivatives and other financial instruments

a. Currency exposure

The majority of the net assets and liabilities of the subfund are denominated in currencies other than Sterling, with the effect that the total net assets and total return can be affected by currency movements.

| Currency | Monetary Exposure 31 August 2022 £000s | Non-Monetary Exposure 31 August 2022 £000s | Total Exposure 31 August 2022 £000s | Monetary Exposure 31 August 2021 £000s | Non-Monetary Exposure 31 August 2021 £000s | Total Exposure 31 August 2021 £000s |
|---------------|---|---|--|---|---|--|
| Danish Krone | 146 | 58,266 | 58,412 | 90 | 80,587 | 80,677 |
| Euro | 107 | 135,988 | 136,095 | 130 | 181,762 | 181,892 |
| Swedish Krona | 60 | 39,482 | 39,542 | 39 | 43,994 | 44,033 |
| Swiss Franc | 268 | 43,751 | 43,839 | 179 | 58,239 | 58,418 |
| US Dollar | - | - | - | 6 | - | 6 |

b. Interest rate risk profile

The subfund did not hold any interest bearing financial instruments other than its cash and bank balances as at the balance sheet date (2021 - same).

c. Sensitivity analysis

Market price sensitivity

The value of the subfund's listed investments, which were exposed to market price risk as at 31 August was as follows:

| | 2022 £000s | 2021 £000s |
|---|---------------|---------------|
| Listed equity investments held at fair value through profit or loss | 280,321 | 370,735 |

The following illustrates the sensitivity of the net return and the net assets to an increase or decrease of 20% (2021 - 20%) in the fair values of the subfund's investments. This level of change is considered to be reasonably possible based on observation of market conditions in the year. The sensitivity analysis is based on the impact of a change to the value of the subfund's investments at each balance sheet date.

| | 2022 20% Increase in fair value £000s | 2022 20% Decrease in fair value £000s | 2021 20% Increase in fair value £000s | 2021 20% Decrease in fair value £000s |
|---|--|--|--|--|
| Capital Return | | | | |
| Net gains (losses) on investments at fair value | 56,064 | (56,064) | 74,147 | (74,147) |

Foreign currency risk sensitivity

The following table details the subfund's sensitivity to a 20% increase and decrease in sterling against the relevant foreign currencies and the resultant impact that any such increase or decrease would have on the net return and net assets. The sensitivity analysis includes all foreign currency denominated items and adjusts their translation at the year end for a 20% change in foreign currency rates.

| | 2022 20% Increase in Sterling against foreign currencies £000s | 2022 20% Decrease in Sterling against foreign currencies £000s | 2021 20% Increase in Sterling against foreign currencies £000s | 2021 20% Decrease in Sterling against foreign currencies £000s |
|--|---|---|---|---|
| Danish Krone | (9,735) | 14,603 | (13,446) | 20,169 |
| Euro | (22,682) | 34,024 | (30,315) | 45,473 |
| Swedish Krona | (6,590) | 9,885 | (7,339) | 11,008 |
| Swiss Franc | (7,306) | 10,960 | (9,736) | 14,604 |
| US Dollar | - | - | (1) | 2 |
| Change in net return and net assets | (46,313) | 69,472 | (60,837) | 91,256 |

Notes to the Final Report and Financial Statements continued

d. Leverage

The subfund did not employ significant leverage during the year (2021 - same).

e. Fair value hierarchy

An analysis of the portfolio in accordance with the fair value hierarchy is shown below:

| | Assets | Liabilities | Assets | Liabilities |
|-----------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 August 2022 £000s | 31 August 2022 £000s | 31 August 2021 £000s | 31 August 2021 £000s |
| Level 1: Quoted | 280,321 | - | 370,735 | - |
| Level 2: Observable | - | - | - | - |
| Level 3: Unobservable | - | - | - | - |
| | 280,321 | - | 370,735 | - |

The fair value as at the reporting date has been estimated using the following fair value hierarchy:

Level (1) Quoted prices for identical instruments in active markets

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level (2) Valuation techniques that use:

Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level (3) Valuation techniques that use:

Inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.

When the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate, the fair value is estimated by using an alternative valuation technique. Such valuation techniques will, where possible, maximise the use of observable market data inputs as opposed to non-observable entity determined data inputs.

The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

f. Maturity of financial liabilities

All liabilities are due in one year or less or on demand (2021 - same).

g. Fair value disclosure

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

Notes to the Final Report and Financial Statements continued

15. Portfolio transaction costs

For the year ended 31 August 2022:

| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
|--|-------------------|-------------|-------------|-------|-------|
| | 2022 | 2022 | 2022 | 2022 | 2022 |
| | £000s | £000s | % | £000s | % |
| Purchases | | | | | |
| Equity instruments (direct) | 108,606 | 20 | 0.02 | 94 | 0.09 |
| Total purchases | 108,606 | 20 | 0.02 | 94 | 0.09 |
| Total purchases including transaction costs | 108,720 | | | | |
| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
| | 2022 | 2022 | 2022 | 2022 | 2022 |
| | £000s | £000s | % | £000s | % |
| Sales | | | | | |
| Equity instruments (direct) | 75,229 | 13 | 0.02 | - | - |
| Total sales | 75,229 | 13 | 0.02 | - | - |
| Total sales including transaction costs | 75,216 | | | | |
| Derivative Transaction costs | - | - | - | - | - |
| Total transaction costs as a % of average net assets | - | 0.01% | - | 0.03% | - |
| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
| | 2021 | 2021 | 2021 | 2021 | 2021 |
| | £000s | £000s | % | £000s | % |
| Purchases | | | | | |
| Equity instruments (direct) | 143,343 | 15 | 0.01 | 168 | 0.12 |
| Total purchases | 143,343 | 15 | 0.01 | 168 | 0.12 |
| Total purchases including transaction costs | 143,526 | | | | |
| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
| | 2021 | 2021 | 2021 | 2021 | 2021 |
| | £000s | £000s | % | £000s | % |
| Sales | | | | | |
| Equity instruments (direct) | 68,433 | 7 | 0.01 | - | - |
| Total sales | 68,433 | 7 | 0.01 | - | - |
| Total sales including transaction costs | 68,426 | | | | |
| Derivative Transaction costs | - | - | - | - | - |
| Total transaction costs as a % of average net assets | - | 0.00% | - | 0.07% | - |

The above analysis covers any direct transaction costs suffered by the subfund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions & taxes etc) are attributable to the subfund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

Dealing spread costs suffered by the subfund vary considerably for the different asset / instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.08% (2021 : 0.07%).

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 United Kingdom 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.

At least 80% of the value of the Fund will be invested in gilts issued by the United Kingdom Government.

Up to 20 % of the value of the Fund may be invested in Sterling denominated (or hedged back to Sterling) debt securities, which are not issued by the United Kingdom Government, with a rating the same or higher than that of the United Kingdom Government.

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

Fund Details

| | | |
|--|---|---|
| Fund Manager | Mike Riddell | |
| Benchmark | FTSE Actuaries UK Conventional Gilts All Stocks Index Midday Total Return GBP | |
| Underlying Yield to | | |
| 31 August 2022 | I Shares | 1,42% |
| | Y Shares | 1,39% |
| Distribution Yield to | | |
| 31 August 2022 | I Shares | 1,72% |
| | Y Shares | 1,69% |
| Income allocation | | |
| dates | Interim | 28 February* |
| | Final | 31 August |
| Income pay dates | Interim | 30 April |
| | Final | 31 December (normally 31 October) |
| Launch dates | Fund | 16 May 2002 |
| | I Shares | 16 May 2002 |
| | Y Shares | 20 February 2017 |
| ISA status | Yes | |
| Share Classes and types of Shares | I (Income Shares) Y (Accumulation Shares) | |
| Minimum investment | I Shares | Lump sum £10,000,000 |
| | Y Shares | Lump sum £100,000,000 (Available to Approved Investors only) |
| Initial charge | I Shares | Nil |
| | Y Shares | Nil |
| Annual ACD fee | I Shares | 0.30% |
| | Y Shares | 0.30% |

*29 February in a leap year.

C Shares closed on 3 July 2020.

Comparative Tables

For the year ended 31 August 2022

| | C Shares Income | | | I Shares Income | | |
|--|-----------------|-------------|-------------|-----------------|---------------|---------------|
| | 2022 (p) | 2021 (p) | 2020 (p) | 2022 (p) | 2021 (p) | 2020 (p) |
| Opening net asset value per share | - | - | 196.37 | 202.87 | 208.40 | 204.88 |
| Return before operating charges | - | - | 11.27 | (40.82) | (3.81) | 5.97 |
| Operating charges | - | - | (0.68) | (0.61) | (0.67) | (0.66) |
| Return after operating charges | - | - | 10.59 | (41.43) | (4.48) | 5.31 |
| Distributions | - | - | (0.95) | (1.75) | (1.05) | (1.79) |
| Return to shareholder as a result of class closure | - | - | 206.01 | - | - | - |
| Closing net asset value per share | - | - | - | 159.69 | 202.87 | 208.40 |
| After direct transaction costs of ¹ | - | - | - | - | - | - |
| Performance | | | | | | |
| Return after operating charges | - | - | 5.39% | (20.42)% | (2.15)% | 2.59% |
| Other information | | | | | | |
| Closing net asset value (£'000) | - | - | - | 1,841,422 | 2,574,558 | 2,415,388 |
| Closing number of shares | - | - | - | 1,153,087,971 | 1,269,046,580 | 1,159,013,174 |
| Operating charges | - | - | 0.41% | 0.32% | 0.32% | 0.32% |
| Direct transaction costs | - | - | - | - | - | - |
| Prices | | | | | | |
| Highest share price | - | - | 210.65 | 207.59 | 214.21 | 219.87 |
| Lowest share price | - | - | 184.65 | 160.91 | 194.30 | 192.81 |

¹ Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the subfund and share class returns before operating charges.

Operating charges 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 subfund.

Share Class C Income was closed on 3 July 2020.

Comparative Tables continued

For the year ended 31 August 2022

Operating charges 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 subfund.

| | Y Shares Accumulation | | |
|--|-----------------------|-------------|-------------|
| | 2022 (p) | 2021 (p) | 2020 (p) |
| Opening net asset value per share | 5,812.95 | 5,952.28 | 5,803.54 |
| Return before operating charges | (1,172.63) | (118.29) | 169.11 |
| Operating charges | (18.60) | (21.04) | (20.37) |
| Return after operating charges | (1,191.23) | (139.33) | 148.74 |
| Distributions | (46.49) | (3.87) | (54.13) |
| Retained distributions on accumulation shares | 46.49 | 3.87 | 54.13 |
| Closing net asset value per share | 4,621.72 | 5,812.95 | 5,952.28 |
| After direct transaction costs of ¹ | (0.13) | (0.14) | (0.11) |
| Performance | | | |
| Return after operating charges | (20.49)% | (2.34)% | 2.56% |
| Other information | | | |
| Closing net asset value (£'000) | 44 | 15 | 3 |
| Closing number of shares | 954 | 267 | 55 |
| Operating charges | 0.35% | 0.35% | 0.35% |
| Direct transaction costs | - | - | - |
| Prices | | | |
| Highest share price | 5,947.56 | 6,118.19 | 6,256.42 |
| Lowest share price | 4,623.74 | 5,557.37 | 5,486.56 |

¹ Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the subfund and share class returns before operating charges.

Operating charges 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 subfund.

Distribution Tables

For the year ended 31 August 2022

Interim Distribution in pence per share

Group 1 Shares purchased prior to 1 September 2021

Group 2 Shares purchased on or after 1 September 2021 to 28 February 2022

| | Gross revenue (p) | Equalisation (p) | Distribution paid 30/04/2022 (p) | Distribution paid 30/04/2021 (p) |
|------------------------------|-------------------------|---------------------|---|---|
| I Shares Income | | | | |
| Group 1 | 0.5989 | - | 0.5989 | 0.5629 |
| Group 2 | 0.3428 | 0.2561 | 0.5989 | 0.5629 |
| Y Shares Accumulation | | | | |
| Group 1 | 14.6641 | - | 14.6641 | - |
| Group 2 | 10.4526 | 4.2115 | 14.6641 | - |

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 March 2022

Group 2 Shares purchased on or after 1 March 2022 to 31 August 2022

| | Gross revenue (p) | Equalisation (p) | Distribution payable 31/10/2022 (p) | Distribution paid 31/10/2021 (p) |
|------------------------------|-------------------------|---------------------|--|---|
| I Shares Income | | | | |
| Group 1 | 1.1463 | - | 1.1463 | 0.4886 |
| Group 2 | 0.5499 | 0.5964 | 1.1463 | 0.4886 |
| Y Shares Accumulation | | | | |
| Group 1 | 31.8295 | - | 31.8295 | 3.8694 |
| Group 2 | 12.5913 | 19.2382 | 31.8295 | 3.8694 |

Investors are reminded that distribution is not guaranteed.

Investment Review

Performance Summary

Over the period under review, 1st September 2021 to 31st August 2022, the Fund's '1 Inc' class produced a total return of -20.48%.* The Fund's benchmark, the FTSE Actuaries UK Conventional Gilts All Stocks Total Return, produced a total return of -19.84% over the period.

* The performance summary figures are Mid instead of Bid valuation figures.

Market Background

The last twelve months have seen gilt markets weather a European energy crisis, the start of the Bank of England's (BoE) hiking cycle, and a war between Ukraine and Russia. In what was a very volatile period, gilts largely sold off as soaring inflation expectations, coupled with a hiking central bank, pushed nominal yields higher across the curve.

Right at the start of the review period, global government bonds suffered a massive sell-off as market stagflation worries set in causing a bear flattening of government bond yield curves. The moves in the U.K. were especially extreme with nominal yields being pushed higher by a near unprecedented rate of increase in market implied inflation. This was largely caused by an energy crisis in Europe, where higher energy and power prices put substantial upward pressure on short dated market implied inflation. Meanwhile, the very front-end part of the gilt curve also ticked higher as investors grew more confident of Bank of England rate hikes.

Gilts managed to offset a large portion of the losses near the end of October on the news that the U.K. government had slashed its planned debt sales for the current fiscal year due to stronger-than-expected tax receipts. The rally momentum continued into December as markets appeared wrong-footed by the BoE's decision to keep interest rates on hold at its November meeting given that inflation rose to 4.2% in October, the highest level in a decade. The rally saw the 10-year benchmark gilt yield fall from its October highs of 1.2% to 0.7% at the start of December, a 50 basis point rally in less than two months.

The effect of the energy crisis was also reflected in the economic data – U.K. GDP grew 1.3% in the third quarter as supply chain and energy disruptions, as well as labour

shortages hit output. As inflation hit 5.1% in November, the highest level in a decade, the BoE reacted by raising rates in its December meeting for the first time in three years.

As quickly as gilts rallied, we saw another round of massive selling at the turn of the year with the yield on the 10-year benchmark gilt breaking through 1.6%, the highest level since late-2018, by mid-February as rampant inflation increased the speculation that the BoE would raise interest rates further. The moves were exacerbated in February by soaring commodity prices on the back of the Ukraine/Russia conflict which increased expectations that major central banks would need to be more aggressive in raising rates to tackle inflation. Consequently, the very front-end was particularly affected as markets continued to price in more hikes – at the end of February, markets were pricing in more than five rate hikes by the end of the year in the U.K.

The second quarter of the year was even more volatile for global government bonds with prices slumping over the quarter, closing each month of the quarter lower as central banks ratcheted up their hawkish stance given the rampant inflationary pressures. In the US, the yield on the 10-year Treasury bond briefly came within touching distance of 3.5%, its highest level in 11 years, but closed the quarter around 3.0%. The sell-off meant US real rates, as measured by the yield on the 10-year Treasury Inflation-Protected Security, rose to zero for the first time since the start of the pandemic, while the 10-year US breakeven rate briefly climbed above 3.0%, its highest level in more than two decades. In Europe, the 10-year German Bund yield ended quarter at 1.35%, having briefly traded above 1.9% for the first time in eight and a half years.

The UK closely followed the global trend as gilts sold off with yields shooting higher. In mid-June, the yield on the 10-year gilt traded at 2.7% for the first time in almost eight years, before closing the month around 2.2%. The gilt curve bear steepened sharply over the quarter with 30-year gilts moving up to 80 basis points. UK economic data was weak over the quarter with a cost-of-living crisis driving consumer confidence to a 14-year low. Given inflation hit a new 30-year high of 9.1% in May, the Bank of England is expected to continue raising rates having already raised rates to 1.25% from 0.75% at the end of March, but it faces a difficult balancing act to avoid tipping the economy into a recession. The sell-off trend continued into August as UK bonds plummeted – the yield on the 10-year gilt rose more than 90 bps over the month, the biggest monthly

Investment Review continued

yield increase since at least 1989, to reach an eight-year high of 2.8%. Two-year bond yields surged 130 bps to reach 3.0%, the largest monthly increase since 1994 and the highest level since 2008. The Bank of England raised interest rates by 50 bps to 1.75% - its largest rate increase in 27 years – and speculation grew that it would be forced to continue its aggressive tightening to control inflation even though the UK economy is heading into a recession. UK inflation reached a 40-year high of 10.1% in July and is predicted to top 13% later this year.

Portfolio Review

The fund's central five strategies to generating returns are duration, curve positioning, relative value, inflation, and cross market.

Duration

In the last quarter of 2021, we remained underweight duration relative to our benchmark. Our preference for being underweight duration reflected our belief that the risk-on bias would hold going into the new year. Our duration underweight was mainly in the long end of the curve as we thought there would be more room for the term premium to increase as the BoE let inflation overshoot as well as a slowing of the LDI duration hedging activity we saw over the summer.

As we became more wary of the growth headwinds and tail-risks, we started to add duration to the fund and by January had closed our headline duration underweight and ran a neutral exposure against our benchmark. We did this by adding to gilts exposure, using any cheapening in yield opportunities to add to the 5-10 year section of the curve via the active 10-year gilt future contract.

Going into February, global government bonds were still not sufficiently pricing in a global economic growth slowdown. Thus, we continued to add duration exposure over the month in both the United Kingdom (via 10-year Gilt future) and Canada, as we believe that not only will the growth outlook weaken, but central banks could move less hawkish in the face of these growth risks. We still believe that it has rarely been more attractive than now to add exposure to interest rate duration. We anticipate a significant bond rally on the back of inflation having likely peaked in most countries, and where it

seems clear the global growth momentum should continue to drift lower, and potentially sharply lower. Thus, we continued to increase our relative overweight position over the review period using any cheapening of bond yields to top up on our duration, closing August at around 1.55 years overweight against our benchmark. Overall, we prefer expressing our duration overweight via our cross-market strategy, rather than holding gilts.

Curve positioning

At the start of the period, we rotated our large overweight in the belly of the curve to the shorter-end (5-10 year) section of the curve and by mid-September ran a steepener position. Over the following months we increased our steepener bias, mainly by adding to shorter dated gilts as their yields rose as well as conducting a 5s30s50s gilt fly trade where we sold the belly of the gilt curve and bought the wings.

Throughout 2022, we have maintained our bias for curve steepening and remain underweight the 20- to 50-year part of the curve in contrast to our long in the 5- to 20-year. Our largest underweight is in the long end of the curve as the longer-end portion of the gilt curve remains extremely flat from a historical viewpoint. Additionally, the Bank of England hawkishness means that it could start to unwind its large gilt holdings later this year, which could put substantial pressure on longer dated gilts. We also were underweight duration exposure in the front-end of the curve against a hiking BoE in May and June, however we closed this underweight by the end of June as we believe that the markets have priced in more than enough hikes.

Relative Value

We engaged in several switch and butterfly trades throughout the period as we saw dislocations along the curve, exacerbated by the bouts of gilt market volatility and the ongoing market operations activity by the BoE. As an example, in November we rotated from the 2039s gilt to the 2044s gilt and switched from 2032s gilt to the 2034s. Most recently in February, we switched from the UKT 2030s to the 2039s.

Investment Review continued

Inflation

Throughout the period, we held no index-linked gilts. We maintain our preference for conventional to index-linked gilts as we believe that the U.K. inflation-market continues to look expensive.

Cross Market

Throughout the review period, we preferred duration in other government bonds rather than in the U.K. and maintained our overweight exposure in cross-market government bonds. We are generally nervous about UK Gilts relative to other markets, due to the Bank of England likely starting quantitative tightening in September, potentially leading to high net supply in Q4 2022; and due to Liz Truss campaigning with policies of fiscal stimulus, which in the current inflationary environment could force the Bank of England to act even further.

Going into the review period, we held Canadian and Swedish bonds and maintained our Australian flattener position, via a short 3-year bond future vs. long-end government bonds – we also were overweight Australia on headline duration. By late October, we took some profit on our Australian flattener exposure after the curve sharply flattened and reduced our Australian headline duration exposure to neutral. We increased our Canadian exposure by buying a 30-year government bond in February.

In the second quarter of the year, we added duration exposure in Canada, Sweden, Australia, Norway, and the United States (via both 10-year treasury futures note and long-end treasuries). In Australia, we closed out our 3-year short future position in May, turning our flattener position into an outright long duration exposure via the 20- and 30-year cash bonds.

Outlook

In November last year, we argued that markets were not pricing in any of the rapidly growing risks of a global growth slowdown. And in April this year, a global recession became our base scenario. Our central scenario appears to be panning out, but the growth slowdown already in evidence is still mostly just a reflection of the jump in commodity prices in the second half of last year and in February-March this year. Monetary policy operates with around a 12–18-month lag, and the huge repricing in global policy rates this year means that economic growth is far likelier to deteriorate further than to improve.

Back in April, we saw risks of higher inflation buffeting consumer and business sentiment, central banks withholding any ‘market puts’, and China’s growth being too slow to matter. All three largely remain in place. But the focus is now shifting from higher prices hurting sentiment to tighter policy weighing on activity. The piling evidence for a global recession falls in three specific categories:

- Manufacturing weakness led by softening demand
- Growing risks of a global house price collapse from record rises in rate
- Anaemic recovery in China despite policy easing

Global industrial weakness is set to continue. Demand growth has slowed, and inventories have been building up. This is evident in both the headline and sub-components of the JP Morgan global manufacturing PMI released by S&P Global. While output contracted, new orders and new export orders contracted at a faster rate than before, even as inventories of finished goods rose for a second month running.

The US housing market is now widely recognised as a key macro vulnerability, not just for the US cycle but also the global business cycle. Since the start of the year, US home sales have dropped by 20% to 40%. April was also the cyclical peak in the housing starts (declining by ~20% since then). Besides the US, soaring policy and mortgage rates have also meant that prices are already falling sharply in countries such as Canada, Sweden, New Zealand and Australia.

Hopes have been raised of an offset to the restrictive global monetary policy from a reopening led recovery in China, helped by policy easing of recent months. However, first, there are lags involved even in the best of times and second, we doubt that this round of stimulus has similar efficacy to previous ones as the Chinese financial system appears to be in a liquidity trap right now.

Demand destruction should push inflation lower. Disinflationary forces are gradually developing under the radar thanks to powerful base effects and demand destruction that is currently underway, and likely to be ongoing for a good while longer. Weaker growth means more spare capacity, which has almost always been accompanied or followed by lower core inflation in the US. Housing market and other leading indicators of the business cycle are pointing to a sizeable rise in US unemployment over the next 12 months.

Portfolio Statement

As at 31 August 2022

| Nominal | | Market Value £'000 | % of Net Assets |
|-------------|---|-----------------------|--------------------|
| | Australian Dollar Denominated Fixed Rate Government Bonds - 1.96% (2021 - 1.15%) | | |
| 17,235,000 | Australia Government Bond 1.75% 21/06/2051 | 6,506 | 0.35 |
| 26,945,000 | Australia Government Bond 2.75% 21/05/2041 | 13,500 | 0.73 |
| 22,850,000 | Australia Government Bond 3% 21/03/2047 | 11,622 | 0.63 |
| 8,230,000 | Australia Government Bond 3.25% 21/06/2039 | 4,491 | 0.25 |
| | | 36,119 | 1.96 |
| | Canadian Dollar Denominated Fixed Rate Government Bonds - 6.64% (2021 - 1.44%) | | |
| 19,350,000 | Canadian Government Bond 0.25% 01/11/2022 | 12,637 | 0.69 |
| 19,350,000 | Canadian Government Bond 0.25% 01/02/2023 | 12,528 | 0.68 |
| 24,200,000 | Canadian Government Bond 0.25% 01/03/2026 | 14,249 | 0.77 |
| 24,950,000 | Canadian Government Bond 0.5% 01/12/2030 | 13,274 | 0.72 |
| 69,850,000 | Canadian Government Bond 1.5% 01/12/2031 | 39,941 | 2.17 |
| 20,000,000 | Canadian Government Bond 2% 01/12/2051 | 10,474 | 0.57 |
| 30,000,000 | Canadian Government Bond 2.75% 01/09/2027 | 19,257 | 1.04 |
| | | 122,360 | 6.64 |
| | Norwegian Krone Denominated Fixed Rate Government Bonds - 0.68% (2021 - 0.00%) | | |
| 161,750,000 | Norway Government Bond 2.125% 18/05/2032 | 12,560 | 0.68 |
| | | 12,560 | 0.68 |
| | Sterling Denominated Fixed Rate Corporate Bonds - 3.45% (2021 - 2.72%) | | |
| 25,709,000 | European Bank for Reconstruction & Development 5.625% 07/12/2028 | 29,151 | 1.58 |
| 15,000,000 | Nordic Investment Bank 1.125% 15/12/2022 | 14,901 | 0.81 |
| 20,000,000 | Nordic Investment Bank 1.125% 15/12/2023 | 19,392 | 1.06 |
| | | 63,444 | 3.45 |
| | Sterling Denominated Fixed Rate Government Bonds - 81.29% (2021 - 91.95%) | | |
| 105,067,000 | UK Treasury 0.125% 31/01/2024 | 100,735 | 5.47 |
| 194 | UK Treasury 0.125% 31/01/2028 | - | - |
| 147,000,000 | UK Treasury 0.25% 31/01/2025 | 137,389 | 7.46 |
| 138,400,000 | UK Treasury 0.375% 22/10/2026 | 125,080 | 6.79 |
| 50,000,000 | UK Treasury 0.5% 31/01/2029 | 43,357 | 2.36 |
| 64,700,000 | UK Treasury 0.5% 22/10/2061 | 28,681 | 1.56 |
| 216,000,000 | UK Treasury 0.625% 31/07/2035 | 158,134 | 8.59 |
| 31,490,000 | UK Treasury 0.875% 22/10/2029 | 27,764 | 1.51 |
| 72,000,000 | UK Treasury 1% 31/01/2032 | 60,940 | 3.31 |
| 187,750,000 | UK Treasury 1.125% 31/01/2039 | 137,228 | 7.45 |
| 52,200,000 | UK Treasury 1.25% 31/07/2051 | 33,807 | 1.84 |
| 154 | UK Treasury 1.5% 22/07/2047 | - | - |
| 90,000,000 | UK Treasury 1.625% 22/10/2054 | 63,711 | 3.46 |
| 40,000,000 | UK Treasury 1.75% 22/07/2057 | 29,336 | 1.59 |
| 37,500,000 | UK Treasury 2.5% 22/07/2065 | 33,966 | 1.84 |
| 41,000,000 | UK Treasury 3.25% 22/01/2044 | 41,112 | 2.23 |
| 47,250,000 | UK Treasury 3.5% 22/01/2045 | 49,259 | 2.68 |
| 822 | UK Treasury 4.25% 07/06/2032 | 1 | - |
| 51,500,000 | UK Treasury 4.25% 07/09/2039 | 58,546 | 3.18 |
| 44,300,000 | UK Treasury 4.25% 07/12/2046 | 51,931 | 2.82 |
| 118,496,088 | UK Treasury 4.5% 07/09/2034 | 135,954 | 7.38 |
| 76,700,000 | UK Treasury 4.5% 07/12/2042 | 91,205 | 4.95 |
| 74,900,000 | UK Treasury 6% 07/12/2028 | 88,789 | 4.82 |
| | | 1,496,925 | 81.29 |
| | Swedish Krona Denominated Fixed Rate Government Bonds - 0.23% (2021 - 0.30%) | | |
| 75,000,000 | Sweden Government Bond 1.375% 23/06/2071 | 4,172 | 0.23 |
| | | 4,172 | 0.23 |
| | US Dollar Denominated Fixed Rate Government Bonds - 3.88% (2021 - 0.00%) | | |
| 50,000,000 | US Treasury Note 1.125% 15/08/2040 | 29,159 | 1.58 |
| 60,000,000 | US Treasury Note 2.25% 15/05/2041 | 42,327 | 2.30 |
| | | 71,486 | 3.88 |
| | DERIVATIVES - (0.76)% (2021 - 0.17%) | | |
| | Australian Dollar Open Forward Exchange Contracts - (0.07)% (2021 - 0.13%) | | |
| | Bought AUD7,000,000 for GBP3,990,516 Settlement 21/09/2022 | 137 | 0.01 |
| | Sold AUD69,985,783 for GBP39,909,651 Settlement 21/09/2022 | (1,362) | (0.08) |
| | | (1,225) | (0.07) |
| | Canadian Dollar Open Forward Exchange Contracts - (0.23)% (2021 - 0.02%) | | |
| | Sold CAD192,658,541 for GBP122,082,367 Settlement 21/09/2022 | (4,322) | (0.23) |
| | | (4,322) | (0.23) |

Portfolio Statement continued

As at 31 August 2022

| Nominal | | Market Value £'000 | % of Net Assets |
|---------|--|-----------------------|--------------------|
| | Norwegian Krone Open Forward Exchange Contracts - (0.03)% (2021 - 0.00%) Sold NOK161,100,000 for GBP13,490,533 Settlement 21/09/2022 | (474) | (0.03) |
| | | <u>(474)</u> | <u>(0.03)</u> |
| 1,277 | Sterling Open Futures Contracts - (0.16)% (2021 - 0.04%) UK Long Gilt Futures December 2022 | (3,038) | (0.16) |
| | | <u>(3,038)</u> | <u>(0.16)</u> |
| | Swedish Krona Open Forward Exchange Contracts - 0.00% (2021 - 0.00%) Sold SEK61,304,477 for GBP4,961,925 Settlement 21/09/2022 | 28 | - |
| | | <u>28</u> | <u>-</u> |
| | US Dollar Open Forward Exchange Contracts - (0.23)% (2021 - 0.00%) Bought USD9,170,229 for GBP7,600,000 Settlement 21/09/2022 Sold USD97,755,701 for GBP79,640,204 Settlement 21/09/2022 | 292 | 0.01 |
| | | (4,486) | (0.24) |
| | | <u>(4,194)</u> | <u>(0.23)</u> |
| 1,071 | US Dollar Open Futures Contracts - (0.04)% (2021 - 0.00%) US Treasury Note 10 Year Futures December 2022 | (723) | (0.04) |
| | | <u>(723)</u> | <u>(0.04)</u> |
| | Investment assets ¹ | 1,793,118 | 97.37 |
| | Net other assets | 48,348 | 2.63 |
| | Net assets | 1,841,466 | 100.00 |

Unless otherwise stated, the holdings shown without market value are below £500 and rounded down.

¹ Includes investment 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.

Comparative figures show percentages for each category of holding at 31 August 2021.

Please refer to page 10 for details on the credit quality of the portfolio.

Statement of Total Return

For the year ended 31 August 2022

| | Notes | 2022 £000s | 2022 £000s | 2021 £000s | 2021 £000s |
|---|-------|---------------|------------------|---------------|-----------------|
| Income: | | | | | |
| Net capital losses | 2 | | (478,182) | | (67,262) |
| Revenue | 3 | 20,556 | | 13,724 | |
| Expenses | 4 | (7,018) | | (8,320) | |
| Interest payable and similar charges | | (9) | | (43) | |
| Net revenue before taxation | | 13,529 | | 5,361 | |
| Taxation | 5 | - | | 6 | |
| Net revenue after taxation | | | 13,529 | | 5,367 |
| Total return before distributions | | | (464,653) | | (61,895) |
| Distributions | 6 | | (20,041) | | (13,100) |
| Change in net assets attributable to shareholders from investment activities | | | (484,694) | | (74,995) |

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 August 2022

| | 2022 £000s | 2022 £000s | 2021 £000s | 2021 £000s |
|---|---------------|------------------|---------------|------------------|
| Opening net assets attributable to shareholders | | 2,574,573 | | 2,415,391 |
| Amounts receivable on issue of shares | 403,813 | | 447,290 | |
| Amounts payable on cancellation of shares | (652,228) | | (213,115) | |
| | | (248,415) | | 234,175 |
| Change in net assets attributable to shareholders from investment activities (see above) | | (484,694) | | (74,995) |
| Unclaimed distributions | | 2 | | 2 |
| Closing net assets attributable to shareholders | | 1,841,466 | | 2,574,573 |

Notes to the final report and Financial Statements are from page 44 to 53.

Balance Sheet

As at 31 August 2022

| | Notes | 2022 £000s | 2022 £000s | 2021 £000s | 2021 £000s |
|--|-------|---------------|------------------|---------------|------------------|
| Assets: | | | | | |
| Fixed assets: | | | | | |
| Investments | | | 1,807,523 | | 2,517,220 |
| Current assets: | | | | | |
| Debtors | 7 | 23,599 | | 9,819 | |
| Cash and bank balances | 8 | 39,009 | | 56,528 | |
| Total assets | | | 1,870,131 | | 2,583,567 |
| Liabilities: | | | | | |
| Investment liabilities | | | | | |
| | | | (14,405) | | (1,087) |
| Creditors: | | | | | |
| Distribution payable | 9 | (13,219) | | (6,201) | |
| Other creditors | 9 | (1,041) | | (1,706) | |
| Total liabilities | | | (28,665) | | (8,994) |
| Net assets attributable to shareholders | | | 1,841,466 | | 2,574,573 |

Notes to the final report and Financial Statements are from page 44 to 53.

Notes to the Final Report and Financial Statements

1. Accounting Basis and Policies

The applicable accounting policies adopted by the Allianz Gilt Yield Fund are included on pages 8 to 13 of the Collective Notes to the Final Report and Financial Statements.

2. Net capital losses

| | 2022 £000s | 2021 £000s |
|--|------------------|-----------------|
| Losses on non-derivative securities | (453,849) | (78,909) |
| (Losses)/gains on derivative securities | (8,174) | 8,002 |
| Gains on currency | 480 | 1 |
| (Losses)/gains on forward currency contracts | (16,632) | 3,648 |
| Handling charges | (7) | (4) |
| Net capital losses | (478,182) | (67,262) |

3. Revenue

| | 2022 £000s | 2021 £000s |
|-------------------------------------|---------------|---------------|
| Bank interest | 16 | 40 |
| Futures interest | (7) | (17) |
| Interest on fixed income securities | 19,335 | 16,407 |
| Overseas dividends - taxable | 36 | (7) |
| Returns from bond futures | 1,176 | (2,756) |
| Stock lending income | - | 57 |
| Total revenue | 20,556 | 13,724 |

Notes to the Final Report and Financial Statements continued

4. Expenses

| | 2022 | 2021 |
|---|--------------|--------------|
| | £000s | £000s |
| Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them: | | |
| ACD's annual fee ¹ | 6,512 | 7,733 |
| Company secretarial costs | - | (1) |
| | 6,512 | 7,732 |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Depositary's fees | 384 | 456 |
| Safe custody fees | 92 | 104 |
| | 476 | 560 |
| Other expenses: | | |
| Audit fees | 13 | 12 |
| Distribution costs | 4 | 4 |
| Printing costs | 3 | 2 |
| Registration fees | 10 | 10 |
| | 30 | 28 |
| Total expenses | 7,018 | 8,320 |

¹For the purpose of the distribution, the ACD's annual fee is borne by the capital account (see Note 6).

All expenditure stated above is inclusive of VAT where applicable.

The Audit fee for the year, excluding VAT, was £10,000 (2021 - £10,000).

Notes to the Final Report and Financial Statements continued

5. Taxation

| | 2022 | 2021 |
|---|----------|------------|
| | £000s | £000s |
| a. Analysis of the taxation charge/(credit) for the year: | | |
| Overseas tax charge/(credit) | - | (6) |
| Total taxation for the year (see Note 5(b)) | - | (6) |
| b. Factors affecting taxation charge/(credit) for the year: | | |
| The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for a subfund of an Open-Ended Investment Company (20%) (2021 - 20%). | | |
| The differences are explained below: | | |
| Net revenue before taxation | 13,529 | 5,361 |
| Corporation tax at 20% | 2,706 | 1,072 |
| Effects of: | | |
| Overseas tax charge/(credit) | - | (6) |
| Tax deductible interest distributions | (2,706) | (1,072) |
| Total taxation charge/(credit) for the year (see Note 5(a)) | - | (6) |

OEICs are exempt from tax on capital gains in the UK, therefore capital returns are not included within the reconciliation.

c. Provision for deferred tax

There is no provision required for deferred taxation at the Balance Sheet date in the current year or prior period.

6. Distributions

The distributions take account of revenue received on the creation of Shares and revenue deducted on the cancellation of Shares and comprise:

| | 2022 | 2021 |
|---|---------------|---------------|
| | £000s | £000s |
| Interim | 6,598 | 7,298 |
| Final | 13,219 | 6,201 |
| Add: Revenue deducted on cancellation of shares | 1,563 | 217 |
| Deduct: Revenue received on creation of shares | (1,339) | (616) |
| Net distributions for the year | 20,041 | 13,100 |
| Reconciliation of net revenue after taxation to net distributions for the year | | |
| Net revenue after taxation | 13,529 | 5,367 |
| Add: Capitalised expenses | 6,512 | 7,733 |
| Net distributions for the year | 20,041 | 13,100 |

Notes to the Final Report and Financial Statements continued

7. Debtors

| | 2022 | 2021 |
|--|---------------|--------------|
| | £000s | £000s |
| Accrued revenue | 10,514 | 9,649 |
| Amounts receivable on creation of shares | 13,085 | 170 |
| | 23,599 | 9,819 |

8. Cash and bank balances

| | 2022 | 2021 |
|--|---------------|---------------|
| | £000s | £000s |
| Cash and bank balances | 30,522 | 48,700 |
| Amount held at futures clearing houses and brokers | 8,487 | 7,828 |
| | 39,009 | 56,528 |

9. Other creditors

| | 2022 | 2021 |
|---|--------------|--------------|
| | £000s | £000s |
| a. Distribution payable | | |
| Net distribution payable | 13,219 | 6,201 |
| b. Other creditors | | |
| Accrued ACD's annual fee | 502 | 663 |
| Amounts payable on cancellation of shares | 451 | 849 |
| Other accrued expenses | 88 | 194 |
| | 1,041 | 1,706 |

Notes to the Final Report and Financial Statements continued

10. Related party transactions

The ACD is deemed to be a related party under the definition of Financial Reporting Standard 102, which requires the disclosure of details of material transactions between the subfund and any related party.

Details of any related party transactions occurring during the year including commissions paid and any balances due at the year end are disclosed in the Balance Sheet, the Statement of Change in Net Assets Attributable to Shareholders and Notes 4, 7 and 9 to the financial statements. All creations and cancellations were transacted with the ACD.

11. Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of net revenue included in the purchase price of all Group 2 shares. In the case of Accumulation shares, it is automatically reinvested in the subfund at the first distribution payment date after the shares were purchased. Being a capital repayment it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

12. Shareholders' funds

The subfund currently has two share classes: I and Y. The ACD's annual fee on these share classes are as follows:

| | |
|----------|-------|
| Class I: | 0.30% |
| Class Y: | 0.30% |

The net asset value per share and the number of shares in issue are given in the Comparative Tables on page 34 and 35.

The distribution per share is given in the Distribution Table on page 36.

Revenue available for allocation will be allocated between the share classes based on the respective proportionate interests represented by those share classes on a daily basis and taxation is computed by reference to the net revenue after expenses attributable to each class. All share classes have the same rights on winding up.

For the year ended 31 August 2022:

| | Class I Shares Income | Class Y Shares Accumulation |
|------------------|--------------------------|--------------------------------|
| Opening shares | 1,269,046,580 | 267 |
| Shares created | 228,991,700 | 723 |
| Shares cancelled | (344,950,309) | (36) |
| Shares converted | - | - |
| Closing shares | 1,153,087,971 | 954 |

13. Contingent liabilities and commitments

As at 31 August 2022 there were no contingent liabilities (2021: £Nil).

Notes to the Final Report and Financial Statements continued

14. Derivatives and other financial instruments

The narrative on pages 9 to 12 explains the different types of risks the subfund may face.

For this subfund, the ACD measures and manages risk using the value-at-risk approach. Please see page 13 for further details.

a. Currency exposure

The majority of the net assets and liabilities of the Fund are denominated in currencies other than Sterling, with the effect that the total net assets and total return can be affected by currency movements.

| Currency | Monetary Exposure | Non-Monetary Exposure | Total Exposure | Monetary Exposure | Non-Monetary Exposure | Total Exposure |
|-------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31 August 2022 £000s | 31 August 2022 £000s | 31 August 2022 £000s | 31 August 2021 £000s | 31 August 2021 £000s | 31 August 2021 £000s |
| Australian Dollar | (36,775) | 36,119 | (656) | (29,204) | 29,530 | 326 |
| Canadian Dollar | (125,947) | 122,360 | (3,587) | (37,056) | 37,129 | 73 |
| Euro | - | - | - | 34 | - | 34 |
| Norwegian Krone | (13,878) | 12,560 | (1,318) | - | - | - |
| Swedish Krona | (4,918) | 4,172 | (746) | (8,146) | 7,830 | (316) |
| US Dollar | (74,041) | 71,486 | (2,555) | 3,388 | - | 3,388 |

The following table details the subfund's sensitivity to a 20% increase and decrease in sterling against the relevant foreign currencies and the resultant impact that any such increase or decrease would have on the net return and net assets. The sensitivity analysis includes all foreign currency denominated items and adjusts their translation at the year end for a 20% change in foreign currency rates.

b. Interest rate risk profile

The interest rate profile of the subfund's portfolio of investments at the balance sheet date was:

| Currency | Floating Rate | Fixed Rate | Non-Interest | Total | Floating Rate | Fixed Rate | Non-Interest | Total |
|-------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31 August 2022 £000s | 31 August 2022 £000s | 31 August 2022 £000s | 31 August 2022 £000s | 31 August 2021 £000s | 31 August 2021 £000s | 31 August 2021 £000s | 31 August 2021 £000s |
| Assets | - | 1,807,066 | 457 | 1,807,523 | - | 2,512,056 | 5,164 | 2,517,220 |
| Liabilities | - | - | (14,405) | (14,405) | - | - | (1,087) | (1,087) |

c. Sensitivity analysis

Market price sensitivity

The value of the subfund's listed investments (excluding open forward currency contracts), which were exposed to market price risk as at 31 August was as follows:

| | 2022 £000s | 2021 £000s |
|-----------------------|---------------|---------------|
| Bonds | 1,807,066 | 2,512,056 |
| Open future contracts | (3,761) | 417 |

The following illustrates the sensitivity of the net return and the net assets to an increase or decrease of 20% (2021 - 20%) in the fair values of the subfund's investments. This level of change is considered to be reasonably possible based on observation of market conditions in the year. The sensitivity analysis is based on the impact of a change to the value of the subfund's investments at each balance sheet date.

| Capital Return | 2022 | 2022 | 2021 | 2021 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | 20% Increase in fair value £000s | 20% Decrease in fair value £000s | 20% Increase in fair value £000s | 20% Decrease in fair value £000s |
| Net gains (losses) on investments at fair value* | 360,661 | (360,661) | 502,495 | (502,495) |

* Prior year figure restated from 2021 figures published.

Notes to the Final Report and Financial Statements continued

Foreign currency risk sensitivity

The following table details the subfund's sensitivity to a 20% increase and decrease in sterling against the relevant foreign currencies and the resultant impact that any such increase or decrease would have on the net return and net assets. The sensitivity analysis includes all foreign currency denominated items and adjusts their translation at the year end for a 20% change in foreign currency rates.

| | 2022 | 2022 | 2021 | 2021 |
|--|--|--|--|--|
| | 20% Increase in Sterling against foreign currencies £000s | 20% Decrease in Sterling against foreign currencies £000s | 20% Increase in Sterling against foreign currencies £000s | 20% Decrease in Sterling against foreign currencies £000s |
| Australian Dollar | 109 | (164) | (54) | 81 |
| Canadian Dollar | 598 | (897) | (12) | 18 |
| Euro | - | - | (6) | 9 |
| Norwegian Krone | 220 | (329) | - | - |
| Swedish Krona | 124 | (187) | 53 | (79) |
| US Dollar | 426 | (639) | (565) | 847 |
| Change in net return and net assets | 1,477 | (2,216) | (584) | 876 |

Interest rate risk sensitivity

Duration measures the sensitivity of a portfolio's price to change in interest rates. The calculation of duration incorporates yield, coupon, final maturity and other relevant factors.

Duration is considered to be an accurate predictor of price changes for small, parallel shifts of the yield curve. For every 0.01% movement in interest rates, a portfolio with a duration of one year will move in price by 0.01% in the opposite direction.

As at the 31 August 2022, the net asset value was £1,855.9m (2021 - £2,598.8m) (before the deduction of the interest distribution) with a duration of 11.46 years (2021 - 10.86 years).

Thus, for example, an increase of 0.25% in the interest rates would result in a fall of 2.87% or £53.26m (2021 - 2.72% or £70.69m) in the value of the portfolio.

d. Leverage

The use of derivatives may expose the subfund to a higher degree of risk. In particular, derivative contracts can be highly volatile and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard bonds or equities. Leveraged derivative positions can therefore increase a subfund's volatility. The leverage is calculated on a commitment basis, by taking the sum of the net asset value and the incremental exposure generated through the use of derivatives and is expressed as a percentage of the net asset value. The average level of leverage employed by the subfund during the year was 1.19% (2021 - 1.29%).

e. Fair value hierarchy

An analysis of the portfolio in accordance with the fair value hierarchy is shown below:

| | Assets | Liabilities | Assets | Liabilities |
|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31 August 2022 £000s | 31 August 2022 £000s | 31 August 2021 £000s | 31 August 2021 £000s |
| Level 1: Quoted | 1,690,771 | (3,761) | 2,405,679 | (564) |
| Level 2: Observable | 116,752 | (10,644) | 111,541 | (523) |
| Level 3: Unobservable | - | - | - | - |
| | 1,807,523 | (14,405) | 2,517,220 | (1,087) |

The fair value as at the reporting date has been estimated using the following fair value hierarchy:

Level (1) Quoted prices for identical instruments in active markets

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level (2) Valuation techniques that use:

Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Notes to the Final Report and Financial Statements continued

Level (3) Valuation techniques that use:

Inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.

When the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate, the fair value is estimated by using an alternative valuation technique. Such valuation techniques will, where possible, maximise the use of observable market data inputs as opposed to non-observable entity determined data inputs. The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

f. Maturity of financial liabilities

All liabilities are due in one year or less or on demand (2021 - same).

g. Fair value disclosure

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

h. Derivatives

Derivatives are used in the subfund for hedging purposes and/or investment purposes. The main instruments used are money market futures, forward exchange contracts. For more details please refer to page 10 and 11.

i. Credit rating

| | 2022 | 2022 | 2021 | 2021 |
|-------------------------|-----------------------|-----------------|-----------------------|-----------------|
| | Market Value £000s | % of Net Assets | Market Value £000s | % of Net Assets |
| Investment Grade | 1,807,066 | 98.13 | 2,512,056 | 97.56 |
| Derivatives | (13,948) | (0.76) | 4,077 | 0.17 |
| Other assets | 48,348 | 2.63 | 58,440 | 2.27 |
| Total net assets | 1,841,466 | 100.00 | 2,574,573 | 100.00 |

A fixed income security is deemed to be of investment grade, if it is rated BBB- or above. Sub-investment grade are those securities that are rated below investment grade. As at 31 August 2022, all fixed income investments were investment grade (2021 - same).

Notes to the Final Report and Financial Statements continued

15. Portfolio transaction costs

For the year ended 31 August 2022:

| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
|---|-------------------|--------------|-------------|--------------|-------|
| | 2022 | 2022 | 2022 | 2022 | 2022 |
| | £000s | £000s | % | £000s | % |
| Purchases | | | | | |
| Debt instruments (direct) | 1,714,380 | - | - | - | - |
| Derivatives | 2,159,477 | 34 | - | - | - |
| Total purchases | 3,873,857 | 34 | - | - | - |
| Total purchases including transaction costs | 3,873,891 | | | | |
| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
| | 2022 | 2022 | 2022 | 2022 | 2022 |
| | £000s | £000s | % | £000s | % |
| Sales | | | | | |
| Debt instruments (direct) | 1,949,278 | - | - | - | - |
| Derivatives | 1,242,150 | 21 | - | - | - |
| Total sales | 3,191,428 | 21 | - | - | - |
| Total sales including transaction costs | 3,191,407 | | | | |
| Total transaction costs as a % of average net assets | | 0.00% | | 0.00% | |
| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
| | 2021 | 2021 | 2021 | 2021 | 2021 |
| | £000s | £000s | % | £000s | % |
| Purchases | | | | | |
| Debt instruments (direct) | 3,445,011 | - | - | - | - |
| Derivatives | 2,128,906 | 19 | - | 2 | - |
| Total purchases | 5,573,917 | 19 | - | 2 | - |
| Total purchases including transaction costs | 5,573,938 | | | | |
| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
| | 2021 | 2021 | 2021 | 2021 | 2021 |
| | £000s | £000s | % | £000s | % |
| Sales | | | | | |
| Debt instruments (direct) | 3,207,948 | - | - | - | - |
| Derivatives | 2,439,063 | 36 | - | 2 | - |
| Total sales | 5,647,011 | 36 | - | 2 | - |
| Total sales including transaction costs | 5,646,973 | | | | |
| Total transaction costs as a % of average net assets | | 0.00% | | 0.00% | |

The above analysis covers any direct transaction costs suffered by the subfund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

For the subfund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments to manage the subfund's daily liquidity position are excluded from the analysis.

Notes to the Final Report and Financial Statements continued

During the period the subfund utilised futures contracts as derivative instruments covering different underlying asset classes. The settlement values for opening and closing derivative positions are not comparable to principal values for transactions in direct holding investments and therefore purchase and sale amounts for derivative transactions are not quantified in the analysis above. Transaction costs for derivatives positions will be either suffered as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above.

Dealing spread costs suffered by the subfund vary considerably for the different asset / instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.09% (2021 : 0.09%).

Fund Information

Investment Objective and Policy

The Allianz Index-Linked Gilt Fund aims to achieve income and capital growth through investment predominantly in Inflation-Linked UK Government Securities.

The ACD will adopt a policy of active management and will invest in index-linked gilts, overseas index-linked government bonds, index-linked government guaranteed bonds, gilts, conventional government bonds, corporate and supranational bonds. The ACD may gain exposure indirectly through the use of derivative instruments including but not limited to futures, options, options on swaps and swap agreements (e.g. interest rate swaps, inflation linked swaps).

At least 80% of the Fund's assets will be invested in index-linked gilts issued by the United Kingdom Government.

Up to 20% of the Fund's assets may be invested in Sterling denominated (or hedged back to Sterling) government backed index linked securities which are not issued by the United Kingdom Government, but with a rating the same or higher than that of the United Kingdom Government.

Up to 5% of the Fund's assets may be invested in investment grade debt securities, which are rated lower than that of the United Kingdom Government, including but not limited to, conventional government bonds, conventional and inflation linked corporate bonds and supranational bonds.

The ACD may also utilise deposits and money market instruments in the management of the portfolio and their value, together with money market funds, may make up to a maximum of 10% of the Fund's assets.

The Fund may also invest up to a maximum of 10% of the Fund's assets in collective investment schemes.

The Fund may from time to time hold a concentrated portfolio because of its investments in a limited number of debt securities.

Fund Details

| | | |
|--|---|-----------------------------------|
| Fund Manager | Mike Riddell | |
| Benchmark | FTSE Actuaries UK Government Index-Linked All Stocks Index Midday Total Return GBP | |
| Income allocation dates | Interim | 28 February* |
| | Final | 31 August |
| Income pay dates | Interim | 30 April |
| | Final | 31 December (normally 31 October) |
| Launch dates | Fund | 1 February 2018 |
| | E Shares | 1 February 2018 |
| | W Shares | 1 February 2018 |
| ISA status | Yes | |
| Share Classes and types of Shares | E Shares (Accumulation Shares) E Shares (Income) W Shares (Accumulation) W Shares (Income) | |
| Minimum investment | E Shares | Lump sum £25,000,000 |
| | W Shares | Lump sum £10,000,000 |
| Initial charge | E Shares | Nil |
| | W Shares | Nil |
| Annual ACD fee | E Shares | 0.20%** |
| | W Shares | 0.30%*** |

* 29 February in a leap year.

** 0.20% p.a. minus those Additional Expenses which form part of the Ongoing Charge and are payable in respect of the E shares.

*** 0.30% p.a. minus those Additional Expenses which form part of the Ongoing Charge and are payable in respect of the W shares.

Comparative Tables

For the year ended 31 August 2022

| | E Shares Income | | | E Shares Accumulation | | |
|--|-----------------|-------------|-------------|-----------------------|-------------|-------------|
| | 2022 (p) | 2021 (p) | 2020 (p) | 2022 (p) | 2021 (p) | 2020 (p) |
| Opening net asset value per share | 125.52 | 117.64 | 121.26 | 129.16 | 121.06 | 124.52 |
| Return before operating charges | (31.67) | 8.12 | (3.39) | (33.37) | 8.35 | (3.22) |
| Operating charges | (0.23) | (0.24) | (0.23) | (0.24) | (0.25) | (0.24) |
| Return after operating charges | (31.90) | 7.88 | (3.62) | (33.61) | 8.10 | (3.46) |
| Distributions | (3.33) | - | - | (3.42) | - | - |
| Retained distributions on accumulation shares | - | - | - | 3.42 | - | - |
| Closing net asset value per share | 90.29 | 125.52 | 117.64 | 95.55 | 129.16 | 121.06 |
| After direct transaction costs of ¹ | - | - | - | - | - | - |
| Performance | | | | | | |
| Return after operating charges | (25.41)% | 6.70% | (2.99)% | (26.02)% | 6.69% | (2.78)% |
| Other information | | | | | | |
| Closing net asset value (£'000) | 114,800 | 163,028 | 128,405 | 9,856 | 8,430 | 11,397 |
| Closing number of shares | 127,139,624 | 129,881,129 | 109,146,671 | 10,315,419 | 6,526,467 | 9,414,675 |
| Operating charges ² | 0.20% | 0.20% | 0.20% | 0.20% | 0.20% | 0.20% |
| Direct transaction costs | - | - | - | - | - | - |
| Prices | | | | | | |
| Highest share price | 133.54 | 128.54 | 124.34 | 137.41 | 132.26 | 127.94 |
| Lowest share price | 90.84 | 110.59 | 100.94 | 96.12 | 113.79 | 103.87 |

¹ Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the subfund and share class returns before operating charges.

² Operating charges on E classes have been capped at 0.20%.

Operating charges 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 subfund.

Comparative Tables continued

For the year ended 31 August 2022

| | W Shares Income | | | W Shares Accumulation | | |
|--|-----------------|-------------|-------------|-----------------------|-------------|-------------|
| | 2022 (p) | 2021 (p) | 2020 (p) | 2022 (p) | 2021 (p) | 2020 (p) |
| Opening net asset value per share | 125.02 | 117.29 | 121.00 | 128.70 | 120.75 | 124.33 |
| Return before operating charges | (31.52) | 8.09 | (3.37) | (33.23) | 8.32 | (3.23) |
| Operating charges | (0.35) | (0.36) | (0.34) | (0.36) | (0.37) | (0.35) |
| Return after operating charges | (31.87) | 7.73 | (3.71) | (33.59) | 7.95 | (3.58) |
| Distributions | (3.31) | - | - | (3.41) | - | - |
| Retained distributions on accumulation shares | - | - | - | 3.41 | - | - |
| Closing net asset value per share | 89.84 | 125.02 | 117.29 | 95.11 | 128.70 | 120.75 |
| After direct transaction costs of ¹ | - | - | - | - | - | - |
| Performance | | | | | | |
| Return after operating charges | (25.49)% | 6.59% | (3.07)% | (26.10)% | 6.58% | (2.88)% |
| Other information | | | | | | |
| Closing net asset value (£'000) | 770 | 5,063 | 2,302 | 1,101 | 3,358 | 1,483 |
| Closing number of shares | 857,490 | 4,050,964 | 1,962,589 | 1,158,034 | 2,608,743 | 1,227,684 |
| Operating charges ² | 0.30% | 0.30% | 0.30% | 0.30% | 0.30% | 0.30% |
| Direct transaction costs | - | - | - | - | - | - |
| Prices | | | | | | |
| Highest share price | 132.97 | 128.02 | 123.99 | 136.89 | 131.80 | 127.64 |
| Lowest share price | 90.40 | 110.20 | 100.68 | 95.71 | 113.45 | 103.65 |

¹ Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the subfund and share class returns before operating charges.

² Operating charges on W classes have been capped at 0.30%.

Operating charges 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 subfund.

Distribution Tables

For the year ended 31 August 2022

Interim Distribution in pence per share

Group 1 Shares purchased prior to 1 September 2021

Group 2 Shares purchased on or after 1 September 2021 to 28 February 2022

| | Gross revenue (p) | Equalisation (p) | Distribution paid 30/04/22 (p) | Distribution paid 30/04/21 (p) |
|------------------------------|-------------------------|---------------------|---|---|
| E Shares Income | | | | |
| Group 1 | 3.3266 | - | 3.3266 | - |
| Group 2 | 2.2309 | 1.0957 | 3.3266 | - |
| E Shares Accumulation | | | | |
| Group 1 | 3.4228 | - | 3.4228 | - |
| Group 2 | 2.7829 | 0.6399 | 3.4228 | - |
| W Shares Income | | | | |
| Group 1 | 3.3050 | - | 3.3050 | - |
| Group 2 | 2.6074 | 0.6976 | 3.3050 | - |
| W Shares Accumulation | | | | |
| Group 1 | 3.4050 | - | 3.4050 | - |
| Group 2 | 2.2065 | 1.1985 | 3.4050 | - |

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 March 2022

Group 2 Shares purchased on or after 1 March 2022 to 31 August 2022

| | Gross revenue (p) | Equalisation (p) | Distribution payable 31/10/22 (p) | Distribution paid 31/10/21 (p) |
|------------------------------|-------------------------|---------------------|--|---|
| E Shares Income | | | | |
| Group 1 | - | - | - | - |
| Group 2 | - | - | - | - |
| E Shares Accumulation | | | | |
| Group 1 | - | - | - | - |
| Group 2 | - | - | - | - |
| W Shares Income | | | | |
| Group 1 | - | - | - | - |
| Group 2 | - | - | - | - |
| W Shares Accumulation | | | | |
| Group 1 | - | - | - | - |
| Group 2 | - | - | - | - |

Investors are reminded that distribution is not guaranteed.

Investment Review

Performance Summary

Over the period under review, 1st September 2021 to 31st August 2022, the Fund's 'W Inc' class produced a total return of -25.25%.* The Fund's benchmark, the FTSE Actuaries UK Government Index-Linked All Stocks Total Return GBP (Midday) Index, produced a total return of -22.61% over the period.

* The performance summary figures are Mid instead of Bid valuation figures.

Market Background

The last twelve months have seen index-linked gilt markets weather a European energy crisis, the start of the Bank of England's (BoE) hiking cycle, and most recently a war between Ukraine and Russia.

UK inflation surprised to the upside over the period, which meant that the very shortest inflation-linked gilts provided positive total returns. However, longer dated index-linked gilts were badly hurt by the surge in UK real yields, driven by a sharp move higher in long term nominal interest rate expectations, where the market similarly priced in much higher long term real interest rates, which had been sharply negative at the beginning of the review period.

Right at the start of the review period, index-linked gilts suffered a massive sell-off as market stagflation worries set in causing a bear flattening of government bond real yield curves. The moves in the U.K. were especially extreme with nominal yields being pushed higher by a near unprecedented rate of increase in market implied inflation. This was largely caused by an energy crisis in Europe, where higher energy and power prices put substantial upward pressure on short dated market implied inflation. Meanwhile, the very front-end part of the curve also ticked higher as investors grew more confident of Bank of England rate hikes.

Index-linked gilts rebounded sharply in October as the curve bull flattened; long-end real yields hovered back around the record low levels reached back around in August. However, market inflation expectations continued to climb, bolstering stagflation worries, as supply side issues persisted over the month. The rally momentum in real yields continued into December, reaching a new record low of 3.5%, as markets

appeared wrong-footed by the BoE's decision to keep interest rates on hold at its November meeting given that inflation rose to 4.2% in October, the highest level in a decade.

The effect of the energy crisis was also reflected in the economic data – U.K. GDP grew 1.3% in the third quarter as supply chain and energy disruptions, as well as labour shortages hit output. As inflation hit 5.1% in November, the highest level in a decade, the BoE reacted by raising rates in its December meeting for the first time in three years.

As quickly as index-linked gilts rallied, we saw another round of massive selling at the turn of the year with real yields on longer-ended index-linked gilts moving more than +10 basis points as rampant inflation increased the speculation that the BoE would raise interest rates further. The moves were exacerbated in February by soaring commodity prices on the back of the Ukraine/Russia conflict which increased expectations that major central banks would need to be more aggressive in raising rates to tackle inflation. Consequently, the very front-end was particularly affected as markets continued to price in more hikes – at the end of February, markets were pricing in more than five rate hikes by the end of the year in the U.K.

With UK inflation reaching a 30-year high of 5.5% in January, the Bank of England raised interest rates by 25 basis points to 0.5%, setting the tone for volatility throughout the rest of the year. Over 2022, we saw both conventional and index-linked global bonds slump, closing each month of the second quarter lower as central banks took a more hawkish stance given the rampant inflationary pressures. In the US, the yield on the 10-year Treasury bond briefly came within touching distance of 3.5%, its highest level in 11 years, but closed the quarter around 3.0%. The sell-off meant US real rates, as measured by the yield on the 10-year Treasury Inflation-Protected Security, rose to zero for the first time since the start of the pandemic, while the 10-year US breakeven rate briefly climbed above 3.0%, its highest level in more than two decades.

The UK closely followed the global trend as index-linked gilts sold off with yields shooting higher. Near the end of June, the real yield on the 10-year index-linked gilt traded reached a high of -1.3% which implies a move of over 145bps over the quarter, before closing the month around -1.5%. The index-

Investment Review continued

linked gilt curve bear flattened sharply over the quarter with 5-year index-linked gilts moving up to 135 basis points. UK economic data was weak over the quarter with a cost-of-living crisis driving consumer confidence to a 14-year low. Given inflation hit a new 30-year high of 9.1% in May, the Bank of England is expected to continue raising rates having already raised rates to 1.25% from 0.75% at the end of March, but it faces a difficult balancing act to avoid tipping the economy into a recession. In August, UK conventional and index-linked bonds plummeted, with both curves sharply flattening. Similarly, UK breakeven inflation increased over the month across all tenors. The yield on the 10-year conventional gilt rose more than 90 bps over the month, the biggest monthly yield increase since at least 1989, to reach an eight-year high of 2.8%. Two-year conventional bond yields surged 130 bps to reach 3.0%, the largest monthly increase since 1994 and the highest level since 2008. The Bank of England raised interest rates by 50 bps to 1.75% - its largest rate increase in 27 years – and speculation grew that it would be forced to continue its aggressive tightening to control inflation even though the UK economy is heading into a recession. UK inflation reached a 40-year high of 10.1% in July and is predicted to top 13% later this year.

Portfolio Review

The fund's central five strategies to generating returns are duration, curve positioning, relative value, inflation, and cross market.

Duration

Throughout the last quarter of 2021, we maintained our relative underweight positioning in headline duration as our overall view was that the UK inflation market looked expensive and that too high of an inflation was being priced in the market. Over the quarter, we were largely active in our duration positioning through curve exposures, for example by shifting our largest underweight position from the ultra-long to the belly of the curve.

In the new year, the fund steadily increased its relative duration positioning over the quarter, bringing the headline figure to a relative overweight by March – the first time since Q1 2020. Over the second quarter, we increased our headline duration overweight relative to our benchmark over the quarter. This

move reflects our view that global government bonds were not sufficiently pricing in a global economic growth slowdown, especially with real rates sharply climbing higher throughout the quarter. However, on an inflation duration basis which includes the duration exposure from our inflation swaps, we remain underweight duration as our view remains that the domestic inflation market looks expensive and that too high of an inflation is currently being priced in the market. Overall, we prefer adding to duration via our cross market strategy and over the quarter added to our Canadian and US exposure both in conventional and index-linked terms.

Curve Positioning

While we maintained our steeper position in Q4 2021, we made modifications across the curve by adding to the long end with cash from fund flows and by rotating our 2027s exposure into the 2046s. We also moved, and gradually increased, our underweight exposure in the belly of the curve (20-30 year). By the end of the last quarter, we strengthened our steeper bias by rotating from the 30-40 year part of the curve into the 15-20 year.

Going into the new year, we increased our steeper positioning. We did this by increasing our overweight in the 10-15 year part of the curve vs. our largest underweight in the 20-30 year section. Throughout the rest of the review period, we maintained our curve positioning where we are overweight in the 10-20 year part of the curve vs. our largest underweight in the 20-30 year section. Additionally, we remain underweight the ultra-long end (40-50 year) and have a large underweight in the front-end part of the curve via inflation swaps.

Relative Value

We saw limited dislocations along the curve over the period and engaged in only several switch and butterfly trades. For example, we switched into the 2062s index-linked gilt from the 2056s, and into the 2051s and 2044s from the 2041s.

Breakevens

Over the period, we maintained our long conventional gilt exposure versus our short inflation-linked gilt. We still maintain our high conviction that UK RPI will realise considerably below the market levels and therefore keep our short UK breakeven position in the portfolio.

Investment Review continued

Cross Market

We continue to hold U.S. short-end TIPS (2-year and 4-year positions) over the period. We saw short-end market implied inflation in the U.S. rise significantly over the period as real yields fell. In April, we added 0.15 years duration in a Canadian index-linked bond and in May we added close to 0.1 years duration in the 2030 year US TIPS.

Outlook

In November last year, we argued that markets were not pricing in any of the rapidly growing risks of a global growth slowdown. And in April this year, a global recession became our base scenario. Our central scenario appears to be panning out, but the growth slowdown already in evidence is still mostly just a reflection of the jump in commodity prices in the second half of last year and in February-March this year. Monetary policy operates with around a 12–18-month lag, and the huge repricing in global policy rates this year means that economic growth is far likelier to deteriorate further than to improve.

Back in April, we saw risks of higher inflation buffeting consumer and business sentiment, central banks withholding any 'market puts', and China's growth being too slow to matter. All three largely remain in place. But the focus is now shifting from higher prices hurting sentiment to tighter policy weighing on activity. The piling evidence for a global recession falls in three specific categories:

- Manufacturing weakness led by softening demand
- Growing risks of a global house price collapse from record rises in rates
- Anaemic recovery in China despite policy easing

Global industrial weakness is set to continue. Demand growth has slowed, and inventories have been building up. This is evident in both the headline and sub-components of the JP Morgan global manufacturing PMI released by S&P Global. While output contracted, new orders and new export orders contracted at a faster rate than before, even as inventories of finished goods rose for a second month running.

The US housing market is now widely recognised as a key macro vulnerability, not just for the US cycle but also the global business cycle. Since the start of the year, US home sales have dropped by 20% to 40%. April was also the cyclical peak in the housing starts (declining by ~20% since then). Besides the US, soaring policy and mortgage rates have also meant that prices are already falling sharply in countries such as Canada, Sweden, New Zealand and Australia.

Hopes have been raised of an offset to the restrictive global monetary policy from a reopening led recovery in China, helped by policy easing of recent months. However, first, there are lags involved even in the best of times and second, we doubt that this round of stimulus has similar efficacy to previous ones as the Chinese financial system appears to be in a liquidity trap right now.

Demand destruction should push inflation lower. Disinflationary forces are gradually developing under the radar thanks to powerful base effects and demand destruction that is currently underway, and likely to be ongoing for a good while longer. Weaker growth means more spare capacity, which has almost always been accompanied or followed by lower core inflation in the US. Housing market and other leading indicators of the business cycle are pointing to a sizeable rise in US unemployment over the next 12 months.

Portfolio Statement

As at 31 August 2022

| Nominal | | Market Value | |
|------------|---|----------------|-----------------|
| | | £'000 | % of Net Assets |
| | Canadian Dollar Denominated Fixed Rate Government Bonds - 2.84% (2021 - 0.00%) | | |
| 700,000 | Canadian Government Real Return Bond 3% 01/12/2036 | 842 | 0.67 |
| 2,000,000 | Canadian Government Real Return Bond 4% 01/12/2031 | 2,751 | 2.17 |
| | | 3,593 | 2.84 |
| | Sterling Denominated Fixed Rate Government Bonds - 87.38% (2021 - 92.12%) | | |
| 600,000 | UK Treasury 0.125% 31/01/2024 | 576 | 0.46 |
| 4,200,000 | UK Treasury 0.625% 31/07/2035 | 3,075 | 2.44 |
| 2,700,000 | UK Treasury 1.25% 31/07/2051 | 1,756 | 1.39 |
| 850,000 | UK Treasury Inflation Linked 0.125% 22/03/2026 | 1,209 | 0.96 |
| 2,430,000 | UK Treasury Inflation Linked 0.125% 22/03/2029 | 3,885 | 3.07 |
| 712,000 | UK Treasury Inflation Linked 0.125% 10/08/2031 | 949 | 0.75 |
| 5,000,000 | UK Treasury Inflation Linked 0.125% 22/11/2036 | 7,586 | 6.00 |
| 12,436,000 | UK Treasury Inflation Linked 0.125% 22/03/2039 | 16,497 | 13.03 |
| 3,750,000 | UK Treasury Inflation Linked 0.125% 22/03/2044 | 6,092 | 4.81 |
| 5,180,000 | UK Treasury Inflation Linked 0.125% 22/03/2046 | 7,912 | 6.25 |
| 2,750,000 | UK Treasury Inflation Linked 0.125% 10/08/2048 | 3,941 | 3.11 |
| 1,845,000 | UK Treasury Inflation Linked 0.125% 22/03/2051 | 2,472 | 1.95 |
| 3,120,000 | UK Treasury Inflation Linked 0.125% 22/11/2056 | 4,759 | 3.76 |
| 2,030,000 | UK Treasury Inflation Linked 0.125% 22/03/2058 | 3,214 | 2.54 |
| 2,035,000 | UK Treasury Inflation Linked 0.125% 22/11/2065 | 3,310 | 2.62 |
| 400,000 | UK Treasury Inflation Linked 0.125% 22/03/2073 | 609 | 0.48 |
| 4,107,000 | UK Treasury Inflation Linked 0.375% 22/03/2062 | 7,769 | 6.14 |
| 5,655,000 | UK Treasury Inflation Linked 0.75% 22/03/2034 | 10,099 | 7.98 |
| 1,580,000 | UK Treasury Inflation Linked 0.75% 22/11/2047 | 3,434 | 2.71 |
| 651,000 | UK Treasury Inflation Linked 1.125% 22/11/2037 | 1,453 | 1.15 |
| 1,515,000 | UK Treasury Inflation Linked 1.25% 22/11/2027 | 3,095 | 2.45 |
| 5,802,000 | UK Treasury Inflation Linked 1.25% 22/11/2032 | 11,557 | 9.13 |
| 1,185,000 | UK Treasury Inflation Linked 1.25% 22/11/2055 | 3,336 | 2.64 |
| 300,000 | UK Treasury Inflation Linked 2.5% 17/07/2024 | 1,146 | 0.91 |
| 225,000 | UK Treasury Inflation Linked 4.125% 22/07/2030 | 820 | 0.65 |
| | | 110,551 | 87.38 |
| | US Dollar Denominated Fixed Rate Government Bonds - 8.43% (2021 - 5.50%) | | |
| 4,000,000 | US Treasury Inflation Indexed Bonds 0.125% 15/04/2026 | 3,786 | 2.99 |
| 4,000,000 | US Treasury Inflation Indexed Bonds 0.125% 15/10/2026 | 3,640 | 2.88 |
| 1,800,000 | US Treasury Inflation Indexed Bonds 0.875% 15/01/2029 | 1,824 | 1.44 |
| 1,500,000 | US Treasury Inflation Indexed Bonds 0.125% 15/01/2030 | 1,414 | 1.12 |
| | | 10,664 | 8.43 |
| | DERIVATIVES - (4.09)% (2021 - (0.43)%) | | |
| | Canadian Dollar Open Forward Exchange Contracts - (0.09)% (2021 - 0.00%) | | |
| | Sold CAD4,605,000 for GBP2,901,307 Settlement 21/09/2022 | (119) | (0.09) |
| | | (119) | (0.09) |
| | Sterling Interest Rate Swaps - (3.26)% (2021 - (0.30)%) | | |
| 15,000,000 | Receive 3.638% Pay Variable 15/06/2026 | (2,593) | (2.05) |
| 7,600,000 | Receive 3.6875% Pay Variable 15/06/2030 | (1,515) | (1.21) |
| | | (4,108) | (3.26) |
| | Sterling Open Futures Contracts - (0.11)% (2021 - 0.00%) | | |
| 57 | UK Long Gilt Futures December 2022 | (136) | (0.11) |
| | | (136) | (0.11) |
| | US Dollar Open Forward Exchange Contracts - (0.55)% (2021 - (0.13)%) | | |
| | Bought USD1,146,209 for GBP950,000 Settlement 21/09/2022 | 36 | 0.03 |
| | Bought USD750,000 for CAD975,720 Settlement 21/09/2022 | 4 | - |
| | Sold USD14,809,091 for GBP11,992,109 Settlement 21/09/2022 | (730) | (0.58) |
| | | (690) | (0.55) |
| | US Dollar Open Futures Contracts - (0.08)% (2021 - 0.00%) | | |
| 128 | US Treasury Note 10 Year Futures December 2022 | (106) | (0.08) |
| | | (106) | (0.08) |
| | Investment assets ¹ | 119,649 | 94.56 |
| | Net other liabilities | 6,878 | 5.44 |
| | Net assets | 126,527 | 100.00 |

¹ Includes investment 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 2021.

Please refer to page 10 for details on the credit quality of the portfolio.

Statement of Total Return

For the year ended 31 August 2022

| | Notes | 2022 £000s | 2022 £000s | 2021 £000s | 2021 £000s |
|---|-------|---------------|-----------------|---------------|---------------|
| Income: | | | | | |
| Net capital (losses)/gains | 2 | | (50,555) | | 12,393 |
| Revenue | 3 | 9,594 | | (795) | |
| Expenses | 4 | (304) | | (324) | |
| Interest payable and similar charges | | (2) | | (1) | |
| Net revenue/(expense) before taxation | | 9,288 | | (1,120) | |
| Taxation | 5 | - | | - | |
| Net revenue/(expense) after taxation | | | 9,288 | | (1,120) |
| Total return before distributions | | | (41,267) | | 11,273 |
| Distributions | 6 | | (3,867) | | - |
| Change in net assets attributable to shareholders from investment activities | | | (45,134) | | 11,273 |

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 August 2022

| | 2022 £000s | 2022 £000s | 2021 £000s | 2021 £000s |
|---|---------------|-----------------|---------------|----------------|
| Opening net assets attributable to shareholders | | 179,879 | | 143,587 |
| Amounts receivable on issue of shares | 42,287 | | 59,470 | |
| Amounts payable on cancellation of shares | (50,967) | | (34,451) | |
| | | (8,680) | | 25,019 |
| Dilution adjustment | | 12 | | - |
| Change in net assets attributable to shareholders from investment activities (see above) | | (45,134) | | 11,273 |
| Retained distributions on accumulation shares | | 450 | | - |
| Closing net assets attributable to shareholders | | 126,527 | | 179,879 |

Notes to the final report and Financial Statements are from page 64 to 73.

Balance Sheet

As at 31 August 2022

| | Notes | 2022 £000s | 2022 £000s | 2021 £000s | 2021 £000s |
|--|-------|---------------|----------------|---------------|----------------|
| Assets: | | | | | |
| Fixed assets: | | | | | |
| Investments | | | 124,848 | | 175,587 |
| Current assets: | | | | | |
| Debtors | 7 | 992 | | 561 | |
| Cash and bank balances | 8 | 6,777 | | 4,680 | |
| Total assets | | | 132,617 | | 180,828 |
| Liabilities: | | | | | |
| Investment liabilities | | | | | |
| | | | (5,199) | | (765) |
| Creditors: | | | | | |
| Other creditors | 9 | (891) | | (184) | |
| Total liabilities | | | (6,090) | | (949) |
| Net assets attributable to shareholders | | | 126,527 | | 179,879 |

Notes to the final report and Financial Statements are from page 64 to 73.

Notes to the Final Report and Financial Statements

1. Accounting Basis and Policies

The applicable accounting policies adopted by the Allianz Index-Linked Gilt Fund are included on pages 8 to 13 of the Collective Notes to the Final Report and Financial Statements.

2. Net capital (losses)/gains

| | 2022 £000s | 2021 £000s |
|--|-----------------|---------------|
| (Losses)/gains on non-derivative securities | (43,579) | 12,478 |
| Losses on derivative securities | (5,184) | (376) |
| Gains/(losses) on currency | 102 | (83) |
| (Losses)/gains on forward currency contracts | (1,892) | 375 |
| Handling charges | (2) | (1) |
| Net capital (losses)/gains | (50,555) | 12,393 |

3. Revenue

| | 2022 £000s | 2021 £000s |
|-------------------------------------|---------------|---------------|
| Bank interest | 14 | - |
| Interest on fixed income securities | 9,339 | (777) |
| Overseas dividends - taxable | (1) | - |
| Returns from bond futures | - | (18) |
| Futures Income Burification | 242 | - |
| Total revenue | 9,594 | (795) |

Notes to the Final Report and Financial Statements continued

4. Expenses

| | 2022 | 2021 |
|---|------------|------------|
| | £000s | £000s |
| Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them: | | |
| ACD's annual fee | 306 | 325 |
| ACD rebate* | (51) | (54) |
| Company secretarial costs | - | (1) |
| | 255 | 270 |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Depositary's fees | 27 | 28 |
| Safe custody fees | 6 | 7 |
| | 33 | 35 |
| Other expenses: | | |
| Audit fees | 14 | 14 |
| Distribution costs | - | 4 |
| Printing costs | 1 | - |
| Registration fees | 1 | 1 |
| | 16 | 19 |
| Total expenses | 304 | 324 |

All expenditure stated above is inclusive of VAT where applicable.

The Audit fee for the year, excluding VAT, was £11,100 (2021 - £11,100).

*Operating charges for each subfund are capped. E Shares are capped at 0.20%, W Shares are capped at 0.30%. Any charges in excess of this amount are borne by the Manager. This is operated by way of a fee rebate from the ACD.

Notes to the Final Report and Financial Statements continued

5. Taxation

| | 2022 | 2021 |
|---|---------|---------|
| | £000s | £000s |
| a. Analysis of the taxation charge for the year: | | |
| Total taxation for the year (see Note 5(b)) | - | - |
| b. Factors affecting taxation charge for the year: | | |
| The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for a subfund of an Open-Ended Investment Company (20%) (2021 - 20%). | | |
| The differences are explained below: | | |
| Net revenue/(expense) before taxation | 9,288 | (1,120) |
| Corporation tax at 20% | 1,858 | (224) |
| Effects of: | | |
| Indexation relief on index linked gilts | (3,151) | (1,345) |
| Surplus allowable expenses arising in the year | 1,293 | 1,569 |
| Total taxation charge for the year (see Note 5(a)) | - | - |

OEICs are exempt from tax on capital gains in the UK, therefore capital returns are not included within the reconciliation.

c. Provision for deferred tax

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

d. Factors that may affect future tax charges

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £ 3,398,000 (2021 : £2,105,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the creation of Shares and revenue deducted on the cancellation of Shares and comprise:

| | 2022 | 2021 |
|---|--------------|----------|
| | £000s | £000s |
| Interim | 4,032 | - |
| Add: Revenue deducted on cancellation of shares | 692 | - |
| Deduct: Revenue received on creation of shares | (857) | - |
| Net distributions for the year | 3,867 | - |
| Reconciliation of net revenue/(expense) after taxation to net distributions for the year | | |
| Net revenue/(expense) after taxation | 9,288 | (1,120) |
| Add: Capitalised ACD fee rebate | (44) | (47) |
| Add: Capitalised expenses | 306 | 326 |
| Amortisation index-linked bonds – not distributable* | (15,756) | - |
| Net revenue shortfall taken to capital | 10,073 | 841 |
| Net distributions for the year | 3,867 | - |

* There was a material COLL breach on this fund during the year whereby indexation accruals were recognised in distributable income rather than in capital, and a distribution including capital indexation of £3.6M was paid for the interim period ended 28/02/2022. This distribution was not in compliance with the fund's distribution policy nor the guidance included in FCA COLL 6.8.3R. No investors were disadvantaged as a result of the interim distribution, and the error was identified and corrected before the final distribution. This has been reported to the FCA in the period and compensation will be paid to any affected unitholders by the Manager for the period leading up to the final distribution when a NAV error of up to £8.8M occurred due to this distribution error.

Notes to the Final Report and Financial Statements continued

7. Debtors

| | 2022 | 2021 |
|--|------------|------------|
| | £000s | £000s |
| Accrued ACD's fee rebate | 5 | 5 |
| Accrued revenue | 153 | 175 |
| Amounts receivable on creation of shares | 114 | 381 |
| Sales awaiting settlement | 720 | - |
| | 992 | 561 |

8. Cash and bank balances

| | 2022 | 2021 |
|--|--------------|--------------|
| | £000s | £000s |
| Cash and bank balances | 6,113 | 4,680 |
| Amount held at futures clearing houses and brokers | 664 | - |
| | 6,777 | 4,680 |

9. Other creditors

| | 2022 | 2021 |
|---|------------|------------|
| | £000s | £000s |
| Accrued ACD's annual fee | 23 | 31 |
| Amounts payable on cancellation of shares | 839 | 117 |
| Other accrued expenses | 29 | 36 |
| | 891 | 184 |

Notes to the Final Report and Financial Statements continued

10. Related party transactions

The ACD is deemed to be a related party under the definition of Financial Reporting Standard 102, which requires the disclosure of details of material transactions between the subfund and any related party.

Details of any related party transactions occurring during the year including commissions paid and any balances due at the year end are disclosed in the Balance Sheet, the Statement of Change in Net Assets Attributable to Shareholders and Notes 4, 7 and 9 to the financial statements. All creations and cancellations were transacted with the ACD.

11. Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of net revenue included in the purchase price of all Group 2 shares. In the case of Accumulation shares, it is automatically reinvested in the subfund at the first distribution payment date after the shares were purchased. Being a capital repayment it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

12. Shareholders' funds

The subfund currently has two share classes: E and W. The ACD's annual fee on these share classes are as follows:

| | |
|-----------|-------|
| Class E : | 0.20% |
| Class W : | 0.30% |

The net asset value per share and the number of shares in issue are given in the Comparative Tables on page 55 and 56.

The distribution per share is given in the Distribution Table on page 57

Revenue available for allocation will be allocated between the share classes based on the respective proportionate interests represented by those share classes on a daily basis and taxation is computed by reference to the net revenue after expenses attributable to each class. All share classes have the same rights on winding up.

For the year ended 31 August 2022:

| | Class E Shares Income | Class E Shares Accumulation | Class W Shares Income | Class W Shares Accumulation |
|------------------|--------------------------|--------------------------------|--------------------------|--------------------------------|
| Opening shares | 129,881,129 | 6,526,467 | 4,050,964 | 2,608,743 |
| Shares created | 30,280,135 | 7,792,360 | 324,316 | 376,594 |
| Shares cancelled | (33,016,521) | (4,003,408) | (3,522,931) | (1,827,303) |
| Shares converted | (5,119) | - | 5,141 | - |
| Closing shares | 127,139,624 | 10,315,419 | 857,490 | 1,158,034 |

13. Contingent liabilities and commitments

As at 31 August 2022 there were no contingent liabilities (2021: £Nil).

Notes to the Final Report and Financial Statements continued

14. Derivatives and other financial instruments

a. Currency exposure

A proportion of the net assets and liabilities of the subfund are denominated in currencies other than Sterling, with the effect that the total net assets and total return can be affected by currency movements.

| Currency | Monetary Exposure 31 August 2022 £000s | Non-Monetary Exposure 31 August 2022 £000s | Total Exposure 31 August 2022 £000s | Monetary Exposure 31 August 2021 £000s | Non-Monetary Exposure 31 August 2021 £000s | Total Exposure 31 August 2021 £000s |
|-----------------|---|---|--|---|---|--|
| Canadian Dollar | (3,642) | 3,593 | (49) | - | - | - |
| Euro | - | - | - | 10 | - | 10 |
| US Dollar | (10,818) | 10,664 | (154) | (9,648) | 9,901 | 253 |

The following table details the subfund's sensitivity to a 20% increase and decrease in sterling against the relevant foreign currencies and the resultant impact that any such increase or decrease would have on the net return and net assets. The sensitivity analysis includes all foreign currency denominated items and adjusts their translation at the year end for a 20% change in foreign currency rates.

b. Interest rate risk profile

| Currency | Floating Rate 31 August 2022 £000s | Fixed Rate 31 August 2022 £000s | Non-Interest 31 August 2022 £000s | Total 31 August 2022 £000s | Floating Rate 31 August 2021 £000s | Fixed Rate 31 August 2021 £000s | Non-Interest 31 August 2021 £000s | Total 31 August 2021 £000s |
|-------------|---|--|--|-------------------------------------|---|--|--|-------------------------------------|
| Assets | - | 124,808 | 40 | 124,848 | - | 175,581 | 6 | 175,587 |
| Liabilities | - | - | (5,199) | (5,199) | - | - | (765) | (765) |

c. Sensitivity analysis

Market price sensitivity

| | 2022 £000s | 2021 £000s |
|-----------------------|---------------|---------------|
| Bonds | 124,808 | 175,581 |
| Interest Rate swaps | (4,108) | (526) |
| Open future contracts | (242) | - |

The following illustrates the sensitivity of the net return and the net assets to an increase or decrease of 20% (2021 - 20%) in the fair values of the subfund's investments. This level of change is considered to be reasonably possible based on observation of market conditions in the year. The sensitivity analysis is based on the impact of a change to the value of the subfund's investments at each balance sheet date.

| | 2022 20% Increase in fair value £000s | 2022 20% Decrease in fair value £000s | 2021 20% Increase in fair value £000s | 2021 20% Decrease in fair value £000s |
|---|--|--|--|--|
| Capital Return | | | | |
| Net gains (losses) on investments at fair value | 24,092 | (24,092) | 35,011 | (35,011) |

Notes to the Final Report and Financial Statements continued

Foreign currency risk sensitivity

The following table details the subfund's sensitivity to a 20% increase and decrease in sterling against the relevant foreign currencies and the resultant impact that any such increase or decrease would have on the net return and net assets. The sensitivity analysis includes all foreign currency denominated items and adjusts their translation at the year end for a 20% change in foreign currency rates.

| | 2022 | 2022 | 2021 | 2021 |
|--|---|---|---|---|
| | 20% Increase in Sterling against foreign currencies £000s | 20% Decrease in Sterling against foreign currencies £000s | 20% Increase in Sterling against foreign currencies £000s | 20% Decrease in Sterling against foreign currencies £000s |
| Canadian Dollar | 8 | (12) | - | - |
| Euro | - | - | (2) | 3 |
| US Dollar | 26 | (38) | (42) | 64 |
| Change in net return and net assets | 34 | (50) | (44) | 67 |

Interest rate risk sensitivity

Duration measures the sensitivity of a portfolio's price to change in interest rates. The calculation of duration incorporates yield, coupon, final maturity and other relevant factors.

Duration is considered to be an accurate predictor of price changes for small, parallel shifts of the yield curve. For every 0.01% movement in interest rates, a portfolio with a duration of one year will move in price by 0.01% in the opposite direction.

As at the 31 August 2022, the net asset value was £128.1m (2021 - £182.8m) (before the deduction of the interest distribution) with a duration of 15.32 years (2021 - 16.28 years).

Thus, for example, an increase of 0.25% in the interest rates would result in a fall of 3.83% or £4.91m (2021 - 4.07% or £7.44m) in the value of the portfolio.

d. Leverage

The use of derivatives may expose the subfund to a higher degree of risk. In particular, derivative contracts can be highly volatile and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard bonds or equities. Leveraged derivative positions can therefore increase a subfund's volatility. The leverage is calculated on a commitment basis, by taking the sum of the net asset value and the incremental exposure generated through the use of derivatives and is expressed as a percentage of the net asset value. The average level of leverage employed by the subfund during the year was 1.28% (2021 - 1.23%).

e. Fair value hierarchy

An analysis of the portfolio in accordance with the fair value hierarchy is shown below:

| | Assets | Liabilities | Assets | Liabilities |
|-----------------------|----------------|----------------|----------------|----------------|
| | 31 August 2022 | 31 August 2022 | 31 August 2021 | 31 August 2021 |
| | £000s | £000s | £000s | £000s |
| Level 1: Quoted | 124,808 | (242) | 175,581 | - |
| Level 2: Observable | 40 | (4,957) | 6 | (765) |
| Level 3: Unobservable | - | - | - | - |
| | 124,848 | (5,199) | 175,587 | (765) |

The fair value as at the reporting date has been estimated using the following fair value hierarchy:

Level (1) Quoted prices for identical instruments in active markets

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level (2) Valuation techniques that use:

Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level (3) Valuation techniques that use:

Inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.

When the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate, the fair value is estimated by using an alternative valuation technique. Such valuation techniques will, where possible, maximise the use of observable market data inputs as opposed to non-observable entity determined data inputs.

The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

f. Maturity of financial liabilities

All liabilities are due in one year or less or on demand (2021 - same).

Notes to the Final Report and Financial Statements continued

g. Fair value disclosure

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

h. Derivatives

Derivatives are used in the subfund for hedging purposes and/or investment purposes. The main instruments used are money market futures, forward exchange contracts and credit default swaps. For more details please refer to page 10 and 11.

i. Credit rating

| | 2022 | | 2021 | |
|-------------------------|-----------------------|-----------------|-----------------------|-----------------|
| | Market Value £000s | % of Net Assets | Market Value £000s | % of Net Assets |
| Investment Grade | 124,808 | 98.65 | 175,581 | 97.62 |
| Derivatives | (5,159) | (4.09) | (759) | (0.43) |
| Other assets | 6,878 | 5.44 | 5,057 | 2.81 |
| Total net assets | 126,527 | 100.00 | 179,879 | 100.00 |

A fixed income security is deemed to be of investment grade, if it is rated BBB- or above. Sub-investment grade are those securities that are rated below investment grade.

Notes to the Final Report and Financial Statements continued

15. Portfolio transaction costs

For the year ended 31 August 2022:

| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
|---|-------------------|--------------|-------------|--------------|-------|
| | 2022 | 2022 | 2022 | 2022 | 2022 |
| | £000s | £000s | % | £000s | % |
| Purchases | | | | | |
| Debt instruments (direct) | 115,899 | - | - | - | - |
| Derivatives | 56,125 | 1 | - | - | - |
| Total purchases | 172,024 | 1 | - | - | - |
| Total purchases including transaction costs | 172,025 | | | | |
| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
| | 2022 | 2022 | 2022 | 2022 | 2022 |
| | £000s | £000s | % | £000s | % |
| Sales | | | | | |
| Debt instruments (direct) | 131,885 | - | - | - | - |
| Derivatives | 37,137 | 1 | - | - | - |
| Total sales | 169,023 | 1 | - | - | - |
| Total sales including transaction costs | 169,022 | | | | |
| Derivative Transaction costs | | - | | - | |
| Total transaction costs as a % of average net assets | | 0.00% | | 0.00% | |
| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
| | 2021 | 2021 | 2021 | 2021 | 2021 |
| | £000s | £000s | % | £000s | % |
| Purchases | | | | | |
| Debt instruments (direct) | 252,233 | - | - | - | - |
| Derivatives | 59,045 | - | - | - | - |
| Total purchases | 311,278 | - | - | - | - |
| Total purchases including transaction costs | 311,278 | | | | |
| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
| | 2021 | 2021 | 2021 | 2021 | 2021 |
| | £000s | £000s | % | £000s | % |
| Sales | | | | | |
| Debt instruments (direct) | 228,630 | - | - | - | - |
| Derivatives | 52,968 | - | - | - | - |
| Total sales | 281,598 | - | - | - | - |
| Total sales including transaction costs | 281,598 | | | | |
| Derivative Transaction costs | | - | | - | |
| Total transaction costs as a % of average net assets | | 0.00% | | 0.00% | |

The above analysis covers any direct transaction costs suffered by the subfund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

For the subfund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments.

Transactions in money market instruments to manage the subfund's daily liquidity position are excluded from the analysis.

Notes to the Final Report and Financial Statements continued

During the period the subfund utilised futures contracts as derivative instruments covering different underlying asset classes. The settlement values for opening and closing derivative positions are not comparable to principal values for transactions in direct holding investments and therefore purchase and sale amounts for derivative transactions are not quantified in the analysis above. Transaction costs for derivatives positions will be either suffered as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above.

Dealing spread costs suffered by the subfund vary considerably for the different asset / instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.38% (2021 : 0.12%).

Due to the nature of the assets held by Allianz UK Listed Equity Income Fund, the portfolio dealing spread at the balance sheet date may not be representative of the portfolio dealing spread throughout the year. The portfolio dealing spread at the fund's interim reporting date of 28 February 2022 was 0.19%.

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 directly in debt securities issued by corporate, government, supranational institutions and local regional agencies or by gaining exposure indirectly through the use of derivatives, as well as any other security. The Fund will invest internationally although at least 80% of its assets shall be invested in Sterling denominated (or hedged back to Sterling) debt 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 aims to achieve the investment objective by investing (directly or indirectly) 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, Switzerland and the United States of America.

Up to 30% of the Fund's assets may be invested into Chinese bonds denominated in RMB either directly via CIBM Direct/ Bond Connect or through all eligible instruments, as set out in the Fund's investment policy. The Fund will invest primarily in investment grade debt securities (with fixed, variable or floating rates of interest and may vary inversely with respect to a reference rate), but may invest in debt securities that are rated below investment grade.

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

may vary inversely with respect to a reference rate), but may invest in debt securities that are rated below investment grade.

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

The Fund may also invest up to a maximum of 10% of the Fund's assets in collective investment schemes.

Fund Information continued

Fund Details

| | | |
|------------------------------|--|-------------------------------------|
| Fund Manager | Mike Riddell | |
| Benchmark | Bloomberg Global Aggregate Index hedged to GBP | |
| Underlying Yield to | A Shares | 2,71% |
| 31 August 2021 | C Shares | 3,35% |
| | I Shares | 3,57% |
| Distribution Yield to | A Shares | 2,71% |
| 31 August 2021 | C Shares | 3,35% |
| | I Shares | 3,57% |
| Income allocation | | |
| dates | Interim | 28 February* |
| | Final | 31 August |
| Income pay dates | Interim | 30 April |
| | Final | 31 December (normally 31 October) |
| Launch dates | Fund | 16 May 2002 |
| | A Shares | 16 May 2002 |
| | C Shares | 1 April 2005 |
| | I Shares(Inc.) | 28 July 2016 |
| | I Shares(Acc.) | 10 April 2019 |
| ISA status | Yes | |
| Share Classes and | A (Income Shares) | |
| types of Shares | C (Income Shares) | |
| | I (Income Shares) | |
| | I (Accumulation Shares) | |
| Minimum investment | A Shares | Lump sum £500 Monthly saving £50 |
| | C Shares | Lump sum £500 Monthly saving £50 |
| | I Shares | Lump sum £10,000,000 |
| Initial charge | A Class | Nil |
| | C Class | Nil |
| | I Class | Nil |
| Annual ACD fee | A Class | 1.25% |
| | C Class | 0.60% |
| | I Class | 0.39% |

*29 February in a leap year.

Comparative Tables

For the year ended 31 August 2022

| | A Shares Income | | | C Shares Income | | |
|--|-----------------|-------------|-------------|-----------------|-------------|-------------|
| | 2022 (p) | 2021 (p) | 2020 (p) | 2022 (p) | 2021 (p) | 2020 (p) |
| Opening net asset value per share | 199.44 | 208.25 | 170.25 | 200.11 | 208.97 | 170.80 |
| Return before operating charges | (30.40) | (4.05) | 45.40 | (30.66) | (4.07) | 45.61 |
| Operating charges | (2.40) | (2.66) | (2.39) | (1.22) | (1.33) | (1.19) |
| Return after operating charges | (32.80) | (6.71) | 43.01 | (31.88) | (5.40) | 44.42 |
| Distributions | (4.11) | (2.10) | (5.01) | (5.49) | (3.46) | (6.25) |
| Closing net asset value per share | 162.53 | 199.44 | 208.25 | 162.74 | 200.11 | 208.97 |
| After direct transaction costs of ¹ | (0.02) | (0.01) | - | (0.02) | (0.01) | - |
| Performance | | | | | | |
| Return after operating charges | (16.45)% | (3.22)% | 25.26% | (15.93)% | (2.58)% | 26.01% |
| Other information | | | | | | |
| Closing net asset value (£'000) | 12,172 | 25,198 | 45,717 | 343,868 | 725,941 | 567,672 |
| Closing number of shares | 7,489,564 | 12,634,267 | 21,953,519 | 211,294,089 | 362,764,140 | 271,651,064 |
| Operating charges | 1.31% | 1.29% | 1.29% | 0.66% | 0.64% | 0.63% |
| Direct transaction costs | 0.01% | - | - | 0.01% | - | - |
| Prices | | | | | | |
| Highest share price | 199.87 | 212.71 | 216.31 | 200.74 | 213.94 | 217.65 |
| Lowest share price | 165.70 | 199.20 | 165.86 | 166.67 | 200.52 | 166.65 |

¹ Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the subfund and share class returns before operating charges.

Operating charges 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 subfund.

Comparative Tables continued

For the year ended 31 August 2022

| | I Shares Income | | | I Shares Accumulation | | |
|--|-----------------|-------------|-------------|-----------------------|-------------|-------------|
| | 2022 (p) | 2021 (p) | 2020 (p) | 2022 (p) | 2021 (p) | 2020 (p) |
| Opening net asset value per share | 128.71 | 134.41 | 109.85 | 134.03 | 137.32 | 108.65 |
| Return before operating charges | (19.69) | (2.62) | 29.35 | (20.52) | (2.70) | 29.18 |
| Operating charges | (0.53) | (0.57) | (0.52) | (0.55) | (0.59) | (0.51) |
| Return after operating charges | (20.22) | (3.19) | 28.83 | (21.07) | (3.29) | 28.67 |
| Distributions | (3.67) | (2.51) | (4.27) | (3.83) | (2.58) | (4.23) |
| Retained distributions on accumulation shares | - | - | - | 3.83 | 2.58 | 4.23 |
| Closing net asset value per share | 104.82 | 128.71 | 134.41 | 112.96 | 134.03 | 137.32 |
| After direct transaction costs of ¹ | (0.01) | (0.01) | - | (0.01) | (0.01) | - |
| Performance | | | | | | |
| Return after operating charges | (15.71)% | (2.37)% | 26.24% | (15.72)% | (2.40)% | 26.39% |
| Other information | | | | | | |
| Closing net asset value (£'000) | 997,769 | 1,244,398 | 1,316,826 | 1,132,090 | 1,004,779 | 332,940 |
| Closing number of shares | 951,861,270 | 966,856,517 | 979,732,200 | 1,002,212,280 | 749,645,987 | 242,447,981 |
| Operating charges | 0.44% | 0.43% | 0.42% | 0.44% | 0.43% | 0.42% |
| Direct transaction costs | 0.01% | - | - | 0.01% | - | - |
| Prices | | | | | | |
| Highest share price | 129.11 | 137.71 | 140.11 | 134.31 | 140.69 | 139.44 |
| Lowest share price | 107.35 | 129.11 | 107.23 | 112.45 | 133.84 | 106.06 |

¹ Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the subfund and share class returns before operating charges.

Operating charges 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 subfund.

Distribution Tables

For the year ended 31 August 2022

Interim Distribution in pence per share

Group 1 Shares purchased prior to 1 September 2021

Group 2 Shares purchased on or after 1 September 2021 to 28 February 2022

| | Gross revenue (p) | Equalisation (p) | Distribution paid 30/04/22 (p) | Distribution paid 30/04/21 (p) |
|------------------------------|-------------------------|---------------------|---|---|
| A Shares Income | | | | |
| Group 1 | 0.1876 | - | 0.1876 | 2.0781 |
| Group 2 | 0.1685 | 0.0191 | 0.1876 | 2.0781 |
| C Shares Income | | | | |
| Group 1 | 0.8150 | - | 0.8150 | 2.7641 |
| Group 2 | 0.5786 | 0.2364 | 0.8150 | 2.7641 |
| I Shares Income | | | | |
| Group 1 | 0.6565 | - | 0.6565 | 1.9206 |
| Group 2 | 0.3769 | 0.2796 | 0.6565 | 1.9206 |
| I Shares Accumulation | | | | |
| Group 1 | 0.6832 | - | 0.6832 | 1.9689 |
| Group 2 | 0.4469 | 0.2363 | 0.6832 | 1.9689 |

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 March 2022

Group 2 Shares purchased on or after 1 March 2022 to 31 August 2022

| | Gross revenue (p) | Equalisation (p) | Distribution payable 31/10/22 (p) | Distribution paid 31/10/21 (p) |
|------------------------------|-------------------------|---------------------|--|---|
| A Shares Income | | | | |
| Group 1 | 3.9202 | - | 3.9202 | 0.0224 |
| Group 2 | 2.6813 | 1.2389 | 3.9202 | 0.0224 |
| C Shares Income | | | | |
| Group 1 | 4.6767 | - | 4.6767 | 0.6914 |
| Group 2 | 2.8885 | 1.7882 | 4.6767 | 0.6914 |
| I Shares Income | | | | |
| Group 1 | 3.0141 | - | 3.0141 | 0.5866 |
| Group 2 | 1.7135 | 1.3006 | 3.0141 | 0.5866 |
| I Shares Accumulation | | | | |
| Group 1 | 3.1500 | - | 3.1500 | 0.6083 |
| Group 2 | 1.4685 | 1.6815 | 3.1500 | 0.6083 |

Investors are reminded that distribution is not guaranteed.

Investment Review

Performance Summary

Over the twelve-month period under review, 1st September 2021 to 31st August 2022, the Fund's 'C Inc' class produced a total return of -15.98%.* The Fund's benchmark, the Bloomberg Global Aggregate Total Return GBP Hedged, produced a total return of -10.54%.

The key reason for this underperformance was due to our rates and inflation strategies. Our broad duration overweight throughout 2022 detracted from performance as yields sharply rose and our large position in short U.K. inflation was hurt by rising inflation expectations – however, some of this inflation underperformance was offset by our long U.S. and E.U. breakeven positions and our bearish positioning on credit risk.

* The performance summary figures are Mid instead of Bid valuation figures.

Market Background

It was a volatile last quarter of 2021 for risk assets. While most developed markets rallied, many of the larger emerging markets fell. Risk assets initially advanced as optimism over robust corporate earnings and dovish signals from major central banks outweighed concerns about rising inflation. In late-November, the positive tone was disrupted by the emergence of a new, highly contagious strain of COVID-19. Risk assets whipsawed as major central banks finally pivoted towards a more hawkish stance and scientists scrambled to ascertain whether the Omicron variant caused less severe illness, before easing fears over Omicron helped sparked an end-of-year rally. Heading into the new year, risk assets tumbled driven by growing concerns that central banks will need to be more aggressive in raising interest rates to tackle rampant inflation. Further news that Russia had invaded Ukraine further fuelled a sell-off towards the end of February. Major economies announced wide-ranging sanctions against Russia, including limiting the ability of the Central Bank of Russia to access its reserves and excluding several Russian lenders from SWIFT, the global payments system.

It was a similar rollercoaster period for global bonds. Sovereign bond prices initially fell at the start of the last quarter of 2021 as a surge in energy prices and supply chain bottlenecks sparked speculation that major central banks

would soon raise rates. However, government bond prices surged when the rapid spread of the new COVID-19 variant boosted demand for safe-haven assets in late-November. Heading into the new year, bond yields rose as fears over Omicron eased and major central banks pivoted to a more hawkish stance with surging inflation on the back of soaring commodity prices pushing investors to start pricing in larger number of rate hikes in 2022 and 2023. In the US, the 10-year Treasury yield rose above 2.0% – a level last seen in August 2019 – and the yield on the 10-year German Bund turned decisively positive for the first time in almost three years. However, yields came off their highs towards the end of February when Russia's invasion of Ukraine sparked demand for safe-haven assets.

Over the period, inflation continued to accelerate, and central banks came under growing pressure to wind down their pandemic-related stimulus measures. US inflation accelerated to a year-on-year rate of 7.5% in January, the highest pace of increase in 40 years, while UK inflation reached a 30-year high of 5.5% and the euro-zone inflation rate hit a record high of 5.1%. Federal Reserve chair Jay Powell sparked speculation that the US central bank would be more aggressive in raising rates and all but confirmed that the first increase would be implemented in March. However, it was the UK that became the first G7 economy to raise interest rates before the year-end with further hikes expected in subsequent meetings. Similarly, the European Central Bank president Christine Lagarde acknowledged that inflation risks were "tilted to the upside" and declined to rule out a rate rise later this year.

Throughout the rest of the year, global bonds continued to plummet as central banks became more hawkish. In the US, the yield on the 10-year Treasury bond briefly came within touching distance of 3.5%, its highest level in 11 years, before closing the quarter around 3.0%, some 60 basis points (bps) higher than the end of March. Euro-zone bond yields rose even more, with the 10-year German Bund yield closing the quarter near 1.35%, an increase of around 80 bps over the quarter, having briefly traded above 1.9% for the first time in eight and a half years. Japan was the exception, with yields holding steady although the Bank of Japan was forced to intervene to keep the 10-year JGB yield within its permitted band of +/- 25 basis points (bps) around zero. The US Federal Reserve (Fed) became more hawkish as it attempted to tame rising inflation. The Fed's 50 bps hike in May was followed by a 75 bps increase in June – its first move of that magnitude since 1994 –

Investment Review continued

and it warned that some economic pain may be needed to bring inflation under control. Many other central banks in both developed and developing economies also tightened monetary policy, although China and Japan remained outliers. The European Central Bank (ECB) finally abandoned its dovish stance, signalling it would likely raise rates by 25 bps in July and would implement more aggressive rate rises later in the year.

The US dollar strengthened as investors priced in the Fed's more aggressive stance on raising rates. While the euro fell against the US dollar, it rallied against the British pound and the Japanese yen after the ECB acknowledged it would soon raise rates. In contrast, sterling fell against the US dollar and the euro amid concerns that weak economic growth in the UK may undermine the Bank of England's ability to raise rates.

Portfolio Review

The fund's primary drivers of returns are rates, credit, inflation, and FX.

Rates

We maintained our underweight core rate duration position versus the benchmark over the last quarter of 2021, although added duration on any cheapening such as reducing our underweight in short maturity Australian rates following the dramatic jump in yields after the Reserve Bank of Australia surprised the market by removing its yield curve control policy. Against this underweight in core rates, we remained (and remain) long of emerging markets local currency sovereign bonds, where high long dated real yields have tended to be a decent predictor of future returns historically.

Going into the new year, we started to reduce our duration underweight in the portfolio, mainly by adding 5-10y US Treasuries. Given our expectation of the Fed approaching "peak hawkishness", we continued to fade any additional selloff in core rates. We added rates duration exposure throughout February, on the view that central banks could move less hawkish in the face of economic growth risks.

We continued to increase headline portfolio duration over the second quarter, which is now at the highest level since inception of the strategy in June 2016, both in absolute terms

and relative to benchmark. This was achieved via adding to those developed markets where we believe excessive hikes are priced in (namely US, Canada, Australia, Korea). Emerging markets (EM) remains the only attractive area within risky assets for us. EM risk premia are very elevated after many EM central banks have tightened policy aggressively. We remain long Latin American (LatAm) local currency government bonds whilst we are underweight China.

Credit

Credit offered almost no upside at the beginning of the review period, with historically tight credit spread levels. It was therefore a cheap hedge for us against a risk event or a larger risk asset drawdown. Moreover, in the context of a deteriorating growth outlook, compressed risk premia and low volatility (at least in markets outside of front-end rates and inflation) made risky assets vulnerable in our view. We therefore maintained a defensive positioning throughout the period, being short EUR and USD High Yield credit, Eurozone peripheral sovereign bonds and Turkey CDS (bought protection).

At the end of February, we halved both of our short positions in EUR HY and US HY, after credit spreads widened to elevated levels immediately following the Russian invasion. We still believed that credit spreads would likely widen, but valuations began to reflect some of our concerns. Throughout the rest of the year, we continued to be positioned defensively and expected risk assets to come under further pressure. Hence, within credit, we maintained our bearish credit positioning, where the portfolio is short of EUR and USD high yield credit and short in semi-core and peripheral Eurozone government bond futures.

Inflation

Within inflation, we maintained high conviction that UK RPI will realise considerably below the ~4.6% numbers implied by the market in the 4-year horizon where our positions are concentrated. We therefore held our short UK inflation position in the portfolio throughout the review period. Against our short UK position, we maintained our long positions in USD and EUR inflation breakevens throughout the period as a hedge for any

Investment Review continued

spike in inflation expectation, such as the energy crisis in Q1 2022.

In February, we topped up this hedge by adding to 3y EUR inflation breakevens, which was on the rising risks of a Russia invasion, and the potential for higher inflation in the short term in Europe. Although market implied inflation is exceptionally high, we have less conviction this will move sharply lower imminently, given geopolitical uncertainty. We therefore converted the largest part our overall short inflation exposure into a relative trade (long EUR & USD vs short GBP inflation) in by the end of the first quarter. Throughout the review period, the portfolio remained long of USD and to a lesser extent EUR inflation against our short position in GBP break evens.

FX

In the context of a deteriorating growth outlook, we halved our large emerging markets FX exposure in September and increased our long USD position. However, we still broadly remained moderately long emerging markets over the period, with long positions in the currencies of Latin American commodity exporters vs. short Asia. Barring a liquidity shock, if we're at or close to peak Fed hawkishness as suggested by indicators of sequential US growth weakness and peak inflation then the implications for emerging markets are likely to be significant, as the tailwind to the US dollar from a hawkish Fed will turn into a tailwind for undervalued EM.

FX was our main source of 'risk on' positions at the start of the year, but we have moved defensive here since March. We held small, long positions in Latin American currencies which we think remain undervalued and are short of Asian FX which we think is vulnerable to weakening Chinese economy. We are long USD and JPY which we consider safe haven currencies in a risk off move and short GBP, CAD and EUR which we think would likely come under pressure in such an environment.

Outlook

In November last year, we argued that markets were not pricing in any of the rapidly growing risks of a global growth slowdown. And in April this year, a global recession became our base scenario. Our central scenario appears to be panning out, but the growth slowdown already in evidence is still mostly just a reflection of the jump in commodity prices in the second

half of last year and in February-March this year. Monetary policy operates with around a 12–18-month lag, and the huge repricing in global policy rates this year means that economic growth is far likelier to deteriorate further than to improve.

Back in April, we saw risks of higher inflation buffeting consumer and business sentiment, central banks withholding any 'market puts', and China's growth being too slow to matter. All three largely remain in place. But the focus is now shifting from higher prices hurting sentiment to tighter policy weighing on activity. The piling evidence for a global recession falls in three specific categories:

- Manufacturing weakness led by softening demand
- Growing risks of a global house price collapse from record rises in rate
- Anaemic recovery in China despite policy easing

Global industrial weakness is set to continue. Demand growth has slowed, and inventories have been building up. This is evident in both the headline and sub-components of the JP Morgan global manufacturing PMI released by S&P Global. While output contracted, new orders and new export orders contracted at a faster rate than before, even as inventories of finished goods rose for a second month running.

The US housing market is now widely recognised as a key macro vulnerability, not just for the US cycle but also the global business cycle. Since the start of the year, US home sales have dropped by 20% to 40%. April was also the cyclical peak in the housing starts (declining by ~20% since then). Besides the US, soaring policy and mortgage rates have also meant that prices are already falling sharply in countries such as Canada, Sweden, New Zealand, and Australia.

Hopes have been raised of an offset to the restrictive global monetary policy from a reopening led recovery in China, helped by policy easing of recent months. However, first, there are lags involved even in the best of times and second, we doubt that this round of stimulus has similar efficacy to previous ones as the Chinese financial system appears to be in a liquidity trap right now.

Demand destruction should push inflation lower. Disinflationary forces are gradually developing under the

Investment Review continued

radar thanks to powerful base effects and demand destruction that is currently underway, and likely to be ongoing for a good while longer. Weaker growth means more spare capacity, which has almost always been accompanied or followed by lower core inflation in the US. Housing market and other leading indicators of the business cycle are pointing to a sizeable rise in US unemployment over the next 12 months.

Portfolio Statement

As at 31 August 2022

| Nominal | | Market Value £'000 | % of Net Assets |
|-----------------|---|-----------------------|--------------------|
| | Open-Ended Funds - 0.13% (2021 - 0.00%) | | |
| 4,073 | Allianz Global Aggregate Bond | 3,114 | 0.13 |
| | | 3,114 | 0.13 |
| | Australian Dollar Denominated Fixed Rate Corporate Debt Securities - 0.00% (2021 -0.02%) | | |
| | Australian Dollar Denominated Fixed Rate Government Bonds - 9.39% (2021 - 1.19%) | | |
| 147,000,000 | Australia Government Bond 1.25% 21/05/2032 | 70,086 | 2.82 |
| 40,500,000 | Australia Government Bond 1.75% 21/06/2051 | 15,288 | 0.61 |
| 56,000,000 | Australia Government Bond 2.75% 21/06/2035 | 29,711 | 1.20 |
| 51,920,000 | Australia Government Bond 2.75% 21/05/2041 | 26,013 | 1.05 |
| 66,000,000 | Australia Government Bond 3% 21/11/2033 | 36,606 | 1.47 |
| 42,540,000 | Australia Government Bond 3% 21/03/2047 | 21,636 | 0.87 |
| 62,590,000 | Australia Government Bond 3.25% 21/06/2039 | 34,154 | 1.37 |
| | | 233,494 | 9.39 |
| | Brazilian Real Denominated Fixed Rate Government Bonds - 5.16% (2021 - 3.99%) | | |
| 393,000,000 | Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2025 | 63,252 | 2.55 |
| 317,000,000 | Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2027 | 49,788 | 2.00 |
| 100,000,000 | Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2029 | 15,280 | 0.61 |
| | | 128,320 | 5.16 |
| | Canadian Dollar Denominated Fixed Rate Government Bonds - 13.22% (2021 - 9.98%) | | |
| 122,540,000 | Canadian Government Bond 0.25% 01/03/2026 | 72,154 | 2.90 |
| 70,000,000 | Canadian Government Bond 0.5% 01/12/2030 | 37,240 | 1.50 |
| 52,000,000 | Canadian Government Bond 1% 01/06/2027 | 30,782 | 1.24 |
| 58,500,000 | Canadian Government Bond 1.5% 01/06/2026 | 35,911 | 1.44 |
| 133,500,000 | Canadian Government Bond 1.5% 01/12/2031 | 76,337 | 3.07 |
| 42,000,000 | Canadian Government Bond 2.75% 01/09/2027 | 26,960 | 1.08 |
| 31,500,000 | Canadian Government Bond 4% 01/06/2041 | 23,255 | 0.94 |
| 32,500,000 | Canadian Government Bond 5% 01/06/2037 | 26,015 | 1.05 |
| | | 328,654 | 13.22 |
| | Chilean Peso Denominated Fixed Rate Government Bonds - 3.44% (2021 - 2.54%) | | |
| 3,200,000,000 | Bonos de la Tesoreria de la Republica en pesos 4.5% 01/03/2026 | 2,793 | 0.11 |
| 67,000,000,000 | Bonos de la Tesoreria de la Republica en pesos 4.7% 01/09/2030 | 56,875 | 2.29 |
| 25,800,000,000 | Bonos de la Tesoreria de la Republica en pesos 5% 01/10/2028 | 22,660 | 0.91 |
| 3,800,000,000 | Bonos de la Tesoreria de la Republica en pesos 5% 01/03/2035 | 3,158 | 0.13 |
| | | 85,486 | 3.44 |
| | Chinese Yuan Denominated Fixed Rate Government Bonds - 0.00% (2021 - 3.13%) | | |
| | Colombian Peso Denominated Fixed Rate Government Bonds - 1.98% (2021 - 2.81%) | | |
| 415,380,000,000 | Colombian TES 7.25% 26/10/2050 | 49,339 | 1.98 |
| | | 49,339 | 1.98 |
| | Euro Denominated Fixed Rate Corporate Debt Securities - 0.28% (2021 - 0.40%) | | |
| 6,600,000 | Cellnex Finance 2% 15/02/2033 | 4,065 | 0.17 |
| 4,000,000 | Cellnex Telecom 1.875% 26/06/2029 | 2,775 | 0.11 |
| | | 6,840 | 0.28 |
| | Euro Denominated Fixed Rate Government Bonds - 7.53% (2021 - 9.94%) | | |
| 26,200,000 | Bundesrepublik Deutschland Bundesanleihe 0% 15/08/2029 | 20,461 | 0.82 |
| 55,000,000 | Bundesrepublik Deutschland Bundesanleihe 0% 15/05/2036 | 37,735 | 1.52 |
| 70,200,000 | Bundesrepublik Deutschland Bundesanleihe 0% 15/05/2035 | 49,083 | 1.97 |
| 30,670,000 | Bundesrepublik Deutschland Bundesanleihe 0% 15/08/2050 | 16,797 | 0.68 |
| 14,000,000 | Bundesrepublik Deutschland Bundesanleihe 0.25% 15/02/2027 | 11,501 | 0.46 |
| 34,365,000 | Bundesrepublik Deutschland Bundesanleihe 1.25% 15/08/2048 | 27,247 | 1.10 |
| 22,370,000 | Bundesrepublik Deutschland Bundesanleihe 3.25% 04/07/2042 | 24,474 | 0.98 |
| | | 187,298 | 7.53 |
| | Indonesian Rupiah Denominated Fixed Rate Government Bonds - 3.57% (2021 - 0.51%) | | |
| 765,000,000,000 | Indonesia Treasury Bond 1% 15/02/2031 | 42,899 | 1.73 |
| 535,000,000,000 | Indonesia Treasury Bond 6.375% 15/04/2032 | 29,706 | 1.19 |
| 290,000,000,000 | Indonesia Treasury Bond 6.5% 15/02/2031 | 16,263 | 0.65 |
| | | 88,868 | 3.57 |
| | Japanese Yen Denominated Fixed Rate Government Bonds - 4.68% (2021 - 16.88%) | | |

Portfolio Statement continued

As at 31 August 2022

| Nominal | | Market Value | % of |
|----------------|--|----------------|-------------|
| | | £'000 | Net Assets |
| 542,000,000 | Japan Government Five Year Bond 0.1% 20/03/2024 | 3,373 | 0.14 |
| 2,000,000,000 | Japan Government Five Year Bond 0.1% 20/06/2025 | 12,470 | 0.50 |
| 1,939,600,000 | Japan Government Forty Year Bond 0.4% 20/03/2056 | 9,302 | 0.37 |
| 2,422,700,000 | Japan Government Ten Year Bond 0.1% 20/09/2029 | 14,991 | 0.60 |
| 4,230,000,000 | Japan Government Ten Year Bond 0.1% 20/09/2030 | 26,026 | 1.05 |
| 2,500,000,000 | Japan Government Ten Year Bond 0.1% 20/12/2030 | 15,377 | 0.62 |
| 450,000,000 | Japan Government Ten Year Bond 0.6% 20/06/2024 | 2,827 | 0.11 |
| 3,318,200,000 | Japan Government Twenty Year Bond 0.4% 20/03/2040 | 19,459 | 0.78 |
| 2,150,000,000 | Japan Government Twenty Year Bond 0.4% 20/06/2040 | 12,569 | 0.51 |
| | | 116,394 | 4.68 |
| | Mexican Peso Denominated Fixed Rate Government Bonds - 4.83% (2021 - 4.24%) | | |
| 1,413,000,000 | Mexican Bonos 7.75% 29/05/2031 | 55,523 | 2.23 |
| 926,500,000 | Mexican Bonos 7.75% 23/11/2034 | 35,451 | 1.43 |
| 775,000,000 | Mexican Bonos 7.75% 13/11/2042 | 28,988 | 1.17 |
| | | 119,962 | 4.83 |
| | New Russian Ruble Denominated Fixed Rate Government Bonds - 0.00% (2021 - 2.46%) | | |
| 6,580,000,000 | Russian Federal Bond - OFZ 7.65% 10/04/2030 | - | - |
| | | - | - |
| | Norwegian Krone Denominated Fixed Rate Government Bonds - 2.17% (2021 - 1.37%) | | |
| 295,970,000 | Norway Government Bond 1.375% 19/08/2030 | 22,023 | 0.88 |
| 171,770,000 | Norway Government Bond 1.75% 06/09/2029 | 13,330 | 0.54 |
| 238,550,000 | Norway Government Bond 2.125% 18/05/2032 | 18,524 | 0.75 |
| | | 53,877 | 2.17 |
| | Peruvian Nouveau Sol Denominated Fixed Rate Government Bonds - 3.51% (2021 - 2.75%) | | |
| 256,425,000 | Peru Government Bond 5.35% 12/08/2040 | 42,517 | 1.71 |
| 249,000,000 | Peru Government Bond 5.4% 12/08/2034 | 44,808 | 1.80 |
| | | 87,325 | 3.51 |
| | Singapore Dollar Denominated Fixed Rate Government Bonds - 6.98% (2021 - 5.78%) | | |
| 52,280,000 | Singapore Government Bond 2.25% 01/08/2036 | 29,397 | 1.18 |
| 54,000,000 | Singapore Government Bond 2.375% 01/06/2025 | 32,896 | 1.32 |
| 51,000,000 | Singapore Government Bond 2.875% 01/07/2029 | 31,226 | 1.26 |
| 56,900,000 | Singapore Government Bond 2.875% 01/09/2030 | 34,777 | 1.40 |
| 71,010,000 | Singapore Government Bond 3.375% 01/09/2033 | 45,263 | 1.82 |
| | | 173,559 | 6.98 |
| | South African Rand Denominated Fixed Rate Government Bonds - 2.31% (2021 - 3.12%) | | |
| 1,300,000,000 | Republic of South Africa Government Bond 8% 31/01/2030 | 57,401 | 2.31 |
| | | 57,401 | 2.31 |
| | South Korean Denominated Fixed Rate Government Bonds - 1.27% (2021 - 0.00%) | | |
| 16,300,000,000 | Korea Treasury Bond 2% 10/06/2031 | 9,168 | 0.37 |
| 39,000,000,000 | Korea Treasury Bond 2.375% 10/12/2031 | 22,460 | 0.90 |
| | | 31,628 | 1.27 |
| | Swedish Krona Denominated Fixed Rate Government Bonds - 2.77% (2021 - 3.61%) | | |
| 306,830,000 | Sweden Government Bond 0.75% 12/11/2029 | 22,543 | 0.91 |
| 136,500,000 | Sweden Government Bond 1.375% 23/06/2071 | 7,593 | 0.30 |
| 280,730,000 | Sweden Government Bond 2.25% 01/06/2032 | 23,275 | 0.93 |
| 158,020,000 | Sweden Government Bond 3.5% 30/03/2039 | 15,579 | 0.63 |
| | | 68,990 | 2.77 |
| | Sterling Denominated Fixed Rate Government Bonds - 0.00% (2021 - 3.01%) | | |
| | US Dollar Denominated Fixed Rate Corporate Debt Securities - 0.00% (2021 - 0.60%) | | |
| | US Dollar Denominated Fixed Rate Government Bonds - 21.24% (2021 - 17.75%) | | |
| 1,261,359 | Argentina Republic Government International Bond 1% 09/07/2029 | 249 | 0.01 |
| 27,790,500 | Argentina Republic Government International Bond 1.5% 09/07/2035 | 5,318 | 0.21 |
| 13,200,000 | Colombia Government International Bond 3.25% 22/04/2032 | 8,449 | 0.34 |
| 10,417,000 | Colombia Government International Bond 4.125% 22/02/2042 | 5,665 | 0.23 |
| 7,750,000 | Colombia Government International Bond 4.125% 15/05/2051 | 3,996 | 0.16 |
| 23,050,000 | Egypt Government International Bond 7.5% 16/02/2061 | 11,778 | 0.47 |
| 22,200,000 | Egypt Government International Bond 8.875% 29/05/2050 | 12,591 | 0.51 |
| 22,120,000 | Lebanon Government International Bond 6.85% 23/03/2027 | 1,424 | 0.06 |
| 3,700,000 | Mexico Government International Bond 3.5% 12/02/2034 | 2,679 | 0.11 |
| 29,057,000 | Mexico Government International Bond 4.4% 12/02/2052 | 19,272 | 0.77 |
| 9,900,000 | US Treasury Inflation Indexed Bonds 0.125% 15/07/2024 | 10,508 | 0.42 |
| 18,800,000 | US Treasury Inflation Indexed Bonds 0.125% 15/07/2026 | 19,703 | 0.79 |
| 30,373,600 | US Treasury Inflation Indexed Bonds 0.375% 15/07/2025 | 32,405 | 1.30 |
| 107,525,000 | US Treasury Note 0% 15/05/2040 | 63,256 | 2.54 |
| 78,000,000 | US Treasury Note 0% 15/08/2041 | 50,152 | 2.02 |

Portfolio Statement continued

As at 31 August 2022

| Nominal | | Market Value £'000 | % of Net Assets |
|-------------|---|-----------------------|--------------------|
| 50,940,000 | US Treasury Note 0% 15/05/2050 | 27,264 | 1.10 |
| 30,500,000 | US Treasury Note 0% 15/08/2050 | 16,882 | 0.68 |
| 27,500,000 | US Treasury Note 0.625% 15/05/2030 | 19,561 | 0.79 |
| 28,200,000 | US Treasury Note 0.625% 15/08/2030 | 19,964 | 0.80 |
| 110,000,000 | US Treasury Note 1.125% 15/08/2040 | 64,150 | 2.58 |
| 41,000,000 | US Treasury Note 1.375% 15/11/2031 | 30,297 | 1.22 |
| 31,500,000 | US Treasury Note 1.625% 15/08/2029 | 24,453 | 0.98 |
| 38,000,000 | US Treasury Note 2% 15/11/2041 | 25,545 | 1.03 |
| 6,869,500 | US Treasury Note 2.25% 15/11/2027 | 5,606 | 0.23 |
| 24,000,000 | US Treasury Note 2.875% 15/08/2028 | 20,145 | 0.81 |
| 28,200,000 | US Treasury Note 3.125% 15/11/2028 | 24,009 | 0.97 |
| 2,800,000 | Venezuela Government International Bond 11.75% 21/10/2026 | 193 | 0.01 |
| 5,840,000 | Venezuela Government International Bond 11.95% 05/08/2031 | 402 | 0.02 |
| 4,800,000 | Venezuela Government International Bond 12.75% 23/08/2022 | 331 | 0.01 |
| 6,421,000 | Venezuela Government International Bond 7.65% 21/04/2025 | 442 | 0.02 |
| 2,472,800 | Venezuela Government International Bond 8.25% 13/10/2024 | 170 | 0.01 |
| 2,765,600 | Venezuela Government International Bond 9% 07/05/2023 | 190 | 0.01 |
| 5,600,000 | Venezuela Government International Bond 9.25% 15/09/2027 | 386 | 0.02 |
| 2,756,000 | Venezuela Government International Bond 9.25% 07/05/2028 | 190 | 0.01 |
| | | 527,625 | 21.24 |
| | DERIVATIVES - (10.27)% (2021 - (3.99)%) | | |
| | Australian Dollar Open Forward Exchange Contracts - (0.17)% (2021 - 0.13%) | | |
| | Sold AUD329,015,563 for GBP189,749,276 Settlement 21/09/2022 | (4,275) | (0.17) |
| | | (4,275) | (0.17) |
| | Australian Dollar Open Futures Contracts - 0.00% (2021 - (0.03)%) | | |
| (48) | Australian 10Y September 2022 Futures | 5 | - |
| | | 5 | - |
| | Canadian Dollar Open Forward Exchange Contracts - (0.67)% (2021 - 0.19%) | | |
| | Bought CAD4,344,868 for GBP2,719,921 Settlement 21/09/2022 | 131 | 0.01 |
| | Bought CAD28,049,780 for USD21,743,620 Settlement 21/09/2022 | (308) | (0.01) |
| | Sold CAD697,558,362 for GBP441,165,999 Settlement 21/09/2022 | (16,507) | (0.67) |
| | | (16,684) | (0.67) |
| | Canadian Dollar Open Futures Contracts - (0.05)% (2021 - 0.00%) | | |
| 2,373 | Canadian 10Y December 2022 Futures | (1,148) | (0.05) |
| | | (1,148) | (0.05) |
| | Canadian Dollar Written Put Options - 0.00% (2021 - 0.01%) | | |
| | Chilean Peso Open Forward Exchange Contracts - 0.00% (2021 - (0.69)%) | | |
| | Chinese Yuan Open Forward Exchange Contracts - 0.00% (2021 - 0.02%) | | |
| | Chinese Yuan Offshore Open Forward Exchange Contracts - (0.02)% (2021 - 0.00%) | | |
| | Bought CNH131,328,050 for USD19,500,000 Settlement 21/09/2022 | (406) | (0.02) |
| | | (406) | (0.02) |
| | Euro Credit Default Swaps - 0.27% (2021 - (0.87)%) | | |
| 267,200,000 | Pay 5% Receive Variable 20/06/2027 | 6,624 | 0.27 |
| | | 6,624 | 0.27 |
| | Euro Interest Rate Swaps - 2.67% (2021 - 0.30%) | | |
| 50,000,000 | Pay 0.77% Receive Variable 15/07/2025 | 8,137 | 0.33 |
| 73,900,000 | Pay 2.155% Receive Variable 15/10/2024 | 7,645 | 0.30 |
| 37,000,000 | Pay 2.189% Receive Variable 15/10/2024 | 3,795 | 0.15 |
| 36,950,000 | Pay 2.2% Receive Variable 15/10/2024 | 7,540 | 0.31 |
| 75,587,000 | Pay 2.2825% Receive Variable 15/01/2025 | 6,944 | 0.28 |
| 37,793,000 | Pay 2.295% Receive Variable 15/01/2025 | 3,460 | 0.14 |
| 129,000,000 | Pay 2.532% Receive Variable 15/02/2024 | 10,100 | 0.41 |
| 198,000,000 | Pay 2.857% Receive Variable 15/02/2024 | 14,701 | 0.59 |
| 22,916,000 | Pay 3.32% Receive Variable 15/03/2027 | 1,300 | 0.05 |
| 38,192,000 | Pay 3.35% Receive Variable 15/03/2027 | 2,135 | 0.09 |
| 38,192,000 | Pay 3.36% Receive Variable 15/03/2027 | 2,126 | 0.08 |
| 9,000,000 | Receive 0.663% Pay Variable 15/10/2025 | (1,511) | (0.06) |
| | | 66,372 | 2.67 |

Portfolio Statement continued

As at 31 August 2022

| Nominal | | Market Value £'000 | % of Net Assets |
|-------------|--|-----------------------|--------------------|
| | Euro Open Forward Exchange Contracts - (0.21)% (2021 - (0.02)%) | | |
| | Bought EUR31,761,826 for CAD42,300,000 Settlement 21/09/2022 | (442) | (0.02) |
| | Bought EUR53,097,437 for USD54,033,114 Settlement 21/09/2022 | (842) | (0.03) |
| | Bought EUR130,190,235 for GBP112,985,359 Settlement 21/09/2022 | (1,037) | (0.04) |
| | Sold EUR506,196,970 for GBP432,315,812 Settlement 21/09/2022 | (2,955) | (0.12) |
| | | (5,276) | (0.21) |
| | Euro Open Futures Contracts - 0.59% (2021 - (0.45)%) | | |
| 1,363 | Euro-Bobl September 2022 Futures | (2,516) | (0.10) |
| (769) | Euro-Bono September 2022 Futures | 3,602 | 0.14 |
| (2,429) | Euro-BTP September 2022 Futures | 10,582 | 0.43 |
| (893) | Euro-Oat September 2022 Futures | 3,103 | 0.12 |
| | | 14,771 | 0.59 |
| | Hungarian Forint Open Forward Exchange Contracts - 0.00% (2021 - 0.00%) | | |
| | Bought HUF478,358,440 for PLN5,600,000 Settlement 15/09/2022 | (4) | - |
| | | (4) | - |
| | Japanese Yen Open Forward Exchange Contracts - (0.16)% (2021 - (0.33)%) | | |
| | Bought JPY25,121,273,303 for USD184,500,000 Settlement 21/09/2022 | (2,672) | (0.11) |
| | Sold JPY6,234,011,768 for GBP37,491,411 Settlement 21/09/2022 | (1,247) | (0.05) |
| | | (3,919) | (0.16) |
| | Mexican Peso Open Forward Exchange Contracts - 0.03% (2021 - 0.00%) | | |
| | Bought MXN483,000,000 for USD22,949,271 Settlement 21/09/2022 | 737 | 0.03 |
| | | 737 | 0.03 |
| 50,000,000 | New Zealand Dollar Interest Rate Swaps - (0.01)% (2021 - 0.00%) | | |
| | Receive 3.5897% Pay Variable 11/04/2024 | (274) | (0.01) |
| | | (274) | (0.01) |
| | New Zealand Dollar Open Forward Exchange Contracts - 0.00% (2021 - 0.00%) | | |
| | Sold NZD6,575,005 for GBP3,359,458 Settlement 21/09/2022 | (102) | - |
| | | (102) | - |
| | Norwegian Krone Open Forward Exchange Contracts - 0.00% (2021 - 0.02)% | | |
| | Bought NOK754,578,584 for EUR73,900,000 Settlement 21/09/2022 | 1,864 | 0.08 |
| | Sold NOK723,017,279 for GBP60,736,069 Settlement 21/09/2022 | (1,938) | (0.08) |
| | | (74) | - |
| | Singapore Dollar Open Forward Exchange Contracts - 0.00% (2021 - (0.07)%) | | |
| | Bought SGD12,700,000 for USD9,066,384 Settlement 21/09/2022 | 16 | - |
| | | 16 | - |
| | South African Rand Open Forward Exchange Contracts - 0.00% (2021 - 0.00%) | | |
| | Bought ZAR135,000,000 for GBP6,819,550 Settlement 21/09/2022 | (20) | - |
| | | (20) | - |
| 1,199 | South Korean Open Futures Contracts - 0.06% (2021 - 0.00%) | | |
| 3,881 | Korean 10Y Bond September 2022 Futures | 514 | 0.02 |
| | Korean 3Y Bond September 2022 Futures | 1,076 | 0.04 |
| | | 1,590 | 0.06 |
| 14,000,000 | Sterling Interest Rate Swaps - (12.19)% (2021 - (2.41)%) | | |
| 116,000,000 | Pay 3.483% Receive Variable 18/01/2023 | 1,510 | 0.06 |
| 224,000,000 | Receive 0.7819% Pay Variable 15/09/2022 | (44) | (0.01) |
| 315,000,000 | Receive 1.69719% Pay Variable 15/09/2022 | (1) | - |
| 202,000,000 | Receive 2.9975% Pay Variable 15/04/2025 | (59,817) | (2.40) |
| 132,000,000 | Receive 3.144% Pay Variable 15/06/2025 | (38,566) | (1.56) |
| 217,000,000 | Receive 3.282% Pay Variable 15/05/2027 | (26,188) | (1.05) |
| 122,000,000 | Receive 3.305% Pay Variable 15/07/2025 | (40,983) | (1.65) |
| 35,000,000 | Receive 3.37% Pay Variable 15/08/2025 | (22,794) | (0.92) |
| 4,000,000 | Receive 3.376% Pay Variable 15/01/2026 | (6,899) | (0.28) |
| 22,000,000 | Receive 3.407% Pay Variable 15/03/2024 | (622) | (0.02) |
| 85,000,000 | Receive 3.431% Pay Variable 15/11/2025 | (4,112) | (0.16) |
| 50,000,000 | Receive 3.432% Pay Variable 15/02/2026 | (16,445) | (0.66) |
| 40,000,000 | Receive 3.461% Pay Variable 15/10/2025 | (9,389) | (0.38) |
| 130,000,000 | Receive 3.473% Pay Variable 15/10/2025 | (7,486) | (0.30) |
| 14,000,000 | Receive 3.474% Pay Variable 15/09/2025 | (22,848) | (0.92) |
| 13,000,000 | Receive 3.483% Pay Variable 18/01/2028 | (2,502) | (0.10) |
| 18,000,000 | Receive 3.498% Pay Variable 15/03/2024 | (1,959) | (0.08) |
| 7,400,000 | Receive 3.498% Pay Variable 15/09/2025 | (3,141) | (0.12) |
| | Receive 3.505% Pay Variable 15/09/2028 | (1,370) | (0.06) |

Portfolio Statement continued

As at 31 August 2022

| Nominal | | Market Value £'000 | % of Net Assets |
|-------------|---|-----------------------|--------------------|
| 28,000,000 | Receive 3.5075% Pay Variable 15/12/2025 | (5,175) | (0.21) |
| 85,000,000 | Receive 3.596% Pay Variable 15/02/2026 | (15,737) | (0.63) |
| 12,000,000 | Receive 3.596% Pay Variable 15/06/2029 | (2,224) | (0.09) |
| 110,000,000 | Receive 3.6375% Pay Variable 15/05/2024 | (15,974) | (0.64) |
| 1,500,000 | Receive 3.882% Pay Variable 15/08/2031 | (270) | (0.01) |
| | | (303,036) | (12.19) |
| | Sterling Open Futures Contracts - (0.02)% (2021 - 0.00%) | | |
| 733 | ICE 3 Month Sonia June 2022 Futures | (1,941) | (0.08) |
| (560) | UK Long Gilt Futures December 2022 | 1,345 | 0.06 |
| | | (596) | (0.02) |
| | Sterling Written Put Option - 0.00% (2021 - 0.00%) | | |
| 9,600,000 | ALLIANZ 1.22 Put Option September 2022 | 482 | 0.02 |
| (9,600,000) | ALLIANZ 1.2 Put Option September 2022 | (330) | (0.01) |
| (9,600,000) | ALLIANZ 1.18 Put Option September 2022 | (199) | (0.01) |
| 9,600,000 | ALLIANZ 1.16 Put Option September 2022 | 105 | - |
| (9,600,000) | ALLIANZ 1.22 Put Option September 2022 | (482) | (0.02) |
| 9,600,000 | ALLIANZ 1.2 Put Option September 2022 | 330 | 0.01 |
| 9,600,000 | ALLIANZ 1.18 Put Option September 2022 | 199 | 0.01 |
| (9,600,000) | ALLIANZ 1.16 Put Option September 2022 | (105) | - |
| | | - | - |
| | Swedish Krona Open Forward Exchange Contracts - 0.02% (2021 - 0.03%) | | |
| | Bought SEK125,000,000 for EUR11,726,011 Settlement 21/09/2022 | (23) | |
| | Sold SEK999,989,325 for GBP80,938,160 Settlement 21/09/2022 | 457 | 0.02 |
| | | 434 | 0.02 |
| | Swiss Franc Written Put Options - 0.00% (2021 - 0.00%) | | |
| | US Dollar Credit Default Swaps - 0.32% (2021 - (0.46)%) | | |
| 168,000,000 | Pay 5% Receive Variable 20/06/2027 | 1,411 | 0.06 |
| 151,800,000 | Pay 5% Receive Variable 20/06/2027 | 1,365 | 0.05 |
| 115,000,000 | Receive 1% Pay Variable 20/06/2027 | 23,780 | 0.95 |
| 7,000,000 | Receive 1% Pay Variable 20/06/2027 | (6,480) | (0.26) |
| 26,000,000 | Receive 1% Pay Variable 20/12/2026 | (12,035) | (0.48) |
| | | 8,041 | 0.32 |
| | US Dollar Interest Rate Swaps - 1.70% (2021 - 0.59%) | | |
| 163,000,000 | Pay 1.36% Receive Variable 27/05/2030 | 30,965 | 1.24 |
| 38,288,000 | Pay 3.33% Receive Variable 04/03/2027 | 1,508 | 0.06 |
| 76,577,000 | Pay 3.3325% Receive Variable 04/03/2027 | 1,502 | 0.06 |
| 76,577,000 | Pay 3.335% Receive Variable 04/03/2027 | 1,494 | 0.06 |
| 16,847,000 | Pay 3.34% Receive Variable 04/03/2027 | 325 | 0.01 |
| 93,423,000 | Pay 3.34% Receive Variable 04/03/2027 | 1,802 | 0.07 |
| 76,216,000 | Pay 3.62% Receive Variable 08/03/2025 | 1,418 | 0.06 |
| 205,784,000 | Pay 3.715% Receive Variable 08/03/2025 | 3,330 | 0.14 |
| | | 42,344 | 1.70 |
| | US Dollar Open Forward Exchange Contracts - (2.14)% (2021 - 0.27%) | | |
| | Bought USD218,300,835 for GBP180,071,773 Settlement 21/09/2022 | 7,793 | 0.32 |
| | Bought USD293,909,154 for CNH1,972,291,300 Settlement 21/09/2022 | 6,986 | 0.28 |
| | Bought USD87,278,950 for ZAR1,362,473,279 Settlement 21/09/2022 | 6,490 | 0.26 |
| | Bought USD119,546,041 for KRW150,128,309,095 Settlement 21/09/2022 | 6,257 | 0.25 |
| | Bought USD112,806,047 for PHP6,032,077,754 Settlement 21/09/2022 | 4,672 | 0.19 |
| | Bought USD172,996,089 for BRL873,076,664 Settlement 21/09/2022 | 2,908 | 0.12 |
| | Bought USD217,967,079 for SGD300,715,883 Settlement 21/09/2022 | 2,451 | 0.1 |
| | Bought USD20,568,972 for COP79,911,814,602 Settlement 21/09/2022 | 2,195 | 0.09 |
| | Bought USD307,885,510 for MXN6,215,936,193 Settlement 21/09/2022 | 1,314 | 0.05 |
| | Bought USD50,080,176 for AUD72,000,000 Settlement 21/09/2022 | 639 | 0.03 |
| | Bought USD7,358,079 for EUR7,000,000 Settlement 21/09/2022 | 313 | 0.01 |
| | Bought USD15,800,000 for CAD20,577,783 Settlement 21/09/2022 | 96 | - |
| | Bought USD3,125,000 for HKD24,483,282 Settlement 21/09/2022 | 3 | - |
| | Bought USD83,035,040 for PEN318,247,180 Settlement 21/09/2022 | (146) | (0.01) |
| | Bought USD97,717,729 for CLP92,799,554,991 Settlement 21/09/2022 | (5,276) | (0.21) |
| | Sold USD1,731,709,883 for GBP1,400,364,407 Settlement 21/09/2022 | (89,903) | (3.62) |
| | | (53,208) | (2.14) |

Portfolio Statement continued

As at 31 August 2022

| Nominal | | Market Value £'000 | % of Net Assets |
|---------|--|-----------------------|--------------------|
| | US Dollar Open Futures Contracts - (0.29)% (2021 - (0.22)%) | | |
| 4,942 | US Treasury Note 10 Year December 2022 Futures | (3,336) | (0.13) |
| 4,138 | US Treasury Note 2 Year December 2022 Futures | (1,602) | (0.07) |
| 4,426 | US Treasury Note 5 Year December 2022 Futures | (2,210) | (0.09) |
| | | (7,148) | (0.29) |
| | US Dollar Written Call Option - 0.00% (2021 - 0.00%) | | |
| 450,000 | ALLIANZ 18.5 Call Option September 2022 | - | - |
| 265,000 | ALLIANZ 22.5 Call Option October 2022 | 6 | - |
| | | 6 | - |
| | Investment assets ¹ | 2,092,944 | 84.19 |
| | Net other assets | 392,955 | 15.81 |
| | Net assets | 2,485,899 | 100.00 |

Unless otherwise stated, the holdings shown without market value are below £500 and rounded down.

¹ Includes investment 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 2021.

Please refer to page 10 for details on the credit quality of the portfolio.

Statement of Total Return

For the year ended 31 August 2022

| | Notes | 2022 £000s | 2022 £000s | 2021 £000s | 2021 £000s |
|---|-------|---------------|------------------|---------------|------------------|
| Income: | | | | | |
| Net capital losses | 2 | | (531,015) | | (128,475) |
| Revenue | 3 | 93,038 | | 61,985 | |
| Expenses | 4 | (12,843) | | (14,003) | |
| Interest payable and similar charges | | (243) | | (161) | |
| Net revenue before taxation | | 79,952 | | 47,821 | |
| Taxation | 5 | (1,006) | | (448) | |
| Net revenue after taxation | | | 78,946 | | 47,373 |
| Total return before distributions | | | (452,069) | | (81,102) |
| Distributions | 6 | | (78,946) | | (47,393) |
| Change in net assets attributable to shareholders from investment activities | | | (531,015) | | (128,495) |

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 August 2022

| | 2022 £000s | 2022 £000s | 2021 £000s | 2021 £000s |
|---|---------------|------------------|---------------|------------------|
| Opening net assets attributable to shareholders | | 3,000,316 | | 2,263,155 |
| Amounts receivable on issue of shares | 736,363 | | 1,477,225 | |
| Amounts payable on cancellation of shares | (756,732) | | (628,675) | |
| | | (20,369) | | 848,550 |
| Dilution adjustment | | - | | 171 |
| Change in net assets attributable to shareholders from investment activities (see above) | | (531,015) | | (128,495) |
| Retained distributions on accumulation shares | | 36,959 | | 16,925 |
| Unclaimed distributions | | 8 | | 10 |
| Closing net assets attributable to shareholders | | 2,485,899 | | 3,000,316 |

Notes to the Final Report and Financial Statements are from page 91 to 101.

Balance Sheet

As at 31 August 2022

| | Notes | 2022 £000s | 2022 £000s | 2021 £000s | 2021 £000s |
|--|-------|---------------|------------------|---------------|------------------|
| Assets: | | | | | |
| Fixed assets: | | | | | |
| Investments | | | 2,559,762 | | 2,975,657 |
| Current assets: | | | | | |
| Debtors | 7 | 29,588 | | 25,839 | |
| Cash and bank balances | 8 | 428,489 | | 223,010 | |
| Total assets | | | 3,017,839 | | 3,224,506 |
| Liabilities: | | | | | |
| Investment liabilities | | | (466,818) | | (212,770) |
| Creditors: | | | | | |
| Bank overdrafts | 10 | (18,558) | | - | |
| Distribution payable | 9 | (38,866) | | (8,183) | |
| Other creditors | 9 | (7,698) | | (3,237) | |
| Total liabilities | | | (531,940) | | (224,190) |
| Net assets attributable to shareholders | | | 2,485,899 | | 3,000,316 |

Notes to the final report and Financial Statements are from page 91 to 101.

Notes to the Final Report and Financial Statements

1. Accounting Basis and Policies

The applicable accounting policies adopted by the Allianz Strategic Bond Fund are included on pages 8 to 13 of the Collective Notes to the Final Report and Financial Statements.

2. Net capital losses

| | 2022 £000s | 2021 £000s |
|--|------------------|------------------|
| Losses on non-derivative securities | (194,603) | (125,584) |
| Losses on derivative securities | (106,967) | (75,124) |
| Gains/(losses) on currency | 9,075 | (1,582) |
| (Losses)/gains on forward currency contracts | (238,470) | 73,870 |
| Handling charges | (50) | (55) |
| Net capital losses | (531,015) | (128,475) |

3. Revenue

| | 2022 £000s | 2021 £000s |
|-------------------------------------|---------------|---------------|
| Bank interest | 902 | 13 |
| Interest on fixed income securities | 88,282 | 51,484 |
| Overseas dividends - taxable | 411 | - |
| Returns from bond futures | 29,210 | (18,248) |
| Option income | 1,349 | 43,518 |
| Premiums on swaps | (27,116) | (14,824) |
| Stock lending income | - | 42 |
| Total revenue | 93,038 | 61,985 |

Notes to the Final Report and Financial Statements continued

4. Expenses

| | 2022 | 2021 |
|---|---------------|---------------|
| | £000s | £000s |
| Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them: | | |
| ACD's annual fee | 11,461 | 12,904 |
| | 11,461 | 12,904 |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Depositary's fees | 464 | 503 |
| Safe custody fees | 868 | 546 |
| | 1,332 | 1,049 |
| Other expenses: | | |
| Audit fees | 15 | 14 |
| Distribution costs | 4 | 4 |
| Printing costs | 4 | 3 |
| Registration fees | 24 | 24 |
| Taxation advice | 2 | - |
| Other expenses | 1 | 5 |
| | 50 | 50 |
| Total expenses | 12,843 | 14,003 |

All expenditure stated above is inclusive of VAT where applicable.

The Audit fee for the year, excluding VAT, was £11,400 (2021 - £11,400).

Notes to the Final Report and Financial Statements continued

5. Taxation

| | 2022 | 2021 |
|---|--------------|------------|
| | £000s | £000s |
| a. Analysis of the taxation charge for the year: | | |
| Corporation tax | 201 | 90 |
| Double tax relief | (201) | (90) |
| Overseas tax suffered | 1,006 | 448 |
| Total taxation for the year (see Note 5(b)) | 1,006 | 448 |

b. Factors affecting taxation charge for the year:

The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for a subfund of an Open-Ended Investment Company (20%) (2021 - 20%).

The differences are explained below:

| | | |
|---|--------------|------------|
| Net revenue before taxation | 79,952 | 47,821 |
| Corporation tax at 20% | 15,990 | 9,564 |
| Effects of: | | |
| Tax deductible interest distributions | (15,789) | (9,475) |
| Double taxation relief | (201) | (89) |
| Overseas tax suffered | 1,006 | 448 |
| Total taxation charge for the year (see Note 5(a)) | 1,006 | 448 |

OEICs are exempt from tax on capital gains in the UK, therefore capital returns are not included within the reconciliation.

c. Provision for deferred tax

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

6. Distributions

The distributions take account of revenue received on the creation of Shares and revenue deducted on the cancellation of Shares and comprise:

| | 2022 | 2021 |
|---|---------------|---------------|
| | £000s | £000s |
| Interim | 13,887 | 42,536 |
| Final | 70,436 | 12,744 |
| Add: Revenue deducted on cancellation of shares | 2,636 | 2,920 |
| Deduct: Revenue received on creation of shares | (8,013) | (10,807) |
| Net distributions for the year | 78,946 | 47,393 |
| Reconciliation of net revenue after taxation to net distributions for the year | | |
| Net revenue after taxation | 78,946 | 47,374 |
| Net equalisation on conversions | - | 19 |
| Net distributions for the year | 78,946 | 47,393 |

Notes to the Final Report and Financial Statements continued

7. Debtors

| | 2022 | 2021 |
|--|---------------|---------------|
| | £000s | £000s |
| Accrued revenue | 18,902 | 16,704 |
| Amounts receivable on creation of shares | 10,686 | 9,135 |
| | 29,588 | 25,839 |

8. Cash and bank balances

| | 2022 | 2021 |
|--|----------------|----------------|
| | £000s | £000s |
| Cash and bank balances | 385,136 | 148,235 |
| Amount held at futures clearing houses and brokers | 43,353 | 74,775 |
| | 428,489 | 223,010 |

9. Other creditors

| | 2022 | 2021 |
|---|--------------|--------------|
| | £000s | £000s |
| a. Distribution payable | | |
| Net distribution payable | 38,866 | 8,183 |
| b. Other creditors | | |
| Accrued ACD's annual fee | 881 | 1,149 |
| Amounts payable on cancellation of shares | 4,646 | 1,731 |
| Other accrued expenses | 2,171 | 357 |
| | 7,698 | 3,237 |

10. Bank overdraft

| | 2022 | 2021 |
|--|---------------|----------|
| | £000s | £000s |
| Bank overdrafts | 17,461 | - |
| Amounts overdrawn at futures clearing houses and brokers | 1,097 | - |
| Total bank overdrafts | 18,558 | - |

Notes to the Final Report and Financial Statements continued

11. Related party transactions

The ACD is deemed to be a related party under the definition of Financial Reporting Standard 102, which requires the disclosure of details of material transactions between the subfund and any related party.

Details of any related party transactions occurring during the year including commissions paid and any balances due at the year end are disclosed in the Balance Sheet, the Statement of Change in Net Assets Attributable to Shareholders and Notes 4, 7 and 9 to the financial statements. All creations and cancellations were transacted with the ACD.

12. Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of net revenue included in the purchase price of all Group 2 shares. In the case of Accumulation shares, it is automatically reinvested in the subfund at the first distribution payment date after the shares were purchased. Being a capital repayment it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

13. Shareholders' funds

The subfund currently has three share classes: A, C and I. The ACD's annual fee on these share classes are as follows:

| | |
|----------|-------|
| Class A: | 1.25% |
| Class C: | 0.60% |
| Class I: | 0.39% |

The net asset value per share and the number of shares in issue are given in the Comparative Tables on page 76 and 77.

The distribution per share is given in the Distribution Table on page 78.

Revenue available for allocation will be allocated between the share classes based on the respective proportionate interests represented by those share classes on a daily basis and taxation is computed by reference to the net revenue after expenses attributable to each class. All share classes have the same rights on winding up.

For the year ended 31 August 2022:

| | Class A Shares Income | Class C Shares Income | Class I Shares Income | Class I Shares Accumulation |
|-----------------------|--------------------------|--------------------------|--------------------------|--------------------------------|
| Opening shares | 12,634,267 | 362,764,140 | 966,856,517 | 749,645,987 |
| Shares created | 304,257 | 15,142,529 | 201,647,067 | 405,519,729 |
| Shares cancelled | (5,432,273) | (166,277,525) | (217,396,966) | (152,753,417) |
| Shares converted | (16,687) | (335,055) | 754,652 | (200,019) |
| Closing shares | 7,489,564 | 211,294,089 | 951,861,270 | 1,002,212,280 |

14. Contingent liabilities and commitments

As at 31 August 2022 there were no contingent liabilities (2021: £Nil).

Notes to the Final Report and Financial Statements continued

15. Derivatives and other financial instruments

The narrative on pages 9 to 12 explains the different types of risks the subfund may face.

For this subfund, the ACD measures and manages risk using the value-at-risk approach. Please see page 13 for further details.

a. Currency exposure

A proportion of the net assets and liabilities of the subfund are denominated in currencies other than Sterling, with the effect that the total net assets and total return can be affected by currency movements.

| Currency | Monetary Exposure | Non-Monetary Exposure | Total Exposure | Monetary Exposure | Non-Monetary Exposure | Total Exposure |
|--------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31 August 2022 £000s | 31 August 2022 £000s | 31 August 2022 £000s | 31 August 2021 £000s | 31 August 2021 £000s | 31 August 2021 £000s |
| Australian Dollar | (234,704) | 233,499 | (1,205) | 85,545 | 36,390 | 121,935 |
| Brazilian Real | (143,648) | 128,320 | (15,328) | 1,998 | 119,812 | 121,810 |
| Canadian Dollar | (470,582) | 327,506 | (143,076) | (421,284) | 299,250 | (122,034) |
| Chilean Peso | (87,238) | 85,486 | (1,752) | 74,041 | 76,336 | 150,377 |
| Chinese Yuan | (229,569) | - | (229,569) | (246,979) | 93,896 | (153,083) |
| Colombian Peso | (10,776) | 49,339 | 38,563 | 5,409 | 84,242 | 89,651 |
| Czech Koruna | - | - | - | 9 | - | 9.00 |
| Euro | (333,139) | 281,905 | (51,234) | (385,092) | 310,168 | (74,924) |
| Hong Kong Dollar | (2,686) | - | (2,686) | - | - | - |
| Hungarian Forint | 1,011 | - | 1,011 | 400 | - | 400 |
| Indonesian Rupiah | 841 | 88,868 | 89,709 | 12,863 | 15,176 | 28,039 |
| Japanese Yen | 117,465 | 116,394 | 233,859 | (412,408) | 506,367 | 93,959 |
| Mexican Peso | (240,878) | 119,962 | (120,916) | (91,521) | 127,400 | 35,879 |
| New Russian Ruble | 2,619 | - | 2,619 | (72,435) | 73,731 | 1,296 |
| New Zealand Dollar | (3,269) | (274) | (3,543) | (123,573) | - | (123,573) |
| Norwegian Krone | 3,133 | 53,877 | 57,010 | (40,778) | 40,948 | 170 |
| Peruvian Sol | (71,264) | 87,325 | 16,061 | 4,877 | 82,486 | 87,363 |
| Philippine Peso | (92,406) | - | (92,406) | (61,147) | - | (61,147) |
| Polish Zloty | (1,015) | - | (1,015) | (1,885) | - | (1,885) |
| Singapore Dollar | (175,655) | 173,559 | (2,096) | (169,431) | 173,223 | 3,792 |
| South African Rand | (61,362) | 57,401 | (3,961) | (94,790) | 93,672 | (1,118) |
| South Korean Won | (89,199) | 33,218 | (55,981) | (60,982) | - | (60,982) |
| Swedish Krona | (69,930) | 68,990 | (940) | (105,742) | 108,321 | 2,579 |
| Swiss Franc | - | - | - | (394) | - | (394) |
| US Dollar | (175,765) | 573,982 | 398,217 | (495,655) | 550,708 | 55,053 |

Notes to the Final Report and Financial Statements continued

b. Interest rate risk profile

The interest rate profile of the subfund's portfolio of investments at the balance sheet date was:

| Currency | Floating Rate | Fixed Rate | Non-Interest | Total | Floating Rate | Fixed Rate | Non-Interest | Total |
|-------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 August 2022 £000s | 31 August 2022 £000s | 31 August 2022 £000s | 31 August 2022 £000s | 31 August 2021 £000s | 31 August 2021 £000s | 31 August 2021 £000s | 31 August 2021 £000s |
| Assets | - | 2,348,174 | 211,588 | 2,559,762 | - | 2,882,575 | 93,082 | 2,975,657 |
| Liabilities | - | - | (466,818) | (466,818) | - | - | (212,770) | (212,770) |

c. Sensitivity analysis

Market price sensitivity

The value of the subfund's listed investments (excluding open forward currency contracts), which were exposed to market price risk as at 31 August was as follows:

| | 2022 | 2021 |
|-----------------------|-----------|-----------|
| | £000s | £000s |
| Bonds | 2,348,174 | 2,882,576 |
| Credit Default swaps | 14,665 | (39,793) |
| Interest Rate swaps | (194,594) | (45,806) |
| Open future contracts | 7,474 | (21,216) |
| Option contracts | 6 | 367 |

The following illustrates the sensitivity of the net return and the net assets to an increase or decrease of 20% (2021 - 20%) in the fair values of the subfund's investments. This level of change is considered to be reasonably possible based on observation of market conditions in the year. The sensitivity analysis is based on the impact of a change to the value of the subfund's investments at each balance sheet date.

| | 2022 | 2022 | 2021 | 2021 |
|---|--|--|--|--|
| | 20% Increase in fair value £000s | 20% Decrease in fair value £000s | 20% Increase in fair value £000s | 20% Decrease in fair value £000s |
| Capital Return | | | | |
| Net gains (losses) on investments at fair value | 435,145 | (435,145) | 555,226 | (555,226) |

Foreign currency risk sensitivity

The following table details the subfund's sensitivity to a 20% increase and decrease in sterling against the relevant foreign currencies and the resultant impact that any such increase or decrease would have on the net return and net assets. The sensitivity analysis includes all foreign currency denominated items and adjusts their translation at the year end for a 20% change in foreign currency rates.

| | 2022 | 2022 | 2021 | 2021 |
|-------------------|---|---|---|---|
| | 20% Increase in Sterling against foreign currencies £000s | 20% Decrease in Sterling against foreign currencies £000s | 20% Increase in Sterling against foreign currencies £000s | 20% Decrease in Sterling against foreign currencies £000s |
| Australian Dollar | 201 | (301) | (20,323) | 30,484 |
| Brazilian Real | 2,555 | (3,832) | (20,302) | 30,452 |
| Canadian Dollar | 23,846 | (35,769) | 20,339 | (30,508) |
| Chilean Peso | 292 | (438) | (25,063) | 37,594 |
| Chinese Yuan | 38,261 | (57,392) | 25,514 | (38,271) |
| Colombian Peso | (6,427) | 9,641 | (14,942) | 22,413 |
| Czech Koruna | - | - | (1) | 2 |
| Euro | 8,539 | (12,809) | 12,487 | (18,731) |
| Hong Kong Dollar | 448 | (671) | - | - |
| Hungarian Forint | (168) | 253 | (67) | 100 |

Notes to the Final Report and Financial Statements continued

| | | | | |
|--|-----------------|---------------|-----------------|---------------|
| Indonesian Rupiah | (14,952) | 22,427 | (4,673) | 7,010 |
| Japanese Yen | (38,976) | 58,465 | (15,660) | 23,490 |
| Mexican Peso | 20,153 | (30,229) | (5,980) | 8,970 |
| New Russian Ruble | (436) | 655 | (216) | 324 |
| New Zealand Dollar | 590 | (886) | 20,596 | (30,893) |
| Norwegian Krone | (9,502) | 14,253 | (28) | 43 |
| Peruvian Sol | (2,677) | 4,015.00 | (14,561) | 21,841.00 |
| Philippine Peso | 15,401 | (23,101) | 10,191 | (15,287) |
| Polish Zloty | 169 | (254) | 314 | (471) |
| Singapore Dollar | 349 | (524) | (632) | 948.00 |
| South African Rand | 660 | (990) | 186 | (279) |
| South Korean Won | 9,330 | (13,995) | 10,164 | (15,246) |
| Swedish Krona | 157 | (235) | (430) | 645 |
| Swiss Franc | - | - | 66 | (98) |
| US Dollar | (66,370) | 99,554 | (9,175) | 13,763 |
| Change in net return and net assets | (18,557) | 27,837 | (32,196) | 48,295 |

Interest rate risk sensitivity

Duration measures the sensitivity of a portfolio's price to change in interest rates. The calculation of duration incorporates yield, coupon, final maturity and other relevant factors. Duration is considered to be an accurate predictor of price changes for small, parallel shifts of the yield curve. For every 0.01% movement in interest rates, a portfolio with a duration of one year will move in price by 0.01% in the opposite direction.

As at the 31 August 2022, the net asset value was £2,526.1m (2021 - £3,011.9m) (before the deduction of the interest distribution) with a duration of 10.76 years (2021 - 5.90 years).

Thus, for example, an increase of 0.25% in the interest rates would result in a fall of 2.69% or £67.95m (2021 - 1.48% or £44.6m) in the value of the portfolio.

d. Leverage

The use of derivatives may expose the subfund to a higher degree of risk. In particular, derivative contracts can be highly volatile and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard bonds or equities. Leveraged derivative positions can therefore increase a subfund's volatility. The leverage is calculated on a commitment basis, by taking the sum of the net asset value and the incremental exposure generated through the use of derivatives and is expressed as a percentage of the net asset value. The average level of leverage employed by the subfund during the year was 7.37% (2021 - 7.90%).

e. Fair value hierarchy

An analysis of the portfolio in accordance with the fair value hierarchy is shown below:

| | Assets | Liabilities | Assets | Liabilities |
|-----------------------|-------------------|--------------------|-------------------|--------------------|
| | 31 August 2022 | 31 August 2022 | 31 August 2021 | 31 August 2021 |
| | £000s | £000s | £000s | £000s |
| Level 1: Quoted | 1,106,473 | (12,753) | 1,625,524 | (21,235) |
| Level 2: Observable | 4,993,955 | (3,994,731) | 4,693,979 | (3,535,381) |
| Level 3: Unobservable | - | - | - | - |
| | 6,100,428 | (4,007,484) | 6,319,503 | (3,556,616) |

The fair value as at the reporting date has been estimated using the following fair value hierarchy:

Level (1) Quoted prices for identical instruments in active markets

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level (2) Valuation techniques that use:

Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level (3) Valuation techniques that use:

Notes to the Final Report and Financial Statements continued

Inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.

When the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate, the fair value is estimated by using an alternative valuation technique. Such valuation techniques will, where possible, maximise the use of observable market data inputs as opposed to non-observable entity determined data inputs. The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

f. Maturity of financial liabilities

All liabilities are due in one year or less or on demand (2021 - same).

g. Fair value disclosure

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

h. Derivatives

Derivatives are used in the subfund for hedging purposes and/or investment purposes. The main instruments used are money market futures, forward exchange contracts and credit default swaps. For more details please refer to page 10 and 11.

i. Credit rating

| | 2022 | 2022 | 2021 | 2021 |
|-------------------------|-----------------------|-----------------|-----------------------|-----------------|
| | Market Value £000s | % of Net Assets | Market Value £000s | % of Net Assets |
| Investment Grade | 1,472,063 | 59.20 | 1,887,641 | 62.91 |
| Sub-investment Grade | 292,306 | 11.77 | 139,906 | 4.66 |
| Non-rated | 583,805 | 23.49 | 855,028 | 28.52 |
| Derivatives | (255,230) | (10.27) | (119,688) | (4.00) |
| Other assets | 392,955 | 15.81 | 237,429 | 7.91 |
| Total net assets | 2,485,899 | 100.00 | 3,000,316 | 100.00 |

A fixed income security is deemed to be of investment grade, if it is rated BBB- or above. Sub-investment grade are those securities that are rated below investment grade.

Notes to the Final Report and Financial Statements continued

16. Portfolio transaction costs

For the year ended 31 August 2022:

| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
|---|-------------------|--------------|-------------|--------------|-------|
| | 2022 | 2022 | 2022 | 2022 | 2022 |
| | £000s | £000s | % | £000s | % |
| Purchases | | | | | |
| Debt instruments (direct) | 1,308,299 | - | - | - | - |
| Derivatives | 30,297,914 | 134 | - | - | - |
| Total purchases | 31,606,213 | 134 | - | - | - |
| Total purchases including transaction costs | 31,606,347 | | | | |
| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
| | 2022 | 2022 | 2022 | 2022 | 2022 |
| | £000s | £000s | % | £000s | % |
| Sales | | | | | |
| Debt instruments (direct) | 1,652,114 | - | - | - | - |
| Derivatives | 23,813,801 | 89 | - | - | - |
| Total sales | 25,465,915 | 89 | - | - | - |
| Total sales including transaction costs | 25,465,826 | | | | |
| Total transaction costs as a % of average net assets | | 0.00% | | 0.00% | |
| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
| | 2021 | 2021 | 2021 | 2021 | 2021 |
| | £000s | £000s | % | £000s | % |
| Purchases | | | | | |
| Debt instruments (direct) | 3,094,109 | - | - | - | - |
| Derivatives | 17,245,451 | 36 | - | 2 | - |
| Total purchases | 20,339,560 | 36 | - | 2 | - |
| Total purchases including transaction costs | 20,339,598 | | | | |
| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
| | 2021 | 2021 | 2021 | 2021 | 2021 |
| | £000s | £000s | % | £000s | % |
| Sales | | | | | |
| Debt instruments (direct) | 2,127,140 | - | - | - | - |
| Derivatives | 21,266,612 | 84 | - | 2 | - |
| Total sales | 23,393,752 | 84 | - | 2 | - |
| Total sales including transaction costs | 23,393,666 | | | | |
| Total transaction costs as a % of average net assets | | 0.00% | | 0.00% | |

The above analysis covers any direct transaction costs suffered by the subfund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

For the subfund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments to manage the subfund's daily liquidity position are excluded from the analysis.

Notes to the Final Report and Financial Statements continued

During the period the subfund utilised futures contracts as derivative instruments covering different underlying asset classes. The settlement values for opening and closing derivative positions are not comparable to principal values for transactions in direct holding investments and therefore purchase and sale amounts for derivative transactions are not quantified in the analysis above. Transaction costs for derivatives positions will be either suffered as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above.

Dealing spread costs suffered by the subfund vary considerably for the different asset / instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.24% (2021 : 0.20%).

Fund Information

Investment Objective and Policy

The primary investment objective of the Allianz UK Listed Equity Income Fund is to generate a total return (income together with capital growth) net of fees greater than that of the FTSE All-Share Index, over a rolling 5 year period.

The Fund also has a secondary objective to deliver an annual income yield greater than the FTSE All-Share Index.

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 the above period or at all.

The Annual Management Charge for Allianz UK Listed Equity Income Fund is charged to capital. This will increase the amount of income available for distribution to Shareholders but may constrain capital growth.

The ACD will invest at least 80% of the Fund's assets in securities listed on the London Stock Exchange as represented in the FTSE All-Share Index.

Up to 20% of the Fund's assets may be invested outside of this index, either in the UK or 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. Therefore, it is not intended that the Fund will have similar weightings to the FTSE All-Share Index. Up to 10% 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 and money market instruments in the management of the portfolio, and together with money market funds, these may make up to a maximum of 10% of the Fund's assets. In addition, up to 5% of the Fund's assets may be invested in warrants.

The Fund may also invest up to a maximum of 10% of the Fund's assets in other collective investment schemes, including those managed by Allianz Global Investors and its group of companies.

It must be noted that from time to time the Fund will also invest in securities and money market instruments that are offered within the scope of Initial Public Offerings on a recognised

stock exchange or in another regulated market as set out in the Prospectus.

The ACD may use derivatives for efficient portfolio management for the purposes of generating additional income (for example by writing covered call options up to 20% of the Net Asset Value of the Fund) and for hedging purposes.

Fund Information continued

Fund Details

| | | |
|--|--------------------------------|--|
| Fund Manager | Simon Gergel Richard Knight | |
| Benchmark | FTSE All-Share Index | |
| Income allocation | | |
| dates | Interim | 28 February* |
| | Final | 31 August |
| Income pay dates | Interim | 30 April |
| | Final | 31 December (normally 31 October) |
| Launch dates | Fund | 20 June 2002 |
| | A Shares | 20 June 2002 |
| | C Shares | 23 April 2014 |
| | E Shares | 08 January 2021 |
| | W Shares | 08 January 2021 |
| | W (EUR) Shares | 28 October 2021 |
| ISA status | Yes | |
| Share Classes and types of Shares | A (Income Shares) | |
| types of Shares | C (Income Shares) | |
| types of Shares | C (Accumulation Shares) | |
| | E (Income Shares) | |
| | W (Income Shares) | |
| | W (EUR) (Income Shares) | |
| Minimum investment | A Shares | Lump sum £500 Monthly saving £50 |
| | C Shares | Lump sum £500 Monthly saving £50 |
| | E Shares | Lump sum £25,000,000 (Available to Approved Investors only) |
| | W Shares | Lump sum £10,000,000 (Available to Approved Investors only) |
| | W (EUR) Shares | Lump sum £10,000,000 (Available to Approved Investors only) |
| Initial charge | A Shares | Nil |
| | C Shares | Nil |
| | E Shares | Nil |
| | W Shares | Nil |
| | W (EUR) Shares | Nil |
| Annual ACD fee | A Shares | 1.25% |
| | C Shares | 0.60% |
| | E Shares | 0.28% |
| | W Shares | 0.38% |
| | W (EUR) Shares | 0.38% |

*29 February in a leap year.

Comparative Tables

For the year ended 31 August 2022

| | A Shares Income | | | C Shares Income | | |
|--|-----------------|-------------|-------------|-----------------|-------------|-------------|
| | 2022 (p) | 2021 (p) | 2020 (p) | 2022 (p) | 2021 (p) | 2020 (p) |
| Opening net asset value per share | 322.77 | 230.51 | 273.40 | 119.71 | 85.02 | 100.34 |
| Return before operating charges* | 3.73 | 108.19 | (29.25) | 1.35 | 40.13 | (10.84) |
| Operating charges | (4.29) | (3.79) | (3.63) | (0.80) | (0.85) | (0.76) |
| Return after operating charges | (0.56) | 104.40 | (32.88) | 0.55 | 39.28 | (11.60) |
| Distributions | (14.86) | (12.14) | (10.01) | (5.49) | (4.59) | (3.72) |
| Closing net asset value per share | 307.35 | 322.77 | 230.51 | 114.77 | 119.71 | 85.02 |
| After direct transaction costs of ¹ | (1.42) | (1.62) | (0.84) | (0.53) | (0.65) | (0.30) |
| Performance | | | | | | |
| Return after operating charges | (0.17)% | 45.29% | (12.03)% | 0.46% | 46.20% | (11.56)% |
| Other information | | | | | | |
| Closing net asset value (£'000) | 4,204 | 2,878 | 32,881 | 162,688 | 59,612 | 19,632 |
| Closing number of shares | 1,367,807 | 891,622 | 14,264,636 | 141,755,581 | 49,796,814 | 23,091,409 |
| Operating charges ² | 1.30% | 1.38% | 1.37% | 0.65% | 0.77% | 0.80% |
| Direct transaction costs | 0.43% | 0.59% | 0.31% | 0.43% | 0.59% | 0.31% |
| Prices | | | | | | |
| Highest share price | 351.29 | 331.18 | 322.94 | 130.66 | 122.85 | 118.78 |
| Lowest share price | 305.22 | 222.06 | 190.41 | 113.6 | 81.99 | 70.08 |

* Prior year figure restated from 2021 figures published.

¹ Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the subfund and share class returns before operating charges.

² Operating charges on 'C' Class Income are capped at 0.65%.

Operating charges 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 subfund.

Share Classes E Income and W Income were launched on 8 January 2021.

Comparative Tables continued

For the year ended 31 August 2022

| | E Shares Income | | W Shares Income | |
|-----------------------------------|-----------------|-------------|-----------------|-------------|
| | 2022 (p) | 2021 (p) | 2022 (p) | 2021 (p) |
| Opening net asset value per share | 112.51 | 100.00 | 112.78 | 100.00 |
| Return before operating charges* | 1.27 | 15.21 | 1.28 | 15.83 |
| Operating charges | (0.38) | (0.25) | (0.49) | (0.33) |
| Return after operating charges | 0.89 | 14.96 | 0.79 | 15.50 |
| Distributions | (5.16) | (2.45) | (5.17) | (2.72) |
| Closing net asset value per share | 108.24 | 112.51 | 108.40 | 112.78 |
| After direct transaction costs of | (0.50) | (0.66) | (0.50) | (0.64) |
| Performance | | | | |
| Return after operating charges | 0.79% | 14.96% | 0.70% | 15.50% |
| Other information | | | | |
| Closing net asset value (£'000) | 122,111 | 103,798 | 3,138 | 1 |
| Closing number of shares | 112,819,338 | 92,255,466 | 2,895,048 | 1,000 |
| Operating charges ² | 0.33% | 0.35% | 0.42% | 0.48% |
| Direct transaction costs | 0.43% | 0.59% | 0.43% | 0.59% |
| Prices | | | | |
| Highest share price | 122.99 | 115.43 | 123.24 | 115.98 |
| Lowest share price | 106.95 | 94.68 | 107.16 | 94.69 |

* Prior year figure restated from 2021 figures published.

¹ Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the subfund and share class returns before operating charges.

² Operating charges on 'E' Class Income have been capped at 0.38% and on 'W' Class Income have been capped at 0.48%, however these are subject to quarterly review and so are periodically less than this.

Operating charges 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 subfund.

Share Classes E Income and W Income were launched on 8 January 2021.

Comparative Tables continued

For the year ended 31 August 2022

Operating charges 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 subfund.

| | C Shares Accumulation | W Shares EUR Income |
|---|-----------------------|---------------------|
| | 2022 (p) | 2022 (c) |
| Opening net asset value per share | 100.00 | 100.00 |
| Return before operating charges | 0.60 | (2.74) |
| Operating charges | (0.64) | (0.32) |
| Return after operating charges | (0.04) | (3.06) |
| Distributions | (4.42) | - |
| Retained distributions on accumulation shares | 4.42 | - |
| Closing net asset value per share | 99.96 | 96.94 |
| After direct transaction costs of | (0.45) | (0.37) |
| Performance | | |
| Return after operating charges | (0.04)% | (3.06)% |
| Other information | | |
| Closing net asset value (£'000) | 49,284 | 1 |
| Closing number of shares | 49,305,290 | 1,000 |
| Operating charges ² | 0.65% | 0.43% |
| Direct transaction costs | 0.43% | 0.43% |
| Prices | | |
| Highest share price | 108.69 | 108.30 |
| Lowest share price | 96.24 | 96.02 |

¹ Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the subfund and share class returns before operating charges.

² Operating charges on 'C' Class Accumulation have been capped at 0.65%. Operating charges on 'W' Class EUR Income are capped at 0.48%, however these are subject to quarterly review and so are periodically less than this.

Operating charges 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 subfund.

Share Class C Accumulation was launched on 16 September 2021 and Share Class W EUR Income was launched on 28 October 2021, hence no comparative figures presented.

Distribution Tables

For the year ended 31 August 2022

Interim Distribution in pence per share

Group 1 Shares purchased prior to 1 September 2021

Group 2 Shares purchased on or after 1 September 2021 to 28 February 2022

| | Net revenue (p) | Equalisation (p) | Distribution paid 30/04/22 (p) | Distribution paid 30/04/21 (p) |
|------------------------|-----------------------|---------------------|---|---|
| A Shares Income | | | | |
| Group 1 | 6.1526 | - | 6.1526 | 5.1793 |
| Group 2 | 1.6562 | 4.4964 | 6.1526 | 5.1793 |
| C Shares Income | | | | |
| Group 1 | 2.2610 | - | 2.2610 | 1.9737 |
| Group 2 | 1.0260 | 1.2350 | 2.2610 | 1.9737 |
| E Shares Income | | | | |
| Group 1 | 2.1280 | - | 2.1280 | - |
| Group 2 | 1.4797 | 0.6483 | 2.1280 | - |
| W Shares Income | | | | |
| Group 1 | 2.1335 | - | 2.1335 | - |
| Group 2 | 1.9901 | 0.1434 | 2.1335 | - |

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 March 2022

Group 2 Shares purchased on or after 1 March 2022 to 31 August 2022

| | Net revenue (p) | Equalisation (p) | Distribution payable 31/10/22 (p) | Distribution paid 31/10/21 (p) |
|------------------------------|-----------------------|---------------------|--|---|
| A Shares Income | | | | |
| Group 1 | 8.7038 | - | 8.7038 | 6.9623 |
| Group 2 | 4.0518 | 4.6520 | 8.7038 | 6.9623 |
| C Shares Income | | | | |
| Group 1 | 3.2266 | - | 3.2266 | 2.6174 |
| Group 2 | 1.5930 | 1.6336 | 3.2266 | 2.6174 |
| E Shares Income | | | | |
| Group 1 | 3.0330 | - | 3.0330 | 2.4532 |
| Group 2 | 1.9981 | 1.0349 | 3.0330 | 2.4532 |
| W Shares Income | | | | |
| Group 1 | 3.0388 | - | 3.0388 | 2.7200 |
| Group 2 | 1.6954 | 1.3434 | 3.0388 | 2.7200 |
| C Shares Accumulation | | | | |
| Group 1 | 4.4208 | - | 4.4208 | - |
| Group 2 | 2.7391 | 1.6817 | 4.4208 | - |
| W Shares EUR Income | | | | |
| Group 1 | - | - | - | - |
| Group 2 | - | - | - | - |

Share Classes E Income and W Income were launched on 8 January 2021.

Share Class C Accumulation was launched on 16 September 2021 and Share Class W EUR Income was launched on 28 October 2021.

Investors are reminded that distribution is not guaranteed.

Investment Review

Performance Summary

Over the 12 month period under review, ending 31st August 2021, the fund's 'C' class shares produced a total return net of fees of -0.4%.* The fund's benchmark, the FTSE All Share Total Return Index, produced a total return of 1.0%. The fund underperformed the benchmark over the period by 0.6%. Amid strong relative performance for larger companies, defensive companies, and commodity-linked companies, the fund's underperformance was driven mostly by the high exposure to smaller companies relative to the index.

* The performance summary figures are Mid instead of Bid valuation figures.

Market Background

The period under review was a tumultuous time for global markets. In the first half of the period, Covid dominated the headlines and was a major influence on market levels. A broad rally in the last 4 months of 2021 was interrupted firstly in September when mounting problems in the Chinese property sector stoked fears for the health of the wider economy, and later in the year by the emergence of a new strain of Covid that proved more infectious, though also thankfully less harmful. The supply chain problems caused by Covid and perhaps also the large size of the various support packages maintained by governments to get through the pandemic began to result in significantly accelerating inflation in this period, and the market constantly vacillated between relative comfort and alarm over the prospects for persistently higher inflation, that would likely result in higher interest rates and a weaker outlook for both financial valuations and economic activity.

The debate over the 'transitory' nature of inflation and the corresponding outlook for interest rates and economic activity took a sharply bearish turn at the end of February 2022 when Russia invaded Ukraine. Europe and the USA responded with remarkable speed and unity with military support for Ukraine and economic sanctions on Russia, though in turn hugely exacerbating existing supply chain problems in global markets, with particular stress felt in commodity markets and most dramatically in energy. Spiralling prices in the wake of these shocks have greatly increased inflation expectations and sent many global markets into bear territory.

The UK market notably outperformed the US and European markets, given a much higher weighting to commodity-linked companies and its generally trading at a materially lower valuation. The market has proven much less sensitive in aggregate during this period to valuation compression and concerns surrounding higher interest rates and higher inflation. Despite very weak performance of domestic-cyclicals, there is a high degree of internationally focused and either defensive or commodity-linked companies in the index. Larger companies have performed very strongly relative to smaller companies, as larger companies tend to be more internationally focused and also include a lot of the commodity-linked companies in the market.

Portfolio Review

The portfolio comprises predominantly high yielding UK equities with the objective of delivering both high and growing income, and capital appreciation. The Fund maintains a limited exposure to continental European equities where we have high conviction in a differentiated investment case.

In the period under review the fund's high exposure to smaller companies and particularly smaller domestically exposed companies with a high sensitivity to economic cyclicality was generally unhelpful. Housing related companies make up many examples here in the portfolio, including housebuilders Redrow and Bellway, windows and door parts supplier Tyman, and sofa retailer DFS. The shares of all these companies performed poorly during the period, yet in all these cases we think the market has overreacted. In general, results have been strong, and even if the situation deteriorates for their end markets, in all cases these companies have strong balance sheets, good market positions and in many cases have an ability to gain market share in the event of a downturn. We expect good performance from this area going forward.

Offsetting this, we have seen good outperformance from commodity-related companies that have strongly outperformed in a rising commodity price environment. Renewable power generator Drax Group, Mediterranean gas producer Energean, and energy services firm Hunting have all generated good performance. Particularly in the case of Drax and Energean we have seen material advancement of their businesses models unrelated to the commodity price environment which has boosted performance. The fund also

Investment Review continued

maintains sizeable absolute positions, though smaller relative to the market, in energy majors BP and Shell, which have both performed well. We have also seen strong performance from takeovers in the period. When public markets fail to address the gap between market price and intrinsic value a private player or a competitor company can often do so, as we've seen with Homeserve and U&I Group, among others.

We added nine new holdings in the period and sold out of ten holdings. Two of the sales are the result of takeover approaches. The rest either reached fair value, better opportunities were found elsewhere for the capital, or in two cases the investment case deteriorated. Of our new holdings, some common themes involve cyclical businesses that have fallen far too far and their quality aspects are now materially undervalued, as in the case of CLS Holdings, CRH, Ashmore, and Close Brothers; and high quality defensive businesses that have reached our threshold for a compelling absolute valuation, as in the case of Unilever and Haleon.

all' stock market culture, are still very much present, and can provide a very significant continued tailwind for our approach if these factors normalise. In any case we aim to construct a portfolio of undervalued stocks that should perform well in a range of macroeconomic and stock market outcomes.

Outlook

The outlook for UK markets is relatively bright, though there are still many potential risks as the developed world emerges from the grip of the pandemic. The UK remains inexpensive relative to its own history and very good value relative to other markets and asset classes. The vaccination programme has progressed ahead of expectations and life is starting to return to a semblance of pre-pandemic normality, though there is still much uncertainty here and progress to be made. The UK did not enter 2020 at elevated levels, and on the contrary had been suppressed by years of Brexit and political uncertainty. Domestically at least, conditions appear to be forming for some real confidence that is at least at odds with the very low relative valuations of the UK market. Though many global markets, particularly the US, appear to be trading at elevated levels and are discounting a good deal of optimism, we still enjoy a rich opportunity set.

We wrote in our outlook last year that the polarisation in the stock market could change very quickly to our advantage, but that the timing was very uncertain. In the months after November 2020 some of this advantage was realised, but markets remain highly inefficiently priced in our judgement. The distortions generated by many years of extremely low interest rates, strongly rising asset prices, and a 'winner takes

Portfolio Statement

As at 31 August 2022

| Holding | | Market Value £'000 | % of Net Assets |
|-----------|---|-----------------------|--------------------|
| | UNITED KINGDOM EQUITIES - 81.49% (2021 - 80.97%) | | |
| | Aerospace & Defense - 2.36% (2021 - 3.48%) | | |
| 1,035,022 | BAE Systems | 8,049 | 2.36 |
| | | 8,049 | 2.36 |
| | Banks - 4.08% (2021 - 3.41%) | | |
| 647,000 | Close Brothers | 6,600 | 1.93 |
| 2,964,723 | NatWest | 7,327 | 2.15 |
| | | 13,927 | 4.08 |
| | Beverages - 0.00% (2021 - 2.09%) | | |
| | Construction & Materials - 5.39% (2021 - 7.03%)# | | |
| 1,420,645 | Eurocell | 2,273 | 0.67 |
| 747,318 | Keller | 5,239 | 1.54 |
| 2,142,216 | Norcros | 4,306 | 1.26 |
| 2,881,296 | Tyman | 6,569 | 1.92 |
| | | 18,387 | 5.39 |
| | Electricity - 3.42% (2021 - 4.37%) | | |
| 790,505 | Drax | 5,028 | 1.47 |
| 397,260 | SSE | 6,638 | 1.95 |
| | | 11,666 | 3.42 |
| | Electronic & Electrical Equipment - 1.43% (2021 - 1.98%) | | |
| 1,865,998 | Morgan Advanced Materials | 4,898 | 1.43 |
| | | 4,898 | 1.43 |
| | Finance & Credit Services - 3.89% (2021 - 3.01%) | | |
| 1,193,826 | OSB | 6,566 | 1.92 |
| 1,253,627 | Paragon Banking | 6,732 | 1.97 |
| | | 13,298 | 3.89 |
| | Food Producers - 2.46% (2021 - 2.09%) | | |
| 1,104,855 | Tate & Lyle | 8,421 | 2.46 |
| | | 8,421 | 2.46 |
| | Gas, Water & Multi-Utilities - 1.17% (2021 - 2.29%) | | |
| 370,481 | National Grid | 3,988 | 1.17 |
| | | 3,988 | 1.17 |
| | Household Goods & Home Construction - 4.04% (2021 - 4.97%) | | |
| 260,930 | Bellway | 5,414 | 1.58 |
| 1,649,764 | Redrow | 8,389 | 2.46 |
| | | 13,803 | 4.04 |
| | Industrial Metals & Mining - 0.00% (2021 - 1.00%) | | |
| | Industrial Support Services - 1.48% (2021 - 2.37%) | | |
| 1,442,441 | SThree | 5,049 | 1.48 |
| | | 5,049 | 1.48 |
| | Investment Banking & Brokerage - 7.40% (2021 - 5.08%) | | |
| 2,695,000 | Ashmore | 5,439 | 1.59 |
| 1,440,574 | IG | 11,762 | 3.45 |
| 724,026 | St. James's Place | 8,062 | 2.36 |
| | | 25,263 | 7.40 |
| | Life Insurance - 2.07% (2021 - 1.55%) | | |
| 2,793,492 | Legal & General | 7,070 | 2.07 |
| | | 7,070 | 2.07 |
| | Media - 0.00% (2021 - 2.67%) | | |
| | Non-Life Insurance - 2.00% (2021 - 0.00%) | | |
| 574,143 | HomeServe | 6,815 | 2.00 |
| | | 6,815 | 2.00 |
| | Oil, Gas & Coal - 11.40% (2021 - 9.28%) | | |
| 2,650,427 | BP | 11,551 | 3.38 |
| 3,866,428 | Diversified Energy | 5,073 | 1.49 |
| 482,845 | Energear | 6,248 | 1.83 |
| 1,070,000 | Hunting | 3,028 | 0.89 |
| 573,372 | Shell | 13,021 | 3.81 |
| | | 38,921 | 11.40 |

Portfolio Statement continued

As at 31 August 2022

| Holding | | Market Value £'000 | % of Net Assets |
|------------|--|-----------------------|--------------------|
| | Personal Care, Drug & Grocery Stores - 3.63% (2021 - 1.43%) | | |
| 1,328,326 | Tesco | 3,303 | 0.97 |
| 232,000 | Unilever | 9,083 | 2.66 |
| | | 12,386 | 3.63 |
| | Pharmaceuticals & Biotechnology - 3.99% (2021 - 3.53%) | | |
| 660,461 | GSK | 9,107 | 2.67 |
| 1,775,577 | Haleon | 4,531 | 1.32 |
| | | 13,638 | 3.99 |
| | Precious Metals & Mining - 1.28% (2021 - 1.05%) | | |
| 24,251,473 | Pan African Resources ¹ | 4,365 | 1.28 |
| | | 4,365 | 1.28 |
| | Real Estate Investment & Services - 1.44% (2021 - 0.00%) | | |
| 2,660,000 | CLS | 4,937 | 1.44 |
| | | 4,937 | 1.44 |
| | Real Estate Investment Trusts - 2.43% (2021 - 3.65%) | | |
| 1,053,931 | Land Securities | 6,907 | 2.02 |
| 4,120,490 | Real Estate Investors ¹ | 1,401 | 0.41 |
| | | 8,308 | 2.43 |
| | Retailers - 3.21% (2021 - 1.94%) | | |
| 3,555,765 | DFS Furniture | 4,388 | 1.29 |
| 112,899 | Next | 6,562 | 1.92 |
| | | 10,950 | 3.21 |
| | Software & Computer Services - 1.51% (2021 - 0.86%) | | |
| 2,509,671 | Kin & Carta | 5,145 | 1.51 |
| | | 5,145 | 1.51 |
| | Telecommunications Service Provider - 0.00% (2021 - 1.95%) | | |
| | Tobacco - 7.90% (2021 - 8.05%) | | |
| 378,829 | British American Tobacco | 13,018 | 3.81 |
| 734,905 | Imperial Brands | 13,949 | 4.09 |
| | | 26,967 | 7.90 |
| | Travel & Leisure - 3.51% (2021 - 1.84%) | | |
| 835,000 | Fuller Smith & Turner | 4,776 | 1.40 |
| 2,516,882 | National Express | 4,349 | 1.27 |
| 1,396,093 | TEN Entertainment | 2,848 | 0.84 |
| | | 11,973 | 3.51 |
| | OVERSEAS EQUITIES - 16.28% (2021 - 15.60%) | | |
| | Bermuda Equities - 2.68% (2021 - 3.66%)# | | |
| 6,352,389 | Capital | 5,323 | 1.56 |
| 1,254,068 | Conduit | 3,825 | 1.12 |
| | | 9,148 | 2.68 |
| | Cyprus Equities - 1.47% (2021 - 1.19%) | | |
| 2,290,175 | Atalaya Mining ¹ | 5,015 | 1.47 |
| | | 5,015 | 1.47 |
| | France Equities - 2.03% (2021 - 3.31%) | | |
| 49,084 | Sanofi | 3,452 | 1.01 |
| 249,253 | SCOR | 3,496 | 1.02 |
| | | 6,948 | 2.03 |
| | Guernsey Equities - 0.63% (2021 - 0.97%) | | |
| 7,205,000 | Duke Royalty ¹ | 2,162 | 0.63 |
| | | 2,162 | 0.63 |
| | Ireland Equities - 5.08% (2021 - 2.07%) | | |
| 265,000 | CRH | 8,396 | 2.46 |
| 179,717 | DCC | 8,943 | 2.62 |
| | | 17,339 | 5.08 |
| | Isle of Man Equities - 0.77% (2021 - 1.30%) | | |
| 207,365 | Entain | 2,622 | 0.77 |
| | | 2,622 | 0.77 |
| | Jersey Equities - 2.61% (2021 - 2.07%) | | |
| 1,400,000 | Man | 3,430 | 1.01 |
| 740,103 | WPP | 5,475 | 1.60 |
| | | 8,905 | 2.61 |

Portfolio Statement continued

As at 31 August 2022

| Holding | Market Value £'000 | % of Net Assets |
|--|-----------------------|--------------------|
| 52,115 | | |
| Switzerland Equities - 1.01% (2021 - 1.03%) | | |
| Swiss Re | 3,462 | 1.01 |
| | <u>3,462</u> | <u>1.01</u> |
| DERIVATIVES - 0.00% (2021 - (0.01)%) | | |
| UK Written Call Options - 0.00% (2021 - (0.01)%) | | |
| Investment assets ¹ | 333,825 | 97.77 |
| Net other assets | 7,601 | 2.23 |
| Net assets | 341,426 | 100.00 |

¹ Securities Listed on Alternative Investment Market.

The classifications and prior year comparatives have been updated, where required, to reflect changes in the industry/country classification of individual holdings.

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 2021.

Statement of Total Return

For the year ended 31 August 2022

| | Notes | 2022 £000s | 2022 £000s | 2021 £000s | 2021 £000s |
|---|-------|---------------|-----------------|---------------|---------------|
| Income: | | | | | |
| Net capital (losses)/gains | 2 | | (15,501) | | 24,102 |
| Revenue | 3 | 12,729 | | 3,506 | |
| Expenses | 4 | (1,398) | | (684) | |
| Interest payable and similar charges | | (2) | | (1) | |
| Net revenue before taxation | | 11,329 | | 2,821 | |
| Taxation | 5 | (103) | | (32) | |
| Net revenue after taxation | | | 11,226 | | 2,789 |
| Total return before distributions | | | (4,275) | | 26,891 |
| Distributions | 6 | | (12,393) | | (3,386) |
| Change in net assets attributable to shareholders from investment activities | | | (16,668) | | 23,505 |

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 August 2022

| | 2022 £000s | 2022 £000s | 2021 £000s | 2021 £000s |
|---|---------------|-----------------|---------------|----------------|
| Opening net assets attributable to shareholders | | 166,289 | | 52,513 |
| Inspecie transfer* | | 23,528 | | - |
| Amounts receivable on issue of shares | 193,763 | | 113,528 | |
| Amounts payable on cancellation of shares | (27,721) | | (23,342) | |
| | | 166,042 | | 90,186 |
| Dilution adjustment | | - | | 31 |
| Stamp duty | | - | | 1 |
| Change in net assets attributable to shareholders from investment activities (see above) | | (16,668) | | 23,505 |
| Retained distributions on accumulation shares | | 2,180 | | - |
| Unclaimed distributions | | 55 | | 53 |
| Closing net assets attributable to shareholders | | 341,426 | | 166,289 |

* Inspecie amounts transferred in from Allianz European Equity Income Fund on 1st October 2021.

Notes to the final report and Financial Statements are from page 115 to 123.

Balance Sheet

As at 31 August 2022

| | Notes | 2022 £000s | 2022 £000s | 2021 £000s | 2021 £000s |
|--|-------|---------------|----------------|---------------|----------------|
| Assets: | | | | | |
| Fixed assets: | | | | | |
| Investments | | | 333,825 | | 160,577 |
| Current assets: | | | | | |
| Debtors | 7 | 4,418 | | 8,000 | |
| Cash and bank balances | 8 | 11,998 | | 6,631 | |
| Total assets | | | 350,241 | | 175,208 |
| Liabilities: | | | | | |
| Investment liabilities | | | - | | (15) |
| Creditors: | | | | | |
| Distribution payable | 9 | (8,203) | | (3,629) | |
| Other creditors | 9 | (612) | | (5,275) | |
| Total liabilities | | | (8,815) | | (8,919) |
| Net assets attributable to shareholders | | | 341,426 | | 166,289 |

Notes to the final report and Financial Statements are from page 115 to 123.

Notes to the Final Report and Financial Statements

1. Accounting Basis and Policies

The applicable accounting policies adopted by the Allianz UK Listed Equity Income Fund are included on pages 8 to 13 of the Collective Notes to the Final Report and Financial Statements.

2. Net capital (losses)/gains

| | 2022 £000s | 2021 £000s |
|---|-----------------|---------------|
| (Losses)/gains on non-derivative securities | (15,499) | 24,113 |
| Losses on derivative securities | (3) | (1) |
| Gains/(losses) on currency | 14 | (6) |
| Handling charges | (13) | (4) |
| Net capital (losses)/gains | (15,501) | 24,102 |

3. Revenue

| | 2022 £000s | 2021 £000s |
|-----------------------------------|---------------|---------------|
| Bank interest | 2 | - |
| Franked UK dividends | 10,154 | 2,833 |
| Overseas dividends - non-taxable | 1,917 | 418 |
| Overseas dividends - taxable | (9) | (1) |
| Unfranked UK dividends | 583 | 182 |
| Premiums on derivative securities | 82 | 74 |
| Total revenue | 12,729 | 3,506 |

Notes to the Final Report and Financial Statements continued

4. Expenses

| | 2022 | 2021 |
|---|--------------|------------|
| | £000s | £000s |
| Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them: | | |
| ACD's annual fee ¹ | 1,264 | 600 |
| ACD rebate* | (52) | (1) |
| Company secretarial costs | - | (1) |
| | 1,212 | 598 |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Depositary's fees | 48 | 14 |
| Safe custody fees | 11 | 3 |
| | 59 | 17 |
| Other expenses: | | |
| Audit fees | 13 | 12 |
| Distribution costs | 4 | 4 |
| Printing costs | 6 | 6 |
| Registration fees | 72 | 32 |
| Other expenses | 32 | 15 |
| | 127 | 69 |
| Total expenses | 1,398 | 684 |

¹ For the purpose of the distribution, the ACD's annual fee is borne by the capital account (see Note 6).

All expenditure stated above is inclusive of VAT where applicable.

The Audit fee for the year, excluding VAT, was £9,800 (2021 - £9,800).

*Operating charges for each subfund are capped. C Shares are capped at 0.65%, E Shares are capped at 0.38%, W Shares are capped at 0.48%. Any charges in excess of this amount are borne by the Manager. This is operated by way of a fee rebate from the ACD.

Notes to the Final Report and Financial Statements continued

5. Taxation

| | 2022 | 2021 |
|---|------------|-----------|
| | £000s | £000s |
| a. Analysis of the taxation charge for the year: | | |
| Overseas tax suffered | 103 | 32 |
| Total taxation for the year (see Note 5(b)) | 103 | 32 |
| b. Factors affecting taxation charge for the year: | | |
| The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for a subfund of an Open-Ended Investment Company (20%) (2021 - 20%). | | |
| The differences are explained below: | | |
| Net revenue before taxation | 11,329 | 2,821 |
| Corporation tax at 20% | 2,266 | 564 |
| Effects of: | | |
| Overseas dividends - non-taxable | (383) | (73) |
| Non taxable property revenue from UK REITS- non PID | - | (2) |
| Overseas tax suffered | 103 | 32 |
| UK dividends not subject to corporation tax | (2,031) | (575) |
| Surplus allowable expenses utilised in the year | 148 | 86 |
| Total taxation charge for the year (see Note 5(a)) | 103 | 32 |

OEICs are exempt from tax on capital gains in the UK, therefore capital returns are not included within the reconciliation.

c. Provision for deferred tax

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

d. Factors that may affect future tax charges

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £6,590,000 (2021 : £6,442,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the creation of Shares and revenue deducted on the cancellation of Shares and comprise:

| | 2022 | 2021 |
|---|---------------|--------------|
| | £000s | £000s |
| Interim | 4,253 | 1,110 |
| Final | 10,382 | 3,629 |
| Add: Revenue deducted on cancellation of shares | 291 | 206 |
| Deduct: Revenue received on creation of shares | (2,533) | (1,559) |
| Net distributions for the year | 12,393 | 3,386 |
| Reconciliation of net revenue after taxation to net distributions for the year | | |
| Net revenue after taxation | 11,226 | 2,789 |
| Add: Capitalised expenses | 1,223 | 600 |
| Tax on capital items | (56) | (3) |
| Net distributions for the year | 12,393 | 3,386 |

Notes to the Final Report and Financial Statements continued

7. Debtors

| | 2022 | 2021 |
|--|--------------|--------------|
| | £000s | £000s |
| Accrued ACD's fee rebate | 4 | - |
| Accrued revenue | 2,597 | 806 |
| Amounts receivable on creation of shares | 1,397 | 7,049 |
| Overseas tax recoverable | 115 | 58 |
| Sales awaiting settlement | 212 | 85 |
| Income tax recoverable | 1 | 2 |
| Amounts receivable due to merger | 92 | - |
| | 4,418 | 8,000 |

8. Cash and bank balances

| | 2022 | 2021 |
|--|---------------|--------------|
| | £000s | £000s |
| Cash and bank balances | 11,998 | 6,199 |
| Amount held at futures clearing houses and brokers | - | 432 |
| | 11,998 | 6,631 |

9. Other creditors

| | 2022 | 2021 |
|---|------------|--------------|
| | £000s | £000s |
| a. Distribution payable | | |
| Net distribution payable | 8,203 | 3,629 |
| b. Other creditors | | |
| Accrued ACD's annual fee | 150 | 54 |
| Amounts payable on cancellation of shares | 137 | 14 |
| Other accrued expenses | 42 | 35 |
| Purchases awaiting settlement | 283 | 5,172 |
| | 612 | 5,275 |

10. Related party transactions

The ACD is deemed to be a related party under the definition of Financial Reporting Standard 102, which requires the disclosure of details of material transactions between the subfund and any related party.

Details of any related party transactions occurring during the year including commissions paid and any balances due at the year end are disclosed in the Balance Sheet, the Statement of Change in Net Assets Attributable to Shareholders and Notes 4, 7 and 9 to the financial statements. All creations and cancellations were transacted with the ACD.

Notes to the Final Report and Financial Statements continued

11. Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of net revenue included in the purchase price of all Group 2 shares. In the case of Accumulation shares, it is automatically reinvested in the subfund at the first distribution payment date after the shares were purchased. Being a capital repayment it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

12. Shareholders' funds

The subfund currently has four share classes: A, C, E and W. The ACD's annual fee on these share classes are as follows:

| | |
|---------------|-------|
| Class A : | 1.25% |
| Class C : | 0.60% |
| Class E : | 0.28% |
| Class W : | 0.38% |
| Class C : | 0.60% |
| Class W EUR : | 0.38% |

The net asset value per share and the number of shares in issue are given in the Comparative Tables on page 104 to 106.

The distribution per share is given in the Distribution Table on page 107.

Revenue available for allocation will be allocated between the share classes based on the respective proportionate interests represented by those share classes on a daily basis and taxation is computed by reference to the net revenue after expenses attributable to each class. All share classes have the same rights on winding up.

For the year ended 31 August 2022:

| | Class A Shares Income | Class C Shares Income | Class E Shares Income | Class W Shares Income | Class C Shares Accumulation | Class W Shares EUR Income |
|-----------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------------|------------------------------|
| Opening shares | 891,622 | 49,796,814 | 92,255,466 | 1,000 | - | - |
| Shares created | 660,580 | 93,118,292 | 41,470,038 | 3,448,757 | 50,353,669 | 1,000 |
| Shares cancelled | (184,395) | (1,163,661) | (20,906,166) | (550,328) | (1,048,379) | - |
| Shares converted | - | 4,136 | - | (4,381) | - | - |
| Closing shares | 1,367,807 | 141,755,581 | 112,819,338 | 2,895,048 | 49,305,290 | 1,000 |

13. Contingent liabilities and commitments

As at 31 August 2022 there were no contingent liabilities (2021: £Nil).

Notes to the Final Report and Financial Statements continued

14. Derivatives and other financial instruments

a. Currency exposure

A proportion of the net assets and liabilities of the subfund are denominated in currencies other than Sterling, with the effect that the total net assets and total return can be affected by currency movements.

| Currency | Monetary Exposure | Non-Monetary Exposure | Total Exposure | Monetary Exposure | Non-Monetary Exposure | Total Exposure |
|-----------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31 August 2022 £000s | 31 August 2022 £000s | 31 August 2022 £000s | 31 August 2021 £000s | 31 August 2021 £000s | 31 August 2021 £000s |
| Euro | (59) | 6,948 | 6,889 | (112) | 5,505 | 5,393 |
| Norwegian Krone | - | - | - | 5 | - | 5 |
| Swiss Franc | 46 | 3,462 | 3,508 | (55) | 1,718 | 1,663 |
| US Dollar | 526 | - | 526 | 160 | - | 160 |

The following table details the subfund's sensitivity to a 20% increase and decrease in sterling against the relevant foreign currencies and the resultant impact that any such increase or decrease would have on the net return and net assets. The sensitivity analysis includes all foreign currency denominated items and adjusts their translation at the year end for a 20% change in foreign currency rates.

b. Interest rate risk profile

The subfund did not hold any interest bearing financial instruments other than its cash and bank balances as at the balance sheet date (2021 - same).

c. Sensitivity analysis

Market price sensitivity

The value of the subfund's listed investments, which were exposed to market price risk as at 31 August was as follows:

| | 2022 £000s | 2021 £000s |
|---|---------------|---------------|
| Listed equity investments held at fair value through profit or loss | 333,825 | 160,577 |
| UK written call options | - | (15) |

The following illustrates the sensitivity of the net return and the net assets to an increase or decrease of 20% (2021 - 20%) in the fair values of the subfund's investments. This level of change is considered to be reasonably possible based on observation of market conditions in the year. The sensitivity analysis is based on the impact of a change to the value of the subfund's investments at each balance sheet date.

| | 2022 20% Increase in fair value £000s | 2022 20% Decrease in fair value £000s | 2021 20% Increase in fair value £000s | 2021 20% Decrease in fair value £000s |
|---|---|---|---|---|
| Capital Return | | | | |
| Net gains (losses) on investments at fair value | 66,765 | (66,765) | 32,112 | (32,112) |

Foreign currency risk sensitivity

The following table details the subfund's sensitivity to a 20% increase and decrease in sterling against the relevant foreign currencies and the resultant impact that any such increase or decrease would have on the net return and net assets. The sensitivity analysis includes all foreign currency denominated items and adjusts their translation at the year end for a 20% change in foreign currency rates.

| | 2022 20% Increase in Sterling against foreign currencies £000s | 2022 20% Decrease in Sterling against foreign currencies £000s | 2021 20% Increase in Sterling against foreign currencies £000s | 2021 20% Decrease in Sterling against foreign currencies £000s |
|--|--|--|--|--|
| Euro | (1,148) | 1,722 | (899) | 1,348 |
| Norwegian Krone | - | - | (1) | 1 |
| Swiss Franc | (585) | 877 | (277) | 416 |
| US Dollar | (88) | 131 | (27) | 40 |
| Change in net return and net assets | (1,821) | 2,730 | (1,204) | 1,805 |

Notes to the Final Report and Financial Statements continued

d. Leverage

The subfund did not employ significant leverage during the year (2021 - same).

e. Fair value hierarchy

An analysis of the portfolio in accordance with the fair value hierarchy is shown below:

| | Assets | Liabilities | Assets | Liabilities |
|-----------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 August 2022 £000s | 31 August 2022 £000s | 31 August 2021 £000s | 31 August 2021 £000s |
| Level 1: Quoted | 333,825 | - | 160,577 | (15) |
| Level 2: Observable | - | - | - | - |
| Level 3: Unobservable | - | - | - | - |
| | 333,825 | - | 160,577 | (15) |

The fair value as at the reporting date has been estimated using the following fair value hierarchy:

Level (1) Quoted prices for identical instruments in active markets

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level (2) Valuation techniques that use:

Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level (3) Valuation techniques that use:

Inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.

When the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate, the fair value is estimated by using an alternative valuation technique. Such valuation techniques will, where possible, maximise the use of observable market data inputs as opposed to non-observable entity determined data inputs.

The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

f. Maturity of financial liabilities

All liabilities are due in one year or less or on demand (2021 - same).

g. Fair value disclosure

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

h. Derivatives

The subfund operates a strategy of writing (selling) covered call options on selected shares held within the portfolio in order to generate additional revenue. There is a maximum 20% limit, at the time of writing, on the proportion of the portfolio that can be exposed to call options. The effect of this strategy is that should the value of the shares rise the subfund would only benefit in that rise up to the call price.

Over the year the strategy has accrued additional revenue of £Nil (2021 - £74,000).

A fixed income security is deemed to be of investment grade, if it is rated BBB- or above. Sub-investment grade are those securities that are rated below investment grade.

Notes to the Final Report and Financial Statements continued

15. Portfolio transaction costs

For the year ended 31 August 2022:

| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
|--|-------------------|-------------|-------------|-------|-------|
| | 2022 | 2022 | 2022 | 2022 | 2022 |
| | £000s | £000s | % | £000s | % |
| Purchases | | | | | |
| Equity instruments (direct) | 230,245 | 65 | 0.03 | 1,088 | 0.47 |
| Derivatives | - | - | - | - | - |
| Total purchases | 230,245 | 65 | 0.03 | 1,088 | 0.47 |
| Total purchases including transaction costs | 231,398 | | | | |
| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
| | 2022 | 2022 | 2022 | 2022 | 2022 |
| | £000s | £000s | % | £000s | % |
| Sales | | | | | |
| Equity instruments (direct) | 41,554 | 12 | 0.03 | - | - |
| Derivatives | 64 | 1 | 1.43 | - | - |
| Total sales | 41,618 | 13 | 1.46 | - | - |
| Total sales including transaction costs | 41,604 | | | | |
| Derivative Transaction costs | | - | | - | |
| Total transaction costs as a % of average net assets | | 0.00% | | 0.00% | |
| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
| | 2021 | 2021 | 2021 | 2021 | 2021 |
| | £000s | £000s | % | £000s | % |
| Purchases | | | | | |
| Equity instruments (direct) | 117,118 | 21 | 0.02 | 509 | 0.43 |
| Total purchases | 117,118 | 21 | 0.02 | 509 | 0.43 |
| Total purchases including transaction costs | 117,648 | | | | |
| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
| | 2021 | 2021 | 2021 | 2021 | 2021 |
| | £000s | £000s | % | £000s | % |
| Sales | | | | | |
| Equity instruments (direct) | 33,542 | 9 | 0.03 | - | - |
| Derivatives | 91 | 1 | 1.10 | - | - |
| Total sales | 33,633 | 10 | 1.13 | - | - |
| Total sales including transaction costs | 33,623 | | | | |
| Derivative Transaction costs | | - | | - | |
| Total transaction costs as a % of average net assets | | 0.03% | | 0.56% | |

The above analysis covers any direct transaction costs suffered by the subfund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions & taxes etc) are attributable to the subfund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

Notes to the Final Report and Financial Statements continued

During the period the subfund utilised futures contracts as derivative instruments covering different underlying asset classes. The settlement values for opening and closing derivative positions are not comparable to principal values for transactions in direct holding investments and therefore purchase and sale amounts for derivative transactions are not quantified in the analysis above. Transaction costs for derivatives positions will be either suffered as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above.

Dealing spread costs suffered by the subfund vary considerably for the different asset / instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.47% (2021 : 0.36%).

Due to the nature of the assets held by Allianz UK Listed Equity Income Fund, the portfolio dealing spread at the balance sheet date may not be representative of the portfolio dealing spread throughout the year. The portfolio dealing spread at the fund's interim reporting date of 28 February 2022 was 0.52%.

Fund Information

Investment Objective and Policy*

The investment objective of the Allianz UK Mid-Cap Fund is to achieve capital growth, aiming to outperform (net of fees) the Target Benchmark, the FTSE 250 (excl. investment trusts) Index Total Return GBP over a rolling five year period.

The ACD aims to achieve the investment objective by investing in securities listed on the London Stock Exchange. It is the general intention of the ACD to invest in stocks which constitute the FTSE 250 (excl. investment trusts) Index Total Return GBP although it may invest up to 40% of the Fund's assets outside of this index or internationally and in all economic sectors.

The ACD may also utilise deposits in the management of the portfolio.

The Fund may also invest in collective investment schemes.

*The Fund merged into the Allianz UK Listed Opportunities Fund effective from 26 August 2022 and will be terminated in the near future upon receipt of FCA approval.

Fund Details

| | | |
|--|--|--|
| Fund Manager | Andrew Neville | |
| Benchmark | FTSE 250 (excl. investment trusts) Index Total Return GBP | |
| Income allocation date | 31 August | |
| Income pay date | 31 December (normally 31 October) | |
| Launch dates | Fund | 20 June 2002 |
| | A Shares | 20 June 2002 |
| | C Shares | 13 February 2013 |
| | O Shares | 3 May 2018 |
| | W Shares | 31 January 2019 |
| ISA status | Yes | |
| Share Classes and types of Shares | A (Accumulation Shares) C (Accumulation Shares) O (Accumulation Shares) W (Accumulation Shares) | |
| Minimum investment | A Shares | Lump sum £500 Monthly saving £50 |
| | C Shares | Lump sum £500 Monthly saving £50 |
| | O Shares | Lump sum £10,000,000 (Available to Approved Investors only) |
| | W Shares | Lump sum £10,000,000 (Available to Approved Investors only) |
| Initial charge | A Shares | Nil |
| | C Shares | Nil |
| | O Shares | Nil |
| | W Shares | Nil |
| Annual ACD fee | A Shares | 1.50% |
| | C Shares | 0.75% |
| | O Shares | 0.20%* |
| | W Shares | 0.54%** |

* 0.20% p.a. minus those Additional Expenses which form part of the Ongoing Charge and are payable in respect of the O shares.

** 0.54% p.a. minus those Additional Expenses which form part of the Ongoing Charge and are payable in respect of the W shares.

Comparative Tables

For the year ended 31 August 2022

| | A Shares Accumulation | | | C Shares Accumulation | | |
|--|-----------------------|-------------|-------------|-----------------------|-------------|-------------|
| | 2022 (p) | 2021 (p) | 2020 (p) | 2022 (p) | 2021 (p) | 2020 (p) |
| Opening net asset value per share | 6,453.02 | 4,555.27 | 4,712.45 | 6,901.22 | 4,841.13 | 4,967.92 |
| Return before operating charges | (1,715.26) | 1,980.99 | (84.09) | (1,839.26) | 2,110.08 | (88.10) |
| Operating charges | (83.15) | (83.24) | (73.09) | (48.93) | (49.99) | (38.69) |
| Return after operating charges | (1,798.41) | 1,897.75 | (157.18) | (1,888.19) | 2,060.09 | (126.79) |
| Distributions | - | (3.17) | - | - | (34.23) | (6.61) |
| Retained distributions on accumulation shares | - | 3.17 | - | - | 34.23 | 6.61 |
| Return to shareholder as a result of class closure | 4,654.61 | - | - | 5,013.03 | - | - |
| Closing net asset value per share | - | 6,453.02 | 4,555.27 | - | 6,901.22 | 4,841.13 |
| After direct transaction costs of ¹ | (20.36) | (11.72) | (9.28) | (21.86) | (12.97) | (9.83) |
| Performance | | | | | | |
| Return after operating charges | (27.87)% | 41.66% | (3.34)% | (27.36)% | 42.55% | (2.55)% |
| Other information | | | | | | |
| Closing net asset value (£'000) | - | 979 | 19,141 | - | 46,980 | 19,454 |
| Closing number of shares | - | 15,166 | 420,186 | - | 680,753 | 401,861 |
| Operating charges | 1.57% | 1.56% | 1.63% | 0.86% | 0.85% | 0.81% |
| Direct transaction costs | 0.38% | 0.22% | 0.20% | 0.38% | 0.22% | 0.20% |
| Prices | | | | | | |
| Highest share price | 6,590.62 | 6,469.48 | 5,284.19 | 7,048.91 | 6,917.66 | 5,593.69 |
| Lowest share price | 4,420.09 | 4,315.32 | 2,944.33 | 4,744.68 | 4,588.87 | 3,118.90 |

¹ Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the subfund and share class returns before operating charges.

Operating charges 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 subfund

Share Class 'A' Accumulation and Share Class 'C' Accumulation were closed on 26th August 2022.

Comparative Tables continued

For the year ended 31 August 2022

Operating charges 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 subfund.

| | O Shares Accumulation | | | W Shares Accumulation | | |
|--|-----------------------|-------------|-------------|-----------------------|-------------|-------------|
| | 2022 (p) | 2021 (p) | 2020 (p) | 2022 (p) | 2021 (p) | 2020 (p) |
| Opening net asset value per share | 125.74 | 88.03 | 90.82 | 151.62 | 106.04 | 108.53 |
| Return before operating charges | (33.60) | 37.93 | (2.62) | (40.46) | 46.28 | (1.93) |
| Operating charges | (0.20) | (0.22) | (0.17) | (0.67) | (0.70) | (0.56) |
| Return after operating charges | (33.80) | 37.71 | (2.79) | (41.13) | 45.58 | (2.49) |
| Distributions | - | (1.10) | - | - | (1.15) | (0.43) |
| Retained distributions on accumulation shares | - | 1.10 | - | - | 1.15 | 0.43 |
| Return to shareholder as a result of class closure | 91.94 | - | - | 110.49 | - | - |
| Closing net asset value per share | - | 125.74 | 88.03 | - | 151.62 | 106.04 |
| After direct transaction costs of ¹ | (0.39) | (0.25) | (0.18) | (0.48) | (0.29) | (0.21) |
| Performance | | | | | | |
| Return after operating charges | (26.88)% | 42.84% | (3.07)% | (27.13)% | 42.98% | (2.29)% |
| Other information | | | | | | |
| Closing net asset value (£'000) | - | 206 | 51 | - | 1 | 1 |
| Closing number of shares | - | 163,602 | 57,799 | - | 1,000 | 1,000 |
| Operating charges | 0.20% | 0.20% | 0.20% | 0.54% | 0.54% | 0.54% |
| Performance fee | - | 0.01% | 1.48% | - | - | - |
| Direct transaction costs | 0.38% | 0.22% | 0.20% | 0.38% | 0.22% | 0.20% |
| Prices | | | | | | |
| Highest share price | 128.44 | 126.03 | 102.55 | 154.88 | 151.98 | 122.35 |
| Lowest share price | 86.74 | 83.34 | 57.21 | 104.41 | 100.54 | 68.23 |

¹ Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the subfund and share class returns before operating charges.

² Operating charges on 'O' Class Accumulation have been capped at 0.20%. Operating charges on 'W' Class Accumulation are capped at 0.54%.

Operating charges 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 subfund.

Share Class 'O' Accumulation and Share Class 'W' Accumulation were closed on 26th August 2022.

Distribution Tables

For the year ended 31 August 2022

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 September 2021

Group 2 Shares purchased on or after 1 September 2021 to 26 August 2022

| | Net revenue (p) | Equalisation (p) | Distribution payable 31/10/22 (p) | Distribution paid 31/10/21 (p) |
|------------------------------|-----------------------|---------------------|--|---|
| A Shares Accumulation | | | | |
| Group 1 | - | - | - | 3.1698 |
| Group 2 | - | - | - | 3.1698 |
| C Shares Accumulation | | | | |
| Group 1 | - | - | - | 34.2297 |
| Group 2 | - | - | - | 34.2297 |
| O Shares Accumulation | | | | |
| Group 1 | - | - | - | 1.1011 |
| Group 2 | - | - | - | 1.1011 |
| W Shares Accumulation | | | | |
| Group 1 | - | - | - | 1.1510 |
| Group 2 | - | - | - | 1.1510 |

Fund was closed on 26th August 2022.

Investors are reminded that distribution is not guaranteed.

Investment Review

Performance Summary

Over the 12 month period under review, 1st September 2021 to 26th August 2022, the Fund's A class produced a total return of -28.82*. The Fund's benchmark, the FTSE 250 ex Investment Trust index, produced a total return of -21.88 over the period.

* The performance summary figures are Mid instead of Bid valuation figures.

Market Background

The UK is in a bear market, that is, the market has fallen more than 20% from its peak.

There have been a rising number of headwinds to economic and equity market performance which have developed over the period to generate this outcome.

Headwind 1): The rising cost of materials had also been joined by wage inflation which, whilst good news for those who get a wage rise, is a headwind for corporate profits.

Headwind 2): Wage inflation also embeds inflation into the system (wages tend not to fall back like oil or lumber) and so means Central Banks need to raise rates higher to bring inflation down. Rising interest rates has the effect of slowing down the economy by increasing the cost of finance and curtailing lending.

Headwind 3): supply chain problems caused by ongoing covid shutdowns in Asia and a global logistics network infrastructure from ports to land transport that has been woefully under invested continued to restrict industrial activity.

Headwind 4): the added hit from Omicron over the winter held back corporate profits though in the UK this was mitigated by the successful vaccine program which allowed the UK to avoid lockdowns unlike other countries.

Headwind 5): the Russian invasion of Ukraine amplified the inflationary pressures and material shortages given both are larger exporters of raw metals, oil, gas and foods.

Headwind 6): all of this has conspired to increase the non-discretionary cost of living for the UK consumer which has meant there is much less disposable income available for

discretionary spending. Wage rises are being more than eaten up by the rise in food, utility, transport and mortgage costs.

Headwind 7): as we end the period we are now seeing this slowdown, which is global as well as UK, begin to affect non-consumer related businesses across industry more generally at a time when many businesses have rushed to increase inventories more than normal to get ahead of supply shortages. This higher than normal inventory may now be harder to sell into what is now falling demand.

2022 now looks like it could end in a recession rather than the strong growth expected at the start of the reporting period. And 2023 is not looking much better.

Therefore, UK corporate earnings remain under pressure with weakening demand pulling down revenues, inflationary cost pressures pushing up costs and rising rates pushing up the cost of financing.

Portfolio Review

A number of sales occurred in the period inline with the policy since September 2020 to run the portfolio to avoid near term losses ahead of the then planned merger into the UK Opportunities Fund, which was completed at the end of the reporting period.

In November it became apparent that the UK house building industry faced a number of headwinds that would have the combined effect to almost eliminate profit growth into the medium term.

The economy was slowing and interest rates were rising whilst the government was reducing its financial support for house buying – that would reduce demand for new housing. Inflationary cost pressures such as materials and labour costs were rising faster and for the first time since 2009 land prices were rising which would pressure profitability. In addition, new levies and retrospective remediation costs were being forced onto the industry to bring residential properties up to modern fire safety standards.

And for most in the industry, the Ground Rent issue still remained to be resolved whereby housing companies would need to compensate house buyers for onerous Ground Rent

Investment Review continued

payments over many years. Therefore, we sold all the housebuilders in the fund.

Blue Prism, the robotic process automation business was taken over by SS&C Technologies and so was sold from the fund.

The slowing economies and pressure on the consumer in the UK and elsewhere caused us to sell our holding in ASOS, the online fashion retailer and Dunelm the UK homeware retailer.

Upon the invasion of Ukraine by Russia we sold the position in the eastern European low cost airline Wizz Air.

And delays in completion of the audit of S4 Capital, the pure digital advertising business, meant we prudently sold our holding. In another angle of risk control, we sold our holding in the Baltic Classifieds, the eastern European online property and used car advertiser where though we continue to like the fundamentals of the business the stock risk was considered too high.

To then reinvest the proceeds from these sales the fund bought:

Drax: a 100% dispatchable, renewable power generation. Coal generation stopped in 2021 – though can be brought back on by demand from the Government over the 2022/2023 winter. The investment thesis centres around Biomass being a renewable energy source which has increased in likelihood given recent events in Ukraine / Russia. In addition, the business supplies wood pellets.

Weir: a refocused business selling machinery and aftermarket consumables into the mining industry. Very biased to production following the sale of Oil & Gas.

Tate & Lyle: a global provider of ingredients and solutions for the food, beverage and industrial markets that is refocusing on higher margin speciality ingredients and disposing of the lower margin commoditised businesses.

Energiean: a Mediterranean exploration and production company where the large Karish field is about to come onstream. Then will be 80% gas production though the transformational Israeli project.

Convatec: a global medical products focused on chronic conditions where new management are turning around the business.

Outlook

The Fund was merged into another Allianz Global Investors fund before the end of August 2022 and therefore the outlook is a view on UK Mid Cap companies in general rather than that of the Fund.

The headwinds discussed above remain in place. The one mysterious absence is rising unemployment and, so far, the absence of any market dislocations (i.e. financial businesses going insolvent, discovery of a large fraud).

The Bank of England is forecasting stagflation, that is, rising inflation, a slowing economy and rising unemployment. Indeed, the Bank of England is forecasting a recession.

I suspect things will get worse before they get better. I don't believe the market is fully pricing in the headwinds listed above through we are now seeing direct Government intervention to take the worst case scenarios off the table.

This winter will be tough but as we get into 2023 inflationary pressures will recede and so interest rates can come down – if only because the global economy slows into a recession and so demand comes down. Supply chains will free up, the war in Ukraine will resolve and so all the headwinds above reverse and become tailwinds.

Furthermore, we are entering a period of deglobalisation where UK companies will no longer have access to the cheapest source of labour, materials and finance. Costs will be higher and more volatile. We will enter a period where nations and regions will seek to become less reliant on rising global powers with competing values. This will be a new age where, I suspect, profitability will be more important than growth.

The advantage of UK Mid Caps is that they provide good profitability and growth.

Portfolio Statement

As at 31 August 2022

| | Market Value £'000 | % of Net Assets |
|---|-----------------------|--------------------|
| UNITED KINGDOM EQUITIES - 0.00% (2021 - 88.41%) | | |
| Construction & Materials - 0.00% (2021 - 3.86%) | | |
| Electronic & Electrical Equipment - 0.00% (2021 - 11.60%) | | |
| Finance & Credit Services - 0.00% (2021 - 3.88%) | | |
| Household Goods & Home Construction - 0.00% (2021 - 3.83%) | | |
| Industrial Engineering - 0.00% (2021 - 3.12%) | | |
| Industrial Metals & Mining - 0.00% (2021 - 2.37%) | | |
| Industrial Transportation - 0.00% (2021 - 3.22%) | | |
| Investment Banking & Brokerage - 0.00% (2021 - 3.27%) | | |
| Media - 0.00% (2021 - 2.40%) | | |
| Non-life Insurance - 0.00% (2021 - 1.83%) | | |
| Personal Care, Drug & Grocery Stores - 0.00% (2021 - 2.75%) | | |
| Pharmaceuticals & Biotechnology - 0.00% (2021 - 4.80%) | | |
| Retailers - 0.00% (2021 - 15.84%) | | |
| Software & Computer Services - 0.00% (2021 - 18.34%) | | |
| Travel & Leisure - 0.00% (2021 - 7.30%) | | |
| OVERSEAS EQUITIES - 0.00% (2021 - 11.43%) | | |
| Bermudian Equities - 0.00% (2021 - 2.90%) | | |
| Ireland Equities - 0.00% (2021 - 8.53%) | | |
| Investment assets | - | - |
| Net other assets | - | - |
| Net assets | - | - |

The Fund merged into the Allianz UK Listed Opportunities Fund effective from 26 August 2022 and will be terminated in the near future upon receipt of FCA approval.

Statement of Total Return

For the year ended 31 August 2022

| | Notes | 2022 £000s | 2022 £000s | 2021 £000s | 2021 £000s |
|---|-------|---------------|-----------------|---------------|---------------|
| Income: | | | | | |
| Net capital (losses)/gains | 2 | | (13,135) | | 15,170 |
| Revenue | 3 | 999 | | 625 | |
| Expenses | 4 | (318) | | (397) | |
| Interest payable and similar charges | | - | | - | |
| Net revenue before taxation | | 681 | | 228 | |
| Taxation | 5 | - | | 6 | |
| Net revenue after taxation | | | 681 | | 234 |
| Total return before distributions | | | (12,454) | | 15,404 |
| Equalisation / Distributions | 6 | | (681) | | (243) |
| Change in net assets attributable to shareholders from investment activities | | | (13,135) | | 15,161 |

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 August 2022

| | 2022 £000s | 2022 £000s | 2021 £000s | 2021 £000s |
|---|---------------|-----------------|---------------|---------------|
| Opening net assets attributable to shareholders | | 48,166 | | 38,647 |
| Inspecie transfer* | | (29,910) | | - |
| Amounts receivable on issue of shares | 424 | | 18,271 | |
| Amounts payable on cancellation of shares | (5,545) | | (24,148) | |
| | | (5,121) | | (5,877) |
| Change in net assets attributable to shareholders from investment activities (see above) | | (13,135) | | 15,161 |
| Retained distributions on accumulation shares | | - | | 235 |
| Closing net assets attributable to shareholders | | - | | 48,166 |

* Inspecie amounts transferred out to the Allianz UK Listed Opportunities Fund on 26th August 2022.

Notes to the final report and Financial Statements are from page 133 to 140.

Balance Sheet

As at 31 August 2022

| | Notes | 2022 £000s | 2022 £000s | 2021 £000s | 2021 £000s |
|--|-------|---------------|---------------|---------------|----------------|
| Assets: | | | | | |
| Fixed assets: | | | | | |
| Investments | | | - | | 48,088 |
| Current assets: | | | | | |
| Debtors | 7 | 132 | | 341 | |
| Cash and bank balances | 8 | - | | 1,858 | |
| Total assets | | | 132 | | 50,287 |
| Liabilities: | | | | | |
| Creditors: | | | | | |
| Other creditors | 9 | (132) | | (2,121) | |
| Total liabilities | | | (132) | | (2,121) |
| Net assets attributable to shareholders | | | - | | 48,166 |

Notes to the final report and Financial Statements are from page 133 to 140.

Notes to the Final Report and Financial Statements

1. Accounting Basis and Policies

The applicable accounting policies adopted by the Allianz UK Mid-Cap Fund are included on pages 8 to 13 of the Collective Notes to the Final Report and Financial Statements.

2. Net capital (losses)/gains

| | 2022 £000s | 2021 £000s |
|---|-----------------|---------------|
| (Losses)/gains on non-derivative securities | (13,134) | 15,170 |
| Handling charges | (1) | - |
| Net capital (losses)/gains | (13,135) | 15,170 |

3. Revenue

| | 2022 £000s | 2021 £000s |
|----------------------------------|---------------|---------------|
| Franked UK dividends | 843 | 519 |
| Overseas dividends - non-taxable | 156 | 96 |
| Unfranked UK dividends | - | 10 |
| Total revenue | 999 | 625 |

Notes to the Final Report and Financial Statements continued

4. Expenses

| | 2022 | 2021 |
|---|------------|------------|
| | £000s | £000s |
| Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them: | | |
| ACD's annual fee | 279 | 356 |
| | 279 | 356 |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Depositary's fees | 7 | 8 |
| Safe custody fees | 1 | 1 |
| | 8 | 9 |
| Other expenses: | | |
| Audit fees | 13 | 12 |
| Distribution costs | 2 | 2 |
| Printing costs | 1 | 1 |
| Registration fees | 15 | 17 |
| | 31 | 32 |
| Total expenses | 318 | 397 |

All expenditure stated above is inclusive of VAT where applicable.

The Audit fee for the year, excluding VAT, was £10,000 (2021 - £10,000).

Notes to the Final Report and Financial Statements continued

5. Taxation

| | 2022 | 2021 |
|---|----------|------------|
| | £000s | £000s |
| a. Analysis of the taxation charge/(credit) for the year: | | |
| Overseas tax suffered | - | (6) |
| Total taxation for the year (see Note 5(b)) | - | (6) |
| b. Factors affecting taxation charge/(credit) for the year: | | |
| The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for a subfund of an Open-Ended Investment Company (20%) (2021 - 20%). | | |
| The differences are explained below: | | |
| Net revenue before taxation | 681 | 228 |
| Corporation tax at 20% | 136 | 46 |
| Effects of: | | |
| Overseas dividends - non-taxable | (30) | (19) |
| Overseas tax suffered | - | (6) |
| Surplus allowable expenses arising in the year | 63 | 77 |
| UK dividends not subject to corporation tax | (169) | (104) |
| Expenses not deductible for tax purposes | - | - |
| Total taxation charge/(credit) for the year (see Note 5(a)) | - | (6) |

OEICs are exempt from tax on capital gains in the UK, therefore capital returns are not included within the reconciliation.

c. Provision for deferred tax

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

d. Factors that may affect future tax charges

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £4,298,000 (2021 : £4,235,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the creation of Shares and revenue deducted on the cancellation of Shares and comprise:

| | 2022 | 2021 |
|---|------------|------------|
| | £000s | £000s |
| Final | - | 235 |
| Add: Revenue deducted on cancellation of shares | 684 | 15 |
| Deduct: Revenue received on creation of shares | (3) | (7) |
| Net distributions for the year | 681 | 243 |
| Reconciliation of net revenue after taxation to net distributions for the year | | |
| Net revenue after taxation | 681 | 234 |
| Net equalisation on conversions | - | 9 |
| Net distributions for the year | 681 | 243 |

Notes to the Final Report and Financial Statements continued

7. Debtors

| | 2022 £000s | 2021 £000s |
|---------------------------|---------------|---------------|
| Accrued revenue | 132 | 110 |
| Sales awaiting settlement | - | 231 |
| | 132 | 341 |

8. Cash and bank balances

| | 2022 £000s | 2021 £000s |
|------------------------|---------------|---------------|
| Cash and bank balances | - | 1,858 |
| | - | 1,858 |

9. Other creditors

| | 2022 £000s | 2021 £000s |
|---|---------------|---------------|
| Accrued ACD's annual fee | 17 | 33 |
| Amounts payable on cancellation of shares | 1 | 2,076 |
| Other accrued expenses | 10 | 12 |
| Amounts payable due to merger | 104 | - |
| | 132 | 2,121 |

10. Related party transactions

The ACD is deemed to be a related party under the definition of Financial Reporting Standard 102, which requires the disclosure of details of material transactions between the subfund and any related party.

Details of any related party transactions occurring during the year including commissions paid and any balances due at the year end are disclosed in the Balance Sheet, the Statement of Change in Net Assets Attributable to Shareholders and Notes 4, 7 and 9 to the financial statements. All creations and cancellations were transacted with the ACD.

Notes to the Final Report and Financial Statements continued

11. Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of net revenue included in the purchase price of all Group 2 shares. In the case of Accumulation shares, it is automatically reinvested in the subfund at the first distribution payment date after the shares were purchased. Being a capital repayment it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

12. Shareholders' funds

The subfund had four share classes: A, C, O and W. The ACD's annual fee on these share classes are as follows:

| | |
|-----------|-------|
| Class A : | 1.50% |
| Class C : | 0.75% |
| Class O : | 0.20% |
| Class W : | 0.54% |

The net asset value per share and the number of shares in issue are given in the Comparative Tables on page 125 and 126.

The distribution per share is given in the Distribution Table on page 127.

Revenue available for allocation will be allocated between the share classes based on the respective proportionate interests represented by those share classes on a daily basis and taxation is computed by reference to the net revenue after expenses attributable to each class. All share classes have the same rights on winding up.

Notes to the Final Report and Financial Statements continued

For the year ended 31 August 2022:

| | Class A Shares | Class C Shares | Class O Shares | Class W Shares |
|-----------------------|----------------|----------------|----------------|----------------|
| Opening shares | 15,166 | 680,753 | 163,602 | 1,000 |
| Shares created | 945 | 5,152 | 75,347 | - |
| Shares cancelled | (16,111) | (685,905) | (238,949) | (1,000) |
| Shares converted | - | - | - | - |
| Closing shares | - | - | - | - |

13. Contingent liabilities and commitments

As at 31 August 2022 there were no contingent liabilities (2021: £Nil).

14. Derivatives and other financial instruments

a. Currency exposure

As at 31 August 2022 the subfund had no significant exposure to currencies other than Sterling (2021 - same).

b. Interest rate risk profile

The subfund did not hold any interest bearing financial instruments other than its cash and bank balances as at the balance sheet date (2021 - same).

c. Sensitivity analysis

Market price sensitivity

The value of the subfund's listed investments, which were exposed to market price risk as at 31 August was as follows:

| | 2022 | 2021 |
|---|-------|--------|
| | £000s | £000s |
| Listed equity investments held at fair value through profit or loss | - | 48,088 |

The following illustrates the sensitivity of the net return and the net assets to an increase or decrease of 20% (2021 - 20%) in the fair values of the subfund's investments. This level of change is considered to be reasonably possible based on observation of market conditions in the year. The sensitivity analysis is based on the impact of a change to the value of the subfund's investments at each balance sheet date.

| | 2022 | 2022 | 2021 | 2021 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | 20% Increase in fair value £000s | 20% Decrease in fair value £000s | 20% Increase in fair value £000s | 20% Decrease in fair value £000s |
| Capital Return | | | | |
| Net gains on investments at fair value | - | - | 9,618 | (9,618) |

Foreign currency risk sensitivity

The subfund does not have significant exposure to currency risk hence no sensitivity analysis has been presented.

d. Leverage

The subfund did not employ significant leverage during the year (2021 - same).

e. Fair value hierarchy

An analysis of the portfolio in accordance with the fair value hierarchy is shown below:

| | Assets | Liabilities | Assets | Liabilities |
|-----------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 August 2022 £000s | 31 August 2022 £000s | 31 August 2021 £000s | 31 August 2021 £000s |
| Level 1: Quoted | - | - | 48,088 | - |
| Level 2: Observable | - | - | - | - |
| Level 3: Unobservable | - | - | - | - |
| | - | - | 48,088 | - |

Notes to the Final Report and Financial Statements continued

The fair value as at the reporting date has been estimated using the following fair value hierarchy:

Level (1) Quoted prices for identical instruments in active markets

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level (2) Valuation techniques that use:

Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level (3) Valuation techniques that use:

Inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.

When the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate, the fair value is estimated by using an alternative valuation technique. Such valuation techniques will, where possible, maximise the use of observable market data inputs as opposed to non-observable entity determined data inputs.

The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

f. Maturity of financial liabilities

All liabilities are due in one year or less or on demand (2021 - same).

g. Fair value disclosure

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

Notes to the Final Report and Financial Statements continued

15. Portfolio transaction costs

For the year ended 31 August 2022:

| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
|---|-------------------|-------------|-------------|-------|-------|
| | 2022 | 2022 | 2022 | 2022 | 2022 |
| | £000s | £000s | % | £000s | % |
| Purchases | | | | | |
| Equity instruments (direct) | 27,776 | 5 | 0.02 | 127 | 0.46 |
| Total purchases | 27,776 | 5 | 0.02 | 127 | 0.46 |
| Total purchases including transaction costs | 27,908 | | | | |

| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
|--|-------------------|-------------|-------------|-------|-------|
| | 2022 | 2022 | 2022 | 2022 | 2022 |
| | £000s | £000s | % | £000s | % |

Sales

| | | | | | |
|---|--------|----|------|---|---|
| Equity instruments (direct) | 62,722 | 10 | 0.02 | - | - |
| Total sales | 62,722 | 10 | 0.02 | - | - |
| Total sales including transaction costs | 62,712 | | | | |

Total transaction costs as a % of average net assets

0.04%

0.34%

| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
|--|-------------------|-------------|-------------|-------|-------|
| | 2021 | 2021 | 2021 | 2021 | 2021 |
| | £000s | £000s | % | £000s | % |

Purchases

| | | | | | |
|---|--------|---|------|----|------|
| Equity instruments (direct) | 19,351 | 7 | 0.04 | 82 | 0.42 |
| Total purchases | 19,351 | 7 | 0.04 | 82 | 0.42 |
| Total purchases including transaction costs | 19,440 | | | | |

| | Transaction Value | Commissions | Commissions | Taxes | Taxes |
|--|-------------------|-------------|-------------|-------|-------|
| | 2021 | 2021 | 2021 | 2021 | 2021 |
| | £000s | £000s | % | £000s | % |

Sales

| | | | | | |
|---|--------|---|------|---|---|
| Equity instruments (direct) | 23,984 | 8 | 0.03 | - | - |
| Total sales | 23,984 | 8 | 0.03 | - | - |
| Total sales including transaction costs | 23,976 | | | | |

Total transaction costs as a % of average net assets

0.03%

0.19%

The above analysis covers any direct transaction costs suffered by the subfund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions & taxes etc) are attributable to the subfund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

Dealing spread costs suffered by the subfund vary considerably for the different asset / instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.00% (2021 : 0.33%).

Due to the nature of the assets held by Allianz UK Mid-Cap Fund and because the fund is closed at the balance sheet date, the portfolio dealing spread at the balance sheet date may not be representative of the portfolio dealing spread throughout the year. The portfolio dealing spread at the fund's interim reporting date of 28 February 2022 was 0.61%.

Fund Information

Investment Objective and Policy

The investment objective of the Allianz UK Listed Opportunities Fund is to achieve capital growth, aiming to outperform (net of fees) the Target Benchmark, the FTSE All-Share Index Total Return GBP over a rolling five year period.

The ACD will invest at least 60% of the Fund's assets in stocks listed on the London Stock Exchange as represented on the FTSE All-Share Index Total Return GBP.

Up to 40% of the Fund's assets may be invested outside of this index (for example, in stocks represented on the FTSE AIM Indices) either in the UK or internationally and in all economic sectors. The ACD will seek to take advantage of opportunities across the UK and other international markets to achieve capital growth.

The ACD may also utilise deposits and money market instruments in the management of the portfolio, and together with money market funds, these may make up to 10% of the Fund's assets.

The Fund may also invest up to a maximum of 10% of the Fund's assets in other collective investment schemes including those managed by Allianz Global Investors and its group of companies.

It must be noted from time to time that the Fund will also invest in securities and money market instruments that are offered within the scope of Initial Public Offerings on a recognised stock exchange or in another regulated market as set out in the Prospectus.

Fund Details

| | | |
|--|---------------------------------------|---|
| Fund Manager | Matthew Tillet | |
| Benchmark | FTSE All-Share Index Total Return GBP | |
| Income allocation date | 31 August | |
| Income pay date | 31 December (normally 31 October) | |
| Launch dates | Fund | 20 June 2002 |
| | A Shares | 20 June 2002 |
| | C Shares | 27 March 2014 |
| | E Shares | 28 October 2021 |
| | I Shares | 1 June 2017 |
| | I (EUR)Shares | 28 October 2021 |
| | Y Shares | 20 February 2017 |
| | O Shares | 3 May 2018 |
| ISA status | Yes | |
| Share Classes and types of Shares | A (Accumulation Shares) | |
| | C (Accumulation Shares) | |
| | E (Accumulation Shares) | |
| | I (Accumulation Shares) | |
| | I (EUR) (Accumulation Shares) | |
| | Y (Accumulation Shares) | |
| | O (Accumulation Shares) | |
| Minimum investment | A Shares | Lump sum £500 Monthly saving £50 |
| | C Shares | Lump sum £500 Monthly saving £50 |
| | E Shares | Lump sum £25,000,000 (Available to Approved Investors only) |
| | I Shares | Lump sum £10,000,000 (Available to Approved Investors only) |
| | I (EUR) Shares | Lump sum £10,000,000 (Available to Approved Investors only) |
| | Y Shares | Lump sum £100,000,000 (Available to Approved Investors only) |
| | O Shares | Lump sum £10,000,000 (Available to Approved Investors only) |
| Initial charge | A Shares | Nil |
| | C Shares | Nil |
| | E Shares | Nil |
| | I Shares | Nil |
| | I (EUR) Shares | Nil |
| | Y Shares | Nil |
| | O Shares | Nil |

Fund Information continued

| | | |
|----------------|----------------|--------|
| Annual ACD fee | A Shares | 1.25% |
| | C Shares | 0.75% |
| | E Shares | 0.33% |
| | I Shares | 0.50% |
| | I (EUR) Shares | 0.50 % |
| | Y Shares | 0.30% |
| | O Shares | 0.20%* |

* 0.20% p.a. minus those Additional Expenses which form part of the Ongoing Charge and are payable in respect of the O shares.

Comparative Tables

For the year ended 31 August 2022

| | A Shares Accumulation | | | C Shares Accumulation | | |
|--|-----------------------|-------------|-------------|-----------------------|-------------|-------------|
| | 2022 (p) | 2021 (p) | 2020 (p) | 2022 (p) | 2021 (p) | 2020 (p) |
| Opening net asset value per share | 7,701.71 | 5,059.31 | 5,672.04 | 183.37 | 120.58 | 134.51 |
| Return before operating charges | 33.98 | 2,714.06 | (537.44) | 0.78 | 64.12 | (12.82) |
| Operating charges | (103.81) | (71.66) | (75.29) | (1.56) | (1.33) | (1.11) |
| Return after operating charges | (69.83) | 2,642.40 | (612.73) | (0.78) | 62.79 | (13.93) |
| Distributions | (184.37) | (121.95) | (78.63) | (5.32) | (3.12) | (2.54) |
| Retained distributions on accumulation shares | 184.37 | 121.95 | 78.63 | 5.32 | 3.12 | 2.54 |
| Closing net asset value per share | 7,631.88 | 7,701.71 | 5,059.31 | 182.59 | 183.37 | 120.58 |
| After direct transaction costs of ¹ | (32.73) | (6.45) | (16.50) | (0.78) | (0.18) | (0.39) |
| Performance | | | | | | |
| Return after operating charges | (0.91)% | 52.23% | (10.80)% | (0.43)% | 52.07% | (10.36)% |
| Other information | | | | | | |
| Closing net asset value (£'000) | 688 | 392 | 18,956 | 152,026 | 78,047 | 33,785 |
| Closing number of shares | 9,019 | 5,086 | 374,687 | 83,262,966 | 42,563,359 | 28,017,413 |
| Operating charges | 1.29% | 1.29% | 1.35% | 0.81% | 0.84% | 0.84% |
| Direct transaction costs | 0.41% | 0.12% | 0.29% | 0.41% | 0.12% | 0.29% |
| Prices | | | | | | |
| Highest share price | 8,433.54 | 7,771.39 | 6,770.57 | 201.17 | 184.99 | 160.86 |
| Lowest share price | 7,510.14 | 4,901.91 | 3,858.74 | 179.26 | 116.92 | 91.79 |

¹ Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the subfund and share class returns before operating charges.

Operating charges 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 subfund.

Comparative Tables continued

For the year ended 31 August 2022

| | I Shares Accumulation | | | Y Shares Accumulation | | |
|--|-----------------------|-------------|-------------|-----------------------|-------------|-------------|
| | 2022 (p) | 2021 (p) | 2020 (p) | 2022 (p) | 2021 (p) | 2020 (p) |
| Opening net asset value per share | 142.07 | 93.14 | 103.58 | 7,746.18 | 5,065.07 | 5,578.70 |
| Return before operating charges | 0.59 | 49.58 | (9.90) | 31.53 | 2,701.82 | (491.28) |
| Operating charges | (0.80) | (0.65) | (0.54) | (32.50) | (20.71) | (22.35) |
| Return after operating charges | (0.21) | 48.93 | (10.44) | (0.97) | 2,681.11 | (513.63) |
| Distributions | (4.54) | (2.79) | (2.27) | (258.57) | (160.87) | (3.17) |
| Retained distributions on accumulation shares | 4.54 | 2.79 | 2.27 | 258.57 | 160.87 | 3.17 |
| Closing net asset value per share | 141.86 | 142.07 | 93.14 | 7,745.21 | 7,746.18 | 5,065.07 |
| After direct transaction costs of ¹ | (0.61) | (0.14) | (0.30) | (33.08) | (6.33) | (16.58) |
| Performance | | | | | | |
| Return after operating charges | (0.15)% | 52.53% | (10.08)% | (0.01)% | 52.93% | (9.21)% |
| Other information | | | | | | |
| Closing net asset value (£'000) | 53,908 | 46,236 | 40,079 | 2 | 2 | 51 |
| Closing number of shares | 38,001,325 | 32,543,951 | 43,032,372 | 30 | 30 | 1,000 |
| Operating charges ² | 0.53% | 0.54% | 0.54% | 0.40% | 0.38% | 0.40% |
| Direct transaction costs | 0.41% | 0.12% | 0.29% | 0.41% | 0.12% | 0.29% |
| Prices | | | | | | |
| Highest share price | 156.04 | 143.31 | 124.00 | 8,513.47 | 7,812.90 | 6,681.53 |
| Lowest share price | 139.09 | 90.35 | 70.80 | 7,589.03 | 4,913.80 | 3,816.25 |

¹ Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the subfund and share class returns before operating charges.

² Operating charges on 'I' Class Accumulation have been capped at 0.54%. Operating charges on 'Y' Class Accumulation are capped at a maximum of 0.40%, however these are subject to quarterly review and so are periodically less than this.

Operating charges 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 subfund.

Comparative Tables continued

For the year ended 31 August 2022

| | O Shares Accumulation | | | E Shares Accumulation |
|--|-----------------------|-------------|-------------|-----------------------|
| | 2022 (p) | 2021 (p) | 2020 (p) | 2022 (p) |
| Opening net asset value per share | 124.86 | 84.58 | 94.65 | 100.00 |
| Return before operating charges | 0.43 | 40.52 | (9.90) | (3.49) |
| Operating charges | (0.26) | (0.24) | (0.17) | (0.30) |
| Return after operating charges | 0.17 | 40.28 | (10.07) | (3.79) |
| Distributions | (4.26) | (0.11) | (0.14) | (2.85) |
| Retained distributions on accumulation shares | 4.26 | 0.11 | 0.14 | 2.85 |
| Closing net asset value per share | 125.03 | 124.86 | 84.58 | 96.21 |
| After direct transaction costs of ¹ | (0.53) | (0.14) | (0.26) | (0.41) |
| Performance | | | | |
| Return after operating charges | 0.14% | 47.62% | (10.64)% | (3.79)% |
| Other information | | | | |
| Closing net asset value (£'000) | 3,720 | 6,605 | 131 | 53,463 |
| Closing number of shares | 2,975,080 | 5,290,029 | 154,877 | 55,571,204 |
| Operating charges ² | 0.20% | 0.20% | 0.20% | 0.36% |
| Performance fee | 0.30% | 2.64% | 2.64% | |
| Direct transaction costs | 0.41% | 0.12% | 0.29% | 0.41% |
| Prices | | | | |
| Highest share price | 136.40 | 125.98 | 111.42 | 105.72 |
| Lowest share price | 121.71 | 81.71 | 64.86 | 94.25 |

¹ Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the subfund and share class returns before operating charges.

² Operating charges on 'O' Class Accumulation have been capped at 0.20%. Operating charges on 'E' Class Accumulation are capped at 0.38%, however these are subject to quarterly review and so are periodically less than this.

Operating charges 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 subfund.

Share Class E Accumulation was launched on 28 October 2021.

Comparative Tables continued

For the year ended 31 August 2022

Operating charges 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 subfund.

| I EUR Shares Accumulation | |
|--|-------------|
| | 2022 (c) |
| Opening net asset value per share | 100.00 |
| Return before operating charges | (5.30) |
| Operating charges | (0.31) |
| Return after operating charges | (5.61) |
| Distributions | (2.74) |
| Retained distributions on accumulation shares | 2.74 |
| Closing net asset value per share | 94.39 |
| After direct transaction costs of ¹ | (0.35) |
| Performance | |
| Return after operating charges | (5.61)% |
| Other information | |
| Closing net asset value (€'000) | 1 |
| Closing number of shares | 1,000 |
| Operating charges ² | 0.42% |
| Direct transaction costs | 0.41% |
| Prices | |
| Highest share price | 107.05 |
| Lowest share price | 94.15 |

¹ Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the subfund and share class returns before operating charges.

² Operating charges have been capped at 0.54%, however these are subject to quarterly review and so are periodically less than this.

Operating charges 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 subfund.

Share Class I EUR Accumulation was launched on 28 October 2021.

Distribution Tables

For the year ended 31 August 2022

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 September 2021

Group 2 Shares purchased on or after 1 September 2021 to 31 August 2022

| | Net revenue (p) | Equalisation (p) | Distribution payable 31/10/22 (p) | Distribution paid 31/10/21 (p) |
|----------------------------------|-----------------------|---------------------|--|---|
| A Shares Accumulation | | | | |
| Group 1 | 184.3706 | - | 184.3706 | 121.9507 |
| Group 2 | 68.2619 | 116.1087 | 184.3706 | 121.9507 |
| C Shares Accumulation | | | | |
| Group 1 | 5.3228 | - | 5.3228 | 3.1214 |
| Group 2 | 2.8012 | 2.5216 | 5.3228 | 3.1214 |
| I Shares Accumulation | | | | |
| Group 1 | 4.5421 | - | 4.5421 | 2.7866 |
| Group 2 | 2.9212 | 1.6209 | 4.5421 | 2.7866 |
| Y Shares Accumulation | | | | |
| Group 1 | 258.5666 | - | 258.5666 | 160.8666 |
| Group 2 | 258.5666 | - | 258.5666 | 160.8666 |
| O Shares Accumulation | | | | |
| Group 1 | 4.2600 | - | 4.2600 | 0.1113 |
| Group 2 | 2.4354 | 1.8246 | 4.2600 | 0.1113 |
| E Shares Accumulation | | | | |
| Group 1 | 2.8493 | - | 2.8493 | - |
| Group 2 | 1.0251 | 1.8242 | 2.8493 | - |
| | (c) | (c) | (c) | (c) |
| I EUR Shares Accumulation | | | | |
| Group 1 | 2.7380 | - | 2.7380 | - |
| Group 2 | 2.7380 | - | 2.7380 | - |

Investors are reminded that distribution is not guaranteed.

Investment Review

Performance Summary

Over the 12 month period under review ending 31st August 2022, the fund's 'C' class shares produced a total return net of fees of -0.5%*. The fund's benchmark, the FTSE All Share Total Return Index, produced a total return of 1.0%. The fund thus underperformed its benchmark by 1.6%. Amid strong relative performance for larger companies, defensive companies, and commodity-linked companies, the fund's underperformance was driven mostly by the high exposure to smaller companies relative to the index.

* The performance summary figures are Mid instead of Bid valuation figures.

Market Background

The period under review was a tumultuous time for global markets. In the first half of the period, Covid dominated the headlines and was a major influence on market levels. A broad rally in the last 4 months of 2021 was interrupted firstly in September when mounting problems in the Chinese property sector stoked fears for the health of the wider economy, and later in the year by the emergence of a new strain of Covid that proved more infectious, though also thankfully less harmful. The supply chain problems caused by Covid and perhaps also the large size of the various support packages maintained by governments to get through the pandemic began to result in significantly accelerating inflation in this period, and the market constantly vacillated between relative comfort and alarm over the prospects for persistently higher inflation, that would likely result in higher interest rates and a weaker outlook for both financial valuations and economic activity.

The debate over the 'transitory' nature of inflation and the corresponding outlook for interest rates and economic activity took a sharply bearish turn at the end of February 2022 when Russia invaded Ukraine. Europe and the USA responded with remarkable speed and unity with military support for Ukraine and economic sanctions on Russia, though in turn hugely exacerbating existing supply chain problems in global markets, with particular stress felt in commodity markets and most dramatically in energy. Spiralling prices in the wake of these shocks have greatly increased inflation expectations and sent many global markets into bear territory.

The UK market notably outperformed the US and European markets, given a much higher weighting to commodity-linked companies and its generally trading at a materially lower valuation. The market has proven much less sensitive in aggregate during this period to valuation compression and concerns surrounding higher interest rates and higher inflation. Despite very weak performance of domestic-cyclicals, there is a high degree of internationally focused and either defensive or commodity-linked companies in the index. Larger companies have performed very strongly relative to smaller companies, as larger companies tend to be more internationally focused and also include a lot of the commodity-linked companies in the market.

Portfolio Review

The Fund aims to deliver attractive long-term risk adjusted returns that are significantly ahead of the FTSE All Share over the long term, defined as rolling 3 and 5 year periods. It seeks to achieve this through a concentrated portfolio that invests on an unconstrained basis across all companies and sectors in the UK stock market. The investment process targets companies that we believe are significantly undervalued relative to their assets or long-term earnings potential and where the downside risks are quantifiable and typically low. The benchmark is the FTSE All Share, but the fund is not constructed with reference to this or any other equity index.

In the period under review the fund's high exposure to smaller companies and particularly smaller domestically exposed companies with a high sensitivity to economic cyclicality was generally unhelpful. Housing related companies make up many examples here in the portfolio, including housebuilders Redrow and Crest Nicholson, home decoration supplier Sanderson Design Group, windows and door parts supplier Tyman, and sofa retailer DFS. The shares of all these companies performed poorly during the period, yet in all these cases we think the market has overreacted. In general results have been strong, and even if the situation deteriorates for their end markets, in all cases these companies have robust balance sheets, good market positions and in many cases an ability to gain market share in the event of a downturn. We expect good performance from this area going forward.

Offsetting this, we have seen good outperformance from commodity-related companies that have strongly

Investment Review continued

outperformed in a rising commodity price environment. North Sea gas producer Serica Energy, renewable power generator Drax Group, Mediterranean gas producer Energean, and energy services firm Hunting have all generated good performance. Particularly in the case of Drax and Energean we have seen material advancement of their businesses models unrelated to the commodity price environment which has boosted performance. The fund also maintains sizeable absolute positions, though smaller relative to the market, in energy majors BP and Shell, which have both performed well. We have also seen strong performance from takeovers in the period. When public markets fail to address the gap between market price and intrinsic value a private player or a competitor company can often do so, as we've seen with Ocean Outdoor and U&I Group, among others.

We added eleven new holdings in the period and sold out of eight holdings, with a turnover modestly lower than the long-term average for the fund. Four of our eight sales are the result of takeover approaches. The rest either reached fair value, better opportunities were found elsewhere for the capital, or in two cases the investment case deteriorated. Of our eleven new holdings, some common themes involve defensive businesses that are not fully appreciated as such, as in the case of Spire Healthcare, SSP, and National Express; cyclical businesses that have fallen far too far and their quality aspects are now materially undervalued, as in the case of Howden Joinery, Ashmore, and Close Brothers; and finally high quality defensive businesses that have reached our threshold for a compelling absolute valuation, as in the case of Unilever.

Outlook

We wrote in last years report that the outlook for UK markets was relatively bright as we emerged from the pandemic. We could not have predicted the exceptional events of the Russian invasion of Ukraine and the serious implications for global supply chains, commodity costs, and inflation. Covid too has caused more disruption in this period than we might have hoped, especially in China given the continuation of the zero Covid policy there. Nonetheless the UK market has proven extremely resilient due to its makeup as well as its low starting valuation. We believe that notwithstanding some political volatility surrounding a new Prime Minister, the dark clouds that have hung over the market for many years are in the

process of lifting and that investors may well start to take a much closer look at our opportunity set.

Whilst the index has been relatively difficult to surpass this year, especially given the deep sell off of cyclical stocks and the unprecedented divergence between small and large companies in the index, we feel confident that the fund can generate strong performance going forward. Ultimately the fund generates outperformance by capitalising on mispricing in the market, and even relative to a year ago we see a great deal of opportunity in this market as the a great many market prices for good companies have diverged significantly from intrinsic value.

Portfolio Statement

As at 31 August 2022

| Holding | | Market Value | % of |
|------------|--|---------------|--------------|
| | | £'000 | Net Assets |
| | UNITED KINGDOM EQUITIES - 88.19% (2021 - 86.58%) | | |
| | Aerospace & Defense - 1.62% (2021 - 2.52%) | | |
| 549,222 | BAE Systems | 4,271 | 1.62 |
| | | 4,271 | 1.62 |
| | Banks - 3.41% (2021 - 1.31%) | | |
| 526,692 | Close Brothers | 5,372 | 2.04 |
| 1,466,886 | NatWest | 3,626 | 1.37 |
| | | 8,998 | 3.41 |
| | Beverages - 0.00% (2021 - 2.10%) | | |
| | Construction & Materials - 5.37% (2021 - 9.44%)# | | |
| 878,333 | Eurocell | 1,405 | 0.53 |
| 609,718 | Keller | 4,274 | 1.62 |
| 1,451,465 | Norcros | 2,918 | 1.11 |
| 2,439,151 | Tyman | 5,561 | 2.11 |
| | | 14,158 | 5.37 |
| | Electricity - 1.85% (2021 - 1.79%) | | |
| 766,275 | Drax | 4,874 | 1.85 |
| | | 4,874 | 1.85 |
| | Finance & Credit Services - 4.81% (2021 - 1.94%) | | |
| 5,400,000 | Distribution Finance Capital ¹ | 1,782 | 0.68 |
| 1,089,849 | OSB | 5,994 | 2.27 |
| 912,958 | Paragon Banking | 4,903 | 1.86 |
| | | 12,679 | 4.81 |
| | Gas, Water & Multi-Utilities - 0.32% (2021 - 2.28%) | | |
| 8,095,516 | Harland & Wolff ¹ | 850 | 0.32 |
| | | 850 | 0.32 |
| | General Industrials - 2.50% (2021 - 1.45%)# | | |
| 4,828,086 | Melrose Industries | 6,598 | 2.50 |
| | | 6,598 | 2.50 |
| | Health Care Providers - 2.25% (2021 - 0.00%) | | |
| 2,590,987 | Spire Healthcare | 5,933 | 2.25 |
| | | 5,933 | 2.25 |
| | Household Goods & Home Construction - 6.11% (2021 - 7.96%) | | |
| 2,369,917 | Crest Nicholson | 5,640 | 2.14 |
| 4,885,476 | Likewise ¹ | 1,221 | 0.46 |
| 1,341,762 | Redrow | 6,823 | 2.59 |
| 2,700,000 | Sanderson Design ¹ | 2,430 | 0.92 |
| | | 16,114 | 6.11 |
| | Industrial Support Services - 2.42% (2021 - 5.52%) | | |
| 3,745,000 | Driver ¹ | 1,236 | 0.47 |
| 1,590,000 | Empresaria ¹ | 954 | 0.36 |
| 1,197,985 | SThree | 4,193 | 1.59 |
| | | 6,383 | 2.42 |
| | Investment Banking & Brokerage - 9.66% (2021 - 7.34%) | | |
| 2,769,341 | Ashmore | 5,589 | 2.12 |
| 1,165,877 | IG | 9,519 | 3.61 |
| 12,906,588 | Mercia Asset Management ¹ | 3,743 | 1.42 |
| 594,736 | St. James's Place | 6,622 | 2.51 |
| | | 25,473 | 9.66 |
| | Media - 0.00% (2021 - 2.19%) | | |
| | Oil, Gas & Coal - 14.45% (2021 - 13.80%) | | |
| 1,970,492 | BP | 8,588 | 3.25 |
| 3,292,066 | Diversified Energy | 4,319 | 1.64 |
| 436,364 | Enegeon | 5,647 | 2.14 |
| 6,150,000 | Enteq Technologies ¹ | 861 | 0.33 |
| 1,032,537 | Hunting | 2,922 | 1.11 |
| 1,178,295 | Serica Energy ¹ | 4,442 | 1.68 |
| 499,793 | Shell | 11,350 | 4.30 |
| | | 38,129 | 14.45 |
| | Personal Care, Drug & Grocery Stores - 2.70% (2021 - 0.00%) | | |
| 182,226 | Unilever | 7,134 | 2.70 |
| | | 7,134 | 2.70 |

Portfolio Statement continued

As at 31 August 2022

| Holding | | Market Value £'000 | % of Net Assets |
|------------|---|-----------------------|--------------------|
| 1,050,000 | Pharmaceuticals & Biotechnology - 1.02% (2021 - 0.00%) Haleon | 2,678 | 1.02 |
| | | 2,678 | 1.02 |
| 241,658 | Precious Metals & Mining - 2.96% (2021 - 3.38%) Endeavour Mining | 4,028 | 1.53 |
| 21,044,097 | Pan African Resources ¹ | 3,788 | 1.43 |
| | | 7,816 | 2.96 |
| 1,920,000 | Real Estate Investment & Services - 3.41% (2021 - 4.17%) CLS | 3,564 | 1.35 |
| 1,460,672 | Helical | 5,426 | 2.06 |
| | | 8,990 | 3.41 |
| 2,500,000 | Real Estate Investment Trusts - 0.32% (2021 - 3.86%) Real Estate Investors ¹ | 850 | 0.32 |
| | | 850 | 0.32 |
| 2,712,820 | Retailers - 2.41% (2021 - 1.38%) DFS Furniture | 3,348 | 1.27 |
| 523,669 | Howden Joinery | 3,020 | 1.14 |
| | | 6,368 | 2.41 |
| 2,700,000 | Software & Computer Services - 3.15% (2021 - 1.81%) Baltic Classifieds | 4,045 | 1.53 |
| 2,086,573 | Kin & Carta | 4,277 | 1.62 |
| | | 8,322 | 3.15 |
| 264,110 | Tobacco - 7.94% (2021 - 7.50%) British American Tobacco | 9,076 | 3.44 |
| 626,113 | Imperial Brands | 11,884 | 4.50 |
| | | 20,960 | 7.94 |
| 925,000 | Travel & Leisure - 9.51% (2021 - 4.84%) Fuller Smith & Turner | 5,291 | 2.01 |
| 665,707 | JET2 ¹ | 5,658 | 2.14 |
| 1,955,231 | National Express | 3,379 | 1.28 |
| 3,539,389 | SSP | 7,380 | 2.80 |
| 1,232,252 | TEN Entertainment | 2,514 | 0.95 |
| 7,500,000 | XP Factory ¹ | 862 | 0.33 |
| | | 25,084 | 9.51 |
| | OVERSEAS EQUITIES - 9.63% (2021 - 12.12%) | | |
| | Bermuda Equities - 4.11% (2021 - 6.41%)# | | |
| 7,005,000 | Capital | 5,870 | 2.23 |
| 1,628,674 | Conduit | 4,967 | 1.88 |
| | | 10,837 | 4.11 |
| 2,172,175 | Cyprus Equities - 1.80% (2021 - 1.99%) Atalaya Mining ¹ | 4,757 | 1.80 |
| | | 4,757 | 1.80 |
| 7,256,654 | Guernsey Equities - 0.57% (2021 - 1.17%) Better Capital PCC 2012 | - | - |
| 4,532,458 | Duke Royalty ¹ | 1,360 | 0.52 |
| 1,078,888 | Mercantile Ports And Logistics ¹ | 124 | 0.05 |
| | | 1,484 | 0.57 |
| 149,118 | Ireland Equities - 2.81% (2021 - 1.64%) DCC | 7,420 | 2.81 |
| | | 7,420 | 2.81 |
| 3,300,000 | Jersey Equities - 0.34% (2021 - 0.91%) SafeStyle UK ¹ | 908 | 0.34 |
| | | 908 | 0.34 |
| | Singapore Equities - 0.00% (2021 - 0.00%)# | | |
| | Investment assets | 258,068 | 97.82 |
| | Net other assets | 5,740 | 2.18 |
| | Net assets | 263,808 | 100.00 |

Unless otherwise stated, the holdings shown without market value are below £500 and rounded down.

¹ Securities Listed on Alternative Investment Market.

The classifications and prior year comparatives have been updated, where required, to reflect changes in the industry/country classification of individual holdings.

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 2021.

Statement of Total Return

For the year ended 31 August 2022

| | Notes | 2022 £000s | 2022 £000s | 2021 £000s | 2021 £000s |
|---|-------|---------------|-----------------|---------------|---------------|
| Income: | | | | | |
| Net capital (losses)/gains | 2 | | (13,621) | | 46,426 |
| Revenue | 3 | 7,072 | | 3,489 | |
| Expenses | 4 | (1,293) | | (947) | |
| Interest payable and similar charges | | - | | - | |
| Net revenue before taxation | | 5,779 | | 2,542 | |
| Taxation | 5 | (75) | | (56) | |
| Net revenue after taxation | | | 5,704 | | 2,486 |
| Total return before distributions | | | (7,917) | | 48,912 |
| Distributions | 6 | | (5,704) | | (2,492) |
| Change in net assets attributable to shareholders from investment activities | | | (13,621) | | 46,420 |

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 August 2022

| | 2022 £000s | 2022 £000s | 2021 £000s | 2021 £000s |
|---|---------------|-----------------|---------------|----------------|
| Opening net assets attributable to shareholders | | 131,282 | | 93,002 |
| Inspecie transfer* | | 29,910 | | - |
| Amounts receivable on issue of shares | 165,973 | | 16,827 | |
| Amounts payable on cancellation of shares | (57,621) | | (27,215) | |
| | | 108,352 | | (10,388) |
| Change in net assets attributable to shareholders from investment activities (see above) | | (13,621) | | 46,420 |
| Retained distributions on accumulation shares | | 7,885 | | 2,248 |
| Closing net assets attributable to shareholders | | 263,808 | | 131,282 |

* Inspecie amounts transferred in from the closure of Allianz UK Mid Cap Fund on 26th August 2022.

Notes to the Final Report and Financial Statements are from page 154 to 161.

Balance Sheet

As at 31 August 2022

| | Notes | 2022 £000s | 2022 £000s | 2021 £000s | 2021 £000s |
|--|-------|---------------|----------------|---------------|----------------|
| Assets: | | | | | |
| Fixed assets: | | | | | |
| Investments | | | 258,068 | | 129,576 |
| Current assets: | | | | | |
| Debtors | 7 | 2,269 | | 1,046 | |
| Cash and bank balances | 8 | 9,040 | | 1,132 | |
| Total assets | | | 269,377 | | 131,754 |
| Liabilities: | | | | | |
| Creditors: | | | | | |
| Other creditors | 9 | (5,569) | | (472) | |
| Total liabilities | | | (5,569) | | (472) |
| Net assets attributable to shareholders | | | 263,808 | | 131,282 |

Notes to the Final Report and Financial Statements are from page 154 to 161.

Notes to the Final Report and Financial Statements

1. Accounting Basis and Policies

The applicable accounting policies adopted by the Allianz UK Listed Opportunities Fund are included on pages 8 to 13 of the Collective Notes to the Final Report and Financial Statements.

2. Net capital (losses)/gains

| | 2022 £000s | 2021 £000s |
|---|-----------------|---------------|
| (Losses)/gains on non-derivative securities | (13,602) | 46,422 |
| (Losses)/gains on currency | (11) | 7 |
| Handling charges | (8) | (3) |
| Net capital (losses)/gains | (13,621) | 46,426 |

3. Revenue

| | 2022 £000s | 2021 £000s |
|----------------------------------|---------------|---------------|
| Bank interest | 3 | - |
| Franked UK dividends | 5,731 | 2,959 |
| Overseas dividends - non-taxable | 1,036 | 260 |
| Overseas dividends - taxable | (9) | - |
| Unfranked UK dividends | 301 | 270 |
| Stock dividends | 10 | - |
| Total revenue | 7,072 | 3,489 |

Notes to the Final Report and Financial Statements continued

4. Expenses

| | 2022 | 2021 |
|---|--------------|------------|
| | £000s | £000s |
| Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them: | | |
| ACD's annual fee | 1,188 | 774 |
| ACD rebate* | (2) | (1) |
| Performance fees | 17 | 95 |
| | 1,203 | 868 |
| Payable to the Depositary, associates of the Depositary and agents of either of them: | | |
| Depositary's fees | 34 | 22 |
| Safe custody fees | 8 | 5 |
| | 42 | 27 |
| Other expenses: | | |
| Audit fees | 13 | 12 |
| Distribution costs | 2 | 2 |
| Printing costs | 1 | 2 |
| Registration fees | 32 | 36 |
| | 48 | 52 |
| Total expenses | 1,293 | 947 |

All expenditure stated above is inclusive of VAT where applicable.

The Audit fee for the year, excluding VAT, was £10,000 (2021 - £10,000).

*Operating charges for each subfund are capped. I Shares are capped at 0.54%, Y Shares are capped at a maximum of 0.40%, O Shares are capped at 0.20%, E Shares are capped at 0.38%, I EUR Shares are capped at 0.54%. Any charges in excess of this amount are borne by the Manager. This is operated by way of a fee rebate from the ACD.

Notes to the Final Report and Financial Statements continued

5. Taxation

| | 2022 | 2021 |
|---|-----------|-----------|
| | £000s | £000s |
| a. Analysis of the taxation charge for the year: | | |
| Overseas tax suffered | 75 | 56 |
| Total taxation for the year (see Note 5(b)) | 75 | 56 |

b. Factors affecting taxation charge for the year:

The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for a subfund of an Open-Ended Investment Company (20%) (2021 - 20%).

The differences are explained below:

| | | |
|---|-----------|-----------|
| Net revenue before taxation | 5,779 | 2,542 |
| Corporation tax at 20% | 1,156 | 508 |
| Effects of: | | |
| Overseas dividends - non-taxable | (207) | (52) |
| Overseas tax suffered | 75 | 56 |
| Stock dividends - non-taxable | (2) | - |
| Surplus allowable expenses arising in the year | 200 | 144 |
| UK dividends not subject to corporation tax | (1,147) | (588) |
| Non taxable property revenue from UK REITS- non PID | - | (3) |
| Surplus allowable expenses arising in the year | - | (9) |
| Total taxation charge for the year (see Note 5(a)) | 75 | 56 |

OEICs are exempt from tax on capital gains in the UK, therefore capital returns are not included within the reconciliation.

c. Provision for deferred tax

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

d. Factors that may affect future tax charges

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £5,867,000 (2021 : £5,667,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

6. Distributions

The distributions take account of revenue received on the creation of Shares and revenue deducted on the cancellation of Shares and comprise:

| | 2022 | 2021 |
|---|--------------|--------------|
| | £000s | £000s |
| Final | 7,885 | 2,248 |
| Add: Revenue deducted on cancellation of shares | 1,173 | 326 |
| Deduct: Revenue received on creation of shares | (3,354) | (82) |
| Net distributions for the year | 5,704 | 2,492 |
| Reconciliation of net revenue after taxation to net distributions for the year | | |
| Net revenue after taxation | 5,704 | 2,486 |
| Net equalisation on conversions | - | 6 |
| Net distributions for the year | 5,704 | 2,492 |

Notes to the Final Report and Financial Statements continued

7. Debtors

| | 2022 £000s | 2021 £000s |
|--|---------------|---------------|
| Accrued revenue | 1,329 | 437 |
| Amounts receivable on creation of shares | 498 | 419 |
| Sales awaiting settlement | 338 | 187 |
| Income tax recoverable | - | 3 |
| Amounts receivable due to merger | 104 | - |
| | 2,269 | 1,046 |

8. Cash and bank balances

| | 2022 £000s | 2021 £000s |
|------------------------|---------------|---------------|
| Cash and bank balances | 9,040 | 1,132 |
| | 9,040 | 1,132 |

9. Other creditors

| | 2022 £000s | 2021 £000s |
|---|---------------|---------------|
| Accrued ACD's annual fee | 128 | 72 |
| Amounts payable on cancellation of shares | 2,653 | 265 |
| Other accrued expenses | 55 | 135 |
| Purchases awaiting settlement | 2,733 | - |
| | 5,569 | 472 |

10. Related party transactions

The ACD is deemed to be a related party under the definition of Financial Reporting Standard 102, which requires the disclosure of details of material transactions between the subfund and any related party.

Details of any related party transactions occurring during the year including commissions paid and any balances due at the year end are disclosed in the Balance Sheet, the Statement of Change in Net Assets Attributable to Shareholders and Notes 4, 7 and 9 to the financial statements. All creations and cancellations were transacted with the ACD.

Notes to the Final Report and Financial Statements continued

11. Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of net revenue included in the purchase price of all Group 2 shares. In the case of Accumulation shares, it is automatically reinvested in the subfund at the first distribution payment date after the shares were purchased. Being a capital repayment it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

12. Shareholders' funds

The subfund currently has six share classes: A, C, I, Y and E. The ACD's annual fee on these share classes are as follows:

| | |
|---------------|-------|
| Class A : | 1.25% |
| Class C : | 0.75% |
| Class I : | 0.50% |
| Class Y : | 0.30% |
| Class O : | 0.20% |
| Class E : | 0.33% |
| Class I EUR : | 0.50% |

The net asset value per share and the number of shares in issue are given in the Comparative Tables on page 143 to 146.

The distribution per share is given in the Distribution Table on page 147.

Revenue available for allocation will be allocated between the share classes based on the respective proportionate interests represented by those share classes on a daily basis and taxation is computed by reference to the net revenue after expenses attributable to each class. All share classes have the same rights on winding up.

For the year ended 31 August 2022:

| | Class A | Class C | Class I | Class Y | Class O | Class E | Class I EUR |
|-----------------------|--------------|-------------------|-------------------|-----------|------------------|-------------------|--------------|
| | Shares | Shares | Shares | Shares | Shares | Shares | Shares |
| Opening shares | 5,086 | 42,563,359 | 32,543,951 | 30 | 5,290,029 | - | - |
| Shares created | 6,418 | 50,348,464 | 8,884,472 | - | 578,970 | 86,448,036 | 1,000 |
| Shares cancelled | (2,485) | (9,562,619) | (3,455,732) | - | (2,893,919) | (30,998,545) | - |
| Shares converted | - | (86,238) | 28,634 | - | - | 121,713 | - |
| Closing shares | 9,019 | 83,262,966 | 38,001,325 | 30 | 2,975,080 | 55,571,204 | 1,000 |

13. Contingent liabilities and commitments

As at 31 August 2022 there were no contingent liabilities (2021: £Nil).

Notes to the Final Report and Financial Statements continued

14. Derivatives and other financial instruments

a. Currency exposure

A proportion of the net assets and liabilities of the subfund are denominated in currencies other than Sterling, with the effect that the total net assets and total return can be affected by currency movements.

The table below shows the foreign currency risk profile at the balance sheet date:

| Currency | Monetary Exposure | Non-Monetary Exposure | Total Exposure | Monetary Exposure | Non-Monetary Exposure | Total Exposure |
|-----------------|-------------------|-----------------------|----------------|-------------------|-----------------------|----------------|
| | 31 August 2022 | 31 August 2022 | 31 August 2022 | 31 August 2021 | 31 August 2021 | 31 August 2021 |
| | £000s | £000s | £000s | £000s | £000s | £000s |
| Canadian Dollar | - | - | - | - | 1,902 | 1,902 |
| US Dollar | 451 | - | 451 | 178 | 2,876 | 3,054 |

b. Interest rate risk profile

The subfund did not hold any interest bearing financial instruments other than its cash and bank balances as at the balance sheet date (2021 - same).

c. Sensitivity analysis

Market price sensitivity

The value of the subfund's listed investments, which were exposed to market price risk as at 31 August was as follows:

| | 2022 | 2021 |
|---|---------|---------|
| | £000s | £000s |
| Listed equity investments held at fair value through profit or loss | 258,068 | 129,576 |

The following illustrates the sensitivity of the net return and the net assets to an increase or decrease of 20% (2021 - 20%) in the fair values of the subfund's investments. This level of change is considered to be reasonably possible based on observation of market conditions in the year. The sensitivity analysis is based on the impact of a change to the value of the subfund's investments at each balance sheet date.

| | 2022 | 2022 | 2021 | 2021 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | 20% Increase in fair value | 20% Decrease in fair value | 20% Increase in fair value | 20% Decrease in fair value |
| | £000s | £000s | £000s | £000s |
| Capital Return | | | | |
| Net gains (losses) on investments at fair value | 51,614 | (51,614) | 25,915 | (25,915) |

Foreign currency risk sensitivity

The following table details the subfund's sensitivity to a 20% increase and decrease in sterling against the relevant foreign currencies and the resultant impact that any such increase or decrease would have on the net return and net assets. The sensitivity analysis includes all foreign currency denominated items and adjusts their translation at the year end for a 20% change in foreign currency rates.

| | 2022 | 2022 | 2021 | 2021 |
|--|---|---|---|---|
| | 20% Increase in Sterling against foreign currencies | 20% Decrease in Sterling against foreign currencies | 20% Increase in Sterling against foreign currencies | 20% Decrease in Sterling against foreign currencies |
| | £000s | £000s | £000s | £000s |
| Canadian Dollar | - | - | (317) | 475 |
| US Dollar | (75) | 113 | (509) | 764 |
| Change in net return and net assets | (75) | 113 | (826) | 1,239 |

d. Leverage

The subfund did not employ significant leverage during the year (2021- same).

Notes to the Final Report and Financial Statements continued

e. Fair value hierarchy

An analysis of the portfolio in accordance with the fair value hierarchy is shown below:

| | Assets | Liabilities | Assets | Liabilities |
|-----------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 August 2022 £000s | 31 August 2022 £000s | 31 August 2021 £000s | 31 August 2021 £000s |
| Level 1: Quoted | 258,068 | - | 129,576 | - |
| Level 2: Observable | - | - | - | - |
| Level 3: Unobservable | - | - | - | - |
| | 258,068 | - | 129,576 | - |

The fair value as at the reporting date has been estimated using the following fair value hierarchy:

Level (1) Quoted prices for identical instruments in active markets

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level (2) Valuation techniques that use:

Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level (3) Valuation techniques that use:

Inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.

When the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate, the fair value is estimated by using an alternative valuation technique. Such valuation techniques will, where possible, maximise the use of observable market data inputs as opposed to non-observable entity determined data inputs. The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

f. Maturity of financial liabilities

All liabilities are due in one year or less or on demand (2021 - same).

g. Fair value disclosure

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

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 THE YEAR ENDED 31 August 2022.

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

Ingo Mainert

Thomas Schindler

Authorised signatory

Authorised signatory

21 December 2022

A handwritten signature in blue ink that reads "Thomas Schindler" followed by a stylized flourish.

Depository's Report to the Shareholders

REPORT OF THE DEPOSITORY TO THE SHAREHOLDERS OF
THE Allianz UK & European Investment Funds ("the Company")
for the year ended 31 August 2022.

The Depository is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Depository to take reasonable care to ensure that the Company is managed by the Authorised Corporate Director in accordance with the Financial Conduct Authority's Collective Investment Scheme Sourcebook ("the COLL Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) ("the OEIC Regulations") and the Company's Instrument of Incorporation and Prospectus, as appropriate, in relation to the pricing of, and dealings in, shares in the Company; the application of revenue of the Company; and the investment and borrowing powers of the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depository of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Authorised Corporate Director:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with the COLL Sourcebook and where applicable, the OEIC Regulations and the Company's Instrument of Incorporation and Prospectus; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

State Street Trustees Limited

Depository

21 December 2022

Independent Auditors' Report to Shareholders of Allianz UK & European Investment Funds

Independent auditors' report to the Shareholders of Allianz UK & European Investment Funds

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Allianz UK & European Investment Funds (the "Company"):

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31 August 2022 and of the net revenue and the net capital losses on the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Allianz UK & European Investment Funds is an Open Ended Investment Company ('OEIC') with seven sub-funds. The financial statements of the Company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Final Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheets as at 31 August 2022; the Statements of Total Return and the Statements of Change in Net Assets Attributable to Shareholders for the year then ended; the Distribution Tables; the Collective Notes to the Final Report and Financial Statements, which include a description of the significant accounting policies, and the Notes to the Final Report and Financial Statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to Collective Note 1 to the Final Report and Financial Statements which describes the Authorised Corporate Directors' reasons why the financial statements for the Allianz UK Mid Cap Fund (the "terminating sub-fund"), a sub-fund of Allianz UK & European Investment Funds, have been prepared on a basis other than going concern. The financial statements of the remaining sub-funds of the Company (the "continuing sub-funds") have been prepared on a going concern basis.

Conclusions relating to going concern

In respect of the Company as a whole and the continuing sub-funds, based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's or any of its continuing sub-funds' ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

With the exception of the terminating sub-fund, in auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's or any of its continuing sub-funds' ability to continue as a going concern.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the

Independent Auditors' Report to Shareholders of Allianz UK & European Investment Funds continued

financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on our work undertaken in the course of the audit, the Collective Investment Schemes sourcebook requires us also to report certain opinions as described below.

Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of the Authorised Corporate Director's Responsibilities, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and each of the sub-funds ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the Company or individual sub-fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Company or the sub-funds. Audit procedures performed included:

- Discussions with the Authorised Corporate Director, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Corporate Director's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Independent Auditors' Report to Shareholders of Allianz UK & European Investment Funds continued

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
21 December 2022

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 on our website at <https://uk.allianzgi.com>

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

Investors are only liable to capital gains tax if their total chargeable gains (net of allowable losses) in the year exceed the annual exemption (£12,570 for 2022/2023 year, £12,300 2021/2022 year). If gains in excess of this exemption are realised the excess is taxable at the rate of UK capital gains tax applicable to the investor, being either 10% (18% prior to April 2016) or (for higher & additional rate taxpayers) 20% (28% prior to April 2016).

Income tax

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

Dividend distributions (Equity Funds)

An individual Shareholder who is resident for tax purposes in the United Kingdom will receive an annual Dividend Allowance which will exempt from tax his first £2,000 of dividend income, including dividend distributions received or deemed to be received from a Fund. Dividend income in excess of the Dividend Allowance is taxed at 7.5%, 32.5% or 38.1%, to the extent that income falls within the basic rate income tax band, the higher rate income tax band or the additional rate income tax band, respectively. Individual Shareholders should note that dividend income forms the top

slice of an individual's income and that all dividend income (including that income exempted from tax by virtue of the Dividend Allowance) is counted when determining which income tax rate band is applicable. In Budget 2017, it was proposed that the annual Dividend Allowance should reduce to £2,000 with effect from 6 April 2018.

Interest distributions (Bond Funds)

From 6 April 2016, an interest tax-free allowance was introduced. The allowance is dependent on the Income Tax band of the investor, £1,000 (basic rate), £500 (higher rate) and £0 (additional rate).

Risk warning

Investors are reminded that the value of shares of a subfund 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 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.

Additional Information continued

Telephones

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

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