

Allianz UK & European Investment Funds

Final Report and Financial Statements

31 August 2023

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.

Allianz UK Mid-Cap Fund closed by way of merger into Allianz UK Listed Opportunities Fund on 26th August 2022. Allianz UK Mid-Cap Fund’s audited Termination Statements as at 25th July 2023 have been submitted to the FCA and the fund removed from the Financial Statements.

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 Index-Linked Gilt Fund	1 February 2018
Allianz Strategic Bond Fund	16 May 2002
Allianz UK Listed Equity Income Fund	16 May 2002
Allianz UK Opportunities Fund	16 May 2002

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 Allianz Global Investors UK Limited 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 the Functional, Regional and Global Compensation Committees on both, aggregate and individual basis, to further ensure effective risk mitigation.

Company Information continued

AllianzGI GmbH, Compensation 2022 (All numbers are in EUR)

Number of employees 1,710

		thereof Risk Taker	thereof Board Member	thereof Other Risk Taker	thereof Employees with Control Function	thereof Employees with Comparable Compensation
Fixed remuneration	174,302,493	7,269,792	985,960	2,207,677	390,480	3,685,675
Variable remuneration	121,033,472	16,763,831	1,483,410	4,459,440	377,612	10,443,368
Total remuneration	295,335,965	24,033,623	2,469,370	6,667,117	768,092	14,129,043

Information about the Authorised Corporate Director ("ACD")

Please note that, effective on 30 May 2023, the ACD of the Company changed from Allianz Global Investors GmbH, UK Branch to Allianz Global Investors UK Limited. This was prompted by changes in the regulatory framework in the UK which meant that it was not possible for Allianz Global Investors GmbH, UK Branch to continue to operate as a UCITS management company in the UK in respect of UK authorised funds.

Allianz Global Investors UK Limited, company number 11516839, is authorised and regulated by the Financial Conduct Authority (FRN 959195). Details about the extent of our regulation are available from us on request and on the Financial Conduct Authority's website (www.fca.org.uk).

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 UK Limited

199 Bishopsgate
London EC2M 3TY

AllianzGI UK Limited, a wholly owned subsidiary of AllianzGI GmbH, is authorised and regulated in the UK by the FCA (with firm reference number: 959195)

A member of The Investment Association

Independent Auditors PricewaterhouseCoopers LLP

Atria One
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 Index-Linked Gilt Fund,
Allianz UK Listed Opportunities Fund,
Allianz Strategic Bond Fund & Allianz Gilt Yield Fund

Allianz Global Investors UK Limited

199 Bishopsgate
London EC2M 3TY

AllianzGI UK Limited, a wholly owned subsidiary of AllianzGI GmbH, is authorised and regulated in the UK by the FCA (with firm reference number: 959195)

A member of The Investment Association

Allianz Continental European Fund

Allianz Global Investors GmbH

AllianzGI GmbH has its registered office at Bockenheimer Landstrasse 42-44, 60323 Frankfurt am Main, Germany. As with the ACD, AllianzGI GmbH is a member of the Allianz Group.

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

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 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

The Financial Statements 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.

- a. 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 of 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.

- b. 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.

- c. 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.
- d. Valuation: The investments of all subfunds have been valued as at midday 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. 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. 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.
- e. 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.
- f. 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.

Collective Notes to the Final Report and Financial Statements continued

g. Deferred tax: Full provision is made for deferred taxation except to the extent that deferred tax assets are considered to be irrecoverable.

h. Expenses: Expenses are recognised on an accruals basis and charged against revenue. The ACD's annual fee for Allianz Gilt Yield Fund, Allianz European Equity Income 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.

i. 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.

j. 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. For the Allianz European Equity Income Fund the ACD pays a quarterly 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 European Equity Income 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.

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.

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 subfund's 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.

Collective Notes to the Final Report and Financial Statements continued

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.

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

Collective Notes to the Final Report and Financial Statements continued

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 £000s	FX Forward contracts £000s	Written Call Options £000s	Written Put Options £000s	Swaps £000s	Total £000s
Allianz Gilt Yield Fund	JP Morgan	-	1,573	-	-	-	1,573
	Morgan Stanley	592	10	-	-	-	602
		592	1,583	-	-	-	2,175
Allianz Index Linked Gilt Fund	JP Morgan	-	57	-	-	-	57
	Morgan Stanley	99	-	-	-	-	99
		99	57	-	-	-	156
Allianz Strategic Bond Fund	Barclays	-	494	116	151	-	761
	BNP Paribas	-	16	-	-	-	16
	Goldman Sachs	-	1,015	-	349	7,838	9,202
	JP Morgan	-	19,462	-	135	39,552	59,149
	Morgan Stanley	7,681	2,208	269	357	9,811	20,326
	Societe Generale	-	3,566	-	-	-	3,566
	State Street	-	814	-	-	-	814
	Toronto Dominion	-	80	-	-	-	80
	UBS	-	-	-	1	-	1
		7,681	27,655	385	993	57,201	93,915
		8,372	29,295	385	993	57,201	96,246

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 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.

Collective Notes to the Final Report and Financial Statements continued

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 Continental European Fund						6	
Allianz Gilt Yield Fund					5		
Allianz Index-Linked Gilt Fund						6	
Allianz Strategic Bond Fund				4			
Allianz UK Listed Equity Income Fund						6	
Allianz UK Opportunities Fund						6	

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.

Global Exposure						Leverage				
VaR limits										
Fund Name	Method used to calculate global exposure	Time period	Type of Model	Parameters (Confidence Interval, holding period, observation period)	Reference Portfolio	Lowest	Highest	Average	Maximum limits	Leverage average
						%	%	%	%	%
Allianz Gilt Yield Fund	Relative VaR	01.09.2022 - 31.08.2023	Delta Normal	99% Confidence, 10 days, 260 days	FTSE Actuaries UK Conventional Gilts All Stocks Index	5.17	8.33	7.37	FTSE ACTUARIES GOVT SECURITIES UK GILTS RETURN IN GBP	1.27
Allianz Strategic Bond Fund	Absolute VaR	01.09.2022 - 31.08.2023	Delta Normal	99% Confidence, 10 days, 260 days	N/A	3.68	6.17	4.74	14.14	7.25
Allianz Index-Linked Gilt Fund	Relative VaR	01.09.2022 - 31.08.2023	Delta Normal	99% Confidence, 10 days, 260 days	FTSE Actuaries UK Government Index-Linked All Stocks Total Return GB Midday Index	9.22	19.34	16.56	FTSE ACTUARIES UK GOVERNMENT INDEX LINKED GILTS ALL STOCKS TOTAL RETURN GBP (MIDDAY) INDEX RETURN IN GBP	1.21

Post Balance Sheet Events

Allianz Strategic Bond Fund

As at 18 December 2023, the Net Asset value of the fund is £1,479,443,613 which is a drop of 17.20% 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 Continental European Fund

As at 18 December 2023, the Net Asset value of the fund is £185,568,030 which is a drop of 12.45% 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

The investment objective of the Allianz Continental European Fund is to provide investors with capital growth aiming to outperform (net of fees), the target benchmark, the S&P Europe Ex-UK LargeMidCap Growth Index Net Total Return GBP¹⁾ over a rolling five year period.

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

The ACD aims to achieve the investment objective by investing in 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 a maximum of 10% of the Fund's assets in other Funds managed by Allianz Global Investors and its group of companies and other collective investment schemes managed by third parties.

Fund Details

Fund Manager	Marcus Morris-Eyton and Thorsten Winkelmann	
Benchmark	S&P Europe Ex-UK LargeMidCap Growth Index Net Total Return GBP ¹⁾	
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 (Accumulation Shares)	26 January 2016
	S Shares (Income Shares)	27 July 2020
	S Shares (Income Shares) (EUR)	15 March 2021
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 Available to Approved Investors only.
	S Shares (EUR)	Lump sum £10,000,000 Available to Approved Investors only.
	A Shares	Nil
	C Shares	Nil
Initial charge	S Shares	Nil
	S Shares (EUR)	Nil
Annual ACD fee	A Shares	1.50%
	C Shares	0.75%
	S Shares	0.45%
	S Shares (EUR)	0.45%

* 29 February in a leap year.

¹⁾ For the S (EUR) (Inc) Share Class launched on 15/03/2021, the benchmark used will be the S&P Europe Ex-UK LargeMidCap Growth Index Net Total Return EUR.

Comparative Tables

For the year ended 31 August 2023

	A Shares Accumulation			C Shares Accumulation		
	2023 (p)	2022 (p)	2021 (p)	2023 (p)	2022 (p)	2021 (p)
Opening net asset value per share	1,553.74	2,223.60	1,651.46	265.72	377.44	278.51
Return before operating charges	206.79	(641.27)	599.75	35.52	(109.20)	101.48
Operating charges	(24.75)	(28.59)	(27.61)	(2.28)	(2.52)	(2.55)
Return after operating charges	182.04	(669.86)	572.14	33.24	(111.72)	98.93
Distributions	-	-	-	(1.30)	(1.02)	(0.60)
Retained distributions on accumulation shares	-	-	-	1.30	1.02	0.60
Closing net asset value per share	1,735.78	1,553.74	2,223.60	298.96	265.72	377.44
After direct transaction costs of ¹	(0.15)	(0.69)	(1.33)	(0.03)	(0.12)	(0.24)
Performance						
Return after operating charges	11.72%	(30.13)%	34.64%	12.51%	(29.60)%	35.52%
Other information						
Closing net asset value (£'000)	1,015	1,633	1,440	130,995	161,029	226,929
Closing number of shares	58,475	105,145	64,768	43,817,160	60,601,107	60,122,870
Operating charges	1.48%	1.54%	1.54%	0.79%	0.79%	0.79%
Direct transaction costs	0.01%	0.04%	0.07%	0.01%	0.04%	0.07%
Prices						
Highest share price	1,846.07	2,267.89	2,224.36	317.67	385.55	377.57
Lowest share price	1,391.14	1,452.75	1,598.64	238.07	248.10	269.95

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 2023

	S Shares Income			S Shares Accumulation		
	2023 (p)	2022 (p)	2021 (p)	2023 (p)	2022 (p)	2021 (p)
Opening net asset value per share	95.74	136.61	100.91	182.87	258.96	190.50
Return before operating charges	12.82	(39.60)	36.86*	24.47	(75.04)	69.50
Operating charges	(0.51)	(0.55)	(0.58)	(0.96)	(1.05)	(1.04)
Return after operating charges	12.31	(40.15)	36.28	23.51	(76.09)	68.46
Distributions	(0.80)	(0.72)	(0.58)	(1.54)	(1.36)	(1.01)
Retained distributions on accumulation shares	-	-	-	1.54	1.36	1.01
Closing net asset value per share	107.25	95.74	136.61	206.38	182.87	258.96
After direct transaction costs of ¹	(0.01)	(0.04)	(0.09)	(0.02)	(0.08)	(0.16)
Performance						
Return after operating charges	12.86%	(29.39)%	35.95%	12.86%	(29.38)%	35.94%
Other information						
Closing net asset value (£'000)	5,691	5,342	4,421	73,477	110,959	143,054
Closing number of shares	5,306,492	5,579,500	3,235,923	35,603,439	60,675,942	55,240,795
Operating charges	0.49%	0.49%	0.49%	0.49%	0.48%	0.49%
Direct transaction costs	0.01%	0.04%	0.07%	0.01%	0.04%	0.07%
Prices						
Highest share price	114.72	139.63	137.19	219.22	264.70	259.05
Lowest share price	85.81	90.01	97.87	163.89	170.64	184.74

* 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.

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 2023

S EUR Shares Income			
	2023 (c)	2022 (c)	2021 (c)
Opening net asset value per share	86.57	124.11	100.00
Return before operating charges	11.70	(35.92)	24.30
Operating charges	(0.38)	(0.42)	(0.19)
Return after operating charges	11.32	(36.34)	24.11
Distributions	(0.72)	(1.20)	-
Closing net asset value per share	97.17	86.57	124.11
After direct transaction costs of ¹	(0.01)	(0.03)	(0.07)
Performance			
Return after operating charges	13.08%	(29.28)%	24.11%
Other information			
Closing net asset value (€'000)	666	2,308	4
Closing number of shares	685,858	2,665,892	3,000
Operating charges	0.49%	0.48%	0.41%
Direct transaction costs	0.01%	0.04%	0.06%
Prices			
Highest share price	103.54	129.74	124.15
Lowest share price	75.88	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 2023

Interim Distribution in pence per share

Group 1 Shares purchased prior to 1 September 2022

Group 2 Shares purchased on or after 1 September 2022 to 28 February 2023

	Net revenue (p)	Equalisation (p)	Distribution paid 30/04/23 (p)	Distribution paid 30/04/22 (p)
A Shares Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
C Shares Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
S Shares Income				
Group 1	0.0496	-	0.0496	-
Group 2	0.0031	0.0465	0.0496	-
S Shares Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
	(c)	(c)	(c)	(c)
S EUR Shares Income				
Group 1	0.0402	-	0.0402	0.5187
Group 2	-	0.0402	0.0402	0.5187

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 March 2023

Group 2 Shares purchased on or after 1 March 2023 to 31 August 2023

	Net revenue (p)	Equalisation (p)	Distribution payable 31/10/23 (p)	Distribution paid 31/10/22 (p)
A Shares Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
C Shares Accumulation				
Group 1	1.3023	-	1.3023	1.0207
Group 2	0.7825	0.5198	1.3023	1.0207
S Shares Income				
Group 1	0.7551	-	0.7551	0.7229
Group 2	0.2250	0.5301	0.7551	0.7229
S Shares Accumulation				
Group 1	1.5397	-	1.5397	1.3553
Group 2	1.1764	0.3633	1.5397	1.3553
	(c)	(c)	(c)	(c)
S EUR Shares Income				
Group 1	0.6821	-	0.6821	0.6823
Group 2	0.0782	0.6039	0.6821	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 2022 to 31st August 2023, the Fund's 'A' class produced a total return of 15.5% and 'C' shares produced a total return of 15.5% (closing prices net of fees in GBP). The Fund's benchmark, S&P Europe ex UK Growth Total Return, produced a total return of 14.6% over the period. Critically, our unwavering style in all market environments, and natural valuation premium versus the benchmark, has led to a broad derating in the rising rate environment.

Allianz Continental European Fund delivered a superb return of 15.5% over the year, outperforming its style benchmark by 90bps.

In 2022, investors flocked to Energy and Utilities given the assumed energy crisis, but also big Pharma and Consumer Staples, with ESG unfriendly spaces like Weapons and Tobacco also strong. This defensive positioning by labels had already begun to unwind late last year, and has continued in our favour. We have also seen some recovery of our construction linked names like Kingspan, as well as VAT Group, pleasing since each of these key contributors this year was a top five detractor in 2022. Overall, our last set of earnings results were outstanding, especially our highest conviction positions. For example, our top three positions ASML Holding, Novo Nordisk and DSV all upgraded their full-year guidance in Q2. A key disappointment was Adyen (payments) however, which posted much lower H1 earnings growth than anticipated. Extensive hiring of developers and sales talent to propel future growth combined with a slowdown in growth in the US, weighing on profits.

While we are also conscious of the lag effect of higher interest rates, and the softening economic picture, some of the slowdown appears to be continued Covid-19 normalisation. Faltering supply chains led to high inventories for example, which have been run down this year to date. Numerous outlooks from our companies are surprisingly optimistic for H2, representing our market leaders in a broad range of industries: DSV (logistics), Partners Group (alternatives asset management), Sartorius (lab equipment), Sika (construction chemicals), and VAT Group (semiconductor equipment) are all examples of holdings that expect a relatively stronger finish to the year. We have said for some time, that our companies' structural Growth and Quality features should provide some resilience, which may be what we observe here.

Market Background

Allianz Continental European Fund's equities delivered double-digit gains (in GBP terms) over the one-year period.

The year has indeed illustrated how difficult it is to time the market, where we remained true to style and approach avoiding risky timing. As the second half of 2022 began, investors collectively braced themselves for what consensus believed would be a painful macro environment ahead: Europe was widely expected to underperform the US, run out of energy, face sharper inflation and rate increases, and head more quickly into a deeper recession. Yet already in October and November the market began to rotate, for example out of Energy and the crowded "risk-off" areas and back into undervalued Consumer Discretionary. With inflation lowering, and most of the rate hikes assumed behind us, market participants had been more willing to look through the cycle, returning to our oversold leaders. However, European equities retreated over August, with sentiment undermined by central banks' continued hawkish stance as well as further evidence highlighting that economic momentum was weakening.

European Central Bank policymakers face a dilemma as to whether to continue to raise rates in September or pause their rate-hiking for the first time in a year. While the inflationary pressures have fallen sharply from their peak and the economy is likely contracting, the inflation rate remains well above the central bank's target. Additionally, money supply in the Eurozone is now contracting for the first time since 2010 as private sector lending stalls and deposits decline. Outside the Eurozone, the Norwegian central bank raised rates by 25 basis points (bps) in August and indicated that more hikes were likely.

Trading Activity

In line with our long-term, 3-5 year investment views, during the past 12 months, we added two new holdings to the portfolio and exited four names.

We initiated a new position in Straumann (Switzerland, Healthcare), a global leader in dental implants, also having a clear aligner business, that benefit from demographic shifts, rising wealth, and the transition away from fixed orthodontics. We expect Straumann's rapidly growing, value-oriented products to match their leadership in premium dental implants over time. Straumann offers double-digit revenue and

Investment Review continued

earnings growth with high resilience given the nature of its products. The other new position is Scout24 (Germany, Communication Services), a leading operator of digital marketplaces in the real estate and automotive sectors in Germany and wider Europe, with leading positions in its 7 markets. Launches of new products and service are increasing revenue, such as expansion into complementary services like financing and servicing, with synergies between platforms and network effects being highly supportive. Modest capital requirements, strong cash generation, and good pricing power leads to high profitability, with greater reinvestment possibilities vs peers.

We exited our position in Cancom (IT reseller and service provider) on lowered conviction, and GN Store Nord (hearing aids and audio devices) as we had some concerns about the balance sheet following a gaming acquisition, while earnings softened. We also sold Temenos (software for banks), with the quality of the business called into question, and DCC (oil and gas distribution), showing no signs of re-rating.

Outlook

Inflation, rising rates, and economic weakness bite

Our significant drawdown through much of 2022 was predominantly due to higher interest rates compressing valuation multiples. While most of the rate hike should be behind us now, further steps would not be helpful. Many investors are on the sidelines, wary that the economy could decelerate further this year, especially given the lag effect of interest rates. Others are positioning for a pending trough, and cyclical rebound, leading Value to outperform Growth by 5.5% in the last three months. It was not only the Financials sector performing well, but also Energy, Materials and Real Estate, at the expense of IT once again.

Q2 earnings season – was this the trough?

In Q2, we enjoyed guidance upgrades from our top three holdings in our portfolio: ASML (semiconductor equipment), Novo Nordisk (pharma) and DSV (logistics). Where there was softness, management teams almost always reiterated full year guidance, suggesting a solid second half. Interestingly, many of our industry leaders (and potentially bellwethers) have diverged from the negative consensus, being remarkably

upbeat for the quarters ahead. DSV (logistics), VAT Group (semiconductor equipment), Sika (construction chemicals), Bechtle (IT equipment), Sartorius (lab equipment), and Worldline (payments) are some of our holdings from across the European franchise expecting a relatively strong H2.

Covid-19 – normalisation continues

One reason for this quite controversial optimism could be Covid-19 headwinds receding. It may have been over three years ago when the world economy first shut down, boosting the revenues of some well positioned companies while pressuring others, but many industries still need more time to settle back to their new normal. As Covid-19 elevated or crashed sales, complex supply chain issues emerged, that led to widespread inventory building. This has been a headwind for many of our firms, and is now receding, adding some support back in a weaker macro environment.

Growth team outlook

Whether our companies are simply showing greater resilience, as per their high Quality, structural Growth profile, or demand trends rather improve broadly in the quarters ahead, these outlooks are surely encouraging. In another positive signal of long-term conviction, share buybacks are a theme: many of our high conviction positions including ASML Holding, DSV, Sika, Trelleborg (Industrials), and Scout24 (online property) think now is a good time to repurchase their own stock. We are also encouraged by our increasing earnings growth premium (double-digit EPS growth anticipated) versus the broader market (in negative territory, considering the MSCI Europe) for FY 2023. This is one measure of how our companies are handling this increasingly difficult environment, which may or may not be recognised in the short term depending on market sentiment, but should ultimately be rewarded in the long term.

Portfolio Statement

As at 31 August 2023

Holding		Market Value £'000	% of Net Assets
	OVERSEAS EQUITIES - 99.86% (2022 - 99.78%)		
	Denmark - 19.82% (2022 - 20.53%)		
224,395	Ambu	2,169	1.02
56,327	Chr Hansen	2,920	1.38
64,884	Coloplast	5,874	2.77
81,841	DSV	12,562	5.93
98,658	Netcompany	2,923	1.38
105,228	Novo Nordisk	15,537	7.34
		41,985	19.82
	France - 15.03% (2022 - 15.17%)		
157,627	Dassault Systemes	4,939	2.33
48,479	Legrand	3,800	1.79
18,168	L'Oréal	6,325	2.99
16,811	LVMH Moët Hennessy Louis Vuitton	11,438	5.40
23,864	Sartorius Stedim Biotech	5,334	2.52
		31,836	15.03
	Germany - 15.71% (2022 - 13.97%)		
26,450	adidas	4,158	1.96
62,988	Bechtle	2,436	1.15
26,947	Carl Zeiss Meditec	2,112	1.00
263,611	Infineon Technologies	7,468	3.53
41,490	Knorr-Bremse	2,233	1.06
48,246	Nemetschek	2,628	1.24
2,468	Rational	1,488	0.70
43,165	SAP	4,781	2.26
28,639	Scout24	1,541	0.73
25,140	Symrise	2,073	0.98
93,860	Zalando	2,323	1.10
		33,241	15.71
	Ireland - 4.74% (2022 - 5.63%)		
33,993	Kerry	2,483	1.17
95,550	Kingspan Dublin Quoted	6,351	3.00
19,238	Kingspan London Quoted	1,216	0.57
		10,050	4.74
	Italy - 2.36% (2022 - 2.19%)		
147,632	Amplifon	3,836	1.81
55,446	De' Longhi	1,157	0.55
		4,993	2.36
	Luxembourg - 0.44% (2022 - 0.61%)		
19,249	Eurofins Scientific	939	0.44
		939	0.44
	Netherlands - 10.12% (2022 - 11.28%)		
5,582	Adyen	3,732	1.76
33,536	ASML	17,696	8.36
		21,428	10.12
	Spain - 1.22% (2022 - 0.82%)		
84,554	Industria de Diseno Textil	2,575	1.22
		2,575	1.22
	Sweden - 15.08% (2022 - 14.08%)		
161,357	AddTech	2,152	1.02
323,748	Assa Abloy	5,775	2.73
633,317	Atlas Copco	6,679	3.15
181,855	Elekta	1,033	0.49
391,616	Epiroc	5,933	2.80
442,276	Hexagon	3,144	1.49
429,323	Hexpol	3,350	1.58
191,660	Trelleborg	3,852	1.82
		31,918	15.08
	Switzerland - 15.34% (2022 - 15.50%)		
307	Chocoladefabriken Lindt & Sprüngli	2,926	1.38
10,073	DAE	1,671	0.79
15,769	Kardex	2,851	1.35
6,264	Lonza	2,738	1.29
7,086	Partners	6,020	2.84
40,618	Sika	9,044	4.27

Portfolio Statement continued

As at 31 August 2023

		Market Value	% of
Holding		£'000	Net Assets
14,362	Straumann	1,731	0.82
17,207	VAT	5,505	2.60
		32,486	15.34
Investment assets		211,451	99.86
Net other assets		299	0.14
Net assets		211,750	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 2022.

Statement of Total Return

For the year ended 31 August 2023

	Notes	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Income:					
Net capital gains/(losses)	2		32,552		(123,913)
Revenue	3	3,212		4,371	
Expenses	4	(1,647)		(2,277)	
Interest payable and similar charges		-		(1)	
Net revenue before taxation		1,565		2,093	
Taxation	5	(310)		(472)	
Net revenue after taxation			1,255		1,621
Total return before distributions			33,807		(122,292)
Distributions	6		(1,259)		(1,628)
Change in net assets attributable to shareholders from investment activities			32,548		(123,920)

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 August 2023

	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Opening net assets attributable to shareholders		280,946		375,846
Amounts receivable on issue of shares	9,372		95,868	
Amounts payable on cancellation of shares	(112,245)		(68,289)	
		(102,873)		27,579
Dilution adjustment		10		-
Change in net assets attributable to shareholders from investment activities (see above)		32,548		(123,920)
Retained distributions on accumulation shares		1,119		1,441
Closing net assets attributable to shareholders		211,750		280,946

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

Balance Sheet

As at 31 August 2023

	Notes	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Assets:					
Fixed assets:					
Investments			211,451		280,321
Current assets:					
Debtors	7	527		579	
Cash and bank balances	8	254		1,271	
Total assets			212,232		282,171
Liabilities:					
Creditors:					
Distribution payable	9	(44)		(56)	
Other creditors	9	(438)		(1,169)	
Total liabilities			(482)		(1,225)
Net assets attributable to shareholders			211,750		280,946

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 and 9 of the Collective Notes to the Final Report and Financial Statements.

2. Net capital gains/(losses)

	2023 £000s	2022 £000s
Gains/(losses) on non-derivative securities	32,470	(123,759)
Gains/(losses) on currency	94	(141)
Handling charges	(12)	(13)
Net capital gains/(losses)	32,552	(123,913)

3. Revenue

	2023 £000s	2022 £000s
Bank interest	7	10
Overseas dividends - non-taxable	3,218	4,359
Overseas dividends - taxable	(13)	2
Total revenue	3,212	4,371

Notes to the Final Report and Financial Statements continued

4. Expenses

	2023	2022
	£000s	£000s
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
ACD's annual fee	1,561	2,165
	1,561	2,165
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	43	60
Safe custody fees	15	22
	58	82
Other expenses:		
Audit fees	12	13
Distribution costs	4	4
Printing costs	1	2
Registration fees	10	11
Other expenses	1	-
	28	30
Total expenses	1,647	2,277

All expenditure stated above is inclusive of VAT where applicable.

The Audit fee for the year, excluding VAT, was £9,800 (2022 - £9,800).

Notes to the Final Report and Financial Statements continued

5. Taxation

	2023	2022
	£000s	£000s
a. Analysis of the taxation charge for the year:		
Overseas tax suffered	310	472
Total taxation for the year (see Note 5(b))	310	472
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%) (2022 - 20%).		
The differences are explained below:		
Net revenue before taxation	1,565	2,093
Corporation tax at 20%	313	419
Effects of:		
Overseas dividends - non-taxable	(644)	(872)
Overseas tax suffered	310	472
Surplus allowable expenses arising in the year	331	459
Surplus allowable expenses adjusted in respect of prior years	-	(6)
Total taxation charge for the year (see Note 5(a))	310	472

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 £2,546,000 (2022 : £2,215,000) 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. Equalisation/Distributions

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

	2023	2022
	£000s	£000s
Interim	3	12
Final	1,163	1,497
Add: Revenue deducted on cancellation of shares	118	197
Deduct: Revenue received on creation of shares	(25)	(78)
Net distributions for the year	1,259	1,628
Reconciliation of net revenue after taxation to net distributions for the year		
Net revenue after taxation	1,255	1,621
Net revenue shortfall taken to capital	4	7
Net distributions for the year	1,259	1,628

Notes to the Final Report and Financial Statements continued

7. Debtors

	2023 £000s	2022 £000s
Accrued revenue	-	60
Amounts receivable on creation of shares	18	-
Overseas tax recoverable	507	519
Sales awaiting settlement	2	-
	527	579

8. Cash and bank balances

	2023 £000s	2022 £000s
Cash and bank balances	254	1,271
	254	1,271

9. Other creditors

	2023 £000s	2022 £000s
a. Distribution payable		
Net distribution payable	44	56
b. Other creditors		
Accrued ACD's annual fee	117	160
Amounts payable on cancellation of shares	287	989
Other accrued expenses	34	20
	438	1,169

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 2023:

	Class A Shares	Class C Shares	Class S Shares	Class S Shares	Class S EUR
	Accumulation	Accumulation	Income	Accumulation	Shares Income
Opening shares	105,145	60,601,107	5,579,500	60,675,942	2,665,892
Shares created	6,900	1,333,961	897,693	2,234,038	48,797
Shares cancelled	(53,570)	(18,123,936)	(1,170,701)	(27,297,793)	(2,028,831)
Shares converted	-	6,028	-	(8,748)	-
Closing shares	58,475	43,817,160	5,306,492	35,603,439	685,858

13. Contingent liabilities and commitments

As at 31 August 2023 there were no contingent liabilities (2022: £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 2023 £000s	Non-Monetary Exposure 31 August 2023 £000s	Total Exposure 31 August 2023 £000s	Monetary Exposure 31 August 2022 £000s	Non-Monetary Exposure 31 August 2022 £000s	Total Exposure 31 August 2022 £000s
Danish Krone	149	41,985	42,134	146	58,266	58,412
Euro	84	105,062	105,146	107	135,988	136,095
Swedish Krona	23	31,918	31,941	60	39,482	39,542
Swiss Franc	304	32,486	32,790	268	43,571	43,839
US Dollar	7	-	7	-	-	-

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 (2022 - 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:

	2023 £000s	2022 £000s
Listed equity investments held at fair value through profit or loss	211,451	280,321

The following illustrates the sensitivity of the net return and the net assets to an increase or decrease of 20% (2022 - 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.

	2023 20% Increase in fair value £000s	2023 20% Decrease in fair value £000s	2022 20% Increase in fair value £000s	2022 20% Decrease in fair value £000s
Capital Return				
Net gains (losses) on investments at fair value	42,290	(42,290)	56,064	(56,064)

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.

	2023 20% Increase in Sterling against foreign currencies £000s	2023 20% Decrease in Sterling against foreign currencies £000s	2022 20% Increase in Sterling against foreign currencies £000s	2022 20% Decrease in Sterling against foreign currencies £000s
Danish Krone	(7,022)	10,534	(9,735)	14,603
Euro	(17,524)	26,286	(22,682)	34,024
Swedish Krona	(5,324)	7,985	(6,590)	9,885
Swiss Franc	(5,465)	8,197	(7,306)	10,960
US Dollar	(1)	2	-	-
Change in net return and net assets	(35,336)	53,004	(46,313)	69,472

Notes to the Final Report and Financial Statements continued

d. Leverage

The subfund did not employ significant leverage during the year (2022 - 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 2023 £000s	31 August 2023 £000s	31 August 2022 £000s	31 August 2022 £000s
Level 1: Quoted	211,451	-	280,321	-
Level 2: Observable	-	-	-	-
Level 3: Unobservable	-	-	-	-
	211,451	-	280,321	-

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 (2022 - 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 2023:

	Transaction Value	Commissions	Commissions	Taxes	Taxes
	2023	2023	2023	2023	2023
	£000s	£000s	%	£000s	%
Purchases					
Equity instruments (direct)	13,753	4	0.03	5	0.04
Total purchases	13,753	4	0.03	5	0.04
Total purchases including transaction costs	13,762				
	Transaction Value	Commissions	Commissions	Taxes	Taxes
	2023	2023	2023	2023	2023
	£000s	£000s	%	£000s	%
Sales					
Equity instruments (direct)	115,115	14	0.01	-	-
Total sales	115,115	14	0.01	-	-
Total sales including transaction costs	115,101				
Derivative Transaction costs		-		-	
Total transaction costs as a % of average net assets		0.01%		0.00%	
	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%	

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 0.12% (2022: 0.08%).

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, overseas government bonds, government guaranteed bonds, supranational bonds, 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 2023	I Shares	3,77%
	Y Shares	3,75%
Distribution Yield to 31 August 2023	I Shares	4,07%
	Y Shares	4,05%
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 Available to Approved Investors only.
	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.

Comparative Tables

For the year ended 31 August 2023

	I Shares Income			Y Shares Accumulation		
	2023 (p)	2022 (p)	2021 (p)	2023 (p)	2022 (p)	2021 (p)
Opening net asset value per share	159.69	202.87	208.40	4,621.72	5,812.95	5,952.28
Return before operating charges	(14.96)	(40.82)	(3.81)	(433.99)	(1,172.63)	(118.29)
Operating charges	(0.48)	(0.61)	(0.67)	(15.08)	(18.60)	(21.04)
Return after operating charges	(15.44)	(41.43)	(4.48)	(449.07)	(1,191.23)	(139.33)
Distributions	(4.18)	(1.75)	(1.05)	(118.82)	(46.49)	(3.87)
Retained distributions on accumulation shares	-	-	-	118.82	46.49	3.87
Closing net asset value per share	140.07	159.69	202.87	4,172.65	4,621.72	5,812.95
After direct transaction costs of ¹	-	-	-	(0.04)	(0.13)	(0.14)
Performance						
Return after operating charges	(9.67)%	(20.42)%	(2.15)%	(9.72)%	(20.49)%	(2.34)%
Other information						
Closing net asset value (£'000)	1,116,493	1,841,422	2,574,558	54	44	15
Closing number of shares	797,075,359	1,153,087,971	1,269,046,580	1,302	954	267
Operating charges ²	0.32%	0.32%	0.32%	0.35%	0.35%	0.35%
Direct transaction costs	-	-	-	-	-	-
Prices						
Highest share price	159.14	207.59	214.21	4,605.73	5,947.56	6,118.19
Lowest share price	135.52	160.91	194.30	3,916.30	4,623.74	5,557.37

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 Income and the 'Y' Class Accumulation have been capped at 0.35%. 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.

Distribution Tables

For the year ended 31 August 2023

Interim Distribution in pence per share

Group 1 Shares purchased prior to 1 September 2022

Group 2 Shares purchased on or after 1 September 2022 to 28 February 2023

	Gross revenue (p)	Equalisation (p)	Distribution paid 30/04/23 (p)	Distribution paid 30/04/22 (p)
I Shares Income				
Group 1	1.6819	-	1.6819	0.5989
Group 2	1.0009	0.6810	1.6819	0.5989
Y Shares Accumulation				
Group 1	46.9497	-	46.9497	14.6641
Group 2	46.9497	-	46.9497	14.6641

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 March 2023

Group 2 Shares purchased on or after 1 March 2023 to 31 August 2023

	Gross revenue (p)	Equalisation (p)	Distribution payable 31/10/23 (p)	Distribution paid 31/10/22 (p)
I Shares Income				
Group 1	2.4997	-	2.4997	1.1463
Group 2	1.1615	1.3382	2.4997	1.1463
Y Shares Accumulation				
Group 1	71.8744	-	71.8744	31.8295
Group 2	60.5589	11.3155	71.8744	31.8295

Investors are reminded that distribution is not guaranteed.

Investment Review

Performance Summary

Over the period under review, 1st September 2022 to 30th September 2023, the Allianz Gilt Yield Fund's 'I Inc' class produced a total return of -9.33%. The Fund's benchmark, the FTSE Actuaries UK Conventional Gilts All Stocks (Midday) Index, produced a total return of -9.13% over the period.

Market Background

The first two months of the review period saw unprecedented volatility in the gilt market as prices of long-dated UK government bonds plummeted in September 2022 before paring some of the losses the following month¹. The sharp sell-off in the British pound, coupled with the surge in gilt yields in September was driven by the ramp up in government borrowing after the new government, led by Liz Truss, implemented the largest package of tax cuts in 50 years and took steps to cap energy costs for households and businesses. The yield on the 10-year gilt topped 4.5%, its highest level since late-2008, and a rise of around 1.7% over the month, before falling back to just above 4.0% after the Bank of England was forced to intervene to prevent financial instability. The Bank said it would buy gilts and would "not hesitate to change interest rates" to rein in inflation.

UK gilt prices recovered in October 2022, after Prime Minister Liz Truss sacked Chancellor Kwasi Kwarteng and was forced to U-turn on almost the entirety of her plans for growth. Only a few days later, Liz Truss herself stepped down, having spent only 44 days as Prime Minister. Her replacement, ex-chancellor Rishi Sunak, was generally viewed as being fiscally prudent. Having traded as high as almost 4.7%, the yield on the 10-year UK gilt subsequently plummeted, closing the month around 3.5%, a level last seen before September's mini budget.

While not nearly as volatile, the months following the mini-budget crisis still saw large swings in gilt yields with the 10-year gilt yield trading as low as 3.0% in November and closing the year 2022 at a high of 3.7%. The Bank of England continued its hiking cycle in the last quarter of the year by raising rates by 1.25%, which included an increase by 0.75% in the November meeting – the largest hike in a single meeting since 1989 – as it tried to tame inflation which reached a 41-year high of 11.1% in October 2022.

UK gilts experienced another rollercoaster quarter in Q1 of 2023, with the yield on the 10-year UK gilt trading between 3.1% and 3.9%. In February, the Bank of England raised rates by 50 basis points (bps) but indicated that rates may have peaked. With UK inflation unexpectedly rising to 10.4% in February, the Bank enacted a further 25-bps hike in March, taking rates to 4.25%, the highest level since 2007, although it indicated that the UK may now avoid a recession in 2023.

In the second quarter 2023, UK gilts sold off sharply again. The 10-year yield approached 4.5%, a level last seen following Liz Truss' short-lived premiership in September 2022, while two-year gilt yields rose to a 15-year high of 5.25%, as expectations of future interest rate hikes ramped up when UK inflation remained stubbornly high. While the headline rate of UK inflation finally dropped below 10% in April, it held steady at 8.7% in June, disappointing forecasts for a further decline, and core inflation² rose to 7.1%, the highest level since March 1992. The Bank of England raised rates by 25 bps in May but stepped up its inflation fight with a surprise 50-bps hike in June to a level of 5.0%.

UK gilts performed positively in July 2023, as fears of further substantial hikes in UK rates were partially allayed by lower-than-expected inflation data. The headline UK inflation rate slowed to 7.9% in June, compared with 8.7% in the preceding two months, causing analysts to reduce their forecasts of where UK interest rates may peak. In August, UK gilt yields initially rose sharply, with the 10-year gilt yield touching 4.75% mid-month as stronger-than-expected second-quarter Gross Domestic Product (GDP) data sparked speculation that the Bank of England's interest rates would peak at 6%: this followed a further 25 bps increase by the Bank of England in early-August. However, gilt yields subsequently declined once more in the medium to long maturity parts of the yield curve³ in the second half of the month, paring back some of the losses as economic data releases indicated weakening activity.

Elsewhere, over the full review period, government bond yield curves in overseas markets like the US or Australia also shifted upwards, but to a lesser extent than UK gilts, which underperformed these markets. The yield of 10-year US-Treasuries increased from 3.26% to 4.10%, the yield of the 10-year Australian government bond rose from 3.69% to 4.03%,

Investment Review continued

whilst the 10-year gilt yield moved from 2.88% to 4.36% between 01/09/2022 and 31/08/2023.

¹ Please note that there is an inverse relationship between bond prices and bond yields. As the price of a bond goes down, the yield increases and vice versa. This is because the coupon rate of a bond typically remains fixed, and the price in secondary markets fluctuates for the yield to align with prevailing market interest rates.

² Core inflation is the change in prices of goods and services, except for the more volatile prices from the food and energy sectors.

³ A yield curve is a line that plots yields of bonds that have equal credit quality but differing maturity dates.

Portfolio Review

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

Duration

Although we have been bullish of most global government bond markets for a while on global growth concerns, we had been bearish UK government bonds relative to other markets for 18 months until the end of June 2023. Whilst the Fund has been overweight global rate duration versus benchmark since Q2 2022, we had primarily expressed these longs via our cross-market strategy. This was on the view that gilt yields didn't appear to be pricing in the UK's particularly sticky inflation or the ugly net supply dynamics for UK gilts, which aren't helped by the Bank of England's (BoE) aggressive quantitative tightening (QT) program. And there weren't sufficient rate hikes priced into the front end and medium maturity parts of the yield curve either.

So far in 2023, UK gilts have materially underperformed other bond markets, due to accelerating UK core inflation, at a time when core inflation has been falling in most other countries. If the BoE follows the rates path expectations currently reflected in market prices, we have little doubt that the BoE will succeed in destroying aggregate demand, when demand is set to weaken anyway as all the rate hikes since last summer start to bite. And if UK and global economic growth slows as we expect, then inflation could well undershoot what the market is expecting. When compared to other markets, UK gilt valuations out to around 10–15-year maturities now really stand out, and we switched into overweight UK gilt positions accordingly.

We maintained an overweight duration positioning versus our benchmark throughout the review period. Duration was a negative contributor to returns over the period as yield increases caused government bond prices to fall across all maturities in both UK gilts and in overseas markets.

Curve positioning

Over the review period, we maintained our bias for curve steepening⁴, expecting longer-end gilt yields to rise more than their shorter-end counterparts. Our largest overweight exposure was in the belly of the curve, whilst maintaining an underweight exposure versus our benchmark in both the front end and the very long end of the maturity spectrum.

Our curve positioning contributed positively, particularly our relative underweight against our benchmark in the front end of the UK gilts curve which underperformed the medium maturities part where our overweight was concentrated.

Relative Value

In December 2022, we switched out of the UK gilt maturing in October 2029 into the gilt maturing in January of the same year, with a slightly shorter duration, picking up around 10 basis points of additional yield. We conducted various relative value trades in the first half of 2023, e.g. selling the UK gilt maturing in 2039 against buying both the 2038 and the 2052 gilts in May.

Inflation

While we did not hold any index-linked gilts through to November 2022 due to valuation reasons, for the first time in a very long time, index-linked gilts were starting to look attractive with real yields moving into positive territory. We added 0.3y of inflation duration to the portfolio, participating in the syndication of the 50-year UK index-linked gilt in November and we added another 0.1y in April, via the syndication of the UK index-linked gilt maturing in March 2044.

Cross Market

Until June 2023, we have preferred expressing our relative duration overweight against our benchmark via our cross-market strategy instead of holding UK gilts. Hence, we held

Investment Review continued

exposure in overseas government bond markets such as the US, Australia, and Sweden.

In September 2022, we reduced our US Treasury duration exposure and rotated this into the 5-year UK gilt on the view that gilts were becoming more attractive on a cross-market basis following the volatile moves at the end of the month.

Traditionally, we have used our 20% non-gilt bucket to buy cross-market bonds but in January 2023, we added sub-sovereign and agency paper (SSAs) where the yield spread (i.e., the difference in yields) over gilts had returned to March 2020 levels. This was due to collateral shortages and strong demand for front-end gilts combined with excess supply of SSAs at the end of December 2022.

In May 2023, we halved our duration exposure to US Treasuries and reduced it further in June, when we also closed our position in Sweden, as we moved to an overweight UK gilt position. We increased our exposure to SSAs slightly in July 2023.

Our cross-market exposure was supportive for the Fund's performance relative to benchmark, thanks to the outperformance of US Treasuries, Australian government bonds and SSAs versus UK Gilts over the review period.

⁴ Yield-curve steepening: the difference between longer-term bond yields and shorter-term bond yields increases.

Outlook

Our base case scenario since Q2 2022 has been that the global economy would enter recession, where the main driver of this view has been that there are a large number of central bank rate hike expectations reflected in global yield curves, and central banks have switched to more than delivering on those expectations. And probably more importantly for bond investors, the market expects interest rates to stay very elevated for years thereafter.

Markets did price in some recession risk through to Q3 2022, but since then, the macro narrative has moved to 'mild recession', and then in mid Q1 to potentially 'no recession'. The US banking crisis and collapse of Credit Suisse caused a brief reappraisal of recession risk, but the macro narrative has since shifted back towards 'no recession' again.

This 'no recession' narrative we see reflected in many markets does not make any sense to us. Economic data has improved a little, but the pickup in the first five months of this year can be attributed to:

- Falling gas prices from Q4 2022, which meant stronger growth for around 5-6 months, particularly in Europe;
- China re-opening of the economy, where any boost has already faded
- Fiscal policy giveaways, liquidity provided by central banks, and consumption resilience.

We are a little surprised that there haven't been further signs of cracks appearing in the global economy since the end of Q1. There are some arguments that can be made for why the lags between interest rate increases and their impact on global growth this time around may be a little longer than the ~12 months historically seen in economic cycles (eg excess savings, still elevated corporate earnings, households and corporations increasing the maturity of their outstanding debt in 2020, labour hoarding etc). But this just delays the crunch, it doesn't prevent it.

Indeed, the details of the latest nonfarm payrolls report in the US show strong evidence that the state of the US job market is far weaker than the simple headline number indicates. We can see that there have indeed been substantial downward revisions to the data this year. What's more, the headline number has been increasingly dominated by just one area of the US economy. The healthcare sector represents about 15% of the US labour force but has accounted for 63% of job growth over the last 3 months. If it wasn't for the 86k added by the healthcare sector in June 2023, the rest of the US economy would have added a mere 26-thousand jobs. There are also signs of a further deceleration of the European economy as the latest purchasing managers indices showed, including in the services sector.

In summary, our global recession view has not changed. We still assume, that the super aggressive global monetary policy tightening that kicked off in Q1 last year is about to dominate everything. There are now clear signs that inflationary pressure is rapidly subsiding, where producer price deflation points to strong consumer price disinflation. A continuation of the recent

Investment Review continued

trend in labour market data outlined above could see a sharp reappraisal of where the US economy is headed, and where financial market risk premia should therefore be priced.

Portfolio Statement

As at 31 August 2023

Nominal		Market Value £'000	% of Net Assets
	Australian Dollar Denominated Fixed Rate Government Bonds - 2.29% (2022 - 1.96%)		
31,900,000	Australia Government Bond 1.75% 21/11/2032	13,448	1.20
16,955,000	Australia Government Bond 2.75% 21/05/2041	6,940	0.62
12,865,000	Australia Government Bond 3% 21/03/2047	5,204	0.47
		25,592	2.29
	Canadian Dollar Denominated Fixed Rate Government Bonds - 0.00% (2022 - 6.64%)		
	Norwegian Krone Denominated Fixed Rate Government Bonds - 0.71% (2022 - 0.68%)		
121,850,000	Norway Government Bond 2.125% 18/05/2032	7,904	0.71
		7,904	0.71
	Sterling Denominated Fixed Rate Corporate Bonds - 12.61% (2022 - 3.45%)		
25,709,000	European Bank for Reconstruction & Development 5.625% 07/12/2028	26,399	2.36
6,000,000	European Investment Bank 3.875% 12/04/2028	5,740	0.51
6,000,000	International Bank for Reconstruction & Development 0.25% 23/09/2027	4,958	0.44
9,973,000	International Bank for Reconstruction & Development 1% 21/12/2029	7,950	0.71
9,973,000	International Bank for Reconstruction & Development 5.75% 07/06/2032	10,687	0.96
4,987,000	Kreditanstalt fuer Wiederaufbau 0.125% 30/12/2026	4,245	0.38
6,001,000	Kreditanstalt fuer Wiederaufbau 1.375% 09/12/2024	5,693	0.51
25,940,000	Kreditanstalt fuer Wiederaufbau 3.75% 30/07/2027	24,759	2.22
12,240,000	Kreditanstalt fuer Wiederaufbau 5.5% 18/06/2025	12,226	1.09
10,000,000	Landwirtschaftliche Rentenbank 0.875% 15/12/2026	8,727	0.78
9,973,000	LCR Finance 4.5% 07/12/2028	9,791	0.88
20,000,000	Nordic Investment Bank 1.125% 15/12/2023	19,728	1.77
		140,903	12.61
	Sterling Denominated Fixed Rate Government Bonds - 84.41% (2022 - 81.29%)		
194	UK Treasury 0.125% 31/01/2028	-	-
6,000,000	UK Treasury 0.375% 22/10/2030	4,560	0.41
117,252,700	UK Treasury 0.5% 31/01/2029	95,010	8.51
22,400,000	UK Treasury 0.5% 22/10/2061	6,620	0.59
74,530,000	UK Treasury 1.25% 31/07/2051	35,637	3.19
154	UK Treasury 1.5% 22/07/2047	-	-
62,070,000	UK Treasury 1.625% 22/10/2054	32,042	2.87
40,000,000	UK Treasury 1.75% 22/07/2057	21,115	1.89
37,500,000	UK Treasury 2.5% 22/07/2065	23,933	2.14
137,800,000	UK Treasury 3.5% 22/10/2025	133,215	11.93
33,950,000	UK Treasury 3.5% 22/01/2045	28,597	2.56
170,065,000	UK Treasury 3.75% 29/01/2038	154,936	13.88
22,500,000	UK Treasury 3.75% 22/07/2052	19,438	1.74
25,250,000	UK Treasury 3.75% 22/10/2053	21,609	1.94
32,600,000	UK Treasury 4% 22/10/2063	29,573	2.65
146,350,000	UK Treasury 4.125% 29/01/2027	143,122	12.82
822	UK Treasury 4.25% 07/06/2032	1	-
60,000,000	UK Treasury 4.25% 07/12/2046	56,485	5.06
102,016,088	UK Treasury 4.5% 07/09/2034	102,746	9.20
17,410,000	UK Treasury 4.5% 07/12/2042	17,114	1.53
5,750,000	UK Treasury Inflation Linked 0.125% 22/03/2073	5,365	0.48
12,340,000	UK Treasury Inflation Linked 0.625% 22/03/2045	11,351	1.02
		942,469	84.41
	Swedish Krona Denominated Fixed Rate Government Bonds - 0.00% (2022 - 0.23%)		
	US Dollar Denominated Fixed Rate Government Bonds - 0.00% (2022 - 3.88%)		
	DERIVATIVES - 0.20% (2022 - (0.76)%)		
	Australian Dollar Open Forward Exchange Contracts - 0.13% (2022 - (0.07)%)		
	Bought AUD3,800,000 for GBP1,994,908 Settlement 20/09/2023	(56)	(0.01)
	Sold AUD54,403,278 for GBP29,308,747 Settlement 20/09/2023	1,546	0.14
		1,490	0.13
	Canadian Dollar Open Forward Exchange Contracts - 0.00% (2022 - (0.23)%)		
	Norwegian Krone Open Forward Exchange Contracts - 0.01% (2022 - (0.03)%)		
	Sold NOK105,483,700 for GBP7,888,378 Settlement 20/09/2023	80	0.01
		80	0.01
	Sterling Open Futures Contracts - 0.04% (2022 - (0.16)%)		
602	UK Long Gilt Futures December 2023	400	0.04
		400	0.04
	Swedish Krona Open Forward Exchange Contracts - 0.00% (2022 - 0.00%)		
	Sold SEK8,767,731 for GBP646,552 Settlement 20/09/2023	12	-
		12	-

Portfolio Statement continued

As at 31 August 2023

Nominal		Market Value £'000	% of Net Assets
US Dollar Open Forward Exchange Contracts - 0.00% (2022 - (0.23)%)			
Bought USD2,342,302 for GBP1,849,000 Settlement 20/09/2023		(2)	-
Sold USD7,000,000 for GBP5,522,503 Settlement 20/09/2023		2	-
		-	-
US Dollar Open Futures Contracts - 0.02% (2022 - (0.04)%)			
375	US Treasury Note 10 Year Futures December 2023	192	0.02
		192	0.02
Investment assets ¹		1,119,042	100.22
Net other liabilities		(2,495)	(0.22)
Net assets		1,116,547	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 2022.

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

Statement of Total Return

For the year ended 31 August 2023

	Notes	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Income:					
Net capital losses	2		(207,085)		(478,182)
Revenue	3	36,487		20,556	
Expenses	4	(4,236)		(7,018)	
Interest payable and similar charges		(126)		(9)	
Net revenue before taxation		32,125		13,529	
Taxation	5	-		-	
Net revenue after taxation			32,125		13,529
Total return before distributions			(174,960)		(464,653)
Distributions	6		(36,049)		(20,041)
Change in net assets attributable to shareholders from investment activities			(211,009)		(484,694)

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 August 2023

	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Opening net assets attributable to shareholders		1,841,466		2,574,573
Amounts receivable on issue of shares	179,443		403,813	
Amounts payable on cancellation of shares	(693,356)		(652,228)	
		(513,913)		(248,415)
Change in net assets attributable to shareholders from investment activities (see above)		(211,009)		(484,694)
Retained distributions on accumulation shares		1		-
Unclaimed distributions		2		2
Closing net assets attributable to shareholders		1,116,547		1,841,466

Notes to the final report and Financial Statements are from page 44 to 52.

Balance Sheet

As at 31 August 2023

	Notes	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Assets:					
Fixed assets:					
Investments			1,119,100		1,807,523
Current assets:					
Debtors	7	9,869		23,599	
Cash and bank balances	8	10,633		39,009	
Total assets			1,139,602		1,870,131
Liabilities:					
Investment liabilities					
			(58)		(14,405)
Creditors:					
Distribution payable	9	(19,925)		(13,219)	
Other creditors	9	(3,072)		(1,041)	
Total liabilities			(23,055)		(28,665)
Net assets attributable to shareholders			1,116,547		1,841,466

Notes to the final report and Financial Statements are from page 44 to 52.

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 and 9 of the Collective Notes to the Final Report and Financial Statements.

2. Net capital losses

	2023 £000s	2022 £000s
Losses on non-derivative securities	(194,465)	(453,849)
Losses on derivative securities	(22,147)	(8,174)
(Losses)/gains on currency	(2,745)	480
Gains/(losses) on forward currency contracts	12,280	(16,632)
Handling charges	(8)	(7)
Net capital losses	(207,085)	(478,182)

3. Revenue

	2023 £000s	2022 £000s
Bank interest	194	16
Futures interest	55	(7)
Interest on fixed income securities	30,844	19,335
Overseas dividends - taxable	43	36
Returns from bond futures	5,351	1,176
Total revenue	36,487	20,556

Notes to the Final Report and Financial Statements continued

4. Expenses

	2023	2022
	£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	3,925	6,512
	3,925	6,512
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	232	384
Safe custody fees	55	92
	287	476
Other expenses:		
Audit fees	12	13
Distribution costs	2	4
Printing costs	3	3
Registration fees	7	10
	24	30
Total expenses	4,236	7,018

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 £10,000 (2022 - £10,000).

Notes to the Final Report and Financial Statements continued

5. Taxation

	2023	2022
	£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%) (2022 - 20%).		
The differences are explained below:		
Net revenue before taxation	32,125	13,529
Corporation tax at 20%	6,425	2,706
Effects of:		
Tax deductible interest distributions	(6,273)	(2,706)
Relief for indexation on UK Gilts	(152)	-
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.

6. Equalisation/Distributions

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

	2023	2022
	£000s	£000s
Interim	14,524	6,598
Final	19,925	13,219
Add: Revenue deducted on cancellation of shares	3,197	1,563
Deduct: Revenue received on creation of shares	(1,597)	(1,339)
Net distributions for the year	36,049	20,041
Reconciliation of net revenue after taxation to net distributions for the year		
Net revenue after taxation	32,125	13,529
Add: Capitalised expenses	3,924	6,512
Net distributions for the year	36,049	20,041

7. Debtors

	2023	2022
	£000s	£000s
Accrued revenue	9,869	10,514
Amounts receivable on creation of shares	-	13,085
	9,869	23,599

Notes to the Final Report and Financial Statements continued

8. Cash and bank balances

	2023 £000s	2022 £000s
Amount held at futures clearing houses and brokers	3,497	8,487
Cash and bank balances	7,136	30,522
	10,633	39,009

9. Other creditors

	2023 £000s	2022 £000s
a. Distribution payable		
Net distribution payable	19,925	13,219
b. Other creditors		
Accrued ACD's annual fee	288	502
Amounts payable on cancellation of shares	2,682	451
Other accrued expenses	102	88
	3,072	1,041

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.

Notes to the Final Report and Financial Statements continued

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.

The distribution per share is given in the Distribution Table on page 35.

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 2023:

	Class I Shares Income	Class Y Shares Accumulation
Opening shares	1,153,087,971	954
Shares created	124,128,424	348
Shares cancelled	(480,141,036)	-
Shares converted	-	-
Closing shares	797,075,359	1,302

13. Contingent liabilities and commitments

As at 31 August 2023 there were no contingent liabilities (2022: £Nil).

Notes to the Final Report and Financial Statements continued

14. Derivatives and other financial instruments

The narrative on pages 9 to 11 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 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 2023 £000s	Non-Monetary Exposure 31 August 2023 £000s	Total Exposure 31 August 2023 £000s	Monetary Exposure 31 August 2022 £000s	Non-Monetary Exposure 31 August 2022 £000s	Total Exposure 31 August 2022 £000s
Australian Dollar	(25,538)	25,591	53	(36,775)	36,119	(656)
Canadian Dollar	(3)	-	(3)	(125,947)	122,360	(3,587)
Euro	35	-	35	-	-	-
Norwegian Krone	(7,547)	7,904	357	(13,878)	12,560	(1,318)
Swedish Krona	(313)	-	(313)	(4,918)	4,172	(746)
US Dollar	20	-	20	(74,041)	71,486	(2,555)

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 31 August 2023 £000s	Fixed Rate 31 August 2023 £000s	Non-Interest 31 August 2023 £000s	Total 31 August 2023 £000s	Floating Rate 31 August 2022 £000s	Fixed Rate 31 August 2022 £000s	Non-Interest 31 August 2022 £000s	Total 31 August 2022 £000s
Assets	-	1,116,868	2,232	1,119,100	-	1,807,066	457	1,807,523
Liabilities	-	-	(58)	(58)	-	-	(14,405)	(14,405)

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:

	2023 £000s	2022 £000s
Bonds	1,116,868	1,807,066
Open future contracts	592	(3,761)

The following illustrates the sensitivity of the net return and the net assets to an increase or decrease of 20% (2022 - 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.

	2023 20% Increase in fair value £000s	2023 20% Decrease in fair value £000s	2022 20% Increase in fair value £000s	2022 20% Decrease in fair value £000s
Capital Return				
Net gains (losses) on investments at fair value	223,492	(223,492)	360,661	(360,661)

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.

	2023	2023	2022	2022
	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	(9)	13	109	(164)
Canadian Dollar	1	(1)	598	(897)
Euro	(6)	9	-	-
Norwegian Krone	(60)	89	220	(329)
Swedish Krona	52	(78)	124	(187)
US Dollar	(3)	5	426	(639)
Change in net return and net assets	(25)	37	1,477	(2,216)

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 2023, the net asset value was £1,138.1m (2022 - £1,855.9m) (before the deduction of the interest distribution) with a duration of 9.73 years (2022 - 11.46 years).

Thus, for example, an increase of 0.25% in the interest rates would result in a fall of 2.43% or £27.65m (2022 - 2.87% or £53.26m) 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 1.27% (2022 - 1.19%).

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 2023 £000s	31 August 2023 £000s	31 August 2022 £000s	31 August 2022 £000s
Level 1: Quoted	943,061	-	1,690,771	(3,761)
Level 2: Observable	176,039	(58)	116,752	(10,644)
Level 3: Unobservable	-	-	-	-
	1,119,100	(58)	1,807,523	(14,405)

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.

Notes to the Final Report and Financial Statements continued

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 (2022 - 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 11.

i. Credit rating

	2023	2023	2022	2022
	Market Value £000s	% of Net Assets	Market Value £000s	% of Net Assets
Investment Grade	1,116,868	100.02	1,807,066	98.13
Derivatives	2,174	0.20	(13,948)	(0.76)
Other (liabilities)/assets	(2,495)	(0.22)	48,348	2.63
	1,116,547	100.00	1,841,466	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 2023, all fixed income investments were investment grade (2022 - same).

15. Portfolio transaction costs

For the year ended 31 August 2023:

	Transaction Value 2023 £000s	Commissions 2023 £000s	Commissions 2023 %	Taxes 2023 £000s	Taxes 2023 %
Purchases					
Debt instruments (direct)	1,129,338	-	-	-	-
Derivatives	557,745	5	-	-	-
Total purchases	1,687,083	5	-	-	-
Total purchases including transaction costs	1,687,088				
	Transaction Value 2023 £000s	Commissions 2023 £000s	Commissions 2023 %	Taxes 2023 £000s	Taxes 2023 %
Sales					
Debt instruments (direct)	1,622,345	-	-	-	-
Derivatives	691,055	6	-	-	-
Total sales	2,313,400	6	-	-	-
Total sales including transaction costs	2,313,394				
Total transaction costs as a % of average net assets		0.00%		0.00%	

Notes to the Final Report and Financial Statements continued

	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%	

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.

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.

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 0.11% (2022: 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 other Funds managed by Allianz Global Investors and its group of companies and other collective investment schemes managed by third parties.

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 Middy 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 (Accumulation Shares)	
	E (Income Shares)	
	W (Accumulation Shares)	
	W (Income Shares)	
Minimum investment	E Shares	Lump sum £25,000,000 Available to Approved Investors only.
	W Shares	Lump sum £10,000,000 Available to Approved Investors only.
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 2023

	E Shares Income			E Shares Accumulation		
	2023 (p)	2022 (p)	2021 (p)	2023 (p)	2022 (p)	2021 (p)
Opening net asset value per share	90.29	125.52	117.64	95.55	129.16	121.06
Return before operating charges	(15.13)	(31.67)	8.12	(15.99)	(33.37)	8.35
Operating charges	(0.16)	(0.23)	(0.24)	(0.17)	(0.24)	(0.25)
Return after operating charges	(15.29)	(31.90)	7.88	(16.16)	(33.61)	8.10
Distributions	-	(3.33)	-	-	(3.42)	-
Retained distributions on accumulation shares	-	-	-	-	3.42	-
Closing net asset value per share	75.00	90.29	125.52	79.39	95.55	129.16
After direct transaction costs of ¹	-	-	-	-	-	-
Performance						
Return after operating charges	(16.93)%	(25.41)%	6.70%	(16.91)%	(26.02)%	6.69%
Other information						
Closing net asset value (£'000)	143,762	114,800	163,028	3,151	9,856	8,430
Closing number of shares	191,686,737	127,139,624	129,881,129	3,969,467	10,315,419	6,526,467
Operating charges ²	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
Direct transaction costs	-	-	-	-	-	-
Prices						
Highest share price	87.53	133.54	128.54	94.76	137.41	132.26
Lowest share price	59.48	90.84	110.59	68.10	96.12	113.79

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.

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 2023

	W Shares Income			W Shares Accumulation		
	2023 (p)	2022 (p)	2021 (p)	2023 (p)	2022 (p)	2021 (p)
Opening net asset value per share	89.84	125.02	117.29	95.11	128.70	120.75
Return before operating charges	(15.05)	(31.52)	8.09	(15.91)	(33.23)	8.32
Operating charges	(0.23)	(0.35)	(0.36)	(0.25)	(0.36)	(0.37)
Return after operating charges	(15.28)	(31.87)	7.73	(16.16)	(33.59)	7.95
Distributions	-	(3.31)	-	-	(3.41)	-
Retained distributions on accumulation shares	-	-	-	-	3.41	-
Closing net asset value per share	74.56	89.84	125.02	78.95	95.11	128.70
After direct transaction costs of ¹	-	-	-	-	-	-
Performance						
Return after operating charges	(17.01)%	(25.49)%	6.59%	(16.99)%	(26.10)%	6.58%
Other information						
Closing net asset value (£'000)	703	770	5,063	380	1,101	3,358
Closing number of shares	942,571	857,490	4,050,964	481,665	1,158,034	2,608,743
Operating charges ²	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Direct transaction costs	-	-	-	-	-	-
Prices						
Highest share price	87.10	132.97	128.02	94.33	136.89	131.80
Lowest share price	59.20	90.40	110.20	67.78	95.71	113.45

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 2023

Interim Distribution in pence per share

Group 1 Shares purchased prior to 1 September 2022

Group 2 Shares purchased on or after 1 September 2022 to 28 February 2023

	Gross revenue (p)	Equalisation (p)	Distribution paid 30/04/23 (p)	Distribution paid 30/04/22 (p)
E Shares Income				
Group 1	-	-	-	3.3266
Group 2	-	-	-	3.3266
E Shares Accumulation				
Group 1	-	-	-	3.4228
Group 2	-	-	-	3.4228
W Shares Income				
Group 1	-	-	-	3.3050
Group 2	-	-	-	3.3050
W Shares Accumulation				
Group 1	-	-	-	3.4050
Group 2	-	-	-	3.4050

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 March 2023

Group 2 Shares purchased on or after 1 March 2023 to 31 August 2023

	Gross revenue (p)	Equalisation (p)	Distribution payable 31/10/23 (p)	Distribution paid 31/10/22 (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 2022 to 31st August 2023, the Fund's 'W Inc' class produced a total return of -16.36%. The Fund's benchmark, the FTSE Actuaries UK Government Index-Linked All Stocks Total Return GBP (Midday) Index, produced a total return of -15.80% over the period.

Market Background

The first two months of the review period saw unprecedented volatility in the UK conventional gilts and index-linked gilt markets as UK long-end government bond prices plummeted in September 2022 before paring some of the losses the following month¹. The sharp sell-off in the British pound, coupled with the surge in UK gilt yields in September 2022 was driven by the ramp up in government borrowing after the new government, led by Liz Truss, implemented the largest package of tax cuts in 50 years and took steps to cap energy costs for households and businesses. The yield on the 10-year conventional gilt topped 4.5%, its highest level since late-2008, and a rise of around 1.7% over the month, before falling back to just above 4.0% after the Bank of England was forced to intervene to prevent financial instability. The Bank said it would buy gilts and would "not hesitate to change interest rates" to rein in inflation. The reaction in long-dated UK index-linked gilts was even more extreme – eg. the real yield² on the "UKTI 0.125% 2073" index-linked gilt went from -0.2% on September 21st, to 1.5% on September 27th, before ending the month at -0.6%. The sharper parallel yield increases in index-linked gilts relative to conventional gilts following the mini-budget announcement meant that the market-implied inflation rate measured by the breakeven inflation rate³ initially fell after the announcement, however the longer-term breakeven inflation rates (+10-year maturities) retraced all their moves and ended the month higher on the back of the Bank of England intervention.

UK gilt prices recovered in October 2022, after Prime Minister Liz Truss sacked Chancellor Kwasi Kwarteng and was forced to U-turn on almost the entirety of her plans for growth. Only a few days later, Liz Truss herself stepped down, having spent only 44 days as Prime Minister. Her replacement, ex-chancellor Rishi Sunak, was generally viewed as being fiscally prudent. Having traded as high as 1.3%, the real yield on the 10-year UK index-linked gilt subsequently plummeted, closing the month

around 0%. Breakeven inflation rates were very volatile, falling sharply into mid-October, before increasing again towards the end of the month.

While not nearly as volatile, the months following the mini-budget crisis still saw large swings in gilt yields with the 10-year index-linked gilt real yield trading as low as -0.7% in November and closing the year 2022 at a high of 0.1%. The Bank of England continued its hiking cycle in the last quarter of the year by raising rates by 1.25%, which included an increase by 0.75% in the November meeting – the largest hike in a single meeting since 1989 – as it tried to tame inflation which had reached a 41-year high of 11.1% in October 2022.

UK gilts experienced another rollercoaster quarter in Q1 of 2023, with the yield on the 10-year UK conventional gilt trading between 3.1% and 3.9%, and the real yield of the 10-year UK index-linked gilt trading between -0.3% and 0.2%. In February 2023, the Bank of England raised rates by 50 basis points (bps) but indicated that rates may have peaked. With UK inflation unexpectedly rising to 10.4% in February, the Bank enacted a further 25-bps hike in March, taking rates to 4.25%, the highest level since 2007, although it indicated that the UK may now avoid a recession in 2023.

In the second quarter of 2023, UK gilts sold off sharply again. The 10-year conventional UK gilt yield approached 4.5% and the 10-year index-linked gilt yield went up to 0.7%, levels last seen following Liz Truss' short-lived premiership in September 2022, as expectations of future interest rate hikes ramped up when UK inflation remained stubbornly high. While the headline rate of UK inflation finally dropped below 10% in April, it held steady at 8.7% in June, disappointing forecasts for a further decline, and core inflation rose to 7.1 %, the highest level since March 1992. The Bank of England raised rates by 25 bps in May but stepped up its inflation fight with a surprise 50-bps hike in June to a level of 5.0%.

Real yields of index-linked UK gilts increased in July 2023 – in particular at the front end of the maturity spectrum (+0.8% in the 2-year segment) but also the long end of the curve, where the real yield of the 50-year maturity rose by about 0.2%. UK conventional gilts outperformed other core government bond markets as fears of further substantial hikes in UK rates were partially allayed by lower-than-expected inflation data. As a result, break-even inflation rates in the UK gilts market fell across all maturities, with the strongest moves in short

Investment Review continued

maturities. In August 2023, both conventional and index-linked UK gilt yields initially rose sharply, with the 10-year conventional Gilt yield touching 4.75% and 10-year index-linked gilt yields reaching 1% mid-month as stronger-than-expected second-quarter Gross Domestic Product (GDP) data sparked speculation that UK rates would peak at 6%: this followed a further 25 bps increase by the Bank of England in early-August. While the headline inflation rate in the UK (based on the consumer price index) dropped to 6.8% in July from 7.9% in June, core inflation held steady at 6.9%. However, both conventional and index-linked gilt yields subsequently declined once more in the second half of August, paring back some of the losses as economic data releases indicated weakening activity. At the short-end of the maturity spectrum, UK index-linked gilt yields went back to the levels seen at the end of Q2 2023.

Over the full review period, the UK index-linked gilt real yield curve⁴ shifted upwards and moved from an upward sloping to an inverted shape, ie. short-dated bond yields increased by more than those of longer-dated bonds⁵. Elsewhere, government bond yield curves in overseas markets like the US or Canada also shifted upwards, but to a lesser extent than UK index-linked gilts, which underperformed these markets. The yield of 10-year US-Treasuries increased from 3.26% to 4.10%, the real yield of US Treasury Inflation-Protected Securities (TIPS) went from 0.81% to 1.87%, 10-year Canadian inflation-linked government bond yields increased from 1.18% to 1.87%, whilst the 10-year index-linked UK gilt yield moved from -1.21% to 0.68% between 01/09/2022 and 31/08/2023.

¹ Please note that there is an inverse relationship between bond prices and bond yields. As the price of a bond goes down, the yield increases and vice versa. This is because the coupon rate of a bond typically remains fixed, and the price in secondary markets fluctuates for the yield to align with prevailing market interest rates.

² The yields of index-linked gilts are referred to as "real" yields. A real yield is a yield that has been adjusted to remove the effects of inflation.

³ The market-implied breakeven inflation rate can be derived from the difference between the (nominal) yield of a conventional bond and the (real) yield of an index-linked bond of the same issuer and with the same maturity.

⁴ A yield curve is a line that plots yields of bonds that have equal credit quality but differing maturity dates.

⁵ A yield curve is inverted when yields of bonds with short maturities exceed those of longer-dated bonds.

Portfolio Review

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

Duration

Overall, we maintained an overweight headline duration exposure against our benchmark (i.e., holding more interest rate risk than our benchmark). Whilst we preferred expressing this via our cross-market strategy, we moved from an underweight to overweight duration exposure in UK index-linked gilts from October 2022 onwards and we also held conventional UK gilt exposure.

Our duration overweight versus our benchmark was negative for the Fund's return as the rise in both nominal and real yields across all maturities caused gilt prices to fall over the period.

Curve Positioning

We maintained our relative underweight positions against our benchmark in both the front and the long ends of the yield curve and an overweight in the belly section (15- to 30-year maturities) over the review period. We moved to an underweight position in the 10-15-year maturity section against further increasing our overweight in the 15-30-year part in March 2023, ahead of expected supply in April. We kept this position through to August, when we closed our underweight position in the 10-15-year part of the curve.

Our curve positioning was positive over the period - in particular, thanks to the underweight position of the front-end of the maturity spectrum, which underperformed strongly as the real yield curve inverted causing front-end index-linked gilt prices to fall more (ie. index-linked gilt yields to increase more⁶) than their longer-end counterparts.

⁶ Please note that there is an inverse relationship between bond prices and bond yields. As the price of a bond goes down, the yield increases and vice versa. This is because the coupon rate of a bond typically remains fixed, and the price in secondary markets fluctuates for the yield to align with prevailing market interest rates.

Relative Value

We saw a few dislocations along the curve in September 2022 and conducted several switch trades. In November 2022, we bought the index-linked gilt maturing in 2047 and 2068 versus selling the 2056 maturing index-linked gilt.

As part of our curve positioning changes In March 2023, we did a couple of "butterfly" trades: We sold the index-linked gilts maturing in 2032 and in 2050, against buying the 2046 issue,

Investment Review continued

and we sold the 2036 and the 2047 index-linked gilts against buying the 2042 maturity.

In April 2023, we bought index-linked gilts maturing in 2045 in the syndication and increased it further afterwards, switching out of index-linked gilts with maturities in 2039 and 2046.

Breakevens

We started the period with an underweight position in inflation-linked gilts (and breakevens) via a long position in conventional gilts. At the beginning of October 2022, following the sharp sell-off of index-linked gilt prices led by liability-driven investment (LDI) investors, we exited our short breakeven position by selling conventional gilts and switching into index-linked gilts. In January 2023, we participated in the 2053 conventional gilt syndication, funded by similar maturities in index-linked gilts. We reduced our underweight break-even exposure in April 2023, switching out of some nominal gilts into index-linked gilts ahead of the linker syndication. We increased our underweight break-even exposure again by adding to our nominal gilt exposure between May and August, ending the period with 0.9y of duration contribution from UK conventional gilts.

Cross Market

Besides index-linked gilts, we have also liked holding duration via our cross-market strategy. However, as both UK index-linked and conventional gilt valuations improved following the moves after the mini-budget crisis, we reduced our cross-market exposure in the US by 0.4y, by selling out of US treasury inflation-protected securities (TIPS) in October 2022, and we switched this into UK index-linked gilts. We maintained around +0.2y of duration contribution in Canadian inflation-linked government bonds and 0.6-0.7y of duration contribution in US government bonds (across both conventional and inflation-linked bonds) over the remainder of the review period.

Our cross-market strategy was positive for relative performance as both conventional and inflation-linked US Treasuries and inflation linked Canadian government bonds outperformed UK index-linked gilts over the period.

Outlook

Our base case scenario since Q2 2022 has been that the global economy would enter recession, where the main driver of this view has been that there are a large number of central bank rate hike expectations reflected in global yield curves, and central banks have switched to more than delivering on those expectations. And probably more importantly for bond investors, the market expects interest rates to stay very elevated for years thereafter.

Markets did price in some recession risk through to Q3 2022, but since then, the macro narrative has moved to 'mild recession', and then in mid Q1 to potentially 'no recession'. The US banking crisis and collapse of Credit Suisse caused a brief reappraisal of recession risk, but the macro narrative has since shifted back towards 'no recession' again.

This 'no recession' narrative we see reflected in many markets does not make any sense to us. Economic data has improved a little, but the pickup in the first five months of this year can be attributed to:

- Falling gas prices from Q4 2022, which meant stronger growth for around 5-6 months, particularly in Europe;
- China re-opening of the economy, where any boost has already faded
- Fiscal policy giveaways, liquidity provided by central banks, and consumption resilience.

We are a little surprised that there haven't been further signs of cracks appearing in the global economy since the end of Q1. There are some arguments that can be made for why the lags between interest rate increases and their impact on global growth this time around may be a little longer than the ~12 months historically seen in economic cycles (eg excess savings, still elevated corporate earnings, households and corporations increasing the maturity of their outstanding debt in 2020, labour hoarding etc). But this just delays the crunch, it doesn't prevent it.

Indeed, the details of the latest nonfarm payrolls report in the US show strong evidence that the state of the US job market is far weaker than the simple headline number indicates. We can see that there have indeed been substantial downward

Investment Review continued

revisions to the data this year. What's more, the headline number has been increasingly dominated by just one area of the US economy. The healthcare sector represents about 15% of the US labour force but has accounted for 63% of job growth over the last 3 months. If it wasn't for the 86k added by the healthcare sector in June 2023, the rest of the US economy would have added a mere 26-thousand jobs. There are also signs of a further deceleration of the European economy as the latest purchasing managers indices showed, including in the services sector.

In summary, our global recession view has not changed. We still assume, that the super aggressive global monetary policy tightening that kicked off in Q1 last year is about to dominate everything. There are now clear signs that inflationary pressure is rapidly subsiding, where producer price deflation points to strong consumer price disinflation. A continuation of the recent trend in labour market data outlined above could see a sharp reappraisal of where the US economy is headed, and where financial market risk premia should therefore be priced.

Portfolio Statement

As at 31 August 2023

Nominal		Market Value £'000	% of Net Assets
Canadian Dollar Denominated Fixed Rate Government Bonds - 2.04% (2022 - 2.84%)			
700,000	Canadian Government Real Return Bond 3% 01/12/2036	700	0.47
2,000,000	Canadian Government Real Return Bond 4% 01/12/2031	2,326	1.57
		3,026	2.04
Sterling Denominated Fixed Rate Government Bonds - 94.71% (2022 - 87.38%)			
1,500,000	UK Treasury 3.75% 29/01/2038	1,367	0.92
2,050,000	UK Treasury 4% 22/10/2063	1,860	1.26
6,300,000	UK Treasury Inflation Linked 0.125% 22/03/2026	3,793	2.56
1,000,000	UK Treasury Inflation Linked 0.125% 10/08/2028	8,195	5.54
2,690,000	UK Treasury Inflation Linked 0.125% 22/03/2029	16,386	11.07
10,750,000	UK Treasury Inflation Linked 0.125% 22/11/2036	1,183	0.80
10,298,000	UK Treasury Inflation Linked 0.125% 22/03/2039	11,354	7.67
4,700,000	UK Treasury Inflation Linked 0.125% 22/03/2044	5,894	3.98
6,700,000	UK Treasury Inflation Linked 0.125% 22/03/2046	7,680	5.19
5,150,000	UK Treasury Inflation Linked 0.125% 10/08/2048	1,041	0.70
1,550,000	UK Treasury Inflation Linked 0.125% 22/03/2058	5,509	3.72
1,450,000	UK Treasury Inflation Linked 0.125% 22/11/2065	1,843	1.25
900,000	UK Treasury Inflation Linked 0.125% 22/03/2068	1,683	1.14
1,765,000	UK Treasury Inflation Linked 0.125% 22/03/2073	1,353	0.91
7,430,000	UK Treasury Inflation Linked 0.25% 22/03/2052	8,976	6.06
4,250,000	UK Treasury Inflation Linked 0.375% 22/03/2062	5,430	3.67
1,380,000	UK Treasury Inflation Linked 0.625% 22/03/2040	2,243	1.52
23,630,000	UK Treasury Inflation Linked 0.625% 22/11/2042	12,993	8.78
8,000,000	UK Treasury Inflation Linked 0.625% 22/03/2045	21,736	14.69
5,500,000	UK Treasury Inflation Linked 0.75% 22/03/2034	8,905	6.02
3,721,000	UK Treasury Inflation Linked 1.125% 22/11/2037	7,104	4.80
475,000	UK Treasury Inflation Linked 1.25% 22/11/2027	933	0.63
1,000,000	UK Treasury Inflation Linked 1.25% 22/11/2032	1,832	1.24
260,000	UK Treasury Inflation Linked 4.125% 22/07/2030	873	0.59
		140,166	94.71
US Dollar Denominated Fixed Rate Government Bonds - 2.16% (2022 - 8.43%)			
4,250,000	US Treasury Inflation Indexed Bonds 1.125% 15/01/2033	3,203	2.16
		3,203	2.16
DERIVATIVES - 0.11% (2022 - (4.09)%)			
Canadian Dollar Open Forward Exchange Contracts - 0.04% (2022 - (0.09)%)			
	Sold CAD5,292,551 for GBP3,137,111 Settlement 20/09/2023	56	0.04
		56	0.04
Sterling Interest Rate Swaps - 0.00% (2022 - (3.26)%)			
Sterling Open Futures Contracts - 0.03% (2022 - (0.11)%)			
71	UK Long Gilt Futures December 2023	47	0.03
		47	0.03
US Dollar Open Forward Exchange Contracts - 0.00% (2022 - (0.55)%)			
	Bought USD503,587 for GBP398,000 Settlement 20/09/2023	(1)	-
	Sold USD5,000,000 for GBP3,944,403 Settlement 20/09/2023	1	-
		-	-
US Dollar Open Futures Contracts - 0.04% (2022 - (0.08)%)			
102	US Treasury Note 10 Year Futures December 2023	52	0.04
		52	0.04
Investment assets ¹		146,550	99.02
Net other assets		1,446	0.98
Net assets		147,996	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 2022.

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

Statement of Total Return

For the year ended 31 August 2023

	Notes	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Income:					
Net capital losses	2		(16,806)		(50,555)
Revenue	3	(3,834)		9,594	
Expenses	4	(250)		(304)	
Interest payable and similar charges		(11)		(2)	
Net (expense)/revenue before taxation		(4,095)		9,288	
Taxation	5	-		-	
Net (expense)/revenue after taxation			(4,095)		9,288
Total return before distributions			(20,901)		(41,267)
Equalisation / Distributions	6		123		(3,867)
Change in net assets attributable to shareholders from investment activities			(20,778)		(45,134)

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 August 2023

	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Opening net assets attributable to shareholders		126,527		179,879
Amounts receivable on issue of shares	64,782		42,287	
Amounts payable on cancellation of shares	(23,762)		(50,967)	
		41,020		(8,680)
Dilution adjustment		23		12
Change in net assets attributable to shareholders from investment activities (see above)		(20,778)		(45,134)
Retained distributions on accumulation shares		1,204		450
Closing net assets attributable to shareholders		147,996		126,527

Notes to the final report and Financial Statements are from page 64 to 72.

Balance Sheet

As at 31 August 2023

	Notes	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Assets:					
Fixed assets:					
Investments			146,551		124,848
Current assets:					
Debtors	7	261		992	
Cash and bank balances	8	1,522		6,777	
Total assets			148,334		132,617
Liabilities:					
Investment liabilities					
			(1)		(5,199)
Creditors:					
Other creditors	9	(337)		(891)	
Total liabilities			(338)		(6,090)
Net assets attributable to shareholders			147,996		126,527

Notes to the final report and Financial Statements are from page 64 to 72.

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 and 9 of the Collective Notes to the Final Report and Financial Statements.

2. Net capital losses

	2023 £000s	2022 £000s
Losses on non-derivative securities	(15,379)	(43,579)
Losses on derivative securities	(1,370)	(5,184)
Gains on currency	13	102
Losses on forward currency contracts	(67)	(1,892)
Handling charges	(3)	(2)
Net capital losses	(16,806)	(50,555)

3. Revenue

	2023 £000s	2022 £000s
Bank interest	33	14
Futures interest	12	-
Interest on fixed income securities	(4,426)	9,339
Overseas dividends - taxable	-	(1)
Futures Income Burification	547	242
Total revenue	(3,834)	9,594

Notes to the Final Report and Financial Statements continued

4. Expenses

	2023	2022
	£000s	£000s
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
ACD's annual fee	253	306
ACD rebate*	(47)	(51)
	206	255
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	22	27
Safe custody fees	5	6
	27	33
Other expenses:		
Audit fees	13	14
Distribution costs	2	-
Printing costs	1	1
Registration fees	1	1
	17	16
Total expenses	250	304

All expenditure stated above is inclusive of VAT where applicable.

The Audit fee for the year, excluding VAT, was £11,100 (2022 - £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

	2023 £000s	2022 £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 higher than the standard rate of corporation tax in the UK for a subfund of an Open-Ended Investment Company (20%) (2022 - 20%).		
The differences are explained below:		
Net (expense)/revenue before taxation	(4,095)	9,288
Corporation tax at 20%	(819)	1,858
Effects of:		
Indexation relief on index linked gilts	(2,486)	(3,151)
Surplus allowable expenses arising in the year	3,305	1,293
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 £6,703,923 (2022 : £3,398,000) 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. Equalisation/Distributions

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

	2023 £000s	2022 £000s
Interim	-	4,032
Final	-	-
Add: Revenue deducted on cancellation of shares	1,521	692
Deduct: Revenue received on creation of shares	(1,644)	(857)
Net equalisation / distributions for the year	(123)	3,867
Reconciliation of net (expense)/revenue after taxation to net equalisation / distributions for the year		
Net (expense)/revenue after taxation	(4,095)	9,288
Add: Capitalised ACD fee rebate	(40)	(44)
Add: Capitalised expenses	253	306
Amortisation index-linked bonds – not distributable*	(10,596)	(15,756)
Net revenue shortfall taken to capital	14,355	10,073
Net equalisation / distributions for the year	(123)	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

	2023 £000s	2022 £000s
Accrued ACD's fee rebate	4	5
Accrued revenue	257	153
Amounts receivable on creation of shares	-	114
Sales awaiting settlement	-	720
	261	992

8. Cash and bank balances

	2023 £000s	2022 £000s
Cash and bank balances	896	6,113
Amount held at futures clearing houses and brokers	626	664
	1,522	6,777

9. Other creditors

	2023 £000s	2022 £000s
Accrued ACD's annual fee	25	23
Amounts payable on cancellation of shares	262	839
Other accrued expenses	50	29
	337	891

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.

Notes to the Final Report and Financial Statements continued

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 54 and 55.

The distribution per share is given in the Distribution Table on page 56.

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 2023:

	Class E Shares Income	Class E Shares Accumulation	Class W Shares Income	Class W Shares Accumulation
Opening shares	127,139,624	10,315,419	857,490	1,158,034
Shares created	88,409,387	997,051	273,114	106,855
Shares cancelled	(23,812,904)	(7,343,003)	(237,644)	(783,224)
Shares converted	(49,370)	-	49,611	-
Closing shares	191,686,737	3,969,467	942,571	481,665

13. Contingent liabilities and commitments

As at 31 August 2023 there were no contingent liabilities (2022: £Nil).

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 2023 £000s	Non-Monetary Exposure 31 August 2023 £000s	Total Exposure 31 August 2023 £000s	Monetary Exposure 31 August 2022 £000s	Non-Monetary Exposure 31 August 2022 £000s	Total Exposure 31 August 2022 £000s
Canadian Dollar	(3,064)	3,026	(38)	(3,642)	3,593	(49)
Euro	10	-	10	-	-	-
US Dollar	(3,045)	3,202	157	(10,818)	10,664	(154)

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 2023 £000s	Fixed Rate 31 August 2023 £000s	Non-Interest 31 August 2023 £000s	Total 31 August 2023 £000s	Floating Rate 31 August 2022 £000s	Fixed Rate 31 August 2022 £000s	Non-Interest 31 August 2022 £000s	Total 31 August 2022 £000s
Assets	-	146,395	156	146,551	-	124,808	40	124,848
Liabilities	-	-	(1)	(1)	-	-	(5,199)	(5,199)

Notes to the Final Report and Financial Statements continued

c. Sensitivity analysis

Market price sensitivity

	2023	2022
	£000s	£000s
Bonds	146,395	124,808
Interest Rate swaps	-	(4,108)
Open future contracts	99	(242)

The following illustrates the sensitivity of the net return and the net assets to an increase or decrease of 20% (2022 - 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.

	2023	2023	2022	2022
	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	29,299	(29,299)	24,092	(24,092)

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.

	2023	2023	2022	2022
	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	6	(9)	8	(12)
Euro	(2)	3	-	-
US Dollar	(26)	39	26	(38)
Change in net return and net assets	(22)	33	34	(50)

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 2023, the net asset value was £148.1m (2022 - £128.1m) (before the deduction of the interest distribution) with a duration of 13.96 years (2022 - 15.32 years).

Thus, for example, an increase of 0.25% in the interest rates would result in a fall of 3.49% or £5.16m (2022 - 3.83% or £4.91m) 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 1.21% (2022 - 1.28%).

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 2023 £000s	31 August 2023 £000s	31 August 2022 £000s	31 August 2022 £000s
Level 1: Quoted	146,494	-	124,808	(242)
Level 2: Observable	57	(1)	40	(4,957)
Level 3: Unobservable	-	-	-	-
	146,551	(1)	124,848	(5,199)

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 (2022 - 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 11.

i. Credit rating

	2023	2023	2022	2022
	Market Value £000s	% of Net Assets	Market Value £000s	% of Net Assets
Investment Grade	146,395	98.91	124,808	98.65
Derivatives	155	0.11	(5,159)	(4.09)
Other assets	1,446	0.98	6,878	5.44
Total net assets	147,996	100.00	126,527	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 2023:

	Transaction Value	Commissions	Commissions	Taxes	Taxes
	2023	2023	2023	2023	2023
	£000s	£000s	%	£000s	%
Purchases					
Debt instruments (direct)	144,874	-	-	-	-
Derivatives	85,545	1	-	-	-
Total purchases	230,419	1	-	-	-
Total purchases including transaction costs	230,420				
	Transaction Value	Commissions	Commissions	Taxes	Taxes
	2023	2023	2023	2023	2023
	£000s	£000s	%	£000s	%
Sales					
Debt instruments (direct)	102,826	-	-	-	-
Derivatives	82,965	1	-	-	-
Total sales	185,791	1	-	-	-
Total sales including transaction costs	185,790				
Total transaction costs as a % of average net assets		0.00%		0.00%	
	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	169,022	1	-	-	-
Total sales including transaction costs	169,021				
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 0.16% (2022: 0.38%).

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 was 0.18% (2022: 0.19%).

Fund Information

Investment Objective and Policy

The investment objective of the Allianz Strategic Bond Fund is to maximise total return, consistent with preservation of capital and prudent investment management, by aiming to outperform (net of fees) the Target Benchmark, the Bloomberg Global Aggregate Index hedged to GBP over a rolling three year period.

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 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 ACD may invest (directly or indirectly) in treasury bills, certificates of deposit, medium term notes, private placements, structured notes, preference shares, convertible bonds, government bonds, investment grade and below investment grade bonds, bonds of emerging markets issuers, agency bonds and asset or mortgage backed securities or floating rate notes. As part of the ACD's investment strategy the Fund will aim to have a low correlation with global equity markets measured over a rolling three year period.* The ACD will have this correlation in mind when making investment decisions but will not be constrained by it (particularly, but not only, in scenarios where there is an increased correlation between bond and equity markets e.g. inflation or illiquid stress scenarios).

* Correlation is used as a statistical measure to calculate the degree to which two types of securities (or groups of assets like equities and fixed income) move in relation to each other. In aiming to have a low correlation with global equity markets, the Fund will aim to generate a return profile with a low dependency on the broader equity markets so, e.g., if the broader equity market were to go down over any given period, the ACD would not expect (but does not guarantee) the performance of the Fund to be driven up or down by this as well.

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.

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), Australia, Austria, Belgium, Canada, 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 typically invest in investment grade debt securities (with fixed, variable or floating rates of interest and may vary inversely with respect to a reference rate), but will have the flexibility to on occasion invest up to 50% of the Fund's assets in debt securities that are rated below investment grade and unrated securities of similar credit quality.

The Fund will make extensive use of 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 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 20% 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.

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

Fund Information continued

Fund Details

Fund Manager	Mike Riddell	
Benchmark	Bloomberg Global Aggregate Index hedged to GBP	
Underlying Yield to	A Shares	4,73%
31 August 2023	C Shares	5,36%
	I Shares	5,57%
Distribution Yield to	A Shares	4,73%
31 August 2023	C Shares	5,36%
	I Shares	5,57%
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 (Income Shares)	28 July 2016
	I Shares (Accumulation Shares)	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
		Available to Approved Investors only.
Initial charge	A Shares	Nil
	C Shares	Nil
	I Shares	Nil
Annual ACD fee	A Shares	1.25%
	C Shares	0.60%
	I Shares	0.39%

*29 February in a leap year

Comparative Tables

For the year ended 31 August 2023

	A Shares Income			C Shares Income		
	2023 (p)	2022 (p)	2021 (p)	2023 (p)	2022 (p)	2021 (p)
Opening net asset value per share	162.53	199.44	208.25	162.74	200.11	208.97
Return before operating charges	(18.35)	(30.40)	(4.05)	(18.42)	(30.66)	(4.07)
Operating charges	(1.94)	(2.40)	(2.66)	(0.98)	(1.22)	(1.33)
Return after operating charges	(20.29)	(32.80)	(6.71)	(19.40)	(31.88)	(5.40)
Distributions	(5.07)	(4.11)	(2.10)	(6.05)	(5.49)	(3.46)
Closing net asset value per share	137.17	162.53	199.44	137.29	162.74	200.11
After direct transaction costs of ¹	(0.01)	(0.02)	(0.01)	(0.01)	(0.02)	(0.01)
Performance						
Return after operating charges	(12.48)%	(16.45)%	(3.22)%	(11.92)%	(15.93)%	(2.58)%
Other information						
Closing net asset value (£'000)	8,179	12,172	25,198	227,309	343,868	725,941
Closing number of shares	5,963,096	7,489,564	12,634,267	165,569,893	211,294,089	362,764,140
Operating charges	1.28%	1.31%	1.29%	0.65%	0.66%	0.64%
Direct transaction costs	0.01%	0.01%	-	0.01%	0.01%	-
Prices						
Highest share price	163.94	199.87	212.71	164.32	200.74	213.94
Lowest share price	137.95	165.70	199.20	138.53	166.67	200.52

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 2023

	I Shares Income			I Shares Accumulation		
	2023 (p)	2022 (p)	2021 (p)	2023 (p)	2022 (p)	2021 (p)
Opening net asset value per share	104.82	128.71	134.41	112.96	134.03	137.32
Return before operating charges	(11.85)	(19.69)	(2.62)	(12.89)	(20.52)	(2.70)
Operating charges	(0.42)	(0.53)	(0.57)	(0.46)	(0.55)	(0.59)
Return after operating charges	(12.27)	(20.22)	(3.19)	(13.35)	(21.07)	(3.29)
Distributions	(4.13)	(3.67)	(2.51)	(4.48)	(3.83)	(2.58)
Retained distributions on accumulation shares	-	-	-	4.48	3.83	2.58
Closing net asset value per share	88.42	104.82	128.71	99.61	112.96	134.03
After direct transaction costs of ¹	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Performance						
Return after operating charges	(11.71)%	(15.71)%	(2.37)%	(11.82)%	(15.72)%	(2.40)%
Other information						
Closing net asset value (£'000)	697,678	997,768	1,244,398	833,801	1,132,090	1,004,779
Closing number of shares	789,019,053	951,861,270	966,856,517	837,068,861	1,002,212,280	749,645,987
Operating charges	0.43%	0.44%	0.43%	0.43%	0.44%	0.43%
Direct transaction costs	0.01%	0.01%	-	0.01%	0.01%	-
Prices						
Highest share price	105.75	129.11	137.71	113.96	134.31	140.69
Lowest share price	89.34	107.35	129.11	98.70	112.45	133.84

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 2023

Interim Distribution in pence per share

Group 1 Shares purchased prior to 1 September 2022

Group 2 Shares purchased on or after 1 September 2022 to 28 February 2023

	Gross revenue (p)	Equalisation (p)	Distribution paid 30/04/23 (p)	Distribution paid 30/04/22 (p)
A Shares Income				
Group 1	3.0540	-	3.0540	0.1876
Group 2	1.3942	1.6598	3.0540	0.1876
C Shares Income				
Group 1	3.5487	-	3.5487	0.8150
Group 2	1.6035	1.9452	3.5487	0.8150
I Shares Income				
Group 1	2.3943	-	2.3943	0.6565
Group 2	1.1284	1.2659	2.3943	0.6565
I Shares Accumulation				
Group 1	2.5811	-	2.5811	0.6832
Group 2	1.3123	1.2688	2.5811	0.6832

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 March 2023

Group 2 Shares purchased on or after 1 March 2023 to 31 August 2023

	Gross revenue (p)	Equalisation (p)	Distribution payable 31/10/23 (p)	Distribution paid 31/10/22 (p)
A Shares Income				
Group 1	2.0181	-	2.0181	3.9202
Group 2	1.1553	0.8628	2.0181	3.9202
C Shares Income				
Group 1	2.5032	-	2.5032	4.6767
Group 2	1.2924	1.2108	2.5032	4.6767
I Shares Income				
Group 1	1.7340	-	1.7340	3.0141
Group 2	1.0893	0.6447	1.7340	3.0141
I Shares Accumulation				
Group 1	1.8958	-	1.8958	3.1500
Group 2	0.9575	0.9383	1.8958	3.1500

Investors are reminded that distribution is not guaranteed.

Investment Review

Performance Summary

Over the twelve-month period under review, 1st September 2022 to 31st August 2023, the Allianz Strategic Bond Fund's 'C Inc' class produced a total return of -11.75%. The Fund's benchmark, the Bloomberg Global Aggregate Total Return GBP Hedged, produced a total return of -0.09%.

The key reason for this underperformance was our very defensive positioning of the portfolio – overweight interest rate duration, with steepening positions on the yield curve¹ (ie. positioning for short-term bond yields to outperform those of bonds with longer maturities), short of risky assets (e.g. high yield credit and government bonds of the European periphery) and long of safe-haven currencies – as markets have not been discounting a deep recession, let alone the growing potential of financial crises.

Given the Fund's positioning for a hard landing of the global economy, the environment in which our Fund would be expected to perform the most poorly is when government bonds sell off, but risk assets don't (or worse, rally). This was the case during the review period, with the exception of the banking crisis in March 2023. However, the period from April onwards was about reversing the March moves on the back of the stabilization in high frequency macro data, upside surprises of core inflation and a risk rally on the lack of further bad news (and collapses) from the banking sector fallout which helped prop up risky assets, and in turn caused (particularly front-end) yields to rise and curves to further invert again sharply (ie. yields of short-dated bonds exceeding those of bonds with longer maturities), which hurt the performance of the Fund.

¹ A yield curve is a line that plots yields of bonds that have equal credit quality but differing maturity dates.

Market Background

Global government bond yields surged² in September 2022, following a set of hawkish statements from major central banks. In mid-October 2022, the yield on the 10-year Treasury bond hit a 14-year high of 4.33% but yields subsequently tumbled as easing inflationary pressures boosted hopes the Federal Reserve (Fed) may be less aggressive in raising interest rates. With the exception of short maturities, US-Treasuries closed Q4 of 2022 little changed. Eurozone sovereign bonds delivered negative returns in Q4 of 2022 as hopes that easing inflation may cause the European Central Bank (ECB) to turn more dovish were dashed by a series of

hawkish statements from policymakers, underpinned by the ECB's second consecutive 75-basis-point (bps) hike in October, and a 50-bps increase in December. Having jumped sharply in September on the back of fears over the sustainability of UK debt levels, UK bond yields tumbled around 0.4% over the fourth quarter as short-lived Prime Minister Liz Truss's unfunded tax cuts were completely reversed by her successor, who announced GBP 55 billion of fiscal tightening to restore the UK's fiscal credibility.

At the start of 2023, bonds initially rallied as signs that inflation may have peaked boosted hopes that central banks may be nearing the end of their rate-hiking cycles. However, when stronger-than-expected economic data dashed these hopes, bond yields rose sharply over February, only to fall once more in March when the banking crisis led to speculation that central banks may need to pivot to a more dovish stance. Headline inflation rates eased over the quarter, but core inflation proved stickier. Central banks continued to raise interest rates, with the European Central Bank delivering two 50 basis-point (bps) hikes as promised. Meanwhile, in the US, the Federal Reserve (Fed) slowed the pace at which it raised rates, implementing two 25-bps increases, but warned that the fight against inflation was far from over and that interest rates may need to be higher for longer than the market had priced in. March's banking crisis muddled the outlook for central banks as they waited to see the impact of tighter lending conditions on confidence and growth.

In Q2 of 2023, hopes that interest rates may be close to their peak were once more dashed by hawkish central bank statements, with policymakers signalling that the battle against inflation was far from over. While the US Federal Reserve (Fed) paused its rate-hiking cycle in June, Fed chair Jay Powell signalled that the peak in rates had yet to be reached. In contrast, both the European Central Bank and Bank of England continued to raise rates in June, with the latter accelerating the pace at which it tightened policy as UK inflation remained stubbornly high. Yield curves became more inverted. In the US, the inversion (2y to 10y maturities) reached the greatest level in 41 years while the German yield curve (2y to 10y maturities) inverted by the most since 1992. Meanwhile, corporate bonds outperformed government debt, with high-yield bonds rallying in both the US and Europe as the banking sector fallout from March was contained.

Investment Review continued

Core government bond yield curves steepened in July and August (ie. the difference between longer-term bond yields and shorter-term bond yields increased). Oil prices surged, following a decision by OPEC+ countries to implement deep production cuts. European gas prices surged amid fears of a strike by workers at LNG facilities in Australia. After pausing its rate-hiking cycle in June, the US Federal Reserve (Fed) raised rates by 25 basis points (bps) in July, taking the federal funds rate to a 22-year high of 5.5.25%. US policymakers suggested that any further rises will be data dependent. The European Central Bank also implemented another 25-bps increase but amended its guidance, suggesting that further hikes could be considered "if necessary". Meanwhile, the Bank of Japan tweaked its yield curve control policy to allow more flexibility. US-Treasuries sold off, with 10-year yields touching the highest levels in almost 16 years, as stronger-than-expected US economic data prompted speculation that US rates would stay higher for longer. Japanese bonds made the headlines in July after 10-year bond yields rose to the highest level in nine years in anticipation of further monetary policy normalisation from the Bank of Japan.

² Please note that there is an inverse relationship between bond prices and bond yields. As the price of a bond goes down, the yield increases and vice versa. This is because the coupon rate of a bond typically remains fixed, and the price in secondary markets fluctuates for the yield to align with prevailing market interest rates.

Portfolio Review

The Fund's primary drivers of returns are government bonds, credit, inflation, and currencies.

Government bonds

Our base case scenario since Q2 2022 has been that the global economy would enter recession, where the main driver of this view has been that there are a large number of central bank rate hike expectations reflected in global yield curves, and central banks have switched to more than delivering on those expectations. And probably more importantly for bond investors, the market expects interest rates to stay very elevated for years thereafter. If for whatever reason we end up being wrong about recession, then the market is already pricing in close to 'no recession'. Given what is now priced in by markets, the main scenarios where we would expect to underperform would therefore be if markets move to price in economic growth above-trend in the next few years, or if there

are large new inflation shocks which necessitate even higher interest rates.

Headline portfolio duration therefore remained close to the highest level since inception of the strategy in June 2016, both in absolute terms and relative to benchmark. We remained overweight those developed markets where we believe excessive rate hikes are expected by markets (namely US, Australia, Korea). We remained underweight (or even net short) in markets like the Eurozone, where tail risks of another upside inflation shock as well as economic and political uncertainties appear higher.

After the US-Treasury yield curve had approached the most inverted level in almost 40 years, we started building into curve steepening positions at the end of 2022. We held curve steepening positions in both US Treasuries and German government bonds over the remainder of the period.

Our government bond positioning was the main detractor from performance over the period under review. Upside surprises in economic activity data and core inflation led markets to reprice the expected path of future Central Bank rates higher and to lower the odds of a recession. As a consequence, global developed markets government bond yield curves shifted upwards, whereby shorter-dated yields increased by more than those of longer-dated bonds, and credit spreads³ rallied. Given our positioning, this is the environment that the portfolio is expected to do worst in.

Credit

A way to identify the macro outcomes expected by markets is to consider the risk premia across a range of different asset classes, looking at corporate bond credit spreads, implied volatility from options pricing across currencies, equities (eg VIX Index), or government bonds (eg MOVE Index). At present, only US Treasury implied volatility (derived from options on US-Treasuries) remains high, and in line with current activity in the global manufacturing sector. Credit markets have been pricing in a far more favourable macro environment than data on economic activity, such as purchasing managers indices, for a while, hence why we have had a negative view on the asset class.

Since corporate bonds, and risky assets generally, looked mispriced to us, we maintained our short position in credit,

Investment Review continued

where the portfolio is short of EUR and USD high yield credit and short in peripheral Eurozone government bond futures.

The credit segment contributed negatively to returns over the review period. Credit spreads (including both high yield corporate credit and European peripheral government bond spreads) rallied materially compared to the highs seen in Q3 of 2022, which hurt our short positioning.

Inflation

We preferred to express our conviction of a global recession via a bullish nominal government bond position rather than an accentuated directional inflation positioning (where we thought market-implied inflation expectations were fair). By the end of January 2023, we had closed almost all of our gross inflation exposure and held almost no exposure afterwards.

Inflation had a neutral contribution to returns over the period.

Currencies

Within currencies, we were positioned defensively. We were long USD and JPY which we consider so-called “safe-haven” currencies in a market move characterized by rising risk aversion and short of more cyclical currencies, such as KRW, GBP, CAD and Emerging Markets currencies.

Currencies were a negative contributor to performance as both our biggest long positions, the USD and the Japanese yen, weakened over the period.

³ A credit spread is the difference in yield between two debt securities of the same maturity but different credit quality, e.g. a corporate bond and a government bond. The credit spread is a premium for (additional) credit risk.

Outlook

Our base case scenario since Q2 2022 has been that the global economy would enter recession, where the main driver of this view has been that there are a large number of central bank rate hike expectations reflected in global yield curves, and central banks have switched to more than delivering on those expectations. And probably more importantly for bond investors, the market expects interest rates to stay very elevated for years thereafter.

Markets did price in some recession risk through to Q3 2022, but since then, the macro narrative has moved to ‘mild recession’, and then in mid Q1 to potentially ‘no recession’. The US banking crisis and collapse of Credit Suisse caused a brief reappraisal of recession risk, but the macro narrative has since shifted back towards ‘no recession’ again.

This ‘no recession’ narrative we see reflected in many markets does not make any sense to us. Economic data has improved a little, but the pickup in the first five months of this year can be attributed to:

- Falling gas prices from Q4 2022, which meant stronger growth for around 5-6 months, particularly in Europe;
- China re-opening of the economy, where any boost has already faded
- Fiscal policy giveaways, liquidity provided by central banks, and consumption resilience.

We are a little surprised that there haven't been further signs of cracks appearing in the global economy since the end of Q1. There are some arguments that can be made for why the lags between interest rate increases and their impact on global growth this time around may be a little longer than the ~12 months historically seen in economic cycles (eg excess savings, still elevated corporate earnings, households and corporations increasing the maturity of their outstanding debt in 2020, labour hoarding etc). But this just delays the crunch, it doesn't prevent it.

Indeed, the details of the latest nonfarm payrolls report in the US show strong evidence that the state of the US job market is far weaker than the simple headline number indicates. We can see that there have indeed been substantial downward revisions to the data this year. What's more, the headline number has been increasingly dominated by just one area of the US economy. The healthcare sector represents about 15% of the US labour force but has accounted for 63% of job growth over the last 3 months. If it wasn't for the 86k added by the healthcare sector in June 2023, the rest of the US economy would have added a mere 26-thousand jobs. There are also signs of a further deceleration of the European economy as the latest purchasing managers indices showed, including in the services sector.

Investment Review continued

In summary, our global recession view has not changed. We still assume, that the super aggressive global monetary policy tightening that kicked off in Q1 last year is about to dominate everything. There are now clear signs that inflationary pressure is rapidly subsiding, where producer price deflation points to strong consumer price disinflation. A continuation of the recent trend in labour market data outlined above could see a sharp reappraisal of where the US economy is headed, and where financial market risk premia should therefore be priced.

Portfolio Statement

As at 31 August 2023

Nominal		Market Value £'000	% of Net Assets
	Open-Ended Funds - 0.16% (2022 - 0.13%)		
4,073	Allianz Global Aggregate Bond	2,821	0.16
		2,821	0.16
	Australian Dollar Denominated Fixed Rate Government Bonds - 14.62% (2022 - 9.39%)		
AUD 62,000,000	Australia Government Bond 1% 21/11/2031	25,071	1.42
AUD 134,000,000	Australia Government Bond 1.25% 21/05/2032	54,628	3.09
AUD 58,000,000	Australia Government Bond 1.5% 21/06/2031	24,740	1.40
AUD 136,000,000	Australia Government Bond 1.75% 21/11/2032	57,333	3.25
AUD 53,920,000	Australia Government Bond 2.75% 21/05/2041	22,072	1.25
AUD 62,500,000	Australia Government Bond 3% 21/11/2033	29,141	1.65
AUD 38,540,000	Australia Government Bond 3% 21/03/2047	15,590	0.88
AUD 66,090,000	Australia Government Bond 3.25% 21/06/2039	29,706	1.68
		258,281	14.62
	Brazilian Real Denominated Fixed Rate Government Bonds - 0.00% (2022 - 5.16%)		
	Canadian Dollar Denominated Fixed Rate Government Bonds - 5.43% (2022 - 13.22%)		
CAD 45,000,000	Canadian Government Bond 0.5% 01/12/2030	20,954	1.19
CAD 22,000,000	Canadian Government Bond 1% 01/06/2027	11,452	0.65
CAD 24,000,000	Canadian Government Bond 1.5% 01/12/2031	11,865	0.67
CAD 19,000,000	Canadian Government Bond 2.75% 01/09/2027	10,545	0.59
CAD 31,500,000	Canadian Government Bond 4% 01/06/2041	19,412	1.10
CAD 32,500,000	Canadian Government Bond 5% 01/06/2037	21,805	1.23
		96,033	5.43
	Chilean Peso Denominated Fixed Rate Government Bonds - 0.32% (2022 - 3.44%)		
CLP 6,600,000,000	Bonos de la Tesoreria de la Republica en pesos 4.7% 01/09/2030	5,632	0.32
		5,632	0.32
	Colombian Peso Denominated Fixed Rate Government Bonds - 0.24% (2022 - 1.98%)		
COP 32,380,000,000	Colombian TES 7.25% 26/10/2050	4,275	0.24
		4,275	0.24
	Euro Denominated Fixed Rate Corporate Debt Securities - 0.00% (2022 - 0.28%)		
	Euro Denominated Fixed Rate Government Bonds - 15.74% (2022 - 7.53%)		
EUR 32,700,000	Bundesrepublik Deutschland Bundesanleihe 0% 15/08/2029	24,287	1.37
EUR 69,200,000	Bundesrepublik Deutschland Bundesanleihe 0% 15/05/2035	44,154	2.50
EUR 54,600,000	Bundesrepublik Deutschland Bundesanleihe 0% 15/05/2036	33,822	1.91
EUR 34,270,000	Bundesrepublik Deutschland Bundesanleihe 0% 15/08/2050	14,872	0.84
EUR 38,865,000	Bundesrepublik Deutschland Bundesanleihe 1.25% 15/08/2048	25,183	1.43
EUR 46,500,000	Bundesrepublik Deutschland Bundesanleihe 2.1% 15/11/2029	39,011	2.21
EUR 46,500,000	Bundesrepublik Deutschland Bundesanleihe 2.3% 15/02/2033	39,303	2.22
EUR 22,870,000	Bundesrepublik Deutschland Bundesanleihe 3.25% 04/07/2042	21,293	1.21
EUR 35,000,000	Bundesrepublik Deutschland Bundesanleihe 4.75% 04/07/2034	36,260	2.05
		278,185	15.74
	Indonesian Rupiah Denominated Fixed Rate Government Bonds - 0.00% (2022 - 3.57%)		
	Japanese Yen Denominated Fixed Rate Government Bonds - 5.12% (2022 - 4.68%)		
JPY 2,000,000,000	Japan Government Five Year Bond 0.1% 20/06/2025	10,828	0.61
JPY 1,939,600,000	Japan Government Forty Year Bond 0.4% 20/03/2056	7,258	0.41
JPY 2,422,700,000	Japan Government Ten Year Bond 0.1% 20/09/2029	12,929	0.73
JPY 3,830,000,000	Japan Government Ten Year Bond 0.1% 20/09/2030	20,270	1.15
JPY 2,500,000,000	Japan Government Ten Year Bond 0.1% 20/12/2030	13,193	0.74
JPY 3,318,200,000	Japan Government Twenty Year Bond 0.4% 20/03/2040	15,845	0.90
JPY 2,150,000,000	Japan Government Twenty Year Bond 0.4% 20/06/2040	10,220	0.58
		90,543	5.12
	Mexican Peso Denominated Fixed Rate Government Bonds - 5.78% (2022 - 4.83%)		
MXN 898,000,000	Mexican Bonos 7.75% 29/05/2031	38,656	2.19
MXN 766,500,000	Mexican Bonos 7.75% 23/11/2034	32,338	1.83
MXN 775,000,000	Mexican Bonos 7.75% 13/11/2042	31,187	1.76
		102,181	5.78
	New Russian Ruble Denominated Fixed Rate Government Bonds - 0.00% (2022 - 0.00%)		
RUB 6,580,000,000	Russian Federal Bond - OFZ 7.65% 10/04/2030	-	-
		-	-
	New Zealand Dollar Denominated Fixed Rate Government Bonds - 2.83% (2022 - 0.00%)		
NZD 65,000,000	New Zealand Government Bond 3.5% 14/04/2033	27,182	1.54
NZD 49,600,000	New Zealand Government Bond 4.5% 15/05/2030	22,742	1.29
		49,924	2.83

Portfolio Statement continued

As at 31 August 2023

Nominal		Market Value £'000	% of Net Assets
Norwegian Krone Denominated Fixed Rate Government Bonds - 3.18% (2022 - 2.17%)			
NOK 355,970,000	Norway Government Bond 1.375% 19/08/2030	22,415	1.27
NOK 251,770,000	Norway Government Bond 1.75% 06/09/2029	16,536	0.94
NOK 264,550,000	Norway Government Bond 2.125% 18/05/2032	17,161	0.97
		56,112	3.18
Peruvian Nuevo Sol Denominated Fixed Rate Government Bonds - 0.00% (2022 - 3.51%)			
Singapore Dollar Denominated Fixed Rate Government Bonds - 0.00% (2022 - 6.98%)			
South African Rand Denominated Fixed Rate Government Bonds - 0.00% (2022 - 2.31%)			
South Korean Denominated Fixed Rate Government Bonds - 2.33% (2022 - 1.27%)			
KRW 26,300,000,000	Korea Treasury Bond 2% 10/06/2031	13,791	0.78
KRW 51,000,000,000	Korea Treasury Bond 2.375% 10/12/2031	27,326	1.55
		41,117	2.33
Sterling Denominated Fixed Rate Government Bonds - 7.34% (2022 - 0.00%)			
GBP 34,500,000	UK Treasury 0.5% 31/01/2029	27,955	1.58
GBP 23,000,000	UK Treasury 1.25% 31/07/2051	10,998	0.62
GBP 36,500,000	UK Treasury 3.75% 29/01/2038	33,253	1.88
GBP 8,700,000	UK Treasury 3.75% 22/10/2053	7,445	0.42
GBP 17,400,000	UK Treasury 4% 22/10/2063	15,784	0.90
GBP 9,135,000	UK Treasury Inflation Linked 0.125% 22/03/2073	8,523	0.48
GBP 27,940,000	UK Treasury Inflation Linked 0.625% 22/03/2045	25,701	1.46
		129,659	7.34
Swedish Krona Denominated Fixed Rate Government Bonds - 8.03% (2022 - 2.77%)			
SEK 425,000,000	Sweden Government Bond 0.75% 12/05/2028	27,884	1.58
SEK 539,830,000	Sweden Government Bond 0.75% 12/11/2029	34,479	1.95
SEK 642,000,000	Sweden Government Bond 1.75% 11/11/2033	42,399	2.40
SEK 315,730,000	Sweden Government Bond 2.25% 01/06/2032	21,979	1.24
SEK 193,020,000	Sweden Government Bond 3.5% 30/03/2039	15,106	0.86
		141,847	8.03
US Dollar Denominated Fixed Rate Government Bonds - 18.97% (2022 - 21.24%)			
USD 22,120,000	Lebanon Government International Bond 6.85% 23/03/2027	1,404	0.08
USD 373,600	US Treasury Inflation Indexed Bonds 0.375% 15/07/2025	363	0.02
USD 21,500,000	US Treasury Note 0.5% 28/02/2026	15,308	0.87
USD 63,500,000	US Treasury Note 0.625% 15/05/2030	39,707	2.25
USD 38,200,000	US Treasury Note 0.625% 15/08/2030	23,734	1.34
USD 17,000,000	US Treasury Note 0.75% 30/04/2026	12,121	0.69
USD 23,000,000	US Treasury Note 0.75% 31/05/2026	16,352	0.92
USD 109,525,000	US Treasury Note 1.125% 15/05/2040	53,432	3.02
USD 62,000,000	US Treasury Note 1.125% 15/08/2040	29,983	1.70
USD 18,940,000	US Treasury Note 1.25% 15/05/2050	7,782	0.44
USD 31,500,000	US Treasury Note 1.375% 15/11/2031	20,132	1.14
USD 29,500,000	US Treasury Note 1.625% 15/08/2029	20,142	1.14
USD 64,300,000	US Treasury Note 1.75% 15/08/2041	34,027	1.92
USD 41,000,000	US Treasury Note 2% 15/11/2041	22,601	1.28
USD 869,500	US Treasury Note 2.25% 15/11/2027	630	0.04
USD 21,500,000	US Treasury Note 2.875% 15/08/2028	15,895	0.90
USD 25,700,000	US Treasury Note 3.125% 15/11/2028	19,187	1.08
USD 6,421,000	Venezuela Government International Bond 7.65% 21/04/2025	456	0.03
USD 2,472,800	Venezuela Government International Bond 8.25% 13/10/2024	190	0.01
USD 2,765,600	Venezuela Government International Bond 9% 07/05/2023	185	0.01
USD 5,600,000	Venezuela Government International Bond 9.25% 15/09/2027	398	0.02
USD 2,756,000	Venezuela Government International Bond 9.25% 07/05/2028	196	0.01
USD 2,800,000	Venezuela Government International Bond 11.75% 21/10/2026	199	0.01
USD 5,840,000	Venezuela Government International Bond 11.95% 05/08/2031	472	0.03
USD 4,800,000	Venezuela Government International Bond 12.75% 23/08/2022	388	0.02
		335,284	18.97
DERIVATIVES - (2.70)% (2022 - (10.27)%)			
Australian Dollar Open Forward Exchange Contracts - 0.92% (2022 - (0.17)%)			
	Bought AUD30,000,000 for GBP15,368,002 Settlement 20/09/2023	(58)	-
	Sold AUD574,692,274 for GBP309,579,953 Settlement 20/09/2023	16,304	0.92
		16,246	0.92
Australian Dollar Open Futures Contracts - 0.00% (2022 - 0.00%)			
(8)	Australian Government Bond 10 Year September 2023 Futures	2	-
		2	-
Brazilian Real Open Forward Exchange Contracts - 0.00% (2022 - 0.00%)			
	Bought BRL78,000,000 for USD15,979,677 Settlement 20/09/2023	(52)	-
		(52)	-

Portfolio Statement continued

As at 31 August 2023

Nominal		Market Value £'000	% of Net Assets
	Canadian Dollar Open Forward Exchange Contracts - 0.20% (2022 - (0.67)%)		
	Bought CAD20,532,823 for GBP12,000,000 Settlement 20/09/2023	(47)	-
	Bought CAD133,500,000 for JPY14,311,526,395 Settlement 20/09/2023	176	0.01
	Bought CAD22,250,000 for USD16,829,302 Settlement 20/09/2023	(319)	(0.02)
	Sold CAD353,155,381 for GBP209,329,586 Settlement 20/09/2023	3,745	0.21
		3,555	0.20
	Canadian Dollar Open Futures Contracts - 0.02% (2022 - (0.05)%)		
1,290	Canadian Government Bond 10 Year December 2023 Futures	439	0.02
		439	0.02
	Canadian Dollar Written Put Options - 0.02% (2022 - 0.00%)		
13,500,000	Allianz 101 Put Option October 2023	316	0.02
1,870,000	Allianz 83.2 Put Option September 2023	-	-
(1,870,000)	Allianz 83.2 Put Option September 2023	-	-
		316	0.02
	Chilean Peso Open Forward Exchange Contracts - 0.00% (2022 - 0.00%)		
	Bought CLP1,600,000,000 for USD1,975,748 Settlement 20/09/2023	(77)	-
		(77)	-
	Chinese Yuan Offshore Open Forward Exchange Contracts - 0.00% (2022 - (0.02)%)		
	Colombian Peso Open Forward Exchange Contracts - 0.01% (2022 - 0.00%)		
	Bought COP25,000,000,000 for USD5,850,061 Settlement 20/09/2023	176	0.01
		176	0.01
	Euro Credit Default Swaps - (0.56)% (2022 - 0.27%)		
276,020,000	Pay 5% Receive Variable 20/06/2028	(9,973)	(0.56)
		(9,973)	(0.56)
	Euro Interest Rate Swaps - 0.36% (2022 - 2.67%)		
121,846,000	Pay 2.857% Receive Variable 15/02/2024	7,838	0.44
9,000,000	Rec 0.663% Pay Variable 15/10/2025	(1,436)	(0.08)
		6,402	0.36
	Euro Open Forward Exchange Contracts - 0.01% (2022 - (0.21)%)		
	Bought EUR20,000,000 for GBP17,260,168 Settlement 20/09/2023	(99)	-
	Bought EUR1,760,000 for SEK20,277,188 Settlement 20/09/2023	43	-
	Bought EUR3,250,000 for USD3,547,631 Settlement 07/12/2023	2	-
	Bought EUR5,544,820 for USD6,000,000 Settlement 21/12/2023	48	-
	Sold EUR296,500,000 for GBP254,608,261 Settlement 20/09/2023	198	0.01
		192	0.01
	Euro Open Futures Contracts - (0.10)% (2022 - 0.59%)		
3,913	Euro Bobl September 2023 Futures	(2,723)	(0.15)
1,370	Euro Bund September 2023 Futures	(1,667)	(0.10)
(447)	Euro-Bono September 2023 Futures	219	0.01
(2,782)	Euro-BTP September 2023 Futures	(508)	(0.03)
(877)	Euro-Buxl 30 Year Bond September 2023 Futures	2,225	0.13
(848)	Euro-Oat September 2023 Futures	774	0.04
		(1,680)	(0.10)
	Euro Written Call Options - 0.01% (2022 - 0.00%)		
8,200,000	Allianz .895 Call Option October 2023	116	0.01
2,147,500	Euribor 3 Month 98.5 Call Option March 2024	18	-
		134	0.01
	Euro Written Put Options - 0.01% (2022 - 0.00%)		
1,530,000	Allianz 1.01 Put Option December 2023	33	-
19,750,000	Allianz 1.02 Put Option November 2023	9	-
(19,750,000)	Allianz 1.04 Put Option November 2023	(25)	-
(19,750,000)	Allianz 1.06 Put Option November 2023	(63)	-
19,750,000	Allianz 1.08 Put Option November 2023	142	0.01
		96	0.01
	Indian Rupee Open Forward Exchange Contracts - 0.03% (2022 - 0.00%)		
	Bought INR7,117,500,000 for CHF75,000,000 Settlement 20/09/2023	531	0.03
		531	0.03
	Japanese Yen Interest Rate Swaps - 0.00% (2022 - 0.00%)		
165,000,000	Rec 0.612% Pay Variable 12/09/2033	(21)	-
		(21)	-
	Japanese Yen Open Forward Exchange Contracts - (0.45)% (2022 - (0.16)%)		
	Bought JPY32,133,758,012 for GBP182,071,561 Settlement 20/09/2023	(7,972)	(0.45)
		(7,972)	(0.45)

Portfolio Statement continued

As at 31 August 2023

Nominal		Market Value £'000	% of Net Assets
	Mexican Peso Open Forward Exchange Contracts - 0.13% (2022 - 0.03%)		
	Bought MXN580,000,000 for JPY4,802,347,510 Settlement 20/09/2023	1,224	0.07
	Bought MXN865,947,724 for USD50,192,847 Settlement 20/09/2023	1,093	0.06
		2,317	0.13
	Mexican Peso Written Put Options - 0.01% (2022 - 0.00%)		
(10,680,000,000)	Allianz 7.5 Put Option October 2023	(155)	(0.01)
10,680,000,000	Allianz 7.7 Put Option October 2023	338	0.02
		183	0.01
	New Taiwan Dollar Open Forward Exchange Contracts - 0.00% (2022 - 0.00%)		
	Bought TWD70,706,370 for USD2,300,000 Settlement 20/09/2023	(59)	-
		(59)	-
	New Zealand Dollar Interest Rate Swaps - 0.01% (2022 - (0.01)%)		
11,600,000	Pay 4.53% Receive Variable 28/09/2033	90	0.01
49,600,000	Rec 5.4% Pay Variable 30/09/2025	(19)	-
		71	0.01
	New Zealand Dollar Open Forward Exchange Contracts - 0.11% (2022 - 0.00%)		
	Sold NZD115,000,000 for GBP55,917,779 Settlement 20/09/2023	2,016	0.11
		2,016	0.11
	Norwegian Krone Open Forward Exchange Contracts - 0.03% (2022 - 0.00%)		
	Bought NOK40,500,000 for USD3,790,085 Settlement 20/09/2023	9	-
	Sold NOK815,293,660 for GBP60,970,030 Settlement 20/09/2023	618	0.03
		627	0.03
	Peruvian Nouveau Sol Open Forward Exchange Contracts - 0.00% (2022 - 0.00%)		
	Bought PEN10,900,000 for USD2,987,469 Settlement 20/09/2023	(34)	-
		(34)	-
	Singapore Dollar Open Forward Exchange Contracts - 0.00% (2022 - 0.00%)		
	Bought SGD25,000,000 for USD18,534,994 Settlement 20/09/2023	(18)	-
		(18)	-
	South Korean Won Open Futures Contracts - (0.13)% (2022 - 0.06%)		
1,145	Korea 10 Year Bond September 2023 Futures	(1,045)	(0.06)
4,200	Korea 3 Year Bond September 2023 Futures	(1,131)	(0.07)
		(2,176)	(0.13)
	Sterling Interest Rate Swaps - (2.31)% (2022 - (12.19)%)		
202,000,000	Rec 3.144% Pay Variable 15/06/2025	(39,532)	(2.24)
7,400,000	Rec 3.505% Pay Variable 15/09/2028	(1,293)	(0.07)
		(40,825)	(2.31)
	Sterling Open Futures Contracts - 0.02% (2022 - (0.02)%)		
436	UK Long Gilt December 2023 Futures	288	0.02
		288	0.02
	Swedish Krona Open Forward Exchange Contracts - 0.16% (2022 - 0.02%)		
	Bought SEK20,715,020 for EUR1,760,000 Settlement 20/09/2023	(11)	-
	Bought SEK90,000,000 for GBP6,567,270 Settlement 20/09/2023	(54)	-
	Bought SEK43,500,000 for USD4,048,375 Settlement 20/09/2023	(45)	-
	Sold SEK2,187,713,968 for GBP161,326,868 Settlement 20/09/2023	3,013	0.16
		2,903	0.16
	Swiss Franc Open Forward Exchange Contracts - 0.11% (2022 - 0.00%)		
	Bought CHF145,835,067 for GBP128,740,322 Settlement 20/09/2023	1,984	0.11
		1,984	0.11
	Thailand Baht Open Forward Exchange Contracts - 0.00% (2022 - 0.00%)		
	Bought THB43,192,311 for USD1,230,000 Settlement 20/09/2023	4	-
		4	-
	US Dollar Credit Default Swaps - 0.23% (2022 - 0.32%)		
115,000,000	Pay 1% Receive Variable 20/06/2028	9,811	0.56
243,900,000	Pay 5% Receive Variable 20/06/2028	(5,769)	(0.33)
		4,042	0.23
	US Dollar Interest Rate Swaps - (1.92)% (2022 - 1.70%)		
53,000,000	Pay 2.89% Receive Variable 20/09/2030	2,558	0.14
443,000,000	Pay 3% Receive Variable 20/09/2030	19,094	1.08
687,000,000	Pay 3.16% Receive Variable 21/06/2033	8,398	0.48
443,000,000	Pay 3.477% Receive Variable 15/03/2030	9,412	0.53
144,000,000	Rec 2.911% Pay Variable 20/09/2028	(5,696)	(0.32)
152,000,000	Rec 2.913% Pay Variable 20/09/2028	(6,003)	(0.34)
152,000,000	Rec 2.921% Pay Variable 20/09/2028	(5,958)	(0.34)
152,000,000	Rec 2.93% Pay Variable 20/09/2028	(5,908)	(0.33)

Portfolio Statement continued

As at 31 August 2023

Nominal		Market Value £'000	% of Net Assets
118,000,000	Rec 3.05% Pay Variable 21/09/2026	(3,401)	(0.19)
1,496,000,000	Rec 3.12% Pay Variable 21/06/2027	(9,207)	(0.52)
980,000,000	Rec 3.23% Pay Variable 20/09/2026	(24,437)	(1.38)
972,000,000	Rec 3.86% Pay Variable 15/03/2026	(12,840)	(0.73)
		(33,988)	(1.92)
	US Dollar Open Forward Exchange Contracts - 0.22% (2022 - (2.14)%)		
	Bought USD114,116,326 for BRL570,060,803 Settlement 20/09/2023	(1,725)	(0.10)
	Bought USD112,831,670 for CLP89,727,129,054 Settlement 20/09/2023	5,918	0.33
	Bought USD174,734,268 for CNY1,242,385,108 Settlement 20/09/2023	3,198	0.18
	Bought USD12,058,786 for COP51,012,161,942 Settlement 20/09/2023	(262)	(0.01)
	Bought USD3,578,844 for EUR3,250,000 Settlement 07/12/2023	23	-
	Bought USD379,222,704 for GBP299,032,514 Settlement 20/09/2023	18	-
	Bought USD146,500,000 for JPY20,929,092,125 Settlement 20/09/2023	2,135	0.12
	Bought USD149,375,862 for KRW193,555,266,711 Settlement 20/09/2023	2,219	0.13
	Bought USD216,576,223 for MXN3,790,716,313 Settlement 20/09/2023	(7,264)	(0.41)
	Bought USD53,193,575 for PEN194,629,970 Settlement 20/09/2023	488	0.03
	Bought USD99,308,041 for PHP5,590,049,630 Settlement 20/09/2023	484	0.03
	Bought USD2,300,000 for TWD71,083,800 Settlement 20/09/2023	50	-
	Bought USD18,355,138 for SGD24,544,858 Settlement 20/09/2023	142	0.01
	Bought USD50,928,186 for ZAR944,874,402 Settlement 20/09/2023	668	0.04
	Sold USD1,535,000,000 for GBP1,208,267,066 Settlement 20/09/2023	(2,216)	(0.13)
		3,876	0.22
	US Dollar Open Futures Contracts - 0.14% (2022 - (0.29)%)		
(12)	30-Day Fed Funds December 2023 Futures	2	-
24	30-Day Fed Funds November 2023 Futures	(3)	-
(224)	30-Day Fed Funds October 2023 Futures	(7)	-
4,087	US Treasury Note 10 Year December 2023 Futures	2,092	0.12
1,248	US Treasury Note 2 Year December 2023 Futures	132	0.01
4,170	US Treasury Note 5 Year December 2023 Futures	1,508	0.08
(1,448)	US Treasury Ultra Bond December 2023 Futures	(1,204)	(0.07)
		2,520	0.14
	US Dollar Written Call Options - 0.00% (2022 - 0.00%)		
2,000,000	3 Month SOFR 97 Call Option June 2024	158	0.01
(2,000,000)	3 Month SOFR 97.5 Call Option June 2024	(107)	(0.01)
1,420,000	3 Month SOFR 98 Call Option March 2024	31	-
717,000	US 6-7 Note 112 Call Option September 2023	62	-
(717,000)	US 6-7 Note 112.5 Call Option September 2023	(27)	-
		117	-
	US Dollar Written Put Options - 0.01% (2022 - 0.00%)		
(3,132,500)	3 Month SOFR 93.375 Put Option December 2023	(12)	-
3,132,500	3 Month SOFR 93.625 Put Option December 2023	18	-
14,500,000	Allianz 134 Put Option October 2023	135	0.01
(26,600,000)	Allianz 3.4 Put Option September 2005	-	-
26,600,000	Allianz 3.7 Put Option September 2005	1	-
(36,200,000)	Allianz 7.15 Put Option September 2023	-	-
36,200,000	Allianz 7.2 Put Option September 2023	1	-
		143	0.01
	Investment assets ¹	1,544,199	87.39
	Net other assets	222,768	12.61
	Net assets	1,766,967	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 2022.

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

Statement of Total Return

For the year ended 31 August 2023

	Notes	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Income:					
Net capital losses	2		(373,210)		(531,015)
Revenue	3	103,557		93,038	
Expenses	4	(10,006)		(12,843)	
Interest payable and similar charges		(1,879)		(243)	
Net revenue before taxation		91,672		79,952	
Taxation	5	(298)		(1,006)	
Net revenue after taxation			91,374		78,946
Total return before distributions			(281,836)		(452,069)
Distributions	6		(91,390)		(78,946)
Change in net assets attributable to shareholders from investment activities			(373,226)		(531,015)

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 August 2023

	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Opening net assets attributable to shareholders		2,485,899		3,000,316
Amounts receivable on issue of shares	363,029		736,363	
Amounts payable on cancellation of shares	(748,421)		(756,732)	
		(385,392)		(20,369)
Dilution adjustment		181		-
Change in net assets attributable to shareholders from investment activities (see above)		(373,226)		(531,015)
Retained distributions on accumulation shares		39,502		36,959
Unclaimed distributions		3		8
Closing net assets attributable to shareholders		1,766,967		2,485,899

Notes to the final report and Financial Statements are from page 89 to 98.

Balance Sheet

As at 31 August 2023

	Notes	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Assets:					
Fixed assets:					
Investments			1,704,681		2,559,762
Current assets:					
Debtors	7	6,274		29,588	
Cash and bank balances	8	241,811		428,489	
Total assets			1,952,766		3,017,839
Liabilities:					
Investment liabilities					
			(160,482)		(466,818)
Creditors:					
Bank overdrafts	10	(69)		(18,558)	
Distribution payable	9	(17,946)		(38,866)	
Other creditors	9	(7,302)		(7,698)	
Total liabilities			(185,799)		(531,940)
Net assets attributable to shareholders			1,766,967		2,485,899

Notes to the final report and Financial Statements are from page 89 to 98.

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 and 9 of the Collective Notes to the Final Report and Financial Statements.

2. Net capital losses

	2023 £000s	2022 £000s
Losses on non-derivative securities	(268,113)	(194,603)
Losses on derivative securities	(195,943)	(106,967)
(Losses)/gains on currency	(7,446)	9,075
Gains/(losses) on forward currency contracts	98,330	(238,470)
Handling charges	(48)	(50)
CSDR Penalties	10	-
Net capital losses	(373,210)	(531,015)

3. Revenue

	2023 £000s	2022 £000s
Bank interest	3,519	902
Interest on fixed income securities	57,823	88,282
Overseas dividends - taxable	666	411
Returns from bond futures	53,344	29,210
Option Income	10,162	1,349
Premiums on swaps	(21,957)	(27,116)
Total revenue	103,557	93,038

Notes to the Final Report and Financial Statements continued

4. Expenses

	2023	2022
	£000s	£000s
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
ACD's annual fee	9,215	11,461
ACD rebate	(14)	-
	9,201	11,461
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	388	464
Safe custody fees	372	868
	760	1,332
Other expenses:		
Audit fees	14	15
Distribution costs	-	4
Printing costs	4	4
Registration fees	21	24
Taxation advice	-	2
Other expenses	6	1
	45	50
Total expenses	10,006	12,843

All expenditure stated above is inclusive of VAT where applicable.

The Audit fee for the year, excluding VAT, was £11,400 (2022 - £11,400).

Notes to the Final Report and Financial Statements continued

5. Taxation

	2023	2022
	£000s	£000s
a. Analysis of the taxation charge for the year:		
Corporation tax	31	201
Double tax relief	(31)	(201)
Overseas tax suffered	298	1,006
Total taxation for the year (see Note 5(b))	298	1,006

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%) (2022 - 20%).

The differences are explained below:

Net revenue before taxation	91,672	79,952
Corporation tax at 20%	18,334	15,990
Effects of:		
Indexation relief on index linked gilts	(239)	-
Tax deductible interest distributions	(18,064)	(15,789)
Double taxation relief	(31)	(201)
Overseas tax suffered	298	1,006
Total taxation charge for the year (see Note 5(a))	298	1,006

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. Equalisation/Distributions

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

	2023	2022
	£000s	£000s
Interim	52,278	13,887
Final	33,815	70,436
Add: Revenue deducted on cancellation of shares	8,426	2,636
Deduct: Revenue received on creation of shares	(3,129)	(8,013)
Net distributions for the year	91,390	78,946
Reconciliation of net revenue after taxation to net distributions for the year		
Net revenue after taxation	91,374	78,946
Net equalisation on conversions	16	-
Net distributions for the year	91,390	78,946

Notes to the Final Report and Financial Statements continued

7. Debtors

	2023 £000s	2022 £000s
Accrued ACD's fee rebate	12	-
Accrued revenue	6,065	18,902
Amounts receivable on creation of shares	14	10,686
Sales awaiting settlement	183	-
	6,274	29,588

8. Cash and bank balances

	2023 £000s	2022 £000s
Cash and bank balances	148,452	385,136
Amount held at futures clearing houses and brokers	93,359	43,353
	241,811	428,489

9. Other creditors

	2023 £000s	2022 £000s
a. Distribution payable		
Net distribution payable	17,946	38,866
b. Other creditors		
Accrued ACD's annual fee	662	881
Amounts payable on cancellation of shares	5,960	4,646
Other accrued expenses	212	2,171
Purchases awaiting settlement	468	-
	7,302	7,698

10. Bank overdrafts

	2023 £000s	2022 £000s
Bank overdrafts	1	17,461
Amounts overdrawn at futures clearing houses and brokers	68	1,097
Total bank overdrafts	69	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 75 and 76.

The distribution per share is given in the Distribution Table on page 77.

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 2023:

	Class A Shares Income	Class C Shares Income	Class I Shares Income	Class I Shares Accumulation
Opening shares	7,489,564	211,294,089	951,861,270	1,002,212,280
Shares created	773,270	19,864,699	185,580,023	143,209,753
Shares cancelled	(2,299,738)	(50,820,398)	(373,931,613)	(305,945,172)
Shares converted	-	(14,768,497)	25,509,373	(2,408,000)
Closing shares	5,963,096	165,569,893	789,019,053	837,068,861

14. Contingent liabilities and commitments

As at 31 August 2023 there were no contingent liabilities (2022: £Nil).

Notes to the Final Report and Financial Statements continued

15. Derivatives and other financial instruments

The narrative on pages 9 to 11 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 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 2023 £000s	Non-Monetary Exposure 31 August 2023 £000s	Total Exposure 31 August 2023 £000s	Monetary Exposure 31 August 2022 £000s	Non-Monetary Exposure 31 August 2022 £000s	Total Exposure 31 August 2022 £000s
Australian Dollar	(275,215)	258,281	(16,934)	(234,704)	233,499	(1,205)
Brazilian Real	(79,126)	-	(79,126)	(143,648)	128,320	(15,328)
Canadian Dollar	(98,459)	96,033	(2,426)	(470,582)	327,506	(143,076)
Chilean Peso	(81,439)	5,632	(75,807)	(87,238)	85,486	(1,752)
Chinese Yuan	(134,569)	-	(134,569)	(229,569)	-	(229,569)
Colombian Peso	(4,618)	4,275	(343)	(10,776)	49,339	38,563
Euro	(207,743)	278,185	70,442	(333,139)	281,905	(51,234)
Hong Kong Dollar	-	-	-	(2,686)	-	(2,686)
Hungarian Forint	6	-	6	1,011	-	1,011
Indian Rupee	67,760	-	67,760	-	-	-
Indonesian Rupiah	23	-	23	841	88,868	89,709
Japanese Yen	(42,717)	90,543	47,826	117,465	116,394	233,859
Mexican Peso	(107,822)	102,181	(5,641)	(240,878)	119,962	(120,916)
New Israeli Sheqel	179	-	179	-	-	-
New Russian Ruble	4,549	-	4,549	2,619	-	2,619
New Taiwan Dollar	(9)	-	(9)	-	-	-
New Zealand Dollar	(52,093)	49,924	(2,169)	(3,269)	(274)	(3,543)
Norwegian Krone	(56,114)	56,112	(2)	3,133	53,877	57,010
Pakistani Rupee	-	-	-	(71,264)	87,325	16,061
Philippine Peso	(77,829)	-	(77,829)	(92,406)	-	(92,406)
Polish Zloty	436	-	436	(1,015)	-	(1,015)
Singapore Dollar	782	-	782	(175,655)	173,559	(2,096)
South African Rand	(39,358)	-	(39,358)	(61,362)	57,401	(3,961)
South Korean Won	(97,478)	41,117	(56,361)	(89,199)	33,218	(55,981)
Swedish Krona	(146,941)	141,847	(5,094)	(69,930)	68,990	(940)
Swiss Franc	63,974	-	63,974	-	-	-
Thailand Baht	982	-	982	-	-	-
US Dollar	(38,918)	338,105	299,187	(175,765)	573,982	398,217

Notes to the Final Report and Financial Statements continued

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 (2022 - same).

	Floating Rate	Fixed Rate	Non-Interest	Total	Floating Rate	Fixed Rate	Non-Interest	Total
	31 August 2023 £000s	31 August 2023 £000s	31 August 2023 £000s	31 August 2023 £000s	31 August 2022 £000s	31 August 2022 £000s	31 August 2022 £000s	31 August 2022 £000s
Assets	-	1,591,894	112,787	1,704,681	-	2,348,174	211,588	2,559,762
Liabilities	-	-	(160,482)	(160,482)	-	-	(466,818)	(466,818)

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:

	2023 £000s	2022 £000s
Bonds	1,591,894	2,348,174
Credit Default swaps	(5,931)	14,665
Interest Rate swaps	(68,361)	(194,594)
Open future contracts	(607)	7,474
Option contracts	989	6

The following illustrates the sensitivity of the net return and the net assets to an increase or decrease of 20% (2022 - 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.

	2023 20% Increase in fair value £000s	2023 20% Decrease in fair value £000s	2022 20% Increase in fair value £000s	2022 20% Decrease in fair value £000s
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Capital Return

Net gains (losses) on investments at fair value	303,597	(303,597)	435,145	(435,145)
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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.

	2023 20% Increase in Sterling against foreign currencies £000s	2023 20% Decrease in Sterling against foreign currencies £000s	2022 20% Increase in Sterling against foreign currencies £000s	2022 20% Decrease in Sterling against foreign currencies £000s
Australian Dollar	2,822	(4,234)	201	(301)
Brazilian Real	13,188	(19,782)	2,555	(3,832)
Canadian Dollar	404	(607)	23,846	(35,769)
Chilean Peso	12,635	(18,952)	292	(438)
Chinese Yuan	22,428	(33,642)	38,261	(57,392)
Colombian Peso	57	(86)	(6,427)	9,641
Euro	(11,740)	17,611	8,539	(12,809)
Hong Kong Dollar	-	-	448	(671)
Hungarian Forint	(1)	2	(168)	253
Indian Rupee	(11,293)	16,940	-	-
Indonesian Rupiah	(4)	6	(14,952)	22,427

Notes to the Final Report and Financial Statements continued

	2023	2023	2022	2022
	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
Japanese Yen	(7,971)	11,956	(38,976)	58,465
Mexican Peso	940	(1,410)	20,153	(30,229)
New Israeli Sheqel	(30)	45	-	-
New Russian Ruble	(758)	1,137	(436)	655
New Taiwan Dollar	2	(2)	-	-
New Zealand Dollar	362	(542)	590	(886)
Norwegian Krone	-	(1)	(9,502)	14,253
Pakistani Rupee	-	-	(2,677)	4,015
Philippine Peso	12,972	(19,457)	15,401	(23,101)
Polish Zloty	(73)	109	169	(254)
Singapore Dollar	(130)	195	349	(524)
South African Rand	6,560	(9,840)	660	(990)
South Korean Won	9,393	(14,090)	9,330	(13,995)
Swedish Krona	849	(1,274)	157	(235)
Swiss Franc	(10,663)	15,994	-	-
Thailand Baht	(164)	245	-	-
US Dollar	(49,865)	74,797	(66,370)	99,554
Change in net return and net assets	(10,080)	15,118	(18,557)	27,837

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 2023, the net asset value was £1,786.9m (2022 - £2,526.1m) (before the deduction of the interest distribution) with a duration of 10.51 years (2022 - 10.76 years).

Thus, for example, an increase of 0.25% in the interest rates would result in a fall of 2.62% or 46.81m (2022 - 2.69% or £67.95m) 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 7.25% (2022 - 7.37%).

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 2023 £000s	31 August 2023 £000s	31 August 2022 £000s	31 August 2022 £000s
Level 1: Quoted	980,311	(28,746)	1,106,473	(12,753)
Level 2: Observable	724,370	(131,736)	4,993,955	(3,994,731)
Level 3: Unobservable	-	-	-	-
	1,704,681	(160,482)	6,100,428	(4,007,484)

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 (2022 - 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 11.

i. Credit rating

	2023	2023	2022	2022
	Market Value £000s	% of Net Assets	Market Value £000s	% of Net Assets
Investment Grade	1,308,502	74.05	1,472,063	59.20
Sub-investment Grade	1,404	0.08	292,306	11.77
Non-rated	281,988	15.96	583,805	23.49
Derivatives	(47,695)	(2.70)	(255,230)	(10.27)
Other assets	222,768	12.61	392,955	15.81
Total net assets	1,766,967	100.00	2,485,899	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.

16. Portfolio transaction costs

For the year ended 31 August 2023:

	Transaction Value	Commissions	Commissions	Taxes	Taxes
	2023	2023	2023	2023	2023
	£000s	£000s	%	£000s	%
Purchases					
Debt instruments (direct)	1,244,738	-	-	-	-
Derivatives	30,681,099	81	-	-	-
Total purchases	31,925,837	81	-	-	-
Total purchases including transaction costs	31,925,918				

Notes to the Final Report and Financial Statements continued

	Transaction Value	Commissions	Commissions	Taxes	Taxes
	2023	2023	2023	2023	2023
	£000s	£000s	%	£000s	%
Sales					
Debt instruments (direct)	1,741,472	-	-	-	-
Derivatives	31,113,468	83	-	-	-
Total sales	32,854,940	83	-	-	-
Total sales including transaction costs	32,854,857	-	-	-	-
Derivative Transaction costs		-		-	
Total transaction costs as a % of average net assets		0.00%		0.00%	
	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	-	-	-	-
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.

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 0.17% (2022 : 0.24%).

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 and 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 (Accumulation Shares)	16 September 2021
	C Shares (Income Shares)	23 April 2014
	E Shares	08 January 2021
	W Shares	08 January 2021
	W Shares (EUR) (Income Shares)	28 October 2021
ISA status	Yes	
Share Classes and types of Shares	A (Income Shares)	
	C (Accumulation Shares)	
	C (Income Shares)	
	E (Income Shares)	
	W (Income Shares)	
Minimum investment	W (EUR) (Income Shares)	
	A Shares	Lump sum £500
		Monthly saving £50
	C Shares	Lump sum £500
		Monthly saving £50
Initial charge	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
Annual ACD fee	Available to Approved Investors only.	
	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 2023

	A Shares Income			C Shares Income		
	2023	2022	2021	2023	2022	2021
	(p)	(p)	(p)	(p)	(p)	(p)
Opening net asset value per share	307.35	322.77	230.51	114.77	119.71	85.02
Return before operating charges	12.75	3.73	108.19	4.73	1.35	40.13
Operating charges	(3.92)	(4.29)	(3.79)	(0.77)	(0.80)	(0.85)
Return after operating charges	8.83	(0.56)	104.40	3.96	0.55	39.28
Distributions	(16.30)	(14.86)	(12.14)	(6.01)	(5.49)	(4.59)
Closing net asset value per share	299.88	307.35	322.77	112.72	114.77	119.71
After direct transaction costs of ¹	(0.60)	(1.42)	(1.62)	(0.23)	(0.53)	(0.65)
Performance						
Return after operating charges	2.87%	(0.17)%	45.29%	3.45%	0.46%	46.20%
Other information						
Closing net asset value (£'000)	18,628	4,204	2,878	139,361	162,688	59,612
Closing number of shares	6,211,851	1,367,807	891,622	123,639,781	141,755,581	49,796,814
Operating charges ²	1.25%	1.30%	1.38%	0.65%	0.65%	0.77%
Direct transaction costs	0.19%	0.43%	0.59%	0.19%	0.43%	0.59%
Prices						
Highest share price	346.40	351.29	331.18	129.64	130.66	122.85
Lowest share price	281.81	305.22	222.06	105.31	113.60	81.99

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.

Comparative Tables continued

For the year ended 31 August 2023

	E Shares Income			W Shares Income		
	2023	2022	2021	2023	2022	2021
	(p)	(p)	(p)	(p)	(p)	(p)
Opening net asset value per share	108.24	112.51	100.00	108.40	112.78	100.00
Return before operating charges	4.46	1.27	15.21	4.47	1.28	15.83
Operating charges	(0.35)	(0.38)	(0.25)	(0.46)	(0.49)	(0.33)
Return after operating charges	4.11	0.89	14.96	4.01	0.79	15.50
Distributions	(5.68)	(5.16)	(2.45)	(5.69)	(5.17)	(2.72)
Closing net asset value per share	106.67	108.24	112.51	106.72	108.40	112.78
After direct transaction costs of ¹	(0.22)	(0.50)	(0.66)	(0.22)	(0.50)	(0.64)
Performance						
Return after operating charges	3.80%	0.79%	14.96%	3.70%	0.70%	15.50%
Other information						
Closing net asset value (£'000)	98,153	122,111	103,798	936	3,138	1
Closing number of shares	92,018,630	112,819,338	92,255,466	876,974	2,895,048	1,000
Operating charges ²	0.31%	0.33%	0.35%	0.41%	0.42%	0.48%
Direct transaction costs	0.19%	0.43%	0.59%	0.19%	0.43%	0.59%
Prices						
Highest share price	122.45	122.99	115.43	122.57	123.24	115.98
Lowest share price	99.36	106.95	94.68	99.50	107.16	94.69

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%. Operating charges on 'W' Class 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 Classes E Income and W Income were launched on 8 January 2021.

Comparative Tables continued

For the year ended 31 August 2023

	C Shares Accumulation		W Shares EUR Income	
	2023	2022	2023	2022
	(p)	(p)	(c)	(c)
Opening net asset value per share	99.96	100.00	96.94	100.00
Return before operating charges*	3.98	0.60	9.64	(2.74)
Operating charges	(0.68)	(0.64)	(0.36)	(0.32)
Return after operating charges	3.30	(0.04)	9.28	(3.06)
Distributions	(5.21)	(4.42)	(14.81)	-
Retained distributions on accumulation shares	5.21	4.42	-	-
Closing net asset value per share	103.26	99.96	91.41	96.94
After direct transaction costs of ¹	(0.20)	(0.45)	(0.17)	(0.37)
Performance				
Return after operating charges	3.30%	(0.04)%	9.57%	(3.06)%
Other information				
Closing net asset value (£'000)	43,463	49,284	1	1
Closing number of shares	42,092,714	49,305,290	1,000	1,000
Operating charges ²	0.65%	0.65%	0.42%	0.43%
Direct transaction costs	0.19%	0.43%	0.19%	0.43%
Prices				
Highest share price	112.90	108.69	106.52	108.30
Lowest share price	91.72	96.24	86.43	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.

Distribution Tables

For the year ended 31 August 2023

Interim Distribution in pence per share

Group 1 Shares purchased prior to 1 September 2022

Group 2 Shares purchased on or after 1 September 2022 to 28 February 2023

	Net revenue (p)	Equalisation (p)	Distribution paid 30/04/23 (p)	Distribution paid 30/04/22 (p)
A Shares Income				
Group 1	6.0529	-	6.0529	6.1526
Group 2	2.8300	3.2229	6.0529	6.1526
C Shares Income				
Group 1	2.1835	-	2.1835	2.2610
Group 2	1.0860	1.0975	2.1835	2.2610
E Shares Income				
Group 1	2.0617	-	2.0617	2.1280
Group 2	0.9832	1.0785	2.0617	2.1280
W Shares Income				
Group 1	2.0643	-	2.0643	2.1335
Group 2	0.9738	1.0905	2.0643	2.1335
C Shares Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
	(c)	(c)	(c)	(c)
W Shares EUR Income				
Group 1	5.6780	-	5.6780	-
Group 2	5.6780	-	5.6780	-

Investors are reminded that distribution is not guaranteed.

Distribution Tables continued

For the year ended 31 August 2023

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 March 2023

Group 2 Shares purchased on or after 1 March 2023 to 31 August 2023

	Net revenue (p)	Equalisation (p)	Distribution payable 31/10/23 (p)	Distribution paid 31/10/22 (p)
A Shares Income				
Group 1	10.2470	-	10.2470	8.7038
Group 2	5.2081	5.0389	10.2470	8.7038
C Shares Income				
Group 1	3.8295	-	3.8295	3.2266
Group 2	2.1997	1.6298	3.8295	3.2266
E Shares Income				
Group 1	3.6222	-	3.6222	3.0330
Group 2	1.6599	1.9623	3.6222	3.0330
W Shares Income				
Group 1	3.6252	-	3.6252	3.0388
Group 2	2.0054	1.6198	3.6252	3.0388
C Shares Accumulation				
Group 1	5.2089	-	5.2089	4.4208
Group 2	3.3070	1.9019	5.2089	4.4208
	(c)	(c)	(c)	(c)
W Shares EUR Income				
Group 1	9.1280	-	9.1280	-
Group 2	9.1280	-	9.1280	-

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 2023, the Fund's 'C' class shares produced a total return net of fees of 3.4%. The Fund's benchmark, the FTSE All Share Total Return Index, produced a total return of 5.2%. The Fund thus underperformed its benchmark by 1.8%. Amid strong relative performance for larger companies, defensive companies, and international companies, the Fund's underperformance was driven mostly by the higher exposure to smaller companies relative to the index.

Market Background

The period under review has continued a challenging period in which to invest in UK equities. UK market significantly underperformed the US and Europe, failing to keep pace with the strong rallies seen elsewhere. The period has been characterised by significant outflows from UK equity-focused Funds and reduced allocations to the UK stock market by international allocators of capital.

Throughout the year there has been a building narrative of negativity around UK assets and the UK economy that built upon preceding years of uncertainty and volatility. After Brexit, the prospect of a hard left labour government in 2019, covid, and finally the inflationary shocks of the Ukraine War, a period of calm would have been desirable. Instead, in the period under review we have seen a badly received 'mini budget' during the short tenure of Liz Truss as Prime Minister, a volatile currency, higher than expected inflation, and consequently a cumulative 14 consecutive interest rate rises by the Bank of England. Rapidly rising and inflation and concurrently aggressive monetary tightening by the central bank are not unique to the UK, but the added political volatility as well as some more unfavourable shorter term economic datapoints has helped create a narrative of the UK as suffering from particularly stubborn inflation, alongside particularly anaemic real growth, relative to global peers. Over the very long term the UK does not seem a particular outlier on inflation or growth, and short-term economic data is notoriously volatile and subject to revision. Indeed, towards the end of the period the UK's negative exceptionalism started to look in doubt, with GDP revised up significantly at the start of September, inflation moderating significantly, and consumer confidence tentatively rebounding.

The negative narrative around UK assets that characterised the period under review exacerbated significant market distortions. The UK market trades at multi-decade low valuations relative to European and US markets. A greater distortion is to be found within the market however, with valuation dispersion also at near-record extremes as the market is exceptionally bifurcated into perceived winners and losers. Higher rated, more expensive companies outperformed more lowly rated companies during the period. Smaller companies have very significantly underperformed larger companies during the period. Part of the underperformance of smaller companies can be associated with the periods trend against cyclical companies and domestic companies amid compounding concerns over economic recession and a particular UK discount. Smaller companies are generally more cyclical and generally more domestic than larger companies in aggregate in the UK market, but these factors alone do not explain the broad weakness of smaller companies, including those that are neither domestically focused nor cyclical.

Portfolio Review

As a reminder, 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 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 larger companies significantly outperformed smaller companies, more expensive companies outperformed less expensive companies, international companies outperformed domestic companies, and defensive companies outperformed cyclical companies. All these trends are headwinds to our current positioning and to a partial extend to our structural style and process. It is unusual and regrettable that these trends have coincided this year, all coalescing around a negative narrative towards UK equity assets, that has contributed to our underperformance of the market during the period.

Investment Review continued

Our twelve-month attribution is notable for the lack of very large individual stock impacts among a great many smaller impacts that point to style and sentiment being key determinants of stock market performance this year, which do not play to our strengths as fundamental bottom-up stock pickers over a relatively short period.

A few notable negative impacts include our real estate holding, CLS, which has been impacted by rapidly rising rates that pressure the company's asset valuation and increase the cost of debt. We think the market misses the high proportion of index-linked rents, the resilience of the balance sheet, and that the share price discounts very high interest rates for a very long time. We hold our hands up to some real impairments of fundamental value where we overlooked at least one negative aspect of an investment case, most notably the sensitivity to inflationary pressure at National Express (now Mobico), and the fragility of organic growth and cyclicity at Kin and Carta. We retain conviction, though lower, in both. Specialist bank OSB also notably underperformed because of a profit warning that, whilst significant at the headline level, we believe has been widely misinterpreted by the market and does not significantly impair the long-term value of the business, though this business, like real estate, would prefer a normalisation in interest rates toward a lower level. Lastly, we missed out on some strong performers this year that are significant benchmark weights, for example HSBC and Rolls Royce, where we did not have positive investment cases and so remained uninvested.

There were notable positive contributors. Conduit made significant progress in their growth plan amid a strong pricing environment for reinsurance, a context that also assisted SCOR in making a notable recovery. Games Workshop and Howden Joinery both re-rated significantly as resilient growth was demonstrated despite fears for consumer sentiment. Atalaya recovered significantly following an easing of energy costs amid a resilient copper price. Not holding Vodafone or Anglo American assisted relative performance in the period.

We added eleven new holdings and sold out of nine, with a turnover a roughly in line with our expectations. A few of our sales were due to realising full fair value or greater, but most were due to wishing to recycle capital into better opportunities amid a fast-changing opportunity set. A general trend has been to add significant weight to middle-sized companies in the FTSE 250. We believe the quality of the portfolio has

improved, with notably more companies that we deem to be 'franchise' investment cases (i.e. they can grow intrinsic value over time).

Outlook

It seems clear to us that the combination of macroeconomic shocks, poor sentiment toward the UK, significant outflows from UK assets, and fast-changing stock market trends, has led to significant mispricing in UK assets. This mispricing has increased relative to a year ago and we correspondingly see richer opportunities now than at any time over the past two years.

It seems that the first signs of the turning of sentiment towards UK assets may be near, as investor interest has tentatively started to rebound, and many of the foundations of the negative narrative have been eroded by better macroeconomic data and revisions. We are often asked what the catalyst might be for a turn in sentiment and believe that even a lack of negative catalysts and a period of relative calm may well be enough at this extreme level of undervaluation. It may be darkest before the dawn, or another false dawn, but in either case we remain convinced that investing in the shares of UK listed companies trading at a deep discount to intrinsic value, as part of a portfolio constructed from the bottom up to withstand a range of macroeconomic outcomes, will prove advantageous in the long term. The market today offers a wealth of opportunities for the bottom-up UK investor following a value-driven approach.

Portfolio Statement

As at 31 August 2023

Holding		Market Value £'000	% of Net Assets
	UNITED KINGDOM EQUITIES - 80.95% (2022 - 81.49%)		
	Aerospace & Defense - 0.00% (2022 - 2.36%)		
	Banks - 4.38% (2022 - 4.08%)		
732,904	Close Brothers	6,083	2.02
16,600,000	Lloyds Banking	7,082	2.36
		13,165	4.38
	Construction & Materials - 6.74% (2022 - 5.39%)		
2,670,645	Eurocell	2,911	0.97
660,204	Keller	4,978	1.65
1,543,752	Marshalls	4,292	1.43
2,222,216	Norcros	3,122	1.04
1,701,094	Tyman	4,950	1.65
		20,253	6.74
	Electricity - 4.46% (2022 - 3.42%)		
1,240,000	Drax	6,877	2.29
397,449	SSE	6,518	2.17
		13,395	4.46
	Electronic & Electrical Equipment - 2.00% (2022 - 1.43%)		
2,276,504	Morgan Advanced Materials	6,010	2.00
		6,010	2.00
	Finance & Credit Services - 1.60% (2022 - 3.89%)		
1,401,283	OSB	4,820	1.60
		4,820	1.60
	Food Producers - 2.78% (2022 - 2.46%)		
1,174,984	Tate & Lyle	8,360	2.78
		8,360	2.78
	Gas, Water & Multi-Utilities - 1.08% (2022 - 1.17%)		
324,683	National Grid	3,250	1.08
		3,250	1.08
	Household Goods & Home Construction - 3.43% (2022 - 4.04%)		
176,000	Bellway	3,781	1.26
1,373,323	Redrow	6,534	2.17
		10,315	3.43
	Industrial Metals and Mining - 2.32% (2022 - 0.00%)		
142,972	Rio Tinto	6,971	2.32
		6,971	2.32
	Industrial Support Services - 4.03% (2022 - 1.48%)		
1,075,000	Inchcape	8,186	2.72
1,102,446	SThree	3,936	1.31
		12,122	4.03
	Investment Banking & Brokerage - 5.60% (2022 - 7.40%)		
1,331,765	IG	9,036	3.01
878,896	St. James's Place	7,780	2.59
		16,816	5.60
	Leisure Goods - 0.79% (2022 - 0.00%)		
22,078	Games Workshop	2,389	0.79
		2,389	0.79
	Life Insurance - 1.44% (2022 - 2.07%)		
1,979,195	Legal & General	4,342	1.44
		4,342	1.44
	Non-life Insurance - 1.52% (2022 - 2.00%)		
185,243	Admiral	4,577	1.52
		4,577	1.52
	Oil, Gas & Coal - 11.13% (2022 - 11.40%)		
1,930,313	BP	9,455	3.14
5,096,981	Diversified Energy	4,677	1.56
769,863	Energiean	8,676	2.89
439,136	Shell	10,627	3.54
		33,435	11.13

Portfolio Statement continued

As at 31 August 2023

Holding		Market Value £'000	% of Net Assets
	Personal Care, Drug & Grocery Stores - 3.51% (2022 - 3.63%)		
2,676,722	PZ Cussons	4,342	1.44
1,194,062	Tesco	3,183	1.06
74,399	Unilever	3,023	1.01
		10,548	3.51
	Pharmaceuticals & Biotechnology - 5.14% (2022 - 3.99%)		
820,305	GSK	11,496	3.83
1,214,451	Haleon	3,940	1.31
		15,436	5.14
	Precious Metals & Mining - 1.12% (2022 - 1.28%)		
23,605,775	Pan African Resources ¹	3,376	1.12
		3,376	1.12
	Real Estate Investment & Services - 1.52% (2022 - 1.44%)		
3,688,900	CLS	4,574	1.52
		4,574	1.52
	Real Estate Investment Trusts - 1.63% (2022 - 2.43%)		
816,000	Land Securities	4,904	1.63
		4,904	1.63
	Retailers - 4.94% (2022 - 3.21%)		
3,115,765	DFS Furniture	3,340	1.11
81,434	Next	5,675	1.89
1,537,000	Pets at Home	5,822	1.94
		14,837	4.94
	Software & Computer Services - 1.07% (2022 - 1.51%)		
3,939,671	Kin & Carta	3,207	1.07
		3,207	1.07
	Tobacco - 5.41% (2022 - 7.90%)		
451,167	British American Tobacco	11,866	3.95
244,653	Imperial Brands	4,393	1.46
		16,259	5.41
	Travel & Leisure - 3.31% (2022 - 3.51%)		
525,560	Fuller Smith & Turner	2,933	0.98
3,950,803	Mobico	3,346	1.11
1,401,807	TEN Entertainment	3,659	1.22
		9,938	3.31
	OVERSEAS EQUITIES - 20.72% (2022 - 16.28%)		
	Bermuda Equities - 4.75% (2022 - 2.68%)		
6,027,389	Capital	5,039	1.68
967,364	Conduit	4,498	1.50
829,443	Lancashire	4,711	1.57
		14,248	4.75
	Cyprus Equities - 1.96% (2022 - 1.47%)		
1,827,358	Atalaya Mining ¹	5,902	1.96
		5,902	1.96
	France Equities - 1.98% (2022 - 2.03%)		
34,756	Sanofi	2,963	0.99
120,970	SCOR	2,989	0.99
		5,952	1.98
	Guernsey Equities - 0.71% (2022 - 0.63%)		
7,205,000	Duke Royalty ¹	2,125	0.71
		2,125	0.71
	Ireland Equities - 5.31% (2022 - 5.08%)		
208,024	DCC	9,024	3.00
800,000	Grafton	6,935	2.31
		15,959	5.31
	Isle of Man Equities - 0.77% (2022 - 0.77%)		
199,642	Entain	2,324	0.77
		2,324	0.77
	Jersey Equities - 3.70% (2022 - 2.61%)		
1,816,700	Man	3,831	1.27
957,540	WPP	7,289	2.43
		11,120	3.70

Portfolio Statement continued

As at 31 August 2023

Holding		Market Value £'000	% of Net Assets
	Switzerland Equities - 0.00% (2022 - 1.01%)		
	Singapore Equities - 1.54% (2022 - 0.00%)		
215,636	XP Power	4,625	1.54
		4,625	1.54
	Investment assets	305,554	101.67
	Net other liabilities	(5,012)	(1.67)
	Net assets	300,542	100.00

¹ Securities Listed on Alternative Investment Market.

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 2022.

Statement of Total Return

For the year ended 31 August 2023

	Notes	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Income:					
Net capital losses	2		(5,044)		(15,501)
Revenue	3	17,111		12,729	
Expenses	4	(1,810)		(1,398)	
Interest payable and similar charges		(6)		(2)	
Net revenue before taxation		15,295		11,329	
Taxation	5	(163)		(103)	
Net revenue after taxation			15,132		11,226
Total return before distributions			10,088		(4,275)
Distributions	6		(16,739)		(12,393)
Change in net assets attributable to shareholders from investment activities			(6,651)		(16,668)

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 August 2023

	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Opening net assets attributable to shareholders		341,426		166,289
Inspecie transfer*		-		23,528
Amounts receivable on issue of shares	62,557		193,763	
Amounts payable on cancellation of shares	(99,155)		(27,721)	
		(36,598)		166,042
Dilution adjustment		117		-
Change in net assets attributable to shareholders from investment activities (see above)		(6,651)		(16,668)
Retained distributions on accumulation shares		2,193		2,180
Unclaimed distributions		55		55
Closing net assets attributable to shareholders		300,542		341,426

* 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 113 to 120.

Balance Sheet

As at 31 August 2023

	Notes	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Assets:					
Fixed assets:					
Investments			305,554		333,825
Current assets:					
Debtors	7	2,982		4,418	
Cash and bank balances	8	1,583		11,998	
Total assets			310,119		350,241
Liabilities:					
Creditors:					
Distribution payable	9	(8,736)		(8,203)	
Other creditors	9	(841)		(612)	
Total liabilities			(9,577)		(8,815)
Net assets attributable to shareholders			300,542		341,426

Notes to the final report and Financial Statements are from page 113 to 120.

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 and 9 of the Collective Notes to the Final Report and Financial Statements.

2. Net capital losses

	2023 £000s	2022 £000s
Losses on non-derivative securities	(5,010)	(15,499)
Losses on derivative securities	-	(3)
(Losses)/gains on currency	(30)	14
Handling charges	(4)	(13)
Net capital losses	(5,044)	(15,501)

3. Revenue

	2023 £000s	2022 £000s
Bank interest	18	2
Franked UK dividends	13,278	10,154
Overseas dividends - non-taxable	3,346	1,917
Overseas dividends - taxable	(8)	(9)
Unfranked UK dividends	477	583
Option Income	-	82
Total revenue	17,111	12,729

Notes to the Final Report and Financial Statements continued

4. Expenses

	2023	2022
	£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	1,679	1,264
ACD rebate*	(54)	(52)
	1,625	1,212
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	59	48
Safe custody fees	14	11
	73	59
Other expenses:		
Audit fees	12	13
Distribution costs	2	4
Printing costs	8	6
Registration fees	90	72
Other expenses	-	32
	112	127
Total expenses	1,810	1,398

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 (2022 - £9,800).

*Operating charges for each subfund are capped. C Shares are capped at 0.66%, E Shares are capped at 0.33%, W Shares are capped at 0.42%. 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

	2023 £000s	2022 £000s
a. Analysis of the taxation charge for the year:		
Overseas tax suffered	163	103
Total taxation for the year (see Note 5(b))	163	103
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%) (2022 - 20%).		
The differences are explained below:		
Net revenue before taxation	15,295	11,329
Corporation tax at 20%	3,059	2,266
Effects of:		
Expenses utilised against offshore gains	(669)	(383)
Overseas dividends - non-taxable	(35)	-
Overseas tax suffered	163	103
UK dividends not subject to corporation tax	(2,620)	(2,031)
Surplus allowable expenses utilised in the year	265	148
Total taxation charge for the year (see Note 5(a))	163	103

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 £6,856,328 (2022 : £6,590,000) 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. Equalisation/Distributions

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

	2023 £000s	2022 £000s
Interim	5,192	4,253
Final	10,929	10,382
Add: Revenue deducted on cancellation of shares	1,475	291
Deduct: Revenue received on creation of shares	(857)	(2,533)
Net distributions for the year	16,739	12,393
Reconciliation of net revenue after taxation to net distributions for the year		
Net revenue after taxation	15,132	11,226
Add: Capitalised expenses	1,636	1,223
Tax on capital items	(29)	(56)
Net distributions for the year	16,739	12,393

Notes to the Final Report and Financial Statements continued

7. Debtors

	2023 £000s	2022 £000s
Accrued ACD's fee rebate	(13)	4
Accrued revenue	2,584	2,597
Amounts receivable on creation of shares	170	1,397
Overseas tax recoverable	123	115
Sales awaiting settlement	66	212
Income tax recoverable	6	1
Amounts receivable due to merger	46	92
	2,982	4,418

8. Cash and bank balances

	2023 £000s	2022 £000s
Cash and bank balances	1,583	11,998
	1,583	11,998

9. Other creditors

	2023 £000s	2022 £000s
a. Distribution payable		
Net distribution payable	8,736	8,203
b. Other creditors		
Accrued ACD's annual fee	141	150
Amounts payable on cancellation of shares	622	137
Other accrued expenses	54	42
Purchases awaiting settlement	24	283
	841	612

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 101 to 103.

The distribution per share is given in the Distribution Table on page 104 and 105.

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 2023:

	Class A Shares	Class C Shares	Class E Shares	Class W Shares	Class C Shares	Class W Shares
	Income	Income	Income	Income	Accumulation	EUR Income
Opening shares	1,367,807	141,755,581	112,819,338	2,895,048	49,305,290	1,000
Shares created	6,905,702	14,811,090	11,408,314	909,270	9,340,124	-
Shares cancelled	(2,061,658)	(32,940,770)	(32,209,022)	(2,912,666)	(16,522,700)	-
Shares converted	-	13,880	-	(14,678)	-	-
Closing shares	6,211,851	123,639,781	92,018,630	876,974	42,092,714	1,000

13. Contingent liabilities and commitments

As at 31 August 2023 there were no contingent liabilities (2022: £Nil).

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.

	Monetary Exposure 31 August 2023 £000s	Non-Monetary Exposure 31 August 2023 £000s	Total Exposure 31 August 2023 £000s	Monetary Exposure 31 August 2022 £000s	Non-Monetary Exposure 31 August 2022 £000s	Total Exposure 31 August 2022 £000s
Currency						
Euro	124	5,952	6,076	(59)	6,948	6,889
Norwegian Krone	5	-	5	-	-	-
Swiss Franc	70	-	70	46	3,462	3,508
US Dollar	785	-	785	526	-	526

Notes to the Final Report and Financial Statements continued

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 (2022 - 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:

	2023	2022
	£000s	£000s
Listed equity investments held at fair value through profit or loss	305,554	333,825

The following illustrates the sensitivity of the net return and the net assets to an increase or decrease of 20% (2022 - 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.

	2023	2023	2022	2022
	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	61,111	(61,111)	66,765	(66,765)

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.

	2023	2023	2022	2022
	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
Euro	(1,013)	1,519	(1,148)	1,722
Norwegian Krone	(1)	1	-	-
Swiss Franc	(12)	18	(585)	877
US Dollar	(131)	196	(88)	131
Change in net return and net assets	(1,157)	1,734	(1,821)	2,730

d. Leverage

The subfund did not employ significant leverage during the year (2022 - 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 2023	31 August 2023	31 August 2022	31 August 2022
	£000s	£000s	£000s	£000s
Level 1: Quoted	305,554	-	333,825	-
Level 2: Observable	-	-	-	-
Level 3: Unobservable	-	-	-	-
	305,554	-	333,825	-

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 (2022 - 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 then 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 (2022 - £nil).

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.

15. Portfolio transaction costs

For the year ended 31 August 2023:

	Transaction Value	Commissions	Commissions	Taxes	Taxes
	2023	2023	2023	2023	2023
	£000s	£000s	%	£000s	%
Purchases					
Equity instruments (direct)	116,149	40	0.03	558	0.48
Total purchases	116,149	40	0.03	558	0.48
Total purchases including transaction costs	116,747				
	Transaction Value	Commissions	Commissions	Taxes	Taxes
	2023	2023	2023	2023	2023
	£000s	£000s	%	£000s	%
Sales					
Equity instruments (direct)	140,030	39	0.03	-	-
Total sales	140,030	39	0.03	-	-
Total sales including transaction costs	139,991				
Total transaction costs as a % of average net assets		0.02%		0.17%	

Notes to the Final Report and Financial Statements continued

	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
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	13	0.03	-	-
Derivatives	64	1	1.43	-	-
Total sales	41,618	14	1.46	-	-
Total sales including transaction costs	41,604				
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.

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 0.48% (2022 : 0.47%).

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 0.41%.

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 Tillett	
Benchmark	FTSE All-Share Index Total Return GBP ¹⁾	
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 (Accumulation Shares)	28 October 2021
	E Shares (Income Shares)	5 May 2023
	I Shares (Accumulation Shares)	1 June 2017
	I (EUR) Shares	28 October 2021
	O Shares	3 May 2018
	Y Shares	20 February 2017
ISA status	Yes	
Share Classes and types of Shares	A (Accumulation Shares) C (Accumulation Shares) E (Accumulation Shares) E (Income Shares) I (Accumulation Shares) I (Accumulation Shares) (EUR) O (Accumulation Shares) Y (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 Shares (EUR)	Lump sum £10,000,000 Available to Approved Investors only.
	O Shares	Lump sum £10,000,000 Available to Approved Investors only.
	Y Shares	Lump sum £100,000,000 Available to Approved Investors only.
Initial charge	A Shares	Nil
	C Shares	Nil
	E Shares	Nil
	I Shares	Nil
	I (EUR) Shares	Nil
	O Shares	Nil
	Y Shares	Nil

Fund Information continued

Fund Details Continued

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

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

¹⁾ For the W (EUR) (Inc) Share Class launched on 28/10/2021, the benchmark used will be the FTSE All-Share Index Total Return EUR.

Comparative Tables

For the year ended 31 August 2023

	A Shares Accumulation			C Shares Accumulation		
	2023 (p)	2022 (p)	2021 (p)	2023 (p)	2022 (p)	2021 (p)
Opening net asset value per share	7,631.88	7,701.71	5,059.31	182.59	183.37	120.58
Return before operating charges	77.27	33.98	2,714.06	2.22	0.78	64.12
Operating charges	(84.87)	(103.81)	(71.66)	(1.54)	(1.56)	(1.33)
Return after operating charges	(7.60)	(69.83)	2,642.40	0.68	(0.78)	62.79
Distributions	(269.80)	(184.37)	(121.95)	(6.94)	(5.32)	(3.12)
Retained distributions on accumulation shares	269.80	184.37	121.95	6.94	5.32	3.12
Closing net asset value per share	7,624.28	7,631.88	7,701.71	183.27	182.59	183.37
After direct transaction costs of ¹	(15.20)	(32.73)	(6.45)	(0.36)	(0.78)	(0.18)
Performance						
Return after operating charges	(0.10)%	(0.91)%	52.23%	0.37%	(0.43)%	52.07%
Other information						
Closing net asset value (£'000)	791	688	392	114,902	152,026	78,047
Closing number of shares	10,376	9,019	5,086	62,694,225	83,262,971	42,563,359
Operating charges	1.08%	1.29%	1.29%	0.81%	0.81%	0.84%
Direct transaction costs	0.19%	0.41%	0.12%	0.19%	0.41%	0.12%
Prices						
Highest share price	8,572.30	8,433.54	7,771.39	205.52	201.17	184.99
Lowest share price	6,987.24	7,510.14	4,901.91	167.27	179.26	116.92

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 2023

	I Shares Accumulation			Y Shares Accumulation		
	2023 (p)	2022 (p)	2021 (p)	2023 (p)	2022 (p)	2021 (p)
Opening net asset value per share	141.86	142.07	93.14	7,745.21	7,746.18	5,065.07
Return before operating charges	1.72	0.59	49.58	93.37	31.53	2,701.82
Operating charges	(0.78)	(0.80)	(0.65)	(32.20)	(32.50)	(20.71)
Return after operating charges	0.94	(0.21)	48.93	61.17	(0.97)	2,681.11
Distributions	(5.81)	(4.54)	(2.79)	(327.83)	(258.57)	(160.87)
Retained distributions on accumulation shares	5.81	4.54	2.79	327.83	258.57	160.87
Closing net asset value per share	142.80	141.86	142.07	7,806.38	7,745.21	7,746.18
After direct transaction costs of ¹	(0.28)	(0.61)	(0.14)	(15.51)	(33.08)	(6.33)
Performance						
Return after operating charges	0.66%	(0.15)%	52.53%	0.79%	(0.01)%	52.93%
Other information						
Closing net asset value (£'000)	43,481	53,908	46,236	2	2	2
Closing number of shares	30,449,870	38,001,325	32,543,951	30	30	30
Operating charges ²	0.53%	0.53%	0.54%	0.40%	0.40%	0.38%
Direct transaction costs	0.19%	0.41%	0.12%	0.19%	0.41%	0.12%
Prices						
Highest share price	159.88	156.04	143.31	8,733.80	8,513.47	7,812.90
Lowest share price	130.00	139.09	90.35	7,098.63	7,589.03	4,913.80

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 2023

	O Shares Accumulation			E Shares Accumulation	
	2023	2022	2021	2023	2022
	(p)	(p)	(p)	(p)	(p)
Opening net asset value per share	125.03	124.86	84.58	96.21	100.00
Return before operating charges	1.50	0.43	40.52	1.16	(3.49)
Operating charges	(0.26)	(0.26)	(0.24)	(0.36)	(0.30)
Return after operating charges	1.24	0.17	40.28	0.80	(3.79)
Distributions	(5.56)	(4.26)	(0.11)	(4.12)	(2.85)
Retained distributions on accumulation shares	5.56	4.26	0.11	4.12	2.85
Closing net asset value per share	126.27	125.03	124.86	97.01	96.21
After direct transaction costs of ¹	(0.25)	(0.53)	(0.14)	(0.19)	(0.41)
Performance					
Return after operating charges	0.99%	0.14%	47.62%	0.83%	(3.79)%
Other information					
Closing net asset value (£'000)	3,407	3,720	6,605	33,691	53,463
Closing number of shares	2,698,085	2,975,080	5,290,029	34,730,204	55,571,204
Operating charges ²	0.20%	0.20%	0.20%	0.36%	0.36%
Performance fee	0.00%	0.30%	2.64%	0.00%	0.00%
Direct transaction costs	0.19%	0.41%	0.12%	0.19%	0.41%
Prices					
Highest share price	140.75	136.40	125.98	108.51	105.72
Lowest share price	114.62	121.71	81.71	88.18	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 2023

	I EUR Shares Accumulation		E Shares Income
	2023 (c)	2022 (c)	2023 (p)
Opening net asset value per share	94.39	100.00	100.00
Return before operating charges	1.26	(5.30)	(5.84)
Operating charges	(0.36)	(0.31)	(0.33)
Return after operating charges	0.90	(5.61)	(6.17)
Distributions	(3.97)	(2.74)	(1.32)
Retained distributions on accumulation shares	3.97	2.74	
Closing net asset value per share	95.29	94.39	92.51
After direct transaction costs of ¹	(0.16)	(0.35)	(0.18)
Performance			
Return after operating charges	0.95%	(5.61)%	(6.17)%
Other information			
Closing net asset value (€'000)	1	1	19
Closing number of shares	1,000	1,000	21,000
Operating charges ²	0.43%	0.42%	0.35%
Direct transaction costs	0.19%	0.41%	0.19%
Prices			
Highest share price	103.33	107.05	100.01
Lowest share price	84.07	94.15	92.08

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' EUR Class Accumulation have been capped at 0.54%. Operating charges on 'E' Class Income 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 I EUR Accumulation was launched on 28 October 2021.

Share Class I Income was launched on 5 May 2023.

Distribution Tables

For the year ended 31 August 2023

Final Distribution in pence per share

Group 1 Shares purchased prior to 1 September 2022

Group 2 Shares purchased on or after 1 September 2022 to 31 August 2023

	Net revenue (p)	Equalisation (p)	Distribution payable 31/10/23 (p)	Distribution paid 31/10/22 (p)
A Shares Accumulation				
Group 1	269.8014	-	269.8014	184.3706
Group 2	103.0997	166.7017	269.8014	184.3706
C Shares Accumulation				
Group 1	6.9400	-	6.9400	5.3228
Group 2	3.8700	3.0700	6.9400	5.3228
I Shares Accumulation				
Group 1	5.8148	-	5.8148	4.5421
Group 2	2.9742	2.8406	5.8148	4.5421
Y Shares Accumulation				
Group 1	327.8333	-	327.8333	258.5666
Group 2	327.8333	-	327.8333	258.5666
O Shares Accumulation				
Group 1	5.5606	-	5.5606	4.2600
Group 2	3.5782	1.9824	5.5606	4.2600
E Shares Accumulation				
Group 1	4.1161	-	4.1161	2.8493
Group 2	2.5221	1.5940	4.1161	2.8493
	(c)	(c)	(c)	(c)
I EUR Shares Accumulation				
Group 1	3.9650	-	3.9650	2.7380
Group 2	3.9650	-	3.9650	2.7380
	(p)	(p)	(p)	(p)
E Shares Income				
Group 1	1.3170	-	1.3170	-
Group 2	0.9318	0.3852	1.3170	-

Investors are reminded that distribution is not guaranteed.

Investment Review

Performance Summary

Over the 12-month period under review ending 31st August 2023, 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 5.2%. The Fund thus underperformed its benchmark by 4.8%. Amid strong relative performance for larger companies, defensive companies, and international companies, the Fund's underperformance was driven mostly by the high exposure to smaller companies relative to the index.

Market Background

The period under review has continued a challenging period in which to invest in UK equities. UK market significantly underperformed the US and Europe, failing to keep pace with the strong rallies seen elsewhere. The period has been characterised by significant outflows from UK equity-focused Funds and reduced allocations to the UK stock market by international allocators of capital.

Throughout the year there has been a building narrative of negativity around UK assets and the UK economy that built upon preceding years of uncertainty and volatility. After Brexit, the prospect of a hard left labour government in 2019, covid, and finally the inflationary shocks of the Ukraine War, a period of calm would have been desirable. Instead, in the period under review we have seen a badly received 'mini budget' during the short tenure of Liz Truss as Prime Minister, a volatile currency, higher than expected inflation, and consequently a cumulative 14 consecutive interest rate rises by the Bank of England. Rapidly rising and inflation and concurrently aggressive monetary tightening by the central bank are not unique to the UK, but the added political volatility as well as some more unfavourable shorter term economic datapoints has helped create a narrative of the UK as suffering from particularly stubborn inflation, alongside particularly anaemic real growth, relative to global peers. Over the very long term the UK does not seem a particular outlier on inflation or growth, and short-term economic data is notoriously volatile and subject to revision. Indeed, towards the end of the period the UK's negative exceptionalism started to look in doubt, with GDP revised up significantly at the start of September, inflation moderating significantly, and consumer confidence tentatively rebounding.

The negative narrative around UK assets that characterised the period under review exacerbated significant market distortions. The UK market trades at multi-decade low valuations relative to European and US markets. A greater distortion is to be found within the market however, with valuation dispersion also at near-record extremes as the market is exceptionally bifurcated into perceived winners and losers. Higher rated, more expensive companies outperformed more lowly rated companies during the period. Smaller companies have very significantly underperformed larger companies during the period. Part of the underperformance of smaller companies can be associated with the period's trend against cyclical companies and domestic companies amid compounding concerns over economic recession and a particular UK discount. Smaller companies are generally more cyclical and generally more domestic than larger companies in aggregate in the UK market, but these factors alone do not explain the broad weakness of smaller companies, including those that are neither domestically focused nor cyclical.

Portfolio Review

As a reminder, 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 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 larger companies significantly outperformed smaller companies, more expensive companies outperformed less expensive companies, international companies outperformed domestic companies, and defensive companies outperformed cyclical companies. All these trends are headwinds to our current positioning and to a partial extend to our structural style and process. It is unusual and regrettable that these trends have coincided this year, all coalescing around a negative narrative towards UK equity assets, that has contributed to our underperformance of the market during the period.

Investment Review continued

Our twelve-month attribution is notable for the lack of very large individual stock impacts among a great many smaller impacts that point to style and sentiment being key determinants of stock market performance this year, which do not play to our strengths as fundamental bottom-up stock pickers over a relatively short period.

A few notable negative impacts include our real estate holdings, Helical and CLS, which have been impacted by rapidly rising rates that pressure their asset valuations and increase the cost of debt. We continue to see these holdings as incredibly good value on a longer-term view, and believe the market misses their fundamental strengths. We hold our hands up to some real impairments of fundamental value where we overlooked at least one negative aspect of an investment case, most notably the sensitivity to inflationary pressure at National Express (now Mobico), and the fragility of organic growth and cyclicity at Kin and Carta. We retain conviction, though lower, in both. Specialist bank OSB also notably underperformed because of a profit warning that, whilst significant at the headline level, we believe has been widely misinterpreted by the market and does not significantly impair the long-term value of the business, though this business, like real estate, would prefer a normalisation in interest rates toward a lower level. Lastly our sale of Melrose proved poorly timed, as the business has mounted a very significant recovery following the spin-off of auto group Dowlais, which we regarded as an unfortunate departure from the established strategy of the business.

There were notable positive contributors. Both Conduit and Baltic Classifieds made significant progress in their growth plans amid a strong pricing environment for their respective products. Games Workshop and Howden Joinery both re-rated significantly as resilient growth was demonstrated despite fears for consumer sentiment. Atalaya recovered significantly following an easing of energy costs amid a resilient copper price.

We added twelve new holdings and sold out of eleven, with a turnover roughly in line with our long-term average. A few of our sales were due to realising full fair value or greater, but most were due to wishing to recycle capital into better opportunities amid a fast-changing opportunity set. A general trend has been to remove some of the very smallest capitalisation companies in the portfolio, as well as one or two large caps, and add significant weight to middle-sized

companies in the FTSE 250. We believe the quality of the portfolio has improved, with notably more companies that we deem to be 'franchise' investment cases (i.e. they can grow intrinsic value over time).

Outlook

It seems clear to us that the combination of macroeconomic shocks, poor sentiment toward the UK, significant outflows from UK assets, and fast-changing stock market trends, has led to significant mispricing in UK assets. This mispricing has increased relative to a year ago and we correspondingly see richer opportunities now than at any time over the past two years.

It seems that the first signs of the turning of sentiment towards UK assets may be near, as investor interest has tentatively started to rebound, and many of the foundations of the negative narrative have been eroded by better macroeconomic data and revisions. We are often asked what the catalyst might be for a turn in sentiment and believe that even a lack of negative catalysts and a period of relative calm may well be enough at this extreme level of undervaluation. It may be darkest before the dawn, or another false dawn, but in either case we remain convinced that investing in the shares of UK listed companies trading at a deep discount to intrinsic value, as part of a portfolio constructed from the bottom up to withstand a range of macroeconomic outcomes, will prove advantageous in the long term. The market today offers a wealth of opportunities for the bottom-up UK investor following a value-driven approach.

Portfolio Statement

As at 31 August 2023

Holding		Market Value £'000	% of Net Assets
	UNITED KINGDOM EQUITIES - 83.65% (2022 - 88.19%)		
	Aerospace & Defense - 0.00% (2022 - 1.62%)		
	Banks - 4.58% (2022 - 3.41%)		
507,335	Close Brothers	4,211	2.15
11,200,000	Lloyds Banking	4,778	2.43
		8,989	4.58
	Construction & Materials - 7.00% (2022 - 5.37%)		
1,778,333	Eurocell	1,938	0.99
443,730	Keller	3,346	1.71
1,009,406	Marshalls	2,806	1.43
1,516,465	Norcros	2,131	1.09
1,203,503	Tyman	3,502	1.78
		13,723	7.00
	Electricity - 2.23% (2022 - 1.85%)		
789,553	Drax	4,379	2.23
		4,379	2.23
	Finance & Credit Services - 2.91% (2022 - 4.81%)		
5,400,000	Distribution Finance Capital ¹	1,512	0.77
1,219,633	OSB	4,196	2.14
		5,708	2.91
	Food Producers - 2.20% (2022 - 0.00%)		
606,866	Tate & Lyle	4,318	2.20
		4,318	2.20
	Gas, Water & Multi-Utilities - 0.00% (2022 - 0.32%)		
	General Industrials - 0.00% (2022 - 2.50%)		
	Health Care Providers - 2.35% (2022 - 2.25%)		
2,148,361	Spire Healthcare	4,608	2.35
		4,608	2.35
	Household Goods & Home Construction - 4.79% (2022 - 6.11%)		
1,378,662	Crest Nicholson	2,472	1.26
854,444	Redrow	4,065	2.07
2,800,000	Sanderson Design ¹	2,856	1.46
		9,393	4.79
	Industrial Support Services - 6.61% (2022 - 2.42%)		
3,745,000	Driver ¹	1,086	0.55
1,590,000	Empresaria ¹	604	0.31
2,293,224	Filtrona	3,399	1.73
700,000	Inchcape	5,331	2.72
716,321	SThree	2,557	1.30
		12,977	6.61
	Investment Banking & Brokerage - 6.91% (2022 - 9.66%)		
861,030	IG	5,842	2.98
9,706,588	Mercia Asset Management ¹	2,563	1.31
581,263	St. James's Place	5,146	2.62
		13,551	6.91
	Leisure Goods - 0.77% (2022 - 0.00%)		
14,016	Games Workshop	1,517	0.77
		1,517	0.77
	Oil, Gas & Coal - 12.70% (2022 - 14.45%)		
1,323,920	BP	6,485	3.30
3,311,961	Diversified Energy	3,039	1.55
478,577	Energiean	5,393	2.75
6,150,000	Enteq Technologies ¹	554	0.28
1,281,974	Serica Energy ¹	3,165	1.61
260,443	Shell	6,303	3.21
		24,939	12.70
	Personal Care, Drug & Grocery Stores - 1.73% (2022 - 2.70%)		
2,091,148	PZ Cussons	3,392	1.73
		3,392	1.73
	Pharmaceuticals & Biotechnology - 1.81% (2022 - 1.02%)		
1,095,019	Haleon	3,553	1.81
		3,553	1.81

Portfolio Statement continued

As at 31 August 2023

Holding		Market Value £'000	% of Net Assets
	Precious Metals & Mining - 1.67% (2022 - 2.96%)		
22,904,986	Pan African Resources ¹	3,275	1.67
		3,275	1.67
	Real Estate Investment & Services - 2.09% (2022 - 1.35%)#		
3,300,300	CLS	4,092	2.09
		4,092	2.09
	Real Estate Investment Trusts - 1.71% (2022 - 2.38%)#		
1,414,700	Helical	3,360	1.71
		3,360	1.71
	Retailers - 6.34% (2022 - 2.41%)		
2,222,820	DFS Furniture	2,383	1.21
452,910	Howden Joinery	3,356	1.71
1,876,958	Moonpig	3,108	1.58
955,198	Pets at Home	3,618	1.84
		12,465	6.34
	Software & Computer Services - 2.25% (2022 - 3.15%)		
940,000	Baltic Classifieds	2,021	1.03
2,951,245	Kin & Carta	2,402	1.22
		4,423	2.25
	Tobacco - 4.68% (2022 - 7.94%)		
256,510	British American Tobacco	6,746	3.44
135,170	Imperial Brands	2,427	1.24
		9,173	4.68
	Travel & Leisure - 8.32% (2022 - 9.51%)		
356,518	Fuller Smith & Turner	1,989	1.01
372,536	JET2 ¹	3,915	1.99
2,666,934	Mobico	2,259	1.15
1,721,600	SSP	4,056	2.07
1,171,538	TEN Entertainment	3,058	1.56
7,100,000	XP Factory ¹	1,065	0.54
		16,342	8.32
	OVERSEAS EQUITIES - 14.24% (2022 - 9.63%)		
	Bermuda Equities - 4.39% (2022 - 4.11%)		
5,715,000	Capital	4,778	2.43
826,642	Conduit	3,844	1.96
		8,622	4.39
	Cyprus Equities - 2.15% (2022 - 1.80%)		
1,305,130	Atalaya Mining ¹	4,216	2.15
		4,216	2.15
	Guernsey Equities - 0.68% (2022 - 0.57%)		
7,256,654	Better Capital PCC 2012	-	-
4,532,458	Duke Royalty ¹	1,337	0.68
		1,337	0.68
	Ireland Equities - 5.32% (2022 - 2.81%)		
134,919	DCC	5,853	2.98
530,820	Grafton	4,601	2.34
		10,454	5.32
	Jersey Equities - 0.20% (2022 - 0.34%)		
4,137,341	SafeStyle UK ¹	393	0.20
		393	0.20
	Singapore Equities - 1.50% (2022 - 0.00%)		
137,318	XP Power	2,945	1.50
		2,945	1.50
	Investment assets	192,144	97.89
	Net other assets	4,150	2.11
	Net assets	196,294	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 2022.

Statement of Total Return

For the year ended 31 August 2023

	Notes	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Income:					
Net capital losses	2		(6,279)		(13,621)
Revenue	3	10,383		7,072	
Expenses	4	(1,538)		(1,293)	
Interest payable and similar charges		-		-	
Net revenue before taxation		8,845		5,779	
Taxation	5	(68)		(75)	
Net revenue after taxation			8,777		5,704
Total return before distributions			2,498		(7,917)
Distributions	6		(8,777)		(5,704)
Change in net assets attributable to shareholders from investment activities			(6,279)		(13,621)

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 August 2023

	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Opening net assets attributable to shareholders		263,808		131,282
Inspecie transfer*		-		29,910
Amounts receivable on issue of shares	28,048		165,973	
Amounts payable on cancellation of shares	(97,012)		(57,621)	
		(68,964)		108,352
Change in net assets attributable to shareholders from investment activities (see above)		(6,279)		(13,621)
Retained distributions on accumulation shares		7,729		7,885
Closing net assets attributable to shareholders		196,294		263,808

* 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 134 to 141.

Balance Sheet

As at 31 August 2023

	Notes	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Assets:					
Fixed assets:					
Investments			192,144		258,068
Current assets:					
Debtors	7	4,120		2,269	
Cash and bank balances	8	1,079		9,040	
Total assets			197,343		269,377
Liabilities:					
Creditors:					
Other creditors	9	(1,049)		(5,569)	
Total liabilities			(1,049)		(5,569)
Net assets attributable to shareholders			196,294		263,808

Notes to the final report and Financial Statements are from page 134 to 141.

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 and 9 of the Collective Notes to the Final Report and Financial Statements.

2. Net capital losses

	2023 £000s	2022 £000s
Losses on non-derivative securities	(6,275)	(13,602)
Losses on currency	-	(11)
Handling charges	(4)	(8)
Net capital losses	(6,279)	(13,621)

3. Revenue

	2023 £000s	2022 £000s
Bank interest	14	3
Franked UK dividends	8,446	5,731
Overseas dividends - non-taxable	1,775	1,036
Overseas dividends - taxable	(14)	(9)
Unfranked UK dividends	162	301
Stock dividends	-	10
Total revenue	10,383	7,072

Notes to the Final Report and Financial Statements continued

4. Expenses

	2023	2022
	£000s	£000s
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
ACD's annual fee	1,431	1,188
ACD rebate*	(1)	(2)
Performance fees	-	17
	1,430	1,203
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	41	34
Safe custody fees	9	8
	50	42
Other expenses:		
Audit fees	12	13
Distribution costs	2	2
Printing costs	4	1
Registration fees	40	32
	58	48
Total expenses	1,538	1,293

All expenditure stated above is inclusive of VAT where applicable.

The Audit fee for the year, excluding VAT, was £10,000 (2022 - £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%, E income shares are capped at 0.38%. 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

	2023 £000s	2022 £000s
a. Analysis of the taxation charge for the year:		
Overseas tax suffered	68	75
Total taxation for the year (see Note 5(b))	68	75
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%) (2022 - 20%).		
The differences are explained below:		
Net revenue before taxation	8,845	5,779
Corporation tax at 20%	1,769	1,156
Effects of:		
Overseas dividends - non-taxable	(355)	(207)
Overseas tax suffered	68	75
Stock dividends - non-taxable	-	(2)
Surplus allowable expenses arising in the year	275	200
UK dividends not subject to corporation tax	(1,642)	(1,147)
Non taxable property revenue from UK REITS- non PID	(47)	-
Total taxation charge for the year (see Note 5(a))	68	75

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 £6,142,000 (2022 : £5,867,000) 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. Equalisation/Distributions

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

	2023 £000s	2022 £000s
Final	7,730	7,885
Add: Revenue deducted on cancellation of shares	1,517	1,173
Deduct: Revenue received on creation of shares	(470)	(3,354)
Net distributions for the year	8,777	5,704
Reconciliation of net revenue after taxation to net distributions for the year		
Net revenue after taxation	8,777	5,704
Net distributions for the year	8,777	5,704

Notes to the Final Report and Financial Statements continued

7. Debtors

	2023 £000s	2022 £000s
Accrued revenue	1,209	1,329
Amounts receivable on creation of shares	179	498
Overseas tax recoverable	16	-
Sales awaiting settlement	2,711	338
Income tax recoverable	5	-
Amounts receivable due to merger	-	104
	4,120	2,269

8. Cash and bank balances

	2023 £000s	2022 £000s
Cash and bank balances	1,079	9,040
	1,079	9,040

9. Other creditors

	2023 £000s	2022 £000s
Accrued ACD's annual fee	106	128
Amounts payable on cancellation of shares	868	2,653
Other accrued expenses	63	55
Purchases awaiting settlement	12	2,733
	1,049	5,569

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, O, 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%
Class E Inc :	0.35%

The net asset value per share and the number of shares in issue are given in the Comparative Tables on page 123 to 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.

For the year ended 31 August 2023:

	Class A Shares Accumulation	Class C Shares Accumulation	Class I Shares Accumulation	Class Y Shares Accumulation	Class O Shares Accumulation	Class E Shares Accumulation	Class I EUR Shares Accumulation	Class E Shares Income
Opening shares	9,019	83,262,971	38,001,325	30	2,975,080	55,571,204	1,000	-
Shares created	4,359	3,900,403	1,267,793	-	155,638	16,678,475	-	21,000
Shares cancelled	(3,002)	(23,674,661)	(9,196,177)	-	(432,633)	(38,468,807)	-	-
Shares converted	-	(794,488)	376,929	-	-	949,332	-	-
Closing shares	10,376	62,694,225	30,449,870	30	2,698,085	34,730,204	1,000	21,000

Notes to the Final Report and Financial Statements continued

13. Contingent liabilities and commitments

As at 31 August 2023 there were no contingent liabilities (2022: £Nil).

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.

The table below shows the foreign currency risk profile at the balance sheet date:

Currency	Monetary Exposure 31 August 2023 £000s	Non-Monetary Exposure 31 August 2023 £000s	Total Exposure 31 August 2023 £000s	Monetary Exposure 31 August 2022 £000s	Non-Monetary Exposure 31 August 2022 £000s	Total Exposure 31 August 2022 £000s
Euro	1	-	1	-	-	-
US Dollar	513	-	513	451	-	451

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 (2022 - 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:

	2023 £000s	2022 £000s
Listed equity investments held at fair value through profit or loss	192,144	258,068

The following illustrates the sensitivity of the net return and the net assets to an increase or decrease of 20% (2022 - 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.

	2023 20% Increase in fair value £000s	2023 20% Decrease in fair value £000s	2022 20% Increase in fair value £000s	2022 20% Decrease in fair value £000s
Capital Return				
Net gains (losses) on investments at fair value	38,429	(38,429)	51,614	(51,614)

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.

	2023 20% Increase in Sterling against foreign currencies £000s	2023 20% Decrease in Sterling against foreign currencies £000s	2022 20% Increase in Sterling against foreign currencies £000s	2022 20% Decrease in Sterling against foreign currencies £000s
US Dollar	(86)	128	(75)	113
Change in net return and net assets	(86)	128	(75)	113

Notes to the Final Report and Financial Statements continued

d. Leverage

The subfund did not employ significant leverage during the year (2022 - 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 2023 £000s	31 August 2023 £000s	31 August 2022 £000s	31 August 2022 £000s
Level 1: Quoted	192,144	-	258,068	-
Level 2: Observable	-	-	-	-
Level 3: Unobservable	-	-	-	-
	192,144	-	258,068	-

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 (2022 - 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 2023:

	Transaction Value	Commissions	Commissions	Taxes	Taxes
	2023	2023	2023	2023	2023
	£000s	£000s	%	£000s	%
Purchases					
Equity instruments (direct)	73,398	28	0.04	376	0.51
Total purchases	73,398	28	0.04	376	0.51
Total purchases including transaction costs	73,802				
	Transaction Value	Commissions	Commissions	Taxes	Taxes
	2023	2023	2023	2023	2023
	£000s	£000s	%	£000s	%
Sales					
Equity instruments (direct)	132,848	41	0.03	1	0.00
Total sales	132,848	41	0.03	1	0.00
Total sales including transaction costs	132,806				
Total transaction costs as a % of average net assets		0.04%		0.19%	
	Transaction Value	Commissions	Commissions	Taxes	Taxes
	2022	2022	2022	2022	2022
	£000s	£000s	%	£000s	%
Purchases					
Equity instruments (direct)	192,753	56	0.03	736	0.37
Total purchases	192,753	56	0.03	736	0.37
Total purchases including transaction costs	193,545				
	Transaction Value	Commissions	Commissions	Taxes	Taxes
	2022	2022	2022	2022	2022
	£000s	£000s	%	£000s	%
Sales					
Equity instruments (direct)	51,243	15	0.03	-	0.03
Total sales	51,243	15	0.03	-	0.03
Total sales including transaction costs	51,228				
Total transaction costs as a % of average net assets		0.04%		0.37%	

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 0.89% (2022 : 0.88%).

Due to the nature of the assets held by Allianz UK Listed Opportunities 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 2023 was 0.88%.

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 2023.

In accordance with the requirements of the Regulations, we
hereby certify the report on behalf of Allianz Global Investors
UK Limited.

Simon Gergel

Neil Brown

Authorised signatory

Authorised signatory

19 December 2023

Signature:


Simon Gergel (Dec 19, 2023 14:46 GMT)

Email: simon.gergel@allianzgi.com

Signature:


N E Brown (Dec 19, 2023 20:04 GMT)

Email: neil.brown@allianzgi.com

Depository's Report to the Shareholders

Statement of the Depository's Responsibilities in Respect of the Scheme and Report of the Depository to the Shareholders of the Allianz UK & European Investment Funds ("the Company") for the Period Ended 31st August 2023.

The Depository must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depository must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depository is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depository must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM") which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depository also has a duty to take reasonable care to ensure that Company is managed in accordance with the Regulations and Scheme documents in relation to the investment and borrowing powers applicable to 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 Company, acting through the AFM:

- (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 income in accordance with the Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

State Street Trustees Limited

Depository

19 December 2023

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 2023 and of the net revenue/expenses and the net capital gains/losses on the scheme property of the Company and each of the sub-funds for the year 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 six 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 2023; the Statements of Total Return and the Statements of Change in Net Assets Attributable to Shareholders for the year 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.

Conclusions relating to going concern

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 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.

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 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 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.

Independent Auditors' Report to the Shareholders of Allianz UK & European Investment Funds continued

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.

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.

Independent Auditors' Report to the Shareholders of Allianz UK & European Investment Funds continued

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
19 December 2023

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 (£6,000 for 2023/2024 year, £12,570 2022/2023 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.

Telephones

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

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